

About this Environmental Report

Editorial Policy

The Kirin Group consists of its Integrated Beverages Business, which covers Japan, Oceania, and Asia, its Pharmaceuticals and Bio-chemicals Business, and other businesses, with the Integrated Beverages Business, including overseas operations, accounting for approximately 80% of net sales. Initiatives to address the environmental issues are positioned as one of the three key issues of CSV (the creation of value that can be shared with society), which is the core of our management strategy for the realization of sustainable growth. The editing of this report has taken into account the characteristics of the Kirin Group's business and the positioning of its environmental approaches.

Location of Corporate Information Disclosure

Information on the corporate activities of the Kirin Group, including this Report, discloses a diverse range of information in the interests of shareholders and investors, as well as the interests of a wide range of stakeholders in our local communities, including our customers.

Kirin Holdings CSV Website
<https://www.kirinholdings.co.jp/english/>



Kirin Holdings Investor Relations Information
<https://www.kirinholdings.co.jp/english/ir/library/>



KIRIN GROUP ENVIRONMENTAL REPORT
<https://www.kirinholdings.co.jp/english/csv/report/env/>



KIRIN REPORT 2018 (Integrated Report)
<https://www.kirinholdings.co.jp/english/ir/library/integrated/>



LION SUSTAINABILITY REPORT
<http://lionco.com/sustainability/sustainability-reports>



KYOWA KIRIN Annual Report
<http://ir.kyowa-kirin.com/en/index.html>



Reporting Period

FY2018 (January–December 2018)

Where necessary, this report also contains historical data showing trends for the past 3 to 5 years.

Organizations Covered by this Report (FY2018)

Business	Company
Japan Beer and Spirits Businesses	Kirin Brewery, Kirin Distillery, SPRING VALLEY BREWERY, Eishogen Kirin Brewery (Zhuhai)
Japan Non-alcoholic Beverages Businesses	Kirin Beverage, Shinshu Beverage, Kirin Beverage Value Vendor Hokkaido Kirin Beverage, Kirin Maintenance Service, KIRIN Tropicana each site of Kirin Beverage Service (Hokkaido, Sendai, Tokyo, Chubu, Kansai) Hakodate Daiichi Vending, KIRINVIVAX, Tokai Beverage Service
Oceania Integrated Beverages Business	Lion
Pharmaceuticals and Bio-chemicals Businesses	Kyowa Kirin (Formerly Kyowa Hakko Kirin, name changed in July 2019), Kyowa Hakko Bio, KYOWA PHARMA CHEMICAL, Kyowa Hakko Kirin China Pharmaceutical, BioKyowa Inc., Shanghai Kyowa Amino Acid, Thai Kyowa Biotechnologies
Other Businesses (all companies included)	Mercian, NIPPON LIQUOR, Daiichi Alcohol, Wine Curation, Myanmar Brewery Interfood, Vietnam Kirin Beverage, Azuma Kirin, Four Roses Distillery Kirin Holdings, Kirin, Kirin Business Expert, KIRIN BUSINESS SYSTEM, KOIWAI DAIRY PRODUCTS, Kirin Echo, Kirin and Communications, Kirin Engineering, Kirin City, Kirin Techno-System, KIRIN GROUP LOGISTICS

Calculation Method of Environmental Data

About Calculation Method of Environmental Data →P.82~84

Reference Guidelines

GRI Standards

Environmental Reporting Guidelines (FY2018 version), Ministry of the Environment of Japan Task Force on Climate-Related Financial Disclosures (TCFD) (2017)

Draft framework for reporting environmental information & natural capital, Climate Disclosure Standards Board (CDSB) (October 2014 version) →P.95~98

Forward-looking statements in this report, including forecasts, targets, and plans, are based on the current assessments by management at the time of preparation of the report. They contain inherent uncertainty that the outcomes will differ from the statements in this report due to changes in a variety of factors. Statements about risks and opportunities are also included in the report from the perspective of proactive information disclosure, even if they do not necessarily constitute risk factors that would have a material impact on investor decisions. The Kirin Group will, upon identification and acknowledgment of various risks associated with its business, strive to strengthen its risk management structure and to prevent and mitigate those risks, and will make its best efforts to respond to risks that become apparent.

Message from Top Management



President and CEO
Kirin Holdings Company, Limited
Yoshinori Isozaki

In 2019, the Kirin Group established the Kirin Group Vision 2027 (KV2027), its long-term management vision for the next stage of its growth.

KV2027 declares a vision for the Group to become a global leader in CSV by 2027 by creating value in domains ranging from food & beverages to pharmaceuticals. CSV, which has been the foundation of the Kirin Group's management since 2012, is a concept that seeks to realize sustainable growth by contributing to solutions to social issues through business and creating social value and economic value at the same time. Companies will no longer be able to survive unless they are able to walk a path together with society.

The Kirin Group views the environment as one of the most important social issues that it must address, alongside health and well-being, community engagement, and our responsibility as an alcoholic manufacturer which is the premise of these two issues. For the past six years, as part of our Long-Term Environmental Vision, we have led the industry in our efforts to realize a society that is based on 100% recycling, including obtaining

approval for our SBT and switching completely to FSC® certified paper.

In December 2018, we became the first company in the Japanese food and beverage industry to express support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In our climate-related scenario analysis, continuing on from last year's trials, we tested a number of scenarios, including detailed identification of the long-term impact of climate change on agricultural products, confirmation of the impact of the water stress resulting from climate change, and, further, energy price fluctuations, and have confirmed the resilience of our management strategies to these impacts.

In addition to these initiatives, this fiscal year, we will revise the Long-Term Environmental Vision and engage in higher targets in response to global concerns about the natural environment, such as natural disasters caused by climate change and the issue of ocean plastics, and to the growing expectations being placed on companies.

Corporate Philosophy

KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.

2027 Vision

A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals

"One KIRIN" Values

Passion Integrity Diversity

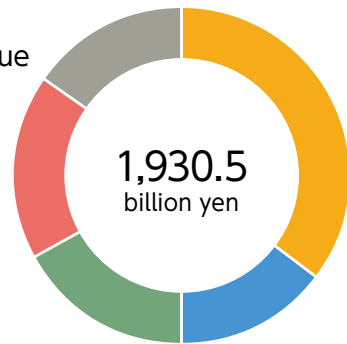
Corporate philosophy	KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.
2027 vision	A global leader in CSV, creating value across Food & Beverages to Pharmaceuticals
Outcomes	Create economic value (Financial targets) Create social value (Non - financial targets)
Strategy framework	
Values "One Kirin" Values	"Passion, Integrity, Diversity"

Corporate Data

Trade Name Kirin Holdings Company, Limited
Date of Incorporation February 23, 1907
 *The Kirin Group adopted International Financial Reporting Standards (IFRS) in December 2017. For details, please refer to the Financial and Non-Financial Highlights of KIRIN REPORT 2018.
Head Office NAKANO CENTRAL PARK SOUTH
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 +81-3-6837-7000 [Information Desk]

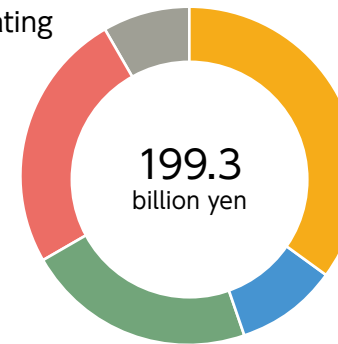
President and CEO Yoshinori Isozaki
Paid-in Capital 102,045,793,357 yen
Number of Employees 30,464 employees on a consolidated basis (as of December 31, 2018)
Main Business Developing group-wide management strategies and overseeing their implementation

Sales revenue



■ Japan Beer and Spirits Businesses **35.5%**
 ■ Japan Non-alcoholic Beverages Businesses **14.7%**
 ■ Oceania Integrated Beverages Business **17.1%**
 ■ Pharmaceuticals and Bio-chemicals Businesses **17.6%**
 ■ Other Businesses **15.2%**

Operating profit



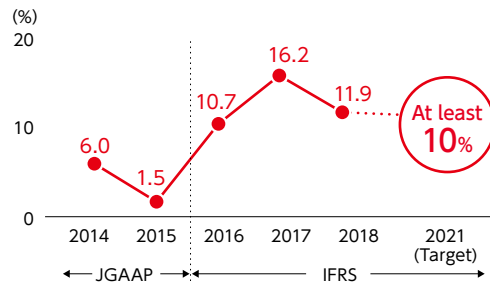
■ Japan Beer and Spirits Businesses **35.1%**
 ■ Japan Non-alcoholic Beverages Businesses **9.9%**
 ■ Oceania Integrated Beverages Business **22.0%**
 ■ Pharmaceuticals and Bio-chemicals Businesses **25.0%**
 ■ Other Businesses **8.1%**

* The breakdown of operating profit by segment was calculated before management fee deductions equivalent to an amount excluding company-wide expenses and intersegment eliminations (amounting to approximately ¥36.3 billion).

Financial Highlights

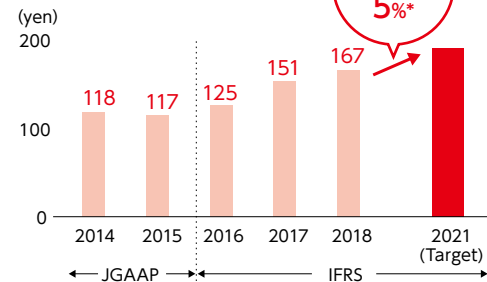
Capital efficiency indicator

Return on invested capital (ROIC)



Profitability and growth indicator

Normalized EPS



* The target is averaged over a three-year period

Notes • Results prior to fiscal 2015 exclude amortization of goodwill
 • ROIC = Earnings before interest and after tax / (Average interest bearing debt between the beginning and the end of the FY + average total equity between the beginning and the end of the FY)
 • FY2018 ROIC is 9.4% if calculated excluding transient impacts such as income from sale of assets, etc.

Japan Beer and Spirits Businesses	Kirin Brewery, Other
Japan Non-alcoholic Beverages Businesses	Kirin Beverage, Other
Oceania Integrated Beverages Business	Lion
Pharmaceuticals and Bio-chemicals Businesses	Kyowa Kirin, Other
Other Businesses	Mercian, Myanmar Brewery, Other

Message from the Director in Charge of CSV Strategy



Senior Executive Officer Kirin Holdings Company, Limited

Ryosuke Mizouchi

In 2018, the Kirin Group's business activities were greatly impacted by a range of environmental issues, such as the torrential rains in Western Japan and the problem of ocean plastics. The environmental issues envisioned in the Long-Term Environmental Vision and the CSV Commitment are no longer risks that are far off into the future. There is now a real sense that they have already become present-day challenges.

Due to the localized torrential rains in Western Japan, rail networks were disrupted, highlighting the risks in the modal shift we have been pursuing to mitigate environmental burden and address the shortage of drivers. With the cooperation of the logistics and sales divisions, we were able to minimize the impact of this disruption. We also prepared and implemented a manual in 2018 that details responses to be taken in the event of future failures in function of modal shift.

Regarding the problem of ocean plastics, in February 2019, we announced the Kirin Group Plastic Policy. The main pillar of this Policy is our goal to use recycled plastic for 50% of the Group's PET plastic use in Japan by 2027, leveraging our track record in the commercial application of PET bottle beverages using recycled PET plastic. We have since commenced initiatives to achieve this target. Based on these experiences, as part of our approach to the TCFD recommendation, the Group CSV Committee met in June 2019 with the President of Kirin Holdings as Committee Chair and the Kirin Holdings directors and Group company presidents as members, and began discussions on transition strategies based on environmental risk scenarios.

On February 14, 2019, our long-term management vision, Kirin Group Vision 2027 (KV2027) and the guidelines for the Vision's long-term and non-financial targets, Kirin Group CSV Purpose (CSV Purpose), were announced, and the 2017 CSV Commitment was updated.

Regarding the environment, we have renewed the position of our key performance indicators as non-financial targets in the 2019 Medium-Term Business Plan, and firmly integrated those indicators in our business strategies.

Resolving social issues through business will not only contribute to the United Nations' Sustainable Development Goals (SDGs). It is also the source of growth for Kirin's business.

For example, ecological surveys of vineyards for Japan Wine revealed that fields where grasses have been cultivated serve as grasslands that nurture diverse living creatures, including some rare species. As well as producing greater profits, the growth of Japan Wine industry will help to restore Japan's traditional rural Satochi-Satoyama landscapes by converting idle and devastated land into vineyards.

In our support for tea estates in Sri Lanka to obtain sustainability certification, we have expanded that support to small farms and engaged in our activities to conserve farm water sources. Following on from these efforts, we have also started assisting in the development of technologies to achieve pesticide-free farming and to increase yields. These are some of the ways in which we are contributing to the protection of the natural environment in farmlands and to the stable supply and improved quality of black tea leaves.

In action on global warming, we are pursuing initiatives to achieve science-based targets (SBT) for the reduction of GHG emissions to hold the increase in the global average temperature in line with 2°C above pre-industrial era levels, which we set in 2017. In Japan, we have launched a plan to introduce heat-pump systems in all of our beer breweries. At Myanmar Brewery, we have taken advantage of the Joint Crediting Mechanism (JCM), a bilateral credit creation scheme being promoted by the Japanese government to introduce state-of-the-art brewing equipment that incorporates energy-saving technologies cultivated in Japan. These initiatives will also lead to costs reductions as well as reducing GHG emissions.

To achieve our CSV Purpose, the Kirin Group will use our strengths to contribute to solutions to environmental issues, while at the same time making our businesses more resilient and realizing sustainable growth.

CSV Purpose

