

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

		Expertise and Experience								
		Corporate management, Corporate strategy	Overseas business	Technology, R&D	Marketing, sales	Human resources management	Finance, accounting	Legal	Government agency	Academic teaching and research
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 (outside)*1	Shoshi Arakawa	●	●							
Director (outside)	Katsunori Nagayasu	●								
Director (outside)*1	Masakatsu Mori	●	●				●			●
Director (outside)*1	Hiroyuki Yanagi	●	●	●						
Standing Audit & Supervisory Board Member	Akihiro Ito	●					●			
Standing Audit & Supervisory Board Member	Keiji Kuwata	●								
Outside Audit & Supervisory Board Member*2	Chieko Matsuda						●			●
Outside Audit & Supervisory Board Member*2	Nobuo Nakata		●					●		
Outside Audit & Supervisory Board Member*2	Yoshiko Ando								●	
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	●	●		●					

*1 Fulfills the requirements for designation as an Independent Director stipulated by the Tokyo Stock Exchange and complies with the Company's criteria regarding the independence of outside officers

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

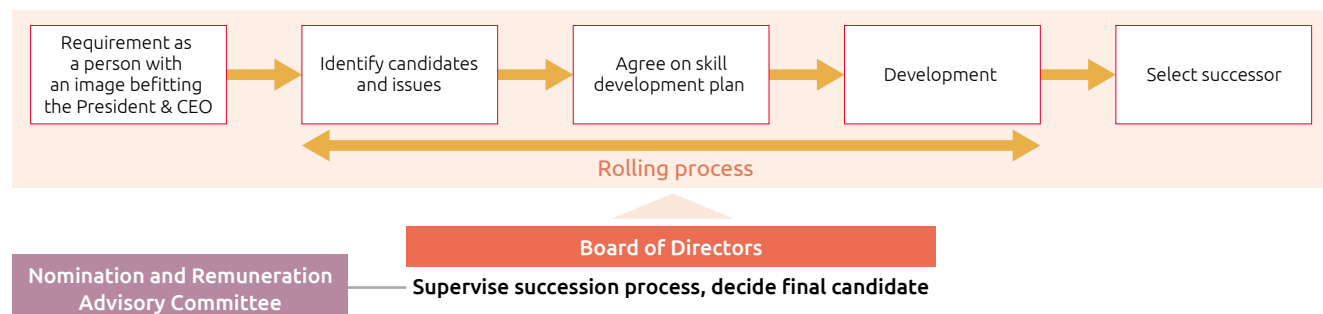
Candidate plan for President & CEO (succession planning)

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, we have been selecting, evaluating and training candidates since 2017 under the supervision of the Board of Directors in order to determine the future successor in a highly objective and transparent process.

Succession planning process



Evaluations of the Board of Directors' effectiveness

Kirin Holdings routinely evaluates the operation and discussion content of the Board of Directors and strives to ensure the proper functioning of important decision-making and oversight.

Fiscal 2018 initiatives based on the 2017 effectiveness evaluation

1. Discussion from the standpoint of non-financial topics including the environment, society, and governance (ESG)
2. Discussion of enterprise risk management (ERM) associated with globalization and increasing risk complexity

Initiatives to enhance Board of Director effectiveness in fiscal 2018

1. Broader discussion of non-financial information

The Board of Directors formulated the Kirin Group Vision 2027 plan through a thorough discussion of growth scenarios for the Group's overall business portfolio from the perspective of resolving key CSV issues. The deep discussion of ESG topics led to the Board setting the fulfilment of its CSV commitment as a key performance indicator in 2019 MTBP.

2. Full discussion of risk management

Potential global risks were reported in a timely manner and scenarios of risks escalating to a major crisis were considered. Risk strategy and business execution were also discussed as they pertained to the 2019 MTBP.

Fiscal 2018 effectiveness evaluation and result

The Board of Directors discussed the effectiveness evaluations and the results of surveys conducted on "evaluation criteria" based on assessments by third-party advisors and the status of measures and improvements.

Evaluation Criteria	<ol style="list-style-type: none"> 1. Supervision of development, execution, and monitoring of strategies 2. Risk management and supervision of crisis control 3. Thorough understanding and implementation of healthy corporate ethics and supervision thereof 4. Supervision of decision-making such as business acquisition/withdrawal 	<ol style="list-style-type: none"> 5. Supervision of executive remuneration and plans such as succession planning for next-generation leaders 6. Supervision of overall disclosure to stakeholders 7. Structure and management of the Board of Directors 8. Items to improve to increase the effectiveness
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The Board of Directors was found to be operating properly and generally functioning effectively.

We will strive to maintain and improve the effectiveness of the Board of Directors through constructive discussion as outlined below.

Enhancement Policy in fiscal 2019

1. Discuss risk management related to risks from globalization and increasing risk complexity
2. Discuss topics from the standpoint of non-financial topics, including CSV commitment, corporate brand value, and employee engagement
3. Discuss "specific business strategies" needed to implement the overall strategy, including for businesses bridging the Pharmaceuticals and Food & Beverages operations, the development of craft beers, and "function-specific strategies," such as for the brands, research and development, digitalization, and human resources and organization

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 affect guidance for the growth rate of normalized operating profit.

$$\text{ROIC} = \frac{\text{Earnings before interest and after tax}}{\text{Average interest bearing debt between the beginning and the end of the FY} + \text{average total equity between the beginning and the end of the FY}}$$

$$\text{ROA} = \frac{\text{EBIT}}{\text{Total assets}}$$

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.

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 Group.
3. Executive remuneration shall be reviewed by the Nomination and Remuneration Advisory Committee. To ensure objectivity and transparency, outside directors shall account for the majority of the committee members.

Decision process

- The Nomination and Remuneration Advisory Committee, the chairman and majority of which are outside directors, conduct deliberations and report to the Board of Directors.

- Specific decisions concerning remuneration are based on the report of the Nomination and Remuneration Advisory Committee. The Board of Directors decides director remuneration and Audit & Supervisory Board members deliberate and decide Audit & Supervisory Board member remuneration within the total remuneration amount previously determined at the General Meeting of Shareholders.

Position remuneration

Directors (excluding outside directors)

Because directors are responsible for the execution of business, the remuneration structure takes into account achievement of short-term consolidated performance targets and the improvement of corporate value over the medium to long term.

Outside directors

Because they are responsible for supervising and advising Company and Group management from an objective perspective, outside directors are provided basic remuneration (fixed remuneration) only.

Audit & Supervisory Board members

Because of their role of auditing the performance of directors' execution of their business from an objective position, Audit & Supervisory Board members are provided basic remuneration (fixed remuneration) only.

Overview of remuneration system for executive officers

	Fixed remuneration Approximately 50%	Performance-linked remuneration Approximately 50%	
	Basic remuneration	Yearly bonus	Restricted stock compensation
	Basic remuneration	Yearly bonus	Restricted 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 outside directors) • Outside directors • Audit & Supervisory Board members 	Directors (excluding outside directors)	Directors (excluding outside directors)
Allocation policy	Cash	Cash	Stock (monetary compensation receivables for the allocation of restricted stock)
Evaluation indicators	—	<ul style="list-style-type: none"> • Consolidated normalized operating profit • Individual performance evaluation (excluding President & CEO) 	<ul style="list-style-type: none"> • ROIC • Normalized EPS
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"> • Shares with transfer restrictions will be allocated each fiscal year, in principle • The rate at which shares with restrictions that are to be lifted is set at a variable rate between 33% and 100% according to the achievement of targets in the first year of the transfer restriction period (in principle, three years).
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> <p>x</p> </div> <p>Company performance pay rates $\times A$</p> <p>Individual performance pay rate $\times B$</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 the rate of lifting the restrictions</p> <div style="text-align: center;"> <p>Rate of lifting the restrictions</p> <p>II</p> </div> <p>Rate of lifting the restriction based on ROIC (%) $\times \frac{1}{2}$</p> <p>Rate of lifting the restriction based on normalized EPS (%) $\times \frac{1}{2}$</p>



Please refer to the Corporate Governance Report for details about director and Audit & Supervisory Board member compensation in fiscal 2018.
https://www.kirinholdings.co.jp/english/ir/governance/pdf/e_governance_report.pdf