



April 28, 2021

Company name: Mitsubishi Chemical Holdings Corporation
Representative: Jean-Marc Gilson
Representative Corporate Executive Officer,
President & Chief Executive Officer
Listed on 1st section of TSE (stock code: 4188)
Contact: Osamu Shimizu
General Manager,
Public Relations and Investor Relations Office
TEL: [+81] (0)3-6748-7120

**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**

Mitsubishi Chemical Holdings Corporation (MCHC) hereby announces, as detailed in I below, that it has decided to dispose of treasury shares as equity compensation in the form of restricted shares ("Treasury Share Disposition") at the meeting of the Corporate Executive Officers Committee held today based on delegation from the Board of Directors.

MCHC also announces, as detailed in II below, that it decided on April 27, 2021, to introduce a new performance-linked equity compensation scheme for corporate executive officers ("Performance-Linked Equity Compensation Scheme") at the meeting of the Compensation Committee held on the same day. Specifically, the Performance-Linked Equity Compensation Scheme is a performance share unit (PSU) scheme.

I About the disposition of treasury shares as equity compensation in the form of restricted shares

1. Outline of disposition

(1) Allotment date	May 27, 2021
(2) Type and number of shares for disposition	428,322 common shares of MCHC
(3) Disposition price and total value of disposition	Treasury Share Disposition constitutes a disposition of common shares of MCHC as compensation etc. for corporate executive officers of MCHC, and does not require the payment of monies or the provision of assets in exchange for the common shares.
(4) Intended allottees	428,322 shares to 6 (six) corporate executive officers
(5) Other	The Treasury Share Disposition shall be conditional on the effectiveness of a securities notice pursuant to the Financial Instruments and Exchange Act.

2. Purpose and reason for disposition

MCHC decided at a meeting of its Compensation Committee held on February 28, 2020, to introduce a new program involving equity compensation in the form of restricted shares ("the Program") for corporate executive officers for the purpose of providing an incentive for the continuous improvement of MCHC's corporate value and shareholder value over the medium to long term to enhance retention as well as share further value with shareholders.

MCHC also decided at a meeting of its Compensation Committee held on April 27, 2021 to award restricted shares for which the transfer restrictions are removed step by step during the three years following the allotment date ("Fixed-Term Restricted Shares") for the purpose of providing an incentive for the continuous improvement of MCHC's corporate value and shareholder value over the medium to long term to enhance retention as well as share further value with shareholders to the newly-appointed MCHC CEO, and to grant, in addition to the restricted shares based on the Program, 428,322 common shares of MCHC ("Allotted Shares") to 6 (six) corporate executive officers ("Target Corporate Executive Officer(s)") after taking into account the purpose of awarding restricted shares, MCHC's performance, the scope of duties of each Target Corporate Executive Officer, and various other circumstances. In addition, this grant will be made without requiring the payment of money or the provision of assets in exchange.

As such, it was decided at a meeting of the Corporate Executive Officers Committee today to dispose of treasury shares.

Outline of the restricted share allotment agreement

In conducting the Treasury Share Disposition, MCHC and the Target Corporate Executive Officers will individually enter into a restricted share allotment agreement, the outline of which is as follows:

(1) Transfer restriction period

The Target Corporate Executive Officers may not transfer, attach a security interest, or dispose of in any other way the Allotted Shares during the following periods:

[Restricted shares based on the Program]

From May 27, 2021 (allotment date) until they resign from their position of director, corporate executive officer, or executive officer of MCHC or its subsidiary

[Fixed-Term Restricted Shares]

From May 27, 2021 (allotment date) until March 31, 2022 with respect to one-third of the Fixed-Term Restricted Shares granted, March 31, 2023 with respect to the next one-third of said shares, and March 31, 2024 with respect to the remaining shares

(2) Conditions for lifting transfer restrictions

[Restricted shares based on the Program]

The transfer restrictions will be lifted for all Allotted Shares at the expiry of the transfer restriction period on the condition that Target Corporate Executive Officers remain in a position of director, corporate executive officer, or executive officer of MCHC or its subsidiary between April 1 immediately prior to the allotment date and March 31 of the following year ("Service Period"). However, if a Target Corporate Executive Officer resigns from the position of director, corporate executive officer, or executive officer of

MCHC or its subsidiary during the Service Period, the transfer restrictions will be lifted at the expiry of the transfer restriction period for the following number of Allotted Shares in each of the following situations:

(i) Mandatory retirement, death, or incapacity due to disability

All Allotted Shares

(ii) Personnel changes or other reasons deemed justifiable by MCHC's Compensation Committee

Number of Allotted Shares reasonably adjusted based on the period until the resignation date

[Fixed-Term Restricted Shares]

The transfer restrictions will be lifted for Allotted Shares related to the relevant transfer restriction period on the condition that a Target Corporate Executive Officer remains in the position of president of MCHC during each transfer restriction period set forth in [Fixed-Term Restricted Shares] in (1) above. However, if the president resigns from the position of president of MCHC during the transfer restriction period, the transfer restrictions will be lifted immediately after resignation for the following number of Allotted Shares in each of the following situations:

(i) Mandatory retirement, death, or incapacity due to disability

All Allotted Shares

(ii) Personnel changes or other reasons deemed justifiable by MCHC's Compensation Committee

Number of Allotted Shares reasonably adjusted a based on the period until the resignation date

(3) Acquisition without consideration by MCHC

MCHC will reasonably acquire without consideration the Allotted Shares for which transfer restrictions have not been lifted at the expiry of the transfer restriction period.

(4) Management of shares

The Allotted Shares will be managed in a dedicated account for restricted shares opened with Daiwa Securities Co., Ltd., by the Target Corporate Executive Officers during the transfer restriction period so as to prevent transfers of, attachment of a security interest to, or disposition in any other way of the Allotted Shares during the period.

(5) Treatment upon reorganization, etc.

If a merger agreement in which MCHC is the merged company, a share exchange agreement or an equity transfer plan under which MCHC becomes a wholly owned subsidiary, or any other matter concerning reorganization is approved at MCHC's general meeting of shareholders (or a meeting of MCHC's Board of Directors if an approval of MCHC's general meeting of shareholders is not required for said reorganization), the transfer restrictions will be lifted for all Allotted Shares (with respect to Fixed-Term Restricted Shares, limited to those for which restrictions have not been lifted) as of immediately before the business day prior to the effective date of the reorganization, by a resolution of the Compensation Committee.

II About the introduction of Performance-Linked Equity Compensation (Performance Share Unit) Scheme

1. Purpose of introducing the Performance-Linked Equity Compensation Scheme

Until now, MCHC has operated an executive compensation BIP trust to provide performance-linked equity compensation to corporate executive officers, but the Compensation Committee, at its meeting held on April

27, 2021, decided to introduce the Performance-Linked Equity Compensation Scheme (performance share units) as a new performance-linked equity compensation plan for MCHC's corporate executive officers.

The Performance-Linked Equity Compensation Scheme is designed to provide incentives for the corporate executive officers to continuously enhance corporate value by clarifying the connection between their compensation and MCHC's performance and stock value by granting them shares of MCHC's common shares in accordance with the degree of achievement of Performance Targets over a certain period of time. This is intended to provide incentives for the corporate executive officers to achieve sustainable growth in corporate value and to promote further value sharing between the corporate executive officers and shareholders.

2. Details of the Performance-Linked Equity Compensation Scheme

(1) Overview of the Performance-Linked Equity Compensation Scheme

The Performance-Linked Equity Compensation Scheme is a system under which MCHC grants common shares to its corporate executive officers in accordance with their degree of achievement of a numerical target for MCHC's business performance (the "Performance Target") during a certain period of time (the "Target Period"). After the end of the Target Period, MCHC will provide common shares to corporate executive officers as compensation etc. by issuing new shares or disposing of treasury shares without requiring the payment of money or the provision of assets in exchange for the common shares.

The Target Period will be from April 1, 2021 to March 31, 2024, and TSR (Total Shareholder Return) will be used as the Performance Target.

Since the Performance-Linked Equity Compensation Scheme provides for the delivery of shares of MCHC's common shares in accordance with the degree of achievement of the Performance Target, at the time of the introduction of the Scheme, whether or not common shares of MCHC's will be delivered to the corporate executive officers and, if so, the number of shares to be delivered is not determined.

(2) Calculation method for the number of shares to be delivered under the Performance-Linked Equity Compensation Scheme

The number of common shares of MCHC to be delivered under the Performance-Linked Equity Compensation Scheme is, as shown below, the sum of (i) the number of shares calculated by comparison with the growth rate of the JPX-Nikkei Index 400 and (ii) the number of shares calculated by comparison with the TSR of the peer group. The base number of shares to be delivered to each corporate executive officer, which is the basis for the calculation, will be the same for (i) and (ii) above, and the base number of shares to be delivered for each will vary in the range of 0% to 200%.

However, if the total number of issued shares of MCHC increases or decreases due to a stock split or reverse stock split (including gratis allotment of shares), the number will be adjusted in accordance with the ratio of the stock split or reverse stock split.

(i) Number of shares calculated by comparison with the growth rate of the JPX-Nikkei Index 400

[Calculation formula]

Number of shares to = Base number of shares to be delivered × Ratio of shares to be delivered

Base number of shares to be delivered: The number determined by the Compensation Committee in accordance with the position of each corporate executive officer

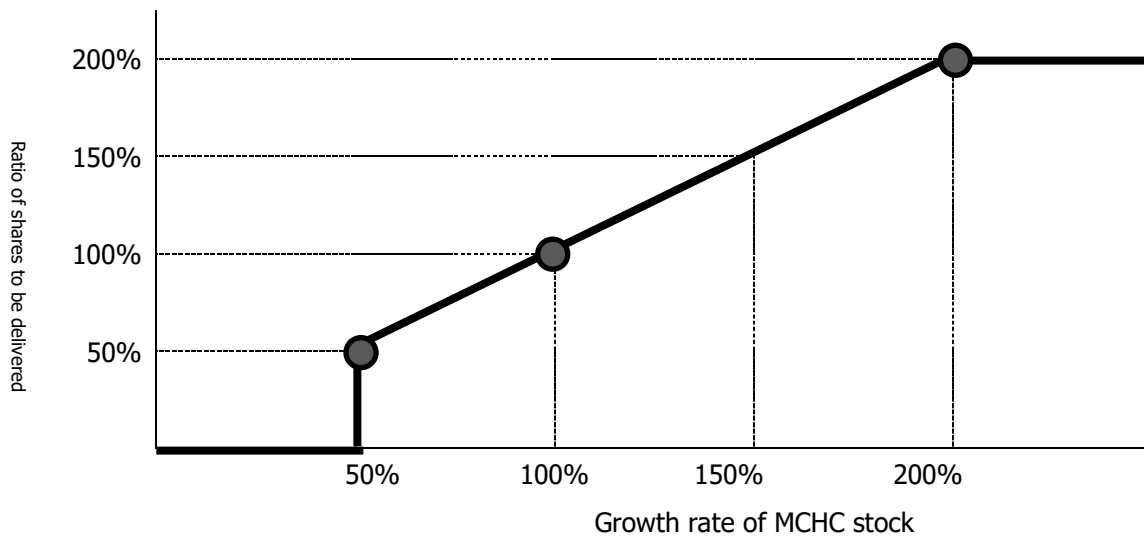
Ratio of shares to be delivered: To be determined according to MCHC's stock growth rate calculated using the formula below:

- <1> If less than 50%: 0%
- <2> If between 50% and 200%: MCHC stock growth rate
- <3> If more than 200%: 200%

* JPX-Nikkei Index 400 (including dividends) is used.

$$\begin{aligned} \text{MCHC stock growth rate} &= \frac{\text{TSR (Total Shareholder Return) of MCHC during the Target Period}}{\text{Growth rate of Nikkei Index 400 during the Target Period}} \\ &= \frac{(B + C) \div A}{E \div D} \end{aligned}$$

- A: Simple average of the closing prices of MCHC's common shares on the Tokyo Stock Exchange in March 2021
- B: Simple average of the closing prices of MCHC's common shares on the Tokyo Stock Exchange in the three months prior to the end of the Target Period (from January to March 2024)
- C: Total amount of dividends per share from distributions of surplus by MCHC during the Target Period
- D: Simple average of the closing prices of the Nikkei Index 400 in March 2021
- E: Simple average of the closing prices of the Nikkei Index 400 in the three months prior to the end of the Target Period (January to March 2024)



(ii) Number of shares calculated by comparison with the peer group's TSR

The TSR of MCHC and the peer group companies selected by the Compensation Committee for the Target Period will be compared, and the number of shares will be calculated according to the ranking (%ile) of MCHC's TSR, as follows.

However, if MCHC's TSR ranking (%ile) is less than the 25%ile, the number of shares calculated by comparison with the TSR of the peer group will be zero.

[Calculation formula]

$$\text{Number of shares to be delivered} = \text{Base number of shares to be delivered} \times \text{Ratio of shares to be delivered}$$

Number of shares to be delivered: The number determined by the Compensation Committee in accordance with the position of each corporate executive officer

Ratio of shares to be delivered: %ile of MCHC's TSR \times 2

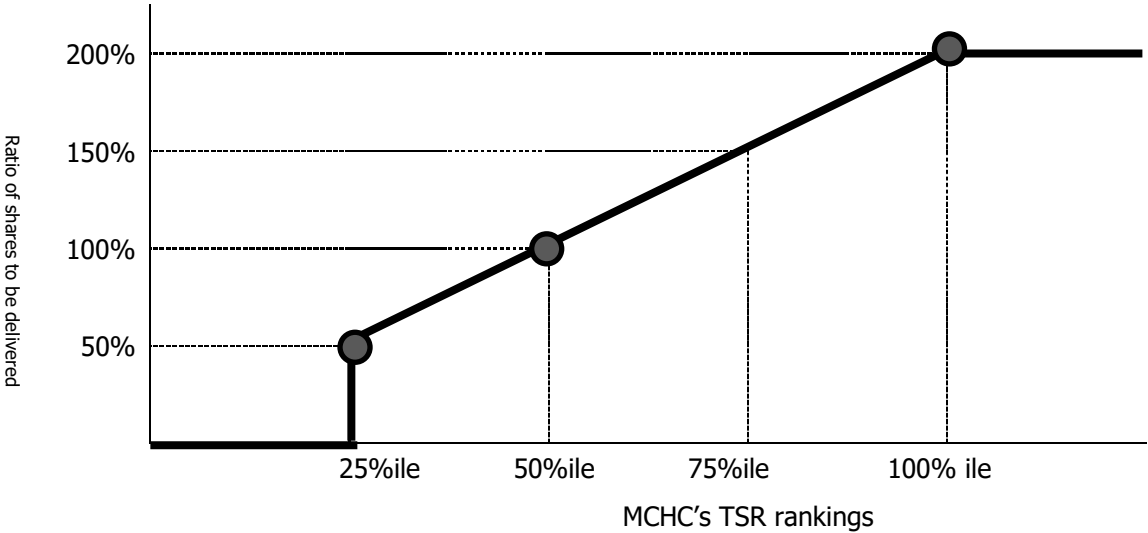
%ile of MCHC's TSR : Calculation will be based on MCHC's TSR ranking within the peer group, with the median value being the 50%ile, first place being the 100%ile, and last place being the 0%ile.

TSR calculation method:

$$\text{TSR of each company} = \frac{B + C}{A}$$

- A: Simple average of the closing prices of each company's common shares on the Tokyo Stock Exchange in March 2021
- B: The simple average of the closing prices of the common shares of each company on the Tokyo Stock Exchange in the three months prior to the end of the Target Period (from January to March 2024)
- C: Total amount of dividends per share from distributions of surplus of each company during the Target Period

<Ratio of shares to be delivered>



(3) Requirements for grant of shares under the Performance-Linked Equity Compensation Scheme

MCHC will deliver shares of common shares of MCHC to the corporate executive officers of MCHC at the time of the introduction of the Performance-Linked Equity Compensation Scheme who satisfy the following requirements at the end of the Target Period:

<1> Continuously held one of the positions of corporate executive officer or executive officer of MCHC during the Target Period

<2> Did not engage in certain types of misconduct etc. as determined by the Compensation Committee.

(4) Treatment at the time of resignation during the Target Period and at the time of organizational restructuring, etc.

In the event of resignation from any position as a corporate executive or executive officer of MCHC due to retirement, death, incapacity due to disability, personnel changes or other reasons deemed justifiable by MCHC's Compensation Committee, MCHC will pay cash in an amount calculated in accordance with the simple average of the closing prices of MCHC's common shares on the Tokyo Stock Exchange in the month preceding the month that includes the date of resignation and in accordance with the period of service.

Furthermore, if a merger agreement in which MCHC is the merged company, a share exchange agreement or an equity transfer plan in which MCHC becomes a wholly owned subsidiary, or any other matter concerning reorganization is approved at MCHC's general meeting of shareholders (or a meeting of MCHC's Board of Directors if an approval of MCHC's general meeting of shareholders is not required for said reorganization), MCHC will pay cash in an amount calculated based on the simple average of the closing prices of MCHC's common shares on the Tokyo Stock Exchange in the month preceding the month in which the date of such approval is included and the period from the start date of the Target Period to the date of such approval.