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HAZAMA ANDO CORPORATION

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https://www.ad-hzm.co.jp/english/

The corporate governance of HAZAMA ANDO CORPORATION (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The Company's business activities are based on safe, secure, high-quality "good building operations." Through these operations, we aim to contribute to the advancement of society and our customers. To achieve this, we believe it is critical to maintain and improve a management system capable of responding swiftly to changes in the business environment, and to ensure the transparency and fairness of management supervision. To this end, we will work continuously to enhance corporate governance.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company complies with all principles of Japan's Corporate Governance Code.

Disclosure Based on Each Principle of the Corporate Governance Code Updated

[Principle 1.4] Cross-Shareholdings
The Company's policy is to reduce the number of listed shares, except in cases where the Company can determine that the cross-shareholding will lead to an increase in corporate value after verifying the economic rationale and significance of holding such shares from the perspective of capital efficiency and maintaining and strengthening of relationships with business partners. Each year, the Board of Directors periodically reviews and verifies the appropriateness of continuing to hold all cross-shareholdings from both a quantitative perspective, including whether the benefits and risks associated with shareholding are commensurate with the cost of capital, and a qualitative perspective based on business strategies for the future. As a result, the Company will continue to hold the shares only when it determines that the holding is appropriate.
Under this policy, the Company aims to reduce the ratio to consolidated net assets to less than 10% by the end of the FYE March 31, 2026. In the FYE March 31, 2024, we reduced our holdings by a total of ¥1.47 billion on a market value basis for eight listed shares (including partial sales) and nine unlisted shares.
When exercising voting rights for shares held by the Company, we exercise voting rights appropriately by making a comprehensive judgment as to whether the proposal will improve the medium- to long-term corporate value of the company concerned and enhance shareholder returns.

[Principle 1.7] Related Party Transactions
Based on the Companies Act, the Regulations of the Board of Directors, the Regulations of the Audit and Supervisory Committee, and the Hazama Ando Group Compliance Regulations, Board Directors must obtain prior approval from the Audit and Supervisory Committee in addition to a resolution by the Board of Directors when intending to engage in competitive transactions or conflict-of-interest transactions (including transactions with major shareholders, and the same applies hereinafter). In addition, important matters concerning competitive transactions and conflict-of-interest transactions between companies must be approved by and reported at the Board of Directors.
At the end of each fiscal year, the Group conducts investigations of related party transactions with all officers and verifies that there are no transactions conflicting with the interests of the Company.

[Supplementary Principle 2.4.1] Ensuring Diversity in the Promotion of Core Human Resources, etc.
(1) In order to achieve our long-term vision of "Through the acceleration of innovation and tireless efforts to take on each new challenge, create new value and contribute to the resolution of social issues," we believe that it is necessary for diverse human resources to demonstrate their capabilities, and that one of our most important management strategies is to transform into a company in which women can play an increasingly active role. In the Hazama Ando Group Medium-Term Management Plan 2025 (FY3/24–FY3/26), we set a target of 60 female managers in the FYE March 31, 2026. In addition to strengthening our efforts to achieve this target, in our action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life, we have set a numerical target of increasing the percentage of full-time female employees to 15% or more in the FYE March 31, 2026, and we disclose these figures in our Corporate Report.
While we have not currently set measurable goals for the promotion of foreign nationals and career personnel, we have a policy of continuous and aggressive recruitment, and give priority to ability, regardless of nationality or employment category, when promoting employees.

(2) Human resources development policy and internal environment improvement policy to ensure diversity and the current situation
In our human resources development policy which we revised in the FYE March 31, 2024, we set the guideline for human resources development of fostering an organizational culture where diverse personnel can actively demonstrate their full potential and take on challenges for the benefit of society, and we are working to ensure diversity.
Please refer to our website for our human resources development policy and internal environment development policy.
https://www.ad-hzm.co.jp/sustainability/human_capital/ (Japanese only)

[Principle 2.6] Roles of Corporate Pension Funds as Asset Owners
In order to ensure the future provision of pension benefits, etc., the Company has formulated a policy asset composition ratio from a medium- to long-term perspective and entrusts an investment institution to manage pension assets based on this policy. In addition, investments are monitored on a quarterly basis, and the Pension Investment Committee, consisting of the head of the labor union who represents the beneficiaries, and the heads of the Finance and Personnel Departments, verifies and evaluates the soundness of pension asset management (including the retirement benefit trust).
Appropriately qualified personnel are assigned as members of the Pension Investment Committee and participate in outside seminars to acquire the necessary expertise to raise the level of the committee.

[Principle 3.1] Full Disclosure
(1) Company objectives (e.g., management philosophy), business strategies and business plans
The Company has established a corporate philosophy, code of conduct, human rights policy, environmental policy, and quality policy, which are posted on our website. The Company has also announced HAZAMA ANDO VISION2030 and the Hazama Ando Group Medium-Term Management Plan 2025 (FY3/24–FY3/26). Please refer to our website for more information.
Corporate Philosophy, Code of Conduct: https://www.ad-hzm.co.jp/corporate/philosophy/ (Japanese only)
Human Rights Policy: https://www.ad-hzm.co.jp/sustainability/human_rights_policy/ (Japanese only)
Basic Health and Safety Policy: https://www.ad-hzm.co.jp/sustainability/safety/ (Japanese only)
Environmental Policy: https://www.ad-hzm.co.jp/sustainability/environment/ (Japanese only)
Quality Policy: https://www.ad-hzm.co.jp/sustainability/quality/ (Japanese only)
HAZAMA ANDO VISION2030, the Hazama Ando Group Medium-Term Management Plan 2025 (FY3/24–FY3/26):
https://www.ad-hzm.co.jp/assets/pdf/en/mt/HAZAMA-ANDO_VISION2030,Medium-TermManagementPlan.pdf

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code (draft)
Please refer to "I. 1. Basic Views" of this Report.

(3) Board policies and procedures in determining the remuneration of the senior management and Board Directors
Remuneration for the Company's Board Directors and Executive Officers (excluding Board Directors serving as Audit and Supervisory Committee Members and External Board Directors) consists of monetary remuneration as basic remuneration, and stock remuneration as performance-linked remuneration. Each of the above remuneration shall be paid within the scope of the total amount of remuneration resolved at the General Meeting of Shareholders. The Nomination and Remuneration Committee, whose chair and the majority of its members are independent External Board Directors, deliberates and determines the basic remuneration table and other assessment methods that reflect company-wide performance and the evaluation of individual responsible divisions in determining the amount of remuneration for Board Directors and Executive Officers (excluding Board Directors serving as Audit and Supervisory Committee Members), and reports to the Board of Directors, and the Board of Directors deliberates and determines the amount of remuneration. Please refer to "II. 1. Director Remuneration, Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this Report for more details.

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of Board Director candidates

The nomination of Board Director candidates and the appointment of executive officers is deliberated by the Nomination and Remuneration Committee, an advisory body to the Board of Directors, whose chair and the majority of its members are independent External Board Directors. The committee takes into consideration the candidates' abilities to contribute to the Company's sustainable growth and enhancement of corporate value. This includes the ability to make appropriate and prompt management decisions and take appropriate risks from a company-wide perspective, the ability to anticipate medium- to long-term management directions with visionary foresight for the era, the ability to ensure objectivity, transparency, and fairness in management and achieve effective corporate governance, having a keen sense of compliance and excellent risk foresight, and the ability to demonstrate strong leadership with high integrity and personal magnetism. The committee deliberates on proposals and reports its finding to the Board of Directors for further deliberation and determination of candidates.

The committee deliberates proposals for the nomination of Board Directors serving as Audit and Supervisory Committee Members, taking into consideration candidates who have a keen sense of compliance, expertise and a high level of insight in management, finance, accounting, taxation, legal affairs, etc., and who are capable of appropriately auditing the execution of duties by Board Directors and supervising business execution. After obtaining the consent of the Audit and Supervisory Committee, the committee reports its findings to the Board of Directors, which deliberates and decides the candidates.

If a Board Director or an executive officer falls under the dismissal criteria established by the Company, the Nomination and Remuneration Committee will deliberate the matter and report its findings to the Audit and Supervisory Committee, before reporting to the Board of Directors.

(5) Explanations with respect to the individual appointments/dismissals and nominations based on (4)

The reasons for the appointment and nomination of all Board Directors, including their expected individual roles, are disclosed in the Reference Documents for General Meeting of Shareholders. The reasons for dismissal, etc. of Board Directors are similarly disclosed in the Reference Documents for General Meeting of Shareholders.

[Supplementary Principle 3.1.3] Initiatives for Sustainability, etc.

(1) Sustainability initiatives

We are striving to become a corporate group that meets the expectations of society and continues to create greater value. To achieve this, we have identified three key strategic themes (material issues) from the perspectives of the environment, society and governance (ESG), namely, "helping to solve social issues and create value for society," "protecting and being attuned to the natural environment," and "promoting sustainable management and taking full responsibility for corporate actions." We have set KPIs for each theme to promote sustainable management.

In the Hazama Ando Group Medium-Term Management Plan 2025 (FY3/24–FY3/26) formulated in May 2023, the Company identified "enhancing business growth," "increasing the value of human capital," and "promoting ESG management" as issues to be addressed for the sustainable growth of the Group. In June 2023, the Company established a Sustainability Committee as an advisory body to the Board of Directors to further promote ESG management. On the executing side, the Company has developed specialized committees to discuss ESG issues such as the environment, human capital strategies, supply chain management, and human rights, which collaborate with the Sustainability Committee.

(2) Investment in human capital

The Company believes that "manufacturing starts with development of human capital," and we have built a human resources development program, and are strategically promoting initiatives such as diverse career development through group training based on management level and job type, and raising awareness of compliance through integrity workshops. We are also promoting health management initiatives and introducing various measures to promote the mental and physical health of our employees.

(3) Investment in intellectual property

The Company recognizes that the invention and development of intellectual property (IP) that contributes to our business is a key management issue, and we are working to proactively utilize and develop IP in our business based on our Basic Policy for Intellectual Property Strategy.

< Basic Policy for Intellectual Property Strategy>

1. Raise awareness of the importance of invention among all employees, and work together to generate a wealth of IP.
2. Define strategic areas and actively implement IP activities that contribute to business.
3. Build and actively utilize an IP network that ensures competitive superiority.
4. Monitor infringement of owned IP and prevent leakage.

Specific details are disclosed in our Corporate Report and Sustainability Report on our website (https://www.ad-hzm.co.jp/english/annual_report/).

(4) Climate change-related information disclosure based on TCFD recommendations
The Company considers addressing climate change to be a key management issue and has set “protecting and being attuned to the natural environment” as a material issue, and is implementing various initiatives. We expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD), joined the TCFD Consortium, and disclose climate change-related information based on TCFD recommendations. Specific details are disclosed in the “Disclosure of Climate Change-related Information Based on TCFD Recommendations” on our website (https://www.ad-hzm.co.jp/sustainability/tcfd/ (Japanese only)).

[Supplementary Principle 4.1.1] Scope of Delegation to Management
The Company makes a clear distinction between the Board of Directors as having decision-making and business execution supervisory functions, and the Management Committee and the Executive Officers Committee as having a business execution function. Matters to be resolved by the Board of Directors other than those stipulated by laws and the Articles of Incorporation are clearly stipulated in our Regulations of the Board of Directors and Regulations on Decision-Making. To speed up decision-making, the authority to make decisions on business execution other than the above may be properly delegated to the Management Committee, executive directors, or Executive Officers or other personnel appointed by the Board of Directors. These persons make decisions based on the Regulations on Decision-Making established by resolution of the Board of Directors.

[Supplementary Principle 4.1.3] Board of Directors’ Participation in and Supervision of Succession Planning for the CEO and Other Top Executives
The Nomination and Remuneration Committee, an advisory committee to the Board of Directors, whose chair and the majority of its members are independent External Board Directors, deliberates on succession planning and reports its deliberations to the Board of Directors. When selecting candidates for the next generation of management executives, the committee deliberates and decides on the candidates, and reports its deliberations to the Board of Directors, which deliberates and makes a decision.
In order to train successors, we are further enhancing human resources development through strategic placement of candidates and by providing training to senior management, etc. The committee confirms the status of implementation and considers reviewing the plan.

[Principle 4.9] Independence Standards and Qualifications for Independent External Board Directors
The Company’s policy is to elect External Board Directors who can fulfill their duties independently and objectively and have no potential conflict of interest with shareholders. Independence of the External Board Directors is based on the Companies Act and the independence criteria set by the financial instruments exchange.

[Supplementary Principle 4.10.1] Approach to the Independence of the Composition of the Nomination Committee and the Remuneration Committee, and Authority and Role of the Committees
The Company established a Nomination and Remuneration Committee, as an advisory committee to the Board of Directors, to deal with procedures related to the nomination and remuneration of Board Directors and Executive Officers.
To ensure the fairness, transparency, and objectivity of decisions by the Board of Directors in order to strengthen the independence of the Board’s function and its accountability, the majority of the committee’s members are independent External Board Directors, and an External Board Director is also appointed to chair the committee.

[Supplementary Principle 4.11.1] Policies and Procedures concerning the Balance and Diversity of the Board of Directors and Appointment of Board Directors
The Board of Directors of the Company consists of Board Directors who are well versed in the sales, construction and administrative departments of our key business areas: civil engineering and building construction, and possess adequate knowledge, experience and capabilities as required, as well as independent External Board Directors who have extensive experience and discernment, including many years of management roles in other organizations. The number of Board Directors (excluding Board Directors serving as Audit and Supervisory Committee Members) shall not exceed 12 and the number of Board Directors serving as Audit and Supervisory Committee Members shall not exceed five. The balance and diversity of knowledge, experience and abilities, as well as the size of the Board of Directors as a whole, are considered to contribute to the Company’s sustainable growth and enhancement of corporate value.
For policies and procedures regarding the appointment of Board Directors, please refer to [Principle 3.1] Full Disclosure (4), and to the skills matrix which lists the knowledge, experience and abilities of Board Directors in the Notice of the General Meeting of Shareholders (https://www.ad-hzm.co.jp/assets/pdf/en/si/2024_e.pdf).

[Supplementary Principle 4.11.2] Status of Concurrent Positions Held by Board Directors at Other Listed Companies
If an External Board Director concurrently serves as an officer of a company other than the Company, the Board Director shall serve only to the extent that reasonably ensures they have the time necessary to perform their duties for the Company. The status of concurrent appointments of External Board Directors is stated in the Independent Directors/Auditors Notifications, the Business Report, and the Reference Documents for General Meeting of Shareholders.

[Supplementary Principle 4.11.3] Summary of Results of Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole
Each fiscal year, the Company conducts an analysis and self-assessment of the effectiveness of the Board of Directors with the aim of improving its efficiency and effectiveness. The evaluation method and a results summary for the FYE March 31, 2024 is as follows.

(1) Evaluation method
In the current fiscal year, the first year after the transition from a company with the Audit & Supervisory Board to a company with the Audit and Supervisory Committee, we conducted a questionnaire of all Board Directors (10 Board Directors, including four Board Directors serving as Audit and Supervisory Committee Members) with the support of a third-party organization, and at the Board meetings held in April and May 2024, we confirmed the survey results and analysis reports and discussed the evaluation of the effectiveness of the Board and future issues.

<Questionnaire evaluation items>
1. Effectiveness of a monitoring-type board following the transition to the Audit and Supervisory Committee, 2. Operations that support board deliberations, 3. Management strategy deliberations and supervision, 4. Risk deliberations and supervision, 5. Management evaluation and remuneration, 6. Dialogue with shareholders, etc.

(2) Summary of evaluation results
Discussions by the Board of Directors regarding the results of the evaluation confirmed the strengthening of the supervisory function of the Board and improvements in the agility of business execution, which are the goals of the transition to a company with the Audit and Supervisory Committee, and it is assessed that the effectiveness of the Board of Directors has been ensured.
The Company assessed that improvements have been made to the review of matters for resolution by the Board of Directors, the way information is provided, and the enhancement of training for officers, all issues identified in the previous fiscal year's effectiveness evaluation. In addition, the following three issues were identified this fiscal year.
The Board of Directors will further deepen discussions on these issues and will make ongoing efforts to improve the effectiveness of the Board in order to ensure the company's sustainable growth and increase corporate value over the medium to long term.

<Major issues identified in the current fiscal year (FYE March 31, 2024)>
(a) Accelerate and deepen discussions on management strategies
- Manage business with an awareness of the medium- to long-term balance sheet (cost of capital)
(b) Deepen discussions on risk management, etc.
- Verify the quality management system to reduce serious quality defects
(c) Deepen diversity initiatives
- Promptly consider and address various issues such as securing and training human resources

[Supplementary Principle 4.14.2] Director Training
At the time of assuming office, Board Directors participate in external seminars to acquire insight, knowledge, and background necessary for management and to understand their roles.
External Board Directors are given the opportunity to deepen their understanding of the construction industry as well as management issues, and the current situation at production sites, through explanations given by the officer in charge and site visits.
In addition, each year the Company invites experts to provide training to all Board Directors to ensure they acquire the necessary knowledge and raise their awareness as managers.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders
The Company strives to achieve sustainable growth and increase corporate value over the medium to long term through constructive dialogue with shareholders.
Dialogues with shareholders are managed by Board Directors and others to a reasonable extent, taking into consideration the purpose and details of the request.

(1) Designation of management or Board Directors who will ensure that constructive dialogue takes place
The Company designates the Director of Administration Division as the person responsible for responding to constructive dialogue with shareholders.

(2) Measures for organic collaboration between divisions, etc.
Basically, the Corporate Communication Department handles investor relations (IR) and shareholder relations (SR), and the General Affairs Department handles stock-related matters. However, these departments also collaborate with the Finance

Department, Business Administration Planning Department, and other departments as necessary to share management information necessary for dialogue and engage in dialogue based on a unified corporate viewpoint.

(3) Measures to enhance opportunities for dialogue beyond individual meetings
The Company holds results briefings twice a year, as well as small meetings, conference calls, site tours, etc., as necessary.

(4) Measures to appropriately and effectively relay views and concerns to the Board of Directors
The Company organizes and analyzes questions, opinions, etc. received during dialogue with shareholders and shares them with relevant departments, and reports them to the Board of Directors on a regular basis.

(5) Measures to manage insider information
In order to prevent the receipt and dissemination of undisclosed information during dialogue with shareholders, the Company has established related rules to be observed, and also conducts annual internal training for officers and employees to prevent insider trading.

(6) Status of dialogue with shareholders, etc.
The Company discloses the status of dialogue with shareholders on the IR and SR section of the Company's website (https://www.ad-hzm.co.jp/ir/ (Japanese only)).

[Principle 5.2] Establishing and Disclosing Management Strategies and Management Plans ([Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]) [Last update: Nov.15,2024]
The Company has formulated a long-term vision, HAZAMA ANDO VISION2030, in order to increase corporate value over the medium to long term. To realize this vision, the Company has formulated the Hazama Ando Group Medium-Term Management Plan 2025 (FY3/24–FY3/26). The plan sets forth our basic policy on profit targets, shareholder returns, and capital policy, and announces our investments in technological research and development and human capital that will contribute to achieving our non-financial targets, and the allocation of management resources for each business portfolio.
In addition, each fiscal year, we identify business risks and opportunities and analyze the current status of capital profitability, etc. We disclose the results of the identification and analysis in results briefings and other materials, along with the progress of investment plans and priority measures aimed at sustainable growth, and thereby strive to keep shareholders and other stakeholders informed.
The Company regularly calculates and monitors its cost of equity (COE), which is based on a risk-free rate, market risk premium, and beta values, and its weighted average cost of capital (WACC), which includes the cost of debt. In addition, we attach great importance to return on equity (ROE) for highly capital-efficient management, and have set ROE with an awareness of equity spread as a KPI in our medium-term management plan. We will continue to enhance our balance sheet management and dialogue with shareholders, etc. and practice management with an awareness of improving our market valuation and capital efficiency.
*FY3/25(Fiscal 2024)first half financial results briefing session: Held at Nov.15,2024
Material is disclosed in the "Presentation Material" on our website(https://www.ad-hzm.co.jp/english/presentation_material/)

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,733,000	17.32
Custody Bank of Japan, Ltd. (Trust Account)	8,493,600	5.30
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY AC COUNT	7,813,300	4.88
Hazama Ando Group Business Partner Shareholding Association	7,335,350	4.58
Mizuho Bank, Ltd.	2,984,430	1.86
JP MORGAN CHASE BANK 385632	2,821,486	1.76
Asahi Mutual Life Insurance Company	2,616,490	1.63
STATE STREET BANK WEST CLIENT – TREATY 505234	2,259,500	1.41
JP MORGAN CHASE BANK 385781	2,144,561	1.34
The Master Trust Bank of Japan, Ltd. (Employee Stock Ownership Plan Trust Account, 76767 Account)	2,138,923	1.34

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

1. “Status of Major Shareholders” is based on the shareholder register as of March 31, 2024.
2. Although the Company holds treasury stock of 20,905,865 shares as of March 31, 2024, it is not included in the above list of major shareholders.
3. The above percentages are calculated without including treasury stock.
4. The number of shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) does not include shares set aside in an executive remuneration board incentive plan trust (1,351,411 shares).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Construction
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100.0 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with the Audit and Supervisory Committee

Board Directors

Number of Board Directors Stipulated in Articles of Incorporation	17
Board Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Board Directors	9
Election of External Board Directors	Elected
Number of External Board Directors	6
Number of Independent Officers designated from among External Board Directors	6

External Board Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masami Fujita	From another company								○			
Mariko Kitagawa	From another company								○			
Mieko Kuwayama	Academic											
Harufumi Mochizuki	Other											
Rie Kawaguchi	Tax Accountant											
Katsuhiko Ito	Lawyer											

*Categories for "Relationship with the Company."
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business or a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

External Board Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masami Fujita		○	Mr. Masami Fujita is the Chairperson and Representative Director of SHINKO ELECTRIC INDUSTRIES CO., LTD., a company that has business relationships with the Company. Transactions between the Company and SHINKO ELECTRIC INDUSTRIES for the last three years accounted for about 0.3% of the consolidated net sales of the Company for FYE March 31, 2022, about 2.1% of the consolidated net sales of the Company for FYE March 31, 2023, and about 0.2% of the consolidated net sales of the Company for FYE March 31, 2024. The Company made no purchases from SHINKO ELECTRIC INDUSTRIES in any of the fiscal years.	Mr. Masami Fujita has been engaged in management of enterprises involved in the businesses other than construction, which is the Company's key business area and has extensive experience, insight, etc. Mr. Fujita is appointed as an External Board Director based on the Company's determination that he will fulfill his duties as a Board Director independently and objectively, enhance management transparency, and contribute to further strengthening corporate governance. The Company has judged that there is no possibility that conflict of interest may occur between Mr. Fujita and general shareholders, and has designated him as an independent officer. The Company also expects him to supervise the management from an objective standpoint independent of business execution by utilizing experience and insight that he has cultivated so far, especially in the fields of "Corporate Management / Management Strategy," "Risk Management / Compliance," and "Human Capital."
Mariko Kitagawa		○	Ms. Mariko Kitagawa is the Representative Director and President of Tsukishima Soko Co., Ltd., a company that has business relationships with the Company. Transactions between the Company and Tsukishima Soko for the last three years accounted for less than 0.1% of the consolidated net sales of the Company for FYE March 31, 2022, showed no sales at the Company during FYE March 31, 2023, and accounted for less than 0.1% of the consolidated net sales of the Company for FYE March 31, 2024, while accounting for about 0.3% of the net sales of Tsukishima Soko in FYE March 31, 2022 and about 0.2% of net sales of Tsukishima Soko in FYE March 31, 2023 and FYE March 31, 2024.	Ms. Mariko Kitagawa has been engaged in management of enterprises involved in the businesses other than construction, which is the Company's key business area and has extensive experience, insight, etc. Ms. Kitagawa is appointed as an External Board Director based on the Company's determination that she will fulfill her duties as a Board Director independently and objectively, enhance management transparency, and contribute to further strengthening corporate governance. The Company has judged that there is no possibility that conflict of interest may occur between Ms. Kitagawa and general shareholders, and has designated her as an independent officer. The Company also expects her to supervise the management from an objective standpoint independent of business execution by utilizing experience and insight that she has cultivated so far, especially in the fields of "Corporate Management / Management Strategy," "Sales / Marketing," and "Human Capital."

Mieko Kuwayama		○	Not applicable	Ms. Mieko Kuwayama has been involved in the research on corporate management, and possesses expertise as well as extensive business experience gained in other enterprises and experience and insight as an External Board Director. Ms. Kuwayama is appointed as an External Board Director based on the Company's determination that she will fulfill her duties as a Board Director independently and objectively, enhance management transparency, and contribute to further strengthening corporate governance. The Company has judged that there is no possibility that conflict of interest may occur between Ms. Kuwayama and general shareholders, and has designated her as an independent officer. The Company also expects her to supervise the management from an objective standpoint independent of business execution by utilizing experience and insight that she has cultivated so far, especially in the fields of "Sales / Marketing," "Risk Management / Compliance," and "Human Capital."
Harufumi Mochizuki	○	○	Not applicable	Mr. Harufumi Mochizuki has held important positions in government agencies, and possesses extensive knowledge and deep insight into public administration, etc. as well as experience as a corporate manager and expertise as an outside director and outside corporate auditor for other companies. Mr. Mochizuki is appointed as an External Board Director serving as an Audit and Supervisory Committee Member based on the Company's determination that he will fulfill his duties as a Board Director independently and objectively and contribute to strengthening the audit and supervisory functions of the Company's management. The Company has judged that there is no possibility that conflict of interest may occur between Mr. Mochizuki and general shareholders, and has designated him as an independent officer. The Company also expects him to audit and supervise the management from an objective standpoint independent of business execution by utilizing experience and insight that he has cultivated so far, especially in the fields of "Corporate Management / Management Strategy," "Environmental Strategy," "Finance / Accounting," and "Risk Management / Compliance."

Rie Kawaguchi	○	○	Not applicable	Ms. Rie Kawaguchi has been engaged in management of enterprises involved in the businesses other than construction, which is the Company's key business area, and possesses extensive experience and insight as well as expertise and experience as a tax accountant. Ms. Kawaguchi is appointed as an External Board Director serving as an Audit and Supervisory Committee Member based on the Company's determination that she will fulfill her duties as a Board Director independently and objectively and contribute to strengthening the audit and supervisory functions of the Company's management. The Company has judged that there is no possibility that conflict of interest may occur between Ms. Kawaguchi and general shareholders, and has designated her as an independent officer. The Company also expects her to audit and supervise the management from an objective standpoint independent of business execution by utilizing experience and insight that she has cultivated so far, especially in the fields of "Finance / Accounting" and "Human Capital."
Katsuhiko Ito	○	○	Not applicable	Mr. Katsuhiko Ito possesses expertise and many years of experience as an attorney at law, as well as insight into auditing as an auditor or audit and supervisory committee member at other enterprises. Mr. Ito is appointed as an External Board Director serving as an Audit and Supervisory Committee Member based on the Company's determination that he will fulfill his duties as a Board Director independently and objectively and contribute to strengthening the audit and supervisory functions of the Company's management. The Company has judged that there is no possibility that conflict of interest may occur between Mr. Ito and general shareholders, and has designated him as an independent officer. The Company also expects him to audit and supervise the management from an objective standpoint independent of business execution by utilizing experience and insight that he has cultivated so far, especially in the fields of "Risk Management / Compliance."

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Internal Board Directors	External Board Directors	Committee Chair
Audit and Supervisory Committee	4	1	1	3	External Board Director

Appointment of Board Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Directors/Reasons for Adopting Current System

The Company has appointed a full-time Audit and Supervisory Committee Member and has not appointed any Board Directors to assist the duties of the Audit and Supervisory Committee.
Assistance for the duties of the Audit and Supervisory Committee is provided by dedicated employees of the Audit and Supervisory Committee Support Group, and the prior consent of the Audit and Supervisory Committee is required when transferring, evaluating, and taking disciplinary action against the dedicated employees.

Cooperation among the Audit and Supervisory Committee, Financial Auditors and Internal Audit Department

The Audit and Supervisory Committee exchanges opinions and information with the Financial Auditor on audit policy, audit plans, audit reports, and the status of audit implementation, as appropriate, and collaborates with the Financial Auditor to enhance the effectiveness of audits.
The Audit and Supervisory Committee also receives reports from the Financial Auditor on the audit work quality control system to ensure that the Financial Auditor's duties are performed properly.
The Audit and Supervisory Committee raises the effectiveness of internal audits by receiving reports on audit results from the Audit Department, the internal audit division, issuing specific instructions as necessary, and participating in the approval of audit plans.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Internal Board Directors	External Board Directors	External Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	External Board Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	External Board Director

Supplementary Explanation

Explanation is as described in [Supplementary Principle 4.10.1] (Approach to the Independence of the Composition of the Nomination Committee and the Remuneration Committee, and Authority and Role of the Committees) under "Disclosure Based on Each Principle of the Corporate Governance Code."

Matters Concerning Independent Officers

Number of Independent Officers	6

Other Matters Concerning Independent Officers

The Company has designated all external officers who fulfill the qualifications of independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Board Directors	Introduction of Performance-linked Remuneration Plan

Supplementary Explanation for Applicable Items

Performance-linked remuneration plan
The performance-linked remuneration plan was introduced in 2016, and a partial amendment of the plan was approved at the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2023.
Outline of the plan after amendment is as follows:

- Persons eligible for delivery, etc. of the Company's shares, etc.: Board Directors and Executive Officers of the Company (excluding Board Directors serving as Audit and Supervisory Committee Members, External Board Directors, and non-residents of Japan)
- Period covered by the plan: Three consecutive fiscal years, set by the Company as the period for evaluating the achievement of medium- to long-term performance goals
- Maximum amount of money to be contributed: A total of ¥1,500 million during three fiscal years
- Maximum number of shares to be acquired by Board Directors, etc.: A total of 1.80 million shares during three fiscal years (0.6 million shares per fiscal year)
- Details of conditions regarding performance results achievement: The conditions vary according to the degree of achievement of the target values of the following indicators for each fiscal year.
  Financial indicators: Indicators determined with reference to the performance indicators set forth in the Company's Medium-Term Management Plan (consolidated ordinary profit, consolidated ROE, etc.)
  Shareholder value indicators: Indicators that promote sharing of interests with the shareholders, such as total shareholder return and total return ratio during the eligible period
  Non-financial indicators: Indicators for fulfilling our social responsibilities and realizing Four Value Creation set forth in our long-term vision, such as the frequency rate (the number of fatalities and injuries due to occupational accidents resulting in four or more days of lost work per million total actual working hours), employee engagement score, and GHG emission reduction rate
- Timing of delivery of shares, etc.: At the time of retirement as Board Directors, etc.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Board Director's Remuneration	No Disclosure for any Board Directors

Supplementary Explanation for Applicable Items

- The total amount for all Board Directors is disclosed in the Annual Securities Report and Business Report.
- The Company transitioned to a company with the Audit and Supervisory Committee based on a resolution of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2023, held on June 29, 2023.
- The amount of monetary remuneration for Board Directors (excluding Board Directors serving as Audit and Supervisory Committee Members) is no more than ¥600 million per year (including no more than ¥130 million for External Board Directors).
- The amount of monetary remuneration for Board Directors serving as Audit and Supervisory Committee Members is no more than ¥170 million per year.
- The following statements are actual performance results for the fiscal year ended March 31, 2024.

(1) Total monetary remuneration for Board Directors (excluding Board Directors serving as Audit and Supervisory Committee Members and External Board Directors) was ¥191,631,000 (including total monetary remuneration for External Board Directors of ¥51,504,000).

(2) Total monetary remuneration for Audit and Supervisory Committee Members was ¥68,364,000 (including total remuneration for External Board Directors of ¥40,500,000).
(3) Total monetary remuneration for Audit & Supervisory Board Members was ¥9,000,000 (including total monetary remuneration for Outside Audit & Supervisory Board Members of ¥4,500,000)
A performance-linked stock remuneration plan has been introduced for eight Board Directors, excluding External Board Directors, separately from monetary remuneration, and the amount recorded as expenses for the fiscal year ended March 31, 2024 for the stock remuneration was ¥25,960,000.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration for Board Directors and Executive Officers (excluding Board Directors serving as Audit and Supervisory Committee Members and External Board Directors, hereinafter collectively referred to as the "Board Directors, etc.") consists of monetary remuneration as basic remuneration, and stock remuneration as performance-linked remuneration. With respect to the remuneration for individual Board Directors, etc., the basic remuneration shall be a fixed monthly remuneration determined based on the remuneration table for each position at an appropriate level that comprehensively takes into account the Company's business performance, responsibilities, etc. for each fiscal year.
As for the performance-linked remuneration, in order for it to sufficiently function as an incentive for Board Directors, etc. to improve their awareness of their contribution to the improvement of medium- to long-term business performance and enhancement of corporate value, etc., points determined in accordance with the degree of achievements of KPIs determined with reference to the performance indicators set forth in the Medium-Term Management Plan will be granted to the eligible persons at a certain time each year, and the Company's shares will be delivered at the time of retirement of Board Directors, etc. in proportion to the accumulated points (50% of the performance-linked stock remuneration to be delivered in shares at the time of retirement will be delivered in cash after being converted into cash). The ratio of the basic remuneration and the performance-linked remuneration is designated to be approximately 70:30.
The remuneration for External Board Directors and Board Directors serving as Audit and Supervisory Committee Members, who are responsible for supervisory functions, shall consist only of monetary remuneration (fixed remuneration),which is the basic remuneration.
Each remuneration shall be paid within the scope of the total amount of remuneration resolved at the General Meeting of Shareholders. The Nomination and Remuneration Committee, whose chair and the majority of its members are independent External Board Directors, deliberates and determines the basic remuneration table and other assessment methods that reflect company-wide performance and the evaluation of individual responsible divisions in determining the amount of remuneration for Board Directors (excluding Board Directors serving as Audit and Supervisory Committee Members) and Executive Officers, and reports to the Board of Directors, and the Board of Directors deliberates and determines the amount of remuneration.

Support System for External Board Directors

The Company has established a Board of Directors Support Group and an Audit and Supervisory Committee Support Group, which are in charge of administrative work for the Board of Directors and the Audit and Supervisory Committee, respectively.
The Board of Directors Support Group provides External Board Directors with reports on the status of decision-making in execution, including the results of deliberations by the Management Committee, preliminary explanations regarding Board of Director proposals, and information they need as appropriate.
The Audit and Supervisory Committee Support Group provides Board Directors serving as Audit and Supervisory Committee Members with support for the operation of the Audit and Supervisory Committee.
The Company ensures that a system is in place where Board Directors serving as Audit and Supervisory Committee Members attend important meetings such as the Management Committee to be able to obtain and share information among Audit and Supervisory Committee Members.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Masato Fukutomi	Advisor	Give advice and take action based on requests by the current management team, etc. External work focused on industry and academia	Part-time, with remuneration	June 29, 2023	1 year

Number of Persons Holding Advisory Positions After Retiring as Representative Director and President, etc.	1

Other Related Matters

(1) The Company decides on the appointment of former Representative Directors, etc., in accordance with the regulations on advisory contracts with retired officers, which are resolved and decided by the Board of Directors following deliberation and determination by the Nomination and Remuneration Committee, which reports on matters such as the nomination and remuneration of Board Directors, etc.
(2) Counselors, advisors, etc. may provide advice, etc. based on requests from the current management team, etc. However, they are not involved in the management of the Company in any way and they are not granted any authority that may influence management decisions.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

Hazama Ando is seeking to further enhance corporate governance and raise corporate value in a sustainable manner by further reinforcing the supervisory function of the Board of Directors and enabling more flexible business execution. To this end, we transitioned to a company with an Audit and Supervisory Committee by resolution of the regular general meeting of shareholders held on June 29, 2023.

(1) Board of Directors
The Board of Directors consists of five Board Directors (including three External Board Directors) other than members serving as Audit and Supervisory Committee Members and four Board Directors who are Audit and Supervisory Committee Members (including three External Board Directors), for a total of nine members. It makes decisions on important business matters and oversees business execution. There are six External Board Directors, three of whom are women. The Board of Directors meets monthly, in principle, and on an extraordinary basis as needed. The Board of Directors met 16 times in the FYE March 31, 2024. In addition to considering matters related to management plans, key management issues, and the scope of delegation of authority, the Board of Directors also confirms the results of the evaluation of the effectiveness of the Board of Directors.
The Company's Articles of Incorporation stipulate that the Company may delegate all or part of important business execution decisions to Board Directors, and therefore the Company delegates a part of such authority to the Representative Director and President, so that the Board of Directors can concentrate on high-quality discussions focusing on more important agenda items, and monitoring of business execution.

(2) Audit and Supervisory Committee
The Audit and Supervisory Committee is made up of four Board Directors serving as Audit and Supervisory Committee Members (three of whom are External Board Directors). One internal Board Director has been appointed as a full-time member of the Audit and Supervisory Committee. The Audit and Supervisory Committee meets monthly, in principle, and met 13 times in the FYE March 31, 2024. The committee has the authority to direct the Audit Department, which is the internal audit division, and works closely with not only the internal audit division but also the Financial Auditor, to confirm the status of audits and evaluations of the internal control system and audit the status of the execution of duties by Board Directors.

(3) Nomination and Remuneration Committee
The Nomination and Remuneration Committee is an advisory committee to the Board of Directors. Its chair and the majority of its members are independent External Board Directors. The Committee meets twice or more a year, in principle, and a total of 10 meetings were held in the FYE March 31, 2024. The committee deliberates and determines matters concerning the nomination of Board Director candidates, the appointment of Executive Officers, and the remuneration of the Company's Board Directors and Executive Officers (excluding Board Directors serving as Audit and Supervisory Committee Members and External Board Directors), and reports to the Board of Directors.

(4) Sustainability Committee
To further promote sustainability management and address ESG-related matters across the Group, the Group established a Sustainability Committee in June 2023. With the participation of Board Directors, the committee takes a comprehensive approach in considering and deliberating on various key ESG issues from a long-term, wide-ranging perspective. The committee meets three or four times a year. In addition, in order to ensure that the Sustainability Committee operates efficiently and effectively, the Company has developed specialized committees related to sustainability.

(5) Management Committee
The Management Committee is chaired by the President, and its members are appointed from among the Board Directors and Executive Officers. In addition to preliminarily deliberating proposals to be submitted to the Board of Directors regarding important business execution matters, the Management Committee decides on matters related to execution in order to facilitate prompt decision-making. The committee meets twice a month and on an extraordinary basis as necessary, and strives to ensure prompt decision-making.

(6) Executive Officer System
The number of Executive Officers is 30 (including two Executive Officers concurrently serving as Board Directors) as of the date of filing of this report. The positions are divided into five categories, "President," "Vice President," "Senior Managing Executive Officer," "Managing Executive Officer," and "Executive Officer," to clarify responsibility for the work they are in charge of. Their terms of office are one year in order to increase the agility and flexibility of the executive system. In addition, the Board of Directors resolves on the work the Executive Officers are in charge of and clarifies their authority and responsibilities, and their remuneration reflects the results of the performance of that work.

(7) Executive Officers Committee
The Executive Officers Committee meets on a regular basis to ensure accurate and prompt communication of management information to executive lines and ensure information is shared among departments.

(8) Financial Auditor
The Company has appointed KPMG AZSA LLC as its Financial Auditor. There are no special interests between the Company and the auditing firm or its engagement partners who engage in audits of the Company, and the Company's audits are conducted from a fair standpoint.
No limited liability contract has been concluded with the Financial Auditor.

3. Reasons for Adoption of Current Corporate Governance System

The Company is seeking to further enhance corporate governance and raise corporate value in a sustainable manner by reinforcing the supervisory function of the Board of Directors and ensuring flexible business execution. To this end, we have adopted a company with the Audit and Supervisory Committee system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Dispatch of Notice of the General Meeting of Shareholders	The Company endeavors to provide information promptly by posting Notices of the General Meeting of Shareholders on the websites of Tokyo Stock Exchange, Inc. and the Company prior to date of dispatch. The Notice of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2024, was dispatched 24 days prior to the meeting.
Electronic Exercise of Voting Rights	In addition to the exercise of voting rights in writing, the Company is making it easier for shareholders to exercise voting rights by introducing an environment for the electronic exercise of voting rights provided by the shareholder register administrator and by participating in the electronic voting platform operated by ICJ, Inc.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Same as “Electronic Exercise of Voting Rights” above.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Notices of the General Meeting of Shareholders (summary) are provided in English.
Other	- Notices of the General Meeting of Shareholders are posted on the Company’s website. - Visual representations of the General Meetings of Shareholders are available. Slide decks of Business Reports that include graphs and photographs are used to improve clarity and ease of communication. - General Meetings of Shareholders are streamed live via the Internet so that the content of the meeting can be conveyed to as many shareholders as possible.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a Representative Director
Formulation and Publication of Disclosure Policies	The Company’s disclosure policy is published on the Company’s website. Please refer to our website for more information. https://www.ad-hzm.co.jp/ir/disclosure/ (Japanese only)	
Regular Investor Briefings held for Analysts and Institutional Investors	Briefings are held each time the Company announces financial results and second quarter financial results.	Held
Online Disclosure of IR Information	Financial results, timely disclosure materials other than financial results, reports for shareholders (second quarter and year-end), Fact Books, Corporate Reports, etc. are made available on the Company’s website in Japanese, and summary of financial statements, fact books, financial reviews, financial results presentation materials, corporate reports, and other documents are available on the Company’s website in English.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Communication Department is responsible for IR.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established the Hazama Ando Group Code of Conduct as the basic rules to be observed by the Company's officers and employees when performing their duties. The Code is posted on the Company's website. https://www.ad-hzm.co.jp/corporate/philosophy/ (Japanese only)
Implementation of Environmental Preservation Activities and CSR Activities, etc.	- The Company established the Corporate Communication Department to conduct strategic communication activities through information dissemination and dialogue with stakeholders in order to improve the corporate image and corporate value. - The Company publishes the Corporate Report (integrated report) linked to our financial information and provides sustainability-related content on our website in order to introduce the Company's corporate activities from a sustainability perspective.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company decided its Basic Policy on Internal Control System at the meeting of the Board of Directors held on May 15, 2006 and revised the policy on June 29, 2023 as follows.
The Company has established an Internal Control and Risk Management Committee as a specialized committee related to the Sustainability Committee, an advisory body to the Board of Directors. The committee deliberates and reports to the advisory committee regarding the effectiveness, operation status, improvement measures, and other aspects of the overall internal control system, taking ongoing steps to improve the overall internal control system.

(1) System to ensure that the execution of the duties of Board Directors and employees of the Company and its subsidiaries complies with laws, regulations, and the Articles of Incorporation
1) Board Directors of the Group shall take the initiative in ensuring compliance with laws and regulations and corporate ethics in accordance with the Hazama Ando Group Code of Conduct, foster a corporate culture that emphasizes compliance, and provide guidance, supervision, and training to ensure that each employee puts it into practice.
2) The following shall be taken to instill and improve awareness of compliance to ensure the effective functioning of the Group's compliance system.
(a) The Company shall establish a Compliance Promotion Committee, which shall collaborate with the Sustainability Committee, an advisory body to the Board of Directors.
(b) The Company shall appoint compliance officers and staff at the Company's head office, branches, and Group companies.
(c) The Company shall formulate a Group Compliance Promotion Activity Plan (that includes education and training) for each fiscal year and confirm the status of its implementation.
3) The Company's internal audit division shall provide information and make improvement recommendations to the Company's president, Board of Directors and Audit and Supervisory Committee, and Group companies by conducting audits of the Group.
4) The Company shall develop an internal reporting system and establish a joint Group consultation and reporting hotline, including a hotline at an outside law firm, in order to promptly identify and resolve compliance-related issues.
5) The Company shall establish procedures to ensure proper business activities and to deal with fair and transparent transactions with partner companies.

(2) System to retain and manage information concerning the execution of duties by the Company's Board Directors
The Company shall ensure that important information (including electronic data) related to the execution of duties by Board Directors, such as minutes of meetings (Board of Directors, Management Committee, etc.) and approval documents, is properly and securely stored and managed by the department in charge in accordance with the Document Management Regulations, Information System Security Regulations, and Confidential Information Management Regulations.

(3) Rules and other systems for managing the risk of loss to the Company and its subsidiaries
1) The Company shall establish an Internal Control and Risk Management Committee as a company-wide system for risk management in order to address various anticipated risks, including quality, safety, environmental, disaster, compliance, informational, and financial risks. The Company shall also prevent the occurrence of risks associated with the Group's business and to minimize losses when risks occur by establishing Risk Management Regulations, developing other internal regulations and standards, and disseminating notices.
2) In the event of unforeseen circumstances, the Company shall respond promptly and appropriately to prevent and minimize the spread of damage, in accordance with the Basic Emergency Response Regulations, Business Continuity Plan, Emergency Response Manual, etc. Group companies shall establish regulations for managing the risk of loss according to the size, etc. to prevent and minimize the spread of damage.

(4) System to ensure the efficient execution of duties by Board Directors of the Company and its subsidiaries
1) The Company makes a clear distinction between the Board Directors and Board of Directors as having decision-making and business execution supervisory functions, and the Management Committee, Executive Officers, and the Executive Officers Committee as having a business execution function, and clarifies the responsibilities and authority of the business execution line through the Regulations on Responsibilities and Authority and Regulations on Decision-Making to accelerate decision-making and improve management efficiency.
2) The Company shall hold meetings of the Board of Directors monthly, and on an extraordinary basis as needed. In addition, the Management Committee shall deliberate management policies and important business execution matters, etc., to stimulate and streamline deliberations by the Board of Directors.
3) The Company shall set company-wide goals for business operations through the Medium-Term Management Plan as well as numerical plans and business policies for each fiscal year based on the future business environment. Each division shall formulate and implement specific measures to achieve its goals and manage progress.

4) Group companies shall establish an appropriate organization according to their size, etc., and shall develop regulations to ensure that the execution of Board Directors' duties is conducted efficiently and shall work to improve management efficiency.

(5) System to ensure the proper operations of the corporate group consisting of the Company and its subsidiaries
1) In accordance with the Company's Regulations on Decision-Making and Regulations on Management of Affiliated Companies, the Company shall designate a responsible division of the Company for each Group company and dispatch the Company's employees as Board Directors and Audit & Supervisory Board Members of Group companies to provide guidance and support for and to manage their operations.
2) Group companies shall obtain resolutions from and report to the Company's Board of Directors and Management Committee, etc. regarding annual business plans, and among matters in which they are the acting entities, important matters stipulated in the Company's Regulations on Decision-Making.

(6) Matters concerning employees who should assist the duties of the Audit and Supervisory Committee, matters concerning the independence of such employees from Board Directors (excluding Board Directors serving as Audit and Supervisory Committee Members), and matters concerning ensuring the effectiveness of instructions given to such employees
1) The Company shall establish an Audit and Supervisory Committee Support Group consisting of dedicated employees to assist the duties of the Audit and Supervisory Committee.
2) Employees to assist the duties of the Audit and Supervisory Committee shall not be given instructions or orders relating to instructions from the Audit and Supervisory Committee from Board Directors who are not Audit and Supervisory Committee Members or other officers or employees of the Group.
3) The Company shall endeavor to ensure the independence of such employees and the effectiveness of instructions given to them, and shall obtain prior consent from the Audit and Supervisory Committee with respect to the transfer, evaluation, disciplinary action, etc. involving such employees.

(7) System for the Company's Board Directors (excluding Board Directors serving as Audit and Supervisory Committee Members) and employees to report to the Company's Audit and Supervisory Committee, system to ensure that persons who make reports are not treated unfavorably on the grounds of such reporting, and system to ensure that audits by the Company's Audit and Supervisory Committee are conducted effectively
1) Board Directors and employees of the Company shall immediately report to the Audit and Supervisory Committee of the Company any important matters that may affect the management of the Company.
2) The Company's Audit and Supervisory Committee Members may attend the Company's Management Committee meetings and other important meetings and committee meetings and express their opinions as necessary.
3) The Representative Director of the Company shall meet regularly with the Audit and Supervisory Committee of the Company to exchange opinions, etc.
4) The Company's Board Directors and employees shall maintain mutual communication with the Company's Audit and Supervisory Committee, and the Company's internal audit division and Financial Auditor shall cooperate with the Company's Audit and Supervisory Committee.
The Audit and Supervisory Committee may give instructions to the Company's internal audit division as necessary.
5) The Company shall not treat any person who makes a report described in item 1) unfavorably on the grounds of making such report.
The Company's compliance promotion division shall also monitor whether persons who make reports are being treated unfavorably.

(8) System for Board Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries or persons who receive reports from them to report to the Company's Audit and Supervisory Committee, and system to ensure that persons who make reports are not treated unfavorably on the grounds of making such reports
1) Board Directors, Audit & Supervisory Board Members, and employees of Group companies shall report to the responsible division of the Company when important matters, etc. occur that affect the management of the Company, and the responsible division shall report to the Company's Audit and Supervisory Committee.
2) The Company shall not treat any person who makes a report described in the preceding item unfavorably on the grounds of making such report. The Company's compliance promotion division shall also monitor whether persons who make reports are being treated unfavorably.

(9) Policy for the treatment of expenses, etc. incurred in the execution of duties by the Company's Audit and Supervisory Committee Members
The Company shall bear expenses incurred by Audit and Supervisory Committee Members in the execution of their duties, except in cases where such expenses are deemed unnecessary.

(10) System for the development and operation of internal control over financial reporting
To ensure the reliability of financial reporting, the Company shall establish evaluation criteria for internal control over financial reporting, and once the internal audit division has evaluated the impact of each Group company on the Group's financial reporting based on laws, regulations, and relevant standards, the division shall consult with the Financial Auditor and determine the scope of assessment, and evaluate the effectiveness of the Group's internal control. The business execution division shall take necessary corrective actions based on the results of the evaluation.

(11) Basic approach to eliminating anti-social forces and status of development
1) The Group shall clearly state in the Hazama Ando Group Code of Conduct that it shall not be involved in anti-social activities, and shall block any and all relationships with anti-social forces and thoroughly reject unjust demands.
2) The Company shall establish a Basic Policy for Preventing Damage by Anti-Social Forces and a Manual for Dealing with Anti-Social Forces, develop an internal system, etc. to deal with unjust demands, and establish a system for cooperation with external organizations such as the police and lawyers.
3) The Company shall establish a clause for exclusion of anti-social forces in the general conditions in construction subcontract agreements.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Paragraph 11 of the Basic Policy on Internal Control System (revised on June 29, 2023) stipulates the following:

1) The Group shall clearly state in the Hazama Ando Group Code of Conduct that it shall not be involved in anti-social activities, and shall block any and all relationships with anti-social forces and thoroughly reject unjust demands.
2) The Company shall establish a Basic Policy for Preventing Damage by Anti-Social Forces and a Manual for Dealing with Anti-Social Forces, develop an internal system, etc. to deal with unjust demands, and establish a system for cooperation with external organizations such as the police and lawyers.
3) The Company shall establish a clause for exclusion of anti-social forces in the general conditions in construction subcontract agreements.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

There are no special matters to be noted.

2. Other Matters Concerning the Corporate Governance System

- The Company has established and disseminated Internal Rules on Timely Disclosure of Company Information to ensure the prompt, accurate, and fair disclosure of important information to stakeholders, with the aim of contributing to the fairness and soundness of the financial instruments market.
- The person responsible for information disclosure (Director of Administration Division) ensures any matters deemed subject to timely disclosure are reported via management divisions, and in the event that material corporate information arises, the Company promptly discloses “decisions” at the time a resolution or decision is made by the Company, and “events” at the time the Company becomes aware of the event, in accordance with the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

Corporate Governance and Internal Control Frameworks

