

Third-Party Opinions

Scope of evaluation: 10th Unsecured Bonds (Sustainability Bonds)

Issuer Meiji Holdings Co., Ltd.

Post-issuance review of

Alignment to its Sustainability Finance Framework

(Issuance date: April 2021)

July 15, 2022

Japan Credit Rating Agency, Ltd.

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I. Positioning and Purpose of this Third-Party Opinions

In January 2021, JCR evaluated the Sustainability Finance Framework (this Framework) formulated by Meiji Holdings Co., Ltd. (Meiji Holdings), and consequently assigned SU 1 (F). This Opinion is intended to confirm whether the bonds issued by Meiji Holdings in April 2021 (subject to this evaluation) conform to this framework, which the Company has formulated in advance.

II. Items to be confirmed in this Opinion

The items to be confirmed in this Opinion are described below. This Opinion focuses on the use and reporting of the proceeds of the 10th Bonds issued by Meiji Holdings on March 2021.

1. Use of proceeds

Confirm whether the projects are in compliance with the eligibility criteria set forth in the Framework. It also addresses and verifies the possible negative impacts the proceeds could have on the environment and society.

2. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

Ensure that the process for the issuance of this evaluation is in line with the process specified in this Framework.

3. Appropriateness and Transparency of management of the proceeds

Confirm whether the funds raised by the Evaluation are allocated to the eligible project in accordance with the allocation plan set forth in the Framework and whether they are properly tracked and managed in accordance with the Framework.

4. Reporting

Confirm whether the allocation status and impact reporting items are in line with this framework and whether they are properly disclosed (whether it is clearly planned to be disclosed).

III. The scope of this evaluation

The subject of this evaluation is the bonds listed in the table below issued on April 23, 2021, based on the sustainability finance framework established in advance by Meiji Holdings.

Subject of this evaluation	Issue Amount	Date of Issuance	Redemption Date	Interest rate
Tenth series unsecured bonds (Sustainability Bonds)	JPY 10 billion	April 23, 2021	April 23, 2026	0.050%

IV. Verification of Conformance with the Framework

1. Use of Proceeds (Allocation status)

The use of proceeds subject to this evaluation is shown in the table below. JCR confirmed that all the projects listed in the table met the eligibility criteria.

After carefully examining the possible negative impact on the environment and society of the projects targeted for the use of proceeds, JCR confirmed through interviews with Meiji Holdings that there were no significant adverse impacts from the proceeds and that they were adding them to the use of proceeds.

Based on the above, JCR assessed that the use of proceeds subject to this assessment is compatible with the Framework.

< Summary of the Use of Proceeds (List of Acquisition Asset) >

■ Use of proceeds for the 10th unsecured bonds (Sustainability Bonds)

Theme	Eligible project	Project Classification	Use of proceeds
Sustainable Procurement activities	Sustainable cocoa bean procurement	Green Environmental Sustainable Management of Natural Resources and Land Use	Procurement of Sustainable Cocoa Beans
		Green Renewable Energy facilities	Solar panels (in-house plant)
Harmony with the environment	Energy saving and energy creation at domestic and overseas plants	Green Pollution prevention and management	Measures to eliminate CFCs (introduction of energy-saving, non-CFC refrigeration and refrigeration equipment)
		Green Sustainable Water Resources and Wastewater Management	Improve water quality by introducing RO membrane facilities
	Securing and conserving domestic and overseas water resources	Green Sustainable Water Resources and Wastewater Management	Improve water quality by introducing RO membrane facilities

	Shift to environmentally conscious product packages (plastics and paper)	Green Prevention of Pollution (Establishment of a circular society)	Biomass Plastics Purchase Amount (Annual) Zabas Straw
Contributing to Mental and Physical Health	Capital investments and R&D for initiatives related to Infant Nutrition (General Milk Formula and Specialized Milk Formulas)	Social Access to essential services (health) Food safety	Development and manufacture of highly convenient cube-type milk powder to alleviate the burden of parents with baby and small children • Capital expenditures at the Saitama Factory
	R&D and capital investments in infectious disease prevention	Social Access to essential services (health)	Contribute to the realization of healthy lifestyles by developing and manufacturing vaccines and pharmaceuticals in response to concerns about the spread of infectious diseases associated with environmental changes such as global warming Deng will prevention measures

2. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

JCR confirmed through interviews with Meiji Holdings that the process conducted in issuing the subject of this evaluation conformed to this framework.

In addition, when issuing the Bonds, the goals, standards and processes are explained in advance to investors by disclosing the framework on the Meiji Holdings website.

Based on the above, JCR assessed that the Bond process was compatible with the Framework.

3. Appropriateness and Transparency of management of the proceeds

The status of allocation of the Bond's proceeds is shown in the table below. The unallocated amount is scheduled to be allocated by Meiji Holdings by fiscal 2023.

JCR confirmed that the tracking management with respect to the Bonds was implemented by the method specified in this Framework by interviewing Meiji Holdings and confirming the books.

Based on the above, JCR has evaluated that the fund management system of the Bonds conforms to the Framework.

■ 10th Unsecured Bond Funds Allocation Status

Theme	Applicable project	Allocations	Unallocated Amount
		(JPY 100 million)	
Sustainable Procurement	Sustainable cocoa bean procurement	14.7	
Caring for the Earth	Energy efficiency and energy creation at domestic and overseas plants	3.6	
	Securing and conserving domestic and overseas water resources	7.5	
	Switching to environmentally friendly packaging (plastic – paper)	4.3	
Healthier Lives	Capital investments and R&D for initiatives related to infant nutrition (General infant formulas and special formulas)	22.9	
	R&D and capital investments in infectious disease prevention	4.3	
		57.3	42.7

4. Reporting

a. Reporting on the proceeds allocation

Meiji Holdings shall disclose the following items on the Meiji Holdings website as the appropriation of funds for this evaluation.

- Outline of the project subject to the use of proceeds
- Amount appropriated

JCR has evaluated that the above Disclosures conform to the content contained in this Framework.

b. Reporting on Environmental Improvement Effects and Social Benefits

Meiji Holdings shall disclose the following items as impact reporting on the Meiji Holdings website.

Sustainable cocoa bean procurement		
Output	• Procurement of cocoa beans with sustainable programs	
Outcome	Procurement ratio of sustainable cacao beans as a percentage of the total procurement amount of cacao beans	42%
Impact	Improvement in producer livelihoods Ensure food quality and safety for consumers	

Energy conservation and clean energy creation at domestic and overseas plants		
Output	• Reduce CO2 emissions by at least 50% compared with	

	FY2019 by FY2030 <ul style="list-style-type: none"> Expand use of electricity derived from renewable energy sources to at least 50% by FY2030 Eliminate use of specified fluorocarbons at domestic production sites by FY2030. 	
Outcome	<ul style="list-style-type: none"> Reduce CO2 emissions through energy conservation measures at new and existing plants Reduce CO2 emissions through solar power generation: 1,669t-CO2 Number of facilities switched to natural refrigerants or fluorocarbons alternatives :446 units 	i. 1,329t-CO2 ii. 1,669t-CO2 iii. 446 units
Impact	<ul style="list-style-type: none"> Reduce CO2 emission Protection of the Ozone Layer 	

Securing and protecting domestic and overseas water resources		
Output	<ul style="list-style-type: none"> Upgrade equipment at existing plants and offices Introduce water-saving equipment at new plants, etc. Reduce water consumption by at least 20% compared with FY2017 by FY2030 	
Outcome	<ul style="list-style-type: none"> Reduction rate of water consumption (basic unit) 	8.4% (compared to fiscal 2017)
Impact	<ul style="list-style-type: none"> Reduce environmental impact through efficient use of water and appropriate wastewater management, etc. 	

Switching to environmentally friendly packaging (plastic-paper)		
Output	<ul style="list-style-type: none"> Reduce plastic used for one-way plastic containers and packaging by at least 25% compared with FY2017 by FY2030 	
Outcome	<ul style="list-style-type: none"> Reduction of plastic use 	13% (Forecast)
Impact	<ul style="list-style-type: none"> Solve the issues of marine pollution caused by plastic waste 	

Capital Expenditures and research for Infant Nutrition Initiatives (General Milk and Special Milk)		
Output	<ul style="list-style-type: none"> • Develop and produce cube-type powdered milk 	
Outcome	<ul style="list-style-type: none"> • Investment in Cube-type Milk Production Facilities 	High-speed line production facility construction ¥1.3 billion, Construction and Utility 990 million yen
Impact	<ul style="list-style-type: none"> • Achieving Healthy Growth of Infants and Young Children • Reducing the burden on childcare for childcare 	

Research and capital investment related to measures against infectious diseases		
Output	<ul style="list-style-type: none"> • Product development 	
Outcome	<ul style="list-style-type: none"> • Status of Products Under Development 	During Phase I trials (overseas)
Impact	<ul style="list-style-type: none"> • Reduction in infected patients • Maintenance of domestic medical system • Preventing the severity of illness due to the effectiveness of the vaccine 	

JCR has evaluated that the above Disclosures conform to the content contained in this Framework.

V. Conclusion

From the above considerations, JCR confirmed that this evaluation object conforms to each element of this framework.

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Important explanation of this third-party opinion

1. Assumptions, Significance, and Limitations of JCR Third-Party Opinions

The third-party opinions assigned and provided by the Japan Credit Rating Agency, Ltd. (JCR) represent JCR's overall opinion at the present time as to the relevance of the Sustainability Finance Framework formulated by the issuers to be evaluated, and do not represent the environmental improvement effects or social benefits brought by the subject evaluation.

This Third Party Opinion evaluates current plans or circumstances based on information provided by the Client and information independently collected by JCR and does not guarantee an assessment of future status. In addition, this third-party opinion does not quantitatively prove the environmental improvement effects and social benefits of the Sustainability Bonds and is not responsible for their effects. JCR verifies the environmental and social effects of the funds raised through the issuance of sustainability bonds are measured quantitatively and qualitatively by the issuer or by a third party requested by the issuer, but in principle this is not directly measured.

2. International initiatives, principles, etc. referred to in carrying out this evaluation

In conducting this evaluation, JCRs refer to the following principles and guides developed by ICMA, LMAs, APLMA, LSTA, the Ministry of the Environment, and the Financial Services Agency.

- Green Bond Principles (2021)
- Social Bond Principles (2021)
- Sustainability Bonds Guidelines (2020)
- Green Bond Guidelines (2022)
- Social Bond Guidelines (2021)

3. Relationship with activities related to credit rating business

The conduct of providing this Third-Party Opinion is conducted by JCR as a related business and is different from the conduct related to the credit rating business.

4. Relationship with Credit Ratings

The Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-party character of JCR

There is no conflicts of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

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■ Glossary

Third-party Opinion: This report expresses, at the request of our clients, a third-party opinion on the sustainability bonds issued by the issuers from an independent, neutral and equitable standpoint as to their conformity to the sustainability finance framework developed by the issuers.

■ Registration status as an external evaluator of sustainable finance, etc.

- Members of the Working Group on the Impact Financial Initiative for the United Nations Environment Programme
- Ministry of the Environment's external green bond reviewer registration
- Climate Bonds Initiative Approved Verifier (Climate Bonds Initiative Accreditation Verification Organization)
- ICMA (registration with the International Capital Markets Association as an observer) Principles for Social Bonds, Members of Climate Transition Finance Working Group

■ Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization). (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17 g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en>).

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