

Act on a Shared Vision, Thrive on Challenge

CORPORATE REPORT 2022



**HAZAMA ANDO
CORPORATION**

INDEX

- 03 History**
Hazama Ando's History and Track Record of Accomplishments
- 05 Value Creation Strategy**
Hazama Ando's Value Creation Strategy for Contributing to a Sustainable Society
- 09 Message from the President**
- 13 Strategic Focus**
Medium-Term Management Plan:
Actions in Our Four Value Creation Strategies
- 17 Message from the CFO**
- 19 Innovation Front**
Case 1 Hazama Ando's Cutting-Edge Technology:
Green and Innovative Technologies
for a Sustainable Future
Case 2 Hazama Ando Builds Office Spaces that
Facilitate Upbeat Work and Co-Creation
- 23 Corporate Governance**
Ensuring Fair and Honest Corporate Activities
Messages from External Board Directors
Directors and Audit & Supervisory Board Members
- 31 Financial and Non-Financial Highlights**
- 33 Review of Operations**
Civil Engineering
Building Construction
Overseas Operations
Collaboration with Startup Companies
- 39 Material Topics**
Overview of Sustainability Strategies
- 51 Consolidated Financial Statements**
- 55 Stock Information**
- 56 Corporate Profile**
Editorial Policy
- 57 Organization Chart**
- 58 Third-Party Opinion**

Act on a Shared Vision,

Hazama Ando will continue to create sustainable value by providing leading-edge, resilient infrastructure, helping to bring about a society attuned to the natural environment, and flourishing together with the people with whom we work. Facing daily changes in the world around us, the entire Hazama Ando Group is committed to a shared vision and eager to embrace new challenges to turn that vision into a reality. Our endeavors take on various forms, but all are helping us have an even more positive impact on the global society.



Corporate Symbol

HAZAMA ANDO CORPORATION's corporate symbol features large, swirling currents crossing over a square form, in a design that simultaneously expresses reliability, energy, and strength. The square form, suggesting stability, represents a wealth of achievements and trust cultivated over many years of history, and a genuine "customer first" attitude. The large swirls are symbols of HAZAMA ANDO CORPORATION's determination to cherish the individual values of the merged companies, while creating new value through a bold and unconstrained pursuit of fresh challenges. And the motion suggested in the design represents how HAZAMA ANDO CORPORATION will continuously evolve and grow, without being confined to conventional ideas.

The Evolution of Hazama Ando's Business

Civil Engineering



This segment is charged with upholding social capital, ranging from roads, railway lines, and other transportation networks to water, sewage, electricity, and other lifelines as well as energy facilities, which together form the foundation that enables people to live safe, secure, and comfortable lives. Furthermore, we will continue to respond to the needs of society, including soil remediation and other environmental measures and the maintenance and renewal of social capital, including disaster prevention and mitigation efforts.

Building Construction



This segment supports the entire life cycle of buildings, from the planning stage to design, construction, maintenance, and renewal. We plan building specifications, construction periods, and costs to address the needs and conditions of customers. In addition to safety, quality, and process control, our construction also takes the surrounding area and environment into consideration to provide optimal buildings and services for our customers.

Overseas Operations



For half a century, we have been engaged in construction in various countries and regions worldwide. We currently have branch offices in Asia and North America and maintain a presence in numerous countries. We contribute to social development in each locale through infrastructure development and by providing total support to customers preparing to expand overseas.

Thrive on Challenge

About this Report

We published Corporate Report 2022, integrating financial and non-financial information, to give our stakeholders a clearer idea of the outline of our management strategy and its essential results. For more information on our ongoing sustainability activities and environmental data, please see Sustainability Report 2022.



Corporate Report 2022

- Summary and goals of management strategies in line with the Group's long-term vision and medium-term management plan.
- Outline of financial and non-financial management strategies and results.



Sustainability Report 2022




- Details of sustainability activities in line with the Group's materiality.
- Disclosure regarding ongoing activities.
- Environmental data

Hazama Ando’s History and Track Record of Accomplishments

Evolving Day by Day Across Generations

History

From the outset, taking on unparalleled building projects has been at the very heart of the Group. Since the founding of its predecessor companies, Hazama Ando has never been satisfied with the status quo. We have always taken on the challenge of creating new value, such as being first in Japan to engage in novel construction projects and adopt new methods and aiming to achieve the highest technical standards in Japan and overseas. Our identity and the source of our competitive strengths are rooted in contributing to people’s lives and to society by drawing on the robust technological capabilities and experience we have built up over the years.

Civil Engineering	Completion	In a Nutshell
Yalu River Bridge (China, North Korea)	1911	A revolving railway bridge built over the Yalu River on the border of China and North Korea, now abandoned.
Sakuma Dam (Shizuoka Prefecture)	1956	The first major mechanized construction project of Japan’s post-war era.
Kurobe Dam (Toyama Prefecture)	1963	A concrete arch dam built to generate power to make up for power shortages during Japan’s high economic growth period. At 186 meters, its crest height is still the highest in Japan.
		
Kan-Etsu Tunnel, Kan-Etsu Expressway (Gunma Prefecture)	1982	The longest mountain expressway tunnel in Japan.
Seikan Tunnel, Yoshioka Section (Hokkaido)	1985	When it opened, this railway tunnel was the longest in the world (53.8 kilometers). We were in charge of the Yoshioka section on the Hokkaido side.
Shirashima Oil Storage Base (Fukuoka Prefecture)	1996	Japan’s largest offshore tank-type oil storage base. Japan Society of Civil Engineers Outstanding Civil Engineering Achievement Award 1996
Toei Oedo Line (Subway Line No. 12), Roppongi-Aoyama Section (Tokyo)	2000	This project’s trying conditions included a densely developed underground environment, as well as easily collapsible ground and the need to build under high water pressure. To clear these hurdles, we used a 4-circular face shield method to build the station shield, a world-first achievement. Japan Society of Civil Engineers Outstanding Civil Engineering Achievement Award 1999
		
Dai Ninh Hydropower Project Contract CW2 (Vietnam)	2007	Located northeast of Vietnam’s Ho Chi Minh City, this hydroelectric power plant consists of two main dams, four saddle dams, and a connecting waterway, and has a maximum output of 300,000 kW of electricity.
Uji Bridge, Ise Grand Shrine (Mie Prefecture)	2010	Both the shrine buildings and the Uji Bridge are rebuilt once every 20 years. This was the third time for the Company to be entrusted with the work of rebuilding the bridge.
		
Shin-Takeoka Tunnel (Kagoshima Prefecture)	2013	The excavation cross-section of this twin tunnel is about 380 square meters, making it Japan’s largest expressway tunnel. Japan Society of Civil Engineers Outstanding Civil Engineering Achievement Award 2013

Building Construction	Completion	In a Nutshell
Ehime Prefectural Office (Ehime Prefecture)	1928	Japan’s third-oldest active prefectural government office building with great historical value.
Itochu Corporation Tokyo Headquarters Building (Tokyo)	1980	A spacious light court (atrium) stands at the center of this building, which covers about 112,000 square meters and was built in about a year and a half. 23rd BCS Prize
Keio University Library, Mita Media Center (Tokyo)	1981	Half of the collection of this huge library, which covers about 15,000 square meters, is located on five underground floors, in consideration of the surrounding landscape. 24th BCS Prize
Honda Aoyama Building (Tokyo)	1985	This project is known as Japan’s first full-scale intelligent building. 28th BCS Prize
Tokyo Sea Life Park (Tokyo)	1989	This building’s broad rooftop fountain pool blends in with Tokyo Bay in the background, creating a beautiful marine landscape. 32nd BCS Prize
Japan Racing Association (JRA) Nakayama Racecourse Grandstand (Chiba Prefecture)	1990	This renovation project marked the 60th anniversary of Nakayama Racecourse, and included Japan’s first curving escalator.
Tokyo Big Sight (Tokyo)	1995	A lift-up method was used to improve construction accuracy and safety and save labor required to lift the materials used to build this project, one of Japan’s largest convention facilities. 38th BCS Prize
		
Petronas Twin Towers (Tower I) (Malaysia)	1997	The tallest building in the world (452 meters) at the time of construction, this tower remains the tallest 20th-century skyscraper.
		
Toppan Koishikawa Building (Tokyo)	2000	Built as part of Toppan Printing’s 100th anniversary commemoration, this building features an impressive curved glass curtain exterior wall. 42nd BCS Prize
		
Southern TOHOKU Proton Therapy Center (Fukushima Prefecture)	2007	Japan’s first privately operated particle beam cancer treatment facility, and the first such project to be both designed and built by a construction company.

With a view to bringing about a sustainable society, the Hazama Ando Group will continue to create further value.

Today's society offers many opportunities and challenges, ranging from economic globalization and diversifying values to increasingly grave environmental issues. Since the merger of our two companies in 2013, the Group has been keenly aware of the importance of realizing a sustainable society and has been pursuing building operations centered on our Group management strategy.

Civil Engineering



Sindhuli Road (Nepal) 2015
Construction of this highway began in 1996 as an ODA project by the Japanese government. The 160-kilometer road was built over 19 years in mountainous terrain. Japan Society of Civil Engineers Outstanding Civil Engineering Achievement Award 2015, Japan Construction International Award 2020



Tsugaru Dam (Aomori Prefecture) 2016
Positioned as the redevelopment of the Meya Dam located 60 meters upstream, this multipurpose dam used a cruising roller compacted dam-concrete method to shorten the construction period. Japan Society of Civil Engineers Civil Engineering Design Grand Prize 2018, Japan Society of Civil Engineers Outstanding Civil Engineering Achievement Award 2017



Yokohama Ring Expressway Northwest Route Shield Tunnel (Kanagawa Prefecture) 2019
To steadily construct a large cross-section, long-distance, deep-laid tunnel, we made active use of advanced technologies such as the Smart Shield® system.

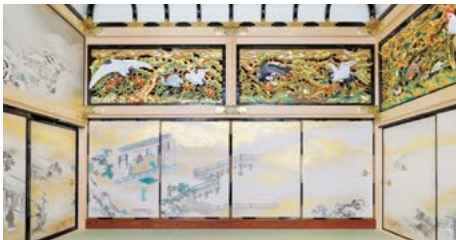


Futaenotoge Tunnel (Aso Block) (Kumamoto Prefecture) 2020
Japan's first new tunnel construction to use an early contractor involvement (ECI) approach, contributing to faster recovery after the Kumamoto earthquake. Excavation was completed in roughly half the typical period required. Received 2020 JSCE Outstanding Civil Engineering Achievement Award

Building Construction



Nippon Seinen-Kan & JAPAN SPORT COUNCIL Administrative Building (Tokyo) 2017
This large-scale mixed-use complex, which includes a theater, hotel, and office space, used the lift-up method to lift mega truss structural components.



Honmaru Palace, Nagoya Castle (Aichi Prefecture) 2018
Referred to as the crown jewel of Japanese castle palaces, this palace in 1930 was first to be designated as a National Treasure under a new law, but was destroyed by bombing during World War II. The castle keep was rebuilt in 1959 (by our Company) and the entire palace faithfully restored 59 years later.



Tokorozawa Civic Cultural Center (Saitama Prefecture) 2019
In this private-finance-initiative renovation project commissioned by the city of Tokorozawa, as a member of the special purpose company, Hazama Ando was in charge of construction work, including reinforcing the ceiling of the concert hall and making the facilities barrier-free.



Shindengen Electric Manufacturing Asaka Office (Saitama Prefecture) 2021
This project realized a wellness office seamlessly integrated with an interior atrium, along with outstanding environmental performance. Recipient of the 2022 IEIJ Lighting Design Award, 2022 IEIJ Good Lighting Award, ZEB Ready certification (for 52% energy saving), CASBEE Building S Rank certification, and CASBEE Wellness Office S Rank certification.

Hazama Ando's value creation strategy for contributing to a sustainable society

Supporting the world, moving forward together **Foundation**

As a corporate group that supports society through the construction business, the Hazama Ando Group is expanding its activities around the world. To help bring about a sustainable society through building, the Group is working together to put our Corporate Philosophy into practice as we continue daily to take up the challenge of creating new value.

Business Foundation



Net sales (consolidated)

340.2 billion yen

*As of March 2022



Operating profit (consolidated)

26.6 billion yen

(Operating profit margin
(consolidated): 7.8%)

*As of March 2022



ROE (consolidated) (Equity ratio)

12.3%

*As of March 2022



Base locations (including work sites)

20 countries

*As of March 2022



Number of employees (consolidated)

3,669

(Number of engineers
(non-consolidated): 2,501)

*As of March 2022



Number of member companies in
Hazama Ando Cooperative Association

1,377 companies

*As of March 2022

Corporate Philosophy



1. We shall contribute to enhancing society by construction



2. We shall pursue customer satisfaction with reliable technologies and passion



3. We shall realize a prosperous future by creating new values

Statement of Support for the SDGs

Around the world, expectations continue to rise for the Sustainable Development Goals (SDGs) established by the United Nations in 2015 as shared international goals to bring about a sustainable society. Hazama Ando concurs with these aims and will endeavor to help realize the SDGs through a variety of CSR actions.



Pursuing ongoing innovation
with a view to the future

Purpose

Hazama Ando puts emphasis on growth strategies that strike a balance between improving people’s living environments with achieving sustainability that does not harm the future of the planet. To this end, we formulated Hazama Ando VISION2030 and are stepping up the pace of innovation that creates new value over the long term.

Hazama Ando VISION2030

We, the HAZAMA ANDO CORPORATION Group, will
Accelerate Innovation to Create New Value.

Our Vision for Creating New Value in Four Areas through Business

Create customer value

We will achieve customer satisfaction and gain their trust by means of innovative technologies and solutions.

- Strengthen proposals for high added value and high efficiency and strengthen life cycle (LC) support business
- Realize construction production system reforms through aggressive technology development, digitization investment and ingenuity (safety, high quality, high productivity, low cost)

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Create shareholder value

We will secure stable profits and return profits by further strengthening our mainstay business and investing in strategic growth.

- Further strengthening of mainstay construction business by enhancing capabilities for winning orders × worksite skills × profitability
- Acceleration of foundation for earnings diversification centered on energy-related business
- Transforming into a well-balanced business portfolio of flow businesses and stock businesses

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Create environmental value

We will contribute to the realization of a decarbonized, low environmental impact, recycling-oriented society to leave a fertile global environment for the next generation.

- Participation in renewable energy business
- Process of decarbonizing business activities (promotion of SBT and RE100)
- Providing environmental value to customers

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Create employee value

By creating safe and comfortable working environments, we will realize enhancements in the sense of well-being and in the motivation of employees.

- Realization of treatment according to work style and results
- Achieving mental and physical health as well as work-life balance
- Support for career formation and diverse work styles

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Building two pillars to support the Group’s business expansion

Two Pillars Underpinning Business

Construction (mainstay business):
Further strengthening of mainstay construction business by enhancing capabilities for winning orders × worksite skills × profitability

New / Non-construction:
Establish source of earnings centered on energy-related business

Setting targets, pursuing a multifaceted approach

Process

A clear roadmap is needed to make Hazama Ando VISION2030 a reality. We are taking steady actions to achieve the goals of the vision, based on metrics set out in the medium-term management plan and other guidelines on the financial side and considering material issues we have identified on the non-financial side. We are also monitoring constantly changing economic and social trends, and the social issues that underlie them, continually reflecting risks and opportunities in our various initiatives.

Three Processes to Promote Sustainability Management

Process 1: Medium-Term Management Plan to Realize Hazama Ando VISION2030

Operations to Implement Priority Measures

1. Construction businesses in Japan (enhancing capabilities in proposal design, on-site management, and profitability)
2. Overseas construction businesses (focusing on growth markets to rebuild the overseas businesses)
3. Energy-related businesses (engaging in renewable energy businesses)
4. Life cycle support business (strengthening businesses that yield recurring profit)
5. Real estate and infrastructure management businesses (entering markets that promise recurring profit)
6. Technology development (drawing on open innovation, developing differentiated technology)
7. Group companies, partner companies, employees (securing the workforce, working style reforms, personnel development)

Details on strategies and outcomes

Progress of medium-term business plan
p. 13 Strategic Focus

Strategic issues for each business
p. 33 Review of Operations

Achievements in growth investment areas
p. 17 Message from the CFO
p. 38 Collaboration with Startup Companies

Process 2: CSR to Support Integrated Financial and Non-Financial Management

Materiality ① Helping to solve social issues and create value for society	<p>Create new value in various facets of our businesses and flourishing alongside the communities we serve as we move toward the realization of a sustainable society</p> <p>Key CSR Themes</p> <p>Achieving the satisfaction of society and customers and earning their trust</p> <p>Working in harmony with the communities we serve</p> <p>Relevant SDGs</p> 
Materiality ② Protecting and being attuned to the natural environment	<p>Contribute to the realization of a carbon-free, recycling-oriented society with a low environmental impact to pass on the earth's abundance to the next generation</p> <p>Key CSR Themes</p> <p>Creating environmental abundance</p> <p>Relevant SDGs</p> 
Materiality ③ Promoting sustainable management and taking full responsibility for corporate actions	<p>Realize fair and honest business practices across the supply chain as the foundation for sustainable management</p> <p>Key CSR Themes</p> <p>Conducting fair and honest corporate activities</p> <p>Creating safe, comfortable working environments</p> <p>Engaging in dialogue with stakeholders</p> <p>Relevant SDGs</p> 

Details on strategies and outcomes

Policies on collaboration and co-creation
Sustainability Report 2022
Stakeholder Engagement

Implementing ESG-focused management
p. 23 Ensuring Fair and Honest Corporate Activities
p. 39 Overview of Sustainability Strategies

Process 3: More Robust Sustainable Governance to Underpin the Medium-Term Management Plan and CSR

Constantly monitoring social and environmental risks and opportunities stemming from megatrends

Details on strategies and outcomes

Comprehensive recognition by management
p. 12 Reinforcing Sustainability Actions in Line with Material Issues and Key Performance Indicators

Reinforcing social and environmental governance
p. 25 Sustainability Promotion Framework
p. 43 Climate Change Disclosure based on TCFD Recommendations

Building infrastructure to foster a flourishing society

Value Creation

The challenges Hazama Ando is facing are accelerating. We are addressing urgent needs to build leading-edge, resilient social infrastructure, to help bring about a sustainable society attuned to the natural environment, and to promote safe, fulfilling working environments. Going forward, we will continue seeking to have the greatest possible positive impact on society and the environment, guided by our medium-term key performance indicators, offering a wealth of value that only Hazama Ando can realize.

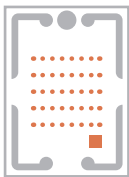
Selected Fiscal 2021 KPI Results



Productivity improvement
(construction amount per engineer and skilled worker per 8-hour day)

1.8%

*Compared to fiscal 2020



Patent applications

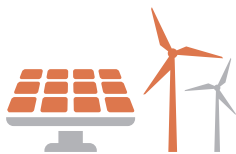
41



CO₂ emissions reduction
(Scope 1 and 2)

56.3%

*Compared to fiscal 2017, consolidated



Use of electricity from renewable energy sources

90%

(consolidated)



Frequency rate

0.71



Eight or more closures in four weeks

Civil Engineering

Building Construction

96.3%

91.0%

*Excluding sites where eight or more closures are unfeasible

Medium- and Long-Term Goals Aiming at Sustainable Value Creation and Maximizing Positive Impact

Setting and Continually Implementing Long-Term Key Performance Indicators

[p. 16](#) Priority Core SDGs and Key Performance Indicators

Strategies to Maximize Positive Impact for Each Material Issue

[p. 39](#) Overview of Sustainability Strategies

Review, Improvement through Ongoing Dialogue With Stakeholders

Stakeholder Engagement

[Sustainability Report 2022](#)

Exchanging Opinions with Experts

[p. 58](#) Third-Party Opinion

Message from the President



I am pleased to be able to present this year's Corporate Report, which we began producing in both Japanese and English last year, to an even wider audience. Fiscal 2021 (the year ended March 2022) was the middle year of our medium-term management plan. In a highly uncertain social and economic context, we have resolutely taken on an array of challenges, which are steadily bearing fruit. With heartfelt gratitude to all of our stakeholders for their cooperation, I would like to report on our corporate activities in the fiscal year ended March 2022 and discuss our future prospects.

Masato Fukutomi

Representative Director and President

Summary of Fiscal 2021 (Year Ended March 2022)

Although market conditions in Japan and abroad continued to be impacted by the COVID-19 pandemic in the fiscal year ended March 2022, we saw signs of a gradual recovery. The construction industry continued to face a harshly competitive environment. Ongoing uncertainty about the future, particularly in terms of private-sector construction investment and Overseas Development Assistance (ODA) projects, conjoined with disruptions to the supply chain and mounting geopolitical risks in Europe that drove up energy and materials prices. In these circumstances, the Group worked together to carry on with our business operations.

As a result, although consolidated net sales were down year on year, ordinary profit remained on a par with the previous year while profit attributable to owners of parent increased. I believe this is the outcome of our focus over the past two years on strengthening profitability.

Moreover, even in the midst of a pandemic, we were able to continue doing business by implementing rigorous infection prevention measures at our construction sites and offices. So, this was a significant year from the standpoint of our responsibility to stakeholders as well.





Overview of Results for Fiscal 2021 (Year Ended March 2022)

	Fiscal 2021	
	Year-on-year change	
Consolidated net sales	340.2 billion yen	-3.4%
Consolidated operating profit	26.6 billion yen	-2.8%
Consolidated ordinary profit	25.8 billion yen	-0.2%
Profit attributable to owners of parent	17.6 billion yen	+2.8%

Steady Progress of the Medium-Term Management Plan; Balance Between Investment, Returns Based on the Operating Environment

Under the long-term Hazama Ando VISION2030, the company aggressively moved ahead with Chapter I of the medium-term management plan based on our Four Value Creation strategies. I am very satisfied with the results. We made headway with numerous initiatives, and are flexibly channeling resources into them with an eye to the shifting operating environment. In terms of customer value, we pursued high productivity and high quality through digital transformation efforts. In terms of shareholder value, we started up full-fledged operation of our facility management business. As for environmental value, we are moving forward with our strategy for achieving carbon neutrality. In terms of employee value, we pursued health management practices

not only to ensure occupational safety but also foster greater wellness. Finally, regarding shareholder value, in November 2021 the company decided to expand its shareholder return policy, targeting a total cumulative return ratio of 100% or more for the two years from the fiscal year ending March 2022 to the fiscal year ending March 2023. We are putting various measures in place to achieve this target.

-  **p. 13** Medium-Term Management Plan:
Actions in Our Four Value Creation Strategies
-  **p. 17** Message from the CFO
-  **p. 19** Innovation Front CASE 1
-  **p. 21** Innovation Front CASE 2

Details of Chapter I of the Medium-Term Management Plan

Chapter I «Branding» Fiscal 2020-2022		Chapter II «Spread» Fiscal 2023-2026	Chapter III «Establish» Fiscal 2027-2030
Our promises to customers	<ul style="list-style-type: none"> ▶ We will achieve safety, high quality, high productivity, and low cost by strengthening our technology development, innovation, and ingenuity. ▶ We will maintain a customer-centered focus over the long term and respond quickly to diverse needs by strengthening the life cycle support business. 		
Our promises to shareholders	<ul style="list-style-type: none"> ▶ We will secure stable profits, shifting to a business structure that is resistant to changes in orders received in a fiscal year. ▶ We will increase corporate value by returning profits to shareholders in the form of dividends, etc. and investing in growth. 		
Our promises to the global environment	<ul style="list-style-type: none"> ▶ We will participate in renewable energy businesses. ▶ We will make our activities net carbon-free by promoting the Science Based Targets initiative and the RE100 (Renewable Energy 100%) project. ▶ We will pursue development, verification, and deployment of ZEB, next-generation energy management systems, and other technologies. 		
Our promises to employees	<ul style="list-style-type: none"> ▶ We will foster a sense of well-being, treating employees according to working styles and performance, and promoting health management and diversity. ▶ We will realize working style reforms and enable diverse working styles. ▶ We will cultivate and attract human resources, expanding our HR training program. 		
Fiscal 2022 Consolidated ordinary profit: 30.0 billion yen ROE: 12% Total return ratio: 100% or more (fiscal 2021-2022)			

Cumulative Investment Plan and Projections for the Medium-Term Management Plan (Fiscal 2020-2022)

Area	Targets	Three-Year Investment Plan	Current three-year investment forecast	
			Results up to fiscal 2021	Projections for fiscal 2022
Energy-related business	<ul style="list-style-type: none"> ▶ Renewable energy business (Japan and overseas) ▶ Energy Service Provider (ESP) business 	Approx. 5 billion yen	Approx. 2 billion yen	Approx. 800 million yen
Real estate and infrastructure management businesses	<ul style="list-style-type: none"> ▶ Owned asset (branch office building) facility management business ▶ Acquisition of revenue-generating properties 	Approx. 3 billion yen	Approx. 2.2 billion yen	Approx. 1.7 billion yen
Investments in strategic partners	<ul style="list-style-type: none"> ▶ Alliances with overseas business partners ▶ Collaboration with start-up companies 	Approx. 5 billion yen	(slight amount)	Approx. 5 billion yen
Investment in innovation, technology development, other	<ul style="list-style-type: none"> ▶ Investment in technology development that contributes to improved productivity, lower costs, and shorter construction periods ▶ Capital investment in the Technical Research Institute ▶ Expansion of precast concrete plant capacity (third site) and facilities upgrades ▶ Venture capital investment 	Approx. 12 billion yen	Approx. 7 billion yen	Approx. 5.3 billion yen
Total		Approx. 25 billion yen	Approx. 11.3 billion yen	Approx. 12.8 billion yen

Major Investments and Other Results for Fiscal 2021

- ▶ Participated in the Sakaide Biomass Power Generation Project
- ▶ Participated in a solar power generation power purchase agreement business
- ▶ Renewed facilities at the Technical Research Institute
- ▶ Launched the Tohoku Branch Business Facility Management Business in earnest
- ▶ Invested in technology development in various fields including DX promotion and efforts to increase productivity
- ▶ Invested in venture capital and start-up companies

More Robust Risk and Opportunity Management Based on Social and Environmental Trends

Social and environmental megatrends in recent years are making it critical for corporate management to develop sound strategies and manage execution to effectively identify emerging risks and opportunities. The Group, too, is navigating both risks and opportunities with an eye to a broad range of social and environmental trends as we move forward with the medium-term management plan. Specifically, for each major component of our financial and non-

financial strategies, in addition to taking action daily on the frontlines of our operations, we also regularly exchange opinions with outside experts, continuously seeking to identify social and environmental risks and opportunities. The fruits of these efforts are reflected in our sustainability management framework, and continue to guide our exploration and efforts to fortify our response measures.

Around the world, there is a growing trend in corporate

Megatrends in Japan and Worldwide that Hazama Ando is Monitoring

- ▶ ICT in society, accelerating digital transformation
- ▶ Declining birthrates and aging populations in advanced economies
- ▶ Ongoing pandemic and social changes in response
- ▶ Global momentum behind human rights protection
- ▶ Mounting geopolitical risks (conflict, inequities)
- ▶ Climate change and global momentum behind carbon reduction, carbon neutrality
- ▶ Resource scarcity
- ▶ Decreasing biodiversity

Social and Environmental Risks and Opportunities Facing the Group: Elements that Have Gained Importance in Recent Years

Risks Surrounding Our Businesses

Mounting calls for non-financial management approaches and financial implications

- ▶ Changes to social and economic systems adapting to the pandemic and a post-pandemic world
- ▶ Calls to enhance disclosure of climate change and diversity strategies

Impact of climate and disasters on business

- ▶ Impact of the COVID-19 pandemic on order volumes in Japan and overseas
- ▶ Ongoing reinforcement of business continuity plans in response to catastrophes

Increasingly sophisticated social expectations and technical requirements in line with infrastructure demand

- ▶ Growing needs for infrastructure design that corresponds to business practices and lifestyles under the "new normal"
- ▶ Customer demands to address digital transformation (DX) initiatives

Needs for further improvement in the occupational safety environment

- ▶ Reinforcing health and safety management amid the pandemic
- ▶ Growing interest in society in non-crisis health management

Need for compliance and risk management across the supply chain

- ▶ Rigorous measures at each construction site to prevent COVID-19 infection
- ▶ Respect for human rights, including among overseas business partners

Opportunities to Contribute to Society and Pursue Mutual Flourishing

Improving customer satisfaction and contributing to society by building high-quality, resilient social infrastructure with superlative environmental performance

- ▶ Heightened social expectations for low-carbon solutions, labor-saving solutions, and other solutions that address social change
- ▶ Creating further value and boosting efficiency by incorporating digital technologies into our construction

Attracting quality personnel and building mutually flourishing relationships with excellent partner companies by promoting occupational safety and working style reforms

- ▶ Expanding opportunities to secure more diverse human resources by offering flexibility in working styles
- ▶ Pursuing technological innovation and boosting competitiveness by means of diverse human resources

Conducting fair and honest business activities, building relationships with and contributing to society by strengthening partnerships with local communities

- ▶ Promoting a more open supply chain through more rigorous enactment of the Group's procurement policy

management toward business execution that is highly responsive to social and environmental risks and opportunities. This is at the core of a company's sustainable governance, and is a key element of fulfilling the Corporate Governance Code required by the Tokyo Stock Exchange.

Investing in Human Capital and Intellectual Property

To reliably carry out the integrated financial and non-financial management approach I mentioned above, it is essential to accumulate human capital. To that end, in April 2022 we established a Career Development Department under my direct supervision to accelerate efforts to strengthen human resource development in the Group. Moreover, in anticipation of regulations capping overtime work—a pressing issue in the construction industry—we are seeking to

We are taking steps to further reinforce our organization as we prepare to draft the next medium-term management plan, working to heighten the Group's ability to create social and environmental value.



improve working environments, such as by promoting eight or more closures in four weeks at worksites.

Regarding investment in intellectual property, we recognize that the development and effective use of intellectual property that contributes to business growth is a key management issue. Based on our Intellectual Property Strategy, we are actively working to leverage and further expand our intellectual property to grow the business.

Reinforcing Sustainability Actions in Line with Material Issues and Key Performance Indicators

To continue doing business in a way that achieves the greatest possible positive impact on society and the environment, Hazama Ando is taking sustainability actions in line with three material issues we have identified. We also are strengthening the PDCA cycle by measuring and assessing the outcomes of the performance indicators we disclosed in the previous fiscal year, correlating to each of the material issues. In the fiscal year ended March 2022, the Group continued to make steady headway in the various areas that our non-financial strategy has targeted as measures of our social impact. In terms of helping to solve social issues and create

value for society, we made strides in boosting productivity. In terms of protecting and being attuned to the natural environment, we increased the proportion of renewable energy electricity used by the Group. In terms of promoting sustainable management and taking full responsibility for corporate actions, one key action was promoting more worksite closures.

 **p. 16** Priority Core SDGs and Key Performance Indicators
 Sustainability Report 2022, Materiality 1–Materiality 3

In Closing

As we enter the final year of our medium-term management plan, we are pursuing an integrated financial and non-financial strategy to achieve further growth while maximizing our positive impact on society and on the future. The cooperation of our stakeholders is key to turning this strategy into reality. I ask for your continued understanding and support.



Strategic Focus

Medium-Term Management Plan: Actions in Our Four Value Creation Strategies

The fiscal year ended March 2022 was the middle year of Chapter I <Branding>, our current medium-term management plan. Following a review by the management team, we are now summarizing the results of the plan with an eye toward accomplishing the goals set out in Hazama Ando VISION2030. At the same time, amid changes in the operating environment, we are setting outcomes for measures in the final year of the plan and sharing this throughout the Group.

VISION2030



Create Customer Value

The Medium-Term Management Plan Chapter I

- Achievement of safety, high quality, high productivity, and low cost by strengthening our technology development, innovation, and proposal capabilities.
- Remaining by our customers' sides over the long term and responding quickly to diverse needs by strengthening the life cycle support business.

Accomplishments in Fiscal 2021 (Year Ended March 2022)

- Achieved fully automated drilling operations for mountain tunnel construction
- Developed an AI-based structural design support system
- Improved the safety and workability of mucking operations using a continuous belt conveyor system in mountain tunnel construction
- Increased the efficiency of labor while reducing concrete consumption volumes in pile foundation construction
- Undertook a large-scale renewal of the Technical Research Institute (large shaking table and other research equipment)

Targeted Actions in Fiscal 2022 (Year Ending March 2023)

- Group-wide expansion of the life cycle support business
- Further development of the AI-based structural design support system, implementation of construction techniques using building information modeling (BIM) data
- Ongoing large-scale upgrade of the Technical Research Institute (large shaking table and other research equipment)
- Formation of a regional comprehensive partnership agreement

VISION2030



Create Shareholder Value

The Medium-Term Management Plan Chapter I

- Securing stable profits, transforming to a business structure that is not easily affected by changes in orders received in a fiscal year.
- Increasing corporate value by returning profits to shareholders in the form of dividends, etc. and investing in growth.

Accomplishments in Fiscal 2021 (Year Ended March 2022)

- Undertook steps to expand returns to shareholders
- Purchased own shares (4.9 billion yen in the fiscal year ended March 2021; 15.1 billion yen in the fiscal year ended March 2022; planned 10.0 billion yen in the fiscal year ending March 2023)
Retired 19,322,200 shares of treasury stock
9.64% of total issued shares before cancellation
- Commenced the facility management business in earnest (started converting Tohoku Branch building into a hybrid-type office and rental housing complex while employing a variety of environmental technologies)
- Selected the Prime Market as listing market in response to revision to the Corporate Governance Code

Targeted Actions in Fiscal 2022 (Year Ending March 2023)

- Steadily purchase own shares in line with the expanded shareholder return policy
- Continue to explore investment projects that contribute to sustainable growth
- Manage the balance sheet

From fiscal 2023 (the fiscal year ending March 2024), we will switch to the medium-term management plan Chapter II <Spread>. Following on from Chapter I, which aims to create a mechanism for Hazama Ando's new value creation and heighten the Group's brand value, Chapter II will aim to further expand the areas in which we take on new challenges. To this end, we are exploring key measures in light of risks and opportunities in society and the environment.

VISION2030



Create Environmental Value

The Medium-Term Management Plan Chapter I

- Participating in renewable energy businesses.
- Decarbonizing our business activities by promoting the Science Based Targets initiative and the RE100 (Renewable Energy 100%) project.
- Pursuing technology development, trial demonstration, and deployment for ZEB, next-generation energy management systems, and other technologies.

Accomplishments in Fiscal 2021 (Year Ended March 2022)

- Participated in the Sakaide biomass power generation joint project
- Entered the solar power generation power purchasing agreement (PPA) business in earnest
- Disclosed information in line with the Company's declaration of support for and acknowledgement of the TCFD recommendations
- Acquired carbon footprint accreditation of buildings using the life cycle assessment method

Targeted Actions in Fiscal 2022 (Year Ending March 2023)

- Deepen Net-ZEB expertise (Tohoku Branch conversion)
- Expand solar PPA business
- Procure 100% renewable energy for electricity used in business activities (not including electricity generated in-house using fossil fuels)
- Start construction of Sakaide biomass power generation project
- Develop Carbon Pool concrete technology

VISION2030



Create Employee Value

The Medium-Term Management Plan Chapter I

- Achieving a sense of well-being, treating employees according to working styles and results, and promoting health management and diversity.
- Realizing working style reforms and enabling diverse working styles.
- Developing and securing human resources, expanding our human resource development system.

Accomplishments in Fiscal 2021 (Year Ended March 2022)

- Promoted initiatives in line with the health management strategy map and key performance indicators
- Promoted eight or more closures in four weeks at 80% of worksites in Japan (Civil Engineering: around 90%; Building Construction: around 80%) excluding sites where such closures are unfeasible
- Held third Women's Forum for all executives and employees on the theme of childcare-supportive managers
- New head office received the highest S rank in CASBEE Wellness Office ranking
- Established Career Development Department in a bid to strengthen human resource development and training

Targeted Actions in Fiscal 2022 (Year Ending March 2023)

- Improve employee benefits and enhance welfare programs (introduce employee stock ownership plan, etc.)
- Promote childcare leave for male employees and expand employment of people with disabilities
- Deploy digital labor-saving technologies
- Ongoing improvement of framework for working remotely, promotion of eight or more closures in four weeks at worksites
- Rebuild HR development policy and training system

Key Measures that Show Value Creation

Initiatives in Businesses Outside Building Construction

To achieve more stable profits in response to changes in the operating environment surrounding the construction industry, Hazama Ando is aiming to transform the business portfolio to achieve a balance between businesses that generate stand-alone and recurring profit, and are making headway in this effort.

Tohoku Branch Office Building Facility Management Business

We are focusing on the facility management business to promote the effective use of real estate, such as our branch buildings in Japan. As a first step, we are rebuilding the Hazama Ando Tohoku branch in Sendai in northern Japan into a hybrid building with office space for company use and 102 units of rental housing space, seeking to create a revenue stream.

In the rebuilding, we are aiming to create a healthy, highly

productive, energy-saving next-generation office building that takes advantage of regional characteristics. We are incorporating a range of environmental technologies, including a ceiling radiation air conditioning system using well water. We expect to obtain Net-ZEB certification (100% or more energy reduction compared to conventional buildings) for the office portion and ZEH-M Oriented certification (20% or more energy reduction) for the rental housing portion.

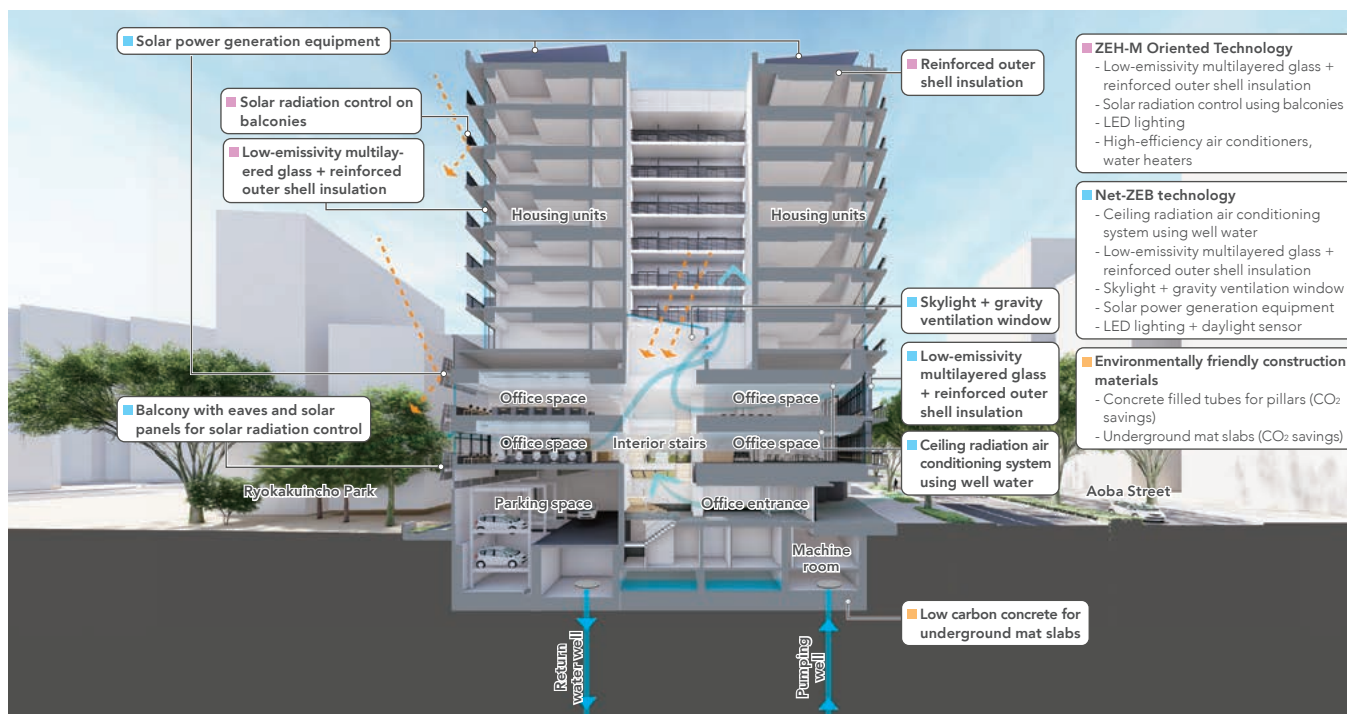


Image of environmental technology to be incorporated.

Sakaide Biomass Power Generation Project

In a joint project with Shikoku Electric Power Co., Inc., Tokyo Gas Co., Ltd., Irex Co., Ltd., Shinko Soko Co., Ltd., and Sakaide Yusengumi Co., Ltd., we are preparing to build a biomass power plant with an output of approximately 75,000 kW, one of the largest in Japan, on a roughly 44 thousand-square-meter site in the port area of the city of Sakaide in Kagawa Prefecture. The plant will use imported wood pellets as fuel to generate power. Construction is scheduled to start in November 2022, with commercial operation starting in June 2025. Using a renewable energy feed-in tariff (FIT) system, we will sell all generated electricity to Shikoku Electric Power Transmission and Distribution Co., Ltd. Annual power generation is pegged at roughly 530 million kWh, equivalent to around 170,000 ordinary households. We expect the plant to achieve an annual reduction in CO₂ emissions of roughly 240,000 tons.

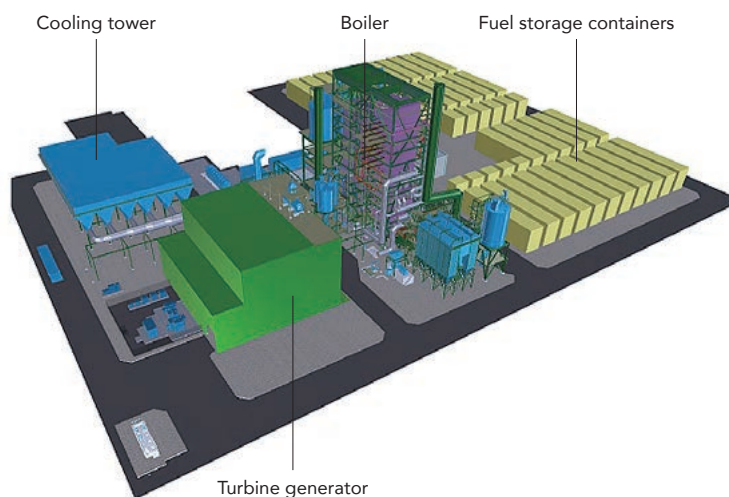










Image of the biomass power plant.

Ongoing Implementation of Key Performance Indicators to Create Greater Value

The core SDGs and key performance indicators visualize how we should carry out strategies in line with our material issues. We will continue to position these goalposts as central indicators of our strategy under the medium-term management plan, positively impacting society and the environment in a way that integrates financial and non-financial elements, systematically improving non-financial performance while contributing to the SDGs.

Priority Core SDGs and Key Performance Indicators (updated July 2022)

NEW Metrics and deadlines are updated according to achievement status

Material Issues Key CSR Themes Relevant SDGs	Key Actions	Core SDGs	Key Performance Indicators	Metrics	Deadline (FY)	Fiscal 2021 results
Helping to solve social issues and create value for society Key CSR Themes ■ Achieving the satisfaction of society and customers and earning their trust ■ Working in harmony with the communities we serve	▶ Innovate infrastructure creation with leading-edge, high-quality solutions ▶ Continue to deliver resilient, leading-edge lifestyle and economic foundations to society		■ Productivity improvement* ¹ ■ Number of patent applications	10% or more (compared with FY2020) 75/year	2025 2025	1.8% 41
			■ Number of on-site tours ■ Environmental and social contribution activities (volunteer activities, participation in clean-up activities, etc.) - Civil engineering sites - Building construction sites - Offices	100 or more tours/year 3 times/site 80 times/year	Every year 2024 NEW	100 or more tours/year 4.0 times 3.5 times 96 times
Protecting and being attuned to the natural environment Key CSR Themes ■ Creating environmental abundance	▶ Continue rigorous efforts to reduce the Group's environmental footprint (low CO ₂ emissions, high recycling rates, biodiversity conservation) ▶ Actively develop services to help reduce society's environmental impact		■ CO ₂ emission reduction rate (Scope 1 and 2) ■ Proportion of A rank or higher in the simplified CASBEE rating (Comprehensive Assessment System for Built Environment Efficiency)	33% (compared to FY2017) 70% or more	2030 2024 NEW	56.3% (using non-fossil fuel certificates) 60%
			■ Number of ZEB projects ■ Proportion of renewable energy used for electricity	5 80%	2024 NEW 2030	2 90% (using non-fossil fuel certificates)
			■ Serious environmental incidents ■ Recycling of construction site waste - Civil engineering: Reduction of overall mixed waste volume - Building construction: Reduction of mixed waste intensity at new construction projects	0 cases 0.8 ton/construction cost (100 millions of yen) 6.5 kg/total floor space (m ²)	Every year 2024 NEW	0 cases 0.62 tons 4.06 kg
Promoting sustainable management and taking full responsibility for corporate actions Key CSR Themes ■ Conducting fair and honest corporate activities ■ Creating safe, comfortable working environments ■ Engaging in dialogue with stakeholders	▶ Foster workplaces where diversity is valued, and employees can draw on their individuality and different abilities ▶ Inculcate respect for rights and work practices to protect employee health and safety		■ Serious work-related accidents ■ Frequency rate	0 cases 0.40 or less	Every year 2022 NEW	0 cases 0.71
			■ Ratio of female employees (full-time)	15% or more	2025	13.3%
			■ Eight or more closures in four weeks* ² - Civil engineering - Building construction ■ CCUS* ³ card clock-in rate ■ Information security course attendance ■ Compliance training attendance	100% 100% 55% 100% 100%	Every year 2022 NEW Every year Every year	96.3% 91.0% 46% 100% 100%

*1 Calculated based on the productivity index of the Japan Federation of Construction Contractors. Based on construction amount per engineer and skilled worker per 8-hour day (completed construction amount/manpower)

*2 Excluding sites where eight or more closures are unfeasible (ensure annual closures of at least six closures in four weeks, develop a framework to ensure workers have eight days off in four weeks).

*3 CCUS = Construction Career Up (=Advancement) System: A system that uses IC cards distributed to skilled workers to gather their on-site work history and qualifications based on industry standards.
 Card clock-in rate (work history record rate): the number of skilled workers who clocked in using card readers, etc. when entering construction sites ÷ the total number of skilled workers who entered construction sites.

Message from the CFO



To achieve more stable profits in response to changes in the operating environment surrounding the construction industry, we are aiming to transform the business portfolio to achieve a balance between businesses that generate stand-alone and recurring profit. We are striving to invest aggressively in growth and enhancing returns to shareholders, employees, and other stakeholders while securing a sound financial position.

Shinya Miyamori

Director, Senior Managing Executive Officer

Cash Allocation and Balance Sheet Management

Amid mounting uncertainty about the future of the global economy and the possibility of major changes to the environment surrounding the construction sector, we perceive the need to further step up the pace of reforms and pursue aggressive management that will raise capital efficiency to an even higher level. We believe the measured use of cash and deposits, which is one issue for the Group, is critical. Regarding our cash allocation plan, we will actively use cash on hand along with operating cash flow as sources of funds for shareholder return and growth investments. We will seek

to enhance corporate value by striking a balance between these two areas.

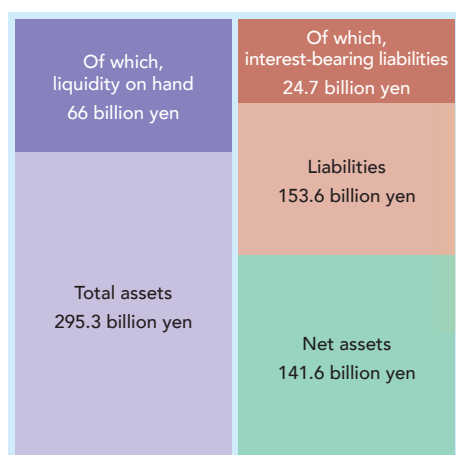
Regarding the long-term direction of the balance sheet, we will take steps to draw down liquidity on hand, maintain an adequate capital base, and make use of interest-bearing liabilities. By means of growth investments and shareholder return, we are aiming to enhance capital efficiency and manage the balance sheet while conscious of the cost of capital, targeting an equity ratio of around 40%.

Long-Term Direction of the Balance Sheet

Fiscal 2022 results

Equity ratio

47.7%

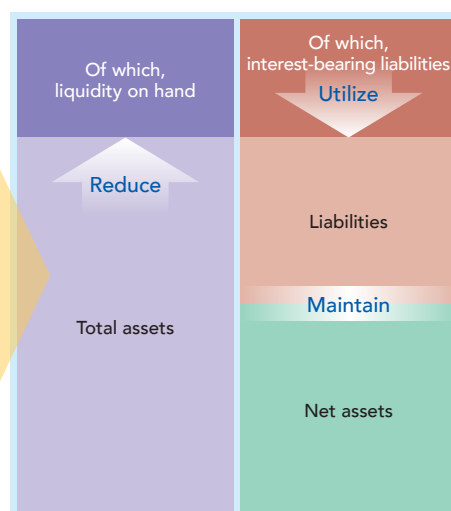


- 1 Reduce liquidity on hand
- 2 Maintain capital adequacy
- 3 Utilize interest-bearing liabilities

Balance sheet targets

Equity ratio

Around **40%**



Investing in Growth

Hazama Ando VISION2030 sets out a goal of investing around 100 billion yen over the ten years to 2030, with the objective of fortifying our core construction business while capturing new sources of recurring profit in non-construction fields. During the three-year period of the current business plan (the fiscal year ended March 2021 to the fiscal year ending March 2023), the first phase of the long-term vision, we project a total allocation of roughly 25 billion yen into a range of strategic areas: energy-related businesses and real estate and infrastructure management businesses, as well as investments in strategic partners, innovation, and technology development, among other areas.

Although the impact of COVID-19 caused us to suspend some initiatives, cumulative investment over the two years to March 2022 was about 11.3 billion yen. Major investments in the fiscal year ended March 2022 included participation in the Sakaide biomass power generation joint project, the full-scale start of the facility management business at the Tohoku branch, entry into the solar PPA area, and outlays for digital transformation and productivity improvements, as well as for the upgrade of Technical Research Institute facilities and venture capital and investments in start-up companies.

For the fiscal year ending March 2023, we expect to make total investments of around 12.8 billion yen.

Shareholder Return

As of the second quarter of the fiscal year ended March 2022, the equity ratio had improved to 46.8%. In November 2021, based on progress in the current medium-term management plan, we accelerated efforts to boost capital efficiency and provide more stable, continuous shareholder return. We thus decided to expand the shareholder return policy during the phase of the medium-term management plan where we monitor performance indicators. Leading up to this was frequent input from shareholders and institutional investors through interviews and other venues, pointing out that the main issues for the Group were capital efficiency and the effective use of cash and deposits held. This led us to decide that prompt action to address this was necessary.

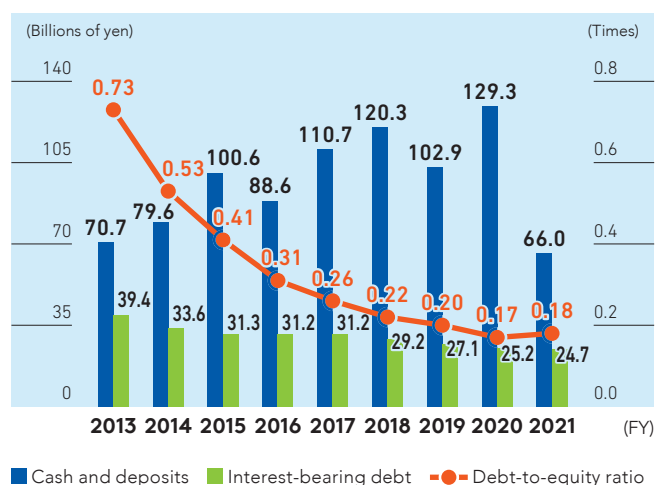
We had set a total return ratio of 50% or more as a key performance indicator in the final year of the medium-term management plan (the fiscal year ending March 2023). We revised this, however, to target a total cumulative return

ratio target of 100% or more for the two years from the fiscal year ending March 2022 to the fiscal year ending March 2023. To achieve this goal, we plan to return a cumulative total of 35 billion yen or more to shareholders over the two-year period through a combination of share buybacks and ordinary dividends.

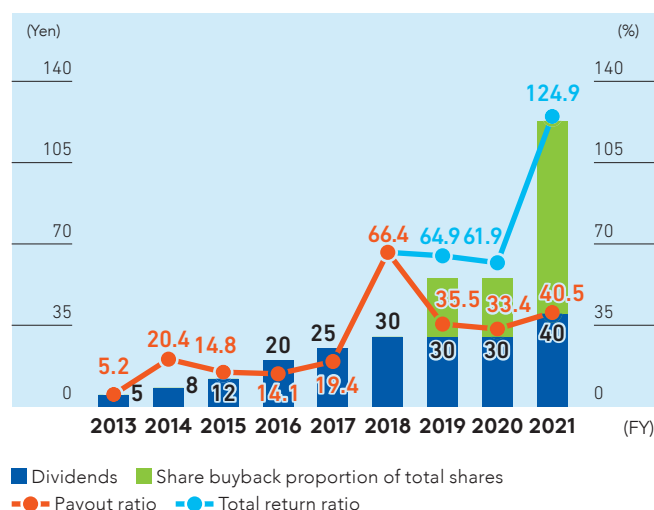
Specifically, we bought back 15.1 billion yen in shares in the fiscal year ended March 2022 and plan to buy back up to 10.0 billion yen in shares in the fiscal year ending March 2023. For the fiscal year ended March 2022, we increased the annual dividend by 10 yen to 40 yen per share, and plan to pay an annual dividend of 40 yen again in the fiscal year ending March 2023.

We will continue to pay continuous dividends in a stable manner, taking into consideration business performance and future earnings.

Cash and deposits, Interest-bearing debt, Debt-to-equity ratio



Annual dividends, Payout ratio, Total return ratio



Green and Innovative Technologies for a Sustainable Future

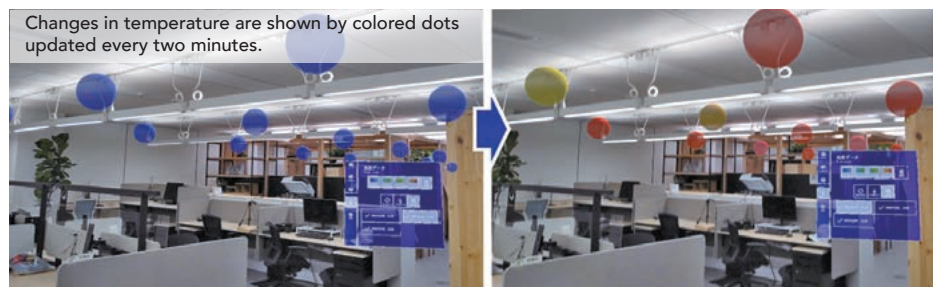
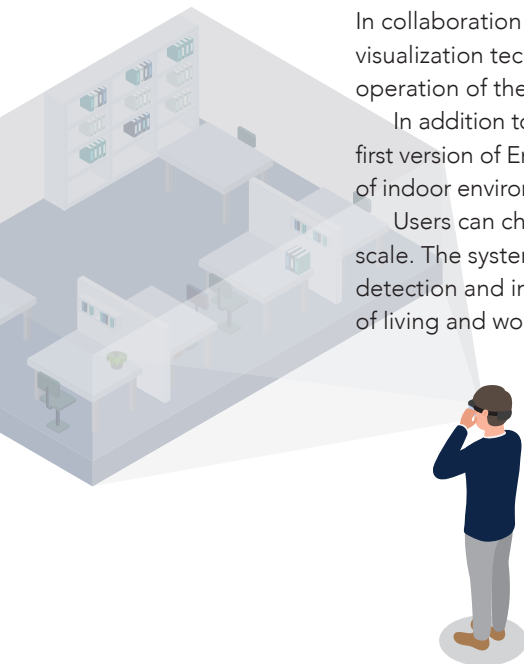


Real-Time Visualization of Indoor Environments Using Augmented Reality

In collaboration with Fujisoft Co., Ltd., we developed Environment Watch ver. 2, an indoor environment visualization technology that uses a head-mounted display device provided by Microsoft. We started operation of the system at the Technical Research Institute in 2022.

In addition to being able to display the results of pre-implemented simulations, a feature offered by the first version of Environment Watch, the new version has a feature enabling the display, in augmented reality, of indoor environmental data such as temperature and humidity in almost real time, measured by sensors.

Users can check preliminary simulations along with the current indoor status on an actual physical scale. The system can be used as a tool to detect issues that tended to be missed in the past. Early detection and improvement of issues to ameliorate the indoor environment helps to improve the comfort of living and working spaces.



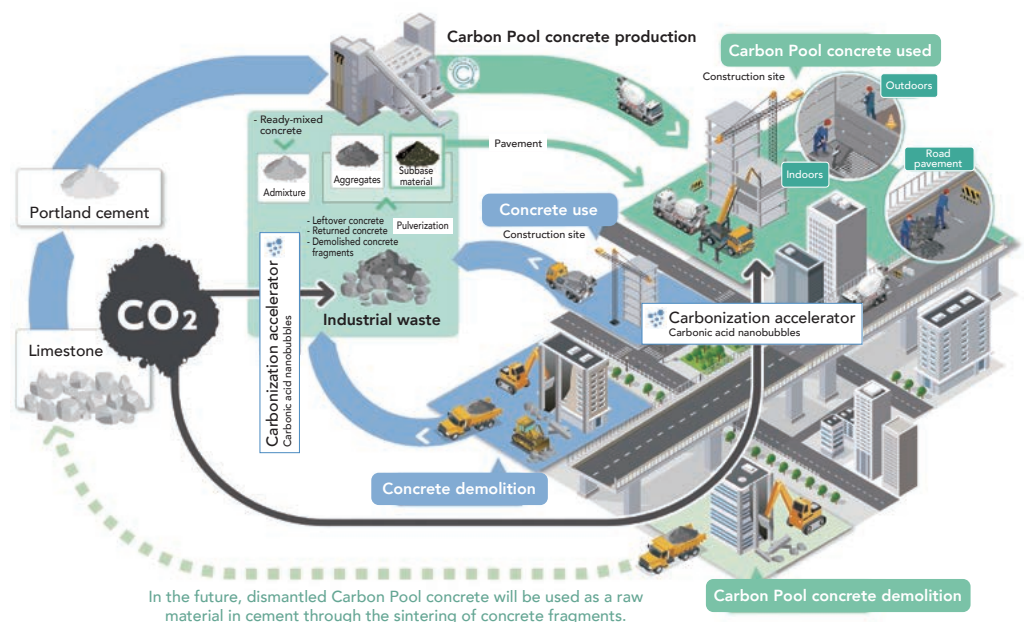
Near real-time visualization of indoor temperatures.

Carbon Pool Concrete with Advanced CO₂ Use for Applications in Pavement and Structures

In February 2022, the New Energy and Industrial Technology Development Organization (NEDO) adopted a project started by a consortium, centered on six construction companies led by Hazama Ando, which is seeking to develop Carbon Pool concrete, a new concrete production technology that reduces carbon emissions, for use in constructing pavements and structures.

The project focuses on building a local circulation system that sequesters CO₂ generated in the cement production process, for example, in concrete-derived industrial waste. We are also developing Carbon Pool concrete that uses a new technique to maximize and accelerate CO₂ absorption post production.

Recognizing the potential of Carbon Pool concrete to be a cornerstone of a carbon-neutral society, and considering it to be one of the most critical initiatives to create environmental value, we will actively push ahead with this initiative.



Project image.

nologies for a Sustainable Future

Our long-term Hazama Ando VISION2030 sets out an environmental value of “contributing to the realization of a decarbonized, low environmental impact, circular society to leave a fertile global environment for the next generation.” To realize this aim, we are working to develop an array of environmental technologies and solutions to provide to customers as well as to use internally, ranging from advanced technologies, new energy approaches, carbon reduction technologies, and biodiversity solutions. We will harness these technologies and solutions to help protect and be attuned to the natural environment.

New Building Environmental Impact Assessment Using a Life Cycle Assessment Method

We are working on a method for carbon footprint certification for buildings using life cycle assessment (LCA). To date, we have obtained three carbon footprint certifications, including the first such certification for a building in Japan.

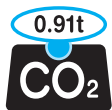
To build a carbon-free society, it is essential to assess environmental impact through a quantitative analysis of CO₂ and other substances, as well as to plan and implement measures to mitigate such impact. LCA, which is a method for quantifying the volume of resources extracted from the environment and the volume of substances emitted, is effective in assessing the environmental impact of construction. Given the sheer volume of materials used in the construction field, implementing such assessments has proven difficult in the past, prompting calls to establish a fair and reliable assessment method. We have focused on a carbon footprint certification system that ensures fairness and reliability by having a third-party specialist in LCA verify the assessment results. The system we established awards buildings a carbon footprint certification mark, one kind of environmental label. Going forward, alongside promoting the more widespread use of ZEB ratings, we aim to realize buildings that achieve carbon-neutrality across the life cycle, taking into account not only CO₂ emitted during building operation but also during construction and demolition.



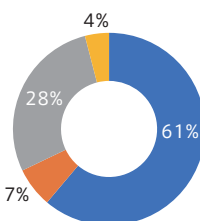
Saginuma Dormitory for Single Employees

Carbon footprint of Saginuma Dormitory for Single Employees

Per square meter of floor space,
useful life of 65 years



CO₂ visualization carbon footprint
Registration: JR-AA-21001C
<https://ecoleaf-label.jp/english/>



- (1) Manufacturing of materials
- (2) Construction
- (3) Repairs, renovation
- (4) Disposal, recycling

* Figures are based on design data. Furnishing, exterior work, and building operation stages are not included in the scope of the survey.

Ikimono Symbiosis Office® (ABINC) certification

When it opened its doors in 1992, the Technical Research Institute set aside a green space where a wide range of vegetation could grow, including 32 species of plants. Among these is the white oak, which is a species native to the city of Tsukuba, where the Institute is located. The Institute has maintained the site ever since in consideration of the local ecosystem. In 2019, the Institute established a trial biodiversity greening field on the premises, and is developing greening-related technologies and evaluating the ecosystem network through biological monitoring surveys. ABINC, a foundation supporting business innovation and biodiversity-friendly efforts recognized these activities, granting the Institute its Ikimono Symbiosis Business Office® certification in March 2022.

We will continue to manage and improve the Institute's green spaces to fully showcase the ability to preserve biodiversity. We will also promote other initiatives related to biodiversity preservation, including addressing customer demands for green space planning and maintenance that are attuned to the surrounding environment.



Trial biodiversity greening field.

Workplace with an Eye on

Innovation Front

CASE 2

Hazama Ando Builds Office Spaces that Facilitate Upbeat Work and Co-Creation



CASBEE® Wellness Office 2022 S rank.

Mutual Support Office: **New Head Office in Shiodome**

Hazama Ando relocated its head office, Tokyo branch, and Kanto branch offices to the Tokyo Shiodome Building in Higashi-Shimbashi in Tokyo's Minato Ward in May 2022.

The new head office is guided by the concept of being an office where people support one another. The aim is to be a place where the diverse working styles of employees are respected, where employees can achieve a healthy work-life balance, and which maximizes the value that is only born out of face-to-face encounters.

The initiatives described under the three concepts on the facing page, among other things, earned the Shiodome office high marks as an office that excels in health, comfort, and safety and takes efforts to support greater intellectual productivity. In February 2022, the office obtained the highest S rank in the CASBEE Wellness Office certification system. This was the first S rank certification awarded based on an application from the office tenant.

COMMENT

With a 1,300-strong workforce formerly spread across 12 floors now consolidated onto two floors, and with the barriers between the head office and branch offices gone, a new, more spacious office environment has been born. Meeting spaces facing the window overlooking the large Hama Rikyu landscape garden can now be used in a variety of ways, such as holding meetings or concentrating on work alone. The introduction of a group free seating system has created an environment where employees from different departments cooperate and support one another in achieving their objectives. I'm looking forward to seeing the office environment evolve into a space that facilitates even greater interaction between departments.

Nobuyuki Tasaki

General Affairs Group Manager,
General Affairs Department
(currently General Manager of
Administration Department,
Nagoya Branch)



Well-being and Co-creation

Over the years, Hazama Ando has explored the creation of offices that enable people from all walks of life to engage in their work in creative and healthy ways, and has proposed these spaces to customers. The spotlight is currently on co-creation by a diversity of talent and on what the ideal form of an office should be in a post-COVID era. At our new head office, which opened in May 2022, we sought to “create the office of tomorrow” by giving concrete shape to such ideas.



CONCEPT 1 An office with a sense of unity that tears down barriers

- Group free seating arrangement enables effective use of office space.
- Aiming to facilitate an upbeat office in motion, an array of communication areas, such as an exterior zone, multipurpose meeting rooms, lounge, and conference rooms, are arranged along the circumference of the office.



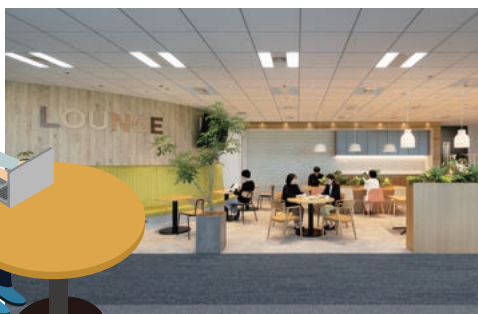
CONCEPT 2 Fulfilling, upbeat, enjoyable work

- To support the increase in web conferencing and working remotely, we secured a space that enables a variety of meetings and huddles, including small groups and collaboration with other locations.
- By arranging plants around the working areas, we planned a stress-relieving environment that is easy on the eyes.



CONCEPT 3 Safe, secure, stress-free

- To realize an office that conforms to the Group's Health Declaration, we carried out employee surveys before designing the office and will strive for ongoing improvements through follow-up surveys.
- We are aiming to heighten comfort through sound masking and circadian lighting.



CONCEPT 4 Employment of persons with disabilities

To generate more employment opportunities for persons with disabilities, we set up a dedicated team (Social Office) made up of people with disabilities, who are taking charge of making sure the new head office functions as a more

comfortable office for everyone.

Going forward, we will continue with efforts to create working environments in which all employees can engage in their work with a sense of purpose.

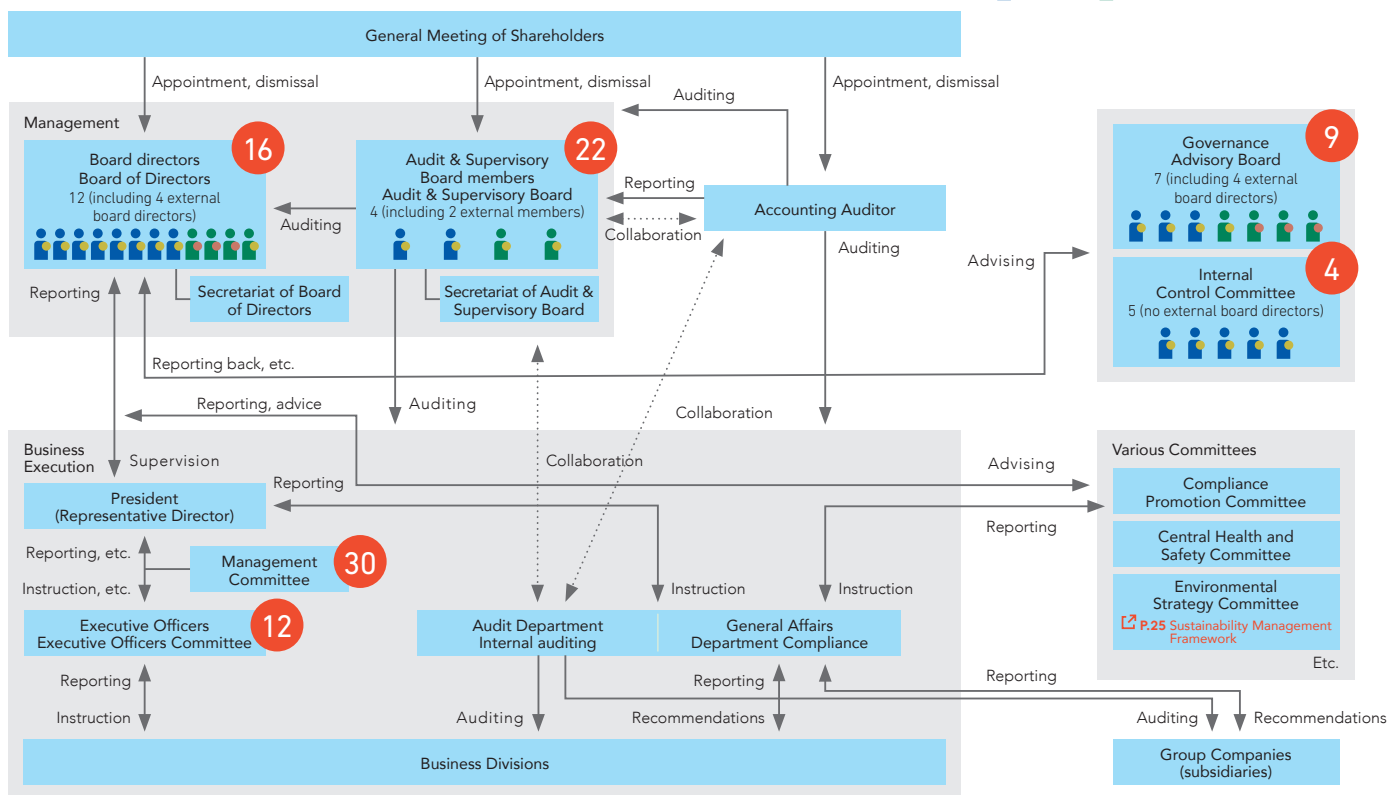
To ensure more robust corporate governance, the Group makes a clear distinction between the Board of Directors and board directors as having decision-making and business execution supervisory functions, and the Management Committee, executive officers, and Executive Officers Committee as having a business execution function. We also established the Governance Advisory Board and the Internal Control Committee as advisory bodies to the Board of Directors as part of our ongoing efforts to reinforce governance.

Corporate Governance

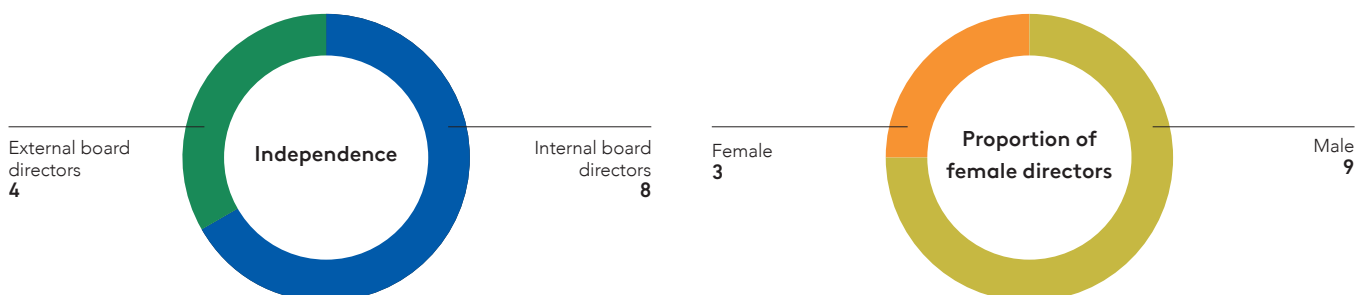
As of June 29, 2022, the Board of Directors had 12 members (including four external board directors, three of whom were women), consisting of executive and non-executive directors. External board directors, who are non-executive directors, play roles such as supervising and giving advice to manage-

The Group established the Governance Advisory Board, a voluntary advisory board, to ensure the fairness, transpar-

Internal External Male Female



Makeup of Board Directors



ency, and objectivity of decisions made by the Board of Directors regarding the nomination and compensation of directors and other matters. The committee is chaired by an external board director, with a majority of members also external board directors. Its role is to advise the Board, resolve matters stipulated by the bylaws, and report the results of deliberations to the Board as necessary. Nine committee meetings were held throughout the fiscal year ended March 2022, taking up matters including the appointment and dismissal of board directors as well as executive personnel decisions and compensation related to the new operating framework, and reporting the results to the Board.

With regard to the nomination of board directors and other executive positions, the Group has determined prior-

ity areas in the skill matrix that informs the makeup of the Board of Directors, with an eye to achieving the long-term Hazama Ando VISION2030 and realizing the Four Value Creation strategies—to create customer value, shareholder value, environmental value, and employee value. Priority skills are: corporate management and management strategy; sales and marketing; safety and quality control; environmental strategy; technology development and digital transformation strategies; finance and accounting; risk management and compliance; and human resources development and diversity. We will consider a diverse range of candidates for directors, looking for people who can be expected to draw on knowledge, experience, and skills in these areas.

Skill Matrix

Position	Name	Corporate management, management strategy	Sales, marketing	Safety, quality control	Environmental strategy	Technology development, digital transformation strategies	Finance, accounting	Risk management, compliance	Human resources development, diversity
Representative Director	Masato Fukutomi	●		●	●				●
Board Director	Toru Ikegami	●			●	●			
Board Director	Muneo Gomi	●	●		●				
Board Director	Atsushi Sugao						●	●	●
Board Director	Shinya Miyamori						●	●	
Board Director	Ichiro Kato			●	●	●			
Board Director	Takeshi Komatsu		●	●					
Board Director	Kazuhiko Kuniya	●			●	●			
External Board Director	Masami Fujita	●						●	●
External Board Director	Mariko Kitagawa	●	●						●
External Board Director	Mieko Kuwayama		●					●	●
External Board Director	Rie Kawaguchi						●		●

Note: The above table shows knowledge, experience, and skills particularly expected of each board director and does not indicate all of the knowledge, experience, and skills possessed by each director.
Please see p. 29 for board director profiles.

Definition of each skill

Skill	Relevance to VISION2030	Definition	Skill	Relevance to VISION2030	Definition
Corporate management, management strategy	—	Skills to contribute to sustainable growth of the Company aiming to realize Four Value Creation by utilizing experience, etc., in corporate management and important corporate decision-making, as well as experience, etc., in establishment of corporate strategies.	Technology development, digital transformation strategies	Customer value Environmental value	Skills to contribute to improvement of Customer value and Environmental value through revolution of construction production systems by proactive technology development and DX strategy deployment.
Sales, marketing	Customer value Shareholder value	Skills to contribute to improvement of Customer value and Shareholder value by identifying trends and needs in the market and providing customers with best-suited solutions.	Finance, accounting	Shareholder value	Skills to contribute to improvement of Shareholder value by enhancement of financial strength and effective utilization of shareholders' equity.
Safety, quality control	Customer value Employee value	Skills to contribute to Customer value and Employee value by securing safety in business activities and providing construction and services with high quality.	Risk management, compliance	Shareholder value	Skills to contribute to improvement of Shareholder value by stabilizing corporate management through appropriate risk management and building a trust relationship with society through full enforcement of compliance.
Environmental strategy	Environmental value	Skills to contribute to improvement of Environmental value by sustainable management through decarbonization of business activities and participating in renewable energy projects.	Human resources development, diversity	Employee value	Skills to contribute to improvement of Employee value by employees' career development, working style reform, and securing and improving diversity aiming to create an environment in which employees can have high integrity and feel job satisfaction.

Analyzing and Evaluating the Effectiveness of the Board of Directors

All board directors and Audit & Supervisory Board members, including external officers, undertake self-evaluations regarding the roles and responsibilities of the Board of Directors. The Secretariat of the Board of Directors analyzes and evaluates the effectiveness of the Board based on their responses, reporting the results in detail to the Board. By informing the implementation of specific operational improvements, the results serve to heighten the efficiency and effectiveness of the Board of Directors.

Analysis of the effectiveness of the Board of Directors for the fiscal year ended March 2022 indicated that the Board is functioning effectively overall. Several issues were also identified, including engaging in more in-depth discussions at

Board meetings with regard to management strategies, growth investment, and other matters; achieving a more diverse Board makeup; developing human resources with the skills needed to deal with management issues; and nominating management successors. We are working to improve in these areas from several angles, including more clearly delineating the roles of decision-making and supervision and business execution; building a framework that allows the Board of Directors to focus on longer-term management policies and strategies; and deepening the Board's involvement in reports from the Governance Advisory Board, which is the voluntary body that considers the nomination and compensation of directors.

Management Efficiency

The Group makes a clear distinction between the Board of Directors and board directors as having decision-making and business execution supervisory functions, and the Management Committee, executive officers, and Executive Officers Committee as having a business execution function. At the same time, we have put in place Regulations on Job Responsibilities and Authority and Regulations on Decision-Making, to clarify the responsibilities and scope of authority

of personnel in charge of business execution and achieve faster decision-making and more efficient management.

The Management Committee deliberates on management policies and key matters related to business execution, and strives to facilitate livelier, more efficient deliberations at meetings of the Board of Directors. The committee held 30 meetings in the fiscal year ended March 2022.

Main Advisory Committees

Committee	Chair	Role of committee	Meetings in fiscal 2021	Main theme
Governance Advisory Board	Masami Fujita * Includes participation of external board directors	Deliberates and reports on the nomination and compensation of directors and other officers	9	<ul style="list-style-type: none"> • Compensation for directors and other officers • Appointment, dismissal of directors and other officers • Composition of the Board of Directors, board director skill matrix
Internal Control Committee	Masato Fukutomi	Deliberates on the internal control system as a whole based on the Internal Control System Policy and reports to the Board of Directors	4	<ul style="list-style-type: none"> • Confirming management status of the internal control system • Assessing risks, designating priority risks • Evaluating effectiveness of the internal risk management framework
Compliance Promotion Committee	Masami Fujita * Includes participation of external board directors	Promotes activities aimed at cultivating a culture that emphasizes compliance and raising awareness among officers and employees	2	<ul style="list-style-type: none"> • Formulating compliance promotion plans • Monitoring compliance activities
Central Health and Safety Committee	Muneo Gomi	Deliberates and reports on matters related to health and safety	4	<ul style="list-style-type: none"> • Drafting health and safety management plans • Revising safety rules • Giving out safety awards • Confirming status of disasters or accidents
Group Working Environment Committee	Shinya Miyamori	Gauges the status of shortened working hours, rectifies and gives guidance related to the proper management of working hours.	12	<ul style="list-style-type: none"> • Grasping status of shortened working hours, looking into causes of working hour overruns, directing improvements
Technology Development Committee	Toru Ikegami	Deliberates and reports on technology research and development	3	<ul style="list-style-type: none"> • Setting implementation policies • Allocating technology research and development resources (research themes, budgeting, staffing) • Planning and managing and evaluating progress • Reviewing applications of development outcomes
Awards Committee	Masato Fukutomi	Assesses and commends staff and teams for achievements and contributions to society and the Group	1	<ul style="list-style-type: none"> • Deliberating and selecting recipients for the President's Award
Human Rights Awareness Committee	Atsushi Sugao	Addresses human rights issues and promotes awareness	1	<ul style="list-style-type: none"> • Reporting on human rights awareness activities and deliberating on implementation items
Investment Committee	Shinya Miyamori	Deliberates and reports on various investment plans	18	<ul style="list-style-type: none"> • Deliberating and advising on various investment plans • Deliberating on annual investment plans
Environmental Strategy Committee	Toru Ikegami	Deliberates and reports on overall environmental strategies that contribute to sustainable management	2*1	<ul style="list-style-type: none"> • Disclosure in line with endorsement of TCFD Recommendations • Formulating three-year environmental objectives and targets (FY2022–2024)
QMS/EMS Committee	Shigeaki Kunieda*2	Deliberates and reports on matters related to quality and environmental management systems	2	<ul style="list-style-type: none"> • Exploring improvements to the ISO management system • Revising quality and environmental manuals

*1 Committee established in October 2021.

*2 Executive Officer, Director of Safety, Quality and Environment Division

Sustainability Management Framework

Under the supervision of the Board of Directors, we have established advisory committees that span the various business divisions and established a governance framework, aimed at addressing issues in the environment and in society.

Together, the advisory committees make up a framework that allows reports and proposals to be made to the Board

of Directors and other decision-making bodies. Every director chairs or sits on one or more of the committees, each of which is related to some facet of sustainability. In addition to identifying issues and risks, the committees draft policy, propose and promote measures, and gauge implementation in the various departments.

Integrity Declaration

For us, both as members of a company (producers) and as members of society (consumers), a basic knowledge of laws and regulations and an awareness of being people who support the sound growth of the Group and society are indispensable. Meanwhile, as various laws and international rules grow more complex, it is vital for us to examine our own conscience and moral understanding, asking ourselves

whether our way of thinking or actions are problematic in any way. This is the essence of integrity.

In November 2021, Hazama Ando VISION2030 positioned the creation of employee value as one of its pillars. To support employee value, we have formulated the Integrity Declaration to foster a corporate culture imbued with integrity that continuously seeks to heighten awareness of compliance.

Integrity Declaration

- **Hazama Ando Corporation Group will develop and improve fair and honest business activities in which "People" and "Norms" are respected.**
- **Each of our executives and employees will embody "Integrity" not only in words but also in actual behavior.**

"Integrity" means the quality of being "upright," "honest," "sincere," and "fair."

This is the most important quality and value that is indispensable to the Hazama Ando Corporation Group, both as an organization and as individual executives and employees; it is the basic concept that embodies our Group's Code of Conduct and Compliance Manual, and it is the foundation of our compliance management.

Each and every one of us must have "Integrity" embedded in our hearts and engage in all of our work with honesty and diligence.

We believe that the meaning of compliance is not only to comply with laws and regulations, but also to fulfill various expectations and roles as a member of society and as an individual without deviating from ethics, common sense and social norms.

Let's further promote "Integrity" throughout our Corporation Group, build a corporate culture that values compliance management, and improve our corporate value and social reputation.

November 1, 2021

Masato Fukutomi,

Representative Director and President

Hazama Ando Group Compliance

We continued to promote compliance activities in the fiscal year ended March 2022 under the question: "What are the compliance points in the day-to-day work in your workplace?" By continuing to pursue creative new approaches like this, we are striving to foster a corporate culture that is continually aware of the importance of compliance.

We invited an outside lecturer, a legal advisor to the Group, to provide training on the theme of reading and understanding the compliance manual, based on the manual we revised in the previous fiscal year. In the training, in addition to explaining the manual, we introduced case studies and details of compliance violations and devised

other approaches to help familiarize officers and employees with the manual's contents, reaffirming the importance of individual buy-in to compliance.

We also conducted training involving video-based e-learning and online testing, all of which achieved a 100% participation rate.

We also expect our distribution of a monthly e-mail newsletter to lead to heightened awareness and knowledge of compliance.

We will continue to improve on these programs and carry out a range of educational activities.

Messages from External Board Directors



Masami Fujita
External Board Director

About promoting compliance

“Heightening Compliance Awareness through the Integrity Declaration

As the chairman of the Compliance Promotion Committee, I try to reach out to management always bearing two questions in mind: Is what Hazama Ando and the construction industry simply take for granted in fact out of step with the world? And, have we not fallen captive to our own internal logic? However, I am pleased to report that there were no major compliance violations in the fiscal year ended March 2022, thanks to our ongoing education and awareness-raising activities, in line with the annual plan.

For several years we have taken steps to establish the compliance framework and implement thorough-going compliance initiatives. I think the issue going forward is how to prevent the risk of individual compliance violations, including harassment.

In this context, the Integrity Declaration issued by the president in November 2021 carries great significance for our compliance activities.

Integrity has to do with individual conscience and moral understanding, involving the aspects of an upstanding attitude, honesty, sincerity, and fairness. If every officer and employee maintains a sense of integrity, this can facilitate further awareness of compliance, foster a healthy corporate culture, and lead to corporate growth from a long-term perspective. It is important to embody integrity in the actions we take. Throughout the Group, we will build a corporate culture that emphasizes compliance management born out of the daily practice of integrity by officers and employees.



Mariko Kitagawa
External Board Director

Evaluating the Effectiveness of the Board of Directors and Outstanding Issues

“Engaging in More In-Depth Discussions in Formulating a Medium-Term Management Plan

Every year, all board directors and Audit & Supervisory Board members, including external officers, undertake self-evaluations regarding the roles and responsibilities of the Board of Directors. The effectiveness of the Board is analyzed and evaluated based on the responses, and the results are reported to the Board of Directors. This informs the implementation of operational improvements.

Over the past five years since I was appointed as an external board director in 2017, I have been given ample explanations, in advance, of the information needed to make decisions, and I feel discussions at Board meetings have become livelier. Analysis of the effectiveness of the Board of Directors for the fiscal year ended March 2022 indicated that the Board is functioning effectively overall. The ongoing challenge is to not simply report on the evaluation results and move on, but rather to respond promptly to any areas where improvement is needed.

Some of the outstanding issues confirmed this time around included the need to engage in more in-depth discussions at Board meetings on management strategies and growth investment; the makeup of the Board of Directors; and developing succession plans. I personally feel the need to go into greater depth in our discussions regarding the medium-term management plan and the Group's growth investments. The exchange of opinions and discussions at Board meetings have been very robust over the past few years. External board directors are given the opportunity to speak out and share opinions from the exploration stage of formulating plans for the following fiscal year. I intend to offer advice and opinions from an objective standpoint, taking into account feedback we have received through dialogue with shareholders and institutional investors.

Moreover, the Governance Advisory Board, a voluntary advisory body that looks at director nomination and compensation, reviewed the skill matrix for directors in light of relevance to the Group's business strategies. The size of the Governance Advisory Board also increased by three members, including one external member. I believe this has helped expand the Board's diversity and breadth of knowledge and experience, heightening the effectiveness of the Board of Directors as a whole.

Having identified the skills needed to manage the Group, we will continue to explore succession plans. Meanwhile, I will continue to carry out my role as an external board director to ensure that the Group's strengths translate into enhanced corporate value.



Mieko Kuwayama
External Board Director

Women's Empowerment and "Iku Boss"

“Stepping up Diversity by Appointing Female Managers

Turning the Group's long-term vision into reality requires that diverse personnel be able to fulfill their potential. A key management strategy to this end is transforming into an organization where women can play even more active roles. As a step toward realizing this vision, the Group appointed its first female division director in April 2022.

Like many companies in the construction sector, the Group has few women in managerial positions. As an external board director, I have made suggestions about how to improve this situation. The recent appointment is a sign that the Group is changing, and I welcome this as an important first step toward expanding diversity in the Group in a real sense.

We also held a Women's Forum for the first time in three years, in an online format. The Women's Forum was started with the aim of further boosting the motivation of female employees. This year's Forum involved a talk by an outside lecturer on the theme of childcare-friendly managers, dubbed "Iku Bosses," followed by an exchange of opinions with the participation of external board directors. "Iku Boss" is a coined term combining the Japanese words for "childcare" and "boss." In a broad sense, the term refers to bosses who stress the work-life balance of subordinates regardless of gender, lead working style reforms in the workplace, and encourage subordinates to be successful and have rewarding careers.

Alongside the empowerment of women, society is calling for the greater participation of men in childcare. The Group has many male employees who work out in the field. To boost the proportion of male employees taking childcare leave, it is even more crucial to create a framework of understanding at all worksites, including childcare-friendly managers. Many men took part along with women in the Forum, giving me the sense that we achieved a shared awareness that better empowering women in the workplace starts with changing the mindsets of male employees. This shared awareness gives impetus to our efforts.

I will continue working to promote diversity and inclusion so that an array of people can reach their full potential and contribute to the creation of innovative value in the Group, including by developing HR systems, raising awareness, augmenting training to develop skills, and helping both men and women overcome their unconscious bias.



Rie Kawaguchi
External Board Director

Substantial Diversity and Inclusion

“Creating Workplaces that Keep People Motivated in Their Work

In June 2021, the Tokyo Stock Exchange released a revised Corporate Governance Code, which emphasizes the sustainable growth of companies and the longer-term enhancement of corporate value.

The revised Code identified several priority areas, including (1) ensuring the diversity of a company's core human resources, and (2) efforts to address sustainability-related issues. This is a clear, concrete sign of how far moves toward diversity and inclusion have come. The Code points to women, non-Japanese personnel, and mid-career hires in particular as the means of ensuring diversity in core human resources. The hope, though, is that each company will take full stock of its own unique circumstances and make disclosure accordingly.

Considering women's empowerment as a pillar of its diversity strategy, the Hazama Ando Group has given meticulous consideration to women's concerns as it moved ahead with several measures, including creating environments where women can work comfortably at civil engineering and construction sites; installing women-only changing rooms; installing bathrooms on separate floors; and lighting passages at night.

However, the empowerment of women is not limited to infrastructure. Creating environments that make women want to work and continue working will be a key factor in developing a wealth of human capital and building a sound organization going forward. I myself have continued to work while raising children. That experience has taught me how important it is to maintain motivation, as well as to foster an environment where personnel, if they continue to struggle, can consult with someone in the organization without needing to solve every problem on their own.

Reforming working styles and pursuing greater diversity does not necessarily mean overthrowing a corporate philosophy or culture that have been built up over many years—only well-seasoned hands can build a solid management foundation. With that said, I would like to do whatever I can to help bring about a corporate culture that capitalizes fully on a diverse, flexible management team.

Directors and Audit & Supervisory Board Members

As of June 29, 2022

Board Directors

Masato Fukutomi

Representative Director and President*



April 1979 Joined HAZAMA CORPORATION
 April 2013 Executive Officer, Director of Kanto Civil Branch of the Company
 April 2014 Managing Executive Officer, Director of Kanto Civil Branch
 April 2017 Vice President, in charge of Civil Engineering Division
 June 2017 Board Director and Vice President, in charge of Civil Engineering Division
 April 2018 Representative Director and President (to present)

Toru Ikegami

Board Director and Vice President*



April 1984 Joined HAZAMA CORPORATION
 April 2014 Executive Officer, Director of Nagoya Branch of the Company
 April 2016 Managing Executive Officer, Director of Civil Engineering Division and Deputy Director of President Office
 June 2016 Board Director and Managing Executive Officer, Director of Civil Engineering Division and Deputy Director of President Office
 April 2018 Board Director and Senior Managing Executive Officer, Director of Civil Engineering Division
 April 2019 Board Director and Vice President, Director of Construction Division
 April 2021 Board Director and Vice President, in charge of Construction Division and New Business
 April 2022 Board Director and Vice President, Supervising Construction Division (to present)

Muneo Gomi

Board Director and Vice President*



April 1983 Joined HAZAMA CORPORATION
 April 2013 Executive Officer, Deputy Director of Kanto Civil Branch of the Company
 April 2016 Managing Executive Officer, General Business Development Manager of Civil Engineering Division
 April 2018 Senior Managing Executive Officer, in charge of Civil Engineering Division
 April 2019 Vice President, Director of Business Development Division
 June 2019 Board Director and Vice President, Director of Business Development Division
 April 2021 Board Director and Vice President, in charge of Business Development Division
 April 2022 Board Director and Vice President, Supervising Business Development Division (to present)

Atsushi Sugao

Board Director and Vice President*



April 1985 Joined The Dai-Ichi Kangyo Bank, Limited
 April 2013 Executive Officer, Mizuho Financial Group, Inc.; Executive Officer, Mizuho Bank, Ltd.; Executive Officer, Mizuho Corporate Bank, Ltd.
 June 2016 Managing Executive Officer, Orient Corporation
 August 2020 Senior Managing Executive Officer, Orient Corporation
 June 2021 Joined the Company, Senior Managing Executive Officer, in charge of Inspections.
 April 2022 Vice President, in charge of Inspections
 June 2022 Board Director and Vice President, in charge of Inspections (to present)

Shinya Miyamori

Board Director and Senior Managing Executive Officer



April 1983 Joined HAZAMA CORPORATION
 April 2013 General Manager of Finance Department, Administration Division of the Company
 January 2016 Deputy Director of Administration Division and General Manager of Finance Department, Administration Division
 April 2016 Executive Officer, Director of Administration Division in charge of Disaster Management
 June 2017 Board Director and Executive Officer, Director of Administration Division in charge of Disaster Management
 April 2018 Board Director and Managing Executive Officer, Director of Administration Division in charge of Disaster Management
 April 2022 Board Director and Senior Managing Executive Officer, in charge of Finance, Director of Administration Division in charge of Disaster Management (to present)

Ichiro Kato

Board Director and Managing Executive Officer



April 1983 Joined HAZAMA CORPORATION
 April 2014 Deputy Director of Kanto Civil Branch of the Company
 April 2018 Executive Officer, Director of Kanto Civil Branch
 April 2020 Managing Executive Officer, Director of Kanto Branch
 April 2021 Managing Executive Officer, Director of Construction Division
 June 2021 Board Director and Managing Executive Officer, Director of Construction Division (to present)

Takeshi Komatsu

Board Director and Managing Executive Officer



April 1982 Joined ANDO CORPORATION
 April 2015 Executive Officer, Director of Kyushu Branch of the Company
 April 2018 Executive Officer, Director of Nagoya Branch
 April 2019 Executive Officer, Director of Tokyo Branch
 April 2020 Managing Executive Officer, Director of Tokyo Branch
 April 2021 Managing Executive Officer, Director of Business Development Division
 June 2021 Board Director and Managing Executive Officer, Director of Business Development Division (to present)

Kazuhiko Kuniya

Board Director and Managing Executive Officer



April 1988 Joined HAZAMA CORPORATION
 July 2018 General Manager of Business Administration Planning Department, President Office and General Manager of Civil Engineering Projects Planning Department, Civil Engineering Division
 April 2019 General Manager of Business Administration Planning Department, Deputy Director of Construction Division
 April 2020 Executive Officer, Deputy Director of Tokyo Branch
 April 2021 Executive Officer, Director of Kanto Branch
 April 2022 Managing Executive Officer, in charge of Information, Director of Corporate Strategy Division
 June 2022 Board Director and Managing Executive Officer, in charge of Information, Director of Corporate Strategy Division (to present)

Masami Fujita
External Board Director



April 1980 Joined Fujitsu Limited
June 2012 Representative Director and Vice President of Fujitsu Limited
April 2016 Representative Director and President of Fujitsu Marketing Limited (currently Fujitsu Japan Limited)
June 2017 External Board Director of the Company (to present)
June 2019 President and Representative Director of SHINKO ELECTRIC INDUSTRIES CO., LTD.
June 2021 Chairman and Representative Director of SHINKO ELECTRIC INDUSTRIES CO., LTD. (to present)

Mariko Kitagawa
External Board Director



May 1999 Joined Tsukishima Soko Co., Ltd.
June 2001 Board Director of Simax Co., Ltd. (to present)
June 2004 Representative Director and President of Tsukishima Soko Co., Ltd. (to present)
June 2007 Board Director of Tsukishima Butsuryu Service K.K. (to present)
June 2017 External Board Director of the Company (to present)

Mieko Kuwayama
External Board Director



April 1970 Joined Shiseido Company, Limited
June 2012 Specially Appointed Professor, Graduate School of Law at Hitotsubashi University
April 2015 Visiting Researcher of Hitotsubashi CFO Research Center (to present)
June 2017 External Board Director of Fujitsu General Limited (to present)
April 2018 Senior Researcher of Business Ethics Research Center (to present)
June 2018 External Board Director of the Company (to present)

Rie Kawaguchi
External Board Director



April 1996 Registered as a tax accountant
August 1996 Board Director, Fukuoka M&A Center Co., Ltd. (to present)
February 2003 Passed USCPA exam
May 2004 Board Director, Chikura Shobo Co., Ltd. (to present)
April 2015 Member of Kawaguchi Tax Accountant Office (to present)
June 2022 External Board Director of the Company (to present)

* Masami Fujita, Mariko Kitagawa, Mieko Kuwayama, and Rie Kawaguchi are independent officers.

Audit & Supervisory Board Members

Tomoki Kitagawa
Audit &
Supervisory Board member



April 1982 Joined HAZAMA CORPORATION
April 2017 Executive Officer, Deputy Director of President Office and General Manager of CSR Promotion Department of the Company
April 2018 Executive Officer, Director of President Office
June 2019 Audit & Supervisory Board member (to present)

Hirohisa Hirasawa
Audit &
Supervisory Board member



April 1983 Joined ANDO CORPORATION
April 2016 General Manager of Finance Department, Administration Division
April 2020 General Manager of Administration Department, Building Management Division
June 2022 Corporate Auditor of the Company (to present)

Shigeo Kamimura
External Audit &
Supervisory Board member



July 2007 Regional Commissioner, Takamatsu Regional Taxation Bureau
August 2008 Opened tax accounting office (to present)
June 2015 External Audit & Supervisory Board member of the Company (to present)
November 2015 External Audit & Supervisory Board member of Yazaki Corporation (to present)
June 2016 Audit & Supervisory Board member of TSP TAIYO GROUP INC. (currently TAIYO GROUP INC.) (to present)
June 2021 Audit & Supervisory Board member of TSP TAIYO INC. (to present)
June 2021 Outside Director (Audit and Supervisory Committee Member) of Fujitomi Co., Ltd. (currently Fujitomi Securities Co., Ltd.) (to present)

Masamitsu Takahara
External Audit &
Supervisory Board member

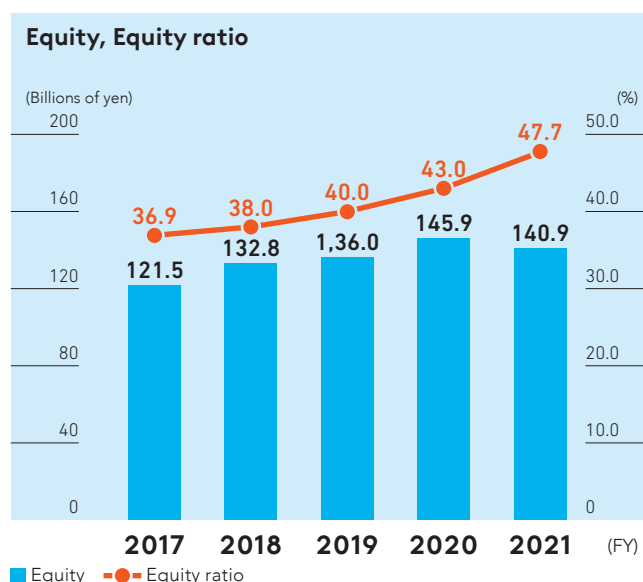
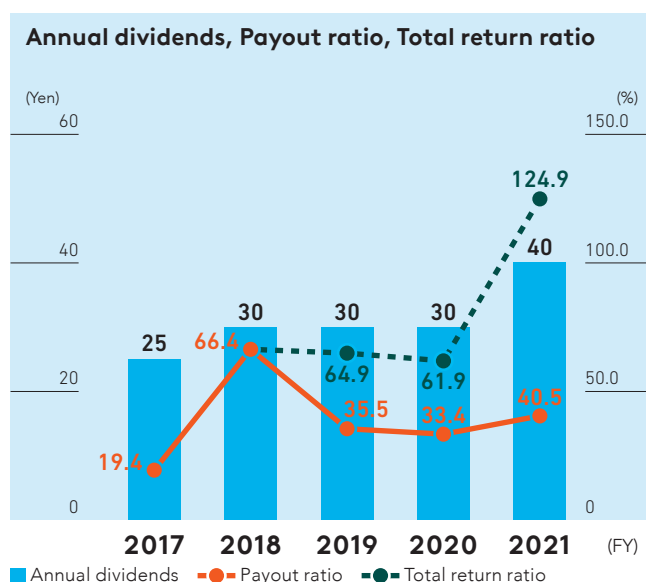
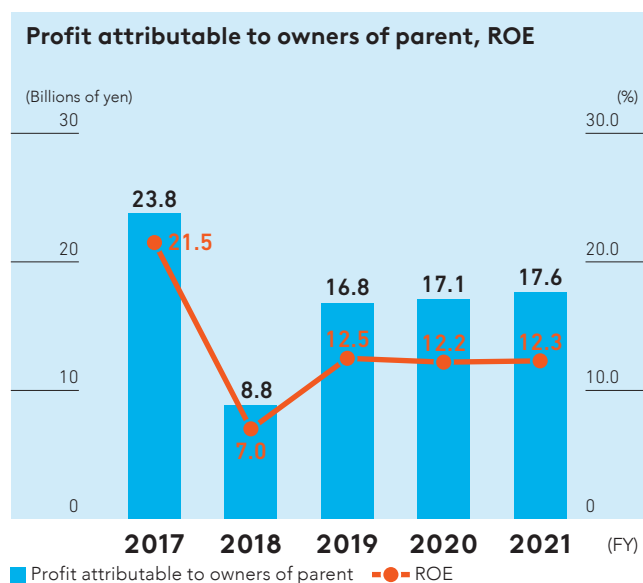
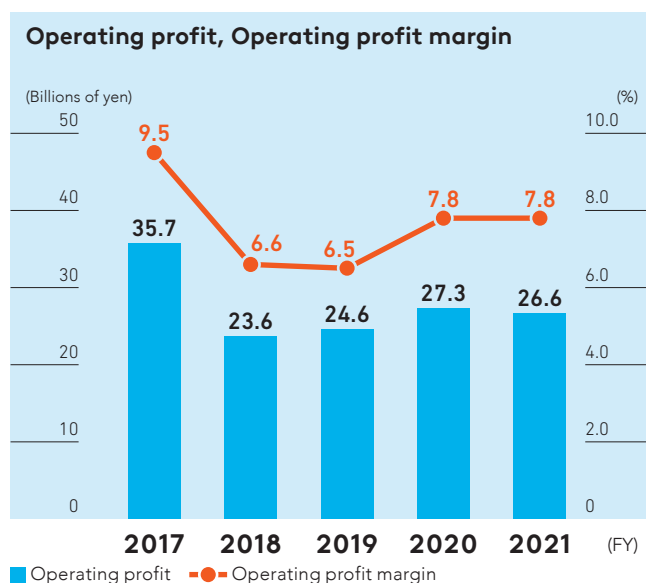
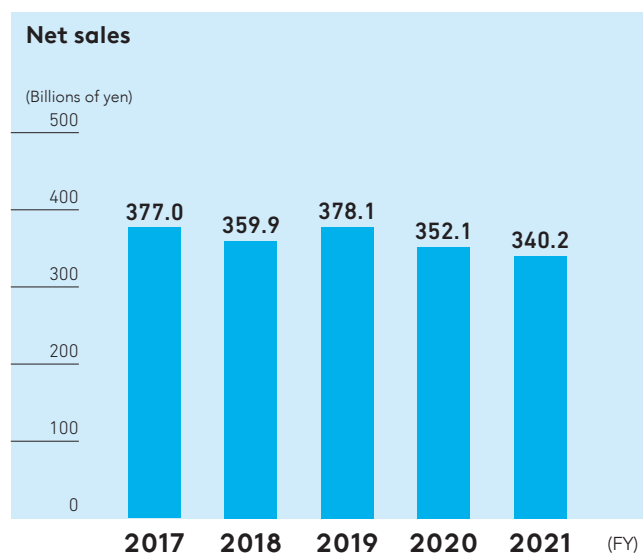
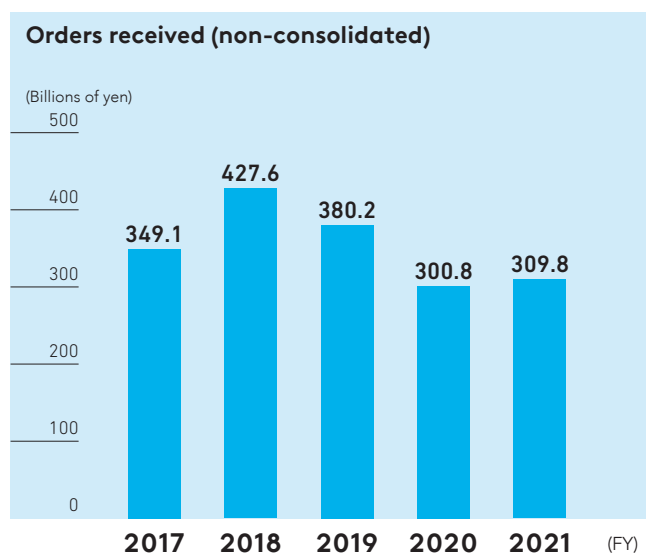


April 1976 Appointed public prosecutor
April 1990 Registered as an attorney-at-law and became a member of Yokohama Bar Association (currently Kanagawa Bar Association)
April 2009 Professor, Graduate School of Law, Yokohama National University
April 2016 External Audit & Supervisory Board member of the Company (to present)

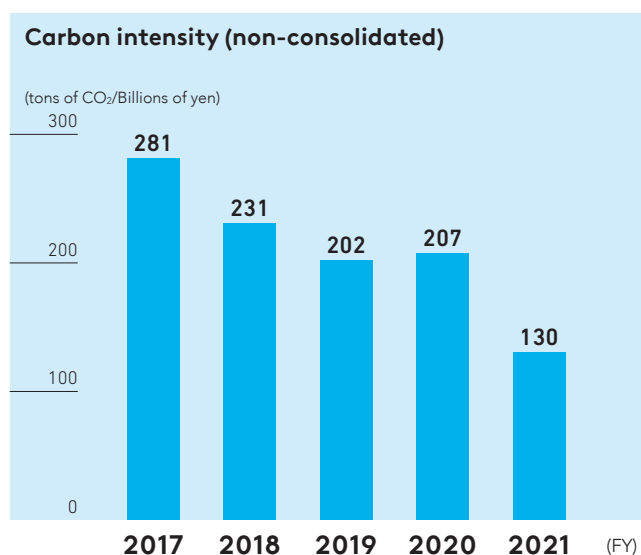
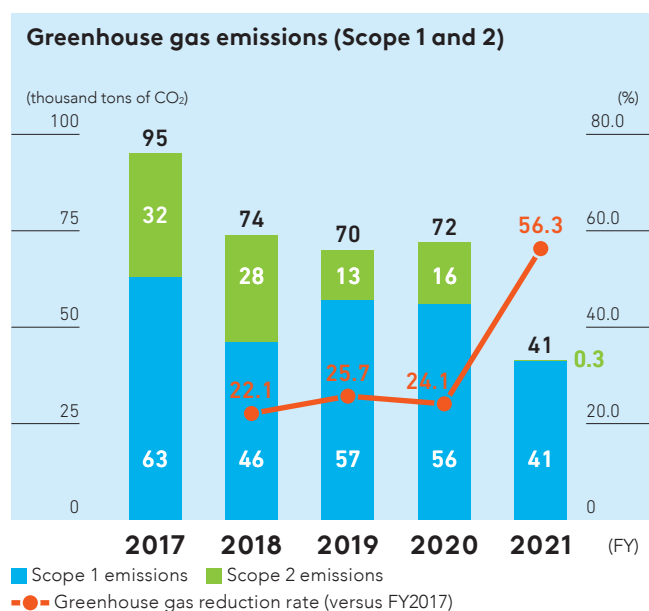
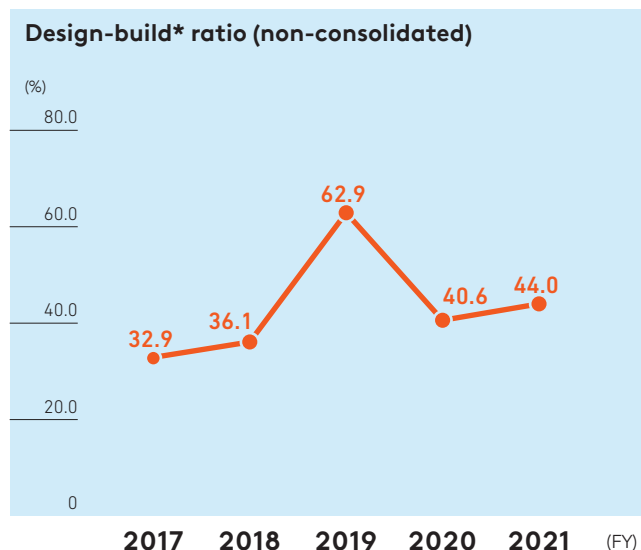
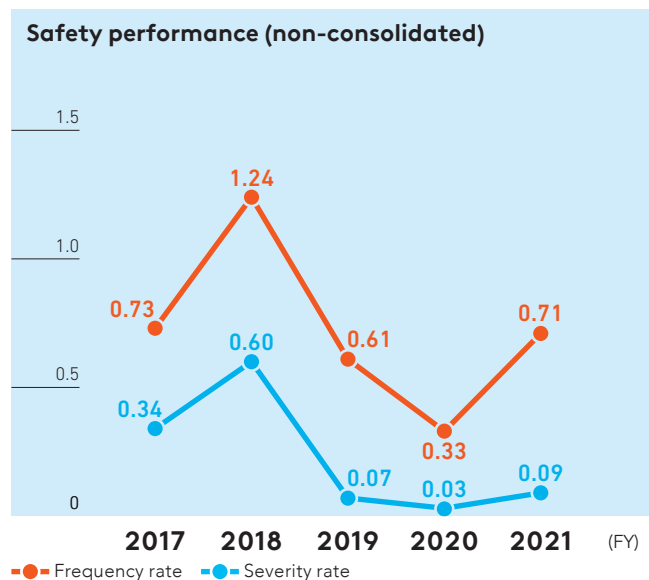
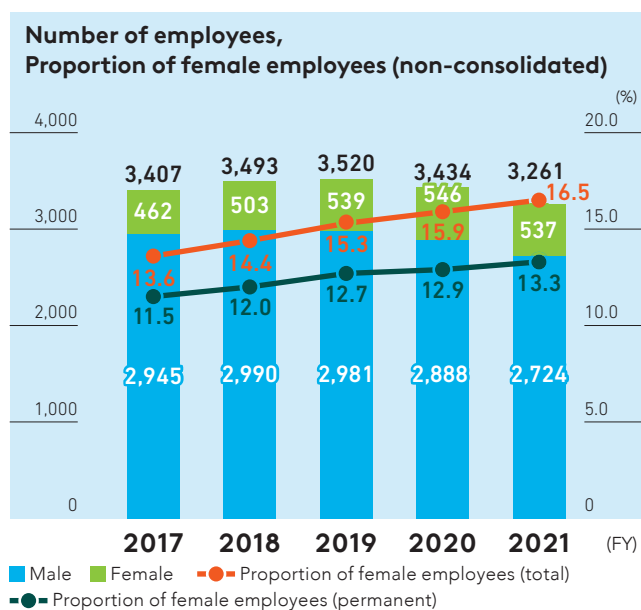
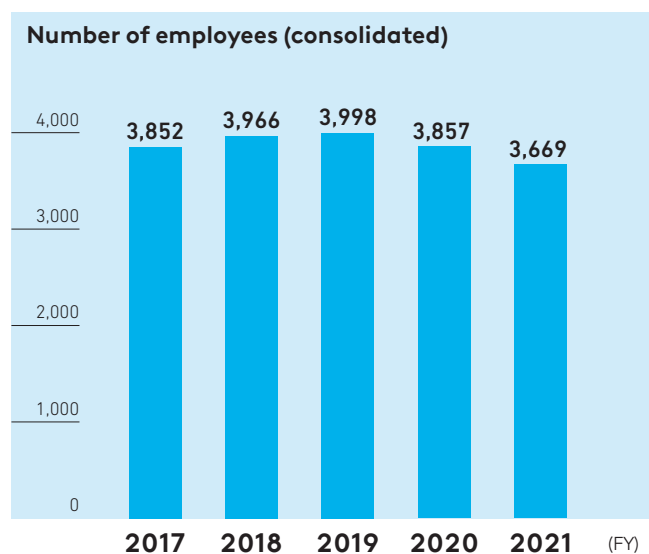
* Shigeo Kamimura and Masamitsu Takahara are independent officers.

Financial and Non-Financial Highlights

Financial Performance

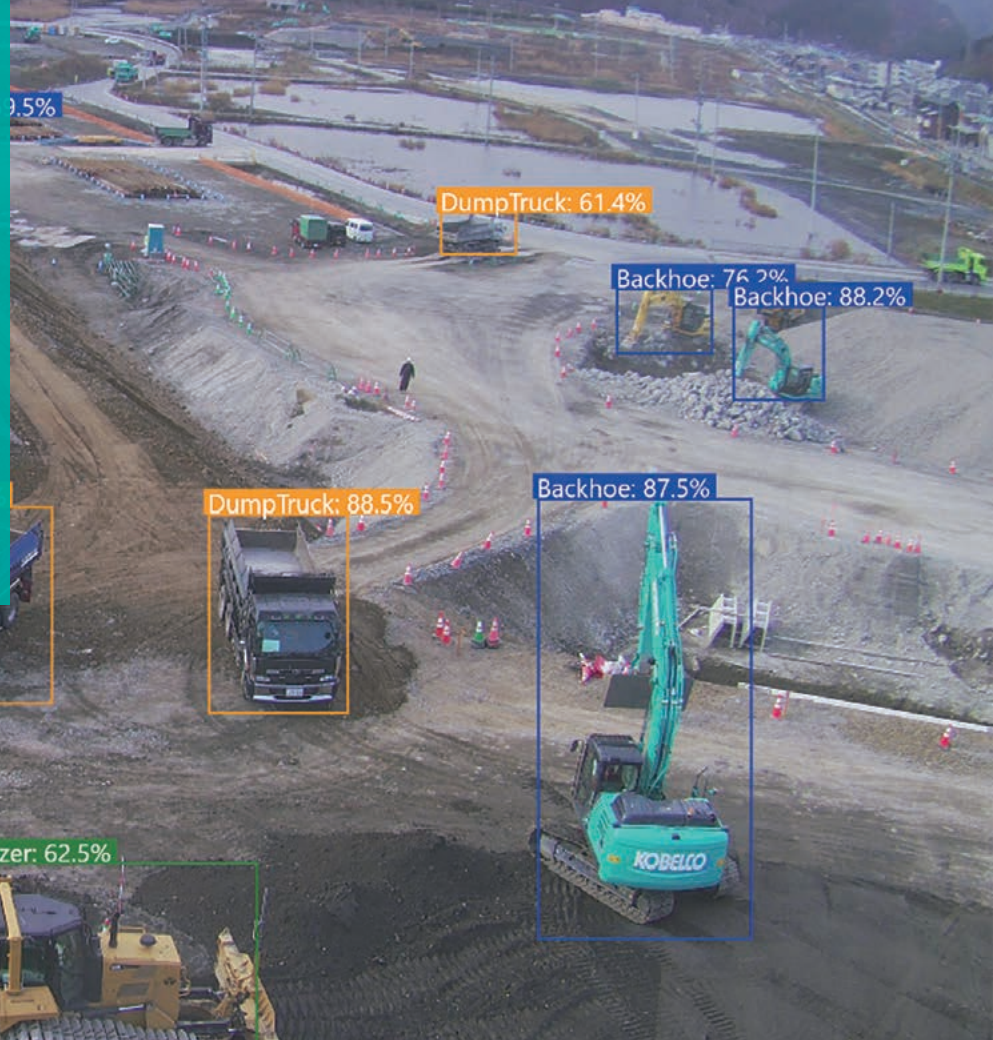


Non-Financial Performance



Civil Engineering

4K video-based progress management system:
disaster reconstruction work at the Otsuchi River floodgate.



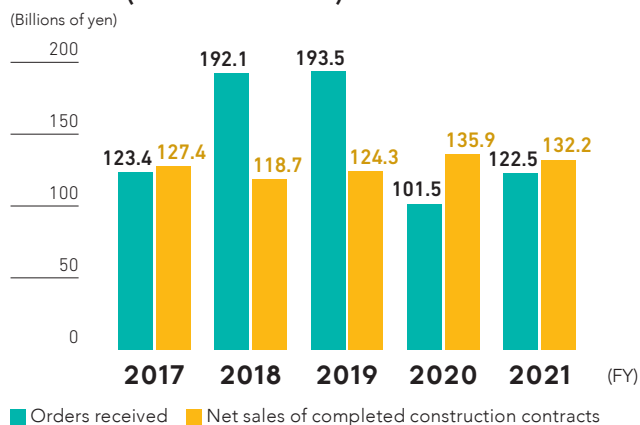
Business Performance and Outlook

Ongoing construction at projects in Japan made steady headway. While net sales of completed construction contracts and gross profit on completed construction contracts were down slightly year on year, profitability remains high.

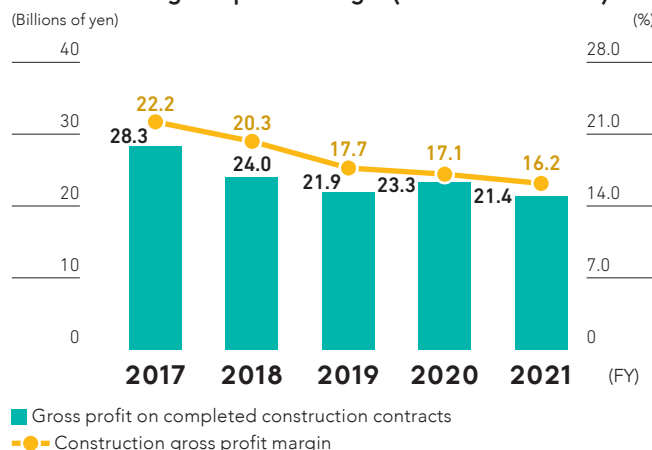
Going forward, we will continue to augment our efforts in large-scale infrastructure development projects that showcase our competitive technological capabilities. We will also draw on our experience, track record, and technological prowess in taking strategic actions to win orders in the maintenance and renewal market, including expressway renewal work, while continuing to pursue projects that address social issues, including initiatives to strengthen national resilience.

Meanwhile, we are stepping up automation and labor-saving initiatives to boost productivity and reform working styles, developing computerized construction technology that integrates technical capabilities we have acquired over the years with digital technology.

Orders received, Net sales of completed construction contracts (non-consolidated)
(Billions of yen)



Gross profit on completed construction contracts, Construction gross profit margin (non-consolidated)
(Billions of yen)



Growth Opportunities and Hazama Ando's Management Resources

Growth Opportunity ①

Ongoing large-scale projects such as the lines of linear railways, Shinkansen, and Tokyo metropolitan area railways

Management Resources

- Ongoing efforts in large-scale, high-difficulty construction capitalizing on a track record in urban civil engineering and technological superiority
- Ability to use precast concrete materials manufactured at plants owned and operated by the Group
- Technology development to enhance productivity, safety, and competitiveness

Achievements

- Development, verification of low-carbon precast concrete products
- Use of ICT, construction information modeling (CIM), and AI tools to develop more sophisticated, labor-saving construction technology and construction management
- Received an order for the Ishioka Tunnel at Kasumigaura Canal

Growth Opportunity ②

Expansion in the maintenance and renewal market

Management Resources

- Ongoing initiatives drawing on achievements in water treatment facility renewal work
- Drawing on knowledge from expressway deck replacement work under way to develop advanced construction technology

Achievements

- Used a CIM approach in maintenance and repair work
- Developed a precast concrete deck joining structure
- Received an order for Kizawa River Bridge deck replacement work; completed Gokuse No. 1 Bridge seismic reinforcement work

Growth Opportunity ③

Accelerating pace of efforts for disaster prevention and mitigation and reinforcing national resilience

Management Resources

- Ongoing initiatives for disaster prevention and mitigation facilities (rainwater reservoir pipes, rainwater retention basins, etc.) drawing on achievements in construction

Achievements

- Developed a ground improvement method and high-performance construction management technique related to national resilience
- Automated mountain tunnel construction work, developed advanced technology
- Completed floodgate civil engineering work for disaster reconstruction work in Area 1 of Otsuchi River, etc.

Social Impact Highlights

Reconstruction work from the Great East Japan Earthquake

Floodgate construction at Otsuchi River Alongside Area 1 and other river disaster reconstruction work

To guard against damage from high tides and tsunamis, we built a new floodgate at the mouth of the Otsuchi River, renovated the Kozuchi River floodgate, and built a new tsunami embankment between the two rivers. To protect salmon that swim in the Otsuchi River, said to be the birthplace of the renowned Aramaki salmon, there were restrictions on when construction in the river was allowed. Over a roughly eight-year construction period, we deployed several leading-edge technologies being developed in-house, including a 4K video-based progress management system, automated operation of soil compactors, and a deep cement stabilization method using a system to measure the position of mixing blades at great depths. These innovations enabled us to bring the project to completion.



Floodgates of the Otsuchi and Kozuchi Rivers.
Photo: Courtesy of Iwate Prefecture.

More sophisticated, streamlined construction with integrated mountain tunneling management system (i-NATM®)

Tamashima-Kasaoka Road Rokujoin Tunnel Construction

The Tamashima-Kasaoka Road is a 13.9-kilometer-long road in Okayama Prefecture connecting the cities of Kurashiki and Kasaoka, forming a section of the Kurashiki Fukuyama Road. The Rokujoin Tunnel is a 1,088-meter-long tunnel located along this road, in the city of Asakuchi. Hazama Ando deployed some of the underlying technologies we have been developing in our i-NATM® system, including a remotely controlled drilling jumbo—making its debut in Japan—and an AI-based system for obtaining geological information on the tunnel excavation site. This enabled us to realize highly advanced technology to improve productivity in mountain tunnel construction.



Rokujoin Tunnel.

* Received the 2021 Japan Society of Civil Engineers Award

Building Construction

AHPCa-Wall construction method:
Saginuma dormitory for single employees.

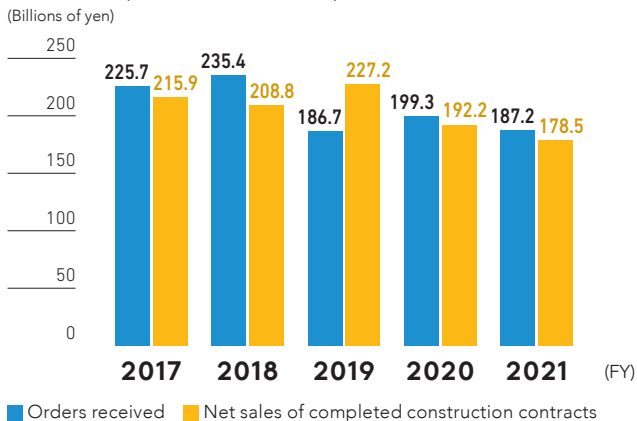


Business Performance and Outlook

Ongoing construction at projects in Japan made steady headway, and gross profit on completed construction contracts and the gross profit margin were up year on year. Nevertheless, uncertainties surrounding the outlook for global market conditions persist, while rising materials prices and other factors are intensifying the competitive environment for construction orders.

Our focus going forward is on making more robust proposals using the energy management technology we are currently testing and on reinforcing the life cycle support business. This will better position us to develop proposals that offer customers higher added value and efficiency. Meanwhile, we will work to win new projects by promoting the front loading of construction costs through the use of building information modeling (BIM) and move forward with initiatives to advance digital transformation in construction businesses to boost quality and productivity.

Orders received, Net sales of completed construction contracts (non-consolidated)
(Billions of yen)



Gross profit on completed construction contracts, Construction gross profit margin (non-consolidated)
(Billions of yen) (%)



Growth Opportunities and Hazama Ando's Management Resources

Growth Opportunity ①

Expansion in renewable energy-related markets, diversifying needs including environmental value, growth in maintenance and renewal markets

Management Resources

- Competitive ability to make proposals that capitalize on energy management technology, initiatives to deliver life cycle support for buildings

Achievements

- Participated in a biomass power generation project, moved ahead with the solar power generation PPA business
- Gained experience in solar power generation and ZEB businesses, augmented ability to propose carbon-neutral solutions based on next-generation energy projects now in testing
- Built trust by remaining by customers' sides over the long term with comprehensive services, further strengthening businesses that generate recurring profit

Growth Opportunity ②

Evolution and spread of productivity enhancement technology, IoT, AI, and robotics to support a declining population

Management Resources

- Development of AI- and BIM-based productivity enhancement technology and management systems, technology to expand use of precast concrete parts

Achievements

- Significantly enhanced accuracy and productivity through the use of an autonomous driving crack detection robot
- Developed an AI-based structural design support system
- Developed a high-volume design automation system for use at the planning stage

Growth Opportunity ③

Rising design-build* ratio

* Projects where the Company carries out both design and construction services.

Management Resources

- Design capabilities drawing on an array of achievements, benefits of front loading the construction process, cost competitiveness through the use of an overseas procurement network

Achievements

- Fortified design capabilities through a method of linking individual data components within a BIM database
- Created more opportunities to win orders by expanding the target areas of application-specific teams and participating in upstream projects
- Leveraged the procurement network centered on employing overseas steel foundries

Social Impact Highlights

Design and construction of a large-scale commercial facility serving as a local landmark

New construction of Aeon Mall Kawaguchi and new cinema complex

Hazama Ando tore down the former AEON MALL Kawaguchi, which has been a popular site in the local community for three decades since it opened in 1984, and took part in the rebuilding project, which involved tripling the site area and doubling total floor space. The design concept for the project was "Kawaguchi GREEN PARK," to transform the feel of the site from a cityscape to a park. The site exterior adopted a design that blends in with the surrounding environment. We were also able to help realize a facility that is responsive to changes in the social environment. For instance, in light of COVID-19, we incorporated enhanced ventilation and antibacterial and antiviral building materials, as well as enhancing facilities in the mall and food court that support the needs of customers with children.



Aeon Mall Kawaguchi.

Incorporating a broad array of new technologies to develop a new kind of employee dormitory

Planning of Saginuma dormitory for single employees

We designed and built a dormitory for single Hazama Ando employees in the city of Kawasaki in Kanagawa Prefecture. While paying particular attention to issues of privacy and crime prevention, we adopted a metal roof—even though the structure is made of reinforced concrete—to achieve a straight roof line, a feature not found in most residential complexes. Taking advantage of the fact that the building will be used by the Company, the construction made use of many of our unique technologies and expertise, including our new AHPCa-Wall precast construction method and low-carbon concrete. We also conducted a life cycle assessment and obtained carbon footprint certification for the building.



Saginuma dormitory for single employees.

Overseas Operations

Granbell Hotel Colombo.

Leveraging a Solid Track Record and Network to Contribute to the Development of Countries

Hazama Ando's overseas business started out in the Civil Engineering area in the 1960s, in Vietnam, Indonesia, Thailand, and other countries undergoing rapid development at the time. We then expanded into Latin America in the mid-1970s, and have built up a wealth of achievements largely associated with Overseas Development Assistance (ODA) projects. Our overseas Building Construction business dates back to prewar expansion into East Asia, and we boast a wealth of experience chiefly in the construction of plant facilities for Japanese- and foreign-affiliated firms.

The impact of COVID-19 gave rise to ongoing adversity in the business environment for the fiscal year ended March 2022. We continued to see delays in orders for ODA civil engineering projects. However, the Building Construction business saw a turnaround in project volume in North America, particularly in Mexico.



LAOS

Helping to boost electricity supply in Laos by expanding capacity of an existing hydroelectric power plant

Nam Ngum 1 Hydroelectric Power Plant Expansion

The objective of this ODA project is to increase the number of turbines at the existing Nam Ngum 1 Hydroelectric Power Station to meet growing demand for electricity in Laos accompanying economic growth there. The Company (as the former HAZAMA CORPORATION) began its involvement in building the Nam Ngum dam in 1971—we took part in the recent construction half a century later. While keeping the existing power plant running, the project involved many types of construction, such as building a new water intake by opening a hole in the existing dam, a first for Southeast Asia, and building a vertical shaft—a challenge without precedent even in Japan. Although the construction involved a high degree of difficulty, we completed it with zero accidents or injuries.



Nam Ngum 1 Hydroelectric Power Plant.

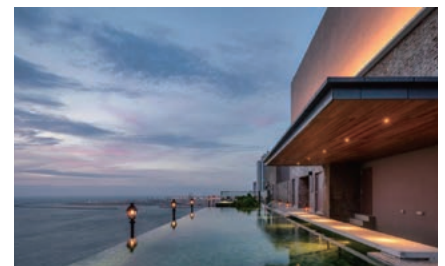


SRI LANKA

Design and construction of a super high-rise hotel along a coastal thoroughfare in Sri Lanka

Construction of Granbell Hotel Colombo for Belluna

Belluna, the publisher of a well-known fashion catalogue in Japan, recently built Granbell Hotel Colombo in Sri Lanka. Design supervision was the purview of Japanese architectural firm the range design INC. while Hazama Ando was responsible for actual design and construction. The hotel is located on Marine Drive, a thoroughfare that runs along the coast in Colombo, Sri Lanka's largest city. Made of reinforced concrete, the super high-rise hotel stands 27 floors above ground and has 292 guest rooms. This was the first project where we generated all construction drawings using a building information modeling (BIM) system, as well as the first time we have used the BIM method overseas. While helping to cultivate BIM operators locally in a country where construction technology is still developing, the BIM approach greatly enhanced productivity and quality and shortened the construction period.



Granbell Hotel Colombo.

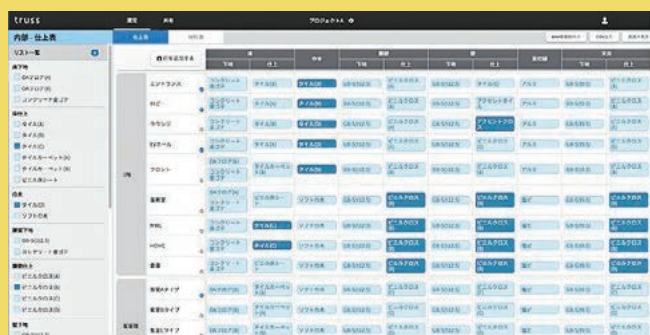
Collaboration with Startup Companies

Guided by Hazama Ando VISION2030, we are working to heighten the Group's ability to create value and help bring about a sustainable society. To this end, we are proactively pursuing initiatives that aim to create new businesses through investments in start-up companies and through open innovation. The following are examples of achievements in the fiscal year ended March 2022.



Truss: "compression" without changing existing design work flows

We established the Hazama Ando Accelerator Program 2019 to promote open innovation. After identifying Truss Inc. as a candidate under this program, we invested about 100 million yen in that company in December 2020, and are currently jointly developing a finishing scheduling system that draws on the truss cloud-based building materials selection service platform. By using this system, construction design departments will be able to realize operational improvements, including shortening the time needed to generate finishing schedules through the use of data and the ability to immediately share information on schedules. The system is currently used in design work, mainly for design-build projects. As part of creating an environment that facilitates design work done remotely, we plan to significantly reduce the space needed to store building mate-



Finishing schedule system.

rials catalogs, positioning the truss platform at the center of operations.

Wave-driven pumped storage power generation to meet energy needs

Technology venture Global Energy Harvest Co. recently began development of the world's first wave-driven pumped storage power generation system, a new way of generating energy by converting the energy of ocean waves into potential energy. We invested in the venture in November 2021, agreeing to underwrite its third-party share allotment. The technology uses the power of waves to pump circulating water through the system, converting it into potential energy. Combining this with existing micro-hydroelectric power generation technology makes possible a stable supply of energy. This project is a good fit with the renewable energy business and initiatives to achieve carbon neutrality that are strategic focuses for Hazama Ando. From the perspective of ESG investment as well, the investment in Global Energy Harvest is expected to help address the issue of ensuring electric power supply on remote islands.

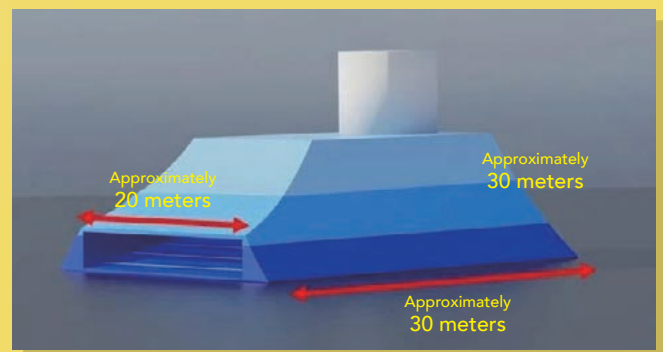
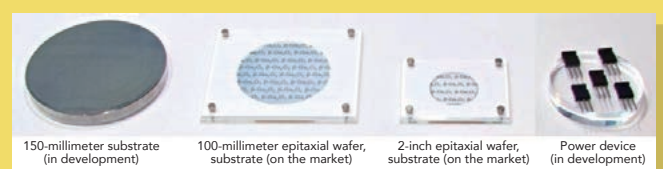


Image of completed generation system.

Joint R&D with a new-generation power device venture to bring about a carbon-neutral society

Technology venture Novel Crystal Technology, Inc. is conducting R&D into β -type gallium oxide, which promises application as a semiconductor for the new-generation power devices Japan is working to create. We invested in the venture in February 2022, agreeing to underwrite its third-party share allotment. Through this investment, we plan to start joint R&D into various energy business-related initiatives currently underway, including the renewable energy business, ZEB technology development, and next-generation energy projects. Part of the R&D will make use of our own research facilities, and will include trial demonstrations of Novel Crystal Technology's new technologies, such as for low-loss semiconductors.



Flagship semiconductor products of Novel Crystal Technology.

Overview of Sustainability Strategies

Materiality ①

Helping to solve social issues and create value for society

Key Themes and Indicators, Targets

Creating new value in various facets of our businesses and flourishing alongside the communities we serve as we move toward the realization of a sustainable society

Key CSR Themes

Achieving the satisfaction of society and customers and earning their trust

Working in harmony with the communities we serve

Relevant SDGs



Key Performance Indicators, Achievements for Each SDG (initial fiscal 2021 basis)

Core SDGs	Key Performance Indicators	Metrics	Deadline (FY)	Achievements in Fiscal 2021
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul style="list-style-type: none"> Productivity improvement Patent applications 	Over 10% (compared to fiscal 2020) 75/year	2025 2025	1.8% 41
11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Number of on-site tours Environmental and social contribution activities (volunteer activities, participation in clean-up activities, etc.) <ul style="list-style-type: none"> Civil engineering sites Building construction sites Offices 	100 or more tours/year 3 times/site 3 times/site 80 times/year	Every year 2021	100 or more tours/year 4.0 times 3.5 times 96 times



Why It Matters

The construction industry helps to uphold society by creating infrastructure that is indispensable to the lives of people. Developing sophisticated, resilient construction technology and methods, and carrying out construction in various regions in harmony with the communities we serve is the vital impact Hazama Ando is called on to make on society. Our mission is to take on the challenge of helping to address social issues the world is currently facing, specifically in terms of developing and renewing the foundational infrastructure of society. We do this through high-quality, leading-edge building operations made possible by management resources we have accumulated over many years. This mission is expressed in Hazama Ando VISION2030, which calls us, among other things, to create customer and shareholder value. Our main strategy for carrying out this mission will involve systematic actions guided by the materiality theme of helping to solve social issues and create value for society.



Ongoing Monitoring and Response to Risks and Opportunities

In line with moves to build disaster prevention and mitigation technology into infrastructure and reinforce national resilience, we are currently engaged in projects in various regions, ranging from infrastructure development and redevelopment projects to manufacturing, retail, and logistics facilities. In addition to safety and resilience, customers look for high-quality construction approaches to help achieve carbon-neutrality, longevity, and greater convenience. Our challenge is not only to consider the impact of construction on the surrounding environment but also to address the problem of a shrinking, aging construction workforce, boosting labor efficiency through enhanced productivity at construction sites by means of ICT and other creative approaches.

Striving for innovative, sustainable building operations, Hazama Ando is accelerating the creation of a construction framework that makes greater use of leading-edge technology and precast concrete materials and applying this to a broader range of projects. We are also actively reaching out to members of the local community to do business in harmony with the communities we serve.

Social Impact Highlights

Participating in many expressway renewal projects

Tohoku Expressway Takina River Bridge Floor Slab Replacement Work

About 40% of the expressways operated by East Nippon Expressway Co., Ltd. (NEXCO), such as the Tohoku and Joban Expressways, have been in service for over three decades and are significantly aging and deteriorating. NEXCO is undertaking a large-scale campaign to renew and repair bridges, tunnels, and other road facilities in numerous locations. We took part in a project targeting bridges crossing the Takina and Kuzumaru Rivers, located between the Hanamaki and Shiwa interchanges on the Tohoku Expressway. The goal was to replace the aging reinforced concrete deck with a precast prestressed concrete deck. The project entailed great difficulty. Periods when work had to be suspended (busy year-end holidays, Golden Week holidays in the spring, the coldest parts of winter, etc.) were decided in advance. Our task was to work around these periods in replacing the decks. Moreover, because construction necessitated single-lane traffic, deck work had to be done separately for each bridge. Nevertheless, we completed the project without incident.

We see expansion in the infrastructure maintenance and renewal market as a growth opportunity. Taking advantage of

the three precast concrete plants owned by the Hazama Ando Group, we are targeting deck replacement work for numerous roads of NEXCO and other road operators.



Tohoku Expressway Kuzumaru River bridge.

Photo: Courtesy of East Nippon Expressway Co., Ltd.

Protecting and being attuned to the natural environment

Key Themes and Indicators, Targets

Contribute to the realization of a carbon-free, recycling-oriented society with a low environmental impact to pass on the earth's abundance to the next generation

Key CSR Themes

Relevant SDGs

Creating environmental abundance



Key Performance Indicators, Achievements for Each SDG (initial fiscal 2021 basis)

Core SDGs	Key Performance Indicators	Metrics	Deadline (FY)	Achievements in Fiscal 2021
13 CLIMATE ACTION	<ul style="list-style-type: none"> CO₂ emission reduction rate (Scope 1 and 2, consolidated) Proportion of A rank or higher in the simplified CASBEE rating (Comprehensive Assessment System for Built Environment Efficiency) 	33% (compared to fiscal 2017) Over 60%	2030 2021	56.3% (using non-fossil fuel certificates) 60%
7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> Number of ZEB projects Proportion of renewable energy used for electricity (consolidated) 	5 80%	2021 2030	2 90% (using non-fossil fuel certificates)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> Serious environmental incidents Recycling of construction site waste <ul style="list-style-type: none"> Civil engineering: Reduction of overall mixed waste volume Building construction: Reduction of mixed waste intensity at new construction projects 	0 cases 1.0 ton/construction cost (100 millions of yen) 7 kg/total floor space (m ²)	2021 2021	0 cases 0.62 tons 4.06 kg



Why It Matters

The construction sector confronts a broad array of environmental issues, such as global warming that shows no signs of being contained, escalating resource problems, and pollution that threatens not only human beings but also biodiversity. In addition to addressing these issues through our own business activities, society as a whole must work together to implement environmental measures. It is the task of the entire human community to pass on an abundant natural environment to subsequent generations, and this desire is what underlies the call of Hazama Ando VISION2030 to create environmental value. Based on the material issue of protecting and being attuned to the natural environment, we are steadily pressing ahead with actions to achieve our medium-term environmental goals and targets over the next three years. These will guide us as we aim to maximize the positive impact of our company and society on the environment.



Ongoing Monitoring and Response to Risks and Opportunities

The United Nations' declaration of the SDGs turned world attention toward the need for environmentally aware business activities. The construction sector faces ardent calls to build environmental solutions that address an array of issues, beginning with curbing global warming but also extending to ensuring the cyclical use of materials, preserving biodiversity, and controlling water and air pollution.

Responding to these calls, Hazama Ando is pursuing environmentally oriented management by means of our own internal environmental management approach and construction that offers superior environmental performance. Addressing global warming in particular has become an issue of urgent concern. In this regard, we are seeking to more reliably identify risks and opportunities and incorporate them into our business strategies, and are accelerating our creation of environmental value, such as by participating in the Science Based Targets (SBT) and RE100 (Renewable Energy 100%) initiatives in the fiscal year ended March 2020, and beginning disclosure based on TCFD recommendations in the fiscal year ended March 2022.

Social Impact Highlights

Procuring 100% renewable energy for electricity used in business activities

Surpassing fiscal 2030 target for use of electricity from renewable energy sources

In the fiscal year ended March 2022, we procured all electricity used in the Group's business activities from renewable energy sources. This put us above the interim target set under the RE100 initiative for the relevant fiscal year (80% use of electricity from renewable energy sources in fiscal 2030). In terms of greenhouse gas emissions, we achieved a reduction of 16 thousand tons of CO₂ for the year.

Electricity from renewable energy sources also includes power generated by solar power equipment installed at our various bases. We also procured electricity by combining electricity derived from renewable energy sources provided by retail electricity suppliers with purchases of non-fossil fuel certificates*.

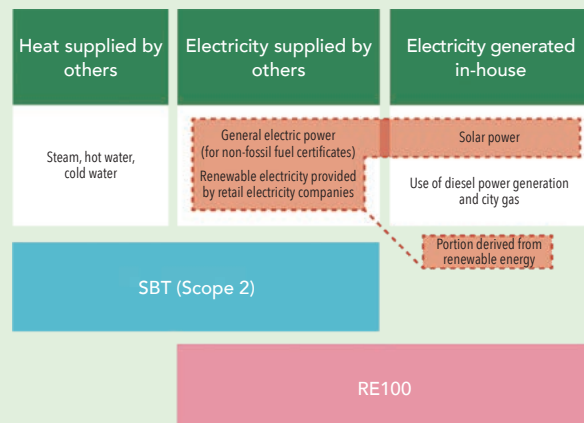
These actions form part of our own commitment to meeting the targets set out by the SBT and RE100 initiatives. We also work to help customers reduce emissions in their own supply chains.

Going forward, with our sights set on achieving the SBT and RE100 targets, we will procure renewable energy and participate in renewable energy projects, while also accelerating development of next-generation energy management systems.

The Hazama Ando Group is pressing forward to help bring

about a carbon neutral, circular society, to leave a fertile global environment to the next generation.

* Non-fossil fuel certificate: A certificate attesting to the environmental value of not emitting CO₂, including through electricity generated from non-fossil fuel sources (i.e., solar power, wind power, etc.), separate from electricity.



* Of electricity generated in-house, diesel power generation and city gas use are excluded from the RE100 results.

Disclosure of Climate Change Information Based on TCFD Recommendations

Hazama Ando declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) in August 2021, joining the TCFD Consortium. We began making disclosure based on the TCFD recommendations in October 2021.

The Group considers addressing climate change to be one of its most important management issues. We are putting various initiatives in place, guided by our commitment to the material issue of protecting and being attuned to the natural environment.

Meanwhile, we stepped up the pace of efforts to achieve longer-term greenhouse gas emissions reduction targets, through obtaining target approval by the SBTi and participation in the RE100 initiative in 2019. Going forward, we will take further efforts to achieve decarbonization and help bring about a sustainable society by pursuing climate change-related disclosure in line with the TCFD recommendations.



Task Force on Climate-related Financial Disclosures (TCFD)

In response to a request from the G20, the Financial Stability Board (FSB), which includes the participation of central banks, financial authorities, and international organizations, established the Task Force to consider the means of climate change-related disclosure and the response of financial institutions.

The TCFD's Final Report, published in 2017, recommends that companies assess the financial impact on their management of risks and opportunities arising from climate change and make disclosure under the categories of governance, strategy, risk management, and metrics and targets.

Governance

The Company's Governance Framework for Managing Risks and Opportunities Stemming from Climate Change

- The Environmental Strategy Committee, chaired by a vice president, deliberates on risks and opportunities arising from climate change. The committee includes representatives from the business divisions and other executives. Meeting four times a year, members seek to identify risks and opportunities, analyze potential impact should they materialize, and consider measures in response. Results of deliberations are reported to the Board of Directors through the Management Committee.
- The Internal Control Committee, an advisory body to the Board of Directors, examines and deliberates on the management of risks that may significantly impact business, including climate change, reporting to the Board of Directors. The committee is working with the Environmental Strategy Committee to address risks arising from climate change.

The Company's organizational framework for addressing climate change is shown below.



Strategy

Climate Change-Related Risks and Opportunities Identified through Scenario Analysis, Financial Impact on Our Businesses

- We are carrying out scenario analysis for 2030 and 2050, assuming 1.5°C, 2°C, and 4°C future temperature increase scenarios.

Climate change risks and opportunities that affect our business and their degree of importance

Risks

Category	Risk type	Risk factors	Financial impact on the Group if the risk materializes	Degree of impact	
				4°C scenario	1.5°C to 2°C scenario
Transition risk	Policy and legal	Introduction of carbon pricing	Higher materials procurement costs due to the introduction of carbon pricing The expectation that carbon tax, as a way of pricing greenhouse gas emissions, will increase. This will be accompanied by higher energy costs in terms of the manufacturing cost of raw materials and higher prices of raw materials.	—	Large
			Higher energy procurement costs due to the introduction of carbon pricing The expectation that carbon tax, as a way of pricing greenhouse gas emissions, will increase. This will be accompanied by higher direct procurement costs for the Group for fuel, electric power, and heat energy.	—	Medium
Physical risks	Chronic	Higher average summer temperatures	Lower productivity of construction workers due to heat stress The expectation that productivity will decline as average temperatures rise and working environments at construction sites worsen. This will be accompanied by higher labor costs due to an increase in overall working hours or in the number of personnel.	Large	Medium
			Higher costs of measures to respond to health hazards (heat stroke, etc.) for skilled construction workers The expectation that climate change will cause cyclones, flooding, and other natural disasters to become more severe and more frequent. This will cause disruptions to the supply chain, leading to higher materials procurement costs and construction delays. It will also cause damage to the Group's construction sites, leading to higher labor costs and construction site costs and construction delays.	Small	Small
	Acute	Greater severity and frequency of natural disasters	Higher materials procurement costs due to supply chain disruptions; higher labor costs and construction site costs and delays due to damage at construction sites The expectation that climate change will cause cyclones, flooding, and other natural disasters to become more severe and more frequent. This will cause disruptions to the supply chain, leading to higher materials procurement costs and construction delays. It will also cause damage to the Group's construction sites, leading to higher labor costs and construction site costs and construction delays.	Medium	Small

Opportunities

Category	Opportunity type	Opportunity factors	Financial impact on the Group if the opportunity materializes	Degree of impact	
				4°C scenario	1.5°C to 2°C scenario
Opportunity	Energy source, market	Use of decarbonized energy sources	Higher investment in construction of renewable energy power generation facilities The expectation that demand for decarbonized energy sources (renewable energy) and for construction of facilities related to renewable energy will increase, as will related construction sales.	Small	Medium
			Higher new construction orders stemming from energy management proposals The expectation that demand for decarbonized energy sources (renewable energy) will increase, and related construction sales will increase on the back of higher new construction orders related to energy management.	Medium	Large
	Products and services	Development, expansion of decarbonized products and services	Wider adoption of ZEB and high added value The expectation that demand for decarbonized energy sources and buildings will increase, yielding growth in demand for next-generation energy management and ZEB technologies.	Large	Large
			Higher demand for energy-saving renovations The expectation that demand for decarbonized energy sources and buildings will increase, yielding growth in demand for energy-saving renovations of existing buildings and higher sales for the Group.	Medium	Large
		Disaster prevention and mitigation, national resilience	Higher demand for disaster prevention and mitigation and national resilience construction The expectation that demand for disaster prevention and mitigation and national resilience construction will increase to adapt to increasingly severe natural disasters, yielding higher related construction sales.	Large	Large

Materiality ②

Protecting and being attuned to the natural environment

- The Hazama Ando Group revised its Environmental Policy in April 2018 to further accelerate environmentally oriented management aimed at bringing about a low-carbon, circular society that can coexist with the natural environment. Starting in the fiscal year ended March 2020, based on new three-year environmental objectives and targets, we are steadily putting environmental practices in place. We are also taking actions to help bring about a carbon-free society by obtaining target approval from SBTi and participating in the RE100 (Renewable Energy 100%) initiative.
- Specifically, we are pursuing the following measures (including measures under consideration) to avoid risks and seize opportunities.

Response to risks and opportunities

Response to carbon pricing risk



- Use low-carbon materials (low-carbon cement, etc.)
- Use diesel fuel alternatives (biodiesel fuel, gas to liquid fuel, etc.)
- Secure, use renewable electricity
- Continue energy-conservation activities including operational efficiency and productivity improvements

Response to risks caused by increasing severity and frequency of natural disasters



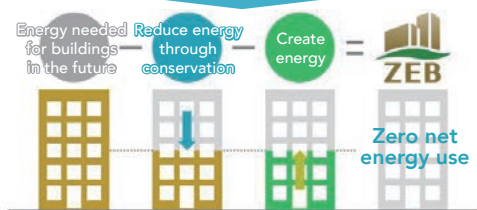
- Implement disaster prevention and mitigation and business continuity plan measures

Seizing opportunities for use of carbon neutral energy sources



- Apply extensive experience in power plant construction and technological capabilities to renewable energy plants
- Develop and expand services for next-generation energy management systems

Seizing opportunities to develop and expand carbon neutral products and services



- Actively propose projects using advanced ZEB technology and in-house design
- Implement comprehensive services centered on energy-conserving renewal technology (life cycle support business)

Disaster prevention and mitigation, national resilience



- Continue initiatives to win large-scale, highly difficult construction projects that leverage our track record and technological superiority



Details of our activities

- p. 15 Medium-Term Management Plan: Actions in Our Four Value Creation Strategies, Key Measures that Show Value Creation
- p. 19 Innovation Front CASE 1
- p. 38 Collaboration with Startup Companies
- p. 40 Materiality 1 Social Impact Highlights
- p. 42 Materiality 2 Social Impact Highlights
- Sustainability Report
- Materiality 3 Business Continuity Plan Training

Risk Management

Process for Identifying, Assessing, and Managing Climate Change-Related Risks

- The Company has identified the risks and opportunities stemming from climate change under the guidance of the Environmental Strategy Committee.

- Specifically, with an eye to Hazama Ando's supply and value chains, we are identifying the impact on the Group as a whole and possible impact on various processes, from development and design to materials procurement, construction, maintenance, and repair, and forecasting the financial impact that could occur under 4°C, 2°C, and 1.5°C scenarios. Moreover, we are using the following categories as assessment criteria: frequency, period of impact, magnitude of impact, relevance to core businesses, likelihood of occurrence, and timing of occurrence. Using these criteria, we have comprehensively assessed various risks and opportunities, assigning a degree of importance of high, moderate, or low.
- We are conducting risk management throughout the Group, with the Environmental Strategy Committee and the Internal Control Committee taking the lead, under the supervision of the Board of Directors, in formulating policies and measures to avoid, mitigate, transfer, and retain risks that have been identified. We are also monitoring measures that have been implemented and their effectiveness.

Metrics and Targets

Metrics Using Climate-Related Risk and Opportunity Analyses, and Correlation with and Targets for Scope 1, 2, and 3 Emissions

- The Company's Scope 1, 2, and 3 emissions are metrics that are impacted by climate-related risks and opportunities. For example, the adoption of a new carbon tax will lead to financial impacts such as higher energy costs and higher prices for materials to be procured.
- Scope 1, 2, and 3 emissions serve as parameters (metrics) that are directly linked to financial impacts, so we are striving to reduce Scope 1, 2, and 3 emissions in order to mitigate this impact. As part of this effort, in December 2019 we raised GHG emissions reduction targets approved by SBTi and also joined the RE100.

SBTi approval of greenhouse gas reduction targets

Scope 1 + 2* reduction rates

Fiscal 2030: **33% reduction**
(compared to fiscal 2017)

* Scope 1: Direct emissions associated with fuel use. Scope 2: Indirect emissions associated with the use of electricity, etc.

Scope 3* reduction rate

Fiscal 2030: **22% reduction**
(compared to fiscal 2017)

* Scope 3: Other indirect emissions in the supply chain

RE100 targets for electric power from renewable energy sources

Ratio of electric power from renewable energy sources used in business activities

Fiscal 2030: **80%**

Fiscal 2050: **100%**

- The Group's greenhouse gas emissions and ratio of electric power from renewable energy sources in the most recent fiscal year are disclosed on the corporate website and in the Sustainability Report.
- Going forward, we will take actions to mitigate risks and seize opportunities associated with these metrics. To pass on an abundant global environment to the next generation, the Group will steadfastly pursue initiatives to bring about a carbon-free, circular society.

Promoting sustainable management and taking full responsibility for corporate actions

Key Themes and Indicators, Targets

Realize fair and honest business practices across the supply chain as the foundation for sustainable management




Key CSR Themes

Conducting fair and honest corporate activities
Creating safe, comfortable working environments
Engaging in dialogue with stakeholders

Relevant SDGs



Key Performance Indicators, Achievements for Each SDG (initial fiscal 2021 basis)

Core SDGs	Key Performance Indicators	Metrics	Deadline (FY)	Achievements in Fiscal 2021
	<ul style="list-style-type: none"> Serious work-related accidents Frequency rate 	0 cases 0.40 or less	Every year 2021	0 cases 0.71
	<ul style="list-style-type: none"> Ratio of female employees (full-time) 	15% or more	2025	13.3%
	<ul style="list-style-type: none"> Eight or more closures in four weeks (excluding sites where such closures are unfeasible) <ul style="list-style-type: none"> Civil Engineering Building Construction CCUS card clock-in rate Information security course attendance Compliance training attendance 	100% 100% 40% 100% 100%	2021 2021 Every year Every year	96.3% 91.0% 46% 100% 100%



Why It Matters

To realize sustainable management, Hazama Ando must not only augment our social and environmental efforts but also pursue fair and honest business practices. Above all, as indicated in the call of Hazama Ando VISION2030 to create employee value, it is necessary to build strong relationships, both with our own employees and with partner firms, that foster the co-creation of value. This is not only grounded in respect for human rights, but also involves promoting health and safety, empowering women in the workplace, and ensuring that all our trade practices are fair.

From this perspective, promoting sustainable management and taking full responsibility for corporate actions, which we have identified as a material issue, means building off a foundation of ESG-oriented management to foster a corporate culture in which all employees think and act responsibly, and to pursue uncompromising corporate social responsibility across the supply chain so that we can maximize our positive impact.



Ongoing Monitoring and Response to Risks and Opportunities

In their management approaches, companies today are called to the rigorous pursuit of two values: embracing and capitalizing on diversity, and respecting the basic human right to safe, fulfilling “decent work.” With consideration of our particular business characteristics, Hazama Ando is focusing on fostering a corporate culture in which both values are put into practice. With regard to occupational health and safety, based on lessons learned from fire accidents in the past, we have upgraded training menus, revised on-site manuals, and reinforced the implementation framework. Regarding embracing diversity, we continue not only to put in place systems to ensure diversity but also take actions to raise awareness at all of our workplaces.

To ensure that these measures are carried out, it is essential to instill a keen, shared awareness of human rights and compliance. To this end, we are cooperating with partner companies to strengthen practices across the entire supply chain.

Social Impact Highlights

Actions to Promote Diversity and Inclusion

Third Women’s Forum

Our efforts to promote diversity and inclusion include the empowerment of women. In March 2022, we held a Women’s Forum in an online format. The Women’s Forum was started with the aim of further boosting the motivation of female employees, as well as to contribute to the ongoing reform and cultivation of a culture that allows everyone to play an active role.

This year’s Forum involved a lecture by the director of NPO Fathering Japan, Takayuki Kawashima. He stressed that empowering women in society requires changing corporate cultures and raising employee awareness. In part, this involves fostering a work environment that is supportive of men also playing an active role at home. Bosses in particular are called on to lead working style reform in the workplace and become supporters* of their subordinates’ success. Kawashima also explained the concepts of better tapping into the potential of subordinates and the willingness of bosses to reframe their thinking about performance, as well as building stronger teams. Going forward, we will continue to carry out similar activities, aiming to create a company that facilitates the active participation of diverse human resources, where all employees can design lifestyles that are both fulfilling and relatively stress-free.



Women’s Forum online lecture.



Comments by external board directors.

* Kawashima referred to the term “Iku Boss” (from the Japanese words for “childcare” and “boss”), which is used to describe superiors (executives and managers) who give consideration to the work-life balance of their teams in the workplace and support the careers and lifestyles of subordinates, achieving results for the organization while also enjoying their own work and private lives.

Occupational Health and Safety

Prevention of Work-Related Accidents and Safety Performance

Safety patrols are a key part of our safety management. We are carrying out both actual on-site patrols at construction sites and remote patrols at more distant locations in Japan and overseas using ICT tools. The advantages of remote patrols include cutting down on travel time and expenses as well as better efficiency, since they allow the situation on the ground to be confirmed immediately in the event of an accident. Members conducting on-site patrols start by taking part in the daily morning safety assembly at a site, placing emphasis on interacting with on-site staff and personnel from partner companies in a spirit of working together to improve safety awareness.

In terms of safety training, in addition to conventional group training, we have introduced video-based and remote training to more widely disseminate our safety initiatives.

Nonetheless, although there were no fatalities or other serious work-related accidents in the fiscal year ended

March 2022, the number of work-related accidents increased and the frequency rate worsened. Similarly, the number of business operator-related accidents and third-party or public accidents turned upward from the previous year, giving rise to concerns about a decrease in safety awareness and inadequate confirmation by workers and foremen, including insufficient work procedures and work plans or working without prior confirmation.

Despite having responded to numerous traffic accidents by issuing notifications in the fiscal year ended March 2021, the ratio of such accidents rose to 22% of all work-related accidents in the fiscal year ended March 2022. We will continue taking actions to reduce traffic accidents, including ongoing education of vehicle operators by means of health and safety conferences. We will continue to work with partner companies to reduce traffic accidents through enhancing compensation, offering driving instruction, and other measures.

Safety performance

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Frequency rate	0.73	1.24	0.61	0.33	0.71
Severity rate	0.34	0.60	0.07	0.03	0.09

Frequency rate indicates the prevalence of work-related fatalities and injuries per 1 million working hours. Average among 15 general construction companies: 0.50 (fiscal 2020). Severity rate indicates the degree of the disaster, in terms of the labor loss days per 1,000 working hours.

Digital Transformation in Safety: Efforts to Analyze Work-Related Accident Data

We are rolling out new ICT tools and pursuing digital transformation to improve operational efficiency and reform working styles. In the area of occupational safety, in the fiscal year ended March 2022 we worked to visualize data related to work-related accidents, third-party or public accidents, and safety patrol results.

We compiled a database of information on accidents that have occurred since Hazama Ando's foundation and developed tools for analyzing the data. In addition to standard graphs and lists, users can create their own graphs and analyze data themselves. By allowing anyone to easily analyze past accident data from various angles, such as accident trends by type of construction, day of the week, time of day,

age of victims, and years of experience, the system enables us to quickly confirm accident information that matches the characteristics of a particular construction project, leading to more robust safety measures.

Hazama Ando will continue to actively harness digital transformation as a tool to eliminate work-related accidents.

Database features

- Database of work-related accidents and heat strokes causing four or more days off work, less than four days off work, and no days off work
- Database of third-party or public accidents
- Database of safety patrol results



Visualization of data from the database.

Improving the Working Environment

Actions to improve the working environment

Hazama Ando VISION2030 calls for us to create employee value. To do this, we are putting in place working style reforms, taking steps to achieve mental and physical health as well as a work-life balance, and implementing support for diverse working styles. In this way, we aim to realize enhancements in the sense of well-being and in the motivation of employees.

(1) System to support working remotely

As part of our actions to enable diverse and flexible working styles, we have expanded opportunities for employees who face time constraints, such as the need to balance childcare or long-term care and work. In July 2021, we introduced an official system for working remotely to make the most effective use of designated working hours and boost productivity.

The system allows employees to work from home as well as from various sales offices in the Tokyo metropolitan area we have set up to serve as satellite offices. We also intro-

duced a work-at-home allowance to compensate for various costs incurred by working remotely.

Furthermore, we developed a handbook to help address any reservations employees had about working remotely while also encouraging them to work autonomously.



Handbook on working remotely.

(2) Targets for measures to reduce overall working hours

Evaluation criteria in our personnel evaluation system (job evaluation) include measures to reduce working hours and time management behavior. Rather than setting a uniform

goal for overtime, each workplace or individual takes their own initiative to improve work efficiency and productivity. This will lead to a reduction in overall working hours.

(3) Flexible working hours (without core working hours) and work interval system

In 2017, to promote flexible working styles for employees, we were among the first construction companies in Japan to introduce a system of flexible working hours that did not include mandatory core working hours.

By calculating working hours on a monthly basis, the system allows employees to adjust their working hours between busy and slow periods during the month. It also contributes to a better work-life balance, including avoiding commuting during rush hours and achieving a balance with childcare and long-term care commitments.

In July 2021, in a new Group-wide campaign, we introduced a work interval system. The system aims to ensure an interval of at least 11 hours from the end of work to the start of work. Because it is linked to the work reporting system, managers can also check the interval times of their subordinates. By ensuring a certain amount of down time, we are trying to make sure employees get enough time for sleep and for their personal lives so that they can continue to work while maintaining a work-life balance.

(4) Actions to ensure eight or more closures in four weeks at worksites

Our key performance indicators include achieving eight or more closures in four weeks for 100% of our worksites (during the fiscal year ending March 2023), excluding those where such closures are unfeasible. Concretely, at the time of receiving an order, the Group moves to ensure high productivity by generating a construction schedule, based on

the assumption of eight closures in four weeks, and then putting together staffing requirements and using digital tools to revise on-site operations as needed. The status of worksite closures is also reported monthly to management, which shares information and explores response measures.



Consolidated Financial Statements

Consolidated Balance Sheets

	(FY)				(Millions of yen)
	2018	2019	2020	2021	2022
(ASSETS)					
Current assets					
Cash and deposits	110,768	120,302	102,971	129,317	66,080
Notes receivable, accounts receivable from completed construction contracts and other	105,434	118,753	137,730	121,390	140,431
Securities	29,999	15,999	14,000	—	—
Costs on construction contracts in progress	5,320	7,755	4,927	5,887	4,075
Other inventories	3,932	5,030	4,686	8,823	7,930
Deferred tax assets	3,135	—	—	—	—
Other	14,694	18,297	13,279	9,023	9,567
Allowance for doubtful accounts	(12)	(12)	(14)	(12)	(14)
Total current assets	273,272	286,127	277,582	274,429	228,070
Non-current assets					
Property, plant and equipment					
Buildings and structures	20,424	20,602	22,297	23,649	22,894
Machinery, vehicles, tools, furniture and fixtures	10,193	10,746	11,421	11,977	12,879
Land	15,212	15,057	15,505	15,799	15,852
Other	302	1,104	1,500	852	1,961
Accumulated depreciation	(19,512)	(20,583)	(21,576)	(22,723)	(23,400)
Total property, plant and equipment	26,619	26,928	29,148	29,555	30,186
Intangible assets	2,166	2,013	1,572	1,505	1,542
Investments and other assets					
Investment securities	21,807	22,442	18,698	21,697	20,960
Long-term loans receivable	458	439	145	132	73
Deferred tax assets	2,095	8,427	9,527	7,819	7,091
Retirement benefit asset	—	—	—	707	2,546
Other	3,382	3,278	3,099	3,765	4,862
Allowance for doubtful accounts	(21)	(0)	(1)	(1)	(1)
Total investments and other assets	27,721	34,587	31,469	34,120	35,532
Total non-current assets	56,507	63,528	62,190	65,181	67,262
Total assets	329,780	349,656	339,772	339,610	295,332

* Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

	(FY)				(Millions of yen)
	2018	2019	2020	2021	2022
(LIABILITIES)					
Current liabilities					
Notes payable, accounts payable for construction contracts and other	88,461	72,623	78,930	70,624	47,134
Short-term borrowings	21,879	19,139	17,391	16,312	16,676
Current portion of bonds	362	357	341	291	237
Current portion of convertible bond-type bonds with share acquisition rights	8,714	—	—	—	—
Income taxes payable	4,715	2,437	4,812	4,907	3,071
Advances received on construction contracts in progress	25,404	46,014	30,862	27,608	18,237
Deposits received	—	30,564	27,461	30,512	34,038
Provision for warranties for completed construction	2,262	1,886	2,371	2,129	1,442
Provision for bonuses	2,635	2,386	2,679	2,595	2,690
Provision for loss on construction contracts	351	1,733	955	1,248	595
Provision for loss on damage due to fire	—	7,743	6,699	5,996	3,921
Other	29,753	7,017	6,881	11,756	12,343
Total current liabilities	184,541	191,904	179,386	173,984	140,388
Non-current liabilities					
Bonds payable	569	711	691	400	162
Long-term borrowings	8,397	9,064	8,712	8,271	7,640
Deferred tax liabilities	53	46	45	37	37
Retirement benefit liability	12,497	12,959	12,776	8,857	3,816
Provision for environmental measures	152	151	148	139	138
Provision for management board incentive plan trust	139	107	93	116	162
Other	1,029	1,027	1,016	1,127	1,302
Total non-current liabilities	22,839	24,069	23,485	18,949	13,261
Total liabilities	207,380	215,973	202,872	192,934	153,650
(NET ASSETS)					
Shareholders' equity					
Share capital	12,651	17,006	17,006	17,006	17,006
Capital surplus	15,643	19,927	19,926	19,919	17,058
Retained earnings	89,828	92,945	103,699	115,086	114,124
Treasury shares	(295)	(255)	(5,284)	(10,187)	(10,422)
Total shareholders' equity	117,827	129,622	135,348	141,824	137,766
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	4,607	4,482	1,880	3,754	2,996
Deferred gains or losses on hedges	(19)	(3)	—	—	(345)
Foreign currency translation adjustment	134	62	116	55	85
Remeasurements of defined benefit plans	(996)	(1,356)	(1,287)	281	417
Total accumulated other comprehensive income	3,726	3,184	709	4,091	3,154
Share acquisition rights	8	4	4	3	—
Non-controlling interests	837	869	837	758	761
Total net assets	122,400	133,682	136,900	146,676	141,682
Total liabilities and net assets	329,780	349,656	339,772	339,610	295,332

* From the fiscal year ended March 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) which requires deferred tax assets to be classified as part of "Investments and other assets," and deferred tax liabilities to be classified as part of "Long-term liabilities."

Consolidated Statements of Income

	(FY)				(Millions of yen)
	2018	2019	2020	2021	2022
Net sales					
Net sales of completed construction contracts	348,878	334,244	358,190	331,549	316,153
Sales in other businesses	28,141	25,726	19,944	20,451	24,139
Total net sales	377,020	359,971	378,135	352,000	340,293
Cost of sales					
Cost of sales of completed construction contracts	294,147	290,867	314,013	287,106	273,098
Cost of sales in other businesses	25,518	23,312	16,905	16,729	20,332
Total cost of sales	319,665	314,179	330,918	303,835	293,431
Gross profit					
Gross profit on completed construction contracts	54,731	43,377	44,177	44,443	43,054
Gross profit - other business	2,623	2,414	3,039	3,722	3,806
Total gross profit	57,354	45,791	47,216	48,165	46,861
Selling, general and administrative expenses	21,640	22,099	22,517	20,808	20,261
Operating profit	35,714	23,692	24,699	27,357	26,600
Non-operating income					
Interest income	130	131	110	38	25
Dividend income	300	382	315	327	291
Late charges income	—	—	—	—	166
Gain on extinguishment of debt	—	—	—	—	187
Other	120	295	310	103	156
Total non-operating income	551	808	736	469	827
Non-operating expenses					
Interest expenses	501	481	422	333	320
Commission expenses	174	—	—	849	—
Share of loss of entities accounted for using equity method	—	—	—	—	273
Foreign exchange losses	288	415	336	19	104
Compensation for damage	—	454	170	—	376
Other	534	653	524	733	513
Total non-operating expenses	1,498	2,005	1,452	1,935	1,588
Ordinary profit	34,767	22,495	23,983	25,891	25,838
Extraordinary income					
Gain on reversal of provision for loss on damage due to fire	—	—	733	27	—
Subsidy income	—	—	—	354	67
Gain on sales of non-current assets	82	48	86	12	—
Gain on sales of investment securities	155	—	254	160	241
Total extraordinary income	238	48	1,074	555	308
Extraordinary losses					
Loss on damage due to fire	—	9,333	315	25	180
Loss on tax purpose reduction entry of non-current assets	—	—	—	354	66
Loss on sales of non-current assets	47	—	30	—	18
Loss on retirement of non-current assets	—	—	—	19	115
Loss on sales of investment securities	—	—	142	—	—
Loss on valuation of investment securities	—	—	69	—	27
Head office relocation expenses	—	—	—	—	306
Impairment loss	752	45	—	884	—
Loss on litigation	53	148	46	74	42
Total extraordinary losses	853	9,527	603	1,359	757
Profit before income taxes	34,152	13,016	24,454	25,087	25,390
Income taxes - current	9,769	7,153	7,875	7,789	6,768
Income taxes - deferred	508	(3,002)	(147)	138	949
Total income taxes	10,278	4,150	7,727	7,928	7,717
Profit	23,874	8,865	16,727	17,159	17,672
Profit (loss) attributable to non-controlling interests	12	3	(76)	(30)	1
Profit attributable to owners of parent	23,862	8,862	16,803	17,189	17,671

* The Group adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. effective from the fiscal year ended March 2022. Figures for prior years have not been retroactively adjusted.

Consolidated Statement of Cash Flows

	(FY)				(Millions of yen)
	2018	2019	2020	2021	2022
Cash flows from operating activities					
Profit before income taxes	34,152	13,016	24,454	25,087	25,390
Depreciation	1,799	1,794	1,814	2,080	2,410
Loss on tax purpose reduction entry of non-current assets	—	—	—	354	66
Subsidy income	—	—	—	(354)	(67)
Impairment loss	752	45	—	884	—
Loss on damage due to fire	—	9,333	315	25	180
Increase (decrease) in allowance for doubtful accounts	(1)	(21)	2	(1)	1
Increase (decrease) in provision for warranties for completed construction	(1,361)	(375)	484	(241)	(686)
Increase (decrease) in provision for loss on construction contracts	(254)	1,382	(778)	293	(653)
Increase (decrease) in provision for loss on damage due to fire	—	—	(1,043)	(702)	(2,075)
Increase (decrease) in retirement benefit liability	576	(56)	(87)	(1,912)	(4,964)
Decrease (increase) in retirement benefit asset	—	—	—	(447)	(1,719)
Interest and dividend income	(430)	(513)	(426)	(365)	(317)
Interest expenses	501	481	422	333	320
Foreign exchange losses (gains)	65	(128)	188	(73)	181
Loss (gain) on sales of investment securities	(155)	(7)	(112)	(160)	(241)
Loss (gain) on valuation of investment securities	—	—	69	—	—
Loss (gain) on sales of property, plant and equipment	(35)	(51)	(56)	(12)	13
Decrease (increase) in trade receivables	17,497	(13,309)	(19,059)	16,317	(18,961)
Decrease (increase) in costs on construction contracts in progress	(520)	(2,450)	2,833	(963)	1,518
Decrease (increase) in other inventories	1,471	(1,097)	339	(4,136)	893
Decrease (increase) in advances paid	4,085	(389)	1,224	990	606
Increase (decrease) in trade payables	(14,055)	(15,849)	6,339	(8,289)	(23,506)
Increase (decrease) in advances received on construction contracts in progress	1,454	20,611	(15,153)	(3,245)	(9,151)
Increase (decrease) in deposits received	(2,631)	13,898	(3,100)	3,050	3,525
Increase (decrease) in accrued consumption taxes	8,448	(8,574)	280	3,254	(2,521)
Share of loss (profit) of entities accounted for using equity method	—	—	—	—	273
Other, net	(928)	(1,997)	4,288	5,865	4,298
Subtotal	50,430	15,739	3,239	37,630	(25,184)
Interest and dividends received	414	472	446	393	290
Interest paid	(491)	(442)	(434)	(356)	(298)
Compensation for damage paid	—	(494)	(1,027)	(756)	(2,210)
Income taxes paid	(12,225)	(9,374)	(5,326)	(7,755)	(8,683)
Net cash provided by (used in) operating activities	38,127	5,900	(3,102)	29,154	(36,086)
Cash flows from investing activities					
Payments into time deposits	(1,787)	(11,123)	(1,474)	(60)	(1,345)
Proceeds from withdrawal of time deposits	1,294	11,458	1,250	221	1,281
Purchase of short-term and long-term investment securities	(42)	(1,202)	(855)	(429)	(433)
Proceeds from sales of short-term and long-term investment securities	187	108	1,144	299	358
Purchase of property, plant and equipment	(2,136)	(1,754)	(3,805)	(2,934)	(2,558)
Proceeds from sales of property, plant and equipment	588	200	234	16	20
Proceeds from sales of intangible assets	—	—	289	—	—
Payments for investments in capital of subsidiaries and associates	—	—	—	—	(1,876)
Payments of leasehold and guarantee deposits	—	—	—	(955)	(104)
Subsidies received	—	—	—	354	67
Loan advances	(8)	—	—	—	—
Collection of loans receivable	50	—	—	—	—
Other, net	(406)	(42)	199	(466)	40
Net cash provided by (used in) investing activities	(2,260)	(2,356)	(3,016)	(3,954)	(4,549)
Cash flows from financing activities					
Net increase (decrease) in short-term borrowings	—	(4,410)	9	(91)	(31)
Proceeds from long-term borrowings	5,562	8,637	5,304	4,107	4,291
Repayments of long-term borrowings	(5,654)	(6,299)	(7,398)	(5,534)	(4,570)
Proceeds from issuance of bonds	546	555	358	—	—
Redemption of bonds	(445)	(417)	(393)	(341)	(291)
Purchase of treasury shares	—	—	(5,065)	(4,936)	(15,328)
Dividends paid	(3,884)	(5,795)	(6,004)	(5,802)	(6,423)
Dividends paid to non-controlling interests	(40)	(4)	(5)	(2)	(2)
Other, net	(45)	(44)	(48)	(52)	(208)
Net cash provided by (used in) financing activities	(3,962)	(7,779)	(13,244)	(12,656)	(22,565)
Effect of exchange rate change on cash and cash equivalents	(52)	104	(184)	28	(94)
Net increase (decrease) in cash and cash equivalents	31,851	(4,132)	(19,547)	12,573	(63,295)
Cash and cash equivalents at beginning of period	107,667	139,190	135,093	115,461	128,035
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	35	—	—	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(328)	—	(84)	—	—
Cash and cash equivalents at end of period	139,190	135,093	115,461	128,035	64,739

Stock Information

As of March 31, 2022

Authorized shares	400,000,000 (common stock)
Issued shares	181,021,197 (common stock) (including 11,411,401 in treasury stock)
Number of shares per trading unit	100
Number of shareholders (common stock)	25,602
Top-ten major shareholders	

Name	Shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd.	21,158	12.47
Custody Bank of Japan, Ltd.	9,236	5.45
Hazama Ando Group Business Partner Shareholding Association	6,908	4.07
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	6,365	3.75
MSIP CLIENT SECURITIES	5,541	3.27
STATE STREET BANK AND TRUST COMPANY 505103	4,541	2.68
Mizuho Bank, Ltd.	4,476	2.64
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	4,222	2.49
OASIS JAPAN STRATEGIC FUND LTD. -CLIENT ACCOUNT	4,199	2.48
THE BANK OF NEW YORK MELLON	4,039	2.38

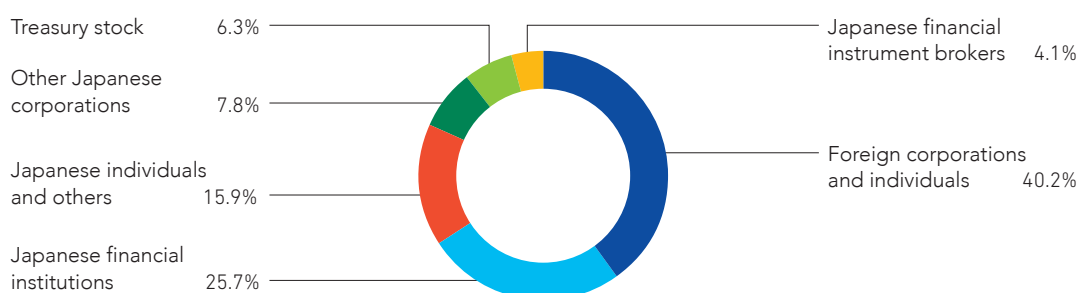
* Although the Company holds treasury stock (11,411,401 shares), it is not included in the above list of major shareholders.

* Shareholding ratios are calculated after excluding treasury stock.

* Of the above shares held, the number of shares related to the trust activities of Custody Bank of Japan, Ltd. and The Master Trust Bank of Japan, Ltd. is unknown.

* The number of shares held by The Master Trust Bank of Japan, Ltd. does not include shares set aside in a custodial account for the Company's performance- and stock-based compensation system (639,519 shares).

Distribution by shareholder type



Major Initiatives We Support

Science Based Targets initiative (SBTi)

The SBTi is a global partnership jointly established in 2015 by four organizations—CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). Its role is to urge companies to set targets for reducing greenhouse gas emissions that are consistent with scientific knowledge, for the purpose of limiting global temperature rise to well-below 2°C above pre-industrial levels.



RE100 (Renewable Energy 100%)

A global initiative led by the Climate Group in partnership with CDP, RE100 is a coalition of businesses committed to transitioning to 100% renewable electricity used in business by 2050.



Task Force on Climate-related Financial Disclosures (TCFD)

In response to a request from the G20, the Financial Stability Board (FSB), which includes the participation of central banks, financial authorities, and international organizations, established the Task Force to consider the means of climate change-related disclosure and the response of financial institutions.



Corporate Profile

As of April 1, 2022

Name	HAZAMA ANDO CORPORATION
Established	October 1, 2003
Address	1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-7360, Japan
Capital	17,006,123,275 yen
Number of employees	3,669 (consolidated) 3,261 (non-consolidated) (As of March 31, 2022)
Business areas	<ol style="list-style-type: none"> 1. Civil engineering, building construction, and other construction inspection, surveying, planning, design, execution, supervising, technical guidance contracts, commissioning, and consulting services 2. Provision of building supplies, machinery, and equipment 3. Real estate transactions and ownership and use of real property and securities 4. Soil survey and remediation contracts, business involving waste collection, handling, and disposal, and related consulting services 5. Planning, design, and consulting services relating to area development, urban development, environmental improvement, etc. 6. Power generation, electric, thermal, and other energy supply business, and consulting services relating to such business 7. Investment in real estate special purpose companies involving building construction contracts, purchase and sale of equity interests therein, and ownership and sale of trust beneficiary rights 8. Acquisition, development, licensing, and sale of software, industrial property rights, and expertise relating to the use of computers 9. Building maintenance and security services 10. Businesses incidental to each of the preceding items 11. Joint management with partners of each of the preceding businesses and investment in other businesses

Network

In Japan

Head Office	1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo 107-7360, Japan ☎ 81-3-3575-6001
Sapporo Branch	8-1-1, Minami Ichijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-0061, Japan ☎ 81-11-272-6500
Tohoku Branch	1-3-1 Ichibancho, Aoba-ku, Sendai, Miyagi 980-0811, Japan ☎ 81-22-266-8111
Hokuriku Branch	1-22, Higashi Bandai-cho, Chuo-ku, Niigata 950-0082, Japan ☎ 81-25-243-5577
Tokyo Branch	1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo 107-7360, Japan ☎ 81-3-3575-6170
Kanto Branch	1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo 107-7360, Japan ☎ 81-3-3575-6180
Shizuoka Branch	2-12, Oute-machi, Aoi-ku, Shizuoka 420-8612, Japan ☎ 81-54-255-3431
Nagoya Branch	1-8-20, Marunouchi, Naka-ku, Nagoya 460-0002, Japan ☎ 81-52-211-4151
Osaka Branch	6-2-6 Fukushima, Fukushima-ku, Osaka 553-0003, Japan ☎ 81-6-6453-2190
Shikoku Branch	11-1, Katahara-machi, Takamatsu, Kagawa 760-0040, Japan ☎ 81-87-826-0826
Hiroshima Branch	5-3-18, Otemachi, Naka-ku, Hiroshima 730-0051, Japan ☎ 81-82-244-1241
Kyushu Branch	1-8-10, Daimyo, Chuo-ku, Fukuoka 810-0041, Japan ☎ 81-92-724-1131
Technical Research Institute	515-1, Karima, Tsukuba, Ibaraki 305-0822, Japan ☎ 81-29-858-8800

* The Head Office, Tokyo Branch, and Kanto Branch relocated to the above address on May 9, 2022.

Overseas

Thailand, Vietnam, Malaysia, Indonesia, Myanmar, Sri Lanka, Laos, Cambodia, Nepal, Turkey, Mexico, U.S., Panama, Honduras

Major subsidiaries and affiliates

Hazama Ando Kogyo Co., Ltd.
Aoyama Kiko Co., Ltd.
Ryoko Kaihatsu Co., Ltd.
HAZAMA ANDO (THAILAND) CO., LTD.
PT. Hazama Ando Murinda (Indonesia)
VIETNAM DEVELOPMENT CONSTRUCTION CO., LTD.

Editorial Policy

Editorial Policy

We published the Corporate Report 2022 and the Sustainability Report 2022 as tools for communicating with our stakeholders and as tools for sharing awareness of the corporate social responsibility (CSR) of the Group's employees.

Corporate Report 2022 focuses on gaining a clearer understanding among our stakeholders of the essence of our management strategies and their results. It provides a brief introduction of the Group's management strategies for continuing to create value to address social issues, and offers highlights of results for the fiscal year under review in relation to the U.N.'s SDGs, which have garnered attention in society in recent years. Messages from top management also give an outline of our management vision and explain its goals and progress toward achieving them.

Part of our ongoing efforts to enhance disclosure, Sustainability Report 2022 summarizes details of various CSR activities and a range of environmental data most relevant to experts. The report is posted on our corporate website. Based on the principles and content of various guidance issued by GRI and

other agencies, after clarifying Group policies and main thrusts of our CSR initiatives, the Report gives concrete examples and seeks to explain the direction of the initiatives.

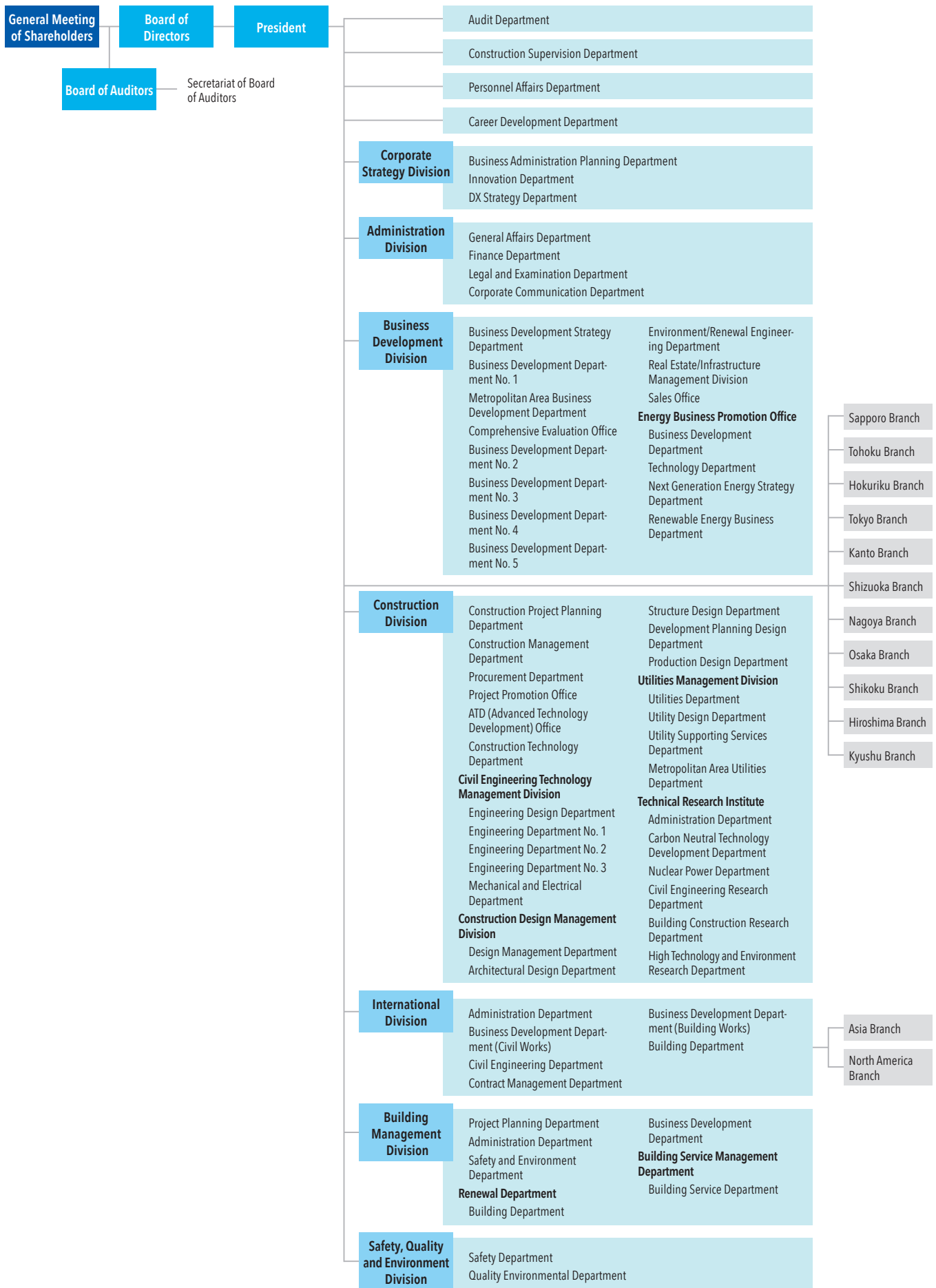
Sustainability Report 2022 can be downloaded from the sustainability section of our website below.

 IR Library / Corporate Report:
https://www.ad-hzm.co.jp/english/corporate_report/

Report scope	In principle, Hazama Ando, but some reported activities include affiliated companies.
Reporting period	Fiscal 2021 (April 2021—March 2022). Some information on activities in fiscal 2022 is also included.
Publication date	November 2022 (previous publication: November 2021)
Referenced guidelines	<ul style="list-style-type: none"> - Japan Ministry of the Environment, Environmental Reporting Guidelines 2018 - Global Reporting Initiative, GRI Standards - IFRS Foundation, Integrated Reporting Framework and SASB Standards - Japan Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation

Head Office Organization Chart Hazama Ando Corporation

As of April 1, 2022



Third-Party Opinion



Masaatsu Doi

Professor
Graduate School of Social Well-Being Studies,
Hosei University

Dr. Doi holds a PhD in commerce. He became an associate professor in the Faculty of Regional Policy at the Takasaki City University of Economics in 2009 after graduating from the Hitotsubashi University Department of Economics and completing post-doctoral studies at Hitotsubashi's Graduate School of Commerce and Management. He moved to Hosei University in 2014 and has been in his current position since 2016. His major publications include *Social Entrepreneurs: Legitimacy in the Process of Promoting CSI* (Chikura Publishing Company) and *Creation and Diffusion of Social Innovation* (NTT Publishing).

Amid uncertainties in the operating environment, including the ongoing impact of COVID-19 and geopolitical risks in Europe, Hazama Ando is steadfastly carrying out Group management guided by its long-term Hazama Ando VISION2030. I have been asked to give my bird's-eye view of the Group's accomplishments and sum up the challenges it faces going forward.

Accelerating Sustainable Governance and Innovation

Under Hazama Ando VISION2030, the Group is currently pursuing management that integrates financial and non-financial approaches and has been re-listed on the Prime Market of the Tokyo Stock Exchange. Throughout, this Report makes it clear that the Group is enhancing its sustainable governance to carry out management that further incorporates social and environmental themes. Under the medium-term management plan, as actions for the Group's Four Value Creation strategies move forward (pp. 13-14), the Group is increasingly incorporate ESG perspectives into the heart of its management, not least by fortifying the strategy implementation framework at the head office. Another important development was the formulation of the Integrity Declaration (p. 26), which invites Group employees to examine their own conscience and moral understanding, seeking to instill a deeper commitment to compliance. As "responsible business" becomes a key concept in markets worldwide, I believe the direction of ensuring robust compliance across the Group, including the supply chain, under the leadership of top management, will create a great deal of value.

I am also impressed by the Group's commitment to invest in innovation in a variety of ways, including collaboration with startup companies (p. 38) and digital transformation in the area of occupational safety (p. 49). The former involves investing in startups identified under the Group's Accelerator Program. The latter involves digitally transforming construction processes to achieve higher operational efficiency and working style reforms. The kind of open innovation these actions represent is having a positive impact, not only in terms of setting Hazama Ando apart from the competition but also in terms of addressing an array of social issues. This is sure to lead to raising the technical level and appeal of the construction industry as a whole, and I have great hopes for future developments in these areas.

Pursuing Sustainability Transformation

I would also like to pose a few challenges for the longer term. I touched on similar issues last year, but for the construction industry going forward, we are likely to see mounting calls for companies to carry out cross-sectional surveys of society, the environment, and human rights spanning the entire supply chain, and to disclose the results. In the era of the SDGs, markets worldwide are increasingly looking to corporate efforts in diversity, equity, and inclusion as means of realizing an inclusive economy. It is even more critical to recognize that these issues are intricately tied-up with climate change and other issues as well. The Group has formed several advisory committees related to some facet of sustainability, and every director participates in one or more of the committees (p. 25). This has facilitated even more lively discussions. I think it will be crucial down the road to reinforce the management framework by drawing more fully on the results of these discussions, while also building an engagement mechanism that encourages collaboration by constantly ensuring that feedback from outside stakeholders informs Group management. The Group has already established detailed engagement practices with investors in Japan and abroad, including this Report. I hope to see more robust dialogue and cooperation with a wide range of other stakeholders as well.

The Group has made steady headway in establishing core SDGs and key performance indicators over the past few years (p. 16). Now is the time to further develop these into vehicles for bringing even greater impact, and achieve sustainability transformation that showcases the Group's competencies. I would like to lend my hearty support to the Group as it continues to take on the challenges of putting the various strategies into action and further evolving the framework for dialogue and collaboration.



Published by

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