

TRANSLATION FOR REFERENCE PURPOSES ONLY

This notice has been translated from the original Japanese text of the timely disclosure statement dated March 24, 2023 and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.



March 24, 2023

To whom it may concern

Listed Company Name: Unicharm Corporation
Company Representative: Takahisa Takahara,
Representative Director
President and Chief Executive Officer
(Code Number: 8113; Prime Market, Tokyo Stock Exchange)
Contact Person: Hirotatsu Shimada,
Managing Executive Officer,
General Manager of Accounting
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Notice Concerning Disposal of Treasury Shares as Restricted Share-Based Remuneration

Unicharm Corporation (hereinafter the “Company”) hereby announces that, at its Board of Directors meeting held on March 24, 2023, it resolved to dispose of treasury shares (hereinafter the “Disposal of Treasury Shares” or the “Disposal”). The details are as follows.

1. Overview of the Disposal

(1) Disposal Date	April 21, 2023
(2) Class and Number of Shares to Be Disposed of	Common shares of the Company: 77,140 shares
(3) Disposal Amount	¥ 5,269 per share
(4) Total Disposal Amount	¥ 406,450,660
(5) Allottees, Number Thereof and Number of Shares to Be Disposed of	Directors of the Company (excluding outside Directors and Directors who are Audit and Supervisory Committee Members): 32,300shares to be allotted to 3 persons Executive Officers not serving concurrently as Directors of the Company: 28,000shares to be allotted to 18persons Senior Associate Officers of the Company: 400shares to be allotted to 1 person Employees of the Company: 8,400shares to be allotted to 61persons Employees of the wholly Company’s subsidiaries: 8,040shares to be allotted to 67persons

2. Purposes and Reasons for Disposal

At the Board of Directors meeting held on February 21, 2020, the Company resolved to introduce a restricted share-based remuneration plan (hereinafter the “Plan”) as a new remuneration plan for Directors excluding outside Directors and Directors who are Audit and Supervisory Committee Members of the Company (hereinafter the “Eligible Directors”); Executive Officers not serving concurrently as Directors of the Company (hereinafter the “Eligible Executive Officers”); and Senior Associate Officers of the Company (hereinafter the “Eligible Senior Associate Officers” and together with the Eligible Directors and the Eligible Executive Officers, collectively, the “Eligible Directors, etc.”). The Plan is intended to provide a medium- to long-term incentive and to share shareholder value. Also, at the 60th Ordinary General Meeting of Shareholders held on March 25, 2020, the Company received approval for the Plan. For details regarding this matter, please refer to “Notice Concerning Introduction of Restricted Share-Based Remuneration Plan” released on February 21, 2020.

The Company also resolved to introduce a restricted share-based remuneration plan for employees of the Company and wholly its subsidiaries (hereinafter the “Eligible Employees”) at the Board of Directors meeting held on March 25, 2020 in order to provide an incentive to sustainably increase the Group’s corporate value and to share shareholder value. For details regarding this matter, please refer to “Notice Concerning Disposal of Treasury Shares as Restricted Share-Based Remuneration to Employees of Unicharm Corporation and Its Subsidiaries” released on March 25, 2020.

Considering the purpose of the Plan, the Company’s business conditions, the scope of responsibilities of each of the Eligible Directors, etc. and other various factors, the Company has decided to provide a total of 319,828,300 yen of monetary remuneration claims and a total of 86,622,360 yen of monetary claims (hereinafter the “Monetary Remuneration Claims”) and 77,140 common shares of the Company, in order to further increase the motivation of each of the Eligible Directors, etc. and the Eligible Employees. In order to realize the sharing of shareholder value over the medium- to long-term, which is one of the purposes of introducing the Plan, the Company has set the transfer restriction period at three years for the Eligible Directors, etc., and at approximately two years for the Eligible Employees.

For the Disposal of Treasury Shares, 150 planned allottees, or the Eligible Directors, etc. and the Eligible Employees, shall pay all the Monetary Remuneration Claims to the Company under the Plan, in the form of property contributed in kind, and shall, in return, receive common shares of the Company (hereinafter the “Allotted Shares”) that shall be disposed of by the Company. The agreement on the allotment of restricted shares to be entered between the Company and the Eligible Directors, etc. or the Eligible Employees for the Disposal of Treasury Shares (hereinafter the “Allotment Agreement”) are outlined in Item 3 below.

In addition, the Allotment Agreement includes a clawback provision under which, in the event that a major accounting fraud is discovered or a large loss is reported by the Company, all of the restricted shares allotted to date on an accumulated basis will be returned to the Company without contribution, depending on the responsibilities borne by each of the Eligible Directors, etc.

3. Overview of the Allotment Agreement

<Eligible Directors>

(1) Restricted Period From April 21, 2023 to April 20, 2026

(2) Conditions for Lifting of Transfer Restriction

The Company shall lift the transfer restriction on all of the Allotted Shares upon expiration of the restricted period, on the condition that the Eligible Director has remained in the position of Director of the Company throughout the period from the Disposal date to a time immediately before the conclusion of the first Ordinary General Meeting of Shareholders to be held thereafter (hereinafter the “Service Period”).

(3) Treatment in the Event an Eligible Director Retires During the Restricted Period due to the Expiration of His/Her Term of Office, Attainment of Retirement Age or Any Other Justifiable Reason

(i) Timing for Lifting of Transfer Restriction

In the event where an Eligible Director retires from the position of the Director of the Company due to the expiration of the Service Period, attainment of retirement age or any other justifiable reason (except in case of retirement due to death), the Company shall, in principle, lift the transfer restriction either at immediately after the retirement of the Eligible Director or on April 1, 2024, whichever is the latest. In the event of retirement due to death, the transfer restriction shall be lifted at a time separately determined by the Board of Directors after the death of the Eligible Director.

Notwithstanding the provision above, in the event where an Eligible Director retires due to death by the time immediately before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares held by the Eligible Director at that time.

(ii) Number of Shares Subject to Lifting of Transfer Restriction

The number of shares subject to the lifting of the transfer restriction as specified in (i) shall be calculated by multiplying the number of the Allotted Shares held at the time immediately after the retirement (except in case of retirement due to death) by a fraction obtained by dividing the number of months of tenure of the Eligible Director during the Service Period by 12. (However, if the calculation results in a fraction of less than one unit, the fraction shall be rounded down.)

In the event where an Eligible Director retires due to death at a time on or after April 1, 2024, the number of shares subject to the lifting of the transfer restriction shall be the number of the Allotted Shares held at the time of death of the Eligible Director.

(4) Acquisition Without Contribution by the Company

The Company shall automatically acquire without contribution the Allotted Shares on which the transfer restriction has not been lifted as of the expiration of the restricted period or the lifting of the transfer restriction specified in (3) above.

(5) Treatment During Reorganization, etc.

In principle, if, during the restricted period, matters concerning a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where the approval at the Company’s General Meeting of Shareholders is not required for the reorganization, etc.), the Company

shall, as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective, lift the transfer restriction on all the Allotted Shares held at that time by resolution of the Board of Directors. In addition, the Company shall automatically acquire without contribution all the Allotted Shares on which the transfer restriction has not been lifted as of the time immediately after the transfer restriction is lifted.

Notwithstanding the provision above, if the time immediately before the business day prior to the effective date of reorganization, etc. falls before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective.

(6) Management of Shares

The Company shall have the Eligible Directors open dedicated accounts at Nomura Securities Co., Ltd. for the management of the Allotted Shares during the restricted period, so the Eligible Directors cannot transfer the shares, create security interests, or otherwise dispose of the shares during the restricted period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by each of the Eligible Directors in order to ensure the effectiveness of the transfer restriction on the Allotted Shares. In addition, the Eligible Directors shall agree to the details of the management of such accounts.

<Eligible Executive Officers>

(1) Restricted Period From April 21, 2023 to April 20, 2026

(2) Conditions for Lifting of Transfer Restriction

The Company shall lift the transfer restriction on all of the Allotted Shares upon expiration of the restricted period, on the condition that the Eligible Executive Officer has remained in the position of Director or Executive Officer not serving concurrently as Director of the Company throughout the term of delegation agreement during the fiscal year in which the Disposal date occurs (hereinafter the “Delegation Agreement Term”).

(3) Treatment in the Event an Eligible Executive Officer Retires During the Restricted Period due to the Expiration of His/Her Term of Office, Attainment of Retirement Age or Any Other Justifiable Reason

(i) Timing for Lifting of Transfer Restriction

In the event where an Eligible Executive Officer retires from the position of the Director or Executive Officer not serving concurrently as Director of the Company due to the expiration of the tenure, attainment of retirement age or any other justifiable reason (except in case of retirement due to death), the Company shall, in principle, lift the transfer restriction either at immediately after the retirement of the Eligible Executive Officer or on April 1, 2024, whichever is the latest. In the event of retirement due to death, the transfer restriction shall be lifted at a time separately determined by the Board of Directors after the death of the Eligible Executive Officer.

Notwithstanding the provision above, in the event where an Eligible Executive Officer retires due to death by the time immediately before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares held by the Eligible Executive Officer at that time.

(ii) Number of Shares Subject to Lifting of Transfer Restriction

The number of shares subject to the lifting of the transfer restriction as specified in (i) shall be calculated by multiplying the number of the Allotted Shares held at the time immediately after the retirement (except in case of retirement due to death) by a fraction obtained by dividing the number of months of tenure of the Eligible Executive Officer during the Delegation Agreement Term by 12. (However, if the calculation results in a fraction of less than one unit, the fraction shall be rounded down.)

In the event where an Eligible Executive Officer retires due to death at a time on or after April 1, 2024, the number of shares subject to the lifting of the transfer restriction shall be the number of the Allotted Shares held at the time of death of the Eligible Executive Officer.

(4) Acquisition Without Contribution by the Company

The Company shall automatically acquire without contribution the Allotted Shares on which the transfer restriction has not been lifted as of the expiration of the restricted period or the lifting of the transfer restriction specified in (3) above.

(5) Treatment During Reorganization, etc.

In principle, if, during the restricted period, matters concerning a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where the approval at the Company's General Meeting of Shareholders is not required for the reorganization, etc.), the Company shall, as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective, lift the transfer restriction on all the Allotted Shares held at that time by resolution of the Board of Directors. In addition, the Company shall automatically acquire without contribution all the Allotted Shares on which the transfer restriction has not been lifted as of the time immediately after the transfer restriction is lifted.

Notwithstanding the provision above, if the time immediately before the business day prior to the effective date of reorganization, etc. falls before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective.

(6) Management of Shares

The Company shall have the Eligible Executive Officers open dedicated accounts at Nomura Securities Co., Ltd. for the management of the Allotted Shares during the restricted period, so the Eligible Executive Officers cannot transfer the shares, create security interests, or otherwise dispose of the shares during the restricted period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by each of the Eligible Executive Officers in order to ensure the effectiveness of the transfer restriction on the Allotted Shares. In addition, the Eligible Executive Officers shall agree to the details of the management of such accounts.

<Eligible Senior Associate Officers>

(1) Restricted Period From April 21, 2023 to April 20, 2026

(2) Conditions for Lifting of Transfer Restriction

The Company shall lift the transfer restriction on all of the Allotted Shares upon expiration of the restricted period, on the condition that the Eligible Senior Associate Officer has remained in the position of Senior Associate Officer of the Company throughout the term of delegation agreement during the fiscal year in which the Disposal date occurs (hereinafter the “Delegation Agreement Term”).

(3) Treatment in the Event an Eligible Senior Associate Officer Retires During the Restricted Period due to Attainment of Retirement Age or Any Other Justifiable Reason

(i) Timing for Lifting of Transfer Restriction

In the event where an Eligible Senior Associate Officer retires from the position of the Senior Associate Officer of the Company due to attainment of retirement age or any other justifiable reason (except in case of retirement due to death), the Company shall, in principle, lift the transfer restriction either at immediately after the retirement of the Eligible Senior Associate Officer or on April 1, 2024, whichever is the latest. In the event of retirement due to death, the transfer restriction shall be lifted at a time separately determined by the Board of Directors after the death of the Eligible Senior Associate Officer. Notwithstanding the provision above, in the event where an Eligible Senior Associate Officer retires due to death by the time immediately before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares held by the Eligible Senior Associate Officer at that time.

(ii) Number of Shares Subject to Lifting of Transfer Restriction

The number of shares subject to the lifting of the transfer restriction as specified in (i) shall be calculated by multiplying the number of the Allotted Shares held at the time immediately after the retirement (except in case of retirement due to death) by a fraction obtained by dividing the number of months of tenure of the Eligible Senior Associate Officer during the restricted period by 12. (However, if the calculation results in a fraction of less than one unit, the fraction shall be rounded down.)

In the event where an Eligible Senior Associate Officer retires due to death at a time on or after April 1, 2024, the number of shares subject to the lifting of the transfer restriction shall be the number of the Allotted Shares held at the time of death of the Eligible Senior Associate Officer.

(4) Acquisition Without Contribution by the Company

The Company shall automatically acquire without contribution the Allotted Shares on which the transfer restriction has not been lifted as of the expiration of the restricted period or the lifting of the transfer restriction specified in (3) above.

(5) Treatment During Reorganization, etc.

In principle, if, during the restricted period, matters concerning a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where the approval at the Company’s General Meeting of Shareholders is not required for the reorganization, etc.), the Company shall, as at the time immediately before the business day prior to the date on which the reorganization, etc.

becomes effective, lift the transfer restriction on all the Allotted Shares held at that time by resolution of the Board of Directors. In addition, the Company shall automatically acquire without contribution all the Allotted Shares on which the transfer restriction has not been lifted as of the time immediately after the transfer restriction is lifted.

Notwithstanding the provision above, if the time immediately before the business day prior to the effective date of reorganization, etc. falls before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective.

(6) Management of Shares

The Company shall have the Eligible Senior Associate Officers open dedicated accounts at Nomura Securities Co., Ltd. for the management of the Allotted Shares during the restricted period, so the Eligible Senior Associate Officers cannot transfer the shares, create security interests, or otherwise dispose of the shares during the restricted period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by each of the Eligible Senior Associate Officers in order to ensure the effectiveness of the transfer restriction on the Allotted Shares. In addition, the Eligible Senior Associate Officers shall agree to the details of the management of such accounts.

<Eligible Employees>

(1) Restricted Period From April 21, 2023 to July 1, 2025

(2) Conditions for Lifting of Transfer Restriction

The Company shall lift the transfer restriction on all of the Allotted Shares upon expiration of the restricted period, on the condition that the Eligible Employee has remained in the position as any of employee or other equivalent positions of the Company or its subsidiaries throughout the restricted period.

(3) Treatment in the Event an Eligible Employee Retires During the Restricted Period due to Attainment of Retirement Age or Any Other Justifiable Reason

In the event where an Eligible Employee retires from the position as any of employee or other equivalent positions of the Company or its subsidiaries due to attainment of retirement age or any other justifiable reason (except in case of retirement due to death), the Company shall, in principle, lift the transfer restriction either at immediately after the retirement of the Eligible Employee or on April 1, 2024, whichever is the latest.

Notwithstanding the provision above, in the event where an Eligible Employee retires due to death by the time immediately before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares held by the Eligible Employee at that time.

(4) Acquisition Without Contribution by the Company

The Company shall automatically acquire without contribution the Allotted Shares on which the transfer restriction has not been lifted as of the expiration of the restricted period or the lifting of the transfer restriction specified in (3) above.

(5) Treatment During Reorganization, etc.

In principle, if, during the restricted period, matters concerning a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where the approval at the Company's General Meeting of Shareholders is not required for the reorganization, etc.), the Company shall, as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective, lift the transfer restriction on all the Allotted Shares held at that time by resolution of the Board of Directors. In addition, the Company shall automatically acquire without contribution all the Allotted Shares on which the transfer restriction has not been lifted as of the time immediately after the transfer restriction is lifted.

Notwithstanding the provision above, if the time immediately before the business day prior to the effective date of reorganization, etc. falls before April 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective.

(6) Management of Shares

The Company shall have the Eligible Employees open dedicated accounts at Nomura Securities Co., Ltd. for the management of the Allotted Shares during the restricted period, so the Eligible Employees cannot transfer the shares, create security interests, or otherwise dispose of the shares during the restricted period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by each of the Eligible Employees in order to ensure the effectiveness of the transfer restriction on the Allotted Shares. In addition, the Eligible Employees shall agree to the details of the management of such accounts.

4. Basis of Calculation and Specific Details for the Amount to Be Paid In

The Disposal of Treasury Shares to the planned allottees shall be carried out using monetary remuneration claims, provided to the planned allottees as the Restricted Share-based Remuneration for the 64th fiscal year of the Company under the Plan, as property contribution to the Company. To eliminate arbitrariness in the disposal amount, the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on March 23, 2023 (the business day prior to the date of resolution by the Board of Directors) of 5,269 yen shall be used as the disposal amount. The Company believes that this amount is reasonable and not particularly advantageous as it is the market share price on the day immediately preceding the date of the resolution of the Board of Directors.

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