

Enhancing Management Effectiveness

Expertise and experience of directors, Audit & Supervisory Board members, and executive officers

Kirin Holdings appoints directors, audit & supervisory board members, and executive officers with abundant experience, deep insight, and high specialization with the aims of ensuring appropriate and high-level decision-making and management of the Group and achieving continual growth in corporate value.

We also use the results of the Board of Directors effectiveness evaluations to identify the areas of

knowledge and experience that are important for deliberation and decision-making of the Board of Directors. Considering those areas along with the diversity represented by its members, we seek to create an overall balance on the Board and to strengthen its ability to execute group business and provide management oversight, including monitoring and strategic review.

		Expertise and Experience								
		Corporate Management	ESG / Sustainability	Finance / Accounting	HR Management / Development	Legal / Compliance / Risk Management	SCM	Brand Strategy / Marketing / Sales	Overseas Business	R&D / New Business / Health Science
President & CEO	Yoshinori Isozaki	●	●			●		●	●	
Representative Director of the Board, Senior Executive Vice President	Keisuke Nishimura	●			●				●	
Director of the Board, Senior Executive Officer	Toshiya Miyoshi		●		●			●		
Director of the Board, Senior Executive Officer & CFO	Noriya Yokota		●	●	●		●		●	
Director of the Board, Senior Executive Officer	Noriaki Kobayashi						●		●	●
Director (non-executive)	Shoshi Arakawa	●					●		●	
Director (non-executive)	Masakatsu Mori	●		●					●	
Director (non-executive)	Hiroyuki Yanagi	●					●	●	●	
Director (non-executive)	Chieko Matsuda		●	●		●				
Director (non-executive)	Noriko Shiono	●						●	●	●
Director (non-executive)	Rod Eddington	●							●	
Director (non-executive)	George Olcott		●	●	●				●	
Standing Audit & Supervisory Board Member	Akihiro Ito			●					●	
Standing Audit & Supervisory Board Member	Keiji Kuwata						●	●		
Audit & Supervisory Board Member	Nobuo Nakata					●			●	
Audit & Supervisory Board Member	Yoshiko Ando		●			●				●
Audit & Supervisory Board Member	Kaoru Kashima			●	●					
Senior Executive Vice President	Hiroshi Ogawa				●	●				
Senior Executive Officer	Ryosuke Mizouchi		●					●	●	
Senior Executive Officer	Toru Yoshimura						●		●	●
Senior Executive Officer	Junko Tsuboi		●					●		
Senior Executive Officer	Masao Maehara						●		●	
Senior Executive Officer	Takayuki Fuse	●	●					●		
Senior Executive Officer	Hideki Horiguchi	●						●	●	
Senior Executive Officer	Takeshi Minakata	●					●		●	●

Independent directors

To increase the fairness and transparency of corporate governance, support the Group's continuing growth, and enhance the Group's corporate value over the medium-to-long term, as of April 2020 the Company has designated seven (7) independent directors and three (3) independent audit & supervisory board members.



Criteria regarding the independence of Officers
https://www.kirinholdings.co.jp/english/ir/governance/pdf/e_independencecriteria_officer.pdf



Independent Officers Notification
https://www.kirinholdings.co.jp/english/ir/governance/pdf/e_independentofficer.pdf



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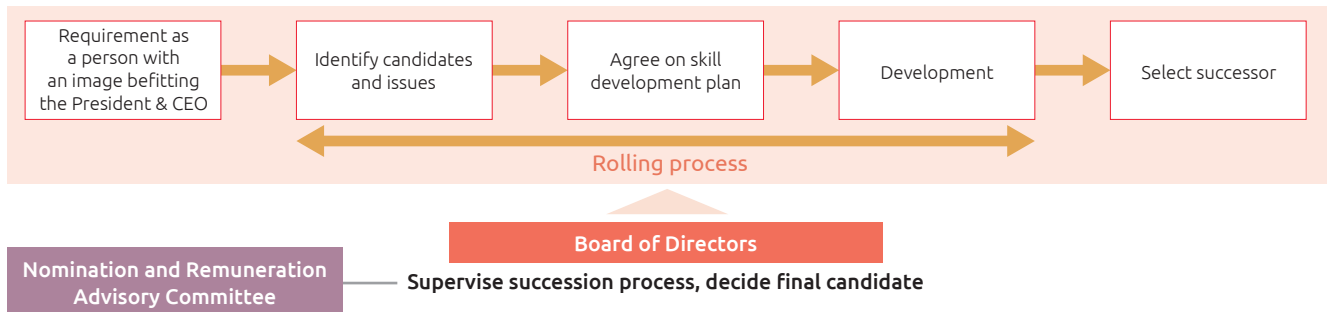
Candidate plan for President & CEO (succession planning)

The Kirin Holdings Nomination and Remuneration Advisory Committee deliberated on the formulation of policy for the President & CEO succession planning in 2016 and reported the requirements (an image befitting the President & CEO of Kirin Holdings) and the decision

process for candidates to the Board of Directors.

Based on this report, since 2017 we have been using a highly objective and transparent process supervised by the Board of Directors for selecting, evaluating, and training successor candidates.

Succession planning process



Cultivating candidates for the next generation management

The Kirin Group has formulated an original human resource management system and is strengthening the development of key personnel in the Group who are candidates to serve as the next generation of managers (see page 33 for details).

Employees who achieve high results and show

initiative are provided opportunities to tackle challenging assignments, in the form of new or difficult jobs. By proactively placing employees based on their talents and abilities, the Kirin Group is seeking to quickly develop the core human resources that will lead the Group in Japan and overseas.

Roadmap for strengthening and developing human resources



Stance on listed subsidiary

Kirin Holdings is aware of importance of the relationship between the parent company and the listed subsidiary Kyowa Kirin in terms of business portfolio management and Group administration. The Corporate Governance Report published in April 2020 presents the Company's policies, determined by discussion of the Board of Directors, regarding the significance of retaining a listed subsidiary and ensuring the effectiveness of the governance system.

Kirin Holdings will regularly review and actively disclose information concerning the appropriateness of retaining Kyowa Kirin as a listed subsidiary from the perspectives of raising the corporate value of the Group, capital efficiency, governance effectiveness, and protection of minority shareholders.



Corporate Governance Report
https://www.kirinholdings.co.jp/english/ir/governance/pdf/e_governance_report.pdf



Group company governance and performance assessment

Operational execution and monitoring system for Group companies

Kirin Holdings formulates and promotes Group strategy, monitors all Group businesses, and creates synergies across the Group.

Each Kirin Group company is located close to its customers and stakeholders and administers its operations autonomously and speedily with full authority to make business execution decisions tailored to their specific strategies. Kirin Holdings seats a director on each

company's Board of Directors to help maintain a high level of corporate governance.

Group company performance evaluations

The indicators used to evaluate the performances of Group companies are the quantitative targets of return on assets (ROA), which is directly linked to return on invested capital (ROIC), and earnings before income tax (EBIT), which directly affects guidance for the growth rate of normalized operating profit.

Remuneration system for executive officers

Kirin Holdings revised the remuneration system for executive officers in March 2017 with the aim of providing stronger incentive for officers to achieve the business plan and to further promote medium- and long-term value sharing with shareholders and investors. Remuneration levels are reviewed each year versus those at other major domestic corporations and using data for the period gathered by third-party agencies.

The performance evaluation benchmark for stock-based compensation with transfer restrictions was changed from ROE to ROIC upon the launch of 2019 MTBP. Non-financial indicators were added in 2020.

Basic policy

1. Remuneration shall emphasize the link to business performance and corporate value in the medium to long term, and shall encourage the sharing of value with shareholders.
2. Remuneration shall be at a level commensurate with the roles and responsibilities of a director of the Kirin Group.
3. Executive remuneration shall be reviewed by the Nomination and Remuneration Advisory Committee. To ensure objectivity and transparency, non-executive directors shall account for the majority of the committee members.



Remuneration System for Executive Officers
<https://www.kirinholdings.co.jp/english/ir/governance/compensation.html>

Classification of Officers	Basic Remuneration	Yearly Bonus	Restricted Stock Compensation	Purpose
Directors (excluding non-executive directors)	○	○	○	Because they are responsible for the execution of business, Kirin Holdings have established remuneration structure that takes into account the achievement of short-term consolidated performance targets and the improvement of corporate value over the medium to long term.
Non-executive Directors	○			Because they are responsible for supervising and advising Company and Group management from an objective position, only basic remuneration (fixed remuneration) is provided.
Audit & Supervisory Board Members	○			Because of their role of auditing the performance of directors' execution of their business from an objective position, only basic remuneration (fixed remuneration) is provided.

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Overview of remuneration system for executive officers

	Fixed remuneration Approximately 50%	Performance-linked remuneration Approximately 50%											
	Basic remuneration	Yearly bonus	Trust-type stock compensation										
	Basic remuneration	Trust-type stock compensation (performance-based)											
Position	Fixed remuneration	Short-term incentive remuneration	Medium- to long-term incentive remuneration										
Eligible recipients	<ul style="list-style-type: none"> • Directors (excluding non-executive directors) • Non-executive directors • Audit & Supervisory Board members 	Directors (excluding non-executive directors)	Directors (excluding non-executive directors)										
Type of remuneration	Cash	Cash	Stock (trust-type stock compensation)										
Evaluation indicators	—	<ul style="list-style-type: none"> • Consolidated normalized operating profit • Individual performance evaluation (excluding President & CEO) 	<ol style="list-style-type: none"> 1. ROIC 2. Normalized EPS 3. Non-financial evaluation* 										
Allocation policy	Establish remuneration for each role and duty	Remuneration is 100% when targets are achieved and varies within a range of 0 to 200%.	<ul style="list-style-type: none"> • Points are provided in a range of 50 to 150% in accordance with the degree of progress toward the performance targets for the year following a performance evaluation period. • In principle, stocks are awarded in accordance with the points received at a set period three years after the start of the performance evaluation period. 										
Calculation formula	—	<p>Calculation formula for individual remuneration</p> <div style="text-align: center;"> <p>Individual remuneration</p> <p>II</p> <p>Standard bonus</p> </div> <p>×</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Company performance pay rates</p> <p>× A</p> </div> <div style="text-align: center;"> <p>Individual performance pay rate</p> <p>× B</p> </div> </div> <p>+</p> <p>• A standard bonus is set for each officer based on internal regulations. • "A" is the ratio of the part linked to company performance, and "B" is the ratio linked to individual performance. The ratios are set for each position based on internal regulations.</p>	<p>Calculation formula for performance-linked factors</p> <div style="text-align: center;"> <p>Performance linked factors</p> <p>II</p> </div> <p>(1) ROIC pay rate (%) × 45%</p> <p>+</p> <p>(2) Normalized EPS pay rate (%) × 45%</p> <p>+</p> <p>(3) Non-financial evaluation* pay rate × 10%</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr><td>A</td><td>150%</td></tr> <tr><td>B</td><td>125%</td></tr> <tr><td>C</td><td>100%</td></tr> <tr><td>D</td><td>75%</td></tr> <tr><td>E</td><td>50%</td></tr> </table>	A	150%	B	125%	C	100%	D	75%	E	50%
A	150%												
B	125%												
C	100%												
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E	50%												

* Non-financial evaluation is an overall evaluation of progress and achievement with the CSV Commitments, where initiatives in the four key areas of "a responsible alcohol producer," "health and well-being," "community engagement," and "the environment" are comprehensively evaluated.

Please refer to the Corporate Governance Report for details about director and Audit & Supervisory Board member compensation in fiscal 2019. https://www.kirinholdings.co.jp/english/ir/governance/pdf/e_governance_report.pdf