

## CSV Commitment



The Kirin Group is focusing its efforts on three key social issues: “health and well-being,” “community engagement,” and “the environment.” Addressing these issues with a deep commitment, we envision a bright future and aim to realize our goals as we work together with our customers.

\* “Our CSV Story” can be viewed in its entirety on Kirin Holdings’ corporate website.

 **“Our CSV Story”**  
<http://www.kirinholdings.co.jp/english/csv/materiality/story.html>



Under the New KV2021 long-term management vision, we have positioned CSV as the core of our management in order to grow continuously with society.

We have also established “health and well-being,”\*1 “community engagement,” and “the environment” as key social issues on which we will focus, in addition to being “a responsible alcoholic producer,” given the fact that we are a corporate group that deals with alcoholic beverages. For these social issues, we have referenced the Sustainable Development Goals (SDGs)\*2 and decided on 17 commitments (please see page 30) that will help clarify the kind of company we aim to be through our business over the medium to long term. In addition, we have formulated specific approaches to reach desired outcomes for fulfilling these commitments. By making Groupwide efforts toward these commitments, we aim to contribute to a happy and prosperous future for our customers.

\*1 As we provide health value to our customers through many of our beverages, we have placed “safety and the security of our products” as an issue we will tackle under our “health and well-being” initiative.

\*2 The Sustainable Development Goals (SDGs) pertain to issues that international society should address over the next 15 years between 2016 and 2030 in order to realize sustainable global development. The SDGs were adopted at the United Nations summit in September 2015.

**Management Issues for Sustainable Growth (Group Materiality Matrix)**



**Establishment of “Our CSV Commitment”**

A discussion on the social issues that the Group should seek to address took place at a June 2016 meeting of the Group CSV Committee\* between the president & CEO of Kirin Holdings, who chairs this committee, and the presidents of major Group companies. It was based on this discussion that we defined the priority themes for the Group’s initiatives. Subsequent discussions were at operating companies and relevant units to complete “Our CSV Story” and “Our CSV Commitment.” International guidelines were referenced to incorporate a social perspective while Group CSV representatives met with external experts. The input gained through these meetings was reflected in “Our CSV Commitment.”

\* To support the Kirin Group’s proactive and independent CSV initiatives, the Group CSV Committee meets once a year in principle, with the meeting chaired by the president & CEO of Kirin Holdings.

**Input from External Experts**

**Alcohol-related problems:** It will be important to verify the effectiveness of the initiatives implemented to date. It would be best for the Company’s programs to be able to formulate measures and provide education based on issues identified through communication with patients and healthcare professionals.

**Health and well-being:** The Kirin Group’s initiatives are a beneficial undertaking for addressing the issue of rising healthcare expenditures, which is a shared concern faced by the entire world.

**Community engagement:** Would it not be possible to go beyond simply procuring Japanese hops and wine grapes for use in Kirin products to create sustainable businesses from the perspectives of sightseeing and other aspects of regional development?

External experts:  
 Mariko Kawaguchi, Chief Researcher, Research Division, Daiwa Institute of Research Ltd.  
 Hideto Kawakita, CEO, International Institute for Human, Organization and the Earth (IHOE)  
 Kirin Group representatives:  
 Seiichi Hashimoto, Senior Executive Officer in Charge of CSV Strategy, Kirin Holdings Company, Limited  
 Masaya Hayashida, Executive Officer & General Manager, CSV Management Department, Kirin Company, Limited  
 Hiroyuki Morita, Director, CSV Management Section, Kirin Holdings Company, Limited (As of December 2016)



## CSV Commitment

The Kirin Group has defined 17 commitments based on which it will advance medium- to long-term initiatives. Information on our approach toward fulfilling these commitments and the indicators that will be used to measure progress can be found on Kirin Holdings' corporate website.



### "Our CSV Story"

<http://www.kirinholdings.co.jp/english/csv/materiality/story.html>

CSV Priority Issue	Item	SDGs	Our Commitment	
A Responsible Alcohol Producer	Education in appropriate drinking and nurturing a positive drinking culture		<ul style="list-style-type: none"> <li>▶ We will work toward eradicating the harmful use of alcohol, consistent with regional challenges.</li> <li>▶ We will work to develop no- and lower-alcohol products in each category and improve consumer acceptance of these products.</li> </ul>	
			▶ We will contribute to enhancing customers' quality of life throughout their lifetime, and strive to create revolutionary products, services, and new businesses.	
Health and Well-being	Supporting self-care for healthy people and people with pre-disease		▶ We will help consumers manage their daily energy (calories/kilojoules) and nutrient intake through providing a balanced portfolio of products and information—helping them address major noncommunicable diseases, including obesity.	
			▶ We will contribute to enhancing customers' quality of life throughout their lifetime, and strive to create revolutionary products, services, and new businesses.	
	Evolution in medical treatment		<ul style="list-style-type: none"> <li>▶ We will continuously discover innovative drugs and expand our commercialization activities globally. (Kyowa Hakko Kirin)</li> <li>▶ By providing inexpensive, high-quality biosimilars and "Authorized versions" of biologics, we will contribute to the further use of biomedicines and to solving a global issue—increases in healthcare spending. (Kyowa Hakko Kirin)</li> </ul>	
	Health-oriented business management		<ul style="list-style-type: none"> <li>▶ As a company that delivers products and services contributing to consumer health, we will create an environment and opportunity for our employees to proactively improve their own health.</li> <li>▶ We will address any mental health issues facing our employees and work to prevent life-style-related diseases. Also, as a member of the alcohol beverage industry, we will promote responsible drinking that encourages employees to be role models for society.</li> </ul>	
	Safety and security of our products		<ul style="list-style-type: none"> <li>▶ We will establish a hygiene management system for the production process based on global standards* and continue to work on improving product safety. Also, we will enhance communication related to quality in order to build trust and increase a sense of security among our customers.</li> </ul> <p>* HACCP: Hazard Analysis and Critical Control Point</p>	
Community Engagement	Enhancing sustainability of the supply chain		<ul style="list-style-type: none"> <li>▶ We will work on improving the quality and stable procurement of Japanese hops and brew unique beers that can only be made by using Japanese hops, while contributing to the revitalization of key producing areas. (Kirin Brewery)</li> <li>▶ We will support Sri Lankan black tea farmers through long-term initiatives such as facilitating the acquisition of Rainforest Alliance certification, and expand the use of certified tea leaves. (Kirin Beverage)</li> <li>▶ We will drive development of Japanese wines to ensure global recognition, and contribute to revitalizing key producing areas and local communities that are the foundations of growing grapes and making wines. (Mercian)</li> <li>▶ We will continue to develop long-term, sustainable and mutually beneficial partnerships with our dairy farmers that build a profitable demand for dairy and ensure sustainable returns and the creation of value through the supply chain. (Lion)</li> </ul>	
		Regional revitalization through business activities		<ul style="list-style-type: none"> <li>▶ We will develop products and services that energize local communities, with each of our business sites cooperating with local stakeholders.</li> <li>▶ We will support the entrepreneurship of local residents responsible for small-lot deliveries, and contribute to the improvement of local economies. (Brasil Kirin)</li> </ul>
		The Environment	Reflecting environmental activities in our business strategies	
	▶ We will reduce water usage in production activities, and continuously preserve water sources.			
	▶ We will protect the natural environment and preserve the ecosystems surrounding our business sites as well as areas rich in raw materials.			
	▶ We will continue to reduce the weight of containers and packaging, and rely less on non-renewable resources and increase the sustainability of materials.			

## A Closer Look at Our Commitments



### Health and Well-being

#### Supporting self-care for healthy people and people with pre-disease

##### Our Commitment

We will help consumers manage their daily energy (calories/kilojoules) and nutrient intake through providing a balanced portfolio of products and information—helping them address major noncommunicable diseases, including obesity.

##### Our Approach

Our food and beverage (F&B) businesses will provide a balanced portfolio of products, with optimized energy and nutrition—without compromising taste and safety. Specifically, each F&B business will commit to some or all of the following, relevant to their local markets' health priorities:

- ▶ to reduce added sugar, salt, and fat;
- ▶ to increase the availability of sugar-free, and lower-sugar and lower-energy options;
- ▶ to have smaller pack sizes available across the product portfolio;
- ▶ to improve the nutrition and product information available to consumers;
- ▶ to provide consumers with educational advice on achieving a balanced diet and lifestyle;
- ▶ to enhance R&D efforts to provide an optimal portfolio of products for consumers.

##### Our Outcomes

Specific targets will be developed and aligned to our approach.

##### Initiatives

The prevention of lifestyle-induced diseases is a global issue requiring urgent attention. Our portfolio of products for supporting consumers in their self-care efforts will be utilized to help address this issue while also increasing the risk resilience of our businesses. Lion, which heads up our dairy products and juice beverages businesses in Australia and New Zealand, unveiled Our Goodness Promise in 2014 to guide its efforts to contribute to better balanced meals and lower child obesity rates. Since then, Lion has proceeded to increase the portion of its products that allow for healthy living, even if consumed every day, while reducing additives. Smooth progress is being made toward Lion's targets for 2019 as this company seeks to improve consumer lifestyles and heighten the value of its business.



### Community Engagement

#### Enhancing sustainability of the supply chain

##### Our Commitment

We will work on improving the quality and stable procurement of Japanese hops and brew unique beers that can only be made by using Japanese hops, while contributing to the revitalization of key producing areas. (Kirin Brewery)

##### Our Approach

- ▶ We will work on various programs from a long-term perspective to maintain stable harvest volume and realize improved quality of Japanese hops, including developing seed varieties, increasing the attractiveness of hop-producing regions, and increasing the number of new farmers to mitigate such issues as aging and a lack of successors.
- ▶ By developing unique beers, utilizing the characteristics of Japanese hops, and gaining a high reputation, we will enhance the value of Japanese hops and attract many craft beer makers from around the world.

##### Our Outcomes

- ▶ Stop the reduction in harvest volume of Japanese hops. Develop unique products that use Japanese hops.
- ▶ Aim to be highly valued and used by not only Kirin but many brewers around the world.
- ▶ Disclose actual results related to the cooperation between local communities and Kirin.

##### Initiatives

Hops provide beer with many distinctive characteristics. However, the harvest of Japanese hops is declining year by year due to the aging of domestic producers. We will build long-term relationships with Japanese hops farmers and work on improving the quality of the harvest while also helping to revitalize local communities by cooperating with local producers. By doing so, we will continue and expand the distinctive, high-quality brewing that can only be made possible by using Japanese hops. For example, *Ichiban Shibori Toretate Hop* uses freshly picked Japanese hops, while another one of Kirin's craft beers uses a Japanese hop called *IBUKI*, freshly picked and unprocessed. At the same time, we will promote globally the value of distinctive Japanese hops.



### The Environment

#### Reflecting environmental activities in our business strategies

##### Our Commitment

We will continue to reduce the weight of containers and packaging, and rely less on non-renewable resources and increase the sustainability of materials.

##### Our Approach

- ▶ We will expand the use of recycled/sustainable materials, i.e., recycled PET, bioplastics, and Forest Stewardship Council (FSC)-certified paper.
- ▶ We will introduce Life Cycle Assessment (LCA) for selecting container raw materials at an early stage of container/product development. (Lion)

##### Our Outcomes

- ▶ Maintain and expand the bottle-to-bottle initiative (use of 100% recycled PET for certain products).
- ▶ Study and promote the use of bioplastics.
- ▶ Maintain and expand the use of FSC-certified paper for primary and secondary containers.
- ▶ Increase the use of recyclable container raw materials: > 90% by 2030. (Lion)
- ▶ Increase the use of recycled packaging raw materials: > 50% by 2030. (Lion)
- ▶ Develop a lighter weight PET bottle for mix juice products in 2017. (Brasil Kirin)

##### Initiatives

The Kirin Group consumes large quantities of paper for use in its containers and packaging, which include the paperboard packaging for six packs, gift boxes, paper packs, and cardboard boxes for products.

Recognizing this fact, the Group revised its Action Plan for Sustainable Use of Biological Resources in February 2017. This revised plan sets forth our goal to switch to paper certified by the Forest Stewardship Council for all paper containers and packaging used in the Japan Integrated Beverages Business by the end of 2020. This plan relates to two of the four priority themes of the Kirin Group Long-Term Environmental Vision: biological resources and containers and packaging. By using more sustainable materials for our containers and packaging, we aim to also ensure the sustainability of our use of biological resources and containers and packaging.