Corporate Governance Report

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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 “New 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]

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

[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 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 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 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.
  http://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.
  http://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 for the remuneration of Directors of the Board and Executive Officers

- The Nomination and Remuneration Advisory Committee will discuss the remuneration of Directors of the Board and Executive Officers, and report to the Board based on the following policy:

< Directors of the Board excluding Outside Directors, Executive Officers >

1) Remuneration will be linked to corporate value in the medium to long term, and shall encourage the sharing of value with shareholders.
2) Remuneration must be on levels commensurate with the roles and responsibilities, and shall emphasize linkage with business performance.
3) Remuneration will comprise the Basic Remuneration, the Yearly Bonus based on the achievement of targets for individual fiscal year, and the Performance-based Stock Compensation linked to the achievement of the major performance indicators set in the mid-term management plan as a medium to long term incentives.

< Outside Directors >

- Remuneration will comprise exclusively of the Basic Remuneration, as the roles of monitoring the management and execution of business objectively.

(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 of Directors of the Board 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 of Directors of the Board 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 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 of the Board 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 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. 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 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 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 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 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 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 of Directors of the Board 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 of Directors of the Board 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 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 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 178th Ordinary General Meeting of Shareholders.
  http://www.kirinholdings.co.jp/english/ir/stock/pdf/178th_notice.pdf

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

- The Company has continuously worked on improving the management and so on in order to increase the effectiveness of the Board.
- In the fiscal year 2016, the Company improved the structure to enhance the objectivity of the management and strengthen the oversight of the Board by, including but not limited to, appointing Outside Directors to Chairman of the Board and Chairperson of the Nomination and Remuneration Advisory Committee.
- Concerning the evaluation of the effectiveness of the Board, self-evaluations (survey) of Directors of the Board and Audit & Supervisory Board Members were conducted first, and then the Board had considerable discussions and reviewed the Board as a whole. Upon reaffirming ‘functions of the Board’, the Board conducted the review from such viewpoints as ‘relationship between the Board and the management’, ‘composition of the Board’ and ‘administration for constructive discussion at Board meetings’, and concluded that its effectiveness as a whole is secured.
- On the other hand, the Company recognized that there still remained room for improvements in discussion from the group-wide viewpoint, and further management information sharing, and defined improvement measures. The Company has already implemented such improvement measures, and will evaluate their results, and make use of such results for further improvement, thus continuously increasing the effectiveness of the Board.

[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]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	53,885,400	5.91
Japan Trustee Services Bank, Ltd. (Trust account)	41,901,300	4.59
Meiji Yasuda Life Insurance Company	32,996,563	3.62
Japan Trustee Services Bank, Ltd. (Trust account 4)	17,463,400	1.91
STATE STREET BANK AND TRUST COMPANY 505225	17,058,372	1.87
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,501,558	1.59
STATE STREET BANK WEST CLIENT - TREATY 505234	12,644,477	1.39
Japan Trustee Services Bank, Ltd. (Trust account 7)	12,523,600	1.37
THE BANK OF NEW YORK MELLON 140044	11,179,743	1.23
THE BANK OF NEW YORK MELLON SA/NV 10	11,107,729	1.22

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:
・Mr. Toshio Arima has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in leading group companies and corporate social responsibility. Based on those, since his appointment as Outside Director of the Company in March 2011, Mr. Arima has provided valuable opinions and guidance concerning the Company's business management from an objective, neutral standpoint independent of any managerial role in the Company, and from the perspective of an expert, and led the Board meetings as Chairman.
・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:
・Mr. Shoshi Arakawa has considerable experience acquired over many years as a business executive and a wide range of knowledge, especially highly specialized expertise in developing business in global market and leading group companies. Based on those, since his appointment as Outside Director of the Company in March 2015, Mr. Arakawa has provided valuable opinions and guidance concerning the Company's business management from an objective, neutral standpoint independent of any managerial role in the Company, and from the perspective of an expert.
・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:
・Ms. Kimie Iwata has considerable experience acquired over many years as a government official and a corporate executive and a wide range of knowledge, especially highly specialized expertise in corporate social responsibility and promotion of women's participation and advancement, etc. After assuming Outside Audit & Supervisory Board Member of the Company since March 2012, she was appointed as Outside Director of the Company in March 2016. Ms. Iwata has performed an appropriate supervisory function and provided valuable opinions and guidance from an objective, neutral standpoint independent of any managerial role in the Company, and from the perspective of an expert. She takes the lead in operation of the Nomination and Remuneration Advisory Committee as Chairperson.
・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 Mitsubishi Electric Corporation, and as Vice Chair at KEIDANREN (Japan Business Federation).
- Until March 2016, Mr. Katsunori Nagayasu had served 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 has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in finance acquired through his management of financial institutions and deep insight in leading group companies. He had assumed the role of representative director of the Bank of Tokyo-Mitsubishi UFJ, Ltd., a principal business partner of the Company, until March 2016, and thus does not serve as an Independent Director, but he personally has no conflicting interest in the Company. Since his appointment as Outside Director of the Company in March 2016, Mr. Nagayasu has provided valuable opinions and guidance concerning the Company's business management from an objective, neutral standpoint independent of any managerial role in the Company, and from the perspective of an expert.

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 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 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 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 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 the Kirin Company Internal Audit Department (a total of 24 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 his appointment as 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 has supervised the Board appropriately, from an objective and neutral standpoint independent of any managerial role in the Company, and from the perspective of an expert.
・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 his appointment as 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 has supervised the Board appropriately, from an objective and neutral standpoint independent of any managerial role in the Company, and from the perspective of an expert.
・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:
・Since her appointment as Outside Audit & Supervisory Board Member of the Company in March 2016, Ms. Chieko Matsuda has supervised the Board appropriately, 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 an executive of a consulting company and a university professor, and from the perspective of an expert.
・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 ・Other – introduction of the Restricted Stock Compensation System (performance-based)

Supplementary Explanation

・Remuneration for Directors of the Board excluding Outside Directors shall comprise the Basic Remuneration, which is a fixed remuneration, the Yearly Bonus, which serves as a short-term incentive, and the Restricted Stock Compensation (Performance-based), which acts as a medium- to long-term incentive, as a way of encouraging management focused on achieving greater short-term consolidated performance as well as enhancing corporate value in the medium to long term. Remuneration for Outside Directors and Audit & Supervisory Board Members shall comprise exclusively of the Basic Remuneration.
・Performance-linked remuneration for Directors of the Board excluding Outside Directors (Yearly Bonus and Restricted Stock Compensation (Performance-based)) shall be as follows:
  ・Under the Yearly Bonus system, the amount of bonus is determined based on consolidated performance indicators and individual performance evaluations (As for the Chairman of the Board and the President & CEO, only the consolidated performance indicators shall be taken into consideration).
  ・Under the Restricted Stock Compensation System (Performance-based), Kirin shall lift the Restrictions on all or part of the Granted Shares, according to the degree of achievement of the indicators set by the

Board including major performance indicators set in the Medium-Term Business Plan in the initial business year of the Restriction Period, at the expiry of the Restriction Period. However, with respect to a certain portion of the restricted stock to be granted, Restrictions shall be removed at the expiry of the Restricted Period as a general rule regardless of the degree of achievement of the indicators, in order to encourage Directors of the Board to hold Kirin's stock. With respect to the fiscal year 2017, while Kirin plans to change the number of shares for lifting the Restrictions at the expiry of the Restriction Period according to the degree of achievement of the indicators of ROE before amortization of goodwill, etc. and normalized EPS, which have been set as significant indicators in the current Medium-Term Business Plan, Kirin shall lift the Restrictions on 33% of the restricted stock to be granted, at the expiry of the Restricted Period as a general rule regardless of the degree of achievement of the indicators, in order to encourage Directors of the Board to hold Kirin's stock.

・ The amount of remuneration has been designed so that for the fiscal year 2017 the performance-linked remuneration (Yearly Bonus and Restricted Stock Compensation (Performance-based)) shall account for approximately 50% of the total composition of remuneration at the time of achievement of the performance targets as a general rule.

Recipients of Stock Options	

Supplementary Explanation

Restricted Stock Compensation System (performance-based) will be granted to Directors of the Board & Executive Officers (excluding outside members in both cases) of the Company and its subsidiary, Kirin Company.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

・ The total amount of remuneration by type for internal Directors of the Board and Outside Directors, and Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members respectively are disclosed in the Company's business report. The Company's business report is listed on the Company's website.

・ Business report (within the convocation notice of the Ordinary General Meeting of Dhareholders):
http://www.kirinholdings.co.jp/english/ir/stock/meeting.html

・ Please see below as to the remuneration of Directors of the Board in the fiscal year 2016.

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		Yearly Bonus	
		Total	# of officers	Total	# of officers
Inside Directors	388	244	6	144	5-
Outside Directors	49	44	3	5	4
Total	437	288	11	149	9

Notes:

1. The above amounts by type were paid according to the following decisions: the Basic Remuneration limit for Directors of the Board is 50 million yen per month as per the resolution at the 164th Ordinary General

Meeting of Shareholders on March 28, 2003; and the Yearly Bonus amounts were as per the resolution at the 178th Ordinary General Meeting of Shareholders on March 30, 2017. At the 178th Ordinary General Meeting of Shareholders, the following resolutions were made:

- The remuneration limit for Directors of the Board is revised from a monthly amount to a yearly amount.
- The Company will pay Yearly Bonus to Directors of the Board excluding Outside Directors in addition to the fixed Basic Remuneration within the remuneration limit of the annual amount of 950 million yen.
- Moreover, the Company set a remuneration limit of 250 million yen per year for Directors of the Board relating to the Restricted Stock Compensation System (performance-based)

2. The number of officers receiving Basic Remuneration includes 1 Inside Director and 1 Outside Director who retired from the positions as of March 30, 2016.

[Individual remuneration]

Name	Officer classification	Remuneration totals (million yen)	Remuneration type (million yen)	
			Basic Remuneration	Yearly Bonus
Yoshinori Isozaki	President & CEO	148	78	70

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 of the Board and Executive Officers, and report to the Board based on the policy below.
- The Committee will consider levels of the remuneration and linkage with performance by comparing them objectively with officers' remuneration survey data of an external research body, and incorporate findings in its report to the Board.

< Directors of the Board excluding Outside Directors, Executive Officers >

1) Remuneration will be linked to corporate value in the medium to long term, and shall encourage the sharing of value with shareholders.
2) Remuneration must be on levels commensurate with the roles and responsibilities, and shall emphasize linkage with business performance.
3) Remuneration will comprise the Basic Remuneration, the Yearly Bonus based on the achievement of targets for individual fiscal year, and the Performance-based Stock Compensation linked to the achievement of the major performance indicators set in the mid-term management plan as a medium to long term incentives.

< Outside Directors >

- Remuneration will comprise exclusively of the Basic Remuneration, as the roles of monitoring the management and execution of business objectively.

[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 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 Group Personnel & General Affairs 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.

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

(1) The Board and its Members
・ The Company has nine Directors of the Board, including four Outside Directors: eight are male and one is female.
・ 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.
・ Regarding the seven Group companies: Kirin Company, LION PTY LTD, Brasil Kirin Holding S.A., Myanmar Brewery Limited, Kyowa Hakko Kirin, SAN MIGUEL BREWERY INC., and China Resources Kirin Beverages (Greater China), 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
・ 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 meetings are held once a month and extraordinary meetings as necessary. In the fiscal year 2016, Board Meeting was held sixteen (16) times, and the attendance rate regarding Outside Directors, is ninety seven (97) percent and one regarding Outside Audit & Supervisory Board Members is hundred (100) percent.

(2) Audit & Supervisory Board and its Members
・ The Company Audit & Supervisory Board has five members, including three outside members: four are male and one is female.
・ 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 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 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 2016, Audit & Supervisory Board Meeting was held seventeen (17) times, and the attendance rate regarding Outside Audit & Supervisory Board Members is hundred (100) 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 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, president and director at the key Group companies based on the nature and scale of their business; remuneration systems and standards

・In the fiscal year 2016, the Nomination and Remuneration Advisory Committee was held six (6) times, and the members' attendance rate is ninety-seven (97) percent.

(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 of the Board, 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 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 Company's Independent Accounting Auditors for the fiscal year 2016 were Messrs. Hiroto Kaneko, Shoichi Hattori, and Makoto Yamada from KPMG AZSA LLC. The length of the auditors' service for the Company was 2 years (Mr. Kaneko), 1 year (Mr. Hattori), and 4 years (Mr. Yamada). Under the three aforementioned certified public accountants, 20 certified public accountants and 38 others supported the consolidated accounting audit work for the fiscal year 2016.

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. 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 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 2017, the convocation notice was published on the website on February 27 and mailed to shareholders on March 6. 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 the Ordinary 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 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

	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. 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 Executive Officer in charge of IR and staff 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 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 five 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 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 the intranet and internal training, etc. to keep everyone informed.
Implementation of Environmental Activities, CSR Activities etc.	・ In its Long-Term Management Vision "New 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. ・ Currently, the Group identified three key social issues below which the Company will place top priority on addressing, on top of the Company's underlying commitment to be "a responsible alcohol producer," for its implementation of CSV activities. The Company established "Our CSV Commitment," which includes specific commitments that each business within the Group will undertake to fulfill as well as specific approaches to reach desired outcomes for meeting these commitments. < Three Key Issues > "Health and well-being": Supporting self-care for healthy people and people with pre-disease /

	evolution in medical treatment / health-oriented business management / safety and security of our products “Community engagement”: Enhancing sustainability of the supply chain / regional revitalization through business activities “ The environment”: Reflecting environmental activities in our business strategies Our CSV Commitment: http://www.kirinholdings.co.jp/english/csv/materiality/commitment.html Kirin Group Long-Term Environmental Vision: http://www.kirinholdings.co.jp/english/csv/env/report/vision.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 Long-Term Management Vision “New 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 of the Board: the Company (1), Kirin Company (2), Kyowa Hakko Kirin (1) ・Audit & Supervisory Board Member: the Company (1) (As of April 1, 2017) 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 (207, 5.9%) ・Japan Integrated Beverages Business (116, 5.0%) (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 5%, 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

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 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 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 Directors of the Board 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 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 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

* 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 than 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

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 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 meetings. The agenda and decisions made at Board 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 188 consolidated subsidiaries and 18 affiliates accounted for by the equity method (as of December 31, 2016), and 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

・ 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 transparency and 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 posts 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 Company's plans, estimates, and strategies and beliefs and those of its affiliated companies that are not historical facts are forward-looking statements about the future performance. 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.

< 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 (i.e. quantitative or qualitative) and the method of disclosure (i.e. oral, written, or electronic).
・ If, exceptionally, there is any information to disclose, the Company places it on the Company's web site and answers questions, etc., within the scope of the disclosed information only.

< 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 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 this quiet period, the Company does not respond to requests for meetings, etc. from investors or any other source.
・ However, even during the quiet period, the Company answers questions, etc. about information which has already been disclosed and made public/known.

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: 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

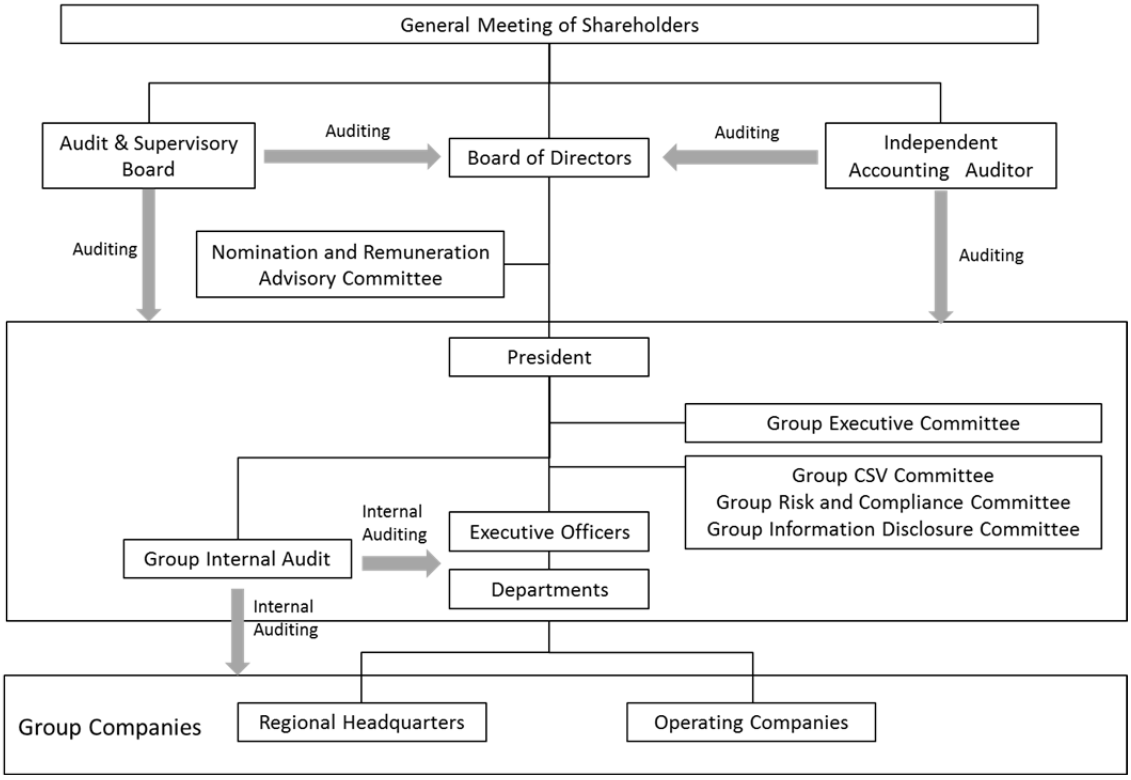
Regular meetings are held in advance of the announcement of financial results (four times/year) and that of publications.

Extraordinary meetings are to be convened if necessary.

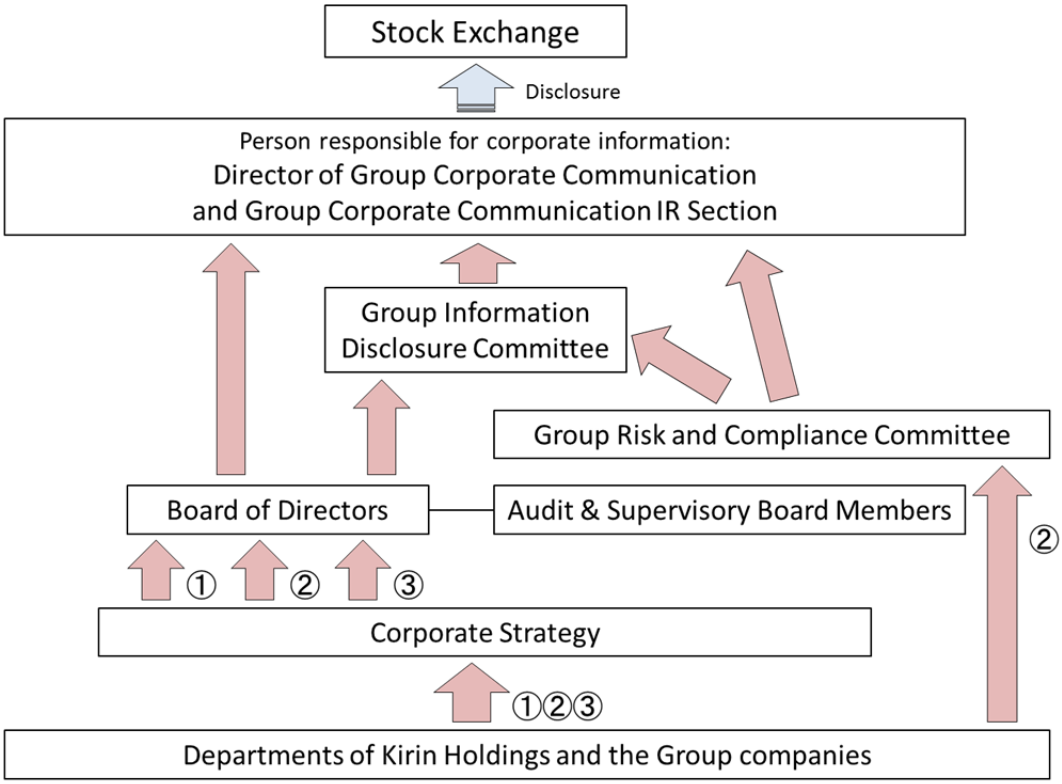
5. Other

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