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June 11, 2020

To Our Shareholders:

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Supplementary Explanation of Proposals

Put Forward at the Annual General Meeting of Shareholders for the FYE March 31, 2020

As one of several matters to be resolved at HAZAMA ANDO CORPORATION's scheduled Annual General Meeting of Shareholders for the FYE March 31, 2020 on June 26, 2020, a shareholder has put forward Proposal No. 6, the "Implementation of Share Buyback," for resolution. Despite the Company's Board of Directors expressing a counter opinion, proxy advisor, Institutional Shareholder Services Inc. (hereinafter referred to as "ISS") is recommending in favor of the proposal.

Taking into consideration the conflicting views between HAZAMA ANDO CORPORATION and ISS, a supplementary explanation of the Company's stance on the proposal is provided as follows.

It is our hope that shareholders will understand and appreciate the Company's approach toward the proposal after reviewing the details of the supplementary explanation.

1. The Company's view toward Proposal No. 6, the "Implementation of Share Buyback" (shareholder proposal)
While ISS is recommending in favor of shareholder Proposal No. 6 "Implementation of Share Buyback," the Company's Board of Directors remains opposed as previously announced on May 13, 2020. Here in this instance, we would like to reiterate our view as follows.

(The Company's view)

Taking into consideration its aspirations under "HAZAMA ANDO VISION2030," the Company's long-term vision announced in February 2020, HAZAMA ANDO CORPORATION is looking to invest ¥100 billion in growth over the next 10 years, and before the impact of COVID-19 becomes apparent. This stance takes into account a variety of factors including growing uncertainty surrounding the future of the global economy, signs of a change in corporate sector investment trends, the possibility that construction business conditions will

fluctuate dramatically, and an inevitable contraction in domestic construction investment over the long term. In addition to further strengthening its construction business, the Company will look to diversify by investing aggressively in activities outside the construction field. In doing so, we plan to further strengthen and stabilize our operating and management foundation in a bid to secure sustainable growth.

HAZAMA ANDO CORPORATION will undertake sufficient investments in such key areas as technology development, human resources as well as local partners as a part of efforts to strengthen its mainstay construction business both in Japan and overseas. Recognizing the critical need to transform its business portfolio, the Company also plans to invest in stock businesses outside the scope of its construction business. In specific terms, this includes activities that are still highly compatible, such as the energy, real estate, and infrastructure operation businesses, where the Group can utilize the know-how that it has accumulated over the years. HAZAMA ANDO CORPORATION is convinced that the transformation of its business portfolio is essential for sustainable growth and will contribute to the interests of shareholders by improving corporate value over the long term.

The Company's underlying policy when proceeding with an investment outside the scope of its construction business is to pay close attention to the investment target's compatibility with its mainstay activities and future profitability, while also carefully examining and selecting potential investments based on their content including outside knowledge. Based on this policy, HAZAMA ANDO CORPORATION is already considering specific investments through multiple projects in Japan and overseas. Under the Company's risk screening system, all individual transactions are verified at each stage to assess the level of risk and business potential from a variety of angles, and then considered on the basis of a strict approval criteria. Investments outside the scope of the mainstay construction business are subject to additional scrutiny and conditions. This includes a review by the Investment Committee, which evaluates each investment's risks and return, prior to an internal decision being made. By adopting an especially stringent decision-making process, every effort is made to avoid impairment of the Company's corporate value. The fact that HAZAMA ANDO CORPORATION's risk screening system has functioned effectively to date reflects the leadership of top management to not only examine the simple merits and demerits of an investment's return, but also look carefully at the business potential behind each investment. In this regard, Mr. Fukutomi and the management team will continue to properly assess and carefully consider each investment going forward.

Meanwhile, HAZAMA ANDO CORPORATION believes that this shareholder proposal to buy back more than ¥17.1 billion of shares within a single year is based on an extremely short-term perspective. The Company feels that such a high-value, short-term share buyback will not only produce a major constraint on appropriate growth investment that may otherwise offer the potential to achieve sustainable growth, but will also be a serious impediment to stabilizing our financial foundation and enhancing corporate value from a long-term perspective.

In addition, while the outlook for future global economic conditions is uncertain under the current circumstances due to COVID-19, it is becoming increasingly important to secure liquid funds to assure business continuity.

Against this backdrop, the acquisition of a large amount of HAZAMA ANDO CORPORATION's shares as proposed by a shareholder would result in the weakening of the Company's risk responsiveness due to a decrease in equity in addition to an outflow of available liquid funds. Taking the aforementioned factors into consideration, we do not believe the buyback of shares is a beneficial proposition in this instance.

In conclusion, as stipulated in the Company's "Basic Policy for Determining Dividends of Surplus," HAZAMA ANDO CORPORATION will continue to consider buying back shares from the perspective of improving capital efficiency while keeping in mind its financial position and other factors.

Based on the Company's views as outlined, the Board of Directors therefore opposes this shareholder proposal.

We hope that all shareholders will understand the Company's views as outlined above and exercise their voting rights accordingly.