

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.



February 21, 2019

For Immediate Release

Broadleaf Co., Ltd.
Representative: Kenji Oyama,
Representative Director, President and CEO
(Code No.: 3673 First Section of the Tokyo Stock Exchange)

Notice Regarding Introduction of Restricted Stock Remuneration Plan

Broadleaf Co., Ltd. (“the Company”) hereby announces that in the meeting of the Board of Directors held on February 21, 2019, revisions to the Director’s remuneration plan, as well as the introduction of a restricted stock remuneration plan (the “Plan”) were resolved, and that a proposal related to the Plan will be submitted at the 10th Annual General Meeting of Shareholders to be held on March 28, 2019 (the “General Meeting”) as follows.

1. Purpose and conditions of introducing the Plan

In regard to the introduction of remuneration plans, the Company strives to appropriately establish a suitable balance of fixed remuneration and variable remuneration (performance-linked bonuses and stock remuneration) with the aim of strengthening corporate governance and improving corporate value over the medium to long term.

Remuneration for the Company’s Directors is composed of “basic remuneration,” “Directors’ bonuses,” and “stock remuneration,” and regarding the “basic remuneration” and “Directors’ bonuses,” the remuneration limit for the Directors is no more than 300 million yen a year, as approved at the 4th Annual General Meeting of Shareholders held on March 29, 2013 (however, this does not include the employee salary portion); regarding “stock remuneration,” the amounts and details of the Directors’ remuneration relating to the performance-linked stock remuneration plan, the “BBT (‘Board Benefit Trust’)” (the “Current Plan”) were approved at the 7th Annual General Meeting of Shareholders held on March 30, 2016 as a separate framework from the above limit on the Directors’ remuneration.

Now, after having conducting a review of “stock remuneration,” the Company proposes to allot common stock of the Company with attached conditions that include a specified period for restriction of transfer of the said stock and specified grounds for gratis acquisition of the said stock by the Company (“Restricted Stock”) to Directors and Executive Officers (excluding External Directors; hereinafter the “Directors, etc.”) as follows, in order for the Directors, etc. to share with shareholders the same benefits and risks of stock price fluctuations so that they are motivated more than ever before to contribute to a rise in the stock price and enhance the corporate value.

In this regard, the Company proposes that separately from the above-mentioned remuneration limit for Directors, and the amount of remuneration of the Current Plan, the total amount of monetary remuneration claims paid as remuneration and others concerning Restricted Stock be set at no more than 56 million yen a year for the Directors, etc., comprehensively taking into account various matters including the duties of the Directors, etc. The Company determines allotment of Restricted Stock, comprehensively taking into account various matters including the degree of contribution of the Directors, etc. at the Company, and thinks that the content of the allotment is appropriate.

Furthermore, at present, two Directors and 15 Executive Officers are covered by the Plan, and if Proposal No. 3 is approved as originally proposed, two Directors and 15 Executive Officers will be covered by the Plan.

2. Overview of the Plan

(1) Allotment and payment of Restricted Stock

The Company provides monetary remuneration claims to its Directors, etc. as remuneration related to Restricted Stock within the above annual amount in accordance with deliberations by the Company's Evaluation and Compensation Committee and resolutions by its Board of Directors, and the Directors, etc. receive allotment of Restricted Stock through the provision of all the monetary remuneration claims by means of equity contribution in kind.

The paid amount of Restricted Stock is determined at the Company's Board of Directors meeting based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day before the day of its Board of Directors' resolution concerning this issuance or disposal (if a deal is not closed on this day, the closing price on the most recent trading day prior to the day), to the extent that the amount is not particularly favorable to the Directors, etc. who accept the Restricted Stock.

The above monetary remuneration claims are provided, subject to the consent to the above equity contribution in kind and the conclusion of the Restricted Stock Allotment Agreement, which includes details set forth in (3) below, by the Directors, etc.

(2) Allotment and payment of Restricted Stock

The total number of Restricted Stock to be allotted to the Directors, etc. of 150,000 shares shall be the upper limit on the number of Restricted Stock allotted in each fiscal year.

However, after the date of resolution for this proposal, in the case of stock split of the Company's common stock (including gratis allotment of common stock of the Company) or stock consolidation, or in other equivalent cases that require adjustment of the total number of Restricted Stock, the total number of the Restricted Stock may be adjusted reasonably.

(3) Content of the Restricted Stock Allotment Agreement

The Restricted Stock Allotment Agreement that is entered into between the Company and Directors, etc. who receive allotments of Restricted Stock upon allotment of Restricted Stock in accordance with deliberations by the Company's Evaluation and Compensation Committee and resolutions by its Board of Directors shall include the following matters:

1) Content of restriction on transfer

Directors, etc., who receive allotments of Restricted Stock cannot conduct a transfer, establish a pledge or a security interest by way of assignment, make an inter vivos gift, bequest to a third party, or make any other acts of disposition with regard to the Restricted Stock allotted to the Directors, etc. in question (the "Allotted Shares") during the period starting on the day when the Restricted Stock were received and ending on the day when the Directors, etc. retire from their positions as Director or Executive Officer of the Company (the "Restricted Period").

2) Gratis acquisition of Restricted Stock

If Directors, etc. who received allotments of Restricted Stock retire from their positions as Director or Executive Officer of the Company during the period starting on the day the Restricted Period begins and ending on the day prior to day the first subsequent General Meeting of Shareholders of the Company is held, the Company acquires the Allotted Shares rightfully without compensation, except in the case that there is any reason that the Company's Board of Directors deems reasonable. Of the Allotted Shares, if there are shares for which the restriction on transfer has not been lifted in accordance with the provision for grounds for lift of restriction on transfer set forth in 3) below at the time when the Restricted Period set forth in 1) above expires, the Company acquires these shares rightfully without compensation.

3) Lift of the restriction on transfer

The Company lifts the restriction on transfer for all the Allotted Shares at the time when the Restricted Period expires on the condition that the Directors, etc. who received allotments of Restricted Stock continued to hold their positions as either Director or Executive Officer of the Company from the day Restricted Period began until the day the first subsequent General Meeting of Shareholders of the Company was held.

However, if Directors, etc. retire from their positions as Director or Executive Officer of the Company before the Restricted Period expires for any reason that the Company's Board of Directors deems reasonable, the number of the Allotted Shares for which the restriction on transfer is lifted and the timing of the lift of restriction on transfer shall be adjusted reasonably as necessary.

4) Treatment in organizational restructuring, etc.

In the case where a proposal for an agreement of merger with the Company as the extinguished entity, agreement of share exchange or plan for stock transfer through which the Company becomes a wholly-owned subsidiary, and other organizational restructuring, etc. is approved at the General Meeting of Shareholders of the Company (however, in the case where approval of the General Meeting of Shareholders of the Company is not required for the organizational restructuring, etc., the Company's Board of Directors) during the Restricted Period, restriction on transfer is lifted by the resolution of the Company's Board of Directors prior to the effective date of the organizational restructuring, etc. for the Allotted Shares in the number reasonably set forth in light of the period from the start date of the Restricted Period to the day of approval for the organizational restructuring, etc.

In this case, at some point immediately after restriction on transfer was lifted in accordance with the above provision, the Company acquires any Allotted Shares for which the restriction on transfer has still not been lifted rightfully without compensation.