Corporate Governance Report

Last Update: June 24th, 2016

Kirin Holdings Company, Limited
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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 Group’s corporate philosophy and “One Kirin” Values that are shared across the Kirin Group (henceforth the "Group"), the Group believes that achieving the 2021 Vision outlined in the Group's Long-Term Management Vision “KV2021” 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 its corporate philosophy into practice and turn the 2021 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.

The Group's corporate philosophy

The Kirin Group - Focused on people, nature and craftsmanship to redefine the joy of food and well-being

2021 Vision

Co-achieve sustainable growth with our societies by realizing value creation, addressing social issues and understanding consumer expectations via the core businesses* of the Kirin Group
* alcoholic beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals

“One Kirin” Values

“Passion and Integrity”

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

[Principle 2.5 Whistleblowing] [Supplementary Principle 2.5.1 Establishment of a Point of Contact that is Independent of Management]

The Company and each company within the Group have established respective whistleblowing systems monitored by the Board of Directors on a regular basis. In 2016, several companies within the Group in Japan and overseas will improve their whistleblowing processes in order to strengthen the overall whistleblowing system for the Group.

[Supplementary Principle 4.1.3 Succession Planning for the CEO and Other Top Executives]

From the fiscal year 2016 the Company began discussing succession planning for the CEO at meetings of the Nomination and Remuneration Advisory Committee that is made up of a majority of Outside Directors, and the outcome is to be referred to the Board of Directors.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Overall Effectiveness of the Board of Directors]

The Company has been continuously improving the operation and other aspects of the Board of Directors to increase its effectiveness. From the fiscal year 2016, the Company starts to review Board of Directors composition and management, etc. on a regular basis. The Board of Directors evaluates the results and addresses any issues that arise in order to further improve its effectiveness. The Company also discloses a summary of the results of the evaluation.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4 Cross-Shareholdings]

Policy on cross-shareholdings
- The Company may engage in cross-shareholding upon comprehensively taking into account business management necessities such as stable financing and procurement of raw materials, business partnerships and sales policies, as well as share price trends, profitability, holding risks, etc.
- The Board of Directors will verify the reasonableness of main cross-shareholdings on a yearly basis.
- 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.

[Principle 1.7 Related Party Transactions]

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

[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, the Medium-Term Business Plan, and the yearly business plan of the Group are described on the Company’s website.

(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.
http://www.kirinholdings.co.jp/english/ir/policy/pdf/governance20160215e_01.pdf

(iii) Board policies and procedures in determining the remuneration of the senior management and directors

Policy for the remuneration of Directors and Executive Officers
The Nomination and Remuneration Advisory Committee will discuss the remuneration of Directors and Executive Officers, and report to the Board of Directors based on the following policy.
1) Remuneration must suffice as an incentive toward the accomplishment of business plans as well as the improvement of the Company's performance and corporate value.
2) Remuneration must suffice as remuneration for the performance of one's official duties as Director and Executive Officer.
3) The logic employed in determining remuneration must be objective and transparent.
The remuneration of Directors and Executive Officers will be divided into a fixed amount of monthly remuneration, and performance-related remuneration taking into account the achievement of targets for individual fiscal years and share prices over the medium to long term in order to motivate management. Performance-related remuneration will consist of a bonus paid each year in proportion to consolidated performance, etc., and share-purchase remuneration, paid as part of monthly remuneration. The bonus system will be such as to provide a sense of ownership and an incentive to realize the 2021 Vision for Directors and Executive Officers, and will be linked with the quantitative targets and some other key indicators that serve as milestones for realizing the 2021 Vision.

(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, 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, 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 of Directors and Executive Officers will be decided by the Board of Directors upon deliberation by the Nomination and Remuneration Advisory Committee, taking performance into account; proposals for the nomination of Directors will be discussed at general meetings of shareholders. The nomination of Audit & Supervisory Board Member will be discussed by the Nomination and Remuneration Advisory Committee, and will then be decided by the Board of Directors and discussed at a general meeting of shareholders with the consent of the Audit & Supervisory Board.
- Reasons for the nomination of candidates for the positions of Director and Audit & 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 of Directors 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 of Directors 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 of Directors will stipulate matters to be resolved by the Board of Directors 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 of Directors will establish the scope of the responsibility of Executive Officer based on experience, performance and specialization in their respective field. As a general rule, Executive Officers will serve concurrently as Executive Officers of Kirin Company, Limited (henceforth “Kirin Company”), which serves to drive the Japan Integrated Beverages Business (one of the Group's core businesses), in order to devise and implement strategies in close coordination with Kirin Company and promote the efficient use of Kirin Company's

specialized functions.

[Principle 4.8 Effective Use of Independent Directors]

Two 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, 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 Outside 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 of Directors 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 2021 Vision into a reality, the Board of Directors will be composed of the appropriate number of members, ensuring overall balance and diversity. Two or more Outside Directors will be appointed 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, 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 of Directors and Executive Officers will be decided by the Board of Directors upon deliberation by the Nomination and Remuneration Advisory Committee, taking performance into account; proposals for the nomination of Directors will be discussed at general meetings of shareholders. The nomination of Audit & Supervisory Board Members will be discussed by the Nomination and Remuneration Advisory Committee, and will then be decided by the Board of Directors and discussed at a general meeting of shareholders with the consent of the Audit & Supervisory Board.

[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 and Audit & Supervisory Board Members of the Company who also serve as Directors, Audit & Supervisory Board Members, or management for other companies is disclosed in the Company's Convocation Notice of the 177th Annual General Meeting of Shareholders.
http://www.kirinholdings.co.jp/english/ir/event/pdf/177th_notice.pdf

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

The Company will review Board of Directors composition and management, and evaluate these at Board of Directors meetings. In this way, the Company will aim to maintain and improve the effectiveness of Board of Directors. The Company will also disclose an overview of the results of evaluation.

[Principle 4.14 Director and *Kansayaku* Training]

Training policy
- The Company will hold training and provide information to its Directors and Audit & Supervisory Board Members as necessary for the performance of their roles and responsibilities.
- Upon assuming office, Directors 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 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 and Executive Officers.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	47,341,500	5.19
Japan Trustee Services Bank, Ltd. (Trust account)	34,483,900	3.78
Meiji Yasuda Life Insurance Company	32,996,563	3.62
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,251,958	2.11
STATE STREET BANK AND TRUST COMPANY 505225	16,633,307	1.82
Japan Trustee Services Bank, Ltd. (Trust account 4)	16,461,200	1.80
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	16,087,575	1.76
STATE STREET BANK WEST CLIENT – TREATY 505234	12,902,177	1.41
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	12,830,660	1.41
THE BANK OF NEW YORK MELLON SA/NV 10	10,709,812	1.17

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
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

The Company has one listed subsidiary, Kyowa Hakko Kirin Co., Ltd (henceforth “Kyowa Hakko Kirin”).
The Company formed a strategic alliance with the then Kyowa Hakko Kogyo Co., Ltd (henceforth “Kyowa Hakko Kogyo”). in October 2007, and completed acquisition of Kyowa Hakko Kogyo as a consolidated subsidiary in April 2008 by obtaining 50.10% of the total issued shares of Kyowa Hakko Kogyo through a tender offer and a share exchange between Kyowa Hakko Kogyo and the then Kirin Pharma Company, Limited. A merger between Kirin Pharma and Kyowa Hakko Kogyo subsequently took place in October 2008 and the resulting entity was named Kyowa Hakko Kirin.
The purpose of this alliance was to promote the independent growth of Kyowa Hakko Kirin, mainly in the pharmaceutical arm. From the perspective of securing and honoring the long-standing managerial independence of Kyowa Hakko Kirin, the Company considers it desirable to maintain Kyowa Hakko Kirin’s status as a listed company.

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 Audit & Supervisory Board

[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	9
Number of Outside Directors	4
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshio Arima	From another company											
Shoshi Arakawa	From another company											
Kimie Iwata	From another company											
Katsunori Nagayasu	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

Outside Directors' Relationship with the Company (2)

Name: Toshio Arima

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:
Since becoming an Outside Director of the Company in March 2011, Mr. Toshio Arima, based on his considerable experience acquired over many years as a corporate executive, has provided valuable opinions and suggestions which ensure appropriate and rational decisions at the Board of Directors meetings from an objective, neutral standpoint independent of any managerial role in the Company.
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: 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:
Since becoming an Outside Director of the Company in March 2015, Mr. Shoshi Arakawa, based on his extensive knowledge and considerable experience domestically and internationally acquired over many years as a corporate executive, has provided valuable opinions and suggestions which ensure appropriate and rational decisions at the Board of Directors meetings from an objective, neutral standpoint independent of any managerial role in the Company.
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: Kimie Iwata

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:
Since becoming an Outside Audit & Supervisory Board Member of the Company in March 2012, Ms. Kimie Iwata has brought expertise based on her long-term experience as a government official as well as extensive knowledge and in-depth insight from her role as a corporate executive. She carries out the governance tasks of the Board of Directors appropriately, from an objective, neutral standpoint independent of any managerial role in the Company, serving as an Independent Auditor of the Company. She has been newly appointed as an Outside Director and is expected to continue to bring constructive suggestions and opinions in order to enable the Board of Directors to make appropriate and rational decisions.
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: Katsunori Nagayasu

Designation as Independent Director: No

Supplementary Explanation of the Relationship:
Mr. Katsunori Nagayasu concurrently holds the positions as outside audit & supervisory board member at NIPPON STEEL & SUMITOMO METAL CORPORATION and MITSUBISHI MOTORS CORPORATION, as outside director at Isetan Mitsukoshi Holdings Ltd., and as Vice Chair at KEIDANREN (Japan Business Federation).
As of March 30, 2016, Mr. Katsunori Nagayasu has been serving as representative director of the Bank of Tokyo-Mitsubishi UFJ, Ltd., a principal business partner of the Company. In line with the stipulations with regard to the independence of outside directors of the Company, he does not serve as an Independent Director of the Company.

Reasons of Appointment:
Mr. Katsunori Nagayasu, based on his considerable experience acquired over many years as a corporate executive, is expected to provide valuable opinions and suggestions which ensure appropriate and rational decisions at the Board of Directors meetings from an objective, neutral standpoint independent of any managerial role in the Company.

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

Supplementary Explanation

The Nomination & Remuneration Advisory Committee has been set up to deal with the nomination and remuneration of Directors, Executive Officers and Audit & Supervisory Board Members. The Nomination & Remuneration Advisory Committee is composed of five Directors, 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 of Directors, the Nomination & Remuneration Advisory Committee discuss the following matters from an objective and fair perspective, and report to the Board of Directors:
1) Policy for the appointment of Directors, 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, Executive Officers and Audit and Supervisory Board Members
4) Proposal of candidates for the positions of chairman, president and director 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 of Directors 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. 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 the Kirin Company Internal Audit Department (a total of 26 members) 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 Kirin Company 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 Kirin Company 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 Group Internal Audit Section, 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 Group Internal Audit 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)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Fukutaka Hashimoto	Lawyer													
Masakatsu Mori	From another company													
Chieko Matsuda	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 subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. 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)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

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

Name: Fukutaka Hashimoto

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 becoming an Outside Audit & Supervisory Board Member of the Company in March 2014, Mr. Fukutaka Hashimoto has brought expertise based on his high-level specialist knowledge and considerable experience as an attorney-at-law in corporate legal affairs. He carries out the governance tasks of the Board of Directors appropriately, from an objective and neutral standpoint independent of any managerial role in the Company.
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: Masakatsu Mori

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 becoming an Outside Audit & Supervisory Board Member of the Company in March 2015, Mr. Masakatsu Mori has provided valuable contributions based on his extensive knowledge and in-depth insight into corporate management due to his long and rich experience in managing a consulting company as well as his work as president and board member of a university. He carries out the governance tasks of the Board of Directors appropriately, from an objective and neutral standpoint independent of any managerial role in the Company.
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: Chieko Matsuda

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:
Ms. Chieko Matsuda is expected to execute an appropriate governance function on the Board of Directors from an objective and neutral standpoint independent from the management of the Company based on her high-level and wide-ranging specialist knowledge as well as long and considerable experience as corporate executive and university professor.
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.

[Independent Directors/Auditors]

Number of Independent Directors/Auditors	6

Matters relating to Independent Directors/Auditors

The Company has established the criteria listed below in order to objectively determine the independence of Outside Directors and Outside Audit & Supervisory Board Members (henceforth referred to collectively as the "Outside Officers"), with reference to the criteria for independence of officers stipulated by the Tokyo Stock Exchange; given, however, that Outside 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 Officers stipulated in the Companies Act and can provide advice and opinions as Outside Officers concerning the Company's decision-making may be hired as Outside Officers even if they fall into the criteria listed below.

Criteria regarding the Independence of Outside Officers
For Outside Directors and Outside Audit & Supervisory Board Members to be considered as independent, none of the following criteria may apply to the respective Outside Director or Outside Audit & Supervisory Board Member.
(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 receives donations or other assistance in excess of a certain amount from the Company
(8) 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
(9) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for which an Executive Director or full-time Audit & Supervisory Board Member of the Companies Acts as outside director or outside auditor
(10) A person to whom any of aforementioned criteria (1)–(9) has applied within the past 3 years
(11) Where a person to whom any of aforementioned criteria (1)–(9) applies serves as a senior executive or higher, the person's spouse or other relations within the second degree of kinship
(12) A person who is a spouse or other relation within the second degree of kinship to a Director, corporate officer, Executive Officer, manager or other important 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 which accounted for either 2% or more of consolidated sales 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 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 which accounted for 2% or more of the Company's consolidated sales for the year, or who finances 2% or more of the Company's consolidated total assets at the end of the most recent business year.
3. Regarding criteria (5), (7) and (8), "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.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

The performance-related remuneration of Directors consists of a bonus paid annually in proportion to consolidated performance and share-purchase remuneration paid as part of basic remuneration, with the aim of increasing motivation to achieve targets for each individual fiscal year as well as for stock prices over the medium to long term. The bonus amount is linked to consolidated performance indexes including consolidated ROE before amortization of goodwill, etc., growth ratio of normalized EPS, and consolidated operating income, and to the index for stock price level, total shareholders' return (TSR). The bonus also reflects individual performance evaluations for Senior Executive Officers.
The Company aims to strengthen the link between executive bonuses and management performance by reflecting the quantitative targets and guidance (reference figures when the quantitative targets are achieved) of 2016-2018 Medium-term Business Plan, and shareholder and investor viewpoints. The percentage of the performance-related remuneration (the bonus and share-purchase remuneration) within the total amount of remuneration is designed to be around 40%–50% when consolidated performance is at an average level.

Recipients of Stock Options	Other

Supplementary Explanation

The Company has not introduced Stock Options yet.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

The total amount of remuneration by type for internal Directors and Outside Directors respectively are disclosed in the Company's business report. In addition to this information, individual remuneration for directors whose total amount of remuneration is 100 million yen or more is disclosed in the Company's securities report. The Company's business report and securities report are listed on the Company's website.

Business report (within the convocation notice of the annual general meeting of shareholders): http://www.kirinholdings.co.jp/english/ir/event/pdf/177th_notice.pdf
Securities report (only in Japanese): http://www.kirinholdings.co.jp/irinfo/library/yuka/index.html

Please see below as to the remuneration of Directors in the fiscal year 2015.

The total amount of remuneration by type

Officer classification		Remuneration totals (million yen)	Remuneration type totals (million yen) and receiving officers (in numbers)			
			Basic remuneration		Bonus	
			Total	Receiving officers	Total	Receiving officers
Directors (excl. Outside Directors)		276	276	8	-	-
Audit & Supervisory Board Members (excl. Outside Audit & Supervisory Board Members)		69	69	3	-	-
Outside Officers	Outside Directors	32	32	3	-	-
	Outside Audit & Supervisory Board Members	35	35	4	-	-
Total		413	413	18	-	-

Individual remuneration for Directors whose total amount of remuneration is 100 million yen or more
No Director whose total amount of remuneration is 100 million yen or more in the fiscal year 2015

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Nomination and Remuneration Advisory Committee will discuss the remuneration of Directors and Executive Officers, and report to the Board of Directors based on the following policy.
1) Remuneration must suffice as an incentive toward the accomplishment of business plans as well as the improvement of the Company's performance and corporate value.
2) Remuneration must suffice as remuneration for the performance of one's official duties as Director and Executive Officer.
3) The logic employed in determining remuneration must be objective and transparent.
The remuneration of Directors and Executive Officers will be divided into a fixed amount of monthly remuneration, and performance-related remuneration taking into account the achievement of targets for

individual fiscal years and share prices over the medium to long term in order to motivate management. Performance-related remuneration will consist of a bonus paid each year in proportion to consolidated performance, etc., and share-purchase remuneration, paid as part of monthly remuneration.
The bonus system will be such as to provide a sense of ownership and an incentive to realize the 2021 Vision for Directors and Executive Officers, and will be linked with the quantitative targets and some other key indicators that serve as milestones for realizing the 2021 Vision.

[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 Group Personnel & General Affairs 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 of Directors meeting materials in advance, and if necessary, regardless as to their inclusion on the Board of Directors meeting agenda, background information is provided from the relevant department and Group Personnel & General Affairs Secretary Section. The Outside Audit & Supervisory Board Members also receive Board of Directors 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 of Directors meetings.

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

(1) The Board of Directors and its Members
- The Company has nine Directors, of whom four are Outside Directors.
- The Board of Directors 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 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.
- Regarding the seven Group companies: Kirin Company, LION PTY LTD, Brasil Kirin Holdings S.A., Kyowa Hakko Kirin, SAN MIGUEL BREWERY INC., China Resources Kirin Beverages (Greater China), and Myanmar Brewery Limited, the Directors of the Company are appointed as Directors (or as Outside Directors) of each company and supervise the performance of duties in order to strengthen governance of the Group overall
- 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 Group Personnel and General Affairs department provides support to corporate and Outside Directors.
- Additionally, we have created the Group 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 of Directors meetings are held once a month and extraordinary Board of Directors meetings as necessary. In the fiscal year 2015, a total of 18 meetings took place. The attendance ratio was 98% for both Outside Directors and Outside Audit & Supervisory Board Members.

(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, attending various internal important meetings, including the Board of Directors 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 Kirin Company and Kyowa Hakko Kirin, the Audit & Supervisory Board Members of the Company are appointed as outside auditors to audit the performance of duties by the Directors 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.

(3) Nomination and Remuneration Advisory Committee
- The Company has established Nomination and Remuneration Advisory Committee to deal with the nomination and remuneration of Directors, Executive Officers and Audit & Supervisory Board Members. The Nomination and Remuneration Advisory Committee is composed of five Directors (two internal Directors and three Outside Directors), and the Committee Chairman is appointed out of the Outside Directors. As an advisory body to the Board of Directors, the Nomination and Remuneration Advisory Committee discusses the following matters from an objective and fair perspective, and report to the Board of Directors:

1) Policy for the appointment of Directors, 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, Executive Officers and Audit & Supervisory Board Members
4) Proposal of candidates for the positions of chairman, president and director at the key Group companies based on the nature and scale of their business; remuneration systems and standards

- The Company integrated Nomination Advisory Committee and Remuneration Advisory Committee into Nomination and Remuneration Advisory Committee in 2016. In the fiscal year 2015, Remuneration Advisory Committee meetings were held eight times and the attendance rate of the members was 100%, and Nomination Advisory Committee meetings were held eight times and the attendance rate of the members was 100% as well.

(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 Directors, Audit & Supervisory Board Members and responsible department heads to discuss business strategies and investments that have substantial 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 moreover been set up, as well as a Group Risk and Compliance Committee with jurisdiction over the initiatives that form the basis for the entire the Group's CSV, namely risk management and compliance, thus promoting CSV initiatives for the entire Group.

*(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 Company Independent Accounting Auditors for the fiscal year 2015 were Messrs. Hiroto Kaneko, Kentaro Onishi, and Makoto Yamada from KPMG AZSA LLC. The length of the auditors' service for the Company was 1 year (Mr. Kaneko), 5 years (Mr. Onishi), and 3 years (Mr. Yamada). Under the three aforementioned certified public accountants, 26 certified public accountants and 28 others supported the accounting audit work for the fiscal year 2015.

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 to said the main companies. Directors 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 of Directors, 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 of Directors 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 of Directors will establish the scope of the responsibility of Executive Officer based on experience, performance and specialization in their respective field. As a general rule, Executive Officers will serve concurrently as Executive Officers of Kirin Company, which serves to drive the Japan Integrated Beverages Business (one of the Group's core businesses), in order to devise and implement strategies in close coordination with Kirin Company and promote the efficient use of Kirin Company's specialized functions.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The convocation notice of the annual general meeting of shareholders is mailed approximately three weeks in advance of the date of the annual general meeting of shareholders. The Company also publishes the information on the Company's website before the mailing date. In 2016, the convocation notice was published on the website on February 29 and mailed to shareholders on March 7. Japanese version: http://www.kirinholdings.co.jp/irinfo/event/soukai.html English version: http://www.kirinholdings.co.jp/english/ir/event/meeting.html
Scheduling AGMs Avoiding the Peak Day	The mailing dates of convocation notices, the dates of general meeting of shareholders and related schedules will be set up appropriately while taking the period of exercise of shareholder voting rights into full account, and ensuring that [shareholders] are being provided with accurate information.
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 annual 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 annual general meeting of shareholders.

2. IR Activities

	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, and the quiet period, and is published on the Company's website. URL: http://www.kirinholdings.co.jp/english/ir/policy/disclosure.html
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 CFO or members of the IR Section presenting the information.
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, CFO, and Executive Officers, etc. concerned with the matters presenting the information. 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 CFO 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 annual general meeting of shareholders, and Kirin Reports.
Establishment of Department and/or Manager in Charge of IR	The six staff members of the Group Corporate Communications IR Section are in charge of the Company's IR. CFO also serves as the Executive Officer in charge of IR.
Other	In principle, all essential 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. IR site (in English): http://www.kirinholdings.co.jp/english/ir/index.html

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company explains its respect for stakeholders' positions by defining various policies and guidelines including its corporate philosophy, "Group Compliance Guidelines," employment regulations, Group quality policy, basic policy on Group procurement, and Group CSR procurement guidelines. The Company also participates in the United Nations Global Compact and is putting in place initiatives to achieve its principles. In addition, The Company ensures that the principles permeate throughout the Company through various personnel systems and internal training, etc.
Implementation of Environmental Activities, CSR Activities etc.	In its Long-Term Management Vision "KV2021," the Group has positioned CSV unique to the Group as strategic framework. The Group aims both at addressing social issues and at providing value to consumers. Through CSV it endeavors to create both economic and social values. In formulating "KV2021" announced in 2016, the Group identified management issues for the sustained growth of the Group as important themes for the long-term sustainability and development of the Group and of society. The Group identified issues that will have a major influence on corporate value over the medium to long term, and assessed the importance of each issue from the viewpoints of impact on the sustainability of society and impact on the Group's businesses. Subsequently, the issues will be discussed by the Group CSV Committee, and priority themes will be formulated on a groupwide basis. Moving forward, the Group will work to foster opportunities to receive feedback from society, such as engagement with stakeholders, and will build a framework for continual reevaluation.

	Items included in management issues for sustainable growth Health and well-being: promoting customer's health / promoting safe and comfortable workplaces Safety and security of our products: product and service safety / responsible marketing and appropriate information provision Responsibility as an alcoholic beverages manufacturer: addressing alcohol-related problems Responsibility as a pharmaceutical manufacturer: stable supply of products and services / transparent relationships with medical institutions and others Human rights: initiatives to address human rights problems Sustainable sourcing: promoting responsible procurement / sustainable raw materials supply Community development: revitalizing regional economies and communities through business / job creation Environment: water resources / waste and pollution / container and packaging / global warming / biological resources Human resources and corporate culture: embracing diversity and inclusion / development of human resources, open and accommodating organizational culture New value creation: product and service innovation corresponding to change in communities and customers Corporate governance: governance and transparency / risk management / compliance In order for our stakeholders (including investors, consumers, and communities) to better understand the overall picture of the Group's CSV activities outlined in the above paragraph, the Company annually issues a Kirin Report (known as such from the fiscal year 2014; known as the "Sustainability Report" up to the fiscal year 2013) and an Environmental Report, and makes them available to the public through the Company's website. Kirin Report (from the fiscal year 2014) and Sustainability Report (up to the fiscal year 2013): http://www.kirinholdings.co.jp/english/csv/report/pdf/index.html Environmental Report: http://www.kirinholdings.co.jp/csr/report/env.html
Development of Policies on Information Provision to Stakeholders	The Company provides information externally through its disclosure policy and public relations manual. 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.

Other	Promotion of diversity In its new Long-Term Management Vision “KV2021,” the Company has announced its vision to “Co-achieve sustainable growth with our societies by realizing value creation, addressing social issues and understanding consumer expectations via the core businesses (alcoholic beverages, non-alcoholic beverages, and pharmaceuticals and bio-chemicals) of the Kirin Group.” Through a diverse range of people accepting each other, sharing opinions and improving the quality of discussions, individual and organizational power will increase, which will lead to providing new value to a diverse range of consumers. The Company continues to provide opportunities for employees of different backgrounds to exercise their strengths in the workplace regardless of gender, disability, nationality, age, employment type, and current life stage (e.g. child rearing, caring for elderly family members). Diversification of decision-makers 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. Number of female officers - Director: the Company (1), Kirin Company (2), Kyowa Hakko Kirin (1) - Audit & Supervisory Board Member: the Company (1) (As of April 1, 2016) Promoting the active participation of female employees 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. Initiatives such as systems and programs 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 get better motivated for work and raise awareness of on-going self-development constitute part of the bottom-up approach. Number and ratio of female leaders* - Japan Integrated Beverages Business + Kyowa Hakko Kirin (191, 5.2%) - Japan Integrated Beverages Business (115, 4.8%) (As of April 1, 2016) *Female leaders include female employees with the titles of departmental director, section chief, or section sub-chief The Company will take action to increase the ratio of female leaders, currently around 4%, to 12% by 2021. The Company also aims to develop a corporate environment where not only female but also male employees from a range of backgrounds can exercise their strengths in the workplace.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

Basic policy for the internal control system
The Board of Directors 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, Executive Officers and other business administrators. Also hereinafter in this basic policy for the internal control system only.

The Company Directors 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 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 Group Internal Audit (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 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 ("System of Information Preservation and Maintenance")

The Company Directors 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 of Directors meetings
- Minutes of the Group Executive Committee meetings and other significant meetings
- Approval applications (approval authority of Directors 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 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 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 Group Internal Audit (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 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 of Directors 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 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 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

* 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 Compnay's Directors 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 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 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 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, Audit & Supervisory Board Members and employees of each Group company to report on other matters any time as necessary.

The Directors, Audit & Supervisory Board Members, and employees of each Group company (including those who receive reports from these Directors, 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 have prepared common regulations for the Group worldwide to ensure than someone who makes a report to the Directors 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 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 and Outside Directors for the exchange of opinions.
Also, the Company Directors 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. 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

Overview of internal system with regard to the timely disclosure

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 for the “Kirin Group Compliance Guidelines” and Group Legal 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 regarding matters deliberated upon and finalized at Board of Directors meetings and information regarding subsidiaries communicated via the responsible departments is gathered by the director of Group Corporate Communications.

(2) Information about matters that have taken place

Information about matters that have taken place is communicated by various departments within the Company (responsible departments if such information regards subsidiaries) to Group Corporate Communications without delay and the Group Corporate Communications IR Section, and to the director of Group Corporate Communications. Meanwhile, a contact person is appointed in either Group Corporate Communications or the Group Corporate Communications IR Section to be in charge of ensuring that such information is collected.

In some cases, the information is provided to Group Corporate Communications via the Group Risk and Compliance Committee or the Group Information Disclosure Committee.

(3) Information about financial results/forecasts
Information concerning financial results/forecasts is deliberated upon and finalized at Board of Directors meetings. The agenda and decisions made at Board of Directors meetings are shared with the director of Group Corporate Communications.

3. Decisions about information disclosure and disclosure procedures
The Company has defined its "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) The Group Corporate Communications IR Section is responsible for making the basic decision as to whether information gathered by the director of Group Corporate Communications from different departments falls into the category of requiring timely disclosure.
(2) After the process described above (1) has been followed, information for which the necessity of timely disclosure is unclear and information that is for voluntary disclosure but for which the necessity of timely disclosure needs to be considered in particular is reported to the Group Information Disclosure Committee commissioned by the President & CEO for a final decision, and the chairperson of the Committee then reports its final decision to the President & CEO if necessary. However, the case described (3) below is excluded from the above-mentioned process.
(3) After the process described above (2) has been followed, information which is judged as especially important by the Group Information Disclosure Committee is returned 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, the Group Corporate Communications IR Section promptly takes necessary procedures to disclose the information to stock exchanges.

4. Monitoring of disclosure
Audit & Supervisory Board Members and the director of the Group 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 many companies (211 consolidated subsidiaries and 15 affiliates accounted for by the equity method as of December 31, 2015) due to its global business operations with Japan Integrated Beverages Business as its core, and therefore the scope of information-gathering is extensive.

(2) Handling of disclosure risk
To avoid arbitrary judgements by Group Corporate Communications, information-sharing mechanisms and checks and balances have been put in place between Group Corporate Communications and other relevant departments including Group Legal. 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 for "Kirin Group Compliance Guidelines" and Group Legal 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 (henceforth the "Company") endeavors to ensure transparency, fairness and continuity in disclosing information to shareholders and investors on a timely basis. In order to ensure the fairness of information disclosure, the Company will be thorough in implementing its system for managing important information, will provide information in English, and will establish a "quiet period" as outlined below. The

Company discloses information in a manner and scope that complies with applicable laws and regulations, including the Financial Instruments and Exchange Act of Japan and the Securities Listing Regulations enforced by the Tokyo Stock Exchange. 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.

Method of information disclosure
The Company discloses significant corporate information as specified in the rules for timely disclosure of corporate information by the Tokyo Stock Exchange via the Timely Disclosure Network (TDnet) operated by the exchange after delivering an advance briefing to it. Immediately following the disclosure via TDnet, the Company provides the same information for the news media and post it to the Company's website.

Cautionary statement with respect to forward-looking statements
Statements made on the Company's website with respect to the Group's current plans, estimates, strategies and beliefs and those of its affiliated companies that are not historical 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 a variety of risks and uncertainties as well as economic conditions.

Quiet period
The Company has a period of silence that extends from the day following the end of a fiscal period to the day of an earnings announcement for that fiscal period to keep the earnings information confidential and ensure fairness to all shareholders. During this quiet period, the Company does not comment on or answer any questions about soon-to-be-released earnings results. However, the Company makes an official announcement during this period if the Company expects results to differ materially from our earlier forecasts. The Company will also answer questions about information already made public.

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 quarterly financial report (including supplementary documents), securities report/quarterly report, and the Kirin Report

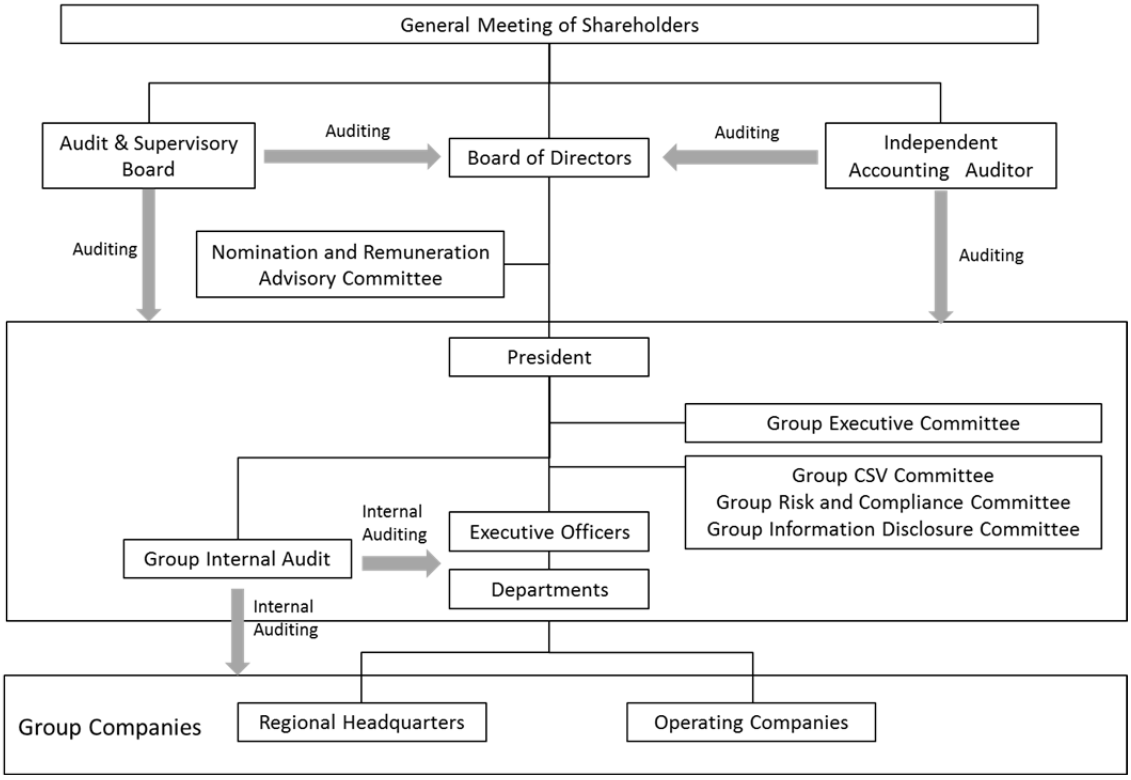
3. Structure
(1) Chairperson: CFO
(2) Members: director of Corporate Strategy, director of Group Finance, director of Group Legal, and director

of Group Corporate Communications
(Observers: Audit & Supervisory Board Members and director of Group Internal Audit)
(3) Working-level members: One to two person(s) from each department mentioned above (2)
(4) Secretariat: Group Corporate Communications IR Section

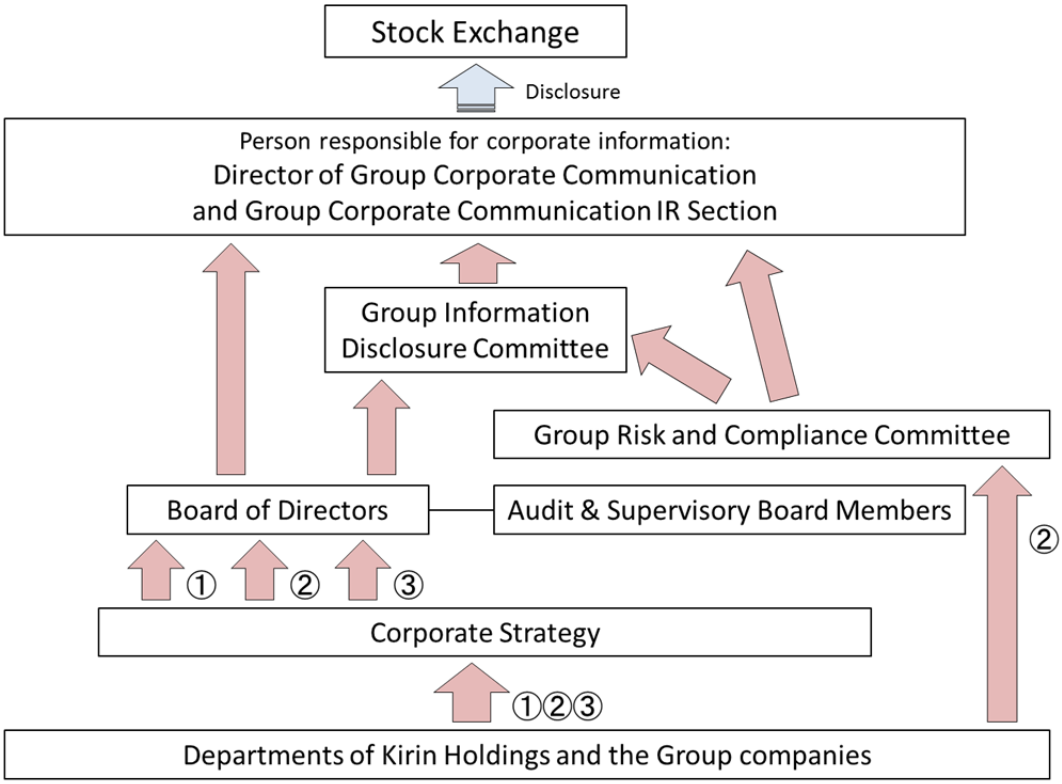
4. Meetings
Regular meetings are held in advance of the announcement of financial results (four times/year) and that of publications.
Extraordinary meetings are to be convened if necessary.

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



Internal System with regard to the Timely Disclosure



① Information about matters that have been decided
② Information about matters that have taken place
③ Information about financial results/forecasts