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Securities Code: 1719

June 1, 2020

To our shareholders:

Masato Fukutomi
Representative Director and President
HAZAMA ANDO CORPORATION
6-1-20, Akasaka, Minato-ku, Tokyo

Notice of the Annual General Meeting of Shareholders for the FYE March 31, 2020

Please be kindly informed that the Annual General Meeting of Shareholders of HAZAMA ANDO CORPORATION (the “Company”) for the FYE March 31, 2020 will be held as indicated below.

Recently, the Japanese government and some prefectural governors are requesting us to take measures to prevent the spread of the novel coronavirus infection (COVID-19). After carefully considering how we should respond to this request, we have decided to hold this General Meeting of Shareholders upon implementing an appropriate selection of infection control measures.

In the interests of preventing the spread of infection, we request that all shareholders exercise their voting rights in advance in writing or via the Internet, etc. as much as possible, and recommend that shareholders refrain from visiting the venue on the day of the General Meeting of Shareholders.

With regards to exercising your voting rights in advance, please review the attached Reference Documents for General Meeting of Shareholders, and then return the voting form to the Company by postal mail or enter your approval or disapproval of the proposals via the Internet as instructed below so that your vote is received by 5:15 p.m. on Thursday, June 25, 2020 (JST).

- 1. Date and Time:** Friday, June 26, 2020, at 10:00 a.m. (JST)
- 2. Venue:** Head Office of the Company (Conference room on 2F)
6-1-20, Akasaka, Minato-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the FYE March 31, 2020 (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the FYE March 31, 2020 (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

Company Proposals (Proposal No. 1 through Proposal No. 5)

- | | |
|-----------------------|---|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Revisions to a Portion of the Articles of Incorporation |
| Proposal No. 3 | Election of Nine (9) Board Directors |
| Proposal No. 4 | Election of One (1) Audit & Supervisory Board Member |
| Proposal No. 5 | Election of One (1) Substitute Audit & Supervisory Board Member |

Shareholder Proposals (Proposal No. 6 through Proposal No. 7)

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|-----------------------|---|
| Proposal No. 6 | Implementation of Share Buyback |
| Proposal No. 7 | Revisions to a Portion of the Articles of Incorporation (Thorough Health and Safety Management) |

The outlines of the shareholder proposals are shown in “Reference Documents for General Meeting of Shareholders” (pages 19 through 22).

4. Instructions for Exercising Voting Rights

(1) Voting in writing

Please indicate your approval or disapproval of each proposal in the enclosed voting form, and then return the form by postal mail so that your vote is received by 5:15 p.m. on Thursday, June 25, 2020 (JST).

For details on how to indicate your approval or disapproval, please see “Instructions for Exercise of Voting Rights in Writing” (Japanese only).

(2) Voting via the Internet

Please access the Company’s designated website for voting (<https://evote.tr.mufg.jp/>) from your computer, smartphone or mobile phone, use the “login ID” and “temporary password” which are provided on the enclosed voting form, and enter your approval or disapproval of each proposal following the instruction on the screen by 5:15 p.m. on Thursday, June 25, 2020 (JST).

For details on how to exercise voting rights, please see “Instructions for Exercise of Voting Rights via the Internet” (Japanese only).

(3) Duplication of votes

If you have exercised your voting rights both by mailing and via the Internet, only the exercise of voting rights via the Internet shall be deemed valid.

In addition, if you have exercised your voting rights more than once via the Internet, only the final exercise of the voting rights shall be deemed effective.

(4) Exercising Voting Rights by Proxy

Pursuant to the provision of Article 17 of the Articles of Incorporation of the Company, you may exercise your voting rights by designating another shareholder with voting rights in the Company to exercise your voting rights as your proxy. In this case, the shareholder or proxy must submit to the Company a written statement attesting to the right of proxy.

- If you plan to attend the meeting in person, please present the enclosed voting form at the reception desk upon your arrival.
- The reception desk is scheduled to open at 9:00 a.m. on the day of the meeting.
- This Notice of the Annual General Meeting of Shareholders is posted on the website of the Company and the Tokyo Stock Exchange (Japanese and English).
- Pursuant to the relevant laws and regulations and the provision of Article 15 of the Articles of Incorporation of the Company, the following among documents to be attached to the notice of this Annual General Meeting of Shareholders, are posted on the Company’s website (<https://www.ad-hzm.co.jp/ir/convocation.html>) and are not attached to this notice.

(1) Notes to Consolidated Financial Statements, (2) Notes to Non-consolidated Financial Statements

These items are included in the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Financial Auditor and Audit & Supervisory Board Members in preparing their respective audit reports.
- If any changes have been made to the items on the Reference Documents for General Meeting of Shareholders as well as the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, such changes will be posted on the Company’s website (<https://www.ad-hzm.co.jp/ir/announce.html>).

Reference Documents for General Meeting of Shareholders

(Company Proposal)

Proposal No. 1 Appropriation of Surplus

The Company enhances sustained improvement of corporate value and both investment and internal reserves for future growth from the medium- and long-term perspective, and also maintains a basic policy to pay dividends to its shareholders on a stable and continual basis taking into consideration the Company's business performance, consolidated financial results, and the future profit forecast, etc.

The Company has given comprehensive consideration to matters including the business performance and financial results, etc. for the FYE March 31, 2020, and proposes to pay a year-end dividend of ¥15 per share. Accordingly, including the interim dividend of ¥15 per share, the annual dividend for the fiscal year for the FYE March 31, 2020 will total ¥30 per share.

Year-end dividends

1. Type of dividend property
Cash
2. Allotment of dividend property to shareholders and their aggregate amount
¥15 per common share of the Company
Total payment: ¥2,901,384,270
3. Effective date of dividends of surplus
June 29, 2020

(Company Proposal)

Proposal No. 2 Revisions to a Portion of the Articles of Incorporation

1. Reasons for the Proposal

In order to accommodate future developments for sustainable growth in the stock business, the Company will add “comprehensive building management and security operations” to the purpose of the Company stipulated by Article 2 of the current Articles of Incorporation.

2. Details of the Amendment

The details of the amendment are as follows.

(Amended sections are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Purpose) Article 2 The purpose of the Company is to conduct the following businesses. 1. to 8. (Omitted) (New) <u>9.</u> All businesses incidental to any of the preceding items; <u>10.</u> Joint management of all businesses related to any of the preceding items and investment in other businesses.	(Purpose) Article 2 The purpose of the Company is to conduct the following businesses. 1. to 8. (Unchanged) <u>9. Comprehensive building management and security operations;</u> <u>10.</u> (Unchanged) <u>11.</u> (Unchanged)

(Company Proposal)

Proposal No. 3 Election of Nine (9) Board Directors

At the conclusion of this meeting, the terms of office of all 9 currently serving Board Directors will expire. Therefore, the Company proposes the election of nine Board Directors, including three external Board Directors.

The candidates for Board Director are as follows. Please refer to pages 5 through 14 for their career summaries, etc.

Candidate No.	Name	Current position in the Company	Tenure (At the end of this meeting)	Attendance rate at board meetings	Remarks
1	Masato Fukutomi	Representative Director and President	3 years	100%	Reelection
2	Toru Ikegami	Board Director and Vice President Director of Construction Division	4 years	100%	Reelection
3	Muneo Gomi	Board Director and Vice President Director of Business Development Division	1 year	100%	Reelection
4	Haruyuki Kaneko	Board Director and Vice President, in charge of inspections	9 years	100%	Reelection
5	Shinya Miyamori	Board Director and Managing Executive Officer Director of Administration Division, in charge of Disaster Management	3 years	100%	Reelection
6	Katsuhiko Tabuchi	Board Director and Managing Executive Officer Deputy Director of Construction Division	1 year	100%	Reelection
7	Masami Fujita	Board Director (Part-time)	3 years	100%	Reelection External Board Director Independent officer
8	Mariko Kitagawa	Board Director (Part-time)	3 years	100%	Reelection External Board Director Independent officer
9	Mieko Kuwayama	Board Director (Part-time)	2 years	100%	Reelection External Board Director Independent officer

Policies and procedures for nomination as candidates for Board Director

The Board of Directors of the Company consists of internal Directors who are familiar with the key business areas of the Company, specifically, civil engineering, building and administrative matters, and have adequate knowledge, experience and capabilities as required and external independent Directors who have been engaged in management in other organizations over many years with extensive experience and discernment. The Articles of Incorporation stipulate that the number of Board Directors shall not exceed 12.

A balance of knowledge, experience, and capabilities as well as diversity and scope are taken into account so that the Board of Directors as a whole can contribute to the sustainable growth and the increase of corporate value. The election of senior management executives and nomination of candidates for Board Director is conducted by convening the Governance Advisory Committee, a body chaired by an independent external Board Director where a majority of the members are independent external Board Directors, at which a selection of potential candidates are prepared and presented from among those who are recognized as meeting certain criteria by the President, based on such factors as ability to make proper and prompt decisions with well-balanced capabilities, knowledge and experience, high awareness of compliance, and personality to be a respectable person, and potential candidates are deliberated and determined for proposal to the Board of Directors, at which they are further deliberated and determined.

Policy on independence of external Board Directors

The Company's policy is to elect external Board Directors who can fulfill their duties independently and objectively and have no conflict of interest with shareholders. Independence of the external Board Directors is judged in accordance with the Companies Act and the independence criteria provided by the Tokyo Stock Exchange.

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	<p>Masato Fukutomi February 4, 1957 (63 years old) Reelection</p> <p>Tenure as Board Director 3 years</p> <p>Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)</p>	<p>Apr. 1979 Joined HAZAMA CORPORATION</p> <p>Oct. 2003 Manager of Business Development Department, Nagoya Branch</p> <p>June 2006 General Manager of Business Development Department, Nagoya Branch</p> <p>Apr. 2009 Deputy Director of Kyushu Branch and General Manager of Business Development Department, Kyushu Branch</p> <p>Apr. 2011 Executive Officer, Director of Kyushu Branch</p> <p>Apr. 2013 Executive Officer, Director of Kanto Civil Branch of the Company</p> <p>Apr. 2014 Managing Executive Officer, Director of Kanto Civil Branch</p> <p>Apr. 2017 Vice President, in charge of Civil Engineering Division</p> <p>June 2017 Board Director and Vice President, in charge of Civil Engineering Division</p> <p>Apr. 2018 Representative Director and President (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company None</p>	9,100 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for Board Director The candidate has been engaged in civil engineering construction over many years and possesses extensive experience, knowledge, and a high level of expertise of the business. He has led decision making on important managerial matters and supervision of business execution as Chair of the Board of Directors. The Company has nominated him as a candidate because it judges that he will continue to drive growth of the Company through innovation and work toward the creation of corporate value as changes in the management environment increase speed.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Toru Ikegami February 3, 1960 (60 years old) Reelection</p> <p style="text-align: center;">Tenure as Board Director 4 years</p> <p style="text-align: center;">Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)</p>	<p>Apr. 1984 Joined HAZAMA CORPORATION</p> <p>June 2004 General Manager of Hatsudai Construction Sites, Tokyo Branch</p> <p>June 2007 General Manager of Ohashi Construction Sites, Kanto Civil Branch</p> <p>Apr. 2012 Deputy Director of Kanto Civil Branch</p> <p>Apr. 2013 Deputy Director of Nagoya Branch of the Company</p> <p>Apr. 2014 Executive Officer, Director of Nagoya Branch</p> <p>Apr. 2016 Managing Executive Officer, Director of Civil Engineering Division and Deputy Director of President Office</p> <p>June 2016 Board Director and Managing Executive Officer, Director of Civil Engineering Division and Deputy Director of President Office</p> <p>Apr. 2017 Board Director and Managing Executive Officer, Director of Civil Engineering Division and Director of Kanto Civil Branch</p> <p>Apr. 2018 Board Director and Senior Managing Executive Officer, Director of Civil Engineering Division</p> <p>Apr. 2019 Board Director and Vice President, Director of Construction Division (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company None</p>	13,000 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for Board Director The candidate has been engaged in civil engineering construction over many years and possesses extensive experience, knowledge, and a high level of expertise of the business. He has promoted overall business strategy on civil engineering construction and building construction, and has been in charge of decision making on important managerial matters and supervision of business execution.</p> <p>The Company has nominated him as a candidate because it judges that he will continue to contribute to the management of the Company, especially in the area of quality and safety of overall construction work.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
3	<p>Muneo Gomi February 22, 1960 (60 years old) Reelection</p> <p>Tenure as Board Director 1 year</p> <p>Attendance at Board meetings during the FYE March 31, 2020 13 of 13 meetings (Attendance rate: 100%)</p>	<p>Apr. 1983 Joined HAZAMA CORPORATION</p> <p>Oct. 2003 Manager of Business Development Department, Civil Engineering Division</p> <p>July 2009 General Manager of Project Strategy Department, Civil Engineering Division</p> <p>Apr. 2012 Deputy General Manager of Kanto Civil Engineering Branch and General Manager of Business Development Department No.1</p> <p>Apr. 2013 Deputy General Manager of Kanto Civil Engineering Branch of the Company</p> <p>Apr. 2014 Executive Officer, Deputy General Manager of Kanto Civil Engineering Branch</p> <p>Apr. 2015 Executive Officer, General Business Development Manager of Civil Engineering Division</p> <p>Apr. 2016 Managing Executive Officer, General Business Development Manager of Civil Engineering Division</p> <p>Apr. 2018 Senior Managing Executive Officer, in charge of Civil Engineering Division</p> <p>Apr. 2019 Vice President, Director of Business Development Division</p> <p>June 2019 Board Director and Vice President, Director of Business Development Division (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company None</p>	3,300 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for Board Director The candidate has been engaged in civil engineering construction over many years and possesses extensive experience, knowledge, and a high level of expertise of the business. He has supervised business execution such as by presiding over business development for civil engineering and building construction.</p> <p>The Company has nominated him as a candidate because it judges that he will continue to contribute to the management of the Company, especially in the area of general Business Development strategy.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
4	<p style="text-align: center;">Haruyuki Kaneko May 28, 1956 (64 years old) Reelection</p> <p style="text-align: center;">Tenure as Board Director 9 years</p> <p style="text-align: center;">Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)</p>	<p>Oct. 2000 General Manager of Mitaka Branch of The Dai-ichi Kangyo Bank, Limited</p> <p>June 2004 General Manager of Sales Department X of Mizuho Corporate Bank, Ltd.</p> <p>Mar. 2006 General Manager of TSUKIJI Branch of Mizuho Bank, Ltd.</p> <p>Apr. 2008 Executive Officer of Mizuho Trust & Banking Co., Ltd.</p> <p>Apr. 2009 Managing Executive Officer</p> <p>June 2010 Managing Director and Managing Executive Officer</p> <p>Apr. 2011 Joined HAZAMA CORPORATION as Corporate Advisor</p> <p>June 2011 Representative Director and Senior Managing Executive Officer, in charge of corporate planning, finance, legal and inspections</p> <p>Apr. 2012 Representative Director and Vice President, in charge of corporate planning, finance, legal and inspections</p> <p>Apr. 2013 Representative Director and Vice President, in charge of Administration Division of the Company</p> <p>Apr. 2016 Representative Director and Vice President</p> <p>Apr. 2019 Board Director and Vice President</p> <p>June 2019 Board Director and Vice President, in charge of inspections (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company None</p>	15,900 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for Board Director The candidate possesses extensive experience, knowledge, and a high level of expertise obtained through working in financial institutions, and has been engaged in decision-making on important managerial matters, and supervision of business execution.</p> <p>The Company has nominated him as a candidate because it judges that he will continue to contribute to the management of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
5	<p>Shinya Miyamori March 26, 1959 (61 years old) Reelection</p> <p>Tenure as Board Director 3 years</p> <p>Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)</p>	<p>Apr. 1983 Joined HAZAMA CORPORATION</p> <p>Oct. 2003 Accounting Manager of Administration Department, AOYAMA KANZAI CORPORATION</p> <p>Aug. 2006 General Manager of Administration Department, Shikoku Branch</p> <p>Oct. 2007 General Manager of Administration Department, Tohoku Branch</p> <p>July 2009 Deputy General Manager of Finance Department, Business Administration Planning Division</p> <p>Oct. 2009 General Manager of Finance Department, Business Administration Planning Division</p> <p>Apr. 2013 General Manager of Finance Department, Administration Division of the Company</p> <p>Jan. 2016 Deputy Director of Administration Division and General Manager of Finance Department, Administration Division</p> <p>Apr. 2016 Executive Officer, Director of Administration Division in charge of Disaster Management</p> <p>June 2017 Board Director and Executive Officer, Director of Administration Division and in charge of Disaster Management</p> <p>Apr. 2018 Board Director and Managing Executive Officer, Director of Administration Division and in charge of Disaster Management (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company None</p>	1,400 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for Board Director The candidate possesses extensive experience and knowledge obtained through engagement in the financial divisions over many years, and has been in supervision of business execution such as the decision of important matters in management and overseeing the area of administration. The Company has nominated him as a candidate because it judges that he will continue to contribute to the management of the Company, especially in the area of administration.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
6	<p>Katsuhiko Tabuchi June 2, 1959 (61 years old) Reelection</p> <p>Tenure as Board Director 1 year</p> <p>Attendance at Board meetings during the FYE March 31, 2020 13 of 13 meetings (Attendance rate: 100%)</p>	<p>Apr. 1982 Joined ANDO Corporation</p> <p>Mar. 1993 General Manager of Construction Sites</p> <p>Aug. 2004 Supervising General Manager of Construction Sites</p> <p>Apr. 2006 Construction Manager of Building Construction Department No. 2</p> <p>Apr. 2007 General Manager of Construction Department, Building Construction Department No. 2</p> <p>Apr. 2009 Deputy General Manager of Building Construction Department No. 2</p> <p>Apr. 2010 Executive Officer, Director of Nagoya Branch</p> <p>Apr. 2013 Executive Officer, Deputy Director of Osaka Branch of the Company</p> <p>Apr. 2015 Executive Officer, Director of Osaka Branch</p> <p>Apr. 2016 Managing Executive Officer, Director of Osaka Branch</p> <p>Apr. 2018 Managing Executive Officer, Deputy Director of Building Construction Division</p> <p>Apr. 2019 Managing Executive Officer, Deputy Director of Construction Division</p> <p>June 2019 Board Director and Managing Executive Officer, Deputy Director of Construction Division (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company None</p>	15,650 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for Board Director The candidate has been engaged in construction over many years and possesses extensive experience, knowledge, and a high level of expertise of the business, and has played a role in promoting the construction business in general. The Company has nominated him as a candidate because it judges that he will continue to contribute to the management of the Company, especially in the area of quality and safety of overall construction work.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
7	Masami Fujita September 22, 1956 (63 years old) Reelection Candidate for external Board Director Independent officer Tenure as external Board Director 3 years Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)	<p>Apr. 1980 Joined Fujitsu Limited</p> <p>Dec. 2001 General Manager of Secretary Department</p> <p>June 2006 Executive Officer</p> <p>June 2009 Managing Executive Officer</p> <p>Apr. 2010 Vice President</p> <p>June 2010 Board Director and Vice President</p> <p>June 2012 Representative Director and Vice President</p> <p>Apr. 2016 Representative Director and President of Fujitsu Marketing Limited</p> <p>June 2017 External Board Director of the Company (current position)</p> <p>Apr. 2019 Executive Vice President and Corporate Officer of SHINKO ELECTRIC INDUSTRIES CO., LTD.</p> <p>June 2019 President and Representative Director of SHINKO ELECTRIC INDUSTRIES CO., LTD. (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company President and Representative Director of SHINKO ELECTRIC INDUSTRIES CO., LTD. (Securities Code: 6967)</p>	2,800 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for external Board Director The candidate has been engaged in management of enterprises involved in the businesses other than construction, which is the Company's key business area, and within the Company, has brought more transparency in the Company's operations and contributed towards bolstering corporate governance, such as providing a variety of suggestions as an external Board Director based on his experience.</p> <p>The Company has nominated him as a candidate because it judges that he will continue to appropriately execute his duties such as supervision of the Company's management.</p>			

- Notes:
- Mr. Fujita is a candidate for external Board Director.
 - Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Fujita to limit his liabilities for damage under Article 423, paragraph 1 of the Companies Act. Pursuant to Article 29, paragraph 2 of the Articles of Incorporation of the Company, the Company limits his liability for damages to the minimum liability amount provided in Article 425, paragraph 1 of the Companies Act. If the reelection of Mr. Fujita is approved, the Company plans to renew the agreement with him.
 - The Company judges that Mr. Fujita's independence is maintained based on the independence criteria provided for by "Guidelines for Listing III 5. (3)-2" of the Tokyo Stock Exchange (TSE), and there is no possibility that conflict of interest may occur between Mr. Fujita and general shareholders. If the reelection of Mr. Fujita is approved, the Company plans to reappoint him as an independent officer and notify TSE of such reappointment.
 - Significant concurrent positions held at other organizations and the relationships between these organizations and the Company
The Company has business relationship with SHINKO ELECTRIC INDUSTRIES CO., LTD., including contract construction. Sales from SHINKO ELECTRIC INDUSTRIES CO., LTD. for the last three years showed no transactions during FYE March 31, 2018 and FYE March 31, 2019, and accounted for less than 0.1% of the consolidated net sales of the Company for FYE March 31, 2020; the impact of SHINKO ELECTRIC INDUSTRIES CO., LTD. on the Company is minimal. There is no other business relationship for the last three years between SHINKO ELECTRIC INDUSTRIES CO., LTD. and the Company, and the Company judges that there is no special interest between them. Fujitsu Marketing Limited, where the candidate was appointed as Representative Director and President until December 2018, has a business relationship with the Company, including delivery of computers. Sales from the Company has been less than 0.5% of Fujitsu Marketing Limited's sales for the last three years and the impact of the Company on Fujitsu Marketing Limited is minimal. There is no other business relationship for the last three years between Fujitsu Marketing Limited and the Company, and the Company judges that there is no special interest between them.
 - Fujitsu Limited, for which Mr. Fujita served as Director, received a cease and desist order and a payment order from the Japan Fair Trade Commission for violating the Anti-Monopoly Act in relation to the delivery of network facilities for secure electricity supply after an on-site inspection by the members of the commission in May 2015. Although Mr. Fujita was not involved in the facts and was not aware of the facts until those situations came into light, he had consistently provided suggestions based on his responsibility as global corporate and from a perspective of

compliance obligation and attempted to draw attention to the company. After the incident, he immediately has made recommendations at Board of Directors' meetings and other meetings, including demanding investigation and appropriate preventive measures such as thorough awareness of compliance and the systems and operations for its implementation.

6. Mr. Fujita has never served as an officer or a business executive of the Company or a specified affiliated business operator for the Company.
7. Mr. Fujita does not plan to receive a large amount of cash or other property from the Company or a specified affiliated business operator for the Company, and has never received such payment for the last two years.
8. Mr. Fujita is not a spouse, relative within the third degree of consanguinity or of similar status of a business executive of the Company or a business operator that has specific relations with the Company.
9. Mr. Fujita has no special opinion about the above description of his career summary, etc.

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
8	<p>Mariko Kitagawa April 3, 1965 (55 years old) Reelection Candidate for external Board Director Independent officer</p> <p>Tenure as external Board Director 3 years</p> <p>Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)</p>	<p>May 1999 Joined Tsukishima Soko Co., Ltd.</p> <p>July 2000 General Manager of IT Department</p> <p>June 2001 Board Director of Simax Co., Ltd. (current position)</p> <p>June 2002 Board Director of Tsukishima Soko Co., Ltd.</p> <p>Apr. 2003 Board Director, Deputy Director of Sales Division</p> <p>June 2004 Representative Director and President (current position)</p> <p>June 2007 Board Director of Tsukishima Butsuryu Service K.K. (current position)</p> <p>June 2017 External Board Director of the Company (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company Representative Director and President of Tsukishima Soko Co., Ltd. Board Director of Tsukishima Butsuryu Service K.K. Board Director of Simax Co., Ltd.</p>	0 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for external Board Director The candidate has been engaged in management of enterprises involved in the businesses other than construction, which is the Company's key business area, and within the Company, has brought more transparency in the Company's operations and contributed towards bolstering corporate governance, such as providing a variety of suggestions as an external Board Director based on her experience.</p> <p>The Company has nominated her as a candidate because it judges that she will continue to appropriately execute her duties such as supervision of the Company's management.</p>			

- Notes:
- Ms. Kitagawa is a candidate for external Board Director.
 - Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Ms. Kitagawa to limit her liabilities for damage under Article 423, paragraph 1 of the Companies Act. Pursuant to Article 29, paragraph 2 of the Articles of Incorporation of the Company, the Company limits her liability for damages to the minimum liability amount provided in Article 425, paragraph 1 of the Companies Act. If the reelection of Ms. Kitagawa is approved, the Company plans to renew the agreement with her.
 - The Company judges that Ms. Kitagawa's independence is maintained based on the independence criteria provided for by "Guidelines for Listing III 5. (3)-2" of the Tokyo Stock Exchange (TSE), and there is no possibility that conflict of interest may occur between Ms. Kitagawa and general shareholders. If the reelection of Ms. Kitagawa is approved, the Company plans to reappoint her as an independent officer and notify TSE of such reappointment.
 - Significant concurrent positions held at other organizations and the relationships between these organizations and the Company
The Company has business relationship with Tsukishima Soko Co., Ltd., including contract construction. Sales from Tsukishima Soko Co., Ltd. has been less than 0.5% of the consolidated net sales of the Company for the last three years (from the FYE March 31, 2018 to the FYE March 31, 2020); the impact of Tsukishima Soko Co., Ltd. on the Company is minimal. Tsukishima Soko Co., Ltd. has entered into a lease agreement with the Company. Lease income from the Company has been less than 0.5% of the net sales of Tsukishima Soko Co., Ltd. for the last three years. The impact of the Company on Tsukishima Soko Co., Ltd. is minimal. The Company judges that there is no special interest between Tsukishima Soko Co., Ltd. and the Company.
The Company has had no business relationship for the last three years with any other organizations where the candidate holds significant concurrent positions and there is no special interest between them and the Company.
 - Ms. Kitagawa has never served as an officer or a business executive of the Company or a specified affiliated business operator for the Company.
 - Ms. Kitagawa does not plan to receive a large amount of cash or other property from the Company or a specified affiliated business operator for the Company, and has never received such payment for the last two years.
 - Ms. Kitagawa is not a spouse, relative within the third degree of consanguinity or of similar status of a business executive of the Company or a business operator that has specific relations with the Company.
 - Ms. Kitagawa has no special opinion about the above description of her career summary, etc.

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
9	Mieko Kuwayama March 30, 1948 (72 years old) Reelection Candidate for external Board Director Independent officer Tenure as external Board Director 2 years Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)	<p>Apr. 1970 Joined Shiseido Company, Limited</p> <p>Apr. 2004 General Manager of CSR Department (Retired from Shiseido Company, Limited in June 2007)</p> <p>Apr. 2008 Part-time Lecturer of Faculty of Economics at Komazawa University</p> <p>Apr. 2009 Chief Researcher of Business Ethics Research Center</p> <p>June 2012 Specially Appointed Professor of Graduate School of Law at Hitotsubashi University</p> <p>Apr. 2015 Visiting Researcher of Hitotsubashi CFO Research Center (current position)</p> <p>Apr. 2015 Visiting Researcher of Mission Management Research Institute at Meiji University</p> <p>June 2017 External Board Director of FUJITSU GENERAL LIMITED (current position)</p> <p>Apr. 2018 Senior Researcher of Business Ethics Research Center (current position)</p> <p>June 2018 External Board Director of the Company (current position) (up to the present)</p> <p>Significant concurrent positions outside the Company Senior Researcher of Business Ethics Research Center Visiting Researcher of Hitotsubashi CFO Research Center External Board Director of FUJITSU GENERAL LIMITED (Securities Code: 6755)</p>	1,200 shares
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company).</p> <p>Reasons for nomination as candidate for external Board Director The candidate has gained extensive experience in the private sector and engaged in research on corporate management with high level of expertise. The Company judges that she will be valuable for the management which plans further strengthening its corporate governance. The Company, therefore, has nominated her as a candidate. Ms. Kuwayama has never been directly involved in the management of a company. However, the Company judges that she can be expected to supervise management as an external Board Director based on her knowledge and experience, etc.</p>			

- Notes:
- Ms. Kuwayama is a candidate for external Board Director.
 - Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Ms. Kuwayama to limit her liabilities for damage under Article 423, paragraph 1 of the Companies Act. Pursuant to Article 29, paragraph 2 of the Articles of Incorporation of the Company, the Company limits her liability for damages to the minimum liability amount provided in Article 425, paragraph 1 of the Companies Act. If the reelection of Ms. Kuwayama is approved, the Company plans to renew the agreement with her.
 - The Company judges that Ms. Kuwayama's independence is maintained based on the independence criteria provided for by "Guidelines for Listing III 5. (3)-2" of the Tokyo Stock Exchange (TSE), and there is no possibility that conflict of interest may occur between Ms. Kuwayama and general shareholders. If the reelection of Ms. Kuwayama is approved, the Company plans to reappoint her as an independent officer and notify TSE of such reappointment.
 - Significant concurrent positions held at other organizations and the relationships between these organizations and the Company
FUJITSU GENERAL LIMITED holds less than 0.02% of the total number of shares issued by the Company as of March 2020. The Company has less than 0.2% of the total number of shares issued by FUJITSU GENERAL LIMITED as of March 2020, and has business relationship with FUJITSU GENERAL LIMITED including contract construction. Sales from FUJITSU GENERAL LIMITED for the last three years are less than 0.5% of the consolidated net sales of the Company for FYE March 31, 2018, less than 1.5% of the consolidated net sales of the Company for FYE March 31, 2019, and less than 0.5% of the consolidated net sales of the Company for FYE March 31, 2020; the impact of FUJITSU GENERAL LIMITED on the Company is minimal. There is no other business relationship for the last three years between FUJITSU GENERAL LIMITED and the Company, and the Company judges that there is no special interest between them.
The Company has had no business relationship for the last three years with any other organizations where the candidate holds significant concurrent positions and there is no special interest between them and the Company.
 - Ms. Kuwayama has never served as an officer or a business executive of the Company or a specified affiliated business operator for the Company.
 - Ms. Kuwayama does not plan to receive a large amount of cash or other property from the Company or a specified affiliated business operator for the Company, and has never received such payment for the last two years.
 - Ms. Kuwayama is not a spouse, relative within the third degree of consanguinity or of similar status of a business executive of the Company or a business operator that has specific relations with the Company.
 - Ms. Kuwayama has no special opinion about the above description of her career summary, etc.

(Company Proposal)

Proposal No. 4 Election of One (1) Audit & Supervisory Board Member

The terms of office of Audit & Supervisory Board Member Masamitsu Takahara will expire at the conclusion of this meeting. Therefore, the Company requests approval for the election of one Audit & Supervisory Board Member.

In addition, the consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
Masamitsu Takahara August 1, 1949 (70 years old) Reelection Candidate for external Audit & Supervisory Board Member Independent officer Tenure as external Audit & Supervisory Board Member 4 years Attendance at Audit & Supervisory Board meetings during the FYE March 31, 2020 23 of 24 meetings (Attendance rate: 95.8%) Attendance at Board meetings during the FYE March 31, 2020 16 of 16 meetings (Attendance rate: 100%)	Apr. 1976 Appointed public prosecutor Apr. 1990 Registered as an attorney at law and became a member of Yokohama Bar Association (currently Kanagawa Bar Association) Apr. 2000 Chair of Yokohama Bar Association Committee for the Prevention of Interference by Organized Crime Syndicates Apr. 2009 Professor of Graduate School of Law, Yokohama National University Apr. 2013 Part-time Lecturer of Graduate School of Law, Kanto Gakuin University Apr. 2015 Part-time Lecturer of Cecilia Women's Junior College (current position) June 2015 Substitute Audit & Supervisory Board Member of the Company Apr. 2016 External Audit & Supervisory Board Member (current position) (up to the present) Significant concurrent positions outside the Company Takahara Legal Office	0 shares
Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company). Reasons for nomination as candidate for external Audit & Supervisory Board Member The candidate has specialist knowledge and experience obtained through working over many years as attorney at law, and the Company proposes his nomination as a candidate because it judges that he will impartially and justly execute his duties as external Audit & Supervisory Board Member. Mr. Takahara has never been directly involved in the management of a company. However, the Company judges that he will be able to fulfill his duties as external Audit & Supervisory Board Member based on his knowledge and experience, etc.		

- Notes:
1. Mr. Takahara is a candidate for external Audit & Supervisory Board Member.
 2. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Takahara to limit his liabilities for damage under Article 423, paragraph 1 of the Companies Act. Pursuant to Article 38, paragraph 2 of the Articles of Incorporation of the Company, the Company limits his liability for damages to the minimum liability amount provided in Article 425, paragraph 1 of the Companies Act. If the reelection of Mr. Takahara is approved, the Company plans to renew the agreement with him.
 3. The Company judges that Mr. Takahara's independence is maintained based on the independence criteria provided for by "Guidelines for Listing III 5. (3)-2" of the Tokyo Stock Exchange (TSE), and there is no possibility that conflict of interest may occur between Mr. Takahara and general shareholders. If the reelection of Mr. Takahara is approved, the Company plans to reappoint him as an independent officer and notify TSE of such reappointment.
 4. Significant concurrent positions held at other organizations and the relationships between these organizations and the Company
The Company has had no business relationship for the last three years with any other organizations where the candidate holds significant concurrent positions and there is no special interest between them and the Company.
 5. Mr. Takahara has never served as an officer or a business executive of the Company or a specified affiliated business operator for the Company.
 6. Mr. Takahara does not plan to receive a large amount of cash or other property from the Company or a specified affiliated business operator for the Company, and has never received such payment for the last two years.
 7. Mr. Takahara is not a spouse, relative within the third degree of consanguinity or of similar status of a business executive of the Company or a business operator that has specific relations with the Company.
 8. Each Audit & Supervisory Board Member has no special opinion about nominating Mr. Takahara.
 9. Mr. Takahara has no special opinion about the above description of his career summary, etc.

Policies and procedures for nomination as candidate for Audit & Supervisory Board Member

A selection of potential candidates for Audit & Supervisory Board Members are prepared and presented from among those who are recognized by the President as meeting certain criteria by taking into account knowledge on the Company's areas of business, insight into financial matters and diverse viewpoints on corporate management, and the ability to provide valuable advice and suggestions to the Board of Directors. Opinions are also received from the "Governance Advisory Committee" with the proper involvement of external independent Directors by seeking their opinions after hearing the views of the Audit & Supervisory Board and receiving its approval, a proposal is then made to the Board of Directors, and deliberated and determined.

(Company Proposal)

Proposal No. 5 Election of One (1) Substitute Audit & Supervisory Board Member

The Company also requests approval for the election of one substitute Audit & Supervisory Board Member to be ready to fill a vacant position in case the incumbent number of Audit & Supervisory Board Members should fall below the number required by laws and regulations.

External Audit & Supervisory Board Members' replacement by substitute Audit & Supervisory Board Member is conditional on the number of external Audit & Supervisory Board Members falling below the number required by laws and regulations, and its term of office will expire when that of the predecessor expires.

The validity of the election of substitute Audit & Supervisory Board Member can be nullified by resolution of the Board of Directors if the consent of the Audit & Supervisory Board has been obtained; provided, however, that it is only in a time before assuming office.

In addition, the consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
<p style="text-align: center;">Takemi Hiramatsu February 10, 1963 (57 years old) Candidate for substitute external Audit & Supervisory Board Member Independent officer</p>	Apr. 1989 Registered as an attorney at law and became a member of Daini Tokyo Bar Association	0 shares
	Apr. 1989 Masuda & Ejiri (currently Nishimura & Asahi)	
	Feb. 1994 Registered as an attorney at law in New York state, United States	
	Sep. 1994 Served in Davis Polk & Wardwell LLP	
	July 2007 Counselor, Nishimura & Asahi (current position)	
	Oct. 2012 Regional Vice Chair Asia Pacific of Labor and Employment Practice Group of Lex Mundi	
	June 2016 Substitute Audit & Supervisory Board Member of the Company (current position)	
	June 2016 External Audit & Supervisory Board Member of Sanrio Company, Ltd. (current position)	
	Feb. 2017 Observer of the Committee for NHK Receiving Fee System (current position) (up to the present)	
	<p>Significant concurrent positions outside the Company Counselor of Nishimura & Asahi External Audit & Supervisory Board Member of Sanrio Company, Ltd. (Securities Code: 8136)</p>	
<p>Relationship of special interest between the candidate and the Company There is no special interest between the candidate and the Company (or any other officers or candidates of the Company). Reasons for nomination as candidate for substitute external Audit & Supervisory Board Member The candidate has specialist knowledge and experience obtained through working over many years as attorney at law, and the Company proposes his nomination as a candidate because it judges that he will impartially and justly execute his duties as external Audit & Supervisory Board Member. Mr. Hiramatsu has never been directly involved in the management of a company. However, the Company judges that he will be able to fulfill his duties as external Audit & Supervisory Board Member based on his knowledge and experience, etc.</p>		

- Notes:
1. Mr. Hiramatsu is a candidate for substitute external Audit & Supervisory Board Member.
 2. If Mr. Hiramatsu assumes office of external Audit & Supervisory Board Member, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his liabilities for damage under Article 423, paragraph 1 of the Companies Act and pursuant to Article 38, paragraph 2 of the Articles of Incorporation of the Company, the Company limits his liability for damages to the minimum liability amount provided in Article 425, paragraph 1 of the Companies Act.
 3. The Company judges that Mr. Hiramatsu's independence is maintained based on the independence criteria provided for by "Guidelines for Listing III 5. (3)-2" of the Tokyo Stock Exchange (TSE), and there is no possibility that conflict of interest may occur between Mr. Hiramatsu and general shareholders. If he assumes office of external Audit & Supervisory Board Member, the Company plans to appoint him as an independent officer and notify TSE of such appointment.
 4. Significant concurrent positions held at other organizations and the relationships between these organizations and the Company

The Company has had no other business relationship for the last three years with any other organizations where the candidate holds significant concurrent positions and there is no special interest between them and the Company.

5. In December 2018, Sanrio Company, Ltd. which Mr. Hiramatsu serves as an external Audit & Supervisory Board Member, received a recommendation from the Japan Fair Trade Commission for violating the provisions of the Subcontracting Act such as forcing subcontractors to retrieve products after six months had elapsed since they were received.

Although he was not involved in the facts and was not aware of the facts until the situation came to light, he had consistently provided voiced opinions based on his perspective of compliance obligation and attempted to draw attention to these in the Audit & Supervisory Board meetings, etc. After the situation came to light, in meetings of the company's Board of Directors, etc. where the facts and response policies were reported and discussed, he confirmed that appropriate implementation of the policies should be ensured, and made suggestions such as ensuring awareness of compliance through the company's Audit & Supervisory Board to prevent a recurrence of such situations.

6. Sanrio Company, Ltd. which Mr. Hiramatsu serves as an external Audit & Supervisory Board Member, and its European subsidiary were subject to the European Commission's investigation under European competition laws over licensing agreements in Europe, and after having provided complete cooperation from the beginning, the investigation was concluded through settlement procedures. As a result, the said company was ordered by the European Commission in July 2019 to pay a surcharge of €6,222,000 (approximately ¥790 million).

He was not involved in the facts and was not aware of the facts until the situation surrounding the investigation and decision detailed above came to light, and he had consistently provided voiced opinions based on his perspective of compliance obligation and attempted to draw attention to these in the Audit & Supervisory Board meetings, etc. After the situation came to light, he has submitted proposals of efforts for the entire group of the said company to further enhance and strengthen the said company's compliance system through the company's Audit & Supervisory Board to prevent a recurrence of such situations.

7. Mr. Hiramatsu has never served as an officer or a business executive of the Company or a specified affiliated business operator for the Company.
8. Mr. Hiramatsu does not plan to receive a large amount of cash or other property from the Company or a specified affiliated business operator for the Company, and has never received such payment for the last two years.
9. Mr. Hiramatsu is not a spouse, relative within the third degree of consanguinity or of similar status of a business executive of the Company or a business operator that has specific relations with the Company.
10. Each Audit & Supervisory Board Member has no special opinion about nominating Mr. Hiramatsu.
11. Mr. Hiramatsu has no special opinion about the above description of his career summary, etc.

Proposal No. 6 and Proposal No. 7 are proposed by one shareholder. The title, summary and reasons of the proposals are shown as originally submitted by the shareholder.

(Shareholder Proposal)

Proposal No. 6 Implementation of Share Buyback

(1) Summary of the Agenda Item

The Company shall acquire 20,034,300 shares of the Company's common shares ("Common Shares"), by payment of an acquisition cost up to a total of ¥17,149,361,000 Japanese Yen (however, if the permitted total acquisition cost under the Companies Act (Clause 461 of the Companies Act, "Distributable Amount") is less than the aforementioned acquisition cost for, then up to the Distributable Amount) within 1 year from the end of the annual shareholders' meeting in accordance with Article 156, Paragraph 1 of the Companies Act.

(2) Reasons for the Proposal

Based on the third quarter financial statements, the Company has distributable reserves of over ¥89.5 billion, representing approximately 68% of its equity value as of December 2019. Large unutilized cash balances, earning returns below the Company's cost of capital, destroy corporate value and reduce ROE. In its Medium-Term Business Plan announced in February 2020, the Company plans to invest ¥100 billion outside the construction industry, including in highly competitive real estate projects, over the next ten years. The management failed to explain the rationale behind diving into businesses in which the Company has no experience at all or provide any actual concrete plans for the investment in the Medium-Term Business Plan, which appears to be nothing more than a pretext to hoard the cash. Accordingly, we recommend that an initial modest portion of that cash be used to fund a buyback, within ISS' recommended size limitation¹ of 10%. A buyback reduces cost of capital and will improve long-term corporate value by investing in the Company, and as such, is a high return investment that is amongst the cheapest asset the Company can buy.

¹ See Institutional Shareholder Services ("ISS"), Section 5 Share Repurchase Plans, *Japan Proxy Voting Guidelines – Benchmark Policy Recommendations* (2020 ed.), <https://www.issgovernance.com/file/policy/active/asiapacific/Japan-Voting-Guidelines.pdf>.

Opinion of the Board of Directors of the Company

The Board of Directors **opposes** this proposal.

As stipulated in the “Basic Policy for Determining Dividends of Surplus” contained in documents including the consolidated financial results for the fiscal year ended March 31, 2020, the Company strives to enhance both investment and internal reserves for sustained improvement of corporate value and future growth from the medium- and long-term perspective, and its basic policy is to pay dividends to shareholders on a stable and continual basis taking into consideration the Company’s business performance, consolidated financial results, and future profit forecasts, etc.

Furthermore, our basic policy is to consider buying back shares as we take into consideration the financial situation and other relevant factors while paying heed to improving capital efficiency and further returning profits to shareholders. In February and March 2020, we bought back approximately ¥5 billion of shares (approximately 3.4% of the number of issued shares). With this share buyback, the total return ratio for the fiscal year ended March 31, 2020 was approximately 65%, which is at a high level compared to other companies in the same industry. The Company’s Articles of Incorporation stipulate that the Company may buy back shares by resolution of the Board of Directors, and we fully believe that the Company should continue to be open and flexible with regard to making considerations for share buyback.

Based on this recognition, we have clarified our long-term aspirations based on our long-term vision “HAZAMA ANDO VISION2030” announced in February 2020, and have formulated our new Medium-Term Management Plan (FY3/21-FY3/23) toward achieving those goals. Toward the realization of “creating value for customers,” “creating value for shareholders,” “creating value for the environment,” and “creating value for employees,” we will invest ¥100 billion in growth over the next 10 years to further strengthen and stabilize our business foundations and aim to construct a corporate structure that is resistant to changes in the external environment.

Specifically, in addition to further strengthening the construction business, which is our main business, our policy is to proactively pursue initiatives in stock businesses which are outside the scope of the construction business but are still highly compatible, such as the energy business, real estate business and infrastructure operation business, in order to transform our business portfolio. We believe that these measures are essential for further strengthening and stabilizing the business foundations of the Company and for sustainable growth, and will contribute to the interests of our shareholders by improving corporate value over the long term. Our underlying policy when proceeding with an investment is to pay close attention to the investment target’s compatibility with the construction business, the main business that we have cultivated so far, and future profitability, and carefully examine and select potential investments based on that content.

In comparison, this shareholder proposal proposes buying back more than ¥17.1 billion of shares within a single year, and it is our sense that this is based on an extremely short-term perspective. We believe that such a high-value, short-term share buyback could produce a major constraint on appropriate growth investment that may otherwise offer the potential to achieve sustainable growth, and that there is a possibility that it will become a serious impediment from the viewpoint of stabilizing our financial foundations and enhancing corporate value from a long-term perspective.

In addition, under the current circumstances, while the outlook for the future global economic situation is uncertain due to the spread of the novel coronavirus (COVID-19), it is becoming increasingly important to secure liquid funds to assure business continuity.

Under these circumstances, the acquisition of a large amount of shares of the Company as proposed in this shareholder proposal would result in a weakening of risk responsiveness due to a decrease in equity in addition to an outflow of available liquid funds, and we cannot be expected to imagine that it would be a beneficial proposition.

Therefore, the Board of Directors of the Company opposes this shareholder proposal.

(Shareholder Proposal)

Proposal No. 7 Revisions to a Portion of the Articles of Incorporation (Thorough Health and Safety Management)

(1) Summary of the Agenda Item

The following provision shall be added as a new Article in the existing Articles of Incorporation, and current Articles 3 et seq. shall be renumbered correspondingly.

(Thorough Health and Safety Management)

Article 3. Health and safety management shall be conducted thoroughly by each and every officer or director of the Company, so as to prevent the occurrence under any circumstances of an accident regarding health and safety, or of natural disasters or accidents, etc., with “Safety has Priority over All Things” as the basic policy of the Company for health and safety.

The clauses related to this agenda item shall be modified to reflect the formalistic changes required to account for the other agenda items in the shareholders’ meeting (including agenda items related to Company proposals) that are approved.

(2) Reasons for the Proposal

The Company has experienced repeated, major accidents regarding health and safety at its construction locations where the Company is acting as builder in recent years. As a result of these accidents, not only persons who were working on construction, but also an unrelated bystander walking past the construction site, have lost their lives. In 2019, the Ministry of Land Infrastructure and Transport ordered the Company to suspend business operations for seven days under the construction business act, as a result of the Fukuoka Summary Court’s summary order of negligent manslaughter in the course of work by the Company’s employees in relation to the 2017 death of a passer-by.

Following the incidents of recent years, the Company publicly announced measures to prevent the recurrence of disasters like these on November 8, 2018. We believe that the fact that the Company’s previous measures on the safety have not led to a fundamental change in the Company’s posture means that we can and should make our officers’ and directors’ health and safety management even more thorough and improve awareness of safety and implementation of preventative measures, as stated in the public announcement, by incorporating this provision into the articles of incorporation of the Company.

Opinion of the Board of Directors of the Company

The Board of Directors **opposes** this proposal.

The Company has stated that “SAFETY FIRST” in its Basic Policy for Safety and Health, and has built and operated labor safety and health management systems in an effort to ensure safety and health management for all personnel engaged on construction work including cooperating companies.

The 2017 accident described in this shareholder proposal is an incident in which the scaffolding at a construction site of the Company collapsed in Fukuoka City, Fukuoka due to the strong winds of Typhoon No. 21 in October 2017.

As a result of this accident, one on-site supervisor active during the incident in question received a summary order from the Fukuoka Summary Court for professional negligence resulting in death (dated April 3, 2019), and as a result of this sentence (dated April 20, 2019), the Company received the following order on July 2, 2019 from the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism to temporarily suspend business in accordance with the provisions of Article 28, paragraph 3 of the Construction Business Act.

(Details of Disposition)

1. Scope of business subject to suspension order
Private-sector construction related to the construction business in Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and Okinawa prefectures.
2. Period
July 17, 2019 to July 23, 2019 (7 days)

Since this accident has occurred, we have been decisively implementing initiatives including promptly formulating measures to prevent recurrence, expanding the internal confirmation system regarding scaffolding installation, conducting special education courses, and clarifying measures and evaluation standards on construction sites where bad weather is expected.

In addition, to ensure thorough health and safety management, as stated in the opinions of the Board of Directors detailed in the “Notice Regarding Receipt of Documents Concerning Exercise of Shareholder Proposal Rights and Opinions of the Company's Board of Directors” released on May 13, 2019, the Company has made further efforts to ensure safety and health management by officers and employees through the actions listed below.

- A strong statement of resolve by top management not to repeat any serious accidents, and instructions to all employees to be certain to implement measures to prevent recurrence, increase safety awareness and ensure safety management
- Clarification of roles and responsibilities after strengthening involvement of head office and branch officers to ensuring appropriate implementation of measure to prevent recurrence and ensuring safety rules take hold
- Creation of a new manual summarizing all rules on safety management in one book to spread safety culture, and utilization of this in safety education

As stated above, the Company has been implementing various measures in an effort to ensure thorough safety and health management.

Meanwhile, the Articles of Incorporation stipulate basic matters concerning the Company’s organization, etc., and it is our belief that stipulating a code of conduct, policies, etc. on the execution of business is not compatible with the nature of the Articles of Incorporation.

Furthermore, this shareholder proposal is for the Articles of Incorporation to stipulate only part of the code of conduct, policies, etc. on the execution of business that exist elsewhere, and we believe it is also inappropriate from this perspective.

Therefore, it is the view of the Company’s Board of Directors that it is not necessary to establish provisions such as those shown in this shareholder proposal in the Articles of Incorporation, and thus the Board of Directors opposes this shareholder proposal.