

KIRIN

The Kirin Group CSR Report 2008

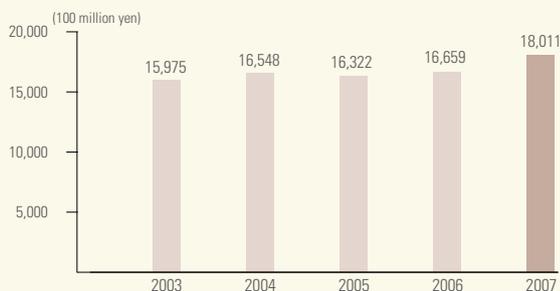


Company Profile

Trade Name	Kirin Holdings Company, Limited
Date of Incorporation	February 23, 1907 On July 1, 2007, accompanying the shift to a pure holding company structure, Kirin Holdings Company, Limited changed its name from Kirin Brewery Company, Limited.
Location of Head Office	10-1 Shinkawa 2-chome, Chuo-ku, Tokyo 104-8288, Japan Tel: +81-3-5541-5321 (Information desk)
President and CEO	Kazuyasu Kato
Paid-in Capital	102,045,793,357 yen
Sales	Consolidated: 1,801,164 million yen (January 1 to December 31, 2007)
Main Businesses	Strategic management and oversight of Group, and provision of specialized services
Number of Employees	256 (Group's consolidated employee number : 27,543)
Consolidated Group Companies	Consolidated subsidiaries: 345 Affiliates under the equity method: 22

(as of December 31, 2007)

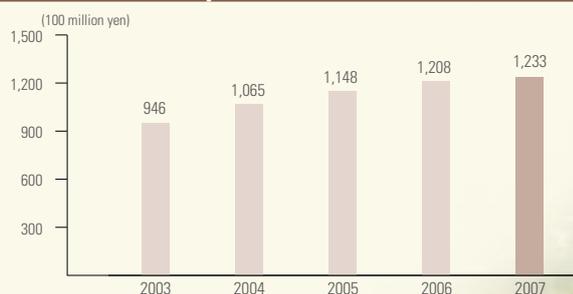
Sales (consolidated)



Number of employees (consolidated)



Ordinary income (consolidated)



Editorial Policy

The Kirin Group has positioned CSR as a subject of approaches for remaining trusted by society at large, and is pursuing various activities to this end. In this report, which was prepared to depict the facts of these activities, we incorporated the comments of many Group employees and endeavored to profile what we value in plain and simple terms.

We also included the views expressed by third parties on each activity.

- Period reported
FY2007 (January 1 to December 31, 2007 including some activities and initiatives taken in 2008)
- Scope of this report
Kirin Holdings Company, Limited and its main operating companies
- Guidelines referenced
“Environmental Reporting Guidelines 2007” by the Ministry of the Environment
“Sustainability Reporting Guidelines (version 3)” by the GRI (Global Reporting Initiative)
The comparison table for the GRI guidelines is available on our website.
- Next scheduled publication
May 2009

About the Kirin Group CSR Report



Along with our transition to a pure holding company structure in July 2007, Kirin Holdings is going to lead publication of the Kirin Group CSR Report beginning with this year's edition. Detailed information on the Group's wide-ranging activities can be found on the website of Kirin Holdings. This report sets forth the major such activities in fiscal 2007.

For more details, please access our website at the following URL.

<http://www.kirinholdings.co.jp/>



Features of the website (Only available in Japanese)

- Emphasis on comprehensiveness and display of more items
- More detailed information on the Commitment of Top Management and Highlights
- Profile of the specific activities of Kirin Holdings and each Group company
- Editorial arrangement facilitating access to the target information
- Periodic updating to provide the latest CSR information and timely information disclosure



Environment Report of Operating Companies

Environment reports regarding our main operating companies such as Kirin Brewery, Kirin Beverage, and Mercian Corp. are available in Japanese on their website as below.

Kirin Brewery Environment Report
<http://www.kirin.co.jp/csr/env/report/>

KIRIN Beverage Environment Report
<http://www.beverage.co.jp/csr/environment/index.html>

Mercian Corp. Environmental Report
<http://www.mercian.co.jp/company/eco/index.html>

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Together with Our Customers

Together with Our Shareholders

Together with Society

Together with Our Employees

Management System

Dialogue among Kirin Group Executives

Commitment of Top Management

Dialogue among Kirin Group Executives



What the word “trust” means to the Kirin Group

In July 2007, the Kirin Group established Kirin Holdings Company, Limited and shifted to a pure holding company structure. Perceiving this change as a fresh start for the Group, the executives of Kirin Holdings and major operating companies came together to share views on the meaning of “trust” in the Group.

—The Kirin Group constructed Kirin Group Vision 2015 (KV2015)^{(*)1} as its long-term business framework. How does it position CSR activities in the context of this vision?

Kato For the Kirin Group, CSR is not just another component within the KV2015 scenario; I would identify it with the very practices that keep us trusted by society as a whole. It is one and the same as our activities at the foundation of the entire target vision. In 2007, Kirin Brewery celebrated the centennial



of its founding, and we want to remain a corporate group that will still be trusted by our customers another 100 years from now. To this end, I am convinced that we must tie all of our business activities into the fabric of CSR activities.

Miyake Kirin Holdings and we operating companies share objectives on KISMAP^{(*)2}, the Group’s strategic map. There are three key “trunk” elements in the process of attaining the ultimate goal. The first is the business per se. This is a question of how to approach customers and reach the goal, and constitutes the central trunk. The other two trunks are on both sides. Specifically, the CSR trunk is on the left, and tasks such as cost reduction and

improved productivity make up the third trunk on the right.

While deploying the business strategy as the core element, the Group’s employees and companies must comply with all pertinent laws and regulations by retaining a keen sense of ethics, the former as responsible adults and the latter as good corporate citizens. They must also do their utmost to erect a scheme for perfect quality control in accordance with Kirin Brewery’s guidelines for quality.

Building on this basis, it is also vital to take action on social issues such as the eradication of drunken driving and promotion of proper enjoyment of alcoholic beverages in keeping with our responsibilities as a manufacturer of the same.

In other words, I think it is critical for us to consider what Kirin Brewery can accomplish in light of the Group guidelines for CSR activities and then to take concrete action to those ends in our business operations.

Yamazumi Kirin Pharma is a pharmaceutical company, and our outlook on CSR and “trust” perhaps differs to some degree from those among other Kirin Group companies handling food and beverages. But at the same time, we are a member of the Kirin Group, and

The long-term business framework for the Group extending to 2015. Amid the momentous changes under way in the social environment, the Group is committed to ongoing and continuous provision of value to its customers. Formulated from a long-term perspective, KV2015 articulates the target vision for the Group to serve as the basis of its management over the coming years.

An acronym for the Kirin Innovative & Strategic Management Action Program, a management mechanism applying balance score cards.

therefore also differ somewhat from an ordinary pharmaceutical company.

We define our customers as all people fighting disease. This includes physicians and nurses as well as patients. It also encompasses the families of patients who are fighting the disease together with them. We want to give all of these people a sense of reassurance. To us, this is the meaning of CSR activities in the broad sense.

Saito At Kirin Beverage, when you say “customer,” we think of “anytime, anyplace, anyone.” “Anytime” means customers can enjoy our beverages at any time of day, from morning until night. “Anyplace” means they can buy them wherever they are. Looking just at vending machines, for example, there are about 2.5 million nationwide in the industry as a whole. And “anyone” means we take a really broad view and regard all people, from the very young to the very old, as our customers.

It goes without saying that, for a corporate enterprise, the continuity of the business is crucial. Companies cannot remain in existence without the trust and support of customers. Under these circumstances, we have set targets for and are pursuing CSR activities.

— “Trust” is something that stakeholders come to have by themselves. The corporate side cannot force it upon them. What do you think is required or important for fostering and maintaining trust among customers?

Okabe We are a manufacturer producing

and supplying products in the form of consumer goods, and I think the trustworthiness of our products per se is the basic requirement. Without it, we could never hope to be trusted by customers.

Throughout its 100-year history, the Kirin Group has been unwaveringly dedicated to putting quality and the customer first. As I see it, the consistency and continuity of this commitment is at the very heart of CSR and instrumental for earning the trust of customers.

Product credibility or trustworthiness cannot be engendered overnight. Furthermore, it is not enough for companies merely to broadcast the message they want the customers to get. They cannot breed trust unless the customers feel an empathy with their activities.

I also think the development of human resources is very important because the skills and talents of the people dealing directly with customers are also key ingredients for nurturing trust.

Miyake I agree. Kirin has adopted “tastes that make you smile” as its Group slogan. The creation of our own vision began by translating this Group-level slogan into words that perfectly matched the character of Kirin Brewery. We came up with the watchword, “Be closer to our customers than anyone, and offer more richness of experience.” This is both our pledge in our alcoholic beverage business and our vision as an operating company. As for the next task, I believe we must discuss the question of what kind of human resources are needed in the phases of production, transportation, and sales if we are to live up to this watchword.

When they finally reach the hands of our customers, our products help to enrich their lifestyle by providing satisfying flavors, good cheer, and happy times. In my opinion, the slogan “tastes that make you smile” is a verbal expression of the ideal to which Kirin has always adhered throughout its 100-year history. Our employees have every right to feel deep pride in Kirin as a company making this kind of contribution, and I hope it does a lot to motivate them on the job.

Saito At Kirin Beverage, we talk about “quality that the customer can see.” This means disclosure of information with a high degree of transparency.



Our activities on this front may be exemplified by the disclosure of the nutriment in our products beginning in the fall of 2007. We provide such information on all of our products through our website, and are making a gradual shift to indications on product labels as well. In addition, we answer inquiries about the country of origin for the ingredients. All through the last year, the cover of our in-house newsletter has focused on this theme of “quality that the customer can see.” In line with it, we are also presenting feature articles on activities by each department. In this way, we are trying to implant the reasons why companies conduct CSR activities in the minds of our employees.

Yamazumi I always tell our employees to sell by quality. By this I mean that they must get the customer to realize and recognize the quality as opposed to delivering the usual

Outline of the Kirin Group

In keeping with the spirit of its slogan “tastes that make you smile,” the Group stays close to and forges diverse bonds with its customers while offering them the “joy of good food and health.”

Alcohol Business

Besides producing and selling beer, happo-shu, canned chu-hi beverages, whiskey, and wine in Japan, the Group is aggressively developing business in Australia, China, and other countries, and aspires to emergence as the industry’s leading company in the entire Asia-Oceania region.

- Kirin Brewery Co., Ltd.
- Lion Nathan Ltd. (Australia)
- Kirin (China) Investment Co., Ltd. etc.
- Mercian Corporation

sales pitch. I should add that we beefed up our training for newly hired employees in this aspect and built a setup for similar training on an annual basis until the third year. Instilling accurate knowledge is the first step toward "trust." Our business philosophy contains the phrase, "Bringing out the best of Kirin Pharma, our commitment is to deliver the



value and innovation that only we can." I can sense that people on the medical service side feel more assured "because we're Kirin."

—These days, consumers are highly concerned about food safety. As a Group dedicated to good food and health, how does Kirin view this situation?

Kato Assuring food safety cannot be done only by the organizational units with the strongest connection; it demands a shared perception among all people involved in the entire process from production to sales. Another thing that immediately comes to mind on the subject of food safety and security is not to spare any time or trouble to that end. Food safety and customer satisfaction take precedence over everything else. All the operating companies have guidelines and manuals for handling this area, and must spare no effort to this end in each and every activity, day in and day out. Our predecessors at Kirin steadily did so for more than 100 years.

Okabe Guidelines and manuals are of no use unless each employee follows them on

the job. It is extremely important to practice the plan-do-check-action (PDCA) cycle in-house. In addition, the company must not take a lot of time to react in the event of incidents. I think the key factor is the mindset of each and every employee.

Miyake If trouble occurs in spite of all the provisions, it does absolutely no good to attempt a cover-up or evasion, or to lie about it. If it is permeated with the spirit of diligent work to heighten transparency, the company should be able to respond more quickly and furnish explanations that satisfy customers and other stakeholders when something happens. Quality issues are bound up with environmental problems and a lot of other factors. Take the question of excessive packaging, for example. From now on, I think we will have to consider whether or not such packaging is really needed to preserve quality. In so doing, we will have to broaden our perspective to include views on how the world should be in the coming generation. There are a lot of things to think about on the agenda of food safety and quality. Among them are the supply chain and traceability.

Okabe In connection with traceability, I would like to mention that our knowledge about Chateau Mercian wine production now extends to the types of agricultural chemicals used right from the time of grape cultivation. Apart from our own production, we also handle many imported wines. While we naturally confirm things in the country of origin, we also have to make assessments on items such as quality control at suppliers, conformance with Japanese law, and

satisfaction of the Kirin Group standards. Such assessment is of critical importance, but also difficult to carry out.

Saito We pay particular attention to the safety of our ingredients. For imported foodstuffs, we work with the trading firms handling the import to establish and confirm procedure for traceability and conformance with law in Japan. And to be doubly sure, we send our employees to the site to confirm arrangements with their own eyes. Only after executing this procedure do we make purchases.

—Please give us your thoughts on Group synergy.

Miyake I think it is exemplified by approaches to customers that bring together different divisions or companies in a united effort transcending their respective boundaries. We use the term "Team Kirin" in such approaches. The interaction may pair Kirin Brewery with Kirin Beverage or Mercian, or soft drink divisions with alcoholic beverage ones, to come up with all sorts of new proposals. In such cases, we speak of collaboration "in the spirit of Team Kirin." I hope to go about resolving issues by having people from different positions come together for lively discussion that produces a shared outlook, not only on business but also on CSR activities. Beer, wine, and soft drinks are sold and consumed at the same places. If they don't know



Soft Drinks / Foods Business

In addition to soft drinks anticipating the preferences of the times, the Group manufactures and sells highly distinctive health-oriented and high-performance food products, seasonings, and food additives that apply the fruits of its R&D capabilities. Through these operations, we are taking up the challenge of generating new value in food and health.

- Kirin Beverage Co., Ltd.
- Kirin Food-Tech Co., Ltd.
- Kirin Yakult NextStage Co., Ltd.
- Nagano Tomato Co., Ltd.
- National Foods Ltd. (Australia) etc.

Pharmaceuticals Business

The Group is taking aim at building a position for itself as one of the world's top R&D-oriented life science enterprises of Japanese origins, whose business centers around pharmaceuticals and is grounded in biotechnology, with a focus on antibody medicine, our forte.

- Kyowa Hakko Kogyo Co., Ltd.
 - Kirin Pharma Co., Ltd.
- (Kyowa Hakko Kirin Co., Ltd. is to be established in October 2008 through the integration of Kyowa Hakko Kogyo and Kirin Pharma.)

about each other, the respective businesses won't subsist and cannot induce any synergy.

Okabe The sales space Mercian prepared together with Kirin Merchandising in general merchandising stores could be viewed as a good example of Team Kirin.

Now in its second year as a member of the Kirin Group, Mercian absorbed and is putting to practical use the business infrastructure of Kirin Brewery, the management components



represented by KISMAP and other programs, and the total marketing plan. This is having a very positive effect.

—As a final question, what roles do you think executives have to play in promotion of CSR activities?

Kato I see two roles in my case. CSR encompasses all of our business activities, and we have to exercise leadership in determining what activities are to be emphasized as a symbol of our commitment. This is the first role.

The second is to prepare an environment conducive to execution of those activities. By this I mean removing obstacles and allowing a horizontal deployment of successful initiatives across the whole Group.

I therefore believe we must demonstrate leadership simultaneously on two fronts: execution and environmental conditioning.

Saito What I always try to do is to keep each employee keenly aware of how important the trust and support of our customers is for the subsistence of our business. Presidents cannot manage companies all by themselves. I assume the responsibility for showing the overall direction, but the actual movement in that direction is made by all of us working together, I tell my employees.

I take advantage of visits to our offices throughout the country, messages for the in-house newsletter, and any and all other opportunities for contact with employees to drive home the importance of "a steady focus on quality" and "compliance."

Miyake Kirin Brewery would not have a business 100 years old and brand 120 years old without fine relations with its customers. But if we do not solidly discharge our CSR, this trust could be lost overnight.

To make good on our pledge as an alcoholic beverage business, I want to shorten the distance between the upper and lower organizational layers and breed a culture in which all employees can freely speak their minds regardless of their division or role, bring shortcomings and problems to the attention of the management team, and propose ways of bringing the company closer to our customers. Once this cycle is set in motion, activities on the CSR level are bound to rapidly improve. As I see it, it is my mission to equip the company with this kind of culture and mechanism.

Yamazumi I believe it is the role of the

president to have the company permeated with the corporate philosophy. Kirin Pharma's philosophy dovetails with the basic CSR commitment to "compliance" and a "steady focus on quality." We put it together with the participation of our employees. I consider it part of the president's job to create occasions for discussion about our corporate philosophy with employees so they can understand and embrace CSR. For this reason, I intend to continue going over our philosophy with our employees.

Okabe I am of the same mind as the rest of you. In the final analysis, it is a matter of the president's determination. The question is how to convey this to the employees. To avoid falling into the syndrome of putting the sales volume above all other considerations, all employees must get the message from the president that this will not do. I'd say this also applies to CSR; to impress employees with its importance, I must find a way of conveying my own determination to discharge it.

Other Businesses

Backed by its outstanding technical expertise and capabilities for product development, the Group's agribio company engages in sales of carnation and petunia seedlings, and boasts among the world's top shares in these markets. We also are involved in the operation and management of hotels, commercial facilities, and event halls in all parts of Japan.

- Kirin Agribio Company, Limited
- Kamakura Kaihin Hotel, Co., Ltd.
- Yokohama Arena Co., Ltd.
- Yokohama Aka Renga Co., Ltd.
- Kirin Hotel Development Co., Ltd. etc.

Service Companies

To heighten the Group's management efficiency while improving services for customers, we established firms especially to handle functions in three categories: 1) indirect work common to all Group companies (e.g., general affairs, personnel affairs, accounting, and procurement), 2) Group real estate management, and 3) Group-wide IT services.

- Kirin Business Expert Co., Ltd.
- Kirin Real Estate Co., Ltd.
- Kirin Business System Co., Ltd.

Stakeholder Meeting



The Kirin Group's CSR

Stakeholder Meeting

Employee views on the Group identity statement and CSR

In the Kirin Group, we define CSR as an approach to earn and keep the trust of society at large. We consider it essential to have the corporate philosophy expressed in our identity statement take firm root as the basis of our CSR activities. Six employees on the front lines of efforts to this end at various Group operating companies came together to give their opinions on the *raison d'être* of the Kirin Group, which aspires to practice of this philosophy.

□ **Participants in the meeting** (Left side/ from left to right)

Makiko Hayashi, CSR Management Dept., Kirin Holdings Co., Ltd.

Hiroo Yoshino, Sales Dept., Kirin Beverage Co., Ltd.

Yuko Kusano, Corporate Communications Dept., Kirin Holdings Co., Ltd.

(Right side/ from right to left)

Katsuhiko Matsumoto, Planning Dept., Kirin Brewery Co., Ltd.

Yukari Ito, Corporate Planning Dept., Kirin Holdings Co., Ltd.

Soichiro Kaneta, Administration Dept., Kirin Pharma Co., Ltd.

Kirin Group Identity Statement

The Kirin Group-Focused on people, nature and craftsmanship to redefine the joy of food and health.

THE KIRIN WAY

Values

The things we each hold important

A customer-focused approach...

Striving to understand our customers better than any competitor; remembering the importance of communication with customers to better meet their hopes and expectations

A steady focus on quality...

Relentlessly pursuing quality while perfecting our own unique technology with uncompromising attention to detail

Innovation...

Thinking freely and with vision to generate new, exciting ideas; having the courage to actively propose new value

Integrity...

Maintaining a fair-minded and earnest stance toward all business activities

Basic Action Stance

The "3Cs" that govern the actions of all Kirin employees

Challenge

(Endeavour, risk-taking action)

Taking individual initiative without fearing the results; responding with change and innovation

Commitment

(Thinking it through, going the distance)

Giving serious thought to all matters to see their true nature; assuming responsibility for meeting goals and fulfilling the roles assigned to us

Collaboration

(Concerted action, mutual assistance)

Working together as a team; joining forces to cooperate and connect

Group Action Declaration

Stakeholder

Our Promises



To use Kirin's own technology to provide safe, high-quality products and services that offer value and assurance to customers

(Creation of value for customers)



To create a workplace in which each employee can exhibit his or her independence and creativity, taking pride in the job and enjoying a sense of meaning and purpose

(Respect for human nature)



To fulfill our responsibility to shareholders from a long-term, global perspective, continuously striving to elevate our corporate value

(Increase value for shareholders)



To contribute to the sustainable development of society while carrying out business activities in an environmentally-conscious manner; to contribute to a better quality of life for people around the world

(Contributing to society; concern for the environment)

Attention, discovery, and empathy born of sharing perspectives across business borders

Matsumoto Each of the Group operating companies is taking action to spread the identity statement. At Kirin Brewery, our V10 campaign to this end has entered its third year. In the domestic alcoholic beverage market, the total demand continues to shrink while becoming more segmented. As a result, we have to maintain neat separations among different products, each attuned to different customer needs, in production, transportation, and sales. This demands close attention to opinions on the business sites and, in turn, a corporate culture favoring a free exchange of views by all employees, whatever their position or role. To be more specific, our V10 campaign has two aims: to build an organizational culture enabling each and every employee to think and act by him or herself, and to install mechanisms for swift reflection of on-site needs in management.

Yoshino At Kirin Beverage, we call our activities for permeation of the philosophy "the DNA Project." They grew out of our president's concern about a weakening of

desires to absorb customer needs and of tenacity on the job. The project was launched to cross DNA from the past with good DNA of the present to produce a new DNA. As a first step, before working on getting the philosophy rooted and raising consciousness, we decided to reaffirm the importance of putting a good can or bottle of juice in the hands of each customer. For this purpose, we initiated efforts to link this reaffirmation to sales when we launched the post-renewal sales of Nama-cha and Kirin Lemon through a companywide push. We intend to have the employees share the experience of success, and use this to spread the philosophy and raise consciousness as the next step.

Kaneta At Kirin Pharma, it has been about five years since we began our movement under the banner "VC," for "visionary company." At the time, we were confronted by the reality that not all of our employees were committed to the management philosophy. Our discussion was prompted by the desires at the top to bring the philosophy to life in each employee. We went back to the question of why we work, and engaged in a lot of discussion on three subjects: 1) what customers mean to us,

2) the fundamental nature of pharmaceuticals, and 3) underlying reasons for engaging in the high-risk business of pharmaceuticals.

Ito In May 2006, the Kirin Group adopted a new philosophy paraphrased as "focused on people, nature and craftsmanship to redefine the joy of food and health." The corporate philosophy states the company's reason for being. As employees, we will gain the support of our customers only by clearly understanding this reason and acting accordingly. By so doing, we can make the company something worthwhile for all of our stakeholders as well. In activities to promote penetration of the philosophy in operating companies, we presumably must think about the importance of having employees take action after getting a firm grasp of matters such as the kind of value the company should provide to its customers and how to heighten our ratings.

Hayashi In connection with the spread of approaches, I would like to mention the tree-planting we did with the participation of our employees at the base of Mt. Fuji last year in the *Fujisanroku Suigen no Mori-zukuri* program, as part of the doings to celebrate Kirin Brewery's centennial. The idea is to build a forest that will protect water resources



in the area. We scheduled a lot of tree-planting days—six in all—so that employees throughout the Tokyo area would be able to participate at least once. Very few employees answered the call for participants at first, but we had a lot of them involved by the end of the year. Those who did participate enjoyed the interaction with each other and NPO people, and gave high marks to the activity. As it turned out, the number of participants rapidly grew.

So people are glad the Kirin Group is around

Hayashi The point of spreading and practicing the corporate philosophy is to make customers glad that the Kirin Group exists. What approaches are you taking toward society in your business?

Kaneta In the pharmaceutical business, we think the task is to bring out pharmaceuticals that people will believe could only have been created by the Kirin Group. This is the ultimate goal. It carries high risks and offers only low probabilities of success, but we want to somehow attain it. At the same time, we want to keep the commitment to offer the highest quality.

In addition, the “distinctively Kirin” element looms large. A solid awareness of this “distinctive” character and its skillful conveyance to the public is vital for CSR activities in the Kirin Group.

Matsumoto We believe that, as both individuals and members of a company, our activities could not exist without the work of others. For this reason, we want to make a return of real value to society.

In the field of beer and other beverages, there are a lot of other choices and competition turns on relative value. Even a slight advantage can sway consumer selection. For example, manufacturers of alcoholic beverages bear a certain responsibility for drunken driving, and it is imperative for us to show society a bold stance to lead the way on this issue.

Kusano In the IR Section, we definitely sense that direct communication with our shareholders and other investors is steadily assuming increasing importance. In fact, even in the securities market, concern about the social responsibility of corporations is running very high, and Kirin, too, is being included in indices and stock price indicators for socially responsible investment (SRI).

This is not an issue confined to the level of this or that product; it extends to all Kirin Group brands and activities. If we can endow them with more value in the eyes of stakeholders, this will help to increase the corporate value as well. The ability to provide our customers with better goods and services will be reflected in our result. This, in turn, will enable us to make a proper return to our stakeholders.

Yoshino The Group operating companies represent a diversity of businesses but are not completely disconnected. We consider Kirin Beverage to be the front end of the Kirin Group because it is our products that children drink. We bear this in mind in considering our position in Kirin Holdings. Our customers range from the very young to the very old, and the first part of this range is particularly important. I feel that each operating company has to clearly define its position in the context of the entire Group.

Ito The Kirin Group has defined CSR as activities required to keep the trust of society. In the final analysis, I believe what CSR targets is the achievement of the Group philosophy. When you come right down to it, I think you could equate the pursuit of CSR in the Kirin Group from now on with the understanding and sharing of the philosophy by all members and the creation of new value to put in the hands of customers.

It is vital for each and every one of us, from front-line people to executives on the highest rung, to carefully heed the views of society and our customers.

Both society and companies are constantly changing. Expectations and demands of companies are also changing. As such, it is vital for each and every one of us, from people on the front lines to the executives on the highest rung, to carefully heed the views of society and our customers, constantly consider why we exist, and take action with conviction. As I see it, contribution to the resolution and improvement of related social issues along with our development of business is of paramount importance as the basis of our CSR activities from now on.



Koichi Matsuzawa

Managing Director, Kirin Holdings Co., Ltd.

1 Approaches to Food Safety

What our Quality Assurance Center for Alcoholic Beverages protects

Food safety is the social responsibility most demanded of food companies. To strengthen its quality assurance capabilities, Kirin Brewery established the Quality Assurance Center for Alcoholic Beverages on the grounds of its Yokohama plant in March 2006. The Center supports the quality assurance activities of the whole Kirin Brewery Group. This section profiles approaches to food safety and security distinctive to Kirin, which posts “a steady focus on quality” in its philosophy, together with comments by Center employees.

Information

Kirin Brewery Co., Ltd.

Quality Assurance Center for Alcoholic Beverages

- Location: on the grounds of the Kirin Brewery Yokohama plant
- Establishment: March 2006
- Main operations
 - 1) Support for quality assurance activities in the Kirin Brewery Group
 - 2) Assurance of the quality of alcoholic beverages, including beer, domestic happo-shu, new genre, and imported items
 - 3) Assurance of safety and quality in regard to sales promotion tools

On the front lines of the “steady focus on quality” commitment in The Kirin Way

For the Kirin Group, which has adopted “tastes that make people smile” as its slogan and aspires to bring the joy of food and health to its customers, assurance of food safety and security is an agendum of the very highest priority.

These days, we are seeing various incidents and developments that threaten food safety and security, and customers are feeling misgivings and anxiety. The Kirin Group is working to assure quality through collaboration involving all companies and divisions, so that all customers will always be able to buy products of safe quality with perfect peace of mind. Within Kirin Brewery, it is the Quality

Approaches to Food Safety
2008 Highlights

Safety Assurance Team

Non-GMO inspection

Kirin does not use crops that are products of genetic modification. The Center makes rigorous checks to confirm that genetically-modified organisms have not mistakenly been mixed into ingredients.



My “steady focus on quality”

All’s well that ends well does not apply.

The mission of the Safety Assurance Team is to assure that all Kirin products can be consumed by our customers with complete confidence. I am in charge of checking to see that Kirin’s policy of not using any genetically modified produce is being observed. On this job, the important thing is to not compromise. We cannot pretend that everything is all right if things look safe even after data indicating uncertainty come out. Ingredients that do not clear our safety standards do not go into products. I believe that my work is supporting the very core of Kirin’s commitment to quality.



Makiko Kutani

Analysis and Evaluation Team

Testing of malt quality

Good malt makes good beer because the yeast likes the taste of its liquid and eats it.



My “steady focus on quality”

Meticulous record-keeping is the key to foreseeing abnormalities.

The data obtained from our analyses of ingredients provide footing for decisions on whether or not to use them and reflection in the blending process at plants. For this reason, it is the mission of our team to get and supply such data swiftly and accurately. The critical thing in the job of analysis and evaluation is to keep a detailed record of the daily results and changes in situations. This is unspectacular work, but it enables us to get more accurate figures and catch qualitative changes in ingredients and products. We continue to protect food safety and security by the steady accumulation of data on a daily basis.



Junko Terada

1 Approaches to Food Safety

Assurance Center for Alcoholic Beverages that supports the front lines of the “customer-focused approach” and “steady focus on quality” in our philosophy (Kirin Way) and protects the safety of foods and all other products we offer customers.

More specifically, the Center performs various assessments and analyses, including “leading sample” examinations to confirm the quality of ingredients before they are used and “quality monitoring” after they have been turned into products, to assure safety and quality at every stage of the product life cycle. It also conducts strict quality checks of purchased and outsourced products including imported alcoholic beverages and sales promotion (SP) tools.

Assurance of the safety and quality of ingredients and products

The Center teams in analysis/evaluation, safety assurance, and microbiology/hygiene each play their respective roles in protecting the safety and quality of ingredients, products, and by-products. They make examinations and analyses for items posing a risk to safety and quality, such as residual chemicals, mold, allergens, and genetically modified crops. Only ingredients that meet all the standards reach customers. Although there is virtually no risk of admixture or proliferation of bacteria that could cause poisoning in beer, entry of lactic bacteria or other beer-clouding bacteria can cause murkiness and detract from flavor. We have constructed a setup harnessing the latest technology to detect such bacteria and all other types of microbes.

PLANET - our system for centralized control of ingredient quality

PLANET is a data management system for automatic intake and centralized control of information on the quality of malt, hops, yeast, and other ingredients that underwent assessment and analysis at the Center. The data registered on it are shared with the Center, plants, product development divisions, and suppliers inside and outside Japan. Each party can instantly get the information it needs. The system was placed into regular operation in October 2007, and has dramatically increased levels of efficiency and exactness in quality assurance work.

Response to comments from customers

Observations from our customers on the quality of our beer and other products are relayed by customer contact units to the concerned plant, which makes a corresponding response. If the plant equipment is not able to make a full investigation, the job is transferred to the Center, which carries out all sorts of inspections and analyses for impurities, etc. using high-sensitivity devices. Besides being fed back to the customer, the results are linked to improvement of production processes in the plant, and used to further assure safety and improve quality.

2008 Highlights Approaches to Food Safety

Microbiology and Hygiene Team

Assessment of microorganic safety

The main type of microbe mixed into beer is lactic bacteria. The assessments are made to preserve the quality of taste and flavor.



My “steady focus on quality”

We cannot be content with the status quo.

Some of the malt used to brew beer naturally causes the yeast to sink to the bottom of the tank in the process of fermentation. It is my job to create the technology to identify such malt. The difficult part is to distinguish this type, which looks the same as ordinary malt in appearance. Through this job, I realized that a “steady focus on quality” means not being satisfied with the status quo. Even when it seems as if nothing more can be done, I nevertheless try to push the



limits of expertise and attain a level of quality that is higher, if only a little. This is what a “steady focus on quality” means to me.

Asumi Nakahoshi

Customer Team

Check for admixture of microscopic impurities

The team uses microscopes for external observation to see if any impurities have accidentally found their way into products for which complaints were received from customers.



My “steady focus on quality”

Complaints are presents from customers.

Even when there is some qualitative deficiency with a product, some customers will point it out, while others will not. I regard the precious comments from customers as presents given to us at Kirin. My job is to conduct special analyses of microscopic impurities in products that were the subject of comments. Our team respects the feelings of the customers making comments, and I hope we can continue to make accurate, prompt, and honest inspections that will assist Kirin’s production of even better products.



Yuko Ishino

Quality control of purchased products, outsourced products, and sales promotion tools

To assure the quality of imported alcoholic beverages, the Imported Alcoholic Beverages Team makes visits to suppliers to inspect ingredients and the manufacturing process, and to verify safety. It also

checks product labels and the safety of containers for conformance with Japanese law.

Similarly, the Assessment for Sales Promotive Items Team always makes advance evaluations of the safety of sales promotion tools, and performs analyses and verifications as necessary. Even for items already being sold in the market, every effort is made to assure safety by applying Kirin's own tougher standards of quality.

Column

Kirin Holdings Center for Food Safety Science

Development of technology related to food safety for the whole Kirin Group

The Center for Food Safety Science attached to the Central Laboratories for Frontier Technology of Kirin Holdings engages in development of technology related to food safety for the entire Kirin Group. In fiscal 2007, the Center unveiled technology for control of heat-resistant acidophilic bacteria in soft drinks and for identification of the districts in which green tea leaves are grown. It also announced technology for measurement by means of stable carbon isotope ratios to ascertain if juices, honey, or other such ingredients contain artificial sweetener additives. In this way, the Center pursues progressive programs for development of the latest safety assessment technology for the Group's food ingredients and products. The application of this technology dramatically heightens the level of product assurance. Over the coming years as well, the Center is going to work with the Quality Assurance Center for Alcoholic Beverages and the operating companies to continue assuring the safety of the Kirin Group.

Imported Alcoholic Beverages Team

Verification of labels on imported alcoholic beverages

The laws governing product labeling in Japan may differ from those in other countries. The team checks to see if the label indications are in conformance with Japanese law.



My "steady focus on quality"

Overcoming the sensitivity difference with other countries to assure Kirin quality

While we can immediately confirm items about products made in our own plants, the only way to do so for imported alcoholic beverages is to make inspections upon delivery. I should add that there is a big difference of quality sensitivity between other countries and Japan. We pay close attention to changes in the "four Ms," that is, "man, machine, material, and method." When accidents occur, something has generally changed. When a source informs us that they are



modifying their caps beginning with the next manufacturing lots, for example, we therefore have them send us the cap early so we can see if it conforms with Kirin Brewery's standards.

Taketoshi Murata

Assessment for Sales Promotive Items Team

Testing the strength of sales promotion tools

The team confirms the strength and safety of items given away as presents in sales campaigns by envisioning the actual conditions of use.



My "steady focus on quality"

Protecting safety with a forerunning strictness

Our team confirms the safety of various items that are neither products nor ingredients but still reach the hands of customers. A company may give its customers a mobile phone strap with a little mascot attached, for example. Our job is to check to see that the mascot will be safe even if licked by children. We apply tough safety standards, and even some Kirin people wonder why we have to "go that far" in checking products offered in the market. But we do not compromise. We are going to be a step ahead of the times in strictness so that Kirin always provides safe products.



Hiroko Tsuruoka

2 Measures for a Customer-Focused Approach

Cherishing customer views

The Kirin Group companies have each set up customer contact units to collect the views of customers on a daily basis. We listen closely to what each customer has to say and strive to meet their expectations. To provide perspectives on the “customer-focused approach” in the Kirin Way, this section presents a summary of the comments of each participant in a discussion among the persons in charge of these units at eight Group companies.

My “customer-focused approach”

For each customer we hear from, we figure there are many others with the same thought. We also try to think how much the issue means to that customer. Instead of considering only of what is convenient for the company, we must take a humble attitude and have the power to imagine how the customer feels. Finally, we must transform the customer views into the in-house understanding. I regard this process as one facet of a “customer-focused approach.” At the same time, I don’t think “customer-focused” means we have to say yes to every customer request. Sometimes, we must make replies that are counter to the customer’s wishes. The ability to thoroughly explain things to the customer in such cases is another key part of a “customer-focused approach.”



Kazuo Arai
Manager, Quality Assurance Dept.,
Kirin Yakult NextStage Co., Ltd.

My “customer-focused approach”

I believe it takes a fair amount of courage for customers to give us a call. We always try to make them feel grateful at the end and find satisfaction in doing so. Besides listening to the customer, I think we also must furnish him or her with accurate information ourselves. Logical and patient explanations help us gain the understanding of customers, and have the aggregate effect of supporting the bonds of trust with them.



Yasuhide Okajima
Manager, Corporate Communications Dept.,
Kirin Beverage Co., Ltd.

My “customer-focused approach”

Working under the banner of a “customer-focused approach,” we regard the views expressed by customers as our lifeblood. Unless this lifeblood circulates throughout the organization, a company will become dysfunctional. We must also play the role of a pump sending the latest customer views into such circulation, which is indispensable if the company is to stay in communication with its customers while operating. I believe it is also a vital mechanism supporting a “customer-focused approach.”



Yo Kawakami
Manager, Corporate Communications Dept.,
Kirin Brewery Co., Ltd.

My “customer-focused approach”

Mercian, the name of our company, is a coinage from “merci,” the French word of thanks, and “an,” meaning “person.” It therefore means “one who thanks.” As this suggests, we work each day without losing a sense of gratitude to our customers. Customers are always sending us messages of some sort. I think it is important for us to be sure to accept these messages, take them to heart, and respond to the expectations they represent.



Masaaki Chijiwa
Manager, Corporate Communications Dept.,
Mercian Corporation

My “customer-focused approach”

From the views we receive every day, I have the impression that correct knowledge of our products is not reaching customers as much as we think. As a manufacturer of foods, we have to devise labeling that is easier to read and understand for the expiration date, for example, so that customers realize foods begin to spoil once the pack is opened. In my opinion, this kind of improvement is linked to a “customer-focused approach.”



Kazutaka Nakata
Manager, Quality Assurance Dept.,
Nagano Tomato Co., Ltd.





My "customer-focused approach"

With pharmaceuticals, the modes of usage and storage are rigidly determined. People who use or store them in ways that are not scientifically sound may even impair their health. Generally speaking, our job consists of telling customers we cannot recommend certain modes of use, and why. It is crucial for customers to use pharmaceuticals correctly and safely. I believe firmly telling them to stop improper usage is part of a "customer-focused approach."



Masanobu Fukuda
Manager, Sales Dept.,
Kirin Pharma Co., Ltd.

My "customer-focused approach"

One thing we strive for in dealing with customers is to respond with a neutral attitude and lack of preconceptions, regardless of the issue. I believe this mentality gives us a better grasp of what the customer is truly driving at and enables us to get a more accurate picture of what he or she really wants to say. And once we have absorbed the views, I think it is important for all divisions to share them and collaborate in resolving the issues their concern.



Iwao Yoshida
Manager, Corporate Communications Dept.,
Koiwai Daily Products Co., Ltd.

Thoughts on the discussion

Once every month, the directors of the customer contact units in Kirin Group companies meet for an exchange of information. They do more than just share views on the state of customer communication at their respective companies; they have made arrangements for cooperation to identify problems with the status quo and paths to solution. I have no doubt that this meeting will continue to be a key venue for realizing the vision targeted for customer services in the Group as a whole. It is our role to promptly feed the customer comments back to the executives and other in-house personnel. I believe that it is going to become even more important for us to make recommendations to management over the coming years.



Yahiko Nishiwaki
Corporate Communications Dept.,
Kirin Holdings Co., Ltd.

Measures for a Customer-Focused Approach

2008 Highlights

Actual cases of improvement prompted by customer views

Kirin Yakult NextStage Co., Ltd.

A customer said that, when he opened the box, he discovered one of the sticks was broken. He went on to say that, even before he opened the box, the tamper-proof seal had been cut with a blade. The company made improvements to give the box top a flap structure that made it harder for blades to penetrate even if the seal were cut.



Improvement of the flap structure (Right)

Nagano Tomato Co., Ltd.

The spouts of the company's ketchup tubes are covered with an aluminum seal that the customer must remove on the first occasion of use. Many customers told the company that the seal was too hard to peel off. In response, the quality control group made repeated studies with the material manufacturer and switched to a material that was easier to remove.

Koiwai Dairy Products Co., Ltd.

The company makes several types of sliced cheese, and formerly used the same film wrap for each. Customers said that, once the cheese was removed from the outer package and placed in a plastic container for storage, it was impossible to tell different types apart. The company responded by printing an indication of the type on the wrap.



Indication of "melting sliced cheese" on the film wrap

3 Approaches to Respect for Diversity

Toward a good work-life balance

The Kirin Group is promoting various measures toward the aim of remaining an enterprise where diverse human resources can make full use of their talents. To be a corporate group that is a rewarding place for employees to work, we endeavor to discern the life-stage issues of each one (e.g., caring for children, nursing family members, and dealing with his or her own illness). We not only build corresponding systems and schemes to accommodate their respective needs but also condition environments so that they can work as long as possible. When employees strike a good balance between private life and work, they feel more energetic both on and off the job. We want to help them have a more fulfilling time in both. This section sets forth the activities of the Kirin Women's Network, which is part of these measures, and the comments of employees setting their sights on a good work-life balance.

Toward an organizational culture conducive to full exercise of talents by diverse personnel

Establishment of the Kirin Women's Network

As a first step toward making the Kirin Group a place where diverse human resources can fully exercise their talents, we are assisting activity by our female employees. In February 2007, we established the Kirin Women's Network (KWN), by bringing together the feelings in the hearts of each and every female employee.

The KWN was formed spontaneously by female employees who felt a stronger urge to change themselves. Its objective is to help a culture of respect for diversity take deep root in the Group around KWN. The Group companies had each made provisions and instated other measures of support above a certain level, but things were lagging as regards the awareness of executives and employees who were eligible to avail themselves of these measures.

The key KWN members have done a lot of thinking about what makes a good work-life balance and, while groping along, have begun to gradually move toward its attainment. The establishment of the KWN has stimulated a broadening of employee outlooks.

Forward, if only a little

In fiscal 2007, the KWN set about laying the foundation for activities as its first task. Taking "forward, if only a little" as its slogan, it engaged in activities aimed at building win-win relationships between employees and their companies. These activities are exemplified by meetings in each area to consider how to get all employees to think and act for themselves, preparation of a mentoring program to pass the experience of managers and senior employees on to their successors, and fuller in-house provision of information.

Once a year, KWN makes specific proposals to Group executives. It has positioned the period beginning with fiscal 2008 as the phase for getting the actual activities firmly established, and intends to widen the seat of program operation from the KWN steering committee to the area supporters organized in each location nationwide.

Activities in FY2007

The general meeting for our establishment on February 17, 2007 attracted the participation of 600 women, or about half of the some 1,200 women employed by Kirin Brewery (before the transition to a pure holding company structure). The day underscored the power of Kirin's female employees. Through the meeting, we also realized that communication among these women had been surprisingly limited.

KWN's mission is to prompt women to think for themselves about how to strike a proper balance and take action accordingly, so that they can feel fulfilled in both their professional and private lives and their activities on and off the job.

There comes a time when everyone has to give precedence to one or the other temporarily. The question is how to provide support so employees can get through such periods. In our activities, we have also laid emphasis on lines of conception that are not bound by systemic arrangements.

Mayako Kono

Personnel and Administration Dept., Kirin Holdings Co., Ltd.
(Present: Kirin and Communications Co., Ltd.)



It's important to apply a long time span in considering the work-life balance.

I returned to my regular job eight weeks after giving birth to my first son. Three years later, when I had my second son, more provisions were in place, and I decided to take a six-month leave and work shorter hours for two years afterward. I was really glad to have so much precious time to spend with my children.

By the same token, however, I felt a lot of conflicts in relation to job motivation. To make time to take up the challenge of new jobs during shorter hours, I had to work much more intensively than before. I was however worried about being the only one left behind among colleagues who joined in the same year or even later years.

Even after going back to my regular hours, I still cannot put in any sudden overtime, and often have to take off with only short notice. I continue to grapple with conflicts myself, with a lot of help from the people around me.

I would encourage all people with small children to apply a long time span in thinking about the work-life balance. The job is definitely not going to disappear. I hope they can avoid getting harried and worried, and enjoy their work to the fullest within the practicable scope while also getting the most out of childcare, which they can only do now.



Masami Harada
Sales Dept.,
Kirin Pharma Co., Ltd.

I am looking forward to energetic activity by corporate employees in both the office and the community.



A few years after I started doing volunteer work for the challenged, I took a two-year leave for such activity. This gave me the opportunity to take up a lot of challenges that I couldn't have ventured while working. For example, I went to the care facilities every day, took part in citizen activities, and participated in live-in programs in other countries. I also made the acquaintance of many wonderful people. For me, it was a once-in-a-lifetime experience.

I came to harbor a new aspiration through my experiences during the leave. I continue to be active in the community even after being back on the job, and I am trying to work out a plan to realize this aspiration.

I believe the capabilities of people on the front lines ought to be utilized more extensively in the community. This requires recognition of diverse styles of work by companies and colleagues. I am eagerly looking forward to the days of energetic activity by corporate employees in the community as well as the office. I myself intend to share my own experiences and the joys of such activity to as many people as possible.

Naoki Ikegami
CSR Management Dept.,
Kirin Holdings Co., Ltd.

I want to be the kind of leader who encourages subordinates to take leave for childcare.

When my first child was two and consequently still at an age requiring a lot of looking after, I decided to take childcare leave once I learned we were expecting a second. The company had made arrangements for such leave, and other men had taken such leave before me. My immediate boss was understanding about my determination.

I swiftly set about preparations, which including reviewing the importance of each operation and ordering priorities, and figuring out what work to assign to subordinates and what to have other leaders undertake while I was gone. In my absence, the members of my team performed beyond my expectations. What most impressed me upon my return was their growth and self-reliance.

I think the experience of childcare helps people grow. I would like to urge leaders approached by subordinates about leave for childcare to think positively about it. I myself am in the position to be consulted by the members of my team, and hope to actively encourage them to take leave when the time comes.



Ichiro Tsujii
Business Support Control Dept.,
Kirin Business Expert Co., Ltd.

Member comments

As a matter of fact, I had taken childcare leave myself before Mr. Tsujii, and wanted to tell him not to worry about taking the time off. He was the second in our unit to go on leave, and the company seems to be acquiring an atmosphere that makes it easier to take leave for childcare.

Takayuki Morisawa
Business Support Control Dept., Kirin Business Expert Co., Ltd.

Member comments

Mr. Tsujii was a leader we all depended on, and when I heard he was taking childcare leave, I wondered who I could consult while he was gone. But we managed to get through his absence by helping each other out.

Megumi Moriyama
Business Support Control Dept., Kirin Business Expert Co., Ltd.

Together with Our Customers

Practice of a customer-focused approach and steady focus on quality

The Kirin Group is endeavoring to practice the “customer-focused approach” and “steady focus on quality” in its philosophy, and remain an enterprise that is trusted by our customers.



Working with stores to come up with new ideas that delight our customers

To beverage retailers, Kirin Beverage proposes soft drinks that make meals taste even better. A case in point is “*Nama-cha shabu-shabu*.” In developing this dish, we took a clue from the “*cha-shabu*” food favorite at the Ureshino spa in Saga Prefecture, a tea-growing district. Like sea tangle, green tea contains glutamate, and can be used to make a savory broth. Our Nama-cha product highlights the distinctive flavor and sweetness of green tea, and the dish takes full advantage of the natural sweetness and fragrance only it could deliver. We are going to continue doing things that delight our customers instead of merely recommending products.



Toshiyuki Taguchi

Manager, Sales Dept., Kirin Beverage Co., Ltd.

Ongoing pursuit of quality

The action guidelines in Nagano Tomato’s corporate philosophy clearly state “pursuit of quality.” Similarly, our policy on quality lays down the two basic lines of the “customer-focused approach” and “steady focus on quality.” We are working to achieve these agenda.

In 2007, we targeted a 50% reduction in the number of complaints and other comments from 2006 and establishment of quality assurance system up to the ISO 9001 standards. As a result, we were certified under ISO 9001 in January 2008. Although we managed to reduce the number of complaint by only 20% and fell short of the target, I think even this reduction is quite an accomplishment, considering the substantial loss of confidence in food companies among the general public due to the numerous cases of fraudulent labeling and violations of laws and regulations. For 2008, we are setting our sights on further improving our provisions to assure quality based on application of ISO 9001 and reducing the number of complaint by 30% from 2007.



Tetsuharu Miyazaki

Manager, Head Office Plant, Nagano Tomato Co., Ltd.

Practice of a customer-focused approach and steady focus on quality
Together with Our Customers

Increase in customer satisfaction

Customer contact facts in FY2007

In fiscal 2007, there were received about 41,000 contacts via telephone and e-mail at the Kirin Brewery's Customer Center and about 36,000 at Kirin Beverage's Customer Support. As compared to those in fiscal 2006, these figures were slightly lower and about the same, respectively. At both companies, the breakdown was topped by inquiries (mainly about products and TV commercials), which accounted for about 70% of the total, but the shares occupied by opinions, impressions, and requests are on the rise. We strive to react to all complaints received at such units honestly and speedily, and to furnish all inquiries with satisfactory responses.

→ For more details, see the highlights section entitled "Cherishing customer views" (page 14).

Plant tours

The Kirin Group holds tours of the 11 breweries operated by Kirin Brewery nationwide as well as Kirin Distillery's Fuji-Gotemba Distillery, Mercian's Katsunuma winery and Karuizawa distillery, and Kirin Beverage's Shonan and Maizuru plants. The tours are occasions for all sorts of communication with the participants under the leadership of guides who show them the production process and other features. There are also Eco Brewery Tours held by Kirin Brewery, Summer Vacation Environmental Courses held at Kirin Brewery and Kirin Beverage, and seminars and other environment-related events for learning about environmental aspects in a manner that is enjoyable for both young and old.

Disclosure of product information on websites

Concern about food safety and security is mounting among customers, who are increasingly making inquiries about quality. In September 2007, Kirin Beverage began displaying tabular information on its website for items that were the subject of a lot of customer inquiries, i.e., ingredients, calories, specific ingredients containing allergy-related substances, and basic nutrients (protein, fat, carbohydrates, sodium, and certain others). It added information on contents of phosphorus, potassium, and calcium to the tables in February 2008. By providing information on our own initiative, we hope to build understanding of the safety and security of Kirin Beverage products among our customers.

*Table of Kirin Beverage product ingredients and nutrients
<http://www.beverage.co.jp/csr/quality/ingredient.html>

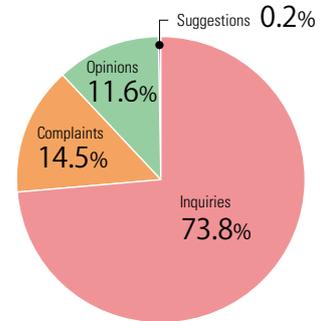
Involvement with clients

Approaches with clients

The Kirin Brewery vision states, "Be closer to our customers than anyone, and offer more richness of experience." Based on this vision, we act with empathy for our customers and strive to help overcome the challenges facing them. Rather than simply offering safe and secure products, our aim is to be highly regarded as a company offering valuable solutions in the form of new ways to enjoy our

products, and drawing out their interests. Our Kirin Draft Masters School holds classes to help bars and restaurants serve a delicious glass of draft beer. We are also working with stores in efforts to create space where customers will feel the joy of choosing from a wealth of different products.

Breakdown of customer contacts (Kirin Brewery)



Summer Vacation Environmental Courses



カテゴリー	商品名	原材料名	アルコール 度数 原単位	炭水 化物 (g)	たん ぱく 質 (g)	脂 肪 質 (g)	食 塩 相当 量 (g)
お茶飲料	キリン生茶 (リニューアル前発売品)	煎茶(国産)、五稜 (国産)、生茶葉抽出 物(国産)、ビタミン C	100ml ・100g あたり	0	0	0	10
お茶飲料	キリン生茶 パンダデザイン缶	煎茶(国産)、五稜 (国産)、生茶葉抽出 物(国産)、ビタミン C	100ml あたり	0	0	0	10
お茶飲料	カット生茶 玉露100%	緑茶(国産)、生茶葉 抽出物、ビタミンC	100ml あたり	0	0	0	10

Practice of a customer-focused
 approach and steady focus on quality

Together with Our
 Customers

Together with Our Customers

Involvement with suppliers

Promotion of CSR-based procurement

In March and May of 2007, Kirin Brewery held meetings to make presentations, for suppliers, of the Kirin Group CSR Procurement Guideline which was formulated in April 2006. (The May meeting was held jointly with Mercian.) The Guideline consists of five components: legal and ethical compliance, concern for the environment, quality assurance, risk management, and information security. To ascertain the state of CSR activities among them, we asked suppliers to fill

out a self-check questionnaire. We also labored to enhance their awareness of the Guideline, identify related issues, and assist their solution. The continuation of these approaches heightens precision, and we hope to thereby make CSR-based procurement even more effective. We are spreading the word about these approaches among other members of the Kirin Group so they will follow suit with their own suppliers.

Approaches to improvement of quality

Approaches to quality in the Kirin Group

Again in fiscal 2007, the Kirin Group took various steps to improve its capabilities to assure quality. Along with the shift to a pure holding company structure in July, the Quality Assurance Department was instituted in Kirin Holdings. In addition, each food-related operating company in the Group appointed a person to be in general charge of quality who reports directly to the corporate president, and built an integrated setup for assurance of quality in all stages from product development to sales.

For greater assurance of the quality of goods and services throughout the Group, we established and augmented standards and guidelines

to be observed by all members. Each food-related operating company and the Quality Assurance Department of Kirin Holdings each make assessments of the overall management of quality at that company with reference to these standards and guidelines, and use the results for ongoing improvement.

In fiscal 2007, there were four cases of publicly announced product recall in the Kirin Group. We are redoubling our efforts to prevent quality-related incidents by the sharing of quality information among Group members and performance of rechecking and monitoring at them.

Approaches to quality (corporate topics)

Upon its inauguration in July 2007, Kirin Pharma determined corporate policy on quality and constructed an integrated scheme to assure it in the entire process from development to sales. Kirin Brewery has placed into regular operation a network system for prompt sharing of analytical data on ingredients and products. As a result of their efforts to improve quality, various members were given high accolades at different forums. This is exemplified by the presentation by Kirin Agribio of the results of its research on the qualitative aspects of

potted carnations at an international society, the awards (e.g., first prize, gold medal, and national champion) given to Mercian for its Chateau Mercian Nagano Merlot 2004 at wine competitions inside and outside Japan, and choice of three products ("*nametake-chazuke*," "*usushio-nametake*," and "tomato ketchup") made by Nagano Tomato for the Grand Gold Medal at the Monde Selection.



Expectations for the Kirin Group

Quality assurance grounded in related policies, standards, and guidelines is anticipated to act as a mechanism for safety. These policies etc. and the stance of actively disclosing information on ingredients and other items for which many inquiries are received from customers are linked to a feeling of reassurance. I think people would feel even more reassured if more details were provided on matters such as the nature of customer satisfaction in the qualitative aspect, the customer comments and quality-related worries or requests, and the action taken by the company in response.

Yukiko Furuya

Executive Director, Nippon Association of Consumer Specialists



Our response

To prevent a merely one-way provision of information to stakeholders as suggested in this opinion, we intend to do even more to deepen interactive communication and response to consumer confidence and trust in the Kirin Group.

Together with Our Shareholders

Communication with shareholders and investors

The Kirin Group is actively developing two-way communication with its shareholders and investors for a further increase in its value.

We are staying in close communication with both the market and management teams.

In 2007, the growth strategy set forth in KV2015 made actual progress along with the establishment of large-scale projects. In this climate, we held timely meetings for communication with domestic and foreign investors on the significance of the related investment and advisable orientation for the Kirin Group. At the IR Section, we have adopted interactive communication with the market and management team as an important part of our mission. Besides providing information ourselves, we take comments from shareholders and investors and regularly feed them back as "market views" to management teams along with proposals of our own. On the stocks front as well, we are actively striving to elevate Kirin's status in both the Asian and global contexts.

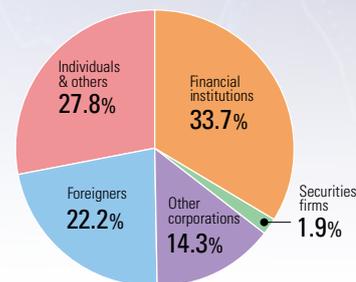


Ryo Ando
Manager, IR Section, Corporate Communications Dept., Kirin Holdings Co., Ltd.

Disclosure policy

At Kirin Holdings, we are committed to quickly providing information based on transparency, fairness, and continuity to our shareholders and investors. We strive to disclose information in compliance with relevant laws and regulations, as well as to actively and swiftly disclose information that we believe will assist in understanding our company. We have also established an Information Disclosure Committee (chaired by our financial officer) as part of our development of an internal-control system. The purpose of the committee is to serve as an advisory body for information-disclosure decisions.

Breakdown of shareholdings



Communication with shareholders and investors

We describe our management plans and financial statements with an emphasis on matters of interest to shareholders and investors. We strive to maintain a direct dialog with our shareholders and investors by holding analyst briefings attended by our president and other members of management, as well as seminars for individual investors given by investor relations (IR) staff and other means. We then utilize

the feedback we receive in our subsequent planning. We also offer live broadcasts and on-demand video of our analyst briefings for our financial statements and business plans via our website, in order to enable as many of our stakeholders as possible to gain an understanding of the Kirin Group.

Communication with Shareholders and Investors

Together with Our Shareholders

Expectations for the Kirin Group

In 2007, the Kirin Group announced its transition to a pure holding company structure and a stream of corporate acquisitions. In its IR activities, it was called upon to take a lot of steps, such as disclosure of financial data with a focus on business continuity, in addition to sending out its corporate messages. Amid these changes in the surrounding climate, Kirin's executives and other personnel clearly took a positive-minded stance. Its overseas business expanded, and it faced stronger inclinations to compare it



with foreign firms in the stock market. In its IR activities, I believe Kirin is being confronted with the task of making the leap to the next stage from now on.

Hiroshi Saji
Senior Analyst, Equity Research Dept., Mizuho Securities Co., Ltd.

Our response

As viewed from the perspective of valuation in the securities market, the performance of the operating companies in the Group became collectively mirrored in quotations for Kirin Holdings stock along with the transformation into a pure holding company. We want to see the value of the whole Group, which continues to evolve, reflected in proper market ratings over the medium and long terms.

Together with Society

Approaches to the global environment and social contribution

The Kirin Group is endeavoring to have all operations show concern for preservation of the global environment and conducting active campaigns of social contribution as a good corporate citizen at harmony with the surrounding communities.

We take the most effective energy conservation measures for each plant based on its facilities and layout.

Breweries need a lot of energy (steam) in the preparatory stage. To alleviate environmental burden, we made the shift from heavy oil to gas as the fuel for steam generation. At the same time, we made energy supply facilities more compact and curtailed energy loss by having them provide only the requisite amounts of energy at the requisite time. Through these measures, we reduced our CO₂ emissions in 2007 by about 7% from 2006. In promoting energy conservation, it is vital to get a clear idea of the types of facilities and layout in that particular plant as well as the load characteristics, which vary with the items of production. Precisely because it is difficult, I get a lot of satisfaction out of the work of devising an energy pattern that matches the conditions and finding the perfect balance between the amount of capital investment and CO₂-emission-reducing effect. To implement various measures, it is essential to work with the people in the brewery as the site of execution. For the future, we plan to pursue further conservation of resources and energy by making more effective use of methane gas from anaerobic treatment of wastewater.



Takao Koike
Technology & Engineering Dept., Kirin Brewery Co., Ltd.

I was impressed by local residents' enthusiasm in the Kirin program for planting trees and tending forests around the base of Mount Fuji.

Besides being a precious water resource for Kirin Distillery, the streams along the base of Mount Fuji are an irreplaceable asset for all residents in the area. In 2007, we held the *Kirin Fujisanroku no Mori-zukuri* program four times to commemorate the 100th anniversary of our founding. The program attracted the participation of many local residents and Kirin Group employees, and we were relieved to finish the work without any accidents. The participants impressed us with their enthusiasm for forest-building; many of them told us they had a rewarding time and wanted to do more. And in our environmental classes, children got completely absorbed in their creations. We hope future activities along these lines will help to sharpen interest in the environment and strengthen our bonds with the community.



Kazuki Nakagawa
Manager, Administration Dept., Kirin Distillery Co., Ltd.

Approaches to the environment

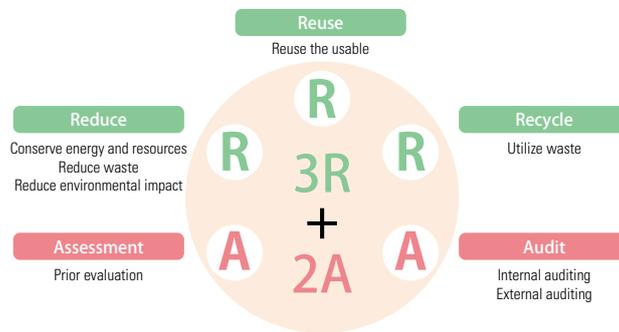
Environmental philosophy and basic policy in the Kirin Group

In August 1998, the Kirin Group determined its Environmental Philosophy and Basic Environmental Policy, which provide the foundation for environmental management, and launched efforts to preserve the environment.

Environmental Philosophy

The Kirin Group recognizes the conservation of the global environment as one of its most important tasks. In an effort to establish a sustainable society, it will continuously promote efforts to integrate environmental protection measures into every part of our business activities.

The Kirin Group's Basic Environmental Policy (Promoting the 3 Rs and 2 As)

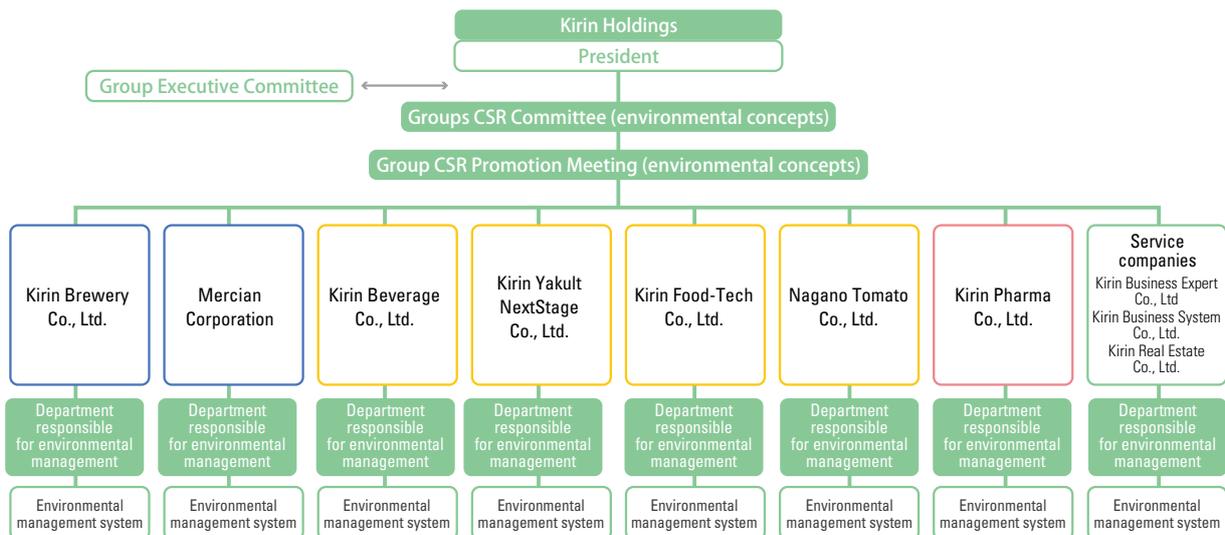


Construction and promotion of environmental management systems

The Group CSR Committee was instituted within Kirin Holdings and is headed by the president of that firm. The Group CSR Promotion Meeting is convened with the participation of representatives of the group companies, and deliberates on issues facing all member of the

Group in areas such as risk management and the environment. Each Group company practices environmental management and conducts campaigns to preserve the environment that are adapted to the nature of its business.

Organization for protecting the environment



(as of December, 2007)

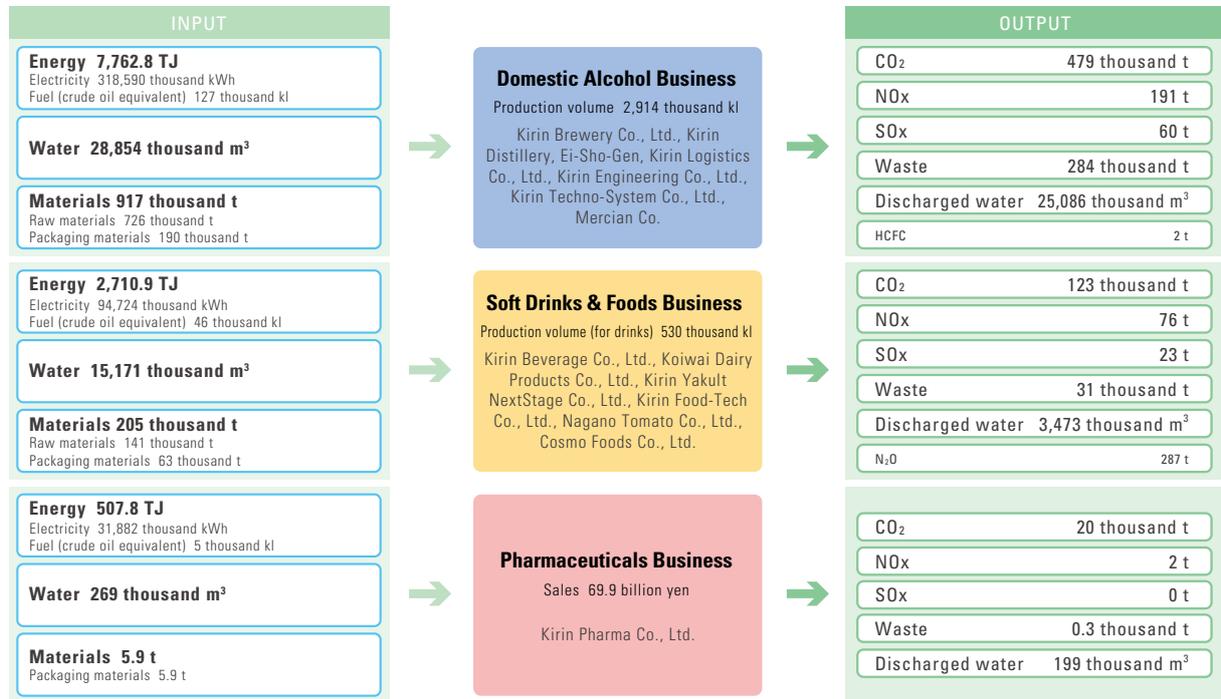
Compliance with environmental laws and regulations, and environmental accident risk management

In fiscal 2007, there were no environmental accidents in the Kirin Group. The Group also did not violate any environment-related laws or regulations.

Together with Society

EcoBalance

In order to achieve business operations with small environmental burden, we are attempting to understand the environmental impacts from a life-cycle perspective.



Scope of aggregation:

■ Domestic Alcohol Business: Kirin Brewery Co., Ltd. (all plants, head office, & management department), Kirin Distillery (Fuji-Gotenba Distillery), Ei-Sho-Gen (Fukaya Plant), Kirin Logistics Co., Ltd., Kirin Engineering Co., Ltd., Kirin Techno-System Co., Ltd., and Mercian Co. (all plants, head office, management department & affiliates) ■ Soft Drinks & Foods Businesses: Kirin Beverage Co., Ltd. (all plants), Koiwai Dairy Products Co., Ltd. (all plants), Kirin Yakult NextStage Co., Ltd. (all plants), Kirin Food-Tech Co., Ltd. (Takasago Plant), Nagano Tomato Co., Ltd. (all plants), and Cosmo Foods Co., Ltd. ■ Pharmaceuticals Business: Kirin Pharma Co., Ltd. (plants and laboratories).

Environmental accounting

As part of its environmental management, the Kirin Group discloses environmental accounting data. In fiscal 2007, the Group made environmental investments of about 2.9 billion yen and paid environmental costs of about 9.8 billion yen.

(unit: million yen)

Category of environmental conservation cost	Details	Investment			Cost		
		FY2005	FY2006	FY2007	FY2005	FY2006	FY2007
(1) Environmental conservation costs to control environmental impact resulting in the business area through production and service activities		1,081	1,973	2,846	8,073	8,512	8,503
1) Pollution prevention cost	Activities for preventing air and water pollution, analysis and measurement of air, water, etc.	525	1,201	1,120	3,353	3,471	3,582
2) Global environmental conservation cost	CO ₂ recovery, energy conservation activities, cogeneration systems, etc	247	421	1,531	1,531	1,564	1,557
3) Resource circulation cost	Sludge reduction, waste recycling, water circulation, etc.	309	360	193	3,188	3,476	3,387
(2) Environmental conservation costs to control environmental impact resulting in the upstream and downstream through production and service activities	Measures for environmentally friendly containers & packaging, recycling fee for office supplies & sales promotion tools	0	0	0	36	30	39
(3) Environmental conservation costs from administrative activities	Environmental training, activities for obtaining continuous ISO certification, exhibition at environmental expos, etc.	31	1	14	300	413	563
(4) Environmental conservation costs from research and development activities	R&D activities regarding reduction of environmental impacts at Central Laboratories for Frontier Technology and Research Laboratories for Packaging	0	0	0	105	60	58
(5) Environmental conservation costs from social activities	Forest conservation program, clean activities, pollution charges, member fees of environmental conservation organizations, etc.	30	16	22	619	497	640
(6) Environmental remediation cost		0	0	0	0	0	0
(7) Other environmental conservation cost		0	0	0	0	0	0
Total		1,142	1,999	2,880	9,132	9,511	9,826

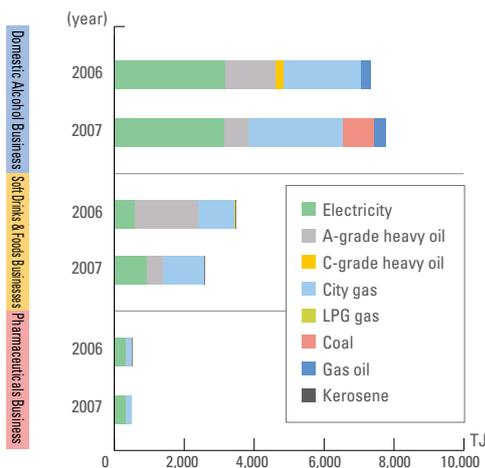
Scope of aggregation: For FY2005 & FY2006, Kirin Brewery Co., Ltd. (all plants, laboratories, head office, & management department) and Kirin Beverage Co., Ltd. (all plants). For 2007, Kirin Holdings Co., Ltd. (head office & laboratories), Kirin Brewery Co., Ltd. (all plants, laboratories, head office, & management department), Kirin Beverage Co., Ltd. (all plants), and Kirin Pharma Co., Ltd. (plants and laboratories).

Reduction of GHG emissions

Initiatives to conserve energy are being taken by all members of the Kirin Group, and especially manufacturing companies. In our alcoholic beverage business, the increase in the amount of energy use from 2006 was due to Mercian's entry into the Group. Kirin Brewery promoted a fuel conversion at its breweries and reduced the use of C-grade heavy oil to zero in 2007. The main forms of energy

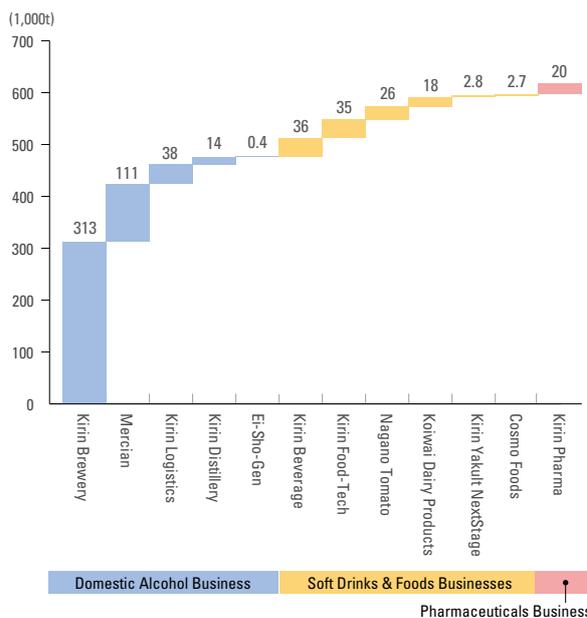
used in the beverage and food business are electricity and gas. The graph below shows the 12 companies with the highest levels of CO₂ emissions, together with their business segments. Kirin Brewery, Kirin Distillery, Mercian, and Kirin Beverage are ascertaining their CO₂ emissions and attempting to reduce them in their office work and sales activities as well as in their production activities.

Trend of energy composition



■ Domestic Alcohol Business: Kirin Brewery Co., Ltd. (all plants, head office, & management department), Kirin Distillery (Fuji-Gotenba Distillery), Ei-Sho-Gen (Fukaya Plant), Kirin Logistics Co., Ltd., Kirin Engineering Co., Ltd., Kirin Techno-System Co., Ltd. and Mercian Co. (all plants, head office, management department & affiliates). ■ Soft Drinks & Foods Businesses: Kirin Beverage Co., Ltd. (all plants), Koivai Dairy Products Co., Ltd. (all plants), Kirin Yakult NextStage Co., Ltd. (all plants), Kirin Food-Tech Co., Ltd. (Takasago Plant), Nagano Tomato Co., Ltd. (all plants), and Cosmo Foods Co., Ltd. ■ Pharmaceuticals Business: Kirin Pharma Co., Ltd. (plants and laboratories).

CO₂ emissions by company

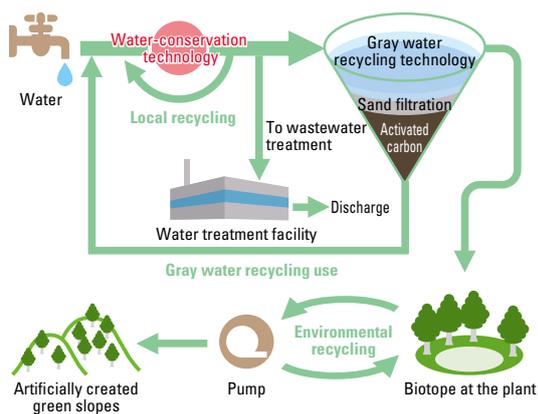


Water recycling system

The production of alcoholic and non-alcoholic beverages requires water not only for making the products per se but also for washing equipment and containers and for cooling. Kirin Brewery's Kobe Plant is equipped with a sophisticated water recycling system that enables it to attain the best (lowest) unit water consumption of all breweries in Japan. On the grounds of the Kobe brewery is a biotope using recycled water from the system, and brewery personnel join with local residents in raising a rare species of Golden venus chub

(*Kawabatomoroko*) that is classified as an endangered species Class IB. At its Fujisawa plant, Mercian has launched a project to reduce water use and is taking action to this end. Kirin Beverage, too, is recovering and recycling water used to wash the insides of cans. In addition, it is purifying wastewater to a high degree by enlarging its high-rate coagulation-sedimentation equipment. At all plants in the Group, we are going to continue reducing amounts of water use by promoting water conservation and recycling.

Water Recycling System (Kobe Plant, Kirin Brewery)



Biotope

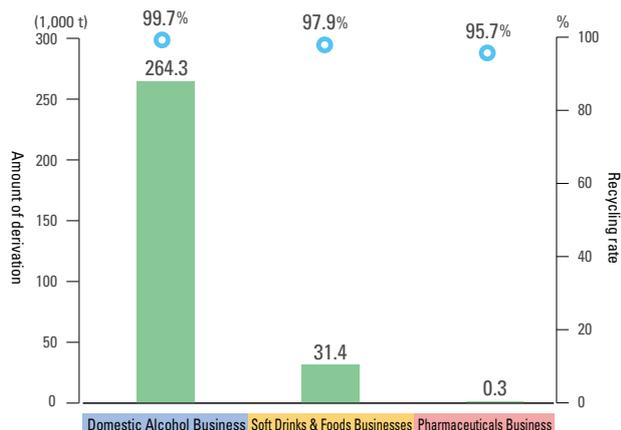
Together with Society

Recycling of by-products and waste

The Kirin Group uses mainly agricultural products to make alcoholic beverages, soft drinks, dairy products, and health foods. In the process of production, there are derived various by-products and waste, including spent grain, surplus yeast, spent tea leaves, coffee grounds, tomato scraps, and filterings. We are making efforts to recycle these substances by turning them back into useful resources instead of

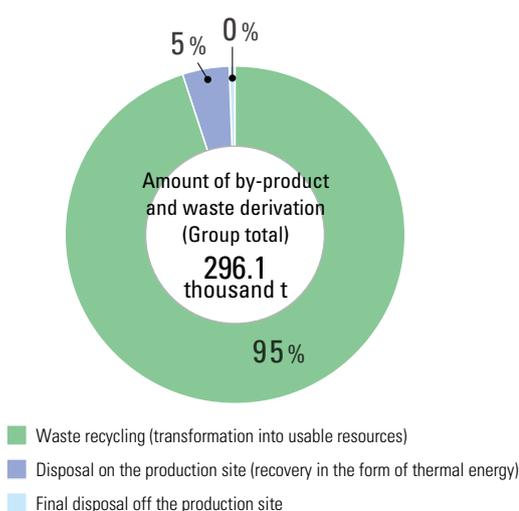
sending them out for disposal in landfill sites. At all Kirin Brewery and Kirin Beverage plants, the recycling rate for them reached 100% in 1998 and has stayed at that mark every year since. In 2007 as well, it was on a high level throughout the Group. We are going to pursue proper treatment and recycling of by-products and waste in the coming years, too.

Amounts of waste derivation and recycling rates in each business category



Domestic Alcohol Business (all plants): Kirin Brewery Co., Ltd., Kirin Distillery, Ei-Sho-Gen, and Mercian Co. ■ Soft Drinks & Foods Businesses (all plants): Kirin Beverage Co., Ltd., Koivai Dairy Products Co., Ltd., Kirin Food-Tech Co., Ltd., Kirin Yakult NextStage Co., Ltd., Nagano Tomato Co., Ltd., and Cosmo Foods Co., Ltd. ■ Pharmaceuticals Business: Kirin Pharma Co., Ltd. (Takasaki Plant)

Breakdown of waste amount by type of disposal

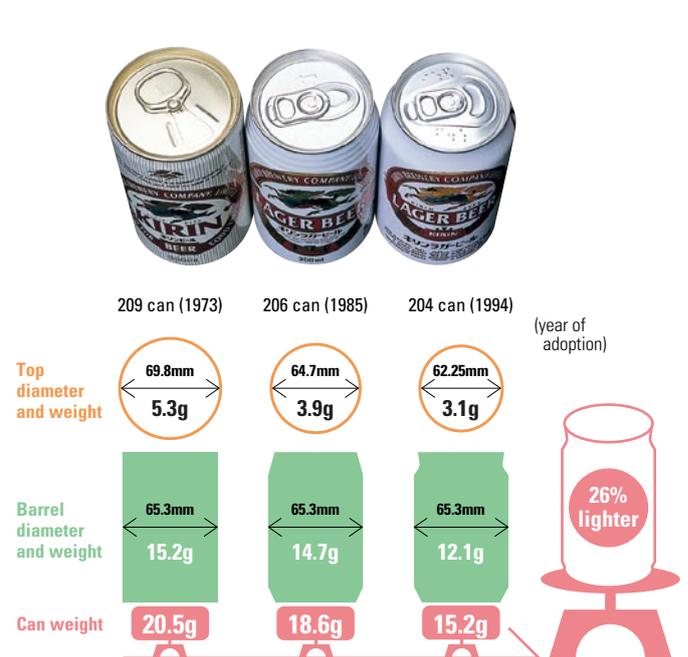


Approaches to reducing container weight

The Kirin Group has led all industries in efforts to reduce the weight of bottles, aluminum cans, PET bottles, and other containers and packaging. Weight reduction is a task that must be tackled as an industry-wide one encompassing an increase in the recycled quality of

each container material and development of markets for the recycled goods. The Group companies are members of councils that promote the recycling of the container materials they use.

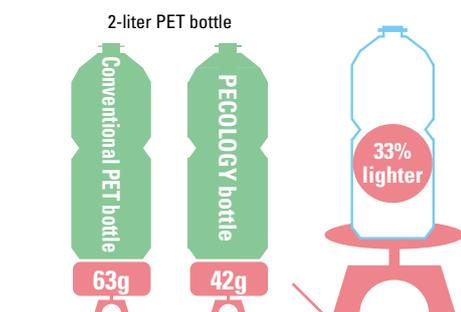
Trends in weight of 350-ml aluminum can



Trends in weight of returnable large bottle

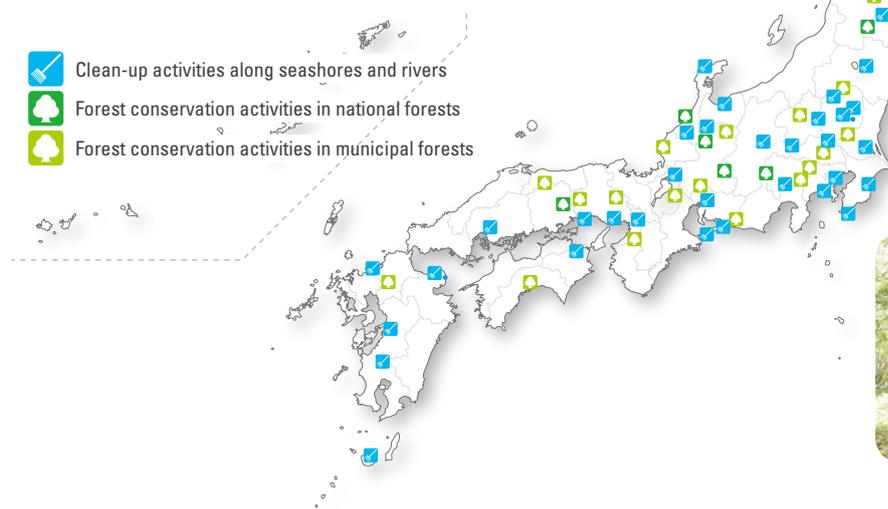


Trends in weight of 2-liter PET bottle



The campaign to protect precious water resources and environmental preservation activities nationwide

The Kirin Group is conducting its forest conservation program for planting and tending forests in areas upstream of its breweries, distilleries, and pharmaceutical plants as well as engaging in local activities of forest conservation in a total of 27 districts in 20 prefectures. In 2007, this program attracted the participation of about 4,000 Group employees nationwide. At the environmental classes held on the campaign sites, local children also took part and had fun planting seedlings and making birdhouses while experiencing various wonders in the forest. The Group also conducted clean-up campaigns along seashores and rivers as well as in the vicinity of its offices across the country. These campaigns took place in 40 communities in 24 prefectures, and attracted the participation of more than 7,000 employees. In addition to clean-up activities along the Kuma River and other areas, Mercian's Yatsushiro Plant has been breeding fireflies in a habitat on a waterway built using wastewater from the plant since 2002. It performs ongoing observation of the habitat using the fireflies as environmental indicators. We are continuing to undertake these activities of environmental preservation to strengthen our ties with communities.



A Genji firefly living in the waterway on the grounds of Mercian's Yatsushiro Plant



Forest conservation activities near Kirin Pharma's Takasaki Plant

Environmental communication

We tell many customers about our use of biogas energy made with our fermentation and biotechnology, our activities to protect precious water resources, our development of lightweight containers, and other environmental efforts in the Group.

Ecojiro, our mascot for environmental activities, makes appearances in our advertising, on our website, and at the environmental classes held during summer vacation in our plants. We are developing communication about our environmental initiatives in ways that are highly accessible and facilitate understanding. "Ecojiro's Adventures," a website featuring our mascot, displays cyber picture books and

quizzes so that children as tomorrow's leaders can learn about the environment and have fun in the process.



Quiz: "Minna no ChiQ" (Everyone's Earth)



2007 environmental advertising

Approaches to the Global Environment and Social Contribution

Together with Society

Expectations for the Kirin Group

I am glad to see that the CSR Report continues to manifest the utter seriousness of the Group's stance on the environment. Viewing the data in this issue brought home to me that, however rigorously individual companies may strive to conserve energy, Japan is reaching the point of no return unless there is improvement in the electric power consumption rate in the country as a whole. I also felt that the change to disclosure of Group-wide data clouded the connection with products somewhat. I understand that each of the Group companies will continue to publish environmental reports, and I am looking forward to seeing their content as well.

Itaru Yasui, Ph. D

Professor Emeritus, University of Tokyo, Vice-Rector, United Nations University



Our Response

The task is sure achievement of the targets for CO₂ emission reduction at each Group company. As Dr. Yasui points out, the electric power consumption rate is indeed a problem, and we continue to examine ways of decreasing them. To show the situation in the entire Group, we presented data for each segment, but will consider approaches to information disclosure that provide clearer pictures.

Approaches to alcohol-related problems

Basic policy and approach for dealing with alcohol-related problems

As part of our corporate social responsibility strategies as a company producing and selling alcoholic beverages, we are actively engaged in the continuous educational activities on promotion of the responsible drinking and elimination of the problem drinking such as underage drinking, drunk driving, and binge drinking.

In order to prevent problem drinking, it is vital to conduct broad-ranging educational activities that spread correct knowledge about the characteristics of alcoholic beverages, and their effects on the body. In order to accomplish this, it is necessary to create a community-wide culture that prevents problem drinking, in partnership

with the government, medical, educational, and business sectors. It is also extremely important for parents to make time to talk with their children about underage and other problem drinking.

We distribute anti-drunken driving and underage drinking stickers and posters to stores selling alcoholic beverages, have discontinued in-store tasting campaigns, and warn about driving under the influence of alcohol in our advertising. Besides offering support in these and other ways, we have in-house programs to educate and inform employees throughout the Group about all alcohol-related problems.

Basic policy on alcohol-related problems (revised in May 2008)

Basic policy	In keeping with its Identity Statement of remaining "focused on people, nature and craftsmanship to redefine the joy of food and health," the Kirin Group shall work to prevent various problems associated with improper drinking and promote activities to educate people about proper enjoyment of alcoholic beverages.
Guiding Principles for Conduct	<ol style="list-style-type: none"> We acknowledge that moderate drinking of appropriate amounts of alcohol (responsible drinking) has health benefits and broadens the scope of human communication, and we will endeavor to expand people's understanding of the proper way to drink alcoholic beverages. We acknowledge the intoxicating effect of alcoholic beverages, and the dependency resulting from excessive drinking, and we will continue educational activities to teach correct knowledge and prevent the various problems associated with inappropriate drinking, including: <ul style="list-style-type: none"> ● Underage drinking ● Driving under the influence of alcohol ● Binge drinking ● Drinking during pregnancy In our marketing activities we will abide by the law and the Kirin Group's own standards as well as the industry standards, and work for education about appropriate drinking and the prevention of inappropriate drinking. We will actively support community efforts aimed at preventing inappropriate drinking. We have a Moderate Drinking Awareness Month during which the whole company is involved in staff training and self-development.

Complying with voluntary standards in marketing and advertising

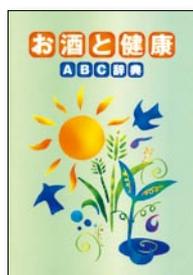
As the responsibility to society of a company in the alcoholic-beverages industry, Kirin Brewery sets strict voluntary standards for advertising and marketing, including standards for responsible drinking, etc. Our Marketing Ethics Committee strictly checks all advertising and marketing activities based on our voluntary standards. We are also committed to strengthening our monitoring system,

by identifying trends on alcoholic issues in society and continually reviewing our voluntary standards. In addition, we are a member of the Global Alcohol Producers (GAP), a group where alcoholic-beverage manufacturers in the world voluntarily joined, and respond to alcohol-related issues on a global scale.

Awareness raising activities for responsible drinking and the prevention of problem drinking

	Medium	Specifications, etc.	Start of distribution	Intended audience	Cumulative copies distributed
The ABCs of Alcohol and Health	Booklet	A5, 49 pages	Apr. 1996	General	6,090,000
Drinking and Health (School/General Public version)	CD-ROM		Jan. 2000	Junior high schools /General adults	182,000/14,000
Underage Youth and Alcohol	VHS video	23 minutes	Feb. 1993	High schools and universities	33,000
Underage Youth and Alcohol: Revised Edition	VHS/DVD	26 minutes	Dec. 2005	Junior high schools	27,000
Underage Youth and Alcohol: Revised Edition	DVD	English, Chinese & Japanese subtitles	Feb. 2006	International/hearing impaired	—
Knowing and enjoying – alcoholic beverages and health	Internet	Kirin Brewery website	Sep. 2007	General	—

(as of Dec. 2007)



The ABCs of Alcohol and Health



Underage Youth and Alcohol: Revised Edition



Knowing and enjoying – alcoholic beverages and health
<http://www.kirin/about/knowledge/index.html>

Approaches to dietary culture

Taking food and health as our business domain, the Kirin Group strives to enrich society and people's lives through exploration of and widespread communication about food-related history and culture.



We support a more satisfying dietary life.

Through its 100 years of brewing experience, the Kirin Group has learned a lot about enjoyment of the complex taste created by microorganisms and the value of taking extra time and trouble. Established in July 2007, the Kirin Institute of Food & Life style publicizes the diverse benefits of fermentation through research reports and programs in dietary education, and supports a fuller dietary life in the home.

We intend to pave the way for realization of a sustainable food environment by activities centered around fermentation, such as building food literacy through provision of correct knowledge about food and the diversity of flavors, issuing reports about research on the natural power of fermentation, and holding programs for thinking about food-related social issues.

Eriko Ota

Manager, Kirin Institute of Food & Life style, Corporate Communications Dept., Kirin Holdings Co., Ltd.

Approaches to the culture of beer

Kirin Brewery stages various activities to promote beer culture. We hold "beer seminars" for discussion, in simple terms, of the enjoyment and profundity of the beverage, and stage exhibitions on beer history and culture in our breweries nationwide. In addition, people can learn about cultural aspects through the Kirin Beer University link on our website.



Beer seminars – getting to the bottom of beer's appeal by consideration from various angles

Approaches to the culture of tea

Kirin Beverage is breeding a new culture around enjoyment of black tea by staging a special exhibit entitled "The Tea Story (*Cha no Hanashi*)" of the country and holding seminars on tea. Tea is an element of dietary culture that can enrich daily life, and these activities make people more familiar with it while enlightening them about its culture and history and instructing them in how to best brew and drink the beverage.



A seminar on tea led by tea researcher Takeshi Isobuchi

Approaches to the culture of wine

In 1993, Mercian joined hands with Pommery, the noted French champagne maker, and began offering the Pommery Sommelier Scholarship to foster the growth of young sommeliers in Japan. And in 2002, the two firms began holding the Cuvée Louise Pommery Sommelier Contest to encourage the development of sommeliers and champagne specialists with world-class skills.



Winning sommeliers in the sixth installment of the Contest (2007)

Enhancing employee skills as a first step

We instituted the Education Group in 2007 in order to raise the level of wine-related knowledge and skills among our employees. The Group provides news on wine-related developments around the world, prepares materials for skill enhancement, supports the holding of seminars at partner wineries in other countries, and helps employees obtain qualification for work as wine advisors. Heightening the skill of each and every employee is the first step in our mission to spread the culture and delight of wine among more and more customers.



Atsushi Ueda
Wine Dept., Mercian Corporation

Together with Society

Support for sports

Support for soccer and other sports

Kirin Brewery has been supporting Japan's national soccer team since 1978 and Japanese soccer as a whole since 1998, when it was designated an official sponsor of the national team together with Kirin Beverage. We want to assist efforts not only to make the Japanese team stronger but also to create a soccer culture in the country. To this end, we continue to furnish support with a focus on three areas: 1) all Japanese national teams competing in international tournaments, 2) fans and supporters backing the national teams, and 3) cultivation of the next generation of soccer athletes by passing on the enjoyment and emotional enrichment delivered by soccer to youngsters. We are going to continue furnishing all types of support while delivering our message "Kirin Loves Soccer," which expresses our stance of helping soccer dreams come true out of our love of the sport, supporters, and fans. Furthermore, we support Japanese teams competing on the world stage as an official partner of the Japanese Olympic Committee (JOC) backing the national team's bid for medals in the Olympic games.



Starting lineup in the match against Bosnia-Herzegovina in the Kirin Challenge Cup 2008 on January 30, 2008 © J-LEAGUE PHOTOS



At the press conference for the Kirin Cup Soccer 2008 tournament on April 30, 2008 © J-LEAGUE PHOTOS

Holding of soccer classes

To broaden enjoyment of soccer among tomorrow's generation, we are going to hold Kirin Soccer Field 2008, a program aimed at not only imparting soccer skills but also building character. Led by Shoji Jo, a former member of the national team, the classes will be held in 12 cities across the country for a total of 1,200 elementary school children. This year will also see another installment of the JFA Family Futsal Festival with Kirin. The Festival will be held in all 47 prefectures and serve as a venue for parent-child activity while giving children a chance to experience the fun of soccer.

In the aspect of environmental preservation, we have been vigorously

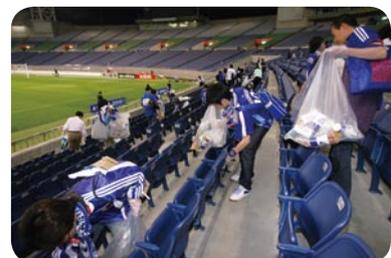
promoting the Clean Stadium campaign together with the Japan Football Association (JFA) since 2003. The campaign depends on participation by team supporters who share the desire to do what they can to preserve the environment (also to allow future generations to enjoy soccer). These supporters volunteer to clean up stadiums after matches and do other work. The campaign is catching on, and has attracted a cumulative total of over 10,000 participants so far.



Kirin Soccer Field



JFA Family Futsal Festival



Cleaning up the stadium after the match with Bosnia-Herzegovina in the Kirin Challenge Cup 2008 on January 30, 2008 © J-LEAGUE PHOTOS

Social activities by Group companies

As a good corporate citizen at harmony with society, we shall continue to be actively involved with society on our own initiative and to strengthen our bonds with local communities.

Kirin New Year Concert

Kirin Holdings Co., Ltd

We have sponsored these concerts since 1985 as part of our efforts to support the arts and culture. It is the purpose of the concerts to provide more customers with the opportunity for firsthand enjoyment of the best in classical music. The 2008 concert was the 24th in the series.



The concerts feature mutually different programs in the afternoon and evening by inviting different guest performers.

Mercian Karuizawa Museum of Art

Mercian Corporation

Mercian opened this facility in 1995 as a museum park blending art, nature, and food. In 2007, the Museum staged an exhibition of paintings by naive-school artists of the 20th century as well as a show of works by Monet and Renoir. It offers admission price discounts to the challenged and aged.



Mercian Karuizawa Museum of Art

Kirin Beverage Sri Lanka Friendship Project

Kirin Beverage Co., Ltd

Gogono-Kocha (Afternoon Tea), our black tea beverage that debuted in 1986, has been offering the genuine flavor of tea for more than 20 years. We launched this project to show our gratitude for the tea leaves produced in Sri Lanka as the underpinning of this taste. The first phase (2007–2011) is devoted to construction of libraries at three elementary and junior high schools attended by the children of people working on the tea plantations. Over the period of five years, we will be donating picture books, story books, work books, and other materials as well as the shelving. For supporting the schooling of the next generation, we have received an expression of thanks from the government of Sri Lanka itself.



Children receiving donated books

Flowers are our Friends campaign

Kirin Agrificio Co., Ltd

With a view to bettering local communities, we began donating flower seedlings under the *Kokochi Kaika* brand of our business in flowers to educational institutions and welfare facilities in the vicinity of Group offices in 2004, and help with the task of tending them. We plan to continue with activities that are at harmony with the community and help to beautify it.



Students planting "Garden Spice" flowers at Takanezawa Chuo Elementary School in Tochigi Prefecture.

Vending machines at harmony with the community

Kirin Beverage Co., Ltd

Automatic external defibrillators (AEDs) are devices used to analyze the electrocardiograms of people who have suffered a sudden cardiopulmonary arrest for some reason, and revive them by delivering an electric shock if necessary. Soft drink vending machines are usually installed in locations where many people gather, and are highly prominent and easy to spot. This makes them ideal for storage of AEDs. Kirin Beverage has attached AEDs to about 250 of its vending machines across the country, at sites including Kirin breweries, public facilities, and the vicinity of means of public transportation.



Vending machine mounted with an AED

Support for resolving food issues in developing countries

Kirin Holdings Co., Ltd

Established in 1993, the United Nations University (UNU)-Kirin Fellowship Program supports food-related research and development in order to enable developing countries to resolve their own food-supply issues. Each year, the National Food Research Institute of National Agriculture and Food Research Organization invites 5 researchers—mainly from research institutes in Asia—who are recommended by the UNU. The aim of this program is to help these fellows conduct food-related research for one year and disseminate their acquired knowledge and technologies to each own country. As of March 2008, the program has been active for 15 years, during which time it has supported 73 fellows from nine countries.



One of FY2007 fellows dedicated to her study

Together with Our Employees

Making Kirin a Great Place to Work

The Kirin Group is building relationships with its employees and companies as equal partners, and creating workplaces where diverse personnel feel motivated to exercise their talents to the fullest.

We are educating employees about human rights in line with our three major policies of promoting human rights training, practicing fair hiring, and making workplaces cheerful.

Our human rights seminar in fiscal 2007 took the rights of the challenged as the unified theme for the whole Kirin Group. "Challenged" ranks alongside "women" and "aged" as one of the key words of employment diversity. Conducted once every two years, the Kirin Brewery survey on human rights awareness implemented in 2006 revealed keen interest in this topic among employees, and we consequently decided to take it up in the seminar. The main message of the seminar was that we should aim for workplaces that facilitate activity by all employees, challenged or not. We developed the instruction on the rationale that, once given the right knowledge, people could awaken to the barriers in their minds and hearts. We are going to persevere in the task of educating employees about human rights around the three major policies.



Kazunori Ito
Personnel Dept., Kirin Business Expert Co., Ltd.

Our target is the growth of human resources to support tomorrow's Kirin Pharma

In fiscal 2007, we took the following steps to develop human resources: entry training to give new hirees an understanding of Kirin Pharma and the industry they are entering; training for employees entering their second year with the company, for thought about ways to overcome various difficulties they encounter on the job; career development training for employees in their third or eighth year to help them consider their own career as professionals; and training for newly appointed managers. We also implemented two programs for development of core and international human resources. These ran for a period of about ten months and were designed to breed personnel to assist achievement of the Kirin Pharma Vision 2020. We are pushing ahead with human resource development in keeping with the agendum of integrating management and human resources while watching the changes in the climate of our business.



Nobuyuki Ogawa
Administration Dept., Kirin Pharma Co., Ltd.

Making Kirin a Great Place to Work
Together with Our Employees

Perspective on employees

The Group Action Declaration in our corporate philosophy sets forth our commitment to “respect for people” as our perspective on employees. The thrust of this commitment lies in respecting the efforts and individuality of each employee in his or her endeavors for on-going growth and advancement, and to provide a workplace

allowing full exercise of potential.

We aspire to corporate activities based on the Kirin Way, which defines the values and basic action stance we seek of all employees in the Group. Kirin Brewery and other members have even incorporated the Kirin Way into the scheme of job ratings, to see that it takes root.

Development of human resources to realize management visions

While the Group companies each implement various educational programs of their own, there are two Group-wide programs for production of tomorrow’s business leaders: the Kirin Executive School and the Kirin Management School. The companies recruit candidates for these programs, which are conducted for select employees. Along with the international spread of our business, we are making

a continuous effort to improve basic capabilities required for doing business globally.

Besides these programs for select employees, the companies also conduct others for all employees and yet others for specific groups defined by age and qualification. Through these programs, we are systematically developing human resources from the medium- and long-term perspectives.

To be a corporate group giving full play to the talents of diverse personnel

The social environment surrounding companies is in the midst of momentous change. We believe they must assimilate these changes and transform them into power. For this reason as well, the Kirin Group aspires to be a corporate group that gives full play to the talents of diverse personnel.

This aspiration is manifested in the promotion of the Kirin Women’s Network (KWN), mainly by Kirin Brewery and Kirin Pharma. As a first step, the KWN is working for arrangements that enable female employees to fully exercise their talents.

⇒ For more details, see the section entitled “Toward a good work-life balance” in the Highlights chapter (page 16).

Good work-life balance

In 2005, Kirin Beverage instituted a system to support childbirth, childcare, and nursing activities by employees, and launched a campaign to encourage its use. Resting on a review of work styles to that year, the system is designed to give all employees, male ones included, a choice of working styles offering a good balance between their job and personal life. In recognition of this approach, the company was awarded the Kurumin (next-generation certification) mark in August 2007. (This mark is awarded by the Ministry of Health, Labour and Welfare to companies making arrangements for employees who are parents to care for their children.)

Other initiatives taken by Kirin Beverage on this front include improvement of Bevenet (its intranet), preparation and distribution of the “Life Support Book” (a guide to the system for childbirth, childcare, and nursing support), and encouragement to take paid leave. Kirin Brewery also was awarded Kurumin certification in June 2007. As this indicates, Kirin Group activities are not confined to developing human resources for tomorrow, but extend to the higher level of the work-life balance in general.



Expectations for the Kirin Group

The primary prerequisite for corporate growth in the 21st century is the ability to recruit first-rate personnel. To my mind, the Kirin Group’s HRD programs, arrangements for a good work-life balance, and promotion of Kirin Women’s Network activities in its desire to allow all types of employees to actualize their potential constitute a vital strategy for the future. To establish a corporate culture oriented toward energetic work on a continuous basis by all employees, I would like to see the Group make clear statements to employees and people outside the company on the connection between this issue and the corporate vision and management strategy.



Kimiko Horii, President, NPO GEWEL



Our response

As Ms. Horii indicated, we regard an emphasis on diversity not as an employee welfare policy but as a corporate strategy rooted in a long-term outlook. We intend to further develop and continue activities with this emphasis in order to build win-win relationships between employees and their companies.

Management System

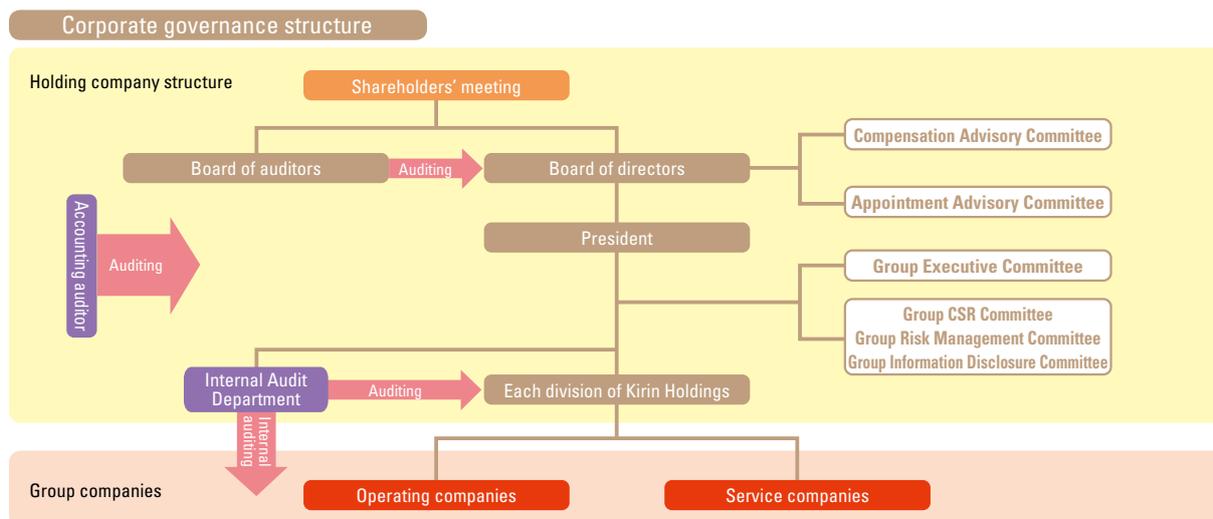
Corporate governance and CSR promotion structure

We are committed to strengthening corporate governance in the Group as a whole in order to conduct fair and efficient management as well as to remain trusted both inside and outside our organization.

Transparent, fair, and efficient management

We are taking action to reinforce corporate governance in the entire Group in order to practice fair and efficient management as well as to earn the trust of all parties, internal and external. With our transition to a pure holding company structure in July 2007, we switched to an organizational structure based on a parallel array of operating companies (grouped in segments such as alcoholic beverages, food and soft drink products, and pharmaceuticals) and functional companies. To achieve the Group growth strategy, we clearly defined the roles and responsibilities of each operating company and the holding company, and heightened levels of autonomy and agility

in business. In addition, we erected setups to encourage dramatic growth and the creation of Group premiums under the leadership of the holding company. The purpose is to maximize corporate value in the entire Group by expediting decision-making and making management more transparent and sound. To oversee and promote CSR activities throughout the Group, we instituted a Group CSR committee, which is composed of the holding company president and directors as well as the presidents of the major operating companies. And to absorb opinions from external experts and reflect them in activities, we convene the CSR Advisory Group.



Setups for assurance of propriety and rationality

The board of directors has made the determinations shown below on the main setups (comprising the system of internal control) to assure the propriety and rationality of our operations. We are steadily conditioning these setups and making ongoing efforts to improve them. We are going to have regular reports on their state and related issues at meetings of the board of directors.

- Setup to assure that execution of duties by the directors and employees is in compliance with laws, regulations, and the articles of incorporation
- Setup for preservation and management of information related to execution of duties by the directors
- Rules and other setup related to loss management
- Setup to assure efficient execution of duties by directors
- Setup to assure the rationality of business in corporate groups consisting of joint-stock companies, their parents, and their subsidiaries
- Setup concerning employees whom the auditor wants the company to hire to assist auditing work
- Setup related to the independence of the employees in the preceding item from the directors
- Setup for reporting by the directors and employees to the auditor, and for other reporting to the auditor
- Setup to otherwise assure effective auditing by the auditor

Risk Management/Compliance

The Kirin Group is committed to raising the level of CSR initiatives by pursuit of risk management based on compliance.

Promotion of risk management

The Kirin Group performs risk management with an awareness of the importance of preventing risks from being actualized as well as dealing properly with the outbreak of crisis situations. We instituted the Group Risk Management Committee and practice risk management on the Group level based on the Group risk management rules. At the same time, we are having the Group companies step up their approaches in this area. The companies are being called upon to

identify risks in their particular business, evaluate their importance, rank them in order of priority, and execute the PDCA (Plan-Do-Check-Action) cycle in addressing them. This risk management system is spreading from the major companies to the rest of those in the Group. We are installing schemes to have the system functioning throughout the Group by the end of 2008.

Promotion of compliance

The Kirin Group considers compliance the foundation of CSR activities. In our definition, it consists of not only conformance with all pertinent laws and regulations but also observance of internal and external regulations/rules and social norms, and discharge of both legal responsibilities and the ethical ones sought by the society. By assuring compliance, we can prevent unforeseen losses and collapse of credibility, and maintain and deepen the trust placed in us by our stakeholders.

In 2007, we determined Group compliance guidelines and distributed "The RULE," a behavioral code handbook, to all our employees. Meanwhile, we promoted the installation of hot-lines for compliance-related consultation in each Group company, and thereby improved arrangements for internal notification. It may also be noted that, every year, we hold collective training for Group employees to enhance their compliance awareness and bolster their practice of it.



Reinforcement of the setup for information security

Along with our transition to the pure holding company structure, we positioned Kirin Business System, which carries out IT functions for the Group, as the company to be in charge of and promote the improvement of information security throughout the Group. We also formulated Group-wide regulations governing information security. Each of the Group companies centered around Kirin Brewery established its own regulations for protection of personal information and rules for information security governing general practices in this aspect. They are striving to tighten information security by also providing employees with related training by means such as e-learning.

In connection with protection of personal information, it should be added that, following the lead of Kirin Business System, which acquired privacy mark certification in November 2006, Kirin Yakult NextState succeeded in doing the same in December 2007. Besides having security guards control room entry and exit by employees, its system requires permission for computer start-up and printing while allowing control based on an access log. Approaches such as these are further raising employee consciousness of the need for proper information management.

KIRIN

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