

## Message from Senior Executive Officer of CSV Strategy

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Becoming a "Global Leader in CSV" Through Growth in Health Science Business and Advanced Non-financial Information Disclosure

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## Achieve results in the immunology domain and continue to aim to fulfill our CSV Purpose

—Please review the CSV management in the 2019-2021 Medium-Term Business Plan (2019 MTBP).

Under "Health and Well-Being", one of pillars of the Kirin Group's "CSV Purpose", it was a historic event that the application for our products contained with "Lactococcus lactis strain Plasma" (LC-Plasma) submitted as Japan's first Food with Function Claims (FFC) for its immune function was accepted (in September 2020). We view this as the result of R&D based on scientific evidence, including the introduction of randomized controlled trials\* used in clinical research.

\* Research testing methods aimed at avoiding evaluation bias and objectively evaluating treatment efficacy



While many experts have mentioned "infectious diseases" as one of the global risks, few concrete countermeasures had been taken, and the risk materialized with COVID-19 pandemic. As global warming continues, the world is expected to be exposed to various infectious disease risks, such as the emergence of unknown pathogens due to melting glaciers and the spread of what were once considered tropical diseases in temperate regions.

Against this backdrop, the Kirin Group believes that it can create new growth opportunities by leveraging LC-Plasma. In joint research with the University of Malaya in Malaysia, the effect of taking LC-Plasma for two months was confirmed to significantly reduce the cumulative number of days of onset of various symptoms of dengue fever. In addition, when 1,000 Vietnamese children in grades 1-3 of elementary school were given a continuous intake of LC-Plasma, those who took LC-Plasma also showed a decrease in fever and other common cold symptoms. LC-Plasma is a highly competitive material on a global scale, and we believe that the fact that we were able to see a path for expanding this material globally was our greatest achievement in the 2019 MTBP.

—What are the key points of the CSV strategy in the 2022-2024 Medium-Term Business Plan (2022 MTBP)?

In formulating the new 2022 MTBP, we have updated the Group Materiality Matrix (GMM) to respond to the changing environment of the times for the Kirin Group. In particular, we recognize that the materiality of "Environment", "Dealing with alcohol-related problems", and "Respect for human rights" has risen further. Based on this, each Group Company will implement business strategies focused on CSV.

In the 2022 MTBP, as in the 2019 MTBP, we will be committed to playing our role as "A Responsible Alcohol Producer" and address the social issues of "Health and Well-Being", "Community Engagement", and "The Environment" as our CSV Purpose.



Of these, the key to "Health and Well-Being" is the expansion of our Health Science business portfolio, and we believe that success in the immunology field in particular is essential. Postbiotic\* LC-Plasma can be thermally processed and do not require refrigeration facilities during transportation and storage, making it an eco-friendly and easy-to-handle substance. This extensibility has been highly evaluated, and we have received inquiries from many companies both in Japan and overseas. We will not only launch the product as a Kirin Group product, but will also focus on external sales and continue our efforts to further spread the diffusion of products containing LC-Plasma.

\*Probiotics" (live bacteria) act in a live state, whereas "killed bacteria" act even when inactivated. Recent studies have shown that it is active even with killed bacteria.



As for our role as "A Responsible Alcohol Producer", the World Health Organization (WHO) this year has raised the target to reduce the "harmful use of alcohol" to 20% from 10% in its Global Alcohol Action Plan (GAAP), and regulations are being tightened. Under these circumstances, the Kirin Group, which has beer as its founding business, will take both "mitigation measures" and "adaptation measures". Under mitigation measures, the company will seek to alleviate alcohol-related problems by expanding its line of low-alcohol and non-alcoholic beverages. Adaptation measures include expanding the non-alcoholic beverage portfolio, enhancing the Pharmaceuticals Businesses, and developing the Health Science business.

Although there is a growing global perception against alcohol, we believe that alcohol can play an important role in building community engagement if consumed appropriately. Social Capital, which is formed by the connections between people, is indispensable for society and individuals, and must be passed on to the next generation. In light of the growing problem of social loneliness and isolation in the COVID-19 disaster, we have redefined community engagement in our CSV Purpose as all the places where people connect with each other, including the local community. We will contribute to the development of community engagement by tackling alcohol risk measures head-on while also taking advantage of the positive value that alcohol can create.

In terms of the environment initiatives, we will leverage the Kirin Group's strength in engineering to halve our own GHG emissions by 2030 compared to 2019 on a medium- to long-term profit/loss neutral\* basis and reduce Scope 3 emissions by 30% over the same target period. Our goal is to achieve 100% renewable electricity use by 2040.

\* Profit/loss neutral: Early implementation of energy conservation measures that are highly effective in reducing costs and procurement of renewable electricity within the scope of profits to be generated.

## Leading the industry with pioneering efforts to disclose non-financial information

— One of the changes in the external environment is the "increasing demand for disclosure of non-financial information". Please tell us how the Kirin Group plans to address this issue in the future.

We believe that we are now amid a major trend where non-financial information, which used to be disclosed voluntarily, is shifting to mandatory disclosure. The Kirin Group has been actively disclosing non-financial information before. In 2022, the Kirin Group received the highest rating among 27 companies selected by asset managers in the "Excellent TCFD (Task Force on Climate-related Financial Disclosure) Disclosure" survey conducted by the Government Pension Investment Fund (GPIF). The Kirin Group hopes to live up to this recognition and lead industry in responding to the new TCFD guidance and the International Sustainability Standards Board (ISSB) standards of the IFRS Foundation. We have also made significant changes to the linkage between non-financial targets and executive compensation, which we have been working on since the 2019 MTBP, to better fit our value creation model so that they are firmly linked to the creation of economic value and to make it easier for investors to monitor the progress of our strategy.

## Become a "Global leader in CSV" by growing Health Science business and building a society in which plastics continue to circulate

—What are your thoughts on how to work toward becoming a global leader in CSV as stated in KV2027?

The Kirin Group is a unique global company that continues to grow in a wide range of business areas from Food & Beverages and Pharmaceuticals to the Health Science domains. The company entered the Pharmaceuticals Businesses in the 1980s, taking advantage of the fermentation and biotechnology capabilities it had honed from its roots in the beer business. We have developed first-in-class drugs such as rickets treatment Crysvida and KHK4083, a promising treatment for atopic dermatitis. Now, we would like to contribute to the health of people around the world in the Health Science domain and achieve sustainable corporate growth by utilizing the fermentation and biotechnology that we have built up in the domains of both Food & Beverages and Pharmaceuticals. We recognize the urgent need to show results in the field of immunology as soon as possible to the many people who have placed their hopes in this strategy.



On the environmental front, we are committed to realizing a "society in which plastics continue to circulate". The Kirin Group is focusing on the commercialization of the chemical recycling of PET bottles in collaboration with Mitsubishi Chemical Corporation. Conventional mechanical recycling has limited raw materials and a limited number of recycling cycles. In contrast, chemical recycling, which achieves decomposition and recycling at the molecular level, can dramatically improve the recycling rate of plastics. Going beyond the development of new technologies, we will also take on the challenge of creating a system for collecting plastic waste, aiming to build a social system for recycling plastic that is still unprecedented in the world.

Going forward, we will continue to embody the Kirin Group's unique approach to creating both social and economic value, thereby becoming a global leader in CSV.