

ESG Briefing

September 8, 2021

Kyowa Kirin's initiatives for realizing a sustainable society and its business

Kyowa Kirin Co., Ltd.



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These uncertain factors include, but are not limited to, potential risks of the business activities in the pharmaceutical industry in Japan and overseas, intellectual property risks, risk of side effects, regulatory risks, product defect risks, risks of changes to the prices for raw materials, risks of changes to market prices, as well as risks of changes to foreign exchange rates and financial markets.

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Agenda

Kyowa Kirin's initiatives for realizing a sustainable society and its business

Masashi Miyamoto, Ph.D.

Representative Director of the Board,
President and Chief Executive Officer

Q&A

Masashi Miyamoto, Ph.D.

Representative Director of the Board,
President and Chief Executive Officer

Jun Arai

Independent Outside Director of the Board






Takeyoshi Yamashita, Ph.D.

Managing Executive Officer,
Director, Corporate Strategy & Planning Department

Koichiro Ishimaru

Executive Officer,
Director, Corporate Social Responsibility Management Department

Kyowa Kirin's initiatives for realizing a sustainable society and its business

-  Our Philosophy, Core Values, New Vision, and Materiality
-  Make people smile
-  Create a unified team brimming with diversity
-  Foster even greater trust in Kyowa Kirin - Sound governance structure
-  Ensure a thriving global environment for future generations

Masashi Miyamoto, Ph.D.

Representative Director of the Board,
President and Chief Executive Officer

Our Philosophy, Core Values, and New Vision

Our Philosophy

The Kyowa Kirin Group companies strive to contribute to the health and wellbeing of people around the world by creating new value through the pursuit of advances in life sciences and technologies

Core Values



Our New Vision toward 2030

Kyowa Kirin will realize the successful creation and delivery of life-changing value* that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation

*Make patients smile through dramatic improvements in quality of life by identifying the unmet medical needs of people battling with medical conditions and by creating and supplying new drugs or services that help them overcome those challenges.

Delivering life-changing value

CSV Management

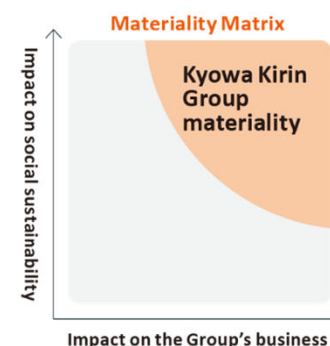
We practice CSV* management aimed at realizing improved corporate value through the creation of both social and economic value by addressing social issues

*CSV: Creating Shared Value

Kyowa Kirin's Materiality

Identifying material issues to address during the Medium Term Business Plan from 2021

By identifying priority issues that the Group needs to address from both a social and business perspective, we aim to help build a sustainable society while also growing our business



Kyowa Kirin's initiatives for realizing a sustainable society and its business

Make people smile

Make people smile

A blue oval callout containing the text 'Continuous innovation'.

**Continuous
innovation**

A background image of a young child with a pink headband and a grey blanket, smiling and holding a white stuffed rabbit.

**We will bring a smile to
people battling disease**

An orange oval callout containing the text 'Access to medicine'.

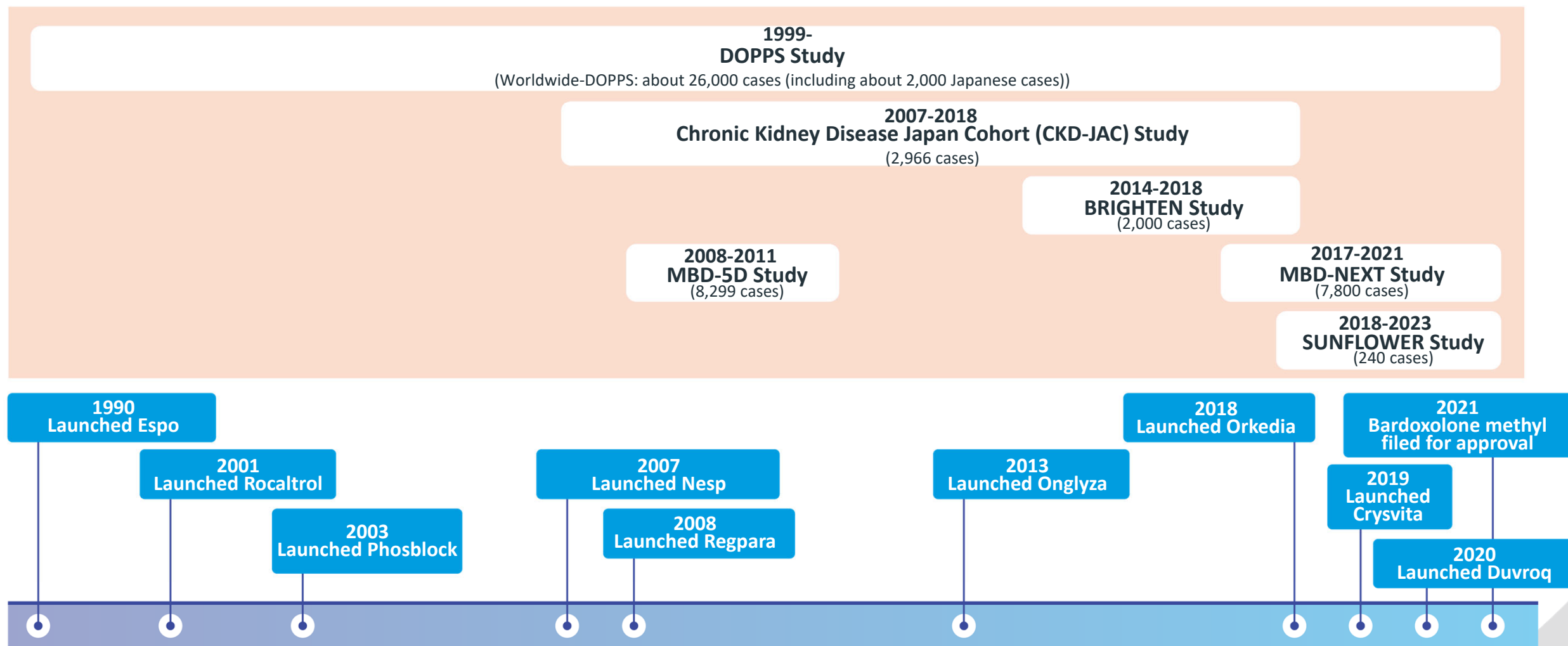
**Access
to medicine**

A green oval callout containing the text 'Address patient-centric healthcare needs'.

**Address patient-
centric healthcare
needs**

Make people smile

Kyowa Kirin's history of clinical research in the field of nephrology



Make people smile

Why does Kyowa Kirin continue to pursue clinical research in the field of nephrology?

- Currently, more than 320,000 patients are undergoing dialysis treatment, and there are about 13 million patients with Chronic Kidney Disease (CKD)
- With proper treatment, patients with CKD can expect to lead a social life similar to healthy people

Kyowa Kirin's mission: To clarify, through clinical research, the necessities for patients with CKD to continue their social lives as healthy people for a more extended period



The Dialysis Outcomes and Practice Patterns Study (DOPPS) is an international, prospective, observational study investigating hemodialysis treatment methods and patient outcomes. Kyowa Kirin has been supporting this study for more than 20 years since 1999



The CKD-JAC study is a prospective observational study investigating treatment methods for chronic kidney disease before the introduction of dialysis and the prognosis of patients. Kyowa Kirin started the study in 2007, and has been conducting it in collaboration with the Japanese Society of Nephrology since 2013

Make people smile

Initiatives for Disease Awareness Activities

- We have signed a partnership agreement with the Japan Kidney Disease Association (NPO) and are actively conducting disease awareness activities for kidney disease in various locations across Japan as the "DIAMOND Project"
- Positioned "Address patient-centric healthcare needs" as one of the strategic pillars of the Medium Term Business Plan
- We will promote disease awareness activities and apply the insights gained from these activities into our R&D

DIAMOND Project



Collaborated by JKA & KKC

Disease awareness **A**ctivities **a**imed at
Overcoming
(Dibabetic) **kidN**ey **D**isease

Medical insights

Cooperation with patient communities

Networking with key opinion leaders (KOL)



Deepen understanding of diseases and patient needs using real-world data

Address patient-centric healthcare needs

Make patients smile

Disease awareness events
Disease information websites
Patient support tools

R&D

Provide pharmaceuticals for UMN
Medical needs of society

Access to medicine

Address patient-centric healthcare needs

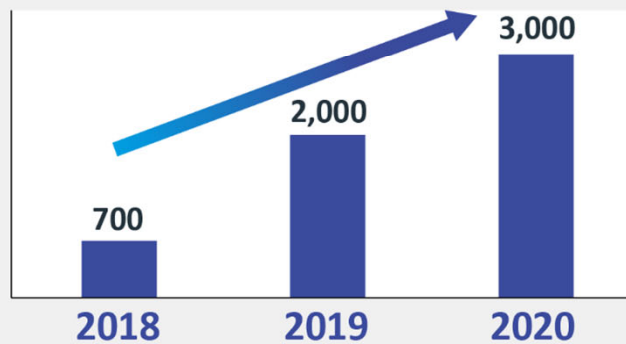


KYOWA KIRIN

Make people smile

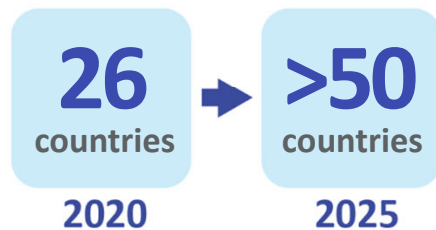
Together with XLH patients around the world

Number of patients treated*¹ (global total)



* 1 Excludes EAP patients and patients who have not entered the reimbursement process

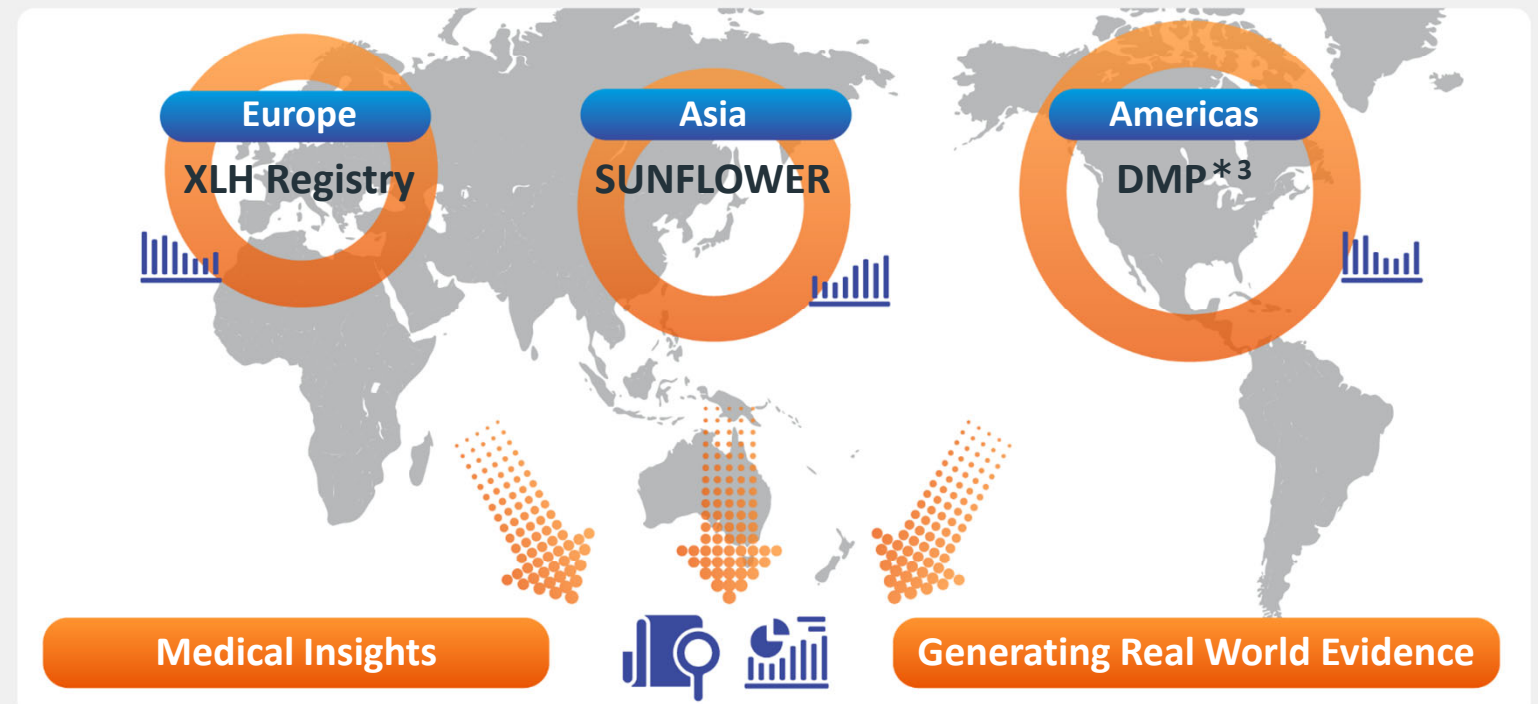
Number of launch countries*²



* 2 Excludes South America

Consider activities to bring life-changing value to more patients

Global Evidence Generation Project



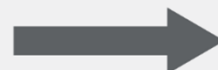
* 3 Disease Monitoring Program

To clarify the pathogenesis and disease burden of XLH and to propose the optimal treatment for patients worldwide, we will continue our study globally

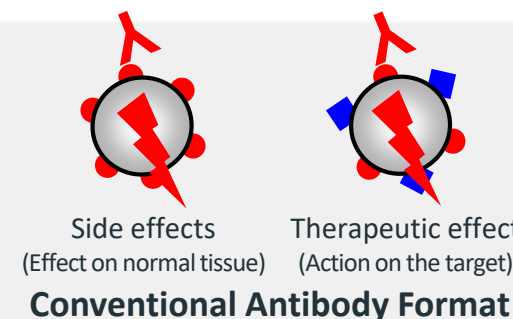
Challenges in creating life-changing value by utilizing our unique bispecific antibody technology

Limitations of conventional antibody format

- Insufficient
- Systemic Effects (Safety)
 - Tissue Selectivity
 - Cell Selectivity



It is difficult to administer doses that will provide adequate therapeutic effects, due to concerns about systemic effects



Solution by new technologies

Ideas Based on Research in Biology



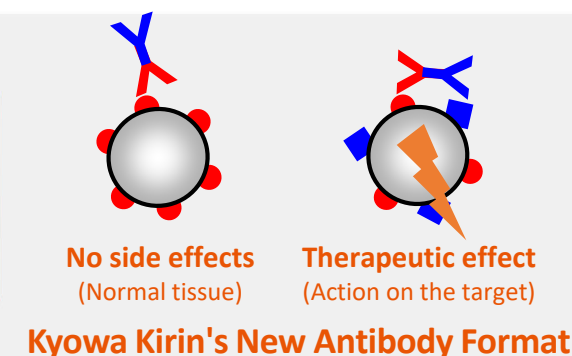
Unique Bispecific Antibody Technology



First-in-Class Drugs that Achieve both Efficacy and Safety

Adding uniqueness

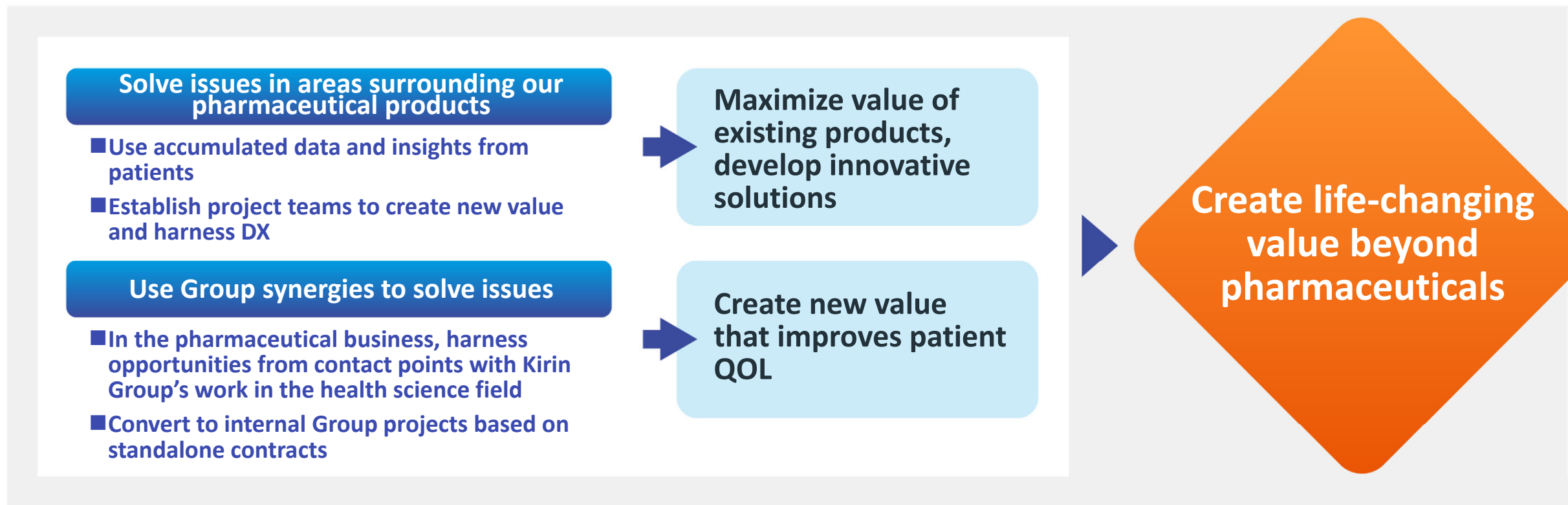
Improving safety



Make people smile

Our challenges for value creation toward 2030

- Increase the value of existing and new drugs by viewing patients as consumers: Solve issues in areas surrounding our pharmaceutical products
- "Using group synergies to solve issues" by leveraging opportunities created by contact with the health science domain of the Kirin Group

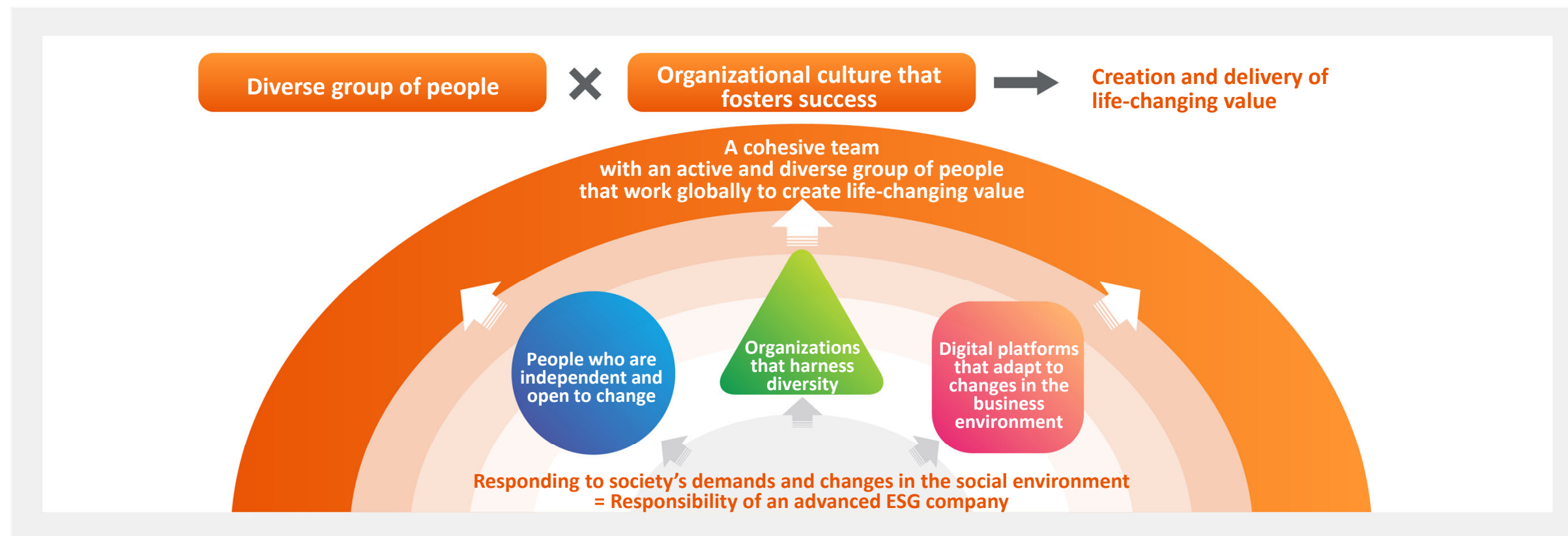


Kyowa Kirin's initiatives for realizing a sustainable society and its business

Create a unified team brimming with diversity

Create a unified team brimming with diversity

- Recognizing that human resources are the source of innovation, we will draw out the full potential of each employee and create people and organizations that continue to create new value by striving for change
- We will globally work on "**Diversity and Inclusion**" and "**Employee development and opportunities for employees to grow,**" which are materialities related to "Organizational culture and talent"



Create a unified team brimming with diversity

Incorporate into strategy as a key driver of employee engagement and implement globally

Diversity & Inclusion

- D&I declaration as a GSP
- Deployment of specific D&I measures tailored to the challenges of each region

Employee development and provide opportunities for employees to grow

- Human resource development and deployment necessary for sustainable growth as a GSP
- Global optimization

Developing initiatives from both global and local perspectives

LGBTQ initiatives

- Development of policies tailored to the issues in each region
- Initiatives to address unconscious biases
- Revision of the Employee Code of Conduct in Japan

Women's participation and advancement

- By 2025, the ratio of female managers in Japan is to increase from 12% to 18%
- Leadership training programs to develop female managers
- "Return to Work Support Forum" for employees on parental leave

Global management structure (OKK*1 Structure)

- Achieving diversity and the right person in the right position
- Global leadership positions as of 2020
Non-Japanese 52%
Female 30%

Human Resource Development Committee

- Directors not in charge of human resources are also appointed as committee members
- The committee discusses human resources and organization, which are important factors in realizing business strategies, from a variety of perspectives

Strengthening the Global Succession Plan

- Clarifying global leadership positions and their requirements
- Reinforcing the human resources pipeline and developing next-generation leaders

* 1 One Kyowa Kirin



**Identify issues and improvement progress through awareness survey of all employees
→ Set KPIs on engagement for department heads globally**

Create a unified team brimming with diversity

- By creating an environment in which people with diverse personalities can play an active role, we will maximize the strengths of individuals, which are the source of innovation

Diverse Ways of Working

Formulation of the “Hybrid-Working Model” as our new way of working post-pandemic

- We will continue to actively utilize the form of remote work promoted by COVID-19 as a new way of working to create an environment in which people with diverse personalities can play an active role.
- In order to achieve this, we have adopted the Hybrid-Working Model globally, which allows employees to choose a flexible work style that matches their work schedule. We will create a better way of working that takes into consideration productivity and health.
- The physical office will be utilized with a stronger awareness of its purpose as a "collaboration space" for as a collaborative space for connection, innovation and teamwork.

Corporate Culture Reform

Toward a corporate culture suited to a Global Specialty Pharmaceutical Company (GSP)

- Launch of "OKK Culture Workshop" to explore, discuss and build a new corporate culture
- Starting with global executives, the program will be rolled out in each region and implemented worldwide over a two-year period

Various Initiatives

Responding to D&I issues in each region by creating an environment in which diverse human resources can play an active role

Asia and Oceania

- Addressing D&I issues that differs by country
- Women's participation and advancement
- Raising awareness of gender-neutral language

Japan

- LGBTQ training, sexual orientation/identification counseling services and internal systems for same-sex marriage
- Unconscious bias training
- Human rights training

EMEA

- Launching a project with a business leader responsible for each D&I issue
- Unconscious Bias Training
- Held the “World Day for Cultural Diversity”

North America

- Launched an employee-led resource group (ERG)
- Established "LGBTQ Ally Week"
- Providing trainings on D&I, human rights, and racial discrimination issues

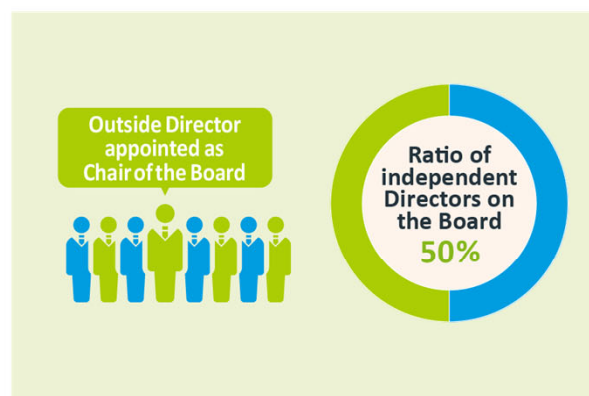
Kyowa Kirin's initiatives for realizing a sustainable society and its business

Foster even greater trust in Kyowa Kirin -Sound governance structure-

Initiatives to strengthen the functions of the board of directors to enhance corporate governance

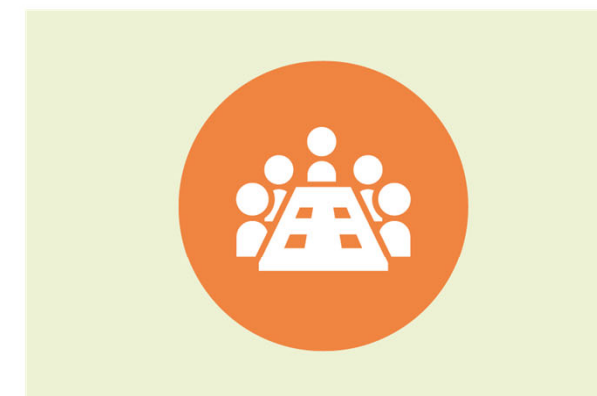
A Transparent Governance Structure That Leverages the Strengths of Outside Officers

- Independent outside directors account for 50% of the board (from March 2021)
- Independent outside director appointed as Chairperson of the board (from March 2020) and appointed as Chairperson of the Nomination & Remuneration Consultative Committee
- All independent outside officers participate in the Nomination & Remuneration Consultative Committee



Strengthening the Effectiveness of the Board of Directors

- Conducting an effectiveness evaluation and improvement management cycle with external advisors
- Individual interviews + opinion exchange by independent officers
- Dialogue between investors and independent outside directors
- Opinion exchange on ESG



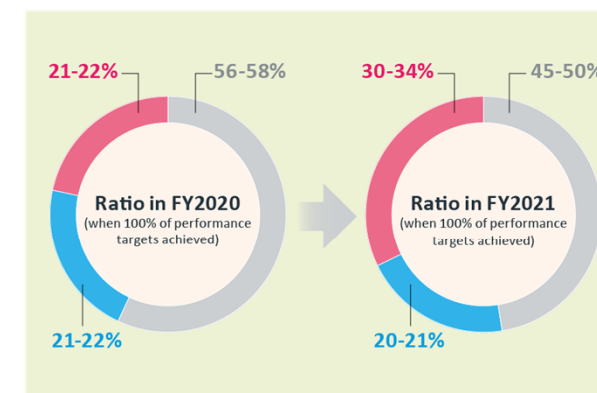
Board Members with a Wide Array of Skills

- Internal officers with expertise in the pharmaceutical business
- Outside officers with a wide array of skills and experience
- Two female independent officers

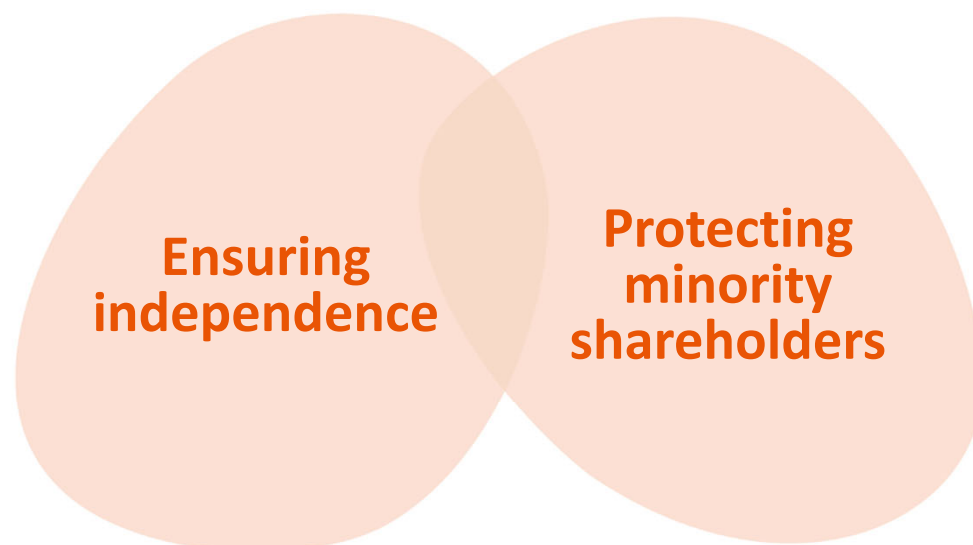


Strengthening the Link between Executive Remuneration and Performance

- Introduced the Performance Share Unit, which links KPIs in the Medium Term Management Plan with executive remuneration (from March 2021)
- Increased the ratio of medium- to long-term performance-linked remuneration



Continuous efforts to strengthen governance as a listed subsidiary



Initiatives to date

Securing management independence

- Securing management independence and reasonable cooperation to maintain listing are clearly stated in the Strategic Alliance Agreement
- Decisions on M&A are made on our own, with no need for prior consultation with the parent company
- The Company's investment policy is followed for fund lending transactions with the parent company, and the interest rate for loans is determined based on a reasonable judgment, considering market interest rates for the loan period. The loan period is shortened (one month in principle)

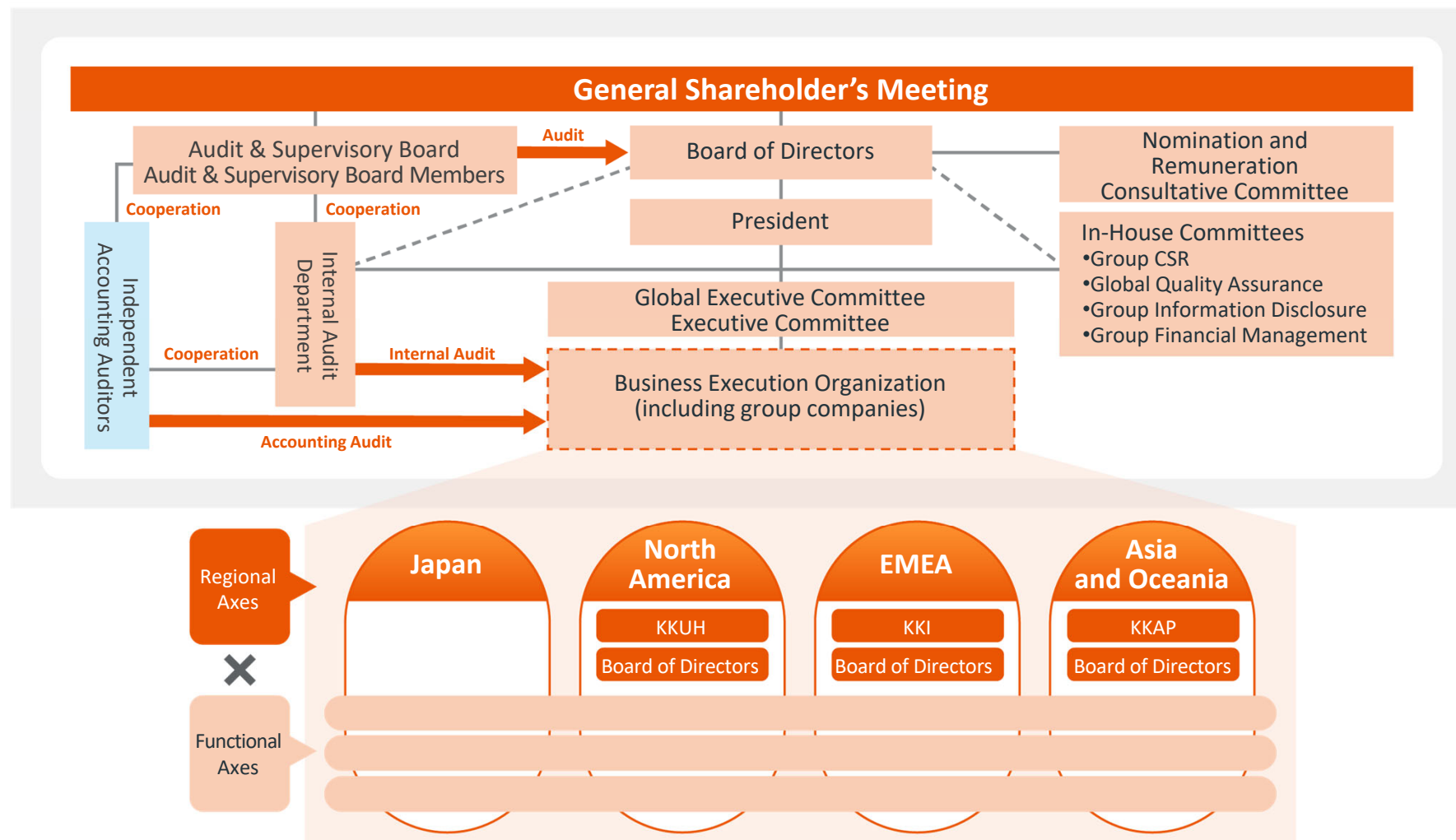
Decision-making process based on the premise of protecting minority shareholders

- Directors from the parent company do not participate in voting when they are specially interested parties
- A third-party committee was established to make a fair decision at the time of the transfer of Kyowa Hakko Bio

Issues to be considered in the future

- ✓ Establishing the necessary structure under the revised CG Code and new market requirements
- ✓ Strengthen dialogue with stock market stakeholders, including dialogue by independent directors, to deepen understanding of sound governance

Group governance in accordance with the progress of globalization



Initiatives to date

- The governance of the executive organization, which is rapidly becoming globalized, is undergoing a trial of matrix management (One Kyowa Kirin) that combines the four regional axes and the functional axes
- Key positions in region functions are appointed by the KKC Nomination and Remuneration Consultative Committee
- To strengthen the executive oversight function of each region, a board of directors has been established in each region, and outside directors with experience in the global pharmaceutical business are appointed by the KKC Nomination and Remuneration Consultative Committee

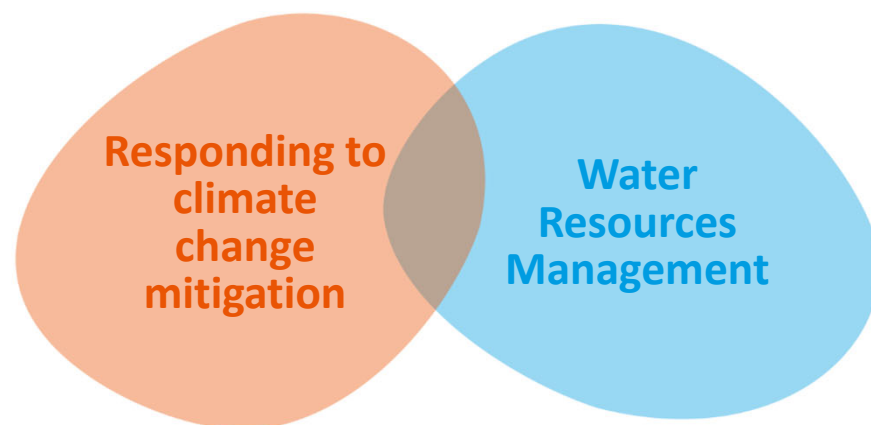
Kyowa Kirin's initiatives for realizing a sustainable society and its business

Ensure a thriving global environment for future generations

Ensure a thriving global environment for future generations

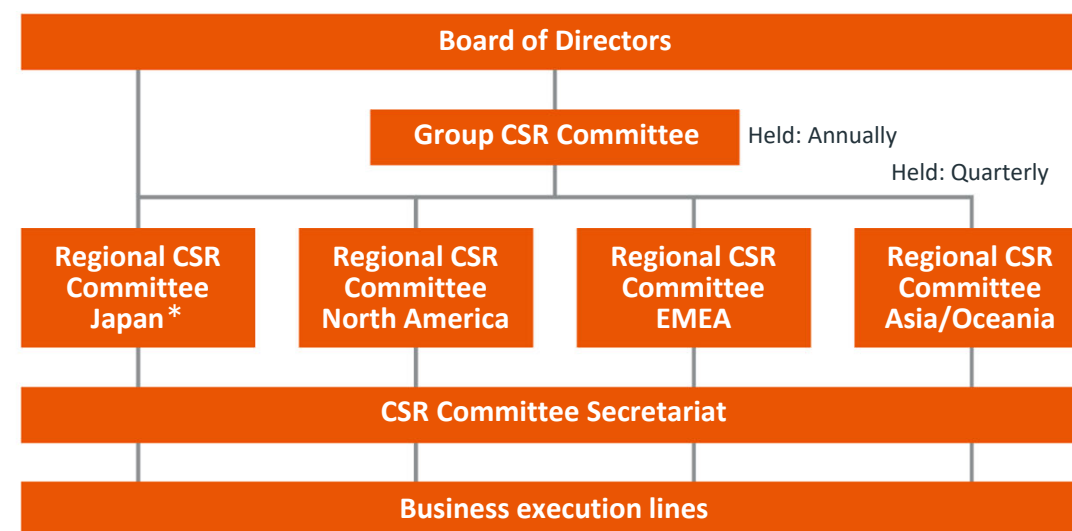
- Among the environmental materiality issues, we have positioned "climate change mitigation" and "water resources management" as our core challenges
- The Group CSR Committee deliberates and decides on important matters related to environmental management
- Matters discussed and decided by the Group CSR Committee are reported to the Board of Directors

Environmental Policy



Achieve both "creation of social value" and "economic sustainability" through environmental activities

Governance structure for environmental management



* Other regions' reports collated and presented in Japan.

Ensure a thriving global environment for future generations

- Contribute to reductions in CO₂ emissions as a global issue and disclose information in line with the TCFD Pledge
- Save energy, expand usage of renewable energy and take other steps to cut CO₂ emissions and reduce costs
- Work in conjunction with the Kirin Group Environmental Vision 2050

By 2030

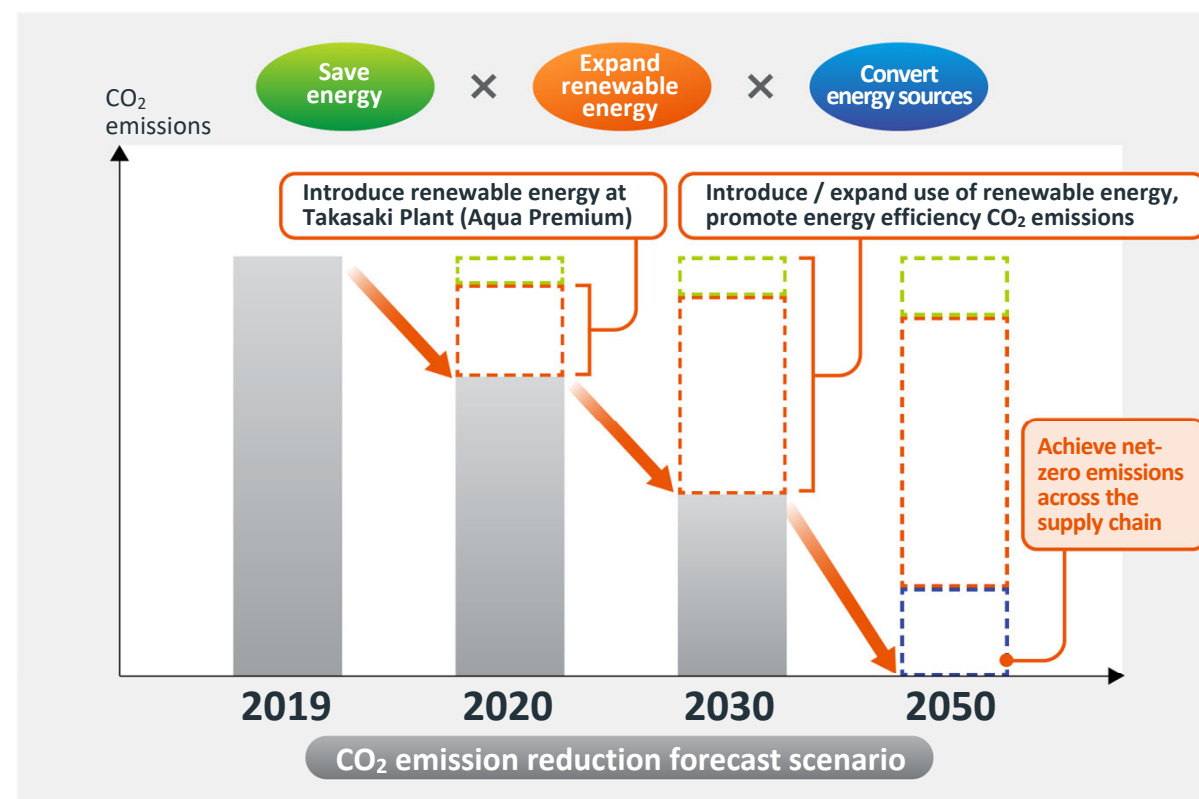
Reduce CO₂ emissions by **saving energy (including capex) and expanding the use of renewable energy**

Target for 2030

Reduce CO₂ emission by 55% from 2019 level

2030-2050

Switch to new energy sources while continuing to save energy and expand renewable energy



Ensure a thriving global environment for future generations

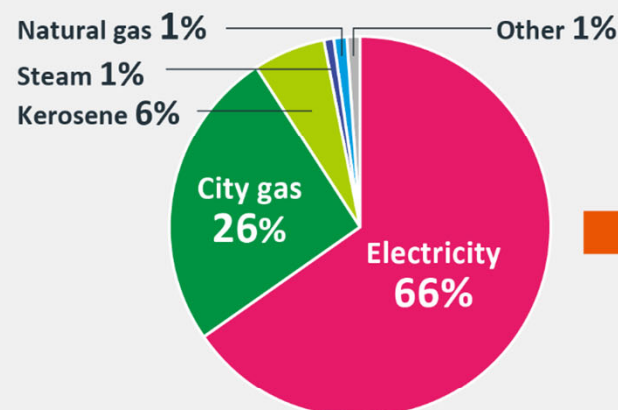
Focus on reducing CO₂ emissions from electricity



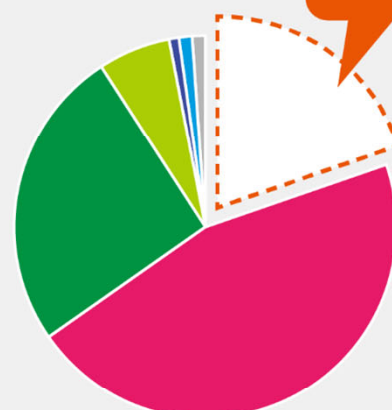
Reducing CO₂ emissions by introducing renewable energy (globally)

Trends in CO₂ emissions reduction

(all production and research sites in Japan and overseas)

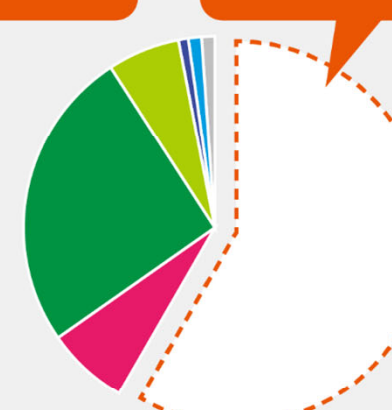


Total CO₂ emissions: 52,487t-CO₂ (2019)



41,105t-CO₂ (2020)

75% of purchased electricity at the Takasaki Plant has been replaced with renewable energy



26,900t-CO₂ (Forecast for 2025)

Expand introduction of renewable energy to major business sites



By 2030

- Introduction and expansion of renewable energy to all business sites, including overseas sites and domestic sales branches / offices
- Introduction of solar power generation at production and research sites using an on-site PPA* model

*PPA (Power Purchase Agreement)

Reduction of approximately 20%, or around 10,300 t-CO₂

Reduction of approximately 59%, or around 38,000 t-CO₂

Introduction and expansion of renewable energy



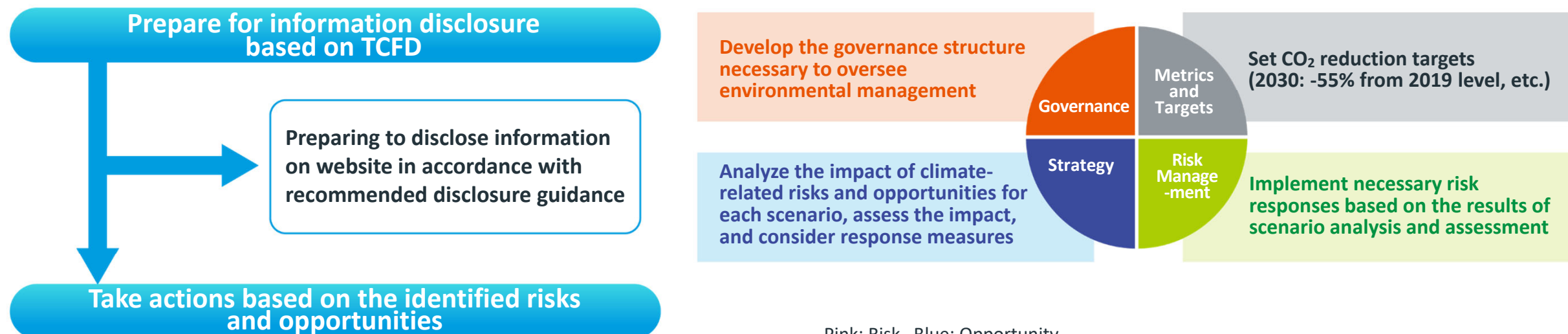
Implementation of energy conservation measures



Balancing with economic sustainability

Ensure a thriving global environment for future generations

Information disclosure
on climate change





























Scenario classification		Climate change-related drivers that have been impact assessed	Pink: Risk Potential Impact	Blue: Opportunity Change through response (Resilience)
Transition Risks	Policies and regulations	Carbon pricing (decarbonization, emissions trading system)	Small	–
		Stricter CO ₂ emission regulations	Minimal	Small
	Demographics, economics, and geopolitics	Population growth in emerging countries / Economic globalization	–	–
Physical risks	Society	Change in social values	Minimal	–
	Increase in average temperature	Extreme temperature rise	Small	Small
	Change in rainfall pattern (Acute)	Increase in torrential rains, typhoons, and floods	Large	Minimal
	Increase in average temperature	Changes in pollen allergy patients	Moderate	Moderate
	Changes in rainfall patterns (Chronic)	Increase in energy consumption due to increased air conditioning load	Small	Small

Reduce CO₂ emissions by achieving the 2030 target as early as possible

Review of BCP for large-scale natural disasters at business sites
Disaster countermeasures for facilities themselves

Summary

External assessments

Index/Rating	2018	2019	2020	2021
FTSE 4Good Index Series FTSE Blossom Japan Index  	 3.0	 3.4	 3.4	 3.4
MSCI Japan ESG Select Leaders Index 	 BBB	 BBB	 A	 A
MSCI Japan Empowering Women Index (WIN) 				
S&P/JPX Carbon Efficient Index 				
SOMPO Sustainability Index 				
Toyo Keizai CSR Ranking	165th /1165 companies	168th /1221 companies	147th /1284 companies	103rd /1348 companies
Certified Health and Productivity Management Organization Recognition Program (White 500) 				

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that "Kyowa Kirin Co., Ltd. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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Kyowa Kirin's initiatives for realizing a sustainable society and its business

Delivering life-changing value

- Our New Vision toward 2030/CSV Management/Materiality

Make people smile

- Address patient-centric healthcare needs
- Access to medicine
 - Clinical researches and disease awareness activities in the fields of nephrology and XLH
 - Bringing smiles to the faces of XLH patients in even more countries and regions
- Continuous innovation
 - Challenges in creating Life-changing value by utilizing our unique bispecific antibody technology
 - Solve issues in areas surrounding our pharmaceutical products and use group synergies to solve issues

Create a unified team brimming with diversity

- Diversity & Inclusion
- Employee development and provide opportunities for employees to grow

Foster even greater trust in Kyowa Kirin Sound governance structure

- Initiatives to strengthen the functions of the board of directors to enhance corporate governance
- Continuous efforts to strengthen governance as a listed subsidiary
- Group governance in accordance with the progress of globalization

Ensure a thriving global environment for future generations

- Initiatives for climate change

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Appendix

Kyowa Kirin's Hybrid-Working Model

- Kyowa Kirin Group advocates integrating the “**Hybrid-Working Model**” as our new way of working post-pandemic, which assumes:

- To the extent the selected work arrangements are fully compatible with the nature of the assigned job and its roles and responsibilities,
- employees will split their working days/hours between the office and their homes (or other remote locations where applicable) in ways that are conducive to **productivity and wellbeing** of individuals and their teams; and
- special meaning and purpose will be attached to our physical office primarily as a **collaborative space for connection, innovation and teamwork/Wa**.



 **kyowa KIRIN**