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**Kirin Holdings Company, Limited**

Yoshinori Isozaki, President & CEO

Contact: Nobuhiko Hori

General Manager of Corporate Communications Department

TEL: +81-3-6837-7015

Securities Code: 2503

<https://www.kirinholdings.co.jp/english/>

The corporate governance of Kirin Holdings Company, Limited (henceforth “the Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

- In line with the corporate philosophy and “One KIRIN” values that are shared across the Kirin Group (henceforth “the Group”), the Group believes that achieving the “2027 Vision” outlined in the Group's Long-Term Management Vision “Kirin Group Vision 2027” (henceforth “KV2027”) will lead to the Group's sustainable growth and to greater corporate value over the medium to long term. Accordingly, the Group will develop a corporate governance system that is capable of effectively and efficiently reaching that goal.
- The Group believes that cooperation with all of its stakeholders will be indispensable in order to put the corporate philosophy into practice and turn the “2027 Vision” that is based on this philosophy into a reality, and therefore respects its stakeholders' respective viewpoints.
- The Group will disclose information promptly to its shareholders and investors in a transparent, fair and consistent fashion, will proactively engage in constructive dialogue with its shareholders and investors, and will fulfill its accountability with integrity.

<Corporate philosophy>

KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.

<2027 Vision>

A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals

<“One KIRIN” Values>

“Passion. Integrity. Diversity”

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has complied with all principles of the Corporate Governance Code.

[Principle 1.4 Cross-Shareholdings]

<Policy on cross-shareholdings>

- The Company will comprehensively take into account whether there is a business management necessity and other factors and will not engage in cross-shareholding when such is deemed not to help ensure sustainable growth and boost the corporate value over the medium to long term.
- The Board will verify the reasonableness of the individual cross-shareholdings on a yearly basis. Concerning the shares for which the meaning of possessing has diminished, while discussing and negotiating with the cross-shareholding partner, etc., the Company will move to reduce such holdings.
- Voting rights on cross-shareholdings will be exercised upon deciding for or against each agenda item, taking into account whether a particular cross-shareholding will help boost the corporate value of the company concerned, and whether it will help ensure sustainable growth and boost the Group's corporate value over the medium to long term.

<Current Status>

- In fiscal year 2019, 13 of the Company's cross-shareholdings were sold in full and 6 were partially sold (proceeds: 35.7 billion yen). As a result, the balance sheet value of the Company's cross-shareholdings is 16.4 billion yen as of the end of 2019, a steady reduction compared to the 50.5 billion yen value as of the end of 2018.

[Principle 1.7 Related Party Transactions]

Policy on transactions between related parties

- The Board will make resolutions on conflict-of-interest transactions between the Company and its Directors of the Board and on competing transactions in accordance with the provisions of the Japanese Companies Act and the Board Rules, etc.

[Principle 2.6 Role as asset owner of corporate pensions]

- At the Company, corporate pension reserves will be managed through a corporate pension fund.
- The Company will develop an appropriate management system by appointing/assigning persons suitably qualified to manage pensions in relation to the corporate pension fund, and by having external advisors provide complementary specialized skills and expertise.
- Furthermore, the Asset Management Committee will monitor the management of the corporate pension fund; provide continuous, comprehensive evaluation encompassing not only management performance and other quantitative aspects, but also investment policies, management processes, risk management and other qualitative aspects; and revise asset allocation and management contractors, as necessary.

[Principle 3.1 Full Disclosure]

(i) Corporate philosophy, business strategy, and business plan

- The Group's corporate philosophy is described in 1. Basic Views under I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report.
- The Long-Term Management Vision (KV2027), the Medium-Term Business Plan "Kirin Group 2019-2021 Medium-Term Business Plan" (henceforth "MTBP"), and the yearly business plan of the Group are described on the Company's website.  
<https://www.kirinholdings.co.jp/english/ir/policy/strategy.html>

(ii) Basic view on and basic policy of corporate governance

- The Company's basic view on corporate governance is described in 1. Basic Views under I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of this report.
- Kirin Holdings Company, Limited Corporate Governance Policy has been established as the basic policy of corporate governance and can be found on the Company's website.  
[https://www.kirinholdings.co.jp/english/ir/policy/pdf/e\\_governance\\_policy.pdf](https://www.kirinholdings.co.jp/english/ir/policy/pdf/e_governance_policy.pdf)

(iii) Board policies and procedures in determining the remuneration of the senior management and directors  
Policy on the remuneration of Directors of the Board and Executive Officers

<Basic policy on remuneration for officers>

- 1) The Company shall establish a remuneration structure that emphasizes the linkage of remuneration with business performance and medium- to long-term corporate value and share value with the shareholders.
- 2) Remuneration levels shall be appropriate for the roles and responsibilities of the Kirin Group's officers.
- 3) Remuneration shall be deliberated by the Nomination and Remuneration Advisory Committee, in which Outside Directors constitute a majority, in order to ensure objectivity and transparency.

<Structure of the remuneration of Directors of the Board and Executive Officers and the mechanism for performance-based remuneration>

- In order to encourage awareness of the achievement of short-term performance targets and enhancing corporate value in the medium to long term, the remuneration of Directors of the Board and Executive Officers shall comprise the following three points: Basic Remuneration (fixed remuneration), Yearly Bonus (short-term incentive remuneration), and Trust-type Stock Compensation (medium- to long-term incentive remuneration).
- The Yearly Bonus shall be paid according to the achievement level of the consolidated financial performance index, etc.
- The performance evaluation indicators for the Trust-type Stock Compensation shall be the key performance indicators specified in the Medium-Term Business Plan, etc., and other indicators designated by the Board
- Remuneration for Outside Directors shall consist exclusively of the Basic Remuneration (fixed remuneration).

(iv) Board policies and procedures in the appointment of the senior management and the nomination of Directors and *kansayaku* candidates

(v) Explanations with respect to the individual appointments and nominations based on

(iv) Policy for the nomination of Directors of the Board, Executive Officers and Audit & Supervisory Board Members

- The Group, having expanded its business globally with Japan as its core in the fields of food and health, intends to carry out its decision-making and management monitoring in a more appropriate fashion and at a higher level. To this end, Directors of the Board, Executive Officers and Audit & Supervisory Board Members will be appointed upon taking into account the balance of their experience, achievements and specialization, etc. in relation to the Group's key businesses and business management. A number of persons having a wealth of management experience, advanced specialized knowledge, and extensive expertise will be appointed as Outside Directors and Outside Audit & Supervisory Board Members.
- One or more persons having experience in financial affairs and accounting departments and possessing the appropriate knowledge will be appointed as Audit & Supervisory Board Member.
- The appointment/dismissal of directors and executive officers will be decided by the Board upon deliberation by the Nomination and Remuneration Advisory Committee, taking performance into account; proposals for the nomination/dismissal of directors will be discussed at general meetings of shareholders. The nomination/dismissal of audit and supervisory board member will be discussed by the Nomination and Remuneration Advisory Committee, and will then be decided by the Board and discussed at a general meeting of shareholders (the appointment of audit and supervisory board members will require the consent of the Audit and Supervisory Board).
- Reasons for the nomination/dismissal of candidates for the positions of director and audit and supervisory board member will be indicated on convocation notices for general meetings of shareholders.

[Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to the Management]

- The Board takes decisions on legal matters and on the execution of the Group's important operations, which include the Long-Term Management Visions, the Medium-Term Business Plans and yearly business plans across the Group and at the key Group companies. The Board is also responsible for monitoring the Directors' execution of their professional duties, and for developing appropriate internal control systems across the Group, etc.
- In addition to matters stipulated by laws and ordinances and in the Articles of Incorporation, the Board will stipulate matters to be resolved by the Board in the Rules of the Board. Other decisions on the execution of business will be left to the President & CEO and to Executive Officers, and the nature of such decisions will be clearly stipulated in the internal rules, such as Official Rules of Administrative Authority.
- The Company introduces an Executive Officer based system in order to implement strategies for each of its businesses and functions in an agile fashion and clarify executive responsibilities. The Board will establish

the scope of the responsibility of Executive Officer based on experience, performance and specialization in their respective field.

[Principle 4.8 Effective Use of Independent Directors]

- One-third or more Independent Directors that satisfy the Company's criteria regarding the independence of Outside Officers will be appointed in order to improve the fairness and transparency of corporate governance and ensure the Group's sustainable growth and boost corporate value over the medium to long term.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

- The Company's criteria regarding the independence of Officers are described in 1. Organizational Composition and Operation [Independent Directors/Auditors] Matters relating to Independent Directors/Auditors under II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management of this report.

[Supplementary Principle 4.11.1 View on the Appropriate Balance between Knowledge, Experience and Skills of the Board as a whole, and Policies and Procedures for Nominating Directors]

- Taking into account the knowledge, experience, skills and discernment that are necessary for turning the 2027 Vision into a reality, the Board will be composed of the appropriate number of members, ensuring overall balance and diversity. One-third or more of total directors will be appointed as Outside Directors and designated as Independent Directors in order to develop a highly transparent governance system and ensure that management is monitored effectively and objectively.
- The Group, having expanded its business globally with Japan as its core in the fields of food and health, intends to carry out its decision-making and management monitoring in a more appropriate fashion and at a higher level. To this end, Directors of the Board, Executive Officers and Audit & Supervisory Board Members will be appointed upon taking into account the balance of their experience, achievements and specialization, etc. in relation to the Group's key businesses and business management. A number of persons having a wealth of management experience, advanced specialized knowledge, and extensive expertise will be appointed as Outside Directors and Outside Audit & Supervisory Board Members.
- The appointment/dismissal of directors and executive officers will be decided by the Board upon deliberation by the Nomination and Remuneration Advisory Committee, taking performance into account; proposals for the nomination/dismissal of directors will be discussed at general meetings of shareholders.

[Supplementary Principle 4.11.2 Information about Outside Directors, Outside *Kansayaku*, and Other Directors and *Kansayaku* who also Serve as Directors, *Kansayaku*, or the Management at Other Companies]

- Information about Directors of the Board and Audit & Supervisory Board Members of the Company who also serve as Directors of the Board, Audit & Supervisory Board Members, or management for other companies is disclosed in the Company's Convocation Notice of the 181th Ordinary General Meeting of Shareholders.

[https://www.kirinholdings.co.jp/english/ir/stock/pdf/181st\\_notice.pdf](https://www.kirinholdings.co.jp/english/ir/stock/pdf/181st_notice.pdf)

[Supplementary Principle 4.11.3 Analysis and Evaluation of Effectiveness of the Board of Directors as a whole]

The Company has evaluated the effectiveness of the Board of Directors for Fiscal Year 2018 based on its Corporate Governance Policy; below is an outline of the results of the evaluation.

The Company regularly evaluates the contents of discussions and management of the Board of Directors and is striving to secure the "important decision making" function and "supervision" function.

In fiscal year 2019, a questionnaire incorporating the perspective from the evaluation based on the investigation by a third party advisor was conducted, and discussions were held at the Board of Directors Meeting with reference to the current initiatives and status of improvements.

The evaluation in 2019 was conducted from the eight criteria of [1] Formulation of strategies and the execution and monitoring thereof, [2] Risk management and supervision of crisis control, [3] Thorough understanding of healthy corporate ethics and supervision thereof, [4] Supervision of decision-making such as business acquisition/withdrawal, [5] Supervision of executive remuneration and plans such as succession planning for next-generation leaders, [6] Supervision of overall disclosures to stakeholders, [7] Structure and management

of the Board of Directors, and [8] Items to improve effectiveness, and as a result, it was concluded that the Board of Directors overall is functioning properly and generally effective.

Going forward, while recognizing the importance of ESG, including SGDs, efforts will be made to increase corporate value in the medium to long-term and achieve sustainable growth. In fiscal year 2020, the Company will further enhance 1. Discussions regarding the structure and management of the Board of Directors, 2. Discussions regarding the thorough understanding and implementation of healthy corporate ethics, 3. Discussions regarding risk management, 4. Discussions regarding the non-financial targets (CSV commitments, etc.), and 5. Discussions regarding the necessary strategies for each function in order to execute the overall strategy, and continued efforts will be made to maintain and increase the effectiveness of the Board of Directors.

[Principle 4.14 Director and *Kansayaku* Training]

Training policy

- The Company will hold training and provide information to its Directors of the Board and Audit & Supervisory Board Members as necessary for the performance of their roles and responsibilities.
- Upon assuming office, Directors of the Board and Audit & Supervisory Board Members will receive lectures and training from specialists and related internal departments in relation to the Japanese Companies Act, corporate governance and corporate finance, etc. Subsequently, training and workshops will continue to be held as necessary in relation to the amendment of relevant laws and regulations, and business issues.
- Upon assuming office, Outside Directors and Outside Audit & Supervisory Board Members will receive explanations of the Group's corporate philosophy, "One KIRIN" Values and the Group's businesses, and will take part in observation at key sites.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Basic policy concerning dialogue with shareholders and investors

- Based on the understanding that constructive dialogue with shareholders and investors will lead to a further improvement in corporate governance and, in turn, to greater corporate value over the medium to long term, the Group will periodically assess its shareholder composition, proactively respond to requests for dialogue, and take the initiative in creating opportunities for constructive dialogue.
- Requests for dialogues from shareholders and investors will be dealt with mainly by the IR Section under the supervision of Executive Officer in charge of IR. Also, the Group will take the initiative in creating opportunities for such dialogue in cases where a dialogue with the Executive Officer in charge of IR, the President & CEO, or another Director of the Board or Executive Officer is deemed appropriate.
- Depending on the agendas of dialogue, Group Finance, Corporate Strategy, Group Legal and other related departments will provide their cooperation.
- The Company will hold meetings on its Long-Term Management Vision, business plans, business strategies, financial results, individual businesses, etc.; will plan and conduct visits to its shareholders and investors; and will endeavor to promote understanding and dialogue concerning the Group.
- In the course of dialogue, explanations will be provided with integrity, listening to the opinions of shareholders and investors, and endeavoring to engage in two-way communication. The IR Department will provide reports on shareholder and investor opinions periodically or on an as-needed basis to the President & CEO, the Executive Officer in charge of IR, and other Directors of the Board and Executive Officers.

## 2. Capital Structure

|                            |               |
|----------------------------|---------------|
| Foreign Shareholding Ratio | More than 30% |
|----------------------------|---------------|

[Status of Major Shareholders] <Updated>

| Name / Company Name                                  | Number of Shares Owned<br>(thousand shares) | Percentage (%) |
|--|---|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 70,098,700                                  | 8.06           |
| Japan Trustee Services Bank, Ltd. (Trust account)    | 43,446,600                                  | 5.00           |

|   |            |      |
|---|------------|------|
| JP Morgan Chase Bank 380055                         | 34,786,013 | 4.00 |
| Meiji Yasuda Life Insurance Company                 | 32,996,563 | 3.79 |
| Japan Trustee Services Bank, Ltd. (Trust account 5) | 17,267,900 | 1.98 |
| Japan Trustee Services Bank, Ltd. (Trust account 4) | 17,022,200 | 1.95 |
| Japan Trustee Services Bank, Ltd. (Trust account 7) | 16,616,700 | 1.91 |
| JP Morgan Chase Bank 385632                         | 16,417,764 | 1.88 |
| SSBTC CLIENT OMNIBUS ACCOUNT                        | 15,108,665 | 1.73 |
| STATE STREET BANK AND TRUST COMPANY 505001          | 13,414,442 | 1.54 |

|   |     |
|---|-----|
| Controlling Shareholder (except for Parent Company) | Nil |
| Parent Company                                      | Nil |

### 3. Corporate Attributes

|   |  |
|---|--|
| Listed Stock Market and Market Section  | Tokyo Stock Exchange First Section, Nagoya Stock Exchange First Section, Sapporo Securities Exchange Main Board, and Fukuoka Stock Exchange Main Board |
| Fiscal Year-End   | December   |
| Type of Business  | Foods  |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year  | More than 1,000  |
| Sales (consolidated) as of the End of the Previous Fiscal Year                | More than 1 trillion yen   |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | From 100 to less than 300  |

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

|     |
|-----|
| Nil |
|-----|

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

|  |
|--|
| <p>The Company has one listed subsidiary, Kyowa Kirin Co., Ltd.</p> <p>The Company believes that realizing the vision for 2027 set forth in the Long-Term Management Vision “Kirin Group Vision 2027” will lead to sustainable growth of the Kirin Group and increased corporate value over the medium to long-term.</p> <p>Kyowa Kirin is responsible for the “pharmaceuticals” domain, which is one of the core businesses within the business domains defined in KV2027. Through innovative drug discovery utilizing the strengths in fermentation and biotechnology, Kyowa Kirin is realizing both medium-term profit growth and the provision of solutions for health related issues. Also, contributions from the generation of synergies in the health science domain are expected, and in the long-term, as the progressively aging society and longer life expectancies</p> |
|--|

accelerate the shift toward preventive medicine, having Kyowa Kirin as part of the group is believed to hold great meaning for achieving sustainable growth of the Kirin Group, including utilizing in the health science domain the knowledge obtained from research and development in the pharmaceutical domain.

Within the management of the Group, while respecting the autonomy and independence of the business companies, efforts are being made to maximize medium to long-term corporate value through the flexible and agile allocation of management resources, including personnel exchanges and technology development aimed at generating synergies between the business companies.

As part of this Group management, the Company is working to secure appropriate effectiveness through the execution of a corporate governance code for Kyowa Kirin. At the same time, along with autonomous corporate activities through which Kyowa Kirin can utilize its independence and agility, the Company is striving the secure management independence as a listed company, as well as maximize profits for all shareholders and sustainably increase corporate value.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

|                   |  |
|-------------------|--|
| Organization Form | Company with board of company auditors |
|-------------------|--|

#### [Directors]

|   |                  |
|---|------------------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 12               |
| Term of Office Stipulated in Articles of Incorporation              | 1 year           |
| Chairperson of the Board  | Outside Director |
| Number of Directors   | 12               |
| Number of Outside Directors   | 7                |
| Number of Independent Directors                                     | 7                |

#### Outside Directors' Relationship with the Company (1) <Updated>

| Name            | Attribute            | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |
|-----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
|                 |                      | a                              | b | c | d | e | f | g | h | i | j | k |
| Shoshi Arakawa  | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Masakatsu Mori  | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Hiroyuki Yanagi | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Chieko Matsuda  | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Noriko Shiono   | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Rod Eddington   | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| George Olcott   | From another company |                                |   |   |   |   |   |   |   |   |   |   |

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

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Outside Directors' Relationship with the Company (2) <Updated>

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**Name: Shoshi Arakawa**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Mr. Shoshi Arakawa has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in developing business in global market and leading group companies. Based on this, he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company as Non-executive Director, and manages the Nomination and Remuneration Advisory Committee as a chairman. For the reasons above, the Board has determined that he is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.
- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: Masakatsu Mori**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Mr. Masakatsu Mori has considerable experience acquired over many years as management of a consulting firm, and as president as well as trustee of a university, and a wide range of knowledge, especially exceptional insight in corporate management based on his specialized expertise in finance and accounting. Based on this, he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company as Non-executive Director, and manages the Board as a chairman. For the reasons above, the Board has determined that he, as Non-executive Director going forward, is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.
- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.



**Name: Hiyoruki Yanagi**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Mr. Hiyoruki Yanagi has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in brand development on the global market through technological development and innovation. Based on this, he provides valuable opinions and suggestions to the management of the Company from an objective and professional perspective as Non-executive Director. For the reasons above, the Board has determined that he is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.
- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: Chieko Matsuda**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Ms. Chieko Matsuda has considerable experience and a wide range of knowledge acquired through financial and capital market operations and management consulting services, including reputable banking and credit rating agencies, especially exceptional insight in corporate management based on her specialized expertise in finance and corporate governance. Based on her experience and insight, she specializes in corporate and financial strategies and has an impressive background in academic research on corporate management and capital markets. Based on this, she provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company, particularly in promoting the growth strategy of Long-Term Management Vision "Kirin Group Vision 2027" in the Company and instilling the disciplined financial strategy to support the growth strategy. For the reasons above, the Board has determined that she, as a Non-executive Director going forward, is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.
- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: Noriko Shiono**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Ms. Noriko Shiono has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially exceptional insight in corporate management and marketing based on her specialized expertise in pharmaceuticals and healthcare strategy as a Representative Director, President of SSP Co., Ltd. and Widex Japan, a medical device manufacturer. Based on this, we expect her to provide valuable opinions and suggestions from an objective and professional perspective to the management of the Company as a Non-executive Director, particularly for the Company to launch and develop new businesses in Health Science domain. For the reasons above, the Board has determined that she is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.

- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: Rod Eddington**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Sir Rod Eddington has exceptional insight in corporate management and corporate governance acquired through considerable experience as a corporate executive and director of numerous global companies over many years. In addition, as Chairman of the Japan-Australia Business Co-operation Committee and a member of the APEC Business Advisory Council, he has a deep understanding of the economies and markets of Japan and other Asia-Pacific countries and has built an expansive network. Based on this, he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company regarding its global strategy as an International Advisory Board member. The Board has determined that he is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value as a Non-executive Director.
- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: George Olcott**

Designation as Independent Director: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to k above.

Reasons of Appointment:

- Mr. George Olcott has considerable experience acquired in international financial markets, including in investment banking operations and exceptional insight in corporate management based on his academic expertise in human resource development and corporate governance in global management. Based on his experience and insight, he has an impressive background in academic research on improving the value of Japanese companies. He also has experience as a director in several leading listed companies in Japan. We anticipate that he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company as a Non-executive Director, particularly in promoting the growth strategy of the Long-Term Management Vision "Kirin Group Vision 2027" and instilling the disciplined financial strategy to support the growth strategy. The Board has determined that he is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.
- There are no conflicts of interest with any of the criteria for the independence of Independent Directors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

|   |             |
|---|-------------|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee | Established |
|---|-------------|

Committee's Name, Composition, and Attributes of Chairperson

|   |    |   |
|---|----|---|
| Committee Corresponding to Nomination Committee | to | Committee Corresponding to Remuneration Committee |
|---|----|---|

| Committee's Name      | Nomination and Remuneration Advisory Committee | Nomination and Remuneration Advisory Committee |
|-----------------------|--|--|
| All Committee Members | 5  | 5  |
| Full-time Members     | 0  | 0  |
| Inside Directors      | 2  | 2  |
| Outside Directors     | 3  | 3  |
| Outside Experts       | 0  | 0  |
| Other                 | 0  | 0  |
| Chairperson           | Outside Director                               | Outside Director                               |

#### Supplementary Explanation

The Nomination & Remuneration Advisory Committee has been set up to deal with the nomination and remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members. The Nomination & Remuneration Advisory Committee is composed of five Directors of the Board, of whom two are internal Directors and three are Outside Directors, and the Committee Chairman is appointed out of the Outside Directors. As an advisory body to the Board, the Nomination & Remuneration Advisory Committee discuss the following matters from an objective and fair perspective, and report to the Board:

- 1) Policy for the appointment/dismissal of Directors of the Board, Executive Officers and Audit & Supervisory Board Members, and proposal of candidates
- 2) Plans for the succession of the President & CEO
- 3) System, standards and amounts for the remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members
- 4) Proposal of candidates for the positions of Chairman of the Board, President and Director of the Board at the key Group companies based on the nature and scale of their business; remuneration systems and standards

#### [Audit & Supervisory Board Members]

|   |             |
|---|-------------|
| Establishment of Audit & Supervisory Board  | Established |
| Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation | 5           |
| Number of Audit & Supervisory Board Members   | 5           |

#### Cooperation among Audit & Supervisory Board Members, Independent Accounting Auditors and Internal Audit Departments

- The Audit & Supervisory Board defines the audit policy and audit plans, and in accordance with these, each Audit & Supervisory Board Member attends various internal important meetings, including Board meetings. In addition, audits for departments of the Company and onsite audits for Group companies in Japan and overseas enable thorough audits of the performance of duties by the Directors of the Board. For Group companies, auditors are assigned either full-time or part-time according to the scale of the company. They coordinate closely with the Audit & Supervisory Board Members of the Company to enhance the effectiveness of auditing.
- The members of Internal Audit Department are concurrently responsible for conducting internal audits at Group companies, independently from the audits of the Audit & Supervisory Board Members, with regards to the Group's significant risks and internal controls. The Internal Audit Department practically and

effectively conducts auditing for the Group overall through cooperation with the internal audit departments of each key Group company, and by sharing the audit results of, and mutually supplementing the work of, the internal audit and the audit by the Audit & Supervisory Board. The Internal Audit Department members coordinate with the Company's Audit & Supervisory Board Members in setting and implementing auditing plans, coordinate with the full-time auditors of the key Group companies, and concurrently perform the role of part-time auditors in Group companies, etc.

- The Internal Audit Department, the Audit & Supervisory Board Members and an Independent Accounting Auditor also strive for mutual cooperation where they exchange information and opinions and consult each other as necessary.
- The Internal Audit Department and the Audit & Supervisory Board Members obtain the necessary information through attending meetings held by the internal control divisions, and the Independent Accounting Auditor also conducts hearings at the internal control divisions as required, both thus implementing effective audits.

|  |           |
|--|-----------|
| Appointment of Outside Audit & Supervisory Board Members | Appointed |
| Number of Outside Audit & Supervisory Board Members      | 3         |
| Number of Independent Audit & Supervisory Board Members  | 3         |

Outside Audit & Supervisory Board Members' Relationship with the Company (1) <Updated>

| Name          | Attribute            | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |   |   |
|---------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
|               |                      | A                              | b | c | d | e | f | g | h | i | j | k | l | m |
| Nobuo Nakata  | Lawyer               |                                |   |   |   |   |   |   |   |   |   |   |   |   |
| Yoshiko Ando  | Others               |                                |   |   |   |   |   |   |   |   |   |   |   |   |
| Kaoru Kashima | From another company |                                |   |   |   |   |   |   |   |   | △ |   |   |   |

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;  
"△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;  
"▲" when a close relative of the director fell under the category in the past

- Executive of the Company or its subsidiary
- Non-executive director or accounting advisor of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Kansayaku* of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
- Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the *kansayaku*

himself/herself only)  
m. Others

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Outside Audit & Supervisory Board Members' Relationship with the Company (2) <Updated>

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**Name: Nobuo Nakata**

Designation as Independent Auditor: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to m above.

Reasons of Appointment:

- Since his appointment as Outside Audit & Supervisory Board Member of the Company in March 2018, Mr. Nobuo Nakata has supervised the Board appropriately from an expert perspective and objective, neutral standpoint independent from Company management, based on his highly specialized and considerable experience in general corporate legal affairs mainly in M&A projects obtained as a partner of law firms well-known in and outside of Japan over many years.
- There are no conflicts of interest with any of the criteria for the independence of Independent Auditors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: Yoshiko Ando**

Designation as Independent Auditor: Yes

Supplementary Explanation of the Relationship:

- There are no conflicts with any category from a to m above.

Reasons of Appointment:

- Since her appointment as Outside Audit & Supervisory Board Member of the Company in March 2019, Ms. Yoshiko Ando, as a government official, has been engaged over many years in policy planning in labor administration. Based on her highly specialized expertise, considerable experience and high level of insight in a wide range of fields in relation to employment and labor, including promotion of women's participation and advancement, she has supervised the Board appropriately from an expert perspective and objective, neutral standpoint independent from Company management.
- There are no conflicts of interest with any of the criteria for the independence of Independent Auditors as stipulated by the Tokyo Stock Exchange, and the Company does not anticipate any concerns about conflict of interest to arise from general shareholders.

**Name: Kaoru Kashima**

Designation as Independent Auditor: Yes

Supplementary Explanation of the Relationship:

- The company will pay business service fees to Ernst & Young ShinNihon LLC, which is where Ms. Kaoru Kashima worked until June 2019. However, the amount of the fees paid during fiscal year 2019 make up less than 0.1% of EY ShinNihon's total revenues.

Reasons of Appointment:

- Ms. Kaoru Kashima, as a certified public accountant, has been engaged over many years in corporate audits and, as part of the executive management of an auditing firm and corporation, she has considerable experience and broad knowledge in reforming organizational culture, public relations and promotion of women's participation and advancement. Based on this, the Company expects her to provide valuable opinions and suggestions to the management of the Company from an objective and professional perspective, and the Board has determined that she is a suitable candidate to audit the business execution of the Company toward continuous improvement of corporate value as an Audit & Supervisory Board Member.

- Also, Ms. Kaoru Kashima does correspond to j above, but as stated in the column on the left, the Company has determined that she has sufficient independence and does not anticipate any concerns about conflicts of interest to arise from general shareholders.

### [Independent Directors/Auditors]

|  |    |
|--|----|
| Number of Independent Directors/Auditors | 10 |
|--|----|

#### Matters relating to Independent Directors/Auditors

Kirin Holdings Company, Limited (hereinafter referred to as the “Company”) has established the criteria listed below in order to objectively determine the independence of the Company’s Non-Executive Directors and Audit & Supervisory Board Members (those who serve the same role as Outside Director and Outside Company Auditor respectively as stipulated in the Companies Act of Japan, hereinafter referred to collectively as "Officers"). This criteria has been established with reference to the criteria for independence of officers as prescribed in the regulations of the Tokyo Stock Exchange; given, however, that Officers are appointed based not only on independence, but also on their respective knowledge, skills, discernment and character, etc. and thus persons who meet the requirements for Outside Director and Outside Company Auditor as stipulated in the Companies Act and can provide advice and opinions as Officers concerning the Company's decision-making may be appointed as Officers even if they fall into the criteria listed below.

#### Criteria regarding the Independence of Officers

For the Officers to be considered as independent, none of the following criteria may apply to the respective Officer.

- (1) A person for whom the Company (including its consolidated subsidiaries; the same shall apply hereinafter) is a major client
- (2) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for whom the Company is a major client
- (3) A person who is a major client of the Company
- (4) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm which is a major client of the Company
- (5) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives money or other economic benefit in excess of a certain amount from the Company aside from the officer’s remuneration
- (6) A person who belongs to a firm, union, or other similar entity (including a law office, auditing firm, tax accountant firm, or consulting firm, etc.) which receives money or other economic benefit in excess of a certain amount from the Company
- (7) A person who is a major shareholder of the Company
- (8) A person who is an executive director and who executes business of a firm which is a major shareholder of the Company
- (9) A person who receives donations or other assistance in excess of a certain amount from the Company
- (10) A person who is a director of or otherwise executes duties for a firm, union or other similar entity which receives donations or other assistance in excess of a certain amount from the Company
- (11) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for which an Executive Director or Standing Audit & Supervisory Board Member of the Company acts as Outside Director or Outside Company Auditor
- (12) A person to whom any of aforementioned criteria (1)–(11) has applied within the past 3 years
- (13) A person who is a spouse or other relations within the second degree of kinship to a person to whom any of aforementioned criteria (1)–(12) apply (however, excluding the person who does not serve an important role)
- (14) A person who is a spouse or other relation within the second degree of kinship to a person who serves currently and has served within the past three (3) years as a director, executive officer, manager or other key employee of the Company

#### (Notes)

1. Regarding criteria (1) and (2), “A person (or firm) for whom the Company is a major client” refers to a person (or firm) who received payment from the Company in the most recent business year that accounted for either 2% or more of consolidated sales (consolidated revenue) for the year for that person (or firm), or over ¥100 million, whichever is the higher amount. If

consolidated accounting is not adopted by the person (or firm), total revenue or non-consolidated sales for the year should be employed in place of consolidated sales (consolidated revenue) for the year.

2. Regarding criteria (3) and (4), “A person (or firm) who is a major client of the Company” refers to a person (or firm) who made payment to the Company in the most recent business year that accounted for 2% or more of the Company’s consolidated revenue for the year, or who financed 2% or more of the Company’s consolidated total assets at the end of the most recent business year.
3. Regarding criteria (5), (9) and (10), “a certain amount” is considered as ¥10 million per year.
4. Regarding criteria (6), “a certain amount” is considered as either 2% or more of total revenue for the most recent business year for that firm, union or other similar entity, or over ¥100 million, whichever is the higher amount.
5. Regarding criteria (7) and (8), “a major shareholder” refers to a shareholder who directly or indirectly holds more than 10% of the voting rights.

## [Incentives]

Incentive Policies for Directors

- Performance-linked Remuneration
- Other – introduction of the Trust-type Stock Compensation System (performance-based)

Supplementary Explanation <Updated>

[Structure of remuneration and framework for performance-linked remuneration]

In order to raise awareness of the achievement of short-term performance targets and of increasing corporate value in the medium to long term, the remuneration of Directors of the Board and Executive Officers shall comprise the following three elements: Basic Remuneration (fixed remuneration), Yearly Bonus (short-term incentive remuneration), and Restricted Stock Compensation (medium- to long-term incentive remuneration)\*<sup>1</sup>.

The performance evaluation indices for the Yearly Bonus shall be the Company’s consolidated normalized operating profit and individual performance evaluation indices (for the Chairman of the Board and the President & CEO, only the Company’s consolidated normalized operating profit shall be taken into consideration). The payment rate will range between 0% and 200%, assuming the rate at the time of achieving the target to be 100%.

The performance evaluation indices for Trust-type Stock Compensation shall be ROIC and normalized EPS, which are the key performance indices specified in the Medium-Term Business Plan, along with the non-financial targets. For the non-financial targets, the evaluation will be based on the progress in and achievement status of the CSV commitments. The initiatives for the four priority issues ((1) A responsible alcohol producer, (2) Health and well-being, (3) Community engagement, and (4) The environment) will be comprehensively evaluated. The compensation provision ratio for each evaluation target and the performance coefficient calculated based on this will vary between 50% and 150%, with 100% indicating target achievement.

Bonus and Trust-type Stock Compensation (performance-based) will be granted to Directors of the Board (excluding Outside Directors) & Executive Officers (excluding persons with employment relationship with the Company) of the Company.

\*<sup>1</sup> Basic Remuneration (fixed remuneration) only is paid to Outside Directors and *Kansayaku* respectively, because the role of the former is to supervise and provide advice to Company management and the Group as a whole and that of the latter is to audit the business execution of Directors, both from an objective standpoint.

[Decision-making procedures]

In order to ensure fair and reasonable application of the process in line with the above-mentioned basic policy for executive remuneration, the executive remuneration shall be deliberated at the Nomination and Remuneration Advisory Committee of which the majority of the members are Outside Directors and whose Chairperson is also an Outside Director, and the result is reported to the Board of Directors. As for determining the specific amount of remuneration, remuneration for Directors shall be decided at a board meeting and that for *Kansayaku* upon consultation with *Kansayaku* based on the report from the Nomination and Remuneration Advisory Committee and within the limits of the remuneration amount determined in advance at the general

meeting of shareholders.

Recipients of Stock Options

—

Supplementary Explanation

—

### [Director Remuneration]

Disclosure of Individual Directors' Remuneration

Selected Directors

Supplementary Explanation <Updated>

- The total amount of remuneration by type for Directors of the Board and Outside Directors, as well as Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members, are disclosed in the Company's business report. In the annual securities report, along with disclosing the total remuneration, the remuneration for individual directors receiving at least 100 million yen is also disclosed. The Company's business report and annual securities report can be found on the Company's website.
- Business report (contained in the convocation notice of the Ordinary General Meeting of Shareholders): <https://www.kirinholdings.co.jp/english/ir/stock/meeting.html>  
Annual securities report: <https://www.kirinholdings.co.jp/irinfo/library/yuka/index.html>
- Please see below for the remuneration of Directors of the Board in the fiscal year 2019.

[The total amount of remuneration by officer classification, and the total amount of remuneration by type and number of receiving officers]

| Officer classification  | Total remuneration (million yen)  | Total remuneration by type (million yen) and receiving officers (in numbers) |               |                                |               |                    |               |
|---|-----------------------------------|--|---------------|--------------------------------|---------------|--------------------|---------------|
|   |                                   | Fixed Remuneration   |               | Performance-based Remuneration |               |                    |               |
|   |                                   | Basic Remuneration   |               | Bonus                          |               | Stock Compensation |               |
|   |                                   | Total  | # of officers | Total                          | # of officers | Total              | # of officers |
| Directors of the Board (excluding Outside Directors)                                    | 509                               | 247  | 9             | 177                            | 5             | 85                 | 5             |
| Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members) | 71                                | 71   | 3             | -                              | -             | -                  | -             |
| Outside Officers  | Outside Directors                 | 58   | 6             | -                              | -             | -                  | -             |
|   | Outside Audit & Supervisory Board | 43   | 4             | -                              | -             | -                  | -             |



|  |         |     |     |    |     |   |    |   |
|--|---------|-----|-----|----|-----|---|----|---|
|  | Members |     |     |    |     |   |    |   |
|  | Total   | 682 | 419 | 19 | 177 | 5 | 85 | 5 |

Notes:

1. Nine (9) Directors of the Board and five (5) Audit & Supervisory Board Members remain in their positions as of the end of this fiscal year. The amounts above include the remuneration to three (3) Directors of the Board and two (2) Audit & Supervisory Board Members who resigned from office as of March 28, 2019.
2. Masakatsu Mori was appointed Directed after resigning as an Audit & Supervisory Board Member on March 28, 2019. For this reason, concerning the number of receiving officers and total amount, he is included as an Outside Audit & Supervisory Board Member during his term as an Audit & Supervisory Board Member and as an Outside Director during his term as a Director.
3. The remuneration limit for Directors of the Board (Basic Remuneration plus Bonus) is 950 million yen per year (Resolved at the 178th Ordinary General Meeting of Shareholders on March 30, 2017). In addition, on the top of this, the remuneration limit under the Restricted Stock Compensation System for Directors of the Board excluding Outside Directors is 250 million yen per year (Resolved at the 178th Ordinary General Meeting of Shareholders on March 30, 2017).
4. The remuneration limit for Audit & Supervisory Board Members is 130 million yen per year (Resolved at the 178th Ordinary General Meeting of Shareholders on March 30, 2017).
5. The above stock compensation, with regard to shares granted to Directors of the Board excluding Outside Directors as Restricted Stock Compensation in this fiscal year, is the amount calculated by multiplying the percentage of shares for which the restriction is lifted for cases where Eligible Directors have maintained certain positions at the Company during the Restriction Period by the amount to be paid per share for the relevant shares.
6. Amounts less than 1 million yen will be rounded.

[Individual remuneration]

| Name              | Officer classification  | Total remuneration (million yen) | Remuneration type (million yen) |              |                                |  |
|-------------------|---|----------------------------------|---------------------------------|--------------|--------------------------------|--|
|                   |   |                                  | Fixed Remuneration              |              | Performance-based Remuneration |  |
|                   |   |                                  | Basic Remuneration              | Yearly Bonus | Stock Compensation             |  |
| Yoshinori Isozaki | President & CEO   | 211                              | 91                              | 82           | 15                             |  |
| Keisuke Nishimura | Representative Director of the Board, Senior Executive Vice President | 121                              | 61                              | 41           | 8                              |  |

|  |             |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy on the remuneration of Directors of the Board and Executive Officers

<Basic policy on remuneration for officers>

- 1) The Company shall establish a remuneration structure that emphasizes the linkage of remuneration with business performance and medium- to long-term corporate value and share value with the shareholders.
- 2) Remuneration levels shall be appropriate for the roles and responsibilities of the Kirin Group's officers.
- 3) Remuneration shall be deliberated by the Nomination and Remuneration Advisory Committee, in which

Outside Directors constitute a majority, in order to ensure objectivity and transparency.

<Structure of the remuneration of Directors of the Board and Executive Officers and the mechanism for performance-based remuneration>

- In order to encourage awareness of the achievement of short-term performance targets and enhancing corporate value in the medium to long term, the remuneration of Directors of the Board and Executive Officers shall comprise the following three points: Basic Remuneration (fixed remuneration), Yearly Bonus (short-term incentive remuneration), and Trust-type Stock Compensation (medium- to long-term incentive remuneration).
- The Yearly Bonus shall be paid according to the achievement level of the consolidated financial performance index, etc.
- The performance evaluation indicators for the Trust-type Stock Compensation shall be the key performance indicators specified in the Medium-Term Business Plan, etc., and other indicators designated by the Board
- Remuneration for Outside Directors shall consist exclusively of the Basic Remuneration (fixed remuneration).

#### **[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

- The Company does not allocate any full-time staff specifically for Outside Directors. The Company's Personnel & General Affairs Department Secretary Section provides support to Outside Directors as well as internal Directors. No full-time staff members are also allocated for Outside Audit & Supervisory Board Members. Advisor to Audit & Supervisory Board Members provides support to Outside Audit & Supervisory Board Members as well as internal Audit & Supervisory Board Members.
- The Outside Directors receive Board meeting materials in advance, and if necessary, regardless as to their inclusion on the Board meeting agenda, background information is provided from the relevant department and Personnel & General Affairs Department Secretary Section. The Outside Audit & Supervisory Board Members also receive Board meeting materials in advance, and requisite information and explanations are provided as needed, such as at monthly Audit & Supervisory Board Members meetings and/or before Board meetings.

#### **[Status of retired from Representative Director and President, etc.]**

Name of Advisors ("sodanyaku," "komon," etc.) who have retired from Representative Director and President, etc.

| Name | Title/position | Activity Description | Working arrangement/conditions (full time/part time, paid/unpaid, etc.) | Date of retirement from President etc. | Tenure |
|------|----------------|----------------------|---|--|--------|
| —    | —              | —                    | —   | —                                      | —      |

|   |   |
|---|---|
| Total number of Advisors ("sodanyaku," "komon," etc.) who have retired from Representative Director and President, etc. | 0 |
|---|---|

#### **Other information**

- The Company has established internal regulations for Executive Advisors; in principle, the work is entrusted to a person who has served as either President or Chairperson of the Company upon a resolution at a board meeting, with a maximum tenure of three (3) years. The Executive Advisor is mainly engaged in external work such as the Company's social contribution activities (full time with remuneration) and is not engaged in any managerial work for the Company. There is currently nobody serving as Executive Advisor.
- The Company may grant a title such as Honorary Executive Advisor to a retired Executive Advisor when that person continues to engage in external activities (part time without remuneration). Currently, there are three (3) retired Executive Advisors (Koichiro Aramaki, Kazuyasu Kato, and Senji Miyake). These three persons do not engage in any managerial tasks for the Company, nor did they during their service as Executive Advisors.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) <Updated>

### (1) The Board and its Members

- The Company has twelve Directors of the Board, including seven Outside Directors.
- The Board makes decisions on execution of important business matters and legal issues at the Company. In addition, it also has responsibility for matters including the supervision of the performance of duties by the Directors of the Board and the construction of an appropriate internal control system for the entire Group. Furthermore, it strives to maximize the corporate value of the Group by deciding upon and approving the Medium-Term Business Plans and Annual Business Plans for the Group overall and for the key Group companies and by conducting regularly monitoring based upon factors such as changes to the business climate.
- Taking into account the knowledge, experience, skills, insights, etc. necessary to achieve the vision for 2027, the Board of Directors is composed of a well-balanced and appropriate number of people while ensuring diversity, and a highly transparent governance system has been established. Furthermore, in order to ensure the effectiveness of objective management oversight, at least 1/3 of the Directors are independent directors.
- Regarding the ten Group companies: Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Mercian Corporation, Lion Pty Ltd, Myanmar Brewery Limited, Coca-Cola Beverages Northeast, Inc., Kyowa Kirin Co., Ltd., Kyowa Hakko Bio Co., Ltd., San Miguel Brewery Inc., and China Resources Kirin Beverages (Greater China) Company, Limited, the Directors of the Board or Executive Officers of the Company are appointed as Directors of the Board (including Outside Directors) of each company and supervise the performance of duties in order to strengthen governance of the Group overall. Concerning Kyowa Kirin Co., Ltd., because it is a listed subsidiary, while working to secure appropriate effectiveness through the implementation of the corporate governance code, efforts are being made to ensure the independence of executive management as a listed company, as well as autonomous corporate activities based on independence and agility. At the same time, the Company is striving to maximize profits for all shareholders and sustainably expand corporate value.
- The Company has appointed Outside Directors in order to conduct the above decision making and management supervision at an appropriately high level. The Outside Directors provide valuable feedback and advice on the Company's corporate decisions from a practical, objective and specialist perspective based on their extensive experience as corporate managers. We do not provide any full-time staff to serve Outside Directors. The Secretary Section of the Personnel and General Affairs department provides support to corporate and Outside Directors.
- Additionally, we have created the Internal Audit department within the Company to establish an internal control system for the entire Group, and to conduct and preside over internal audits within the Company and at Group companies
- Regular Board meetings are held once a month and extraordinary meetings as necessary. In the fiscal year 2019, Board Meetings were held fifteen (15) times, with an attendance rate for Outside Directors of ninety-one (91) percent and for Outside Audit & Supervisory Board Members of ninety-eight (98) percent.

### (2) Audit & Supervisory Board and its Members

- The Company Audit & Supervisory Board has five members, including three outside members.
- The Audit & Supervisory Board Members audit the performance of duties by Directors of the Board, attending various internal important meetings, including the Board meetings, providing advice and conducting onsite audits for Group companies in Japan and overseas in coordination with, and by exchanging information with, internal audit divisions, Independent Accounting Auditors, and auditors at Group companies, in accordance with the audit policy and plans defined by the Audit & Supervisory Board.
- Regarding Kyowa Kirin, the Audit & Supervisory Board Members of the Company are appointed as outside auditors to audit the performance of duties by the Directors of the Board in order to reinforce governance of the Group overall
- Furthermore, to strengthen the audit function two support staffs have been appointed to assist the Audit & Supervisory Board Members' work.
- In the fiscal year 2019, Audit & Supervisory Board Meetings were held sixteen (16) times, with an attendance rate for Outside Audit & Supervisory Board Members of ninety-eight (98) percent.

### (3) Nomination and Remuneration Advisory Committee

- The Company has established Nomination and Remuneration Advisory Committee to deal with the nomination and remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board

Members. The Nomination and Remuneration Advisory Committee is composed of five Directors of the Board (two internal Directors and three Outside Directors), and the chairperson is appointed out of the Outside Directors. As an advisory body to the Board, the Nomination and Remuneration Advisory Committee discusses the following matters from an objective and fair perspective, and report to the Board:

- 1) Policy for the appointment/dismissal of Directors of the Board, Executive Officers and Audit & Supervisory Board Members, and proposal of candidates
  - 2) Plans for the succession of the President & CEO
  - 3) System, standards and amounts for the remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members
  - 4) Proposal of candidates for the positions of Chairman of the Board, President and Director of the Board at the key Group companies based on the nature and scale of their business; remuneration systems and standards
- In the fiscal year 2019, the Nomination and Remuneration Committee discussed the revision of the remuneration system in order to enable the Directors to focus on their roles. Further, it reviewed the functions and ability of the Board and discussed the establishment of the new board in light of the expertise and diversity. After such discussions, the Nomination and Remuneration Committee have reported such discussion to the Board.
  - In the fiscal year 2019, the Nomination and Remuneration Advisory Committee met twelve (12) times, with an attendance rate of ninety-three (93) percent for members.

(4) Group Executive Committee

- The Company has established the Group Executive Committee as an advisory body to support the President & CEO in decision making. It strives to improve the quality of the decision making relating to the Group's management by holding Group Executive Committee meetings in a timely fashion with the President & CEO, Senior Executive Vice President, Senior Executive Officers, Audit & Supervisory Board Members, and Strategic Advisor to discuss business strategies and investments that have significant implications for business.

(5) Other bodies advisory to the President & CEO

- A Group CSV Committee with jurisdiction over CSV activities for the entire Group has been set up, as well as a Group Risk and Compliance Committee with jurisdiction over risk management and compliance, thus promoting the entire Group's efforts.

\*(Note) CSV: Creating Shared Value (CSV) is a management concept of taking on social issues to create social value, while sustaining the growth of the Group.

- Additionally, an Information Disclosure Committee has been set up as an advisory body for decisions relating to information disclosure to stakeholders and investors, to improve management transparency through the promotion of timely, fair and impartial disclosure.

(6) Accounting audit system

- The certified public accountants that audited the Company's accounting were Messrs. Hiroto Kaneko, Shoichi Hattori, and Makoto Yamada from KPMG AZSA LLC. Also, an additional 20 certified public accountants and 36 other people assisted with the audit work.

### 3. Reasons for Adoption of Current Corporate Governance System

- The Company adopts a pure holding company structure as a means of controlling its diverse and global business, which is centered on alcoholic beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals. As a pure holding company, the Company will take on the role of devising and implementing the Group's overall strategies, monitoring individual businesses, and creating synergy through coordination across the Group.
- Individual Group companies will conduct their business autonomously with a sense of speed, while maintaining close ties to the local customers and other stakeholders. The Company will grant appropriate authority to match the strategic stages of individual Group companies, and will improve governance through the Boards of individual Group companies by dispatching Directors of the Board to said main companies. Directors of the Board or Executive Officers of the Company will serve concurrently as directors at the main companies in the Group.

- The Company adopts a company with Audit & Supervisory Board system, and aims to maintain and improve on a highly transparent governance for its stakeholders. The Board, which includes a number of Outside Directors, will work closely with the Audit & Supervisory Board, which also includes a number of Outside Audit & Supervisory Board Members, and make effective use of the statutory and some other auditing function to take final decisions on important matters. At the same time, the Board will endeavor to reinforce the monitoring function on management.
- The Company introduces an Executive Officer based system in order to implement strategies for each of its businesses and functions in an agile fashion and clarify executive responsibilities. The Board will establish the scope of the responsibility of Executive Officer based on experience, performance and specialization in their respective field.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

<Updated>

|   | Supplementary Explanations  |
|---|---|
| Early Notification of General Shareholder Meeting | The convocation notice of the Ordinary General Meeting of Shareholders is mailed approximately three weeks in advance of the date of the Ordinary General Meeting of Shareholders. The Company also publishes the information on the Company's website before the mailing date. In 2020, the convocation notice was published on the website on February 25 and mailed to shareholders on March 4.<br>Japanese version:<br><a href="https://www.kirinholdings.co.jp/irininfo/event/soukai.html">https://www.kirinholdings.co.jp/irininfo/event/soukai.html</a><br>English version:<br><a href="https://www.kirinholdings.co.jp/english/ir/event/meeting.html">https://www.kirinholdings.co.jp/english/ir/event/meeting.html</a> |
| Scheduling AGMs Avoiding the Peak Day             | -   |
| Allowing Electronic Exercise of Voting Rights     | Shareholders may exercise voting rights via the Internet.   |
| Participation in Electronic Voting Platform       | The Company has been participating in an electronic voting platform for institutional investors operated by ICJ, Inc.   |
| Providing Convocation Notice in English           | The Company prepares the English translation (full text version) of the convocation notice of the Ordinary General Meeting of Shareholders and publishes it on the Company's website the same day that the original Japanese version is released.   |
| Other   | The results of the exercise of voting rights are released on the Company's website shortly after the Ordinary General Meeting of Shareholders.  |

#### 2. IR Activities <Updated>

|   | Supplementary Explanations  |
|---|---|
| Preparation and Publication of Disclosure Policy    | The Company's Disclosure Policy includes not only the basic policy, but also the method of information disclosure, the cautionary statement with respect to the forward-looking statement, non-disclosure of information on business performance over an undisclosed fiscal period, and the quiet period, and is published on the Company's website.<br><a href="https://www.kirinholdings.co.jp/english/ir/policy/disclosure.html">https://www.kirinholdings.co.jp/english/ir/policy/disclosure.html</a> |
| Regular Investor Briefings for Individual Investors | Since the fiscal year 2002, the Company has held seminars for individual investors several times a year, mainly by participating in seminars hosted by  |

|   |   |
|---|---|
|   | securities companies, with Executive Officer in charge of IR and staff members of the IR Section presenting the information. Also, since fiscal year 2018, the Company has held factory tours for individual shareholders.  |
| Regular Investor Briefings for Analysts and Institutional Investors | The Company holds meetings for analysts from securities companies and institutional investors at different times including at the announcement of the financial results (second-quarter financial results/year-end financial results) and that of important management matters such as the Medium-Term Business Plan and Long-Term Management Vision, with the President & CEO and Executive Officer in charge of IR as presenters. The Company also holds telephone conferences at the announcement of the financial results (including first- and third-quarter financial results) and on other occasions as necessary. Furthermore, the Company releases on-demand videos for institutional investors including those based overseas who are unable to attend the meetings in Japan in person. |
| Regular Investor Briefings for Overseas Investors                   | The President & CEO and Executive Officer in charge of IR go on visits to institutional investors based overseas and the Company participates conferences and local meetings one to two time(s) a year in major cities in Europe, the United States, and Asia.  |
| Posting of IR Materials on Website                                  | The Company has been enhancing and expanding the content of the IR website page, and regularly uploads a range of materials including financial results, information that needs to be disclosed in a timely manner, various press releases, presentation documents, securities reports, quarterly financial reports, convocation notices of the Ordinary General Meeting of Shareholders, and Kirin Reports, basically both in the Japanese and English languages. Furthermore, the Company has created webpages for individual investors and posted videos to explain financial results, etc.  |
| Establishment of Department and/or Manager in Charge of IR          | The IR Section in the Corporate Communications Department is in charge of the Company's IR. The executive officer in charge of finance (CFO) also serves as the executive officer in charge of IR.  |
| Other   | In principle, all information for disclosure to investors is translated into English, and listed on the Company's website at the same time as, or shortly after, disclosure of the corresponding original Japanese documents.<br>IR site (in English): <a href="https://www.kirinholdings.co.jp/english/ir/index.html">https://www.kirinholdings.co.jp/english/ir/index.html</a>  |

### 3. Measures to Ensure Due Respect for Stakeholders <Updated>

|   | Supplementary Explanations   |
|---|--|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | Along with establishing various policies and guidelines, including the Group corporate philosophy, Group Human Rights Policy, Group Compliance Guidelines, corporate governance policy, employment regulations, Group quality policy, Group environmental policy, basic policy on Group procurement, and supplier CSR guidelines, the Company also participates in the United Nations Global Compact and is putting in place specific initiatives to achieve those principles. In addition, the Company ensures that the principles are informed companywide through the intranet, internal training, and other means. |
| Implementation of Environmental Activities, CSR Activities etc.           | <ul style="list-style-type: none"> <li>Under the Long-Term Management Vision KV2027, the Group is contributing to creating social value, as well as linking those contributions to economic value in the form of business growth and aiming to become a global leader in CSV. By strengthening risk management through the</li> </ul>  |

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|  | <p>resolution of the social issues concerning the management of the Group and innovation aimed at transforming the social issues into business opportunities, the Group will aim to increase the competitive capability and realize sustainable growth.</p> <ul style="list-style-type: none"> <li>• The Group assumes six common stakeholder groups: consumers, shareholders and investors, employees, communities, business partners and the global environment. Keeping in mind that cooperation with these stakeholders will be essential in order to realize the vision for 2027, the Group will create new value together with all of its stakeholders in the process of turning the 2027 Vision into a reality.</li> <li>• In order to co-create value together with society and realize sustainable growth, the CSV Purpose has been established as a guideline, and efforts are being carried out under the CSV commitments as the action plan.</li> </ul> <p>Our CSV Purpose:<br/> <a href="https://www.kirinholdings.co.jp/english/csv/purpose/">https://www.kirinholdings.co.jp/english/csv/purpose/</a></p> <p>Our CSV Commitment:<br/> <a href="https://www.kirinholdings.co.jp/english/csv/materiality/commitment.html">https://www.kirinholdings.co.jp/english/csv/materiality/commitment.html</a></p> <p>Kirin Group Long-Term Environmental Vision:<br/> <a href="https://www.kirinholdings.co.jp/english/csv/env/report/vision.html">https://www.kirinholdings.co.jp/english/csv/env/report/vision.html</a></p> <p>Integrated Reports<br/> <a href="https://www.kirinholdings.co.jp/english/ir/library/integrated/">https://www.kirinholdings.co.jp/english/ir/library/integrated/</a></p> |
| Development of Policies on Information Provision to Stakeholders | <p>The Company provides information externally through its disclosure policy. In addition, the Information Disclosure Committee of the Company, an advisory body for decision-making about disclosure to shareholders and investors, has the function of improving management transparency through the promotion of timely, fair, and impartial disclosure of information.</p>  |
| Other  | <p>Promotion of diversity</p> <ul style="list-style-type: none"> <li>• Under the Long-Term Management Vision KV2027, the Company is aiming to become “a global leader in CSV, creating value across our world of food &amp; beverages to pharmaceuticals”, and new innovation is necessary to achieve this. “Diversity and inclusion, culture for innovation” has been designated as the foundation of the organizational capabilities for realizing that innovation. In 2019, “diversity” was added to the existing One KIRIN Values of “passion” and “integrity”. Also, in addition to the current measures for promoting the participation and advancement of women, a diverse range of initiatives that will lead to an improved workplace environment and broaden the perspectives of individuals are being conducted, including the hiring of people with external experience, Nari-Kirin Mom and Dad Training, and the “job exchange” program.</li> </ul> <p>Diversification of decision-makers</p> <ul style="list-style-type: none"> <li>• In the belief that diversity is a source of innovation, the Company aims to secure a diversity of people at the decision-making level and, as the first step towards achieving this goal, has appointed female officers in key Group companies in Japan.</li> </ul> <p>&lt; Number of female officers &gt;</p> <ul style="list-style-type: none"> <li>• Directors of the Board:<br/> the Company (2)<br/> Kyowa Kirin Co., Ltd. (1)</li> <li>• Audit &amp; Supervisory Board Member: the Company (2)<br/> (As of March 27, 2020)</li> </ul>   |

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|  | <p>Promoting the active participation of female employees</p> <ul style="list-style-type: none"> <li>• In October 2006, “Kirin Positive Action” was established and an internal organization called the “Kirin Women’s Network (KWN)” was launched in order to proactively support female employees and to promote networking among women. Furthermore, in 2013, “KWN2021,” a long-term plan for promoting female employees’ active participation, was established, setting a goal for the number of female leaders. Through this initiative, both top-down (developing the corporate organization and environment) and bottom-up (raised awareness of female employees) approaches have been put in place to achieve the target.</li> <li>• Initiatives such as systems and programs (including changes in working style and awareness of male workers based on the concept of the gender division of labor by that is deeply rooted in society as a whole) necessary to support female employees during life events (e.g., marriage and childbirth) have been put in place as part of the top-down approach, while various career-enhancing and leadership training programs for female employees to increase motivation for work and raise awareness of on-going self-development constitute part of the bottom-up approach.</li> </ul> <p>&lt; Number and ratio of female leaders* &gt;</p> <ul style="list-style-type: none"> <li>• Alcoholic and non-alcoholic beverage businesses in Japan + Kyowa Kirin Co., Ltd. (286, 8.7%)</li> <li>• Alcoholic and non-alcoholic beverage businesses in Japan (180, 8.4%)</li> </ul> <p>(As of April 1, 2019)</p> <p>*Female leaders include female employees with the titles of departmental director, section chief, or section sub-chief</p> <ul style="list-style-type: none"> <li>• The Company will take action to increase the ratio of female leaders from the current 8% level to 12% by 2021. The Company is also aiming to develop a corporate environment in which not only female employees but also other employees from a diverse range of backgrounds can succeed in the workplace.</li> </ul> |
|--|--|

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development <Updated>

###### 1. Basic policy for the internal control system

The Board has made a resolution on the fundamental principles of a system (an internal control system) to ensure appropriate performance of duties within the Kirin Group.

###### (1) System to ensure compliance of performance of duties by the Group Directors, etc.\* and employees with laws and the articles of incorporation (“Compliance System”)

\* Directors, etc. refers to Directors of the Board, Executive Officers and other business administrators.

Also hereinafter in this basic policy for the internal control system only.

The Company Directors of the Board shall establish basic policy on the compliance of the Group and promote the policy by maintaining an organization and provisions to execute the policy and integrating them with the activities in each the Group company. In addition, the Directors of the Board shall carry out educational programs on compliance, clarify procedures concerning responses to breaches of compliance, and make those procedures well-known within each Group company. The Kirin Holdings Internal Audit Department (including internal audits at each Group company) shall carry out internal auditing to ensure that these systems are properly developed and applied.

Also, the Directors of the Board shall establish an internal control reporting system to ensure reliability of the financial reports and conduct their operation and evaluation effectively and efficiently.

###### (2) System to ensure the proper preservation and maintenance of information regarding the performance of duties by the Company Directors of the Board (“System of Information Preservation and Maintenance”)



The Company Directors of the Board shall preserve the following documents (including electromagnetic records) together with the related materials for at least ten (10) years and make them available for inspection as necessary.

- Minutes of general meetings of shareholders
- Minutes of the Board meetings
- Minutes of the Group Executive Committee meetings and other significant meetings
- Approval applications (approval authority of General Manager and above)
- Financial statements, business reports, and their detailed statements

(3) Regulations and other systems related to the control of the risk of the Group loss (“Risk Management System”)

The Company Directors of the Board shall establish basic policy on the risk management of the Group and promote the policy by maintaining an organization and provisions to execute the policy and integrating them with activities in each Group company. In addition, the Directors of the Board shall carry out educational programs on risk management, clarify procedures concerning the disclosure of risks and responses to the occurrence of crises, and make those procedures well-known within each Group company.

The Kirin Holdings Internal Audit Department (including internal audits within each Group company) shall carry out internal auditing to ensure that these systems are properly developed and applied in each Group company.

(4) System to ensure the efficient performance of duties by the Group Directors, etc. (“Efficient Performance System”)

The Company Directors of the Board shall maintain a management control system comprising the following items to ensure the efficient performance of duties by Group Directors, etc.

- In addition to Board meetings, the Group Executive Committee shall be organized to deliberate significant matters affecting the entire Group, thereby ensuring that decisions are reached carefully based on considerations of multi-dimensional aspects.
- Along with the appointment of Executive Officers, who are responsible for business administration at the Company, as necessary the Company shall dispatch Directors of the Board to each Group company to oversee appropriate and efficient performance of duties and decision making.
- Ensure appropriate and efficient performance of duties according to the limits of authority and decision-making rules based on the Regulations on Work Authority.
- Establish quantitative and qualitative targets in the annual plan by business category and monitor performance, including quarterly monitoring at each Group company.

(5) System to ensure appropriate operations including a system for reporting performance of duties by the Company Directors, etc. (“Group Internal Control System including Reporting Performance of Duties”)

In order to ensure appropriate operations including reporting performance of duties by the Group Directors, etc., the Company Directors of the Board shall establish rules and standards to be applied to each Group company, including the following items, and carry out operation in compliance with these rules and standards.

- Items related to the governance and monitoring of each Group company
- Items related to guidance and management concerning the maintenance of the internal control system for each Group company
- Items related to the communication system\* linking the Group companies
- Items related to the Group internal auditing system operated by the Kirin Holdings Group Internal Audit Department

\* The system to share information within the Group, the compliance hotline system, and other related items.

(6) Items regarding assignment of employees as support staff for the Company Audit & Supervisory Board Members when Audit & Supervisory Board Members request support staff (hereinafter in this basic policy for the internal control system only, “Audit & Supervisory Board Member System”)

The Company’s Directors of the Board shall assign employees as support staff for the Company Audit & Supervisory Board Members.

(7) Items related to the assurance that employees assigned as support staff as mentioned in the preceding provision remain independent from the Company Directors of the Board and to ensure the effectiveness

of directions by the Company Audit & Supervisory Board Members to these employees

In order to ensure independence from the Company Directors of the Board of the employees assigned as support staff as mentioned in the preceding provision, the consent of the Company Audit & Supervisory Board Members shall be required for any decision related to personnel affairs, including the appointment, transfer and assessment of such employees. Such employees shall not simultaneously assume any other appointment related to the operation of business and shall only follow instructions of the Company Audit & Supervisory Board Members.

(8) System to ensure reporting to the Company Audit & Supervisory Board Members by the Group Directors, Audit & Supervisory Board Members and employees

The Company Directors of the Board shall report to the Company Audit & Supervisory Board Members on matters specified by the Audit & Supervisory Board Members in advance in accordance with the provisions of Audit & Supervisory Board Members' audit standard of the Company. Principal items are as follows.

- Any matter that may cause material damage to any Group company, when the Audit & Supervisory Board Members find such a matter
- Legal matters that require the consent of Kirin Holdings Audit & Supervisory Board Members
- The status of maintenance and application of the Group's internal control system

Notwithstanding the items listed above, the Company Audit & Supervisory Board Member may request the Directors of the Board, Audit & Supervisory Board Members and employees of each Group company to report on other matters any time as necessary.

The Directors of the Board, Audit & Supervisory Board Members, and employees of each Group company (including those who receive reports from these Directors of the Board, Audit & Supervisory Board Members and employees) may directly report matters that they judge to be appropriate to the Company Audit & Supervisory Board Members in order to ensure appropriate performance of duties at each Group company.

The Company Audit & Supervisory Board Members shall receive an update each quarter on the operation of the internal reporting system. Also, where they personally feel it is necessary, they can immediately report on the operation of the said system.

(9) System to ensure that someone who makes a report to the Audit & Supervisory Board Members as outlined in the preceding provision are not subjected to unfair treatment. The Company Directors of the Board have prepared common regulations for the Group worldwide to ensure that someone who makes a report to the Directors of the Board as outlined in the preceding provision is not subjected to unfair treatment for this reason, and shall make those procedures well-known within each Group company.

(10) Policy for pre-payment or reimbursement of expenses incurred in the performance of the Company Audit & Supervisory Board Members' duties

After discussions with the Company Audit & Supervisory Board Members, the Company Directors of the Board have deemed that expenses incurred in the performance of the Company Audit & Supervisory Board Members' duties shall either be pre-paid or reimbursed.

(11) Other systems to ensure effective auditing by the Company Audit & Supervisory Board Members

The Company Audit & Supervisory Board Members shall hold a regular meeting with the Company Directors of the Board and Outside Directors for the exchange of opinions.

Also, the Company Directors of the Board shall establish systems to ensure effective auditing by the Company Audit & Supervisory Board Members. This will include ensuring that the Company Audit & Supervisory Board Members have the opportunity to attend the meetings of each Group company, at the request from the Company Audit & Supervisory Board Members.

2. Establishment of the internal control system

The Company has steadily developed the internal control system, and has been working on continuous improvement.

## 2. Basic Views on Eliminating Anti-Social Forces

1. Basic view on the subject of eliminating anti-social forces

- For the Group, compliance goes beyond the level of simply observing laws and ordinances, and is defined as follows: “Each Kirin Group company and their employees will observe laws and ordinances and all internal and external rules and regulations, uphold social norms, fulfill legal obligations and social ethical responsibilities, and thereby prevent unexpected losses and loss of credibility and maintain and increase stakeholders’ trust in Kirin Group.” Under the scope of compliance, the Group undertakes specific initiatives to eliminate any connections with anti-social forces in its everyday corporate activities.

## 2. Initiatives to eliminate anti-social forces

### (1) Code of conduct

- The code of conduct that each Group company and its employees must observe, “Kirin Group Compliance Guidelines”, has been established, which discusses the elimination of all connections with anti-social forces.

### (2) Internal systems and programs

- The Company has designated a department responsible for handling unjustifiable requests from anti-social forces on an ongoing basis, and has appointed a person responsible for preventing such unjustifiable requests. Meanwhile, the Company obtains relevant information in cooperation with expert external organizations such as the police, the National Center for the Elimination of Criminal Organizations, and lawyers. All employees of Group companies also receive annual training on the Compliance Guidelines mentioned above.

## V. Other

### 1. Adoption of Anti-Takeover Measures

|                                    |             |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
|------------------------------------|-------------|

#### Supplementary Explanation

The Company does not employ any anti-takeover measures; in cases where the Company's shares are purchased in a takeover bid, the Board will ask the bidder for an explanation of measures for boosting the Group's corporate value, and will promptly disclose its view on the bid.

### 2. Other Matters Concerning to Corporate Governance System <Updated>

Overview of internal system with regard to the timely disclosure (information disclosure system)

- The Company has the following internal system with regard to the timely disclosure of corporate information.

#### 1. Basic principle/view on the subject of the timely disclosure of corporate information and its dissemination to all employees

(1) As “integrity” is included within the “One Kirin” Values defined by the Company as shared values across all Group employees worldwide, the Group aims to become a group of trusted companies. The six common stakeholders within the Group are Consumers, Communities, Business Partners, Employees, Shareholders/Investors, and the Environment.

(2) The Company positions its proactive efforts towards disclosure as part of corporate governance. As an overall guideline for the undertaking of information disclosure to stakeholders such as Shareholders/Investors and Consumers, the Company has established the Disclosure Policy (see Attachment A for details), which is available on the Company website.

(3) The Company has established the “Kirin Group Compliance Guidelines” as the minimum necessary standards of behavior that must be observed by each Group company and its employees. The section “Disclosure of Management Information” under “Relations with Shareholders and Investors” in the Guidelines outlines the need to “disclose financial and business activities and conditions and other company management information to stockholders and investors timely and accurately, clearly convey company

management philosophy and policies, and earnestly respond to related opinions and criticisms.”

(4) The section stipulating the “Prohibition of Insider Trading” found under “Relations with Shareholders and Investors” in the Guidelines calls for the officers and employees of the Company and consolidated subsidiaries to observe the “Group Insider Trading Prevention Regulations.”

- Based on the above-mentioned standards and codes of conduct, each responsible department (Corporate Strategy Department for the “Kirin Group Compliance Guidelines” and Legal Department for the “Insider Trading Prevention Regulations”) conducts information sessions within the Group in order to fully inform and educate Group employees. Meanwhile, the Company also takes efforts to achieve the timely disclosure of corporate information under the following internal systems.

## 2. Gathering of information

(1) Information about matters that have been decided

- Information about matters that have been decided, upon deliberation and decision-making at Board meetings, is submitted to and managed by the general manager of Corporate Communications Department; and information about matters that have been decided regarding subsidiaries is submitted through responsible departments to and managed by the general manager of Corporate Communications Department.

(2) Information about matters that have taken place

- Information about matters that have taken place is communicated by various departments within the Company (or responsible departments if such information is regarding subsidiaries) to Corporate Communications Department and IR Section without delay, and further gathered to the general manager of Corporate Communications Department. In some cases, the information is provided to Corporate Communications Department and IR Section via the Group Risk and Compliance Committee, upon deliberation and decision-making at Board meetings. Meanwhile, a contact person for each department is appointed in either Corporate Communications Department and IR Section to enhance such information gathering.

(3) Information about financial results/forecasts

- Information concerning financial results/forecasts is deliberated and finalized at Board meetings, and then submitted to and managed by the general manager of Corporate Communications Department. The scope of disclosure of information concerning financial results/forecasts is explored by the Group Information Disclosure Committee.

(4) Important information (in accordance with Article 27-36 of the Financial Instruments and Exchange Act of Japan; henceforth “material information”)

- Information that may fall under the category of material information is reviewed and decided by the Group Information Disclosure Committee, and when it is disclosed, it is gathered to the general manager of Corporate Communications Department and reported to the Board. ; and if material information is needs to be disclosed promptly, it is disclosed after the decision of the chairperson of the Group Information Disclosure Committee (CFO) and subsequently reported to the Board.

## 3. Decisions about information disclosure and disclosure procedures

- The Company has defined its “Corporate Disclosure Policy” as the overall guidelines for disclosing information. Meanwhile, it has established the Group Information Disclosure Committee as an advisory board for business execution, which discusses, judges and makes decisions on the materiality and necessity of disclosing the information in a timely manner (see Attachment B for details).

(1) IR Section is responsible for making the basic decision as to whether information gathered by the general manager of Corporate Communications Department from different departments falls into the category of requiring timely disclosure or material information.

(2) In case it needs to be determined whether certain information falls into the category of timely disclosure items or material information, or in case the necessity of disclosure of particular information, among voluntary disclosure items or material information, needs to be determined, the Group Information Disclosure Committee commissioned by the President & CEO makes a final decision; and then the chairperson of the Committee reports its final decision to the President & CEO if necessary. However, the case described in (3) below is excluded from the above-mentioned process.

As for timely disclosure items, the information is disclosed to the TSE and on the Company’s website. As

for material information, the Group Information Disclosure Committee deliberates and decides on the method of disclosure.

(3) Concerning information which is judged as especially important by the Group Information Disclosure Committee, the chairperson of the Committee reports to the President & CEO with the outcome of the deliberation at the Group Information Disclosure Committee.

- Once disclosure deemed necessary through the above-mentioned processes (1) to (3), the Group Corporate Communications IR Section promptly takes necessary procedures to disclose the information.

#### 4. Monitoring of disclosure

- Audit & Supervisory Board Members and the general manager of the Internal Audit attend Group Information Disclosure Committee meetings as observers and monitor the disclosure of important information deliberated at the Group Information Disclosure Committee from an independent and objective standpoint.

#### 5. Other

(1) Features of the Company regarding information disclosure

- The Group consists of 152 consolidated subsidiaries and 32 affiliates accounted for by the equity method (as of December 31, 2019), and the scope of information-gathering is extensive.

(2) Handling of disclosure risk

- To avoid arbitrary judgements by Corporate Communications Department or IR Section, information-sharing mechanisms and checks and balances have been put in place among Corporate Communications, IR section and other relevant departments including Legal Department. Information for which the necessity of disclosure is unclear is reported to the Group Information Disclosure Committee for its deliberation.

(3) Educating about the disclosure of information

- As described above 1., each responsible department (e.g. Corporate Strategy Department for “Kirin Group Compliance Guidelines” and Legal Department for “Group Insider Trading Prevention Regulations”) conducts internal education sessions to inform and educate about the disclosure of information.

#### Attachment A: Disclosure Policy

Kirin Holdings (hereinafter the "Company") endeavors to ensure transparency, fairness and continuity in disclosing information to shareholders and investors on a timely basis. In order to ensure transparency and fairness of information disclosure, the Company will be thorough in implementing its system for managing information, provide information in Japanese and English, and establish a "quiet period" as outlined in Section 4.

The Company discloses information in accordance with the Financial Instruments and Exchange Act of Japan and other applicable ordinances (hereinafter the “FIEA”) as well as the Securities Listing Regulations and other applicable regulations (hereinafter “TSE regulations”) enforced by the Tokyo Stock Exchange (hereinafter the “TSE”). In addition, as necessary and upon deliberation by the Group Information Disclosure Committee\*, the Company makes available other information that it believes to be effective in ensuring a better understanding of the Group, and, in particular, the Company proactively and promptly provides financial and non-financial information concerning the improvement of corporate value over the medium to long term.

Terms used in this Policy are defined and interpreted as specified in the FIEA or TSE laws or regulations.

\* The Group Information Disclosure Committee refers to the executive committee which was established and appointed by President & CEO, and deliberates and decides on the importance of information and necessity for disclosure from the perspective of providing shareholders/investors with useful information.

#### 1. Method of Information Disclosures

In case it is necessary to make timely disclosure as specified in TSE regulations, the Company discloses such information through the Timely Disclosure Network (hereinafter “TDnet”) operated by the TSE after delivering an advance briefing to it, and promptly provides the same information to the news media and posts it on the Company's website without delay.

In the event where an officer or employee of the Company (limited to a person in charge of communicating information to trade-related parties (torihiki kankeisha)) communicated or is likely to have communicated material information (juyo jyohou) pursuant to the FIEA in connection with its business, only to a certain business contact(s), the Company will promptly take necessary measures, including public disclosure on the Company's website, upon a decision of the Group Information Disclosure Committee. However, even if the communicated information falls under the category of material information, if immediate public disclosure of the information is considered to be inappropriate, the Company might refrain from disclosing the information for a certain period of time, provided that the Company and a disclosed party/parties conclude an agreement stipulating confidentiality and other obligations including the prohibition of trading stocks of the Company.

## 2. Earnings Forecast and Forward-Looking Statements

Statements publicly available on the Company's website with respect to the Group's plans, earnings forecast, and strategies as well as those of its affiliated companies, that are not historical or current facts, are forward-looking statements about the future performance of the Group. These statements are based on management's assumptions and beliefs in light of the information available at the time of the statements.

Actual results may differ materially from those discussed in the forward-looking statements due to changes in various risks and uncertainties as well as economic conditions.

## 3. Disclosure of Information on Business Performance over an Undisclosed Fiscal Period

The Company does not disclose information on the business performance over any undisclosed fiscal period (quarterly/full-year), regardless of the nature of the information (quantitative or qualitative) and the method of disclosure (oral, written, or electronic).

If, exceptionally, there is any information to disclose, the Company discloses it on the Company's website and answers questions, etc., only within the scope of the disclosed information.

## 4. Quiet Period

The Company has a "quiet period" that extends from the day following the end of a fiscal period to the day of an earnings announcement for that fiscal period to maintain transparency and fairness of information disclosure as well as to ensure that any information leaks on the business performance over an undisclosed fiscal period are prevented.

During the quiet period, the Company does not respond to any requests for information gathering purposes. However, even during the quiet period, the Company answers questions about information which has already been disclosed, made public domain, or disclosed through TDnet during the quiet period.

## Attachment B: Group Information Disclosure Committee

### 1. Purpose and positioning

This committee has been established as part of the Company's internal control system and as an advisory body for business execution, and makes the final decision on the disclosure of information (excluding the information deemed especially important by the committee). The committee deliberates, judges and makes a decision on the materiality of the information and the necessity of its disclosure in a timely manner. In addition, it is responsible for developing and establishing the Disclosure Policy, a basic policy on the appropriate disclosure of information.

### 2. Specific roles

- (1) Establish the Disclosure Policy, inform and educate about the Policy
- (2) Share information (matters that have been decided, matters that have taken place, and financial results) for timely disclosure based on the requirements of the Tokyo Stock Exchange, and decide on the scope of disclosure, etc.
- (3) Decide upon the disclosure of matters for which disclosure is voluntary (e.g. risks and other matters to be under consideration for inclusion in the securities report/quarterly report)
- (4) Make decisions on information for disclosure through the processes described in (2) and (3) above and report to the President & CEO (matters the committee deems especially important must be returned to the President & CEO)
- (5) Take other necessary actions for Group companies regarding the disclosure of information (including giving instructions for implementing improvements to relevant departments within the Company and to

Group companies)

\*As to (2) and (3) above, discussions include decisions on information to be mentioned in documents such as the summary of consolidated financial results (including supplementary documents), securities report/quarterly report (only in Japanese), and the Kirin Report

### 3. Structure

(1) Chairperson: CFO

(2) Members: general manager of Corporate Strategy Department, general manager of Finance Department, general manager of Legal Department, and general manager of Corporate Communications Department

(Observers: Audit & Supervisory Board Members and general manager of Internal Audit)

(3) Working-level members: One to two person(s) from each department mentioned above (2)

(4) Secretariat: Corporate Communications Department IR Section

### 4. Meetings

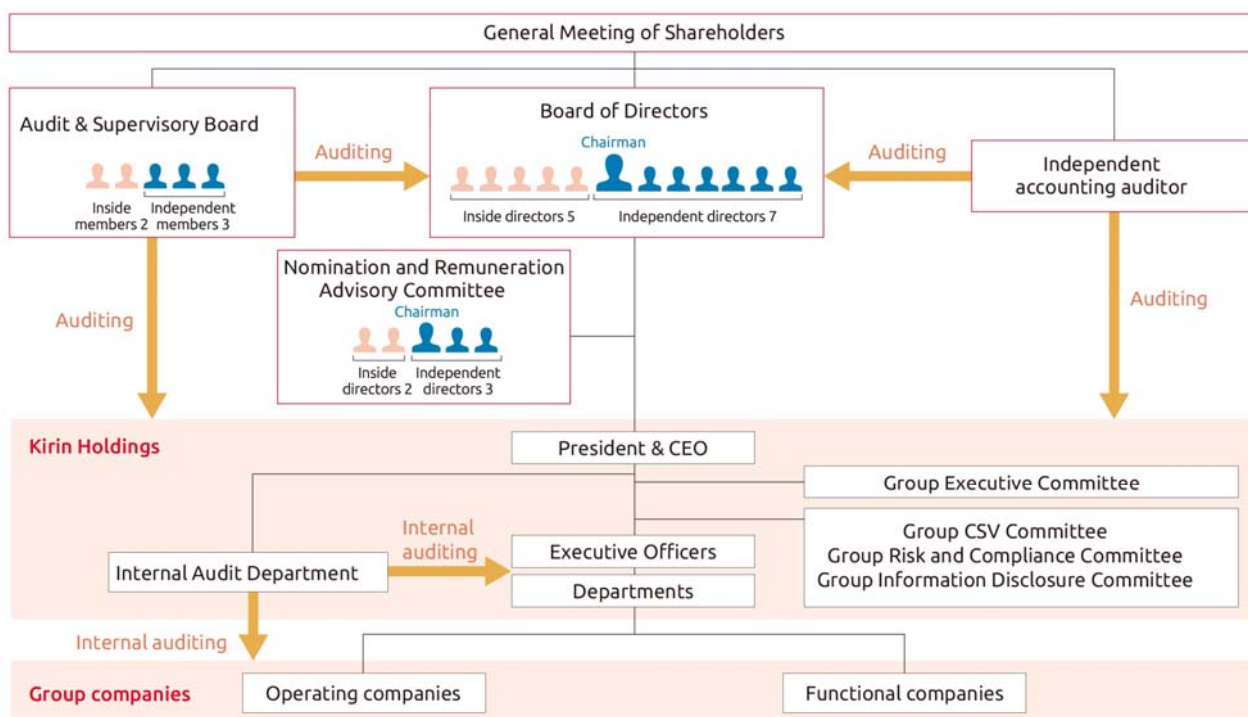
Regular meetings are held in advance of the announcement of financial results (four times/year) and that of publications.

Extraordinary meetings are to be convened if necessary.

### 5. Other

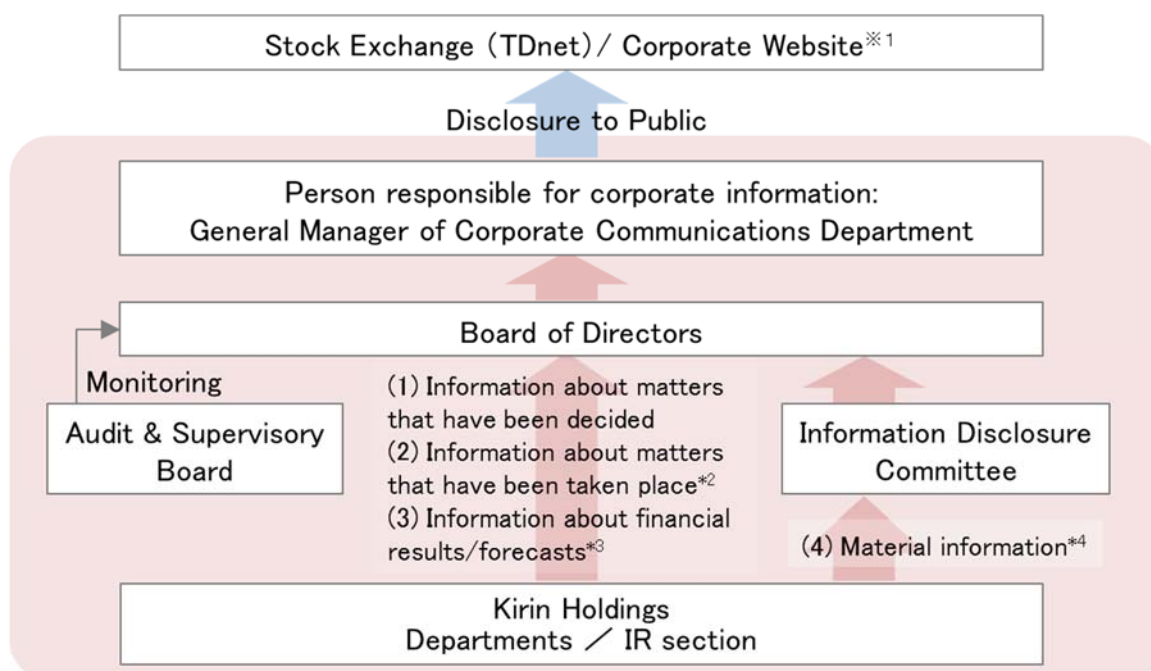
The Committee must be aligned with the Company's internal control system; Specific roles mentioned in 2. above and other items are to be reviewed if necessary.

Corporate Governance Structure <Updated>





## Internal System with regard to the Timely Disclosure



### < Note >

- \*1 Material information (Article 27-36 of the Financial Instruments and Exchange Act) may be disclosed only on the Company's website.
- \*2 Information relating to risk management among information about matters that have been taken place may be disclosed by the Chairman of the Group Risk and Compliance Committee (director in charge of risk management) and posted to the Board.
- \*3 Details and methods of disclosing Information about financial results/forecasts shall be discussed in the Group Information Disclosure Committee.
- \*4 If material information needs to be disclosed promptly, it may be disclosed by the Chairperson of the Group Information Disclosure Committee (CFO) and posted to the Board. From the above (4) material information, the above (1) information about matters that have been decided, (2) information about matters that have been taken place, and (3) Information about financial results/forecasts shall be excluded.