



Shimizu Corporate Social Responsibility Report

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SHIMIZU CORPORATION

Toward the Realization of a Rich Sustainable Society

Our perspectives on corporate sociality

Shimizu's CSR

Creating value that surpasses the expectations of society and customers

“Economy and efficiency”
 “High quality offerings”
 “Consideration for the global environment”

Performing construction tasks in a fair and transparent manner

“Corporate governance”
 “Fair business practices”
 “Disclosure and protection of information”

Maintaining harmony with society

“Social contribution activities”
 “Improvement of working environments”
 “Consideration for human rights”

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Editorial policy

This report, first published in 1995 to explain Shimizu's commitment to protecting the environment, has been renamed as the CSR Report this year.

This CSR Report is designed as a tool to disclose information on the CSR and environmental initiatives undertaken by Shimizu Corporation's head office, all branches (including some overseas branches) and Group companies, and to communicate this information to stakeholders.

This report includes the "TOPICS" section after the top message and before the ACTIVITIES section reporting activities performed across the Company. The "TOPICS" section introduces some of our activities under four themes that we believe to be particularly important.

This report has been prepared based on comments from external supervisors on its structure and contents, and also includes an Independent Assurance Report to ensure the report's accuracy and reliability.

Basic scope of reporting

Period covered: Fiscal 2007 (April 2007 to March 2008)

Areas covered in this report: Items regarding social initiatives

Publishing date of next issue: August 2009

● Our corporate information 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/csr/index.html>

■ Financial summary of each fiscal year, Financial statement report, Annual report

- Economic activities—Our business strategy and financial conditions

□ IR information: <http://www.shimz.co.jp/ir/index.html>

● Corporate profile

| | |
|------------------|---|
| Establishment | : 1804 |
| Capital | : 74.3 billion yen (as of March 31, 2008) |
| No. of employees | : 11,387 (as of April 1, 2008) |
| Main businesses | : -Contracting architectural, civil engineering and machine construction projects |
| | -Conducting research, planning, geological surveys, land surveys, designing, monitoring, and administration for construction projects |
| | -Sales, purchases, leasing, brokering, management and appraisals of real estate properties |
| | -Building, selling, leasing, administering residential buildings, etc., and developing and selling vacant land |
| President | : Yoichi Miyamoto |
| Annual sales | : 1,459.5 billion yen (fiscal 2007) |

In line with the growing need of companies to fulfill their social responsibility as members of society, the importance of promoting fair and transparent corporate activities is also increasing. At the same time, the scope of social responsibility is also expanding significantly in line with the dynamically and rapidly changing society, to cover activities targeting not only customers and shareholders but also society, markets, and even the global environment.

Companies are constantly called on to develop new perspectives in the way they nurture people of the next generation who will shape future society, as well as to improve the working environments of employees. In addition, public demand is becoming increasingly diversified, requiring companies to go beyond merely helping customers' businesses grow by constructing optimum structures, and to take actions to protect the global environment and prepare for various risks such as earthquakes and other natural disasters.

Corporate social responsibility (CSR)

The "responsibility" of CSR, which also contains the meaning of "trust," can be described as a concept broadly expressing the way companies should associate with society. It is my belief that companies should fulfill their social responsibility through fair business activities to support the realization of a sustainable society, as well as through compliance and social contributions.

The primary duty of construction companies is not just to construct structures, but to ensure that stakeholders can receive a variety of values and benefits from structures and use them for many years to come as social assets. To accomplish this duty, it is indispensable for construction companies to pay attention to economy, efficiency, usability, earth consciousness, and other factors when constructing structures, to equip such structures to meet any potential changes in the future.

Shimizu Corporation has adopted "*Rongo-to-Soroban*" (a combination of ethics and profit-seeking) as its basic philosophy since its inauguration. The sound growth and development of the Company has been and continues to be based on our constant striving to offer our customers the best value in terms of products and services. We are also actively pursuing a business model that enables us to maintain and increase profitability in a way that benefits both our stakeholders and society as a whole.

No matter how the times change, we will continue to fulfill our social responsibility through fair business activities.

Global environmental issues

Global warming, the depletion of resources, the destruction of ecologies, and other global environmental issues are becoming increasingly serious and affecting the whole world. The prevention of global warming in particular is seen as a matter of urgent importance, but since this issue deeply affects the social and economic interests of each country, it is proving difficult in reality to achieve international cooperation. However, global warming cannot be prevented unless each country regards the issue as its own problem and makes efforts toward resolution. The communities, corporations and individuals making up each country also need to contribute their own efforts.

Shimizu has formulated the "Ecological Mission" as its long-term goal to cut CO₂ emissions from all structures constructed by the Company by 30% from the fiscal 1990 level by fiscal 2020. The mission calls for all employees in all business areas to promote CO₂ reduction.

Structures, once constructed, are used for a long time as social assets. To ensure that our structures maintain high environmental performance and contribute to the prevention of global warming, the saving and recycling of resources, and the conservation of biodiversity, we consider it indispensable to implement overall assessment of our structures and publish the results in reports. These measures are carried out under the "Green Code" and "Total Eco Activities" initiatives.

For readers

Although the social and economic conditions currently surrounding us are very severe, we are taking the initiative in various social activities to fulfill our social responsibility. This report has been compiled to introduce and promote stakeholders' understanding of our efforts, and allow us to evolve still further based on feedback from our stakeholders. Because of this purpose of the report, we have decided to change its name to the "CSR Report" this year. This year's report summarizes the activities performed during fiscal 2007 and details the future activities, policies and CSR initiatives for fiscal 2008.

We appreciate your taking the time to read this report and providing us with your feedback and candid opinions.

Yoichi Miyamoto
President, Shimizu Corporation

Fulfilling Our Responsibility and Credence to Meet Social Needs

We are promoting activities and information disclosure from the viewpoint of CSR to meet the various needs of stakeholders.

Corporate governance

Shimizu aims to maintain a high level of promptness, compliance and transparency in its decision-making and business execution to achieve sound growth and development. To this end, we have separated the strategic decision-making function from the business operating function to clearly define the roles, responsibilities and authority of each function. At the same time, we established a system in which directors and auditors can effectively supervise and audit the operations of each function to ensure that all executive officers and employees carry out compliance management based on high ethics. With this as the basic policy of our corporate governance, we are developing and effectively operating the internal control system.

We have also formulated Risk Management Rules to provide overall control various business risks, and to prevent, minimize and quickly respond to unforeseen incidents.

Fair business practices

We believe that compliance management is one of the most essential prerequisites of all business activities. To ensure legal compliance, transparent relationships with government and administrative bodies, fair competition, the eradication of anti-social behaviors, and transparency in corporate accounting throughout the Company, we have formulated the Corporate Code of Conduct to define the basic behavior standards for executive officers and employees. As specific measures to promote and improve compliance in the Company, the Committee on Corporate Ethics and the Corporate Ethics Help-Line Desk have been established. In addition, we have also reviewed the estimation, procurement and other operational processes to develop the internal control system.

Good partnerships with sub-contractors and materials suppliers are crucial for general contractors to successfully complete projects. For this reason, we have introduced various measures,

such as the formation of Kanekikai, an organization made up of our partners, and the adoption of the Basic Procurement Policy, in order to define the roles of Shimizu and its partners, establish a streamlined production system, and increase the fruitfulness of our partnerships.

Information management and public relations

As our basic stance on the disclosure of information, the Corporate Code of Conduct calls for Shimizu to disclose corporate information in an active and fair manner to win the trust of society as an open company, as well as to observe in-house rules on internal information management and not to engage in insider trading. We have formulated the Electronic Information Security Control Guide and the Privacy Policy as a means of managing information throughout the Shimizu Group to protect personal information of customers and stakeholders, and the corporate secrets.

If any violation of law or quality malfunction should occur, we will also meet our accountability requirements by providing information on such violation or malfunction through this report and other means.

In terms of PR, we actively promote external communication to enhance the general public's understanding of our Group by organizing technical seminars and tours of the Institute of Technology and construction sites, sharing information through websites, newspapers, magazines and other media, dispatching lecturers to schools, and undertaking various other information disclosure activities.

Contributions for social and economic development of communities

The influence of companies on society, as well as on their employees and partners, is becoming increasingly strong these days. It is particularly important for construction companies to maintain good relationships with local communities, and to this

end they strive to make various social contributions, such as cleaning around construction sites. However, although these activities need to be conducted on a continuous basis, activities led by construction sites are often discontinued once the construction work is completed. For this reason, Shimizu has now begun to actively offer a variety of more permanent branch- or sales office-based social contributions to meet local needs. In addition, the Institute of Technology actively promotes the opening of the Company's facilities to the general public and collaboration with schools to upgrade the local education and culture, and stimulate young people's interest in construction.

As for projects under private finance initiatives (PFI), a new technique that allows private funds and management and technical capabilities to be utilized to construct, maintain and operate public facilities, there are now many cases in which we actively make and take part in new project proposals that are expected to contribute to local development.

Human rights and working environments

In the 21st century, hailed as the "century of human rights," business activities addressing human rights and improved working environments are seen as essential criteria for companies to survive and maintain vitality, while companies focusing only on economic activities earn little admiration.

We have established a basic policy on human rights of respecting the personality of individuals and the importance of diversity, and ensuring that no discrimination occurs throughout our Group.

The construction industry is also one of the most accident- and casualty-prone industries, and although the number of accidents has been decreasing recently, the situation is still not satisfactory for all construction companies, including Shimizu. In order to create safe and comfortable working environments, Shimizu

has formulated the Basic Health and Safety Policy, and aims at reducing the number of accidents causing fatalities and serious injuries to workers or involving the general public to zero, by taking preventive safety measures through identifying potential hazards in all processes and preventing accidents before they occur.

To help workers feel greater job satisfaction, we aim at creating more comfortable working environments that allow workers to concentrate on their assigned construction projects by introducing innovative education and production systems. Construction sites are places where diverse people from various companies assemble to work on the construction of structures. We promote respect for human rights, the improvement of working environments, the passing-on of techniques, and commendation for good performance for all workers at construction sites from our affiliates, sub-contractors and other companies, to enable them to derive greater reward from their devotion to construction work.

Quality assurance

Quality assurance is an important part of our social responsibility. However, despite this belief, a temporary defect was found in a condominium building at the end of last year during its construction. We have taken the problem very seriously, and reviewed our work process to solidify the quality assurance system, upgraded our education to develop human resources to provide high-quality buildings, and promoted the utilization of information technology and other new management techniques. Through these efforts, as well as by promoting the passing-on of traditional techniques built up over the many years since our inauguration, we will do all we can to offer construction structures of the highest possible quality to society and our customers.

New corporate message

Today's Work, Tomorrow's Heritage

We have created a new corporate statement, "Today's Work, Tomorrow's Heritage", that clearly expresses the core values of Shimizu Corporation and our role in society.

The statement shows our determination to continue to do our best every day, in each and every action we take, as representatives of Shimizu Corporation and its traditions.

Through sincere and responsible work, we will be able to take pride in our professional workmanship and leave a lasting heritage—our beliefs, values, and high-quality work—for all future generations.



Haruo Ukita
Executive Vice President
and Representative Director, CSR

Creating Buildings with Great Value for People and Society

Buildings where many people assemble must be, first and foremost, easy for all to use, safe, and usable with peace of mind.

In addition to these basics, there are also additional requirements for buildings that are becoming increasingly diversified, such as external designs that match the surrounding landscape; minimum environmental impact with the minimum use of energy and resources; comfortable spaces with greenery and shade; efficient operation and profitability; and high-quality services.

As a means of meeting all these requirements to create buildings with great value for people and society, private finance initiatives (PFI), which make it possible for public agencies to utilize private funds to provide high-quality public services, are attracting attention.

A public building with doors open to the community—the new communication center of Chiyoda City that is attracting large numbers of people

Kudan Common Government Office Building No.3 and Chiyoda City Office Main Building

PFI is now often adopted as a means of utilizing the funds and management and technical capabilities of the private sector for public building construction projects, in order to minimize costs and maximize the quality of public services. The Kudan Common Government Office Building No.3 and Chiyoda City Office Main Building, completed in February 2007, was constructed and is being operated under a PFI program. Shimizu's rich PFI expertise and construction know-how were fully exploited to make this public building function as the communication center of the city open to the local community, and provide high-quality services that are easy for all to use.

Japan's first PFI project implemented jointly by central and local governments

PFI is a program whereby private-sector funds and know-how are utilized to design, construct, maintain and operate public facilities. Since PFI thus makes it possible to manage an entire project in an integrated manner, it is considered effective in reducing project costs and improving the quality of public services.

The Kudan Common Government Office Building No.3 and Chiyoda City Office Main Building is Japan's only PFI project implemented jointly by central and local (Chiyoda City) governments. Under this PFI project, which has been carried out as part of the Urban Renaissance Project of the Japanese government, various government agency offices and facilities of the central and local governments that had been dispersed throughout different locations were brought together in this single building to improve work efficiency and render the facilities easy and comfortable for all to use.

Revitalization of facilities through advanced and integrated services

As a result of the integration of government facilities through this PFI project, approximately 2,300 personnel (as of the end of April 2008) of the central and local governments are currently working in this building. In addition, the advanced and improved services have led to greater-than-expected increases in the number of users of the facilities since the completion of the building. The Chiyoda Public Library in particular is attracting as many as about 3,000 users a day, far exceeding the initial estimate of 900 users a day.

The bakery and bread shop in the building—the first placement support business for people with disabilities of its kind ever operated by a public facility—are also very popular. The 5th Welfare Festival held in October 2007 was a great success, attracting many participants. In this way, the Kudan Common Government Office Building No.3 and Chiyoda City Office Main Building has become a lively new center, thriving with central and local government facilities, local people and users.



(from far left) Kudan Common Government Office Building No.3 and Chiyoda City Office Main Building, Kudan Common Government Office Building No.2, and Kudan Common Government Office Building



The entrance hall on the first floor—a common space for the central and local governments



(left) The 5th Welfare Festival; (top) Popular bread shop



Chiyoda City Office reception desk on the second floor

Proposal to create new lively communication spaces

One of our objectives when constructing this building was to realize a pioneering “green” government building suitable for the 21st century that uses minimum energy and resources, and which would also function as a control center in the event of a disaster. We also proposed to create spaces where many people could meet and communicate with each other, such as the entrance hall, Chiyoda Library, restaurant, tearoom, shops, and other recreational facilities.

The building incorporates 23 floors above ground with the Chiyoda City Office occupying the second to ninth floors and Japanese government agencies occupying the 11th to 23rd floors. The entrance hall is on the first floor, the Chiyoda Library is on the ninth and 10th floors between the Japanese government agency floors and the Chiyoda City Office floors, and the restaurants, tearooms and other common facilities are on the 10th floor. Thanks to this clear zoning, we were able to meet two potentially conflicting requirements for the building—maintaining the security of Japanese government agencies and creating openness to the community of Chiyoda City.

Harmony with the surrounding environment and facilities that are easy for all to use

●Harmony with the landscape around the Imperial Palace

The building is located near the Imperial Palace area with many historical sights such as the Kitanomaru Park, the Shimizumon Gate and the moat. To maintain harmony with this unique surrounding landscape, the building is provided with a Japanese-style façade with a vertical louver design. There is also the Galleria “City Gate,” which serves as the gate of the building, corresponding to the Shimizumon Gate of the Imperial Palace, as well as the Universal Plaza in front of the gate, which gives visual continuity from the water and greenery of the moat and functions as an urban oasis for visitors, allowing the building to blend into the surrounding environment.



Galleria “City Gate” functioning as a link between the outside and inside of the building



Universal Plaza—a green area harmonizing the building with the surrounding area



Universal design workshop

We also took utmost care not to spoil the surrounding landscape even while the building was being constructed. One example of this care was the layered construction method employed for this project, where we started the exterior finish work immediately after completing the skeleton work of each floor to prevent exposure of the steel frame.

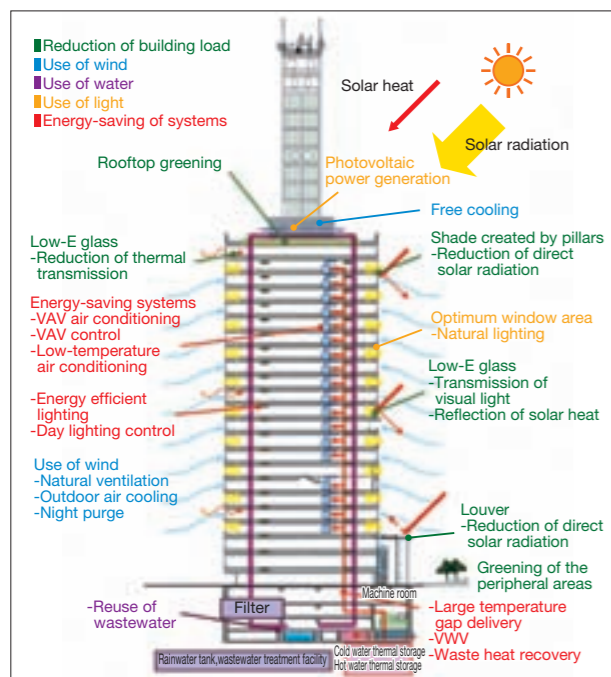
●Innovation based on universal design

Many innovative universal designs to enhance ease of use for all have been introduced to the building. The most noteworthy are the voice guidance system installed by Chiyoda City to guide visitors from the outside to the inside of the building, and the space design proposed by Shimizu based on the “way-finding” concept (a concept of design and zoning that help people intuitively find their destination even from the outside and reach it easily and accurately). One example of this way-finding design is the City Gate with the three-floor high ceiling, which vertically and horizontally connects the outside of the building, the first floor and the second floor on which the main reception desk is located. These were designed on the basis of feedback obtained from people with disabilities and other users at universal design workshops.

Efforts to reduce environmental impact as a “green” government building

●Energy-saving through a combination of innovative architecture and equipment

We adopted a host of energy saving technologies in the architecture, structure and equipment of the building to save energy and resources throughout its lifecycle, and make it the most advanced “green” government building with minimum environmental impact (see conceptual diagram on left). The exterior walls in particular are



Conceptual diagram of the entire energy-saving plan to realize a “green” government building

provided with various energy-saving measures through a combination of innovative architecture and equipment, such as the vertical louvers that cut direct solar radiation, Low-E glass that reduces solar heat gain, and the natural ventilation system to remove heat built up between window panes and blinds. Thanks to these energy-saving measures applied all over the building, total CO2 emissions throughout its lifecycle have been reduced by 25.6% compared with if no such measures had been taken. Moreover, the Perimeter Annual Load (PAL) is 212 MJ/m², or 29.3% below the standard set forth in the Law Concerning the Rational Use of Energy.

●Optimum maintenance aimed at further energy saving

The operational data of each energy-saving technology introduced into the building is accumulated and analyzed using the BA Graphyzer energy monitoring system on a daily basis, and the results are utilized to optimize heat source operations and further improve energy-saving efficiency. The Energy-saving Committee, established by the Japanese government agencies in the building, Chiyoda City and related parties, proposes energy-saving measures based on reports of energy consumption and users’ opinions to ensure that the building is maintained in an optimum condition for further energy saving.

Maximum safety to enable the building to function as a disaster control center

●A building that can be continuously used even after a disaster

The most important factor for disaster control centers in public buildings is to ensure that they can be continuously used even after a large earthquake. To this end, the Kudan Common Government Office Building No.3 and Chiyoda City Office Main Building has adopted a hybrid vibration damping system for its main structure. The system uses two types of dampers—oil dampers*1 and steel stud dampers*2—to significantly reduce the impact of an earthquake. The oil dampers installed in the core of the building and the steel stud dampers placed around the circumference of the building are expected to dampen the vibrations of an earthquake by a maximum of 25%.

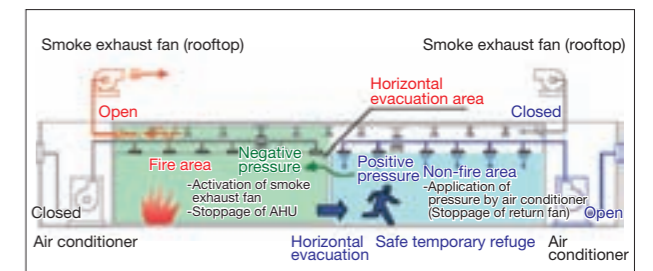
In addition to these dampers, we also introduced a structural monitoring system that instantly measures the damage to the building after an earthquake through sensors mounted on structural members and other devices to evaluate the safety of the building. The steel telecommunication tower on the top of the building is highly earthquake- and wind-resistant, and designed to maintain its normal function even after a large earthquake or when exposed to a 500-year return period (or once in 500 years) wind speed.

●Optimum emergency evacuation measures also in place

The building has adopted a fire-phase information management system for emergency evacuation guidance. This system predicts how a fire will develop through the automatic fire alarm system, and issues emergency warning and activates fire doors, the smoke exhaustion system and other devices successively while the fire is still small, to ensure that evacuation is implemented at an early stage. For floors with no corridors, the pressurized smoke control system, which is used as an air-conditioning system at normal times, operates to eliminate smoke from non-fire areas so as to facilitate horizontal evacuation. Since the completion of the building, fire drills have been conducted regularly, and in June 2007, the building was the first in the 23 wards of Tokyo to be certified by the Tokyo Fire Department as a fire safety building (awarded the Excellence Mark) due to its proactive and vigorous commitment to upgrading disaster safety measures.



(left) Steel stud damper*2. Both steel stud dampers and oil dampers*1 are maintenance-free and exchangeable. (right) Approximately 50-meter-tall steel telecommunication tower



Conceptual diagram of the pressurized smoke control system (used as an air-conditioning system at normal times). The system forcibly sends external air and applies pressure to the non-fire-affected area to effectively eliminate smoke.

*1: Oil in the piston absorbs seismic energy by converting it into heat.
*2: The panel in the steel stud absorbs seismic energy through self-deformation.

Stakeholder’s comment



A society in which everyone lives in harmony is beginning to take shape

Mr. Masaaki Suzuki
Director, Job Support Plaza Chiyoda
Chiyoda City’s Working Support Facility for Disabled Persons

In Japanese society, where the preconception that welfare activities—particularly those targeting people with disabilities—are something out of the ordinary has long prevailed, change is finally being felt. We have now made a step forward toward realizing a society where everyone, including people whatever their disabilities, can live side-by-side, and where such a lifestyle can be taken for granted.

The Job Support Plaza Chiyoda, a Self-support Workshop for People with Disabilities (maximum number of trainees: 35) operated by Chiyoda City, as well as the Sakura Bakery (a bakery and bread shop on the first floor), a placement support business for people with disabilities, are some of the facilities we have established to help realize such a society. These facilities are unique in their design in allowing residents of the city and other visitors to the city office to see how hard people with disabilities, who have been often kept away from the eyes of the general public until recently, are working in each facility.

Since its opening a year ago, the bakery has become very popular, with sales far exceeding its initial goal. A society in which everyone can live together in harmony is gradually taking shape.

Extending the Life of Buildings to Pass On Their Value to the Next Generation

All buildings degrade over time, and require the repair and restoration of deteriorated parts and the renewal of obsolete equipment.

Historical buildings constructed many years ago are usually extremely elaborate in their exterior and interior finishes, and beloved by many people. These buildings become symbols of their towns as time goes by.

It is therefore important to preserve these buildings as much as possible to protect their historical value as well as their landscape, which people have long been familiar with. It is also as important to increase the asset value of these buildings by reducing their environmental impact and improving their earthquake resistance through the latest technologies.

Buildings are used for many years. During these years, the value of the buildings must be reviewed to accord with the times, and then protected or further raised as necessary to pass them on to the next generation.

This is a challenge that only construction companies can undertake.

Seismic isolation retrofit as a bridge for bringing a monumental school building into the future

Nihon University College of Science and Technology Surugadai Campus Building No.5

The preservation and restoration of historical buildings is important from the viewpoint of the transfer of precious social assets to the future and the protection of the landscape of the towns in which they are located. The Nihon University College of Science and Technology Surugadai Campus Building No.5 in Chiyoda City, Tokyo, which was completed in 1959, is the home of the Department of Architecture, and incorporates many challenging pioneer technologies of that time. The building is an important monument as a study material for architecture students, and serves also as an essential element of the landscape along Hongo-dori Avenue. The repair work conducted by Shimizu recently realized both the preservation of the original architectural design and the securing of safety based on seismic isolation retrofit.

Preservation of the original architectural design of the monumental school building

This building is a representative work of the New Brutalism*1 designed by a team led by Dr. Eiji Miyagawa, a professor of Nihon University. The pillars, which faithfully reflect the structure of the building, gradually taper off toward the top floors. Precast concrete units are used for the areas around window sashes of the offices as well as for the stair halls. Blocks with glazed terra cotta tiles are built into the gable-side walls, and a precast concrete relief created by Jo Ono, sculptor, is displayed in the piloti space in the first floor entrance. The building is a witness to an irreplaceable moment in architectural history, as well as a crystallization of all the strengths of Nihon University's Department of Architecture. Therefore, one of the most important challenges faced by Shimizu in this repair work project was how the design heritage of the building should be preserved.

Meeting complex repair requirements with hybrid building construction

Since the distance between the exterior wall and the border of the lot is only 130 mm, we could not use a standard seismic isolation structure under which the amplitude of the building's vibration at the time of an earthquake would exceed the distance. To solve this problem, as well as to meet the requirement to preserve the relief on the first floor, we decided to adopt a mid-story seismic isolation structure by installing elastomeric isolators on top of the pillars on the third floor to eliminate the need to retrofit the fourth and higher floors. We also installed Rolling Damper Tubes (RDT)*2 with enhanced inertial mass effects below the beams on the fourth floor as an extra means of reducing amplitude to reduce each elastomeric isolator area to a minimum to make their appearance as neat as possible. For floors below the isolation layer, we increased the earthquake resistance of the shear wall on which the relief is displayed by reinforcing it with additional concrete, and enhanced vibration control by installing toggle dampers*3 across two floors around the windows. This hybrid building construction with seismic isolation, resistance and control functions enabled us to meet the complex repair requirements without damaging the original exterior design.

Measures against the changed environment

The environment surrounding the building has also changed tremendously since it was constructed. Where appropriate, we used fixed sashes or sashes with a top-hinged outswinging window to allow natural ventilation, adopted Low-E pair glass, and took other measures to improve the interior environment and functionality of the building. While we focused on "preservation" for the exterior design, we tried to introduce as many varieties as possible for the interior design.



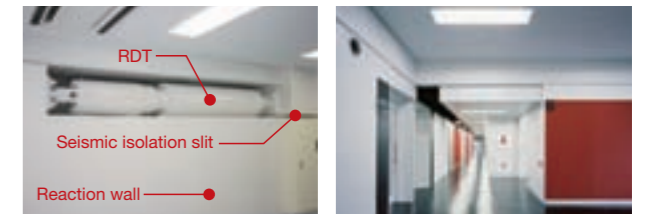
Nihon University College of Science and Technology Surugadai Campus Building No.5, a representative work of the New Brutalism*1



The relief created by Jo Ono, preserved on the two-story-high wall in the piloti space on the first floor



The change in the external appearance of the mid-story seismic isolation portion was minimized. For the floors below the seismic isolation layer, vibration control was enhanced by installing neat-looking toggle dampers.*3



One of the RDTs*2, which help give the seismic isolation portion it's neat look, is installed in the drawing room where it can also serve as a study material. New colorful notice walls that were originally used as partitions in the building. The color is different on each floor.

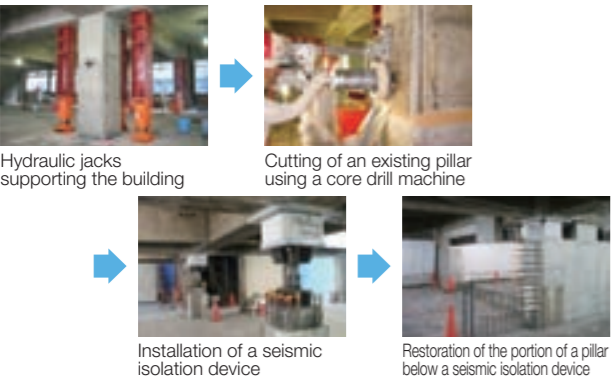
*1: An architectural style developed mainly in the U.K. in the 1950s and 1960s. It is based on the idea that fundamental beauty relies on the plain expression of structure and materials.

*2: Dampers that control horizontal displacement at the time of an earthquake through viscous damping materials between the inner and outer tubes

*3: A vibration control device designed to efficiently absorb seismic energy by amplifying the deformation of the building using the lever principle at the time of an earthquake and transmitting it to the dampers. This device was developed by a team led by Mr. Shinji Ishimaru, a professor of Nihon University.

A wealth of cutting-edge technologies and carefully thought-out plans to prepare for possible earthquakes

If the equipment and finishes of a long-used old building are renewed before it is passed on to the next generation, the building will be as easy to use as a newly constructed building. However, this alone cannot totally eliminate users' concerns about earthquakes. Under the mid-story seismic isolation method adopted for this repair work project, we cut the pillars and temporarily supported the weight of the building on jacks before allowing the seismic isolation devices to bear the load. Since the lateral forces of the building cannot be maintained if all the pillars are cut at once, we decided to proceed with the work in four phases. We also took every necessary precaution against the possible occurrence of earthquakes during the work, including emergency call-out arrangements that varied in accordance with the seismic intensity. The hybrid structure construction employing the latest seismic resistance, control and isolation technologies requires the use of heavy devices and millimeter or 0.1 millimeter precision in displacement control. We were able to overcome all these challenges and complete the project within the very short period of 10 months.



Environmentally compatible office building that can be comfortably used with peace of mind for the next 20 years

Kikai Shinko Kaikan

If existing buildings are reviewed from the viewpoint of their lifecycle, and their deteriorated parts repaired or functionally upgraded using the latest technologies to extend the lives of the buildings, these buildings can acquire new added value, such as reduced maintenance costs, the requirement of fewer construction materials, and lower CO₂ emissions. Shimizu carried out a renovation project for the 42-year old Kikai Shinko Kaikan building located in Minato City, Tokyo, transforming it into an environmentally compatible office.

Overall diagnosis of the building and LCC simulation

The Kikai Shinko Kaikan building was completed in 1966 and underwent its first major repair work some 20 years later. In 2006, another 20 years later, the building and its equipment were found to have deteriorated, and there was concern that the competitiveness of the building as a tenant building in terms of environmental friendliness and functionality was declining. We therefore first conducted an overall diagnosis of the building to assess its level of

Stakeholder's comment



Recreation of the building using near-future technology

Dr. Shinji Ishimaru
Professor, College of Science and Technology, Nihon University

At a time when people's concern to extend the lives of buildings is increasing from the viewpoint of protecting the global environment, this building presented one attractive method of repair. The vibration energy generated in a small-scale building like this at the time of a large earthquake is equivalent to a physiological energy value of mere 2,000 kilocalories (although the energy is generated in a very short time period of just one second). On the other hand, the energy required per square meter to construct a building is said to be, on average, some 2,000 times greater than the above value. This is a major reason why we should do our utmost to prevent buildings from being destroyed in large earthquakes.

For the reparation project of this building, Shimizu Corporation's plan was adopted after competition with three other plans submitted by general contractors. Shimizu successfully met the extremely difficult design requirements by utilizing its ingenious hybrid structure construction method, which combined seismic resistance, isolation and control solutions, while partially employing near-future devices developed at our university. This project proved that a seismic isolation layer could be formed even in a very small site to recreate a building. I'd like to express my sincere gratitude to everyone involved in this project.



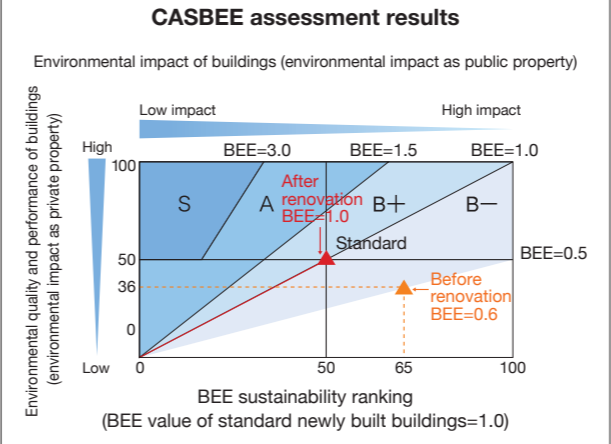
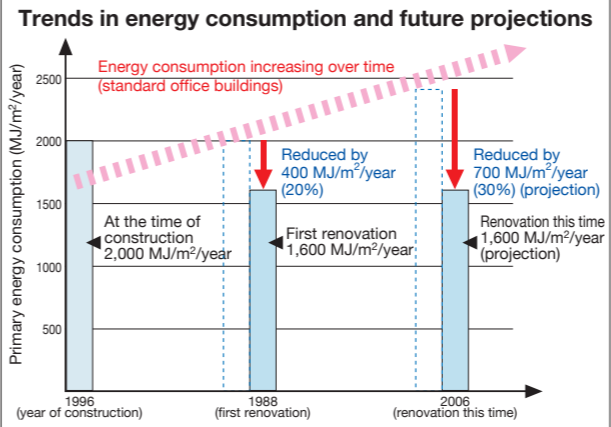
Kikai Shinko Kaikan building

deterioration, seismic resistance and energy-saving efficiency. Then, after obtaining accurate data regarding the current status of the building, we compared the lifecycle cost (LCC) in the case of the building being completely rebuilt with the LCC in the case of the building being renovated. As a result, we concluded that renovation would be more effective as it would be more economical and would allow the current floor area ratio to be maintained.

Reduction of environmental impact with the latest technology to enhance the charm of the building

Comprehensive proposals from environmental and functional aspects
This renovation project was aimed at transforming the building into an attractive environmentally compatible office building that could be used comfortably, with peace of mind and for a long period of time. To begin with, we evaluated the current added value of the building from the five aspects of safety, energy saving, extendability of its lifecycle, functional upgradability, and maintainability, in accordance with the Shimizu Green Code Renovation Project Version, our own criteria used to evaluate all the characteristics of existing buildings. We then made comprehensive proposals for the latest applicable renewal technologies from both the environmental and functional viewpoints, and introduced them.

Expected environmental impact reduction effects
Now that the renovation work has been completed, it is expected in the future that the annual energy consumption of this building will be 30% lower than that of average office buildings of the same scale, thanks to the newly introduced energy-saving technology. Annual CO₂ emissions are also expected to be approximately 16,000 tons lower than in the case of the building being totally rebuilt. In addition, the building environmental efficiency (BEE) value assessed using the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) is also expected to increase from 0.6 prior to renovation to 1.0, which means that this old building, built more than 40 years ago, will attain the same value as that of a standard newly built building. We will ensure that these projected values will be achieved through optimum maintenance of the building using the Building and Energy Management System (BEMS)* and other technologies.



- Proposals made by Shimizu to increase the added value of the building
- Safety:** Enhancement of seismic resistance, anti-shatter measures for glass
- Energy saving:** Enhancement of equipment efficiency (air conditioners, lights), water-saving type toilet
- Extension of life cycle:** Rooftop greening (waterproofing), installation of unit toilets
- Upgrading of functions:** Air-conditioning system that can be controlled for each room, renewal of toilets and the entrance approach
- Maintenance:** Introduction of BEMS*, photocatalyst coating on window glass (Part of proposals are under consideration)



An office reinforced with seismic braces and other devices. Safety has been improved significantly to ensure that the building can continue to be used with peace of mind.



Renewed toilets. In addition to improving amenities for office workers, the new toilets—equipped with the latest water-saving technology—are also effective in decreasing both water use and sewage disposal, thus minimizing their environmental impact.

* A system to monitor the energy usage and indoor environments of buildings and utilize the resultant data to optimize equipment operations for energy saving

Stakeholder's comment



Improving the value of the building in terms of comfort, safety, peace of mind, and environmental friendliness

Mr. Takashi Matsuoka
Director, Deputy Secretary General
Japan Society for the Promotion of Machine Industry

Kikai Shinko Kaikan is an office building with about 60 tenants. With regard to air conditioning, a temperature controller and an air conditioner have been installed in each room, enabling temperature to be controlled on a room-by-room basis, rather than a zone-by-zone basis as before, thus providing efficient and comfortable working environments. Seismic resistance has also been enhanced to increase safety so that people can work with peace of mind, while the entrance and public spaces have been upgraded to make them more stylish. As for environmental friendliness, energy-saving type air conditioners and water-saving type toilets have been introduced, and their effects are already becoming apparent.

Since this renovation project was carried out while tenants were actually working in the building, the understanding and cooperation of the tenants were an essential component of the project. Shimizu provided detailed explanation to tenants and flexibly adjusted processes, an attitude that I believe contributed greatly to the success of the project.



Efforts toward Ecological Conservation in Collaboration with Stakeholders

Protecting rich nature and creating a better environment—this is a wish we all share. To realize this wish, Shimizu works hard in cooperation with residents to develop living environments that do not harm the local ecological system, using the ecological landscape technique. Shimizu also strives to protect rare animals in collaboration with NPOs by sharing mutual ideas, know-how and technologies. In this way, Shimizu is constantly pursuing ways to live in coexistence with the ecological system by maintaining close communication with various stakeholders.

Creating an eco-town based on the natural characteristics of the area

Pal Town Josai no Mori

The project site was originally an area of paddy fields situated between two villages. To transform it into a residential area, we improved the subsoil of the site through filling work, and also created detention ponds to replicate the flood prevention mechanism of the paddy fields. We therefore decided to adopt the ecological landscape technique to develop the site as an eco-town that would coexist with the local ecological system and match the surrounding environment and landscape.

Conservation of the ecological system and the landscape through the ecological landscape technique

The ecological landscape*, which we adopted to develop the town, is a technique to design a space unique to the area by taking advantage of the unique characteristics of the local ecological system. The basic framework of an ecological system is referred to as the "essential zone," and in the ecological landscape technique, projects are planned on the basis of essential zones. In the case of Pal Town Josai no Mori, the essential zone was the seasonal high water table. We therefore decided to create two detention ponds and make them as similar to natural ponds as possible, so that they would assume the natural flood prevention mechanism of the paddy fields. The water levels of the ponds are set in such a way that groundwater will continuously flow into the ponds in seasons when the groundwater level is high, while the water of the ponds will soak into the surrounding soil in seasons when the groundwater level is low. In this way, the ponds are designed not only to temporarily store stormwater, but also to work in harmony with the water table of the area.

In addition to functioning as an eco-town, Josai no Mori is also designed as a town with beautiful landscapes and a comfortable living environment. To realize this, we conceived, drew sketches of, and examined the composition of various landscapes of the town, its parks and other locations as seen from key viewpoints, and reflected these ideas in the actual plans.

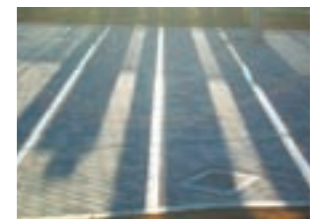
*The source of the term "ecological landscape": *Keikan Design—Sogoteki-na Kukan-no Design-wo Mezashite* (Landscape Design—An Approach for Problem Solving and Comprehensive Design of Place), Corona Publishing Co., Ltd., 2006

Neo-natural detention ponds

The detention ponds were constructed as a device to temporarily store stormwater during sudden increases in rainfall on the site, and to gradually discharge it after rain stopped. Although we knew that concrete block embankments would allow us to downsize the ponds and build more housing lots, we chose to make the ponds as similar to natural ponds as possible to prevent the landscape from appearing plain and artificial. We did not use any waterproofing sheets, and gave variety to the depth of water along the embankments. Wetland vegetation planted immediately before the completion of the ponds gradually formed habitats in places of suitable water depth, transforming the embankments verdant spaces in the space of five years. Although the ponds now look almost like natural ponds, measures to protect the earth retaining embankments from erosion have also been implemented along and below the water line.



Land use



A drawing of the Hebigawa Park at the design stage. The seasons and time were also taken into account as important elements affecting landscapes. The top photo shows the actual waterside park after completion. The upper right photo is a part of the town during the daytime, while the lower right photo shows how, as the sun goes down, the shadow of the monument and the road surface combine to create a different landscape.



The pond embankments immediately after wetland vegetation had been planted (October 2002)



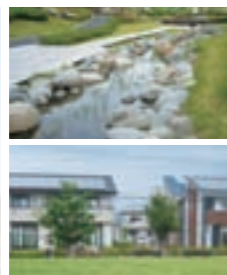
The same place about five years later

Utilization of renewable energy

It was also proposed that, in addition to the standing water of the detention ponds, flowing water should also be incorporated as another element of the landscape. However, since agricultural water flowing near the site could not be used due to problems relating to water rights, it was decided that groundwater would be drawn up. We could have opted for the easy method of pumping water by electrical means, but we chose not to, as such a method would be unsuitable for an eco-town. Instead, after careful examination, we installed a wind turbine groundwater pumping system, similar to those commonly used during the settlement of the American West. Although it was later replaced by a hybrid system that uses an electric motor when there is no wind, upon the request of residents, we succeeded in creating a stream to ensure a certain volume of groundwater flowed continuously into the ponds. In addition, the application of the City of Ota to take part in the photovoltaic power generation demonstration project organized by the New Energy and Industrial Technology Development Organization (NEDO)* was accepted, which led to the installation of a photovoltaic power generation system in 553 houses out of a total of 700 houses in the town. The power generated by these systems currently covers about 80% of the total power consumption of the town.



Wind-driven groundwater pumping system



A stream created using groundwater

Photovoltaic power generation systems installed on the roofs of houses

Conservation of the ecological system through collaboration between NPOs and companies

Construction of animal pathways

NPOs and companies often conflict with each other over the issue of “development vs. nature protection.” However in this particular project, which was launched to construct animal pathways to protect the *yamane* (the Japanese dormouse), NPOs and companies worked in cooperation, bringing in their respective expertise and know-how to assist in the conservation of the ecological system.

Background behind the construction of animal pathways

The Nippon Keidanren Committee on Nature Conservation, one of the special committees of the Nippon Keidanren (Japan Business Federation) has been committed to developing a network of companies and NPOs by funding NPO projects, organizing symposiums regarding nature protection, and other related activities. In 2004, when Dr. Shusaku Minato, the director of the Dormouse Museum of the Kiyosato Educational Experiment Project (KEEP), and members of the committee from Shimizu Corporation, Taisei Corporation and other companies met at a round-table talk, they discussed the possibility of constructing bridges over roads exclusively for the use of animals and popularizing them all over Japan, leading them to establish the Animal Pathway Workshop. A

Stakeholder's comment



A living environment in harmony with its new natural environment

Mr. Masayoshi Shimizu
Managing Director, City of Ota Land Development Public Corporation

Regarding Pal Town Josai no Mori, we began selling lots in October 2002, and to date have sold almost all of its 700 lots. The reason for this success, in my opinion, was that the project was based on a design and build contract, and this contract form made it possible to quickly resolve any problems encountered at the site, and to create a living environment in harmony with the local environment.

In Pal Town Josai no Mori, we can hear the voices of children playing here and there. Many ducks fly to the parks with their detention ponds. I find it incredible to think that this site, in which an elegant town rich in greenery now sits, used to consist of paddy fields nestled between two villages. Every time I visit it, I feel the town has grown further.

As the trees planted in the gardens of residences and the parks grow taller, Pal Town Josai no Mori will become even more attractive and develop its own character showing a different look from what we see now. I very much look forward to such a day.

*One of Japan's largest and most important organizations in the area of research, development and promotion of new energy and industrial and environmental technologies.



An animal pathway installed over a road in Hokuto City

yamane protection research group and Enwit, an IT company, both based in Kiyosato in Hokuto City, Yamanashi Prefecture, also subsequently joined the workshop.

More than 10 meetings have been held to date. An “animal pathway” is a term coined by the workshop, which is defined as a “manmade pathway bridge that allows small arboreal animals to cross a road.”



Yamane: Approximately 8 cm in length and 18 g in weight. A nocturnal animal that feeds on insects, seeds, fruits, flowers, etc., and hibernates during the winter.

Realization of animal pathways utilizing the respective know-how of NPOs and companies

The yamane is a small mammal indigenous to Japan, which lives throughout the Japanese archipelago except Hokkaido. The yamane is designated as a natural monument by the government, as well as a near-threatened species in the Red Data Book issued by the Ministry of the Environment. When a forest is divided by roads, it makes it difficult for yamane, squirrels and other small tree-dwelling animals to move freely across the forest. This inevitably prevents their feeding and reproductive activities, causing their number to dwindle. Therefore, to protect these small animals, bridging the divided forest and providing passages along which the animals can move freely are essential. However, while there are many tunnels for raccoon dogs and deer to move underneath roads, there are virtually no bridges for arboreal animals in Japan. Although a Yamane Bridge was constructed over the Kiyosato Kogen Toll Road before the animal pathway project was launched, the high construction cost (about 20 million yen) prevented the construction of similar bridges in other locations.



Yamane Bridge installed in Kiyosato in 1998



A squirrel (top) and a yamane (bottom) crossing the animal pathway installed in the animal pathway project

The Animal Pathway Workshop therefore worked on the development of a low-cost simple-structure bridge that could be easily constructed in many locations. A number of demonstration tests were conducted to see how yamane moved on wires and other manmade materials; to identify an optimum shape of the bridge; and finally to realize maximum safety and maintainability. Through these efforts, the workshop came up with a shape for the bridge that allowed both yamane and squirrels to move easily, and developed a bridge that could be constructed at one-tenth the cost of the Yamane Bridge. The practicality of the bridge for yamane and squirrels was confirmed through video-camera monitoring of a prototype installed in a farm of KEEP, and this was followed by the implementation of further demonstration tests over the next three years. In July 2007, the animal pathway was finally constructed over a municipal road running through the premises of KEEP in Hokuto City, which designates the yamane as one of its symbols, upon the agreement of the mayor of the city. The pathway portion of the bridge, which had been assembled by the workshop members on a volunteer basis, proved effective in early August when yamane and small Japanese field mice were observed crossing the bridge.

The importance of collaboration between NPOs and companies to tackle environmental and social issues

To realize the shared goal of protecting the creatures inhabiting forests divided by roads by this project, the NPOs examined how the bridge should be built from the viewpoint of the yamane, and the companies provided the necessary technologies for construction and monitoring upon the request of the NPOs. The animal pathway was the fruit of the efforts of the NPOs and companies in

mutually complementing their respective expertise and know-how. Collaboration with stakeholders in term of environmental conservation and social contribution is an effective means of achieving mutual understanding and deepening communication with stakeholders. For the animal pathway project, the companies supported the activities, not through funding, but by providing human resources and technologies on a volunteer basis. To resolve global environmental problems and conserve bio-diversity in the future, it is essential for companies to offer their resources in various forms and to cooperate with NPOs in tackling the issues. Construction companies are no exception: they also need to collaborate with NPOs and fully utilize their own technologies and know-how accumulated through the construction business to support the conservation of bio-diversity.

The animal pathway has been reported in newspapers, magazines and TV programs, making many people aware of the problems existent between roads and small animals. The project received the 2007 Environmental Award from the Japan Society of Civil Engineers (JSCE). The workshop will continue to actively promote the construction of more animal pathways to railway companies and the central and local governments.



Members of the Animal Pathway Workshop who attended the JSCE Award ceremony

Stakeholder's comment



Animal pathways will open up an avenue for the socialization of environmental conservation

Dr. Shusaku Minato
Director of the Dormouse Museum
Director of the Environmental Education Programs of the Kiyosato Educational Experiment Project (KEEP)

With environmental changes in paddy fields throughout rural parts of Japan and the destruction of the global environment occurring simultaneously, environmental conservation is becoming a matter of urgency. Environmental conservation now affects not only the survival of wildlife but also the future of human beings. I believe that the key to environmental conservation lies in its “socialization.” This is because environmental conservation cannot be accomplished unless “everyone” —not just experts and specialists—takes part in environmental conservation activities “everywhere.” To realize this participation of everyone everywhere, we require technology. The development of environment coexistence technology will make it possible for everyone to become involved in activities everywhere. One example of this type of technology is the “animal pathway.” Construction companies work on the front line in contact with nature, and therefore must always ensure that nature and people coexist in harmony. As one of the concrete measures aimed at realizing this harmony, I would like to popularize animal pathways in Japan and around the world.

Shaping a Better Society as a Good Corporate Citizen

To create a better society, it is important that each individual consider what he/she can do and put it into action.

Taking part in activities to keep the town clean, growing oak trees from acorns to preserve forests, assisting staff at homes for the aged. . . We should begin with whatever we can do around us and continue with these activities.

These little efforts, when continued, will become the important first step toward a better society.

Companies are also called on to take responsibility not only for their own business but also for society, as good corporate citizens.

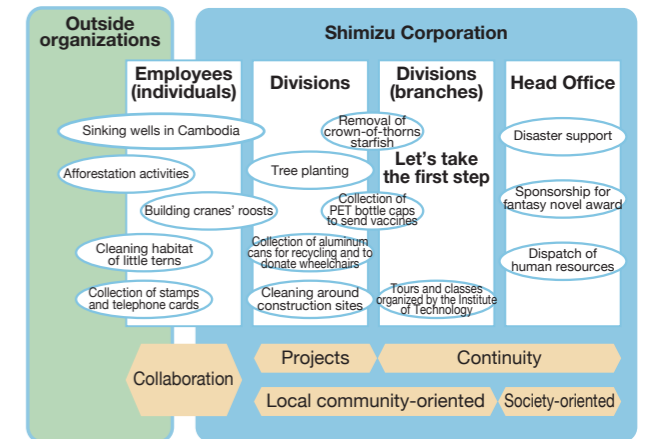
Shimizu is actively making social contributions by performing a variety of activities on the individual and regional levels both in and outside Japan, in order to maintain harmony with the local community.



Performing a wide range of activities from the individual to the Company level with close links to the local community

Shimizu's social contributions

We adopted volunteer leave in 2007 to support staff at each construction site in their cleaning activities performed around their site to strengthen ties with the local community, as well as supporting employees at each office in their commitment to making social contributions on an individual basis. Furthermore, while the Head Office continues with its donations and disaster support, it was also decided to allow each department to take the initiative in each social contribution activity, considering the importance of performing activities that best meet the needs of the local community on a continuous basis. The objective of fiscal 2008 is to take the first step toward social contribution by whatever means possible.



Social contribution map

Participation in the "Bunkazai no Mori" (forest resource development for cultural properties) silviculture project of the National Treasure, Osaki Hachimangu Shrine

The National Treasure Osaki Hachimangu Shrine (Sendai City, Miyagi Prefecture) is currently working on a project to plant and grow Japanese beeches, katsura trees and other types of trees to be used for the future repair of the shrine. Since these trees can also be used to repair other national-treasure-class temples and shrines, the project is considered a vital means of protecting cultural property buildings and conserving the global environment. Shimizu Tohoku Branch participates in this volunteer project annually, and in 2007, mowed the ground around the planted trees.



Mowing activity

Support for the preservation of Kusuo Yasuda's residence and garden through the cleaning

Yasuda's residence (Bunkyo City, Tokyo) is a modern Japanese-style building built by businessman Kozaburo Fujita in 1919. The building was later purchased by and used as the residence of the Yasuda family. The building has been donated to the Japan National Trust to be preserved as a cultural property, and has also been designated by the Tokyo Metropolitan Government as a Tokyo scenic spot. The Japan National Trust utilizes volunteers for the maintenance activities of the building, while employees of Shimizu also participated in the garden cleaning organized by the Japan Federation of Construction Contractors in December 2007.



Shimizu employees collecting fallen leaves and carrying them to the rear garden

Contribution to the removal of crown-of-thorns starfish

The Okinawa Office participated in an activity to remove crown-of-thorns starfish, organized by the Zamami Diving Association. Even in Zamami Village in Okinawa Prefecture, renowned as the home to one of the world's finest coral reefs, damage to the coral reefs caused by crown-of-thorns starfish is becoming severe.



Crown-of-thorns starfish caught during the activity

The activity made the participants aware of how serious the damage to the coral reefs had become. Since the level of concern regarding the protection of coral reefs is high, and the removal of the crown-of-thorns starfish remains an urgent necessity for Okinawa, the Okinawa Office will continue to provide support for these activities.

| Regions | Activities | Dates |
|-----------|--|---|
| Tokyo | Saving of dragonfly nymphs (rearing, hatching and release of fireflies, organizing a firefly-watching evening) | Apr. 1, June 6, 2007 |
| | Participation in cleaning of the Nihonbashi Bridge as a member of Meikyo "Nihonbashi" Preservation Association, Nihonbashi 1-chome Association, and Nihonbashi-Muromachi 1-chome Association | July 10, 2007 |
| Hokkaido | Naebo Station Town Redevelopment Council Cleaning of the Toyohira River dry riverbed near Naebo Station | May 27, 2007 |
| Tohoku | The Biratoruzu (beautification activities for Sendai, the "City of Trees": removal of posters on utility poles, collection of cigarette ends and empty cans on roads) | From July 2007 (once a month until the end of the year) |
| Hokuriku | Ishikawa Nissan 1,000 km Cleaning Campaign (cleaning along roads) | May 13, 2007 |
| Nagoya | Nagoya City Black Illumination Turning-off of illuminations of outdoor company name signs (8:00 pm to 10:00 pm) | June 24, 2007 |
| Kansai | Wall Painting Festival (wall painting on the theme of preventing global warming) | Sep. 9, 2007 |
| Hiroshima | Building cranes' roosts (development of sleeping and feeding areas for hooded cranes [the prefectural bird of Yamaguchi Prefecture] from the continent) | May 26, Oct. 6, 2007 |
| Kyushu | Donations to and cleaning of nursing homes for atomic bomb survivors | May 27, 2007 |

Volunteer environmental activities implemented in fiscal 2007

Sponsorship of the 19th Japan Fantasy Novel Award

The Japan Fantasy Novel Award is known as one of the gateways to a professional authorial career, and has produced a number of great works and popular authors. The award has been co-sponsored by Shimizu and the Yomiuri Shimbun Tokyo Head Office and supported by Shinchosha Publishing, since 1989. The 19th award presenting ceremony was held on November 20, 2007 in Tokyo, with the Grand Prize being awarded to Mr. Hideaki Hiroya, who wrote *Enkenden*, and the Excellence Award to Mr. Takehiko Kubodera, who wrote *Black Jack Kid*. These books were selected from among 456 entries.



Mr. Hiroya (front row center right), the Grand Prize winner, and Mr. Kubodera (center left), the Excellence Award winner



Awarded books on sale from Shinchosha Publishing

Shimizu receives Gold Panda Award from WWF

The World Wide Fund for Nature (WWF) is the world's largest environmental conservation NGO performing a variety of activities in more than 100 countries through its 60 offices around the world. Shimizu received the Gold Panda Award from this organization on October 2, 2007. The award is presented to individuals, corporations and organizations that have made great financial contributions to the WWF Network. Shimizu had been sending administration experts to WWF Japan since 1990 to help it improve its organization management capability, and these efforts led to the Company's receipt of this great award.



Former Executive Vice President Saito receiving the certificate from Dr. Hails, Director, Network Relations, of the WWF International



Certificate

Improving natural environment by constructing sewage treatment plant in Malaysia and nurturing young local engineers

With the aim of improving water quality of rivers and surrounding sea areas, the Malaysian government is currently striving to improve wastewater quality and sewage treatment efficiency by changing the treatment method from the lagoon system*1 to a system combining the conventional activated sludge process*2 and mechanical dehydration*3, as well as to renew and upgrade the sanitary sewer network. Shimizu Corporation formed a joint-venture with Road Builder, a local leading contractor, and Hitachi Plant Technologies, and undertook the work for the first section of the three national water system development project sections, which covers the area around the nation's capital, Kuala Lumpur. Since the mechanical sludge treatment system introduced through this project is totally new to the country, experienced Japanese engineers are currently providing guidance on how the system should be operated, maintained and managed; thus they are supporting the country in terms of both hardware (the system) and software (skills). While constructing the plant, Shimizu Corporation also directly instructed local companies on the shield tunneling method, with which Malaysia has only limited experience, as well as the pipe-jacking method used for constructing curved tunnels, which the country had adopted for the first time, in order for Malaysia to acquire the Company's civil engineering techniques.



The sewage treatment plant in Malaysia near completion. The pond on the far left is the treatment plant currently used.

- *1: A system in which sewage is stirred and circulated in the pond, facilitating the slow purification of sewage by microorganisms. Since there is no roof over the pond, odors diffuse and tend to cause a nuisance.
- *2: Oxygen is provided to microorganisms in sewage to accelerate their multiplication so that these microorganisms will consume organic matter and purify the sewage.
- *3: Sludge left unresolved after the conventional activated sludge process is dehydrated and treated in such a way that it can be easily disposed of.

Stakeholder's comment



Creating a cleaner and healthier environment

Mr. Tn. Hj. Mohd Akhir Bin Md. Jiwa
Senior Director, Sewage Services Department, Ministry of Energy, Water and Communications, Malaysia

The Pantai Sewage Treatment Plant, constructed in 1958, has become obsolete, and the superannuation and lack of capacity of its sewers are causing sewage to flow directly into rivers and pollute them. Because of its old treatment method, the plant has also become a source of odor emissions. To resolve all these problems, the new Pantai Sewage Treatment Plant has been designed to enable the sewers to carry the sewage of 377,000 people, rather than the current 76,000 people, and to ensure that all sewage flows into the plant, rather than into rivers, for treatment to enhance the quality standards of wastewater. The sludge treatment system, combining anaerobic decomposition and mechanical compression, is also effective in preventing river pollution and odor emissions. These innovations will contribute greatly to the creation of a cleaner and healthier environment.



I would like to share the techniques and knowledge I acquired through this project with my colleagues

Mr. Tang Mun Phun
Young engineer of a local company

The shield tunneling method is a construction method that had not often been conducted in Malaysia, and I was fortunate to be able to take part in the project. The actual work was far from simple, and there were many techniques that I felt very difficult to learn. We were given detailed guidance and training on how to assemble and operate the excavator and how to maintain the excavator during the excavation work. In the next shield-tunneling project, I would like to share the techniques and knowledge I acquired through this project with my colleagues.

Institute of Technology—aiming to fully open its doors

One of the goals of the Institute of Technology is to gather and integrate knowledge not just from the construction field but also from various other fields, and share the accumulated knowledge with others. This “open innovation” stance of the institute is not limited to its technological R&D activities but also reflected in its policy of actively publicizing the results of its R&D and other information to society.

Shimizu Open Academy (SOA)

The Institute of Technology, which functions as a “showroom” of our technology, attracts more than 8,000 visitors annually, but to realize even more effective communication with a wider range of stakeholders, we will open the Shimizu Open Academy (SOA) in 2008. The SOA will offer technical tours combining the existing tour with various technical lectures, as well as seminars and symposiums, for many people throughout the country, including youth.



Pamphlet for information on SOA

Science camp “Biotope Workshop”

We held a Biotope* Workshop under the theme of “Feel, observe and measure the diverse functions of an urban biotope” for three days between August 1 and 3, 2007, with 12 high school students participating from around the country. The workshop was organized as part of the science camp program of the Japan Science and Technology Agency (JST), an independent administrative institution. The objective of the workshop was to raise interest in science and technology among the youth, who will be leaders of tomorrow, and to give them the chance to experiment with urban biotopes with guidance from front-line scientists and engineers. In last year's workshop, the students studied the process of creating an urban biotope, experienced the diverse functions of a biotope through measurements of water quality and observations of the ecosystem network, and at the end of the program, summarized their ideal views on the environments of towns and buildings under the title of the “Etchujima Declaration.”

*A living space for various types of local wild creatures



Students practicing in the biotope

Creating an acorn forest

The activity of collecting acorns, growing their seedlings and returning them to forests is becoming popular as part of efforts to protect forests and promote greening. The Institute of Technology has been engaged in an activity to create an acorn forest since 2005, and has called on its employees to join the activity and plant seedlings on the premises of the institute. Approximately 600 seedlings have been planted to date. These seedlings are grown by employees at their homes for a period of one-and-a-half years, from acorns that they collected around their homes on their days off. This activity provides employees with an opportunity to increase their awareness of environmental protection through the process of carefully growing and planting seedlings.



Employees and their family planting seedlings that they carefully grew for one-and-a-half years

Tours for elementary school children on Civil Engineering Day

We invited 100 children each from the Toyosu Elementary School in November 2007 and the Etchujima Elementary School in December of the same year on a tour of the Institute of Technology. This tour was organized jointly with the Japan Society of Civil Engineers (JSCE) Kanto Branch as an event associated with the “Civil Engineering Day” and the “Civil Engineering Week.” The tour has been offered since 1990, and the number of elementary school children who have visited the institute, including those who joined the 17th tour last year, now totals more than 2,100.



Children on a tour

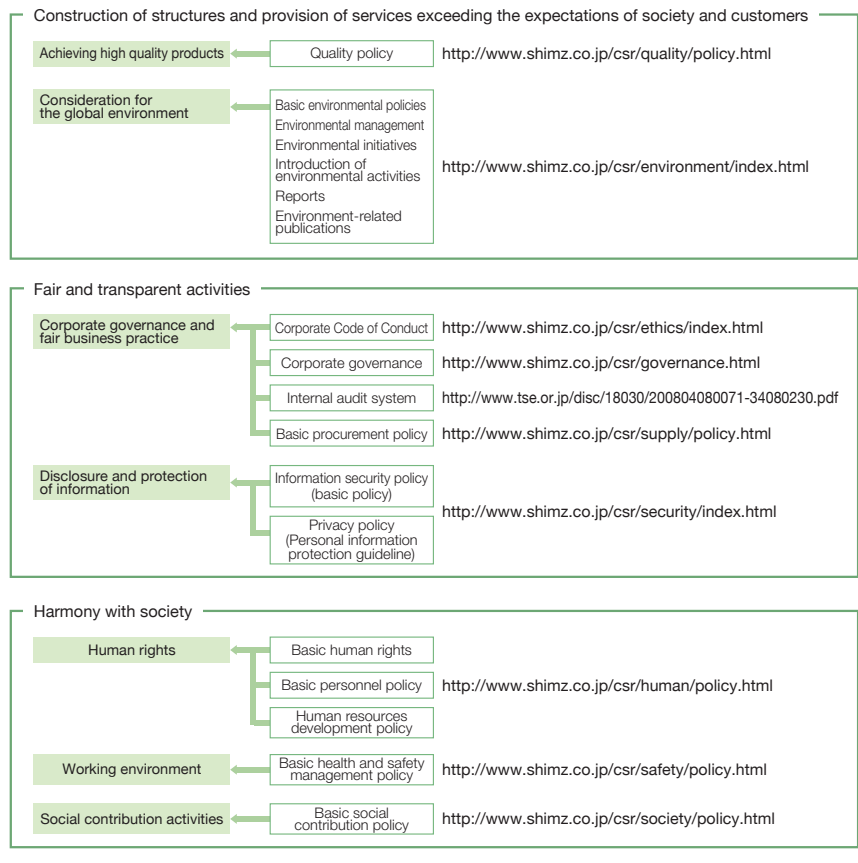
ACTIVITIES

Details of Activities and Achievements for Fiscal 2007

This section presents the details of our activities implemented in fiscal 2007 and achievements regarding corporate ethics and compliance, information disclosure, information security, human rights, human resources development, health and safety management, quality management, and the environment.

For our CSR activities, see our Web page: (<http://www.shimz.co.jp/csr/index.html>).

*For details of each of the following items, please refer to our Web page from the respective addresses given below:



Corporate Governance and Fair Business Practice

Shimizu's objective is to achieve robust growth and develop business by maintaining a management framework that can make and execute business decisions speedily, efficiently, legally and transparently. To this end, the Company is implementing its basic corporate governance policy. Shimizu has already made a clear division between two vital business functions: the determination of management strategies, and the execution of business activities. Shimizu has also created a framework in which directors and auditors can accurately supervise and audit the execution of business. At the same time, all officers and employees must observe full compliance in their business activities based on a high level of corporate governance.

Corporate Governance System

The system relating to decision-making, the execution of business, and the supervision and auditing of management is as described below.

● Reduction in the number of directors and introduction of the Operating Officer System

We have reduced the number of directors and introduced an Operating Officer System, aiming at an operation with definitely assigned responsibilities and authorities through the separation of two functions: the determination of management strategies and the supervision of management on the one hand, and the execution of business activities on the other. The Board of Directors convenes once a month as a rule, and additionally as necessary to deliberate on and decide matters specified by statute and the articles of incorporation, as well as operational matters of importance. The details of the operational decisions made by the Board of Directors are instructed and reported in the Executive Officers' Meeting and the Division Managers' Meeting, held monthly. In addition, the progress of operation execution is also confirmed in the meetings.

● Auditor System

Based on the Auditor System, three out of five auditors will be constantly on duty as full-time auditors, and all auditors will attend the Board of Directors' Meeting to audit the operational execution of the directors. Furthermore, an auditors' office has been set up and dedicated staff are available to perform operational audits on executives.

● Setting up of meetings and committees

We have in place meetings for the efficient resolution of important matters and strategic decisions regarding operational execution, as well as various committees serving as advisory bodies. We also have in place the Officer Recommendation Committee for fair and transparent selection of executive officers, and the Officer Evaluation Committee for fair and transparent evaluation of directors and operating officers as well as determination of compensation.

Practice of Corporate Governance

● Revision of the Basic Policy for Establishing an Internal Control System

Along with the enforcement of the Corporation Law, we are reviewing the content of the Basic Policy for Establishing an Internal Control System, established in May 2006 and implemented as needed to respond to social requirements regarding compliance. Shimizu emphasizes its stance more clearly by featuring its efforts toward "absolute elimination of violations of the Anti-Trust Law in fiscal 2006, and "the eradication of relationships with antisocial forces and organizations" in fiscal 2007.

● Response to the Financial Instruments and Exchange Law

Along with the enforcement of the Financial Instruments and Exchange Law, it became necessary to create an internal control system focusing on "ensuring the reliability of financial reporting." Thus, we have launched a dedicated response organization (the Internal Control System Promotion Group of the Accounting Division) and are reexamining the operational processes needed to improve the system so as to keep pace with the application of the Law, expected to be realized from the settlement of fiscal 2008.

● Establishment of a compliance system for the entire Group

The establishment of an internal control system is required not only for Shimizu but also for the entire Group. Therefore, the relevant departments are playing a major role in assisting Group companies in the establishment of a compliance system.

In fiscal 2007, we promoted specific initiatives following on from the preceding year's activities, including compliance training for the management of Group companies and assistance in the compliance training of each company.

Efforts toward a Reinforced Compliance System

● Improving the organizational structure

Shimizu has a "Committee on Corporate Ethics" in place for ensuring full compliance of our business activities based on a high level of corporate ethics, while promoting and following up on measures toward thorough compliance with corporate ethics and laws. Furthermore, the Company examines and instructs on measures against the occurrence of possible misconduct, as well as measures to prevent the recurrence of such misconduct.

The Company has also set up a "Corporate Ethics Help-Line Desk" to prevent executives and employees from violating laws or in-house regulations in the pursuit of their duties. It also provides services via the Help-Line Desk enabling executives and employees of the Company to receive consultation, offer suggestions for improvement, and provide information regarding corporate ethics.

● Establishing a Corporate Code of Conduct

In order to achieve a thorough dissemination of the corporate ethics across the entire Company, Shimizu has established and disseminated a "Corporate Code of Conduct," the basic standard for the conduct of executives and employees. It has also created a framework for meticulous dissemination and appropriate monitoring of the rules to be observed by executives and employees, as well as facilitating an early grasp of and appropriate response to information that could lead to violation of laws and regulations.

● Compliance education

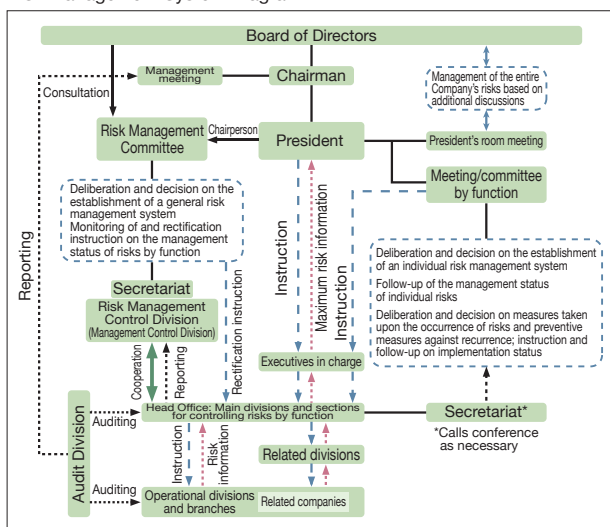
With a view to realizing a thorough dissemination and practical application of the “Corporate Code of Conduct,” we have conducted various training programs using materials such as compliance manuals. In addition, in order to carry out more meticulous education and monitoring of levels of understanding, we have promoted compliance training via e-learning for the entire Company since fiscal 2007. As a new initiative, we also started distribution of the *Legal Affairs News* bulletin via the intranet in fiscal 2007 with a view to inspiring awareness among our employees. This bulletin provides a timely presentation of legal trends deeply connected to our business activities and case examples relating to compliance. *Legal Affairs News* is distributed not only within our Company but also among our Group companies.

Efforts Regarding Risk Management

With the enforcement of the Corporate Law and the Financial Instruments and Exchange Law, establishing the risk management of companies has become increasingly important. In May 2008, Shimizu established the “Risk Management Rules,” which stipulate basic matters regarding the risk management of the Shimizu Group. It is intended to prevent and reduce risks through the correct recognition and appropriate management of various risks, including ethical and legal risks. At the same time, it is aimed at reinforcing responsiveness upon the actual occurrence of risks.

As part of its efforts toward improving the risk management system, the Company set up a Risk Management Committee (chaired by the President) to monitor how the main management sections (divisions and units) of the Head Office and each business division manage risks by function (quality, safety, environment, and so on). Also promoted is the response to new risks on a company-wide basis. Meanwhile, the Company adopts the same approach to the risk management of Group companies.

Risk Management System Diagram



Violations of the Anti-Trust Law and Prevention of Recurrence

● What happened in fiscal 2007

Shimizu was prosecuted with violation of the Anti-Trust Law in two cases, and convicted following court judgments finding our violation of the Law in each case.

In the first case, the “Nagoya Subway Case,” the Company was convicted in a criminal trial and sentenced to a fine for violation of the Anti-Trust Law, with which it had been charged by the Japan Fair Trade Commission in the previous year. Based on this verdict, the Company was punished by suspension of its operations, by order of the Ministry of Land, Infrastructure, Transport and Tourism.

In the second case, the “Japan Defense Facilities Administration Agency Case,” the Company was similarly found guilty of violation, with which it had been charged by the Japan Fair Trade Commission, also in the previous year. In this case too, it received the punishment of suspension of its operations by order of the Ministry of Land, Infrastructure, Transport and Tourism.

Shimizu humbly accepts these outcomes and is striving on a company-wide basis to thoroughly implement measures, developed in March 2007, to prevent such recurrence.

● Specific initiatives aimed at preventing the recurrence of violations

The preventive measures against recurrence developed in March 2007 include the following six items:

- 1) Newly establishing an external reporting system;
- 2) Conducting patrols via a special team;
- 3) Implementing a division manager check system for construction work tenders;
- 4) Defining a code of conduct for salespersons;
- 5) Implementing training for compliance with the Anti-Trust Law; and
- 6) Bolstering measures for in-house disciplinary action.

What we emphasized in the specific initiatives aimed at preventing recurrence, which we implemented in fiscal 2007, was the development and thorough dissemination to the entire Company of the “Code of Conduct for Executives and Employees Regarding Construction Work Tenders,” which serves as a simple and easy-to-understand reference for employees to avoid being convicted of violation of laws in their sales activities. In addition to the “three principals to be observed by employees,” specific procedures were specified in the Code of Conduct for responses in cases where employees encountered illegal solicitations from outside the Group or suspicious information, rules for in-house reporting, and a check system for division managers, and dissemination of the Code of Conduct was promoted. Patrolling by a special team and company-wide auditing via the Legal Department were implemented in fiscal 2007.

Development of the Basic Procurement Policy

Regarding the maintenance of our partnerships with companies such as sub-contractors and material suppliers, we strive to enter into “fair contracts” while promoting the “identification of roles” and establishing a “streamlined production system.” In the last fiscal year, we worked to further deepen our partnerships with these companies, for example, by developing our “Basic Procurement Policy” as well as creating Kanekikai, an organization comprising our partner companies.

Disclosure and Protection of Information

Shimizu encourages active and fair disclosure of corporate information so that our corporate activities may be appropriately evaluated by society. We strive to protect personal information and prevent leakage of classified information in order to protect the corporate secrets of our customers and facilities.

Disclosure of Corporate Activities

From the viewpoint of "fair disclosure," we appropriately and promptly disclose the Company's key matters such as management information and information on the settlement of accounts to all stakeholders, including customers, shareholders and investors, through various means such as general shareholders meetings, accounting settlement briefings, external Web pages, and annual reports.

Specifically, our disclosure activities include:

Implementing accounting settlement briefings and visits to technical research laboratories and construction sites for securities analysts (three times a year); and Amending and updating external Web pages and considerations involved thereof for people with poor visibility and poor audibility.



External Web page amended in June 2008

Disclosure of Information on Construction Works and Structures

Regarding construction structures themselves, which are what we as constructors provide, we endeavor to be a corporation trusted by society through the active disclosure of information on safety and quality. Such activities include the opening of Web pages for construction sites and the conducting of briefings in the relevant neighborhoods for our customers and users. In addition, from the viewpoint that construction sites, where structures are being constructed, serve as the contact point between the Company's corporate activities and society, we promote the active provision and disclosure of information.

Specifically, our information provision and disclosure activities include:

Active invitation to site-visiting tours as opportunities for transmitting information to customers and community residents; and Active invitation to the Institute of Technology as opportunities for providing information to students and local residents (conducted about 30 times in fiscal 2007).

Protection of Personal Information

Construction is an industry that acquires relatively little information on individual customers, but nevertheless retains personal information on orderers and their sub-contractors, as well as their employees. Shimizu established the Privacy Policy in 2005 to promote the protection of personal information.

Measures against Leakage of Classified Information

In recent years, the leakage of classified information in corporate activities has become a major concern. In the construction industry, in particular, projects are carried out by many participants, including the orderer, the design office, and sub-contractors, whose members change for each project. Under such circumstances, the information contained in the building drawings themselves acquires major importance. Therefore, Shimizu established the "Electronic Information Security Control Guide" in 2002 to reinforce information security, amending the Guide on an annual basis in accordance with current circumstances. In recent years, in particular, we have improved our security levels to prevent information leakage through security education via e-learning. This in turn has helped us to promptly implement new measures and reinforce security audits, in order to efficiently grasp the status of the new measures under implementation.

Specific measures include:

Preventing information leakage from stolen or lost personal computers through the introduction of disk-encoding software; Grasping the status of personal computers via the inventory function, and enforcing the deletion of file-sharing software such as Winny; and Preventing the leakage of information to the bulletin board by introducing a Web filter function.



Examples of security education using e-learning

Human-Conscious Company

Shimizu's management principles list "Respecting Individuality" alongside "Contributing to a Sustainable Global Community," "Being Innovative," "Being Customer-Driven" and "Being Enthusiastic." Furthermore, the Company asserts "Being Human-Conscious" as the first item in its Corporate Code of Conduct. This is because "construction manufacturing" is performed by each individual "person." Shimizu aims to create a strong relationship of trust with our customers. And the basis for this relationship is the link between "people." Toward the realization of a "Human-Conscious" company that values each "person (employee)," who provides the basis for everything in our business, we implement measures and subject them to constant review, as demanded by changes in our environment.

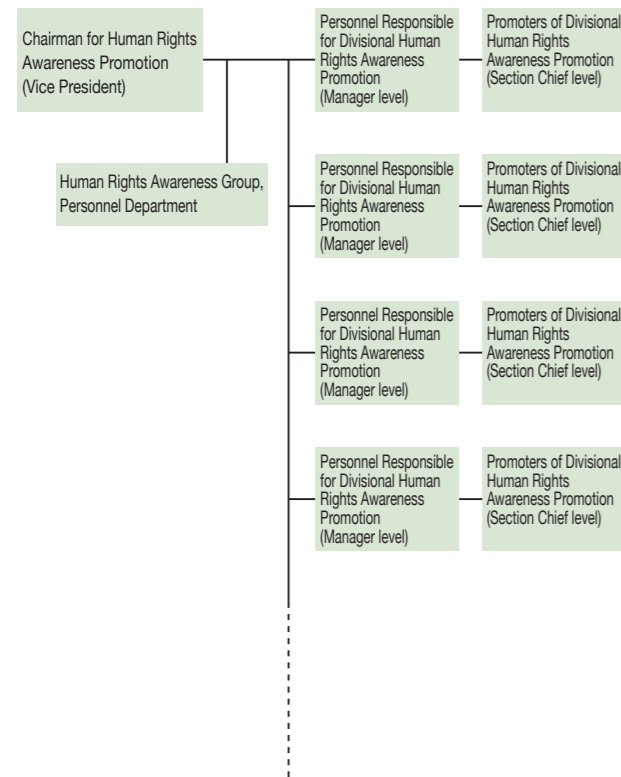
Creating Comfortable Workplace Environments

● Efforts toward human rights

We established our basic policy on human rights in 1990, which, as part of our Corporate Code of Conduct, explicitly specifies respect for diversity, personality and individuality, through the prevention of segregation and sexual harassment.

We have in place a Committee for Enhancing Awareness of Human Rights, chaired by the Vice President and comprising the persons responsible for enhancing awareness of human rights in each division.

Human Rights Awareness Promotion System



Soliciting "slogans for human rights awareness" and implementing Human Rights Awareness Training (a total of 7,224 recipients in fiscal 2007)

- Human Rights Awareness Training
- Executive Training
 - Deputy General Manager and Manager Level Training
 - General Employees Training



A scene from training

Fiscal 2007 Best Slogans for Human Rights Awareness

(Employee Section)
"Thank you"

Are you expressing your thanks?

(Family Section)

Just a small expression of our gratitude
Strident efforts to eradicate discrimination



Award ceremony

In order to prevent sexual harassment, we present our prevention policy in our work rules and on our in-house home page, in addition to providing a consultation service.

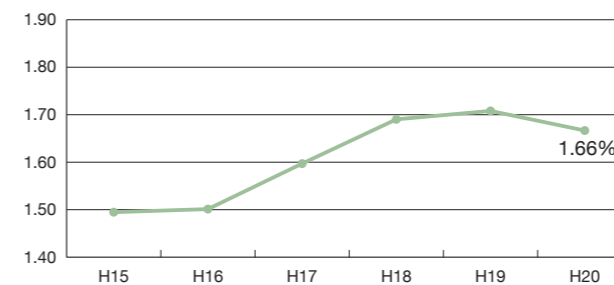
● Action toward diversity and inclusion

We are actively reemploying people after the retirement age and utilizing their excellent experience and knowledge, while also improving their working conditions so that they can work in an encouraging and supportive environment.

The Company also strives for the active employment of women. In the freshmen recruitment of April 2008, for example, the number of recruited female employees increased to 24, 19 more than the previous year.

The Company promotes the employment of people with disabilities, and works to create workplaces where they can work with fulfillment.

Trends in the Employment Rate of People with Disabilities



● Improving assistance for new parents and childcare

The Company is creating an environment where employees with children can work at ease and develop a comfortable work-life balance. Such measures include: setting the periods for childcare leave and shortened working hours at levels exceeding those provided for by the law; providing paid maternity leave; providing paternity leave; and assisting employees taking childcare leave in achieving a smooth return to the workplace.

- Childcare leave system: Up to 18 months after giving birth
- Shortened working hours: Until the child enters elementary school
- Paternity leave system: Two days in addition to the minimum number of days for a round-trip

The Company is also actively assisting in the nurturing of the next generation, through such initiatives as the reemployment system for employees that resign for childbirth and childcare purposes, and the newly established interest-free loan system for fertility treatment.

Striking a balance between working and childrearing through the use of the relevant systems



Chiyuki Kawahara
Intellectual Property Section, Technology Planning Office

Following my maternity leaves, I took a nine-month childcare leave in case of my first son, and an 11-month childcare leave for my second son. I am still covered by the shortened working hour system that allows me to take my sons to and from the nursery. These systems, together with the understanding of my workplace, have helped me strike a balance between my work and childrearing duties. Since this April, the reemployment system began for employees resigning for childbirth and childrearing reasons, and this gives me the reassurance that the Company is actually supporting us.

● Initiatives toward an improved labor environment

We are working at horizontally expanding favorable examples of improvements in each division with a view to shortening total working hours. Other efforts include providing a platform for a regular exchange of opinions between labor and management in the Committee for Streamlining Working Hours, and grasping actual statuses through site patrolling.

We promote the reform of employees' awareness and corporate culture toward the principle of shortened working hours. The reform is being carried out by appropriately grasping actual working hours and promoting the acquisition of leave through the closing of all construction sites on particular days, as well as the promotion of no-overtime workdays.

● Improved health management

Improved health checks are provided, including checks for lifestyle-related diseases and stomach checks, in addition to mandatory complete medical checkups (at the Company's expense) for employees over 40 years old. (Health check consultation rate including complete medical check-ups: 98.9% for fiscal 2007)

Health consultations and individual instructions for busy employees are provided by medical staff (doctors, nurses) at the Head Office clinic, and by health management staff (nurses, public health nurses) at the branches.

As for measures regarding mental health, the Company supports the maintenance of the mental and physical health of employees through the promotion of counseling by clinical psychotherapists and the sponsoring of seminars.

● Various leave systems

The Company provides volunteer leave (ten days per year) for employees to join social contribution activities in addition to refreshment leave (14 consecutive days) for every ten years of continuous services to the Company, as well as site-workers' leave (five days) for moving to another site.

● Stable relationships between labor and management

Based on the Labor Agreement, Shimizu adopts a union shop system in which employees become union members, with the exception of a proportion of management members and seasonal employees.

Labor and management coexist in a strong relationship of trust, sharing the objective of "Maintaining and improving labor conditions by establishing fair labor and management practices while promoting sound corporate development, with the Company and the labor union each respecting their respective standpoints."

The Company provides a platform for regular negotiation and discussion of labor conditions, with a view to enhancing communication and mutual understanding.

Develop Personality to Cultivate Well-Rounded Human Resources

● Human resources development aimed at fostering personality and creativity

In order to foster well-rounded humanity and support the continual growth and personal development of each individual while boosting his or her motivation and potential, Shimizu provides training to promote awareness of self-education based on the individuals own responsibility and choice. To this end, the Company entrusts various tasks to employees from their early days in Shimizu based on On-the-Job Training, with a view to providing them with opportunities to develop a perspective regarding their future careers.

The objective of our human resources development is to foster employees who:

- Sincerely consider what they do and what they can do, and then act with awareness and enthusiasm;
- Have the flexibility to keep pace with environmental changes;
- Possess both high-level expertise and curiosity toward many fields; and
- Are full of fresh ideas and can boldly reach for their dreams.

Shimizu's Human Resources Development Program

| | | New employees | Younger employees | Mid-career employees | Officers |
|--|----------------------------|---|---|---|---|
| Personality and discipline education | | New employee education | | Executive power training for mid-career employees | Training for newly appointed officers and evaluators of work positions Innovative human resources training |
| Code of Conduct training | | Human Rights Awareness training | Compliance training | | |
| Specific professional education | | Sales-specific education Design- and proposal-specific education Construction work-specific education Facility engineering-specific education | Maintenance and control-specific education Civil engineering-specific education R&D-specific education Clerical work and management-specific education | Engineering business education Overseas business-specific education Business development-specific education Associated companies education | |
| Professional education by function | | Safety education | | | |
| | | Environment education | | | |
| | | Information literacy education | | | |
| Departmental education | Support for self-education | Human resources development support system, CPD Program | | | |
| | | Encouraging the acquisition of qualifications, correspondence courses, introduction of books, etc. | | | |
| | On-the-job training (OJT) | Basic education | | | |
| Off-the-job training (OFF-JT) | | Succession of skills, improvement of tasks, problem solution, quality control | | | |
| | | Training held by departments (construction work skills, safety, environment, quality, cost, OA, sales, etc.), study groups, external lectures, external workshops | | | |
| Study abroad and transfer | | Study outside the Company; study abroad; temporary transfer outside the Company | | | |
| External activities | | Academic conferences; study groups; committees; cross-industrial exchange meetings, etc. | | | |
| Management systems for human resource development and activation | | Allocation through consideration of ability and competence | | | |
| | | Rotation | | | |
| | | Personnel affairs declaration card | | | |
| | | Award system | | | |

Fostering of young employees

The Company supports the acquisition of knowledge and the improvement of technical skills at an early stage in the career by means of a specific education system (building construction, civil engineering, etc.) and a functional education system (safety, information, environment, etc.) as well as Continuing Professional Development (CPD) Program.

It provides instruction and development according to the ability level of each individual through the OJT manual, which provides detailed descriptions of the achievement levels, by appointing a responsible person and an instructor for each one.

Fostering of human resources who are the bearers of the future

The Company carries out education programs by job position level such as "Executive power training for mid-career employees" for fostering human resources who can exercise leadership and systematically solve problems; "Training for newly appointed officers" designed to improve risk management ability; and "Innovative human resources training" targeted at young managers for developing human resources that will bear the responsibility of future management.

Supporting self-development

Aiming at promoting the acquisition of public qualifications, the Company has opened lecture courses offered by external educational organizations and reinforced the group discount system, while providing examination and registration fees to employees who have succeeded in acquiring qualifications.

We support the self-development of employees through the "Training support system" which accumulates training materials after the attendance and provides e-learning materials.

Efforts in Procurement

Shimizu has established a “Basic Procurement Policy” and “Requests to Business Partners” based on the concept of “Rongo-to-Soroban,” and is promoting procurement according to this “Basic Procurement Policy.”

Basic Procurement Policy

In accordance with our policy on procurement, we build good relationships with our partners based on mutual respect. Our Basic Procurement Policy calls for:

1. Fair, just and honest transactions
2. Compliance with legal and social norms and internal rules
3. Consideration of the environment
4. Quality assurance
5. Establishment of good relations with partners

Requests to Business Partners

As a company engaged in construction projects around the world, we need to fully consider the demands of customers and society from every possible perspective when procuring materials, labor and sub-contracting. Toward this end, we ask our partners to ensure reasonable expectations regarding the following issues are met and make their utmost efforts to maintain sound management and strengthen their technical capabilities.

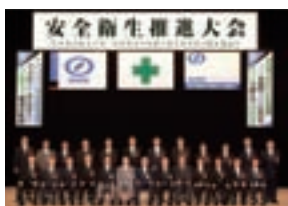
- | | |
|---------------------------|-------------------------|
| 1. Legal and social norms | 4. The environment |
| 2. Human rights, labor | 5. Quality assurance |
| 3. Health and safety | 6. Information security |

Fostering of Sub-contractors

● Award system for sub-contractors

At construction sites, many professional workers and our employees work in unison to construct structures. It can be said that Shimizu’s “Principles of Craftsmanship” are materialized through sub-contractors and their workers. To this end, we have long been promoting uniformity with sub-contractors as good partners.

One example of such efforts is that we are implementing an award system for sub-contractors to honor them and their foremen who have rendered services in the categories of construction results, health and safety activities, and environmental prevention activities. The awarding of exemplary constructors and foremen to honor their achievements in construction results is implemented together with the awarding of employees to be carried out on the anniversary of the Company’s foundation, while awarding for health and safety activities and environmental preservation activities is carried out at the Health and Safety Promotion Conference.



Health and Safety Promotion Conference



Foremen awarded for exemplary performance



The honor of receiving an exemplary foreman award

Mr. Hideyuki Osawa
Foreman, Shiroyama Kensetsu K.K.

To be one of those chosen out of all the foremen in the country to be awarded for exemplary performance is a great honor. Needless to say, construction work is a team effort and a foreman on a construction site needs the support of both his supervisors and those below him to ensure the work is completed successfully. Receiving this award has inspired me to reach for new heights and continue to work hard to achieve results worthy of the name of Shimizu Corporation.

■ Helmet—What are “匠” and “五意達者”?

The helmet presented to foremen awarded for exemplary performance is inscribed with two words: “匠” and “五意達者.” “匠” (*takumi*) simply means “craftsmanship.” “五意達者” (*goitassha*) means master carpenters who acquired collection of five techniques that carpenters of earlier times were required to master. The five techniques are: “shikishaku” (design), “sango” (calculation for determining proportions and markings, and quantity surveying), “teshigoto” (actual carpentry skills), “eyo” (sculptural design), and “chokoku” (sculpting). (Source: Yotaro Ito, “Shomei Gokan-ko”)



Fostering of Next-Generation Managers Who Will Bear the Future (Education and Instruction of Young Managers)

We have always carried out business based on the principle of “Being Customer-Driven.” This principle is conveyed to sub-contractors to be reflected in turn in construction works. However, managers of sub-contractors rarely have experience as construction workers. Under such circumstances, we believe it a matter of particular importance to communicate our principles to sub-contractors who bear the frontline of structure construction. For that purpose, we actively support the activities of Kanekikai Youth Group, a group of

young managers of sub-contractors who work in cooperation with Shimizu. Recently, in particular, we have been focusing on this group to assess compliance with the Construction Industry Law. In recent years, the number of young workers entering the construction industry has been decreasing, bringing about major challenges in securing labor forces and ensuring the handing down of skills. Thus in fiscal 2008, we expect to promote activities in unison with young managers so as to foster skilled workers and ensure quality.

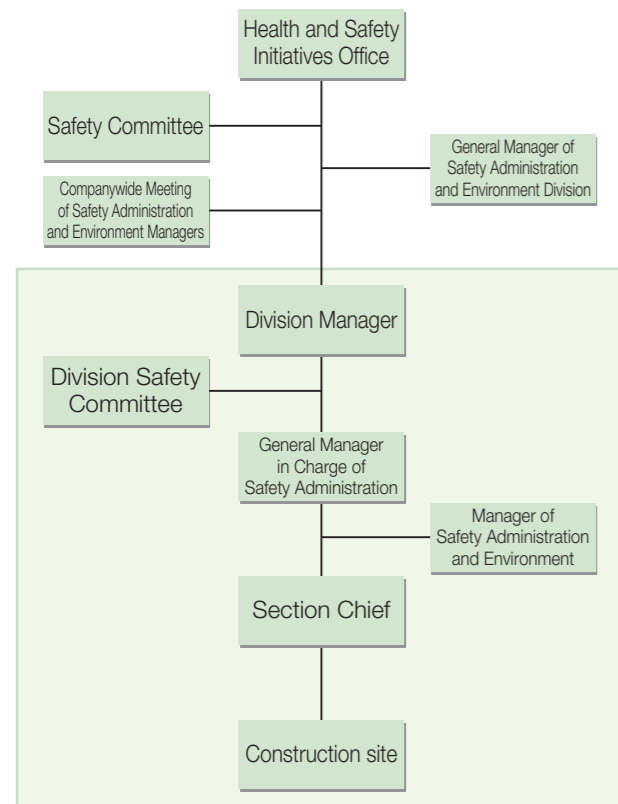
Working Environment

Initiatives toward Health and Safety

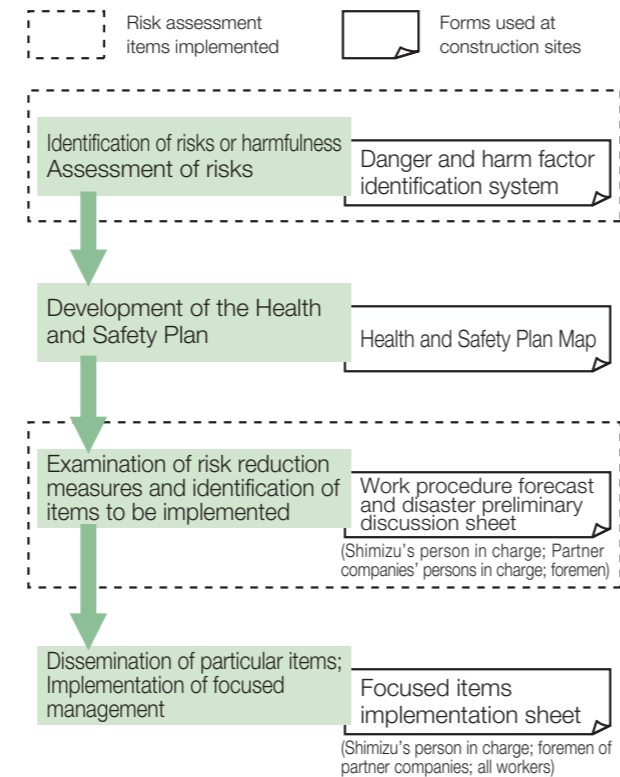
● Implementation of the Construction Occupational Health and Safety Management System (COHSMS)

According to our policy of Health and Safety Management, under which Shimizu Corporation establishes a culture of safety and a safe and comfortable working environment by giving top priority to the lives and health of all workers in every aspect of our business activities based on the philosophy of respect for people and respect for human life, we implement the Construction Occupational Health and Safety Management System (COHSMS) at all worksites. Furthermore we are constantly working on disaster prevention activities aiming at achieving "zero" accidents through the promotion of risk assessment in collaboration with our partner companies.

Health and Safety Management System (Corporate Organization Chart)



COHSMS items implemented at construction sites



Health and Safety Awards

Shimizu won Awards from the Minister of Health, Labour and Welfare for two construction works.

| Safety | |
|--|--|
| Award for Excellent Performance of safety from the Minister of Health, Labour and Welfare | |
| Name of construction: Tohoku Shinkansen Hakkoda Tunnel Construction | |
| Number of hours of with zero-accident record: 703,184 hours | |
| Newly entered workers wore hard hats explicitly identifying them as newcomers, and received instructions on the rules specific to the construction site and on workplace hazards. In addition, a thirty-minute awareness-enhancing study session was provided twice a month for all workers. | |

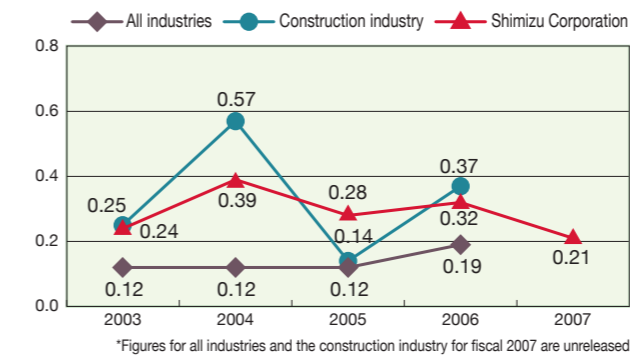
| Comfortable Workplace | |
|--|--|
| Award for Encouragement of Working Environment Improvement from the Minister of Health, Labour and Welfare | |
| Name of construction: Hachioji Asakawa Tunnel Construction | |
| A severe working environment specific to tunnel construction was actively improved. | |
| Various efforts were made, including the adoption of construction processes and systems with a high dust reduction effect, the improvement of amenity by increasing the luminous density in the tunnel, and the reduction of heavy tasks and work hazards. | |

Specific Safety Management Measures

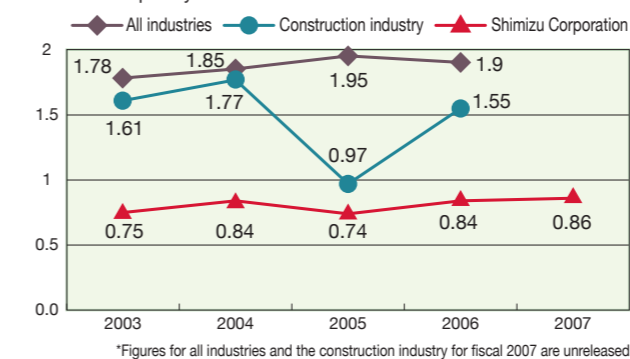
● Health and safety goals and results

The safety results for fiscal 2007 improved compared to fiscal 2006 in terms of accident severity, though with a result of 0.21 compared to the target value of 0.10. The accident frequency deteriorated slightly compared to fiscal 2006, with a result of 0.86 compared to the target value of 0.70. In 2008, we set the target values of 0.10 for accident severity and 0.70 for accident frequency.

Accident Severity Rate:



Accident Frequency Rate:



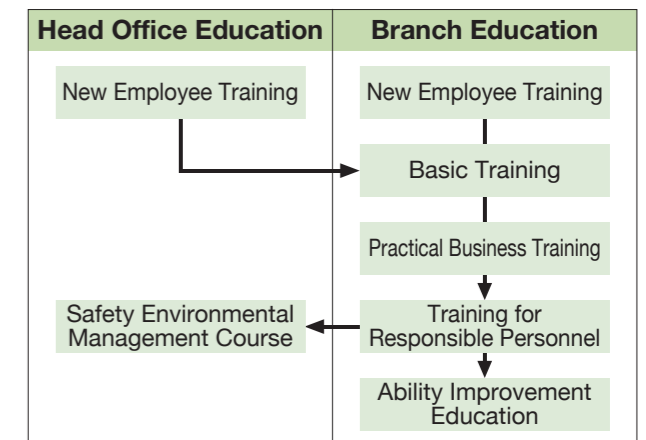
Accident severity: Workdays lost per 1,000 cumulative man-hours (Represents the level of severity of accidents)

Accident frequency: Deaths and injuries per one million cumulative man-hours (Represents the frequency of accidents)

● Health and safety education

Shimizu provides various health and safety education programs for employees at the Head Office and at its branches. Starting with new employee education, the Company carries out education and training 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.

In addition, Shimizu provides the owners of sub-contractors and workers with Sub-contractor 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 from April 2007 to March 2008 (Fiscal 2007)

| | |
|---|---------------|
| Entry Training for New Employees | 204 employees |
| Practical Training for Safety | 149 employees |
| Safety Ability Development Education | 636 employees |
| Safe Environment Management Course | 97 employees |
| Basic Training for Safety | 183 employees |
| Training for Chief Administrator in Charge of Health & Safety | 280 employees |

Initiatives to Provide Comfortable Workplaces

At our construction sites, various initiatives are underway to provide comfortable workplaces. Air-conditioning is provided in all areas of work sites, including break areas. Also, lockers are installed to allow individuals to store their belongings.



Workers' station equipped with air-conditioning



Lockers for workers

Quality Management

All the branches of Shimizu Corporation were accredited with ISO9001 certification in or soon after 1996, and quality control was undertaken on a branch-by-branch basis under their respective Quality Management Systems. However, in order to meet society's increasing demand for product quality, we decided to establish the Technology/Product Quality Committee in October 2004 as the Company's top quality control body, and began to implement "measures to maintain product quality and prevent serious technical accidents" under a unified policy. In April 2007, we also started reform of the quality control organizations in branches and divisions across Japan to establish a company-wide framework that defined their relationship with the Technology/Product Quality Committee, and integrated the Quality Management Systems for each construction and civil engineering function to promote activities for maintaining product quality.

Quality Policy

Construction

With LCV as the basic stance, we will provide technologies and services that customers can trust and be satisfied with by accurately grasping the values that customers expect of us and maintaining optimum quality standards, with all employees demonstrating "loyal to quality" throughout all processes from sales activities to maintenance.

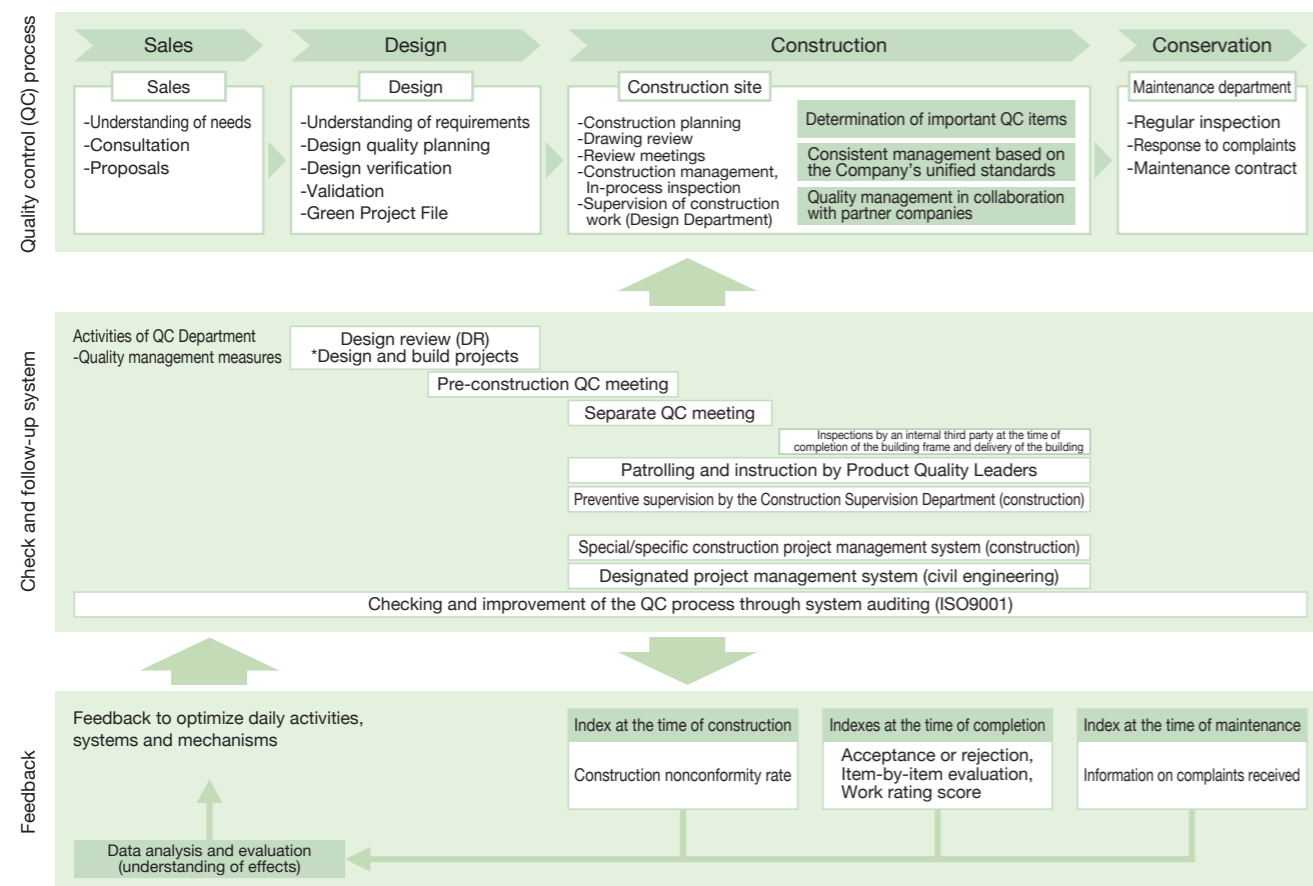
Civil engineering

Based on the principle, "Providing buildings to society that will maintain their values throughout the ages supported by the trust placed on us by society and customers," we will acquire trust and satisfaction by properly grasping the values that customers expect of us and maintaining optimum quality standards, with all employees demonstrating "top technical power and sincerity as well as passion."

Quality Management System and Flow

At each construction site, quality control checkpoints are defined for Shimizu as well as its partner companies in accordance with Shimizu's internal standards and company-wide important quality control items (cracks, tile separation, water leakage, noise and vibration, and equipment trouble) that have been determined based on past nonconformity cases. In addition, drawings are reviewed, and construction management and in-process inspections are performed at each site as part of their daily quality control activities. Shimizu also has reliable check and follow-up systems in place that vary depending on the characteristics of the project. Under these systems, technical staff are required to check quality at every stage of the process from basic design to completion of construction, in order to ensure that buildings are constructed accurately as planned.

Shimizu also conducts regular inspections six months, one year and two years after the completion of construction, and performs other maintenance activities to ensure that the buildings will function correctly for many years to come. Should any nonconformity be discovered during the inspections, their causes are thoroughly analyzed, and appropriate countermeasures are examined by all departments concerned and implemented to prevent recurrence. Furthermore, by determining the quality level of buildings at every stage of design, construction, completion and maintenance in accordance with the Company's unified standards, as well as by analyzing and evaluating index data, Shimizu feeds back the results to optimize its daily activities, systems and mechanisms.



Check and Follow-up System

Activities for all projects

● Checking and improvement of the quality control process through system auditing (ISO9001)

It is very important for us to regularly check and improve the process of maintaining optimum quality standards (i.e., through a quality control process) to continuously provide reliable high-quality buildings to customers. Dedicated technical auditors visit and audit construction sites throughout the country and check the quality of buildings from various angles. The technical auditors also make proposals on company-wide measures to enhance quality.

● Design review (DR)

For design and build projects, technicians other than the designers of the buildings check design documents from a third-party perspective at each stage of planning, basic and working design, as well as during supervising, to ensure that the documents meet the required quality standards.



Design review

● Pre-construction quality control meetings for all projects

Sales, design, construction and technical staff meet prior to construction to point out and discuss ways to resolve quality problems, and share views on how to proceed with the project. The staff also discuss and confirm important quality control items, quality control checkpoints, details of quality control standards, and problems pointed out when drawings are examined, while considering the customer's requirements and various other requests made to the construction site.

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

To assure quality, it is important to take prior measures to prevent nonconforming construction. To this end, we make it a rule to hold meetings for each type of work to share understanding of the standards we need to observe as well as our construction methods, among all concerned, including our partner companies. The types of work for which separate meetings are held are determined at the pre-construction quality control meeting. For building construction projects, we make sure to hold separate meetings at least for the roof, external facing, pilings, frame, finishing, equipment, exterior, demolition, earth retaining, and steel work.



Separate QC meeting of staff including those from partner companies

● Inspections by an internal third party at the time of completion of the frame and delivery of the building (construction)

Our technical staff inspects from a third-party perspective to ensure that the frame meets the required standards at the time of completion of the frame, and that the required quality is achieved at the time of delivery of the building.

● Instruction by Product Quality Leaders

Product Quality Leaders visit each project site on behalf of division managers to maintain the quality standards of projects and prevent serious technical accidents. Product Quality Leaders provide appropriate instruction to improve the quality control situation and resolve problems at each site to avoid nonconformities.

Project-specific activities

● Preventive supervision by the Construction Supervision Department (construction)

For design and build projects, the Construction Supervision Department, a new department separated from the Design Division, performs supervisory activities with particular focus on preventive supervision, to prevent the occurrence of nonconformities and errors. The department holds study meetings, inviting field representatives from partner companies immediately following the start of construction, and clarifies the important points to be observed to assure quality. Furthermore, by performing advance inspections in addition to normal in-process inspections, as well as confirming quality and giving instructions as necessary, the department strives to further improve quality.

● Special/specific construction project management system (construction)

Large-scale and/or extremely difficult projects that require support from technical staff across the Company are designated as special or specific construction projects, and supported mainly by the Building Construction Technology Department of the Production Technology Division, in order to prevent serious technical accidents and to assure quality.

● Designated project management system (civil engineering)

Civil engineering covers a wide range, including the construction of roads, railways, dams, airports and energy facilities, as well as land formation. With a view to realizing superior quality, Shimizu is striving to ensure that all projects are carried out under optimum management by utilizing the latest civil engineering technologies developed through the Company's daily R&D efforts, at every stage of design, construction and maintenance. For this purpose, Shimizu determines the level of difficulty and other factors for each project, and has experts in each area provide detailed support for the whole process through to the completion of each project, in accordance with the designated level.

A Case of Nonconformity that Occurred during the Construction of a New Apartment Block

Regarding an instance of nonconformity that occurred during part of the reinforcing bar work during the construction of a new apartment block in the Tokyo Metropolitan Area, we thoroughly investigated its cause and reviewed our Quality Management System based on the results in order to prevent recurrence. Through this review, we identified six reinforcement items, and instructed all departments to implement them. The six reinforcement items were thus carried out at all applicable construction sites. The reviewed Quality Management System was checked and verified by a third party.

Six reinforcement items:

- (1) Management of reinforcing bar work based on our standard methods
- (2) Appointment of a field manager and a quality control manager, and clarification of their roles and responsibilities
- (3) Supervision of partner companies to ensure that they meet all the quality control requirements
- (4) Patrol by Product Quality Leaders and review of their instruction points
- (5) Inspection by line departments
- (6) Internal third party inspection system

We will also continue to make utmost efforts to provide even better products to society and customers through the activities of the "Monozukuri Committee", an organization chaired by the President and established to further strengthen the Company's quality management mechanism. Under this committee, efforts are being made to develop environments in which workers at construction sites can concentrate on their work, to nurture skillful workers who can produce quality products, and thereby create lively worksites where all workers can happily work.

Policy and Initiatives for Environmental Conservation

In accordance with the Basic Environmental Policy, we are making efforts focusing on global warming, resource conservation, consideration for ecosystems, and the reduction of environmental burdens caused by pollution, areas in which the construction industry is considered to exert a great impact. In fiscal 2007, we moved forward with our environmental activities by stipulating the “Ecological Mission to reduce CO₂ emissions by 6%” as our environmental goal. To increase employees’ awareness and knowledge as the basis of our environmental activities, we provided environmental education to all our employees on the latest information on global environmental issues and social trends, as well as our initiatives and new technologies. At each construction site, we educate workers on the initiatives of each site for environmental conservation and the rules they should observe as part of the on-site entry guidance for new workers.

Basic Environmental Policy, revised in April 2007

[Basic Stance] Shimizu Corporation and its Group companies shall contribute to value creation and sustainable development through “environmentally friendly products and services” beyond the expectations of society and our customers at each stage of the building life cycle. We shall achieve this by implementing environmental management based on the principles outlined in our Global Environment Charter.

- [Action Guidelines]**
1. We shall employ management systems, which comply with environmental laws, regulations and other agreements, to implement environmental policies based on the twin pillars of “low environmental impact activities” and “creating and restoring the environment”.
 2. We shall remain aware of the significant impact the construction industry exerts on global warming, resources and natural ecosystems, and aim to realize environmentally friendly construction.
 3. We shall take active steps to develop environmental technology and implement such technologies.
 4. We shall actively involve ourselves in, and disclose information relating to exchanges with our stakeholders, environmental contributions to society, and support for external organizations.
 5. We shall work to enhance the awareness and knowledge of all our employees and disclose this information through environmental education programs.

April 1, 2007

Yoichi Miyamoto
President,
Shimizu Corporation

Items and summary of initiatives

The entire Company, together with its divisions, departments, and construction sites, formulated plans for fiscal 2007 incorporating the relevant parts among the following initiatives and proceeded with the activities.

| Initiative | Summary |
|------------------------------|---|
| Prevention of global warming | The reduction of CO ₂ emissions in all business areas by setting a long-term target called the “Ecological Mission” |
| Resource conservation | <ul style="list-style-type: none"> - Designs improving the longevity of buildings → As reported on page 13 of this report, page 9 of the Shimizu Sustainability Report 2007, etc. - The reduction and recycling of construction byproducts by setting medium-term targets |
| Consideration for ecosystems | <ul style="list-style-type: none"> - Ecosystem-conscious designs by setting medium-term targets - Ecosystem-conscious technical development and construction → As reported on page 16 of this report, page 11 of the Shimizu Sustainability Report 2007, etc. |
| Prevention of pollution | <ul style="list-style-type: none"> - Remediation projects for contaminated soil - Appropriate measures for hazardous materials (asbestos, indoor chemical substances, PCB, etc.) - Appropriate measures for adjacent areas (noise, vibration, odor, water pollution, etc.) → Individual construction sites respectively work on these issues based on the environmental management system. |
| Others | <ul style="list-style-type: none"> - Appropriate disposal of CFC and halon - Green procurement, reduction of plywood shuttering made of tropical fiber, and environmentally friendly office activities → The details are reported on our Web site. |
| | <ul style="list-style-type: none"> - Legal compliance and the environmental management system → The results of ISO14001 external assessment and internal environmental audit are reported on our Web site. - Environmental activities by overseas branches and Shimizu Group companies → Environmental achievements are reported on our Web site. - Contributions to an environmental society → As reported on page 20 of this report, page 39 of the Shimizu Sustainability Report 2007, etc. - Recognition of the costs and achievements concerning environmental conservation |

Summary of Activities and Achievements

The diagram below shows a summary of environmental activities implemented in fiscal 2007 together with their inputs and outputs.

| | | | | |
|--|---|--|--|---|
| Changes in laws and regulations, and changes in social trends | Main construction materials | Green procurement <input checked="" type="checkbox"/> | Energy consumption during the construction stage <input checked="" type="checkbox"/> | Office activities <input checked="" type="checkbox"/> |
| | Publication of the IPCC Fourth Assessment Report Cabinet resolution on the "Amended Kyoto Protocol Target Achievement Plan" Enactment of the Fluorocarbons Recovery and Destruction Law | Ready mixed concrete 9,637,000 t Structural steel 540,000 t Rebars 540,000 t Plywood shuttering made of tropical fiber 15,000 t | Blast furnace ready mixed concrete 1,698,000 t Electric steel materials 500,000 t Recycled crushed stones 595,000 t Recycled asphalt concrete 134,000 t Surplus soil 2,235,000 m ³ Plasterboard 4,406,000 m ² Water-based coating 963,000 m ² Cloth 924,000 m ² Non-CFC expanded polyurethane 625,000 m ² Eco wire and cable 1,672,000 m And 30 other items | Electricity 217,390,000 kWh Kerosene 5,360,000 l Light oil 64,790,000 l |

INPUT

Environmental Targets and Performance

During FY 2007, we achieved our targets for 10 of the 12 items.

| Theme | FY 2007 target | FY 2007 results | Evaluation | |
|---|---|-----------------------------------|------------|---|
| Prevention of global warming | Ecological Mission Target (Note 1): Reduce CO₂ by 2,573,476 t-CO₂ or more | 2,581,611 t-CO₂ | ○ | |
| | Design of energy and resource-saving buildings: Reduce CO ₂ by 2,120,075 t-CO ₂ or more | 2,126,601 t-CO ₂ | | |
| | Green-activities at the construction sites Reduce CO ₂ by 107,600 t-CO ₂ or more | 93,554 t-CO ₂ | | |
| | Energy-saving renovation and eco-services Reduce CO ₂ by 44,300 t-CO ₂ or more | 48,816 t-CO ₂ | | |
| | New-energy facility installation Reduce CO ₂ by 201,500 t-CO ₂ or more | 239,940 t-CO ₂ | | |
| | Carbon credit acquisition and utilization Reduce CO ₂ by 100,000 t-CO ₂ or more | 72,700 t-CO ₂ | | |
| | CO ₂ emission reduction for civil engineering structural materials (Civil engineering design) 15% or more (compared to FY 1990) | 26.1% | | ◎ |
| | CO ₂ reduction activities in engineering Implementing CO ₂ reduction activities At least 13 construction sites Measuring CO ₂ emissions due to construction At least 28 construction sites | 15 30 | | ○ |
| Promoting research and development that contributes to CO ₂ reduction Expected reduction in CO ₂ emissions: 3,000 t-CO ₂ or more | 3,048t-CO ₂ | ○ | | |
| Reducing and recycling construction byproducts | Recycling rate (Note 2) 86% or more | 82.3% | × | |
| | New construction work: Reduction of byproduct volume in new construction projects 17.5 kg/m ² or less | 15.9kg/m ² | ○ | |
| Ecosystem conservation | Ecosystem-conscious system index (Building design) 100 or more | 135 | ◎ | |
| | Ecosystem-conscious system index (Civil engineering design) 100 or more | 104 | ○ | |
| Achieving total eco-construction (Buildings) | Ratio of reports made to customers 90% or more | 81% | × | |
| | Goal achievement percentage for concentrations of the three substances (formaldehyde, toluene and xylene) 80% or more | 92% | ◎ | |
| Environmentally friendly designs | Design projects of 2,000 m ² or more CASBEE evaluation Rank A or higher | Rank A | ○ | |
| Continuous EMS improvement | Confirming the following by internal environmental audit | 100% | ○ | |
| | Promoting environment technology proposals | 100% | ○ | |

Evaluation legend: ◎Above target, ○On target, ×Below target

(Note 1): Along with the review of the rate of CO₂ emissions based on the legal standards at the building operation stage as of 1990, the target value was revised upward in the middle of the fiscal year.

(Note 2): This index covers new installations and new construction projects, and excludes construction sludge, rubble, logged trees and designated managed industrial waste.

| | | | | | |
|--|--|---|---|---|-----------|
| Technical development projects (including those under development): 24 | Operation <input checked="" type="checkbox"/> and maintenance | Construction activities <input checked="" type="checkbox"/> | Office activities <input checked="" type="checkbox"/> | Public relations | 234 cases |
| | · CO ₂ emission reduced (Compared with 1990 legal standard levels) 43,785 t-CO ₂ /year · CO ₂ absorption increased 1,206 t-CO ₂ /year | · CO ₂ emissions 254,000 t-CO ₂ · CFC and halon collected CFC 17.4 t Halon 1.1 t · Construction byproducts Surplus soil 1.09 million m ³ Recycled 1.09 million m ³ Construction waste 2.24 million t Recycled 1.50 million t Final disposal 370,000 t Reduction 370,000 t | General waste 901 t Water 71,000 m ³ CO ₂ emissions 9,000 t-CO ₂ | Seminars, events, exhibition participation 112 cases Newspaper / TV features 24 cases Magazine features 98 cases Shimizu website | |

OUTPUT

*The scope of summarized data includes Shimizu Corporation head office, the Institute of Technology and other domestic divisions and construction sites.

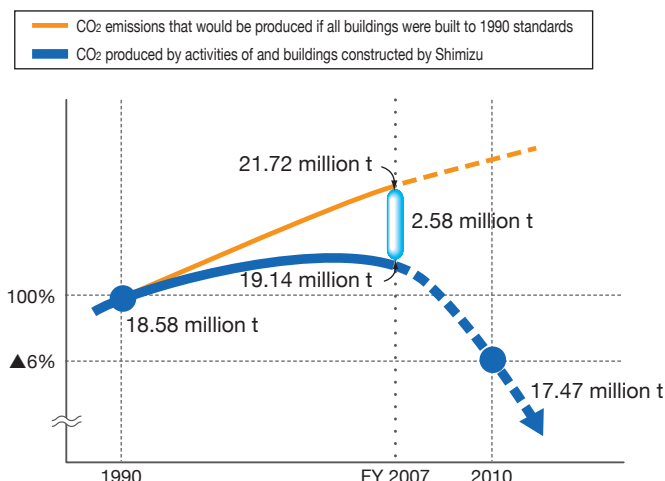
Reports by Activity Theme

Prevention of global warming

Achievement of Ecological Mission Program in Fiscal 2007

Our “Ecological Mission” program, formulated in February 2006, aims to reduce CO₂ emissions from all the buildings constructed by Shimizu by 6% in fiscal 2010 compared to fiscal 1990. To achieve the aim, we have been implementing five initiatives: 1) Design of energy-and resource-saving buildings; 2) Green activities at construction sites; 3) Energy-saving renovation and eco-services; 4) New-energy facility installation; and 5) Carbon credit acquisition and utilization. These measures resulted in CO₂ emissions of 19.14 million tons in fiscal 2007, a 2.58 million ton reduction compared with the case if no initiatives had been taken (if buildings had been constructed according to 1990 standards). However, the emission volume is 3% more than the figure for fiscal 1990, namely, 18.58 million tons of CO₂. In fiscal 2008, our initiatives will cover all construction products by including civil engineering structures. In addition, we purchased Green Power Certificates* worth 1 million kWh per year to promote the use of natural energy.

The section below provides a more detailed insight into three of the five initiatives implemented in fiscal 2007: Carbon credit acquisition and utilization, Design of energy-and resource-saving buildings, and Green activities at the construction sites.



Changes in the total volume of CO₂ produced

*A mechanism to allow companies and organizations to use electricity generated by natural energy, including wind power, hydraulic power, and biomass, as a voluntary environmental measure.

The five Ecological Mission initiatives

| Initiative | Details |
|--|--|
| Design of energy and resource-saving buildings | Includes efforts to improve the efficiency of facilities and insulation properties of new buildings, reduce CO ₂ produced by structural materials and promote afforestation |
| Green-activities at the construction sites | Reduce CO ₂ produced during the construction stage: CO ₂ reduction by using construction methods with low environmental impact |
| Energy-saving renovation and eco-services | Reduce CO ₂ production through renovation work, and reduce CO ₂ produced by buildings continuously managed by Shimizu |
| New-energy facility installation | Installation of wind, solar and biomass power generation facilities |
| Carbon credit acquisition and utilization | Developing CDM and JI projects |

Carbon credit acquisition and utilization

We are developing Clean Development Mechanism (CDM) and Joint Implementation (JI) projects to contribute to the prevention of global warming and the sustainable development of developing countries as well as to acquire and use the carbon credits from the projects. We have completed a feasibility study of a total of 23 CDM and JI projects in eight countries, including Armenia, Georgia, Uzbekistan, and Indonesia. The “Project to effectively use methane gas released from a landfill site in Yerevan, Armenia”, which has been developed as a CDM project, is scheduled to start the reduction of greenhouse gases following the construction work of the facility, for a period of about four months.

This project is designed to reduce greenhouse gas emissions by capturing and destroying methane gas released into the atmosphere from the landfill site in Yerevan city (an area of about 60 hectares, where 400 tons of municipal waste is dumped daily). It is planned to commence electricity generation after the next fiscal year.

This project also contributes to activating similar projects in the region, which in turn result in global warming prevention as well as sustainable development through local environmental improvement and employment creation.

This project will continue for 16 years until 2023, and is expected to enable us to obtain carbon credits worth a total of 1.16 million tons of CO₂ (of which 580,000 tons of CO₂ will belong to Shimizu).



Experimental drilling of a methane gas recovery facility under construction

Design of energy and resource-saving buildings 

Reduction of Projected CO₂ Emissions during Operation of Buildings

Instead of the PAL, CEC, Q and μ levels (Note 1) noted in the Law concerning the Rational Use of Energy, we set the goal of achieving reductions in excess of 36% from the legal standard levels of 1990. Through the implementation of designs that conserve energy we achieved a 36.6% reduction. In addition, we promote greenification and the adoption of building and equipment technologies that use natural and unused energy as an effective means of alleviating the heat island phenomenon and global warming.

● **Energy saving design for business (non-residential) buildings**
 121 business buildings built in fiscal 2007 have projected CO₂ emissions of 73,632 t-CO₂ per year through the consumption of primary energy in air conditioning, lighting and hot water supplies. This is 42,439 t-CO₂ per year below the projected emissions if the buildings had been designed according to 1990 legal standards.

● **Energy saving design for residential complexes**
 Twenty-four residential complexes built in fiscal 2007 have projected CO₂ emissions of 2,281 t-CO₂ per year through the consumption of primary energy in air conditioning in the residential area and lighting in the communal area. This is 1,346 t-CO₂ per year below the projected emissions if the buildings had been designed according to 1990 legal standards.

● **Increasing projected CO₂ absorption through greenification**
 Greenification is promoted as an effective means of alleviating the heat island phenomenon and global warming. Projected CO₂ absorption (Note 2) over the fiscal year is influenced by whether or not there are any large scale projects, such as hospitals, schools or factories on the outskirts of urban areas that allow the incorporation of natural greenery and also by the location, size and purpose of buildings, all of which affect the area that can be greenified. The projected CO₂ absorption by trees incorporated in fiscal 2007 designs is 1,206 t-CO₂ per year.

● **Reduction of projected CO₂ emissions by promoting the use of natural and unused energy**

We actively promoted the adoption of various technologies for using natural and unused energy, such as lighting control using 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 728 t-CO₂ per year.

* A cool tube is a method of reducing the air-conditioning load by drawing external air into a building from underground where the temperature is stable.

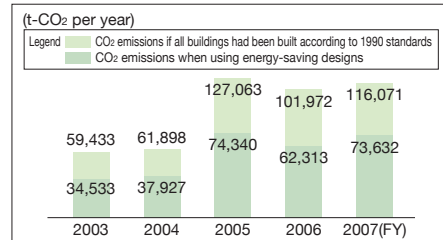
(Note 1) The smaller these figures are, the lower the energy consumption.

PAL: Perimeter Annual Load, representing an indicator for the insulation performance of the building exterior. CEC value: An indicator of "system efficiency for air conditioning, lighting and hot water facilities." Q: An indicator of residential properties with low winter-heating load. μ: An indicator of residential properties with low summer-cooling load

(Note 2) CO₂ absorption: For every additional kilogram of mass, a tree absorbs 1.6 kg of CO₂ and emits 1.2 kg of oxygen.

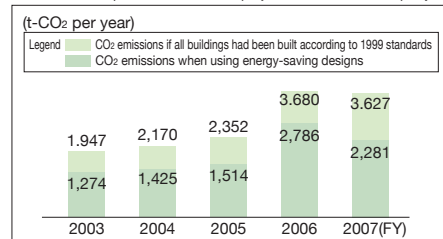
CO₂ absorption by trees: To calculate these figures, we referred to the annual volume of CO₂ absorbed by a single tree according to the Survey manual on the ability of trees to clean the atmosphere, published by the Ministry of the Environment.

Business buildings: Transition of projected CO₂ emissions per year



*The projected CO₂ emissions vary depending on the number of buildings constructed and the purpose of the buildings.

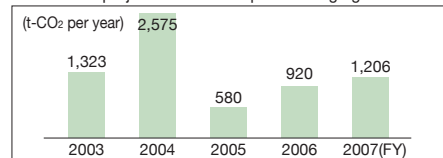
Residential complexes: Transition of projected CO₂ emissions per year



*The projected CO₂ emissions vary depending on the number of buildings constructed and the region.

*The comparison is with the standard values under the 1999 law, the next-generation standards which are still stricter than the standard values under the 1990 law.

Transition of projected CO₂ absorption through greenification



CO₂ Emission Reduction and CO₂ Absorption Increase through Material and Construction Method Selection

- In building designs, CO₂ emissions attributable to structural materials have been reduced by 7.0% (117,133 t-CO₂ per year) compared to 1990 levels by replacing steel materials (steel structures and rebars) with electronic steel materials, and ordinary cement with Type B blast furnace cement. Also, using construction methods with lower environmental strain has cut the volume of physical matter used, thereby reducing CO₂ emissions attributable to structural materials by 61,373 t-CO₂ per year.

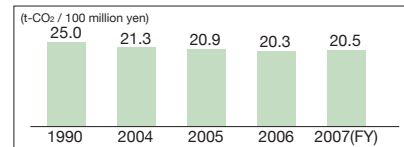
- Designs that minimize the use of tropical timber plywood shuttering have reduced the use of the shuttering materials by approx. 430,000 m². This translates to the preservation of approximately 100 hectares of tropical forest, absorbing 1,100 t-CO₂ per year.
- In civil engineering designs, we have replaced steel rebars with electric steel materials, ordinary cement with Type B blast furnace cement, and asphalt concrete with recycled asphalt concrete, to reduce CO₂ emissions attributable to civil engineering structural materials by 26.1% (42,773 t-CO₂ per year) from the 1990 level.

Green-activities at construction sites

During fiscal 2007, more than 90% of our construction sites adopted at least four CO₂ reduction policies. To reduce CO₂ emissions, all construction sites were required to stop idling of the engines of construction vehicles, to use construction machinery with good maintenance, and two other feasible actions from among the following eight (turning off all lights during the lunch break, installing air-conditioners for heating, providing appropriate maintenance to construction vehicles, promoting the use of highly efficient devices for temporary electric power sources, reducing the volume and mileage of waste earth and sand from construction projects, enforcing fuel-saving driving practices, and reducing excessive use of cooling and heating facilities). As a result of these efforts, the rate of CO₂ emissions in fiscal 2007 declined by 4.5 tons (18.1%) per 100 million yen of revenue compared to 1990 levels. The volume of CO₂ emissions in fiscal 2007 was 254,000 tons, a 171,000 ton (40%) reduction compared to 1990.

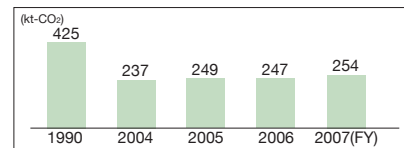
In addition, we actively adopted construction methods that would be effective for CO₂ reduction and reduced CO₂ emissions by 4,114 tons in fiscal 2007.

CO₂ emissions per 100 million yen in construction work



*In the calculation of CO₂ emissions per 100 million yen in construction work, the percentage of the amount of building construction and civil engineering was changed from "fixed" to "actual."

Gross CO₂ emissions



Resource saving and recycling

Reducing and recycling construction byproducts

Shimizu has undertaken 4R activities and initiatives for Zero Emission Construction, thereby further promoting the reduction and recycling of construction byproducts.

Fiscal 2007 Results

● Construction waste volume

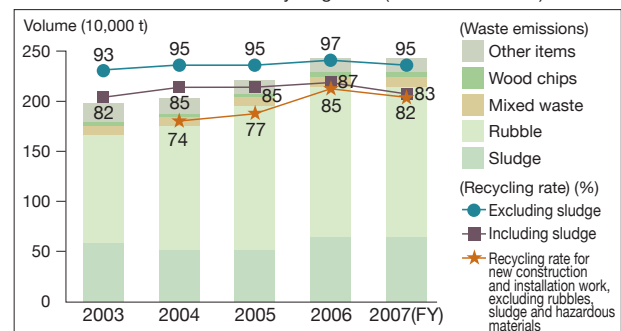
The volume of waste produced by construction decreased by 6% compared to the previous year to 2.24 million tons due to changes in the volume of demolition work.

The waste produced by the permanent plant for washing contaminated soil (Kawasaki City, Kanagawa Prefecture) was 50,000 tons of rubble and 150,000 tons of construction sludge for a total of 200,000 tons. The volume of byproducts produced by the Institute of Technology (principally rubble and scrap metal) was 571 tons.

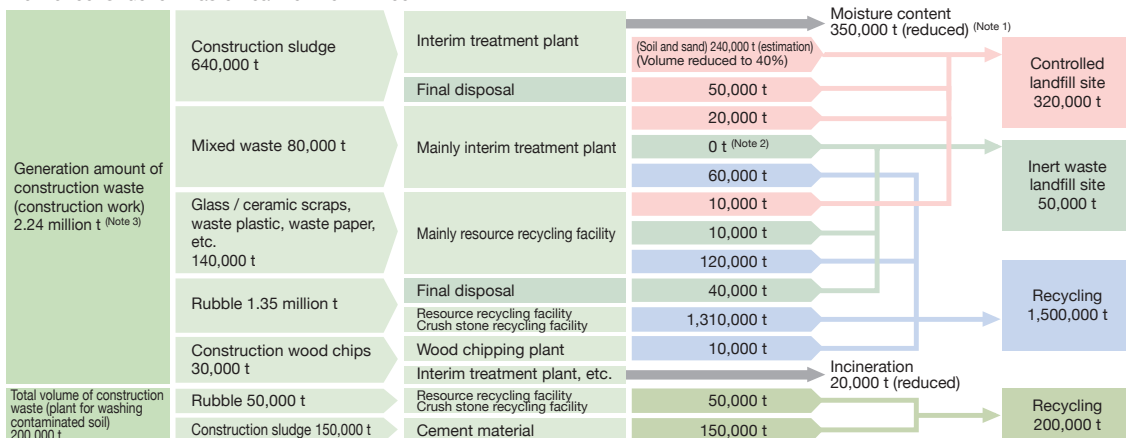
● Recycling rate (for construction work)

The recycling rate for items other than construction sludge and hazardous materials has reached 95%, 2% lower than the previous year. The rate for all items has finished at 83%, 4% lower than the previous year. This was due to the strict review of the recycling rates at interim treatment facilities.

Annual waste emissions and recycling rates (construction work)



Flow of construction waste treatment for FY 2007



(Note 1) Dehydration methods include sun-drying (which reduces volume to 50%) and machine dehydration (which reduces volume to 30%), so here we have assumed a volume reduction to 40%. The figures shown here are the figures subtracted from the totals for construction sludge.

(Note 2) Figures less than 10,000 t are rounded to the nearest 10,000 t.

(Note 3) Total amount of construction waste (from construction work) amounting to 2.24 million tons includes 4,000 tons of dispersible waste asbestos and 1,000 tons of designated managed industrial waste.

Initiatives for soil remediation

Widening the Scope of Soil Washing Plants

The Kawasaki Office soil washing plant began operation in September 2002, and the first on-site soil washing plant started operation in August 2004. The soil washing plant in Kawasaki and on-site soil washing plants have washed a total of 1.71 million tons of soil contaminated by heavy metal and oil as of the end of March 2008. Based on the know-how and technological development that have been cultivated in the process, we have also begun operating on-site soil washing plants that can deal with small-scale projects. In addition, we aim to put in operation a soil washing plant exclusively designed for dioxin-contaminated soil in fiscal 2008.

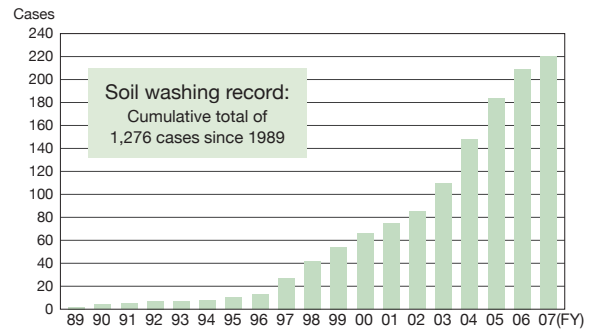
On-site Soil Washing for Small-scale Projects

On-site washing, which can clean contaminated soil without transporting it outside the site, is highly appreciated by parties concerned because it can prevent the spread of contamination and significantly reduce the need for vehicles to transport the soil. However, on-site washing has the drawback of being unprofitable unless it involves a large-scale project handling a large volume of contaminated soil. Thus, we promoted the shortening of the assembly and dismantling period by further unitizing the plant and improving the cleaning performance. As a result, it has become possible to apply on-site washing to a small-scale project that would handle 10,000 tons of contaminated soil. Therefore, even for projects in areas which have not been able to use the Kawasaki Office soil washing plant thus far due to high transportation costs, it has become more feasible to select on-site washing. The first project of this on-site soil washing plant began operation in May 2008.

Processing Dioxin-contaminated Soil Cheaply and Safely

We aim to build a processing plant in Kawasaki City and commence a washing treatment project of dioxin-contaminated soil in collaboration with The Nippon Road Co., Ltd. within fiscal 2008. This washing treatment system was put to practical use after the technological development we commenced in 2003. Since the washing water is cyclically used and is not discharged outside the system, there is no spread of contamination. Washed soil can be used for both aggregate and subgrade. Compared with the heating treatment method that uses fuel, this system is more economical and efficient and has a lower environmental impact.

Shimizu can provide consistent services, from digging up the soil on the site to transporting it and treating it at the washing plant. We dig up the contaminated soil under a tent and pack the dug soil in an airtight container on the site, manage the transportation of the packed soil using the GPS travel monitoring system, and implement area risk management at the washing plant. In this way, we pay thorough attention to safety and security in the aspects of the prevention of dioxin leakage and the management of the working environment. Recently, the issue of dioxin-contaminated soil has come to the fore, particularly in the Tokyo metropolitan area. However, since there is no facility able to deal with contaminated soil safely and inexpensively, appropriate measures are not in fact being taken. We believe that we will be able to stimulate latent demand by operating this system and contribute to the solution of the issue of dioxin-contaminated soil. Our immediate goal is to treat 15,000 tons of contaminated soil per year.

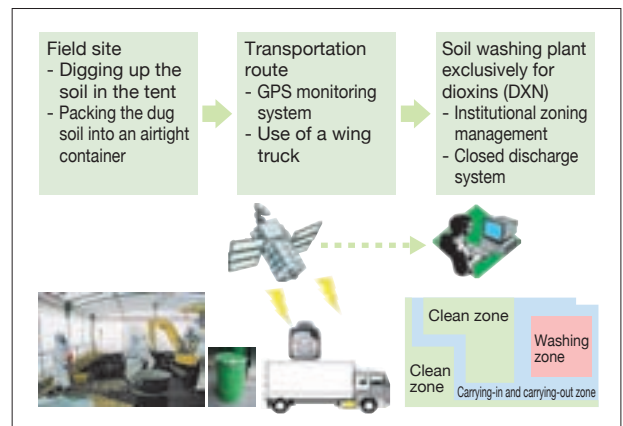


Principal achievements in the soil field (cumulative total as of the end of March 2008)

- Number of soil surveys: 2,537 cases
- Number of soil washing projects: 1,276 cases
- Volume processed by soil washing plants: 1.71 million tons (Kawasaki Office soil washing plant and on-site soil washing plants)
- Number of on-site soil washing plants: 11 plants (including three plants still in operation and one plant under contemplation)
- Bio-remediation (includes bio screen and bio shock load): 12 cases
- Fenton method: five cases



On-site soil washing plant dealing with small-scale projects that started operation in May 2008



Providing consistent services regarding the treatment of dioxin-contaminated soil

Measures against hazardous materials

Measures against Asbestos

In recent years, it is urgently required to take measures against asbestos due to its serious impact on human health. The asbestos-related law was amended in October 2006, and the legal regulations were tightened. Therefore, the responsibility of construction companies to ensure safety has increased, including through such measures as implementing sufficient measures to prevent the spread of airborne asbestos particles in demolition and renovation work. In 1986, Shimizu developed a method for preventing the spread of airborne asbestos particles for the first time in the construction industry. The method, which is called the ASP method, is the only such method developed by a general contractor which has received a technical assessment certificate from the Building Center of Japan (BCJ), and has actually been used for a number of construction projects. In addition, an agent used to prevent the spread of airborne asbestos particles that is used in the ASP method, called

“Astector S,” was certified as a solidification liquid agent for sprayed asbestos as stipulated in Article 37 of the Building Standards Law in September 2007.

To implement unified company-wide measures against asbestos, we have established a technological development system for tackling asbestos. We have developed five elemental technologies and three in-house infrastructure systems relating to the processing of asbestos in renovation and demolition work. In the meantime, we have established a technical professional team to deal with issues in construction work. For details, please refer to our Web site:

<http://www.shimz.co.jp/csr/environment/intro/toxic.html>

During fiscal 2007, we appropriately processed 3,600 tons of asbestos waste that can emit airborne particles.

Response to Indoor Chemical Substances

In compliance with the Building Standards Law and other regulations, we set goals beyond those provided by the laws concerning formaldehyde, toluene and xylene in design projects of 2,000 m² or more. In fiscal 2007, the goal achievement percentage was 92%.

PCB Waste Storage

As of March 2008, the waste stored by our Company that includes PCB is as per the chart below.

| | | | | | | | |
|-------------------------|--------------------|------------------------|--------|-------------------|--------|-------------|----|
| High pressure condenser | 491 | Low pressure condenser | 24 | Stabilizer | 2,225 | Transformer | 16 |
| Other (cotton duster) | 0.01m ³ | Other (waste seal) | 589 kg | Other (pollutant) | 122 kg | | |

*All the items on the left were all produced by Shimizu.
*In March 2008, we concluded a contract with Japan Environmental Safety Corporation to outsource the processing of PCB.

Status of legal compliance

Listed below are fiscal 2007 incidents in which we were unable to comply with environment-related legal regulations and other problem incidents which did not constitute legal violations.

Incidents in which We Were Unable to Comply with Legal Regulations

- We found sprayed material under the roof during ceiling replacement work, but nevertheless continued with the work. Because the concerned parties expressed their concern in this regard, it was pointed out by the municipal government that the sprayed material might include asbestos. Upon analysis, it was found that the material contained asbestos. Following this finding we suspended the work, revised the construction method to comply with the regulations on asbestos, and resumed the work. The sprayed material was processed through containment treatment after consultation with the ordering party.
- During road paving work, we carried away asphalt concrete debris using a mistakenly allocated vehicle of a company with which we had not yet signed up. After confirming that the debris had been treated in an appropriate manner, we immediately concluded a contract with the company. We demanded prevention of the recurrence of similar incidents at the company-wide meeting of Safety Administration and Environment Managers and the meeting of divisional staff in charge of environmental promotion.

Problem Incidents which did not Constitute Legal Violations

- During the demolition work of the foundation, process oil (sewing machine oil) that penetrated into the foundation flowed out into the river. We received a verbal reprimand from the river administrator (the prefectural government) and the environmental division of the prefectural government.
- The pipework from the oil tank to the heating appliance, which was buried in the ground, was damaged for various reasons, resulting in 980 liters of heating oil leaking on the premises and into the surrounding land and water passages. We contacted the municipal government and conducted recovery work. We issued a company-wide order that facility-related pipework must be installed within the pit and not be installed directly in the ground.
- Discharged chemicals generated by the construction of a deep foundation pillar leaked into the neighboring water passages due to overflow of the notch tank. We contacted the municipal government and recovered about 1 m³ of water including the surrounding water using a vacuum vehicle.
- With regard to problems relating to water quality, we have distributed the Guidelines on the prevention of water contamination at construction sites to all construction sites since 2007 to ensure the thorough prevention of water contamination.

Environmental accounting

Shimizu considers it essential to achieve “harmony between corporate activities and the environment” as its social responsibility. We have introduced environmental accounting since fiscal 1999 as an effective environmental management tool for efficiently promoting our environmental activities and initiating environmentally conscious business activities steadily.

Basic Items in Environmental Accounting

1. **Scope of coverage:** Shimizu Corporation facilities in Japan

2. **Period:** April 2007 to March 2008

3. **Accounting Method**

Accounting data of 18 items in seven categories, according to the *Environmental Accounting Guidebook 2005* (Ministry of the Environment) and *Environmental Accounting Guidelines for the Construction Industry 2002* (three construction industry organizations)

4. **Ground for calculating conservation costs for individual items**

① Using cumulative figures from individual departments / sections and estimations based on sampling* (See the table below on conservation costs of individual items.)

② 100% accounting of costs solely concerning the environment, excluding composite costs

③ Labor costs are based on the amount of time required multiplied by the applicable unit labor cost.

④ Depreciation costs are based on the applicable service lives used in fiscal accounting.

⑤ Green procurement costs are excluded from conservation costs.

*Data collected in a sampling survey at 36 project sites (including renovation sites), selected according to sampling selection criteria, is converted on a company-wide, project completion basis.

●2007 Environmental conservation costs Expenditures

Figures in brackets indicate expenditures in FY 2006

| Main category | Conservation cost classification Middle category | Calculation basis | | Item total (Unit: million yen) | |
|--|---|---|----------|--------------------------------|---------------------|
| | | Accumulation from departments / sectors | Sampling | Middle category total | Main category total |
| I. Cost within project areas | ① Pollution prevention cost | | ○ | 5,447 | 20,469 (22,606) |
| | ② Global environment conservation cost | ○ | ○ | 261 | |
| | ③ Resource recycling cost | ○ | ○ | 14,761 | |
| II. Upstream and downstream cost | ① Additional cost for environmental conservation measures | ○ | | 72 | 72 (72) |
| III. Management activity cost | ① Administration and maintenance of environmental management | ○ | ○ | 480 | 1,635 (1,567) |
| | ② Cost associated with environmental conservation measures | ○ | | 466 | |
| | ③ Environmental impact monitoring cost | | ○ | 488 | |
| | ④ Landscape development and protection cost | | ○ | 38 | |
| | ⑤ Environmental education cost | ○ | | 111 | |
| | ⑥ Disclosure of environmental information | ○ | | 52 | |
| IV. R&D cost | ① R&D cost on environmental business | ○ | | 495 | 791 (773) |
| | ② R&D cost on environmental conservation | ○ | | 296 | |
| V. Social activity cost | ① Donations to conservationist groups, etc. | ○ | | 84 | 228 (360) |
| | ② Social initiatives in partnership with local residents, etc. | | ○ | 144 | |
| VI. Environmental damage cost | ① Cost for restoring and repairing nature | | ○ | 165 | 165 (259) |
| | ② Damage compensation cost regarding environmental conservation | ○ | ○ | 0 | |
| | | | | I ~ VI Total | 23,358 (25,637) |
| Environment-related Investments | | | | | |
| VII. Cost of environment-related investments | ① Investments in head / branch office facilities | ○ | | 95 | 106 (7) |
| | ② Software investments | ○ | | 11 | |
| | | | | VII Total | 106 (7) |

●Achievements

| Item | FY 2006 | FY 2007 | Value of completed construction projects in Japan (100 million yen) | | |
|---------------------------------|--|------------------------|---|---|----------------|
| | | | Construction | Civil engineering | |
| Activities within project areas | Appropriate disposal of CFC and Halon | 16 t | 19 t | 10,771 | |
| | Amount of construction waste generated | 2.38 million t | 2.24 million t | 1,917 | |
| | Recycling rate (excluding sludge and harmful materials) | 97 % | 95 % | 12,688 | |
| | Recycling rate (including sludge and harmful materials) | 87 % | 83 % | | |
| | Recycling rate (New construction, new construction excluding rubble, sludge and harmful materials) | 85 % | 82 % | FY 2006 | |
| | Total amount of construction byproducts generated in new building projects (per total floor area) | 16.3 kg/m ² | 15.9 kg/m ² | Value of completed construction projects in Japan (100 million yen) | |
| Green procurement | Green procurement of construction materials | 59.6 billion yen | 74.9 billion yen | 10,977 | |
| | Green procurement of alternative shuttering materials | 14.5 billion yen | 25.9 billion yen | 1,872 | |
| | Alternative shuttering rate | 31.5 % | 43.5 % | 12,849 | |
| | Green procurement rate (construction division) *Reference figure | 13.6 % | 17.1 % | | FY 2007 |

Observation on the Accounting Results

- The total environmental conservation costs represent 1.82% of the value of completed construction projects in Japan (2.02% in the previous year), down 0.20 percentage points from the previous year.
- The resource recycling costs represent 1.15% of the value of completed construction projects in Japan (1.20% in the previous year), down 0.05 percentage points from the previous year due to a decrease in construction waste.
- The environmental management activity costs represent 0.13% of completed construction projects in Japan (0.12% in the previous year), up 0.01 percentage points from the previous year.

Fiscal 2008 Environmental Action Plan

Compared with the fiscal 2007 environmental targets, we have made major changes to two items for fiscal 2008. First, regarding the Ecological Mission, in response to society's concern regarding "what kinds of measures should be taken after 2013," we have changed the mission's goal to "CO₂ emissions of 30% less than fiscal 1990 levels in fiscal 2020." In addition, we have changed the target of the Ecological Mission from "CO₂ produced by all buildings constructed by Shimizu" to "CO₂ produced by all structures built by Shimizu including civil engineering works." Second, we have changed one of the two targets of "Reducing and recycling construction byproducts," from the "Recycling rate" for new construction and installation work to the "Reduction of the final disposal rate" for all construction projects. Additionally, we will actively use the "Shimizu Green Code," a comprehensive building assessment index that we established in fiscal 2007.

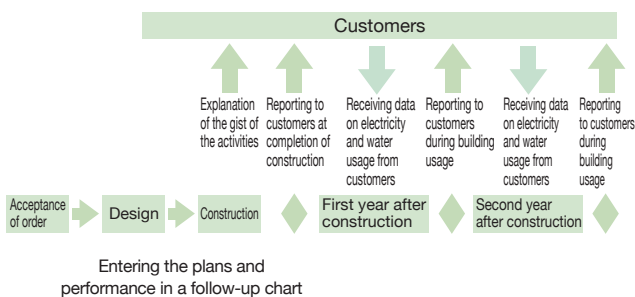
FY 2008 Environmental Target

| Theme | FY 2008 target | FY 2009 target | |
|--|--|---|-------------------------------------|
| Prevention of global warming | Ecological Mission Target: Reduce CO₂ by 4,564,610 t-CO₂ or more | 5,708,340 t-CO₂ or more | |
| | Design of energy-saving buildings | Reduce CO ₂ by 2,089,480 t-CO ₂ or more | 2,301,710 t-CO ₂ or more |
| | Resource saving and green-activities at construction sites | Reduce CO ₂ by 2,057,280 t-CO ₂ or more | 2,060,050 t-CO ₂ or more |
| | Energy-saving renovation and eco-services | Reduce CO ₂ by 64,010 t-CO ₂ or more | 84,670 t-CO ₂ or more |
| | New-energy facility installation | Reduce CO ₂ by 269,860 t-CO ₂ or more | 269,870 t-CO ₂ or more |
| | Energy saving in the office | Reduce CO ₂ by 1,980 t-CO ₂ or more | 2,040 t-CO ₂ or more |
| | Acquisition and usage of carbon credits | Reduce CO ₂ by 82,000 t-CO ₂ or more | 990,000 t-CO ₂ or more |
| | Promoting research and development that contributes to CO ₂ reduction. Expected reduction in CO ₂ emissions 3,300 t-CO ₂ or more | | 3,600 t-CO ₂ or more |
| Reducing and recycling construction byproducts | Reduction of the final disposal rate | 6% or less | 5.5% or less |
| | Reduction of byproduct volume in new construction projects | 17.5 kg/m ² or less | 17.5 kg/m ² or less |
| Ecosystem Conservation | Ecosystem-conscious system index (building design) | 100 or more | 100 or more |
| | Ecosystem-conscious system index (civil engineering design) | 100 or more | 100 or more |
| Promoting Total Eco-Activities | Ratio of reports made to customers | 90% or more | 90% or more |
| | Goal achievement percentage for concentrations of the three substances (formaldehyde, toluene and xylene) | 85% or more | 90% or more |
| Environmentally friendly designs | Design projects of 2,000 m ² or more | CASBEE evaluation Rank A or higher | Rank A or higher |
| Continuous EMS improvement | Confirming the following by internal environmental audit: Appropriate use of QES-Web (environment) (Note) | 100% | EMS improvement |

(Note) QES-Web is a Web system for environmental management that is used at construction sites.

Total Eco-Activities

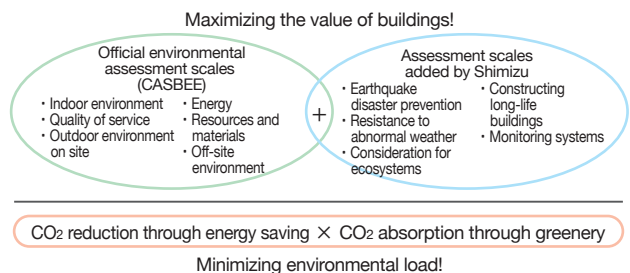
Total Eco-Activities target building projects over a certain size designed and constructed by Shimizu and are promoted in accordance with the following flow for each project.



As of March 2008, we have provided customers with 52 reports at completion of construction and 21 reports during building usage.

Shimizu Green Code

Shimizu developed the "Shimizu Green Code" in 2007, to comprehensively assess the invisible value of buildings using visible indexes from the aspects of "environment," "crisis management," and "social responsibility." In fiscal 2008, we will propose well-balanced and high-performance buildings according to the Green Code assessment.



Shimizu's Major Developments Regarding CSR

| Year | Major events | Year | Major events |
|------|--|------|---|
| 1804 | Foundation of Shimizu Corporation in Kanda, Edo (present-day Tokyo) | 2006 | Formulation of the "Basic Policy for Developing the Internal Control System" |
| 1887 | Introduction of the concept of "Rongo-to-Soroban" as the core of its business ethics Presentation of Instructions | 2007 | Establishment of the Corporate Social Responsibility Promotion Office Establishment of the Internal Control Promotion Group Development of measures for recurrence prevention of violations of the Anti-Trust Law Commencement of company-wide patrols to ensure thorough implementation of the measures for recurrence prevention of violations of the Anti-Trust Law and the 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 Web delivery of the "Legal Affairs News" |
| 1896 | Establishment of the Operational Regulations and General Rules | | Formulation of the Basic Procurement Policy with sub-contractors and suppliers Introduction of a volunteer leave system |
| 1904 | Presentation of the Instructions on the Handling of Business | 2008 | Establishment of the Risk Management Rules Establishment of the Risk Management Committee and a department responsible for risk management (Corporate Management Department) |
| 1916 | Establishment of the Operational Rules and Rules for Personnel | | |
| 1938 | Establishment of the Rules for Employees (a part of Office Regulations) | | |
| 1946 | Revision of the Rules for Employees | | |
| 1948 | Revision of the Rules for Employees | | |
| 1982 | Establishment of Management Principles | | |
| 1991 | Revision of Management Principles Establishment of the Global Environment Affairs Office Establishment of the Shimizu Global Environmental Charter | | |
| 1998 | Establishment of the Corporate Code of Conduct | | |
| 1999 | Introduction of the Executive Officer System | | |
| 2004 | Revision of the Corporate Code of Conduct | | |

Fiscal 2007 External Awards

| Name of award | Prize-winning work |
|--|--|
| Prize of AIJ (Architectural Institute of Japan) 2007, Specific Contributions Division | Preservation and Revitalization of International House of Japan |
| Thesis Award from AIJ | Prediction of Strong Ground Motions in Wide Period Range Based on Physics of the Asperity Model |
| Technology Award from AIJ | Development and Implementation of Partially-floating Structural System for Seismic Isolation |
| Reduce, Reuse, Recycle Promotion Association, Chairman's Award | (Tentative name) Crest Forme Shiba Tower construction site, Recycling Study Group of Shimizu Corporation |
| Good Design Gold Prize | Tokyo Institute of Technology, No. 1 Building in Midorigaoka |
| Nikkei New Office Promotion Award | Togane Technical Center, Takubo Engineering Co., Ltd. |
| Competition for Specialized Greening Technology for Rooftops, Wall Facings and New Green Spaces | Roof garden of Isetan Shinjuku Store |
| Illumination Promoting Award (Excellent Facility Prize), Society of Heating, Air-Conditioning and Sanitary Engineers of Japan Award of Promotion, Technology Promotion Award | SIA Shin-Otemachi Building Plan, design and construction of Niigata Sogo Television's new company building / Canon Precision Inc. (Kitawatoku) |
| BCS (Building Contractors Society) Award | Shimizu Institute of Technology Main Building |
| IBEC Sustainable Architecture Award, IBEC President's Prize | Shimizu Institute of Technology Main Building |
| Institute of Electrical Installation Engineers of Japan, Facility Encouragement Award in Technological section | Electrical installation of Research E Building, Sankyo R&D Center, electrical installation of World City Towers (Aqua Tower) |
| Japan Society of Civil Engineers, Tanaka Award | Bai Chay Bridge |
| Japan Society of Civil Engineers, Outstanding Civil Engineering Achievement Award | Design and construction technologies for a road tunnel in which a large-scale landslide occurred (Hokkaido highway Yubari Shintoku route, Akaiwa tunnel) |
| Japan Society of Dam Engineers, Technology Award | Construction of Koda Dam as an agricultural water utilization project of the upper portion of Hasama River; Construction of Tako Dam |
| Dr. Uchida Memorial Encouragement Award from The Japan Association for Fire Science and Engineering | Study on the Fire Risk Analysis and the Performance-based Fire Safety Design Method for Residential Buildings and Large-scale Buildings |
| Award from Japan Society for Snow Engineering | Study of Wind Tunnel Similarity on Snowdrift around Buildings |
| International Collaboration Award from The Engineering Advancement Association of Japan | Construction Project of Bai Chay Bridge in Vietnam |
| Top Prize, Infrastructure Technology Development Awards | The Stone Wall Restoration Assistance System |
| JSSI (Japan Society of Seismic Isolation) Award | New headquarters building of Tokyo Kensetsu Consultants Co., Ltd. |
| Director's Award from Organization for Landscape and Urban Green Technology Development | Series of Rooftop Gardens in Shimizu Institute of Technology |
| Award for Excellent Fire Protection Equipment | Pressurization Smoke Control System |
| The Urban Infrastructure & Technology Promotion Council Technological Research Presentation, Award for Excellence in the "Machizukuri" Division | Vertical Greening Technology using Special Solidified Soil and its Effect |
| Review Committee on Sustainable Building Awards Encouragement Award | Main building of Toyota Motor Corporation |
| WWF (World Wide Fund for Nature) Gold Panda Award | Shimizu Corporation |

And 9 others

Review on the 14th Shimizu CSR Report

We asked two respective figures for their views on our CSR programs and environmental activities.



Mr. Masahiko Kawamura
Senior Researcher
NLI Research Institute

The "Shimizu Sustainability Report" has been renamed "Shimizu CSR Report" this year. It seems that the biggest aspect that has changed is that the concept of social responsibility has been comprehensively

reorganized and that "Shimizu's CSR" has been defined from the three perspectives of value, society, and fairness. It is valuable in the sense that the Company's framework for CSR management towards the realization of a sustainable society will be presented within and outside of the Company.

However, the content of the report mostly consists of the activities of the single fiscal year except for part of the "Environment" section, while the results of the Company's initiatives, unsolved issues, and corrections are not clearly mentioned. CSR reports are supposed to report the "plan-do-check-act" (PDCA) of CSR management. Especially for governance, employment and labor, explanation of the systems and mechanisms occupies the major part of this report, and the status of their operation and achievements are not accessible to readers because of little quantitative data shown.

But I cannot see the CSR figures that Shimizu aims to achieve in the long term in this report, which may be related to the essence of "Shimizu's CSR." For example, in 2050, how shall Shimizu be positioned socially and economically and what kind of role shall Shimizu play? To that end, what should Shimizu do now? Specific achievement goals and target years for CSR need to be shown in relation to the Company's medium-term management plan.

At the same time, I hold the Company's "Ecological Mission" to prevent global warming in very high regard. Shimizu has revised the goal of the Ecological Mission from "CO₂ emissions of 6% less than fiscal 1990 levels in fiscal 2010" to "CO₂ emissions of 30% less than fiscal 1990 levels in fiscal 2020," and expanded the target of CO₂ reduction from "all buildings constructed by Shimizu" to "all structures built by Shimizu" adding civil engineering works. This is a pace-setting endeavor at the time that the post-Kyoto Protocol discussions are the critical issues. In addition, the new corporate message, "Today's Work, Tomorrow's Heritage," symbolizes Shimizu's commitment that places emphasis on "human resources" and "quality," and I would like to look forward to the Company's further improvement and advancement.



Ms. Reiko Nakamura
Secretary-General
Ramsar Center Japan

I think that this report is basically well-written, clearly showing that Shimizu Corporation's CSR initiatives are based on a firm philosophy and cover a broad range of areas. I think that since the core of

construction companies' CSR is to ensure "safety and security" through their primary business activities, it would be better to revise the report to accentuate the ensuring of "safety and security" and place it at the center.

However, from this report, I cannot figure out what kind of education and training programs on global environment issues are being provided to employees. From the perspective of an environmental NGO, I believe it is important to provide all employees with education and lecture concerning the Ramsar Convention, the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, the Millennium Ecosystem Assessment and the Millennium Development Goals, as well as urgent global environment issues including freshwater resources and desertification, even for just fifteen minutes during the lunch break once a month, shall we say. In this way, if some initiatives are taken using the framework of corporate organization, the public environmental awareness will be significantly elevated in Japan. With regard to animal pathways at which Shimizu excels, for example, to what extent do all employees share in the concept?

Regarding the support measures for childbirth, child rearing and the volunteer leave system, it is meaningless to merely introduce them without showing to what extent they are actually being utilized. Regarding the recruitment of female employees, it cannot be evaluated unless their percentage of all employees and the medium- and long-term target figures are shown.

Although these may be minor details, the Japanese rendering of foreign words in the Japanese version should be avoided as much as possible. For example, "activity" should be replaced by "katsudo" and "corporate governance" should be replaced by "kigyo tochi". In addition, the honorific title "sama" used in the column introducing stakeholders on page 21 should be replaced by the less formal "shi" or "san."

Reflecting these opinions

Mr. Kawamura and Ms. Nakamura, thank you very much for your frank opinions.

We have edited the sustainability report under the title of the "Shimizu CSR Report" this year, which was a completely new challenge to us. As expressed in your opinions, we also realize the necessity of revising the content in various aspects, such as individual articles, usage of language, and limited quantitative data. With regard to the "renovation" that Professor Narumi pointed out in the preceding issue, we adopted it as a topical theme in this issue. We also added the brief article on the in-house environmental education in this issue. In addition, we added explanatory notes of adopted foreign words and eliminated the duplications of "Mr." and honorific titles. In the next issue, we will further reflect your suggestions. We will receive external opinions in the early stages through meetings with stakeholders and strive to reflect them in improving and expanding this report.



Kazuaki Iwamoto,
Global Environment Manager,
Safety Administration and Environment Division

Independent Assurance Report



This English language report is a translation of the original report in Japanese on the independent assurance on SHIMIZU CORPORATION's Corporate Social Responsibility Report 2008.

Independent Assurance Report

To: Mr. Yoichi Miyamoto, President
SHIMIZU CORPORATION

July 10, 2008

1. Objectives and Scope

We, PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd., have been commissioned by SHIMIZU CORPORATION (hereafter the "Company") to provide independent assurance on the Company's "Shimizu Corporate Social Responsibility Report 2008" (hereafter the "Report"). The scope of the assurance covers the environmental performance data on prevention of global warming, construction byproducts, green procurement, office activities and environmental accounting. The objective of our assurance engagement is to independently express our conclusions using the Company's policies and standards as criteria as to:

- Whether the environmental performance data included in the Report was collected and reported in accordance with the Company's policies and standards (P.36, P.42), in all material respects.

The preparation of the Report is the responsibility of the Company's management. Our responsibility is limited to independently express a conclusion on the Report.

This is the fifth time we provide assurance on the Company's Report. Environmental performance data for the year 2002 and before are not within the scope of our assurance engagement. In addition, quantitative information within the scope of our assurance engagement is limited to that of the Company and its domestic subsidiaries.

2. Summary of Assurance Procedures Performed

We performed our work in accordance with International Standard on Assurance Engagement 3000 — Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE3000), revised in December 2003 by the International Federation of Accountants and the Assurance Standards for Environmental Reporting (Draft), published in March 2004 by the Ministry of the Environment of Japan. Therefore, we provide limited assurance on data and information reported in the Report in accordance with the aforementioned standards under the scope of our assurance engagement. Accordingly, we do not intend to express an auditor's opinion as this is not an audit work conducted in accordance with generally accepted auditing standards.

The summary of the procedures we performed for our assurance engagement is as follows:

- Reading the relevant documents with regard to the Company's overall status and environmental management, and interviewing personnel responsible thereof;
- Interviewing personnel with regard to the establishment and implementation of the Company's policies and standards under the scope of our assurance engagement included in the Report in the headquarters and the sites visited;
- Reading the relevant documents in the headquarters and the sites visited as listed in the following with regard to the methodologies for measuring, compiling, and reporting the information under our scope, and interviewing personnel responsible thereof;

- Assessing the consistency of the supporting documents, performance of analytical procedures, and reconciliation of sample data to supporting documents in the headquarters and the sites visited.
- Sites visited

| Name of Site | | Functions |
|---------------------|---|-------------------|
| SHIMIZU CORPORATION | Headquarters | Headquarters |
| SHIMIZU CORPORATION | Tohoku Branch | Branch |
| SHIMIZU CORPORATION | Tohoku Branch East construction site of Izumino-Takamori Park House in the third period | Construction Site |

- We conducted the above procedures for the information and data on prevention of global warming, construction byproducts, green procurement, office activities and environmental accounting included in the Japanese version of the Report marked

3. Our Conclusion

Based on our work performed, we have reached the following conclusion:

- To the extent of our procedures performed, nothing has come to our attention that causes us to believe that the environmental performance data on prevention of global warming, construction byproducts, green procurement, office activities and environmental accounting included in the Report was not collected and reported in accordance with the Company's policies and standards, in all material respects.

4. Independence

In accordance with the Assurance Standards for Environmental Reporting (Draft) and the provisions of the Certified Public Accountants Law of Japan, no reportable relationship exists between the Company and PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.

PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.

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