February 14, 2020

To Whom It May Concern

Company Name: KIRIN HOLDINGS COMPANY, LIMITED
Name and Title of Representative: Yoshinori Isozaki, President & CEO
Code Number: 2503
Head Office: 4-10-2, Nakano, Nakano-ku, Tokyo 164-0001, Japan
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Notice of Opinion of Board of Directors Regarding Shareholder Proposals

Kirin Holdings Company, Limited (the "Company") received a document (the "Shareholder Proposals") that outlines shareholder proposals (the "Proposals") regarding the agenda for the 181st Ordinary General Meeting of Shareholders (the "Ordinary General Meeting of Shareholders") to be held on March 27, 2020 from Independent Franchise Partners, LLP ("FP"), the agent for the Company's shareholder (the "Proposer"). This notice is to inform that the Company's Board of Directors resolved to oppose the Proposals at a meeting of the Board of Directors that took place today.

I. Details of Proposals and Reasons for Proposals

1. Proposed Agenda
   (1) Acquisition of treasury shares
   (2) Revision of the amount of remuneration for the restricted stock remuneration for directors
   (3) Revision of the amount of remuneration for directors
   (4) Appointment of 2 directors
2. Summary of Proposals and Reasons for Proposals
   As stated in Appendix 1.

(Note) In this Notice, the shareholder proposal relating to agenda item 1. (1) above is referred to as the "shareholder proposal for the acquisition of treasury shares," the shareholder proposal relating to agenda item 1. (2) above is referred to as the "shareholder proposal for the revision of the amount of stock remuneration," the shareholder proposal relating to agenda item 1. (3) above is referred to as the "shareholder proposal for the revision of the amount of monetary remuneration," and the shareholder proposal relating to agenda item 1. (4) above is referred to as the "shareholder proposal for the appointment of Directors" respectively.

II. Opinion of the Board of Directors regarding the Proposals

1. Shareholder proposal for the acquisition of treasury shares

(1) Summary of shareholder proposal for the acquisition of treasury shares

The shareholder proposal for the acquisition of treasury shares is for the acquisition by the Company of its common shares, within one year from the conclusion of the Ordinary General Meeting of Shareholders to the maximum extent of 300 million shares in total based on the provisions of Article 156, Paragraph 1 of the Companies Act, by paying ¥600 billion as the total acquisition price (provided, however, that if the total acquisition price allowed by the Company ("Distributable Amount" provided in Article 461 of the Companies Act) falls below the total acquisition amount, the maximum acquisition amount shall be reduced to the amount permitted under the Companies Act.)

This shareholder proposal for the acquisition of treasury shares proposes the acquisition of treasury shares in addition to the acquisition of treasury shares resolved at the Board Meeting held on November 7, 2019 (class of shares to be acquired: common shares, total number of shares to be acquired: 60 million shares (upper limit), total acquisition price of shares: ¥100 billion (upper limit), acquisition period: November 8, 2019 to November 7, 2020).

(2) Opinion of the Board of Directors

The Board of Directors opposes this shareholder proposal for the acquisition of treasury shares.

(3) Reason for opposing proposal

This shareholder proposal for the acquisition of treasury shares proposes a large-scale acquisition of treasury shares amounting to approximately one third of the outstanding shares of the Company (914 million shares). The Board of Directors opposes this proposal for the following reasons:

This shareholder proposal for the acquisition of treasury shares assumes that the Company will focus on its beer business, and "sell non-core businesses such as Kyowa Kirin Co., Ltd. (Pharmaceuticals Businesses), Kyowa Hakko Bio Co., Ltd. (Bio-chemicals Business) and FANCL CORPORATION (Skin Care Business)," and is conditional on using the proceeds from the sale of "shares of Kyowa Kirin Co., Ltd. and FANCL CORPORATION" in particular as the source of funds for the acquisition of treasury shares.

On the other hand, in 2019 the Company established a new long-term management vision, Kirin Group Vision 2027 (KV2027), and is aiming "to become a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals." Based on the fermentation technology and biotechnology cultivated since the Company foundation, the Company will further improve our profitability and capital efficiency by strengthening the Food & Beverages domain (alcoholic and non-alcoholic beverages business) and the Pharmaceuticals domain, as well as working to foster and strengthen new businesses that link to solving social issues centered on health in the Health Science domain. In particular, through a capital and business alliance with FANCL CORPORATION, the Company is developing various collaborate initiatives across functions in an effort to create synergies at an early stage by organically combining the strengths of both companies in the value chain, such as research and development, materials, channels, and brands. The Company uses normalized EPS (average annual growth rate of 5% or more) and ROIC (10% or more throughout the group in the fiscal year 2021) as its key performance indicators, and conduct management that takes both growth and financial discipline into consideration. The Company believes that these corporate activities contribute to the sustainable growth of the Kirin Group and to improving its corporate value in the medium-to-long-term. Recognizing the importance of shareholder returns, the Company increased the consolidated dividend payout ratio for normalized EPS from 30% or more to 40% or more from the fiscal year 2019. In addition, the Company is flexibly implementing additional measures to further enhance shareholder returns as indicated by the announcement of acquisition a total of ¥100 billion in treasury shares in 2018 and 2019 respectively.

Large-scale debt financing and other measures will be necessary to ensure the Company can both undertake these initiatives and carry out the shareholder proposal for the acquisition of treasury shares which may significantly damage the Company's financial discipline and increase business risks.

The shareholder proposal for the acquisition of treasury shares shall complete the acquisition of treasury shares within one year from the conclusion of the Ordinary General Meeting of Shareholders. Assuming treasury shares are acquired through market transactions, given the Company's average trading volume and trading value, it will take substantially more than one year to complete acquisition, and there is also a possibility that the Company will pay a considerable premium to realize such a large-scale treasury stock acquisition if treasury shares are acquired through a tender offer. Both of these do not seem to be realistic proposals.

For the reasons above, the Board of Directors opposes this shareholder proposal for the acquisition of treasury shares.

2. Shareholder proposal for the revision of the amount of stock remuneration and shareholder proposal for the revision of the amount of monetary remuneration (collectively "Shareholder Proposals for Director Remuneration")

(1) Summary of Shareholder Proposals for Director Remuneration

1) Summary of shareholder proposal for the revision of the amount of stock remuneration

The shareholder proposal for the revision of the amount of stock remuneration is a proposal to set the amount of remuneration for Directors other than Non-executive Directors under restricted stock compensation to no more than ¥1.2 billion per annum in total, excluding the annual amount of basic remuneration and bonuses, in order to grant monetary remuneration claims for the granting of restricted stock. The specific timing and distribution of payments shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

2) Summary of shareholder proposal for the revision of the amount of monetary remuneration

The shareholder proposal for the revision of the amount of monetary remuneration is a proposal to set the amount of remuneration for basic remuneration and bonuses paid to the Directors of the Board to no more than ¥600 million per annum (of which, the amount paid to Non-executive Directors shall not exceed ¥80 million per annum), subject to the approval of the shareholder proposal for the revision of the amount of stock remuneration. The specific timing and distribution of payments shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

(2) Opinion of the Board of Directors

The Board of Directors opposes this Shareholder Proposals for Director Remuneration.

(3) Reason for opposing proposal

Assuming that the current Restricted Stock Compensation System ("Current System") will be maintained, the Shareholder Proposal for Director Remuneration will significantly increase share-based remuneration and significantly decrease monetary remuneration. The Company believes that the trust-type remuneration and the performance-related stock remuneration systems ("New System"), which will be proposed at the Ordinary General Meeting of Shareholders, are more appropriate, and has concluded that the proposal should not be accepted from the perspective of 1), 2) and 3) below.

1) Appropriateness of the New System

Approximately three years have passed since the Company's Current System was introduced in 2017. In light of the management structure and issues experienced since its introduction, at this time the Company proposes a New System that aims for the stable and efficient operation of remuneration systems, to improve medium-to-long-term performance by the Company's Directors of the Board and others, and to secure incentives to increase corporate value.

The Company's Current System grants the equivalent number of shares at the beginning of the performance evaluation period when the upper limit of the performance target is achieved, and then reduces the portion of the allotment of shares for which transfer restrictions will be lifted according to the actual performance. The New System sets the target (base value) to 100%, with a lower limit of 50% and an upper limit of 150%. Points are awarded according to the degree of achievement of the target, and after a certain period of time, stock is granted on the basis of one share per point. The New System is not substantially different from the Current System in terms of linkage to business performance. The incentive, if the New System is introduced, is having a system which is easier to understand than the Current System, in which number of shares granted will be determined based on performance. The Company conducted investigations based on this perspective, and arrived at this proposal following deliberations by the Nomination and Remuneration Advisory Committee. Please refer to today's "Notice Regarding the Revision in the Limit and Framework of Officers' Remuneration in Line with the Revision of Performance-related Remuneration System for Directors and Officers, as well as the Revision of Non-executive Directors' Remuneration Limit," for details of the New System proposed by the Company at this time.

2) Appropriateness of ratio of performance-related remuneration and of setting remuneration levels

The ratio of the Company's performance-related remuneration to total remuneration is designed to be approximately 50% when performance targets are met. Specifically, the ratio of basic remuneration to performance-related remuneration (base amount) for the President & CEO is set at 45:55 (bonuses: 32, stock remuneration: 23), while for other Directors of the Board the ratio is set in a similar manner taking their position and responsibilities into consideration.

The above-stated performance-related remuneration ratio is mainly compared to similar sized companies in Japan and competitors in Japan, and is designed to compare favorably to such companies when achieving the performance target. The performance-related remuneration ratio is decided following deliberations by the Nomination and Remuneration Advisory Committee, the majority of whose members are Non-executive Directors, having conducted an objective comparative study of remuneration levels and performance linkage based on officer remuneration survey data from an external research institution.

With regard to the level of stock remuneration, remuneration for Directors of the Board (excluding Non-executive Directors) under the Current System is equal to or less than ¥250 million per annum, but under the New System remuneration will be ¥600 million per annum (including Executive Officers in delegation agreements, excluding Non-executive Directors). This is to secure incentives to improve medium to long term business performance of officers responsible for executing operations and to increase our corporate value.

However, going forward the Nomination and Remuneration Advisory Committee will regularly and continuously deliberate and take appropriate measures regarding appropriate levels of remuneration and the appropriate ratio of performance-related remuneration based on the market situation.

3) Appropriateness of remuneration for Directors of the Board (basic remuneration and bonuses)

At the 178th Ordinary General Meeting of Shareholders held on March 30, 2017, the amount of remuneration for Company Directors was set at ¥950 million or less per annum for basic remuneration and bonuses (of which ¥80 million or less per annum is remuneration for Non-executive Directors). This amount was set in anticipation of an upturn in the amount of bonuses paid when the Company performs well and the possibility of a future increase in the number of Directors of the Board.

Based on the Company's proposal at this time to add another three Non-executive Directors (the Company currently has four Non-executive Directors), the Company proposes changing the amount of remuneration for Non-executive Directors to within ¥150 million per annum, on the assumption that the total amount of remuneration for Directors of the Board will be maintained at the same level.

Only the amount of remuneration for Non-executive Directors will be increased following the significant increase in the number of Non-executive Directors, and as a result, the remuneration quota for Directors of the Board, excluding Non-executive Directors, will be substantially reduced. Consequently, the shareholder proposal to reduce the total amount of remuneration for Director of the Board (basic remuneration and bonus remuneration per annum) and not to change the amount of remuneration for Non-executive Directors may seriously impede the Company from implementing the new structure of the Board of Directors and changes to the remuneration system proposed by the Company at this time. Please refer to today's "Notice Regarding the Revision in the Limit and Framework of Officers' Remuneration in Line with the Revision of Performance-related Remuneration System for Directors and Officers, as well as the Revision of Non-executive Directors' Remuneration Limit," for details regarding revisions to the amount of Non-executive Directors' remuneration.

For the reasons above, the Company believes that the New System and the remuneration revision proposal proposed by the Company's Board of Directors are more appropriate than the shareholder proposal.

Reference: Comparison of Remuneration for Directors of the Board (Current Remuneration, Company Proposal, Shareholder Proposal)

	Current Remuneration	Company Proposal	Shareholder Proposal
Basic Remuneration and Bonuses (Monetary Remuneration)	● ¥950 million per annum (Of which ¥80 million is remuneration for Non-executive Directors)	● ¥950 million per annum (Of which ¥150 million is remuneration for Non-executive Directors)	● ¥600 million per annum (Of which ¥80 million is remuneration for Non-executive Directors)
Stock Remuneration	● Restricted Stock Compensation System ● ¥250 million per annum (Excluding Non-executive Directors)	● Trust-type stock remuneration system ● ¥600 million per annum (Including Executive Officers in delegation agreement. Excluding Non-executive Directors)	● Restricted Stock Compensation System ● ¥1.2 billion per annum (excluding Non-executive Directors)

(Note) In the reason for the proposal in the "Shareholder Proposals for Director Remuneration," the Proposer indicated that sufficient information has not been disclosed regarding the matters in relation to the current Restricted Stock Compensation System. A supplemental explanation can be found in Appendix 2.

3. Shareholder proposal for the appointment of Directors

(1) Summary of shareholder proposal for the appointment of Directors

The shareholder proposal for the appointment of Directors proposes the appointment of the following two Non-executive Directors:

Candidates	Nicholas・E・Benes
	Kanako Kikuchi

(2) Opinion of the Board of Directors

The Board of Directors opposes this shareholder proposal for the appointment of Directors.

(3) Reason for opposing proposal

As a pure holding company, the Company is responsible for formulating and promoting group-wide strategies, monitoring each business, and promoting the creation of synergy through group collaboration. In 2019 the Company established a new long-term management vision, KV2027, and is aiming "to become a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals."

Within this context, the Company has established a governance system that is able to effectively and efficiently pursue KV2027. Taking into account the knowledge, experience, skills, and insights among others, necessary to realize KV2027, the Board of Directors is composed of well-balanced and appropriate number of people while ensuring diversity, and the Company has established a highly transparent governance system. Furthermore, to ensure the effectiveness of objective management oversight, the current Board of Directors is made up of five internal directors and four non-executive (outside) directors (the ratio of non-executive (outside) Directors is 44%), and is chaired by an Non-executive Director.

As a result of reviewing the skill set required of the Board of Directors, based on the result of last year's evaluation of the effectiveness of the Board of Directors, and taking into account the topics raised as a strengthening policy, the Board of Directors decided to propose that the Company add four new candidates for Non-executive Director. One incumbent Non-executive Director will retire at the Ordinary General Meeting of Shareholders. The number of Non-executive Directors will thus increase by three, resulting in five internal directors and seven non-executive (outside) directors (the ratio of Non-executive Directors will increase to 58%). Please refer to the document entitled "Change of Directors and Board Members" released today for information on the new candidates for Non-executive Director proposed by the Company.

The two candidates nominated by the Proposer were interviewed by the Chairman of the Company's Nomination and Remuneration Advisory Committee and two Directors of the Board who serve on the committee. Following the interview, the Nomination and Remuneration Advisory Committee examined and deliberated the candidates' qualities, experience, and expertise, in addition to examining their merits in terms of roles and functions within the overall structure of the Company's Board of Directors, and reported their conclusions to the Board of Directors. Based on the findings reported, the Board of Directors examined and deliberated the candidates and concluded that it is not necessary to appoint the two candidates proposed by the Proposer for the following reasons:

1) The new structure for the Board of Directors proposed by the Company (the "Proposed New Board of Directors Structure"), outlined in the table below, has high-level supervisory functions and is more diverse.

Internal Directors	5	
Non-executive (outside) Directors	7	Of whom 7 are Independent Directors Including 2 female Directors Including 2 non-Japanese Directors
Total	12	Ratio of Independent Directors: 58% Ratio of female Directors: 16% Ratio of non-Japanese Directors: 16%

2) When examining the Proposed New Board of Directors Structure, the Company thoroughly considered the skill set required of the Company's Board of Directors. As a result, the Proposed New Board of Directors Structure is a necessary and adequate structure that contributes to the sustainable growth of the Company and the medium-to-long-term improvement in corporate value. (The skill matrix pertaining to Proposed New Board of Directors Structure based on this skill set is specified in Appendix 3).

3) The 12-member Proposed New Board of Directors Structure is appropriate in terms of the appropriate size of the Board of Directors in view of the Company's business, which operates globally

in the Food & Beverages domain, Pharmaceuticals domains and Health Science domains, and the size of the Company.

For the reasons above, the Board of Directors believes that the Proposed New Board of Directors Structure is the optimal structure for realizing KV2027, and does not believe that it is necessary to appoint the two candidates for Non-executive Directors proposed in the shareholder proposal for the appointment of Directors. Thus the Board of Directors opposes the shareholder proposal for the appointment of Directors.

END

Appendix 1

Kirin Holdings Company, Limited (the “Company”) was requested by NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY (the “Proposer”), a shareholder who have held more than 1% voting rights among all voting rights or more than 300 voting rights of the Company for 6 months, (i) to include the agenda as set out in No.1 below (the “Agenda”) as the subject matter of the 181st Ordinary General Meeting of Shareholders of Company which will be held in late March of 2020 (the “Ordinary General Meeting of Shareholders”) in accordance with Article 303 (2) of the Companies Act, and as the Proposer intends to submit the proposal as set out in No.2 below (the “Proposals”) to the Ordinary General Meeting of Shareholders in connection with the Agenda, (ii) to notify the Company’s shareholders of summaries of the Proposals in accordance with Article 305 (1) of the Companies Act and Article 93 of the Enforcement Order of the Companies Act.

The content proposed by the Proposer

No. 1 Proposed Agenda

1 Acquisition of treasury shares

2 Revision of the amount of remuneration for the restricted stock remuneration for directors

3 Revision of the amount of remuneration for directors

4 Appointment of 2 directors

No. 2 Summary of Proposals and Reasons for Proposals

1 Acquisition of treasury shares

(1) Summary of the agenda

Pursuant to the provisions of Article 156 (1) of the Companies Act, the Company will acquire its common shares within one year from the conclusion of the Ordinary General Meeting of Shareholders to the maximum extent of 300 million shares in total, 600 billion yen as total acquisition price (provided, however, that if the total amount of the acquisition amount falls below the "Distributable Amount" provided in Article 461 of the Companies Act, the maximum amount of the acquisition amount shall be reduced to the amount permitted under the Companies Act.)

This proposal is to acquire treasury shares in addition to the acquisition of treasury shares resolved at the meeting of the Board of Directors held on November 7, 2019 (class of shares to be acquired: common shares, total number of shares to be acquired: 60,000,000 shares (upper limit), total acquisition price of shares: 100,000 million yen (upper limit), acquisition period: November 8, 2019 to November 7, 2020).

(2) Reason for the proposal

In the 2019 Medium-Term Management Plan, the management believes that Kirin’s business domains include the food business (liquor and beverage business), the medical business (pharmaceuticals business), and the business that connects medicine and food. However, such diversification of businesses has not yielded the results expected by shareholders and has not been acclaimed by the market.

In other words, although the stock price of the Company remained at approximately ¥3,000 or more in April 2018 (the highest closing price was ¥3,194 on April 18, 2018), the stock price of the Company fell by roughly 25% in the next 18 months. The stock price declines coincided with the acquisition of Kyowa Hakko Bio Co., Ltd. (Bio-Chemicals business) in February 2019 and 33% stake of FANCL CORPORATION (Skin-Care business) in August 2019 for an aggregate of more than ¥250bn. The details supporting our proposal can be found at the website https://www.abetterkirin.com, but in summary we believe the corporate value of the Company is discounted by more than 50% on account of both a conglomerate and capital allocation discount. This discount is a clear conglomerate discount for the accumulation of unrelated businesses that lack synergy, as well as a discount for the high prices being paid for these businesses unconnected to the core beverage business of Kirin.

As an institutional investor managing funds entrusted to us by investors, neglecting such management of the Company may be regarded as a violation of our fiduciary duty.

The Proposer believes Kirin can maximize corporate value by focusing on the core businesses of beer in Japan, Australia, Myanmar and the Philippines. To this end, the Proposer believes the Board should undertake to sell non-core businesses such as Kyowa Kirin Co., Ltd. (Pharmaceutical Business), Kyowa Hakko Bio Co., Ltd. and FANCL CORPORATION (Skin Care business) and concentrate management resources on the beer business, thereby maximizing corporate value over the medium to long term and reinforcing shareholder returns.

Since the market value of the shares of Kyowa Kirin Co., Ltd. and FANCL CORPORATION is approximately 876 billion yen at the time of writing, the Proposer requests to use a part of the funds, with the upper limit of 600 billion yen, which the Company would receive from the sales of these shares to acquire treasury shares.

The Proposer hopes that the management of the Company will make appropriate decisions on the specific timing of the sale of non-core businesses, the method of shareholder returns, and the timing of shareholder returns, but this proposal is to send a message to the management of the Company that they should focus on the beer business and this proposal provides our management with the option to acquire treasury shares as a method of returning capital to shareholders.

2 Revision of the amount of remuneration for the restricted shares as remuneration for directors

(1) Summary of the agenda

In order to grant monetary remuneration claims for the grant of shares with restriction on transfer, it is proposed to grant the amount of remuneration for directors other than outside directors (hereinafter referred to as "target directors") under the stock remuneration with restriction on transfer (hereinafter referred to as the "Plan") in the amount of no more than 1,200 million yen per annum in total, in addition to the annual amount of basic remuneration and bonuses. The specific timing and distribution of payments shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

(2) Reason for the proposal

At the 178th Ordinary General Meeting of Shareholders held on March 30, 2017, the amount of remuneration for target directors pertaining to the stock remuneration was approved to grant monetary remuneration receivable in the amount of the 250 million yen per year, in addition to the annual amount of remuneration for basic remuneration and bonuses of 950 million yen (of which the amount for outside directors is within 80 million yen per year).

It is disclosed that the transfer restriction shall be lifted when the period of restriction on transfer expires with regard to all or part of the allotted shares according to the degree of achievement of the target in the first year of the period of restriction on transfer, including the main management indicators listed in the medium-term management plan and other indicators determined by the Board of Directors. Further, from the viewpoint of promoting the holding of shares by directors with regard to the certain percentage of restricted shares granted regardless of the degree of achievement of the target, the transfer restriction shall in principle be lifted when the period of restriction on transfer expires. It is stated that the specific transfer restriction shall fluctuate between 33% and 100%.

It is also disclosed that in fiscal 2019, the Company will set two performance indicators, ROIC and leveled-out EPSs, and evaluate them equally.

The remuneration system, which is linked to medium-to-long-term business performance and promotes the sharing of values between directors and shareholders, is desirable. However, under the remuneration system for the target directors of the Company, the amount of remuneration for basic remuneration and bonuses is not more than ¥950 million per annum (of which, the amount of remuneration for outside directors is not more than ¥80 million per annum), whereas the amount of remuneration for the restricted share portion is not more than ¥250 million per annum. The Proposer does not consider the weighting between basic remuneration and restricted share as an appropriate ratio. The ratio of performance-based restricted shares remuneration to the total remuneration is only about 20%, but such a ratio has to be considered as significantly lower in comparison to the normal average of other global companies.

With regard to remuneration under the Plan, the actual amount paid in FY2018 was 99 million yen (five directors eligible), and for each director, based on limited disclosed information, 43 million yen was paid to the President and Representative Director Yoshinori Isozaki and 26 million yen was paid to Senior Executive Vice President and Representative Director Keisuke Nishimura.

With respect to the Plan, the Proposer believes that sufficient information has not been disclosed regarding:

(a) the target set for each individual director;

(b) what percentage of the allotment of shares for which the transfer restriction will be lifted by the degree of achievement of the performance target; and

(c) the proportion of allotment of shares for which the transfer restriction will be lifted regardless of the degree of achievement of the performance target and the timing of determining such proportion, and

(d) the details of the procedures for determining (a) to (c) above.

As a result, shareholders are unable to sufficiently evaluate whether the remuneration and performance of individual directors are commensurate with the plan objectives, since sufficient information is not provided to decide whether or not to approve such remuneration.

In particular, the fact that the ratio of allotted shares to which the restriction on transfer is lifted regardless of the degree of achievement of the target shall fluctuate between 33% and 100% is not optimal. Hence, it cannot be denied that while the basic concept of the Plan is to link to medium-to-long-term business performance and promote the sharing of value between directors and shareholders, this concept may be undermined depending on how this ratio is decided. Moreover, the Proposer believes this ratio should normally fluctuate between 0% and 100% to allow a real alignment between pay and performance.

Based on the above, in order to further promote the effect of the Plan, the amount of remuneration for directors (excluding outside directors) under the Plan shall be increased to no more than 1,200 million yen per annum, and the above (a) to (d) should be announced promptly upon decision, thereby creating an environment in which shareholders can appropriately evaluate the directors and their performance.

3 Revision of Remuneration for Directors

(1) Summary of the agenda

The amount of remuneration for basic remuneration and bonuses paid to our directors shall not exceed 600 million yen per annum (of which, the amount paid to outside directors shall not exceed 80 million yen per annum). The specific timing and distribution of payments shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee. This proposal shall be subject to approval and passage of a proposal concerning the revision of the amount of remuneration relating to the restricted share remuneration for the subject directors described in 2 above.

(2) Reason for the proposal

At the 178th Ordinary General Meeting of Shareholders held on March 30, 2017, it was approved that the amount of remuneration for basic remuneration and bonuses would not exceed 950 million yen per annum in total (of which, the amount for outside directors would not exceed 80 million yen per annum). In addition, at the General Meeting of Shareholders, it was decided that the amount of remuneration for the restricted share remuneration for the target directors would not exceed 250 million yen per annum as a monetary remuneration claim.

However, as described in proposal 2 above, in the remuneration for target directors, the proportion of the amount of remuneration paid as basic remuneration and bonus and the amount of remuneration related to the restricted shares remuneration is not appropriate to promote the sharing of value creation between directors and shareholders.

Therefore, the Proposer proposes to revise (reduce) the amount of basic remuneration and remuneration to be paid as bonuses to the target directors as well as increasing the amount of remuneration for the restricted shares remuneration for the target directors (No. 2 above). The amount of remuneration for basic remuneration and bonuses to our directors shall be no more than 600 million yen per annum in total (of which, the amount for outside directors is no more than 80 million yen per annum).

4 Appointment of 2 Directors

(1) Summary of the agenda

Mr Nick Benes and Ms Kanako Kicuchi be appointed as outside directors of the Company.

(2) Reason for the proposal

As stated in “(2) Reason of the proposal” of “1 “Acquisition of treasury shares”, the diversification of business which the Company is implementing has not resulted in the achievement of results expected by shareholders, and is not positively recognized in the market. As a result of this, we believe that the corporate value of the Company is discounted by more than 50%. In such situation, the monitoring of the management of business by four outside directors currently conducted, only 3 of whom can be considered truly independent by the Proposer, cannot be considered sufficient to protect shareholder value.

Hence, the Proposer suggests nominating the 2 candidates proposed and believes that the 2 candidates proposed have many attributes that would be additive to the Board of the Company. Their detailed resumes are below, but brief supporting observations on each would be as follows:

- ***Nicholas Benes:*** Mr. Benes has an outstanding academic pedigree, and significant experience in finance and law gained from his investment banking, M&A and advisory work across the globe, and also from his pioneering work establishing Japan’s only “public interest “ nonprofit specializing in director training. He currently serves on two listed Japanese company boards, and based on his keen interest in corporate governance and business ethics, proposed Japan’s first corporate governance code to the LDP, and then assisted the relevant persons including Japanese FSA with its formulation.
- ***Kanako Kikuchi***: Ms. Kikuchi has vast experience with global pharmaceutical companies (GlaxoSmithkline, Novartis, Bausch & Lomb and her current employer, UCB) gained across a variety of geographies. Whilst a pharmacist, Ms. Kikuchi’s roles have focused on the commercial, business development and corporate planning functions of the companies she has worked at. The Proposer believes both her academic background and work experience would be invaluable to Kirin. An added benefit is that Ms. Kikuchi would obviously bring much needed gender diversity to the board of Kirin.

(3) Name and biography of the candidate of a director, etc.

Name	Biography, position and office （important concurrent office）	Number of shares owned
Nicholas・E・Benes (Birthday: April 16, 1956)	1983 Morgan Guaranty Trust Company of New York, Join the bar association of States of California 1984 Join the New York Bar Association 1990 Vice President at JP Morgan Securities Asia 1994 Senior managing director of Kamakura Co., Ltd. 1997 Establishing JTP Corporation, Representative director (present) 2000 Director of Alps Co., LTd.(map company)	0

	Special foreign member of Invest Japan Conference Subcommittee 2006 Independent director of LDH Corporation 2007 Independent director of Cecile Co., Ltd. 2009 Representative member of The Board Director Training Institute of Japan (present) 2010 Member of the Corporate Governance Liaison Committee hosted by the Financial Agency of Japan 2013 Visiting Scholar of International University of Japan, Graduate School of International Management 2013 Part-time teacher of Hitotsubashi University 2016 Independent director of IMAGICA GROUP Inc. (present) 2019 Independent director of Advantest Corporation (present)	
Kanako Kikuchi (Birthday: August 1, 1962)	1992 Japanese corporation of Marion Merrell Dow 1997 Deputy manager of the marketing section, vision care department of Bausch & Lomb Japan 1999 Global strategy director of Bausch & Lomb Incorporated (US) 2004 -2013 Business manager of Oncology department, Ophthalmic department, and then OTC department at Novartis Pharma Co., Ltd. 2013 Director of GlaxoSmithKline K.K 2017 Representative Director and CEO of GlaxoSmithKline K.K. 2018 Representative Director of UCB Japan Co, Ltd. (present)	0

Appendix 2

In the reason for the proposal in the "Shareholder Proposal for Director Remuneration," the Proposer indicated that sufficient information has not been disclosed regarding the following matters in relation to the current Restricted Stock Compensation System:

1) The target details set for each individual Director of the Board
2) The percentage of the allotted of shares subject to the transfer restriction will be lifted by the degree of achievement of the performance target
3) The proportion of the allotted shares for which the transfer restriction will be lifted regardless of the degree of achievement of the performance target and the timing of determining such proportion
4) The details of the procedures for determining (1) to (3) above

The Company hereby provides the following supplemental explanation regarding these points.

Regarding 1)

Under the Restricted Stock Compensation System targets are not set for each individual Director of the Board and the same target applies to all eligible individuals.

Regarding 2)

Details regarding performance in the fiscal year 2019 will be disclosed in the annual securities report for the fiscal year 2019.

Regarding 3)

The proportion of the allotment of shares for which the transfer restriction will be lifted regardless of the degree of achievement of the performance target is deliberated and determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee at the same time as determining performance indicators and their values among others for each year's Restricted Stock Compensation System. Such proportion has been set at 33% each fiscal year. The Company has been disclosing the proportion in its annual securities reports since the annual securities report for the fiscal year 2017.

Regarding 4)

In addition to the above, details regarding procedures for determining remuneration systems will be disclosed in the annual securities report for the fiscal year 2019.

Appendix 3

(Reference)

Expertise and Experience of Candidates of Director of the Board and Executive Officers

The expertise and experience of candidates of Director of the Board are as follows

No.	Name	Expertise and Experience: Corporate Management	ESG / Sustainability	Finance / Accounting	Human Resources Management / Development	Legal / Compliance / Risk Management	SCM	Brand Strategy / Marketing / Sales	Overseas Business	R&D / New Business / Health Science
1	Yoshinori Isozaki	•	•			•		•	•	
2	Keisuke Nishimura	•			•				•	
3	Toshiya Miyoshi		•		•			•		
4	Noriya Yokota		•	•	•		•		•	
5	Noriaki Kobayashi						•		•	•
6	Shoshi Arakawa	•					•		•	
7	Masakatsu Mori	•		•					•	
8	Hiroyuki Yanagi	•					•	•	•	
9	Chieko Matsuda		•	•		•				
10	Noriko Shiono	•						•	•	•
11	Rod Eddington	•							•	
12	George Olcott		•	•					•	

The Company adopts an executive officer based system. The expertise and experience of Senior Executive Vice President and Senior Executive Officers, who are not concurrently assuming the position of Director of the Board and will be appointed in the Board meeting following the conclusion of this Ordinary General Meeting of Shareholders, are as follows.

Position	Name	Expertise and Experience: Corporate Management	ESG / Sustainability	Finance / Accounting	Human Resources Management / Development	Legal / Compliance / Risk Management	SCM	Brand Strategy / Marketing / Sales	Overseas Business	R&D / New Business / Health Science
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	•						•	•	
Senior Executive Officer	Takeshi Minakata	•					•		•	•