

Human Impact Assessment in Sri Lankan Tea Plantations

In April 2021, the Kirin Group revised the Kirin Group Sustainable Procurement Policy*1 and the Kirin Group Sustainable Supplier Code*2. Based on the results of the evaluation, we have set the implementation of ongoing human rights due diligence in the supply chain of procured goods with high human rights risks as an indicator of our CSV commitment in the 2022 Mid-Term Business Plan. In November 2022, we conducted a human rights impact assessment (HRIA*3) of our supply chain in Sri Lanka, which has the highest procurement volume and highest human rights risk by country, through a third-party organization, Preferred by Nature*4, and received a report on the audit results in January 2023.

*1 [Kirin Group Sustainable Procurement Policy](#) *2 [Kirin Group Sustainable Supplier Code](#)

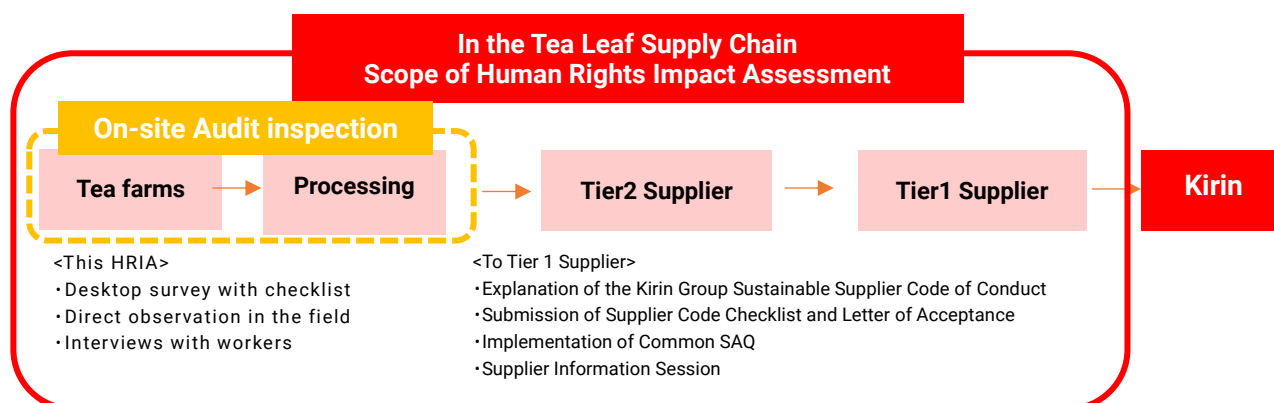
*3 HIRA: Human Rights Impact Assessment

*4 [Preferred by Nature](#): a non-profit organization working to support better land management and business practices that benefit people, nature, and the climate in 100+ countries.

1. HRIA Scope and Methodology

This human rights impact assessment was conducted on tea plantations, which are at the upstream of the supply chain, and selected from among the non-certified Rainforest Alliance farms that were judged to be relatively high-risk, those with the highest procurement volumes. The assessment was conducted by Preferred by Nature auditors with the cooperation of our direct primary suppliers and local suppliers, using the assessment methods specified in the Kirin Group Sustainable Supplier Code and Agricultural Sustainability Standard Requirements. The assessment was conducted by Preferred by Nature auditors.

Tea leaf supply chain



2. Scope of coverage

The audit scope covers the tea plantation and tea processing unit/factory of the plantation in Sri Lanka Candy area.

3. Evaluation Topics

The topics for evaluation were Management, Labor Management Dialogue, Environment, Health and Safety (EHS), Hygiene, Disaster Prevention Management, First Aid, Food Safety, Hiring/Recruiting, Organization Chart, Work Rules and Labor Contract, Harassment /Abuse, Work Records, and Wage.

4. Assessment Methodology

The evaluation checklist specified in the Kirin Group Sustainable Supplier Code of Conduct and the Agricultural Sustainability Standard Requirements was prepared and used for the on-site audit. The evaluation checklist consisted of 95 questions on "Management," "Environment and Occupational Health and Safety," "Workers' Rights," "Issues Related to Migrant and Temporary Workers," and "Employment Conditions," and the evaluation was conducted in the following two steps.

(i) A desktop survey, using an evaluation checklist to review the farm's policies and procedures prior to the field visit.

(ii) Conducted a 2-day on-site evaluation and direct observation by Preferred by Nature's audit team, interviewing and reviewing evidence from a total of 31 workers*, union representatives, supervisors, committee representatives, facility and department managers, male and female.

*Includes factory workers and employees involved in plucking tea leaves in the fields.

5. Assessment Results

The results of the evaluation showed both good practices and issues that need to be improved.

Among the evaluation items, good practices were found to be implemented in Management, EHS, and First Aid. On the other hand, issues were found in some areas such as work rules, labor contracts, and wages.

6. Future Steps

In order to confirm the facts and take corrective measures for the issues discovered, the Kirin Group has shared the audit report with suppliers, formulated a response policy based on expert opinions, and initiated communication with the company that owns the plantation. We will place the highest priority on addressing the issues related to wages and benefits, as well as other labor-related issues, in accordance with the schedule below. The progress of our efforts will be disclosed on our website in a timely manner.

Countermeasure	Implementation period
Share audit reports with tier1 and tier2 suppliers.	January 2023 (Completed)
Development of internal response policies	February to March 2023 (Completed)
Share audit reports to the farm's management company, as well as confirm facts, investigate causes, and request improvements.	April to May 2023
Periodically check the status of improvement activities.	From June 2023
Site visit to check improvement status	September to November 2023
Progress report on improvement initiatives (on our website)	January 2024

*We plan to conduct a survey of the current status of other major supplier farms based on this response.



Record of Social Contribution Activities



Personal protective equipment



First aid kit available free of charge to workers being organized