

Obayashi Corporation Statement on Modern Slavery and Human Trafficking (FY 2019.3)

Obayashi Corporation (hereafter, “Obayashi”) is releasing the following statement about initiatives to prevent slavery and human trafficking at Obayashi and in our supply chain in FY 2019.3 (April 1, 2018 to March 31, 2019), based on Chapter 6, Section 54 of the UK Government’s Modern Slavery Act 2015.

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

1. Obayashi’s Business and Structure

Obayashi is a general construction contractor that was founded in 1892 and has its head office in Tokyo. We have 88 subsidiaries, 28 affiliated companies, and 14,739 employees at the consolidated level (as of March 31, 2019). We operate a construction business, real estate development business, and businesses in new areas (renewable energy, PPP, etc.) in around 16 countries worldwide, mainly in Japan, North America, and Asia. Our Europe Office is located in the U.K., London.

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

2. Overview of the Supply Chain

Obayashi recognizes all business associates as suppliers, and we regard our supplier group as one of our important stakeholders. Suppliers for the construction business, our main business, are divided into two main categories: Labor subcontractors and suppliers of materials and equipment.

We have an organization in Japan called the Obayashi Rin-yu-kai, which consists of approximately 1,100 main suppliers. Member companies are regularly monitored for soundness.

3. Obayashi’s Corporate Policies

3-1. Obayashi Basic Principles

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

be a company that is trusted by all of our stakeholders.

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

3-2. Obayashi Statement on Human Rights

We have set forth the “Obayashi Statement on Human Rights” in the spirit of the Universal Declaration of Human Rights. We support the ILO International Labor Standards and other international rules, and have specified a policy of respecting the human rights of our officers and employees and all people associated with our business

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

3-3. Obayashi Health and Safety Principles and Policies

We have set forth the “Obayashi Health and Safety Principles and Policies” based on our belief in the top priority of ensuring the health and safety of all workers at construction sites, which is our main business.

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

3-4. Participation in the United Nations Global Compact

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

4. Obayashi’s Initiatives

4-1. Supply Chain Management

4-1-1. The Obayashi Code of Conduct emphasizes building stronger mutual trust with suppliers. We recognize that initiatives encompassing the entire supply chain are essential to achieve that and have therefore formulated the “Obayashi Group CSR Procurement Guidelines” for suppliers and have posted our procurement policy on our website. To ensure that suppliers comply with the Obayashi Group CSR Procurement Guidelines, we incorporate the main provisions in contract terms and check compliance when concluding contracts with them.

See the website link below for further information on the Obayashi Group CSR Procurement Guidelines.
<https://www.obayashi.co.jp/en/sustainability/suppliers.html#section1>

4-1-2. In domestic and overseas construction projects where Obayashi serves as the general contractor, we verify all workers who work at the construction site before they begin work to determine

and specify those individuals who are most at risk with respect to human rights, such as children, women, and foreign nationals. We also mandate that all workers at a construction site comply with the laws and regulations of the country in which the construction site is located and undergo training on safety and other topics in advance.

4-1-3. For suppliers of materials and equipment, we verify that the materials and equipment meet the quality standards specified in related laws and regulations and in international standards.

4-2. Promoting Awareness of Human Rights

We concentrate on raising the awareness of human rights among our officers and employees. We have established the Human Rights Awareness Promotion Committee, which is chaired by the executive officer in charge of personnel and promote initiatives in human rights awareness in addition to identifying and resolving human rights issues.

4-3. Compliance Training

Obayashi has established the Corporate Ethics Committee, which is chaired by the president. This committee works to ensure compliance and maintenance of corporate ethics. As one of those initiatives, the committee has mandated that all officers and employees undergo compliance training every year. This training provides an opportunity for officers and employees to develop an awareness of their own actions from a corporate ethics perspective and is intended to help instill the skills to root out illegal conduct and corporate ethics violations in the company and its supply chain.

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

4-4. Corporate Ethics Reporting System and Harassment Hotline

Obayashi has established the “Corporate Ethics Reporting System” to enable any Obayashi Group officer or employee, or anyone at a Group to report illegal or suspicious acts and bring up various issues relating to corporate ethics including human rights issues. We make sure that all officers and employees, suppliers are familiar with this system. We have established an external hotline at a law firm in addition to the internal hotline. These enable people to report 24 hours a day via their choice of reporting method—by phone, email, or post. When something is reported, we ensure that the reporters are protected against unfair treatment, and immediately begin an investigation.

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

5. Future Initiatives

Human rights issues, including prevention of slavery and human trafficking are social challenges that Obayashi must confront. In the future, we need to identify risks by performing due diligence on human rights and pursue initiatives aimed at upholding the principles in our statement. The cooperation of our subcontractors and suppliers is essential in performing due diligence on human rights, and we understand the need to strengthen partnerships to an even greater degree than we have thus far.

This statement has been approved by Board of Directors of Obayashi Corporation on July 17, 2019.

July 17, 2019

A handwritten signature in cursive script, reading "Kenji Hasuwa", is written over a horizontal line.

Kenji Hasuwa

Representative Director

President

Obayashi Corporation