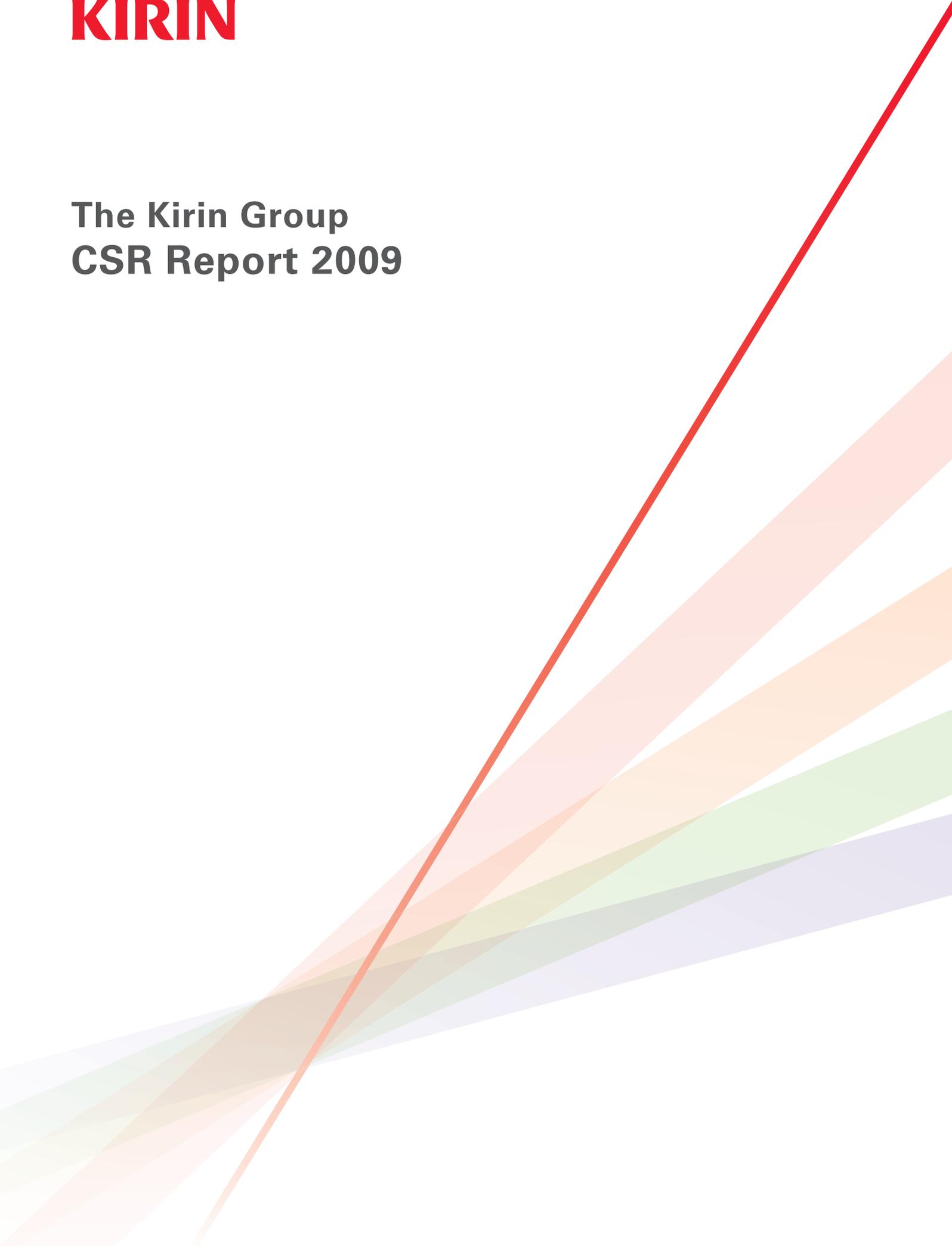


**KIRIN**

**The Kirin Group  
CSR Report 2009**



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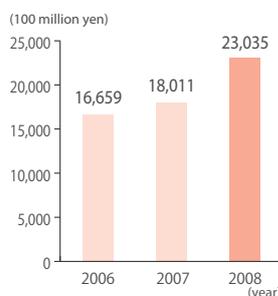
Details of Kirin Group's wide range of activities are disclosed in the websites of the Kirin Holdings and Group companies. This report focuses on major activities undertaken during fiscal 2008 and also contains the views expressed by third parties concerning these activities.

- **Period reported:**  
January 1 to December 31, 2008 (including some activities and initiatives taken in 2009)
- **Scope of report:**  
CSR Report: Kirin Holdings Company, Limited and its main operating companies  
Environmental Report: As indicated on page 16
- **Guidelines references:**  
GRI "Sustainability Reporting Guidelines (3rd edition)"  
"Environmental Reporting Guidelines 2007"  
by the Ministry of the Environment  
\* GRI (Global Reporting Initiative) Comparison tables for GRI Guidelines are available on our website.
- **Next scheduled publication:**  
June 2010

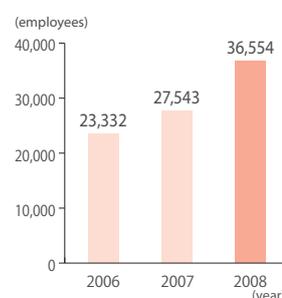
# Company Profile

Trade Name	Kirin Holdings Company, Limited
Date of Incorporation	February 23, 1907 On July 1, 2007, pursuant to the transition 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 & CEO	Kazuyasu Kato
Paid-in Capital	102,045,793,357 yen
Sales	Consolidated: 2,303,569 million yen (January 1 to December 31, 2008)
Main Businesses	Strategic management and oversight of Group, and provision of specialized services
Number of Employees	263 (Kirin Holdings' consolidated companies' employees: 36,554; as of December 31, 2008)

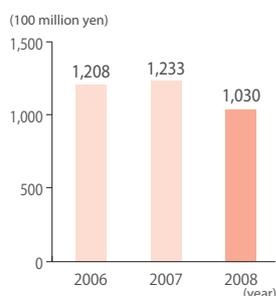
### Sales (consolidated)



### Number of employees (consolidated)



### Ordinary income (consolidated)



### Sales by segment



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

<http://www.kirinholdings.co.jp/csr/> (Japanese Only)

The Kirin Group has been actively engaged in making a series of major changes during the past few years. In 2006, we announced Kirin Group Vision 2015 (KV2015), the Group's long-term business framework and made the transition to a pure holding company. Following this, we have been actively involved in re-organizing our domestic and overseas businesses and in pursuing various M&A initiatives. Having achieved quantitative growth through an expansion of scale, the next issue on our agenda is qualitative growth. We will steadily and surely advance toward this goal based on the concept and implementation of a quantum leap in growth.

## Promoting CSR through Business Activities

Even while the Kirin Group goes through rapid changes, one thing will never change. That is the principle of the "Customer-Focused Approach and Steady Focus on Quality" we have cherished since our founding in 1907. Throughout our pursuit of food safety and customer satisfaction, we have always heeded the voice of the customers and refused to compromise on quality. As our identity statement, we have adopted "The Kirin Group-Focused on people, nature and craftsmanship to redefine the joy of food and health." To achieve this objective, we realize that it is not enough to pursue financial growth and fair and efficient governance. Companies cannot exist if we do not have a sustainable society. Therefore, to continuously increase corporate value, it is necessary to adopt the perspective of corporate social responsibility and to contribute to the resolution of social issues through business activities.

## Toward a Low-Carbon Society

We engage in CSR activities from the perspectives of our four stakeholders: customers, employees, shareholders, and society. During 2008, we spent the entire year discussing what we could adopt as a common CSR theme for the Kirin Group. Ultimately we decided that our medium- to long-term theme would be the realization of a "Low-Carbon Corporate Group." We feel that this is a goal befitting a corporate group that depends on the bounties of the earth.

We have actively endeavored to reduce our carbon dioxide emissions at each stage of production, distribution, and sales. But the achievement of a carbon minimum is not our only goal. Rather, our hope is to contribute to the realization of a society that allows its members to enjoy the full sense of affluence that comes from simple living and a lifestyle in harmony with nature. Certainly, this is not an objective that can be achieved by the Kirin Group alone. However, we are committed to

addressing this challenge in all our value chains, and we believe it to be an essential form of management innovation based on the concept and implementation of a quantum leap in growth. The challenge of evolving into a low-carbon corporate group does not exclusively apply to workers at our production facilities or any specific division. Our commitment is to involving all employees in the pursuit of this goal. Specific initiatives, goals and plans will be incorporated into the next medium-term business plan (2010-2012) being formulated by all of the operating companies in the Kirin Group.

## Promoting Globalization and Human Resources Development

Needless to say, there are many other challenges that we must address. In promoting rapid globalization, we believe that people are our most valuable resource in sustaining the growth of the Kirin Group. To achieve our medium- to long-term management goals, it is very important to put our energy into the development of human resources that will support our foundations of "people-oriented management" and the creation of a diverse and international organization with "management power."

In 2005, we announced our participation in the U.N. Global Compact. This now serves as one of our guidelines in the implementation of our business activities and in our pursuit of solutions to global challenges.

In fiscal 2009, the whole Kirin Group is pursuing an even more evolved approach toward the realization of our goals.



*Kazu Kato*

President and CEO  
Kirin Holdings Company, Limited

# Kirin Group's Identity Statement and CSR

“The Kirin Group-Focused on people, nature and craftsmanship to redefine the joy of food and health.” This is the Group’s identity statement that underlies our businesses. To realize this objective, the Kirin Group has formulated a Group Action Declaration, which states the pledges the Kirin Group makes to our stakeholders. As well as the CSR activities we conduct through our day-to-day business, we also aim to realize the Kirin Group’s management ideals through CSR activities as a good corporate citizen.

For its medium- to long-term CSR activities through all its businesses, the Kirin Group has adopted the theme of “realization of a low-carbon

corporate group” aimed at co-existence with nature and society.

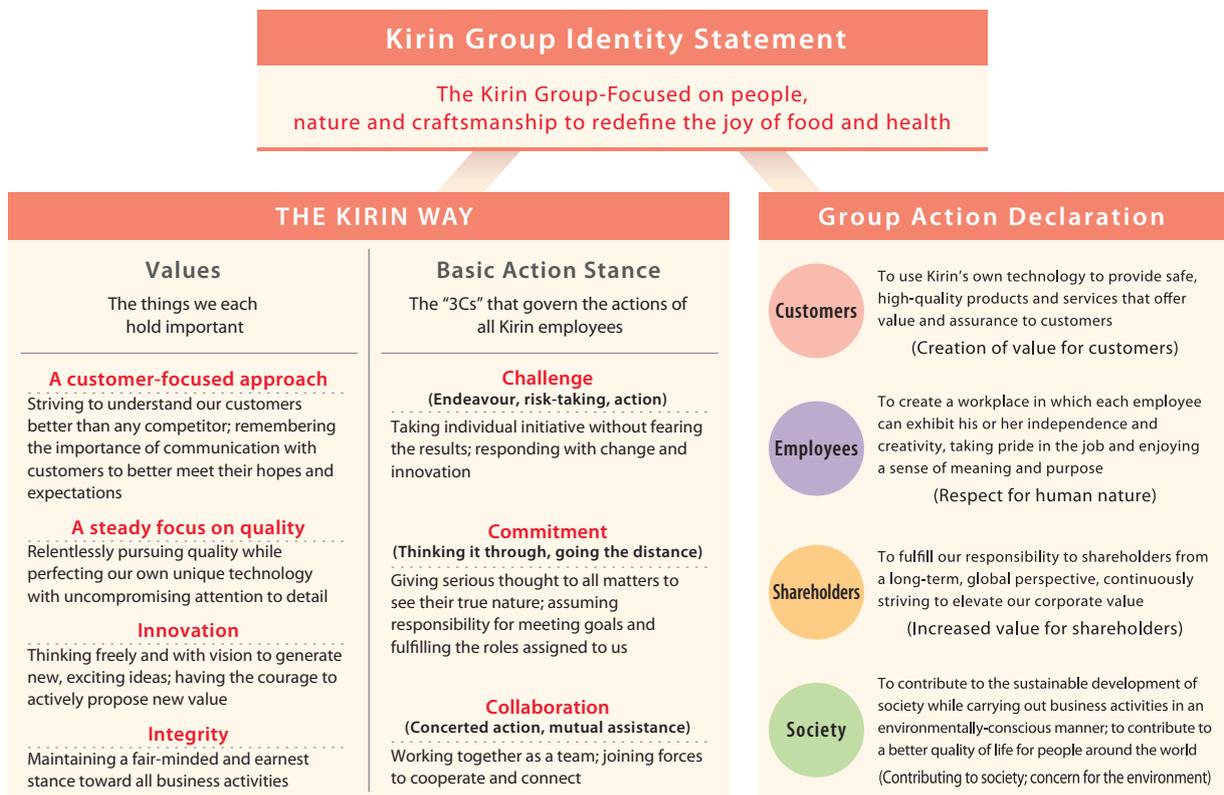
## Contributing to a sustainable society by “equating society’s gain to the company’s gain”

CSR is a basic element in management. We believe it is very important to make substantial contributions to the realization of sustainable societies by “equating society’s gain to the company’s gain.” With “trust and progress” as our hallmark, the Kirin Group will work toward the realization of a low-carbon corporate group, while also endeavoring to create a society that harmoniously co-exists with nature. Since our founding, we have always identified the “Customer-Focused Approach and Steady Focus on Quality” as our most

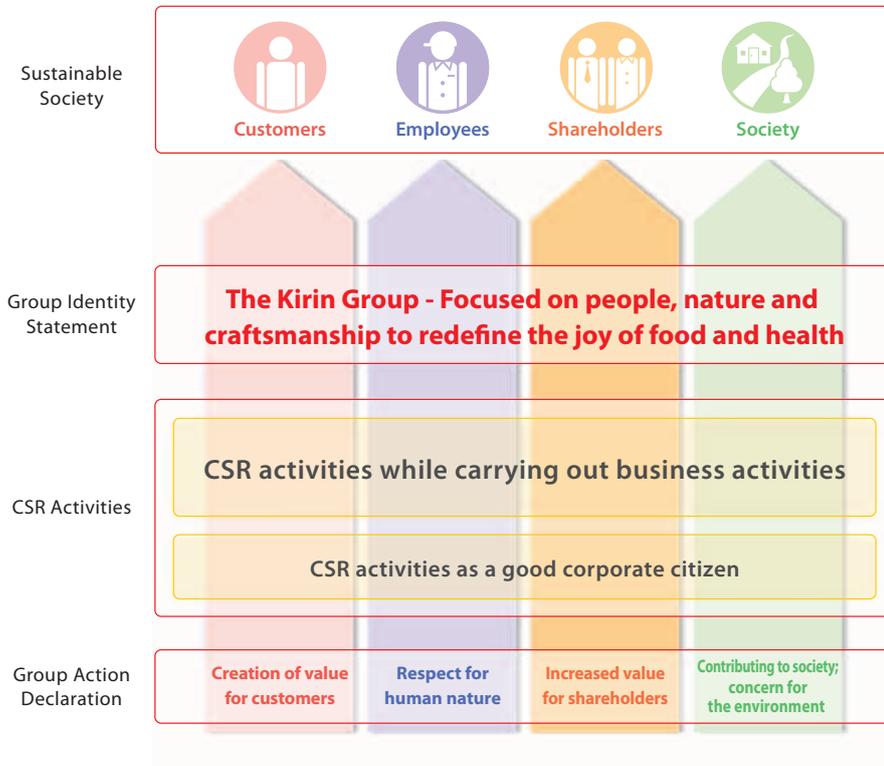
fundamental values. With an awareness of these values, all of our employees are called on to participate in CSR activities through our day-to-day business operations. Likewise, the Kirin Group is committed to being a good corporate citizen by linking these CSR activities with the needs of society.



**Yuji Owada**  
Managing Director  
Kirin Holdings Company, Limited



## Overview of Kirin Group's CSR



## Participation in Global Compact

In September 2005, the Kirin Group announced its participation in the U.N. Global Compact. Originally advocated by former UN Secretary General Kofi Annan in 1999, the Global Compact calls on businesses to act as

responsible corporate citizens. The Kirin Group fully supports the principles enunciated in the Global Compact and strives to act responsibly as a citizen of the world.

### The Ten Principles of the United Nations Global Compact

#### Human rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses

#### Labor

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labor;

**Principle 5:** the effective abolition of child labor; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

#### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

#### Anti-corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



# Corporate Governance

## Corporate Governance

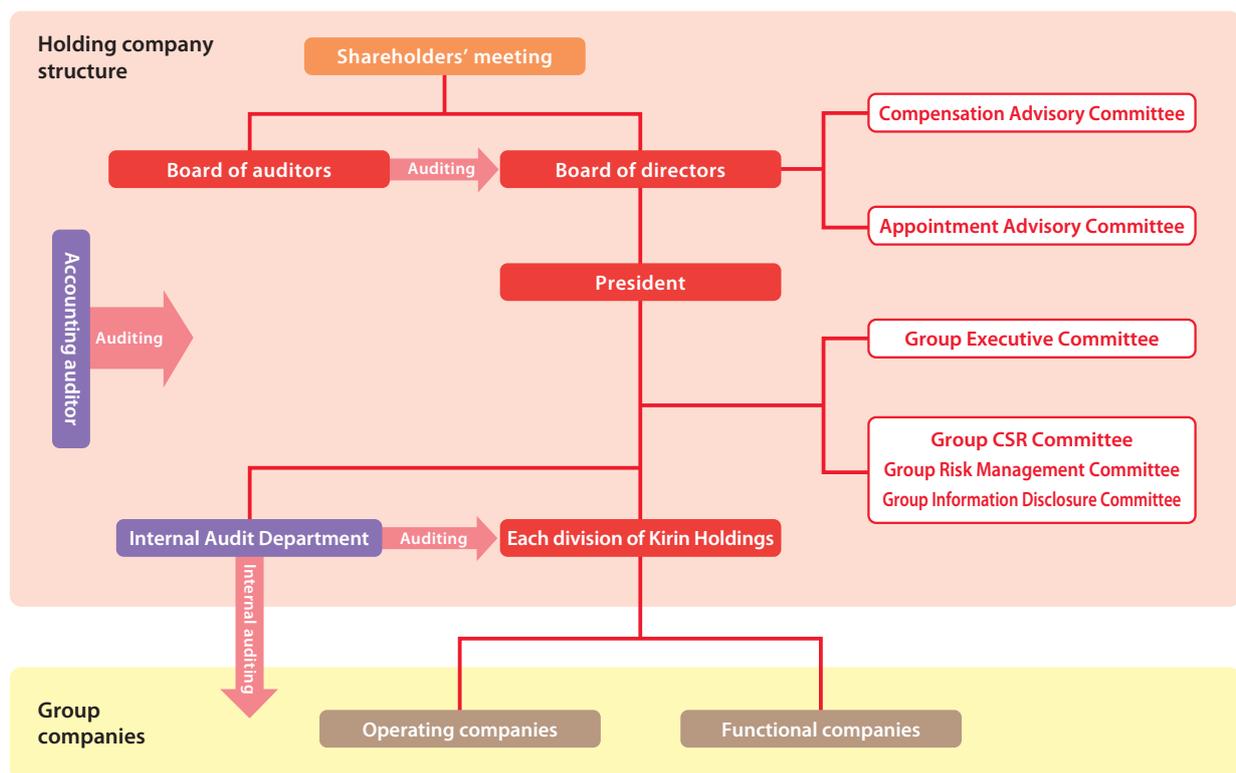
We are taking action to reinforce corporate governance in the entire Group in order to practice fair and efficient management as well as to earn the trust of all parties, internal and external. With our transition to a pure holding company in July 2007, we switched to an organizational structure based on a parallel array of operating companies (grouped in segments such as alcohol beverages, soft drinks & foods, and pharmaceuticals) and functional companies.

Regarding the corporate governance structure, 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 was composed of the holding company president and directors, and the presidents of the major Group companies.

### Corporate governance structure



## Promotion of Internal Control System

The board of directors has made determinations concerning the main setups (comprising the system of internal control) to assure the propriety and rationality of our operations. We continue to develop these setups and to make improvements to

the internal control system as deemed necessary. Regular reports are made at meetings of the board of directors concerning progress and modifications made and issues to be addressed.



In Pursuit of Food Safety I: Research and Analysis Center for the Entire Kirin Group

## Role of the Center for Food Safety Science

The Kirin Holdings Center for Food Safety Science attached to the Central Laboratories for Frontier Technology supports all the companies of the Kirin Group in their pursuit of food safety. Equipped with sophisticated analysis and evaluation technologies to ensure the safety of products and raw materials, the Center for Food Safety Science is working to improve the quality assurance level of the entire Kirin Group.

### Food Safety Allows for No Compromise.

There is absolutely no room for compromise when it comes to the safety of the products that we deliver to our customers. At the Center for Food Safety Science, we have developed highly sophisticated back-up systems to ensure food safety and improve product quality for the entire Kirin Group which handles a broad range of beverages and foods. Working closely with the group companies, our specialists employ high-precision analytical instruments in the R&D work of ensuring the safety and reliability of the products that we deliver to our customers. Another one of our tasks is to regularly gather and analyze information so that we can identify possible problem areas. By directing our research toward these hotspots, we prepare for taking speedy action whenever necessary. Our years of advanced scientific research in food safety enables us to ensure a level of safety that goes beyond the visible. This is the mission that carries us forward in our everyday work.

**Osamu Tajima**

General Manager  
Center for Food Safety Science  
Central Laboratories for Frontier Technology



Development

Procurement

### Our job is to evaluate safety at the product development stage.

Our focus is on evaluating the safety of the food ingredients that go into our new products and functional foods. This evaluation is done using various microorganisms and cells.

Japanese consumers may not have much experience consuming certain foods, such as foods introduced from overseas and extracts or concentrates of existing foods.

Checking the safety of these foods involves careful examination of a broad range of information on how these products are processed and manufactured. We are fully specialized and dedicated to the task of protecting the safety and reliability of the food ingredients handled by the Kirin Group, and our mission is to deliver speedy and accurate information to the member companies of the Group.



**Kentaro Tanaka**



### Our job is to identify the raw materials used in food products.

Food products contain a vast array of raw materials. Our task is to develop technologies for scientifically identifying the geographic origin and type of these raw materials. For example, we took one whole year to measure and analyze the substances contained in a huge variety of green tea leaves. As a result, we developed a model for specifying the geographic source of Chinese and Japanese tea leaves. The Kirin Group purchases raw materials from all over the world. As a manufacturer of food products, one of our important strengths is that we are able to scientifically identify the source of our raw materials and to confirm exactly where they were produced. To maintain the confidence of our customers in the Kirin Group, we are committed to the development of identification technologies.

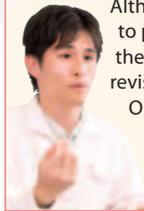
**Ryota Hattori**





**Our mission is to conduct quantitative analysis of the chemical composition of products and materials.**

Many chemical substances are known to be dangerous or pose problems. Our main job is to make sure that our products and raw materials do not contain even the minutest amounts of such substances.



Although the analysis of trace amounts involves many difficulties, this is a task that we are able to perform successfully thanks to the technologies and experiences accumulated at Kirin over the years. New chemical substances are being created every day and laws are always being revised. This means that the number of substances we have to test for is constantly increasing. Our challenge is to provide speedy and accurate information on these substances. We are in close touch with the academic community to gather information on chemical substances and to prepare countermeasures well before problems actually surface.

**Hiroyuki Shinohara**

**Our work is to develop methods for the detection and control of microorganisms.**

Products delivered to our customers must be micro-organically safe. For that purpose, our work is to study microorganisms in raw materials, in products, and in the manufacturing environment. We have developed simple testing methods that can be used in the manufacturing environment, and we have worked with Product Development Departments to examine the necessary conditions for every aspect of the manufacturing environment. When a customer complaint is received, we move quickly to identify the microorganism that may have caused the problem and to evaluate the safety issues. Micro-organic testing technologies are evolving very rapidly. We constantly strive to adopt state-of-the-art technologies and to accumulate the knowledge that will allow us to meet higher standards of quality assurance.



**Kaori Kusano**



**Our job is to analyze products that have been returned by customers.**

When a customer complaint is received, the product in question is first analyzed by the Kirin Group company responsible for its productions. Sometimes a more thorough analysis is required, and that is when the case is brought to us. The Kirin Group has accumulated a vast database of analytical information from customer complaints and the utilization of these data provides us with an efficient framework for speedy analysis. Our mission is to respond to customer complaints by pursuing accurate test results, including re-examination of the results obtained, so that we can reassure our customers of the safety and reliability of our products.



**Kayo Shiraishi**

**Mt. Fuji Acts as a Half-century Filter: Researching the Source of Groundwater**

At Kirin Distillery's Fuji-Gotemba Distillery, we conducted a thorough investigation of the groundwater used at the distillery. With the cooperation of Mitsubishi Materials Techno Corporation, we comprehensively analyzed the stable isotope ratio and the ion concentration of the groundwater through a simulation of the groundwater flow. We found that precipitation absorbed into eastern slopes of Mt. Fuji at an altitude of over 2,000 meters had slowly been filtered through the volcanic sediment left by the eruptions of Mt. Fuji over the past ten thousand years. After a filtration process of about 50 years, the water fed into the aquifers used by the Fuji-Gotemba Distillery. For the Kirin Group, water is the most important gift of nature. At the Center for Food Safety Science, scientific methods are used to pursue research to demonstrate quality at a higher level in order to support better manufacturing technologies which bring out the powers of nature.



Activities for protecting water quality are being conducted in the water source forests surrounding the Fuji-Gotemba Distillery.

In Pursuit of Food Safety II: On Site at a Brewery

# Ensuring the Quality and Safety of Beer

Kirin Brewery's Yokohama Plant is among its oldest plants and boasts one of the highest levels of output in Japan. To deliver delicious beer to our customers, all employees working in the many manufacturing processes are committed to protecting the quality and safety of our products.

## Pride and Responsibility of Realizing "Customer-focused Approach and Steady Focus on Quality"

The basic principle of quality assurance at Kirin Brewery is delivering peace of mind to customers. To realize this principle, we have been fully committed to the values of "Customer-focused Approach and Steady Focus on Quality" since the founding of our business. The public tends to think that beer is manufactured by machines in plants. But every piece of machinery and equipment needs a human operator. What really counts is the monozukuri spirit of delivering better products and the belief that there is no room for compromise in our work. We make the best use of the five human senses and sangen-shugi (actual place, actual product, and actual situation) to produce beer with pride and perfectionism. We experience the greatest joy when we see the customer's smiling face that says, "Delicious!" Producing those smiles is our pride and our responsibility.



**Ken Yomosa**

Deputy General Manager of Yokohama Plant

## We are in charge of building the foundations for producing delicious beer.

We are in charge of quality management and process management in the brewing department, which stands at the heart of beer production. We are engaged in locating trouble spots in early stages and devising solutions to problems that arise. For example, the quality of the raw materials used in beer production can be slightly affected by seasonal variations in temperature and humidity. The differences in taste and quantitative values according to these variations are relayed back to the manufacturing process where adjustments are made to ensure the same delicious taste all year round. We also adjust the conditions governing our quality standards based on the results of tasting tests. In pursuit of even more delicious beer, we promote the exchange of information among plants throughout Japan and we engage in constantly improving our technologies and passing them on to the next generation of expert brewers.

I am very happy when we resolve a problem and succeed in developing an improved environment for delivering even better products to our customers.



**Kenji Noguchi**

**Tetsuya Sugawara**

I use all of my five senses to check every single process. My pleasure comes from providing our customers with delicious beer.



Carefully checking every brew kettle.



Control Room: Constantly monitoring all processes and readings.



Carefully checking the production line every day to ensure the quality of our products.



Tasting Room: A panel of certified tasters conducts tasting tests every day.



Laboratories: Using instruments and the human senses in the final checking process.



Laboratories: Checking for color and bitterness.

**We ensure the appearance of our products.**

Packaging determines the appearance of our products. Our job is quality control and operations in packaging. The body of a beer can is only 100 microns thick and is very delicate. We inspect for the smallest dents and scratches. As for our bottled beer, bottles are returnable containers that are washed and disinfected before re-use. Just before the bottle is filled, inspection equipment developed in-house by Kirin makes one final inspection to guarantee the quality of the bottle. We pay particular attention to the “visible quality” of our packages because this is where first impressions are formed by customers. We scrutinize everything very carefully and use inspection equipment to check our labels. Our staff is always there to touch, feel, and take a close look at everything. Products do not reach our customers until we are fully satisfied.

We conduct the management and inspection of our equipment with extreme care using a very high level of technology. We are very confident about the quality of the products that go out from here.



Packaging is the face of the product. High standards in “visible quality” are my mission and my pride.

Hiroshi Matsumoto

Ryo Ueno

Packaging

Logistics



**The quest for a better product is never ending.**

To deliver safe and reliable products to our customers, our job is to conduct the analyses needed to ensure quality. There are so many things to analyze as the product goes from mixing to fermentation to storage to filtering and finally to packaging. Every step of the way we have to test for the presence of microorganisms, for bitterness, color, and alcohol content. Aware that we are the last barrier that a product must pass through before shipment from the Yokohama Plant, we constantly strive for speedy and accurate presentation of data. We work very closely with the staff in charge of brewing and packaging, and make every effort every day to produce great-tasting beer for our customers.

Our commitment is to delivering safe and reliable products to our customers. My daily work is guided by this commitment.



Delivering excellent products to our customers is a really heavy responsibility. I have our customers in mind every moment of my working day.

Akiko Minegishi

Youko Kawasaki

# Approaches to Improvement of Quality

## Approaches to Quality in the Kirin Group

The Kirin Group is engaged in a variety of initiatives that reflect its commitment to “Customer-focused Approach and Steady Focus on Quality.” Our integrated quality assurance system begins at the product development stage and carries through to marketing and final sales. To further advance our Group-wide quality assurance system, each company in the Group has appointed a person charged with full responsibility for the quality assurance system. Any accident or problem occurring either inside or outside the Kirin Group is thoroughly studied and evaluated. By constantly developing new analytical

methods, reviewing the evaluation system, and incorporating them in revisions to the Group’s quality standards, we adhere firmly to our principles of “Customer-focused Approach and Steady Focus on Quality.” During 2008, there were three cases of publicly announced product recalls in the Kirin Group, which were due to problems originating in suppliers of raw materials and other procurements. We are redoubling our efforts to prevent quality-related incidents by implementing repeat inspections and audits in each Kirin Group companies.

## Approaches to Quality in Each Group Company

The companies of the Kirin Group are constantly working to develop better quality assurance systems and to maximize the quality of our products. To produce delicious beer, working with the laboratories of Kirin Holdings, Kirin Brewery has jointly developed the “auto cuvette method,” a patent-pending analytical tool for the selection of the best malt. Kirin Brewery has now obtained HACCP certification at all of the soft drink lines consigned from Kirin Beverage. Mercian is working toward

a comprehensive ISO9001 certification that will also cover its head office functions. All food-related operating companies of the Kirin Group have been certified for ISO9001 and have the necessary quality assurance infrastructure. In 2008, Kirin Kyowa Foods started manufacturing seasoning and condiments overseas. Simultaneously to the start of production, the company obtained certification for various quality assurance and other standards (ISO9001, ISO14001, AIB, Kosher, and Halal).

## Quality Prizes Awarded to Kirin Group Companies

Products of Kirin Group companies have received various awards for their quality.

### Chateau Mercian Series

Mercian Corporation

Five products, including wines in the Chateau Mercian Series, won the highest category awards and gold medal in the 6th Domestic Wine Competition. In particular, the Chateau Mercian Kikyogahara Merlot 2003 was awarded the highest category award and gold medal simultaneously.



Five award-winning wines

### Nagano Tomato Products

Nagano Tomato

Nagano Tomato Co., Ltd.'s Nametake Chazuke Supreme (bottled seasoned mushrooms) received the Grand Gold Medal at the Monde Selection for the second time. In 2008, the company's new tomato juice product, Nagano Tomato Shinshu Umare no Oishii Tomato (unsalted) was awarded the Agriculture, Forestry and Fisheries Minister's Award. Also winning an award was Shinshu-san Tomato Ketchup Tokkyu, which was awarded the Japan Canners Association President's Prize.



Left, Nagano Tomato Shinshu Umare no Oishii Tomato (unsalted); Right, Shinshu-san Tomato Ketchup Tokkyu

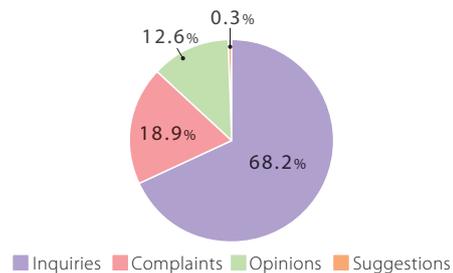
# Improving Customer Satisfaction

## Customer Contact Facts

During 2008, the total number of customer contacts received by telephone and e-mail amounted to about 38,000 contacts at Kirin Brewery, about 40,400 contacts at Kirin Beverage and about 6,400 contacts at Mercian Corporation. Compared to the previous year, customer contacts received at Kirin Brewery and Mercian decreased slightly, while contacts received at Kirin Beverage increased by about 20 percent. For all three companies, "inquiries" about products and marketing campaigns, and stores dealing with their products accounted for 70–80 percent of all customer contacts received, while "complaints" accounted for slightly less than 20 percent of the total. In the case of Kirin Brewery, "opinions, impressions and requests" were up by 20 percent

from the previous year, indicating a rising trend. At all contact points, we endeavor to respond to customer complaints with sincerity and speed and to furnish all inquiries with satisfactory responses.

### Breakdown of customer contacts (Kirin Brewery)



## Case Study in Product Improvement Customer opinions are used in developing, improving, and renewing products.

### Change in Nutritional Information Labeling

Kirin Brewery

In recent years, customers have become increasingly health conscious. One frequent request has been to change the nutritional information labeling to show nutritional values per 100 ml for easier comparison. Acting on these requests, Kirin Brewery changed its labeling information from "per can" to "per 100 ml."

Tanrei Green Label and nutritional information



100ml当たり栄養成分	
エネルギー	29kcal
たんぱく質	0.1~0.2g
脂質	0g
糖質	1.0g
食物繊維	0~0.1g
ナトリウム	0mg

### Transparent Lines on Bottles

Kirin Beverage

The following customer comment was received regarding Koiwai Mutenka (no additives) Vegetable Juice. "It is difficult to tell how much juice remains in the bottle. Since the bottle is large, I drink from it several times, so I want to know how much is left." To respond to this voice, Kirin Beverage added a transparent line to the side of the PET bottle, making it easy to know how much remains.

Koiwai Mutenka Vegetable Juice with transparent line



## Plant Tours

The Kirin Group hosts tours at its 11 plants operated by Kirin Brewery nationwide, as well as at Kirin Distillery's Fuji-Gotemba Distillery, Mercian's Katsunuma Winery and Karuizawa Whisky Distillery, and Kirin Beverage's Shonan and Maizuru plants. These guided tours provide opportunities for communication with consumers and participants who are shown through various production and packaging processes. Special events include beer seminars and tea seminars. The Eco Brewery Tours organized by

Kirin Brewery and Summer Vacation Environmental Lecture offered by Kirin Brewery and Kirin Beverage are designed to be fun and interesting for both adults and children.

Kirin Brewery's Summer Vacation Environmental Lecture



# Involvement with Clients and Suppliers

## Initiatives with Clients

The Kirin Group is committed to delivering safe and reliable products to its customers. But beyond that, we aim to win the support of our customers as a company offering valuable suggestions on new ways

of enjoying our products and ways of developing novel interests. We are working closely with clients and local government organizations to implement various activities for the enjoyment of our customers.

### Kirin Draft Masters School

Kirin Brewery

The Kirin Draft Masters School was launched in 1993 as the first such program in the industry. Aiming to teach the secrets of serving a delicious glass of draft beer at bars and restaurants, the program holds instructional classes. So far, more than 270,000 people have attended these classes. In addition to 14 permanent schools throughout Japan, Kirin Brewery regularly dispatches experts to conduct draft beer training classes.



Scene from Kirin Draft Masters School

### Academia-industry

Mercian Corporation

#### Cooperation in Shiojiri Vineyards

In November 2008, the Mercian Katsunuma Winery concluded a cooperation agreement with a school in Shiojiri City that holds winemaking classes. Under the agreement, Mercian has started dispatching experts and speakers to the school. Mercian is assisting in the development of human resources for the wine industry by providing instruction on winemaking, wine analysis and pruning of vines.



Technical instruction by staff members of Katsunuma Winery

## Involvement with Suppliers

### Promotion of CSR-based Procurement

Since formulating its CSR Procurement Guideline in April 2006, the Kirin Group has been holding annual meetings for its suppliers to deepen their understanding of the Group's CSR procurement program and ask for compliance with the guideline. The Kirin Group also conducts regular surveys to ensure that its CSR-based procurement program is being carried out. During 2008, the Kirin Group conducted CSR surveys of 168 new suppliers but found no cases where

rectification was needed. The Kirin Group also conducted inspections at 136 of its established suppliers to confirm the status of CSR-based procurement.

The Kirin Group is engaged in a variety of initiatives aimed at raising awareness of the significance of CSR-based procurement. The initiatives include web-based training for all employees and special training programs and meetings for employees in charge of procurement in each Group company.

### Opinion Expectations for the Kirin Group

We hear a lot about what the Kirin Group is doing in terms of quality assurance and quality management, as well as quality control and process control in its plants. We also know that the Center for Food Safety Science is hard at work supporting the quality of Kirin products, and that the Group is working closely with suppliers in an integrated effort to improve product quality. All of these activities respond effectively to consumer expectations for high quality and safety. Parallel dissemination of information on the website also contributes to building trust in the Kirin Group. For the future, I believe further confidence and reliability can be developed by (1) disclosing information on objectives, implementation and issues in annual activities and programs, and (2) disclosing information on how the Group has improved its products to overcome problems that have led to publicly announced product recalls.



**Yukiko Furuya** Executive Director  
Nippon Association of Consumer Specialists

### Our response

We appreciate your comments and suggestions and will work toward further improving our products through our measures for the safety and reliability of food products. To build greater confidence in the Kirin Group and customers' peace of mind, we will disclose more information on our activities and initiatives in the areas of quality assurance and safety.

# Approaches to Food Culture

## Kirin Institute of Food and Lifestyle

The Kirin Group operates in the broad domain of food and health. To consider the future of the food environment, Kirin Holdings Company established the Kirin Institute of Food and Lifestyle in July 2007 with the aim of providing lifestyle suggestions related to food culture and implementing programs for nurturing “food literacy” in future generations. To get children interested in food and to provide opportunities for discussion in the family on the significance of food, the Kirin Group has been organizing experiential programs entitled the “Kirin Oishii Gakko” (Kirin Kids School for Deliciousness). The program was launched in 2008 with lectures on “the miracle of fermentation.”

The next step currently under planning is to provide a wide range of lifestyle-related suggestions and recommendations through the Group’s website. The aim of this initiative is to redefine joy in food and health and to help our customers realize a comfortable dining environment.

As part of our activities for provoking thought on the future of the food environment, the Kirin Group has launched a partnership program with the University of Tokyo. Targeting university students who will be shouldering the future of Japan, the program aims to explore ways of contributing to a sustainable food culture and Japanese responses to dietary lifestyles for the 21st century with the participation of experts from various areas of specialization.



## Approaches to the Culture of Beer

Kirin Brewery stages various activities to promote beer culture. Beer seminars for presenting the joys and profundity of beer and exhibitions to convey its history and culture are held in Kirin Breweries nationwide.



## Approaches to the Culture of Wine

In 1993, Mercian joined hands with Pommery, the noted French champagne maker, to launch the Pommery Sommelier Scholarship for the development of young sommeliers in Japan. And in 2002, Mercian and Pommery held the first Cuvee Louise Pommery Sommelier Contest to encourage the development of sommeliers and champagne specialists with world-class skills.



## Approaches to the Culture of Tea

By organizing a regular series of tea seminars, Kirin Beverage is working to encourage the enjoyment of black tea among a wider range of customers. In addition to bringing the rich culture and history of tea into the spotlight, these activities seek to disseminate a new culture of tea that focuses on the spirit of hospitality and an awareness of the compatibility of tea and various types of food.



# Aiming to Become a Low-Carbon Corporate Group

The Kirin Group is working to realize a low-carbon society by putting into practice its Identify Statement of “focused on people, nature and craftsmanship.” As a member of a sustainable society, the Kirin Group is committed to preventing global warming and is engaged in various initiatives for living in harmony with nature.

## Kirin Stands at the Forefront with its “Eco-First Commitment”

In June 2008, Kirin Brewery Company was certified as an “Eco-First Company,” a system established by the Ministry of the Environment to promote environmental conservation activities among industry participants. As the first manufacturer to receive this certification, Kirin submitted its “Eco-First Commitment” to the Minister of the Environment. During 2008, Kirin Brewery also received various

environment related awards in recognition of its development of containers and packaging, as well as for reducing carbon dioxide emissions at its plants and for other steady activities to protect the environment. We will endeavor to remain in the forefront of this field by implementing various measures from a long-term perspective.

### Kirin Brewery's “Eco-First Commitment”

- Appropriately and actively promote the 3Rs (reduce, reuse, recycle) for containers and packaging.
- Actively promote initiatives in resource recycling.
- Actively promote initiatives for preventing global warming.
- Actively promote initiatives for protecting water resources at plants throughout Japan.

In addition to committing itself to pursuing these initiatives with increasing vigor, Kirin Brewery regularly publicizes related efforts and reports to the Ministry of the Environment.

### Major Awards (2008)

47<sup>th</sup> Japan Packaging Competition,  
Minister of Economy, Trade and  
Industry Award (April 2008)



Award for supporting volunteer  
activities of the general public for  
cleaning the oceans, Minister of Land,  
Infrastructure and Transport Award  
(July 2008)



2008 Minister of the Environment  
Award for Prevention of Global  
Warming (December 2008)



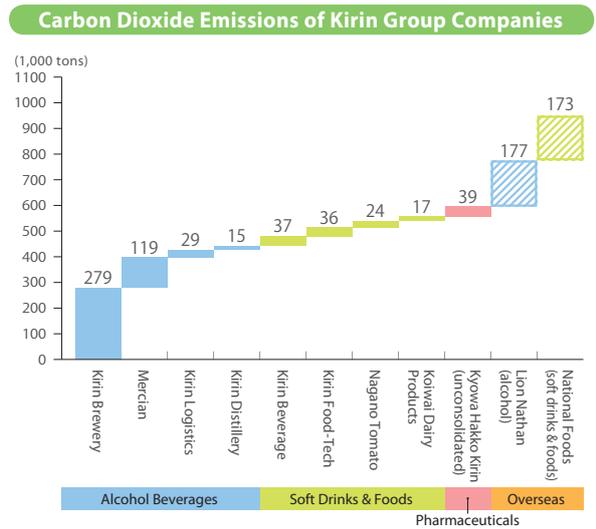
### Compilation of Environmental Report

Period of coverage: January–December 2008. Companies operating under different fiscal terms are identified with an asterisk, and their figures were computed from the latest year.

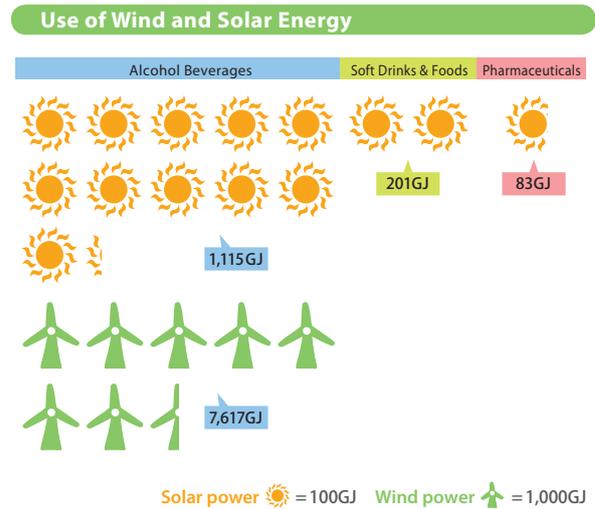
Scope of aggregation: Kirin Brewery Co., Ltd. (11 plants, head office, 8 management departments, 2 laboratories); Kirin Distillery Co., Ltd. (distillery); Ei Sho Gen Co., Ltd. (1 plant); Kirin Logistics Co., Ltd. (head office, 7 branch offices); Kirin Techno-System Corporation; Kirin Engineering Co., Ltd; Kirin City Co., Ltd. (head office, 35 stores); Mercian Corporation (7 plants, 3 laboratories, head office, 2 management departments, affiliated companies); Kirin Beverage Co., Ltd. (2 plants, head office, 7 regional headquarters, group administrative center); Koiwai Dairy Products Co., Ltd. (3 plants); Nagano Tomato Co., Ltd. (2 plants); Kirin Food-Tech Company (1 plant); \*Kyowa Hakko Kirin Co. Ltd. (5 plants, laboratory; Period of coverage: April 1, 2007–March 31, 2008; energy data is for January–December 2008. For subsidiaries of Kyowa Hakko Kirin, see Kyowa Hakko Kirin Group Sustainability Report); \*Lion Nathan Ltd. (5 plants, 19 warehouses, 74 sales offices; Period of coverage: October 2007–September 2008); \*National Foods Co., Ltd. (20 plants, head office; Period of coverage: July 2007–June 2008); Kirin Agribio Co., Ltd. (laboratory); Kirin Holdings Co., Ltd. (head office, laboratory).

## Kirin Group's "Approaches to the Prevention of Global Warming"

In 2009, the Kirin Group launched Group-wide action program for the "realization of a low-carbon corporate group." The carbon dioxide emissions of Kirin Group companies in Japan and throughout the world are



shown below. New energy sources, such as solar power and wind power, are being used in various businesses in Japan.



## "Supply Chain Initiatives" Led by Logistics

Japan's goal under the Kyoto Protocol is to reduce the emission of greenhouse gases by 6 percent from the 1990 level. Various programs are being implemented in pursuit of this goal. According to government statistics, the transportation sector accounts for about 20 percent of total emissions in Japan. Reducing carbon dioxide emissions through efficient logistics is one of the social responsibilities of any manufacturer. The Kirin Group is working to reduce its emissions from logistics through three activities: development of joint delivery systems, improving the load efficiency of trucks, and modal shift.

### Reducing the Group's Total Carbon Dioxide Emissions

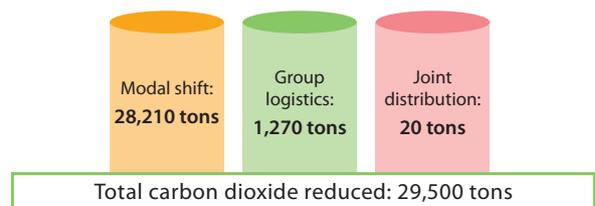
The Kirin Beverage Company received "Eco Rail Mark" certification in 2006 and continues to actively pursue modal shift. By using approximately 48,000 railway containers\* during 2008, we were able to reduce carbon dioxide emissions by about 82 percent compared to if we had used trucks. We will continue to engage in modal shift and to strengthen our group-wide logistic systems.



**Fumitoshi Tanaka**  
Production & Logistics Division Logistics Dept.  
Kirin Beverage Company, Ltd.

\* Nippon Express's calculation based on 5-ton containers.

### Three Pillars in Reducing Carbon Dioxide Emissions in Logistics



### Cooperating with Competitors

We are promoting group logistics. With the cooperation of our customers, we were able to improve the load efficiency of trucks by making meticulous adjustments to orders. This has resulted in a major reduction on carbon dioxide emissions. In 2008, we launched a joint delivery system in Hokkaido with Sapporo Breweries Ltd. While engaged in fair competition in the market, both companies are trying to contribute further to the development of a sustainable society by striving to cooperate beyond the existing framework to tackle environment issues of growing concern worldwide.



**Tsutomu Hirai**  
Supply Chain Management Section  
Supply Chain Management Dept.  
Kirin Brewery Company, Ltd.

# Group Environmental Management

## Kirin Group's Environmental Policy

In October 2008, the Kirin Group revised its Environmental Policy, originally established in 1998, which provides the foundation for environmental action and environmental value proposals involving the participation of all members of the Kirin Group.

### Kirin Group's Environmental Policy

As a provider of "food and health," the Kirin Group is working to achieve low-carbon objectives in all of its businesses and adopting environmentally sound practices. The Kirin Group also contributes to the realization of an affluent society that is in harmony with nature by presenting customers with proposals for creating environmental value.

### Guidelines for Action

1. Take environmental action in all areas of the value chain and throughout all business activities.
2. Check and ensure activities through assessment and audits.

With these two basic commitments in mind, all members of the Kirin Group, from the top leadership down to the individual employee, will incorporate environmental protection measures in management. The Kirin Group will establish and aspire to high goals as a highest priority management goal.

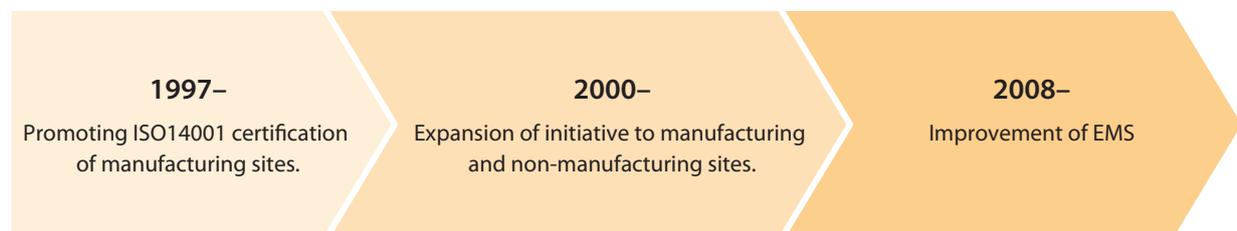


## Environmental Management System

The Kirin Group is steadily promoting environmental management based on ISO14001 for environmental management systems (EMS). In 1997, Kirin Brewery's Hokuriku Plant received the first ISO14001 certification in Japan's food industry. The Group is striving to achieve certification in its beer, beverages, food and pharmaceutical plants. To raise

the standards of our environmental activities related to every aspect of business operations, EMS is being developed on all levels from individual places of business to the entire Group to support the implementation of environmental measures as a management objective.

### Development of Environmental Management System



## Environmental Compliance and Risk Management

During fiscal 2008, the Kirin Group did not violate any environment-related laws or regulations. It is promoting risk management through environmental training.

## EcoBalance

In order to achieve business operations with small environmental burdens, the Kirin Group is assessing the environmental impact of all of its businesses. The environmental impact of our alcohol, soft drinks and foods, and pharmaceuticals businesses is summarized below.



## Environmental Accounting

As part of its environmental management, the Kirin Group discloses environmental accounting data.

In 2008, the Group made environmental investments of about 2 billion yen and paid environmental costs of about 10.7 billion yen.

(unit: million yen)

Category of environmental conservation cost	Investment			Cost		
	2006	2007	2008	2006	2007	2008
Environmental conservation costs to control environmental impact of production and service activities in the business area (Sum of [1], [2], and [3] below)	1,973	2,846	2,057	8,512	8,503	9,423
[1] Pollution prevention costs	1,201	1,120	1,199	3,471	3,582	3,709
[2] Global environmental conservation costs	421	1,531	784	1,564	1,557	1,837
[3] Resource recycling costs	360	193	73	3,476	3,387	3,878
Upstream/downstream costs	0	0	0	30	39	27
Costs from administrative activities	1	14	15	413	563	534
Costs from R&D activities	0	0	0	60	58	363
Costs from social activities	16	22	1	497	640	438
Environmental remediation costs	0	0	0	0	0	0
Other environmental conservation costs	0	0	0	0	0	0
<b>Total</b>	<b>1,999</b>	<b>2,880</b>	<b>2,073</b>	<b>9,511</b>	<b>9,826</b>	<b>10,785</b>

Scope of aggregation: January-December 2006: Kirin Brewery Co., Ltd. (all plants, laboratories, head office, management departments); Kirin Beverage Co., Ltd. (all plants). January-December 2007: Kirin Holdings Co., Ltd. (head office, laboratories); Kirin Brewery Co., Ltd. (all plants, head office, laboratories, management departments); Kirin Beverage Co., Ltd. (all plants); Kirin Pharma Co., Ltd.\* (plants, laboratories). January-December 2008: Kirin Holdings Co., Ltd. (head office, laboratories); Kirin Brewery Co., Ltd. (all plants, head office, laboratories, management departments); Kirin Beverage Co., Ltd. (all plants). April 2007-March 2008: Kyowa Hakko Kirin Co., Ltd. (unconsolidated) (all plants, head office, laboratories)

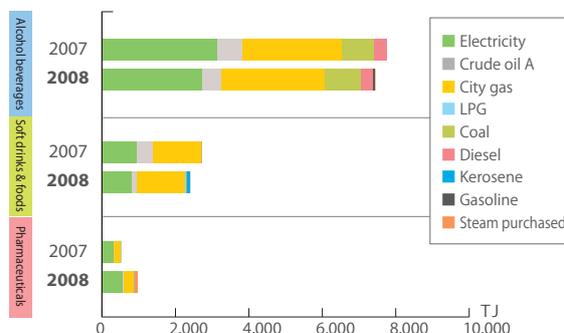
\*In October 2008, Kyowa Hakko and Kirin Pharma were merged to create Kyowa Hakko Kirin Co., Ltd.

# Working Toward a Low-Carbon Society

## Approaches in Manufacturing Activities

The manufacturing companies of the Kirin Group are engaged in energy conservation through energy conversion and co-generation. Energy consumption in our alcohol beverage business and soft drinks and foods business has decreased, but has increased in our pharmaceutical business following the creation of Kyowa Hakko Kirin and the expansion of our business in this sector.

### Energy Consumption by Business



## Approaches in Procurement Activities

During 2008, the Kirin Group worked to reduce the environmental burden through joint procurement of materials. The smaller 204 diameter can pioneered by Kirin Brewery was adopted by Suntory, at which time we provided technical support for unifying the standard for can lids. Compared to the earlier 206 diameter can, the 204 can delivers a 13 percent reduction in aluminum used. This unified standard will result in further reductions in carbon dioxide emissions. To contribute to the realization of a low-carbon society, the Kirin Group will continue to improve its procurement activities from the perspective of “competition and cooperation.”



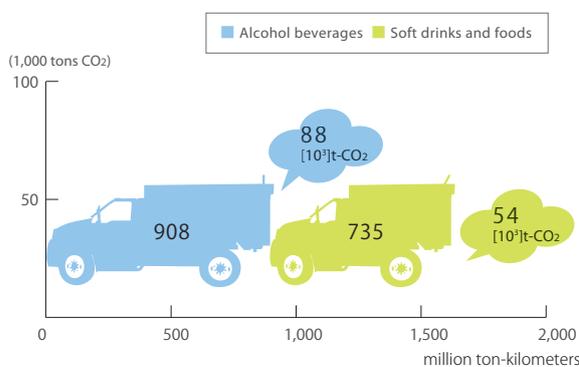
The unified 204 diameter can lid used by Kirin Brewery and Suntory

## Approaches in Logistics

The Kirin Group contains three companies that have been designated as Specified Consigners\* under the Act on the Rational Use of Energy (Amended Energy Conservation Act). As Specified Consigners, we transported approximately 1,643 million ton-kilometers during 2008 and emitted carbon dioxide totaling 142,000 tons CO<sub>2</sub>. We are steadily reducing our emissions by re-organizing our logistics centers and by developing joint delivery systems.

\* Specified Consigners: Designated by the Minister of Economy, Trade and Industry under the Amended Energy Conservation Act as businesses annually shipping more than 30 million ton-kilometers of cargo. Specified Consigners are required to submit annual reports.

### Carbon Dioxide Emissions of Specified Consigners



## Approaches in Sales Activities

To reduce the environmental burden of our sales activities, we are taking various approaches regarding our sales vehicles, sales equipment and tools. Kyowa Hakko Kirin is aiming to convert all its sales vehicles to low-emission cars by 2010. The company achieved a conversion rate of 99.6 percent in 2008 and is also promoting eco-driving skills for a soft acceleration “e-start” and a stop to idling.



Campaign sticker to stop idling engines of business vehicles

## Approaches in the Office Environment

In 2008 the Kirin Holdings Company head office was outfitted with a passenger-detecting escalator system leading to the visitor reception area. By stopping the escalator when not in use, an approximately 35 percent energy saving was achieved. Through its “Two-up, Two-down” program, Kirin Holdings is promoting the use of stairs instead of the elevator when going to adjacent floors to save energy and promote better health.

Kirin Business System is spearheading a change in work styles. As part of this initiative, the entire Kirin Group is increasing its use of videoconferencing. Assuming that the Kirin Group holds 180 nationwide meetings annually, the transportation of participants to the head office is estimated to generate 115 tons of carbon dioxide emissions.\*

\* Estimate is based on figures from the Ministry of Land, Infrastructure, Transport and Tourism (rail travel: 19 gm/person/km; air travel: 109 gm/person/km). Participants from Hokkaido and Kyushu are assumed to fly to Tokyo, and participants from Honshu are assumed to travel by rail. This yields CO<sub>2</sub> emissions of 645 g per nationwide meeting.



“Two-up, Two-down” posters in the elevator hall



Videoconferencing

### Opinion

#### Expectations for the Kirin Group



**Itaru Yasui, PhD**

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

The Kirin Group has achieved impressive results in its environmental programs. This report declares that the Group will work toward the realization of a low-carbon society and includes information from its overseas businesses. A point of future interest will be the environmental performance of foreign companies that are part of the Group. Different locations call for different priorities. It will be interesting to see how a basic consensus will be reached on preserving the global environment. The Kirin Group is trying to make its CRS Reports more readable, as seen in the addition of special columns in the 2009 CSR Report

#### Our Response

The overseas companies of the Kirin Group are engaged in PDCA cycles based on ISO and are publishing environmental reports. The exchange of environment-related information is very helpful in deepening our understanding of issues that exist in individual countries. We hope that this will promote the development of global environment related synergies in the Group.

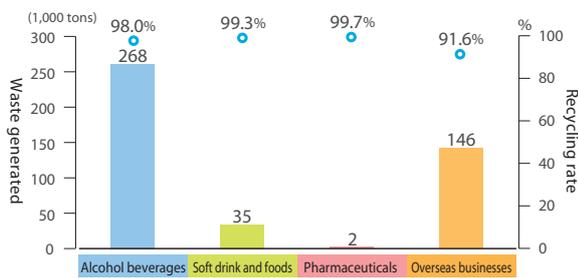
# Working Toward a Cyclical Society

## Recycling By-Products and Waste

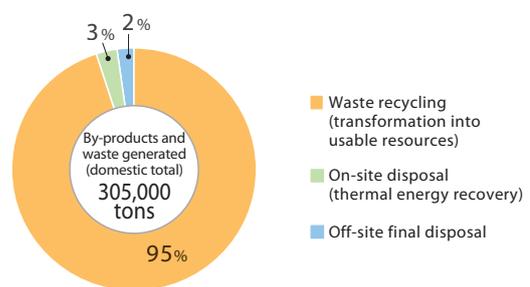
The Kirin Group uses mainly agricultural products to make alcoholic beverages, soft drinks, and dairy products. Production processes generate various by-products and waste, including spent grain, surplus yeast, spent tea leaves, coffee grounds, tomato scraps, and filterings. We are endeavoring to recycle these materials by turning them back into useful resources instead of sending them

out for disposal in landfill sites. In our alcohol business, we have achieved a recycling rate of 98 percent for all aspects of the business, including logistics and restaurant services. But all plants producing soft drinks and alcoholic beverages such as beer have maintained a 100 percent recycling rate since 1998. During 2008, the Kirin Group made special efforts to strengthen governance in waste control.

Amount of Waste Generated and Recycling Rates



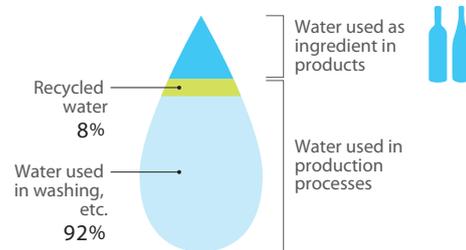
Breakdown of Waste Amount by Type of Disposal



## Conservation of Water Resources

The production of alcoholic beverages and soft drinks relies extensively on water. Not only is water an important ingredient in our products, but it is also used in washing our equipment and containers and in cooling processes. We have equipped our plants producing soft drinks and alcoholic beverages with sophisticated water recycling systems in an effort to reduce the unit water consumption. To ensure the proper circulation of precious water resources at all our plants, we will continue to pursue various initiatives for water conservation.

Recycling Water in Manufacturing Plants for Alcoholic Beverages and Soft Drinks

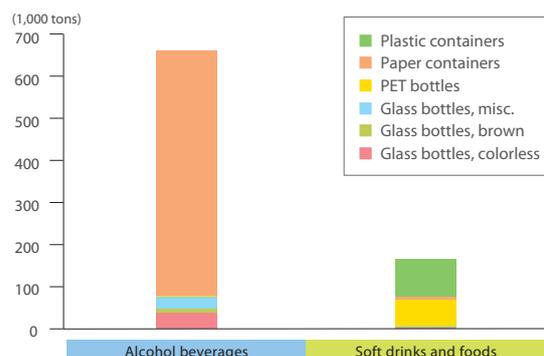


Alcoholic beverages: Kirin Brewery, Kirin Distillery, Ei Sho Gen, Mercian  
Soft drinks: Kirin Beverage, Koivai Dairy Products

## Promoting Container Recycling

Alcohol and soft drink beverages are packaged in bottles, cans and PET bottles. The variety of materials used in these containers has to be separately recycled, and improving the quality of recycled materials and developing markets for them is a challenge that must be taken on by the industry as a whole. The Kirin Group meets its responsibilities under the Container and Packaging Recycling Act\* by paying its share of consignment fees for recycling based on volumes of packaging materials used. For 2008, such fees paid by the Kirin Group amounted to approximately 530 million yen.

Amount of Recycled Containers and Packaging of Alcohol and Soft Drink Beverages



\*Materials that must be recycled under the Container and Packaging Recycling Act are glass containers, paper packaging materials, PET bottles, and plastic packaging materials. Aluminum cans, steel cans, cardboard and paper containers for drinks are not covered by the act, and are collected and sold by municipalities to recyclers.

# Approaches to Society in Harmony with Nature

## Conserving Biodiversity

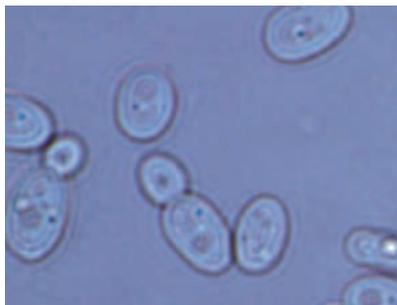
### Businesses and Biodiversity

The raw materials used in the manufacturing activities of the Kirin Group consist mainly of agricultural products and processed agricultural products. Although barley, hops, grapes, potatoes and rice, the main ingredients of beer, are not exhaustible resources, special attention must be paid to the impact of climate change on shifting production areas and trends in crop yields. The same applies to tea and coffee, the main ingredients in the Kirin Group's non-alcoholic beverages.

Microorganisms, such as yeast and lactobacilli used in our fermentation processes, and flowers, potatoes and other plant genetic resources used in our agribio business are procured through proper channels and appropriately managed by the Kirin Group.

#### Principal Genetic Resources

	Genetic Resources		Species and Varieties Managed	Remarks
Alcohol beverages	Yeast	Brewers yeast ( <i>Saccharomyces cerevisiae</i> )	1,500 species	Kirin Brewery, Mercian
	Plant	Grape ( <i>Vitis spp</i> )	12 varieties	
Soft drinks and foods	Plant	Tomato ( <i>Solanum lycopersicum</i> )	2,000 strains	Strains developed by Nagano Tomato
Agribio businesses	Plant	Chrysanthemum ( <i>Chrysanthemum</i> )	200 varieties	Varieties registered in Japan
		Rose ( <i>Rosa</i> )	138 varieties	
		Carnation ( <i>Dianthus</i> )	90 varieties	
		Petunia ( <i>Petunia hybrida</i> )	21 varieties	
		Potatoe ( <i>Solanum tuberosum</i> )	17 varieties	



Yeast with high L-lactic acid production ability (*Candida utilis*)

### For the Future of the Global Environment (R&D)

In the development of environmental technologies in 2008, advances were achieved in the areas of biodegradable plastics and bioethanol production technologies. Kirin Holding's Central Laboratories for Frontier Technology has developed a strain of yeast that boasts the world's highest production efficiency and highest purity of L-lactic acid, a raw material for the production of biodegradable plastics that is derived from glucose.

Kirin Brewery participated in a national project led by the Ministry of Agriculture, Forestry and Fisheries, and was responsible for the development of a bio-ethanol plant utilizing bio-fermentation technologies. This plant went into operation in March 2009 and is contributing to promoting the use of biomass-derived fuels under Japan's "Kyoto Protocol Target Achievement Plan."

The Kirin Group leads the industry in reducing container weight and has received various awards for its efforts. The Group won the Minister of Economy, Trade and Industry Award at the Japan Packaging Competition in both 2007 and 2008.



Bio-ethanol production facility

## Enriching the Natural Surroundings of Plants

Plants producing alcoholic beverages, soft drinks and foods, and pharmaceuticals must maintain high standards of sanitation. It is also important for these facilities to be in harmony with the surrounding scenery and with nature. In addition to maintaining plant sites in the best condition, we are actively engaged in protecting important local flora and fauna, and in explaining to visitors the importance of a rich natural environment.

Kyowa Hakko Kirin  
Fuji Plant



### Activities for the Protection of Rare Species

Class	Genus	Species	Environment Ministry Red List	Plant
Brackish water/freshwater fish	Cyprinidae	<i>Hemigrammocyrpris rasborella</i>	Endangered Group IB	Kirin Brewery Kobe Plant
	Cobitidae	<i>Leptobotia curta</i>	Endangered Group IA	Kirin Brewery Okayama Plant
	Cobitidae	<i>Cobitis sp</i>	Endangered Group IB	Kirin Brewery Okayama Plant
Amphibians	Ranidae	<i>Rana porosa brevipoda</i>	Endangered Group II	Kirin Brewery Okayama Plant
Vascular plants	Orchidaceae	<i>Cymbidium macrorhizon</i>	Endangered Group IB	Kirin Brewery Kobe Plant
Class	Genus	Species	IUCN* Red List	Plant
Vascular plants	Scrophulariaceae	<i>Mazus novaezeelandiae</i>	Vulnerable	Lion Nathan Wither Hill Winery

\*International Union for Conservation of Nature

## Activities for Protecting Water Quality

Upstream from its various plants, the Kirin Group is engaged in promoting the "Kirin water source forest program." We are also involved in forest conservation activities in 20 prefectures throughout Japan. During 2008, about 2,700 employees of the Kirin Group participated in water source forest and local woodland conservation activities, bringing the cumulative total of participants since 1999 to more than 12,000. The range of these activities is growing with the participation of Kirin Brewery (Zhuhai) Co., Ltd. in tree planting programs. Kirin Group employees also work with local residents in

cleaning up coastal areas, tidal flats, rivers, lakes and marshes that are home to diverse species of plants and animals. We look forward to continuing these initiatives for environmental preservation and support activities to deepen our ties with local communities.



Tree-planting at  
the Zhuhai Plant.

### Opinion

#### Expectations for the Kirin Group

Water is at the base of all beverages. I am very happy to note that the Group's environmental programs are formulated with a deep appreciation of this fact.

The "Kirin water source forest project" is a very laudable activity. The Group's respect for biodiversity from genetic resources to local flora and fauna can also be highly evaluated. For the future, I hope that the Kirin Group will endeavor to diversify the sources of its essential raw materials, as this is important in avoiding excess concentration on specific species and varieties.



#### Professor Yoichiro Sato

Deputy Director-General  
Research Institute for Humanity and Nature  
National Institute for the Humanities

#### Our Response

We are always aware that water and biodiversity provide the foundation for our businesses. As you have stated, in order to carry forward our commitment to "focused on people, nature and craftsmanship," it will be very important to maintain a good balance in resource use. We will continue to pay keen attention to maintaining harmony with nature, and will endeavor to improve and expand our environmental initiatives with the participation of all employees.

# Approaches to Alcohol-Related Problems

## Basic Policy and Approach for Dealing with Alcohol-Related Problems

As part of our corporate social responsibility as a company producing and selling alcoholic beverages, we are actively and continuously engaged in activities for promoting responsible drinking and eliminating problem drinking, such as underage drinking, drunk driving and binge drinking.

To prevent problem drinking, it is important to conduct broad-ranging educational activities that disseminate correct information on the characteristics of alcoholic beverages and their effects on the body.

For this purpose, it is necessary to create a community-wide culture that prevents problem drinking, in partnership with the government, medical, educational and business sectors.

We distribute warning posters and stickers on drunken driving and underage drinking to stores selling alcoholic beverages, and have discontinued in-store tasting campaigns. In a related initiative,

our advertising contains messages warning against problem drinking. Besides offering support in these and other ways, we conduct in-house programs to educate and inform employees throughout the Group about alcohol-related problems.

**“Kirin Free,” our non-alcohol beer-taste beverage introduced to the market**

We are further promoting the prevention of drunk driving by marketing “Kirin Free,” a non-alcohol beverage that can be safely consumed before driving and other situations where drinking is not permitted.



### 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 responsible drinking.

## Complying with Voluntary Standards in Advertising and Public Relations

Kirin Brewery sets strict voluntary standards in advertising and public relations and our Ethics Committee rigorously checks all advertising and public relations activities based on our voluntary standards. We are constantly striving to strengthen this system by reviewing our voluntary standards in light of trends in alcohol-related issues in society. We are also engaged in responding alcohol-related issues on a global scale through our membership in

the Global Alcohol Producers Group (GAP Group), a voluntary worldwide organization of manufacturers of alcoholic beverages.



### Awareness Raising Activities for Responsible Drinking and Prevention of Problem Drinking

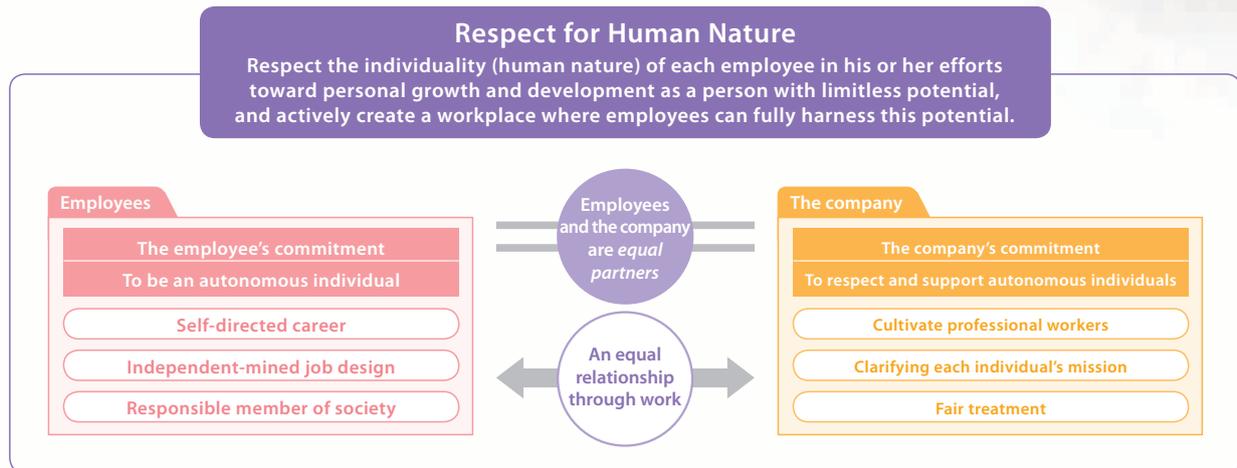
(as of December 2008)

	Medium	Specifications	Release Date	Target Audience	Total Copies Distributed
The ABCs of Alcohol and Health	Booklet	A5, 53 pages	Apr. 1996	General	6,353,400 copies
Minors and Alcohol	VHS video	23 minutes	Feb. 1993	High school & college students	33,000
Minors and Alcohol: Revised Edition	VHS/DVD	26 minutes	Dec. 2005	Junior high school students	27,100
Minors and Alcohol: Revised Edition	DVD	English, Chinese & Japanese subtitles	Feb. 2006	International & hearing impaired	

# Diverse Personnel Playing Active Roles

Companies find themselves in a rapidly changing social environment. We believe these changes must be incorporated into the Kirin Group and transformed into a source of power. In pursuit of this objective, we are committed to creating a corporate group where diverse personnel can exercise their talent to the fullest.

## Perspective on Employees



## Organizing KWN Local Meetings

Kirin Women's Network (KWN) is organizing KWN local meetings as a forum for female employees. KWN local meetings aim to encourage female employees to change their awareness and behavior, and to create a corporate culture in which women can continue to work without worrying about the future. KWN local meetings are organized to promote better understanding of KWN activities and to share these objectives.

KWN local meetings have helped awaken a new awareness among female employees and to nurture the desire and expectation to keep on working into the future. These meetings are also serving as a forum for creating new networks among female employees. During 2009, KWN local meetings will be held in the spring and fall to further promote KWN activities.

### Promoting the activities of female employees as the first step in creating a corporate culture where diverse personnel can exercise their talent to the fullest.

Kirin Women's Network (KWN) was established in 2007 by Kirin Brewery, the core company in the Kirin Group. Our motto during the past two years has been "forward, if only a little," and we have focused our activities on two aspects: (1) raising the awareness of women, and (2) creating an environment where women can continue to work energetically. Every year, KWN makes specific proposals to Group executives. As a result of these activities, the Kirin Group formally adopted temporary leave for spousal reasons and a re-employment system during 2008. We will continue to strive toward creating

a work environment in which all employees can choose from a variety of working patterns.



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Personnel Section  
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KWN Local Meeting



Mentoring session



President exchanges name cards at Family Day event

## Launching the Mentoring Program

Women experience unique concerns and anxieties about being able to continue working, and often they have the added problem of not having a nearby role model or someone to consult with. The Kirin Mentoring Program was introduced in February 2008 as a solution to these problems.

In a period of about one year, 30 female managers received mentoring as proteges. The mentoring program provides the opportunity for overcoming

vague concerns about the future and replacing them with a sense of confidence. It also helps create a broader vision of one's career possibilities. In this way, the mentoring program not only provides psychological support but also helps women in their work and in career development. The program will be expanded during 2009 to offer mentoring opportunities to female employees on the main career track as well.

## Family Day Events

The first Family Day was held in August 2008 at the Kirin Brewery head office. The purpose of Family Day is to give children a chance to see their parents at work in their workplace to help them understand their parents better and to create an environment for nurturing parent-child relations.

On the first Family Day, 25 children visited the office with their mothers and fathers. They made their own name cards and exchanged them with the president

and managers. They also visited various workplaces, took part in a quiz about Kirin, and enjoyed a special lunch in the company cafeteria with their families. Through these various programs, the children learned about everyday life at the company. This once a year special event will be held again in 2009.

### Opinion Expectations for the Kirin Group

The Diversity Promotion Project for 2008 was focused on the Kirin Women's Network (KWN) and its activities for supporting female employees so that they can work energetically and with confidence. I think the introduction of the mentoring program represents a wonderful step forward in raising the awareness of women. As the next step, KWN needs to work on creating a framework for verifying the results. This has a very important meaning in making the efforts of the promoters of KWN more visible. Another point I want to make is that the promotion of diversity should not be for women only. I eagerly look forward to programs that are designed to support the growth of every employee regardless of gender.



Kimiko Horii President NPO GEWEL

### Our response

Creating a framework for evaluating and verifying the results will be added to our next Medium-Term Business Plan as a new goal. Once established, we will use this framework to make the activities of KWN more visible to both our customers and employees. We will also continue our activities to promote diversity with the objective of creating a corporate culture where employees with a diverse range of values can work together and play active roles.

# Creating a Lively Workplace

## Perspective on Employees

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Included in the Kirin Group Identity Statement are the Kirin Way and Group Action Declaration. Respect for human nature is one of the basic concepts underlying the Group Action Declaration and is stated in the following words. "Respect the individuality (human nature) of each employee in his or her efforts toward growth and development as a person with limitless potential, and actively create a workplace where employees can fully

harness this potential."

The Kirin Way defines certain values and a basic action stance that form the foundation of our corporate activities, and which all employees are expected to follow. To firmly establish these, the principles of the Kirin Way have been incorporated into the personnel assessment system at Kirin Brewery and other group companies.

## Human Resources Development

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Various training and education programs are implemented by the companies of the Kirin Group. In addition to these company-based initiatives, we operate a number of Group-wide programs to foster the next generation of leaders, such as the Kirin Executive School and Kirin Management School. Participants in these programs are drawn from Kirin Group companies on a selective basis. As we expand globally, we are constantly striving to improve the core skills needed for

global business.

In addition to these selective training programs, the individual companies of the Kirin Group provide programs addressing all employees as well as programs designed to meet the needs of specific age and career groups. We will continue to enhance these programs as part of our commitment to the systematic middle- to long-range development of human resources.

## Creating a Cheerful Workplace

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In February 2008, a survey on human rights awareness was conducted throughout all Kirin Group companies in Japan. The results of the survey were reported back to all the workplaces and human rights training was given to all employees.

The survey showed that employees have a keen interest in problems related to harassment, the elderly, and the physically and mentally challenged. All three of these issues are closely related to creating a cheerful workplace, one of the Kirin Group's fundamental principles for human rights awareness.

Beginning in 2005, June has been designated "harassment elimination month" featuring various awareness-raising activities. In issues related to

the elderly, the Kirin Group is now preparing to introduce an employment prolongation system. The Kirin Group's human rights training adopted "the physically and mentally challenged" as its common theme in 2007. The Kirin Group is committed to working on these issues and initiatives in the future, too.

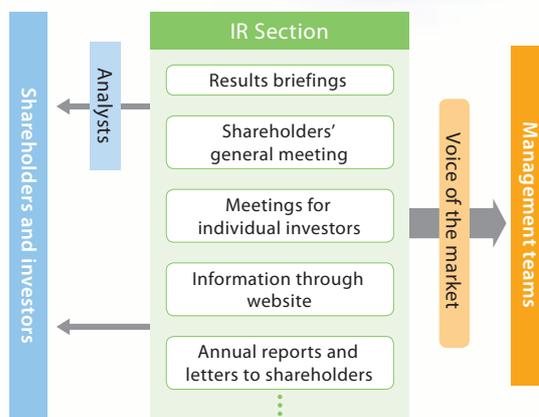
The Kirin Group believes that creating a cheerful workplace for employees provides the basis for winning the trust of society. All employees are educated in these values through such measures as our code of behavior handbook, "The RULE." (see page 7), which contains a section on "Respect of Human Rights and Prohibition of Discrimination."

# Communication with Shareholders and Investors

## Enhancing Corporate Value

The Kirin Holdings IR Section is committed to providing shareholders and investors with timely information guided by the principles of transparency, fairness, and continuity. An important part of the mission of the IR Section is to engage in interactive communication with the market and management teams. As part of this initiative, besides providing information, the IR Section also takes comments received from shareholders and investors and regularly feeds these back as the “voice of the market” to management teams along with its own proposals. The IR Section is also actively involved in elevating the status of Kirin stocks in both the Asian and global context.

Diagram of interactive communication linking markets and management teams



### Emphasis on Qualitative Expansion from 2009

The Kirin Group adopted KV2015 as its long-term business framework for achieving a quantum leap in growth and has been steadily expanding its business foundations and scale. In 2009, we will be entering the stage of qualitative expansion. The aim of this stage will be to improve our profitability by utilizing these foundations to generate Group synergies and to achieve greater efficiency in our operations.

Results briefings, special meetings, the shareholders' general meeting, and explanation meetings for individual investors will be used to develop our direct dialogue with stakeholders. We will endeavor to increase our corporate value as a Group well known for our reliability and rapid progress.



**Yoshiharu Furumoto**  
Managing Director & CFO  
Kirin Holdings Company, Limited

### The Kirin Group through the Eyes of an Analyst

The Kirin Group is engaged in a wide range of domestic and international businesses in the areas of alcoholic beverages, soft drinks, foods pharmaceuticals and agribio, and the Group certainly has great potential for the future. However, this diversification does have its drawbacks. For instance, the Group's



**Taizo Demura**  
Executive Director  
Morgan Stanley Japan Securities Co., Ltd.

business models and markets are not clearly visible, and it is difficult for the Group to convey the full picture to consumers and investors. Brand value can be enhanced if the name “Kirin” were to conjure up a concrete image of a business domain or a line of products. Horizontal expansion can make it difficult to determine the overall direction of business activities. In this sense, I am all in favor of qualitative expansion through a process of selection and concentration. The market continues to look to Kirin with the anticipation that “Kirin is sure to do something great.”

### Evaluation of IR Activities

The Securities Analysts Association of Japan annually presents Awards for Excellence in Corporate Disclosure. In recognition of continuity in its IR activities, the Kirin Group is one of the awardees for “Maintaining High Levels of Disclosure. In 2008, *Institutional Investor*, the U.S. magazine for institutional investors in the world, selected the Kirin Group as one of its “Most Shareholder-Friendly Companies in the IR field of Japan’s beverages, foods, and tobacco sector.

# Social Contributions

## Supporting Sports

### Supporting the Japan National Soccer Team

Kirin Brewery has been supporting the Japan national soccer team since 1978. Beginning in 1998, Kirin Brewery working with Kirin Beverage Corporation has extended its support to the entire sport of soccer as official sponsors of the national team. In addition to assisting in the work of making the national team stronger, our aim is to contribute to the development of soccer culture in Japan. 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 team, and (3) fostering the next generation through soccer. We will continue to provide all types of support while delivering our message “Kirin Loves Soccer,” which expresses our commitment to helping soccer dreams come true out our love of the sport, the fans and the supporters.



©J.LEAGUE PHOTOS  
Kirin Cup Soccer 2008  
against republic of Cote  
d'Ivoire (May 24, 2008)

### Fostering the next generation through soccer

The Kirin Soccer Field program was launched in 2008 to convey the joy of sports and spiritual richness to children. With former national team member Shoji Jo as instructor, the program features soccer classes for elementary school students in 12 cities throughout Japan. The program aims both at developing soccer skills and building character, and provides participants with the rare chance of interacting with a professional player.

We continue to host the JFA Family Futsal Festival with Kirin, an event that serves as a venue for parent-child activity while giving children a chance to experience the fun of soccer. In the area of environmental preservation, we have been vigorously promoting the Clean Stadium campaign together

with the Japan Football Association (JFA) since 2003. The campaign draws on the volunteer efforts of team supporters who share the desire to do what they can to preserve the environment and to ensure that future generations will also have a chance to enjoy soccer. More than 13,000 supporters have already volunteered to clean up stadiums after matches and engage in other environmental activities.



Kirin Soccer Field



©J.LEAGUE PHOTOS  
Clean Stadium campaign

## Social Activities by Group Companies

### Contributing to Society through Art and Culture

Kirin Holdings

With the purpose of providing more customers with the opportunity to enjoy live music, we supported the national tour of the piano duo, Les Freres. During 2008, we provided a total of 300 “Kirin Seats” in eleven concert halls for the use of children and students enrolled at schools for the sight and hearing impaired throughout Japan. A group of 58 employees from 14 Kirin Group companies were on hand to lend their support as volunteers.



Volunteer employees provided support

### Mercian Karuizawa Museum of Art

Mercian Corporation

Mercian opened this facility in 1995 as a museum that blends art, nature, and the culture of food. During 2008, the Museum exhibited the works of William Morris, Chagall, Le Corbusier, and others. The Museum offers admissions discounts to the physically and mentally challenged and the elderly and admits all pre-high school students and children for free.



Mercian Karuizawa Museum of Art

### Bio-adventure Lab

Kyowa Hakko Kirin

At the Tokyo Research Park, we have been offering mobile science labs (bio-adventure lab) since 2000. During 2008, our mobile labs conducted classes at four schools and facilities.



### Experiential Learning Event for Science Students

Kirin Agribio

Since 2006, the Plant Laboratories of Kirin Agribio Company has been participating in an experiential learning event for science students held at the Utsunomiya Campus of Teikyo University. This program provides young people with firsthand experience in making things and helps them understand how what they have learned in science courses will be useful to them in the future.



### Kirin Beverage Sri Lanka Friendship Project

Kirin Beverage

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 to the tea leaves produced in Sri Lanka that underpin the success of this long selling product. As a part of this project, we are donating picture books, storybooks, workbooks and other materials as well as bookshelves to elementary and junior high schools attended by the children of people working on the tea plantations. We are working to complete libraries at such schools over a five-year period.



### Support for Resolving Food-supply Issues in Developing Countries

Kirin Holdings

Since its establishment in 1993, the United Nations University-Kirin Fellowship Program supported food-related research and development to help developing countries in Asia resolve their own food-supply issues. In its 16 years of activity, the program has supported 78 fellows from nine countries as of March 2009.



## Overseas Activities

### Big Brothers Big Sisters ~Mentors for young people

National Foods (Australia)

The Big Brothers Big Sisters mentoring program finds appropriate supervisors and advisors for children in Australia in the seven to seventeen age groups who face difficult circumstances and are exposed to risks of crime, drugs, and domestic abuse. We have been the principal sponsor of this program since 2001 and have provided various forms of assistance.



### Support for Areas

Kirin Group companies in China

### Devastated by China's Sichuan Earthquake

The Great Sichuan Earthquake of May 2008 devastated the Sichuan region of China. The five Kirin Group companies in China, including Kirin (China) Investment Company and Kirin Brewery (Zhuhai) Company, immediately responded with donations of funds, pharmaceuticals, soft drinks, and other materials delivered through the Red Cross Society of China. Employees at Kirin Group companies throughout China spontaneously started a campaign to collect money that was later donated to the relief effort. The Kirin Group also donated 1 million renminbi (about 15 million yen) to the Red Cross Society of China with its prayers for the speedy reconstruction and recovery of the devastated areas.

Inquiries

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Publication information

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Latest publication: June 2009  
Next scheduled publication: June 2010