

Kirin Group Sustainable Supplier Code

April 2021



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Message

In recent years, the world's expectations and concerns have focused on efforts being undertaken not only by individual companies themselves, but also in their supply chains. For the realization of sustainable supply chains, human rights and environment initiatives in supply chains have become even more important. Customers also expect transparency and hold a strong interest in where Kirin Group products come from and how they are manufactured. They trust our brand and, in the procurement area as well, they expect the Kirin Group to act sincerely and correctly in its procurement activities. It is our responsibility to honor this trust with integrity. We must engage sincerely in various initiatives and uphold corporate ethics in areas that include the prevention of bribery and corruption, conflicts of interest, protection of privacy, sustainable procurement practices, and the protection of the human rights of employees and people involved in the value chain

However, we can't achieve this alone. It is with the cooperation of our thousands of suppliers, who provide us with raw materials, packaging, and other goods and services that we are able to operate our businesses. The Kirin Group Sustainable Supplier Code is a clear statement of the Kirin Group's expectations of its suppliers regarding sustainable procurement practices including human rights, environment, and corporate ethics. Society's demands on companies are changing dramatically, including areas such as human rights and the environment, and are becoming increasingly stringent. We will update this code regularly to meet the expectations of all stakeholders, including customers and local communities.

Together with you all, we believe that we can continue to have a lasting positive impact on society. We appreciate your continued partnership and commitment to continuous improvement and ask for your continued support.



Masao Maehara,
Senior Executive Officer,
Supply Chain Management (SCM) Strategy

Kirin Group Sustainable Procurement Policy

The Kirin Group has established the Kirin Group Sustainable Procurement Policy for its procurement activities. We ask our suppliers, who are important partners of the Kirin Group, for your understanding of our approach and your cooperation toward our efforts.

Kirin Group Sustainable Procurement Policy

The Kirin Group upholds the essential values in the areas of human rights, labor, the environment, and anti-corruption defined by the United Nations Global Compact, of which we are a signatory. We engage in procurement activities that follow five themes for initiatives in compliance with this principle and with Group policies, to improve sustainability from global perspectives, enhance corporate value, and contribute to society.

1. Steady focus on quality

We place a high priority on pursuing quality and safety in our procurement practices, in accordance with the Kirin Group's Quality Policy.

2. Ensuring regulatory and ethical compliance

We observe social norms and the letter and spirit of laws and regulations and conduct business in a sensible and socially responsible manner, in accordance with the Kirin Group Compliance Policy.

3. Respecting human rights

We embody the ideas laid out in the Kirin Group Human Rights Policy and address human rights issues together with our suppliers.

4. Environmental stewardship

We strive to protect the global environment and prevent pollution and conduct environmentally sensible procurement practices in accordance with the Kirin Group's Environmental Policy.

5. Coevolving relationships of mutual trust with suppliers

We establish long-term relationships of trust with suppliers through fair and open procurement practices and work with suppliers to solve social issues to achieve co-existence and co-prosperity.

Kirin Group Sustainable Supplier Code

Introduction

(1) Purpose

The Kirin Group Sustainable Supplier Code (the "Code") stipulates the minimum standards that suppliers must comply with in conducting business with the Kirin Group. The Code respects international standards such as the OECD Guidelines of Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Core Conventions of the International Labor Organization [ILO], the Ten Principles of UN Global Compact, and the Women's Empowerment Principles [WEPs], and strives to ensure that all upstream channels in the supply chain, as well as the Kirin Group's own business operations, conform to these standards on an ongoing basis.

(2) Associated Documents

The Code has been established based on the following policies:

- Kirin Group Compliance Policy
- Kirin Group's Quality Policy
<https://www.kirinholdings.co.jp/english/csv/safety/policies.html>
- Kirin Group Human Rights Policy
https://www.kirinholdings.co.jp/english/csv/human_rights/policies.html
- Kirin Group's Environmental Policy
- Kirin Group's Environmental Vision 2050
<https://www.kirinholdings.co.jp/english/csv/env/policies/vision.html>
- Kirin Group Guidelines for Prevention of Bribery
https://www.kirinholdings.co.jp/english/ir/governance/pdf/compliance_guideline2.pdf
- Kirin Group Sustainable Procurement Policy

(3) Scope

A supplier dealing with the Kirin Group is required to comply with the standards of the Code. "the Supplier" in this context refers to the supplier, its parent company, subordinate companies, affiliated companies, and all executives and employees of same (including regular employees, contract employees, part-time workers, employees of contractors, and migrant workers), and upstream suppliers in the supply chain and their affiliates (business partners). The Supplier has a responsibility to ensure that its employees, as well as its business partners, comply with this Code.

(4) Compliance

The Kirin Group expects the Supplier to make adhere to the contents described in this Code and all applicable laws and regulations, and strive to comply with all applicable international and industry standards. In addition, the Kirin Group reserves the right to have internal and external auditors audit how the Supplier is complying with this Code.

(5) Raising Concerns

The Kirin Group expects the Supplier to establish appropriate mechanisms to enable employees to raise concerns and consult with management or an external hotline, etc. about the Code and to receive a response without retaliation.

(6) Continuous Improvement

The Kirin Group recognizes that persistent efforts are required to meet the standards set out in the Code and expects the Supplier to continuously improve their operations. If improvements are required, the Kirin Group will assist the Supplier to establish management methods and procedures to ensure certain and continuous improvement.

(7) Application

Acknowledgement of the Code is a prerequisite for any transaction with the Kirin Group. If required by the Kirin Group, written consent to the Code must be submitted. Neither the Code nor compliance to the Code shall grant any rights to the Supplier. The standards set forth in this Code are additional to any contracts or legal agreements between the Supplier and the Kirin Group and are not alternatives to them.

Five Pillars of the Kirin Group Sustainable Supplier Code

1. Safety and Security

(1) Initiatives for Quality Management Systems

The Supplier shall establish and operate quality management systems that incorporate the thinking of international standards (e.g., ISO9001, FSSC22000, GMP).

(2) Quality and Safety of Products

Placing the highest priority on ensuring safety at all stages from procurement of raw materials to research, development, manufacture, distribution, and post-sale of goods and products, the Supplier must ensure that scientific data are handled appropriately and rigorously, and guarantee that they meet safety standards established by national laws and regulations, as well as the standards required by Kirin Group companies.

(3) Stable procurement of raw materials

The Supplier should identify internal and upstream supply chains and identify and respond to hazards and supply disruption risks in the supply chain.

2. Human Rights

(1) Child Labor (including youth employment)

Unless domestic law allows exceptions, in accordance with ILO Conventions No. 138 and No. 182, the Supplier must not employ children under the minimum age of employment (15 years of age, or 14 years of age in some developing countries) and must not make children under 18 years of age work in ways that would impair their physical and mental development.

(2) Forced Labor

In accordance with ILO Conventions No. 29 and No. 105, the Supplier must employ all workers by agreement made of their own free will and under documented conditions of employment. The Supplier must not engage in withholding or non-payment of wages or make workers engage in forced or compulsory labor, bonded labor, or prison labor. Workers have the right to quit their jobs of their own free will and must be able to end their employment if they give appropriate notice. The Supplier must not demand that employees hand over their passports or other legally recognized IDs as a condition of employment or require them to pay fees related to their employment.

When hiring workers from countries other than the country in which the business is being operated, the Supplier must confirm that those workers have obtained a working visa and

ensure that they have the same rights as the domestic workers.

(3) Freedom of Association and the Right to Collective Bargaining

The Supplier should respect freedom of association and the right to collective bargaining in accordance with domestic labor laws and regulations (or, if none exist, the provisions of the ILO). The Supplier should not retaliate against, threaten, or discriminate against union members or their representatives. Where local legislation does not allow association or collective bargaining, the Supplier should facilitate councils and other bodies that enable equivalent activities.

(4) Fair and Equal Treatment

In accordance with ILO Convention No. 111, the Supplier shall not discriminate in terms of recruitment and employment on the basis of race, ethnicity, nationality, social status, family origin, sex, presence or absence of disability, health status, thought or beliefs, sexual orientation or gender identity, or differences in occupation or employment status, and shall strive to achieve equality of opportunity and treatment and treat employees with dignity and respect.

(5) Humane Treatment / Harassment

The Supplier shall respect the human rights of employees and prohibit all forms of harassment, including sexual harassment and abuse of power, as well as cruel and inhumane treatment, including physical abuse and corporal punishment.

(6) Working Hours and Holidays

The Supplier shall guarantee that employees engage in work and take breaks, leave, and holidays in accordance with relevant laws, regulations, and industry standards. In the absence of applicable labor laws, the Supplier shall not demand that employees work more than 60 hours per week and shall grant them at least one (1) day off after working for six (6) days continuously. Even if overtime work is based on laws and regulations, it should always be done with the consent of the person in question, and the Supplier shall pay them extra wages.

(7) Wages and Allowances

The Supplier shall ensure wages that meet or exceed minimum standards in individual countries. The Supplier shall also pay overtime and other allowances, including legal benefits, and not reduce wages in violation of labor laws and regulations.

(8) Responsibility to Local Communities

The Supplier shall strive to fulfill responsibilities to local communities, including indigenous peoples affected by the company's operations.

In particular, the Supplier shall build consensus with local communities on the use of land and water sources after providing sufficient information to them and obtaining their understanding in advance.

(9) Access to Remedy

The Supplier shall provide the right to remedy for employees through an accessible, reliable, and fair process for handling complaints.

3. Occupational Safety and Health

(1) Provision of Safe Working Environment

The Supplier shall assess risks to workplace safety and ensure safety through appropriate design, technology, and management measures.

The Supplier shall identify the conditions under which employees are exposed to harmful organisms and chemical substances, as well as to noise and offensive odors in the workplace, and take appropriate countermeasures.

At a minimum, drinkable water, adequate lighting, temperature, ventilation, hygiene, and personal protective equipment must be provided together with properly equipped workstations.

(2) Housing Conditions and Respect for Privacy

Housing and dormitory facilities provided to employees must be built and maintained in accordance with the standards set out in relevant laws and regulations, while ensuring a safe, hygienic environment and privacy.

(3) Disaster Prevention Management

To protect the safety of life and body, the Supplier shall prepare emergency response measures on the premise of possible disasters, accidents and infectious diseases and ensure that all employees are aware of them.

4. Environment

(1) Environmental Permits and Reports

The Supplier shall obtain and maintain all necessary environment-related permits and registrations and comply with them at all times in accordance with their reporting guidelines.

(2) Initiatives for Environmental Management Systems

The Supplier shall establish, document, and operate environmental management systems based on international standards (e.g., ISO14001).

(3) Use of Sustainable Biological Resources

The Supplier shall use sustainable biological resources, without using or providing agricultural products and forest resources that would lead to illegal deforestation or environmental destruction.

(4) Use of Sustainable Water Resources

The Supplier shall conserve water and continue to reduce water consumption in manufacturing and production. The Supplier shall strive to secure necessary water even in the event of water-related natural disasters (e.g., floods, storm surges, torrential rains, droughts).

(5) Use of Sustainable Containers and Packaging Resources

The Supplier shall strive to use sustainable containers and packaging made from recycled materials, biomass, and the like.

(6) Response to Climate Change

The Supplier shall promote initiatives to reduce greenhouse gas emissions and utilize renewable energy, as well as the disclosure of such information, in cooperation with the Kirin Group.

(7) Contamination Prevention and Waste Reduction

To prevent the pollution of water, soil, oceans, air, etc. and health damages, and to minimize waste products, wastewater, and gas emissions, the Supplier shall take appropriate measures and treat and dispose of them appropriately in accordance with laws and regulations.

5. Business Integrity

(1) CSR Organizational Governance / Prevention and Early Detection of Dishonesty

The Supplier shall establish systems to promote company-wide CSR.

The Supplier shall implement preventive actions against dishonesty and establish systems for the early detection of and response to dishonesty.

(2) Bribery and Graft

The Supplier shall maintain sound and proper relations with political and administrative bodies and shall not engage in bribery or illegal political donations.

(3) Gifts and Entertainment

In relationships with stakeholders, including the Kirin Group, the Supplier shall not provide or accept benefits such as inappropriate entertainment or gifts.

(4) Corruption

The Supplier shall not engage in or be involved in any act of embezzlement, insider trading, extortion of profits, money laundering, or tax evasion, including the receipt or offering of bribes.

(5) Conflict of Interest

If, in a transaction with the Kirin Group, the Supplier becomes aware of a conflict of interest between an executive or employee of the Supplier and an executive or employee of the Kirin Group (meaning a relationship in which there is a risk of them prioritizing the counterpart's or their own personal economic interests over that of the organization to which they belong), the Supplier (including an executive or employee of it) shall notify the Kirin Group through the Supplier Hotline or by other means. This Supplier's obligation shall not be applicable if executives and employees of either party are "not" involved in or "don't" have influence over decisions on the terms of the transaction.

(6) Fair Competition

The Supplier shall engage in fair, equitable, transparent, and free competition.

(7) Disclosure of Records and Information

The Supplier shall provide and disclose information to stakeholders actively, regardless of whether disclosure is required by laws and regulations.

(8) Protection of Information Property and Respect for Intellectual Property

The Supplier shall manage and protect the personal information of customers, third parties, and employees appropriately. The Supplier shall also manage and protect confidential information received from customers and third parties appropriately. The Supplier shall use its own intellectual property appropriately and shall respect and not infringe on the intellectual property rights of Kirin Group and other companies.

Supplier Hotline

The Kirin Group has established a point of contact through which suppliers can provide information in the event that they became aware of violations (or potential violations) of laws and regulations, and of the Kirin Group Compliance Policy, Kirin Group Guidelines for Prevention of Bribery, Kirin Group Sustainable Procurement Policy, and other compliance matters conducted by an executive or employee of the Kirin Group in procurement transactions with the Group. This contact point is completely independent of the departments involved in procurement, and we guarantee that suppliers who provide information will not be treated disadvantageously.

https://faq.kirin.co.jp/form/kh_12.html

(Japanese only)



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