

Integrated Report 2022



The Meiji Group's Vision and Health Value

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.



Healthier Lives for Customers

- Live longer, healthier lives
- Lead healthy, fulfilling lives
- Tastiness and enjoyment
- Product safety and reassurance



What Is Meiji Unique Value for Wellness?

Our goal is to deliver Meiji unique value for wellness to all stakeholders through the cycle of Cure, Care, and Share. Cure and Care mean contributing to customers’ physical and emotional well-being for all generations, from babies to the elderly. We will support everybody as much as and as long as possible and bring them healthy, happy smiles. Share means having people spread smiles around them. We will link individual health to the smiles of people all over the world. This is Meiji unique value for wellness.



We Will Provide Health Value to All Stakeholders

Healthy Society

- Thriving communities (Partnership with local communities, social contribution activities)
- Sustainable sourcing
- Build mutual trust in relationships with business partners

Health of Employees

- Establish a workplace environment where each employee can demonstrate their strengths and skills
- Establish a workplace environment where employees can stay healthy both mentally and physically



Shareholders & Investors

- Sustainable growth
- Sound financial base, enhanced capital efficiency, and stable profit return



Global Environmental Health

- Caring for the earth (Environmental conservation, reduced environmental burden, and biodiversity conservation)
- Sustainable sourcing



Editorial Policy

Since 2018, Meiji Holdings Co., Ltd. (the Company) has been issuing the Integrated Report and will continue to replace the Annual Report. After celebrating our 100-year anniversary, the Meiji Group will seek further growth. In this report, we have compiled financial and non-financial information focusing on the Value Creation Story that has led us to sustainable growth.

Reference Guidelines:

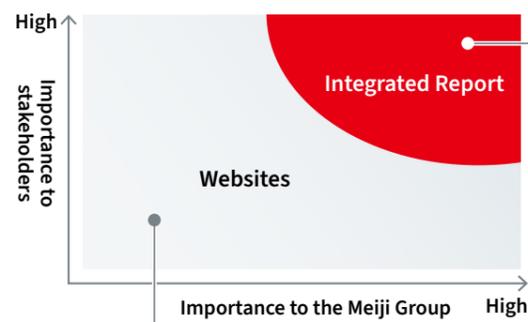
- IFRS Foundation Integrated Reporting Framework
- Task Force on Climate-related Financial Disclosures (TCFD)

Using the Integrated Report 2022

- This report is based on the performance results from FY2021 (fiscal year ended March 2022). Some content is also included from FY2022 (fiscal year ending March 2023).
- The content is compiled based on information that is available at the time when the Company created the Integrated Report 2022. Therefore, please note that the actual results may be different from the Company's forecast. The information in the report is current as of August 2022 unless otherwise specified.
- The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance are being applied as of FY2021. Unless otherwise stated, through to FY2020, these standards do not apply, and from FY2021 onward, these standards apply.

The Meiji Group's Information Disclosure

The Integrated Report provides important information to our company and stakeholders. For financial statements and other information with an independent auditor's report, please refer to the Annual Securities Report. For more detailed information about the Meiji Group, please refer to our websites.



Integrated Report



The Meiji Group works on pursuing sustainable improvement of corporate value. We describe our value-creating efforts in the Integrated Report. We hope you enjoy our story and deepen your understanding of the Meiji Group.

Websites



Our websites provide detailed and comprehensive information on our corporate profile, financial information, corporate governance, sustainability-related information, the latest news, etc.

Investors

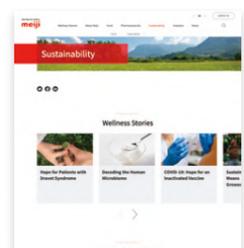
<https://www.meiji.com/global/investors/>



- ▶ Year in Review
- ▶ Financial Performance
- ▶ Results & Presentations
- ▶ Invest in Meiji
- ▶ Business Plans
- ▶ Governance
- ▶ Stock Information
- ▶ M&A and Alliances

Sustainability

<https://www.meiji.com/global/sustainability/>



- ▶ Our Commitment
- ▶ Sustainability Management
- ▶ Healthier Lives
- ▶ Caring for the Earth
- ▶ Thriving Communities
- ▶ Sustainable Sourcing
- ▶ Collaboration
- ▶ ESG Index

About the Meiji Group

Please visit our websites for details of the Meiji Group's mission and vision, slogan, management structure, business domains, history, and other information.

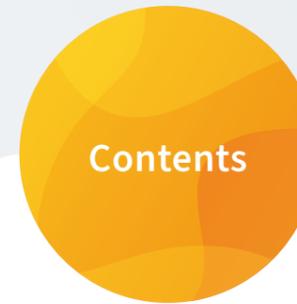
[About Meiji](#)

Meiji Holdings Co., Ltd.
<https://www.meiji.com/global/>

Meiji Co., Ltd.
<https://www.meiji.co.jp/>
(Japanese version only)

Meiji Seika Pharma Co., Ltd.
<https://www.meiji-seika-pharma.co.jp/>
(Japanese version only)

KM Biologics Co., Ltd.
<https://www.kmbiologics.com/en/>



About the Meiji Group

- 01 The Meiji Group's Vision and Health Value
- 02 Editorial Policy / The Meiji Group's Information Disclosure
- 03 Contents
- 04 Achieving Our Goals in 2026 Vision
- 06 At a Glance
- 08 History of Value Creation and Market Presence

Message from the Management

- 12 Message from CEO
- 18 Message from CFO
- 20 Overview of 2023 Medium-Term Business Plan and Meiji ROESG

Value Creation Process

- 24 The Meiji Group's Process for Value Creation
- 26 The Meiji Group Value Chain
- 28 Financial and Non-Financial Highlights (Main Indices)

Progress for 2023 Medium-Term Business Plan

- 30 Food Segment Business Strategies
- 34 Pharmaceutical Segment Business Strategies
- 38 Sustainability Strategy

Our Initiatives to Support Sustainable Value Creation

- 42 Human Capital Management
- 43 Diversity & Inclusion
- 44 Human Capital Development
- 45 Health and Productivity Management / Employee Engagement
- 46 Intellectual Property Management
- 47 Food Segment
- 49 Pharmaceutical Segment
- 50 Coexisting with Nature
- 51 Climate Change Initiatives
- 54 Biodiversity Initiatives
- 56 Supply Chain Management
- 58 TCFD Initiatives
- 59 Respect and Promote Human Rights

Corporate Governance

- 60 Directors and Audit & Supervisory Board Members
- 62 Responsibilities of Members of the Board and Audit & Supervisory Board Members
- 64 Three-way Discussion with Outside Directors and an Outside Audit & Supervisory Board Member
- 68 Corporate Governance
- 78 Risk Management
- 81 Compliance

Financial and Non-Financial Performance

- 82 Financial and Non-Financial Highlights (11 Years Summary)
- 84 Non-Financial Performance (Progress on Materiality)
- 87 Independent Practitioner's Assurance of Energy Consumption, CO₂ Emissions, Water Consumption & Industrial Waste

Corporate Information

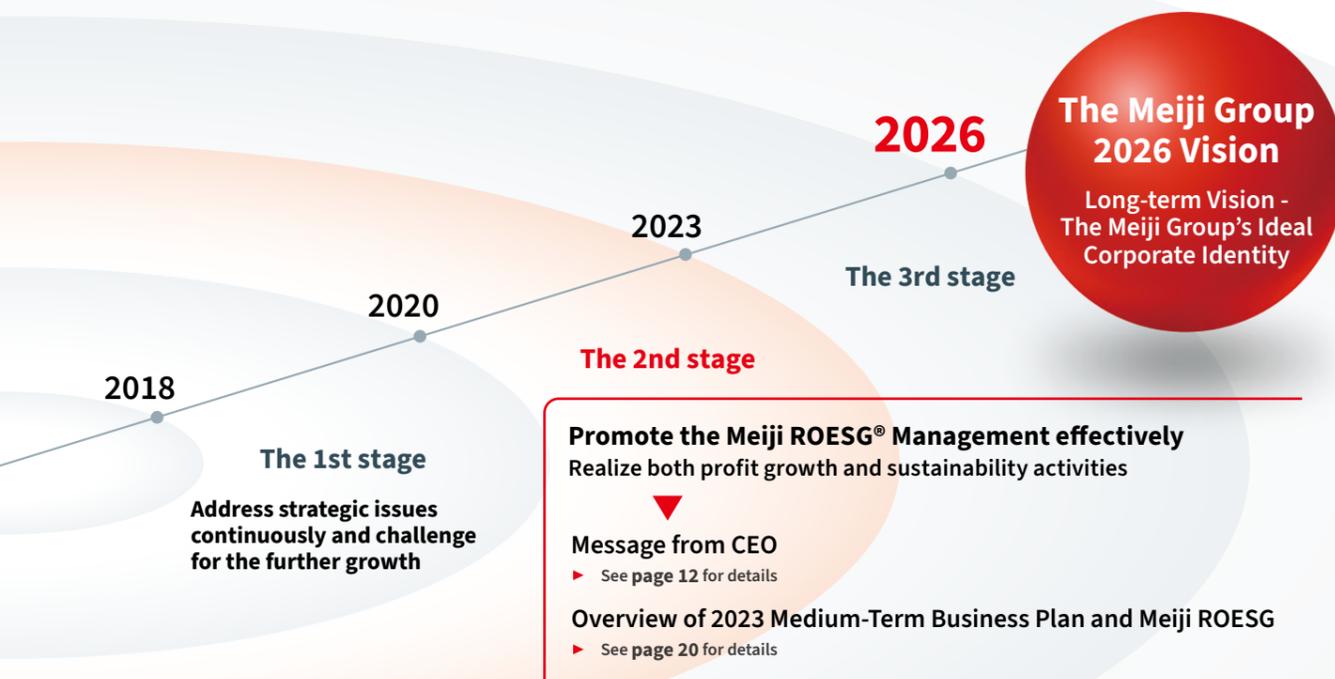
- 88 Operating Bases and Group Companies
- 90 Corporate Data / Stock Information
- 91 Cover Artwork / Publisher's Note

Achieving Our Goals in 2026 Vision

In FY2018, the Meiji Group created the Meiji Group 2026 Vision as a strategy to maximize our strengths to grow further. We will follow through with the Business Plan and achieve the 2026 Vision successfully. Consequently, we will improve our corporate value over the medium- and long-term.

Roadmap to Realize the Meiji Group 2026 Vision

We are formulating three Medium-Term Business Plans to realize the Meiji Group 2026 Vision. The Plan in the first stage began in FY2018 and ended in FY2020. We are now implementing the 2023 Medium-Term Business Plan, the second stage.



Important Operating Environment

Three social trends are expected to impact the Meiji Group business on the path to 2026. The COVID-19 global pandemic from 2020 has created enormous uncertainty. However, we will adapt quickly to the changing business environment and undertake appropriate management to achieve the Meiji Group 2026 Vision and meet stakeholder expectations.

Changes in social structure - Aging

- 30% of Japan's population will be 65 years or older by 2025
- Aging population is a common issue throughout the world

Increased health consciousness and disease prevention

- Rise in diseases and disorders due to changes in lifestyle and dietary habits
- Increasing awareness and focus on prevention and living longer, healthier lives

Growth of the global middle class

- Rising level of income in emerging countries such as China and India
- Growing demand for non-essential or luxury grocery items and health-related products

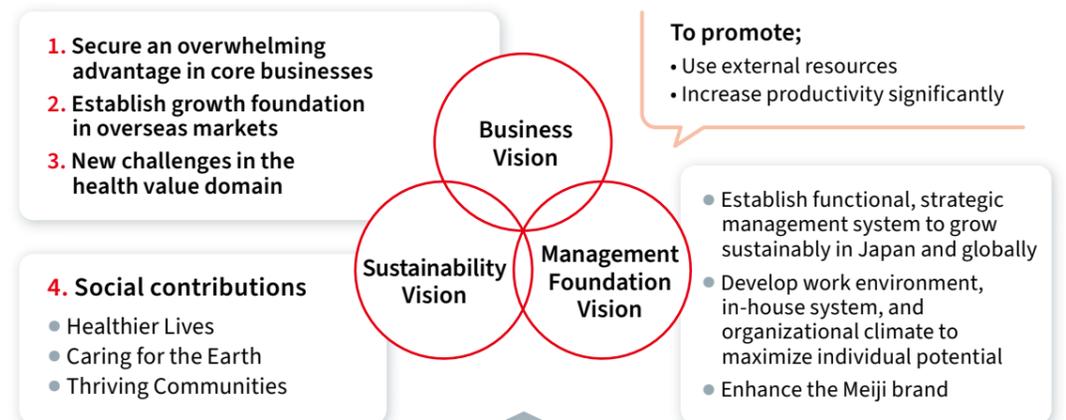
The Meiji Group 2026 Vision

Long-term Vision - The Meiji Group's Ideal Corporate Identity

The Meiji Group will combine the strengths that we have cultivated over the past 100 years with the latest technology and findings. Thus, we will create innovative ways to meet our customers' needs through food and health. In this way, we will grow in Japan and worldwide sustainably.

Key Strategies	Operating profit growth rate	Mid to high single-digit (CAGR)
1. Secure an overwhelming advantage in core businesses	Overseas sales ratio	Target at 20%
2. Establish growth foundation in overseas markets	ROE	Maintain 10% or more
3. New challenges in the health value domain		
4. Social contributions		

Structure of the Meiji Group 2026 Vision



2023 Medium-Term Business Plan, the 2nd Stage

▶ See page 20 for details

Concept Promote the Meiji ROESG® Management effectively
Realize both profit growth and sustainability activities

Key Issues	1. Business Strategy	Food Segment	1) Recover from the stagnation in our core business 2) Expand overseas business
		Pharmaceutical Segment	1) Integrate business operations of Meiji Seika Pharma and KM Biologics (expand vaccine business) 2) Expand CMO/CDMO
		Group-wide	Venture into new domains

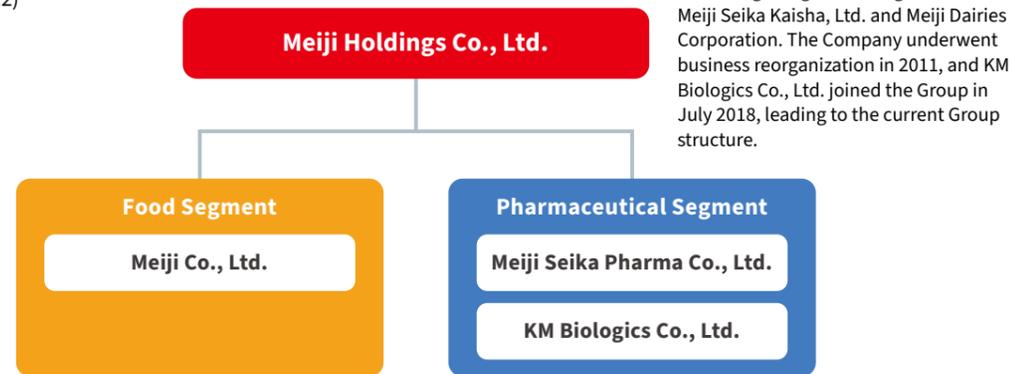
2. Improve business management using ROIC effectively
3. Invest to grow business while constructing strong financial base
4. Promote the Meiji Group Sustainability 2026 Vision

* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

At a Glance

Our corporate group consists of Meiji Co., Ltd. which runs the Food business, and Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd. which run the Pharmaceutical business. Our mission is to widen the world of “Tastiness and Enjoyment” and to meet all expectations regarding “Health and Reassurance” by providing a wide range of products that are essential in people’s lives, such as dairy products, confectioneries, nutritional products, and pharmaceuticals.

Group Organization (As of March 31, 2022)



Meiji Holdings is a pure holding company that was established in 2009 after integrating the management for Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation. The Company underwent business reorganization in 2011, and KM Biologics Co., Ltd. joined the Group in July 2018, leading to the current Group structure.

This segment provides our customers of all ages from infants to the elderly, with a wide variety of products that include infant formula, milk and dairy products, confectioneries, sports nutrition products and enteral formula.

This segment develops our ethical pharmaceuticals business globally, covering products such as antibacterial drugs, drugs for central nervous system (CNS) disorders, generic drugs, and vaccines. It also promotes the veterinary drugs business.

Results for FY2021 (Fiscal Year Ended March 2022)



The Number of the Group Companies and Employees (As of March 31, 2022)

The number of the Group companies is the number of consolidated companies and entities accounted for by the equity method. The number of the employees includes all consolidated companies.



Overseas Sales Ratio (FY2021)



External Evaluation of ESG

The Meiji Group believes that addressing social issues actively through businesses will lead to sustainable growth. In the 2023 Medium-Term Business Plan, we set the Meiji ROESG as our top management goal. We are aiming to realize both profit growth and sustainability activities. These efforts have been received positively by third-party evaluation organizations. As a result, we have been included in ESG indices in Japan and overseas.

- P.20 Overview of 2023 Medium-Term Business Plan and Meiji ROESG
- P.38 Sustainability Strategy

Member of Dow Jones Sustainability Indices

Powered by the S&P Global CSA



WATER



FTSE Blossom Japan Sector Relative Index

History of Value Creation and Market Presence

The Meiji Group has built more than 100 years of history. Throughout our history, we have solved social issues related to health by promoting innovation. We have also gained a large market share by launching innovative products. We will grow by creating Meiji unique value for wellness.

1920



1923
The infant formula *Patrogen* was created.

How can we create infant formula that is as close to breast milk as possible? We have continued to develop and improve *Patrogen* since its launch in 1923 based on our consistent desire to solve nutritional deficiencies in babies.

1926
Meiji Milk Chocolate was launched.



This product has been a core product since our founding, when we aimed to popularize Western confectionaries. Chocolate products were successively launched after the launch of *Meiji Milk Chocolate*, laying the foundation for "Meiji chocolate, best of the best."

1928 *Meiji Milk* was launched.

Pasteurization of drinking milk became mandatory in 1928. We constructed a pasteurization plant for raw milk after obtaining approval under the Milk Business Control Regulations. The production and sale of *Meiji Milk* started.

1960

Yogurt Since 1950
No.1 in Japan 38.6%

Based on INTAGE Inc., SRI (yogurt market) April 2021–March 2022 market share (money amount)

1973
Meiji Bulgaria Yogurt was launched.

In 1971, we launched *Meiji Plain Yogurt*, which was developed in order to make plain yogurt in Bulgaria, the birthplace of yogurt. We are constantly developing including the creation of our unique innovation "Maroyaka Tannen Hakkou (Smooth Careful Fermentation)."

1975 *Kinoko no Yama* (Chocorooms) was launched.

1979 *Takenoko no Sato* (Chococorns) was launched.

Kinoko no Yama and *Takenoko no Sato*, inspired by nature and hometowns, were a big hit following their launch. They pioneered a new genre of chocolate snacks.

1980

Powdered & Granulated Protein Since 1980
No.1 in Japan 34.3%

Based on Meiji data as of March 2022

1980
SAVAS series, sports protein for athletes, was launched.

SAVAS was developed based on sports nutrition for athletes. We are currently expanding our product lines for a variety of users, including people who like exercise.

1988
Genetically modified hepatitis B vaccine *Bimmugen* was launched.

Bimmugen is Japan's first genetically modified hepatitis B vaccine developed by applying genetic recombination technology. It has been adopted for regular vaccination since October 2016.

1989
The benzodiazepine derivative antianxiety drug *MEILAX* was launched.

As the aging population grows, we extended our product lines to include central nervous system drugs to improve product mix beyond just antibiotics.

2000

Camembert Cheese Since 1992
No.1 in Japan 38.8%

Based on Meiji data as of March 2022

1992 *Meiji Hokkaido Tokachi Cheese* was launched.

Meiji Hokkaido Tokachi Camembert Cheese was launched.

These products were developed with raw milk from the Tokachi region of Hokkaido Prefecture. With these products, we aim to establish a new cheese culture.

1994
Meiji Essel Super Cup Ultra Vanilla was launched.

This ice cream is delicious and affordable. Its wide variety of flavors is also appealing.

1995
The enteral formula *Mei Balance* was launched.

Mei Balance is to substitute meals at hospitals and nursing homes. The products pursue nutrition, function, and tastiness.

1998
The high cocoa content chocolate *Chocolate Kouka* was launched.

Chocolate Kouka is seeking the health value of cocoa polyphenol. Consumers enjoy the strong flavor and taste of cocoa beans, while gaining health benefits.

Chocolate Since 1926
No.1 in Japan 24.8%

Based on INTAGE Inc., SRI (chocolate market) April 2021–March 2022 market share (money amount)

2000
Meiji Probio Yogurt LG21 was launched.

Meiji Probio Yogurt LG21 has created new health value, thereby expanding the possibility of lactobacilli and cultivating new markets.

2002
The drinking milk *Meiji Oishii Gyunyu* was launched.

Although everyone knows milk is nutritious, some people don't like milk very much. We established the Natural Taste Manufacturing Process to minimize sacrificing the flavor of fresh milk. Using this method, *Meiji Oishii Gyunyu* has realized the deliciousness of raw milk right after milking.

2007
The cube-type infant formula *Meiji Hohoemi Raku Raku Cube* was launched.

Meiji Hohoemi Raku Raku Cube is the world's first cube-type infant formula. It is a revolutionary product that has the same nutritional functions as conventional powdered formula but without the mistakes and hassles of measuring.

2008
Meiji Fresh Cream Ajiwai for professional use was launched.

This product is produced using the Meiji Ajiwai Production Method, which concentrates the delicious taste of raw milk. This method achieves a rich milk flavor and refreshing aftertaste.

2006
Sulbacillin for intravenous injection, a beta-lactamase inhibitor combination antibiotic preparation, was launched.

(Ampicillin sodium/sulbactam sodium for injection)

A penicillin antibiotic that produces antibacterial activity through the inhibition of bacterial growth by blocking bacterial cell wall synthesis.

2008
The high blood pressure medication *AMLODIPINE MEIJI* was launched.

We entered the generic drugs business, where we provide convenient, high-quality, low-priced generic drugs based on technologies developed through new drug development.

2009
The antidepressant drug *REFLEX* was launched.

REFLEX is classified as the only noradrenergic and specific serotonergic antidepressant (NaSSA).

Food Business

Pharmaceutical Business

1946
Started manufacturing *Penicillin*

We promoted penicillin research during World War II and started manufacturing *Penicillin* in 1946 after obtaining production approval. Later, we developed a number of antibiotics, including *STREPTOMYCIN MEIJI* in 1950, *KANAMYCIN MEIJI* in 1958, and *PANIMYCIN* in 1975. These antibiotics saved many human lives from the post-war to high economic growth period in Japan.

Influenza Vaccine Since 1972
No.1 in Japan 35.5%

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1972
Influenza HA Vaccine was launched.

The *Influenza HA Vaccine* was developed to improve the efficacy and safety of the influenza vaccine at the time. It contributes to the prevention of infection and serious illness, particularly in high-risk elderly and children.

Systemic Antibacterial Drugs Since 1946
No.1 in Japan 19.4%

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1994
The antibiotic *MEIACT* was launched.

When we launched *MEIACT*, we promoted its feature, which is potent antimicrobial activity against *Staphylococcus aureus*. Later we found that it demonstrates antimicrobial activity against penicillin-resistant *Streptococcus pneumoniae* and beta-lactamase negative ampicillin-resistant *Haemophilus influenzae*. *MEIACT* is currently sold in more than 20 countries and areas.

1999
The antidepressant drug *DEPROMEL* was launched.

DEPROMEL is Japan's first selective serotonin reuptake inhibitor (SSRI).

History of Value Creation and Market Presence

Food Business

2009

Meiji Probio Yogurt R-1 was launched.

Meiji Probio Yogurt R-1 led the functional yogurt boom. It uses lactobacilli that was selected from more than 6,000 varieties and which produces exopolysaccharides (EPS) with new possibilities.



2014

Meiji The Chocolate was launched.

Meiji The Chocolate combines cocoa beans from different producing areas and various processing methods in order to produce rich flavor.



2015

SAVAS Milk Grapefruit Flavor was launched.

We launched SAVAS Milk according to our research results on milk protein. Milk protein is contained in drinking milk and dairy products. Its packaging was designed to be easy to drink during exercise, and it helps to build physical strength.



2019

Meiji Hohoemi Raku Raku Milk was launched.

Meiji Hohoemi Raku Raku Milk is Japan's first steel can-type liquid milk formula. It achieves nutrition designing technology that is equivalent to Meiji Hohoemi (powder and cubes).



2020

Meiji TANPACT series was launched.

Protein intake among Japanese people today has declined to the level of the 1950s. The TANPACT brand contributes to solving undernutrition, a current social issue. It has a product line that allows consumers to enjoy delicious protein anytime and anywhere.



Pharmaceutical Business

2014

The blood plasma product *Byclot* (Human Coagulation Factor VIII containing Factor X) was launched.

This product is a bypass hemostatic agent used for hemophilia with inhibitors. It is designated as an orphan drug.



2015

The beta-lactamase inhibitor combination antibiotic preparation TAZOPIPE Combination for I.V. Infusion "MEIJI" was launched. (Tazobactam piperacillin for injection)

This product is an antibiotic that acts in a sterilizing manner by inhibiting bacterial cell wall synthesis. It also contains an ingredient that inhibits the enzyme beta-lactamase. The enzyme degrades antibiotics and is produced by some bacteria.



2016

Treatment for schizophrenia SYCREST was launched.

SYCREST is Japan's first sublingual atypical antipsychotic tablet with proven efficacy and safety.



2016

Anti-allergic drug, *Bilanoa*, was launched.

Bilanoa has histamine H1 receptor antagonist action and improves allergic rhinitis, hives, and itchy skin. An OD tablet that can be taken without water was launched in 2021.



2021

Anti-malignant tumor agent *Hiyasta* Tablets was launched.

This product is an oral hematologic oncology agent that is suitable for outpatient cancer treatment. It is effective in relapsed or refractory adult T-cell leukemia-lymphoma, and relapsed or refractory peripheral T-cell lymphoma.



New Initiatives in Progress

The Meiji Group is currently promoting a variety of new initiatives to realize our slogan, *Now ideas for wellness.*

Food Business

Open Innovation

Investment in Agri-Food Tech Fund

In March 2022, Meiji Holdings Co., Ltd. invested in a fund established by AgFunder Asia Pte Ltd., a venture capital firm in Singapore, and SDG Impact Japan Inc., an impact investment firm in Japan. The investment targets emerging start-ups in the agriculture and food sectors. Through this fund, we will build relationships with start-ups and accelerate open innovation.

Investment in Cocoa Cell Culture Start-Up

In November 2021, Meiji Holdings invested in California Cultured Inc., a cocoa cell culture start-up in the U.S. The global food production system is likely to undergo major changes in the future due to increased environmental awareness and rapid technological development. With this investment, we aim to jointly create sustainable raw material procurement and functional products by combining California Cultured's cutting-edge cellular agriculture* technology with the Group's technologies and knowledge.

* Cellular agriculture: A new technology to produce animal-sourced foods and other agricultural products from cell cultures.

Developing Overseas Business

Expanding Product Lines in China

Since protein and yogurt markets are growing in China, we launched SAVAS in August 2020, and Meiji Probio Yogurt R-1 and Meiji Probio Yogurt LG21 in April 2021.



Cube-Type Infant Formula Launched in Thailand

We launched Meiji GU FORMULA GOLD EZcube 3, a cube-type infant formula, in February 2022. This product is designed in accordance with international standards for nutrients required for children aged 1-3 years.



Cube-Type Infant Formula Business Partnership with Danone

We have worked with Danone on specific initiatives for a business partnership in the European market. In March 2021, we launched Pre-Measured Milk Tabs, *Aptamil* in the U.K. *Aptamil* is Danone's main brand of infant formula.



Vaccine R&D

KD-414, Inactivated Vaccine Against COVID-19

KM Biologics Co., Ltd. and Meiji Seika Pharma Co., Ltd. are developing KD-414, an inactivated vaccine against COVID-19. The two companies have confirmed the efficacy and safety of KD-414 in Phase II/III clinical studies. The companies plan to file for approval as soon as possible, considering the progress of clinical studies and other factors.

KD-370, 5-in-1 Vaccine

In April 2022, KM Biologics filed KD-370, a pentavalent vaccine for approval (the second such vaccine in Japan). The vaccine is expected to ease the burden on children and their families by reducing the number of childhood vaccinations when it becomes available.

Joint Research with Academia (Open Innovation)

Launching Joint Research Project with Hiroshima University to Establish New Preventative Method for Depression

Meiji Seika Pharma aims to develop a new preventative method for depression. The company is tackling this by combining sensitivity brain science and digital technology, led by Dr. Shigeto Yamawaki, an authority on psychology at Hiroshima University (far left).



Pharmaceutical Business

Business Partnerships

Partnership with BiPSEE to Commercialize VR Product for Depression Treatment

In April 2022, Meiji Seika Pharma announced a business partnership to commercialize the VR product for depression treatment that is under development by BiPSEE Co., Ltd. The company is aiming to establish a new treatment method for depression by applying advanced visual simulation through VR.

Beginning to Offer BlueDot Reports for Medical Professionals

Meiji Seika Pharma began offering reports from Canada's BlueDot Inc. for medical professionals in December 2021. This extremely reliable report collects and analyzes important information about infectious diseases in Japan and abroad on time.

Stable Supply of Penicillin Antibacterial Drugs

Production of Penicillin Raw Material at Gifu Plant

Meiji Seika Pharma is preparing to produce 6-APA, a common raw material for penicillin antibacterial drugs, at its Gifu Plant. The domestic production of 6-APA, which is currently dependent on overseas supply, will ensure its stable supply. Production is planned to begin by 2025.

Message from CEO



Kazuo Kawamura
CEO
President and
Representative Director

Developing to Create Value for Wellness that only Meiji can Provide

Pursuing the Meiji ROESG® and Integrating Sustainability Activities with Management

In the 2023 Medium-Term Business Plan that started in FY2021, we set the Meiji ROESG^{*1} as our top management target. We were successful in thoroughly communicating our ESG-oriented stance internally and externally. This is a major achievement of the first year of the 2023 Medium-Term Business Plan. Under the Meiji ROESG, we selected five ESG indicators provided by third-party evaluation organizations and set KPIs. In FY2021, we received higher ratings in four indicators than those in the previous fiscal year. I believe enhancing disclosures of non-financial information including ESG is equally as important as improving financial metrics. Both of these will directly enhance our corporate value.

Ultimately, the significance of the Meiji ROESG is to improve ROE through sustainability activities. For example, we should pursue realizing growth opportunities through TCFD^{*2} analysis, not just completed numerical data. I want to instill the attitude to integrate sustainability activities and management throughout the Group. Accordingly, we will create great business opportunities and establish a sustainable growth model focusing on the Meiji ROESG.

^{*1} ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

^{*2} The Task Force on Climate-related Financial Disclosures, which the Meiji Group expressed support for in 2019.

Clarifying the Meiji Group's Purpose with the New Slogan, Now Ideas for Wellness

The Meiji Group revised its slogan to *Now Ideas for Wellness* in June 2021. This slogan clearly expresses the Group's purpose of contributing to solving global health issues. It is a simple yet profound slogan tied to one of the Group's founding spirits, "Contribute to the Country through Nutrition." It is important to appropriately express our individuality and gain a shared understanding from our stakeholders. In this way, we will overcome the tough competition among companies. Employees are inspired and motivated by this slogan. I am confident that the Group will develop through this slogan. Since it covers everything from food to pharmaceuticals, a sense of unity within the Group will be fostered gradually. Thereby, we are clearly aware of our purpose.

In today's society, people are facing various health issues. Therefore, we should provide Meiji unique value for wellness. Each employee is advancing to the next step from our former slogan, *Make Life Lively*. Although it is still a bit unclear even for me, I am starting to see the value for wellness that only the Group can create.

Message from CEO

Recovering the Growth Trajectory of Core Businesses and Promoting Structural Reform

Food Segment: Recovering the Growth Trajectory by Proposing New Products and Strengthening Global Expansion

We are facing various changes occurring simultaneously, such as living with COVID-19, soaring raw materials costs, rising energy costs, and a weakening yen. These factors significantly impact business management. Of course, we should carefully address these immediate changes. However, the most effective measure for overcoming these changes is to accelerate corporate transformation toward a vision that should be realized in the medium- to long-term.

Our key strategy in the Food segment is to increase the added value of Health and Nutrition products and to respond to the shrinking food market in Japan. Our three core businesses, Yogurt/Functional yogurt, Chocolate, and Nutrition, are superior to competitors in terms of intangible assets as well as the market credibility and development ability that have been cultivated to date. Intangible assets include Meiji's brand power, R&D capability, and production technology. However, we are facing challenges in proposing new products that stimulate market demand. In the Yogurt/Functional yogurt business, we will restore the growth trajectory by offering new products and strengthening long-selling products. In the Nutrition business, we will grow the Sports Nutrition area further. In addition, we will continue to increase sales of infant formula and enteral formula, which have been growing steadily. In the Chocolate business, our focus is on cocoa, such as increasing sales of high cocoa content products and initiatives towards sustainable cocoa procurement. We will evolve our business to provide value that only Meiji can provide.

For global expansion, we are currently expanding our production capacity in China and are expanding the countries where we operate our Nutrition business. During the 2023 Medium-Term Business Plan, we are establishing a growth foundation in overseas markets. We will steadily strengthen our sales structure and development system to expand sales from FY2024 onward. Then, in the next 2026 Medium-Term Business Plan, we will achieve a contribution to profit.

Pharmaceutical Segment: Concentrating Resources on the Infectious Disease Area and Stabilizing Revenue Base

Due to a prolonged global pandemic, a fundamental review of the healthcare delivery system and pharmaceutical supply chain is required in the pharmaceutical industry. Under these circumstances, the Group's Pharmaceutical segment specializes in the infectious disease area. We have been involved in this area since penicillin production began in 1946. We are now restructuring our portfolio to achieve our purpose of contributing to health. We will concentrate management resources on infectious disease, including vaccines and antibacterial drugs to stabilize our revenue base. Vaccines are in high demand due to the pandemic. Also, a stable supply of antibacterial drugs is required as a national policy.

The Pharmaceutical segment has expanded into the overseas market over the years. Consequently, we have currently production and sales bases in India, Indonesia, Thailand, and Spain. If we increase the supply capacity for vaccines and antibacterial drugs at these overseas bases, our CMO/CDMO* business and direct sales business will expand. As a result, we can expect further growth.

We are steadily restructuring our portfolio. In FY2021, we transferred our agricultural chemicals business to a major chemical company. We also restructured our veterinary drugs business. We are undertaking a comprehensive reorganization of our R&D structure, including the consolidation and shutdown of research laboratories. For approximately 10 years, we have struggled to generate stable profits due to NHI price reduction. However, we can guarantee stable profits when we establish a new business model consisting of antibacterial drugs that are acclaimed in the Japanese market and vaccines that are developed and manufactured by KM Biologics Co., Ltd. Furthermore, we believe that this business model has global growth potential.

* CMO: Contract Manufacturing Organization
CDMO: Contract Development and Manufacturing Organization

Creating Synergy Between Food and Pharmaceuticals and Establishing the Meiji Group's Management Style to Enhance Corporate Value

Creating New Businesses with New Ideas by Combining Knowledge of Food and Pharmaceuticals

Since our management integration of the former Meiji Seika and former Meiji Dairies in 2009, the integration of the food areas within the Group has progressed significantly. Accordingly, we have achieved not only business growth but also integration between businesses and the creation of new value. However, the synergy between food and pharmaceuticals, which I believe is the most important, is still insufficient.

We established the Co-Creation Center at Meiji Holdings in 2019 to collaboratively create synergy between food and pharmaceuticals in R&D. Researchers in the Co-Creation Center are conducting R&D to create evidence with the primary themes of "anti-aging," "immune boosting," and "microbiome." We are expecting some research outcomes within the 2023 Medium-Term Business Plan. The Co-Creation Center also serves as a foundation for open innovation with external research institutions. There are many joint research projects in progress that may create new health value.

Anti-aging and immune boosting are themes that surpass the boundaries of the food and pharmaceutical areas. We should take interdisciplinary approaches to R&D to produce results. Today, all developed countries are aging. People in the world are becoming aware that, in addition to vaccinations, it is also important to boost your body's general immune response to protect and enhance health. If we can clearly demonstrate the Group's collective strengths, we may create products with unprecedented value. We don't know whether that will be a food product, pharmaceutical, or something completely different breakthrough yet. However, whatever the output may be, we will continue R&D in order to contribute to solving global health issues.

Utilizing Return on Invested Capital (ROIC) as a Group's Common Evaluation Indicator and Enhancing Business Portfolio Management

There are five themes that we should focus on when executing the 2023 Medium-Term Business Plan. The first theme is to establish a management style appropriate for the Group. This is necessary to continuously improve corporate value. Until now, investment decisions have been made by each operating company. We will integrate the use of ROIC with business portfolio management and thus establish a new management style led by Meiji Holdings.

We use ROIC as a common evaluation indicator throughout the Group. We have the Food and Pharmaceutical business. Their approach to investment and evaluation of business profit levels differs due to the differences in their business characteristics. Therefore, the criteria for determining what to select and what to concentrate on as the Group has been unclear. In the 2023 Medium-Term Management Plan, we will evaluate businesses based on capital productivity-oriented business management, instead of the operating profit level of each operating company's profit and loss statements alone.

We will form a truly competitive business portfolio on a global level using ROIC. To accomplish this, it is important to build an optimized business portfolio that includes synergy among businesses. The most important mission for management is to build the best portfolio for us. We are working to change mindsets and spread this concept of business portfolio management throughout the Group.

Message from CEO

Breaking Free from In-House Development and Evolving into a Company that Continuously Innovates with Highly Effective Corporate Governance

Promoting Open Innovation Based on Health and Nutrition

The second theme is breaking free from in-house development in R&D and new business development and promoting open innovation based on Health and Nutrition. The Pharmaceutical segment is getting ahead of the Food segment in open innovation in R&D. In FY2021, we implemented the bold measures of consolidating and shutting down research laboratories. As a result, open innovation has expanded and enriched R&D with more new themes than before.

In the Food segment, we should have in-house research laboratories because we should secure the fundamental technologies needed for production and quality control and prevent the outflow of R&D know-how that cannot be patented. In addition, we will gather a wide range of the latest knowledge through open innovation with research institutions in Japan and overseas. We have strengthened collaboration with venture companies and start-ups in FY2021. We are focusing on alliances in both R&D and business development. For example, we invested in a U.S. venture company for cocoa development, as well as in a fund to search for venture companies and start-ups.

Under the leadership of Meiji Holdings, we will use external resources to acquire knowledge that cannot be obtained through the Group's R&D alone. In other words, it is important to break free from in-house development and use an abundance of outside resources to discover a wide range of business opportunities. I believe the accumulation of these efforts will inspire the Group, leading to the innovation that may dramatically grow the Group.

Building a Corporate Governance Structure that is Appreciated by Stakeholders

The third theme is corporate governance. Since the start of the Meiji Group 2026 Vision, we have three targeted pillars of business growth, sustainability, and corporate governance. In corporate governance, we should build a system that is appreciated by a wide range of stakeholders. We are constantly reviewing and strengthening our corporate governance system because external evaluations continue to change.

We have applied succession planning for presidents of the three group companies since 2019. The Nomination Committee, which has an Outside Director majority, decides whether it is necessary to appoint or dismiss the three presidents and selects succession candidates. They are then proposed to the Board of Directors. From 2022, we have elected chairpersons of the Nomination Committee and Compensation Committee among Outside Directors. In addition, we held an eight-month training program for executive officers and senior management to identify management competencies within the Group. The purpose of this program is to select a certain number of candidates and create a talent pool for the future management. We expect that the training of management talent will improve the validity and transparency of the selection process for potential successors.

Furthermore, Outside Directors are important to ensure management transparency and credibility. Thus, we appointed a new Outside Director who has expertise in sustainability activities and international business. Accordingly, Outside Directors increased to four from the previous three to activate the Board of Directors. Also, the Compensation Committee has decided to increase the ratio of performance-linked remuneration for Directors. As a result of reflecting the achievement of the Meiji ROESG goals, the ratio of stock compensation will increase and monetary compensation will be lowered.

Taking on Reforms in Human Resource Management and Intensely Leading the Evolution of the Meiji Group

Focusing on Strengthening the Group Management Structure and Reforming Human Resource Management

The fourth theme is to strengthen the Group management structure. We have strengthened the structure in Meiji Holdings by introducing a Chief Officer system and establishing a Group Strategy Council. Consequently, we are achieving integrated management of Meiji Holdings' Board of Directors and operating companies. In FY2021, we reviewed the organizational structure of Meiji Holdings and established the Group Human Resources Strategy Department and Risk Management Department. Furthermore, we reformed Meiji Holdings to lead the Group's sustainability activities. Therefore, we should strengthen the Group's management structure throughout the 2023 Medium-Term Business Plan as an important theme. We will develop from management that is based on the addition of each business unit to one based on the multiplication and pursuit of synergy within the Group.

Finally, the fifth theme is to reform human capital management. We established the Group Human Capital Committee in April 2022 to implement a human capital strategy that conforms to the management strategy. The committee will establish human capital governance to develop core human capital that support group management. It will also establish an organizational culture based on diversity and inclusion. Furthermore, the Committee promotes health management to improve employee performance.

People are beginning to recognize that human capital is the second most important ESG theme after the environment. Human capital is a source that enhances corporate value. Therefore, we will invest in human capital more strategically. Additionally, it is critical to link the benefits of these investments with the Group's sustainable growth. Regarding to this issue, we will be strongly challenged by the market. Thus, we are reforming human capital management throughout the 2023 Medium-Term Business Plan to establish the foundation for the next 2026 Medium-Term Business Plan.

Evolving Further by Accomplishing All Five Themes to Create Corporate Value Sustainably

Nowadays, companies only survive if they create corporate value sustainably. As stated in the Meiji Group 2026 Vision, the increase in corporate value is driven by the three pillars of business growth, sustainability, and corporate governance. High evaluations and shared understanding from a wide variety of stakeholders are essential to achieve the Vision.

As I have pointed out, we will focus on five themes to achieve sustainable growth. We should develop to a higher level in all our activities. As CEO, responsible for the management, I will continuously develop with time. I will promote management intently, knowing that there will be no future for the Meiji Group unless we create corporate value and continue to progress.



Message from CFO



Koichiro Shiozaki
CFO
Member of the Board
and Senior Managing
Executive Officer

Improving Business Management Using ROESG and ROIC, Focusing Management Resources on Growth Areas

Achieving Profitability to Compete Globally by Establishing the Use of ROIC and Adopting IFRS

We introduced ROESG and Return on Invested Capital (ROIC) as performance indicators in our 2023 Medium-Term Business Plan. ROESG is the concept of increasing corporate value by pursuing ROE and ESG at the same time. Improving ROE is my primary responsibility as CFO. I have also established and am appropriately managing an ESG investment framework to promote ESG initiatives.

We will clarify which businesses we should focus on during the 2023 Medium-Term Business Plan. We will focus management resources on these businesses to achieve further growth. Thus far, we have been focusing on operating profit. As we adopted ROIC as a management indicator, we will develop our business management by considering investment efficiency. In FY2022, we will use ROIC in business management. We will build a system for management, administrators, and front-line employees to understand which components of

ROIC are relevant to their work and how they improve work efficiency. Specifically, we will report ROIC and changes in its components for each business unit. Thereby, we make suggestions for improvement. We will then track the status and progress of their initiatives and provide feedback. We are establishing PDCA cycles between Meiji Holdings and operating companies, and between the administration and business departments. We will build a culture which front-line employees improve their operations, always keeping the entire company in mind.

We also plan to adopt IFRS, international accounting standards. "Establish growth foundation in overseas markets" is one of the key strategies in the Meiji Group 2026 Vision. Although our current overseas sales ratio is less than 10%, we need to adopt IFRS as we aim to become a global corporate group. By adopting IFRS-based accounting standards and management systems, I want employees to recognize that we are competing on a level playing field with overseas rivals.

Investing in Growth Areas while Pursuing Selection and Concentration Strategy in Business

Another objective for adopting ROIC is to use it as a common indicator across the Group to review our business portfolio constantly. We have the Food and Pharmaceutical business. Though they have distinct characteristics, we set the weighted average cost of capital (WACC) at 5% and promote selection and concentration strategies.

The Pharmaceutical segment is purposefully restructuring its portfolio. Specifically, it transferred the agricultural chemicals business and is concentrating management resources on the human vaccine business. Similarly, the Food segment transferred its distribution subsidiary in April 2022. As CFO, I have requested the COOs of both segments to consider whether they can revise their portfolios further. Also, I ask the COOs to identify businesses and subsidiaries that have only limited synergy with us or can be more successful outside the Group. On the other hand, we will invest in businesses with growth potential. We have sufficient funds to invest when needed and have thus achieved a balance between offensive and defensive on the financial side. Accordingly, we will pursue management that increases corporate value sustainably.

Under the 2023 Medium-Term Business Plan, we will generate cash flows of approximately JPY 400 billion from operating activities in three years. The Plan is based on sales growth. In FY2022, we are focusing on increasing sales while maintaining profit at the same level as the previous year. We will implement our financial strategy for sales growth. To achieve this, we will maintain financial

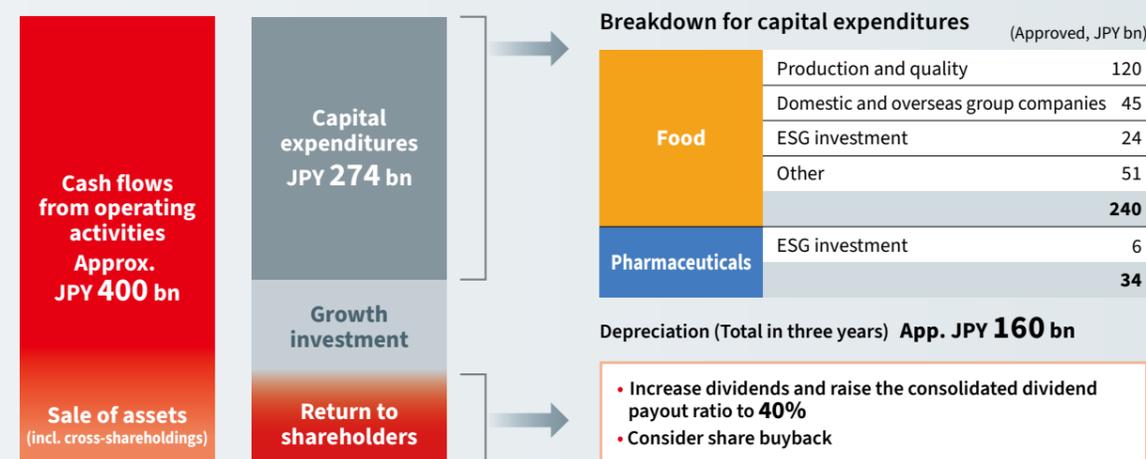
discipline by closely monitoring cash flows from operating activities in both segments.

Supporting Achieving Targets by Implementing Financial Strategy through Optimal Capital Allocation

Under the 2023 Medium-Term Business Plan, we are reviewing our approach to capital allocation. We will reduce cross-shareholdings by 30% based on book value considering corporate governance and capital efficiency. We reduced them by more than 10% based on book value in FY2021. To increase shareholder returns, we have increased dividends and bought back shares of approximately JPY 30 billion. We will gradually increase the current dividend payout ratio from 28% to 40% during the 2023 Medium-Term Business Plan. We will consider share buybacks while considering optimum capital structure and surplus funds.

Our ROE improved significantly in FY2021, partially due to the transfer of our agricultural chemicals business. In FY2022, we will balance capital allocation between appropriate profit returns and investment for growth. Thereby, we will pursue ROE improvement. We will try very hard to achieve the targets set out in the 2023 Medium-Term Business Plan as closely as possible. The whole Group should take on this challenge to achieve these target and I will support the Group's efforts. I will monitor our financial and capital strategies to make sure that they are on track. As CFO, I will devote myself to ensuring sound financial management.

2023 Medium-Term Business Plan Financial Strategy and Capital Allocation



Overview of 2023 Medium-Term Business Plan and Meiji ROESG

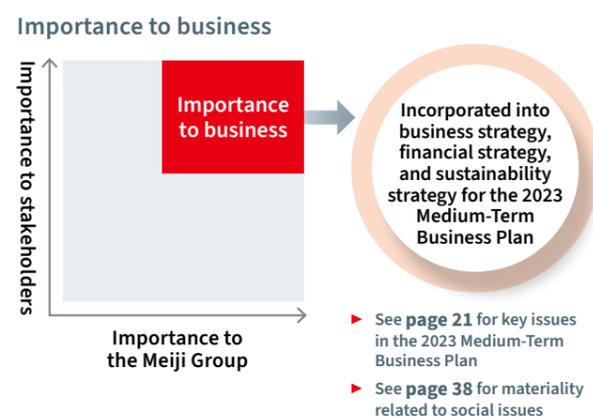
2023 Medium-Term Business Plan Progress

Promote the Meiji ROESG® Management Effectively

Realize both profit growth and sustainability activities

The 2023 Medium-Term Business Plan is based on the concept of promoting the Meiji ROESG Management effectively. In formulating the Plan, the Meiji Group decided on its direction that contributes to helping solve social issues globally. This way, we will realize the materiality for stakeholders and the Group at the same time. This is the guiding principle of our management strategies. According to this direction, we formulate and implement business strategy, financial strategy, and sustainability strategy.

We introduced the Meiji ROESG as the management indicator with the highest priority. The Meiji ROESG consists of three components: ROE, which represents earning power; the degree of achievement of ESG goals; and indicators unique to the Meiji Group (see the figure below). We aim to grow profit, improve ESG indicators, and achieve sustainability goals.



* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

ESG indicators

We have chosen the five indicators below, striving to strengthen our initiatives and improve our information disclosure.

Evaluation indicators	Reason for selection
MSCI ESG Ratings	ESG ratings calculated by MSCI, a financial service firm in the U.S., based on information disclosed by companies
DJSI	An ESG investment index developed by U.S.-based S&P Dow Jones Indices and RobecoSAM, a Swiss investment advisory company
FTSE4Good	An ESG investment index announced by FTSE International, a subsidiary of the London Stock Exchange
CDP (Climate Change)	An information disclosure program provided by CDP, an international non-profit organization headquartered in the U.K., regarding environmental activities conducted by major global companies
CDP (Water Security)	

Indicators Unique to Meiji

We established six indicators related to the social issues that the Group can contribute to helping solve, as well as human capital, which is the driver for corporate activities.

Indicators	Reason for selection
Extend healthy life expectancy	Evaluation of improvement of social issues
Amount of protein intake	
Vaccination rate for influenza vaccines	
Employee engagement score	Evaluation of improvement of the Meiji Group
Sales growth rate for health-conscious products, nutritional products with added value, products for a super-aged society	
Success in and supply of vaccine and therapeutic agent for COVID-19	

Key Issues in the 2023 Medium-Term Business Plan

1. Business strategy	Food Segment	1) Recover from the stagnation in our core business 2) Expand overseas business	Page 30 ▶
	Pharmaceutical Segment	1) Integrate operations management of Meiji Seika Pharma and KM Biologics (Strengthen vaccine business) 2) Expand CMO/CDMO	Page 34 ▶
	Group-wide	Venture into new domains	Pages 11, 15, 27 ▶
2. Improve business management system using ROIC effectively			Page 18 ▶
3. Invest to grow business while constructing strong financial base			Page 18 ▶
4. Promote the Meiji Group Sustainability 2026 Vision steadily			Pages 38, 50, 84 ▶

Progress of KPIs for the 2023 Medium-Term Business Plan

	Indicators	FY2020	FY2021	Targets for FY2023
Integrated goal	Meiji ROESG	9 points (Average ROE of 11.9% × 0.8)	12.3 points (Average ROE of 12.3% × 1.0)	13 points
Growth and Profitability	Consolidated net sales	JPY 1,007.1 billion ^{*1}	JPY 1,013.0 billion	JPY 1,080.0 billion
	Consolidated operating profit (margin)	JPY 106.0 billion (10.5% ^{*1})	JPY 92.9 billion (9.2%)	JPY 120.0 billion (11.1%)
	Overseas net sales ^{*2}	–	JPY 92.9 billion	JPY 134.5 billion
Efficiency and Safety	ROIC	10.0%	8.4%	10% or more
Return to shareholders	ROE	11.1%	13.5%	11% or more
	Payout ratio	35.4%	28.0%	40.0%

*1 Reference figures, calculated after applying revenue recognition standards for FY2020 net sales

*2 From FY2021, we have changed the business categories that serve as the basis for calculating overseas net sales. We have not disclosed the figure for FY2020 calculated after retroactively applying the category changes.

ESG Indicators

Evaluation indicators	FY2020 Results	FY2021 Results	Targets for FY2021	Targets for FY2023
MSCI ESG Ratings	BB	BBB	BBB	A
DJSI	80th percentile	86th percentile	84th percentile	90th percentile
FTSE4Good	3.0 points	3.0 points	3.2 points	3.5 points
CDP (Climate Change)	A-	A-	A-	A
CDP (Water Security)	A-	A	A-	A

In FY2021, we achieved goals in four indicators except for FTSE4Good, resulting the coefficient as 1.0. We strengthened our initiatives because the importance of addressing environmental issues is growing. Also, we proactively disclosed the progress of our initiatives. These efforts contributed to improving our evaluations. In particular, among approximately 12,000 evaluated companies, we were selected as an "A-List company" that is the best evaluation in CDP's water security survey. We believe our comprehensive efforts have been well received. Such efforts include the disclosure of information on water usage, the acquisition of an independent practitioner's assurance for our data, the reduction of water consumption volume, and the complete control of the quality of wastewater.

Indicators unique to Meiji

Indicators	As of FY2021	Targets for FY2023
Extend healthy life expectancy	+0.56 years ^{*1}	+1 year^{*1}
Amount of protein intake	71.4 g/day ^{*2}	75 g/day
Vaccination rate for influenza vaccines	65.6% ^{*3}	60%
Employee engagement score	Deviation score B	Deviation score A
Sales growth rate for health-conscious products, nutritional products with added value, products for a super-aged society	-3.1% ^{*4}	10% or more
Success in and supply of vaccine and therapeutic agent for COVID-19	Under development	Development and supply

*1 Compared to 2016 (men 72.14 yrs old/women 74.79 yrs old)

*2 2019 latest survey

*3 FY2020 latest survey; based on people aged 65 or older receiving routine vaccinations

*4 Compared to FY2020; we revised the preliminary figure shown in our FY2021 financial results presentation material released in May 2022.

Vaccination rate for influenza vaccines

The vaccination rate for FY2020, the latest result available, was 65.6%, up 15.2 percentage points from the previous fiscal year. We believe that many people were encouraged to receive vaccinations due in part to awareness-raising activities conducted by the government and experts while COVID-19 pandemic was rapidly spreading.

Employee engagement score

The score declined to B in FY2021 from BB in FY2019. We should promote workstyle reforms due to the COVID-19 pandemic. The identified issues include collaboration between organizations, communication between employees with different ranks, and maintenance of diversity.

The sales growth rate for health-conscious products, nutritional products with added value, and products for a super-aged society

We recorded negative growth in FY2021. Sales were significantly affected by a decline in sales of yogurt and functional yogurt resulting from the shrinking market and intensifying competition.

Overview of 2023 Medium-Term Business Plan and Meiji ROESG

2021 Business Performance Summary

Points for FY2021

In FY2021, which is the first year of the 2023 Medium-Term Business Plan, we faced a severe operating environment due to the continued impact of the COVID-19 pandemic on the global economy and domestic consumption trends and soaring raw materials and energy costs. Under such an environment, we worked on key issues based on the concept of promoting the Meiji ROESG Management effectively (See page 21 for key issues).

Net Sales Consolidated net sales were JPY 1,013.0 billion. Overseas net sales of the whole Group were JPY 92.9 billion.

Food Segment
Net sales were JPY 826.0 billion. Sales decreased in the Yogurt & Cheese business and the Drinking Milk business due in part to the impact of the leveling off of stay-at-home demand. However, this was offset by the recovery of the B to B business, which struggled in the previous fiscal year, as well as sales increase in the Nutrition business and the Overseas business.

Pharmaceutical Segment
Net sales were JPY 187.9 billion. Overall sales increased despite the impact of the transfer of the Agricultural Chemicals business in the fourth quarter. This was mainly due to the recovery of the Domestic Ethical Pharmaceuticals business, which was impacted by a decline in the number of outpatient visits in the previous fiscal year.

Operating Profit Consolidated operating profit was JPY 92.9 billion. Major factors are as shown below.

Analysis of Consolidated Operating Profit (Billions of yen)

	Food	Pharma	Other	
Results -- FY2020	87.4	19.1	-0.5	106.0
Due to increased/decreased sales	-8.1	+5.4	—	-2.7
Impact of NHI drug price revisions	—	-5.0	—	-5.0
Changes in marketing expenses	-4.5	+0.9	—	-3.6 ^{*1}
Changes in other SG&A expenses	+3.3	-3.5	—	-0.2 ^{*2}
Other (incl. change in results of subsidiaries)	-2.2	+1.8	-1.2	-1.6
Results -- FY2021	75.9	18.6	-1.7	92.9

Analysis of Operating Profit by Segment

- Food Segment** Page 30
- Pharmaceutical Segment** Page 34

^{*1} Major factors
[Food] Increase in raw materials cost: -4.1, Other: -0.4
[Pharma] Cost reductions: +0.9

^{*2} Major factors
[Food] Decrease in marketing expenses: +4.7, Increase in indirect manufacturing cost: -1.2, Other: -0.2
[Pharma] Increase in R&D expenses: -3.3, Increase in loss on valuation of inventories: -1.1, Decrease in marketing expenses: +0.9

Consolidated profit attributable to owners of parent was JPY 87.4 billion. Profit was substantially boosted by an increase in extraordinary income resulting from the transfer of all shares of DM Bio Limited and the Agricultural Chemicals business. ROE was 13.5%, and ROIC was 8.4%.

Cash flow improved as a result of our efforts to reduce cross-shareholdings. We, therefore, increased our annual dividend by JPY 10 while acquiring and canceling JPY 30 billion of treasury shares.

Summary

We implemented the Meiji ROESG management and carried out reforms in FY2021 amid a difficult environment.

- Reviewed our business portfolio, especially for the Pharmaceutical segment, while continuing to face issues of growth recovery
- Promoted growth investment and reduced cross-shareholdings steadily at the same time; enhanced shareholder returns through an increase in dividends and the acquisition of treasury shares
- Advanced sustainability initiatives, especially in the environmental field; also participated actively in external initiatives
- Worked on strengthening the management base
 - Changed the chairpersons of the Nomination Committee and the Compensation Committee from the CEO to Independent Outside Directors
 - Revised the executive remuneration system and increased the proportion linked to performance
 - Permeated our new slogan *Now ideas for wellness* throughout the Group

Overview of FY2022 Plan

Operating Environment

The current operating environment does not significantly differ from that assumed when we formulated the 2023 Medium-Term Business Plan (the table below). However, uncertainty has increased due to the rapid yen depreciation and the soaring raw materials and energy costs along with the Russian-Ukrainian conflict. COVID-19 pandemic has continued to come and go in waves, with no signs of ending.

We will continue to closely monitor the impact of these factors on the global economy and consumption trends in Japan.

Opportunities	Threats	Impacts from COVID-19 pandemic
<ul style="list-style-type: none"> Growing consciousness on prevention and health Growth in overseas emerging economies and growing middle-class Aging in Japan Expanding e-commerce Growing environmental awareness and ethical consumption 	<ul style="list-style-type: none"> Shrinking domestic market due to population decline Growing awareness of deflation among consumers Impact of climate change on supply chain Food shortages due to global population growth Transition to digital formats 	<ul style="list-style-type: none"> Increased brand loyalty Decline in inbound demand Consumer thriftiness Workstyle changes (commuting, working from home) Patients reluctance to visit medical institutions

KPIs for 2023 Medium-Term Business Plan

	Indicators	FY2021	Forecasts for FY2022	Targets for FY2023
Integrated goal	Meiji ROESG	12.3 points (Average ROE of 12.3%×1.0)	-*	13 points
Growth and Profitability	Consolidated net sales	JPY 1,013.0 billion	JPY 1,035.5 billion	JPY 1,080.0 billion
	Consolidated operating profit (margin)	JPY 92.9 billion (9.2%)	JPY 92.5 billion (8.9%)	JPY 120.0 billion (11.1%)
	Overseas net sales	JPY 92.9 billion	JPY 104.2 billion	JPY 134.5 billion
Efficiency and Safety	ROIC	8.4%	8.0%	10% or more
Return to shareholders	ROE	13.5%	9.0%	11% or more
	Payout ratio	28.0%	39.2%	40.0%

* The Meiji ROESG is only set targets in FY2023, the final fiscal year

Initiatives of Focus

In FY2022, we will steadily advance the initiatives shown below, including recovering from the stagnation in our core business, which is the top priority under the 2023 Medium-Term Business Plan.

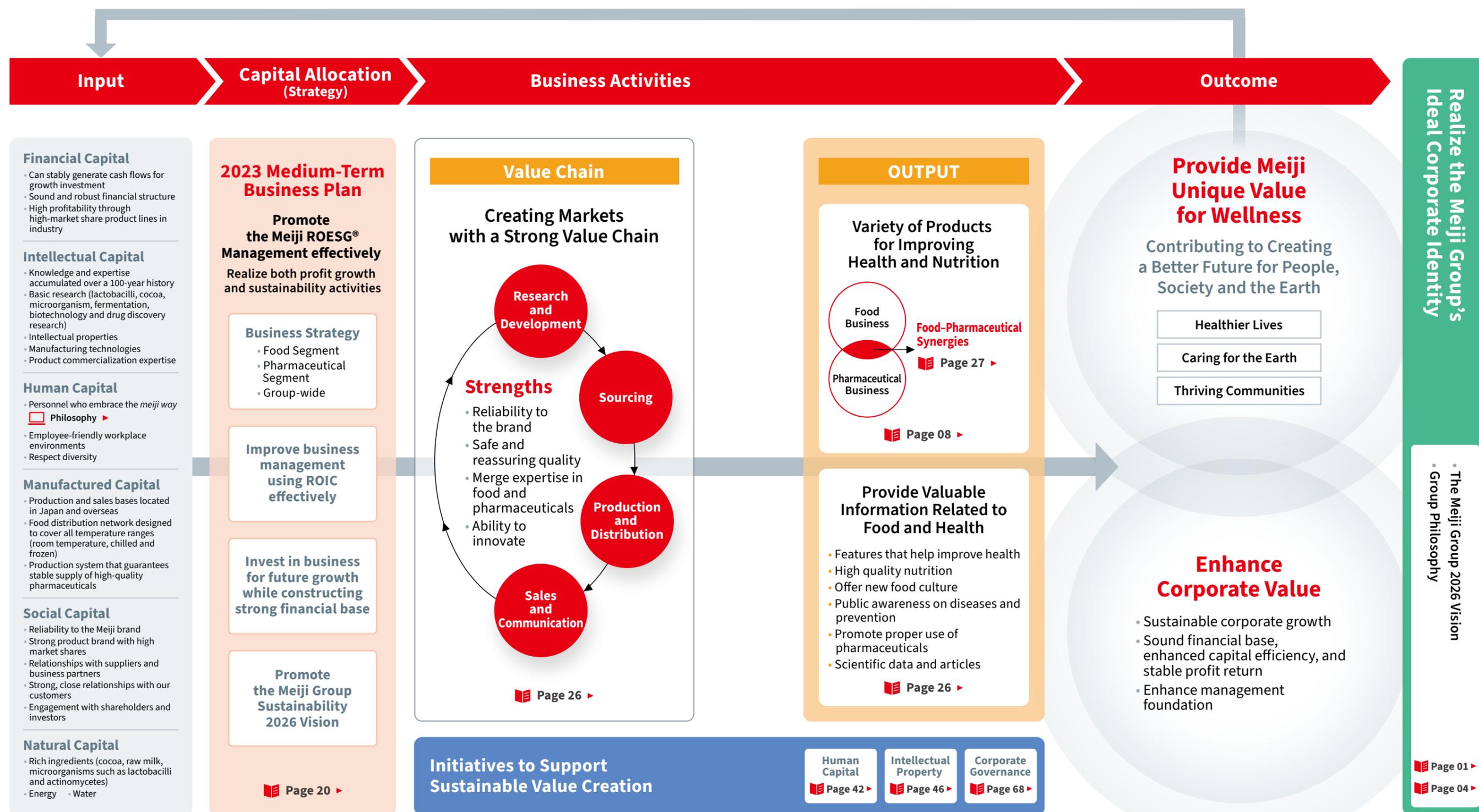
Recover from the stagnation in our core business	Foster new growth drivers
<ul style="list-style-type: none"> Yogurt and functional yogurt <ul style="list-style-type: none"> Strengthen existing products by utilizing R&D and technical expertise Develop new products Chocolate and Nutrition <ul style="list-style-type: none"> Strengthen the promotion of the value of health-conscious chocolates Enhance marketing activities of sports protein Domestic Ethical Pharmaceuticals <ul style="list-style-type: none"> Grow core products Improve stable supply of antibacterial drugs Establish stable supply system for generic drugs while ensuring profitability 	<ul style="list-style-type: none"> Overseas business <ul style="list-style-type: none"> Expand production capacity and sales areas in China Food Expand the CMO/CDMO business Pharmaceutical Vaccine business <ul style="list-style-type: none"> Conduct R&D steadily Acquire technology for new modalities Strengthen marketing functions Foster new domains and collaborate with startups and ventures
Initiatives against cost increase	Strengthen management foundation and sustainability activities
<ul style="list-style-type: none"> Firmly implement price hikes and volume reductions Food Manage costs strictly Consider additional measures 	<ul style="list-style-type: none"> Advance business management using ROIC Strengthen human capital management Strengthen and enhance the Group governance Accelerate sustainability initiatives

The Meiji Group's Process for Value Creation

Creating Health Value from Abundant Capital through Meiji's Unique Strategies and Value Chain to Realize Our Vision

The Meiji Group's competitiveness comes from the following three sources; a variety of abundant accumulated capital, its strategic allocation through the Meiji ROESG^{®*} Management as well as our strong value chain. Based on these, we will create Meiji unique value for wellness across the areas of food and pharmaceuticals and provide it to all stakeholders to enhance corporate value. Through this process, we will realize our vision and achieve sustainable growth.

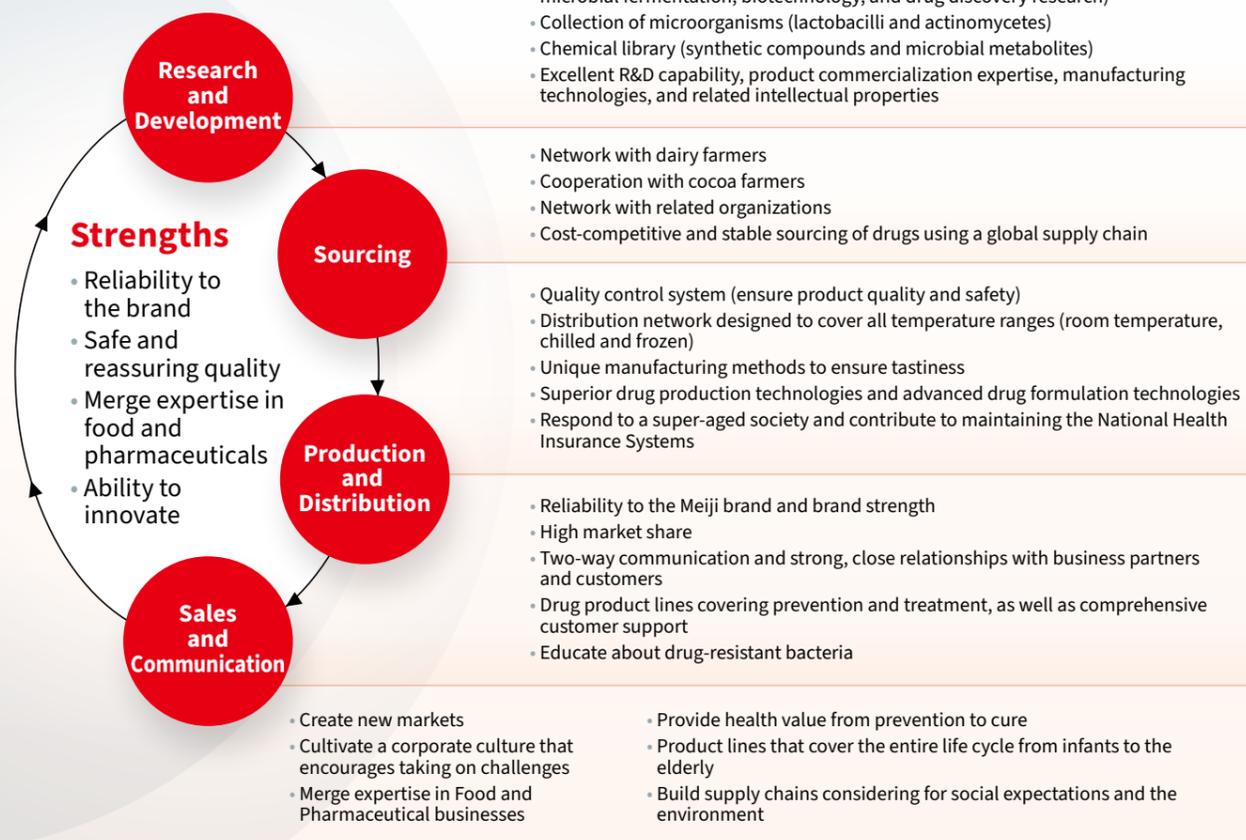
* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.



The Meiji Group Value Chain

The value chain is the foundation of business. In this regard, the Meiji Group has a wealth of strengths. The Group provides various products and valuable information that contribute to health by creating significant value throughout the value chain.

Creating Markets with a Strong Value Chain



Characteristics and Strengths of the Meiji Group

- Accumulated expertise obtained through basic research (lactobacilli, cocoa, microbial fermentation, biotechnology, and drug discovery research)
- Collection of microorganisms (lactobacilli and actinomycetes)
- Chemical library (synthetic compounds and microbial metabolites)
- Excellent R&D capability, product commercialization expertise, manufacturing technologies, and related intellectual properties
- Network with dairy farmers
- Cooperation with cocoa farmers
- Network with related organizations
- Cost-competitive and stable sourcing of drugs using a global supply chain
- Quality control system (ensure product quality and safety)
- Distribution network designed to cover all temperature ranges (room temperature, chilled and frozen)
- Unique manufacturing methods to ensure tastiness
- Superior drug production technologies and advanced drug formulation technologies
- Respond to a super-aged society and contribute to maintaining the National Health Insurance Systems
- Reliability to the Meiji brand and brand strength
- High market share
- Two-way communication and strong, close relationships with business partners and customers
- Drug product lines covering prevention and treatment, as well as comprehensive customer support
- Educate about drug-resistant bacteria
- Create new markets
- Cultivate a corporate culture that encourages taking on challenges
- Merge expertise in Food and Pharmaceutical businesses
- Provide health value from prevention to cure
- Product lines that cover the entire life cycle from infants to the elderly
- Build supply chains considering for social expectations and the environment

Providing Valuable Information Related to Food and Health

Food Business

Achieving a Wellness Society through Improved Protein Intake

Protein intake among Japanese people has declined to the level of the 1950s. In response to this crisis, in June 2022, Meiji Co., Ltd. established the “Aim for 80g of Protein Intake Per Day!” consortium with Itoham Yonekyu Holdings, Inc. and Maruha Nichiro Corporation. The consortium aims to realize a wellness society through various educational activities.



Aim for 80g of Protein Intake Per Day! (Japanese version only) ▶

Pharmaceutical Business

Holding Press Conferences Appropriately and Disclosing Important Information Accurately and on Time

The Meiji Group distributes press releases and holds press conferences to communicate important business-related information accurately and on time. Now, we report the progress of inactivated vaccines against COVID-19, including development and clinical study information.



A press conference onsite and online

Food-Pharmaceutical Synergies

New Challenges in the Health Value Domain

The Meiji Group has both food and pharmaceutical businesses. We are creating synergy in the health value domain by combining the knowledge of each business.

The Dietary Supplement *meiQua*

We launched the dietary supplement *meiQua* by combining the expertise of our food and pharmaceutical businesses. This dietary supplement series can be used for daily health support or during medical examinations by physicians who are familiar with the patient's diseases, health conditions, and lifestyle. The first product in this series, *meiQua EPA1000*, is an all-in-one product. It contains nutrients and ingredients that are often lacking in our daily diets based on evidence. We began offering *meiQua EPA1000* to medical institutions such as psychiatry and internal medicine in the Tokyo metropolitan area in April 2022.



Before this, in April 2020, the Co-Creation Center and relevant departments of the Meiji Group operating companies launched the Business Promotion Project. We are currently developing new products in the *meiQua* series by using the seeds identified by the Co-Creation Center.

Four Years Since the Establishment of the Co-Creation Center Research Success in Patent Applications, Papers Accepted for Publication, and Presentations at Academic Conferences

In FY2021, we filed four patent applications, had two papers accepted for publication, and gave three presentations at academic conferences. It's getting better results steadily. We reported our findings that extracellular polysaccharides from lactobacilli enhance the therapeutic effect of immune checkpoint inhibitors against cancer in *Cancer Discovery*. This journal is highly influential in the field of cancer research. Leading international researchers are interested in this finding.



Front page of an article published in *Cancer Discovery*

Toward Further Development

The Co-Creation Center has established networks with many domestic and foreign companies, academia, ventures, and public institutions. In particular, the Center exchanges personnel and technology through open innovation in anti-aging and immunoenhancement fields (Results for FY2021: 7 universities, 4 public institutions, and 11 private companies).

The front-line researchers seconded by each operating company are conducting advanced research together using state-of-the-art equipment. We will further develop the research platform and strengths of the Group's operating companies.

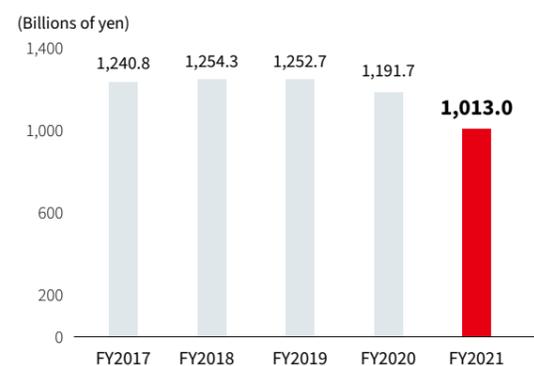
Co-Creation Center

A Research Center that Realizes “New Challenges in the Health Value Domain”

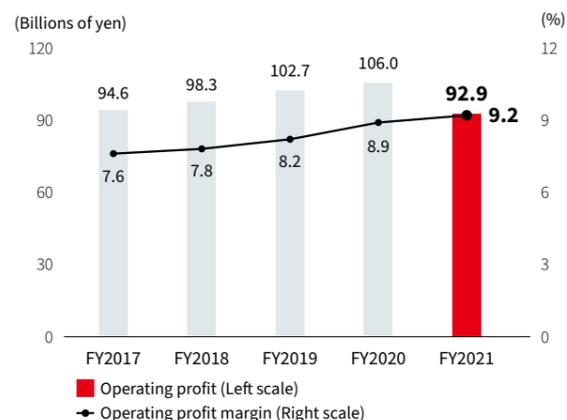
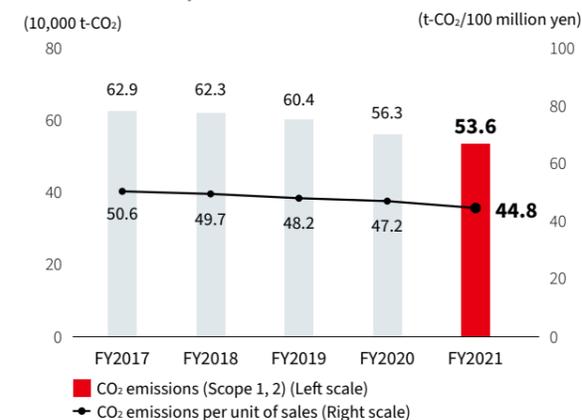
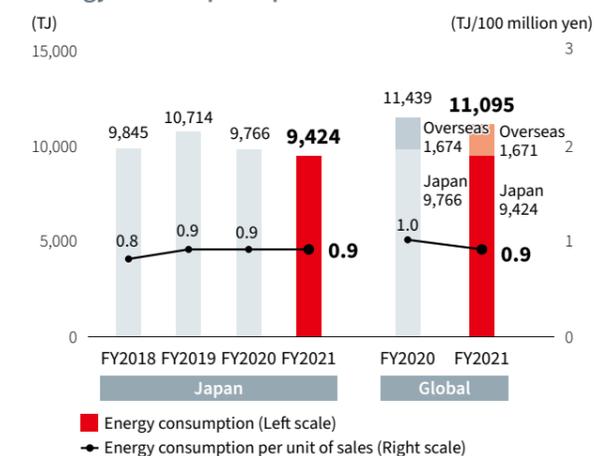
At the Co-Creation Center, researchers seconded by the Meiji Group operating companies bring knowledge and technologies to conduct advanced research. The Center is focusing research on anti-aging and immunoenhancement based on microbiome technology. This technology enables the analysis of human health conditions through intestinal bacteria. The Center's goal is to create new health value by combining the technologies accumulated by each company with new external technologies.



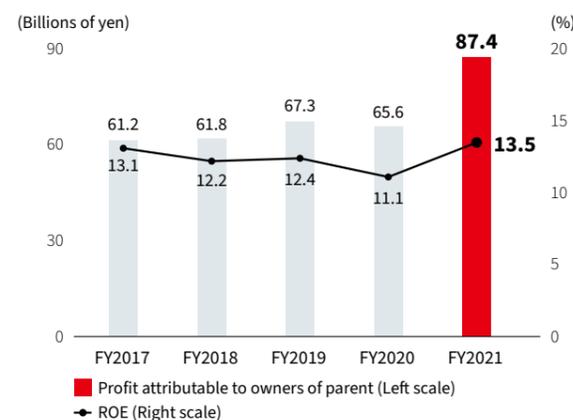
Financial and Non-Financial Highlights (Main Indices)

Net Sales^{*1}

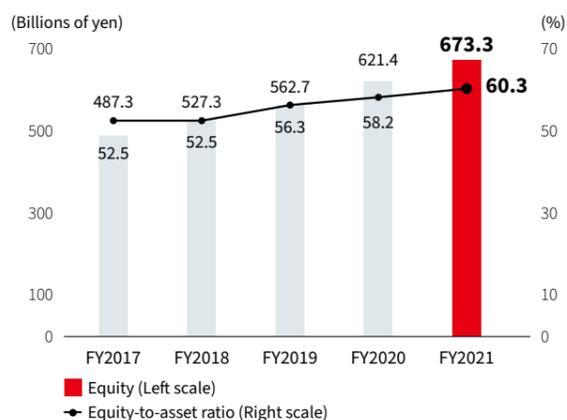
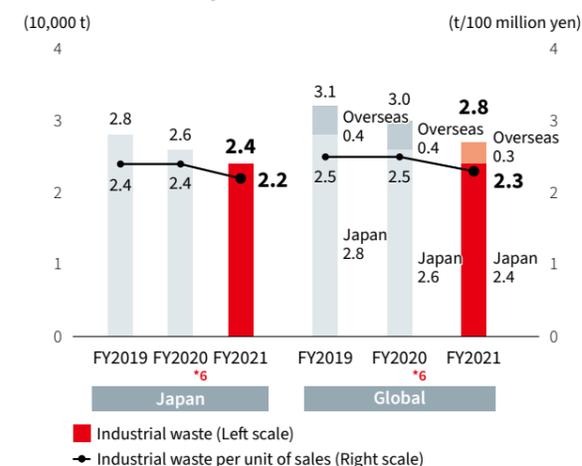
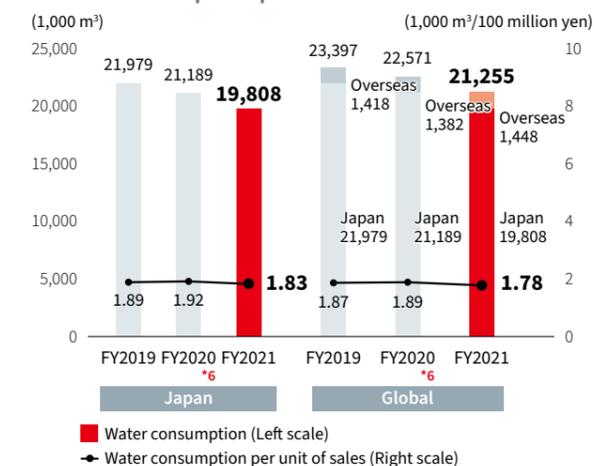
Operating Profit / Operating Profit Margin

CO₂ Emissions (Scope 1, 2) /
CO₂ Emissions per Unit of Sales^{*2,3}Energy Consumption /
Energy Consumption per Unit of Sales^{*3,4}

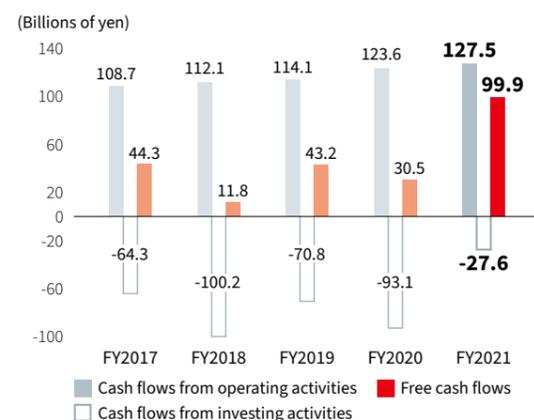
Profit Attributable to Owners of Parent / ROE



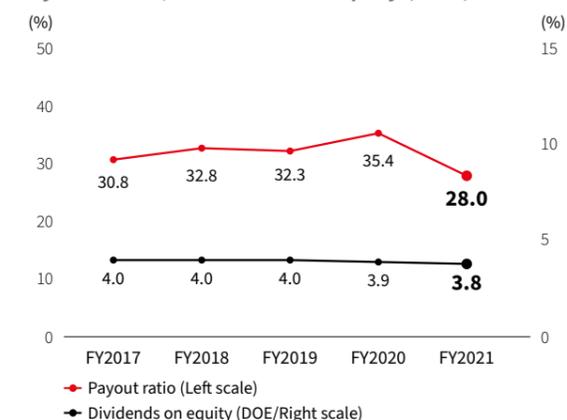
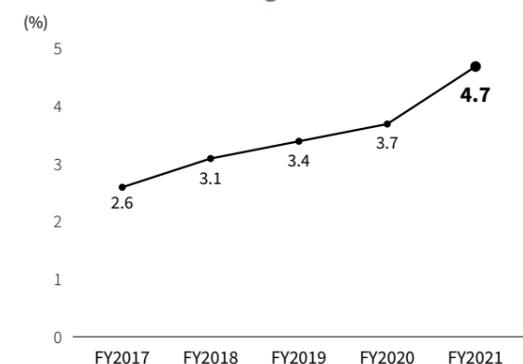
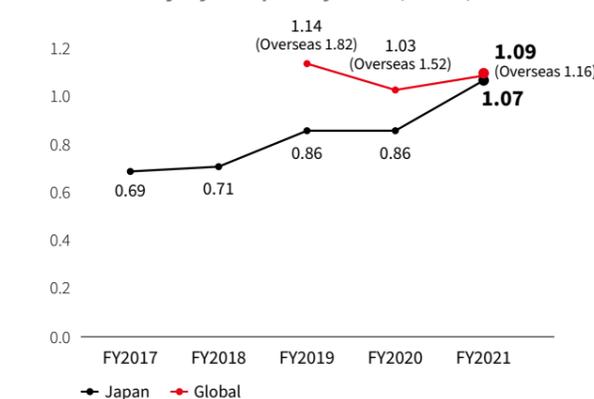
Equity / Equity-to-Asset Ratio

Industrial Waste /
Industrial Waste per Unit of Sales^{*3,5}Water Consumption /
Water Consumption per Unit of Sales^{*3,5}

Cash Flows



Payout Ratio / Dividends on Equity (DOE)

Ratio of Female Managers^{*7}Lost Time Injury Frequency Rate (LTIFR)^{*8}

*1 The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance are being applied as of FY2021.

*2 Applies to the Meiji Group (the domestic Meiji Group and 14 overseas production plants <12 plants up until FY2019, 13 plants in FY2020>). The per unit of sales is calculated from the consolidated sales.

The Kumamoto Plant of KM Biologics Co., Ltd. was included in the calculation from FY2018, and all of the company's sites were included from FY2019.

*3 The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards have not been applied to net sales used in the per unit calculation.

*4 Applies to the domestic Meiji Group. The per unit of sales is calculated from domestic consolidated sales.

The global data; applies to the Meiji Group (the domestic Meiji Group and 14 overseas production plants <13 plants in FY2020>). The per unit of sales is calculated from the consolidated sales.

The Kumamoto Plant of KM Biologics Co., Ltd. was included in the calculation from FY2018, and all of the company's sites were included from FY2019.

*5 Applies to the domestic Meiji Group. The per unit of sales is calculated from domestic consolidated sales.

The global data; applies to the Meiji Group (the domestic Meiji Group and 14 overseas production plants <12 plants in FY2019, 13 plants in FY2020>). The per unit of sales is calculated from the consolidated sales.

The scope of calculation of industrial waste is limited to production plants.

*6 Data from past fiscal years has been revised.

*7 Applies to Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd. KM Biologics Co., Ltd. was added and included in the calculation from FY2018.

*8 FY2017 and FY2018 includes domestic consolidated subsidiaries as well as the plants and research laboratories of Okinawa Meiji Milk Products Co., Ltd. (but excluding KM Biologics Co., Ltd., Meiji Feed Co., Ltd., and OHKURA Pharmaceutical Co., Ltd.).

Since FY2019, domestic consolidated subsidiaries, Okinawa Meiji Milk Products Co., Ltd., and all operating sites of overseas Group production companies of Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. are included.

Lost Time Injury Frequency Rate: Number of casualties ÷ Total working hours × 1 million

Food Segment Business Strategies



Katsunari Matsuda

COO (Food Segment)
Member of the Board and Executive Officer
Meiji Holdings Co., Ltd.
President and Representative Director
Meiji Co., Ltd.

Contributing to Solving Social Issues through Nutrition that only Meiji can Provide and Growing Business Further

Looking Back on FY2021

Net Sales were Largely Unchanged Year on Year while Operating Profit Decreased due to Increased Costs and Other Factors

Japanese consumers' awareness of health and nutrition changed in FY2021. We concentrated management resources on core businesses* and worked to expand businesses to capture this new demand.

As a result, net sales were largely unchanged year on year. The B to B business recovered after struggling in the previous fiscal year due to the impact of the COVID-19 pandemic. In addition, net sales of sports protein SAVAS and enteral formula continued to grow. However, a decline in sales of yogurt and functional yogurt negatively impacted net sales.

Operating profit decreased significantly year on year. The decreases were due to the following factors: decreased sales of profitable yogurt and functional yogurt; increased raw material costs such as overseas dairy ingredients, oils and fats, and sugar; increased depreciation expenses; and lower operating profit from subsidiaries. The increase in raw material costs was particularly significant, increased by approximately JPY 5 billion compared to the FY2021 plan. In response to this

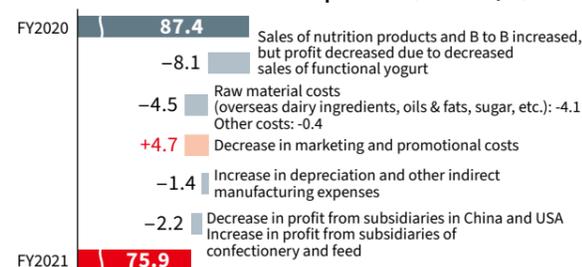
situation, we worked to reduce various costs including marketing expenses.

* Core businesses: Yogurt/functional yogurt, Chocolate, and Nutrition

(Billions of yen)	FY2020 Results	FY2021 Results	YoY Change
Net sales	826.5*	826.0	-0.1% -0.4
Operating profit	87.4	75.9	-13.1% -11.4

* Reference figures, calculated after applying revenue recognition accounting standards for FY2020 net sales

Breakdown of Consolidated Op. Profit (Billions of yen)



Outlook for FY2022 and Beyond

Aiming for Sustainable Growth by Responding to Changes in the Business Environment and Expanding Product Lines with High Health Value

A major challenge in FY2022 and beyond will be responding to changes in the business environment, such as rising raw material costs. The procurement costs of overseas raw materials are expected to increase compared to the plan due to the yen depreciation, which is rapidly progressing in FY2022. Procurement competition for raw materials will intensify over the long term as the global demand for food products increases due to economic growth in developing countries. In addition, energy costs such as crude oil and other fuel prices are on the rise. Moreover, adapting to green energy will incur additional costs. Of course, we recognize that additional costs for green energy are essential for realizing a sustainable society. Meanwhile, the impact of the Russian-Ukrainian conflict remains unpredictable. We will deal with these difficult environmental changes by raising prices, improving productivity through technological innovation, and adding value to our products.

I am confident that we are one of the best Japanese food companies that can fully overcome the challenge of

rising costs despite a severe business environment. This is because our core products provide value based on scientific evidence. Most of our customers understand the added value and health value and purchase products such as *Meiji Oishii Gyunyu*, *Meiji Probio Yogurt R-1*, and *Chocolate Kouka*. We also provide a variety of products that are closely in tune with our customers' lives, from babies to the elderly. We have an approximately 40% market share in infant formula and nutritional food for the elderly. In addition, I am sure that our customers are satisfied with our confectionaries, yogurt, nutrition products, and other products in their various stages of life.

That is because we have had a deeper insight into nutritional and health issues that society faces in each era. We have created products that contribute to solving these issues by using our advanced technological capabilities. We cultivated new markets with high-value-added products and have further refined our products. Thus, we have established our brand and developed products into longtime best-sellers. We have leading products in a variety of markets. We will improve these products further and continue to grow our business.

Key Issues in the 2023 Medium-Term Business Plan

Recovering Growth Trajectory of Core Businesses and Fostering New Growth Drivers such as Overseas Businesses

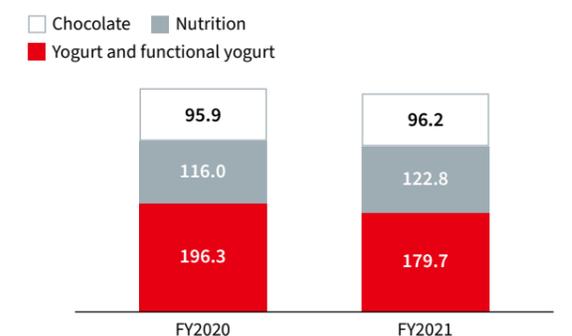
Recovering Core Businesses

The Food segment, driven by core businesses, has been growing for a long time. However, it began stagnating around 2017.

A major reason for this stagnation was a slump in sales of functional yogurt. We could not establish new products in the market. Also, it took longer to develop products than planned because we revised our ways of verifying health claims. However, we have overcome this and created new potential products with new evidence. We are expecting good results for these products.

Sales of chocolate and nutrition products have maintained a certain level of growth despite the COVID-19 pandemic. Although our existing mainstay products drove this growth, we have not created new products that will lead to future growth. This is a critical issue and, therefore, we will continue to focus on developing new products.

Net Sales in Core Businesses* (Billions of yen)



* Before applying revenue recognition standards

Food Segment Business Strategies

Promoting Overseas Development

The overseas business is developing as planned. Until recently, the overseas sales ratio in the Food segment was around 5%, which was rather low. Dairy and cocoa products come from Europe and the United States, so we assumed that their overseas markets were already established. Therefore, we did not fully believe that overseas dairy and cocoa businesses would contribute to operating profits. However, over the years, our unique technology has created products with Meiji unique value. Now is the perfect opportunity for us to take on the challenge of developing these markets. We should accelerate our efforts because we are lagging far behind global food manufacturers.

To accomplish this, we are investing cash generated by domestic businesses in overseas business. In the Chinese market, our current focus area, we will complete the construction of a chilled milk and yogurt plant in Tianjin in early 2023. In the fall of 2023, we will build a chilled milk, yogurt, and confectionery plant in Guangzhou. Furthermore, in the spring of 2024, we will build an ice cream plant in Shanghai.

Meanwhile, we are building a suitable business structure to expand business in China. There were sales and administrative functions for each product, what is called a silo management style. In January 2022, we integrated them into Meiji (China) Investment Co., Ltd. We delegated authority to the local subsidiary and changed the system to allow management to make quick decisions. We are also streamlining the cash management process. For example, we centralized the management of the business fund for chocolate and ice cream, as their peak periods were different. Instead of product-specific marketing, we will implement an integrated marketing strategy for the Food segment in the Chinese market. We are aiming to achieve significant growth using the strength that we have broad product range.

Focusing on B to B Business

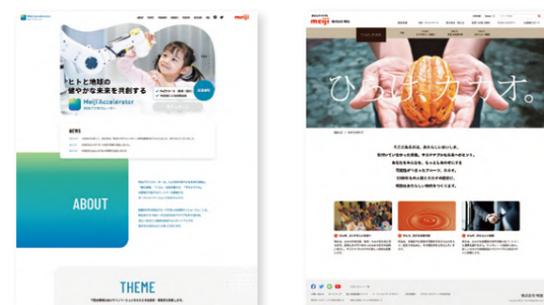
We are nurturing our B to B business as a new pillar of growth. B to B business currently accounts for around 7% of total sales. The takeout market is expanding due to the COVID-19 pandemic. Thus, there is still significant room for growth. The B to B business is sometimes seen as low growth potential and low profit contribution due to sales skills and cost perspective. However, it is possible to create new categories and improve growth and profitability using advanced processing technology. As for overseas expansion, we will launch professional food products into the Chinese market. We will expand our B to B business through synergic effects with commercial products.

Building a Management Foundation that Accelerates Value Creation

Meiji has long operated business through in-house development. However, the business environment around us is rapidly changing. Companies will perish if they fail to create new value by absorbing new things from the outside world. Therefore, we established our own program to promote open innovation. Internally, we offer the Internal Creation of Innovation Program that aims at creating problem-solving businesses through an internal recruitment process. Externally, we are developing the Meiji Accelerator Program that co-creates value by supporting startup companies. Under the Internal Creation of Innovation Program, we currently have two ideas to be commercialized. Under the Meiji Accelerator Program, we are promoting co-creation activities with multiple companies. These programs may not create new businesses. Rather, our ultimate goal for these programs is to energize the company and change our mindset.

We tend to think of innovation as innovating processes and products. However, I believe that we should develop innovative thinking to achieve such innovation. In our case, innovative thinking means that we discuss open-mindedly and boldly, and come up with challenges that need to be solved to realize a sustainable society. We should identify these challenges to create new markets through science-backed innovation.

The concept of sustainable cocoa, known as “Possibilities of cocoa,” is based on innovative thinking. Cocoa is not just cocoa beans but a fruit when you look at a whole part. We are trying to bring out the potential nutritional value of cocoa using new processing methods. We are driving this project forward in collaboration with local farms, external research institutions, and other partners. In this way, we are pursuing both sustainable cocoa production and the creation of new health value. I would encourage all employees to think innovatively and develop the future growth drivers. For this, we will strengthen partnerships with external organizations and absorb various values into the company.



Meiji Accelerator Program (Japanese version only)

Possibilities of cocoa (Japanese version only)

Strengthening Human Capital Management

In addition, we should move away from an in-house development approach to human capital. We are hiring a lot of experienced personnel from outside the company to introduce new knowledge and expertise. We established a new Intellectual Property Department three years ago and hired personnel from outside the company as a manager. We hired female personnel from outside the company as a manager for the department that promotes diversity and inclusion. One personnel from outside the company is already working as an Executive Officer in the sales department. I want everyone to know that we are bringing in excellent personnel from outside the company, and I encourage everyone to get motivated. In

addition, we recently had a female Executive Officer who came through the R&D department. I hope that this will be a good source of motivation.

As we are expanding the overseas business into Asia, Europe, and the United States, we need specialized human capital to take care of local marketing and other activities. We will send young personnel to overseas subsidiaries and train them there. In addition, we will recruit experienced personnel who can contribute to the business immediately.

We are working hard to change our organization, systems, and corporate culture so that our talented human capital can demonstrate its full capabilities.

Creating Meiji Unique Value for Wellness

Bringing Wellness to Society by Making Our Nutrition Statement, the Norm for Our Businesses

Meiji is so fortunate to operate businesses that help solve social issues. We enhance and offer the health value of the bounty of nature, such as dairy and cocoa. Therefore, pursuing our mainstay businesses is directly linked to our contribution to society.

One of the Meiji Group’s founding spirits reflects this: “Contribute to the Country through Nutrition.” We should pass it on unchanged. However, the concept of nutrition has changed over time. When the company was founded 100 years ago, nutrition meant the energy necessary for living. In recent times, nutrition must be linked to health. Furthermore, health does not only mean living longer. Enjoying self-fulfillment at any age is crucial. We will contribute to linking nutrition to health and bringing wellness, a healthy and fulfilling life, to society.

The Group changed its slogan to *Now Ideas for Wellness* in June 2021. In the Food segment, we adopted its concept and developed the Nutrition Statement in which we clearly stated our nutritional ideas. Accordingly, we should make products that are consistent with the Nutrition Statement. We will not survive if we do not create value for wellness. The Nutrition Statement is gradually spreading throughout the company. As a result, employee consciousness is changing. Sales and operating profits are critical. But more importantly, employees are beginning to understand that Meiji’s mission is to create a sustainable society through products that solve social issues.

We should not change the core of Meiji. However, there are things that we should change over time. In the 2017 Medium-Term Business Plan, we worked on the selection and concentration of products. In contrast, in

the 2020 Medium-Term Business Plan, when I first became president, we worked on the selection and concentration of business. We made the difficult decisions to exit businesses and liquidate companies in the Group. In the past, we made decisions about what to change based on economic rationality. In addition, we should also take sustainability into account.

The demand to achieve a sustainable society is getting bigger and bigger. We believe this is the biggest change in the business environment in the long term, and therefore we should adapt to such change. I want every employee to be aware that this is crucial and that we work together to fulfill Meiji’s mission.

Meiji Nutrition Statement ▶



Pharmaceutical Segment Business Strategies

Daikichiro Kobayashi

COO (Pharmaceutical Segment)
Member of the Board and Executive Officer
Meiji Holdings Co., Ltd.
President and Representative Director
Meiji Seika Pharma Co., Ltd.



Determinedly Undertaking Structural Reforms and Concentrating on Creating Meiji Unique Value for Wellness, such as Preventive Measures Against Infectious Disease

Looking Back on FY2021

Grew Human Vaccine and Overseas Businesses while Undertaking Bold Structural Reforms to Strengthen our Financial Platform

We grew our human vaccine and overseas businesses in FY2021. We also undertook structural reforms to strengthen our business platform and focus management resources on creating new medicines. Accordingly, we sold all shares of DM Bio Ltd., our joint venture in South Korea, and transferred our Agricultural Chemicals business to the Mitsui Chemicals Group. We drastically reorganized our R&D structure. We reorganized research functions in Yokohama and Ashigara and consolidated them into the Pharmaceutical Research Center in Ashigara. Meanwhile, we strengthened partnerships with external research institutions and improved R&D efficiency.

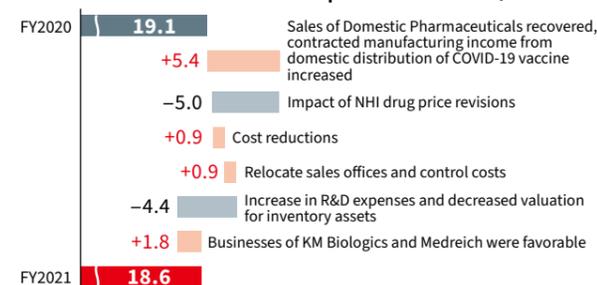
As a result, net sales increased year on year. The Domestic Pharmaceuticals business recovered. In addition, contract manufacturing income related to AstraZeneca's COVID-19 vaccine increased. These offset the impact of NHI drug price revisions. Operating profit decreased by JPY 400 million year on year. We worked on reducing costs and relocating sales offices. However, an

increase in R&D expenses and decreased valuation for inventory assets pushed down profits.

(Billions of yen)	FY2020 Results	FY2021 Results	YoY Change
Net sales	182.1*	187.9	+3.2% +5.8
Operating profit	19.1	18.6	-2.3% -0.4

* Reference figures, calculated after applying revenue recognition accounting standards for FY2020 net sales

Breakdown of Consolidated Op. Profit (Billions of yen)



Outlook for FY2022 and Beyond

Growing Business while Contributing to the Economic Security of Japan's Pharmaceuticals and Preventive Measures Against Infectious Disease

We will grow business while contributing to two social issues facing Japan: economic security and preventive measures against infectious diseases. Regarding economic security, strengthening the value chain of critical commodities is crucial to national security. Particularly, we are focusing on the stable supply of antibacterial drugs, which are essential medicines. We are currently heavily dependent on imports from China for the raw material of penicillin antibiotics. Therefore, the government has announced a domestic manufacturing policy to strengthen the value chain. In response to this policy, we are establishing a production system for the raw material of penicillin at our Gifu Plant, which is expected to start production by 2025. In this way, we will fulfill our responsibility as a leading manufacturer of antibacterial drugs.

Regarding preventive measures against infectious disease, the COVID-19 pandemic has created the need for domestically developed vaccines. Furthermore, the threat of emerging and re-emerging infectious diseases is expected to continue. In June 2021, the "Strategy for

Strengthening Vaccine Development and Production Systems" was approved by the Japanese Cabinet. In compliance with this strategy, we will expand production facilities and strengthen collaboration with academia. First, we will concentrate on developing inactivated vaccine domestically. Studies to verify its superiority over existing vaccines for adults and children are going well. We are collecting and compiling data, and planning to apply as soon as possible. COVID-19 has continued to come and go in waves and the situation remains unpredictable. We want to successfully develop and deliver a safe inactivated vaccine that people can use without safety concerns.

Furthermore, we will build a technological platform to develop new vaccines for the future. To this end, we will acquire advanced modalities, such as messenger RNA vaccine technology. We should make targeted and strategic investments in such areas. We will invest funds obtained through structural reforms, such as the transfer of our Agricultural Chemicals business.

Key Issues in the 2023 Medium-Term Business Plan

Drawing a Clear Growth Strategy and Investing Business Resources Gained from Structural Reforms

Integrated Operations Management of Meiji Seika Pharma and KM Biologics

When the two companies in our Pharmaceutical segment are successfully integrated, it will become one of the best vaccine companies in Japan because it will have a comprehensive and diverse value chain. In this way, we can significantly contribute to the fight against infectious diseases, which are social issues. Management is serious about integrating business operations. In R&D, we have established the R&D Steering Committee. I am the chair of this committee and manage projects and optimize the drug development portfolio of both companies. To avoid arbitrary internal decisions, we have also established a third-party committee.

In April 2022, the Veterinary Drugs businesses in both companies were integrated to build a new company, Meiji Animal Health Co., Ltd. This company will cover the prevention to treatment of infectious diseases in animals. We will contribute to the livestock industry and expand our business.

Expand CMO/CDMO Business

The growth of Medreich Ltd. in India is driving our

CMO/CDMO* business. In FY2020, Medreich temporarily shut down a production line due to the COVID-19 pandemic, but quickly resumed operations. Despite the shutdown, it achieved year-on-year growth due to the significant need due to an increase in access to medicines in advanced developing countries.

We are planning new investments to fulfill recent business growth. As a first step, we have decided to build a manufacturing facility in India, which is scheduled to start operation in March 2023. Medreich operates a joint venture with South African company Adcock Ingram Limited to meet the strong demand for medicines in South Africa.

We have sent more than five engineers from Japan to improve the production capacity in Medreich. We are also focusing on quality management. We want to build a suitable quality control system at Medreich by training excellent local engineers. We will grow our CMO/CDMO business at Medreich into one of the core businesses of the Pharmaceutical segment by investing in personnel training among other things.

* CMO: Contract Manufacturing Organization
CDMO: Contract Development and Manufacturing Organization

Pharmaceutical Segment Business Strategies

Promoting Unique Strategies for Drug Discovery

We have three core areas in the Pharmaceutical segment: infectious diseases, immunology and inflammation, and generic drugs. Currently, our main products are antibacterial drugs, blood cancer drugs, and anti-allergy drugs. These drugs may seem to have little in common with each other. However, they are related because they all control immune responses. Infectious diseases are inflammatory, and the immune response plays a major role in inflammation. We would like to not only develop vaccines and antibacterial drugs but also to contribute to the treatment of infectious diseases by mastering immune responses. Thus, we are aiming to become a true leading manufacturer in the infectious disease field.

As part of this effort, we are collaborating with Dr. Tasuku Honjo of Kyoto University to develop a therapeutic drug that stops the immune system overreaction. The area of infectious disease is just an entry point. Beyond it are the areas of immunity and inflammation. If we can control the entire immune response, we may be able to treat all infectious diseases. I believe we are a leading company in the vaccines and antibacterial drugs areas. Moreover, we would like to improve our status by striving for host immune response through joint research with academia.

Strengthening Human Capital Management

These days, the seeds for novel drugs are likely to be

found in academia. To seize the opportunity, we invited postdoctoral researchers from Juntendo University and Kyoto University, where we are conducting joint research. We will enhance our R&D capabilities by integrating human capital from both inside and outside of the company.

We are actively adopting personnel exchanges between internal personnel and the public and private sectors to broaden our horizons. We regularly send our engineers on secondment to the Japan Pharmaceutical Manufacturers Association think tank, Cabinet Office, Ministry of Health, Labour and Welfare, and Ministry of Foreign Affairs. We also send a lot of personnel to academia to improve open innovation. For example, we are developing a device for non-contact psychiatric treatment under a joint project with Hiroshima University. Through the R&D of such medical devices, we will contribute to DX (digital transformation) in the pharmaceutical industry.

We are also strengthening our human capital which supports our global business development. We have sent employees to our U.S. subsidiary established in 2021. Thus, we are working hard to build a strong network with U.S. academic societies and bio ventures. We are strengthening highly specialized human capital in our R&D department to promote clinical developments in the U.S. We hired a person who has filed an NDA to the FDA (U.S. Food and Drug Administration) and successfully received approval.

Creating Meiji Unique Value for Wellness

Creating New Value for Wellness Using Innovation from *Now ideas for wellness*

The Group's Pharmaceutical segment contributes to people's health. We, for example, develop and provide vaccines, a preventive measure against infectious diseases, which is one of the most important social issues. We should publicize these initiatives. We are actively communicating various information, such as the status of vaccine development, on time. This way, we will deliver the benefits of the value for wellness provided by the Group.

In the Pharmaceutical segment, we are gaining momentum to generate innovation from R&D to front-line sales under the banner of our Group slogan, *Now ideas for wellness*. One of the results of these efforts is *meiQua*, a dietary supplement exclusively for medical institutions. We developed a system where patients who get advice from their doctors can purchase *meiQua* through an exclusive website. We have received positive feedbacks on the conception of *meiQua* from medical specialists.

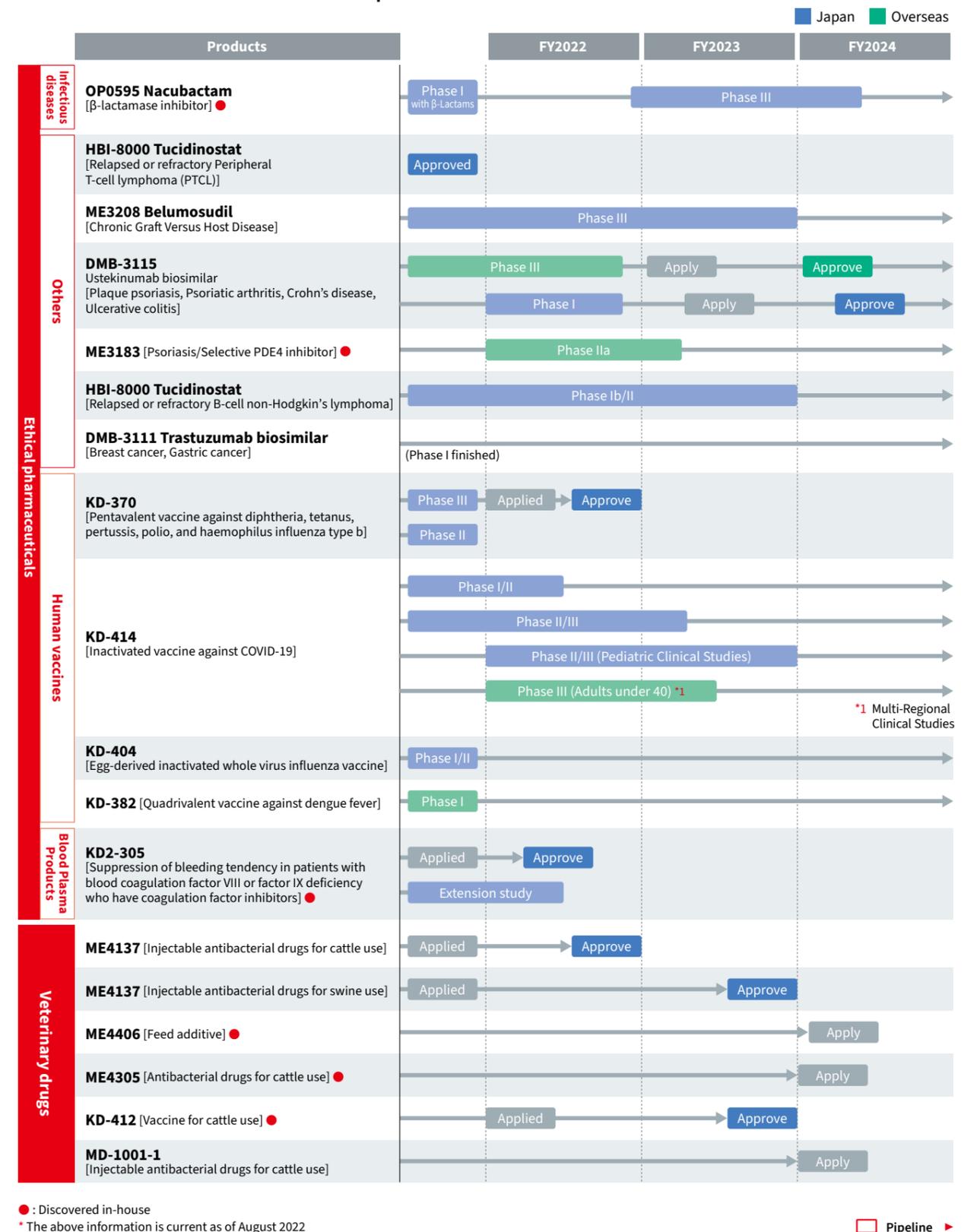
Following *meiQua EPA1000*, our first product, when other in-house initiatives begin to bear fruit, employees will recognize *Now ideas for wellness* and their motivation

will increase. We will continue our structural reforms and create a structure in which we can invest in growth strategies. I am determined to realize the vision that the Group holds for the future.

 *meiQua* dietary supplement exclusively for medical institutions (Japanese version only) ▶



List of New Products Under Development



● : Discovered in-house
* The above information is current as of August 2022

 Pipeline ▶

Sustainability Strategy



Jun Furuta
CSO
Member of the Board and
Senior Executive Officer

Aiming to be a Leading Company in Sustainability Activities by Tackling Social Issues through Improving Natural and Human Capital

Making Good Progress in Addressing Materiality Adapting to a Changing Environment and Setting Higher Targets

We made good progress in addressing materiality in FY2021, the first year of the 2023 Medium-Term Business Plan. However, the world is adapting to issues such as climate change quicker than expected. Therefore, we should deal with such changes promptly. Nowadays, it is no longer enough for companies to handle these changes within their companies. There is a growing consensus that we should address human rights and environmental issues throughout our supply chain. For the Meiji Group, it is important how we share issues and discuss solutions with producers and suppliers of raw materials.

In addition, we should revise the initiatives and KPIs appropriately to respond to changes in the external environment on time. For example, with regard to reducing CO₂ emissions, COP26 in autumn 2021 clearly stated that we should advance our efforts to limit a global average temperature rise to 1.5°C above pre-industrial levels instead of well below 2°C. Accordingly, the Group increased its target for CO₂ emission reduction to 50% or more by FY2030 compared to the FY2019 level. Although the hurdle has been raised from the previous target, we cannot achieve carbon neutrality by 2050 without clearing this hurdle. We will work to achieve this goal in cooperation with industry, government, and academia.

Identifying the Materiality in Social Issues (up to FY2023)

We updated the materiality based on dialogue with external experts when we established the 2023 Medium-Term Business Plan.

Themes	Domains	Social Issues	Themes	Domains	Social Issues
Healthier Lives	Health and Nutrition	Contribute to healthy diets	Thriving Communities	Human Capital	Promote diversity and develop human capital
		Respond to a super-aged society		Society	Respect and promote human rights
		Countermeasures against emerging and re-emerging infectious diseases	Sustainable Sourcing	Source raw materials considering human rights and the environment	
Caring for the Earth	Climate Change	Reduce CO ₂ emissions		See page 84 for the progress of initiatives	
	Circular Economy	Reduce environmental impact			
	Water	Secure water resources			

Valuing Natural Capital as the Cornerstone of the Meiji Group and Conserving Biodiversity

Our Responsibility: Operating Business while Restoring Damaged Natural Capital

Among six types of capital,^{*1} we consider enhancing natural and human capital to be important from a sustainability perspective.

Natural capital is natural resources, including plants, animals, the atmosphere, and soil. They are the foundation of the social economy. Since the industrial revolution, humankind has had a huge negative impact on natural capital, which led to global warming and other problems. We should urgently restore damaged natural capital. The entire world bears this responsibility. The Group's business operations originate from the bounty of nature. We are committed to fulfilling our responsibilities as a recipient of this bounty.

Natural capital, the foundation of our business, is supported by biodiversity. The biodiversity has recently been threatened. Also, endangered species are increasing due to severe deforestation. In addition, climate change and water risks are harming biodiversity, thereby affecting the agricultural products that we procure. The Group cannot survive unless biodiversity is conserved. With this in mind, we have had numerous discussions on biodiversity initiatives internally. The concept of "nature positive" has recently emerged, which aims to restore and enhance all ecosystems. The Group is committed to adopting this concept to conserve biodiversity. We have worked hard to strengthen relationship with external initiatives, such as by participating in the 30by30 Alliance for Biodiversity^{*2}.

*1 Page 24 The Meiji Group's Process for Value Creation ▶

*2 Page 54 Coexisting with Nature > Biodiversity Initiatives ▶

Introducing ICP and Carbon Footprinting to Achieve Carbon Neutrality

Biodiversity is a comprehensive concept that includes carbon neutrality. Therefore, we believe that we should address both aspects together. Specifically, in FY2021, we formulated a roadmap and action plan to achieve carbon neutrality by 2050. It addresses Scope 1 and Scope 2, but not Scope 3. However, we believe that creating the roadmap to 2050 was a positive step. For the TCFD (Task Force on Climate-related Financial Disclosure), we will re-calculate and disclose scenarios based on +1.5°C instead of the previously developed +2°C and +4°C scenarios.

In addition, in our efforts to promote carbon neutrality, we have implemented internal carbon pricing (ICP)^{*3} in FY2021. We will use ICP when calculating the financial payback on capital investment in plants and other facilities. This way, we promote investment in introducing facilities that reduce CO₂ emissions. We have set a target of JPY 30 billion for ESG investments in the 2023 Medium-Term Business Plan. We are also considering introducing carbon footprinting^{*4} from FY2022. To promote reducing emissions we will calculate CO₂ emissions for each product throughout the value chain and visualize each process. Our ultimate goal is to create CO₂-free products.

First, we will start introducing carbon footprinting with our milk products. The greenhouse effect of methane emitted by cows has become an issue in dairy farming. We want to determine how much greenhouse gas is emitted throughout the milk supply chain and work to reduce it.

*3 ICP: A method for companies to price their own carbon emissions and use them for decision making on matters such as investments

*4 Carbon footprinting: A system that converts the greenhouse gas emissions throughout a product's life cycle, from the procurement of raw materials through to disposal and recycling into CO₂, and displays it on the product in a manner that is easy to understand



A document is available on our website, in which the roadmap and action plan for achieving carbon neutrality are summarized.

[Toward Carbon Neutrality \(PDF\)](#) ▶

Sustainability Strategy

Improving Human Capital as a Top Priority and Focusing on Developing Human Capital and Promoting D&I

Working to Achieve Water Neutrality, Promoting Sustainability in the Supply Chain

Addressing water resources is an essential theme for biodiversity conservation. We are currently analyzing the risks of areas where we procure raw materials. If we understand the water risks of our procuring areas by analyzing flood and drought risks, we can manage risks such as by switching procurement areas in the event of a disaster. We will also work to achieve water neutrality.* KM Biologics Co., Ltd. has already implemented water source recharge and achieved positive results. We will expand this to the operating sites and factories in Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. By returning the water resources we use for our products to nature, we will contribute to forest conservation.

The latest biodiversity-related issue is that we participated in the TNFD (Task Force on Nature-related Financial Disclosures Forum) in May 2022. We will respond quickly to the TNFD and disclose the necessary information as we did with the TCFD.

There is still much for us to do for sustainability in our supply chain. First, we are conducting a questionnaire survey for our suppliers. We want to learn about their human rights and environmental initiatives and encourage them to solve any issues. We expanded the scope of this survey to include the Group companies and primary suppliers in FY2021. We are planning to expand to include primary suppliers of the Group companies in FY2022. We will share any identified issues with our suppliers and take quick action to solve them.

* Water neutrality: Eventually reducing the impact on water resources caused by water withdrawal and wastewater discharge from business activities to zero

Improving Human Rights Due Diligence and Expanding Human Rights Education Globally

The Group considers human capital to be as important as natural capital. In recent years, the market has been paying more attention to human capital investments and their outcomes. The Group is focusing on human capital development to enhance its corporate value. Also, we are strengthening our Diversity & Inclusion (D&I) efforts by establishing a dedicated organization in October 2021. For promoting gender equality in the workplace, a female Executive Officer has been appointed in Meiji Co., Ltd.

We will also improve human rights due diligence to boost our human capital. In FY2021, we conducted a survey of foreign workers including partner companies. No major problems were discovered, but there were some differences in the awareness and responses among factories. We will thoroughly implement the Meiji Group Foreign Worker Employment Guidelines that we recently established to address these issues. We will create a comfortable working environment at all our operating sites.

As globalization progresses, the number of local people working at our local subsidiaries will increase. Considering this, we have started human rights training program at our overseas subsidiaries. In FY2021, we conducted the training program via e-learning at Meiji America Inc. and Medreich Ltd. They are our major overseas subsidiaries in the Food and Pharmaceutical segments. We plan to conduct the training program at more operating sites in FY2022.



Meeting Requirements as a Company while Pursuing Sustainability Unique to the Meiji Group

Achieving Quicker and More Advanced Initiatives by Integrating Sustainability Functions into Meiji Holdings

The sustainability trend is on the rise globally. Therefore, we integrated the sustainability functions of each operating company into the Sustainability Management Department in Meiji Holdings in April 2022. In the Sustainability Management Department, we established the ESG Communication Group and Supply Chain Group. The ESG Communication Group is responsible for communicating with ESG evaluation organizations to achieve the Meiji ROESG®^{*1}. The Supply Chain Group will strengthen the supply chain initiatives. Since we now have personnel with various specialties, we can address each issue in greater depth. Thereby, we can improve the quality and speed of our efforts.

We will regularly hold the ESG Advisory Board to improve the Group's sustainability. We have held the ESG Advisory Board twice. External experts have provided suggestions to management including some tough opinions. These meetings are live-streamed and relevant employees can watch and share experts' opinions as if they were participating in the ESG Advisory Board. We are working closely with overseas group companies to ensure that sustainability activities are at the same level globally. Thereby, we will enhance our sustainability activities.

In my opinion, currently, we need a specialized department to promote sustainability. However, I would like to see this department disbanded in the future. If all employees thoroughly integrate the topic of sustainability into their daily work, this department will no longer be significant. I will raise the level of our sustainability efforts to achieve this goal.

*1 ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

Achieving the Meiji ROESG by Ensuring Every Employee Has a Sense of Ownership over Sustainability

We want to achieve the Meiji ROESG outlined in the 2023 Medium-Term Management Plan. To this end, the entire Group should raise its awareness of ESG. Also, every employee should have a sense of ownership over sustainability. We ensure that all employees are aware of the ESG indicators that contribute to the Meiji ROESG. Specifically, we hold online courses to learn sustainability. In FY2022, we renamed Meiji Sustainable College and launched a wide range of courses. The employees' motivation has increased, and they are seriously thinking about what they should do to achieve the Meiji ROESG.

We have implemented the Meiji Brand Award program to promote employee awareness. This award recognizes activities that embody our slogan, *Now ideas for wellness*. We award the Sustainability Grand Prize for activities related to sustainability. One of the activities awarded in FY2021 was KM Biologics' participation in the "Furugi de Vaccine"^{*2} program. Through the Meiji Brand Award, we show all employees that they can contribute to solving social issues in their daily lives. Award-winning activities are spread throughout the Group to encourage employees to have a sense of ownership.

We will pursue sustainability in the Group's unique way. As we already know, reducing CO₂ emissions and conserving water resources are important to us as the Group. For us, sustainability, which is unique to the Group, is contributing to health. Nutritionals and medicine, which make people healthy, are our specialties. Therefore, I would like to address the social issues in these fields in greater depth so that we can contribute to solving them. By addressing these challenges, we want to be a leading company in sustainability activities in the Japanese industry by the end of the 2023 Medium-Term Business Plan.

*2 Activities to deliver polio vaccines to children in developing countries by selling used clothes overseas



Participating in the "Furugi de Vaccine (Providing vaccines by donating used clothes)" program, which won the Sustainability Grand Prize.



Poster for the Meiji Brand Award. There were more than 500 submissions.

Human Capital Management

Strategically Investing in Human Capital, the Source of Value Creation, and Promoting Human Capital Strategies Based on Management Strategies

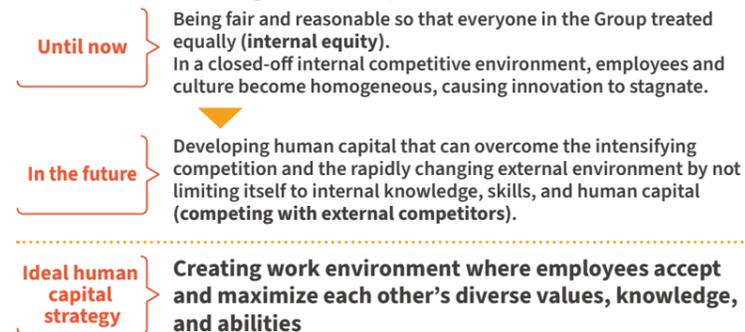
Human capital is extremely important because it supports the Meiji Group's value creation. We believe that respecting employees' diversity and making individuals perform to the best of their abilities lead to the Group's sustainable growth. The Group is shifting its human capital strategy from internal equal treatment to competition with external competitors. We will strategically promote human capital development to create and deploy Meiji unique value for wellness globally.

Corporate Culture for Realizing the Meiji Group 2026 Vision

Employees are working lively with passion in an environment, structure, and culture where they perform to the best of their abilities.

Page 05 Meiji Group 2026 Vision

Human Capital Strategy in the Meiji Group



Establishing a Group Human Capital Committee

We established the Group Human Capital Committee in April 2022, an advisory body of the Executive Committee. In FY2022, we will discuss Diversity and Inclusion (D&I), Human Capital Development, and Health and Productivity Management. We will then set up KPIs. We will promote the human capital strategy based on management strategy throughout the Group.

Mission

1 Enhancing Human Productivity and Value Creation Capabilities

From Human Resources to Human Capital

We view employees as capital, not resources. We will strengthen human productivity and the ability to create value through investments focused on improving quality.

2 Creating a Culture and Structure Essential for Sustainable Growth

From Human Resource Strategies to Management Strategies

We will consider the ideal state of the Group's human capital and develop a system where employees perform to the best of their abilities to realize the Meiji Group 2026 Vision. In particular, we will promote a strategy that emphasizes the development of core human capital to lead management strategies.



Diversity & Inclusion

People's values are diversifying in both the consumer and labor markets. We should promote D&I to sustain growth in such an environment. We will accelerate diversity in our core human capital by hiring and promoting women, non-Japanese, and experienced personnel from outside the company. Also, we will strengthen our competitiveness by creating diverse career options including senior human capital.

Establishing the Meiji Group Diversity & Inclusion Policy

We established the Meiji Group Diversity & Inclusion Policy in December 2021 to promote D&I toward realizing the Meiji Group 2026 Vision. We will promote D&I to provide customers in Japan and around the world with progressive values in food and health.

1. Promoting the performance of diverse human capital

We will develop a work environment where human capital with diverse backgrounds* performs to the best of their abilities and play an active role in various positions.

* Gender, sexual orientation/gender identity, career, age, nationality, disability, employment status, during childcare/caregiving, etc.

2. Accepting and maximizing each other's diverse values

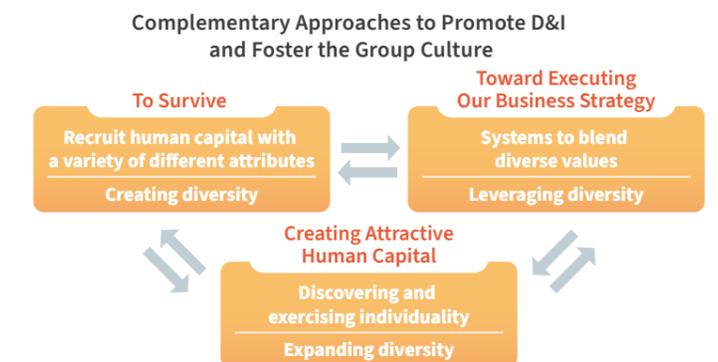
We will accept and maximize each other's diverse values, knowledge, and abilities to create innovation and new value, which lead to corporate growth.

We will recruit, train diverse human capital and improve working environments to enhance sustainable corporate competitiveness. For this, we will establish a D&I promotion system and set numerical targets for core human capital.

Meiji Group Diversity & Inclusion Policy (PDF)

Three Approaches to Promoting D&I

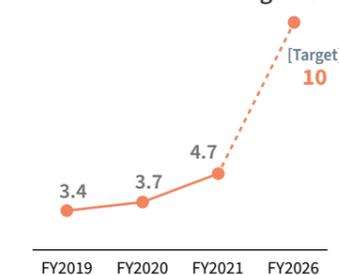
The Group promotes D&I through three approaches: creating diversity, leveraging diversity, and expanding diversity. Through these three complementary approaches, we promote D&I and foster the Group culture.



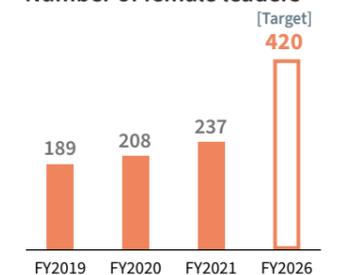
Promoting Female Participation

Promoting female participation is a critical theme for the Group. In FY2021, we changed our mindset by promoting female employees to management positions and conducting training on unconscious bias. In FY2022 and beyond, we will formulate and implement measures to promote female participation throughout the Group. Specifically, we will establish a network for women at the same career level and promote the creation of a comfortable working environment. In this way, we will develop a structure and culture where female employees can perform to the best of their abilities.

Ratio of female managers (%)



Number of female leaders*



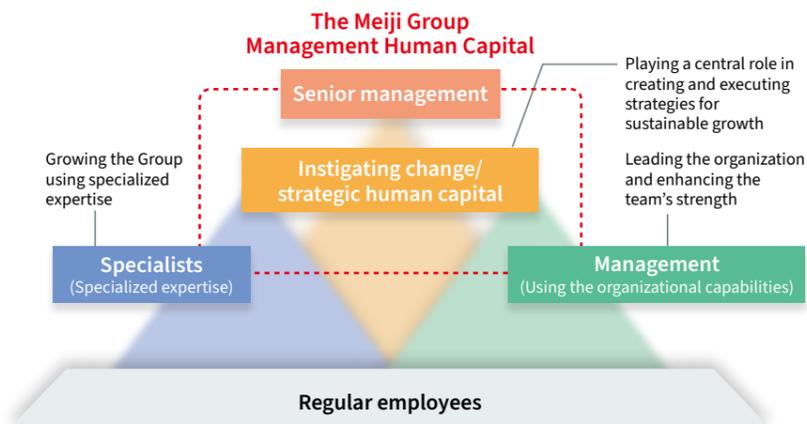
* Leaders: persons in managerial positions and assistant managers

Human Capital Development

We strive to invest in talented human capital who can execute our strategies to ensure the Group's sustainable growth. We strengthen the knowledge, skills, and abilities of each individual so that they can do their best in their work. In particular, we are focusing on discovering and developing the managers who drive the Group forward in the future. We will define the universal skills and abilities required for the managers regardless of the business. To achieve this, we are building a training system.

Required Abilities for Managers who Drive the Meiji Group Forward

The Group management team works together to lead sustainable growth. The figure on the right shows three characteristics of the Group management team: instigating change/strategic human capital, management, and specialists. Our management team should consist of members whose strengths are at least one of the three characteristics. We will prepare to adapt to changes by having diverse perspectives.



Development Program for Managers who Drive the Meiji Group Forward

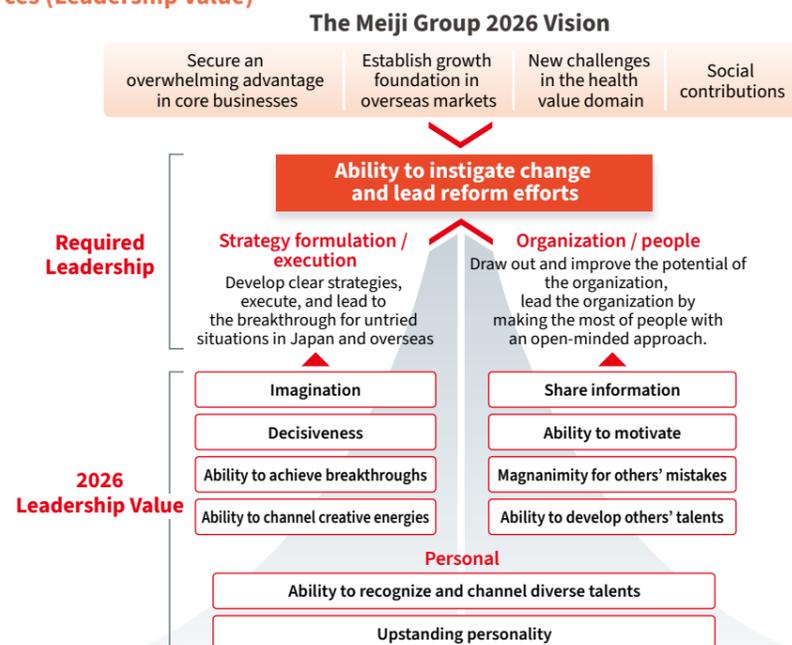
Of the three characteristics of management human capital, development of "instigating change/strategic human capital" is critical to further strengthening the Group management. If such human capital takes the initiative in developing and implementing progressive strategies, we can compete with external rivals and survive in the future. To achieve this, we have launched an eight-month Development Program for Managers who drive the Group forward in FY2021. The participants of the program were Executive Officer and selected Executive Officer candidates.

[Program Overview]

1. Reaffirm the participant's abilities, skills, and competencies, and create a personal development plan
2. Make a management reforming plan for the participant would implement and report it to the CEO
3. Through these activities, the participant develop a management perspective and change mindset

Desired Management Human Resources (Leadership Value)

We developed our Desired Management Human Resources (Leadership Value) in 2017. It forms the basis for our medium- to long-term succession management. It outlines ideal management human capital who is determined to achieve the Meiji Group 2026 Vision. We will implement measures to promote developing human capital focusing on Leadership Value while leveraging each individual's strengths and individuality. Consequently, we will develop candidates who drive the Group forward.

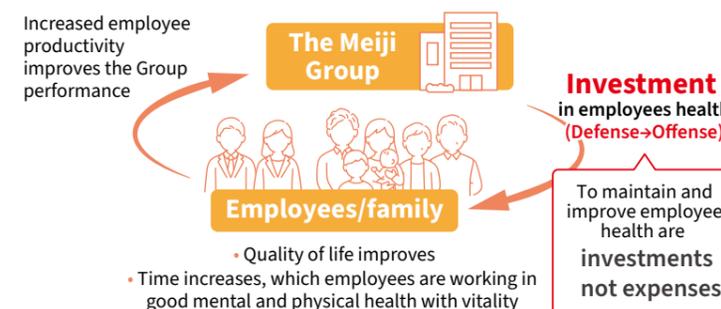


Health and Productivity Management / Employee Engagement

We view the physical and mental health of the employees from a management perspective. For this, we consider Health and Productivity Management important. We will increase productivity by strategically investing in maintaining and improving the health of our employees. We monitor the results of our human capital investments through our Employee Engagement Score. In this way, we will also focus on deepening trust between employees and the Group.

The Aim of Health and Productivity Management

We will maximize productivity to embody the Group slogan *Now ideas for wellness*. To achieve this, both the Group and individuals should fulfill their responsibilities and keep employees healthy and energized. Therefore, we established and announced the Meiji Group Health and Productivity Management Strategy Map. We have selected healthy lifestyle habits (diet, exercise, quit smoking) as key to preventing obesity. We have set KPIs and are promoting measures accordingly.



Health and Productivity Management Strategy Map (PDF) (Japanese version only)

Recognized as a Certified Health & Productivity Management Outstanding Organization for Sixth Consecutive Year

Meiji Holdings Co., Ltd., Meiji Co., Ltd., and Meiji Seika Pharma Co., Ltd. have been recognized as a Certified Health & Productivity Management Outstanding Organization for the sixth consecutive year since 2017 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Ministry of Economy, Trade and Industry). Our initiatives for employee health were highly evaluated. Initiatives include health checkups, health guidance, mental health care, support for exercise habits, etc. KM Biologics Co., Ltd. has also been recognized as a Certified Health & Productivity Management Outstanding Organization for two consecutive years in 2021 and 2022.



Increasing Employee Engagement

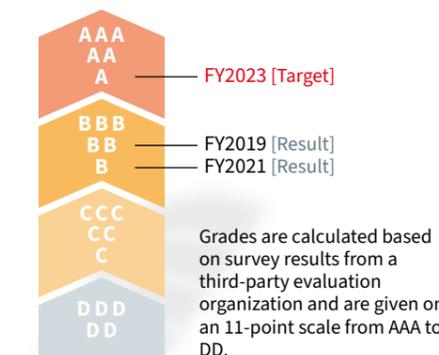
One of the goals of Meiji ROESG[®] Management is to enhance employee engagement (empathy with the company). Due to the COVID-19 pandemic in FY2021, we faced difficulties in business performance and had to reform our work system. As a result, expectations for the Group were lower than previous results (in FY2019). For this reason, we created opportunities for dialogue between employees and senior management. Participants shared insights and opinions on how to realize *Now ideas for wellness*. This way, we are fostering a sense of unity throughout the Group.



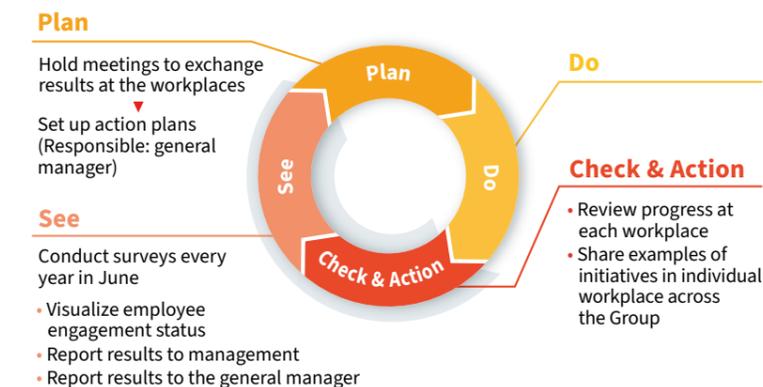
Online dialogue between CEO Kawamura (top left) and employees

* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

Engagement Score Results



Initiatives to Enhance Engagement



Intellectual Property Management

Implementing Intellectual Property Strategies Aligned with the Business Characteristics of Food and Pharmaceuticals from the Perspectives of Patents, Technological Know-how, and Trademarks

Intellectual property (IP) is one of the most important management resources for improving corporate value over the medium- to long-term. The Meiji Group implements an IP strategy that provides value for wellness and helps solve social issues. While respecting the IP rights held by third parties, we are implementing our IP strategy following three perspectives: (1) obtain patents strategically; (2) manage technological know-how; and (3) utilize trademarks that are unique to the Group. This way, we will realize our Group slogan, *Now ideas for wellness*.

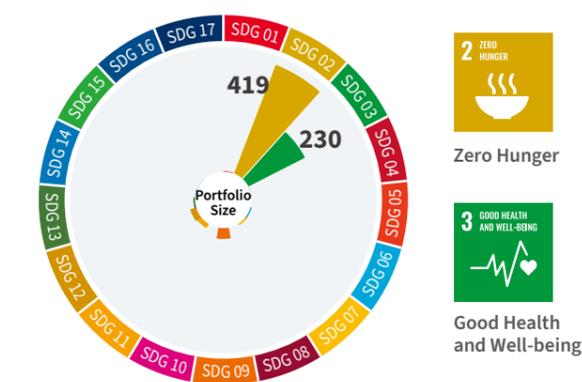
We believe that our R&D activities, business activities, and IP strategy are inseparable. Therefore, IP management is a system to formulate and implement unique IP strategies for each Food and Pharmaceutical segment.

Intellectual Property Management and Sustainability

IP management contributes to the realizing the Meiji Group Sustainability 2026 Vision. We analyzed the Group's patents using the LexisNexis® PatentSight,^{*1} a patent analytics tool. As a result, approximately half of our patents were related to SDGs.^{*2} We will continue to monitor the relationship between R&D activities and SDGs by analyzing them using this tool.

*1 Provided by LexisNexis Japan Co., Ltd., PatentSight Japan Inc.
 *2 Sustainable Development Goals (SDGs) adopted at the UN Summit in September 2015

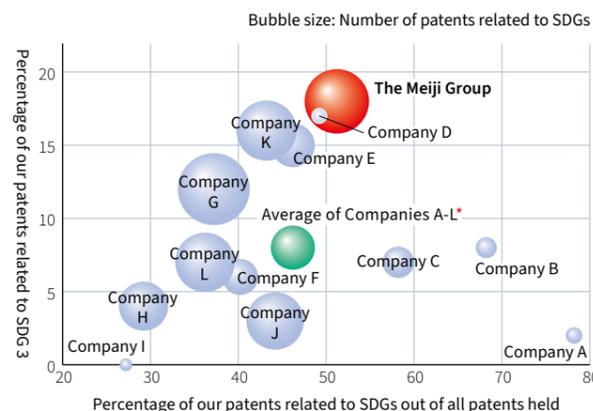
The Meiji Group's Patents Related to SDGs



Sectors: UN Sustainable Development Goals
 Sector Size: portfolio Size

The Group's patents are characterized by their high contribution to SDG 2 and SDG 3. This is because we have the Food segment and Pharmaceutical segment.

Percentage of Our Patents Related to SDGs (%)



* Average of top-selling food companies (A-L) excluding the Meiji Group

The Group has a high percentage and number of patents related to SDGs, especially SDG 3 among food companies in Japan.

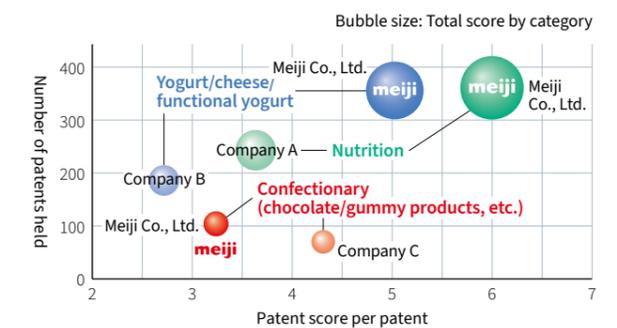
The Food segment has a unique IP model. We believe patents, technological know-how, and trademarks are equally valuable in our IP model. They are interrelated and support business activities.

Obtaining Patents Strategically

We strategically obtain patents and accumulate R&D results as intangible assets. We have compared the Patent Score[®] provided by Patent Result Co., Ltd. with our competitors in major categories.* As shown in the figure on the right, our patents showed higher value than competitors in both quality and quantity. We will maintain and improve this advantage and contribute to the sustainable growth of our business.

* Major categories are defined by Meiji Co., Ltd.

Patent Competitiveness by Major Category



Using Biz Cruncher[®] by Patent Result Co., Ltd., prepared by Meiji Co., Ltd.

Maroyaka Tannen Hakkou (Patent No. JP3644505)



This invented technology realized the smooth flavor and soft texture of yogurt. In FY2021, it received the "Tokyo Excellence Prize of HATSUMEI KYOKAI (Japan Institute of Invention and Innovation)" from Local Commendation for Invention of Kanto.

◀ Meiji Bulgaria Yogurt LB81 Plain

Raku Raku Cube (Patent No. JP4062357)



We established the first manufacturing technology for tablet-type infant formula, which has been a great challenge. This technology has dramatically improved the convenience of preparing formula and supported comfortable parenting.

◀ Meiji Hohoemi Raku Raku Cube

Major Technological Know-How

We have accumulated a technical foundation in materials, evaluation, and processing over the years. Based on this foundation, we have created world-class technological know-how. Using this know-how, we will create value unique to Meiji. For example, we evaluate factors such as aspiration risk using Swallow Vision, the 4D swallowing simulator. The device was developed in-house to observe eating behavior. Thus, we develop foods appropriate for age group and physical function. We will build up our technological know-how through R&D and quality management.

Major Technological Know-How

Materials	Material Processing	Enzyme Processing
	Material Fermentation	Fermentation
	Material Formulation Processing	Fats and Oils
Evaluation	Analysis	Omics-related Technology
	Evaluation	Aroma Analysis
		Cell-based Assays
Biinstrumentation		
	Eating Behavior	
Processing	Formulation Design	Nutritional Formulation
		Physical Property Control
		Flavoring
		Emulsion Stabilization
		Sterilization Stabilization
	Blending and Sterilization	Enzyme Treatment
		Raw Material Selection
		Sterilization
		Homogeneity
		Stirring and Mixing
Filling and Packaging	Sterile Filling	
	Preservation	
	Microorganisms	Fermentation

Food Segment

Pharmaceutical Segment

Using Trademarks Unique to Meiji

We have obtained a variety of trademark rights. Through our trademarks, we communicate the value and attractiveness of our products. In recent years, we have been offering new value through different approaches from traditional trademark value. We have obtained trademark rights based on social contribution concepts to support our sustainability activities. In recognition of these unique trademark activities, in FY2022 we received the "Intellectual Property Achievement Award" (Award from Commissioner of the Japan Patent Office) as a good-standing company Utilizing the Intellectual Property Rights System.



Ownership and Use of a Variety of Trademarks

We have obtained text, graphic, 3D, and other trademarks to promote the value of our products. We also own the house mark trademarks "meiji" and "明治" in approximately 90 countries. Consequently, we gain consumer confidence in the safety and reliability of our products.



Kinoko no Yama (left) and Takenoko no Sato (right) were registered as 3D trademarks based solely on the shape of the products. Very few 3D trademarks were registered for product shapes without logos or letters. Thereby, it became a hot conversation topic in the media and SNS.

Providing New Value

We collaborated with Laforet Harajuku Co., Ltd., a shopping mall, to commemorate the 95th anniversary of the launch of Meiji Milk Chocolate. Both parties resonated with each other and created a new outlook on the world.



Campaign graphics and catalog covers

Integrating with Sustainability Activities

We use the Meiji Hokkaido Tokachi trademark on cheese, yogurt, and other products manufactured at our Tokachi Plant in Hokkaido. The logo communicates the value of the raw milk and dairy products produced in the Tokachi region to customers. The logo represents the rich nature and land of Tokachi and contributes to promoting the Tokachi region.

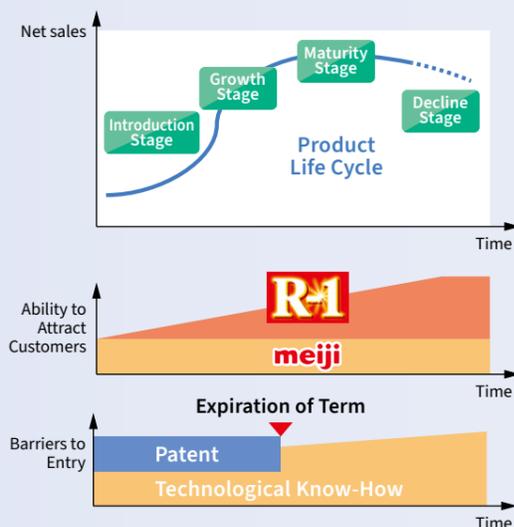


Extending the Product Life Cycle

The Synergy Model between Patent/Technological Know-How and Trademark

Our mainstay products are characterized by long periods of growth and the maturity stage in the product life cycle. Well-established product trademarks in the marketplace become brands. Furthermore, a new value is added to the trademark. As a result, the products keep attracting customers even after the patent expires. In other words, patents and technological know-how build barriers to entry and attracting customers through trademarks increase intellectual property value. We support businesses over the long term by interrelating barriers to entry with intellectual property value. In this way, we support businesses over the long term.

Example) Meiji Probio Yogurt R-1



Strong patents which were results of fundamental research, have protected Meiji Probio Yogurt R-1 and created a significant barrier to entry. Consequently, we created new markets and achieved growth. Even after the patent expired, the business has been growing stably because the trademark has expanded its value.



In the Pharmaceutical segment, we protect the value created through the research, development, manufacturing, and supply of products by patents and technical assets. The Meiji Group will focus more on obtaining patents and accumulating technical assets, including in our specialty area of infectious diseases, and support our business activities.

Obtaining Patents Strategically

We have provided a number of infectious disease drugs and vaccines. As shown in the figure below, our Patent Score® values for the infectious diseases and vaccines areas are high. We will continue to obtain intellectual assets related to preventing, diagnosing, and treating infectious diseases caused by bacteria and viruses including SARS-CoV-2 through open innovation.

β-Lactamase Inhibitor (OP0595: Patent No. JP6265892)

Infections caused by drug-resistant bacteria* are expanding on a global scale. We will contribute to solving such problems by developing novel β-lactamase inhibitors.

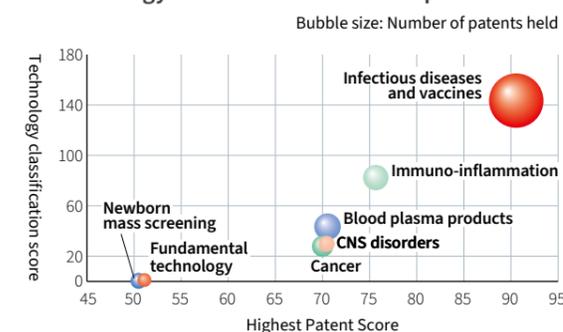
* Bacteria that have become resistant or low susceptible to antibacterial drugs

Manufacturing Method for a 5-in-1 Vaccine (KD-370: Patent No. JP6944946)

When KD-370* becomes available, it will reduce the number of childhood vaccinations and contribute to preventing the onset of disease in vaccinated individuals. We have established a highly stable Hib vaccine manufacturing technology with this patent.

* 5-in-1 vaccine: Vaccine against pertussis, diphtheria, tetanus, polio, and haemophilus influenza type B

Technology Classification Score Map



Using Biz Cruncher® by Patent Result Co., Ltd., prepared by Meiji Co., Ltd.

Managing Technological Know-How

We have a broad technical foundation from drug discovery research through development and product supply. This foundation includes small molecule drug synthesis, vaccine strain generation, antibody creation, the evaluation and formulation for drug candidate selection, and technologies for establishing manufacturing methods and actual production. This also includes clinical development expertise. In addition, we strategically manage the value generated by this technological know-how to increase corporate value.

Major Technological Know-How

Drug Discovery	Drug Discovery Screening	Compound and Strain Library	Commercialization	Mass Production	Chemical Synthesis	
		Organic Synthesis Technology			Cultivation	
		Vector, Producing Cell Production			Purification	
		Evaluation		Antibody Creation	Safety	Virus Removal and Inactivation
				Vaccine Strain Creation		Sterile Filtration
	CMC	Efficacy Evaluation	Formulation	Equipment	Management	Sterile Filling and Lyophilization Process
		Pharmacokinetic Evaluation and Prediction				Tablets, Granules and Capsules
		Safety Evaluation and Prediction				Continuous Production
		Physical Property Evaluation				Manpower Saving and Automation
		Setting Specification				Vaccine
Commercialization	Raw Materials	Manufacturing Process Development	Evaluation	Analysis	Mass Synthesis and Fermentation Equipment	
		Formulation Design			Injection and Oral Formulation	
		Cell and Virus Strains			GxP Compliance	
		Cell Banks			Biopharmaceutical Safety Measures	

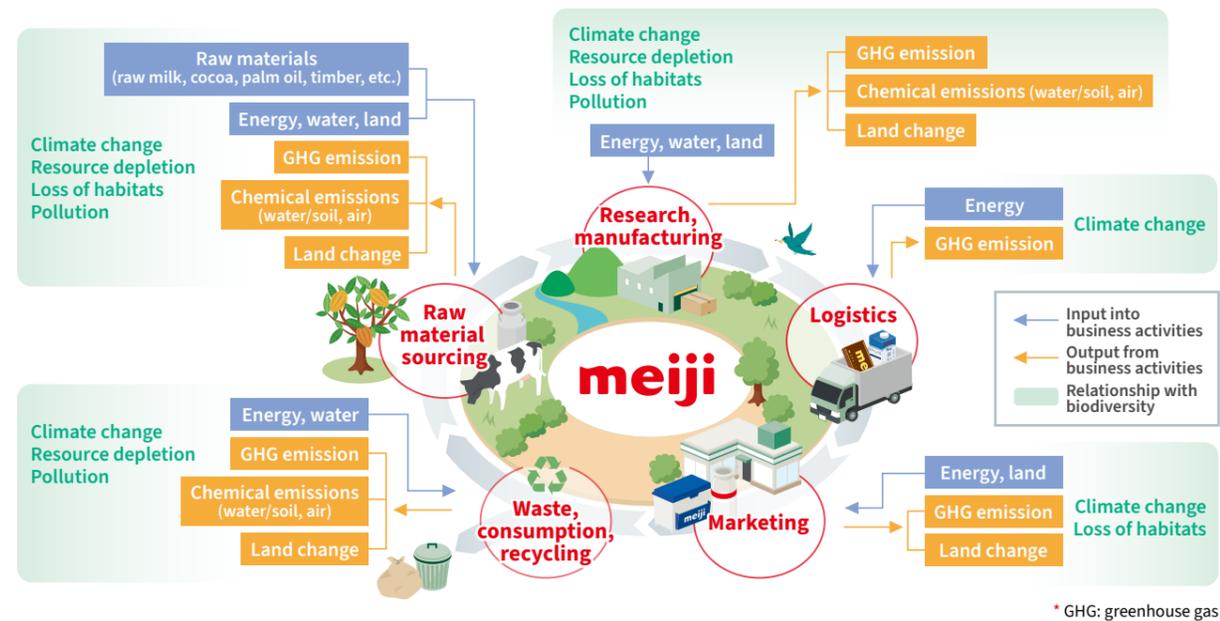
Climate Change Initiatives

Coexisting with Nature

Conserving the Bounty of Nature through Business Activities

The Meiji Group is based on the bounty of nature, such as raw milk, cocoa, lactobacillus and microorganisms. Natural capital is an important business foundation. We must maintain the bounty of nature to sustain our business. Therefore, we are promoting efforts to coexist in harmony with nature by clarifying the relationship between our business activities and natural capital in the supply chain.

Map of Relationship Between the Meiji Group and Biodiversity



* GHG: greenhouse gas

Addressing Social Issues in Raw Material Sourcing

Increased flooding, heavy rainfall

GHG emissions

Child labor, forced labor, deforestation

Decrease in food yield due to global warming

Concern for the sustainability of the global environment has grown in recent years. As a result, biodiversity, which produces the bounty of nature, is in a critical situation. In order to address this, the Meiji Group is concentrating on the areas of climate change, biodiversity, supply chain management, and other initiatives. We are aiming for sustainable business development while receiving the bounty of nature into the future.

- Climate Change Page 51 ▶
- Biodiversity Page 54 ▶
- Supply Chain Management Page 56 ▶

In this part, we will describe our efforts in the three areas above based on our recognition of the issues presented on the left.

Greenhouse gases contribute to climate change. The Meiji Group aims for carbon neutrality by reducing GHG emissions to net-zero throughout our supply chain by 2050. As we continue to grow our business, we will systematically reduce GHG emissions through our business activities and contribute to the realization of carbon neutrality.

Effect of Future Carbon Pricing

We plan to reduce the effect of carbon pricing by JPY 1.4 billion in 2030 under the 1.5°C scenario* through energy conservation activities, energy creation activities, and the purchase of electricity from renewable energy sources. We are also planning to reduce the effect of carbon pricing by JPY 1.9 billion in 2050 by strengthening measures in accordance with the transition plan, such as by actively introducing next generation energy. By deducting the cost when no countermeasures are taken, the cost will increase by JPY 3.7 billion in 2030. We can assume a cost increase of JPY 8 billion for 2050 since zero CO₂ emissions cannot be expected with current technology and we must purchase JPY 4 billion in emission credits. In addition, based on the carbon price in each country which main raw materials (Scope 3) are procured, we assume that the effect will be an increase of JPY 20.1 billion for 2030 and an increase of JPY 27.7 billion for 2050, due to the implementation of the following measures.

* Three scenarios (1.5°C, 2°C, and 4°C) were established based on International Energy Agency (IEA) scenarios such as NZE, SDS, APS and STEPS. The 1.5°C scenario is considered to be the primary impact.

Effect of Our Carbon Pricing Under the 1.5°C Scenario (Billion Yen)

Detail of initiative	2030	2050
1. Amount of carbon pricing borne when no countermeasures are taken	5.1	5.9
2. Amount of carbon pricing reduced through countermeasure	-1.4	-1.9
3. Amount of emissions allowances purchased to reduce CO ₂ emissions to net-zero	-	4.0
Total	3.7	8.0

Carbon Neutrality Roadmap

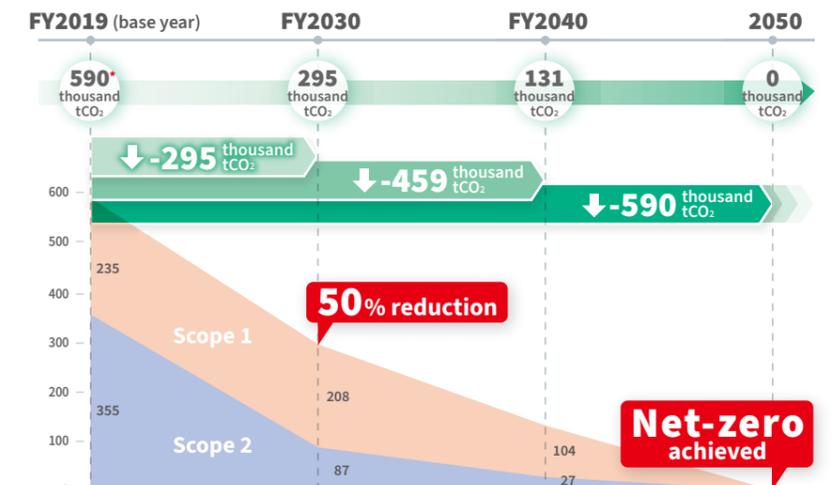
▶ See page 84 for details on progress

We aim to reduce Scope 1^{*1} and Scope 2^{*2} greenhouse gas emissions by 50% by FY2030 and achieve net-zero emissions by 2050. We are also aiming to reduce Scope 3^{*3} emissions by 30% by FY2030 and achieve net-zero emissions by 2050 (both compared with FY2019).

*1 Direct greenhouse gas emissions by the reporting company itself. *2 Indirect emissions from the use of electricity, heat, or steam supplied by others. *3 Indirect emissions from the supply chain other than Scope 1 and Scope 2 emissions

Scope 1, 2

The figure on the right shows a roadmap to net-zero greenhouse gas emissions by 2050. We are promoting the introduction of energy-saving equipment and switch to low-CO₂ emitting fuels to realize carbon neutrality. We also actively introduce solar power generation facilities and purchasing electricity from renewable energy sources. In the future, we will introduce next-generation advanced technologies such as biomass and hydrogen fuels as well as methanation and carbon recycling.



[Calculation condition] KPI on the renewable energy electricity ratio for FY2030: 50%, CO₂ emission factors of electricity are based on IEA's Net Zero Emissions by 2050 Scenario. Figures approved by the SBT initiative. * The base year emission figures approved by the SBT initiative exclude vehicle-related CO₂ emissions from FY2019 (Scope 1 and 2).

Scope 3

We are actively working with business partners such as raw material and packaging material suppliers to reduce CO₂ emissions in order to achieve carbon neutrality throughout our supply chain. For main business partners, we first ascertain the actual status of CO₂ reduction targets and initiatives, and then proceed with engagement.

Climate Change Initiatives

Reducing CO₂ Emissions

▶ See page 84 for details on progress

In FY2021, we joined the RE100 global initiative that aims to cover 100% of electricity used in our own business with electricity from renewable energy sources. At the same time, we obtained certification for our CO₂ reduction targets from the Science Based Targets (SBT) initiative. We also set an internal carbon pricing system to promote CO₂ reduction activities. Furthermore, in FY2022, we raised our CO₂ reduction target for FY2030 to meet the 1.5°C target that was reaffirmed at the UN Climate Change Conference (COP26).

Initiatives to Date

FY2021	<ul style="list-style-type: none"> • Participation in RE100 • Acquire SBT (Science Based Targets) certification <ul style="list-style-type: none"> * Scope 1 and 2 of CO₂ emissions reduced by 42% compared with FY2015; Scope 3 of CO₂ emissions reduced by 14% compared with FY2019 • Introduce internal carbon pricing system 	   <p>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p>
FY2022	<ul style="list-style-type: none"> • Raised CO₂ reduction target for FY2030 to meet the 1.5°C target 	

Energy-Saving Measures

We are working to save energy in all stages of our business activities. In FY2021, we achieved a 11.3% reduction of Scope 1 and 2 CO₂ emissions compared with FY2019. At production sites, we are continuing to switch to fuels that emit less CO₂ and update and introduce high-efficiency equipment. For example, the Osaka Plant of our Food segment is optimizing steam pressure control used in production facilities. This is expected to reduce annual emissions by approximately 70 tons of CO₂. We will also continue to reduce CO₂ emissions by investing in energy-saving equipment and improving operations at all plants.

Promoting Use of Renewable Energy

We are working to reduce CO₂ emissions through the introduction and use of renewable energy facilities such as solar power generation. As of June 2022, we have introduced solar power generation facilities at 11 sites in Japan and overseas. In FY2021, new equipment was installed at the Kyoto Plant of our Food segment, which is expected to reduce CO₂ emissions by approximately 450 tons. We will continue to expand the introduction of power generation facilities to use renewable energy at our domestic and overseas sites.



Kyoto Plant, Meiji Co., Ltd.

Expanding Use of Electricity from Renewable Energy Sources

We have set a target of achieving a 100% share of renewable energy in total power usage at each site by 2050. To achieve this target, we are expanding the use of electricity from renewable energy sources. In FY2021, we began using electricity from renewable energy sources at our Tokai Plant and all KM Biologics Co., Ltd. sites in Kumamoto Prefecture. Twelve sites in Japan and overseas are using electricity from renewable energy sources such as solar and wind power generation. In the 1.5°C scenario analysis, the cost of electricity from renewable energy sources is expected to increase by JPY 0.7 billion in 2030 and JPY 1.1 billion in 2050 based on premium prices. For our entire energy use, we expect a cost increase of JPY 2 billion in 2030 and JPY 2.8 billion in 2050. These figures incorporate reductions due to energy-saving and energy-creation activities.

Secure Water Resources

▶ See page 85 for details on progress

The Meiji Group is responding to water risks, which are increasing as a result of climate change, through various approaches. In FY2021, we conducted a survey on water risks at domestic and overseas sites. We analyzed water risks in detail by closely examining the gap between the results of this survey and the assessment by Aqueduct*. The analysis of flood damage under the 4°C scenario was calculated at JPY 300 million per disaster based on past cases. We expect that 12 sites have high opportunity losses due to flood risks. We will continue to prioritize flood risks and respond to them in order.

* A tool published by the World Resources Institute (WRI) to assess global water risks based on latitude and longitude

Water Use Efficiency

We are reducing water consumption primarily at our production sites. In FY2021, we reduced water consumption by 8.4% (per unit of net sales) compared with FY2017. The Sakado Plant of our Food segment is implementing a new initiative. The plant expects to reduce water consumption by approximately 15,000 m³ per year by using appropriately treated recycled water as cleaning water for the sludge dewatering machine at the wastewater treatment facility. In addition to water-saving equipment, we will continue to promote the reduction of water consumption while utilizing rainwater and recycled water.

Wastewater Quality

The Meiji Group has established voluntary control standards for managing the quality of wastewater that are even stricter than those required by law in each country. Each of our business sites use advanced wastewater treatment technology to reduce environmental impact. For example, at the Pharmaceutical Research Center of our Pharmaceutical segment, we treat wastewater in a compact, closed system facility to conserve energy and prevent pollution. When water quality abnormalities are detected, the system automatically stores wastewater and discharges it only after safety is confirmed. We will continue to share information with domestic and overseas sites and monitor wastewater quality.



Pharmaceutical Research Center, Meiji Seika Pharma Co., Ltd.

Reduce Environmental Impact

▶ See page 85 for details on progress

The Meiji Group is working to reduce our environmental impact based on the concept of circular economy to make effective use of limited natural capital. We are not limiting ourselves to conventional reduction of use. This is especially true of plastics. We will solve problems by expanding the use of environmentally friendly materials and recycling.

Expanding Use of Environmentally Friendly Materials

We aim to increase the use of recycled and biomass plastics used in PET bottle containers for our products to at least 70% by FY2025 and 100% by FY2030. We have already been replacing plastic cups used for SAVAS series with packaging that uses bioplastics, starting from products produced in January 2021. We are aiming to increase the amount of biomass plastic used to more than 1,500 tons by FY2025 and 3,000 tons by FY2030.



Plastic cups used in the SAVAS series were switched to containers using biomass plastic

Recycling Discarded Plastics

The Meiji Group is also committed to recycling discarded plastics. For example, we recycle plastic caps used for home delivery bottles into products such as padding materials through collaboration with outside business operators. In FY2021, we recycled approximately 1,000 tons of caps.

Biodiversity Initiatives

The Meiji Group strives to reduce our impact on biodiversity and improve multiple ecosystem services through our business activities.

Effect of Business Activities on Biodiversity

▶ See page 85 for details on progress

The Meiji Group assesses the effect of biodiversity in the supply chain from raw material procurement through to production in both the Food and Pharmaceutical segments. We formulate and implement action plans based on the results of these assessments for the conservation and restoration of natural capital.

Environmental Risks Related to the Meiji Group's Business Activities

\$\$: Risks of greater importance
\$: Risks of great importance
Blank: Risks of low importance or missing data

Segments	Categories	Land use change	Water resource use	Climate change	Air pollution	Water pollution, soil pollution	Waste
Food	Product manufacturing		\$	\$	\$	\$	\$
Pharmaceutical	Product manufacturing		\$	\$	\$	\$\$ ¹⁶	\$
Food	Dairy	\$	\$\$	\$\$ ³	\$	\$\$ ⁷	
	Cocoa	\$\$ ¹		\$	\$\$ ⁵	\$\$ ⁸	
	Sugarcane	\$\$ ¹	\$\$ ²	\$	\$\$ ⁵	\$\$ ^{8,9}	
	Palm oil	\$\$ ¹		\$\$ ⁴	\$\$ ⁵	\$\$ ^{8,10}	
	Soy	\$\$ ¹		\$\$ ⁴	\$\$ ⁵	\$\$ ⁸	
Pharmaceutical	Eggs	\$	\$	\$	\$	\$	
Food / Pharmaceutical	Timber (paper)	\$		\$	\$	\$	

[Examples of Major Risks] *1 Conversion from forest to agricultural land *2 Irrigated cultivation of crops
*3 Methane emissions from fermentation in digestive track *4 Peatland fire caused by slash-and-burn
*5 PM2.5 emissions caused by slash-and-burn *6 Chemical substances contained in plant wastewater
*7 Water pollution due to grazing *8 Use of highly toxic and lingering pesticides in developing countries
*9 Water pollution from fertilizer application *10 Water pollution by palm oil plant wastewater

Responding to Biodiversity Conservation

▶ See page 85 for details on progress

We are working to conserve biodiversity by reducing the impact of our operations on biodiversity and understanding the impact of benefits from biodiversity. We are also promoting collaboration with external initiatives and other measures.

Reducing the Impact of Business Activities on Biodiversity

Reduce CO₂ Emissions Page 52 ▶

Water Risks Page 55 ▶

Main Raw Materials Page 55 ▶

Biodiversity Conservation on Land Owned by the Meiji Group (Kumamoto Sunlight Forest)

The Meiji Group promotes biodiversity conservation activities in our own corporate green spaces. For example, KM Biologics Kikuchi Research Center conducts surveys and conservation activities for the Meiji Group Nature Conservation Area Kumamoto Sunlight Forest. In August 2021, it was recognized by Social and Environmental Green Evaluation System (SEGES) as Excellent Stage 2. We implement nature observation and conservation activities for employees, their families and local residents. We promote understanding of biodiversity and the resolution of issues in local ecosystems through these activities.



社会・環境
貢献緑地
SEGES



Biodiversity conservation activities

SEGES is a system of the Organization for Landscape and Urban Green Infrastructure. It objectively evaluates and certifies the value of green spaces owned and managed by companies, as well as whether their efforts contribute to society and the environment.

Benefits from Biodiversity

Raw materials, the bounty of nature, are essential to the business activities of the Meiji Group. They are exposed to the effects of climate change and water risks. We believe that Group's understanding and appropriate response will lead to the conservation of biodiversity, thus we are putting it into action.

Impact of Water Risks on Main Raw Materials* and Yield Forecasts

The Meiji Group analyzed water risks in the production areas of main raw materials so that we can continue to sustainably receive the bounty of nature. We also examined the impact on future yields, including climate change factors other than water risks.

* Established and calculated two scenarios (2°C and 4°C) based on Representative Concentration Pathway (RCP) 2.6, RCP4.5, RCP6.0 and RCP8.5 of the Intergovernmental Panel on Climate Change (IPCC)

Impact of Water Risks on Yields of Main Raw Materials

1: Low 2: Somewhat high 3: High 4: Extremely high

Main Raw Materials	Water stress		Drought risk	Flood risk	
	Future (2030)	Future (2040)	Present	Future (2030)	Future (2050)
Dairy	1	1	1	2	3
Dairy ingredients (overseas)	1	1	1	3	3
Cocoa	1	1	2	4	4
Sugarcane	2	2	1	3	3
Palm oil	1	1	2	3	3
Eggs	2	2	2	4	4
Timber (paper)	1	1	1	2	3

- We expect low water stress and drought risks in most areas, with some exceptions.
- We expect flood risks to rise in most areas, and thus believe that we need to examine improvement measures upon confirming the flood risk of each production area.

What are Water Risks?

Stress: Degree of demand for water (supply-demand balance of water resources)
Drought risk: Likelihood and impact of drought
Flood risk: Likelihood of floods

Yield Forecasts of Particularly Important Raw Materials

Dairy	The decline remains within a few percentage points both in 2030 and 2050. It is also addressable by enhancing productivity (e.g., changing feedstuff mixes).
Cocoa	We expect reduced yields overall. However, there will be relatively little impact both in 2030 and 2050 regarding the main areas from which the Meiji Group sources cocoa.
Sugarcane	We expect yields to decrease in the future.

Collaboration with External Initiatives

30by30 Alliance for Biodiversity

We are participating in the 30by30 Alliance for Biodiversity, a coalition aiming to achieve the 30by30* commitment made at the G7 Summit in 2021.



* 30by30 is the goal of conserving at least 30% of the land and sea as healthy ecosystems by 2030.

Keidanren Committee on Nature Conservation

We are a member of the Keidanren Committee on Nature Conservation*, which was established under the leadership of the Keidanren. We contribute to the conservation of biodiversity through the efforts of all Japanese industries.

* The Keidanren Committee on Nature Conservation is an organization that supports nature conservation activities in developing countries and Japan, and also promotes corporate conservation activities.

Japan Business Initiative for Biodiversity (JBIB)

We are working to solve social issues related to biodiversity by participating in the JBIB*, an initiative where a variety of companies jointly promote research. We are promoting this initiative in cooperation with member companies.

* Japan Business Initiative for Biodiversity

Taskforce on Nature-related Financial Disclosures (TNFD) Forum

We support the vision of the Taskforce on Nature-related Financial Disclosures (TNFD) and have joined the TNFD Forum. The TNFD is developing a framework for the appropriate assessment and disclosure of risks and opportunities related to biodiversity.



Supply Chain Management

There has been international demand for fair and free competition, fair transactions, and responsible sourcing. In light of these circumstances, we at the Meiji Group aim to fulfill our social responsibility not just in our own business, but also throughout our entire supply chain. To achieve this, we are addressing social issues such as child labor, forced labor, and deforestation.

Initiatives with Main Business Partners

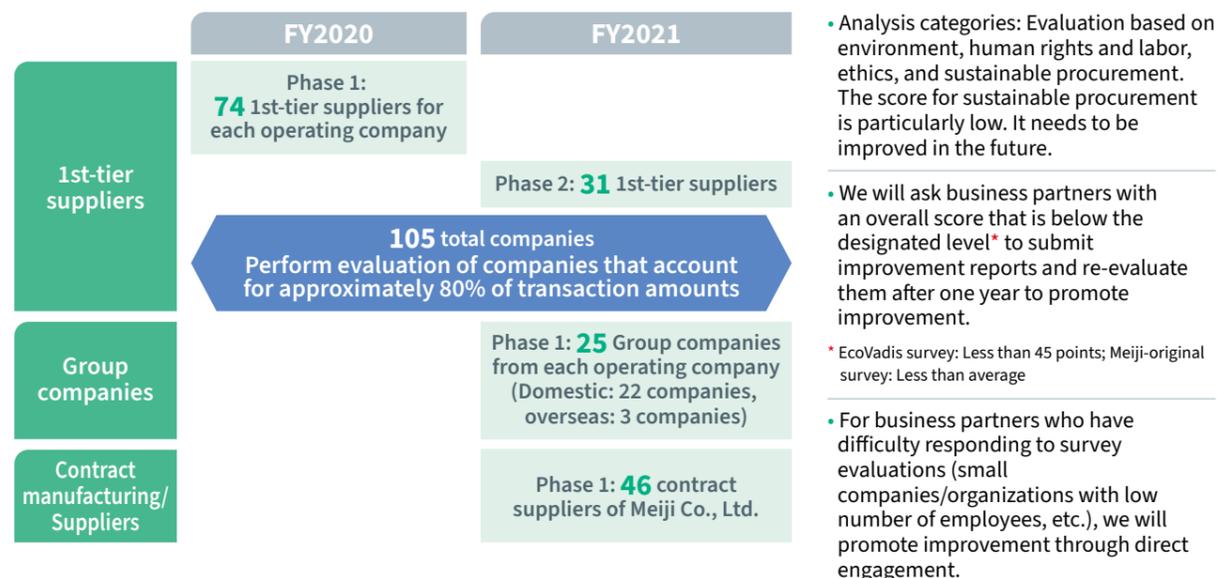
▶ See page 86 for details on progress

We established the Meiji Group Supplier Code of Conduct in June 2020. We promote sourcing activities that take corporate social responsibilities such as human rights and the environment into consideration while being aware of compliance with laws and regulations, fairness, transparency and anti-corruption. We will further strengthen cooperation and collaboration with business partners going forward and aim to build a responsible supply chain.

Implementation Status of EcoVadis Evaluation & Meiji-Original Survey

In October 2020, we also launched the Sustainable Sourcing Survey for Meiji Group business partners, utilizing the EcoVadis evaluation system and Meiji's own questionnaire. In April 2021, we provided feedback on the survey analysis results, and we plan to further expand the scope of companies subject to the survey in the future.

This survey helps us understand if there are human rights or environmental issues in the supply chain. If there are any items requiring remediation, we will engage our business partners in dialogue and work with them to resolve these issues, building a stronger and more responsible supply chain.



Implementing Surveys for Main Business Partners

We have been conducting surveys on CO₂ emissions and water risk among 20 main business partners since December 2021 to determine the actual status of the entire supply chain. Business partners were selected from the perspectives of transaction amount and status of handling important raw materials. We will continue to engage with our main business partners to resolve social issues.

Targeted Raw Materials (Example)



Business partners selected for survey: 20

Implementation period: December 2021 to January 2022

Survey Overview

Survey the current status and responses being implemented for CO₂ emissions and water risks throughout the supply chain of business partners.

Main Raw Material Initiatives

▶ See page 86 for details on progress

Raw milk, cocoa, palm oil and other raw materials are important for the Meiji Group's business. We are making unique efforts with regards to these materials to support sustainable production activities while coexisting with nature.

Raw milk **Meiji Dairy Advisory (MDA) activities to provide management-related support to dairy farmers**
Conducted **475** times in a year (FY2021) * Target: 400 times/year

Initiatives for Stable Sourcing of Raw Milk

We are developing Meiji Dairy Advisory (MDA), unique activities to support sustainable dairy farming management, in order to strengthen partnerships with dairy farmers. We held the first MDA Meeting online in February 2022 to share issues and solutions with dairy farmers nationwide. Through MDA, we will contribute to dairy farming management and the sustainable production of raw milk that both farm managers and staff find rewarding. We also consider the reduction of greenhouse gas emissions in the dairy industry as a major social issue. We will continue to research low-carbon dairy farming and carbon credits. We are aiming to realize sourcing activities that take corporate social responsibility into consideration. In addition, we are promoting efforts to ensure stable sourcing of dairy ingredients other than raw milk that are procured overseas by diversifying our suppliers.



Workshop at a farm (Kusunoki Dairy Production Cooperative)

Cocoa **Sustainable cocoa beans**
42% sourcing rate (FY2021)

Achieving Sustainable Cocoa Bean Production

We participate in the Cocoa & Forests Initiative, a global partnership, and work with the government of Ghana and related organizations to aid forest conservation in order to reduce deforestation caused by cocoa production. We began a pilot project for agroforestry farming, a form of agriculture that creates forests, with cocoa farmers in Ghana in 2021. In October 2021, we became the first Japanese company to partner with the International Cocoa Initiative. It is a non-profit organization that promotes activities to eliminate child labor in cocoa-producing regions. Furthermore, in November 2021 we invested in California Cultured Inc., a U.S. cocoa cell culture startup. We are promoting activities to realize sustainable raw material sourcing.



Agroforestry and Cocoa Pilot Plantation

Sustainable Sourcing | Sourcing of Cocoa ▶

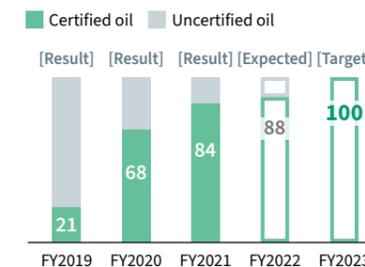
Palm oil **RSPO-Certified Palm Oil**
84% replacement rate (FY2021)

Promoting the Use of RSPO-Certified Palm Oil

We are replacing palm oil with Roundtable on Sustainable Palm Oil (RSPO)-certified palm oil to achieve sustainable palm oil sourcing. Our goal is replacing 100% of palm oil with RSPO-certified palm oil by FY2023. Twenty-one plants in Japan and overseas obtained RSPO supply chain certification by March 2022, and three more overseas plants* are scheduled to obtain certification in FY2022. We are also in the process of confirming traceability to palm oil production areas. A list of oil mills is posted on our website.

Sustainable Sourcing | Sourcing of Palm Oil ▶

Sourcing Ratio of RSPO-Certified Palm Oil (%)



• 21 certified plants (as of March 31, 2022)
• 3 more plants* planned to obtain certification in FY2022
* Meiji Seika (Singapore) Pte. Ltd. PT MEIJI FOOD INDONESIA Meiji Seika Food Industry (Shanghai)

TCFD Initiatives

The Integrated Report 2022 references the disclosure items recommended by the Task Force on Climate-related Financial Disclosures (TCFD). Details of our TCFD initiatives are available on our website. This section provides an overview of our initiatives in FY2021 and relevant sections of this report.

[The Meiji Group's TCFD Initiatives \(PDF\)](#) ▶

Governance (G) Disclose the organization's governance around climate-related risks and opportunities.

- a. The board's oversight of climate-related risks and opportunities
- b. Management's role in assessing and managing climate-related risks and opportunities

Important sustainability activities of the Meiji Group as a whole are discussed by the Executive Committee, supervised by the Board of Directors, and then reflected in management. We also established a Chief Sustainability Officer (CSO) position as the senior manager responsible for sustainability to further strengthen Group-wide sustainability activities. The Group TCFD Committee (which met seven times in FY2021) analyzes climate change-related risks and opportunities, as well as responses to them. The results are discussed by the Executive Committee and reported to the Board of Directors, which is responsible for supervision. With our Risk Management Department participating in the Group TCFD Meeting, we have also established a system to identify and respond to climate change impacts as serious risks to the entire Group.

Relevant sections of the Integrated Report [Page 69 Corporate Governance > Features of the Meiji Group Corporate Governance \(Chief Officer Management System\)](#) ▶ [Page 74 Corporate Governance > Remuneration for Directors \(and Other Officers\) \(Overview of Director Remuneration System\)](#) ▶

Strategy (S) Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

- a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.

The Meiji Group began its TCFD initiatives in FY2019. The following initiatives were undertaken in FY2021 based on the results of past analyses.

- Analyzed the entire supplier chain and calculated the financial impact on the Meiji Group
- Established three scenarios (1.5°C, 2°C, and 4°C). Currently examining countermeasures for and analyzing medium- to long-term climate change-related risks and opportunities, setting 2030 and 2050 as base years
- Enhanced our analysis of the impact that climate change has on raw materials (expanded the scope of raw materials and added water risk effect analysis)
- Further examined climate change-related opportunities
- Enhanced measures to achieve carbon neutrality by 2050 (introduction of internal carbon pricing, establishment of a roadmap, etc.)

Relevant sections of the Integrated Report [Page 11 History of Value Creation and Market Presence > New Initiatives in Progress \(Open Innovation, Vaccine R&D\)](#) ▶ [Pages 51–57 Coexisting with Nature](#) ▶ [> Climate Change Initiatives \(Effect of Future Carbon Pricing, Carbon Neutrality Roadmap, Reducing CO₂ Emissions, Secure Water Resources\)](#) ▶ [> Biodiversity Initiatives \(Benefits from Biodiversity > Impact of Water Risks on Main Raw Materials and Yield Forecasts\)](#) ▶ [> Supply Chain Management \(Initiatives with Main Business Partners > Implementing Surveys for Main Business Partners, Main Raw Material Initiatives\)](#) ▶

Risk Management (R) Disclose how the organization identifies, assesses, and manages climate-related risks.

- a. Describe the organization's processes for identifying and assessing climate-related risks
- b. Describe the organization's processes for managing climate-related risks
- c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

We are promoting group-wide risk management to ensure that it can accurately respond to risks that could severely impact our business activities. We have treated climate change as a priority risk for management and reviewed it at Group TCFD Meeting. We then discuss the examined results in the Executive Committee, report them to the Board of Directors, which performs supervision. Our Risk Management Department participates in the Group TCFD Meeting and integrates with the Group's overall risk management.

Relevant sections of the Integrated Report [Pages 78–79 Risk Management \(Fundamental Ideas, Risk Management System, Sustainability-Related Risks\)](#) ▶

Metrics and targets (M) Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

- a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
- b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The Meiji Group established materiality and KPIs by formulating the Meiji Group Sustainability 2026 Vision and our long-term environmental vision, the Meiji Green Engagement for 2050. Given that responses for climate change-related risks and opportunities (e.g., activities to reduce environmental impacts and raw material sourcing) entail diverse action, we have established the KPIs and manage their progress accordingly.

Relevant sections of the Integrated Report [Pages 84–86 Non-Financial Performance \(Climate Change, Circular Economy, Water, Sustainable Sourcing\)](#) ▶

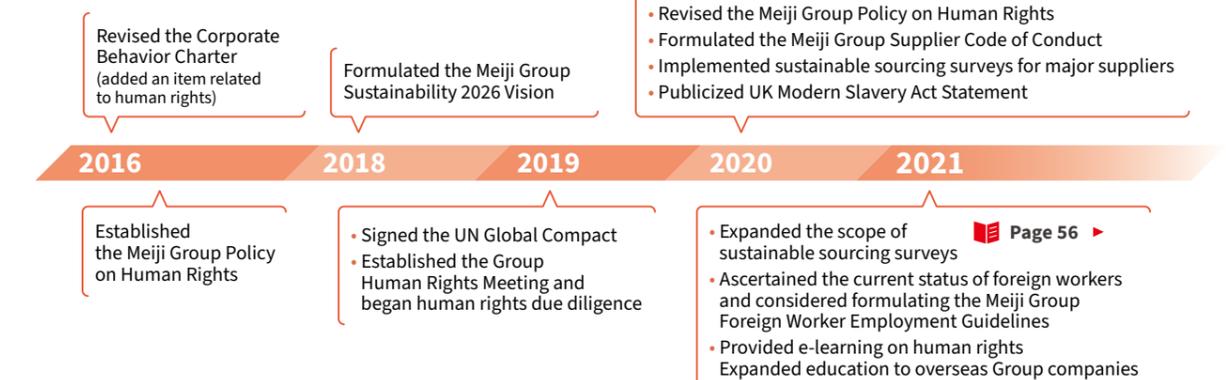
Respect and Promote Human Rights

Based on the United Nations Guiding Principles on Business and Human Rights, the Meiji Group cares strongly about the human rights of all stakeholders when managing its business. It is our fundamental duty to ensure human rights are respected, and we view respecting human rights as part of our materiality in social issues.

The Meiji Group's Approaches to Human Rights

The Meiji Group has declared respect for human rights in our Corporate Behavior Charter. We engage in corporate activities based on the strong belief that all people are inherently free and deserve equal respect and rights. Our Group Human Rights Meeting is currently promoting human rights due diligence and working to reduce risks for high-priority human rights issues. We discuss these activities at the Group Sustainability Committee and also report them to the Executive Committee and Board of Directors as necessary. In this way, we ensure that these activities are linked to business management.

Past Activities



Initiatives for Foreign Workers

Understanding Foreign Workers at Directly Owned Plants in Japan

In February 2020, we conducted a survey about foreign workers at domestic directly owned plants and research institutes of Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. We confirmed that there were no problems with employment contracts with directly employed foreign workers and their labor management. In FY2021, we confirmed that appropriate labor management is implemented at 12 operating sites that accept indirectly employed foreign workers.

Formulation of the Meiji Group Foreign Worker Employment Guidelines

In FY2022, we formulated the Meiji Group Foreign Worker Employment Guidelines to provide an even more comfortable working environment for foreign workers. We compiled these guidelines with reference to the results of the survey on the employment conditions of foreign workers conducted in FY2019 and beyond, and we will promote the guidelines going forward.

E-learning on Human Rights

▶ See page 86 for details on progress

We provide e-learning on business and human rights that is designed in part to disseminate the Meiji Group Policy on Human Rights. The participants in FY2021 included approximately 13,000 employees at Group companies in Japan (participation rate of 90%) and about 770 employees from three high priority Group companies overseas (participation rate of 99%). We will continue to focus on human rights education and strive to increase the human rights awareness of the Meiji Group employees.



We provide opportunities for employees to learn about human rights from many different perspectives. The document on the left is part of the materials we have created.

Directors and Audit & Supervisory Board Members (As of Jun 29, 2022)



1 Kazuo Kawamura

Chief Executive Officer^{*1}
President and Representative Director
(Corporate Development Dept.,
Group HR Strategy Dept. and
Co-Creation Center)

Significant Concurrent Positions

Member of the Board, Meiji
Member of the Board, Meiji Seika Pharma
President, Japan Dairy Association (J-Milk)
Chairperson, Japan Food Industry
Association (JFIA)

4 Koichiro Shiozaki

Chief Financial Officer^{*3}
Member of the Board and
Senior Managing Executive Officer
(Corporate Administration Dept. and
Risk Management Dept.)

Significant Concurrent Positions

Member of the Board, Meiji Seika Pharma
Member of the Board, KM Biologics

2 Daikichiro Kobayashi

Chief Operating Officer^{*2}
(Pharmaceutical Segment)
Member of the Board and
Executive Officer

Significant Concurrent Positions

President and Representative Director,
Meiji Seika Pharma
Chairman and Representative Director,
KM Biologics

5 Jun Furuta

Chief Sustainability Officer^{*4}
Member of the Board and
Senior Managing Executive Officer
(Corporate Communication Dept. and
Sustainable Management Dept.)

Significant Concurrent Positions

Member of the Board, Meiji

3 Katsunari Matsuda

Chief Operating Officer^{*2}
(Food Segment)
Member of the Board and
Executive Officer

Significant Concurrent Positions

President and Representative Director,
Meiji
President and Representative Director,
Japan Dairy Trade Co., Ltd.
Chairman, Chocolate and
Cocoa Association of Japan
Chairperson, Japan Ice Cream Association

6 Mariko Matsumura

Member of the Board (Outside)
Independent Director

Significant Concurrent Positions

Attorney at Law/Shinwa Sogo Law Offices
Outside Statutory Auditor,
Fund Creation Group Co., Ltd.

7 Masaya Kawata

Member of the Board (Outside)
Independent Director

Significant Concurrent Positions

Chairman and Director,
Nisshinbo Holdings Inc.
Outside Director, Central Glass Co., Ltd.

10 Hiroaki Chida

Audit & Supervisory Board Member

Significant Concurrent Positions

Corporate Auditor, KM Biologics

11 Takayoshi Ohno

Audit & Supervisory Board Member

8 Michiko Kuboyama

Member of the Board (Outside)
Independent Director

Significant Concurrent Positions

External Director, Kids Smile Holdings Inc.
Outside Director,
Sumitomo Mitsui Banking Corporation

12 Hajime Watanabe

Audit & Supervisory Board Member
(Outside)
Independent Director

Significant Concurrent Positions

Attorney at Law/WATANABE & SHIMIZU
Member of the Board (Outside),
Hitachi Transport System, Ltd.

9 Peter David Pedersen

Member of the Board (Outside)
Independent Director

Significant Concurrent Positions

Representative Director, NPO NELIS
External Director,
MARUI GROUP CO., LTD.

13 Makoto Ando

Audit & Supervisory Board Member
(Outside)
Independent Director

Significant Concurrent Positions

Certified Public Accountant/
Ando Certified Public Accountant
Joint Office
Unaffiliated Auditor,
Nippon Concrete Industries Co., Ltd.
External Director, INV Inc.

^{*1} Oversees management of entire Group
^{*2} Oversees business operations for Food segment and Pharmaceutical segment
^{*3} Oversees Group financial strategy and operational management
^{*4} Oversees Group sustainability strategy and sustainability activities

Responsibilities of Members of the Board and Audit & Supervisory Board Members

(As of Jun 29, 2022)

Members of the Board

Name	Positions and areas of responsibility in the Company	Attendance at meetings (FY2021)		Number of years as Member of the Board	Number of the Company's shares held	Main expertise and background								Advisory body members to the Board of Directors		
		Board of Directors	Audit & Supervisory Board			Management strategies	Global business	Sales and marketing	Finance and accounting	HR and diversity	Legal affairs and risk management	Corporate communication	Sustainability	Nomination Committee	Compensation Committee	
	Kazuo Kawamura CEO President and Representative Director	19/19		10 years	43,816 shares	●		●		●		●	●	●	●	
	Daikichiro Kobayashi COO (Pharmaceutical Segment) Member of the Board and Executive Officer	19/19		8 years	15,143 shares	●		●				●				
	Katsunari Matsuda COO (Food Segment) Member of the Board and Executive Officer	19/19		4 years	13,737 shares	●		●				●				
	Koichiro Shiozaki CFO Member of the Board and Senior Managing Executive Officer	19/19		7 years	14,679 shares	●			●		●					
	Jun Furuta CSO Member of the Board and Senior Managing Executive Officer	19/19		8 years	8,070 shares	●	●		●			●	●			
	Mariko Matsumura Member of the Board (Outside) Independent Director	19/19		4 years	560 shares					●	●			●	●	Chairperson ^{*1}
	Masaya Kawata Member of the Board (Outside) Independent Director Career summary/Ex- President and Representative Director and Chairman and Representative Director, Nisshinbo Holdings Inc.	14/14 ^{*2}		1 year	317 shares	●	●			●			●	●	●	Chairperson ^{*1}
	Michiko Kuboyama Member of the Board (Outside) Independent Director Career summary/Ex- Communication Fellow, Lifestyle Research Department, Kao Corporation	14/14 ^{*2}		1 year	158 shares	●		●		●		●		●	●	
	Peter David Pedersen Member of the Board (Outside) Independent Director Career summary/Representative Director, NPO NELIS			Appointed in June 2022	—	●	●			●			●	●	●	

Audit & Supervisory Board Member

Name	Positions and areas of responsibility in the Company	Attendance at meetings (FY2021)		Number of years as Member of the Board	Number of the Company's shares held	Main expertise and background								Advisory body members to the Board of Directors		
		Board of Directors	Audit & Supervisory Board			Management strategies	Global business	Sales and marketing	Finance and accounting	HR and diversity	Legal affairs and risk management	Corporate communication	Sustainability	Nomination Committee	Compensation Committee	
	Hiroaki Chida Audit & Supervisory Board Member	14/14 ^{*2}	11/11 ^{*2}	1 year	3,749 shares				●	●						
	Takayoshi Ohno Audit & Supervisory Board Member	14/14 ^{*2}	11/11 ^{*2}	1 year	3,212 shares	●		●								
	Hajime Watanabe Audit & Supervisory Board Member (Outside) Independent Director	19/19	16/17	9 years	—		●				●					
	Makoto Ando Audit & Supervisory Board Member (Outside) Independent Director	19/19	16/17	5 years	2,821 shares				●		●					

*1 Elected each time by mutual vote from amongst committee members who are Independent Outside Directors, ensuring that no one serves concurrently as the chairperson of both committees.

*2 Attending since appointment on June 29, 2021

 Leadership ▶

Three-way Discussion with Outside Directors and an Outside Audit & Supervisory Board Member

Enhancing Corporate Value - Developing the Potential of Various Human Capital, Integrating Food and Pharmaceuticals

Two Outside Directors and an Outside Audit & Supervisory Board Member share their thoughts on the Meiji Group's present situation and future issues.



Masaya Kawata

Independent Outside Director

Michiko Kuboyama

Independent Outside Director

Hajime Watanabe

Independent Outside Audit & Supervisory Board Member

- How do you evaluate the Meiji Group's corporate governance?

Mr. Watanabe: I have served as an Independent Outside Audit & Supervisory Board Member since 2013. I believe that the Meiji Group's corporate governance has evolved significantly over the past 10 years. When I began my position, sales were around JPY 1 trillion, the same as today. However, operating profit has increased from around JPY 30 billion to reach JPY 100 billion. I believe that one of the reasons for this increase in profitability is that Meiji Holdings Co., Ltd. improved its leadership. Immediately following the management integration in 2009, Meiji Holdings was just managing the operating companies. It had not yet established a suitable system to drive Group management. However, Meiji Holdings recognized the importance of Group management in recent years. Accordingly, Meiji Holdings' leadership and control over the Group have increased dramatically. Therefore, the improvement of Meiji Holdings' leadership has increased its corporate value.

Mr. Kawata: I became an Independent Outside Director one year ago, in 2021. I believe that Meiji Holdings is

making serious efforts and properly controls the entire Group. However, it seems that the governance-related activities are a bit on the conservative side. Therefore, I think future-oriented proactive governance will be important for further growth.

Mr. Watanabe: I believe that there are three tasks we should address to strengthen corporate governance. The first is the Group governance. Over these past 10 years, business management has shifted from a sales-focused approach to a profit-focused approach. There is more emphasis on ROE and ROIC. Meanwhile, group-wide monitoring and supervision, such as risk management, is still insufficient. Accordingly, we should work to strengthen these initiatives. The second task is governance of overseas business. As we expand our business in the global market, governance to monitor and supervise overseas subsidiaries is becoming increasingly important. I would like to closely monitor this as an Audit & Supervisory Board Member. Finally, the third task is strengthening the function of the Board of Directors. The Group has separated business execution and supervisory functions by introducing an executive officer system. The Board of Directors, which handles the supervisory

function, needs to strengthen its function. Therefore, I believe that we should begin by thoroughly discuss the ideal structure of the Board of Directors.

- How does the Meiji Group's Board of Directors and Audit & Supervisory Board function?

Ms. Kuboyama: It has been a year since I became an Independent Outside Director. I can tell that the Group is a very diligent. In the Group, it is obvious that topics are thoroughly discussed at preliminary meetings, such as at the Executive Committee, before being submitted to the Board of Directors. However, what are explained and then confirmed by Outside Directors are general policies. I am sure that all proposals are thoroughly discussed internally because they are deeply related to future strategies. But I would like the Group to spend more time deepening substantive discussions with Outside Directors on the corporate value that these proposals bring.

Mr. Kawata: We have discussed matters that should be resolved without delay, such as investment decisions. Now, the Group has established the Meiji ROESG^{*} as a management indicator, we should spend a lot of time on ESG-related topics at the Board of Directors. ESG activities are something that will be promoted over the medium- to long-term, therefore results may not be visible immediately. Accordingly, we should consider ESG issues, including qualitative issues, over the medium- to long-term in order to incorporate them into financial information and visualize them. I encourage the Group as an Independent Outside Director because this is an important role for the Board of Directors.

Ms. Kuboyama: At Meiji Holdings, we have meetings among Outside Directors and Auditors. We discuss and think deeply about what the Group should do to grow over the medium- to long-term. I think they are very good opportunities for us.

Mr. Kawata: I believe that the Group is diligent and to tackle the current issues. However, taking a long-term perspective, we need to discuss ESG issues, which lead to sustainable growth. I would also like to discuss flexibly and freely to clarify what we should do one or three years from now by taking a backcasting approach.

Mr. Watanabe: I have had no concerns about the auditing

^{*} ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

function of the Audit & Supervisory Board since I assumed my position. The Group's three-part auditing system, including internal and accounting audits, is functioning perfectly. The scope and depth of the roles vary between full-time Auditors and Outside Auditors. Full-time Auditors perform their audits in a very broad and in-depth manner and I respect them very much. The primary duty of Audit & Supervisory Board Members is legality audits. Thus, we monitor business operations and check them from a legal perspective. Additionally, our important mission is to point out the management risks in new projects and other matters. Audit & Supervisory Board Members do not have the right to vote at the Board of Directors meetings. However, if sufficient information is not provided to the Directors at the Board of Directors meetings, the basis for their decision-making will be fallible. Therefore, I always consider how much information is needed for the Directors to make sound business decisions on proposals. I also supplement the information by asking questions to relevant parties. For example, in a complicated alliance case, it might be difficult to immediately understand the capital ties and details of the transaction between the parties. I point out and ask for missing information based on my experience as an attorney when something is unclear regarding the flow of funds and other factors. I attend the Board of Directors and Audit & Supervisory Board meetings with awareness of my role.

- What do you think of the Meiji Group's human capital management?

Mr. Watanabe: I think "women" and "English" are the key. The Group constantly ranks high on the list of companies where women majoring in science want to work. However, I rarely see the ideas of these women in science-related fields being used in proposals submitted to the Board of Directors meetings. I believe that the Group would be more active to incorporate the ideas of young people and women into product development and other areas. In addition, English is an essential tool for competing in the global market. We should appropriately manage local organizations to expand overseas business. The key to managing overseas subsidiaries lies in the balance between control and the delegation of authority. Therefore, it is critical to have personnel that can overcome the language barrier to manage the

Three-way Discussion with Outside Directors and an Outside Audit & Supervisory Board Member

organization. I am afraid that the lack of such personnel is an urgent issue for us to successfully expand globally.

Ms. Kuboyama: When it comes to promoting gender equality in the workplace, many believe that we should provide women with opportunities to learn and grow even when they are less experienced. The Group should be earnest in promoting women. This will advance Diversity & Inclusion (D&I). Accordingly, we can recognize risks from diverse perspectives and can also bring out valuable ideas with a creative perspective. I believe accelerating D&I will contribute to creating many popular products and services. Furthermore, when we break away from a homogenous culture, we can create a better working environment for employees with diverse aspirations. This will improve the Group's overall performance. I would like the Group to focus on promoting D&I as much as possible.

Mr. Kawata: Actively recruiting experienced personnel from outside the Group and assigning them to appropriate positions is effective in promoting D&I. However, building relationships between newly hired employees and us will be a new challenge. In addition to making the most of individual personnel, I'm hoping to see chemistry and a diversity of ideas arise through relationships among personnel. I want young employees, such as Generation Z and millennials, to collaborate to break down barriers among Group companies and businesses, and create many new values for wellness through creative thinking. I want them to enjoy great achievements and embody the "FUN" that comes from taking on such challenges. Discussing dreams and having fun will motivate value creation.

Ms. Kuboyama: I agree with Mr. Kawata. I think the Group should promote personnel exchanges, as well. People develop great ideas when they flexibly engage with each other beyond the Food and Pharmaceutical businesses. I believe rotating personnel among operating companies will help revitalize the Group. Some people say that such job rotation would be difficult due to differences between business characteristics and expertise, but I believe that it is worth trying. There should be a way to make it successful. For example, personnel from Pharmaceuticals would flourish in Food R&D. Since we have established Meiji Holdings, we should maximize our human capital to strengthen the Group.

- What do you think of development of managers who drive the Meiji Group forward and succession planning?

Mr. Kawata: The Nomination Committee consists of Outside Directors and Mr. Kawamura, CEO of Meiji Holdings. The Committee members share our thoughts on succession appropriately. From the stage where the Committee approves the CEO's opinion, the Committee needs to evolve to the next stage where Outside Directors propose competencies for managers who drive the Group forward, considering domestic and international situations and social trends.

Ms. Kuboyama: The most important point of the succession process is how we select the personnel who will become candidates for management positions. The Group should give opportunities to promising personnel at the worksite and evaluate them fairly. Also, transparency, acceptability, and objectivity are important in the screening and final selection processes. I encourage the Group to pursue its own unique succession planning.

Mr. Kawata: One of the good opportunities for the managers who will drive the Group forward is to present their project at the Board of Directors meetings and other meeting bodies. Online meetings are very popular these days. Therefore, I think it is a good idea for managers, including women and those at overseas subsidiaries, to present the projects they are managing. This is a very good opportunity for managers to be exposed to top-level management discussions. Although it might be a tough experience, I am sure it will help develop managers who drive the Group forward.

- What are the issues for the Meiji Group to enhance corporate value?

Mr. Watanabe: The Group has introduced the Meiji ROESG as a management indicator. I believe this is a very progressive and significant initiative. However, the issue is that it would be difficult to see the specific achievements that the Meiji ROESG will bring to the Group.

Ms. Kuboyama: I believe it is important for the Board of Directors to spend a lot of time thinking from the perspective of visions and dreams about what kind of value we can contribute to society by pursuing Meiji ROESG.



Mr. Watanabe: If we can show these dreams to the employees, as Ms. Kuboyama mentioned, it will be a great motivation for them to contribute to the Meiji ROESG. While we are working hard on these valuable initiatives, I regret to say that our efforts are not yet well known to the public. I think this is one of the reasons why we do not get recognized in the capital market properly. I feel that the Group should improve its presentation skills. The Meiji ROESG will be an effective driving force to develop the Group when we can combine it with the dreams of all employees and promote it more actively and efficiently within and outside the Group.

Ms. Kuboyama: The Group possesses a wealth of technology and holds many seeds for product development. However, as Mr. Watanabe pointed out, the Group is not always good at promoting and showing how good it is to the public. I do believe that what the Group has and what it is aiming for is excellent. However, it is a bit frustrating for me that we do not fully demonstrate it.

Mr. Kawata: The Group's new slogan, *Now ideas for wellness*, is its unique intention to integrate food and pharmaceuticals. However, working hard with conservative diligence is not sufficient to generate innovative ideas. I think we should set up comfortable discussion opportunities for young personnel to share and discuss their ideas. It is a good idea to provide opportunities that encourage all employees to participate in projects on their personal issues. The direction is clear that the Group will be successful in the food and pharmaceuticals area in the next era. To generate that energy, management should be more flexible and ambitious in utilizing the younger generation.

Ms. Kuboyama: The Group is committed to pursuing synergy between food and pharmaceuticals. There may

be some risks that disruptors appear in this field. What if they mimic products on an OEM basis using only the concept of health and present them superficially? This could damage the trust and advantage that the Group has diligently built up. Therefore, we should not rest on our laurels. Recognizing such danger, we should challenge our current perceptions, and pioneer a new era. Management should incorporate the perceptions and ideas of young personnel. We should understand the risks we may face and develop the area to integrate food and pharmaceuticals.

Mr. Watanabe: As Mr. Kawata and Ms. Kuboyama both mentioned, we should rely on young human capital to realize *Now ideas for wellness*. Creative ideas come from individuals. However, creative individuals need an organization that helps them fully demonstrate their abilities. Such an organization can only be achieved by management leadership. Young and promising employees are not immersed in a particular business culture. There is a great chance that we can integrate food and pharmaceuticals when we nurture them from an early stage and help their potential abilities flourish. Accordingly, it is important for us to reorganize the Group. However, I believe that this idea has not yet spread throughout the Group. Food and pharmaceuticals follow different laws and regulations, and product characteristics are very different. There are a lot of difficulties lying ahead for us to overcome. Therefore, departments such as R&D, legal, and administration should all collaborate with the operating companies to overcome these difficulties. Additionally, technical and administrative divisions should come together as one. As Outside Directors and Auditors, we are ready to encourage this.

Corporate Governance

Basic Views

As a corporate group in the Food and Health fields, the Meiji Group's goal is to continue finding innovative ways to meet our customers' needs, today and tomorrow. In this way, we aim to achieve sustainable growth and increase corporate value over the medium- to long-term.

The Group has adopted a holding company system in which group companies operate businesses under the holding company's control. The main role of the holding company, Meiji Holding Co., Ltd., (the Company) is to promote Group-wide management strategies, create an optimal operating structure, and oversee the business management of operating companies. We separate oversight and execution of business management within the Group by appropriately delegating responsibility for operational execution to

operating companies. In this way, we have established and operated a corporate governance system including a Board of Directors.

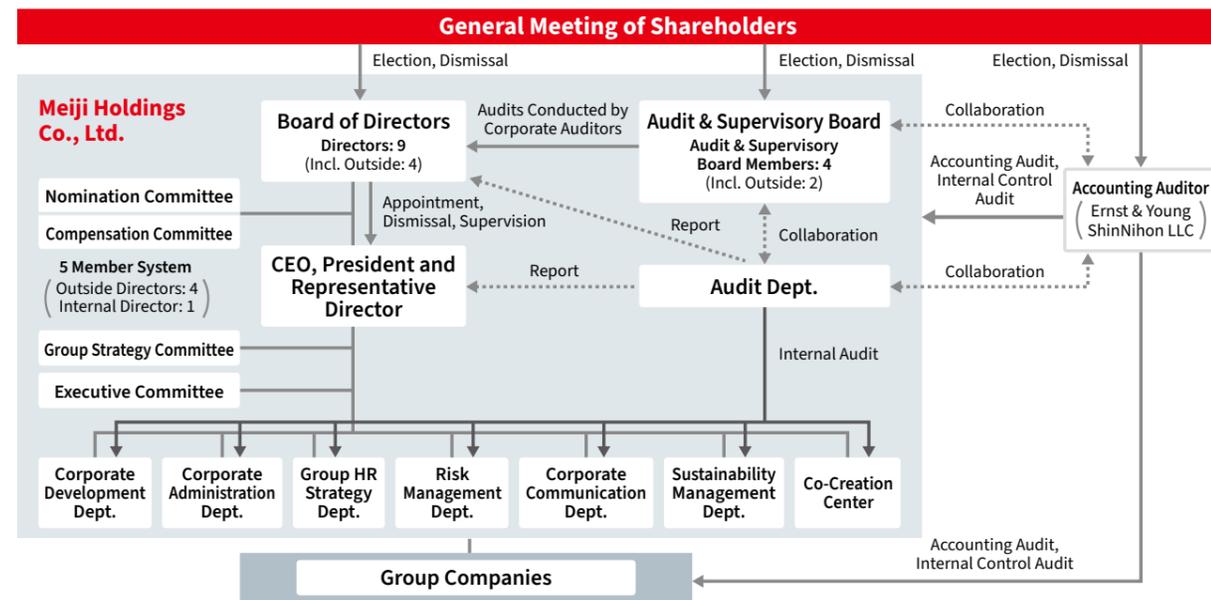
The Company has adopted the system of a company with an Audit & Supervisory Board to further enhance the objectivity and transparency of management through the supervisory function of the Board of Directors and the auditing function of Audit & Supervisory Board members. Moreover, to enhance the efficacy and transparency of the Board of Directors, we have established a system to reflect the opinions of Independent Outside Directors in management.

"Corporate Governance Policy", which defines the basic policy regarding corporate governance of the Company, is posted on our website.

 Corporate Governance ▶

Corporate Governance System

(As of June 29, 2022)



Corporate Governance Data

(As of June 29, 2022)

Items related to corporate governance	Content
Basic views on corporate governance	Established (revised in June 2022)  Corporate Governance Policy (PDF)
Organization Form	Company with an Audit & Supervisory Board
Directors	Term of Directors: 1 year Chairperson of the Board: President Number of Directors (including Outside Directors): 9 (4 Outside Directors, including 2 female Directors) Number of Board of Directors meetings: 19 times (FY2021) Attendance of Outside Directors at Board of Directors meetings: 100% (FY2021)
Audit & Supervisory Board	Number of Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members): 4 (2 Outside Audit & Supervisory Board Members, including 1 female member) Attendance of Outside Audit & Supervisory Board Members at Board of Directors meetings: 100% (FY2021) Principal meetings that Audit & Supervisory Board Members attend: Board of Directors, Executive Committee*, Audit & Supervisory Board, Audit Department Liaison Meeting, and others Number of Audit Committee meetings: 17 times (FY2021) Attendance of Outside Audit & Supervisory Board Members at Audit Committee meetings: 94% (FY2021)
Election of Independent Directors	6 (4 Outside Directors, 2 Outside Audit & Supervisory Board Members)
Accounting Auditor	Ernst & Young ShinNihon LLC
Audit department (internal auditing)	Audit Department

* Attended only by full-time members of Audit & Supervisory Board

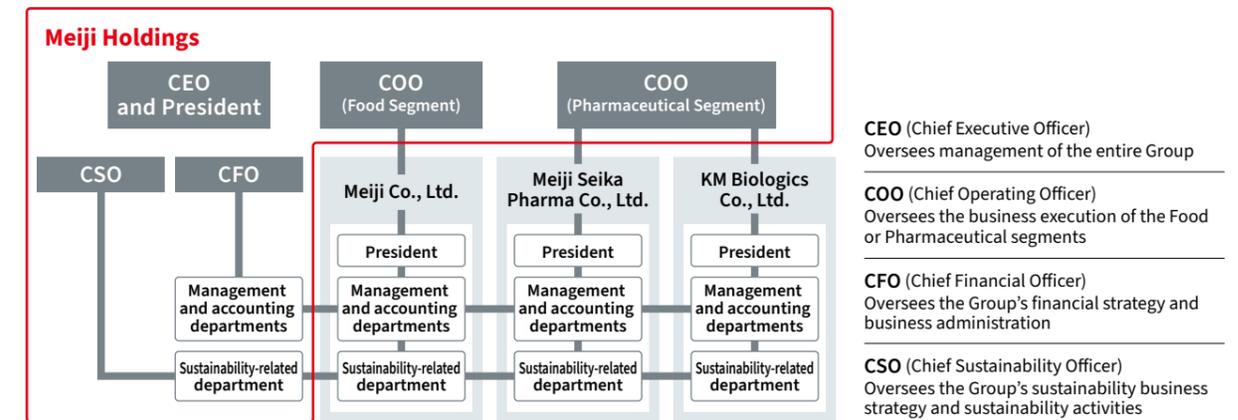
Features of the Meiji Group Corporate Governance

The Group's governance system including the Board of Directors is developed and operated to achieve the medium- to long-term management strategies formulated based on the Group's Philosophy. The Company has also adopted the system of a company with an Audit & Supervisory Board to further enhance the objectivity and transparency of management through the supervisory function of the Board of Directors and the auditing function of Audit & Supervisory Board members. Our Board of Directors is comprised of diverse directors. The Board deliberates and decides major Group matters, and appropriately monitors to ensure implementation. To enhance the efficacy and transparency

of the Board of Directors, we have established a system to reflect the opinions of Independent Outside Directors in management.

On the other hand, concerning business execution, the Company has introduced a Chief Officer system to strengthen group management. Serving in the highest positions of responsibility within the Group, Chief Officers supervise and oversee Group business or functions. The Group Strategy Committee, comprised of Chief Officers, determines the direction of Group matters to advance Group-wide management strategies. In addition, the Executive Committee, chaired by the Chief Executive Officer (CEO) and President, deliberates and decides on key issues related to business execution, and executes business promptly and appropriately.

Chief Officer Management System



CEO (Chief Executive Officer)
Oversees management of the entire Group

COO (Chief Operating Officer)
Oversees the business execution of the Food or Pharmaceutical segments

CFO (Chief Financial Officer)
Oversees the Group's financial strategy and business administration

CSO (Chief Sustainability Officer)
Oversees the Group's sustainability business strategy and sustainability activities

Initiatives to Enhance the Corporate Governance System and Improve its Efficacy

	2015	2016	2017	2018	2019	2020	2021	2022
Group Management Structure				2018 - KM Biologics Co., Ltd. joined the Group		2020 - Introduced Chief Officer system		
Policy	2015 - Formulated Corporate Governance Policy			2018 - Revised Corporate Governance Policy			2021 - Revised Corporate Governance Policy	2022 - Revised Corporate Governance Policy
Support System for Directors' Independence	2015 - Meetings of independent Outside Directors and Auditors: 2-3 times/year	2016 - Independent Outside Directors: 3 Tours of operating bases by Outside Directors and Auditors: 2-3 times/year				2020 - Total number of Directors: 8 (Percentage of Independent Outside Directors: 37.5%)		2022 - Total number of Directors: 9 (Percentage of independent Outside Directors: 44.4%)
Nomination	2015 - Established rules of the Nomination Committee		2017 - Established Leadership Values, competencies for managers who drive the Group forward	2018 - Established implementation strategy for a succession planning for the Group	2019 - Implemented succession planning		2021 - Appointed Chairperson of the Nomination Committee from among Outside Directors	
Remuneration	2015 - Established rules of the Compensation Committee		2017 - Introduced Restricted Share Remuneration Plan				2021 - Revised remuneration plans Revised rules for Director and Executive Officer remuneration Appointed Chairperson of the Compensation Committee from among Outside Directors	
Board of Directors Efficacy Evaluation	2015 - Efficacy evaluation of the Board of Directors (questionnaire): Once/year				2019 - Individual meetings between Chairperson of the Board and outside directors: Once/year	2020 - Individual meetings between Chairperson of the Board, Outside Directors and Outside Audit & Supervisory Board Members: Once/year		2021 - Evaluated by a third-party assessment organization
Other	2015 - Revised the Corporate Behavior Charter (reconfigured as a stakeholder-specific behavior charter)	2016 - Advisory Committee for the 2026 Vision comprised of the Board of Directors: 4 times						2017 - Formulated the Meiji Group 2026 Vision

Corporate Governance

Board policies and procedures in the appointment/dismissal of the senior managers and the nomination of candidates for the Board of Directors and the Audit & Supervisory Board

Nominating Director Candidate

- We select our director candidates at the Board of Directors, after consulting with the Nomination Committee. Then the candidates are appointed at the General Meeting of Shareholders.
- We select our director candidates considering diversity such as nationality, gender, and age. To realize the “Meiji Group 2026 Vision,” we select the candidates with their advanced knowledge and expertise from the following perspectives: management strategy, global business, sales and marketing, finance and accounting, HR and diversity, legal affairs and risk management, corporate communications, and sustainability.
- Nominating directors with executive duties
All candidates must have the following qualities:
 - Extensive experience
 - Business sense
 - Specialist expertise
 - Upstanding character
 Also, we nominate persons who can steer the Group toward sustainable growth based on the past achievement. To implement our corporate philosophy and promote our corporate value, we look for the following qualities:
 - Effective decision-making ability: Transparent bold business decisions swiftly and impartially.
 - Group management: Achieve optimal group-wide management.
- Nominating Independent Outside Director candidates
We nominate persons with the following qualities:
 - Ability to analyze the company's business operations objectively and from multiple perspectives
 - Character, insight, and ability to take on the role of an Independent Outside Director
 All such candidates must meet our independence standards.
- Decisions on the reappointment of directors are subject to substantive deliberations by the Nomination Committee regarding the person's efficacy in fulfilling their required duties on the Board of Directors.
- The removal of a director shall involve appropriate deliberations by the Nomination Committee before a final decision is made by the Board of Directors. The removal of directors is conducted by provisions stipulated in relevant laws.

Nominating Audit & Supervisory Board Member Candidates

- We select our Audit & Supervisory Board member candidates at the Board of Directors after consulting with the Nomination Committee with the consent of Audit & Supervisory Board. Audit & Supervisory Board Members are appointed at the General Meeting of Shareholders.
- Nominating Audit & Supervisory Board member candidates
Audit & Supervisory Board members select candidates at the Board of Directors after consulting with the Nomination

Committee with the consent of Audit & Supervisory Board. Audit & Supervisory Board Members are appointed at the General Meeting of Shareholders.

While considering diversity such as their nationality, gender, or age, we nominate persons with the following qualities:

- Upstanding character
- Specialist expertise
- Excellent discernment
- High moral standards

For our Audit & Supervisory Board members to properly inspect the Group's operations of the compliance (with laws, regulations, and standards etc.) and validity and to bring any issues to our attention from an objective and impartial perspective. At least one of the candidates must have solid grounding in finance and accounting. Of these, outside Audit & Supervisory Board candidates are chosen from among persons who fulfill separately stipulated judgment criteria for independence with vast knowledge and experience in relevant fields such as accounting or law.

- In the event of matters requiring the removal of Audit & Supervisory Board members, the Nomination Committee shall deliberate before a final decision is made by the Board of Directors. The removal of Audit & Supervisory Board members is conducted by provisions stipulated in relevant laws.

Criteria for Independence of Outside Directors and Auditors

The Meiji Group has established Criteria for Independence of Outside Directors and outside Audit & Supervisory Board Members (Criteria for Independence) as follows.

When an Outside Director and an Outside Audit & Supervisory Board Member are independent, such Member shall not fall under any of the following categories.

1. A person who executes business of the Company or its subsidiary
2. A person who executes business of the Company's parent company or a fellow subsidiary
3. A party which has material business transactions with the Company or a person who executes business transactions of that party, or a major business partner of the Company, or a person who executes business transactions of that business partner
4. A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than remuneration as a Member of the Board or an Audit & Supervisory Board Member from the Company (when a party who receives such assets is an organization, such as a corporation or an association, this shall refer to a person who is associated with such organization)
5. A person who fell under category 1 above during the ten-year period prior to assuming the position
6. A person who fell under category 2, 3, or 4 above during the one-year period prior to assuming the position
7. A relative within the second degree of kinship of a person (excluding a person who does not have an important management position) who currently falls or fell under category 1, 2, 3, or 4 above during the one-year period prior to assuming the position

(Notes)

1. “A party which has material business transactions with the Company” is one that received payment from the Company during the latest fiscal year equivalent to 2% or more of the party's annual consolidated net sales or 100 million yen, whichever is greater.
2. “A major business partner of the Company” is one that made payment to the Company during the latest fiscal year equivalent to 2% or more of the Company's annual consolidated net sales.
3. “A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than remuneration as a Member of the Board or an Audit & Supervisory Board Member from the Company” is the one who received cash or assets from the Company during the latest fiscal year other than remuneration as a Member of the Board or an Audit & Supervisory Board Member, equivalent to 2% or more of his/her consolidated net sales or 10 million yen, whichever is greater.

Reasons for Nomination of Outside Directors and Auditors

Outside Director

Mariko Matsumura

We propose Mariko Matsumura as an Outside Director because her extensive career as a lawyer will enable her to offer professional and insightful advice on company management and to effectively oversee execution of duties, thereby greatly contributing to enhancing our governance.

While she has never engaged in company management other than as an Outside Director or outside Audit & Supervisory Board member, we nonetheless believe she is qualified for the post because of the above reason.

Masaya Kawata

Masaya Kawata served as Representative Director and President Nissinbo Holdings in 2013, Director and Chairman in 2019, Chairman and Director in 2022, and is involved in Group management and global business management. We propose Masaya Kawata as an Outside Director because his extensive experience, track record, and vast knowledge related to business management will enable him to provide valuable advice and ensure the appropriate monitoring of business execution for our Group, thereby greatly contributing to the enhancement of our governance.

Michiko Kuboyama

Michiko Kuboyama has vast experience related to product development and marketing through her roles at Kao having worked in the Products Public Relations Center before serving as Center manager and as a communications fellow in the Lifestyle Research Department. We propose Michiko Kuboyama as an Outside Director because she will be able to provide valuable advice and ensure the appropriate monitoring of business execution for our Group from the perspective of the consumer and a diverse range of other perspectives, thereby greatly contributing to the enhancement of our governance. While she has never engaged in company management other than as an Outside Director or outside Audit & Supervisory Board member, we nonetheless believe she is qualified for the post because of the above reason.

Succession Planning for the CEO and Other Top Executives

Our Board of Directors decides on the succession planning for our Group CEO based on consultation with the Nomination Committee. The Board of Directors outlines implementation strategy for a succession planning based on the parameters (see page 44 for leadership values) required of executives.

Based on development policies, the members of the Nomination Committee discuss the nomination and dismissal of the current president, as well as the nomination of candidates for the position of president, for Meiji Holdings Co., Ltd. and major operating companies. The progress of succession planning is also regularly reported and discussed at the Board of Directors.

The development policies were discussed and decided at the Board of Directors in March 2019 after being discussed at the Nomination Committee. The policies stipulate that the

Peter David Pedersen

Peter David Pedersen has provided advice on sustainability management to the Company as an outside expert on the Company's ESG Advisory Board. He has abundant experience at environmental and CSR consulting firms along with deep insights in sustainability management at the global level and training of next-generation leaders. We propose his election as an Outside Director, expecting that he will provide helpful advice on the Group's management and appropriately supervising the execution of its business operations based on the above experience and insights, thereby greatly contributing to strengthening our corporate governance.

Outside Audit & Supervisory Board Members

Hajime Watanabe

Hajime Watanabe has a prolific career as an attorney at law and has deep expertise in international business transactional law areas. Due to the reasons above, we propose his election as an Outside Audit & Supervisory Board Member. While he has not been involved in corporate management in the past, except as an Outside Director or an Outside Audit & Supervisory Board Member, we have concluded that he will be able to perform his duties appropriately as an Outside Audit & Supervisory Board Member for the reasons mentioned above.

Makoto Ando

Makoto Ando has built a prolific career and gained deep expertise in both the private sector, working in major audit firms and accounting firms in Japan and overseas as a certified public accountant, and the public sector. Thus, we propose her election as an Outside Audit & Supervisory Board Member. While she has not been involved in corporate management in the past, except as an Outside Director or an Outside Audit & Supervisory Board Member, we have concluded that she will be able to perform her duties appropriately as an Outside Audit & Supervisory Board Member for the reasons mentioned above.

nomination and development of candidates for the position of president for Meiji Holdings Co., Ltd. and the Group's major operating companies are to be discussed by the Nomination Committee.

In FY2021, which is the third year of operation of our succession planning, three matters were discussed at the Nomination Committee in January 2022: 1) the nomination and dismissal of the current president, 2) the nomination of successor candidates for the president, and 3) the nomination of management personnel pool.

The progress of succession planning in FY2021 was reported and deliberated at the Board of Directors meeting in April 2022. Subsequently, there was deliberation and final decision on the nomination of executive candidates by the Board of Directors.

Corporate Governance

Efficacy of the Board of Directors

Plans to Improve the Efficacy of the Board of Directors

The Board of Directors generally meets once a month. Meeting materials are distributed in advance to facilitate substantive and lively discussions. The board's secretariat briefs major topics to Independent Outside Directors, if necessary, to clarify points of meetings.

Moreover, to improve the efficacy of the Board of Directors, Independent Outside Directors and outside Audit & Supervisory Board members hold regular meetings. In the meetings, they exchange objective ideas and share information. They also better understand segment-specific business. Outside Directors and Auditors tour major facilities a few times a year.

Meetings of Outside Directors and Auditors

Outside Directors and Auditors met two times during FY2021. Some topics for the meetings were as follows:

- Growth strategy for overseas business of the Food segment
- Trends in the pharmaceutical industry, and the business environment and strategy of the Pharmaceutical segment

Facility Tours by Outside Directors and Auditors

Considering the COVID-19 pandemic, we conducted online facility tours twice in FY2021.

- Moriya Plant and Sakado Plant, Meiji Co., Ltd.

Evaluation of the Board of Directors

The members of the Board of Directors answer a self-assessment questionnaire once a year regarding the role and management of the Board of Directors and issues that the Board faces. Based on the survey results, we analyze and evaluate the efficacy of the Board as a whole and address the identified issues. To verify the efficacy of the Board in a neutral and objective manner, we also conduct evaluation by a third-party assessment organization approximately once every three years. We will strive to improve its efficacy.

We conduct individual meetings between the Chairperson of the Board, Independent Outside Directors and Outside Audit & Supervisory Board Members. Using a self-assessment survey, they discuss how to improve the Board of Directors as well as issues and measures for further improving efficacy.

1 Method for analyzing/evaluating the efficacy of the Board in FY2021

We have conducted the third-party assessments to analyze/evaluate the efficacy of the Board of Directors in FY2021 in line with our own corporate governance policy, established in October 2015.

All Directors and Audit & Supervisory Board members answered the questionnaires the third-party assessment organization prepared. The organization then conducted individual interviews based on the survey results.

Items in the Efficacy Evaluation Survey

The questionnaire includes the following items.

- Roles and functions of the board meeting (Setting strategic direction, overseeing company, succession planning, discussing/reporting on business matters)
- Size and composition of the Board of Directors
- Operating status of the Board of Directors
- Management issues and risks
- Responses to issues from the previous evaluation
- Composition, role, and operating status of the Nomination Committee
- Composition, role, and operating status of the Compensation Committee
- Support system for Outside Directors
- Role of Audit & Supervisory Board members
- Relation with investors and shareholders
- General efficacy of the governance system and the Board of Directors
- Self-evaluations of Directors and Audit & Supervisory Board members

The questionnaire was created following meetings between the third-party assessment organization and the secretariat of the Board of Directors.

The third-party assessment organization organized opinions gathered via surveys and interviews into an anonymous format. The results of evaluations conducted based on those responses were submitted to the Board of Directors as the primary evaluation results. The Board of Directors then evaluated and deliberated on those findings, and summarized evaluation results.

2 Results of analyzing/evaluating the efficacy of the Board in FY2021

According to the evaluation by the third-party assessment organization, individual meetings between the Chairperson of the Board and Independent Outside Directors, and board meeting records, the Board is considered to be operating effectively.

Based on the results of the evaluation by the third-party assessment organization, we confirmed the following regarding our initiatives to address issues indicated during the previous evaluation.

- The Board of Directors is extensively discussing the Company's response to revisions to the Corporate Governance Code.
- Regarding strengthening monitoring to improve the efficacy of the Board of Directors, there is room for improvement in certain areas.

In individual interviews with the Chairperson of the Board, opinions were exchanged from the following perspectives to improve the efficacy of the Board of Directors.

- Initiatives to stimulate Board deliberations
- Respecting diversity and developing human resources
- Dialogue with investors and shareholders

FY2019 Issues	FY2020 Issues	FY2021 Issues	FY2022 Issues
<ul style="list-style-type: none"> • Appropriate implementation of the Meiji Group succession planning • Improving the quality of meeting materials and presentations • Reporting on business operations in a strategy-focused manner 	<ul style="list-style-type: none"> • Enhancing the implementation of the Meiji Group succession planning • Further improving the quality of meeting materials and presentations • Enhancing the reporting of business operations and clarifying issues in unachieved targets 	<ul style="list-style-type: none"> • Strengthening monitoring • Stimulating Board deliberations that take into account revisions to the Corporate Governance Code 	<ul style="list-style-type: none"> • Strengthening monitoring • Expanding deliberations on medium- and long-term issues • Selecting agenda items and improving Board management

Remuneration for Directors (and Other Officers)

The Company calculates the amount of remuneration for directors based on corporate and individual performance while referring to the levels of other companies shown in external research. The amount will be within the limit resolved by the General Meeting of Shareholders.

Director Remuneration (Excluding Outside Directors)

The remuneration of directors (excluding Outside Directors) is comprised of the following three components.

1. Basic remuneration, which is fixed according to the position and duties
2. Performance-linked Remuneration as a short-term incentive based on corporate and individual performance for the previous fiscal year
3. Share remuneration as a medium- to long-term incentive linked to the Meiji Group's share price trend

Basic remuneration and performance-linked remuneration is paid in cash, while share remuneration is provided by allotting shares with transfer restrictions. The Company has set the ratio of fixed remuneration (basic remuneration) to variable remuneration (performance-linked remuneration and share remuneration) at approximately 6:4. Specifically, the Company applies a higher rate of variable remuneration as the rank and position of the executive increases.

3 Initiatives for FY2022

In FY2022, we will work further to improve the following issues we recognized to enhance the efficacy of the Board of Directors and strengthen corporate governance.

- Strengthening monitoring of the specific results and progress status for core issues of the Medium-Term Business Plan
- Deepening the discussion on medium- and long-term issues at the Board of Directors in the process of drafting the next Medium-Term Business Plan
- Selecting agenda items for the Board of Directors that promote focused deliberations and improving Board management

Outside Director and Audit & Supervisory Board Member Remuneration

Only basic remuneration is paid to Outside Directors and Audit & Supervisory Board members from the perspective of their roles and independency.

Remuneration Governance

The Board of Directors determines the details of the director remuneration system, corporate and individual performance evaluation results, and the amounts of calculated remuneration, after securing the opinion of the Compensation Committee, more than half of whose members are Independent Outside Directors.

The amount of remuneration for Audit & Supervisory Board members is determined through consultation with the members concerned. The amount will be within the limit resolved by the General Meeting of Shareholders.

Corporate Governance

Overview of Director Remuneration System

Remuneration Composition Ratio

To provide incentives for improved corporate performance and promote the sharing of interests with shareholders and other stakeholders, the Company has set the ratio of fixed remuneration (basic remuneration) to variable remuneration (performance-linked remuneration and share remuneration) at approximately 50-45:50-55. Also, as for variable remuneration, the Company has set the ratio of performance-linked remuneration to share remuneration at 60:40.

Basic Remuneration

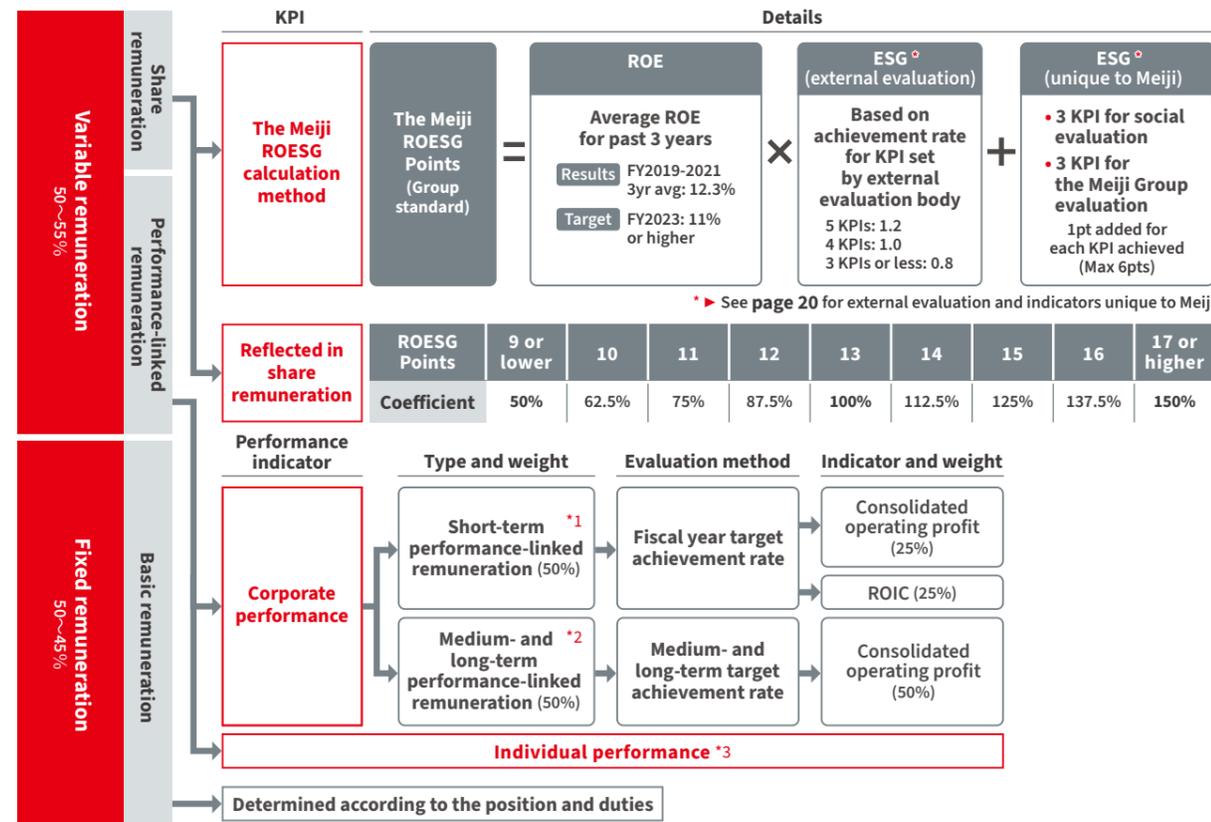
Basic remuneration is paid to directors as fixed remuneration. The amount is determined according to the position and duties in reference to data from external research companies. The data includes basic remuneration levels at major Japanese companies and major manufacturers that are similar to the Company in terms of size, and business scope and conditions.

Objectives

To ensure a commitment to the Meiji Group 2026 Vision and key indicators outlined in our Medium-Term Business Plan, and to increase motivation towards improving performance.

Composition of Remuneration

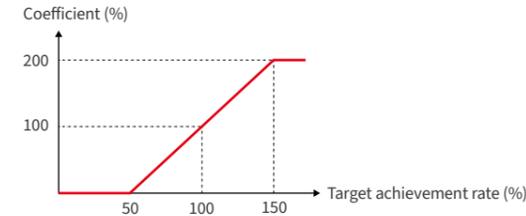
- For the CEO, President and Representative Director, and COOs, Members of the Board of the Company: Performance-linked remuneration is based only on evaluations of corporate performance. Performance-linked remuneration is comprised of short-term performance-linked remuneration and medium- and long-term performance-linked remuneration. For executive officers excluding CEO and COOs: In addition to corporate performance, individual performance is also included in the evaluation items for performance-linked remuneration.
- Individual performance is also added to the evaluation items for executive officers excluding the CEO, President and Representative Director, as well as COOs and Members of the Board of the Company.



Short-Term Performance-Linked Remuneration ⁽¹⁾

Directors (excluding Outside Directors) are paid short-term performance-linked remuneration in the form of remuneration that is linked to the level of target achievement for consolidated operating profit and ROIC. The payment amount is calculated by multiplying the coefficient corresponding to the achievement rate for the fiscal year as shown in the chart below.

Coefficient for Consolidated Operating Profit/ROIC



Medium- and Long-Term Performance-Linked Remuneration ⁽²⁾

Directors (excluding Outside Directors) are paid remuneration linked to achievement rates for medium- and long-term targets of consolidated operating profit. These targets are set separately from individual fiscal year targets.

The payment amount is calculated by multiplying the coefficient corresponding to the achievement rate for medium- and long-term targets. This coefficient varies between 0% and 200%.

Remuneration Based on Individual Performance Indicators ⁽³⁾

The CEO comprehensively evaluates individual performance based on a seven-tier scale and calculates payment amounts by multiplying the Target Base Amount by a coefficient that ranges from 0% to 200%.

Share Remuneration

Objectives

To provide incentives to improve the corporate value of the Meiji Group and promote the sharing of interests with shareholders and other stakeholders.

Overview

As a medium- to long-term incentive that is linked to trends in our stock, we issue transfer restricted shares that cannot be disposed of for the three-year period following allocation (issued once per year after the General Meeting of Shareholders). The amount of monetary remuneration claims to be granted by the Company in order to allot transfer

restricted shares fluctuates every year according to the results of the Meiji ROESG[®] in the previous fiscal year.

Payment Amount Calculation Method

We set the Meiji ROESG as a performance indicator. The payment amount is calculated by multiplying the Target Base Amount by a coefficient indicated on page 74. The Meiji ROESG is calculated based on ROE figures and the results of ESG initiatives.

^{*} ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.

Disclosure of Director Remuneration (FY2021)

We disclose the total amount of remuneration by officer category and by remuneration type, and number of eligible officers. For directors with a total remuneration of JPY 100 million or higher, we also disclose their individual amount of remuneration. The remuneration amounts for each officer category as of FY2021, are as follows. The directors' remuneration for FY2021 is calculated based on the former directors' remuneration system^{*}.

^{*} Please see "Policy on Determining Remuneration Amounts and Calculation Methods" on page 27 of the "Corporate Governance Report" (PDF).

Officer category	Total amount of remuneration	Monetary remuneration				Share remuneration	
		Basic remuneration		Performance-linked remuneration		Total amount	Number of eligible officers
		Total amount	Number of eligible officers	Total amount	Number of eligible officers		
Directors excluding Outside Directors	JPY 258 million	JPY 125 million	5	JPY 99 million	3	JPY 33 million	3
Audit & Supervisory Board Members excluding outside Audit & Supervisory Board Members	JPY 61 million	JPY 61 million	4	—	—	—	—
Outside Directors	JPY 45 million	JPY 45 million	5	—	—	—	—
Outside Audit & Supervisory Board Members	JPY 28 million	JPY 28 million	2	—	—	—	—
Total	JPY 394 million	JPY 261 million	16	JPY 99 million	3	JPY 33 million	3

(Notes) 1. The number of eligible officers includes two Directors and two Audit & Supervisory Board members who left their posts as of June 29, 2021.
 2. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for directors is capped at JPY 1 billion per year (not including the employee portion of remuneration for directors who concurrently serve as employees).
 3. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for Audit & Supervisory Board members is capped at JPY 300 million per year.
 4. The Company introduced a transfer restricted share remuneration system for directors other than Outside Directors. As per the resolution of the 8th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration under this plan is capped at JPY 200 million per year.
 5. The amount for share remuneration indicates the amount appropriated during the current fiscal year (recorded in expenses).

Corporate Governance

Ensure Diversity including Promoting Women's Workplace Advancement

The Meiji Group will work to improve our sustainable corporate competitiveness by creating a diversity & inclusion promotion structure and implementing various measures. To ensure the efficacy of this structure, we will set numerical benchmarks for core personnel hiring and other targets, hire and train diverse personnel, and ensure the establishment of diverse work environments.

Structure for Promoting the Meiji Group Human Capital Strategy

In April 2022, we established the Meiji Group Human Capital Committee, which is chaired by CEO. We will maximize human capital, a critical management resource, for the entire Group and to promote human resource strategies aligned with our management strategy. We uphold the following human resource themes to accelerate initiatives towards not only optimizing business but also promoting a unified approach by the Group.

- Promote diversity and inclusion
- Promote human capital development from the Group management perspective
- Promote health and productivity management
- Increase employee engagement

The Committee will discuss these core themes. Based on these themes, we will draft and promote various policies and strategies. We will aggressively invest in human resources, and link these efforts to increasing our medium- and long-term corporate value.

Women's Workplace Advancement

We support increased awareness regarding their own career formation among female employees. We cultivate an organization and workplaces that further enable female employees as core members of corporate personnel to exert their skills.

Targets by FY2026

- Increase the ratio of female managers to over 10%
- Increase the number of female managers* to at least 420

Results as of FY2021

- Ratio of female managers: 4.7%.
- Number of female managers*: 237

* Leaders: persons in managerial positions and assistant managers

Advancement of Foreign-Born Personnel

To ensure external competitiveness and promote diversity, we engage in personnel hiring regardless of nationality. We engage in personnel hiring regardless of nationality. We steadily hire foreign-born personnel for regular positions within our organization. We will increase our ratio of foreign-born employees and help foster them into core members of our Group.

Result as of FY2021

Number of hiring foreign-born managers and employees: 24

Advancement for Mid-Career Hires

We engage in the hiring of personnel who have gained experience in other companies and other fields, and help foster them into core members of our Group. We will increase our ratio of mid-career hires to deliver advanced value beyond existing concepts and perspectives.

Result as of FY2021

Ratio of mid-career hires: 25%

* The above results and targets apply to Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd.

Personnel Development Policy

To make sustainable improvements in our competitiveness, we believe it is important that employees be highly motivated and enthusiastic in their work. This requires that we support employees with an environment, organization, and culture that enable them to fully exert their potential. Based on this belief, we created the Meiji Group Human Resources Development Policy. The goal of this Policy is to promote the development of human resources who can maximize their individuality and autonomously take on new challenges. At the same time, we support and promote flexible workstyles to create an environment that allows employees at any stage of life to maximize their potential.

The Meiji Group Human Resources Development Policy

1. Develop human resources to exert creativity and expertise, and who possess the challenging spirit needed to win against the world's top companies.
2. Develop autonomous human resources capable of linking personal growth to company growth, and who contribute to improving the core competence of the organization.
3. Develop human resources who have a deep understanding of our Group Philosophy and who will implement the Meiji way at a high level.

Intellectual Property Strategy

Intellectual property as a management resource is a critical part of supporting our business activities. We develop and execute intellectual property strategy to improve our medium- and long-term corporate value while respecting the intellectual property rights of third parties.

We strategically secure patents for our R&D results. This ensures our ability to protect our core technology, maintain technological superiority, and support future business development and new business creation.

In addition to patents, we appropriately manage other knowhow as valuable resources that contribute to our competitiveness. This includes information such as manufacturing methods and hygiene management that is not protected by patents.

We also treat the Meiji brand and our various trademarks as valuable resources that support our business. We proactively engage in trademark activities to elevate the trust and expectations of our products and services from customers.

Climate Change

In 2019, the Group agreed to join the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board.

We established the Group TCFD Committee, which is comprised of relevant departments in Meiji Holdings and its subsidiaries Meiji, Meiji Seika Pharma, and KM Biologics. We are advancing initiatives to reflect long-term risks and opportunities of climate change in our business activities.

Sustainability Management | Approach to climate change and TCFD initiatives ▶

Cross-Shareholdings Shares

The Group does not hold shares that are not recognized as contributing to sustainable growth and improvement of corporate value over the medium- to long-term, taking into consideration the necessity of business operations.

We hold listed shares as cross-shareholdings when we think it would:

1. Accelerate the group's financial operations
2. Strengthen the relationship with our group companies
3. Strengthen the group's transactional relationships
4. Be reasonable in light of our responsibility to shareholders

The Board of Directors annually reviews all the shares held and determines whether the Company should continue holdings them or reduce them by selling. Then, we disclose the details of the verification. When we verify the suitability of possession, we consider the following factors: the purpose for holding, the trading status in the past year, medium- to long- term perspective, and dividend amounts.

Following its September 2021 review, the Board of Directors concluded that the Company would continue holding 30 share issues. Subsequently, the Company sold one share issue in its entirety and partially sold eight share issues in FY2021 to reduce cross-shareholdings under the Corporate Governance Code.

The Group plans to reduce cross-shareholdings by 30% from the end of fiscal year 2020 on a book value basis during the 2023 Medium-Term Business Plan period (from FY2021 to FY2023). In FY2021, the first year of the 2023 Medium-Term Business Plan, we reduced cross-shareholdings by about 10% on a book value basis.

As a rule, we will exercise our voting rights in line with the wishes of the stock issuing company's Board of Directors. However, we will decline to do so if we think that it would negatively impact the business relationships with the Group or if it would clearly harm the common interests of shareholders.

When a company holding Meiji shares for strategic purposes (cross-shareholding company) indicates the intention to sell the share, we do not interfere with the sale of the share.

We do not engage in transactions that would interfere with Group and shareholder common interests, including transactions with cross-shareholding companies without sufficiently validating the economic feasibility of the transaction.

Constructive Dialogue with Shareholders

The Company positively and voluntarily promotes constructive dialogue with shareholders. General communication with shareholders is managed by the Investor Relations (IR) Department, which is supervised by the Director in charge of IR. The Company pursues the following measures for promoting constructive dialogue with shareholders.

- General communication with shareholders is managed by the IR department, which is managed by the Director in charge of that department. To a practical extent, we also engage in dialogue with Directors and Audit & Supervisory Board members, including outside officers.
- To support shareholder dialogue, the Director in charge of IR organizes liaison meetings with related departments of Corporate Planning, Corporate Administration, Risk Management, and Sustainability Management, and shares information and insights.
- In addition to one-on-one meetings, the Company holds earnings conferences twice-yearly for institutional investors and securities analysts to announce the second quarter and the fiscal year results, as well as small meetings led by the Company President. We also hold earnings telephone conferences with institutional investors and securities analysts at the end of the first and third quarters.
- We held online briefings for individual investors. We will continue to promote dialogue with individual investors and work to deepen their understanding of the Group.
- We actively promote ESG dialogue with investors. We hold one-on-one meetings with institutional investors and conferences for institutional investors and securities analysts.
- We provide information via our website for shareholders and investors. We publish our investment securities reports (Japanese/English), earnings flash reports (Japanese/English), integrated reports (Japanese/English), and earnings conference materials (Japanese/English) on this website. We stream video of our earnings conferences (Japanese/English) and publish a Q&A summary (Japanese/English) to further communication. Briefings and events for individual investors are also reported on the website.
- Comments and feedback gained through investor relations activities are summarized in reports. The Director in charge of IR reports to the Executive Committee and the Board of Directors regularly.
- Due care is given to insider information during communication. We communicate with shareholders and investors following the Rules Concerning the Prevention of Insider Trading, which outlines the handling of important information. We also establish a quiet period.

Risk Management

Fundamental Ideas

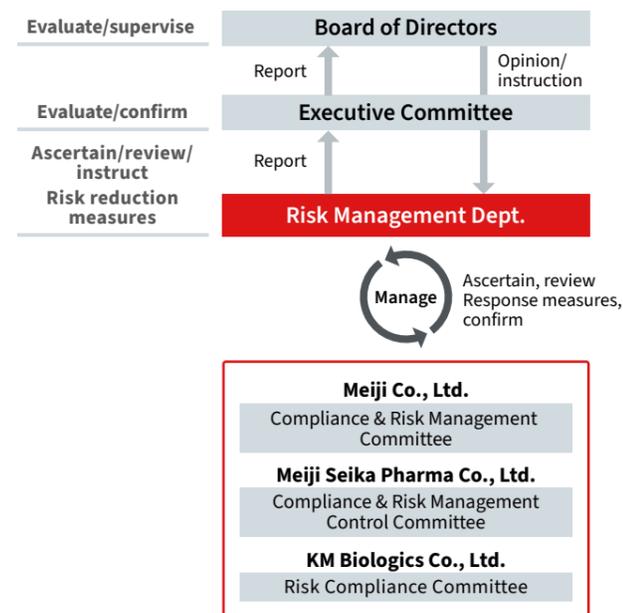
The Group recognizes that risk management is not just for responding when emergencies or disasters occur and severely impact business activities. It is also important to take preventive measures to control and mitigate/avert risks.

Risk Management System

The Group established a risk management system that supports further growth to achieve the Meiji Group 2026 Vision. Under this risk management system, we identify overall Group management risks*, reduce risks, and manage appropriate risk-taking.

In April 2021, we established the Risk Management Department to strengthen Group-wide risk management. The department is Independent of the Audit & Supervisory Board, and an executive officer is appointed. The Executive Committee evaluates and confirms Group-wide management risks in line with the Group Vision and the risk control status and reports them to the Board of Directors, which evaluates and supervises the system. Thus, we can manage risks by adapting to changes in our operating environment.

Furthermore, we have established risk management systems that are suited to the Food and Pharmaceutical businesses, respectively. We regularly share risk information across the company, which includes risks common to all of our businesses and risks that have impacts on the whole Group. Accordingly, we identify, evaluate, address, and solve risks promptly. The executive officer in charge of the Risk Management Department reports information to the CEO & President and Representative Director.



* Please see page 27 of the “Annual Securities Report (FY2021)” (PDF). ▶

The Group Business Management Risks

We appropriately identify risks and develop countermeasures considering the risk impact from a company-wide business management perspective. In this way, we not only minimize risks, but also achieve sustainable growth and gain new growth opportunities. We outlined the three visions—the Business Vision, Sustainability Vision and Management Foundation Vision — in the Meiji Group 2026 Vision. We have identified the Meiji Group Business Management Risks based on those three Visions.

Among the matters related to the status of business, accounting, etc. as described in this annual securities report, the main risks that management recognizes as having a significant impact on the financial position, operating results and cash flows of the consolidated companies are as shown on the next page.

The future risks outlined in the table are categorized based on our medium- and long-term management strategies. We have assessed their importance to the Group, taking into account the likelihood of occurrence and the level of impact on the Group.

The information represents risks recognized by the Group as of the date of submission of this annual securities report. These risks are not a comprehensive representation of all the risks related to our businesses.

The signs below in the table show the change in risk awareness.
 ↑ : increase ↗ : slightly increase → : no change

▶ Please see pages 4 and 5 for the Meiji Group 2026 Vision.

Business Risks			Change in risk awareness from previous year	Importance to the Group
	Risks	Countermeasures		
Sale and supply of products and services	<ul style="list-style-type: none"> Abandon to launch planned product Changes in customer lifestyles and values Negative rumors about the Group's core materials (milk, cocoa, etc.) 	<ul style="list-style-type: none"> Establish solid Proofs of Concept (POC) Gather information on market trends Develop products that are friendly to the environment and society Create products and services unique to the Meiji Group that address social issues Appropriately disseminate relevant information about products and materials 	↗	\$\$
The majority of profits comes from specific products	<ul style="list-style-type: none"> Sluggish sales of products that account for a considerable portion of sales and profits 	<ul style="list-style-type: none"> Implement promotions that maximize unique value Improve product portfolio management Explore new markets and new business domains 	→	\$\$
Supply chains	<ul style="list-style-type: none"> Insufficient or excess procurement or price increases of raw materials Difficulties in procuring raw milk Cessation of production due to production problems, etc. Unstable product supplies due to distribution problems 	<ul style="list-style-type: none"> Gather information on raw materials markets and promote procurement strategies Diversify suppliers and consider alternative materials Strengthen coordination between production and sales divisions Improve distribution efficiency through labor-saving/automation 	↗	\$\$
Technological advances	<ul style="list-style-type: none"> Insufficient adaptation to rapid advances in digital technologies Discovery of innovative treatment methods, manufacturing methods and formulation methods 	<ul style="list-style-type: none"> Consider introducing new technologies as early as possible Research new manufacturing and formulation methods, and search for alliances 	↑	\$\$
Laws and regulations	<ul style="list-style-type: none"> Revisions that significantly impact corporate activities NHI drug price revisions 	<ul style="list-style-type: none"> Obtain information about system revisions early and implement countermeasures Make appropriate approaches to relevant government authorities Expand portfolio of products that are not affected by NHI drug price revisions 	→	\$
Overseas expansion and overseas Group companies	<ul style="list-style-type: none"> Rapid changes in society, or outbreaks of war or terrorism Revisions of the systems that greatly exceed expectations in various countries 	<ul style="list-style-type: none"> Gather information, and investigate and implement countermeasures early Create product supply systems from multiple locations 	↗	\$\$
Business plans, etc.	<ul style="list-style-type: none"> Failure to achieve the Visions or Medium-Term Business Plans due to change in business conditions Growth slowdowns in core business, or failure to achieve targets for overseas markets or new business domains Impairment losses on non-current assets or goodwill Fluctuations in foreign exchange or interest 	<ul style="list-style-type: none"> Enhance unique value and search for new value Provide unique value in overseas markets Manage business portfolio from the perspectives of profitability, growth and productivity Make decisions and monitor investment and M&A plans appropriately Use foreign exchange contracts and borrow at fixed interest rates 	→	\$

\$\$: Risks of greater importance \$: Risks of great importance

Sustainability-Related Risks			Change in risk awareness from previous year	Importance to the Group
	Risks	Countermeasures		
Caring for the Earth	<ul style="list-style-type: none"> Environment friendliness in corporate activities 	<ul style="list-style-type: none"> Reduce CO₂ emissions and prevent fluorocarbon leaks, switch to renewable energies, appropriately treat wastewater and industrial waste, and conduct initiatives in compliance with ISO 14001 Manage supply and demand, and decrease food loss Comply with policies related to the environment 	→	\$
Climate change	<ul style="list-style-type: none"> Address climate change 	<ul style="list-style-type: none"> Analyze climate change scenarios according to the TCFD framework, formulate strategies and release information 	↗	\$

Continued on page 80

Risk Management

Thriving Communities	<ul style="list-style-type: none"> Sustainable raw material procurement Consider human rights and human rights issues Understand diversity and use a diverse workforce effectively 	<ul style="list-style-type: none"> Increase the ratio of sustainably procured raw materials, such as cocoa beans and palm oil Strengthen cooperation and collaboration with dairy farmers and other suppliers Address challenges of human rights based on due diligence Create organizations and cultures that value diverse perspectives and abilities Strictly comply with policies, guidelines, etc. related to procurement, human rights, society 	→	\$
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Management Foundation-related Risks				
Risks	Countermeasures	Change in risk awareness from previous year	Importance to the Group	
Corporate Governance	<ul style="list-style-type: none"> Make business decisions in a timely and appropriately manner Internal or external non-compliance 	<ul style="list-style-type: none"> Improve effectiveness of the Board of Directors Enhance corporate governance systems Provide education on compliance and social media usage, and comply with internal and external policies 	→	\$
Damage to the Meiji brand	<ul style="list-style-type: none"> Product recalls or withdrawals from the market due to quality defects or unexpected side effects of pharmaceuticals, etc. Unexpected harmful rumors about the Group or products 	<ul style="list-style-type: none"> Pursue quality and safety Communicate appropriately with each stakeholder 	→	\$\$
Human capital and culture	<ul style="list-style-type: none"> Recruit and develop human capital required for corporate growth Employee engagement Effects of business environment on productivity 	<ul style="list-style-type: none"> Appropriately implement succession planning Improve employee training Enhance employee engagement Enhance health and productivity management and create comfortable work environments 	→	\$
Information asset leaks	<ul style="list-style-type: none"> Information leaks and system shutdowns due to unauthorized access, etc. Data breaches due to inappropriate system management 	<ul style="list-style-type: none"> Strengthen information management systems and information security Strengthen education on information management and comply with regulations and policies 	↗	\$\$
Disaster, emergency or other unforeseen circumstances	<ul style="list-style-type: none"> Temporary or full suspension of business operations due to disasters, pandemics or other unexpected emergency Increases or decreases in product demand due to changes in business conditions in an emergency 	<ul style="list-style-type: none"> Develop business continuity plans and risk management plans for swift recovery Maintain a broad product portfolio across the Group 	↗	\$

The Board of Directors selected the priority initiative topics for FY2021 relating to Group business management risks and confirmed the initiatives of each operating company.

Priority initiative topics for FY2021:

1. Confirmation of quality assurance systems and reliability assurance structures applied to contract manufacturers and development partners

There was an incident whereby a hypnotic substance was contaminated in Itraconazole tablets manufactured by Kobayashi Kako Co., Ltd. and sold by Meiji Seika Pharma Co., Ltd. In response, we confirmed the quality assurance system and the reliability assurance structure applied to contract manufacturers and development partners.

2. Spread of innovative treatment methods, manufacturing methods, and formulation methods

In responding to the spread of mRNA vaccines as COVID-19 vaccines, we confirmed recognition and evaluation of and response to the technology.

3. Information leaks and system shutdowns due to unauthorized access, etc.

Damage suffered by companies due to ransomware and targeted email attacks has become more prominent. Therefore, we confirmed our countermeasures against unauthorized access under usual conditions and responses when such incidents occur.

Compliance

Fundamental Ideas

The Meiji Group complies with the laws, regulations and social rules in each country in order to ensure all transactions are proper and to promote fair, transparent, and free competition. To increase awareness and strengthen compliance further, we established internal regulations based on our Corporate Behavior Charter and work to improve internal training. We conduct business with high ethical standards and shall remain a company trusted by society.

Management System

The Meiji Group has Compliance Regulations as well as related rules and committees in place, implements and introduces a whistle-blowing system.

At Meiji Co., Ltd., our approach is based on the idea that risk management and compliance are closely related to one another. We have set up a Compliance & Risk Management Committee to promote a variety of activities and programs, so that we can nurture and foster compliance awareness. Compliance is the cornerstone of our operations and we conduct business operations fairly, faithfully and accordingly.

Meiji Seika Pharma Co., Ltd. has established the Compliance Program Guidelines and the Meiji Seika Pharma Code of Practice. As we work in pharmaceutical business, we are closely related to the health and lives of people. Thus we, all executives and employees, are required to act in accordance with high ethical standards.

KM Biologics Co., Ltd. has established a risk compliance committee with the president serving as chairman. We conduct compliance promotion and risk management. In our Compliance Program Guidelines, we stipulate that we must act with high ethical standards, including compliance with laws and regulations as well as bioethics, as a company that works in the pharmaceutical business and handles products related to human health. We are working to promote compliance awareness among frontline workers by implementing programs such as education and training focused on compliance and reliability. In addition, we are restructuring the organization with the goals of strengthening our audit function and ensuring independence, as well as clarifying responsibilities, authorities, and reporting lines through the introduction of a factory system. Through these efforts, we are working on the early detection and resolution of issues. As a member of the Group, we will seek a stringent compliance system.

Anti-Corruption

The Meiji Group formulated the Meiji Group Anti-Corruption Policy in March 2019 in order to remain a transparent and sound corporate group that is trusted by society. In May 2019, we became a signatory to the UN Global Compact and we comply with Principle 10: Business should work against corruption in all its forms, including extortion and bribery. We translated this policy into English, Chinese, Spanish, Thai, Indonesian and Hindi to raise employee awareness, not only in Japan but overseas as well. We will continue internal training and other efforts to improve employee understanding.

At overseas Group companies, which are generally considered higher risk than companies in Japan, in addition to conventional business audits, we conduct governance audits specifically designed to reduce management risks, including fraud prevention. In governance audits, we check systems and operations related to fraud prevention, such as the dissemination of the Meiji Group Policy, anti-corruption, separation of duties, internal reporting systems, and risk management systems. We also use external experts to improve the efficiency and effectiveness of audits. The results of audits are reported to the audited companies and shared with the Group CEO and other related officers, Audit & Supervisory Board members, and each Group company. These efforts lead to strengthen systems and both prevent and control fraud.

[Meiji Group Anti-Corruption Policy \(PDF\)](#) ▶

Tax Compliance

Regulatory compliance and risk management are becoming increasingly important as the Meiji Group becomes more globalized and conducts more international transactions. In addition, tax authorities in each country strengthen taxation. We therefore pay taxes properly complying with Transfer Pricing Guidelines. We formulated the Meiji Group Tax Policy in March 2019 to comply with the tax laws and regulations in each country and region where we conduct business. We communicate this information to relevant departments and the Group companies, make the information publicly available, pay appropriate taxes and minimize tax-related risks. Our staff in charge of taxation attend external training to increase their knowledge about taxation.

The Meiji Group accurately and appropriately reports financial information in accordance with applicable laws and regulations, corporate accounting principles, and other generally accepted fair and proper accounting standards. We also strive to pay taxes appropriately in compliance with the tax laws and regulations of each country and region.

[Meiji Group Tax Policy \(PDF\)](#) ▶

Financial and Non-Financial Highlights (11 Years Summary)

Consolidated Results

Annual Securities Report (PDF) ▶

Financial information		Unit	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2021	Unit *1	
For the fiscal year:	Net sales	Millions of yen	1,109,275	1,126,520	1,148,076	1,161,152	1,223,746	1,242,480	1,240,860	1,254,380	1,252,706	1,191,765	1,013,092 *13	8,277,579	Thousands of U.S. dollars	
	Segment	Food	Millions of yen	986,319	1,001,551	1,015,265	1,021,806	1,061,398	1,082,115	1,073,655	1,056,637	1,049,559	999,673	826,080 *13	6,749,577	Thousands of U.S. dollars
		Pharmaceuticals	Millions of yen	125,274	127,361	135,105	141,338	164,542	161,620	168,466	198,688	204,354	193,664	187,981 *13	1,535,926	Thousands of U.S. dollars
	Segment (Overseas)	Food	Millions of yen	—	—	29,097	29,418	38,353	38,191	43,474	47,182	48,422	49,173	52,618 *13	429,921	Thousands of U.S. dollars
		Pharmaceuticals	Millions of yen	—	—	17,325	23,961	41,961	38,731	39,485 *14	41,009	43,507	37,692	40,368 *13	329,835	Thousands of U.S. dollars
		Gross profit	Millions of yen	370,774	382,684	394,062	403,386	445,561	461,326	454,882	456,569	462,523	449,625	323,249	2,641,143	Thousands of U.S. dollars
		Operating profit	Millions of yen	20,189	25,859	36,496	51,543	77,781	88,395	94,673	98,383	102,710 *12	106,061	92,922	759,232	Thousands of U.S. dollars
		Profit before income taxes	Millions of yen	14,588	25,214	33,687	48,657	95,210	89,192	91,079	94,586	97,747	103,183	128,455	1,049,561	Thousands of U.S. dollars
		Profit attributable to owners of parent	Millions of yen	6,805	16,646	19,060	30,891	62,580	60,786	61,278	61,868	67,318 *12	65,655	87,497	714,904	Thousands of U.S. dollars
		Capital expenditures *2	Millions of yen	38,324	37,668	47,038	64,347	42,354	50,417	71,777	71,243	71,109 *12	67,900	93,166	761,226	Thousands of U.S. dollars
		Research and development expenses	Millions of yen	23,823	26,199	26,067	26,105	27,308	26,162	26,507	29,182	31,446	31,404	33,441	273,237	Thousands of U.S. dollars
		Depreciation *3	Millions of yen	40,871	40,821	40,972	41,885	42,077	45,872	46,511	43,033	46,198 *12	48,411	50,103	409,379	Thousands of U.S. dollars
		Cash flows from operating activities (A)	Millions of yen	30,597	50,622	63,847	86,487	105,155	81,888	108,775	112,100	114,103	123,683	127,526	1,041,968	Thousands of U.S. dollars
		Cash flows from investing activities (B)	Millions of yen	(44,314)	(39,504)	(47,293)	(92,822)	(9,809)	(44,291)	(64,394)	(100,202)	(70,811)	(93,110)	(27,614)	(225,629)	Thousands of U.S. dollars
	Cash flows from financing activities	Millions of yen	4,861	(9,411)	(18,194)	6,846	(85,071)	(46,548)	(40,121)	(13,980)	(30,287)	(28,293)	(76,997)	(629,119)	Thousands of U.S. dollars	
	Free cash flows (A+B)	Millions of yen	(13,716)	11,118	16,553	(6,335)	95,346	37,597	44,380	11,898	43,291	30,573	99,911	816,338	Thousands of U.S. dollars	
At fiscal year-end:	Total assets	Millions of yen	749,985	785,514	779,461	877,367	856,115	883,895	927,544	1,004,143	998,920 *12	1,067,000	1,117,459	9,130,320	Thousands of U.S. dollars	
	Interest-bearing debt	Millions of yen	205,261	205,394	198,376	221,480	147,828	129,497	119,102	116,385	106,764	101,775	81,267	664,001	Thousands of U.S. dollars	
	Equity	Millions of yen	291,589	313,383	320,447	370,341	408,874	448,901	487,310	527,310	562,753 *12	621,428	673,336	5,501,562	Thousands of U.S. dollars	
Per share data *4	Profit (EPS)	Yen	46.19	112.99	129.40	209.79	425.06	413.11	422.15	426.61	464.08 *12	452.52	607.24	4.961	U.S. dollars	
	Net assets (BPS) *5	Yen	1,979.12	2,127.28	2,175.98	2,515.26	2,777.28	3,064.91	3,360.70	3,635.79	3,879.18 *12	4,282.80	4,781.52	39.067	U.S. dollars	
	Cash dividends	Yen	40.00	40.00	40.00	50.00	90.00	110.00	130.00	140.00	150.00	160.00	170.00	1.389	U.S. dollars	
Ratios	Return on equity (ROE)	%	2.3	5.5	6.0	8.9	16.1	14.2	13.1	12.2	12.4	11.1	13.5			
	Return on assets (ROA)	%	3.0	3.8	5.0	6.5	9.4	10.2	10.6	10.3	10.3	10.7	8.6			
	Equity-to-asset ratio	%	38.9	39.9	41.1	42.2	47.8	50.8	52.5	52.5	56.3 *12	58.2	60.3			
	Payout ratio	%	86.6	35.4	30.9	23.8	21.2	26.6	30.8	32.8	32.3	35.4	28.0			

Non-financial information

Energy consumption	Japan	TJ	—	—	—	—	—	—	9,281	9,845 *6	10,714 *6	9,766	9,424	☑		
	Overseas *7	TJ	—	—	—	—	—	—	—	—	—	1,674	1,671			
CO ₂ emissions	Japan	Scope 1	10,000 t-CO ₂	48.4	52.4	58.2	56.8	55.0	23.6	23.0	22.8 *6	22.2 *6	21.5	22.1	☑	
		Scope 2	10,000 t-CO ₂	—	—	—	—	—	28.7	27.4	28.2 *6	27.9 *6	25.4	21.6	☑	
		Scope 3 *8 Overall	10,000 t-CO ₂	—	—	—	—	—	—	—	203.5	318.9 *6	303.5 *6	294.8 *9	302.7	
			Category 1	10,000 t-CO ₂	—	—	—	—	—	—	—	243.7 *6	234.3 *6	225.9 *9	228.4	☑
	Overseas *7	Scope 1	10,000 t-CO ₂	—	—	—	—	12.8	3.0	3.0	2.7	2.6	2.4	2.4		
		Scope 2	10,000 t-CO ₂	—	—	—	—	—	9.7	9.5	8.6	7.6	7.0	7.5		
Scope 3		10,000 t-CO ₂	—	—	—	—	—	—	—	—	21.9	18.7	20.0			
Water consumption	Japan *10	1,000 m ³	23,674	22,902	22,723	20,148	24,375	24,104	22,305	22,056 *6	21,979 *6	21,189 *9	19,808	☑		
	Overseas *7	1,000 m ³	—	—	—	—	—	—	1,778	1,427	1,418	1,382	1,448			
Water discharge	Japan *10	1,000 m ³	21,652	20,864	20,566	16,504	21,214	20,255	17,914	19,702 *6	18,415 *6	17,248	16,450			
	Overseas *7	1,000 m ³	—	—	—	—	—	—	—	884	1,022	977	947			
Waste	Japan *11	10,000 t	8.7	8.1	7.2	7.4	7.6	5.4	6.3	2.8 *6	2.8 *6	2.6 *9	2.4	☑		
	Overseas *7	10,000 t	—	—	—	—	—	—	—	—	0.4	0.4	0.3			

*1 U.S. dollar amounts are provided solely for the convenience of readers based on an exchange rate of US\$1 = ¥122.39, the exchange rate prevailing on March 31, 2022.

*2 Figures for capital expenditures represent property, plant and equipment and intangible fixed assets based on the consolidated statement of cash flows.

*3 Figures for depreciation represent property, plant and equipment and intangible fixed assets based on the consolidated statement of cash flows.

*4 A 2-for-1 common stock split was issued on October 1, 2015. This value was retro-actively applied.

*5 Net assets per share = (Total net assets – Non-controlling interests) ÷ (Number of shares of common stock issued – Number of treasury shares)

*6 The Kumamoto Plant of KM Biologics Co., Ltd. was included in the calculation from FY2018, and all of the company's sites were included from FY2019.

The scope of calculation of industrial waste is limited to production plants.

*7 Fourteen production plants in Mainland China, Asia (excluding China), North America and Europe (12 plants up until FY 2019, 13 plants in FY2020)

*8 Category 4 (Upstream transportation and distribution) and Category 9 (Downstream transportation and distribution) have been added and are included in the calculation for Scope 3 from FY2018. In addition, the calculation for Category 1 was expanded to include the raw materials that make up the majority of what is needed for production.

*9 Data from past fiscal years has been revised.

*10 Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. up until FY2014, and the domestic Meiji Group from FY2015.

*11 From FY2018, only industrial waste generated from production plants was included in the waste.

*12 In the first quarter of FY2020, we finalized provisional accounting treatment pertaining to a business combination. Accordingly, the key financial data to FY2019 represent amounts reflecting the revisions to the initial allocation of the acquisition cost resulting from the finalization of provisional accounting treatment.

*13 The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance are being applied as of FY2021.

*14 The standard used for calculating the overseas sales was revised from FY2017.

Calculation Methods of Non-Financial Information

[Energy consumption]

(Japan and overseas) The energy consumption is calculated based on the Act on Rationalizing Energy Use (Energy Conservation Act).

[CO₂ emissions: Scope 1, 2]

(Japan) Calculated based on the Act on Promotion of Global Warming Countermeasures. The basic emission factors of individual electric power supplier are applied for purchased electricity of Scope 2.

(Overseas) Scope 1 is calculated using the emission factors from the Act on Promotion of Global Warming Countermeasures and Scope 2 is calculated using the emission factors from the IEA, Emissions from Fuel Combustion.

[CO₂ emissions: Scope 3]

(Japan and overseas) Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.

Scope 3 Categories included in calculation: 1. Purchased Goods and Services, 2. Capital Goods, 3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2, 4. Upstream transportation and distribution, 5. Waste Generated in Operations, 6. Business Travel, 7. Employee Commuting, 9. Downstream transportation and distribution, 12. End-of-Life Treatment of Sold Products

Category 1: Calculated by multiplying Emission Intensities* by the purchase price for main raw materials and packaging materials (paper, plastic, cardboard, steel, aluminum and glass bottles) used in the food and pharmaceutical businesses.

* Database of Emission Intensities for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain

[Industrial waste]

(Japan) Calculated based on the Waste Management and Public Cleansing Act.

(Overseas) Calculated in accordance with the Waste Management and Public Cleansing Act.

The scope of calculation is noted on p.87.

The numerical data indicated with ☑ have been assured by an independent practitioner.

Non-Financial Performance (Progress on Materiality)

Materiality related to social issues

The 13 Main SDGs the Meiji Group Can Address

Scope of KPI
 Meiji G : the Meiji Group (consolidated)
 Meiji HD : Meiji Holdings Co., Ltd.
 Meiji : Meiji Co., Ltd.
 MSP : Meiji Seika Pharma Co., Ltd.
 KMB : KM Biologics Co., Ltd.

Healthier Lives

Health and Nutrition **SDGs: 2, 3, 4**

Social Issues	KPIs	Performance
		FY2021
<ul style="list-style-type: none"> Contribute to healthy diets Respond to a super-aged society 	<p>Increase sales growth of health-conscious products, nutrition-enriched products, products that contribute a super-aged society by at least 10% in FY2023, compared with FY2020 baseline [Meiji, consolidated (domestic)]</p> <p>Enroll a total of 700,000 participants into nutrition and healthy diet education within three years from FY2021 to FY2023 [Meiji, unconsolidated]</p>	<p>-3.1%^{*1}</p> <p>188,000 participants</p>
<ul style="list-style-type: none"> Stable supply of pharmaceuticals 	Achieve a volume share of at least 50% in five Key Drugs by FY2023 [MSP, consolidated (domestic)]	32.4% ^{*2}
<ul style="list-style-type: none"> Countermeasures against emerging and re-emerging infectious diseases 	Aim for launch of COVID-19 vaccines by FY2023 [MSP, KMB, unconsolidated]	Currently taking steps to aim for launch in FY2022

*1 Figures have been revised from preliminary figures disclosed in the FY2021 Financial Results in May 2022
 *2 Copyright © 2022 IQVIA./ Calculated based on JPM Mar 2022 MAT/ Reprinted with permission

Caring for the Earth

Climate Change **SDGs: 7, 13**

Social Issues	KPIs	Performance
		FY2021
<ul style="list-style-type: none"> Reduce CO₂ emissions 	Reduce company-wide CO ₂ emissions (Scope 1 and 2) by at least 40% by FY2030 (compared with FY2015) [Meiji G, consolidated] ^{*1}	-27.8%
	Reduce company-wide CO ₂ emissions (Scope 1 and 2) by at least 50% by FY2030 (compared with FY2019) [Meiji G, consolidated] ^{*2}	-11.3%
	Reduce CO ₂ emissions (Scope 3 Category 1 purchased goods and services, Category 4 and 9 upstream and downstream transportation and distribution, Category 12 end of life treatment of sold products) by at least 14% by FY2030 (compared with FY2019) [Meiji G, consolidated]	-2.8%
	Reduce CO ₂ emissions (Scope 3 Category 1 purchased goods and services, Category 4 and 9 upstream and downstream transportation and distribution, Category 12 end of life treatment of sold products) by at least 30% by FY2030 (compared with FY2019) [Meiji G, consolidated] ^{*2}	-2.8%
	Expand renewable energy usage to make up at least 50% of total company-wide usage by FY2030 [Meiji G, consolidated]	5.3%
<ul style="list-style-type: none"> Eliminate the use of specified fluorocarbons 	Total abolition of CFC-using refrigeration, freezer, and other equipment at all domestic production sites by FY2030 [Meiji G, consolidated (domestic)] ^{*3}	-48.4%

*1 The emissions for the base year was 742 thousand t-CO₂, which includes CO₂ emissions from KM Biologics Co., Ltd.
 *2 CO₂ reduction target was changed in FY2022 *3 Base year is FY2020

Circular Economy **SDGs: 12**

Social Issues	KPIs	Performance
		FY2021
<ul style="list-style-type: none"> Reduce environmental impact 	Consolidated domestic recycle rate 85% or above by FY2023 [Meiji G, consolidated (domestic)]	80.5%
	Reduce product waste in our domestic food business by 50% by FY2025 (compared with FY2016) [Meiji, consolidated (domestic)]	-34.1%
	Reduce domestic plastic usage (packaging, etc.) by at least 25% by FY2030 (compared with FY2017) [Meiji G, consolidated (domestic)]	*
	Ensure 100% effective use of materials used by our logistics division (pallets, crates, and stretch film, etc.) by FY2030, through reuse and recycling. [Meiji G, consolidated (domestic)]	100%
	Expand usage of bioplastics and recycled plastics [Meiji G, consolidated (domestic)]	Newly used for Kaju Gummy packaging

* To be calculated in FY2022

Water **SDGs: 6, 14**

Social Issues	KPIs	Performance
		FY2021
<ul style="list-style-type: none"> Secure water resources 	Reduce company-wide water consumption per unit of sales by at least 20% by FY2030 (compared with FY2017) [Meiji G, consolidated]	-8.4% [*]
	Replenish an amount of water to nature equivalent to 45% the amount used in our products by FY2030 [Meiji G, consolidated]	24.2%

* Per unit is calculated based on net sales before the application of the Accounting Standard for Revenue Recognition

Biodiversity **SDGs: 6, 15**

Social Issues	KPIs	Performance
		FY2021
<ul style="list-style-type: none"> Protection of local biodiversity 	Conduct biodiversity activities at all production sites worldwide by FY2023 [Meiji G, consolidated]	61.9% [*]

* Impact of cancellation or postponement of plans due to the spread of COVID-19

Non-Financial Performance (Progress on Materiality)


Thriving Communities

Human Capital SDGs: 5, 8, 10

Social Issues	KPIs	Performance
		FY2021
☆ Promote diversity and develop human capital	Increase the ratio of female managers at least 10% by FY2026, compared with the FY2017 result of 2.6% [Meiji HD, Meiji, MSP, KMB unconsolidated]	4.7%
	Increase the number of female managers (including assistant managers) to at least 420 by FY2026 (approximately triple the number as in FY2017) [Meiji HD, Meiji, MSP, KMB unconsolidated]	237 people
	Raise the ratio of employees with disabilities above Japan's legal requirement of 2.3% [Meiji HD, Meiji, MSP, KMB unconsolidated]	2.57%
● Employee-friendly workplaces	Renew certification for outstanding health and productivity management from the Japanese government [Meiji HD, Meiji, MSP, KMB unconsolidated]	Renewed Certification


Society SDGs: 8, 10, 17

Social Issues	KPIs	Performance
		FY2021
☆ Respect and promote human rights	All domestic Meiji Group employees to attend a human rights training (including e-learning) at least once annually [Meiji G, Japan consolidated]	Implemented one time (Number of participants: Approx. 13,000/ Participation rate: 90%)
	All overseas Meiji Group employees to attend a human rights training (including e-learning) at least once by FY2023 [Meiji G consolidated excluding Japan]	Trained for three overseas Group companies (Number of participants: Approx. 770/ Participation rate: 99%)
● Engagement with stakeholders	Hold an ESG session for investors, and advisory board meetings at least three times annually [Meiji HD]	ESG Session for Investors: One time ESG Advisory Board: Two times
● Promote social contribution activities	All Meiji Group employees in Japan to participate in social contribution activities at least twice annually (at least once each 6-month period) [Meiji G, Japan consolidated]	Participation rate at least once each 6-month period First half year term: 90%/ Second half year term: 92%

Shared Themes

Sustainable Sourcing SDGs: 8, 12, 15, 17

Social Issues	KPIs	Performance
		FY2021
☆ Procure raw materials with consideration toward human rights and the environment	Start conducting a sustainable sourcing survey of suppliers for Group companies in Japan by FY2021	Start considering implementation in FY2022
	Start conducting a sustainable sourcing survey of suppliers for major overseas Group companies by FY2022 [Meiji G consolidated]	Launched for 46 suppliers
	Increase sourcing ratio of sustainable cocoa to 100% by FY2026 [Meiji consolidated]	42%
	Switch 100% to RSPO-certified palm oil by FY2023 [Meiji consolidated]	84%
	Switch 100% to eco-friendly paper by FY2023 [Meiji G consolidated]	98%
	Hold Meiji Dairy Advisory program (MDA) to support management of dairy farms 250 times a year, and a total of at least 1650 times by FY2023 [Meiji, Japan consolidated]	475 times annually, accumulated total 1,423 times

RSPO: Roundtable on Sustainable Palm Oil

Independent Practitioner's Assurance of Energy Consumption, CO₂ Emissions, Water Consumption & Industrial Waste

In order to improve the reliability of the data, Meiji Holdings Co., Ltd. obtained the independent practitioner's assurance for the domestic energy consumption, the domestic CO₂ emissions (Scope 1, Scope 2 and Scope 3 category 1), the domestic water consumption and the domestic industrial waste for FY2021 indicated on p.82 and 83 in the Japanese version of this report by Deloitte Tohmatsu Sustainability Co., Ltd. We will work hard to improve the reliability of all environmental data.

 デロイト トーマツ (TRANSLATION)	Independent Practitioner's Assurance Report August 22, 2022
Mr. Kazuo Kawamura, CEO, President and Representative Director Meiji Holdings Co., Ltd.	Masahiko Sugiyama Representative Director Deloitte Tohmatsu Sustainability Co., Ltd. 3-2-3, Marunouchi, Chiyoda-ku, Tokyo
<p>We have undertaken a limited assurance engagement of the domestic energy consumption, the domestic CO₂ emissions (Scope 1, Scope 2, Scope 3 category 1) the domestic water consumption, and the domestic industrial waste indicated with  for the year ended March 31, 2022 (the "Quantitative Environmental Information") included in the "Integrated Report 2022" (the "Report") of Meiji Holdings Co., Ltd. (the "Company").</p> <p>The Company's Responsibility The Company is responsible for the preparation of the Quantitative Environmental Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Quantitative Environmental Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.</p> <p>Our Independence and Quality Control We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements</i>, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p> <p>Our Responsibility Our responsibility is to express a limited assurance conclusion on the Quantitative Environmental Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, <i>Assurance Engagements on Greenhouse Gas Statements</i>, issued by the IAASB and the <i>Practical Guideline for the Assurance of Sustainability Information</i>, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:</p> <ul style="list-style-type: none"> Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates. Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites. <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.</p> <p>Limited Assurance Conclusion Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Quantitative Environmental Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.</p> <p>The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.</p> <p style="text-align: right;">Member of Deloitte Touche Tohmatsu Limited</p>	

Scope of domestic energy consumption, domestic CO₂ emissions (Scope 1 and 2), domestic water consumption and domestic industrial waste

Meiji Holdings Co., Ltd., Meiji Co., Ltd. and Group companies (Shikoku Meiji Co., Ltd., Tokai Meiji Co., Ltd., Gunma Meiji Co., Ltd., Tochigi Meiji Milk Products Co., Ltd., Meiji Oils and Fats Co., Ltd., Chiba Meiji Milk Products Co., Ltd., Donan Shokuhin Co., Ltd., Meiji Sangyo Co., Ltd., Meiji Chewing Gum Co., Ltd., Tokai Nuts Co., Ltd., Nihon Kanzume, Co., Ltd., Meiji Feed Co., Ltd., Okinawa Meiji Milk Products Co., Ltd., Meiji Logitech Co., Ltd., Meiji Seika Pharma Co., Ltd. and Group companies (OHKURA Pharmaceutical Co., Ltd.), KM Biologics Co., Ltd.
 Note that the energy consumption and the CO₂ emissions for Meiji Logitech Co., Ltd. only include the fuel used in company-owned delivery vehicles/trucks. Additionally, only production plants are included in the above totals for the domestic industrial waste.

Scope of domestic CO₂ emissions (Scope 3 category 1)

This scope includes the main raw materials and the packaging materials (paper, plastic, cardboard, steel, aluminum, and glass bottles) that will be introduced into the domestic production location for Meiji Co., Ltd. and Group companies (Shikoku Meiji Co., Ltd., Tokai Meiji Co., Ltd., Gunma Meiji Co., Ltd., Tochigi Meiji Milk Products Co., Ltd., Meiji Oils and Fats Co., Ltd., Chiba Meiji Milk Products Co., Ltd., Donan Shokuhin Co., Ltd., Meiji Sangyo Co., Ltd., Meiji Chewing Gum Co., Ltd., Tokai Nuts Co., Ltd., Nihon Kanzume, Co., Ltd., Okinawa Meiji Milk Products Co., Ltd.), Meiji Seika Pharma Co., Ltd. and Group companies (OHKURA Pharmaceutical Co., Ltd.), as well as KM Biologics Co., Ltd.

Operating Bases and Group Companies (As of July 1, 2022)

The Meiji Group uses its extensive global network and conducts R&D, production and distribution to provide a stable supply of high quality food products and pharmaceuticals, in order to maintain society's trust in the Meiji brand.

Japan

Food Segment

Meiji Co., Ltd.

■ Head Office ★ Research Laboratory □ Branch ▲ Plant ● Group Company

Research Laboratory **2** Branch **5**

Plant **26** Group Company **19**

Pharmaceutical Segment

Meiji Seika Pharma Co., Ltd.

■ Head Office ★ Research Laboratory □ Branch ▲ Plant ● Group Company

Research Laboratory **1** Branch **8**

Plant **2** Group Company **4**

KM Biologics Co., Ltd.

■ Head Office ★ Research Center □ Office ▲ Production Center ● Group Company

Research Center **1** Office **1**

Production Center **4** Group Company **1**

Companywide Common

Meiji Business Support Co., Ltd.

■ Head Office ★ Research Center □ Office ▲ Production Center ● Group Company

Research Center **1** Office **1**

Production Center **4** Group Company **1**

Research Center **1** Office **1**

Production Center **4** Group Company **1**

Research Center **1** Office **1**

Production Center **4** Group Company **1**

Research Center **1** Office **1**

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Research Center **1** Office **1**

Production Center **4** Group Company **1**

Research Center **1** Office **1**

Production Center **4** Group Company **1**

Research Center **1** Office **1**

Production Center **4** Group Company **1**

Research Center **1** Office **1**

Overseas

Food Segment

Meiji Co., Ltd.

□ Office ● Group Company

Office **1**

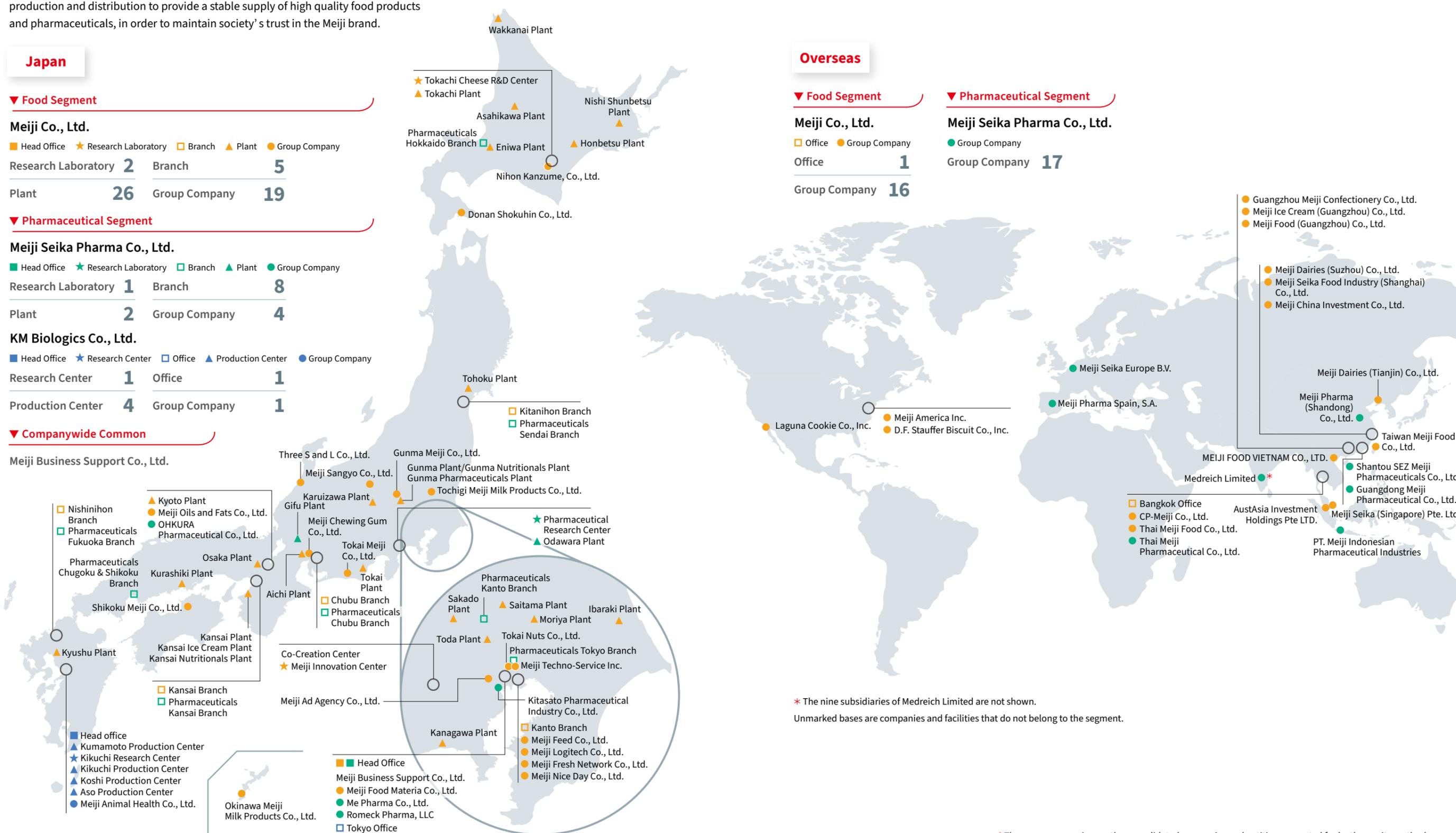
Group Company **16**

Pharmaceutical Segment

Meiji Seika Pharma Co., Ltd.

● Group Company

Group Company **17**



Corporate Data / Stock Information (As of March 31, 2022)

Corporate Data

Company Name

Meiji Holdings Co., Ltd. (Securities code: 2269)

Head Office

2-4-16, Kyobashi, Chuo-ku, Tokyo 104-0031, Japan

Incorporated

April 1, 2009

Share Capital

JPY 30.0 billion

Number of Group Employees

17,336

Common Stock Issued

148,369,500

Stock Listing

Tokyo

Fiscal Year-End

March 31

Ordinary General Meeting of Shareholders

Late in June

Transfer Agent of Common Stock

Mitsubishi UFJ Trust and Banking Corporation

Public Notices

Public notices given by the Company are issued electronically.

URL: <https://www.meiji.com/global/>

However, in the event that public notices cannot be issued electronically due to an accident or some other unavoidable circumstances, public notices given by the Company shall be carried in the *Nihon Keizai Shimbun*. It should be noted that pursuant to Article 440, Paragraph 4 of the Companies Act, public notices of financial statements are not given.

Stock Information

Major Shareholders

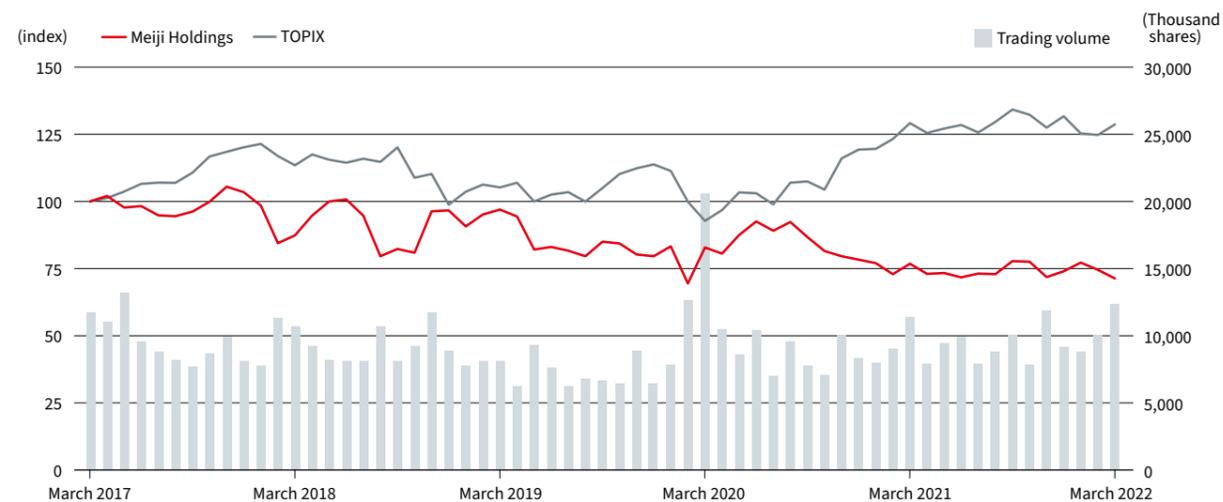
Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	24,170	16.29
Custody Bank of Japan, Ltd. (Trust account)	7,034	4.74
Nippon Life Insurance Company	3,348	2.25
The Norinchukin Bank	2,892	1.94
Meiji Holdings Employee Shareholding Association	2,669	1.79
Meiji Holdings Trading-Partner Shareholding Association	2,654	1.78
STATE STREET BANK WEST CLIENT -TREATY 505234	2,521	1.69
Mizuho Bank, Ltd.	2,417	1.62
Resona Bank, Limited	2,117	1.42
JP MORGAN CHASE BANK 385781	1,708	1.15

(Note) In addition to the above, the Company holds 7,548 thousand shares of treasury share (5.09% of total shares issued.)

Shareholding by Type of Shareholder



Stock Price and Trading Volume



Cover Artwork



Paralym Art Artwork

“Smiles for People Around the World” by Risa Izumi

I was very happy to receive the request to “portray the Meiji Group, which delivers value for wellness to customers around the world cheerfully and energetically.”

I drew the smiling faces of people around the world. I expressed a world with a big heart shape in the middle, full of love, and people with different skin tones and hair colors. All people are connected through their smiles. I had a lot of fun while drawing.

[Paralym Art | About Risa Izumi \(Japanese version only\)](#)

Online Meeting

We invited Ms. Izumi to join us for an exchange meeting to express our gratitude for her wonderful artwork. Ms. Izumi shared her thoughts on the artwork (as stated above). It was an extremely meaningful opportunity.



Ms. Izumi is the second person from the right in the top row

Paralym Art

Paralym Art is a social contribution project in which an organization works together with artists with disabilities as one team. This project sustains the provision of support for people with disabilities along with the cooperation of private companies and individuals, without depending on social security funds. (Project organizer: Shougaiha Jiritsu Suishin Kikou Association)



Meiji Holdings Co., Ltd. supports this project as a Gold Partner

Publisher's Note

Thank you for reading the Meiji Group Integrated Report 2022.

We have included sections on human capital and intellectual capital for the first time in this fifth issue of our integrated report. This is in response to growing interest in non-financial information and intangible assets.

In the human capital section, we introduced the activities of the Group Human Capital Committee that was newly established in April 2022. We also disclosed information on employee engagement. In the three-way discussion with Outside Directors and an Outside Audit & Supervisory Board Member, we asked them to talk about the Group's ideal human capital management. We used Paralym Art artwork for the cover of this report, reflecting the Group's commitment to D&I.

In the intellectual capital section, we explained the unique intellectual property strategies of the Food and Pharmaceutical segments, including case studies.

We hope that this report will help our stakeholders to deepen their understanding of the Group. We will continue to strive to enhance information disclosure as well as transparent and fair dialogue. We are looking forward to receiving honest opinions and feedback.



Masashi Tanaka

General Manager,
Corporate Communication
Department,
Meiji Holdings Co., Ltd.

Now ideas for wellness
meiji

Meiji Holdings Co., Ltd.

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