

Kirin Group Compliance Guidelines

1. Definition of Compliance

For Kirin Group, compliance goes beyond the level of just 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.

Here, stakeholders refer to Consumers, Environment, Communities, Employees, Business Partners, Shareholders/Investors.

Below we list specific compliance items and desired behaviors (as well as actions that are prohibited) as Guidelines, in light of daily corporate activities. We are asking all group companies to thoroughly implement systematic detailed approaches to observing compliance in accordance with these Guidelines.

2. Relation between Kirin's Philosophy, Vision and Values and Kirin Group Compliance Guidelines

The Kirin Group Compliance Guidelines are the actions that are demanded by law and by social ethics among the actions sought in Kirin's Philosophy, Vision and Values. Please consider the Compliance Guidelines the minimum necessary action standards that must be observed by each Kirin Group company and their employees.

3. General Rules

Observe all laws as a matter of course, respect social norms, and strive to conduct sensible corporate activities.

- (1) Observe all domestic and foreign laws.
- (2) Be fully aware of the corporate ethics expected for Kirin Group and act sensibly with responsibility as a member of society in accordance with Kirin's Philosophy, Vision and Values.
- (3) Promptly and accurately report both positive and negative information to your superiors.

4. Detailed Rules

4-1. Relations with Consumers

Product Safety

- (1) Always pay attention to safety in product manufacturing, development, storage, sales, transportation, and other product procedures. Fully understand and observe all safety standards and laws related to product safety, and aim at achieving higher safety.
- (2) Immediately confirm the facts whenever receiving information regarding product safety. When it is determined that there is a problem, contact the concerned business units and respond appropriately.
- (3) Respond promptly, sincerely, and politely to customer comments, swiftly determine the cause, and make efforts to prevent reoccurrence.

Protection of Personal Information

Personal information that has been acquired in the course of business shall be used only for the intended usage purpose of such information (except for cases where disclosure is required by applicable laws and regulations). The information shall be strictly managed to prevent divulgence to unintended people and external parties.

* Observe the Personal Information Protection Regulations and the Group Information Security Rules.

Prohibition of Unfair Competition

- (1) We will comply with the Act Against Unjustifiable Premiums and the Misleading Representations and Fair Competition Code to eliminate unfair competition and promote free and fair competition.

*This refers to free competition in accordance with the Act Against Unjustifiable Premiums and the Misleading Representations and Fair Competition Code.

- (2) Absolutely refrain from the use of exaggerated expressions and explanations that would mislead the public in the words and information presented in advertising and promotional activities.

*Exaggerated advertisements, false advertisements, slander of other companies, and the use of expressions linked to social discrimination are prohibited.

- (3) Do not use or acquire the trade secrets of other companies via unlawful means for any reason. Do not use the trade secrets of other companies if you know or suspect that they were obtained via unlawful means.

Observance of the Antimonopoly Act

Do not engage in actions that are in violation of the Antimonopoly Act under any circumstances, including the use of illegal means for cartels or the maintenance or determination of resale prices. Engage in free and fair competition.

* This includes prohibition of unfair trading practices under the Antimonopoly Act.

Environmental Conservation

Based on the basic policy outlined below, top management will exert its leadership and all employees will cooperate to introduce environmental measures to corporate activities. We will pursue environmental preservation as one of our top-priority issues while setting high goals.

- (1) We will pursue environmental preservation throughout the entire value chain and all aspects of our business activities.
- (2) We will ensure environmental preservation through assessments and audits.

*See Kirin Group's Environmental Policy.

4-3. Relations with Communities

Observance of All Types of Laws, Regulations, and Business Laws

Observe all types of laws and regulations*, observe the relevant business laws governing the products and services handled, acquire all required permits and licenses, submit all notifications, and follow all other required procedures without fail.

* These include Companies law, the Commercial Code, the Liquor Tax Law, the Food Sanitation Law, the Pharmaceutical Affairs Law, and the Road Traffic Law.

Regulations on Donations and Political Contributions

- (1) Observe all relevant laws* and follow proper methods when making political contributions and donations to all types of organizations.

* These include the Public Offices Election Law and the Political Funds Control Law

- (2) Obtain prior approval in accordance with internal company rules when implementing all types of contributions and donations.
- (3) Strictly refrain from bribery, provision of illegal profits, and illegal political contributions as a matter of course, and from all collusive political and governmental actions that could invite misunderstandings, and strive to build up sound and transparent relations.

Discontinuation of Relations with Anti-social Forces

- (1) Strive to act with social common sense and a sense of justice to avert involvement with illegal activities and anti-social behavior.
- (2) Respond to anti-social forces with a resolute attitude, and do not have any relations with them whatsoever. When presented with unreasonable demands, do not attempt resolutions by handing over money, etc.
- (3) Do not make use of anti-social forces for the company's benefit or your own profit.
- (4) Do not conduct any transactions whatsoever with anti-social forces or with parties related to anti-social forces.

Prevention of the Consumption of Alcohol by Minors

- (1) Conduct educational activities to prevent the consumption of alcohol by minors.
- (2) Conduct advertising and promotional activities with consideration toward preventing consumption of alcohol by minors.

Responsible drinking and prevention of problem drinking such as Drink-Driving

Develop and promote educational activities for appropriate consumption of alcohol, and conduct activities to prevent problem drinking

Harmony with Relevant Countries and Local Communities

When conducting business, we will respect the economy, society and culture of relevant countries and areas inside/outside the country.

4-4.Relations with Employees

Workplace Health and Safety

Give top priority to securing health and safety, strive to maintain a safe and healthy workplace environment, and understand and observe all laws and regulations related to work health and safety.

* Related legislation includes the Industrial Safety and Health Law.

Observance of Labor Laws

Observe all labor-related laws and strive to maintain a comfortable and healthy workplace environment. Leaders must thoroughly manage members' working days and working hours, and always pay attention to members' physical and psychological health.

* Related legislation includes the three major labor laws (the Labor Standards Act, the Labor Union Act, and the Labor Relations Adjustment Act).

Observance of the Work Regulations

Employees must always observe the Work Regulations.

- (1) Do not engage in any acts prohibited by the Work Regulations
- (2) Do not engage in any dishonest acts or any improprieties that violate the working regulations

Prohibition of Political and Religious Activities

Do not engage in any political or religious activities during working hours.

Respect of Human Rights and Prohibition of Discrimination

Always strive to maintain a workplace environment that is safe and comfortable to work in, respect everyone's human rights, and do not engage in acts that lead to discrimination.

- (1) Do not engage in any form of discrimination based on differences of race, ethnicity, nationality, social status, lineage, sex, disability, health conditions, ideology, faith, sexual orientation, gender identity, occupation, or occupational status.
- (2) In accordance with internationally recognized standards, we support and practice the elimination of all kinds of forced labor and substantial abolition of child labor.
- (3) Implement human rights training and other human rights education activities throughout the company and actively participate in these activities.

Prohibition of Harassment

- (1) We will never engage in physical, sexual, psychological and economic abuse, harassment, or neglect (language and behaviors that offend others, and retaliation for the harassed party's response, such as imposing undue disadvantage on the harassed party's work conditions, or aggravating the work environment).
- (2) As a matter of course, do not personally engage in any words or acts that may be construed as harassment, and strive to create an atmosphere whereby harassment will not occur in your workplace.
- (3) Positively participate in harassment training implemented by the company.

Prohibition of Drink-Driving and Problem Drinking

Do not engage in driving under the influence of alcohol or drink-driving.

Drink responsibly; do not engage in problem drinking.

4-5. Relations with Business Partners

Appropriate Transactions with Suppliers and Observance of the Subcontract Act

- (1) Conduct transactions with suppliers with common sense and in good faith, and handle these transactions fairly and justly. Completely observe all stipulations of the Subcontract Act.

*The Subcontract Act and the Antimonopoly Act prevent the abuse of a dominant bargaining position.

- (2) We will demand of suppliers that they comply with laws, regulations and social norms, and implement environmental measures in line with our efforts to jointly achieve appropriate procurement practice.

Appropriate Business Entertainment and Exchange of Gifts

- (1) Absolutely refrain from deviating from the range of general social common sense in providing entertainment and gifts to trading partners and in receiving entertainment and

gifts from trading partners.

- (2) We will not offer unjustifiable entertainment, gifts, benefits and other economic interest to public servants and people in a similar position.

4-6.Relations with Shareholders and Investors

Disclosure of Management Information

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.

Prohibition of Insider Trading

When you come to know inside information regarding your company, related companies, or trading partners in the course of executing business duties, do not purchase or sell stocks or bonds of said companies or leak said information to other parties until said information is formally publicized.

* This relates to insider trading regulations under Financial Instruments and Exchange Law. Also, observe the Group Insider Trading Prevention Regulations.

Appropriate Accounting Treatment

Accurately make all entries into accounting books and slips in accordance with the concerned laws and internal company regulations. Do not make any false or fictitious entries or accumulate any off-book assets.

Prohibition of Conflicts of Interest

Do not engage in any activities that oppose the company's interests.

- (1) Do not work as an employee or consultant for or have any monetary relations with any competing firm or trading partner.
- (2) Do not conduct any business with the company's trading partners without receiving company permission.

Appropriate Use of Company Assets

Use company assets efficiently, recognize that they must be kept in a condition whereby they can always be used, and handle both tangible and intangible assets appropriately to prevent damage, theft, etc. Do not use company assets or expenses for personal purposes.

Appropriate Use and Management of Information Assets

- (1) Only use company information systems for work purposes. Do not use them for personal purposes.
- (2) Strictly manage company information system IDs and passwords, and prevent their leakage outside the company.

* Observe the Group Information Security Rules.

Management of Company Secrets

Manage company secrets appropriately, and do not disclose or leak company secrets without company permission.

- (1) Strictly manage company secrets and do not leak company secrets outside the company or use them for purposes other than business purposes.
- (2) When disclosing company secrets outside the company, conclude confidentiality contracts and otherwise strive to prevent unexpected leaks.

* Observe the Group Information Security Regulations, etc,

Protection of Intellectual Property

Company intellectual properties are important company assets. Use company intellectual properties appropriately and strive to protect company intellectual property rights. Do not engage in any activities that violate other companies' intellectual property rights such as unauthorized copying of other companies' computer software. Conclude appropriate contracts when using trading partners' intellectual properties, and do not wrongfully use said properties.

5. Supplementary Rules

5-1. Scope of Application of the Compliance Guidelines

The Compliance Guidelines apply to the directors of all Kirin Group companies, and to all employees and temporary employees.

When the behavior of an executive or employee has been deemed to violate these compliance guidelines, she/he will be subject to punishment in accordance with internal rules.

5-2. Revision or abolishment of the Compliance Guidelines

Revisions or abolishment of these Compliance Guidelines shall be determined by the chairman of Group Risk Management Compliance Committee subsequent to deliberations by the committee.

5-3. Roles of the Group Risk Management Compliance Committee, its Secretariat, and each Group Company

The Group Risk Management Compliance Committee shall exercise overall control and supervision over compliance issues, and work toward the full enforcement of these Compliance Guidelines.

The Group Risk Management Compliance Committee Secretariat shall draft, promote, and support policies for the full enforcement of these Compliance Guidelines at Kirin group companies, and implement regular monitoring and reporting to the Group Risk Management Compliance Committee regarding the status of compliance in an effort to establish the PDCA cycle.

Kirin group companies shall draft and promote their own policies to fully enforce these Compliance Guidelines, while having their members understand the importance of compliance to avoid non-compliance.

(2017.7)