



Shimizu Corporate Social Responsibility Report

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SHIMIZU CORPORATION

Message from the President

The global economic slowdown triggered last fall by the U.S.-led financial crisis is placing sustained pressure on the Japanese business environment. At the same time, companies are facing increased social responsibilities, making the advancement of fair, transparent corporate activities a major management issue. In addition, the urgency of global environmental issues continues to mount from year to year, despite wide-ranging efforts to address them. As a result, individuals, corporations, and society alike are being called upon to react more concretely to environmental issues.

Since the founding of Shimizu Corporation 205 years ago, our management principles have been based on the precepts “Rongo to Soroban” (The Analects and the Abacus) by Eiichi Shibusawa, who proposed a balance between the ethical humanism of the Analects of Confucius [552 – 479 B.C.] and the economic activities symbolized by the abacus. Given the conditions society faces today, we believe it is important to promote an approach to CSR that factors in the unique characteristics of the construction industry.

Based on efforts to promote CSR as a good corporate citizen through business activities and proactive participation in social issues, Shimizu will push ahead with sustained reforms predicated on changes in the social environment. These reforms are based on the following three pillars:

- Fair and transparent business activities
- Creation of value that surpasses the expectations of customers and society
- Harmony with society

Fair and Transparent Business Activities

At Shimizu, we believe that working toward the creation of a sustainable society through fair and transparent business activities is far more important than mere regulatory compliance. Companies must contribute to this objective in their daily business activities by focusing on offering better products to society. In particular, we seek to improve our corporate governance structure by working to ensure thorough compliance with corporate ethics and addressing various long-standing issues within the construction industry, including the avoidance of infringements of antitrust law and the enforcement of fair transactions.

Creation of Value that Surpasses the Expectations of Customers and Society

We in the construction industry are responsible not only for construction but for providing products and services that deliver to stakeholders a wide range of benefits and values. In this way, we ensure that the properties we develop have long life spans as social assets. To ensure our products and services surpass the expectations of stakeholders, including both customers and society, we take coordinated action based on the Life-Cycle Valuation (LCV)* concept at each stage of development, from design to construction and use. By 2020, as a long-term target for addressing the urgent issue of global warming, we have set ourselves the Ecological Mission of reducing carbon-dioxide emissions from all properties built to date, and henceforth, by 30% relative to fiscal 1990 levels. In all our business domains, our employees are working to reduce carbon-dioxide emissions.

Harmony with Society

In the past, the construction industry has built strong ties to local communities primarily through construction projects. In recent years, however, we have participated directly in planning numerous projects, including private finance initiatives (PFI)** with the goal of further contributing to our local communities.

Other issues important to the construction industry include securing employee and operator safety and improving working environments. In light of the number of serious accidents that occurred over the past year, we at Shimizu will steadily implement new measures, including risk assessments, to bolster our safety record.

To identify the approach underlying all these corporate activities, we have established the corporate slogan, “Today’s Work, Tomorrow’s Heritage.”

This report covers the results of Shimizu’s CSR-related activities in fiscal 2008 as well as our activity policies and social efforts for the 2009 fiscal year. It also includes several other special features, including articles on the safe delivery of our inherited resources to the next generation and how to spread such activities across a wider arc of society.

Thank you for taking the time to read this report. As always, we welcome your feedback and candid commentary.

* Life-Cycle Valuation (LCV) :

Activities intended to visualize the qualities of a construction project expected by society and customers throughout a project’s life cycle and to provide technologies and services to maximize such qualities

** Private finance initiative (PFI) :

A method for reducing project costs and providing high-quality services through the private-sector’s financial and technological participation in the design, construction, maintenance, and operation of public-sector projects.

Yoshiichi Miyamoto

President, Shimizu Corporation

Toward an Abundant and Sustainable Society

Editorial Policy

This report describes the CSR initiatives undertaken by Shimizu Corporation. We hope it will serve as a useful communication tool for disclosing information to stakeholders.

The report is composed of two parts: Topics and Activities. The content has been expanded to allow readers to peruse the report within the framework of our corporate overview. The table of contents is organized to link the report contents to specific fields of activities in order to clarify Shimizu's approach to CSR activities related to social and environmental issues. The Topics section comprises feature articles on the theme of human resource growth and development, since human resources are at the core of all CSR efforts. The Activities section includes a list of efforts along with self-assessments of their results, providing an overview of Shimizu's CSR initiatives for the 2008 fiscal year.

In addition, the report includes comments from four participants in stakeholder dialogues.

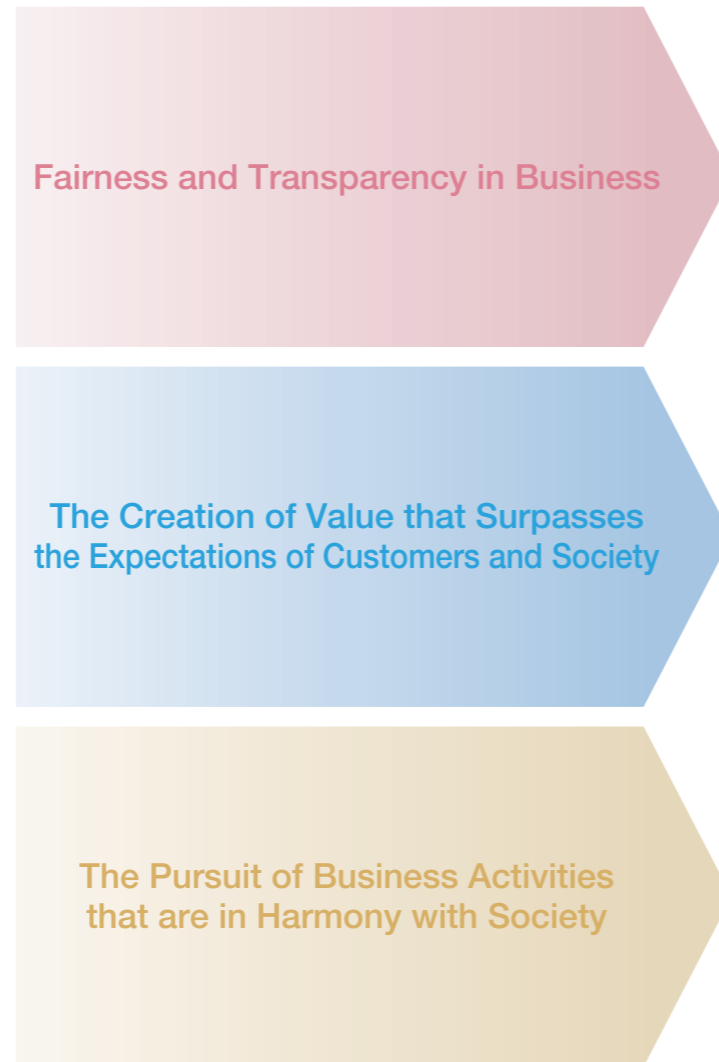
The three foundational pillars of CSR activities

Aspects of the current construction industry environment

- Safety and comfort
- Bid-rigging
- Global warming
- Legal violations
- The working environment
- Human resource development
- Environmental pollution
- Information leaks
- Population decline and aging of society
- Major natural disasters
- Fair transactions
- Biodiversity

CSR at Shimizu, from a construction industry perspective

- We will undertake all CSR-related activities as an integral element of our business.
- We will make sustained efforts and improvements in response to societal changes.
- We will actively participate in society as a good corporate citizen.



Special Feature: Growth and Development

People form the backbone of every company and every nation. In today's society, we are constantly being reminded of the importance of personal growth. Under the corporate slogan, "Today's Work, Tomorrow's Heritage," Shimizu is focusing its efforts on developing products and human resources at the same time. This special feature introduces the activities and efforts undertaken by Shimizu to contribute to the development of the next generation.

Activities



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Basic Scope of Reporting

Period covered: Fiscal 2008 (April 2008 through March 2009)

Date of publication of next edition: August 2010

Corporate Information

Information on our company is published in various reports and on our website (<http://www.shimz.co.jp/>).

■ CSR Report

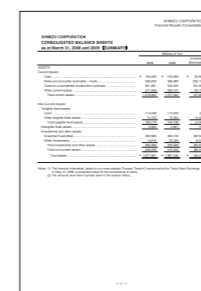
Social activities: Our stance and actual performance

Environmental activities: Our stance and actual performance
(CSR activities: <http://www.shimz.co.jp/english/csr/basis.html>)

■ Financial Summary of Each Fiscal Year, Financial Statement, Annual Report

Economic activities: Our business strategy and financial condition

(Investor Relations information: <http://www.shimz.co.jp/english/ir/highlights.html>)



Financial Summary of Each Fiscal Year



Annual Report



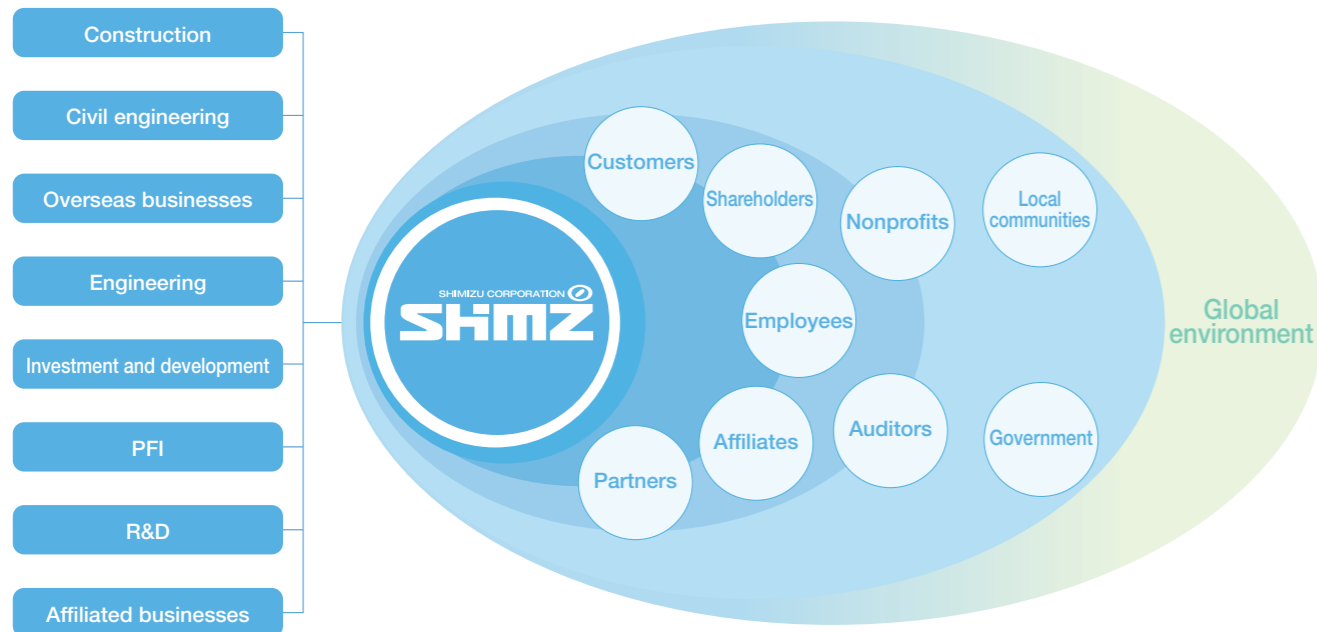
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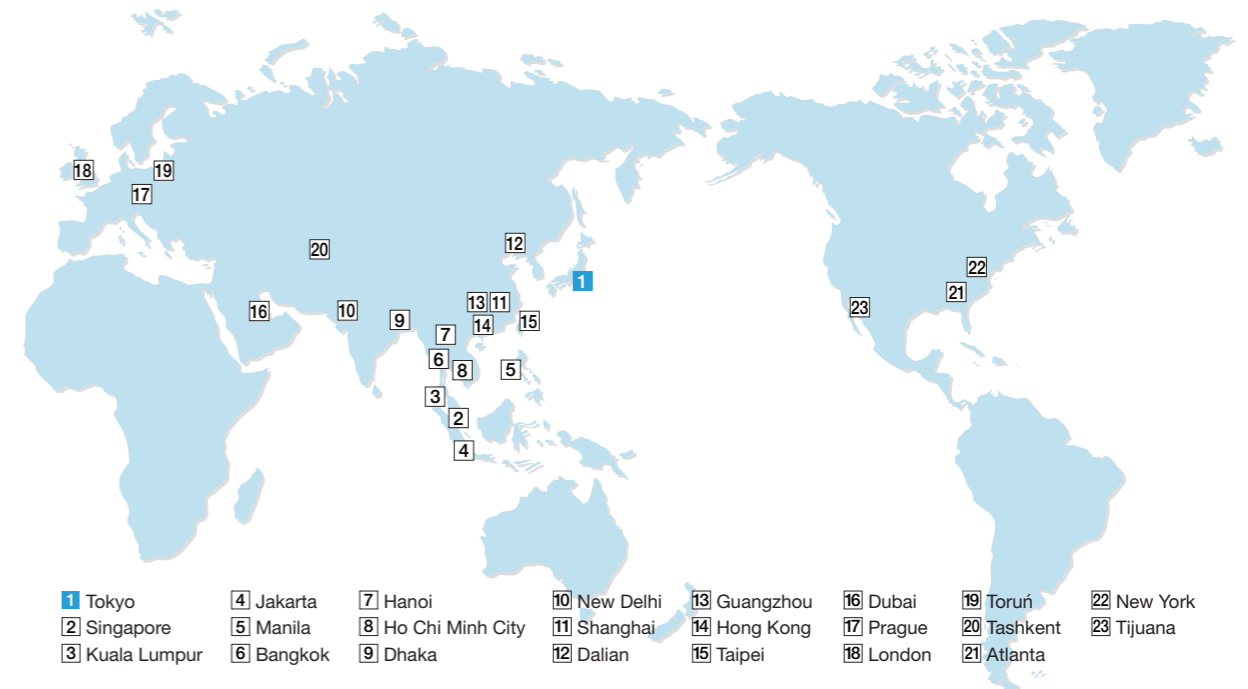
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Business Lines and Financial Condition

Shimizu's businesses and stakeholders



International network (as of July 1, 2009)

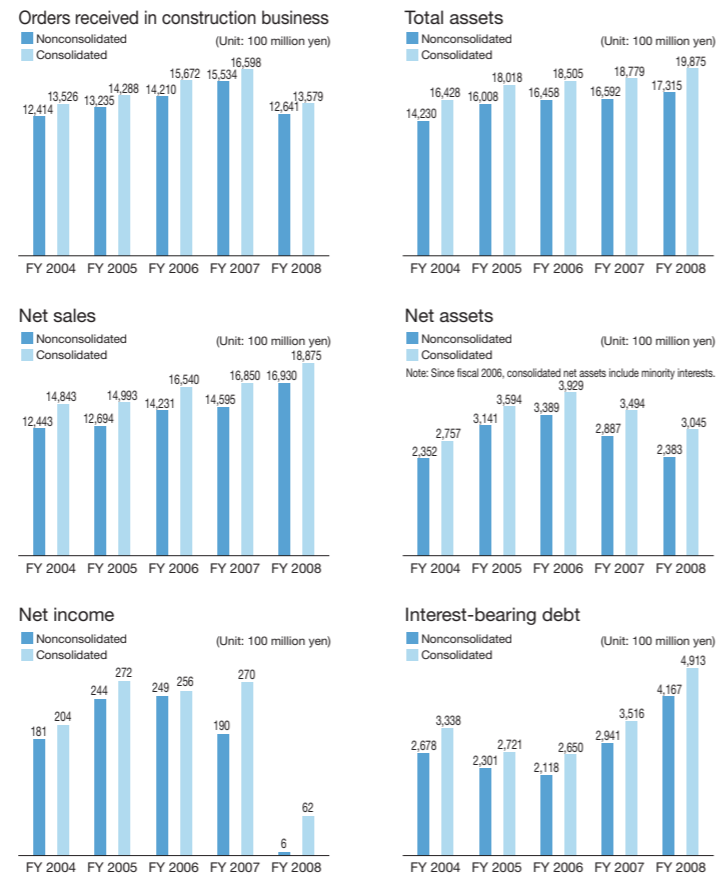


Corporate profile

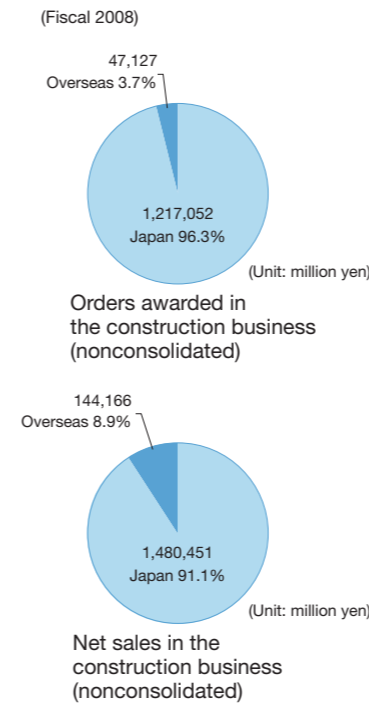
Established: 1804
 Capital: 74.3 billion yen (as of March 31, 2009)
 No. of employees: 11,535 (as of April 1, 2009)
 Main areas of business: Construction, civil engineering, and other contracted projects, including machine installation; research, planning, geological surveys, land surveys, design, and administration of construction projects; sales, purchases, leasing, brokering, management, and appraisals of real estate properties; building, selling, leasing, and managing residential buildings and other properties; development and sales of vacant land

President: Yoichi Miyamoto
 Annual sales (nonconsolidated): 1,693 billion yen (fiscal 2008)

Financial condition



Domestic and overseas percentages of orders awarded and net sales in the construction business (Fiscal 2008)



Organization Chart (as of July 1, 2009)

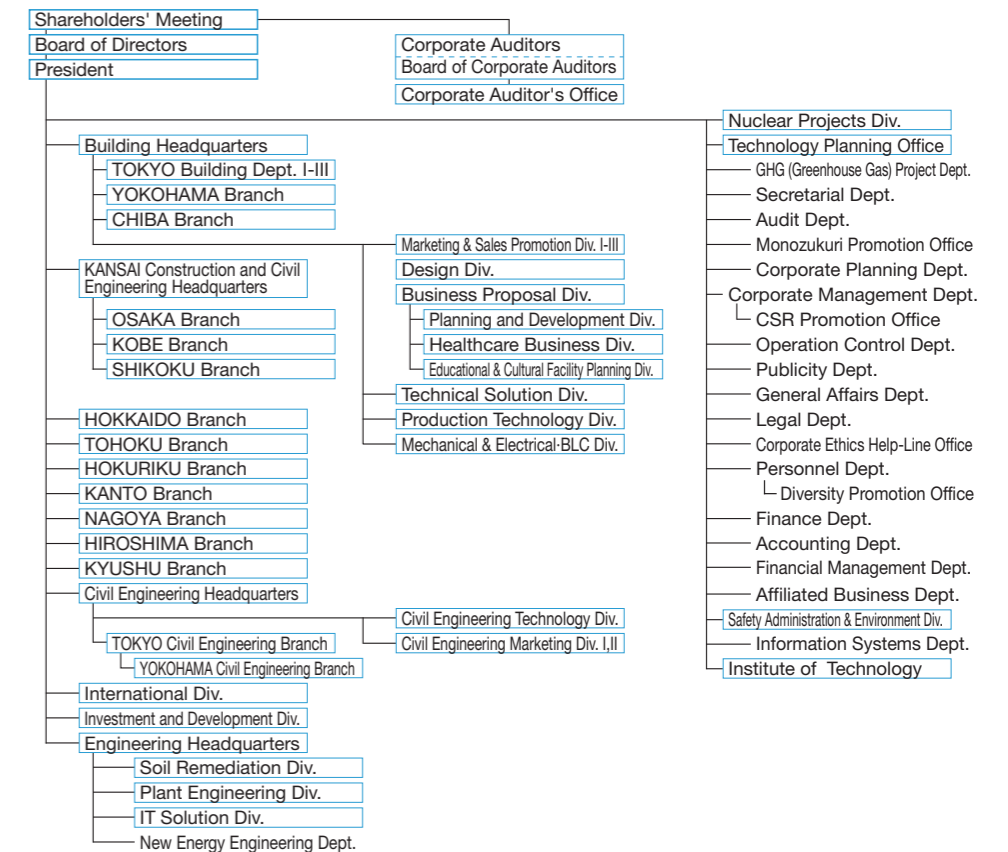




Photo: Satoshi Asakawa

Raising Children in Cooperation with the Community

Today, as social trends such as declining birth rates, the rise of nuclear families, and the use of information technologies advance, opportunities for people to come into direct contact with a wide spectrum of society are starting to decline. The sight of adults speaking to children, or even scolding them for mischievous behavior, has become less and less common in our communities. Interacting with a wide range of people is an important way for children to obtain knowledge that is unavailable in the classroom, thus developing their adult sensibilities. For this reason, efforts to raise children with the cooperation of households, communities, and schools have started to gain significant traction.

Fostering childhood growth and development over nine years, together with the community

Shibazono Elementary/Junior High School, City of Toyama

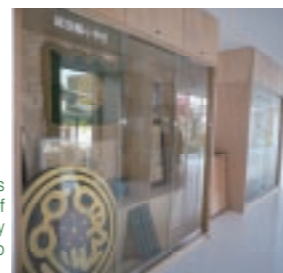
Building an attractive school that is open to the community

In response to school closures and consolidations and declining birth rates, the city of Toyama is currently renovating its deteriorating school facilities and rebuilding its school system based on the PFI approach. The first of these projects involves the city's Shibazono Elementary and Junior High School, which consolidates four elementary schools and the existing junior high school into a single school. To build an attractive school capable of revitalizing the city—a longstanding dream of city residents—PFI private-sector expertise was applied to control costs and deploy the savings to facility upgrades. This contrasts with conventional planning methods and their restricted budgets, under which substantive

improvements seemed impossible.

The core goals of this plan are to construct a school that supports diversified educational methods and increased use of information technologies; to provide an enriched, attractive school environment; to create a school open to the local community; to ensure children's safety and peace of mind; and to enable coordinated education over the nine-year period extending from elementary school to junior high school. Based on these goals, a special-purpose company (SPC) founded by Shimizu and other parties handled various tasks, including coordinated project management from the design to the construction and maintenance/administration stages, meanwhile offering various proposals on the creation of a new, integrated elementary/junior high school that would be open to the community.

In the design stage, many people took part in meetings held to explain the plan to teachers, parents, and nearby residents and to exchange views with all these stakeholders. Throughout these activities, we focused on two core goals: developing a school with strong community ties and fostering a community-based approach to child rearing.



Space for displays on the history of the four elementary schools prior to consolidation



Passageway

A passageway where no umbrella is needed when it rains or snows

A passageway where no umbrella is needed when it rains or snows. Based on the climate that prevails in Japan's northern Hokuriku region, this passageway space is partially enclosed under a large roof. This design also addresses student safety and peace of mind, since students can be seen from the surrounding corridors and classrooms no matter where they go.

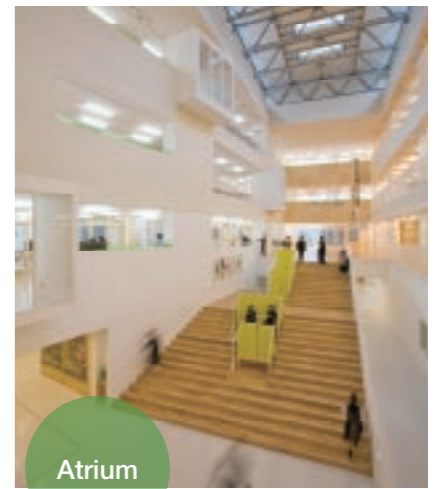
(Photo: Satoshi Asakawa)



Art classroom

An art classroom created with the help of students

In a workshop, students painted the wall coverings for this classroom. The ceiling leaves architectural fixtures exposed to give students an idea of how a building is made.



Atrium

A massive atrium space

This atrium, with its large stairway, is located at the entrance to the junior high school. The yellow spaces are used as student meeting places.

(Photo: Satoshi Asakawa)

School buildings that promote independence and integration over the course of a nine-year educational journey

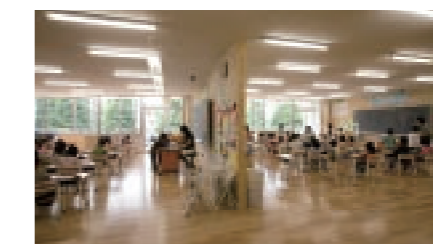
The "nine-year journey" was a theme proposed by the SPC in developing this school. Over their nine years in school, students will grow in various ways, as on a journey, meeting people and gathering a broad range of experiences. Another focus was building an environment that will balance the needs for independence and interaction between the elementary and junior high schools. Yet another theme was to give due

consideration to the location's unique climate, particularly its frequent snowfalls. For example, the elementary school is located just beyond the main gate, while the junior high school is located further back. The two schools are connected by a partially enclosed passageway. At one end, the passageway continues into an atrium with a massive stairway, which serves as the entrance to the junior high school. This space is surrounded by the common spaces of the school library, music classroom, and lunchroom, all of which help to create ties between the elementary and junior high schools.

School buildings designed to have a minimal environmental impact while promoting safety and peace of mind

Taking full advantage of the prevailing climate in the northern Hokuriku region of Japan, this school lacks a cooling system. Instead, it uses a design that changes with the seasons, allowing ordinary classrooms to move slightly north in the summer, and a heat-storage heating system that helps to conserve energy. The design also takes advantage of natural lighting and natural ventilation to reduce the school's environmental impact. As a safety measure in the event of an earthquake and to ensure the facility can serve as a disaster-relief site, the school buildings employ a seismic isolation structure, while the junior high school's gymnasium employs a seismic response control structure. Meanwhile, to reaffirm the project's identity as a school open to the community, the administrative office and a meeting space open to the public are located near the

main gate; various facilities, including the offices for both the elementary and junior high school's principals, teachers' offices, and the nurse's office, are located on the playground side; and the custodian's office and passageway are located on the north side. This design ensures that adults can observe students through the glass windows at all times to ensure their safety.



The elementary school's ordinary classrooms are located in an open space that is free of partitions. Making the most of the natural climate, the classrooms are well-ventilated and movable, with no cooling systems installed. On hot days, classes are held in locations positioned away from the windows.

(Photo: Satoshi Asakawa)

Stakeholder Comments

"We want to revitalize the community by encouraging ties to the school."



Akihiko Tachidani

General Manager, School Consolidation Office
Toyama City Board of Education

One of the reasons we applied the PFI approach to this project was to create an innovative, enterprising school capable of encouraging young people to return to the center of community life. With its unique design and the integration of elementary and junior high schools, this school has attracted considerable attention. The enrollment system allows some students to be accepted from outside the school district; in all, 123 applications were submitted for the 33 available spaces. The use of a seismic isolation structure in the school buildings has also drawn praise. We currently open the junior high school's schoolyard for use by the general public, and kindergartens and nursery schools are allowed to use the elementary school's rooftop swimming pool. In the future, our goal is to expand the use of these facilities to achieve even stronger ties to the local community.

Integrating elementary and junior high schools to promote learning and other school activities

At Shibazono Junior High School, which organizes joint elementary/junior high school voluntary community cleanup activities, each meeting required the junior high students to visit a series of elementary schools located in scattered areas. With the schools now gathered in a single location, students can simply meet in the common lunchroom space, reducing the travel burden on junior high school students and making it easier to organize joint activities. Coordination between the elementary and junior high schools has resulted in deeper interactions between teachers, a trend that has begun to make its way into curriculum development. In the past, the junior high school accepted new students without knowing specifically what they had learned in elementary school. This resulted in certain problems: some students were unable to keep up in their classes due to gaps between subjects in elementary and junior high schools. Now, teachers report that integrating elementary and junior high schools into the same facility has made it easier to exchange information and to ascertain what students learned in elementary school. Activities in which junior

high school teachers visit the elementary school to teach subjects such as English and mathematics are also under way, lowering the barriers between the content taught in elementary school and junior high school.

Proactive interactions with the community

To help it blend into the community, this school is open at its periphery, not enclosed by a fence. Next to the main gate on Keyaki-Dori Avenue is a meeting space where neighborhood residents are welcome to relax or engage in discussions within earshot of nearby students. However, since the space was not used as much as expected, the elementary school came up with the idea of opening it to the public as an art gallery. This change increased the use of the space, and a gallery schedule is now posted on the elementary school's website to provide information to the wider community.

The water depth in the elementary school rooftop swimming pool can be adjusted, and the school invites children from nearby kindergartens and nursery schools to use the pool. The lunchroom is also open for interaction between students and local residents. Consisting of a large, stepped structure, the

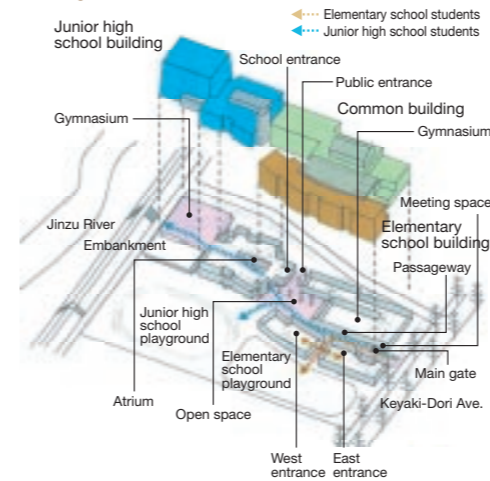
multipurpose hall known as Hyogen no Butai ("The Expression Stage") has a glass wall facing the street, allowing passersby to look inside and thereby encouraging community interest in the children's activities.

Applying the facility's potential to create a better educational environment

This year marks the completion of the first academic year since the opening of the school. Teachers have become accustomed to the new facilities, and the elementary school is seeking ways to use the school buildings more effectively and in completely new ways, thereby increasing community interest in the school and its facilities. The junior high school's goal is to enhance the educational experience through closer ties to the elementary school. As the students of Shibazono Elementary School move on to junior high school, the advantages of an integrated school are expected to become even more apparent.

As a member of the SPC for this project, Shimizu will take part in maintaining and administering the school over the coming 14 years. Our goal is to lay firm roots for the school in the community, as the school, the community, and the SPC work side by side to expand the facility's potential.

Layout of the School



Project summary

Location: Toyama, Toyama Prefecture
Site area: 8,543.50 m²
Total floor area: 22,041.42 m²
Number of floors: one underground, four aboveground
Architects: Joint project of Shimizu, Coelacanth K&H Architects, and Miyoi Architects & Associates



Playground

A natural grass playground to help avoid injuries when students fall

The elementary school playground uses natural grass to ensure a safe play area for children. During lunch breaks, children can be seen using the playground with great exuberance.

(Photo: Satoshi Asakawa)



Lunchroom

A lunchroom shared by the elementary and junior high schools

In addition to serving as a place where students eat a nutritious lunch, this lunchroom is used for send-offs for school trips, event-planning meetings, and teacher get-togethers. Part of the lunchroom is fitted with acoustic walls to make it suitable for small recitals and other events, and a grand piano is stored behind the wall. Plans call for gradually increasing the use of this facility by the wider community.



Multipurpose hall

An "Expression Stage" suitable for a wide range of activities

This multipurpose hall is characterized by its large stepped structure. When this space was used for music classes, children spontaneously began stepping up and down the steps while sounding out various musical tones, climbing up and down with the music. This versatile hall is ideal for encouraging free play and creativity among children.

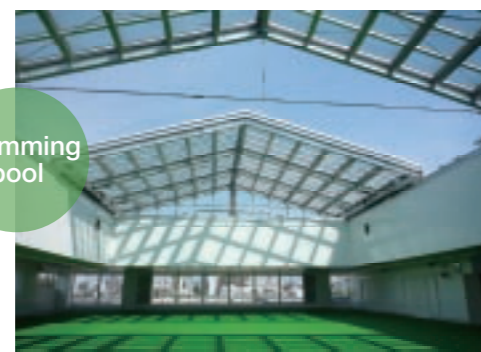
(Photo: Satoshi Asakawa)

Shibazono Elementary School website:
<http://swa.toyama-city-ed.jp/weblog/index.php?id=1610002>

Shibazono Junior High School website:
<http://www.tym.ed.jp/sc250/>

A rooftop pool protected from the seasons and the climate

On the fourth floor of the common building is a rooftop swimming pool with a retractable glass roof. With its adjustable water depth, this pool is also used by nearby kindergartens and nursery schools. In the off-season, it can be covered with artificial turf for use as a multipurpose room.



Swimming pool

From an Architect

"The sight of children doing what comes naturally helps energize the community."



Kazumi Kudo
Coelacanth K&H Architects

From time to time I experienced strong emotions at the sight of everyday activities at school: the bright, clear eyes of the children, their concentration while hard at work, and the smiles on their sometimes sweaty faces. These sights can energize even people who don't ordinarily set foot on campus. Instead of being closed off from the community, a school should be an open place in which the community can take pride. Shibazono Elementary and Junior High School was designed to give the community a view of the nine-year journey that children undertake with teachers. In these diverse, enriching spaces, one can see the breaking down of boundaries as school activities move into and out of one's sightline. All of the school facilities are interlinked with greenery and benches, and here one can gain a true appreciation for the growth of the younger generation.

Stakeholder Comments

"It is our goal to raise students strong in mind and body, based on four pillars: Light, Air, Beauty, and Togetherness."



Miyako Takeuchi
Principal, Shibazono Elementary School

My first feeling when I set foot on this school's campus was of an open space filled with light. I think the theme "Light, Air, Beauty, and Togetherness" describes it perfectly. Light expresses the spirit of equality seen in the open school buildings where light flows down equally. Air refers to the school's openness and the way it's ideally tailored to the currents of our times. Beauty describes not just the beauty of the school's location but its education, intended to realize beauty in both word and spirit. Togetherness refers to the consolidation of four elementary schools and their combination with the junior high school. Based on these four pillars, we seek to help children grow into adults with a creative outlook, wide-ranging hearts, and strong bodies, all with the full participation of members of the community.

Stakeholder Comments

"We aim to enrich the educational environment through interaction between elementary and junior high school teachers."



Kazuro Takase
Head of Educational Affairs, Shibazono Junior High School


Upon the school's completion, the first joint elementary and junior high physical education event left me with a strong feeling of unity. I was very impressed to see the junior high school students working so hard with the elementary school children. The opening rally was held in one space, our common gymnasium for both the elementary and junior high schools, something only possible in an integrated school. As for studies, until now, elementary and junior high school teachers didn't know what their counterparts were teaching, since the schools were distinct entities. Teachers now find it much easier to exchange information, which I believe improves the educational environment. My goal is to ensure that this remains a bright, energetic school, with educational efforts undertaken in partnership with the elementary school and improvements made wherever efforts have been incomplete.



Sharing the Joy of Creation

Despite advances in information technology, today's youth seem to be losing interest in the sciences and in the creation of new things. While technologies such as television, personal computers, and video games have made our lives easier and more enjoyable, they have also reduced the number of opportunities for children to create and experience things with their own hands. This, in turn, has made it harder to teach children how to make things, how to find their own way of doing things, and how to take the initiative. As a company that has long prided itself on building things, Shimizu Corp. has initiated several programs to help children discover the creative process through hands-on activities.

Instilling the spirit of innovation in children and adults through the Shimizu Open Academy

 Efforts of the Institute of Technology

The Shimizu Open Academy was founded in 2008 as part of the Institute of Technology. The Academy, one of Shimizu's open innovation efforts, is intended to provide information to stakeholders and to communicate to society at large the results of the Institute's activities. These efforts are based on the belief that Shimizu Corp. can make valuable contributions in technology development and R&D far beyond the scope of its business obligations. The Academy's program seeks to inform today's youth and the general public not just about the technologies needed to make buildings, but the many fascinating issues

related to building and urban development as well. To accomplish this goal, the Academy conveys Shimizu's technological expertise and knowledge in areas such as eco-friendly urban development and environmental protection. The program embodies the dream of educating a new generation and providing them with the tools to build Japan's future.

The Institute of Technology in Etchujima, in Tokyo's Koto Ward



Main Building

R&D results are on display in the main building of the Institute of Technology.

In learning how to prevent global warming, participants use thermography to measure the effects of spraying the ground with water.

Experimentation and measurement



Wind Tunnel Testing Laboratory

The Wind Tunnel Testing Laboratory incorporates a Partially Floating Structural System, achieving seismic isolation based on water buoyancy. Here, participants experience the effects of strong wind.



Hands-on class

Junior high school students experience strong gusts in the wind tunnel. Real experiences like this are central to the Shimizu Open Academy curriculum.

Realistic classes based on hands-on experience

All instructors at the Shimizu Open Academy are researchers or specialists. The Academy is characterized by having course content based on actual research. The program is highly regarded for the promptness with which instructors respond to questions and concerns, since they are typically researchers responsible for developing state-of-the-art technologies. The program includes technical tours that combine site tours with technical lectures (for elementary school, junior high school, high school, and college students, as well as the general public), seminars focusing on actual participation in experiments (for college students and the general public), off-site seminars led by dispatched instructors, and various symposia. Subjects cover more than 40 topics, targeting participants ranging from children to adults.

Technology is easily understood when seen up close.

Also crucial to this program is the ability of participants to observe and interact with technologies firsthand. Participants learn through actual experiences by visiting facilities including the biotope, Vibration Testing Laboratory, and Wind Tunnel Testing Laboratory on the Institute of Technology's grounds, as well as by viewing actual buildings and models, and engaging in hands-on study of plant life. For example, at the Vibration Testing Laboratory, a facility used to study earthquake-resistant structures and properties, participants stand on a vibration platform to get a feel for the tremors generated during a real earthquake. In the Wind Tunnel Testing Laboratory, a facility used to

study wind safety and other properties, participants get the chance to experience wind speeds of 30 meters/second (equivalent to a very strong typhoon).

A place where everyone can feel comfortable

In fiscal 2008, a total of 2,470 visitors of all ages and generations, including university students, members of the general public, company employees, overseas visitors, and junior high and high school students, took part in this program. In fiscal 2009, under the theme

"Construction Technologies and the Culture of Innovation," 4,000 participants are expected over the course of the year. Future plans call for revising content periodically to ensure a highly relevant program, thereby attracting even more participants.

Applications and Inquiries

Those wishing to participate in a program must apply in advance.

Institute of Technology Web page:
<http://www.shimizu.co.jp/english/theme/sit/index.html>

Stakeholder Comments

"The children were inspired by their interactions with working professionals."



Minako Takashimizu
Teacher, Minami Junior High School, City of Odate

We went on the technical tour as part of a school trip. By touring various facilities, including seismic isolation buildings and the urban biotope, we learned more about Shimizu's construction technologies and initiatives. We also developed a better sense of the company's approach, which is based on consideration for the environment and local communities, and I believe our visit was a good opportunity to expose the children to how professionals think.

Stakeholder Comments

"Considering the potential environmental impact is a core issue when building any structure."



Mikio Nakai
Ninth-grade student, Minami Junior High School, City of Odate

Today, I learned about a wide range of technologies used in buildings. I was especially impressed by the wind tunnel. In observing firsthand how it's used to conduct experiments on the impact of wind flowing through a city, I sensed how important it is in urban development to consider the impact on the environment and on residents living nearby. And I got to experience the force exerted by a typhoon—I was really surprised by how strong it was.

Providing Learning Opportunities by Viewing Actual Work Sites Site Efforts

Since most civil-engineering projects such as tunnels and dams take a long time to complete, it's essential to ensure that residents of nearby communities understand the purpose and methods behind the work going on in their backyards. Alongside community members, Shimizu undertakes various activities to contribute to these communities, including voluntary street cleanup efforts, participation in local festivals, and the distribution of bulletins.

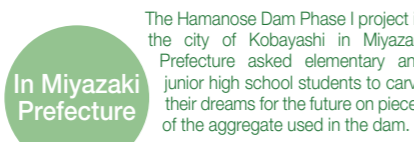
As part of these efforts, we host site tours to provide information on specific construction projects and the many fascinating issues underlying the construction process.

A wide range of efforts are currently underway at work sites across Japan.



In Fukushima Prefecture

As an elementary-school social-studies field trip, the Sanwa Tunnel project on National Route 49 in the city of Iwaki in Fukushima Prefecture provided a tour of the interior of a tunnel under construction and presented a project summary.



In Miyazaki Prefecture

The Hamanose Dam Phase I project in the city of Kobayashi in Miyazaki Prefecture asked elementary and junior high school students to carve their dreams for the future on pieces of the aggregate used in the dam.



In Hokkaido

The Akan Tunnel project in the city of Kushiro in Hokkaido provided a tour of the site for city elementary school students and their parents. Participants walked through the tunnel and drew pictures on the waterproofing sheets used inside.



Visiting a School to Provide an In-Depth Lesson on Tunnel Construction for Children Efforts of the team at the Asakawa Tunnel Site in Hachioji

The Asakawa Tunnel project on the Hachioji Minami Bypass, on which construction was completed in March 2009, hosted numerous interactions with local elementary schools. Since the entrance to this site is located on a route taken by students walking to and from the city of Hachioji's Tate Elementary School, schoolchildren often saw construction vehicles and site guards coming and going. However, since the tunnel construction itself was covered by a soundproofing structure, the children had little idea what was going on inside. In response to a request from the school for a tour of the site, the tunnel construction team created an opportunity to give students a deeper understanding of various topics, including the importance of road construction and how tunnels are excavated rather than simply showing them the site. In partnership with the Ministry of Land, Infrastructure and Transport, which ordered this construction project, the team launched a program for students to learn about roads and tunnels, which marked the start of two years of interaction with the school.

Visiting a school to help children understand tunnel construction, followed by a tour of the actual tunnel

Before the site tour, a project representative visited the school to help students understand various construction issues, including how and why tunnels are built. The representative gave a lecture to the third-grade students (now in the fifth grade), using video and slides specifically aimed at children.



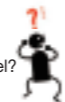
Schoolchildren viewing a video in class. In this video, project staff conveyed various messages to the children.

Children learning about tunnel construction

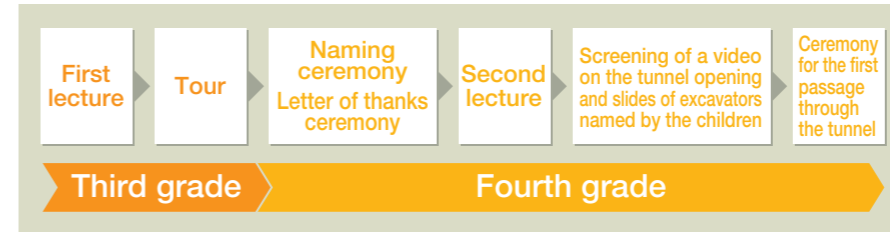
And now to the main topic...

Five questions:

- Where does the Hachioji Minami Bypass start and end?
- Why is it being built?
- What will happen when the tunnel is finished?
- Where is the Asakawa Tunnel?
- When will it be finished?



One of the slides shown to the students in the class. This slide was designed to answer the children's questions about the project. The event prompted students to consider the importance and significance of road and tunnel construction.



The classroom lecture was followed by a site tour, so that students could gain some firsthand experience. Students started by learning how to put on a hard hat, then were given explanations and demonstrations of excavation equipment. They were also given an opportunity to ride in heavy machinery. Students were even asked to give original names to the excavators used in tunnel construction. Later, when personnel visited the school, the new names were announced, and students who took part in this activity were presented with letters of thanks.

A second lecture was held at the school after the tunnel opening, in which children were shown videos on various subjects, including the assembly of the excavators they had named, maintenance tasks performed by site

workers, and how, after the tunnel opened, the workers gave thanks to their hard-working machines as if they were fellow workers. The students then boarded a bus and toured the tunnel interior. As the first users of the tunnel, they were the first to see the interior of the completed tunnel. This program created wonderful memories for the children over the course of two years, including the preparatory lectures before touring the site, the site tour, the naming ceremony, the screening of the video on the opening ceremony, and the tour of the newly opened tunnel. The vice-principal of Tate Elementary School expressed his gratitude for the program, explaining that the chance to see heavy equipment and construction activities right in front of their eyes was particularly valuable for the children.



Site tour

Children experience riding in heavy equipment, with site workers explaining how the equipment operates. The children were surprised by the size and noise of the equipment.

After the naming ceremony for the excavators, a ceremony was held in which letters of thanks were presented to the children. The names chosen for the two excavators were "Guruguru-kun" and "Gorigori-kun," friendly names that made the equipment seem more approachable.

Naming ceremony



Video screening

The momentous opening of the tunnel was captured in a video using cameras placed inside and outside the tunnel. The impressive footage was then shown to the children.

Report

"Tonneru wo shirabeyo" ("Exploring Tunnels"), a pamphlet prepared by the children on what they learned about tunnel construction.



Efforts on behalf of local residents

The Asakawa tunnel project team also engaged in active cooperation with local residents. In addition to cleanup, snow-removal, and disaster-recovery efforts in the vicinity of the tunnel site, the team helped promote safety in the area by establishing a "Children's SOS Station" as a safe haven for any children who felt they were in danger, an effort publicized on the website of the city of Hachioji.



The Children's SOS Station

Stakeholder Comments

"Experiencing the construction site with our own eyes and hands has greatly deepened our understanding."



Atsutaka Takatoo
Vice-Principal,
Tate Elementary School,
City of Hachioji

The construction team not only responded quickly to our request for a site tour, but also provided many opportunities to expand the scope of the program. I believe the interactions between the team and the school over the course of two years constituted a valuable learning experience for the children.

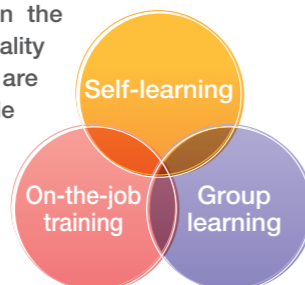
Visits and easy-to-understand explanations by representatives of the Ministry of Land, Infrastructure and Transport and construction personnel also heightened children's interest in the construction work.

I'm also convinced that the way site workers warmly welcomed the children and let them touch and name the equipment definitely made the children feel much closer to the tunnel project. They were able to see, hear, experience, and have their imaginations spurred by the construction project and get involved in the project and other activities, which helped them advance from an objective interest in the project to a more visceral form of understanding. All these activities seem to have provided them with new surprises and discoveries. Overall, communication between the site and the school created a wonderful opportunity for the children to interact with society.



Developing Human Resources to Support the Company

To create useful things, it's essential to ascertain the needs of society accurately and to provide high-quality output. At every company, it is people who are fundamental to this analysis. If we are to provide better results for society, we must deliver to the next generation not just technology, but new ways of thinking and an appreciation for innovation.



Shimizu's HR training structure

Improving individual skills through study overseas

Shimizu has adopted a system of overseas study through which it develops highly skilled and specialized human resources. This program emphasizes the process of personal discovery. Employees eligible to study overseas include those with a firm grasp on their own ways of thinking, but who are ready to take on new challenges in their day-to-day duties and apply new expertise to their sphere of responsibilities. Employees took part in five different overseas study programs for one year starting in 2007, studying primarily at companies, research institutes, and law schools in the United States. For study at companies and research institutes, candidates were selected from a

wide range of fields, including architecture (design and structure), R&D, and engineering. The participants chose their study destinations based on anticipated future business trends. The goal was to learn about advanced, state-of-the-art technologies by taking part in actual projects alongside world-class businesspeople and researchers. The participants thus obtained valuable experience of a type that would not have been available in Japan. After returning to Japan, participants reported on their overseas experiences, including on any new information or technologies they had encountered, to the Shimizu organization, and this knowledge base is now being put to use in highly specialized project development and HR development efforts.

Former Participant Comments

"I want to use what I learned overseas in project development and HR development."



Hiroyuki Ogura
Design/Proposal Coordination, Building Headquarters/ Executive Architect, Structural Design Department II, Design Division

I studied at an engineering firm in New York City for one year beginning in 2007, with the goal of learning about worldwide trends in structural design. In the preparatory stage before going overseas, I got a true feel for Shimizu's HR development approach through the process of identifying issues on my own, deepening my understanding of the business, and developing my capacity to grow. My practical experience at the overseas firm was truly wonderful, surpassing my expectations as an opportunity to experience new things. In my case, in addition to being able to experience building designs unavailable in Japan, I was able to see right in front of me the significant innovations of the building industry in the United States. Since returning to Japan, I've reported on my overseas learning experiences on more than 10 occasions, and I've had opportunities to implement a next-generation integrated design and construction process employing information technology known as "BIM" as well as a U.S. building environmental assessment system known as "LEED". In these ways, I've been able to contribute to Shimizu's project development and HR development for the next generation.

Handing down know-how through the Educational Meister System

The Educational Meister System began in May 2008 with the goal of person to person transfer of know-how. Under this system, around 60 highly experienced and enthusiastic members of staff have been appointed Education Meisters to train the next generation at Shimizu branches and offices across Japan. Educational Meisters make periodic rounds of sites to provide advice on production activities (Monozukuri), instruction on site management, and on-the-spot technical guidance for each phase of construction. Educational Meisters also make good advisers in the development of human resources, providing advice to younger construction managers and supervisors on effective management techniques. Visits from Education Meisters have been well received at construction sites. Comments from sites include: "It was very useful to learn about the Meister's experience, especially as regards past failures."

"It was good to have someone whom I could readily consult with, and who had a different viewpoint from that of my supervisor." Periodic visits by Educational Meisters are anticipated to advance on-site communications and on-the-job training. Plans call for further improving the efficacy of this program by deepening joint efforts among Educational Meisters and expanding successful activities to other branches through National Meister Conferences.



An employee meeting with an Educational Meister

Monozukuri Juku Program to develop human resources who can deliver quality products.

The Monozukuri Juku training program began in February 2009 with the goal of taking a fresh look at innovation, the core of Shimizu's business activities since the company's founding. The first training program consisted of two courses:
1. Site Manager training for Construction Department employees in their sixth year after joining the company.
2. Training new managers drawn from across the organization.
The first course aims to develop the

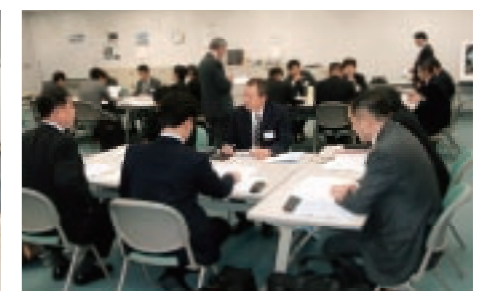
management capability of construction supervisors, with a focus on off-site perspectives such as responding to requests from society and clients. The second course aims to review both concepts of "Monozukuri = Workmanship" and "Hitozukuri = Human Resource Development," thus urging non-Construction Department employees to take part in "Monozukuri" activities. Future training programs will include those for Civil-Engineering Department employees and mid-level employees, with the goal of enabling all Shimizu employees to share the same enthusiasm and demonstrate the total strengths of the company.



President Miyamoto conveys his expectations to managers.



Hearing how experienced employees view their work



Group discussion on the roles and duties of managers

Educational Meister Comments

"My mission is to develop responsive human resources."



Koichi Shyoda
Product Quality Leader, Civil Engineering Technology Department, Hokuriku Branch

My activities are based around the question of how skills are handed down from person to person. When interacting with younger employees, I always ask about their dreams and ideas. Then I advise and encourage them to make these a reality. For supervisors, I provide guidance on developing communication environments that make it easier for younger employees to receive consultation regarding any worries or concerns they might have. Through these activities, I seek to increase the responsiveness of human resources.

Site Personnel Comments

"I have learned to see to the heart of the matter."



Takashi Doi
Civil Engineering Department, Hokuriku Branch

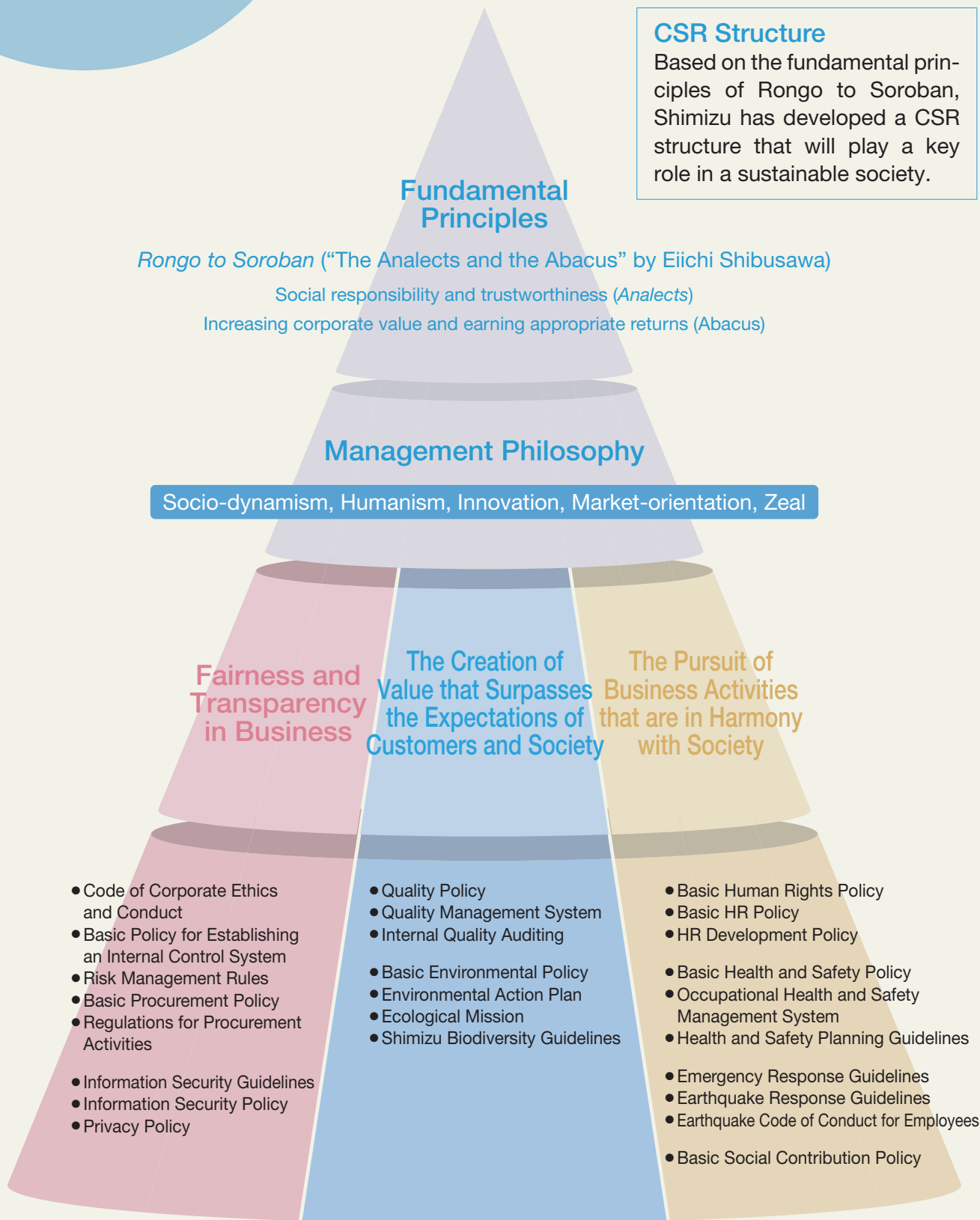
The Educational Meister on site often asked us questions about the purpose of an activity, why it was necessary, and how we should perform it. Through such discussions, I learned the importance of going to the heart of the matter, while retaining the ability to see things from different perspectives.

ACTIVITIES

Details of Activities and Achievements for Fiscal 2008

CSR Structure

Based on the fundamental principles of Rongo to Soroban, Shimizu has developed a CSR structure that will play a key role in a sustainable society.
































For more information, please visit <http://www.shimz.co.jp/english/csr/basis.html>

CSR Efforts and Assessments

Of the 16 CSR efforts undertaken in fiscal 2008, six surpassed their stated goals, while five fell short of them. In fiscal 2009, efforts will be made to enhance CSR efforts, including the number of initiatives that achieve their proposed goals.

Self-assessments:  Targets surpassed  Targets generally achieved  Targets not met

Theme	Effort	Activities in fiscal 2008	Self-assessments	Page
Fairness and Transparency in Business	Corporate Governance and Improvements to the Business Environment	Improving the corporate governance structure, including the internal controls system Establishing Risk Management Rules for integrated management of various business risks Assessment of operations by in-house third parties		P.19
	Ethics, Compliance, and Corruption Prevention	Thorough elimination of any actions constituting violations of antitrust laws		P.20
		Promotion of full adherence to corporate ethics, including the eradication of antisocial behavior (e.g., ensuring full awareness of the Code of Corporate Ethics and Conduct)		P.20
	Responsible Supply-chain Management	Establishment of a Basic Procurement Policy and requests for suppliers		P.20
		Promoting in-house training to eliminate violations of the Construction Industry Law Monitoring compliance with the Construction Industry Law at construction sites (site patrols)		P.20
		Restructuring and Implementing the procurement system based on internal controls		P.20
	Information Disclosure	Posting the latest information on CSR-related matters to the company website in a swift, timely manner Disclosing information on construction projects and properties through activities including tours of various sites and the Institute of Technology		P.21
	Protecting Information	Ensuring thorough in-house information security		P.21
Supporting security measures of affiliates and business partners			P.21	
The Creation of Value that Surpasses the Expectations of Customers and Society	Providing Safe and Secure Structures	Enhancing structures for building in and securing quality		P.22
		Promoting activities to eliminate quality-related problems		P.22
		Promoting Green Code activities (An indicator for in the total evaluation of building performance)		P.24
		Promoting Total Eco Activities (activities promoting buildings and services in harmony with the environment)		P.33
	Preventing Global Warming	Promoting the Ecological Mission (the goal of reducing carbon dioxide emissions from all buildings constructed by Shimizu, past and present, by 30% compared to fiscal 1990 levels by fiscal 2020, through carbon dioxide emissions reduction activities in all business domains)		P.26
	Biodiversity Efforts	Promoting biodiversity-conscious design and construction		P.28
	Reducing and Recycling Construction Byproducts	Promoting reduction and recycling of construction by-products		P.29
		Promoting green purchasing		See website.*
	Measures Against Hazardous Materials	Appropriate measures for removing asbestos and storing PCB waste		P.29
		Improving interior air quality		P.29
Soil Remediation Initiatives	Executing soil and groundwater cleanup operations as part of business activities		P.30	
The Pursuit of Business Activities that are in Harmony with Society	Toward the Realization of a Company that Values People	Thorough training in human rights and improving the human-rights awareness system		P.34
		Promoting the employment of diverse human resources		P.34
		Raising the percentage of employees taking childcare leave		P.34
		Improving the training system for different fields and age groups, based on companywide HR development plans		P.35
		Improving the work environment and health-care system		P.35
	Working to Realize a Comfortable Working Environment	Improving the work environment for technical workers at construction sites		P.36
	Health and Safety Efforts	Promoting steady employment of the Construction Industry Occupational Health and Safety Management System and Preventive Safety Measures through Risk Management		P.37
	Ensuring Readiness for Large-scale Disasters	Promoting readiness for large-scale disasters, such as major earthquakes or new strains of influenza		P.39
Engaging in Social-contribution Activities	Promoting activities at all levels, individual to companywide		P.40	

*<http://www.shimz.co.jp/csr/environment/activity/green/index.html>
(in Japanese)

Establishing Corporate Governance and a Fair Business Environment

In the fiscal year ended March 31, 2009, Shimizu formulated its Risk Management Rules to bring its risk management system in line with the Basic Policy for Establishing an Internal Control System (formulated in 2006). In addition, to comply with the Financial Instruments and Exchange Law, Shimizu set up the Internal Control System Promotion Group in the Accounting Department, re-evaluated all relevant business processes, and refined its system of internal controls. As a result, audits by an auditing firm yielded no recommendations for improvements in Shimizu's internal controls system. In the fiscal year ending March 31, 2010, our goal will be to maintain the achievements of the previous fiscal year while refining our systems and frameworks to achieve timely and efficient implementation. During this year, we will also identify important risk management issues to achieve further improvements in this area.

Corporate Governance Framework and Systems

● Introduction of an executive officer system to enhance top-management quality

Shimizu has reduced the number of its directors to eight and introduced an executive officer system to ensure a clear functional separation between strategic decision-making and management oversight on the one hand and day-to-day business operations on the other. While it may convene at other times if deemed necessary, the Board of Directors generally meets once a month to deliberate on and to make decisions regarding important business-related matters, as well as any statutory items stipulated by law or by Shimizu's articles of incorporation. The monthly meetings of executive officers and the heads of each business division serve as forums for reporting on and issuing instructions related to the various business-related decisions made by the Board of Directors, as well as for confirming the current status of operations.

● Corporate auditor system

Based on its corporate auditor system, Shimizu's five-member Board of Corporate Auditors includes three auditors serving in a full-time capacity. All corporate auditors attend meetings of the Board of Directors as part of audits of the execution of duties by directors. Specialist personnel employed within the Corporate Auditors' Office assist the corporate auditors in this work.

● Establishment of governance-related committees

Shimizu has established a number of committees that meet at certain intervals to make final decisions on important matters related to day-to-day business operations and to promote efficient strategic decision-making. Various committees have been set up as consulting bodies, and Shimizu reviews these committees and all related meetings each year. In addition, Shimizu has established an Officer Recommendation Committee to ensure fair and transparent decision-making with respect to executive officer appointments and an Officer Evaluation Committee to ensure fair and transparent decision-making in evaluations of directors and executive officers and in determinations of their remuneration packages.

● System of internal controls

The Financial Instruments and Exchange Law (FIEL) mandates the establishment of a system of internal controls to ensure the reliability of financial reporting, among other aims. To ensure FIEL compliance for financial accounts in the fiscal year ended March 31, 2009, Shimizu set up the Internal Control System Promotion Group within the Accounting Department to oversee the development of internal controls. The group made steady progress in these preparations, including the re-evaluation of relevant business processes.

In the fiscal year ended March 31, 2009, audits by an auditing firm of Shimizu's system of internal controls based on FIEL yielded no recommendations for improvement.

Risk Management Initiatives

● Development and strengthening of risk management systems

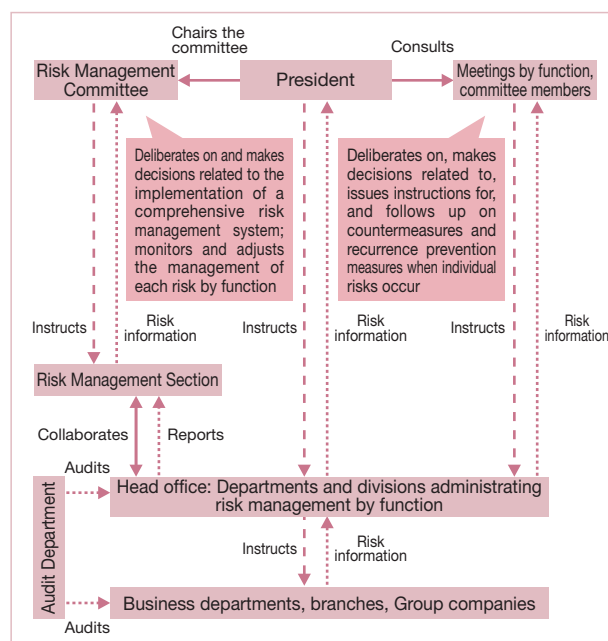
In recent years, companies have faced increasing societal pressure to strengthen their risk management systems. In May 2008, Shimizu formulated its Risk Management Rules as a basic set of internal rules to govern risk management within the Shimizu Group. Based on these regulations, Shimizu aims to bolster Group capabilities to prevent, mitigate, and respond to ethical, legal, and other business-related risks by clearly identifying and systematically controlling these risks.

● Establishment of a Risk Management Committee

Specific actions to develop risk management systems have included the establishment of a Risk Management Committee (chaired by the President) that monitors the management status of all central and operating divisions with respect to function-specific risks (including quality, safety, and the environment), while concurrently responding to new risks as they are identified. For risk management purposes, Shimizu Group companies are treated in the same way as business divisions of Shimizu Corporation.

The implementation rate for internal audits conducted by the Audit Department in the fiscal year ended March 31, 2009 was 100%, with all divisions and departments audited at least once every two years.

Risk Management Organization



Corporate Ethics, Legal Compliance, and Corruption Prevention

In the fiscal year ended March 31, 2009, Shimizu continued to implement measures to prevent the recurrence of legal infringements or other in-house misconduct. Monitoring conducted by our Legal Department as well as internal compliance audits confirmed the absence of problems. We also achieved an attendance rate of 100% for online e-learning compliance training courses held for all employees. Finally, we enhanced the compliance framework of the entire Shimizu Group.

In the fiscal year ending March 31, 2010, Shimizu intends to continue monitoring the status of compliance with laws and internal rules in even greater detail to identify problems at the earliest possible stage and to respond accordingly.

Thorough Eradication of Antitrust Compliance Violations

● **A major incident in the fiscal year ended March 31, 2009**
The Japan Fair Trade Commission ordered Shimizu Corporation to pay a fine in relation to the Antimonopoly Law. Shimizu has currently filed an appeal with the Tokyo High Court to reverse this judgment (which relates to construction orders from the Tokyo-to Shintoshu Kensetsu Kosha Foundation) and is currently awaiting the Court's ruling. To prevent any such suspicions of antitrust compliance violations in the future, Shimizu is working to thoroughly implement the company-wide compliance measures formulated in March 2007.

● **Concrete measures to prevent recurrence of violations**
The main focus of measures taken by Shimizu in the fiscal year ended March 31, 2009, to prevent future suspicions of antitrust compliance violations was to confirm compliance with Shimizu's "Code of Conduct for Officers and Employees Relating to Tenders for Construction Projects."

This document was designed to provide a simple guide to help officers and employees avoid antitrust compliance violations during sales activities. As well as laying down three core principles to which employees must adhere, the code specifies the necessary procedures for response and notification in the event of solicitation to illegal action or on obtaining or observing signs of illegal action, and also provides practical steps for implementing reviews by divisional heads.

To promote the dissemination of these standards and to monitor compliance, the Legal Department conducts training and compliance audits once a year. In the fiscal year ended March 31, 2009, it also conducted company-wide training and compliance audits.

In addition, Shimizu selected compliance with the Antimonopoly Law as a subject for the online e-learning compliance training courses it provides for all employees. In the fiscal year ended March 31, 2009, the participation rate for this course was 100%.

Thorough Implementation of Compliance

● **A major incident in the fiscal year ended March 31, 2009**
In the fiscal year ended March 31, 2009, a violation of the Political Funding Regulation Law occurred with respect to compliance in the construction industry, attracting a great deal of negative publicity. To promote compliance with the Political Funding Regulation Law, Shimizu formulated a set of internal rules and worked to enforce these rules rigorously. In light of intense social pressure, Shimizu is raising awareness of its rigorous rules company-wide and applying them with greater strictness.

● **Concrete measures for strengthening our compliance framework**
The Committee on Corporate Ethics, which develops and oversees the implementation of measures to promote compliance throughout Shimizu, meets twice a year, examines the concrete measures required to prevent recurrence of company misconduct (including any legal violations), and seeks to implement these measures throughout the company. To refine compliance systems

throughout the Group, the Affiliated Business Department provides support for related Group companies.

Shimizu is working to thoroughly disseminate its Code of Corporate Ethics and Conduct by making it an integral part of an online e-learning compliance training course all employees must complete.

To increase awareness of compliance-related issues among all employees, including those at Group companies, Shimizu also publishes a news page on legal topics on the intranet. This bulletin, entitled Legal Affairs News, is distributed each month and provides a timely presentation of legal trends with deep connections to business activities and case examples relating to compliance.

● **Internal Compliance Hotline**

In addition, Shimizu has established a Compliance Hotline so that employees can report any misconduct and the company as a whole can respond to such reports in a timely and appropriate manner.

Responsible Supply Chain Management

In fiscal 2008, Shimizu formulated its Basic Procurement Policy, followed by its Regulations for Procurement Activities. Our procurement activities have since proceeded according to these regulations. Based on these efforts and with the goal of ensuring fairness and transparency in transactions with business partners and rigorous compliance with the Construction Industry Law in the fiscal year ending March 31, 2010, Shimizu will partially revise these regulations. The revisions will focus on regulations related to quotation procedures and on defining in-house approval authority to further strengthen internal controls.

Thorough Implementation of Compliance with the Construction Industry Law

● **Concrete measures to ensure appropriate transactions with business partners**
In fiscal 2007, the Ministry of Land, Infrastructure, Transport and Tourism issued its Guidelines for Compliance with the Construction Industry Law, which, in particular, enforces strict appropriateness in transactions between construction companies and business partners. From the fiscal year ended March 31, 2008, Shimizu has been conducting onsite spot checks to monitor the status of compliance with the Construction Industry Law, including use of an official document for clarifying the responsibilities

of parties involved in a given construction project, at the major construction sites. In the fiscal year ended March 31, 2009, 170 sites nationwide were monitored. Moving forward, Shimizu will implement more detailed instructions and controls regarding the appropriateness of subcontracting transactions. Moreover, Shimizu has selected compliance with the Construction Industry Law as a subject for the online e-learning compliance training courses provided for all employees. In the fiscal year ended March 31, 2009, the participation rate for this course was 100%.

● Approach to Procurement

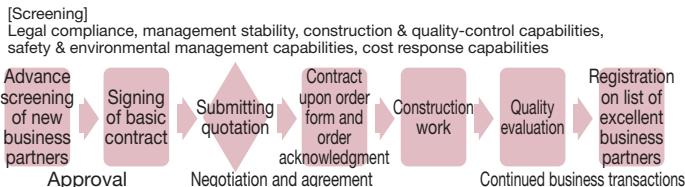
When Shimizu is preparing to sign a contract with a business partner, we enforce thorough compliance with the guidelines provided by the Ministry of Land, Infrastructure, Transport and Tourism.

Shimizu's basic approach to selecting a business partner is described in our "Basic Procurement Policy" and our "Requests to Business Partners." We select the best business partners in a fair manner only after considering a company's legal standing, management stability, administrative capabilities of construction, quality-control capabilities, safety and environmental management capabilities, marketing skills, and cost response capabilities.

Moreover, when we register new business partners, we request a copy of their publicly available certificates (such as construction industry permits and qualifications) and review documents such as the company's certified registration, prospectus, and record of past construction work against our checklist of criteria for selecting new business partners. If necessary, we also perform an assessment of financial stability

based on the company's financial statements for the previous three years. The general managers of procurement department in all business divisions carefully consider and make an overall judgment regarding the company's suitability based on our checklist criteria and investigations of related documents before granting approval. If the company is approved, it is registered, and Shimizu signs a basic contract with the company. In addition, if the quality and cost of the company's construction work is evaluated favorably, the company is registered on our list of excellent business partners. In this way, we eliminate substandard or unsuitable companies as business partners.

Business Flow for New Business Partners



Disclosure and Protecting Information

In fiscal 2008, Shimizu undertook a proactive disclosure of information through various channels, including a revised public website, briefings on financial results for securities analysts, and tours of the Institute of Technology and construction sites. In the area of information security, we thoroughly revised the Electronic Information Security Control Guide to establish the Information Security Guidelines, which includes rules for handling hard copies of documents, and disseminated these new guidelines to ensure their full implementation within the company. The environment thus established achieves even stronger protections for personal information and the elimination of any leaks of confidential business information. However, inadequacies remain in the area of information security, and additional measures are still needed to cover Group companies and business partners.

In fiscal 2009, in addition to continuing follow-up efforts to ensure full implementation of security measures at Group companies, we plan to strengthen security for all project-related parties by preparing training materials on security and distributing these materials to our business partners.

Corporate Governance Framework and Systems

● Disclosure of Corporate Activities

From the vantage point of fair disclosure, we promptly disclose all appropriate information on key matters concerning the company (including management and financial information) to all stakeholders, including customers, shareholders, and investors. This disclosure is implemented via general shareholder meetings, briefings on financial results, our public website, and our annual report.

Specific disclosure activities include:

- Providing briefings on financial results for securities analysts and tours of the Institute of Technology and construction sites (three times/year) as investor-relations activities
 - Revising and updating the company's website and implementing measures to accommodate site users with impaired vision or hearing
- Shimizu's website: <http://www.shimz.co.jp/>

Disclosure of Information on Construction Works and Structures

For structures under construction, we proactively disclose to customers, clients, and users information on aspects such as safety and quality through various channels, including websites for construction sites and neighborhood briefings. Broadly speaking, these are all part of our effort to win the public trust.

In addition, we provide and disclose information to members of local communities as described below, based on the notion that each construction site serves as a nexus between our corporate activities and society at large.

Specific disclosure activities include the following:

- Site tours that convey information to clients and community residents
- Tours of the Institute of Technology that provide information to students and neighboring residents

Protecting Information

● Protecting personal information

Typically, companies in the construction industry do not have much experience with the handling of personal data. Even so, we are

required to manage personal information on customers, business partners, and employees. In 2005, therefore, Shimizu established a Privacy Policy to ensure the protection of personal information.

● Measures against the leakage of confidential information

In recent years, the leakage of confidential information in company activities has become a topic of widespread concern. In the construction industry in particular, projects involve numerous participants, including customers, architectural firms, and subcontractors. This makes protecting information on buildings under construction crucial. In fiscal 2008, Shimizu thoroughly revised its Electronic Information Security Control Guide (established in fiscal 2002) to create the Information Security Guidelines. This document addresses the handling of all information, including information in paper form.

Furthermore, in addition to enhancing the security of the IT environment and improving the content of relevant training, we are also working to increase security to prevent information leaks by ensuring full awareness of the nature of these revisions.

Concrete measures include:

- Distributing pamphlets to all system users, including temporary staff, and implementing corresponding e-learning activities (100% participation achieved)
- Comprehensively revising our internal website related to information security
- Creating an environment for safe information sharing and exchange with outside parties
- Holding security briefings for management of Group companies (three times) and helping such companies establish security rules (for 23 companies)
- Supporting business partners in efforts to improve security



Samples of the information security website and security education using e-learning

Providing Safe, Secure Structures

In fiscal 2008, we implemented a comprehensive quality-control system revised in light of serious quality-related incidents that occurred in fiscal 2007. We sought to clarify responsibilities and enhance in-house third party inspection systems in order to obtain objective quality assessments.

In fiscal 2009, in addition to continuing efforts to ensure this system takes firm root within the organization, our goals are to strengthen the guidance provided by in-house third parties in order to reduce the number of minor defects and to ensure that there are no major incidents.

Quality Policy

Construction

Based on our life-cycle valuation (LVC) efforts, we provide technologies and services that meet customer expectations and build customer confidence. We do this by identifying the values customers expect us to achieve and maintaining optimal quality standards, with our employees demonstrating a focus on quality throughout all processes, from sales to maintenance.

Civil engineering

Based on the principle of creating structures that will retain their value over time and earn the confidence of society and our customers, we earn trust and ensure satisfaction by identifying the values that society expects us to achieve and maintaining optimal quality standards. To accomplish these goals, all our employees must demonstrate sincerity, passion, and the highest levels of technical expertise.

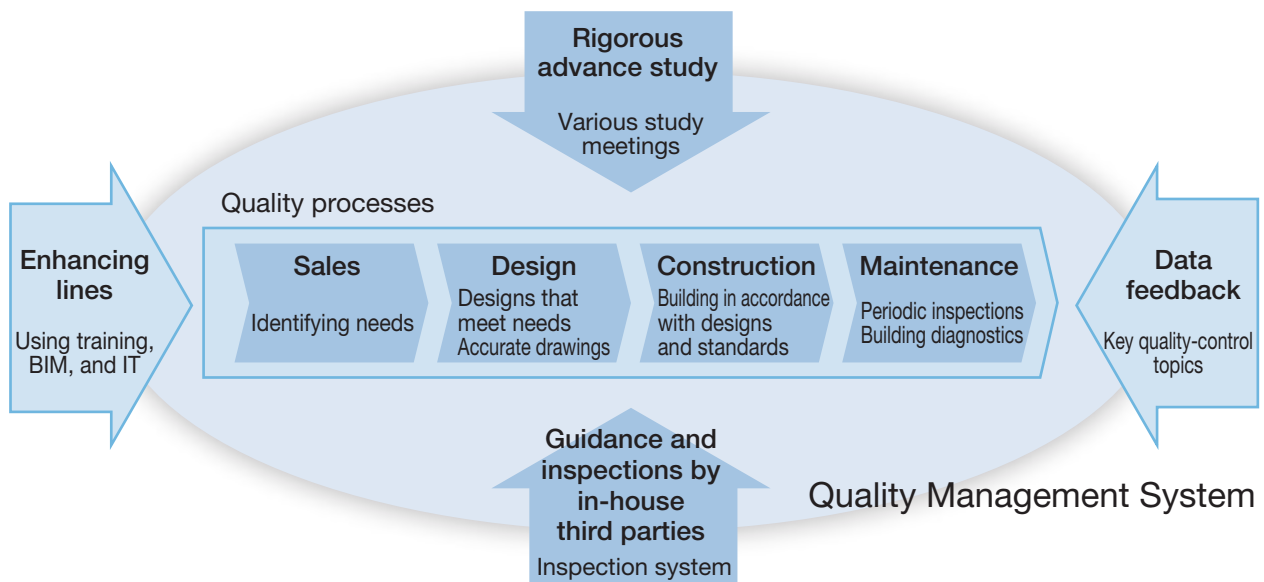
Quality-Management System

Managed by the Technology/Product Quality Committee and chaired by the President, the quality-management system promotes efforts to secure quality and prevent serious quality-related incidents throughout the life cycles of the wide range of structures in which Shimizu plays a role.

To adapt quality processes to design and construction methods that are different for each structure, we subject projects to rigorous advance study, then implement a full suite of quality processes based on guidance and objective inspections by in-house third parties.

Defects discovered through the various inspections undertaken are corrected according to established procedures and then indexed.

Next, the results are incorporated as feedback for the quality-management system and in-house technologies and standards. In particular, we discuss key quality-control topics with business partners based on past defects and apply the results in reconsidering our design, construction management, and in-process inspections. In addition, we draw on methods like e-learning to increase our knowledge base, thereby strengthening the lines directly involved in quality processes, and systematically apply three-dimensional CAD technologies and computerized inspection systems to our design data.



Rigorous Advanced Study

● Proposals surpassing customer expectations: the role of Shimizu design

After precisely identifying customer needs starting from the sales stage, we draw up proposals based on our extensive data and experience. We even respond to latent customer needs by suggesting solutions capable of yielding long-term returns on customer investment. Examples include the construction of buildings with long usable life spans, and life-cycle cost control. At the design stage, we seek to increase the value of a structure by incorporating customer and societal values and applying a wide range of ideas, such as those that help realize energy conservation and advanced modes of work.

● Design review (DR)

For projects involving both design and construction, technicians other than the designers of the buildings check design documents from a third-party perspective at each of the planning, basic and working design, and supervision stages, thus ensuring the documents meet the requisite quality standards.

● Pre-construction quality control meetings for all projects

Sales, design, construction and technical staff meet in quality control meetings before the start of construction to identify and discuss ways to resolve problems, as well as to achieve a common vision for approaching the project. These staff members also discuss and confirm key quality-control topics, quality control checkpoints, details of quality control standards, and problems identified during drawing reviews, incorporating customer requirements and other requirements specific to the construction site.

● Separate quality control meetings to satisfy the needs specific to each project

Above all, quality presupposes advance measures to prevent defects from occurring. For this reason, we hold individual meetings to ensure an understanding among all related parties, including business partners, of the standards that must be met as well as the construction methods to be used. The tasks for which these separate meetings are held are determined at the pre-construction quality-control meeting. For building construction projects, these meetings are mandated for roofing, external facing, pilings, frame, finishing, equipment, exterior, demolition, earth retaining, and steel work.

Guidance and Inspection by In-House Third Parties

● Preventive supervision by the Construction Supervision / Design Department (construction)

For projects involving both design and construction, the Construction Supervision/Design Department, an entity independent from the design organization, performs supervisory activities to prevent defects and errors. Immediately following the start of construction, this department holds study meetings with site managers from partner companies to clarify important quality-related points. Through advance inspections, checks, and guidance as well as ordinary in-process inspections, we are able to achieve even further quality improvements.

● Special / specific construction project management system (construction)

Large-scale or especially difficult projects that require company-wide support from technical staff are designated as special or specific construction projects. Support for such projects is provided mainly by the Building Construction Technology Department of the Production Technology Division in order to prevent serious technical-related incidents and to assure quality.

● Designated project management system (civil engineering)

The field of civil engineering encompasses a wide range of projects, including the construction of roads, railways, dams, airports, and energy facilities, as well as land reclamation projects. To achieve superior quality, Shimizu applies the latest civil engineering technologies developed through its R&D efforts and optimizes the management of all projects at each of the design, construction, and maintenance stages. For this purpose, Shimizu ranks each project by the level of challenge posed and other factors and has experts in each area provide careful support for all processes, from start to finish, in accordance with the assessed difficulty.

● Instruction by visiting Product Quality Leaders

Product Quality Leaders visit each project site on behalf of division managers to assure project quality and prevent serious technical issues from arising. Product Quality Leaders help prevent defects by providing appropriate instructions to improve quality control and resolve problems.

● In-house third-party inspections by technical staff (construction)

Technical staff members perform frame-completion inspections of projects from a third-party perspective to confirm that the frames built meet all applicable standards. They also perform delivery inspections to ensure the requisite quality before a building is delivered.



Inspection by a technical staff member

● Inspecting and improving quality processes through system audits

To build structures that customers can rely on, we believe it is important to continually inspect and improve the quality of the building processes (quality processes). Our specialized technical auditors make inspection rounds of all our construction sites in Japan, inspecting the sites from various perspectives and advising on quality improvements companywide.

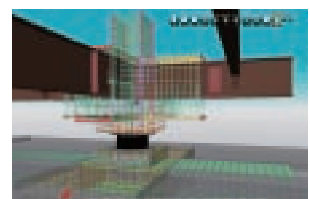
Line Enhancements

● Learning standards and technologies through training sessions and e-learning

The capabilities of technicians active on the front lines of production sites are crucial to the prevention of quality defects. Quality requires instilling the skills needed to identify the sources of defects based on clearly visible phenomena and responding appropriately. Shimizu implements training based on e-learning for all technicians in order to strengthen these skills.

● Developing building information models in the design and construction processes (construction)

A building information model (BIM) is a software platform used to support a project. Data is shared among all the parties involved via three-dimensional CAD technologies, for designs ranging from planning diagrams and basic design drawings to construction blueprints. A BIM makes it possible to provide customers with peace of mind starting from the design stage by enabling clear visualization of various processes and forms, including the type of project to be built and the approach needed to build it.



Samples of BIM use

● Inspection system based on computer terminals

We perform high-precision inspections via an inspection system incorporating handheld computer terminals. This allows accurate appraisal of total quality, with inspection items checked based on drawings and other data from construction sites. The system also organizes photos and records into a database for quality-assurance purposes.

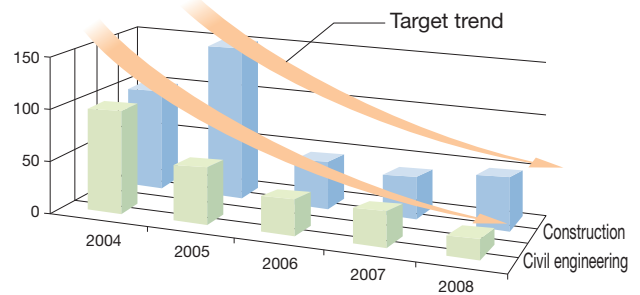


Example of the Checkman quality inspection system in actual use

Data Feedback

Quality assurance and measures to prevent significant technical issues from arising, part of the efforts under our quality-management system, have reduced the numbers of defects found in completed buildings. Any emerging defects are rectified through comprehensive investigations of causes, quality processes equivalent to those used for ordinary construction projects, and reviews and follow-up activities. This information is also used as feedback during reviews of the quality system.

Trends in numbers of defects found within the two years following completion (based on fiscal 2004: 100)

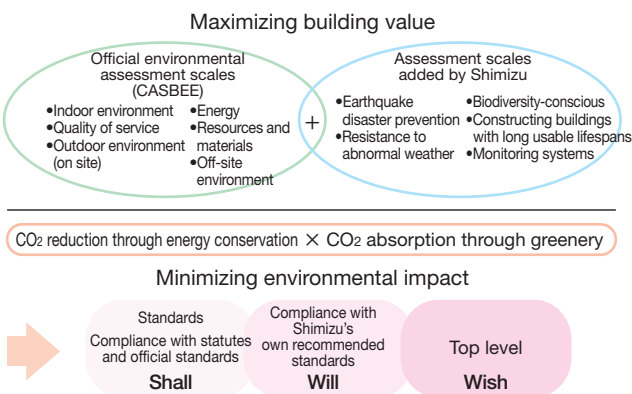


Shimizu Green Code

The Shimizu Green Code is an indicator for the total evaluation of building performance, serving as a clear index of a building's value from the standpoints of environmental and risk management. Solutions based on the Shimizu Green Code were first implemented in fiscal 2007, with the goal of helping customers fulfill their own social responsibilities. In fiscal 2008, we added two new programs: Shimizu Green Tours and Shimizu Green Seminars. In fiscal 2009, Shimizu will establish these programs across a wider base, both inside and outside the company.

Shimizu Green Code

In addition to official environmental assessment scales that comply with the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), the Shimizu Green Code helps propose buildings with high value added, including reduced carbon-dioxide emissions, long usable lifespans, resistance to earthquakes and abnormal weather, and ecosystem conservation.

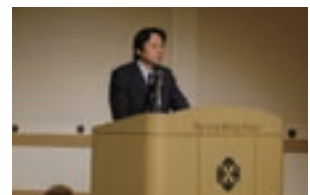


Shimizu Green Tours

Shimizu Green Tours invited customers to visit buildings characterized by the highest environmental performance under the Shimizu Green Code system. Through these tours, we sought to heighten awareness of the importance of good building performance.

Shimizu Green Seminars

Based on the notion of increasing the value of a building by improving its environmental performance—a core concept of the Shimizu Green Code system—we held Shimizu Green Seminars for invited guests (primarily customers). These seminars were led by Professor Yuichiro Kawaguchi of the Waseda University Graduate School of Finance, Accounting and Law, and Toshimasa Itaya, President of Property Data Bank, Inc. The seminars were attended by many parties interested in working to realize a low-carbon society.



Prof. Kawaguchi lectures on how green building ratings help determine appraised building value.



Mr. Itaya lectures on corporate real-estate strategies and information and communications technologies.

Environmental Policy

In accordance with the Basic Environmental Policy, we are undertaking various efforts related to global warming, resource conservation, ecosystem conservation, and reductions in the environmental impact of pollution. We believe the construction industry has a significant role to play in all of these issues.

Basic Environmental Policy

Basic Stance Shimizu Corporation and its group companies are working to achieve value creation and sustainable development by providing environmentally-friendly products and services that surpass expectations at each stage of the building life cycle. To achieve these goals, we implement environmental management based on the principles discussed in our Global Environment Charter.

Action Guidelines

1. We resolve to employ management systems that comply with all environmental laws, regulations, agreements, etc., and to undertake activities along the twin axes of business operations with low environmental impact and initiatives for environmental conservation and restoration
2. We resolve to remain aware of the construction industry's significant impact in the areas of global warming, resources, and natural ecosystems, and to achieve environmentally-friendly construction.
3. We resolve to take active steps toward developing environmental technologies that can serve as the foundation for related activities, to provide such technologies to society, and to deploy them ourselves.
4. We resolve to actively pursue interactions with stakeholders, make environmental contributions to society, support external organizations, and disclose all information on such efforts to the public.
5. We resolve to enhance the awareness and knowledge of our employees, who are the guiding force behind all of our activities, through environmental education and awareness programs.

June 28, 2007

Yoshiaki Miyamoto
President,
Shimizu Corporation

Fiscal 2008 Goals and Achievements and Fiscal 2009 Environmental Action Plan

In fiscal 2008, we met our goals for eight out of ten targets.

In fiscal 2009, we added two targets to our goals from the previous fiscal year. To improve reporting on our total-eco activities to customers at the building management stage (in the construction field), we established targets for the receipt of data from customers. In addition, since problems related to construction byproducts have increased over the past two to three years, we established the goal of addressing byproducts as a key internal auditing issue, as part of sustained efforts to improve our environmental management system.

Fiscal 2008 targets and achievements and fiscal 2009 environmental action plan

	Fiscal 2008 target	Fiscal 2008 achievement	Self-assessment*	Fiscal 2009 target
Preventing global warming	Promoting the Ecological Mission Reducing carbon-dioxide emissions by at least 4,564,610 tons (-5% vs. fiscal 1990 level)	Reduced by 3,668,516 tons (+6% vs. fiscal 1990 level)	×	Reduction of at least 4,248,529 tons (-2% vs. fiscal 1990 level)
	Promoting R&D to help reduce carbon-dioxide emissions Projected reductions in carbon-dioxide emissions: minimum of 3,300 tons	Reduced by 3,441 tons	○	Projected reductions in carbon-dioxide emissions: minimum of 3,600 tons
Reducing and recycling construction by-products	Final waste-disposal rate (excluding construction-related sludge, municipal solid waste, and specially controlled industrial waste) 6% or less	3.2%	◎	5.5% or less
	Reducing total construction by-products (new construction sites; excluding construction-related sludge, debris, woody debris, municipal solid waste, and specially controlled industrial waste) 17.5kg/m ² or less	15.6kg/m ²	○	17.5kg/m ² or less
Ecosystem conservation	Ecosystem-aware system index (building design) 100 or more	127	◎	100 or more
	Ecosystem-aware system index (civil-engineering design) 100 or more	154	◎	100 or more
Promoting total-eco activities (Buildings)	Percentage of the receipt of data from customers N/A	—	—	50% or more
	Ratio of reports made to customers 90% or more	88%	×	90% or more
	Goal-achievement rate for concentrations of three substances (formaldehyde, toluene, and xylene) 85% or more	98%	◎	90% or more
Promoting environmentally-friendly design	Design projects of 2,000 m ² or more in size CASBEE evaluation: Rank A or higher	Rank A	○	Rank A or higher
Sustained EMS improvements	Monitoring the following in internal environmental audits: Appropriate use of QES-Web (Environment)** 100%	100%	○	100%
	Addressing byproducts as a key internal auditing issue —	—	—	—

* X: not achieved, ○: achieved, ◎: surpassed

** QES-Web (Environment): A web-based environmental management system deployed at construction sites

Fiscal 2008 efforts in the Ecological Mission failed to achieve our performance goals. Based on these results, the target for fiscal 2009 has been revised downward to reductions of at least 4,248,529 tons. (In Shimizu CSR Report No. 14, the target indicated for fiscal 2009 represented reductions of at least 5,708,340 tons.) In addition, since new measures will be needed to achieve the target for fiscal 2020, new activities related to reducing resources used in Resource saving and green-activities at construction sites have been added to our efforts, thereby reducing overall carbon-dioxide emissions in Mechanical electrical work.

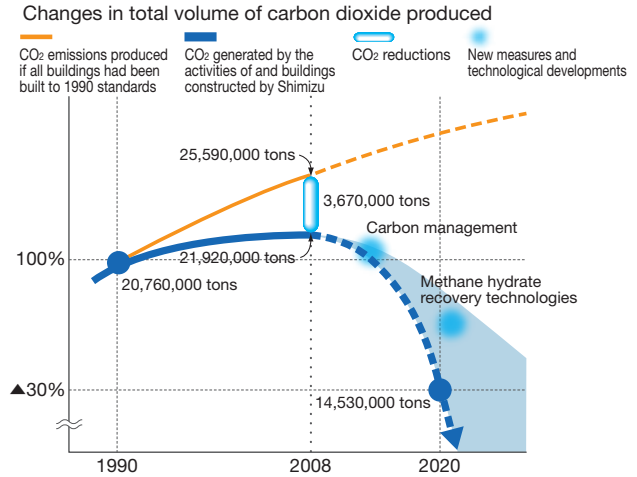
Reports by Activity Theme

Preventing Global Warming Ecological Mission

The goal of the Ecological Mission is to reduce by fiscal 2020 the carbon-dioxide emissions from all structures built by Shimizu (both past and present, including the construction and civil engineering divisions) by 30% relative to fiscal 1990 levels. The corresponding goal was not achieved in fiscal 2008. New measures will be planned for fiscal 2009.

Ecological Mission Program in Fiscal 2008 Achievements and future outlook

We are currently promoting the six measures shown in the table below to achieve our targets. Total CO₂ emissions in fiscal 2008 amounted to 21,920,000 tons. A comparison of buildings constructed from fiscal 1990 to 2008 versus standard buildings (i.e., those constructed under 1990 standards) shows that a reduction of 3,670,000 tons was achieved. Due to significant increases in the volume of materials used and delays in securing carbon credits, however, there was actually a 6% increase over the fiscal 1990 figure of 20,760,000 tons. Therefore, the target (a reduction of 5% vs. fiscal 1990 levels) has not been met. Since projections indicate that simply continuing the current reduction activities will be insufficient to achieve the target for fiscal 2020, we plan to pursue the Carbon Management activities introduced on the following page for fiscal 2009 and beyond. In addition, in response to the Japanese government's policy of reducing consumption of conventional electric power through the expanded use of new energy sources such as solar power, plans call for expanding the adoption and promotion of new energy sources and reducing CO₂ emissions per unit electric power, as outlined by the Ecological Mission program.



Breakdown of fiscal 2008 CO₂ reductions

Measures	CO ₂ reductions	Details
Design of energy-saving buildings	2,202,000 tons	Improvements to the efficiency of facilities and insulation properties of new buildings; promotion of greenification; etc.
Resource-conservation and green activities at construction sites	1,137,000 tons	Reduction of carbon dioxide produced during the construction stage; use of optimal construction methods; reduction of construction materials used; etc.
Energy-saving renovation and eco-services	43,000 tons	Reduction of carbon dioxide production through renovations; reduction of carbon dioxide produced by buildings managed on a long-term basis by Shimizu
New-energy facility installation	284,000 tons	Installation of wind, solar, and biomass power generation and other facilities
Energy-saving in offices	3,000 tons	Promotion of energy-saving at the head office and all branches
Carbon-credit acquisition and use	0 tons	Development of CDM and JI projects

Discussed below are the following fiscal 2008 measures: the design of energy-saving buildings, resource conservation and green activities at construction sites, carbon credit acquisition and use, and new initiatives in carbon management and methane hydrate recovery technologies that will contribute to future reductions in carbon-dioxide emissions.

Design of Energy-Saving Buildings

For the PAL, CEC, Q, and μ levels*1 defined in the Law Concerning the Rational Use of Energy, we have set the goal of achieving reductions of at least 38% relative to standard legal 1990 levels. By implementing energy-saving designs, we achieved 40.2% reductions. In addition, we are promoting greenification and the adoption of building and equipment technologies based on natural and untapped energy sources.

● Energy-saving designs for business (non-residential) buildings

The 101 business buildings built by Shimizu in fiscal 2008 have projected total CO₂ emissions of 67,081 t-CO₂ per year, based on consumption of primary energy for air conditioning, lighting, and hot-water supplies. This is 46,424 t-CO₂ per year below the estimated emissions had the buildings been designed to 1990 legal standards.

● Energy-saving design for residential complexes

The ten residential complexes built by Shimizu in fiscal 2008 have projected total CO₂ emissions of 3,077 t-CO₂ per year, based on the consumption of primary energy for air conditioning in residential areas and lighting in communal areas. This is 744 t-CO₂ per year below estimated emissions had the buildings been designed to 1990 legal standards.

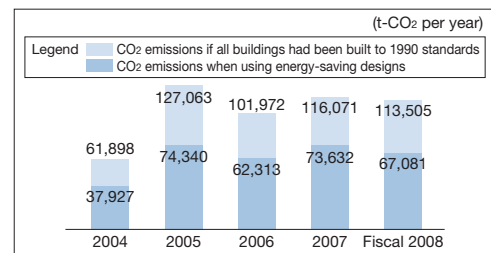
● Increasing projected CO₂ absorption through greenification

Greenification is being promoted as an effective way to combat both the heat-island effect and global warming. Projected CO₂ absorption*2 over the fiscal year is determined in part by the emergence of large-scale projects, such as hospitals, schools, and factories on the outskirts of urban areas, that allow the incorporation of natural greenery, as well as by factors such as the location, size, and purpose of buildings, all of which affect the area that can be greenified. The projected total CO₂ absorption corresponding to the trees planted as part of fiscal 2008 designs is 1,345 t-CO₂ per year.

*1: The lower these figures, the lower the energy consumption. PAL stands for "perimeter annual load," an indicator of the insulation performance of a building's exterior. The CEC value is an index of system efficiency for air conditioning, lighting, and hot-water facilities. The Q value is an index of required residential property winter-heating loads. The μ value is an index of required residential property summer-cooling loads.

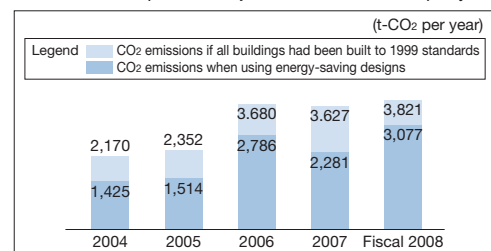
*2: CO₂ absorption: For every additional kilogram of growth, a tree absorbs 1.6 kg of carbon dioxide and emits 1.2 kg of oxygen. CO₂ absorption by trees: To calculate these figures, we referred to the annual volume of carbon dioxide absorbed by a single tree according to the Survey Manual on the Ability of Trees to Clean the Atmosphere, published by the Ministry of the Environment of Japan.

Business buildings: Projected CO₂ emissions per year



Note: The projected CO₂ emissions depend on the number of buildings constructed and the purposes of the buildings.

Residential complexes: Projected CO₂ emissions per year



Notes:

- The projected CO₂ emissions depend on the number and locations of buildings constructed.
- The above comparison is relative to standard values under 1999 law, which stipulates next-generation standards stricter than standard values under 1990 law.

● Reducing projected CO₂ emissions by promoting the use of natural and untapped energy sources

We have actively promoted the adoption of various technologies for using natural and untapped energy sources, such as lighting control based on daylight, solar power generation, natural ventilation, rainwater usage, cool tubes,* a floor-supply displacement air-conditioning system (Floor Flow), and cogeneration. As a result, we have reduced projected CO₂ emissions by 1,035 t-CO₂ per year.

* A cool tube is a method of reducing air-conditioning loads by drawing external air into a building from underground, where temperatures tend to be stable.

Resource Saving at Construction Sites ✓

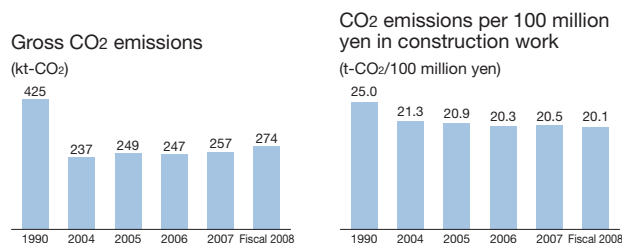
In the field of building design, we have reduced CO₂ emissions from structural materials by 6.4% (82,438 t-CO₂) relative to fiscal 1990 levels by replacing steel materials (steel frames and rebars) with electrosteel materials and by replacing ordinary cement with type-B blast-furnace cement. In addition, the use of construction methods with low environmental impact (e.g., reducing the volume of materials used) has lowered CO₂ emissions from structural materials by 42,072 t-CO₂. In civil-engineering design, CO₂ emissions from structural materials used in civil engineering have been reduced by 18% (5,474 t-CO₂) from fiscal 1990 levels by replacing steel rebars with electrosteel materials, ordinary cement with type-B blast-furnace cement, and asphalt concrete with recycled asphalt concrete.

Green Activities at Construction Sites ✓

Fiscal 2008 plans called for at least 95% of our construction sites to adopt at least five CO₂ reduction policies. The deployment of construction equipment with low levels of fuel consumption and vehicles satisfying fuel consumption standards for 2015 has been added as a new initiative. To reduce CO₂ emissions, all construction sites were required to stop engine idling for construction vehicles, maintain construction machinery appropriately, promote the use of high-efficiency temporary electrical equipment, and perform energy-saving operations. In addition, the sites had to adopt at least one other feasible action from the following seven: turning off all lights during lunch breaks, replacing heaters with air-conditioning units, maintaining construction vehicles appropriately, reducing the volume and mileage of waste earth and sand transported from construction sites, eliminating excessive use of heating and cooling, deploying fuel-efficient construction equipment, and using vehicles meeting fuel consumption standards for 2015. These measures reduced fiscal 2008 per-unit CO₂ emissions by 19.6% compared to fiscal 1990 levels.

The volume of CO₂ emissions in fiscal 2008 was reduced by 36% compared to fiscal 1990.

We have also actively adopted construction methods that help reduce CO₂ emissions, reducing CO₂ emissions by 10,558 tons in fiscal 2008.



Note: Figures above have been estimated through sampling.

Carbon Credit Acquisition and Use

As an environmental leader in the construction industry, Shimizu is currently developing Clean Development Mechanism (CDM) projects overseas to suppress global warming and promote sustainable development in developing countries.

Last year, as part of the Ecological Mission program, we registered a methane-gas recovery project at a landfill in Homs, Syria (with a projected annual CO₂ reduction of 76,000 t-CO₂). Activities are currently underway, with the goal of registering three more projects with the United Nations and achieving annual CO₂ reductions of 207,000 t-CO₂ in fiscal 2009.

To ensure effective recovery of methane gas released from a landfill site in Yerevan, Armenia (our first CDM project registered with the UN), we concluded a contract for the project with the government of Armenia in

March 2009. This project is scheduled to begin reducing greenhouse gases after approximately four months of construction work, which began in April. This project is designed to reduce greenhouse gas emission by capturing and destroying methane gas released into the atmosphere from the landfill site in the city of Yerevan (an approximately 60-hectare area, where 400 tons of municipal waste is dumped daily).

This project will continue for 15 years, through 2023, and is expected to result in carbon credits worth approximately 500,000 tons of CO₂.



The methane gas recovery facility under construction in Armenia

Carbon Management

Active efforts to build zero-energy buildings are underway in Europe and North America as well as in Japan, and progress has been made in reducing CO₂ emissions by planning appropriate building exteriors, equipping buildings with energy-conservation systems, using renewable energy sources such as solar power, and monitoring energy use at the building-management stage. The goal is to achieve dramatic reductions in the volume of CO₂ emitted from office buildings. In addition, by focusing on the actual use of buildings for the reduction of CO₂ emissions, we have developed a set of carbon-management tools that provides a variety of technological solutions.

Methane Hydrate Recovery Technologies

Together with the Limnological Institute of the Russian Academy of Sciences, Kitami Institute of Technology, and Hokkaido University, Shimizu has completed the world's first successful experiments in the dissociation and recovery of natural gas (methane) from methane hydrates existing in the lakebed surface layer of Russia's Lake Baikal. Using a very simple method that churns methane hydrates with water and pumps them to the surface, this experiment has succeeded in achieving the stable dissociation and recovery of natural gas. Methane hydrates are solid compounds comprising natural gas that generate lower levels of carbon dioxide, nitrogen oxide, and sulfur oxide than petroleum or coal. They have attracted considerable attention as future energy sources capable of reducing the environmental impact of energy use. The commercialization of methane-hydrate recovery technologies therefore holds the potential to reduce carbon-dioxide emissions significantly.

Biodiversity Efforts

In fiscal 2008, in addition to achieving our targets for ecosystem-aware system indices, we also implemented other activities, including educational programs in ecosystem conservation. We also established the Shimizu Biodiversity Guidelines to ensure the implementation and development of such activities. In fiscal 2009, we will formulate action plans in accordance with these guidelines.

Ecosystem-Aware System Indices

Ecosystem-aware system indices are Shimizu's own indices for ecosystem awareness, calculated based on the concept of incorporating into various designs the planning considerations necessary for a site's ecosystem potential (see below). An index of 100 indicates minimal levels based on the applicable requirements. In fiscal 2008, the indices were 127 for construction and 154 for civil engineering, surpassing our target values (100 or more for each).

$$\frac{\text{Ecosystem consideration level calculated from planning considerations (maximum: 100 points)}}{\text{Ecosystem requirement level calculated from requirements for the site and nearby areas (maximum: 100 points)}} \times 100$$

Environmental Considerations in Civil-Engineering Construction

With the comprehensive evaluation bidding method for civil-engineering projects gaining traction in recent years, we have proposed a wide range of environmental measures in response to societal demands, including conservation of the living environment; countermeasures against dirty water, vibration, noise, and dust; reduction of CO₂ emissions; and ecosystem conservation. In fiscal 2008, we received orders for 15 civil-engineering projects based on our comprehensive evaluations, which included environmental proposals. At each of these sites, the content of the environmentally-sensitive proposals is now being carefully implemented.

Shimizu Biodiversity Guidelines

Shimizu engages in various activities, including design, construction, R&D, environmental education, and activities, intended to contribute to society and promote biodiversity.

To fulfill our social responsibilities by continuing and developing these activities, we established the Shimizu Biodiversity Guidelines in April 2009.

Shimizu Biodiversity Guidelines

Basic Policy Humanity enjoys the benefits of a biodiversity that developed on the earth over billions of years. In this new century, the preservation of this biodiversity has become a mandate for all companies, as has the prevention of global warming.

Shimizu Corporation regards biodiversity as the foundation for all activities that target a sustainable society. We are treating biodiversity as a key environmental management issue and resolve to approach our construction activities based on a respect for nature and global awareness.

The guidelines established herein are intended to achieve harmony between humankind and nature, to pass on the benefits and cultural value of biodiversity to the next generation, and to contribute to the realization of a sustainable society.

Guidelines

1. Approach

Regarding biodiversity as a key environmental management issue, we will voluntarily implement efforts to preserve and coexist with biodiversity in all our business domains and work to update and improve these measures in a continuous manner.

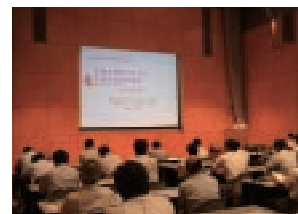
2. Efforts in construction activities

- (i) We resolve to engage in design and construction planning based on a thorough understanding of environmental conditions, always placing priority on preserving and coexisting with biodiversity.
- (ii) We resolve to study carefully the environmental impact of each of our construction projects and to work hard to minimize this impact.
- (iii) We resolve to engage in purchasing activities that give due consideration to biodiversity, based on the Green-purchasing Guidelines.
- (iv) In partnership and cooperation with nonprofit organizations and nongovernmental organizations, we pledge to minimize the environmental impact of our projects and to preserve biodiversity.

Continued Implementation of Ecosystem Conservation Education

With the goal of deploying our ecosystem and biodiversity efforts laterally throughout the organization, we are continuing the ecosystem conservation education activities that began in fiscal 2000.

In fiscal 2008, these activities featured an introduction to case studies on Shimizu's biodiversity efforts, following a keynote lecture by Professor Miyazaki of Atomi University on corporate social responsibility in the area of biodiversity.



Keynote lecture by Professor Miyazaki

R&D and Educational Activities in Partnership with Outside Organizations

Jointly with Chubu University, we are pursuing research on technologies for preserving and revitalizing ecosystems in local communities, taking into consideration biodiversity at four levels: genetics, species, ecosystems, and scenery. Preserving and revitalizing ecosystems are important issues that cannot be achieved overnight. The development of relevant technologies and competent human resources is essential for their sustained implementation. This research covers a broad range of subjects, encompassing not just technologies but human-resources development. Examples include cooperation with universities on environmental issues and sustainable development (ESD) programs. Results of our activities have been presented at academic conferences and discussed at a symposium held at Chubu University (a COP10* partnership program).

* COP10: The 10th Conference of the Parties to the Convention on Biological Diversity

Reducing and Recycling Construction Byproducts

In fiscal 2008, we attained our targets for reducing and recycling byproducts through activities focused on the four Rs (reduction, reuse, recycling, recovery), adoption of PC boards and prefab technologies, the use of modularized pipes and wiring to reduce waste, and the standardization of materials used. In fiscal 2009, we will seek to extend these efforts even further.

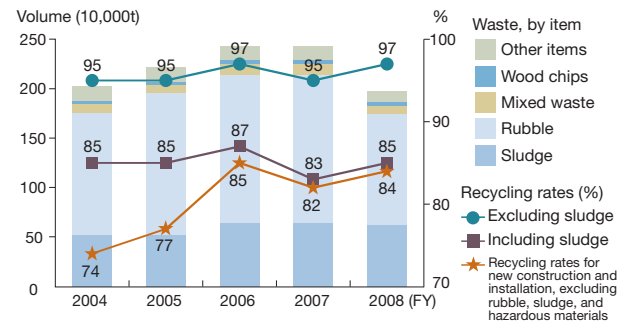
● Waste volumes

Volumes of construction-generated waste fell 13% from the previous year to 1.95 million tons due to the declining volume of demolition work. The waste produced by the dedicated plant for cleaning contaminated soil (in the city of Kawasaki, Kanagawa Prefecture) was 20,000 tons of rubble and 100,000 tons of construction sludge, for a total of 120,000 tons. The volume of byproducts generated by the Institute of Technology (principally rubble and scrap metal) was 662 tons.

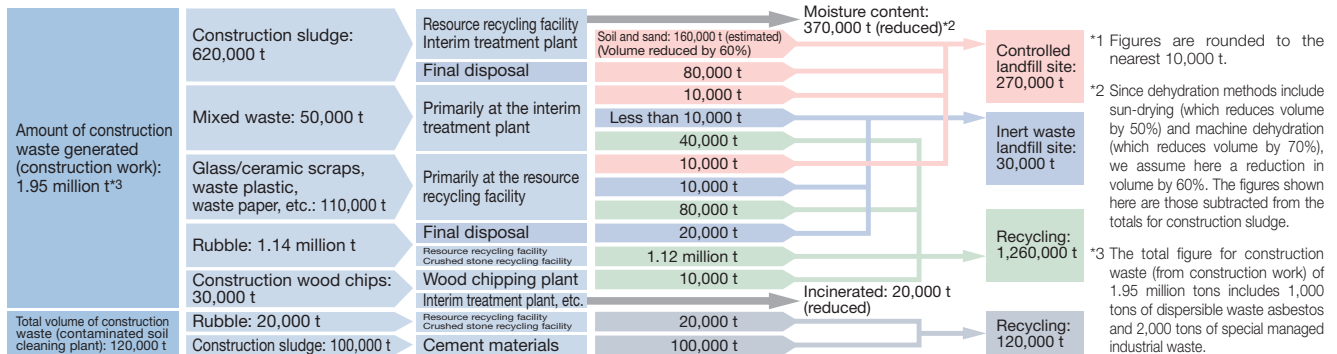
● Recycling rates (for construction work)

Driven by a rigorous review of recycling efforts at interim facilities, recycling rates for items other than construction sludge and hazardous materials reached 96.8%, a 1.8% increase over the previous fiscal year. The recycling rate for all items was 84.6%, a 1.6% increase over the previous fiscal year.

Annual Waste Production and Recycling Rates (construction work)



Flow of construction waste treatment for FY 2008*1



Measures Against Hazardous Materials

In fiscal 2008, we initiated a new set of activities after meeting our targets for indoor concentrations of three indoor chemical substances. We began measuring two new substances for the first time and initiated asbestos and PCB waste storage measures.

In fiscal 2009, along with these ongoing activities we will also examine and analyze the measurement results for these two new indoor chemical substances.

Asbestos Measures

We established a system for developing technologies for tackling asbestos and are currently developing and deploying five technologies and three in-house initiatives for enhancing infrastructure under this system. We also established a specialized technical team to handle asbestos-related issues in demolition work involving asbestos containing materials.

In fiscal 2008, we processed 923.3 tons of dispersible asbestos

Technologies:

- Deterioration diagnostics technologies to objectively assess (as opposed to visually inspecting) the extent of deterioration of materials applied to surfaces by spraying
- Portable, real-time measurement equipment for measuring asbestos and other fine particles in the atmosphere
- Mobile construction units for ceiling construction (and removal)
- Reduction technologies designed especially for asbestos
- Cement solidification technologies for asbestos waste

In-house Infrastructure:

- Design and deployment of a structure for in-house analysis of asbestos content in building materials
- Creation of a database on asbestos-related construction (with more than 5,000 projects currently registered)
- Standardizing construction plans based on the ASP method; designing and deploying tools for construction management

Indoor Chemical Substance Measures

In addition to complying with the Building Standards Law and other laws and regulations, we have set targets for formaldehyde, toluene, and xylene even more stringent than those set by the Ministry of Health, Labor and Welfare. In fiscal 2008, we achieved 98% of these targets, far surpassing the year's target of 85%.

Additionally, in fiscal 2008, we began measuring ethyl benzene and styrene, bringing to 13 the number of substances on which we collect data. This data will be used as part of our voluntary labeling system for four volatile organic compounds (VOCs): ethyl benzene, styrene, toluene, and xylene.

PCB Waste Storage

The following table lists the PCB-containing waste stored by Shimizu as of March 2009.

High-pressure condensers	476	Other (cotton dusters)	0.01m ³
Low-pressure condensers	23	Other (waste seals)	589 kg
Stabilizers	2,278	Other (contaminated waste)	122 kg
Transformers	16		

Soil Remediation Initiatives

Societal Trends and Shimizu's Initiatives

As debate continues on amendments to the Soil Contamination Countermeasures Law, many are calling for measures to limit excavation work in order to prevent the scattering of polluted soil. Since excavation work often requires large trucks to remove and deliver soil, it also entails traffic congestion, the potential for road accidents, and CO₂ emissions. Some have also voiced concerns about thermal processing in soil cleanup due to concerns for the CO₂ emissions generated in the process. Thus, the selection of an optimal soil cleanup method has become a key issue, one that ties in directly to environmental concerns (including global warming) among customers and local residents.

Shimizu has long made efforts to refine its cleanup measures and achieve the lowest environmental impact possible. By extending our past efforts, we are currently proceeding with cleanup measures using on-site treatment plants located at various project sites. Based on our experience with heavy-metal soil pollution, we opened a plant in June 2009 dedicated to cleaning dioxin-contaminated soil. We are also refining and strengthening various in situ remediation technologies, including biological treatment and Fenton treatment.

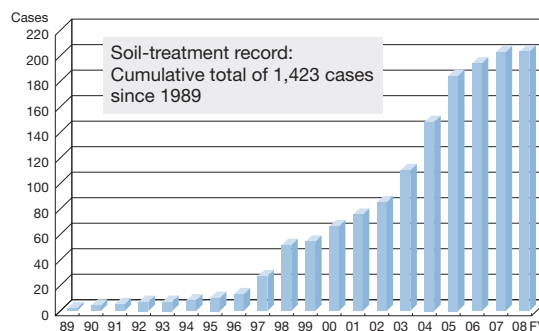
Development of Cleanup Projects

Traditional soil cleanup methods return most of the polluted soil, once cleaned, to its original site; only 20% to 30% of the original soil volume is deemed beyond cleaning and is handled through thermal processing or disposal. In cases involving large volumes of soil, an on-site soil treatment plant built at the site is used to excavate, clean, and replace the soil. Reducing the use of trucks to transport soil reduces both costs and environmental impact. Taking the case of a plant in the Tokyo area as an example, while construction of the plant required the use of some trucks, the on-site plant deployment reduced the number of trucks required to transport contaminated soil from and return soil to the excavation site. This reduced CO₂ emissions by roughly 30% (based on Shimizu's estimate) compared to the alternative—transporting contaminated soil to the soil-treatment plant in Kawasaki.

Through the end of March 2009, the soil treatment plant in Kawasaki processed a total of 1.12 million tons of contaminated soil, while on-site treatment plants processed 950,000 tons. As we move forward, we plan to continue contributing to remediation of soil-related environmental issues by promoting the advantages of this technology—not just to save costs, but to reduce CO₂ emissions as well.

Development of In Situ Remediation Technologies

In situ remediation technologies such as biological treatment and Fenton treatment, which can clean contaminated soil without excavation and transport off site, offer the advantages of low environmental impact and cost reduction. These techniques generally use simple equipment, including wells and injection equipment. While the decomposition of volatile organic compounds (VOCs) in certain cases generates CO₂ emissions, the overall volume of such emissions is very low. These advantages have led to a warm reception for in situ remediation technologies. To date, we have used biological treatment in 13 cases and Fenton treatment in six cases. Future plans call for broader deployment of this approach based on improvements in the performance and versatility of in situ remediation technologies.



A perspective drawing of a treatment plant for dioxin-contaminated soil



Remediation equipment in a treatment plant for dioxin-contaminated soil



A stationary soil treatment plant (at Kawasaki Office)

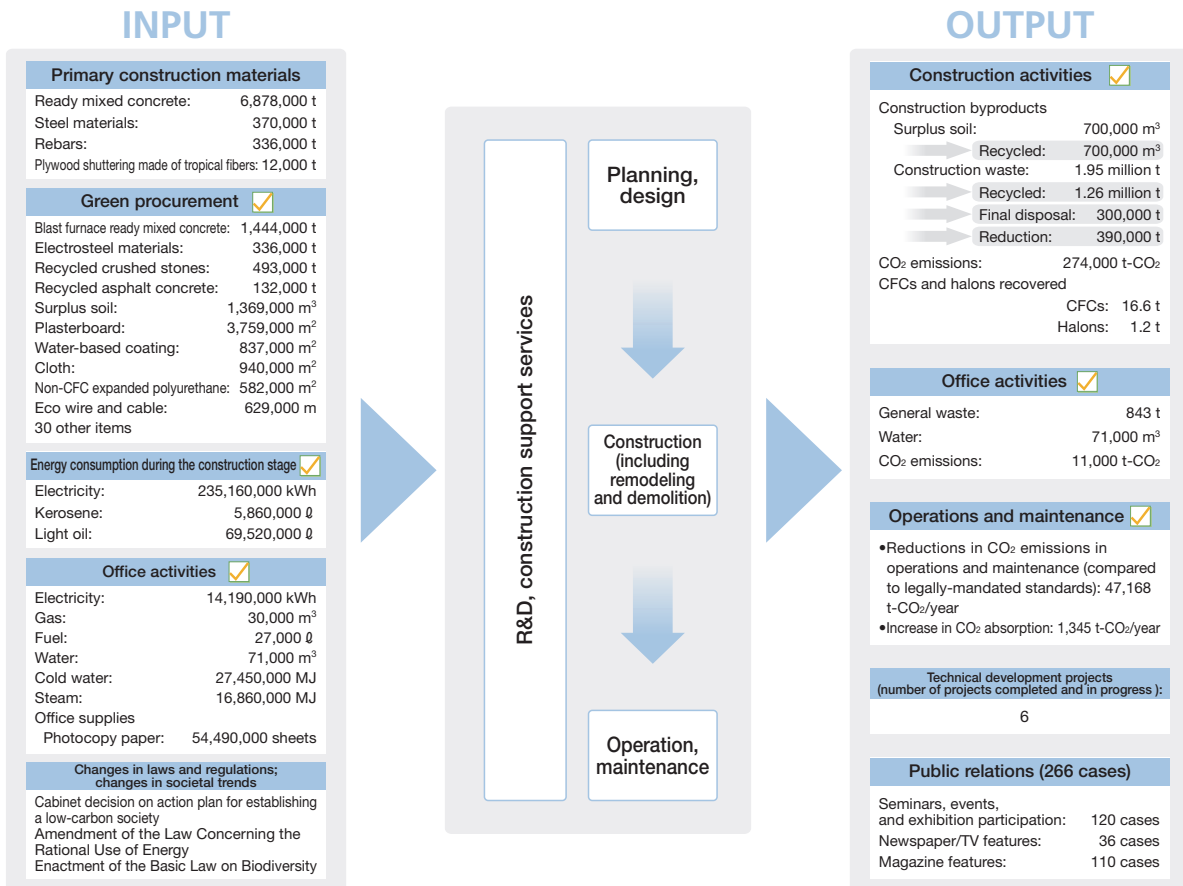


An on-site soil treatment plant (high-performance equipment capable of handling small-scale cases of soil pollution)

Material Flows

The following diagram provides an overview of material flows in fiscal 2008.

Inputs include changes in laws, regulations, and societal trends affecting outputs. Outputs include reductions in CO₂ emissions at the building-management stage resulting from energy-saving design, technologies that reduce environmental impact, and full disclosure of information to the public. Also shown are policies and standards for gathering and reporting information on environmental performance, based on documents established under in-house rules and standards. These include rules on the management of construction byproducts and guidelines for handling such byproducts in compliance with environmental laws and regulations.



Note: The scope of the data summarized above encompasses the Shimizu Corporation head office, the Institute of Technology, and other domestic divisions and construction sites.

Compliance with Environmental Laws and Regulations

Listed below are cases from fiscal 2008 in which we were unable to comply with some environmental laws and regulations, as well as some cases where we were nearly in violation.

We have acted promptly in all cases, taking measures to stem pollution immediately upon identification. We also took action to restore original site conditions, informed employees of noncompliance/quasi-noncompliance areas, and initiated comprehensive measures to prevent recurrence.

Starting in fiscal 2009, we have sought to prevent the occurrence of such cases by incorporating audits on construction byproducts into our internal environmental auditing procedures.

Incidents Involving Failure to Comply with Regulations

- In one case involving tunnel construction, soil extracted from our construction site was used as infill soil at a neighboring site. Based on information from a third party, the media reported on concerns that this infill soil might contain waste disposed of illegally. On-site drilling in the presence of the authorities confirmed that debris and other industrial waste had been mixed into this soil. Following an internal investigation, we reported to the authorities and the project client that some management irregularities were observed at the site, but there was no deliberate malfeasance and that we would make every effort to prevent a recurrence. Since the incident constituted a violation of the Waste Disposal Law, we received guidance from the authorities on necessary improvements.

Other Incidents Falling Short of Legal Violations

- In one case involving on-site construction at a plant, rainwater (alkali water with a pH level of roughly 9) was discharged into ordinary river water. This outflow exceeded base values in the client's environmental measurements. The client helped us to improve our control of water discharge.
- Construction sludge generated in pile-laying work was used as landfill at the site after improving it using soil conditioner. After construction completion, a third party asked whether this constituted unlawful disposal of construction sludge. After consulting with authorities and the prefecture's environmental department, we confirmed that this did not constitute a legal violation.
- In another case, tools used to paint exterior walls were cleaned in notch tanks, after which the water from these tanks was released into the public sewage system. Neighbors noted the release of milky water into a river. We received guidance from the authorities to prevent the recurrence of such an incident.

Environmental Accounting

Shimizu regards achieving harmony between corporate activities and the environment as an essential social responsibility. In fiscal 1999, we introduced environmental accounting as a management tool capable of effectively advancing environmental activities and ensuring the steady implementation of environmentally conscious business activities.

Core Elements of Environmental Accounting

1. Scope of coverage: Shimizu Corporation facilities in Japan
2. Period: April 2008 through March 2009
3. Accounting Method

Accounting data for 18 items in seven categories was calculated based on the Environmental Accounting Guidelines 2005 (from the Ministry of the Environment of Japan) and the Environmental Accounting Guidelines for the Construction Industry 2002 (from three construction-industry organizations).

4. Grounds for calculating conservation costs for each item

(1) Using summed figures from individual departments/sections and estimates based on sampling.* (See the table below on the conservation cost of each item.)

- (2) 100% accounting of costs that are solely related to the environment (excluding composite costs)
- (3) Labor costs are based on time required multiplied by the applicable unit labor cost.
- (4) Depreciation costs are based on figures for applicable service life used in fiscal accounting.
- (5) Green procurement costs are set apart from conservation costs.

* Data taken from 35 project sites (including renovation sites), selected according to sampling selection criteria, is converted to represent companywide results based on total sales for the fiscal year.

● FY2008 environmental conservation costs

Cost amounts

Figures in brackets indicate conservation costs for FY 2007

Conservation cost classification		Primary environmental protection activities	Grounds for calculation		Item total (Unit: million yen)	
Category	Subcategory		Summed figures from departments/sectors	Sampling	Subcategory total	Category total
I. Costs incurred as part of business activities	① Pollution prevention costs	Site-specific pollution-prevention measures		○	11,493	25,576 (20,469)
	② Global environmental protection costs	Proper handling of CFCs and halon gases	○	○	813	
	③ Resource recycling costs	Handling of construction byproducts	○	○	13,270	
II. Upstream/downstream costs	① Additional costs for environmental protection measures	Environmentally aware design	○		56	56 (72)
III. Management activity costs	① Administration and maintenance of environmental management	Maintenance of ISO 14001 certification	○	○	466	1,470 (1,635)
	② Costs associated with environmental protection measures	Environmental protection measures	○		441	
	③ Environmental impact monitoring costs	Measurement and monitoring of matters such as ground subsidence in the vicinity		○	351	
	④ Landscape development and protection costs	Environmental protection measures in site vicinity		○	45	
	⑤ Environmental training costs	Participation in environmental education, training sessions,	○		123	
	⑥ Disclosure of environmental information	Environmental fairs, presentations on environmental protection activities	○		44	
IV. R&D costs	① R&D costs related to environmental business initiatives	Environmental R&D	○		551	808 (791)
	② R&D costs related to environmental protection	R&D on environmental-protection technologies	○		257	
V. CSR costs	① Donations to conservation groups	Support for NGOs and environmental organizations	○		107	188 (228)
	② Social initiatives in partnership with local residents	Cooperation in local environmental education		○	81	
VI. Environmental damage costs	① Costs for restoring and repairing damage to the natural environment	Restoration of the natural environment		○	229	229 (165)
	② Paid damages related to environmental protection	Compensation for environmental protection	○	○	0	
					Total for I~VI	28,327 (23,360)

Environmental investments

VII. Cost of environment-related investments	① Investments in head/branch office facilities	Investments in energy-saving facilities and industrial water facilities	○		0	22 (106)
	② Software investments	Investments in environmental software	○		22	
					Total for VII	22 (106)

● Achievements (See <http://www.shimz.co.jp/csr/environment/report/index.html> for table (2) of the Environmental Accounting Guidelines 2005 and related information.)

	Item	FY 2007	FY 2008		Sales for construction projects completed in Japan (in units of 100 million yen)	
					Construction	Civil engineering
Efforts within the scope of business activities	Proper handling of CFCs and Halons	19 t	18 t	See p.31 for details	10,977	
	Construction waste volumes generated	2.24 million t	1.95 million t	See p.29 for details	1,872	
	Recycling rates in construction activities (excluding sludge and hazardous materials)	95 %	97 %	See p.29 for details	12,849	
	Recycling rates in construction activities (including sludge and hazardous materials)	83 %	85 %	See p.29 for details		
	Recycling rates (new construction excluding rubble, sludge, and hazardous materials)	82 %	84 %	See p.29 for details		
	Total amount of construction byproducts generated in new building projects (per unit floor area)	15.9 kg/m ²	15.6 kg/m ²	See p.25 for details		
Green procurement	Green procurement of construction materials	74.9 billion yen	55.7 billion yen		12,650	
	Alternative shuttering materials	25.9 billion yen	16.9 billion yen		2,154	
	Alternative shuttering rate	43.5 %	40.5 %		14,804	
	Green procurement rate (construction divisions): Reference figures	17.1 %	12.6 %			
					FY 2007	
					FY 2008	

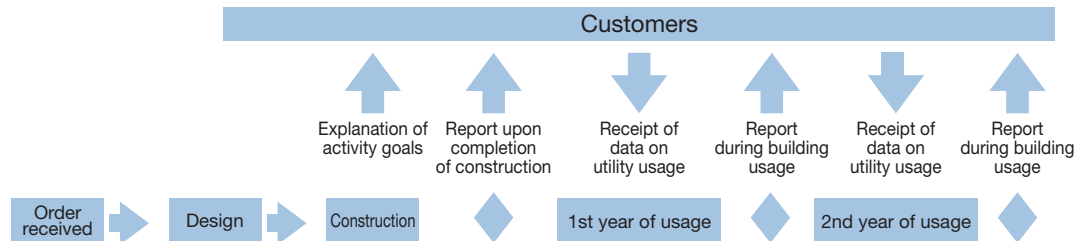
Notes on Accounting Results

1. Total costs related to environmental protection represent 1.91% of sales for construction projects completed in Japan. This is up 0.09% over the previous year (1.82%).
2. Resource recycling costs represent 0.9% of sales for construction projects completed in Japan, down 0.25% from the previous year (1.15%), due to declining levels of construction waste.
3. Environmental management activity costs represent 0.1% of sales for construction projects completed in Japan, down 0.03% from the previous year (0.13%).
4. Pollution prevention costs have increased due to the rising cost of processing muddy water in sealed tunnel construction.

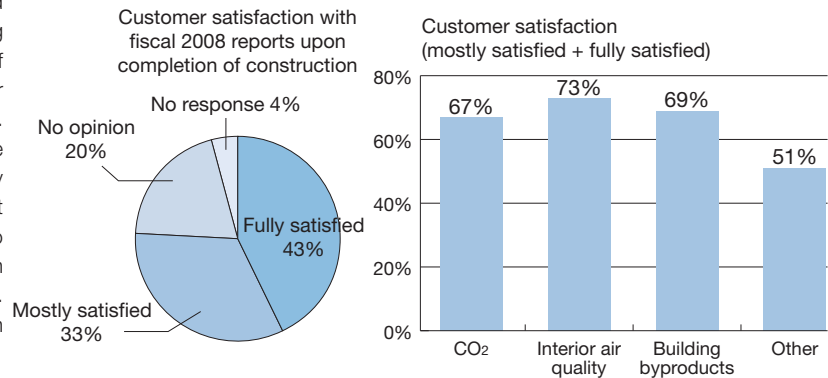
Total Eco Activities Over a building's life cycle, ecology equals economy

"Total eco activities" is an approach to construction intended to provide customers with buildings and services that take into account environmental issues, including energy, material flows, and ecology. Shimizu launched these activities in fiscal 2003 for design and construction projects of a certain scale. Through the end of fiscal 2008, this approach has resulted in 417 buildings. The flow of these activities is outlined below.

We are currently seeking to expand the numbers of reports during the building usage stage. For this purpose, one goal for fiscal 2009 is to increase the percentage of customers returning data to 50% or above.



Traditionally, Shimizu has constructed buildings giving consideration to the environment and the specific wishes of customers. Now, our efforts go above and beyond the legally required minimum, including drafting three separate reports to inform customers of a building's environmental performance, whether or not the reports are specifically requested by the client. (Few clients currently request such reports.) Given the novel approach embodied in these activities, simply developing a structure for these activities is insufficient to promote their company-wide implementation. To ensure these reports are issued upon construction completion, we hold repeated training sessions. Customers in fiscal 2008 generally expressed high levels of satisfaction with these reports.



Excerpts from client comments

Building use	Comments
Offices	<ul style="list-style-type: none"> This program is helpful because businesses will need to identify in quantitative terms the environmental impact of their buildings both during and after the completion of construction. We believe accounting for the environment is the best course of action, one that can be used to promote a building to tenants. We appreciate your approach to environmental issues, regardless of the building size. While we understand that the building has outstanding environmental performance, we don't quite understand what these figures mean. This program is interesting because it constitutes clear evidence that the project takes the environment into account.
Housing complexes	<ul style="list-style-type: none"> These reports indicate that the materials used in this construction were selected based on environmental concerns. In reviewing our specifications, we believe it is appropriate that such issues be considered when selecting materials. Since the number of buyers interested in environmental considerations is increasing, we would like to receive such reports for future projects.
Industrial facilities	<ul style="list-style-type: none"> We would definitely like to have CO₂ emissions calculated during building operations if doing so would assist in building assessments. Although we engage in our own CO₂ emissions reduction activities and have studied all relevant data, we believe that the use of this building data will make a positive contribution.
Hospitals	<ul style="list-style-type: none"> We are grateful for these activities because the positive features of the facility are well regarded, especially by family members of our patients. The report provided us with peace of mind, particularly because we are an eldercare facility (in response to a report on interior air quality). We're deeply satisfied with this level of environmental performance.
Retail stores	<ul style="list-style-type: none"> Our community and customers demand environmental awareness on our part. We didn't know building construction processes involved environmental concerns on this scale. We were very interested in how familiar building materials relate to green procurement initiatives.

Additionally, we have prepared a pamphlet, *Tateru toki mo eko, Tateta ato mo eko* ("Ecological considerations during and after construction"), incorporating the results of activities to date.



Toward the Realization of a Company that Values People

One of the focuses of Shimizu's HR initiatives in fiscal 2008 was securing and deploying outstanding human resources. These efforts include promoting diversity in human resources, including the hiring and promotion of women and the disabled. With respect to specific activities, some achieved their objectives while others did not.

In fiscal 2009, we will deploy these initiatives through various measures, including analyses to determine why efforts fell short of targets in areas such as percentages of hires with disabilities and the establishment of a new promotion structure.

Creating Comfortable Workplace Environments

● Human rights efforts

- We established our basic policy on human rights in 1990. As part of our Code of Corporate Ethics and Conduct, this policy explicitly calls for respect for diversity, personal character, and individual differences and prohibits discrimination and sexual harassment.
- We have established a Committee to Enhance Awareness of Human Rights, chaired by the Vice President and composed of the individuals at the managerial level responsible for enhancing awareness of human rights within each division.
- We are currently soliciting slogans for human-rights awareness and implementing Human Rights Awareness Training. These efforts in 2008 involved a total of 4,651 trainees.

< Human Rights Awareness Training >

- Executive Training
- Deputy General Manager and Manager-Level Training
- General Employee Training



A training session

< Best Slogans for Human Rights Awareness, Fiscal 2008 >

Total number of entries: 1,163

Employee Section:

Sustaining practices that we can take pride in: the changes adults make lead to changes children make.



The award ceremony for slogans for human rights awareness

Family Section:

Let's support each other as friends to make school fun.

- Our work rules and intranet website cover measures for eliminating sexual harassment. We also provide a counseling service for those who experience such harassment.

● Promoting diversity and inclusion

- To promote diversity within our human resources, the Diversity Promotion Office was launched in April 2009. We plan to continue to promote activities that help female employees thrive—the number of women employees in March 2009 was 1,300, 11.7% of the overall workforce—and to promote the hiring of those with disabilities. These activities are overseen by the Diversity Promotion Office.

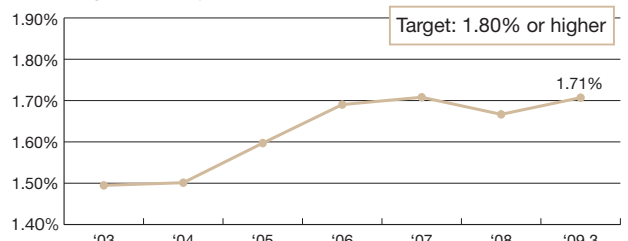
Number of women in management positions Unit: individuals

	March 2006	March 2007	March 2008	March 2009
Women in management positions	5	6	6	7

New graduate hires Unit: individuals

		2007	2008	2009
Comprehensive Regional General	Male	5	24	35
	Female	199	196	198

Percentage of employees with disabilities



Number of employees with disabilities (Individuals)

181	174	182	191	194	188	190
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● Improving childcare assistance for new parents

- The company is working to create an environment in which employees with children can work at ease and develop a comfortable work-life balance. Such measures include: permitting childcare leave and periods of reduced working hours beyond those provided for under the law; providing paid maternity leave; providing paternity leave; and helping employees who take childcare leave achieve a smooth return to the workplace.

Fiscal 2008 performance:

Number of employees taking childcare leave: 33

Number of employees taking advantage of reduced working hours: 12

Number of employees exempted from overtime or weekend/holiday work: 1

- Shimizu also takes an active role in developing the next generation through various initiatives, including a reemployment system for employees who have resigned for reasons related to childbirth or childcare, and a system for providing interest-free loans for fertility treatments.

● Improved health management

- Improved health checks are provided, including checkups for lifestyle-related diseases and stomach illnesses, in addition to mandatory complete medical checkups for employees 40 years of age or older.
- Health consultations and individual guidance for busy employees are provided by medical staff (including doctors and nurses) at the Head Office clinic and by health management staff (including nurses and public health nurses) at branch offices.
- In the area of mental health, Shimizu supports the maintenance and promotion of the mental and physical health of employees through a full range of initiatives, including the provision of counseling by clinical psychotherapists and various informative presentations. Additionally, since February 2009, we have worked in partnership with an external employee assistance program (EAP) to develop a system that makes it easier for employees to use counseling services. This initiative was launched in the Tokyo area.

● Various leave systems

- Shimizu provides 10 days of volunteer leave each year to allow employees to engage in social contribution activities, as well as 14 consecutive days of refreshment leave after each decade of continuous service. Site workers receive five days of relocation break leave when moving to another site.

Fiscal 2008 performance:

Number of employees taking refreshment leave: 605

Number of employees taking volunteer leave: 9

● Initiatives to improve the labor environment

- We are working toward the horizontal deployment across the organization of positive improvements made in each division to cut total working hours. Other efforts include the establishment of a platform for the regular exchange of opinions between labor and management within the Committee for Streamlining Working Hours as well as site patrols to ascertain actual conditions.
- We are currently promoting reforms in employee attitudes and our corporate culture in order to reduce working hours. These reforms are being implemented in various ways, including accurate assessments of actual working hours and a measure that encourages employees to take leave by closing all construction sites on particular days. We are also promoting companywide no-overtime workdays on Family Day (the third Wednesday in November).

● Stable labor-management relationships

- Based on the Labor Agreement, Shimizu has adopted a union shop system in which all employees, with a handful of exceptions involving certain members of management and temporary employees, are union members.
- Positive relations between labor and management have been achieved based on trust and the sharing of objectives (including the goal of maintaining and improving labor conditions by establishing fair labor and management practices while promoting sound company growth with mutual respect between the company and the labor union).
- To enhance communication and mutual understanding, Shimizu provides a platform for regular negotiation and discussion of labor conditions and other matters.

Human Resources Development Seeking to Foster Personal Growth and Creativity

● The HR Development Square

- As one measure to ensure that each and every employee is a consummate professional and to foster an environment that supports learning (including continuing improvements in e-learning), creativity, and individuality, we opened Jinzai kaihatsu no hiroba ("the HR Development Square") on our intranet website to communicate and share education-related information.



In fiscal 2008, a total of 35,000 individuals undertook e-learning.

● Enhancing specialist training for new civil-engineering employees

- The system of specialist training for new civil-engineering employees has been revised to incorporate a two-week program of on-site practical training. The total two-month specialist training program is part of our efforts to instill among employees our basic stance on technologies and production. This practical on-site training was held at sites in Hokkaido, Nagoya, Hiroshima, and Kyushu, providing employees with valuable experience they could not gain in classrooms, as trainers addressed all phases of the construction process, including planning, preparations, management, and inspection. (In fiscal 2008, 20 individuals undertook this training.)

● Monozukuri Juku training sessions

- The Monozukuri Juku training program began in February 2009, with the goal of taking a fresh look at the methods of production and the training of human resources capable of supporting such efforts. (See p. 16 for more information.)

This training program currently enrolls construction and installation personnel in their sixth year with the company, as well as new managers. Using newly produced videos, the training sessions reexamine the state of Shimizu's production activities through discussions that follow comments from a wide range of stakeholders, including the President, customers, partner companies, and experienced managers.

● Responding to the issue of diversity in human resources

- The orientation provided to midcareer hires (held monthly) when they first join the company, first conducted in 2008, incorporates a program that addresses Shimizu's company history, its basic principles, its organization, and human-resource development, with the goal of raising employee awareness of what it means to be a Shimizu employee. (In fiscal 2008, 65 individuals undertook this training.)

Working to Realize a Comfortable Working Environment

In fiscal 2008, Shimizu studied and implemented various measures to strengthen ties with the various specialist contractors (subcontractors and partner companies providing labor and other inputs) required for construction and production activities.

In fiscal 2009, we will establish a new system of awards to recognize outstanding forepersons. Our goal is to develop a rewarding work environment, encouraging younger personnel to take an interest in attractive positions and increasing the number of new employees. Alongside the various parties involved, including the managers of these contractors, we are discussing the idea of holding joint job seminars and technical training sessions.

Securing Human Resources at Specialist Contractors

One issue faced in recent years by contractors, key partners for Shimizu, is the decline in the number of workers, particularly younger workers, who are joining the construction industry. (See exhibits 1 and 2.)

By impeding the process of skills transfers from generation to generation, this trend affects not only our ability to secure the necessary workforce, but also our capability to build high-quality projects.

In response, we are implementing various measures in partnership with contractors, with the goal of improving the image of construction work, which renders a vital service to society, and increasing the number of young people joining these specialist firms.

Implementing Various Measures to Strengthen Relations with Specialist Contractors

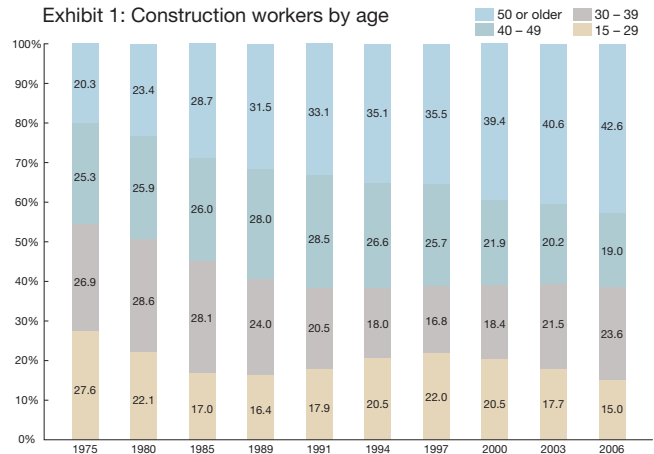
We are currently advancing various measures to develop work environments in which specialized personnel can experience satisfaction and fulfillment and take pride in their own work. The opinions and wishes of various contractors are sought out as part of this process.

- Improving work-site facilities
- Emphasizing stronger partnerships by producing calendars featuring projects created jointly by Shimizu and specialist contractors
- Holding site tours for family members of specialist contractor personnel
- Continuing annual training sessions for the next generation of personnel, thereby building motivation among younger managers of contractors

The Kanekikai and Accident Prevention Conference of Tokyo Workplace Symposium

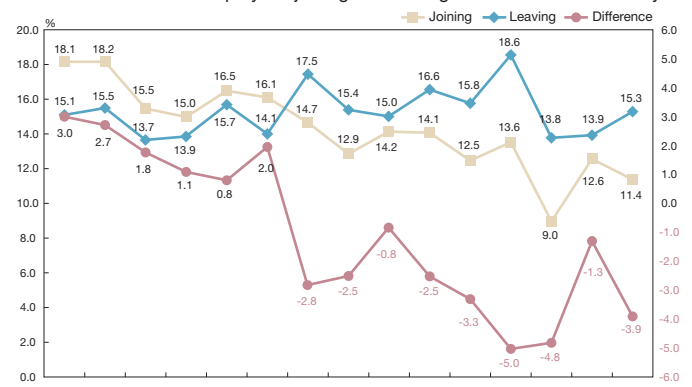
A workplace improvement symposium was held in November 2008 based on the theme of how to develop production technologies and human resources at specialist contractors. This symposium featured presentations on securing and developing human resources at specialist contractors, as well as panel discussions led by younger Shimizu forepersons and the youth section of the Kanekikai, an organization composed of Shimizu partners. In this way, the symposium served as a venue for discussions toward the realization of a comfortable working environment.

Exhibit 1: Construction workers by age



The percentage of workers aged 50 or older has grown, while the percentage 29 or younger has declined.

Exhibit 2: Rates of employees joining and leaving the construction industry



Source: Survey on Labour Economy Trends, Ministry of Health, Labour and Welfare of Japan (preliminary figures for 2005)

Note: Rates of employees joining and leaving the industry have been calculated as follows: {number of employees joining or leaving the industry in January through December} / {number of permanent full-time employees as of January 1} × 100



The Kanekikai and Accident Prevention Conference of Tokyo Workplace Symposium

Health and Safety Efforts

After analyzing the reasons safety performance in 2008 fell short of targeted values, we added three new key focus items for 2009: redundant safety measures in places associated with the danger of falling; visualization of workplace rules; and sustained implementation of risk assessment. We are thus implementing accident-prevention initiatives to achieve a targeted accident frequency rate of 0.70 and an accident severity rate of 0.10.

Additionally, we are working to improve accident-prevention initiatives by developing related standards and indicators to perform periodic inspections and review, and striving to improve safety practices wherever necessary.

Fiscal 2008 Performance

● Health and safety goals and results

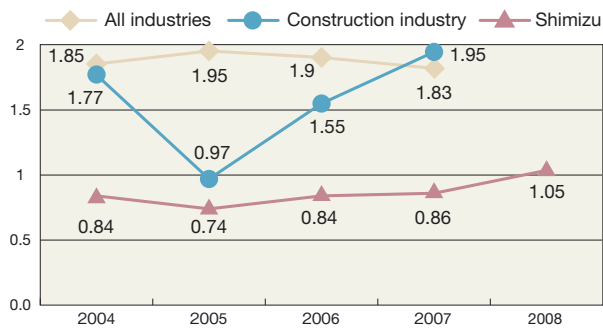
Safety results for fiscal 2008 worsened from fiscal 2007 in terms of accident severity, with a result of 0.63 compared to the target value of 0.10. The accident frequency rate also increased compared to fiscal 2007, with a result of 1.05 compared to the target value of 0.70.

A breakdown of accidents by type shows that accidents involving falls or drops accounted for 37% of the total, followed by employees getting caught in machinery (16%), tumbles (12%), and crashes (10%).

The most common cause of accidents involving falls or drops was a loss of balance, accounting for 30% of the total, followed by slipping and missteps. These three primary causes accounted for 75% of the total.

Accidents involving unsafe activities accounted for 88% of the total, with most of these resulting from a failure to follow safety rules (e.g., not using safety belts when working in elevated areas).

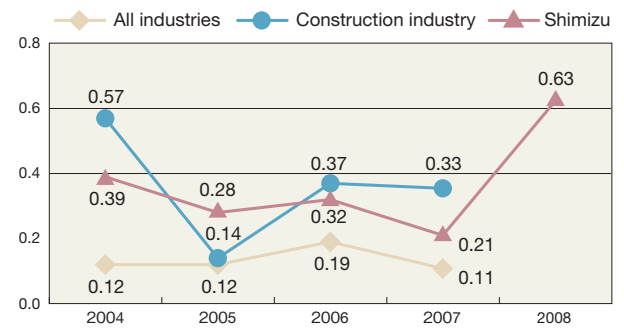
Accident Frequency Rate



Note: Figures for all industries and the construction industry in 2008 have not yet been released.

Accident frequency: Deaths and injuries per million cumulative person-hours (represents the frequency of accidents)

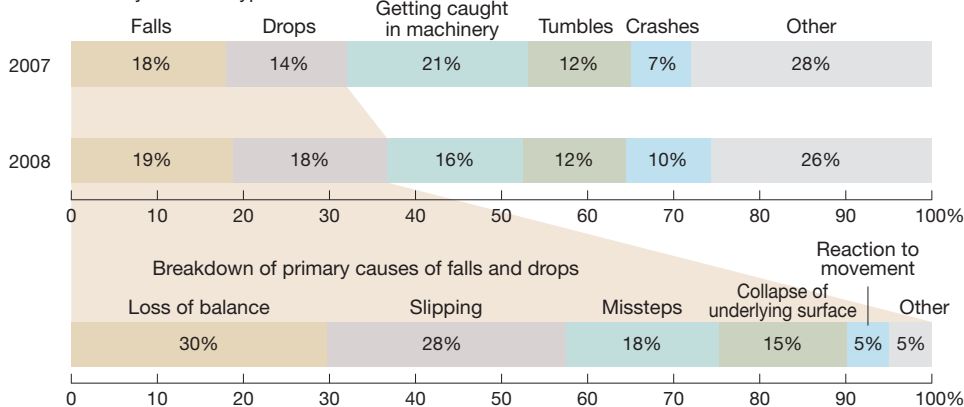
Accident Severity Rate



Note: Figures for all industries and for the construction industry in 2008 have not yet been released.

Accident severity: Workdays lost per 1,000 cumulative person-hours (represents the level of severity of accidents)

Breakdown by accident type



● Health and safety education

Shimizu provides various health and safety education programs for employees at its Head Office and at branches. Starting with new employee education, the company offers education and training programs such as Basic Safety Training, Practical Safety Training, Training for Personnel in Charge of General Health & Safety, a Safety Environmental Management Course, and Ability Improvement Education.

Additionally, Shimizu provides subcontractors and their workers with Subcontractor Owner's Training, Training for Foremen and Personnel in Charge of Health and Safety, and Entry Education for New Workers.

Number of employees receiving health and safety education in 2008

New Employee Training: 220

Basic Safety Training: 224

Practical Safety Training: 157

Ability Improvement Education: 661

Safety Environmental Management Course: 76

Training for Personnel in Charge of General Health & Safety: 280

● Safety audits

Each year, Shimizu conducts companywide safety audits to investigate and assess whether safety controls have been implemented and managed appropriately; to implement safety controls efficiently and effectively; and to ensure the maintenance and establishment of related measures.

Results of 2008 companywide safety audits

- Sections audited: 14 units (Tokyo Building, Chiba, Yokohama, Kanto, Tokyo Civil Engineering, Nagoya, Osaka, Kobe, Shikoku, Hiroshima, Kyushu, Hokuriku, Tohoku, Hokkaido), and one department (the Safety Department in the Safety Administration & Environment Division)
- Number of issues identified: no major nonconformities, four minor nonconformities, and seven issues requiring monitoring, for a total of 11 issues

Fiscal 2009 Initiatives: Specific Examples

● Redundant safety measures at locations associated with falling hazards

In 2008, accidents from falls and drops accounted for 37% of all accidents. For this reason, specific redundant safety measures were established in 2009 for any work involving the risk of falling, with horizontal nets and the use of safety belts incorporated from the planning stages. Redundant safety measure implementation sheets are posted at various sites, including morning meeting sites, break rooms, and general work areas, to ensure all workers are aware of and comply with these measures.

● Promoting visualization of workplace rules

In 2008, accidents involving failure to comply with established safety rules, including failure to use safety belts when doing work in elevated areas, accounted for a high proportion of all accidents. In 2009, we are seeking to reduce the number of such accidents through rules visualization (i.e., making the content of the rules understandable to all employees and considering methods to facilitate familiarity with these rules) to ensure an understanding of the established rules among all the parties involved.

Redundant Safety Measures in Effect sheet

Redundant Safety Measures in Effect

In the following task:

Work involving platform edges

(1) Installing handrails
(2) Installing horizontal safety nets

We are implementing the following redundant safety measures:

Contractor: _____
Shimizu Corporation: _____ Construction Project Field Office

Example of visualization of workplace rules (rules for using lifts)

Rules for Using Lifts on Site

- Only those with the necessary qualifications may use lifts.
- Apply at the construction office to borrow a lift. Enter the names of the user and the contractor on a control sheet. These control sheets are available on the second floor of the office.
- Always remove the key during work breaks and make sure no one uses the lift without authorization.
- Use safety belts.

Return the keys to the office each day.
Control sheets are available on the second floor of the office.

Is the safety belt fastened?

Is the inspection sheet completed and in plain sight?

Is the key removed when not in use?

Shimizu Corporation: _____ Construction Project Field Office

● Sustained implementation of risk assessments

Since accidents involving unsafe activities accounted for 88% of all accidents in 2008, in 2009 we will require our specialist contractors to specify their work procedures, including risk assessments. As part of our efforts to minimize unsafe activities, we will hold preliminary meetings based on these procedures and perform risk assessments during site activities designed to identify potential hazards.

Risk-assessment sheet

Danger Forecast Sheet (Risk Assessment)						
Month:	Date:					
Company name	Group name	Leader name				
Participant name				Total:		
Job						
Specific Hazards	Likelihood	Severity	Assessment	Risk level	Planned countermeasures	
Today's key point						
Safety confirmation procedure for hazardous work						
(Key)	Infrequent	× Severity	Injury not requiring time off	= Assessment	()	1 Very low Risk level 1
	Occasional					2 Low Risk level 2
	Frequent					3-4 Moderate Risk level 3
			6 High Risk level 4	9 Very high Risk level 5		

Ensuring Readiness for Large-Scale Disasters

Shimizu's initiatives in the area of disaster readiness include a business continuity plan (BCP), measures to secure the safety of employees and their families and to quickly secure safety at work sites and other facilities used by the company, as well as support for recovery and reconstruction in areas struck by disasters and support for the swift resumption of customer business activities.

In fiscal 2008, our efforts included the installation of emergency earthquake warning systems at company facilities and the improvement of systems for confirming employee safety. We also provided periodic training, identified new problems, and incorporated this feedback into improvement plans for fiscal 2009.

We also formulated a BCP incorporating readiness for a potential global pandemic of emerging influenza strains and implemented activities in accordance with the response manual for the flu outbreak that began in April. In fiscal 2009, we will make further progress to ensure business continuity.

Basic Disaster Policy

As part of our emergency response guidelines and earthquake response guidelines, we have established a number of specifics related to disaster response, including response policies, countermeasure organizations, and codes of conduct. In particular, in the event of a major earthquake in Japan with a seismic intensity of slightly less than six or more on the Japanese scale, the earthquake response guidelines call for the automatic creation of an earthquake countermeasure organization and the initiation of response activities after ensuring the safety of employees and their families. The personnel needed for earthquake countermeasures have been assigned to quickly establish a task force in the event of an earthquake. Additionally, structures have been implemented to enable the dispatch of relief personnel and the provision of material and equipment aid as requested by authorities within the affected communities and the national or local government.

Infrastructure Improvements

We are energetically seeking to build powerful earthquake resistant infrastructures to achieve readiness in the event of a major earthquake.

● Improving earthquake resistance for company facilities

Since fiscal 2005, to ensure employee safety, we implemented a broad array of measures, including relocation, rebuilding, and seismic retrofitting, at all properties used by the company throughout Japan and built before the implementation of new earthquake-resistance standards. These efforts are now complete.

● Improving internal telecommunications networks

We have implemented measures to cope with the communications limitations that result from disasters. These efforts include readiness for power failures (based on the installation of emergency generators); switching to in-house extensions for communication between the Head Office and branch offices; and the adoption of various telecommunications equipment, including digital wireless technologies. Additionally, we have improved our telecommunications network by building internal networks nationwide for use by sales offices.

● Safety confirmation system

We use a safety confirmation system to enable swift confirmation of the safety of employees and their families in the event of a disaster. This system allows individuals to check on the safety of their families, as well as obtain contact and other information, through a special-purpose website accessible from a computer or mobile phone.

● Emergency earthquake warnings

To prevent and minimize earthquake damage, we rely on the emergency earthquake warnings provided by the Meteorological Agency of Japan. On receiving an early warning, the system forwards the warning to employees through various channels, including text messages sent to mobile phones and announcements through PA systems within facilities.

Emergency Supplies

Emergency supplies are being stored at facilities nationwide. The Head Office has prepared a store of supplies in the event of an emergency in which employees cannot return home, including three days of food and water, blankets, and temporary toilets, as well as materials, equipment, and tools needed to recover from an emergency. The supplies are periodically reviewed and updated.

Drills

General earthquake preparedness drills are carried out each September 1, Disaster Prevention Day. In preparation for a major earthquake, these drills cover initial response, safety reports, damage reports, the creation of an earthquake response task force, and the use of telecommunications.

To deepen employee understanding of preparedness, numerous other drills are conducted in addition to September earthquake drills. Last year, we published a pamphlet for employees and their families (entitled *Oh! Jishin ga kita zo!*—or, "Oh! It's an earthquake!"), intended to ensure thorough understanding of earthquake countermeasures, general safety measures (including methods for employees and family members to make contact), and related issues.



Earthquake preparedness drill held last year

Responding to Emerging Influenza Strains

Referring to government policies and other measures, we have formulated plans to respond to emerging strains of influenza as part of our BCP. Our current efforts include the development of internal response organizations, employee e-learning-based training, and activity manuals, as well as the stockpiling of necessary supplies. Future plans call for further examination of countermeasures needed in the event of an outbreak of an emerging influenza strain this fall or beyond, based on our experiences with the outbreak this past April.

Future Tasks

As we move forward, both Shimizu's own initiatives and joint efforts undertaken with business partners, local governments, our communities, and our customers will prove increasingly essential. We plan to contribute to communities by providing training and drills and helping to achieve recovery in areas affected by earthquakes.

Engaging in Social-Contribution Activities

Environmental Symposia Hosted Jointly with Non-profits, Universities, and Other Institutions

Organized jointly by the honorary consulate general of the Republic of Kiribati, the College of Science and Technology and Department of Oceanic Architecture and Engineering at Nihon University, the nonprofit organization Chikyu Club Network 2000, and Shimizu Corporation, the New Floating Island Symposium convened on May 20, 2009. The themes of this symposium included learning about life on the islands of the Pacific Ocean,* currently threatened by inundation as the result of global warming, and the realization of a new eco city using the New Float large-scale floating structure concept.

Human activity in the modern era is changing the earth's environment. Kiribati and many other Pacific islands are threatened with inundation due to rising sea levels attributable to global warming. This symposium was organized as an opportunity to welcome the leaders of nations in the Pacific islands to discuss uses of floating structures as a means to protect the environments of the nations of the Pacific.

Guests at the symposium included the President of Kiribati, the Prime Minister of Vanuatu, and the Secretary for Resources & Development of the Federated States of Micronesia.

At the start of the symposium, President Miyamoto issued a call to action. "In combating global warming," he remarked, "we must all work toward the same goal across national and organizational boundaries. Now is the time for action."



The symposium venue

The symposium also featured presentations on Shimizu's "Green Float" future concept and the Farm Float 2015 concept envisioned by Chikyu Club Network 2000. The panel discussion featured the exchange of opinions concerning topics such as the technological feasibility of a floating island; economic and social issues; and the need to consider the environment of the Pacific islands and the actual modes of life of those living there.

In conclusion, President Anote Tong of Kiribati enunciated the following Tokyo Declaration: "The people of the world must live their lives, knowing that they might threaten the survival of others." This symposium will serve as an opportunity for continued future progress in this area, a central theme of Shimizu's environmental and social-contribution activities, eventually leading to even greater developments.



President Anote Tong of Kiribati and his wife



Panel discussion

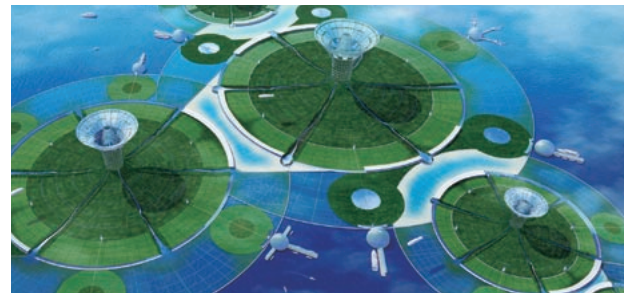
* Pacific islands: A term used to refer in general to the various island nations of the Pacific Ocean, including Kiribati, Tuvalu, and the Federated States of Micronesia

● The Green Float environmental island concept

The Green Float concept involves building an artificial floating circular island 3,000 meters in diameter on the sea at the equator, on which a 1,000-meter-high tower combining residential and industrial facilities, vegetation factories, and other facilities would then be built.

Departing radically from traditional ideas of the city, this concept emerged from a consideration of an ideal living environment, one that would impose no burdens on and exist in perfect harmony with the environment, like a plant.

The goal is to make the Green Float reality by 2025 by integrating state-of-the-art environmental protection technologies, including space-based solar power and structural materials containing ingredients such as magnesium drawn from seawater.



For more information, visit:

<http://www.shimz.co.jp/english/theme/dream/greenfloat.html>

● The Farm Float 2015 concept envisioned by Chikyu Club Network 2000

Also based on the idea of a floating structure on the sea, the Farm Float 2015 concept envisions building a highly energy-efficient, ecosystem-aware resort island. This concept was inspired by the statement made by Kiribati children at the Spaceship Earth Children's Summit organized by Chikyu Club Network 2000 in 2001: their home island faced the imminent threat of disappearing under the sea.

With a population of approximately 1,000 residents on its roughly 20 hectares of land, the island would feature farms, a heliport, a port, and an artificial beach. It may also feature fish lagoons used to raise bluefin tuna. Its main source of energy would be clean technology used to extract hydrogen directly from seawater based on a reaction between water and a catalyst. It would also incorporate an energy recycling system with zero emissions.



Photos:
Norihiro Amano

Other Initiatives and Results

In fiscal 2008, in addition to donations made by and disaster-relief initiatives undertaken at the Head Office, joint efforts with local communities through various activities, including cleanup efforts near work sites and contributions to society made by individual employees, Shimizu encouraged its business units to start their own initiatives, based on a recognition of the importance of continuing social activities closely tied to local communities.

In fiscal 2009, we will strive to strengthen our social contribution activities by opening a volunteer website on the intranet in support of such initiatives.

● Sponsorship of the 20th Japan Fantasy Novel Award

Cosponsored by Shimizu and the Yomiuri Shimbun Tokyo Head Office with support from Shinchosha Publishing, the award ceremony for the Japan Fantasy Novel Award was held in Tokyo on November 25, 2008. Gen Nakamura's Tenshi no horo: Aru kenchi-kuka wo meguru monogatari ("Angel's corridor: the story of an architect") won the Grand Prize, while the Excellence Award went to Ran Satomi's Kanojo no shiranai kanojo ("What she doesn't know about herself"). These novels, selected from a total of 646 entries, were chosen to mark the 20th anniversary of the award.



Front row, from left: Mr. Shiohara from Shimizu, Excellence Award winner Ran Satomi, Grand Prize winner Gen Nakamura, and Director Otsuki from Yomiuri Shimbun

● Supporting a goby fishing event for elementary school students

Shimizu sponsors a goby-fishing event at the Nihonbashi River, where TOKYO Building Department III undertakes purification activities on a sustained basis. With 40 local elementary school students participating, this event was intended to illustrate that fish are gradually returning to this river and to help the students understand the Nihonbashi River cleanup and purification activities.



● Cleaning up Rinko Park after the fireworks

As part of the Minato Mirai cleanup initiative organized by the Yokohama Citizens Empowerment Center, Shimizu collected and separated litter and performed other cleanup activities following the Kanagawa Shimbun Fireworks Festival. With the support and cooperation of other branches and family members, some 60 people took part in this initiative.



● Internships

The Tohoku Branch promotes youth education through an internship program at local business facilities. The focus of this training program is to teach interns how activities not taught in ordinary school classes can be applied at actual work sites, including quality testing, measurement of finished works, surveys, and structural calculation. Schools participating in this program include the city of Sendai's Tate Junior High School and Sendai Technical High School, Akita National College of Technology, Hachinohe National College of Technology, Tohoku Polytechnic College, Tohoku University, Shinshu University, and Akita Prefectural University.



● Ecological education overseas

Shimizu strives to promote environmental education for children overseas, focusing on Asia. In Thailand, we sponsor an environmental education program in which Shimizu personnel serve as instructors, with the goal of fostering awareness of environmental issues among children, who will lead the next generation. The Shimizu office in Singapore and Thai Shimizu, create ecological bags that are then distributed to Shimizu employees and customers. Shimizu Philippines is striving to promote environmental awareness through the participation of 70 members in tree-planting efforts.



Environmental education at Pimpawas Elementary School in suburban Bangkok



Distributing ecological bags during Family Day in Singapore

Locale	Initiative	Dates
Tokyo	Performing environmental kamishibai (picture-card storytelling) as part of the effort to reduce global warming (sponsored by a promotional council organized by the city of Kawasaki)	Nov. 2, 2008 Nov. 15, 2008
	Participating in the activities of the Bokke Ikimono Club (environmental improvements in nesting places for small ringed plovers and terns, through weeding, cutting grass, and laying pebble beds)	Feb. 21, 2009 Feb. 28, 2009 Mar. 7, 2009
Hokkaido	Planting trees at agricultural water facilities • Agricultural canal in the village of Shinshinotsu (organized by Nogyo Doboku Hazukikai) • Drain-water facility in the Ninomiya area of the town of Toyokoro (sponsored by Suketto 100-nin Kai)	Jun. 17, 2008 Jul. 17, 2008
Tohoku	11th staging of voluntary tree-care, grass-cutting, and cleanup activities in the yard of the Dominican Monastery	Sep. 13, 2008
Hokuriku	Participating in rice planting as part of activities to restore the scenery of the Ogura senmaida (terraced rice fields), which was included in the-100 item "Best of Sado Island" list	May 19, 2008 Sep. 28, 2008
Nagoya	Participating in activities in Matsuzaka Isedera Nature Ai Land to restore a forested area by thinning and planting trees	Dec. 13, 2008 Mar. 8, 2009
Kansai	Participation in volunteer training (through classroom and practical training), co-sponsored by a nonprofit organization and Hyogo Prefecture, in preparation for tree-planting and improvement activities at this spring's Rokko forestry volunteer initiative	Jul. 12, 2008 Jul. 13, 2008 Sep. 28, 2008
Hiroshima	Improving the nesting and feeding grounds of the hooded crane, the official bird of Yamaguchi Prefecture, which migrates from Asia to winter in this area	May 25, 2008 Oct. 4, 2008
Kyushu	Planting pine saplings in Uminonakamichi Seaside Park	Mar. 7, 2009
Overseas	Tree-planting initiative at Mt. Palay-Palay in the province of Cavite, outside Manila, the Philippines	Aug. 9, 2008

Some examples of volunteer environmental activities from fiscal 2008

Stakeholder Reactions to the CSR Report 2009



Kaori Utsunomiya
CSR Office, General
Affairs Division,
Shiseido Co., Ltd.

I feel that the report for this fiscal year, marking the second year since the report's title was changed to the CSR Report, represents more clearly the CSR concepts and initiative policies of Shimizu Corporation. The report is easier for stakeholders to read and understand, now that the content is linked to CSR initiative policies and the details of specific initiatives, and self-assessments of efforts undertaken in fiscal 2008 are provided in list form.

As a further improvement to future CSR Reports, I would like to see discussions on long-term CSR prospects as well as a clearer message of commitment to society.

Under the "Topics" section presented in this year's "Growth and Development"

report, Shimizu reports that its corporate stance is to take on challenges posed by revitalizing provincial cities and nurturing the next generation of human resources for production and construction activities. These are central topics of concern for today's society. I believe these CSR initiatives will therefore prove highly beneficial to society in building the future of Japan.

Business solutions based on Shimizu's environmental technologies, including soil treatment and the elimination of harmful substances, are also making a significant contribution to global society, now that global warming has emerged as a key and pressing issue. These company initiatives will help create a sustainable society as part of our CSR efforts to fully exploit the unique talents of the construction industry. I believe communicating these initiatives more fully to society and clarifying their contributions to society within a global framework would result in even greater benefits.

Shimizu was early in incorporating concern for biodiversity into its business activities. Today, as many firms focus on incorporating biodiversity concerns into

their activities in preparation for the COP10 session to be held in Japan in 2010, Shimizu's CSR activities will serve as a benchmark for other firms.



Masahiko Kawamura
Senior Researcher
NLI Research Institute

In the report for this fiscal year, marking the second year since the report's title was changed to the CSR Report, the Message from the President clearly states: "Given the conditions society faces today, we believe it is important to promote an approach to CSR that factors in the unique characteristics of the construction industry." Shimizu's CSR initiatives have grown more systematic, and the fundamental framework of its CSR management has become even clearer. In particular, the company can be praised for the way it describes its CSR activities as rooted in the current social environment of the construction industry. This marks the starting point for efforts undertaken through its primary businesses to create a sustainable society. However, the report

appears simply to enumerate environmental, social, and governance issues. These aspects might be clearer if organized according to their relationship to the construction industry.

As I mentioned in my opinion on last year's report, it is hard to identify the CSR approach that Shimizu seeks to achieve over the medium to long term, given our changing circumstances. The report needs to describe specific goals for CSR activities and the years by which the goals are to be reached in a manner linked to mid-range management plans. Doing so should make it possible to implement consistent CSR activities throughout Shimizu as a whole. While this report covers performance in fiscal 2008 and policies for fiscal 2009, perhaps the ideal CSR report should also clarify the company's mid- to long-range vision in relation to such short-term perspectives.

While this year's report clearly indicates which parties Shimizu sees as its primary stakeholders, these are presented in a schematic diagram only. The social responsibilities Shimizu bears for each stakeholder needs to be clearly set forth. Naturally, increasing value for stakeholders

will increase Shimizu's corporate value. Employees occupy a key role in putting these initiatives into practice. To ensure CSR concepts and efforts take root firmly within the company, we must organize events that target employees specifically, such as briefings on the CSR Report and meetings to exchange viewpoints. Such efforts could even be described as the path toward making full use of this report. This report shows the company's approach of trying to break away from the usual focus on overall structures and systems. Providing lists of activities implemented and self-assessments of these activities is notable, praiseworthy, and consistent with the CSR framework. However, which efforts the company plans to improve on remains unclear, and in this point the report does not sufficiently meet the requirements of the plan-do-check-act (PDCA)-based feedback system. The key efforts required may not be clearly communicated to the sections responsible. That being said, the future-oriented Ecological Mission and Shimizu Biodiversity Guidelines represent welcome developments. I look forward to seeing continuing improvements and progress along these lines.



Izumi Sato
Attorney
Law Offices of Izumi Sato

A look at the table of contents of Shimizu Corporation's CSR Report gives a strong impression of the company's fundamental approach to information disclosure. The focus on local communities and the children comprising the following generation gives the reader hope. It reminds one anew that the responsibility of the construction industry is not just to build lifeless structures, but to provide places where we live and interact. Issues such as enhancing compliance and giving due consideration to the environment, human-resource development, and occupational safety, are all important topics for today's businesses. Throughout the report, one senses Shimizu's approach: to enhance efforts in each of these areas and make further improvements through self-evaluation. These efforts are both comprehensive and sincere.

However, as a resident of Tokyo, one can hardly help but feel that Japan's construction industry falls short of these lofty goals. How many more high-rise buildings have been raised over the past ten years? What of the question of needless public-sector projects, such as dams, airports, and expressways? Can our urban environments withstand a major earthquake? Can they withstand the risks posed by rising sea levels or wind and water damage from global warming? Today, as we confront the need to shift to a sustainable society, isn't the construction industry moving backward in these key areas? As contractors, members of the construction industry need to meet the expectations of their clients. It's true that the government puts into motion and approves urban planning and development and public-sector projects, and perhaps private-sector firms have no choice but to follow. But can this passivity account for the overbuilding of high-rise condominiums? Is the industry too powerless to even chastise with government administrators who propose public facilities projects of dubious value, and does such weak-kneed behavior in the industry ultimately lead to bid-rigging cases? Aren't the ends of such activities at odds with the true spirit of urban development and community revitalization?

It's not just the construction industry that stands at a crossroads. I think the question being asked is whether we need to break free of a mode of civilization based on underground resources like petroleum. Perhaps the construction industry needs to reexamine what it means to serve society. This report is studded with jewels that will help advance the future of Shimizu Corporation. It shows the company is already making steady progress in efforts that clearly assign human beings and natural resources a position of high importance. These include the voices of students and teachers at the city of Toyama's Shibazono Elementary and Junior High School, the experiences of participants in the Shimizu Open Academy, enhanced efforts to combat global warming, the Shimizu Biodiversity Guidelines, and Shimizu's human-rights initiatives and its employment of diverse human resources. I hope to see these efforts bear fruit and lead toward the creation of a new society.



Masanao Maeda
Head of Business Planning
& Coordination Department,
Development Bank of Japan

From the start, this report communicates Shimizu's CSR initiatives with a clear, ringing message from top management, creating a deep impression that the company is seeking to comprehensively describe its efforts based on its multivalent bonds to society. At the same time, it creates the impression of containing too much information. Compliance with environmental reporting guidelines is of course mandatory, but perhaps one could simplify the printed report and make it easier to read by linking it to a website that provides detailed data on environmental performance. I would like to see the company make a greater effort to encourage readers to read the report, perhaps by focusing on the company's strengths. I read with great interest the special feature at the beginning of the report on the Shibazono Elementary and Junior High School

private finance initiative (PFI) project in the city of Toyama, which employs an open-space concept that doesn't enclose the school with a fence or separate classrooms with walls. While I believe that such a case study, possible only in the construction industry due to its very broad range of stakeholders, can be applied in many useful ways, I think the appeal to local governments seems particularly strong. I would like to see continuing coverage of such issues, describing inspiring projects and showing the factors that clearly differentiate Shimizu. I also got the impression that top management moved rapidly in addressing the issue of biodiversity, a topic of lively debate in recent years, through means that include a call to incorporate natural ecosystems into the company's environmental policies. Corporate efforts in the area of biodiversity are currently in the trial and error stage. Nevertheless, Shimizu is to be commended for taking the lead in this area, based on innovative methods such as its Biodiversity Guidelines and Ecosystem-Aware System Indices. These methods will contribute even more to the standardization and visualization of biodiversity considerations in Japan. At the same time, it may be a good idea to give slightly more weight to indicators of comprehensive building performance

evaluations from a CSR perspective, such as the Shimizu Green Code. These efforts will help differentiate Shimizu from its competitors and represent not only a new technical concept, but a key approach to increasing corporate value. This report could be made even better by providing comprehensive information on Shimizu's efforts in the area of building construction, including efforts related to the concept of life-cycle valuation. I would like to see Shimizu help establish a sustainable society and improve its own corporate value through sustained and sincere efforts in the area of CSR.

Responding to the Opinions Expressed

I wish to thank the reviewers for taking time from their activities in various fields to comment on this 15th CSR Report, which incorporates revisions made last year in the content and title of the Environmental Report first released in 1995 and in the subsequent Sustainability Report. We asked reviewers to critique our CSR report based on the policies indicated in Shimizu's CSR structure and the principle of maximizing information disclosure to stakeholders.

With regard to the systematization of CSR efforts, these comments indicate to us once more the importance of identifying the social environment in which the construction industry operates when organizing management frameworks and the foundations of our activities. The comments also clarify how we might respond to the requirements and expecta-

tions resulting from societal changes. In response to the comment encouraging us to establish "specific goals for achievement in CSR activities and their target years"—stating, essentially, that CSR activities must be considered in a temporal framework—we are considering efforts to incorporate this concept to ensure our initiatives are consistent and sustainable. With regard to the question of whether a report intended for information-disclosure purposes should seek to present comprehensively the results of everyday activities or focus instead on representative elements, each approach has its advantages and drawbacks. Ultimately, we want to make the report more understandable and better balanced. In the future, we also wish to revisit the question: How to achieve harmony between the passive role played by a contractor hired to meet client



Hiroshi Tojo
Senior Managing
Officer, CSR

expectations and our CSR initiatives? Without question, this opportunity to deepen our dialogue with a wide range of stakeholders on the bonds between a company and society has been a meaningful one. Our goal is to continue making our corporate activities transparent based on an understanding of our CSR concepts and initiatives.

Dialogue with Stakeholders

Session 1 (Monday, November 10, 2008)

Following a tour of Shimizu sites in Tokyo, we engaged in a dialogue, held in Tokyo, on the following themes:

1. Self-introductions and basic CSR concept
2. Shimizu's CSR (impressions, issues, etc.)
3. The 14th CSR Report (2008)
4. The 15th CSR Report (2009)

Attendees in Session 1:

Akiko Isaji, CSR Office, General Affairs Division, Shiseido Co., Ltd.
Masahiko Kawamura (chairperson), Senior Researcher, NLI Research Institute
Izumi Sato, Attorney, Law Offices of Izumi Sato
Masanao Maeda, Head of Business Planning & Coordination Department, Development Bank of Japan
Vice-President Ukita and others from Shimizu Corp.



Session 1

Session 2 (Tuesday, June 2, 2009)

A dialogue was held on the following themes concerning the 15th Shimizu CSR Report:

1. The basic structure and development of themes
2. Details of each subject (domain)
3. The perspective of stakeholders
4. Usage of this report and its strategic importance

Attendees in Session 2:

Kaori Utsunomiya, CSR Office, General Affairs Division, Shiseido Co., Ltd.
Masahiko Kawamura (chairperson), Senior Researcher, NLI Research Institute
Izumi Sato, Attorney, Law Offices of Izumi Sato
Masanao Maeda, Head of Business Planning & Coordination Department, Development Bank of Japan
Senior Managing Officer Tojo and others from Shimizu Corp.



Session 2

Both sessions held in a meeting room at Shimizu's Head Office

Editor's Afterword

The publication of last year's report gave us a deeper sense of the limitations of relying on in-house considerations alone for information disclosure designed to account for other perspectives. In publishing this 15th report, we engaged in dialogue with stakeholders from the planning stage, collecting valuable opinions from experts and reflecting these opinions in our report. CSR has two faces: the fulfillment of CSR itself and appropriate information disclosure. This report led to the understanding that the first grows more important as initiatives advance. Shimizu resolves to make steady progress in its CSR initiatives as it prepares the 16th report, always taking care to reflect the voices of stakeholders while doing so.



Kazuaki Iwamoto
Global Environment Manager,
Safety Administration & Environment Division

Independent Assurance Report



Corporate Slogan

Today's Work, Tomorrow's Heritage

In June 2008, Shimizu established and announced its new corporate slogan, embodying the concepts outlined below.

At Shimizu, we believe in carrying out work as befits professionals. We want all our employees to take pride in their work as a specialist would, always maintaining absolute integrity and a personal sense of responsibility. Our corporate slogan constitutes a pledge to build on our history as we create an exciting new future. We hope that all the activities and initiatives undertaken by each of our personnel, across our full range of company activities, will help to fulfill this pledge.

We are resolved to honor our commitment to all our stakeholders while advancing the concept of Today's Work, Tomorrow's Heritage.



Shimizu's website landing page

Significant Milestones in the Development of Shimizu's CSR

Year	Milestones
1804	Foundation of Shimizu Corporation in Kanda, Edo (present-day Tokyo)
1887	Introduction of the concept of "Rongo to Soroban" as the core of our business ethics Presentation of Instructions
1896	Establishment of Operational Regulations and General Rules
1904	Presentation of Instructions on the Handling of Business
1916	Establishment of Operational Rules and Rules for Personnel
1938	Establishment of Rules for Employees (as part of Office Regulations)
1946	Revisions in Rules for Employees
1948	Revisions in Rules for Employees
1982	Establishment of Management Principles
1991	Revisions in Management Principles Establishment of Global Environment Affairs Office Establishment of Shimizu Global Environmental Charter
1998	Establishment of Corporate Code of Conduct
1999	Introduction of the Executive Officer System
2004	Revisions in Corporate Code of Conduct

Year	Milestones
2006	Formulation of "Basic Policy on Developing an Internal Control System"
2007	Establishment of the Corporate Social Responsibility Promotion Office Establishment of the Internal Control Promotion Group Development of measures to prevent recurring violations of the Anti-Trust Law Commencement of companywide patrols to ensure thorough implementation of measures to prevent recurring violations of the Anti-Trust Law; commencement of audits by the Legal Department Establishment of an external reporting system for violations of the Anti-Trust Law Commencement of company-wide e-learning for compliance training Commencement of internet delivery of "Legal Affairs News" Formulation of a Basic Procurement Policy for subcontractors and suppliers Introduction of volunteer leave system
2008	Establishment of Risk Management Rules Establishment of the Risk Management Committee and a department responsible for risk management (Corporate Management Department) Establishment of the Shimizu Open Academy

Fiscal 2008 External Awards

Award name	Work recognized by prizes
Sustainable Building Awards: Minister of Land, Infrastructure and Transport Award (office buildings section)	Mabuchi Motor head office building
Sustainable Building Awards: Minister of Land, Infrastructure and Transport Award (other buildings section)	Epson Innovation Center
Japan Society of Civil Engineers, Environmental Award (Group I)	Study and results concerning animal-pathways for arboreal animals
BELCA Award: Best Remodeling section	International House of Japan main building
Tokyo Association of Architectural Firms Award: general section, type one promotion award	Anahachimangu Shrine's Shutsugenden building
Institute of Electrical Installation Engineers of Japan Award: technological section, facility encouragement award	World City Towers (Aqua Tower) electrical facilities
Japan Society of Seismic Isolation project award	Sony City
Society of Heating, Air-Conditioning and Sanitary Engineers of Japan Promotion Award: Technology Promotion Award	Low environmental impact air-conditioning system at Canon Precision's Kitawotoku Second Plant
Society of Heating, Air-Conditioning and Sanitary Engineers of Japan SHASE Technical Fellowship (certification)	Ventilation measurement method R&D and standardization
Kochi Prefecture Kinobunka Award	Kochi Gakugei High School gymnasium
Japan Association Of Artists, Craftsmen & Architects AACA Award	Kotohira-gu Shrine project
BCS Award	The National Art Center, Tokyo
Japan Association for Wind Engineering research promotion award	Trial preparation of heat balance maps for urban areas based on quantitative evaluations of atmospheric heat balance structures on typical clear summer days: quantification of urban regional climate characteristics based on quantitative climate analysis (part 2)
Japanese Association of Groundwater Hydrology award	Scientific contributions to groundwater science
Japan Society of Engineering Geology thesis award	Stratigraphy of fluvial terraces in the northern Uonuma Hills, Niigata Prefecture
Japanese Geotechnical Society conference outstanding paper award	Study of earthquake ground pressure affecting foundation embedments based on centrifugal load testing
Urban Infrastructure & Technology Promotion Council presentation merit award	Development of techniques for predicting and mapping urban biodiversity
Urban Infrastructure & Technology Promotion Council presentation merit award	Pal Town Josai-no-Mori, -An approach to the design of an ecological town-
JUSTSAP Outstanding Service Award	Robotic precursor missions to the moon and Mars
Letter of commendation for scientific presentations from the Athens Institute of Technology and the University of Patras	Academic presentation on seismic engineering research on pile foundations
Letter of commendation for 10 years of support from the Athens Institute of Technology	Support over a ten-year period for tours and studies by students of the Athens Institute of Technology, focusing on structures damaged by the southern Hyogo Prefecture earthquake and the recovery of such structures
Distinguished service award from the Shiba Fire Station of the Tokyo Fire Department for establishment of a volunteer fire-fighting organization	Shimizu Corporation
Japan Concrete Institute project award	Bai Chay Bridge in Vietnam
Letter of commendation from the Ishikawa Amateur Sports Association (IASA) for many years of promoting physical education in Ishikawa Prefecture as a supporting member of the IASA	Awarded to Sales Department II of the Hokuriku Branch
Letter of commendation for assistance in recovery efforts after the Asano River flood (caused by heavy rainfall)	Awarded to the Hokuriku Branch of Shimizu Corporation
Selected to receive the Chubu Kenchiku Prize	Shibazono Elementary and Junior High School, City of Toyama
Letter of commendation from the Kojimachi Fire Station of the Tokyo Fire Department for contributions to community safety and security	Nagatacho 2-chome construction site
Japan Society for Finishing Technology thesis award	Series of studies on standardizing performance evaluations for performance-based construction finishing design
Award from the Engineering Advancement Association of Japan	Outstanding contributions to the development of Japan's engineering industry

Note: We have received 16 other awards not listed above.



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