



# CSV priority issues and commitment progress and goals

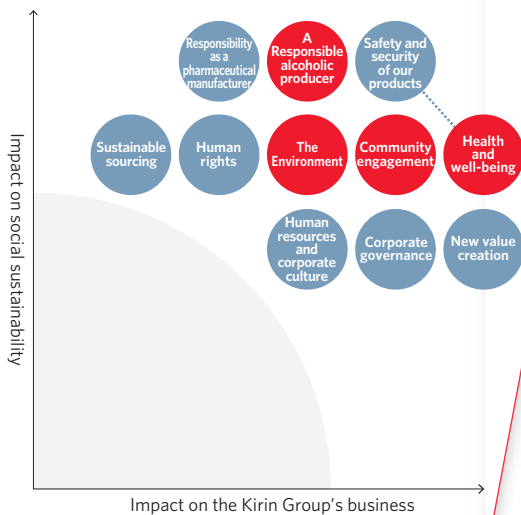
(As of December 31, 2017)

When it formulated the long-term management vision New KV2021, the Kirin Group identified management issues to achieve sustainable growth, and organized the Group Materiality Matrix (GMM).

In 2016, we established "health and well-being," "community engagement," and "the environment" as CSV Key Initiatives to be dealt with in a focused manner with the view of being "a responsible alcoholic producer" as outlined in GMM.

To share our purpose together as a Group and work on CSV Key Initiatives, we have formulated our vision as 16 commitments, while also consulting the Sustainable Development Goals (SDGs) adopted by the U.N. in 2017. Further, we have established a concrete approach to achieving our commitments and we update our approach depending on yearly progress.

Group materiality matrix



	CSV key initiatives	Commitments	
A responsible alcoholic producer	Education in appropriate drinking and nurturing a positive drinking culture	0.1 <ul style="list-style-type: none"> <li>Promote measures against harmful alcohol intake</li> <li>Develop no-alcohol and low-alcohol products</li> </ul>	
	Supporting self-care for healthy people and people with pre-disease	1.1 <ul style="list-style-type: none"> <li>Support customer control of calorie and nutritional intake</li> </ul>	
		1.2 <ul style="list-style-type: none"> <li>Create innovative products and services that contribute to improving customers' quality of life</li> </ul>	
	Health and well-being	Evolution in medical treatment	1.3 <ul style="list-style-type: none"> <li>Continuously discover innovative new drugs</li> </ul>
		1.4 <ul style="list-style-type: none"> <li>Contributing to the spread of bio-pharmaceuticals and the reduction of medical costs, a global issue</li> </ul>	
	Health-oriented business management	1.5 <ul style="list-style-type: none"> <li>Improve employee health</li> </ul>	
Community engagement	Safety and security of our products	1.6 <ul style="list-style-type: none"> <li>Improve global safety and customers' sense of security</li> </ul>	
	Enhancing sustainability of the supply chain	2.1 <ul style="list-style-type: none"> <li>Contribute to the revitalization of producing areas by brewing unique beers that can only be made by using Japanese hops</li> </ul>	
		2.2 <ul style="list-style-type: none"> <li>Provide long-term support for Sri Lankan black tea farmers</li> </ul>	
		2.3 <ul style="list-style-type: none"> <li>Develop Japanese wines and contribute to products that ensure global recognition, and thereby revitalize producing areas</li> </ul>	
		2.4 <ul style="list-style-type: none"> <li>Provide sustainable support for dairy farmers</li> </ul>	
Regional revitalization through business activities	2.5 <ul style="list-style-type: none"> <li>Develop products and services that revitalize local communities</li> </ul>		
The Environment	Reflecting environmental activities in our business strategies	3.1 <ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions</li> </ul>	
		3.2 <ul style="list-style-type: none"> <li>Preserve water resources</li> </ul>	
		3.3 <ul style="list-style-type: none"> <li>Preserve biological resources</li> </ul>	
		3.4 <ul style="list-style-type: none"> <li>Improve sustainability of containers and packaging</li> </ul>	



Please refer to our website for details about our commitment approach, performance indicators and other information.  
[https://www.kirinholdings.co.jp/english/csv/commitment/pdf/CSV\\_all\\_E.pdf](https://www.kirinholdings.co.jp/english/csv/commitment/pdf/CSV_all_E.pdf)



## Major achievements in 2017

- G** Kirin Zero Ichi (Japan) drove the Group's total sales volume of non-alcoholic products to a 57% increase compared to the previous year.
- LN** Our Goodness Promise progressed steadily. The "Best for you" and "Good for you" categories accounted for 76% (74% in the previous year) of Lion Dairy & Drinks sales volume, while the Health Star Labeling adoption rate was 60% (43% in the previous year) of stock keeping unit (SKU) (Australia)
- G** Launched a unified brand across the Group that combines *Lactococcus lactis* strain Plasma (¥23 billion in sales is expected in 2027).
- KHK** Application for approval of the manufacture and sales of KRN23 (burosumab) was accepted in Europe and designated for priority review by the U.S. Food and Drug Administration.
- KHK** Successfully litigated a patent in the U.K. of an adalimumab biosimilar candidate (FKB327), and our application for marketing approval in Europe was accepted.
- KC** Reduced overtime work hours by 4.7% over the previous year
- KHK** Divisions that reduced prolonged- work hours from the previous year: 89.8%
- G** Decided the certification rate for Global Food Safety Initiative (GFSI)-recognized schemes would be a performance indicator (certification rate: 33%)
- KC** Disclosed list of soft drink ingredients and nutritional information
- KB** Promoted the Home Town of Beer Initiative to revitalize regions that collaborate with hop producers, citizens, and the government in Tono City, Iwate Prefecture  
Started a Hop Summit with hop producers and craft brewers in various regions in collaboration with Kirin's project to add value with domestic hops
- KBC** Achieved about a 50% ratio of number of highly sustainable farms among Sri Lankan black tea supplier farms  
Number of farms that have obtained Rainforest Alliance certification: 44
- ME** Château Mercian has won high praise at prominent domestic and international wine competitions, including winning the gold medal at the International Wine Challenge  
Kikyō decided to build a new Hara winery (2018) and Mariko winery (2019)
- LN** Started Lion Dairy Pride Program, an online program to support sustainable and productive dairy farming. Provided grant funding to 10 dairy farmers in partnership with Landcare Australia in 2017

Same as 2.2

## Major goals in fiscal 2018

- G** Create responsible alcohol consumption program across the Group and establish indicators and targets to measure the spread of activities to educate people on responsible alcohol consumption  
Further improve perception of no-alcohol products
- KBC** Focus on spreading sugar-free products (Japan)
- LN** Aiming to achieve its targets for 2019, LN will expand the Milk Loves You Back initiative to spread knowledge about nutrients necessary for living through it on pack information (Australia)
- G** Raise social awareness of *Lactococcus lactis* strain Plasma through healthcare experts  
Begin developing the health business and products to follow those mentioned above
- KHK** Launch KRN23 in Europe and the U.S. and try to penetrate the market
- KHK** Apply for approval of an adalimumab biosimilar (FKB327) in the U.S. and obtain approval in Europe.
- KC** Turn the PDCA cycle on initiatives to reform and improve work by reforming working styles
- KC** **KHK** Obtain Excellent Enterprise of Health and Productivity Management (White 500)
- G** Increase the certification rate for GFSI-recognized schemes to more than 50%
- KC** Disclose the list of alcoholic beverage ingredients and nutritional information on website
- KB** Expand the development of craft beers that use domestic hops  
Seek to establish a hop production system that can maintain a domestic hop procurement volume of 100 tons by 2026
- KBC** Aim to achieve a 70% ratio of number of highly sustainable farms among Sri Lankan black tea supplier farms by 2020  
Support those farms (7,750 farms) in obtaining certification
- ME** Open the Kikyogahara winery and complete construction of the Mariko winery  
Contribute to the development of Japanese wine through the growth of the *Château Mercian* business (sales target for rate of sales volume increase: 10% increase over the previous year)
- LN** Develop Orchard Pride Program for Lion fruit suppliers
- KB** Continue to release nationwide the Kirin Brewery "9 Factory Ichiban Shibori" can design advertising and supporting regional revitalization
- KC** Formulate GHG reduction roadmap for 2018–2030
- KB** Expand renewable energy ratio for plant purchased electric power to 50% by 2030
- LN** Install 10 MW solar power generation facilities by 2026
- G** Continue water-source forestation activities (planned: 10 locations, 19 times)
- MB** Reduce water-use intensity by 25% (compared to 2015)
- KHK** Reduce water usage by 30% by 2030 (compared to 2015)
- KC** Switch all paper containers and packaging to FSC® certified paper by 2020
- LN** Raise recyclable material packaging rate to 90% or more by 2030

Same as 2.2

## Related page

- Risk Management Page 50
- Kirin's Value Creation Case 3, page 29
- Kirin's Value Creation Case 2, page 27
- Kirin Group Environmental Report
- Kirin Group Environmental Report
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**G** Kirin Group **KC** Kirin Company, Limited **KB** Kirin Brewery Company, Limited **KBC** Kirin Beverage Company, Limited  
**ME** Mercian Corporation **LN** Lion Pty Limited **MB** Myanmar Brewery Limited **KHK** Kyowa Hakkō Kirin Company, Limited