

February 25, 2025

Company Name: POLA ORBIS HOLDINGS INC.
Representative: Yoshikazu Yokote,
Representative Director and President
TSE Code: 4927 (Prime Market)
Contact: Yuta Abe, General Manager, Corporate Div.
TEL: +81-3-3563-5517

**Notice on the Partial Revision of the Share-Based Compensation Plan
for Outside Directors of POLA ORBIS HOLDINGS INC.**

At the Board of Directors meeting held on February 25, 2025, POLA ORBIS HOLDINGS INC. (the “Company”) decided to submit a proposal regarding the partial revision of the share-based compensation plan for outside directors of the Company, has been in place since fiscal 2019, to the Annual Shareholders’ Meeting to be held on March 27, 2025 (the “Shareholders’ Meeting”). The details are outlined below.

1. Purpose of the company’s share-based compensation plan and details of revisions

- (1) The Company introduced a share-based compensation plan for its directors and corporate officers (excluding non-resident persons, for Japanese tax purposes; collectively, the “directors, etc. of the Company”) with the approval of shareholders at the 13th Annual Shareholders’ Meeting held on March 26, 2019. In addition, the Company introduced a similar plan (together with the share-based compensation plan for the directors, etc. of the Company, collectively the “Plan”) for directors of its subsidiaries (excluding outside directors and non-resident persons, for Japanese tax purposes; collectively, the “directors, etc. of subsidiaries”; and together with the directors, etc. of the Company, collectively the “applicable directors, etc.”).
- (2) The Plan, with a view toward achieving the Group’s long-term vision and medium-term management plan, aims to further clarify the linkage between the compensation for the applicable directors, etc. and the stock value of the Company, to enhance motivation for boosting of its corporate value over medium to long term, and further promote the common interest shared with shareholders. For outside directors, who serve a governance function by objectively assessing the appropriateness of business execution, the Company introduced a fixed share-based compensation plan not linked to business performance.
- (3) The Plan is structured based on the adoption of a scheme referred to as a Board Incentive Plan Trust (the “BIP Trust”). The BIP Trust offers the applicable directors, etc. delivery and grant (the “delivery, etc.”) of shares in the shares in the Company, along with the cash proceeds from the conversion thereof (collectively, the “shares in the Company, etc.”), commensurate with their individual executive ranking and level of achievement against the corporate performance targets, in a manner similar to that in a performance share plan or restricted stock plan in the United States.

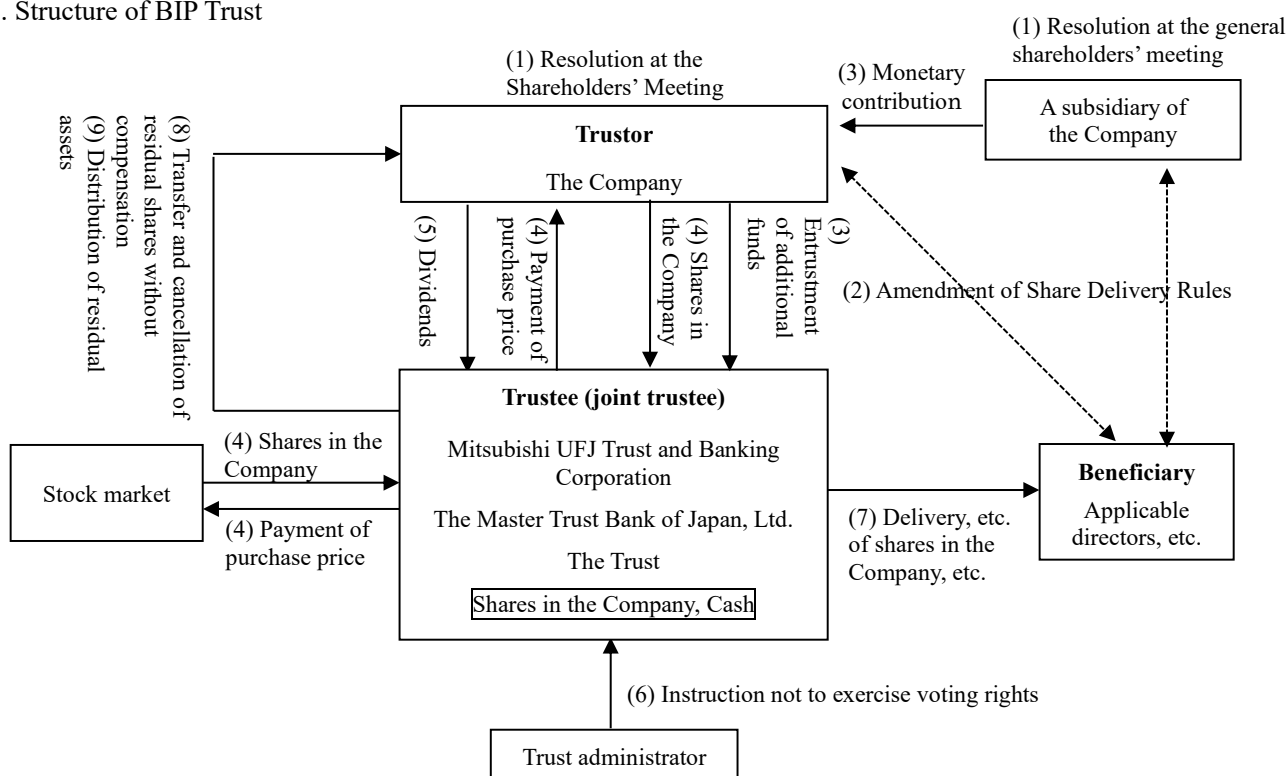
- (4) As the Company plans to propose an increase in the number of outside directors at the Shareholders' Meeting, it proposes to revise the upper limit on monetary contributions the Company allocates as compensation for outside directors, as well as the maximum number of shares in the Company, etc. available for the delivery, etc. The proposed revision is detailed in the table below. No other changes will be made to the Plan.

Proposed revision

Item	Before revision	After revision
Upper limit on monetary contributions the Company allocates as compensation for outside directors	<ul style="list-style-type: none"> • <u>¥7 million</u> per year • Amount calculated by multiplying the above by the number of years in the Applicable Period specified in 3. (1) below 	<ul style="list-style-type: none"> • <u>¥17 million</u> per year • Amount calculated by multiplying the above by the number of years in the Applicable Period specified in 3. (1) below
Maximum number of shares in the Company, etc. available for the delivery, etc. to outside directors	<ul style="list-style-type: none"> • <u>2,400 shares</u> per year • Number of shares calculated by multiplying the above by the number of years in the Applicable Period specified in 3. (1) below 	<ul style="list-style-type: none"> • <u>6,000 shares</u> per year • Number of shares calculated by multiplying the above by the number of years in the Applicable Period specified in 3. (1) below

- (5) In order to ensure transparency and objectivity in the process for determining the executive compensation, the Company has established the Compensation Advisory Committee, chaired by an outside director and the majority of which is comprised of outside directors, as a voluntary advisory body to the Board of Directors. The continuation and partial revision of the Plan have been deliberated by the Compensation Advisory Committee.

2. Structure of BIP Trust



- (1) The Company and its subsidiaries shall obtain approval of resolutions on the partial revision of the Plan at the Shareholders' Meeting as well as at the general shareholders' meeting at each subsidiary.
- (2) The Company and its subsidiaries shall, at the respective Board of Directors, amend the Share Delivery Rules as part of the Plan.
- (3) The Company shall make additional monetary contributions to a trust (the "Trust") for the benefit of the applicable directors, etc. who meet the beneficiary requirements, to the extent approved by the shareholders' meeting as mentioned in (1) above.
- (4) The Trust shall, under the instruction of the trust administrator, acquire shares in the Company using the fund contributed in (3), either from the Company (through the disposal of treasury shares) or from the stock market. The number of shares to be acquired by the Trust shall not exceed the limit approved by the general shareholders' meetings as mentioned in (1).
- (5) Dividends shall be paid to the shares in the Company held in the Trust, in the same manner as for other shares in the Company.
- (6) Voting rights for the shares in the Company held in the Trust shall not be exercised, throughout the trust period.
- (7) During the trust period, the beneficiaries shall be assigned a certain number of points pursuant to the Share Delivery Rules at each company, and further receive delivery of the number of shares in the Company equivalent to 50% of the points assigned (disregarding fractional shares), while the number of shares in the Company equivalent to the remainder of the points shall be converted into cash within the Trust, pursuant to the provisions of the trust agreement, which shall be paid to the beneficiaries.
- (8) If residual shares remain at the expiry of the trust period, due to reasons such as failure to achieve the corporate performance targets, the Company shall, by altering the trust agreement or entrusting additional funds, continue to use the Trust as part of the Plan or as part of a similar but new share-based compensation plan, or alternatively shall direct the Trust to transfer the residual shares to the Company without compensation, to achieve cancellation thereof, based on a resolution by the Board of Directors.
- (9) At the termination of the Trust, any residual assets remaining after the distribution to the beneficiaries shall belong to the Company, to the extent of the trust expense reserve, which is equal to the trust fund minus the funds used to acquire the shares. Meanwhile, the portion in excess of the trust expense reserve shall be donated to organizations in which neither the Company, nor the subsidiaries, nor the applicable directors, etc. has interest.

Note: If shares in the Company are exhausted within the Trust, as a result of the delivery, etc. of shares in the Company, etc. to the applicable directors, etc. that meet the beneficiary requirements, the Trust shall be terminated before the expiry of the trust period. The Company may, to the extent approved by the Shareholders' Meeting, as well as the general shareholders' meeting at each subsidiary, additionally entrust funds to the Trust to finance the acquisition of shares in the Company available for delivery, etc. to the applicable directors, etc., thereby facilitating the additional acquisition of shares in the Company by the Trust.

3. Description of the Plan

(1) Outline of the Plan

The Plan is a share-based compensation plan that offers the delivery, etc. of shares in the Company, etc. to

the applicable directors, etc. through the Trust, for the fiscal years covered by the Group's medium-term management plan (the "Applicable Period," three to four years in principle). The Applicable Period covered by the current Plan comprises the three fiscal years from the fiscal year ended December 31, 2024 to the fiscal year ending December 31, 2026. The revised Plan will apply for the two fiscal years, namely the fiscal year ending December 31, 2025 and the fiscal year ending December 31, 2026.

(2) Resolution of the general of shareholders' meeting for the partial revision to the Plan

The upper limit of the monetary contribution to the Trust as compensation for outside directors and the maximum number of the shares available for delivery to outside directors by the Company (including the number of shares subject to conversion into cash) and other necessary matters shall be determined by resolutions at the Shareholders' Meeting. In the event of continuation of the Trust, as described in (4) below, the Company shall decide on the alteration to the trust agreement and entrusting additional funds to the Trust at the expiry of the trust period, by a resolution of the Board of Directors, to the extent approved by the Shareholders' Meeting and the 13th Annual Shareholders' Meeting held in 2019.

(3) Applicable persons covered under the Plan (beneficiary requirements)

The applicable directors, etc. shall, subject to the following beneficiary requirements, receive delivery, etc. of the number of the shares in the Company, etc. equivalent to the number of points assigned (as prescribed in (5) below; hereinafter, the same) from the Trust, after completing the beneficiary-determination procedure set out separately.

- i) To have served as an applicable director, etc. during the Applicable Period
- ii) To be a resident in Japan for Japanese tax purposes
- iii) To have neither departed from their position by either resignation or dismissal, due to a serious breach of contract or agreement, etc. with the Company, with respect to their duties as the applicable director, etc., nor retired voluntarily from their position for personal reasons (excluding circumstances that are unavoidable such as health issues, etc.), against the intention of the Company
- iv) To otherwise meet the requirements deemed essential for the Plan to achieve its purpose as a share-based compensation plan

(4) Trust period for the current Applicable Period

The trust period will be approximately three years, from May 2024 to May 31, 2027 (not yet finalized).

The Company may, at the expiry of the trust period, continue the Trust as part of the Plan, or as part of a similar share-based compensation plan, by altering the trust agreement, or by additionally funding the Trust. In such case, the number of years covered under the medium-term management plan in place at the Group at such point in time shall be established as the new Applicable Period, and the trust period of the Trust shall be extended for the same length of time as the new Applicable Period. The Company and its subsidiaries shall make additional contributions to the Trust, within the upper limit of the monetary contribution to the Trust in the new Applicable Period, as approved by the general shareholders' meeting at each respective company, and continue to assign points to the applicable directors, etc. However, in the event of such additional funding to the Trust, if, as of the final day of the trust period before the extension, there remains shares in the Company held in the Trust (excluding those for which delivery, etc. has not been

completed corresponding to the number of points assigned to the applicable directors, etc.), as well as cash (collectively the “residual shares, etc.”), the sum of the amount equivalent to the residual shares, etc. and the amount of the additionally contributed trust funds shall not exceed the upper limit of the monetary contribution to the Trust during the new Applicable Period, as approved by the resolution at the general shareholders’ meeting of respective company. Such extension of the trust period shall not be limited to only once; thus, the trust period may again be extended in a similar manner, at a later date.

- (5) The number of shares in the Company, etc. available for delivery, etc. to the applicable directors, etc.

The number of shares in the Company, etc. available for delivery, etc. to the applicable directors, etc. shall be determined based on the number of points assigned.

Specifically, one share in the Company shall be delivered for each point, where a fraction less than one point shall be rounded up. In the event of an increase or decrease in the number of shares in the Company held in the Trust, due to a share split, gratis allocation of shares, or share consolidation, the Company and its subsidiaries shall adjust the number of shares in the Company available for delivery, etc. for each point, as well as the maximum number of shares in the Company, etc. as defined in (7) below, depending on the rate of such increase or decrease.

The number of points to be assigned to the applicable directors, etc. shall be calculated as follows. For those who ceased to be applicable under the Plan at a certain point in the Applicable Period, due to retirement or other reasons, the number of points to be assigned shall be adjusted based on the period of service, etc.

- i) For the applicable directors, etc. excluding outside directors of the Company

The number of points assigned based on executive ranking etc. for each fiscal year during the Applicable Period shall be accumulated, which shall then be multiplied by a performance-based coefficient, after the end of the Applicable Period.

* The performance-based coefficient shall vary in the range from 0% to 200%, depending on the level of achievement of performance targets under the medium-term management plan, etc. Performance indicators shall be selected from among financial items (net sales, operating income, ROE, etc.) and non-financial items.

- ii) For outside directors of the Company

The number of points assigned based on executive ranking for each fiscal year during the Applicable Period shall be accumulated for the purpose of calculation.

- (6) Outline of the method and timing of the delivery, etc. of shares in the Company, etc. to the applicable directors, etc. and other conditions for delivery of shares

The applicable directors, etc. who meet the beneficiary requirements shall receive from the Trust delivery of the number of shares in the Company equivalent to 50% of the accumulated points (disregarding fractional shares), after the end of the Applicable Period, in principle (or after their retirement, if they retire on expiry of their terms of office during the Applicable Period), while the number of shares in the Company equivalent to the remainder of the points shall be converted into cash within the Trust, which shall then be

paid from the Trust to the applicable directors, etc.

In the event of the death of an applicable director, etc. within the trust period, the number of shares in the Company equivalent to the points accumulated at that point in time shall be converted into cash within the Trust, which shall then be paid from the Trust to the heir of the applicable director, etc. In the event that applicable directors, etc. change their status to non-resident persons for Japanese tax purposes within the trust period, the number of shares in the Company equivalent to the points accumulated at that point in time shall be converted into cash within the Trust, which shall then be paid from the Trust to the concerned applicable directors, etc.

In the event of a serious violation of duties etc. by the applicable directors, etc., the Company may confiscate the right to shares or demand reimbursement of an amount equivalent to the share-based compensation already paid.

- (7) Upper limit of the monetary contribution to the Trust and the maximum number of the shares in the Company, etc. available for delivery, etc. from the Trust

The upper limit of the monetary contribution to the Trust from the Company and its subsidiaries, and the maximum number of the shares available for the delivery etc. to the applicable directors, etc. during the Applicable Period shall be as follows. However, the upper limit of the amount of the monetary contribution and the maximum number of the shares in the Company, etc. for outside directors of the Company shall be subject to approval by resolutions at the Shareholders' Meeting.

Applicable directors, etc.	Upper limit of the monetary contribution per year	Upper limit of the monetary contribution during the Applicable Period (if three fiscal years)
Directors of the Company (excluding outside directors)	¥133 million	¥399 million
Outside directors of the Company	¥17 million	¥51 million
Corporate officers of the Company	¥45 million	¥135 million
Directors of subsidiaries (excluding outside directors)	¥173 million	¥519 million

Applicable directors, etc.	Maximum number of the shares in the Company, etc. available for the delivery, etc. per year	Maximum number of the shares in the Company, etc. available for the delivery, etc. during the Applicable Period (if three fiscal years)
Directors of the Company (excluding outside directors)	45,200 shares	135,600 shares
Outside directors of the Company	6,000 shares	18,000 shares
Corporate officers of the Company	15,300 shares	45,900 shares
Directors of subsidiaries (excluding outside directors)	59,000 shares	177,000 shares

(8) Method adopted by the Trust for acquiring shares in the Company

The Trust shall acquire shares in the Company either from the Company (through the disposal of treasury shares) or from the stock market. Subject to approval by resolutions at the Shareholders' Meeting, the Trust plans to acquire additional shares from the stock market as described in "(Reference) Outline of the trust agreement" below.

(9) Exercise of voting rights for shares in the Company held in the Trust

Voting rights for shares in the Company held in the Trust shall not be exercised during the trust period, in order to ensure the neutral position of the Trust, with no influence on the management of the Company.

(10) Treatment of dividends on shares in the Company held in the Trust

Dividends on shares in the Company held in the Trust shall be determined based on the number of points calculated by multiplying the accumulated number of points for the applicable directors, etc. by the performance-based coefficient, as well as in view of the amount of dividends paid for each record date during the Applicable Period. On such a basis, the amount equivalent to the dividend per share shall then be reserved for each point, and granted to the applicable directors, etc. along with the delivery, etc. of shares in the Company, etc. as described in (6) above. Dividends, excluding the portion reserved for the aforementioned payment to the applicable directors, etc., shall be used to pay for trust fees and trust expenses of the Trust.

(11) Treatment of residual shares/cash at the termination of the Trust

Residual shares arising at the expiry of the trust period shall be available for delivery to the applicable directors, etc. if the Trust is continuously used as part of the Plan or as part of a similar share-based compensation plan. Alternatively, if the Trust is terminated at the expiry of the trust period, such residual shares shall be transferred from the Trust to the Company without compensation, which shall be cancelled by the Company based on the resolution of the Board of Directors.

Meanwhile, the residual cash after the payment of dividends to the applicable directors, etc. as described in (10) above, as well as appropriation of a trust expense reserve, shall be utilized as funds for acquiring

shares, if the Trust is continuously used after the expiry of the trust period, or shall alternatively be donated to organizations, in which neither the Company, nor its subsidiaries, nor the applicable directors, etc. has interest, if the Trust is terminated at the expiry of the trust period.

(Reference) Outline of the trust agreement

(1) Type of trust	Money held in a trust other than an individually operated specific money trust (third party benefit trust)
(2) Objective of the trust	Offering incentives to the directors, etc. of the Company
(3) Trustor	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	The directors, etc. of the Company that meet the beneficiary requirements
(6) Trust administrator	A third party specialist that is not an interested party of the Company
(7) Date of trust agreement	May 13, 2019 (scheduled to conclude an amended agreement in May 2025)
(8) Trust period	From May 13, 2019 to May 31, 2027
(9) Plan inception date	May 13, 2019
(10) Voting rights	Not to be exercised
(11) Class of shares to be acquired	Common shares of the Company
(12) Amount of additional trust fund	¥9 million (not yet finalized) (including trust fees and trust expenses)
(13) Method for acquiring shares	From the stock market
(14) Timing of acquisition of shares	From May 19, 2025 (not yet finalized) to May 31, 2025 (not yet finalized)
(15) Holder of vested rights	The Company
(16) Residual assets	Residual assets that the Company, as holder of vested rights, is entitled to receive shall not exceed the amount of the trust expense reserve, which is the trust fund minus the funds for acquiring shares.