

# KIRIN HOLDINGS COMPANY, LIMITED

Sustainability-related Financial Disclosures in accordance with the SSBJ Standards

For the year ended December 31, 2025

## About this Document

As of the date of disclosure of this document, the current regulatory framework does not allow an assurance report on sustainability-related financial disclosures to be attached to the Annual Securities Report. Therefore, this document has been prepared separately.

The sustainability-related financial disclosures of our group have been prepared in accordance with the Sustainability Disclosure Standards\* which the group has adopted early from the current fiscal year.

The content of this document represents an excerpt from the disclosures under “Part 1 Company Information, II Overview of Business, 2. Approaches to and Initiatives for Sustainability” of the Group’s Annual Securities Report for the 187<sup>th</sup> fiscal year, as published on March 27, 2026, and has been voluntarily prepared in alignment with the Sustainability Disclosure Standards.

With respect to the sustainability-related financial disclosures contained in this document, governance, risk management, Scope 1 and Scope 2 emissions, and certain metrics have been subject to third-party limited assurance conducted by KPMG AZSA Sustainability Co., Ltd. The scope of assurance is identified by a † symbol in the table of contents on the following page and in the relevant portions of the main text. Please refer to the assurance report at the end of this document.

\*: Sustainability Disclosure Standards developed by the Sustainability Standards Board of Japan (SSBJ) (Japanese standards) to be consistent with the IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB).

# CONTENTS

Report for the 187<sup>th</sup> fiscal year

	Page
(1) Basis of preparation of sustainability-related financial disclosures .....	1
(2) Governance† .....	1
(3) Risk management† .....	8
(4) Strategy .....	9
(5) Disclosure by material theme .....	11
1) Adverse effects of alcohol consumption .....	11
(a) Governance† .....	11
(b) Risk management† .....	11
(c) Strategy .....	12
(d) Strategy-Resilience .....	13
(e) Metrics and targets .....	13
2) Healthy longevity society .....	14
(a) Governance† .....	14
(b) Risk management† .....	14
(c) Strategy .....	14
(d) Metrics and targets .....	17
3) Unmet medical needs .....	17
(a) Governance† .....	17
(b) Risk management† .....	17
(c) Strategy .....	18
(d) Strategy-Resilience .....	22
(e) Metrics and targets .....	22
4) Human capital .....	25
(a) Governance† .....	25
(b) Risk management† .....	25
(c) Strategy .....	25
(d) Strategy-Resilience .....	29
(e) Metrics and targets .....	29
5) Human rights .....	30
(a) Governance† .....	30
(b) Risk management† .....	30
(c) Strategy .....	30
(d) Strategy-Resilience .....	32
(e) Metrics and targets .....	33
6) Consumer issues .....	33
(a) Governance† .....	34
(b) Risk management† .....	34
(c) Strategy .....	34
(d) Strategy-Resilience .....	35
(e) Metrics and targets .....	35
7) The environment (climate change and natural capital) .....	36
(a) Governance† .....	36
(b) Risk management† .....	36
The contents including and after (ii) Identification of risks and opportunities, a. Scenario analysis related to climate change are not in scope of assurance.	
(c) Strategy .....	39
(d) Strategy-Resilience .....	49
(e) Metrics and targets .....	51

With respect to the metrics, those subject to assurance are identified by a † symbol in the main body.

(1) Basis of preparation of sustainability-related financial disclosures

1) General information

The Group prepares its sustainability-related financial disclosures in accordance with the Sustainability Disclosure Standards,\* which have been early adopted from the current fiscal year pursuant to Article 19-9, Paragraph 1 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Ministry of Finance Ordinance No. 5 of 1973), as applied under Article 2, Paragraph 1 of the Supplementary Provisions of the Cabinet Office Ordinance Partially Amending the Cabinet Office Ordinance on Disclosure of Corporate Affairs and the Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (Cabinet Office Ordinance No. 5 of February 20, 2026). Forward-looking statements contained herein are based on the judgments of the Group as of the end of the current fiscal year.

These sustainability-related financial disclosures have been prepared for the reporting period of the current fiscal year (from January 1, 2025 to December 31, 2025). These sustainability-related financial disclosures do not include comparative information, in accordance with paragraph 93 of the Universal Sustainability Disclosure Standards “Application of the Sustainability Disclosure Standards,” paragraph 42 of the Theme-based Sustainability Disclosure Standard No. 1 “General Disclosures,” and paragraph 102 of the Theme-based Sustainability Disclosure Standard No. 2 “Climate-related Disclosures.” Furthermore, these sustainability-related financial disclosures do not include Scope 3 greenhouse gas emissions, in accordance with paragraph 103 (2) of the Theme-based Sustainability Disclosure Standards No. 2 “Climate-related Disclosures.” Scope 3 greenhouse gas emissions will be disclosed once preparations for such disclosure are complete.

These sustainability-related financial disclosures were authorized for issue on March 27, 2026 (date of authorization for issue) by Shinjiro Akieda, Director of the Board, Senior Executive Officer, CFO and Chairperson of the Group Information Disclosure Committee, after deliberation by said committee, and are reported to Takeshi Minakata, Representative Director of the Board, President & COO.

The Group has obtained third-party assurance (limited assurance) from KPMG AZSA Sustainability Co., Ltd. for governance, risk management, and Scope 1 and Scope 2 emissions, as well as a portion of the metrics within these sustainability-related financial disclosures. For details, please refer to the “Sustainability-related Financial Disclosures in accordance with the SSBJ Standards – 187th Fiscal Year (2025)” available on the following website.

URL: [https://www.kirinholdings.com/jp/investors/library/financial\\_results/](https://www.kirinholdings.com/jp/investors/library/financial_results/)

\*Sustainability Disclosure Standards developed by the Sustainability Standards Board of Japan (SSBJ) (Japanese standards) to be consistent with the IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB).

2) Information on sources of guidance

The Group applies the Sustainability Disclosure Standards to identify material themes, risks, and opportunities for its sustainability-related financial disclosures. In addition, taking into account the Company’s business and business model described later, the Group refers to the Industry-based Guidance on implementing IFRS S2 (published in June 2023; hereinafter referred to as the “Industry-based Guidance”) for the alcoholic beverages, non-alcoholic beverages, and processed foods industries published by the International Sustainability Standards Board (ISSB), and the SASB Standards (last revised in December 2023; hereinafter referred to as the “SASB”) for the alcoholic beverages, non-alcoholic beverages, processed foods, and biotechnology and pharmaceuticals industries. Furthermore, from among the management issues extracted in the Group Materiality Matrix (hereinafter referred to as the “GMM”), which was formulated with reference to GRI, ISO 26000, etc., the Group has identified the following seven material themes as targets for identifying sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects. The Group has also assigned an executive officer in charge to each theme to ensure accountability.

- Adverse effects of alcohol consumption
- Healthy longevity society
- Unmet medical needs
- Human capital
- Human rights
- Consumer issues
- The Environment (climate change and natural capital)

3) Judgments

Of the judgments made in the process of preparing the sustainability-related financial disclosures, the judgment that has the most significant effect on the information included in the disclosures is as follows:

- Identification of sustainability-related risks and opportunities

For further details, please refer to “(3) Risk management, 1) Sustainability-related risk management, (a) Identification of material sustainability-related risks and opportunities.”

4) Measurement uncertainty

The most significant source of uncertainty affecting the quantitative information reported in the sustainability-related financial disclosures is as follows:

- Financial effects assessed through climate-related scenario analysis

For further details, please refer to “(5) Disclosures by material theme, 7) The Environment (climate change and natural capital), (b) Risk management, (ii) Identification of risks and opportunities, a. Scenario analysis related to climate change, c. Financial impacts and responses based on analysis results.”

(2) Governance†

As a pure holding company, the Company is responsible for formulating and promoting the overall Group strategy, monitoring each business, promoting the creation of synergies through Group-wide coordination, examining sustainability-related issues, and formulating fundamental policies regarding sustainability.

The Group regards material themes essential to its sustainable existence and growth, together with stakeholders, as management issues, and promotes CSV management through proactive responses. The Group strives to establish a system to address sustainability-related issues across the organization, aiming not only to advance risk management but also to create revenue and profit opportunities through co-creation with stakeholders.

When making decisions at meetings of the Board of Directors and the Group Executive Committee, in accordance with the Rules of Decision-Making Procedures and relevant internal regulations, the Group identifies potential strategic options, clarifies both the expected effects and risks of each option, and discusses the risks and opportunities anticipated to arise from the selection of each strategy, including their potential impacts and likelihood of occurrence, as well as measures to address such risks (elimination, mitigation, and risk taking).

#### 1) Supervisory structure (governance body or individual)

The Board of Directors is responsible for the oversight of sustainability-related risks and opportunities. The Board of Directors recognizes sustainability-related risks and opportunities as material management issues. From the perspective of enhancing corporate value over the medium to long term, the Board of Directors discusses initiatives to address these issues after resolving the Group CSV Policy, which includes the GMM, based on the Regulations on Work Authority.

Additionally, on an annual basis, the Board of Directors receives information from the Director of the Board, Senior Executive Officer, CFO, the chairperson of the Group Information Disclosure Committee, regarding sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, identified based on the GMM, and their monitoring metrics.

The Board of Directors oversees the execution of sustainability-related operations through quarterly reports from the Corporate Strategy Department for each business and function.

The Board of Directors oversees the effectiveness of sustainability management through these deliberations and reports from management described below.

Furthermore, regarding the process from the selection of significant risks and opportunities to sustainability-related financial disclosures, the Group has established the Sustainability-related Financial Disclosure Policy Based on SSBJ Standards and the Practical Guidelines for Sustainability-related Financial Disclosures Based on SSBJ Standards and maintains and operates internal systems accordingly. These internal systems are subject to internal audits by the Company's Internal Audit Department.

#### 2) Executive structure (management role)

The Group has established the four bodies described below as advisory bodies to the President & COO. As a general rule, matters discussed or decided by the Group CSV Committee, the Group Risk and Compliance Committee, and the Group Information Disclosure Committee are deliberated at the Group Executive Committee before being reported to the Board of Directors.

##### (a) Group Executive Committee

The Group has established the Group Executive Committee as an advisory body to support the President & COO in decision-making. Consisting of Senior Executive Officers or above including the President & COO, Standing Audit & Supervisory Board Members, and professional advisors, the committee discusses strategies and investments that have significant implications for the Group's management, and meetings are held weekly in principle.

Based on long-term policies and strategies, the Group Executive Committee deliberates and resolves short- to medium-term non-financial targets and investment plans necessary for their realization. It also receives reports from operating companies and divisions on the status of target achievement and risks, and supervises these companies and divisions.

##### (b) Group CSV Committee

The Group has established the Group CSV Committee to discuss CSV issues across the Group, which in principle meets three times a year. In accordance with the Rules of the Group CSV Committee, the committee is an advisory body to the President & COO, co-chaired by the CEO and the President & COO of the Company, with its members being the CEOs of major Group companies and Senior Executive Officers or above of the Company. With the participation and advice of outside experts from a multi-stakeholder perspective as necessary, the committee exchanges opinions on long-term sustainability policies and strategies, such as the GMM, and submits or reports the results to the Board of Directors.

##### (c) Group Risk and Compliance Committee

The Group has established the Group Risk and Compliance Committee, chaired by the Executive Officer in charge of risk management with members consisting of Senior Executive Officers or above serving as standing members, and meets twice a year in principle. In accordance with the Group Risk Management Regulations, the Group defines risk as "uncertainty with the potential to seriously impede the accomplishment of the Kirin Group's business targets or impact business continuity (including both opportunities and threats)." The committee oversees all aspects of risk management activities, including those related to sustainability issues, determines risk management policies, selects the Group's major risks, and reports them to the Board of Directors.

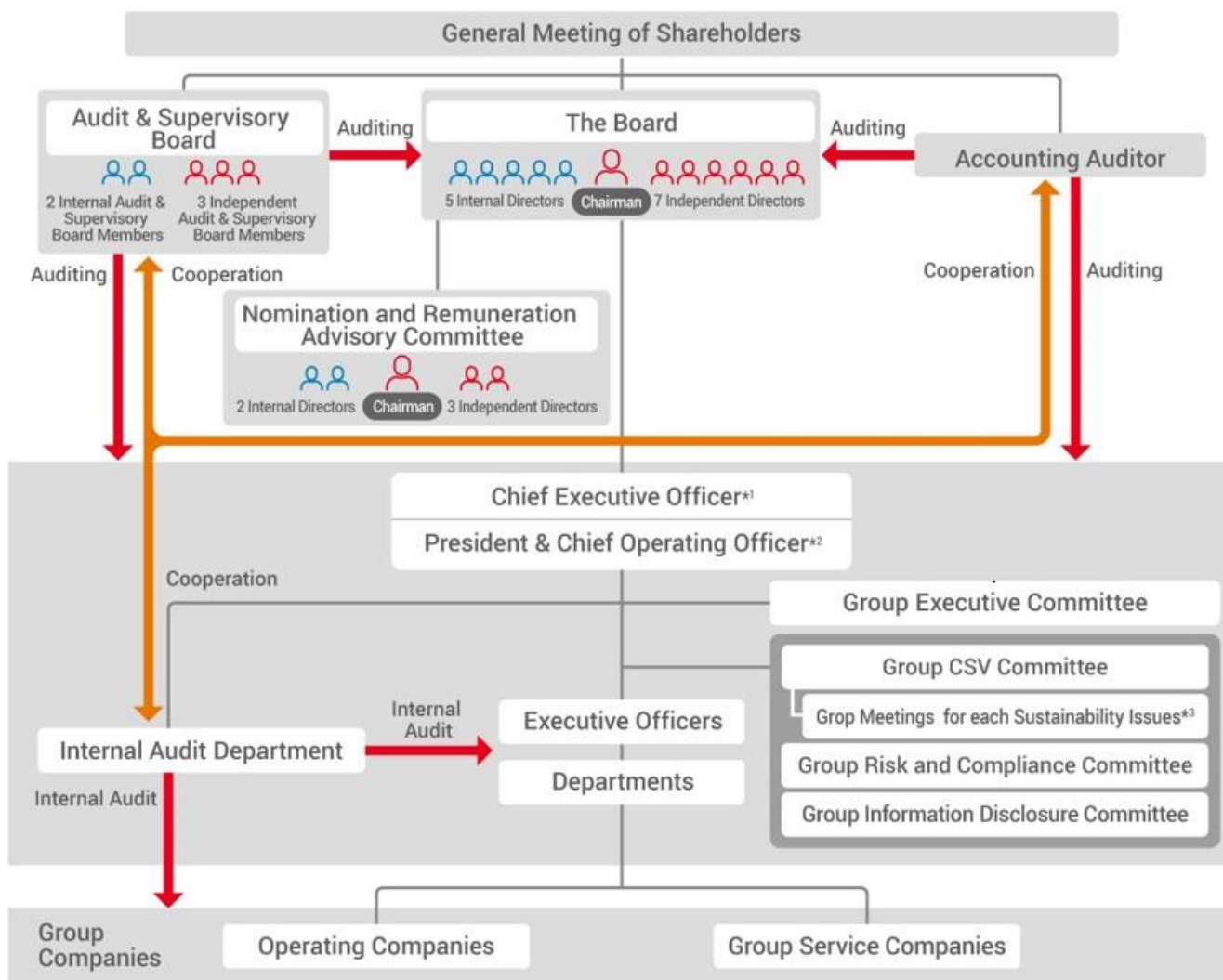
##### (d) Group Information Disclosure Committee

The Company has established the Group Information Disclosure Committee, chaired by the Director of the Board, Senior Executive Officer, CFO, with members consisting of relevant officers and department heads, and it meets quarterly in principle. In accordance with the Rules of the Information Disclosure Committee, the committee decides on timely disclosure information, including Annual Securities Reports. Sustainability-related risks and opportunities to be disclosed in the Annual Securities Report that could reasonably be expected to affect the Group's prospects, along with their monitoring metrics, are decided by the Group Information Disclosure Committee and reported to the President & COO.

Sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects to be disclosed in the Annual Securities Report, as well as their monitoring metrics, are discussed in bodies established for each material theme in principle. These are

finalized in consideration of the Group’s major risks selected by the Group Risk and Compliance Committee, and are determined by the Information Disclosure Committee based on the results of such discussions.

Corporate Governance System



\*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.

3) Skills and competencies required of the Board of Directors

In order for the Company to ensure that its supervisory and executive structures function appropriately and to realize sustainable growth and the improvement of corporate value for the Group, it is required that the Board of Directors and the Audit & Supervisory Board each possess the necessary skills as a whole while ensuring diversity in terms of gender, internationality, and other factors. This requirement applies equally to the executive side.

Looking beyond KV2027, the Company has recently announced a new Long-Term Management Vision, “Innovate2035!” Taking this opportunity, the Company has reviewed the skills required of the Board of Directors and the Audit & Supervisory Board.

First, the Company considers an in-depth understanding of and empathy for the philosophy of “CSV management” promoted by the Group to be a basic and essential requirement common to all Directors of the Board and Audit & Supervisory Board Members.

On that basis, while premised on comprehensive capabilities in “Corporate Management” through experience as a corporate or business executive, the Company has positioned knowledge in the areas of “Sustainability,” “Global,” “Finance / IR,” and “Legal / Risk Management” as essential basic skills for driving the Company’s management and ensuring the effectiveness of corporate governance.

Furthermore, under “Innovate2035!,” the Group aims to achieve sustainable growth through CSV management and contribute to the social issue of “Health and Well-Being.” The Group has established the following vision: “Vitalize the world through innovation by our people and technology, as a global leader in Creating Shared Value (CSV).” The sources for creating innovation are the Group’s organizational capabilities such as “R&D,” “Marketing,” “Human Resources and Organization,” “ICT and DX,” and “Manufacture and Quality Assurance.” These capabilities are regarded as essential skills for the Board of Directors and the Audit & Supervisory Board to conduct highly effective decision-making and oversight.

Regarding skills related to “Sustainability,” the Company provides input on sustainability (CSV management) as part of its corporate governance training conducted annually for the Company’s newly appointed officers and department heads. After the input session, the Company also facilitates exchanges of opinions among officers on material themes, including questions and answers regarding the content.

4) Definitions of skills and competencies

The definitions of skills and competencies required of the Company’s Directors of the Board, Audit & Supervisory Board Members, and Executive Officers are as follows.

	Areas of skills and competencies	Definitions of skills and competencies	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.	Management experience as Director or Executive Officer at a listed company, etc.*1, experience bearing decision-making responsibility at management meetings and/or meetings of board of directors, or equivalent achievements in other organizations*2.
	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.	Experience in the formulation and promotion of sustainability strategies at a listed company, etc., leading roles in relevant committees, the introduction of disclosures or external assurance, and experience of dialogue with investors and stakeholders, or equivalent achievements in other organizations.
	Global	International management capability to capture growth opportunities in global markets and expand corporate value.	Business experience in two or more countries, responsibility for executing cross-border M&As, experience of addressing local laws, regulations, and cultures, or equivalent achievements in other organizations.
	Finance/IR	Strategic financial management capability to enhance corporate value by ensuring financial soundness and optimizing capital efficiency.	Experience as a CEO or CFO at a listed company, etc., leadership experience in fundraising, M&A, or IR activities, or equivalent achievements in other organizations.
	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.	Experience overseeing legal and compliance departments at a listed company, etc., or equivalent achievements in other organizations.
Source of Innovation	R&D	Capability to formulate and oversee R&D strategies that contribute to the medium- to long-term growth and enhancement of corporate value by creating new values and establishing competitive advantages through technological innovation.	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	Capability to enhance competitive advantage and corporate value by creating customer value and improving brand value.	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	Capability to formulate and execute human resources strategies that enhance organizational competitiveness by maximizing the value of human capital.	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	Capability to promote operational efficiency and new value creation by utilizing digital technology, contributing to the strengthening of corporate competitiveness and the enhancement of customer experience.	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	Capability to manage the integrated flow from procurement, manufacturing, and logistics to sales to achieve stable supply and efficiency. Capability to maintain and enhance customer trust and corporate value by ensuring quality, safety, and supply stability.	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.

\*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.

5) Status of fulfillment of skills and competencies, etc.

The status of skills and competencies held by each officer is as follows.

(a) Directors (Note 1)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Representative Director of the Board & CEO	Yoshinori Isozaki	◎	◎	○	◎	○		○	○		
Representative Director of the Board, President & COO	Takeshi Minakata	◎	○	○	○		◎		◎		○
Director of the Board, Senior Executive Vice President	Junko Tsuboi	○	○			◎		◎	◎		
Director of the Board, Senior Executive Officer	Toru Yoshimura	◎	○	◎	○		○		○	○	◎
Director of the Board, Senior Executive Officer	Shinjiro Akieda	○	◎	○	◎	○		○		◎	
Director	Hiroyuki Yanagi	●					●				●
Director	Noriko Shiono	●		●				●			
Director	Shinya Katanozaka	●		●					●		
Director	Yoshiko Ando		●			●			●		
Director	Shingo Konomoto	●			●					●	
Director	Naoko Mikami						●		●		●
Director	Kenichi Fujinawa			●		●			●		

(Note 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).

## (b) Executive Officers (Note 2)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Senior Executive Officer	Mitsuharu Yamagata	○	○	◎				◎		◎	
Senior Executive Officer	Kazufumi Nagashima	○	○	○			◎				◎
Senior Executive Officer	Toshihito Hama	○	◎	○		◎			◎		
Senior Executive Officer	Daisuke Fujiwara		○	◎			◎	○			
Senior Executive Officer	Yoshiyuki Yonetani		○	○			◎				◎
Senior Executive Officer	Hiroaki Takaoka		◎	○	◎					◎	
Senior Executive Officer	Hideki Horiguchi	◎	○	◎	○			◎	○		
Senior Executive Officer	Kazuhiro Inoue	◎	◎		○			○	○		
Senior Executive Officer	Hideki Mitsuhashi	◎	○	◎	○	○		◎	○	○	
Senior Executive Officer	Alastair Symington	◎	○	◎	○			◎	○		

(Note 2) 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).

## (c) Audit &amp; Supervisory Board Members (Note 3)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Standing Audit & Supervisory Board Member	Toru Ishikura						●			●	●
Standing Audit & Supervisory Board Member	Hajime Kobayashi			●	●	●					
Audit & Supervisory Board Member	Kaoru Kashima				●	●			●		
Audit & Supervisory Board Member	Yoko Dochi		●	●	●						
Audit & Supervisory Board Member	Tim Lester		●	●		●					

(Note 3) For Audit & Supervisory Board Members, areas where particularly significant contributions are expected are indicated by “●” (The maximum number of “●” is set at three).

6) Process for determining the skill set of Directors of the Board, Audit & Supervisory Board members, and Executive Officers  
 The level of skill fulfillment is included in the annual evaluation of the effectiveness of the Board of Directors, and the Nomination and Remuneration Advisory Committee selects candidates based on the results of these evaluations.

When it is necessary to nominate a new candidate possessing skills and competencies deemed necessary based on the results of the effectiveness evaluation, skills are assessed through professional history, interviews, and other means. In such cases, importance is placed on the candidate having experience in corporate management and general business management experience and experience in direct dialogue with stakeholders.

For candidates for re-appointment, skills are regularly evaluated and reviewed based on the experience and content of discussions during previous terms in office, as well as the provision of information on the Group’s businesses, training, and other factors.

7) Incorporation into executive remuneration

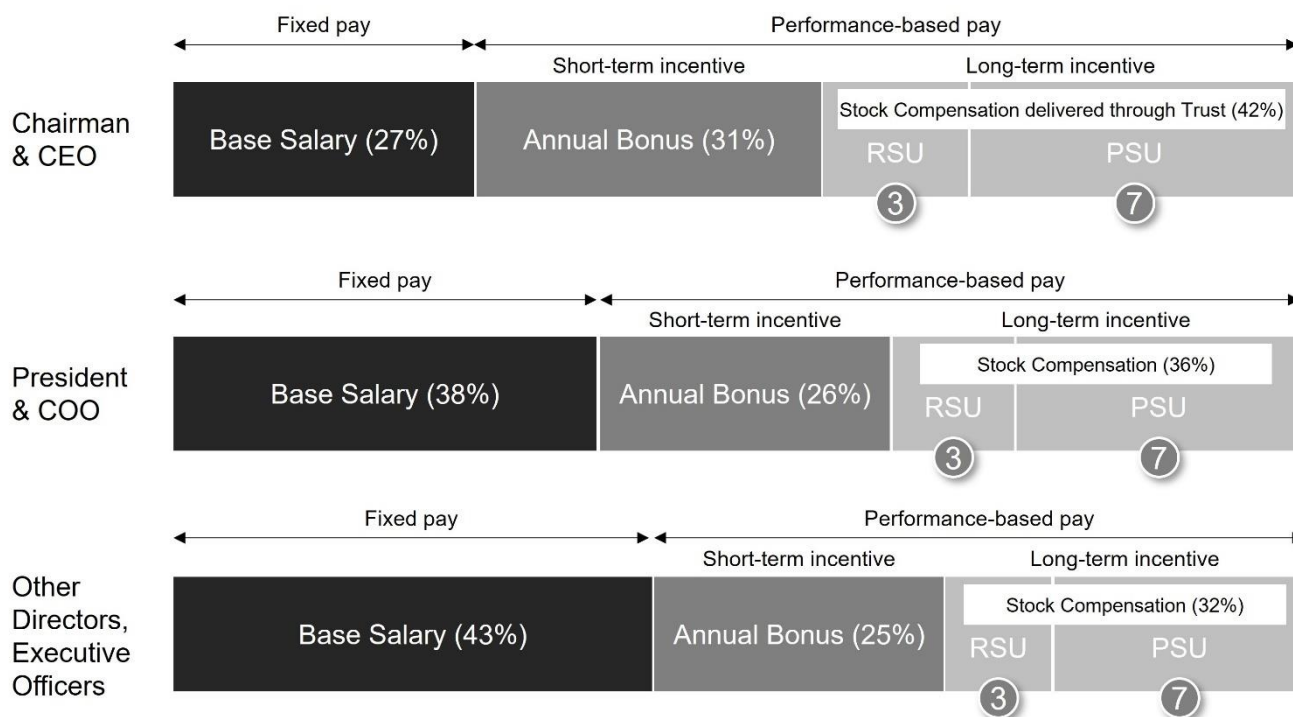
Remuneration for Executive Officers is designed to function as an incentive for the realization of CSV management and the enhancement of corporate value over the medium to long term.

Remuneration for Directors of the Board is determined by resolution of the Board of Directors in accordance with the Regulations on Work Authority, within the limit of the total amount previously resolved at the General Meeting of Shareholders. In determining such remuneration, its validity is deliberated by the Nomination and Remuneration Advisory Committee to ensure a fair process with enhanced transparency and objectivity.

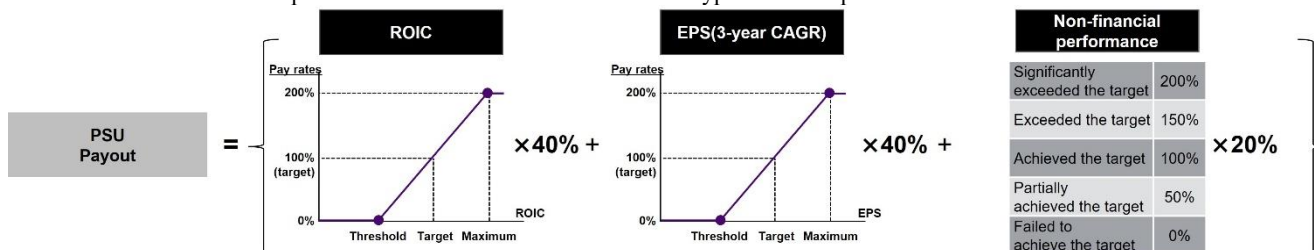
Executive remuneration is composed of three parts: basic remuneration, which is fixed remuneration; bonus as a short-term incentive, which is performance-linked remuneration; and stock-based remuneration as a medium- to long-term incentive. In determining stock-based remuneration, evaluation indicators are selected from 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.

Regarding stock-based remuneration, the Company has adopted a trust-type stock compensation plan. This plan is composed of Restricted Share Units (RSU), which do not have performance requirements, and Performance Share Units (PSU), which are linked to the degree of achievement of performance targets under the three-year rolling business plan. The performance evaluation indicators for the PSU consist of ROIC and EPS growth rate, which are major management indicators set out in the business plan, as well as non-financial indicators. The non-financial indicators are determined based on a quantitative evaluation of the degree of achievement of specific indicators defined for each of the four items: “The Environment,” “Community Engagement,” “Health and Well-Being,” and “Human Capital.” After evaluating each item by incorporating qualitative aspects of each indicator and the overall items, the non-financial evaluation is decided through a comprehensive evaluation that considers both the evaluation results and qualitative considerations. The pay rate for the PSU is variable ranging between 0% and 200%, with 100% representing the achievement of targets.

Structure of officers’ remuneration



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



For the Representative Director of the Board & CEO, basic remuneration accounts for 27%, bonus for 31%, and stock-based remuneration for 42%. Of the stock-based remuneration, RSU accounts for 30% and PSU for 70%, and the proportion of non-financial performance within PSU is 20%. Accordingly, assuming a pay rate of 100% for each component, approximately 6% of the executive remuneration for the Representative Director of the Board & CEO is linked to non-financial evaluation indicators.

Of the officers' remuneration recognized in the current fiscal year (including remuneration for Non-executive Directors and Audit & Supervisory Board Members, who receive only fixed remuneration), approximately 5% is linked to non-financial evaluation items. As described above, the non-financial evaluation is determined based on a comprehensive evaluation of the four items; therefore, the portion related to climate-related evaluation items cannot be separately identified.

To ensure objectivity and transparency, the evaluation results and payout list are deliberated by the Nomination and Remuneration Advisory Committee based on the evaluation by the Group Executive Committee, and then determined by the Board of Directors. The non-financial indicators are shown in the figure below.

Non-executive Directors are responsible for overseeing and advising on the management of the Company and the Kirin Group as a whole from an objective standpoint, and Audit & Supervisory Board Members are responsible for auditing the execution of duties by the Directors of the Board and Executive Officers from an objective standpoint; accordingly, only basic remuneration (fixed remuneration) is paid to these respective parties.

Item	Indicator
The Environment	<ul style="list-style-type: none"> <li>Reduction ratio of GHG emissions (Scope 1+2 (compared with 2019))</li> <li>Percentage of recycled resin used in PET bottles in Japan</li> <li>Water use intensity at manufacturing sites with high water stress</li> </ul>
Community Engagement	<ul style="list-style-type: none"> <li>Level of contribution to the creation of a positive force for society through business activities</li> </ul>
Health and Well-Being	<ul style="list-style-type: none"> <li>Social impact of the Group's health science products and contribution to the expansion of the immunity market (LC-Plasma)</li> <li>Global product launch status in key countries</li> <li>Achievement level of collaboration between pharmaceuticals and health science</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>CSV practice score</li> <li>Employee engagement score</li> <li>LTIR Score</li> <li>Presenteeism</li> <li>Ratio of female managers in Japan (Kirin Holdings Company, Limited)</li> </ul>

8) Consideration of trade-offs associated with risks and opportunities

For decision-making regarding transactions within the Group that require approval by the Company, the proposing company or department examines the risks through which material themes, primarily "The Environment (climate change and natural capital)" and "Human rights," exert impact, considering the magnitude of impact and likelihood of occurrence, as well as responses to risks and opportunities (elimination, mitigation, and risk taking). The results of this examination are submitted for approval after consultation with the relevant departments within the Company.

(3) Risk management†

1) Risk management related to sustainability

Significant risks and opportunities related to sustainability are monitored as part of the management process for the Group's major risks. Risk management for material themes is described in the risk management sections for each material theme.

The Group's major risks are identified by aggregating risks from two perspectives: (i) risks related to the entire Group's goals, strategies, and business execution, and (ii) business-specific risks. Each risk is assessed in terms of both quantitative and qualitative impact on the Group while also taking into account the likelihood of occurrence. The materiality of each risk is determined based on the two axes of impact and likelihood. Furthermore, major risks are centrally managed through a risk map. The Group Risk and Compliance Committee discusses the Group's major risks identified through this process, including responses to each risk and the level of risk tolerance. In addition, the Group's major risks are deliberated by the Board, which reviews changes in conditions and assesses countermeasures.

The Company and other Group companies promote and exercise risk management in cooperation with each other by formulating and implementing measures tailored to each risk. Meanwhile, through monitoring conducted from the dual perspectives of business and function, we manage and control strategic risks, while establishing a risk management system designed to prevent the manifestation of risks that could develop into a crisis and minimize any potential negative impact when such a crisis occurs, thereby striving for risk mitigation and appropriate management.

In addition, compared with previous reporting periods, no changes have occurred in the management processes for significant risks and opportunities related to sustainability within the Group.

(a) Identification of significant sustainability-related risks and opportunities

The Group identifies management issues extracted through the GMM, which was developed with reference to the GRI Standards, ISO 26000, and other frameworks, as a foundation (long list). These issues are then consolidated into material themes, taking into account the SASB disclosure topics. Risks and opportunities related to each material theme are reviewed annually. After consulting with the departments responsible for each theme, the Group Information Disclosure Committee determines whether any revisions are required. Where revisions are deemed necessary, specific reviews are conducted by the meeting bodies established for each theme. In addition, the significance of such risks and opportunities is assessed using two axes: the magnitude of financial impact in the event that they materialize (less than ¥5 billion, ¥5 billion to ¥10 billion, or ¥10 billion or more) and the likelihood of occurrence (approximately once every 10 years, once every 10 to 30 years, or once every 30 years or more). Specifically, risks and opportunities with a large financial impact (¥10 billion or more) are assessed as having high significance regardless of likelihood. For those with a moderate financial impact (¥5 billion to ¥10 billion), only those with a high likelihood of occurrence (approximately once every 10 years) are assessed as having high significance and selected as risks and opportunities to be disclosed.

(b) Integration into the management process for the Group's major risks

The results of the selection of sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects are provided to the Corporate Strategy Department as part of the confirmation of policies, environmental changes, business activities, and other relevant factors to be considered when selecting the Group's major risks.

Subsequently, the Corporate Strategy Department collects information from a wide range of sources on external risks (such as geopolitics, legal systems, climate change, natural disasters, and technological innovation) that could affect the Group's business and strategy. The department conducts various analyses including scenario analysis (scenario analysis is conducted for environmental themes), and based on these analyses, identifies and selects the Group's major risks, including sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects. These results are discussed by the Group Risk and Compliance Committee and determined by the Board of Directors.

Furthermore, the Company regards sustainability-related issues as consideration factors and risk drivers underlying various types of risks and manages them within the framework of its integrated risk management. While the Company does not prioritize sustainability-related risks over other categories of risk, it positions CSV as the core of its management and pursues management that prioritizes the co-creation of value with society. Accordingly, sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects are consistently considered within its management strategy and risk management processes.

(c) Determination and reporting of sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects

The sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, which have been finalized taking into account the results of the identification of the Group's major risks, are decided by the Group Information Disclosure Committee and reported to the President & COO.

2) Employee training regarding sustainability-related risks that could reasonably be expected to affect the Group's prospects and response when risks materialize

In the Group, for the purpose of "fulfilling both legal and ethical responsibilities that society expects from us, not to mention adhering to laws, internal and external regulations and rules, thereby meeting stakeholders' expectations and maintaining and improving trust in and the corporate value of the Kirin Group," the Group conducts compliance training and information security training every year for all officers and employees, including contract and temporary employees in Japan. These training programs include the necessity of responding to risks such as the leakage of personal information, which is recognized as one of the material sustainability-related risks and could lead to a loss of customer trust and the incurrence of claims for damage compensation.

Furthermore, in the event that a risk materializes despite such employee training, the Group responds in accordance with the "Group Crisis Management Manual."

(4) Strategy

1) Business model

Beginning with Fermentation and Biotechnology that the Kirin Group cultured through its founding beer business for over a century, the Group operates its businesses in the three domains of Food & Beverages, Pharmaceuticals, and Health Science.

(a) Food & Beverages domain (alcoholic and non-alcoholic beverages)

Centered on its founding beer business, this remains the Group's core business segment. Since the 1990s, the Group has accelerated its global expansion, primarily in Asia and Oceania, and manufactures and sells numerous high value-added brands.

(b) Pharmaceuticals domain

By combining biotechnology with technology evolving from microorganism and cell research cultivated through beer manufacturing, the Group commenced pharmaceutical research and development in the 1980s. It has now developed into a major business for the Group, which operates its business globally with a focus on biopharmaceuticals.

(c) Health Science domain

Through research into natural ingredients in the Food & Beverages domain, as well as fermentation and cultivation, the Group has discovered many substances beneficial to the body, including *Lactococcus lactis* strain Plasma (LC-Plasma, a postbiotic). This is a business domain that the Group will foster as a pillar of its future growth by leveraging these assets.

Based on the businesses and business model of the Group described above, the Group has identified the alcoholic beverages industry, non-alcoholic beverages industry, processed foods industry, and biotechnology and pharmaceuticals industries as industries relevant to the Group.

### 2) Planning horizons

The Group recognizes that achieving the “2035 Vision” set out in “Innovate2035!,” the Kirin Group’s ten-year Long-Term Management Vision starting in 2026, will contribute to the Group’s sustainable growth and the enhancement of medium- to long-term corporate value, and has therefore formulated and is implementing its plans.

To realize the “2035 Vision,” defined as “Vitalize the world through innovation by our people and technology, as a global leader in Creating Shared Value (CSV),” the Group has identified material issues to address in order to continue to exist and develop sustainably alongside society over the next ten years, and has organized them in the GMM.

While taking into account the long-term material issues identified through the GMM, and based on performance in the most recent fiscal year, the Group determines medium-term plan targets for the next three years and further translates them into annual plans. The three-year plan targets are reviewed and rolled forward annually to reflect actual performance.

Accordingly, the Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects may arise, as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years.

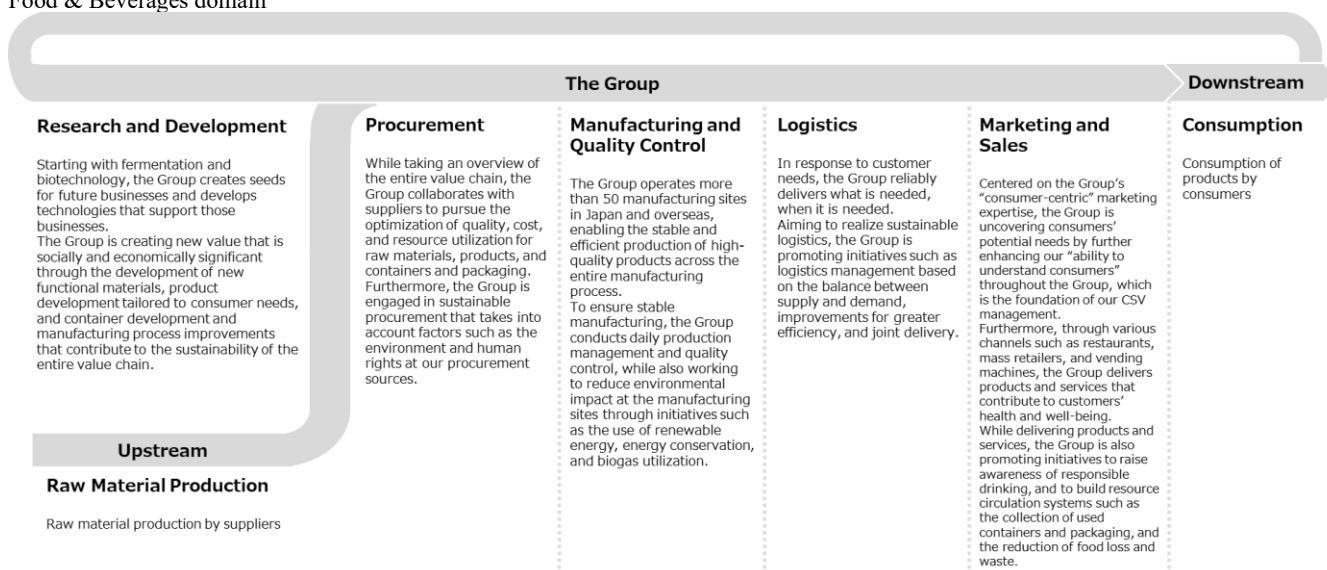
### 3) Value chain

The representative value chains for the Group’s three domains, Food & Beverages, Pharmaceuticals, and Health Science, are as follows. Regarding sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, information on where in the value chain they are concentrated, as well as the current and anticipated effects of these risks and opportunities on the business model and value chain, is provided in the table of “Sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s\* prospects” within the strategies for each material theme.

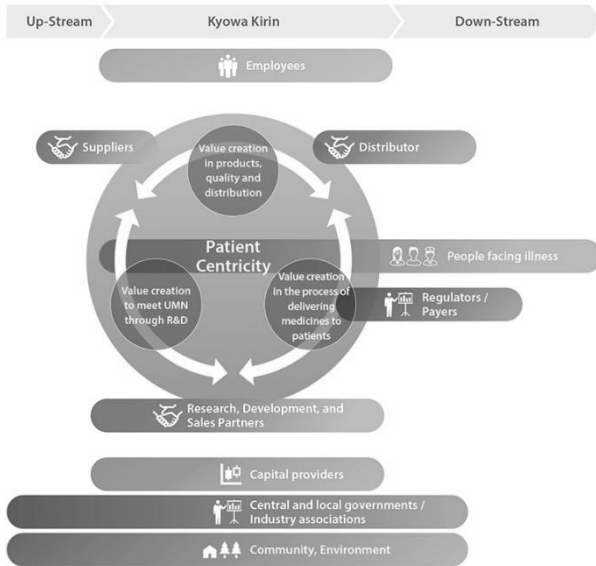
In addition, as the effects on the Group\* and the concentration of risks and opportunities within the value chain are described in the columns for “Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize,” “Likelihood,” “Financial materiality,” and “Segments affected by risks and opportunities” in that table, the “Value chain” column in that table lists the Group\*’s stakeholders, excluding the Group\* itself.

\*For the Unmet Medical Needs theme, the term “Kirin Group” is used.

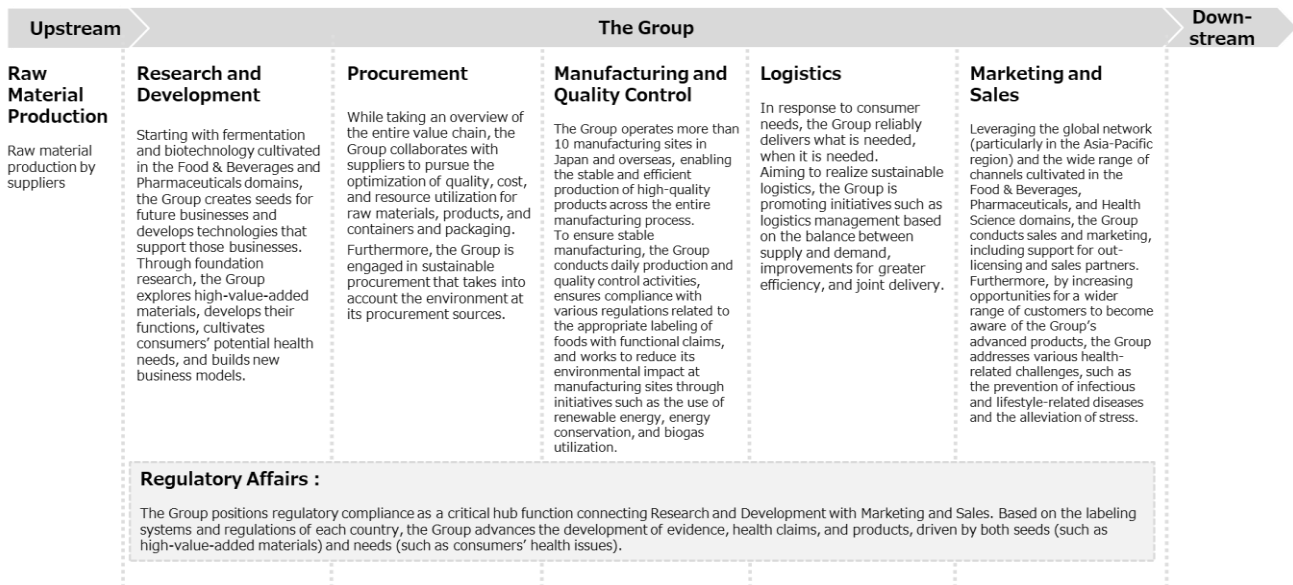
### Food & Beverages domain



Pharmaceuticals domain



Health Science domain



4) Trade-off case

In the acquisition project carried out during the current fiscal year, the Group conducted ESG due diligence and made its decision by assessing the impact on sustainability-related risks, with environment and human rights considerations treated as essential requirements.

(5) Disclosures by material theme

1) Adverse effects of alcohol consumption

The Alcoholic Beverages Business accounts for approximately 50% of the Group's consolidated revenue and consolidated normalized operating profit. Over the medium term, if regulations on alcohol sales (including increase of liquor tax), advertising, and promotion are strengthened in the countries and regions where the Group operates, there is a possibility that a decrease in alcohol sales and an increase in regulatory compliance costs, among other effects, may occur in those countries.

(a) Governance†

To promote a response to the adverse effects of alcohol consumption, the Group annually includes alcohol-related problems as an agenda item at either the Group CSV Committee, in which the officer in Charge of CSV strategy participates, or at the Board of Directors. The Group reports on or discusses the Group's initiatives and reflects the outcome in the overall Group strategy. When matters are reported or discussed at the Group CSV Committee, the outcomes are reported to the Board of Directors. In the current period, these issues were discussed by the Board of Directors.

Furthermore, to deepen the understanding of the adverse effects of alcohol consumption and reflect it in management, the CEO and other officers involved in the Alcoholic Beverages Business visit the National Hospital Organization Kurihama Medical and Addiction Center, which provides specialized treatment for alcoholism, and receive lectures on the latest research and issues regarding alcohol-related problems. The most recent visit took place in 2023.

(b) Risk management†

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Group CSV Committee or the Board of Directors discusses revisions to risks related to the adverse effects of alcohol consumption in light of changes in the internal and external environment. In addition, for sustainability-related risks that could reasonably be expected to affect the Group's prospects, the Group CSV Committee or the Board of Directors monitors the progress of response strategies. In the current period, the Board of Directors has addressed external trends concerning alcohol-related problems and reaffirmed the importance of raising awareness of responsible drinking.

(c) Strategy

The Group has identified “Health and Well-Being,” “Community Engagement,” and “The Environment” as material issues for sustainable growth and development alongside society, but as a prerequisite, fulfilling the “Responsibility of Kirin Group which runs Alcoholic Beverage Businesses” is positioned as its CSV Purpose. Through its business activities, the Group strives to identify stakeholders who could potentially be subject to the adverse effects of alcohol consumption, as well as the impact that such stakeholders could have on the Group's business. The Group is committed to preventing and mitigating these adverse effects, fulfilling its responsibility as the Kirin Group that operates an alcoholic beverages business, and making steady progress toward initiatives to eradicate the harmful use of alcohol.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	(i) Risk of strengthened regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion in the countries and regions of business operations			Consumers	<u>Effects on the business model/value chain</u> • Strengthening of regulations on the sale of alcoholic beverages • Decrease in sales volume <u>Financial effects</u> • Decrease in sales of alcoholic beverages (the financial effect varies depending on the countries where regulations are introduced and the degree of strengthening) • Increase in regulatory compliance costs (the financial effect varies depending on the countries where regulations are introduced and the degree of strengthening)	High	Medium	Alcoholic beverages	Medium term

**Response strategy for risks and opportunities**

(i) Response strategy for the “Risk of strengthened regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion in the countries and regions of business operations”

The Group has established the “Policy for responsible drinking” to fulfill its CSV Purpose of “Responsibility of Kirin Group which runs Alcoholic Beverage Businesses” and to advance initiatives toward the eradication of the harmful use of alcohol. While promoting efforts to eradicate the harmful use of alcohol throughout the Group, the Group will contribute to the cultivation of a moderate drinking culture and the realization of a vibrant society. With respect to alcoholic beverages marketing, the Group has enacted the Kirin Group Global Marketing Code for Responsible Drinking. This code represents the Group's commitment to conducting its business in accordance with social norms based on the standards of each country and region, while promoting responsible alcohol consumption and consistently maintaining high standards. It applies to all employees and partners involved in the Group's marketing and promotional activities for responsible drinking. Furthermore, to ensure that employees acquire the knowledge of responsible drinking expected of members of a corporate group engaged in the alcohol business, the Group provides training aimed at raising awareness of responsible drinking for Group employees in Japan. The Group also conducts the Alcohol Use Disorders Identification Test (AUDIT) to provide opportunities for employees to reflect on their own drinking habits. Additionally, in countries and regions where the Group operates alcoholic beverage businesses, the Group takes action to raise awareness of responsible drinking for consumers. Through these activities, the Group encourages consumers to understand their own alcohol tolerance, to correctly understand the characteristics and benefits of alcoholic beverages, as well as the negative aspects associated with misuse, and to provide guidance for responsible alcohol consumption. In the current fiscal year, as specific activities to raise awareness of responsible drinking, the Group conducted video distribution and awareness activities within winery tours, and visited universities and companies to hold responsible drinking seminars. Furthermore, the Group is a member of the International Alliance for Responsible Drinking (IARD), a group supported by global alcohol producers, through which the Group promotes initiatives to raise awareness of responsible drinking and reduce the harmful use of alcohol. In Japan, Kirin Brewery is a member of the Brewers Association of Japan and works to raise awareness of responsible drinking in collaboration with the beer industry. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows. In the current fiscal year, these risks have not materialized. However, in the medium term, if regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion are strengthened in the countries and regions of business operations, there is a possibility that a decrease in sales of alcoholic

beverages or an increase in regulatory compliance costs may occur in the countries where the Group operates its alcoholic beverages business. Furthermore, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	(i) Risk of strengthened regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion in the countries and regions of business operations	· Raising awareness of responsible drinking among consumers in countries where the Group operates its business	Profit or loss effects · Expenses related to activities to raise awareness of responsible drinking	377	Approx. 380	Approx. 380	Approx. 380
			Financial position effects · Not applicable	-	-	-	-
Total			Profit or loss effects	377	Approx. 380	Approx. 380	Approx. 380
			Financial position effects	-	-	-	-
			Cash flows effects*2	377	Approx. 380	Approx. 380	Approx. 380

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

### Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

#### (d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding the adverse effect of alcohol consumption are expected to occur, the Group evaluates its resilience on this issue over the medium term. While the Group raises awareness of responsible drinking among consumers in the countries where the Group operates its business and contributes to the eradication of harmful use of alcohol as a member of the industry, the Group believes that even if regulations are further strengthened, it will be possible to further capture demand for low- and non-alcoholic products and create new product categories by leveraging the product development capabilities and existing logistics and sales networks cultivated to date.

As a result of the business model impact analysis described above, the executive officer in charge of CSV Strategy has evaluated that even if the adverse effect of alcohol consumption were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model for the alcoholic beverages business.

#### (e) Metrics and targets

As response measures differ across the countries and regions where the alcoholic beverages business operates, metrics are established for each individual business company rather than on a group-wide basis.

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)		Results
					Interim targets		
Risk	(i) Risk of strengthened regulations on the sale of alcoholic beverages (including liquor tax), advertising, and promotion in the countries and regions of business operations	(Kirin Brewery) Number of people reached through participation in or views of responsible drinking awareness-raising programs	Proprietary metric*1	Persons	20,000 thousand persons (2027) Note: cumulative total from 2025	-	14,220 thousand persons
		(Mercian) Number of people reached through participation in or views of responsible drinking awareness-raising programs	Proprietary metric*2	Persons	8,550 persons (2027) Note: cumulative total from 2025	-	5,098 persons
		(Lion) Number of people reached through engagement in the "Alcohol & Me" (responsible drinking awareness-raising) program	Proprietary metric*3	Persons	Improvement compared with 2026 (2027)	-	124,671 persons

\*1: It is an absolute measure and has not been validated by a third party.

(Definition)

Number of participants in or viewers of activities to raise awareness of responsible drinking (in-person or online) planned and executed by Kirin Brewery

(Calculation method)

Number of participants in seminars to raise awareness of responsible drinking + number of viewers of videos to raise awareness of responsible drinking + number of engagements with social media posts intended to raise awareness of responsible drinking

\*2: It is an absolute measure and has not been validated by a third party.

(Definition) Number of participants in activities to raise awareness of responsible drinking planned and executed by Mercian

(Calculation method) Number of people who received explanations on raising awareness of responsible drinking at Château Mercian wineries + number of people who received explanations at Mercian events

\*3: It is an absolute measure and has not been validated by a third party.

Progress against the target value for this metric is managed to achieve year-on-year improvement from 2025 to 2027.

(Definition) Number of people reached through participation in or views of “Alcohol & Me” (responsible drinking awareness-raising program, in-person or online) planned and executed by Lion

(Calculation method) Number of participants in in-person programs + number of users who viewed online programs

## Analysis of trends or changes in the entity’s performance

Initiatives at each alcoholic beverage business company are progressing steadily toward achieving the targets for reducing the adverse effects of alcohol consumption.

### 2) Healthy longevity society

The Group recognizes the aging society with a declining birthrate and increasing health needs in Japan, other countries of operation, and other regions as sustainability-related opportunities that could reasonably be expected to affect the Group’s prospects. The Group aims to expand and create markets by leveraging its strengths, such as fermentation and biotechnology cultivated in its founding alcoholic beverages business, long-standing immune research, and the advantage of having the non-alcoholic beverages and pharmaceuticals businesses within the Group.

#### (a) Governance†

To promote responses to health issues, the Group holds the Health Science Executive Committee twice or more a month. Chaired by the executive officer in charge of Health Science Strategy, participants include the Company’s relevant officers and department heads, as well as presidents, vice presidents, or general managers of corporate planning from Group business companies. Matters discussed at the Health Science Executive Committee are reported if necessary at the Group Executive Committee or at the Board of Directors. Items reported to the Group Executive committee are reviewed and deliberated by that body and, where necessary, subsequently reported to the Board of Directors and reflected in the Group’s overall strategy. At the same time, the Board of Directors oversees the progress of the Group’s Health Science business plan.

#### (b) Risk management†

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Health Science Executive Committee discusses revisions to risks and opportunities in light of changes in the internal and external environment. Regarding response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, progress is monitored on a quarterly basis at the Group Executive Committee or Health Science Executive Committee. The Board of Directors oversees the effectiveness of risk management through deliberations and reports on significant risks escalated from the Group Executive Committee or the Health Science Executive Committee.

#### (c) Strategy

The Group has established “Health and Well-Being” as one of its CSV Purposes and aims to “Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare.” While interest in health has been increasing due to recent social trends, the specific issues faced by individuals vary depending on their life stages and characteristics. The Group contributes to addressing these issues by designing concepts based on the exploration of consumer needs through research marketing, and by deploying a wide range of products that combine ingredients and technologies from both inside and outside the Group. Based on the results of the analysis of impacts on the business model, the Group has recognized the importance of exploring and developing high value-added ingredients through basic research, identifying latent health needs of consumers, and establishing new business models, and is advancing these efforts.

Kirin Beverage, in the non-alcoholic beverages business, is executing a growth strategy with the Health Science domain as a driver. Through the acquisition of Blackmores in 2023 and the consolidation of FANCL in 2024, as well as the business structural reform of Kyowa Hakko Bio Co., Ltd., the Group has established the governance and management foundation to promote its strategy globally. Furthermore, through human resource exchange with Kyowa Kirin, and through Cowellnex Corporation established in 2024 as a joint venture with Kyowa Kirin, expertise such as disease understanding in the Pharmaceuticals Domain, research expertise, and academia networks are already being leveraged. Through these initiatives, the Group strives to proceed with efforts using Kirin’s unique approach focusing on “Building Natural Health as a Foundation” and “individual health issues.” The Group aims to address globally increasing health issues and become one of the largest Health Science companies in the Asia-Pacific region.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group’s prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Opportunity	Increasing interest in building natural health as a foundation consisting of nutrition, exercise, rest, and immune care, as well as physical condition management and skin issues, driven by factors such as climate change and future uncertainty			Consumers	<p><u>Effects on the business model/value chain</u></p> <ul style="list-style-type: none"> <li>• Exploration of potential health needs and deployment of a wide range of products</li> </ul> <p><u>Financial effects</u></p> <ul style="list-style-type: none"> <li>• Increase in sales and new products and services and improved profitability of immune-related products and services</li> <li>• Increase in sales and improved profitability of basic skincare, supplements related to skin health, and inner and outer approach products and services (new)</li> <li>• Increase in sales and improved profitability of VDS (supplements), health-oriented beverages, foods, and high-performance ingredients deployed by Group companies</li> <li>• Increase in investment in the development of new products and services</li> </ul>	High	Large	Health Science Non-alcoholic beverages	Short, medium and long term

**Response strategy for risks and opportunities**

(i) The Group plans to expand customer benefits to enter the global immune market. Specifically, by exploring high-value-added ingredients and developing functions, the Group strives to increase the range of health issues it can solve, leading to enhanced customer benefits. Furthermore, the Group will strengthen awareness activities for immune care. Through these activities, the Group aims to increase recognition of the benefits that immune care provides for physical condition management and create touchpoints between the Group’s products and potential customers. In fact, following the expansion of the Group’s sales area into Vietnam, improved literacy regarding immunity in the country has led to an increase in sales volumes of LC-Plasma containing products.\* The Group intends to continue participating actively in government initiatives and other efforts to expand recognition of LC-Plasma and improve health consciousness in Vietnam. In addition, the Group is accelerating the B2B business of LC-Plasma in overseas markets through strategic partnerships with leading global companies in microbial fermentation ingredients. Through expansion into global markets, the Group strives to gain insight into the health issues of overseas consumers and continue research and development of products and services to solve them. The Group plans the global expansion of LC-Plasma into at least one country annually. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

\*Lactococcus lactis strain Plasma (LC-Plasma) is a lactic acid bacterium that supports the maintenance of immune function in healthy individuals. Research has reported that it acts on pDC, which serves as the commander of the human immune system. Kirin, Koiwai Dairy Products, and Kyowa Hakko Bio have jointly conducted research, and in cooperation with universities and research institutions both in Japan and overseas, have published numerous scientific papers and conference presentations. The Group offers LC-Plasma-containing products in various categories, including beverages, supplements, and yogurt.

(ii) The Group will strengthen initiatives aimed at the growth of its cosmetics business both in Japan and overseas. Skin health is a health-related issue of strong interest to many consumers, and as the Group operates a cosmetics business, including skincare products, it is committed to resolving this issue. The Group will capture opportunities by integrating the expertise of Group companies to meet diverse consumer interests. As one example, a cross-functional Group project addressing “appearance care for cancer patients” was launched in 2022. This project aims to create an environment in which individuals can continue to fulfill social lives in their own way even when their appearance changes due to cancer or its treatment, supported by the medical expertise of Kyowa Kirin in providing information to healthcare professionals and patients. Going forward, the Group will focus on developing new products that approach beauty and skin health from the inside and outside the body by leveraging synergies among Group companies including FANCL and Blackmores. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

(iii) The Group will strengthen initiatives to expand its social impact across all operating companies. Because of rapid environmental changes and current social conditions, an increasing number of people desire to remain healthy for longer. The Group believes that “immune care” as a daily health habit, as well as nutrition, exercise, and rest, contribute to building natural health as a foundation. Accordingly, the Group is strengthening initiatives to expand the social impact of its supplements, health-oriented beverages and foods, and high-performance ingredients. For example, through the “Genki na Meneki Project,” a public-private partnership project communicating the importance of immune care, the Group engages in awareness activities with the support of various companies, organizations, and local governments. The Group has also continuously conducted educational programs on immunity, striving to improve health consciousness within households, including parents. Furthermore, through Cowellnex Corporation, a joint venture company with

Kyowa Kirin, the Group is strengthening collaboration with the Pharmaceuticals domain in areas such as R&D, venture investment, and business development, and is working to generate innovation that leads to solutions for social issues surrounding health.

Aiming for further functional expansion of Health Science products, the Group strives to increase opportunities to understand customer needs by increasing touchpoints with consumers through product shipments and awareness-raising activities. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

The growing interest in building natural health as a foundation consisting of immune care, nutrition, exercise, and rest, as well as physical condition management and skin condition issues, is an opportunity with significant financial effects for the Group, which possesses strengths in long-standing immunology research and the skincare domain. Effects such as an increase in revenue and improvement of profitability for related products and services are expected over the medium to long term. Furthermore, opportunities to resolve health issues such as increased stress caused by climate change, urbanization, and modernization will lead to an increase in sales of supplements and foods with high functional claims offered by Group companies and an improvement in profitability. Meanwhile, an increase in research and development expenses for new products and services is expected to occur over the short, medium and long term.

In this fiscal year, revenue from the Health Science business increased by ¥76,111 million compared to the previous fiscal year (including the increase in revenue associated with making FANCL a wholly owned subsidiary). While the Group considers that the materialization of opportunities may have been one of the contributing factors to this increase, quantitative information is not disclosed, as it is not possible to separately identify the impacts attributable to the materialization of such opportunities.

In addition, in the event that medium- to long-term opportunities materialize, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Opportunity	Increasing interest in building natural health as a foundation consisting of nutrition, exercise, rest, and immune care, as well as physical condition management and skin issues, driven by factors such as climate change and future uncertainty	<ul style="list-style-type: none"> <li>Expanding customer benefits to enter overseas immunity markets</li> <li>Strengthening initiatives for the growth of the cosmetics business in Japan and overseas (including leveraging synergies between FANCL and Blackmores), and creating new value through approaches to beauty and skin health from the inside and outside the body</li> <li>Strengthening initiatives to expand social impact at each group company</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>Expenses associated with the promotion of research and development</li> <li>Marketing expenses for LC-Plasma</li> </ul>	7,000	Approx. 8,000	Approx. 8,000	Expected to increase from the medium-term level
			Financial position effects <ul style="list-style-type: none"> <li>Not applicable</li> </ul>	-	-	-	-
Total			Profit or loss effects	7,000	Approx. 8,000	Approx. 8,000	Total amount of profit or loss effects above
			Financial position effects	-	-	-	-
			Cash flows effects*2	7,000	Approx. 8,000	Approx. 8,000	Total amount of profit or loss effects above

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

#### Expected changes in financial position over the short, medium and long term

The Group is considering investments for the development of new products and services and is currently formulating an investment plan for this purpose. As such investments can be funded through internal resources, no financing is planned to execute the strategy. The Group does not expect that the opportunities described above will result in material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets		Results
					(Target year)	Interim targets	
Opportunity	Increasing interest in building natural health as a foundation consisting of nutrition, exercise, rest, and immune care, as well as physical condition management and skin issues, driven by factors such as climate change and future uncertainty	Social impact of the Kirin Group's Health Science products: (Annual number of people consuming the products, calculated based on shipment volumes) + (Number of people reached through awareness activities)	Proprietary metric*1	Persons	135 million persons (2027)	-	127,781,023 persons
		Contribution to the expansion of the immunity market: Of the above, those related to LC-Plasma	Proprietary metric*2	Persons	3.05 million persons (2027)	-	3,492,902 persons

\*1: It is an absolute measure and has not been validated by a third party.

(Definition)

(Annual number of people consuming the products, calculated based on shipment volumes) + (Number of people reached through awareness activities)

Since operating companies select the targets of their awareness activities according to their respective products, business models, and target customers, the definitions vary by company.

(Calculation method)

The annual number of people consuming the products is calculated as: annual sales volume / annual recommended intake. The calculation methods for major group companies are as follows:

Kowai Dairy Products: (Annual number of people consuming milk, processed milk, fermented milk, and household cheese) + (Number of participants in seminars and study sessions)

Kyowa Hakko Bio: (Annual number of people consuming citicoline for health foods) + (Number of visitors to exhibitions, etc.)

\*2: It is an absolute measure and has not been validated by a third party.

(Definition)

(Annual number of people consuming the products related to LC-Plasma, calculated based on shipment volumes) + (Number of people reached through awareness activities regarding products related to LC-Plasma)

(Calculation method)

Same as above

### Analysis of trends or changes in the entity's performance

Initiatives aimed at creating the opportunities described above are progressing as planned.

#### 3) Unmet medical needs

In the Kirin Group, which positions health as a sustainability-related issue, Kyowa Kirin, which is responsible for the Pharmaceuticals business, emphasizes patient-centered medical needs. In particular, the Kirin Group identifies contributing to the resolution of health issues by providing Life-changing value to people facing illness with high unmet medical needs (including rare diseases) as a sustainability-related opportunity that could reasonably be expected to affect the Kirin Group's prospects.

##### (a) Governance†

Kyowa Kirin sees materiality as key management issues to realize the Vision. With regard to materiality (key management issues), from a perspective of impact on social sustainability as well as on the Group's businesses, Kyowa Kirin has identified materiality. In this process, we referred to SASB (Sustainability Accounting Standards Board), Access to Medicine Index, PSCI, etc.

Materiality has been promoted by being incorporated into the FY2021–2025 Medium Term Business Plan and the linked annual business plan. From FY2026 onward, Kyowa Kirin will align with "Vision 2030 and Beyond: Our Growth Story" and promote it by incorporating it into Kyowa Kirin's annual business plan. In addition, the progress of the plans is monitored and reported to the Executive Committee and the Board of Directors on a quarterly basis. To promote the solution of medium- to long-term management issues, business indicators from FY2024 will include non-financial targets formulated in the fiscal year business plan, including targets related to materiality.

Kyowa Kirin reviews the materiality every year based on changes in environments within and outside the Company, which is approved by the Executive Committee and the Board of Directors.

Following discussions at Kyowa Kirin, progress is reported quarterly to the Group Executive Committee for flat discussion. Furthermore, a summary of these reports covering the entire Group, including Kyowa Kirin, is reported to the Board of Directors of Kirin Holdings. The Board of Directors of Kirin Holdings oversees the response policies and execution plans for the issues.

##### (b) Risk management†

Risk management (RM) system and process for identifying principal risks

The Kyowa Kirin Group defines risk as uncertainty that may affect the achievement of management and strategic targets. It encompasses both threats (negative impacts) that could damage corporate value during business operations and opportunities (positive impacts) that, when appropriately addressed, can lead to the creation and growth of corporate value. Under the framework of Enterprise Risk Management (ERM), the Group positions risk not merely as something to be avoided, but as a key management issue that should be leveraged to maximize opportunities and create and preserve corporate value.

The Group promotes its business activities under its "One Kyowa Kirin" global management system, which combines a regional axis focusing on the three regions of JAPAC, including Japan, North America, and EMEA, a trans-regional functional axis, and a product (franchises) axis.

Regional Risk Management Committees were established in each of the three regions to discuss principal risks specific to each region. The Group holds meetings of the Group Risk Management Committee that is positioned as a place globally opened to stakeholders, mainly CxO, twice a year, and deliberates strategies related to Group-wide risk management and activity policies.

Regarding the process of identifying principal risks, once a quarter, the business execution lines identify risks based on changes in the internal and external environment in a working-level meeting, and analyze the impact on management and the frequency of occurrence (possibility of occurrence). The Group Risk Management Committee Secretariat adjusts the results of the analysis while discussing changes in the internal and external environment and risk trends with the business execution lines, and then organizes risks by category to identify principal risks. In addition to confirming whether principal risks have been appropriately identified, the Group Risk Management Committee discusses measures for mitigating the risks from a company-wide perspective. Progress toward mitigating principal risks is monitored alongside action plans, with the Global Executive Committee monitoring progress and changes in risk significance based on evolving circumstances. The Group Risk Management Committee maps out risks based on the results of these assessments. Measures to mitigate principal risks discussed in these committees and findings from monitoring activities are reported to the Board of Directors.

Within the Kirin Group, significant risks identified by Kyowa Kirin are consolidated and reviewed by the Corporate Strategy Department of Kirin Holdings, together with risks common across the Kirin Group as a whole. Based on this review, the Corporate Strategy Department identifies significant Group risks, including sustainability-related risks and opportunities that could reasonably be expected to affect the Kirin Group’s prospects. The results are discussed by the Group Risk and Compliance Committee and are then determined by the Board of Directors of Kirin Holdings.

(c) Strategy

The Kyowa Kirin Group sees materiality as key management issues to realize the Vision. The specified materiality of the Group are categorized into “Topics for value creation” and “Topics for value enhancement,” which correspond to the strategic pillars to realize Vision 2030: “Provide pharmaceuticals for unmet medical needs,” “Address patient-centric healthcare needs,” “Retain the trust of society,” and “Strengthen human resources and structures to realize Life-changing value.” In addition, we set the targets for each materiality and work on it strategically, whereby we can realize our vision, which will lead to the sustainability of both society and the Group.

The materiality of Kyowa Kirin Group is also related to those of the Kirin Group, to which the Company belongs. In particular, the materiality items that have a high impact on the business of the Kirin Group—“Creation and delivery of Life-changing pharmaceuticals” and “Quality assurance and a stable supply of pharmaceuticals”—are linked to our Group’s materiality items: “Creation of innovative medicines ,” “Maximization of product value ,” “Pipeline enrichment,” “Access to medicine,” “Co-creation of new value based on the needs of people facing illness,” and “Product supply and quality assurance .”

Based on the above, the Kirin Group has selected “creating and delivering Life-changing pharmaceuticals” and “quality assurance and a stable supply of pharmaceuticals” as sustainability-related risks and opportunities that could reasonably be expected to affect the Kirin Group’s prospects under this theme, as follows.

The Group considers trade-offs with other sustainability-related risks and opportunities as it advances its initiatives.

Risks and opportunities		Value chain (Stakeholders of the Group)			Impact on the business model and value chain, and financial impact in the event that risks and opportunities emerge	Likelihood	Monetary importance	Segments affected by risks and opportunities	Time frame in which the impact of risks and opportunities
		Up-stream	The Company	Down-stream					
Opportunities	1) Enhance the corporate value by creating and delivering Life-changing value			People facing illness	<u>Impact on people facing illness:</u> • Improve the quality of life for people facing illnesses with high unmet medical needs and make them smile*1  <u>Financial impact:</u> • Increase in the Group’s revenue and profits*1 • Increase in capital to further create Life-changing value*1	High	Large	Pharmaceuticals	Short term Medium term Long term
Risks	2) Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages			People facing illness	<u>Impact on people facing illness</u> • Failure to deliver sufficient medications*1  <u>Financial impact</u> • Decrease in revenue and profits*1 • Decrease in capital to further create Life-changing value*1	Medium	Large	Pharmaceuticals	Short term Medium term

\*1: the Kirin Group will achieve the creation of both of two values; one is social value (the Group solves social issues by providing Life-changing value to make people facing illness smile) and the other is economic value (the Group gains profits which can be the source of investment in human capital and intellectual capital to realize Life-changing value).

## Response strategy for risks and opportunities

### 1) Response strategy for “Enhance the corporate value by creating and delivering Life-changing value”

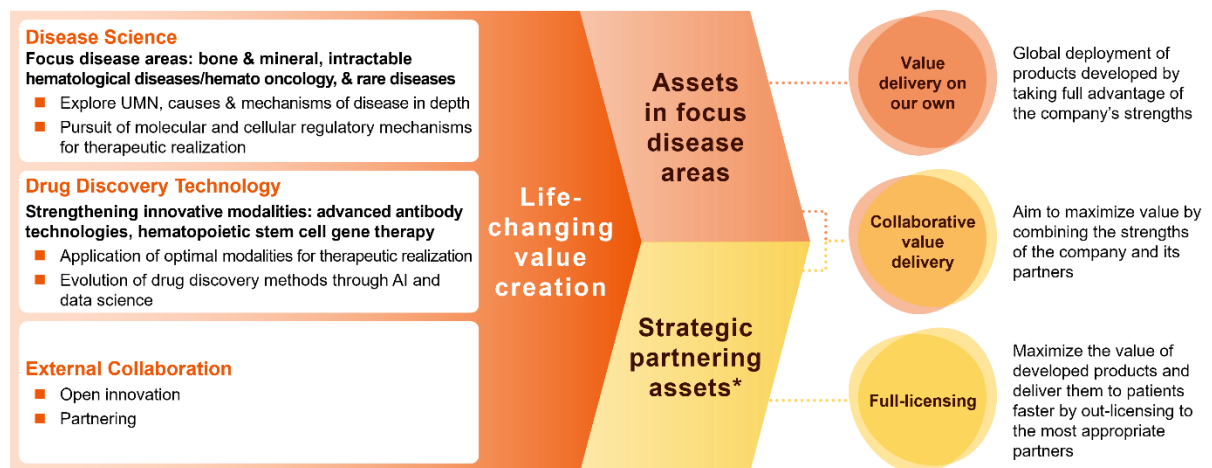
Since 2021, we have been promoting activities to realize Vision 2030. However, amid significant and challenging changes in the pharmaceutical industry—such as growing pressure to contain healthcare costs worldwide and increasing difficulties in developing new drugs—we introduced “Story for Vision 2030” as a strategy to ensure the successful realization of Vision 2030. This is our strategy for continuously creating and delivering Life-changing value, which the Group has advocated in Vision 2030. We have defined the focus disease areas and modalities\*<sup>1</sup> more clearly. In addition to this, we will accelerate and strengthen open innovation, partner collaboration, venture capital, and corporate venture capital fund investments.

From the perspective of maximizing the Life-changing value generated by these activities, it is necessary to select an appropriate business model. For assets in the focus disease areas, the Group will manage everything from development to sales on a global basis. It will be important to deliver the created value to patients, while also amplifying our own strengths in those areas by reflecting their feedback in research and development.

For strategic partnering assets, we will leverage outside capabilities to maximize value. We expect to maximize the value, including the fastest delivery to patients, by building the best possible business model with the right partners.

Thus, by selecting the appropriate business model, the Group is focused on bringing the value it creates to as many people facing illness as possible as quickly as possible.

\*1: Modalities: Classes of drug discovery technologies (methods and means) that facilitate the realization of the envisioned therapeutic concept.



\* Assets outside of the disease areas of focus are designated as strategic partnering assets, and value maximization is achieved through collaboration with partners.

Assets in the focus disease areas:

Kyowa kirin will work to create and deliver value in the three areas set out below as the focus disease areas of the Company. For each disease area, Kyowa Kirin will continue to strive to penetrate markets by increasing the number of countries and regions where our products have been launched and implementing disease awareness raising activities and patient support programs, etc.

#### Bone and mineral

With regard to Crysvida, Kyowa Kirin has started selling hypodermic syringes in Japan and Europe as an easier and safer dosage form of self-injection at home which was expected by patients and healthcare professionals. In Italy, Crysvida has become eligible for insurance reimbursement for treatment of tumor-induced osteomalacia. The development of KK8123\*<sup>2</sup> and KK8398\*<sup>2</sup> is steadily in progress.

#### Intractable hematological diseases/hemato oncology

Ziftomenib (product name in the U.S.: KOMZIFTI) has been approved as an oral menin inhibitor that can be taken once daily for relapsed or refractory acute myeloid leukemia (AML) by NPM 1-mutation in the U.S., for the first time in the world. Kyowa Kirin will promote partnership with Kura Oncology, aiming to provide new therapeutic options (combination therapies and early line treatment) for acute leukemia.

Regarding Poteligeo, Kyowa Kirin promote initiatives that use machine learning and AI technology to improve patient access to treatment. In addition, Kyowa Kirin will steadily develop KK2845, etc.\*<sup>2</sup> which is our first antibody-drug conjugate (ADC).

#### Rare diseases (hematopoietic stem cell gene therapy)

Regarding OTL-200 (product name in Europe: Libmeldy, in the U.S.: Lenmeldy), Kyowa Kirin promotes newborn screening for metachromatic leukodystrophy (MLD) in the U.S. and Europe. In Spain, it has become eligible for insurance reimbursement. Due to the recommendation by the U.S. Secretary of Health and Human Services that the federal government include MLD in newborn screening programs, the Company will continue its efforts to expand implementation across individual states. In Japan, it has been designated as an orphan regenerative medical product for early-onset metachromatic leukodystrophy. In Saudi Arabia, it has also been designated as an orphan drug and granted priority review designation. Kyowa Kirin will also steadily develop OTL-203\*<sup>2</sup> and OTL-201\*<sup>2</sup>.

Strategic partnering assets:

Kyowa Kirin aims to maximize the value, including the fastest delivery of the value to patients, by creating the best business model with appropriate partners.

Kyowa Kirin will also aim at maximizing the value of small molecule KHK4951\*<sup>3</sup> (generic name: tivozanib), KK2260\*<sup>2</sup> and KK2269\*<sup>2</sup> which are created with our proprietary REGULGENT bispecific antibody technology, POTELLIGENT antibody KK4277\*<sup>2</sup>, and KK3910\*<sup>2</sup>, for which Kyowa Kirin have started Phase I clinical trial for essential hypertension in 2025, including through collaboration with partners.

As for KHK4083\*<sup>2</sup> (generic name: rocatinlimab), which Kyowa Kirin have continued to advance in multiple clinical trials in collaboration with Amgen, the partnership agreement with Amgen regarding development and commercialization was terminated in January, 2026 against the backdrop of Amgen's strategic portfolio review, and Kyowa Kirin reacquired full control of the global rocatinlimab program, including regulatory filings and future commercialization. However, on March 3, 2026, based on the latest safety information and a comprehensive risk-benefit assessment, Kyowa Kirin decided to discontinue all ongoing clinical trials for rocatinlimab.

In addition, Kyowa Kirin have provided Boehringer Ingelheim with a license related to a preclinical development program aimed at developing a first-in-class small molecule therapeutic medicine candidate for autoimmune diseases.

For "Strategies and initiatives to address the opportunities," although there was some impact from political situations in certain countries, progress was generally smooth. Subsequently, Kyowa Kirin decided to discontinue clinical trials for rocatinlimab. We have decided not to change the medium- to long-term financial targets set forth in "Vision 2030 and beyond: Our Growth Story" formulated before this decision, and Kyowa Kirin will continue to advance these initiatives.

\*2.For details of the development pipeline, please refer to "II. OVERVIEW OF BUSINESS, 6 RESEARCH AND DEVELOPMENT ACTIVITIES"

2) Response strategy for risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages

The Group will maintain and strengthen a stable supply system and establish unwavering trust from society to ensure that Life-changing value created by the Company is delivered to patients. To prepare for various risks that may threaten the quality and stable supply of pharmaceuticals, including external factors such as disasters and changes in international circumstances, and internal factors such as GMP violations and manufacturing problems, Kyowa Kirin is promoting integrated approaches for building a robust production and supply structure, strengthening production and quality technologies, and developing human resources to ensure a stable supply of pharmaceuticals of reliable quality.

Currently, Kyowa Kirin has core production facilities in Takasaki-shi, Gunma and Ube-shi, Yamaguchi, and are constructing a biopharmaceutical API manufacturing building (Sanford Plant) in North Carolina, United States. The development and strengthening of our in-house production system will enable flexible production responses in the event of risk occurrence. In the Takasaki area, the Bio Process Research and Development Laboratories and Takasaki Plant are located next to each other, serving as a core center for biopharmaceutical drugs, and creating an environment that allows us to seamlessly proceed with the entire process from research to manufacturing to applying for approval. This proximity enables smooth technology transfer and quick response to manufacturing problems. In addition, by consolidating quality control and quality assurance functions into Q-TOWER and strengthening mutual collaboration, quality divisions as a whole are working to maintain solid quality. As an automated mass production plant for oral solid dosage preparations (OSDP), Ube Plant is equipped with the latest technology and a robust quality control system to support highly efficient supply. For important products, kyowa Kirin has established a dual sourcing system with external CDMOs in addition to our proprietary plants to further improve supply stability. Supply chain management, including contractor management, is becoming increasingly complex. However, Kyowa Kirin is working to improve management capacity and resilience by strengthening internal and external collaboration and monitoring KPIs. To prepare for unexpected manufacturing stoppages or shipment delays, Kyowa Kirin maintains inventory levels that can cover demand for a certain period, enabling us to continue supplying products. In launching a U.S. base, our aim is not only to expand in-house production capacity but also to raise the level of overall production technology through the international circulation of technology and human resources. In the Takasaki area, construction of the HB7 building was completed in 2025, with manufacturing training facilities installed. In addition to employees from Takasaki Plant, the Sanford Plant staff will also come, and both bases will work together to improve technical proficiency.

For "Response strategy for risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages" are generally progressing well.

Regarding the opportunities that materialized in the current fiscal year, they are as described in "Materiality related to providing pharmaceuticals for unmet medical needs and addressing patient-centric healthcare needs > Strategies and initiatives to address the opportunities identified above." In addition, because it is not possible to separately identify the financial impact resulting from the materialization of opportunities, Kyowa Kirin has not described the financial impact for the current fiscal year and subsequent fiscal years. No risks have materialized during the current fiscal year. In addition, because it is difficult to estimate the extent of impact if risks materialize in the next fiscal year or thereafter, quantitative information on the financial impact is not provided.

Below is the strategy to address sustainability-related risks and opportunities that could reasonably be expected to affect the Group's forecasts, as well as the financial impact that could arise from addressing these risks and opportunities.

As investments necessary to realize "Strategies and initiatives to address the opportunities identified above," there are strategic investments in external assets (including license introductions, VC/CVC investments, etc.) along with research and development investments aimed at

maximizing value, including the creation of innovative pharmaceuticals and the expansion of their indications. Their results for the fiscal year ended December 31, 2025 and future projections are shown in the table below. These financial investments also include development investments in appropriate regions with a view to subsequent sales. In addition, these future projections of financial investments may change subject to the scale of sales revenue and strategies.

Financial investments necessary to implement “Strategies and initiatives to address the risks identified above” include costs and investments related to the in-house manufacturing, quality assurance, and supply chain management. Results for the fiscal year ended December 31, 2025 and future projections are shown in the table below. These future projections of financial investments may change subject to changes in internal and external conditions.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions) <sup>*1</sup>			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Opportunities	1) Enhance the corporate value by creating and delivering Life-changing value	• See “Response strategy for risks and opportunities” as stated above.	Impact on PL • R&D investment to create and deliver innovative drugs as Life-changing value	101,200	Approx.122,000	Targeting 20% of consolidated revenue	Targeting 20% of consolidated revenue
			Impact on BS • Strategic investment for pipeline and acquisition of drug discovery technology	Approx.400,000	Based on the strategy Respond flexibly	Based on the strategy Respond flexibly	Based on the strategy Respond flexibly
Risks	2) Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages	• Establish and appropriately operate a system and procedures to ensure the continued quality assurance and stable supply of products supplied by the company	Impact on PL • Costs related to in-house manufacturing, quality assurance, and supply chain management <sup>*2</sup>	Approx.54,000	Approx.59,000	Approx.59,000	Assumed to be the same level as medium-term
			Impact on BS • Investments in our own manufacturing, quality assurance, and supply chain management <sup>*3</sup>	Approx.33,000	Approx.44,000	Approx.10,000	Expected to be within the range of depreciation
Total			Impact on PL	Approx.155,200	Approx. 181,000	Total amount of the impact on the PL above	Total amount of the impact on the PL above
			Impact on BS	Approx.433,000	Total amount of the impact on the BS above	Total amount of the impact on the BS above	Total amount of the impact on the BS above
			Impact on CF <sup>*4</sup>	Approx. 588,200	Total amount of the impact on the PS/BS above	Total amount of the impact on the PS/BS above	Total amount of the impact on the PS/BS above

\*1: The Kirin Group defines short term, medium term, and long term as one year, two to three years, and four to ten years after the end of the fiscal year ended December 31, 2025, respectively. However, for the financial impact arising from addressing risks and opportunities, we indicate single-year figures that will occur one year later for the short term, three years later for the medium term, and ten years later for the long term, so that trends for these terms can be understood.

\*2: Since it is difficult to calculate only the cost required to address risks, the total cost of related divisions (excluding variable costs associated with manufacturing) is shown.

\*3: Since it is difficult to calculate the amount of direct investment to address risks, the total amount of investment in related divisions is shown.

\*4: Since it is difficult to accurately calculate the impact on CF, the sum of the impact on PL and the impact on BS is shown.

### Expected changes in financial position over the short, medium and long term

Strategic investment for pipeline and acquisition of drug discovery technologies as the above strategy to address opportunities will be flexibly implemented based on the management strategy. Regarding the investment funds, Kyowa Kirin will continue to maintain our net cash position in principle. In addition to cash on hand, Kyowa Kirin will secure sufficient borrowing capacity and methods of flexible financing (CPs (commercial papers) and commitment lines) for strategic large-scale investment projects. Kyowa Kirin does not believe that the above strategy to address opportunities will result in material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

As investment related to in-house manufacturing, quality assurance, and supply chain management as a strategy to address the above risks, Kyowa Kirin are constructing a biopharmaceutical API manufacturing building (Sanford Plant) in North Carolina, United States. Kyowa Kirin plans to procure the investment funds from cash on hand. Kyowa Kirin does not believe that the above strategy to address risks will result in material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual

reporting period.

(d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect Kirin Group’s prospects regarding unmet medical needs are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon.

The Kyowa Kirin Group's resilience towards the Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages is described below.

When formulating product supply plans, Kyowa Kirin make sure there will be sufficient inventory levels to meet demand for a certain period so that Kyowa Kirin can continue to supply products in the event that manufacturing at our proprietary plants or at an external CDMO stops due to unexpected circumstances. Furthermore, Kyowa Kirin puts in place a system that will ensure the continual supply of products by keeping inventories at stock points that can support a certain period of supply even if product shipments from a plant are halted. Our proprietary plants are equipped with emergency power supplies to maintain production in case of power outages due to natural disasters. In addition, Kyowa Kirin has established a dual sourcing system for important products to further strengthen a stable supply in the event of risk occurrence. To address quality risks, both of our proprietary plants and CDMOs conduct regular GMP audits based on the latest GMP trends and risks, and manage any issues identified, ensuring that corrective and preventive measures are implemented. All identified risks are also registered in a quality risk register, and the progress of any necessary response measures is monitored.

As a result of the business model impact analysis described above, Kyowa Kirin has evaluated that even if the negative impacts on unmet medical needs were to occur beyond Kyowa Kirin’s expectations over the medium term, Kyowa Kirin has the capacity to respond to the manifestation of such uncertainties and there is no need to change Kyowa Kirin's current business model of the Pharmaceuticals business.

(e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)		Results
						Interim targets	
Opportunities	1) Enhance the corporate value by creating and delivering	Development pipeline and status of major applications and approvals	Kyowa Kirin’s own source (considering SASB)*1	—	—	—	Refer to a list of the development pipeline and the information on major applications and approvals*2
	Life-changing value	Launch of global products in major countries	Kyowa Kirin’s own source*3	Country	CRV_XLH (Adult): 8/8 CRV_XLH (Pediatric): 8/8 CRV_TIO: 6/8 POT_CTCL: 8/8 Libmeldy_PSLI: 6/8 (2027)	—	CRV_XLH (Adult): 8/8 CRV_XLH (Pediatric): 8/8 CRV_TIO: 6/8 POT_CTCL: 8/8 Libmeldy_PSLI: 5/8
Risks	2) Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages	Number of enforcement actions taken in response to violations of good manufacturing practice (GMP) or equivalent standards violations by type	Kyowa Kirin’s own source (considering SASB)*4	Case	—	—	0 cases
		Number of occurrences of limited or suspended product supplies due to our own reason.	Kyowa Kirin’s own source*5	Case	Maintain zero cases	—	0 cases

\*1: It is an absolute metric and is not certified by a third party. In addition, this metric has been set with reference to SASB: HC-BP-000.B. In order to further clarify the status of each item, a table related to a list of the development pipeline and the information on major applications and approvals is included.

\*2: For details, please refer to “Development pipeline” and “Major applications and approvals.”

\*3: It is an absolute metric and is not certified by a third party.  
(Definition) Launch of global products (Crysvita, Poteligeo, Libmeldy/Lenmeldy) by indication in eight major countries with high social and economic impact (Japan, the U.S., Canada, the UK, France, Italy, Germany, and Spain)

(Calculation method) Number of countries where global products are marketed by indication as of December 31, 2025

\*4: It is an absolute metric and is not certified by a third party. In addition, this metric has been set with reference to SASB: HC-BP-250a.5. The scope of data aggregation has been adjusted before disclosure in consideration of the financial impact on the Group.

(Definition) Number of enforcement actions taken in response to violations of GMP or equivalent standards violations by type as determined by the Company

(Calculation method) (1) Actual results are as of December 31, 2025. (2) This applies to enforcement actions resulting in the suspension of shipments of global products such as CRV and POT due to GMP violations caused by serious deficiencies or deviations in pharmaceutical manufacturing and quality control systems.

- \*5: It is an absolute metric and is not certified by a third party.
- (Definition) Number of occurrences of limited or suspended product supplies of important pharmaceutical products due to our own reason, as determined by the Company.
- (Calculation method) (1) Actual results are as of December 31, 2025 (2) In-house reasons refer to circumstances that are within the scope of responsibility of the manufacturer and distributor (such as problems in procurement of raw materials including APIs, manufacturing problems, quality problems, administrative penalties [including those caused by contract manufacturing partners]). This category does not include other instances of running out of stock (stockouts) or limited shipments due to transient excessive demand or damage from disasters. (3) The number of stockouts or limited shipments will be counted as one case if it originates from the same reason, even if the instances cover more than one report. (4) The scope of aggregation covers events that reach the criteria established by the Company, taking into consideration the financial impact on the Company and the impact on patients.

#### **Analysis of trends or changes in the entity's performance**

For "Response strategy for "Enhance the corporate value by creating and delivering Life-changing value"," although there was some impact from political situations in certain countries, progress was generally smooth. Subsequently, Kyowa Kirin decided to discontinue clinical trials for rocatinlimab. Kyowa Kirin has decided not to change the medium- to long-term financial targets set forth in "Vision 2030 and beyond: Our Growth Story" formulated before this decision, and Kyowa Kirin will continue to advance these initiatives.

For "Response strategy for risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages" are generally progressing well.

# R&D pipeline



small molecule



antibody










HSC-GT

Updated since Dec. 31, 2024

Updated since Sep. 30, 2025

As of Dec 31, 2025

Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage			[In-House or Licensed] Remarks
			PhI	PhII	PhIII	
KK8123 Injection	Anti-FGF23 Fully Human Antibody	X-linked Hypophosphatemia				[In-House] Clinical study is being conducted in NA and EU as a global product
KK8398 infigratinib Oral	FGFR3 Inhibitor	Achondroplasia				[QED Therapeutics] Clinical study is being conducted in JP
		Hypochondroplasia				Preparation underway for Ph III clinical trial in JP
ziftomenib ※ Oral	Menin Inhibitor	Acute Lymphoblastic Leukemia (ALL) (Monotherapy)				[Kura Oncology] Clinical study is being conducted in NA and EU as a global product KMT2A-rearranged ALL KOMET-001
		Acute Myeloid Leukemia (AML) (Monotherapy)				Clinical study is being conducted in NA and EU as a global product Non-NPM1-mutant AML/Non-KMT2A-rearranged AML KOMET-001
		Acute Myeloid Leukemia (AML) (Combination)				Adult Relapsed or Refractory AML with a NPM1 Mutation Preparation underway for Ph II clinical trial in JP
						Clinical study is being conducted in NA as a global product NPM1-mutant AML/KMT2A-rearranged AML Combinations with venetoclax + azacitidine, and cytarabine + daunorubicin KOMET-007
			Clinical study is being conducted in NA as a global product FLT3/NPM1 co-mutated AML Combinations with cytarabine + daunorubicin, and quizartinib KOMET-007			
				Clinical study is being conducted in NA and EU as a global product NPM1-mutant AML/KMT2A-rearranged AML Combinations with gilteritinib, FLAG-IDA, LDAC KOMET-008		
				Clinical study is being conducted as a global product NPM1-mutant AML/KMT2A-rearranged AML Combinations with venetoclax + azacitidine, and cytarabine + daunorubicin KOMET-017		
KK2845	Anti-TIM-3 ADC	Acute Myeloid Leukemia (AML)				[In-House] Antibody-Drug Conjugate Clinical study is being conducted in JP as a global product
OTL-203	Hematopoietic Stem Cell (HSC) Gene Therapy	MPS-IH (Hurler Syndrome)				[In-House] Rare Pediatric Disease (RPD) and Fast Track designations (FDA) Priority Medicines (PRIME) designation (EMA) Area of clinical study: NA and EU
OTL-201	Hematopoietic Stem Cell (HSC) Gene Therapy	MPS-IIIA (Sanfilippo Syndrome type A)				[In-House] Rare Pediatric Disease (RPD) designation (FDA) Preparation underway for registrational study (equivalent to PhIII study)
KHK4083/AMG 451 rocatinlimab Injection	Anti-OX40 Antibody	Moderate to Severe Atopic Dermatitis				[In-House] POTELLIGENT Human monoclonal antibody production technology Collaboration agreement with Amgen for the development of rocatinlimab in all the countries except for Japan Clinical study is being conducted in JP, NA, EU, UK, Middle East, Asia, Oceania, and other regions as a global product
		Prurigo Nodularis				Clinical study is being conducted in JP, NA, EU, Asia, and Oceania as a global product
		Moderate to Severe Asthma				Clinical study is being conducted in JP, NA, EU, Asia, and Oceania as a global product
KHK4951 tivozanib Ophthalmic	VEGF Receptor Tyrosine Kinase Inhibitor	Diabetic Macular Edema				[In-House] Clinical study is being conducted in JP, NA, Asia, and Oceania as a global product
		Neovascular Age-Related Macular Degeneration				Clinical study is being conducted in JP, NA, Asia, and Oceania as a global product
KK2260 Injection	EGFR-TfR1 Bispecific Antibody	Advanced or Metastatic Solid Tumors				[In-House] REGULGENT Fully human antibody production technology Clinical study is being conducted in JP, and a clinical study is prepared under way for PhI in NA as a global product

Code Name Generic Name Formulation		Mechanism of Action	Indication	Stage			[In-House or Licensed] Remarks
				PhI	PhII	PhIII	
	KK2269 Injection	EpCAM-CD40Bispecific Antibody	Advanced or Metastatic Solid Tumors				[In-House] REGULGENT Fully human antibody production technology Clinical study is being conducted in JP and NA as a global product
	KK4277 Injection	Anti-PTPRS Humanized Antibody	Systemic Lupus Erythematosus/Cutaneous Lupus Erythematosus				[SBI Biotech] POTELLIGENT Clinical study is being conducted in JP and Asia
	KK3910 Injection		Essential Hypertension				[In-House] Clinical study is being conducted in JP as a global product
	OTL-200 atidarsagene autotemcel	Hematopoietic Stem Cell (HSC) Gene Therapy	Early-onset Metachromatic Leukodystrophy (MLD)				[In-House] Orphan Regenerative Medicine Product Designation in JP Preparation underway for clinical trial in JP Product Name in US: Lenmeldy Product Name in Europe: Libmeldy

Note: For detailed information on ziftomenib (Product Name in the U.S.: KOMZIFTI)'s development status, please refer to Kura Oncology's website.  
<https://kuraoncology.com/>

### Major Applications and Approvals

Code Name, Generic Name, Product Name	Indication	Application/Under Review	Countries/Regions Received Approval in 2025
ziftomenib (Product name in the U.S.: KOMZIFTI)	Adult Relapsed or Refractory (R/R) Acute Myeloid Leukemia (AML) with a Nucleophosmin1 (NPM1) Mutation	–	U.S.

#### 4) Human capital

For the Group, which possesses a unique business portfolio, increasing sympathy for the Group Philosophy, Values, and CSV is essential. Based on this common foundation, promoting human resource exchange across the Food & Beverages (alcoholic and non-alcoholic beverages), Pharmaceuticals, and Health Science domains both in Japan and overseas, and enhancing both the diversity of business experiences and attributes as well as inclusiveness toward diversity, serve as sources of innovation. The Group therefore considers these efforts as sustainability-related opportunities that could reasonably be expected to affect the Group's prospects.

##### (a) Governance†

In the Group, the Company's Group Executive Committee discusses and exchanges opinions about strategies related to human capital. After these discussions are reflected in the plans of People & Culture Department, these strategies are then discussed again at the Group Executive Committee as part of the group plan and then reported to the Board of Directors. The Board of Directors oversees the progress of the implementation of human capital strategies as an integral part of group monitoring.

Furthermore, to promote health management proactively and independently, including occupational health and safety, the Group has established the "Group Health and Safety Meeting" under the Group CSV Committee, which meets twice a year. The Chief People Officer (CPO) chairs this meeting, and the general managers of human resources department of major domestic operating companies participate. Matters discussed at the Group Health and Safety Meeting are reported to the Group CSV Committee, and then reported to the Company's Board of Directors for reflection in the Group's overall strategy. At the same time, the Board of Directors oversees the Group's response policies and execution plans for health management.

##### (b) Risk management†

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Group Executive Committee discusses revisions to risks and opportunities related to human capital strategies in light of changes in the internal and external environment. In addition, the Group Executive Committee monitors the progress of response strategies to sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects.

##### (c) Strategy

The Group is guided by its core philosophy of "Respect for Humanity," which is founded on a belief in the limitless potential of people. The Group provides an environment where each and every employee can take the challenge of creating new value, work to their fullest, and continue to grow through their work. The Group values human capital as a source of value creation through innovation and competitive advantage, and by investing in human resources, it aims to be "a company where human capital grows and that wins through human capital." The human capital strategy is designed not only to enhance the effectiveness of the execution of current management strategies, but also to expand the potential of management strategies by strengthening human capabilities, which are critical factors in enhancing corporate value over the long term. The key elements of this approach are "expertise" and "diversity." The Group develops human capital that combines both "expertise" and "diversity" by providing an environment where each employee can enhance their expertise and accumulate a variety of business experiences and perspectives within its unique and robust business portfolio spanning Food & Beverages (alcoholic and non-alcoholic

beverages), Pharmaceuticals, and Health Science.

Furthermore, the Company will foster an organizational culture that embraces diversity and will promote CSV management through cross-organizational and cross-team creation, thereby achieving the Group's sustainable growth and improved corporate value.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Opportunity	(i) Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management		Employees		<u>Effects on the business model/value chain</u> • Realization of new value creation and innovation <u>Financial effects</u> • Increase in revenue due to increased sales opportunities for products and services	High	Medium	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term
Risk	(ii) Risk of a decline in productivity resulting from employee occupational health and safety issues		Employees		<u>Effects on the business model/value chain</u> • Decline in employee productivity and loss of human resources <u>Financial effects</u> • Decrease in revenue • Increase in fixed cost ratio • Increase in litigation costs such as claims for compensation from employees and others • Increase in recruitment and training costs	High	Medium	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term
Opportunity	(iii) Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management		Employees		<u>Effects on the business model/value chain</u> • Realization of new value creation and innovation <u>Financial effects</u> • Increase in revenue due to increased sales opportunities for products and services	High	Medium	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term

### Response strategy for risks and opportunities

(i) Response strategy for “Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management”

The Group is implementing global internal branding initiatives to embed the CSV management philosophy, aimed at fostering employees who are healthy and energetically engage in their work with motivation.

Taking into account differences in the level of penetration and circumstances across Group operating companies, the Group considers and deploys new initiatives tailored to each situation. Through these efforts, the Group is advancing the development of an environment in which each employee deepens their understanding of and sympathy with the vision and direction pursued by the Kirin Group, and can work with pride as a member of the Group. Specifically, for the purpose of timely dissemination of Group information and fostering employee understanding, the Group is deploying “KIRIN Now,” an internal website shared by group employees to disseminate management information. The Group also conducts the “Kirin Group Award,” which recognizes initiatives that embody the Group Philosophy, Values, and CSV, as well as the “CSV experiences” program to promote understanding of CSV among group employees.

Through these initiatives, the Group aims to accelerate the practice of CSV management, which is positioned at the core of its management. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

(ii) Response strategy for “Risk of a decline in productivity resulting from employee occupational health and safety issues”

Ensuring occupational health and safety for group employees is the foundation of value creation and is essential for the practice of CSV management. The Group places the highest priority on ensuring safety and health, strives to maintain a safe and hygienic work environment, and understands and complies with laws and regulations related to occupational safety and health. Furthermore, the Group complies with labor-related laws and strives to maintain a healthy and comfortable work environment.

The Group has established the Kirin Group Occupational Health and Safety Policy. Under this policy, each Group company and workplace has a clearly defined structure with assigned roles and responsibilities, and appropriate management resources are allocated. Through the continuous improvement of occupational health and safety activities, the Group aims to ensure that each and every person who works with the Group is healthy, safe and lively in mind and body, and has a heightened sense of job satisfaction.\*

In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

\*Work with the Group: all people who work in the same workplace (including employees of partner companies, outsourcing companies, and subcontractors)

(iii) Response strategy for “Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management”

The Group has set “diversity and inclusion, culture for innovation” as a necessary organizational capability to become a global leader in CSV. In recent years, amid increasing uncertainty and rapid changes in the external environment, and as the business environment surrounding the Group becomes more challenging, it is necessary for the Kirin Group to achieve sustainable growth by practicing “human capital management” and accelerating innovation through diverse human capital who sympathize with CSV management and work to their fullest to maximize their individual potential.

The Group has long been committed to fostering an organizational culture in which women can demonstrate autonomy and creativity and thrive with vitality. In 2022, the Group formulated the “Kirin Group’s Long-Term Plan for the Advancement of Women 2030,” which aims to increase the female leadership ratio to 30% by 2030. To foster an organizational culture where both men and women can demonstrate leadership from an early stage, the Group promotes “accelerated career development,” which encourages group employees to gain work and success experiences and build expertise before experiencing life events such as childbirth and childcare. Furthermore, the Group is advancing a transformation into an organization that accepts diversity by identifying and eliminating factors that hinder diverse group employees from working with mutual respect.

In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, and the financial effects arising from the response to those risks and opportunities are as follows.

Although no risks have materialized during the current fiscal year, there is a possibility that the occurrence of occupational health and safety issues among group employees could lead to a decline in productivity, resulting in a decrease in revenue due to impacts on operations and an increase in recruitment and training costs due to the departure of human capital. These effects may occur over the medium term. In addition, from the next fiscal year onward, there is a possibility of increased revenue over the medium term as opportunities materialize, such as the creation of new value and innovation leading to increased sales opportunities for products and services. However, quantitative information is not disclosed, as it is difficult to estimate the extent to which sales would be affected in the event that the opportunities materialize.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Opportunity	(i) Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management	<ul style="list-style-type: none"> <li>Promoting global internal branding to embed the CSV management philosophy at major domestic and overseas Group companies</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>Engagement survey expenses</li> <li>Kirin Group Award program operating expenses</li> </ul>	135	Approx. 200	Approx. 200	Approx. 200
			Financial position effects <ul style="list-style-type: none"> <li>Not applicable</li> </ul>	-	-	-	-
Risk	(ii) Risk of a decline in productivity resulting from employee occupational health and safety issues	<ul style="list-style-type: none"> <li>Establishing a group-wide occupational health and safety policy promotion system in collaboration with Group companies.</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>Occupational health and safety consulting expenses</li> <li>Health-related program implementation expenses</li> </ul>	35	Approx. 70	Approx. 70	Approx. 70
			Financial position effects <ul style="list-style-type: none"> <li>Not applicable</li> </ul>	-	-	-	-
Opportunity	(iii) Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management	<ul style="list-style-type: none"> <li>Strengthening development and support plans for female leaders</li> <li>Creating an organizational environment that embraces diversity</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>Expenses related to various programs for self-reliant career development</li> </ul>	31	Approx. 40	Approx. 40	Approx. 40
			Financial position effects <ul style="list-style-type: none"> <li>Not applicable</li> </ul>	-	-	-	-
Total			Profit or loss effects	201	Approx. 310	Approx. 310	Approx. 310
			Financial position effects	-	-	-	-
			Cash flows effects*2	201	Approx. 310	Approx. 310	Approx. 310

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

**Expected changes in financial position over the short, medium and long term**

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks and opportunities described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

**(d) Strategy—Resilience**

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group’s prospects regarding human capital are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. In the countries of business operations, the Group proactively and voluntarily promotes health management, including occupational health and safety. Nevertheless, even in the event that a serious occupational accident were to occur, the Group promptly shares information about the outline and cause of the incident among Group companies, identifies similar operations, and swiftly implements measures to prevent recurrence, including facility improvements such as the installation of safety devices, revisions to work procedures, and employee training. As a result of the business model impact analysis described above, the Chief People Officer (CPO) has evaluated that even if the adverse effects on human capital were to occur beyond the Group’s expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model.

**(e) Metrics and targets**

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)		Results
						Interim targets	
Opportunity	(i) Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management	CSV practice score in engagement survey	Proprietary metric <sup>*1</sup>	-	72 (2025)	-	77†
		Employee engagement score	Proprietary metric <sup>*2</sup>	-	75 (2027)	-	76†
Risk	(ii) Risk of a decline in productivity resulting from employee occupational health and safety issues	LTIR score	Proprietary metric <sup>*3</sup>	-	2.00 (2027)	-	2.04†
Opportunity	(iii) Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management	Ratio of female managers in Japan	Proprietary metric <sup>*4</sup>	%	- (Reference) Ratio of female managers among employees of Kirin Holdings: 30% (2030)	- (Reference) Ratio of female managers among employees of Kirin Holdings: 24% (2027)	17%† (Reference) Ratio of female managers among employees of Kirin Holdings: 18%

- \*1: The Group has requested responses from its employees and conducted scoring based on the responses obtained. It is an absolute measure and has not been validated by a third party.  
 (Definition) † Score of the “CSV Practice Index” in the Engagement Survey  
 (Calculation method) † Percentage of favorable responses (Top 2 Box) to three questions in employee engagement surveys
- \*2: The Group has requested responses from its employees and conducted scoring based on the responses obtained. It is an absolute measure and has not been validated by a third party.  
 (Definition) † Score of the “Sustainable Engagement” in the Engagement Survey  
 (Calculation method) † Percentage of favorable responses (Top 2 Box) to 10 questions in employee engagement surveys
- \*3: It is an absolute measure and has not been validated by a third party.  
 (Definition) † Frequency of occupational accidents among all employees (including dispatched employees), including those from partner companies, who regularly work at the Group’s sites and workplaces, represented by the number of fatalities and injuries resulting from occupational accidents (accidents occurring during the performance of duties and resulting in at least one day of absence from work) per million total actual working hours  
 (Calculation method) † Number of fatalities and injuries from occupational accidents / 1,000,000 total actual working hours
- \*4: As the ratio of female managers at overseas consolidated subsidiaries is relatively higher than that at domestic consolidated subsidiaries, and given its lower strategic priority, the ratio of female managers in Japan is targeted for disclosure. In addition, it is an absolute measure and has not been validated by a third party.  
 (Definition) † Percentage of female managers among all managers of the Company and its domestic consolidated subsidiaries. Managers refer to workers who are in an integral position with the management in the decision-making on working conditions and other labor management, and those who are in a supervisory or management position.  
 (Calculation method) † Number of female managers of the Company and its domestic consolidated subsidiaries at the end of the current fiscal year

### **Analysis of trends or changes in the entity's performance**

Initiatives aimed at creating innovation through human capital that combines “expertise” and “diversity” are progressing as planned.

#### 5) Human rights

For the Group, which operates its businesses and supply chains globally together with group employees and business partners, respect for human rights is the foundation of all business activities, and is recognized as a sustainability-related risk that could reasonably be expected to affect the Group's prospects.

##### (a) Governance†

To promote responses to human rights issues, the Group has established the “Group Business and Human Rights Meeting” as a cross-group governance body specialized in human rights issues under the Group CSV Committee, which meets twice a year. The Chief People Officer (CPO) serves as the chairperson of this meeting, and relevant officers and department heads of the Company participate. Matters discussed at the Group Business and Human Rights Meeting are reported to the Group CSV Committee and subsequently to the Company's Board of Directors, and are reflected in the Group's overall strategy.

Furthermore, to deepen the understanding of the importance of placing respect for human rights as the foundation of management for sustainable business development and to reflect it in management, the Group conducts annual human rights awareness training for top management, targeting not only the participants of the Group Business and Human Rights Meeting but also presidents, officers, and department heads of domestic Group companies.

##### (b) Risk management†

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Group Business and Human Rights Meeting discusses revisions to risks in light of changes in the internal and external environment regarding human rights issues. Furthermore, regarding response strategies for sustainability-related risks that could reasonably be expected to affect the Group's prospects, the Group Business and Human Rights Meeting monitors the progress of those strategies.

##### (c) Strategy

To address social issues through its business activities and achieve sustainable growth together with society, respect for human rights is a prerequisite for the Group. The Group positions respect for human rights as the foundation of all business activities and as one of the “Fundamentals of Corporation” that form the basis of the CSV Purpose. The Group regards respect for the human rights of all stakeholders as an important management issue and is committed to addressing it on an ongoing basis, while also developing a framework for that purpose. The Group strives to identify, prevent, and mitigate adverse human rights impacts and implement appropriate remedial measures. Through its business, the Group seeks to understand stakeholders who could potentially be subject to adverse human rights impacts, as well as the associated human rights impacts. By preventing and mitigating adverse impacts and taking appropriate corrective actions where such impacts occur, the Group remains committed to the continuous respect for the human rights of all people involved with the Group.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	(i) Risk of human rights violations occurring in the Group's supply chain	Business partners			<u>Effects on the business model/value chain</u> • Inhibiting the stable procurement of raw materials <u>Financial effects</u> • Decrease in revenue due to loss of customers • Incurrence of costs for responding to human rights violations or costs for switching suppliers	High	Large	Alcoholic beverages Non-alcoholic beverages	Medium term
Risk	(ii) Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient	Business partners	Employees		<u>Effects on the business model/value chain</u> • Inhibiting the stable procurement of raw materials • Disruption of product supply chains <u>Financial effects</u> • Decrease in revenue due to loss of customers • Increase in recruitment and training costs due to the loss of human resources • Incurrence of costs for responding to human rights violations	Medium	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term

### Response strategy for risks and opportunities

#### (i) Response strategy for "Risk of human rights violations occurring in the Group's supply chain"

The Group has formulated the Kirin Group Human Rights Policy and conducts human rights due diligence, which is a continuous process encompassing the identification of human rights issues in the value chain, the planning and execution of remedial measures, monitoring, information disclosure, and communication with external stakeholders. The Group assesses human rights risks across the entire value chain and prioritizes initiatives to address human rights risks in the upstream portion of the value chain. With advice from Business for Social Responsibility™ (BSR), an external expert organization, the Group identifies agricultural products and processed agricultural goods with heightened human rights risks. Using Sedex evaluation tools, the Group prioritizes these risks based on two axes; human rights risks in sourcing countries and the magnitude of impact on the business, and conducts human rights due diligence across the supply chain accordingly. Furthermore, the Group regularly conducts risk assessments of suppliers and works to remediate non-conformities, striving to eliminate child labor and forced labor among suppliers. During the current fiscal year, human rights due diligence has been conducted as planned, targeting countries identified as having relatively high risks based on the results of country-specific human rights risk assessments. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

#### (ii) Response strategy for "Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient"

To mitigate the risk of the Group's officers and employees committing human rights violations, the Group continuously conducts annual training for officers, level-specific training and human rights awareness training for all employees in Japan. Furthermore, the Group established a supplier hotline and a grievance desk as reporting channels for stakeholders who have concerns about human rights violations related to the Group's business. During the current fiscal year, reports were received through the supplier hotline and the grievance desk, and the Group implemented necessary remedial measures in response to those reports. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the response to those risks and opportunities, are as follows. In the current fiscal year, these risks have not materialized; however, if serious or suspected violations of the Human Rights Policy or the Sustainable Supplier Code occur, revenue may decrease due to the loss of sales opportunities resulting from the deterioration of relationships with existing customers, the effect of which may extend over the medium term. Furthermore, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	(i) Risk of human rights violations occurring in the Group's supply chain	<ul style="list-style-type: none"> <li>• Human rights due diligence</li> <li>• Supplier risk assessment</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>• Consulting fees for the advancement of human rights due diligence</li> <li>• Implementation costs of human rights due diligence</li> <li>• Implementation costs of supplier risk assessments</li> <li>• Sedex membership fees</li> </ul>	0	Approx. 9	Approx. 9	Approx. 9
			Financial position effects <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	-	-	-	-
Risk	(ii) Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient	<ul style="list-style-type: none"> <li>• Supplier hotline</li> <li>• Grievance mechanism</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>• Human rights awareness training and related costs within the Kirin Group</li> <li>• Costs for various hotlines</li> </ul>	2	Approx. 5	Approx. 5	Approx. 5
			Financial position effects <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	-	-	-	-
Total			Profit or loss effects	2	Approx. 14	Approx. 14	Approx. 14
			Financial position effects	-	-	-	-
			Cash flows effects*2	2	Approx. 14	Approx. 14	Approx. 14

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

#### Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

#### (d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding human rights issues are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. Even if negative impacts of human rights issues materialize and procurement from specific raw material production areas becomes difficult despite the Group's implementation of human rights due diligence and operation of the supplier hotline and grievance desk, the Group believes the impact would be limited as it has diversified its suppliers and has a low level of dependence on specific production areas.

As a result of the business model impact analysis described above, the Chief People Officer (CPO) has evaluated that even if negative impacts related to human rights were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model regarding human rights issues.

(e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets		Results
					(Target year)	Interim targets	
Risk	(i) Risk of human rights violations occurring in the Group's supply chain	Number of human rights due diligence (including remedial activities) conducted for suppliers	Proprietary metric <sup>*1</sup>	Cases	At least 1 case per year	-	211 cases
		Number of suppliers for which risk assessments were conducted	Proprietary metric <sup>*2</sup>	Sites	-	-	954 sites
		Number of suppliers where non-conformities were identified through risk assessments	Proprietary metric <sup>*3</sup>	Sites	-	-	30 sites
		Number of suppliers that implemented remedial measures among those where non-conformities were identified through risk assessments	Proprietary metric <sup>*4</sup>	Sites	Remediate non-conformities identified in the previous year	-	33 sites
		Number of reported cases of child labor at suppliers	Proprietary metric <sup>*5</sup>	Cases	Maintain 0 cases	-	0 cases
		Number of reported cases of forced labor at suppliers	Proprietary metric <sup>*6</sup>	Cases	Maintain 0 cases	-	0 cases
Risk	(ii) Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient	Number of grievances regarding labor practices or human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Proprietary metric <sup>*7</sup>	Cases	0 cases	-	105 cases

\*1: It is an absolute measure and has not been validated by a third party.

(Definition) Number of on-site audits conducted by the Group or a third party for suppliers with high human rights risks, in accordance with the United Nations Guiding Principles on Business and Human Rights  
 (Calculation method) Number of on-site audits conducted during the current fiscal year

\*2: It is an absolute measure and has not been validated by a third party.

(Definition) Number of supplier sites for which risk assessments were conducted via the Self-Assessment Questionnaire (SAQ), among direct material suppliers (excluding sole proprietors and non-continuous transactions) with a continuous supply relationship to local brands that have a significant impact on Group management, including the KIRIN brand, in the Alcoholic Beverages and Non-alcoholic Beverages segments  
 (Calculation method) Number of supplier sites subject to risk assessments using the SAQ during the current fiscal year

\*3: It is an absolute measure and has not been validated by a third party.

(Definition) Number of supplier sites where legal violations requiring remediation were identified among those for which risk assessments were conducted  
 (Calculation method) Number of supplier sites where legal violations were identified through risk assessments during the current fiscal year

\*4: It is an absolute measure and has not been validated by a third party.

(Definition) Number of supplier sites that completed remediation among those where legal violations were identified  
 (Calculation method) Number of supplier sites that completed remediation of legal violations identified in the previous fiscal year

\*5: It is an absolute measure and has not been validated by a third party.

(Definition) Number of reported cases regarding child labor among reports to the Group hotline or grievance mechanism  
 (Calculation method) Number of child labor reports during the current fiscal year

\*6: It is an absolute measure and has not been validated by a third party.

(Definition) Number of reports related to forced labor received through the Group hotline or grievance mechanism  
 (Calculation method) Number of reports related to forced labor received during the current fiscal year

\*7: It is an absolute measure and has not been validated by a third party.

(Definition) Number of reports related to human rights risks, including child labor and forced labor, received through the Group's hotline or grievance mechanisms for which responses and resolutions have been completed  
 (Calculation method) Number of reports related to human rights risks for which responses and resolutions were completed during the current fiscal year

**Analysis of trends or changes in the entity's performance**

Human rights due diligence for suppliers assessed as having higher human rights risks is progressing as planned, and the Group will continue its efforts to reduce human rights risks.

6) Consumer issues

In the Alcoholic Beverages, Non-alcoholic Beverages and Health Science domains of the Group, providing consumers with safe and secure

products and services is the foundation of all of the Group’s activities. The inability to provide such safe and secure products and services is regarded as a sustainability-related risk that could reasonably be expected to affect the Group’s prospects.

(a) Governance†

To enhance quality assurance levels across the Group, the Quality Assurance Department, which is the department in charge of quality assurance functions, formulates an annual department plan every year. To ensure steady execution of the plan while responding promptly to changes in the environment, the Group holds quarterly monitoring meetings in which the Chief Quality Assurance Officer participates. Matters discussed at the monitoring meetings are reported to the Company’s Board of Directors via deliberation at the Group Executive Committee as necessary and reflected in the Group’s overall strategy. At the same time, the Board of Directors oversees response policies and execution plans for the Group’s quality assurance issues.

(b) Risk management†

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, revisions to risks are discussed at the quarterly monitoring meetings for the annual plan in light of changes in the environment concerning quality assurance. Additionally, at quarterly monitoring meetings for the annual plan, the Group monitors the progress of response strategies for sustainability-related risks that could reasonably be expected to affect the Group’s prospects.

(c) Strategy

To solve social issues through business activities and achieve sustainable growth together with society, the Group positions “Ensuring food safety and security” as one of the material themes in its GMM. The Kirin Group has established a quality management system based on the concepts of international standards (such as ISO 9001 and FSSC 22000) and implements continuous improvement initiatives.

The components of this international quality management system start with the Kirin Group’s Quality Policy. Guided by our fundamental Values in the KIRIN WAY — “Pioneer with Innovation,” “Consumer/Patient at Heart,” and “Quality in Mind,” the policy clearly states its commitment to prioritizing consumer satisfaction and the provision of safe and secure products and services above all else. Next, the Commitments to Action declare specific actions and approaches for realizing the Quality Policy, serving as a guide for all activities of each Group company.

These elements are systematically embodied in the Kirin group Global Quality Management Principle (KGQMP). KGQMP is reflected in the quality management systems of each Group company and serves as a set of Group-wide common rules to provide high-quality, safe, and secure products and services by setting and achieving quality targets across the entire value chain. Additionally, compliance with KGQMP is verified every other year.

Furthermore, the Quality Assurance Department monitors the status of quality assurance activities through individual dialogues with major Group companies and supports the autonomous quality assurance activities of each company.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group’s prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	(i) Risk of unexpected quality issues occurring in the Group’s products			Consumers	<u>Effects on the business model/value chain</u> • Suspension of operations at manufacturing sites • Disruption of the product supply chain <u>Financial effects</u> • Decrease in revenue due to loss of customers • Increase in response costs, including compensation for damages	Medium	Large	Alcoholic beverages Non-alcoholic beverages Health science	Medium term

**Response strategy for risks and opportunities**

(i) Response strategy for the “Risk of unexpected quality issues occurring in the Group’s products”

To address this risk, the Group has established and continuously improves a quality management system in accordance with international quality assurance systems.

Manufacturing sites within the Group are promoting the acquisition and operation of food safety management systems, such as ISO 22000 and other international certifications recognized by the Global Food Safety Initiative (GFSI), thereby establishing a quality management system that meets international standards. Additionally, both the details and the number of significant product recall incidents within the Group are appropriately monitored and used to formulate and execute measures to prevent recurrence. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows. In the current fiscal year, product disposal loss

primarily resulting from quality defects amounted to ¥574 million. If a risk were to materialize from the next fiscal year onward and unexpected quality issues occur in the Group's products, there is a possibility that revenue may decrease due to the loss of customers and response costs, including compensation for damages, may increase over the medium term.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions) <sup>*1</sup>			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	(i) Risk of unexpected quality issues occurring in the Group's products	• Establishment of a quality management system in accordance with international quality assurance systems and implementation of continuous improvements	Profit or loss effects • Costs for acquisition and maintenance of certifications, etc.	42	Approx. 50	Approx. 40	Approx. 40
			Financial position effects • Not applicable	-	-	-	-
Total			Profit or loss effects	42	Approx. 50	Approx. 40	Approx. 40
			Financial position effects	-	-	-	-
			Cash flows effects <sup>*2</sup>	42	Approx. 50	Approx. 40	Approx. 40

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

#### Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

#### (d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding consumer issues are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. The Group verifies each company's compliance with KGQMP and conducts individual monitoring of major Group companies. Nevertheless, even if negative impacts related to consumer issues were to materialize, the Group would respond promptly and appropriately in accordance with the Group Crisis Management Manual to minimize damage and impact. Depending on the nature and severity of the issue, the Group would establish a response headquarters and promptly report and share information within the Group, including with the President & COO and relevant officers, while also reporting and disclosing necessary information externally to prevent the spread of damage. Furthermore, centered on the response headquarters, and in coordination with the Group Risk and Compliance Committee and relevant departments, the Group would assess the situation, conduct analysis, consider response policies based on the worst-case scenario, and implement countermeasures.

As a result of the business model impact analysis described above, the Chief Quality Assurance Officer has evaluated that even if negative impacts related to consumer issues were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model regarding consumer issues.

#### (e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets		Results
					(Target year)	Interim targets	
Risk	(i) Risk of unexpected quality issues occurring in the Group's products	Percentage of manufacturing sites that have obtained GFSI-recognized scheme certifications or ISO 22000	SASB <sup>*1</sup>	%	100% (2027)	-	97.0%
		Number of product recalls	SASB <sup>*2</sup>	Cases	Maintain 0 cases	-	1 case

\*1: FB-PF-250a.1

\*2: FB-PF-250a.4

#### Analysis of trends or changes in the entity's performance

The certification rate of international food safety certifications (GFSI-recognized certification and ISO 22000) is showing an improving trend toward the final target of 100%, and is progressing as planned. The number of product recall incidents is also on a downward trend, as each Group company implements autonomous quality assurance activities based on the Kirin Group's Quality Policy and Commitments to Action, as well as the Kirin group Global Quality Management Principle (KGQMP) that embodies them.

7) The Environment (climate change and natural capital)

(a) Governance†

(i) Supervisory structure

Governance related to sustainability issues in general, including the environment, is described in the governance section of the general disclosures mentioned above.

For the four environmental issues (biological resources, water resources, containers and packaging, and climate change), the Group has established the Group Environmental Meeting (meets twice a year) under the Group CSV Committee as one of the group meetings for each sustainability issues. Chaired by the Senior Executive Officer in charge of CSV Strategy, with relevant officers and department heads as members, the meeting's key agenda items include "Sharing awareness of sustainability-related risks and opportunities and discussing strategies" and "Monitoring of progress related to roadmaps towards achieving the Kirin Group's Environmental Vision 2050 and exchanging opinions on related policies, strategies, and plans." Discussions at this meeting are reported to the Group CSV Committee and the Company's Board of Directors. At the same time, the Board of Directors oversees the Group's response policies and execution plans for environmental issues. Through the establishment and operation of this meeting, the Group is strengthening its initiatives for sustainability-related issues as required by the Corporate Governance Code, which was revised in 2021. Environmental management, such as responses to climate change, is operated as part of the CSV management system.

(ii) Incorporation into executive remuneration

The Group's approach to executive remuneration in relation to sustainability issues in general, including the environment, is described in the governance section of the general disclosures mentioned above. Specifically, the "Reduction ratio of GHG emissions (compared with 2019)," which is a metric for achieving the "Science Based Targets (SBT) 1.5°C" target for climate change, the "Percentage of recycled resin used in PET bottles in Japan," and the "Water use intensity at manufacturing sites with high water stress" are set as KPIs linked to executive remuneration. Note that environment-related considerations are factored into executive remuneration as part of the non-financial evaluation together with other evaluation items and cannot be separately identified. For the overall evaluation items, please refer to (2) Governance, 7) Incorporation into executive remuneration.

Other various environmental metrics are also incorporated into the Group's rolling three-year management plan as management targets, and are set as performance indicators for the Company's officers in charge and each Group company to be reflected in management plans.

(b) Risk management† ((ii) Identification of risks and opportunities, a. Scenario analysis related to climate change are not in scope of assurance)

(i) Risk management system

Based on the determination by the Group Information Disclosure Committee regarding whether revisions to risks and opportunities are required, the Group Environmental Meeting shares awareness of and discusses strategies for climate change, natural capital, laws and regulations, and other environment-related risks and opportunities. Furthermore, it monitors the progress of response strategies for environmental risks that could affect the Group's prospects.

The Group Risk and Compliance Committee determines significant risks based on the Group risk management policy for the fiscal year and the risks assessed and identified by each Group company, including the Company. The Committee also reports to the Board of Directors as necessary and oversees all aspects of risk management activities, including those related to the environment. In addition, compared with previous reporting periods, no changes have occurred in the management processes for significant risks and opportunities related to sustainability within the Group.

(ii) Identification of risks and opportunities

Environment-related risks and opportunities could reasonably be expected to affect the Group's prospects over the short, medium, and long term. To understand these risks and opportunities through assessment and analysis based on objective scientific evidence and to consider strategic options, the Group utilizes "scenario analysis related to climate change" and "assessment of risks and opportunities related to natural capital following the LEAP approach."

The Group Environmental Meeting and the Group CSV Committee share and discuss the risks and opportunities identified through these processes. Furthermore, these are submitted and reported to the Board of Directors, while also being shared with the Group Risk and Compliance Committee Secretariat to be managed alongside other risks.

a. Scenario analysis related to climate change

Climate-related scenario analysis is conducted across the entire Group to understand and assess the potential effects of climate change on the Group's overall operations under multiple plausible scenarios. The scenarios are established based on reasonable and supportable information, including publicly available data such as regional and international climate projections.

In 2018, the Group initiated a scenario analysis in accordance with the 2017 final report, "Recommendations of the Task Force on Climate-related Financial Disclosures" by the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). In the analysis, Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCPs) were used as base scenarios for physical risks, and Shared Socioeconomic Pathways (SSPs) were used as supplementary scenarios. The Group reviews the scenario analysis at least once a year to identify whether it is necessary to update the effects of climate-related uncertainties, and performs detailed analysis, as necessary.

For the most recent analysis, the Group has established the following two KIRIN Group climate scenarios with reference to IPCC and International Energy Agency (IEA) scenarios:

Scenario 1: A scenario in which global average temperature rise is limited to 1.5°C or 2°C above pre-industrial levels, consistent with the goals of the Paris Agreement

Scenario 3: A 4°C temperature rise scenario reflecting the impact of a society in which decarbonization efforts are insufficient

In assessing the Group's exposure and financial risks based on these two scenarios, the Group applied time horizons of 2030 and 2050. Based

on the social and economic conditions assumed under each scenario, the Group qualitatively assesses the magnitude of impacts on its strategies and business activities and identifies risks for each scenario.

While the Group’s current management strategy is established under the assumption that climate-related risks are controlled to a certain extent (refer to Scenario 1 below), the Group also considers mitigation and adaptation measures as necessary to respond to more severe scenarios (refer to Scenario 3 below). Furthermore, as described in the section “Capacity to adjust strategy and business model,” the Group believes it has the capacity to strengthen its response, as necessary.

These scenarios are intended to identify risks and opportunities and assess strategic resilience under a range of reasonable climate projections, providing information across a diverse range while reflecting significant risks to the Group’s business.

RCP level	Scenario overview	Analysis results
Scenario 1 1.5°C or 2°C Scenario SSP1/RCP2.6	<ul style="list-style-type: none"> <li>• Governments around the world enact strict laws and regulations related to climate change, resulting in a sufficient reduction in GHG emissions.</li> <li>• The rise in temperature is curbed, natural disasters do not increase much more than current levels, and the impact on agricultural yields is also limited. Natural disasters do not change significantly from current levels.</li> <li>• The financial impact on companies of compliance with laws and regulations and energy usage is large, but the cost of using natural capital is acceptable.</li> <li>• The impact of global warming on health is minimal.</li> </ul>	<ul style="list-style-type: none"> <li>• The impact on yields of agricultural products and procurement costs is minimal.</li> <li>• The impact of floods and droughts caused by climate change on agricultural production areas, production, and delivery is minimal</li> <li>• The impact of energy costs and agricultural prices due to carbon taxes is major.</li> <li>• The impact of infectious diseases and heatstroke due to global warming continues.</li> </ul>
Scenario 3 4°C scenario SSP3/RCP8.5	<ul style="list-style-type: none"> <li>• Laws and regulations related to climate change are strict in developed countries, but insufficient globally, resulting in failure to achieve the required reduction in GHG emissions.</li> <li>• Higher temperatures, droughts and heavy rains, and reductions in daily temperature ranges lead to significant decreases in the yield and quality of agricultural products. Natural disasters caused by climate change also become frequent and severe.</li> <li>• The financial impact on companies of compliance with laws and regulations and energy usage is small, but it becomes difficult to use low-cost, high-quality natural capital.</li> <li>• Global warming also leads to an increase in infectious diseases, heatstroke, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant decline in yields of major agricultural products. Possible decline in quality. Increase in procurement costs.</li> <li>• Damage to agricultural production areas, production stoppages, and delivery difficulties due to floods and droughts caused by climate change.</li> <li>• The increase in energy costs and agricultural prices due to carbon taxes is minimal.</li> <li>• There is major harm from infectious diseases and heatstroke due to global warming.</li> </ul>

**Assumptions for scenario analysis**

These scenarios are supported by the scientific research shown in the table below.

**Climate change scenarios**

Domain	Supporting evidence
Yield reduction in agricultural products	<ul style="list-style-type: none"> <li>• Decreases in global beer supply due to extreme drought and heat, Nature Plants, VOL.4, NOVEMBER 2018, 964–973 (Xie, et al.)</li> <li>• IPCC (2019) Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems Chapter 5: Food Security</li> <li>• Risk of increased food insecurity under stringent global climate change mitigation policy. Nature Climate Change, volume 8, pages 699–703 (Hasegawa T, Fujimori S, HavlíkP, Valin H, BodirskyBL, DoelmanJC, FellmannT, Kyle P et al. 2018)</li> <li>• Zebish et al (2005) “Climate Change in Germany Vulnerability and Adaptation of climate sensitive Sectors” FAO “Food and agriculture projections to 2050,” etc.</li> </ul>
Drought risk	<ul style="list-style-type: none"> <li>• Aqueduct 3.0 (current risk), Aqueduct 2015 (risk assessment combining future projections, climate scenarios RCP4.5 and RCP8.5, and socioeconomic scenarios SSP2 and SSP3)</li> <li>• Assessed by cross-referencing data on food production, demand, trade, prices, and hunger in countries and regions around the world from the WRI’s Aqueduct Food and the International Food Policy Research Institute (IFPRI), etc.</li> </ul>
Flood risk	<ul style="list-style-type: none"> <li>• AIR Touchstone version 8.2</li> </ul>
Financial impact on agricultural products due to carbon pricing	<ul style="list-style-type: none"> <li>• IPCC (2019) Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems Chapter 5: Food Security and Risk of increased food insecurity under stringent global climate change mitigation policy. Nature Climate Change, volume 8, pages 699–703 (Hasegawa T, Fujimori S, HavlíkP, Valin H, BodirskyBL, DoelmanJC, FellmannT, Kyle Petal. 2018)</li> </ul>
Financial impact on energy due to carbon pricing	<ul style="list-style-type: none"> <li>• IEA “World Energy Outlook 2019” Annex A (rate of decline in future electric power emission factors), IEA WEO 2019 (Kirin Group Scenario 3: Current Policies Scenario, Group Scenario 1: SD Scenario, 1.5°C Scenario: IPCC Special Report on Global Warming of 1.5°C)</li> </ul>

b. Analysis and assessment of risks and opportunities related to natural capital following the LEAP approach

The identification of dependencies, impacts, risks, and opportunities related to natural capital, both directly and in the upstream and downstream value chains, is assessed in accordance with the LEAP approach shown in the TNFD recommendations.

Based on an overview of the business domains and value chain of the entire Group, the Group has established the hypothesis that there is a high degree of dependence and impact on nature at the stage of procuring agricultural raw materials. Accordingly, the Group analyzed and evaluated 21 raw agricultural products with high procurement volumes, including items covered by the “Kirin Group Action Plan for the Sustainable Use of Biological Resources,” on the two axes of “impacts of the business on nature” and “nature-related dependencies of the business.” Through this process, the Group applied the LEAP approach to scope agricultural products for detailed analysis. The Group is currently proceeding sequentially with the analysis of these priority agricultural products in line with the LEAP approach.

Sri Lankan tea leaves, one of the priority agricultural products, underpin the flavor of “Kirin Gogo-no-Kocha.” As their sustainable procurement has a significant impact on the Group’s business and these plantations represent “locations” that are critical from both natural and social environmental perspectives, the Group has identified the relevant tea plantations as priority areas and has taken the lead in conducting assessment in line with the LEAP approach on the condition of the ecosystem, concerns, and necessary actions.

The results revealed that Sri Lankan tea plantations are exposed to various nature-related risks, including climate change, natural degradation, labor force reduction, and increased costs due to economic development and strengthened regulations. Conversely, mitigating these risks through regenerative agriculture, thorough human rights due diligence, and fair-trade procurement will lead to stable production and the acquisition of opportunities in the ethical consumption market. From the perspective of risk reduction and opportunity acquisition, supporting the acquisition of Rainforest Alliance (RA) certification—which the Group has provided since 2013—and promoting the “Regenerative Tea Scorecard” introduced in 2024 are considered effective. To manage progress, the Group is preparing to set targets that align with science-based and international goals related to nature.

**Assumptions for analysis and evaluation**

To identify priority agricultural products for which a more detailed assessment of risks and opportunities, as well as related trade-offs, should be conducted in line with the LEAP approach in the future, the Group has established a hypothesis—based on an overview of the business domains and value chain of the entire Group—that there is a high degree of dependence and impact on nature at the stage of procuring agricultural raw materials. Accordingly, the Group analyzed and evaluated these products on the two axes of “nature-related dependencies of the business” and “impact of the business on nature.”

“Nature-related dependencies of the business” was assessed as the degree of dependence on the “provisioning services” of raw agricultural products, as indicated in the TNFD recommendations. The Group evaluated this using its own proprietary indicators, including “procurement amount,” “impact on Group sales revenue,” “substitutability of production areas for raw materials,” and “concentration of import source country.”

Concerning the “impact of the business on nature,” the Group assessed indicators for which data is available on a per-crop basis, including “carbon footprint at the cultivation stage,” “land use footprint,” “water footprint by agricultural product,” and “fertilizer usage.” These fall under the five impact factors listed by IPBES (an intergovernmental organization that scientifically assesses trends related to biodiversity and ecosystem services and strengthens links between science and policy) that the TNFD recommendations state should be considered. Additionally, using external databases on risk incidents, the Group checked whether the target agricultural products are commodities with “reputation risk” on a global scale.

This analysis and evaluation are supported by the scientific research shown in the table below.

**Nature capital scenarios**

Domain	Supporting evidence
Carbon footprint at the cultivation stage	<ul style="list-style-type: none"> <li>Carbon footprint: CarbonCloud   ClimateHub database</li> <li>Data on agricultural production: FAO average over the past five years, emissions models based on IPCC guidelines, and global warming factors applied to IPCC GWPI100</li> <li>Paper: CFP data from the Japan Paper Association (because it is not in the ClimateHub database)</li> </ul>
Land use footprint	<ul style="list-style-type: none"> <li>Area harvested (ha) per crop and production quantity (t): Calculation of acreage per unit yield (ha/t) using 2022 data in FAO FAOSTAT</li> <li>Paper: Calculated using data from papers related to global forest product footprint estimation (because it is not included in FAOSTAT)</li> </ul>
Water footprint by agricultural product	<ul style="list-style-type: none"> <li>M. M. Mekonnen and A. Y. Hoekstra (2011) The green, blue and grey water footprint of crops and derived crop products <i>Hydrol. Earth Syst. Sci.</i>, 15, 1577–1600. If not included in this, the water footprint was identified in another paper by Schyns et al. (Joep F. Schyns, Martijn J. Booi, Arjen Y. Hoekstra (2017) The water footprint of wood for lumber, pulp, paper, fuel and firewood <i>Advances in Water Resources</i> Volume 107, September 2017, Pages 490-501)</li> </ul>
Commodity risk	<ul style="list-style-type: none"> <li>Judged based on whether or not agricultural products are included in the SBTN’s High Impact Commodity List</li> <li>Judged based on whether or not they are included in the list of commodities covered by the European Regulation on Deforestation Free Products (EUDR)</li> </ul>
Fertilizer usage	<ul style="list-style-type: none"> <li>International Fertilizer Association (IFA) database “IFASTAT”: Inputs of nitrogen, phosphorus, and potassium per hectare (kg/ha) by crop</li> </ul>
Reputation risk	<ul style="list-style-type: none"> <li>RepRisk database</li> </ul>

c. Financial impacts and responses based on analysis results

The Group measures the impact of significant risks based on the magnitude of financial impact and the likelihood of occurrence. These risks are managed in a unified manner on a risk map, and for risks with high impact, the Board of Directors conducts monitoring and implements countermeasures.

The following table summarizes the financial impacts identified through scenario analysis and other estimations, along with the corresponding

response strategies. In the Group's major businesses, the Group estimates the financial impact according to the risk, using the quantities of procurement items and assets affected by the risk and academic data as assumptions. The Group updates the financial impacts whenever there are significant changes in business activities or assumptions.

	Business risks / social issues	Financial impacts	Responses
Climate change (physical risk) Natural capital (raw materials)	Decline in yields of agricultural products <sup>*1</sup>	2°C scenario: Approx. ¥1.2 billion to ¥3.2 billion 4°C scenario: Approx. ¥3.1 billion to ¥12.2 billion (2050)	<ul style="list-style-type: none"> <li>• Brewing technology that does not rely on barley</li> <li>• Mass plant propagation technologies</li> <li>• Support for farms to acquire certification for sustainable agriculture</li> </ul>
	Disruptions to operations owing to floods <sup>*2</sup>	Approx. ¥1.0 billion (once-in-200-year disaster, a total of 20 locations in Japan)	<ul style="list-style-type: none"> <li>• Sharing of knowledge concerning responses to floods</li> <li>• Capital investment for flooding at facilities</li> </ul>
	Disruptions to operations owing to droughts <sup>*3</sup>	Approx. ¥0 billion to ¥0.6 billion	<ul style="list-style-type: none"> <li>• Sharing of knowledge concerning responses to droughts</li> <li>• Advanced technologies for water use reduction</li> </ul>
Climate change (transitional risk) Natural capital (raw materials)	Financial impact of energy due to carbon pricing <sup>*4</sup>	2°C scenario: Approx. ¥9.1 billion 4°C scenario: Approx. ¥5.4 billion (2030)	<ul style="list-style-type: none"> <li>• Realization of GHG emissions reduction</li> <li>• Profit and loss neutral energy conversion</li> </ul>
	Financial impact of agricultural products due to carbon pricing <sup>*5</sup>	2°C scenario: Approx. ¥0.9 billion to ¥4.0 billion 4°C scenario: Approx. ¥2.2 billion to ¥8.0 billion (2050)	<ul style="list-style-type: none"> <li>• Mass plant propagation technologies</li> <li>• Support for farms to acquire certification for sustainable agriculture</li> </ul>
Natural capital (raw materials, containers and packaging)	Difficulty in procuring certified products from farms with sustainable farm certification <sup>*6</sup>	Approx. ¥0.1 billion	<ul style="list-style-type: none"> <li>• Support for farms to acquire certification for sustainable agriculture</li> <li>• Procurement of sustainable raw materials</li> </ul>
	External costs associated with marine pollution caused by the improper disposal of PET bottles <sup>*7</sup>	Approx. ¥1.1 billion	<ul style="list-style-type: none"> <li>• Expansion of mechanical recycling</li> <li>• Expanding use of chemical recycling</li> </ul>

\*1: Estimated from standard prices for beer by country as shown in the results of research using the economic models of Xie et al., and the research results of Hasegawa et al., as presented in the IPCC "Special Report on Climate Change and Land (SRCCL)."

\*2: The sum of the results of estimations for 200-year disasters for 20 locations in Japan using the wind and flood damage model flood simulation.

\*3: Hypothetical situation where production is affected by a drought for a certain period of time.

\*4: Estimated from Current Policies Scenario and Sustainable Development Scenario in Annex A of the IEA "World Energy Outlook 2019," and the IPCC Special Report on Global Warming of 1.5°C, etc.

\*5: Estimated from the research results of Hasegawa et al., as presented in the IPCC "Special Report on Climate Change and Land (SRCCL)."

\*6: Estimation of expenses from switching to tea and coffee procured from certified sustainable farms to the extent currently possible.

\*7: Estimated the financial impact in the event of a negative influence on natural capital from improperly disposed of used PET bottles that leak into the ocean from available statistics based on the company's own production volume ratios.

### (c) Strategy

As with other themes, based on various guidance and the Group's business model, the sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects identified for this theme are as follows.

#### (i) Climate-related risk—physical risk

Risks such as a decline in yields of agricultural raw materials caused by climate change, and disruptions to operations or impacts on transportation due to floods or droughts.

#### (ii) Climate-related risk—transition risk

Risks of increased energy procurement costs, logistics costs, and agricultural commodity prices in the event that carbon pricing is introduced.

#### (iii) Natural capital risk—raw materials

Risk of incidents occurring where the environment in agricultural raw material production areas and forests is not protected within the Group's supply chain.

#### (iv) Natural capital risk—containers and packaging

Risks such as regulations on virgin plastics, expansion of mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles.

Society has reached a major turning point against the backdrop of growing global environmental problems, including the climate crisis, the ongoing loss of biodiversity, and plastic pollution of the oceans. Industries such as the Group's Alcoholic Beverages and Non-alcoholic Beverages domains, which rely on the blessings of nature such as water and agricultural products, are susceptible to environmental problems and there is a need to address such issues urgently to overcome these challenges.

Through scenario analysis based on the TCFD recommendations, which has been conducted since 2017, the Group has grasped the seriousness of the impact that climate change has on agricultural products and water resources (mentioned above). The Group learned that in order to pass

on a sustainable Earth to future generations, it is not enough to simply minimize negative impacts and achieve neutrality. Furthermore, corporate environmental policies are expected to evolve from being self-contained within a company to having a positive impact on society as a whole.

In order to respond to such societal demands, the Group has further developed the idea of an “integrated” approach that holistically addresses complex and four interrelated environmental issues (biological resources, water resources, containers and packaging, and climate change), and incorporated this approach into the revised the “Kirin Group’s Environmental Vision 2050” and “Positive Impact” approach, which were discussed and resolved by the Board of Directors in 2020. Furthermore, the Group recognizes that there is a risk of trade-offs in resolving individual risks with standalone solutions and is promoting initiatives by addressing issues from multiple perspectives, such as by adopting a landscape approach.

Under this environmental vision, together with the young people who will lead future generations and society as a whole, the Group will pass on a prosperous Earth to the next generation.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

(i) Climate-related risk—physical risk

In the Group’s Alcoholic Beverages and Non-alcoholic Beverages domains, the Group recognizes that climate change poses significant risks to upstream suppliers in the value chain, as well as to water resources used at manufacturing sites. The Group identifies a decline in yields of agricultural products, disruptions to operations due to floods, and disruptions to operations due to droughts as material physical risks.

Barley farmers, who are essential for producing beer, the Company’s mainstay product, are expected to be significantly affected by environmental changes accompanying climate change, such as floods. In addition to a direct decline in barley yields, increased procurement costs and negative impacts on cost of sales are anticipated due to the need to secure alternative sources of supply and to restore facilities in the event of flooding.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Physical risks such as a decline in yields of agricultural raw materials caused by climate change, and disruptions to operations or impacts on transportation due to floods or droughts	Business partners, Global environment		Business partners, Consumers	<u>Effects on the business model/value chain</u> <ul style="list-style-type: none"> <li>• Inhibiting the stable procurement of raw materials</li> <li>• Disruptions to operations at manufacturing sites</li> </ul> <u>Financial effects</u> <ul style="list-style-type: none"> <li>• Increase in raw material procurement and transportation costs</li> <li>• Decrease in sales due to temporary loss of sales opportunities</li> <li>• Decrease in sales and rise in fixed cost ratio due to reduction in production capacity</li> </ul>	High	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Short term Medium term Long term

Disruptions to operations due to extreme weather (water risks and water stress represented by floods and droughts) are examples of physical risks that have actually affected the Group in the past. Based on these cases, the Group recognizes (a) procurement risk (the risk of a decline in yields of agricultural products due to climate change) and (b) water risk and water stress as the two most significant physical risks. The Group estimates the Group’s vulnerability to physical risks based on the respective ratios of business activities exposed to these two risks within the Group.

a. Vulnerability to physical risks related to procurement risk (risk of a decline in yields of agricultural products due to climate change)

Regarding physical risks from procurement risk (the risk of a decline in yields of agricultural products due to climate change), the Group estimates that a maximum of ¥13.7 billion per year in procurement costs could be incurred at seven operating companies that account for 77% of group revenue. Business activities vulnerable to physical risks (procurement costs) correspond to the seven operating companies listed in the table below (77% of group revenue).

Operating companies	Key raw materials identified regarding the impact of climate change
Kirin Brewery	Barley, hops, corn, soybeans, etc.
Lion	
Mercian	Wine grapes, etc.
Kirin Beverage	Tea leaves, coffee beans, etc.
Kyowa Hakko Bio	Corn, soybeans, etc.
Kyowa Pharma Chemical	
Kyowa Kirin	

b. Vulnerability to physical risks related to water risk and water stress

Vulnerability to physical risks from water risk and water stress is estimated based on the ratio of the number of manufacturing sites located in countries where these levels are high to the total number of manufacturing sites across all countries within the Group. The estimation uses site data as of 2023. These estimates are updated as appropriate, and vulnerability is assessed relative to the number of sites at each point in time. The latest Aqueduct 4.0 (WRI) is used, with “Baseline Water Stress” referenced for water stress and “Physical Risks Quantity” referenced for water risk. For the manufacturing sites affected, each risk and stress level is classified into five stages; accordingly, a scoring system is applied in which a low level is assigned a score of “1” and a high level a score of “5.” As the manufacturing sites in the countries listed in the table below have a combined risk and stress score of 6 or higher, the Group has determined that business activities vulnerable to physical risks (water) correspond to the sites in these countries (totaling 57%).

Country of location of manufacturing sites	Number of domestic manufacturing sites	Number of manufacturing sites with a combined water risk and water stress score of 6 or higher
Japan	28	14
United States	7	3
China	3	2
Thailand	1	1
Vietnam	2	2
New Zealand	3	-
Australia	9	8
Total	53	30 (=57%)

**Response strategy for risks and opportunities**

Strategy 1: Diversification of suppliers (climate change)

The Group is developing alternative raw materials and new production technologies. For example, since barley, a raw material for beer, faces the risk of declining yields due to climate change, the Group considers technical expertise to achieve beer-like flavor without depending on barley to be one of the adaptation measures. Furthermore, for agricultural products used as raw materials for the isomerized sugar needed in beer-flavored beverages, the Group investigates and analyzes the medium- to long-term yield impacts of climate change by region. By combining production areas, crop types, and brewing technologies, the Group is able to respond to medium- to long-term yield fluctuations under climate change. The Group considers possessing brewing technology that reproduces beer flavor using raw materials for which a stable supply is expected to be an effective adaptation measure for physical risks. As a result, “Kirin Nodogoshi Nama,” a beer-flavored alcoholic beverage sold by Kirin Brewery in Japan, is brewed using soybeans.

In addition, the Group is developing plant mass propagation technology, which is expected to contribute to the stable procurement of key agricultural products and the sustainability of agriculture, along with breeding technology improvements that address global warming. Kirin Central Research Institute has also successfully developed mass propagation technology for hops by using a world-first approach to promote the formation of axillary buds.

Strategy 2: Support for obtaining sustainable farm certifications

The Group continues its support for acquiring Rainforest Alliance (RA) certification as sustainable farm certifications to secure agricultural production areas resilient to climate change and to mitigate risks from climate change and environmental changes. By conducting training on natural disaster countermeasures and techniques that maintain crop yields while reducing the use of pesticides and fertilizers, the Group mitigates the impact of environmental changes on raw agricultural products and contributes to reducing the environmental footprint of agriculture. The Group has supported the acquisition of RA certification for tea farms in Sri Lanka, which produce raw agricultural products

for “Kirin Gogo-no-Kocha,” and for coffee farms in Vietnam, from which Kirin sources 30% of its coffee beans. In the future, by promoting regenerative agriculture, the Group will strive to minimize changes in the natural state while working toward its restoration. Kirin Holdings and Kirin Beverage, in collaboration with the Rainforest Alliance, have developed the “Regenerative Tea Scorecard” to support the transition to regenerative agriculture, and its operation began in December 2024. By the end of 2025, this tool has been implemented in one large farm and 30 small farms in Sri Lanka. This checklist-style guideline is designed for use in Sri Lankan tea farms to evaluate farming practices and environmental impact, making visible the practices needing improvement. The Regenerative Tea Scorecard assesses the current state of farms based on indicators such as soil health, biodiversity conservation, ecosystem restoration, and improvement of working conditions, and provides specific improvement measures for transitioning to sustainable agriculture. Farms can use this scorecard to gradually advance their transition to regenerative agriculture.

#### Strategy 3: Evaluation and countermeasures for water stress and water risk

##### i. Evaluation and analysis of water issues across the Group

Based on its experience of operating businesses in Japan and Australia, both countries with significantly different levels of water stress, the Group recognizes that water issues vary by country and region and are highly dependent on specific basins and locations, and has been conducting periodic scientific surveys since 2014.

In 2024, the Group investigated and analyzed the water risk of its manufacturing sites using Aqueduct 4.0 and hazard maps created by local governments. As a result, the Group identified that water stress and water risk have worsened at many business sites compared to previous assessments.

##### ii. Introduction of advanced technologies for water use reduction and sharing of knowledge on drought responses

After obtaining scientific evidence through assessments of water stress and water risk, the Group will implement appropriate water reduction measures tailored to the different levels of water stress in each country and region. Furthermore, the Group is enhancing the resilience of each business by sharing the knowledge and insights gained from drought experiences across its global sites. For example, Australia faces chronic water shortages, and within the Group, Castlemaine Perkins Brewery in Queensland experienced a serious long-term drought. In 2011, the company partnered with the state government to install a reverse osmosis (RO) water recycling plant to recover and reuse water used in the production process, thereby maintaining a world-class level of water use intensity. In 2024, the Group deployed this technology to Tooheys Brewery.

##### iii. Evaluation of the necessity of insurance coverage utilizing wind and flood damage simulations, etc., and on-site surveys

Regarding water-related natural disaster risks, including floods, the Group conducts periodic evaluations using simulations utilizing external models, etc., and, as necessary, combines these with on-site surveys. Based on the risk condition and financial impact for each site, the Group considers and determines appropriate response policies. In light of these evaluation results, for sites determined to have relatively high water risk, the Group aims to maintain insurance coverage from a business continuity perspective, and arranges or reviews insurance coverage according to risk conditions.

Furthermore, as the necessity of insurance coverage and the scope of coverage for flood disasters are determined on a case-by-case basis, taking into account evaluation results, business characteristics, and other factors, the Group has not set uniform quantitative metrics or targets regarding insurance coverage.

#### Strategy 4: Responding to water stress in raw agricultural production areas

The Group narrows down priority sites after analyzing water risks in production areas and other locations. Within these priority sites, the Group identifies specific locations for activities and conducts water resource conservation activities and related training, while promoting appropriate disaster mitigation measures and sustainable water use management. Through these actions, the Group aims to contribute to reducing the risk of reduction in crop yields caused by extreme weather and ensuring a stable supply of agricultural products.

At Sri Lankan tea farms, water source conservation activities within the farms began, and 27 water source sites were conserved by the end of 2025. Having accumulated knowledge, the Group has been providing similar support to coffee farms in Vietnam since 2020.

#### Financial effects

Regarding the physical risks of climate change, the response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, and the financial effects arising from the response to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized. However, if a decline in yields of agricultural raw materials caused by climate change, or disruptions to operations or impacts on transportation due to floods or droughts were to occur, revenue may decrease due to factors such as the inhibition of stable procurement of raw materials, and these effects may extend over the short, medium, and long term. Furthermore, quantitative information is not disclosed, as it is difficult to separately identify the impact on procurement and transportation resulting from the materialization of physical risks.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Physical risks such as a decline in yields of agricultural raw materials caused by climate change, and disruptions to operations or impacts on transportation due to floods or droughts	<ul style="list-style-type: none"> <li>• Diversification of suppliers</li> <li>• Support for obtaining sustainable farm certifications</li> <li>• Introduction of advanced technologies for water use reduction</li> <li>• Responding to water stress in raw agricultural production areas</li> <li>• Monitoring water use intensity at manufacturing sites with high water stress</li> <li>• Evaluation of the necessity of insurance coverage utilizing wind and flood damage simulation, etc., and on-site surveys</li> <li>• Insurance coverage for business sites as an effective measure as necessary</li> </ul>	Profit or loss effects <ul style="list-style-type: none"> <li>• Support costs for obtaining farm certifications</li> <li>• Research and development expenses for reducing procurement costs</li> <li>• Water resource conservation activities</li> <li>• Insurance costs</li> </ul>	210	Approx. 150	Approx. 120	Approx. 80
			Financial position effects <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	-	-	-	-
Total			Profit or loss effects	210	Approx. 150	Approx. 120	Approx. 80
			Financial position effects	-	-	-	-
			Cash flows effects*2	210	Approx. 150	Approx. 120	Approx. 80

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

### Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

#### (ii) Climate-related risk—transition risk

As transition risks, if carbon pricing such as carbon taxes, emissions trading schemes, and carbon border adjustment mechanisms are introduced, the Group anticipates that energy procurement costs, logistics costs, and the prices of agricultural products may soar. In Japan, the Group assumes the expansion of emissions trading schemes by the GX League and, in the future, the introduction of systems that require generators of electric power to purchase emission allowances; the Group identifies the possibility that additional costs may arise from these.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Transition risks to a decarbonized society	Business partners, Global environment		Business partners, Consumers	<u>Effects on the business model/value chain</u> <ul style="list-style-type: none"> <li>• Introduction of carbon pricing in countries where the Group operates its businesses</li> </ul> <u>Financial effects</u> <ul style="list-style-type: none"> <li>• Increase in energy procurement costs</li> <li>• Increase in raw material procurement costs</li> </ul>	High	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Short term Medium term Long term

#### a. Vulnerability to transition risks

Regarding transition risks, based on the premise that the financial effects of carbon pricing are the most significant for the Group, the Group determines that business activities involving manufacturing sites (factories) correspond to "business activities vulnerable to transition risks." Of the Group's revenue, 91% is generated by business companies with manufacturing sites; the Group determines that these business activities are vulnerable to transition risks.

### Response strategy for risks and opportunities

The Group is proceeding with the steady achievement of greenhouse gas (GHG) emissions reduction based on roadmaps demonstrating the Group’s transition plan, which are aligned with the “SBT 1.5°C” target for 2030 and the “SBT Net-Zero” target for 2050. This roadmap follows Science Based Targets initiative (SBTi) guidance and serves as a transition plan that prioritizes emission reductions through the Group’s own efforts in Scopes 1, 2, and 3, and has been formulated under the assumption that the agreements made in the Paris Agreement will not significantly regress in the future. Under this roadmap, the Group has established science-based targets for reducing GHG emissions. Specifically, with 2019 as the base year, the Group has set interim targets to reduce Scope 1 and Scope 2 GHG emissions by 50% and Scope 3 GHG emissions by 30% by 2030, all of which are aligned with the SBT 1.5°C level. The Group’s transition plan cannot be completed solely through existing technologies and currently available infrastructure. To achieve the “SBT Net-Zero” target by 2050, the Group considers the development of energy infrastructure and progress in decarbonization-related technologies anticipated after 2030 as one of the key assumptions. In addition, regarding the reduction of Scope 3 emissions, which account for a significant portion of the Group’s greenhouse gas emissions, progress in GHG emission reductions at upstream suppliers is essential; therefore, the transition plan is premised on initiatives across the entire supply chain. For resources to be utilized, please refer to “(c) Strategy (ii) Climate-related risk—transition risk: Investment and disposal plans.” Furthermore, in addition to reducing GHG emissions, the Group will consider strategies for both climate change mitigation and adaptation and implement them in an integrated manner.

**Strategy 1: Reduction of Scope 1 and Scope 2 emissions**

Regarding the reduction of Scope 1 and Scope 2 emissions, the Group has established a roadmap to net-zero and is implementing steady responses by combining three approaches: “promotion of energy conservation,” “expansion of renewable energy,” and “energy transition,” while also developing ways to optimize production and logistics. Specific examples of actions are shown in the table below.

	Action
Promotion of energy conservation	<ul style="list-style-type: none"> <li>· Kirin Brewery introduced heat pump systems at the wastewater treatment facilities of six plants in 2019</li> <li>· At Shinshu Beverage, waste heat that is difficult to use directly in the bottle and cap rinse water production processes is reused via heat pump units</li> <li>· Reuse of waste heat in hot water sterilization equipment for cans and heat in the air at the Kirin Brewery Okayama Plant</li> </ul>
Expansion of renewable energy	<ul style="list-style-type: none"> <li>· Large-scale solar power generation facilities were introduced at nine Kirin Brewery plants (including eight plants using the PPA model), the Mercian Fujisawa Plant, the Kyowa Kirin Ube Plant, the Kyowa Hakko Bio Yamaguchi Production Center, and Lion’s Castlemaine Perkins Brewery and Little Creatures Geelong</li> <li>· Achieved a 100% renewable energy ratio for purchased electricity at all Kirin Brewery plants and sales sites, Kyowa Kirin’s Takasaki and Ube plants and research laboratories, all Lion sites in Australia and New Zealand, and all Château Mercian wineries</li> <li>· Lion acquired carbon neutral certification in Australia and Toitū carbon zero certification in New Zealand</li> </ul>
Energy transition	<ul style="list-style-type: none"> <li>· Completed the transition of fuel to natural gas at all Kirin Brewery and Kirin Beverage plants, as well as the Mercian Yatsushiro plant</li> <li>· Lion installed electric boilers and expanded the use of renewable energy electricity</li> <li>· At Kirin Brewery Hokkaido Chitose Plant, a demonstration project to transition energy from fossil fuels to green hydrogen will commence in June 2026</li> </ul>

**Strategy 2: Reduction of Scope 3 emissions**

Regarding the reduction of GHG Scope 3 emissions, the Group targets “containers and packaging” and “agricultural raw materials” in Category 1 (manufacture of ingredients and materials), which accounts for approximately 71% of the categories in the GHG Protocol “Scope 3 Standard,” of the “Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)” (hereinafter referred to as “GHG Protocol (2004)”), and “transportation” in Category 4 (upstream transportation and distribution), which accounts for approximately 12%. The Group is progressing with the reduction of Scope 3 emissions by approaching these targets through two aspects: “company-led reductions” and “promotion of reductions by suppliers.”

In “company-led reductions,” transportation and containers and packaging are the targets. The Group possesses the Institute for Package Innovation, among the largest research institutes owned by a consumer goods manufacturer worldwide. Leveraging the technological capabilities of this institute, one of the Group’s distinctive strengths, the Group is working to reduce GHG Scope 3 emissions.

The targets for “promotion of reductions by suppliers” are GHG emissions generated during the manufacture of containers and packaging and their materials, and GHG emissions arising from the production of raw agricultural products. The Group has determined that regenerative agriculture is effective for reducing GHG emissions from agricultural products and is advancing related investigations.

Specific examples of Scope 3 emissions reduction actions in which the Group takes the lead and creates reduction effects jointly with other companies are shown in the table below.

	Action
Materials and ingredients (Approximately 70% of Scope 3 emissions)	<ul style="list-style-type: none"> <li>· Refine Scope 3 emission calculations by accurately capturing actual GHG emission reduction amount through the Supply Chain Environmental Program</li> </ul>
Containers and packaging (Approximately 30% of Scope 3 emissions)	<ul style="list-style-type: none"> <li>· In addition to reducing the weight of cans, the Group will also increase the rate of CAN to CAN recycling, reducing the use of virgin materials and increasing the rate of use of recycled materials as much as possible</li> <li>· For aluminum cans, considering the practical application of GHG-free aluminum refined with renewable energy and low-emission aluminum with a higher recycling rate, the Group is exploring the introduction of carbon-free aluminum cans</li> <li>· Joint adoption of “EcoEnd” can lids with a higher recycled aluminum ratio by four beer manufacturers</li> <li>· For PET bottles, in order to increase the bottle-to-bottle closed-loop recycling rate, the Group will increase the use of recycled PET resin, while also reducing GHG emissions from the manufacturing process</li> <li>· The Group will contribute to the reduction of GHG emissions from transportation by reducing the weight of containers and packaging</li> <li>· Strengthen Scope 3 emissions reduction efforts through participation in the Australian Climate Leaders Coalition</li> </ul>
Agricultural raw materials (Approximately 30% of Scope 3 emissions)	<ul style="list-style-type: none"> <li>· Initiation of joint research on the accurate measurement of GHG emissions from soil at Mariko Vineyard and carbon storage using biochar from pruning debris, and exploring its application to the supply chain</li> </ul>

Scope 3 emissions)	· New Belgium Brewing in the United States is considering the procurement of barley through regenerative agriculture
Transportation (Approximately 10% of Scope 3 emissions)	· Optimize production and logistics (including the use of AI and on-site warehouses), level transportation volumes, conduct joint deliveries, and shift to modal transportation · Reduce emissions during maritime transportation by importing wine in large-capacity bags · Consideration of conversion to fuel cell trucks and EV trucks

At present, the Group has not determined any plans for the purchase of carbon credits (a mechanism that enables the trading of greenhouse gas emission reductions or removals among companies) to achieve GHG emissions (Scope 1, 2, and 3) reduction targets. However, as part of the “SBT Net-Zero” target for 2050, the Group has set a gross target of a 90% reduction compared to the base year by 2050. Regarding the 10% assumed as residual emissions, the Group will consider utilizing carbon credits based on the concept of neutralization of residual emissions.

In preparation for this, the Group established the “Kirin Group Carbon Credit Policy” in March 2025 and created policies and checklists so that each business company can autonomously verify and implement values and quality that prioritize impacts on biodiversity and social co-benefits for the Group when utilizing carbon credits. In recent years, concerns have been raised in the carbon credit market regarding the wide variation in the quality of credits, including the reliability of data demonstrating emission reduction effects and the sustainability of the projects underlying such credits. Low-quality carbon credits may not contribute to actual GHG reduction, potentially failing to realize expected environmental contributions and damaging the reliability of entities that use such credits. The Kirin Group Carbon Credit Policy is a set of measures to ensure the purchase of high-quality and reliable carbon credits. In addition, although such purchases are not included as contributions toward the SBT Net-Zero target, there are cases where carbon credits are purchased to offset emissions as part of the Group’s product strategy. The Group considers this checklist to be effective in supporting procurement in such cases.

Furthermore, the Group has introduced an internal carbon price of ¥7,000/t-CO<sub>2</sub> and utilizes it to estimate potential future financial impacts, thereby incorporating it into investment decision-making aimed at minimizing the risk of cost increases.

### Financial effects

Regarding climate-related transition risks, the Group’s response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized; however, if carbon pricing is introduced, the Group identifies the possibility that energy procurement costs and raw material procurement costs may increase, and that these effects may occur over the short, medium and long term. The Group estimates that the carbon pricing cost avoided in 2025 by promoting the GHG emissions reduction strategy is ¥1,867 million for Scope 1 and Scope 2 (calculated as the reduction in Scope 1 and Scope 2 emissions from the base year 2019 to 2025, 266,668 t-CO<sub>2</sub> × the Group’s internal carbon price of ¥7,000/t-CO<sub>2</sub>). Furthermore, quantitative information is not disclosed, as it is difficult to separately identify the effects on procurement costs resulting from the materialization of transition risks.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions) <sup>*1</sup>			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Transition risks to a decarbonized society	<ul style="list-style-type: none"> <li>· Research and development for climate change</li> <li>· Steady implementation of the roadmap toward the SBT 1.5°C target</li> <li>· GHG emission reduction through logistics optimization</li> <li>· Long-term or agile equipment renewal and introduction through the identification of technological trends and adaptive updates to roadmaps</li> </ul>	Profit or loss effects · Research and development expenses · Cost of regulatory response · Costs for the procurement and expansion of renewable energy	851	Approx. 900	Approx. 3,000	Approx. 6,000
			Financial position effects · Installation costs of energy-saving, renewable energy, and energy transition equipment for the reduction of GHG emissions	1,996	Approx. 4,000	Approx. 3,000	Approx. 1,000
Total			Profit or loss effects	851	Approx. 900	Approx. 3,000	Approx. 6,000
			Financial position effects	1,996	Approx. 4,000	Approx. 3,000	Approx. 1,000
			Cash flows effects <sup>*2</sup>	2,847	Approx. 4,900	Approx. 6,000	Approx. 7,000

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

### Expected changes in financial position over the short, medium and long term

For investment plans regarding transition risks, please refer to the following investment and disposal plans. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

### Investment and disposal plans

The Company raised funds through transition-linked loans (executed in January 2023: ¥50 billion, loan term from 2023 to 2033, maturity in 2033; executed in July 2023: ¥30 billion and ¥37 billion, loan terms from 2023 to 2028 and from 2023 to 2030, respectively, and maturities in 2028 and 2030, respectively). The Company uses Net Present Value (NPV) as an indicator for environmental investments aimed mainly at reducing GHG emissions and has introduced internal carbon pricing into its framework for making investment decisions. The KPIs for the loan are the reduction of Scope 1 and Scope 2 GHG emissions (base year: 2019); the Company utilizes these results for the promotion of energy conservation and measures for the expansion of renewable energy. For the period beyond 2030, the Company plans to conduct further examination based on the development of infrastructure and technological innovation. Furthermore, while considering the “Scope 3 transition plan” in the future, the Company will also consider transition plans related to “Nature Positive” and “Circular Economy,” and will plan investments and expenses as an integrated plan. The investment amount for the current fiscal year was ¥1,996 million.

(iii) Natural capital risks—raw materials

The Group expects that the implementation of environmental measures and GHG Scope 3 emissions reduction measures at the procurement sources of agricultural raw materials will lead to the strengthening of a sustainable supply chain.

By deepening engagement with suppliers and production areas to identify various issues and solve them collaboratively, the Group aims to enhance the resilience of suppliers, production areas, and the Group.

Through scenario analysis based on the TCFD recommendations, which the Group has been conducting since 2017, the Group has identified the significant impacts of climate change on agricultural products and water resources. It has become evident that merely minimizing negative impacts and achieving neutrality is insufficient to limit impacts on natural capital and to pass on a sustainable planet to future generations. Accordingly, the Group has recognized the need to evolve its environmental initiatives from those that are self-contained within the Group to those that can generate positive impacts across society as a whole, and has been advancing these initiatives.

a. Effects on the business model and value chain

Regarding natural capital risks—raw materials, the risks are concentrated in agricultural production areas of suppliers, and in the vulnerability assessment for physical risks, raw materials recognized as being at risk include barley, corn, tea leaves, and coffee beans. (Please refer to “(c) Strategy (i) Climate-related risk—physical risk: a. Vulnerability to physical risks related to procurement risk (risk of a decline in yields of agricultural products due to climate change).”) In addition, analysis using the LEAP approach recognizes raw materials such as corn, barley, and tea leaves as raw materials on which the Group’s business is highly dependent. If these risks were to materialize, effects such as instability in the procurement of these raw materials are expected.

Based on the above, sustainability-related risks identified as natural capital risks (raw materials) that could reasonably be expected to affect the Group’s prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Risk that environmental protection is insufficient at agricultural production areas and forests within the Group’s supply chain	Business partners, Global environment		Consumers	<u>Effects on the business model/value chain</u> · Instability in the procurement of raw materials <u>Financial effects</u> · Decrease in revenue due to loss of sales opportunities resulting from loss of customer trust	Medium	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Short term Medium term

**Response strategy for risks and opportunities**

Strategy 1: Sustainable farm certification support

Please refer to “Physical risk” Strategy 2 described above.

Strategy 2: Sustainable forest certification

The Group continues efforts to expand sustainable forestry and agriculture and will increase the proportion of certified paper and raw materials derived from certified farms.

The Group established the use of sustainable paper in the “Action Plan for the Sustainable Use of Biological Resources,” and in 2020, achieved 100% use of FSC-certified paper or recycled paper for paper containers and packaging in the domestic non-alcoholic beverages business. In the 2021 revision of the “Action Plan for the Sustainable Use of Biological Resources,” the scope of companies was expanded, and the target was updated to achieve 100% use of sustainably sourced paper for containers and packaging by 2030. We are steadily advancing initiatives in line with this target.

Strategy 3: Sustainable palm oil procurement

The Group has established a policy on palm oil use under the “Action Plan for the Sustainable Use of Biological Resources” and is promoting a transition to RSPO-certified palm oil used in both primary and secondary raw materials. The Group addresses this through a combination of RSPO-certified credits (Book & Claim method) and the physical procurement of RSPO-certified palm oil. In collaboration with the RSPO, suppliers, NGOs, and various stakeholders, the Group will work to enable its suppliers to use RSPO-certified palm oil as raw materials. The Group is a regular member of the RSPO and participates in the “Japan Sustainable Palm Oil Network (JaSPON).”

## Financial effects

Regarding natural capital risks (raw materials), the Group's response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized; however, in the event that cases occur where environmental protection is insufficient at agricultural production areas and forests, the Group identifies the possibility that revenue may decrease due to the loss of sales opportunities associated with the deterioration of relationships with existing customers, and that these effects may occur over the short and medium term. Furthermore, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes. In addition, the financial effects related to support for obtaining farm certifications also constitute part of the response strategy for physical risks. As these amounts cannot be separately identified by individual risk category, quantitative information is disclosed under the financial effects of physical risks.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Risk that environmental protection is insufficient at agricultural production areas and forests within the Group's supply chain	<ul style="list-style-type: none"> <li>• Sustainable farm certification</li> <li>• Sustainable forest certification</li> <li>• Sustainable palm oil purchase</li> </ul>	Profit or loss effects • Procurement costs for certified products*2	27,422	Approx. 28,000	Approx. 29,000	Approx. 30,000
			Financial position effects • Not applicable	-	-	-	-
Total			Profit or loss effects	27,422	Approx. 28,000	Approx. 29,000	Approx. 30,000
			Financial position effects	-	-	-	-
			Cash flows effects*3	27,422	Approx. 28,000	Approx. 29,000	Approx. 30,000

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: Procurement costs for forest certification are collected for the eight target companies under the "Kirin Group Action Plan for the Sustainable Use of Biological Resources." For the target companies, please refer to (e) Metrics and targets (iii) Natural capital (raw materials) \*1 (Definition).

\*3: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

## Expected changes in financial position over the short, medium and long term

In addition to investment plans for transition risks, the Group will also consider transition plans related to nature-positive approach in the future, and will plan investments as an integrated plan. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

### (iv) Natural capital risks—containers and packaging

Containers and packaging are essential to deliver products to consumers while maintaining product quality. However, GHG emissions during their manufacture and transportation are unavoidable, and excessive use of materials or improper disposal of used containers and packaging could lead to the degradation of natural capital. To address these various issues brought about by containers and packaging, the Group will promote the 3Rs (Reduce, Reuse, and Recycle), and advance the lightweighting of containers and packaging, the utilization of returnable containers, and the use of recycled materials.

#### a. Effects on the business model and value chain

Regarding natural capital risks—containers and packaging, there is growing societal concern regarding the environmental impacts of the improper disposal of plastic containers, particularly PET bottles, which account for the majority of the Group's plastic container usage. In response, the establishment of social systems to facilitate the transition to a circular economy across the entire value chain is considered necessary. If these risks were to materialize, effects such as shortages in the supply of recycled plastics from business partners and increased costs associated with the improper disposal of used containers are expected.

Based on this assumption, sustainability-related risks identified as natural capital risks (containers and packaging) that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Risk of the tightening of regulations on virgin plastics, the expansion of mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles	Business partners		Consumers Environment	<u>Effects on the business model/value chain</u> <ul style="list-style-type: none"> <li>Decrease in the supply of virgin plastics due to the introduction of regulations</li> <li>Shortages in the supply of recycled plastics</li> </ul> <u>Financial effects</u> <ul style="list-style-type: none"> <li>Increase in regulatory compliance costs</li> <li>Increase in costs associated with addressing improper disposal</li> </ul>	Medium	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term

### Response strategy for risks and opportunities

Aiming for a society where plastic containers sustainably circulate, the Group has adopted the following strategies to increase the usage ratio of recycled PET resin. Taking into account changes in the Group's business portfolio, the Group will expand its strategies overseas in addition to these domestic initiatives going forward.

#### Strategy 1: R100 PET bottles

In accordance with the Kirin Group Plastic Policy established in 2019, the Group is sequentially expanding the adoption of "R100 PET bottles," which use 100% recycled PET resin.

This recycled PET resin can reduce the amount of petroleum-based resin used by 90% and greenhouse gas (GHG) emissions by 50% to 60%. The Group began using recycled PET resin for a portion of the packaging for "Kirin Gogo-no-Kocha Oishii Muto (sugar-free)" in 2014; subsequently, in 2019, the Group first adopted "R100 PET bottles" using 100% recycled PET resin for "Kirin Nama-cha Decaf." and is expanding the range of products using R100 PET bottles.

#### Strategy 2: Expanding use of chemical recycling

Starting in April 2025, nine companies from different industries jointly launched an initiative to recycle various PET bottles—such as those used for cosmetics and beverages—through chemical recycling using beverage PET bottles and non-food grade PET as raw materials. This initiative aims to address the challenge that conventional recycling methods have not achieved sufficient plastic resource circulation, by expanding part of the chemical recycling feedstock for beverage PET bottles to include non-food-grade PET. Notably, this is the first initiative in Japan to recycle non-food grade PET into beverage PET bottles.

Since 2023, the Group has introduced chemical recycling resin in 3L PET bottles used as containers for beer servers for "Tap Marché" and "TAPPY" deployed by Kirin Brewery at restaurants. This is the first time in Japan that chemical recycling resin has been introduced for PET bottles of alcoholic beverages. Furthermore, starting in December 2025, the use of chemically recycled resin was expanded to include 1-liter PET bottles used for the subscription-based draft beer service, "Kirin Home Tap."

#### Strategy 3: Construction of a social system for used PET bottle collection

As a member of the PET Bottle Recycling Promotion Council, the Group promotes the recycling of PET bottles. In the council's Fourth Voluntary Action Plan (FY2021-FY2025), members of the council are working toward a target recycling rate of at least 85%. The recycling rate in 2024 was 85.1%, achieving the target.

In October 2022, Kirin Beverage introduced new recycling boxes, specially designed by soft drink industry to prevent other objects than PET bottles, next to vending machines, in order to reduce contamination by foreign substances, and has installed a cumulative total of more than 20,000 units by the end of 2024. The Group will continue to promote "bottle-to-bottle" closed-loop recycling initiatives together with the industry.

### Financial effects

Regarding natural capital risks (containers and packaging), the Group's response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized; however, compliance with regulations on the use of virgin plastics may increase costs, and such impacts could extend over the medium term. In addition, reputational risks may arise from criticisms regarding the handling and disposal of plastics, potentially leading to a decrease in revenue. Quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Risk of regulations on virgin plastics, the mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles	<ul style="list-style-type: none"> <li>• Expansion of mechanical recycling</li> <li>• Expanding use of chemical recycling</li> <li>• Construction of a social system for used PET bottle collection</li> </ul>	Profit or loss effects	7,449	Approx. 7,500	Approx. 8,800	Expected to increase from the medium-term level
			<ul style="list-style-type: none"> <li>• Research and development expenses</li> <li>• Recycled resin purchase costs</li> </ul>				
			Financial position effects	-	-	-	-
			<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>				
Total			Profit or loss effects	7,449	Approx. 7,500	Approx. 8,800	Expected to increase from the medium-term level
			Financial position effects	-	-	-	-
			Cash flows effects*2	7,449	Approx. 7,500	Approx. 8,800	Expected to increase from the medium-term level

\*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

\*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

### Expected changes in financial position over the short, medium and long term

In addition to investment plans for transition risks, the Group will also consider transition plans related to circular economy in the future, and will plan investments as an integrated plan. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

#### (d) Strategy—Resilience

For details of the scenario analysis related to climate change and the analysis and assessment related to natural capital used in the resilience assessment, please refer to “(b) Risk management.”

#### (i) Climate change (physical risks and transition risks)

##### a. Climate change resilience

By formulating and executing strategies in response to the risks identified, the Group seeks to reduce uncertainty and enhance management resilience through responses that leverage the Group's strengths.

##### b. Effects on management strategy and business model

###### i. Physical risks

An assessment of water risks and water stress at manufacturing sites (plants) using the latest available data (Aqueduct 4.0) indicates that overall risk levels have increased. With respect to agricultural raw materials as well, the Group has determined that, in a scenario where climate change mitigation and adaptation measures are insufficient (corresponding to Scenario 3), significant impacts on yields of major agricultural raw materials and on water risks and water stress would be unavoidable by 2050 (and by 2100 for certain items). However, based on the strategies that the Group has implemented to date, the Group currently considers that no changes to its business model are required.

###### ii. Transition risks

Regarding the impact of carbon pricing on energy costs, it was estimated that achieving the “SBT 1.5°C” target at an early stage would result in energy cost reduction effects of ¥4.6 billion (by 2030 under a 2°C scenario). If net zero is not achieved by 2050, the impact of carbon pricing on energy costs could reach a non-negligible level. The estimated results of the financial impact of carbon pricing on agricultural product prices are comparable to the financial impact on agricultural prices due to the physical effects of climate change on such prices. To address these risks, the Group has developed a roadmap aligned with the “SBT Net-Zero” target for 2050 and is proceeding with the steady execution of GHG emissions reduction strategies based on this roadmap. For investments in strategy execution, the Group is working toward achieving the “SBT 1.5°C” target while minimizing the risk of cost increases through investment decisions using estimates based on internal carbon pricing, fundraising through transition-linked loans, and the preparation of an environment for the adoption of high-quality carbon credits. Based on these existing strategies, the Group believes that it is not necessary to change its business model at this time.

##### c. Significant areas of uncertainty

Modeling various scenarios and their associated climate-related impacts requires a high degree of uncertainty and judgment. Significant areas of uncertainty considered in the Group's climate resilience assessment are as follows.

###### i. Potential impacts on profit in different scenarios

The Group responded at an early stage to scenario analysis recommended in the TCFD guidance and has estimated potential financial impacts under multiple scenarios. For example, regarding water risk, based on the actual financial impact from past flood disasters (equivalent to ¥1.0 billion to ¥5.0 billion), the Group is advancing the investigation and analysis of water risks at manufacturing sites using Aqueduct 4.0 and hazard maps prepared by local governments. The Group is also working to estimate potential damage associated with flood risks using wind and flood damage simulation systems. However, the effects of climate change assumed in the scenario analysis and the estimates of calculated financial effects may differ from the actual impacts of future climate change.

ii. Frequency and severity of future floods

There is a significant uncertainty regarding how climate change—particularly increases or decreases in greenhouse gas emissions—will affect the frequency and intensity of droughts and heavy rain floods in the Group’s major supply regions. These uncertainties arise from the variability of climate forecasts and unexpected changes in rainfall due to changing weather patterns and evolving climate conditions.

d. Capacity to adjust strategy and business model

The Group’s strategy and business model are based on the most likely baseline scenario (Scenario 1 mentioned above), which includes adaptation plans and actions. These adaptation plans and actions include the exploration of alternative materials and production processes, the diversification of suppliers, and the reallocation of resources to support these initiatives. The Group’s approach is to maintain agility, and it evaluates its capacity to adjust or adapt its strategy and business model in response to climate change as follows.

i. Availability and flexibility of financial resources

The Group has mechanisms and governance in place to raise the necessary funds in the event of an emergency (including the occurrence of disasters caused by climate change).

The Group utilizes various long- and short-term financing methods and is capable of responding flexibly, including access to short-term funding when necessary.

ii. Redeployment, reuse, and upgrading of existing assets

The Group has mechanisms in place to make decisions regarding the redeployment and reuse of resources. Based on scenario analysis, these mechanisms indicate that the Group maintains sufficient assets, and it is not expected that large-scale redeployment, reuse, or upgrading of assets will be required in the short term.

Past examples demonstrating the effectiveness of these mechanisms include cases where production volumes were covered by nearby manufacturing sites following flood damage at affected facilities, thereby minimizing financial impacts. Specific measures that enable this mechanism include the ownership of multiple manufacturing sites and the development of procurement systems that take business continuity planning (BCP) into account.

iii. Investments in climate-related mitigation, adaptation, and opportunities

For the purpose of mitigating climate change, the Group will organize the necessary investments and estimate the financial effects associated with executing measures to achieve the reduction ratio targets for Scope 1, 2, and 3 emissions, and will then execute the investments to promote the measures. For details, please refer to “(c) Strategy (ii) Climate-related risk—transition risk: Investment and disposal plans.” In this process, the Group has implemented fundraising through transition-linked loans, and Scope 1, 2, and 3 emissions are being steadily reduced through capital expenditures such as capital investments in facilities. To achieve the reduction ratio targets for Scope 1 and 2 emissions, the Group is working on “energy conservation,” “expansion of renewable energy,” and “energy transition.” For example, in “energy conservation,” the Group is investing in the promotion of electrification (using renewable energy) and improving energy efficiency through the introduction of heat pumps. Reductions are proceeding in line with the plan. Looking ahead, the Group has investment plans for transitioning to hydrogen energy beyond 2030, which are expected to further enhance the Group’s capabilities. To achieve the reduction ratio target for Scope 3 emissions, the Group is also making continuous investments in initiatives such as lightweighting of materials, as well as in research and development activities to explore, develop, and deploy raw materials and products that are expected to contribute to greenhouse gas reductions. For future investment plans, the Group is considering the expansion of renewable energy generation within its own sites and switching to EVs and fuel cell trucks.

iv. Consideration of trade-offs between risks and opportunities

The Group recognizes that addressing risks through isolated solutions may give rise to trade-offs. Accordingly, it advances its initiatives by adopting a landscape approach and addressing issues from multiple perspectives. For example, the Group recognizes that “additionality,” which involves creating new renewable energy power sources in the world, and “ethicality,” which involves using energy while considering environmental impact and human rights, may result in a trade-off. Therefore, when adopting and procuring renewable energy, the Group conducts prior assessments in accordance with the Kirin Group Policy on the Introduction of Environmental Value, which includes checkpoints that emphasize these considerations. To date, no events resulting in trade-offs have materialized in these prior assessments.

(ii) Natural capital (raw materials, containers and packaging)

a. Natural capital (raw materials) resilience

The results of climate change scenario analysis (for details, please refer to “(b) Risk management, (ii) Identification of risks”) also identify a decline in agricultural yields as a risk; however, as shown in “b. Effects on management strategy and business model, i.,” the Group believes that it is not necessary to change its business model at this time based on existing strategies.

Furthermore, in addition to the evaluation results of “nature-related dependencies of businesses” and “the impact of businesses on nature,” the Group has made a comprehensive judgment based on factors such as whether items are listed under the European Union Deforestation Regulation (EUDR) and Science Based Targets Network (SBTN) lists, procurement volumes, and strategic priorities, and has identified priority agricultural products for which a more detailed assessment of risks and opportunities should be conducted in the future. Currently, the Group

is proceeding with the detailed analysis of priority agricultural products in line with the LEAP approach. Based on the case of tea farms in Sri Lanka, which is a leading example of analysis following the LEAP approach, the Group considers that support for obtaining Rainforest Alliance certification and the dissemination of the Regenerative Tea Scorecard are effective from the perspective of risk reduction and opportunity acquisition, and has positioned them as one of the metrics for achieving targets.

As the Group further advances analysis in line with the LEAP approach, it will continue to examine the need to review its response strategies and business model.

b. Natural capital (containers and packaging) resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding the negative impact of natural capital (containers and packaging) are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. The Group formulated the "Kirin Group Plastic Policy" in 2019 as an initiative policy to resolve the "plastic waste issue," one of the major social issues related to the "containers and packaging." The Group seeks to understand the fundamental challenges associated with plastics and to promptly advance appropriate initiatives for plastic containers and packaging provided by each Group company, thereby promoting the sustainable use of plastics and resource circulation. Even if usage restrictions were to arise as a result of introduction of regulations on the use of virgin plastics, or if the mandatory use of recycled materials were to be imposed, the Group's policy is to minimize the impact by reducing the use of virgin plastics, leveraging its technologies for adopting recycled plastics and its container and packaging development capabilities that also cover other materials. The Group operates the Institute for Package Innovation, which develops and improves containers and packaging and solves their issues in-house. Leveraging this strength, the Group aims to contribute to the realization of a circular economy through the transformation of containers and packaging. In addition to reducing GHG emissions from transportation, which account for approximately 12% of Scope 3 emissions, through measures such as lightweighting containers and packaging, the Group is also working on the expanding use of chemical recycling and on initiatives to promote the circulation of plastics across society, thereby contributing to a circular economy.

Based on the results of the above analysis of impacts on the business model, the Group evaluates that even if the negative impact of natural capital (containers and packaging) were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model for natural capital (containers and packaging).

In addition, in addressing the resilience of natural capital (raw materials) and natural capital (containers and packaging), the Group recognizes that certain constraints (trade-offs) may arise, such as short-term cost increases and the need to prioritize among variable options. Taking these assumptions into account, the Group makes selections and decisions that emphasize the reduction of medium- to long-term risks and the enhancement of business resilience.

(e) Metrics and targets

To realize CSV management that creates social and economic value, the Group sets non-financial targets in collaboration with operating companies and functional departments. Targets are verified for consistency in the annual planning process based on the Group's "Vision" and material themes, and items to be focused on in the next fiscal year are determined as key non-financial indicators linked to executive remuneration under the supervision of the Board of Directors. Progress is aggregated quarterly, consolidated by the CSV Strategy Department, and reviewed Group-wide, and evaluation results are also reflected in the non-financial evaluation for executive remuneration.

(i) Physical risk

The Group has established the following targets related to physical risk, as described below. These targets have been developed as the Group’s proprietary targets. In addition, the Group has established performance metrics to measure performance against the set targets, as shown below.

Risks and opportunities		Metrics	Source	Unit	Targets*1 (Target year)		Results
						Interim targets	
Risk	Physical risks such as reduced yields of raw agricultural products caused by climate change, or business suspension or impacts on transportation due to floods or droughts	Number of farms where the Regenerative Tea Scorecard has been implemented (tea) [Mitigation and adaptation]	Proprietary metric*2	Number of farms	50% or more of the procurement volume and sourcing farms in the Kandy area in Sri Lanka are RA-certified or SC-implementing farms (2030)*3	-	Scorecard implemented at 1 large farm and 30 small farms*3
		Water use intensity at manufacturing sites with high water stress [Adaptation]	Proprietary metric*4	L/L	Water use intensity at manufacturing sites with high water stress: less than 2.4 L/L (2027)	-	2.6 L/L†
		Percentage of water usage in regions where “baseline water stress” is “high” or “extremely high”	SASB*5	%	-	-	4.2%
		Water usage	Proprietary metric*6	Thousand m <sup>3</sup>	-	-	40,443 thousand m <sup>3</sup> †

\*1: Unless otherwise stated, the targets cover the entire Group.

\*2: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.

The metric is an absolute measure and has not been validated by a third party.

(Definition) Number of tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships where the Regenerative Tea Scorecard (SC) has been rolled out.

(Calculation method) Confirm the number of tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships where the Regenerative Tea Scorecard has been rolled out.

The target is a relative measure (%) and has not been validated by a third party.

(Definition) Percentage of tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships that have obtained Rainforest Alliance (RA) certification or where the Regenerative Tea Scorecard (SC) has been rolled out.

(Calculation method) The tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships, (Number of Rainforest Alliance certified farms + Number of farms where the Regenerative Tea Scorecard has been rolled out) / Total number of tea farms × 100

\*3: The Group recognizes that the metrics and results and the target values cannot be directly compared because they are presented in different units. The Group plans to transition to management using unified units going forward. The Group has confirmed that the actual results for the current fiscal year are progressing steadily in line with the plan toward the target.

\*4: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards. It is an absolute measure and has not been validated by a third party.

(Definition) † Water use intensity for manufacturing at sites judged to have high stress (drought risk) as a result of analysis

(Calculation method) † Based on Aqueduct’s Water Stress and WRF’s (Water Risk Filter) Baseline Water Depletion, the target covers three sites of Lion: Tooheys Brewery, James Boag Brewery, and Castlemaine Perkins. Water use intensity is calculated as water usage divided by production volume.

\*5: FB-AB-140a.1, FB-NB-140a.1, FB-PF-140a.1

\*6: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards. It is an absolute measure and has not been validated by a third party.

(Definition) † Total water usage at each site of the Group

(Calculation method) † Sum of tap water (city water) usage + industrial water usage + river water usage + groundwater usage + rainwater usage + recycled water (city water) usage at each site.

The target for water use intensity at manufacturing sites with high water stress is aligned with management targets in the Group’s Medium-Term Business Plan.

Regarding physical risks (vulnerable business activities) arising from procurement risk (risk of reduced yields of agricultural products due to climate change), the vulnerability was high for malting barley, hops, and corn. However, the Group has formulated strategies to address procurement risks associated with tea leaves, for which there is a high dependence on specific production areas and limited availability of substitute sourcing options. Accordingly, the Group has established its metrics and targets with a particular focus on tea leaves. While “supplier diversification” is also one of the strategies for addressing physical risks, it has not been established as a metric because it is influenced by procurement strategies and cannot be managed solely from the perspective of non-financial information.

### Supplementary explanation regarding target setting

The targets, metrics, and related methodologies have not been validated by a third party.

### Analysis of trends or changes in the entity’s performance

Initiatives for reducing physical risks are progressing in line with the plan.

#### (ii) Transition risk

The Group has established targets related to transition risk. Among these targets, the targets for transition risks to a decarbonized society are set as interim targets for fiscal 2030, in line with Japan’s initiatives for climate change based on the Paris Agreement. The Group has established performance metrics to measure performance against the targets as shown below.

Risks and opportunities		Metrics	Source	Unit	Targets*1 (Target year)		Results
					(Target year)	Interim targets	
Risk	Transition risks to a decarbonized society	Reduction ratio for Scope 1 + 2 GHG emissions [Mitigation; Alignment with science-based initiatives]	Proprietary metric*2	%	Net Zero*3 (2050)	50% reduction (2030 / compared with 2019, gross target)	32%†
		Ratio of renewable energy [Mitigation]	Industry-based guidance*4	%	100% (2050)	100% of electric power used (2040)	18%
		Total energy consumption	Industry-based guidance*4	GJ	-	-	10,147,536
		Number of manufacturing sites	Industry-based guidance*5	Number of sites	-	-	72

\*1: Unless otherwise stated, the targets cover the entire Group.

\*2: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.

It is a relative measure and has not been validated by a third party.

The Group has set GHG emission reduction targets in accordance with the SBTi Corporate Net-Zero Standard. However, since there is no setting applicable to the Group in the sectoral approach under the SBTi, the target has not been calculated using a sectoral decarbonization approach.

(Definition) † Increase or decrease in GHG emissions derived from Scope 1 and 2 compared with the base year (2019), based on the boundary of business activities covered by SBT validation

(Calculation method) † Please refer to “Cross-industry metrics—GHG emissions, a. Assumptions for calculating GHG emissions iii. Measurement approach, inputs and assumptions.”

\*3: As part of the “Net-Zero (2050)” target, the Group has set a gross target of a 90% reduction compared with the base year.

\*4: FB-AB-130a.1, FB-NB-130a.1, FB-PF-130a.1

\*5: FB-AB-000.B, FB-NB-000.B, FB-PF-000.B

The Group has set GHG emission reduction targets for Scope 1 and 2, and Scope 3 in accordance with the criteria of the SBTi, and obtained validation of its “SBT 1.5°C” target in 2020 and its “SBT Net-Zero” target in 2022. Accordingly, the reduction ratio for Scope 1 and 2 emissions and related targets are managed based on the boundary of business activities covered by SBT validation, which differs from the reporting boundary for which disclosure is required under the SSBJ Standards. For GHG emissions within the reporting boundary for which disclosure is required under the SSBJ Standards, please refer to “Cross-industry metrics—GHG emissions” below. Additionally, the reduction ratio targets for Scope 1 and 2 emissions are aligned with the Group’s non-financial indicators. The ratio of renewable energy is aligned with the management targets in the Group’s rolling three-year Medium-Term Business Plan.

### Analysis of trends or changes in the entity’s performance

Initiatives for reducing transition risks are progressing in line with the plan.

## Cross-industry metrics—GHG emissions

	2025 Results (Unit: tCO <sub>2</sub> e)
Scope 1	375,414 <sup>†</sup>
Scope 2 (Location-based)	343,860 <sup>†</sup>
Scope 2 (Market-based)	190,705 <sup>†</sup>

### a. Assumptions for calculating GHG emissions

#### i. Time horizons for target values

Regarding the target values for GHG emissions, the Group has set the following time horizons, taking into consideration that the impacts of GHG emissions are expected to extend over a longer period than other risks and opportunities. In addition, the Group has obtained SBT validation for net-zero and established the transition plan aligned with that timeline, namely “Kirin Group Environmental Vision 2050.”

Short-term (from 2025 to 2027)

Medium-term (from 2028 to 2030)

Long-term (from 2031 to 2050)

Accordingly, the target years for the net-zero and the gross target have been set for 2050 and 2030, respectively.

#### ii. Reporting boundary (data collection scope) <sup>†</sup>

The Group’s consolidation boundary is based on the operational control approach under the GHG Protocol. The Group considers the use of this approach to be the most appropriate method for measuring its greenhouse gas emissions, as there are multiple entities and assets over which the Group exercises operational control regardless of ownership. Including these entities and assets in the measurement is considered to appropriately reflect the actual state of the Group’s GHG emissions and to be relevant to the disclosure objectives related to metrics and targets.

GHG emissions from entities, assets, and operational activities over which the Group exercises operational control are included in the greenhouse gas emissions reported by the Group at 100%, regardless of the ownership percentage. These are reported as Scope 1 or Scope 2 greenhouse gas emissions. Additionally, additional emissions occurring in the value chain of these entities, assets, and operations are reported as Scope 3 emissions. Relevant portions of greenhouse gas emissions from entities, assets, and operations within the value chain where the Group does not exercise operational control are reported as part of the Group’s Scope 3 emissions.

#### iii. Measurement approach, inputs and assumptions<sup>†</sup>

##### Scope 1

The Group calculates emissions in accordance with the “Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)” (hereinafter referred to as the “GHG Protocol (2004)”), using either “activity data × emission factor × global warming potential” or “activity data × emission factors converted to CO<sub>2</sub> equivalents.” Furthermore, as the Group does not fall under any specific business sectors defined by SBT, calculations using the Sectoral Decarbonization Approach (SDA) are not performed. As the Group does not directly measure greenhouse gas emissions, such as by monitoring exhaust gas concentrations and flow rates for all emission sources, Scope 1 greenhouse gas emissions are estimated based on the methodologies described below.

### Calculated gases and activity data

The primary factors generating Scope 1 emissions within the Group are mainly (1) CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O emissions associated with the combustion of fossil fuels (factory equipment, product transportation (in-house transportation), and sales vehicles), (2) atmospheric releases of purchased CO<sub>2</sub> derived from fossil fuels, (3) leakage of HFCs and PFCs from equipment using refrigerants, and (4) CH<sub>4</sub> and N<sub>2</sub>O emissions associated with wastewater treatment.

For these emissions, activity data used for the fiscal year are: (1) fuel consumption, (2) the amount of purchased CO<sub>2</sub> derived from fossil fuels released into the atmosphere, (3) the amount of HFC and PFC leakage from equipment using refrigerants, and (4) the pollution load and nitrogen content included in wastewater before treatment.

### Emissions factors

In principle, the Group uses the latest emission factors available at the end of the current fiscal year. The Group uses the global warming potential (GWP) values from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). However, this does not apply if the emission factors used have already converted the constituent greenhouse gases into CO<sub>2</sub> equivalents.

Australia: Australian National Greenhouse Accounts Factors

New Zealand: NZ Ministry for the Environment. Measuring Emissions guide

United States: U.S. EPA Emission Factors Hub

Countries other than the above: Emission factors set forth in the “Emission Factors from Greenhouse Gas Emissions Calculation and Reporting Manual” issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (Japan)

##### Scope 2

The Group calculates emissions in accordance with the “GHG Protocol (2004),” using “activity data × emission factor × global warming potential” or “activity data × emission factors converted to CO<sub>2</sub> equivalents.” Furthermore, as the Group does not fall under any specific business sectors defined by SBT, calculations using the SDA are not performed.

Disclosure is provided based on the location-based method. In addition, because the Group possesses the contractual instruments necessary to provide information that contributes to the understanding of the primary users, the Group also discloses emissions calculated on a market-based method. As the Group does not directly measure greenhouse gas emissions, such as by monitoring exhaust gas concentrations and flow

rates for all emission sources, Scope 2 greenhouse gas emissions are estimated based on the methodologies described below.

### Calculated gases and activity data

The primary factors generating Scope 2 emissions within the Group are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O emissions associated with the use of electricity, steam, hot water, and cold water supplied by third parties. Activity data used are the usage of electricity, steam, hot water, and cold water supplied by third parties in the fiscal year.

### Emissions factors (Location-based)

In the location-based method, the Group uses the average factors of the supply grid in each country. Since the location-based method reflects the emission intensity of the entire system, the Group utilizes it as a metric to indicate the risks and opportunities associated with regional power source mixes. Regarding the emission factors for electricity supplied by third parties, when using the national average emission factors from the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry, the Group uses factors based on the transmission end, taking into account the transmission and distribution loss rate, and also accounts for CH<sub>4</sub> and N<sub>2</sub>O emissions from power generation.

In principle, the Group uses the latest emission factors available at the end of the current fiscal year. The Group uses the global warming potential (GWP) values from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). However, this does not apply if the emission factors used have already converted the constituent greenhouse gases into CO<sub>2</sub> equivalents.

#### Electricity

Japan: National average emission factors from the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry

Countries other than the above: “Emission Factors” published by the International Energy Agency (IEA)

#### Steam

United States: U.S. EPA Emission Factors Hub

Countries other than the above: Emission factors published in the “Emission Factors from Greenhouse Gas Emissions Calculation and Reporting Manual” issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

#### Hot water and cold water

All countries: Substitute values from the “Emission Factors by Heat Supply Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry

### Emissions factors (Market-based)

In the market-based method, the Group uses emission factors published by each electric power business operator, or if unavailable, the average factors of the supply grid in each country. Regarding the emission factors for electricity supplied by third parties, when using the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry, the Group uses factors based on the transmission end, taking into account the transmission and distribution loss rate, and also accounts for CH<sub>4</sub> and N<sub>2</sub>O emissions from power generation.

For renewable electricity or steam (including electricity or steam deemed renewable through the use of certificates), the emission factor is treated as zero. The Group procures renewable energy by utilizing non-fossil certificates, REC/I-REC, and other instruments. Certificates are adopted after confirming that (1) they are issued in the same electric power market as the relevant business site, and (2) the power generation period falls within six months before to three months after the relevant fiscal year.

In principle, the Group uses the latest emission factors available at the end of the current fiscal year. The Group uses the global warming potential (GWP) values from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). However, this does not apply if the emission factors used have already converted the constituent greenhouse gases into CO<sub>2</sub> equivalents.

#### Electricity

Japan: Basic emission factors of the applicable menus of the electricity suppliers used, in the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Countries other than the above: Emission factors published by each electric power business operator

If the above are unavailable:

Japan: National average emission factors from the “Emission Factors by Electric Power Business Operator” published by Ministry of the Environment and Ministry of Economy, Trade and Industry

Countries other than the above: “Emission Factors” published by the International Energy Agency (IEA)

#### Steam

United States: U.S. EPA Emission Factors Hub

Countries other than the above: Emission factors published in the “Emission Factors from Greenhouse Gas Emissions Calculation and Reporting Manual” issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

#### Hot water and cold water

All countries: Substitute values from the “Emission Factors by Heat Supply Business Operator” published by Ministry of the Environment and Ministry of Economy, Trade and Industry

The quantification of greenhouse gas emissions is subject to uncertainties regarding the measurement of activity data and the determination of emission factors, as well as scientific uncertainty regarding the determination of global warming potential (GWP).

**Cross-industry metrics—capital expenditure and internal carbon price**

Please refer to “(c) Strategy (ii) Climate-related risk—transition risk: Investment and disposal plans.”

(iii) Natural capital (raw materials)

The Group has set targets related to strengthening its sustainable supply chain.

These targets were developed as the Group’s proprietary targets. Furthermore, the Group has established performance metrics to measure its performance against these targets, as shown below.

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)		Results
						Interim targets	
Risk	Risk that environmental protection is insufficient at agricultural production areas and forests within the Group’s supply chain	Number of companies achieving 100% use of certified paper for sustainable forest management (containers and packaging) (FSC, etc.) [Mitigation]	Proprietary metric <sup>*1</sup>	Number of companies	22 companies across the entire Group (TBD)	8 companies (2030)	4 companies
		Percentage of palm oil and palm kernel oil used as primary and secondary raw materials for which RSPO certification has been obtained or credits have been purchased [Mitigation]	Proprietary metric <sup>*2</sup>	%	-	-	99.5% <sup>*3</sup>

\*1: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.

It is an absolute measure and has not been validated by a third party.

The number of companies across the entire Group subject to the targets is stated as of the end of 2025.

(Definition) Number of companies achieving 100% usage rate of FSC®-certified paper and PEFC-certified paper for paper containers and packaging materials

Based on the definitions and target companies (Kirin Holdings, Kirin Brewery, Kirin Beverage, Mercian, Kyowa Hakko Bio, Koiwai Dairy Products, Kyowa Kirin, Lion) in the “Kirin Group Action Plan for the Sustainable Use of Biological Resources.” From 2031 onwards, the Group plans to consider revisions to this plan, including targets.

(Calculation method) Number of companies where the ratio calculated by “Purchase amount of paper-based packaging materials certified for sustainable forest management (FSC, etc.) / Purchase amount of paper-based packaging materials × 100 (%)” is 100%

\*2: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.

It is a relative measure and has not been validated by a third party.

(Definition) Percentage of palm oil and palm kernel oil for which RSPO certification has been obtained or credits have been purchased at the following operating companies:

Kirin Brewery, Kirin Beverage, Mercian, Koiwai Dairy Products, Kyowa Hakko Bio, FANCL, Blackmores

(Calculation method) (Amount of certified palm oil and palm kernel oil used (t) + RSPO credit purchase volume (t)) / Palm oil/palm kernel oil usage volume (t) × 100 (%)

Based on the Book & Claim method, RSPO credits are obtained according to the purchase volume of non-certified palm oil/palm kernel oil.

**Analysis of trends or changes in the entity’s performance**

Initiatives for reducing natural capital (raw materials) risks are progressing in line with the plan.

(iv) Natural capital (containers and packaging)

The Group has established targets related to the use of recycled PET resin for its operations in Japan, and plans to expand these targets to include overseas operations in the future.

These targets were developed as the Group’s proprietary targets. In addition, as shown below, the Group has established performance metrics to measure its performance against these targets.

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)		Results
						Interim targets	
Risk	Risks such as regulations on virgin plastics, expansion of mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles	Usage ratio of recycled PET resin in Japan [Adaptation]	SASB <sup>*1</sup>	%	50% (2027)	-	42% †
		Global usage ratio of recycled PET resin [Adaptation]	SASB <sup>*2</sup>	%	-	-	38%

\*1: FB-AB-410a.1, FB-NB-410a.1

The scope comprises three companies: Kirin Brewery, Kirin Beverage, and Mercian†

\*2: FB-AB-410a.1, FB-NB-410a.1

The scope comprises eight companies: Kirin Brewery, Kirin Beverage, Mercian, Lion, New Belgium Brewing Company, Inc., Coca Cola Beverages Northeast, Interfood Shareholding, and Vietnam Kirin Beverage.

### **Analysis of trends or changes in the Group's performance**

Initiatives toward achieving the target for recycled PET resin usage in Japan are progressing in line with the plan.

## Independent Practitioner’s Limited Assurance Report

March 27, 2026

To the Representative Director of the Board, President & COO of Kirin Holdings Company, Limited  
Mr. Takeshi Minakata

KPMG AZSA Sustainability Co., Ltd.  
Tokyo Office, Japan

Kenichiro Sato  
Engagement Partner

### **Conclusion**

We have performed a limited assurance engagement on whether the selected environmental and social performance information of Kirin Holdings Company, Limited and its consolidated subsidiaries (the “Group”) shown in table below have been prepared in accordance with the requirements of the Sustainability Disclosure Standards issued by the Sustainability Standards Board of Japan (“SSBJ”) relevant to preparing such information including the reporting policies (the “Criteria”) disclosed in each section of the Group’s report titled *Sustainability-related Financial Disclosures in accordance with the SSBJ Standards* as of and for the year ended December 31, 2025 (the “Report”).

**Table: Scope of the limited assurance engagement**

Information selected for the scope of assurance engagement	Pages
Governance and Risk management	Page. 1-9, 11-12, 14, 17-18, 25, 30, 34, 36
Metrics	
- Scope 1 and 2 of GHG emissions information	Page. 54-55
- Reduction ratio for Scope 1 + 2 GHG emissions	Page. 53
- Usage ratio of recycled PET resin in Japan	Page. 56-57
- Water use intensity at manufacturing sites with high water stress	Page. 52
- Water usage	Page. 52
- Ratio of female managers in Japan	Page. 29-30
- LTIR score	Page. 29
- CSV practice score in engagement survey	Page. 29
- Employee engagement score	Page. 29

The information subject to the limited assurance engagement is indicated in the Report with the symbol “†”.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group’s selected environmental and social performance information as of and for the year ended December 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

### **Basis for Conclusion**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse*

*Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the “Our responsibilities” section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Other information**

Our conclusion on the selected environmental and social performance information does not extend to any other information that accompanies or contains such information (hereafter referred to as “other information”). We have read the other information but have not performed any procedures with respect to the other information.

### **Responsibilities for the selected environmental and social performance information**

Management of the Group are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the selected environmental and social performance information that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the selected environmental and social performance information and appropriately referring to or describing the criteria used; and
- preparing the selected environmental and social performance information in accordance with the Criteria.

### **Inherent limitations in preparing the selected environmental and social performance information**

As described in Note Measurement approach, inputs and assumptions to the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

### **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the selected environmental and social performance information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

- reporting our conclusion to the Management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the selected environmental and social performance information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the selected environmental and social performance information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the selected environmental and social performance information;
- conducting interviews with the relevant personnel of the Group to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the selected environmental and social performance information;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- evaluating whether the Group's process for developing estimates as well as its use of data, selection of the methods and assumptions were appropriate;
- performing site visits at the Shiga plant of Kirin Brewery Company, Limited which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the selected environmental and social performance information;
- performing other evidence gathering procedures for selected samples;
- evaluating whether the selected environmental and social performance information was presented in accordance with the Criteria; and
- evaluating the accuracy and adequacy of the narrative disclosures by tracing the information to the Group's internal policies and procedures as well as those disclosed on its website.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**Notes to the Reader of Assurance Report:**

The Independent Practitioner's Limited Assurance Report herein is the English translation of the Practitioner's Limited Assurance Report. Page numbers in the table above are adjusted from those in the original assurance report to reflect the updated pages of the Report in English.