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### **Notice on Continuation of Performance-based Share Compensation Program Which Uses a Trust**

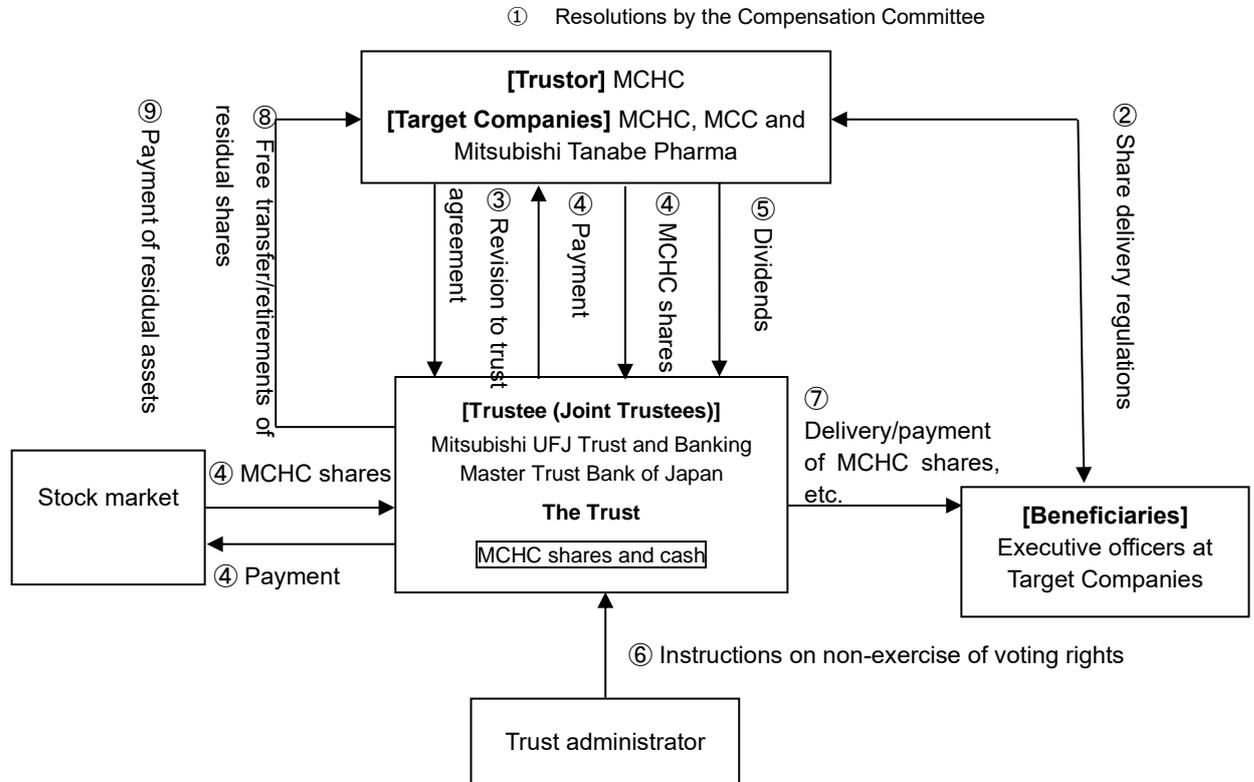
At the Compensation Committee of Mitsubishi Chemical Holdings Corporation (MCHC), which met on July 12, 2021, and the Board of Directors of Mitsubishi Tanabe Pharma Corporation, a core operating company of MCHC, which met on April 27, 2021, passed a resolution to continue and/or introduce the performance-based share compensation program that uses a trust (hereinafter “the Program”) for MCHC executive officers (excluding non-residents of Japan; same hereinafter), Mitsubishi Chemical Corporation (MCC) Representative Director, President & CEO, directors who concurrently serve as executive officers, and executive officers (excluding non-residents of Japan; same hereinafter), and Mitsubishi Tanabe Pharma directors and executive officers (excluding outside directors and non-residents of Japan; same hereinafter; together with MCHC executive officers, MCC Representative Director, President & CEO, directors who concurrently serve as executive officers, and executive officers, collectively referred to as “executive officers”). Details are provided below.

#### 1. Purposes of the Program

- (1) The goal for continuing and/or introducing the Program is to further clarify the ties between compensation for executive officers at MCHC, MCC and Mitsubishi Tanabe Pharma (hereinafter these three companies will be collectively referred to as “the Target Companies”) and the Target Companies’ business performance and shareholder value, to further strengthen the sharing of value with shareholders, and also to provide incentives to encourage an improvement in corporate value in the medium and long term.
- (2) As stated in the Notice Regarding Disposition of Treasury Shares as Equity Compensation in the Form of Restricted Shares and Introduction of Performance-Linked Equity Compensation (Performance Share Unit) Scheme, released on April 28, 2021, MCHC corporate executive officers are excluded from the scope of the Program and a different scheme was applied to them from April 1, 2021.
- (3) The introduction of the Program at Mitsubishi Tanabe Pharma hinges on the approval of resolutions related to executive compensation at the general meeting of shareholders at Mitsubishi Tanabe Pharma (hereinafter “its shareholders meeting”).
- (4) The Program is a performance-linked equity compensation program that uses the executive compensation board incentive plan (BIP) trust (hereinafter “BIP trust”). A BIP trust is the same as performance shares and restricted stock in the US. Under this scheme, MCHC shares, cash equivalent to the conversion amount (hereinafter “MCHC shares, etc.”) and dividends that arise from MCHC shares, etc. are granted or paid out (hereinafter “delivered/paid out” or “delivery/payment”) to executive officers in accordance with the position of the executive officer

and their degree of achievement of performance targets.

## 2. Structure of the BIP Trust Scheme



- ① The MCHC Compensation Committee passed a resolution to continue implementing the Program and on the details of the Program. Mitsubishi Tanabe Pharma shall obtain approval to introduce the Program and on executive officer compensation at its shareholders meeting.
- ② The Target Companies, through their respective Compensation Committee or Board of Directors, have already established regulations on the delivery of shares as compensation regulations pertinent to the Program.
- ③ In accordance with revisions to the trust agreement, MCHC extends the trust period of the trust having as its beneficiaries those executive officers who satisfy the beneficiary requirements stipulated in 3. (2) (hereinafter, "the Trust"). New cash contributions will not be carried out in line with the extension of the Trust period.
- ④ Should the Trust need to acquire additional shares in MCHC, the shares shall be acquired from MCHC (disposal of treasury stock) and/or from the open market. Note that, when extending the period of the Trust, additional acquisition of MCHC shares shall not be conducted as the residual MCHC shares and cash among the trust assets on the final day of the trust period prior to the extension (hereinafter referred to as "residual shares, etc.") shall be used.
- ⑤ The dividends for MCHC shares in the Trust shall be paid out in the same manner as for other MCHC shares.
- ⑥ Voting rights attached to MCHC shares within the Trust shall not be exercised during the trust period.
- ⑦ During the trust period, points shall be granted to, and accumulated by, executive officers in accordance with their position and the degree to which they achieved the corporate performance targets, etc. for each fiscal year and those in the medium-term management plan. After an executive officer who satisfies certain beneficiary requirements retires, MCHC shares corresponding to a set percentage of the cumulative number of points

granted (hereinafter, “cumulative point tally”) shall be delivered in accordance with the share delivery regulations set forth in ②. The MCHC shares corresponding to the remaining points shall be converted to cash and this cash equivalent shall be paid to the executive officer in accordance with the provisions of the trust agreement.

- ⑧ Residual shares in the Trust at the time of expiration of the trust period shall be made available for delivery/payment to executive officers should the Trust continue to be used for the Program or a similar type of share compensation scheme. Should the Trust be terminated owing to the expiration of the trust period, as a redemption policy for shareholders, said residual shares of MCHC shall be transferred to MCHC at no charge, and MCHC shall retire the shares in line with prescribed procedures.
- ⑨ Residual dividends for MCHC shares within the Trust at the expiration of the trust period will be utilized as capital to acquire shares in the event the Trust continues to be used. However, if the Trust is terminated owing to expiration of the trust period, dividends beyond those required to cover trust expense reserves are to be donated to a group in which none of the Target Companies nor their executive officers have any vested interests.

- ※ During the trust period, should the possibility arise that the number of MCHC shares held within the Trust may fall short of the cumulative point tallies achieved by executive officers during the trust period or that the cash held as trust assets will fall short of the amount needed to pay trust fees/expenses, the Target Companies may contribute additional cash to the Trust in order to obtain additional MCHC shares via the Trust (with MCC and Mitsubishi Tanabe Pharma doing so through MCHC). However, said additional monetary contributions by MCHC shall be approved by the Corporate Executive Officers Committee, and said additional monetary contributions by MCC and/or Mitsubishi Tanabe Pharma shall be in lien with the maximum limit for monetary contributions stipulated in 3. (6).

### 3. Details of the Program

#### (1) Overview of the Program

The Program will cover a continuous period of five fiscal years coinciding with the period of the applicable MCHC medium-term management plan (hereinafter the “target period”). During this period, points shall be granted to, and accumulated by, executive officers in accordance with their position and the degree to which they achieved the corporate performance targets, etc. for each fiscal year and those in the medium-term management plan. This is an incentive plan for delivering/paying out, as executive officer compensation, MCHC shares, etc., corresponding to the cumulative point tally calculated upon the retirement of said executive officer and dividends that arise from MCHC shares, etc.

#### (2) Persons eligible under the Program (beneficiary requirements)

An executive officer having satisfied the following beneficiary requirements may upon retirement receive delivery/payment of MCHC shares, etc., from the Trust that corresponds to an executive officer’s cumulative point tally at the time of retirement via the prescribed procedures for finalizing the beneficiary.

- ① Must be an executive officer at one of the Target Companies during the target period (This includes persons who newly became executive officers on or after the start date of the Program)
- ② The executive officer has resigned their position as an executive officer of one of the Target Companies in the previous paragraph and no longer possesses their status as a corporate executive officer, director or corporate auditor at said Target Company (\*)
- ③ The executive officer did not resign or was not terminated as a consequence of having committed certain illegal acts, etc., during their tenure in office
- ④ The executive officer is resident in Japan
- ⑤ The executive officer meets other requirements stipulated in the trust agreement and share delivery regulations deemed necessary to fulfill the Program’s aims as a share compensation plan

\*However, in the event the trust period is extended in conjunction with the termination of the

Trust as stipulated in (3)-③ below and the eligible party in the Program serves as an executive officer when the trust period reaches maturity after extension, the Trust shall be terminated at that point and MCHC shares, etc., shall be delivered/paid out to the said eligible party while serving as an executive officer.

(3) Trust period

① Trust period after extension

The trust period shall cover a period of around five (5) years from September 2021 (tentative) to August 2026 (tentative).

② Continuation of the Trust

Upon expiration, the Trust period may be continued by revising the trust agreement and entrusting additional funds. In these cases, the Trust period will be extended for a further five years, with additional money to be contributed to provide compensation to executive officers for each extended trust period. Points will continue to be granted to executive officers during the extended trust period.

However, in the event of additional contribution, should any residual shares, etc. among trust assets on the final day of the trust period prior to extension (excluding those MCHC shares corresponding to the cumulative point tally granted to executive officers and dividends to be paid to executive officers satisfying the beneficiary requirements for which delivery/payment has not been completed), the total sum of the residual shares, etc., and any money additionally contributed must fall within the scope of the expected funding amounts approved by the Corporate Executive Officers Committee of MCHC and the annual shareholders meetings of MCC and Mitsubishi Tanabe Pharma (however, for MCC and Mitsubishi Tanabe Pharma, the maximum amounts shall apply).

This trust period can thereafter be extended in a similar fashion. Moreover, should the trust agreement not be revised upon expiration of the trust period, points will not be granted to executive officers thereafter.

③ Handling of termination of the Trust

Even when terminating the Trust, should the executive officer who could potentially satisfy the beneficiary requirements still be in office at the time the trust period (the trust period after extension in the case the Trust is extended as in ③ above; same hereinafter) reaches its full term, the Trust will not be immediately terminated and, for a limited period, the trust period shall be extended. However, in this situation, new points will not be granted to the executive officers.

(4) MCHC shares, etc., to be delivered/paid out to executive officers

Points shall be granted to executive officers around July of each year during the trust period in accordance with their position and the degree to which they achieved the corporate performance targets, etc., for the fiscal year ended on March 31.

The points to be granted shall vary within a scope of 0%-200% in accordance with the executive officers' position and the degree to which they achieved the corporate performance targets, etc., for each respective fiscal year and those in the medium-term management plan. The indicators to be used to evaluate the degree to which these corporate performance targets, etc., have been achieved will include "core operating income," "ROE," and "operating cash flow."

After an executive officer retires (or, in the event an executive officer retires midway through a fiscal year during the trust period, after the final day of said fiscal year), their cumulative point tally will be calculated and, if the executive officer satisfies the beneficiary requirements, MCHC shares, etc., corresponding to the cumulative point tally shall be delivered/paid out. Note that one (1) point will equate to one MCHC share, with the tally rounded down to the nearest point. However, in the event of a stock split or reverse stock split, etc. for MCHC shares during the trust period, the number of points to be granted and the cumulative point tallies shall be adjusted in accordance with the split/reverse split ratio.

In addition, should an executive officer pass away, or be determined to be a non-resident of Japan, during a fiscal year within the Trust period, the points corresponding to the period in office until the executive officer's death/the point at which the executive officer is determined to be a non-resident of Japan shall be granted at that said point during the fiscal year and the cumulative point tally shall be calculated (corporate performance target figures,

etc., will be deemed to have been 100% achieved).

(5) Methods and timing of delivery/payment of MCHC shares, etc.

Upon retirement as a general rule, executive officers who satisfy the beneficiary requirements in (2) above shall receive delivery/payment of MCHC shares, etc., corresponding to their cumulative point tallies by completing the prescribed beneficiary determination procedures. In this situation, the executive officers shall receive MCHC shares corresponding to 70% of their cumulative point tallies, and the MCHC shares in the Trust corresponding to the remainder of points shall be converted into the cash equivalent, which shall be paid out to the executive officers.

However, should an executive officer who satisfied the beneficiary requirements retire due to death while in office during the trust period, all of the MCHC shares in the Trust that correspond to the cumulative point tally calculated at said time shall be converted into the cash equivalent and the executive officer's heir(s) shall receive said cash equivalent. In addition, in the event it is determined the executive officer is to become a non-resident of Japan during the trust period, all of the MCHC shares in the Trust that correspond to the cumulative point tally calculated at said time shall be converted into the cash equivalent, which shall be then immediately paid out to the said executive officer.

It should be noted that executive officers must continue to hold MCHC shares delivered by the Trust for a period of one year after retirement (however, for persons appointed as a corporate executive officer, director, executive officer, or corporate auditor of MCHC or one of its subsidiaries after retirement, the shares must be held for one year after they lose their position at MCHC or its subsidiaries).

(6) Money to be contributed to the Trust, and total number of points to be granted to executive officers in the Trust

(tentative amount or maximum amount)

The tentative amount of money to be contributed to the Trust by MCHC during the trust period and the tentative total number of points to be granted to MCHC's executive officers in the Trust are as follows:

- Amount of money to be contributed by MCHC to the Trust (for a period of five (5) fiscal years): 770 million yen (tentative)
- Total number of points to be granted by MCHC to its executive officers in the Trust (for each fiscal year): 77,000 points (tentative)

The maximum amount of money to be contributed by MCC to the Trust during the trust period and the maximum total number of points to be granted to MCC's executive officers in the Trust are as follows:

- Maximum amount of money to be contributed by MCC to the Trust (for a period of five (5) fiscal years): 5.71 billion yen (tentative)
- Maximum total number of points to be granted by MCC to its executive officers in the Trust (for each fiscal year): 845,000 points (tentative)

The maximum amount of money to be contributed by Mitsubishi Tanabe Pharma to the Trust during the trust period and the maximum total number of points to be granted to Mitsubishi Tanabe Pharma's executive officers in the Trust are as follows:

- Maximum amount of money to be contributed by Mitsubishi Tanabe Pharma to the Trust (for a period of five (5) fiscal years): 600 million yen (tentative)
- Maximum total number of points to be granted by Mitsubishi Tanabe Pharma to its executive officers in the Trust (for each fiscal year): 140,000 points (tentative)

\*Each of the amounts of money to be contributed above is the total amount comprised of funds for acquiring shares by the Trust, Trust fees and Trust expenses. This includes the residual shares, etc. to be succeeded from the existing Trust.

(7) Methods for acquiring MCHC shares by the Trust

In line with the extension of the Trust, the residual shares, etc. in the Trust shall be used, and therefore no new monetary contributions and/or the acquisition of additional MCHC shares shall be conducted.

(8) Exercise of voting rights attached to MCHC shares in the Trust

The voting rights attached to MCHC shares held in the Trust (MCHC shares not yet delivered/paid out to executive officers in accordance with (5) above) shall not be exercised during the trust period to ensure the Trust's impartiality toward management.

(9) Handling of dividends on MCHC shares in the Trust

Dividends paid on MCHC shares held in the Trust shall be paid in accordance with the number of MCHC shares, etc., to be delivered/paid out from the Trust to executive officers who satisfy certain beneficiary requirements together with the MCHC shares, etc., to be delivered/paid out in accordance with (5) above, or in certain cases shall be applied to the Trust's trust fees/expenses.

(10) Handling of residual shares/dividends upon expiration of trust period

Residual shares in the Trust at the time of expiration of the trust period shall be made available for delivery to executive officers should the Trust continue to be used for the Program or a similar type of share compensation scheme. Should the Trust be terminated owing to the expiration of the trust period, as a redemption policy for shareholders, said residual shares of MCHC shall be transferred to MCHC at no charge, and MCHC shall retire the shares in line with prescribed procedures.

In addition, residual dividends for MCHC shares held in the Trust at the expiration of the trust period will be utilized as capital to acquire shares in the event the Trust continues to be used. However, if the Trust is terminated owing to expiration of the trust period, dividends beyond those required to cover trust expense reserves are to be donated to a group in which neither the Company nor executive officers have any vested interests.

(11) Other details of the Program

Other details pertaining to the Program shall be stipulated by the Corporate Executive Officers Committee and/or the Board of Directors at the times of the establishment of the Trust, revisions to the trust agreement, and additional contributions to the Trust.

(Reference)

[Details of trust agreement]

① Type of trust	Monetary trust other than a specified individually operated monetary trust (third-party beneficiary trust)
② Purpose of trust	Grant incentives to executive officers
③ Trustor	MCHC
④ Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
⑤ Beneficiaries	Executive officers satisfying beneficiary requirements
⑥ Trust administrator	Third party with no vested interests in MCHC (certified public accountant)
⑦ Date of trust agreement	September 20, 2018 (tentative revision on August 30, 2021)
⑧ Period of trust	September 20, 2018 – August 31, 2021 (owing to a revision to the trust agreement on August 30, 2021, the period is slated to be extended to August 31, 2026)
⑨ Exercise of voting rights	Voting rights shall not be exercised
⑩ Type of shares to be acquired	MCHC common shares
⑪ Holder of vested rights	MCHC
⑫ Residual assets	The residual assets available to MCHC as the holder of vested rights must fall within the scope of the trust expense reserve fund after deducting share acquisition funds from the contributed money