

Kyowa Kirin Co., Ltd.
Corporate Governance Policy

Established on January 29, 2016

Revised on July 1, 2019

Table of Contents

Section 1 General Provisions	1
1.1. Purpose	1
1.2. Basic policy on corporate governance	1
1.3. Policy on amendment and discontinuation	2
Section 2 Corporate Governance Organizations	2
2.1. Organization design	2
2.2. Board of Directors	2
2.2.1. Roles and responsibilities of the Board of Directors	
2.2.2. Composition of the Board of Directors	
2.2.3. Evaluation of the Board of Directors	
2.3. Audit & Supervisory Board	3
2.3.1. Roles and responsibilities of the Audit & Supervisory Board	
2.3.2. Composition of the Audit & Supervisory Board	
2.3.3. Relationship with accounting auditors and the internal audit department	
2.4. Consultative Committees	3
2.4.1. Nomination and Remuneration Consultative Committee	
2.5. Internal control	4
2.5.1. Compliance/risk management organizations	
2.6. Directors, executive officers and audit & supervisory board members	4
2.6.1. Policy for the nomination, appointment/removal of directors, executive officers and audit & supervisory board members	
2.6.2. Independent directors	
2.6.3. Policy for the remuneration of directors, executive officers and audit & supervisory board members	
2.6.4. Support organization	
2.6.5. Training policy	
2.7. Accounting auditors	6
Section 3 Appropriate Cooperation with Stakeholders	6
3.1. Basic policy for cooperation with stakeholders of the Group	6
3.2. Ensuring shareholder rights and equality	7
3.2.1. General meeting of shareholders	
3.2.2. Basic capital policy	
3.2.3. Policy on cross-shareholdings	
3.2.4. Policy on anti-takeover measures	
3.2.5. Policy on transactions between related parties	
3.3. Appropriate cooperation with stakeholders other than shareholders	8
3.3.1. Employee code of conduct and whistleblowing	
3.3.2. Social and environmental policy	
3.3.3. Policy on diversity	
3.3.4. Policy on employee health	
3.3.5. Role as asset owner of corporate pensions	
Section 4 Proper Disclosure of Information and Constructive Dialogue with Shareholders	10
4.1. Basic policy for information disclosure	10
4.2. Basic policy concerning dialogue with shareholders	10
Appendix 1. Criteria for Independence of Outside Officers	11
Appendix 2. Disclosure Policy	13

<p>* Numbers in brackets [] in each of the Policy's clauses indicate correlation to the Corporate Governance Code established by the Tokyo Stock Exchange.</p>

Kyowa Kirin Co., Ltd.

Corporate Governance Policy

Section 1 General Provisions

1.1. Purpose [2-1, 3-1(i)]

- This Corporate Governance Policy is established in line with the philosophy of Kirin Holdings Company, Limited, its parent company, and under the common core values shared across the Kyowa Kirin Group (hereinafter referred to as the “Group”) to implement a corporate governance system at Kyowa Kirin Co., Ltd. (Hereinafter referred to as the “Company”) that supports effective and efficient promotion of sustainable growth and improvement of the corporate value of the Company over the medium to long term, by practicing its management philosophy and implementing the Mid-Term Business Plan.

< Management Philosophy >

The Kyowa Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies.

< The Kyowa Kirin Group FY2016 - 2020 Mid-Term Business Plan >

The Group defines the five years from 2016 to 2020 as the period for “Leaping Forward for Global Specialty Pharmaceutical Company.” To achieve this goal to become an R&D-focused global company supported by unique research and innovative technologies, the Group has established the Mid-Term Business Plan for these five years to implement the following four strategies while addressing environmental changes affecting medicine and health:

- Improve the global competitive power of the Group (Launch three global strategic products in the U.S. and Europe)
- Challenge innovation (Challenge to create new value in four categories)
- Pursue excellent operation processes (Improve the profitability of the operation processes and establish globally trusted operation processes)
- Realize people’s health and well-being (Address diverse medical needs by leveraging the various business foundations in the Group)

1.2. Basic policy on corporate governance [3-1(ii)]

- Based on the Management Philosophy and the Mid-Term Business Plan stated in the purpose descriptions above, and as a company responsible for supporting the foundation of society, the Company will enhance its corporate governance to promote its sustainable growth and improve its corporate value over the medium to long term, by ensuring the transparency and fairness of its decision making processes, establishing speedy and strong decision-making and operation systems and proper supervising and monitoring systems.

- Recognizing that cooperation with stakeholders is indispensable for realizing the goals of the Mid-Term Business Plan based on its management philosophy, the Company values the standpoints of respective stakeholders.
- The Company fulfills its accountability with integrity by promptly disclosing information to shareholders and investors based on the principles of transparency, fairness and continuity, and proactively engaging in constructive dialogue with shareholders and investors.
- The Company secures its independence while respecting the group management policy of Kirin Holdings Company, Limited.

1.3. Policy on amendment and discontinuation

- This policy will be reviewed periodically based on constructive dialogues with shareholders and investors, and may be amended or discontinued by a resolution of the Board of Directors.

Section 2 Corporate Governance Organizations

2.1. Organization design [4,4-1, 4-1(1)]

- The Company adopts an organization design of a “company with audit & supervisory board” under the Companies Act. The Board of Directors makes final decisions on important matters of the Company. The Board includes independent directors appointed from outside the Group to maintain the transparency and objectivity of the management of the Company and serves as an organ to monitor the execution of the business. The Nomination and Remuneration Consultative Committee is a voluntary organization established under the Board of Directors to supplement the functions of the Board and reinforce the monitoring of the management. The Company also establishes the Audit & Supervisory Board, as an independent organ from the Board of Directors, which includes internal members and members appointed from outside the Group. The Audit & Supervisory Board and its individual members monitor and verify the processes and the contents of decisions made by the Board of Directors. With this organization design, the Company establishes a well-balanced hybrid governance system equipped with business execution functions and supervising functions. Since directors co-serve as executive officers, close coordination between decision-making and business execution is promoted. Monitoring functions are mainly assumed by independent outside directors, the Audit & Supervisory Board and individual audit & supervisory board members. The voluntarily established committees ensure the transparency of the business management of the Company.
- The Company adopts an executive officer system to agilely implement business strategies and clarify the responsibilities for business execution. The Board of Directors delegates much of the authority for business execution to the respective executive officers in charge of individual businesses.

2.2. Board of Directors

2.2.1. Roles and responsibilities of the Board of Directors [4-1(1), 4-1(2), 4-5]

- The Board of Directors pursues the management philosophy of the Company, fulfilling its fiduciary

responsibility and accountability to shareholders, and establishes and implements effective and efficient corporate governance to achieve the Group's sustainable growth over the medium to long term.

- The Board of Directors makes decisions on matters stipulated by law and the execution of the Group's important operations, which include long-term management visions, mid-term business plans and annual business plans of the Group and key Group companies. The Board is also responsible for monitoring the directors' execution of their duties, and for developing appropriate internal control systems across the Group.
- The Rules of the Board of Directors stipulate matters to be resolved by the Board, in addition to matters stipulated by law and in the Articles of Incorporation of the Company. Decision making authority for other matters is delegated to executive officers in charge of the respective businesses.

2.2.2. Composition of the Board of Directors [4-8, 4-10, 4-11, 4-11(1)]

- The number of directors of the Company should not exceed ten directors in accordance with the Articles of Incorporation. At least two outside directors are appointed to ensure the knowledge, experience, skills and discernment necessary for the Company to grow into a “Global Specialty Pharmaceutical Company,” to maintain the diversity of the Board members and establish a generally balanced and highly transparent governance system and to ensure that management is monitored effectively and objectively.
- The Company establishes the Nomination and Remuneration Consultative Committee as a voluntarily established body to supplement the functions of the Board of Directors and to enhance the transparency of the governance. The majority of the members of the committee should be appointed from outside the Group.

2.2.3. Evaluation of the Board of Directors [4-11, 4-11(3)]

- The Company reviews the composition and operation of the Board of Directors and other matters related to the Board. Problems identified in the review are evaluated by the Board to make improvements. In this way, the Company maintains and improves the Board's effectiveness.

2.3. Audit & Supervisory Board [4-4, 4-4(1), 4-5, 4-13(3)]

2.3.1. Roles and responsibilities of the Audit & Supervisory Board

- The Audit & Supervisory Board and its individual members audit directors regarding the execution of their duties, as an independent body that acts for the benefit and on behalf of shareholders, to monitor and verify the processes to ensure the integrity of management, with an eye to the Group's sustainable growth and the improvement of its corporate value over the medium to long term.
- Members of the Audit & Supervisory Board will actively express opinions at the meeting of the Board of Directors, by making use of their independence and the ability of the full-time members to gather information from within the Group, and work to establish a system that ensures effective auditing conducted by individual audit & supervisory board members.
- To intensify the provision of information to outside directors, the members of the Audit & Supervisory Board exchange opinions with outside directors, and provide them with information obtained in the

course of auditing.

2.3.2. Composition of the Audit & Supervisory Board

- The Audit & Supervisory Board is comprised of at least three members as stipulated in the Articles of Incorporation and should include members who have sufficient knowledge of finance and accounting. A majority of the members should be appointed from outside the Group.

2.3.3. Relationship with accounting auditors and the internal audit department [3-2, 3-2 (1), 3-2 (2), 4-13 (3)]

- Members of the Audit & Supervisory Board maintain a system that supports thorough and appropriate auditing in coordination with accounting auditors and the internal audit department.
- Members of the Audit & Supervisory Board establish criteria for evaluating accounting auditors and examine the independence and expertise of the accounting auditors. The Audit & Supervisory Board and its individual members hold regular interviews with accounting auditors, and require accounting auditors to explain whether they satisfy the quality management criteria necessary for carrying out accounting audits in an appropriate fashion.
- The Audit & Supervisory Board and its individual members establish a response system to deal with cases where an accounting auditor finds an irregularity and requests an appropriate response, or points out an inadequacy or problem.

2.4. Consultative Committees [4-1 (3), 4-10, 4-10 (1)]

2.4.1. Nomination and Remuneration Consultative Committee

- The Nomination and Remuneration Consultative Committee is comprised of directors appointed from within the Group and officers appointed from outside the Group. The majority of the members should be appointed from outside the Group. The chairperson is appointed from among outside officers.
- The Nomination and Remuneration Consultative Committee deliberates and decides on proposals for policies regarding the appointment/removal of directors, executive officers and audit and advisory board members and candidates for these officers, appointment/ removal of senior directors, duties of individual directors, the policy for determining the successor of the current CEO of the Group, and candidates for presidents of main Group companies, and presents the proposals to the Board of Directors. The Nomination and Remuneration Consultative Committee also deliberates and decides on proposals regarding remuneration systems, levels and amounts of remuneration and other related matters for directors, executive officers, audit and advisory board members of the Company and main Group companies, from objective and impartial viewpoints, and presents these proposals to the Board of Directors.

2.5. Internal control [4-3, 4-3 (2)]

- The Board of Directors draws up the Internal Control System Basic Policy that ensures the appropriateness of the Group's operations, develops an appropriate system for ensuring optimal compliance, risk management and financial reporting within the Group, and monitors the state of its implementation.

2.5.1. Compliance/risk management organizations

- The Company faithfully promotes compliance and establishes a system to take appropriate actions against risks, based on the Compliance Basic Policy and the Risk Management Basic Policy of the Group.
- The Company establishes internal committees that enhance compliance, risk management and corporate governance to address various risks involved in the management of the Group. Each committee periodically reports its activities to the Board of Directors. The outline of each committee is as follows:
 - Group CSR Committee: Deliberates on important CSR-related matters, including overall Group strategies and activity policies for compliance, information security and other risk management, environmental conservation, and creation of corporate value.
 - Group Information Disclosure Committee: Deliberates comprehensively on the basic policy for information activities and important matters related to information disclosure.
 - Group Quality Assurance Committee: Deliberates on the basic policy for quality assurance.
 - Group Finance Management Committee: Deliberates on the basic policy, plans and other important matters related to cash management and risks in the financial market.

2.6. Directors, executive officers and audit & supervisory board members

2.6.1. Policy for the nomination, appointment/removal of directors, executive officers and audit & supervisory board members [3-1(iv), 4-11, 4-11(1)]

- To achieve the goal to become a “Global Specialty Pharmaceutical Company” and to carry out decision making and management monitoring in a more appropriate fashion and at a higher level for its global businesses, the Company nominates directors and audit & supervisory board members and appoints executive officers, taking into account the balance of their relevant experience, achievements, specialization, and other factors in relation to the Group's key businesses and business management. More than one director and more than one audit & supervisory board member should be nominated from outside the Group taking into account their experience and advanced specialized knowledge, and extensive expertise.
- The audit & supervisory board members should include at least one member who has appropriate knowledge of financial affairs and accounting.
- The Nomination and Remuneration Consultative Committee deliberates on proposals regarding the appointment/removal of directors and audit & supervisory board members and nomination of candidates for these officers and presents the proposals to the Board of Directors. The proposals will be approved by the Board and then presented at the general meeting of shareholders to obtain their approval. (The appointment of audit & supervisory board members and nomination of candidates requires approval of the Audit & Supervisory Board.)
- The Nomination and Remuneration Consultative Committee deliberates on a proposal regarding the appointment/removal of managing officers and nomination of candidates and presents the proposal to the Board of Directors. The Board will then decide the appointment/removal of managing officers based on the proposal.

- Reasons for the appointment/removal of directors and audit & supervisory board members should be indicated on the notice of general meeting of shareholders.

2.6.2. Independent directors [4-6, 4-7, 4-8, 4-9]

- Two or more independent directors who satisfy the independence criteria of the Company stipulated in <Appendix> should be appointed from outside the Group to improve the fairness and transparency of its corporate governance, ensure the Group's sustainable growth and boost corporate value over the medium to long term.
- Independent directors actively offer business advice, supervise the execution of business, monitor conflicts of interest and accurately convey the opinions of stakeholders, including minority shareholders, at Board meetings.
- A full-time audit & supervisory board members call meetings with independent directors and other non-executive officers to strengthen the abilities of independent directors to gather information.
- The Company's secretarial department takes care of communications and coordination between outside directors (including independent directors) and internal directors and executive officers.

2.6.3. Policy for the remuneration of directors, executive officers and audit & supervisory board members [3-1(iii), 4-2, 4-2(1)]

- The remuneration for directors, executive officers and audit & supervisory board members should be designed to strengthen their awareness of their responsibility to contribute to the further sustainable growth and improvement of corporate value of the Company; to acquire and retain officers with the abilities necessary to achieve the goal to make a leap to become a Global Specialty Pharmaceutical Company; and to motivate them to contribute to the Company by executing their respective duties.
- The remuneration for executive directors and executive officers is comprised of basic compensation, an annual performance-based bonus and stock options as compensation. The Company adopts a fixed compensation system for non-executive directors (outside directors) and audit & supervisory board members to ensure that they fully fulfill their functions to supervise the business management of the Company.
- The Nomination and Remuneration Consultative Committee conducts ongoing review of the remuneration for directors, managing officers and audit & supervisory board members to ensure that remuneration works as an appropriate incentive to promote healthy and sustainable growth of the Company and its corporate value.

2.6.4. Support organization [4-12, 4-12(1), 4-13]

- The Company sets up a Secretariat to the Board within the Corporate Strategy Department that is responsible for the following activities to promote active and constructive discussion by the Board:
 - 1) Coordinates and sets the annual schedule for meetings of the Board of Directors and agenda items to be discussed in each meeting well in advance. Appropriate numbers of agenda items discussed in each meeting, the duration, and the frequency of meetings should be decided so that directors can

thoroughly discuss each agenda item at each meeting.

2) Distributes materials for Board meetings to directors well in advance so that directors can review them before the meeting.

3) Sets an appropriate duration for each meeting so that directors can thoroughly discuss all agenda items.

4) The Secretariat to the Board provides necessary information to directors and audit & supervisory board members, including outside officers, from time to time, and provides advance explanation to them regarding items to be discussed or reported at the Board meeting as necessary.

- At the request of a director or audit & supervisory board member, the executing organization should willingly provide the information necessary for the officer to perform his/her duties.

2.6.5. Training policy [4-14, 4-14(1), 4-14(2)]

- The Company provides training and information to directors and audit & supervisory board members necessary for performing their roles and responsibilities as necessary.
- Upon assuming office, directors and audit & supervisory board members will receive lectures and training from specialists and relevant departments regarding the Japanese Companies Act, corporate governance, risk management and other relevant matters. Subsequently, training and workshops will continue to be provided as necessary regarding the amendment of relevant laws and regulations, and business issues.
- Upon assuming office, outside directors and outside audit & supervisory board members will receive explanations of the Group's businesses, and will participate in observation tours of key sites.

2.7. Accounting auditors [3-2, 3-2(1)]

- The Board of Directors and the Audit & Supervisory Board will keep in mind that accounting auditors play a key role in ensuring the reliability of the Group's financial reporting and Audit & Supervisory Board appropriately coordinate with the accounting auditors so that accounting auditors can thoroughly and properly conduct independent and specialized accounting audit in collaboration with the Board of Directors and its individual members, the Audit & Supervisory Board and its individual members, and the internal audit department of the Company.
- The proposal of appointment, removal and non-renewal of appointment of accounting auditors, which is to be presented to the general meeting of shareholders, should be adopted by a resolution of the Audit & Supervisory Board.
- The remuneration for the accounting auditors or any person who temporarily performs the duties of an accounting auditor should be approved by a resolution of the Audit & Supervisory Board.

Section 3 Appropriate Cooperation with Stakeholders

3.1. Basic policy for cooperation with stakeholders of the Group [2, 2-1]

- The Company follows the "Kirin Group's unique CSV" * that targets both the solution of social problems and the provision of value to customers. The Kyowa Kirin Group also strives to create both economic values and social values, by defining the realization of people's health and well-being, one of the goals of the 2016-2020 Mid-Term Business Plan, as its CSV.

*CSV: Acronym of Creating Shared Value; it aims to enhance the corporate value of a company by addressing social issues that result in creation of both social value and economic value.

- The Company sets out the following policies to establish good relationships with all stakeholders as a good member of society:
 - Maintain high quality and provide products and services that satisfy the expectations of customers;
 - Maintain lawful and healthy relationships with customers, shareholders, investors, employees, business partners, communities, governments and other business stakeholders of the Group;
 - Respect the different economic, social and cultural backgrounds of countries and regions in which we do business and build a rapport with local communities;
 - Respect the dignity of individual employees and maintain good workplace environments for them;
 - Comply with social rules and act with integrity and high ethics;
 - Respect human rights and personalities of all people;
 - Actively engage in global environment preservation to hand over the planet to next generations;
 - Properly manage information related to the Group's businesses;
 - Disclose information to stakeholders properly and in a timely manner;
- Work together with all stakeholders to jointly create economic and social value, recognizing that collaboration with stakeholders is indispensable for realizing the Group's Mid-Term Business Plan and the creation of corporate value over the medium to long-term.

3.2. Ensuring shareholder rights and equality [1, 1-1, 1-1(3)]

- The Company fully understands the importance of shareholder rights. Accordingly, it will ensure the practical effectiveness of voting rights at general meetings and other rights of shareholders, including minority shareholders, and develop the necessary conditions for shareholders to exercise these rights. The Company will respect the intentions of minor shareholders should they wish to exercise their special rights vis-à-vis the Company and the Company's officers.
- If the Board of Directors newly proposes to a general meeting of shareholders that any action requiring shareholders' approval at the general meeting of shareholders be left to the discretion of the Board in the future, the Board of Directors will ensure the Company's corporate governance system is sufficiently capable of fulfilling the relevant role/responsibility.

3.2.1. General meeting of shareholders [1-1, 1-1(1), 1-2,1-2(1), 1-2(2), 1-2(3), 1-2(4), 1-2(5)]

- The Company understands that the general meeting of shareholders is the Company's top decision-making body, and guarantees substantial equality of shareholders at general meetings, as well as adequate opportunities to exercise shareholders' rights.
- The Company discloses information necessary for shareholders to make proper decisions at the general

meeting of shareholders, by the notice of general meeting of shareholders, timely disclosure at the Tokyo Stock Exchange, and other appropriate communication measures.

- The Company will mail the notice of general meeting of shareholders approximately three weeks before the date of the meeting so that the shareholders have sufficient time to review the agenda items contained in the notice. The notice will be published on the websites of the Company and the Tokyo Stock Exchange approximately one week in advance of the date of mailing.
- The Company will set appropriate schedules for the general meeting of shareholders, including when to send the notice of general meeting to shareholders, the date of the meeting and dates of other related events, thoroughly considering the time necessary for shareholders to review the agenda items and decide on the exercise of their voting rights, and securing that accurate information is provided to shareholders.
- To enable the electronic exercise of voting rights by institutional investors and overseas investors, the Company participates in a platform for the electronic exercise of voting rights. Additionally, notice of convocation for general meeting of shareholders is translated into English to facilitate the exercise of voting rights by foreign investors.
- The exercise of voting rights by proxy is accepted only if the proxy is another shareholder of the Company, as stipulated in the Articles of Incorporation. In cases, however, where the identity of an institutional investor or other investor holding shares under the name of a trust bank or any other entity (hereinafter referred to as a “beneficiary shareholder”) can be verified through a shareholder or standing proxy listed on the shareholder registry, attendance of the beneficiary shareholder at a general meeting of shareholders will be considered upon consultation with the administrator of the shareholder registry.
- With regard to company proposals that are approved at the general meeting of shareholders but that are nonetheless received a considerable number of dissenting votes, the Board should analyze the reasons for the opposition and the causes of considerable number of shareholders opposed votes, and consider the need for dialogue with shareholders and other measures.

3.2.2. Basic capital policy [1-3, 1-6]

- To realize sustainable growth and enhance its corporate value over the medium to long term, the Company uses return on equity (ROE) as one of the key management indicators, and sets medium- and long-term ROE targets.
- The Company’s basic policy for return to shareholders is to distribute dividends constantly at a consolidated payout ratio of around 40% (based on profit before goodwill amortization). The Company may buy back its shares flexibly as necessary, considering the business environment, capital efficiency and any other factors.
- If the Company plans to implement a capital transaction that will result in the change of control or significant dilution of the share value, the Board of Directors will thoroughly examine the proposed transaction from the viewpoint of protecting its corporate value for all stakeholders and make a reasonable decision.

3.2.3. Policy on cross-shareholdings [1-4]

- The Company does not engage in cross shareholdings with other companies unless it determines that such cross-shareholdings are useful for promoting the Group's sustainable growth and improving its corporate value over the medium to long term.
- The Board of Directors verifies the reasonableness of the individual cross-shareholdings on a yearly basis. If the Board determines that the reasonableness of any cross-shareholding has weakened, the Company will discuss and negotiate with the cross-shareholding partner about reducing or eliminating the cross-shareholding.
- When the Company exercises the voting rights on shares of a company held for cross-shareholding purpose, it should decide whether to vote for or against each agenda item, taking into account whether each agenda item will help boost the corporate value of the company concerned and whether each agenda item will support the sustainable growth of the Group and enhance its value over the medium to long term.

3.2.4. Policy on anti-takeover measures [1-5, 1-5(1)]

- The Company does not employ any anti-takeover measures.
- If a takeover bid is offered for the Company's shares, the Board of Directors of the Company will promptly disclose its view on the bid to shareholders.

3.2.5. Policy on transactions between related parties [1-7]

- The Company discloses transactions between related parties in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations established by the Tokyo Stock Exchange.
- The Company reports significant transactions between the Company and directors, audit & supervisory board members or their close relatives to the Board of Directors.
- A transaction made by a director as an agency or representative of a third party that competes with the business of the Group or involves conflict of interest requires a resolution for approval of the Board of Directors, in accordance with the Companies Act, the Rules of the Board of Directors and other rules.
- A transaction with the controlling shareholder and its terms and conditions should be decided on a reasonable basis, based on objective information provided by the Company or available in the markets where the products/services of the Company are traded.

3.3. Appropriate cooperation with stakeholders other than shareholders [2, 2-1]

- Based on the basic concept for cooperation with stakeholders of the Group stipulated in Section 3.1, the Company strives to create brand value jointly with customers, promote environmental conservation and mutual prosperity with business partners and contribute to the development of communities through its business (provision of products and services).
- Employees are the foundation that supports the sustainable growth of the Group and enhances its corporate value over the medium to long term. Keeping this in mind, the Company creates a corporate culture that

promotes the health of employees and encourages them to tackle innovative challenges.

3.3.1. Employee code of conduct and whistleblowing [2-2, 2-2(1), 2-5, 2-5(1)]

- The Company establishes the Kyowa Kirin Group Compliance Policy, and the Code of Conduct based on the policy. The Policy and the Code are fully communicated, penetrated and educated throughout the Group and the Board of Directors regularly supervises the status of their operation.
- The Company periodically conducts an employee awareness survey and a human rights and compliance survey to find out how the Code of Conduct is understood and followed by employees. The results of these surveys are reported to the Board of Directors.
- To retain and improve the trust from society, the Company establishes a whistleblowing system for employees within the Group. By using this system, employees can report problems that they feel difficult or inappropriate to consult their immediate managers to correct, prevent and solve these problems. The Board of Directors regularly supervises the status of the operation of the whistleblowing system.
- The Company provides more than one consultation desk, each handling reports of incidents of a different level. For reports related to directors or any other officers, the Company provides a consultation channel from which whistleblowers can directly report an incident to an audit & supervisory board member of the Company.

3.3.2. Social and environmental policy [2-3, 2-3(1)]

- The Company establishes policies for the environment, the occupational health and safety and the quality assurance of products and services. It gives consideration to protection of the environment, the safety and health of people including its employees in every process of its product development, manufacturing, sales and other business activities.
- The Company actively works on low-carbon, energy-saving, environmental preservation and protection of the environment and the ecosystems of communities to preserve the environment of the planet that we will hand over to next generations and to realize a sustainable society.

3.3.3. Policy on diversity [2-4]

- The Company sets a policy to accept and respect diverse values, and provide employees from diverse backgrounds and at various life stages with opportunities to work together and actively play their roles. To promote this, the Company strives to create work environments where employees are motivated and autonomously tackle challenging issues. The Company respects their independence and encourages them to improve their business abilities and demonstrate creativity.
- The Company also implements personnel development programs to support female employees' career paths and increase the percentage of female managers to 10% by 2020.

3.3.4. Policy on employee health [2]

- Based on the Kyowa Kirin Group Health Statement, the Company promotes the maintenance and improvement of each employee's health and actively implements measures to promote their health from

the preventive viewpoint. The Company also focuses on motivation and ongoing support to encourage individual employees to take care of themselves to promote their health.

3.3.5. Role as asset owner of corporate pensions [2-6]

- At the Company, corporate pension reserves are managed through a corporate pension fund.
- The Company develops an appropriate system to manage the corporate pension fund, by appointing and assigning persons suitably qualified to manage pension assets, and by giving training to them to expand their expertise, including external training and seminars.
- Furthermore, the Asset Management Committee monitors the asset management of the corporate pension fund, and revises asset allocation and management contractors, as necessary, in accordance with the asset management policy of the Company, considering opinions from external advisors.

Section 4 Proper Disclosure of Information and Constructive Dialogue with Shareholders

4.1. Basic policy for information disclosure

- The Company understands that proper disclosure of information is the basis for constructive dialogue with shareholders (and investors who may become shareholders), and discloses information in accordance with the Disclosure Policy (see Appendix).

4.2. Basic policy concerning dialogue with shareholders [5, 5-1, 5-1(1), 5-1(2), 5-1(3), 5-2]

- Understanding that constructive dialogue with shareholders will lead to further improvement in corporate governance and, in turn, to greater corporate value over the medium to long term, the Company actively responds to requests for dialogue, and voluntarily offers opportunities for constructive dialogue based on the shareholder composition periodically confirmed.
- Requests for dialogue from individual shareholders are dealt with mainly by the IR Group of the Corporate Communication Department, under the supervision of the officer in charge of IR. If the officer in charge of IR determines that a meeting is necessary between the requesting shareholder and the president, a director (including outside directors) or an executive officer, such meeting will be arranged within the reasonable extent.
- Depending on the purpose of the dialogue, the Financial Affairs Department, the Corporate Planning Department, the Legal Department and other related departments will provide their cooperation to the officer in charge of IR to enhance the contents of the dialogue with the shareholders.
- The Company plans and implements presentation meetings and shareholder/investor visits to explain the Company's long-term business vision, mid-term and annual business plans, business strategies, financial results, individual businesses and other matters to promote dialogue with shareholders to deepen their understanding.
- The Company pays attention to the timeliness, appropriateness and impartiality of dialogues, gives explanations in a sincere manner, listens to the opinions of shareholders, and endeavors to engage in interactive communication. The officer in charge of IR provides reports on the opinions of and questions

from shareholders periodically or as-needed basis to the CEO, directors and executive officers.

Established on January 29, 2016

Revised on March 23, 2017

Revised on December 14, 2018

Revised on March 20, 2019

Revised on July 1, 2019

<Appendix 1>

Criteria for Independence of Outside Officers [4-9]

In order for outside Directors of the Board and outside Audit & Supervisory Board Members of the Company to be judged as being independent, such outside Directors of the Board and outside Audit & Supervisory Board Members must not fall under any of the following items:

1. Director (torishimariyaku), audit & supervisory board member (kansayaku), executive officer (shikkoyakuin), manager (shihainin) or other employee of a parent company or fellow subsidiary of the Company
“Fellow subsidiary” refers to another company that has the same parent company as the Company.
2. Director, audit & supervisory board member, corporate officer (shikkoyaku), executive officer, manager or other employee of a major shareholder of the Company (excluding a parent company of the Company)
“Major shareholder” refers to a shareholder who holds 10% or more of voting rights.
3. Director, audit & supervisory board member, accounting advisor (kaikeisanyo), corporate officer, executive officer, manager or other employee of a company of which the Company is a major shareholder (excluding a subsidiary of the Company)
4. Person whose major business counterparty is the Company or a subsidiary of the Company
“Person whose major business counterparty is the Company or a subsidiary of the Company” refers to a person who receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of that person’s annual total net sales in the most recent fiscal year.
5. Executive director (gyomushikko torishimariyaku), corporate officer, executive officer, manager or other employee of a company whose major business counterparty is the Company or a subsidiary of the Company
“Company whose major business counterparty is the Company or a subsidiary of the Company” refers to a company which receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of that company’s annual consolidated net sales in the most recent fiscal year.
6. Major business counterparty of the Company
“Major business counterparty of the Company” refers to a person who receives or makes payments from or to the Company of 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
7. Executive director, corporate officer, executive officer, manager or other employee of a company that is a major business counterparty of the Company
“A company that is a major business counterparty of the Company” refers to a company which receives or makes payments from or to the Company of 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
8. Certified public accountant (or certified public tax accountant), or member, partner or employee of audit corporation (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or a subsidiary of the Company
9. Attorney-at-law, certified public accountant, certified public tax accountant or consultant, etc. who, excluding the remuneration received as a director or audit & supervisory board member, receives 10 million yen or more per year on average during the past three years of monetary consideration or other property benefits from the

Company or a subsidiary of the Company

10. Member, partner or employee of a corporation, association, or other organization such as law firm, audit corporation, tax accounting firm, or consulting firm that receives monetary consideration or other property benefits of more than a certain amount from the Company or a subsidiary of the Company
In this item, a corporation, association, or other organization above receives “more than a certain amount” when such organization, etc. receives 2% or more on average of the total net sales (total revenue) of the organization, etc. per year during the past three years.
11. Director, audit & supervisory board member, accounting advisor, corporate officer, executive officer, manager or other employee of a financial institution or other large creditor that is essential to the Company’s financing and that the Company is dependent on to a degree that there is no substitute
12. Director or other person who executes business in a corporation, association or other organization which receives donations or subsidies from the Company or a subsidiary of the Company more than a certain amount
In this item, a corporation, association or other organization receives “more than a certain amount” when such organization, etc. receives, during the past three years, more than
(i) 10 million yen per year on average or (ii) 30% on average of the annual total expenses of the organization, etc., whichever is higher.
13. Director, audit & supervisory board member, accounting advisor, corporate officer, or executive officer of a company or its subsidiary that has accepted a person from the Company or a subsidiary of the Company as a director (serving at that company on either a full-time or part-time basis)
14. Person who has come under a category listed in either of items 1 and 2 in the past five years
15. Person who has come under a category listed in any of items 4 through 8, and item 11 in the past three years
16. Spouse or first- to second-degree relative, or other relative sharing same residence of any person who has come under a category listed in any of items 1 through 15; provided, however, that any mention of “manager or other employee” shall be deemed to be replaced with “manager or other important employee.”
17. Spouse, first- to second-degree relative, or other relative sharing same residence of Director of the Board, Executive Officer, manager or other important employee of the Company
18. Spouse, first- to second-degree relative, or other relative sharing same residence of executive director, executive officer, manager or other important employee of a subsidiary of the Company
19. Spouse, first- to second-degree relative, or other relative sharing same residence of executive director or executive officer of the Company or a subsidiary of the Company in the past five years

Established on February 21, 2013

Revised on January 29, 2016

<Appendix 2>

Disclosure Policy

<Basic Policy>

Kyowa Kirin Co., Ltd. (Hereinafter referred to as “KKC”) promptly discloses correct information to shareholders and investors, based on the principles of transparency, fairness and continuity, in accordance with the Financial Instruments and Exchange Act and the Timely Disclosure Rules established by the Tokyo Stock Exchange. KKC also strives to implement timely and proactive disclosure of other information that it determines is useful for enhancing understanding of KKC by shareholders and investors.

<Disclosure Method>

KKC explains important information defined in the Timely Disclosure Rules of the Tokyo Stock Exchange to the Tokyo Stock Exchange in advance and then registers it in the Timely Disclosure Network system provided by the Tokyo Stock Exchange (TDnet) for public disclosure. Promptly after the registration with TDnet, KKC releases the same information to the press, and promptly publishes the information on the website of Kyowa Kirin (hereinafter referred to as the “KKC Website”).

As for information that does not fall under important information defined in the Timely Disclosure Rules, KKC also makes disclosure by releasing it to the press and publishing it on the KKC Website to ensure the fairness of information disclosure.

<Performance Results Estimates and Future Forecasts>

KKC may provide forward-looking statements, including forecasts for plans and strategies of KKC and its related companies. Information provided to the mass media, or in presentations, documents, Q&As and other materials may also include forward-looking statements and opinions. In any case, all information items except for past and present facts are forecasts for future performance results that are estimated based on judgments and assumptions made by the management taking into consideration information currently available to the management. Accordingly, the actual results may differ from these forecasts due to changes in various risk factors, uncertain factors, economic conditions and other matters.

<Quiet Period>

To prevent leakage of financial report information and guarantee the fairness of information disclosure, KKC sets a “quiet period” from the day following the annual account closing date to the date of the disclosure of financial reports. During this quiet period, KKC refrains from answering any question or making any comment on the financial reports; provided, however that if it is expected that the actual results may differ significantly from the previously announced forecasts during the quiet period, KKC will announce that expectation as needed in accordance with the Timely Disclosure Rules. During the quiet period, KKC will answer questions regarding information that has been already disclosed.

Timely Disclosure Statement

KKC's internal system for Timely Disclosure that is submitted to the Tokyo Stock Exchange in accordance with its rules is available for review on the KKC Website:

<https://ir.kyowa-kirin.com/en/disclosure.html>