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For Immediate Release

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## **Notice of Introduction of Officer Remuneration Plan Utilizing Restricted Shares (with Performance-Based Conditions)**

DIP Corporation ("DIP") announces that it has resolved to introduce an officer remuneration plan utilizing restricted shares (with performance-based conditions) (the "Plan") for its board directors (excluding outside board directors; "Eligible Directors") at the Board of Directors meeting held on April 7, 2021, and that it will submit a proposal concerning the Plan at the 24th Annual General Meeting of Shareholders to be held on May 26, 2021 (the "General Meeting of Shareholders").

### **1. Purpose of introducing the Plan, etc.**

#### **(1) Purpose of introducing the Plan**

DIP will introduce the Plan for the Eligible Directors aiming to realize the corporate vision of a "Labor force solution company," promote further sharing of values with the shareholders, and to maximize social value and economic value under the leadership of the Eligible Directors.

Under the Plan, the condition for lifting the transfer restrictions is the achievement of performance targets which are set four years in advance. These performance targets are set as aspirations for the entire company to aim for.

DIP considers the Plan as a key measure to sustain future growth and will continue to strive for further progress of the business.

#### **(2) Conditions of introducing the Plan**

Under the Plan, because monetary remuneration claims are paid to the Eligible Directors as remuneration for the allotment of restricted shares, the introduction of the Plan is conditional upon that remuneration gaining the approval of shareholders at the General Meeting of Shareholders.

With respect to the remuneration amount for DIP's board directors, at the 18th Annual General Meeting of Shareholders held on May 23, 2015, the amount to be paid to board directors was approved to be up to ¥700,000 thousand per year (of which an amount of up to ¥100,000 thousand per year was for outside board directors; this amount is separate from the portion of employee salaries for board directors who concurrently serve as employees). In addition, within the maximum limit established separately from the aforementioned remuneration amount for the board directors, with respect to the amounts of performance-linked share-based remuneration, among others, at the 19th Annual General Meeting of Shareholders held on May 28, 2016, the amount to be paid to board directors (excluding outside directors) was approved to be up to ¥400,000 thousand over a period of five fiscal years.

At this General Meeting of Shareholders, DIP will ask shareholders to approve a total amount of monetary remuneration claims for payment as remuneration, among others, related to restricted shares to the Eligible Directors, within the maximum limit established separately from the aforementioned remuneration amount for the board directors and performance-linked share-based remuneration, among others, of up to ¥900,000 thousand per year. However, because it is assumed that as a general rule this total amount of monetary remuneration claims will be paid as a lump-sum, at an amount equivalent to consideration for the execution of duties over a period of four fiscal years, this effectively means the equivalent of a payment of no more than ¥225,000 thousand in one fiscal year.

Regarding the allotment of restricted shares, as the maximum number of restricted shares to be allotted in each fiscal year under (2) below accounts for only about 0.58% of the total number of shares issued (in principle, and since DIP assumes that the number of shares equivalent to the compensation for the execution of duties over four fiscal years will be allotted in a single lump sum, in effect, the allotment will be equivalent to no more than 87,500 shares (or no more than 0.15%) per fiscal year), and the dilution rate is insignificant. DIP therefore believes that the terms are reasonable.

DIP established the Basic Policy on Remuneration for Officers at the Board of Directors meeting held on March 10, 2021, and the allotment of restricted shares under this proposal is in line with this policy.

## 2. Overview of the Plan

### (1) Allotment and payment for restricted shares

The Eligible Directors shall pay all monetary claims to be paid to them by DIP pursuant to a resolution of the Board of Directors, in the form of property contributed in kind, and shall, in return, receive common stock of DIP shares that shall be issued or disposed of by DIP.

The paid-in amount per share for restricted shares shall be determined at a meeting of the Board of Directors on the basis of the closing price of DIP's common stock at the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the meeting of the Board of Directors on the issuance or disposal of those shares (if there is no closing price on such date, the closing price on the closest preceding trading day) within the range in which the paid-in amount is not particularly advantageous to the Eligible Directors subscribing for the restricted shares.

In issuing or disposing of shares of DIP's common stock under the Plan, DIP shall enter into a restricted shares allotment agreement on transfer between DIP and the Eligible Directors. The details of the agreement include: (i) the Eligible Directors may not transfer, grant a security interest in, or dispose of DIP's common stock allotted to them under the share allotment agreement for a certain period of time; (ii) DIP may acquire the said common stock for no consideration in the event that certain events occur.

### (2) Total number of restricted shares

The total number of restricted shares allotted to the Eligible Directors of DIP of 350,000 shares shall be the upper limit of the number of restricted shares allotted in each fiscal year (in principle, since DIP assumes that the number of shares equivalent to the compensation for the execution of duties over four fiscal years will be allotted in a single lump sum, in effect, the allotment will be equivalent to no more than 87,500 shares per fiscal year).

However, the total number of the restricted shares to be allotted may be rationally adjusted if DIP conducts a share split of its common stock (including allotment of DIP's common stock without contribution), or share consolidation, or in any similar event that would make it necessary to adjust the total number of restricted shares to be allotted, on or after the date of the resolution on this proposal.

### (3) Provisions of restricted shares allotment agreement

An agreement on the allotment of restricted shares entered into between DIP and the Eligible Directors shall include the following provisions pursuant to a resolution of DIP's Board of Directors.

#### (i) Provisions of transfer restrictions

The Eligible Directors may not transfer to a third party, create a pledge, create a transfer security interest, an inter vivos gift, bequest, or otherwise dispose in any way (the "transfer restrictions") of the restricted shares allotted to the relevant board directors (the "Allotted Shares") for a period of four years as determined by DIP's Board of Directors (the "Restriction Period").

The Restriction Period is scheduled to be from August 27, 2021 to April 15, 2025.

#### (ii) Lifting of transfer restrictions by achievement of performance conditions, etc.

DIP, on the condition that the Eligible Director has continuously held any position of board director of DIP, director of a subsidiary, or other equivalent position during the Restriction Period, and in accordance with the achievement of performance conditions set forth below, shall lift the transfer restrictions upon the expiry of the Restriction Period (provided, however, that the operating results for the fiscal year ending February 28, 2025 are announced earlier, DIP plans to lift transfer restrictions at that earlier time) for all or part of the Allotted Shares, and DIP shall naturally acquire the allotted shares for no consideration for those shares for which the transfer restriction is not lifted.

However, if such an Eligible Director retires or resigns from any position of board director of DIP, director of a subsidiary, or other equivalent position before the Restriction Period expires, and if DIP's Board of Directors deems that there are reasonable grounds for doing so, DIP may reasonably adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted and the timing of lifting the transfer restrictions as needed.

#### [Achievement of performance]

Transfer restrictions shall be lifted in accordance with the degree of achievement of targets for consolidated net sales and consolidated operating income (or non-consolidated net sales and non-consolidated operating income in the case of non-consolidated basis) predetermined by DIP's Board of Directors. DIP plans to set performance targets of consolidated net sales of ¥100,000 million and consolidated operating income of ¥30,000 million.

#### (iii) Treatment in case of organizational restructuring, etc.

If, during the Restriction Period, a General Meeting of Shareholders of DIP (or, if approval by the meeting is not required for organizational restructuring, the Board of Directors of DIP) approves a merger agreement under which DIP will become the disappearing company, a share exchange agreement or a share transfer plan under which DIP will become a wholly owned subsidiary, or any other matters relating to organizational restructuring, among others, DIP shall automatically acquire all of the Allotted Shares without contribution by resolution of its Board of Directors as of the time immediately prior to the business day directly before the effective date of organizational restructuring, among others.

(Note) English documents are prepared as a courtesy to our stakeholders. In the event of any inconsistency between English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.