

Obayashi Corporation Statement on Modern Slavery and Human Trafficking (FY 2022.3)

Obayashi Corporation (hereafter, the “Company”) is releasing the following statement about initiatives to prevent slavery and human trafficking in the Obayashi Group (hereafter, the “Group”) and in our supply chain in FY 2021.3 (April 1, 2021 to March 31, 2022), based on Chapter 6, Section 54 of the UK Government’s Modern Slavery Act 2015 and Modern Slavery Act 2018 of Australia.

“Slavery” and “human trafficking” are defined in both Acts, however, because the definitions may differ depending on local circumstances, we are disclosing our initiatives in preventing all forms of modern slavery and compliance with related laws and regulations and international norms in this statement.

Since 2019, the Company has published the statement annually based on a comprehensive review with the support of external experts provided under an advisory contract regarding due diligence on modern slavery and human trafficking in the business and supply chain.

1. The Organizational Structure, Business, and Supply Chain

1-1. Obayashi Group Business and Structure

Obayashi is a general construction contractor that was founded in 1892 and has its head office in Tokyo. We have 98 subsidiaries, 26 affiliated companies, and 15,470 employees at the consolidated level (as of March 31, 2022). We operate a construction business, real estate development business, green energy business, and businesses in new areas such as PPP, etc. in 16 countries worldwide, mainly in Japan, North America, and Asia.

The Group operates its business in the following countries and regions:

U.S., Canada, Singapore, Malaysia, Thailand, Myanmar, Indonesia, Vietnam, Cambodia, Taiwan, Bangladesh, UK, United Arab Emirates, Qatar, New Zealand, and Australia

Obayashi has a Europe Office and a local Group company named OBAYASHI PROPERTIES UK Limited (established in June 2020) in London, in the UK, which operates a real estate rental and development business mainly focusing on office buildings. We have an Australia Office in Sydney, Australia, which operates a construction business. The Group’s total consolidated net sales were 1.9 trillion yen in FY2022.3. The UK and Australia account for roughly 0.11% and 0.24% of total consolidated net sales, respectively. The total number of Group employees at the

consolidated level include 2 employees in the UK and 4 employees in Australia.

See the following website link for a profile of Obayashi and its businesses.
Company profile: <https://www.obayashi.co.jp/en/company/>
Office locations: <https://www.obayashi.co.jp/en/company/group.html>

1-2. Overview of the Supply Chain

The Group recognizes all business partners involved in the supply chains for the Group's entire business as suppliers, and regards them as one of its important stakeholders. Suppliers for the construction business, the main business of the Group, are divided into two main categories: Labor subcontractors and suppliers of materials and equipment. We have an organization in Japan called the Obayashi Rin-yu-kai, which consists of approximately 1,100 main suppliers. The value of transactions with members of the Obayashi Rin-yu-kai accounted for 44% of all supplier transactions with the Company in the construction business in Japan, in FY 2022.3.

2. Policy on Slavery and Human Trafficking

2-1. Basic Principles

The "Obayashi Basic Principles," which consist of the Obayashi Philosophy, Obayashi Code of Conduct, and Obayashi Three Pledges, specify contributing to the realization of a sustainable society, and these principles are shared with and implemented by all officers and employees in the Group. We believe that practicing our basic principles is the very essence of conducting our corporate activities. Based on this belief, we have clearly specified our social mission and responsibilities and are implementing many sustainability-related initiatives aimed at fulfilling CSR (corporate social responsibility) so that we will continue to be a company that is trusted by all of our stakeholders.

We have positioned respect for human rights as an important issue in fulfilling our corporate social responsibilities. The Obayashi Philosophy states that we "value each person with a stake in our business." The Obayashi Code of Conduct specifies the guidelines for putting the Corporate Philosophy into practice: "Value every one of our associates," "Build stronger mutual trust with suppliers," "Build good relationships with communities," and "Ensure strict adherence to corporate ethics."

See the following website link for further information on the Obayashi Basic Principles.
<https://www.obayashi.co.jp/en/company/philosophy.html>

2-2. Human Rights Policy

The Group has set forth the "Obayashi Group Human Rights Policy" in accordance with the Universal Declaration of Human Rights. We support the ILO International Labor

Standards and other international norms, and have specified the policy of respecting the human rights of all officers and employees and all people associated with our business.

See the following website link for further information on the Obayashi Statement on Human Rights.
<https://www.obayashi.co.jp/en/sustainability/employee.html#section1>

2-3. Obayashi Health and Safety Principles and Policies

The Group has set forth the “Obayashi Health and Safety Principles and Policies” based on its belief that ensuring the safety and health of all workers at construction sites, in its main construction business, is of the utmost importance.

See the following website link for further information on the Obayashi Health and Safety Policies.
<https://www.obayashi.co.jp/en/sustainability/safeenv.html#section1>

2-4. Obayashi Group CSR Procurement Policy

The Group established the Obayashi Group CSR Procurement Policy to specify the actions aimed at realizing a sustainable society described in the Obayashi Basic Principles. It includes compliance with laws and regulations, respect for human rights, assurance of safety and health, ensuring quality, and consideration for the environment. The Basic Policy on CSR Procurement Initiatives specifies items that Obayashi Group officers and employees need to comply with in promoting CSR procurement.

The CSR Procurement Guidelines prescribe items that the Obayashi Group expects its suppliers to implement and to make sure that everyone in the suppliers’ own supply chains understand, in line with the Basic Policy on CSR Procurement Initiatives. Specific guidelines state that suppliers will “not discriminate . . . nor engage in harassment, or other activities that infringe upon human rights,” “not engage in or permit misconduct such as the use of forced labor or child labor,” “ensure equal employment opportunity, practice appropriate labor management, pay appropriate wages, and maintain and improve working environments so they are healthy and easy to work in,” “guarantee freedom of association and collective bargaining rights for employees,” “strive to understand and cooperate with the human rights due diligence performed by Obayashi Group companies,” etc.

See the following website link for further information on the Obayashi Group CSR Procurement Policy and CSR Procurement Guidelines:

Obayashi Group CSR Procurement:
https://www.obayashi.co.jp/en/sustainability/suppliers/csr_procurement.html

Obayashi Group CSR Procurement Guidelines:
https://www.obayashi.co.jp/en/sustainability/suppliers/csr_procurement.html#section2

2-5. Participation in the United Nations Global Compact

The Group has been a signatory to the United Nations Global Compact since 2013. As a member of the Compact, we respect human rights and support the complete prohibition of forced labor and child labor in all forms, based on the principles of the Global Compact.

3. Promotion of Due Diligence on Modern Slavery and Human Trafficking in the Business and Supply Chain

On the executive side, the Group has established the Human Rights Expert Committee, chaired by the officer in charge of the Human Resources Department, and the Supply Chain Management Expert Committee, chaired by the Head of the Building Construction Division. The committees work on human rights due diligence, strive to solve human rights issues in the Group and its supply chain, and work to raise human rights awareness, thereby enhancing the effectiveness of human rights due diligence. Both committees promote cross-departmental efforts with the departments responsible for Human Resources and Procurement playing a central role and relevant departments working together.

The procedure for conducting human rights due diligence followed by the Group thus far is described below.

1. Identification of Main Human Rights Issues (Identification Made in FY 2020.3)

- 1) Divided the business and supply chain into the Group's main businesses of the construction business, the real estate development business, and businesses in new areas, mainly the renewable energy business, and identified the risks of each stakeholder.
- 2) Consulted the reports by the governments and NGOs of each country and obtained the advice of an expert, then evaluated the risks identified.
- 3) Specified the human rights issues to be prioritized and addressed.

The main human rights issues of stakeholders are as follows:

- (1) Child labor
- (2) Forced labor and human trafficking
- (3) Reasonable consideration of people who are subject to discrimination or are in a vulnerable position
- (4) Harassment
- (5) Poor work and living environments
- (6) Establishment of appropriate labor conditions
- (7) Ensuring building and structure safety
- (8) Infringement of the lives and health of local residents

(9) Infringement of privacy rights

The human rights issues related to modern slavery and human trafficking out of those listed above are (1) through (6).

2. Assessment of the Actual State of Salient Human Rights Issues Identified ((1) through (9), Above)

(1) At the Company (Assessment Made in FY 2021.3)

We interviewed the corporate divisions, departments, and personnel responsible in the Company. These interviews revealed that the Group does not employ workers of an age considered to be child labor in Japan or foreign technical trainees based on Japanese laws, and there is little risk of modern slavery. However, we still need to continue investigations into the risk of human trafficking of foreign technical trainees under Japanese law, forced labor, child labor, and other types of labor that could potentially be considered modern slavery in regard to workers employed by suppliers to the Group.

(2) At the Group Companies in Japan (Assessment Made in FY 2022.3)

We interviewed six major Group companies: Obayashi Road Corporation, Obayashi Facilities Corporation, Oak Setsubi Corporation, Naigai Technos Corporation, Obayashi-Shinseiwa Real Estate Corporation, and Oak Information System Corporation. These interviews revealed that none of these companies employs workers of an age considered to be child labor in Japan or foreign technical trainees based on Japanese laws. They also revealed that they hire foreign workers in accordance with the same recruitment procedures as those applicable to Japanese counterparts without resorting to intermediaries in their countries of origin. These findings suggest that there is little risk of modern slavery. As in the case of the Company, however, it is difficult to take stock of the situation surrounding workers employed by suppliers to Group companies. For this reason, the Group as a whole need to continue investigations into the risk of human trafficking of foreign technical trainees under Japanese law, forced labor, child labor, and other types of labor that could potentially be considered modern slavery.

We will continue to consider measures to mitigate and prevent negative impacts on human rights and implement concrete initiatives.

4. Specific Initiatives

4-1. Occupational Safety Initiatives

Obayashi Central Health and Safety Committee chaired by the president was established for appropriate work environments. The committee meets at least twice a year to discuss and consider basic matters concerning health and safety, such as preventing occupational accidents, preventing impairment of health, and maintaining and improving health.

We operate Obayashi's Occupational Health and Safety Management System, which has systematized methods of safety management in order to ensure implementation of the following Health and Safety Principles and Policies in all our construction sites in Japan.

Health and Safety Principles

Ensure the health and safety of all workers at construction sites and create comfortable workplace environments.

Health and Safety Policies

- (1) Comply with the Industrial Safety and Health Act, other relevant laws, and Obayashi Corporation's internal rules.
- (2) Appropriately implement and use Obayashi's Occupational Health and Safety Management System.
- (3) Help improve independent health and safety management efforts of suppliers.

Obayashi's Occupational Health and Safety Management System helps each organization clearly delineate its own Health and Safety Policy. The system manages the operational structure, plan formulation, and procedures for the entire cycle, from implementation to achievement, revision, and maintenance. The Company specifies policies and goals and operates the PDCA cycle, monitoring regularly, with the goal of achieving continuous improvement.

Safety patrols at construction sites include daily patrols by our employees and subcontractors working at the site, as well as for construction sites with a large number of workers and large construction sites under the instructions of the health and safety officers of head office and branches, which is held at each site at least once a month. We have set KPIs for "improving health and safety management skills and providing better education" and "promoting creation of an environment that takes health into consideration." These are important factors to prevent poor working environments that lead to modern slavery. The KPIs assess the degree of achievement of the evaluation

items specified in the Occupational Health and Safety Management System. We aimed to achieve 90% of these KPIs by FY 2022.3. The result for FY 2022.3 was 89.6%, meaning that we almost achieved the target.

We will continue safety and health training for our employees and support the education of suppliers in order to prevent occupational accidents, raise awareness of safety and health, and deepen understanding of safety-related laws and regulations.

See the following website link for further information on Obayashi's Occupational Health and Safety Management System:
<https://www.obayashi.co.jp/en/sustainability/safeenv.html#section2>

4-2. Initiatives in Preventing Long Working Hours

The Group has formulated a workstyle reform action plan and is implementing the following initiatives to reduce total working hours by FY 2025.3, the target year for application of the maximum limit on overtime work under the revised Labor Standards Act of Japan.

- Thorough and appropriate attendance management
- Use of ICT technology to improve work efficiency
- Reduction in overtime hours worked
- Leveling of work during busy periods

During FY 2022.3, we provided all our officers and employees with online training aimed at ensuring that they understand our basic policy for reducing overtime hours worked. The participation rate was 85%.

4-3. Supply Chain Management

The Group emphasizes building stronger mutual trust with suppliers in the Obayashi Code of Conduct. We recognize that initiatives encompassing the entire supply chain are essential to achieve this. To ensure that suppliers comply with the Obayashi Group CSR Procurement Guidelines, we have incorporated the main actions of compliance with laws and regulations, respect for human rights, assurance of safety and health, ensuring quality, and others into contract provisions and confirm compliance when concluding contracts with suppliers.

In the construction work the Company accepts contracts for in Japan, we confirm the required facts (gender, age, whether someone is a migrant worker, years of experience, health status, and other factors that must be considered for occupational safety) in advance for all people who will be involved in construction work. The people at high risk

of having their human rights violated are thereby specified, such as minors employed within the scope permitted by law, women, people of advanced age, and migrant workers including foreign technical trainees under Japanese laws. This information is shared among relevant employees and preventive measures are implemented, such as considering work assignments and restricting performance of hazardous work. All workers at construction sites must also undergo mandatory advance training on the laws and regulations of the country, laws and regulations pertaining to safety, and international standards. Some of the documents related to occupational safety have been translated into the native languages of the migrant workers.

We also confirm that the quality of materials and equipment procured from suppliers complies with the laws and regulations and meets international and other standards. In FY 2022.3, we conducted a traceability survey of wood products and solar panel components procured overseas because it is thought the risk of human rights violations is high in these materials used in construction work. The survey confirmed that no risk of environmental destruction or human rights violation was manifested at the time of the survey.

We regularly monitor the soundness of Obayashi Rin-yu-kai member companies. Each year, the Group sends the members of the Obayashi Rin-yu-kai the Guidelines to make sure that all suppliers understand CSR procurement in the Obayashi Group and surveys the extent to which this understanding has permeated the suppliers. In FY 2022.3, we expanded the scope of this survey to include companies with which we are likely to continue transactions in addition to the Obayashi Rin-yu-kai member companies, which consists of approximately 1,100 companies. These companies account for 70% of the products and services we procure in Japan. We also enhanced the survey content to make the CSR Procurement Guidelines more deeply understood. The survey response rate in FY 2022.3 was 90.9%.

Our efforts to raise awareness about supply chain management in FY 2022.3 included in-house training provided by external experts for the Group's departments responsible for procurement and construction. We also offered online training on CSR procurement for all officers and employees of the Group, with a participation rate of 92.7%. Additionally, we distributed teaching materials, compiled by external experts, among the supplier covered by the CSR procurement survey to increase awareness of supply chain management.

We will continue to educate suppliers to further improve their understanding in the future.

See the following website link for further information on the Obayashi Group ESG materialities and KPIs:
https://www.obayashi.co.jp/en/sustainability/upload/img/esg_02-01.svg

4-4. Initiatives Relating to COVID-19

In Japan, The Group outlined the Basic Plan of Action to Prevent the Spread of the Novel Coronavirus to implement thorough COVID-19 preventive measures. We informed all officers and employees and are actively recommending staggered working hours and telecommuting. We are also communicating information on practical response methods to all Group officers and employees on the corporate website and are working to educate everyone and make sure they understand these to prevent infection.

The Company is taking steps to prevent infection for all who work at construction sites in on construction work that we are contracted to perform. We formulated the Guidelines for Actions to Prevent the Spread of the Novel Coronavirus at Construction Sites and distributed masks, liquid disinfectant, and other preventive supplies in addition to establishing a structure to prevent infection and making sure that everyone understands the specific measures. We are paying stand-by costs and taking other steps to support management and employment of suppliers working at construction sites where construction was temporarily suspended under the declaration of the state of emergency issued by the Japanese government in April 2020.

In FY 2022.3, to prevent the spread of COVID-19 raging in Japan and encourage the public to be vaccinated, we conducted workplace vaccination for the Group's officers and employees, their family members, and employees at our suppliers and subcontractors who so wished. We have put in place an environment conducive to vaccination. This includes establishing the system in which officers and employees of the Group can take special leaves if they suffer side reactions at the time of vaccination or afterwards.

4-5. Establishment of the Consultation Desk

The Group has in place two kinds of consultation desks regarding human rights issues: a desk under the Corporate Ethics Consultation and Reporting System and a desk dedicated to harassment cases. Each desk is managed according to its own rules. Both desks are open to all officers and employees of the Group as well as to the Group's suppliers and other external stakeholders. We provide an environment that makes it easy for reporters to use the desks by enabling them to choose whether to report by phone,

email, or by post. Any report is dealt with promptly while every step is taken to protect the person reporting and make sure that he or she is not subjected to disadvantageous treatment.

(1) Corporate Ethics Consultation and Reporting System

Under this system, two consultation desks are available for reporting illegal or suspicious acts and raising various issues concerning human rights. One is an internal desk with direct link to the Corporate Ethics Committee and the Audit & Supervisory Board. The other is an external desk (a law firm).

We work regularly to make this system well known among the Group's officers and employees and external stakeholders. For the former, we post it on our intranet, advertise it on in-house posters, explain it in regular training sessions, and send an email once a year calling attention to it. For the latter, we post it on our website so that anyone can check it out. We also advertise it on posters in offices and on construction sites and explain it at liaison meetings with our suppliers.

(2) Harassment Consultation Desks

We have in place special consultation desks that provide harassment consultations, accept reports, and deal with grievances. They come in three types: an internal desk (at each of Obayashi's main offices, branches, and overseas offices as well as at each Group company), an external desk (domestic hotline), and a desk dedicated to job seekers.

We work regularly to make these desks well known among the Group's officers and employees and external stakeholders. For the former, we post them on our intranet, advertise them on in-house posters, explain them in training sessions of various kinds, and call attention to them at the time of the annual questionnaire survey. For the latter, we advertise them on posters in offices and on construction sites.

If issues of modern slavery are reported to any of the consultation desks, such reports are handled according to the rules for desk response.

See the following website link for further information on "the Obayashi Group Corporate Ethics Reporting System" and "Harassment Consultation Desks":

Consultation Desks (Corporate Ethics Consultation and Reporting System, Harassment Consultation Desks):
<https://www.obayashi.co.jp/en/sustainability/employee.html#section1-4>

Reporting Process of Corporate Ethics Consultation and Reporting System:
<https://www.obayashi.co.jp/en/sustainability/ethics.html#section1-2-3>

4-6. Effectiveness

The Board of Directors has decided on the management policy on sustainability, which

encompasses the respect for human rights as well. Based on this policy, two kinds of committees have been established on the executive side: the Business Plan Committee and two expert committees in the area of sustainability (the Human Rights Expert Committee and the Supply Chain Management Expert Committee). All these committees formulate policies on human rights issues, develop and implement measures to address them, assess the implementation status in each department, evaluate relevant efforts, and improve them for better effectiveness.

The Sustainability Committee, established under the Board, discusses policies to address sustainability issues including human rights issues, makes recommendations to the Board, and assesses the implementation status in the business execution departments.

5. Training on Modern Slavery and Human Trafficking

5-1. Promoting Awareness of Human Rights

The Group concentrates on raising awareness of human rights among its officers and employees. We have established the Human Rights Expert Committee, which is chaired by the executive officer in charge of personnel. This committee prevents infringement of human rights, ascertains human rights issues, and resolves such issues. It also promotes initiatives aimed at increasing awareness of human rights.

The Harassment Prevention Department, a specialized unit, plays a central role in raising awareness of harassment. Under our Harassment Prevention Guidelines, we are working to prevent harassment by communicating the corporate policy on harassment, defining each type of harassment, and providing information on the specific response when a harassment incident occurs to all officers and employees.

The Company conducted interviews for due diligence in FY 2021.3, and had an external expert provide training on the human rights risks and other risks being focused on globally to personnel responsible in the divisions and departments interviewed. In FY 2022.3, the President issued a message calling on all officers and employees of the Group to respect human rights and actively promote human rights due diligence. Also, we offered for them all online training on the topic of “business and human rights” so that they would understand human rights due diligence. The participation rate was 95.4%.

Training for our suppliers is detailed in “4-3 Supply Chain Management”.

See the following website link for further information on Obayashi Group initiatives on human rights.
<https://www.obayashi.co.jp/en/sustainability/employee.html#section1>

5-2. Compliance Training

The Group has established the Corporate Ethics Committee, which is chaired by the president. This committee works to ensure compliance and maintenance of corporate ethics. As one of these initiatives, the committee has mandated that all officers and employees undergo compliance training every year. This training provides an opportunity to make officers and employees aware of their own actions from a corporate ethics perspective. Additionally, this is intended to enable them to root out illegal conduct and corporate ethics violations in the Company and its supply chain.

For corporate ethics training KPI, we have set our goal for employees taking the training by FY 2022.3 as 100%, and we have achieved 100% in FY 2022.3. We will continue to promote compliance education to ensure that compliance awareness takes root in our corporate culture.

See the following website link for further information on the Obayashi Corporate Ethics program.
<https://www.obayashi.co.jp/en/sustainability/ethics.html>

6. Cooperation with domestic, overseas, and Group Companies

We formulated operating rules on management through alliances between each company and the managing department and business division at headquarters from FY 2020.3. Such operating rules not only apply to the Company itself, but also the businesses of Group companies in Japan and overseas. The local office and local Group company of the UK business and the local office of the Australian business covered by this Statement continually share information between the local office and the managing department and business division at headquarters in Japan. They strive to form timely, appropriate alliances with a wide range of individual Group companies through our networks in Japan and overseas, in addition to alliances with Obayashi, when necessary.

In addition to sharing management policies and goals, the Company also works to strengthen alliances between Group companies by having top management from Group companies in Japan and overseas participate in the regularly scheduled executive officers' meetings along with the executive officers. We are also working to strengthen the network between locations through regular business reporting meetings and liaison meetings held by Group companies in each overseas region, mainly in our North American Regional Headquarters and the Asia-Pacific Regional Headquarters.


At executive officers' meetings, we offer training on such topics as "harassment prevention" and "diversity and inclusion" and also explain the importance of initiatives

aimed at respecting human rights. Moreover, those responsible for human resources at the main Group companies in Japan participate in the Company's Human Rights Expert Committee to share the awareness of human rights issues and launch joint initiatives aimed at preventing human rights violations.

The Human Rights Expert Committee and the Supply Chain Management Expert Committee will work together to take the lead in implementing specific initiatives with a view to strengthening cooperation throughout the Group and promote respect for human rights and human rights due diligence.

This statement has been approved by Board of Directors of Obayashi Corporation on August 10, 2022.

August 10, 2022



Kenji Hasuma
Representative Director
President
Obayashi Corporation