

Now ideas for wellness



ESG Meeting

December 13, 2023

Part 1: Presentation-1

Promote the Meiji ROESG® Management Effectively

Kazuo Kawamura

CEO, President and Representative Director

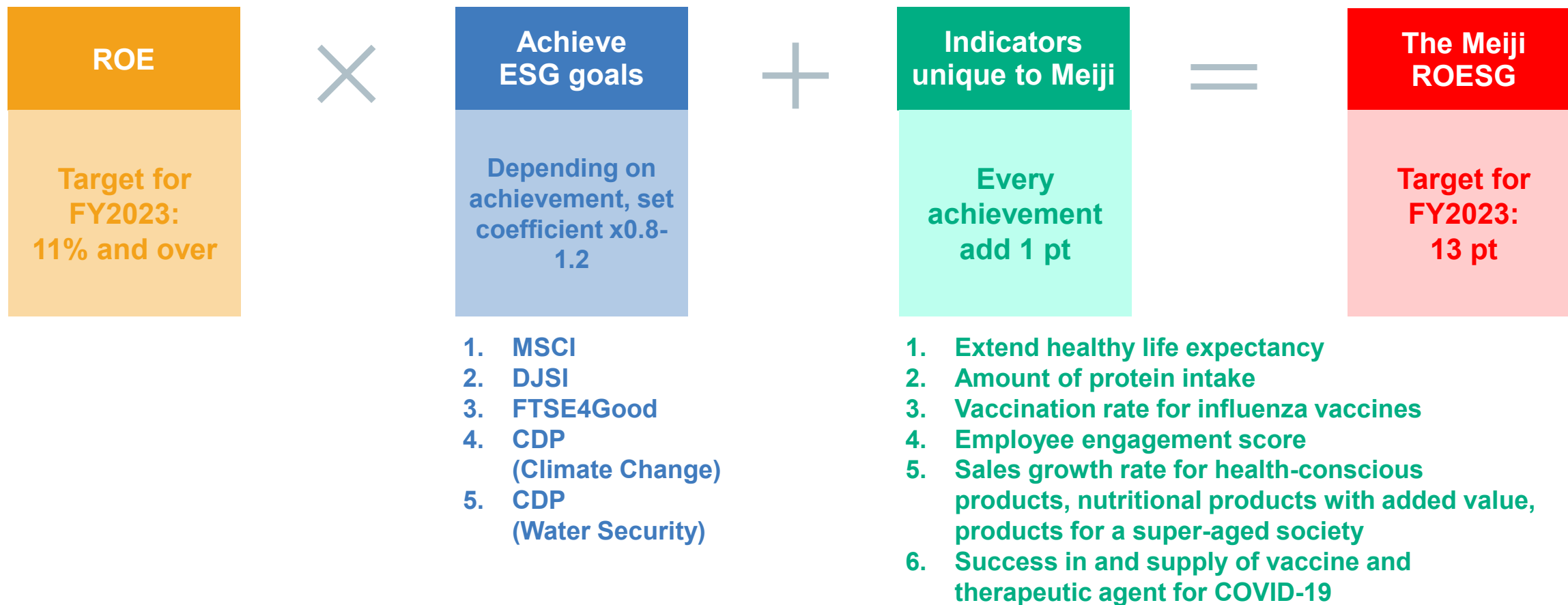
2023 Medium-Term Business Plan

Promote the Meiji ROESG Management Effectively

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Convert business management to achieve both ROE improvement and ESG enhancement without any compromises



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

Progress on KPIs and Meiji ROESG

	Indicators	FY2020	FY2021	FY2022	FY2023 Plan	FY2023 Target
Integrated Goal	Meiji ROESG	9pt	12.3pt	13.8pt	13pt	13pt
Growth and Profitability	Consolidated net sales	JPY 1,007.1 bn	JPY 1,013.0 bn	JPY 1,062.1 bn	JPY 1,098.5 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 80.0 bn (7.3%)	JPY 120.0 bn (11.1%)
	Profit attributable to owners of parent	JPY 65.6 bn	JPY 87.4 bn	JPY 69.4 bn	JPY 51.0 bn	JPY 80.0 bn
	Overseas net sales ^{*2}	—	JPY 92.9 bn	JPY 120.0 bn	JPY 133.5 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%	51.9%	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 FY220 calculated after retroactively applying the category changes.

Progress of Meiji ROESG : ESG Indicators

Evaluation indicators	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	Targets for FY2023
MSCI ESG Ratings	BB	BBB	A	Will be available in December 2023	A
DJSI	52	60	61	67	65
FTSE4Good	3.0	3.3	3.7	4.2	3.8
CDP (Climate Change)	A-	A-	A	Will be available in January 2024	A
CDP (Water Security)	A-	A	A	Will be available in January 2024	A

- DJSI and FTSE4Good score higher in FY2023

→ Improvement of E and S factors has a significant impact

- ✓ Environment: Improved efforts related to climate change, emissions, and biodiversity
- ✓ Society: Increased ratings on human rights, occupational health and safety, and health and nutrition

First-Time Selection to the DJSI World Index (Released on December 12)

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

- DJSI World Index: Selected from approximately 2,500 top-ranked companies by market capitalization in developed and emerging countries
- Selected to DJSI Asia Pacific for the fifth consecutive year

Progress of Meiji ROESG: Indicators Unique to the Meiji Group-1

Established six indicators related to:

The social issues that the Group focuses during 2023 Medium-Term Business Plan
Human capital that is the driver for corporate activities

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

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

Progress of Meiji ROESG: Indicators Unique to the Meiji Group-2

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

- Employees feels 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 the internal collaboration, innovative/creative climate, and diverse work styles
- Many employees feel a gap between the front lines and management; especially younger employees

Progress of Meiji ROESG: Indicators Unique to the Meiji Group-3

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

- Sales of yogurt and functional yogurt declined due to various competing products promoting health value
- *Kostaive*TM, a self-amplifying mRNA vaccine against COVID-19, approved for manufacturing and marketing from MHLW in Japan (released on November 28)

Evolution of Meiji ROESG in the 2026 Medium-term Business Plan

Aim to integrate sustainability strategy and business strategy
Sustainability activities (contributing to resolving social issues) achieve value creation that leads to business and financial value

■ Reviewing formula for calculating Meiji ROESG

Evolving the Meiji ROESG through a formula that integrates ESG goals and Indicators Unique to Meiji

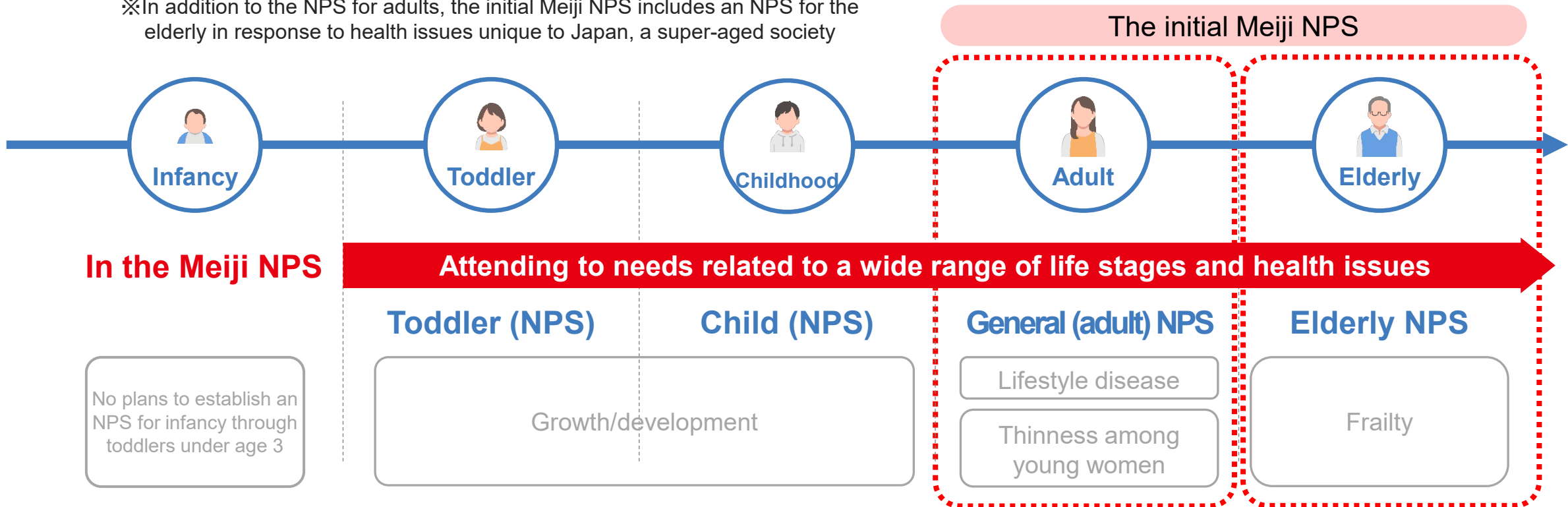
$$\begin{array}{c} \text{Meiji ROESG} \\ \text{(Point)} \end{array} = \begin{array}{c} \text{ROE} \\ \text{(Average performance} \\ \text{over the past 3 years)} \end{array} \times \begin{array}{c} \text{ESG (x0.8-1.2)} \\ \text{(5 indicators)} \end{array}$$

<p>ESG external evaluation (3 indicators)</p>	<p>ESG external evaluation organization to assess sustainability activities</p>	<p>1. MSCI (existing) 2. DJSI (existing) 3. ISS ESG (new)</p>
<p>Indicators of business and financial value (2 indicators)</p>	<p>Indicators that show the integration of sustainability and business and lead to improved business performance</p>	<p>4. Food segment: Brand line that focuses appeal promotion on sustainable 5. Pharmaceutical segment: Vaccines and antibiotics that support sustainable medical care *Evaluate achievement of net sales targets (planned)</p>

Integrate of Sustainability and Business Strategies: Meiji NPS-1

Released "Meiji Nutritional Profiling System (Meiji NPS)" in June 2023
Formulated the initial Meiji NPS for adults and elderly

※In addition to the NPS for adults, the initial Meiji NPS includes an NPS for the elderly in response to health issues unique to Japan, a super-aged society



Part 1: Presentation-2

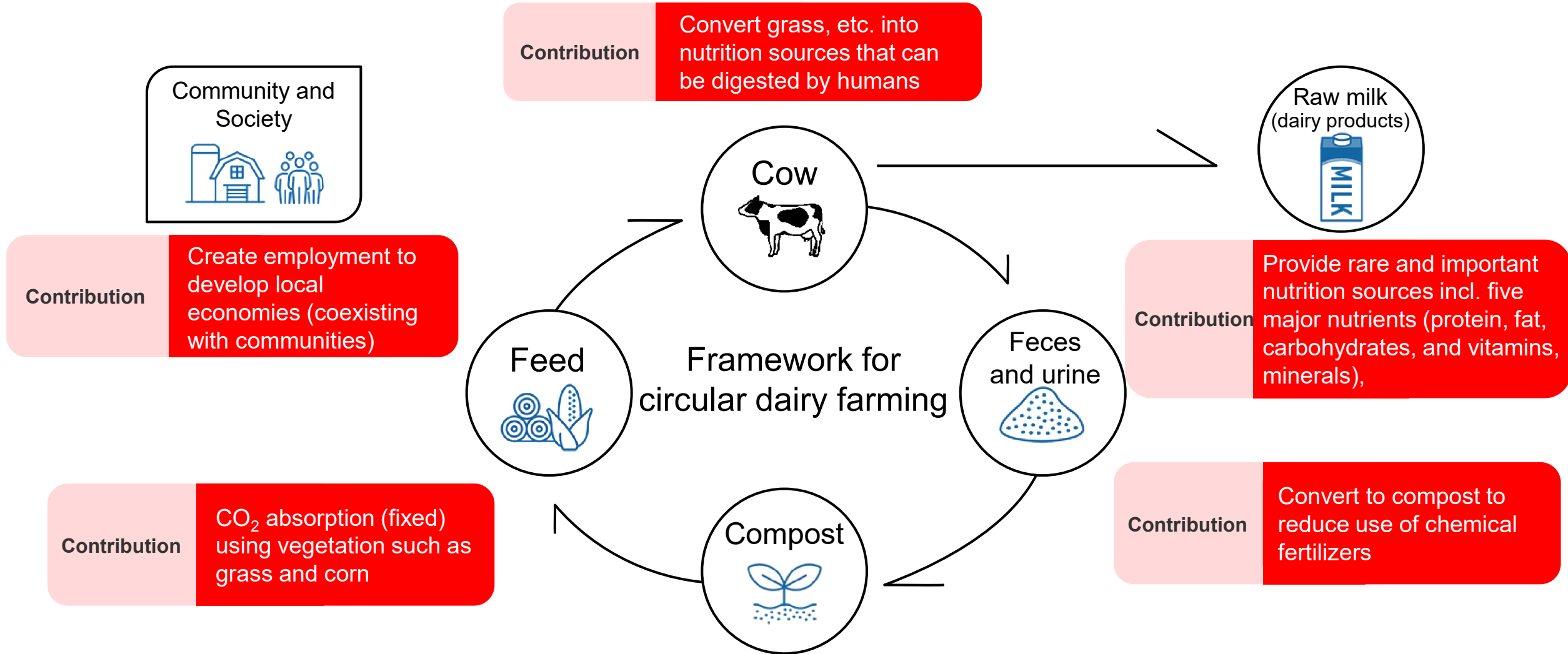
Initiatives for Sustainable Dairy Farming

Jun Furuta

Chief Sustainability Officer

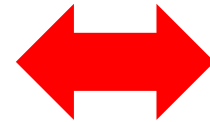
Member of the Board and Senior Managing Executive Officer

For Supply Chain Sustainability



For Supply Chain Sustainability

Dairy farming is indispensable for a sustainable society



Burps, feces, and urine impact global warming



Nutrition sources

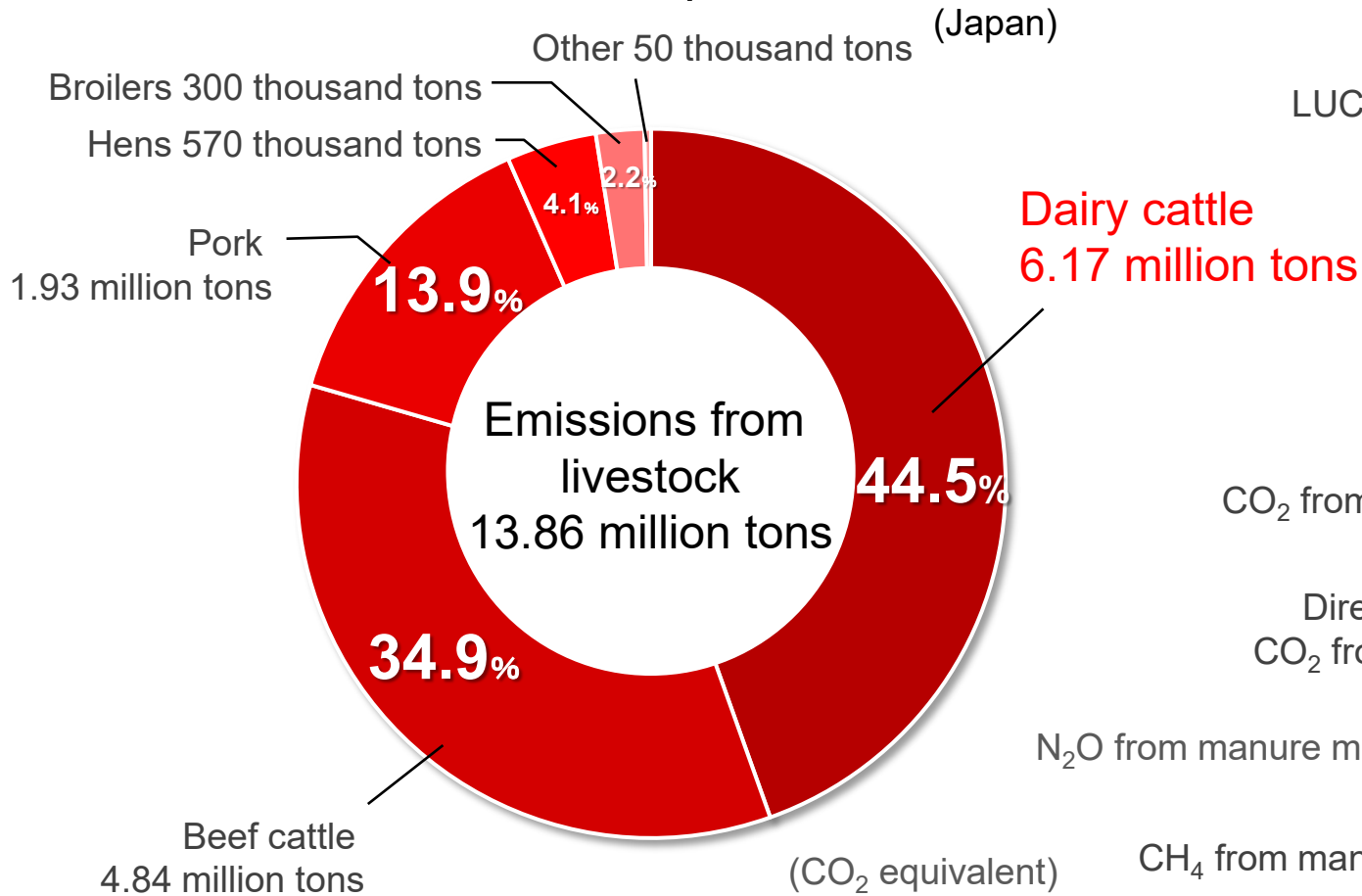


Local revitalization
(employment)

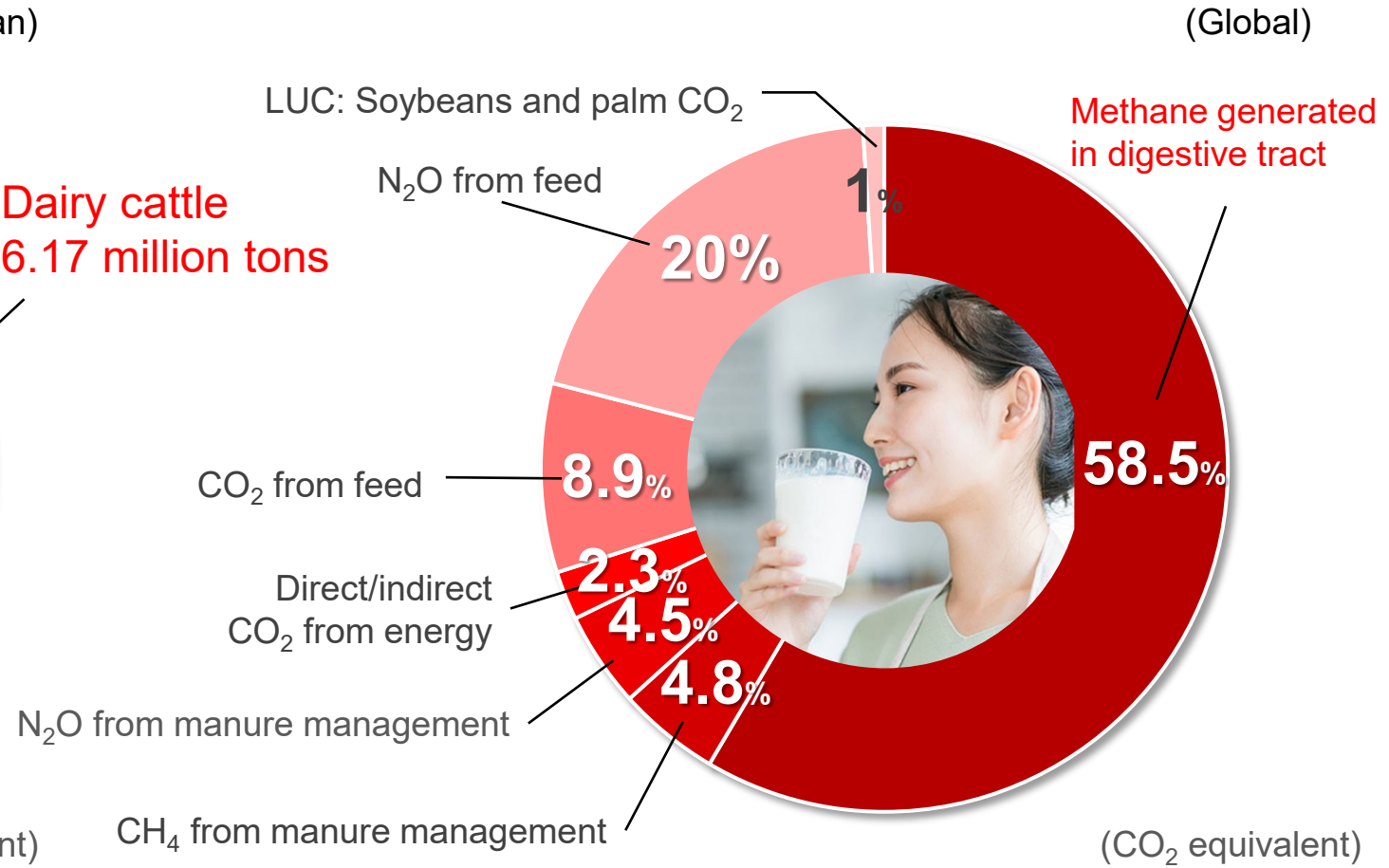


GHG Emissions in Domestic Dairy Farming

Breakdown of GHG emissions related to total livestock production



Breakdown of GHG emissions related to milk



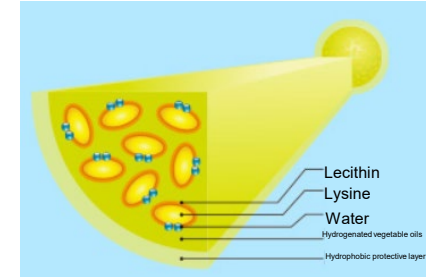
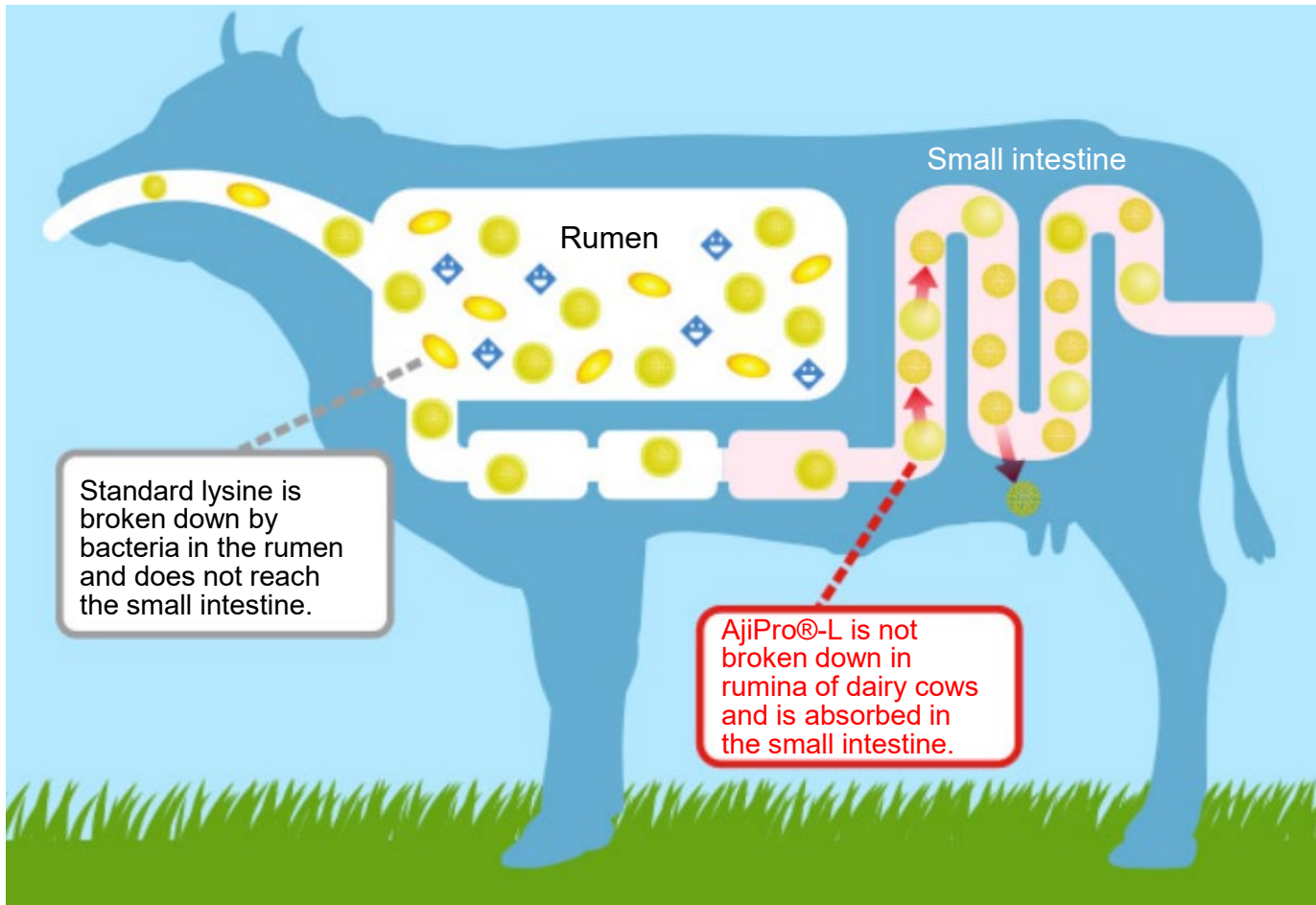
Source: Created based on "The Livestock and Dairy Farming Situation" by the Ministry of Agriculture, Forestry and Fisheries

Source: Food and Agriculture Organization of the United Nations/Global Dairy Platform, "Climate Change and the Global Dairy Cattle Sector: The role of the dairy sector in a low-carbon future" (2018)

Today's content

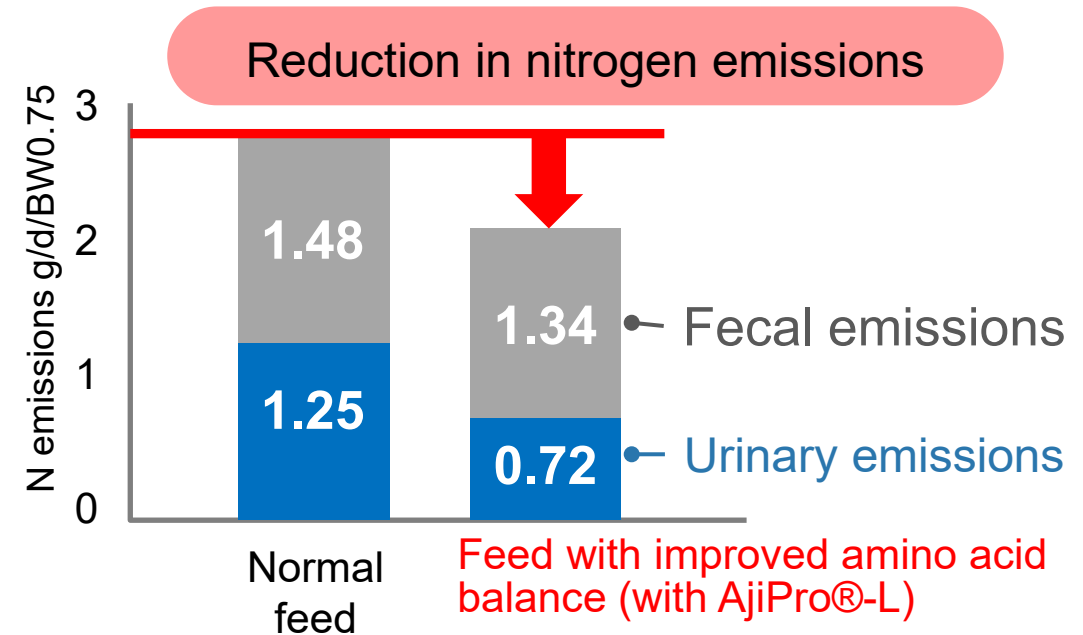
- 1. J-Credit Scheme Project**
- 2. Carbon Farming**
- 3. Dairy Farming DX**

Promoting GHG Emission Reductions by Using Feed with an Improved Amino Acid Balance-1



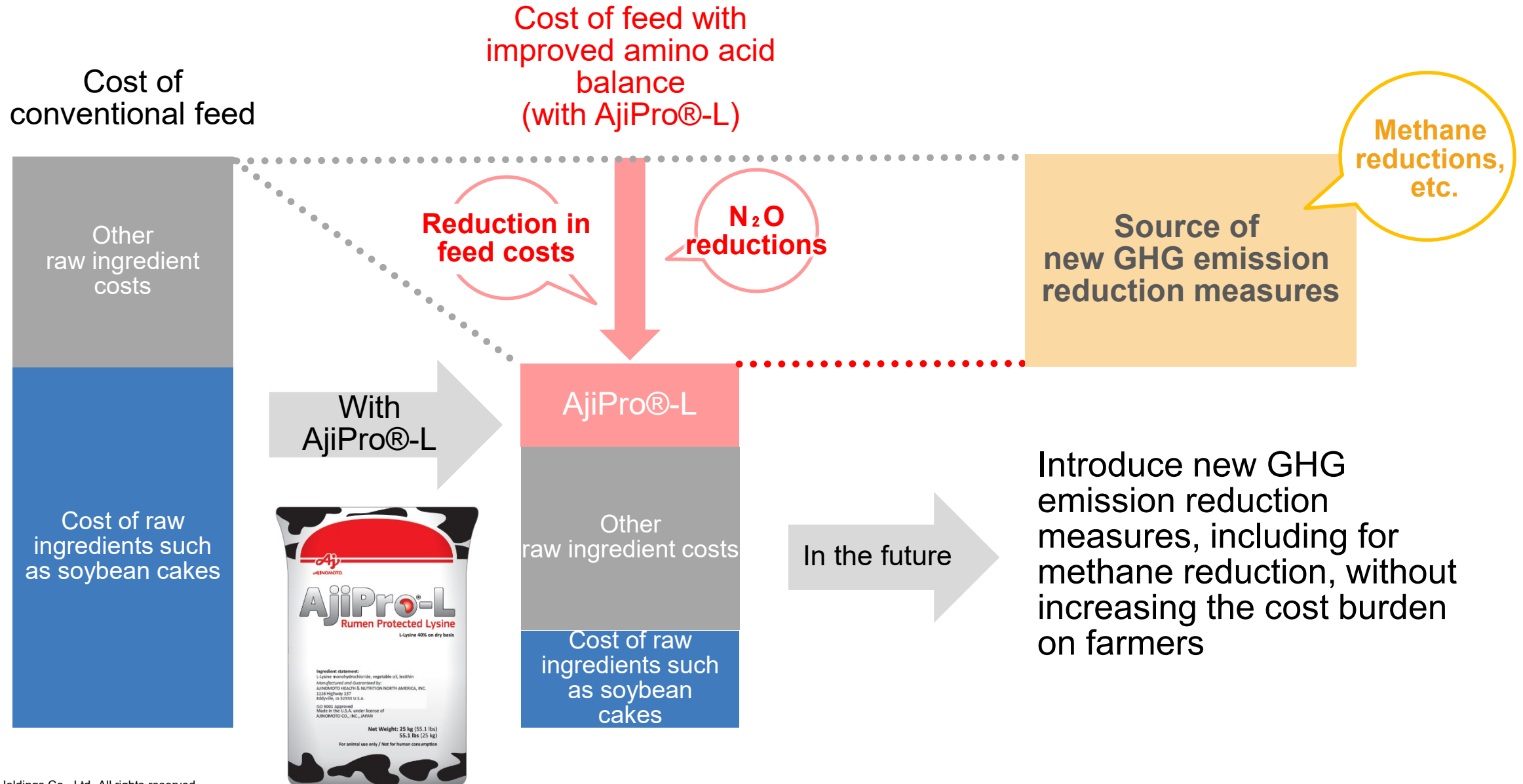
No. 1 in the industry in terms of performance thanks to our unique manufacturing technology

AjiPro®-L, a lysine preparation for cattle

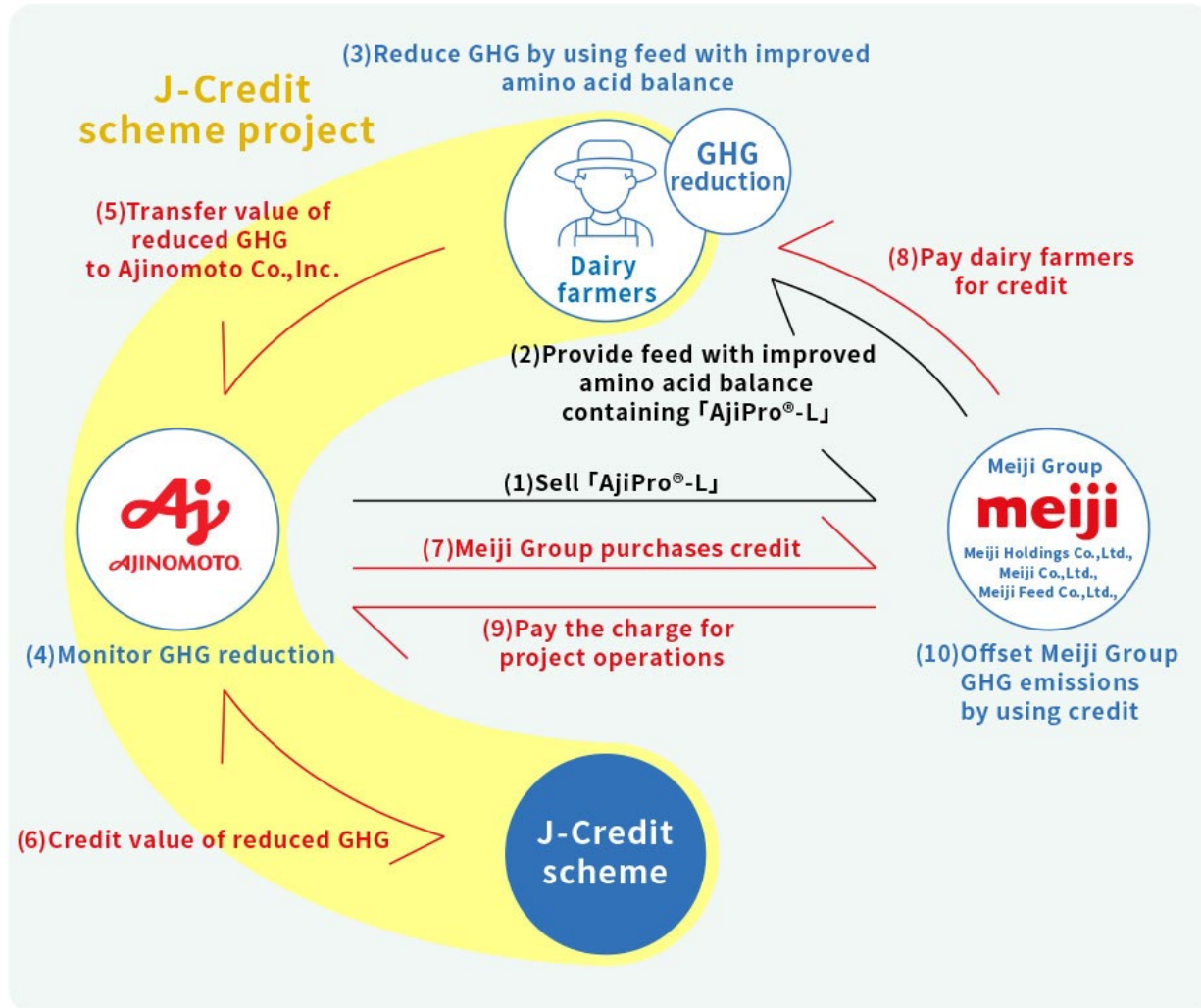


(Higuchi et al., 2016, 17th Asian Australasian Animal Production Animal Science Congress)

Promoting GHG Emission Reductions by Using Feed with an Improved Amino Acid Balance-2



Business Model based on J-Credit Scheme



- ✓ Control additional costs and accelerate the reduction of GHG emissions
- ✓ Establish business model for supporting dairy farmers and reducing GHG emissions
- ✓ New initiatives that cannot be achieved by Meiji alone

Carbon Farming: Soil Initiatives



Focus on soil (pastures) and redefine the value of dairy farming as circular farming

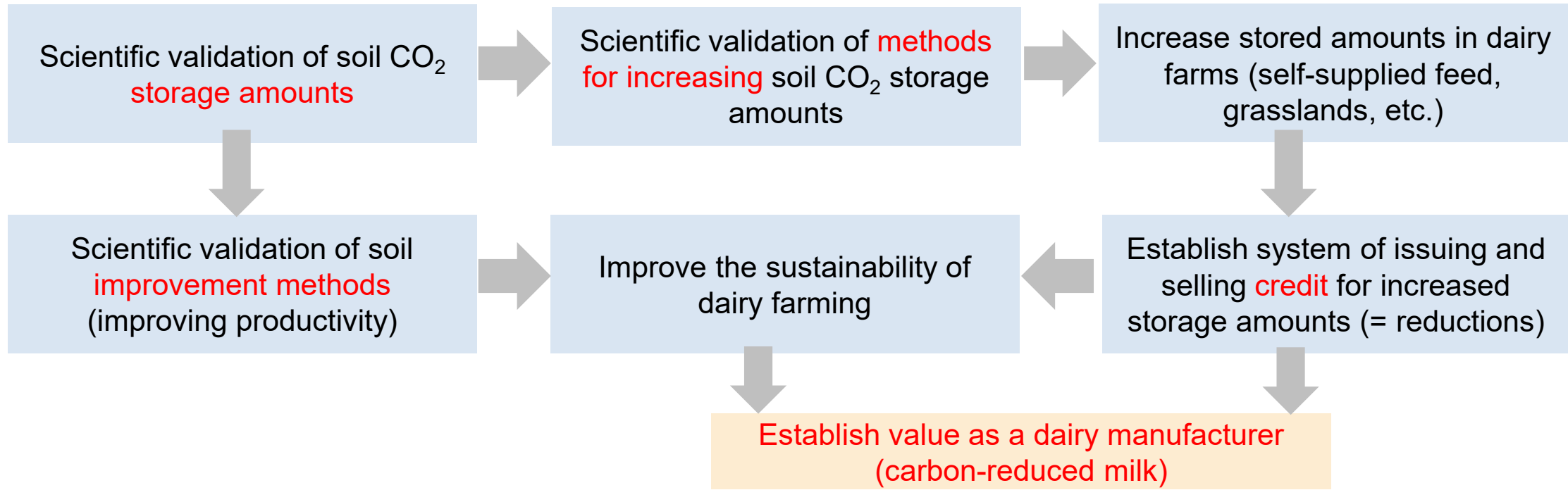
Carbon Farming

A method of farming that aims to capture free-floating CO₂ in soil to improve farmland soil quality and reduce GHG emissions

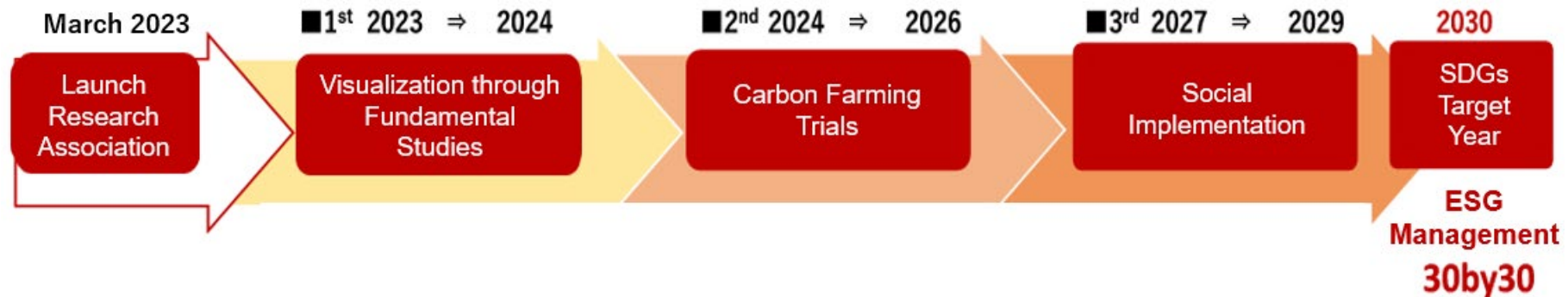
In Japan, there has been no scientific validation regarding the amount of CO₂ stored in soil or storage improvement methods

Establishing Value for and Developing Carbon Farming

■ Scheme of Establishing Value



■ Timeline and Outlook



Sustainable Innovation through DX Dairy Farming

- In August 2023, invested in Farmnote Holdings, a startup for DX in dairy farming that promotes smart and sustainable dairy farming.

- Company overview



Company name	Farmnote Holdings, Inc.
Address	1-3-14 Koenhigashimachi, Obihiro-shi, Hokkaido
Representative	Shinya Kobayashi, CEO
Established	December 22, 2016
Main business	Related to digital transformation in dairy farming: - Products and solutions service - Dairy farm management (milk, Wagyu calf production)
Subsidiary company	Farmnote Inc., Farmnote Dairy Platform Inc., etc.

Overview of Farmnote Inc. Business Operations

Production and Solution Business
Digitalization to improve productivity and standardize operations

1. Farmnote Cloud (Herd management)

Farmnote



2. Farmnote Color

(Individual real-time detection)

- Arousal, activity, rumination (health status)

Farmnote
Color



Acceleration sensors

3. Farmnote Compass

(Business analysis)

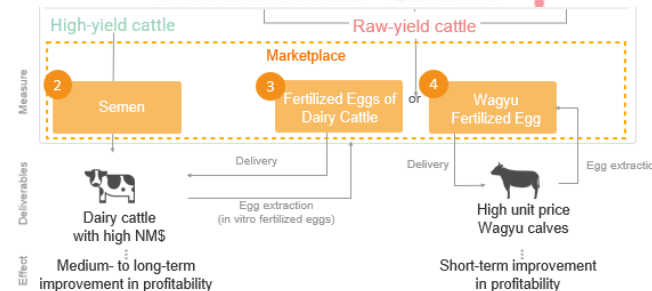
Farmnote Compass



4. Farmnote Gene (Genetic analysis)

Selecting successor cows (breed improvement)

Farmnote Gene



Integration Business
Dairy farm operation and consignment management

6. Dairy farm operation support and consignment management

- Operational support and utilization of farm separation

7. Management of own dairy farm

(Nakashibetsu dairy farm)

- Raw milk production
- Testing and validation site



Nakashibetsu dairy farm

- Raw Milk Production: 1,400 tons
- Total Number of Cattle: 150



New approaches to sustainable dairy farming, including reduction of GHG emissions

1. Herd feed management
2. Individual real-time detection

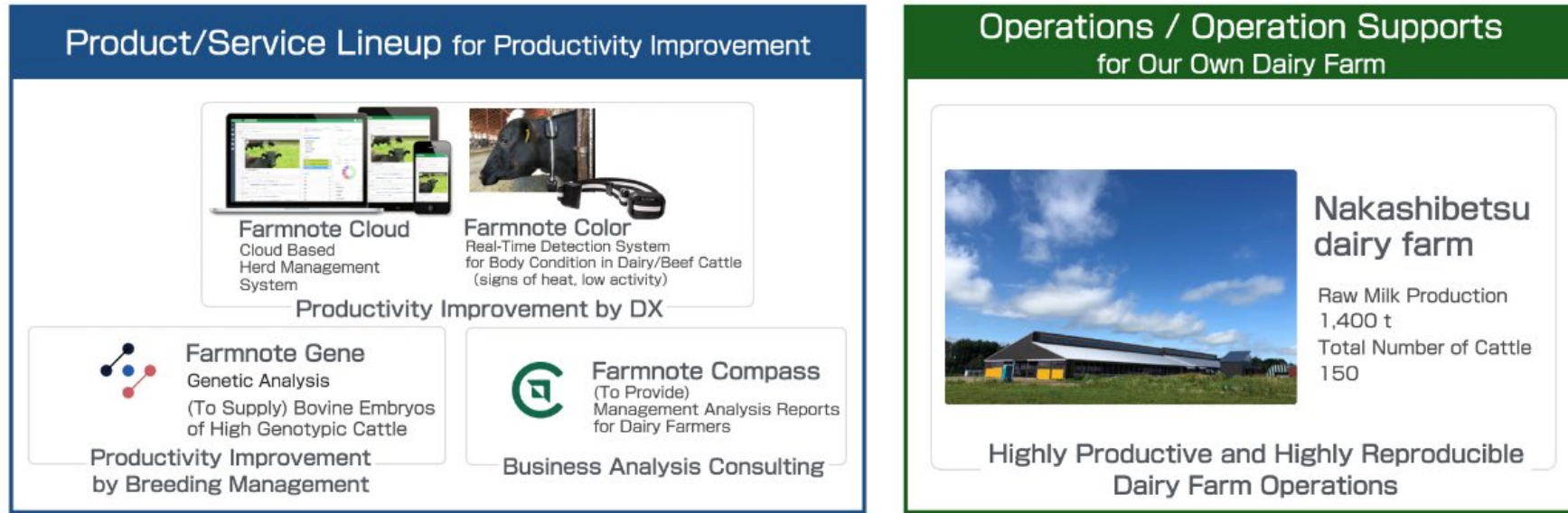
3. Business analysis consulting (Veterinarians)

4. Genome testing (Selective breeding)
5. Sale of fertilized eggs

7. Management of own dairy farm (testing and validation site)

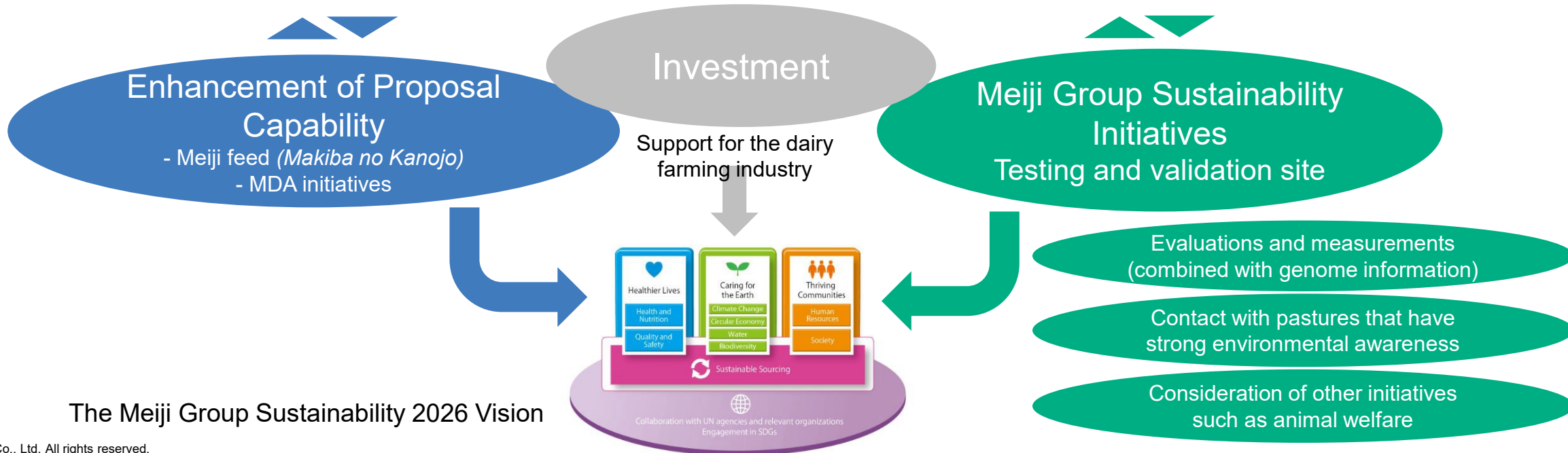
6. Operational support Consignment management

Points of Synergy through Collaboration with Meiji



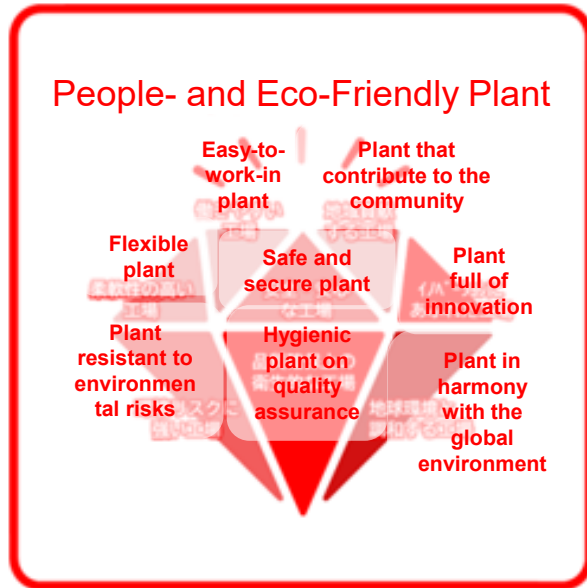
Farmnote

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Unique Plant Building Evaluation Index “Meiji Diamond Factory”

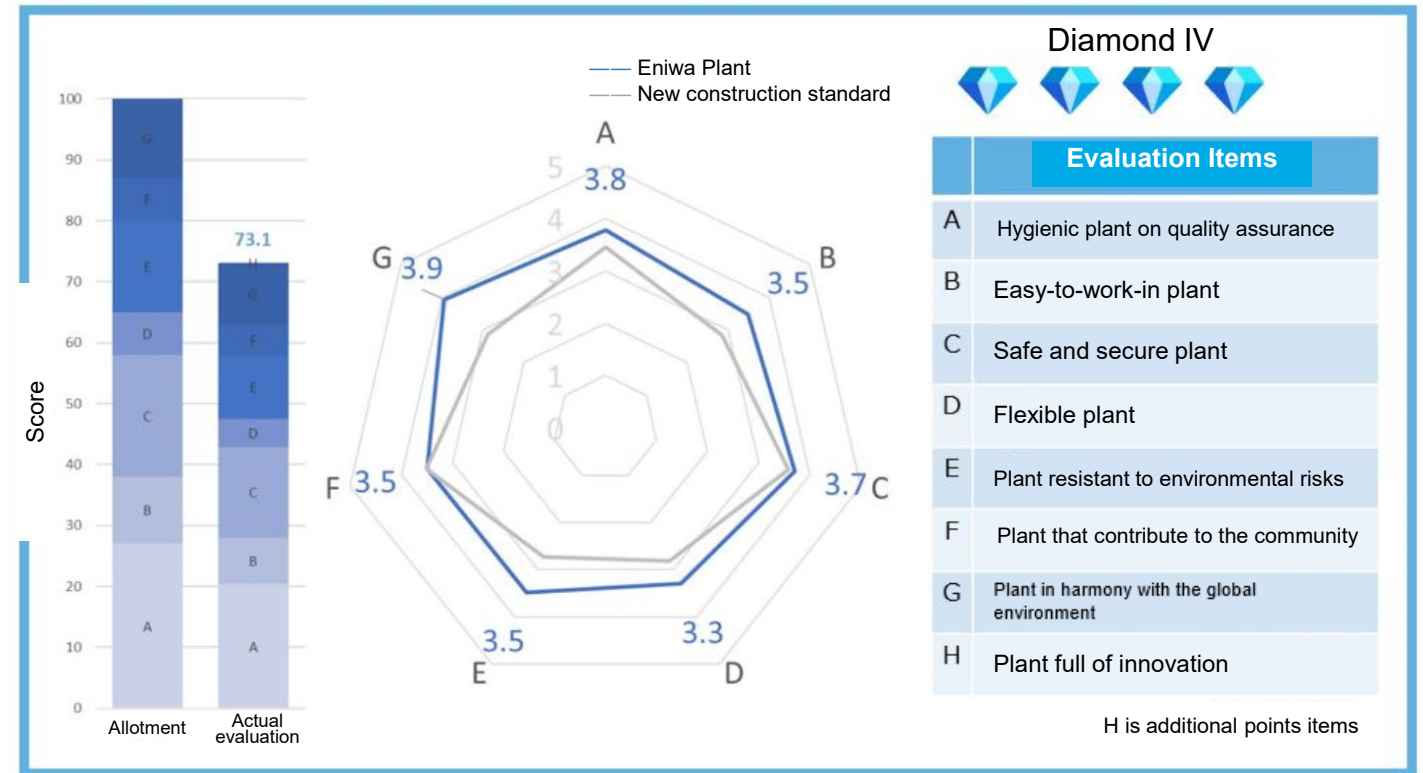
Meiji Diamond Factory



Exterior view of Eniwa Plant



Example of evaluation of Eniwa Plant



Quantitative evaluation of efforts aimed at People- and Eco-Friendly Plant

- 7 categories and 8 evaluation items as innovation items
- According to the score out of 100, rating in 5 levels based on the number of diamonds

Reorganization of Our Production Structure

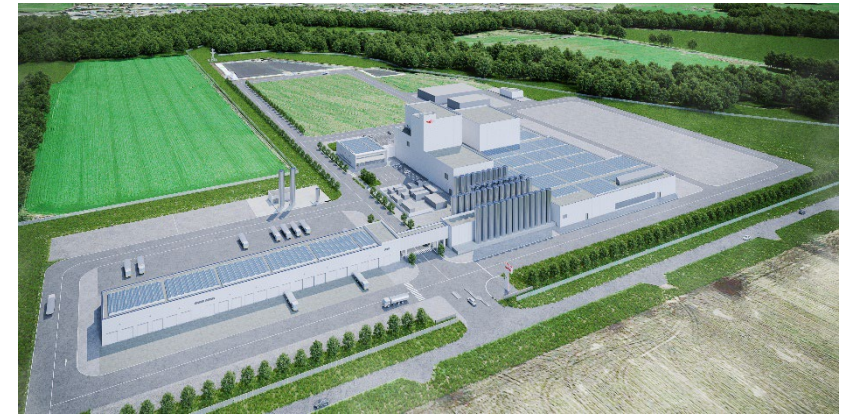
- A sustainability plant for people and the environment

■ Reorganization of dairy production structure in Hokkaido area (released in December 2023)

Plant location	71 Kenebetsu, Shibetsu-gun Nakashibetsu-cho, Hokkaido
Total space	230,258 m ²
Investment amounts	Approximately JPY 48 billion
Main products	Concentrated skim milk, nonfat dry milk, milk protein, cream, butter
Production capacity	Converted to raw milk: 430,000 tons/year
Start production	March 2027 (planned)

*Discontinued production at two existing plants (the Nishi Shunbetsu Plant and the Honbetsu Plant) in conjunction with the startup of the new plant

Rendering of the new plant



● Production of value-added dairy products to create new demand

- Shift production from commodities to high-value-added dairy products
- Adopt new manufacturing methods and facilities that support environmental burden reduction and productivity improvements

● A sustainability plant for people and the environment

- CO₂ emissions are reduced by half in total for Scope 1 and 2 compared to FY2019 emissions of the two existing plants
- Reduce the volume of water pumped to 50% or less compared to the two existing plants
- Architectural design and building evaluation based on the Meiji Diamond Factory system

● Next-generation smart plant that pursues quality and productivity

- Apply the latest technology towards reducing labor, strengthening the quality assurance structure, improving productivity, and stabilizing operations

Part 2: Dialogue

Meiji Group Governance as Viewed by Outside Directors

Masaya Kawata

Member of the Board (Outside)

Michiko Kuboyama

Member of the Board (Outside)

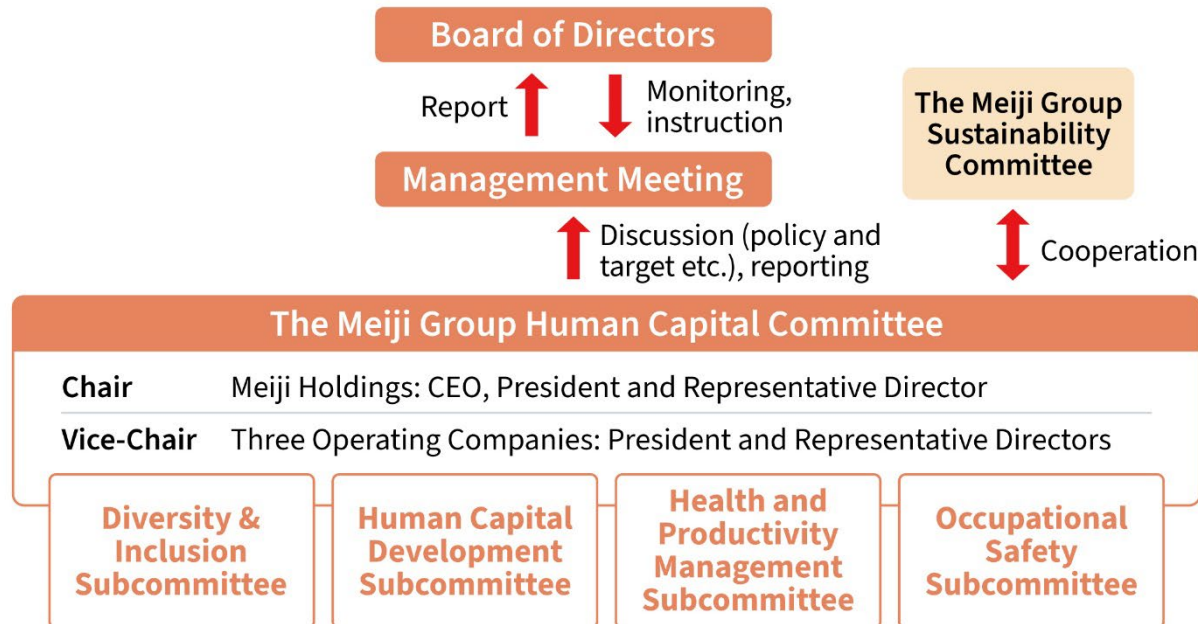
Issues and Expectations in Human Capital Management

● Group Human Capital Committee

<Mission>

- ✓ Strengthen human productivity and value creation
- ✓ Creating a culture and structure essential for sustainable growth

Group Human Capital Committee Structure



● Promoting D&I through three approaches

- ✓ Creating diversity
 - Recruit human capital with a variety of different attributes
- ✓ Expanding diversity
 - Discovering and exercising individuality
- ✓ Leveraging diversity
 - Systems to blend diverse values

● Promoting Women's Workplace Advancement

- ✓ Hold a networking event for female managers
- ✓ Enhance the awareness of women themselves and support the participation of employees in their childcare years
- ✓ Develop the ability to manage a diverse workforce for the managers who support the working environment

● Expanding the pipeline of management talent for the next generation

- ✓ Pool candidates through the Developing Program for Managers
- ✓ Engage in succession planning (Desired Management Human Resources)

Evaluation of the Board of Directors Efficacy

● Improve Efficacy of the Board of Directors

- ✓ As a general rule, meeting materials will be distributed in advance to facilitate substantive and lively discussion
- ✓ Agenda items will be explained to independent Outside Directors in advance as necessary
- ✓ Regular meetings will be held for independent Outside Directors and Outside Audit & Supervisory Board Members
- ✓ Regular tours of major facilities will be enacted for outside officers

● Main Topics of Discussion at the Meeting of Outside Directors and Audit & Supervisory Board Members (met four times during FY2022)

- Co-Creation Center (present 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 (FY2022)

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

● Issues in FY2023

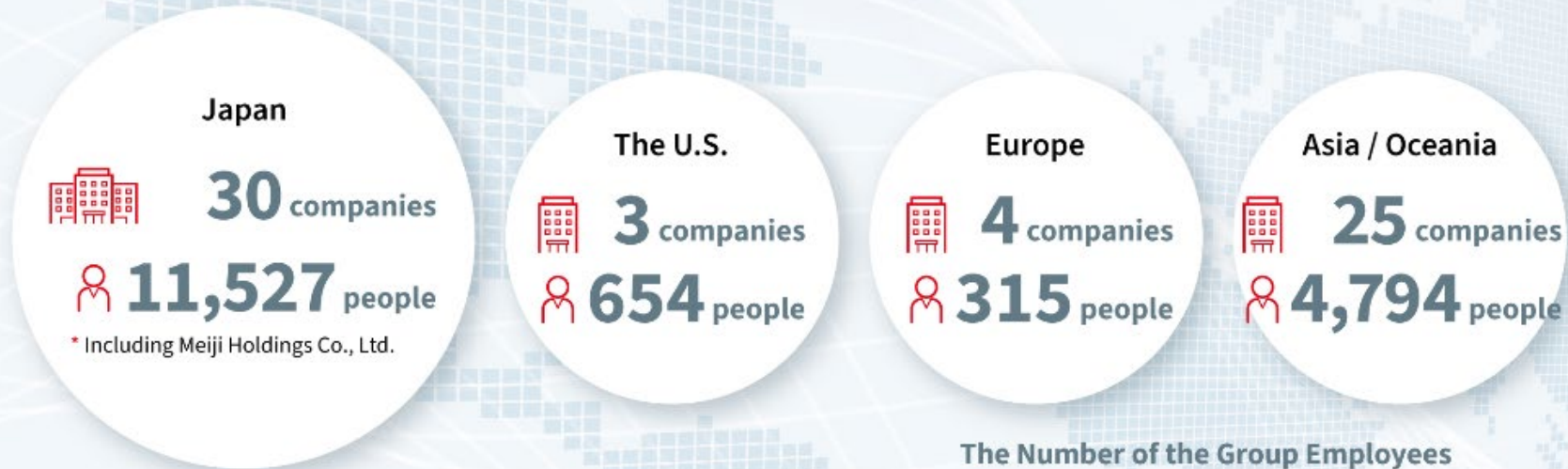
- ✓ Deepening of discussions regarding medium- to long-term management strategies for sustainable growth
- ✓ Expansion of regular review and follow-up concerning response to medium and long-term issues that affect corporate value

Suggestion for Enhancing Global Governance

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



The Number of the Group Employees

17,290 people

Overseas Sales Ratio (FY2022)

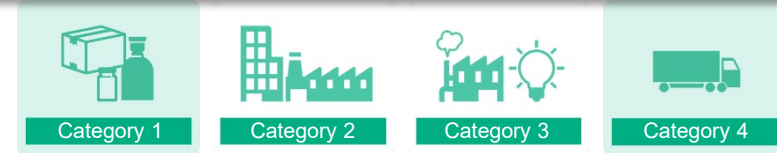
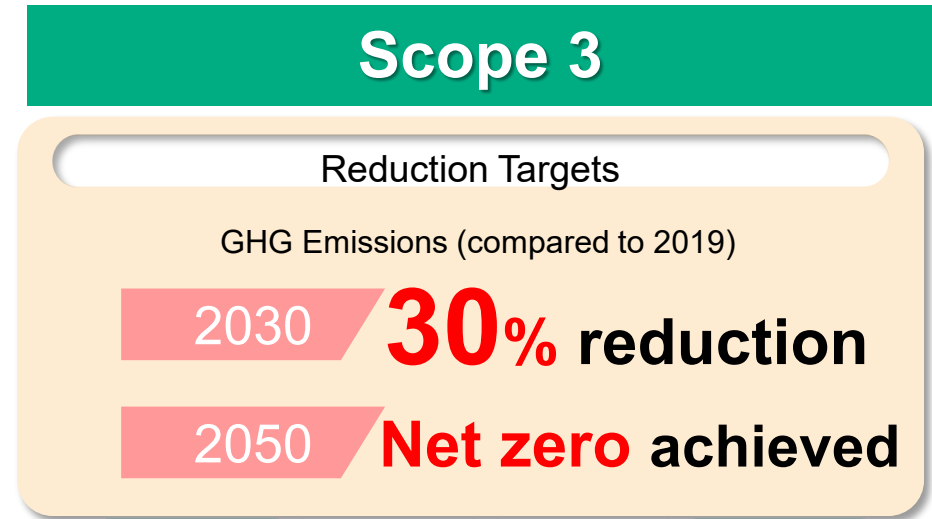
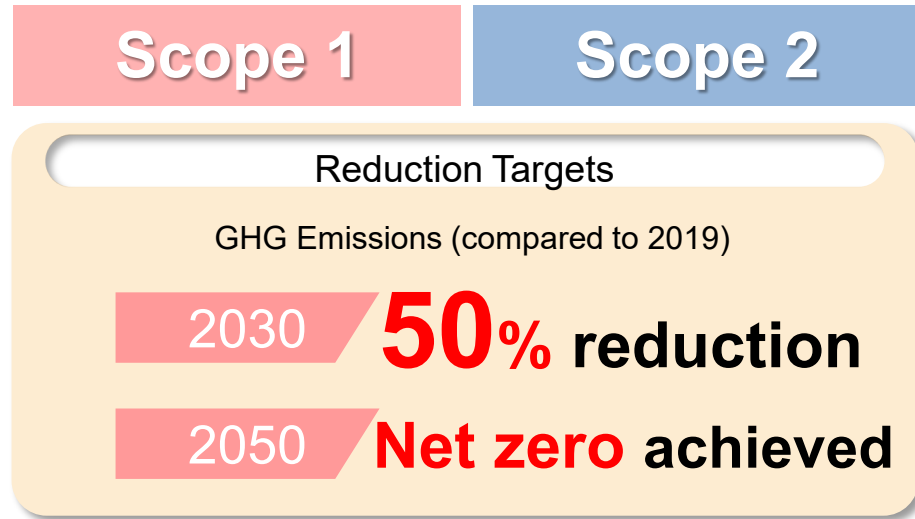


Commitment to Stakeholders for the 2026 Medium-Term Business Plan

- Message from the Outside Directors to Shareholders and Investors

Appendices

Meiji Group GHG Emission Reduction Targets



■ Prioritized category of the Meiji Group

Meiji Group GHG Emissions (FY2021)

Scope 1

Scope 2

Scope 3

The Company's Emissions (CO₂ equivalent)

536 thousand tons



Other Companies' Emissions (CO₂ equivalent)

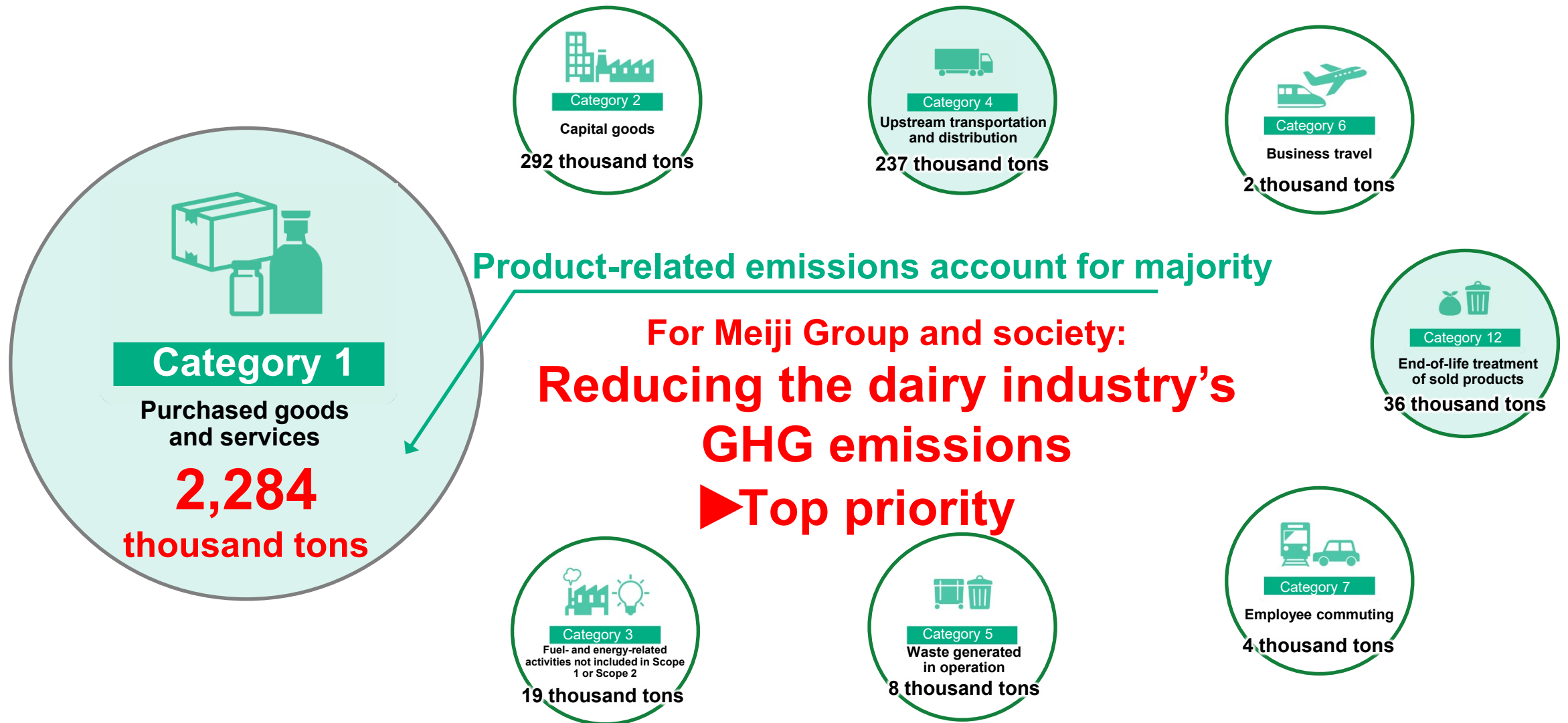
3,227 thousand tons

85%
comes
from other
companies

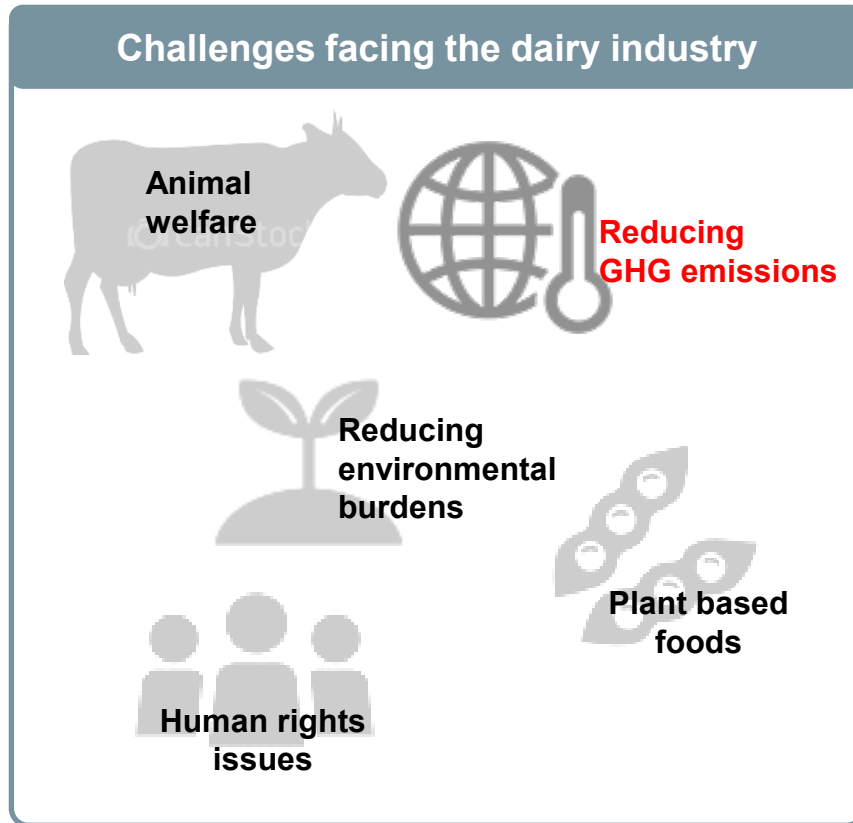


■ Prioritized category of the Meiji Group

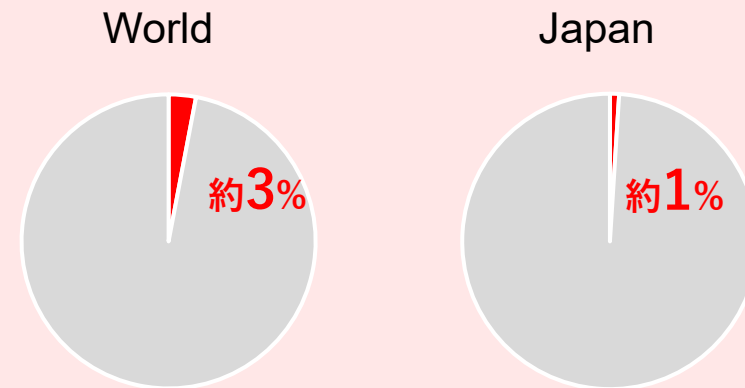
FY2021 Scope 3 GHG Emissions Breakdown (CO₂ equivalent)



Current State of GHG Emissions in the Dairy Farming Industry and Issues



Ratio of total GHG emissions attributable to methane from cow burps and other dairy farming operations

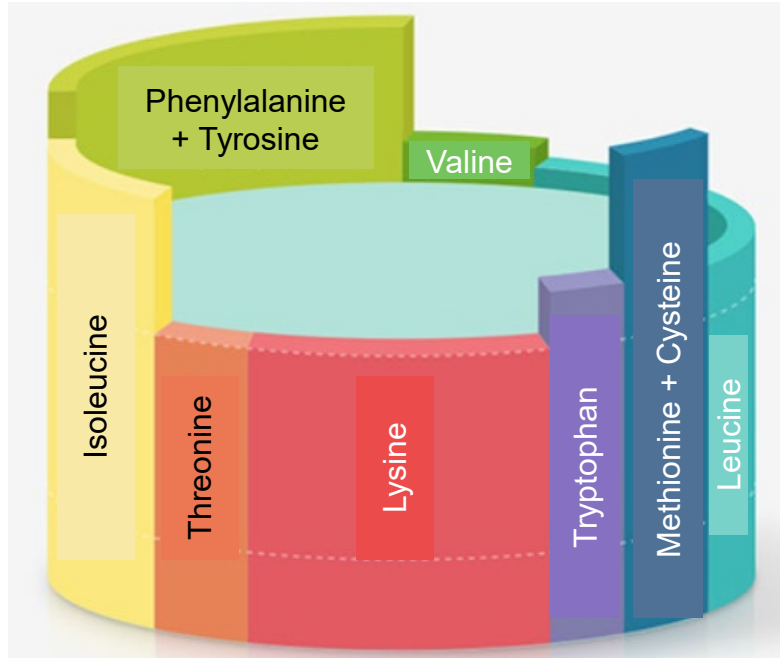


Contributions of the Dairy Industry to the World

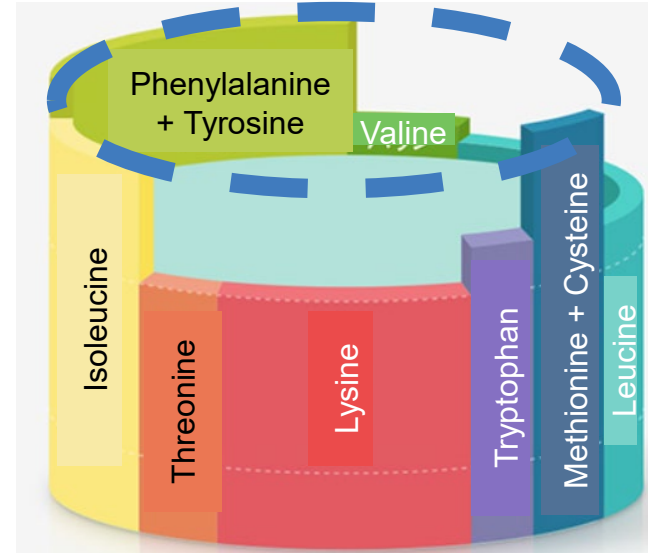
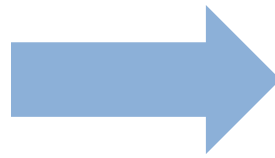
- People involved in dairy farming industry:
Approx. 1 billion people
- People who regularly consume dairy products:
Approx. 6 billion people

Source: - Climate change and the global dairy cattle sector
FAO and Global Dairy Platform (GDP), Published 2019
- J-Milk Dairy Farming Industry Working Team for Promoting the SDGs (November 2020)
Materials from the National Agriculture and Food Research Organization

Amino Acid Absorption “Barrel Theory”

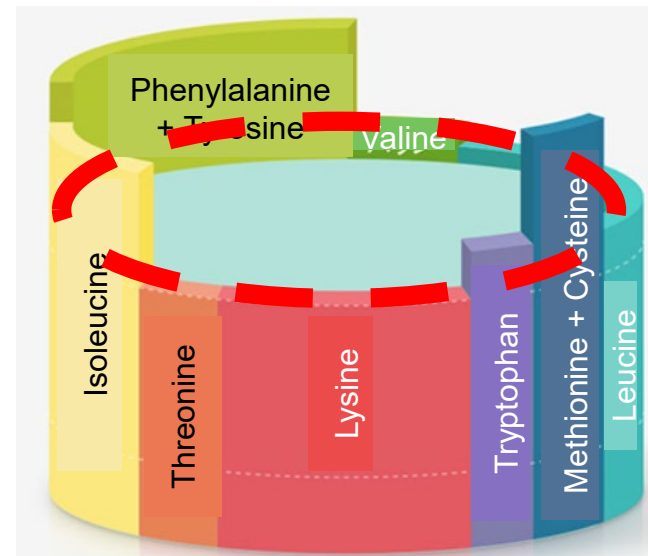


Just as water can only be filled to the height of the lowest plank, amino acids can only be used by the body to the extent of the most deficient amino acid



Previous mechanism

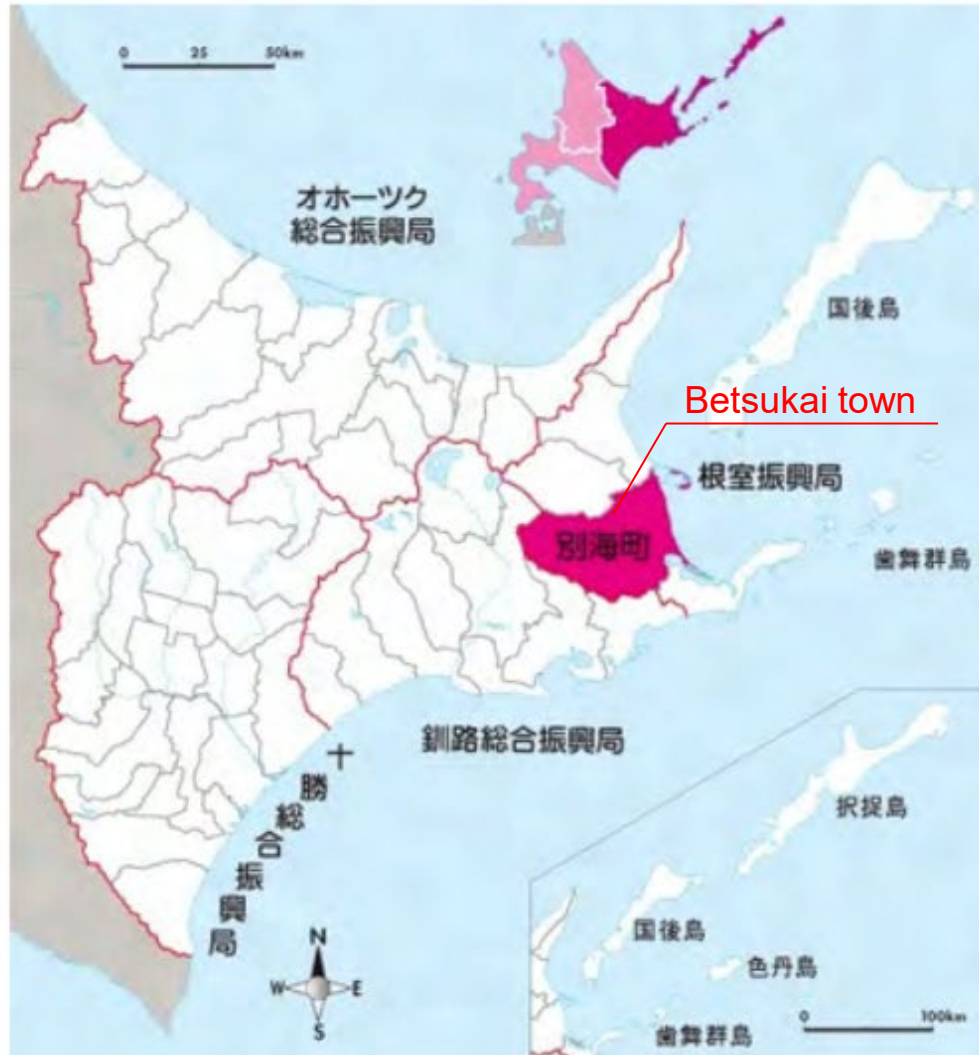
Aligning at the top increases nutritional value
= milk volume increases
However, feed costs increase
→ It is possible to reduce GHG emissions by increasing milk volume productivity



New mechanism

Aligning at the lower level eliminates wasted nutrition
= Maintain milk volume
= Feed costs decrease
→ Reduction of GHG emissions

Cooperation with Betsukai Town, Hokkaido: Carbon Farming



Highest milk production volume in Japan

- Total No. of farmers: 687 units
(Of which raise dairy cows: 654 units)
- Number of cattle: 118,448
(Daily cattle: 110,679; beef cattle: 7,769)
- Raw milk production (2020): 501,239 tons



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- Business forecasts and other forward-looking statements are based on information available at the time of the release of this presentation and reasonable assumptions made by the Company. Actual results could differ materially from forecasts due to various factors.
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