



NEWS RELEASE

Resonac Holdings Corporation
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February 13, 2025

Resonac to Revise Amount of Board Director Compensation (in Money) Following Revision of Director Compensation Scheme and to Partially Revise Stock Compensation Scheme

Resonac Holdings Corporation (Tokyo: 4004; hereinafter the “Company”) decided at its board meeting today to submit proposals to the 116th Ordinary General Meeting of shareholders on March 26, 2025 (hereinafter “the General Meeting of Shareholders”) for revising the amount of board director compensation in money following a revision of the director compensation scheme and partially revising the stock compensation scheme.

1. Background and purpose of the revision

As the Company aims to transform itself into a world-class functional chemical company, the Company is pushing forward with a review of its business portfolio and intensive investment in growth businesses. Aiming to realize attractive compensation scheme suitable for “a company that can compete on the world stage” in order to recruit excellent management personnel and retain them, and make transition, which will start from the fiscal year 2025 if it is approved by the Company’s shareholders, into a compensation level and scheme that aligns with large manufacturing companies focused on global operations, the Board of Directors of the Company resolved today to submit proposals for revising the amount of board director compensation in money following a revision of the director compensation scheme and partially revising the stock compensation scheme to the General Meeting of Shareholders.

For details, please refer to “Reference1: Outline of the Revision of Board Director and Corporate Officer Compensation Scheme” described later.

2. Revision of the amount of board director compensation (in money)

At the 113th Ordinary General Meeting of Shareholders on March 30, 2022, it was approved that the amount of board director compensation in money should not exceed 850 million yen a year, including the maximum of 100 million yen a year for Outside Board Directors. Based on deliberations of the Remuneration Advisory Committee, where independent Outside Board Directors have a majority, the Board of Directors decided to newly set the maximum amount of basic compensation for Board Directors and short-term incentive for Board Directors (excluding non-executive Board Directors and Outside Board Directors) at 1,100 million yen a year, including the maximum of 150 million yen a year for Outside Board Directors. In setting this amount, the Board of Directors took into consideration the extent of the Resonac Group’s social role and responsibility, trends of competing companies mainly in large manufacturing companies focused on global operations and others competing in business and for human resources, and changes in the management environment.

3. Partial revision of stock compensation scheme

(1) Outline of revision

At the 107th Ordinary General Meeting of Shareholders on March 30, 2016, it was approved to introduce a performance-linked stock compensation scheme for Board Directors (excluding Outside Board Directors) and Corporate Officers. This scheme is based on Board Benefit Trust, or BBT (hereinafter the "Old BBT Scheme"). The Old BBT Scheme was partially revised as approved at the 113th Ordinary General Meeting of Shareholders held on March 30, 2022, and remains in effect today (BBT Scheme revised at that time is hereinafter referred to as the "Current BBT Scheme").

Moving forward, the Company will partially revise the Current BBT Scheme (BBT Scheme after the revision of this time is hereinafter referred to as the "New BBT Scheme") and introduce a stock compensation scheme with transfer restrictions on shares granted to board directors until their resignation, named the "Board Benefit Trust - Restricted Stock" (BBT-RS) (hereinafter the "BBT-RS Scheme"). The New BBT Scheme and the BBT-RS Scheme will be collectively referred to as "the Scheme," and the proposals related to the Scheme will be referred to as "the Proposals."

(2) Specific content of the Scheme after revision

1) Outline of the Scheme

The Scheme is a performance-linked stock compensation scheme in which a trust (the trust established under the provision of the Scheme is hereinafter referred to as "the Trust") acquires shares in the Company using funds contributed by the Company, and the shares in the Company and the monetary amount equivalent to the market value of the shares in the Company (hereinafter collectively referred to as "the Stock Compensation") are granted by the Trust to Resonac's Board Directors and Corporate Officers (hereinafter collectively referred to as "Directors") in accordance with the Regulations on Share Grant to Directors prescribed by the Board of Directors.

· The New BBT Scheme

The timing for Directors (excluding non-executive Board Directors and Outside Board Directors) to receive the Stock Compensation will generally be set at a consistent annual period. Upon revising the Current BBT Scheme, points already allocated to Directors (excluding points carried over from the Old BBT Scheme. Regarding the Old BBT Scheme, please refer to the description about the BBT-RS Scheme as in below.) will be granted as the Stock Compensation following the approval of the Proposals after the General Meeting of Shareholders, during a time to be determined separately by the Company.

· BBT-RS Scheme

The timing for Directors to receive shares in the Company will generally be set at a consistent annual period. However, cash corresponding to the market value of the shares will only be granted to Directors (excluding non-executive Board Directors and Outside Board Directors) upon their retirement. The timing for non-executive Board Directors and Outside Board Directors to receive shares in the Company will generally be set at a consistent annual period. However, non-executive Board Directors and Outside Board Directors will not receive cash based on market value of the shares. With the introduction of the BBT-RS Scheme, the points carried over from the Old BBT Scheme, which are included in the points already allocated to Directors under the Current BBT Scheme, will be granted as the Stock Compensation following the approval of the Proposals after the General Meeting of Shareholders, at a time to be determined separately by the Company. When Directors receive shares in Resonac during their

tenure under the BBT-RS scheme, they must enter into a transfer restriction agreement with the Company prior to receiving the shares as stipulated in the provision of “3. (3) Overview of the Transfer Restriction Agreement for Company Shares Granted to Directors.” This will restrict the transfer and disposal of the shares received until the resignation of the Director (if a Director resigns and subsequently continues to serve as an Audit & Supervisory Board Member, the resignation from the Audit & Supervisory Board Member will apply here. Unless otherwise stated, the same shall apply to the Proposals.).

2) Target of the Scheme

Board Directors (excluding Audit & Supervisory Board Members) and Corporate Officers.

3) Trust Duration

From May 2016 until the completion of the Trust (no specific termination date is set; the Trust will last as long as the Scheme continues). The Scheme will terminate upon delisting of the Company's shares or the abolition of the Regulations on Share Grant to Directors.

4) Trust Funds (Compensation Amounts)

The Company has introduced the Current BBT Scheme targeting the three fiscal years from the fiscal year ending December 31, 2016, to the fiscal year ending December 31, 2018 (The periods for the three fiscal years in question, as well as each period for the subsequent three fiscal years that will commence after the conclusion of these three fiscal years, shall be referred to as “the Target Period.”) and subsequent Target Periods. The company has contributed 400 million yen as the original fund for the Trust at the time of its establishment and has added 1,676 million yen in February 2024. The funds contributed will be used for acquiring the Company's shares through the Trust, and the remaining company shares and cash within the Trust will be allocated as resources for benefits under this scheme following the approval of the Proposals. (However, this excludes benefits related to points that have already been granted under the Old BBT Scheme and the Current BBT Scheme.)

Furthermore, until the termination of the Scheme after approval of the Proposals, the company plans to contribute additional funds for stock acquisitions for Directors, up to a limit of 2,200 million yen for Board Directors (of which 100 million yen is allocated for Outside Board Directors) and 1,350 million yen for Corporate Officers. However, if such additional contributions are made, the total amount of the remaining company shares (excluding those corresponding to the number of points granted to Directors for which the stock grants are pending) and cash (hereinafter collectively referred to as “Remaining Shares, etc.”) within the Trust at the end of the previous Target Period will be considered. The total amount of Remaining Shares, etc. (for the company shares, the book value as of the end of the previous Target Period will be used) and the additional funds contributed must remain within the limits approved by the Proposals. The Company may make multiple contributions to the Trust within the limits specified above until the total contribution amount reaches the aforementioned limits during the Target Period, including the initial Target Period. The Company will disclose any decisions regarding additional contributions in a timely and appropriate manner.

5) Methods for Acquiring Company Shares via the Trust and Number of Shares Acquired

The acquisition of company shares through the Trust will be carried out using the funds contributed as specified in section 4) mentioned above, either through market transactions or by handling the company's treasury stock. The upper limit on the number of points allocated to Directors will be 730,000 points per business year as specified in

section 6) below, thus the upper limit on the number of company shares to be acquired by the Trust during each Target Period will be 2,190,000 shares. Details regarding the acquisition of company shares by the Trust will be disclosed in a timely and appropriate manner.

6) Upper Limits on the Number of the Stock Compensation Granted to Directors

Directors will have position-based standard points established for each business year based on their roles and the market value of the Company's shares. As outlined below, the number of points granted to Directors will be determined by applying certain adjustments, such as multiplying the established position-specific benchmark points by a specific coefficient.

· The New BBT Scheme

After three years have passed since the establishment of the Scheme, confirmed points will be granted annually to each Director (excluding non-executive Board Directors and Outside Board Directors) by multiplying the position-based standard points by an evaluation coefficient related to the TSR (Total Shareholder Return) over the three years (the evaluation coefficient will be predetermined within a range of 0% to 240% based on relative TSR rankings among domestic chemical industry peers and comparisons with growth rates of stock price indices composed of European and American chemical companies).

· BBT-RS Scheme

After the establishment of the Scheme, every year, confirmed points will be granted annually to each Director (excluding non-executive Board Directors and Outside Board Directors) by multiplying the position-based standard points by an evaluation coefficient related to the sustainability evaluation for that year.

Among the total points granted as confirmed points to each Director (excluding non-executive and outside board directors), if dividends arise from the company shares within the Trust that correspond to the monetary points (which are points that will be provided in cash, not shares, equivalent to the market value of the shares upon retirement if the requirements stipulated in the officer stock grant regulations are met), the number of additional points will be granted based on the number of shares held in the Trust, calculated by dividing the dividends by the book value per share of the company's shares held in the Trust (any fractions less than one will be discarded).

Additionally, non-executive Board Directors and Outside Board Directors will receive a number of points determined by their position based on the officer stock grant regulations only under the BBT-RS scheme.

The total number of points granted to Directors per business year (which includes confirmed points granted to Directors (excluding non-executive and outside board directors), additional points granted if dividends arise, and points determined by position for non-executive and outside board directors) will be capped at 410,000 points for Directors (including 20,000 points for outside board directors) and 320,000 points for executive officers. This cap has been determined based on a comprehensive consideration of the current level of executive compensation, trends in the number of Directors, and future projections, and is deemed appropriate. The points granted to Directors will be converted to shares of the company's common stock at a rate of one point per share when the Stock Compensation are granted (however, if stock splits, free allotments, or consolidations of shares occur after the approval of the Proposals,

reasonable adjustments will be made to the upper limits and the number of granted points in accordance with the ratios involved). Furthermore, the proportion of the total number of shares corresponding to the upper limit of points granted per business year (730,000 shares) to the total number of issued shares (as of December 31, 2024, after deducting treasury stock) is approximately 0.4%. The number of points used as the basis for granting the Stock Compensation will generally be the number of points granted to the Directors by the time the beneficiary rights are confirmed (hereinafter referred to as "Confirmed Points").

7) Granting of the Stock Compensation

· The New BBT Scheme

Directors who meet the beneficiary requirements (excluding non-executive and outside board directors) will receive shares of the company from the Trust, in principle, at a consistent annual period based on the "Confirmed Points" specified in section 6 above, following the completion of the necessary beneficiary confirmation procedures. However, if the requirements stipulated in the officer stock grant regulations are met, a certain percentage will be provided in cash equivalent to the market value of the shares instead of receiving company shares. To facilitate the cash payment, the Trust may sell company shares.

· BBT-RS Scheme

Directors who meet the beneficiary requirements (excluding non-executive and outside board directors) will receive shares of the company from the Trust, in principle, at a consistent annual period based on the "Confirmed Points" specified in section 6 above, following the completion of the necessary beneficiary confirmation procedures. However, if the requirements stipulated in the officer stock grant regulations are met, a certain percentage will be provided in cash equivalent to the market value of the shares upon retirement instead of receiving company shares. To facilitate the cash payment, the Trust may sell company shares. In addition, non-executive Board Directors and Outside Board Directors who meet the beneficiary requirements will receive a certain number of company shares from this trust, in principle, at a specified time each year, based on the "Confirmed Points" determined in accordance with the provisions outlined in 6) above, following the designated beneficiary confirmation procedures, and they will not receive cash equivalent to the market value of the shares.

Furthermore, in the BBT-RS scheme, if Directors receive shares during their tenure, they must enter into a transfer restriction agreement with the Company prior to receiving the shares, as outlined in section (3) below. This will restrict the transfer and disposal of the shares received until the resignation of the Director.

Additionally, if a resolution for dismissal is passed at the shareholders' meeting, or if a Director resigns due to a breach of duties as an officer or other reasons stipulated in the Regulations on Share Grant to Directors, they may not receive confirmed points related to unconfirmed position-based standard points, or all or part of the granted points may be forfeited. In cases where Directors resign for personal reasons, if the Remuneration Advisory Committee deems it appropriate not to grant confirmed points related to unconfirmed position-based standard points, or to forfeit all or part of the granted points, the same will apply. Furthermore, in the event of misconduct, the Remuneration Advisory Committee may deliberate and, based on a resolution by the Board of Directors, take actions such as the cancellation of entitlement or the demand for the return of compensation based on the timing of the misconduct or when it became apparent.

8) Voting Rights

Voting rights related to the Company shares held in the Trust account will not be exercised uniformly based on the instructions of the trust administrator. This approach aims to ensure neutrality in the management of the company regarding the exercise of voting rights related to the company shares in the Trust account.

9) Handling of Dividends

Dividends related to the company shares in the Trust account will be received by the Trust and allocated to the acquisition costs of the company shares or the trustee's compensation. In the event that the Trust is terminated, any remaining dividends in the Trust will be distributed to the Directors who are in office at that time, in accordance with the officer stock grant regulations, based on the number of points each holds.

10) Treatment Upon Trust Conclusion

The Trust will terminate if certain conditions occur, such as the delisting of the company's shares or the abolition of the Regulations on Share Grant to Directors. Upon termination of the Trust, all company shares will be acquired by the Company without charge and subsequently canceled by resolution of the Board of Directors. For any remaining cash in the Trust at the time of termination, the amount excluding the cash to be distributed to Directors as per section 9) mentioned above will be provided to the company.

(3) Overview of the Transfer Restriction Agreement for Company Shares Granted to Directors

When Directors receive shares of the Company during their tenure, they must enter into a transfer restriction agreement with the Company prior to receiving the shares, which will include the following contents (hereinafter referred to as "the Transfer Restriction Agreement"). Directors will receive shares of the company on the condition that they enter into this Transfer Restriction Agreement. However, if a Director has already resigned at the time of the share grant, the shares may be granted without entering into the Transfer Restriction Agreement.

a. Contents of the Transfer Restrictions

Directors may not transfer, establish security rights, or otherwise dispose of the shares received from the date of receipt until the date of their resignation from all officer positions at the company (if a Director resigns and subsequently continues to serve as an Audit & Supervisory Board Member, the date of resignation as an Audit & Supervisory Board Member will apply here).

b. Acquisition by the Company Without Charge

In the event of certain misconduct or if the conditions for the release of the transfer restrictions specified in item c. below are not met, the company may acquire the shares without charge.

c. Release of Transfer Restrictions

If a Director resigns from all officer positions at the Company for justifiable reasons or passes away, the transfer restrictions will be released at that time.

d. Treatment in the Event of Corporate Reorganization

If a merger agreement or other matters concerning corporate reorganization are approved at the Company's General Meeting of Shareholders during the transfer restriction period, the Board of Directors may, by resolution, release the transfer restrictions effective on the business day immediately preceding the effective date of the

corporate reorganization.

Furthermore, the company shares subject to the transfer restrictions under this Transfer Restriction Agreement will be managed in a dedicated account opened by the relevant Directors at a securities company designated by the Company to prevent transfer, establishment of security rights, or other disposals during the transfer restriction period.

In addition to the above, the methods for expressing intentions and notifications under this Transfer Restriction Agreement, the methods for amending the Transfer Restriction Agreement, and other matters determined by the Board of Directors will be included in the contents of this Transfer Restriction Agreement.

< Reference1: Outline of the Revision of Board Director and Corporate Officer Compensation Scheme >

The outline of the revision of the compensation scheme for our Board Directors and Corporate Officers, in the event that the proposals for the adjustment of monetary compensation for Directors and the partial revision of the stock compensation scheme are approved at this General Meeting of Shareholders, is as follows:

1. Composition and Level of Compensation

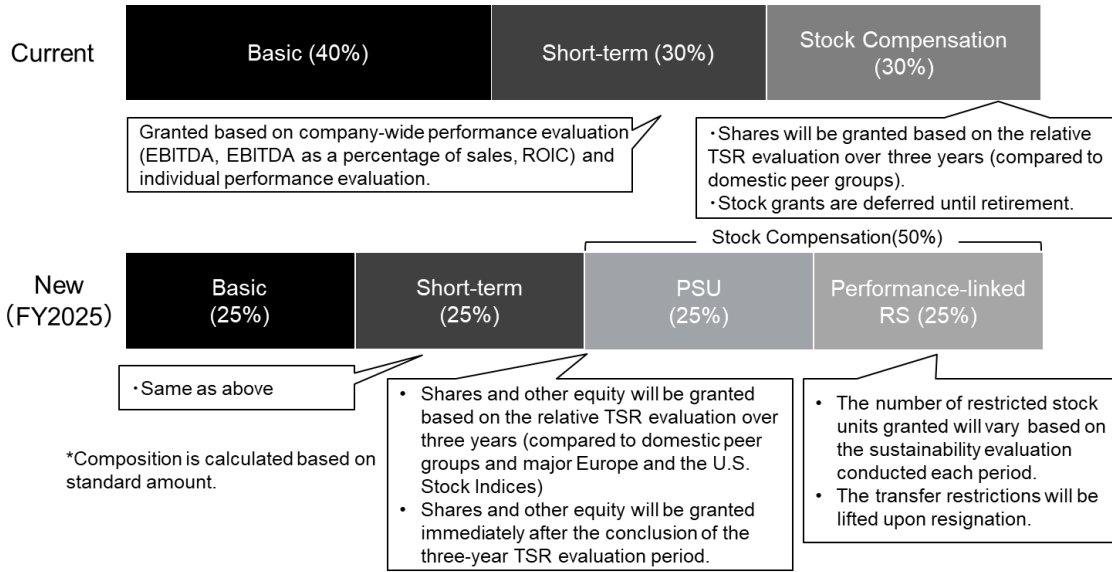
The compensation for Executive Directors and Corporate Officers under the new scheme will consist of a basic compensation (fixed compensation) determined by their roles, short-term incentive (STI) that fluctuates based on performance each period, and long-term incentive (LTI) that varies according to performance and corporate value over the medium to long term. The stock compensation (LTI) will consist of "Performance Share Unit (PSU)" that grant shares of the company's common stock based on performance over three years, and "Performance-linked RS" that grants shares with transfer restrictions (RS) based on sustainability evaluations conducted each period. The compensation levels will be increased, focusing on variable remuneration (STI and LTI), based on comparisons with large manufacturing companies focused on global operations. The compensation for the Chairman of the Board of Directors' Meeting (internal Board Director) and Outside Board Directors will include the granting of restricted stock (RS) without performance conditions, in addition to the basic compensation, to encourage oversight and advice on management aimed at enhancing long-term corporate value.

Graph 1 Type of compensation and scope of payment

Type of compensation		Scope	
Money / Not Money	Composition	Executive Directors / Corporate Officers	Chairman of the Board of Director's Meeting / Outside Board Directors
Money	Basic Compensation	○	○
	Short-term Incentive (STI)	○	—
Not Money (Stock Compensation: LTI)	Performance Share Unit (PSU)	○	—
	Performance-linked RS	○	—
	Restricted Stock (RS)	—	○

*Performance-linked RS and Restricted Stock (RS) will be newly introduced starting from fiscal year 2025.

Graph 2 Percentage of compensation components for President and CEO (image)

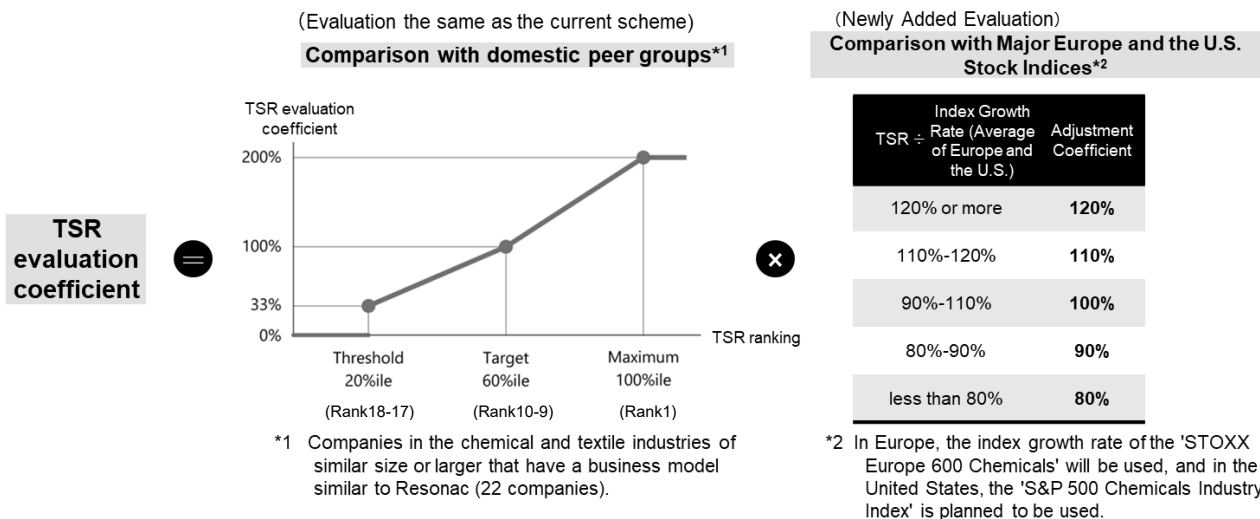


2. Stock compensation

i) Performance Share Unit (PSU)

Our PSU system is designed to enhance long-term corporate value by granting a number of shares based on standard points determined according to a set amount for each position, multiplied by a coefficient (ranging from 0% to 240%) based on the company's TSR (Total Shareholder Return) over three years. The TSR evaluation coefficient will be determined based on comparisons of the Company's current TSR (over three years) with domestic peer groups (companies in the chemical and textile industries of similar size with similar business models) as well as the growth rates of stock price indices composed of European and American chemical companies. The European and American stock price indices will be selected to ensure objectivity and transparency, using well-recognized indices among shareholders and investors. Under the revised PSU, shares of the company's common stock will be granted immediately after the conclusion of the three-year TSR evaluation period, with 50% of the granted shares provided in cash equivalent to their market value.

Graph 3 Overview of the TSR Evaluation in the 2025 Plan (Evaluation Period: January 2025 to December 2027)



ii) Performance-Linked RS

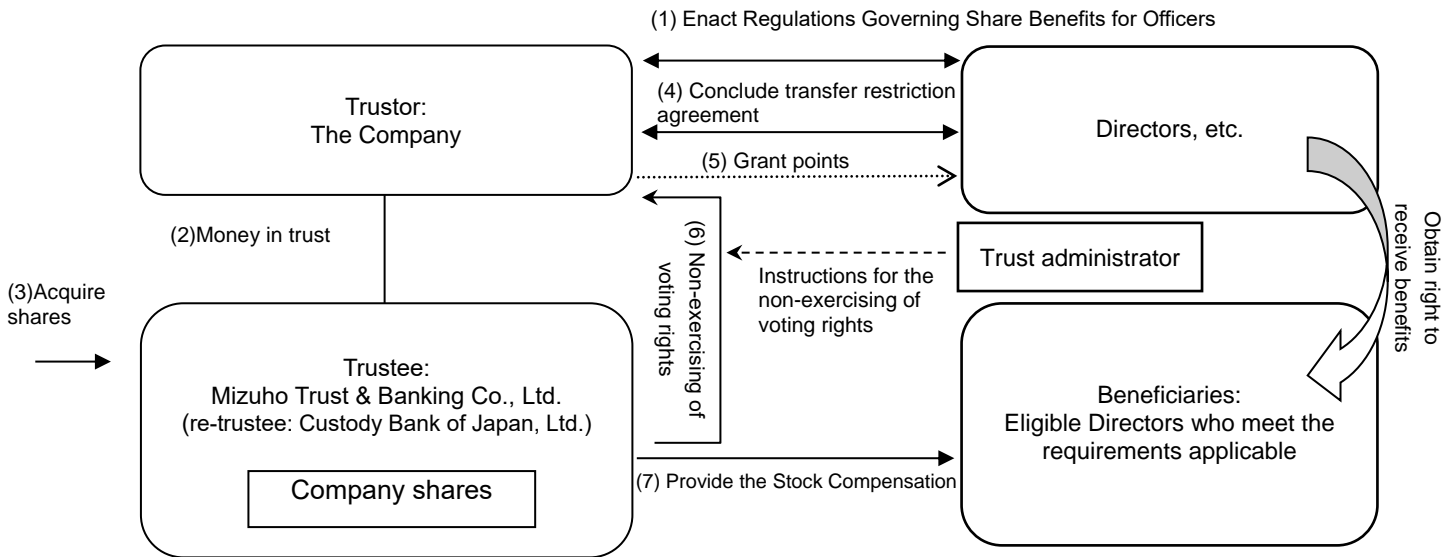
To strengthen stock price awareness and support the achievement of the Sustainability Vision 2030, we will introduce performance-linked RS starting from fiscal year 2025. The performance-linked RS will grant a number of restricted stock (RS) after the end of each fiscal year based on standard points determined according to a set amount for each position, multiplied by a coefficient (ranging from 85% to 115%) based on the sustainability evaluation conducted each period. The RS granted will not be transferable until the time of resignation. Additionally, 30% of the calculated number will be retained as points and paid in cash equivalent to their market value upon retirement.

iii) Restricted Stock (RS)

To encourage oversight and advice on management aimed at enhancing long-term corporate value, restricted stock (RS) will be granted to the Chairman of the Board of Directors' Meeting (internal board director) and Outside Board Directors at the end of each period (after the end of each fiscal year). The RS granted will not be transferable until the time of resignation. The RS granted to Outside Board Directors will amount to approximately 10% of their basic compensation (excluding committee member allowances and committee chairperson allowances).

This revision has been decided by the Board of Directors after deliberation by the Remuneration Advisory Committee, which comprises a majority of independent outside board directors. The committee has obtained necessary information from third-party organizations (WTW - Willis Towers Watson) with extensive global experience and knowledge. The company will continue to review the appropriateness of executive compensation annually, considering changes in the business environment and opinions from shareholders and investors, and will timely and appropriately consider revisions within the limits approved at the shareholders' meeting.

< Reference2: The structure of a stock benefit trust >



- (1) The Company, within the scope of the framework approved for this proposal, enacts the 'Regulations Governing Share Benefits for Directors.
- (2) The Company places money in trust within the scope approved through the adoption of a resolution.
- (3) The Trust acquires Company shares using money entrusted in (2) as the source of funds either through the stock market or by underwriting the disposition of treasury stock.
- (4) In the BBT-RS scheme, Board Directors shall enter into a transfer restriction agreement with the Company, which includes provisions that restrict the transfer or disposal of Company shares received during their term until their resignation (provided that if a Board Director continues to serve as an auditor after resigning from the Board, the restriction shall apply until the resignation of the auditor) and includes clauses for certain free acquisition by the Company.
- (5) The Company grants points to Board Directors in accordance with the Regulations Governing Share Benefits for Directors.
- (6) The Trust shall, in accordance with instructions of the trust administrator, which operates at arms' length from the Company, refrain from exercising voting rights pertaining to Company shares in the Trust Account.
- (7) The Trust provides, at a certain time each year, Eligible Directors who satisfy requirements for beneficiaries as set forth in the Regulations Governing Share Benefits for Directors with Company shares in accordance with the number of points conferred thereon. Provided, however, that if Board Directors (excluding non-executive directors and outside board directors) meet the requirements set forth in the Regulations Governing Share Benefits, they shall receive a monetary benefit equivalent to the market value of Company shares for a certain percentage of points accrued, both at a fixed time each year and at the time of resignation.

For further information, contact:
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