

Interview with Chairperson of the Board

Enhancing Capital Efficiency and Increasing the Visibility of Transformation to Drive New Value Creation



Hiroyuki Yanagi

Non-Executive Director,
Chairperson of the Board
Kirin Holdings Company, Limited

Kirin Holdings is advancing initiatives to enhance the effectiveness of its Board of Directors in order to further increase corporate value.

We interviewed Mr. Hiroyuki Yanagi, Chairperson of the Board and a Non-Executive Director, about the Company's management reforms and discussions regarding "Innovate2035!"

Strengths supporting Kirin's capacity for transformation

—Since your appointment as a Non-Executive Director in March 2019, how do you view the Company's management reforms and the role of the Board of Directors?

Since 2019, there have been several events that required major management decisions. One was the deviation of Standard Operating Procedures at Kyowa Hakko Bio that occurred between 2019 and 2020, which ultimately led to a fundamental structural reform of the company. Another was the withdrawal from Myanmar. Following the coup in 2021, this became an example of Kirin Holdings' ability to make swift decisions. In addition, there were developments such as the acquisition of Blackmores and the move to make FANCL a wholly owned subsidiary.

In this way, as strategic initiatives and issue-resolution efforts progressed in parallel, internal management reforms also advanced significantly. In particular, the strengthening of business integration by function across the organization has been notable. In the past, I felt that this was an area where Kirin Holdings was relatively weak. However, for an organization to function effectively, both vertical and horizontal connections must be firmly established and well balanced. As a Non-Executive Director, I offered comments and advice on this point on several occasions, and today, it has been

significantly strengthened across a wide range of areas, including marketing, R&D, quality assurance, production, and people and culture. Another notable aspect of this process was the strong commitment to learning from outside the Company. My impression of Kirin Holdings' employees is that many are highly open and receptive. They demonstrate a strong willingness to study practices from other companies, and at exchange meetings with Yamaha Motor, where I previously served as Chairman, participants joined from a broad range of departments.

In addition, the Company's decision-making in acquisitions and divestitures has been outstanding. Efforts to enhance the quality of acquisition decisions and the precision of PMI have evolved significantly in recent years, and valuable knowledge has been steadily accumulated through reviews at the Board of Directors. In particular, in acquisition processes, a well-defined grand design is established from the outset, followed by rigorous and objective discussions. Moreover, there is a strong commitment to approaching acquisitions as a unified company-wide effort. I was especially struck by this during the final Board resolution on the FANCL acquisition. On the day of the decision, members of the executive team each asked to speak briefly and shared their individual commitments regarding the acquisition. It was a moment that clearly reflected the Company's unified, company-wide commitment to such initiatives. In many other companies, such efforts do not always become fully integrated, company-wide initiatives. In contrast, Kirin Holdings consistently demonstrates all three elements—grand design, objectivity, and a unified company-wide effort. These strengths serve as a key driving force behind the Company's portfolio transformation.

Discussions at the Board of Directors have also deepened in reviewing the business portfolio that has been built.

What is most critical, however, is the approach to growth strategy. During the period of KV2027, the Company carried out the acquisitions of Blackmores and FANCL, and it is fair to say

that these have brought the business portfolio closer to its ideal form—an achievement of considerable significance. Building on this foundation, under "Innovate2035!," the Company has moved into the next phase of creating new value. Kirin Holdings is pursuing a highly distinctive management strategy spanning Alcoholic Beverages, Non-alcoholic Beverages through to Health Science and Pharmaceuticals. The strength of the current management team lies in its unwavering commitment to this strategic direction and its determination to see it through.

Board operations to enhance effectiveness

—You were appointed Chairperson of the Board in 2024. What are the key points you focus on in terms of board operations?

To enhance the effectiveness of the Board of Directors, I focus on four key aspects in managing its proceedings. First, I aim to ensure that the Board serves as a forum for high-level, strategic discussion. To that end, I ask that detailed questions be addressed in advance. Second, it is important for all members to engage in and share discussions on solving key issues. Since the Board brings together both internal and external members of Kirin Holdings, I expect the executive team to present well-focused materials—with clearly defined issues for discussion. Third, I emphasize the importance of making decisive decisions. The role of outside directors is not to act as a brake. Rather, our mission is to confirm the resolve of the executive team and support their decisions. Fourth, I would like discussions to be grounded in what I call the **Four Realities**. These are the actual place, the actual thing, the actual situation, and direct interaction with people. By focusing on these four perspectives, I aim to foster discussions that are firmly rooted in reality.

Discussions at the Board of Directors on the Long-Term Vision "Innovate2035!"

—What kind of discussions took place at the Board of Directors in formulating the Long-Term Vision "Innovate2035!"?

With regard to "Innovate2035!," discussions between the executive team and the Board were conducted over a period of more than one year. I will explain the process at the Board by dividing it into seven stages. Stages one through six represent the process of discussion, while stage seven covers the ongoing issues that continue to be addressed.

Stage one was the "introduction." From the outset, Representative Director of the Board, President & COO Minakata (hereafter, the COO) made a very clear statement of intent. It left a strong impression on me. He set out to validate Kirin's portfolio management, particularly its decision to establish the Health Science domain. He also outlined a vision to develop both people and technology in order to build an innovative organizational capability that can surpass global competitors, and shared this vision among us.

In stage two, we worked on defining several key concepts. First, we established the KIRIN WAY, consisting of 3 Values and 6 Principles. Through repeated discussions to clarify our values and behavioral guidelines, the Principles in particular were gradually refined into their current form. Second, we engaged in a deeper exploration of what it means to "vitalize the world." What does it truly mean to vitalize people? We aligned on the idea that it encompasses both mental and physical well-being, as well as connections among people and with society—elements that generate vitality and enable people to fully enjoy their lives.

In stage three, we confirmed at the Board that, since employees are the foundation of all management policies, it is essential to consider how to inspire and engage each individual.

In stage four, we discussed innovation. We defined innovation not as simply increasing the number of consumers, but as changing consumer behavior. I believe there was a strong sense of alignment within the Board regarding this definition. We agreed that this would be achieved through consumer-centric marketing and R&D that inspires excitement. To do so, it is essential to advance research and development that delivers clear differentiation and uniqueness capable of outperforming global competitors. While we will also pursue innovation in areas such as production, quality, and corporate functions, we believe that marketing and R&D—being the functions

that directly create consumer value—should take the lead in driving innovation. Accordingly, we agreed to advance these two key initiatives.

In stage five, we discussed the "perspectives" of various stakeholders. From an employee perspective, we established a policy that emphasizes the importance of continuous, incremental improvements in daily work to drive behavioral change among each individual. From the perspectives of investors and society, we set a goal for "Innovate2035!" to enhance the visibility of value creation, building on the progress made under KV2027, which improved the visibility of the Company's organizational structure.

The final stage, stage six, was as strongly memorable as stage one. Representative Director of the Board & CEO Isozaki (hereafter, the CEO) and COO Minakata expressed a clear commitment to "making the KIRIN WAY something embraced by all." Although I have not observed Kirin Holdings over a very long period, it is possible that in the past, certain policies were set but did not sustain momentum or lost traction over time. This time, however, both management and employees have firmly committed to sharing a common purpose, supporting the KIRIN WAY as one organization, and striving to achieve their goals by increasing the number of employees with animal spirits. Kirin Group already has a high level of employee engagement, but there remains room for growth in gaining experience in overcoming constraints to achieve outcomes. By accumulating such experiences, the Company aims to foster more talent with, in a sense, instinctive bold ambition and rich sensitivity, driving further growth. Through this, Kirin will generate even

more innovative ideas and products than before, thereby further enhancing the visibility of value creation.

Stage seven represents the ongoing challenge of how the Board will monitor and assess progress on these initiatives. We intend to closely track the autonomous growth of operating companies, the creation of innovation driven by marketing and R&D, and the execution of human capital strategy.

Could you share a message for our shareholders and investors?

—At the Board of Directors, we aim to focus our discussions on enhancing corporate value. To that end, it is essential to improve capital efficiency and increase the visibility of corporate transformation.

While Kirin continues to demonstrate its traditional strengths—its unwavering commitment to craftsmanship and its strong execution capabilities at gemba—we are also seeing clear progress in strengthening functional integration, an area that was previously considered a weakness.

Looking ahead, it will be critical to ensure that a clear path to success through innovation is shared across the organization and that appropriate investments are made in line with this path. As various concrete initiatives begin to take shape, we will strive to ensure that our efforts are recognized and evaluated by shareholders and investors

Discussions at the Board of Directors on "Innovate2035!" — 7 Stages

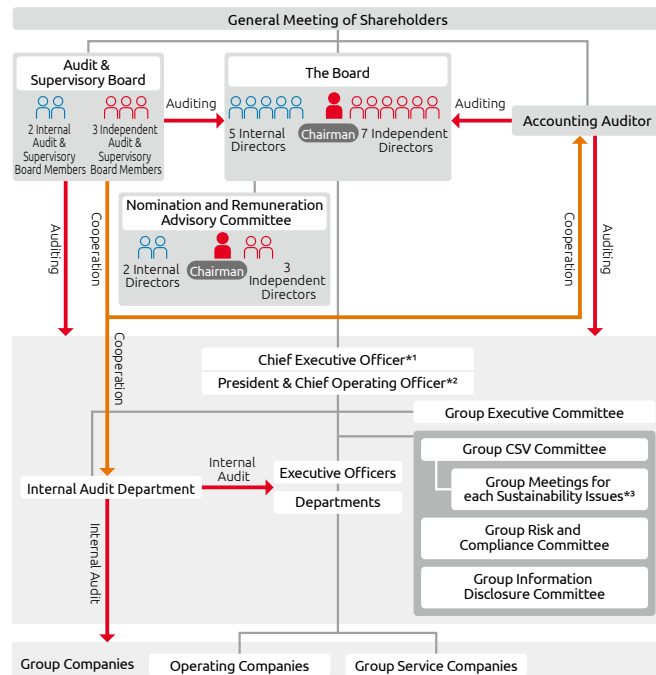
Stage 1	Statement of intent by COO Minakata
Stage 2	Definition of the 2035 Vision and KIRIN WAY
Stage 3	The importance of inspiring each individual employee
Stage 4	Definition of innovation
Stage 5	Enhancing the visibility of value creation from stakeholder perspectives
Stage 6	Statement of intent by CEO Isozaki and COO Minakata
Stage 7	How the Board of Directors will monitor progress going forward



Governance Overview

— Corporate Governance Structure

Kirin Holdings adopts a Company with Audit and Supervisory Board system as its institutional design under the Companies Act of Japan, and the Board is composed of a well-balanced mix of the Board and Audit & Supervisory Board Members with diverse knowledge, experience, skills, and insights. Through close coordination between the Board, in which Non-executive Directors constitute a majority, and the Audit & Supervisory Board, in which Independent Audit & Supervisory Board Members constitute a majority, we ensure a highly effective monitoring function under a highly transparent governance system, and facilitate high-quality decision-making on the execution of important operational and legal matters. In addition, the nomination and remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members are determined through deliberations by the Nomination and Remuneration Advisory Committee, whose majority are Non-executive Directors, to ensure objectivity and transparency.



*1 Chief Executive Officer (CEO): The Executive Officer responsible for overseeing the overall management of the Group.
 *2 Chief Operating Officer (COO): The Executive Officer responsible for overseeing the business operations of the Group.
 *3 Group Environmental Meeting, Group Business and Human Rights Meeting, Group Health and Safety Meeting, etc.

— The Board, Audit & Supervisory Board, and Nomination and Remuneration Advisory Committee

Body	Purpose	Composition	Number of meetings (FY2025)
The Board	Aims to ensure the Group's sustainable growth and the improvement of corporate value over the medium to long term in order to promote the interests of the Group and the common interests of its shareholders in keeping with the Group's fiduciary responsibility and accountability vis-a-vis its shareholders	Chairperson: Non-Executive Director Members: 12 Directors of the Board and 5 Audit & Supervisory Board Members (including 7 Non-executive Directors and 3 Independent Audit & Supervisory Board Members)	15 meetings (one was conducted by written resolution)
Audit & Supervisory Board	In keeping with its fiduciary responsibility toward shareholders, ensures the soundness of management with an eye to the Group's sustainable growth and the improvement of corporate value over the medium to long term, and acts to ensure the common interests of the shareholders	Members: 5 Audit & Supervisory Board Members (including 3 Independent Audit & Supervisory Board Members)	15 meetings
Nomination and Remuneration Advisory Committee	As an advisory body to the Board, discusses the policy for the appointment/dismissal of Directors of the Board, Executive Officers and Audit & Supervisory Board Members, plans for the succession of the Chief Executive Officer (CEO) and Chief Operating Officer (COO), and remuneration, etc. from an objective and fair perspective, and reports to the Board	Chairperson: Non-executive Director Members: 5 Directors of the Board (including 3 Non-executive Directors)	12 meetings

— Relationship between the Board and the Nomination and Remuneration Advisory Committee

Nomination: Under this framework, members of the Nomination and Remuneration Advisory Committee (limited to the three Non-executive Directors) engage in strategic dialogue with executive management, including the Chairman & CEO and the President & COO. Based on both quantitative evaluations, such as financial performance, and qualitative evaluations, they evaluate the progress of management strategies, as well as the capabilities and performance of top management. In addition, with regard to successor candidates, the Nomination and Remuneration Advisory Committee reviews the development and selection process on an annual basis and deliberates based on past performance criteria and external evaluations by third parties. The evaluation results of the Representative Director of the Board & CEO and the Representative Director of the Board, President & COO, as well as the development and selection process for successor candidates, are reported from the Nomination and Remuneration Advisory Committee to the Board, thereby ensuring objectivity and transparency in the appointment and dismissal of executive management.

Remuneration: Based on a delegation from the Board, the Nomination and Remuneration Advisory Committee determines on bonuses for the Company's Directors of the Board (excluding Non-executive Directors) and Executive Officers, including evaluation indicators and targets for individual performance evaluations, evaluation results based on the degree of achievement, and individual pay rates related to individual performance evaluations.

Column

Introduction of "AI Executive (CoreMate)" to the Group Executive Committee

In 2025, Kirin Holdings introduced its proprietary AI Executive "CoreMate," a system that embeds AI at the core of management. Incorporating the knowledge of Non-executive and other Directors of the Board, past discussions, Group management information, and external information, the AI Executive presents key issues during meetings, thereby enhancing the quality and transparency of decision-making by integrating diverse perspectives and expertise. Starting with its use in the Group Executive Committee, an advisory body to the President, we are expanding its deployment to the management meetings at operating companies, thereby improving the effectiveness of Group governance. Driven by the President's leadership in AI utilization and supported by a corporate culture that encourages the management team to take on challenges, the meeting secretariat and the Digital ICT Strategy Department led the development, implementing it in an agile manner within a short timeframe of approximately two months. Going forward, through co-creation between people and AI, we will further accelerate the evolution of management and corporate transformation, aiming to achieve sustainable growth and increase corporate value.



Management

— Directors of the Board and Audit & Supervisory Board Members








	Internal Director*1					Independent Non-executive Director of the Board*1							Audit & Supervisory Board Member*2		Independent Audit & Supervisory Board Member*2		
	Yoshinori Isozaki	Takeshi Minakata	Junko Tsuboi	Toru Yoshimura	Shinjiro Akieda	Hiroyuki Yanagi	Noriko Shiono	Shinya Katanozaka	Yoshiko Ando	Shingo Konomoto	Naoko Mikami	Kenichi Fujinawa	Toru Ishikura	Hajime Kobayashi	Kaoru Kashima	Yoko Dochi	Tim Lester
Position	Representative Director of the Board & CEO	Representative Director of the Board, President & COO	Director of the Board, Senior Executive Vice President	Director of the Board, Senior Executive Officer	Director of the Board, Senior Executive Officer	Chairperson of the Board (Non-executive Director of the Board)	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member
Gender	Male	Male	Female	Male	Male	Male	Female	Male	Female	Male	Female	Male	Male	Male	Female	Female	Male
Nationality	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Australia
Nomination and Remuneration Advisory Committee	Member	Member					Chairperson	Member	Member								
Expertise and Experience																	
Management / Governance	Corporate Management	◎	◎	○	◎	○	●	●	●	●							
	Sustainability	◎	○	○	○	◎			●							●	●
	Global	○	○		◎	○		●	●			●		●		●	●
	Finance / IR	◎	○		○	◎				●				●		●	●
	Legal / Risk Management	○		◎		○			●			●		●		●	●
Source of Innovation	R&D		◎		○	●					●		●				
	Marketing	○		◎	○		●										
	Human Resources / Organization	○	◎	◎	○			●	●		●	●			●		
	ICT / DX				○	◎				●			●				
	Manufacture / Quality Assurance		○		◎		●				●		●				

*1 For Internal Directors, areas in which they possess expertise and experience are indicated by "○," and among those, areas where particularly significant contributions are expected are indicated by "◎." For Non-executive Directors, areas where particularly significant contributions are expected are indicated by "●." (The maximum number of "◎" and "●" is set at three)

*2 For Audit & Supervisory Board Members, areas where particularly significant contributions are expected are indicated by "●." (The maximum number of "●" is set at three)

Management

Executive Officers

Senior Executive Officer*											AI Executive
											
	Mitsuharu Yamagata	Kazufumi Nagashima	Toshihito Hama	Daisuke Fujiwara	Yoshiyuki Yonetani	Hiroaki Takaoka	Hideki Horiguchi	Kazuhiro Inoue	Hideki Mitsuhashi	Alastair Symington	CoreMate
Responsibilities / Positions	Brand Strategy Marketing Strategy Digital & IT Strategy Senior Executive Vice President of Kirin Brewery Company, Limited (in charge of Marketing)	SCM Strategy Production Technology Strategy	Chief Risk Management Officer Public Relations Strategy Chief Legal Officer	R&D Strategy, President of R&D Division	Chief Quality Assurance Officer	General Manager of Corporate Strategy Department (Business Partnerships & Investment Strategy excluding Health Science domain) CSV Strategy	President & COO of Kirin Brewery Company, Limited	President & COO of Kirin Beverage Company, Limited	President, Representative Director of FANCL Corporation	President of Kirin Health Science International Pty Ltd, Chief Executive Officer & Managing Director of Blackmores Limited	–
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Male	Male	–
Nationality	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Japan	Australia	–
Expertise and Experience											
Management / Governance	Corporate Management	○	○	○			◎	◎	◎	◎	○
	Sustainability	○	○	◎	○	○	◎	◎	○	○	○
	Global	◎	○	○	◎	○	◎	◎	◎	◎	○
	Finance / IR					◎	○	○	○	○	○
	Legal / Risk Management			◎					○	○	○
Source of Innovation	R&D		◎		◎	◎					○
	Marketing	◎			○		◎	○	◎	◎	○
	Human Resources / Organization			◎			○	○	○	○	○
	ICT / DX	◎				◎			○		○
	Manufacture / Quality Assurance		◎			◎					○

*For Senior Executive Officers, areas in which they possess expertise and experience are indicated by "○," and among those, areas where particularly significant contributions are expected are indicated by "◎."
(The maximum number of "◎" is set at three)

Column

Training for Directors and Audit & Supervisory Board Members

Kirin Holdings provides, as appropriate, training and information necessary for Directors of the Board and Audit & Supervisory Board Members to properly fulfill their roles and responsibilities.

When Directors of the Board and Audit & Supervisory Board Members assume office, we conduct lectures and training by experts and relevant internal departments regarding the Companies Act of Japan, corporate governance, corporate finance, and other relevant matters. After assuming office, we continuously conduct training regarding legal amendments and management issues, as well as inspections of major sites, as necessary. When Non-executive Directors and Outside Audit & Supervisory Board Members assume office, we provide explanations regarding the Group Corporate Philosophy, "KIRIN WAY," which sets out the Group-wide values and principles, and its business operations. Regarding business operations, we provide explanations on each major operating company so that they can deliberate based on a fundamental understanding of the Company's businesses.

Furthermore, regardless of whether they are newly appointed or reappointed, we conduct site visits to operating companies and business sites several times a year for Non-executive Directors and Outside Audit & Supervisory Board Members in order to further deepen their understanding of the Kirin Group's businesses. Inspections are conducted both in Japan and overseas. In 2025, visits were made to the Kirin Brewery Yokohama Plant and the FANCL Research Institute to conduct on-site observation and analysis, while also receiving direct explanations from employees.

Furthermore, training on the Companies Act of Japan, corporate governance, corporate finance, and other relevant matters is also provided to newly appointed department heads and other personnel. Through discussions with executive management, we also aim to strengthen the talent pipeline for the next generation of management.



FANCL Research Institute

Officers' Skills and Remuneration

Review of Skills

Following the announcement of its new Long-Term Vision, "Innovate2035!", Kirin Holdings reviewed the skills required of Directors of the Board, Audit & Supervisory Board Members, and Executive Officers.

We consider a deep understanding of and empathy for the philosophy of "CSV management" promoted by the Kirin Group to be a basic and essential requirement common to all officers.

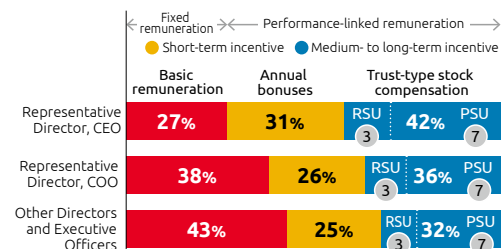
*1 A listed company, etc. means a listed company or other comparable organizations.
*2 Organizations include government agencies, law firms, audit firms, academia, NPOs, and other similar entities.

Areas	Definitions	Benchmark for fulfillment
Management / Governance	Corporate Management	Capability to oversee the formulation and execution of group-wide strategies, the optimal allocation of management resources, and the building of trust with stakeholders, for the purpose of sustainable improvement of corporate value.
	Sustainability	Capability to identify material issues such as climate change, natural capital, human rights, and the supply chain, and integrate these issues into business strategy, capital allocation, risk management, and KPIs to lead to the medium- to long-term improvement of corporate value.
	Global	International management capability to capture growth opportunities in global markets and expand corporate value.
	Finance / IR	Strategic financial management capability to enhance corporate value by ensuring financial soundness and optimizing capital efficiency.
	Legal / Risk Management	Capability to ensure the reliability and sustainability of the Company through compliance with laws and regulations and through the identification, assessment, and response to corporate risks.
Source of Innovation	R&D	Experience overseeing R&D departments at a listed company or research institutions, experience of commercializing research themes, and experience as the person responsible for formulating technology roadmaps.
	Marketing	Experience as a CMO at a listed company, etc., experience in formulating and executing global brand strategies, experience overseeing advertising and PR activities, or equivalent achievements in other organizations.
	Human Resources / Organization	Experience as a CEO or CHRO at a listed company, etc., experience in the formulation and operation of succession plans, and experience as the person responsible for promoting DE&I, or equivalent achievements in other organizations.
	ICT / DX	Experience as a CDO at a listed company, etc., experience in the formulation and execution of DX strategies, and experience in establishing IT governance and information security systems, or equivalent achievements in other organizations.
	Manufacture / Quality Assurance	Experience as a head of production departments in the manufacturing industry, experience leading the formulation and execution of SCM strategies, and experience of improving inventory, logistics, and supply systems. Experience as a head of quality assurance departments, acquisition and maintenance of ISO and other certifications, experience in handling major quality issues, or equivalent achievements in other organizations.

Composition of the Remuneration

The remuneration of Kirin Holdings' officers is composed of three parts: basic remuneration (fixed remuneration), bonus (short-term incentive) as performance-linked remuneration, and stock-based remuneration (medium- to long-term incentive).

Furthermore, remuneration for Non-executive Directors and Audit & Supervisory Board Members consists only of basic remuneration (fixed remuneration).



*RSU: Restricted Share Units without performance requirements.
*PSU: Performance Share Units linked to the degree of achievement of performance targets under the three-year rolling business plan.

Performance evaluation indicators	Representative Director, CEO	Representative Director, COO	Directors and Executive Officers concurrently serving as executives of subsidiaries of Kirin Holdings	Other Directors and Executive Officers
Corporate performance evaluation	70%	70%	20%	50%
Business performance evaluation	-	-	40%	-
Individual performance evaluation	30%	30%	40%	50%

The Nomination and Remuneration Advisory Committee determines specific evaluation indicators, targets, and evaluation results following discussion between the Representative Director, CEO and the Representative Director, COO, and a Non-executive Director who is the Chairperson or a member of the Nomination and Remuneration Advisory Committee.

The Representative Director, COO drafts proposals for specific evaluation indicators, targets, and evaluation results based on individual priority issues and the performance of the respective departments or companies, following discussions with each Director of the Board and Executive Officer. These proposals are then finalized by the Nomination and Remuneration Advisory Committee after approval by the Representative Director, CEO.

Bonus To promote steady profit growth and the execution of strategies across the Group as a whole and in its core businesses, we have established corporate performance evaluation indicators (consolidated normalized operating profit), business performance evaluation indicators (normalized operating profit of each business), and individual performance evaluation indicators.

Mechanism for linkage of bonuses to performance

$$\text{Individual payout} = \text{Target bonus} \times \left\{ \text{Corporate performance} \times A + \text{Business Unit performance} \times B + \text{Individual performance} \times C \right\}$$

*1 Target bonus amount is determined for each executive rank in accordance with internal regulations.

*2 "A" represents the ratio of the corporate performance-linked component, "B" represents the ratio of the business performance-linked component, and "C" represents the ratio of the individual performance-linked component. The respective ratios are as follows:

Weighting of performance indicators by category (FY2025)

Stock-based remuneration Evaluation indicators are established based on the consolidated financial and non-financial indicators for the Kirin Group set out in the business plan, with the aim of promoting both medium- to long-term improvement of shareholder value and the creation of social value.

Overview of Trust-type stock compensation

	Number of points*	Timing of granting points	Timing of delivery of shares, etc.
RSU	Fixed points	After the end of each fiscal year	At a certain point in time after three years have passed since the start of each performance evaluation period (fiscal year)
PSU	Basic points multiplied by a performance-linked factor (0% - 200%) depending on the level of achievement of performance targets, etc. for each performance evaluation period	After the end of the final fiscal year of the three-year rolling Business Plan	At a certain point in time in the fiscal year following the final fiscal year of the three-year rolling Business Plan

*Basic points (fixed points for RSU) are calculated based on the base amount predetermined for each executive rank and responsibility.

Calculation formula for PSU performance-linked factor under the trust-type stock compensation

$$\text{Performance-linked factor} = \left\{ \text{ROIC pay rate} \times 40\% + \text{EPS pay rate} \times 40\% + \text{Non-financial performance pay rate}^* \times 20\% \right\}$$

*The non-financial performance pay rates in the above table are for reference only and may differ from those shown above (but will be kept within the range of 0%-200%) after deliberations by the Nomination and Remuneration Advisory Committee.

Effectiveness of the Board of Directors

— Effectiveness of the Board of Directors

Kirin Holdings conducts an annual evaluation of the Board discussions and operations 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.

	FY2023		FY2024 *Questionnaires and interviews were conducted by a third-party.		FY2025		FY2026																								
	Areas to improve	Actions taken	Areas to improve	Actions taken	Areas to improve	Actions taken	Areas to improve																								
Discussions at the Board of Directors	Discussions on "inorganic growth" utilizing expertise and organizational knowledge	<ul style="list-style-type: none"> Continued discussions on the business portfolio Shared the consideration process and insights for inorganic growth in the Health Science domain Conducted reviews and evaluations of past M&A transactions, including not only financial evaluations but also validation and evaluation of business strategies 	Discussions on "digital ICT strategy" to accelerate value creation	<ul style="list-style-type: none"> Enhanced discussions on digital ICT strategy, including medium- to long-term strategies for digital ICT Broadened the discussions on "digital ICT strategy" within the context of business planning and other function-specific strategies Conducted a review on SAP and discussions on the relevant Road Maps 	Discussions on "business portfolio strategy" to maximize corporate value	<ul style="list-style-type: none"> Conducted discussions on business portfolio strategy three times in 2025 Deepened discussions on the allocation of management resources from both financial and brand perspectives, taking into account capital costs, in addition to the strategic positioning of each domain and business 	Business portfolio Human capital strategy Financial and stakeholder strategy																								
	Discussions on "risk management" integrating strategy and risks	<ul style="list-style-type: none"> Promoted the visualization of risks in key initiatives Discussed approaches to risk management that integrate strategy and risk Promoted monthly information sharing on risk and crisis management 		Discussions on "integrated strategy and risks" to realize appropriate risk-taking		<ul style="list-style-type: none"> Conducted discussions on initiatives to strengthen risk management Enhanced discussions on risk in business planning, function-specific strategies, and individual projects or issues Conducted discussions on strategies combined with risk and took risks in a large-scale M&A deal (acquisition of FANCL Corporation) 		<ul style="list-style-type: none"> Conducted discussions on long-term growth scenarios for each area and key operating companies based on the Long-Term Vision, including through the use of off-site meetings. 																							
	Discussions on "dialogue with stakeholders" in line with changes in the business environment	<ul style="list-style-type: none"> Enhanced reporting and discussions on evaluations not only from shareholders but also from customers and local communities, which are key stakeholders in B2C businesses Accelerated discussions on the transformation of function-based human capital management 	Discussions on "strengthening of corporate governance" to improve confidence in the capital markets		<ul style="list-style-type: none"> Revised the method for evaluating the effectiveness of the Board Reviewed and discussed the evaluation on corporate governance 	<ul style="list-style-type: none"> To realize the Long-Term Vision, held discussions on the direction for "creating new lifestyle habits in society" by integrating digital ICT with marketing Reported on current cybersecurity status and future reinforcement measures 																									
	Strengthening of "monitoring on strategy execution" to build organizational capabilities	<ul style="list-style-type: none"> Strengthened monitoring of the execution of business strategies, taking into account industry, market, and competitive trends Strengthened monitoring of the execution of functional strategies, including initiatives to enhance sales capabilities 		<ul style="list-style-type: none"> Conducted discussions on the establishment of KIRIN WAY, the Group-wide values and principles, and on P&C (People & Culture) strategy based on this framework, in pursuit of the Long-Term Vision. 	<ul style="list-style-type: none"> Conducted discussions on the role of holding company functions and the management structure for each business domain toward realizing the Long-Term Vision 																										
Operations of the Board	<ul style="list-style-type: none"> Streamlined explanations and set aside time for discussion by enhancing the advance distribution of video presentations, introduced in 2022 Expanded opportunities to deepen understanding of the business through discussions outside the Board and site visits 	<ul style="list-style-type: none"> Began sharing minutes of the Group Executive Committee meetings with the Chairman of the Board Established opportunities for dialogue between the Nomination and Remuneration Advisory Committee and non-executive officers outside the Board Enhanced training programs for newly appointed officers 	<ul style="list-style-type: none"> Introduced written resolutions and reports to expand discussion time while avoiding an increase in total the Board meeting hours Introduced AI-generated pre-recorded video presentations (in Japanese and English) Delegated authority to the executive side through a review of matters to be submitted to the Board 	<ul style="list-style-type: none"> Improvements aimed at enabling discussions from a broad perspective and decisive decision-making, and at creating a forum that contributes more than ever to the enhancement of corporate value. 																											
Breakdown of agenda items	<p>The chart illustrates the evolution of agenda items over three years. In FY2023, 35.3% of items were for discussion and 64.7% were for reporting/resolution. By FY2025, the focus shifted: reporting/resolution items dropped to 32.0%, while resolution items rose to 44.3%. New categories emerged: written resolutions (4.1%) and written reports (3.1%).</p> <table border="1"> <thead> <tr> <th>Category</th> <th>FY2023</th> <th>FY2024</th> <th>FY2025</th> </tr> </thead> <tbody> <tr> <td>Matters for discussion</td> <td>35.3%</td> <td>20.8%</td> <td>16.5%</td> </tr> <tr> <td>Matters for reporting</td> <td>64.7%</td> <td>30.7%</td> <td>32.0%</td> </tr> <tr> <td>Matters for resolution</td> <td>0%</td> <td>47.5%</td> <td>44.3%</td> </tr> <tr> <td>Written resolutions</td> <td>0%</td> <td>0%</td> <td>4.1%</td> </tr> <tr> <td>Written reports</td> <td>0%</td> <td>0%</td> <td>3.1%</td> </tr> </tbody> </table>							Category	FY2023	FY2024	FY2025	Matters for discussion	35.3%	20.8%	16.5%	Matters for reporting	64.7%	30.7%	32.0%	Matters for resolution	0%	47.5%	44.3%	Written resolutions	0%	0%	4.1%	Written reports	0%	0%	3.1%
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Matters for resolution	0%	47.5%	44.3%																												
Written resolutions	0%	0%	4.1%																												
Written reports	0%	0%	3.1%																												
Average time per agenda item	14 minuets	20 minuets	22 minuets																												

Risk Management

Approach

The Kirin Group positions risk management as an integral part of its business management system, integrating it into business strategy formulation, investment decision-making, and business operations, and aims to achieve sustainable growth through appropriate risk-taking.

Risk perspective	Basic approach to risk	
	Controlling risks while taking them	Risks that are not taken
Promotion of innovation	<ul style="list-style-type: none"> The Kirin Group will proactively develop new, high-value products, pharmaceuticals, and services through innovation while maintaining financial soundness 	<ul style="list-style-type: none"> The Kirin Group will not adopt strategies that are inconsistent with its policies
Stable supply of high-quality, safe products and services	<ul style="list-style-type: none"> The Kirin Group will enhance its global supply chain management and maintain and improve its quality management system while balancing costs to ensure a stable supply of high-quality products and services 	<ul style="list-style-type: none"> The Kirin Group will never provide products or services to patients or consumers that raise doubts about the safety of pharmaceuticals or food & beverages
Communication with consumers and patients	<ul style="list-style-type: none"> The Kirin Group will continue to communicate the value of its products and services to consumers and patients in a more appropriate and understandable manner. 	<ul style="list-style-type: none"> The Kirin Group will not engage in activities that violate the three principles of advertising: "Do not lie, do not be vulgar, and do not slander"
Social responsibility (Compliance)	<ul style="list-style-type: none"> The Kirin Group prioritizes the sustainable growth of its business by resolving social issues and aims to address environmental issues while maintaining cost efficiency 	<ul style="list-style-type: none"> The Kirin Group will not take risks that violate human rights throughout the supply chain, including business partners The Kirin Group defines compliance as "fulfilling our legal and ethical responsibilities to society" and will not violate compliance policies and guidelines

Structure

The Kirin Group has established the Group Risk and Compliance Committee to oversee the Group's risk management activities.

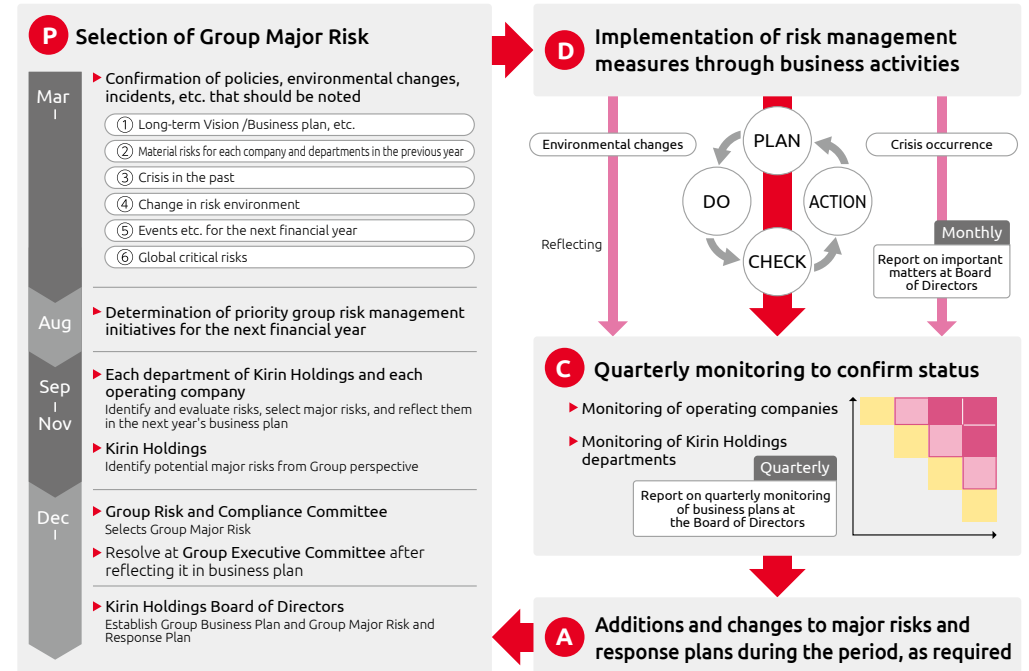


*Establish a Risk Compliance Committee or appoint a risk management officer at each Group company

Process for determining and monitoring major risks

The Group's major risks are identified from both Group-wide risks and risks specific to individual Group companies, and are determined following deliberation by the Group Risk and Compliance Committee. The identified major risks to the Group are monitored in conjunction with business plans, with a PDCA cycle applied.

Process for determining major risks to the Group



Column

| Track Record | Cybersecurity

The Kirin Group positions cybersecurity as one of its key management foundations and promotes Group-wide initiatives to continue delivering safe and secure products and services to consumers around the world. In recent years, cyberattacks have been increasing globally, with cases affecting not only business activities but also social infrastructure and people's daily lives. We recognize these changes in the environment as a major management risk and are working to continuously strengthen our countermeasures and enhance operational sophistication. Specifically, we implement technical measures based on a multilayered defense approach to strengthen defense and detection, while also enhancing access management. In addition, we have established a continuous monitoring system by specialized teams, enabling early detection of and response to suspicious activities. To minimize the impact in the event of an incident, we have developed Group-wide response procedures and conduct regular drills based on assumed scenarios. Through these efforts, we aim to accelerate initial response and improve the accuracy of decision-making. Furthermore, we regularly review backup systems and recovery plans to ensure business continuity, thereby enhancing resilience to maintain product supply and uphold our commitments to society. The Kirin Group will continue to strengthen cybersecurity as a core management foundation and strive to remain a corporate group trusted by society.