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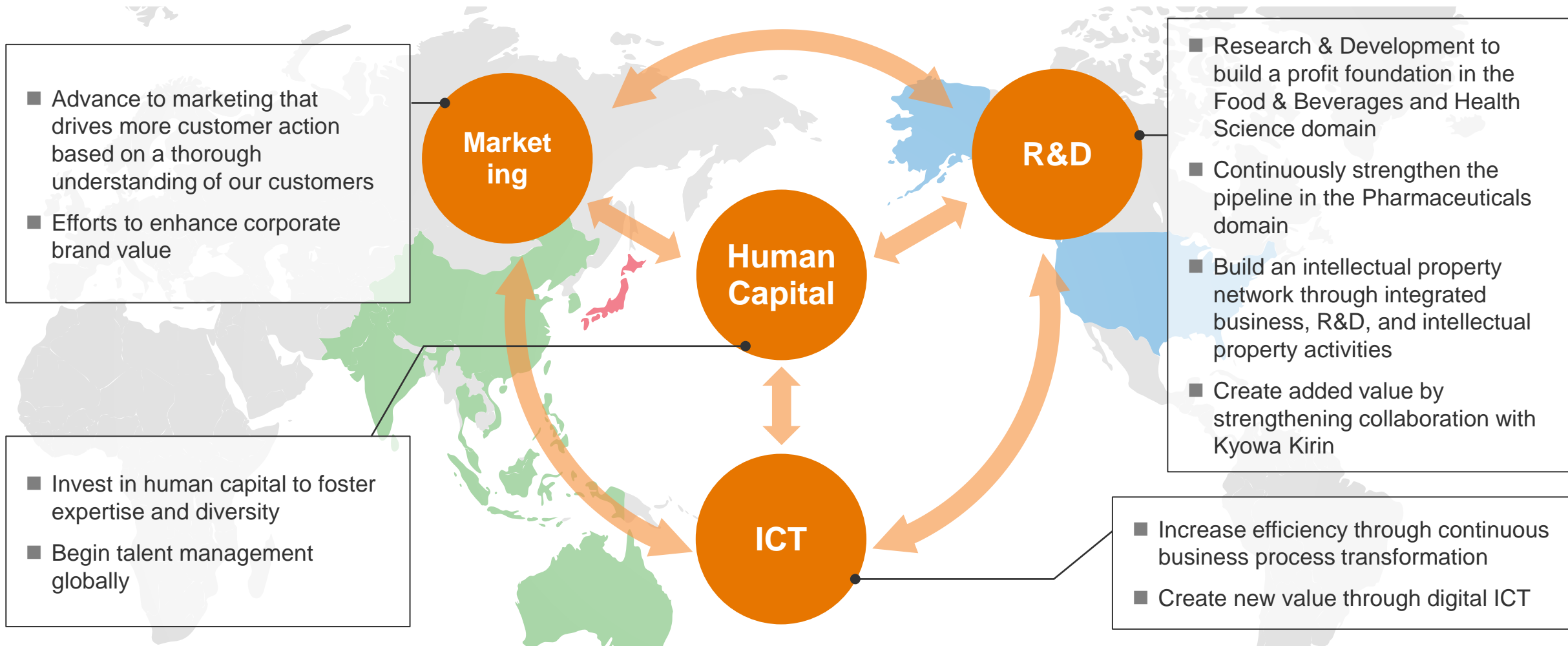
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Work across the Group to improve organizational capabilities



Aim to improve the organizational capabilities of the entire Group by fully utilizing the knowledge of each business domain across the world

- The Kirin Group views human capital as a source of competitive advantage, and at the same time, we develop it as an valuable capital for the entire society. This approach is the very essence of CSV management.

Aim

Achieve sustainable business growth and increase corporate value by making **the entire Kirin Group "a company where human capital grows and wins through human capital"**

What to Achieve

- Driving the strategy with high organizational capability by utilizing a unique business portfolio and nurturing human capital that is **both "specialized" and "diverse"**.
- Foster an environment and culture that attracts a diverse range of human capital who can take on challenges and play an active role.
- Highly regarded for its linkage to the management strategy through communication with the stakeholders and continuously evolving the human capital strategy.
- Establish a virtuous cycle that attracts unique and talented human capital and be recognized as "a company where human capital grows and wins through human capital"

Transformation to a Human Capital Talent Management

- Change from developing generalists through a human capital management to a focus on developing specialized human capital through talent management based on function.

Key Action

**Transform to a talent management on a functional basis
(recruitment, development, and deployment)**

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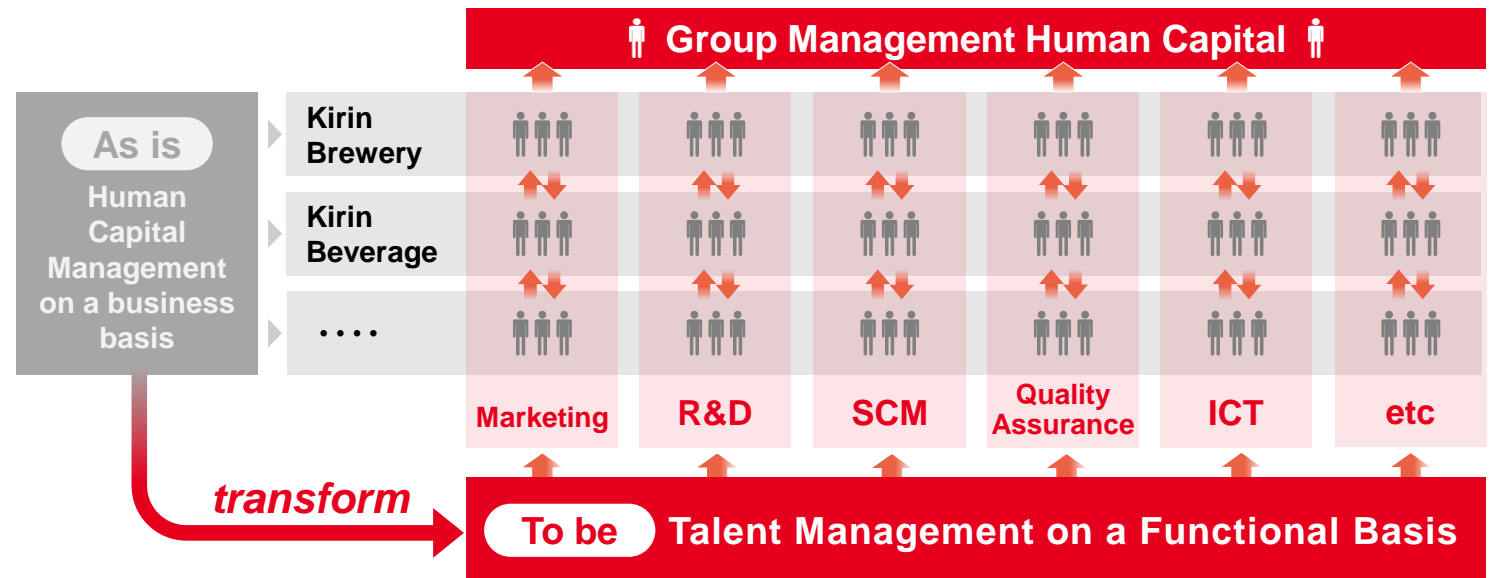
Focus on developing generalist human capital based on the business.

Risk

Failure to sustainably develop human capital with expertise will reduce the viability of the management strategy and the range of strategy choices in an era of VUCA, where the future is difficult to foresee.

To be

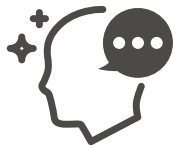
Developing highly specialized human capital on a based on function.



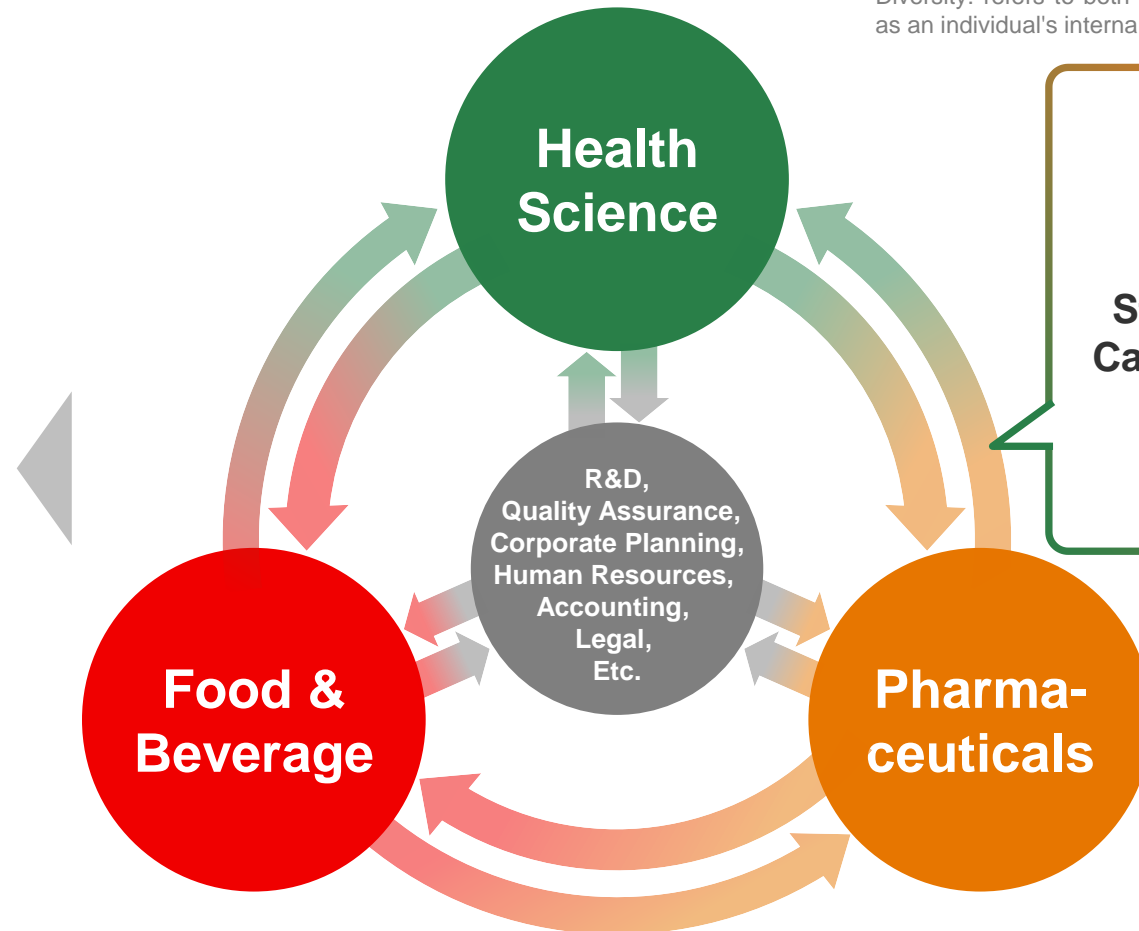
Develop human capital with both expertise and diversity

- It is essential to develop human capital with both "expertise" and "diversity[※]" for sustainable value creation.
- We can further strengthen our "expertise" by leveraging the Kirin Group's unique business portfolio.

Diversity: refers to both diversity as an attribute and diversity as an individual's internal nature (perspectives/values, etc.)



Human capital that combines a high level of **expertise** with **diverse** perspectives and values that can flexibly respond to changes in the environment is needed.



Accelerate Diversity, Equity & Inclusion

➤ It is important to have an organizational culture that embraces diverse perspectives and values and transform the differences into strength, to create value by leveraging the expertise and diversity of human capital.

Key Action

- Create an organization with high psychological safety
- Accelerate equity that remove impediments

As is

The importance of diversity is well understood, but has not been implemented yet. There are still factors that prevent each attribute from being a driving force.

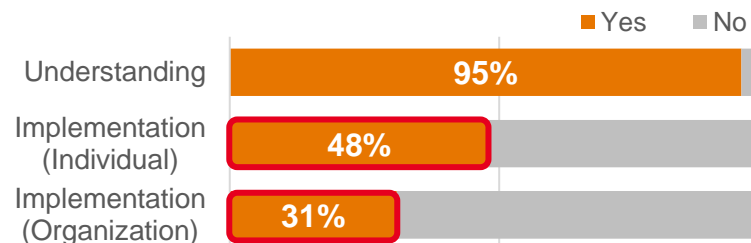
Risk

Even if the expertise is enhanced, it will not lead to value creation if the human capital is not able to demonstrate its capabilities, and there is a possibility of human capital loss.

To be

Human capital attributes and individual values/abilities (expertise) are becoming more diverse, accelerating the formation of a workplace and organization that make the most of these differences (Diversity, Equity & Inclusion).

Level of Understanding and implementation of “Transforming the Differences into Strength”



2021 Kirin Group Diversity Awareness Survey in Japan (n=18629)

- The level of understanding of diversity enforcement (95%) is high, but the level of implementation as an organization (31%) is low.
- The difference between the level of implementation by individuals and the level of implementation by the organization suggests that there are factors that prevent the implementation of diversity in an organizational culture (relating to psychological safety, such as unwillingness to take risks) .

Discover and foster group management human capital

- In order to develop human capital candidates who can play an active role in the future management of the Group on a global scale (CxO candidates), we will form a pool of top talent human capital who have achieved results based on function. Top management and the Human Resources Department will work together to foster such talent based on the necessary criteria.

Key Action

Visualization of experience required for managing human capital, utilization of human capital data and training platform

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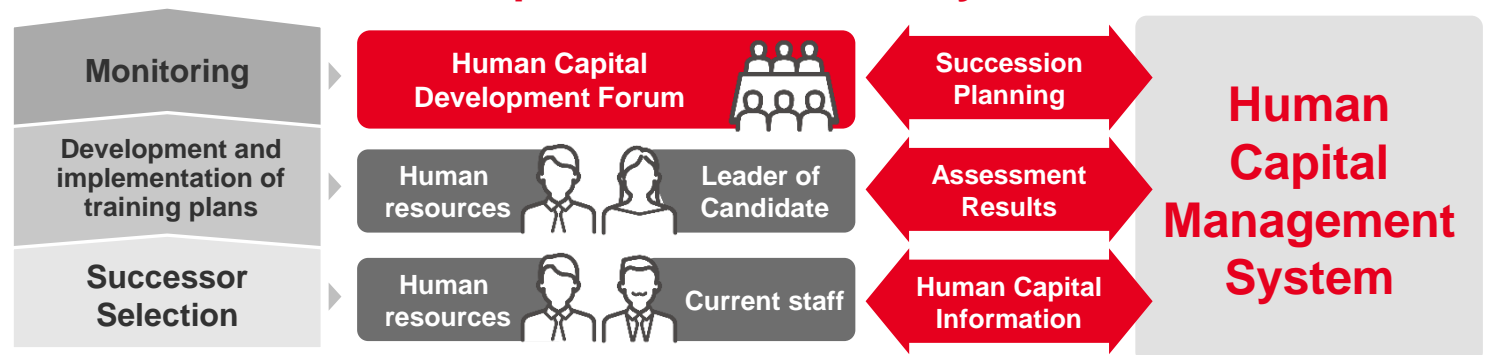
Criteria for group management human capital candidates (CxO candidates) are abstract, and the training system is limited to senior executives.

Risk

If the human capital that will be responsible for the future management of the group is not developed sustainably and if the essence of management is not properly passed on, the group will fall back on ad hoc management strategies.

To be

Criteria for group management human capital candidates (CxO candidates) are specified at each level, and human capital is being produced sustainably.



Human Capital Development Forum: A forum for top management at the senior executive officer level and above, including the president and vice presidents, to discuss the development and succession plans for Group management human capital and CxO candidates.

Disclosure relating to Human Resources

- ▶ Regarding information related to human capital, the KIRIN Group has positioned employee engagement, diversity, and occupational health and safety indicators as important indicators that contribute to improving corporate value, and have disclosed such information. Also, we disclose a variety of data as ESG data.

Disclose as non-financial indicators, including target setting

Items	Themes	Non-financial Targets	Links to Economic Value
Employees	Organizational Culture	Employee Engagement (2022 Actual)	70% Profit generation through value creation and productivity improvement
	Diversity	Achievement level in Increasing Diversity (1) Ratio of female managers in Japan (2022 Actual) (2) Ratio of career hires in Japan (2022 Actual)	(1) 10.6% (2) 27.3% Profit generation through value creation and productivity improvement
	Occupational health and safety	Lost time injury frequency rate (2022 Actual Forecast)	0.90 Raise motivation and productivity by improving working environment

Disclosure on the Annual Securities Report

The addition of "human resources development policy" and "internal environment improvement" are required for the Human Resources section, while the Diversity section requires the addition of "gender wage difference," "female manager ratio" and "Percentage of male employees taking paternity leave" to the items in the financial report.

In response to the new mandatory disclosure policy, Kirin Holdings decided to disclose the information from the fiscal year ending December 31, 2022. In the "Human Resources Development Policy" and "Internal Environmental Improvement" sections, an outline of the "Kirin Group Human Resources Strategy" was included, and in the diversity sections, the information on the right was disclosed.

Disclose current figures as ESG data over time

健康・安全 Health & Safety

[ESG Data Book | KIRIN \(kirinholdings.com\)](https://www.kirinholdings.com)

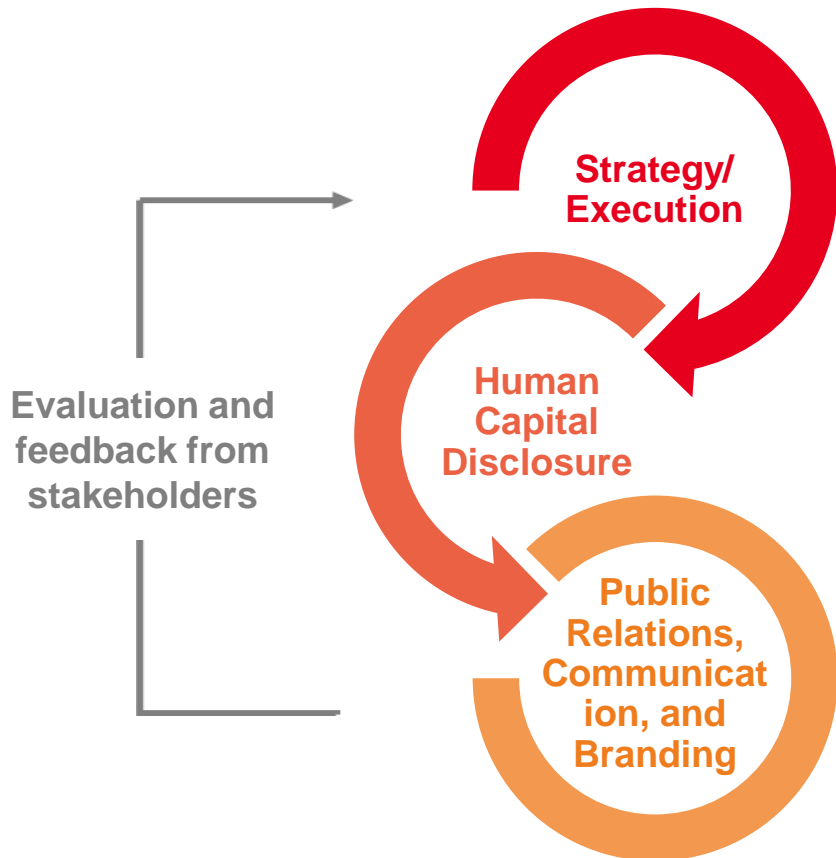
指標 Indicator	報告対象会社 Boundary of companies	2019	2020	2021	2022
出産・育児休暇後の復職率(%) Return to work rates after parental leave (%)	主要会社 Group overall	95.5	99.1	98.4	93.3
	男性 Man	99.0	100	100	93.1
	女性 Woman	92.5	98.6	97.6	93.6
休業災害数率(LTIR)(件/百万時間) ^{※5} Lost time injury rate (LTIR) (number/million hours) ^{※5}	※6/※6	1.36	1.59	0.93	1.00
	日本 ^{※7} Japan ^{※7}	0.61	0.70	0.55	0.37
	海外 Overseas	※9/※9	4.19	4.93	2.45
従業員一人当たりの年間総実労働時間(時間/人) Average number of actual hours worked per year (hours/employee)	主要会社 Major companies	1,843	1,888	1,879	1,940
	日本 Japan	1,926	1,960	1,954	1,984
	海外 Overseas	主要会社(海外) Major companies in overseas	1,727	1,724	1,668
労働安全方針が適用された従業員の割合(%) Percentage of employees to whom health and safety policy has been applied (%)	グループ全体 Group overall	100	100	100	100
労働災害による死亡者数(人) Employee fatalities due to accidents at work	※10/※10	0	0	0	0

Percentage of female managers	Gender wage difference	Percentage of male employees taking paternity leave
10.6%	1) All Employees	70.5%
	2) Full-time Employees	71.2%
	3) Non-regular workers	44.9%
		73.0%

※Wage differentials between men and women and the percentage of men taking childcare leave are calculated by the Ministry of Health, Labor and Welfare.

Evolution of Strategy Through Communication with Stakeholders

- Seeing the focus on human capital as an opportunity, we will increase communication with internal and external stakeholders through visualization (information disclosure) of our human capital strategy, and reflect and evolve the feedback in our strategy.



Engagement with Shareholders and Investors (CSV-Day)



Collaboration with related organizations and other companies



Reference: [Kirin Holdings News Release](#)

Engagement with Employees (Dialogue with executives, direct dialogue between employees and the HR Department)



Enhancement of the Disclosure of Human Capital Strategy

- To structure and visualize the human capital strategy, quantitative results are disclosed for comparable items. We have also disclosed the Uniqueness indicators.

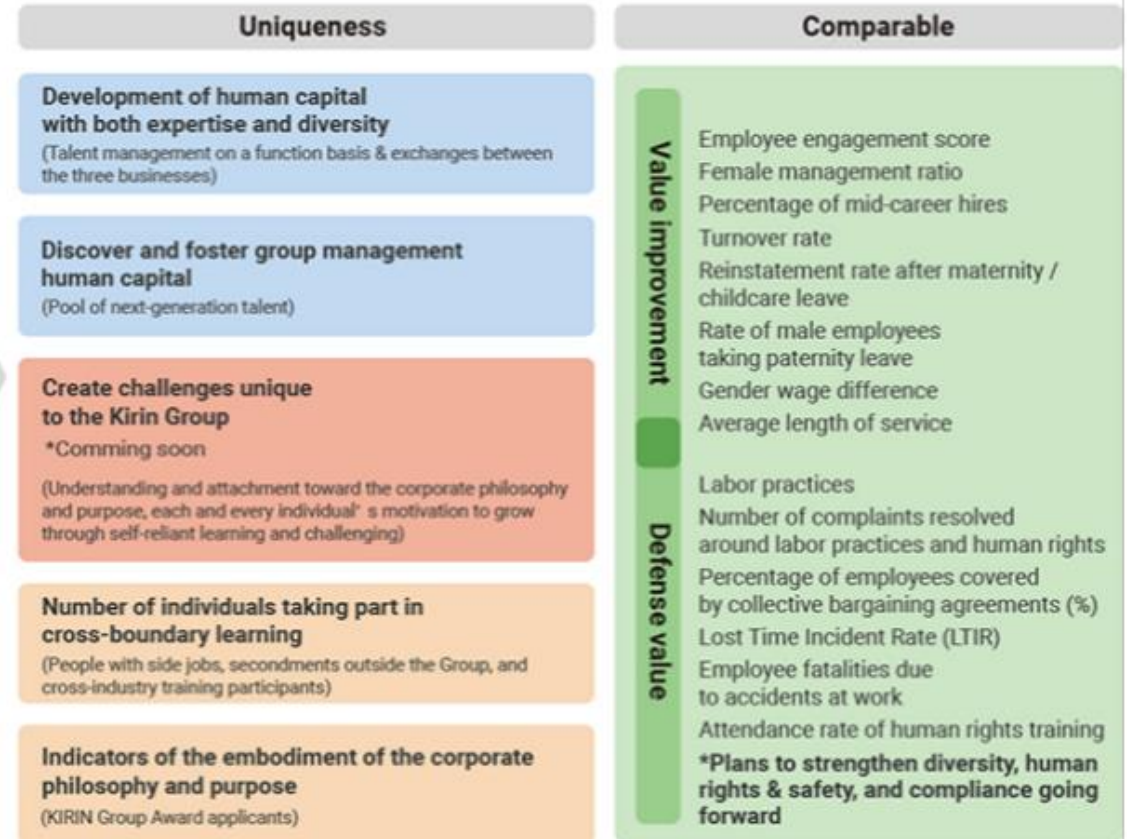
Viewed from Group Management Issues Recognition of Human Capital Strategy Issues



Key Initiatives for Human Capital Strategy



Disclosure indicators



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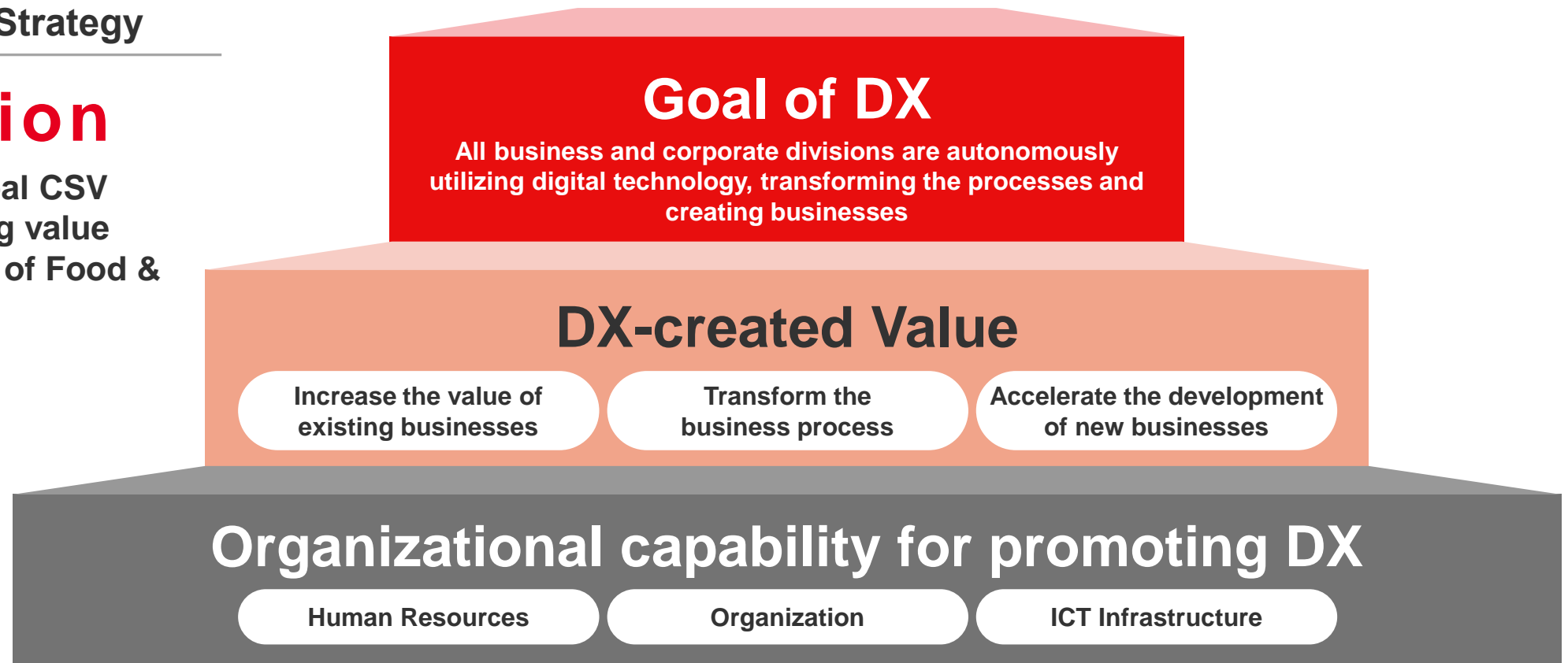
Promote ICT utilization (DX) as an organizational capability to accelerate innovation

- Aim to quickly achieve a state where all business and corporate divisions are autonomously utilizing digital technology to transform the processes and create businesses

Kirin Group's DX Strategy

2027 Vision

To be a leading global CSV company by creating value across the domains of Food & Beverages and Pharmaceuticals



- We are building an execution system across the entire Group and developing and securing human capital to promote DX, with the aim to plan and execute DX initiatives in close proximity to the business operations and customers

Organizational Structure

Establish an execution system across the Group, led by an expertise organization, to accelerate initiatives across operating companies, corporate divisions, and business domains throughout the entire Group



Establish a DX-specialized organization for promoting DX
(DX Strategy Promotion Office)

System for executing group-wide DX initiatives
(Group's DX Promotion Committee)

DX Human Capital

Develop and secure DX professional human capital and increase DX literacy of all employees through unique training programs to enable each company and division to autonomously promote the DX initiatives at their workplaces within the Group

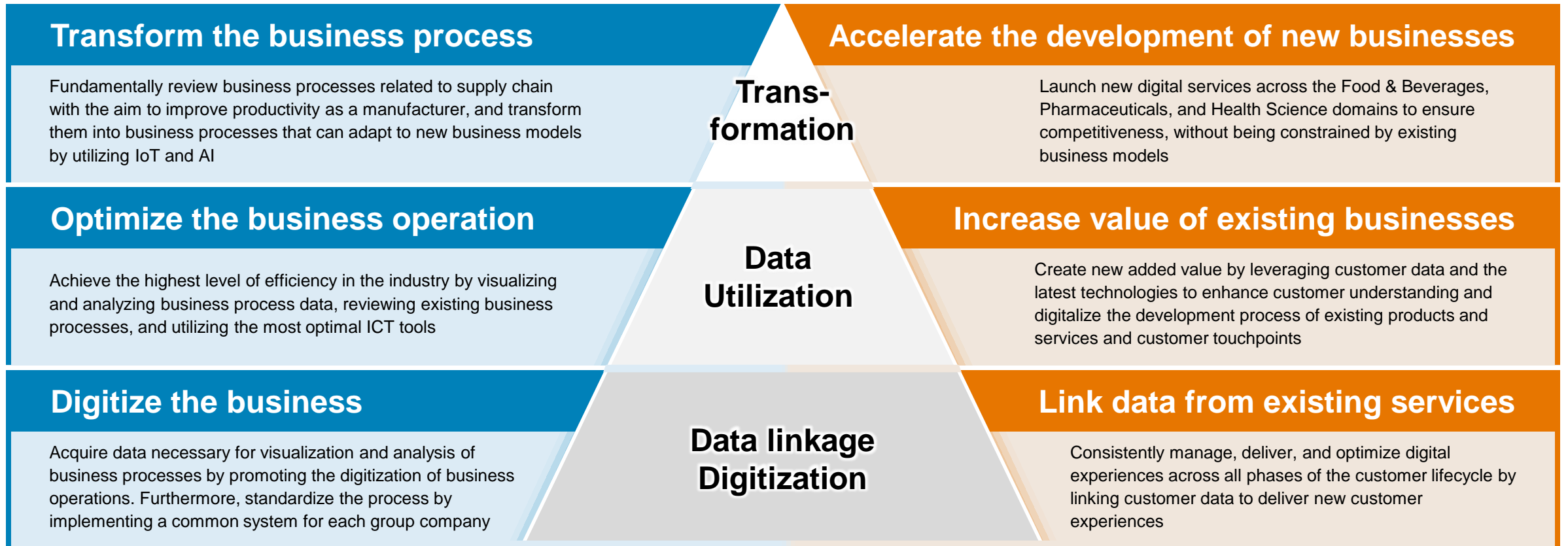


Secure DX professional human capital
Develop and enhance skills

Increase DX literacy of all employees
(DX Dojo)

Value Creation Framework

➤ Promote "cost reduction through business process reform" and "value enhancement through new business development" while expanding the foundation of "digitalization of data" and "linkage of digitalized data"



Adaptive Areas for Value Creation through DX

➤ Achieve higher productivity as a manufacturer and accelerate and develop new businesses by promoting digital transformation across all business domains and all functions in the value chain of the Group



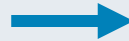
R&D & Product Development

Utilize AI in product development to achieve formulations and manufacturing raw material formulations at low risk



Procurement & Production

Utilize factory production data to improve the efficiency of manufacturing systems and advance business operations



Logistics

Optimize costs, production, and logistics capabilities through overall simulations of the SCM



Sales & Marketing

Improve productivity of sales process by utilizing IT tools to adapt to changes in society, distribution, and customers



Products & Services

Accelerate and develop new businesses by utilizing digital technology without being constrained by traditional business models



Human Resources

Implement and utilize talent management tools to visualize employee information and achieve a specialized and diverse human capital management



General Affairs

Achieved a digital office with the renovation of the Kirin Group's head office. Accelerate collaboration among employees while promoting paperless operations.



Accounting

Improve accessibility of group-related information at a group management level with the development of a new management dashboard



Legal

Promote paperless and cost reduction by introducing electronic contracts and digital signatures

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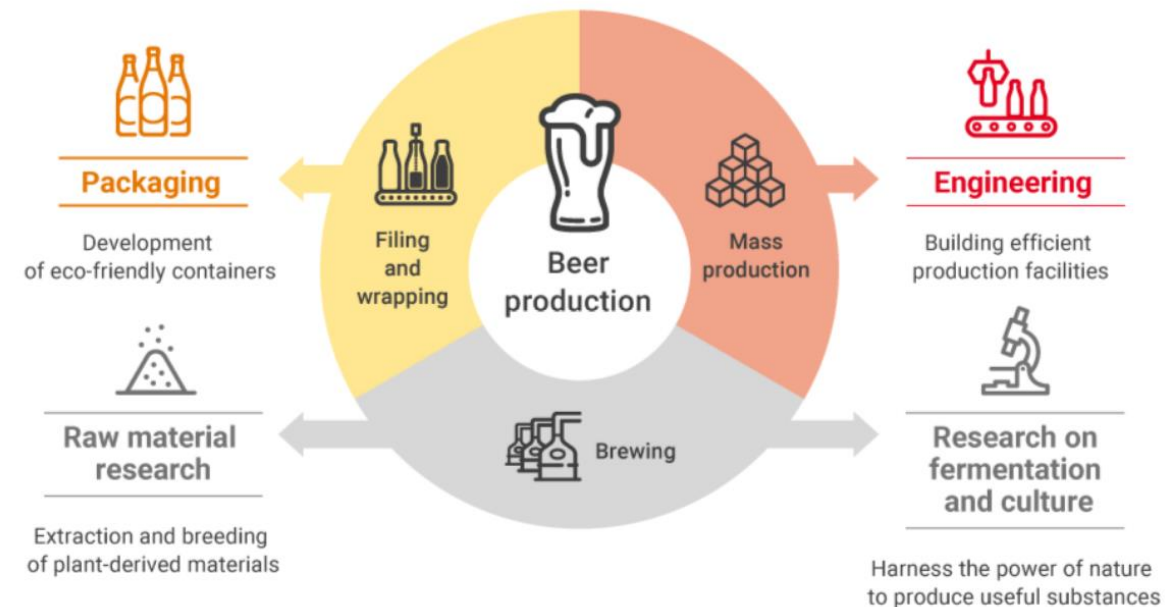
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“Core technology that creates accurate value” & Expansion of Kirin Group's Business Domain

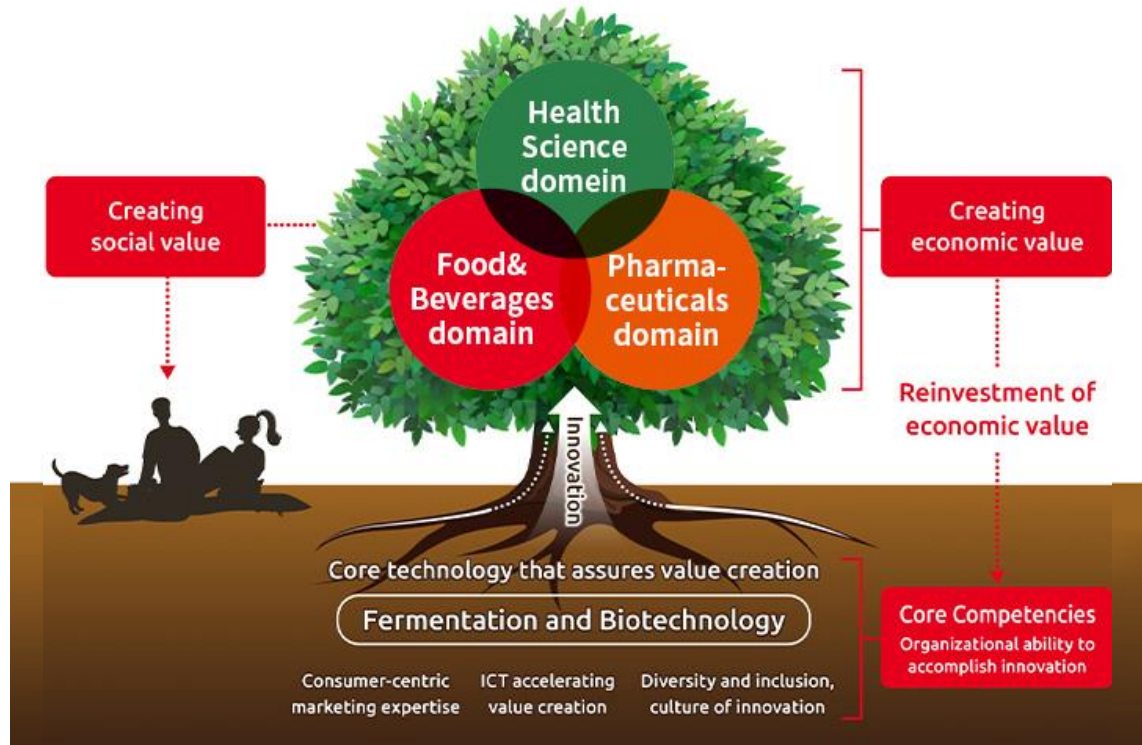


➤ Kirin's technological expertise originates in beer brewing.
Expanding Business Domain by Utilizing **“Fermentation and Biotechnology”**

In the course of mastering beer brewing, research on raw materials, fermentation, and cultivation is progressing.



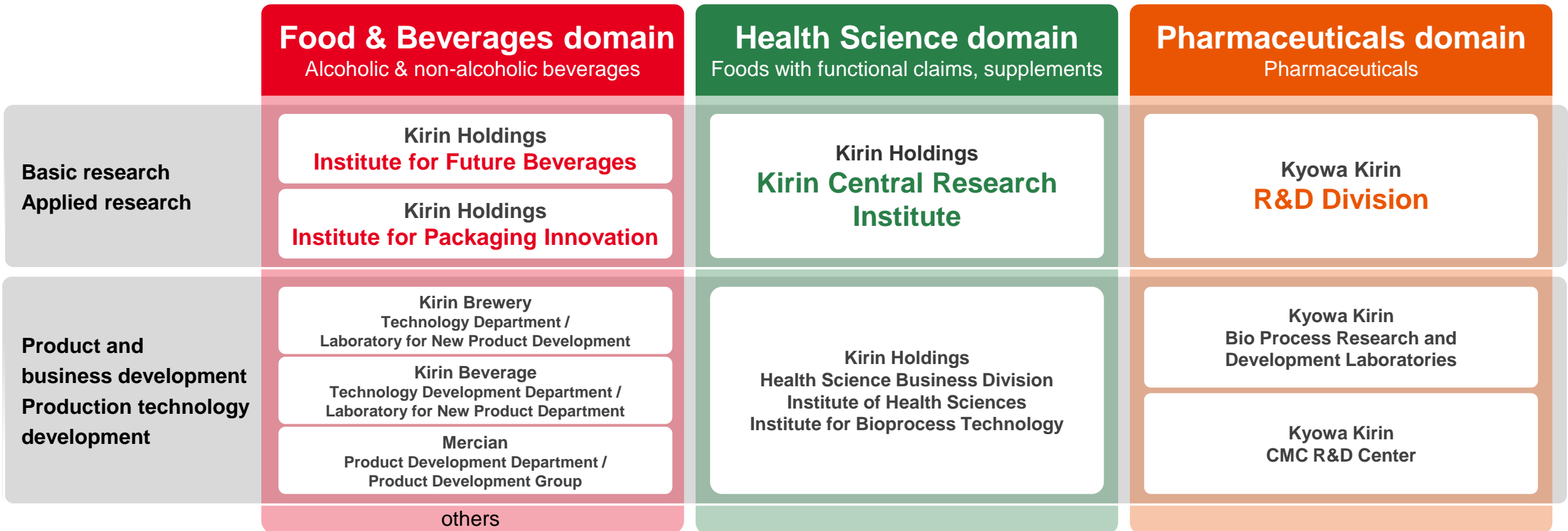
Fermentation and biotechnology are the core competencies linking the domains



R&D system of Kirin Holdings



➤ In the Food & Beverages and Health Science domains, basic research and applied research for commercialization are being performed at the Kirin Holdings' Kirin Central Research Institute, Institute for Future Beverages, and Institute for Packaging Innovation. On the other hand, at each operating company's or division's research institute, R&D directly connected to business, such as product development that makes use of the technologies born there, are being performed. Additionally, in the Pharmaceuticals domain, most R&D activities are handled by Kyowa Kirin, who is promoting collaborative efforts with Kirin Holding's Kirin Central Research Institute in an effort to provide value that is not limited to pharmaceuticals.



External awards received in recognition of the success of LC-Plasma



- At the FY2023 National Commendation for Invention (hosted by the Japan Institute of Invention and Innovation), Kirin Holdings Company, Limited and Koiwai Dairy Products Co., Ltd. received the Imperial Invention Prize for our invention of food compositions for immunostimulation containing lactic acid bacteria (Japanese patent number 6598824), which was awarded to our employees, the inventors for their efforts in the discovery and commercialization of LC-Plasma. This is the first time this prize has been given to a health food ingredient and the first time in 59 years to a food company. Our representatives of enterprises also received the Distinguished Service Prize for Employment of Invention.



The National Commendation for Invention is hosted by the Japan Institute of Invention and Innovation (JIll) and is held annually to honor inventions that have made significant achievements and those that are expected to make significant contributions in the future. In particular, the Imperial Invention Prize is given to inventions that have made significant contributions to the promotion of science and technology and the development of Japan's industrial economy. This Prize is also the symbolic award of the National Commendation for Invention, which is given with a gift from the Imperial Household, and is presented to the person whose invention is recognized as the most outstanding. Additionally, at the 11th Technology Management & Innovation Awards (hosted by the Japan Techno-Economics Society), which recognize outstanding innovations that will change the world, we received the Minister of Education, Culture, Sports, Science and Technology Award for our discovery, research, and commercialization of LC-Plasma.



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Consumer-centric marketing

In the past few years, we have promoted "consumer-centric marketing" in our operating companies and have achieved a certain level of progress.

KIRIN

Investor Day 2021

Kirin Brewery
Consumer Centric Marketing Expertise Reform

March 3, 2021 Kirin Holdings Company, Limited

Strengthening marketing organization (1) System

- Introducing a brand manager system
- Strengthening PDCA for brands (monthly/annually)
- Developing/introducing brand ROI system

Establishing a framework enabling better corporate management

Strengthening marketing organization (2) Human resources

Define required human resources for marketing from the perspective of competency and expertise, and put it into practice as a part of the management process of human resources development

- For KIRIN's marketing, all leaders are working on competency-based human resources development (sharing across the Group)

Enhancing competency and expertise

Competency (pattern of behavior) + Marketing expertise

Thorough understanding of consumers

We are committed to deeply understanding each consumer, training ourselves to do so, and repeatedly trying until we capture what consumers really want and cater to their needs.

Consumers

Deep understanding of each consumer (N=1)

Revisiting product development process

In order to meet consumers' expectations = to increase the likelihood of success, we set a gate in the product development process to ensure uncompromising preparation for commercialization as well as rigorous screening procedure.

Gate system for product development

Preliminary stage → Product development Gate → Next stage

GO: Met criteria, move to the next stage

GO with conditions: Did not sufficiently meet criteria; move to the next stage on condition that certain issues are to be resolved

STOP: Failed to meet criteria; redo the development

As a result, in 2017, 35% of product development projects were stopped

Typical slide used for obtaining an internal approval

Discussion focused on what is different from competitors

Shift the focus of discussion to what consumers want

Empty spot!

Human resources for marketing required by KIRIN

Hit makers, Good at advertising, Creative types, etc.

Marketers capable of running a brand business (corporate management)

Customer journey (4 moments)

Formulate an action plan for brand development based on the customer journey as illustrated below. Doing so will allow us to integrate various marketing elements in a consumer-centered manner, secure consistency in strategies, and implement them.

1. Contact with info, before store visit: I watched a TV commercial. My friend told me it tastes good. But I forgot about that.

2. In-store purchase: When I saw its display in a supermarket, I remembered it. I bought the product because it was discounted.

3. Drinking experience: I drank it, and it tasted better than expected. I took a photo of the product with dinner for Instagram.

4. Behavior after experience: I got interested in its reputation, so I did a Google search. Since the product has a good reputation, I think I'll buy it again.

Initiatives/activities for brand development at each of the above moments

To be an organization that develops brands

Through such activities, while obtaining deeper understanding of consumers and brands, the organizational climate to develop brands has been strengthened, certainly

All employees work on brand development

Product development, Customer Service, Factory, Sales, Logistics, Production

Opportunities to strengthen marketing capability in the Group

The whole Group's consumer-centric marketing capability is still part way and has opportunities for further improvement.



Elevate the **"ability to understand consumers"**, which is the foundation of CSV management, to an even higher level throughout the Group



Create **marketing capabilities** to be adapted in new business areas



Develop and utilize human capital from a Group's perspective with a view on the future (↔ individual optimization by operating companies)



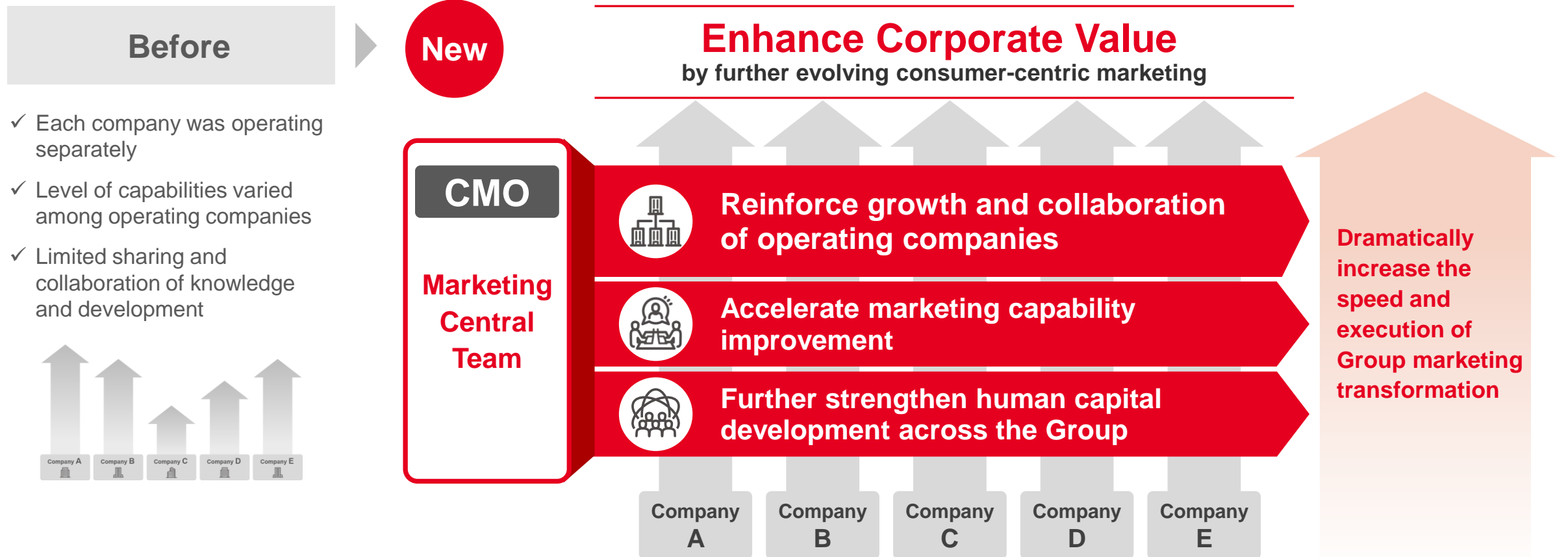
Support individual businesses in resolving their issues and **generate collaboration across companies**



About the group marketing cross-function through a central team

Strengthen the support for growth through the central team's cross-functions in addition to marketing activities by each operating company

⇒ Enhance corporate value by increasing the speed and execution of the transformation

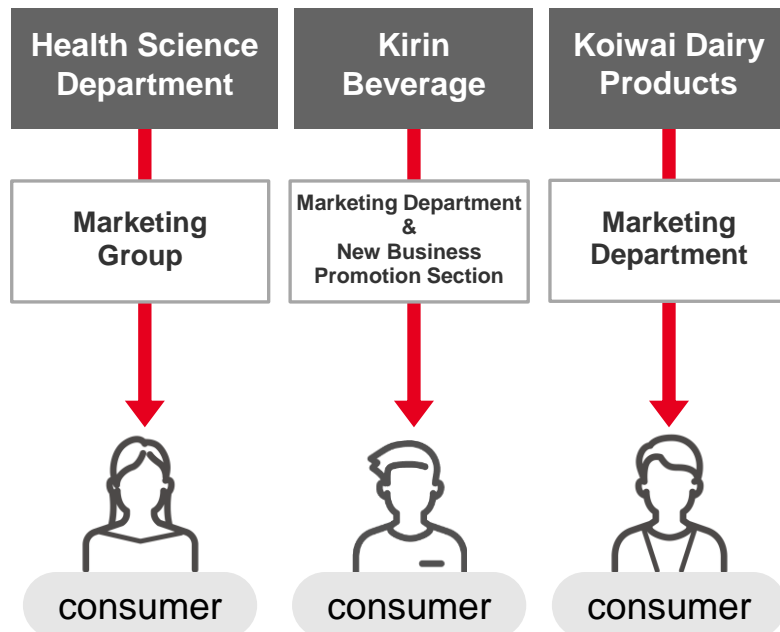


The central team is responsible for consistency in the marketing strategy by directly supporting the cross-functions

⇒ **Group initiatives will be integrated to create synergies for consumer-based value creation**

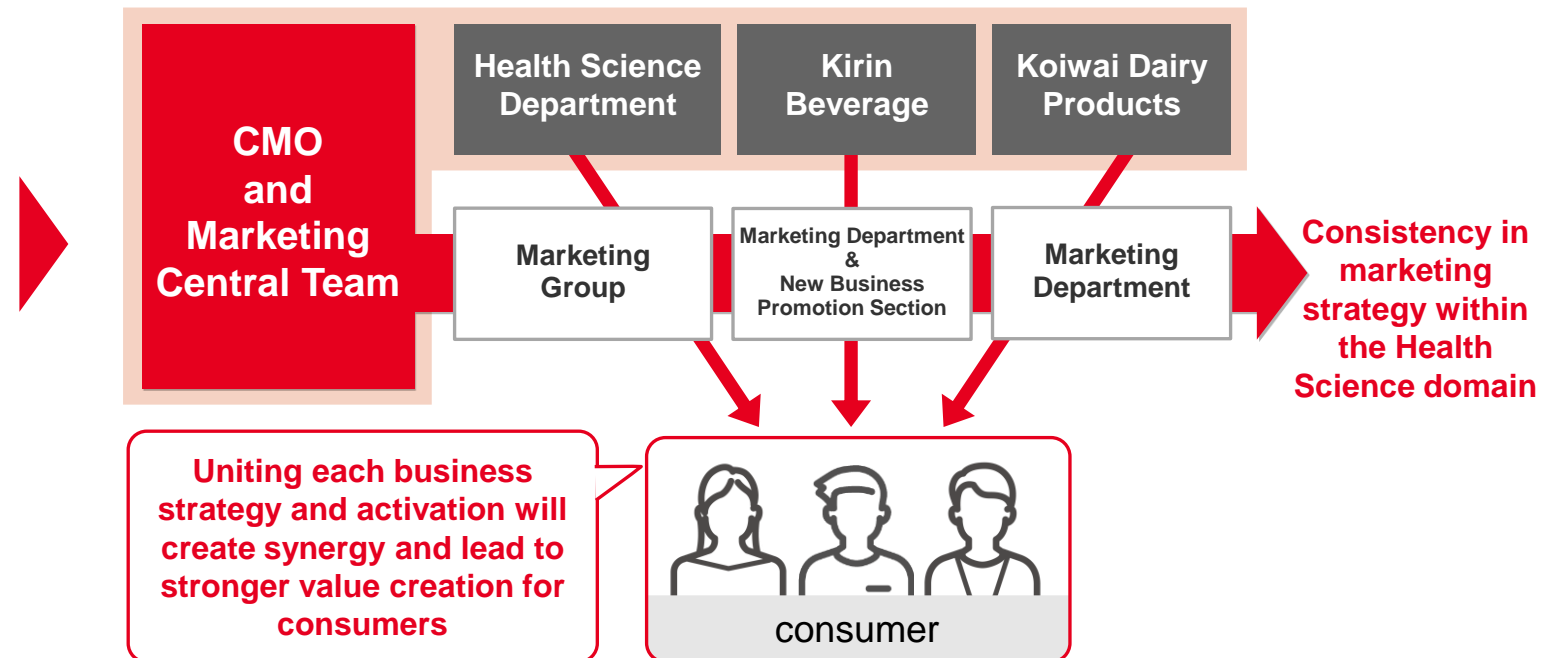
FROM

Individual optimization
in each business



TO

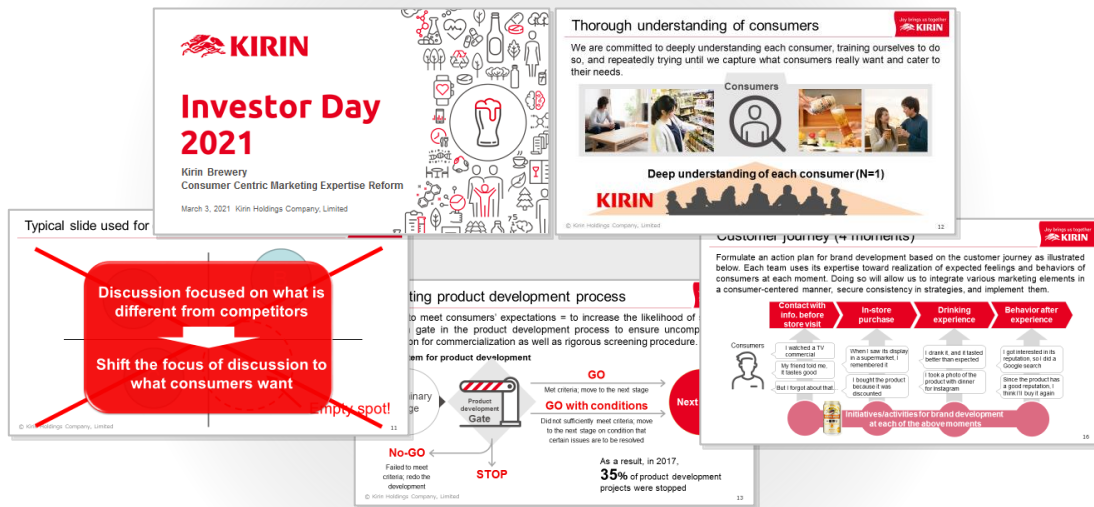
The Group unites to create value from the
consumer's point of view



Raise the level of consumer understanding throughout the Group, develop and introduce new mechanisms, and increase **consumer understanding** to the point where it becomes a compelling strength of the Group.

1




Increase in consumer understanding within the Group



Source: Investor Day "Consumer Centric Marketing Expertise Reform" presentation, March 2021

2

Further deepening of consumer understanding by developing and introducing new mechanisms

<p>Development</p>	<p>Develop new mechanisms and themes with operating companies.</p>	
<p>Introduction and Penetration</p>	<p>Introduce and penetrate the new mechanism through training programs.</p>	
<p>Embedment</p>	<p>Embed through training.</p>	

Further strengthen human capital development across the group
 What makes it possible to implement a striking human capital utilization and strengthen the human capital base?



It enables **early development of high quality human capital and immediate contribution of mid-career hires** by standardizing the management system and human capital development system across the Group.

KIRIN Consumer-centric marketing expertise

Marketing core competencies based on consumer understanding

Management systems and organizational/human capital development systems which support marketing capabilities

