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Announcement of Introduction of Performance-Linked Stock Remuneration Plan (RS Trust) for Directors and Executive Officers

Kajima Corporation (the “Company”) hereby announces that, at the Board of Directors’ Meeting held today, it resolved to introduce a performance-linked stock remuneration plan (the “Plan”) for Directors (excluding Outside Directors; the same applies hereinafter) of the Company using a trust structure. A proposal concerning the Plan is to be submitted to the 126th Ordinary Stockholders’ Meeting of the Company to be held on June 28, 2023 (the “Stockholders’ Meeting”). Details of the Plan are described below.

1. Introduction of the Plan

Remuneration for the Company’s Directors is currently composed of monthly remuneration, bonus, and restricted stock remuneration. Subject to the approval of the proposal concerning the Plan, the Company will abolish the remuneration framework of restricted stock remuneration approved at the 122nd Ordinary Stockholders’ Meeting held on June 25, 2019, and will not allot stocks with transfer restrictions as restricted stock remuneration thereafter. Alternatively, it will introduce the Plan using a trust structure.

The Plan makes interrelation between the remuneration of Directors and the Company’s performance as well as stock value clearer. Therefore, the Plan enhances motivation of Directors to contribute to improve the performance and corporate value over the medium- to long-term by sharing the benefit and risk of stock value fluctuations with stockholders, at the same time, attached transfer restrictions until the retirement (when he or she ceases to hold the office of either Director or Executive Officer of the Company; the “Retirement”) incentivize Directors to sustainably improve corporate value even after deliveries of the stocks.

With the introduction of the Plan, remuneration for the Company’s Directors will be composed of monthly remuneration, bonus, and stock remuneration based on the Plan.

The introduction of the Plan is subject to the approval of the Stockholders’ Meeting, and when approved as proposed, the Company also plans to introduce a similar performance-linked stock remuneration plan for its Executive Officers.

The Company is also considering the introduction of a similar incentive scheme using a trust

structure for its employees at or above a certain position.

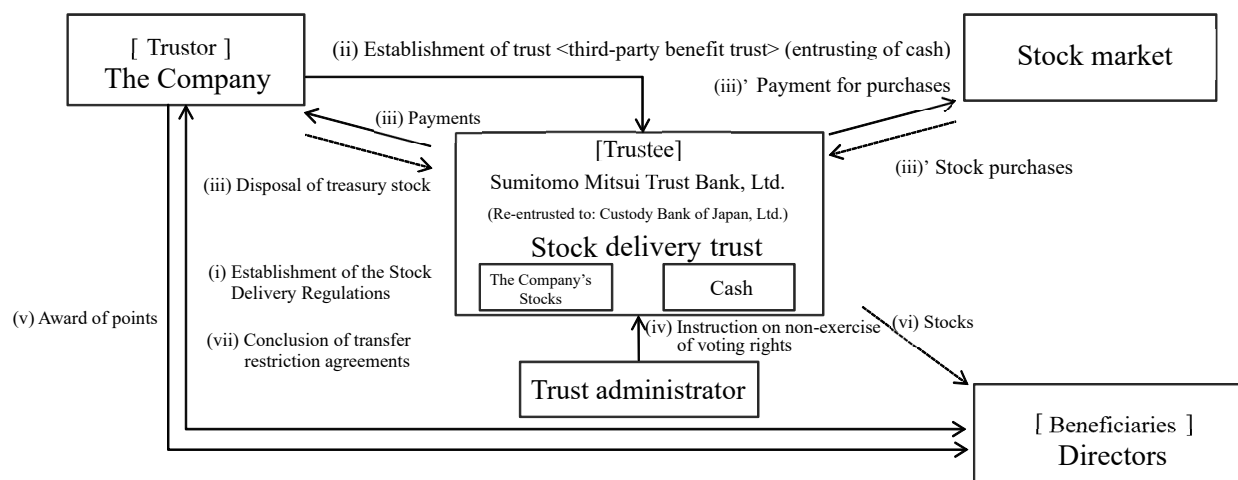
2. Overview of the Plan

(1) Structure of the Plan

The Plan is a stock remuneration plan under which the Company establishes a trust (hereinafter, the “Trust”) through a monetary contribution. The Trust acquires the Company’s common stocks (hereinafter, the “Company’s Stocks”) for delivery by the Trust to each Director, in a number corresponding to the points awarded by the Company to that Director. (The stocks delivered to each Director will carry transfer restrictions, effective until the Retirement, based on a transfer restriction agreement concluded between each Director and the Company, as described in 3. below.)

Under the Plan, the Company’s Stocks will be delivered to Directors in office during the three fiscal years from the fiscal year ending on March 31, 2024 to the fiscal year ending on March 31, 2026 (hereinafter, the “Targeted Period”; the Targeted Period may be extended as set forth in (4) below.) Directors will receive the Company’s Stocks, in principle, at a predesignated time of each fiscal year during the trust period.

<Overview of the structure of the Plan>



- (i) The Company establishes the Stock Delivery Regulations for Directors.
- (ii) The Company establishes a stock delivery trust (third-party benefit trust) with Directors who gain beneficiary rights as its beneficiaries as described in (vi) below. The Company entrusts to the trustee an amount of money equivalent to the funds needed to acquire the Company’s Stocks (within the limits approved by the Stockholders’ Meeting for funding the acquisition of stocks for delivery to Directors).
- (iii) The trustee acquires, in a single tranche, a number of the Company’s Stocks corresponding to the number expected to be delivered in the future (these stocks are acquired through the disposal of treasury stock or purchases on stock markets, including off-floor trading; the same applies hereinafter).

- (iv) A trust administrator (a party who is independent of the Company and its officers) is designated, who will protect the interests of the beneficiaries stated in the Stock Delivery Regulations throughout the trust period and supervise the trustee. Voting rights associated with the Company's Stocks held in the Trust are not exercised throughout the duration of the trust period, in accordance with the instructions of the trust administrator to the trustee.
- (v) The Company awards points to Directors based on the Stock Delivery Regulations.
- (vi) Directors, who have satisfied the requirements stipulated in the Stock Delivery Regulations and the trust agreement for the Trust (including the conclusion of the transfer restriction agreement described in (vii) below), gain beneficiary rights to the Trust and receive the Company's Stocks from the trustee, in a number corresponding to the points awarded, as beneficiaries of the Trust.
- (vii) With respect to the Company's Stocks delivered, Directors shall conclude transfer restriction agreements with the Company, covering the restriction period from the date of delivery to the date of the Retirement.

Sumitomo Mitsui Trust Bank, Ltd., the trustee under the Plan, shall entrust (re-entrust) management of the trust property to Custody Bank of Japan, Ltd.

(2) Establishment of the Trust

Subject to the approval of the introduction of the Plan at the Stockholders' Meeting, the Company shall establish the Trust by contributing the funds needed to acquire the number of the Company's Stocks reasonably expected to be needed for delivery by the Trust, in accordance with (6) below, for a certain period of time into the future. The Trust shall use the funds contributed by the Company to acquire the Company's Stocks as described in (5) below.

Sumitomo Mitsui Trust Bank, Ltd., the trustee under the Plan, shall entrust (re-entrust) management of the trust property to Custody Bank of Japan, Ltd.

(3) Trust period

The trust period shall be about three years from August 2023 (planned) to August 2026 (planned). The Company may extend the trust period as described in (4) below.

(4) Maximum amount of money to be contributed to the Trust to fund the acquisition of stocks

During the Targeted Period, the Company shall contribute a total amount of money not exceeding ¥900 million as remuneration for Directors in office during the Targeted Period to fund the acquisition of the number of the Company's Stocks necessary to deliver to Directors based on the Plan. This contribution shall establish the Trust, of which the beneficiaries shall be the Directors who satisfy certain requirements. The Trust shall use the funds contributed by the Company to acquire the Company's Stocks through the disposal of treasury stock by the Company or purchases on stock markets.

Note: The amount of money that the Company entrusts to the Trust shall be the total of necessary expenses such as trust fees and remuneration for the trust administrator, in addition to funds for the acquisition of the Company's Stocks, as set forth above. When the Company introduces the performance-linked stock remuneration plan for its Executive Officers similar to the Plan as stated above, it shall also entrust the Trust the funds necessary to acquire the number of the Company's Stocks needed to deliver to Executive Officers under that plan.

The Company's Board of Directors may decide to continue the Plan by extending the Targeted Period for up to five fiscal years at each time, and extending the trust period for a corresponding period (or effectively extending the trust period through the establishment of another trust with the same purpose, to which the Trust property is transferred; the same applies hereinafter). In such a case, the Company shall contribute an additional amount of money not exceeding ¥300 million, multiplied by the number of years extended, to the Trust during the extended Targeted Period, as funds for the acquisition of the Company's Stocks to be delivered to Directors under the Plan. The Company shall then continue to award points and deliver the Company's Stocks as set forth in (6) below.

(5) Method used to acquire the Company's Stocks by the Trust

It is planned to make the initial acquisition of the Company's Stocks by the Trust through the disposal of treasury stock by the Company or purchases on stock markets, within the maximum amount of funds for the acquisition of stocks set forth in (4) above. The details of the acquisition method shall be decided and disclosed after the resolution of the Stockholders' Meeting.

During the trust period, in case the number of the Company's Stocks held in the Trust falls short of the number corresponding to the points awarded to Directors during the trust period, due to reasons such as an increase in the number of Directors, the Company may entrust additional funds to the Trust for the additional acquisition of the Company's Stocks, within the maximum amount set forth in (4) above.

(6) Calculation method and maximum number of the Company's Stocks to be delivered to Directors

(i) Method used to award points to Directors

Based on the Stock Delivery Regulations established by the Company's Board of Directors, the Company shall award points to each Director on the day (once each fiscal year, in principle) designated for the award of points under the Stock Delivery Regulations during the trust period, based on factors such as position and the degree of achievement of performance targets.

The total number of points that the Company awards to Directors shall not exceed 600,000 points per fiscal year.

(ii) Delivery of the Company's Stocks in accordance with the number of points awarded

The number of stocks to be delivered shall correspond to the points awarded as described in (i) above. Directors shall follow the procedures set forth in (iii) below to receive the Company's Stocks. Each point shall correspond to one of the Company's Stocks. However, in an event such as a stock split or stock consolidation of the Company's Stocks, where adjustment is deemed reasonable, the number of the Company's Stocks to be delivered per point may be reasonably adjusted in accordance with the stock split ratio, consolidation ratio, or the like.

(iii) Delivery of the Company's Stocks to Directors

Each Director shall gain beneficiary rights to the Trust and receive the Company's Stocks from the Trust each fiscal year during the trust period, in principle, subject to the conclusion of the transfer restriction agreement set forth in 3. below and the completion of other designated procedures.

However, in case where the Company's Stocks held in the Trust have been converted to cash, such as where it has accepted and settled a tender offer for the Company's Stocks, money (the amount converted to cash) may be delivered in lieu of the Company's Stocks.

(7) Exercise of voting rights

Based on instructions of the trust administrator, who is independent of the Company and its officers, no voting rights pertaining to the Company's Stocks held in the Trust shall be exercised. This regulation is designed for the exercise of voting rights associated to the Company's Stocks held in the Trust, to ensure the neutrality with regard to the Company's management.

(8) Treatment of dividends

Dividends pertaining to the Company's Stocks held in the Trust shall be received by the Trust, and allocated to fund the acquisition of the Company's Stocks, as well as for trust fees payable to the trustee of the Trust.

3. Transfer restriction agreement pertaining to the Company's Stocks delivered to Directors

When the Company's Stocks are delivered to Directors, as described in 2. (6) (iii) above, each Director shall conclude a transfer restriction agreement with the Company, containing the items shown below.

- (i) Directors must not transfer, establish right of pledge or otherwise dispose of the Company's Stocks received under the Plan, from the date on which they receive until the date of the Retirement.
- (ii) The Company may acquire the Company's Stocks without consideration where certain causes arise.
- (iii) Content of the conditions for lifting the transfer restrictions preestablished by the Company's Board of Directors

However, no transfer restrictions shall be applied to the Company's Stocks if these are delivered on or after the date of the Retirement. Moreover, in this case, a certain proportion of the Company's Stocks to be delivered to Directors may be sold and converted into cash within the Trust, and withheld by the Company for the purpose of paying withholding tax, etc.

(Reference) Overview of the trust agreement for the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Ltd. (Re-entrusted to: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors (and Executive Officers) of the Company who satisfy the requirements for beneficiaries
Trust administrator	To be selected from a third party independent of the Company and its officers
Exercise of voting rights	Voting rights pertaining to stocks held in the Trust shall not be exercised throughout the trust period
Type of trust	Trust of money other than money trust (third-party benefit trust)
Date of trust agreement	August 2023 (planned)
Trust period	August 2023 – August 2026 (planned)
Purpose of trust	To deliver the Company's Stocks to beneficiaries based on the Stock Delivery Regulations

Disclaimer: This document is an English translation of the announcement titled "Announcement of Introduction of Performance-Linked Stock Remuneration Plan (RS Trust) for Directors and Executive Officers" which is filed with Stock Exchanges in Japan on May 15, 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.