Our History of Value Creation

Since its founding in 1892, the Obayashi Group has amassed technologies and expertise in the "building of things," enabling it to tackle epoch-making projects. We have used this prowess, built up over many years and founded upon the spirit of the Obayashi Three Pledges, a spirit that has been handed down through the generations, to carve out new areas that extend beyond the realm of construction.

2011-2021

Expanding into New Business Areas and the Introduction of ESG Management





2012 TOKYO SKYTREE®

The world's tallest free-standing broadcasting tower at 634 m



2012 Kumiyama Distribution Center

An logistics facility for leasing developed in-house. Solar power generation equipment was installed on the roof of the warehouse. Started selling power on July 1, 2012, as the Group's first solar power generation business



2020 Senbon Dam Reinforcement Work

Completed in 1918, this dam was designated as a registered tangible cultural property of Japan. Used the bedrock PS anchor method for the first time in Japan for seismic reinforcement to maintain the dam's functions and preserve the dam as part of the nation's cultural heritage.



1892-1926

1903 The 5th National Industrial Exposition Obayashi Tower High-rise wooden building with a 45 m elevator tower.



1905 Port of Osaka

Dredged harbor, reclaimed land, and built a large pier and other port facilities. A large-scale construction project equivalent to 20 years' of the Osaka City annual budget at the time.



1914 Tokyo Central Station (currently Tokyo Station)

The Renaissance-style red brick station building became the symbol of Tokyo. It was the largest building with steel beams in Japan when it was constructed.

1926-1945 Modernization Policies and World War II

1933 Midosuji Subuway Line (between

Yodoyabashi and Kita-Kyutaromachi) Built the current Midosuji Line, which was Osaka's first subway line. The difficulty of the construction project, which involved digging out vast stretches of soft ground and passing below rivers, is still talked about today.

1945-1970 From Postwar Recovery to Modernization and Development



1955 Hiroshima Peace Memorial Museum A symbol of post-war reconstruction. This was the first post-war building to be designated as an important cultural property of Japan.



1970 The Japan World Exposition (Theme Pavilion)

Built for the first world exposition to be held in Asia. Construction of the Theme Pavilion marked a world-first in lifting such a large pre-assembled roof into position.

1970-1988

The Fast Lane to Globalization



Obayashi was the first Japanese construction company to receive an order for a public civil engineering project in the continental United States. This was the first time Obayashi used its earth pressure balanced shield method in that country.

1989-2010

Overcoming the Long Recession



1997 Tokyo Bay Aqua-Line An undersea tunnel that stretches approximately 2.8 km, was constructed at a maximum depth of 28 m below water level, and boasts a maximum soil cover depth of 16 m.



2002 Marunouchi Building Reconstructed Japan's iconic Marunouchi Building. The challenge was to reduce construction waste and create a zero waste model site



https://www.obayashi.co.jp/chronicle/130th/en/

2022 and beyond

Toward Achieving Carbon Neutrality and Well-Being



February 2022 O-NES TOWER

First full-scale real estate development project for THAI OBAYASHI CORPORATION. Expected to obtain LEED and WELL Gold certification for ensuring the well-being of all workers and visitors and achieving excellent energy-saving performance.



March 2022 Port Plus®

Obayashi's own next-generation training facility. Standing at 44 m (11 floors) high, this is the tallest fire-resistant all-timber building in Japan.



March 2023 Sendai Umeda Dormitory

Employee dormitory with a hybrid wooden structure. Made from approximately 900 m³ of domestic wood, the building stores roughly 540 t of CO₂ over its lifecycle. Helps achieve carbon neutrality and improve employee well-being in terms of health and comfort



June 2023 Naigai Technos Corporation's Fujimino Main Factory

A large-scale factory for Group company Naigai Technos Corporation with a hybrid structure of wood and reinforced concrete covering a total area of over 8,000 m².

Overview of Obayashi Group Operations

Ever since its founding, the Obayashi Group has sought to expand its business domains based on the spirit of its three pledges to guality, value, and efficiency and by utilizing technologies in "making things" that it cultivated in its Japanese construction business. Currently, we are developing a diverse global business in five main domains: overseas construction business, real estate development business, green energy business, and new business initiatives, all centered around the domestic construction business.



* Includes sales for the green energy business and new business initiatives

The Obayashi Group's Business Environment and Business Portfolio

Investment in domestic construction gradually declined from the peak of ¥84 trillion in FY1992, falling to roughly 50% of that peak in FY2010. Since then, investment has been on an upward trend due to reconstruction demand in the wake of the 2011 earthquake and the tsunami in northeastern Japan and a recovery in private capital expenditure. The Group seeks to ensure stable business management and sustainable growth by complementing the domestic construction business, which is prone to volatility resulting from economic conditions, with peripheral businesses that can be expected to generate stable earnings, such as the real estate development and green energy businesses.

Construction Investment



Domestic Construction Business (Building Construction)

Our wide range of projects include structures, such as offices, condominiums, commercial facilities, factories, hospitals, and schools that meet the various needs of customers and society, and we are involved in many projects that have become symbols of the times and local culture. In recent years, our initiatives contributing to society's drive for carbon neutrality have included the construction of environment-conscious buildings, including those with wooden structures and interiors, and net zero energy buildings (ZEB*), as well as the adoption of environment-conscious construction methods that use low-carbon materials and fuel.

*A building that consumes zero net primary energy while still providing a comfortable indoor environment

Domestic Construction Business (Civil Engineering)

We help to create a safer, more secure, and more prosperous society by constructing the infrastructure that is essential to our lives, such as tunnels, bridges, dams, river works, urban civil engineering structures, railways, and expressways. In recent years, we have been expanding our business domains to include maintenance and renewal operations, including repairs, and we are actively working to extend the life and enhance the functionality of existing infrastructure. Additionally, we will improve productivity and safety and achieve work style reforms through the promotion of construction DX, including the development and application of automated and autonomous construction technologies.

Overseas Construction Business

We are expanding our building construction and civil engineering businesses mainly in North America. Southeast Asia, and Oceania together with various Group companies that have already developed a deep-rooted presence in their markets, and we support the daily lives of local residents through the construction of various buildings and social infrastructure. By leveraging the business platforms that we have built in various countries for over fifty years, Obayashi Group companies, both inside and outside Japan, mutually and organically complement each other's strengths in technology, human resources, and other areas. This helps us innovate construction technologies and businesses in the global market and secure new revenue opportunities.

Real Estate Development Business Development Business

We continue to develop and hold prime properties for lease mainly in urban areas, while flexibly acquiring capital gains through the use of private placement funds and further raising the level of building operation and management. As a business operator, we focus on decarbonization efforts, while also providing safe and secure spaces that support the continuity of tenants. As a business partner and specified agent for urban redevelopment projects, we support the promotion of large-scale developments. We also actively promote the development and acquisition of prime assets in global markets, such as the United Kingdom and Thailand.

Green Energy Business UP 48

We are pursuing the power generation business through renewable energy, such as solar, wind, biomass, and geothermal power, as part of the quest to achieve carbon neutrality by 2050. We are also conducting demonstration projects involving the establishment of supply chains to promote society's implementation of carbon-free green hydrogen, both inside and outside Japan. We also utilize the knowledge and expertise gained through these activities to propose solutions for the decarbonizationrelated needs of various customers.

New Business Initiatives De P. 49

New businesses focus on utilizing the Group's core technologies to help solve social challenges and expand into growth markets. We are also strengthening our public-private partnership (PPP) projects and concession initiatives. Beyond that, we are looking to commercialize the technological seeds, or undeveloped strengths, of the Group's four other business segments (domestic construction, overseas construction, real estate development, and green energy) by incorporating them into new business models

Kubota Global Institute of Technology (Osaka Prefecture)



Shin-Tomei Expressway Nakajima Viaduct (Shizuoka Prefecture)



Nam Ngiep 1 Hydropower Project (Lao People's Democratic Republic



O-NES TOWER (Thailand)



Kamikita-Ogawara Wind Power Station



Nara Prefectural Convention Center

Global Network

The Obayashi Group is pursuing construction and construction-related businesses in North America, Southeast Asia, Oceania, and other regions. In doing so, it leverages the high degree of technological prowess that it has cultivated in the domestic construction business.

Branch

- Group company
- Office

U.K.

Real Estate Business **OBAYASHI PROPERTIES UK LIMITED** Employees 2 Net sales ¥3.4 billion EUROPE OFFICE

OBAYASHI PROPERTIES UK

ASIA

Asia-Pacific Regional Headquarters

Thailand

Building Construction Business / Real Estate Business THAI OBAYASHI CORPORATION LIMITED Employees 1,344 Net sales ¥57.9 billion THAILAND OFFICE

Singapore

Building Construction Business **OBAYASHI SINGAPORE** PRIVATE LIMITED Employees 324 Net sales ¥47.3 billion

Taiwan **Building Construction Business**

TAIWAN OBAYASHI CORPORATION Employees 124 Net sales ¥12.6 billion TAIWAN OFFICE

Vietnam Building Construction Business OBAYASHI VIETNAM CORPORATION Employees 177 Net sales ¥13.8 billion HANOI OFFICE

U.A.E.

Bangladesh

Myanmar

Cambodia

Malaysia

MYANMAR OFFICE

MALAYSIA OFFICE

Indonesia Building Construction Business PT. JAYA OBAYASHI Employees 238 Net sales ¥13.2 billion INDONESIA OFFICE

TAIWAN OBAYASHI • THAI OBAYASHI OBAYASHI VIETNAM OBAYASHI SINGAPORE Asia-Pacific Regional Headquarters PT. JAYA OBAYASHI

JAPAN

Global Headquarters

Construction Business /

Real Estate Business etc.

Net sales ¥1,387.0 billion

OBAYASHI CORPORATION

Employees 9,134

MIDDLE EAST OFFICE Australia BANGLADESH OFFICE CAMBODIA OFFICE

AUSTRALIA OFFICE New Zealand NEW ZEALAND OFFICE

Civil Engineering Business	Employees	1,125
OBAYASHI ROAD CORPORATION	Net sales	¥98.4 billion
Building Construction Business	Employees	246
OAK SETSUBI CORPORATION	Net sales	¥22.4 billion
Building Construction Business OBAYASHI FACILITIES CORPORATION	Employees Net sales	857 ¥30.1 billion
Building Construction Business	Employees	176
CYPRESS SUNADAYA CO., LTD	Net sales	_*

ees 176 : Net sales

> * Became a consolidated subsidiary of Obayashi in February 2023

Webcor, L.P. **Building Construction** U.S.A. WEBCOR, L.P. Employees 617 **Business** Net sales ¥135.6 billion **GUAM OFFICE**

U.S.A.

U.S.A.

Business

Building Construction JAMES E. ROBERTS-**OBAYASHI CORPORATION** Employees 57 Net sales ¥26.2 billion

Group Overview (As of March 31, 2023)					
Oversees	Employees				
offices	(consolidated)				
16	15,876				
countries and regions					

Group companies 136

Obayashi Corporation and subsidiaries 109

Affiliated companies 27

Governance

L https://www.obayashi.co.jp/en/company/group.html

- Building Construction Business NAIGAI TECHNOS CORPORATION
- **Real Estate Business OBAYASHI-SHINSEIWA** REAL ESTATE CORPORATION
- Green Energy Business **OBAYASHI CLEAN ENERGY** CORPORATION
- Other Businesses OAK INFORMATION SYSTEM CORPORATION
- Employees 151 Net sales ¥8.2 billion
- Employees 157 Net sales ¥56.1 billion
- Employees 32 Net sales ¥15.2 billion
- Employees 195 Net sales ¥9.6 billion

North America

North American Regional Headquarters

Kraeme

Kenaidan

 James E. Roberts-Obayashi E.W. Howell North American Regional Headquarters

> U.S.A. Civil Engineering **Business KRAEMER NORTH** AMERICA, LLC Employees 184 Net sales ¥49.6 billion

Canada Civil Engineering Business KENAIDAN GROUP LTD. Employees 169 Net sales ¥23.9 billion

U.S.A. Building Construction Business E.W. HOWELL CO., LLC Employees 161 Net sales ¥34.2 billion



¥1,531.8 billion

Performance at a Glance

Consolidated Financial Highlights



Net sales increased as we made steady progress on a full array of projects in hand in the non-consolidated domestic construction business. In addition, the weaker ven boosted sales of overseas subsidiaries in ven terms, and the sale of large-scale properties in the real estate business also boosted performance.





Profit attributable to owners of parent increased on the back of the rise in operating income and the recording of profit on the sale of shares relating to our policy to reduce cross-shareholdings. Return on equity (ROE) also rebounded from the previous fiscal year's decline caused by the significant contraction in profits, improving 3.9 percentage points to 8.0%.





(Billions of yen, times)



Interest-bearing debt increased amid concerns about potential interest rate rises. We took on debt early in light of the fact that large-scale construction work in the domestic construction business is expected to increase and peak in FY2023, which will necessitate a large amount of working capital.



Operating income in the non-consolidated domestic construction business rebounded compared to the contracts year when the recording of provision for loss on construction contracts resulted in a sharp decline in gross profit on completed construction contracts. The sale of large-scale properties in the real estate business also boosted operating income.





Despite a fall in the valuation difference on available-for-sale securities caused by the sale of cross-shareholdings, equity increased primarily on the back of an increase in retained earnings. The equity ratio declined by 1.3 percentage points to 38.2% following an increase in interest-bearing debt.



Net cash provided by operating activities increased significantly due to factors including progress on the collection of construction payments for large-scale projects in the domestic construction business. Net cash used in investing activities increased due to the acquisition of commercial real estate and other factors.

Non-Financial Highlights Data marked with an asterisk (*) is non-consolidated data. All others are consolidated data.

CO2 Emissions / CO2 Emissions per Value of Completed Work* 3,784 thousand t-CO₂ 110 t-CO₂/billion yen



More environment-conscious power consumption, such as through the use of renewable energy and non-fossil certificates reduced Scope 2 CO2 emissions. As a result, both CO_2 emissions and CO_2 emissions per value of completed work decreased.





The number of employees is rising steadily due to increases in new graduate and mid-career hires. The percentage of female employees among new graduate hires exceeded 20% for the second consecutive year, with the percentage of female employees reaching 16.8% (up 0.4 percentage points year on year) in FY2022.

Gender Pay Gap by Employment Type



All Employees Full-Time Employees Part-Time or Temporary Employee



(FY)



Many women were employed in clerical positions under our former personnel system. Today, however, we are hiring men and women for career-track positions and the pay gap for full-time employees is narrowing each vear. However, for part-time or temporary workers, the large number of women employed as administrative assistants and for similar positions contributes to the higher pay gap.

Governance



In FY2022, the number of accidents resulting in four or more workdays lost increased by four year on year, and the accident frequency rate rose by 0.06 points. However, the accident severity rate improved due to a decrease of two in the number of fatal accidents.

Human Resources-Related Data*

	-	ltem	FY2020	FY2021	FY2022
	Numbe	er of new graduate hires	302	304	313
		Male	244	241	247
		Female	58	63	66
		Percentage female	19.2%	20.7%	21.1%
	Numbe	er of mid-career hires	57	76	102
		Male	50	65	87
		Female	7	11	15
		Percentage female	12.3%	14.5%	14.7%
	Numbe after re	er of employees rehired etirement	670	725	735
	Numbe	er of foreign national yees	25	39	41
		In management positions	4	5	7
	Numbe disabili	er of employees with ities	238	239	246
	Turnov	er rate (%)	1.2	1.2	1.7
	Numbe childca	er of employees taking ire leave	56	51	62
	Numbe	er of employees taking g-care leave	18	29	34
Life Bal	Numbe spouse	er of employees taking childbirth leave	197	201	214
	Numbe child re	er of employees taking earing leave	59	58	86
	Annual rate (%	paid vacation usage)	56.0	46.7	51.7

Value Creation Process

Based on the Obayashi Basic Principles, the Obayashi Group works to solve social and corporate sustainability issues through its business using both financial and non-financial capital, aiming to achieve its long-term vision, Obayashi Sustainability Vision 2050.



Governance

Numbers shown are FY2022 results or values as of March 31, 2023

OUTCOME **Providing Value to Stakeholders** Clients Providing safe, secure, and comfortable buildings and infrastructure Client satisfaction rate 97.5% Number of ZEB certified • Number of wooden structure and interior orders received Shareholders and investors Raising corporate value Stable shareholder returns • ROE 8.0% 4 9% • ROIC Obayashi • Dividend payout ratio 38.8% **Sustainability** Employees Vision Creating a safe and rewarding work environment 2050 • Employee satisfaction rate 78.4% Number of fatal accidents Achievement of Occupational Health and Safety Management System evaluation items 92.6% 92.6% **Obayashi Group's Vision** Suppliers Building strong partnerships for 2050 based on trust • Number of persons completing training at the Obayashi Rin-yu-kai Vocational School 60 Number of Certified Excellent Site Supervisors and Excellent Operators Environment and local communities Contributing to society as a good corporate citizen Reducing environmental impact • CO2 emissions* 3,784 thousand t-CO2 • Cost of social contribution activities ¥1.3 billion *Preliminary result prior to obtaining thirdparty certification

The Key Drivers of Value Creation

The Obayashi Group will provide added-value service to society by expanding the construction value chain from initial development through to renewal and renovation, centered on the spirit of honest craftmanship and on the solid technology that are the hallmarks of its history and the tradition it has followed since its foundation.

		Overview	0 6 7 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9			Amassed strengths		Further enhancements	Risks
Real estate development and asset management		To obtain orders for construction projects, the marketing and development departments work together to present real estate information, propose business plans, and provide a variety of consulting services that meet client needs. The team participates in large-scale urban redevelopment projects from the initial stages as a project collaborator helping to plan and support the development of viable commercial projects that also incorporate the wishes of the local community.				 Expertise in real estate development business based on strong track record Broad network in various fields cultivated through the construction and real estate development businesses Technical prowess (including building construction and civil engineering technology) as a construction company 		 Improve non-price competitiveness by strengthening development proposal capabilities Utilize network to acquire prime assets in potential growth areas Support the promotion of redevelopment projects and other large-scale development projects Plan and propose real estate development projects that help achieve carbon neutrality and well-being 	 Changes in real estate market con Decline in investment appetite du soaring prices and sluggish econo conditions in Japan
Consulting and engineering		The team provides consulting services and solutions that leverage the Company's advanced technological prowess, expertise, and knowledge, and provides the technical support that marketing teams need to meet client needs. Solid engineering management ensures the provision of high value-added services throughout the construction process.		ver of Vision		 Total management from project inception and planning to design and construction (production facilities, information and communications technology (ICT), renewable energy, environmental rehabilitation) Provide project, engineering, and construction management service for all project phases 		 Enhance ability to make proposals that satisfy increasingly diverse client needs, such as for DX and smart systems Enter new fields, such as biotechnology- related facilities Address environmental and energy policies Create new business models through innovation and other means 	 Occurrence of serious quality defe Impact on natural environments and ecosystems
Design		Team members join forces to accurately understand client needs and achieve design, quality, and cost requirements. In addition to designing and undertaking initiatives with a high level of business value, the team also aims to provide new value to people and society at large and bring about a brighter future by submitting proposals that go beyond the imagination.	People	- Pov		 Value-added proposals fueled by a wealth of creativity and technical prowess Internal and external networks that support the creation of diverse and flexible proposals Amassed expertise in environmental contribution Internal collaborative systems that enhance problem-solving capabilities 		 Expand human resources by cooperating with external design offices Use building information modeling (BIM)¹ for frontloading and to improve productivity Strengthen competitiveness in highly specialized fields Strengthen proposal capabilities for early contractor involvement (ECI)² and design-build (DB)³, as well as PPP and private finance initiatives (PFI) Expand training systems and enhance proposal capabilities 	 Secure human resources to meet immediate workload Adjust budget estimates to reflect construction material prices Measures to address abnormal we patterns and environmental chang Potential quality problems caused design defects
Construction		After formulating a detailed construction plan, the team carries out construction work with due consideration to safety, quality, and the environment, and delivers completed structures to clients on time. A joint construction partner with specialist skills is put in charge of the construction, while Obayashi takes responsibility for the overall management of the project, including process and quality management.	Power of		tion	 Expertise and technological capabilities to complete difficult construction projects Robotics-driven automation and autonomous construction technologies ICT-driven safety and quality management Price competitiveness achieved through cooperation with suppliers and manufacturers Supply chains that ensure quality and stable supply 	t S	 Improve productivity by creating production systems and labor-saving methods that utilize IoT, AI, and robotics Pursue initiatives in new construction service areas, such as the construction of wooden structures and interiors, or smart roads Secure skilled workers, strengthen human resource development 	 Potential serious safety- or quality-related incidents Soaring prices and supply constrait for construction materials Impact of timber procurement on ecosystems Shortage of construction site perso due to the aging of skilled workers Human rights violations across the supply chain
Maintenance and management (property/ building management)		The team provides safe, secure, and comfortable spaces for building users, and maintains and improves the value of building assets through a variety of management services, such as equipment management, cleaning management, and security.			Power of Crea	 Facilities operation that leverages Internet of Things (IoT), artificial intelligence (AI), and other innovation A wealth of PPP business experience Group cooperation enabling receipt of comprehensive contracts spanning construction work and building management 		 Expand building management (BM) administration systems Acquire property/building management contracts through private funds under management 	 Demand for operational managen services suited to the characteristi individual real estate properties and facilities Shortage of personnel in the BM business
Renewal and renovation		The team draws upon its comprehensive knowledge to formulate detailed renewal and renovation plans. It also provides other services, such as those related to extending the useful life of buildings and infrastructure, conserving energy, and supporting business continuity planning (BCP) and business continuity management (BCM), to help maintain and improve the value of building and infrastructure assets.				 Ability to propose long-term repair plans based on lifecycle Technical proposals based on extensive track record in infrastructure renewal 		 Respond to infrastructure renewal demand Expand capabilities and business operations through M&A and other means Develop new technologies, such as the Obayashi Bridge Renewal Integrated System (OBRIS⁶), and apply those technologies at construction sites 	 Occurrence of public suffering and nuisance to the third parties during renewal and renovation works Intensified competition in the renewal and renovation field
	 Using a computer to create a building inform 	nation model that combines information on the three-	dimensi	onal sha	pe ar	nd attributes of the building	3	A method in which a client orders both the design and compared an	onstruction work at the same time from a sin

A method of concluding a construction contract by engaging in technological cooperation with a holder of piority negotiation rights selected based on its technological proposal, and negotiating price and other factors while reflecting details of the proposal for technological cooperation work into the design

4. Net Zero Energy Construction: A unique Obayashi initiative, whereby the amount of primary energy used in a construction project is canceled out by the amount of primary energy produced through power generation initiatives at a domestic building construction or civil engineering project

Governance



Carbon Neutrality Expand the product lifecycle High quality Conversion nditions • Renewal and renovation etc. ue to omic CO₂ reduction • Renewable energy • CO₂-free hydrogen ZEC⁴/ZEB • Micro grids etc. CO₂ absorption • Wooden buildings • Urban greening ects • Development of agriculture, best use of forest resource • Development of materials that absorb CO₂ etc. CO₂ recycling Carbon regeneration system (algae and biofuel) • Utilization of CO₂-free hydrogen CO₂ capture soaring • CO² capture and storage (CCS) • Development of materials that ather capture CO₂ etc. ges by Well-Being

aints

sonnel

ment ics of

- Safety of buildings and infrastructure
- Safety of food and water
- Response to severe natural disasters
 Safety in the workplace

Security

Safety

- Secure logistics network
- Create a society with reliable security
- Facilities that can be managed steadily and efficiently

Comfort

- Comfortable working and living environments (convenience, environmental control, etc.)
- Efficient transportation network
- Living in harmony with nature and
- environmental rehabilitation

Health

- Comfortable work spaces
- Health of residents
- Enhanced medical systems
- Health of employees and suppliers

ngle contractor

ZEB Initiatives

Carbon Neutrality and Well-Being Solutions That Leverage Our Comprehensive Competitiveness

As part of Obayashi Group Medium-Term Business Plan 2022, we intend to create new value for customers by providing solutions that leverage our overall competitiveness, create added value in new business fields, and expand business domains.



• Health of employees and suppliers

A variety of autonomous mobile robots provided by PLiBOT

Governance

Solution



Promoting Wooden Structures and Interiors

Wooden structures, with major components such as columns, beams, floors, and walls made of wood, are attracting attention as structures that can help achieve carbon neutrality for two key reasons: their ability to fix atmospheric CO2, and the fact that wooden materials result in lower CO₂ emissions during production compared to concrete or steel. Obayashi has developed technologies to overcome problems with seismic performance and fire resistance in the construction of high-rise wooden structures, and the Company has successfully built mid- to high-rise wooden structures.

□ ▶ P. 54



The new Atlassian Central building, the world's tallest hybrid timber building (Rendering of completed building)

Solution



Smart Building Initiatives

Obayashi is not focused purely on constructing buildings, but also on promoting the well-being of building users in terms of their comfort, health, convenience, and safety.

In 2018, the Company developed WellnessBOX[®], a smart building management system that uses IoT and AI to provide the optimal environment for each individual user. In 2022, Obayashi took the system a step further to develop the WELCS place®* smart building platform through open innovation with multiple companies worldwide. The platform makes it possible to provide a wide variety of services for both building managers and users.

□ ▶ P. 50



Oprizon, Ltd., established by Obayashi and Hitachi Solutions, Ltd. as a new joint venture company in the smart building arena

* A smart building platform developed through open innovation with multiple companies worldwide, enabling multiple data-integrated applications to be run from a single user interface

Creating Value by Pursuing an Advanced Project to Achieve Society's Decarbonization

Carbon Neutrality and Well-Being Initiatives in Iwatani Corporation New Training Facility Project



Project Overview

Project name	Iwatani Corporation New Training Facility
Construction period	February 13, 2023 to October 15, 2024
Structure	Steel frame + Wooden structure (hybrid wooden structure)
Utilized timber	362.8 m ³
Carbon captured	278.8 t-CO ₂

Design Concept

Iwatani Corporation began the sale of hydrogen in 1941 and has since pursued various initiatives in its hydrogen business. In designing a training center for Iwatani Corporation, Obayashi is aiming to create a facility that acts as both a beacon for the use of hydrogen in achieving society-wide decarbonization and a central facility to train the diverse personnel that will drive the hydrogen energy business forward.

supply electricity sourced from green hydrogen produced

(Rendering of completed building)

Carbon Neutrality

First Temporary Wooden Site Office in Japan to Obtain ZEB Certification

With the help of Nishio Rent All Co., Ltd., Obayashi created a temporary wooden site office utilizing pre-fabricated wooden module units called kibaco. The building is Japan's first temporary wooden site office to obtain ZEB certification. This was achieved by adhering to high insulation and airtightness interior specifications, introducing highly efficient equipment to conserve energy, and installing solar panels to create energy. The office and solar panels will be used at another construction site once their job here is done.

Hydrogen fuel cells are being installed at the office to

Construction process of temporary wooden site office





1. Constructing units



passageway units

2. Lifting and installing units



6. Lifting and installing roof units







Visualization of power generation status



Completed temporary wooden site office



Decarbonization Initiatives Pursued during Construction

Various measures were implemented on site to help decarbonize construction.

Hydrocut[®]

Hydrocut®, handled by Iwatani Corporation, is a hydrogen-based premixed fusing gas that is a mixture of ethylene and hydrogen. It is a clean energy source, can be used in the same way as conventional acetylene, and reduces CO2 emissions by up to 84% compared to acetylene gas. This gas will be used for on-site gas cutting work and other purposes.

• Gas-to-liquid (GTL) fuel

GTL fuel is being used to power the 200-ton crawler crane. GTL fuel is derived from natural gas, and with a low environmental impact, it is a cleaner alternative to diesel oil. It can reduce CO2 emissions by 8.5% compared to diesel fuel while retaining properties equivalent to those of petroleum-derived products.

Other measures

We are reducing the consumption of diesel and other fuel by using electric forklifts and ICT construction machinery.

Well-Being

Improving the Workplace Environment and Enhancing Productivity

The temporary wooden site office exudes the natural warmth of wood and enhances workplace comfort through its ability to control humidity, thus creating a relaxing atmosphere. It is expected to have a positive impact on health and productivity. The building's workplace environment also boasts various other features that promote well-being.

Standing tables and balance balls

Standing tables are used for meetings to help promote health, invigorate conversation, and make the meeting process more efficient. The office is also equipped with balance balls and footrests to ease any pressure on the lower back and reduce fatigue caused by prolonged periods spent sitting at a desk.

• Free address and booths for intensive work

Free address, or flexible seating, in the office stimulates communication by enabling employees to work from the seat that best suits their mood and their work tasks for the day. Also available is a work booth that can be used for intensive work or online meetings.

Smart wellness corner

The office has a smart wellness corner separate from the regular office space. The corner is a space for designers to work when they visit the office, or for employees working at the office seeking a change in their surroundings.

A Word from the On-Site Project Director

The initiatives pursued at the construction site form part of the carbon neutrality measures included in Medium-Term Business Plan 2022. They were inspired by a proposal to test and verify measures for promoting decarbonization of the construction process.

We are striving not only to achieve carbon neutrality goals, but also to enhance well-being, by creating comfortable working environments based on ideas from within Obayashi, as well as from Iwatani Corporation and our suppliers and subcontractors. It is hard to ascertain the effectiveness of these measures, but all workers at the construction site will take ownership of the challenge and strive to create the ideal future construction site. All parties are committed to working together to build Iwatani Corporation a training center befitting a society that advocates carbon neutrality and well-being.





A 200-tor crane that runs or



A meeting held at a standing table



Smart wellness corner



Yuji Watanabe Project Director of Iwatan Corporation Kobe Construction Project Office at Osaka Main Office

OBAYASHI CORPORATE REPORT 2023 26

Material Issues and KPIs

The Obayashi Group's ESG-Related Material Issues

In promoting ESG management, the Obayashi Group identified six material ESG issues in 2019 inspired by the Obayashi Basic Principles.

To achieve the goals laid out in Obayashi Sustainability Vision 2050, we aim to bring about medium- to long-term growth and a sustainable society by incorporating materiality into the measures stipulated in the medium-term business plan and reflecting the SDGs in our activities. We check the progress of action plans and KPIs associated with our material issues each business year and promote their achievement using a PDCA cycle.



Determination Process

STEP 1

Extracting relevant challenges

We identified 22 issues that were relevant to the Obayashi Group as ESG issues from among a comprehensive list of approximately 300 ESG issues drawn up with reference to international guidelines, the SDGs, and other frameworks.

STEP 2

Prioritizing the challenges

We evaluated the 22 identified ESG issues on two axes: Stakeholder interest and significance for and impact on the Group.

Determining our material issues

STEP 3

We first selected issues based on the prioritization results after considering their consistency with the Obayashi Basic Principles and our business strategies. Subsequent management deliberations resulted in the determination of six material issues for the Group.



Sustainability Promotion

We implement corporate activities based on the Obayashi Basic Principles and pursue initiatives designed to help achieve corporate and social sustainability. To enable us to examine and discuss both these challenges, we established the Sustainability Committee (for issues related to environmental and social sustainability) as an advisory body to the Board of Directors and the Directors' Roundtable Meeting (for discussing sustainabilityrelated issues, such as corporate governance and management strategy) as a subordinate forum to the Board of Directors. We determine our management policy for promoting sustainability based on discussions conducted in both forums.

Sustainability Promotion Framework



Key Information on Committees

Business Plan Committee	Formulates execution policies relating to sustainability issues and manages progress.			
Human Rights Expert Committee	Resolves human rights issues and promotes human rights awareness based on the Obayashi Group Human Rights Policy.			
Human Resources Management Expert Committee	Promotes the implementation of personnel systems, effective use of human resources, pursuit of diversity, and other efforts based on the Obayashi Group Human Resource Management Policy.			
Public Relations Strategy Expert Committee	Formulates policies and strategies relating to internal and external corporate communication.			
Environmental Management Expert Committee	Formulates strategies and promotes environmental management based on the Obayashi Group Environmental Policy, compiles information on and evaluates the results of activities based on our environmental management system, and sets targets for and promotes activities in the subsequent fiscal year and beyond.			
Supply Chain Management Expert Committee	Formulates policies and strategies relating to supply chain management inside and outside Japan, including partner companies, based on the Obayashi Group CSR Procurement Policy.			
Technology Strategy Expert Committee	Acquires, protects, and utilizes intellectual property rights and formulates intellectual property strategy by organically linking technology development strategy with business strategy, all based on the Obayashi Group Intellectual Property Policy.			
Business Innovation Expert Committee	Formulates and promotes strategies relating to new businesses and business innovation that can help address and resolve social issues, and considers and screens investments.			
Productivity Enhancement Expert Committee	Promotes the visualization and improvement of productivity across the Company, deploys and monitors the ROIC reverse tree, and promotes reform of organizational culture.			

On the business execution side, we have a system in place that consists of the Business Plan Committee commissioned by the president and under the jurisdiction of the Management Meeting, and expert committees in various sustainability-related fields that sit under the Business Plan Committee. These committees formulate and promote specific measures based on the management policies determined by the Board of Directors on the approach to the business portfolio, human resources and organizational strategy, and intellectual property strategy, among others. They also keep up-to-date with progress on the implementation of those measures and consult with the Board of Directors.

Material Issues and KPIs

ESG-Related Material Issues		Action Plan	Medium-Term Business Plan 2022 Measures by	Kou Porformanco Indicator	FY2022		Targets for	Targets for
		ACTION FIAN	Business/Measures for Platform Development		Targets	Results	FY2023	FY2024
			Solve social challenges by promoting environmentally friendly design	Ratio of ZEB (Net Zero Energy Building) proposals in design and construction projects	100%	100%	100%	100%
E			and construction	Number of ZEB certified design and construction projects	-	6	5	5
	Establish an Environmentally Responsible Society	Promote environmentally friendly businesses	Promote introduction of energy saving technologies to new and existing properties	Ratio of renewable energy usage in domestic for-lease	100% of for-lease office buildings by FY2026	86%	100% of for-lease office buildings by FY2026	
			and introduction of renewable energy		100% of for-lease properties by FY2030 85%		100% of for-lease properties by FY2030	
		Promote green energy business	Continue the stable operation of and maximize profit from power facilities in operation	683,700 MWh	540,279 MWh	734,800 MWh	781,400 MWh	
			 Reduce CO₂ emissions by introducing alternative fuel, etc. that can reduce diesel fuel use Reduce CO₂ emissions by adopting solar power and other types of power generated from renewable energy 	CO ₂ emissions reduction rate (vs FY2019) (Scope 1 + Scope 2)	46.2% reduction by (12.6%) ² FY2030		46.2% reduction by FY2030	
		Promote decarbonization	Utilize Clean-Crete ¹ and other low-carbon materials Promote decarbonization/Work toward carbon neutrality in the construction process (CO ₂ reduction) Facilitate the development and rollout of design and construction technologies for hybrid timber mid- and high-rise buildings CO ₂ emissions reduction rate (vs FY2019) (Scope 3)		27.5% reduction by FY2030	(38.9%)²	27.5% reduction by FY2030	
		Contribute to realizing a recycling-oriented society	Use electronic manifest, promote zero emissions, and increase the recycling rate of construction waste	Ratio of mixed waste in construction waste	3.0% or less	4.3%	3.0% or less	3.0% or less
		Pursue reliable quality	Eradicate serious quality defects Ensure thorough quality management awareness and promote the quality Mumber of serious quality defects Number of serious quality defects		0	2 ³	0	0
	Enhance Quality Control and Technological Capabilities	Use technological capabilities to further enhance productivity	 Make sure to set application-specific target productivity indicators and assign appropriate personnel Secure production capacity of suppliers and increase their productivity 	Productivity of a construction site worker or employee per day	¥102,000 or more	¥105,000	Equal to or more than the previous fiscal year	Equal to or more than the previous fiscal year
S		Maintain good construction management system	 Expand the production support system Encourage employees to obtain qualifications 	Ratio of employees with important construction management credentials: professional engineer, registered first-class architect, and registered first-class construction management engineer (building construction, civil engineering, plumbing work, and electricity work)	Maintain 80% or more	82.7%	Maintain 80% or more	
	Ensure Occupational Health and Safety	Rigorously apply the Occupational Health and Safety Management System	 Each and every employee, supervisor, and construction worker understands that they are responsible for the safety of work sites and firmly believes in the first basic principle for safety, which is the idea that they can ensure their own safety Ensure thorough safety management awareness and promote the Occupational Health and Safety Management System 	Number of fatal accidents	0	1	0	0
		Promote work style reform	 Formulate measures, set KPIs, and monitor the progress to secure an appropriate construction period when receiving orders and take other measures to close construction sites eight days out of every four-week period (104 days a year) Promote the closing of construction sites eight days out of every four-week period 	Ratio of construction sites that adhere to the practice of closing eight days out of every four-week period (for 104 days or more a year)	50% or more	46.6%	60% or more	100%
	Develop and Retain		Encourage eligible male employees to take childcare leave or other leave for childcare	Ratio of eligible male employees taking childcare leave or other leave for childcare	100% by FY2024	81.3%	100% by	FY2024
				Ratio of employment of people with disabilities	2.4% or more	2.35%	2.4% or more	2.5% or more
	1 🔮 📶 🔤 🔀	Promote diversity	Promote active engagement of all employees and offer opportunities to grow	Ratio of women in managerial positions (section manager level or above)	-	5.3%	6.4% by	FY2024
				Ratio of female engineers	12% by FY2024	10.4%	12% by	FY2024
				Employee satisfaction rate	-	78.4%	70% or more	70% or more
			Promote health and productivity management	Ratio of employees requiring followup health checkup	-	38.6%	Less than 40%	Less than 40%
			Make sure to comply with the Act on Prohibition of Private Monopolization and	Ratio of employees taking corporate ethics training	100%	100%	100%	100%
	Implement Rigorous Compliance	Promote the Corporate Ethics Program	 Maintenance of Fair Trade and other laws and regulations Offer constant discussion-style training that uses specific case studies, including elimination of anti-social forces, eradication of accounting misconduct, and eradication of harassment 	Number of serious violations of laws/ordinances	0	0	0	0
			Offer constant security education	Ratio of employees taking information security training	100%	100%	100%	100%
		security management	Further strengthen the protection of the most important data	Number of serious information security incidents (data leakage, loss, falsification)	0	0	0	0
G				Ratio of procurement from companies responded to the CSR procurement questionnaire	70%	79%	70%	70%
	Conduct Responsible Supply Chain Management	Promote CSR procurement	Promote understanding on CSR procurement across group-wide supply chains	Number of suppliers and subcontractors attending engagement events	100	145	Equal to or more than the previous fiscal year	Equal to or more than the previous fiscal year
		Train and support	 Train and support talented skilled workers by constantly expanding the Excellent Site Supervisor and Excellent Operator systems and reviewing the certification criteria. 	Number of Certified Excellent Site Supervisors and Excellent Operators	481 or more	505	Equal to or more than the previous fiscal year	Equal to or more than the previous fiscal year
		skilled workers	Improve skills and support the training of skilled workers at the vocational training school, etc.	Number of persons completing training at the Obayashi Rin-yu-kai Vocational Training School	51 or more	60	Equal to or more than the previous fiscal year	Equal to or more than the previous fiscal year

1. A type of concrete which can reduce CO₂ emissions by a maximum 80% by replacing cement with industrial by-products such as fine powdered slag from blast furnaces, which do not generate much CO₂ 2. Preliminary result before third-party verification 3. Defects have been corrected

Discussion: Creating Value Together with the Supply Chain



Masanori Yamamoto Chairman, Obayashi Rin-yu-kai Federation Kenji Hasuwa Representative Director President and CEO Obayashi Corporation

Masumi Shiraishi Professor, Faculty of Policy Studies, Kansai University

Obayashi Rin-yu-kai Federation: A Partner in Supporting and Nurturing the Obayashi Group's Supply Chain

In collaboration with its supply chain, the Obayashi Group has taken initiatives to address various issues in the construction industry to date. Obayashi Corporation president Kenji Hasuwa, Obayashi Rin-yu-kai Federation chairman Masanori Yamamoto, and professor of policy studies at Kansai University Masumi Shiraishi pick up the topic of supply chain management for the Obayashi Group and discuss the prospect of realizing the Group's vision.

Obayashi Rin-yu-kai's Past and Present, and its Relationship with the Obayashi Group

Shiraishi Mr. Yamamoto, could you first explain the origins of Obayashi Rin-yu-kai, its current organizational scale, the regions its covers, and its most recent initiatives?

Yamamoto Obayashi Rin-yu-kai was established in Osaka in 1906 as an organization of subcontractors that worked exclusively with Obayashi Corporation founder and president Yoshigoro Obayashi. It will celebrate its 120th anniversary in 2025. As an organization boasting supplier and subcontractor members from all over Japan, we have worked with Obayashi Corporation to improve technologies around safety and quality. We currently have active Rin-yukai branches in 11 areas across Japan and the number of members has risen to approximately 1,200 companies. I believe we are able to operate solidly and efficiently on this scale in cooperation with Obayashi.

One of the initiatives we are jointly focusing on right now is the Obayashi Excellent Site Supervisor Certification Program that was introduced in FY2011. The program awards Excellent Site Supervisor certification to people who excel in supervising construction workers and provides an additional fixed allowance commensurate with this certification. In FY2011, the first year of the program, 75 people in five categories were certified as Excellent Site Supervisors. In FY2023, the number of eligible occupational categories was increased to 22 building construction categories and six civil engineering categories, and the number of Certified Excellent Site Supervisors and Excellent Crane Operators rose to 531. A total of 4,322 people have been certified to date. Another major initiative is the Obayashi Rin-yu-kai Vocational Training School. We are all aware of the serious shortage of labor in the construction and civil engineering industries. To encourage the development of young technical staff at suppliers and subcontractors and to provide skills to future workers, in 2014 Rin-yu-kai opened a vocational training school together with Obayashi and is working hard to train new skilled workers. This year marks the school's 10th anniversary. The vocational school attracted the attention of Japan's Ministry of Land, Infrastructure, Transport and Tourism and other organizations as the first joint initiative in Japan between a general contractor and its suppliers and subcontractors to foster excellent skilled workers. In 2015, the school was certified as the first widearea certified training program for a general contractor.

We no longer learn by shadowing experienced workers and watching their every move. Observing and learning from a master as we did in my day on the construction site doesn't work as a training method anymore. Instead, it is increasingly important in the emerging DX-driven society for on-site workers to learn how to work on construction sites—particularly sites that use construction DX—logically and systematically in classroom lectures and training sessions. Why? Because they need to learn that safe and secure construction and quality control are the most vital factors. You still hear the phrase "80% of the work is in the preparation" used in the construction industry on a daily basis. It is true that initial preparation is essential for visualizing the whole construction process and completed structure, and smoothly completing each process one by one. We work hard to ensure young people comprehend this fact in a way that suits today's construction sites, but it can be hard to convey this understanding and to facilitate the growth of young workers.

Shiraishi Mr. Hasuwa, how do you view Rin-yu-kai and its significance to the Obayashi Group?

Hasuwa The Obayashi Philosophy values all people involved in the Obayashi Group's business. In 2019, I led the formation of the long-term vision, Obayashi Sustainability Vision 2050 (OSV2050) with the help of external experts. One of the key goals of OSV2050 for 2040 to 2050 is the co-creation of a sustainable supply chain. Right now, the Obayashi Group and its entire supply chain are working hard to help create a sustainable society.

We engage a wide variety of suppliers and subcontractors in every construction project that we undertake. The suppliers and subcontractors engaged in the construction of buildings and in the construction of tunnels, bridges, and other infrastructure differ depending on the type of work involved and the area in which the project is carried out. Some 1,200 suppliers and subcontractors have grown and developed together with Obayashi as members of Rin-yu-kai. I don't exaggerate when I say that our business is built upon our ability to Governance



ensure each supplier and subcontractor can fully demonstrate its strengths. They are indispensable to us and form the core of our supply chain.

As Mr. Yamamoto hinted, we are currently tackling reforms utilizing construction DX in order to achieve the OSV2050 goals. Not only are we reforming work styles and improving productivity, but we are also working with Rin-yukai as a partner that can grow and develop together with the Group. This involves ensuring health and safety and creating comfortable work environments that will help secure the next generation of workers, and generating a win-win situation for the Group and its entire supply chain.

Shiraishi Can you share any memories about your connection with each other?

Yamamoto My connection with Mr. Hasuwa dates back 30 years to when he was director of the Kintetsu Railway Gakuen-mae Station Construction Project. Although he was directing the project's civil engineering work, he was in charge of the building construction work as well, so I thought of him as someone with a broad perspective and a comprehensive view of Obayashi Corporation as a whole. He has also served as the head of the Technology Business Development Division, where he explored new fields and established a foothold for the current Green Energy Division and the Construction Robotics Division.

Hasuwa As Mr. Yamamoto says, we have known each other since I was a project director. We are old acquaintances, but we first started talking much more closely after he became chairman of Rin-yu-kai Federation. Since 2009, he has played a major role as chairman and has worked hard for many years to build relationships between Obayashi Corporation and member companies. I was delighted to see him receive Japan's Medal with Yellow Ribbon in 2011 and the Order of the Rising Sun, Gold and Silver Rays in fall 2022 in recognition of his achievements in the construction industry.

Enabling the Obayashi Group and Obayashi Rin-yu-kai to Address Contemporary Social Challenges Together

Shiraishi You face many social challenges, such as the intensification of typhoons, earthquakes, and other natural disasters, as well as issues in the construction industry, such as how to deal with the pending shortage of workers to support the industry and how to improve productivity to help solve that issue. What contribution do you think Rin-yu-kai can make here in terms of coordinating member suppliers and subcontractors?

Yamamoto Japan has always experienced many natural disasters, but in recent years, we have witnessed more frequent earthquakes, typhoons, torrential rains, and other events, and the added effects of climate change have resulted in increasingly severe damage. We have developed disaster management measures to help mount a swifter response in the event of disaster. Together with member companies, Rin-yu-kai offices in each area build and maintain systems for confirming the safety of member companies and offering support. In the event of an emergency, the offices work to ensure safety and protect infrastructure not only for ongoing projects but also for completed projects. With that in mind, Rin-yu-kai conducts earthquake drills twice a year together with Obayashi Corporation's regional bases to facilitate a smooth and appropriately targeted response.



Masumi Shiraishi Completed a master's degree in Architectural Planning, Graduate School of Engineering, Kansai University in 1987. Worked at Seibu Department Stores, Ltd. and at NLI Research Institute as a senior researcher, and since April 2007 has been in the position of professor, Faculty of Policy Studies, Kansai University.

In terms of key management issues affecting the survival of suppliers and subcontractors, many people mention the lack of potential successors, the shortage of employees and skilled workers, and employee training. To address those issues, we set up the support center for the succession of business technical skills in spring 2023. The center's activities align with the specific elements of the Obayashi Group's supply chain strategy, focusing on fostering successors for suppliers and subcontractors, securing future managers, and enhancing and invigorating Rin-yu-kai. The support center will act as a help desk for suppliers and subcontractors seeking advice on recruitment, training, business succession, improving productivity through ICT and DX, and other specialized issues. The center also plans to provide various educational opportunities to help build broader connections among member companies across Japan.

Shiraishi I think it is essential to reform work styles and improve the working environment at construction sites in order to realize the well-being that the Obayashi Group is seeking to achieve. What does the Group expect Rin-yu-kai to do on these points and what collaborative projects would you like to pursue?

Hasuwa In 2020, the Obayashi Group created its brand vision, MAKE BEYOND: Transcending the art and science of making of things, and is now aggressively conducting public relations activities in the media to help raise brand visibility. This brand vision embodies a desire to build on our accumulated technologies and knowledge related to making things, and to further develop them to suit today's era. It has inspired us to respond to social demands for carbon neutrality and well-being founded upon safety and security, and to strengthen our efforts to build a sustainable society.

I believe that the successful making of things depends on the successful nurturing of people. This human resource development not only refers to Group employees, but also encompasses all the people involved in our supply chain, including Rin-yu-kai member companies. It doesn't only involve just making buildings and infrastructure together, but also creating solid human relationships that facilitate work, and improving productivity through work style reforms so that workers can make time for their families. I believe that this process is key to everyone's well-being.

An important factor in improving productivity at construction sites is construction DX. Right now, we are working with various start-ups and companies in different industries to develop technologies that use ICT to facilitate the autonomous and automated operation of construction machinery as well as related remote control technologies. The cooperation of Rin-yu-kai and our suppliers and subcontractors is essential for verifying and introducing these new technologies. In actual fact, we use our construction sites nationwide as field trial locations and get a variety of suppliers and subcontractors to try the new technologies. The scope for applying those technologies is gradually expanding. We use the feedback from suppliers and subcontractors to further perfect the technologies, which we believe will generate improvements in productivity.

Meanwhile, on the subject of carbon neutrality, as you know, societies around the world are moving in the direction of carbon neutrality based on the Paris Agreement. The Obayashi Group formulated OSV2050 and set decarbonization as one of its goals for 2040 to 2050. We also set a new 2030 target for CO₂ emissions reduction, and obtained Science Based Targets (SBT)* certification in October 2022. Initiatives instigated across our supply chain are key to reducing CO₂ emissions at construction sites, so we would like to accelerate our cooperative efforts with Rinyu-kai in this area.

 * Medium- to long-term targets for the reduction of greenhouse gas emissions set by companies to meet the goals of the Paris Agreement, and the guiding framework for those targets

Bringing about the Sustainable Society to Which the Obayashi Group Aspires

Shiraishi What do you hope readers will look forward to with regard to the sustainable society the Obayashi Group is striving to create? Mr. Yamamoto, perhaps you could first talk about what the Obayashi Group needs to do to ensure its position as indispensable to society. Then, Mr. Hasuwa, can you explain your thoughts and commitments regarding those expectations?

Yamamoto Ever since its founding in 1892, Obayashi Corporation has consistently implemented its corporate philosophy in a sustainable manner based on the Obayashi Three Pledges of quality, value, and efficiency. Rin-yu-kai and all our member companies constantly strive to improve our skills and our own capabilities, and to work hard together based on that Obayashi spirit and philosophy. Rin-yu-kai wants to play a role in ensuring Obayashi Corporation can continue to drive Japan's construction industry as a leading company.

Hasuwa The Obayashi Philosophy stipulates that the Group should aim to serve as a leading sustainability company. The phrase "sustainability company" embodies the commitment to provide safety, security, and comfort for the planet and all the people who live on it. Our business is intricately linked to people and the environment, so we have to continue to serve as a leading company that can contribute to the creation of a sustainable society. This is the Obayashi Group's ultimate aim, and its mission in society.

As I said earlier, nurturing successful people is a crucial

Governance



Masanori Yamamoto

Joined Yamamoto-gumi in April 1975 and has been representative director since July 1989. Served as a director and vice chairman at the Osaka Prefectural Federation of Construction Associations, and has been chairman since May 2020. Has been chairman of Rin-yu-kai Federation and Osaka Rin-yu-kai since 2009. In 2011, received the Medal with Yellow Ribbon in the Spring Medals of Honor, and in 2022, also received the Order of the Rising Sun, Gold and Silver Rays for the Autumn Conferment of Decorations by the Cabinet Office, Government of Japan.

part of making things. The Group's most important resource for ensuring sustainable business operations is its people. We value everyone involved in our business. We adhere to a corporate culture that embraces the diversity of its people and demands mutual respect. We will continue to develop resilient and comfortable infrastructure and communities with the aim of building a smart and prosperous society together with our employees, our suppliers, and all our stakeholders.

I hope Rin-yu-kai and all its member companies, who have walked side by side with us throughout our history, will continue to share our vision and our passion for making things. I want us to tackle challenges of all kinds together and take even greater steps forward by pursuing work that inspires deep motivation and job satisfaction. Let's all support a promising future for the construction industry as we strive to create a sustainable society. I am confident that the Obayashi Group and Rin-yu-kai will continue to carve out a successful future together.