

Human Impact Assessment of the Brazilian Sugarcane Processing Factory and its Farms

Based on the "Kirin Group Sustainable Procurement Policy" ^{※1} and the "Kirin Group Sustainable Supplier Code" ^{※2}, Kirin Group has evaluated human rights risks in our procurement supply chains. In the 2022 medium-term plan, as part of our CSV commitment, we pledged to conduct ongoing human rights due diligence on high-risk procurement supply chains.

We conducted Human Rights Impact Assessment (HRIA) ^{※3} for the Sri Lankan tea supply chain in 2022, and for the Argentine grape juice supply chain in 2023. In 2024, we assessed the Brazilian sugarcane supply chain through HRIA with our primary supplier, Mitsubishi Corporation, and its upstream suppliers. Here, we report the results.

※1 ["Kirin Group Sustainable Procurement Policy"](#)
 ※2 ["Kirin Group Sustainable Supplier Code"](#)
 ※3 HRIA: Human Rights Impact Assessment

1. HRIA Scope and Methodology

The HRIA covers the entire sugarcane supply chain, including our primary supplier in Japan, and a processing factory and farms in Brazil (Figure 1).

We are requesting our primary supplier to adhere our Sustainable Supplier Code and to cascade these requirements upstream. We also evaluate risks through a SAQ survey conducted every two years.

For upstream suppliers, we normally manage through the primary supplier but this time, we used Sedex SAQ for desk top survey and conducted Sedex SMETA audit by a third-party auditor, Bureau Veritas.

2. Scope of coverage

The assessment focused on a sugarcane processing factory and its farms in São Paulo, Brazil, where high-volume and continuous transaction occurs.

3. Evaluation Criteria

The evaluation was based on five pillars of the Kirin Group Sustainable Supplier Code: "Safety and Security," "Human Rights," "Health and Safety," "Environment," and "Ethical Business."

4. Assessment Methodology

A desktop survey was conducted by Kirin, reviewing Sedex SAQ responses. Bureau Veritas conducted an on-site audit using the Sedex SMETA framework, inspecting documents and interviewing employees over three days.

5. Assessment Results

No significant non-compliance was found. Good practices were found such as establishment of policies and management systems, systematic equipment maintenance, and waste segregation. Several issues were found concerning fire safety and chemical management.

6. Communication with employees

Through communication with employees, we have found that the farms were creating secured working environment for women and elderly workers, including gender-segregated on-site restrooms and air-conditioned harvesting machines.

7. Future Steps

We have prioritized the identified issues and requested improvements through the primary supplier. Four high-risk and urgent issues are to be addressed within three months (by October 2024), while the remaining seven issues should be addressed within six months (by January 2025). We will disclose the progress of these initiatives on our website in a timely manner.

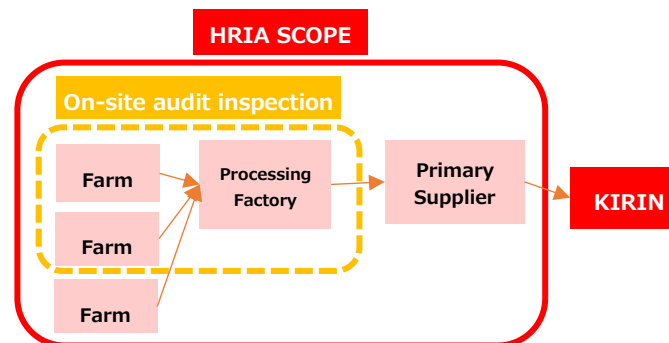


Figure 1 : Sugarcane Supply Chain

Methodology

- <For a Primary Supplier>
 - Explanation of the Kirin Group Sustainable Supplier Code
 - Submission of a Supplier Code Checklist and a Letter of Acceptance
 - Implementation of a SAQ
 - Supplier Information Session
- <For a Processing Factory and Farms>
 - Normally ...management through the primary supplier
 - This time ...desk top survey by Kirin using Sedex SAQ, direct observation by Kirin, and Sedex SMETA audit by the third-party auditor