

Remuneration System for Executive Officers

Basic Policy for the Remuneration of Executive Officers

The Nomination and Remuneration Advisory Committee will discuss the remuneration of Directors and Executive Officers, and report to the Board based on the following policy. The Committee will consider levels of the remuneration and linkage with performance by comparing them objectively with officers' remuneration survey data of an external research body, and incorporate findings in its report to the Board of Directors.

1. The Company shall establish a remuneration structure that emphasizes the linkage of remuneration with business performance and medium- to long-term corporate value and share value with the shareholders.
2. Remuneration levels shall be appropriate for the roles and responsibilities of the Kirin Group's officers.
3. Remuneration shall be deliberated by the Nomination and Remuneration Advisory Committee, in which Non-Executive Directors constitute a majority, in order to ensure objectivity and transparency.

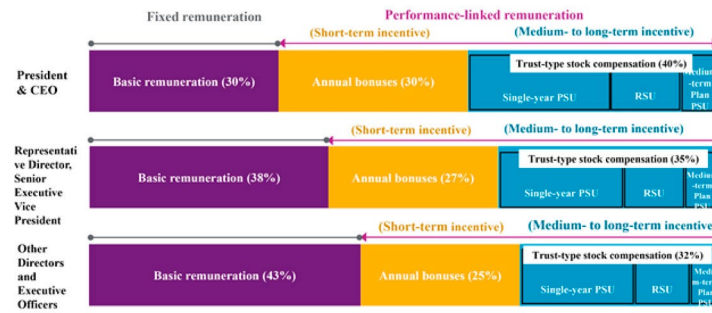
Composition of the Remuneration

- In order to encourage awareness of achieving short-term performance targets and enhancing medium to long term corporate value, remuneration for Directors of the Board is composed of three parts: basic remuneration (fixed remuneration), bonus (short-term incentive remuneration), and Stock Compensation (medium- to long-term incentive remuneration). The specific composition of remuneration is as follows according to the classification of officers eligible for the payment.

Officer type	Fixed remuneration	Performance-linked remuneration		Purpose
	Basic remuneration	Bonus	Stock-based remuneration	

Directors of the Board(excluding Nonexecutive Directors) and Executive Officers	○	○	○	Because they are responsible for the execution of business, Kirin Holdings have established remuneration structure that takes into account the achievement of short-term consolidated performance targets and the improvement of corporate value over the medium to long term.
Non-executive Directors	○	---	---	Because they are responsible for supervising and advising Company and Group management from an objective position, only basic remuneration (fixed remuneration) is provided.
Audit & Supervisory Board Members	○	---	---	Because of their role of auditing the performance of directors' execution of their business from an objective position, only basic remuneration (fixed remuneration) is provided.

- The ratio of base remuneration to performance-linked remuneration for the President and Representative Director is designed to be approximately 30:70 (including 30 for bonuses and 40 for stock-based remuneration), with other directors and others following suit in consideration of their positions and responsibilities.

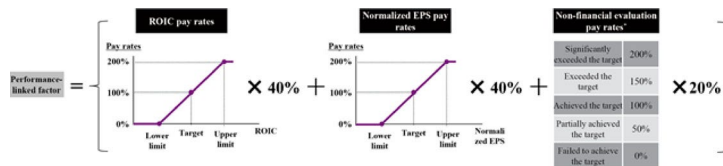


Structure of performance-linked remuneration

1. Bonus

- The performance evaluation indicators are the Company's corporate performance evaluation indicators (consolidated normalized operating profit), business performance evaluation (normalized OP of group companies or revenue in the health sciences domain), and individual performance evaluation.
- The amount of paid ranges from 0% to 200% where 100% indicates the achievements of targets.

Mechanism for linkage of bonuses to performance



*1: The base amount of bonus is determined for each position in the bylaws.

*2: "A" is the ratio of the portion linked to corporate performance, "B" is the ratio of the portion linked to business performance, and "C" is the ratio of the portion linked to individual performance.

Evaluation Weighting by each performance evaluation indicators (Fiscal 2022)

Performance indicators	President & CEO	Representative Director of the Board, Senior Executive Vice President	Executive Officer concurrently serving as operating company president, etc.	Other directors and executive officers
Company performance evaluation	70%	60%	20%	50%
Business performance evaluation	–	–	40%	–
Individual performance evaluation	30%	40%	40%	50%
	The Nomination and Remuneration Advisory Committee sets specific evaluation indicators and targets following interviews with the president & CEO and the chairman and outside directors of the Nomination and Remuneration Advisory Committee.	The Nomination and Remuneration Advisory Committee sets specific evaluation indicators, targets and results for individual priority areas, department and group company performance based on a draft proposal prepared by the president & CEO following interviews with the directors and executive officers.		

2. Stock-based remuneration

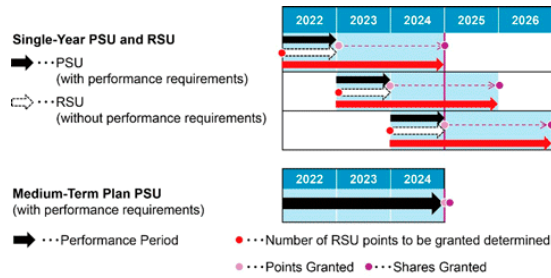
- Stock-based remuneration is a Trust-type stock compensation (performance based).
- Trust-type stock compensation consists of (1) performance share units (the Single-Year PSU) linked to the achievement of performance in a single fiscal year, (2) restricted share units (RSUs) without performance-requirements, and (3) performance share units linked to the achievement of performance under the Medium-term Business Plan for multiple fiscal years (the Medium-term Plan PSU).
- The performance indicators for single-year PSU and Medium-term Plan PSU shall be ROIC, normalized EPS and non-financial indicators which are key management indicators in the Medium-term Business Plan.
- Non-financial indicators will be determined based on an item-by-item evaluation of the achievement level of specific indicators defined for each item in the three categories of "environment," "health," and "employees," followed by an overall evaluation based on the results of these evaluations and qualitative considerations.
- The payment rate for Single-Year PSU and Medium-term Business Plan PSU will fluctuate between 0% and 200%, with 100% at the time of target achievement.

Details of the trust-type stock compensation plan

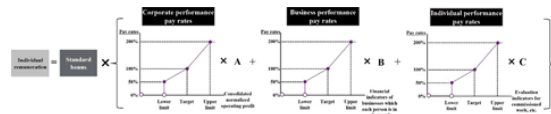
	Number of points*	Timing of granting of points	Timing of delivery of shares and cash
RSU	Fixed points	After the end of each fiscal year	At a certain point in time after the lapse of two years from the start of the fiscal year when points were granted (at a certain point in time after the lapse of three years from when the number of points was determined for the RSU)
Single-Year PSU	The number calculated by multiplying the basic points (for the Medium-Term Plan PSU, the basic points for three years) by the performance-linked factor (0% to 200%) depending on the level of achievement of performance targets and others for each performance evaluation period		
Medium-Term Plan PSU		After the end of the final fiscal year of the Medium-Term Business Plan	At a certain point in time in the fiscal year following the final fiscal year of the Medium-Term Business Plan

*Basic points (fixed points for the RSU) are calculated based on the base amount predetermined for each executive rank and responsibilities.

Mechanism of the trust-type stock compensation



Mechanism for performance-linked trust-type stock compensation (excluding the performance evaluation period; the scheme is common to the Single-Year PSU and the Medium-Term Plan PSU)



* Non-financial evaluation is a comprehensive assessment of the progress and achievement of CSV commitments and the employee engagement.

Procedures for determining the remunerations of executive officers

- In order to ensure fair and reasonable application of the process in line with the above-mentioned basic policy for executive remuneration, the executive remuneration shall be deliberated at the Nomination and Remuneration Advisory Committee of which the majority of the members are Non-Executive Directors and whose Chairperson is also an Non-Executive Director, and the result is reported to the Board of Directors.
- As for determining the specific amount of remuneration, remuneration for Directors shall be decided at the Board and that for Audit & Supervisory Board members upon consultation with Audit & Supervisory Board based on the report from the Nomination and Remuneration Advisory Committee and within the limits of the remuneration amount determined in advance at the general meeting of shareholders.
- Nomination and Remuneration Advisory Committee regularly deliberates on the setting of remuneration levels, the ratio of performance-linked remuneration and its mechanisms, and meets in response to changes in the the environment of laws and regulations related to executive remuneration, and submits a report to the the Board.

Record of Remuneration (Fiscal Year 2021)

Officer type	Total amount of remuneration, etc. (¥ millions)	Total amount (¥ millions) of remuneration by type and number of persons							
		Fixed remuneration		Performance-linked remuneration					
		Monetary remuneration						Non-monetary remuneration	
		Basic remuneration		Bonus		Performance-linked and stock-price-linked remuneration (Phantom Stock Plan)		Trust-type stock compensation	
		Total amount	Number of persons	Total amount	Number of persons	Total amount	Number of persons	Total amount	Number of persons
Directors of the Board (excluding Non-executive Directors)	480	265	5	166	5	-	-	49	5
Audit & Supervisory Board Members (excluding Non-standing Audit & Supervisory Board Members)	71	71	2	-	-	-	-	-	-
Non-executive Officers	Non-executive Directors	127	127	8	-	-	-	-	-
	Non-standing Audit & Supervisory Board Members	54	54	3	-	-	-	-	-
Total	732	518	18	166	5	-	-	49	5

*1: Twelve (12) Directors of the Board and five (5) Audit & Supervisory Board Members remain in their positions as of the end of this fiscal year, but the amounts above include remuneration for one (1) Director who retired as of March 30, 2021.

*2: There were no officers to whom the above performance-linked and stock-price-linked remuneration (Phantom Stock Plan) was applicable.

*3: Trust-type stock compensation was delivered to Directors of the Board (excluding Non-executive Directors) as non-monetary remuneration. The above total amount of trust-type stock compensation is the amount recorded as expenses during this fiscal year for the Board Incentive Plan (BIP) Trust.

*4: Amounts are rounded to the nearest ¥1 million.

Remuneration totals by officer (Fiscal Year 2021)

Name	Officer type	Total amount of remuneration, etc. (¥ millions)	Amount of remuneration by type (¥ millions)		
			Fixed remuneration		Performance-linked remuneration
			Monetary remuneration		Non-monetary remuneration
			Basic remuneration	Bonus	Stock-based remuneration
Yoshinori Isozaki	President & CEO	190	96	73	21
Keisuke Nishimura	Representative Director, Senior Executive Vice President	108	62	35	11

*1: Only those persons whose total amount of remuneration, etc. exceeds ¥100 million are disclosed.

*2: Amounts are rounded to the nearest ¥1 million.

Terms for forfeiture and return of stock-based compensation

In the event that the Board of Directors recognizes that a Director, etc. has committed a misconduct, resigned for his/her own reasons, or that there are other reasons why it is reasonable not to allow him/her to acquire all or part of the beneficiary rights or entitlements, the Company may demand that the Director, etc. forfeit his/her entitlement to compensation under the stock compensation plan or return the money equivalent to the Company shares delivered to him/her.