

June 1, 2018

To our shareholders,

Company name	Hazama Ando Corporation	
Representative name	Representative Director and President	Masato Fukutomi
	(Tokyo Stock Exchange First Section securities code: 1719)	
Inquiries	General Affairs Dept. Manager	Makoto Kurita
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**Supplementary Explanation for Proposal No. 2
at the Annual General Meeting of Shareholders for the FYE March 31, 2018**

Regarding the election of 11 Board Directors in Proposal No. 2 of the Annual General Meeting of Shareholders for the FYE March 31, 2018 scheduled to be held on June 28, 2018, it has come to the Company's attention that proxy advisor Institutional Shareholder Services Inc. (hereinafter referred to as "ISS") has recommended a vote "against" the proposal related to candidates No. 1 Masato Fukutomi and No. 4 Toshio Ono based on the guilty verdict handed down for former employees concerning decontamination work in Tamura City, Fukushima Prefecture.

Therefore, a supplementary explanation regarding the proposal in question is provided as follows.

It is our hope that we will receive the understanding of our shareholders regarding Proposal No. 2 after reviewing the details of the supplementary explanation.

1. Details of ISS's recommendation against Proposal No. 2

Regarding decontamination work contracted from Tamura City, Fukushima Prefecture to the Company in August 2013, two Company employees were charged by the Tokyo District Public Prosecutors Office in September 2017 on suspicion of engaging in fraud, resulting in legal penalties being imposed (hereinafter referred to as "the case") on these two employees in March 2018. Based on this, ISS has recommended against reappointing President Masato Fukutomi and Chairman Toshio Ono to the Board of Directors.

2. Supplemental information on Proposal No. 2

Although not deemed complicit as a corporate entity, the Company takes the case very seriously and is implementing measures companywide to prevent its reoccurrence.

Going forward, the Company will take steps to regain the trust of its stakeholders as soon as possible by continuously improving its compliance activities.

(Overview of preventive measures)

(1) Distribution of message from top management

Transmitting a strong message on legal compliance by top management, the Company is taking steps to ensure that all executives and employees thoroughly reaffirm their awareness of compliance.

(2) Implementation of measures to improve compliance awareness

The Company has conducted briefings for all executives and employees regarding the case as part of measures in order to thoroughly prevent its reoccurrence and improve compliance awareness. In addition, compliance training being conducted by the Company has been made more effective by taking into account compliance risks found within the Company's operations. In addition, the Company has implemented compliance awareness raising and education for subcontractors at work sites.

(3) Rebuilding of compliance systems

In addition to rebuilding processes that identify hidden operational compliance risks, the Company is working to revamp and enhance its monitoring and administrative systems.

(Other)

Following the case, the Company has undertaken disciplinary measures against certain directors, executives, and employees in accordance with internal regulations.