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Notice on the Issuance of Sustainability-Linked Bonds (48th Unsecured Corporate Bonds)

Kajima Corporation (the “Company”) hereby announces that it has submitted today the revised shelf registration statement for its corporate bonds to the Director-General of the Kanto Local Finance Bureau ahead of the scheduled issuance (“the Issuance”) in March 2023 of sustainability-linked bonds¹ (Kajima Sustainability-Linked Bonds). The purpose of the issuance is to promote the Company’s efforts to pursue carbon neutrality by 2050 from the financial dimension.

■ Purpose and Background of the Issuance

The Kajima Group has organized the connection between its business activities, the measures in its Medium-Term Business Plan, and social issues including the SDGs, and summarized them into seven material issues for both solving social issues and achieving sustainable growth for the Group. For one of the material issues, “Contributing to society’s transition to a carbon-free footprint,” we established the “Kajima Environmental Vision: Triple Zero 2050” in 2013 as the basis for our environmental initiatives and have proactively pursued initiatives to achieve “Zero Carbon, Zero Waste, and Zero Impact.”

In September 2022, we revised the “Kajima Environmental Vision: Triple Zero 2050” and set new CO₂ emissions reduction targets under which we will reduce Scope 1 and 2 emissions by 40% and supply chain emissions (Scope 3²) by 25% compared to fiscal 2021 by fiscal 2030. We aim to achieve zero emissions (carbon neutrality) in Scope 1, 2 and 3 by fiscal 2050. We also plan to obtain target validation from the Science Based Targets Initiative (SBT, an international validation protocol for greenhouse gas reduction targets) by the end of fiscal 2023.

To achieve Zero Carbon, we need to not only conserve energy and reduce CO₂ emissions in our business activities including at worksites, but also to take a multifaceted approach that includes the use and promotion of renewable energy. We are also taking steps to reduce CO₂ emissions at each phase, including the planning and design phase taking into account the lifecycle of the building, the construction phase including new construction, renewal, renovation and demolition, as well as the operation phase after completion. We will take steps to reduce the environmental impact in all phases of our business activities and contribute to creating a carbon-free society.

To promote these efforts to achieve carbon neutrality by 2050 from the financial dimension, we decided to issue sustainability-linked bonds.

Please also refer to the following URL for details of the Sustainability-Linked Bond Framework. (Japanese version only)

<https://www.kajima.co.jp/ir/grading/slb/framework/index.html>

1. “Sustainability-linked bonds” are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives. The issuer explicitly states that it will act to achieve its sustainability targets within a predefined timeline. The achievement of the issuer’s predefined Sustainability/ESG objectives is measured by predefined key performance indicators (KPI) and evaluated against predefined sustainability performance targets (SPTs).
2. “Scope 3” refers to indirect emissions (business activity-related emissions of other companies) other than Scope 1 (direct emissions) and Scope 2 (energy-related indirect emissions) and consists of 15 categories. In KPI 2, Category 1 (procured building materials and services) and category 11 (operation of completed buildings) are calculated as CO₂ emissions (Scope 3).

■ Overview of the Issuance

Name	Kajima Corporation 48th Unsecured Corporate Bonds (with a special pari passu condition applied to corporate bonds only) (sustainability-linked bonds)
Another name	Kajima Sustainability-Linked Bonds
Total issue amount	¥10 billion (scheduled)
Maturity	5 years (scheduled)
Date of issuance	Around March 2023 (scheduled)
KPI	KPI 1: Average CO ₂ emissions (Scope 1 and 2) per unit of sales of the Company (unit: t-CO ₂ /100 million yen) (FY2023-FY2026) KPI 2: Average CO ₂ emissions (Scope 3) per unit of sales of the Company (unit: t-CO ₂ /100 million yen) (FY2023-FY2026) KPI 3: CDP Climate Change Score (published in December in FY2024 through FY2027)
SPTs	SPT 1: KPI 1 is 13.0 t-CO ₂ /100 million yen or less (date of determination: August 2027) SPT 2: KPI 2 is 442.8 t-CO ₂ /100 million yen or less (date of determination: August 2027) SPT 3: KPI 3 is “A” or “A-” (date of determination: December 2027)
Bond characteristics	If any of the SPTs is not achieved, the Company will either purchase emission credits or donate an equivalent amount to NPOs and others, or purchase and donate within one year after the redemption of the sustainability-linked bonds. The Company will purchase emission credits or donate in the following amounts if each SPT is not achieved. SPT 1: An amount equivalent to 0.025% of the issued amount SPT 2: An amount equivalent to 0.025% of the issued amount SPT 3: An amount equivalent to 0.0125% of the issued amount for each time a SPT is not achieved
Lead managing underwriters	Daiwa Securities Co., Ltd., SMBC Nikko Securities Inc., Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd.
Structuring Agent	Daiwa Securities Co., Ltd.

■ Compliance as Sustainability-Linked Bonds

For the issuance of sustainability-linked bonds, the Company established the Sustainability-Linked Bond Framework in line with the Sustainability-Linked Bond Principles 2020 of the International Capital Market Association (ICMA) and the Sustainability-Linked Bond Guidelines 2022 of the Ministry of the Environment of Japan. In addition, the Company has obtained a second-party opinion from Rating and Investment Information, Inc. which states that the framework complies with both.

Disclaimer: This document is an English translation of the announcement titled “Notice on the Issuance of Sustainability-Linked Bonds (48th Unsecured Corporate Bonds)” which is filed with Stock Exchanges in Japan on February 14, 2023. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.