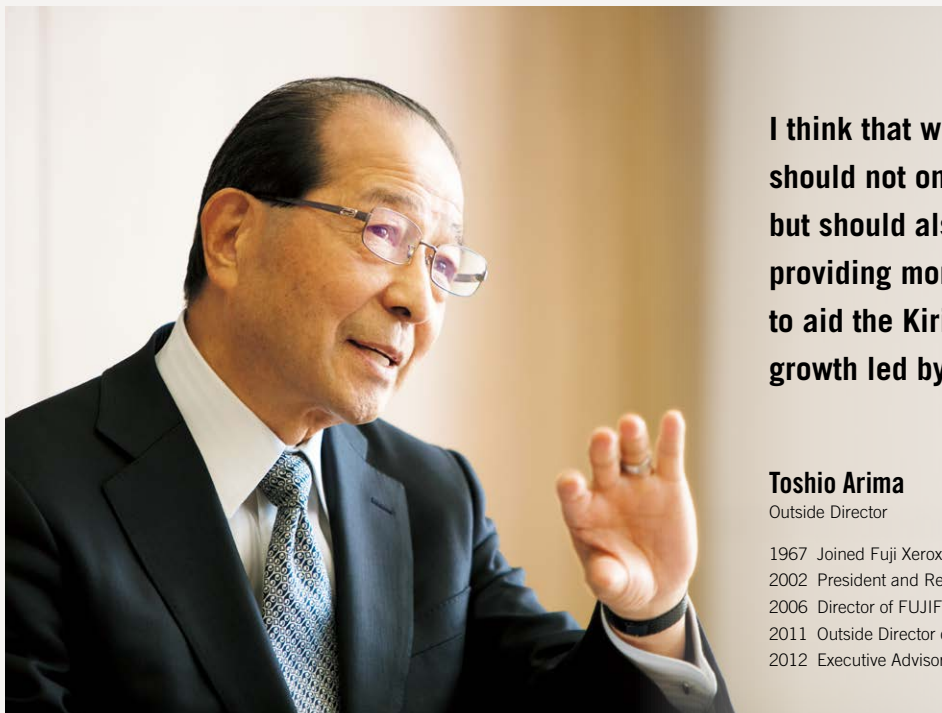


Corporate Governance

Interview with an Outside Director



I think that we outside directors should not only offer sideline support but should also fulfill our role in providing monitoring functions in order to aid the Kirin Group in achieving growth led by the creation of value.

Toshio Arima
Outside Director

1967 Joined Fuji Xerox Co., Ltd.
2002 President and Representative Director of Fuji Xerox Co., Ltd.
2006 Director of FUJIFILM Holdings Corporation
2011 Outside Director of the Company (current position)
2012 Executive Advisor of Fuji Xerox Co., Ltd. (current position)

Outside Director Toshio Arima assumed the position of Chairman of the Board at Kirin Holdings in April 2016. We asked Mr. Arima for his honest opinions regarding the Company's corporate governance system.

Q

What is your evaluation of Kirin Holdings' corporate governance system?

Kirin Holdings has been rapidly reinforcing its corporate governance system, particularly in the past few years. Today, around half of the members of the Board of Directors are outside directors. In addition, I received the important post of Chairman of the Board in 2016. Other reinforcement measures included unifying the Nomination Advisory Committee and the Remuneration Advisory Committee. The Company also revised its officer remuneration system to provide officers with more incentive to pursue medium- to long-term improvements in corporate value through ongoing increases in yearly performance, as opposed to simply focusing on single-year business plans. Thanks to these efforts, I would say that Kirin Holdings'

corporate governance system has been evolving into something truly leading edge.

Q

Is this reinforced corporate governance system functioning effectively?

One of the strengths of Kirin Holdings can be found in its proactive stance toward boosting the effectiveness of its corporate governance system.

This stance is exemplified by the Company's outside director system. Rather than being content with bringing its system in line with Japan's Corporate Governance Code, I strongly believe that Kirin is committed to making its system truly effective. The Kirin Group will have to move forward with globalization

and the creation of new value if it hopes to achieve sustained growth. This endeavor, however, will entail exposure to various risks. Growing while minimizing the potential impacts of these risks will require management to incorporate outside insight and diverse perspectives, and I feel that Kirin Holdings is well aware of this fact.

Outside directors must have an in-depth understanding of executive management policies and the circumstances surrounding front-line operations in order to effectively fulfill their role. To help foster such an understanding, we had the Company start holding study meetings for outside directors and joint briefings with President Isozaki last year. We also have the Company provide us with various opportunities to monitor front-line operations in Japan and overseas. As a result of these measures, outside directors have been actively participating in meetings of the Board of Directors, and unique and diverse perspectives from outside directors have been increasingly incorporated into management. Specifically, such perspectives have been utilized in defining the desired function of the Board of Directors, in conducting negotiations related to M&A activities, and in monitoring management.

Q

I assume that, given the time restrictions placed on outside directors, efficient Board of Directors proceedings are important. What are your thoughts on this matter?

You are exactly right. After taking up the position of Chairman of the Board last year, I have continued to discuss, in depth, the subject of efficiency in the proceedings of Kirin Holdings' Board of Directors with President Isozaki.

Previously, a large amount of time was devoted to issues related to individual subsidiaries. Beginning this year, however, we have begun delegating responsibility regarding such issues to the executive branch and to operating companies whenever possible. This has enabled Kirin Holdings' Board of Directors to focus more on discussions of overarching, Groupwide strategies.

Q

I understand that you are a member of the United Nations Global Compact Board. From that standpoint, how do you view the Kirin Group's CSV management?

The Kirin Group positions CSV as the foundation for its management, and I think that this stance makes the Group a forerunner in terms of CSV management in Japan. Moreover, I feel

that there is a high degree of understanding with regard to concepts such as shared value and ESG, which exceed the traditional boundaries of CSR. What I would like to commend the most is the fact that the Group based its business plan on the three social issues of health and well-being, community engagement, and the environment. The process of incorporating these ideas into the business plans of Group companies is the very essence of CSV management.

Looking ahead, the Kirin Group will have to overcome the challenge of effectively explaining how its initiatives for addressing social issues will contribute to higher economic value in addition to improvements to social value. Good examples of initiatives that realize increases in both economic and social value have begun to generate results. *47 Todofuken no Ichiban Shibori* is one such example. I hope that the Group will continue to accelerate and expand these initiatives into the future.

Kirin was also quick to respond to the United Nations' SDGs. The SDG Industry Matrix is a set of industry-specific documents showcasing examples of initiatives from numerous global companies created by the UN Global Compact to provide guidelines for corporate action related to the SDGs. The Kirin Group began referencing these documents even prior to the release of their Japanese translations. In the future, I look forward to seeing Kirin grow into the type of major global company that can be introduced in the SDG Industry Matrix.

Q

In closing, could you explain what you hope to accomplish as the Chairman of the Board?

If I may make a soccer analogy, a good referee, with mutual respect between the players, recognizing them as the stars of the event, manages the game to guarantee high quality. I aim to play this type of role as the Chairman of the Board.

The Kirin Group has numerous strengths. It is my hope that the Group will be able to fully leverage these strengths into the future in order to improve its economic and social value and thereby achieve growth led by the creation of value.

In supporting these efforts, I think that we outside directors should not only offer sideline support but should also fulfill our role in providing monitoring functions.

Corporate Governance

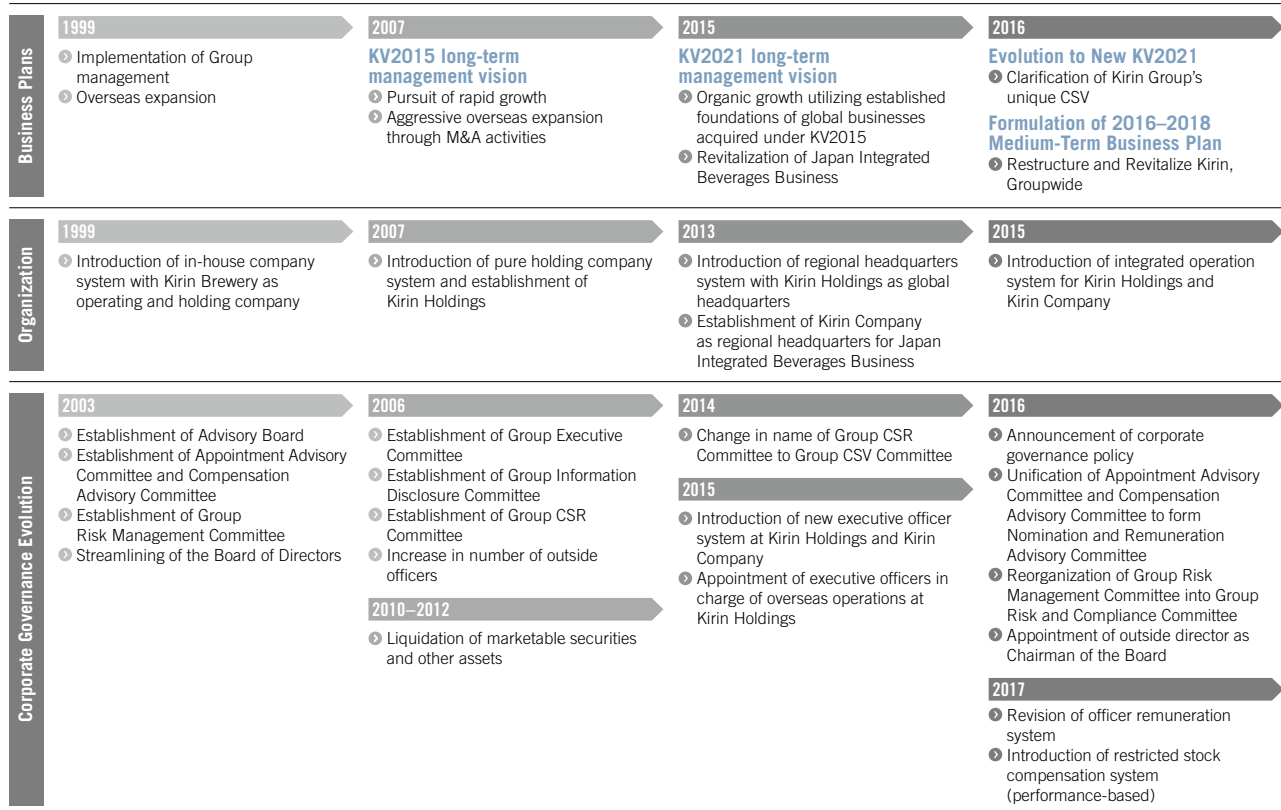
Basic View on Corporate Governance

The Kirin Group views the reinforcement of corporate governance as a top management priority. In line with its corporate philosophy and the “One Kirin” Values that are shared across the Kirin Group, the Group believes that achieving the 2021 Vision outlined in its long-term management vision New KV2021 will lead to sustainable growth for the Group and to greater corporate value over the medium to long term. Accordingly, the Kirin Group will continue to build upon its corporate governance system to keep it in tune with the times.

The Kirin Group believes that cooperation with its stakeholders will be indispensable to putting its corporate philosophy into practice and turning the 2021 Vision into a reality, and therefore the Group respects its stakeholders' respective viewpoints. With regard to shareholders and investors, the Kirin Group will exercise management accountability with integrity.



Evolution of Corporate Governance System



Note: Details regarding the Kirin Group's corporate governance rules, including its Corporate Governance Policy and Corporate Governance Report, can be found on the Company's corporate website.



Corporate Governance (Related Rules)

<http://www.kirinholdings.co.jp/english/ir/policy/provisions.html>

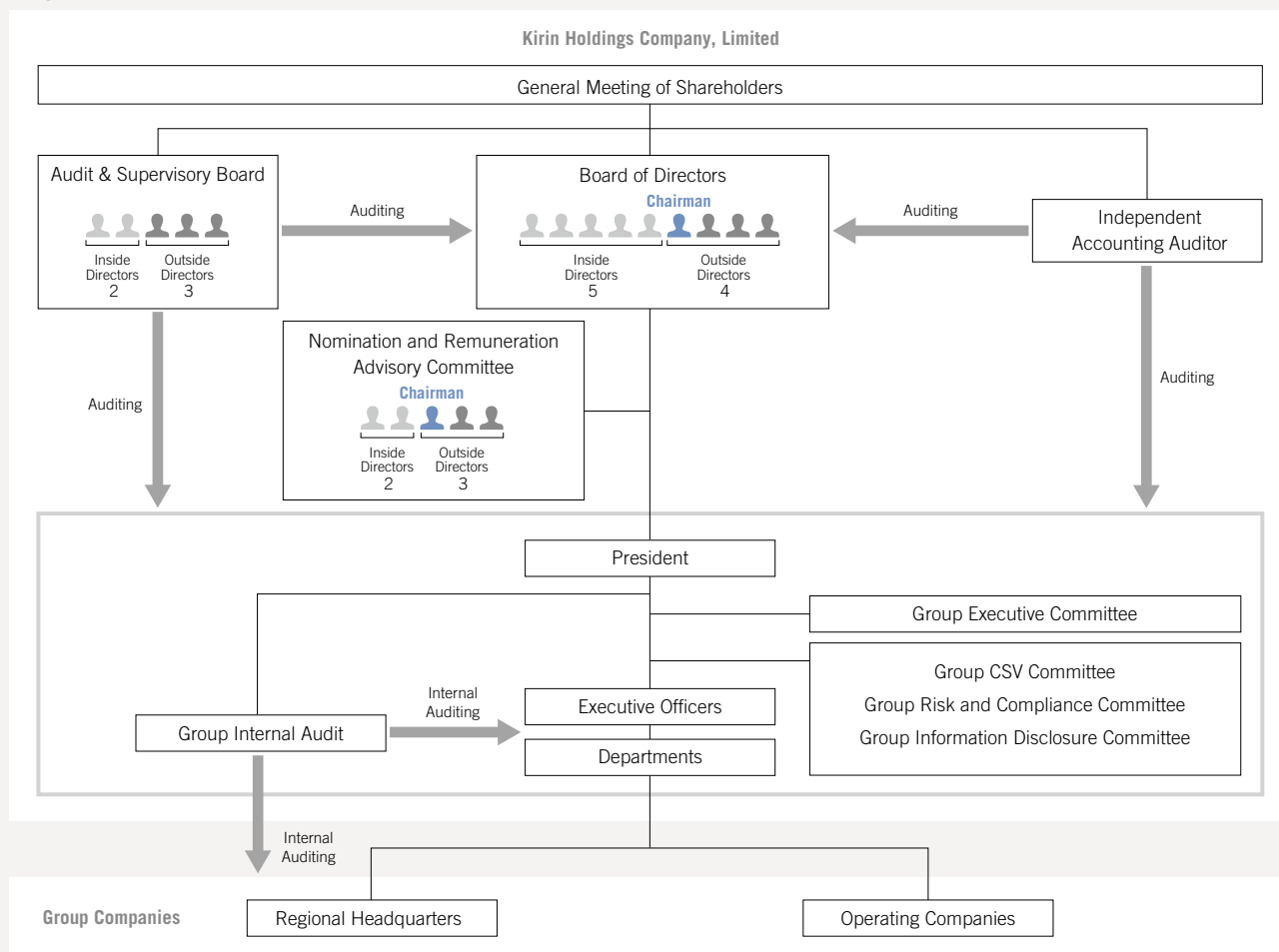
Key Points of Corporate Governance

Point 1 **Highly Transparent and Impartial Corporate Governance Structure** ➔ P58

Point 2 **Highly Flexible Operational Execution System** ➔ PP59-60

Point 3 **Remuneration System Increasing Incentive to Improve Shareholder Value** ➔ P61

Corporate Governance Structure (As of April 1, 2017)



Corporate Governance

Point

Highly Transparent and Impartial Corporate Governance Structure

Duties of the Board of Directors and Audit & Supervisory Board

The Board of Directors takes on decisions on legal matters and on important Group operational execution matters and is also responsible for monitoring operational execution by directors and for developing appropriate internal control systems across the Group. Four of the nine directors are outside directors, one of whom serves as the Chairman of the Board, helping to ensure the objectivity and effectiveness of management monitoring functions.

The Audit & Supervisory Board is able to call upon both the ability of standing Audit & Supervisory Board Members to collect information within the Group and the independence of outside Audit & Supervisory Board Members. The Audit & Supervisory Board also exchanges opinions with outside directors and shares information gained through auditing activities.

TOPICS

1 Evaluations of the Board of Directors' Effectiveness

The Company implemented a new system for the Board of Directors at the end of March 2016. After putting this system in place, discussions were held among the Board of Directors based on self-evaluation surveys filled out by directors and Audit & Supervisory Board Members. An overall review of the Board of Directors was then conducted from the perspectives of the relationship between the Board and management, the composition of the Board, and proceedings and discussions at Board meetings. Through this review, it was determined that the Board of Directors was generally effective. However, there were issues identified with regard to the sufficiency of discussions from a Group

management viewpoint and the sharing of management information. Initiatives to address these issues were launched in January 2017.

2 Opportunities for Sharing of Information by Outside Officers

We seek to foster a deeper understanding of the Kirin Group's business among outside officers. Accordingly, the Company has begun organizing study meetings at beer breweries exclusively for outside officers as well as forums for exchanging opinions between outside officers led by the Chairman of the Board. In addition, information sharing meetings are held to facilitate coordination between outside directors and Audit & Supervisory Board Members.

Nomination and Remuneration Advisory Committee

As an advisory body to the Board of Directors, the Nomination and Remuneration Advisory Committee discusses the following matters from an objective and fair perspective and reports to the Board of Directors. The matters that are discussed and reported on include the nomination and remuneration of directors, executive officers, and Audit & Supervisory Board Members. This committee comprises a majority of outside directors and is also chaired by an outside director in order to ensure high levels of transparency in corporate governance.

Matters Examined by the Nomination and Remuneration Advisory Committee

- Officer* nomination policies and successor proposals
- Officer* remuneration systems, levels, and amounts
- Kirin Holdings CEO successor plan

* Directors, executive officers, and Audit & Supervisory Board Members of Kirin Holdings and major Group companies

TOPICS

1 Deliberation regarding Remuneration Systems for Officers (Please refer to page 61.)

2 Oversight of CEO Successor Plan

The Nomination and Remuneration Advisory Committee examined the CEO successor plan with regard to matters including the necessary criteria for being the CEO and highly transparent candidate selection processes.

Point 2 Highly Flexible Operational Execution System

Kirin Holdings has established the following committees to function as advisory bodies to the president & CEO.

	Group Executive Committee	Group CSV Committee	Group Risk and Compliance Committee	Group Information Disclosure Committee
Chairman	President & CEO	President & CEO	Executive officer in charge of Risk Management	Executive officer in charge of Finances (CFO)
Members	<ul style="list-style-type: none"> Executive officers Standing Audit & Supervisory Board Members Heads of divisions related to agenda items Presidents of Group companies 	<ul style="list-style-type: none"> CEOs of regional headquarters President of Kyowa Hakko Kirin Executive officer in charge of CSV 	Same as members of Group Executive Committee	Director of Group Corporate Strategy, Group Finance, Group Legal, and Group Corporate Communications Observers: Audit & Supervisory Board Members, Director of Group Internal Audit
Secretariat	Group Corporate Strategy	Group CSV Management Section, Group Corporate Strategy	Group Corporate Strategy	IR Section, Group Corporate Communications
Meeting frequency	Once a month	Once a year, in principle	As necessary based on risk management cycle and circumstances	Once a quarter

Group Executive Committee and Group CSV Committee

The Group Executive Committee assists the president & CEO in decision making on matters related to strategies and investments that will have a significant impact on the Kirin Group.

The Group CSV Committee meets to support the Kirin Group's efforts to actively promote CSV. The presidents or CEOs of major Group companies assemble at committee meetings to confirm the progress of the CSV initiatives forming the foundation for Group management and take part in discussions based on input from society and stakeholders. This committee also functions as a forum for enhancing our CSV initiatives, and is thus used as a means of monitoring measures related to "Our CSV Commitment." The chairman of the Group CSV Committee offers guidance on how to increase the effectiveness of the CSV initiatives implemented in a given fiscal year during the following year.

Governance of Group Companies

Kirin Holdings is reinforcing the governance of Group companies through the Board of Directors. In addition to appropriately delegating authority to Group companies, directors and executive officers are also dispatched to these companies. With regard to the Overseas Integrated Beverages Business, an executive officer of Kirin Holdings has been assigned responsibility for the entirety of overseas operations, and executive officers with operational execution responsibilities have been appointed at Brasil Kirin and Myanmar Brewery. These officers enable swift and accurate response to management issues faced overseas.

COLUMN

Cross-Shareholdings

Kirin Holdings' Board of Directors examines the rationality of cross-shareholdings on an annual basis. The holdings are evaluated from a comprehensive perspective considering factors such as their necessity to business operations for contributing to stable financing and the procurement of raw materials, business partnerships, and sales policies, as well as share price trends, profitability, shareholding risks, etc. Those cross-shareholdings for which the reason for holding has been diminished will be sold. As of December 31, 2016, the Company held shares of 39 companies, with a total value on the Consolidated Balance Sheets of ¥72,232 million, for purposes other than pure investment.

Corporate Governance

Point 2 Highly Flexible Operational Execution System

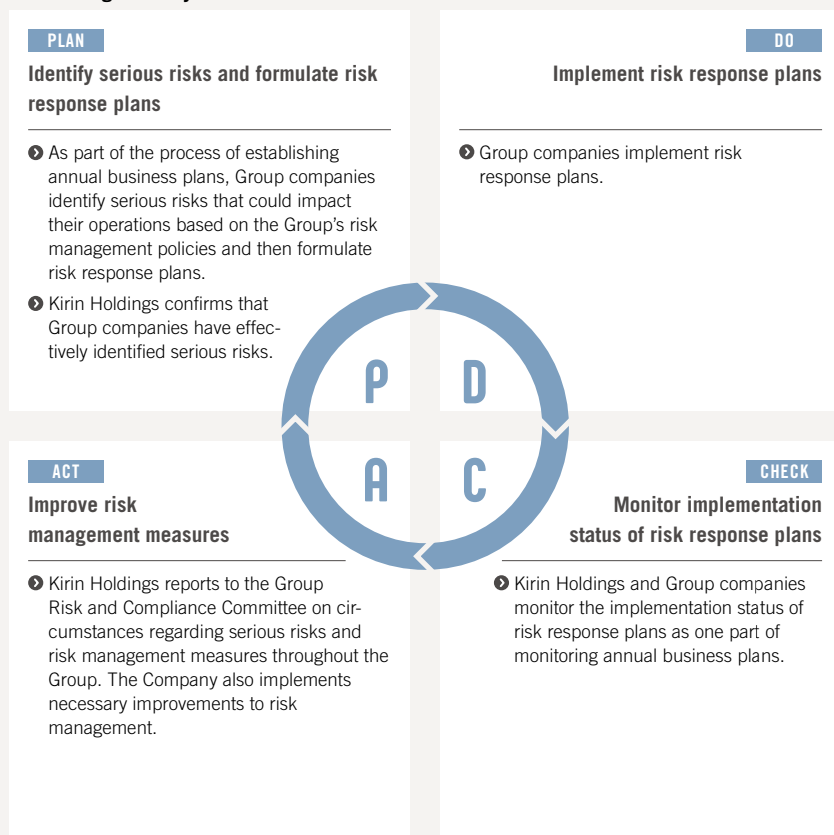
Risk Management

The Kirin Group establishes risk management systems and works to manage risk to ensure that it can accurately identify and address risks with the potential to seriously impede the accomplishment of its targets or impact its business continuity. Priority risk areas have been defined that include risks related to new strategies or initiatives and risks arising from major changes in the operating environment.

Group companies identify serious internal and external risks and formulate response measures as part of the process of establishing annual business plans.

Kirin Holdings promotes Groupwide risk management. Specific measures to this end include putting forth the Group's risk management policies, confirming that Group companies have effectively identified serious risks, and monitoring the status of response plans relating to these risks and their implementation.

Risk Management Cycle



Major Identified Risks

Risks related to business environment

1. Laws, regulations, and tax systems
2. Fluctuations in foreign currency exchange rates and interest rates
3. Increases in raw material and energy prices
4. Weather, climate change, natural disasters, and infectious diseases
5. Financing
6. Changes in the value of asset holdings
7. Changes in the trends of economic and market environments and population movements
8. Overseas operations

Risks related to business operations

1. Business and capital alliances
2. Human resources
3. Product safety
4. Information leakage and information systems
5. Occurrence of litigation and fines

Note: Details regarding Business and Other Risk Factors can be found on the Company's corporate website.

WEB Business and Other Risk Factors
<http://www.kirinholdings.co.jp/english/ir/policy/risks.html>

Point 3

Remuneration System Increasing Incentive to Improve Shareholder Value

Introduction of New Remuneration System for Officers

In March 2017, Kirin Holdings revised its remuneration system for officers with the aim of providing officers with strong motivation to accomplish the goals of business plans and of better sharing medium- to long-term value with investors and shareholders. This new system for remuneration of directors and executive officers comprises fixed remuneration as well as annual bonuses offering short-term incentives and a restricted stock compensation system (performance-based) providing medium- to long-term incentives. The remuneration system for outside directors and Audit & Supervisory Board Members comprises basic remuneration only out of consideration of the duties of these officers, which are centered around oversight and auditing.

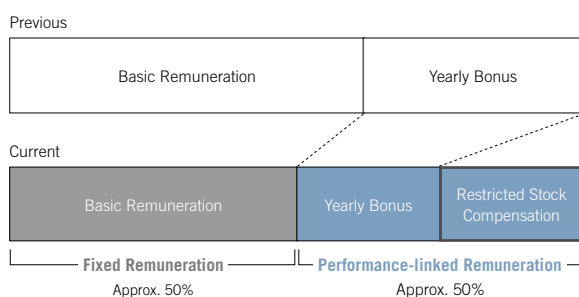
In fiscal 2017, the remuneration system will employ the following frameworks.

Changes from Prior Frameworks

1 Larger Portion of Performance-linked Remuneration

Under the new remuneration system, performance-linked remuneration will represent approximately 50% of the total remuneration of an individual should they meet their performance targets.

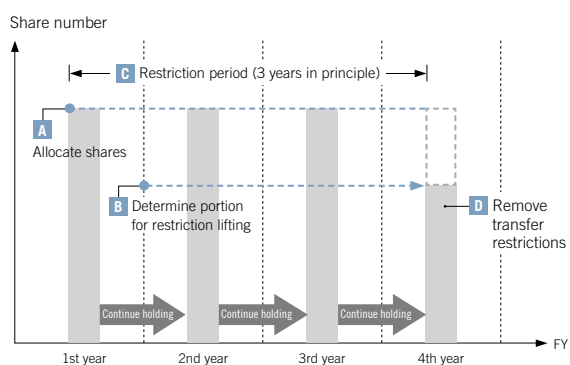
- **Yearly Bonus:** A yearly bonus will be linked to consolidated operating income. If the target for consolidated operating income is met, 100% of the planned bonus amount will be paid. Moreover, the new system provides for a greater range of fluctuation in the bonus amount paid, between 0% and 200% of the planned amount, should actual performance fall below or exceed the target, allowing for fine-tuned remuneration amounts.
- **Restricted Stock Compensation:** The restricted stock compensation system (performance-based) will use ROE before amortization of goodwill, etc., and normalized EPS, both of which have quantitative targets set in the 2016 MTBP, as its indicators in order to provide strong motivation to accomplish the targets of this plan.



2 Introduction of Restricted Stock Compensation System (Performance-based)

Under this system, Kirin Holdings allocates the Company's stock with temporary transfer restrictions to directors and executive officers. The aim of this system is to encourage officers to remain vigilant in their management efforts and to provide motivation to increase the Company's stock price.

- A** Shares with transfer restrictions will be issued each fiscal year, in principle.
- B** The portion of shares for which restrictions will be lifted, between 33% and 100% of all applicable shares, is determined based on first-year performance.
- C** Directors and executives continue to hold shares issued through this system while transfer restrictions are in place, encouraging vigilance in management efforts and providing motivation to increase the Company's stock price.
- D** When the restriction period (three years in principle) ends, transfer restrictions are lifted for the portion of shares determined in **B** above, and shares for which transfer restrictions are not lifted are acquired without payment by the Company.



Corporate Governance

Directors and Audit & Supervisory Board Members (As of April 1, 2017)



Akihiro Ito
Director of the Board,
Senior Executive Officer & CFO

Katsunori Nagayasu
Outside Director

Toshiya Miyoshi
Director of the Board,
Senior Executive Officer

Masahito Suzuki
Standing Audit & Supervisory
Board Member

Kimie Iwata
Outside Director

Toshio Arima
Outside Director

Yoshinori Isozaki
President & CEO



Futaka Hashimoto

Outside Audit & Supervisory
Board Member

Chieko Matsuda

Outside Audit & Supervisory
Board Member

Masakatsu Mori

Outside Audit & Supervisory
Board Member

Motoyasu Ishihara

Standing Audit & Supervisory
Board Member

Keisuke Nishimura

Representative Director of the Board,
Vice President

Shoshi Arakawa

Outside Director

Yasuyuki Ishii

Director of the Board,
Senior Executive Officer

Corporate Governance

Directors, Audit & Supervisory Board Members, and Executive Officers

(As of April 1, 2017)

Directors

☐ = Area of Responsibility

**Yoshinori Isozaki**

President & CEO

1977 Joined the Company
 2015 President & CEO of the Company
 (current position)

Major Concurrent Positions

Representative Director and President & CEO
 of Kirin Company, Limited

**Keisuke Nishimura**

Representative Director of the Board, Vice President

Investment Strategy, Overseas Business

1980 Joined the Company
 2017 Representative Director of the Board,
 Vice President of the Company
 (current position)

Major Concurrent Positions

Senior Executive Officer of Kirin Company, Limited
 Director of San Miguel Brewery Inc.
 Director of China Resources Kirin Beverages
 (Greater China) Company, Limited
 Director of Myanmar Brewery Limited

**Akihiro Ito**Director of the Board,
Senior Executive Officer & CFO

Chief Financial Officer, IR, IT

1983 Joined the Company
 2015 Director of the Board, Senior Executive Officer
 of the Company (current position)

Major Concurrent Positions

Senior Executive Officer of Kirin Company, Limited
 Director of Kirin Business System Company, Limited
 Director of Brasil Kirin Holding S.A.

**Toshiya Miyoshi**Director of the Board,
Senior Executive Officer

HR and General Affairs, Marketing,
 Corporate Brand Management

1982 Joined the Company
 2015 Director of the Board, Senior Executive Officer
 of the Company (current position)

Major Concurrent Positions

Senior Executive Officer of Kirin Company, Limited
 Director of San Miguel Brewery Inc.

**Yasuyuki Ishii**Director of the Board,
Senior Executive Officer

Supply Chain Management
 (Production, Logistics, Procurement)

1980 Joined the Company
 2017 Director of the Board, Senior Executive Officer
 of the Company (current position)

Major Concurrent Positions

Senior Executive Officer of Kirin Company, Limited

Information on matters related to the nomination of Directors and Audit & Supervisory Board Members can be found on the Company's corporate website.

**Management (Profile and Reasons for Nomination)**

<http://www.kirinholdings.co.jp/english/company/board/>

**Criteria regarding the Independence of Outside Officers**

http://www.kirinholdings.co.jp/english/ir/policy/pdf/governance20160215e_02.pdf

Outside Directors*¹ *1 Outside Director as described in Article 2-15 of the Companies Act of Japan



Toshio Arima

Outside Director of the Board*²

Chairman of the Board

1967 Joined Fuji Xerox Co., Ltd.
2002 President and Representative Director of Fuji Xerox Co., Ltd.
2006 Director of FUJIFILM Holdings Corporation
2011 Outside Director of the Company (current position)
2012 Executive Advisor of Fuji Xerox Co., Ltd. (current position)



Shoshi Arakawa

Outside Director of the Board*²

1968 Joined Bridgestone Corporation
2006 CEO and President, Representative Board Member of Bridgestone Corporation
2012 Chairman of the Board of Bridgestone Corporation
2013 Advisor of Bridgestone Corporation (current position)
2015 Outside Director of the Company (current position)



Kimie Iwata

Outside Director of the Board*²

1971 Joined the Ministry of Labour
2004 Director and Corporate Officer of Shiseido Company, Limited
2008 Director and Executive Vice President of Shiseido Company, Limited
2012 Outside Audit & Supervisory Board Member of the Company, Advisor of Shiseido Company, Limited
2016 Outside Director of the Company (current position)



Katsunori Nagayasu

Outside Director of the Board

1970 Joined The Mitsubishi Bank, Limited
2008 Representative Director, President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
2012 Representative Director, Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
2016 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current position)
Outside Director of the Company (current position)

*² Fulfills the requirements for designation as an Outside Director stipulated by the Tokyo Stock Exchange and complies with the Company's criteria regarding the independence of Outside Officers

Audit & Supervisory Board Members



Masahito Suzuki

Standing Audit & Supervisory Board Member

1980 Joined the Company
2014 Standing Audit & Supervisory Board Member of the Company (current position), Audit & Supervisory Board Member of Kirin Company, Limited (current position)



Motoyasu Ishihara

Standing Audit & Supervisory Board Member

1981 Joined Kirin-Seagram Co., Ltd. (currently, Kirin Distillery Co., Ltd.)
2015 Standing Audit & Supervisory Board Member of the Company (current position)
2016 Auditor of Kyowa Hakko Kirin Co., Ltd. (current position)
2017 Audit & Supervisory Board Member of Kirin Company, Limited (current position)



Fukutaka Hashimoto

Outside Audit & Supervisory Board Member*³

1979 Registered attorney-at-law at Tokyo Hatchobori Law Office (current position)
2014 Outside Audit & Supervisory Board Member of the Company (current position)



Masakatsu Mori

Outside Audit & Supervisory Board Member*³

1969 Joined Arthur Andersen, LLP
1995 Japan Representative of Andersen Consulting (currently, Accenture Japan Ltd.)
2013 Vice Chairman of International University of Japan (current position)
2015 Outside Audit & Supervisory Board Member of the Company (current position)



Chieko Matsuda

Outside Audit & Supervisory Board Member*³

1987 Joined The Long-Term Credit Bank of Japan, Limited
2006 Representative Director of Matrix, Inc.
2011 Professor of School of Business Administration, Department of Urban Liberal Arts at Tokyo Metropolitan University (current position), Professor of Department of Business Administration, Social Sciences at Tokyo Metropolitan University (Graduate School) (current position)
2016 Outside Audit & Supervisory Board Member of the Company (current position)

*³ Outside Company Auditor as described in Article 2-16 of the Companies Act of Japan. Also fulfills the requirements for designation as an Outside Auditor stipulated by the Tokyo Stock Exchange and complies with the Company's criteria regarding the independence of Outside Officers

Executive Officers



Hiroshi Ogawa

Senior Executive Officer
Director of the Board, Senior Executive Vice President of Kirin Company, Limited

Public Relations,
Risk Management, Legal



Ryosuke Mizouchi

Senior Executive Officer
Director of the Board, Senior Executive Officer of Kirin Company, Limited

CSV,
Overseas Business – Brasil Kirin



Takeshi Minakata

Senior Executive Officer
President and Representative Director of Myanmar Brewery Limited

Overseas Business
– Myanmar Brewery



Noriaki Kobayashi

Senior Executive Officer
Director of the Board, Senior Executive Officer of Kirin Company, Limited

R&D, Quality Assurance



Noriya Yokota

Senior Executive Officer
Director of the Board, Senior Executive Officer of Kirin Company, Limited

Group Corporate Strategies