



Integrated Report 2023



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.

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.

Providing Meiji Unique Value for Wellness to All Stakeholders

Realizing a Better Future for People, Society and the Earth

Healthier Lives

Thriving Communities

Coexisting with Nature

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

Healthy Society

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

Healthier Lives for Customers

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

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)
- Guidance for Collaborative Value Creation by Ministry of Economy, Trade and Industry

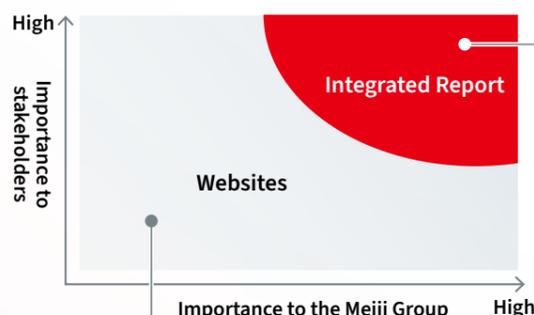


Using the Integrated Report 2023

- This report is based on the performance results from FY2022 (fiscal year ended March 2023). Some content is also included from FY2023 (fiscal year ending March 2024).
- The content is compiled based on information that is available at the time when the Company created the Integrated Report 2023. 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 2023 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.

[Integrated Report](#) ▶

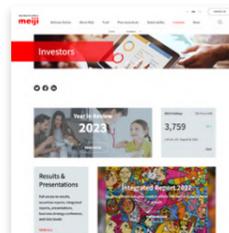
Websites



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

Investors

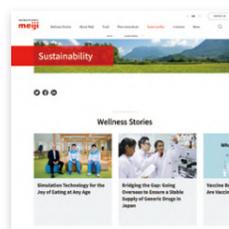
<https://www.meiji.com/global/investors/>



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

Sustainability

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



- Healthier Lives ▶
- Caring for the Earth ▶
- The Meiji Group TCFD Initiative ▶
- Thriving Communities ▶
- Sustainable Sourcing ▶
- Collaboration ▶
- External Recognition ▶
- ESG Index ▶

About the Meiji Group

Wellness Stories

Please visit this website for stories about our initiatives to pursue Meiji unique value for wellness.

<https://www.meiji.com/global/wellness-stories/>

Innovation

Please visit this website for information on new initiatives to create health value.

<https://www.meiji.com/global/about-meiji/innovation.html>

Meiji Group Overview

Please visit this website for information about the Meiji Group's mission and vision, slogan, management structure, business domains, history, and other information.

<https://www.meiji.com/global/about-meiji/>

Please visit the following URL for other detailed information.

Meiji Holdings Co., Ltd.

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

Contents

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 Process to Realize the Meiji Group 2026 Vision
- 06 At a Glance
- 08 A Hundred Year History of Creating Meiji Unique Value for Wellness

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

- 26 The Meiji Group's Process for Value Creation
- 28 Driving Force Behind Sustainable Value Creation
- 30 Financial and Non-Financial Highlights (Main Indices)

Progress for 2023 Medium-Term Business Plan

- 32 Food Segment Business Strategy
- 36 Pharmaceutical Segment Business Strategy

Our Initiatives to Support Sustainable Value Creation

- 40 Sustainability Strategy
- 44 Coexisting with Nature
- 46 Making Dairy Farming Sustainable with a New Approach
- 48 Making Cocoa Production Sustainable with Cocoa Production Areas
- 50 Creating a Strong Operating Base that Grows while Coexisting with Nature
- 52 Human Capital Strategy
- 54 Human Capital Management
- 58 Human Rights
- 60 Creating Innovation
- 61 Food Segment
- 64 Pharmaceutical Segment

Governance

- 66 Discussion with Outside Director and Audit & Supervisory Board Member
- 71 Corporate Governance
- 82 Risk Management
- 86 Directors and Audit & Supervisory Board Members

Financial and Non-Financial Performance

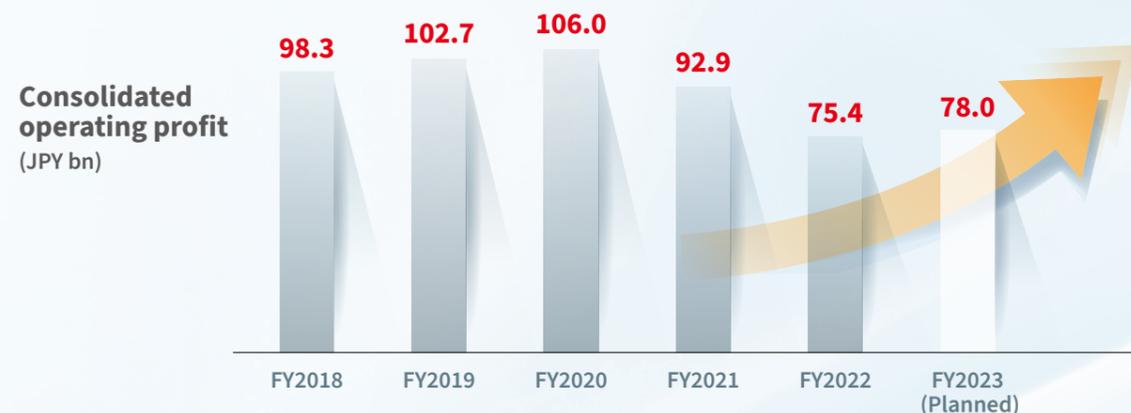
- 88 Financial and Non-Financial Highlights (11 Years Summary)
- 90 Non-Financial Performance (Progress on Materiality)
- 93 Independent Practitioner's Assurance of Energy Consumption, CO₂ Emissions, Water Consumption & Industrial Waste

Corporate Information

- 94 Operating Bases and Group Companies
- 96 Corporate Data / Stock Information
- 97 Cover Artwork / Publisher's Note

Process to Realize the Meiji Group 2026 Vision

In FY2018, the Meiji Group created the Meiji Group 2026 Vision as a strategy to maximize our strengths to grow further. We aim to improve our corporate value over the medium- and long-term while responding to changes in the business environment.



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.

2018

The 1st stage

Address strategic issues continuously and challenge for the further growth

2020

The 2nd stage

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

2023

The 3rd stage

Evolution of Meiji ROESG® Management
(To be announced in May 2024)

2026

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 (Strengthen 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.

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 knowledge. 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

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain
4. Social contributions

Operating profit growth rate **Mid to high single-digit** (CAGR)

Overseas sales ratio Target at **20%**

ROE Maintain **10%** or more

Structure of the Meiji Group 2026 Vision

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain

To promote;

- Use external resources
- Increase productivity significantly

Business Vision

Sustainability Vision

Management Foundation Vision

4. Social contributions
 - Healthier Lives
 - Caring for the Earth
 - Thriving Communities

- Establish functional, strategic management system to grow sustainably in Japan and globally
- Develop work environment, in-house system, and organizational climate to maximize individual potential
- Enhance the Meiji brand

Important Operating Environment

Opportunity

- Growing consciousness on prevention and health
- Growing overseas emerging economies and middle-income class
- Changes in social structure - Aging
- Expanding e-commerce
- Growing environmental awareness and ethical consumption

Threat

- Shrinking domestic market due to population decline
- Increased tendency to cut back in response to rising prices
- Impact of climate change on supply chain
- Food shortages due to global population growth
- Transition to digital formats

Key Points for the 2026 Medium-Term Business Plan

1. Create New Markets

- Integrate sustainability and business performance - Pursue "Trade-On"
- Effectively invest in the promising growth market

2. Keep and improve stable cash flow

- Review business portfolio and improve capital efficiency using ROIC
- Undertake growth-enhancing structural reforms: Decrease SKUs, review production structure, etc.
- Strengthen existing business by taking new measures by taking new measures such as using digital technology

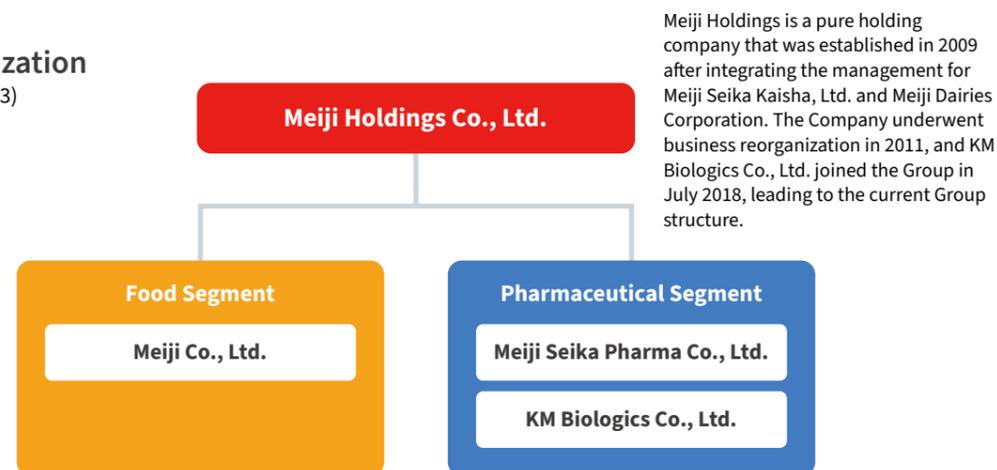
3. Strengthen management base to achieve the above points

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, 2023)



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.

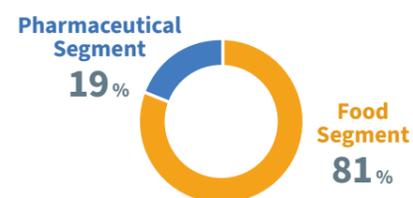
This segment provides our customers of all ages from infants to the elderly, with a wide variety of products that include infant formula, milk and dairy products, confectioneries, sports nutrition products and enteral formula.

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 FY2022 (Fiscal Year Ended March 2023)

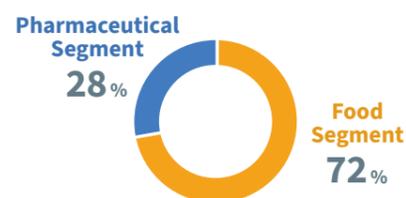
Net Sales

JPY **1,062.1** bn
year on year UP 4.8%



Operating Profit

JPY **75.4** bn
year on year DOWN 18.8%



ROE

10.0%
year on year DOWN 3.5pt

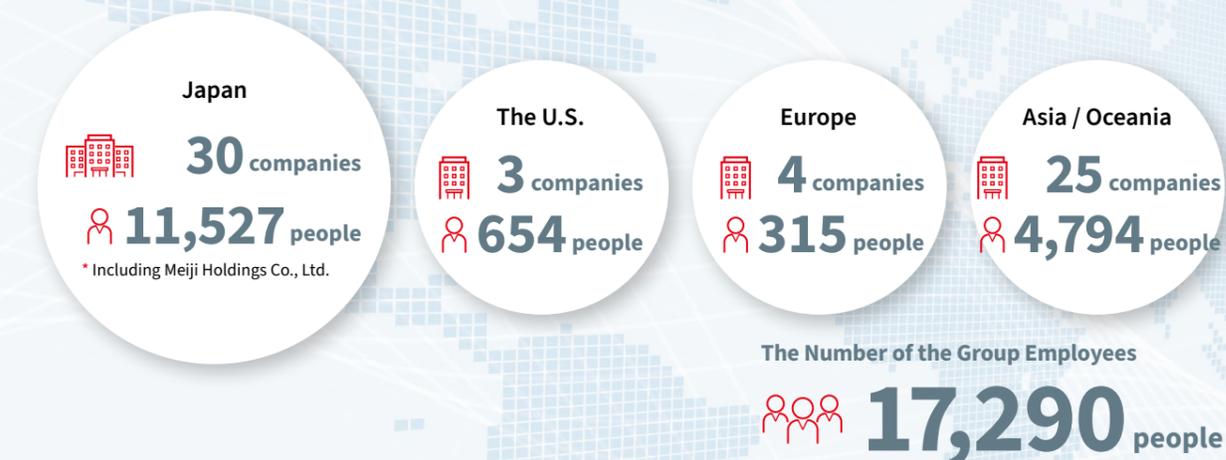
Profit Per Share*

JPY **247.39**
year on year DOWN 18.5%

* The following stock splits are reflected in the calculation of the previous year's values:
A two-for-one common stock split issued on April 1, 2023

Group Companies and Employees (As of March 31, 2023)

The following numbers represent our Group's global reach:
- The number of Group companies consists of consolidated companies and entities accounted for by the equity method
- The number of the employees includes all consolidated companies



Overseas Sales Ratio (FY2022)



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 indexes in Japan and overseas.

- Page 20 Overview of 2023 Medium-Term Business Plan and Meiji ROESG
- Page 40 Sustainability Strategy

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



FTSE Blossom Japan Sector Relative Index

2022 MSCI ESG Leaders Indexes Constituent

THE INCLUSION OF Meiji Holdings Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Meiji Holdings Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

A Hundred Year History of Creating Meiji Unique Value for Wellness

The Meiji Group has passed on the spirit of “contributing to the country through nutrition” for over 100 years since its founding. Based on this spirit, we have created Meiji unique value for wellness and acquired large market shares in product lines targeted at customers across all generations. Going forward, we will deliver our products not only to customers in Japan but also people across the globe to achieve sustainable growth.

Responding to Each Era’s Issues and Increased Interest in Nutrition

Infant Formula

In 1923, we launched Japan’s first infant formula containing oryzanin (vitamin B1). Since then, we have continuously worked on the development and improvement of our products. We launched the world’s first cube-type infant formula in 2007 and a liquid milk formula in 2019. We are also expanding business into Asia and Europe in partnership with Danone.



Share in the Japanese market (FY2022)

Infant Formula
No. 1 41.5%

Source: INTAGE SRI+, April 2022-March 2023

Sold in Asia and Europe

Drinking Milk

Since its launch in 1928, Meiji Milk had nutritiously supported people’s health for nearly a century. In 2002, it evolved into Meiji Oishii Gyunyu, which has achieved freshness and deliciousness using the unique Natural Taste Process. Since 2013, we have sold chilled milk in China, offering high-quality milk globally.



Drinking Milk
No. 1 17.8%

Source: INTAGE SRI+, April 2022-March 2023

Sold in Asia, including China

Protein

In 1980, the SAVAS series was developed based on sports nutrition for athletes. The user base was later expanded to include women and various people who like exercise with the diversification of products lines, such as soy protein products and drinks. Since 2020, we have also been selling powdered-type protein in China.



Powdered & Granulated Protein
No. 1 31.9%

Based on Meiji data as of 2022

Sold in Asia, including China

Enteral Formula

We began a full-scale enteral formula business in 1986 and launched Me Balance in 1995. Since then, the product has been supporting patients as well as medical and nursing care professionals. In 2022, we obtained permission to label the product as a comprehensive nutrition food product. Also we launched Meiji Mei Balance MICHITAS Cup. In 2016, we expanded into the Taiwanese market.



Enteral Formula (sold on the market)
No. 1 85.0%

Source: INTAGE SRI+, April 2022-March 2023

Delivering Unprecedented New Products for Wellness

Yogurt

In 1950, we began full-scale production of yogurt, developing a plain yogurt market in Japan. In 2000, we started selling functional yogurt that contributes to solving health issues with the effects of lactobacilli, further creating a new market. Functional yogurt is available even in China, starting in 2021.



Functional yogurt



Share in the Japanese market (FY2022)

Yogurt
No. 1 37.7%

Source: INTAGE SRI+, April 2022-March 2023



Sold in Asia, including China



Chocolate

Starting with the launch of Meiji Milk Chocolate in 1926, we have developed unique products that make people smile. In the meantime, we have also drawn out the nutritional value of chocolate as we developed a product focusing on the health value of cocoa in 1998.



Chocolate
No. 1 25.2%

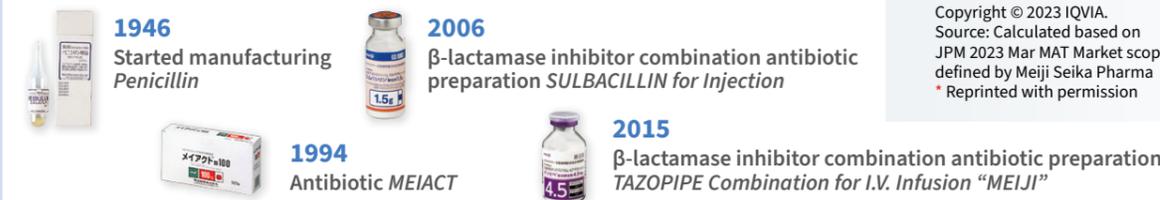
Source: INTAGE SRI+, April 2022-March 2023

Sold in Europe, the U.S., Asia, and the Middle East

Continuing to Protect People from the Threat of Infectious Disease

Antibiotic

We started to produce Penicillin in 1946. Since then, we have been stably providing a variety of antibiotics, including MEIACT, which is now available in more than 20 countries and regions.



Share in the Japanese market (FY2022)

Systemic Antibacterial Drugs
No. 1 21.5%

Copyright © 2023 IQVIA. Source: Calculated based on JPM 2023 Mar MAT Market scope as defined by Meiji Seika Pharma * Reprinted with permission

Vaccine

We have contributed to enhancing Japan’s public health over roughly half a century through the development and provision of vaccines. In addition to inactivated vaccines, which has a long history of use in Japan, we have acquired mRNA vaccine technology and now aim for the early launch of COVID-19 vaccines.



Influenza Vaccine
No. 1 29.0%

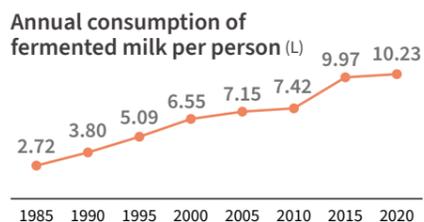
Copyright © 2023 IQVIA. Source: Calculated based on JPM 2023 Mar MAT Market scope as defined by Meiji Seika Pharma * Reprinted with permission

A Hundred Year History of Creating Meiji Unique Value for Wellness

Value Creation in the Next Era **Yogurt**

Further Expanding the Yogurt Market by Pursuing Uniqueness

Yogurt is typical of foods that are both delicious and healthy. In Japan, yogurt consumption per person has been increasing year by year, and yogurt has become an indispensable part of the diet of Japanese people. It is *Meiji Bulgaria Yogurt* that has driven this trend. We will continue to strengthen our competitiveness and take a strong lead in the yogurt market. We will do this by not only selecting lactobacilli, but also through unceasing efforts to pursue uniqueness. We are researching their health benefits, driving innovations in fermentation and manufacturing technologies and seeking new value from the perspective of *kansei* (affective) engineering.



Source: the Japan Dairy Association

Strength: Researching the Health Benefits of Lactobacilli

Enhancing the Health Value of Products by Scientifically Proving New Functions

Meiji owns more than 6,500 strains of lactobacilli and has been studying their impact on human health for many years. We have been developing novel lactobacilli strains that provide innovative health value for consumers. Furthermore, we have been finding new value of existing products and strains. For example, our studies have suggested that the LB81 may strengthen the intestinal barrier function that prevents pathogenic bacteria and harmful substances from entering the body.

Strength: Pursuing Fermentation and Manufacturing Technologies

Enhancing Taste and Texture While Maintaining the Effects of Lactobacilli

We are also focusing on developing technologies to make yogurt even more delicious. *Meiji Bulgaria Yogurt* was renewed for the first time in about 10 years in March 2023. We have developed *Kuchidoke Hojun Fermentation* by combining ultra-high temperature pasteurization and fat micronization with the conventional technology *Maroyaka Tannen Fermentation* (Low-Temperature, Reduced Oxygen Fermentation), which achieves both shortened fermentation time and good curd structure. The new manufacturing method achieves a good mouthfeel and a mellow taste with a milkiness that spreads through your mouth in a refreshing way.



Meiji Bulgaria Yogurt LB81 Plain, a Food for Specified Health Uses

Page 63 Creating Innovation > Extending the Product Life Cycle >

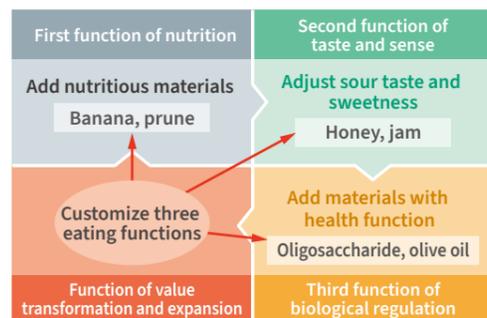
Strength: Enhancing Value from New Perspectives

Focusing on the Value Transformation and Expansion Function of Plain Yogurt

We paid attention to the fact that customers added other ingredients when they were eating plain yogurt. This made us aware that plain yogurt has the function of value transformation and expansion, in addition to its three eating functions of nutrition, taste, and biological regulation. It is a unique function that allows customers themselves to customize the three functions of eating freely by adding ingredients rich in nutrition or with health functions and adjusting sour taste or sweetness. (See the table below.)

We are now focusing on research aimed at utilizing this function of value transformation and expansion to create new value. For example, customers can design *Meiji Bulgaria Yogurt* in a way that suits their feelings or use it as a parent-child communication tool. In other words, by delivering a pleasing experience along with the product, we can contribute to the well-being of our customers. As the words "Genuine Yogurt" shown in its package suggests, *Meiji Bulgaria Yogurt* has delivered the authentic taste and natural benefits developed in Bulgaria, the birthplace of yogurt, as they are and have supported the health of Japanese customers at all times. There must be some reason for the product

being loved for such a long time, aside from the health benefits of lactobacilli and fermentation and manufacturing technologies. Assuming that one possible reason lies in its distinctive taste that is typically described as a refreshing sour taste, we are advancing research on the mental and physical effects of the distinctive taste. We aim to cultivate the attractiveness of plain yogurt that has yet to be identified and acquire sustainable competitiveness as a product always chosen by customers.



Yoshio Toyama

General Manager, Physical Properties & Kansei Research Department, Food Science & Technology Research Laboratories, R&D Division, Meiji Co., Ltd.

Value Creation in the Next Era **COVID-19 Vaccine**

Increasing Vaccine Options and Realizing Stable Supply through Domestic Production

The spread of COVID-19 exploded from the beginning of 2020, causing chaos in society. Since May 2023, it has been classified as a Class 5 infectious disease under the Infectious Diseases Act* in Japan. However, this does not mean that it has been brought under control. Rather, it means that we have shifted to a world in which we have to cope with the disease. In the future, regular vaccination against COVID-19 may be implemented, like flu vaccination. Therefore, it is important to increase effective vaccine options and realize stable supply through domestic production. As a leading company in the infectious disease area, the Meiji Group will assume the responsibility and promote the development and supply of vaccines in collaboration with governments, academia, and partner companies, thereby contributing to society.

* The Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases

Vaccine Production Bases of the Meiji Group

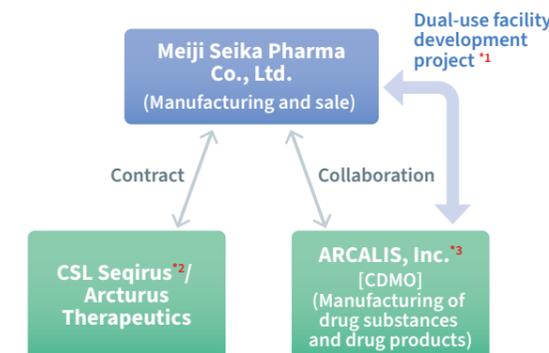


TOPICS: Self-Amplifying mRNA Vaccine ARCT-154

Commercializing an Epoch-Making Vaccine that Offers a Long-Lasting Effect with a Small Dose

We are advancing the domestic development and production of ARCT-154, a self-amplifying mRNA vaccine using next-generation mRNA technology. ARCT-154 is a vaccine developed by Arcturus Therapeutics, Inc., a U.S.-based bio firm. It is expected to provide an effect that exceeds six months even with a small dose. The Meiji Group will be responsible for obtaining regulatory approval, distribution, sale and marketing of the vaccine in Japan under the collaboration system as described in the chart on the right. We already submitted a New Drug Application for primary immunization to prevent COVID-19 in adults in April 2023 and an additional application for a booster dose in adults in June 2023. If approved, ARCT-154 will become the first replicon vaccine coming into practical use in Japan ahead of Europe and the United States. We are collaborating with ARCALIS, Inc. to produce the vaccine and establish integrated mRNA vaccine manufacturing capabilities from drug substances to drug products. ARCALIS is building a manufacturing facility in Minami-soma City, Fukushima Prefecture.

Collaboration System for ARCT-154



*1 The Project of Developing Biopharmaceutical Manufacturing Sites to Strengthen Vaccine Production
 *2 CSL Seqirus, a subsidiary of CSL Limited, is one of the world's largest suppliers of influenza vaccines. The company has state-of-the-art manufacturing facilities in the U.S., U.K., and Australia, and leading R&D capabilities.
 *3 ARCALIS, Inc. is a joint venture company between Axcelead Inc. and Arcturus Therapeutics, Inc., which owns a group of world-class drug-discovery and healthcare platform companies. The company provides drug discovery support, as well as a contract development and manufacturing business (CDMO business), for mRNA medicines and vaccines.

TOPICS: Inactivated Vaccine KD-414

Developing Inactivated Vaccine Safe to Be Used Even in Children

KD-414 is an inactivated vaccine with a long track record of being used as an influenza vaccine and as part of routine vaccination for children. Mostly recently, we initiated a domestic Phase III pediatric clinical trial in children aged 6 months to below 12 years in January 2023. We are also preparing to initiate a clinical trial of a vaccine for COVID-19 variants in children aged 12 years and below by the end of FY2023. Work to build a production system for the vaccine is also proceeding steadily. Using the grants received from the Ministry of Health, Labour and Welfare and the Japan Agency for Medical Research and Development (AMED), we are currently building facilities and equipment necessary for the manufacturing and purification of drug substances, as well as quality testing.



FC Building, a drug substance manufacturing facility, at KM Biologics Co., Ltd.

Message from CEO



Kazuo Kawamura

CEO
President and
Representative Director

Evolving Meiji ROESG[®] Management and Achieving Sustainable Growth by Providing Meiji Unique Value

A Year of Challenging Management Due to Drastic Changes in the External Environment

The Meiji Group faced drastic changes in the external environment in FY2022, a year that demanded careful leadership in a challenging environment. One of these changes was a change in lifestyle due to the prolonged pandemic, which had a particularly negative impact on the Pharmaceutical segment. The other change was instability in the global supply chain, which had a particularly negative impact on the Food segment. Raw material and energy costs soared, and although we made determined efforts to pass on the higher costs, we were unable to ensure profitability. The prolonged depreciation of the yen is also a cause for concern. It may cause difficulties in the sustainability of the domestic dairy industry, which is supported by imported feedstuffs from overseas.

Unfortunately, our business performance in FY2022 was not strong. We did not achieve our operating profit target. In FY2023, we will finish overcoming rising costs in the Food segment as soon as possible and recover earnings under our new pricing structure. We introduced Meiji ROESG* as a management indicator starting in our 2023 Medium-Term Business Plan to realize both profit growth and sustainability activities. We are making good progress in spreading the strategy for future growth throughout the Group. In addition, we are improving our structure to increase profitability by utilizing ROIC. Conducting business activities using ROIC as a decision-making criterion is a necessary initiative for future growth. We will continue to thoroughly prepare to return to a growth path in FY2024 and beyond.

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

Message from CEO



Aiming for Further Growth by Reaffirming Our Mission and Reason of Existence

The Meiji Group's Mission: Providing a Stable Supply of Critical Commodities and Contributing to Health

With the changes in the external environment, we have reaffirmed our social mission and reason of existence. I strongly believe that our mission is, first and foremost, to provide a stable supply of critical commodities. In the Food segment, we handle a variety of products such as infant formula and enteral formula that support the health of infants, children, and the elderly. In the Pharmaceutical segment, we provide essential drugs such as antibacterial drugs that are indispensable in the medical field. These are all product lines in which the Meiji Group has a high market share.

Our other mission is to contribute to solving social issues through our nutritional food products and pharmaceuticals. The Meiji Group handles products such as drinking milk and yogurt that are directly related to the health issues of all generations. We play a role in supporting domestic dairy farming through the manufacturing of those products. In addition, the Meiji Group is one of the few manufacturers of vaccines and antibacterial drugs in Japan that contribute to the prevention and treatment of infectious diseases. We respond to the nation's health challenges by providing a stable supply of necessary pharmaceuticals. We will expand our business so that the Meiji Group's mission will be widely recognized not only in Japan but also globally.

Integrating Sustainability and Business to Improve Corporate Value

We will thoroughly address key issues for future growth based on our reaffirmed mission. First, we will further evolve the Meiji ROESG. The Meiji ROESG has contributed to raising director and employee awareness of sustainability to improve corporate value in non-financial areas. However, we must realize even higher levels in the future. Our goal should be to integrate sustainability and business.

For example, we will address the social issue of food loss by reducing product waste through upcycling and extending expiration dates. We will also strive to improve business efficiency by pursuing waste-free production. If profitability improves as a result of these efforts, we will be able to give back to the dairy and cocoa farmers who provide us with raw materials. It would allow us to enhance our efforts in the agriculture and dairy industries to help reduce greenhouse gas emissions and address human rights issues. We will improve corporate value by not only addressing social issues, but also by taking on the challenge of creating new businesses based on a platform of sustainability.

Page 40 ▶ Sustainability Strategy

Restoring the Growth Potential of the Food and Pharmaceutical Segments as a Must-Achieve Goal in the 2026 Medium-Term Business Plan

Promoting the Growth of the Core Food Business, Overseas Expansion and Brand Investment

The next key issue is to restore business growth potential. There were certainly external factors such as a significant increase in raw material prices and energy costs. However, we must reflect heavily on the fact that there was a delay in the recovery of the growth potential set forth in our 2023 Medium-Term Business Plan. We will carry out the 2026 Medium-Term Business Plan with the restoration of our business growth potential as a must-achieve goal.

First, in the Food segment, we will build a structure in which all the three core businesses of yogurt, chocolate, and nutrition can grow, rather than just a specific one. Therefore, we will increase the speed of our global expansion and firmly capture overseas markets to enhance our growth potential. We will also lead the market expansion by strengthening the functionality expected of food products and promoting their contributions to nutrition.

Furthermore, we will make sufficient investments to strengthen the brand power of individual products. At the same time, we will carefully examine brand evaluation resulting from investments. Cultivating brands requires investment from a medium-term perspective that is not dependent on immediate performance. This is similar to investments in R&D and production. The Meiji Group has built up quality brand assets. However, we cannot maintain them without continued investment. I believe that increasing the value of our intangible assets, namely our brands, will also lead to business performance improvement.

Page 32 ▶ Food Segment Business Strategies

Accelerating Growth with Global Vaccine Strategy and New Drug Launches

The Pharmaceutical segment has made significant progress with structural reforms. We have strengthened our financial position and are moving into a growth stage. The infectious disease area is needed by society, and it is a field in which we have an advantage. We will continue our efforts to expand this business and secure stable earnings.

Another promising initiative is the vaccine business. We will promote measures that contribute to both society and business growth as part of our global vaccine strategy. The key products will be vaccines for COVID-19 and dengue fever, which are currently under development, as well as existing influenza vaccines. We will apply our advanced production technology to spread these vaccines to overseas markets.

In addition, the development of new formulations in the pipeline is progressing. We expect to launch these products in the U.S. and Europe during the 2026 Medium-Term Business Plan. We believe that the success of our formulations developed in-house will help enhance the Group's overall business growth momentum.

Page 36 ▶ Pharmaceutical Segment Business Strategies

Message from CEO

Reinforcing Business Management through ROIC and Human Capital Management Reform are Also Essential Themes

Increasing Effectiveness by Building a System that Directly Links ROIC to Management

ROIC utilization is a priority issue in the 2023 Medium-Term Business Plan. It is important to establish ROIC as the Group's management style. We will enhance the use of ROIC as a top-priority management indicator in our business performance for the 2026 Medium-Term Business Plan. In FY2024, we will review the business units measured by ROIC, and assign an officer in charge of ROIC improvement to each business unit. We will then strengthen progress management to ensure that results are achieved.

We will also use ROIC for portfolio management to ensure that investments are linked to profits. It will result in improving and maintaining ROIC at a high level. First, we will use ROIC in prioritizing investments to build a more effective strategy. Including M&A, we will verify which businesses to select and what to focus on as a Group at the investment stage. Then, we will enhance investment monitoring and take corrective measures as soon as possible after the investment is made.

Achieving Human Capital Management that Emphasizes External Competitiveness and Diversity

We are reforming our human capital management. The keywords of this reform are external competitiveness and diversity.

We must realize diversity and inclusion in our core human capital*, including those at the decision-making level, to promote the success of our diverse human capital. In particular, we aim to increase the number of women, experienced personnel from outside the Group, and personnel capable of working globally in our core human capital. This will allow us to further strengthen our external competitiveness. We are also working to identify and develop managers who drive the Group forward that can support management. Currently, we are operating a succession planning for the presidents of the three Group companies. We have begun operating a development program for executive officers and managers in equivalent positions to select candidates to succeed these three presidents. This program is an extremely important mechanism for enhancing the effectiveness of our succession planning and pooling managers who drive the Meiji Group forward. It is operated with the strong involvement of myself as CEO.

A CHRO was newly established in the Chief Officer system, a Group-wide function, in FY2022. The system has been shifted to a structure led by Meiji Holdings to strongly promote human capital management reforms. I expect that this will promote both personnel exchange within the Group and the integration of personnel systems, as well as accelerate the creation of Groupwide synergies.

* Core human capital: Directors, managers, and career track employees

Stepping toward the Future with a New Growth Strategy by Pursuing Group Synergy

Further Strengthening R&D Structure through Meiji's Unique Co-Creation

It has now been re-launched as the Wellness Science Labs and will function as a hub for promoting open innovation with research institutions in Japan and overseas. Its research themes continue to be anti-aging, immune fortification, and microbiome. Researchers are working across categories to create new health value from both food and pharmaceutical perspectives. I believe that it is the most unique feature of the Meiji Group. We will constantly attract the attention of excellent external research institutions, and make the Wellness Science Labs a place that continuously generates co-creation.

We have enhanced our group governance structure by introducing a Chief Officer system and establishing a Group Strategy Council. We are shifting to advanced management with Meiji ROESG as its new individuality, and pursuing unity as a Group. We will formulate the 2026 Medium-Term Business Plan with Group strategy as the top priority. In addition, we must improve the effectiveness of the Board of Directors to enhance the transparency and credibility of governance. Therefore, we will strengthen Group governance by increasing the involvement of Outside Directors, who possess a wealth of knowledge, in the development of medium- and long-term strategies.

Preparing to be Weeded Out if Corporate Value isn't Created

The 2026 Medium-Term Business Plan is intended to be the starting point for a new growth strategy for the Meiji Group. Preparations for this next leap forward are well underway in the 2023 Medium-Term Business Plan. Specifically, we are investing in overseas markets, reorganizing categories in Japan, and developing products and production systems in the infectious disease area.

Business growth from the management integration to the early 2010s was certainly skewed toward rapid growth of certain products. We aim to achieve growth in our core food business in total under the 2026 Medium-Term Business Plan. At the same time, we strive to realize steady growth in which both the Food and Pharmaceutical segments contribute. Then, we will aim for more sustainable growth by further stimulating our strengths with the Meiji ROESG management. As CEO, responsible for management, I am also determined to take on these challenges.



Message from CFO

Further Strengthening Business Management with ROIC: Achieving the Meiji ROESG and Supporting Global Growth



Koichiro Shiozaki

CFO
Member of the Board and
Senior Managing Executive Officer

Maintaining a Strong Financial Structure in a Severe Business Environment

Spreading the Concept of Business Management using ROIC throughout the Group

We have set Meiji ROESG as the top management indicator in our 2023 Medium-Term Business Plan to enhance corporate value by simultaneously pursuing ROE and ESG. We have introduced Return on Invested Capital (ROIC) as an indicator for improving ROE. Through this approach, we strive for business performance that emphasizes investment efficiency.

We were unable to keep up with unexpected cost increases in raw materials in FY2022, the second year of our 2023 Medium-Term Business Plan. Our profitability declined and ROE fell short of our target. Under these circumstances, we thoroughly reduced fixed costs and selected investments from the ROIC perspective in the Food segment. In the Pharmaceutical segment, we continued to implement structural reforms following FY2021 with strong determination. As a result, we made progress in building a stable earnings base. In addition, we reduced our cross-shareholdings and fixed assets. This allowed the Meiji Group to maintain a strong financial position.

The Meiji Group is oriented toward further growth through aggressive investment, although it is challenging to achieve desired investment effects amid the rapid changes in the business environment. Therefore, we have introduced ROIC as an indicator, which has helped each business unit understand the concept of investment efficiency. As a result, it has become easier to advance discussions on “what we should do to improve profitability” by aligning our perspectives with each other. We see this improved awareness as one of the results of our efforts in FY2022.

ESG is a key indicator of the Meiji ROESG, together with ROE. ESG is an essential initiative for improving corporate value over the long term. We have set a target of JPY 30 billion for ESG investments in the 2023 Medium-Term Business Plan. At the same time, we issued sustainability bonds through a public offering. We are continuing to steadily implement investments that help solve social issues.

Page 22 Overview of 2023 Medium-Term Business Plan and Meiji ROESG > 2022 Business Performance Summary ▶

Sustainable Finance ▶

Pursuing Profitability to Compete Globally by Using ROIC and Adopting IFRS

Further Strengthening Business Management with the Meiji Group's ROIC

We will improve our operational methods in line with our own management and business in order to further increase the effectiveness of our business management using ROIC. For example, we will review business units managed by ROIC to make it easier to check investment efficiency and clarify the person responsible for each business unit. This will speed up our decision-making process. We will also change to the more simplified calculating method of ROIC for each business unit, targeting elements that each business unit can control independently, such as fixed assets. By doing so, we can go through the PDCA cycle quickly. We will consider withdrawing from or transferring businesses that are below the Weighted Average Cost of Capital (WACC). After reshaping our business portfolio according to ROIC, we will make necessary investments. The Debt-to-Equity Ratio (DE ratio) is currently 0.1 or below. However, we recognize that it should be higher than this in order to aggressively pursue investments for growth.

Another future challenge is to make management using ROIC take root at business sites and quickly establish our own ROIC management. Based on the ROIC tree, the first step is for business managers to understand the scope of their responsibilities. The managers can promote improvements and reforms based on their understanding. Then, we will link this to growth after the 2026 Medium-Term Business Plan.

Building a Business Management System that can be Centrally Managed on a Global Basis

What we should do for growth for the future is to establish a global business management system. Our overseas sales ratio exceeded 10% for the first time in FY2022. We expect to further expand our overseas business in the 2026 Medium-Term Business Plan. We are steadily preparing for the introduction of IFRS as a foundation to support this expansion. To achieve this, we are developing human capital capable of promoting global accounting and actively appointing people from outside the Meiji Group. I also see the unification of accounting systems following global standards in both the Food and Pharmaceutical segments as a challenge.

Through this process, we will build a centralized business management system that includes overseas sites. Then, based on this system, we will realize our global expansion and strengthen corporate governance. We will also actively invest in fields with particularly strong growth potential by optimally allocating capital on a global basis. This includes the use of M&A. I recognize this theme as something I must accomplish as CFO in order for the Meiji Group to develop as a truly global company.

Shifting to a Return Policy Emphasizing Total Return Ratio

We increased dividends for the ninth consecutive fiscal year in FY2022. We plan to increase dividends for FY2023 as well. We also bought back shares of approximately JPY 10 billion in FY2022, following on from FY2021. We intend to shift to a policy emphasizing total return ratio from the 2026 Medium-Term Business Plan. We will return the support of our shareholders through both dividends and our total return ratio.

As CFO, I will continue to pursue management to allow the Meiji Group to sustainably increase its corporate value.

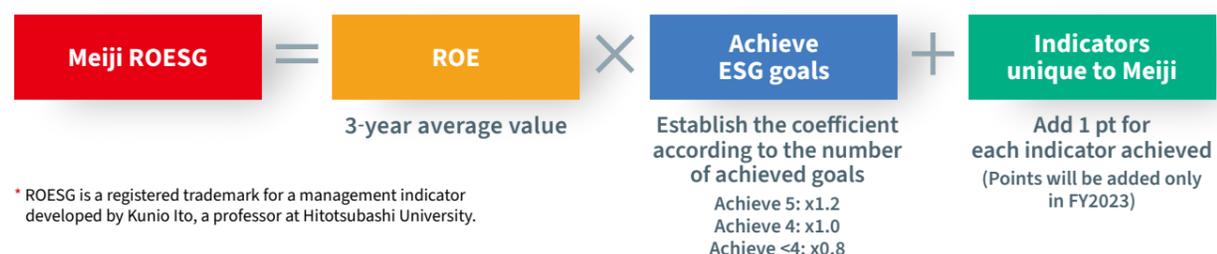
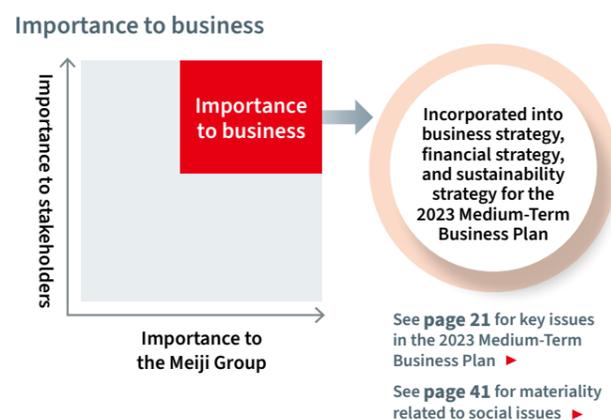
Page 21 Overview of 2023 Medium-Term Business Plan and Meiji ROESG > Overview of 2023 Medium-Term Business Plan ▶

Overview of 2023 Medium-Term Business Plan and Meiji ROESG

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 Meiji (see the figure below). We aim to grow profits, 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

The Meiji Group is oriented toward growth in the global marketplace. Therefore, we selected the following three international evaluation indicators.

- **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

We also emphasize our commitment to coexisting with nature. Therefore, we selected CDP scores, which use of a variety of environmental stewardship progress indices.

- **CDP (Climate Change), CDP (Water Security)**
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

Indicators Unique to Meiji

We aim to enhance corporate value by simultaneously growing profits and conducting sustainability activities. Therefore, we selected the following five items that are highly relevant to the focused business areas in the 2023 Medium-Term Business Plan.

- **Extend healthy life expectancy**
- **Amount of protein intake**
- **Vaccination rate for influenza vaccines**
- **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**

We selected the employee engagement score based on the idea that human capital is the driving force behind both business and ESG activities.

- **Employee engagement score**

Overview of 2023 Medium-Term Business Plan

Key Issues

- 1. Business Strategy**
 - Food Segment**
 - 1) Recover from the stagnation in our core business [Page 32](#)
 - 2) Expand overseas business
 - Pharmaceutical Segment**
 - 1) Integrate operations management of Meiji Seika Pharma and KM Biologics (Strengthen vaccine business) [Page 36](#)
 - 2) Expand CMO/CDMO
 - Group-wide**
 - Venture into new domains [Pages 10, 11, 60](#)
- 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 40, 44, 90](#)

Progress of KPIs

	Indicators	FY2020	FY2021	FY2022	FY2023 Plan	FY2023 Target
Integrated goal	Meiji ROESG	9 points	12.3 points	13.8 points	13 points	13 points
	Growth and Profitability					
	Consolidated net sales	JPY 1,007.1 bn	JPY 1,013.0 bn	JPY 1,062.1 bn	JPY 1,102.0 bn	JPY 1,080.0 bn
	Consolidated operating profit (margin)	JPY 106.0 bn (10.5% ^{*1})	JPY 92.9 bn (9.2%)	JPY 75.4 bn (7.1%)	JPY 78.0 bn (7.1%)	JPY 120.0 bn (11.1%)
	Overseas net sales ^{*2}	–	JPY 92.9 bn	JPY 120.0 bn	JPY 143.0 bn	JPY 134.5 bn
Efficiency and Safety	ROIC	10.0%	8.4%	6.3%	6.5%	10% or more
Return to shareholders	ROE	11.1%	13.5%	10.0%	7.0%	11% or more
	Payout ratio	35.4%	28.0%	36.4%	52.3%	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.

Capital Expenditures and Returns to Shareholders

Cash flows from operating activities	
2023 Medium-Term Business Plan (projected)	
JPY 272.5 bn	
FY2021-2022 Result	FY2023 Plan
JPY 212.5 bn	JPY 60.0 bn

Sale of assets	
2023 Medium-Term Business Plan (projected)	
approx. JPY 100.0 bn	
Reduce cross-shareholding stocks by 30% by the end of FY2023 (compare to book value in FY2020)	
Transfer of business and asset sales etc. FY2021-2022 Result	
<ul style="list-style-type: none"> • Agricultural chemicals business • DM Bio Limited • Noncurrent assets of pharmaceutical research laboratory, etc. 	

Capital Expenditures

FY2021-2022 Result	FY2023 Plan	2023 Medium-Term Business Plan (projected)	2023 Medium-Term Business Plan (original)
JPY 165.3 bn	JPY 62.8 bn	JPY 228.2 bn	JPY 274.0 bn

- Mainly invest in overseas business in FY2023
- The projected investments are not expected to reach the amounts originally planned in the 2023 Medium-Term Business Plan. This is mainly because of the Food segment. The construction period of some projects was delayed and we revised the investment plan.

Return to Shareholders

	FY2021 Result	FY2022 Result	FY2023 Plan
Annual dividend*	JPY 85	JPY 90	JPY 95
Payout ratio	28.0%	36.4%	52.3%
Share buy-back	JPY 30.0 bn	JPY 10.0 bn	–

- Our policy is to raise the dividend payout ratio to 40%. We steadily increase our dividend to increase return to shareholders.
- * A two-for-one common stock split was issued on April 1, 2023. These are retroactively applied figures.

Overview of 2023 Medium-Term Business Plan and Meiji ROESG

2022 Business Performance Summary

In FY2022, which is the second year of the 2023 Medium-Term Management Plan, we were affected by the impact of the COVID-19 pandemic on the global economy and domestic consumption trends. We were also significantly affected by soaring raw materials and energy costs due to the situation in Russia and Ukraine and the weakened yen. 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 ▶

Meiji ROESG ROE, which is the base of Meiji ROESG, averaged 11.5% for the three-year period. We achieved our targets for all ESG indicators, resulting in a coefficient of x1.2.



Net Sales Consolidated net sales were JPY 1,062.1 billion. Overseas net sales of the whole Group were JPY 120.0 billion, which is the first time that the overseas net sales ratio has exceeded 10%.

Food Segment	Pharmaceutical Segment
<p>Net sales were JPY 865.6 billion. We raised prices on products against rising costs of raw materials and energy, and also conducted aggressive marketing activities. Sales decreased in the Yogurt & Cheese business due to the impact of various competing products that promote health value. However, this was offset by sales increase in the Nutrition business, Chocolate & Gummy business and Overseas business.</p>	<p>Net sales were JPY 197.2 billion. Sales were driven by the Domestic Ethical Pharmaceuticals business, where sales of mainstay antibacterial drugs grew. Sales were also driven by the Overseas Pharmaceuticals business, where subsidiaries in India and Spain performed well. Sales in the Human Vaccines business decreased. This was due to an increase in influenza vaccine returns and the absence of contract revenue that was recorded in the previous fiscal year.</p>

Operating Profit Consolidated operating profit was JPY 75.4 billion. Major factors are as shown below.

Variance Analysis (JPY bn)	Analysis of Operating Profit by Segment		
	Food	Pharma	Other
FY2021 Result	92.9	75.9	18.6
Due to increased/decreased sales	+20.4	+13.7	+6.7
Impact of NHI drug price revisions	-5.0	-	-5.0
Changes in COGS	-22.4	-22.7	+0.3
Changes in other SG&A expenses	-5.5	-9.9	+4.4
Other (incl. change in results of subsidiaries)	-4.9	-1.1	-3.4
FY2022 Result	75.4	55.8	21.7

***1 Major factors**
[Food] Increase in raw materials cost: -23.2, Other: +0.5
[Pharma] Cost reductions: +0.3

***2 Major factors**
[Food] Increase in indirect manufacturing costs (incl. energy costs): -5.2, Increase in marketing expenses: -3.3, Other: -1.4
[Pharma] Decrease in R&D expenses: +2.9, Decrease in marketing expenses (incl. impacts of structural reforms): +2.4, Other: -0.9

Profit Attributable to Owners of Parents and Financial Indicators

Consolidated profit attributable to owners of parent was JPY 69.4 billion. Profit decreased substantially mainly due to the absence of gains resulting from the transfer of all shares of the Agricultural Chemicals Business recorded in the previous fiscal year. ROE was 10.0%, and ROIC was 6.3%.

Meanwhile, we reduced cross-shareholdings steadily, and bought back and cancelled shares of approximately JPY 10.0 billion. The equity ratio was 62.7%, further strengthening our financial position. Therefore, we increased our annual dividend for the ninth consecutive year.

ESG Indicators In FY2022, we achieved our targets in all five evaluation indicators. Efforts in environment, governance, occupational health and safety, and human capital led to improved evaluations.

Evaluation indicators	FY2020 Result	FY2021 Result	FY2022 Target	FY2022 Result	FY2023 Target
1) MSCI ESG Ratings	BB	BBB	BBB	A	A
2) DJSI ^{*1}	52 points	55 points	60 points	61 points	65 points
3) FTSE4Good ^{*2}	3.0 points	3.0 points	3.3 points	3.7 points	3.8 points
4) CDP (Climate Change)	A-	A-	A-	A	A
5) CDP (Water Security)	A-	A	A	A	A

*1 Changed target for DJSI to "point." "Point" is more suitable as target management because "percentile" fluctuate with other companies' evaluations.
*2 Revised in accordance with the achievement in FY2022 of the original FY2023 target of 3.5 points.

- Evaluations improved for three of the eight key issues—water stress, product carbon footprint, and corporate governance—compared to the previous fiscal year.
- Scores increased for all three dimensions of the evaluation—governance & economic, environmental, and social—compared to the previous fiscal year.
- Fourteen ESG themes were evaluated. The five themes that received the highest score of five points were biodiversity, pollution & resources, water security, corporate governance, and tax transparency.
- We were recognized for enriching our information disclosure based on TCFD, our roadmap to carbon neutrality by 2050, acquisition of SBT certification, and membership in RE100.
- We received evaluations for our information disclosure on water risks at our production sites in Japan and overseas. We were also evaluated for measures to address these risks including reduced water consumption, thorough wastewater quality management, flood countermeasure implementation, and expanded water source recharge efforts.

Indicators Unique to Meiji We made progress on indicators 3 through 6 in FY2022. While progress was made on the development of COVID-19 vaccines in 6, the other challenges still remain.

Indicators	As of FY2022	FY2023 Target
1) Extend healthy life expectancy ^{*1}	+0.56 years	+1 year
2) Amount of protein intake	71.4 g/day ^{*2}	75 g/day
3) Vaccination rate for influenza vaccines	55.7% ^{*3}	60%
4) Employee engagement score	Deviation score B	Deviation score A
5) Sales growth rate for health-conscious products, nutritional products with added value, products for a super-aged society ^{*4}	-3.1%	10% or more
6) Success in and supply of vaccine and therapeutic agent for COVID-19	Under development	Development and supply

*1 Compared to 2016 (men 72.14 years old/women 74.79 years old) *2 2019 latest survey
*3 FY2021 latest survey; based on people aged 65 or older receiving routine vaccinations *4 Compared to FY2020

- The vaccination rate for FY2021, the latest result available, was 55.7%, down 9.9 percentage points from the previous fiscal year. This decrease is likely a reaction to sharp growth in the previous fiscal year due to the spread of COVID-19 infections and increased awareness of infection prevention.
- The score was B, the same as FY2021. Employees appreciate our potential and contribution to society. However, they cited collaboration between organizations and diverse workstyles as challenges due to changes in workstyles following the COVID-19 pandemic. [Page 54 Human Capital Management](#) ▶
- We recorded negative growth again in FY2022. Sales were significantly affected by a decline in sales of yogurt and functional yogurt. This resulted from intensified competition and price hikes in the health food market.
- We are developing KD-414, an inactivated vaccine against COVID-19, and ARCT-154, a self-amplifying mRNA vaccine. We aim to supply them as soon as possible. We filed for manufacturing and marketing approval of ARCT-154 for initial immunization in Japan on April 28, 2023. We also filed for additional immunization on June 30, 2023. [Page 11 Value Creation in the Next Era COVID-19 Vaccine](#) ▶

Overview of 2023 Medium-Term Business Plan and Meiji ROESG

Overview of 2023 Plan

During FY2023, we expect the resumption of consumer activities previously curtailed by COVID-19 will drive a recovery in consumer movement and provide an economic boost. However, we forecast earnings will continue to be impacted by increasing prices for domestic raw milk, other raw materials, and energy costs. We have positioned FY2023 as a period of preparation for the next Medium-Term Business Plan. We will get ready for profit recovery and accelerated growth by steadily working on the following points.

Page 21 Overview of 2023 Medium-Term Business Plan > Progress of KPIs ▶

Initiatives of Focus

Strategies to offset cost increase	<ul style="list-style-type: none"> Penetrate price hikes Continue marketing investment
Change strategies in core business	<ul style="list-style-type: none"> Recover sales growth and secure stable revenue by pursuing added value Start business restructuring to build a robust foundation for revenue
Invest management resources in future growth drivers	<ul style="list-style-type: none"> Expand overseas business and develop new vaccine Accelerate development pipelines in the Pharmaceutical segment Venture into new domains and collaborate with startups and venture companies
Accelerate to integrate sustainability and business performance	<ul style="list-style-type: none"> Evolve Meiji ROESG further (Meiji Nutritional Profiling System, Global Vaccine Strategy)

Net Sales Consolidated net sales are projected to be JPY 1,102.0 billion. We aim to increase sales in both the Food and Pharmaceutical segments. We are also aiming for further growth, with overseas net sales of the whole Group of JPY 143.0 billion (overseas net sales ratio of 13.0%).

Food Segment
Net sales are projected to increase 2.5% year on year to JPY 887.0 billion. We will work to improve sales volume by ensuring the price hikes implemented in the previous fiscal year take root and strengthening marketing. We aim to increase sales in our core businesses.

Pharmaceutical Segment
Net sales are projected to increase 9.2% year on year to JPY 215.5 billion. Efforts are underway to launch the self-amplifying mRNA vaccine ARCT-154 in the Human Vaccines business as a growth driver. We aim for the vaccine to contribute to business results by the end of FY2023.

Operating Profit Consolidated operating profit is projected to be JPY 78.0 billion. Major factors are as shown below.

Variance Analysis (JPY bn)

		Food	Pharma	Other
FY2022 Result	75.4	55.8	21.7	-2.1
Due to increased/decreased sales	+56.7	+49.6	+7.1	—
Impact of NHI drug price revisions	-3.4	—	-3.4	—
Changes in COGS	-32.0	-30.7	-1.3	—
Changes in other SG&A expenses	-15.1	-16.7	+1.6	—
Other (incl. change in results of subsidiaries)	-3.7	-2.1	-0.8	-0.8
FY2023 Plan	78.0	56.0	25.0	-3.0

Profit Attributable to Owners of Parents and Financial Indicators

Consolidated profit attributable to owners of parent is projected to decrease significantly to JPY 51.0 billion. This is primarily due to the absence of extraordinary profit from the sale of pharmaceutical research laboratory land in the previous fiscal year. ROE is expected to decrease year on year to 7.0% as a result. However, the dividend payout ratio is expected to increase significantly to 52.3%.

Structural Reforms in the Pharmaceutical Segment

Towards a Lean Corporate Structure that Is Less Affected by NHI Drug Price Revisions

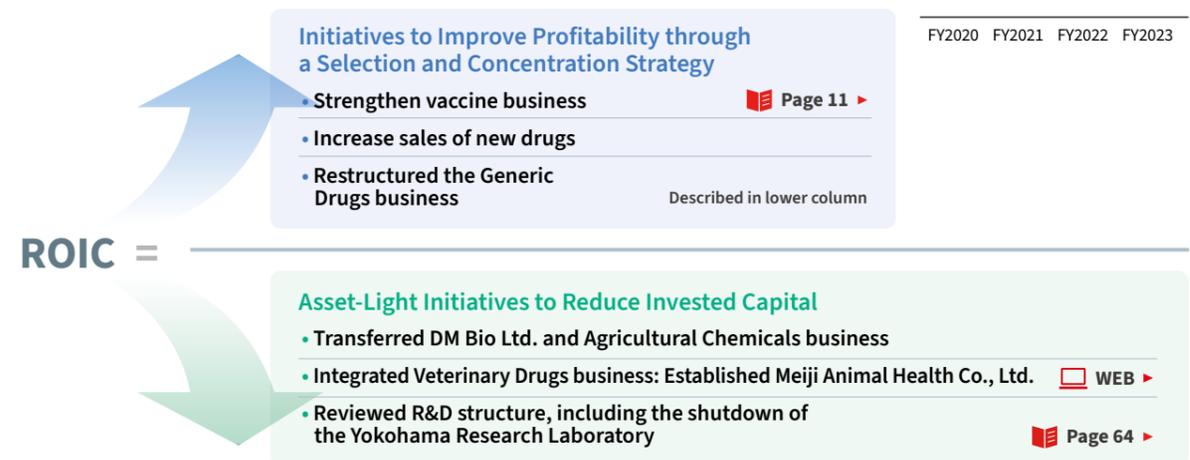
The pharmaceutical market in Japan is affected by annual NHI drug price revisions. We are reshaping our business portfolio in the Pharmaceutical segment to achieve sustainable business growth.

Promoting Reforms Starting with ROIC and Building a Stable Earnings Base

We have built new pillars of growth that are not affected by NHI drug price revisions through M&A. We acquired Medreich Ltd. in 2015 to enter into the CMO/CDMO* business, and KM Biologics in 2018 to enter into vaccine business. We are promoting structural reforms under the 2023 Medium-Term Business Plan. Through these efforts, ROIC is expected to exceed its initial target in FY2023. We have built an operating base that can stably earn operating profit of around JPY 20 billion. We will accelerate growth going forward.

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

ROIC in the Pharmaceutical Segment



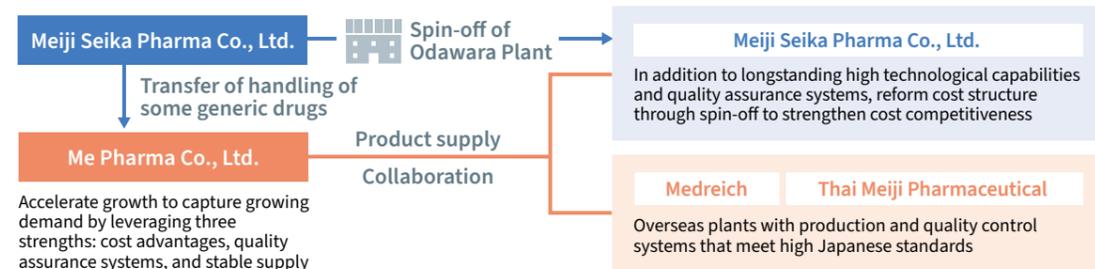
Restructuring the Generic Drugs Business

Transforming Generic Drugs with Increasing Demand into a Growth Business

The demand for generic drugs in Japan is increasing due to a growing elderly population and progress in preventative medicine. However, problems with quality have become more frequent in recent years. As a result, the quality and stable supply of generic drugs is becoming increasingly scrutinized. Therefore, we are restructuring our businesses to ensure profitability and growth. We are building a solid business base with the cost advantages of efficient production at our overseas plants and our strengths in high-level quality assurance and a stable supply system.

Strengthening Cost Competitiveness and Sales Capabilities

We spun off the Odawara Plant of Meiji Seika Pharma Co., Ltd. to establish Meiji Seika Pharmatech Co., Ltd. in December 2022. Going forward, this plant will evolve into a CMO plant that will be contracted to manufacture other companies' products as well as our own products. With strengthening cost competitiveness, we are also strengthening our sales capabilities for further business expansion by integrating the Generic Drugs Division of Meiji Seika Pharma Co., Ltd. into the generic drug manufacturing and sales company Me Pharma Co., Ltd.

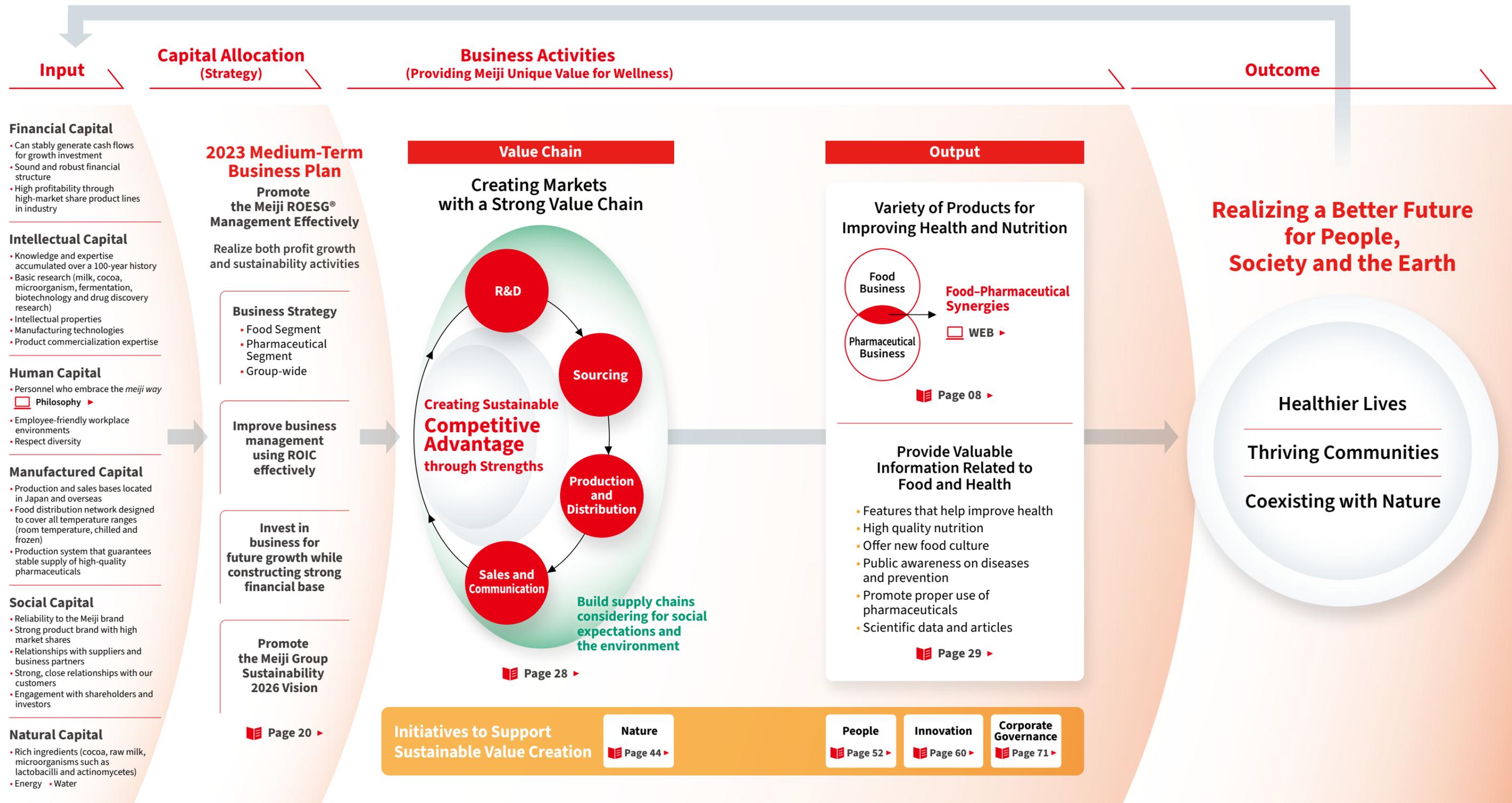


The Meiji Group's Process for Value Creation

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

The Meiji Group has accumulated an abundance of capital over the years. We strategically allocate this capital through Meiji ROESG[®]* Management. We then create Meiji unique value for wellness through a value chain that leverages our strengths. By evolving this process further, we aim to become a company capable of sustainable value creation.

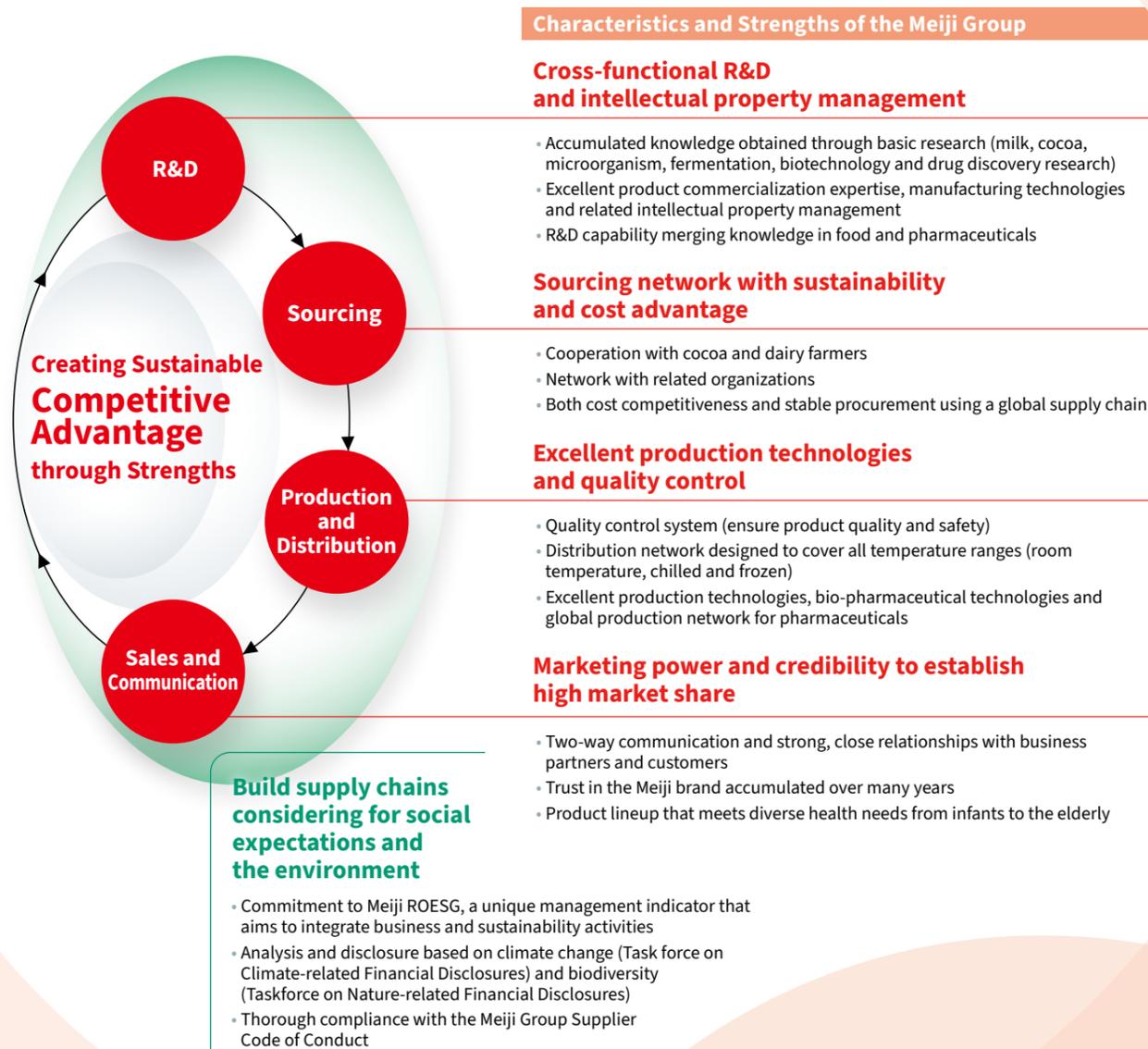
* ROESG is a registered trademark for a management indicator developed by Kunio Ito, a professor at Hitotsubashi University.



Driving Force Behind Sustainable Value Creation

The Meiji Group aims to achieve sustainable growth by providing Meiji unique value for wellness and creating new markets. We have diverse strengths in the value chains of R&D, sourcing, production and distribution as well as sales and communication that form the foundation of these efforts. We will build on these strengths to create a competitive advantage that is unique to Meiji. At the same time, we will give proper consideration to society and the environment. We will further enhance our corporate value by providing a variety of products and useful information that contribute to good health.

Creating Markets with a Strong Value Chain

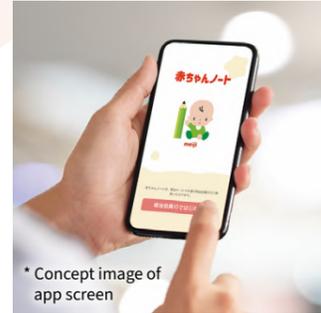


Continuing to Create Innovative Value with New Ideas

The Meiji Group is evolving its existing businesses by incorporating advanced digital technology knowledge. Our constant efforts have led to the creation of innovative unique value in the fields of food and pharmaceuticals to meet our customers' needs today and tomorrow.

Transforming Marketing through Interactive Communication

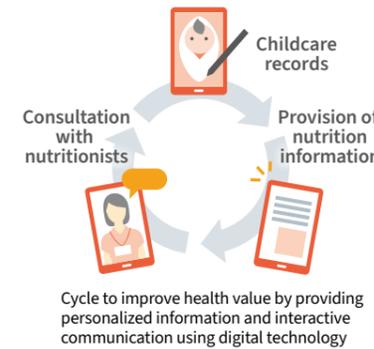
Providing Personalized Information and Contributing to the Vibrant Daily Lives of Children and their Families



We must provide customers with what they need to be continuously chosen by them. Now that foods with health value are expected by customers, unique ingredients or functions alone are insufficient. We believe that we must provide products and information that match the situations of customers. Therefore, we are transforming our marketing activities to be more customer-oriented.

For example, we are developing an app to enhance our contact with parents of infants. This app has three functions at launch: record, learn, and consult. Users can get information on nutrition according to their infant's age by entering childcare records. They can also consult directly with our nutritionists. We have used the know-how that our dedicated nutritionists have accumulated over many years of offering nutritional consultation services at hospitals, in stores and at counseling offices for parents. We will not stop at simply providing information. We will also provide support for the child-rearing lifestyles of children and their families.

We will develop new marketing activities in other categories using our customer communication know-how and digital technologies. Providing products with valuable information contributes to solving social issues. By doing so, we will strengthen our relationship of trust with our customers and improve the lifetime value of products.



Contributing to Infection Control using Digital Technologies

Collaborating with BlueDot in Canada to Provide the Latest Infectious Disease Information to Medical Facilities

The use of digital technologies in the pharmaceutical industry has increased rapidly in recent years. This includes using artificial intelligence to improve drug discovery efficiency and using real-world data in clinical development. There are also an increasing number of non-pharmaceutical initiatives, such as digital therapy, to meet needs that are not being met by pharmaceuticals.

The Meiji Group is currently working to provide solutions in areas including prevention and prognosis by fully using digital technologies. Information is very valuable to prevent infectious diseases. Therefore, we signed a contract with BlueDot, a Canadian company, in 2021 to establish a system that allows us to get timely and comprehensive information on infectious diseases around the world. We are also providing infectious disease reports for medical professionals and submit papers estimating the number of people infected with COVID-19.

Furthermore, we are considering forecasting infectious disease outbreaks. We aim to provide timely information on the spread of infectious diseases by developing forecasting programs and securing new data sources. Therefore, we are hiring highly specialized human resources and collaborating with academia and other industries. The Meiji Group will contribute to meeting medical needs and maintaining and developing public health through these efforts. We will also help solve the social issue of the threat posed by infectious diseases.

* Membership site for healthcare professionals operated by Meiji Seika Pharma Co., Ltd.



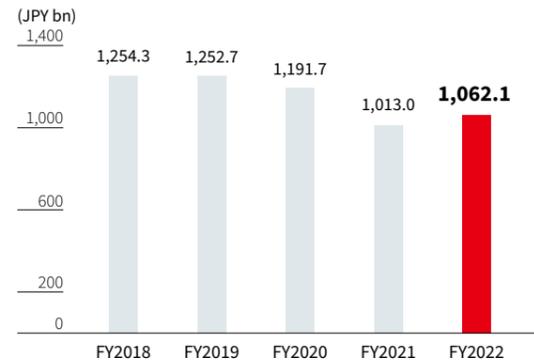
Publishing BlueDot reports on Meiji Medical Net*



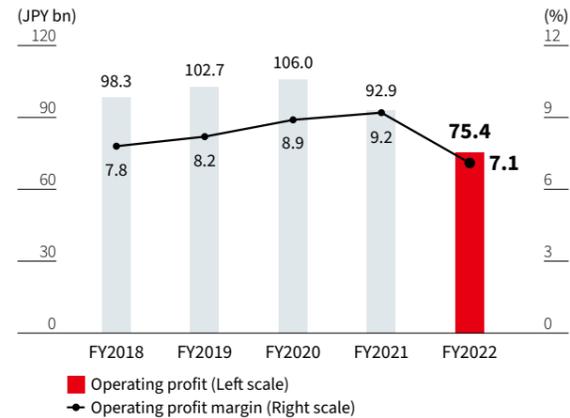
BlueDot Report

Financial and Non-Financial Highlights (Main Indices)

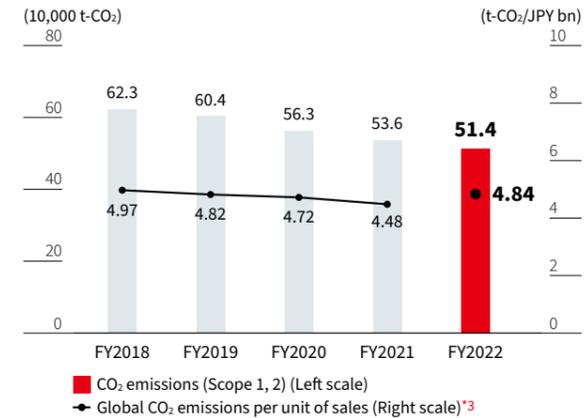
Net Sales ^{*1}



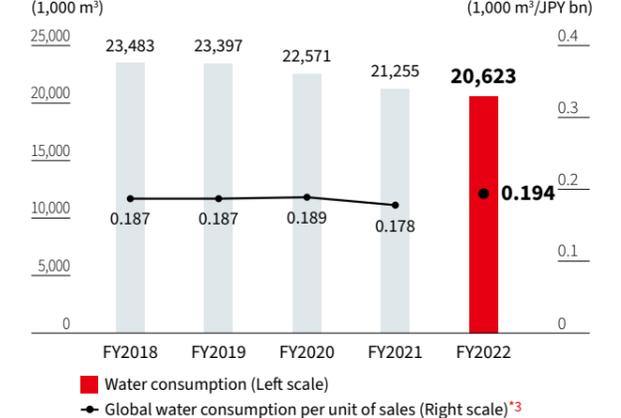
Operating Profit / Operating Profit Margin



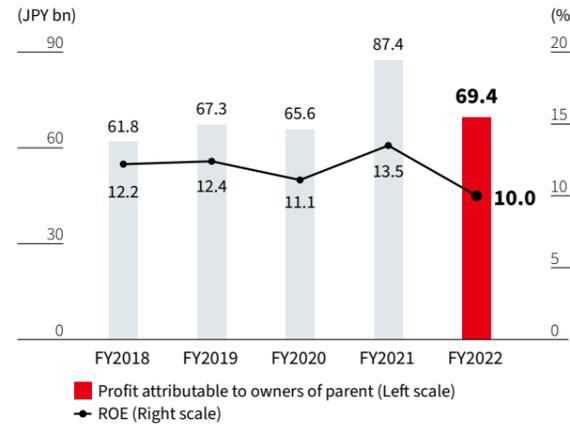
CO₂ Emissions (Scope 1, 2) / CO₂ Emissions per Unit of Sales ^{*2}



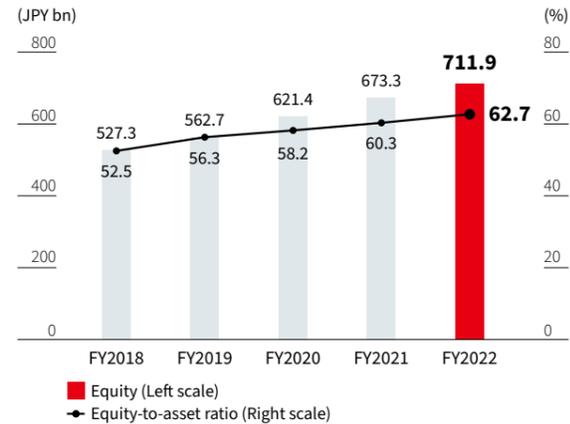
Water Consumption / Water Consumption per Unit of Sales ^{*2}



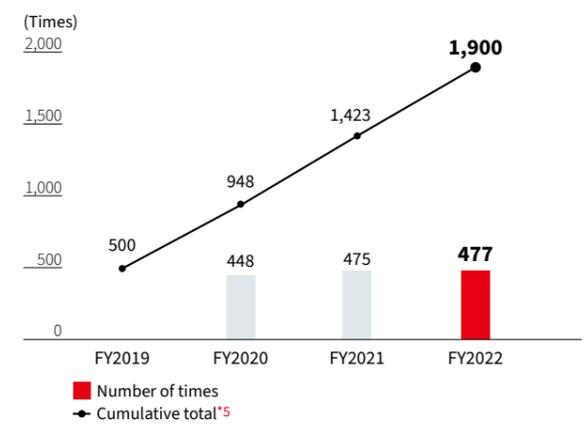
Profit Attributable to Owners of Parent / ROE



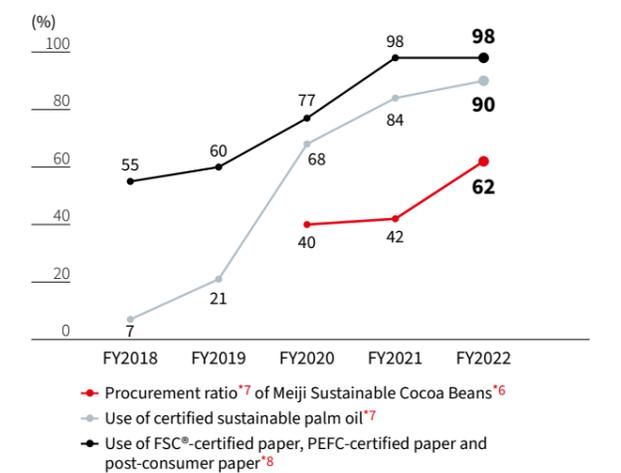
Equity / Equity-to-Asset Ratio



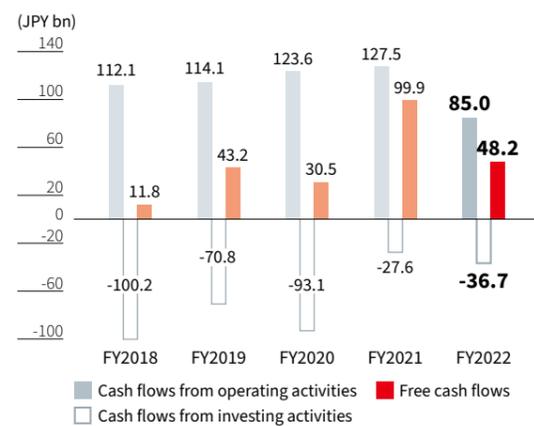
Number of times support has been provided to dairy farmers by the Meiji Dairy Advisory (MDA) ^{*4}



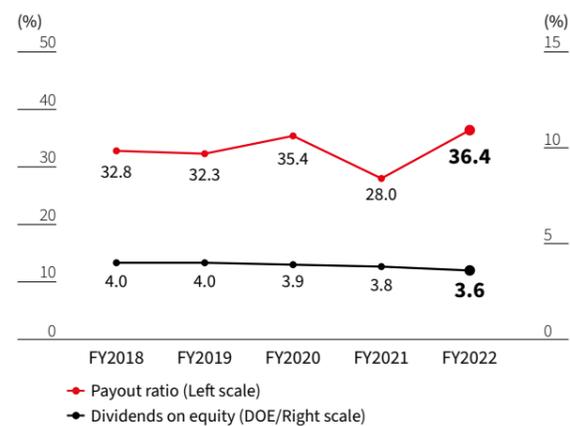
Sustainable procurement ratio



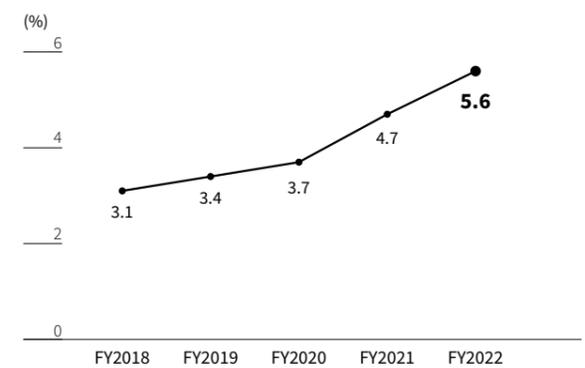
Cash Flows



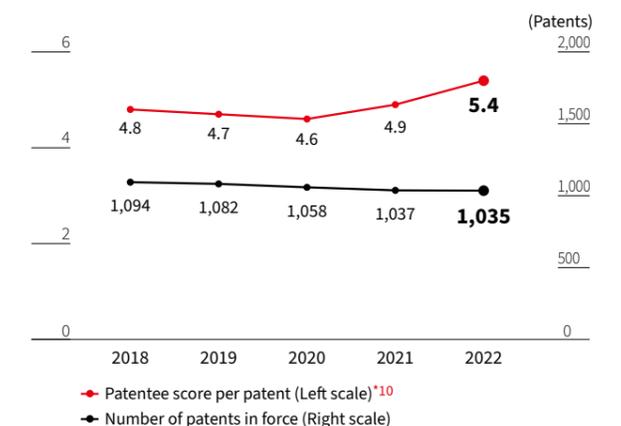
Payout Ratio / Dividends on Equity (DOE)



Ratio of female managers ^{*9}



Patentee score per patent / Number of patents in force ^{*9}



^{*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 13 overseas production plants <12 plants up until FY2019, 13 plants in FY2020, 14 plants in FY2021>). The per unit of sales is calculated from the consolidated sales. The Kumamoto Production Center 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 related implementation guidance are being applied to net sales used in the per unit calculation for FY2022. The same standard and related implementation guidance have not been applied to net sales used in the per unit calculation for FY2021 and earlier.

^{*4} An activity focused on human resource management, aiding the growth of those involved in dairy farms through improving farm operations and enhancing their business management techniques.
^{*5} By FY2019, support had been provided a total of 500 times.
^{*6} Cocoa beans produced in areas where farmer support program has been implemented.
^{*7} Meiji Co., Ltd. and its affiliated domestic and overseas group companies.
^{*8} Until FY2020, covers only group companies in Japan (including KM Biologics from FY2019). From FY2021, covers all group companies in Japan and overseas.
^{*9} Four companies of Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd.
^{*10} Indicator of patent competitiveness provided by Patent Result Co., Ltd. (using Biz Cruncher®).

Food Segment Business Strategy

Returning to a Growth Path by Moving Forward Without Being Bound by Past Successes



Katsunari Matsuda

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

A Challenging Year with a Significant Decrease in Profits: Overcoming the Slowdown in Growth in Recent Years

Renewing Awareness of Issues We Must Address

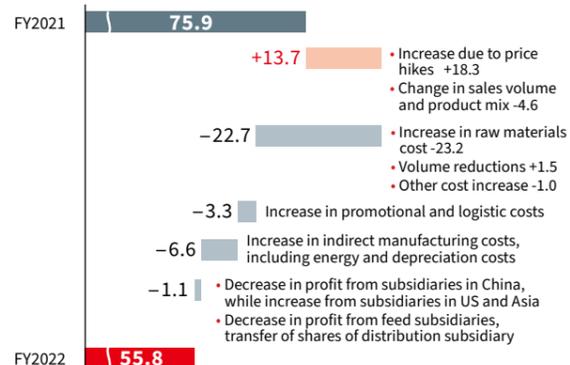
Net sales increased in the Food segment in FY2022. However, operating profit declined by JPY 20 billion. While net sales increased, this includes an increase due to price hikes. In other words, volume-based results that exclude price hikes were very disappointing.

The recent decrease in profit is largely due to external factors, such as soaring raw material prices and energy costs. There is also a serious impact from growth slowdown in recent years. In the past few years, we have only been able to mitigate the impact of this growth slowdown through cost reduction. However, in FY2022, the negative impact of external factors exceeded the effect of cost reduction. This exposed the impact of growth slowdown.

We must understand the seriousness of these results to break out of this difficult situation. Each and every one of us must work earnestly to return to a growth path. We must instill a sound sense of urgency within the company.

(JPY bn)	FY2021 Result	FY2022 Result	YoY Change
Net sales	826.0	865.6	+4.8% +39.5
Operating profit	75.9	55.8	-26.5% -20.0

Breakdown of Consolidated Op. Profit (JPY bn)



Restoring Growth of Core Businesses and Focusing on Further Expanding Overseas Business

Quickly Regaining Profitability to Take on Change

A major reason for this growth slowdown is that we are stuck in our past successes. We have built top brands in many categories: drinking milk, yogurt, chocolate, and infant formula. We have prioritized efforts to protect our current position in recent years based on our strategy of “enhance strength of products/business.” As a result, we have been unable to focus on developing and cultivating new products, leading to stagnant growth. I believe that the “enhance strength of products/business” strategy itself is correct. These results have reaffirmed that we can enhance our strength through change rather than extending our traditional paths.

Fortunately, the pace of raw material and energy cost increases has eased in FY2023. Our efforts to pass on costs are also progressing. We offer products in every category that are differentiated from competitors’ products in terms of value. Highly differentiated products can sustain higher prices, leading to a quicker recovery in lower earnings due to cost increases. We will improve the product appeal of our core product lineup with health value. For example, we plan to launch new products such as *Meiji Probio Yogurt R-1* with a stronger concept as well as *SAVAS* sports protein with enhanced functions from blending in new ingredients. In addition, we will strengthen marketing activities. Focusing on the health value of our products will result in increasing sales volume. We will regain profitability, then take on the challenge of achieving further growth in FY2024 and beyond.

Strengthening Global Strategy from a Human Capital Perspective to Drive Growth

We are making steady progress with our overseas business in accordance with the 2023 Medium-Term Business Plan. In China, our Tianjin plant, which produces drinking milk and yogurt, began operations in January 2023. We will complete our confectionery, drinking milk and yogurt plant in Guangzhou and our ice cream plant in Shanghai going forward. Drinking milk is still in the process of becoming profitable. However, confectionery, ice cream, and B to B are contributing to profits.



Meiji Dairies (Tianjin) Co., Ltd.

In particular, the uniqueness of ice cream products developed and marketed with the input of local employees has been well accepted by the market. This has led to an increase in sales volume. In China, we sell chocolate bars and chocolate snacks that are familiar in Japan. The taste, quality and brand worldview of our products have been well received, and they are performing well. Performance in Southeast Asia has been favorable as well. The Meiji brand is also gaining popularity in the U.S. market. This global performance has renewed our confidence that our technological capabilities cultivated in Japan over many years and the high level of trust in the Meiji brand hold true overseas as well. We will make further progress by quickly identifying and responding to local opinions and needs.

The entire Group will work together to drive growth in the global market accordingly with focus on two issues. First, in April 2023, we reorganized our business divisions at the head office in Japan. Product managers in each division now assume responsibility for overseas markets as well. Secondly, we intend to increase the mobility of human capital between our head office in Japan and overseas subsidiaries to raise the level of our global management capabilities. For example, we will actively assign motivated and capable human capital to each country and region. They will return to Japan after gaining experience in local business for a while and apply the knowledge they have gained overseas throughout the Group. They will then use this experience to create new value in the global market.

Food Segment Business Strategy

Boldly Implementing Structural Reforms in Businesses: Aiming for a Lean and Efficient Business Structure

Improving Operating Efficiency while Optimizing Production

We will clear up and other important issues in the Food segment within FY2023. We have maintained sales value through price hikes, but sales volume has remained sluggish. We have made capital expenditures for growth during the period of the 2023 Medium-Term Business Plan, but some investments have not generated returns as expected. We will reorganize excess facilities and optimize production capacity. In addition, COVID-19 pandemic has made us keenly aware once again that we must improve sales productivity. The Food segment achieved significant profitability growth in the years since FY2012, driven by sales growth from core businesses. At the same time, there was a positive impact of structural reforms to optimize structures in all sections of the company, including production, logistics, and sales. We must reflect on the fact that, while the unusual environment of COVID-19 pandemic did have an impact, the speed of our reforms was lacking compared to the past. Therefore, we will decisively implement structural reforms and return to a lean and optimized management structure. We are determined to start the 2026 Medium-Term Business Plan from FY2024 on that basis.

Refining the Path Towards the Future: Creating Value for Wellness that only Meiji can Provide

Our Reason for Existence is in Creating New Markets

Meiji currently has the support of many customers. However, we must sharpen its philosophy to evolve into a company that is truly needed by society. In the Food segment, we have clearly stated our nutritional ideals in our Nutrition Statement. We will then embody our new group slogan, *Now ideas for wellness*. In June 2023, we formulated the Meiji Nutrition Profiling System (Meiji NPS) as a system to evaluate and improve food products from a nutritional perspective. With the Meiji NPS, we will accelerate our efforts to solve health issues by pursuing nutritional value. Many global food companies are now focusing on how to communicate the nutritional value of their products to consumers. There are also governmental initiatives to develop new labeling systems. How do we ourselves relate to issues surrounding nutrition and wellness, and how can we communicate this? I would like to propose specific answers to these questions while including current trends in the next 2026 Medium-Term Business Plan.

In this regard, we must brush up our Nutrition Statement further. We must also expand our business in the markets that are currently growing. The true essence of the Meiji Group is to create new markets and enjoy the benefits of being a pioneer. We have achieved this with yogurt, chocolate, and functional yogurt. We will continue to create innovations with Meiji unique value for wellness and develop sustainably into the future. I hope to set out in this direction during the 2026 Medium-Term Business Plan.

Page 61 Creating Innovation > Food Segment ▶

Becoming a Group of Individuals with Initiative and Turning Diversity into a Corporate Strength

An Organization with a Sense of Ownership over Innovation

We are promoting organizational reforms to invigorate communication within and outside the company and develop human capital capable of creating new businesses. We have centralized development divisions across the company, which has led to active interactions among researchers across categories. I often see them exchanging ideas with each other. Some initiatives created under the Meiji Accelerator Program, a program for open innovation through collaboration with startup companies, have resulted in commercialization. We will encourage the creation of new products and services with a sense of ownership by proactively communicating these examples within the company. In particular, I would like to raise awareness among the next generation of young employees that if they come up with interesting ideas, they will be adopted.

Furthermore, we positively consider M&A as an option to create new businesses and expand overseas business. The Food segment has cash inflow of JPY 50 to 70 billion every year. We need to allocate that to investments for growth. One of the ways to do this is through M&A. Rather than implementing M&A thoughtlessly, we select and implement those that bring synergies in line with our philosophy. In addition, the driving force for long-term growth is our human capital. I want Meiji to be a group of individuals who think and act on their own to fully demonstrate their abilities. We aim for the kind of diversity that demonstrates the strengths of individuals. Then, I would like to turn this into a corporate strength.



Meiji Accelerator Program
(In Japanese only) ▶

Each and Every Employee Working Together to Fulfill Meiji's Responsibility and Mission

Aiming for Growth That Is Not an Extension of Traditional Paths

We will work to eliminate the damage caused by increased costs and get back on a growth trajectory by the end of FY2023. We will then actively invest for further growth, including overseas. It is our human capital that will execute this growth strategy. Therefore, we will also invest in our human capital. We would like to return to a growth path by taking on new challenges and pursuing new value offerings. We should continue to grow by taking different paths rather than expanding business by extending our traditional paths. Our mission is to contribute to people's nutrition and health through our business. We aim to realize a sustainable society. We need to break through past successes and have each and every employee constantly think about what Meiji unique value for wellness truly is. My greatest mission is to make Meiji a company that continues to have the determination to realize these values.



Pharmaceutical Segment Business Strategy

Becoming a Company that can Consistently Develop and Supply Pharmaceuticals Needed by Society



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.

Making Significant Progress in Structural Reforms and Becoming a Leading Company in Infectious Diseases

Creating a Structure that Enables Us to Leverage our Strengths for Growth

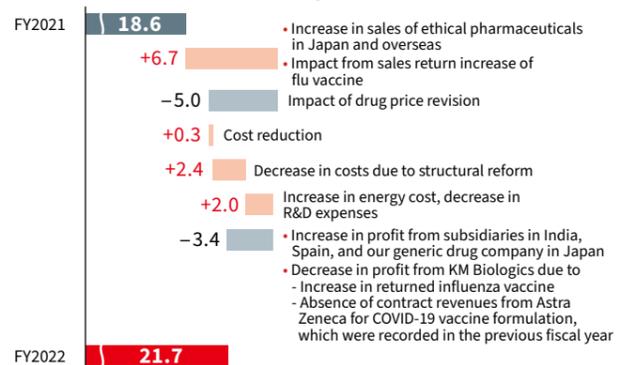
Continuing from the previous fiscal year, we made good progress in implementing structural reforms in the Pharmaceutical segment as set forth in the 2023 Medium-Term Business Plan again in FY2022. In particular, the reorganization of the generic drugs business required bold decisions. First, we spun off the Odawara Plant. We then integrated the functions of the Generic Drugs Div. at the head office into Me Pharma Co., Ltd. The generic drug market in Japan is in a turbulent period due to quality issues and supply shortages. We have transformed our structure into one that can achieve growth by demonstrating our competitive advantage and unique presence.

The stable supply of antibacterial drugs, which are useful drugs, is being addressed as a national policy in response to the rising national security risks. The government's "Strategy for Strengthening the Vaccine Development and Production System" is also underway to address the risk of emerging and reemerging infectious diseases. In this environment, the Meiji Group is increasing its presence in the pharmaceutical industry with its value chain from prevention to treatment of infectious diseases.

The Pharmaceutical segment is currently at a turning point. I have been able to foster an awareness of the need for change within the company through dialogue with employees. I view this as another achievement in FY2022.

(JPY bn)	FY2021 Result	FY2022 Result	YoY Change
Net sales	187.9	197.2	+4.9% +9.2
Operating profit	18.6	21.7	+16.4% +3.0

Breakdown of Consolidated Op. Profit (JPY bn)



Contributing to National Security through Pharmaceuticals: Continuously Bringing New Drugs Developed In-House to the Market

Promoting Three Important Projects

The Pharmaceutical segment is pursuing three important projects that will contribute to national security. The first is developing COVID-19 vaccines. We are proceeding with the commercialization of two types of vaccines: KD414, an inactivated vaccine, and ARCT-154, a self-amplifying mRNA vaccine*. The second project is establishing a domestic production system for bulk penicillin, which is highly dependent on overseas supplies. In doing so, we are responding to the policy of ensuring a stable supply of antibacterial drugs in Japan. We are also working with other companies to establish a supply chain that can be completed within Japan. The third project is the development of the β -lactamase inhibitor OP0595, which is supported by the Japanese government. We are working on this project as a countermeasure against antimicrobial resistance (AMR) as an international problem. Through these three projects, we will build a platform to prepare for the threat of emerging and reemerging infectious diseases. This will also enhance our value to society.

* A vaccine that is expected to have high neutralizing antibody titer, high safety and efficacy, and long-lasting effects with a small amount of inoculation using next-generation mRNA technology

Beginning the Harvest of New Drugs in FY2023

New drugs are the lifeblood of pharmaceutical companies. We have pipelines now entering the late-stage clinical development phase. ME3208, a drug for the treatment of chronic graft-versus-host disease (chronic GVHD), has been designated as an orphan drug in recognition of its breakthrough potential. An application for approval was submitted in June 2023, and approval may be received as early as FY2023. Other promising new pipelines include DMB-3115, an ustekinumab biosimilar; ME3183, a treatment for psoriasis; and KD-382, a vaccine for dengue fever. We position these pipelines as global strategic products.

The R&D Steering Committee plays an important role in ensuring the progress of these promising pipelines. Under the leadership of this committee, Meiji Seika Pharma and KM Biologics formulate joint R&D policies to optimize their portfolios. In addition, we actively rotate organization leaders and researchers to encourage new ideas. We are fostering a corporate culture that strongly promotes R&D with a sense of togetherness. Furthermore, we have linked the corporate planning and business management functions of the two companies. We are working to speed up decision-making through centralized information and strengthen the corporate governance of the Pharmaceutical segment as a whole.

Unleashing the Hidden Potential of Platforms in the Fight Against Infectious Diseases

Creating New Drugs through Networked R&D

The pharmaceutical industry is shifting to horizontal division of roles. This model utilizes superior outside knowledge in the research, manufacturing and development processes. The development of new drugs in particular now requires a vast amount of unconventional technologies and knowledge, such as bio-pharmaceutical technology. As a result, it is becoming dramatically difficult to reach commercialization. Therefore, we are strengthening networked R&D, such as with collaboration with academia and venture companies to search for new drug seeds. We established a "urban proximity-type" and "seeds proximity-type" laboratory in the Tokyo Bay area. We have also recruited professional human capital with experience in the clinical field. In doing so, we have created a system that enables researchers to promote open innovation with mobility. A number of promising projects are currently being developed collaboratively with academia. We are taking on the challenge of creating new drugs in areas where we have strengths, such as infectious diseases, hematology, and immunology and inflammation disorders.

Pharmaceutical Segment Business Strategy

Expanding the CMO/CDMO Business Originating in India

We are developing our Contract Manufacturing Organization (CMO)/Contract Development and Manufacturing Organization (CDMO) business with Medreich Ltd. in India as our main base. The horizontal division of roles model outsources manufacturing and development to third parties. This model is progressing internationally, and demand for our CMO/CDMO business is expected to grow. We will seize opportunities created by global demand expansion. To this end, we have constructed a new manufacturing building in India for Adcock Ingram Pharma Private Limited, an affiliated company of Medreich, in April 2023 to increase production capacity. Medreich's products are widely distributed from West Asia to Africa, where populations are exploding. By expanding our production capacity, we will contribute to improving access to drugs. We will therefore continue to address global issues while achieving significant growth ourselves.

Turning Our Unique Platform and DX into New Growth Strategies

We aim to achieve further growth by creating new value in the infectious disease control platform we are building. We are currently constructing a manufacturing plant for mRNA drugs and vaccine formulations together with our partners using government subsidies. This plant will be capable of producing not only vaccines but also new drugs using mRNA technology. We will be able to produce and supply the pharmaceuticals needed by society centrally within Japan, from bulk drugs to drug formulations. I see great potential in this.

Furthermore, one of our future growth strategies is our non-pharmaceutical initiatives that go beyond pharmaceuticals to provide new value to society. We have a presence in the central nervous system (CNS) area along with the infectious disease area. There is the issue that patients with central nervous system diseases are less satisfied with the therapeutic effects of pharmaceuticals. We are taking on the challenge of creating next-generation medical solutions to address this issue. As a concrete example, we are making efforts to spread and implement digital transformation (DX) to prevent mental illnesses such as depression in collaboration with academia.

Showing the Unknown Growth Potential of Meiji

Mastering the Infectious Disease Area and Looking Further Ahead

FY2023 is the final year of our 2023 Medium-Term Business Plan. While we aim to achieve the goals set forth in our Medium-Term Business Plan, we are already looking even further ahead. We are a leading company in the infectious disease area. We hope to grow ourselves as a company by continuing to protect people's health from the threat of emerging and reemerging infectious diseases. We can leverage our platform in a variety of areas. In line with this, we would like to further enhance our corporate value by creating new drugs that target a wide range of diseases. Please look forward to seeing how Meiji will evolve in the future.



Pipeline (As of August 2023)

Ethical Pharmaceuticals

Stage	Name	Type	Efficacy Classification
Approved (Japan)	KD2-305 ●	Injection	Suppression of bleeding tendency in patients with blood coagulation factor VIII or factor IX deficiency who have coagulation factor inhibitors
Filed (Japan, South Korea)	ME3208 (Belumosudil)	Oral	Chronic Graft Versus Host Disease
Filed (Overseas) Phase I (Japan)	DMB-3115	Injection	Plaque psoriasis/Psoriatic arthritis/Crohn's disease/Ulcerative colitis (Biosimilar)
Phase III (Japan, Overseas)*1	HBI-8000 (Tucidinostat)	Oral	Unresectable or metastatic melanoma
Phase III (Japan, Overseas)*1	OP0595 (Nacubactam) ●	Injection	β-lactamase inhibitor
Phase II (Overseas)	ME3183 ●	Oral	Psoriasis/Selective PDE4 inhibitor
Phase Ib / II (Japan)*1	HBI-8000 (Tucidinostat)	Oral	Relapsed or refractory B-cell non-Hodgkin's lymphoma

Human Vaccines

Stage	Name	Target Disease
Filed (Japan)	KD-370	Pentavalent vaccine against diphtheria, tetanus, pertussis, poliovirus, and Haemophilus influenzae type b
Filed (Japan)	ARCT-154	Self-amplifying mRNA vaccine against COVID-19
Phase III (Japan)*1	KD-414	Inactivated vaccine against COVID-19 (Adults*2)
Phase III (Japan)	KD-414	Inactivated vaccine against COVID-19 (Pediatric*3)
Phase I (Overseas)	KD-382	Quadrivalent vaccine against dengue fever
Phase I (Japan)	KD2-396	Hexavalent vaccine against diphtheria, tetanus, pertussis, poliovirus, Haemophilus influenzae type b, and Hepatitis B virus

Veterinary Drugs

Stage	Name	Efficacy Classification
Filed (Japan)	ME4137	Injectable antibacterial drug for cattle
Filed (Japan)	ME4137	Injectable antibacterial drug for swine
Filed (Japan)	KD-412 ●	Vaccine for cattle
Under development	MD-22-3002	Anti-inflammatory drug for cattle, swine and horse
Under development	ME4305 ●	Antibacterial drug for cattle
Under development	MD-22-1001-1	Injectable antibacterial drug for cattle
Under development	ME4406 ●	Feed additive

● : Discovered in-house

*1 Multi-Regional Clinical Trial *2 18-40 years old *3 0-11 years old

□ Pipeline ▶

Sustainability Strategy

Becoming a First Mover in Sustainability: Contributing to Solving Social Issues with Ideas Unique to Meiji



Jun Furuta

CSO, Member of the Board and Senior Managing Executive Officer

Sustainability Initiatives that Put the Meiji ROESG® into Practice Making Steady Progress

Initiatives for Human Rights and Coexisting with Nature Moving Forward

The Meiji Group's business operations are now based on the concept of Meiji ROESG* Management. We are highly conscious of linking ESG to the improvement of corporate value. We made steady progress with our sustainability initiatives to put the Meiji ROESG Management into practice in FY2022. As a result, we achieved generally solid results in the second year of the 2023 Medium-Term Business Plan.

Human capital is an important element of ESG. We newly established a CHRO within the Group as a specific initiative for human capital. The CHRO is now at the center of a system to promote human capital management. Furthermore, we are promoting human rights due diligence. We are assessing the workplace environment for foreign employees and developing measures to improve it. We have been holding meetings on human rights with our overseas Group companies to share information since FY2022. We have enhanced our initiatives to address human rights issues by aligning our understanding. Thorough respect for human rights is a necessity for growing our business overseas. We will continue to implement measures while taking into consideration the circumstances in each country and region.

We are also making steady progress in our initiatives for coexisting with nature. However, there are still some areas that we need to focus more on. Three themes of particular importance to the Meiji Group are carbon neutrality, nature positive and circular economy. All are closely interrelated and require a trinity of initiatives. We must realize all three at a high level to lead the Meiji Group toward becoming a sustainable company. I believe that this is the critical mission assigned to me as CSO.

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

- Page 44 Coexisting with Nature ▶
- Page 58 Human Rights ▶
- Sustainability ▶

Strengthening Initiatives for Carbon Neutrality and Nature Positive

Starting to Calculate Carbon Footprint of Products

The Meiji Group aims for carbon neutrality by 2050. Scope 3 emissions, or emissions from supply chains other than our own, account for 85% of our greenhouse gas (GHG) emissions. Therefore, reducing Scope 3 emissions is an urgent issue. We have established a roadmap for reducing emissions to achieve carbon neutrality. As a concrete measure in line with this roadmap, we started calculating the carbon footprint of our mainstay products, drinking milk and milk chocolate, in FY2022. As we expected, emissions from the upstream portion of the supply chain were found to account for more than 90% of the total emissions for both products. We plan to calculate the carbon footprint of other mainstay products to expand the scope of our initiatives. Going forward, we will focus on reducing emissions upstream. The key to reducing emissions is understanding the actual data. Having data as a basis will promote concrete and persuasive initiatives. In particular, Scope 3 reductions cannot be achieved without the cooperation of outside business partners. Therefore, we would like to pay attention to creating a working environment that facilitates collaboration.

Page 46 Coexisting with Nature > Initiatives for Reducing GHG Emissions from Dairy Farming ▶

Creating a New Business Model to Reduce GHG Emissions

The Meiji Group has already begun efforts to reduce GHG emissions in the upstream process for drinking milk. We created a new business model using the J-Credit Scheme, collaborating with Ajinomoto Co., Inc. The objective is to contribute to reducing emissions at the dairy farms that provide us with raw milk. It may be just a small step with limited effectiveness at this point. However, it is significant that manufacturers and dairy farmers have started working together to reduce GHG emissions. In addition, we have begun to consider carbon farming for dairy farms. Carbon farming is an agricultural method that aims to reduce GHG emissions by capturing atmospheric CO₂ into farm soil and improving the quality of farm soil. We will continue to collaborate with municipalities where dairy farming is thriving to conduct a study. The Meiji Group will spread these initiatives throughout the industry. Dairy farmers, dairy manufacturers, and dairy industry organizations will cooperate to help reduce GHG emissions in Japan. These initiatives will lead to greater sustainability of dairy farming.

Redefining Biodiversity for the Meiji Group

The concept of "nature positive" has recently emerged. It aims to stop the loss of biodiversity and have a positive impact on the environment. Through the agreement at COP15, it has become an international goal to bring the world to a nature-positive state by 2030. The Meiji Group is engaged in businesses where coexisting with nature is essential. Both food and pharmaceuticals depend on natural capital and ecosystems. Therefore, nature positive is an extremely important issue. In addition to established biodiversity conservation efforts, we must always be aware of what we can contribute at our business sites and follow through with these contributions. We will clearly define what nature positive means to the Meiji Group and formulate specific initiatives. Then, we will present these initiatives in the next 2026 Medium-Term Business Plan.

Identifying the Materiality in Social Issues (up to FY2023)

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			
	Circular Economy	Reduce environmental impact			
	Water	Secure water resources			

See page 90 for details on progress ▶

Sustainability Strategy

Viewing Sustainability from a Global Perspective and Becoming a Leader in Society

Promoting the Transition to a Circular Economy

We are enhancing our initiatives for the circular economy that leads to carbon neutrality and nature positive. We aim to realize highly circular businesses. For example, bottled products used to be the mainstream for home deliveries. By collecting those bottles, we were able to recycle resources. However, with the recent shift to products in plastic containers, collection methods have become a major issue. Therefore, we are adding the new concept of Renewable to the traditionally emphasized 3Rs of Reduce, Reuse, and Recycle in order to realize a circular economy. We will replace packaging containers with renewable resources. We will be conscious of the 3Rs + Renewable from the product design stage and promote businesses that can shift to a circular economy. We will communicate the initiatives of the Meiji Group to society at large and encourage our customers to change their behavior. The Meiji Group finds value in products that contribute to the realization of a circular economy. We will also take a lead in promoting ethical consumption, for which we ask our customers to pay a premium. I believe that the Meiji Group has a responsibility to fulfill initiatives such as these.

 Ethical Consumption Starting with Meiji (In Japanese only) ▶

Increasing Sustainability Awareness and Readiness

We will further expand our sustainability initiatives, including coexisting with nature. First, we will ensure that we achieve our targets and KPIs for FY2023. We will also formulate the next 2026 Medium-Term Business Plan in FY2023. Since this is the last Medium-Term Business Plan toward the Meiji Group 2026 Vision, we strive to achieve our targets. We are currently receiving a good response to the realization of the vision. However, the interpretation of sustainability has recently been expanding. Accordingly, the scope of what we need to tackle has expanded. Sustainability is directly linked to management, and sustainability and business activities are becoming two sides of the same coin. Therefore, our initiatives need to be even deeper going forward. To this end, it is important to quickly capture global trends and grasp the sustainability that society is demanding. We must then put this demand for sustainability into action immediately. In this way, I would like to raise the Meiji Group's overall awareness of sustainability and refine our ability to respond immediately.

 Page 20 Overview of 2023 Medium-Term Business Plan and Meiji ROESG ▶

Pursuing Sustainability in the Meiji Group's Unique Way

The Meiji Group will gain the “first-mover” advantage in new sustainability initiatives. That is what I strongly hope to achieve as CSO. Until now, the Meiji Group has been a follower in the area of sustainability. I want to be the first to present and implement ideas that are unique to Meiji to the world. I also want us to evolve as first movers. The creation of a new business model that contributes to the realization of sustainable dairy farming, as I mentioned above, is a prime example of the first-mover role we are hoping to play. From now on, we will always promote initiatives from a global perspective. The Meiji Group is now evolving into a company group that competes on a global scale. With regard to sustainability, we will continue to take a global perspective in our thinking, our superior knowledge, and our efforts to raise the level of our activities. If we are able to rise to this challenge, we will become a leader in sustainability in Japan. We can also support the formulation of domestic rules. As a first mover, demonstrating the Meiji Group's uniqueness in sustainability initiatives will have a positive impact on our business over the medium to long term. This will lead to an increase in corporate value.

Becoming a Brand that Evokes Sustainability in Addition to Wellness

Taking on the Challenge of Establishing a New Sustainable Brand

We will take on the challenge of establishing a sustainable brand as a way to achieve both business growth and sustainability. “Sustainable brand” is a keyword proposed by Mr. Peter D. Pedersen, an Outside Director. He pointed out that the Meiji Group should become a sustainable brand leader in Japan. With the slogan of *Now ideas for wellness*, we are promoting our corporate brand as a company that provides “Meiji unique value for wellness.” Accordingly, we would like to develop branding that evokes the image that Meiji's products are sustainable. We will create sustainable products throughout the entire value chain. We will also consider how we can make all processes, from procurement to development, production, and sales, more sustainable. It is a very difficult theme, but we will put it into practice as we deliberate.

Strengthening Communication with Consumers through Proactive Information Disclosure

The Meiji Group is working to procure 100% RSPO-certified palm oil and expand procurement of sustainable cocoa beans. We are proud that these kinds of activities are comparable to those of leading European companies in the field of sustainability. Unfortunately, the Group has not gained such recognition from the market. From now on, we will proactively disseminate information so that when people pick up Meiji products, they subconsciously think of them as sustainable products in addition to being healthy. To achieve this, we will establish Meiji's standards and promote our products as sustainable products as well as devise ways of communicating with consumers that Meiji is sustainable. Health and sustainability are not contradictory. I hope to achieve our ideal world by the end of the 2026 Medium-Term Business Plan.

Integrating Sustainability and Business Strategy: Accelerating Corporate Value Enhancement

Presenting a New Direction in the 2026 Medium-Term Business Plan

These days, we cannot talk about management strategy without mentioning sustainability. We have strongly reaffirmed our belief that the Meiji ROESG is the best way to improve our corporate value over the medium to long term. The Meiji Group is a company that can publicize sustainability to society through its products. We also intend to review materiality in our 2026 Medium-Term Business Plan. We will identify materiality with an emphasis on strengthening corporate competitiveness. In addition, by integrating our business and sustainability strategies, we will be able to achieve results more quickly. As CSO, I will play a leading role in accelerating the improvement of the Meiji Group's corporate value from the perspective of sustainability.



Coexisting with Nature

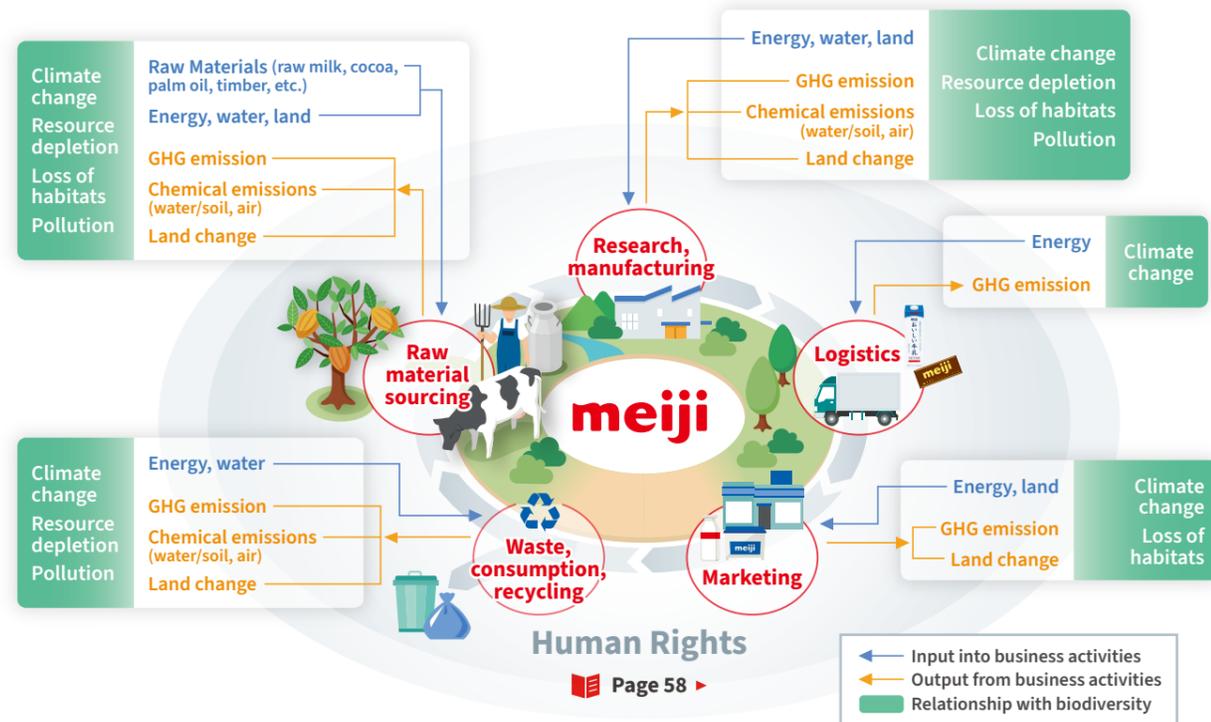
Focusing on Addressing Social Issues Related to Main Raw Materials to Pursue Global Sustainability and the Sustainable Growth of the Meiji Group

The Meiji Group is based on the bounty of nature. Natural capital is an important business foundation. We must maintain the bounty of nature to sustain our business. Therefore, we believe it is important to clarify social issues in our supply chain and promote specific initiatives to address them. These initiatives will allow us to pass on the bounty of nature to future generations while we aim to achieve the sustainable development of the Meiji Group's business.

The Meiji Group's Value Chain: Close Relationships with Climate Change, Biodiversity and Human Rights

Main raw materials such as raw milk and cocoa support the foundation of the Meiji Group's business. These materials are natural capital that are closely related to climate change, biodiversity and human rights. We are working to reduce the risks associated with these main raw materials and to conserve them throughout our business and supply chain.

Map of Relationship Between the Meiji Group and Biodiversity^{*1} including Climate Change, and Human Rights



*1 Relationships have been organized among the elements of biodiversity conservation such as resource depletion, loss of habitats and pollution, including climate change
 *2 GHG: greenhouse gas

Addressing Social Issues in Main Raw Materials

Each of the main raw materials necessary for the Meiji Group's business continuity faces different social issues. Therefore, the Meiji Group is promoting a wide range of initiatives for each raw material. Initiatives for two main raw materials, raw milk and cocoa beans, are explained in detail on the following pages.

Main Raw Materials	Main Products and Applications	Main Initiatives	Social Issues
Raw milk 	<ul style="list-style-type: none"> • Drinking milk • Yogurt • Cheese • Butter • Ice cream • Chocolate 	Calculated carbon footprint of products (CFP)  Page 46 ▶	• GHG emission reduction
		Reduction of GHG emissions by using feed with improved amino acid balance; use of J-Credit Scheme  Page 46 ▶	• GHG emission reduction
		Use of biomass plastics in <i>Meiji Oishii Gyunyu</i>  Page 47 ▶	• Reduction of plastics
		Support of dairy farm management with Meiji Dairy Advisory (MDA) Conducted 477 activities per year with a cumulative total of 1,900 activities (FY2022)  WEB ▶	• Sustainable dairy farm management
Cocoa beans 	<ul style="list-style-type: none"> • Chocolate • Ice cream 	Meiji Cocoa Support (MCS)  Page 48 ▶	<ul style="list-style-type: none"> • Deforestation/ forest conservation • Child labor • Improved livelihood of cocoa farmers • Local environmental conservation • Biodiversity loss
		Establishment of traceability to farms  Page 48 ▶	
		Introduction of Child Labor Monitoring and Remediation Systems (CLMRS)  Page 59 ▶	
		GPS mapping, seeding distribution  Page 48 ▶	
		Promotion of agroforestry farming  WEB ▶	
Procurement ratio of <i>Meiji Sustainable Cocoa Beans</i> produced in regions where farmer support was provided through MCS: 62% (in FY2022)  WEB ▶			
Palm oil 	<ul style="list-style-type: none"> • Chocolate • Ice cream • Margarine • Infant formula 	Promotion of the use of RSPO-certified palm oil Procurement ratio: 90% (FY2022)  WEB ▶	<ul style="list-style-type: none"> • Deforestation • Peatland destruction • Violation of the rights of indigenous people • Forced labor • Child labor • Biodiversity loss
Soybeans 	<ul style="list-style-type: none"> • Protein • Feed 	Establishment of procurement guidelines  WEB ▶	<ul style="list-style-type: none"> • Deforestation • Child labor
Wood (Paper) 	<ul style="list-style-type: none"> • Product packaging materials 	Promotion of the switch to environmentally friendly paper* used for product containers and packaging Procurement ratio: 98% (FY2022)  WEB ▶ * FSC®/PEFC-certified paper; recycled paper including post-consumer paper, etc.	<ul style="list-style-type: none"> • Deforestation • Forced labor • Child labor

Coexisting with Nature



Making Dairy Farming Sustainable with a New Approach

Dairy farming produces more than just nutritious raw milk. It is an important industry that creates many jobs and contributes to the local economy. However, it faces various issues such as dealing with environmental pollution by cattle manure. Raw milk is the cornerstone of the Meiji Group's business. Therefore, we will take the initiative in addressing these issues to realize sustainable dairy farming.

Initiatives for Reducing GHG Emissions from Dairy Farming

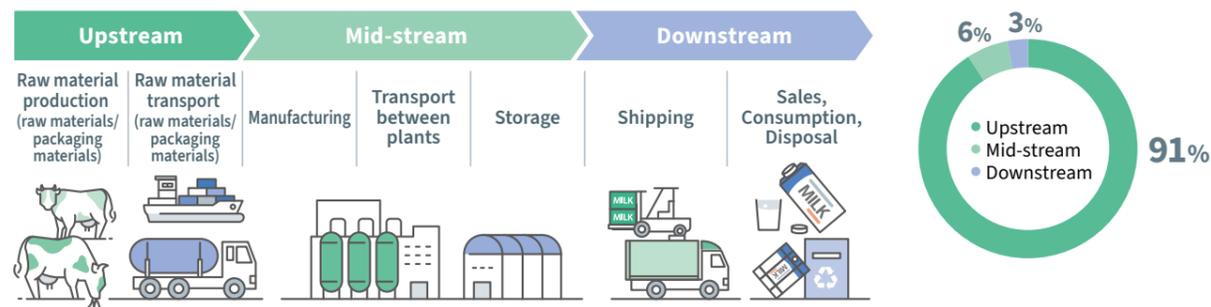
To reduce greenhouse gas (GHG) emissions from dairy farming, we are working to calculate the carbon footprint of products (CFP) related to drinking milk. We are also developing a business model using the J-Credit Scheme in collaboration with Ajinomoto Co., Inc.

Calculating CFP Related to Drinking Milk

We calculated CFP related to drinking milk for the first time in Japan in FY2022 to visualize GHG emissions in the dairy industry. We referenced EPD*, an international standard, guidelines established by the International Dairy Federation (IDF) for the calculation. We collected data on factors such as energy consumption, feed types or formulations and manure disposal with the cooperation of dairy farmers. We then calculated the CFP per bottle of *Meiji Organic Milk* made from raw milk from designated farms in Hokkaido. Results showed that upstream emissions related to raw material production and transport account for 91% of total GHG. We will visualize actual environmental pollution using methods like these to raise awareness of issues throughout the dairy industry. This will lead to concrete actions to reduce GHG emissions.

* EPD: Environmental Product Declaration, an international standard by a third-party product safety certification organization that verifies the safety of sustainable products

Details of CFP Calculations for Each Process in the Supply Chain



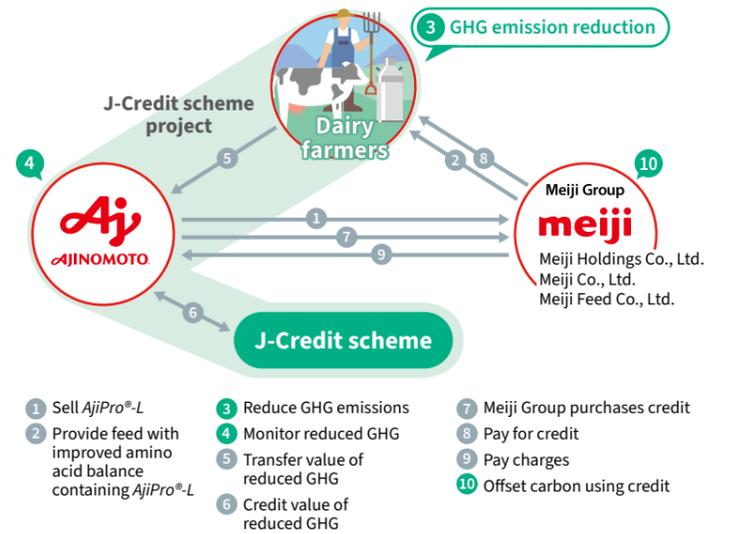
Developing a Business Model Using the J-Credit Scheme

We have created a business model using the J-Credit Scheme in collaboration with Ajinomoto Co., Inc. to both reduce GHG emissions and create economic value in the dairy industry. This business model utilizes Ajinomoto's *AjiPro[®]-L*, a lysine formulation for dairy cattle, in feed to reduce GHG emissions while maintaining raw milk production and contributing to cost reductions for dairy farmers. Nitrous oxide (N₂O) generated from cattle manure is a GHG with a greenhouse effect about 300 times greater than CO₂. We were able to reduce N₂O emissions while maintaining milk production by feeding a diet with an improved amino acid balance using *AjiPro[®]-L*. The feed effectively provides lysine, an essential amino acid that is often lacking in dairy cattle, leading to reduced feed costs for dairy farmers.

We are also developing this initiative as a business model using the J-Credit Scheme*. Specifically, the Meiji Group supplies dairy farmers with optimal feed with improved amino acid balance using *AjiPro[®]-L* procured from Ajinomoto Co., Inc. The GHG emission reductions achieved by this process are converted into credits by Ajinomoto under the J-Credit Scheme, and the Meiji Group then purchases these credits. We then pay those credits to dairy farmers which becomes a new source of income for them. We believe that more dairy farmers and companies will participate in this business model, and expect to see even greater benefits.

* A scheme through which the government certifies as credits the amount of CO₂ emissions reduced through the adoption of energy-saving equipment, the use of renewable energy, and the amount of CO₂ absorbed through appropriate forest management

Business Model Using J-Credit Scheme



Promoting Use of Renewable Energy

The Meiji Group contributes to the realization of a decarbonized society by actively promoting the use of renewable energy. We introduce solar power generation facilities and the use of electricity derived from renewable energy sources as well as biomass energy.

Use of Renewable Energy

The Meiji Group has joined RE100, a global initiative aiming for companies to source 100% of the electricity used in their business operations from renewable energy. We have set a target to increase the share of renewable energy at our sites to more than 50% of total power usage by 2030.

Introduction of Solar Power Generation Facilities

Solar power generation facilities have been introduced at 13 sites as of March 31, 2023. The most recent installation was at the Eniwa Plant in the Food segment in FY2022. As a result of this initiative, the annual reduction in CO₂ emissions from solar power generation facilities was 2,358t-CO₂ in FY2022. We will continue to introduce solar power generation facilities in FY2023 and beyond.



Eniwa Plant, Meiji Co., Ltd.

Use of Biomass Energy

We plan to introduce facilities capable of the methane fermentation treatment of food waste and wastewater treatment at the Tokachi Plant in FY2024. This will enable us to use methane biogas generated from the anaerobic treatment of whey, a byproduct of cheese production, as a fuel, therefore reducing industrial waste.

Use of Biomass Plastics for Meiji Oishii Gyunyu

We are strengthening plastic resource recycling. We converted plastic used in caps and spouts of *Meiji Oishii Gyunyu* into biomass plastic in FY2022. Through this initiative, we are contributing to addressing social issues caused by plastic waste.

Percentage of recycled plastics*¹ and biomass plastics*² used in PET bottle containers
Target of **70%** by 2025 and **100%** by 2030



*¹ Plastics made from used PET bottles that have been collected and reused as raw materials
*² Plastics derived from renewable organic resources such as plants. A new plastic material that is attracting attention because it helps reduce CO₂ emissions without relying on fossil fuels as much as possible.

Coexisting with Nature

Making Cocoa Production Sustainable Together with Production Areas

Chocolate, one of the Meiji Group's main products, is also a product that is based on the bounty of nature. We aim to ensure the sustainability of cocoa production, the raw material of chocolate. Therefore, we are committed to addressing the social issues faced by the regions where cocoa is produced and solving them in a way that is unique to Meiji so that all people involved in cocoa production can be happy.



Addressing Social Issues in Cocoa Production

We are working to address issues faced by cocoa production areas. These issues include reduced harvests due to a lack of awareness of cultivation techniques and deforestation caused by conversion to cocoa farms. We are also promoting new initiatives, such as pursuing the potential of cocoa as a fruit.

Meiji Cocoa Support (MCS)

Meiji Cocoa Support is our unique cocoa farmer support program that began in 2006. We are aiming to enhance the sustainability of cocoa bean production by directly visiting production areas and working with various partners to address social issues. These issues include technical support to improve the quality of cocoa beans, improving the livelihoods of farmers and activities to conserve and restore the local environment. We are currently offering MCS in nine countries: Ghana, Venezuela, Brazil, Peru, Dominican Republic, Ecuador, Mexico, Vietnam and Madagascar.



Meiji Cocoa Support is an initiative to maintain a positive cycle among farmers, Meiji and customers, from cocoa bean production to product development, sales and consumption.

Establishing Traceability to Farms

We are working to establish traceability of cocoa beans to the farms where we procure them in all source countries in order to realize sustainable cocoa production. By establishing traceability, we are able to identify issues faced by the farmers of our cocoa beans and work to address them. We have already established 100% traceability in five countries: Brazil, Dominican Republic, Ecuador, Mexico and Vietnam. We are working to establish 100% traceability in other countries.

Addressing Deforestation and Forest Conservation

We are promoting initiatives to halt deforestation and protect and restore the forests associated with cocoa farms. In Ghana, we provide information on forest protection and restoration as well as education on agricultural production process management to farmers at our suppliers. In addition, we collaborate with local partners to monitor the farms of our suppliers and ensure that they are not interfering with protected forest areas through mapping and on-site inspections. Furthermore, we promote agroforestry* by distributing various shade tree seedlings to cocoa farms.

* A coined term combining agriculture and forestry that involves planting trees and then growing and raising crops and livestock among those trees



Walking along the farm boundary with a smartphone and mapping it with GPS to identify the boundary between the farm and the protected forest areas and check the farm area not interfering with the protected forest areas



Shade tree seedlings to be planted in cocoa farms

Creating New Value for Cocoa through the "Possibilities of Cocoa" Project

We are taking on the challenge of creating new value for cocoa through the "Possibilities of Cocoa" project, which was launched interdepartmentally. The first result of this project was the launch of new products in February 2023 that utilize cocoa-derived nutritional materials that had not been utilized until then. *Cacaful*, which contains cocoa flavanol extract, and *Cacawell*, a cocoa ingredient food, were commercialized through close collaboration with cocoa farms in Vietnam in cooperation with production areas. We will continue to contribute to society by creating new value for cocoa.



▲ *Cacaful* (Drink/Tablet/Sorbet)
A product that overturns conventional impressions of cocoa by combining red cocoa flavanol extract, which is extracted from cocoa beans using a proprietary technology, with cocoa juice made from pressed cocoa pulp

Page 61 Creating Innovation > R&D and Business Creation Based on Patent Analysis

Analyzing and Addressing Nature-Related Risks in Cocoa Production Using the LEAP Approach

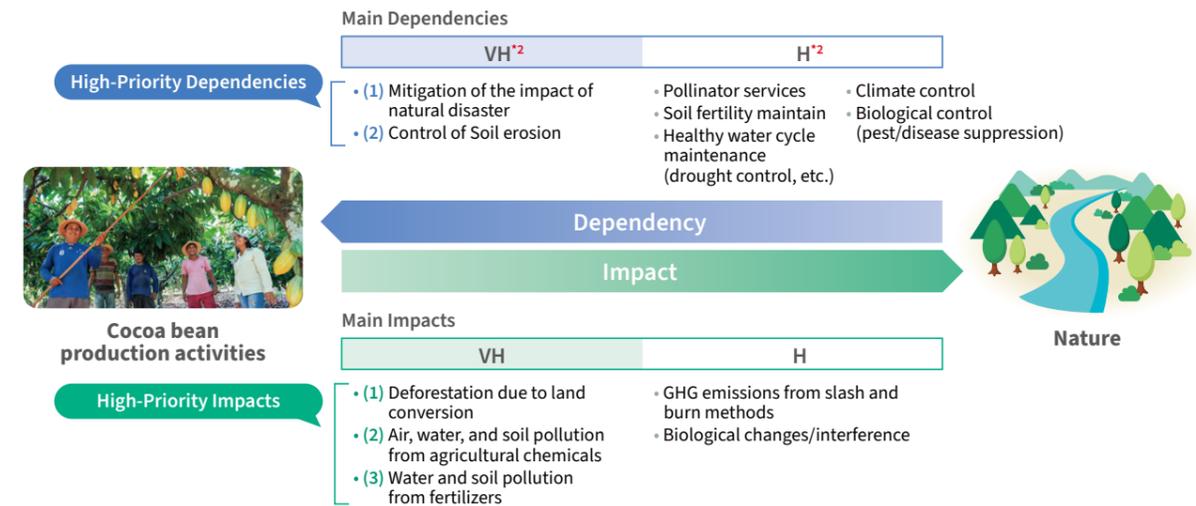
The LEAP approach was developed under the disclosure framework for Taskforce on Nature-related Financial Disclosures (TNFD). It is a practical means of addressing nature-related dependency/impact and risks/opportunities in four phases: Locate (locate the interface with nature), Evaluate (evaluate priority dependencies and impacts), Assess^{*1} (assess material risks and opportunities) and Prepare^{*1} (prepare to respond and report). Based on the LEAP approach, we conducted a nature-related risk analysis (assessment of nature dependency/impact and risk analysis) at major Meiji Group cocoa production sites (13 sites^{*2}) (see figure below). We will continue to analyze priority items at high-risk sites going forward. We will also pursue efforts to avoid and mitigate nature-related risks by conducting gap analysis, etc. for production areas.

*1 Please refer to our website for detailed results including Assess and Prepare

Biodiversity > Analysis of Dependency/impact of Business Activities on Nature in Line with TNFD (LEAP Approach)

*2 Based on actual procurement of cocoa beans

Dependency/impact on biodiversity in cocoa production areas: Locate and Evaluate^{*1}



Risk analysis results by cocoa bean production area for priorities of dependency/impact

	Dependency		Impact			
	(1)	(2)	(1)	(2)	(2) (3)	(3)
High priorities	Mitigation of the impact of natural disasters	Control of soil erosion	Changes in terrestrial ecosystem usage	Air pollution	Water pollution	Soil pollution
Number of VH-Assessed sites	2	2	4	1	1	1

*1 Figures and tables evaluated using ENCOR (Exploring Natural Capital Opportunities, Risks and Exposure), Aqueduct and WWF Biodiversity Risk Filter

*2 VH: Very high, H: High, sites with high risk of dependency and impact

Coexisting with Nature

Creating a Strong Operating Base that Grows while Coexisting with Nature



The Meiji Group strives to contribute to the sustainable production of raw milk, cocoa beans, and other main raw materials. We are committed to building a solid operating base that can continue to grow while coexisting with nature. To achieve this, we are focusing on securing our own water resources, biodiversity conservation activities, supplier engagement and other initiatives.

Initiatives to Secure Water Resources

The Meiji Group considers securing water resources to be one of the most important social issues. We are taking action based on the results of surveys and assessments of various water risks including droughts, floods and water quality. We are also reducing environmental impact through efficient water use and drainage management.

Replenishing Water Resources

We aim to replenish an amount of water to nature that is equivalent to 100% of the amount used in our products by 2050 (water neutrality). As part of our initiatives to achieve this target, KM Biologics has been waterlogging fields with groundwater since 2005. We have been replenishing more than 500 thousand tons of groundwater annually, which is more than what is used at the head office and the Kumamoto Production Center. Furthermore, we concluded an agreement with Seki City, Gifu Prefecture, in July 2023 for forest conservation activities. These activities will help preserve the forests in the Kiso River basin in Gifu Prefecture where Meiji Group plants are located adjacently. We will continue to expand our efforts to replenish water resources through forest conservation at the water resource areas of each of our plants.



Signing ceremony for forest conservation activities with Seki City, Gifu Prefecture

Biodiversity Conservation Activities

The Meiji Group strives to conserve its own corporate green spaces. We also promote biodiversity conservation activities at our 43 domestic production sites and 18 overseas production sites, including Group companies.

Biodiversity risk assessments for land owned by the Meiji Group

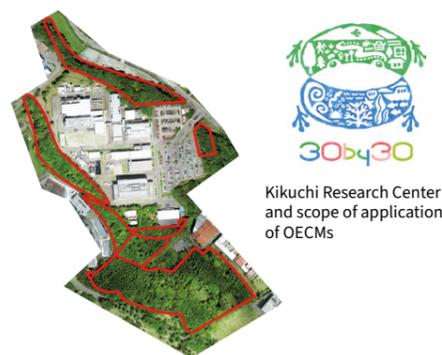
We undertook studies of 61 production sites using IBAT¹. We surveyed an area within a radius of approximately 3 kilometers from the production sites² to determine proximity to areas of biodiversity importance³. Our results indicated 19 sites in close proximity, two of which had IUCN and Ministry of the Environment Red List species nearby that were listed as vulnerable (VU) or higher and facing a high risk of extinction in the wild. There were no instances of damage to biodiversity in biodiversity critical areas in FY2022.

¹ Integrated Biodiversity Assessment Tool
An assessment tool for environmental protection that makes use of the latest foundational data, which was developed by IBAT Alliance (the United Nations Environment Programme (UNEP), the World Conservation Monitoring Centre (WCMC), Conservation International (CI), and BirdLife International)
² Assessments were conducted within a radius of 3 km of the areas in which business activities at production sites could directly impact biodiversity
³ World Natural Heritage sites, Ramsar Convention on Wetlands, UNESCO MAB, IUCN Categories Ia, Ib, II, III, IV, and V

Initiatives in the Meiji Group Nature Conservation Area Kumamoto Sunlight Forest

We are working to conserve the Meiji Group Nature Conservation Area Kumamoto Sunlight Forest, located in the Kikuchi Research Center of KM Biologics Co., Ltd. In August 2021, it was recognized by Social and Environmental Green Evaluation System (SEGES) as Excellent Stage 2. We have also registered as OECS¹ to achieve 30by30². It has currently been selected as “equivalent to certification.”

¹ A system under which the national government certifies areas where biodiversity conservation is being promoted through private sector initiatives, etc. : Abbreviation for “Other Effective area-based Conservation Measures”
² 30by30 is the international goal of conserving at least 30% of the land and sea as healthy ecosystems by 2030



Kikuchi Research Center and scope of application of OECS

Developing Responsible Supply Chains

There has been international demand for fair and free competition, fair transactions, and responsible sourcing. The Meiji Group is committed to fulfilling our social responsibility not just in our own business but also throughout our entire supply chain, including our business partners, to meet this demand. We are working to address social issues such as child labor, forced labor, and environmental destruction.

Promoting Supplier Management

In June 2020, we established the Meiji Group Supplier Code of Conduct, which requires our suppliers to fulfill their social responsibilities. Starting in October 2020, we have identified the total number of suppliers based on their procurement performance and identified suppliers to be evaluated, taking into consideration the procurement amount and the substitutability of procured raw materials. We conduct risk assessments using sustainable sourcing surveys*. We then determine whether there are any human rights or environmental issues in the supply chain. If there are items that require improvement, we promote engagement (dialogue) in cooperation with suppliers.

* Analysis categories: human rights and labor, environment, ethics, and sustainable procurement

Sustainable Sourcing Surveys/Supplier Engagement Implementation Status

	FY2020	FY2021	FY2022
Survey	<p>Japan Suppliers: 74 companies</p>	<p>Japan Suppliers: 31 companies (Implemented at a cumulative total of 105 companies) Contract companies of Meiji Co., Ltd.: 46 companies</p>	<p>Japan Suppliers: 16 companies (implementing re-evaluation) Overseas Suppliers: 17 companies</p>
Engagement			<p>Japan Main raw material suppliers: 7 companies Suppliers potentially in need of strengthened or improved initiatives: 5 companies</p>

We will ask business partners with an overall score that is below the designated level* to submit improvement reports and re-evaluate them after one year to promote improvement.

* EcoVadis survey: Less than 45 points; Meiji-original survey: Less than average

Sustainable Sourcing Surveys

We conduct sustainable sourcing surveys using the evaluation system of EcoVadis or Meiji original surveys. We implemented surveys at the top 80% of suppliers of our operating companies* in FY2020. In FY2021, the survey was expanded to include more suppliers and was also administered to contract companies of Meiji Co., Ltd. In FY2022, we re-evaluated suppliers that did not reach the standard score.

* Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., KM Biologics Co., Ltd.

Supplier Engagement

As the next step after conducting sustainable sourcing surveys, we conduct supplier engagement on an individual basis to address issues. We are working to address social issues and reduce risks in the supply chain by strengthening engagement. In FY2022, we implemented the following initiatives.

Initiatives to Address Social Issues

We confirmed the current situation and targets of seven main raw material suppliers with respect to three main themes: GHG emissions reduction, water resources and water risk response, and biodiversity conservation. We required that any gaps are addressed and conducted interviews regarding advanced initiatives.

Initiatives to Reduce Risks

We explained the Meiji Group’s sustainability initiatives and responses to the sustainable sourcing survey to five suppliers whose survey results indicate that they need to strengthen or improve their initiatives.

Human Capital Strategy

Maximizing the Potential of Each Employee and Aiming for Sustainable Growth through Human Capital Management



Yuhei Matsumoto

Chief Human Resource Officer,
Executive Officer
Meiji Holdings Co., Ltd.

Promoting a Consistent Human Capital Strategy Throughout the Group by Appointing a CHRO

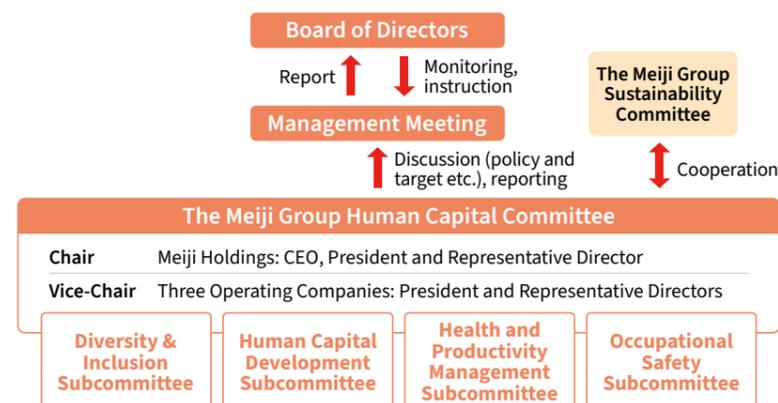
Growing Further through Human Capital Management

The Meiji Group is pursuing its slogan, *Now ideas for wellness*. We aim to achieve sustainable growth by creating new value on a global scale in response to social issues. We will accomplish this by investing further in human capital and acquiring the abilities and skills to win in an increasingly competitive environment. To this end, it is important to shift to human capital management, which maximizes diverse values and knowledge by creating an environment where they can be utilized together.

Until now, each segment of the Meiji Group has been proactively securing and developing human capital according to the speed of business growth. Going forward, we will practice human capital management as a whole to create value that exceeds the sum of the individual businesses. We established the new position of CHRO in April 2023 to respect the promotion of a consistent human capital strategy.

We must formulate a human capital strategy that leads to increased corporate value and promote it as a unified Group effort. Throughout this process, my role as CHRO is to build a win-win relationship between employees and the company, which will lead to the growth of the Meiji Group. I will draw out the strengths of our human capital, which are the source of our value, so that all employees can approach their daily work with a sense of vitality and fulfillment.

Group Human Capital Committee Structure



Emphasizing External Competitiveness and Diversity to Create Innovation

Focusing on Developing Managers who Drive the Group Forward

The Meiji Group has emphasized internal fairness to foster a sense of togetherness since the management integration. However, this has led to homogeneity in human capital and values, which has caused innovation to stagnate. Therefore, we will emphasize external competitiveness and create human capital and organizations that can win over the competition by capturing changes in business environment quickly. We will also ensure external competitiveness by emphasizing diversity. We will incorporate diverse values into the core human capital involved in management decision-making and increase the accuracy of our judgment of management opportunities and risks. In this way, we will create innovation and meet the expectations of all stakeholders.

Based on this belief, we are expanding our pipeline of managers who drive the Group forward. We have been engaging in succession planning since 2019. The selection of the next president is currently being led by Outside Directors in accordance with our Desired Management Human Resources (Leadership Values). In FY2021, we started a Developing Program for Managers who Drive the Meiji Group Forward. In this program, executive officers and candidates are trained to enhance their Group management perspectives, views and mindsets. We plan to shift the focus of the program to younger employees.

Creating a Highly Effective Strategic Promotion System with the CHRO System and Group Human Capital Committee

Considering a New Personnel System Linked to Management Strategies

We have established the Group Human Capital Committee, chaired by the CEO, in FY2022. We have strengthened the system in which Meiji Holdings and its operating companies work together to promote strategies. The committee has four subcommittees: Diversity & Inclusion, Human Capital Development, Health and Productivity Management, and Occupational Safety. The discussions of each subcommittee are reported to the Board of Directors. Outside Directors then provide advice on how to improve strategies and measures. The CHRO system and the Group Human Capital Committee enable close collaboration between Meiji Holdings and each operating company. This allows us to formulate and implement even more essential human capital strategies. A major challenge going forward will be to tightly link human capital strategies with management strategies. With this in mind, we are in the process of formulating a human capital portfolio that is in line with our business strategy. Based on this portfolio, we are currently considering a new personnel system that will improve our competitiveness.

We are aware of the issue of sluggish growth in employee engagement scores, which is a target of the Meiji ROESG. We will strengthen communication between employees and management to create an environment that is easier to work in. We will also improve engagement by increasing pride in the Meiji group and job satisfaction. Meanwhile, we are seeing steady results in health and productivity management, which is one of our important themes. In March 2023, we were selected for Health and Productivity Stock Selection Brand for the first time. We will continue to promote health and productivity management as an initiative that leads to higher employee engagement.

Outside Directors have pointed out that improving D&I and employee engagement are issues that we need to focus on further. We will strengthen our efforts by utilizing outside knowledge.

Page 54 Human Capital Management ▶

Raising Employee Awareness to Drive Growth

The most important management resource of the Meiji Group is our human capital. The driver of our growth is the awareness of each employee to fulfill their own careers and to grow further. The value of human capital can be increased depending on the efforts of a company. They are capital with unlimited potential. As CHRO, I will do my utmost to increase this value without limits.

Human Capital Management

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

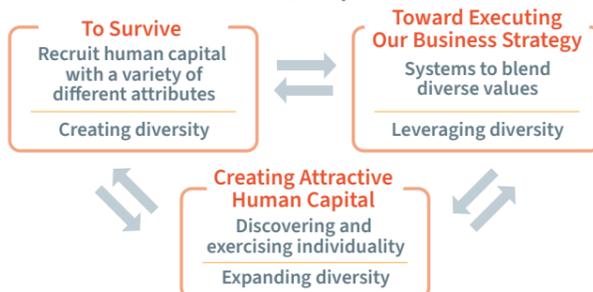
Human capital is the driver for the sustainable growth of the Meiji Group. We respect employees' diversity, and maximizing their strengths is key to our corporate activities. The Meiji Group has a Group-wide human capital strategy under the leadership of the Group Human Capital Committee and the CHRO, who was newly established as the person in charge of human capital management for the Group. We are improving the diversity of our core human capital*, health and productivity management, and managers who drive the Group forward.

* Core human capital: Directors, managers, and career track employees

Diversity & Inclusion (D&I)

The Meiji Group has established a D&I subcommittee within the Group Human Capital Committee. We promote D&I based on the Meiji Group Diversity & Inclusion Policy through three approaches: creating diversity, leveraging diversity, and expanding diversity. Especially, we are focusing on diversifying our core human capital by appointing women, mid-career hires, and personnel capable of working globally. We will also link D&I to strengthening our competitiveness.

Complementary Approaches to Promote D&I and Foster the Group Culture



Meiji Group Diversity & Inclusion Policy (PDF)

Diversity in Core Human Capital

The Meiji Group is currently facing two management issues. The first issue is continuing to grow in the mature Japanese market by providing Meiji unique value for wellness at a faster pace than ever before. The second issue is developing the global market. We need diverse core human capital with new perspectives, technologies, knowledge, and the external competitiveness to overcome intensifying competition and changes in the external environment. Therefore, we are working towards the following targets to achieve this goal.

	Women	Mid-Career Hires	Personnel Capable of Working Globally (Including Foreign Nationals)
Ideal Human Capital Strategy Strengthen diversity in core human capital considering external competitiveness	Perform to ability regardless of gender and are active in all jobs and ranks	Reflect new perspectives in decision-making to incorporate the latest technology and knowledge and find innovative ways	Reflect a global perspective in decision-making to continue to grow worldwide
2050 Target	Active participation regardless of gender 50%	30% or more considered to influence the organization 30% or more	30% or more

* Scope: Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., and KM Biologics Co., Ltd.

Promoting Women's Workplace Advancement

Promoting women's workplace advancement is a critical management issue for the Meiji Group, which has many female customers. Although the ratio of female employees has been increasing in recent years, only a small number of female employees are working in managerial or leadership positions. In-house surveys have revealed that this is due to a lack of support for career advancement and anxiety about balancing work with childcare and other responsibilities. Based on these results, we formulated the following roadmap. We are working to enhance the awareness of women themselves and support the participation of employees in their childcare years. We are also developing the ability to manage a diverse workforce for the managers who support the working environment. We will strive to create a working environment in which diverse human capital of various backgrounds can work positively regardless of gender, such as by promoting female participation.

Roadmap for Promoting Female Participation



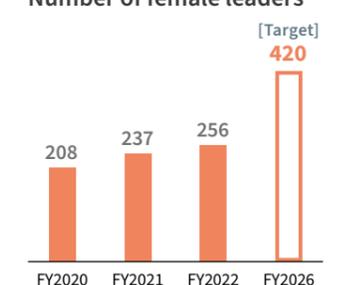
New Initiatives for FY2022

- Groupwide training for employees in their childcare years (174 employees in their childcare years and 53 supervisors participated)
- First Group joint networking event for female managers (46 participants)

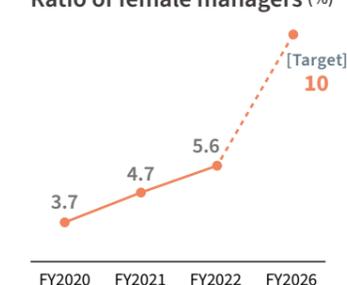
Initiatives for FY2023

- Enhance pre- and post-childcare leave interviews. Improve interview flows conducted before childcare leave and before/after returning to work. Organize issues to be confirmed during interviews
- Group joint female manager training (6 times, 17 participants). Group discussions to realize *Now ideas for wellness* and final report to directors

Number of female leaders^{*1,2}



Ratio of female managers (%)^{**}



*1 Leaders: Managers and assistant managers

**2 Scope: Meiji Holdings Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd., and KM Biologics Co., Ltd.

Networking Event for Female Managers

Acquiring a Group Management Perspective and Building Awareness Among Senior Managers

In March 2023, we held a Group joint networking event for female managers in conjunction with International Women's Day. A total of 46 female managers participated in the event. Women in director roles and serving as general managers held panels and roundtable discussions, including Outside Director Michiko Kuboyama. We also exchanged opinions on the theme of "how to become a Meiji Group where diverse managers can play an active role." Participants commented, "It made me want to try my hand at Group management," and "Hearing about a woman who became a general manager while raising children helped me picture what my future career could be like." This initiative led efforts to gain a perspective oriented toward directors and general managers and to enhance the leadership pipeline for women.



Human Capital Management

Health and Productivity Management

We believe that it is important to keep our employees healthy and energized as a company that embodies the Group slogan *Now ideas for wellness*. Based on this belief, we strive to improve productivity by grasping the mental and physical health of employees from a managerial perspective and strategically investing in maintaining and promoting such health.



Health and Productivity Management Strategy Map

The Meiji Group has defined its health and productivity management issues as “improving healthy lifestyle habits that lead to obesity” and “maintaining mental and physical health.” The Meiji Group Health and Productivity Management Strategy Map shows our approach to solving these issues. We implement early detection of illness and mental health measures and promote healthy lifestyle habits in diet, exercise and quitting smoking. We also promote health awareness and behavioral changes among employees and their families.



Major Initiatives in FY2022

Approach to Solving Issues	Major Initiatives in FY2022	KPI ^{*1}
Measures to improve dietary habits	<ul style="list-style-type: none"> Strengthen initiatives to reduce lifestyle-related diseases (high-risk individuals): Specific health guidance, recommendations for secondary health checkups Conduct breakfast reform seminars at sites nationwide 	<ul style="list-style-type: none"> Regular health checkup rate Follow up rate for employees subject to secondary health checkups^{*2}
Measures to improve exercise habits	<ul style="list-style-type: none"> Programs to encourage walking Training challenges with support-contracted athletes 	<ul style="list-style-type: none"> Participation rate in programs to encourage walking^{*3}
Measures against smoking	<ul style="list-style-type: none"> Display of posters with messages from the CEO and COO on quitting smoking Quit-smoking programs Establishment of no-smoking day 	<ul style="list-style-type: none"> Enforcement of no smoking during work hours Reduction of smoking rate

*1 See our website for information on KPI progress ESG Index

*2 Follow up rate: To ascertain the status of the individual through medical institution examinations, interviews with industrial physicians and public health nurses, and personnel interview

*3 Participants in programs to encourage walking: All employees

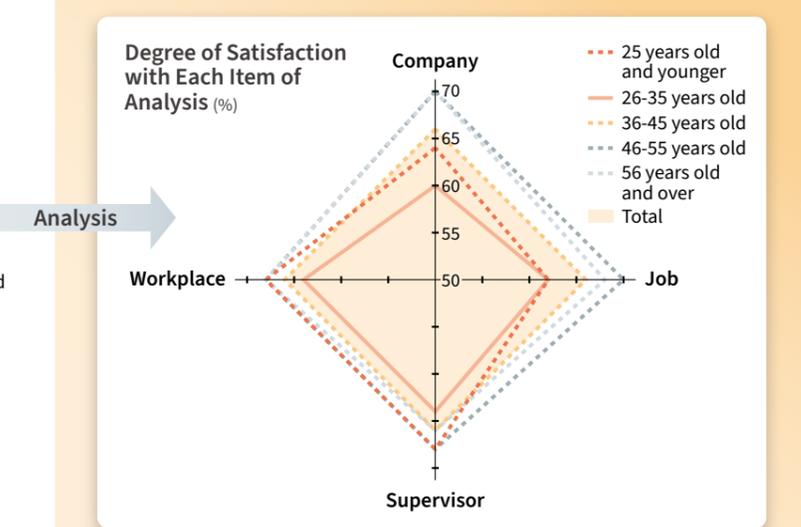
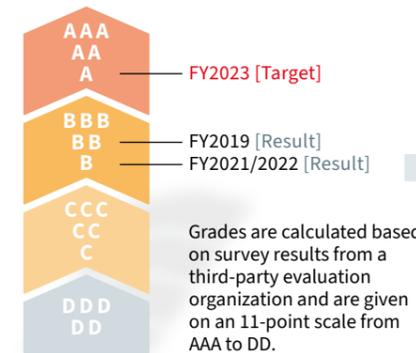
New Initiatives for FY2023

In April 2023, we established health leave for various medical checkups and vaccinations. This will lead to the prevention and early detection of illness among employees and increase the rate of secondary health checkups received.

Employee Engagement

One of the goals of Meiji ROESG® Management is employee engagement (empathy with the company). Therefore, we conduct an engagement survey every year. 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.

Engagement Score



We received a deviation score of B in FY2022. The trends observed from the analysis are as follows.

- Employees feel that the Meiji Group has an impact and contribution to society.
- Employees work with the support of their supervisors to achieve their own goals and plans.
- Many employees feel that there are issues with internal collaboration, innovative/creative climate, and diverse work styles.
- Many employees feel there is a gap between the front lines and management; this is especially true for younger employees.

Based on the results of this analysis, we believe that sharing management’s thoughts and visions as well as dispelling uncertainty about the future will lead to increased engagement.

Initiatives to Enhance Engagement

The Meiji Group is working to improve engagement through the PDCA cycle with the commitment of top management. First, we strengthen communication of our vision from management and dialogue with those on the front lines. We also promote communication in the workplace, and organization leaders formulate and implement action plans at each workplace unit. Then, good practices are shared with the entire Group. In FY2023, we are proceeding with organizational analysis and improvement proposals using a framework to create a sustainable organization at the suggestion of Outside Director Peter D. Pedersen. Through such initiatives, the Group will create a corporate culture in which the company and employees work together toward growth.

Enhancing Dialogue with Management

We held the “Let’s Talk with Top Management” event for dialogue between management and young employees. A total of 71 people participated in FY2022. Management commented, “I was inspired by their freshness and awareness of issues, and want to support their new ideas.” Participants commented, “Being exposed to the management’s way of thinking helped raise my awareness of problem-solving.”



Promoting Communication in the Workplace

We hold workplace meetings once every two months to put the Group slogan *Now ideas for wellness* into practice. In FY2022, we set Group-wide themes that were discussed at each workplace.

Major Themes in FY2022

- Experiencing the health that Meiji offers
- Expanding the circle of health in society and on Earth
- How to work healthily

Human Rights

Respecting the Human Rights of All Stakeholders and Achieving Sustainable Business

The Meiji Group promotes human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights. We identify high-priority human rights risks and work with internal and external stakeholders to study and reduce these risks. We make reports and discuss progress at the Group Human Rights Meeting.

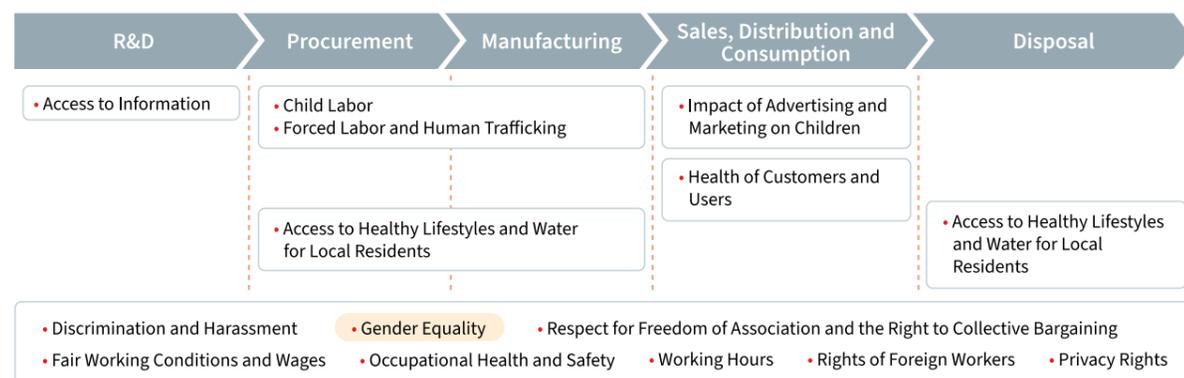
Human Rights

Initiatives to Address Human Rights Issues

We identified salient human rights issues along the Meiji Group's value chain in 2019. Among these issues, we set human rights issues in raw material procurement and human rights issues relating to foreign workers as high priority issues to be addressed. For human rights issues in raw material procurement, we selected six important raw materials and conducted surveys and implemented countermeasures for each issue. We also established the Meiji Group Supplier Code of Conduct and announced it to our suppliers. At the same time, we promoted supplier evaluations through sustainable procurement surveys. For human rights issues relating to foreign workers, we conducted surveys and interviews at each business site. Through these efforts, we have gained an understanding of the actual employment and working conditions of foreign workers within the Meiji Group. Accordingly, we have established the Meiji Group Guidelines for Employment of Foreign Workers and are enhancing our efforts.

Reviewing Human Rights Issues in the Value Chain

The Meiji Group identified human rights risks throughout the value chain in the Food and Pharmaceutical segments in FY2022. We then reviewed salient human rights issues based on the risks we identified. As a result, we added gender equality as a new human rights issue.



Core Areas for FY2023 and Beyond

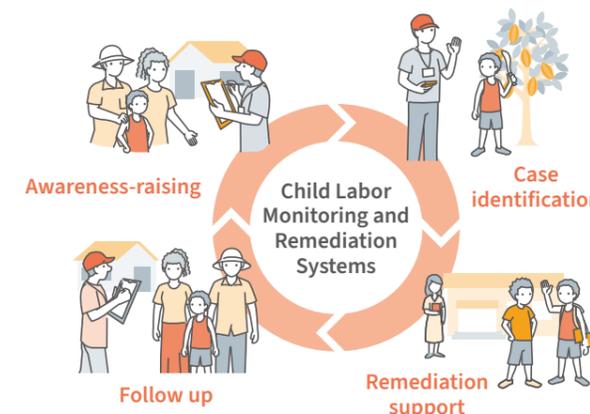
- Share awareness of issues regarding gender equality internally. Consider measures together with human resources divisions.
- Continue to prioritize rights of foreign workers. Implement measures based on the Meiji Group Guidelines for Employment of Foreign Workers.
- Identify issues in the value chain for the rights of children, including advertising and marketing. Formulate plans to address these issues.
- Identify suppliers with high human rights risks. Conduct engagement activities (dialogue) to reduce risks.

Initiatives for Procurement of Raw Materials

The Meiji Group is working to resolve human rights issues such as child labor and forced labor associated with key raw materials. We are focusing on the procurement of cocoa and raw milk in our Food business in particular.

Initiatives to Eliminate Child Labor (Republic of Ghana)

One of the Meiji Group's main suppliers of cocoa is the Republic of Ghana, where child labor is a social issue. The Meiji Group has been introducing Child Labor Monitoring and Remediation Systems (CLMRS) for cocoa beans procured from the Republic of Ghana since FY2021. Field researchers visited 3,629 cocoa farmers between October 2021 and September 2022. Cases of child labor were identified at 20 of these farms, and efforts are being made to correct these situations. We will continue our efforts to expand the number of farmers visited and correct the situation in order to eliminate child labor.



Addressing Human Rights Issues in Dairy Farming

There is a chronic shortage of labor in Japan's dairy farming industry. Therefore, various human rights issues related to foreign technical intern trainees are being closely scrutinized. In March 2023, the Meiji Group held a workshop for its relevant departments. We are working to resolve this issue by enhancing internal education. We also collaborate with other dairy manufacturers and industry organizations such as the Japan Dairy Association (J-milk).

Establishing and Implementing Guidelines for Employment of Foreign Workers

The Meiji Group aims to create a healthy and safe working environment for foreign workers that conforms to international standards. We established the Meiji Group Guidelines for Employment of Foreign Workers in 2022. The purpose of these guidelines is to optimize the employment and labor management of foreign workers throughout the Group in Japan. We encourage understanding and implementing the guidelines at our own companies and plants as well as our contractors.

Initiatives for Foreign Workers

June 2022	Established the Meiji Group Guidelines for Employment of Foreign Workers which outlines important points related to hiring foreign workers.
September 2022 to March 2023	Conducted briefing sessions on the guidelines for related parties within the Group and contractors. Conducted written surveys and interviews at each business site and Group company to confirm the implementation status of the guidelines.
June 2023	Introduced JP-MIRAI Assist, a multi-language grievance system available to foreign workers.

We will conduct written surveys and investigations at each business site and implement measures based on the results each year going forward.

Human Rights Education Overseas

The Meiji Group provides human rights education through e-learning and in group sessions. The purpose of this education is to familiarize employees of overseas Group companies with our human rights policy and to improve their understanding of human rights issues related to business. We held human rights education at four Group companies in Southeast Asia and other regions in FY2022 (approximately 1,880 employees participated).



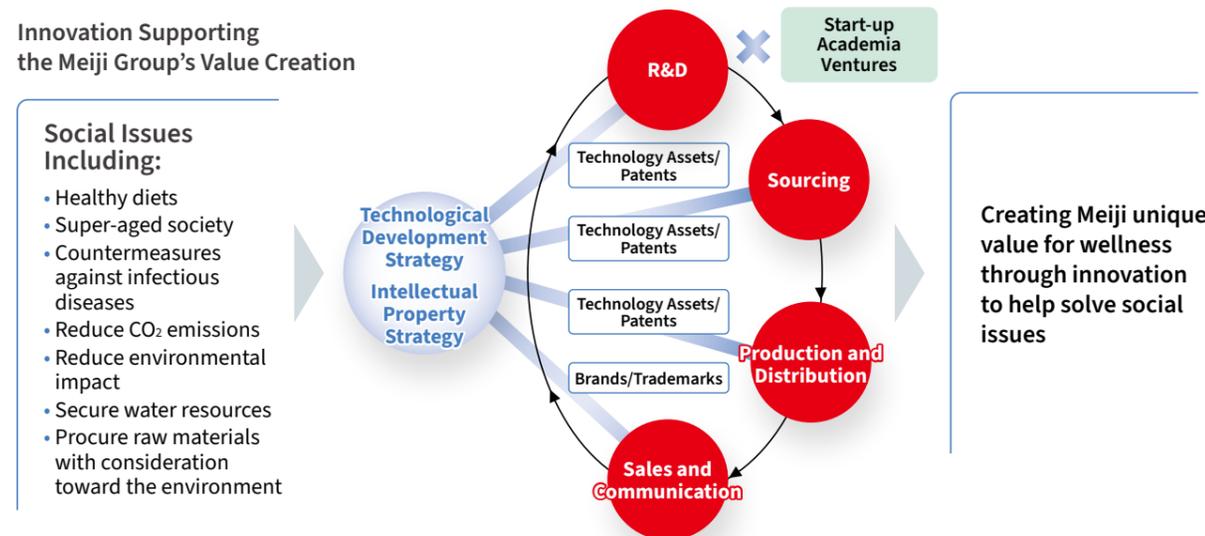
Group education at Meiji Seika (Singapore) Pte. Ltd.

Creating Innovation

Creating Innovation from the Value Chain Based on Meiji's Unique Technological Development and Intellectual Property Strategies

Innovation is an important initiative that supports the sustainable value creation of the Meiji Group. To address specific social issues, we create innovations unique to the Meiji Group from the activities that comprise the value chain, namely R&D, procurement, production and distribution, and sales and communication. These innovations are based on the unique technological development and intellectual property strategies possessed by each of the Food and Pharmaceutical segments. The results of innovation become part of the intangible assets owned by the Meiji Group. These assets include intellectual capital such as technological assets and patents, and social capital such as brands and trademarks. They are linked to the enhancement of corporate value and the creation of further innovation.

Innovation Supporting the Meiji Group's Value Creation

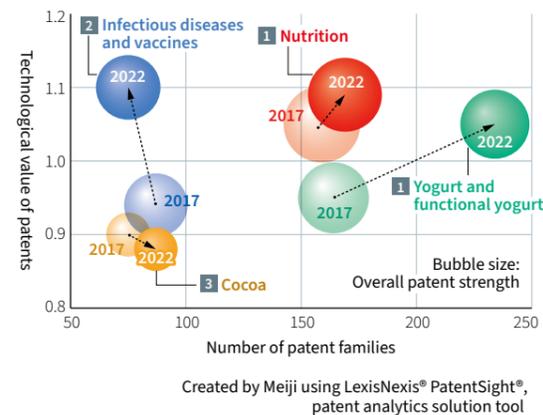


The Meiji Group's Intellectual Property Strategy for Innovation

The Meiji Group's intellectual property strategy is formulated from three perspectives: patents, technological know-how, and trademarks. Especially, strengthening patents is an important theme. We will grasp the current status of patents, as shown in the diagram on the right, and create innovation by properly promoting our patent strategy.

- Both the number of patents and the technological value are increasing; R&D investments are being converted into intellectual property as patents
- The number of patents is decreasing while the technological value is increasing; R&D investments are being converted into intellectual property more efficiently
- The number of patents is increasing while the technological value is slightly decreasing; however, technological know-how and trademarks are more important than patents, and technology is becoming more segmented

Changes in Patent Status of Major Categories (2017 and 2022)



Created by Meiji using LexisNexis® PatentSight®, patent analytics solution tool

Food Segment

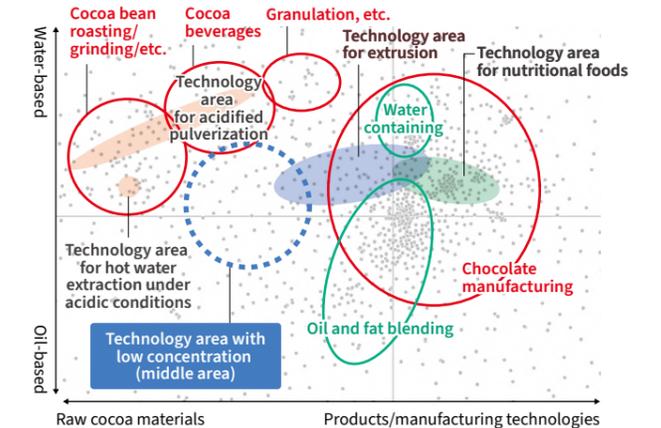
We implement technological development and intellectual property strategies in each of the activities that comprise our value chain. We are creating specific and distinctive innovations to contribute to solving social issues and customers' healthy eating habits.

Innovation from R&D

R&D is characterized by a deep connection between technological development and intellectual property strategies. We accumulate the results of R&D based on our technological development strategy as patents and technological know-how. Furthermore, our intellectual property strategy generates R&D activities. Both strategies contribute to solving social issues.

R&D and Business Creation Based on Patent Analysis

Meiji's cocoa research* covers a wide range of activities from raw materials to products and manufacturing technologies. One of the results of these efforts is the material made by straining boiled cocoa beans. It has no bitterness although high in polyphenols and has the potential for a wide variety of uses, not limited to manufacturing chocolate. We analyzed this material from a patent perspective and found it to be of high value. The diagram on the right shows a map of all patent literatures related to methods of processing cocoa beans and manufacturing chocolate, based on the degree of mutual similarity. The upper left area shows cocoa bean roasting and grinding technologies, and the upper right to lower right areas show a dense concentration of patent literatures related to chocolate production. However, there is no concentration of patent literature in the area close to where the technology using this material is. In other words, this is an unexplored R&D area (the middle area with the blue circle) which has great potential. This material has already led to the acquisition of patents (Patent No. JP7186306, etc.) and the development of a new product, *Cacawell*.



Using VALUENEX Radar, the Panoramic view analytics tool of VALUENEX Co.

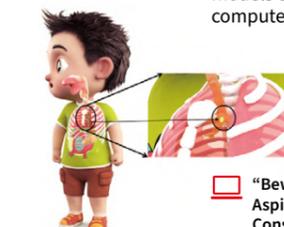
* Page 49 Coexisting with Nature > Creating New Value for Cocoa through "Possibilities of cocoa" ▶

Open/Close Strategy and Corporate Value Creation

We are encouraging the creating innovation by transforming our excellent in-house technological know-how into new value for addressing social issues through our technological development and intellectual property strategies. One example is Swallow Vision®. The world's first 4D computer simulation system for swallowing is jointly developed by Meiji Co., Ltd. and the Japanese Red Cross Musashino Hospital. The system can be used to evaluate the swallowing characteristics of foods for the elderly. In order to widely popularize the system, we have presented it outside the company and patented it (Patent No. JP6022789, etc.). We have also participated in the initiatives of the Consumer Affairs Agency. We are currently considering new businesses to address social issues, such as proposing measures to improve swallowing function for the elderly with weakened muscles and preventing accidental ingestion by children.

Simulation of Airway Obstruction by Beans in a Four-Year-Old Child

This is an example of a simulation result of a four-year-old child aspirating a bean (foreign body in the right main bronchus). The biological model reproduces the shape and movement from the oral cavity to the bronchi. The food model reproduces the shape and physical properties of the beans. These models can be combined for simulation on the computer.



We produced a video visualizing aspiration by a child based on the above simulation

▶ "Beware of Accidents Causing Choking and Aspiration of Children by Food" by the Consumer Affairs Agency (In Japanese only) ▶

Creating Innovation

Food Segment

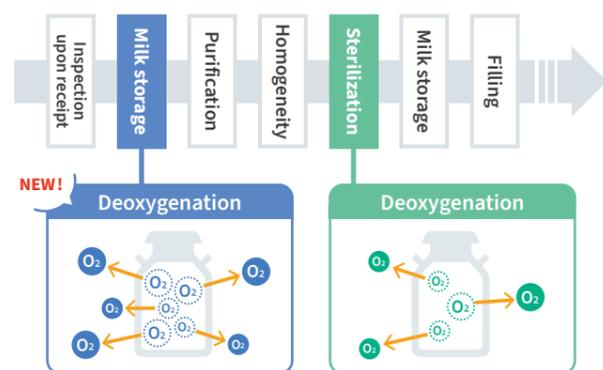
Innovation from Procurement

We create innovation in procurement by applying appropriate technological development and intellectual property strategies. We must secure a stable supply of raw materials such as raw milk and cocoa beans to continue our business expansion. It is also extremely important to develop technologies that maximize the inherent value of these valuable raw materials. We build barriers to entry against competitors by strategically managing the results of technological development in the form of patents and technological know-how.

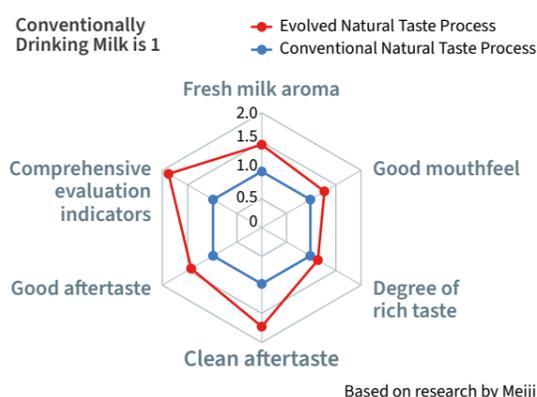
Innovation in Raw Milk Procurement

Heating and oxidizing odors are generated during the sterilization process of raw milk. To address this issue, we have the “Natural Taste Process” manufacturing technology. This technology improves the flavor of milk by reducing dissolved oxygen in raw milk before sterilization. This technology is the fundamental manufacturing technology for *Meiji Oishii Gyunyu*. Furthermore, the deoxygenation process, which is only performed prior to sterilization, is now also performed during milk storage after receiving raw milk. As a result, *Meiji Oishii Gyunyu* has earned even higher praise for its fresh milk aroma and clean aftertaste compared to the conventional Natural Taste Process (Patent No. JP5008081, Patent No. JP5259850).

Evolved Natural Taste Process



Sensory Evaluation by Meiji’s Panel of Experts



Innovation from Production and Distribution

We create innovations by connecting these technological development and intellectual property strategies. There are various issues that need to be solved in production and distribution. For example, in production, there is a need to reduce energy input and develop technologies for eco-friendly production systems. In distribution, it is necessary to develop technologies that can maintain product quality at a higher level over a long period of time and reduce food loss.

Innovation in Warehouse Storage

Adjusting Control of Warehouse Temperature Between 15°C and 23°C

Chocolate products that are combined with nuts and biscuits may have an appearance defect called fat bloom when stored in warehouses. This phenomenon is caused by the gradual transfer of fat and moisture from nuts and biscuits to chocolate, resulting in whitening and spots on the surface of the chocolate. The warehouse where Meiji Co., Ltd. stores its chocolate products is equipped with temperature sensors in all areas, from the inside of the warehouse to the shipping entrance. We have developed our own storage method (Patent No. JP5464968) to prevent fat bloom by adjusting control of the temperature between 15°C and 23°C depending on the season. This has enabled us to maintain the delicious taste and glossy appearance of our chocolate. These initiatives are linked to the enhancement of product value.



Warehouses that store chocolate products have patents on temperature control, which is essential for maintaining quality

Innovation from Sales and Communication

We create innovation in sales and communication through distinctive intellectual property strategies centered around trademark registration. We are working on trademark registration by applying exceptions that are difficult to obtain approval for, such as shapes and letters, to maximize brand value.

Innovation through Distinctive Trademark Strategies

Our trademark strategy is driven by predicting future product expansion and licensing possibilities by anticipating the movement of business departments. We combine protection systems for various types of trademarks such as 3D trademarks and standard character trademarks. We are protecting our brand while promoting the unique to Meiji to society at large.

3D Trademarks

We registered 3D trademarks for *Kinoko no Yama* in 2018 and *Takenoko no Sato* in 2021. The original concept of these two products is to evoke nostalgia. Product value lies in the 3D shape itself. Therefore, protecting the 3D shape will protect and expand the brand value.



Kinoko no Yama
Registered Trademark
No. JP6031305

Standard Character Trademarks

We registered standard character trademarks for functional yogurt *LG21* and *R-1* in 2022. A simple combination of characters is typically not considered to have the distinctiveness required for trademark registration as a general rule. However, *LG21* and *R-1* met strict requirements and were registered as exceptions to this rule. The successful trademark registrations acknowledges that both products are recognized by customers as Meiji products by these characters alone, based on evidence of their impact on society and their actual use.

LG21

Registered Trademark
No. JP6593374



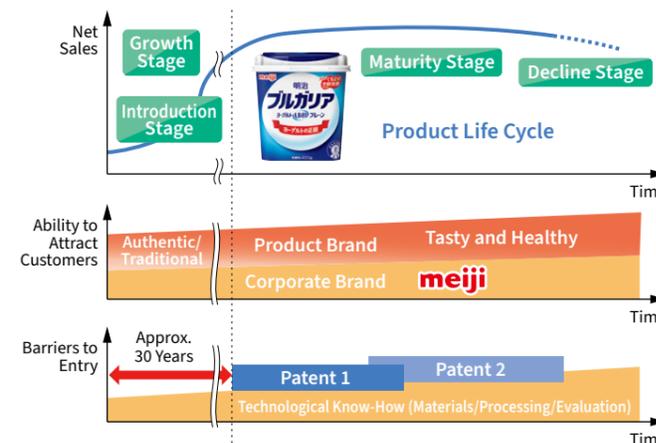
Meiji Probio Yogurt LG21

Extending the Product Life Cycle

Our mainstay products are characterized by long periods of growth and the maturity stage in the product life cycle. One example of this is *Meiji Bulgaria Yogurt LB81*. The product has established and expanded its brand image as “authentic, traditional yogurt made with Bulgarian lactobacilli and fermentation methods” since its launch in 1973. At the same time, we have worked on scientifically clarifying the traditional manufacturing method. We developed the “low-temperature, reduced oxygen fermentation (smooth careful fermentation)” method and patented (No. JP3666871). This method was awarded an Invention Award at the 2023 National Invention Awards. We have continuously created new technologies to improve the flavor and physical properties of yogurt through the scientific clarification of this traditional manufacturing process. We will further strengthen the trademark of *Meiji Bulgaria Yogurt LB81* through the passage of time, continuous technological innovation and marketing activities. We are improving our brand value over the long term in response to the social environment, such as “the power of nature” and “tasty and healthy.”

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

Brand Precedence Model



Creating Innovation

Pharmaceutical Segment

Innovation from R&D

The greatest driving force for creating innovation in the Pharmaceutical segment is R&D in the value chain. We are promoting R&D that is unique to Meiji by leveraging our strengths cultivated over many years and introducing new knowledge and technologies through open innovation. We will help address social issues such as the countermeasures against infectious diseases.

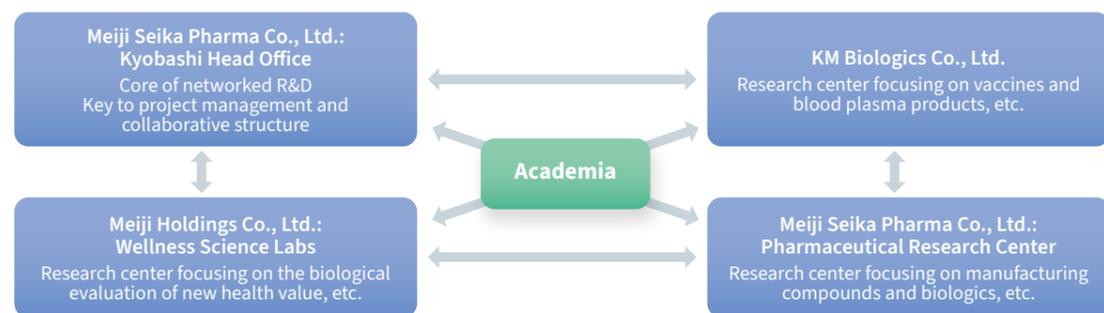
R&D Strategy with Clear Targets

Our core R&D areas are infectious diseases, hematology, and immunology and inflammation. The keyword linking these three areas is immune control. We will create innovative new drugs related to this theme through open innovation. In addition, we will further focus on vaccine development to contribute to the countermeasures against emerging and re-emerging infectious diseases. Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd. have combined and enhanced the biotech platform technologies they have developed. We are developing new drugs and vaccines for illnesses other than COVID-19 from these technologies.

Page11 Value Creation in the Next Era COVID-19 Vaccine

Optimizing R&D Structure through Open Innovation

The seeds for groundbreaking novel drugs are likely to be found in academia. We are optimizing our internal research system to seize these opportunities. We are currently engaged in various open innovation research collaborations with academia. Promising results are beginning to emerge from the fusion of internal and external human capital.



Examples of Open Innovation R&D

- Juntendo Educational Foundation: Joint research to develop the first-in-class cancer drugs (drugs with breakthrough mechanisms of action)
- Kyoto University: Establishment of the Department of Immuno-Oncology PDT for the development of new cancer immunotherapy combination therapies
- Foundation for Biomedical Research and Innovation at Kobe: Joint research on the development of therapeutic agents for autoimmune diseases
- Kumamoto University: Comprehensive collaboration agreement in the research fields of vaccines, diagnostics, blood products, biologics, and data science

Participating in Japan's Strategy for Strengthening the Vaccine Development and Production System

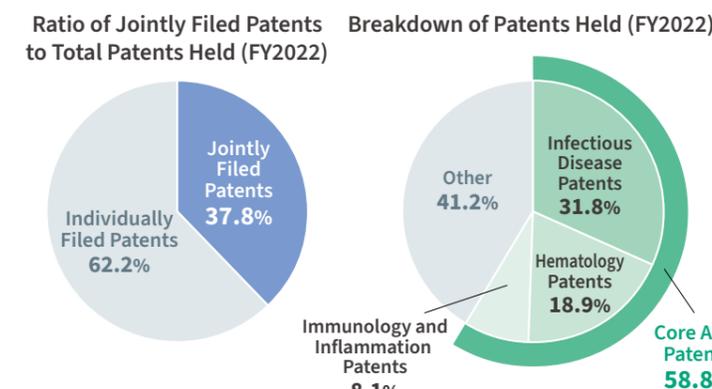
In 2022, the Strategic Center of Biomedical Advanced Vaccine Research and Development for Preparedness and Response (SCARDA) was established within the Japan Agency for Medical Research and Development (AMED) based on Japan's "Strategy for Strengthening the Vaccine Development and Production System." SCARDA is an organization that collects and analyzes a wide range of information related to vaccine development, and funds strategic research. The Meiji Group has received financial support from SCARDA to conduct "development of a live attenuated tetravalent dengue vaccine" and "research on the modernization of the manufacturing process of smallpox vaccines."

Innovation through Intellectual Property Management

The Meiji Group's health value is created through the product value chain, including research, development, manufacturing, and supply. We protect this value by applying for, prosecuting, maintaining and managing patents based on our R&D strategy. In addition, we collaborate with R&D to acquire new patents and technological assets.

Maximizing Product Value through Strategic Patenting

In FY2022, jointly filed patents accounted for approximately 40% of all patents held by Meiji. This is the result of open innovation. In terms of the breakdown of patents held, we are increasingly specializing in three core areas: infectious diseases, hematology, and immunology and inflammation. In particular, approximately 30% of our patents are in the infectious diseases area, which is one of the Meiji Group's strengths. We maintain and manage the rights to these patents appropriately in accordance with our business strategy. We strive to maximize the value of our products from an intellectual property perspective. Going forward, we will continue to create new innovations centered around our core areas. To this end, we will make effective use of patents and technological assets acquired through joint research and the introduction of technology.



Examples of Patents Leading to Innovative Product Development

In the area of infectious diseases, which is one of the Meiji Group's strengths, we have applied for patents for a dengue fever vaccine (KD-382) and a six-in-one vaccine (KD2-396). Both are currently undergoing Phase I clinical studies. Recently, the results of joint research have been steadily emerging in other core areas as well. In the area of immunology and inflammation, we filed a patent application for autoimmune disease drug (PD-1 agonist). In the area of hematology, we filed a patent application for a bispecific antibody that is expected to be used as a cancer drug. We will continue to strategically strengthen our patents and technological assets in our core areas through open innovation. We will also strongly support the development of products to provide Meiji unique value for wellness.

Patent	Overview
Live virus having a bank of dengue virus attenuated strains, and a dengue vaccine containing same as antigens Patent No. JP6910956, Patent No. JP7232289 (divided)	This patent relates to the four viruses that comprise the dengue vaccine. KD-382 is a live attenuated tetravalent dengue vaccine that is expected to be effective against all four serotypes in a single vaccination.
Liquid sextuple vaccine composition International Publication Number: WO2022/224966	This patent relates to the production technology of a highly stable liquid sextuple vaccine composition. When KD2-396* becomes available, it will further reduce the number of childhood vaccinations and contribute to preventing the onset of disease in vaccinated individuals.
Anti-human PD-1 agonist antibody for treating or preventing inflammatory diseases, and pharmaceutical composition containing same International Publication Number: WO2022/239820 Joint applicants: Foundation for Biomedical Research and Innovation at Kobe, National Institutes of Biomedical Innovation, Health and Nutrition	This patent relates to an antibody that suppresses excessive immune response. It binds to PD-1, a molecule that suppresses immune response, and stimulates its function. Drugs containing such antibodies are expected to be used in the drug of autoimmune diseases.
Anti-truncated mutant CALR-CD3 bispecific antibody and pharmaceutical composition International Publication Number: WO2022/045247 Joint applicant: Juntendo Educational Foundation	This patent relates to a bispecific antibody. It binds specifically to both tumor cells (mutant CALR protein) and T cells (CD3 antigen), and damages tumor cells using T cells. Drugs containing such antibodies are expected to be used as blood cancer drugs.

* KD2-396: Hexavalent Vaccine against diphtheria, tetanus, pertussis, poliovirus, and Haemophilus influenzae type b and Hepatitis B virus

Discussion with Outside Director and Audit & Supervisory Board Member



Makoto Ando

Outside Audit
& Supervisory Board Member



Peter David Pedersen

Outside Director

Promoting Sustainability and Enhancing Corporate Value: Achieving Both without Compromise to Become a Company Continuously Chosen by Society

Peter D. Pedersen has been an Outside Director since 2022, and Makoto Ando has been an Outside Audit & Supervisory Board Member since 2017. We interviewed them about their views on the Meiji Group's management. Mr. Pedersen has been involved in ESG management research for many years. He is a sustainability expert with extensive experience in consulting companies. Ms. Ando is a certified public accountant. She previously worked for the Tokyo Metropolitan Police Department investigating economic crimes. She has a high level of expertise in risk management.

How do you assess the effectiveness of the Board of Directors and Audit & Supervisory Board?

Mr. Pedersen: It has only been a year since I became an Outside Director. However, my impression is that there are always lively discussions. The Meiji Group's Board of Directors is very diverse. In particular, Outside Directors ask a lot of questions at every meeting. Executive members respond to their questions politely. This kind of operation is ideal.

Ms. Ando: The agenda of the Board of Directors has changed compared to the past. Meiji Holdings has further strengthened its functions over the past two to three years to oversee the entire Group. Meiji Holdings is taking initiative and getting involved in the management of the operating companies. There are more opportunities to discuss the agenda in depth in terms of what the Meiji Group should do. Full-time Audit & Supervisory Board Members always share detailed information about the management situation at Audit & Supervisory Board meetings. In addition, Outside Audit & Supervisory Board Members actively visit business sites to conduct audits. The Audit department (internal auditing) began auditing executive member initiatives from a corporate governance standpoint two years ago. I believe that the Meiji Group's Audit & Supervisory Board is quite effective.

Mr. Pedersen: However, I feel that there are some issues regarding the effectiveness of the Board of Directors. These issues are related to the question "What is the original purpose of the Board of Directors?" Receiving reports from executive members and making decisions is, of course, an important role. In addition, the Board of Directors should hold more strategic discussions on improving corporate value sustainably. I believe that the effectiveness of the Board of Directors will be tested in the future by whether or not it can do this. How can Directors and Audit & Supervisory Board Members work together to strengthen the Meiji Group as a company as well as the Meiji brand? The effectiveness of the Board of Directors will be further enhanced if more time is spent actively and freely discussing these strategies. Outside Directors are currently discussing ways to achieve this goal. We will propose the creation of opportunities for

free discussion between management and executive members. The themes for free discussion should be, for example, how we can improve employee engagement and what is important to the Meiji Group today.

What is the Board of Directors discussing to achieve the 2023 Medium-Term Business Plan?

Mr. Pedersen: The first page of the report submitted to the Meiji Group's Board of Directors always includes a description of the positioning of the issue in a medium-term business plan. This was the first thing that impressed me when I participated in the Group's Board of Directors meetings. A medium-term business plan is the core strategy of a company. Therefore, it is very good that you can clearly see how initiatives are tied to a medium-term business plan. Based on this, we can have a targeted discussion at our Board of Directors meetings.

Ms. Ando: Achieving a medium-term business plan is obviously important. However, I don't think Meiji should be too focused on that. The world today is changing very rapidly. There are many times when things do not go as expected. If there is a legitimate reason for not achieving a medium-term business plan due to external or other factors, this will instead create opportunities to discuss and consider new and different strategies. This will also lead to stronger and more agile management.

Mr. Pedersen: That's exactly right. The Meiji Group is a diligent company. They are strongly committed to securely executing their Medium-Term Business Plan. They should be careful not to let this earnestness backfire. A tough business environment requires creative, out-of-the-box thinking. We should try not to focus too much on implementing and achieving the Medium-Term Business Plan. Losing a creative mindset could damage the Meiji Group's corporate value in the long run. As an Outside Director, I will keep a close watch to prevent such a situation.

Discussion with Outside Director and Audit & Supervisory Board Member

How are discussions going for formulating the 2026 Medium-Term Business Plan?

Mr. Pedersen: The 2026 Medium-Term Business Plan will begin in FY2024. Discussions for the planning began in December 2022. We receive regular reports and discuss them at Board of Directors meetings. The Meiji Group is formulating the plan while incorporating the opinions of Outside Directors.

Ms. Ando: The Medium-Term Business Plan is a commitment to shareholders and other stakeholders. Executive members seem highly aware of this commitment during discussions on the 2026 Medium-Term Business Plan. I can feel Meiji's enthusiasm to implement this new Medium-Term Business Plan in the future from this stage of its formulation.

Mr. Pedersen: However, I believe something is missing in the process of formulating this Medium-Term Business Plan. It is the involvement of ordinary employees. The goal is not to have them come up with innovative ideas. Rather, I would like them to work proactively on the new Medium-Term Business Plan with a sense of ownership. Sharing the path that the Meiji Group should take is desirable. Without this, employees may feel like they are being forced to do something to execute the Plan. This

will lead to a decline in both engagement and corporate strength.

Ms. Ando: I believe that it would be effective to involve employees in the creation of the new Medium-Term Business Plan. Also, how about providing an opportunity to share visions for the future with employees and to incorporate various ideas from the frontline? I think it would be good for the management team to get ideas from these kinds of opportunities.

Mr. Pedersen: As Ms. Ando mentioned, there are various ways to improve employee engagement. When formulating the Medium-Term Business Plan, the management team should provide a general outline of the direction the group should take as well as a key points for priority strategies. Then, they should open up the proposed Medium-Term Business Plan to employees. Once they incorporate various opinions and ideas from employees, the management team could then give it a final polish. This process would create a sense of ownership amongst employees. The formulation of the Medium-Term Business Plan can also be an opportunity to increase engagement.

What are the corporate values necessary to make the Meiji Group sustainable?

Mr. Pedersen: The Meiji Group's businesses depend directly on nature. Therefore, nature's ecosystem must be sound to sustain these businesses soundly. In addition, the Meiji Group's businesses have a direct impact on people's health. We must maintain the soundness of its customers' lives through food and pharmaceuticals. Therefore, the Meiji Group should pursue the following to become a sustainable company: Contribute to people's health while protecting the nature on which we depend and enhance corporate value without compromise. Achieving such a virtuous cycle is not easy. It is great that the Meiji Group is committed to this challenge and has expressed its intention with the Meiji ROESG^{*}. However, they must not only express their intentions, but also achieve

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

concrete results. Meiji products need to be evaluated and chosen from the perspective of sustainability by both our business partners and our customers.

Ms. Ando: Meiji must increase its fanbase to make its products the preferred choice of consumers. Having many people enjoy Meiji products will lead to a sustainable company. Meiji will naturally become sustainable if it can raise consumer awareness to the level where customers feel safe choosing Meiji products rather than simply liking them.

Mr. Pedersen: The Meiji Group has the slogan of *Now ideas for wellness*. I am a little concerned that employees may take this too literally and think that they cannot plan products unless they have some health value. Meiji needs to build a solid brand in order to link sustainability to corporate value. Whether or not each product has a health function is not the only criterion. The Meiji Group must show that they are likeable and truly think about people's health and the future of society more seriously than anyone else. That is branding. Meiji has not achieved a corporate image that evokes sustainability. The Meiji Group's sustainability initiatives are not inferior to those of leading European companies. However, customers have not yet understood these initiatives, which is very unfortunate. If Meiji strengthens its communication with consumers, it will surely be recognized as a sustainable brand.

Ms. Ando: Corporate soundness is also an important factor in sustainable brand recognition. The Meiji Group has a very strong financial position. Its human capital is also extremely sound. Meiji is able to build a sustainable brand image because of this solid foundation.

Mr. Pedersen: It is easy to focus on practical issues such as CO₂ reduction when promoting sustainability. However, if we focus only on practical issues, we will not be able to escape the perception that sustainability is a cost. Branding is the key to converting sustainability into corporate value. I would like to encourage Meiji to further promote such positive actions in the future.



What do you consider to be the corporate governance challenges facing the Meiji Group?

Ms. Ando: The corporate governance of overseas Group companies is an issue. Should the head office control operations from Japan? Or should it allow overseas Group companies to operate with some amount of authority? Meiji should set up a system to minimize risks before the scale of the business grows too large. As one such effort, we have created a risk management department at Meiji Holdings and have begun building a cross-organizational structure.

Mr. Pedersen: The Meiji Group's overseas business is now in a growth phase. There will be many situations where unexpected problems will arise. Managing global governance is an important issue to consider going forward.

Ms. Ando: Meiji is also facing challenges in its financial strategy. We are proceeding with the reduction of cross-shareholdings and structural reforms. While we have been able to use the funds we have acquired to improve capital efficiency by buying back shares, we have not been able to fully utilize these funds for our next stage of growth. There are also challenges in utilizing ROIC. In mature markets, it is possible to invest and earn a return in the short term. However, there is inevitably a lag between investment and profit



Discussion with Outside Director and Audit & Supervisory Board Member

contribution depending on the country or market. Using ROIC too much to manage our business activities can disrupt business. It is important to analyze this point carefully and manage business accordingly.

What do you think about strengthening the human capital of the Meiji Group?

Ms. Ando: Meiji Holdings created the Group Human Capital Committee last year. As a significant management issue, they are working to enhance and revitalize human capital. The lifetime employment system is now beginning to completely collapse. Under such circumstances, it is my personal opinion that we must accept that human capital is fluid. Human capital management should be based on the premise that employees will come and go. Diversity is also an important aspect of human capital. Diverse work styles are required to promote the active participation of women. There are many problems that can be solved by making working styles more diverse.

Mr. Pedersen: “Is this an organization where I can make a creative contribution?” I believe that this is an absolute requirement for selecting a company, especially for young people in the future. Human capital will not be retained in an organization where employees cannot make creative contributions or become “producers.” Environments where employees can work with initiative and where spontaneous innovation occurs based on this initiative maximize human capital. I feel that the Meiji Group faces challenges in this regard as well. When financial progress is tight, it is easy to get caught up in targets and numbers. It is critical to avoid falling into a vicious cycle in which both morale and engagement scores decline on the frontlines. Leaders must work diligently to create an organization that enables every frontline employee to make creative contributions.

How do you commit to stakeholders as Outside Directors and Audit & Supervisory Board Members?

Ms. Ando: As an Audit & Supervisory Board Member, I will work to fulfill my duties of diligently supervising management to solidify the foundation and minimize risks. I will contribute to resolving issues that the Meiji Group is currently facing, including global governance and information security. At the same time, I will oversee the smooth transition to IFRS. It is scheduled to be introduced during the next Medium-Term Business Plan period. The Pharmaceutical Segment is pursuing strategies in response to government and administrative policies, such as preventing the spread of infectious diseases and economic security. I will also constantly supervise business operations in this area to ensure that there is no undue risk in business operations or direction.

Mr. Pedersen: Directors are responsible for enhancing corporate value. There is no escaping that. Shareholders and investors will criticize us harshly if we do not enhance corporate value. We are prepared to face this. However, companies have a variety of stakeholders. In this context, the key is to create value over the long term instead of focusing on short-term earnings. I am committed to transforming the Meiji Group into such a company.

Ms. Ando: After all, it is important to establish a brand that is unique to Meiji. I believe that pursuing sustainability is a very effective way to achieve this. When we talk about sustainability, we often think of climate change and human capital enhancement as important issues. However, we may think more openly rather than considering it a difficult task and overthinking it. An ideal future is where the Meiji Group continues to think about and communicate what it can do for society. Accomplishing this future would lead to the Meiji Group being recognized as a sustainable company by people around the world.

Mr. Pedersen: I hope that the Meiji Group will be recognized as a sustainable brand by people around the world. Meiji can become a company group that constantly brings new health value to society.

Corporate Governance

Basic Views on 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. Additionally, the holding company, Meiji Holdings Co., Ltd. (hereinafter, “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 monitors appropriately 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.

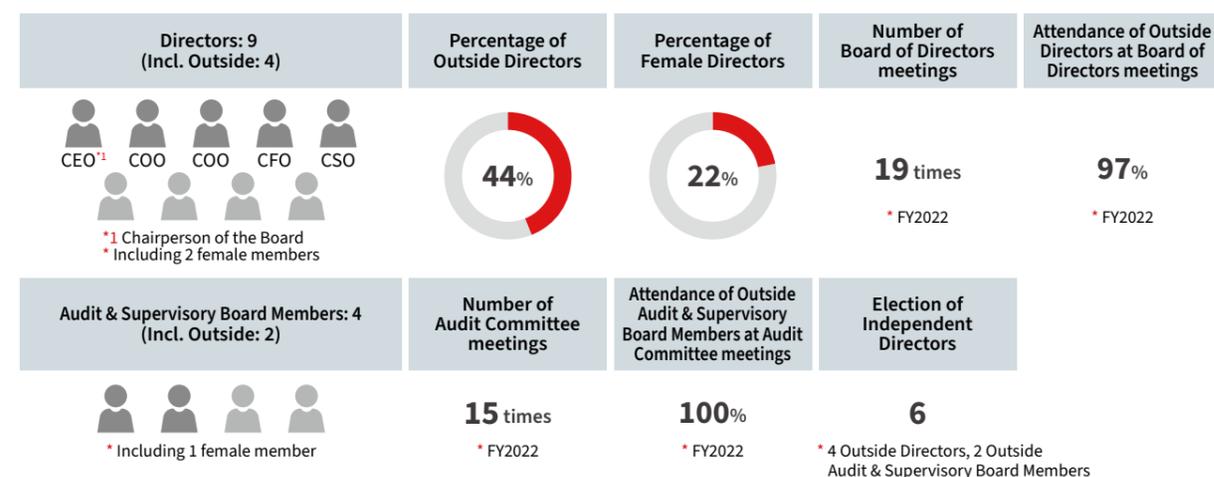
“Corporate Governance Policy”, which defines the basic policy regarding corporate governance of the Company, is posted on our website.

[Governance](#) ▶

Initiatives to Enhance the Corporate Governance System and Improve its Efficacy

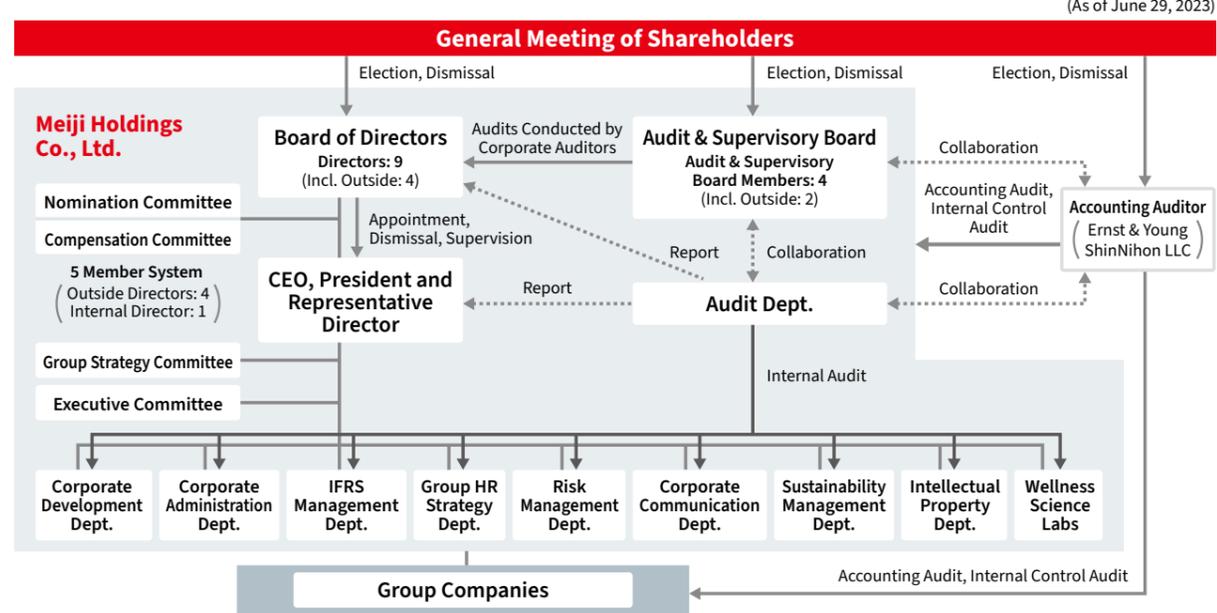
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Group Management Structure				• KM Biologics Co., Ltd. joined the Group			• Introduced Chief Officer system		
Policy	• Formulated Corporate Governance Policy			• Revised Corporate Governance Policy			• Revised Corporate Governance Policy	• Revised Corporate Governance Policy	• Revised Corporate Governance Policy
Support System for Directors' Independence	• Meetings of Independent Outside Directors and Auditors: 2-3 times/year			• Independent Outside Directors: 3				• Total number of Directors: 8 (Percentage of Independent Outside Directors: 37.5%)	• Total number of Directors: 9 (Percentage of independent Outside Directors: 44.4%)
Nomination	• Established rules of the Nomination Committee		• Established Desired Management Human Resource (Leadership Value)	• Established implementation strategy for succession planning for the Group			• Appointed Chairperson of the Nomination Committee from among Outside Directors		
Compensation	• Established rules of the Compensation Committee		• Introduced Restricted Share Compensation Plan				• Revised compensation plans	• Revised rules for Director and Executive Officer compensation	• Appointed Chairperson of the Compensation Committee from among Outside Directors
Board of Directors Efficacy Evaluation	• Efficacy evaluation of the Board of Directors (questionnaire): Once/year					• Individual meetings between Chairperson of the Board and Outside Directors: Once/year		• Individual meetings between Chairperson of the Board, Outside Directors and Outside Audit & Supervisory Board Members: Once/year	• Evaluated by a third-party assessment organization
Other							• Revised the Corporate Behavior Charter (reconfigured as a stakeholder-specific behavior charter)		
							• Advisory Committee for the 2026 Vision comprised of the Board of Directors: 4 times		
							• Formulated the Meiji Group 2026 Vision		

Composition, etc. of the Board of Directors and Audit & Supervisory Board



Corporate Governance

Corporate Governance System



Efficacy of the Board of Directors

Plans to Improve Efficacy

- (1) Members of the Board and Audit & Supervisory Board Members will strive to attend at least 75% of Board of Directors meetings.
- (2) As a general rule, meeting materials will be distributed in advance to facilitate substantive and lively discussion.
- (3) Agenda items will be explained to Independent Outside Directors in advance as necessary.
- (4) Regular meetings will be held for Independent Outside Directors and Outside Audit & Supervisory Board Members.
- (5) Regular tours of major facilities will be enacted for outside officers.

Meetings of Outside Directors and Audit & Supervisory Board Members

Outside Directors and Audit & Supervisory Board Members met four times during FY2022.

- Co-Creation Center (now Wellness Science Labs) Initiatives
- Milk Trade and Raw Milk Price Formation
- Initiatives for Sustainable Dairy Farming and Dairy Industry
- Formulation of Next Medium-Term Business Plan
- D&I for the Meiji Group and Initiatives to Promote Women's Workplace Advancement at Meiji Co., Ltd.

Site Tours by Outside Directors and Audit & Supervisory Board Members

In FY2022, the following sites were visited.

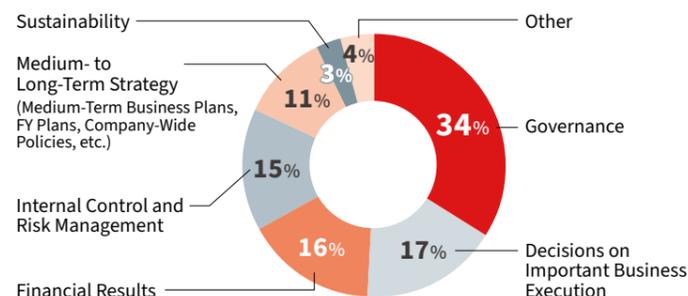
- Co-Creation Center (now Wellness Science Labs)
- Meiji Innovation Center
- KM Biologics Co., Ltd. Headquarters, Kikuchi Research Center, Koshi Production Center, Aso Production Center

Performance Results of Each Body

Board of Directors	<p>FY2022 Number of Meetings: 19</p> <p>Chairperson: Mr. Kawamura, Chief Executive Officer, President and Representative Director</p> <p>Members: 9 directors (including 4 outside directors)</p>	<p>Performance Results in FY2022:</p> <ol style="list-style-type: none"> 1. Deliberations regarding important business plans and budgets, overall management strategies, significant contract agreements and the selection of director candidates and executive officers. 2. Discussion of operating company status, efforts toward sustainability, critical topics related to human capital, Board of Directors assessment, confirmation of internal audit results, and the assessment and oversight of management risks.
Audit & Supervisory Board	<p>FY2022 Number of Meetings: 15</p> <p>Chairperson: Mr. Chida, Audit & Supervisory Board Member</p> <p>Members: 4 Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members)</p>	<p>Performance Results in FY2022:</p> <ol style="list-style-type: none"> 1. Attendance at principal meetings, such as of the Board of Directors and Executive Committee, as well as inspection of critical documents. 2. Communicating and gathering information with directors, etc. 3. Exchange of information and collaboration with Audit & Supervisory Board Members at group companies, Audit departments (internal auditing) and Accounting Auditors.
Nomination Committee	<p>FY2022 Number of Meetings: 4</p> <p>Chairperson: Ms. Matsumura, Member of the Board (Outside) Independent Director</p> <p>Members: 5 directors (including 4 outside directors)</p>	<p>Performance Results in FY2022:</p> <p>Nomination Committee provided the Board of Directors with proposals for the nomination and/or removal of director candidates and Audit & Supervisory Board member candidates and deliberated on the nomination or removal of executive officers, including the president. The Committee also deliberated on succession plans.</p>
Compensation Committee	<p>FY2022 Number of Meetings: 3</p> <p>Chairperson: Mr. Kawata, Member of the Board (Outside) Independent Director</p> <p>Members: 5 directors (including 4 outside directors)</p>	<p>Performance Results in FY2022:</p> <p>Compensation Committee deliberated on policies regarding the determination of compensation for directors and executive officers, the amount of compensation, the level of compensation, etc., and reported to the Board of Directors.</p>

Board of Directors Meeting Agenda

* Based on the number of proposals made in FY2022



Evaluation of the Board of Directors

Once a year, the Meiji Group conducts an evaluation and interview regarding the role and management of the Board of Directors and problems or issues that the Board faces, striving to improve the effectiveness of the Board of Directors.

Self-Evaluation (Once a Year)

- Self-evaluation by questionnaire
- Target: Members of the Board of Directors
- Survey items: Role and management of the Board of Directors and issues the Board faces.

Individual Interviews (Once a Year)

- Individual meetings between Chairperson of the Board, Outside Directors and Outside Audit & Supervisory Board Members
- Conducted in accordance with the items of the self-evaluation questionnaire.
- Issues and improvement measures to enhance and further improve the efficacy of the Board of Directors are discussed.
- A discussion and exchange of opinions is held about the ideal role of the Board of Directors for the sustainable growth of the Meiji Group.

→ The efficacy of the Board of Directors is analyzed and evaluated and identified issues are addressed.

Third-Party Assessment (About Once Every Three Years)

1. Questionnaire and interview by a third-party assessment organization
2. Analysis and evaluation by a third-party assessment organization
3. Verification of results by the Board of Directors

Questionnaire

- All Directors and Audit & Supervisory Board Members are asked to complete a questionnaire administered by an outside professional third-party assessment organization.
- The questionnaire is designed with questions from the following perspectives: "Composition, roles, and functions of the Board of Directors", "operation of the Board of Directors and its committees", "management issues and risks", "stakeholder relations", "governance structure and overall effectiveness of the Board of Directors", etc.
- Information from FY2021 is listed as the evaluation was not administered in FY2022. Questionnaire topics are reviewed before each evaluation.

Interview

- Individual interviews are conducted with all Directors and Audit & Supervisory Board Members based on the results of the survey.

Analysis and evaluation by a third-party assessment organization

- A third-party assessment organization compiles, analyzes and evaluates the opinions collected through the questionnaire and interviews without names.

Verification of results by the Board of Directors

- The Board of Directors verifies and discusses the results of the third-party assessment organization's evaluation.

Corporate Governance

Analysis and Evaluation of the Efficacy of the Board in FY2022

Self-Evaluation through Questionnaire (Target: Members of the Board of Directors)

A self-evaluation questionnaire was conducted in May 2023.

Self-Evaluation Questionnaire Topics

- 1. Roles of the Board of Directors (Setting strategic direction, overseeing company, succession planning, discussing/reporting on business matters)
- 2. Composition of the Board of Directors (scale, diversity, composition ratio of internal and external)
- 3. Operating status of the Board of Directors (discussion, chairperson of the Board, secretariat, content and quality of submissions and presentations)
- 4. Response to issues from the previous year
- 5. Support system for Outside Directors

Summary of Analysis and Evaluation Results, and Issues in FY2023

Based on the analysis of self-evaluations by members of the Board of Directors and performance of the Board, we have assessed that the Board continues to operate effectively.

Evaluation of Efforts Made to Improve Issues from the Previous Year

- Efforts to strengthen monitoring of the specific results and progress status for core issues of the Medium-Term Business Plan are underway.
- The Board of Directors is holding discussion on medium- and long-term issues in the process of drafting the next Medium-Term Business Plan.

FY2020 Issues	FY2021 Issues	FY2022 Issues	FY2023 Issues
<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 	<ul style="list-style-type: none"> • Deepening of discussions regarding medium- to long-term management strategies for sustainable growth • Expansion of regular review and follow-up concerning response to medium and long-term issues that affect corporate value

Constructive Dialogue with Shareholders

Status of Dialogue in FY2022

(1) Main themes of the dialogue

- Progress of KPIs set forth in the 2023 Medium-Term Business Plan (Meiji ROESG[®])
- FY2022 Results and FY2023 Plans
- Capital policy (capital expenditures, shareholder returns, etc.)
- ESG activity policies and initiatives

(2) Main interests and concerns of shareholders

- Food segment: Impact of cost increases in raw materials and energy costs, and measures to address them
- Pharmaceutical segment: Status of COVID-19 vaccine R&D and the impact of the NHI drug price revisions
- Overseas business
- Sustainability procurement, biodiversity, human capital, DX, etc.

(3) Major issues that the Company recognizes as issues through dialogue with shareholders

- Food segment: Minimize decrease in sales volume due to price hikes
- Pharmaceutical segment: Engage in COVID-19 vaccine development
- Aggressive investment in overseas business and accelerate business expansion
- Providing stable and continuous shareholder returns, conducting share buyback
- Further promotion of sustainability management, integrate financial and non-financial information (pursue Trade-On)
- Create synergy between food and pharmaceuticals

(4) Status of feedback

- Dialogue content is summarized in the IR monthly report, which is then reported by the director in charge of IR to the Executive Committee and the Board of Directors
- After being reported to management, the IR monthly report is then distributed to all employees. Shareholder and investor opinions are widely shared within the Meiji Group

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

Please see the Corporate Governance Report PDF (page 14) for details regarding “Constructive Dialogue with Shareholders.”

Compensation for Directors (and Other Officers)

The Company calculates the amount of compensation 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 Compensation (Excluding Outside Directors)

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

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

Basic compensation and performance-linked compensation is paid in cash, while share compensation is provided by allotting shares with transfer restrictions. The Company has set the ratio of fixed compensation (basic compensation) to variable compensation (performance-linked compensation and share compensation) at 43-51:57-49. Specifically, the Company applies a higher rate of variable compensation as the rank and position of the executive increases.

Outside Director and Audit & Supervisory Board Member Compensation

Only basic compensation is paid to Outside Directors and Audit & Supervisory Board Members from the perspective of their roles and independence.

Compensation Governance

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

The amount of compensation 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.

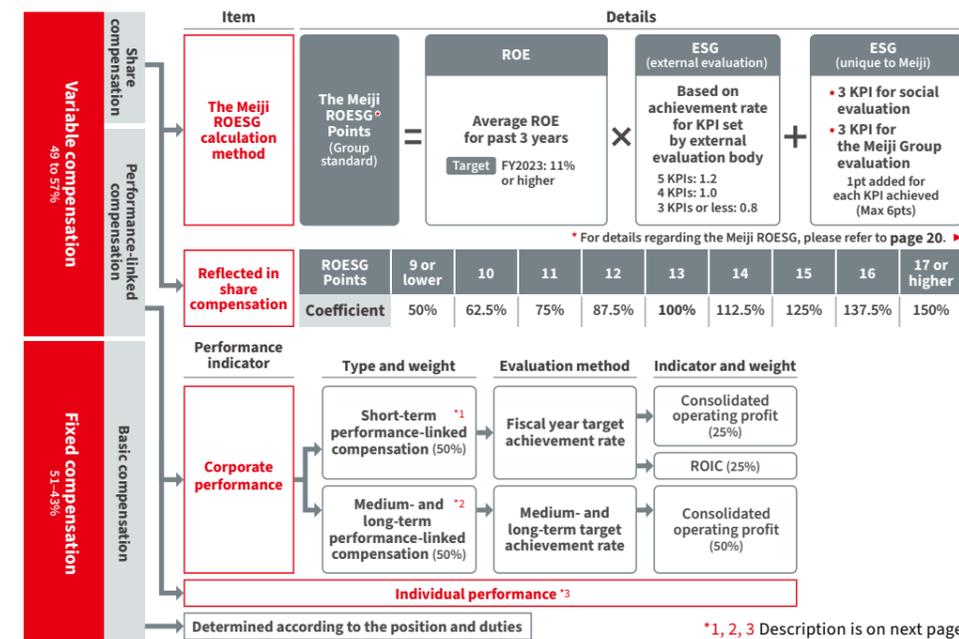
Performance-Linked Compensation

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 Compensation

- For the CEO, President and Representative Director, and COOs, Members of the Board of the Company: Performance-linked compensation is based only on evaluations of corporate performance, consisting of short-term performance-linked compensation and medium- and long-term performance-linked compensation.
- 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.



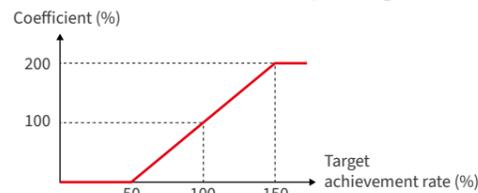
Corporate Governance

Short-Term Performance-Linked Compensation (*1)

Directors (excluding Outside Directors) are paid short-term performance-linked compensation in the form of compensation 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 Compensation (*2)

Directors (excluding Outside Directors) are paid compensation 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 100%.

The coefficient will be further increased when performance exceeds medium- and long-term targets.

Compensation 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 Compensation

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 compensation 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 75. The Meiji ROESG is calculated based on ROE figures and the results of ESG initiatives.

Disclosure of Director Compensation (FY2022)

We disclose the total amount of compensation by officer category and by compensation type, and number of eligible officers. For directors with a total compensation of JPY 100 million or higher, we also disclose their individual amount of compensation.

The compensation amounts for each officer category as of FY2022, are as follows.

* Please see "Policy on Determining Compensation Amounts and Calculation Methods" on page 29 of the "Corporate Governance Report" (PDF). ▶

Officer category	Total amount of compensation	Monetary compensation				Share compensation	
		Basic compensation		Performance-linked compensation		Total amount	Number of eligible officers
		Total amount	Number of eligible officers	Total amount	Number of eligible officers		
Directors excluding Outside Directors	JPY 265 mn	JPY 132 mn	5	JPY 78 mn	3	JPY 54 mn	3
Audit & Supervisory Board Members excluding outside Audit & Supervisory Board Members	JPY 60 mn	JPY 60 mn	2	—	—	—	—
Outside Directors	JPY 62 mn	JPY 62 mn	4	—	—	—	—
Outside Audit & Supervisory Board Members	JPY 29 mn	JPY 29 mn	2	—	—	—	—
Total	JPY 418 mn	JPY 285 mn	13	JPY 78 mn	3	JPY 54 mn	3

* 1. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of compensation for directors is capped at JPY 1 billion per year (not including the employee portion of compensation for directors who concurrently serve as employees).
 2. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of compensation for Audit & Supervisory Board members is capped at JPY 300 million per year.
 3. The Company introduced a transfer restricted share compensation 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 compensation under this plan is capped at JPY 200 million per year.
 4. The amount for share compensation indicates the amount appropriated during the current fiscal year (recorded in expenses).

Reasons for Nomination of Outside Directors and Audit & Supervisory Board Members

Outside Director

Mariko Matsumura

We appointed 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

As President and Representative Director & Chairman and Representative Director of Nishinbo Holdings Inc., he has promoted the company's group and global management. We appointed 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 appointed 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.

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 appointed him 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 appointed him 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 appointed her 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.

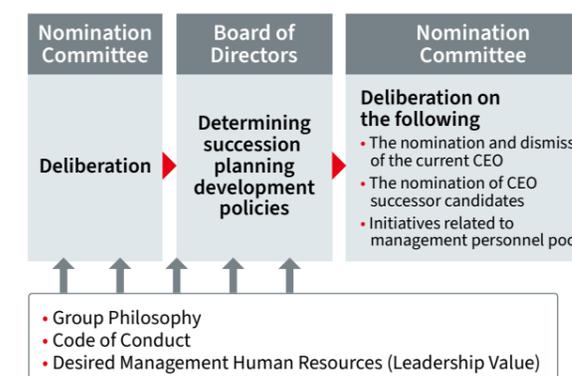
Succession Planning for the CEO and Other Top Executives

Initiatives in FY2022

In the January 2023 meeting, the Nomination Committee deliberated on three key proposals: "the nomination and dismissal of the current CEO," "the nomination of CEO successor candidates," and "initiatives related to management personnel pool."

Additionally, such topics as "identifying potential successors for the Presidents of major operating companies" and "importance of discussions regarding the qualities and development strategies particularly required for future Presidents of major operating companies" were discussed.

As future issues, the Nomination Committee acknowledges the need to "strengthen the monitoring of President successor candidates" and "ensure the effective implementation of various measures for the early and planned development of managers who drive the Group forward" and is committed to working toward improvement.



Corporate Governance

Cross-Shareholdings Shares

Ownership Policy

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

Status of Cross-Shareholdings Shares

1 Reduction plan for the 2023 Medium-Term Business Plan (FY2021-FY2023)

The Company is working toward reducing cross-shareholdings by 30% from the end of FY2020 on a book value basis during the 2023 Medium-Term Business Plan period.

2 Verification results at the Board of Directors and reduction results in FY2022

Every year, the Board of Directors reviews all the brands the Group holds and determines whether the Company should continue holding them or dispose of them. For each brand, the Board considers the following factors:

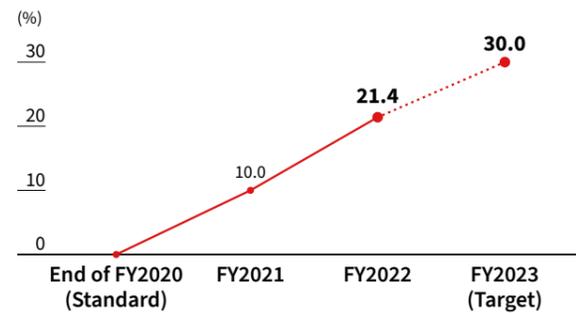
- The rationale for holding the brand
- The transactions for the brand in the past year
- The medium- to long-term outlook for the brand
- The amount of dividend

In FY2022, the second year of the 2023 Medium-Term Business Plan, the Company sold as follows:

- All Shares Sold: 2 brands
- Partially Sold: 10 brands
- Holdings Maintained: 30 brands

As a result, for the cumulative two-year period through FY2022, the Meiji Group's cross-shareholdings have been reduced by 21.4% from the end of FY2020. The total amount for cross-shareholdings recorded to the balance sheets as of the end of FY2022 was equivalent to 7.8% of consolidated net assets.

Percentage of Reduction in the Meiji Group's Cross-Shareholdings (Cumulative Basis)



Approach to Exercising Voting Rights on Held Shares

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.

Features of the Meiji Group Corporate Governance

Approach to Group Governance System

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 Company is to promote Group-wide management strategies, create an optimal operating structure, and oversee the business management of operating companies.

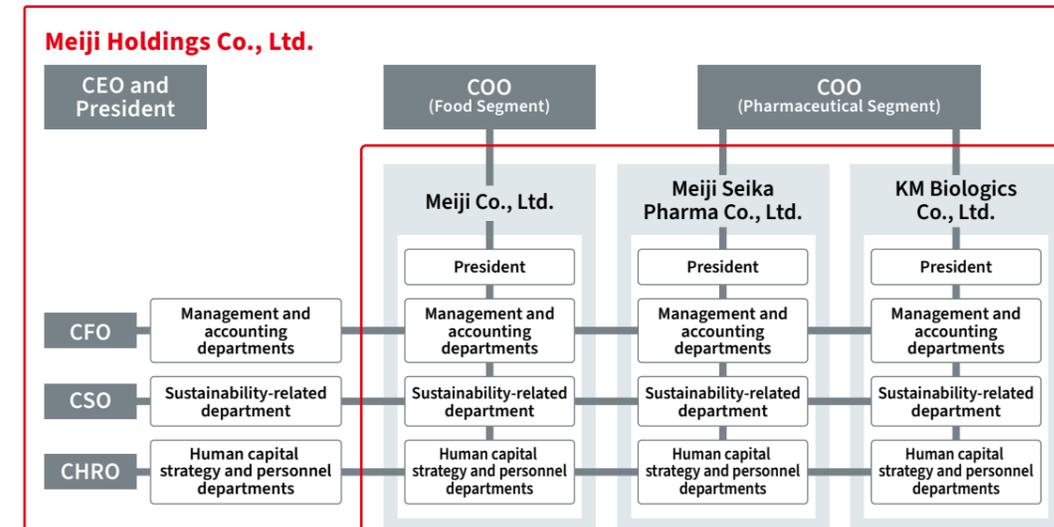
The Meiji Group has introduced a Chief Officer system to strengthen the Group's operational execution in order to achieve the medium- to long-term management strategies formulated based on the Group's Philosophy.

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 Groupwide management strategies. The Executive Committee, chaired by the CEO and President, deliberates and decides on key issues related to business execution, and executes business promptly and appropriately.

In addition, a new position of CHRO has been created in the Chief Officer position in FY2023. As head of the Group's human capital strategy and human capital management, CHRO is responsible for strategic planning to sustainably enhance corporate value, and will formulate, promote and monitor strategies related to human capital for the entire Group.

Chief Officer Management System



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

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

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

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

CHRO (Chief Human Resource Officer)
Oversees the Group's human capital strategy and human capital management

Performance Results at Group Strategy Meetings

The Group Strategy Meeting was held by Chief Officers in FY2022 as follows.

Group Strategy Committee

Number of Meetings in FY2022: 13

Main Discussion Topics in FY2022:

- Medium- to Long-Term Management Strategies
- Human Capital Management
- Future Policy for Core Businesses
- Key Strategies and Results for FY2022

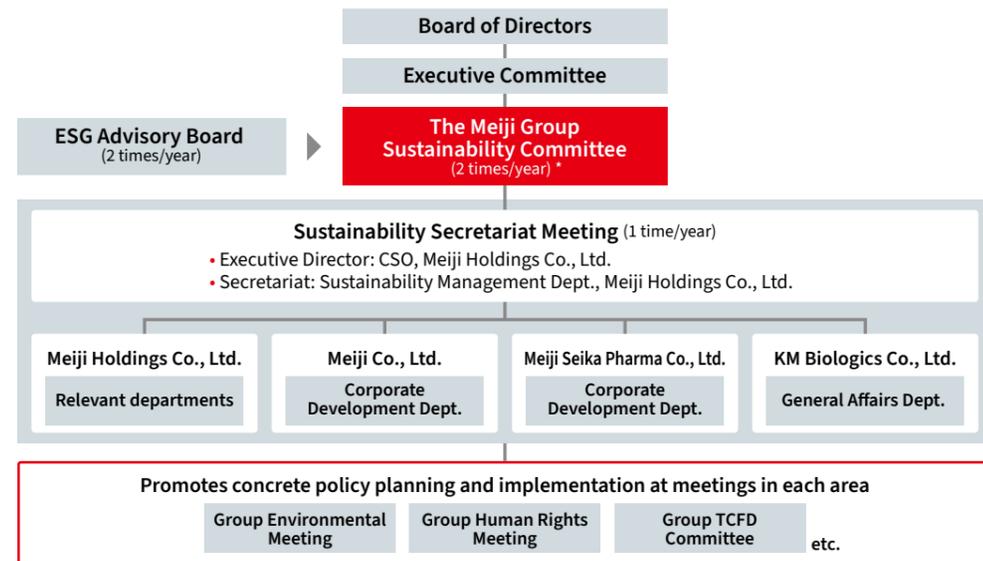
Corporate Governance

Sustainability Governance

Basic Views

As food and health professionals, the Meiji Group contributes to addressing social issues through our business activities, and to realizing a future in which people can live with good health and peace of mind. We aim to achieve sustainable growth and increase corporate value over the medium- to long-term.

We have established the Group Sustainability Committee, which reports its discussions and performance results to the Board of Directors. Furthermore, the Chief Sustainability Officer (CSO), oversees sustainability initiatives across the entire group and works to integrate business operations and sustainability efforts. In addition, the ESG Advisory Board provides advice from outside experts on the Meiji Group's initiatives and exchanges opinions with the CEO, CSO, and other internal members to strengthen efforts toward sustainability.



* Chairperson: CEO, President and Representative Director, Meiji Holdings Co., Ltd.
Vice-Chairpersons: President and Representative Directors of three operating companies

Key Discussion Topics and Opinions at Group Sustainability Meetings (September 2022 and February 2023) (Excerpts)

Progress in Response to the Meiji ROESG Management

- Evaluations from ESG evaluation organizations have been steadily improving. At this stage, we are receiving ratings that exceed our targets.
- In addition to ROE, we were able to demonstrate our focus on ESG both internally and externally. We are advancing our efforts to reach our target of evolving our ESG to align with improving ROE.

Progress of Sustainability Activities in FY2022

- The Meiji Group's sustainability activities extend from E (Environment) to G (Governance) to S (Society). We recognize sustainability activities related to Society as activities that help us be more outwardly focused, teaching us the value of society. We should carefully address social norms related to human rights, procurement and the demands of society.
- To date, the Meiji Group's communication regarding sustainability has been weak. We must strengthen our communication not only about our merchandise, but about the Group as a whole to enhance the value of the corporate brand.

Key Discussion Topics and Opinions from the ESG Advisory Board (August 2022 and January 2023) (Excerpts)

Future Global Expansion

- We should strengthen cooperation with the leaders of overseas group companies and work to achieve profit growth and sustainability initiatives on a global scale.

About the Integrated Report 2022

- It is crucial to demonstrate the link between sustainability activities and business value and to present our Value Creation Story that is characteristic of the Meiji Group.

Stakeholder Dialogue Sessions ▶

Development of Meiji's Nutritional Profiling System

- It is essential to create a narrative about how it connects to customer value.
- We hope for collaboration from government and other companies to establish unified and easily understandable standards.
- A key area where sustainability and revenue generation are likely to be directly linked.

Promoting a Sense of Ownership Surrounding Sustainability among Employees

- Creating and disseminating a sustainability slogan is vital.
- Bold initiatives such as a Sustainability Week and the appointment of a Chief Future Officer (CFO) to encourage deep thinking and execution of sustainability within the organization.

Intellectual Property Governance

Intellectual Property Strategy

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*.

The Meiji Group's Intellectual Property Governance System

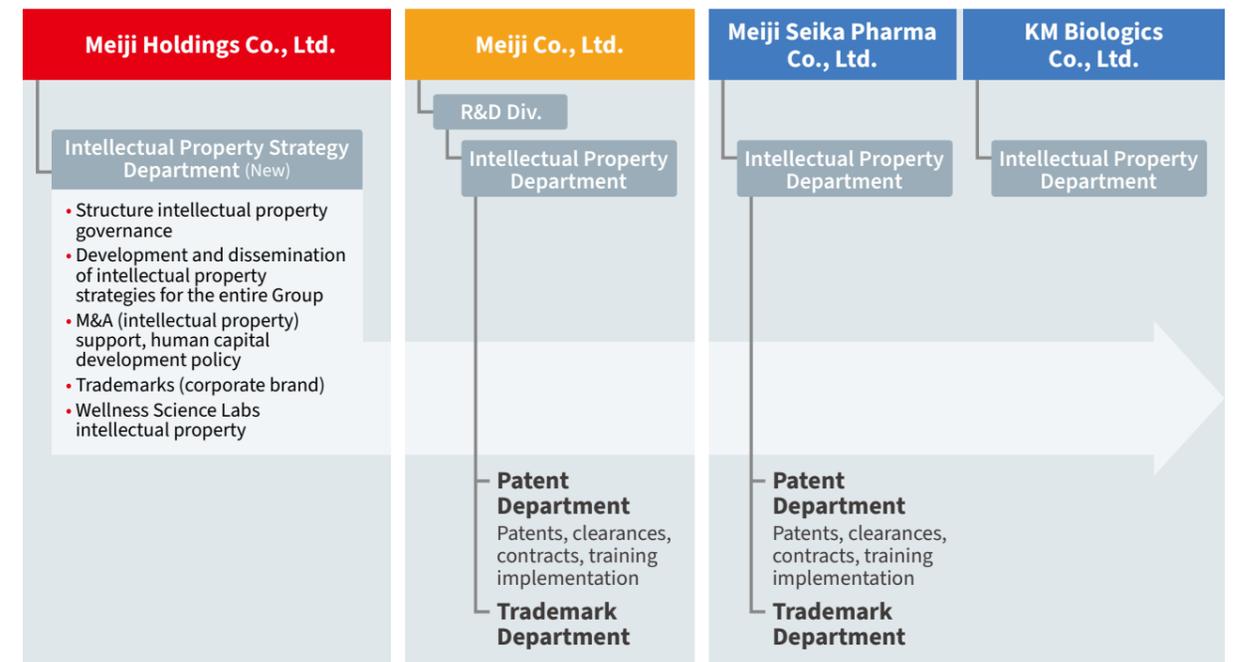
The Meiji Group has established a new overall controlling organization for intellectual property strategy from FY2023.

The newly established Intellectual Property Strategy Department will drive the formulation and execution of the Group's intellectual property strategy, aligning with the Company's medium-term targets. Additionally, we will build a governance system for the Group's intellectual property to ensure that the formulation and execution of intellectual property strategy is conducted under the appropriate oversight of the Group's Board of Directors.

Furthermore, the newly established Intellectual Property Strategy Department will be responsible for the Meiji Group's important intellectual property activities. This includes building a patent portfolio based on the Group's long-term perspective in collaboration with the Wellness Science Labs and managing trademarks, particularly corporate trademarks, which are common across the Group. Moreover, to advance intellectual property activities, we will implement resource management for intellectual property specialists, essential for nurturing and optimally placing these specialists within the Group.

On the other hand, the intellectual property departments within the Food and Pharmaceutical segments will collaborate with our Intellectual Property Strategy Department to develop and execute intellectual property strategies that are aligned with each segment's business and R&D strategies.

Meiji Group Intellectual Property Department Organizational Structure (from April 2023)



Risk Management

Basic Views

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.

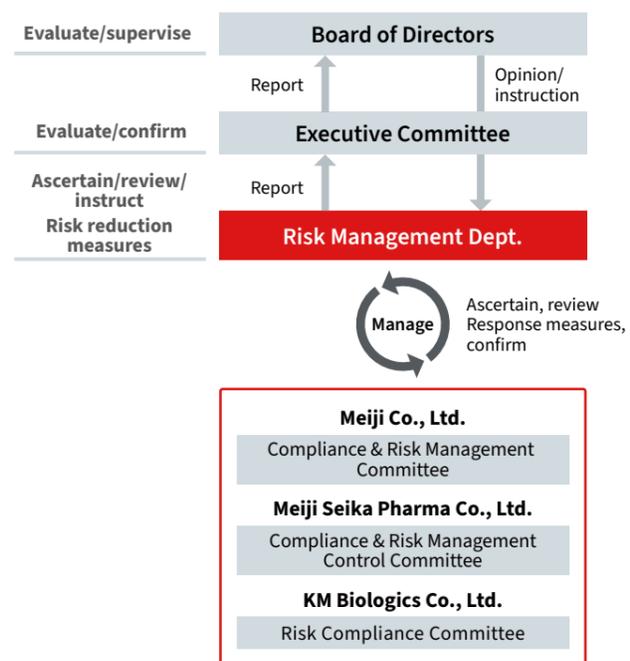
Risk Management System

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.

A Risk Management Department has also been established to strengthen Group-wide risk management. The Executive Committee evaluates and confirms Groupwide 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 segments, respectively. We regularly share risk information across the Group, 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 to the CEO.



* Please see page 44 of the "Annual Securities Report (FY2022)" (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 the 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 the 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. ▶

Priority initiative topics for FY2022:

The Board of Directors selected the following priority initiative topics for FY2022 relating to Group business management risks and confirmed the initiatives of each operating company.

1. Identification of risks in China
2. Spread of innovative treatment methods, manufacturing methods, and formulation methods

Business Risks

Risks	Countermeasures	Change in risk awareness from previous year	Importance to the Group
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 and health value Manage business portfolio from the perspectives of profitability, growth and productivity Strengthen decision-making and monitoring of 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

Risks	Countermeasures	Change in risk awareness from previous year	Importance to the Group
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 leakage, promote energy conservation activities, expand installation of solar power generation facilities, utilize renewable energy sources, promote internal carbon pricing, ensure proper wastewater and industrial waste disposal, advance environmental management in compliance with ISO 14001 Promote recycling of plastic resources 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 	↗ \$
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 	↗ \$

Risk Management

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 appropriate manner Internal or external non-compliance 	<ul style="list-style-type: none"> Improve effectiveness of the Board of Directors Enhance corporate governance systems Educate on compliance and the use of social media based on the Meiji Group Code of Conduct, ensuring thorough communication of policies within and outside the Group 	→	\$
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 safe 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 Implement measures based on employee engagement survey results Strengthen the promotion of health and productivity management and establish common occupational safety systems across the Group 	↗	\$
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 emergencies 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 	→	\$

Issues and Initiatives Regarding Information Security Systems and Cyber Risk

Basic Policy

The Meiji Group understands the importance of ensuring the security of customer personal information and other information assets. With this in mind, we have outlined the Meiji Group Information Security Policy along with various related rules and guidelines that we apply towards ensuring and enhancing information security.

[Meiji Group Information Security Policy](#)

Management Structure

The Meiji Group recognizes information security as a business risk. The Executive Committee evaluates and confirms the state of information security management and submits reports to the Board of Directors, which oversees the evaluation and monitoring of this structure. We also establish relevant committees within each operating company to strengthen information security and ensure an effective information security structure. In the event of a serious incident or other emergency situations related to information security, the executive officer in charge of the Risk Management Department submits reports directly to the CEO.

Employee Education

To improve information security awareness, we regularly conduct employee education and training concerning information security.

Education / training content	FY2021 results	FY2022 results
Rate of new employee training	100% (162 people)	100% (168 people)
Rate of e-learning education	85%	88%
E-learning details	About risks and measures related to email and internet use (Example) Targeted attack email and cyberattacks that occur at other companies	
Suspicious email / targeted email attack response training numbers	11,217 people	3,578 people*
Other initiatives	Companywide warnings and one-point lessons about matters such as suspicious emails pretending to be a business partner or Meiji Group employee	

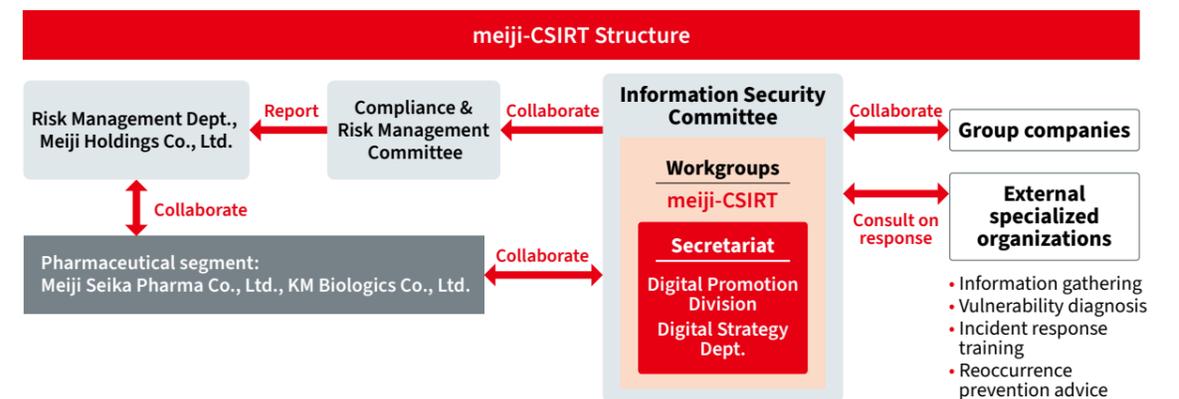
* Implemented for randomly selected participants

Strengthening Incident Response

The Meiji Group has created an Incident Response Procedure to prevent incidents before they occur if a security threat is detected as well as to prevent the spread of damage in the event an incident occurs. Specifically, we have established a CSIRT* structure within each operating company and implemented various measures, including outlining a response flow, conducting training, and working to further strengthen coordination between operating companies. This helps ensure business continuity and increase society's trust in the Meiji Group.

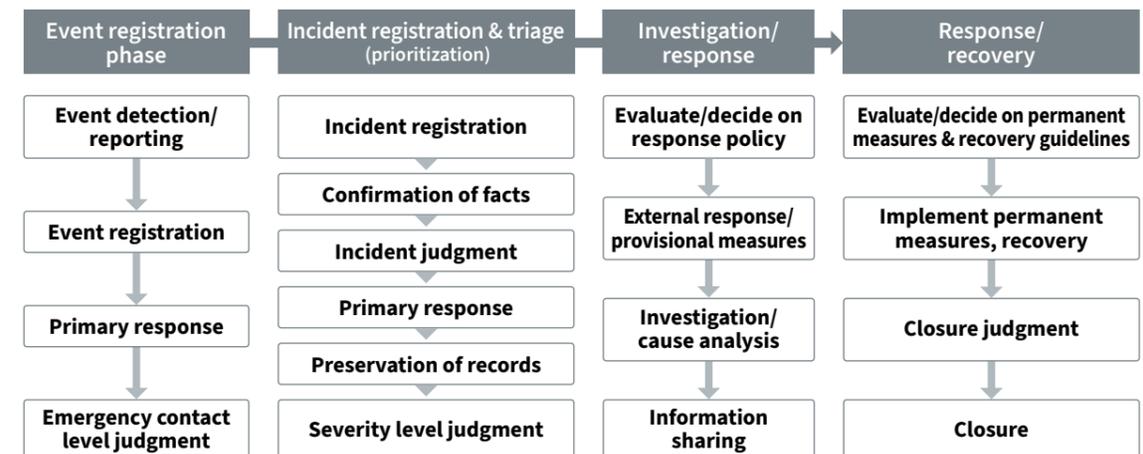
* CSIRT (Computer Security Incident Response Team): The name of the dedicated organization for monitoring security issues on computers and networks within the organization, and conducting cause analysis and identifying the scope of impact in the event an issue is discovered.

CSIRT Structure Example: Meiji Co., Ltd.



Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd. have also established similar CSIRT structure.

Incident Response Procedure



Cybersecurity Response

The Meiji Group conducts vulnerability assessments on its web servers, networks and other IT environments, including simulated cyberattacks by security vendors, to continuously enhance cybersecurity.

Directors and Audit & Supervisory Board Members (As of June 29, 2023)

Members of the Board



Kazuo Kawamura
 Chief Executive Officer^{*1}
 President and Representative Director
 (Corporate Development Dept.,
 Group HR Strategy Dept.,
 Intellectual Property Dept., and
 Wellness Science Labs)

^{*1} Oversees management of entire Group
^{*2} Oversees business operations for Food segment and Pharmaceutical segment



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



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



Masaya Kawata
 Member of the Board **Independent Director**
 Significant Concurrent Positions
 Outside Director, Central Glass Co., Ltd.



Michiko Kuboyama
 Member of the Board **Independent Director**
 Significant Concurrent Positions
 Outside Director,
 Sumitomo Mitsui Banking Corporation
 Outside Director, Kura Sushi, Inc.



Peter David Pedersen
 Member of the Board **Independent Director**
 Significant Concurrent Positions
 Representative Director, NPO NELIS
 External Director,
 MARUI GROUP CO., LTD.



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

^{*3} Oversees Group financial strategy and operational management
^{*4} Oversees Group sustainability strategy and sustainability activities



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



Mariko Matsumura
 Member of the Board **Independent Director**
 Significant Concurrent Positions
 Attorney at Law/Shinwa Sogo Law Offices
 Outside Statutory Auditor,
 Fund Creation Group Co., Ltd.
 Audit & Supervisory Board Member,
 Komatsu Ltd.
 Outside Member of the Board,
 SODA NIKKA CO., LTD.

Audit & Supervisory Board Member



Hiroaki Chida
 Audit & Supervisory Board
 Member



Takayoshi Ohno
 Audit & Supervisory Board
 Member



Hajime Watanabe
 Audit & Supervisory Board
 Member **Independent Director**
 Significant Concurrent Positions
 Attorney at Law/
 WATANABE & SHIMIZU
 Audit & Supervisory Board Member,
 LOGISTEED, Ltd.



Makoto Ando
 Audit & Supervisory Board
 Member **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.

Overview of Directors ■ Outside

Category	Name	Appointment	Number of the Company's shares held	Attendance at meetings in FY2022		Advisory body members to the Board of Directors		Main expertise and background									
				Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee	Management strategies	Global business	Sales and marketing	Finance and accounting	HR and diversity	Legal affairs and risk management	Corporate communication	Sustainability		
Members of the Board	Kazuo Kawamura	June 2012	101,265 shares	19/19				●			●					●	
	Daikichiro Kobayashi	June 2014	36,589 shares	19/19				●			●					●	
	Katsunari Matsuda	June 2018	35,482 shares	19/19				●			●					●	
	Koichiro Shiozaki	June 2015	36,339 shares	19/19				●				●					
	Jun Furuta	June 2014	21,947 shares	19/19				●	●			●			●	●	
	Mariko Matsumura	June 2018	1,507 shares	17/19			● Chairperson ^{*6}	●				●	●				
	Masaya Kawata	June 2021	1,377 shares	19/19			●	● Chairperson ^{*6}			●						●
	Michiko Kuboyama	June 2021	688 shares	19/19			●	●			●				●		
Peter David Pedersen	June 2022	266 shares	14/14 ^{*5}			●	●			●				●		●	
Audit & Supervisory Board Member	Hiroaki Chida	June 2021	7,888 shares	19/19	15/15							●	●				
	Takayoshi Ohno	June 2021	7,135 shares	19/19	15/15					●							
	Hajime Watanabe	June 2013	—	19/19	15/15								●				
	Makoto Ando	June 2017	7,216 shares	19/19	15/15							●		●			

^{*5} Attending since appointment on June 29, 2022 ^{*6} 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.

See our website for details on our directors' profiles
Leadership ▶

Financial and Non-Financial Highlights (11 Years Summary)

Annual Securities Report (PDF) ▶

Consolidated Results

Financial information			Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022	Unit *1
For the fiscal year:	Net Sales *13		JPY mn	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	1,062,157	7,954,445	USD k
	Segment	Food	JPY mn	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	865,609	6,482,507	USD k
		Pharmaceuticals	JPY mn	127,361	135,105	141,338	164,542	161,620	168,466	198,688	204,354	193,664	187,981	197,280	1,477,422	USD k
	Segment (Overseas)	Food	JPY mn	—	29,097	29,418	38,353	38,191	43,474	47,182	48,422	49,173	52,618	68,577	513,570	USD k
		Pharmaceuticals *14	JPY mn	—	17,325	23,961	41,961	38,731	39,485	41,009	43,507	37,692	40,368	51,444	385,262	USD k
	Gross profit		JPY mn	382,684	394,062	403,386	445,561	461,326	454,882	456,569	462,523	449,625	323,249	306,802	2,297,629	USD k
	Operating profit		JPY mn	25,859	36,496	51,543	77,781	88,395	94,673	98,383	102,710 *12	106,061	92,922	75,433	564,920	USD k
	Profit before income taxes		JPY mn	25,214	33,687	48,657	95,210	89,192	91,079	94,586	97,747	103,183	128,455	95,410	714,528	USD k
	Profit attributable to owners of parent		JPY mn	16,646	19,060	30,891	62,580	60,786	61,278	61,868	67,318 *12	65,655	87,497	69,424	519,917	USD k
	Capital expenditures *2		JPY mn	37,668	47,038	64,347	42,354	50,417	71,777	71,243	71,109 *12	67,900	93,166	72,170	540,484	USD k
	R&D expenses		JPY mn	26,199	26,067	26,105	27,308	26,162	26,507	29,182	31,446	31,404	33,441	30,989	232,080	USD k
	Depreciation *3		JPY mn	40,821	40,972	41,885	42,077	45,872	46,511	43,033	46,198 *12	48,411	50,103	53,575	401,223	USD k
	Cash flows from operating activities (A)		JPY mn	50,622	63,847	86,487	105,155	81,888	108,775	112,100	114,103	123,683	127,526	85,013	636,663	USD k
	Cash flows from investing activities (B)		JPY mn	(39,504)	(47,293)	(92,822)	(9,809)	(44,291)	(64,394)	(100,202)	(70,811)	(93,110)	(27,614)	(36,788)	(275,509)	USD k
Cash flows from financing activities		JPY mn	(9,411)	(18,194)	6,846	(85,071)	(46,548)	(40,121)	(13,980)	(30,287)	(28,293)	(76,997)	(54,734)	(409,907)	USD k	
Free cash flows (A+B)		JPY mn	11,118	16,553	(6,335)	95,346	37,597	44,380	11,898	43,291	30,573	99,911	48,224	361,153	USD k	
At fiscal year-end:	Total assets		JPY mn	785,514	779,461	877,367	856,115	883,895	927,544	1,004,143	998,920 *12	1,067,000	1,117,459	1,136,217	8,509,083	USD k
	Interest-bearing debt		JPY mn	205,394	198,376	221,480	147,828	129,497	119,102	116,385	106,764	101,775	81,267	64,371	482,072	USD k
	Equity		JPY mn	313,383	320,447	370,341	408,874	448,901	487,310	527,310	562,753 *12	621,428	673,336	711,917	5,331,514	USD k
Per share data *4	Profit (EPS)		JPY	56.49	64.69	104.89	212.53	206.55	211.07	213.30	232.04 *12	226.26	303.62	247.39	1.852	USD
	Net assets (BPS) *5		JPY	1063.64	1,087.99	1,257.62	1,388.64	1,532.45	1,680.35	1,817.89	1,939.59 *12	2,141.40	2,390.76	2,553.69	19.124	USD
	Cash dividends		JPY	20.00	20.00	25.00	45.00	55.00	65.00	70.00	75.00	80.00	85.00	90.00	0.674	USD
Ratios	Return on equity (ROE)		%	5.5	6.0	8.9	16.1	14.2	13.1	12.2	12.4	11.1	13.5	10.0		
	Return on assets (ROA)		%	3.8	5.0	6.5	9.4	10.2	10.6	10.3	10.3	10.7	8.6	6.6		
	Equity-to-asset ratio		%	39.9	41.1	42.2	47.8	50.8	52.5	52.5	56.3 *12	58.2	60.3	62.7		
	Payout ratio		%	35.4	30.9	23.8	21.2	26.6	30.8	32.8	32.3	35.4	28.0	36.4		

Non-financial information

Energy consumption	Global *6	TJ	—	—	—	—	—	—	—	—	—	11,439	11,095	11,020	☑
		Japan	TJ	—	—	—	—	—	9,281	9,845 *7	10,714 *7	9,766	9,424	9,236	☑
CO ₂ emissions	Scope 1	Global *6	10,000 t-CO ₂	—	—	—	—	26.6	26.0	25.5	24.8	23.9	24.5	22.9	☑
			Japan	10,000 t-CO ₂	—	—	—	—	23.6	23.0	22.8 *7	22.2 *7	21.5	22.1	20.5
	Scope 2	Global *6	10,000 t-CO ₂	—	—	—	—	38.4	36.9	36.8	35.6	32.4	29.1	28.5	☑
			Japan	10,000 t-CO ₂	—	—	—	—	28.7	27.4	28.2 *7	27.9 *7	25.4	21.6	21.9
	Scope 3	Global *6	10,000 t-CO ₂	—	—	—	—	—	—	—	325.3	313.5	322.7	390.5	☑
			Japan *8	10,000 t-CO ₂	—	—	—	—	—	203.5	318.9 *7	303.5 *7	294.8	302.7	348.4
Water consumption	Global *6	Category 1	10,000 t-CO ₂	—	—	—	—	—	—	243.7 *7	234.3 *7	225.9	228.4	279.2	☑
			Japan *9	10,000 t-CO ₂	—	—	—	—	—	—	—	—	—	—	—
Water discharge	Global *6	1,000 m ³	—	—	—	—	—	24,082	23,483	23,397	22,571	21,255	20,623	☑	
		Japan *10	1,000 m ³	22,902	22,723	20,148	24,375	24,104	22,305	22,056 *7	21,979 *7	21,189	19,808	19,516	☑
Waste	Global *6	1,000 m ³	—	—	—	—	—	17,914	20,586	19,437	18,226	17,397	17,412	☑	
		Japan *10	1,000 m ³	20,864	20,566	16,504	21,214	20,255	17,914	19,702 *7	18,415 *7	17,248	16,450	16,732	☑
Waste	Global *6	10,000 t	—	—	—	—	—	—	—	—	3.1	3.0	2.8	2.7	☑
		Japan *11	10,000 t	8.1	7.2	7.4	7.6	5.4	6.3	2.8 *7	2.8 *7	2.6	2.4	2.4	☑

*1 U.S. dollar amounts are provided solely for the convenience of readers based on an exchange rate of USD 1 = JPY 133.53, the exchange rate prevailing on March 31, 2023.

*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 Per share data reflect the following stock splits:
 · Two-for-one common stock split of October 1, 2015
 · Two-for-one common stock split of April 1, 2023

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

*6 Applies to the Meiji Group (the domestic Meiji Group and 13 overseas production plants <12 plants up until FY2019, 13 plants in FY2020 and 14 plants in FY2021>).

*7 The Kumamoto Production Center 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.

*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 Until FY2021, calculated by multiplying the purchase price by the emission intensity derived from the Database of Emission Intensities on Accounting for Greenhouse Gas Emissions, etc., by Organizations throughout the Supply Chain. In FY2022, a change in the method of calculation resulted in an increase of approximately 0.44 million t-CO₂ compared to the previous method.

*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) Calculated based on the Act on Rationalizing Energy Use (Energy Conservation Act).

(Overseas) Calculated in accordance with 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. In FY2022, Scope 2 emissions of purchased electricity are calculated using the adjusted emission factors of each power supplier. (Until FY2021, the basic emission factors of each power supplier was used.)

(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 by country as of 2020 from the IEA, Emissions from Fuel Combustion. (Until FY2021, the emission factors by country as of 2017 were used for the calculations.)

[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 the purchased weight of raw materials and packaging materials (paper, plastic, cardboard, steel, aluminum and glass bottles) used in the food and pharmaceutical businesses by the IDEA* emission intensities. (Among raw materials, emissions for active pharmaceutical ingredients, bulk powders and undiluted solutions are calculated by multiplying the purchase prices by the IDEA* emission intensities.)

* Inventory Database for Environmental Analysis (Ver.3.2.0)

[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.93.

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

Non-Financial Performance (Progress on Materiality)

★ Materiality related to social issues

[] 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.

The 13 Main SDGs the Meiji Group Can Address



Healthier Lives

Health and Nutrition SDGs: 2, 3, 4

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ Contribute to healthy diets	Increase sales 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)]	-3.1%	-3.1%
	Enroll a total of 700,000 participants into nutrition and healthy diet education within three years from FY2021 to FY2023 [Meiji, unconsolidated]	188,000 participants	Total of 443,000 participants (FY2022: 255,000 participants)
● Stable supply of pharmaceuticals	Increase volume share of five ^{*1} Key Drugs ^{*2} to at least 50% by FY2023 [MSP, consolidated (domestic)]	32.4% ^{*3}	35.2% ^{*3}
	★ 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 FY2023

^{*1} Of the 10 ingredients selected as Key Drugs in 2019, the number of antibacterial drugs marketed by Meiji Seika Pharma
^{*2} Representative antibacterial drugs for the treatment of infectious diseases and for which a stable supply is essential, as selected by academic societies working in infectious diseases
^{*3} Copyright © 2023 IQVIA./Calculated based on JPM April 2021 to March 2023 / Reprinted with permission

Caring for the Earth

Climate Change SDGs: 7, 13

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ Reduce CO ₂ emissions	Reduce company-wide CO ₂ emissions (Scope 1 and 2) by at least 50% by FY2030 (compared with FY2019) [Meiji G, consolidated] ^{*1}	11.3%	14.9%
	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}	-	6.7%
	Expand renewable energy usage to make up at least 50% of total company-wide usage by FY2030 [Meiji G, consolidated]	5.3%	9.5%
● Eliminate the use of specified fluorocarbons	Total abolition of CFC-using refrigeration, freezer, and other equipment at all production sites by FY2030 [Meiji G, consolidated] ^{*3}	48.6%	57.0%

^{*1} CO₂ reduction target was changed in FY2022
^{*2} As of FY2022, the method for calculating Scope 3 Category 1 emissions has been changed to multiplying the purchased weight of raw materials and packaging materials by the IDEA emission intensities (Among raw materials, emissions for active pharmaceutical ingredients, bulk powders and undiluted solutions are calculated by multiplying the purchase prices by the IDEA emission intensities). Results for the FY2019 base year have been recalculated, and progress is reported from the FY2022 results (emissions for the base year have been recalculated to 3,811 thousand tCO₂).
^{*3} Base year is FY2020

Circular Economy SDGs: 12

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ Reduce Environmental Impact	Consolidated domestic recycle rate 85% or above by FY2023 [Meiji G, consolidated (domestic)]	80.5%	86.1%
	Reduce product waste in our domestic food business by 50% by FY2025 (compared with FY2016) [Meiji, consolidated (domestic)]	34.1%	31.5%
	Reduce domestic plastic usage (packaging, etc.) by at least 25% by FY2030 (compared with FY2017) [Meiji G, consolidated (domestic)]	16.0%	To be calculated during FY2023
	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%	100%
	Expand usage of bioplastics and recycled plastics [Meiji G, consolidated (domestic)]	Newly used for <i>Kaju Gummy</i> packaging	Newly used for <i>Oishii Gyunyu</i> packaging

Water SDGs: 6, 14

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ Secure water resources	Reduce company-wide water consumption per unit of sales* by at least 15% by FY2030 (compared with FY2020) [Meiji G, consolidated]	6.4%	13.4%
	Replenish an amount of water to nature equivalent to 45% the amount used in our products by FY2030 [Meiji G, consolidated]	24.2%	41.3%

* The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance are being applied to net sales used in the per unit calculation

Biodiversity SDGs: 6, 15

Social Issues	KPIs	Performance	
		FY2021	FY2022
● Protection of local biodiversity	Conduct biodiversity activities at all production sites worldwide by FY2023 [Meiji G, consolidated]	61.9% [*]	77.1% [*]

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

Thriving Communities

Human Capital SDGs: 5, 8, 10

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ Promote diversity and develop human capital	Increase the ratio of female managers from 2.6% in FY2017 to at least 10% by FY2026 [Meiji HD, Meiji, MSP, KMB unconsolidated]	4.7%	5.6%
	Increase the number of female managers (females in managerial and assistant managerial positions) to at least 420 by FY2026 (approximately triple the number in FY2017) [Meiji HD, Meiji, MSP, KMB unconsolidated]	237	256
	Employ people with disabilities at or above Japan's legal requirement (2.3% as of June 2023) [Meiji HD, Meiji, MSP, KMB unconsolidated]	2.57%	2.53%
● Employee-friendly workplaces	Renew certification for outstanding health and productivity management from the Japanese government [Meiji HD, Meiji, MSP, KMB unconsolidated]	Renewed certification	Renewed certification

Non-Financial Performance (Progress on Materiality)

 **Society** SDGs: 8, 10, 17

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ 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, consolidated (domestic)]	Implemented one time (Number of participants: Approx. 13,000/ Participation rate: 90%)	Implemented one time (Number of participants: Approx. 13,000/ Participation rate: 92%)
	All overseas Meiji Group employees to attend a human rights training (including e-learning) at least once by FY2023 [Meiji G, consolidated excluding Japan]	Number of participants: Approx. 770/ Participation rate: 99%	Number of participants: Approx. 2,200/ Participation rate: 84%
● Engagement with stakeholders			
	Hold an ESG session for investors, and ESG advisory board meetings at least three times annually [Meiji HD]	ESG Session for Investors: One time ESG Advisory Board: Two times	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 a year (at least once every half year) [Meiji G, consolidated (domestic)]	Participation rate at least once each 6-month period First half year term: 90%/ Second half year term: 92%	Participation rate at least once each 6-month period First half year term: 92%/ Second half year term: 92%

Shared Themes

 **Sustainable Sourcing** SDGs: 8, 12, 15, 17

Social Issues	KPIs	Performance	
		FY2021	FY2022
★ 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 [Meiji G, consolidated (domestic)]	Not yet started	Not yet started (Will start in April 2023)
	Start conducting a sustainable sourcing survey of suppliers for major overseas Group companies by FY2022 [Meiji G consolidated]	Launched for 46 suppliers	Launched for 17 suppliers
	Increase sourcing ratio of Meiji sustainable cocoa to 100% by FY2026 [Meiji consolidated]	42%	62%
	Switch 100% to RSPO* -certified palm oil by FY2023 [Meiji consolidated]	84%	90%
	Switch 100% to eco-friendly paper by FY2023 [Meiji G consolidated]	98%	98%
	Hold Meiji Dairy Advisory program (MDA) to support management of dairy farms at least 400 times a year, and a total of at least 2,150 times by FY2023 [Meiji, consolidated (domestic)]	475 times annually, accumulated total 1,423 times	477 times annually, accumulated total 1,900 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 global energy consumption, the global CO₂ emissions (Scope 1 and Scope 2), the domestic CO₂ emissions (Scope 3 category 1), the global water consumption and the domestic industrial waste for FY2022 indicated on p.88 and 89 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, 2023

Mr. Kazuo Kawamura,
CEO, President and Representative Director
Meiji Holdings Co., Ltd.

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the global energy consumption, the global CO₂ emissions (Scope 1 and Scope 2), the domestic CO₂ emissions (Scope 3 category 1), the global water consumption and the domestic industrial waste indicated with  for the year ended March 31, 2023 (the “Quantitative Environmental Information”) included in the “Integrated Report 2023” (the “Report”) of Meiji Holdings Co., Ltd. (the “Company”).

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.

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, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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.

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, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (“IAASB”), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, 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:

- 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.

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.

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.

The above represents a translation, for convenience only, of the original Independent Practitioner’s Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

Scope of global energy consumption, global CO₂ emissions (Scope 1 and 2), global 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., 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., PT MEIJI FOOD INDONESIA, Guangzhou Meiji Confectionery Co., Ltd., Meiji Seika Food Industry (Shanghai) Co., Ltd., Meiji Dairies (Suzhou) Co., Ltd., Meiji Ice Cream (Guangzhou) Co., Ltd., Meiji Seika (Singapore) Pte. Ltd., Laguna Cookie Co., Inc., D.F. Stauffer Biscuit Co., Inc., PT. Meiji Indonesian Pharmaceutical Industries, Thai Meiji Pharmaceutical Co., Ltd., Shantou SEZ Meiji Pharmaceuticals Co., Ltd., Meiji Pharma Spain, S.A., Medreich Limited, Adcock Ingram Limited. 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., Donan Shokuhin 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.

Corporate Data / Stock Information (As of March 31, 2023)

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
17,290

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

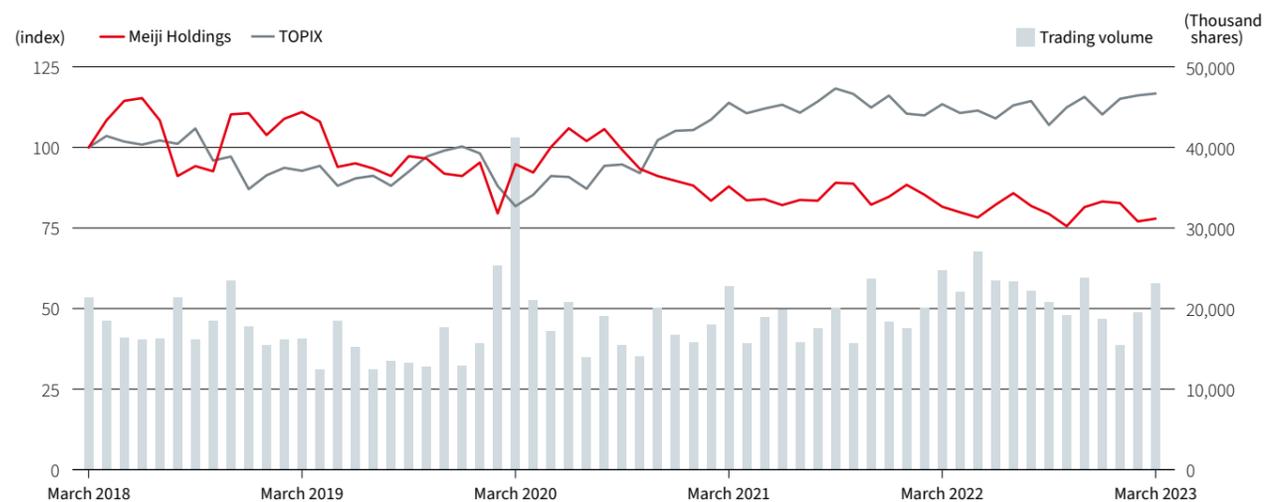
Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	21,469	14.47
Custody Bank of Japan, Ltd. (Trust account)	7,575	5.11
Nippon Life Insurance Company	3,348	2.26
The Norinchukin Bank	2,892	1.95
Meiji Holdings Employee Shareholding Association	2,774	1.87
STATE STREET BANK WEST CLIENT - TREATY 505234	2,763	1.86
Meiji Holdings Trading-Partner Shareholding Association	2,649	1.79
Mizuho Bank, Ltd.	2,417	1.63
Resona Bank, Limited.	2,117	1.43
STATE STREET BANK AND TRUST COMPANY 505103	1,739	1.17

(Note) In addition to the above, the Company holds 8,979 thousand shares of treasury share (6.05% of total shares issued.)

Shareholding by Type of Shareholder



Stock Price and Trading Volume



(Notes) The closing price as of March 30, 2018 is 100.
Trading volume reflects the following stock splits.
- A two-for-one common stock split issued on April 1, 2023

Cover Artwork



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: Shougaisha Jiritsu Suishin Kikou Association)



Meiji Holdings Co., Ltd. supports this project as a Gold Partner

Paralym Art Artwork

“For Children in the Future” by DAIKI

The Paralym Art World Cup is regarded as the World Cup of art for people with disabilities. It was held in 2022 under the theme of “FUTURE.” Meiji Holdings is a sponsor of this event and selected DAIKI’s artwork for the “meiji Award” out of 498 entries from 25 countries and regions around the world. The artwork is used as the cover of this Integrated Report.

[Paralym Art | About DAIKI](#)

Exchange Meeting

We invited DAIKI to our office for an exchange meeting after selecting his work as the cover artwork. DAIKI shared his wish for a peaceful world without war, the efforts he made in creating the work, and his goals as an artist. It was an extremely meaningful opportunity.



I expressed a free and peaceful world in this work, where children can fly around in sneakers.

[Society > Promote Social Contribution > Activities to Support Society > Sponsorship of Paralym Art](#)

Publisher’s Note

Thank you for reading the Meiji Group Integrated Report 2023.

This Integrated Report has been prepared with domestic and foreign institutional investors as the primary readers. We considered the opinions gained from our dialogues with various stakeholders, including investors, while preparing this report.

The theme of this report is to tell a story about the Meiji Group’s initiatives to sustainably improve corporate value by realizing profit growth and sustainability activities simultaneously. This report begins with a history of value creation that has continued to support people’s nutrition and wellness since our founding. It then describes the Group’s strengths that enable sustainable value creation and the strengthening of our management foundation, including natural, human, and intellectual capital. It also introduces on the evolution of existing businesses by incorporating advanced external technologies and knowledge, as well as technological development for the future.

We once again used Paralym Art artwork for the cover of this report. It represents the Meiji Group’s stance on D&I and, at the same time, the Group’s commitment to a “future full of smiling children,” the subject of the artwork.

We will continue to value opportunities for dialogue with our stakeholders. We will also strive to contribute to society and improve our corporate value through appropriate information disclosure. We are looking forward to receiving honest opinions and feedback to further enhance this dialogue going forward.



Masashi Tanaka

General Manager,
Corporate Communication Department,
Meiji Holdings Co., Ltd.