

The following statement is an English-language translation of the original Japanese-language document provided for your convenience. In the event there is any discrepancy between the Japanese and English versions, the Japanese version is presumed to be correct.

May 11, 2023

To whom it may concern

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### **Notice on Introduction of Performance-Linked Stock Compensation System**

JGC HOLDINGS CORPORATION resolved at a meeting of its Board of Directors held on May 11, 2023 to review its executive compensation system and to introduce a performance-linked stock compensation system (the "System"), and decided to submit a proposal the System to the 127th General Shareholders Meeting scheduled for June 29, 2023 (the "Shareholders' Meeting").

#### 1. Purpose of introducing this system

The Company's directors' compensation system(excluding Outside Directors, hereinafter referred to as "Applicable Directors") currently consists of three types of compensation: fixed compensation, performance-linked compensation as a short-term incentive, and restricted stock compensation as a medium- to long-term incentive. The Company has designed a system in which the ratio of variable compensation, which is a combination of performance-linked compensation and restricted stock compensation, increases with the degree of performance achievement and position.

As part of the review of executive compensation, the Company has decided to introduce a new system to further share the benefits and risks of stock price fluctuations with shareholders and to clarify the linkage between the compensation of Applicable Directors and the Company's performance and share value, and to further increase incentives for achieving the performance targets set in the Company's medium-term management plan, increasing the Company's stock price, and improving the Group's medium- to long-term corporate value.

Under this system, monetary claims for the allotment of the Company's common stock will be paid to Applicable Directors as compensation, and the introduction of this system is subject to the approval of the shareholders for such payment at this General Shareholders' Meeting.

At the 113th General Shareholders Meeting held on June 26, 2009, it was approved that the amount of compensation, for directors of the Company shall not exceed 690 million yen per year, and at the 123rd General Shareholders Meeting held on June 27, 2019, it was approved that the compensation for the restricted stock compensation to Applicable Directors shall be not exceeding 25 million yen per year within the abovementioned amount of compensation. At this General Shareholders' Meeting, the Company plans to introduce a new compensation system and seek shareholders' approval to set the annual compensation limit under this system within the abovementioned amount of 690 million yen.

#### 2. Outline of this program

The newly introduced compensation system is a performance-linked stock compensation system under which the Company's common stock will be delivered in accordance with the degree of achievement of performance indicators predetermined by the Company's Board of Directors, and the Company plans to use operating income and net income

attributable to owners of the parent as the relevant indicators.

Applicable Directors will pay all of the monetary claims paid by the Company under the System as assets contributed in kind and will be issued or disposed of shares of common stock of the Company.

Under this system, in principle, the Board of Directors will determine in advance the performance targets for a certain performance evaluation period, and shares of the Company's common stock will be delivered after the end of the performance evaluation period in accordance with the degree of achievement of such performance targets. The total amount of monetary claims to be paid to Applicable Directors under this system shall not exceed 160 million yen per year. The total number of shares of the Company's common stock to be issued or disposed of after the end of the performance evaluation period shall not exceed 236,000 shares per year.

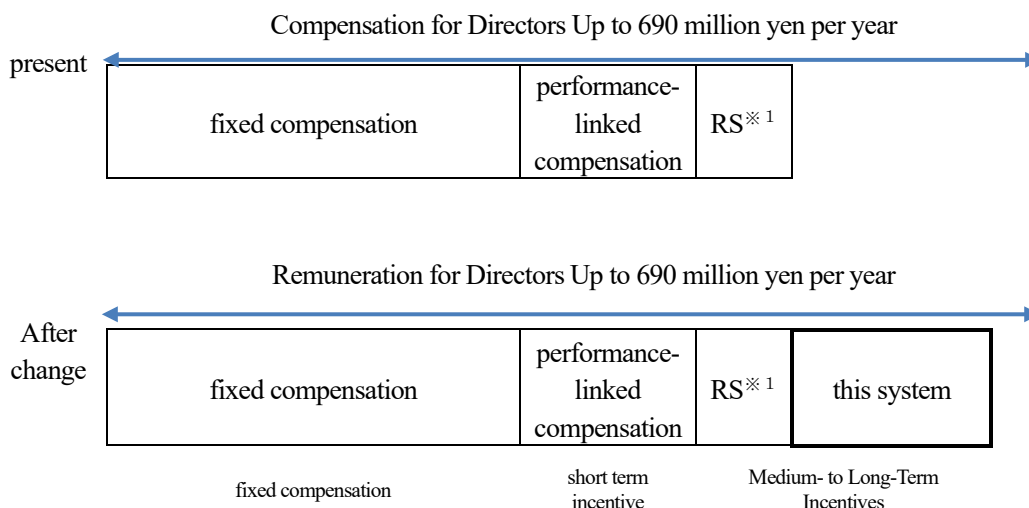
The Board of Directors will determine the specific timing and details of payment to each Applicable Director under this plan. The amount to be paid per share under this plan will be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (if no trading is effected on that date, the closing price on the immediately preceding trading day), to the extent that such amount is not particularly favorable to Applicable Directors who will subscribe for such common stock.

The issuance or disposal of the Shares is subject to the execution of a Restricted Share Allotment Agreement between the Company and Applicable Directors, which includes (i) a prohibition on the transfer of the Shares to third parties, the establishment of security interests, or any other disposition of the Shares for a certain period of time (the "Restricted Period") and (ii) the acquisition of the Shares by the Company without consideration upon the occurrence of certain events.

The Shares will be managed in an exclusive account to be opened by Applicable Director at Nomura Securities Co., Ltd. during the Restricted Period so that the Shares may not be transferred, pledged as collateral or otherwise disposed of during the Restricted Period.

Under the system, in addition to applicable directors, the same system as that for Applicable Directors will be introduced for executive officers who do not concurrently serve as directors of the Company and for directors and executive officers of the Company's subsidiaries.

[Reference] Image of changes to the compensation system for directors



※1 RS : Restricted Stock (Restricted Stock Compensation)

※2 Compensation for outside directors is fixed compensation only, both present and after the change.