

January 31, 2023

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Toagosei Co., Ltd. Announces Introduction of Employee Stock Compensation Plan

Toagosei Co., Ltd hereby announces that it has resolved at its Board of Directors meeting held on January 31, 2023 to introduce a stock compensation plan (hereinafter, the “Plan”) for its employees. The details are as follows. However, these details are subject to change based on future discussions.

1. Purpose of introducing the Plan

The Plan will be introduced with the purpose of enhancing the welfare and benefits plan for the Company’s employees (hereinafter, the “Employees”), to further promote the execution of business operations aiming to improve business performance by further increasing the Employees’ awareness toward the Company’s business performance and increasing the share price, and to enhance the Company’s corporate value over the medium to long term.

2. Overview of the Plan

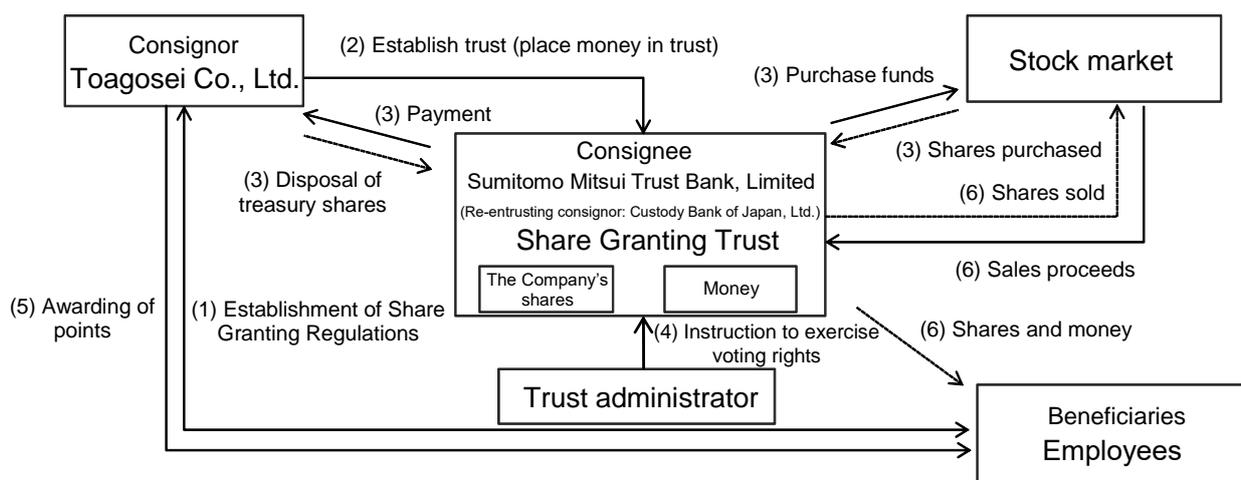
The Plan is an incentive plan whereby money contributed by the Company will be used to establish a trust (hereinafter, the “Trust”), and the Trust will acquire the Common stock (hereinafter, the “Company Shares”), and then the Company Shares will be granted to the Employees through the Trust based on points awarded to the Employees who satisfy certain conditions. The points shall be awarded to the Employees based on his/her job title/duties pursuant to the Share Granting Regulations established by the Company’s Board of Directors. The number of the Company Shares to be granted to each of the Employees will be determined based on the number of points he/she was awarded.

The funds used to acquire the Company Shares by the Trust will be provided in full by the Company; thus, the Employees do not bear any burden.

By introducing the Plan, the Employees will be able to benefit economically from increases in the price of the Company Shares. This is expected to encourage the Employees to execute business operations mindful of share price and to effectively increase motivation at work.

Furthermore, details pertaining to the Plan will be stipulated by resolution of the Company’s Board of Directors. Once these details are finalized, the Company will disclose this information.

Overview of the Plan's Structure



- (1) The Company will establish the Share Granting Regulations covering the Employees.
- (2) The Company will establish a share granting trust (third-party trust) with the Employees as beneficiaries (the Trust). At that time, the Company will contribute money equivalent to the funds to acquire the shares to the Trust for the beneficiaries.
- (3) The consignee will acquire an appropriate number of the Company Shares expected to be granted in the future all at once. (The Company Shares will be acquired from the disposal of treasury stock or from the stock market [including off-floor trading].)
- (4) The Company will designate a trust administrator (a party independent from the Company and the Company's officers) to protect the interests of the beneficiaries who will be eligible under the Share Granting Regulations and supervise the consignee throughout the trust period. Furthermore, the trust administrator will instruct the consignee to exercise voting rights for the Company Shares within the Trust and the consignee will exercise the voting rights throughout the trust period pursuant to these instructions.
- (5) The Company will award points to the Employees based on the Share Granting Regulations.
- (6) Employees who satisfy the requirements set forth in the Share Granting Regulations and the trust agreement related to the Trust shall be the beneficiaries of the Trust, and they shall receive from the consignee the Company Shares based on the points he/she was awarded. Furthermore, in case of certain reasons set forth in the Share Granting Regulations and trust agreement in advance, part of the Company Shares to be granted will be sold on the stock market and granted in cash.

Furthermore, Sumitomo Mitsui Trust Bank, Limited, which will serve as the consignee under the Plan, will outsource administration (re-entrust) of the assets held in trust to Custody Bank of Japan, Ltd.

Reference: Overview of the Trust

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| (1) Name | Employee Share Granting Trust |
| (2) Consignor | Toagosei Co., Ltd. |
| (3) Consignee | Sumitomo Mitsui Trust Bank, Limited
(Re-entrusted consignee: Custody Bank of Japan, Ltd.) |
| (4) Beneficiaries | Employees satisfying the beneficiary requirements |
| (5) Trust administrator | Plan to select a third party independent from the Company and its officers |
| (6) Type of trust | Trust of money excluding money held in trust (third-party trust) |
| (7) Trust shares | 388,000 shares (plan) (allocated from the disposal of treasury shares) |
| (8) Trust amount | 427 million yen (plan) |
| (9) Trust period | 3 year period from April 2023 to March 2026 (plan) |