

INPUT Foundations for driving innovations

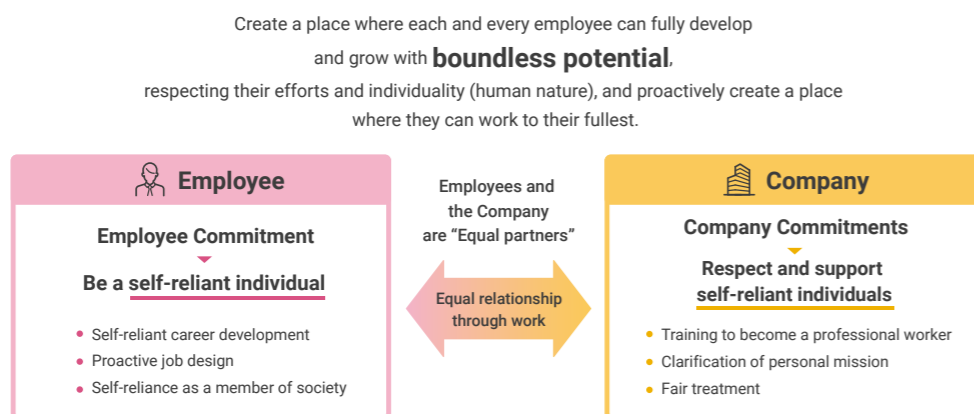


1 Diversity and Inclusion, Culture for Innovation

1-1 Kirin Group's Basic Philosophy on Human Capital Management

Kirin Group's Basic Philosophy on Human Capital Management, "Respect for Humanity," expresses our belief in the boundless potential of humans. It is the foundation for our human capital strategy and aligns with the brewing philosophy of Kirin Brewery Company, Limited: "Reverence for Life." We will provide an environment in which each and every employee can take the challenge of creating new value, work to their fullest, and continue to grow through their work.

Basic Philosophy on Human Capital Management = "Respect for Humanity"

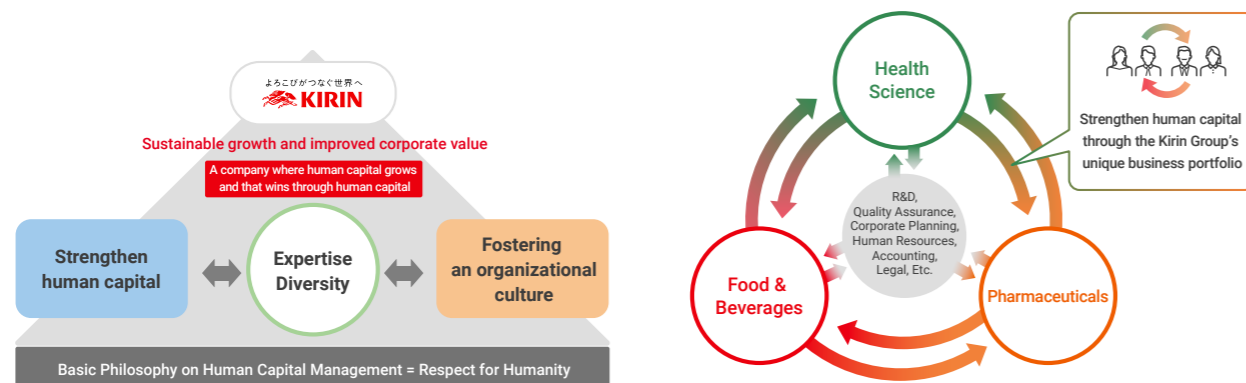


1-2 The goal of the Kirin Group's unique human capital strategy: "A company where human capital grows and that wins through human capital"

The Kirin Group values human capital as a source of value creation and our competitive edge, and by investing in them, we aim to be "a company where human capital grows and that wins through human capital."

Our management strategies define the direction we take in terms of our human capital strategies. At the same time, the capabilities of our human capital are a crucial element when it comes to formulating future management strategies and serve to expand their potential. The keys to this expansion are expertise and diversity. We will develop human capital characterized by both diversity and expertise by providing an environment where employees can enhance their individual expertise and accumulate a variety of business experiences and perspectives through our unique business portfolio, which spans from the Food & Beverages domain to the Health Science and Pharmaceuticals domains. Furthermore, in addition to hiring external human capital and people with disabilities and promoting the active participation of women in the workplace, we will create an environment which fosters an organizational culture that embraces diversity, while increasing the amount of cross-organizational and cross-team creation. By doing this, we will promote CSV management and realize the Group's sustainable growth and improved corporate value.

Overview of the Kirin Group's human capital strategy



1-3 Recognition of human capital strategy issues viewed from Group management issues

The short-term goal of the human capital strategy is to accelerate the strengthening of organizational capabilities that will improve the effectiveness of the business portfolio's transformation. In the medium- to long-term, we will produce expert and diverse human resources.

At this time, we are focused on five issues based on the linking of the management and human capital strategy.

- 1 Strengthen organizational capabilities in line with the business portfolio transformation (Health Science, new businesses, etc.)
- 2 Human capital management focused on expertise and diversity is required when looking ahead in times of an uncertain future
- 3 Create a culture that supports and strengthens human capital who can accomplish and innovate = capability to execute the strategy to achieve the advanced strategies
- 4 Create job satisfaction in response to changes in the labor market and individual values
- 5 Strategic evolution through communication with the stakeholders, spurred by a focus on human capital

Key Initiatives for Human Capital Strategy

Recognition of Human Capital Strategy Issues Viewed from Group Management Issues

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Key Initiatives for Human Capital Strategy

- Human Capital Improvement
 - Improvement of professional skills required to execute the strategy
 - Discover and foster Group management human capital who will be responsible for future management
 - Improvement of leader support and promotion of will-driven, self-reliant growth and career development
- Organizational Improvement
 - Pride and attachment to the organization, understanding toward the company philosophy and purpose
 - Diversity, Equity & Inclusion that transform differences into strength
 - Create an environment that encourages challenge through job satisfaction reforms
 - Enhancement of safety and health management, promotion of health management
 - Business and human rights

1-4 Stories and disclosures that link with the human capital strategy and value creation

There are cases in which the issues and important points of the human capital strategy differ depending on country, region, and business, but the story linking to the human capital strategy and value creation is the same. For sustainable growth and the improvement of corporate value, increasing expertise and diversity of both human capital and the organization is essential. In order to promote a human capital strategy unique to Kirin, we set four key factors—Well-Being, Growth, DE&I, and KABEGOE—and their respective stories across the Group.

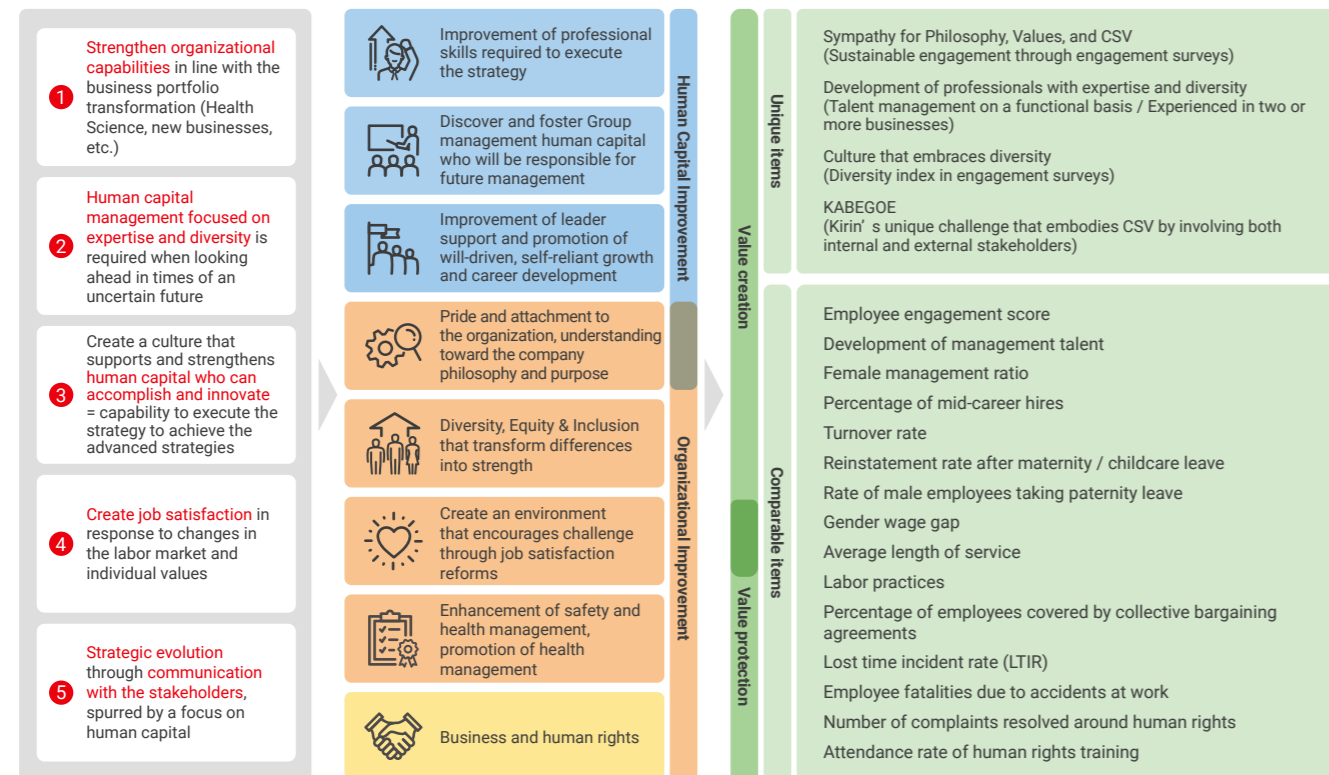
By establishing an environment that allows employees to work to their fullest and that creates job satisfaction, engagement, and sympathy for the Group Corporate Philosophy, Values, and CSV will rise. **(Well-Being)** Furthermore, through self-reliant career development that starts from a will that leads to Group contribution and personal growth, employees will proactively hone their expertise, while enriching their values through diverse experiences and enhancing their inner diversity. **(Growth)** In addition, we will foster a culture that allows employees to work in their own way, accepts diverse values that differ from their own, and recognizes the diversity of each organization and team. **(DE&I)** Moreover, we will nurture minds that hold an interest in everything and create new ideas and values with their colleagues. We will also grow the number of opportunities for diverse and specialized human capital to co-create across businesses. **(KABEGOE)** In this way, by creating value through CSV management, we will accelerate the realization of sustainable growth and the improvement of corporate value.

We set the below indicators based on the story of the human capital strategy unique to Kirin that is centered on the four key factors of Well-Being, Growth, DE&I, and KABEGOE. Going forward, we will continue to evolve our human capital management through dialogue with our stakeholders.

- ▶ Sympathy for Philosophy, Values, and CSV (Sustainable engagement through engagement surveys) *Well-Being
- ▶ Development of professionals with expertise and diversity (Talent management on a functional basis / Experienced in two or more businesses) *Growth
- ▶ Culture that embraces diversity (Diversity index in engagement surveys) *DE&I
- ▶ KABEGOE (Kirin's unique challenge that embodies CSV by involving both internal and external stakeholders) *KABEGOE

1-5 Human capital disclosure index

Recognition of Human Capital Strategy Issues Viewed from Group Management Issues



Unique items

	Comparable items	Supplementary information	2021	2022	2023
Uniqueness	Sympathy for Philosophy, Values, and CSV (Sustainable engagement through engagement surveys) *Well-Being	Set indicators for sympathy and attachment to the Kirin Group's Philosophy, Values, and CSV and for an awareness toward embodying them	72	70	70
	Development of professionals with expertise and diversity ((1) Talent management on a functional basis (2) Experienced in two or more businesses) *Growth	(1) Organize the desired human capital requirements by function and a training process to improve expertise (2) Appoint human capital so specialized human capital can gain diverse experiences with the Kirin Group*1 (Number (2))	—	—	34.2%
	Culture that embraces diversity (Diversity index in engagement surveys) *DE&I	Set indicators that represent a state of working authentically while also accepting differing values with the goal of improving individual and organizational diversity.	—	68	69
	KABEGOE (Kirin's unique challenge that embodies CSV by involving both internal and external stakeholders) *KABEGOE	Set number of Kirin Group Award applicants*2 as the number of challenges unique to Kirin that were co-created with others inside and outside the Group	12.6%	23.1%	36.1%

*1 Calculated as the number of people with two or more of the following experiences: work experience in the Group's four domains (Food & Beverages, Health Science, Pharmaceuticals, other), overseas work experience, and experience working outside the Group

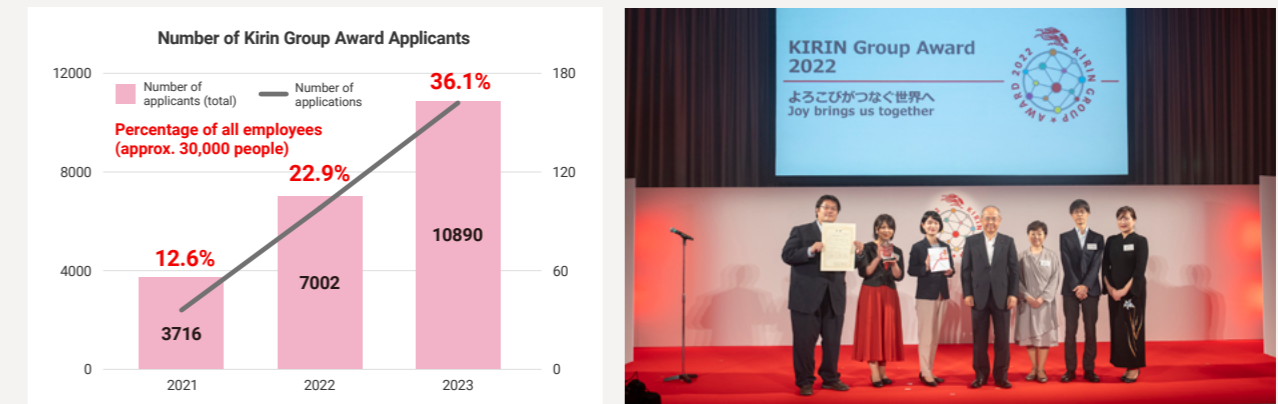
*2 Calculated as the number of Kirin Group Award applicants that are employees of the Kirin Group

Reference: ESG Data <https://www.kirinholdings.com/en/investors/esg/esg/>

Example

The Kirin Group Award: The embodiment of the Group Philosophy, Values, and CSV

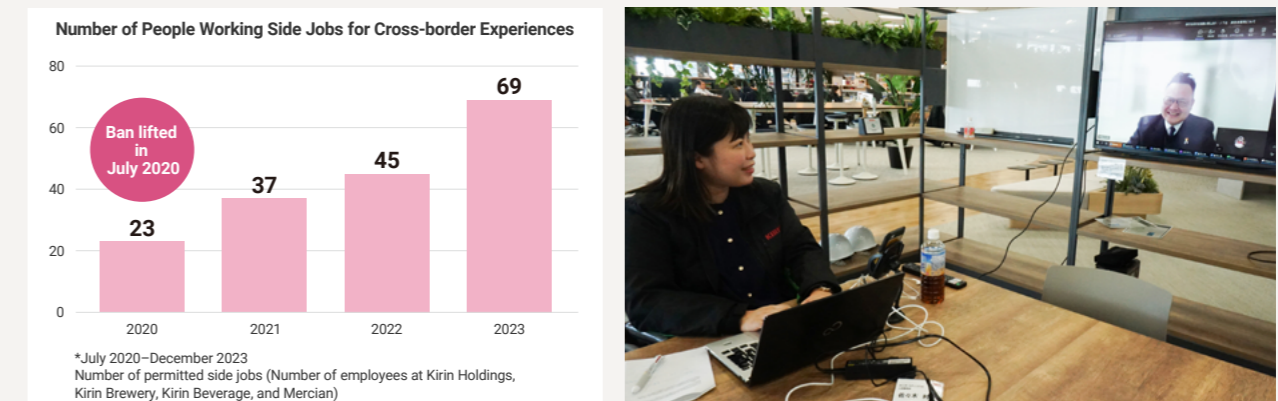
The Kirin Group Award, which awards initiatives that embody the Kirin Group's Philosophy, Values, and CSV, is a platform for honoring opportunities of co-creation with specialized and diverse human capital across businesses. To foster a greater sense of Group unity in 2023, we improved this event, such as by revamping the content to place more focus on the employees, and will continue to improve it going forward.



Example

Cross-border experiences that enrich individual values and nurture a culture that accepts diversity

Cross-border experiences within the Group enrich individuals' values through diverse experiences, in addition to helping to foster an organizational culture that accepts diversity. These experiences started with the work-abroad program in 2019, and in 2020 we lifted the ban on side jobs and started to accept people to work side jobs with us. Furthermore, since 2021, we have expanded the scope to include mutual side jobs between a total of 27 companies.



2 Core Technology that Assures Value Creation

2-1 Core competencies of fermentation and biotechnology

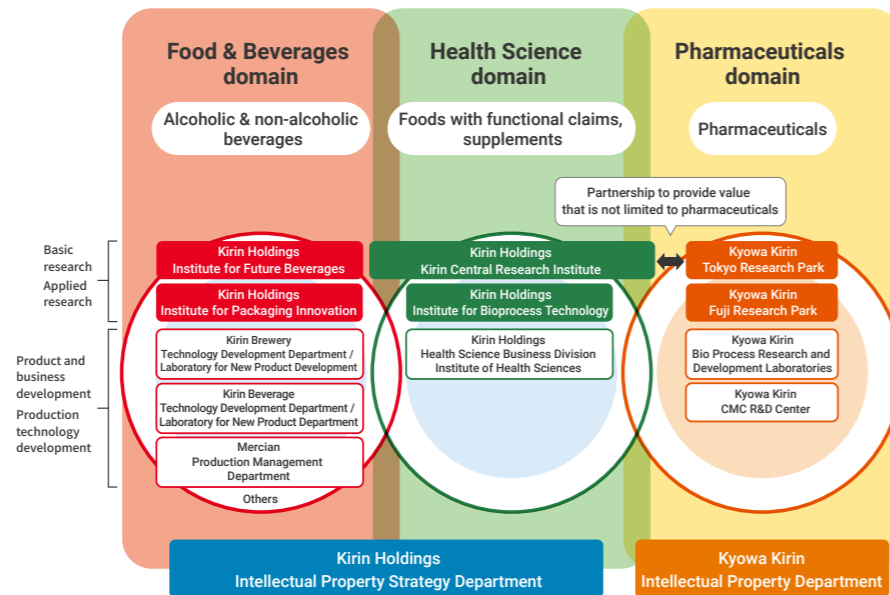
We at the Kirin Group expanded our businesses, ranging from the Food & Beverages domain to the Pharmaceuticals domain. This expansion was based on our knowledge of raw material selection and processing and the fermentation and biotechnology that we developed through beer production. In the Food & Beverages domain, we conducted R&D aimed at creating new value in the beer category in Japan, where sales volume is expected to grow over the medium- to long-term. We did this in preparation for the integration of alcohol tax on beer. For example, we developed the "new carb-reduction production," which achieved zero sugar through a review that began with the selection of malt and the advancement of mashing and fermentation technology. Using this production method, we launched *KIRIN ICHIBAN Zero Sugar*, Japan's first*1 sugar-free beer. In the Health Science domain, we discovered *Lactococcus lactis* Plasma (LC-Plasma) as a unique strain that supports the maintenance of immunity in healthy people, and then developed the *iMUSE* brand (soft drinks, supplements, and more), Japan's first*2 functional food with immune function.

*1 First canned beer product in Japan that realized zero sugar (according to our research using Mintel GNPD)

*2 The first-ever Japanese brand to be publicly announced as foods with functional claims for immune function support.

2-2 An R&D system that supports technological capabilities

In the Food & Beverages and Health Science domains, Kirin Holdings' research institutes are responsible for basic and applied research through the combination of human assets and technology. The R&D organizations for our businesses are responsible for the practical application of products and services based on the results generated by the research. In the Pharmaceuticals domain, Kyowa Kirin Co., Ltd., is at the center of R&D. The Technical Research Laboratory, the R&D organization of Kyowa Hakko Bio Co., Ltd., had a new start as Kirin Holdings' Institute for Bioprocess Technology in 2024. Leveraging our production and engineering technologies for the mass production of functional materials through microbial fermentation, which we have developed so far, we will contribute to the expansion of the Health Science business.



2-3 Issues and progress since last year

Until now, the results generated at Kirin Holdings' research institutes have been passed on to our businesses, and various products and services have been put to practical use at our operating companies. From 2023, we have been more conscious of creating innovation by solving social issues in the medium- to long-term. Furthermore, with the collaboration of business, R&D, and intellectual property, we are working to create R&D themes by increasing the level of collaboration between the three sections and through numerous discussions.

2-4 Pillars of strategy and initiatives

Advancing our initiatives with the collaboration of business, R&D, and intellectual property, we will simultaneously achieve R&D results and establish a competitively superior intellectual property portfolio. In particular, we will balance business and R&D strategies through collaboration and strategy formulation by operating companies and Kirin Holdings' research institutes to create innovation in the medium- to long-term. Next, we will prepare a foundation for activities to create intellectual property and work to increase the volume and quality of patent applications. Kirin Holdings and Kyowa Kirin will continue to create collaborative themes to generate new value not limited to pharmaceuticals that can be carried out because of the fact that they are working together.



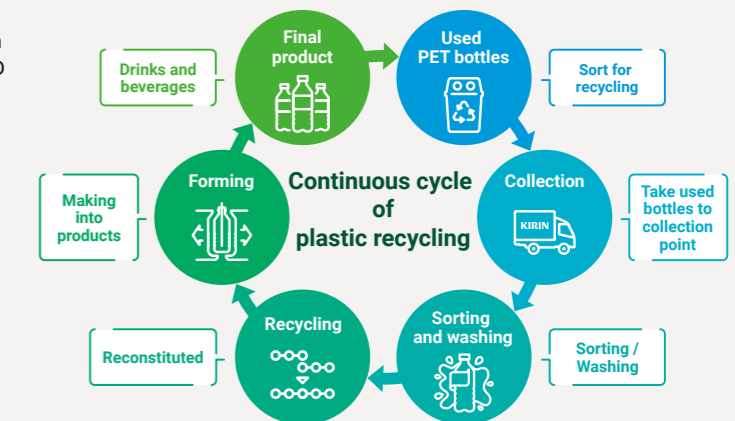
Example

Establishing a cycle for plastics using PET chemical recycling system

As a solution for social issues that we will tackle in the medium- to long-term, we are working toward the commercialization of a PET*3 chemical recycling system to realize a society in which plastics can continue to be recycled. Concurrently with the R&D Department, we are working for technologies that will further enhance efficiency and reduce environmental impact. In 2023, we developed alkaline depolymerization, which achieves a faster, more energy-efficient PET decomposition process than conventional methods.

Furthermore, through joint research with Waseda University, we developed a refinement method through electrolysis that achieves both reduced environmental impact and reduced costs for the process to refine single molecules after PET decomposition. Leveraging the Kirin Group's core technologies of fermentation and biotechnology, we are also working on the joint development of a PET decomposition technology using enzymes with Shizuoka University.

*3 Polyethylene terephthalate



Example

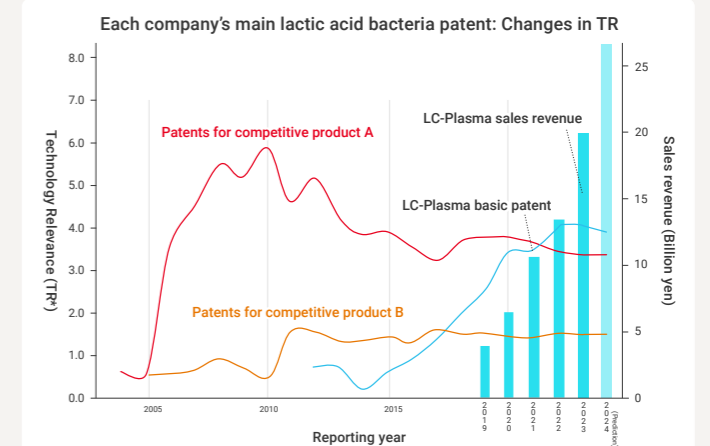
Contributing to the expansion of value of the LC-Plasma business with the coordination of business, R&D, and intellectual property

The Kirin Group aims to make intellectual property the driving force for the achievement of sustainable growth. From 2023, the IP department and top management, including domestic subordinates, periodically hold discussions for this achievement. The top management learns about the current status and results of intellectual property activities and discusses how to address issues identified through the review of previous activities. The decisions of the discussions will be reflected in the next plan of intellectual property activities as resources for the plan will be allocated appropriately. These continuous discussions will accelerate our collaboration among business, R&D and intellectual property.

To properly implement the intellectual property activities that have been decided, it is important to develop the human assets who create intellectual property and foster a culture that considers IP important. Based on each career stage and level of intellectual property literacy, the Kirin Group continuously reviews and implements training systems for intellectual property in each domain and department. For the human assets expected to create inventions in R&D departments, the motivations for creating intellectual property in each department are boosted by accompanying on-the-job training.

For a specific example of intellectual property activities for the LC-Plasma business, we are pursuing basic patents for the use of LC-Plasma in addition to establishing a patent wall with these basic patents as the core. Furthermore, recent applications such as a patent application (international patent application), including the results of

clinical research related to COVID-19 announced in April 2023, have contributed to the growth of value possessed by LC-Plasma. According to analysis of the patents related to immune-related lactic acid bacteria technology filed by other Japanese food and beverage companies (provided by PatentSight®), these results show that the technology relevance of our basic patents remains at a high level and these patents serve as the foundation of our business for the expansion of the LC-Plasma.



* TR (Technology Relevance) is an indicator of the technological value of a patent calculated based on the number of citations received and indicates the level of technical attention from the patent-holding company, competitors, and academic societies.

3 Consumer Centric Marketing Expertise

3-1 The Kirin Group's marketing policies and their strengths and characteristics

In spring 2022, we established the Marketing Central Team at Kirin Holdings to oversee the marketing functions of various operating companies and manage marketing efforts for the entire Kirin Group. By consolidating the marketing functions of each operating company, we aimed to strengthen our consumer-centric marketing capabilities and drive transformation through rapid decision-making and effective execution in response to environmental changes.

Furthermore, we are making steady efforts by prioritizing the consumer, identifying potential needs and wants, and establishing opportunities as follows to further strengthen our consumer-centric marketing capabilities.

- ▶ Raise our "ability to understand customers," which is the foundation of CSV management, to an event higher level throughout the Group
- ▶ Create marketing capabilities in new business domains
- ▶ Develop and utilize human capital across the Group for the future
- ▶ Provide support in resolving operating companies' challenges and create collaboration across the Group

Enhance Corporate Value by further evolving consumer-centric marketing



3-2 Issues and progress since last year

We are steadily promoting the expansion of the Health Science domain, one of the material issues in our Kirin Group 2022-2024 Medium-Term Business Plan (MTBP), by combining marketing capabilities across operating companies. A prime example of these efforts is our *Lactococcus lactis* strain plasma (LC-Plasma), a proprietary material of the Kirin Group that supports the maintenance of immune functions in healthy people that is contained in many products, such as our *Kirin Oishii Immune Care* series, *Kirin iMUSE* supplement series, *Koivai iMUSE* Yogurt series, and FANCL CORPORATION's *Meneki Support* products.

The Kirin Group is aiming to improve our reliability and favorability by being recognized as a company that is contributing to the mental and physical health of our consumers and to creating a better society. However, as the insufficient awareness of the Kirin Group as a Group that supports physical health remains to be an issue, we must help more consumers to understand the importance of immune care and to make a habit of purchasing LC-Plasma functional food products. For this, we are required to develop a new form of communication.

Additionally, the Kirin Group has promoted both corporate-level action and communication, believing them both to be essential to bring awareness of the Group's serious efforts in health to more consumers.

3-3 Strategy and initiatives

To address these issues, the Marketing Central Team not only supports Kirin Group's operating companies but also takes on the challenge of corporate brand management. Of all the team's initiatives, one of priority is the enhancement of the Kirin Group's image of physical health. Beginning with the *Kirin Oishii Immune Care* series, the Group aims to improve results using new marketing that promotes communication of both the brand of LC-Plasma functional food products and the corporate brand and that remains in people's minds. Progress is also being made in initiatives aimed at growing each operating company, and results are beginning to be seen, such as the renewal of *KIRIN ICHIBAN Zero Sugar* and the expansion of Lion's focus brands.

Example

Enhancing the image as a company dedicated to promoting health to improve value of the KIRIN brand

In May 2023, we began the Genki na Meneki (immune care) Project as a public-private partnership project. Chico-chan, the nationally popular mascot from NHK's "Chico-chan ni Shikarareru!" (Chico Will Scold You!), shares the importance of immune care in various areas of life nationwide while wearing light-blue clothes.

As part of the project, we launched the Zenkoku Touitsu Meneki Taisaku (immune care) Test online and on advertisements in public transit in November 2023 in preparation for winter, a time in which health management is crucial. This created opportunities for consumers that were previously hard to reach to learn about immune care.

Furthermore, in order to embody our commitment to being a company that takes the health of our consumers seriously, the Kirin Group started taking action at the corporate level to spread awareness of immune care in April 2023. This action, following the concept of "We want to protect the health of those who protect ours," contributes to promoting the health of people engaged in work that supports the health of others, such as childcare nurses and midwives, by providing them with immune care products. For example, as part of this project, which began after asking "What can we do to support midwives?" we established an immune care support vendor at Aiwa Hospital (Kawagoe City, Saitama Prefecture).

This series of initiatives was aired to share the message "You become happy. Then, the world will be that much better" as a new midwife edition corporate commercial in December 2023.

Commercials and digital communication that communicate our corporation's position enhance the Kirin Group's image of physical health and cultivate sympathy and trust. Sales of the LC-Plasma series in 2023 increased by approximately 40% year on year, achieving our target of 20 billion yen thanks to the marketing activities at operating companies, in addition to creating the need for immune care through the above initiatives.

We have also confirmed that more exposure to commercials has improved the health image of the Kirin Group

brand. According to a consumer survey on our corporate image more than 10 years ago, the main image of our company was beer; however, a recent survey has indicated that, in addition to beer and beverages, more consumers associate us with an image of immune care, LC-Plasma, and other physical health-related images, which means we are steadily acquiring the corporate image we want.

Going forward, we will continue to aim to realize a society in which people can live happily, healthily, and vigorously, expand our lineup of LC-Plasma functional food products, and evolve initiatives to help more consumers understand the importance of immune care. We will also communicate to enhance the image of us as a corporation that takes the health of our consumers seriously and improve the value of the KIRIN brand.



A scene from the midwife edition corporate commercial

あなたが、しあわせになる。ひとつ、世界が良くなる。



You become happy. Then, the world will be that much better.



Genki na Meneki (immune care) Project: a co-project with Chico-chan

4 ICT Accelerating Value Creation

4-1 Strengths and characteristics of Kirin Group's digital ICT and digital ICT policies

The use of digital technology is essential for the Kirin Group to realize sustainable growth in this society with increasing uncertainties. "Information and Communication Technology (ICT) accelerating value creation" is an organizational capability to help us realize new innovations in the Long-Term Management Vision Kirin Group Vision 2027 (KV2027), and we are working to promote digital transformation (DX). We are committed to the three following directions as value creation through DX: (1) "business process transformation," in which we aim to improve productivity throughout the value chain through product development, simulations, and other activities that use AI across divisions and domains; (2) "value enhancement of existing businesses," in which we promote the advancement of consumer understanding and the digitalization of the development processes and consumer contact points for existing products and services; and (3) "acceleration and development of new businesses," in which we aim to launch new services that utilize digital technologies without being bound by our conventional business model.



4-2 Issues and progress since last year

In the 2022–2024 Medium-term Business Plan (2022–2024 MTBP), we have set the enhancement of organizational capabilities that promote DX as a top priority and are committed to human capital development and building a foundation. Toward realizing site-driven digital technology utilization, we have implemented the Kirin DX Dojo, a human capital development program for employees, and the Group DX Promotion Committee for exchanging opinions amongst promoters of DX from each business. Furthermore, we are promoting the creation of a work environment using ChatGPT, PoC (proof of concept) utilizing generative AI, and other DX, giving rise to many initiatives in business process reform, a priority area, and leading to the advancement and optimization of internal operations.

However, we still have a ways to go to produce results through the value improvement of existing businesses and the acceleration and development of new businesses. In the next phase, we will strive to maximize the value we provide to consumers and will secure high capabilities in business departments and departments specialized in digital technologies.

4-3 Strategy, initiatives, and results

In 2024, we will acquire competitively advantageous organizational capabilities in promoting DX by further promoting the (1) "evolution of DX human resource development programs," (2) "cultivation of a culture that promotes transformation," and (3) "enhancement of digital expertise."

First, in regard to (1), the number of students of the Kirin DX Dojo exceeded 1,800 at the end of 2023, achieving the goal in our original plan 1 year early. Going forward, we will brush up the program to meet maturity levels and changes in society by reviewing the course in response to new technologies, such as generative AI, establishing a course specialized in improving business value and new business development, and more. Second, regarding (2), we have started the DX Awards for awarding excellent initiatives in DX and the DX FES, which encourages a business transformation mindset, to promote the cultivation of an organizational climate in which anyone, including those from overseas companies, can take on the challenge of DX. Finally, in (3), we are coordinating with talent management on a functional basis, a human capital strategy, to promote the acquisition of human capital with advanced digital skills and a diverse career background, regardless of being a new graduate or career hire, toward improving expertise. In the new domains of state-of-the-art technology utilization and more, we are actively collaborating with universities and venture companies.

By bringing together expert and diverse human capital and organizations, we will maximize the value provided utilizing digital technologies without being bound by the existing framework.

Example

Resolving worker shortages and reducing product waste through DX of the vending machine business

Starting in October 2024, Kirin Beverage Company, Limited, will gradually introduce *Vendy*, a new, optimized service developed by SoftBank Corp. that uses AI to operate vending machines, into vending machines managed by the Kirin Group. Through the DX of the vending machine business, we will optimize vending machine management and product lineups for vending machine locations, resolving issues of the vending machine industry.

Kirin Beverage has approximately 180,000 vending machines installed throughout Japan, and they are acting as an important touchpoint for consumers. Meanwhile, the diversification of consumer needs and life-style changes have made it necessary to improve profit, so we are working to change the business's structure. In the vending machine management that is essential to maintaining vending machines, plans for product lineups, patrol routes, and more were being determined based on the experience of skilled planners. Due to this operational dependency and the experience of the people in charge, there were variations in judgement, leading to mismatched products lineups at each vending machine location, a lack of in-demand products, product waste, and inefficient patrol routes. In light of these issues, our company began to seriously consider the implementation of *Vendy*, which was being developed by SoftBank, who has deep knowledge on state-of-the-art technologies such as AI and big data, in 2022 in order to transform the processes and improve the value of the vending machine business.

This project was led by the business savvy human capital of the Sales Department at Kirin Beverage using the digital skills they acquired using the Kirin DX Dojo and other methods. Additionally, the Digital ICT Strategy Department of Kirin Holdings Company, Limited, who has knowledge on AI utilization, also joined the project and worked to transform

processes while combining their diverse expertise. The function verification of *Vendy* was performed jointly with SoftBank at the operation site for the vending machines managed by our Group. In addition to checking the service's effectiveness and versatility, we collaboratively improved its functions based on the site's feedback. Furthermore, we established a business process optimized for Kirin Beverage's operations, based on the Group's knowledge on AI utilization, to prepare for the service's practical implementation.

Vendy will gather data, such as the sales data of our company's vending machines and cost information related to patrolling, analyze it using AI, and create an integrated plan for optimal product lineups based on the machine's location, efficient machine visitation timings, patrol routes, and the number of bottles to be refilled. The generated plan can be checked by the person in charge and the manager by using a specialized application on their smartphones. Based on the results of the joint verification, the implementation of *Vendy* is predicted to reduce the worktime related to vending machine operations by about 10% and to increase sales by around 5%. By using the time gained from this time reduction to develop new vending machine installation sites, we can provide consumers with higher quality service. We can also promote human capital development by eliminating operational dependency and improving the flexibility of human resource placement.

Vendy is a useful system for resolving worker shortages and product waste for not only our company but also other companies involved in operating vending machines. By being the first in the industry to implement *Vendy*, we strive to optimize our operations and improve our service together with SoftBank to realize sustainable operations.

