

# ESG in the Obayashi Group

**OBAYASHI CORPORATION**

February 17, 2025

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# 1

## Introduction

I am Kenji Hasuwa, president of Obayashi Corporation.

The first time the Obayashi Group publicly presented a management strategy using the term ESG was in 2017. Since then, the way society and our customers think about the environment, society, and governance has changed significantly. I became president in March 2018, so I have been serving in that capacity throughout this period of change. Upon taking office, I thought deeply about what value the Obayashi Group could provide to society, aside from pursuing profit as a company.

When working to instill ESG management within the Company, I asked each employee to view ESG as a personal matter. To ask themselves, “What value can I provide to society as a member of the Obayashi Group?” and “How can Obayashi become a sustainable company so I can provide that value?” I believe that if each employee addresses ESG issues as a personal matter, it will ultimately lead to the realization of a sustainable society.

A company is the aggregate of the various people who work for it. With each of our approximately 17,000 employees embracing ESG as a personal matter, as I asked, I feel that the Obayashi Group has become a stronger organization in a rapidly changing business environment.

We are holding this ESG briefing session to help you better understand ESG management in the Obayashi Group.

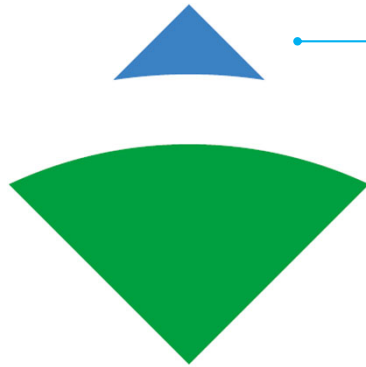
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## ESG Management in the Obayashi Group

# Corporate Symbol

Established in 1990 to symbolize the Obayashi Group's corporate philosophy, stance to management, and code of conduct.

## Corporate Symbol



The symbol expresses our wish for a rich and fruitful harmony between the earth and its people, along with our desire to create a healthy and robust future while also leaving big dreams to the endless, beautiful horizon and beyond.

Shows the company's attitude of constantly aiming for improvement as a dynamic current thinker that creates new value

- Morning Blue represents the dawn's blue sky and symbolizes our freshness, vigor, and stability.

Image of a safe and secure earth which nurtures any and all things, and the hope that Obayashi Corporation will continue to develop without limitation

- Bright Green represents the lush vegetation of the earth and symbolizes the harmony between nature and humans, as well as individuals and society as a whole; in short, it is symbolic of a bright future.

I will begin by explaining our corporate symbol.

Consisting of morning blue and bright green, the symbol expresses our wish for a rich and fruitful harmony between the earth and its people, along with our desire to create a healthy and robust future while also leaving big dreams to the endless, beautiful horizon and beyond.

The United Nations adopted the Sustainable Development Goals in 2015, but we established our corporate symbol in 1990, so you can see that the approach of "harmony between the earth and its people" has been deeply rooted in the Obayashi Group's corporate culture since then.

# Obayashi Basic Principles

## Obayashi Philosophy

Obayashi's Vision and Mission in Society

### A Leading Sustainability Company

1. Exercise honest craftsmanship with superior technologies and create new value in every space.
2. Care for the global environment and create solutions to social challenges as a good corporate citizen.
3. Value each person with a stake in our business.

By keeping these promises, Obayashi Corporation contributes to realizing a sustainable society.

## Obayashi Code of Conduct

These guidelines help us realize the Obayashi Philosophy and continue being an enterprise trusted by all stakeholders

### Fulfill our social mission

1. Provide high-quality buildings, infrastructure, and services
2. Foster an environmentally responsible society
3. Value every one of our associates
4. Build stronger mutual trust with suppliers
5. Build good relationships with communities

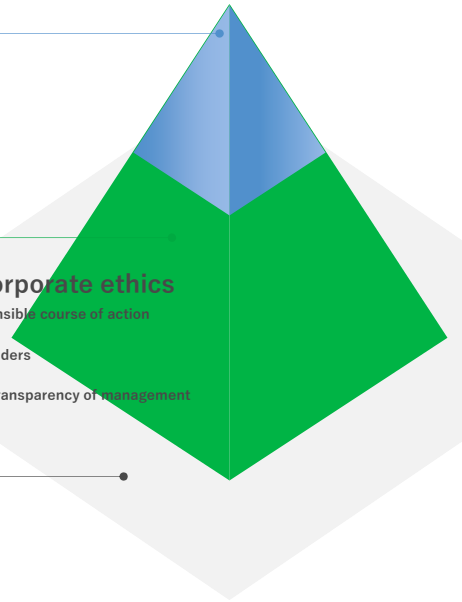
### Ensure strict adherence to corporate ethics

1. Comply with laws and regulations and take a sensible course of action
2. Promote fair and free competition
3. Maintain appropriate relationships with stakeholders
4. Avoid all contact with antisocial forces
5. Ensure appropriate information disclosure and transparency of management

## Obayashi Three Pledges

The spirit that has guided us since our founding

### Quality, Value, and Efficiency



Next are the Obayashi Basic Principles.

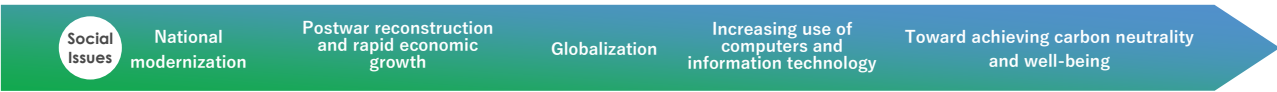
These consist of the Obayashi Philosophy, which sets forth our mission in society by contributing to the realization of a sustainable society; the Obayashi Code of Conduct, which offers guidelines for continuing to be a trusted enterprise; and the Obayashi Three Pledges of “quality, value, and efficiency,” which are the spirit that has guided us since our founding.

The Obayashi Basic Principles are the basis of the Group’s management. By putting them into practice, we aim to resolve social issues through our corporate activities and help to realize a sustainable society.

# Fulfilling Our Mission in Society

The Obayashi Group has consistently responded to the diverse needs of society through honest craftsmanship with superior technologies.

	<p>1905 Port of Osaka</p> 	<p>1914 Ikoma Zuido tunnel</p> 	<p>1982 San Francisco Sewer</p> 	<p>2012 TOKYO SKYTREE®</p> 	<p>2022 Port Plus®</p> 	<p>2023 Offshore wind farm in the Port of Noshiro</p> 
<p><b>Yoshigoro Obayashi</b> Founder</p>	<p>1914 Tokyo Central Station (currently Tokyo Station)</p> 	<p>1956 Nukabira Dam Power Generation Development</p> 				



2. ESG Management in the Obayashi Group  
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Since its founding in 1892, the Obayashi Group has responded to the diverse needs of society through honest craftsmanship with superior technologies, based on the spirit of the Three Pledges passed down from our predecessors.

Just as our founder, Yoshigoro Obayashi, managed to complete the formidably obstacle-ridden construction of the Ikoma Zuido tunnel connecting Osaka and Nara without regard for the Company's survival, the many construction projects we have undertaken and delivered to our customers, as well as the businesses we have pursued to solve social issues, have given us a history of steadfastly facing our "mission in society" as stated in the Obayashi Philosophy.

# Fulfilling Our Mission in Society

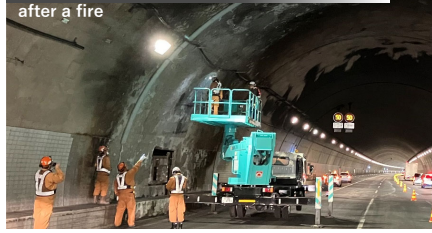


To ensure people's safety and security, the Obayashi Group's mission also encompasses restoring infrastructure damaged by unforeseen disasters to its original state.

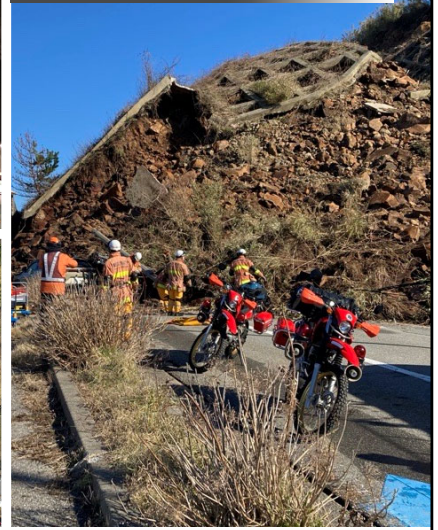
March 2011  
Restoration of Tohoku Shinkansen



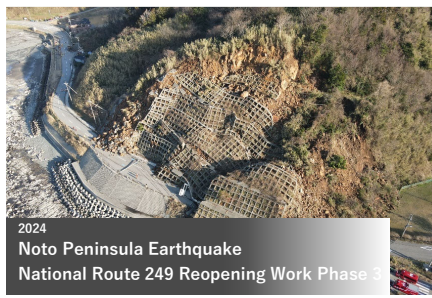
February 2024  
Restoration of Kitanumagami Tunnel (outbound)  
after a fire



2024  
Noto Peninsula Earthquake survey



2017  
Emergency construction to prevent the collapse  
of the five-story lidamaru turret at Kumamoto  
Castle following the Kumamoto Earthquake



2024  
Noto Peninsula Earthquake  
National Route 249 Reopening Work Phase 3

2. ESG Management in the Obayashi Group

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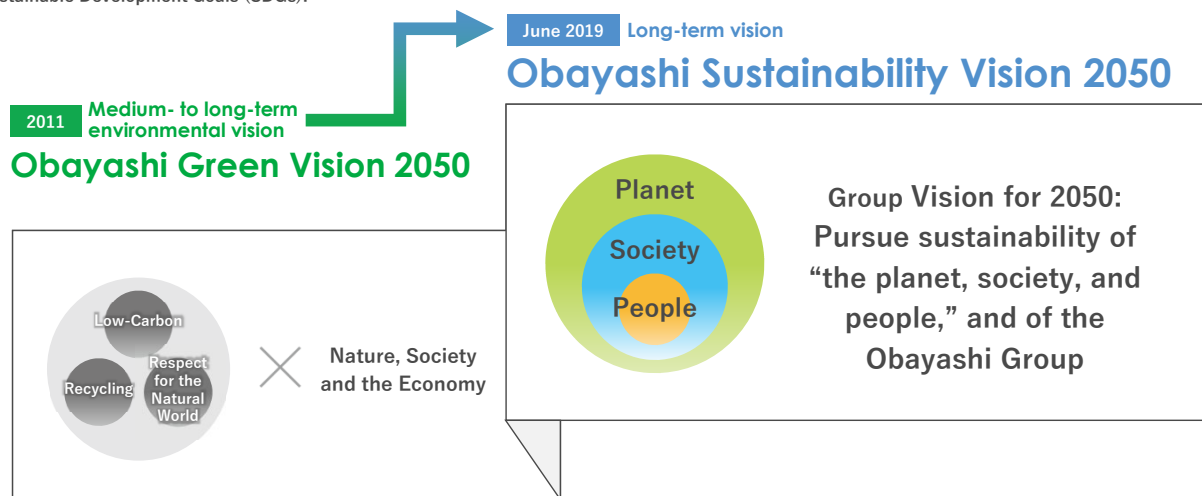
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Moreover, when a disaster occurs, another key mission for us in the construction industry is to promptly come together as a group to organize support systems and restore infrastructure, and to hurry to our customers' properties to perform safety inspections of buildings and structures to prevent secondary disasters.

# Obayashi Sustainability Vision 2050, Our Long-Term Vision

We established our medium- to long-term environmental vision, Obayashi Green Vision 2050, in 2011.

In June 2019, we expanded and updated this vision into the long-term Obayashi Sustainability Vision 2050, taking into account factors such as changes in social conditions and the business environment, the importance of ESG as the foundation of management, and our contribution to achieving the Sustainable Development Goals (SDGs).



Next, I will explain Obayashi Sustainability Vision 2050, or “OSV2050.”

First, we established Obayashi Green Vision 2050 in 2011 as our medium- to long-term environmental vision. Driven by social conditions that have made the environment a key issue in CSR, we had been working to help resolve environmental issues such as reducing CO<sub>2</sub> emissions and promoting a renewable energy business. Then in 2019, we revised this Green Vision into OSV2050, a long-term vision that goes beyond the scope of the environment.

OSV2050 sets forth our Group Vision for 2050: Pursue the sustainability of “the planet, society, and people,” and of the Obayashi Group.



# Positioning of ESG at Obayashi

Based on the Obayashi Basic Principles, we have set targets for ESG-related performance indicators in our medium-term business plan toward Obayashi Sustainability Vision 2050 and are conducting initiatives to achieve them.

2. ESG Management in the Obayashi Group  
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In order to pursue the sustainability of “the planet, society, and people,” and of the Obayashi Group as stated in OSV2050, we are implementing measures under our Medium-Term Business Plan 2022 to strengthen the business foundation and to accelerate a Company-wide transformation with a view to the Obayashi Group of 2050.

In promoting ESG, we are also carrying out initiatives based on our material issues after backcasting from OSV2050.

# ESG-Related Material Issues

We have identified six ESG-related material issues based on the Obayashi Basic Principles and our business strategies. In identifying these issues, we evaluated the level of stakeholder interest and the degree of importance for and impact on the Obayashi Group's business.



We identified our ESG-related material issues in 2019.

In doing so, we reexamined our business activities, which have been based on the Obayashi Basic Principles, from the perspective of ESG to identify social issues closely related to the Obayashi Group's business as our material issues.

However, we believe that these six material issues need to be reviewed as appropriate to keep up with the times.

# Advances in ESG from the 2017 to the 2022 Medium-Term Business Plan

In Medium-Term Business Plan 2017, ESG was positioned as one element of the platform development strategy, but in the Medium-Term Business Plan 2022, it has been incorporated in the performance indicator targets, and we have established a policy of turning carbon neutrality and well-being into growth opportunities.

MTBP 2017

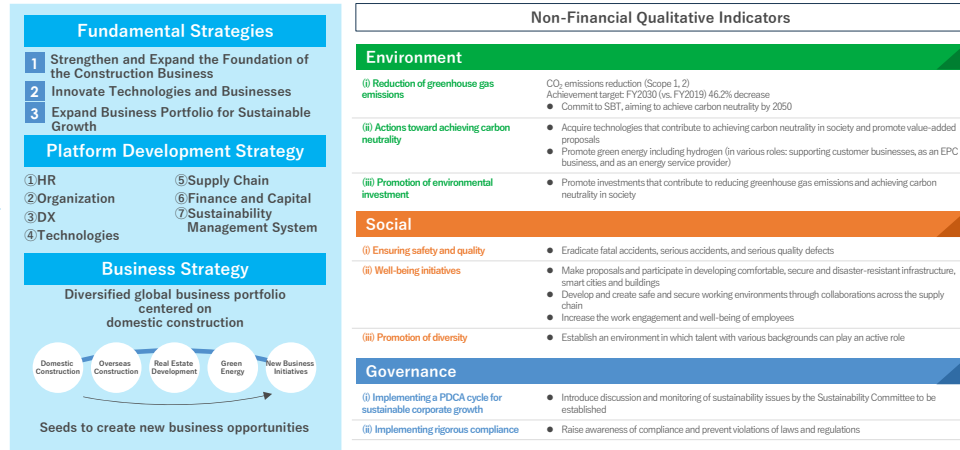
ESG as one element of the platform development strategy

Platform Development Strategy

1. Technology strategy
2. HR and organizational strategy
3. Initiatives for ESG

Medium-Term Business Plan 2022

## ESG incorporated in performance indicator targets



We have also repositioned ESG management in the medium-term business plan.

In Medium-Term Business Plan 2017, ESG was positioned as one element of the platform development strategy. However, in Medium-Term Business Plan 2022, we have incorporated ESG in the performance indicator targets, and we are conducting business activities to achieve non-financial as well as financial indicators.

# Medium-Term Business Plan 2022

## Turning Carbon Neutrality and Well-Being into Growth Opportunities

We view carbon neutrality and well-being as growth opportunities in all five business areas and will create customer value by providing solutions.

Diversified global business portfolio centered on domestic construction



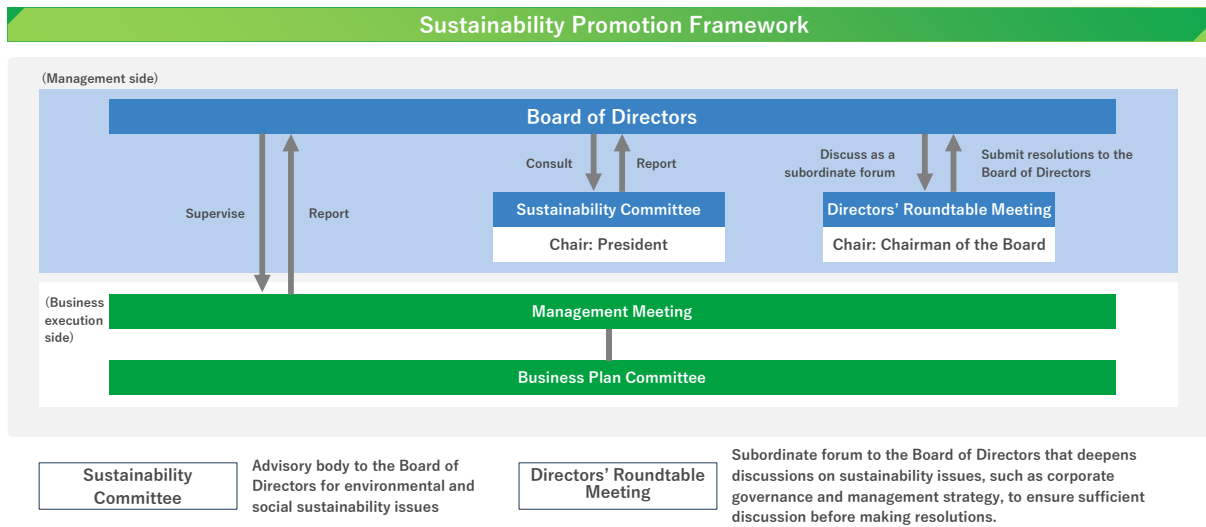
**Obayashi Group's Vision for 2050** | The Obayashi Group will continue to take on the challenge of ceaseless transformation driven by talent and innovation to keep providing a variety of solutions for the sustainability of places where we reside: spaces, cities, and the environment.

Under Medium-Term Business Plan 2022, we envision turning the global social issues of carbon neutrality and well-being into growth opportunities.

We believe we can help to resolve social issues by deploying the comprehensive competitiveness we have cultivated to provide solutions for achieving carbon neutrality and well-being and create value for our customers.

# Sustainability Framework

Our framework for promoting initiatives to achieve sustainability, both for society and for ourselves, is as follows.



2. ESG Management in the Obayashi Group  
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Our sustainability framework comprises the Sustainability Committee, which is an advisory body to the Board of Directors that reviews and discusses environmental and social sustainability issues, and the Directors' Roundtable Meeting, a subordinate forum to the Board of Directors that reviews and discusses issues such as corporate governance and management strategy.

Consisting of the same members as the Board of Directors, the Directors' Roundtable Meeting ensures sufficient discussion before the board makes resolutions, and is a distinctive feature of Obayashi.



# Sustainability Overview

Based on the Obayashi Basic Principles, we have incorporated ESG into our medium-term business plan to conduct initiatives that help to realize a sustainable society.

**Obayashi Sustainability Vision 2050**  
 Pursue sustainability of “the planet, society, and people,” and of the Obayashi Group

Decarbonization  Provide valuable spaces and services  Co-creation of a sustainable supply chain

## Medium-Term Business Plan 2022

Social Issues and Growth Opportunities	 Carbon Neutrality	 Well-Being	
Non-Financial Qualitative Indicators	Initiatives to achieve carbon neutrality	Ensuring safety and quality	Implementing rigorous compliance
	Reduction of greenhouse gas emissions	Well-being initiatives	Implementing a PDCA cycle for sustainable corporate growth
	Promotion of environmental investment	Promotion of diversity	

ESG-Related Material Issues	Establish an Environmentally Responsible Society	Enhance Quality Control and Technological Capabilities	Develop and Retain Human Resources	Ensure Occupational Health and Safety	Conduct Responsible Supply Chain Management	Implement Rigorous Compliance
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Obayashi Basic Principles 	Obayashi Philosophy A Leading Sustainability Company	Obayashi Code of Conduct Fulfill our social mission Ensure strict adherence to corporate ethics
	Obayashi Three Pledges Quality, Value, and Efficiency	



This diagram provides an overview of the specific elements I have been talking about.

We believe that ESG management under the Obayashi Basic Principles will lead to sustainability for “the planet, society, and people,” and of the Obayashi Group as set forth in OSV2050, and that this is how the Obayashi Group can contribute to the realization of a sustainable society.

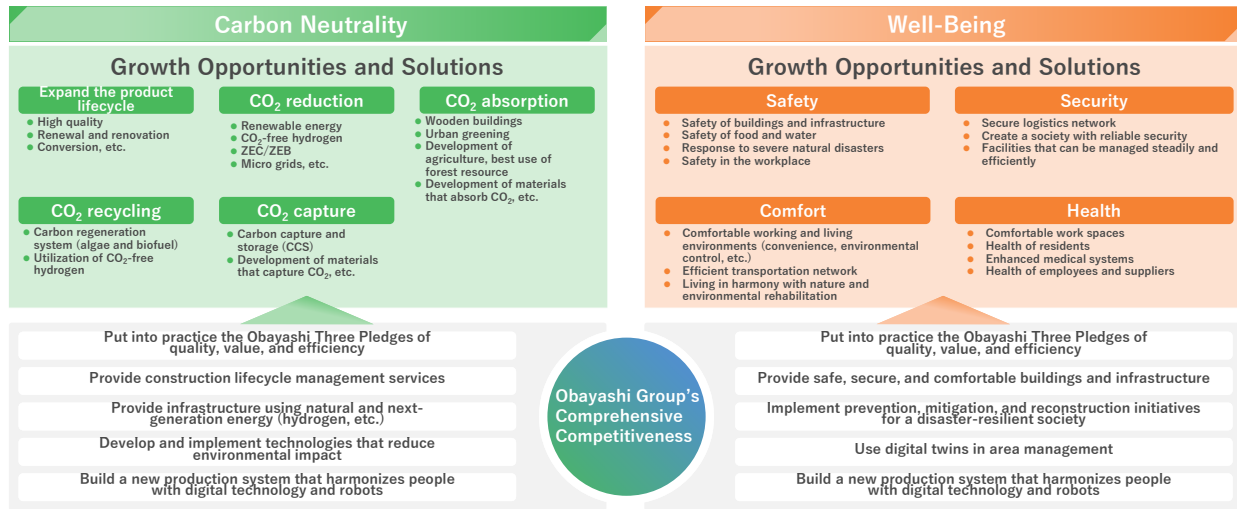
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## Initiatives for Carbon Neutrality and Well-Being

Next, let's turn to our initiatives for carbon neutrality and well-being.

# Turning Carbon Neutrality and Well-Being into Growth Opportunities

We turn resolving social issues into growth opportunities by providing various optimal solutions for our customers.

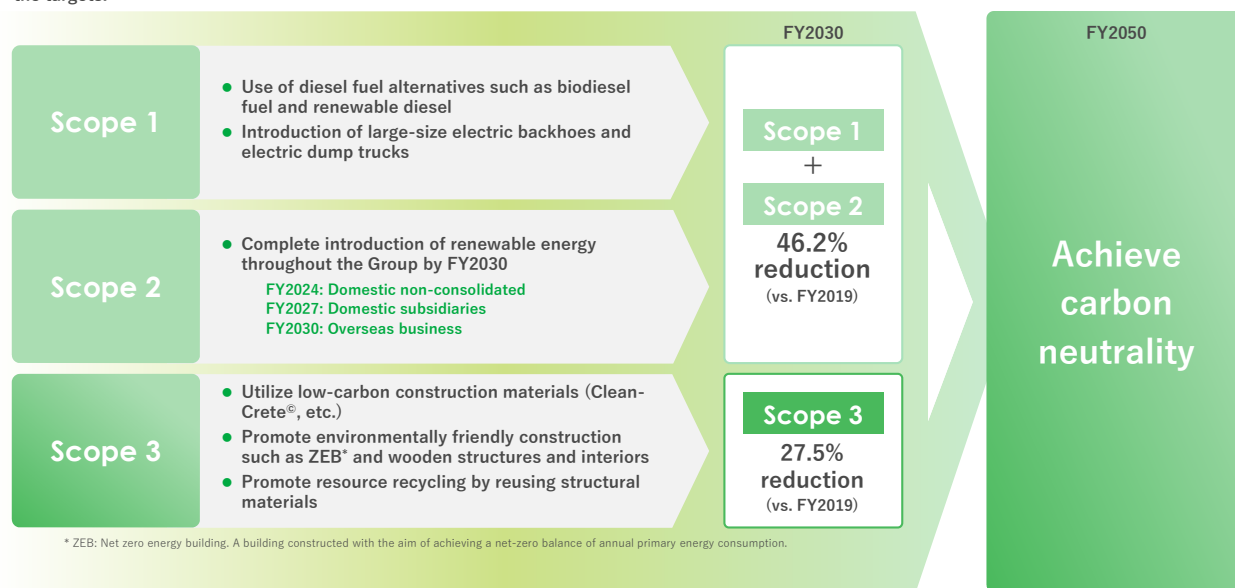


I mentioned earlier that our Medium-Term Business Plan 2022 envisions turning carbon neutrality and well-being into growth opportunities. This diagram shows our approach.



# Toward Achieving Carbon Neutrality

We have set CO<sub>2</sub> emissions reduction targets (for FY2030) with the aim of achieving carbon neutrality by 2050. We have obtained SBT certification for the targets.



To achieve carbon neutrality by 2050, we have set targets for reducing CO<sub>2</sub> emissions by fiscal year 2030 as a KPI, and obtained certification for our targets from SBT, or Science Based Targets.

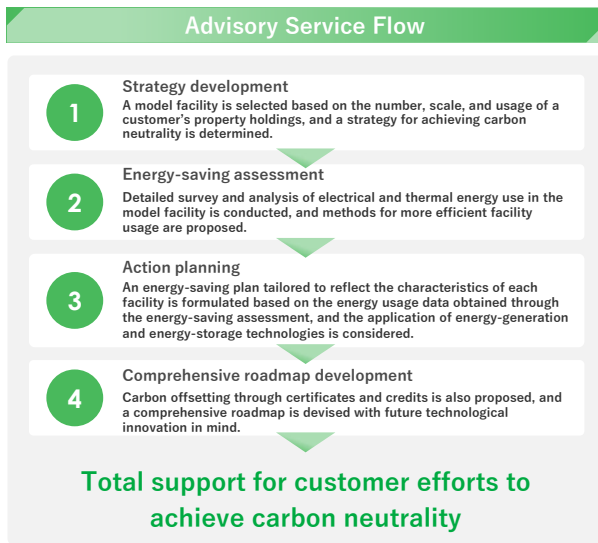
Our target for Scope 1 and 2 emissions is a 46.2% reduction compared with fiscal year 2019, and our result for fiscal year 2023 was a 16.8% reduction. Although we have not been making progress in reducing Scope 1 emissions because technological advances in construction equipment at work sites, such as alternative fuels and electric construction equipment have yet to enter a practical stage, we are making steady progress in Scope 2 reductions, which cover our own facilities.

Our target for Scope 3 emissions is a 27.5% reduction compared with fiscal year 2019, and the result for fiscal year 2023 was a 17.2% reduction.

With net zero energy buildings, or ZEB, and wooden structures and interiors, among other initiatives, we are steadily building a track record of environmentally friendly construction. However, due to the nature of the contracting business, there are some aspects of the environmental performance of our customers' buildings that we cannot control. Therefore, ensuring that customers understand our solutions is key.

# Providing Solutions

In addition to our advisory service for carbon neutrality, we are working to achieve our Scope 3 target by building on our track record of obtaining ZEB certification for our own properties to propose solutions to our customers.



Through our sales activities, we have realized that many customers view achieving carbon neutrality as an issue. We therefore established the Carbon Neutral & Timber Construction Solution Department to meet their wide-ranging needs on a daily basis.

This includes our advisory service that provides total support for achieving carbon neutrality, from building inspection, energy-saving assessment, and ZEB simulations to drawing up a renewal roadmap.

In addition, when making ZEB proposals for customer facilities, our marketing staff utilize the know-how we have gained from obtaining ZEB certification for our own properties.



# Promoting Renewable Energy Power Generation and Hydrogen Businesses



In addition to promoting power generation projects that use renewable energy, we are working to build a value chain to promote society's implementation of green hydrogen.

### Renewable Energy



**We operate the highest-efficiency models in-house to accumulate know-how and meet customer needs for environmental contribution through our technologies.**

**Number of facilities worldwide: 42**  
**Power generation capacity: 305 MW** (as of December 2024)

Solar

Wind

Biomass

Solar

Wind

Geothermal

### Initiatives for the Hydrogen Business

#### Green Hydrogen Business in New Zealand

- We partnered with a company in New Zealand to build a megawatt-class hydrogen manufacturing plant that uses geothermal power and started producing green hydrogen (March 2021).
- We are planning to convert the hydrogen through densification into liquefied hydrogen (LH2), ammonia (NH3), and other forms for marine transport (from FY2025).

2018

Demonstration of green hydrogen supply chain in New Zealand

2025

Demonstration of marine transport for supply chain business in New Zealand

2035

Scale up and establish export business

R&D

Commercialization

#### Kokonoe, Oita Prefecture

- Geothermal-derived hydrogen utilization project



#### Namie, Fukushima Prefecture

- Ministry of the Environment renewable energy hydrogen supply chain demonstration project



The Odayashi Group has been involved in renewable energy businesses since the introduction of the Feed-in Tariff scheme in 2012.

I started the Technology Business Development Division, the predecessor of the current Green Energy Division, and led its efforts as its first general manager.

Over the past five years, we have increased our power generation in terms of both capacity and area. In fiscal year 2019, we had a total of 30 power plants with a capacity of 154 MW. As of December 31, 2024, we had 42 locations including offshore wind and geothermal power plants with a total capacity of 305 MW, nearly doubling the scale of our business. In the hydrogen business, where demand is expected going forward, we are conducting demonstrations with the medium-term goal of producing and selling green hydrogen.

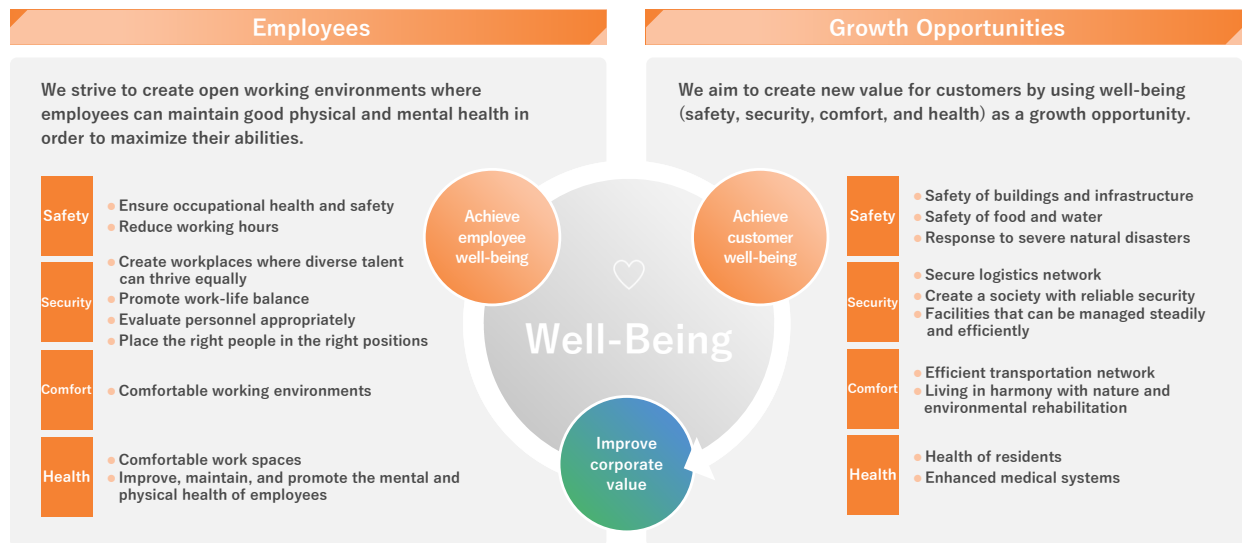
New Zealand's government has set a policy of achieving 100% renewable electricity generation by 2030, and is actively promoting hydrogen use. The Odayashi Group is building a value chain with the aim of establishing an export business.

The medium-term business plan calls for a business portfolio centered on the domestic construction business, but in which other businesses generate equal or greater performance. We believe that green energy will remain a mainstay business of such a portfolio.

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# Achieving Well-Being

The Obayashi Group believes that employee growth opportunities and job satisfaction lead to the well-being of its customers, and therefore pursues well-being both for its employees and as a growth opportunity.

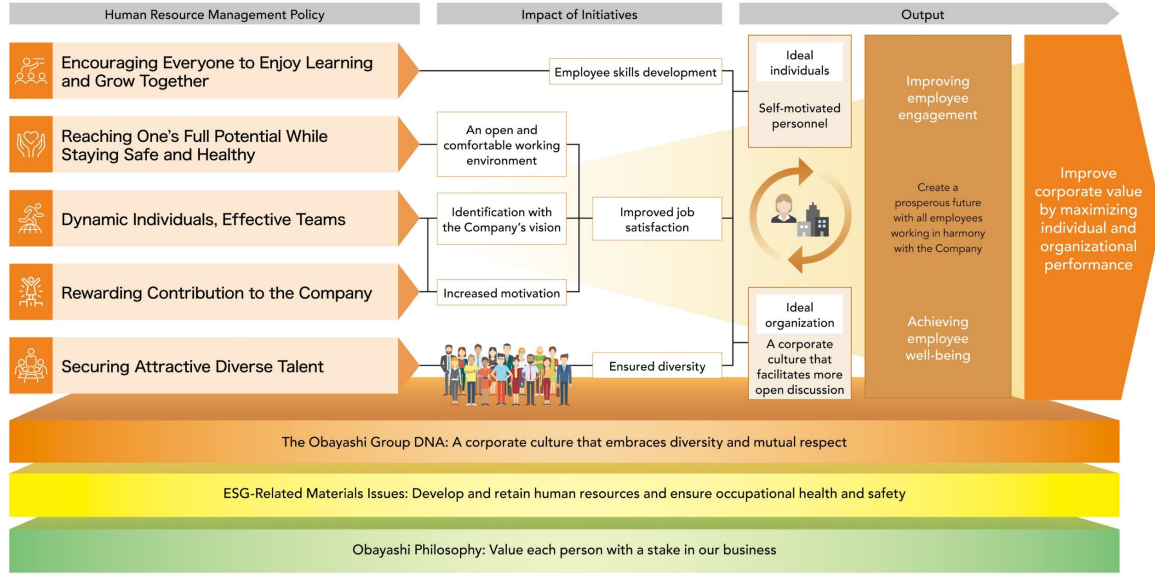


Next is our approach to achieving well-being.

As the diagram shows, the Obayashi Group believes that improving employee well-being through growth opportunities, job satisfaction, and other means, makes it possible to provide well-being to customers, which in turn leads to improvement in corporate value.

# Approach to Human Resource Management

By promoting strategies in line with our Human Resource Management Policy, we aim to improve corporate value by maximizing individual and organizational performance to increase corporate value.



We have mapped out employee well-being in this logic tree.

Promoting initiatives in line with our human resource management policy will create a prosperous future in which all employees work in harmony with the Company, thus improving our corporate value.

# Employee Engagement



We use the results of our engagement survey as one indicator of employee well-being and make changes to improve satisfaction.

## (1) Achieving our KPI for employee satisfaction rate

KPI	FY2022	FY2023		FY2024	FY2025	FY2026	FY2030
	Result	Target	Result	Targets			
Employee satisfaction rate	78.4%	70% or more	80.9%	70% or more	70% or more	70% or more	80% or more

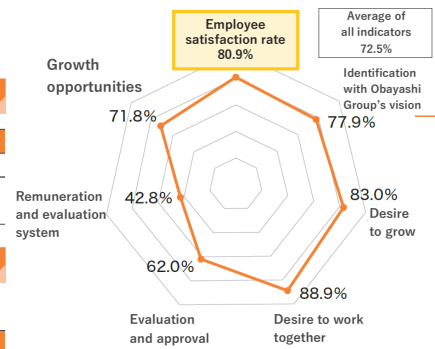
## (2) Employee engagement results (added in previous FY)

Medium-Term Business Plan 2022: Measures for accelerating transformation for platform development

Item	Main Initiative	Current	2025	2026
Investment in business platform	Establish a personnel system to secure and develop human resources for the core construction business and acquire human resources to realize our growth strategy			Start up in phases

### Results by gender

Slight differences between men and women in "growth opportunities" and "evaluation and approval"



### "Identification with Obayashi Group's Vision" compared with previous fiscal year: +3.1%

- Evaluation
- Proactive messaging from the president and senior management
  - Measures to help the Brand Vision take root



We conduct an engagement survey and use the employee satisfaction rate as a KPI to measure the degree of employee engagement we have achieved.

The radar chart on the right shows that we have achieved an employee satisfaction rate of 80.9%, compared with the KPI target of 70% or more.

Results for the evaluation item "Identification with Obayashi Group's vision" have increased from previous fiscal years due to proactive messaging to employees from me and other senior management to help the medium-term business plan and Brand Vision take root.

On the other hand, the satisfaction rate for "Remuneration and evaluation system," was the lowest among all evaluation items, at 42.8%. Therefore, as the Medium-Term Business Plan 2022 Addendum indicates, we are currently reviewing our personnel system.

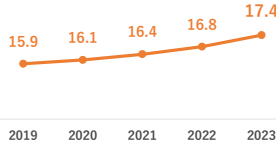
Furthermore, the graphs at the bottom show differences between men and women in the survey results for the areas of "growth opportunities" and "evaluation and approval."



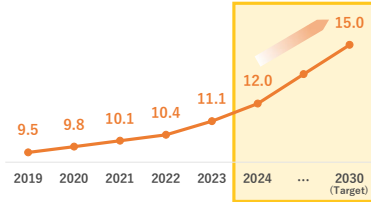
# Improving the Engagement of Women

Although the ratio of female employees is still low for the industry overall, we are working to create an environment where women can work comfortably and thrive. More time is required, but we are developing role models who will lead us into the next generation throughout the industry.

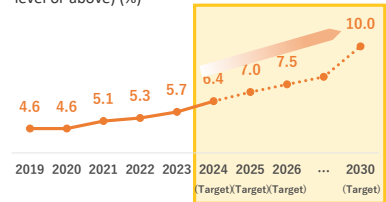
Ratio of female employees (%)



Ratio of female engineers (%)



Ratio of women in managerial positions (section manager level or above) (%)



## Diversity & Inclusion Initiatives

Diversity & Inclusion Promotion Department established in April 2021

- Reduce working hours
- Support female employees' active participation
- Create a rewarding working environment
- Revise personnel systems

Working to further strengthen and revitalize our organizational capabilities in order to become a corporate group where each employee can feel a sense of fulfillment

- 10th Award for Successful Development of Female Engineers Individual and organizational awards
- Women's Health Friendly Company 2024 Excellence Award
- Women's Health Conference Awards Challenge Award (sponsored by Think Pearl Association)



Improving engagement among women is an issue for Obayashi, where approximately 80% of employees hold technical positions.

As these graphs show, the ratio of female engineers and the ratio of women in managerial positions, both of which are KPIs for fiscal year 2030, are gradually increasing each year, but achieving the targets for these KPIs will not be easy.

We are also working to recruit talented personnel, amid a dearth of women studying engineering at university.

In fiscal year 2021, we launched the Diversity & Inclusion Promotion Department to create an environment where employees, including women, can work comfortably and thrive. I sense that our initiatives and workplace improvements to date have had some effect in gradually leading to the development of role models in the industry.



# Providing Solutions

By taking health and happiness into account to provide buildings and spaces for comfortable work, we contribute in areas including people's physical and mental health, prevention of workplace turnover, productivity improvement, and corporate branding.

## Proposals with WELL Certification

**Obayashi Properties with WELL Certification**

Techno Station, main building of Obayashi Technical Research Institute

Obayashi Sendai Urushi Elementary

D-NES TOWER  
Large-scale rental office building developed in-house (Bangkok)

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**Providing WELL Certification for Customer Facilities**

GOOD NATURE HOTEL (BIOSYLE Co., Ltd.)  
First hotel in the world to receive WELL certification

Nippon Life Hamamatsucho Crest Tower

## Providing Space Creation Technology for Well-Being

**Opriзон** Smart building creation using the WELCS place® integrated network application for building equipment

Smart building

ENERGY GRAPH  
LIVE ENERGY CHART

NATURAL VENTILATION

RESTROOM ELEVATOR

**Contributing to maintaining and improving the medium- to long-term value of customers' spaces and buildings**

We can help our customers achieve well-being by offering value-added solutions for the spaces and buildings we provide them with, in areas such physical and mental health, prevention of workplace turnover, and improvement of corporate branding.

Similar to our approach to ZEB proposals, we improve our ability to make these proposals to customers by first obtaining WELL certification, an international certification for well-being, for our own properties, among other types of know-how.

Moreover, in the smart building market, which is expected to grow, we have begun offering a smart building platform with the launch of Opriзон, a dedicated service provider, in collaboration with Hitachi Solutions.

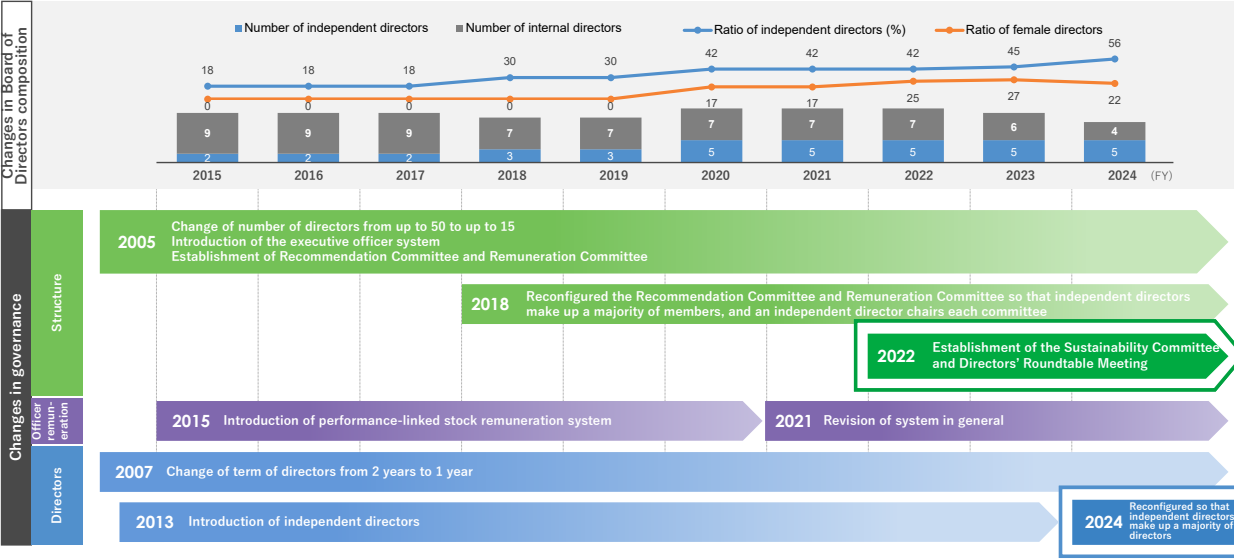
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## Measures for Accelerating Transformation in Governance

Next, I will explain our measures for accelerating transformation in governance.

# Initiatives to Enhance Corporate Governance

We are continuously strengthening our corporate governance framework.



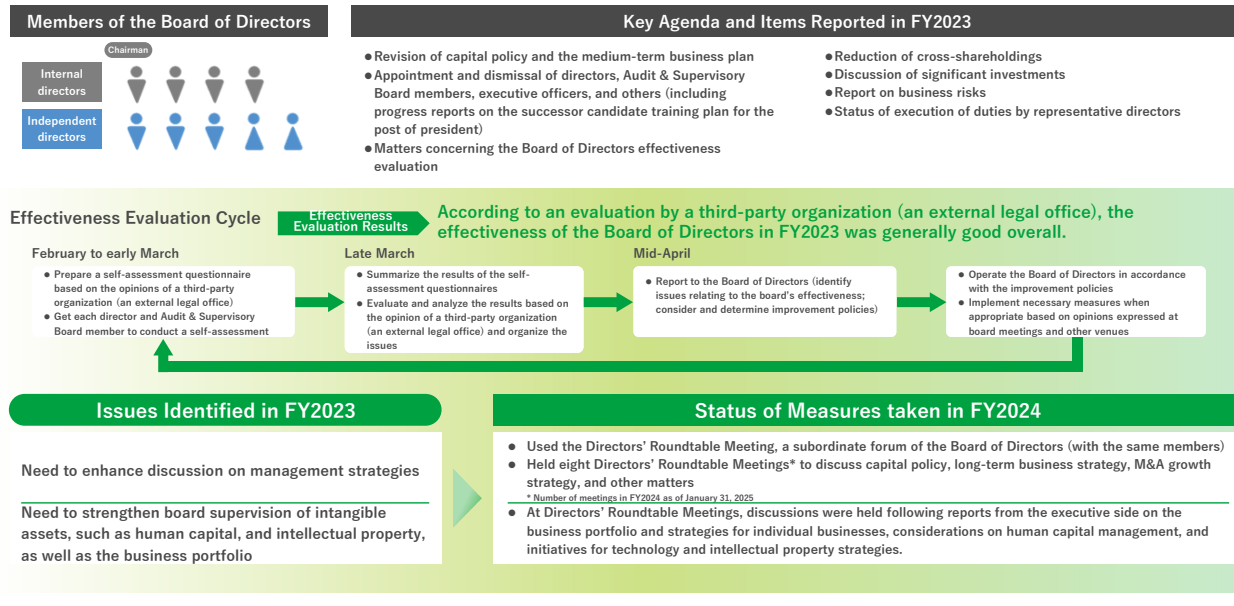
We have been enhancing our corporate governance framework to increase the transparency and soundness of our management.

Most recently, in fiscal year 2022, we established the Sustainability Committee and the Directors' Roundtable Meeting to promote sustainability management, and in fiscal year 2024, we further separated management and execution, and reconfigured the composition of the Board of Directors so that independent directors make up the majority, ensuring management transparency.

# Initiatives to Improve the Effectiveness of the Board of Directors



Every year, we go through an evaluation cycle to ensure the effectiveness of the Board of Directors.



As an initiative to improve the effectiveness of the Board of Directors, the board conducts a self-evaluation each year, using the results to improve its operations in subsequent years.

We are using the Directors' Roundtable Meeting to address the issues identified in the effectiveness evaluation for fiscal year 2023, which were the need to enhance discussion on management strategies and the need to strengthen board supervision of intangible assets, such as human capital and intellectual property, as well as the business portfolio.

# Recommendation Committee and Remuneration Committee



Recommendation Committee and Remuneration Committee meetings, member composition, and agendas for FY2024 are as follows.

Organization Name	Members	FY2024 Agenda (Including Scheduled Items)
<b>Recommendation Committee</b> Meetings in FY2024: 7	Internal directors: 2 Chair: 1 Independent directors: 3	<ul style="list-style-type: none"> <li>Matters regarding reappointment or non-reappointment of the chairman and president (Including election of a new president. Discussion conducted without the current president in attendance.)</li> <li>Recommendation of FY2025 candidates for director and Audit &amp; Supervisory Board member</li> </ul>
<b>Remuneration Committee</b> Meetings in FY2024: 3	Internal directors: 3 Chair: 1 Independent directors: 3	<ul style="list-style-type: none"> <li>Performance-linked remuneration based on FY2023 corporate results and individual performance</li> <li>FY2024 performance indicators for individual officers</li> <li>FY2024 basic remuneration for officers</li> <li>FY2025 performance-linked remuneration system for officers</li> </ul>

### Recommendation Committee Supervision of the Change in President

- Since the formulation of a succession plan in 2023, the Recommendation Committee has annually reviewed the training status and training plan of the successor candidates for president selected by President Kenji Hasuwa based on the selection criteria\* for the role.
- In FY2024, the Recommendation Committee confirmed that Executive Vice President Toshimi Sato “meets the selection criteria for president” and is “the best person to lead the construction of a Group management structure for improving medium- to long-term corporate value of the Obayashi Group,” and submitted a proposal for the change in president to the Board of Directors in December 2024.

\* Deliberations held based on evaluation sheets for each candidate on selection criteria for president: (1) knowledge, experience, and track record (such as management experience as an organizational leader, track record in issue resolution), (2) professional qualities and capabilities (business foresight, vision, and leadership), and (3) character and personality

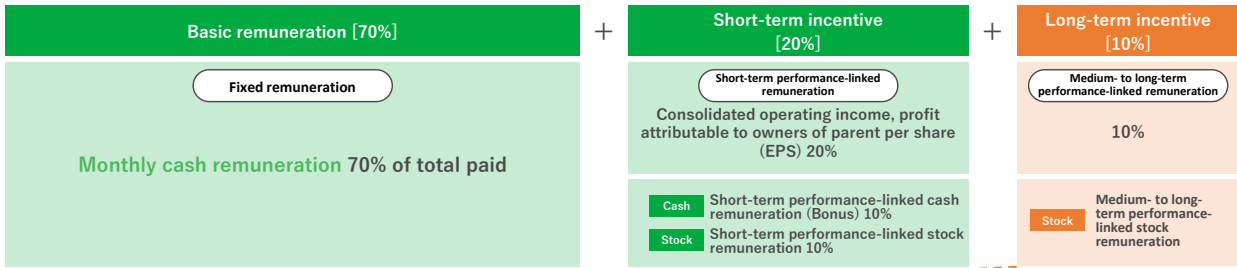
Both the chairs and the majority of committee members of the Recommendation Committee and the Remuneration Committee are independent directors, in order to clarify the decision-making process for officer appointments and remuneration, and to ensure transparency and objectivity.

The Recommendation Committee has been overseeing the process leading to the change in president we announced in December 2024, including reviewing the status of training of successor candidates based on the succession plan formulated in 2023.

In addition, the Recommendation Committee conducts annual monitoring toward achieving our target of a 30% ratio of female officers by 2030.

# Linking Officer Remuneration to ESG Performance Indicators

Medium- to long-term performance-linked remuneration accounts for 10% of remuneration for internal directors (15% for the president), of which 20% is determined by ESG indicators.



ROE coefficient	60%	10% (Medium-Term Business Plan 2022 Addendum)
TSR coefficient	20%	Comparison with peers (Kajima, Shimizu, Taisei)
CO <sub>2</sub> emissions reduction coefficient	5%	Comparison of planned reduction (46.2% by 2030) with cumulative reduction since FY2019
Fatal accidents and serious injuries coefficient	5%	Payable if the total is zero
Employee satisfaction coefficient	10%	Criterion of 70%

This slide shows the ESG performance indicators used in determining officer remuneration.

We use these ESG indicators in evaluations for performance-linked remuneration of internal directors to increase their commitment to achieving our ESG-related targets.

# 5

## External ESG Evaluations and Value Creation Process

Next are some external evaluations of our ESG initiatives.

# External ESG Evaluations

We have received the following external ESG evaluations. We will continue working to improve our corporate value.

### Recognition and Certifications for Sustainability

- ▶ Science Based Targets (SBT)
- ▶ Highest rank of L-boshi certification (three stars)
- ▶ PRIDE Index 2024 Gold (highest) Certification
- ▶ Daiwa Investor Relations Internet IR Sustainability Excellence Award 2024










- ▶ 6th NIKKEI SDGs Management Awards


First company in the construction industry to receive an Environmental Value Award




### Inclusion in SRI Indexes

- ▶ Dow Jones Sustainability Asia Pacific Index
- ▶ S&P/JPX Carbon Efficient Index
- ▶ FTSE4Good Index Series
- ▶ FTSE Blossom Japan Index
- ▶ Continuing inclusion in FTSE Blossom Japan Sector Relative Index
- ▶ MSCI ESG Leaders Index
- ▶ MSCI Japan ESG Select Leaders Index
- ▶ MSCI NIHONKABU ESG SELECT LEADERS INDEX



2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

This covers recognition, certifications, and inclusion in stock indexes.

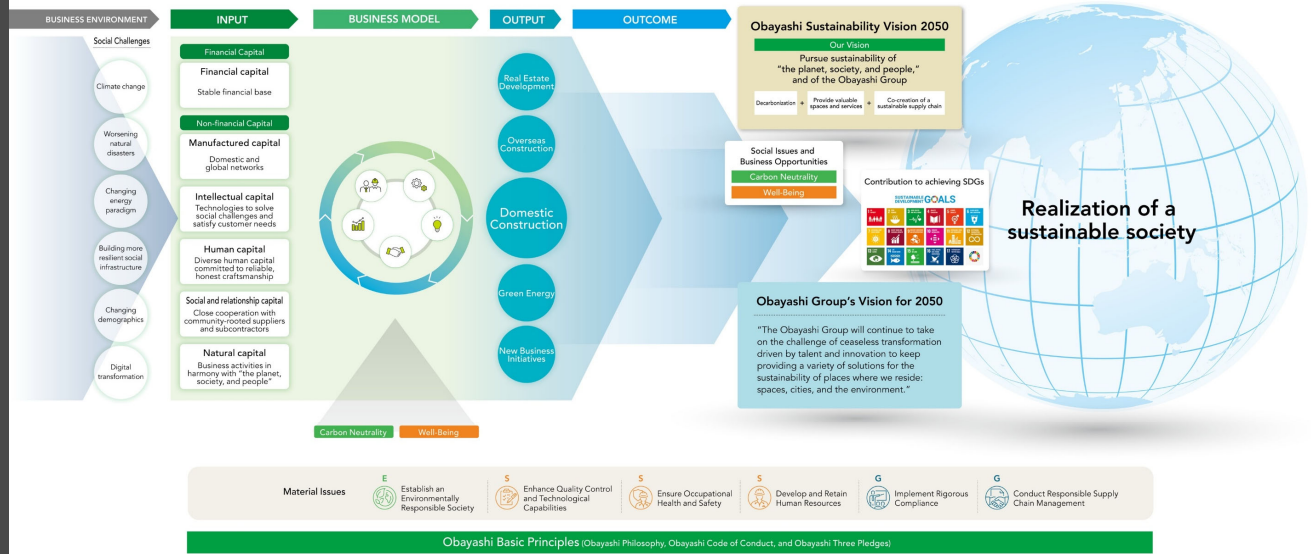
This year, we became the first construction company to receive an Environmental Value Award at the Nikkei SDGs Management Awards.

\*1 THE INCLUSION OF OBUYASHI CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OBUYASHI CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



# Value Creation Process

By using both our financial and non-financial capital to solve social and corporate sustainability issues based on the Obayashi Basic Principles, we will achieve sustainability for “the planet, society, and people” and for the Obayashi Group.



I will close with this diagram of the Obayashi Group’s value creation process.

As a leading company, the Obayashi Group’s mission in society, as stated in its Basic Principles, is to solve social and corporate sustainability issues through its business using both financial and non-financial capital, toward the realization of a sustainable society.

Furthermore, by pursuing the sustainability of “the planet, society, and people” and of the Obayashi Group, as set forth in Obayashi Sustainability Vision 2050, we will also be able to realize the business model we envision for ourselves going forward.



MAKE  
BEYOND  
つくるを拓く

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