



## Sir Rod Eddington

### Member of the International Advisory Board

Sir Rod Eddington was appointed as Chairman to the board of Lion in March 2012, having been appointed to the board in March 2011. One of Australia's most experienced and accomplished business leaders, Sir Rod had a long career in the aviation industry and is a former CEO of Cathay Pacific Airways, Executive Chairman of Ansett and CEO of British Airways. In 2005, Sir Rod was awarded a Knighthood by the British Government for services to civil aviation. Along with a number of non-executive directorships, Sir Rod also serves as President of Australia Japan Business Cooperation Committee.

# Our governance structure adopts a global approach, resulting in long-term success and strengthened relationships

### Implementing Lion's governance structure within Kirin Holdings

**Isozaki CEO** When Kirin acquired 100% of Lion in 2009, we made a strategic decision to retain the Lion board of directors in order to benefit from the highest levels of governance and discipline of an Australian-listed company. At the time, it was quite unique for a privately-owned company to have a full board, including independent directors, but I believe our decision has proven to be the right one.

**Sir Rod** Yes, despite the fact that Lion was no longer publicly listed, Kirin took a conscious decision in 2009 to ensure it had sensible and appropriate governance, which is a combination of independent directors and Kirin appointees. It also gives our own staff confidence using a governance structure they understand and have used in Australia. What's more, since Kirin became the majority owner, Lion's subsequent performance has shown that the decision the Kirin board took has been justified.

**Isozaki CEO** What have you focused on most during your tenure as chairman of Lion?

**Sir Rod** I've worked very hard on ensuring a good working relationship between the Lion CEO (Stuart Irvine), CFO (Stephanie Nixon), and the leadership team, as well as the team here in Japan. And the way in which you have set up the structure for Lion means close working relationships can be easily forged between executives at our respective companies.

### Building a strong bridge between Kirin and Lion

**Isozaki CEO** A successful global business requires both localized decision-making and an alignment with group strategy. For example, the local board, along with the local CEO, can act as a crucial bridge between the subsidiary and headquarters.

**Sir Rod** That's right. It's really important our senior executives come to Japan to talk with you and your team. As you yourself do when you attend our leadership conference every year and speak with our senior team.

**Isozaki CEO** Yes, I believe in the power of face-to-face communication. As the long-standing Chair of the Australia Japan Business Cooperation

Committee, along with your deep understanding of business in both countries, I believe you are ideally suited to chair the Lion board. And you deserve a lot of credit for the successful integration between our companies, by acting as a bridge between Kirin and Lion.

**Sir Rod** Thank you. The structure Kirin has put in place certainly helps the bridge work effectively, while the people inside both our companies deserve praise for collaborating closely together in order to make Kirin successful.

**Isozaki CEO** On top of your work with Lion, you also serve as a non-executive director on the boards of global companies such as 21st Century Fox, Swire Group, and others, as well as being a member of the APEC Business Advisory Council. Paula Dwyer (Lion board member) also concurrently serves as the Chairperson of Tabcorp, a non-executive director of ANZ Bank, and is a member of the Australian Takeovers Panel. With such high-profile commitments, may I ask why you have continued to stay engaged as non-executive directors of the privately-owned Lion for so long?

**Sir Rod** The answer is because you value what we have to say. Plus, we share your commitment to the success of not just Lion, but Kirin as a global business. We're proud to represent Lion, but you have always made us feel part of the Kirin family.

### The effectiveness of the International Advisory Board

**Isozaki CEO** As a founding member of the International Advisory Board (IAB)\*, could you share your views on its effectiveness?

**Sir Rod** Since Kirin set up the IAB in 2012, the agenda of our biannual meetings has changed over time, due to the company's continual evolution and expansion overseas. We have effectively met this change because our senior executives have operated in many different jurisdictions, so you can be sure to receive sound and reliable advice concerning new ways to enhance Kirin's international reputation and prospects.

**Isozaki CEO** That's an accurate assessment because at our IAB meetings we have discussed many important global agendas such as our Southeast Asia strategy, anti-bribery and compliance, the human rights measures, and the opportunity of growing in the global craft beer market. I find that the discussions and recommendations from the IAB are always very productive.

**Sir Rod** Yes, I feel this is a direct consequence of Kirin's governance structure being organized in a way that facilitates constructive dialogue and prioritizes long-term success. And thanks to these invaluable meetings, Kirin will continue to make sound decisions now and in the future.

**Isozaki CEO** The IAB didn't used to require the presence of the CEO, but we have changed our policy to meet in person.

**Sir Rod** For me, the IAB without the CEO present is not nearly as valuable. It's really important that you're there. There's also another benefit in that it brings our senior executives to Japan and it provides us with the opportunity for constructive dialogue – both formal and informal.



## Yoshinori Isozaki

### President & CEO

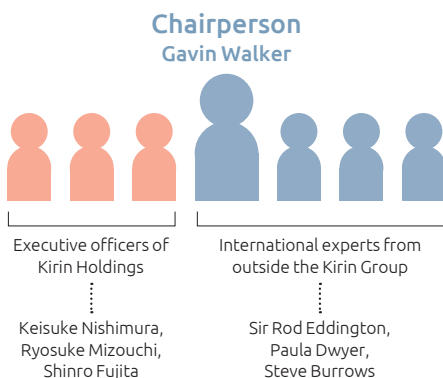
Since joining Kirin Beer in 1977, Mr. Isozaki has held position as director of San Miguel Corporation and as senior executive officer and general manager of corporate planning at Kirin Holdings. Mr. Isozaki was appointed chief executive officer and president of Kirin Holdings in 2015.



**\*About the International Advisory Board**

The International Advisory Board was set up as a consultative body to the CEO of Kirin Holdings. It offers advice and proposals regarding the Group’s global growth strategies, which include mergers and acquisitions, as well as risk management and corporate governance. The board is comprised of four members from countries outside Japan who have diverse backgrounds and abundant international experience, along with three executive officers from Kirin Holdings. Kirin Holdings appoints the chairperson of the board from among the international members. The board meets at least twice annually, submits an official report to the CEO on the issues discussed, and, if requested by the CEO, reports to Kirin Holding’s Board of Directors.

**International Advisory Board**



**How the IAB influences decision-making with global viewpoints**

**Isozaki CEO** The purpose of the IAB is to infuse global diversity into our decision-making. Consequently, importing western perspectives to shape our decisions has resulted in us becoming more reactive and able to proactively adjust more easily to our changing environment.

**Sir Rod** Absolutely. Kirin’s structure ensures you and senior executives have access to informed diverse thinking. And the IAB, along with the Lion board, provides you with a framework to take advantage of this.

**Isozaki CEO** That’s a valid point. And on a number of occasions, I am asked by many investors about the appropriate governance structure for Kirin as a Japanese publically listed company, and whether that is likely to change over time. The question ultimately leads to the issue of the board’s function and composition, including whether non-Japanese non-executive directors add value, and how they can best contribute. I am also asked why I don’t have a foreign member among the Kirin board.

**Sir Rod** By setting up an international advisory board, Kirin is well placed to answer many of these questions. Furthermore, you use the IAB as if it were part of the Kirin Holdings board with its focus on critical strategic issues, which makes you unique among other Japanese companies.

**Isozaki CEO** Yes, a lot of our IAB discussions are really reflective of our global strategy. For example, we made important decisions regarding our Southeast Asia strategy such as investing in the Myanmar opportunity, which involved entering into a compelling and promising new market. And we also assessed the opportunities and risks investing in SABECO in Vietnam, even though that didn’t go as well as we planned. Needless to say, a lot of valued contributions come from members of the IAB.

**Sir Rod** The important thing about the IAB is that it encourages open and free conversations and helps to nurture exciting new ideas. As a result, the Kirin Group is perfectly equipped to consistently deliver the right results.

**Kirin Group Vision 2027 and CSV**

**Isozaki CEO** In 2019, the Kirin Group announced our new long-term management vision — Kirin Group Vision 2027. What do you think are the opportunities and challenges of this strategy?

**Sir Rod** One of the great things about the 2027 vision is that it seeks to encourage everyone at Kirin, including those who work at Lion, to think holistically about our goals and ambitions for the future. And because the vision recognizes Kirin as a truly global business, we need to find ways to ensure it remains a success worldwide, as well as delivering the best long-term outcomes for the shareholders. We also mustn’t lose sight of other responsibilities such as producing great products for customers in order to maintain Kirin’s leading status and longevity in the marketplace. In terms of challenges, businesses need to be agile when dealing with the changes in

technology and consumer behavior. We are well aware that some of these changes can be painful because they disrupt our business model. But if we don't seize the opportunity of these changes, our business won't survive in the long-term.

**Isozaki CEO** I agree with you. The key concept for our long-term management vision is CSV. I keep stressing the value of contributing to society and solving social issues. With this in mind, we have even changed our corporate philosophy to reflect this, which is, "Bringing joy to society by crafting food and healthcare products inspired by the blessing of nature and the insights of our customers." Do you have some thoughts on CSV, especially with regards to combatting social issues?

**Sir Rod** The way to be profitable and successful in the long-term is to sensibly address societal obligations and community expectations. If you don't, consumers won't buy your products, employees won't want to work for you, and the community won't welcome you. You have demonstrated your awareness of these potential risks by clearly outlining your values in your corporate philosophy. We will now make sure our business decisions reflect those values. After all, people want to feel confident that what we do is consistent with what we say.

**Isozaki CEO** Thank you very much for your valuable insight today, Sir Rod.

