May 31, 2021



<u>Notice of Introduction of Restricted Share-Based Remuneration Plan</u> and Medium-Term Performance-Linked Share-Based Remuneration Plan

FUJIFILM Holdings Corporation (the "Company") hereby announces that it has decided to submit a proposal for introduction of a restricted share-based remuneration plan and medium-term performance-linked share-based remuneration plan (hereinafter, the "Plan") at the 125th Ordinary General Meeting of Shareholders to be held on June 29, 2021 (hereinafter, the "Meeting") in light of the Company's review of the remuneration system for its Directors.

In terms of remuneration, etc. to directors, approval was received at the Company's 113th Ordinary General Meeting of Shareholders held on June 21, 2009 to set the maximum amount of remuneration, etc. granted to directors (excluding outside directors). The maximum amount of remuneration, etc. related to stock options (stock remuneration-type stock options) as mediumand long-term performance-based remuneration for the purpose of sharing not only the merit of stock price rises but also the losses due to stock price falls with our shareholders is set at an annual amount of ¥700 million, and the maximum amount of remuneration, etc. related to stock options) as incentives to increase the Company's corporate value is set at an annual amount of ¥200 million. In addition, approval was received at the Company's 122nd Ordinary General Meeting of Shareholders held on June 28, 2018 to set the maximum amount of remuneration, separately from the above stock options, to be an annual amount of ¥730 million or less for outside directors; hereinafter, the "current maximum annual remuneration amount").

On this occasion, the Company proposes to revise the director & corporate vice President remuneration system by introducing a scheme to grant the Company's shares of common stock subject to provisions including those concerning a certain restriction period and those concerning justifiable reasons for the Company to acquire the shares without contribution, etc. from the Company (hereinafter, "Restricted Shares") to the Company's directors (excluding outside directors; hereinafter "Eligible Directors") for the purpose of encouraging Eligible Directors to share the interests of stock price fluctuations with our shareholders and to further enhance their motivation to contribute to improving the Company's value and the operating performance over the medium and long term (hereinafter, the "Restricted Share-Based Remuneration Plan"). The Company also proposes the introduction of a scheme to grant the Company's shares of common stock or pay cash according to the level of achievement of medium-term numerical targets such as the Company's performance set in advance by the Company's board of directors as medium-term performance-linked share-based Remuneration Plan and the Performance Share Unit Plan will hereinafter be collectively referred to as "the Plan").

Therefore, the Company proposes that in place of the current stock remuneration-type stock options, the monetary remuneration receivables for granting Restricted Shares, and in place of the current tax-qualified stock options, the monetary remuneration receivables for granting the Company's shares of common stock and cash as medium-term performance-linked share-based remuneration be newly provided to Eligible Directors. Consequently, subject to this proposition being approved and adopted, the payment of remuneration through the current stock

remuneration-type stock options and tax-qualified stock options shall be abolished at the close of the Meeting.

Based on this proposition, for the total amount of remuneration, etc. to be paid to Eligible Directors, separately from the current maximum annual remuneration amount, the monetary remuneration receivables paid as remuneration based on the Restricted Share-Based Remuneration Plan shall be a total of \$1,000 million or less each fiscal year and monetary remuneration receivables and cash paid as remuneration, etc. based on the Performance Share Unit Plan shall be a total of \$1,500 million or less in each eligible period (three fiscal years).

The specific timing and allocation of payments to each Eligible Director shall be determined by resolution of the Company's board of directors.

In addition, the board of directors deems the payments of remuneration, etc. under the Plan to be appropriate, comprehensively taking into account various matters such as the level of contribution by Eligible Directors to the Company and such details being in line with the policy for determining the remuneration, etc. for individual directors.

Currently, the number of directors in the Company is 11 (including four outside directors), and if the Second Proposition is approved and adopted, the number of directors will be 11 (including four outside directors).

Details of the Plan

Eligible Directors under the Plan shall pay all the monetary remuneration receivables to be provided under the Plan in the form of property contributed in kind, in accordance with the resolution of the Company's board of directors, and shall receive the Company's shares of common stock (Restricted Shares under the "Restricted Share-Based Remuneration Plan") that shall be issued or disposed of by the Company. The total number of the Company's shares of common stock to be issued or disposed of thereby shall be 250,000 shares or less each fiscal year under the Restricted Share-Based Remuneration Plan, and 375,000 shares or less in each eligible period (three fiscal years) under the Performance Share Unit Plan. However, if, on or after the day on which this proposition is approved and adopted, the Company performs a share split, an allotment of shares without contribution or a reverse share split of its shares of common stock to be issued or disposed of under the total number of the Company's shares of anything else that necessitates an adjustment to the total number of the Company's shares of common stock to be issued or disposed of under the Plan, the relevant total number shall be reasonably adjusted.

The amount to be paid in per share (stock price at time of delivery) shall be the average of the closing prices of the Company's shares of common stock on the Tokyo Stock Exchange from the first day to the last day of the month (excluding the days on which trades are not made) that is two months before the month when the Company's board of directors convenes in relation to the issuance or disposal by the Company (with any fraction less than one yen rounded up to the nearest whole yen). However, if there is a large difference between the stock price of the Company's board of directors convening in relation to the issuance or disposal by the Company Stock Exchange immediately prior to the Company's board of directors convening in relation to the issuance or disposal by the Company and such an average, when the amount is determined by the Company's board of directors as the amount to be paid and such amount is not within the scope of being particularly advantageous to Eligible Directors, that shall be the amount.

(1) Outline of Restricted Share-Based Remuneration Plan

Under the Restricted Share-Based Remuneration Plan, in principle, the Company shall grant monetary remuneration receivables for allocating Restricted Shares to Eligible Directors every fiscal year and the full amount of such monetary remuneration receivables is used as contribution in kind with the issuance or disposal of Restricted Shares the Eligible Directors hold. The details of the Restricted Share-Based Remuneration Plan are as outlined below, with an allotment agreement for Restricted Shares (hereinafter, the "Allotment Agreement") that includes the following details executed between the Company and Eligible Directors. The aforementioned monetary remuneration receivables are paid subject to Eligible Directors agreeing to the above contributions in kind and executing the Allotment Agreement.

1) Restriction Period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Restricted Shares received as an allotment under the Allotment Agreement (hereinafter, the "Allotted Shares") during the period from the day the allotment was received in accordance with the Allotment Agreement until the day on which the Eligible Director loses the position of director, audit & supervisory board member, corporate vice president , fellow, etc. or employee of the Company or its consolidated subsidiary (hereinafter, the "Restriction Period"). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the "Transfer Restrictions."

2) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions on all Allotted Shares when the Restriction Period has expired subject to Eligible Directors who received an allotment of Restricted Shares continuing to hold the position of director, audit & supervisory board member, corporate vice president, fellow, etc. or employee of the Company or its consolidated subsidiary from the day on which the Restriction Period commenced until the day on which the Company's Ordinary General Meeting of Shareholders first arrives thereafter.

3) Treatment of acquisitions of shares without contribution

When the Eligible Director resigns or retires from the position of director, audit & supervisory board member, corporate vice president, fellow, etc. or employee of the Company or its consolidated subsidiary for personal reasons following the day on which the Restriction Period commenced, the Company shall automatically acquire all or part of Allotted Shares without contribution.

4) Treatment during reorganization, etc.

Notwithstanding the provisions of 1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or 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 approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares being reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the board of directors of the Company. In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which Transfer Restrictions are lifted.

5) Other matters determined by the Board of Directors

In addition to the above, the method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the board of directors shall be laid out in the Allotment Agreement.

(2) Outline of Performance Share Unit Plan

The Performance Share Unit Plan is a performance-linked share-based remuneration plan to deliver the Company's shares of common stock or pay cash to Eligible Directors after the three fiscal years spanning the medium-term management plan have elapsed. When making such deliveries and payments, the figures set in advance by the board of directors corresponding to each Eligible Director's title, etc. shall be the base, with adjustments made in a range of 0 to 150% according to the level of achievement of indicators in the Company's medium-term management plan such as consolidated net sales, consolidated operating income, and return on invested capital (ROIC), etc., and the number of the Company's shares of common stock equating to 50% of that adjusted number and the cash equivalent of the stock price of the same number of the Company's shares of common stock at time of delivery, shall be delivered or paid. The Scheme of the Performance Share Unit Plan is outlined below:

1) Eligible period

The initial eligible period is the period from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2024 (from April 1, 2021 to March 31, 2024), thereafter, the Performance Share Unit Plan may be implemented for the three continuous fiscal years starting from the fiscal year that follows the final fiscal year of the preceding eligible period as a new eligible period.

2) Requirements to deliver medium-term performance-linked share-based remuneration to Eligible Directors

For the Performance Share Unit Plan, when the period from the first July 1 during the eligible period to the first final day of June following the end of the eligible period (hereinafter, the "Service Period") has ended and the following delivery requirements are met, monetary remuneration receivables shall be paid to each Eligible Director subject to agreement of contribution in kind, and the full amount of such monetary remuneration receivables shall be treated as contributions in kind in relation to each Eligible Director, with the Company's shares of common stock delivered and cash paid to each Eligible Director. The Eligible Directors to whom the Company's shares of common stock and cash are to be delivered or paid, the number of shares to be delivered, and the amount of cash to be paid shall be determined by the board of directors after the eligible period has elapsed.

- 1. The Eligible Director has been continuously engaged in the position of director, audit & supervisory board member, corporate vice president, fellow, etc. or employee of the Company or its consolidated subsidiary during the Service Period
- 2. The Eligible Director has not committed any improper conduct specified by the Company's board of directors
- 3. The Eligible Director satisfies other conditions specified as being necessary to attain the objectives of the Performance Share Unit Plan

However, if the Eligible Director resigns, retires or assumes office during the Service Period, in accordance with a determination of the Company's board of directors, the number of the

Company's shares of common stock to be delivered or the amount of cash to be paid, or the timing of the delivery of the Company's shares of common stock or payment of cash to such Eligible Director or his or her heir, etc. may be reasonably adjusted.

3) Treatment during reorganization, etc.

If there is a merger whereby the Company is dissolved or reorganized, etc. during the eligible period, by resolution of the Company's board of directors, the Company may, prior to the date the reorganization, etc. becomes effective, deliver or pay the number of the Company's shares of common stock or the amount of cash reasonably determined in consideration of the period from the first July during the eligible period until the date that such reorganization, etc. becomes effective, within the aforementioned scope of the maximum remuneration amount relating to the Performance Share Unit Plan.

Subject to the approval of our shareholders of the introduction of the Restricted Share-Based Remuneration Plan and the Performance Share Unit Plan at the Meeting, the Company also plans to introduce a similar plan for the Company's corporate vice president s and key employees as well as directors, corporate vice presidents, fellows and key employees of the Company's major subsidiaries.