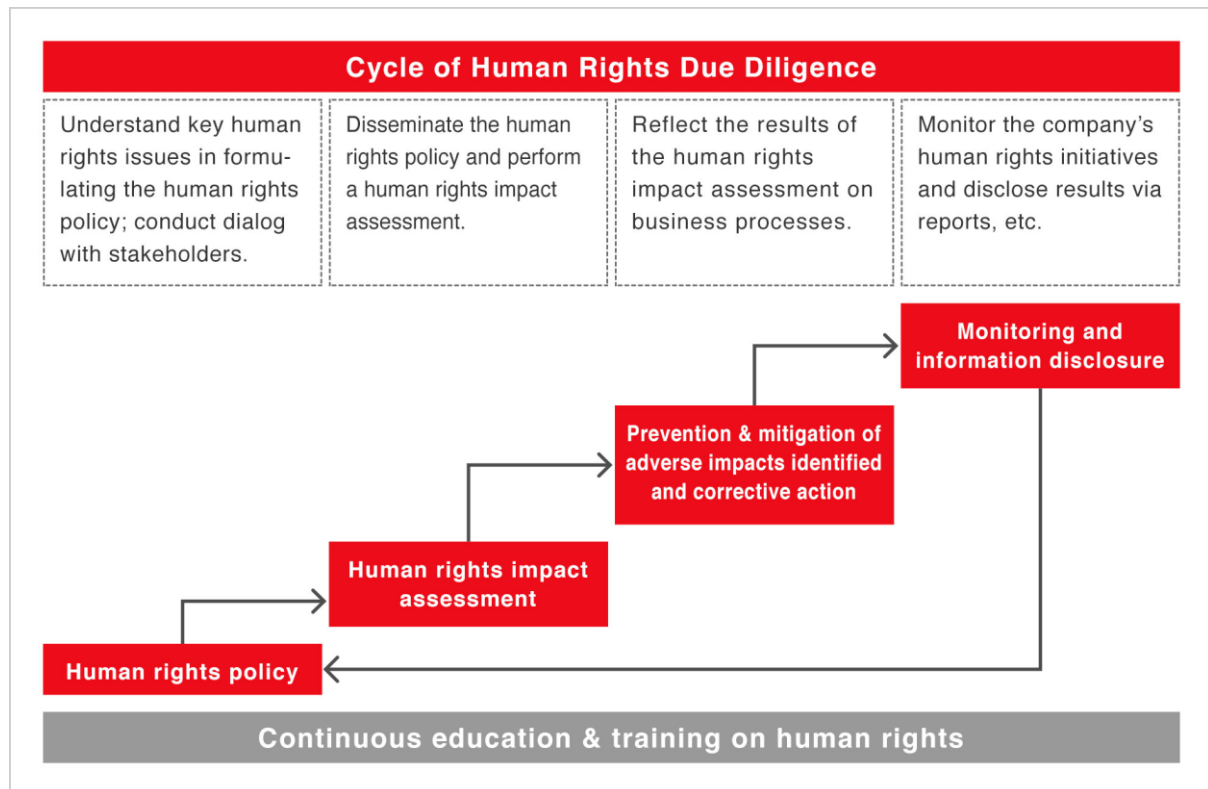


Human rights impact assessment in Myanmar

2019 Progress Update

Kirin Group has commenced a process of human rights due diligence in line with the Kirin Group Human Rights Policy established in February 2018. This ongoing process, which is founded on the Group's commitment to human rights under the Policy, ranges from identifying the human rights issues in the Kirin Group's value chain, planning and implementing corrective actions, monitoring those actions and disclosing information about them, to communicating with external stakeholders.



In the Human Rights Impact Assessment ("HRIA") conducted on the Myanmar operations in 2018, we identified the adverse impacts of those operations on human rights and developed an action plan for the prevention and mitigation of those impacts. We also publicly released the HRIA outcomes and the action plan.

For the action plan, Kirin Group will continue to consult with experts and local stakeholders in accordance with the most recent circumstances and reconsider the plan where necessary. We will also report on the state of progress at least once a year. Through these actions, we aim to play a more active role in the pursuit of responsible business activities in Myanmar.

In 2019, MBL and MDL management and the relevant divisions joined forces to strengthen governance aimed at respect for human rights and to put human rights practices into place. In addition, a new CSV (Creating Shared Values) division was established in MBL. We will continue to build frameworks for the strong promotion of further solutions to social issues, including human rights issues.

This update provides a report on the major progress made in 2019 toward the promotion of respect for human rights in our Myanmar operations, in line with the main human rights issues identified in the HRIA.

- Occupational Health and Safety

- Labour Rights
- Forced Labour
- Child Labour
- Supply Chain
- Surrounding Communities

In the area of occupational health and safety in particular, MBL is pursuing initiatives to obtain ISO 45001 certification, the international standard for occupational health and safety (“OHS”) management systems. With the reinforcement of OHS management structures, respect for workers’ human rights is expected to be promoted further.

Further, for the prevention of forced labour and child labour, a letter calling for respect for human rights in line with the Kirin Group Supplier CSR Guidelines was distributed to subcontractors and suppliers. These letters were then collected after being signed by the recipients. We are also conducting on-site audits and progressively confirming that business operations that respect human rights are being conducted.

The table below provides other details about progress in the various areas.

Major Initiatives and Progress

	Short to mid-term (2019-2021) actions	2019 Progress
Occupational Health and Safety	• MBL has been engaging with independent external consultants to review and enhance its existing health and safety systems with the aim of certifying to ISO 45001 by July 2019. • MDL will continuously improve its current standards through knowledge sharing from MBL. • Through education and training to increase awareness of potential risks and behaviours that contribute to serious hazards. Workshops on OHS risks and prevention will be conducted for subcontractors who work on the premises as well as business partners who are vulnerable to OHS risks. • MBL is launching a culture change program aimed at fostering a “safety first” culture. The company is engaging with Kirin and Lion (a Kirin Group Company in Australia and New Zealand) to learn from their best practices.	• There is a concrete progress on ISO 45001 certification process in MBL. 1st stage audit was finished in June 2019 without any non-conformance. • Settled TRIFR target including contractors from the beginning of 2019 in MBL. • Established Safety Committee for disaster prevention in MDL with reference to MBL organization • In cooperation with Kirin Group companies, MBL introduced safety best practices (such as near-miss reporting mechanisms) to further improve occupational safety and health levels.

- To develop and implement a monitoring system for risks and breaches, including an accident and near miss reporting mechanism.

	Short to mid-term (2019-2021) actions	2019 Progress
Labour Rights	• To review current hiring process and employment practices, and work with independent external experts to align them with new local labour laws and international labour standards. • To build a transparent and collaborative culture by encouraging open and honest two-way dialogues between employees and the management. • To organize workshops and training for subcontractors to raise awareness on ILO international standards and recent changes in Myanmar labour laws, as well as to promote best practices in employment and recruitment.	• Employee Engagement Survey at MBL was conducted in October. Response rate 96%. (Results are under analysis) • Conducted a series of training sessions for MBL employees in managerial positions and above on the "Code of Conduct" (The Rule) in cooperation with the Legal Department and an external law firm in order to strengthen respect for human rights and compliance.

	Short to mid-term (2019-2021) actions	2019 Progress
Forced Labour	• To conduct a further assessment of the subcontractors and business partners on their employment practices in collaboration with independent external experts to identify risks of forced labour and areas for improvement. • To develop guidelines on employment best practices based on ILO international labour standards that clearly sets out workers' rights and prohibits forced labour. • To organize workshops and training for subcontractors and business partners to raise awareness on forms and consequences of forced labour, as well as to promote best practices in employment and recruitment. • To include a clause on anti-forced labour in contractual agreements with subcontractors and business partners.	• In line with the Kirin Group Supplier CSR Guidelines, letters requesting the elimination of forced labour and compliance with children's rights have already been distributed to subcontractors and all suppliers in Myanmar. Collecting signed letters sequentially. • On-site audits including human rights issues such as child labour, forced labour and overtime were conducted (in 2019 audits were conducted on 40 suppliers) in order to ensuring the compliance of subcontractors and suppliers.

	Short to mid-term (2019-2021) actions	2019 Progress
Child Labour	• To conduct a follow-up in-depth assessment to understand the risk and potential location child labour in MBL and MDL's upstream supply chain. • To develop a guideline based on ILO international labour standards that determinedly prohibits child labour. • To organize workshops and training for subcontractors and business partners to raise awareness on forms and consequences of child labour, as well as to promote best practices in employment and recruitment. This will be combined with training on forced labour. • To include a clause on anti-child labour in contractual agreements with subcontractors and business partners.	• In line with the Kirin Group Supplier CSR Guidelines, letters requesting the elimination of forced labour and compliance with children's rights have already been distributed to subcontractors and all suppliers in Myanmar. Collecting signed letters sequentially. • On-site audits including human rights issues such as child labour, forced labour and overtime were conducted (in 2019 audits were conducted on 40 suppliers) in order to ensuring the compliance of subcontractors and suppliers.

	Short to mid-term (2019-2021) actions	2019 Progress
Supply Chain	• To enhance Sourcing Policy and Guidelines at MBL and MDL. ◦ To ensure existing Sourcing Policy and Guidelines align with international best practice and Kirin Human Rights Policy, and to revise supplier acknowledgment letters as necessary ◦ To extend the practice of acknowledgment letters to all suppliers in Myanmar • To conduct further study of upstream rice supply chain, in association with experts as necessary. • MBL to develop plan for conducting workshops with suppliers on expectations on adherence to MBL Corporate Philosophy (as outlined in acknowledgment letter) and Kirin Human Rights Policy. • To develop the "Support Rice Farmers Initiative" with the aim of improving the standard of living of	• In accordance with the Kirin Group Procurement Basic Policy, the MBL Sourcing Policy has been updated to clarify the expectations of suppliers regarding social responsibility, including human rights, and MBL is working with each supplier to promote CSR procurement. • In line with the Kirin Group Supplier CSR Guidelines, letters requesting the elimination of forced labour and compliance with children's rights have already been distributed to subcontractors and all suppliers in Myanmar. Collecting signed letters sequentially. • On-site audits including human rights issues such as child labour, forced labour and overtime were conducted (in 2019 audits were conducted on 40 suppliers) in order to ensuring the

farmers, in consultation with Japan International Cooperation Agency.

compliance of subcontractors and suppliers.

Short to mid-term (2019-2021) actions		2019 Progress
Surrounding Communities	• To engage independent external experts to conduct an in-depth assessment of the impact of MBL and MDL's operations on surrounding communities, including on land and water rights, and the environment. • To engage a land rights expert to review existing land titles and use by MBL and MDL, and develop policy and guidelines around land use. • Kirin Group to set up a grievance mechanism to ensure feedback received is recorded, tracked and acted on.	• External experts were appointed and an environmental and social impact survey (Environmental Management Project) was conducted for MDL brewery site. Additional surveys have also been started planning for other sites including MBL brewery site.

Conclusion

Kirin Group will continue to work with stakeholders in its efforts to promote understanding of respect for human rights and to pursue its practice across the entire value chain and to bring positive impacts to Myanmar society.