



February 14, 2025

To Whom It May Concern:

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Notice Regarding the Partial Revision to the Trust-type Stock Compensation Plan

Kirin Holdings Company, Limited (the “Company”) operates a trust-type stock compensation plan for the Company’s Directors of the Board (excluding Non-executive Directors) and Executive Officers (excluding those concurrently serving as Directors of the Board and those in an employment relationship with the Company) (“Eligible Directors and Officers”) who are residents in Japan (the “Trust Plan”), and a performance-linked and stock-price-linked remuneration plan for Eligible Directors and Officers who are non-residents in Japan (the “Phantom Stock Plan”, together with the Trust Plan, the “Compensation Plan”). The Company hereby announces that, at a Board Meeting held today, the Company’s Board of Directors resolved to submit a proposal of the partial revision of the Compensation Plan to the 186th Ordinary General Meeting of Shareholders to be held on March 28, 2025 (the “Shareholders Meeting”).

1. Outline of the partial revision to the Compensation Plan

The Trust Plan is comprised of the performance share unit linking to the level of achievement of performance for a single fiscal year (the “Single-Year PSU”), the restricted share unit without performance requirements (the “RSU”), and the performance share unit linking to the level of achievement of performance under the Medium-Term Business Plan. With regard to this composition, in order to strengthen incentives for medium- to long-term performance improvement and corporate value increase by increasing the linkage between the achievement of the targets of the Medium-Term Business Plan and remuneration, and to make this plan more shareholder-oriented, from fiscal year 2025, the Company will discontinue the Single-Year PSU for the performance-linked portion by which the Trust Plan will be comprised of RSU and performance share units (the “PSU”), which is linked to the degree of achievement of performance targets, etc. in the three-year rolling Business Plan.

Under the Compensation Plan, Eligible Directors and Officers who are residents in Japan shall be remunerated via the Trust Plan called the Board Incentive Plan Trust (for details, please refer to “2. The revised Trust Plan” below). Eligible Directors and Officers who are non-residents in Japan shall be remunerated via the Phantom Stock Plan (for details, please refer to “3. The Phantom Stock Plan” below). Operating these two remuneration plans ensures fairness and impartiality between resident and non-resident Eligible Directors and Officers.

2. The revised Trust Plan

(1) Outline of the Trust Plan

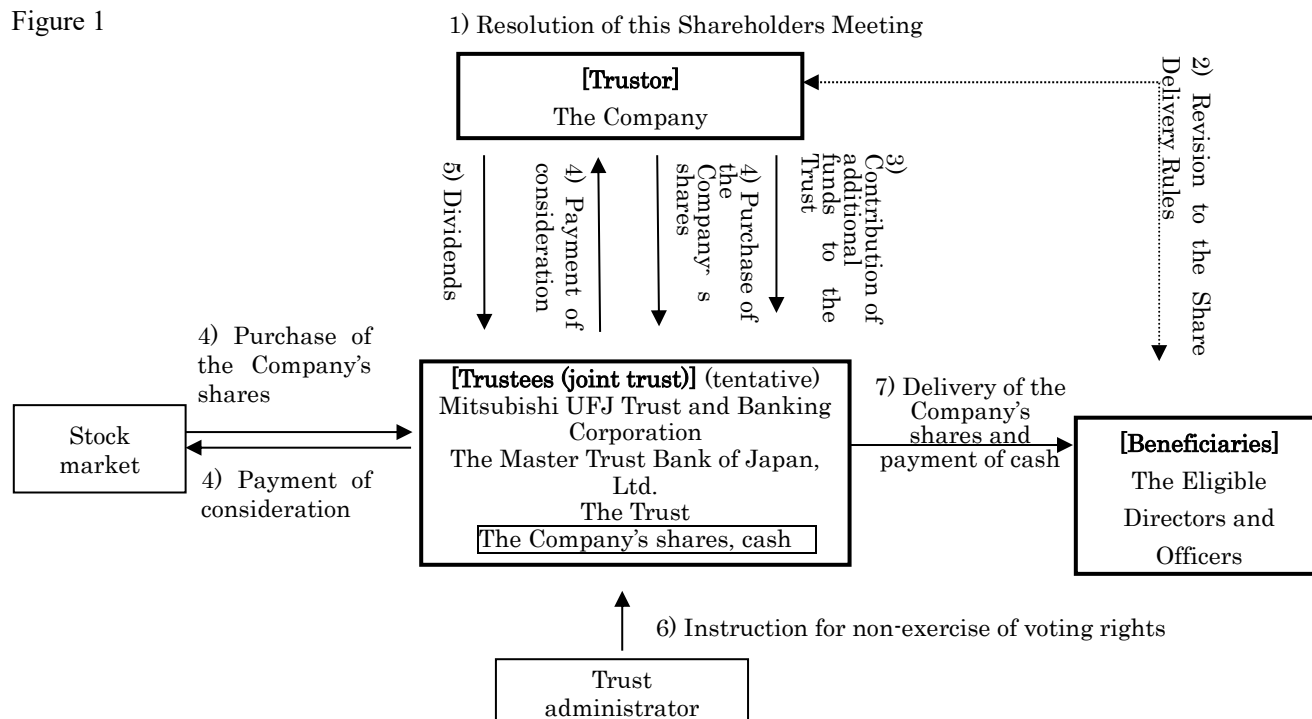
The Trust Plan is a medium- to long-term incentive plan for multiple fiscal years. Under the Trust Plan, a trust established and funded by the Company (the “Trust”) acquires Company’s shares. In principle, it shall deliver and pay the Company’s shares and cash equivalent to the proceeds from the realization of the Company’s shares that are realizable (collectively, the “Company’s Shares and Cash”) to Eligible Directors and Officers who have been granted

points pursuant to the Company's Share Delivery Rules (the "Grantees of Points"), corresponding to the number of points granted.

Due to the expiry of the trust period of the existing Trust, the Trust Plan in fiscal year 2025 and thereafter will be operated by amending the trust agreement including extending the trust period and contributing additional funds to the existing Trust based on the revision to the Compensation Plan described in 1. above.

(2) Scheme of the Trust after revision (No change)

Figure 1



- 1) The Company shall seek resolution at this Shareholders Meeting to approve the partial revision of the Trust Plan relating to officers' remuneration.
- 2) The Company shall partially revise the Share Delivery Rules with respect to the Trust Plan by way of a resolution of the Board of Directors.
- 3) In extending the period of the Trust, the Company shall contribute additional funds to the Trust within the limit approved by the resolution of this Shareholders Meeting in 1).
- 4) The Trust shall acquire the Company's shares either from the stock market or the Company using funds already held by the Trust and/or the aforementioned additional funds to be provided to the Trust (see 3 above), in accordance with the instructions of the trust administrator(s).
- 5) Dividends shall be paid on the Company's shares held by the Trust, as same as to other Company 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 management of the Company.
- 7) During the trust period, Eligible Directors and Officers shall be granted points at a certain time each fiscal year, and in the fiscal year following the final fiscal year of the Medium-Term Business Plan in principle, pursuant to the Company's Share Delivery Rules. Grants shall depend on the level of achievement of major performance indicators set out in the Medium-Term Business Plan as well as other indicators as may be determined by the Board of Directors. The timing and method of Delivery of the Company's Shares and Cash to the Grantees of Points is set out in (3) 8) below.

(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) below), or, if the amount of cash held by the Trust seems likely to fall short of the payment of fees and expenses of the Trust, the Company may contribute additional funds to the Trust within the upper limit of the cash contribution by the Company as set out in (3) 5) below. In this way, the Trust may acquire additional Company 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 limit of cash contributions by the Trust, and the number of the Company's shares able to be delivered shall be resolved at this Shareholders Meeting.

When the Trust is renewed as stipulated in 4) below, the Company shall, by way of resolution of the Board of Directors, amend the trust agreement and execute the contribution of additional funds to the Trust upon the expiry of the trust period within the limit approved by the resolution at this Shareholders Meeting.

2) Those eligible under the Trust Plan

The Company's Eligible Directors and Officers who are residents in Japan

3) Applicable period of the Trust Plan

The Trust Plan covers multiple fiscal years (initially three fiscal years).

4) Trust period

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

*Upon expiry of the period of the Trust, the Company intends to continue operating the Trust Plan by either establishing a new Trust, or amending the trust agreement for the existing Trust whose trust period has expired and contributing additional funds to the Trust.

In the latter case, the period of the Trust shall be extended for a certain period of time.

*Upon expiration of the period of the Trust and, in the event that amendment to the trust agreement and contribution of additional funds to the Trust is decided against, such points shall no longer be granted to Eligible Directors and Officers. However, if any Grantee of Points exists who satisfies all beneficiary requirements at that point in time, the period of the Trust may be extended up to the completion of the Delivery of Company's Shares and Cash to that Grantee of Points.

5) Upper limit of the cash contribution by the Company

¥1,450 million per fiscal year

* In the first year of the trust period, a maximum amount of ¥1,450 million will be contributed by multiplying the number of years of the trust period (initially three years).

*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 based on the executive rank of respective Eligible Directors and Officers, the level of achievement of certain performance targets, and other factors.

Specifically, the number of points consists of (i) RSU and (ii) PSU. In other words, (i) RSU will be awarded points in advance based on the stock-based remuneration base amount for each position for each applicable fiscal year. For (ii) PSU, points are calculated by multiplying the base points determined in advance based on the stock-based remuneration base amount for each position for each target fiscal year by the performance-linked coefficient (*1) determined based on the degree of achievement of performance targets in each performance evaluation period (three fiscal years including each target fiscal year).

In this case, the upper limit of the total number of points granted to the Eligible Directors and

Officers per fiscal year shall be 1,000,000 (*2). This upper limit has been set in consideration of factors including the upper limit of the cash contribution by the Company in 5) above.

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

*1 The performance-linked factor shall be evaluated based on both financial and non-financial indicators under the three-year rolling Business Plan for each performance evaluation period. The performance-linked factor for the PSU shall be variable, ranging between 0% and 200%.

*2 The upper limit to the total number of points granted to the Eligible Directors and Officers per fiscal year shall be the sum of RSU and PSU. It is equivalent to approximately 0.123% of the total number of the Company's shares outstanding (as of December 31, 2024, 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 in consideration of the upper limit of the cash contribution by the Company in 5) above and the upper limit 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 Company's Share Delivery Rules shall, by following the prescribed beneficiary-determining procedure at a certain point in time after the lapse of three years from the start of the targeted fiscal year, 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 the points granted and a certain proportion of the points granted, 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.

The Trust Plan is illustrated in Figure 2 below.

9) Voting rights of the Company's shares

Voting rights of the Company's shares held by 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.

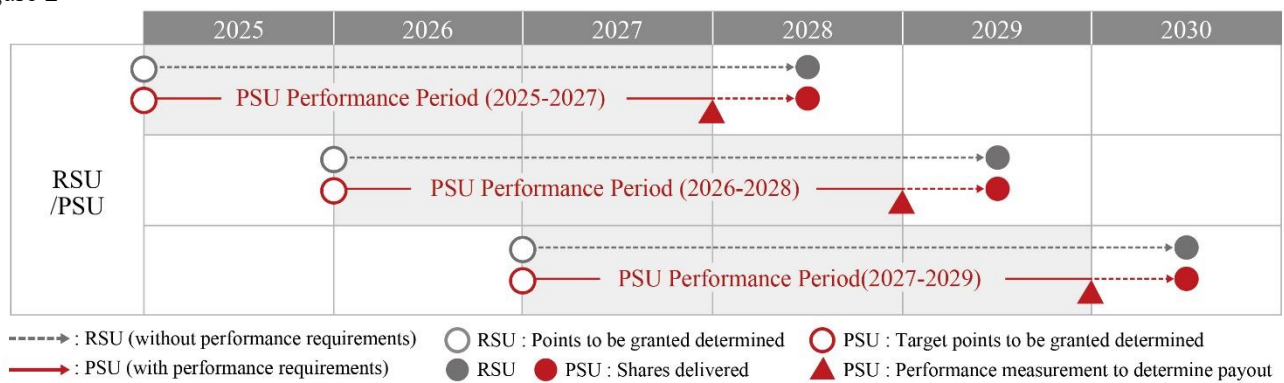
10) Dividends on the Company's shares held in the Trust

Dividends on the Company's shares held in the Trust shall be received by the Trust, and, in principle, used to pay for Trust fees and expenses.

11) Other details of the Trust Plan

Other details of the Trust Plan shall be determined by the Board of Directors following deliberations at the Nomination & Remuneration Advisory Committee, whenever the Trust is established, the trust agreement is amended, or additional funds are contributed to the Trust.

Figure 2



3. The Phantom Stock Plan

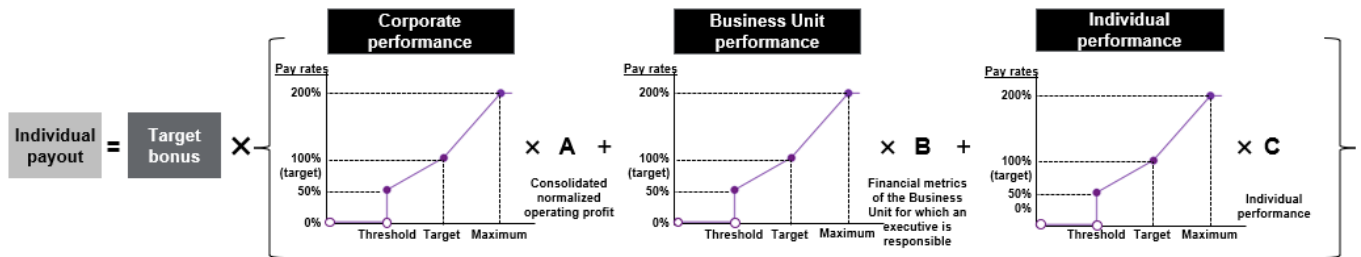
Under the Phantom Stock Plan, pursuant to the Company's Share Delivery Rules, Eligible Directors and Officers who are non-residents in Japan shall, in principle, be granted points calculated by the same formula as under the Trust Plan, and shall be paid an amount of cash equivalent to the price of the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

(1) Remuneration structure and recipients(The underlined part is the revised part)

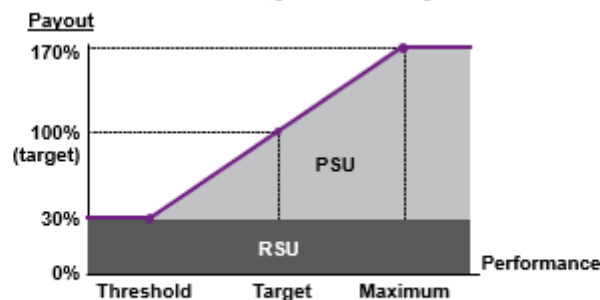
Type of remuneration, etc.		Outline	Evaluation indicators and the ratio of evaluation for each indicator for fiscal year 2025	Recipients	
				Directors of the Board (excluding Non-executive Directors) and Executive Officers	Non-executive Directors and Audit & Supervisory Board Members
Fixed remuneration	Basic remuneration	<ul style="list-style-type: none"> ● Fixed remuneration based on executive rank and responsibilities ● Additional allowance will be provided according to the responsibility ● Annual sum is divided equally by 12 and paid each month. 	—	○	○
Performance-linked remuneration	Bonuses (short-term incentive)	<ul style="list-style-type: none"> ● Performance-linked remuneration for motivation to achieve annual performance targets and to engage in initiatives for future growth. ● Assuming the amount to be paid upon achievement of a target (base amount) predetermined for each executive rank and responsibilities 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 	<p>[Evaluation indicators]</p> <p>A) Corporate performance evaluation indicators (consolidated normalized operating profit)</p> <p>B) Business Performance Indicators (Business Profits of Operating Companies and <u>Health Sciences Business</u>)</p> <p>C) Individual performance evaluation indicators</p> <p>[Ratio of evaluation for each indicator (for each executive rank)]</p> <ul style="list-style-type: none"> □ For the Representative Director of the Board & CEO, the ratio of A to C is 70:30. □ For the Representative Director of the Board, President & COO, the ratio of A to C is 70:30. □ For other Directors of the Board and Officers, the ratio of A to C is 50:50. □ For operating company presidents and officer in charge of Health Science Strategy (President of Health Science Business Division), the ratio of A to B to C is 20:40:40. 	○	—
	Trust-type stock compensation (medium- to long-term incentive) (*For residents in Japan)	<ul style="list-style-type: none"> ● Performance-linked remuneration for motivation to improve corporate value over the medium- to long-term. ● The remuneration shall be comprised of the RSU (restricted share unit), which is paid in a fixed manner and PSU (performance share unit), which is paid in conjunction with the level of achievement of performance targets, among other things, during the fiscal years covered by <u>the three-year rolling Business Plan</u> set as the performance evaluation period. ● Shares corresponding to the number of points granted shall be delivered (shares equivalent to 50% shall be realized and paid in cash) in accordance with the Company's Share Delivery Rules. ● Non-residents in Japan shall be given Phantom Stocks in lieu of the Trust Plan. 	<p>[Evaluation indicators and weight of evaluation for each indicator]</p> <ul style="list-style-type: none"> ● ROIC: 40% ● <u>EPS (three-year CAGR)</u>: 40% ● Non-financial evaluation: 20% <p>*Non-financial evaluation shall be decided by a comprehensive evaluation based on an evaluation for four respective items—"Environment", "<u>Community</u>", "Health and Well-being", and "Human Capital"—depending on the level of achievement of specific indicators determined for each item, as well as qualitative factors. In order to ensure objectivity and transparency, the non-financial evaluation pay rates shall be decided at a Board Meeting after evaluation by a Group Executive Committee and deliberation of the results of such evaluation by the Nomination & Remuneration Advisory Committee.</p>	○	—

[Detail of performance link]

Sample 1: Mechanism for performance-linked bonuses

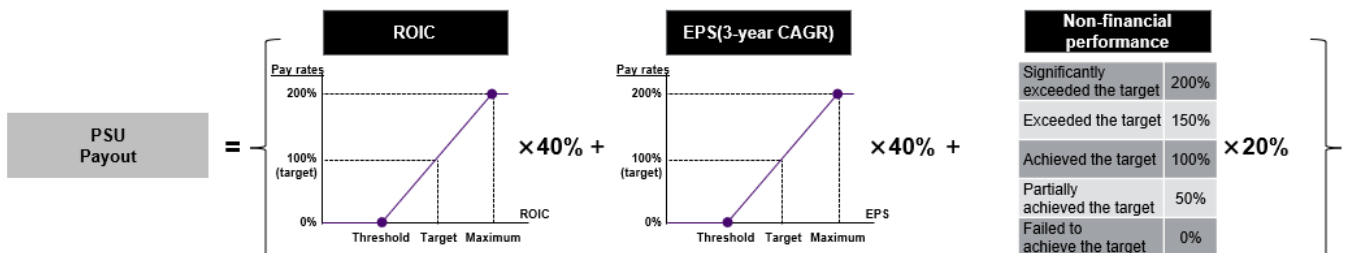


Sample 2: Mechanism for performance-linked trust-type stock compensation (overview)



*Assumes total target LTI opportunity (RSU and PSU combined) is 100%. The PSU portion is variable between 0% and 200% of PSU grant value.

Sample 3: Mechanism for performance-linked trust-type stock compensation PSU



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

Objective verification is conducted by comparing the Company's officer remuneration levels and its linkage to performance, using relevant survey data obtained from an external research organization. The remuneration levels for the Company's officers and the ratio of performance-linked remuneration (bonuses and trust-type stock compensation) are designed and set based on the executive rank and responsibilities, among other things, of each person.

1) Remuneration level

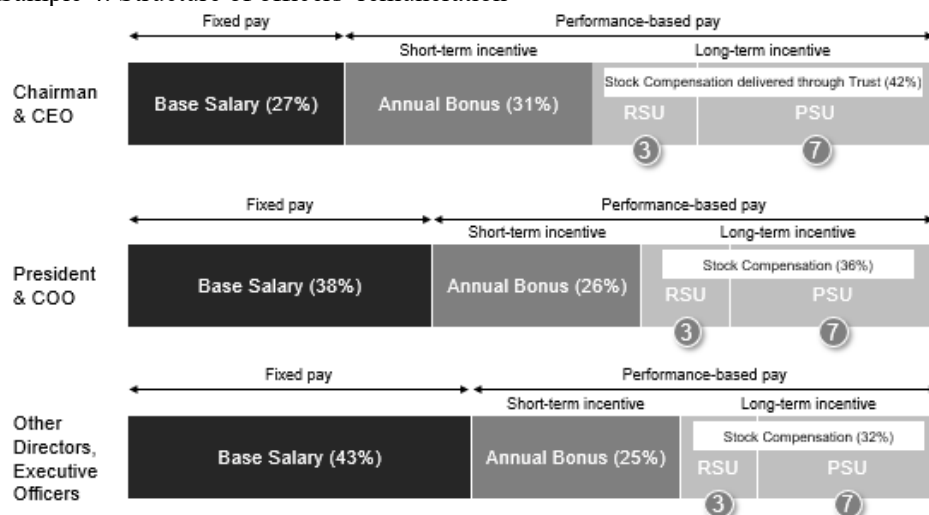
The comparative analysis shall cover Japan's leading global manufacturing companies, and remuneration shall be set at a competitive level so that basic remuneration is at or near the median, and remuneration upon achievement of performance targets is at or above median levels. The basic remuneration for Non-executive Directors shall be at or above the median level among comparable companies in consideration of their roles expected to strengthen the Company's governance.

2) Ratio of performance-linked remuneration

The ratio of performance-linked remuneration shall be set higher than the one of fixed remuneration in consideration of the remuneration level of domestic leading companies, and the ratio of stock compensation in particular shall be increased to strengthen incentives to achieve performance targets and its linkage to shareholder value. Specifically, the ratio of basic remuneration to the performance-linked remuneration base

amount for the Representative Director of the Board & CEO shall be approximately 30:70 (the ratio of bonuses to stock-based remuneration is 30:40). The ratio for other Inside Directors and Executive Officers shall be determined in a similar manner as above in consideration of their executive rank and responsibilities. The composition ratio of the RSU, to the PSU (per year) in the trust-type stock compensation base amount shall be common to all intended beneficiaries (approximately 30:70).

Sample 4: Structure of officers' remuneration



*Eligible Directors and Officers who are non-residents in Japan shall receive phantom stocks in lieu of trust-type stock compensation.

(3) Details of the trust agreement

Type of trust	Money trust other than individually managed designated money trust (third party benefit trust)
Objective of trust	Provision of incentives for Eligible Directors and Officers
Trustor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation Joint trustee: The Master Trust Bank of Japan, Ltd.
Beneficiaries	The Grantees of Points who meet beneficiary requirements
Trust administrator	A third party without interest in the Company (certified public accountant)
Trust agreement date	May 15, 2020 (An amended agreement will be entered into in May 2025.)
Trust period	From May 15, 2020 to June 30, 2025 (The period will be extended to June 30, 2028 by the amended agreement entered into in May 2025.)
Exercise of voting rights	Not to be exercised
Type of shares to be acquired	Common shares of the Company
Upper limit of trust fund	¥1,450 million per fiscal year (including trust fees and expenses)
Method for acquiring shares	Planned to acquire either from the stock market or the Company
Holder of vested rights	The Company
Residual assets	Residual assets that the Company as holder of vested rights is entitled to receive shall not exceed the trust expenses reserve, which is trust fund less the share acquisition fund.

- END -