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## **Notice Regarding Introduction of New Performance-Based Stock Compensation Plan for Directors, etc. of the Company and its Subsidiaries**

RENOVA, Inc. (hereinafter the "Company") announces that, at a meeting of the Board of Directors held today, it resolved to introduce a performance-based stock compensation plan (hereinafter the "Plan") as a new incentive plan for Directors (excluding the External Directors) and Executive Officers (hereinafter collectively the "Directors, etc.") of the Company and its subsidiaries (hereinafter collectively the "Company, etc."), and to submit a proposal of the Plan to the 22nd Annual General Meeting of Shareholders that is due to be held on June 18, 2021 (hereinafter the "Shareholders' Meeting") as described below.

### **1. Introduction of the Plan**

- (1) Our mission is "to create green and sustainable energy systems for a better world," and our vision is "to become Asia's renewable energy leader."

To realize our vision, the Company will introduce the Plan as a stock incentive plan aimed at further increasing motivation to contribute to improving the Company's medium- and long-term business performance and stock value by clarifying the linkage between compensation for the Directors, etc. of the Company, etc. and the Company's medium- and long-term performance and stock value and by sharing both upside rewards and downside risks with shareholders.

As a result of introduction of the Plan, Directors (excluding the External Directors) and Executive Officers shall no longer be eligible for compensation under the stock compensation plan introduced in June 2018 (hereinafter the "Current Plan"), with effect from the end of the current coverage period (from June 1, 2018 to March 31, 2022). Meanwhile, the Company shall decide next fiscal year whether to maintain the Current Plan for External Directors of the Company only.

- (2) The Plan is a stock compensation plan using a scheme of a share delivery trust and an incentive plan for the Directors, etc. based on the Performance Share Plan and the Restricted Stock Plan.

The Company will deliver or pay (hereinafter "Deliver, etc.") company shares acquired through the share delivery trust and money equivalent to the converted value of such shares (hereinafter "Company Shares, etc.") to Directors, etc. of the Company, etc. according to the degree of their contribution, the level of expectations of them and the degree of achievement of their performance targets after the performance evaluation for the final fiscal year has been fixed.

- (3) Introduction of the Plan is conditional upon obtained approval for officers compensation at the Shareholders' Meeting.

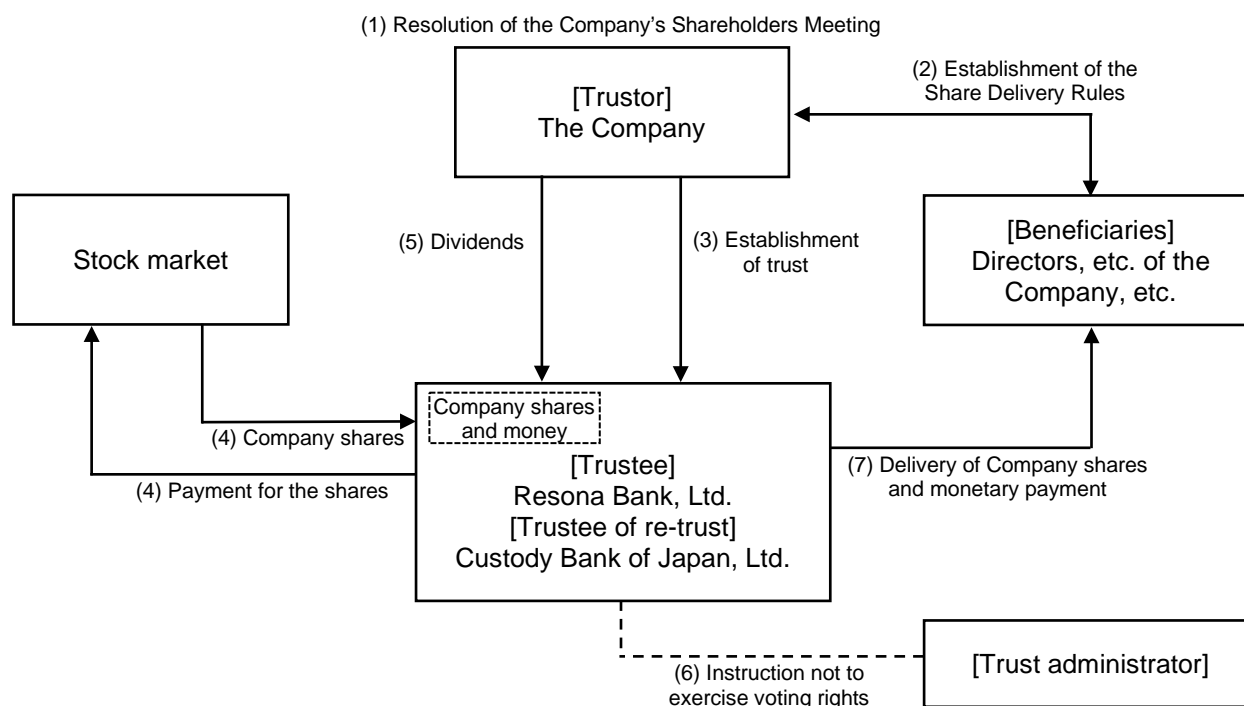
## 2. Details of the Plan

### (1) Overview of the Plan

The plan is a stock compensation plan under which a trust (hereinafter the “Trust”), established by the Company through the contribution of monies, will acquire Company shares and Deliver, etc. the number of Company Shares, etc. corresponding to the number of points granted to Directors, etc. of the Company, etc. in accordance with the Share Delivery Rules determined by the Company. Directors, etc. of the Company, etc. will receive Delivery, etc. of Company Shares, etc. after the performance evaluation for each coverage period\*1 has been fixed, in principle.

\*1 The coverage period shall be a period determined every five fiscal years. Details are as described in (4) Coverage period of the Plan.

### <Structure of the share delivery trust>



- (1) The Company obtains a resolution approving officers' compensation with respect to the Plan at the Company's Shareholders' Meeting.
- (2) The Company's Board of Directors newly establishes the Share Delivery Rules for the Delivery, etc. of Company shares.
- (3) The Company contributes money within the scope approved by the Company's Shareholders' Meeting in (1) above and establishes a trust (the Trust) with the persons eligible under the Plan as the candidates for beneficiaries.
- (4) The Trust acquires Company shares from the stock market using the money (includes additional contributions) entrusted as stated in (3) above.  
\* The Trust acquires the number of shares deemed necessary, each fiscal business year, in principle.
- (5) Dividends on Company shares held by the Trust are paid in the same manner as for the other Company shares.
- (6) Voting rights of Company shares held by the Trust are not exercised throughout the trust period.
- (7) During the trust period, the Company grants points, each fiscal year, to Directors, etc. of the Company, etc. according to factors such as the degree of their contribution, the level of expectations of them and the degree of achievement of their performance targets based on the Share Delivery Rules described in (2) above, and it makes Delivery, etc. of the number of Company Shares, etc. corresponding to the points granted to eligible persons who meet certain beneficiary requirements set out in the Share Delivery Rules, after the performance evaluation for the final fiscal year of each coverage period has been fixed.

(2) Resolution of the Shareholders' Meeting for the introduction of the Plan

The Company will resolve at the Shareholders' Meeting the maximum amount of money that can be contributed to the Trust as compensation for Directors (excluding the External Directors) of the Company during the coverage period of the Plan, as well as the maximum number of Company Shares, etc. permitted for Delivery, etc. to Directors (excluding the External Directors) of the Company, and other necessary matters.

(3) Persons eligible for the Plan

Directors (excluding the External Directors) and Executive Officers of the Company and its subsidiaries

(4) Coverage period of the Plan

The "Initial Coverage Period" will be five fiscal years from the fiscal year beginning on April 1, 2021. Similarly thereafter, the coverage period will be every five fiscal years, and the next coverage period will begin after five fiscal years have passed since the beginning of each coverage period.

(5) Trust period

The trust period will continue from August 2021 (planned) until the end of the Trust. (The Trust will continue as long as the Plan continues without any specific expiration date.)

The Plan will terminate due to the delisting of the Company's shares or the abolition, etc. of the Share Delivery Rules.

(6) Amount of funds to be entrusted and number of shares to be acquired

Subject to approval of introduction of the Plan at the Shareholders' Meeting, the Company will establish the Trust to Deliver, etc. the Company Shares, etc. in accordance with the procedures in (8) and (9) below. The Trust will acquire Company shares by using the funds contributed by the Company. Additionally, every fiscal year, in principle, the Company will contribute the funds required to acquire the number of shares deemed necessary. Accordingly, the Company may still be required to contribute funds for the acquisition of shares after the end of the final fiscal year of each coverage period.

More specifically, if introduction of the Plan is approved at the Shareholders' Meeting, the Company will contribute up to 400 million yen<sup>2</sup> for the Directors (excluding the External Directors) of the Company as funds for acquiring the shares for Delivery, etc. based on the Plan for the "Initial Coverage Period" of five fiscal years beginning on April 1, 2021. This amount has been determined by comprehensively taking into account factors such as the current payment level of compensation for officers of the Company and the trends and future outlook of the number of Directors, and the Company has determined that this is reasonable.

For each coverage period thereafter until the Trust ends, the Company will, in principle, contribute to the Trust additional funds that are deemed necessary for the Trust to acquire the number of shares reasonably expected to be necessary to make Delivery, etc. to the Directors (excluding the External Directors) of the Company for the five fiscal years in each coverage period, but the funds to be contributed may not exceed the amount above. However, when making such additional contribution, if, after Delivery, etc. of shares, etc. for the previous coverage period, there are remaining Company shares (excluding Company shares corresponding to the number of points granted to the Directors that are pending Delivery, etc. to the Directors) and remaining money (hereinafter collectively the "Remaining Shares, etc.") in the Trust assets, the Company will calculate the amount of the additional contribution for the relevant coverage period after taking the Remaining Shares, etc. into account.

\*2 As a reference, for Executive Officers of the Company and Directors and Executive Officers of its subsidiaries, the maximum funds to be contributed to the Trust for the initial coverage period, as funds for acquiring the shares for Delivery, etc. based on the Plan, will be 800 million yen. The amount of the contribution for the Executive Officers of the Company and the Directors and Executive Officers of its subsidiaries for each subsequent coverage period of the Plan will be determined within a reasonable range, comprehensively taking into account the business performance of the Company, the economic conditions at the time and so forth.

(7) Acquisition method and number of the Company's shares to be acquired by the Trust

The Trust will initially acquire the Company's shares from the stock market within the range of funds for acquiring the shares specified in (6) above, and new shares will not be issued. Accordingly, the total number of issued shares will not increase upon the acquisition of the Company's shares by the Trust, and dilution will not occur.

The Company will determine the details of the acquisition method after the Shareholders' Meetings and disclose them.

The maximum number of shares to be acquired each coverage period will be 362,000 shares (121,000 shares for Directors of the Company and 241,000 shares for Directors and Executive Officers of its subsidiaries) (accounting for 0.46% of the total number of issued shares (78,090,400 shares) as of March 31, 2021).

(8) Calculation method and maximum number of Company Shares, etc. for Delivery, etc. to Directors, etc. of the Company, etc.

The Company will grant points to the Directors, etc. of the Company, etc. each fiscal year according to factors such as the degree of their contribution, the level of expectations of them and the degree of achievement of their performance targets, based on the Share Delivery Rules to be established by its Board of Directors after the Shareholders' Meeting, and will Deliver, etc. the number of Company Shares, etc. corresponding to the points granted to eligible persons who have met certain beneficiary requirements defined in the Share Delivery Rules after the performance evaluation for the final fiscal year of each coverage period has been fixed.

More specifically, the maximum total number of points to be granted each coverage period to Directors of the Company will be set at 121,000 points, and since, upon Delivery, etc. of Company shares described in (9) below, each point will be converted into one common share of the Company, the maximum total number of Company Shares, etc. for Delivery, etc. to Directors of the Company each coverage period will be 121,000 shares (however, if a share split, the allotment of shares without contribution or the consolidation of shares, etc. is conducted for Company shares after the resolution approving the Plan at the Shareholders' Meeting, the conversion rate will be adjusted reasonably according to the rate in the share split, the allotment of shares without contribution or the consolidation of shares, etc.)<sup>\*3</sup>.

\*3 For reference, the maximum total number of points to be granted each coverage period for Executive Officers of the Company and Directors and Executive Officers of its subsidiaries is 241,000 points (which, when converted into Company Shares, etc. is 241,000 shares).

(9) Delivery, etc. of Company Shares, etc. to Directors, etc. of the Company, etc.

Delivery, etc. of Company Shares, etc. corresponding to the total number of points granted to Directors, etc. of the Company, etc. in each coverage period will be made in accordance with prescribed procedures for

determining the beneficiaries after the performance evaluation for each coverage period has been fixed. The right to receive Delivery, etc. of the Company Shares, etc. under the Plan may not be transferred or pledged. If Directors, etc. of the Company, etc. retire from office before the last day of the final fiscal year of each coverage period or have committed illegal or wrongful acts, the Company may not make Delivery, etc. of all of or some of the Company Shares, etc. or may demand return of the Company Shares, etc. of which Delivery, etc. has been made.

(10) Exercise of voting rights of the Company's shares in the Trust

The voting rights of Company shares in the Trust (that is, Company shares before Delivery, etc. to Directors, etc. of the Company, etc. in accordance with the procedures in (9) above) will not be exercised during the trust period to ensure neutrality over management.

(11) Handling of dividends for the Company's shares in the Trust

The Trust will receive dividends for the Company's shares in the Trust and appropriate them as funds for acquiring the shares and trust expenses such as trust fees.

(12) Treatment after the end of the trust period

Of the residual assets in the Trust when the Trust ends, all the Company's shares will be acquired by the Company without compensation and cancelled by a resolution of the Board of Directors.

Of the residual assets in the Trust when the Trust ends, money will be paid to the persons eligible for the Plan who are incumbent at that time in proportion to their respective points accumulated.

3. Current stock compensation plan

The question of whether the current plan, which was introduced in 2018, will be maintained after the end of the initial plan coverage period (from June 1, 2018 to March 31, 2022) has yet to be decided.

If the current plan is maintained, it will be partially revised and, from the next coverage period (from April 1, 2022 and March 31, 2026), will apply to External Directors of the Company only, with Directors (excluding the External Directors) and Executive Officers of the Company excluded from persons eligible under said plan.

The handling of the current plan after the end of the initial coverage period will be deliberated chiefly by the Nomination and Compensation Committees and the Board of Directors over the coming months. If the Company partially revises the current plan, the Company may submit a proposal to the General Meeting of Shareholders where necessary.

<Relationship between the current plan and the Plan>

Persons eligible for the plans	Plan	Fiscal year							
		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Directors and Executive Officers of the Company	Current plan	Plan coverage period (June 1, 2018 to March 31, 2022)				Excluded from the eligible persons			
	The Plan					Plan coverage period (April 1, 2021 to March 31, 2026)			
External Directors	Current plan	Plan coverage period (June 1, 2018 to March 31, 2022)				Maintenance of the plan is under consideration.			
Directors and Executive Officers of the Company's subsidiaries	The Plan					Plan coverage period (April 1, 2021 to March 31, 2026)			

4. Content of the Plan and the current stock compensation plan

	Current stock compensation plan	The Plan
(1) Entities covered by the plan	The Company	The Company and its subsidiaries
(2) Persons eligible under the plan	<ul style="list-style-type: none"> <li>Directors</li> <li>External Directors</li> <li>Executive Officers</li> </ul>	<ul style="list-style-type: none"> <li>Directors</li> <li>Executive Officers</li> </ul>
(3) Plan period	From June 1, 2018 to March 31, 2022	From April 1, 2021 to March 31, 2026
(4) Maximum amount of money in trust (Excludes amounts for Executive Officers and for subsidiaries of the Company)	166 million yen (including 45 million yen for External Directors)	400 million yen
(5) Calculation method for Company shares	Calculated in accordance with factors such as rank and the level of achievement of performance targets	Calculated in accordance with factors such as degree of contribution, level of expectation and degree of achievement of performance targets
(6) Name	Share delivery trust for Directors, etc.	
(7) Trustor	The Company	
(8) Trustee	Resona Bank, Ltd. * Resona Bank, Ltd. will conclude a specified comprehensive trust agreement with Custody Bank of Japan, Ltd., and Custody Bank of Japan, Ltd. will become the trustee of re-trust.	
(9) Trust administrator	Third party with no interest in the Company	
(10) Date of conclusion of the trust agreement	November 13, 2018	August 2021 (planned)
(11) Date when money is entrusted	November 13, 2018 (Trust already established)	August 2021 (planned) To be disclosed in a timely and appropriate manner after date is determined
(12) Exercise of voting rights	None	
(13) Trust period	Until the the end of the Trust established with respect to the current stock compensation plan (the Trust will continue as long as each plan continues without any specific date of expiration)	Until the end of the Trust (the Trust will continue as long as each plan continues without any specific date of expiration)

[For inquiries about this release]

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