

TRANSLATION FOR REFERENCE PURPOSES ONLY

This notice has been translated from the original Japanese text of the timely disclosure statement dated March 25, 2020 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 25, 2020

To whom it may concern

Listed Company Name: Unicharm Corporation
Company Representative: Takahisa Takahara,
President and Chief Executive Officer
(Code Number: 8113; First Section, Tokyo Stock Exchange)
Contact Person: Hirotatsu Shimada,
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Notice Concerning Disposal of Treasury Shares as Restricted Share-Based Remuneration to Employees of Unicharm Corporation and Its Subsidiaries

Unicharm Corporation (hereinafter the “Company”) hereby announces that, at its Board of Directors meeting held on March 25, 2020, 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	September 30, 2020
(2)	Class and Number of Shares to Be Disposed of	Common shares of the Company: 1,593,100 shares
(3)	Disposal Amount	¥3,631 per share
(4)	Total Disposal Amount	¥5,784,546,100
(5)	Allottees, Number Thereof and Number of Shares to Be Disposed of	Employees of the Company: 1,049,900 shares to be allotted to 1,753 persons Employees of subsidiaries of the Company: 543,200 shares to be allotted to 1,437 persons
(6)	Others	The Disposal of Treasury Shares is conditioned on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purposes and Reasons for Disposal

At the Board of Directors meeting held on March 25, 2020, the Company resolved to introduce a restricted share-based remuneration plan (hereinafter the “Plan”) in order to provide employees of the Company and its subsidiaries (hereinafter the “Eligible Employees”) with an incentive to sustainably increase the Group’s corporate value and to share shareholder value.

The overview of the Plan is as follows.

[Overview of the Plan]

The Eligible Employees shall pay all monetary claims to be provided to them by the Company or its subsidiaries under the Plan, in the form of property contributed in kind, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company.

The issuance or disposal of common shares of the Company under the Plan shall be conditional that an agreement on the allotment of restricted shares shall be entered into between the Company and the Eligible Employees. The agreement shall include such provisions as (i) the Eligible Employees shall be prohibited from transferring, creating security interest, or otherwise disposing of common shares of the Company to be allotted under the agreement for a certain time period; and (ii) in the event that certain circumstances arise, the Company shall acquire said common shares without contribution.

Considering the purpose of the Plan, the Company’s business conditions, the scope of responsibilities of each of the Eligible Employee and other various factors, the Company has decided to provide a total of 5,784,546,100 yen of monetary remuneration claims (hereinafter the “Monetary Remuneration Claims”) and 1,593,100 common shares of the Company, in order to further increase the motivation of each of the Eligible Employee. 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 for the Eligible Employees at approximately five years.

For the Disposal of Treasury Shares, 3,190 planned allottees, or 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 Employees for the Disposal of Treasury Shares (hereinafter the “Allotment Agreement”) are outlined in Item 3 below.

3. Overview of the Allotment Agreement

(1) Restricted Period From September 30, 2020 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 Restriction Period due to Attainment of

Retirement Age or Any Other Justifiable Reason

In the event where an Eligible Employee retires from any position as employee or other equivalent positions of the Company or its subsidiaries due to attainment of retirement age or any other justifiable reason (including retirement due to death), the Company shall lift the transfer restriction on all of the Allotted Shares as at the time immediately after the retirement of the Eligible Employee.

(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.

(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 claims, provided to the planned allottees as the Restricted Share-based Remuneration for the 61st through 65th fiscal years 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 First Section of the Tokyo Stock Exchange on March 24, 2020 (the business day prior to the date of resolution by the Board of Directors) of 3,631 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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