

Last Update: December 10, 2021

Meiji Holdings Co., Ltd.

Kazuo Kawamura, CEO, President and Representative Director

Securities Code: 2269

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

The corporate governance of Meiji Holdings Co., Ltd. (the “Company,” “we,” or “us”) is described below.

## 1. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

The Meiji Group's (the “Group”) has created and implements a Group governance structure, which includes our Board of Directors, to promote the realization of medium- and long-term corporate strategy outlined based on our Group Philosophy. The Company is with Audit & Supervisory Board members. The Board of Directors' oversight and Audit & Supervisory Board members' auditing heighten the objectivity and transparency of business management. Our Board of Directors is comprised of diverse directors. The Board deliberates and decides major Group matters, and appropriately monitors to ensure implementation. To improve the efficacy and transparency of the Board of Directors, we have established a system for reflecting the opinions of independent outside directors in management.

On the other hand, concerning business execution, the Company has introduced Chief Officer system to strengthen group management. Serving in the highest positions of responsibility within the Group, Chief Officers supervise and oversee Group business or functions. To promote Group strategy, our Group Strategy Committee, which is comprised of Chief Officers, outlines the direction of important Group matters. Executive Committee, which is chaired by the CEO (Chief Executive Officer) & President, deliberates and decides on important matters concerning strategy implementation, and ensures the rapid and appropriate implementation of operations.

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

<https://www.meiji.com/global/investors/governance/corporate-governance.html>

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Meiji Holdings operates in line with all the principles of the Corporate Governance Code. We disclosed our actions for all the principles in line with the requirements stated in the code prior to its revision in June 2021.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

1. Principle 1.4 Cross-shareholding of Listed Companies

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 stocks 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

Until FYE March 2024, we plan to reduce strategic cross-shareholding by 30% based on book value as of the end of March 2021. Meanwhile, the Board of Directors reviews all the brands the Group is holding and determines whether the company should continue holding them or dispose of them. We will verify the suitability of possession and disclose the details of the verification. 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

Following its September 2021 review, the Board of Directors concluded that the Company should continue holding 30 of the brands.

As a rule, we will exercise our voting rights in a company 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 between our group companies or if it would clearly harm the common interests of shareholders.

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

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

2. Principle 1.7 Related Party Transactions

Directors and Audit & Supervisory Board members of the Company or a major operating company may not engage in material transactions with the Company or a major operating company without the approval of the Company's Board of Directors. Where such transactions are approved, the status of said transactions must be reported to the Company's Board of Directors.

### 3. Principle 2.3 Sustainability issues such as social and environmental issues

As Food and Health professionals, we contribute to addressing social issues through our business activities, and to realizing a sustainable society for people to live healthy, and peaceful lives. We aim to achieve sustainable growth and increase corporate value over the medium- to long-term. The Board of Directors makes decisions on the Group's long-term vision and medium-term business plan following deliberations by with internal entities, including the Group Strategy Committee, Executive Committee, and Group Sustainability Committee.

The Meiji Group Sustainability 2026 Vision upholds three main themes: Healthier Lives, Caring for the Earth, and Thriving Communities, as well as the shared theme of Sustainable Sourcing. We are identifying Materiality and setting out KPIs (Key Performance Indicators) for each theme. Each Materiality and KPIs are in this report. It is described in "3. Implementation of Measures for Shareholders and Other Stakeholders 3. Measures to Ensure Due Respect for Stakeholders".

### 4. Principle 2.4 Ensure Diversity including Promoting Women's Workplace Advancement

Our Group has achieved growth by being a part of the everyday lives of a diverse range of customers, from infants to the elderly, who are in various life stages and embrace a diverse range of values. Our ability to connect with our customers is one of our greatest strengths, and we will continue finding ways to meet the needs from our customers in Japan and around the world in the areas of food and health. To fulfill this mission, it is critical that Meiji personnel can maximize their individual potential and their respective workplaces. Our human resources include people of various genders, sexual orientations and gender self-identification, career backgrounds, ages, nationalities, disability, employment types, and family structures. We believe that innovation and new value creation achieved through the mingling of diverse perspectives, knowledge, and capabilities are critical forces that will drive future corporate growth.

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

#### 1) Women's workplace advancement

We support increased awareness regarding career formation among female employees and work to cultivate an organization and workplaces that further enable female employees to exert their skills. We aim for an environment where the advancement of women as core members of corporate personnel is a given.

- Increase the ratio of female managers to over 10% and increase the number of female managers to at least 420 by FYE March 2027
- Percentage of female managers: 3.7%. Number of female managers: 208 (as of FYE March 2021)

## 2) Advancement of foreign-born personnel

To ensure external competitiveness and promote diversity, we engage in personnel hiring regardless of nationality. To further expand our challenges in global markets and to deliver advanced value in the areas of food and health to customers around the world, we will steadily hire foreign-born personnel for regular positions within our organization. We will increase our ratio of foreign-born employees and help foster those personnel into core members of our Group.

- Number of foreign-born managers and employees: 17 (as of FYE March 2021)

## 3) Advancement for mid-career hires

To ensure external competitiveness and promote diversity, we engage in the hiring of personnel who have gained experience in other companies and other fields. To deliver advanced value in the areas of food and health to customers around the world amid dramatic changes in our operating environment, we will look beyond existing concepts and perspectives by our ratio of mid-career hires and help foster those personnel into core members of our Group.

- Ratio of mid-career hires: 24.1% (as of FYE March 2021)

## 4) Personnel development policy

In our efforts to make sustainable improvements in our competitiveness, we believe it is important that employees be highly motivated and enthusiastic in their work. This requires that we support employees with an environment, organization, and culture that enable them to fully exert their potential.

Based on this belief, we created the Meiji Group Human Resources Development Policy. The goal of this Policy is to promote the development of human resources who can maximize their individuality and autonomously take on new challenges. At the same time, we also support and promote flexible workstyles to create an environment that allows employees to maximize their potential throughout the various stages of life.

### Meiji Group Human Resources Development Policy

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

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

## 5. Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Corporate pension funds are managed by the Meiji Group Pension Fund, which was founded by the group's two core companies, Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. Decisions concerning

the management of these assets are made by three bodies: the Asset Management Committee, the Board of Trustees, and the Board of Representatives. Regarding the membership of these bodies, the fund's operator selects qualified persons from financial/accounting and HR, and elects an equal number of members from among the fund's subscribers by mutual vote. The operator subcontracts the day-to-day management of the assets to a financial organization and monitors its performance, monitoring the results in quarterly meeting.

#### 6. Principle 3.1 Full Disclosure

##### 1) The Group philosophy and business plans

The Group Philosophy is disclosed on the following website.

<https://www.meiji.com/global/about-us/mission-and-vision/>

The Group Business Plan is disclosed on the following website.

<https://www.meiji.com/global/investors/business-plans/>

##### 2) Basic views on corporate governance

The Group's basic stance on corporate governance is disclosed in "1. 1. Basic Views" above.

##### 3) Remuneration of directors

The Board of Directors' policies and procedures for determining the remuneration of directors are disclosed in "2.1 [Incentives] and [Director Remuneration]".

##### 4) Board policies and procedures in the appointment/dismissal of the senior managers and the

nomination of candidates for the Board of directors and the Audit & Supervisory Board

##### Policies and Procedures for Nominating Director Candidate

Directors select candidates at the Board of Directors after consulting with the Nomination Committee and are appointed at the General Meeting of Shareholders.

Director candidates are chosen considering diversity such as their nationality, gender, or age, and are nominated for their advanced knowledge and expertise in fields needed to realize the Meiji Group Vision 2026. These fields include areas such as business strategy, global business, sales and marketing, finance and accounting, HR/labor/personnel development, legal affairs, and corporate communications.

##### Nominating directors with executive duties

All candidates must have the following qualities:

- Extensive experience
- Specialist expertise
- Business sense
- Upstanding character

Also, we nominate persons who can steer the Group toward sustainable growth based on the past achievement.

To implement our corporate philosophy and promote our corporate value, we look for the following qualities:

- Effective decision-making ability: Transparent bold business decisions swiftly and impartially.

- Group management: Achieve optimal group-wide management.

#### Nominating independent outside director candidates

We nominate persons with the following qualities:

- Ability to analyze the company's business operations objectively and from multiple perspectives
- Character, insight, and ability to take on the role of an independent outside director

All such candidates must meet our independence standards.

Decisions on the reappointment of directors are subject to substantive deliberations by the Nomination Committee regarding the person's effectiveness in fulfilling their required duties on the Board of Directors.

The removal of a director shall involve appropriate deliberations by the Nomination Committee before a final decision is made by the Board of Directors. The removal of directors is conducted in accordance with provisions stipulated in relevant law.

#### Nominating Audit & Supervisory Board member candidates

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

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

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

For our Audit & Supervisory Board members to properly inspect the Group's operations of the compliance (with laws, regulations, and standards etc.) and validity and to bring any issues to our attention from an objective and impartial perspective.

At least one of the candidates must have solid grounding in finance and accounting.

Of these, outside Audit & Supervisory Board candidates are chosen from among persons who fulfill separately stipulated judgment criteria for independence with vast knowledge and experience in relevant fields such as accounting or law.

In the event of matters requiring the removal of an Audit & Supervisory Board members, the Nomination Committee shall hold appropriate deliberations before a final decision is made by the Board of Directors. The removal of Audit & Supervisory Board members is conducted in accordance with provisions stipulated in relevant law.

#### 7. Supplementary Principle 3.1.3 Climate change response

In 2019, our Group declared support for the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB).

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

Climate change information based on the TCFD framework is listed on the following website.

[https://www.meiji.com/global/sustainability/caring\\_for\\_the\\_earth/environmental-management/](https://www.meiji.com/global/sustainability/caring_for_the_earth/environmental-management/)

8. Supplementary Principle 4.1.1 Scope of Matters Delegated to the Management

The Board of Directors resolves matters of material importance, including the Group's basic strategic approach, large-scale investments, and other matters that are set forth in laws, the Company's Articles of Incorporation, or the Rules of the Board of Directors. The Group Company Administration Regulations and Duties Regulations clearly define the matters that are related to the execution of business undertakings and operations pursuant to the policies determined by the Board of Directors. Said matters are delegated to management and the status of their execution is reported to the Board of Directors as necessary.

9. Supplementary Principle 4.1.3 Succession plan for the CEO and other top executives

Our Board of Directors decides on the succession plan for our Group CEO based on consultation with the Nomination Committee. The Board of Directors outlines implementation strategy for a succession plan based on the parameters (leadership values) required of executives. These parameters are outlined based on our Group Philosophy, our Code of Conduct, and business strategy. Based on this implementation strategy, the Nomination Committee deliberates on the nomination and removal of the current CEO of the Company and the CEOs of our main Group companies, and selects CEO candidates. The Board of Directors receives regular reports on the status of the succession plan and deliberates on the details of the plan.

We have established a set of standards ("Leadership Value") for our executives in January 2018.

Leadership Value and succession plan

In order for Meiji Group executives to lead the Group toward achieving its vision, we believe it is critical for them to "instigate change and lead reform efforts." We have established a set of standards ("Leadership Value") for our executives in January 2018. The Leadership Values identify ten leadership qualities from the following three categories:

- 1) Strategic planning and action: Imagination, decisiveness, ability to achieve breakthroughs, ability to channel creative energies
- 2) Organizational leadership skills: Ability to communicate and convince, ability to motivate, magnanimity for others' mistakes, ability to develop others' talents
- 3) Character: Ability to recognize and channel diverse talents, upstanding character

The development policy for our succession planning was discussed and decided in the Board meeting in March 2019 as recommended by Nomination Committee. We develop succession

roadmaps for future leaders of the Company and major group companies while the Nomination Committee reviews the ways in which we select the future leaders and groom them for leadership.

#### Implementation

For the nomination and development of successor candidates for the position of CEO for Meiji Holdings and major group companies, we drafted an annual schedule covering procedures from candidate information gathering to Nomination Committee deliberations, and began implementing that schedule in FYE March 2020.

In January 2020, the Nomination Committee deliberated on three matters: 1) The nomination and dismissal of the present post CEO, 2) The nomination of CEO successor candidates, and 3) The nomination of a CEO successor personnel pool.

In addition, ahead of the deliberation and final decision on the nomination of executive candidates by the Board of Directors, the progress of succession plan in FYE March 2021 was reported and deliberated at the Board of Directors meeting in April 2021.

We work towards making continuous improvements to plan management based on the established succession management cycle.

#### 10. Principle 4.9 Independence Standards for Independent Directors

The Company's independence standards for independent directors are stated in "2-1 [Directors] Other Matters related to Independent Directors" of this report.

#### 11. Supplementary Principle 4.11.1 Composition of the Board of Directors

The role of the Company's Board of Directors is to formulate and pursue Group-wide strategies, oversee the management of operating companies, and carefully monitor the effectiveness of managers and directors from an independent and objective perspective, with a view to making the Group Philosophy a reality, contributing to the Group's sustainable growth and corporate value over the medium- to long-term, and improving profitability and capital efficiency.

The Board of Directors is comprised in such a way as to fulfill this function. Its membership includes individuals who have the knowledge, experience, and abilities necessary to execute important business operations (e.g., management strategies, global business, sales marketing, accounting, HR, legal affairs, corporate communication etc.) and manage operating companies, and those who can provide broad and objective advice and oversight from a non-executive perspective such as independent outside directors. Furthermore, skills matrix of Members of the Board is described in "2. Other Matters Concerning to Corporate Governance System" of this report.

The Board of Directors currently maintains a membership of around 10 individuals. It is composed in such a way as to provide a good mix of knowledge, experience, and skills, and a good balance between those members who execute important business operations or manage operating companies and those who serve a non-executive role. At least one-third of the latter members are independent outside directors.



The Board of Directors currently has 8 members, including three independent outside directors (two of whom is a woman).

To improve the efficacy of Board of Directors' meetings, we regularly hold outside officers' conferences for independent outside directors and outside Audit & Supervisory Board members. Attendees exchange opinions and share information from the objective perspectives at these conferences to promote further understanding of our business.

#### 12. Supplementary Principle 4.11.2 Independent Outside Officers who Concurrently Serve at Other Companies

The Company permits independent outside officers to concurrently serve as officers in other listed companies, but only to the extent that they are not prevented from devoting sufficient time and effort required to fulfill their roles and responsibilities as director or Audit & Supervisory Board member of the Company.

Any significant concurrent positions held by directors or Audit & Supervisory Board members are disclosed in the "company's officers" section of the business reports in convocation notices of ordinary general meetings of shareholders, and they are also included in director candidate information under the relevant agenda item in said notices. Convocation notices of ordinary general meetings of shareholders are also published on the Company website.

<https://www.meiji.com/global/investors/governance/annual-general-meeting/>

#### 13. Supplementary Principle 4.11.3 Evaluation of the Board of Directors

Once a year, the Company analyzes and evaluates the effectiveness of the Board of Directors as a whole, taking into consideration the results of surveys on the role and management of the Board of Directors and problems or issues that the Board faces, including a self-evaluation questionnaire submitted by members of the Board of Directors. The Company then takes remedial measures to address any issues highlighted in the surveys. We work to improve the efficacy of the Board of Directors by having third-party assessments conducted approximately once every three years to evaluate the efficacy of the Board of Directors.

We used an assessment survey questionnaire to collect feedback from each director and each member of the Audit & Supervisory Board.

This questionnaire includes:

- Assessment in line with our own corporate governance policy
- Assessment of the operation of the Board of Directors
- Progress in achieving challenges from feedback items in the previous year

We are conducting individual meetings between the Chairperson of the Board and independent outside directors. Using a self-assessment survey, these meeting participants discuss how to improve the Board of Directors as well as issues and measures for further improving efficacy.

1) Method for analyzing/evaluating how effectively the Board functioned in FYE March 2021  
In May 2021, we analyzed/evaluated how effectively the Board of Directors functioned in FYE March 2021 in line with our own corporate governance guidelines, which we established in October

2015. We used a self-assessment survey questionnaire (prepared by the board's secretariat) to collect feedback from each director and each member of the Audit & Supervisory Board.

This questionnaire includes:

- Roles and responsibilities of the board meeting (setting strategic direction, overseeing company, preparing succession plan, discussing/reporting on business matters)
- Board composition
- Chairperson's performance
- Quality of presentation materials and performance
- The secretariat's performance
- Progress in achieving challenges from feedback items in the previous year

Since FYE March 2020, we adopted individual meetings between the Chairperson of the Board and independent outside directors. Using a self-assessment survey, these meeting participants discussed how to improve the Board of Directors as well as issues and measures for further improving efficacy.

## 2) Results of analysis/evaluation

According to members' self-evaluations, board meeting records, and individual meetings between the Chairperson of the Board and independent outside directors, the Board is operating effectively. Based on the results of self-evaluations, we identified "strengthening monitoring" and "increasing discussion by the Board of Directors on the Company's response to revisions to the Corporate Governance Code" as future issues. We will address these issues and continue working to increase the efficacy of the Board of Directors.

Individual meetings with the Chairperson involved exchanges of opinion related to improving the efficacy of the Board of Directors, including discussion on issues such as enhancing risk management, promoting digital transformation (DX), the Company's succession plan, and human resource diversity and development. Meetings also involved a frank exchange of opinions concerning the Group strategy execution following the creation of the 2023 Medium-Term Business Plan and the adoption of the Chief Officer system. We reflected the opinions we received in our plans and the execution of those plans.

## 14. Supplementary Principle 4.14.2 Training Opportunities for Directors and Audit & Supervisory Board Members

The Company provides directors, Audit & Supervisory Board members, and executive officers with training opportunities as necessary to develop their understanding of their legal liabilities and the roles and responsibilities they are expected to perform with respect to corporate governance, compliance, and risk management, as well as opportunities to gain the necessary knowledge on the Group's business lineup, organizational structure, and financial status.

The Company briefs outside officers on the Group's management strategy and business lineup/status to further their understanding of these matters. In addition, outside officers are taken on inspection tours of plants and research laboratories.

#### 15. Principle 5.1 Constructive Dialogue with Shareholders

The Company positively and voluntarily engages with shareholders so as to promote constructive dialogue with them. General communication with shareholders is managed by the Investor Relations (IR) Department, which is managed by the director in charge of IR. The Company pursues the following measures for promoting constructive dialogue with shareholders.

- 1) The Company positively and voluntarily engages with shareholders so as to promote constructive dialogue with them. General communication with shareholders is managed by the IR Department, which is managed by the executive officer in charge of IR. To a practical extent, we also engage in dialogue with directors and Audit & Supervisory Board members, including outside officers.
- 2) With the aim of supporting shareholder dialogue, the director in charge of IR organizes liaison meetings with personnel from other departments, including Corporate Planning, Corporate Administration, and Risk Management, so as to share information between the departments.
- 3) In addition to one-on-one meetings, the Company holds earnings conferences twice-yearly for institutional investors and securities analysts to announce the second quarter and the fiscal year results, as well as small meetings led by the Company President. We also hold earnings conferences with institutional investors and securities analysts at the end of the first and third quarter.
- 4) We work to promote dialogue with individual investors and to inform them about the group's businesses. In FYE March 2021, we held online briefings for individual investors.
- 5) We actively promote ESG dialogue with investors. We hold one-on-one meetings with institutional investors and conferences for institutional investors and securities analysts.
- 6) We provide information via our website for shareholders and investors. We publish our investment securities reports, earnings flash reports (Japanese/English), integrated reports (Japanese/English), and earnings conference materials (Japanese/English) on this website. We also stream video of our earnings conferences and publish a Q&A summary (Japanese/English) to further communication.
- 7) Comments and feedback gained through investor relations activities are summarized into reports. The director in charge of IR reports to the Executive Committee and the Board of Directors regularly.
- 8) Due care is given to insider information during communication. Communication is conducted in accordance with the Rules Concerning the Prevention of Insider Trading, which outlines the handling of important information. We also establish a quiet period.

#### 16. Principle 5.2 Creation and Publication of Corporate Strategies and Business Plans

Our corporate strategies and business plans are as follows. Furthermore, we have posted medium- and long-term corporate strategy "Meiji Group 2026 Vision" and "2023 Medium-Term Business Plan" on our website.

<https://www.meiji.com/global/investors/business-plans/>

<https://www.meiji.com/global/investors/business-plans/2023-medium-term-business-plan.html>

### 1) Business Portfolio Management

The Group uses business-specific ROIC, which we adopted at the start of our 2023 Medium-Term Business Plan, to promote the creation of a highly profitable and productive business structure.

Focusing on the key theme of “selection and concentration”, we reinforce business portfolio management and conduct continuous monitoring through our Board of Directors.

Also, we work to increase our corporate value by promoting ROIC within the Group as a common performance indicator. To improve ROIC, we engage in capital control and pursue operating profit margin improvements for each business. These initiatives help us build an optimal business portfolio, including maintaining a structure that promotes growth. We consider ESG risks as well as financial risks when evaluating or reviewing our business portfolio. This enables us to reflect external environmental factors in our judgment criteria applied to business evaluations and investment decisions.

### 2) Intellectual Property Strategy

Our Group recognizes the importance of intellectual property as a management resource. We view intellectual property activities as a critical part of the support structure for our business activities. We develop and execute intellectual property strategy to improve our medium- and long-term corporate value while respecting the intellectual property rights of third parties.

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

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

We also treat the Meiji brand and our various trademarks as valuable resources that support our business. We proactively engage in trademark activities to further elevate the trust and expectations with which consumers have come to associate our products and services.

### 3) Capital Policy

We pursue sustainable growth by aggressively applying capital gained through business activities towards growth investments and R&D. To promote overall Group capital efficiency, our approach to growth investments is to maintain financial discipline and reduce cross-shareholding and other non-business-related assets.

We recognize returns to shareholders as an important management issue. We will raise our consolidated dividend payout ratio to 40% by FYE March 2024. As necessary, we will also evaluate the acquisition of treasury stock based on a comprehensive evaluation of our optimal capital structure and surplus capital.

Our basic policy on capital procurement is to use debt to procure capital. We evaluate capital demands and interest environments to apply a primarily commitment to reducing capital costs by using a diverse range of procurement methods. To address credit risks associated with increased

debt, we set a maximum D/E ratio of 0.3 times and maintain a high credit rating that is not impacted by conditions on financing markets.

To prevent any unjust impedance on the rights of shareholders, any capital strategy that will result in a major shift in controlling interests or a large-scale dilution is subject to a vote by the Board of Directors following due evaluation of necessity and feasibility. We also provide explanations to shareholders and investors in accordance with timely disclosure rules.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
----------------------------	---------------------------

### [Status of Major Shareholders]

Name/ Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	23,282,600	16.04
Custody Bank of Japan, Ltd. (Trust account)	7,098,300	4.89
Nippon Life Insurance Company	3,348,014	2.31
Mizuho Bank, Ltd	3,117,386	2.15
The Norinchukin Bank	2,892,202	1.99
Meiji Holdings Trading-Partner Shareholding Association	2,665,448	1.84
Meiji Holdings Employee Shareholding Association	2,631,946	1.81
STATE STREET BANK WEST CLIENT - TREATY 505234	2,451,484	1.69
Resona Bank, Limited	2,117,344	1.46
Nippon Beet Sugar Manufacturing Co., Ltd.	1,758,948	1.21

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanation

On June 21, 2017, a large-volume holdings report of BlackRock Japan Co., Ltd. and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of June 15, 2017. However, the Company did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of September 30, 2021. The content of the large-volume holdings report is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
BlackRock Japan Co., Ltd.	2,417,000	1.58
BlackRock Fund Managers Limited	156,608	0.10
BlackRock Life Limited	257,330	0.17
BlackRock Asset Management Ireland Limited	517,767	0.34
BlackRock Fund Advisors	2,029,750	1.33
BlackRock Institutional Trust Company, N.A.	1,972,226	1.29
BlackRock Investment Management (UK) Limited	352,065	0.23

On May 21, 2019, a large-volume holdings report (revised report) of Sumitomo Mitsui Trust Bank, Limited and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of May 15, 2019. However, the Company did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of September 30, 2021. The content of the large-volume holdings report (the revised report) is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
Sumitomo Mitsui Trust Bank, Limited.	1,775,700	1.16
Sumitomo Mitsui Trust Asset Management Co., Ltd.	5,745,740	3.76
Nikko Asset Management Co., Ltd.	2,730,400	1.79

On July 20, 2020, a large-volume holdings report (revised report) of Nomura Securities Co., Ltd. and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of July 15, 2020. However, the Company did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of September 30, 2021. The content of the large-volume holdings report (the revised report) is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
Nomura International plc	340,314	0.22
Nomura Asset Management Co., Ltd.	7,847,000	5.14

On April 22, 2021, a large-volume holdings report (revised report) of Mizuho Bank, Ltd and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of April 15, 2021. However, the Company did not include the information, except that pertaining to Mizuho Bank, Ltd., in the status of major shareholders above, because we had

not confirmed the actual number of shares held as of September 30, 2021. The content of the large-volume holdings report (the revised report) is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
Mizuho Bank, Ltd.	3,117,386	2.04
Mizuho Securities Co., Ltd.	656,100	0.43
Asset Management One Co., Ltd.	4,630,300	3.03

On September 21, 2021, the Company received a large-volume holdings report under the joint signatures of the Mitsubishi Tokyo UFJ Financial Group, Inc., Ltd. and the joint holders listed below indicating the number of shares held by each holder as of September 13, 2021. However, the Company did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of September 30, 2021. The content of the large-volume holdings report is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
MUFG Bank, Ltd.	990,000	0.65
Mitsubishi UFJ Trust and Banking Corporation	5,614,900	3.68
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1,641,400	1.08

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

## 2. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
-------------------	--

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mariko Matsumura	Lawyer												
Masaya Kawata	From another company												
Michiko Kuboyama	From another company												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)



- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mariko Matsumura	○	—	<p>We propose Mariko Matsumura as an outside director because her extensive career as a lawyer will enable her to offer professional and insightful advice on company management and to effectively oversee execution of duties. While she has never engaged in company management other than as an outside director or outside Audit &amp; Supervisory Board member, we nonetheless believe she is qualified for the post because of the above reason.</p> <p>Mariko Matsumura fulfills the Company's independence standards for independent directors, and there is no possibility of conflict of interest with general shareholders.</p>
Masaya Kawata	○	—	<p>Masaya Kawata served as Representative Director and President Nisshinbo Holdings before becoming Director and Chairman in 2019, and is involved in Group management and global business management. We propose Masaya Kawata as an outside director because his extensive experience, track record, and vast knowledge related to business management will enable him to provide Group management valuable advice and ensure the appropriate monitoring of business execution for our Group.</p> <p>Masaya Kawata fulfills the Company's independence standards for independent directors, and there is no possibility of conflict of interest with general shareholders.</p>
Michiko Kuboyama	○	—	<p>Michiko Kuboyama has vast experience related to product development and marketing through her roles at Kao having worked in the Products Public Relations Center before serving as Center manager and as a communications fellow in the Lifestyle Research Department. We propose Michiko Kuboyama as an outside director because she will be able to provide Group management valuable advice and ensure the appropriate monitoring of business</p>

			<p>execution from the perspective of the consumer and a diverse range of other perspectives.</p> <p>While she has never engaged in company management other than as an outside director or Audit &amp; Supervisory Board Member (Outside), we nonetheless believe she is qualified for the post because of the above reason.</p> <p>Michiko Kuboyama fulfills the Company's independence standards for independent directors, and there is no possibility of conflict of interest with general shareholders.</p>
--	--	--	--

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
---	-------------

#### Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

#### Supplementary Explanation

To enable independent outside directors to provide appropriate advice, the Company has established two advisory bodies to the Board of Directors: the Nomination Committee and the Compensation Committee. Each committee consists of both independent outside directors and internal directors, and independent outside directors make up the majority of members.

Nomination Committee and Compensation Committee are chaired by an internal director who is the president. However, from January 2022, the chairperson of each committee will be chaired by an independent outside director. The chairperson of Nomination Committee will not also serve as chairperson of Compensation Committee and the chairperson of Compensation Committee will not also serve as chairperson of Nomination Committee.

[The Nomination Committee]

The role of the Nomination Committee is to deliberate on the nomination of director candidates, the removal of directors, and the election and dismissal of executive officers, and report to the Board of Directors.

FYE March 2021 meetings: Three (100% participation rate for all meetings)

[The Compensation Committee]

Compensation Committee deliberates on policies regarding the determination of compensation for directors and executive officers, the amount of compensation, the level of compensation, etc., and reports to the Board of Directors.

FYE March 2021 meetings: Two (100% participation rate for all meetings)

#### [Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board members hold quarterly liaison meetings with the accounting auditor to exchange opinions.

Audit & Supervisory Board members periodically share information with the internal audit team (Audit Department) by holding an auditing liaison meeting called the Audit Department Liaison Conference.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hajime Watanabe	Lawyer													
Makoto Ando	CPA													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Kansayaku of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a kansayaku

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the kansayaku himself/herself only)

k. Executive of a company, between which and the Company outside directors/kansayaku are mutually appointed (the kansayaku himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the kansayaku himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hajime Watanabe	○	—	Hajime Watanabe has a prolific career as an attorney at law and has deep expertise in international business transactional law areas. Due to the reasons above, we propose his election as an Outside Audit & Supervisory Board Member. While he has not been involved in corporate management in the past, except as an Outside Director or an Outside Audit & Supervisory Board Member, we have concluded that he will be able to perform his duties

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

**[Independent Directors/ Audit & Supervisory Board Members]**

Number of Independent Directors/ Audit & Supervisory Board Members	5
--	---

**Matters relating to Independent Directors/ Audit & Supervisory Board Members**

The Company has established Criteria for Independence of Outside Members of the Board and Outside Audit & Supervisory Board Members (Criteria for Independence) as follows.

Details

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

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

have an important management position) who currently falls or fell under category 1, 2, 3, or 4 above during the one-year period prior to assuming the position

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

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration / Other
----------------------------------	---

Supplementary Explanation
---------------------------

Please refer to “Policy on Determining Remuneration Amounts and Calculation Methods” in [Director Remuneration.]”
---

Recipients of Stock Options	—
-----------------------------	---

Supplementary Explanation
---------------------------

—
---

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Selected Directors
--	--------------------

Supplementary Explanation

The Company has established officer categories. For each of these categories, we disclose the remuneration amount, the total amount of monetary/stock compensation, and the number of officers in the category. The Company also discloses the remuneration amounts for individual directors whose remuneration total is 100 million yen or more.

The remuneration amounts for each officer category as of FYE March 2021, are as follows.

Officer category	Remuneration amount	Monetary compensation				Stock compensation	
		Base compensation		Performance-linked compensation		Total	Number of officers
		Total	Number of officers	Total	Number of officers		
Directors (other than outside directors)	¥285 million	¥142 million	7	¥106 million	5	¥37 million	5
Audit & Supervisory Board members (other than Audit & Supervisory Board members)	¥55 million	¥55 million	2	-	-	-	-
Member of the Board (Outside)	¥43 million	¥43 million	3	-	-	-	-
Audit & Supervisory Board Member (Outside)	¥26 million	¥26 million	2	-	-	-	-
<b>Total</b>	<b>¥410 million</b>	<b>¥267 million</b>	<b>14</b>	<b>¥106 million</b>	<b>5</b>	<b>¥37 million</b>	<b>5</b>

Note 1. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for directors is capped at 1 billion yen per year (not including the employee portion of remuneration for directors who concurrently serve as employees).

Note 2. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for Audit & Supervisory Board members is capped at 300 million yen per year.

Note 3. We have introduced a transfer-restricted stock compensation plan for directors other than outside directors. As per the resolution of the 8th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration under this plan is capped at 200 million yen per year.

Note 4. The amounts for monetary/stock remuneration indicates the amount appropriated (recorded in expenses).

As of FYE March 2021, the remuneration amounts for individual directors whose remuneration total is 100 million yen or more are as follows.

Name	Officer category	Company	Consolidated remuneration breakdown			Total consolidated remuneration
			Monetary compensation		Stock compensation	
			Base compensation	Performance-linked compensation		
Kazuo Kawamura	Directors	Meiji Holdings Co., Ltd.	¥42 million	¥56 million	¥18 million	¥117 million
	Directors	Meiji Co., Ltd.	¥14 million	-	-	¥14 million
	Directors	Meiji Seika Pharma Co., Ltd.	¥14 million	-	-	¥14 million
Total			¥70 million	¥56 million	¥18 million	¥147 million
Katsunari Matsuda	Directors	Meiji Holdings Co., Ltd.	¥12 million	-	-	¥12 million
	Directors	Meiji Co., Ltd.	¥50 million	¥44 million	¥14 million	¥108 million
Total			¥62 million	¥44 million	¥14 million	¥121 million

Note 5. Information on director remuneration is disclosed on the Company's website in the following documents.

- a. Securities Report
- b. Convocation Notice of the General Meeting of Shareholders (attached Business Report)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--	-------------

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

[Overview of the directors' compensation system in FYE March 2021]

Directors' compensation is calculated based on company and individual performance, and the total amount of compensation is capped at a level approved by the General Meeting of Shareholders. In setting the formula for calculating compensation, we reference data from external research companies on compensation levels at major Japanese companies as well as major manufacturing companies that



are of similar business scope and operations as our Company. This ensures a compensation structure that enables the hiring of elite internal and external personnel, provide motivation, and promotes retention.

#### Compensation for directors other than outside directors

Compensation comprises the following:

1) Base compensation

A fixed amount that reflects the director's status and responsibilities

2) Performance-linked compensation

An amount that varies according to the company and the director's performance in the preceding fiscal year, and thus provides an incentive over the short term.

3) Stock-based compensation

Compensation that is linked with the Company's stock performance, and thus provides an incentive over the medium- to long-term.

Base compensation and performance-linked compensation are paid in cash. Stock-based compensation takes the form of transfer-restricted stocks.

The ratio between the fixed component (base compensation) and variable component (performance-linked compensation + stock-based compensation) of the total remuneration is approximately 60:40.

We apply a higher rate of variable compensation as the rank and position of the executive increases. We set ratios of 54% to 59% for fixed compensation and 41% to 46% for variable compensation.

The metrics of company performance are consolidated net sales and consolidated operating income targets, which represent milestones on the path to achieving the Meiji Group 2026 Vision.

Performance-linked compensation reflects how well the Company met its targets for these two metrics:

1. How well it performed in these metrics compared to the previous year, and 2. How well the relevant director performed. The more higher-ranked a director is, the more the company performance metrics count toward performance-linked compensation relative to the director's performance. The performance-linked compensation for the CEO, President and Representative Director is based entirely on the two metrics.

The following table shows the calculations for the performance-linked compensation paid in FYE March 2021.

	Consolidated net sales	Consolidated operating profit
Result (FYE March 2020)	¥1,252,706 million	¥102,710 million
Target (FYE March 2020)	¥1,309,000 million	¥108,000 million
Previous year's result (FYE March 2019)	¥1,254,380 million	¥98,383 million

#### Compensation for outside directors and Audit & Supervisory Board members

The Company pays fixed compensation only; no incentive remuneration is paid.

### Determination of remuneration

The Board of Directors determines the structure for director compensation, the results for company and individual performance, and the amounts of calculated compensation, after hearing the opinion of the Compensation Committee on these matters. The Compensation Committee has the majority of whom are outside directors independent of the Company.

Remuneration for directors and corporate auditors for the most recent fiscal year was discussed at the Compensation Committee meeting held on June 8, 2020, where deliberations were held on individual compensation amounts based on the results of performance assessments for the company and individuals as prescribed by the compensation system.

As it is most appropriate for the CEO, President and Representative Director, who oversees all business execution, to conduct individual performance evaluations for directors (excluding outside directors), at the Board of Directors meeting held on June 26, 2020, a resolution was passed outlining that the CEO, President and Representative Director shall decide on compensation amounts for individual directors based on the results of deliberations by the Compensation Committee.

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

[Overview of the directors' compensation system from FYE March 2022]

#### A. Revisions to directors' compensation system

In line with the start of our 2023 Medium-Term Business Plan, which covers the three-year period between FYE March 2022 and FYE March 2024, we revised our directors' compensation system to further align the system with its intended objectives by linking compensation to the core benchmarks outlined in the 2023 Medium-Term Business Plan.

#### B. Compensation composition ratio

To increase incentives for improved performance and promote the sharing of interests with our shareholders and stakeholders, we set compensation composition ratio that is approximately a 50-50 mix of fixed compensation (base compensation) and variable compensation (performance-linked compensation and stock-based compensation).

We apply a higher rate of variable compensation as the rank and position of the executive increases. We set ratios of 45% to 50% for fixed compensation and 50% to 55% for variable compensation.

#### C. Details of performance-linked compensation

To achieve growth in operating profit by improving capital productivity as outlined in our 2023 Medium-Term Business Plan, we set consolidated operating profit and ROIC as performance indicators for our Company. We are also adopting new medium- and long-term target evaluations to further promote the achievement of medium- and long-term targets.

#### Payment amount calculation method

We set standard amounts for each evaluation benchmark for company performance and individual performance. We then calculate performance-linked compensation by multiplying each amount by a coefficient calculated based on the level of achievement for each evaluation benchmark. The total of the amounts calculated for each performance-linked compensation category represents the total amount of performance-linked compensation.

#### [Benchmarks for company performance]

##### 1) Fiscal year target evaluation

- Consolidated operating profit: Achievement of fiscal year target represents 100%. The coefficient fluctuates between 0% and 200% based on the rate of achievement (50% to 150%) for the fiscal year target.

- ROIC: Achievement of fiscal year target represents 100%. The coefficient fluctuates between 0% and 200% based on the rate of achievement (80% to 120%) for the fiscal year target. Regardless of the level of achievement for the fiscal year target, the coefficient is reduced by half if earnings are less than capital costs.

##### 2) Medium- and Long-term Target Evaluation

- Consolidated operating profit: Achievement of the medium- and long-term target, which is separate from the fiscal year target, represents 100%. The coefficient fluctuates between 0% and 200% based on the rate of achievement for the medium- and long-term target.

#### [Benchmarks for individual performance]

- The coefficient that fluctuates between 0% and 200% based on a seven-tier evaluation of individual performance, which is determined through comprehensive assessment by the CEO, President and Representative Director.

- There is no individual performance evaluation for the CEO, President and Representative Director.

#### D. Details of stock-based compensation

The previous system included stock-based compensation to provide incentives for improving Group corporate value and promoting shared interests with shareholders and all stakeholders. To provide further motivation towards achieving these goals, the monetary amount for rights to financial compensation paid by the Company to allocate restricted stock fluctuates annually based on Meiji ROESG® from the previous fiscal year. The transfer restriction period and other conditions have not changed from the directors' compensation system in place through FYE March 2021.

#### Payment amount calculation method

We set the Meiji ROESG®, which is calculated based on ROE figures and the results of ESG initiatives, as a performance indicator. The payment amount is calculated by multiplying the base amount by a coefficient calculated as detailed below.

- 100% for achieving 13pt, the target set for the period of the 2023 Medium-Term Business Plan.

- The minimum is set as 9pt, which is the actual figure for the Meiji ROESG®, and the maximum is 17pt. the coefficient fluctuates between 50% and 150% depending on the actual ROESG® figure.
- No stock-based compensation will be allocated if the Meiji ROESG® is lower than 5pt for two consecutive years.

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

### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

We ensure a system that smoothly provide internal information requested by outside officers from directors with executive duties, executive officers and employees. We provide the information directly or through the department in charge.

Independent outside directors communicate through the Corporate Development Department, which provides explanations on Board of Directors' meeting agenda as well as relevant information provision. Full-time Audit & Supervisory Board members serve as the contact point for outside Audit & Supervisory Board Members to provide various communications and information, and dedicated staff of the Audit & Supervisory Board members assists.

Outside officers are taken on inspection tours of plants and research laboratories to further their understanding of these matters.

### [Members of the Company who were formerly top executives]

Corporate counselors who were formerly top executives

Name	Position	Description of duties	Employment conditions (whether fulltime or non-fulltime, compensated or uncompensated)	Date the person resigned as top executive	Term of office
Masahiko Matsuo	Corporate Counselor	Use extensive experience and insights to advise the Company from a broad and general standpoint. Delegate persons to engage with important clients and relevant industrial/business associations.	Non-fulltime Compensated	June 26, 2020	—

Number of corporate counselors who were formerly top executives

1

Other important information:

—

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

### **1. Business Execution**

The Board of Directors holds a meeting once a month, in principle, and resolves matters of material importance, including the Group's basic strategic approach, large-scale investments, and other matters that are set forth in laws, the Company's Articles of Incorporation, or the Rules of the Board of Directors. The Group Company Administration Regulations and Duties Regulations clearly define the matters that are related to the execution of business undertakings and operations pursuant to the policies determined by the Board of Directors. Of these, the matters that have material importance are reviewed by the Executive Committee twice a month in principle.

Also, we have introduced Chief Officer system to strengthen group management. Serving in the highest positions of responsibility within the Group, Chief Officers work in line with basic management policies outlined by the Board of Directors to supervise and oversee Group business or functions. Furthermore, meetings of the Group Strategy Committee, which is comprised of members designated by Chief Officers, are held once per month. The Committee determines the direction of critical matters such as the Group's general vision, business plan, business policy, and the distribution of management resources.

### **2. Auditing and Oversight**

Audit & Supervisory Board audits are conducted by Audit & Supervisory Board members. Pursuant to the Audit & Supervisory Board Guidelines, the Audit & Supervisory Board meets once a month, in principle. Internal audits are conducted by the Audit Department, which is composed of dedicated internal audit staff. Accounting audits are conducted by the accounting auditor. The Company has designated Ernst & Young ShinNihon LLC as its accounting auditor.

To better enable the Audit & Supervisory Board members to fulfill their function of overseeing business execution, the Company has put in place a system that facilitates effective audits. For example, dedicated staffs are on hand to assist the process of Audit & Supervisory Board audits and the Audit & Supervisory Board members attend important meetings such as those of the Board of Directors and Executive Committee. In addition, Audit & Supervisory Board members are given regular reports and forwarded important documents.

### **3. Nomination and Remuneration Decisions**

We have set up Nomination Committee to deliberate on proposals for the nomination or removal of directors and Audit & Supervisory Board members, and nomination or removal of executive officers, including the president. The Committee also deliberates and advises on matters such as succession plans.

We also have set up Compensation Committee to deliberate on policies regarding the determination of compensation for directors and executive officers, the amount of compensation, the level of compensation, etc.

\* Details of the roles of Board of Directors, Audit & Supervisory Board and Committee etc. is described in “7. Board of Directors, Audit & Supervisory Board and Committee etc.” of Corporate Governance Policy.

## 2. Limited Liability Agreements with the Company

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company enters into contracts with its outside directors and Audit & Supervisory Board members limiting their liabilities under Article 423, Paragraph 1 of the said Act. The maximum amount of liabilities under such contracts is as prescribed in applicable laws and regulations.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with its accounting auditor limiting its liabilities under Article 423, Paragraph 1 of the said Act. The maximum amount of liabilities under such contracts is as prescribed in applicable laws and regulations.

## 3. Attendance at meetings

### 1) Attendance at Board of Directors meetings held in FYE March 2021

- Number of the meetings held: 16 times

- Attendance

Members of the Board of Directors	Audit & Supervisory Board Members
Kazuo Kawamura: 16/16	Mineo Matsuzumi:16/16
Daikichiro Kobayashi: 16/16	Hiroyuki Tanaka:16/16
Katsunari Matsuda: 16/16	Hajime Watanabe:16/16 (Outside)
Koichiro Shiozaki: 16/16	Makoto Ando:14/16 (Outside)
Jun Furuta: 16/16	
Tomochika Iwashita: 16/16 (Outside)	
Tohru Murayama: 16/16 (Outside)	
Mariko Matsumura: 16/16 (Outside)	

2) Attendance at the Audit & Supervisory Board meetings held in FYE March 2021

- Number of the meetings held: 15 times

- Attendance

Audit & Supervisory Board Members
Mineo Matsuzumi: 15/15
Hiroyuki Tanaka: 15/15
Hajime Watanabe: 15/15 (Outside)
Makoto Ando: 14/15 (Outside)

### 3. Reasons for Adoption of Current Corporate Governance System

With the aim of achieving sustainable growth and improving corporate value of the medium- to long-term, the Company has established a basic approach to management of the Group wherein operating companies that engage in “Food and Health” manage businesses autonomously while collaborating with each other under the control of the Company (which is the Group’s holding company). Under this approach, the main role of Meiji Holdings Co., Ltd., is to advance Group-wide management strategies, create an optimal operating structure, and oversee the business management of operating companies. Responsibility for operational execution is delegated to operating companies appropriately. Within the Group, oversight and execution of business management are separated. Accordingly, the Group has established and operates a corporate governance system including a Board of Directors. Meiji Holdings is a company with audit & supervisory board members. The Board of Directors' oversight and audit & supervisory board members' auditing heighten the objectivity and transparency of business management.

### 3. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early distribution of Convocation Notice for the General Meeting of Shareholders	We issue the General Meeting of Shareholders’ convocation notice 25 days prior to the meeting.
Allowing Electronic Exercise of Voting Rights	Shareholders can exercise their voting rights using a personal computer, smartphone, or other mobile device.
Participation in Electronic Voting Platform	The Company uses a platform for the exercise of electronic voting rights.
Providing Convocation Notice in English	The Company translates part of the convocation notices and posts the translated content on its website.
Other	The Company posts its convocation notices on its website a number of days before issuing the official convocation notice.

## 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	<p>The Company has established an information disclosure policy and has posted the policy on its website.</p> <p>a. Japanese website:  <a href="https://www.meiji.com/investor/disclosure/">https://www.meiji.com/investor/disclosure/</a></p> <p>b. Global website:  <a href="https://www.meiji.com/global/investors/disclosure-policy/">https://www.meiji.com/global/investors/disclosure-policy/</a></p>
Regular Briefings for Individual Shareholders	<p>The Company holds earnings conferences for individual investors where we explain management policy and earnings as well as provide information on business topics to cultivate investor understanding of our Group. Previously, we held briefings through a domestic securities firm but we held online briefings in FYE March 2021 due to the impact of COVID-19 pandemic.</p>
Regular Investor Briefings for Analysts and Institutional Investors	<p>The Company holds earnings conferences twice-yearly led by the president and officers. During these meetings, the president outlines the financial results and the Company's management policies going forward. For the first and third quarter, a director in charge of IR informed the analysts and investors of the results in an online conference. With the aim of improving the corporate value, the Company facilitates communication with institutional investors and securities analysts by organizing biannual small meetings between these parties and the Company's president and otherwise promoting constructive dialogue. The Company also organizes regular business briefings and takes various other steps to deepen said parties' understanding of the Group.</p> <p>The Company also actively promotes ESG dialogue. The Company holds one-on-one meetings with institutional investors and conferences for institutional investors and securities analysts.</p>
Regular Investor Briefings for Overseas Investors	<p>The Company holds annual briefing meetings in the major cities of Europe, North America, and Asia. In these meetings, the president and director in charge of the PR &amp; IR Department give briefings. During FYE March 2021, we held online briefings in response to COVID-19 pandemic.</p> <p>In addition, the Company participates three to four times a year in conferences held in Japan by securities companies for overseas investors, and holds telephone conferences with overseas investors as necessary.</p>
Posting of IR Materials on Website	<p>The Company endeavors to enhance its website by amending the content to reflect users' feedback.</p> <p>The IR materials that the Company posts on its website include earnings results, materials disclosed on an as-and-when basis, securities reports, integrated reports, briefing materials for institutional investors, and convocation notices for general meetings of shareholders. The Company also streams videos of conferences with institutional investors and posts summaries of question and answer sessions.</p> <p>Japanese website: <a href="https://www.meiji.com/investor/">https://www.meiji.com/investor/</a>  Global website: <a href="https://www.meiji.com/global/investors/">https://www.meiji.com/global/investors/</a></p>



Establishment of Department and/or Manager in Charge of IR	IR is managed by the director in charge of the PR & IR Department (which consists of eight members).
Other	In principle, all significant information for investors is translated into English. The English translation is posted on the website at the same time as the Japanese version or soon after disclosure.

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	These internal rules are stipulated in the Group's System of Principles and Corporate Behavior Charter.
Implementation of Environmental Activities, CSR Activities etc.	<p>Our target profile—a company essential to and trusted by our stakeholders</p> <p>The Company believes that for the Group to fulfil its social responsibility, it must put the Group Philosophy into action through its mainstay businesses on a daily basis and continue to be essential to society. Each employee of the Group pursues activities in accordance with the Corporate Behavior Chart, meets the expectations of the stakeholders, and continually performs their social responsibilities.</p> <p>The Group's sustainability activities are successively reported on the Company's website, and published in the Integrated report.</p>
Development of Policies on Information Provision to Stakeholders	<p>The Company has established an information disclosure policy and has posted the policy on its website.</p> <p>Information disclosure policy:  <a href="https://www.meiji.com/global/investors/disclosure-policy/">https://www.meiji.com/global/investors/disclosure-policy/</a></p>
Other	<p>1. Meiji Group Sustainability 2026 Vision</p> <p>In May 2018, we announced the Meiji Group Sustainability 2026 Vision. As Food and Health professionals, we contribute to addressing social issues through our business activities, and to realizing a sustainable society for people to live healthy, and peaceful lives. This vision outlines areas of actions under three themes: healthier lives, caring for the Earth, and a richer society. Each area of action has its own materiality and KPIs. We believe that we can fulfill our social responsibilities and enhance corporate value by achieving these KPIs.</p> <p>“Healthier Lives”</p> <p>1. Health and Nutrition</p> <p>1) Core Policies</p> <ul style="list-style-type: none"> <li>• Contribute to health diets</li> <li>• Respond to a super-aged society</li> <li>• Countermeasures against emerging and re-emerging infectious diseases</li> </ul> <p>2) KPIs</p>

	<ul style="list-style-type: none"> <li>• Increase sales of health-conscious products, nutritional products with added value, and products for a super-aged society by at least 10% in FYE March 2024, compared with FYE March 2021 baseline</li> <li>• Enroll a total of 700,000 participants into nutrition and healthy diet education within three years from FYE March 2022 to FYE March 2024</li> <li>• Aim for launch of COVID-19 vaccines by FYE March 2024</li> </ul> <p>2. Quality and Safety</p> <p>1) Core Policy</p> <ul style="list-style-type: none"> <li>• Ensure product quality and safety</li> </ul> <p>2) KPIs</p> <ul style="list-style-type: none"> <li>• Obtain Global Food Safety Initiative (GFSI) certification including HACCP for all domestic food plants by FYE March 2021, and for all global food plants by FYE March 2022</li> </ul> <p>“Caring for the Earth”</p> <p>1. Climate Change</p> <p>1) Core Policy</p> <ul style="list-style-type: none"> <li>• Reduce CO2 emissions</li> </ul> <p>2) KPIs</p> <ul style="list-style-type: none"> <li>• Reduce company-wide CO2 emissions (Scope 1,2) by at least 40% by FYE March 2031 (compared to FYE March 2016)</li> <li>• Expand renewable energy usage to make up at least 50% of total company-wide usage by FYE March 2031</li> <li>• Reduce CO2 emissions (Scope 3 from purchased goods and services, upstream and downstream transportation and distribution, and end of life treatment of sold products) by at least 14% by FYE March 2031 (compared to FYE March 2020)</li> </ul> <p>2. Circular Economy</p> <p>1) Core Policy</p> <ul style="list-style-type: none"> <li>• Reduce environmental impact</li> </ul> <p>2) KPIs</p> <ul style="list-style-type: none"> <li>• Consolidated domestic recycle rate 85% or above by FYE March 2024</li> <li>• Reduce product waste in our domestic food business by 50% by FYE March 2026 (compared to FYE March 2017)</li> <li>• Reduce domestic plastic usage (packaging, etc.) by at least 25% by FYE March 2031 (compared to FYE March 2018)</li> <li>• Ensure 100% effective use of materials used by our logistics division (pallets, crates, and stretch film, etc.) by FYE March 2031, through reuse and recycling</li> <li>• Expand usage of bioplastics and recycled plastics</li> </ul> <p>3. Water</p> <p>1) Core Policy</p> <ul style="list-style-type: none"> <li>• Secure water resources</li> </ul>
--	--

	<p>2) KPIs</p> <ul style="list-style-type: none"> <li>• Reduce Group total water use volume (source unit) by 20% or more compared with FYE March 2018 baseline by FYE March 2031</li> <li>• Replenish and amount of water to nature equivalent to 45% the amount used in our products by FYE March 2031</li> </ul> <p>“Thriving Communities”</p> <p>1. Human Resources</p> <p>1) Core Policies</p> <ul style="list-style-type: none"> <li>• Promote diversity and inclusion</li> <li>• Employee-Friendly Workplaces</li> </ul> <p>2) KPIs</p> <ul style="list-style-type: none"> <li>• Increase the ratio of female managers to over 10% by FYE March 2027, compared with the FYE March 2018 result of 2.6%</li> <li>• Increase the number of female managers to at least 420 by FYE March 2027 (approximately triple the number as in FYE March 2018)</li> <li>• Raise the ratio of employees with disabilities above the statutory employment quota</li> <li>• Continuously chosen as a Certified Health and Productivity Management Organization (White 500)</li> </ul> <p>2. Society</p> <p>1) Core Policy</p> <ul style="list-style-type: none"> <li>• Respect and promote human rights</li> </ul> <p>2) KPIs</p> <ul style="list-style-type: none"> <li>• 100% attendance rate at human rights training among new employees and those promoted to managing positions</li> <li>• All domestic Meiji Group employees to attend a human rights training (including e-learning) at least once annually</li> <li>• All overseas Meiji Group employees to attend a human rights training (including e-learning) at least once by FYE March 2024</li> </ul> <p>“Actions for all three themes”:</p> <p>1. Sustainable Sourcing</p> <p>1) Core Policy</p> <ul style="list-style-type: none"> <li>• Procure raw materials with consideration toward human rights and the environment</li> </ul> <p>2) KPIs</p> <ul style="list-style-type: none"> <li>• Start conducting a sustainable sourcing survey of suppliers for domestic Group companies by FYE March 2022</li> <li>• Start conducting a sustainable sourcing survey of suppliers for major overseas Group companies by FYE March 2023</li> <li>• 100% sustainable cacao bean procurement ratio by FYE March 2027</li> <li>• Use 100% of certified palm oil by FYE March 2024</li> <li>• Use 100% of environmentally friendly paper raw materials by FYE March 2024</li> </ul>
--	--

- Conduct MDA, an activity to provide management support to dairy farmers, at least 400 times per year, and also at least 2,150 times on a cumulative basis by FYE March 2024

Sustainability Vision:

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

## 2. Policy statements and rulesets

We have 13 policy statements in line with the Corporate Behavior Charter including four policies established in FYE March 2021, the Meiji Group Water Resources Policy, the Meiji Group Plastic Policy, the Meiji Group Biodiversity Conservation Activity Policy, and the Meiji Group Social Contribution Activities Policy.

- Meiji Group Policy on Human Rights: Amended in February 2020
- Meiji Group Procurement Policy: Amended in February 2020  
\*In line with these two policy statements, we established separate rulesets for the procurement of cocoa, palm oil, and paper in August 2018, and for the procurement of raw milk in October 2019.
- Meiji Group Policy on Occupational Health and Safety: Amended in February 2020
- Meiji Group Environmental Policy: Amended in February 2020
- Meiji Group Tax Policy: Amended in February 2020
- Meiji Group Anti-Corruption Policy: Amended in February 2020
- Meiji Group Food Nutrition Labeling Policy: Amended in February 2020
- Meiji Group Policy for the Marketing Breast-Milk Substitutes (BMS Policy) : Amended in February 2020
- Meiji Group Marketing Communication to Children Policy: Amended in February 2020
- Meiji Group Farm Animal Welfare Policy: Amended in September 2021

In June 2020, we established the Meiji Group Supplier Code of Conduct for suppliers as part of efforts to build a responsible supply chain.

## 3. Pledges

We have announced the Pledge of Health and Productivity Management in April 2018 to promote effective management.

Policies and Pledges:

<https://www.meiji.com/global/sustainability/esg-index.html>

## 4. Engaging with UN and other international organizations

### Joined UN Global Compact

Meiji Group joined the UN Global Compact in April 2019. We champion and observe all ten of the compact's principles (which cover human rights, labor,

environment, and anti-corruption) as part of our effort to contribute toward a sustainable society.

#### SDGs

Meiji Group contributes to achieving the UN's Sustainable Development Goals through its business activities.

#### TCFD (Task Force on Climate-Related Financial Disclosures) initiatives

Meiji Group agreed to join the TCFD, which was established by the Financial Stability Board in 2019. We also joined the TCFD Consortium established by the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Financial Services Agency as a place for discussion among companies and financial institutions that support the TCFD.

#### Engaging with the programs of the UN and other international organizations

We actively engage in the following programs of the UN and other international organizations.

- Stop TB Partnership

We work with Stop TB Partnership to supply kanamycin to TB sufferers.

- unicef

Medreich supplies medicines via Unicef.

- UNHCR

We work with the UNHCR to improve the nutritional health of children in Africa.

- World Cocoa Foundation

Support cocoa farmer partnering with World Cocoa Foundation

- Nutrition Japan Public Private Platform

Communicate Information on Nutrition Improvement in Emerging Countries

- National Land Afforestation Promotion Organization

We work with the National Land Afforestation Promotion Organization to assist forest conservation efforts.

- Wild Bird Society of Japan

Biodiversity Conservation in the Nemuro Nature Conservation Area

- Japan Environmental Education Forum

We organize an environmental education program for parents and children.

- SCAFFF 2030 Project – Sustainability Consortium for Agriculture, Forestry, Fisheries and Food

Promotes sustainable production and consumption for food and forestry and fishery produce

- Japan Climate Leaders' Partnership (JCLP)

We strive for the realization of a sustainable decarbonized society.

- RE100

We promote a transition to 100% renewable electricity.

- SBT Initiative

Meiji Group's greenhouse gas reduction targets approved by SBT Initiative

## 4. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

#### 1. Basic Views

The Company and the Group companies provide products and services to a large number of customers through our food and pharmaceuticals business operations. The Meiji Group has established an internal control system befitting the Group and the Group companies that is based on mutual collaboration and multifaceted checking functions to ensure directors, executive officers, and other employees comply with the Food Sanitation Act, the Law for Ensuring Quality, Efficacy, and Safety of Drugs and Medical Devices, and other statutory laws and regulations and the Articles of Incorporation, thereby ensuring fair and sound business activities firmly rooted in compliance.

A basic policy of the Company and the group companies is to preempt damage to shareholders and other stakeholders and endeavor to improve sustainable corporate value by earning the trust of our customers and maximizing shareholder value.

#### 2. Progress of System Development

- 1) Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of duties by directors, executive officers, and employees

To ensure thorough corporate governance, the Group has adopted business management structures and clearly define the responsibilities for the Company as the holding company overseeing business management among the Group, and the responsibilities for the Group companies as the organizations executing the business of the Group. The organizational structure that the Company has adopted for this purpose is that of a “company with audit & supervisory board members” (*kansayaku-kai secchi kaisha*), while the structure adopted by the Group companies is that of a “company with auditors” (*kansayaku secchi kaisha*). The Company and the Group companies have constructed and operate effective compliance systems. In the case of the Company, these systems include the Compliance Regulations and related regulations, which incorporate the Group’s corporate philosophy. In the case of the Group companies, they include related regulations and the related committees.

- 2) Systems for storing and managing information related to the execution of duties by director  
The Company has developed the Regulations for Handling Documents and Regulations for Managing Confidential Information, and constructed systems for storing and managing important documents related to the business management or business execution by the Company or the Group companies.

- 3) Procedures and other systems related to managing the risk of loss

To address risks to the smooth operation of business at an organizational and systematic level, the Company and the Group companies have developed rules for managing each risk, and constructed risk management systems in accordance with these rules.

The Company and the Group companies ensure unerring risk management by establishing risk-related committees that manage risk at an organizational and systematic level, and they have also developed systems for minimizing the risk of damages during emergency situations.

- 4) Systems for ensuring that directors and executive officers conduct their duties efficiently  
The Company and the Group companies' boards of directors determine the duties of directors and executive officers. Directors and executive officers discharge these duties appropriately in accordance with the Duties Regulations, which defines the segregation of duties and authorities, and other relevant regulations.  
The Company integrates and coordinates the business operations of the Company and the Group companies by having its Executive Committee review important matters pertaining to the Group as a whole. The Group companies help accelerate decision-making and streamline the execution of duties by making it a principle to have their executive committees conduct a full preliminary review of important matters pertaining to business management.
- 5) Systems for ensuring the appropriate execution of duties in the corporate group consisting of the Company and Group companies  
The Company and the Group companies share the same ethos concerning internal control systems and have developed systems for ensuring appropriate execution of duties and reliable financial reporting.  
The Group Company Administration Regulations and related regulations define the roles, authorities, and responsibilities among the Group. Duties are executed appropriately so as to contribute to the rationalization and optimization of business processes across the Group. Specifically, each Group company has constructed their own systems under 1, 3, and 5 above, and the Company receives reports as appropriate on matters pertaining to duties in Group companies in accordance with the Group Company Administration Regulations.
- 6) Systems for ensuring reliability in financial reporting  
To ensure reliability in financial reporting, the Company and the group companies have constructed internal control systems for financial reporting; this includes developing and operating systems of evaluation and reporting as appropriate.
- 7) Matters concerning employees who are assigned to assist in the duties of Audit & Supervisory Board members when Audit & Supervisory Board members requests such assistance; matters concerning the independence of said employees from directors; matters concerning the effectiveness of orders issued by Audit & Supervisory Board members to said employees  
After consulting with Audit & Supervisory Board members, the representative director assigns employees to assist in the duties of the Audit & Supervisory Board members. Authority to issue orders to said employees is delegated to the Audit & Supervisory Board members, and any decisions regarding the appointments, reshuffles, and appraisals of said employees require the consent of the Audit & Supervisory Board members. These measures ensure the effectiveness of orders issued by Audit & Supervisory Board members to said employees.
- 8) Systems under which directors, executive officers, and employees report to audit & supervisory board members; systems under which directors, audit & supervisory board members, executive officers, employees, or persons who receive reports from said persons report to the Company's

Audit & Supervisory Board members; other systems concerning reporting to Audit & Supervisory Board members

In the case of the Company, directors, executive officers, and employees relay business management decisions and the status of the execution of business to the Audit & Supervisory Board members via the Board of Directors, the Executive Committee, and major internal meetings, and also by issuing regular reports and forwarding important documents. In the case of the Group companies, directors, audit & supervisory board members (or the equivalent thereof), executive officers, employees, or persons who receive reports from said persons relay the above matters via meetings with the Company's Audit & Supervisory Board members and by issuing reports and disclosing important documents as necessary.

The Company and the Group companies comply unerringly with any request from an Audit & Supervisory Board member to report on the state of their business or to cooperate in an inspection of their business performance or financial status.

- 9) Systems for ensuring that persons who make reports mentioned in 8 above do not suffer any disadvantage by reason of such reporting

The Company and the Group companies have established rules and regulations on whistleblowing prohibiting the disadvantageous treatment of whistleblowers by reason of their whistleblowing. In accordance with these rules and regulations, the Company has developed systems for ensuring that persons who make reports mentioned in 8 above do not suffer any disadvantage by reason of such reporting.

- 10) Matters concerning the procedure for paying or reimbursing costs arising from the performance of Audit & Supervisory Board members' duties, or any other policy regarding the processing of costs or liabilities arising from the performance of such duties

The Company appropriates a certain amount of funds each fiscal year to cover the costs and liabilities incurred in connection with Audit & Supervisory Board members' execution of duties. If an Audit & Supervisory Board member, pursuant to the provisions of Article 388 of the Companies Act, requests payment in advance for expenses associated with their duties, the Board of Directors will review the matter and the Company will then promptly pay the expenses, except in cases where it deems that the expenses or liabilities related to such request is not necessary for the execution of the duties of the member concerned.

- 11) Systems for ensuring that the Company's Audit & Supervisory Board members conduct audits effectively

The representative director holds regularly meetings to exchange opinions with Audit & Supervisory Board members.

The representative directors and directors of the Company and the group companies understand the importance and usefulness of Audit & Supervisory Board audits, and they actively cooperate with Audit & Supervisory Board members during their audits.



12) Structure for Internal Audit Department reporting to the Board of Directors and Audit & Supervisory Board  
 The Internal Audit Department serves as a structure for making regular reports to the Board of Directors and the Audit & Supervisory Board concerning the results of internal audits conducted within the Group.

**2. Basic Views on Eliminating Anti-Social Forces**

In accordance with the Corporate Behavior Charter and the Compliance Regulations, the Company and the Group companies refrain from engaging in any way whatsoever with crime syndicates that threaten public order and safety. In the case where a crime syndicate employs intimidation or otherwise poses a threat, the Company has developed a system for responding swiftly in close collaboration with public bodies such as the police and with attorneys.

**5. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

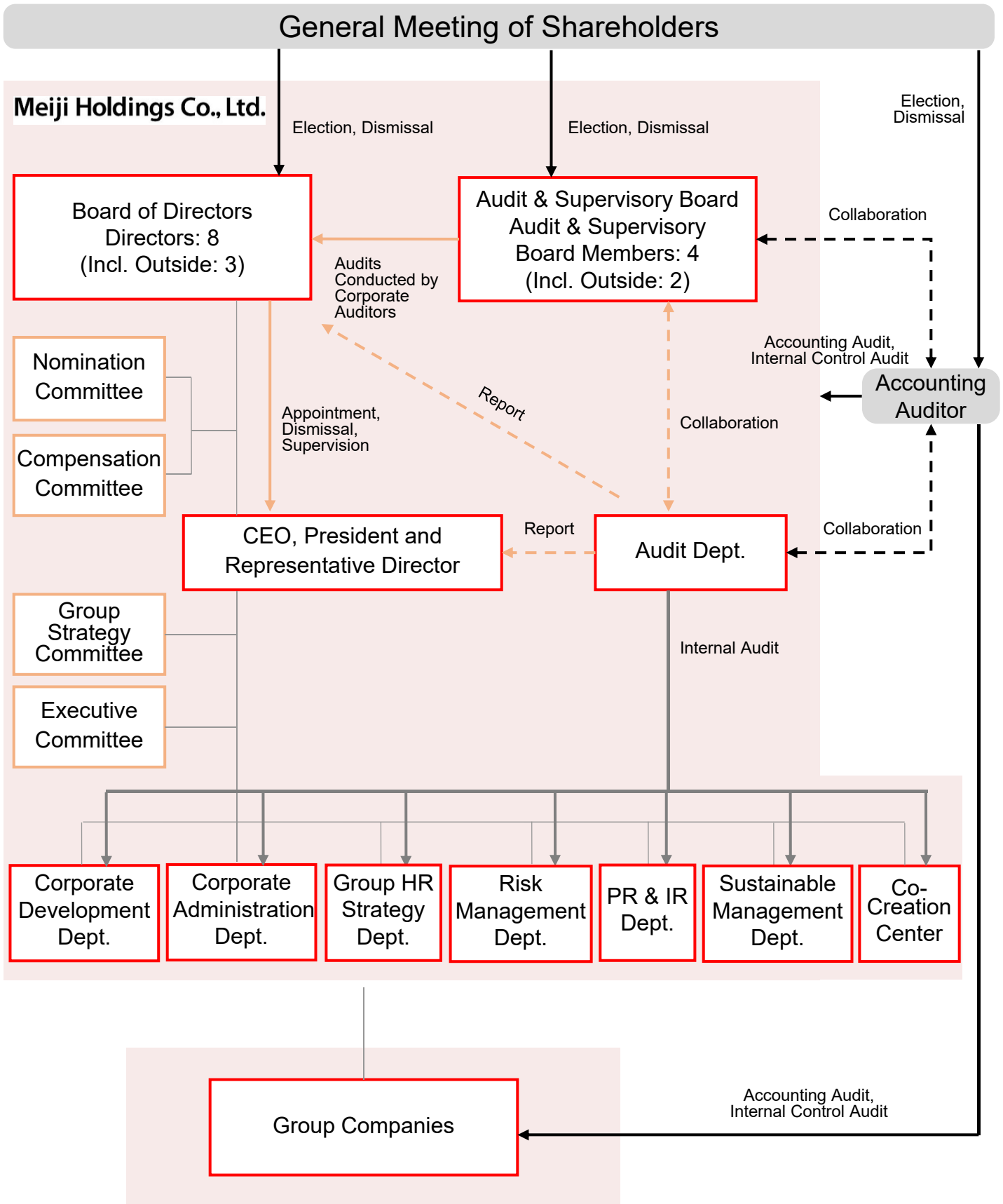
Supplementary Explanation

The Company has not adopted any anti-takeover measures at this time.

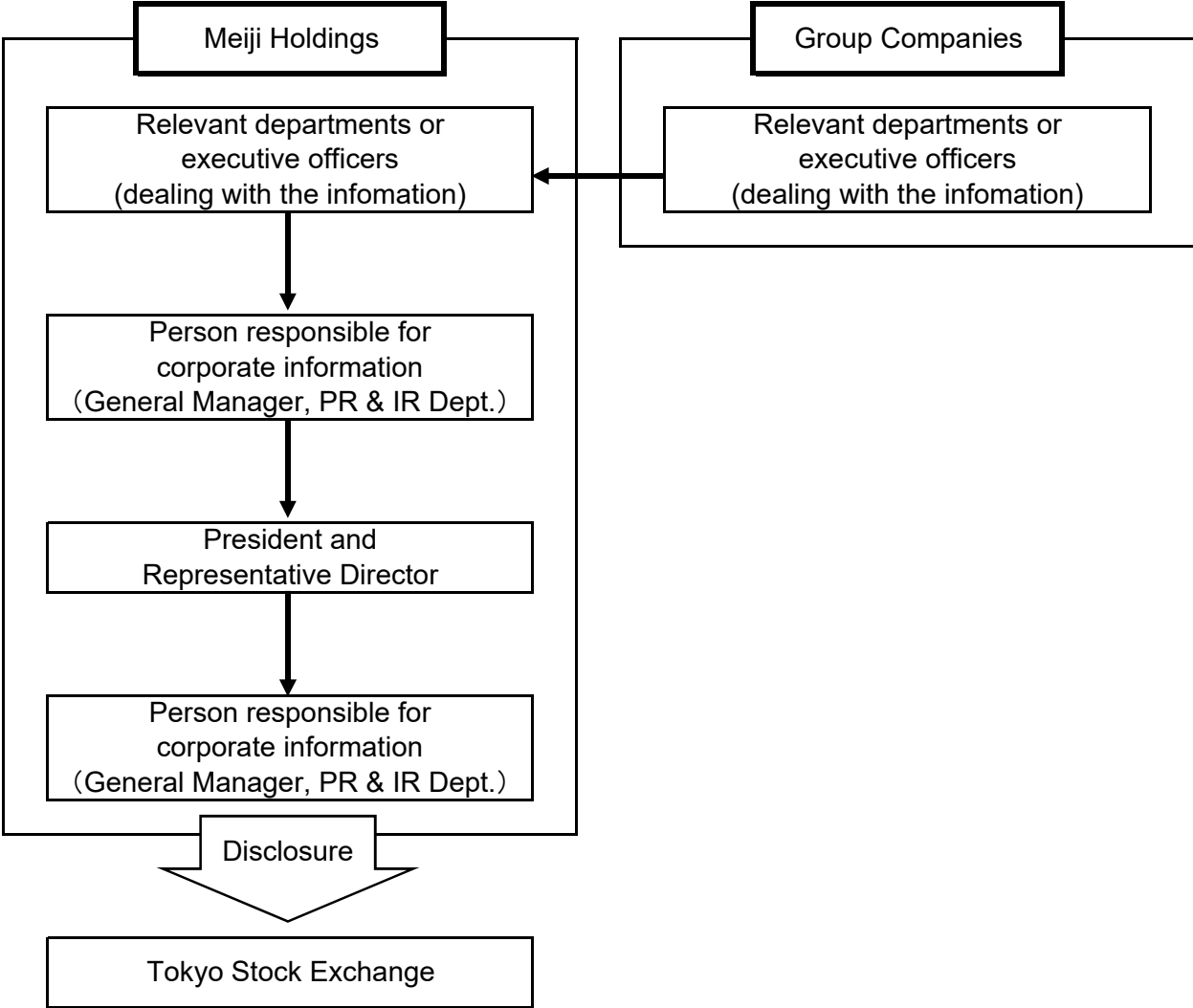
**2. Other Matters Concerning to Corporate Governance System**

The schema of the Company's corporate governance system, the timely disclosure of company information and skills matrix of Members of the Board and Audit & Supervisory Board Member is as follows:

# Corporate Governance Structure



Meiji Group Timely Disclosure System



Skills Matrix of Members of the Board and Audit & Supervisory Board Members

Members of the Board

Name		Main expertise and background						
		Management strategies	Global business	Sales Marketing	Accounting	HR	Legal affairs	Corporate communication
Kazuo Kawamura		●		●				●
Daikichiro Kobayashi		●		●				
Katsunari Matsuda		●		●				
Koichiro Shiozaki		●			●		●	
Jun Furuta		●	●		●			●
Mariko Matsumura	Outside						●	
Masaya Kawata	Outside	●				●		●
Michiko Kuboyama	Outside			●				●

Audit & Supervisory Board Members

Name		Main expertise and background						
		Management strategies	Global business	Sales Marketing	Accounting	HR	Legal affairs	Corporate communication
Hiroaki Chida					●			
Takayoshi Ohno				●				
Hajime Watanabe	Outside						●	
Makoto Ando	Outside				●			