

# Expected outcomes and key goals

Expected outcome	Main initiatives	Medium-term targets	Vision
<ul style="list-style-type: none"> <li>Improve the profitability of areas producing agricultural raw materials, improve the wages of farm workers, and improve the sanitary environment</li> <li>Enhance sustainable food consumption within the food system and promote eco-friendly agriculture</li> <li>Recreate Japan's traditional rural Satochi-Satoyama landscapes through agriculture that enriches ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Expand support for small Sri Lankan tea farms to get Rainforest Alliance Certified</li> <li>Support for small coffee farms in Vietnam to get Rainforest Alliance Certified</li> <li>Expand the use of FSC-certified paper globally</li> <li>Expand the number of products covered by the Action Plan for the Sustainable Use of Biological Resources</li> <li>Ecosystem surveys and revegetation activities in vineyards and hop fields</li> </ul>	<p><b>Tea farm sustainability</b> Support for farms to get Rainforest Alliance Certified Number of small farms: <b>10,000 farms</b> in 2025</p> <p><b>Food waste</b> <b>75% reduction</b> by 2025 (compared with 2015) <span>KB KBC ME</span></p> <p><b>Palm oil sustainability</b> Continue to use <b>100% sustainable</b> palm oil <span>KG</span></p>	<p><b>Biological Resources</b></p> <p>A society that values sustainable biological resources.</p>
<ul style="list-style-type: none"> <li>Use water according to basin issues and improve the level of water recharge at water resources</li> <li>Stably supply products with production and logistics that are resilient to floods and other natural disasters</li> <li>Improve resilience to floods, droughts, and other disasters in areas producing agricultural raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Surveys of water risks at global production sites, upstream portions of the value chain, and logistics routes</li> <li>Reduce unit water consumption</li> <li>Prepare manuals for flood risk and logistics disruption risk at production sites</li> <li>Conserve water resources around production sites and agricultural production areas</li> </ul>	<p><b>Water use</b> <b>30% reduction</b> by 2030 (compared with 2015) <span>KKC</span></p> <p><b>Water Source Forestation Activities Continue</b> <span>KB KBC KKC KD</span></p> <p><b>Conservation of water sources at Sri Lankan tea farms</b> <b>5 locations</b> in 2020 <span>KBC</span></p>	<p><b>Water Resources</b></p> <p>A society that values sustainable water resources.</p>
<ul style="list-style-type: none"> <li>Create a society where plastics are continuously circulated</li> <li>Create a society using plastic containers that do not require new petroleum resources</li> <li>Use paper that does not adversely affect forests as a raw material</li> </ul>	<ul style="list-style-type: none"> <li>Increase the usage rate of recycled resin in PET bottles and establish systems for collecting used PET bottles</li> <li>Establish a chemical recycling system</li> <li>Introduce biomass resins and switch to non-plastic alternative materials</li> <li>Continue to reduce the weight of containers and labels</li> <li>Increase the usage rate of containers made with FSC-certified paper</li> </ul>	<p><b>Recycled materials and biomass sustainability</b> Proportion of recycled resin in PET bottles <b>100%</b> in 2050 and <b>50%</b> in 2027 <span>KB KBC ME</span></p> <p><b>Usage rate of FSC-certified paper for paper containers in the Japan alcohol and non-alcoholic beverages businesses</b> <b>100%</b> in 2020 <span>KH KB KBC ME</span></p>	<p><b>Containers and Packaging</b></p> <p>A society that circulates containers and packaging in a sustainable way.</p>
<ul style="list-style-type: none"> <li>Create a society that minimizes the impact of climate change by limiting the increase in temperature to 1.5° C at most</li> <li>Contribute to the expansion of renewable energy that does not adversely affect nature and peoples' living environments</li> <li>Achieve a decarbonized society without compromising comfort</li> </ul>	<ul style="list-style-type: none"> <li>Conserve energy within a profit and loss neutral range for environmental investments overall by, e.g., introducing heat pumps</li> <li>Move to 100% renewable energy for electricity used</li> <li>Raise awareness in society with the aim of reducing Scope 3 GHG emissions</li> <li>Make lifestyle proposals for a decarbonized society</li> </ul>	<p><b>GHG emissions across the whole value chain</b> <b>Net zero</b> in 2050</p> <p><b>GHG emissions</b> (approved as SBT 1.5° C target) <b>50% emission reduction</b> from Scope 1 + 2 (by 2030, compared with 2019)</p> <p><b>30% emission reduction</b> from Scope 3 (by 2030, compared with 2019)</p> <p><b>Ratio of renewable energy in plant purchased electric power</b> <b>100%</b> in 2040 <span>KG</span> <b>100%</b> in 2025 <span>LN</span> (Joined RE100)</p>	<p><b>Climate Change</b></p> <p>A society that has overcome climate change.</p>



# Progress (The end of 2020)

Theme	We will create together	Indicators	Targets	Achievements
Biological resources	A society that values sustainable biological resources	Number of small-scale farms assisted to obtain Rainforest Alliance certification <small>KBC</small>	10,000small farms (2025)	2,120small farms
		Use of FSC-certified paper or recycled paper for office paper <small>KB KBC ME</small>	100% (2020)	100.00%
		Rate of RSPO certification through Book & Claim method <small>KB KBC KIW</small>	100% (2020)	100%
		Reduction of food waste <small>KB KBC ME</small>	-75% (2025, compared with 2015 levels)	-44% (2019)
Water resources	A society that values sustainable water resources	Rate of reduction of water consumption rate <small>MBL</small>	-28% (2021, compared with 2015 levels)	-27%
		Rate of reduction of water use volumes <small>KKC KHB</small>	30% (2030, compared with 2015 levels)	<small>KKC -44% KHB -43%</small>
		Number of areas where water sources were conserved among Sri Lankan tea farms <small>KBC</small>	5 sites (2020)	5sites
		Number of persons participating in education programs for valuing water in Sri Lanka <small>KBC</small>	15,000 persons (2020)	15,000 persons
Containers and packaging	A society that circulates containers and packaging in a sustainable way	Sustainable containers and packaging using recycled materials and biomass <small>KB KBC ME</small>	100% (2050)	1.5%
		Ratio of usage of recycled resin for PET bottles <small>KB KBC ME</small>	50% (2027)	1.5%
		Recycle rate of container and packaging materials <small>LN</small>	100% (2025)	95%
		Percentage of recycled materials used in container and packaging materials <small>LN</small>	Over 50% (2025)	45~49%
		Use of FSC-certified paper for 6-can packs <small>KB KBC ME</small>	100% (2020)	100%
		Use of FSC-certified paper for gift boxes <small>KB KBC ME</small>	100% (2020)	100%
		Use of FSC-certified paper for drink boxes <small>KB KBC ME</small>	100% (2020)	100%
		Use of FSC-certified paper for cardboard cartons for products <small>KB KBC ME</small>	100% (2020)	100%
Climate change	A society that has overcome climate change	GHG emissions from the entire value chain <small>KG</small>	Net-Zero (2050)	4,864 thousand tCO <sub>2</sub>
		GHG emission reduction rate – Scopes 1 +Scopes 2 <small>KG</small>	50% (2030, compared with 2019 levels)	-8%
		GHG emission reduction rate – Scope 3 <small>KG</small>	30% (2030, compared with 2019 levels)	-3%
		Ratio of renewable energy in plant purchased electric power <small>KG</small>	100% (2040)	10%
		Installation of solar power generation facilities <small>LN</small>	10MW (2026)	1.2MW

KG Kirin Group KH Kirin Holdings KB Kirin Brewery KBC Kirin Beverage ME Mercian KKC Kyowa Kirin KHB Kyowa Hakko Bio KIW KOIWAI DAIRY PRODUCTS LN Lion MBL Myanmar Brewery

Message from Top Management  
Environmental Strategy  
Indicators and Goals  
Activity  
Governance and Risk Management  
Environmental Data

# CSV Commitment

The Kirin Group has formulated 19 commitments under the CSV Commitment that clarify the medium to long-term image we are aiming for through our business. Among those 19 commitments, there are four that deal with social issues related to the environment, which have target years between 2020 and 2030 to meet our Long-Term Environmental Vision. Five other commitments related to community engagement will also solve social issues related to the environment. Now that our new long-term strategy, Environmental Vision 2050, has been formulated and announced in 2020, we will revise our "CSV Commitment" in stages.

Kirin Group's Environmental Vision 2050	SDGs Target	Our Commitment	Our Approach	Our Achievement	Goals for 2021
        	Cultivate, expand and procure sustainable agricultural raw materials  Stand by the side of farmers to make raw material production areas sustainable  Attainment target: A society that values sustainable biological resources.	<b>2.2.d</b> More sustainable production of raw materials We will support Sri Lankan black tea farmers through such long-term initiatives as facilitating the acquisition of Rainforest Alliance certification, and expand the use of certified tea leaves.  <b>3.3</b> Actions regarding biological resources We will protect the natural environment and preserve the ecosystems surrounding our business sites as well as areas producing raw materials.  <b>3.5</b> Reduction of food waste We will reduce the amount of product waste generated stemming from factory shipment to delivery to our partners.	<ul style="list-style-type: none"> <li>We will help producers of black tea leaves by facilitating the acquisition of Rainforest Alliance certification, in order to ensure the sustainable procurement of tea leaves.</li> <li>We will expand the use of Rainforest Alliance Certified tea leaves over the long term.</li> <li>We will promote our efforts related to biological resources at major material production sites.</li> <li>We will strive to secure resources that may lead to deforestation in a sustainable manner.</li> <li>We will reduce inventory excess (which leads to waste) through more accurate supply and demand predictions.</li> <li>We will reduce product waste by implementing thorough quality control.</li> </ul>	Number of small farms assisted to obtain Rainforest Alliance certification  ①Use of FSC-certified paper or recycled paper for office paper ②Use of FSC-certified paper for paper containers and packaging*1 ③Actions regarding sustainable palm oil	10,000 farms (in 2025)  ①100% (in 2020) ②100% (in 2020) ③100%*2  Rate of product waste reduction  75% (in 2025, compared with 2015)
	Bring water, used as a raw material, to a sustainable state Solve problems with water in a way that suits the characteristics of basin regions where our business bases are located Attainment target: A society that values sustainable water resources.	<b>3.2</b> Actions regarding water resources We will reduce water use in production activities and continuously preserve water sources.	<ul style="list-style-type: none"> <li>We will promote water saving at our plants.</li> <li>We will investigate major hydrographic vulnerabilities at our production sites.</li> <li>We will continue to conserve water sources at our production sites.</li> </ul>	①Water consumption reduction rate in 2021 ②Amount of water use in 2030	MBL ①28% (in 2021, compared with 2015) KKC ②30% (in 2030, compared with 2015)
	Develop and disseminate sustainable containers and packaging Build a resource-recycling system to make containers and packaging sustainable Attainment target: A society that circulates containers and packaging in a sustainable way.	<b>3.4</b> Actions regarding containers and packaging We will continue to reduce the weight of containers and packaging while relying less on non-renewable resources and increasing the sustainability of materials.	<ul style="list-style-type: none"> <li>We will strive to maintain the 3Rs and resource circulation for containers and packaging.</li> <li>We will increase use of sustainable materials for our containers.</li> <li>We will introduce Life Cycle Assessment (LCA) and select container raw materials at an early stage of container / product development.</li> </ul>	①Conversion rate of PET bottle resin to recycled resin ②Recyclability of container material ③Recycled material ratio for containers and packaging materials	KB KBC ME ①50% (in 2027) LN ②Over 90% (in 2030) ③Over 50% (in 2030)
Realize Net-Zero GHG emission from the entire value chain Lead to build a decarbonized society Attainment target: A society that has overcome climate change.	<b>3.1</b> Actions regarding climate change We will work to further reduce Green house gas (GHG) emissions through various initiatives, including the introduction of renewable energy.	<ul style="list-style-type: none"> <li>We will promote the introduction of renewable energy.</li> <li>We will promote energy conservation.</li> </ul>	①Ratio of renewable energy in plant purchased electric power ②Install solar power generation facilities ③Reduction ratio of GHG emission (Scope 1 and 2) ④Reduction ratio of GHG emission (Scope 3)	KG ①100% (in 2040) LN ②10MW (in 2026) KG ③50% (in 2030, compared with 2019) ④30% (in 2030, compared with 2019)	

KG Kirin Group KH Kirin Holdings  
 KB Kirin Brewery KBC Kirin Beverage  
 ME Mercian  
 KKC Kyowa Kirin+Kyowa Hakko Bio  
 LN Lion MBL Myanmar Brewery

\*1 6-can packs, gift boxes, drink boxes, cardboard cartons for products  
 \*2 Using Book and Claim model, which is a model for the trading of certificates approved by the Round Table of Sustainable Palm Oil

**Key CSV Issues**

**Community Engagement**

**Our Commitment**

2.2.a We will work on improving the quality and stable procurement of Japanese hops and brew unique beers that can only be made with them while contributing to the revitalization of key producing areas.

2.2.b We will drive development of Japanese wines to ensure their global recognition and contribute to revitalizing key producing areas and local communities, which are the foundations of growing grapes and making wines.

2.2.c We will create highly sustainable conditions for procuring Myanmar rice for brewing while fulfilling our social responsibilities to the region.

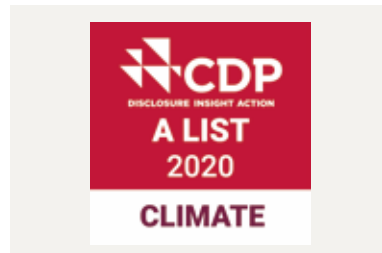
2.2.d We will support Sri Lankan black tea farmers through such long-term initiatives as facilitating the acquisition of Rainforest Alliance certification, and expand the use of certified tea leaves.

2.2.e We will develop long-term, sustainable mutually beneficial partnerships with our raw material and packaging suppliers, which build a favorable demand for our product and ensure sustainable returns and the creation of value through the supply chain.

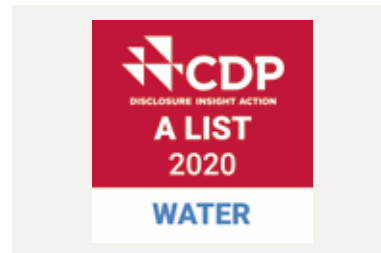
\*The above is the CSV commitment as of the end of June 2020.

# External Evaluation

The Kirin Group conducts transparent information disclosure to its investors and other stakeholders. As such, we have been selected for and rated by the following global indices.



CDP "climate change" category "A-List" (two consecutive years)



CDP "water security" category "A-List" (five consecutive years)



CDP Supplier Engagement Rating "Leader Board" (three consecutive years)



"Gold Award" in the "Environmentally Sustainable Company Category" (two consecutive years)



"Environmental Value Award" and highest ranked at the Second Nikkei SDGs Management Grand Prix (two consecutive years)



The "Kirin Group Environmental Report 2020" won the "Climate Change Reporting Grand Prize (Minister of the Environment Award)" in the 24th Environmental Communication Award

Selected for the following indices



New Thin Film Deposition Technology for PET bottles WorldStar Award and Kinoshita Prize



Kirin Namacha Decaffeinated Tea Drink won WorldStar Packaging Awards



The middle-sized bottle also received WorldStar Packaging Awards



Fuji-Sankei Group Award in the 26th Global Environment Awards



Kirin School Challenge won the Encouragement Award in the Career Education Awards



Kirin School Challenge won the Judges Committee Encouragement Award at the FY2017 Corporate Awards for Youth Experience Activities



Judge's Special Award in the 6th Ikimono Nigiwai Corporate Initiatives Contest



Yokohama Plant won the Green Cities Awards and Green Social Contribution Award



Minister of Land, Infrastructure, Transport and Tourism Award under the Excellent Green Logistics Commendation Program



Logistics Environmental Grand Prize at the 18th Logistics Environmental Award



Ranked No. 1 in WWF Japan's "Ranking for Corporate Measures Against Global Warming in the Food Sector"



King of Beasts Award in WWF Japan's "Business & Diversity Katte-ni Award"