

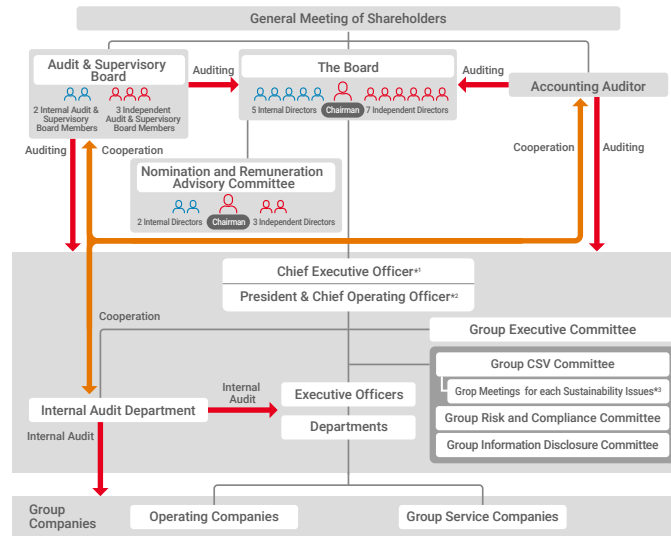
Corporate Governance

Corporate Governance Structure

Kirin Holdings has adopted a pure holding company structure as a means of controlling its diverse and global business, which is centered on 3 domains such as food & beverages, pharmaceuticals and health science. As a pure holding company, Kirin Holdings takes on the role of devising and implementing the Group's overall strategies, monitoring individual businesses, creating synergy, and responding to challenges surrounding sustainability through coordination across the Kirin Group.

The Kirin Group's individual companies conduct their business autonomously with a sense of speed, while maintaining close ties to the local customers and other stakeholders. Kirin Holdings grants appropriate authority to match the strategic stages of individual Kirin Group companies and improves governance through the Board of Directors and the Boards of individual group companies by dispatching directors to those companies. directors, Executive Officers, or their equivalents of Kirin Holdings serve concurrently as directors at the main companies in the Kirin Group.

Kirin Holdings has adopted a Company with Audit & Supervisory Board system, and aims to maintain and improve on a highly transparent governance system for its stakeholders. The Board, which includes a number of Outside Directors, works closely with the Audit & Supervisory Board, which also includes a number of Outside Audit & Supervisory Board members, and makes effective use of the statutory and other auditing function to take final decisions on important matters. At the same time, the Board endeavors to reinforce the monitoring function on management. Kirin Holdings has introduced an executive officer based system



in order to implement strategies for each of its businesses and functions in an agile fashion and clarify executive responsibilities. The Board of Directors determines the scope of delegation to the Executive Officers based on their experience, track record, and expertise in their respective fields.

Board of Directors

The Board of Directors is responsible for making decisions on important business operations and legal matters of the Group, supervising the directors' execution of their duties, and establishing an appropriate internal control system for the entire Group in cooperation with the Internal Audit Department and supervising its operation. In addition, the Board of Directors determines and approves long-term management concepts, medium-term management plans, and annual business plans for the entire Group and major Group companies, and monitors them regularly in light of changes in the business environment in an effort to maximize Group corporate value.

Taking into account the knowledge, experience, skills and discernment that are necessary for turning the 2027 Vision into a reality, the Board shall be composed of the appropriate number of members, ensuring overall balance and diversity such as gender and internationality, etc. In addition, in order to build a highly transparent governance system and ensure the effectiveness of objective management supervision, the Company appoints a majority of independent non-executive directors. At least one of the independent non-executive directors has management experience at other companies.

Frequency and attendance of Board meetings and attendance of individual members of the Board of Directors and the Audit & Supervisory Board

	2021	2022	2023	
Number of meetings	15	13	15	
Attendance rate of Non-executive Directors	98%	97%	95%	
Attendance rate of Audit & Supervisory Board members	100%	97%	98%	
Attendance rate of individual members				
Executive Director	Yoshinori Isozaki	100%	100%	100%
Executive Director	Keisuke Nishimura	100%	100%	100%
Executive Director	Toshiya Miyoshi	100%	100%	100%
Executive Director	Takeshi Minakata	-	100%	100%
Executive Director	Junko Tsuboi	-	-	100%
Independent Non-executive Director	Masakatsu Mori	100%	100%	100%
Independent Non-executive Director	Hiroyuki Yanagi	100%	92%	100%
Independent Non-executive Director	Chieko Matsuda	93%	100%	100%
Independent Non-executive Director	Noriko Shiono	100%	100%	100%
Independent Non-executive Director	Roderick Eddington	100%	92%	80%
Independent Non-executive Director	George Olcott	93%	100%	93%
Independent Non-executive Director	Shinya Katanozaka	-	-	92%
Standing Audit & Supervisory Board Member	Shobu Nishitani	-	100%	100%
Standing Audit & Supervisory Board Member	Toru Ishikura	-	-	100%
Audit & Supervisory Board Member	Yoshiko Ando	100%	100%	93%
Audit & Supervisory Board Member	Kaoru Kashima	100%	92%	100%
Audit & Supervisory Board Member	Kenichi Fujinawa	-	100%	100%

*This table shows the number of Board members as of December 31, 2023. For members appointed during the period, the attendance rate refers to the board of directors meetings held after their appointment.

Evaluation of the Board of Directors' Effectiveness

Kirin Holdings defines the Board's two primary functions as making important corporate decisions and providing supervisory oversight. We conduct an annual evaluation (November-December) of the Board operation and meeting content to both ensure those functions are being fulfilled and to continually improve its efficiency by identifying points to make the meetings more effective in the next fiscal year.

Fiscal 2023 discussion points

1. Strengthening of monitoring on strategy execution
2. Discussions on "inorganic growth" utilizing expertise and organizational knowledge
3. Discussions on "dialogue with stakeholders" in line with changes in the business environment
4. Discussions on "risk management" integrating strategy and risks
5. Improvement of information sharing from the Nomination and Remuneration Advisory Committee

Fiscal 2023 evaluations

The Board of Directors discusses the results of the survey at its meeting in January of the following year, which includes an evaluation perspective based on a survey conducted each November and December by an external consultant, taking into account the current status of initiatives and improvements.

The perspectives and results of the evaluation are as follows.

Observations

1. Composition and operation of the Board of Directors
2. Strategy formulation, execution, and monitoring
3. Oversight of risk and crisis management
4. Oversight of decision-making, such as in business acquisitions and withdrawals
5. Oversight of executive compensation and successor development plans
6. Depths of awareness and oversight of sound corporate ethics
7. General oversight of disclosure to stakeholders
8. Overall effectiveness

Evaluation results

As a whole, the Board of Directors is effective and functioning properly.

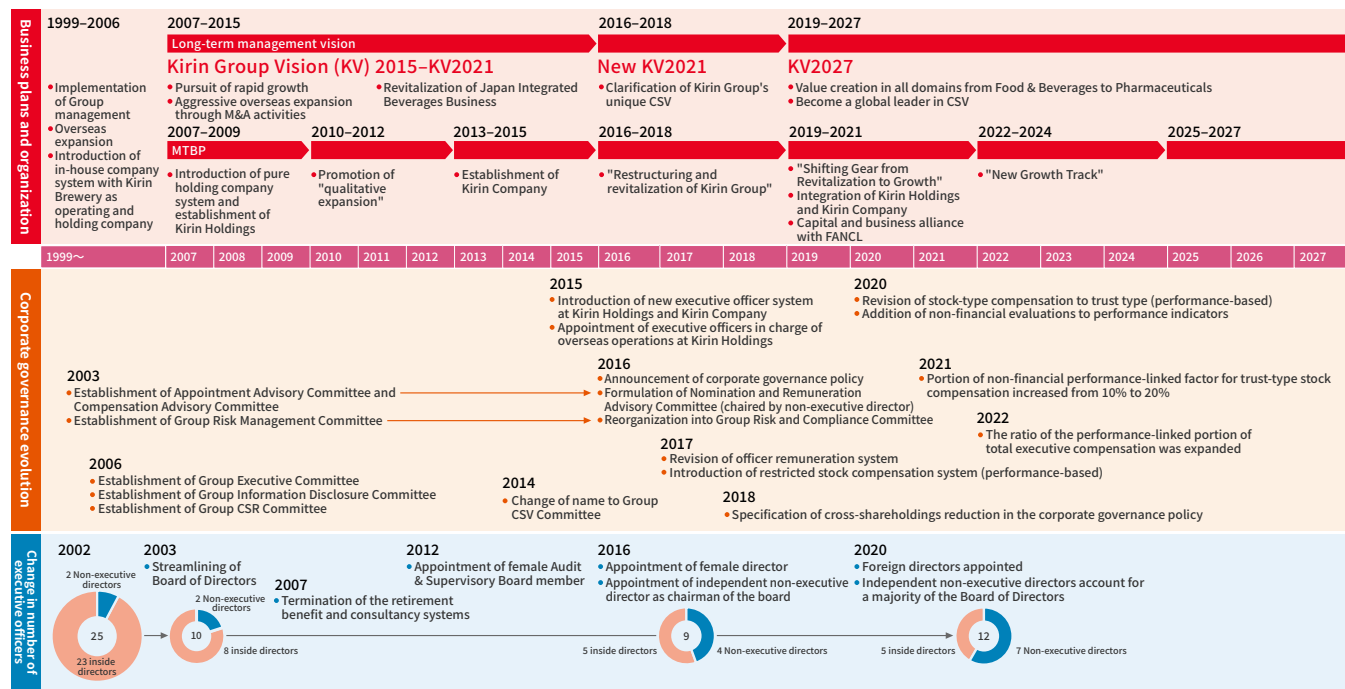
Points receiving positive evaluations

1. Appropriate decisions are made in terms of "important decisions" and "supervision of execution", and a high level of effectiveness is ensured.
2. The Board of Directors sets appropriate agendas and the quality of discussions has improved.
3. The Board of Directors' effectiveness is generally managed appropriately, with ongoing improvements and efforts to improve it.

Points to improve in fiscal 2024

The Company continually seeks to maintain and improve the effectiveness of the Board of Directors in accordance with the agenda set by the independent non-executive director and chairperson of the board, Mr. Yanagi, and by further improving operations.

1. Discussions on "strengthening of corporate governance"
2. Discussions on "integrated strategy and risks" to realize appropriate risk-taking
3. Discussions on "digital ICT strategy" to accelerate value creation



Response to the Corporate Governance Code




Please refer to the Corporate Governance Report for details.

Management










Directors

 <p>Yoshinori Iozaki Representative Director of the Board & CEO April 1977 Joined the Company March 2024 Representative Director of the Board & CEO (present position) <Major concurrent position> Director of Blackmores Limited</p>	 <p>Takeshi Minakata Representative Director of the Board, President & COO April 1984 Joined the Company March 2024 Representative Director of the Board, President & COO (present position) <Major concurrent position> Director of Blackmores Limited</p>	 <p>Junko Tsuboi Director of the Board, Senior Executive Vice President of the company April 1985 Joined the Company March 2024 Director of the Board, Senior Executive Vice President of the company (present position) <Major concurrent position> Outside Director of FANCL Corporation</p>	 <p>Toru Yoshimura Director of the Board, Senior Executive Officer April 1988 Joined the Company March 2024 Director of the Board, Senior Executive Officer of the Company (present position) <Major concurrent position> Director of Blackmores Limited</p>	 <p>Shinjiro Akieda Director of the Board, Senior Executive Officer April 1988 Joined the Company March 2024 Director of the Board, Senior Executive Officer of the Company (present position) <Major concurrent position> Director of Kyowa Kirin Co., Ltd.</p>	 <p>Hiroyuki Yanagi Chairperson of the Board April 1978 Joined Yamaha Motor Co., Ltd. March 2010 President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd. January 2018 Chairman and Representative Director of Yamaha Motor Co., Ltd. March 2019 Non-executive Director of the Company (present position) March 2022 Adviser of Yamaha Motor Co., Ltd. (present position)</p>
 <p>Masakatsu Mori Independent Non-executive Director of the Board April 1969 Joined Arthur Andersen, LLP February 1989 Japan Representative of Andersen Consulting (currently Accenture Japan Ltd.) March 2015 Audit & Supervisory Board Member of the Company March 2019 Non-executive Director of the Company (present position)</p>	 <p>Noriko Shiono Independent Non-executive Director of the Board August 1983 Joined Japan New Media Co., Ltd. March 2010 Representative Director, President of SSP Co., Ltd. March 2018 Non-executive Director of Kirin Company, Limited March 2020 Non-executive Director of the Company (present position)</p>	 <p>Rod Eddington Independent Non-executive Director of the Board September 1979 Joined John Swire & Sons (H.K.) Ltd. April 1992 Managing Director of Cathay Pacific Airways Limited April 2000 Chief Executive Officer of British Airways plc March 2011 Director of Lion Pty Ltd. March 2020 Non-executive Director of the Company (present position)</p>	 <p>George Olcott Independent Non-executive Director of the Board July 1986 Joined S.G. Warburg & Co., Ltd. June 2000 Managing Director, Equity Capital Market, UBS Warburg Tokyo March 2020 Non-executive Director of the Company (present position)</p>	 <p>Shinya Katanozaka Independent Non-executive Director of the Board April 1979 Joined ALL NIPPON AIRWAYS CO., LTD. (currently ANA HOLDINGS INC.) April 2015 Representative Director, President & Chief Executive Officer of ANA HOLDINGS INC. April 2022 Chairman of the Board of Directors of ANA HOLDINGS INC. (present position) March 2023 Non-executive Director of the Company (present position)</p>	 <p>Yoshiko Ando Independent Non-executive Director of the Board April 1982 Entered the Ministry of Labor April 2003 Lieutenant Governor of Shiga Prefecture July 2006 Director of Equal Employment Policy Div. of Equal Employment, Children and Families Bureau of the Ministry of Health, Labour and Welfare July 2017 Director-General for Human Resources Development of the Ministry of Health, Labour and Welfare March 2019 Audit & Supervisory Board Member of the Company March 2024 Non-executive Director of the Company (present position)</p>

Audit & Supervisory Board Members


 <p>Shobu Nishitani Standing Audit & Supervisory Board Member April 1987 Joined the Company March 2016 Director of the Board of Lion Pty Ltd. April 2016 General Manager, Accounting Department of Kirin Company, Limited March 2022 Standing Audit & Supervisory Board Member of the Company (present position) Audit & Supervisory Board Member of Kyowa Hakko Bio Co., Ltd. (present position)</p>	 <p>Toru Ishikura Standing Audit & Supervisory Board Member April 1989 Joined the Company March 2020 Director of the Board, Kyowa Hakko Bio Co., Ltd. March 2023 Standing Audit & Supervisory Board Member of the Company (present position) Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. (present position)</p>	 <p>Kaoru Kashima Audit & Supervisory Board Member November 1981 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) June 2002 Senior Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC) July 2013 Representative Director of Ernst & Young Institute Co., Ltd. March 2020 Audit & Supervisory Board Member of the Company (present position)</p>	 <p>Kenichi Fujinawa Audit & Supervisory Board Member April 1980 Registered as lawyer in Japan and joined Nagashima & Ohno January 2000 Partner of Nagashima Ohno & Tsunematsu January 2015 Chairman of Nagashima Ohno & Tsunematsu March 2022 Audit & Supervisory Board Member of the Company (present position)</p>	 <p>Yoko Dochi Audit & Supervisory Board Member April 1987 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) March 2018 Principal Investor Relations Officer, Accounting Division, Toyota Motor Corporation November 2018 Joined SoftBank Group Corp. February 2020 Managing Partner, SoftBank Group International Ltd. March 2024 Audit & Supervisory Board Member of the Company (present position)</p>
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Senior Executive Officers

 <p>Mitsuharu Yamagata Senior Executive Officer Marketing, Corporate Brand Strategy, Digital & Information Strategy, Senior Executive Vice President of Kirin Brewery Co., Ltd., Director of Kirin Business System Company, Limited</p>	 <p>Hiroshi Fujikawa Senior Executive Officer General Manager of CSV Strategy Department, CSV Strategy, Public Relations Strategy, Director of Kirin Beverage Company, Limited</p>	 <p>Akiyoshi Iwasaki Senior Executive Officer SCM Strategy, Production Technology Strategy, Director of Kirin Brewery Company, Limited</p>	 <p>Akihito Yokoyama Senior Executive Officer President of R&D Division, R&D Strategy, Director of Kirin Beverage Company, Limited</p>	 <p>Kazufumi Nagashima Senior Executive Officer General Manager of Quality Assurance Department, Chief Quality Assurance Officer, Director of Kyowa Hakko Bio Co., Ltd., Director of San Miguel Brewery, Inc.</p>	 <p>Hideki Mitsuhashi Senior Executive Officer Business Alliance / Investment Strategies, Chief Risk Management Officer, Overseas Responsibilities including Overseas Craft Beer Strategy, Director of Lion Pty Ltd., Director of San Miguel Brewery, Inc.</p>
 <p>Hideki Horiguchi Senior Executive Officer President and CEO of Kirin Brewery Co., Ltd.</p>	 <p>Kazuhiro Inoue Senior Executive Officer President and CEO of Kirin Beverage Co., Ltd.</p>	 <p>Koji Fukada Senior Executive Officer President and CEO of Kyowa Hakko Bio Co., Ltd.</p>			

Required skills for directors and Audit & Supervisory Board members

As of April, 2024, seven (7) Non-Executive Directors and three (3) Audit & Supervisory Board members that satisfy the Company's independence criteria, with reference to the criteria for independence of officers as prescribed in the regulations of the Tokyo Stock Exchange, have been appointed as Independent Directors/Auditors in order to improve the fairness and transparency of corporate governance, ensure the Group's sustainable growth, and boost corporate value over the medium to long term.

 [Criteria regarding the independence of Officers.](https://www.kirinholdings.com/en/purpose/files/pdf/e_independencecriteria_officer.pdf)
https://www.kirinholdings.com/en/purpose/files/pdf/e_independencecriteria_officer.pdf

 [Independent Officers Notification](https://www.kirinholdings.com/en/purpose/files/pdf/e_independentofficer.pdf)
https://www.kirinholdings.com/en/purpose/files/pdf/e_independentofficer.pdf

Kirin Holdings has adopted a pure holding company structure as a means of controlling its diverse and global business, which is centered on the three domains of food & beverages, pharmaceuticals, and health science. As the institutional design, we have adopted a Company with Audit & Supervisory Board system, and aim to maintain and improve on a highly transparent governance system for its stakeholders. The Board, more than half of which are Outside Directors, works closely with the Audit & Supervisory Board to take final decisions on important matters and reinforce the monitoring function on management. We have also introduced an executive officer based system in order to implement strategies for each of our businesses and functions in an agile fashion and clarify executive responsibilities.

To ensure the effective functioning of our monitoring and management structure and achieve the Group's sustainable growth and corporate value enhancement, it is essential that the directors and Audit & Supervisory Board

members have the necessary skills and embrace diversity in terms of gender, nationality, and other characteristics. This same requirement applies to our management team.

Kirin Holdings has identified the skills needed for the directors and Audit & Supervisory Board members based on the perspectives outlined above.

First and foremost, comprehensive corporate management skills gained through experience in a top management or business position is important. So is expertise and experience in CSV, which is central to our management.

Next, making final decisions on important matters requires a deep understanding of our business domains. In particular, expertise and experience in health science and pharmaceuticals, which support the Kirin Group's long-term growth, should be prioritized, as our company oversees the entire Group. Additionally, R&D, production, quality assurance, and brand strategy/marketing are organizational capabilities essential for our business domains. Overseas business experience is necessary to expand business globally, and ICT/DX is becoming indispensable for a business model transformation. Human resources and organizational development expertise is required to support these business and functional strategies. Therefore, we need expertise and experience in all of these fields.

These skills are also vital for the purpose of monitoring management. Furthermore, expertise and experience in finance & accounting, legal affairs, risk management, and ESG are particularly significant for conducting effective corporate governance.

The skill matrix below groups related skills together in a single column.

Directors

Name	Gender	Expertise and Experience									
		Corporate Management	CSV ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT DX
Yoshinori Isozaki	Male	●	●	●		●		●	●	●	
Takeshi Minakata	Male	●	●	●			●		●	●	
Junko Tsuboi	Female	●	●		●	●		●		●	
Toru Yoshimura	Male	●	●	●			●		●	●	●
Shinjiro Akieda	Male	●	●	●		●		●	●	●	●
Masakatsu Mori	Male	●		●					●	●	●
Hiroyuki Yanagi	Male	●					●		●	●	
Noriko Shiono	Female	●							●	●	
Rod Eddington	Male	●							●	●	
George Olcott	Male		●	●	●				●	●	
Shinya Katanozaka	Male	●			●				●	●	
Yoshiko Ando	Female		●		●	●					

Audit & Supervisory Board Members

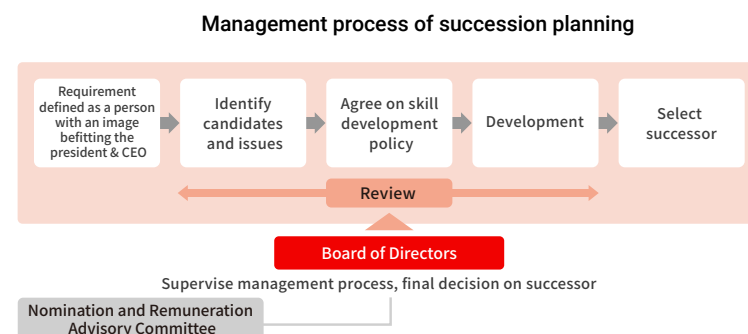
Name	Gender	Expertise and Experience									
		Corporate Management	CSV ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT DX
Shobu Nishitani	Male		●	●					●		
Toru Ishikura	Male		●				●			●	
Kaoru Kashima	Female			●	●						
Kenichi Fujinawa	Male		●			●				●	
Yoko Dochi	Female		●	●					●		

Executive Officers

Name	Gender	Expertise and Experience									
		Corporate Management	CSV ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT DX
Mitsuharu Yamagata	Male		●					●	●	●	●
Hiroshi Fujikawa	Male	●	●		●			●	●	●	
Akiyoshi Iwasaki	Male	●	●				●		●		
Akihito Yokoyama	Male		●		●					●	●
Kazufumi Nagashima	Male	●	●				●		●	●	
Hideki Mitsuhashi	Male	●	●			●			●	●	●
Hideki Horiguchi	Male	●	●					●	●		
Kazuhiro Inoue	Male		●					●	●	●	
Koji Fukada	Male	●	●				●		●	●	

Succession Plan for Executive Directors

Kirin Holdings' Nomination and Remuneration Advisory Committee deliberated on the formulation of policy for the President & CEO Succession Planning in 2016 and reported on the requirement (an image befitting the President & CEO of Kirin Holdings) and the decision process for candidates to the Board of Directors. Based on this report, Kirin Holdings has been selecting, evaluating and training candidates since 2017 under the supervision of the Board of Directors in order to determine the future successor in a highly objective and transparent process. Starting in 2024, the plan will be used as a succession plan for the chief executive officer (CEO) and chief operating officer (COO).



Basic Policy for the Remuneration of Executive Officers

The Nomination and Remuneration Advisory Committee will discuss the remuneration of directors and executive officers, and report to the Board based on the following policy. The Committee will consider levels of the remuneration and linkage with performance by comparing them objectively with officers' remuneration survey data of an external research body, and incorporate findings in its report to the Board of Directors.

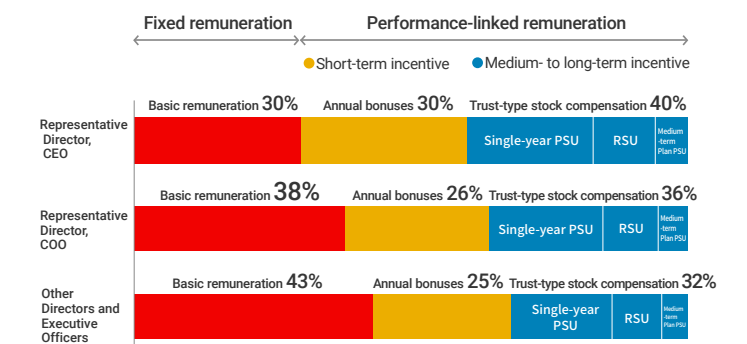
1. The Company shall establish a remuneration structure that emphasizes the linkage of remuneration with business performance and medium- to long-term corporate value and share value with the shareholders.
2. Remuneration levels shall be appropriate for the roles and responsibilities of the Kirin Group's officers.
3. Remuneration shall be deliberated by the Nomination and Remuneration Advisory Committee, in which non-executive Directors constitute a majority, in order to ensure objectivity and transparency.

Composition of the Remuneration

In order to encourage awareness of achieving short-term performance targets and enhancing medium to long term corporate value, remuneration for directors of the board is composed of three parts: basic remuneration (fixed remuneration), bonus (short-term incentive remuneration), and stock compensation (medium- to long-term incentive remuneration). The specific composition of remuneration is as follows according to the classification of officers eligible for the payment.

The ratio of base remuneration to performance-linked remuneration for the representative director of the board & CEO is designed to be approximately 30:70 (including 30 for bonuses and 40 for stock-based remuneration), with other directors (excluding non-executive directors) and executive officers following suit in consideration of their positions and responsibilities.

Officer type	Fixed remuneration	Performance-linked remuneration		Purpose
	Basic remuneration	Bonus	Stock-based remuneration	
Directors of the Board (excluding Non-executive Directors) and Executive Officers	○	○	○	Because they are responsible for the execution of business, Kirin Holdings have established remuneration structure that takes into account the achievement of short-term consolidated performance targets and the improvement of corporate value over the medium to long term.
Non-executive Directors	○	-	-	Because they are responsible for supervising and advising Company and Group management from an objective position, only basic remuneration (fixed remuneration) is provided.
Audit & Supervisory Board Members	○	-	-	Because of their role of auditing the performance of directors' execution of their business from an objective position, only basic remuneration (fixed remuneration) is provided.



Procedures for determining the remunerations of executive officers

In order to ensure fair and reasonable application of the process in line with the above-mentioned basic policy for executive remuneration, the executive remuneration shall be deliberated at the Nomination and Remuneration Advisory Committee of which the majority of the members are Non-executive directors and whose chairperson is also a non-executive director, and the result is reported to the Board of Directors.

As for determining the specific amount of remuneration, remuneration for directors shall be decided at the Board and that for Audit & Supervisory Board members upon consultation with Audit & Supervisory Board based on the report from the Nomination and Remuneration Advisory Committee and within the limits of the remuneration amount determined in advance at the general meeting of shareholders.

Nomination and Remuneration Advisory Committee regularly deliberates on the setting of remuneration levels, the ratio of performance-linked remuneration and its mechanisms and meets in response to changes in the environment of laws and regulations related to executive remuneration and submits a report to the Board.

[Please click the link below for details on the remuneration system for management.](https://www.kirinholdings.com/en/purpose/governance/compensation/)

Policy on Cross-shareholdings

In principle, Kirin Holdings will not hold any cross-shareholdings except for stocks that are deemed to contribute to the enhancement of corporate value over the medium to long term.

The Board of Directors will annually review the rationale for holding individual cross-shareholdings through dialogue and negotiation with business partners, etc., and will proceed with the sale of stocks that are deemed not to be rational to hold from the standpoint of the common interests of shareholders.

Voting rights on cross-shareholdings will be exercised upon deciding for or against each agenda item, taking into account whether a particular cross-shareholding will help boost the corporate value of the company concerned, and whether it will help ensure sustainable growth and boost the Group's corporate value over the medium to long term.

Current Status The Company held one issue of cross-shareholdings with a book value of 500 million yen at the end of 2023.

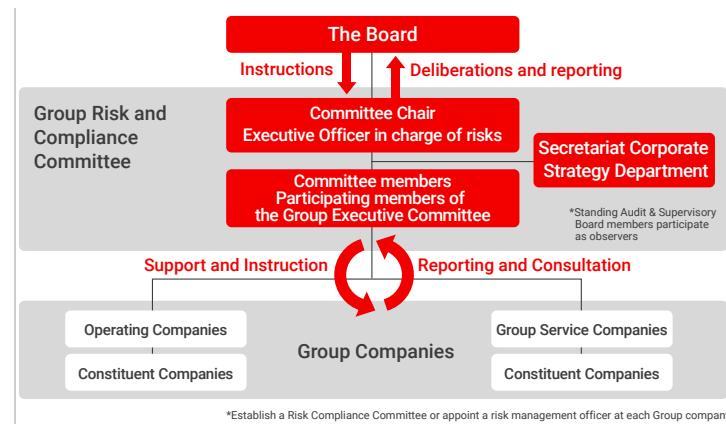
Risk Management

1 Approach to risk management

The Kirin Group defines risk as uncertainty with the potential to seriously impede the accomplishment of business targets or impact business continuity. The Group also defines crisis as risk manifested at a certain point and requiring urgent action. The Group's fundamental risk management policy is to mitigate risk, prevent risk from being actualized, and keep risk within a manageable level so that we can earn trust of our stakeholders in a sustainable manner. By treating strategies and risks as two sides of the same coin, we assess and implement appropriate risk control measures by analyzing risks in the phases of selecting and implementing strategies, as well as risks that could develop into crises, from various perspectives. Risk information is disclosed in a timely and appropriate manner on our corporate website and other means.

2 Risk management structure

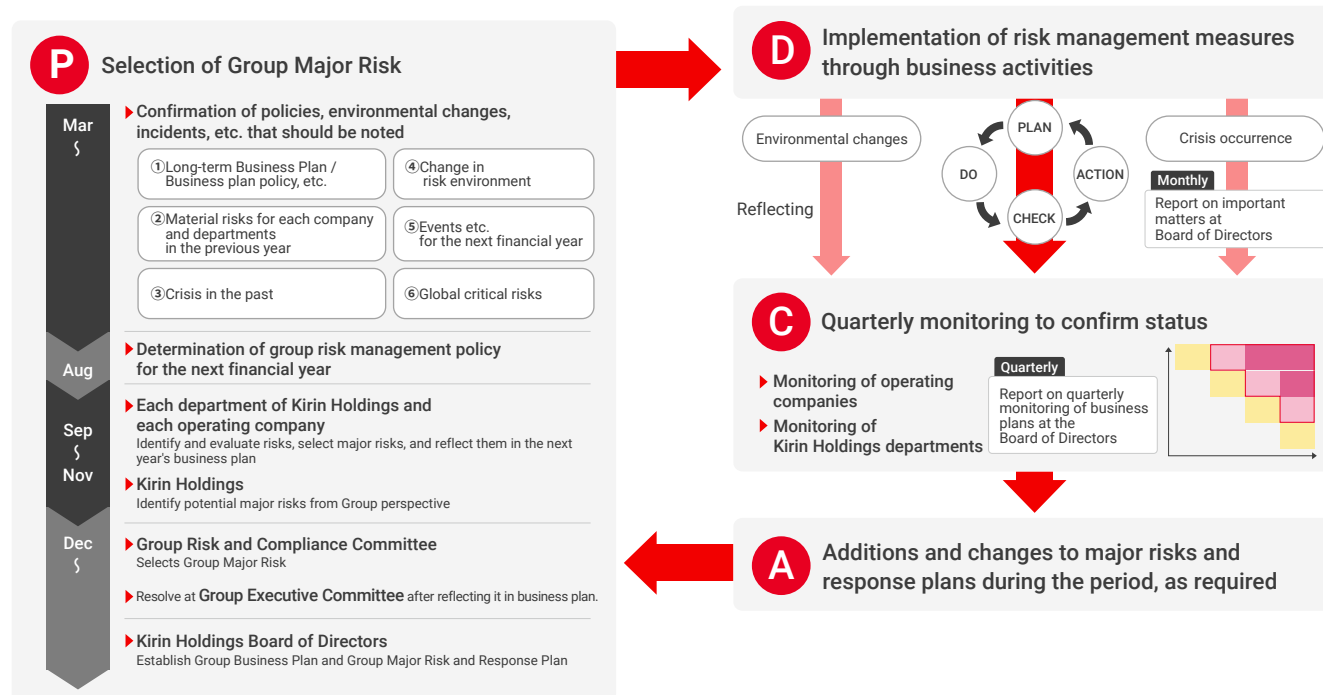
The Group has established the Group Risk and Compliance Committee consisting of Kirin Holding's senior executive officers or higher and chaired by the executive officer in charge of risk. The committee oversees the Group's risk management activities, including collecting risk information, setting the Group's risk policy, introducing risk reduction measures, communicating the information and considering countermeasures when a crisis occurs, and providing necessary instructions and support to Group companies. The Board also oversees the effectiveness of risk management through deliberations and reports on the Group's major risks.



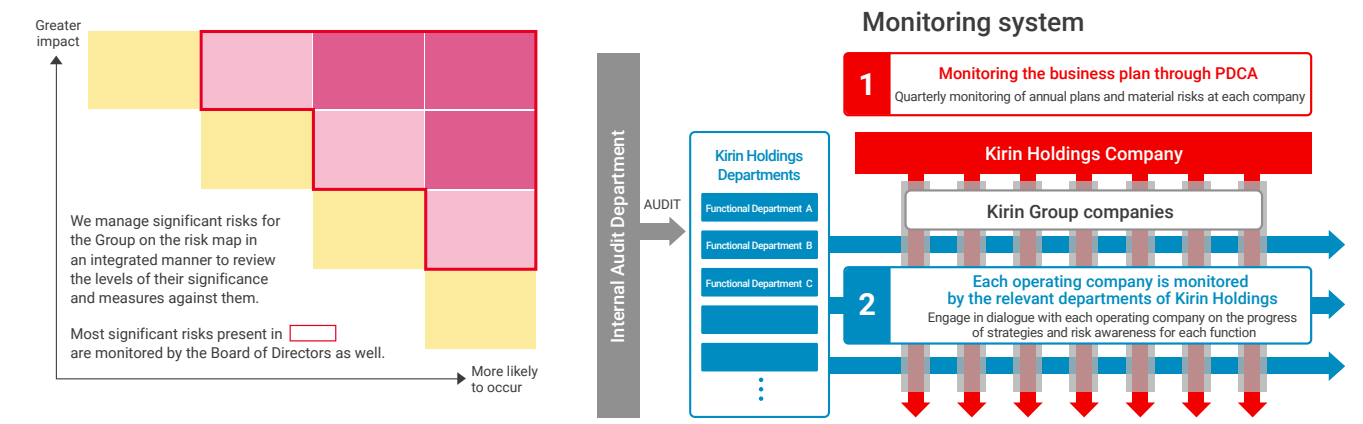
3 Process for determining and monitoring major risks

To identify the Group's major risks, each Group company examines and identifies risks related to its strategy and business execution and risks that could develop into a serious crisis based on the Kirin Group's risk management policy set for each fiscal year. Kirin Holdings aggregates these business-specific risks and investigates common risks across the Group. The Group Risk and Compliance Committee assesses the potential quantitative and qualitative impacts of major risks, such as economic losses, business continuity, and damage to reputation, from the perspective of overall Group management and classifies the risks in terms of priority, taking into account the likelihood of occurrence. The Board deliberates the assessments and determines the major risks for the Group.

Process for determining major risks to the Group



The Group's major risks are managed centrally on a risk map based on their degree of impact and likelihood of occurrence (left diagram). With regard to the most major risks, the Board also takes stock of changes in risk conditions and reviews measures against these risks. Kirin Holdings and the Group companies frame and implement measures tailored to each risk. Meanwhile, Kirin Holdings provides necessary support and instructions to Group companies, and Group companies report and consult with Kirin Holdings, thereby promoting and operating risk management in cooperation with each other. Each Group company and Kirin Holdings monitor the status of both strategies and risks from the perspectives of business and function to manage and control strategic risks (right diagram). At the same time, we have put in place a risk management system that is designed to prevent the manifestation of risks that could develop into a crisis and minimize any potential negative impact when such a crisis occurs. We have included major risks that could result from the Group executing strategies, business, or other activities which could affect our ability to attain management goals or to continue business on pages 38 to 42 of the Annual Securities Report.



Strengthening risk management of the upstream supply chain

While the interest and regulations concerning human rights and environmental issues in the stakeholders' supply chain are recently becoming stricter, the environment surrounding procurement is growing harsh because of increasing geopolitical risks, rising procurement costs that are due to the depreciating yen and growing prices of raw materials, and more. As a result, the importance of risk management in the upstream supply chain is rising more and more.

We consider human rights, the environment, procurement costs, and the stable procurement of raw materials as major risks for the Kirin Group. The Kirin Holdings Procurement Department, with a grasp on internal and external environmental changes, and as a section with the function of Group headquarters and that is handling procurement for the Japanese Food & Beverages business, is working with operating companies and suppliers to strengthen risk management of the upstream supply chain.

First, in 2017, we formulated the Kirin Group Sustainable Procurement Policy on sustainable procurement risks and proclaimed that we would uphold the essential values in the areas of human rights, labor, the environment, and anti-corruption defined by the United Nations Global Compact and would engage in procurement activities that follow five themes ((1) steady focus on quality, (2) ensuring regulatory and ethical compliance, (3) respecting human rights, (4) environmental stewardship, and (5) coevolving relationships of mutual trust with suppliers) for initiatives in compliance with this principle and Group policies. In line with revisions to the Kirin Group

Human Rights Policy and changes in the business environment, we revised the Kirin Group Sustainable Supplier Code, which applies to the whole Group, to match global standards in 2023, aiming to strengthen each Group company's risk management.

In high-risk supply chains, we are cooperating with suppliers to set priorities and promote human rights due diligence. In 2023, a third-party organization conducted an on-site audit in Argentina's grape juice supply chain and confirmed there were no major issues.

Additionally, we continue to utilize Sedex, which we joined in 2022 as Group headquarters, are participating in the working team launched by Japan's food & beverages industry, and are promoting human rights due diligence in tandem with other companies in the same industry.

As individual risk responses, when it comes to the risk of fluctuation in procurement costs due to the depreciating yen and rising cost of raw materials, we are working to stabilize costs through long-term contracts and exchange contracts with suppliers and more. Regarding our response to stable procurement risks that arise from climate change and geopolitical risks, we have formulated BCPs (business continuity plans) for each commodity, multiplying sources of procurement, building up the number of domestic inventories, and more.

We will continue to improve sustainability with a global vision and perspective to improve corporate value and contribute to society.