



February 14, 2020

To Whom It May Concern:

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Notice Regarding Revision in the Limit and Framework of Officers' Remuneration in Line with the Revision of Performance-linked Remuneration System for Directors and Officers, as well as the Revision of Non-executive Directors' Remuneration Limit

Kirin Holdings Company, Limited (the "Company") hereby announces that its Board of Directors, at the Board meeting held on February 14, 2020, reviewed current officers' remuneration system and decided, by its resolution, to introduce a trust-type stock compensation system for Directors (excluding Non-executive Directors) and Executive Officers (excluding those concurrently serving as Directors as well as those in an employment relationship with the Company) (the "Eligible Directors and Officers") who are residents in Japan and a performance-linked and stock-price-linked remuneration system for the Eligible Directors and Officers who are non-residents in Japan (collectively, the "New System"), as replacement of the existing Restricted Stock Compensation System under the performance-linked remuneration system, and accordingly to revise the remuneration limit and framework in line with this revision, and also revise the remuneration limit for Non-executive Directors.

Proposals on the revisions in the limit and framework of remuneration in line with the revision to the New System, as well as in the remuneration limit for Non-executive Directors are scheduled to be submitted to the 181st Ordinary General Meeting of Shareholders to be held on March 27, 2020 (this "Shareholders Meeting"). Accordingly, subject to the resolution for the approval of the proposal on the revision in the limit and framework of remuneration in line with the revision to the New System at this Shareholders Meeting, the current Restricted Stock Compensation System shall be abolished without further allotment of restricted stock. However, the restricted stock already allocated will remain.

I. Revision in limit and framework of remuneration in line with the revision to the New System

1. Revision to the New System

Following a review for a still more suitable remuneration system with a view to stable and efficient operation of the remuneration system, as well as to encouraging the Eligible Directors and Officers of the Company, to be kept incentivized to improve medium to long-term performance and to increase its corporate value, the Company decided to make a revision to introduce the New System, subject to the approval of shareholders at this Shareholders Meeting.

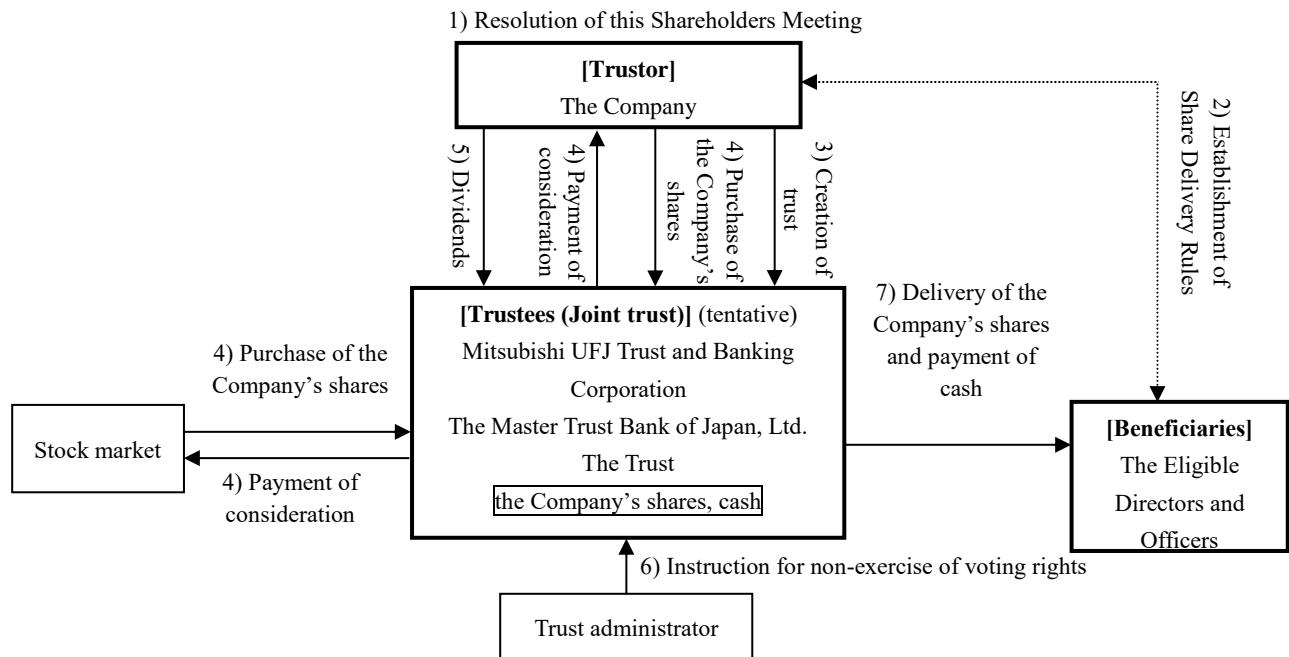
Under the New System, a trust-type stock compensation system adopting a scheme called Board Incentive Plan Trust (the “Trust Plan”) (For details, please refer to “2. the Trust Plan” hereunder) shall apply to the Eligible Directors and Officers who are residents in Japan, while a performance-linked and stock-price-linked remuneration system (the “Phantom Stock Plan”) (For details, please refer to “3. the Phantom Stock Plan) shall apply to the Eligible Directors and Officers who are non-residents in Japan, with a view to ensuring fair impartiality between these two categories of the Eligible Directors and Officers.

2. The Trust Plan

(1) Outline of the Trust Plan

The Trust Plan is a scheme whereby a trust funded and created by the Company (the “Trust”) shall acquire the Company’s shares by using such funds, and provide, in principle, the Eligible Directors and Officers who have been granted points in accordance with the Share Delivery Rules of the Company (the “Grantees of Points”), with the delivery of the Company’s shares along with the payment of cash equivalent to the proceeds from the realization of the Company’s shares that are realizable (the “Company’s Shares and Cash” collectively) (the “delivery” collectively). Upon expiry of the trust period of the Trust, the Company intends to continuously operate the Trust Plan through newly creating another Trust, or amending the trust agreement for the existing Trust whose trust period has expired with additional trust funding.

(2) How the Trust works



- 1) The Company shall ensure resolution of this Shareholders Meeting for approval on officers' remuneration relating to the introduction of the Trust Plan.
- 2) The Company shall, at the Board of Directors, establish the Share Delivery Rules with respect to the Trust Plan.
- 3) The Company shall hold funds in trust within the limit approved by the resolution of this Shareholders Meeting in 1), thereby creating a trust (the Trust) for the benefit of the Grantees of Points who meet the beneficiary requirements.
- 4) The Trust shall acquire the Company's shares from either the stock market or the Company, by using the fund trusted in 3), in accordance with the instruction of the trust administrator.
- 5) Dividends shall be paid to the Company's shares held in the Trust, as same as to other Company's shares.
- 6) Voting rights of the Company's shares held in the Trust shall not be exercised during the trust period, in order to ensure neutrality of the Trust in relation to the management of the Company.
- 7) During the trust period, the Eligible Directors and Officers shall, at certain time in each fiscal year in principle, pursuant to the Share Delivery Rules of the Company, be granted points in accordance with the level of achievement in terms of the criteria established at the Board of Directors, including major performance indicators set out in the Medium-Term Business Plan. Timing and method of the delivery of the Company's Shares and Cash to the Grantees of Points shall be as stated in (3) 8) hereunder.

(Note) If, during the trust period, the number of shares held in the Trust seems likely to fall short of the number of shares corresponding to the number of points as prescribed for the Eligible Directors and Officers (Details are set out in (3) 6) hereunder), or if the amount of cash held as trust assets seems likely to fall short of the payment of the trust fees and expenses, the Company may contribute additional fund to the Trust within the funding limit the Company is allowed to contribute as set out in (3) 5) hereunder, whereby the Trust may additionally acquire the Company's shares.

(3) Framework of the Trust Plan

1) Resolution at this Shareholders Meeting regarding the introduction of the Trust Plan

Matters necessary for the Trust Plan, including the upper limits of the fund to be contributed by the Trust as well as the number of the Company's shares to be delivered, shall be resolved at this Shareholders Meeting.

When the Trust is renewed as stipulated in 4) hereunder, the Company shall, by the resolution of its Board of Directors, decide to amend the trust agreement as well as to contribute additional fund to the Trust at the expiry of the trust period, subject to the limits allowed under the resolution for approval passed at this Shareholders Meeting.

2) Those eligible under the Trust Plan

The Eligible Directors and Officers of the Company who are residents in Japan

3) Applicable period of the Trust Plan

Applicable period of the Trust Plan shall be the fiscal years covered under the Medium-Term Business Plan of the Company (the "Applicable Period"). Initial Applicable Period shall be the unexpired period of the current Medium-Term Business Plan, namely the two fiscal years of the 182nd fiscal year and the 183rd fiscal year.

4) Trust period

The number of years corresponding to the Applicable Period as defined in 3) above

* The Trust may, at the expiry of the trust period of the Trust, be renewed by amending the trust agreement and contributing additional funds to the Trust, rather than by newly creating another Trust. In such case, the trust period of the Trust shall be extended in accordance with the number of years of the Applicable Period corresponding to the Medium-Term Business Plan of the Company in place at the time.

* In case it is decided, upon expiration of the trust period of the Trust, against such amendment to the trust agreement and contribution of additional trust funds, points shall no longer be granted to the Eligible Directors and Officers thereafter, provided, however, that if there exists any Grantee of Points who might meet the beneficiary requirements at that point in time, the trust period of the Trust may be extended up to the completion of the delivery of the Company's Shares and Cash to that Grantee.

5) Upper limit of the trust fund contribution by the Company

¥600 million per fiscal year

* On the first day of the Applicable Period, the Company shall contribute cash up to the amount calculated by multiplying ¥600 million by the number of fiscal years contained in the Applicable Period.

* This shall be the sum of the funds for the share acquisition by the Trust, the trust fees and expenses, during the trust period.

6) Method for calculating the number and value of the Company's Shares and Cash for the delivery and the upper limit thereof

The number and value of the Company's Shares and Cash for the delivery to the Grantees of Points shall be determined by the number of points granted at certain time of each fiscal year, commensurate with the individual executive rank of the Eligible Directors and Officers

and the level of achievement of performance targets. Specifically, the number of points calculated by multiplying the basic points predetermined based on the stock compensation base amounts prescribed for each executive rank, by the performance-linked factor (*1) determined commensurate with the level of achievement of performance targets, shall be granted in the fiscal year following each fiscal year during the Applicable Period.

In the aforementioned arrangement, the total number of points granted to the Eligible Directors and Officers per fiscal year shall not exceed 600,000 (*2). This upper limit has been set in consideration of the factors including the upper limit of the trust funding to be contributed by the Company as specified in 5) above.

As for the Company's Shares and Cash for the delivery to the Grantees of Points, one point shall be converted to one common share of the Company, where, however, for the Company's shares realizable under the Share Delivery Rules of the Company, an amount of cash equivalent to the proceeds from the realization shall be paid. If the number of the Company's shares held in the Trust increases or decreases during the trust period, due to a share split or share consolidation, the Company shall make adjustment to the number and value of the Company's Shares and Cash for the delivery, depending on the ratio of such increase or decrease.

*1 Performance-linked factor shall be evaluated based on the financial and non-financial criteria under the Medium-Term Business Plan, and shall be variable between 50% and 150%.

*2 Given one share is delivered for each point, the total number of shares delivered shall amount to 600,000, which is equivalent to approximately 0.069% of the total number of the Company's shares outstanding (as at December 31, 2019: excluding treasury shares).

7) Method for acquiring the Company's shares

The Trust intends to acquire the Company's shares either from the stock market or from the Company, within the upper limits of the funding contribution from the Company in 5) above as well as of the total number of points to be granted in 6) above.

8) Timing and method of the delivery of the Company's Shares and Cash to the Grantees of Points

The Grantees of Points who meet beneficiary requirements under the Share Delivery Rules of the Company shall, by following the prescribed beneficiary-determining procedure at certain point in time after the lapse of three years from the start of each performance evaluation period in principle, receive delivery of the number of the Company's shares (where shares less than one unit shall be counted as one unit), corresponding to a certain proportion of the points granted for the performance evaluation period, along with the payment of cash equivalent to the proceeds from the realization of the number of the Company's shares corresponding to the outstanding portion of the points.

9) Voting rights of the Company's shares

Voting rights of the Company's shares held in the Trust shall not be exercised during the trust period, in order to ensure neutrality of the Trust in relation to the management.

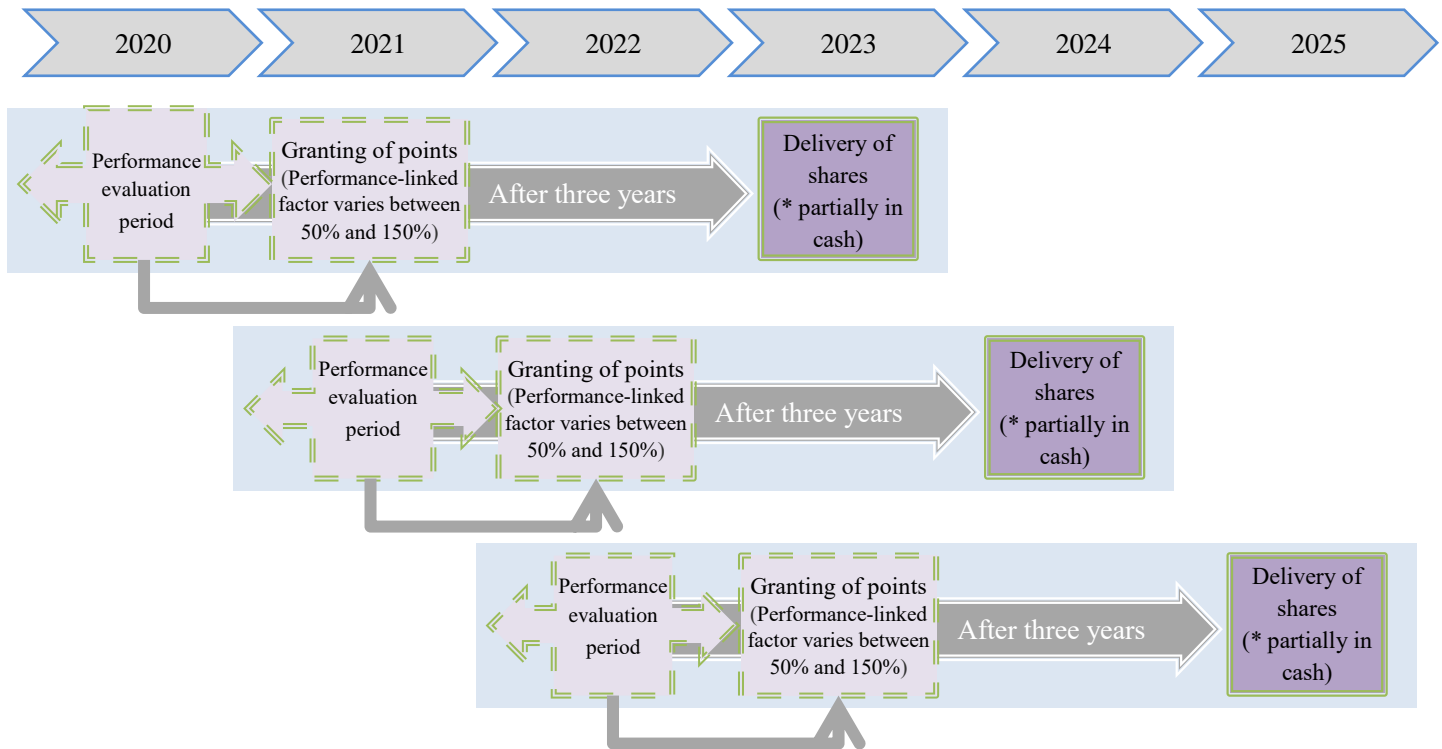
10) Dividends on the Company's shares held in the Trust

Dividends on the Company's shares held in the Trust shall be received by the Trust, and in principle be appropriated towards the Trust fees and expenses.

11) Other details of the Trust Plan

Other details of the Trust Plan shall be decided by the Board of Directors following deliberations at the Nomination and Remuneration Advisory Committee, whenever the Trust is created, the trust agreement is amended or additional fund is contributed to the Trust.

The Trust Plan can be illustrated as follows.



3. The Phantom Stock Plan

Under the Phantom Stock Plan, the Eligible Directors and Officers who are non-residents in Japan shall, pursuant to the Share Delivery Rules of the Company, be granted points calculated, in principle, by the same formula as under the Trust Plan, and shall be paid an amount of cash equivalent to the amount of the Company's shares for the delivery to the Eligible Directors and Officers commensurate with the number of such granted points under the Trust Plan (includes the Company's shares realizable under the Trust Plan).

Cash to be paid to Directors under the Phantom Stock Plan shall not exceed the limit of Directors' monetary compensation (¥950 million per year), which was approved at the 178th Ordinary General Meeting of Shareholders of the Company held on March 30, 2017, as total sum of the amount recorded as expenses with respect to such payment to Directors, the amount of fixed basic remuneration of Directors and bonuses for Directors excluding Non-executive Directors.

II. Revision of Non-executive Directors' Remuneration Limit

The Company's payment of fixed basic remuneration of Directors and bonuses for Directors excluding Non-executive Directors was approved at a combined amount not exceeding ¥950 million per year (not exceeding ¥80 million per year for Non-executive Directors), at the 178th Ordinary General Meeting of Shareholders held on March 30, 2017.

The Company will submit to this Shareholders Meeting a proposal for appointing three (3) additional Non-executive Directors to further strengthen corporate governance. Accordingly, the Company will also submit to this Shareholders Meeting another proposal for revising the remuneration limit for Non-executive Directors among other components of the total remuneration limit for Directors, from an amount not exceeding ¥80 million per year to an amount not exceeding ¥150 million per year, in consideration of the aforementioned increase in the number of Non-executive Directors along with the changes in globally competitive remuneration standard. There shall be no change to the total limit for Directors' remuneration (at ¥950 million per year).

Upon the approval at this Shareholders Meeting of the proposal as proposed on the revision in the limit and framework of remuneration in line with the revision to the New System as described in I. above, remuneration limit for Directors (not exceeding ¥950 million per year) shall be reestablished as the combined remuneration limit for the fixed basic remuneration of Directors, bonuses for Directors excluding Non-executive Directors and the remuneration under the Phantom Stock Plan.

[Reference]

1. The Trust Plan

(1) Key information on the trust agreement

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|-----|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) | Type of trust | Money trust other than individually managed designated money trust (third party benefit trust) |
| 2) | Objective of trust | Provision of incentives for the Eligible Directors and Officers |
| 3) | Trustor | The Company |
| 4) | Trustee | Mitsubishi UFJ Trust and Banking Corporation (tentative)
Joint trustee: The Master Trust Bank of Japan, Ltd. (tentative) |
| 5) | Beneficiaries | The Grantees of Points who meet beneficiary requirements |
| 6) | Trust administrator | A third party without interest in the Company (certified public accountant) |
| 7) | Trust agreement date | In May 2020 (tentative) |
| 8) | Trust period | From May 2020 to May 2022 (tentative) |
| 9) | Exercise of voting rights | Not to be exercised |
| 10) | Type of shares to be acquired | Common shares of the Company |
| 11) | Upper limit of trust fund | ¥600 million per fiscal year (including trust fees and expenses) |
| 12) | Method for acquiring shares | Planned to acquire either from the stock market or the Company |
| 13) | Holder of vested rights | The Company |
| 14) | Residual assets | Residual assets which the Company as holder of vested rights is entitled to receive shall not exceed the trust expenses reserve, which is trust fund less share acquisition fund. |

(2) Details of the trust/shares-related administration

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|----|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) | Trust-related administration | Mitsubishi UFJ Trust and Banking Corporation as trustee of the Trust is expected to be engaged in the trust-related administration. |
| 2) | Shares-related administration | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is expected to be responsible for the administration of the delivery of the Company's shares to beneficiaries, in accordance with the administration outsourcing agreement. |

2. Remuneration of officers for the fiscal year 2020

Upon the resolution at this Shareholders Meeting to approve the proposal on the revision in the limit and framework of remuneration in line with the revision to the New System as described in I. above, as well as the proposal on the revision in the remuneration limit for Non-executive Directors as described in II. above, remuneration of officers for the fiscal year 2020 shall be as follows.

(1) Remuneration structure and recipients

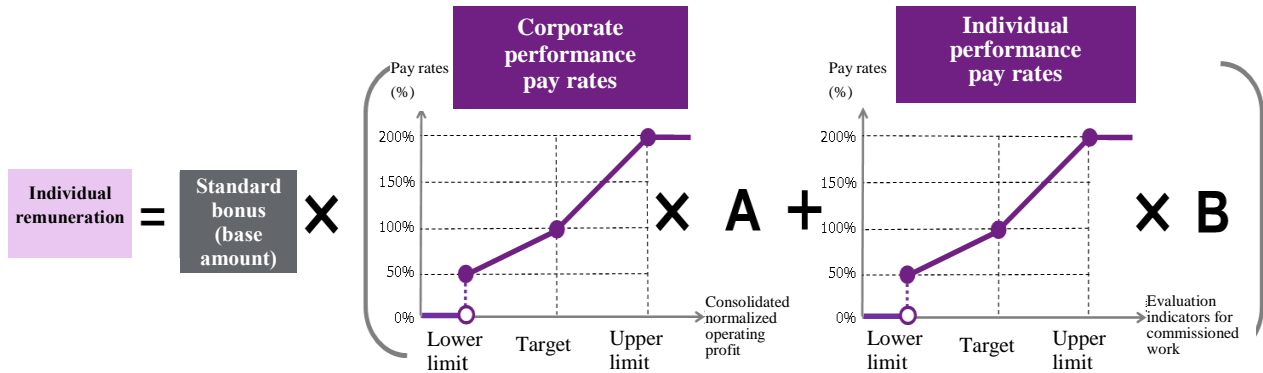
Type of remuneration	Outline	Evaluation criteria and the weight of evaluation for each criterion for the fiscal year 2020	Recipients	
			Directors (excluding Non-executive Directors)	Non-executive Directors and Audit & Supervisory Board Members
Basic remuneration * Fixed	<ul style="list-style-type: none"> ● Fixed remuneration based on executive rank and job responsibilities ● Annual sum is divided equally by 12 and paid each month ● For a Non-executive Director concurrently serving as Chairman of the Board, Chairperson allowance shall be added. 	—	○	○
Bonuses * Performance-linked remuneration	<ul style="list-style-type: none"> ● Performance-linked remuneration for motivation to achieve annual performance targets and to engage in initiatives for future growth ● Given the amount to be paid upon achievement of target (base amount) set at 100%, this remuneration is variable between 0% and 200% depending on the level of achievement of the performance target. ● Lump-sum payment after the end of the fiscal year 	<ul style="list-style-type: none"> ● Corporate performance evaluation criteria (in terms of consolidated Operating Profit): 60% ● Individual performance evaluation criteria: 40% <p>* Chairman and President & CEO shall be subjected exclusively to corporate performance evaluation criteria.</p>	○	—
Trust-type stock compensation	<ul style="list-style-type: none"> ● Performance-linked remuneration for motivation to improve 	<ul style="list-style-type: none"> ● ROIC: 45% ● Normalized EPS: 45% 	○	—

<p>* Performance-linked remuneration</p>	<p>corporate value over the medium to long-term</p> <ul style="list-style-type: none"> ● Points multiplied, in principle, by performance-linked factor (50% to 150%) commensurate with the level of achievement of performance targets shall be granted at a certain time in each fiscal year. ● The number of shares corresponding to the number of points shall be delivered at a certain time after the lapse of three years from the start of the performance evaluation period, in principle (provided, however, that for the Company's shares realizable under the Share Delivery Rules of the Company, an amount of cash equivalent to the proceeds from the realization shall be paid). 	<ul style="list-style-type: none"> ● Non-financial evaluation: 10% <p>* Non-financial evaluation shall be represented by the evaluation of progress and achievement in CSV commitments, where initiatives in the four key areas ("role as a responsible alcohol producer," "health and well-being," "community engagement," and "the environment") shall be comprehensively evaluated.</p>		
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(Notes) 1. Besides the aforementioned types of remuneration, a performance-linked and stock-price-linked remuneration system has been introduced, to which, however no directors or officers are expected to be eligible at present.

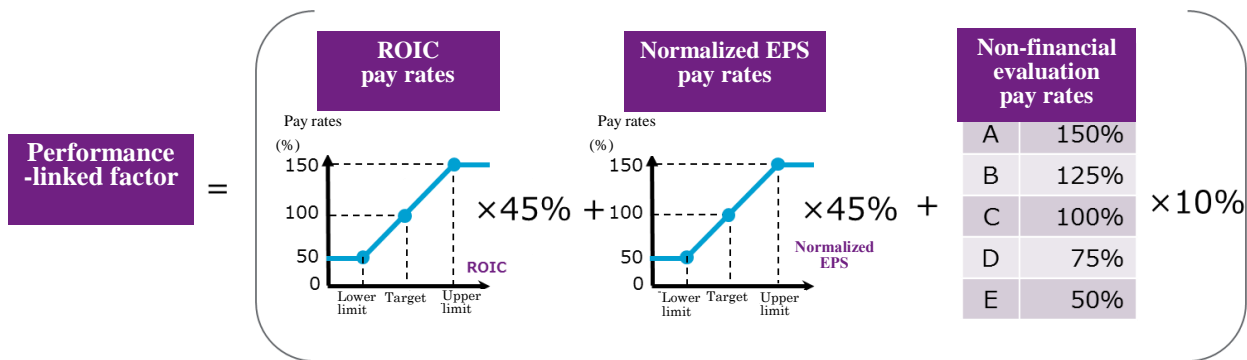
2. Under the restricted stock compensation system, the lower limit, target and the upper limit of the variation range for the rate of lifting the restriction are 33%, 67% and 100%, respectively. As the target of the performance-linked factor of the newly introduced trust-type stock compensation is set at 100%, the lower limit, target and the upper limit of the variation range of the performance-linked factor are 50%, 100% and 150%, respectively. Accordingly, the difference between the variation range for the rate of lifting the restriction under the restricted stock compensation system and the variation range of the performance-linked factor under the trust-type stock compensation system are not substantial.

Sample: Mechanism of the performance-linked remuneration



- (Notes) 1. The amount of standard bonus is determined for each executive rank.
 2. “A” indicates the evaluation rate for portions linked to corporate performance, and “B” indicates the evaluation rate for portions linked to individual performance. A and B for Chairman and President & CEO are 100 % and 0%, respectively, and those for other Director are 60% and 40%, respectively.

Sample: Calculation formula for performance-linked factor under the trust-type stock compensation



(2) Establishment of remuneration standard and the proportion of performance-linked remuneration

Remuneration standard for the directors and officers of the Company and the proportion of performance-linked remuneration (bonuses and trust-type stock compensation) therein are determined, following deliberations at the Nomination and Remuneration Advisory Committee, based on an objective comparative analysis of the remuneration standards as well as the extent of performance dependency, using the survey data regarding executive remuneration provided by an external research organization. Such comparative analysis covers the corporations of the size equivalent to the Company’s and the industry peers both primarily in Japan, with a view to establishing a competitive enough remuneration standard compared with such competitions upon achievement of performance targets. The proportion of performance-linked remuneration in the entire remuneration is designed to be around 50% upon achievement of performance targets (for base amount), in principle. For example, the ratio between the base amounts of basic remuneration and performance-linked remuneration is set at 45:55 (comprising bonuses: 32 and stock compensation: 23) in the case of President & CEO, while the ratios for other Directors are determined generally following this example, but also in consideration of individual executive rank and job responsibilities.

Sample: Remuneration of President & CEO showing the proportion of performance-linked remuneration

