

# **KIRIN GROUP REGULATIONS FOR PREVENTION OF BRIBERY**

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## **CHAPTER I. GENERAL CONTENTS**

### **1. PURPOSE AND SCOPE**

- 1.1 The Kirin Group is committed to adhering to the highest standards of ethical behaviour in the conduct of its worldwide business dealings. It has zero tolerance of Bribery and corruption in the public and private sectors.
- 1.2 The Kirin Group has introduced these Regulations to comply with applicable anti-bribery and corruption laws and to maintain and protect its brand and reputation. These Regulations supplement the Kirin Group Compliance Guidelines and embody the Kirin Group's anti-bribery guidelines. Each Kirin Group Company shall establish and operate specific anti-bribery systems pursuant to these Regulations. All Employees of the Kirin Group Companies shall strictly adhere to the requirements of the internal anti-bribery regulations of their respective Kirin Group Company and all applicable anti-corruption laws.
- 1.3 These Regulations apply to all Employees and Associated Persons in their activities and dealings with persons and entities in both the public and private sectors.
- 1.4 The anti-bribery laws of certain countries in which the Kirin Group Companies operate (such as the United Kingdom, United States of America and Brazil) have extra-territorial effect. This means that a Kirin Group Company, its Employees and its Business Partners may be prosecuted as a result of activities violating those laws regardless of where the Kirin Group Company has its primary place of business or where such activities are conducted.
- 1.5 In light of the fact that bribery risk changes over time, each Kirin Group Company shall review bribery risk periodically and objectively and amend these Regulations, other rules and the application thereof as necessary.

#### Interpretation of Application

##### 1.2

- The term "specific anti-bribery systems" means the anti-bribery systems that are established and operated not uniformly across the Kirin Group, but according to the magnitude of the bribery risk faced by each Kirin Group Company pursuant to the guidelines and other rules issued by the OECD and the Ministry of Economy, Trade and Industry of Japan.

##### 1.3

- The term "public sector" means (but is not limited to) Public Officials, government departments and instrumentalities, political parties and their officers as well as non-governmental organizations or quasi-autonomous non-governmental organizations with a public function; and the term "private sector" means (but is not limited to) any private entities or any director, officer, agent or employee of a private entity.
- All Employees and Associated Persons shall have access to these Regulations.

##### 1.4

- These Regulations require every Kirin Group Company to establish and operate anti-bribery systems at the level required for the Kirin Group, no matter where in the world it is doing business.

### **2. DEFINITIONS**

The terms used in these Regulations shall be defined as follows.

**"Associated Person"** means temporary agency personnel, contract basis personnel such as subcontractors, consultants, intermediaries, agents or any other third parties acting for or on behalf of a Kirin Group Company.

**"Business Partner"** means any joint venture partner, contractor, supplier, affiliate, distributor, broker, agent, consultant, intermediary or any other third party that a Kirin Group Company transacts or engages

in business activities with and would also extend to any third parties with which a Kirin Group Company engages in merger and acquisition activity.

“**Employees**” means employees, including directors, officers, employees, dispatched employees, and part-time employees, of the Kirin Group Companies.

“**Facilitation Payment**” means a payment sought by a Public Official to expedite or effect routine services or administrative actions provided or performed by those Public Officials. These are sometimes referred to as “grease”, “speed” or “back-hander” payments.

“**KH**” means Kirin Holdings Company, Limited.

“**Kirin Group**” means KH, its subsidiaries and all other entities controlled by KH or its subsidiaries.

“**Kirin Group Company**” means any company within the Kirin Group.

“**Kirin Group Risk Secretariat**” means the KH Group Risk Compliance Committee Secretariat.

“**Public Official**” means any person who (a) holds a legislative, governmental, administrative or judicial position of any kind, including but not limited to any officer or employee of a government or of any governmental department, agency, or instrumentality; (b) is an employee of a majority government-owned or controlled company; (c) exercises a public function for or acts in an official capacity for or on behalf of a country or territory (including a person exercising a public function for a public agency or public enterprise of that country or territory); (d) is an official, employee or agent of a public international organization or political party; (e) is a candidate for public office; or (f) any person acting in an official capacity for or on behalf of any government (or department or agency thereof), public international organization or majority government-owned or controlled company, even if that person is not employed directly by them.

“**Transaction Partners**” means any counterparty to any and all transactions carried out by the Kirin Group to conduct its businesses, including procurement and provision of products and services, whether such transactions are carried out in Japan or any foreign country and regardless of their legal nature or objective as long as they relate to the business.

## **CHAPTER II. PROHIBITED ACTIVITIES**

### **3. PROHIBITION OF BRIBERY**

3.1 Employees and Associated Persons shall not directly or indirectly offer, promise, give or seek, solicit, demand, authorize, arrange or receive, or do any other act in furtherance of the giving or receiving of any bribe, kick back, or other advantage to or from any person for any of the following objectives; provided, however, that subject to Article 7.1, any act pursuant to any express provision of laws shall not constitute a violation of these Regulations.

- To induce or reward the improper performance of a function or activity (or acts which could be perceived in that way) by either a private person or a Public Official; or
- To influence a Public Official in his/her capacity as a Public Official with the intention of obtaining or retaining business or any other advantage for a Kirin Group Company, (any such acts amounting to “**Bribery**”; the same shall apply hereinafter in these Regulations).

3.2 No Employee or Associated Person will suffer any demotion, penalty or other adverse consequences for refusing to engage in Bribery, even if such refusal may result in a Kirin Group Company losing business.

Interpretation of Application :

3.1

- Other advantage includes, but is not limited to, payments, discounts, loans or other benefits of any value or kind, financial or otherwise.

#### **4. RESTRICTIONS ON GIFT GIVING AND ENTERTAINMENT**

- 4.1 The practice of gift giving is widespread, and can be seen as the consolidation of business relationship. However, certain gifts or entertainment may be inappropriate depending on its recipient, financial value, frequency or objective, and can in certain circumstances be considered Bribery.
- 4.2 Any gift or entertainment offered to Public Officials is prohibited in principle in any country or region as it is likely to be considered as Bribery.
- 4.3 While gifts and entertainment offered to private persons and private entities are widely permitted for the purpose of smooth communications with Transaction Partners related to businesses, certain gifts or entertainment may be considered as a form of bribery and is prohibited if its financial value or frequency exceeds sensible limits or if it is offered for any improper objective.

Interpretation of Application :

4.2

(Gifts and Entertainment Offered to Public Officials)

- Travel and accommodation expenses should only be for *bona fide* business purposes such as the promotion, demonstration, or explanation of products or services, or directly related to the execution or performance of a contract with the party involved.
- Any reimbursements of travel or accommodation expenses or payment of daily allowances must be appropriate, proportionate, reasonable and given in good faith. Reimbursement or payment should be requested by and made directly to the appropriate public entity and not to the individual concerned.
- Any request for gifts or entertainment from a Public Official or any similar person shall be refused.

4.3

(Gifts and Entertainment Offered to Private Persons and Private Entities)

- Any entertainment, gift, benefit or other financial advantages offered to any Transaction Partner, its officer, employee or similar person who is not a Public Official or similar person shall be offered in compliance with the laws of the relevant country and within the appropriate extent based on conventional wisdom.
- Gifts of cash or cash equivalents (e.g. gift certificates, loans, stock, stock options) should never be given or accepted; provided, however, that if there is no choice but to receive such gifts, such fact shall be reported to the Compliance Manager (or the Anti-Bribery Manager, if any).  
Corporate hospitality and entertainment, small promotional tokens, travel or accommodation expenses may be given or accepted provided they do not place the recipient under any obligation, are not recurring or systematic with a view toward securing benefits, are not lavish or excessive, are given openly and transparently, and could be reciprocated at the same value.
- Any gift of more than nominal value or any abnormal level of hospitality in terms of value or in abnormal level of frequency must be reported to the Compliance Manager (or the Anti-Bribery Manager, if any) of the relevant Kirin Group Company to determine if it can be accepted or made. The Compliance Manager (or the Anti-Bribery Manager, if any) of each Kirin Group Company will set thresholds for acceptable gifts and hospitality (by referring to limits on financial values and the regularity of provision). Any gift of nominal value or any entertainment in an amount and frequency within the bounds of common sense may be accepted or given upon following the designated procedures stipulated by the relevant Kirin Group Company.
- Any reimbursements of travel or accommodation expenses or payment of daily allowances must be appropriate, proportionate, reasonable and given in good faith. If possible, reimbursement or payment should be requested by and made directly to the appropriate private entity and not to the individual concerned. If a request is made for payment directly to an individual, before any payment is made, it should be reported to the Compliance Manager (or the Anti-Bribery Manager, if any) of the relevant

Kirin Group Company, who will then decide whether or not to authorize such payment; provided, however, that this shall not apply if the amount is nominal or payment should be made without any doubt.

- Any request for gifts or entertainment from a Transaction Partner shall be refused in principle. This shall not apply to the voluntary bearing of expenses within sensible limits, such as the case of social events with Transaction Partners where no clear rule is stipulated in advance regarding who should bear expenses. However, even in such case, the designated procedures stipulated by the relevant Kirin Group Company shall be followed promptly after the fact.

## **5. FACILITATION PAYMENTS**

Employees and Associated Persons shall not make Facilitation Payments even if nominal in amount.

Interpretation of Application :

- 5.
- If there are any doubts about the payment or suspicions that it may be a Facilitation payment, consult the Compliance Manager (or the Anti-Bribery Manager, if any) before making such payment.
  - In the context of securing benefits, if a demand for a Facilitation Payment is accompanied by an imminent threat of physical harm, then safety must be put first, and if the payment is made, it must be reported immediately to the compliance manager (or the Anti-Bribery Manager, if any).
  - In some countries, there are cases of suffering unreasonable, discriminatory and disadvantageous treatment. any demand for money, etc. shall be refused in principle even if it is aimed at avoiding such discriminatory disadvantage because the payment itself can possibly constitute the offering of advantages "to obtain an undue business advantage" and a single payment of money, etc. to a foreign public official, etc. is likely to become a practice and lead to continuous payments.

## **6. POLITICAL AND CHARITABLE CONTRIBUTIONS**

6.1 Employees and Associated Persons shall not use funds or assets of any Kirin Group Company to make direct or indirect payments, loans, donations, gifts, advantages or benefits to a charity, political party, member of any political party or candidate for any political office, or member of research organizations or "think tanks" close to a political party or pressure or lobby groups to:

- (a) induce or reward the improper performance of a function or activity (or acts which could be perceived in that way) by such persons or any other private person or Public Officials; or
- (b) influence such persons or other Public Officials in their respective capacities with the intention of obtaining or retaining business or any other advantage for a Kirin Group Company.

6.2 Any political or charitable contributions (not for such purpose) must (i) comply with the laws and conventions applicable to the Kirin Group Company's business activities; and (ii) be assessed and implemented from an anti-bribery perspective in accordance with the applicable policies of the relevant Kirin Group Company.

Interpretation of Application :

- 6.1
- For example, any act permitted under the Political Funds Control Act of Japan does not constitute Bribery and may be conducted in accordance with laws.

## **7. PERMITTED AND REQUIRED ACTIVITIES**

In circumstances where an activity prohibited under Chapter II of these Regulations is expressly permitted or required under the applicable written laws of a jurisdiction, a report must be made to the Compliance Manager (or the Anti-Bribery Manager, if any) of the relevant Kirin Group Company in advance or

procedures pursuant to the rules separately stipulated by the relevant Kirin Group Company must be followed in order to determine whether the activity can be performed.

Interpretation of Application :

7

- Conduct which is merely accepted as local custom or practice but not expressly permitted or required in written law will not fall within the exemption in this article.

### **CHAPTER III. ORGANIZATIONAL FRAMEWORK FOR ANTI-BRIBERY**

#### **8. OVERALL CONTROLLING ORGANIZATIONAL FRAMEWORK OF KIRIN GROUP**

- 8.1 The Chief Executive in relation to these Regulations shall be the Chairperson of the KH Group Risk Compliance Committee.
- 8.2 The Kirin Group Risk Secretariat shall provide guidance to the Kirin Group Companies in relation to measures required to be taken pursuant to these Regulations and provide support required for the implementation of such measures.
- 8.3 In relation to the measures required to be taken pursuant to these Regulations, the Kirin Group Risk Secretariat shall select “companies with high bribery risk,” which shall be determined by the Chairperson of the KH Group Risk Compliance Committee.

Interpretation of Application :

8.3

- When selecting companies with high bribery risk, not only general bribery risk in the countries and regions where the Kirin Group Companies have business establishments, but also the characteristics of the industry and types of business, etc shall be comprehensively taken into account.

#### **9. ORGANIZATIONAL FRAMEWORK FOR THE KIRIN GROUP**

- 9.1 The Compliance Manager of each Kirin Group Company shall assume a role to achieve the objectives of these Regulations.
- 9.2 The Compliance Manager of each Kirin Group Company may appoint an Anti-Bribery Manager who deals with practical matters relating to anti-bribery. In such case, the Anti-Bribery Manager of each Kirin Group Company shall promote necessary anti-bribery efforts within that company under the direction of its Compliance Manager.

Interpretation of Application :

9

- Anti-bribery programs shall include the preparation and improvement of organizational systems, enactment of regulations and detailed rules and standards, description and enactment of internal controls and documents, employee training and other necessary measures.
- The anti-bribery programs should be tailored to the specific risk presented by each Kirin Group Company’s business and region of operation, and be reviewed by local counsel when appropriate.
- All Employees of the relevant Kirin Group Companies shall strictly adhere to the requirements of the internal anti-bribery regulations of their respective Kirin Group Company and all anti-corruption laws applicable to those companies.
- The anti-bribery programs should be tailored to the specific risk presented by each Kirin group company’s business and region of operation, and be reviewed by counsel in the region in which the business is conducted when appropriate.

## **CHAPTER IV. ANTI-BRIBERY PROGRAMS**

### **10. ESTABLISHMENT OF ANTI-BRIBERY PROGRAMS**

Any of the Kirin Group Companies with high bribery risk shall establish the following anti-bribery programs stipulated in this chapter.

Interpretation of Application:

10

- Companies other than those with high risk shall implement necessary anti-bribery efforts according to their circumstances.

### **11. ANTI-BRIBERY REGULATIONS**

Any of the Kirin Group Companies with high bribery risk shall stipulate their own respective anti-bribery regulations. Other Kirin Group Companies shall apply these regulations and the Kirin Group Compliance Guidelines *mutatis mutandis* and cause all of their officers, employees and associated persons to comply with them.

Interpretation of Application:

11

- Employees and Associated Persons of Kirin Group Companies shall have access to the anti-bribery regulations of the Kirin Group Company to which they belong.

### **12. REPORTING**

- 12.1
- Employees and Associated Persons must report potential violations of these regulations, any applicable law or regulation, or the applicable internal anti-bribery guidelines of the relevant Kirin Group Company to their Compliance Manager or Anti-Bribery Manager or through their Compliance Inquiry Line.
  - Employees and Associated Persons who report an actual or suspected breach of these Regulations, any applicable law or regulation, or the relevant internal anti-bribery guidelines of the Kirin Group Company will not suffer detriment because of their reporting.
- 12.2
- Each Kirin Group Company shall, through the compliance inquiry line of the Kirin Group and the Kirin Group Companies, (i) handle queries relating to these regulations, the Kirin Group's anti-bribery guidelines and the internal anti-bribery regulations of each Kirin Group Company, if any; and (ii) receive formal reports of suspicious activities.
  - If any of the Kirin Group Companies receives a report through the Compliance Inquiry Line as referred to in the preceding paragraph, it shall appoint the Compliance Manager (or the Anti-Bribery Manager, if any) as the responsible person and endeavor to resolve the issue.
  - Since these Regulations and the Kirin Group Compliance Guidelines apply *mutatis mutandis* to companies other than those with high risk, Employees of those companies shall also comply with these Regulations and the Kirin Group Compliance Guidelines.
  - These Regulations shall not prevent any Kirin Group Company, other than those with high risk, from stipulating its own anti-bribery regulations.

Interpretation of Application:

12

- Reports shall be made in accordance with the rules stipulated by the relevant Kirin Group Company.
- A list of “red flag” issues is set out in Schedule 1 as examples of suspicious activities. Any such report may be made anonymously, although Employees and Associated Persons are permitted to identify themselves to facilitate full and adequate investigation.
- The Compliance Inquiry Line shall be available in the local language of each region and shall provide a telephone or other appropriate communication service. All reports will be received on a confidential basis.
- An Inquiry Line shall be set up by each Kirin Group Company in accordance with the Kirin Group Inquiry Line Guidelines.

### **13. RESPONSES AT THE TIME OF OCCURRENCE OF BRIBERY**

- 13.1 If a prohibited act stipulated in Chapter II is reported or becomes known to the Compliance Manager or the Anti-Bribery Manager of a Kirin Group Company, the Compliance Manager or the Anti-Bribery Manager shall report the fact of the occurrence to the Kirin Group Risk Secretariat and shall resolve the issue which arose in cooperation with the relevant departments by consultation with professionals such as local attorneys.
- 13.2 In the case there are instructions from the Kirin Group Risk Secretariat, the Compliance Manager (or the Anti-Bribery Manager, if any) and relevant department of each Kirin Group Company shall resolve the issue which arose in accordance with such instructions.

Interpretation of Application :

- 13.1
- Any occurrence of a violation shall be reported to the Kirin Group Risk Secretariat pursuant to the Crisis Report Rules.

### **14. DISCIPLINARY AND ACTIONS FOR VIOLATORS**

- 14.1 A failure to comply with the prohibitions in Chapter II of these Regulations by an Employee of a Kirin Group Company may result in strict disciplinary action including dismissal in accordance with the personnel rules determined by the Kirin Group Company to which such Employee belongs and their employment contract.
- 14.2 A failure to comply with the prohibitions in Chapter II of these Regulations by an Associated Person or Business Partner may result in the termination of their contractual relationship with the relevant Kirin Group Company.

Interpretation of Application :

- 14.1
- The expression “result in strict disciplinary action” means that an Employee who fails to comply with the prohibitions will be deemed to have committed a serious compliance deviation and will face disciplinary action in accordance with the personnel rules of the relevant Kirin Group Company.

### **15. PREVENTION OF RECURRENCE**

- 15.1 If any Kirin Group Company finds that an Employee or Associated Person has committed a prohibited act stipulated in Chapter II, the Kirin Group Company and the Kirin Group Risk Secretariat shall take such measures as appear appropriate in an effort to prevent recurrence of such act, for example by updating internal controls and compliance training regarding anti-bribery.

## **16. TRAINING FOR THE GROUP COMPANIES**

16.1 Each Kirin Group Company shall implement anti-bribery training in relation to these Regulations periodically.

16.2 The anti-bribery training implemented by each Kirin Group Company shall be tailored to the country and region where the participants conduct business as well as to the varying levels and nature of risk depending on their positions and duties.

Interpretation of Application :

16

- The training is required to be attended by all Employees of each Kirin Group Company and should include Associated Persons and Business Partners where appropriate.
- Each Kirin Group Company shall keep records of how training is implemented. All new employees will also be required to attend such training shortly within the time of hire.
- The training shall provide appropriate education for the level of risk.
- Training shall be conducted in the local language, and training materials shall be translated into the local language where appropriate unless the participants in the training understand a common language, training is implemented simultaneously at multiple Kirin Group Companies in multiple countries or there is an environment where every participant can fully understand the training through interpreters, etc.

## **17. DUE DILIGENCE ON BUSINESS PARTNERS**

17.1 In principle, before engaging in any transaction, particularly in relation to activities involving government entities or Public Officials, each Kirin Group Company must evaluate a prospective Business Partner by undertaking appropriate due diligence to assess potential compliance risks from an anti-bribery perspective.

17.2 A Kirin Group Company shall not hire a third party as its Business Partner if it has reasonable grounds to believe that such third party may engage in any of the prohibited activities listed in Chapter II. Each Kirin Group Company will develop, in consultation with the Kirin Group Risk Secretariat, detailed procedures for performing and documenting such due diligence.

17.3 Each Kirin Group Company shall communicate Kirin Group's approach to anti-bribery to its Business Partners and work closely with such Business Partners to prevent acts prohibited under Chapter II from occurring.

Interpretation of Application :

17.1

- The due diligence assessment should be repeated periodically throughout a business relationship.
- Due diligence shall be performed with respect to transactions with high risk.
- This shall not apply to transactions that are deemed to clearly involve no bribery risk. When evaluating bribery risk, the Compliance Manager (or the Anti-Bribery Manager, if any) of each Kirin Group Company shall make decisions upon hearing the opinions of the Employees and Associated Persons related to the relevant transaction.

## **18. CONTRACTS WITH BUSINESS PARTNERS OR THIRD PARTIES**

18.1 Written contracts shall be prepared with respect to important business dealings or activities conducted between a Kirin Group Company and Business Partners or other third parties. In the case of the regions and dealings with high bribery risk, the written contracts shall record the details of the dealings or activities, the nature of the consideration, the recipient of the payment and payment method.

- 18.2 When preparing any contract with Business Partners or other third parties referred to in the preceding paragraph, prior approval of the Chief Executive Officer of the relevant Kirin Group Company (or any senior officer who is authorized by that Chief Executive Officer to give approval) is required.

Interpretation of Application :

18.1

- This provision does not apply to contracts for provision of daily products of modest value.

18.2

- The contracts shall be made available for inspection by auditors or regulatory bodies as and when required.
- If a person authorized to approve a contract has any doubt with respect to contents of the contract, such contract shall be reviewed by the Compliance Manager (or the Anti-Bribery Manager, if any).
- Such contracts must include the following provisions in principle; provided, however, that this shall not apply to purchases of daily products and contracts that are deemed to involve low bribery risk in light of their objective, such as non-disclosure contracts. When evaluating bribery risk, the Compliance Manager (or the Anti-Bribery Manager, if any) of each Kirin Group Company shall make decisions upon hearing the opinions of the Employees and Associated Persons related to the relevant contract.
  - i. not to pay or receive any bribes and to comply with the requirements of anti-corruption laws and conventions of the jurisdictions applicable to the Kirin Group Company's business operations;
  - ii. to comply with and act in a manner consistent with these Regulations;
  - iii. to keep proper books and records available for inspection by the relevant Kirin Group Company, auditors or investigatory authorities;
  - iv. to report to the Kirin Group Company on a regular and continuous basis regarding the accomplishment of his or her duties where the Business Partner is an agent, consultant or intermediary; and
  - v. that any violation of the contract's anti-bribery related provisions shall be a ground for immediate termination of the business relationship.

## 19. PAYMENTS TO BUSINESS PARTNERS

Fees payable to a Business Partner shall be an appropriate remuneration for legitimate services effectively rendered. Unless specifically authorized by the Compliance Manager (or the Anti-Bribery Manager, if any), no payment to any Business Partner should be made or delivered:

- i. in cash (other than documented petty cash disbursements);
- ii. with corporate cheques payable to "cash", "bearer" or third-party designees of the party entitled to payment;
- iii. to any other person or entity other than the Business Partner;
- iv. to an individual, entity, or account outside the Business Partner's country of residence; or
- v. where there is reason to believe that any part of the payment made to the Business Partner may be passed on as a bribe or other inducement.

## **20. KEEPING ACCURATE RECORDS AND ACCOUNTS**

- 20.1 In principle, details of all gifts, hospitality, political or charitable contributions and payments to Business Partners must be entered into a benefits register of the relevant Kirin Group Company. Such records must be made in an accurate and timely manner and must be given in sufficient detail to accurately and fairly reflect the purpose of any transaction. When evaluating bribery risk, the Compliance Manager (or the Anti-Bribery Manager, if any) of each Kirin Group Company shall make decisions after requesting opinions from the Employees and Associated Persons related to the relevant payment.
- 20.2 The benefits register shall be inspected regularly by the management of the Kirin Group Company and by its auditors.

Interpretation of Application :

20.1

- All payments and expenses must be supported by appropriate receipts or other documentation reflecting the nature of the expense or advantage. However, this shall not apply to donations and payments and expenses related thereto that are determined by the Compliance Manager (or the Anti-Bribery Manager, if any) to clearly involve no bribery risk as a result of review and determination after properly collecting information from the Employees and Associated Persons related to the relevant payment.
- Records shall be kept with respect to the important details of the dealings and transfer of money relating to risky transactions.

## **CHAPTER V. MONITORING, SYSTEM REVIEW**

### **21. MONITORING**

- 21.1 The Compliance Manager (or the Anti-Bribery Manager, if any) of each Kirin Group Company shall monitor the state of compliance with these Regulations by the relevant Kirin Group Company.
- 21.2 The Kirin Group Risk Secretariat shall monitor compliance with these Regulations within the Kirin Group.
- 21.3 The result of such monitoring shall be reported to the Chairperson of the KH Group Risk Compliance Committee annually.

### **22. INTERNAL AUDITS**

Internal audit results of each Kirin Group Company shall be reported to the Chief Executive Officer of the relevant Kirin Group Company and the Internal Audit Department of the Kirin Group, and also to the Compliance Manager (or the Anti-Bribery Manager, if any) of the relevant Kirin Group Company if the audit results indicate non-compliance with the anti-bribery measures.

Interpretation of Application :

22

- In principle, internal audit shall include procedures designed to detect potential bribery payments or other inappropriate activities as well as to assure compliance by each Kirin Group Company with these Regulations and its anti-bribery guidelines. However, such internal audit may be managed after adjusting the details when appropriate in light of the level and nature of the risk faced by the relevant Kirin Group Company.

### **23. SYSTEM REVIEW**

- 23.1 The Kirin Group Risk Secretariat shall regularly review the anti-bribery systems of the Kirin Group so as to implement necessary improvements in light of the results of monitoring and internal audits, and in light of any developments in the relevant legal or regulatory regimes.

- 23.2 The Compliance Manager (or the Anti-Bribery Manager, if any) of each Kirin Group Company shall monitor relevant local anti-corruption laws and regulations and propose any changes required in rules, regulations, or procedures of the Kirin Group Company or Kirin Group as a whole.

## **CHAPTER VI. SUPPLEMENTARY PROVISIONS**

### **24. REVISIONS TO THESE REGULATIONS**

Revisions to these Regulations shall be discussed by the Kirin Group Risk Management Committee and then decided by the Chairperson of the KH Group Risk Compliance Committee. However, the Chairperson of the KH Group Risk Compliance Committee may decide at its sole discretion revisions necessitated by changes in the law or in the company's organization or regulations.

### **25. MANAGEMENT OF THESE REGULATIONS**

The Kirin Group Risk Secretariat of KH shall manage these Regulations.

### **26. LANGUAGE**

These Regulations shall be prepared in both Japanese and English, but the Japanese version shall be treated as the original.

### **27. IMPLEMENTATION**

- 27.1 These Regulations shall take effect on April 1, 2014.
- 27.2 Revised on August 22, 2016
- 27.3 Revised on July 1, 2017

## SCHEDULE1

### RED FLAGS

Any of the following events shall immediately be reported to the Compliance Manager (or the Anti-Bribery Manager, if any) upon occurrence.

1. a request for payment in advance or prior to an award of a concession, contract or other business;
2. a request for large contingency or "success" fees;
3. a request for reimbursement of extraordinary, poorly-documented, or last minute expenses;
4. a request for payment in cash, to a numbered account, or to an account in the name of a different person;
5. a request for payment in a different country, especially if it is a country with little banking transparency or regulatory control, such as off-shore tax havens;
6. the Business Partner has a family member in a government position particularly if the family member is or could be in a position to direct business to the relevant Kirin Group Company;
7. a refusal by any Business Partner to disclose its owners, partners, or principals;
8. the use of a shell or holding company that obscures ownership without a credible explanation;
9. the Business Partner's business seems understaffed, ill-equipped, inexperienced, inconveniently located, or otherwise not capable of undertaking its proposed relationship with the relevant Kirin Group Company;
10. the Business Partner is insolvent or has significant financial difficulties that would reasonably be expected to impact the venture;
11. the Business Partner displays ignorance of or indifference to local laws and regulations;
12. a business or banking reference of the Business Partner unreasonably refuses to answer questions, or provides problematic answers; and/or
13. the Business Partner is the subject of credible rumours or media reports impacting upon the Business Partner's ethics.