

## Diversity and inclusion, culture for innovation



### Human Capital Strategies Serving to Spur Innovation and Support Sustainable Growth

With the business environments changing, and Human Capital Management gaining prominent attention, our human capital strategies must also shift to a new stage.

Human capital are one of our company's greatest asset, and we will forge a deeper link between our human capital strategies and the management of the group, leading to the emergence of innovation and sustainable growth of corporate value.



Senior Executive Officer (In charge: Personnel and General Affairs)

**Junko Tsuboi**

Junko Tsuboi took the position of General Manager in the Public Relations Section of Kirin Beverage in 2005. From 2010 through 2012, she managed Yokohama Aka Renga as the President. From 2013 she assumed position as General Manager at the Strategic Branding Department of Kirin Corporation and Kirin Holdings. Since 2019 she has been a Senior Executive Officer of Kirin Holdings. In April 2022, she became in charge of personnel and general affairs of the Kirin group. (She has also been an Outside Director of FANCL Corporation (concurring)).

## A new stage for human capital strategies in the age of Human Capital Management

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Our global society as a whole is reaching a major turning point in history and we are seeing business environments changing in unprecedented ways. We are also seeing changes take place when it comes to our living environments as a result of the pandemic, which has been further compounded by the diversification that we are seeing in terms of people's value sets as individuals. This has produced a dramatic transformation in terms of working styles, as well when it comes to labor market environments.

Human Capital Management is a concept which has recently gained prominent attention. Human capital are a company's greatest asset and a company's source of competitiveness.

Kirin Group Vision 2027 (KV 2027) is our Long-Term Management Vision. This vision has the Kirin Group aiming to become a leader on the world stage when it comes to CSV (Creating Shared Value). What we need to do in order to bring that vision to fruition, is to shift our human capital strategies to a new stage. We need to see human capital as a form of capital and forge a deeper link between our human capital strategies and our management of the Group. This is something that we want to tie into the creation of value and sustainable corporate growth.

In the area of human capital, we will go about promoting bold management reforms and make investments into human capital in a manner that is both strategic and sustainable. In terms of our organizations, we will be promoting organizational development in a manner serving to fully harness the power of our human capital. As the foundation upon which these efforts are to be based, we will also be working toward respect for human rights throughout society, including through our collaborations with business partners. We will also be promoting Health Management, which constitutes a responsibility of companies engaged in the Health Science business. These efforts are to be based on the Group's Basic Philosophy on Human Capital Management: Respect for Humanity. Promotion of diversity is the driving force behind all of our strategies in this respect. We will go about accelerating innovation by placing an emphasis on diversity when it comes to people's value sets in addition to the attributes they have. It goes without saying that this includes promoting the active participation of women in the workplace.

To that end, we will strengthen the governance structure for our entire Group by appropriately providing disclosures of information on the progress that we are making based on our set targets and monitoring of conditions. Then, subsequent dialogue with our stakeholders will be undertaken to facilitate the evolution of our strategies.

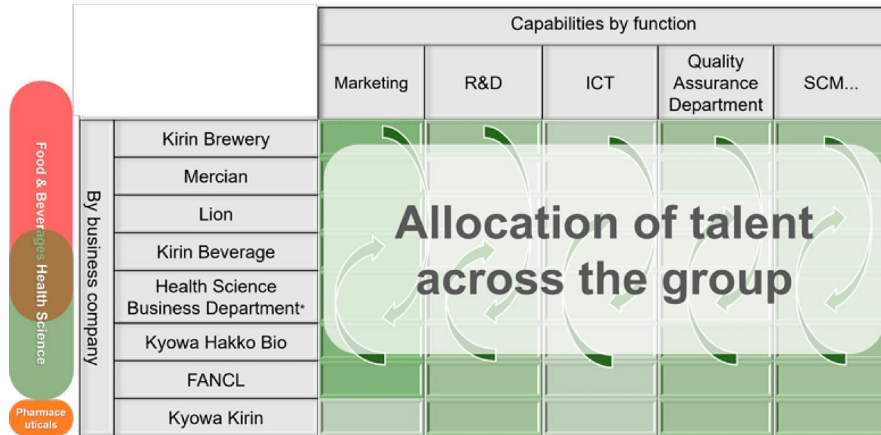
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## Kirin Group Human Capital Strategies: Current State and Issues

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In order to realize KV2027, we will work on our four core competencies as a group (Core-technology that assures value creation, Consumer centric marketing expertise, ICT accelerating value creation, and Diversity and inclusion, culture for innovation) starting with human capital and our organizations. In doing this, we will go about increasing the potential for innovations to emerge. In particular, strengthening our organizational capabilities across the Group to grow our Health Science business constitutes an urgent challenge that we need to tackle. We will accelerate the strengthening of our human capital to bring form to our strategies through the visualization of human capital capabilities, the acquisition of external human capital armed with expertise, and the allocation of human capital based on a perspective which takes us from focusing on the Food & Beverages domain, to one which has us straddling the Food & Beverages domain, the Health Science domain and Pharmaceuticals domain, and their respective value chains.

Conceptual Visualization of Capability Statuses by Domain, Business and Function



\*Refers to the Health Science Business Health Division & Department at Kirin Holdings Company, Limited

Moreover, it is essential for us to strengthen one of our core competencies “Diversity and inclusion, culture for innovation” in order to respond to the changes being seen in terms of the living environments and value sets of consumers and subsequently continue creating social and economic value through innovation. By creating an organizational culture which serves to maximize the potential of each individual armed with diverse arrays of experience and values and which enables them to take on challenges, we will go about generating innovation that transcends business domains and leads to the achievement of CSV management.



Individual Issues Related to Human Capital and Organizations, and Specific Initiatives Serving to Address Those Issues (Items shown in bold are set as non-financial KPIs)

	Issues in terms of human capital strategies	What is being aimed for/ Target figures	Current status	Current status
Issues faced with respect to human capital	<p><b>[ Issue 1 ]</b></p> <p>Strengthening human capital allocation and specialized organization capabilities to realize our strategies</p> <ul style="list-style-type: none"> <li>● Securing of human capital in the Health Science domain</li> <li>● Securing the human capital required to implement strategies for individual functions</li> </ul>	<ul style="list-style-type: none"> <li>● Sufficient numbers in terms of the human capital we need</li> <li>● Sufficient human capital allocated where they are required in terms of strategies for individual functions (Marketing, R&amp;D, Digital/ICT, SCM, Quality Assurance)</li> </ul>	<ul style="list-style-type: none"> <li>● Lacking organizational capacities and human capital requirements are in the process of being identified</li> <li>● Lacking organizational capacities and human capital have been identified but requirements have not yet been satisfied</li> </ul>	<ul style="list-style-type: none"> <li>● Visualization of areas where human capital requirements are not being sufficiently met for each domain and function</li> <li>● Human capital development based on functions (establishment of a marketing human capital development system, integration of Foundation Research into Shonan iPark, and DX Dojo, a basics course for digital and ICT human capital development)</li> <li>● Leveraging of various career recruitment methods</li> <li>● Cross-group human capital allocation (transfer and assignment of human capital for marketing, SCM, digital, and ICT straddling companies in the Food &amp; Beverages domain and the Health Science business, and so on)</li> </ul>
	<p><b>[ Issue 2 ]</b></p> <p>Implementation of a sustainable succession plans for human capital in charge of management</p>	<ul style="list-style-type: none"> <li>● Human capital management functioning in a manner serving to ensure that there are sufficient capital found within pipelines for key positions of individual businesses/functions</li> </ul>	<ul style="list-style-type: none"> <li>● Start work on the management of human capital to resolve key position pipeline issues</li> </ul>	<ul style="list-style-type: none"> <li>● Human Capital Development Forum</li> <li>● Executive coaching provided by professional coaches and human capital management (selection, provision of opportunities, and evaluation) serving to develop managerial human capital in a manner which involves the leveraging of external assessments</li> <li>● Presidential study sessions (Held 3 times: 2018, 2019 and 2021)</li> </ul>
Issues faced with respect to organizational culture	<p><b>[ Issue 3 ]</b></p> <p>Creating an environment where human capital with a diverse array of values can participate actively</p>	<ul style="list-style-type: none"> <li>● <b>Ratio of female managers in Japan(*1): 30% (2030), 15% (2024)</b></li> <li>● <b>Ratio of career hires in Japan(*1): 30% or more (2024)</b></li> </ul>	<ul style="list-style-type: none"> <li>● Ratio of female managers in Japan(*1): ) 10.24% (as of April 2022)</li> <li>● Ratio of career hires in Japan(*1) 26.8% (2021)</li> </ul>	<ul style="list-style-type: none"> <li>● Eliminating barriers to the active participation of working mothers (burden involved in balancing work with home life/working styles/unconscious bias, etc.)</li> <li>● Training for female leaders (Kirin Women's College)</li> <li>● Support for the establishment and active participation of persons with disabilities</li> <li>● Acquisition of diverse arrays of knowledge and experience through external personnel exchanges, as well as by allowing employees to work second jobs elsewhere and have talent from elsewhere take second jobs with the Group</li> <li>● Expansion of direct sourcing (improvement of recruitment accuracy through increased dialogue with people in the recruitment market)</li> <li>● Strengthening the frameworks in place for the onboarding of new hires</li> </ul>
	<p><b>[ Issue 4 ]</b></p> <p>Providing opportunities for employees who are making an effort to continue growing and developing</p>	<ul style="list-style-type: none"> <li>● Have lots of people who are motivated to grow based on autonomous career development</li> <li>● Disclosure of elements such as amounts invested into human capital development</li> </ul>	<ul style="list-style-type: none"> <li>● A mixture of autonomous and non-autonomous human capital</li> </ul>	<ul style="list-style-type: none"> <li>● Increase of opportunities for employees to indicate their willingness to participate in related efforts In-house recruitment, business challenges (new business recruitment), selective training, executive dialogue meetings, career support capability improvement seminars for career design seminar leaders, challenge support (support for costs involved in learning for the purpose of independent self-growth), greater allowance of second jobs</li> </ul>
	<p><b>[ Issue 5 ]</b></p> <p>Creating a safe, secure, and rewarding work environment that is characterized by vibrancy</p>	<ul style="list-style-type: none"> <li>● <b>LTIR(Lost Time Injury Rate) : 0.95 (2024) *Japan: 0.40</b></li> <li>● <b>Employee engagement score: 75 (2024)</b></li> </ul>	<ul style="list-style-type: none"> <li>● LTIR(Lost Time Injury Rate): 1.42(2021) *Japan: 0.55</li> <li>● Employee engagement score: 72(2021)</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of a framework to promote health management (including occupational health and safety) and establishment of the Kirin Group Health Management Promotion Committee</li> <li>● Work satisfaction reforms (reviews of work, independent selection of places to work, improvement of IT tools, various flexible work systems, new working styles and communication practices aimed at individual and organizational growth)</li> </ul>

\*1:Subject of data aggregation: Kirin Holdings Company, Limited

## The Kirin Group's Unique Approach to Human Capital Strategies

At the Kirin Group, we believe that our management strategies define the direction we take in terms of our human capital strategies. At the same time, we also believe that our human capital capabilities constitute an important element when it comes to the formulation of management strategies and serve to expand the potential of our management strategies.

Against the backdrop of an increasingly challenging business environment, we will go about developing human capital that are characterized by diversity and expertise while at the same time having said talent accumulate a diverse array of business experience through our unique business portfolio (which spans from the Food & Beverages domain to the Health Science domain and Pharmaceuticals domain) and help them improve their expertise when it comes to marketing, R&D, and ICT. Furthermore, we will go about creating an environment which fosters an organizational culture that embraces diversity and supports the nurturing of people who are motivated to grow. Efforts to that end will include hiring external human resources and people with disabilities and promoting the active participation of women in the workplace. By doing this, we will increase the motivation of each individual when it comes to taking on challenges and subsequently increase opportunities to spur innovation.

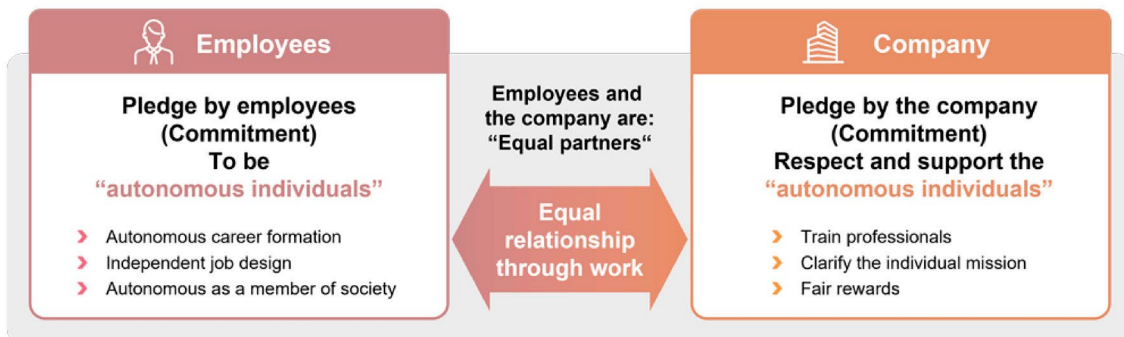


This is how the emergence of innovation through the combination of diverse human capital and the development of human capital in the context of a diverse business portfolio, is something which can be described as a human capital strategy that is unique to the Kirin Group.

At the foundation of our human capital strategy is our Basic Philosophy on Human Capital Management, which defines the relationship between the company and employees as an "equal partnership through work." Given the unlimited potential involved, our universal approach is to respect the efforts and individuality of each and every employee who is determined to continue growing and developing. We require our employees to be autonomous individuals when it comes to their career development and job satisfaction. And as a company, we are committed to respecting and supporting autonomous individuals.

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

Respect the efforts and individuality (humanity) of each and every employee who continues to achieve personal growth and development based on **unlimited potential**, and actively create a place where employees can make the most of their abilities



## The Kirin Group's Commitment to Human Rights

Human rights issues are garnering attention in Japan and overseas. That includes human rights issues found within supply chains and issues surrounding the human rights of the socially vulnerable in the wake of the pandemic. Our society is urging companies more than ever to address these issues. Our Group aims to be a global leader in CSV. That is why we will go about making our human rights initiatives more advanced in order to both increase the confidence our internal and external stakeholders have in us and provide them with reassurance when it comes to various human rights issues relating to our business activities in Japan and overseas.

Kirin Group Human Rights Policy calls for respecting human rights in each process of the value chain, the prohibition of all forms of discrimination, the prohibition of harassment, the provision of safe working environments, ensuring that at least minimum wage is provided, the implementation of responsible working practices (including proper management of working hours), freedom of association, respecting of the right to collective bargaining, and the implementation of due diligence in relation to human rights. We will deepen our understanding of various human rights issues related to the overall activities of each country and business, and work together with our business partners to that end.

