# Expected outcomes and key goals

| Expected outcome | Main initiatives | Medium-term targets | Vision |
|---|---|---|---|
| • Improve the profitability of areas producing agricultural raw materials, improve the wages of farm workers, and improve the sanitary environment<br>• Enhance sustainable food consumption within the food system and promote eco-friendly agriculture<br>• Recreate Japan's traditional rural Satochi-Satoyama landscapes through agriculture that enriches ecosystems | • Expand support for small Sri Lankan tea farms to get Rainforest Alliance Certified<br>• Support for small coffee farms in Vietnam to get Rainforest Alliance Certified<br>• Expand the use of FSC-certified paper globally<br>• Expand the number of products covered by the Action Plan for the Sustainable Use of Biological Resources<br>• Ecosystem surveys and revegetation activities in vineyards and hop fields | **Tea farm sustainability**<br>Support for farms to get Rainforest Alliance Certified<br>Number of small farms: **10,000 farms** in 2025<br>**Food waste**<br>**75% reduction** by 2025 (compared with 2015) KB KBC ME<br>**Palm oil sustainability**<br>Continue to use **100% sustainable** palm oil KG | **Biological Resources**<br>A society that values sustainable biological resources. |
| • Use water according to basin issues and improve the level of water recharge at water resources<br>• Stably supply products with production and logistics that are resilient to floods and other natural disasters<br>• Improve resilience to floods, droughts, and other disasters in areas producing agricultural raw materials | • Surveys of water risks at global production sites, upstream portions of the value chain, and logistics routes<br>• Reduce unit water consumption<br>• Prepare manuals for flood risk and logistics disruption risk at production sites<br>• Conserve water resources around production sites and agricultural production areas | **Water use**<br>**30% reduction** by 2030 (compared with 2015) KKC<br>**Water Source Forestation Activities**<br>**Continue** KB KBC KKC KD<br>**Conservation of water sources at Sri Lankan tea farms**<br>**5 locations** in 2020 KBC | **Water Resources**<br>A society that values sustainable water resources. |
| • Create a society where plastics are continuously circulated<br>• Create a society using plastic containers that do not require new petroleum resources<br>• Use paper that does not adversely affect forests as a raw material | • Increase the usage rate of recycled resin in PET bottles and establish systems for collecting used PET bottles<br>• Establish a chemical recycling system<br>• Introduce biomass resins and switch to non-plastic alternative materials<br>• Continue to reduce the weight of containers and labels<br>• Increase the usage rate of containers made with FSC-certified paper | **Recycled materials and biomass sustainability**<br>Proportion of recycled resin in PET bottles<br>**100%** in 2050 and **50%** in 2027 KB KBC ME<br>**Usage rate of FSC-certified paper for paper containers in the Japan alcohol and non-alcoholic beverages businesses**<br>**100%** in 2020 KH KB KBC ME | **Containers and Packaging**<br>A society that circulates containers and packaging in a sustainable way. |
| • Create a society that minimizes the impact of climate change by limiting the increase in temperature to 1.5° C at most<br>• Contribute to the expansion of renewable energy that does not adversely affect nature and peoples' living environments<br>• Achieve a decarbonized society without compromising comfort | • Conserve energy within a profit neutral range for environmental investments overall by, e.g., introducing heat pumps<br>• Move to 100% renewable energy for electricity used<br>• Raise awareness in society with the aim of reducing Scope 3 GHG emissions<br>• Make lifestyle proposals for a decarbonized society | **GHG emissions across the whole value chain**<br>**Net zero** in 2050<br>**GHG emissions** (approved as SBT 1.5° C target)<br>**50% emission reduction** from Scope 1 + 2 (by 2030, compared with 2019)<br>**30% emission reduction** from Scope 3 (by 2030, compared with 2019)<br>**Ratio of renewable energy in plant purchased electric power**<br>**100%** in 2040 KG (Joined RE100) **100%** in 2025 LN | **Climate Change**<br>A society that has overcome climate change. |

Kirin Group's Environmental Vision 2050

## Enrich the Earth with Positive Impact


Kirin and its broad stakeholders enrich society and the Earth for future generations through positive impact on people and the environment.

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

# 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 KBC | 10,000small farms (2025) | 2,120small farms |
| | | Use of FSC-certified paper or recycled paper for office paper KB KBC ME | 100% (2020) | 100.00% |
| | | Rate of RSPO certification through Book & Claim method KB KBC ME | 100% (2020) | 100% |
| | | Reduction of food waste KB KBC ME | −75% (2025、compared with 2015 levels) | −44% (2019) |
| Water resources | A society that values sustainable water resources | Rate of reduction of water consumption rate MBL | −28% (2021、compared with 2015 levels) | −27% |
| | | Rate of reduction of water use volumes KKC KHB | 30% (2030、compared with 2015 levels) | KKC −44% KHB −43% |
| | | Number of areas where water sources were conserved among Sri Lankan tea farms KBC | 5 sites (2020) | 5sites |
| | | Number of persons participating in education programs for valuing water in Sri Lanka KBC | 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 KB KBC ME | 100% (2050) | 1.5% |
| | | Ratio of usage of recycled resin for PET bottles KB KBC ME | 50% (2027) | 1.5% |
| | | Recycle rate of container and packaging materials LN | 100% (2025) | 95% |
| | | Percentage of recycled materials used in container and packaging materials LN | Over 50% (2025) | 45～49% |
| | | Use of FSC-certified paper for 6-can packs KB KBC ME | 100% (2020) | 100% |
| | | Use of FSC-certified paper for gift boxes KB KBC ME | 100% (2020) | 100% |
| | | Use of FSC-certified paper for drink boxes KB KBC ME | 100% (2020) | 100% |
| | | Use of FSC-certified paper for cardboard cartons for products KB KBC ME | 100% (2020) | 100% |
| Climate change | A society that has overcome climate change | GHG emissions from the entire value chain KG | Net-Zero (2050) | 4,864 thousand $tCO_2$ |
| | | GHG emission reduction rate – Scopes 1 +Scopes 2 KG | 50% (2030、compared with 2019 levels) | -8% |
| | | GHG emission reduction rate – Scope 3 KG | 30% (2030、compared with 2019 levels) | -3% |
| | | Ratio of renewable energy in plant purchased electric power KG | 100% (2040) | 10% |
| | | Installation of solar power generation facilities LN | 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 LN Lion MBL Myanmar Brewery

# 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 Achinvement | Goals for 2021 |
|---|---|---|---|---|---|
| Cultivate, expand and procure sustainable agricultural raw materials<br>Stand by the side of farmers to make raw material production areas sustainable<br>Attainment target : A society that values sustainable biological resources. | Target 2.3<br>Target 8.9<br>Target 15.4<br>Target 17.16<br>Target 17.17 | 2.2.d More sustainable production of raw materials<br>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. | ●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.<br>●We will expand the use of Rainforest Alliance Certified tea leaves over the long term. | Number of small farms assisted to obtain Rainforest Alliance certification<br>KH KBC | 10,000 farms (in 2025) |
| | Target 15.4<br>Target 17.16<br>Target 17.17 | 3.3 Actions regarding biological resources<br>We will protect the natural environment and preserve the ecosystems surrounding our business sites as well as areas producing raw materials. | ●We will promote our efforts related to biological resources at major material production sites.<br>●We will strive to secure resources that may lead to deforestation in a sustainable manner. | ①Use of FSC-certified paper or recyled paper for office paper<br>②Use of FSC-certified paper for paper containers and packaging*1<br>③Actions regarding sustainable palm oil<br>KH KB KBC ME | ①100% (in 2020)<br>②100% (in 2020)<br>③100%*2 |
| | Target 2.4<br>Target 12.3<br>Target 17.16<br>Target 17.17 | 3.5 Reduction of food waste<br>We will reduce the amount of product waste generated stemming from factory shipment to delivery to our partners. | ●We will reduce inventory excess (which leads to waste) through more accurate supply and demand predictions.<br>●We will reduce product waste by implementing thorough quality control. | Rate of product waste reduction<br>KB KBC ME | 75% (in 2025, compared with 2015) |
| Bring water, used as a raw material, to a sustainable state<br>Solve problems with water in a way that suits the characteristics of basin regions where our business bases are located<br>Attainment target : A society that values sustainable water resources. | Target 3.9<br>Target 6.4<br>Target 17.16<br>Target 17.17 | 3.2 Actions regarding water resources<br>We will reduce water use in production activities and continuously preserve water sources. | ●We will promote water saving at our plants.<br>●We will investigate major hydrographic vulnerabilities at our production sites.<br>●We will continue to conserve water sources at our production sites. | ①Water consumption reduction rate in 2021<br>②Amount of water use in 2030<br>MBL KKC | MBL<br>①28% (in 2021, compared with 2015)<br>KKC<br>② 30% (in 2030, compared with 2015) |
| Develop and disseminate sustainable containers and packaging<br>Build a resource-recycling system to make containers and packaging sustainable<br>Attainment target : A society that circulates containers and packaging in a sustainable way. | Target 12.2<br>Target 12.4<br>Target 14.1<br>Target 17.16<br>Target 17.17 | 3.4 Actions regarding containers and packaging<br>We will continue to reduce the weight of containers and packaging while relying less on non-renewable resources and increasing the sustainability of materials. | ●We will strive to maintain the 3Rs and resource circulation for containers and packaging.<br>●We will increase use of sustainable materials for our containers.<br>●We will introduce Life Cycle Assessment (LCA) and select container raw materials at an early stage of container / product development. | ①Conversion rate of PET bottle resin to recycled resin<br>②Recyclability of container material<br>③Recycled material ratio for containers and packaging materials<br>KB KBC ME LN | KB KBC ME<br>① 50% (in 2027)<br>LN<br>②Over 90% (in 2030)<br>③Over 50% (in 2030) |
| Realize Net-Zero GHG emission from the entire value chain<br>Lead to build a decarbonized society<br>Attainment target : A society that has overcome climate change. | Target 7.2<br>Target 13.1<br>Target 17.16<br>Target 17.17 | 3.1 Actions regarding climate change<br>We will work to further reduce Green house gas (GHG) emissions through various initiatives, including the introduction of renewable energy. | ●We will promote the introduction of renewable energy.<br>●We will promote energy conservation. | ①Ratio of renewable energy in plant purchased electric power<br>②Install solar power generation facilities<br>③Reduction ratio of GHG emission (Scope 1 and 2)<br>④Reduction ratio of GHG emission (Scope 3)<br>KG | KG ①100% (in 2040)<br>LN ②10MW (in 2026)<br>KG<br>③50% (in 2030, compared with 2019)<br>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 A LIST 2020 CLIMATE

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

CDP A LIST 2020 WATER

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

CDP SUPPLIER ENGAGEMENT LEADER 2020

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

2020 ESG FINANCE AWARDS JAPAN GOLD

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

SUSTAINABLE DEVELOPMENT GOALS

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

2021 大賞 環境報告部門

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**

S&P/JPX Carbon Efficient Index

FTSE Blossom Japan

FTSE4Good

2021 Sompo Sustainability Index

MSCI MSCI Japan ESG Select Leaders Index

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 Encourage 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"