



May 14, 2019

To whom it may concern:

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Notice on Introduction of a Restricted Stock Compensation System

JGC CORPORATION announces as follows that at the Board of Directors meeting held on May 14, 2019 the executive remuneration was revised and it was resolved to introduce a restricted stock compensation system, and that a proposal on this system will be made at JGC's 123rd general shareholders meeting scheduled to be held on June 27, 2019.

1. Purpose of the introduction of this system, etc.

(1) Purpose of the introduction of this system

An amount of up to 690 million yen per year was approved at JGC's 113rd general shareholders meeting held on June 26, 2009 as remuneration for JGC's directors.

As part of revisions to the executive remuneration system for the purpose of enabling JGC's directors (excluding independent directors, below "applicable directors") to share the benefits and risks of stock price fluctuations with shareholders and even further expanding incentives toward an increase in the stock price and medium to long-term improvements in corporate value of the JGC Group, remuneration will be provided to grant restricted stock to the applicable directors within the scope of directors' compensation above.

(2) Conditions of the introduction of this system

Because applicable directors will be provided with monetary compensation claims for granting restricted stock, gaining the approval of shareholders on the provision of this remuneration at the general shareholders meeting is a condition for the introduction of this system.

At this general shareholders meeting, the approval of shareholders will be requested for setting the total amount of monetary compensation claims provided for granting restricted stock to applicable directors within the scope of executive remuneration above at up to 25 million yen per year as an amount believed to be appropriate in light of the purpose above.

Moreover, while there are currently 9 applicable directors, there will be 6 applicable directors, if the proposal for the appointment of directors is approved in its original form by this general shareholders meeting. The specific payment timing and payment amount for applicable directors shall be determined by the Board of Directors in consultation with the Remuneration Committee.

2. Overview of the system, etc.

(1) Overview of restricted stock

The restricted stock granted to the applicable directors refers to common stock of JGC that has the restrictions on any disposition, such as transfer to a third party or establishment of security rights, for a set period of time.

(2) Flow of granting restricted stock

- (1) JGC will provide monetary compensation claims within the scope of the annual amount above as remuneration related to restricted stock to the applicable directors based on a resolution by JGC's Board of Directors.
- (2) Each applicable director will make an investment in kind to JGC of all of the monetary compensation claims.
- (3) In response to this investment in kind, JGC will issue or divest its common stock to allocate restricted stock to each applicable director.

※ The above monetary compensation claims will be provided under the condition that the applicable director agrees to the above investment in kind and signs a restricted stock allocation agreement that includes the contents prescribed in (5) below.

(3) Payment amount for restricted stock

The payment amount for restricted stock shall be determined by JGC's Board of Directors within a scope that is not particularly beneficial to director receiving restricted stock, based on the closing price (if trading did not take place on that day, the closing price for the last trading day before that) of JGC's common stock on the Tokyo Stock Exchange on the business day prior to the day of the resolution of JGC's Board of Directors on the issuance or divestment.

(4) Total number of restricted stock

The total number of restricted stock allocated to applicable directors shall be no more than 19,800 shares per year.

However, if an act that affects the stock value per share such as a stock split or stock consolidation of JGC's common stock from the date of the resolution of the general shareholders meeting regarding this system, reasonable adjustments shall be made to the total number of restricted stock.

(5) Contents of the restricted stock allocation agreement

JGC shall sign a restricted stock allocation agreement that includes the following contents with applicable directors regarding the allocation of restricted stock.

(1) Contents of restrictions

A director who has received the allocation of restricted stock cannot conduct any disposition such as transfer to a third party or establishment of security rights (hereinafter referred to as the "restrictions") on the restricted stock allocated (hereinafter referred to as the "allocated stock") for a period of time prescribed by JGC's Board of Directors from 3 years to 30 years (hereinafter referred to as the

“restricted period”).

(2) Removal of restrictions

JGC shall remove the restrictions on all allocated stock as of the completion of the restricted period, under the condition that the director who received the allocation of restricted stock has the position of a director, corporate officer, or employee of JGC or a subsidiary of JGC from the start date of the restricted period continuously until the date of the first general shareholders meeting of JGC held after that.

However, if that director resigns or retires from the position of director, corporate officer, or employee of JGC or a subsidiary of JGC before the completion of the restricted period for a reason deemed legitimate by JGC’s Board of Directors, reasonable adjustments shall be made as necessary on the number of allocated stock to release restrictions on and the timing to release restrictions.

(3) Handling of organizational restructuring, etc.

If a proposal regarding a merger agreement in which JGC is the non-surviving entity, a stock exchange agreement or stock transfer plan in which JGC becomes a wholly owned subsidiary, or other organizational restructuring, etc. is approved by the general shareholders meeting of JGC (of JGC’s Board of Directors if the approval of the general shareholders meeting of JGC is not required for the organizational restructuring, etc.) during the restricted period, the restrictions shall be removed based on a resolution by JGC’s Board of Directors ahead of the effective date of the organizational restructuring, etc. for a number of allocated stock deemed appropriate in consideration of the period of time from the start date of the restricted period to the approval date of the organizational restructuring, etc.

(4) Gratuitous acquisition of restricted stock

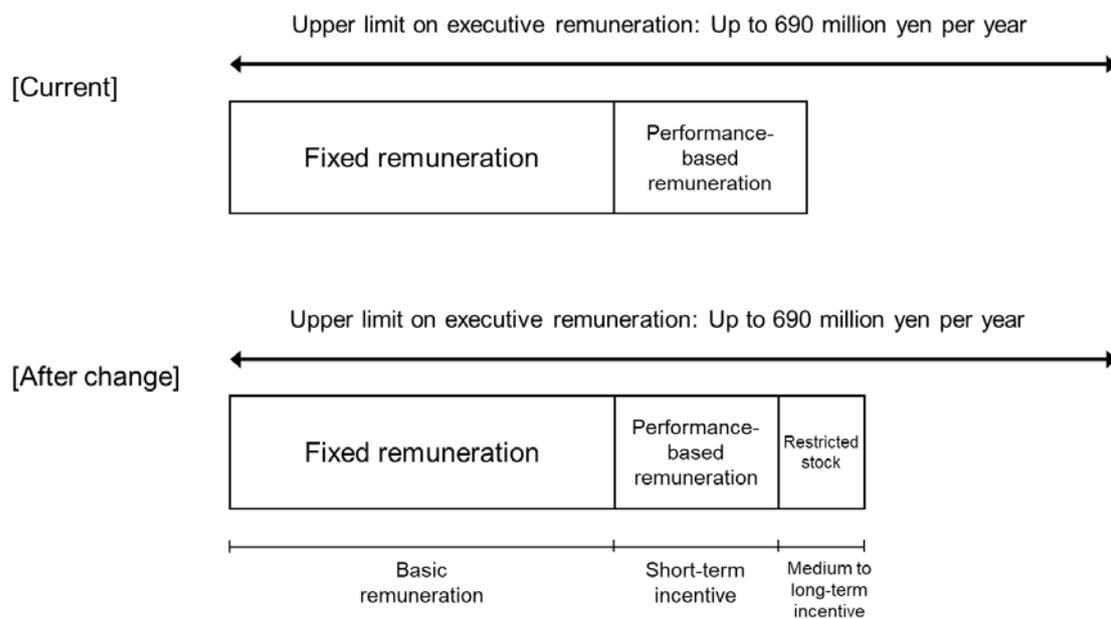
If a director who received the allocation of restricted stock resigns or retires from the position of director, corporate officer, or employee of JGC or a subsidiary of JGC from the start date of the restricted period until the day prior to the date of the first general shareholders meeting of JGC held after that, JGC shall gratuitously acquire all allocated stock as a matter of course, excluding cases in which JGC’s Board of Directors deems there is a legitimate reason.

In addition, if there are allocated stock for which restrictions have not been removed based on (2) and (3) above, JGC shall gratuitously acquire this stock as a matter of course.

(Reference)

Assuming this system is approved as proposed by the general shareholders meeting, the executive remuneration system will change as shown below.

[Changes to the executive remuneration system]



※ The remuneration for independent directors is basic compensation only, both currently and after the change.