

(Note) This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages from the translation.

Securities Code 4151  
March 3, 2021

Dear Shareholders,

Masashi Miyamoto  
Executive Director of the Board,  
President and Chief Executive Officer  
Kyowa Kirin Co., Ltd.  
1-9-2 Otemachi, Chiyoda-ku, Tokyo

### **Notice of Convocation of the 98th Ordinary General Meeting of Shareholders**

Please be advised that the 98th Ordinary General Meeting of Shareholders (the “**Meeting**”) of Kyowa Kirin Co., Ltd. (the “**Company**”) will be held as set forth below.

Please review the attached “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights.

#### < Measures against the novel coronavirus (COVID-19) infection >

- To prevent the spread of the novel coronavirus disease (COVID-19), shareholders are asked to refrain from attending the Meeting in person and, instead, to exercise their voting rights beforehand by postal mail or via the Internet, etc.
- If future developments necessitate a major change in the way the Meeting will be run, shareholders will be informed via the Company’s website (URL: <https://ir.kyowakirin.com/en/index.html>).
- We plan to make part of the proceedings on the day available to be viewed from the Company’s website afterwards.

## **Details of the Meeting**

### **1. Date and Time:**

March 24, 2021 (Wednesday), at 10:00 a.m. (JST)

### **2. Venue:**

“Aoi,” 2F, PALACE HOTEL TOKYO  
1-1-1 Marunouchi, Chiyoda-ku, Tokyo

### **3. Agenda:**

Matters to be reported:

1. Business Report, Consolidated Financial Statements, as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements, for the 98th fiscal year (from January 1, 2020 to December 31, 2020)
2. Non-consolidated Financial Statements for the 98th fiscal year (from January 1, 2020 to December 31, 2020)

Matters to be resolved:

- Proposal No. 1: Appropriation of surplus
- Proposal No. 2: Election of eight (8) Directors of the Board
- Proposal No. 3: Election of one (1) Audit & Supervisory Board Member
- Proposal No. 4: Revision of remuneration amount for Directors of the Board
- Proposal No. 5: Determination of amount and other details of Performance-linked Share-based Remuneration etc. for Directors of the Board

### **4. Other Decisions on the Convocation of the Meeting:**

In the case that voting rights are exercised in duplicate, via both postal mail and the Internet, etc., the vote via the Internet, etc. shall be deemed valid.

In the case that multiple votes are received via the Internet, etc., the last vote shall be deemed valid.

End

- 
- Of the documents to be provided to shareholders with this convocation notice, matters to be stated or presented in the notes to the Consolidated Financial Statements and the notes to the Non-consolidated Financial Statements are deemed to have been provided to shareholders in writing by means of posting on the website of the Company, pursuant to the provisions of relevant laws and regulations and the Company's Articles of Incorporation. The Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Accounting Auditor consist of the documents stated in the documents attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as the notes to the Consolidated Financial Statements and the notes to the Non-consolidated Financial Statements posted on the Company's website.
  - If any changes are required in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, the changes will be posted on the Company's website.

---

The Company's website: <https://ir.kyowakirin.com/en/index.html>

## Reference Documents for the General Meeting of Shareholders

### Proposals and References:

#### **Proposal No. 1:**      Appropriation of surplus

The basis of the Company's policy regarding the distribution of profits is to pay dividends stably in light of a comprehensive consideration of factors including consolidated results and dividend payout ratio for each fiscal year, while also increasing its retained earnings for future business development and other purposes. As the dividend policy, the Company sets its target consolidated dividend payout ratio at 40% in the FY2016-2020 Medium-term Business Plan. The Company intends to ensure stable and continuous increase in the level of dividend payment in line with growth in profits.

Based on this policy, the Company intends to pay a year-end dividend of ¥22 per share for the 98th fiscal year, as described below. Combined with the interim dividend of ¥22 per share, this will result in an annual dividend of ¥44 per share, an increase of ¥2 compared to the annual dividend for the previous fiscal year.

#### Year-end dividend

- (1) Type of dividend property:  
Cash
- (2) Allocation of dividend property and total amount thereof:  
¥22 per share of the Company's ordinary shares  
Total amount: ¥11,817,872,550
- (3) Effective date of dividends of surplus:  
March 25, 2021

**Proposal No. 2:** Election of eight (8) Directors of the Board

As of the conclusion of the Meeting, the terms of office of all seven (7) Directors of the Board will expire. Accordingly, based on the report from the Nomination & Remuneration Consultative Committee, which is chaired by an outside Director of the Board and made up of five (5) members selected from the outside Directors of the Board and Audit & Supervisory Board Members and two (2) members selected from the internal Directors of the Board and Audit & Supervisory Board Members, and in the interest of further enhancing the transparency and objectivity of management and strengthening the supervising function over execution of operations, shareholders are requested to elect eight (8) Directors of the Board including four (4) outside Directors of the Board.

The candidates for the positions of Directors of the Board are as follows:

Candidate No.	Name	Current position and areas of responsibility in the Company	Board of Directors Meeting Attendance
1	Masashi Miyamoto Candidate for Director to be reelected	*Executive Director of the Board, President and Chief Executive Officer	100% (14/14)
2	Yutaka Osawa Candidate for Director to be reelected	*Executive Director of the Board, Executive Vice President Quality Management Department Regulatory Affairs Department	100% (14/14)
3	Toshifumi Mikayama Candidate for Director to be reelected	Director of the Board, Senior Managing Executive Officer Supervising Overseas Business	100% (14/14)
4	Noriya Yokota Candidate for Director to be reelected	Director of the Board	100% (14/14)
5	Akira Morita Candidate for Director to be reelected Candidate for outside Director of the Board Candidate for Independent Director	Outside Director of the Board	100% (14/14)
6	Yuko Haga Candidate for Director to be reelected Candidate for outside Director of the Board Candidate for Independent Director	Outside Director of the Board	100% (14/14)
7	Jun Arai Candidate for Director to be newly elected Candidate for outside Director of the Board Candidate for Independent Director	Outside Audit & Supervisory Board Member	
8	Takashi Oyamada Candidate for Director to be newly elected Candidate for outside Director of the Board Candidate for Independent Director		

(Note) Executive Director of the Board above \* concurrently serves as Executive Officer.

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
1.	<div>Candidate for Director to be reelected</div> <p>Masashi Miyamoto (Jul. 16, 1959)</p>	<p>Apr. 1985: Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Apr. 2011: Director, Regulatory Affairs Department of Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)</p> <p>Mar. 2012: Executive Officer, Director, Regulatory Affairs Department of Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Jul. 2014: Executive Officer, Director, Strategic Product Portfolio Department and Regulatory Affairs Department of Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Apr. 2015: Executive Officer, Director, Strategic Product Portfolio Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2017: Director of the Board, Managing Executive Officer, Director, Strategic Product Portfolio Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Apr. 2017: Director of the Board, Managing Executive Officer, Director, Corporate Strategy &amp; Planning Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2018: Executive Director of the Board, President and Chief Operating Officer, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2019: Executive Director of the Board, President and Chief Executive Officer, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <div>Reasons for appointing him as a candidate for Director of the Board:</div> <p>Mr. Masashi Miyamoto was selected as a candidate for Director of the Board because the Company has judged that he is the right person to perform the role of decision making on material matters of management and supervising the execution of operations as Executive Director of the Board, using his extensive experience and high level of insight regarding overall business management, to push forward various measures for CSV management* and for making a leap forward to become a global specialty pharmaceutical company with his strong leadership, and to promote sustainable growth and enhanced corporate value of the Group.</p>	37,565 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
		*CSV management: Management that seeks corporate growth through providing solutions to challenging issues in society. (CSV: Creating Shared Value)	

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
2.	<div>Candidate for Director to be reelected</div> <p>Yutaka Osawa (Oct. 17, 1959)</p>	<p>Apr. 1984: Joined Kyowa Hakko Kogyo Co., Ltd.</p> <p>Apr. 2007: Director, Pharmaceutical Production Development Department, Kyowa Hakko Kogyo Co., Ltd.</p> <p>Oct. 2008: Director, CMC Development Department, Development Division, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)</p> <p>Apr. 2009: Director, Production Planning Department, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2013: Executive Officer, Director, Production Planning Department, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Apr. 2014: Executive Officer, Vice President Head, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2017: Managing Executive Officer, Vice President Head, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2018: Director of the Board, Managing Executive Officer, Vice President Head, Production Division, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2019: Executive Director of the Board, Executive Vice President, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <div>Position and areas of responsibility:</div> <p>Quality Management Department Regulatory Affairs Department</p> <div>Reasons for appointing him as a candidate for Director of the Board:</div> <p>Mr. Yutaka Osawa was selected as a candidate for Director of the Board because the Company has judged that he has profound knowledge and high level of insights gained through his extensive experience regarding research and development, overseas development and manufacturing and is the right person to fulfill the role of decision making on material matters of management and supervising the execution of operations as Executive Director of the Board, and to steadily deliver the important mission of ensuring stable supply of high quality products as a pharmaceutical company.</p>	35,477 shares



No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
3.	<div>Candidate for Director to be reelected</div> <p>Toshifumi Mikayama (Jul. 18, 1957)</p>	<p>Apr. 1983: Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Mar. 2004: General Manager, Planning Division of Pharmaceutical Division, Kirin Brewery Company, Limited</p> <p>Jul. 2007: Director, Executive Officer, Head, Research Division, Kirin Pharma Company, Limited</p> <p>Oct. 2008: Executive Officer, Head, Research Division, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)</p> <p>Apr. 2010: Executive Officer, Director, Corporate Strategy &amp; Planning Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2012: Managing Executive Officer, Director, Overseas Business Department, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2014: Director of the Board, Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd.</p> <p>Mar. 2018: Director of the Board, Senior Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd. (to present)</p> <p><b>Position and areas of responsibility:</b> Supervising Overseas Business</p> <p><b>Reasons for appointing him as a candidate for Director of the Board:</b> Mr. Toshifumi Mikayama was selected as a candidate for Director of the Board because the Company has judged that he is the right person to perform the role of decision making on material matters of management and supervising the execution of operations as Director of the Board, using his extensive experience and high level of insight regarding overall business management, and to promote the growth of overseas business continuously, driving the Company forward to a global specialty pharmaceutical company.</p>	38,615 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
4.	<div>Candidate for Director to be reelected</div> <p>Noriya Yokota (Feb. 3, 1961)</p>	<p>Apr. 1984: Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Mar. 2006: Managing Director, Kirin Australia Pty. Ltd.</p> <p>Mar. 2011: General Manager, Sendai Plant, Production Division, Kirin Brewery Company, Limited</p> <p>Mar. 2014: General Manager, Production Department of Production Division, Kirin Brewery Company, Limited</p> <p>Apr. 2015: Director of Group Personnel &amp; General Affairs, Kirin Holdings Company, Limited Executive Officer, General Manager of Personnel &amp; General Affairs Department, Kirin Company, Limited (presently Kirin Holdings Company, Limited)</p> <p>Mar. 2017: Senior Executive Officer, Director, Corporate Strategy, Kirin Holdings Company, Limited Director of the Board, Senior Executive Officer, Kirin Company, Limited Director of the Board, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.) (to present)</p> <p>Mar. 2018: Director of the Board, Senior Executive Officer &amp; CFO, Kirin Holdings Company, Limited (to present) Senior Executive Officer, Kirin Company, Limited</p> <div>Reasons for appointing him as a candidate for Director of the Board:</div> <p>Mr. Noriya Yokota was selected as a candidate for Director of the Board because the Company has judged that he is the right person to perform the role of decision making on material matters of management and supervising the execution of operations as Director of the Board, using his extensive experience and high level of insight regarding overall business management, and to promote tight-knit cooperation with Kirin Group companies which have various business bases aimed at facilitating contribution to health and well-being of people by providing solutions responding to various medical needs, through making use of our various business bases.</p>	0 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
5.	<div>Candidate for Director to be reelected</div> <p>Akira Morita (Apr. 22, 1951)</p> <div>Candidate for outside Director of the Board</div> <div>Candidate for Independent Director</div>	<p>Oct. 1993: Professor, Faculty of Law and Economics, Chiba University</p> <p>Apr. 1994: Professor, The University of Tokyo Graduate Schools for Law and Politics</p> <p>Apr. 2004: Dean, Professor, Graduate School of Public Policy, The University of Tokyo</p> <p>Jul. 2008: Director, Policy Alternatives Research Institute, The University of Tokyo</p> <p>Apr. 2011: Chairman, Central Social Insurance Medical Council, Ministry of Health, Labour and Welfare</p> <p>Apr. 2012: Professor, Department of Political Studies, Faculty of Law, Gakushuin University</p> <p>Jun. 2012: Emeritus Professor, The University of Tokyo (to present)</p> <p>Apr. 2014: Director-General, National Institute of Population and Social Security Research</p> <p>Aug. 2014: Adjunct Professor, National Graduate Institute for Policy Studies (to present)</p> <p>Apr. 2017: Professor, Department of Policy Studies, Tsuda University (to present) Visiting Professor, Mie University Graduate School of Medicine (to present)</p> <p>Apr. 2018: Director-General, Research Institute of Science and Technology for Society, Japan Science &amp; Technology Agency (to present)</p> <p>Mar. 2019: Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.) (to present)</p> <div>Reasons for appointing him as a candidate for outside Director of the Board:</div> <p>Mr. Akira Morita was selected as a candidate for outside Director of the Board because the Company has judged he will contribute toward reinforcing the Company's governance function and in other ways by supervising the execution of operations from an independent standpoint and reflecting in the Company's management a perspective of protecting the rights of the general shareholders. The Company has judged that he will continue to utilize his academic experience and extensive knowledge as a researcher in the field of policy studies as well as his experience serving on deliberating committees for national and local government in the management of the Company.</p>	1,100 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
6.	<div>Candidate for Director to be reelected</div> <p>Yuko Haga (Dec. 8, 1955)</p> <div>Candidate for outside Director of the Board</div> <div>Candidate for Independent Director</div>	<p>Apr. 1989: Senior Consultant, Tokyo Office, Price Waterhouse Consultants</p> <p>Apr. 1991: Representative, Haga Management Consulting Office (to present)</p> <p>Apr. 2008: Executive Officer, Sompo Japan Healthcare Services Inc.</p> <p>Feb. 2010: Director, Social Welfare Corporation Fujikenikukai (to present)</p> <p>Apr. 2010: Visiting Professor, Department of Policy Management, Faculty of Policy Management, Shobi University</p> <p>Apr. 2017: Associate Professor, Graduate School of Management, NUCB Business School</p> <p>Jun. 2017: Board Member, Non Profit Organization Japan Abilities Association (to present)</p> <p>Mar. 2019: Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.) (to present)</p> <p>Apr. 2020: Professor, Graduate School of Management, NUCB Business School (to present)</p> <p>Jun. 2020: Outside Director, MinebeaMitsumi Inc. (to present)</p> <div>Reasons for appointing her as a candidate for outside Director of the Board:</div> <p>Ms. Yuko Haga was selected as a candidate for outside Director of the Board because the Company has judged she will contribute toward reinforcing the Company's governance function and in other ways by supervising the execution of operations from an independent standpoint and reflecting in the Company's management a perspective of protecting the rights of the general shareholders. The Company has judged that she will continue to utilize her wealth of experience in the fields of medical treatment, nursing care, and healthcare, gained from her wide-ranging activities as a management consultant, as well as her insight as a researcher in corporate strategy in the management of the Company.</p>	1,600 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
7.	<div>Candidate for Director to be newly elected</div> <p>Jun Arai (Feb. 28, 1959)</p> <div>Candidate for outside Director of the Board</div> <div>Candidate for Independent Director</div>	<p>Apr. 1983: Joined Shell Sekiyu K.K.</p> <p>Sep. 2002: General Manager, Management Information, Showa Shell Sekiyu K.K.</p> <p>Apr. 2004: General Manager, Accounting, Showa Shell Sekiyu K.K.</p> <p>Mar. 2005: Executive Officer, General Manager, Accounting, Showa Shell Sekiyu K.K.</p> <p>Mar. 2006: Director, responsible for Accounting, Showa Shell Sekiyu K.K.</p> <p>Mar. 2007: Managing Director, responsible for Corporate Planning, Finance, Financial Information Assurance, Corporate Governance, Showa Shell Sekiyu K.K.</p> <p>Aug. 2008: Representative Director, Acting President, Showa Shell Sekiyu K.K.</p> <p>Nov. 2008: Representative Director, President, Showa Shell Sekiyu K.K.</p> <p>Mar. 2013: Representative Director, Group Chief Operating Officer, Showa Shell Sekiyu K.K.</p> <p>Mar. 2014: Representative Director, President, Showa Yokkaichi Sekiyu Co., Ltd.</p> <p>Apr. 2016: Outside Director, Daiwa SB Investments Ltd.</p> <p>Mar. 2017: Outside Audit &amp; Supervisory Board Member, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.) (to present)</p> <p>Apr. 2019: Outside Director, Sumitomo Mitsui DS Asset Management Company, Limited (to present)</p> <p>May 2020: Outside Corporate Auditor, Ryohin Keikaku Co.,Ltd. (to present)</p> <div>Reasons for appointing him as a candidate for outside Director of the Board:</div> <p>Mr. Jun Arai was appointed outside Audit &amp; Supervisory Board Member of the Company in March 2017. In his career, he has served for accounting and financial departments at Showa Shell Sekiyu K.K. for many years, and he has experience in corporate management as a Representative Director and President, and he has utilized his considerable knowledge gained from that experience in his active performance as Audit &amp; Supervisory Board Member. The Company has judged that he is the right person to fulfill the role of decision making on material</p>	2,900 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
		matters of management and supervising the execution of operations, and accordingly selected him as a candidate for outside Director of the Board. The Company expects that he will continue to provide supervision of the Company's management from an independent standpoint based on not only his expertise in finance, accounting, etc. but also his extensive experience as a corporate manager.	

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
8.	<div>Candidate for Director to be newly elected</div> <p>Takashi Oyamada (Nov. 2, 1955)</p> <div>Candidate for outside Director of the Board</div> <div>Candidate for Independent Director</div>	<p>Apr. 1979: Joined The Mitsubishi Bank, Limited (presently MUFG Bank, Ltd.)</p> <p>Jun. 2005: Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd. (presently MUFG Bank, Ltd.) Executive Officer, Mitsubishi Tokyo Financial Group, Inc.</p> <p>Jan. 2006: Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (presently MUFG Bank, Ltd.)</p> <p>Jan. 2009: Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2009: Managing Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.</p> <p>May 2013: Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2014: Representative Director, Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2015: Member of the Board of Directors, Representative Corporate Executive, Deputy President and COO, Mitsubishi UFJ Financial Group, Inc.</p> <p>Apr. 2016: President &amp; CEO, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.</p> <p>Jun. 2017: Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present)</p> <p>Jun. 2018: Representative Director and Vice Chair, The Japan Institute of International Affairs (to present)</p> <p>Dec. 2018: Outside Director, Mitsubishi Research Institute DCS Co., Ltd. (to present)</p> <p>Jun. 2019: Outside Director, Mitsubishi Electric Corporation (to present) Outside Director, Isetan Mitsukoshi Holdings Ltd. (to present)</p> <div>Reasons for appointing him as a candidate for outside Director of the Board:</div> <p>Mr. Takashi Oyamada possesses an extremely high-level of knowledge on management from his long experience as a banking executive, and he has knowledge and insight into a broad range of industries based on his abundant experience</p>	0 shares

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
		in the financial sector. The Company has judged that he is the right person to make decisions on material matters and supervise the execution of operations, and accordingly selected him as a candidate for outside Director of the Board. The Company expects him to be able to use that valuable knowledge and insight to appropriately perform supervision of the Company.	

- (Notes)
1. No special interests exist between the Company and each candidate.
  2. Kirin Holdings Company, Limited, which holds 53.49% of the Company's total number of issued shares (as of December 31, 2020), is the Company's parent.
  3. Kirin Company, Limited was merged, by absorption-type merger, into Kirin Holdings Company, Limited, the Company's parent, on July 1, 2019.
  4. Kirin Australia Pty. Ltd. was a subsidiary of Kirin Brewery Company, Limited. However, all of its shares were transferred to GrainCorp Limited's subsidiary Barrett Burston Malting Co. Pty. Ltd. in April 2011.
  5. Of the candidates for Directors of the Board, Mr. Akira Morita, Ms. Yuko Haga, Mr. Jun Arai and Mr. Takashi Oyamada are candidates for outside Directors of the Board.
  6. Ms. Yuko Haga's name in her family register is Yuko Hayashi.
  7. Although Mr. Akira Morita has not been directly engaged in corporate management, the Company has judged from his experience as professor of a university, a director of a public research institute, and the head of a government advisory body and other qualities that he can appropriately perform his duties as an outside Director of the Board.
  8. Mr. Akira Morita and Ms. Yuko Haga are outside Directors of the Board of the Company. As of the conclusion of the Meeting, their terms of office as outside Directors of the Board are as follows: two (2) years for Mr. Akira Morita and Ms. Yuko Haga.
  9. Mr. Jun Arai is currently an outside Audit & Supervisory Board Member of the Company. However, at the conclusion of the Meeting, he will resign as Audit & Supervisory Board Member. As of the conclusion of the Meeting, his term of office as outside Audit & Supervisory Board Member is four (4) years.
  10. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into agreements with each of Mr. Noriya Yokota, Mr. Akira Morita, Ms. Yuko Haga and Mr. Jun Arai to limit their liability for damages stipulated in Article 423, Paragraph (1) of the same Act. The said agreements limit their liability for damages to the higher of 5 million yen or the minimum liability amount stipulated in Article 425, Paragraph (1) of the same Act. If this proposal is approved as proposed at the Meeting, the Company intends to continue the same liability limitation agreements with each of them. Also, the Company intends to enter into the same kind of agreement with Mr. Takashi Oyamada.
  11. The Company has taken out a directors and officers liability insurance (D&O insurance) policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act, thereby providing compensation for damages arising from performance of duties of Directors and/or Audit & Supervisory Board Members, for which they are liable (unless exemption clause in the insurance policy shall be applied). The full amount of the insurance fees for D&O insurance is borne by the Company. When the candidates are elected and assume their offices as Directors, the Company plans to include each of them as insured persons in the D&O insurance policy. The term of the D&O insurance policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.



12. The Company has notified the Tokyo Stock Exchange of the status of outside Directors of the Board, Mr. Akira Morita and Ms. Yuko Haga, and outside Audit & Supervisory Board Member Mr. Jun Arai as independent directors under Tokyo Stock Exchange regulations. The Company intends to designate them again if their election as outside Directors of the Board is approved as proposed. In addition, the Company intends to notify the Tokyo Stock Exchange of the status of Mr. Takashi Oyamada as an independent director if his election as outside Director of the Board is approved as proposed. Mr. Akira Morita, Ms. Yuko Haga, Mr. Jun Arai and Mr. Takashi Oyamada meet the “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” established by the Company (on pages 20 to 22).

**Proposal No. 3:** Election of one (1) Audit & Supervisory Board Member

As of the conclusion of the Meeting, the term of office of Audit & Supervisory Board Member Mr. Jun Arai will expire. Accordingly, based on the report from the Nomination & Remuneration Consultative Committee, which is chaired by an outside Director of the Board and made up of five (5) members out of outside Directors of the Board and Audit & Supervisory Board Members and two (2) internal Directors of the Board and Audit & Supervisory Board Members, shareholders are requested to elect one (1) new Audit & Supervisory Board Member.

The Audit & Supervisory Board has consented to this proposal.

The candidate for the position of Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company, and significant positions concurrently held at other organizations	Number of shares of the Company held by the candidate
<div>Candidate for Audit &amp; Supervisory Board Member to be newly elected</div> <p>Tomomi Yatsu (May 30, 1960)</p> <div>Candidate for outside Audit &amp; Supervisory Board Member</div> <div>Candidate for Independent Audit &amp; Supervisory Board Member</div>	<p>Apr. 1983: Joined Tokyo Electron Ltd.  Oct. 1986: Joined Deloitte Touche Tohmatsu LLC  Sep. 1990: Registered as Certified Public Accountant  Oct. 2001: Joined New Tokyo International Law Office  Admitted to Tokyo Bar Association  Jun. 2009: Outside Auditor, Calbee, Inc.  Jun. 2010: Outside Audit &amp; Supervisory Board Member, Taiko Pharmaceutical Co., Ltd.  Mar. 2012: Outside Audit &amp; Supervisory Board Member, KOKUYO Co., Ltd.  Mar. 2015: Outside Audit &amp; Supervisory Board Member, Yamaha Motor Co., Ltd.  Apr. 2015: Partner, TMI Associates (to present)  Jun. 2016: Outside Director, SMBC Nikko Securities Inc. (to present)  Jun. 2017: Outside Audit &amp; Supervisory Board Member, IHI Corporation (to present)  Mar. 2019: Outside Corporate Auditor, Kuraray Co., Ltd. (to present)</p> <div>Reasons for appointing her as a candidate for outside Audit &amp; Supervisory Board Member:</div> <p>Ms. Tomomi Yatsu is both a certified public accountant and an attorney at law. She also has an immense wealth of experience serving as outside audit &amp; supervisory board member and outside director of corporations. The Company has deemed her to be an appropriate person capable of supervising the Company and expressing audit opinions from an independent perspective through her sophisticated knowledge and insight as an accounting and legal expert and in-depth knowledge and insight as an audit &amp; supervisory board member of corporations, and accordingly selected her as a candidate for new outside Audit &amp; Supervisory Board Member.</p>	0 shares

- (Notes)
1. No special interests exist between the Company and the candidate.
  2. Ms. Tomomi Yatsu is a candidate for outside Audit & Supervisory Board Member.
  3. Although Ms. Tomomi Yatsu has no direct experience of involvement in corporate management, the Company has judged from the specialist knowledge and wealth of

experience in accountancy and corporate law that she has gained over many years as a certified public accountant and through her activities as an attorney, as well as her extensive experience in the role of outside officer for other companies, she will be able to appropriately perform her duties as an outside Audit & Supervisory Board Member.

4. At IHI Corporation, where Ms. Tomomi Yatsu serves as Outside Audit & Supervisory Board Member, inadequate inspections were being conducted at the civil aero engine maintenance business, in response to which, in March 2019, the company received an order from the Ministry of Economy, Trade and Industry in accordance with the Aircraft Manufacturing Industry Act to carry out repairs following the approved methods, and also in April 2019, the company received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism in accordance with the Civil Aeronautics Act. Also, in February 2017, Kuraray Co., Ltd., where Ms. Tomomi Yatsu serves as Outside Corporate Auditor, underwent an on-site inspection by the Japan Fair Trade Commission in relation to violations of the Antimonopoly Act for the manufacture, sale, etc. of activated carbon, and in November 2019 the company also received a cease and desist order and a penalty payment order from the Japan Fair Trade Commission. Ms. Tomomi Yatsu was unaware of the above-mentioned facts at IHI Corporation until they were brought to light, and at the time of the on-site inspections at Kuraray Co., Ltd., she had not been appointed Outside Corporate Auditor of the company. Ms. Tomomi Yatsu had routinely expressed her views on the importance of compliance with laws and regulations, and after the above-mentioned facts came to light, she has been fulfilling her role as Outside Audit & Supervisory Board Member/Outside Corporate Auditor, by for instance investigating the facts of the matter, checking if measures had been set to prevent a recurrence, and advocating reinforced compliance with laws and regulations.
5. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company intends to newly enter into an agreement with Ms. Tomomi Yatsu to limit her liability for damages stipulated in Article 423, Paragraph (1) of the same Act, if this proposal is approved as proposed at the Meeting. The said agreement limits her liability for damages to the higher of 5 million yen or the minimum liability amount stipulated in Article 425, Paragraph (1) of the same Act.
6. The Company has taken out a directors and officers liability insurance (D&O insurance) policy with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act, thereby providing compensation for damages arising from performance of duties of Directors and/or Audit & Supervisory Board Members, for which they are liable (unless exemption clause in the insurance policy shall be applied). The full amount of the insurance fees for D&O insurance is borne by the Company. When Ms. Tomomi Yatsu is elected and assumes her office as Audit & Supervisory Board Member, the Company plans to include her as an insured person in the D&O insurance policy. The term of the D&O insurance policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.
7. The Company intends to notify the Tokyo Stock Exchange of the status of Ms. Tomomi Yatsu as an independent audit & supervisory board member under Tokyo Stock Exchange regulations, if her election as an outside Audit & Supervisory Board Member is approved as proposed. In addition, Ms. Tomomi Yatsu meets the “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” established by the Company (on pages 20 to 22).

(Reference) “Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members”

In order for outside Directors of the Board and outside Audit & Supervisory Board Members of the Company to be judged as being independent, such outside Directors of the Board and outside Audit & Supervisory Board Members must, in addition to satisfying the requirements of an outside director and outside audit & supervisory board member provided for under the Companies Act, not fall under any of the following items:

1. Executive director (*gyomushikko torishimariyaku*), executive officer (*shikkoyakuin*), manager (*shihainin*) or other employee of the Company or a subsidiary of the Company
2. Director (*torishimariyaku*), audit & supervisory board member (*kansayaku*), executive officer, manager or other employee of a parent company or fellow subsidiary of the Company  
“Fellow subsidiary” refers to another company that has the same parent company as the Company.
3. Director, audit & supervisory board member, corporate officer (*shikkoyaku*), executive officer, manager or other employee of a major shareholder of the Company (excluding a parent company of the Company)  
“Major shareholder” refers to a shareholder who holds 10% or more of voting rights.
4. Director, audit & supervisory board member, accounting advisor (*kaikeisanyo*), corporate officer, executive officer, manager or other employee of a company of which the Company is a major shareholder (excluding a subsidiary of the Company)
5. Person whose major business counterparty is the Company or a subsidiary of the Company  
“Person whose major business counterparty is the Company or a subsidiary of the Company” refers to a person who receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of that person’s annual total net sales in the most recent fiscal year.
6. Executive director, corporate officer, executive officer, manager or other employee of a company, or a subsidiary of a company, whose major business counterparty is the Company or a subsidiary of the Company  
“Company, or a subsidiary of the Company, whose major business counterparty is the Company or a subsidiary of the Company” refers to a company, or a subsidiary of a company, which receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of that company’s annual consolidated net sales in the most recent fiscal year.
7. Person who is a major business counterparty of the Company or a subsidiary of the Company  
“Person who is a major business counterparty of the Company or a subsidiary of the Company” refers to a person who receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
8. Executive director, corporate officer, executive officer, manager or other employee of a company, or a subsidiary of a company, who is a major business counterparty of the Company or a subsidiary of the Company  
“Company, or its subsidiary, who is a major business counterparty of the Company or a subsidiary of the Company” refers to a company, or a subsidiary of a company, which receives or makes payments from or to the Company or a subsidiary of the Company of 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.

9. Certified public accountant (or certified public tax accountant), or member, partner or employee of audit corporation (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or a subsidiary of the Company
10. Attorney-at-law, certified public accountant, certified public tax accountant or consultant, etc. who, excluding the remuneration received as a director or audit & supervisory board member, receives 10 million yen or more per year on average during the past three years of monetary consideration or other property benefits from the Company or a subsidiary of the Company
11. Member, partner or employee of a corporation, association, or other organization such as law firm, audit corporation, tax accounting firm, or consulting firm that receives monetary consideration or other property benefits of more than a certain amount from the Company or a subsidiary of the Company  
  
In this item, a corporation, association, or other organization above receives “more than a certain amount” when such organization, etc. receives 2% or more on average of the total net sales (total revenue) of the organization, etc. per year during the past three years.
12. Director, audit & supervisory board member, accounting advisor, corporate officer, executive officer, manager or other employee of a financial institution or other large creditor that is essential to the financing of the Company, or a subsidiary of the Company, with a level of dependence to the degree that there is no substitute.
13. Director or other person who executes business in a corporation, association or other organization which receives donations or subsidies from the Company or a subsidiary of the Company more than a certain amount  
  
In this item, a corporation, association or other organization receives “more than a certain amount” when such organization, etc. receives, during the past three years, more than (i) 10 million yen per year on average or (ii) 30% on average of the annual total expenses of the organization, etc., whichever is higher.
14. Director, audit & supervisory board member, accounting advisor, corporate officer, or executive officer of a company or its subsidiary that has accepted a person from the Company or a subsidiary of the Company as a director (serving at that company on either a full-time or part-time basis)
15. Person who has come under a category listed in either of items 1 and 2 in the past ten years
16. Person who has come under a category listed in item 3 in the past five years
17. Person who has come under a category listed in any of items 5 through 13 in the past three years
18. Spouse or first- to second-degree relative, or other relative sharing same residence of any person who has come under a category listed in any of items 2 through 17; provided, however, that any mention of “manager or other employee” shall be deemed to be replaced with “manager or other important employee.”
19. Spouse, first- to second-degree relative, or other relative sharing same residence of Director of the Board, executive officer, manager or other important employee of the Company, or a subsidiary of the Company.
20. Spouse, first- to second-degree relative, or other relative sharing same residence of Director of the Board, executive officer or other important employee of the Company or a subsidiary of the Company in the past five years

21. Other than the above, a person that might cause a conflict of interest with general shareholders and for whom it is reasonably judged that there are circumstances suggesting that the person cannot fulfill the duties as an outside Director of the Board or outside Audit & Supervisory Board Member.

**Proposal No. 4:**        Revision of remuneration amount for Directors of the Board

The remuneration amount for Directors of the Board of the Company was approved at the 94th Ordinary General Meeting of Shareholders, held on March 23, 2017, as no more than 500 million yen per year (part of which is allotted to outside Directors of the Board within 50 million yen) for the total amount of monetary remuneration. This proposal is requesting for this amount of remuneration to be increased.

Firstly, the Company requests to increase the remuneration amount with the aim of further enhancing the performance-linked nature of the monetary remuneration of the executive Directors of the Board by raising the ratio of the performance-linked annual bonus to the basic remuneration, and thereby securing the necessary personnel who can drive the Company forward to become a global specialty pharmaceutical company.

In addition, the Company requests to increase the remuneration amount with the aim of acquiring and retaining diverse and excellent personnel outside the Group as Directors of the Board of the Company, taking into account that, in addition to various circumstances including recent changes in the business environment, the number of outside Directors of the Board will increase if Proposal No. 2 “Election of eight (8) Directors of the Board” is approved as proposed.

To achieve these aims given above, the Company asks for approval to revise the monetary remuneration for Directors of the Board to within 600 million yen per year (part of which is allotted to outside Directors of the Board within 100 million yen).

If Proposal No. 2 is approved as proposed, the number of Directors of the Board subject to the revised amount of remuneration will be seven (7) persons (including four (4) outside Directors of the Board).

**Proposal No. 5:** Determination of amount and other details of Performance-linked Share-based Remuneration etc. for Directors of the Board

The remuneration amount for Directors of the Board of the Company was approved, at the 94th Ordinary General Meeting of Shareholders, held on March 23, 2017, as no more than 500 million yen per year (part of which is allotted to outside Directors of the Board within 50 million yen) for the total amount of monetary remuneration, and separately from and in addition to the foregoing, at the 97th Ordinary General Meeting of Shareholders, held on March 19, 2020, as no more than 155 million yen per year for the total amount of monetary remuneration receivables provided as remuneration, etc. linked to the restricted shares. If Proposal No. 4 “Revision of remuneration amount for Directors of the Board” is approved as proposed, of the above, the amount of monetary remuneration shall be revised to be within 600 million yen per year (part of which is allotted to outside Directors of the Board within 100 million yen).

In this proposal, the Company is requesting approval to introduce a Performance-linked Share-based Remuneration Plan (hereinafter, the “Plan”) and to set the total remuneration amount to be provided under the Plan per each Applicable Period (as defined in 1. below), separately from remuneration, etc. of Directors of the Board mentioned above, as no more than 300 million yen and no more than 200,000 ordinary shares of the Company (hereinafter, the “Company’s Shares”). The Plan, under which a number of the Company’s Shares and an amount of cash are provided to Directors of the Board of the Company (limited to executive Directors of the Board of the Company; the same shall apply hereinafter in this proposal) as remuneration depending on each Director of the Board’s individual position and degree of achievement of performance targets, is to be introduced with the aim to further clarify the linkage between (i) the remuneration for Directors of the Board and (ii) the Company’s performance and value of shares of the Company, and thereby to give incentives to Directors of the Board of the Company to strive for sustainable growth of corporate value, and to facilitate their sense of sharing value with shareholders.

As described below, the structure of the Plan is designed in line with the aforementioned aims and the Company deems these contents to be appropriate.

If Proposal No. 2 is approved as proposed, the number of Directors of the Board covered by the Plan will be three (3) persons.

**1. Structure of the Plan**

The Plan is a share-based remuneration plan (so-called “Performance Share Unit”) whereby, as remuneration for the period from the conclusion of an Ordinary General Meeting of Shareholders of the Company to the conclusion of the Company’s Ordinary General Meeting of Shareholders to be held in the following year (hereinafter, the “Applicable Period”; the initial Applicable Period shall be from the conclusion of this 98th Ordinary General Meeting of Shareholders to the conclusion of the 99th Company’s Ordinary General Meeting of Shareholders to be held in the following year), the Company delivers a number of the Company’s Shares and provides an amount of cash determined in accordance with each Director of the Board’s degree of achievement of performance targets for the period of three consecutive fiscal years (hereinafter, the “Performance Evaluation Period”) upon the termination of the Performance Evaluation Period. The initial Performance Evaluation Period shall be three fiscal years from the fiscal year ending December 31, 2021, to the fiscal year ending December 31, 2023. The Company intends to implement Performance-linked Share-based Remuneration with succeeding Performance Evaluation Periods of three consecutive fiscal years, each beginning with the fiscal years following the fiscal year ending December 31, 2021, to the extent within the amount approved at this Ordinary General Meeting of Shareholders.

Specifically, the Company provides monetary remuneration receivables to Directors of the Board upon the termination of the Performance Evaluation Period, which are meant for the delivery of the Company’s Shares. The monetary remuneration receivables are calculated by the method set



forth below. The Company delivers the Company's Shares to Directors of the Board in exchange for their in-kind contribution involving the full amount of the monetary remuneration receivables when the Company implements a share issuance or disposal of treasury shares.

2. The upper limits on the total amount of monetary remuneration receivables and cash and the total number of shares under the Plan

Under the Plan, the total amount of monetary remuneration receivables and cash provided to each Director of the Board per each Applicable Period shall be no more than 300 million yen, and the total number of the Company's Shares allotted to each Director of the Board per each Applicable Period shall be no more than 200,000 Company's Shares. However, if the total number of issued shares of the Company increases or decreases as a result of a share consolidation or share split (including a gratis allotment of shares, etc.), the maximum number of shares shall be reasonably adjusted according to the respective ratio. In addition, in the event that the amount of cash to be provided and the number of the Company's Shares to be delivered as calculated using the formulas in 3. below are likely to exceed the above upper limit on the total amount of monetary remuneration receivables and cash or the above upper limit on the total number of the Company's Shares, the number of the Company's Shares to be delivered or the amount of cash to be provided shall be reduced through proportional distribution or other reasonable methods determined by the Board of Directors in a range that does not exceed the upper limits on the total amount of monetary remuneration receivables and cash and the total number of the Company's Shares.

3. Calculation method for the number of shares to be delivered and the amount of cash to be provided under the Plan

Under the Plan, the Company calculates the number of shares to be delivered and the amount of cash to be provided based on the formulas stated below in accordance with each performance targets and the degree of achievement thereof at the end of each Performance Evaluation Period and delivers or provides such calculated number of shares and the amount of cash.

[Calculation formula for the final number of shares to be delivered\*]

Reference number of shares to be delivered (i) × Degree of achievement of performance targets (ii) × 50%
--

\* This refers to the number of shares that will ultimately be delivered to Directors of the Board after the end of the Performance Evaluation Period. Fractional shares are rounded up to one share.

[Calculation formula for the amount of cash to be provided]

{Reference number of shares to be delivered (i) × Degree of achievement of performance targets (ii) - Final number of shares to be delivered} × Share price at time of delivery (iii)
---

- (i) Reference number of shares to be delivered

The reference number of shares to be delivered is calculated using the formula stated below.

Reference number of shares to be delivered	=	Reference amount of share-based remuneration based on Director of the Board's position* (a)
		Reference share price (b)

\* This refers to the share-based remuneration reference amount prescribed for each Director of the Board position.

(a) Reference amount of share-based remuneration based on Director of the Board's position

For the reference amount of share-based remuneration based on Director of the Board's position used in the calculation method for the final number of shares to be delivered to the Director of the Board, a specific amount for each position is decided by the Board of Directors.

(b) Reference share price

The reference share price is the closing price of the Company's ordinary trading of the Company's Shares on the Tokyo Stock Exchange on the business day immediately before the date of the resolution by the Board of Directors that determines the specific reference amounts of share-based remuneration based on Director of the Board's position mentioned above at the start of the Applicable Period (if there is no closing price on that date, the closing price on the closest preceding trading day).

(ii) Degree of achievement of performance targets

The degree of achievement of performance targets is calculated within the range of 0% to 150% using the performance indicators at the end of each Performance Evaluation Period. For the initial Performance Evaluation Period, the Company plans to use ROE which is a benchmark under the business plan, average annual revenue growth rate, and core operating profit ratio as the performance indicators.

(iii) Share price at time of delivery

The share price at time of delivery is the closing price of the Company's ordinary trading of the Company's Shares on the Tokyo Stock Exchange on the business day immediately before the date of the resolution by the Board of Directors that decides the share issuance or disposal of treasury shares for the relevant delivery of the Company's Shares, which is to be held within two months after the end of the relevant Performance Evaluation Period (if there is no closing price on that date, the closing price on the closest preceding trading day).

4. Conditions for provision of the Company's Shares and cash to Directors of the Board

If all of the conditions for provision set forth below are satisfied as of the end of Performance Evaluation Period, the Company will provide monetary remuneration receivables (the amount of monetary remuneration receivables is determined by multiplying the final number of shares to be delivered by the share price at time of delivery as set forth in 3. above) to each Director of the Board, and a delivery of the final number of the Company's Shares to be delivered as set forth in 3. above and a provision of the amount of cash to be provided as set forth in 3. above will be conducted by an in-kind contribution involving the full amount of the monetary remuneration receivables.

- (1) The Director of the Board has been continually in the position of Director of the Board of the Company for his or her term of office (all of his or her term of office if the Director of the Board was reelected during the Applicable Period and Performance Evaluation Period).
- (2) The Director of the Board has not committed any improper conducts specified by the Company's Board of Directors.
- (3) The Director of the Board satisfies other conditions specified by the Company's Board of Directors which are necessary to attain the objectives of the Performance-linked Share-based Remuneration.

Provided, notwithstanding the condition of (1) above, if the Director of the Board retires from the position of Director of the Board during the Performance Evaluation Period due to unavoidable circumstances such as death or illness, the Company may provide cash reasonably calculated by the Board of Directors in place of the delivery of the Company's Shares and the provision of cash based on the Plan.

5. Treatment in the event of reorganization, etc.

If, during the Performance Evaluation Period, a matter of a merger agreement whereby the Company becomes a dissolving company; a share exchange agreement or a share transfer plan whereby the Company becomes a wholly owned subsidiary of another company; an incorporation-type company split plan or an absorption-type company split agreement whereby the Company is the split company (limited to a split-off-type company split); share consolidation whereby the Company becomes subject to control by specific shareholders; acquisition of shares subject to class-wide call; or, a demand for a cash-out (hereinafter, the "Reorganization") has been granted approval (limited to the case where the effective date of the Reorganization is scheduled prior to the date of delivery of the Company's Shares or the date of provision of cash based on the Plan) by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to the Reorganization), the Company may provide, in place of delivering the Company's Shares and providing cash within the upper limits on the total amount of monetary remuneration receivables and cash and the total number of the Company's Shares in 2. above, cash reasonably calculated by the Company's Board of Directors as an amount equivalent to the Company's Shares and cash prior to the effective date of the Reorganization.

End