

Nishimatsu CSR Report 2013

In the current era there is a requirement that a company should make a contribution towards society. Nishimatsu Construction will continue to develop to meet this challenge and respond to the requirements of a variety of stakeholders through corporate trust and accumulated technology.



Nishimatsu CSR Report 2013



Editorial Policy

Nishimatsu Construction began issuing a CSR Report in 2011, in response to prevailing social trends and with a view to helping our stakeholders familiarize themselves with our corporate activities. This is the English version of the 2013 CSR Report, the third in our series of annual CSR reports.

Outlined in this report are our various CSR activities, which are conducted in accordance with our long-term N-Vision 2020 plan. Our achievements have been classified into “7+1” categories for easy reference (see page 15).

This report comprehensively covers the CSR activities that we have been promoting throughout the Nishimatsu Group, including those in our overseas operations. While this English version is based on our Japanese report, it has been edited for improved readability.

Applicable Period

The applicable period for this report is fiscal 2012 (April 1 2012 to March 31 2013), although it also covers some activities conducted in fiscal 2013. We plan to issue our next CSR report in June 2014.

Coverage

While this report mainly features the activities of Nishimatsu Construction Co., Ltd, it also describes the activities of our overseas bases and group companies. Some of the corporate information provided herein is presented on a consolidated basis. The targets and achievements mentioned in our environmental report relate chiefly to our domestic business activities.

Referenced Guidelines

Sustainability Reporting Guidelines (Edition 3.1) by the Global Reporting Initiative

ISO 26000

Environmental Reporting Guidelines of Japan's Ministry of the Environment
Manual for Implementing Charter of Corporate Code by Keidanren (Japan Business Federation)

Major Prizes Awarded to Nishimatsu in 2012

Kansai Town Development Award

Sponsored by: City Planning Institute of Japan

Awarded for: Development of a disaster response area on the east side of Higashi Kishiwada station. (Also receiving award: one business cooperative and four other companies)

Excellent Construction Award

Sponsored by: Fukuoka Municipal Government

Awarded for: Sewage construction in Hie district, Fukuoka

Technology Award

Sponsored by: Japan Society of Dam Engineers

Awarded for: Construction of Nagai Dam on Mogami River. (Also receiving award: Ministry of Land, Infrastructure, Transport, and Tourism; Shimizu Corporation; Daiho Corporation; a joint venture company; and one other company)

Awarded for: Construction of Kasegawa Dam. (Also receiving award: Ministry of Land, Infrastructure, Transport, and Tourism; Okumura Corporation; Fujita Corporation; a joint venture company; and one other company)

Excellent Construction Award 2012

Sponsored by: NEXCO East

Awarded for: Construction of Ishioka Omitama Smart Interchange on Joban Highway

Excellent Safety Achievement Award 2011

Sponsored by: Construction-Related Accident-Prevention Committee, and Japan Railway Construction, Transport, and Technology Agency

Awarded for: Construction of Joetsu substation for Horkuriku Shinkansen line. (Also receiving award: Kagata Corporation and Sakazume Corporation)

13th Public Construction Excellence Award

Sponsored by: Public Buildings Association, Ltd.

Awarded for: Construction of the Loop Shionoe health spa

Accident-Free Construction Award

Sponsored by: Tohoku Branch, NEXCO East

Awarded for: Construction at Odakaminami, Joban Highway

Letter of Appreciation

Sent by: Tsugaru Dam field office, Tohoku Development Division, Ministry of Land, Infrastructure, Transport, and Tourism

To: Hazama-Nishimatsu joint venture Tsugaru Dam branch office
In recognition of: Removing snow during heavy snowfall in 2011

Letter of Appreciation

Sent by: Shin-Totsukawa Town Office, Hokkaido

To: Nishimatsu-Iwatachizaki joint venture
In recognition of: Cleaning the town and removing snow at public facilities since 2002

In addition to those listed above, Nishimatsu has received a total of 38 awards and letters of appreciation.

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Our Ongoing CSR Efforts Nurture a Tree of Social Trust

In an effort to regain the trust of society at large, we have been making company-wide efforts since 2010 to promote our CSR activities.

Now, after three years of endeavor, we see that the sapling of trust that we planted has grown steadily into a tree that is now beginning to spread its branches.

Through our continued efforts, we will strive to overcome every challenge to keep this tree of trust flourishing and growing ever higher. The following is a report on our main accomplishments from the last three years.

Supporting Reconstruction Efforts in Earthquake-Affected Regions

Although more than two years have passed since the Great East Japan Earthquake, the environment in the affected region remains impaired. As a construction company whose core mission includes minimizing the risks of disaster, we have been keenly engaged in recovery and reconstruction efforts with the goal of providing safety and assurance for the earthquake victims. As the Japanese economy shows slight but promising signs of recovery following the change of national administration at the end of 2012, we are determined to move ahead with our business operations and provide further support for disaster reconstruction.

Creating New Business Value through Mid-Term Management Plan 2014

The year 2012 marked the first year of our Mid-Term Management Plan 2014, which was designed to provide leverage for the company's continued growth. Although fiscal 2012 brought challenges, we were able to end the year with satisfactory results. While civil engineering and building construction works in Japan and overseas remained our core businesses, in fiscal 2012 we expanded the scope of our business operations to include urban development, real estate business and other new businesses. We also introduced a divisional organization structure, so that we may comprehensively manage the entire process of our business operations, from planning and design to construction and maintenance.

Our new business projects include Sci Tech Farm, which we started in an industry-academia collaboration with Tamagawa University. At this farm,

we grow three types of lettuce—Red Fire, Green Wave, and Frill Lettuce—using an LED light source and liquid fertilizer. These lettuces are already being shipped to markets for general sale. We are convinced that this type of farmed plant will open up a new way of ensuring food safety for consumers.

Major Turning Point in Overseas Business Operations

Throughout our 140-year history, we have been active in launching business operations overseas. The year 2012 marked the 50th anniversary of the launch of our Hong Kong business. In 1964, we constructed Lower Shing Mun Reservoir in Hong Kong as our first major overseas construction project since World War II. We still take great pride in the fact that this reservoir has played a major role in solving water shortage problems for the people of Hong Kong. In a ceremony celebrating this anniversary, we thanked the Japanese Consul General in Hong Kong and expressed our appreciation to all the companies that have supported us over the years.



President Kondo addresses the audience at the ceremony

Another 50th anniversary will be marked in 2013, when we commemorate the founding of our business in Thailand. Our commitment there remains strong. During the 2011 floods that caused major devastation in Thailand, members of our local subsidiary—Thai



Nishimatsu Construction Co., Ltd.—made every effort to assist in the country’s reconstruction. Being able to celebrate the two 50th anniversaries in Hong Kong and Thailand gives us renewed confidence that we can further expand our operations overseas.

Achieving Long-Term Goals —N-Vision 2020

Taking a step beyond our Mid-Term Management Plan 2014, we laid down our long-term plans in N-Vision 2020. Looking forward, this document outlines our vision for how the company should be operating in the year 2020. Over the last three years, N-Vision 2020 has acted as a compass, helping us to navigate a path for our business operations and establish win-win relationships with our stakeholders, as outlined in our CSR management policy.

As part of our CSR activities, we held a meeting with stakeholders from a variety of fields. We believe that by exchanging opinions with people from outside the company, by continuing our efforts to optimize the PDCA cycle to achieve the goals of N-Vision 2020 and by making adjustments as required, we will win back the confidence of our stakeholders and establish ourselves as a company that contributes to the sustained growth of society. To achieve these goals, I will endeavor to ensure that N-Vision 2020 is thoroughly understood and implemented throughout the company.

I encourage everyone in our company to think and act as if he or she were the company leader. If we all keep CSR management policy in mind, I am confident that we will be able to establish win-win relationships with our stakeholders.

Corporate Motto

Courage, Courtesy, and Justice:

An enterprising spirit,
a feeling of gratitude,
and a righteous attitude

Corporate Philosophy

Providing society with important structures and services using the technologies and experience we have acquired to help establish a sustainable society and environment where people can live with peace of mind.

Company-Wide Efforts to Promote CSR Activities

With our Mid-Term Management Plan 2014 serving as a milestone on the road to fulfilling our N-Vision 2020, we will continue striving to foster the trust of society at large by upholding our corporate motto, “Courage, Courtesy, and Justice”. In this, our third CSR report, we outline the progress of our CSR activities. We look forward to hearing your candid comments and opinions on this report, and we ask for your continued support.

近藤 晴貞

President

Corporate Outline

Name: Nishimatsu Construction Co., Ltd.
 Head office: 1-2-10, Toranomon, Minato-ku, Tokyo, Japan 105-8401
 Phone: +81-3-3502-0232
 President: Harusada Kondo
 Originally founded: 1874
 Established: September 20, 1937
 Paid-in Capital: 23.5 billion yen (as of March 31, 2013)
 Number of employees: 2,309 (as of March 31, 2013)
 Main businesses: Construction, development, real estate, etc.

Board of Directors

Representative Director and President: Harusada Kondo
 Representative Directors: Uichi Mizuguchi, Akira Maeda, Takashi Suzuki
 Directors: Yoshiyuki Sawai, Takao Komori, Nobutoshi Takase, Katsuaki Saito, Nobuaki Sato

Statutory Auditors

Full-Time Auditors: Toshiyuki Fujii, Wataru Hamura
 External Auditors: Toshiyuki Matsuda, Sumio Uesugi

Executive Officers

President: Harusada Kondo
 Vice Presidents: Uichi Mizuguchi, Akira Maeda
 Senior Managing Officer: Takashi Suzuki
 Executive Managing Officers: Yoshiyuki Sawai, Takao Komori, Nobutoshi Takase, Toshio Furuya, Shuichi Abe, Akimitsu Takashima, Haruto Ban, Yoshiaki Kudo, Akira Matsumoto
 Executive Officers: Shigeru Tokura, Hideo Kaneko, Hiroo Morimoto, Junichiro Saito, Yuichi Kono, Shozo Sakai, Kazunari Umeda, Jun Morita

Regional Headquarters General Managers

Yoshiaki Kudo (North Japan Regional Headquarters), Toshio Furuya (Kanto Civil Engineering Regional Headquarters), Nobutoshi Takase (Kanto Architectural Regional Headquarters), Haruto Ban (West Japan Regional Headquarters), Hiroo Morimoto (Kyushu Regional Headquarters), Akira Matsumoto (International Headquarters)

Branch Office General Managers

Teruo Ando (Sapporo Branch), Toru Naruishi (Tohoku Branch), Hiroyuki Ito (Hokuriku Branch), Makoto Isshiki (Chubu Branch), Masaki Tsukada (Kansai Branch), Tsuyoshi Kuroda (Chugoku Branch), Kunihiko Kawasaki (Shikoku Branch), Kensuke Hayashi (Hong Kong Branch)

Note: The list of personnel above is current as of June 30, 2013.

Organizational Structure



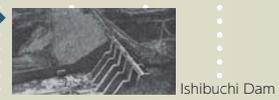
Note: The organizational chart above is current as of April, 2013.

Overseas Operation Bases



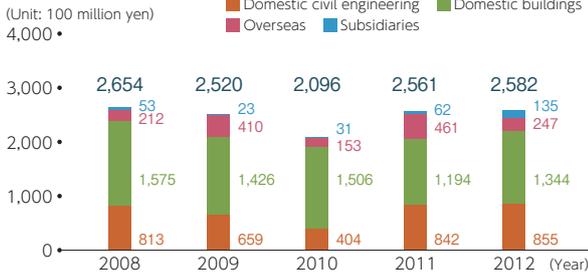
History of Nishimats

Year	Event
1874	◆ Founded
1914	◆ Established as Nishimatsu Kogyosho
1916	◆ Began construction of District No. 12 on Miyazaki Line
1916	◆ Company name changed to Nishimatsu Gumi
1929	◆ Established as a limited partnership company
1931	◆ Head office relocated to Tokyo
1946	◆ Began construction of Misawa U.S. Base
1937	◆ Established as Nishimatsu Gumi Co., Ltd.
1939	◆ Commemorated 25th anniversary of establishment
1944	◆ Opened Tokyo branch office and Osaka branch office
1947	◆ Established Nishimatsu Gumi workers' union
1948	◆ Changed company name to Nishimatsu Construction Co., Ltd.
	◆ Opened Tohoku branch office in Sendai city
1950	◆ Opened technical research institute in Jingu-mae, Shibuya, Tokyo
1951	◆ Opened Chubu branch office in Nagoya city
1951	◆ Opened Kanmon Highway Tunnel
1952	◆ Ranked first in civil engineering proficiency test conducted by Ministry of Construction
1952	◆ Introduced mechanization to construction sites
1952	◆ Opened Shikoku branch in Takamatsu city Redesignated Kumamoto branch office (opened in March 1926) as Kyushu branch office (Fukuoka city)
1953	◆ Completed construction of Marunouchi subway line between Ikebukuro and Ochanomizu stations
1953	◆ Completed construction of Ishibuchi Dam, Japan's first rock-fill dam
1954	◆ Opened Tamagawa plant.
1957	◆ Started construction of U.S. base in Okinawa
1958	◆ Started construction of U.S. base on Iwojima Island
1932	◆ Opened Dalian office
1932	◆ Started construction of South Manchuria Railway
1943	◆ Completed construction of Sup'ung Dam on the Yalu River
1945	◆ Withdrew from overseas operation bases at end of World War II

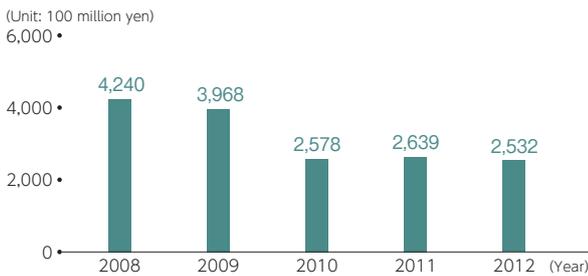


Business Performance

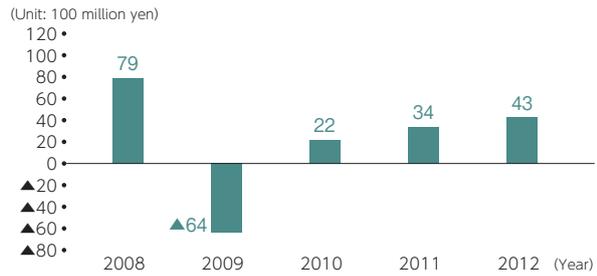
Value of Construction Orders Received (Consolidated)



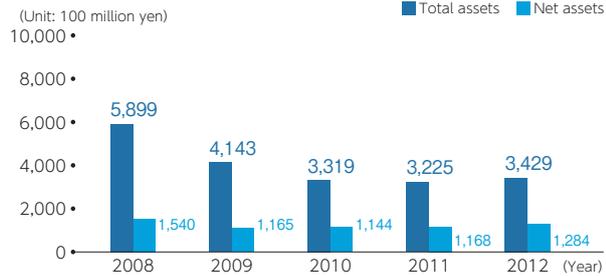
Net Sales (Consolidated)



Ordinary Profit (Consolidated)



Total Assets/Net Assets (Consolidated)

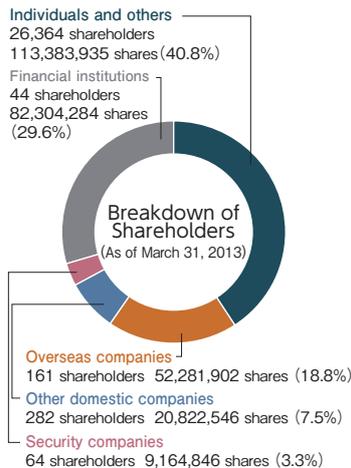


Stock Status

The status of our stocks and the breakdown of shareholders are as follows.

Stock status (as of March 31, 2013)

Securities identification code: 1820
 Listed on: Tokyo Stock Exchange (TSE)
 Total number of authorized shares: 800,000,000
 Total number of issued shares: 277,957,513
 Share unit: 1,000 shares per lot
 Number of shareholders: 26,915
 Shareholder registry administrator: Mizuho Trust & Banking
 Fiscal year: April 1 to March 31
 Year-end dividend: March 31 every year
 Annual shareholder meeting: June every year



Dividend Status

<Dividend Policy>

Our basic dividend policy is to return our profits to shareholders in a stable and ongoing way by taking into consideration our business performance and the required level of internal reserves.

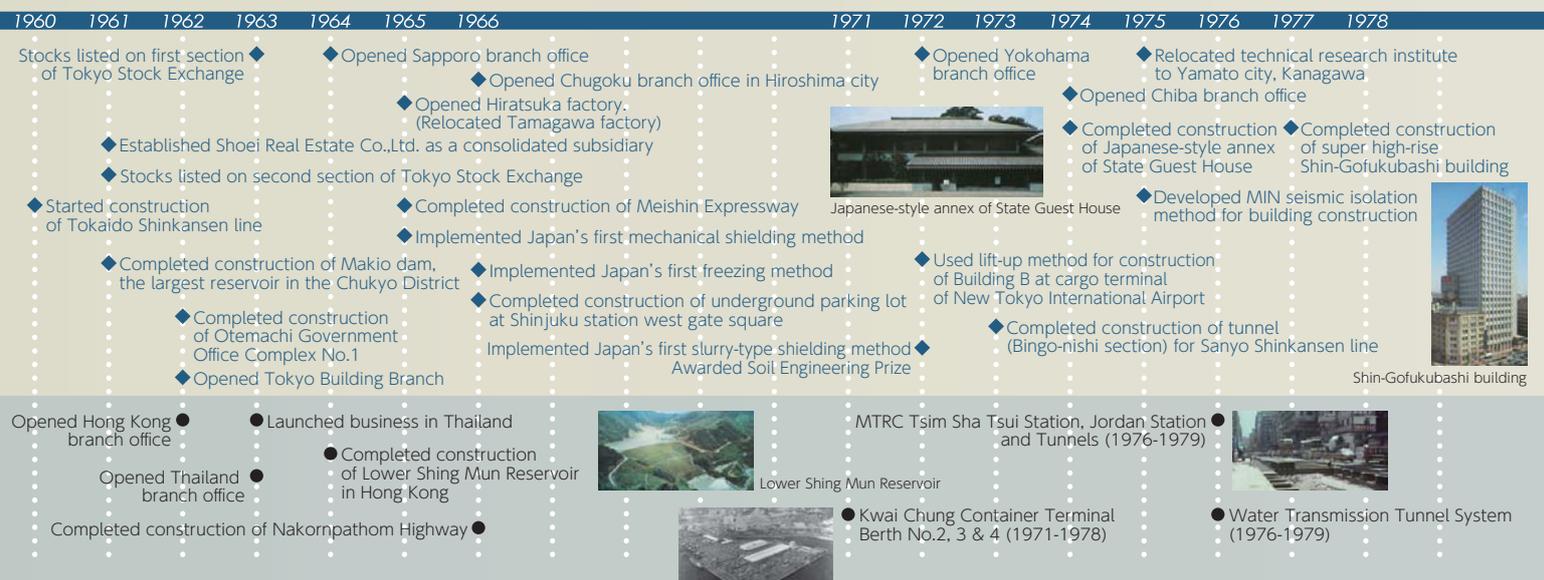
<Dividend Record>

The following table shows our dividend record for the last three years.

Dividend Record

	Dividend per share	
	Year end	Annual
76th term (fiscal 2012)	4 yen	4 yen
75th term (fiscal 2011)	4 yen	4 yen
74th term (fiscal 2010)	4 yen	4 yen

Note: For more details regarding Nishimatsu's business performance and stock information, please visit our IR web page: www.nishimatsu.co.jp/ir.



Urban Development and Real Estate

We provide optimal solutions to wide-ranging customer needs, based on our extensive experience in urban development and construction.



We are actively involved in planning and implementing urban development projects—such as redevelopment projects and land readjustment projects—and PPP/PFI (Public-Private Partnership/Private Finance Initiative) projects. We strive to provide integrated development solutions by planning and promoting urban development projects that respond to social needs.



Our extensive real estate business ranges from the acquisition of income property and commercial land, to allotment sales of real estate. We also manage a CRE (Corporate Real Estate) business utilizing our own land and buildings.

New Businesses

Taking advantage of the latest technologies, we continue to create and promote new businesses that meet social needs.

At Nishimatsu, we have been working to develop a variety of new business ventures, one example being a vegetable-farming plant that we operate in collaboration with a university. In the field of solar power generation—an area of renewable energy in which we have a keen interest—we assist our customers with business plans and license application procedures. At the same time, we seek to optimize our construction methods to suit the geographical characteristics of each installation site in order to minimize initial costs for customers. We intend to explore further new business opportunities by fully capitalizing on our construction expertise.

Research and Development

Centered on civil engineering, building and environmental technologies, our R&D activities enable us to anticipate future market demands.

Throughout the 60 years since the founding of our Technical Research Institute, we have harnessed our extensive civil engineering and building expertise to develop technologies that allow us to anticipate and respond precisely to the needs of our customers. We have developed technologies for earthquake resistance and attenuation, which we analyze in a large laboratory; technologies for the study and repair of ageing civil infrastructure; technologies for purifying air, soil and underground water; and technologies for decontaminating nuclear-affected areas.



Full-size testing of BiD (built-in damper) construction method



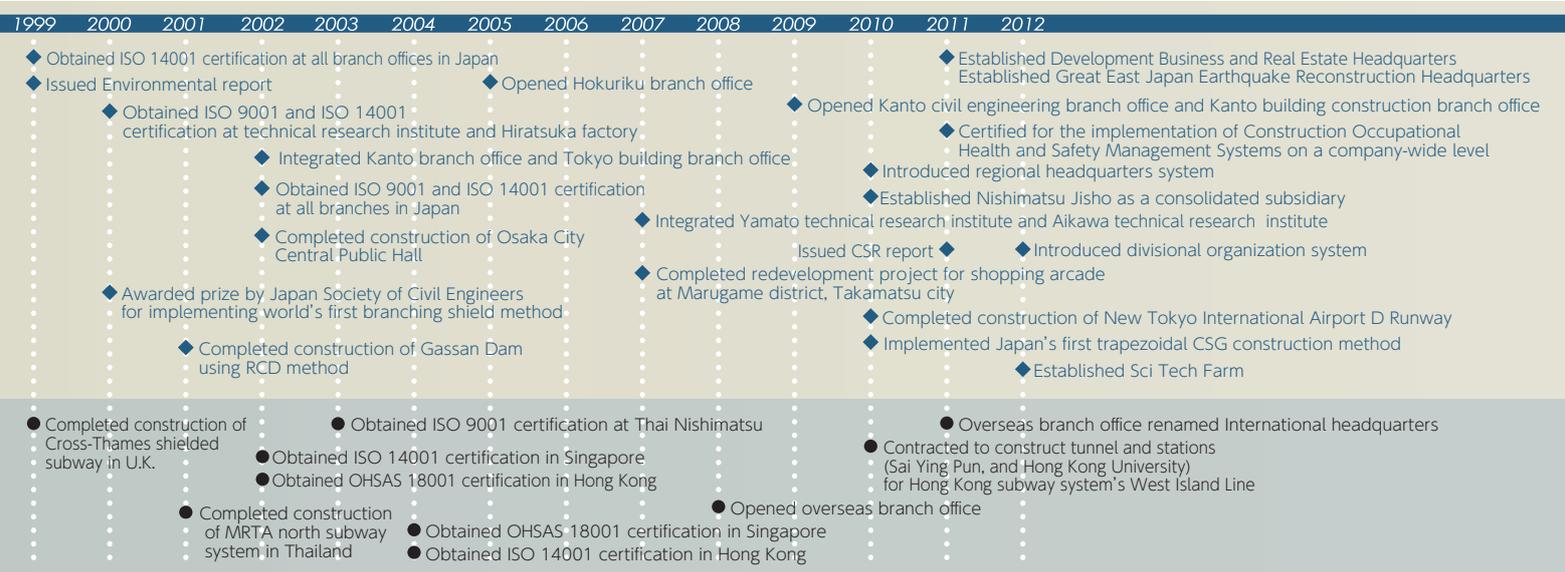
Testing of seismically engineered ceiling clip



Long-distance, large-caliber forepiling method (LL-Fp)



Dynamic Geotechnical Centrifuge



Civil
Engineering



Kugino Dam
Completed: May 2012
Location: Kitsuki City, Oita Prefecture



Ayase Sports Park
Completed: February 2013
Location: Ayase City, Kanagawa Prefecture



Tomei Highway Ashigara Bridge (Repair)
Completed: March 2013
Location: Sunto District, Shizuoka Prefecture



Kyoto Beltway No. 2 Nishiyama Tunnel
Completed: January 2013
Location: Kyoto City, Kyoto Prefecture

Building
Construction



Musashi Kosugi Station Area Urban Redevelopment Project
Completed: February 2013
Location: Kawasaki City, Kanagawa Prefecture
Use: Apartment buildings, library, commercial facilities, parking areas
Total floor area: 65,459.27 m²



Komaki Municipal Government Building
Completed: July 2012
Location: Komaki City, Aichi Prefecture
Use: Municipal office
Total floor area: 17,375.62 m²



Research Building of Okinawa Institute of Science and Technology Graduate University
Completed: May 2012
Location: Kunigami District, Okinawa Prefecture
Use: Research institute
Total floor area: 14,073.48 m²



Tokyo Kanefuku Mentai Park
Completed: November 2012
Location: Tokoname City, Aichi Prefecture
Use: Food processing factory; Sales and exhibition space
Total floor area: 3,847.07 m²

Civil Engineering



Kwai Chung Container Terminal No.8
 Completed: March 1995
 Location: Kwai Chung, New Territories, Hong Kong



MTRC Quarry Bay Congestion Relief Works, North Point Station Modification and Tunnels
 Completed: September 2001
 Location: North Point, Hong Kong



KCRC East Tsim Sha Tsui Station / Pedestrian Subway / Public Transport Interchange
 Completed: January 2005
 Location: Tsim Sha Tsui, Kowloon, Hong Kong



Contract C828, Design, construction and completion of stations at Nicill Highway & Stadium Stations including tunnels
 Completed: November.2011
 Location: Republic Avenue, Singapore

Building Construction



HKHA Tin Shui Wai Area 3 Phase 3
 Completed: January 2000
 Location: Tin Shui Wai, New Territories, Hong Kong
 Use: Housing
 Size: 90,878.40 m²



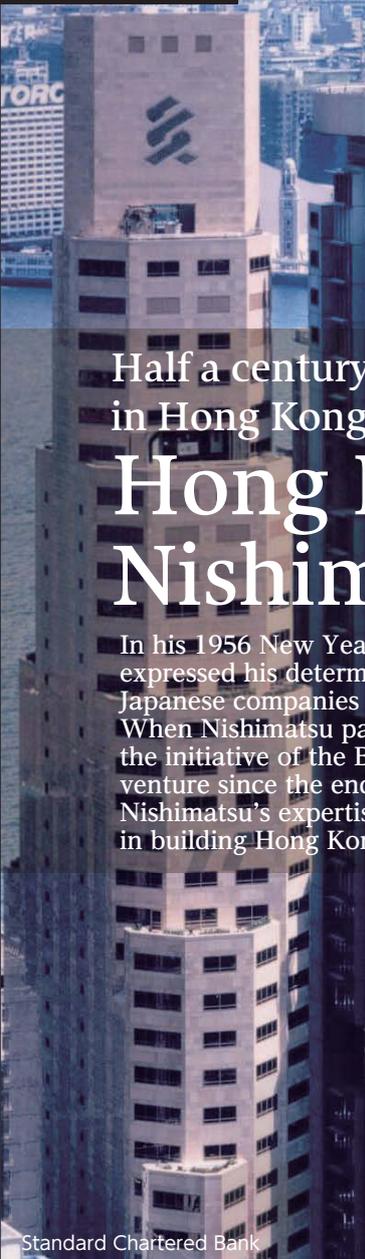
Singapore National Library
 Completed: March 2005
 Location: Victoria Street, Singapore
 Use: Library
 Size: 58,783 m²



APC 2nd Warehouse Establishment
 Completed: November 2011
 Location: Wellgrow Industrial Estate, Chachoensao
 Use: Warehouse
 Size: 40,278 m²



PHAV Thang Long II (Panasonic TL2)
 Completed: December 2012
 Location: Hung Yên, Vietnam
 Use: Factories and research institutes
 Total floor area: 23,932.00 m²



Standard Chartered Bank



Stanley Complex



Power plant on Lamma Island

Half a century has passed since Nishimatsu constructed a reservoir in Hong Kong in a project later dubbed the “Hong Kong Dream.”

Hong Kong—The Starting Point of Nishimatsu’s Overseas Operations

In his 1956 New Year’s speech, Miyoshi Nishimatsu, the president of Nishimatsu Construction at the time, expressed his determination to launch new business operations in overseas markets. It was a time when most Japanese companies were still trying to recover their strength before resuming operations overseas. When Nishimatsu participated in the construction of the Lower Shing Mun Reservoir—a project launched in 1962 at the initiative of the British-administered government of Hong Kong—it marked the company’s first overseas business venture since the end of World War II. This huge construction project would not have been possible without Nishimatsu’s expertise in construction technology or without our employees’ strong commitment to assist in building Hong Kong’s infrastructure.



Partners for past 50 years, and Partners for years to come

~Our History in Hong Kong~

- 1962 Hong Kong branch, Lower Shing Mun Reservoir
- 1987 Standard Chartered Bank
- 2003 Stanley Complex
- 1971 Port facilities for Kwai Chung Container Terminal
- 1988 Tate’s Cairn Tunnel
- 2007 West Drainage Tunnel
- 1973 Power plant in Lamma Island for HK Electric
- 1990 Cable Tunnel No. 2 for HK Electric
- 2009 Subway West Island Line
- 1992 Land development for Hong Kong International Airport
- 2011 Subway South Island Line and Kwun Tong Line Extension
- 1993 Western Cross-Harbor Tunnel



Western Cross-Harbor Tunnel



Hong Kong International Airport

After 50 years in Hong Kong, we strive to move forward and make further contributions to the region.

Our first contract in Hong Kong was a governmental project

Following the establishment of our Hong Kong branch in 1962, Nishimatsu was contracted by the local government to build the Lower Shing Mun Reservoir. "You gave your heart and soul to this water, but you will soon be forgotten. People will take the water for granted, as if it had always been there." So spoke a character from the Japanese television drama "Hong Kong Dream" in a storyline about the construction of the Lower Shing Mun Reservoir. Deeply concerned with the area's increasingly severe water shortages, the Hong Kong government viewed the construction of the reservoir as a project of critical importance. The response of Nishimatsu's employees was to pour themselves into the project and to surmount the many challenges of working in a foreign land where almost everything was unfamiliar, from the language to the culture and to the climate.

In the 50 years following the construction of the reservoir, Nishimatsu has been extensively involved in many public construction works in Hong Kong. These have encompassed almost the entire civil infrastructure of Hong Kong, including roads, an airport and port facilities; electricity, water and sewerage infrastructure; and residential housing.

The following is a selection of Hong Kong construction projects in which Nishimatsu has been engaged:

- Port facilities for Container Terminal No. 4
- Nine subway stations (station buildings and tunnels)
- Power plant (Lamma Island) and power transmission facilities for HK Electric
- Cross-Harbor Tunnel connecting Hong Kong Island and Kowloon
- Hong Kong International Airport
- Tate's Cairn Tunnel
- Standard Chartered Bank Building

Through these construction works, our company came to be widely known in Hong Kong as "Saichon" the Cantonese reading of the Chinese characters making up the Nishimatsu name.



Lower Shing Mun Reservoir



Tate's Cairn Tunnel

The Next 50 Years—Continuing the Development of Hong Kong

Nishimatsu's 50-year history of operating in Hong Kong started with the construction of a reservoir. Now we are helping to provide convenient transportation for citizens and tourists in Hong Kong by working on the extension of three subway lines: the West Island Line, which is being extended to the western part of Hong Kong Island; the South Island Line, which is being extended to the southern part of the island (an area currently without a subway service); and the Kwun Tong Line, which is being extended to cover the central part of Kowloon. As a company that has been involved in subway construction here since its earliest stages, Nishimatsu keeps striving to make further contributions to the development of Hong Kong.



South Island Line



West Island Line



Kwun Tong Line Extension

2013 Marks the 50th Anniversary of Our Business Launch in Thailand

Nishimatsu's connection to Thailand dates back to 1963, when we established a local subsidiary, Thai Japan Construction Company Limited (the predecessor of the present Thai Nishimatsu Construction Co., Ltd.). The original name of the subsidiary was proposed by the then Prime Minister of Thailand as a gesture of hope for continued friendship between the two countries. Nishimatsu became the first Japanese construction company to operate in Thailand after World War II. Building Nakhon Pathom Highway in Thailand was Nishimatsu's second overseas construction project, after the Lower Shing Mun Reservoir in Hong Kong. Since building the highway 50 years ago, Nishimatsu has been involved in a wide array of construction projects in Thailand. These have included subways, water supply and irrigation systems, factories, commercial buildings and hotels. Taking advantage of our extensive experience and talented pool of human resources, we will endeavor to make further contributions to Thailand's development.

 Thailand



Promoting CSR Activities at Thai Nishimatsu Construction

At Thai Nishimatsu Construction, we have been carrying out various social contribution activities to commemorate the 50th anniversary of our business launch in Thailand. As part of such activities, employees have been planting mangrove trees and cleaning temples. Through such voluntary work, they gain a greater awareness of the importance of cooperating with others and they come to appreciate the vital importance of goodwill when it comes to achieving true success.

Managing Director
Thai Nishimatsu Construction Co., Ltd.

Sitthichai





Working to Make Tomorrow's Children Smile

Through close cooperation with the local community, Nishimatsu helped to develop a town that will be passed on with pride to future generations.



An urban development project is currently underway in the area surrounding the JR Shingu Central train station in Shingu, a town in the Kasuya district of Japan's Fukuoka Prefecture. A key theme of this project is the concept of developing a town that can be passed on proudly to future generations. Nishimatsu has played a major role in advancing the Okita Land Readjustment Project—a cornerstone of this urban development plan—by contributing to the promotion of the project and by undertaking construction of buildings and civil infrastructure for the new town. This framework building for the urban infrastructure—which Nishimatsu has been working on in close cooperation with the local community and the local government since 2006—is now complete.

The Shingu Urban Development Project and Okita Land Readjustment Project

Located in the northeastern part of Fukuoka City and surrounded by the beauty of Shingu Beach and Mt. Tachibana, Shingu is a very livable town. Stretching to the east of JR Shingu Central Station and covering about 30.6 hectares is an area that was once filled with rice paddies that used to help control flooding. The purpose of the Okita Land Readjustment Project was to develop these rice paddies into an urban district equipped with civil and social infrastructure. Upon completion of the project, the area will provide its residents with convenient access to various facilities including a huge park (Okita Central Park), a sewage purification facility (Aqua Shingu), medical facilities, commercial facilities, apartment buildings and single-family homes. We are witnessing nothing less than the birth of a highly sophisticated town.

Shingu Urban Development Project/ Okita Land Readjustment Project

- Contractor: Shingu Okita Land Readjustment Association
- Area of construction: Approx. 30.6 ha
- Construction period: 2006 to 2013
- Project cost: 8.72 billion yen
- Rate of land decrease due to readjustment 43.92%
- Number of landowners 118
- Planned population 2,500



Architectural rendering
of Okita Land Readjustment Project



Incorporating Our Construction Expertise into Urban Development —Continuing Contributions to the Local Community

We put all of our construction knowhow to work in developing and implementing this project.

Prior to implementation, the Okita project underwent a long and thorough preparatory period that involved numerous consultations with local residents and government officials. In 2001, a preparatory committee was formed to proceed with implementing a substantial portion of the project. Based on our extensive experience working as a contracted developer, Nishimatsu began providing support for this project in 2006, with company personnel being assigned to committees to provide expert assistance.

One particular feature of this project is that it is informed both by Design Guidelines and by an Area Management Plan. While the former provides guidelines for maximizing urban convenience without adversely affecting the natural landscape, the latter serves to help actualize the basic concept of the development project. The guidelines and plan have provided a framework for the development of urban infrastructure; in a broad sense, this has included attracting to the area enterprises such as an IKEA furniture and home goods store. Nishimatsu has provided assistance throughout the development process by fully utilizing its expertise in the construction business.

We have been involved in every stage of construction, from the development of the land to the building of the infrastructure and commercial facilities.

In keeping with the company's area of specialization, Nishimatsu initially undertook the construction of civil infrastructure on this vast 30.6-hectare tract of land. Work included land development, construction of roads and establishment of water supply and sewage

systems. We were also involved in the construction of large commercial facilities (photo 1), apartment buildings (photo 2) and medical facilities (photo 3) that all provide essential social infrastructure for the local community. These construction projects have already been completed.

Working in Cooperation with the Local Community

Nishimatsu's involvement in the Okita Land Readjustment Project has covered a broad spectrum, from initial promotion to ongoing support to actual construction work. But our connection with the local community does not end there. Ever since joining this project, we have been supporting and taking part in a variety of local events and festivals. For instance, our personnel are among the regular participants in the local long-distance relay race that has been held every year since the opening of Shingu Central Park. We have also provided support to a district administrative body engaged in developing the local community. Through the Okita project, we have had a variety of opportunities to connect with the local community in a meaningful long-term way.



Nishimatsu's Role in Town Development

As a member of the Okita Land Readjustment Project Committee, I have been involved in promoting this project ever since Nishimatsu started providing outsourcing services for it in 2006. While attending committee meetings, I was impressed by the enthusiasm shared by members of the local community and municipal government in making this project a success. In order to respond to their high expectations, we have undertaken this project with all our energies as an outsourced business operator. I am convinced that our relationship with the Okita district will continue for a long time to come. We strive to contribute further to the development of this new town in close cooperation with the local community.

Section 2, Urban Development Department
Land Development and Real Estate Division

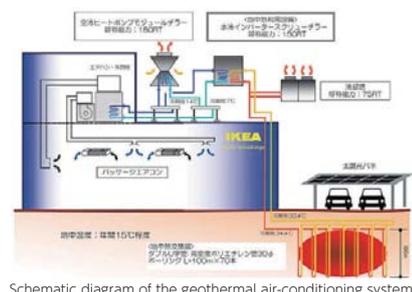
Yoshinori Kunisada



One of Japan's Largest Geothermal Air-Conditioning Systems

Amid increasing environmental awareness among consumers and also in response to power shortages following the Great East Japan Earthquake, renewable energy sources such as solar and wind power have been attracting wider attention, with many projects already underway to utilize these power sources. Against this backdrop, we installed a geothermal air-conditioning system—one of the largest of its kind in Japan—in the IKEA Fukuoka Shingu store, a building we constructed in the business district as part of the Okita Land Readjustment Project. With its year-round stable temperature, geothermal heat can be a useful heat source for air-conditioning systems. In this case, the geothermal system employs a heat exchanger buried underground beneath the outdoor parking area. By circulating water through the heat exchanger, the system collects heat from the ground and utilizes it as a heat source for the air-conditioning system. This is another example of Nishimatsu's expertise in construction and environmental technologies.

IKEA Fukuoka Shingu—which is equipped with a geothermal air-conditioning system—is the chain's first retail outlet in the Kyushu region



Schematic diagram of the geothermal air-conditioning system



CSR management that allows us to establish win-win relationships with our stakeholders.

In the three years following the launch of our CSR management system in 2010, we have dedicated ourselves to carrying out a variety of CSR activities. With the objective of obtaining the firm trust of our stakeholders, we strive to continue these CSR activities in accordance with our mid- and long-term management plans.

CSR Management Policy

We aim to ensure that all of us follow CSR practices and act with an awareness of all stakeholders in our day-to-day operations. We will conduct our CSR management in accordance with the motto of “respecting all people,” in an effort to forge win-win relationships with stakeholders and create a situation in which the Company and its employees can build mutual trust in a free and broad-minded internal environment based on interactive communications.

Five Steps of Our CSR Management

1. We will listen to everyone’s opinions and create an outstanding living environment to help meet our customers’ needs.
2. We will provide workplaces that allow all who are related to or work for the Company, as well as their family members, to lead healthy and fulfilling lives, and enable employees to take full advantage of their abilities so they can feel proud to work here.
3. We will recognize societal expectations and demands and take bold action in the spirit of compliance as we responsibly carry out our corporate activities without deviating from societal norms.
4. We will consider the next generation and take positive steps to create and maintain a better environment in order to facilitate a sustainable society.
5. We will actively participate in corporate social contribution activities and support individual employees’ activities in Japan and overseas by maintaining close communications with local communities.

7+1 Action Items in Our CSR Activities in response to social issues

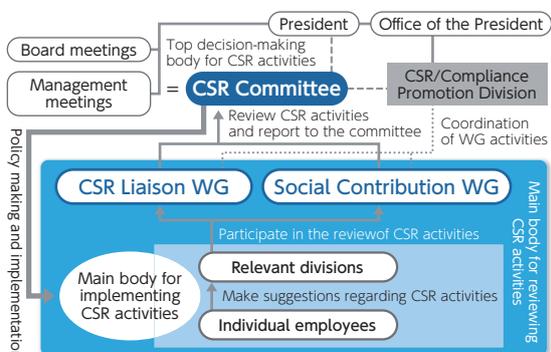
- I. Construction and customers
Creating value through high-quality construction works
Providing customer satisfaction
- II. Safety and health
Creating a safe industry
Developing a fair working environment
- III. Employment and human rights
Providing an environment conducive to long-term employment
Fair and impartial job opportunities
- IV. Governance
Appropriate corporate activities
Appropriate disclosure of information
- V. Environment
Handing down the global environment to the next generation
Preparing for a recycling-based society
- VI. Local communities and society
Contributing to local communities and society
Responding to large-scale disasters
- VII. Industry and supply chains
Developing the construction industry
Building sound relationships with partner companies and others
- Communications
Communications to expand CSR
CSR accountability to society

N-Vision 2020 Action objectives reflecting our corporate vision for 10 years

- Providing the highest level of construction work and maximizing the quality of service.
- Ensuring that satisfaction is maximized for all customers.
- Achieving the goal of zero occupational accidents
- Eliminating long working hours and creating comfortable workplaces
- Investing vigorously in human resources to ensure sustainability
- Increasing employee satisfaction in order to retain people
- Establishing corporate governance to achieve accountability
- Earning trust by visualizing operations and the organization
- Implementing compliance activities thoroughly.
- Securing business sustainability and becoming a trustworthy company with complete risk control.
- Stepping up efforts toward an Environmentally Friendly Company Declaration
- Actively engaging in the environmental solutions business
- Taking an active part in society as a corporate citizen
- Making contributions by capitalizing on business skills
- Striving to be a leading company in industrial development
- Building fair CSR supply chains
- Actively expanding CSR activities
- Maintaining appropriate CSR activities

●In-House Committee for Reviewing and Promoting CSR Activities

With Nishimatsu's president acting as chairman, the CSR Committee functions as the highest decision-making body for the review and promotion of the company's CSR activities. The CSR Committee comprises the heads of the Civil Engineering and Business Headquarters, Building Engineering and Business Headquarters, Development Business and Real Estate Headquarters, and Management Headquarters, along with the heads of the Interdivisional Department and the President's Office. This committee is reported on by the CSR Liaison WG and Social Contribution WG. These two working groups, which are staffed by personnel from the various divisions, gather to discuss CSR policies and procedures at the working level. At Nishimatsu, every one of our employees is actively involved in the implementation of CSR activities, acting in accordance with our basic CSR concept of "Establishing win-win relationships with our stakeholders."



* Following the organizational change which took effect in August, 2012, the CSR Promotion Department was merged with the Compliance Promotion Department to create the Office of the President CSR and Compliance Promotion Department.

●Our CSR Activities in 2012

As well as preparing and issuing the Nishimatsu CSR Report 2012, we carried out a range of CSR and social contribution activities during fiscal 2012 through several WGs. With the goal of achieving N-Vision 2020, we conducted our CSR activities through the PDCA cycle (Plan, Do, Check, Act) in accordance with our mid-term, long-term, and single-year plans. Also, to maintain employee awareness of the importance of CSR, we provided CSR training sessions and conducted a survey to confirm their level of commitment to CSR. As for our five-year targets, which we set in 2010, we have been using KPIs (key performance indicators) to assess our achievement.

With regard to corporate governance, the number of disclosed items that we had selected in accordance with GRI (Global Reporting Initiative) Guidelines was the largest in the industry—as it was last year—standing at eight out of ten items. The 2012 "Environmental Management Ranking" by Nikkei Research placed Nishimatsu at 14th (after being 13th in 2011) in the non-manufacturing construction category. With regard to human resources development, the ratio of employees who held first-grade qualifications in the fields of building construction and civil engineering to the total number of employees reached 69.06% in 2012 (up from 68.44% in 2011), according to a survey conducted by the Ministry of Land, Infrastructure, Transport and Tourism.

Major Achievements in Fiscal 2012

- Integrated quality management system enhanced
- Customer survey rendered more quantifiable
- COHSMS (Construction, Occupational, Health and Safety Management System) promoted and safety awareness enhanced
- Employees encouraged to work shorter hours and take entitled holidays
- Training sessions regularly provided, and rate of employees with technical qualifications increased
- Employee survey conducted and reviewed
- External check system enhanced and earning power increased
- Division of duties clarified and implemented
- Employees' compliance awareness fostered
- Risk management system reviewed and enhanced
- Environmental management system improved
- Environmental solutions business system and technology developed
- Social contribution activities promoted
- Disaster control system reviewed
- Appeal of construction industry promoted
- N-NET activities promoted
- Stakeholder dialogue held
- PDCA cycle implemented for CSR management

Major CSR Activities for 2013

- Clarifying the concept of comprehensive quality management
- Formulating a new and more effective customer survey method
- Continually operating in accordance with COHSMS, and preventing major disasters
- Properly managing working hours, and encouraging employees to take compensated holidays
- Continuing to provide training programs and increasing the ratio of employees with technical qualifications
- Planning and implementing CSR measures by incorporating the results of employee surveys
- Reviewing the appropriateness of the current system
- Proper implementation of internal control systems
- Increasing compliance awareness among employees
- Enhancing risk management
- Implementing environmental policies through an enhanced promotion system
- Promoting the environmental solutions business and establishing elemental technologies
- Promoting social contribution activities
- Reviewing the steps for establishing a disaster control base
- Continually promoting the appeal of the construction industry
- Ensuring fair transactions based on the concept of N-NET activities
- Maintaining an ongoing dialogue with stakeholders
- Implementing PDCA for CSR management

※Sustainability Accounting Co., Ltd.

Providing High-Quality Products and Services from Our Customers' Perspective

Realizing Our Vision

Providing the highest level of construction work and maximizing the quality of service.

Ensuring that satisfaction is maximized for all customers.

- We pursue technological development and quality assurance through our everyday business operations.
- We have begun reviewing our management concepts to achieve even higher levels of quality.

- By viewing construction quality and services from the customers' perspective, we are trying to make customer surveys more quantifiable and practical. We also strive to provide more advanced technological proposals and after-sales services.

Nishimatsu's Quality Assurance Policies

In order to realize our N-Vision 2020, we endeavor to achieve the goals we have set in the "Construction/Customers" category by improving our quality management system in accordance with our CSR management policies.

I. Providing High-Quality Construction Works and Services

By further advancing our construction technologies, we aim to provide high-quality construction works and services that can meet the needs and expectations of society.

II. Improving Customer Satisfaction

By improving the quality of our planning, construction work and services, we intend to provide greater satisfaction to all our customers and stakeholders.

These policies were laid down on July 2, 2012.

●Assuring and Improving the Quality of construction works

【Civil Engineering】

After receiving a construction order, we hold review meetings and conduct regular on-site inspections under the supervision of a construction technology committee made up of expert technicians to ensure construction quality. With governmental projects, we give government ratings of our construction work the same weighting as customers' ratings of satisfaction and quality evaluation. We therefore put considerable effort into achieving high scores in these ratings. Furthermore, by studying past construction cases, we provide interdepartmental feedback for quality assurance and improvement to all relevant divisions through in-house workshops and review meetings.

【Building Construction】

In order to deliver high-quality buildings that can satisfy customers' demands, we revised our own quality-control standards and established a systematic checking system. For instance, we now conduct repeated quality assurance inspections at every one of our construction sites and establish a quality assurance section at each regional headquarters. We are also striving to improve the quality of our works at each stage of construction by operating in accordance with work standards that we established based on feedback from past construction cases.

Responding to Newly Arising Needs

●Sci Tech Farm Started in October 2012

In January 2012, we commenced an industry-academia collaboration with Tamagawa University in an effort to create a new agricultural business model that could provide solutions to social concerns such as food safety while also responding to newly arising customer demands. As part of this effort, we opened a vegetable-cultivation plant—the Sci Tech Farm TN Produce—on the Tamagawa University campus in October 2012. The plant utilizes direct-cooling, high-power LEDs developed by Tamagawa University to grow vegetables such as lettuce. Since February 2013, a leaf lettuce named yume-sai ("dream vegetable") has been shipped to a supermarket for general sale.



Sci Tech Farm on Tamagawa University campus



●LED Farm

—An LED-Lit Vegetable-Cultivation Plant

We aim to start sales of this vegetable-cultivation system in fiscal 2013, which we have dubbed the LED Farm. As this system employs clean room cultivation that relies exclusively on artificial light, it enables vegetables to be produced with high levels of food safety. At Nishimatsu, we are striving to further improve the productivity and economic efficiency of the LED Farm, with a view to providing customized versions of it that will meet varying customer demands. We will continue to propose this new agricultural business model with the goal of helping to create new businesses and new employment, while also contributing to the revitalization of local agriculture.



Pursuing Highest-Quality Construction Works and Services and Maximum Customer Satisfaction

●Civil Engineering: Implementing High-Level Safety Management at Decontamination Sites

In order to maintain proper control over the large numbers of people and pieces of equipment that are involved in decontamination work, we have developed a variety of management systems. These include systems for managing:

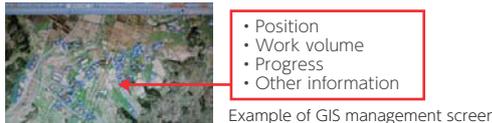
- (1) the traceability of flexible container packs used for carrying contaminated substances, by means of QR codes;
- (2) workers' attendance, using QR codes;
- (3) material and equipment transportation, using portable terminals; and
- (4) work progress, using GIS.

By utilizing these management systems, we have been able to achieve high levels of safety and efficiency in our decontamination work.



Safety vest imprinted with QR code

Reading the QR code

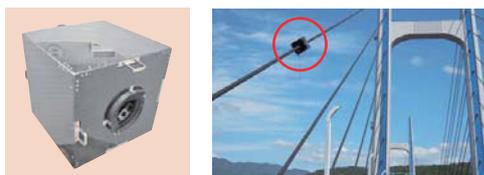


Example of GIS management screen

●Civil Engineering: Using a Robot to Safely Inspect Diagonal Tubes

We have developed a self-propelling robot that enables us safely and precisely to inspect the diagonal tubes of cable-stayed bridges. Equipped with four CMOS cameras, the robot is capable of thoroughly inspecting the entire surface of a diagonal tube, while allowing the user to view the images in real time on a monitor at ground level. These images can be saved as video data, thereby helping the user to determine the extent of any structural damage that may be found.

By enabling safe, quick, and thorough inspection of diagonal tubes—including parts that previously could not be checked—this robot helps extend the service life of civil infrastructure.



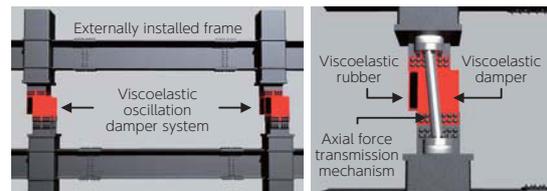
Self-propelled external inspection robot

Robot inspects a diagonal tube on a cable-stayed bridge

●Construction: Substantially Implementing BiD Frame Construction Method

This is a method to ensure earthquake resistance in existing building where a column-beam frame for the outer steel structure on the veranda side or corridor side of an apartment complex is constructed and unified with the existing building through an additional

floor, and a damping system with a viscoelastic damper that absorbs energy during an earthquake and an axial force transmission mechanism that transmits axial force of the columns is integrated with the center portions of the steel columns. The main characteristics of the method are the fact that construction can be undertaken during occupancy and it is a structural type which doesn't block sunlight or inhibit the openness or aesthetics of a building because the method does not involve braces on openings.



Schematic view of the external frame

We are currently verifying the effectiveness of the BiD method in the renovation of a Nishimatsu-owned condominium located in Yokohama, Kanagawa Prefecture. By thoroughly analyzing the data obtained from this project, we aim to further improve the BiD method and provide our stakeholders with an enhanced sense of safety.



Before renovation

After renovation

●Urban Development: Participating in the Kyobashi Project in Hiroshima

The basic concept underlying the Kyobashi District Urban Redevelopment Project—which is currently underway in the vicinity of Japan Railway's Hiroshima Station—is to provide a comfortable living environment for a multi-generational community. For this purpose, a project is being planned to construct a multi-purpose building containing condominiums, housing for the elderly, child-care facilities, and so on, to help create a livable environment for people of different generations. As a participant in this project, we have been actively making suggestions and submitting proposals regarding planning, structure, and construction methods, in line with the demands of the constructor and the local government body in charge of acquiring and managing public housing. We are also serving as a developer for the condominium apartments that are planned for construction on the upper floors of this multi-purpose building and that are intended to provide inhabitants with the convenience of a "compact city."



Rendering

Designed for mixed-generational inhabitants



Enhancing health and safety awareness among employees and ensuring safety at work sites through appropriate management systems. Creating a work environment where employees have a sense of job security

Achieving Our Vision

Achieving the goal of zero occupational accidents

Eliminating long working hours and creating comfortable workplaces

Despite our efforts to promote safety management and to raise safety awareness among employees in accordance with COHSMS (Construction, Occupational, Health, and Safety Management Systems), our safety achievement level in the past year remained almost the same as that from the previous year. This result can be attributed to human error arising from employee carelessness and inexperience.

We have been able to increase employees' awareness of working shorter hours through proper implementation of working hours management. Nevertheless, the rate of compensated holidays being taken remained unchanged from the previous year.

Nishimatsu Construction's Safety and Hygiene Policies

Basic Policies for Fiscal 2013

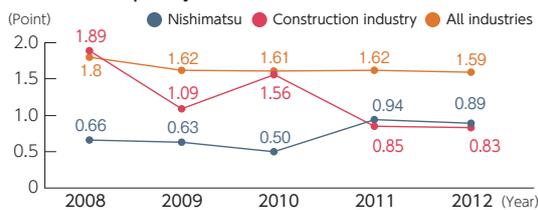
With the basic concept of placing the highest priority on human life, we thoroughly implement safety and hygiene policies for all relevant people in strict compliance with applicable laws and regulations. Employees at all our operational bases will join together in achieving a work environment that is safe, wholesome, and comfortable.

Safety/Hygiene

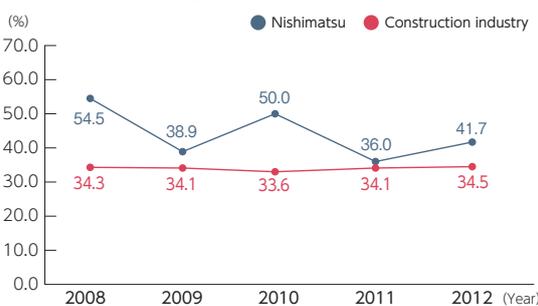
Work-Related Accidents

While we implemented various safety measures to bring the rate of work-related accidents down to the level achieved in 2010, the rate remained close to that from 2011. In addition, falls accounted for 41.7% of total work-related accidents, remaining higher than the industry average. Considering that experienced workers are being replaced by those with little or no experience in the industry—a trend that is expected to continue for some time—we will continue to provide regular safety training sessions aimed at preventing the occurrence of accidents.

Accident frequency rate



Falls as a percentage of total work-related accidents



* The years shown in the graphs are fiscal ones.

Improving the Work Environment

Work-Life Balance Appropriate to New Nishimatsu

- We raise employees' awareness so that they take more holidays and shorten their hours of overtime work.
- Through operational reforms, we improve work efficiency and adjust working hours to an appropriate level.

By raising the awareness of individual employees and conducting operational reforms, we aim to establish a field management system that is appropriate to the aims of New Nishimatsu. We aim to help our employees learn how they can prioritize each work item for improved work efficiency, so they can achieve an optimal work-life balance.

Achieving a Proper Work-Life Balance

We are implementing various measures to help employees achieve an optimal work-life balance. These measures include eliminating excessive working hours, introducing child-care and family-care leave, and setting up a system that allows employees to take their paid and entitled holidays on a half-day basis. By establishing a work environment where workers can have a sense of job security, we strive to help employees pursue an improved work-life balance. We believe this will enhance the productivity of each employee and will subsequently result in higher corporate value and increased competitiveness in the market.

Mental Health

Following the revision of the Industrial Safety and Health Act, we have enhanced our face-to-face guidance system and set up a consultation service team to provide assistance to employees working overlong hours. We have also laid down rules to enable employees who have been on leave due to non-work-related injuries and illnesses to return smoothly to the workplace. Furthermore, we are implementing a system designed to facilitate the return to work of those who have been on leave due to impaired mental health. In order to protect our employees from mental health problems, we intend to further enhance our line care and self-care programs.



By establishing an appropriate system and implementing human resource development programs, we create an attractive work environment that will motivate every employee to keep working at Nishimatsu.

Realizing Our Vision

Investing vigorously in human resources to ensure sustainability.

The technical training programs for second and sixth-year employees that were started in 2010 are now held on a regular basis. By providing the necessary support, we encourage our employees to obtain qualifications that are useful for their work. As a result, the number of employees with technical qualifications is steadily increasing.

Increasing employee satisfaction in order to retain people

By verifying and analyzing the results of a recently initiated employee awareness survey, we aim to study the trends of their loyalty and motivation.

●Developing Human Resources

《Training Program》

With the objective of cultivating human resources step by step, we regularly provide a number of training programs, including one for newly recruited employees and a duty-specific one for newly appointed management personnel. We also provide the necessary support to encourage our employees to acquire qualifications relevant to their work.

《Accepting Students on Internships》

We actively accept students on internships, so they can develop a perspective on their career and gain experience towards becoming the workforce of the next generation.

●Promoting Diversity

《Providing Equal Opportunity》

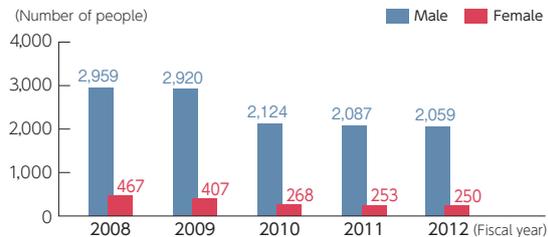
We provide equal employment opportunities for men and women in order to ensure capable human resources. We will continue to recruit able personnel to maintain a solid technical skill base, so that we may respond to the high expectations of stakeholders while achieving fairness and equality in the employment field.

《Global Human Resources》

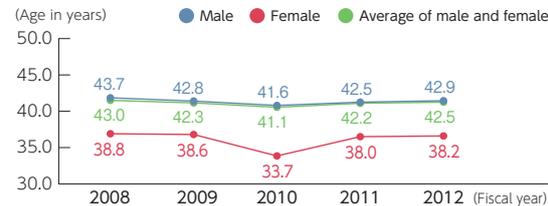
As we are planning to adopt a business strategy of further enhancing our overseas business operations, it is imperative that we secure personnel that are well versed in overseas business transactions. Up until now, most of our foreign employees have been recruited locally in the countries where we have our operational bases. From now on, however, we plan to actively recruit exchange students and other foreign residents in Japan so that we can have career-track foreign staff who are knowledgeable about overseas business environments.

●Personnel Data

●Change in Number of Male and Female Employees



●Change in Average Age of Male and Female Employees



●Change in Average Employment Duration



●Benefits Programs

《Child Care and Family Care Leave》

A leave system is in place that allows employees to take child care or family care leave in accordance with company regulations.

●Anti-Harassment Measures

We are implementing anti-harassment measures to ensure that the human rights of each employee are protected properly.

●Management-Labor Dialog

A union, comprising non-supervisory employees, negotiates with management regarding working conditions such as wages and the work environment. These negotiations between union representatives and board members in charge of collective bargaining sessions are held on a regular basis, along with negotiations at other management-labor meetings.



Ensuring Business Continuity through Proper Risk Management

Realizing Our Vision

Establishing corporate governance to achieve accountability	In addition to instituting an external board system that ensures compliance with relevant laws and regulations and that prevents the occurrence of corporate scandals, we have introduced a divisional organization structure that clarifies the responsibility of risk management and that establishes a thorough level of corporate governance.
Earning trust by visualizing operations and the organization	We enhance our earning power and perform comprehensive risk management by implementing operations through our divisional organization structure in accordance with the authority vested in management and rules stipulating the division of duties.
Implementing compliance activities thoroughly	As with the previous year, we made efforts last year to raise employee awareness regarding the importance of compliance. These activities were carried out by the compliance promotion committee as well as through compliance guidance sessions. As a result, the concept of compliance is now being widely shared among our employees.
Securing business sustainability and becoming a trustworthy company with complete risk control	We have revised the process and methods of the risk management system that had earlier been centrally implemented by our internal control committee. As a result, we have been able to improve our risk management efficiency.

●Outline of Corporate Governance

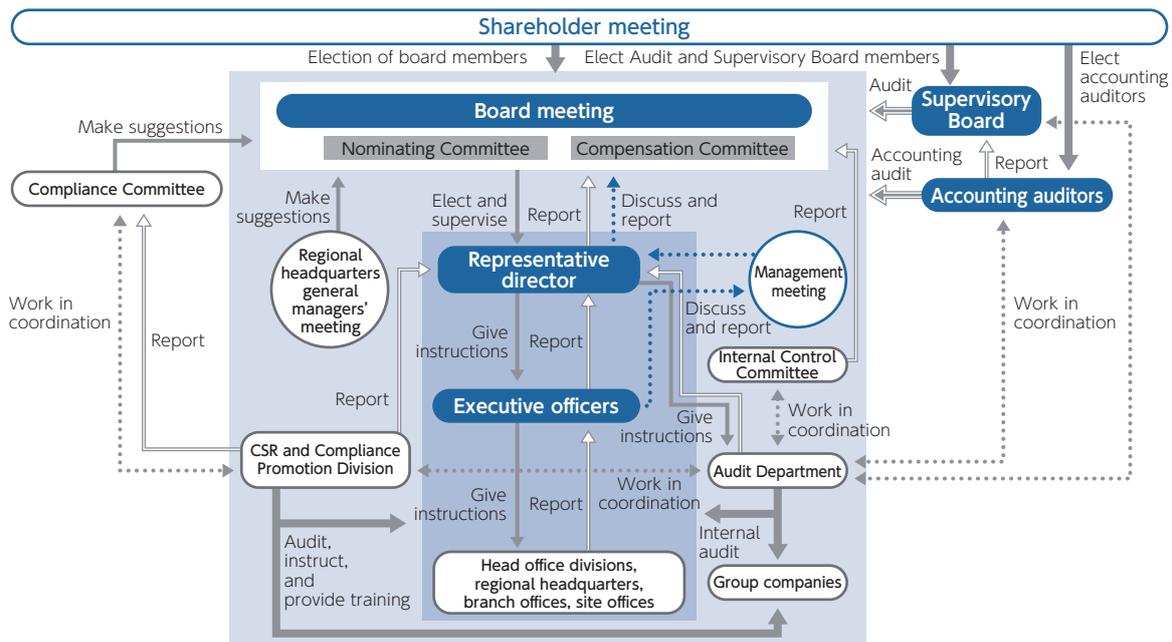
In response to the expectations of shareholders and investors—and with the aim of establishing long and stable relationships with our stakeholders—we have been working to enhance our corporate governance as an issue of the highest priority.

In order to streamline the decision-making process at the board level, we have reduced the number of board members. At the same time, we have employed an executive officer system in order to strengthen the execution of operations. Our board comprises nine members, two of whom come from outside the company. Based on a decision made by

the board, operations are executed by 21 executive officers.

We also have an Audit and Supervisory Board comprising four board members—two of whom are external members—to audit our business operations. In addition, we have a Nominating Committee and Compensation Committee which, functioning as advisory committees to the board, serve to ensure transparency and objectivity in our management system. Both of these committees are chaired by external board members who also account for half of the members in each committee.

●Corporate governance system



●Nominating Committee/ Compensation Committee

Our Nominating Committee makes proposals to the board in order to provide our management system with the appropriate degree of transparency with respect to the designation of board members and executive officers. The Compensation Committee, meanwhile, ensures objectivity and transparency in determining the amount of compensation for board members.

●Compensation for board members (fiscal 2012)

Classification	Number of board members whose compensation is discussed at the Compensation Committee	Total amount of compensation (Million Yen)
Board members	10	253
Audit and Supervisory Board members	5	49

●Attendance rate of external board members at board meetings and Audit and Supervisory Board meetings (fiscal 2012)

	Number of meetings held	Average attendance rate of external board members
Board meeting	18	98.6%
Audit and Supervisory Board meeting	22	100%

●Roles of external board members (as of June 2013)

Classification	Names	Roles
External board members	Katsuaki Saito	Offers advice and proposals on management in general, based on extensive experience as a construction company director.
	Nobuaki Sato	Offers advice and proposals on management in general, based on extensive experience as a lawyer.
External Audit and Supervisory Board members	Toshiyuki Matsuda	Provides opinions regarding the appropriateness of management policies and directions, based on extensive experience in corporate management.
	Sumio Uesugi	Provides opinions regarding the appropriateness of management policies and directions, based on extensive experience in corporate management.

●Retirement of Board Members

A retirement system for board members (excluding external ones) and executive officers serves to prevent the board from becoming inflexible.

●Audit and Supervisory Board

Our Audit and Supervisory Board consists of two external members and two full-time members.

IV. Governance Risk Management

Ensuring business continuity through proper risk management

●Implementing Company-Wide Risk Management System

Upon identifying major management risks, we take company-wide measures to cope with these risks in accordance with our Risk Management Rules and Internal Control Committee Rules.

●Risk management system



●Handling of Antisocial Forces

Throughout the company, we have been taking a resolute stance in eliminating the influence of antisocial forces by following action guidelines explicitly defined in our Antisocial Forces Handling Manual. In 2012, we revised our manual to reflect legal amendments

and we communicated the changes throughout the company. At the same time, we have also conducted training sessions focused on handling antisocial forces.

●Information Security

In order to maintain and enhance our information security, we provide information security training programs every year—including in our new-recruit training, title-specific training for management staff and e-learning sessions—in accordance with our Information Security Management Rules and Insider Trading Regulations.

●BCP (Business Continuity Plan)

We set up BCP Working in 2012 to enhance our operations for implementing a business continuity plan. Also, as the Tokyo Metropolitan Government enforced an ordinance stipulating the provision of support for people stranded and unable to return home during times of disaster, we have revised our emergency plan to include the provision of three days of food reserves.



BCP drill held in 2012



Developing our corporate activities by prioritizing compliance in line with the demands of society

●Compliance Guidelines

Upholding the corporate motto “Courage, Courtesy, and Justice”, Nishimatsu’s Compliance Guidelines reflect our firm belief that real growth of a company can be achieved not by pursuing profit alone, but by operating in strict compliance with laws and business ethics. We have also printed the guidelines on our Compliance Card and distributed it to our employees. All employees are encouraged to carry this card with them, so they can check the guidelines whenever the need arises.



Compliance card

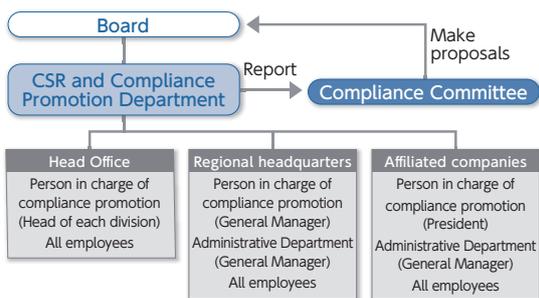
●Activities of Compliance Committee

Our Compliance Committee is chaired by an external expert who holds monthly meetings to discuss compliance-related issues. The committee that deliberates on how these issues should be addressed is also responsible for making proposals to the board and providing compliance-related instructions and training.

●Compliance Promotion System

Under the supervision of the CSR and Compliance Promotion Department, the directors of each division at the head office, the managers of each regional headquarters, and the president of each group company are put in charge of promoting compliance-related activities and familiarizing employees with the concept of compliance. The CSR and Compliance Promotion Department also works in cooperation with the Compliance Committee in implementing compliance promotion activities.

●Compliance promotion system



●Implementing Audit

We conduct a Compliance Audit for our regional headquarters and group companies along with each department of the head office in order to verify the progress of their compliance promotion, and also to check the status of their risk management as well as the process through which such management is being implemented. The result of the audit is submitted to Compliance Committee for deliberation to improve the level of our compliance activities.

●Compliance Training for Cultivating Corporate Culture

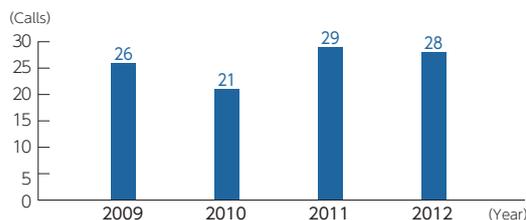
In order to cultivate a free and vigorous corporate culture, we provide training programs for board members, along with a variety of other discussion-oriented programs. We also provide e-learning content in the form of short dramas that can be viewed through the company intranet.

Compliance Training Programs for 2012	Number of trainees
Training for board members and management-level personnel (November)	106
Training for employees of the head office, regional headquarters, and branch offices. (October to December)	352
Training for newly recruited employees and newly appointed managers (April to December)	245
12 e-learning programs (April to March)	6,799 (cumulative total)

●Whistleblower System

In March 2009, we set up the Nishimatsu Hotline with the purpose of improving our corporate culture and preventing employees from committing illegal acts. This whistleblower hotline can be reached either from inside or outside the company and can be used by all employees of the Nishimatsu Group and their families—including temporary staff and overseas local staff—as well as by the employees of subcontractors. We respond appropriately to information provided by whistleblowers by taking corrective action where necessary or by providing consultation as requested.

●Changing Frequency of Nishimatsu Hotline Calls





Implementing environmental management policies that will enable us to leave a healthy planet for future generations

Realizing Our Vision

Stepping up efforts toward an Environmentally Friendly Company Declaration	By actively conducting environmental protection activities and implementing advanced environmental policies, we have consolidated the foundation for our environmental activities to be carried out in the next fiscal year and beyond.
Actively engaging in the environmental solutions business	Experience accumulated through soil decontamination work and through field tests for an "energy-halving building" has allowed us to develop a system—and advanced elemental technologies—aimed at achieving "zero emissions" in building construction.

Nishimatsu's Environmental Policies

We will endeavor to maintain and improve our environmental management system, and work toward achieving our environmental objectives in an effort to attain N-Vision 2020 based on our CSR management policy.

- I. Redoubling our efforts to be an environmentally friendly company
 - (i) We will continuously upgrade our systems based on environmental considerations.
 - (ii) We will actively promote environmental activities to local communities and society.
 - (iii) We will engage in activities aimed at environmental conservation and reducing environmental impact.
 - Preventing global warming
 - Reducing the generation of construction by-products, and recycling
 - Effectively utilizing resources and energy
 - Conserving biological diversity
 - Preventing air, soil, and water pollution
 - Reducing the generation of vibrations, noise, and dust
 - (iv) We will observe environmental laws and regulations as well as social demands, and act in accordance with societal values.
 - (v) We will promote education to raise and share an awareness of environmental conservation among all personnel.
- II. Operating our environmental solutions business
 - (i) We will develop and promote environmental technologies and encourage their application.
 - (ii) We will promote our designs in consideration of the global and local environment, and propose them to society.

Issued on July 2, 2012

Implementing Environmental Management System

● ISO14001-Compliant Environmental Management System

Based on our ISO14001-compliant environmental management system, we have been working on various activities to achieve our environmental goals. In November 2012, we took the 11th management

system test conducted by the Japan Testing Center for Construction Materials and we have since qualified for a renewed certificate.

● Compliance with Environmental Laws and Regulations

In order to respond to frequent revisions to environmental laws and regulations, we are making constant efforts to obtain updated legal information while continually providing training for our employees using ISO14001 as a guiding environmental management tool. In addition, we verify the appropriateness of our environmental activities

by regularly subjecting ourselves to internal and external audits.

Ministry of Environment representatives inspect Nishimatsu's environmental activities at Job site.



TOPICS

Overseas Environmental Protection Activities

With regard to our environmental activities conducted overseas, we take into consideration the characteristics of each country and operate in compliance with local laws and regulations. As a result of having been actively involved in environmental protection activities, we have obtained ISO14001 certification in Hong Kong and Singapore.

In Hong Kong, where we are working on subway extension projects, the client (MTRC) awarded Nishimatsu the Silver Prize in the environment category at its annual commendation ceremony in recognition of our environmental efforts—for example, our effort to minimize noise and vibration during deep shaft excavation at a construction site located in an urban district housing embassy buildings and high-class hotels.



Status of Environmental Management

●Achievements in 2012 and Targets for 2013

The following table shows our environmental achievements in fiscal 2012 and targets for fiscal 2013.

●Environmental Achievements in 2012 and Targets for 2013

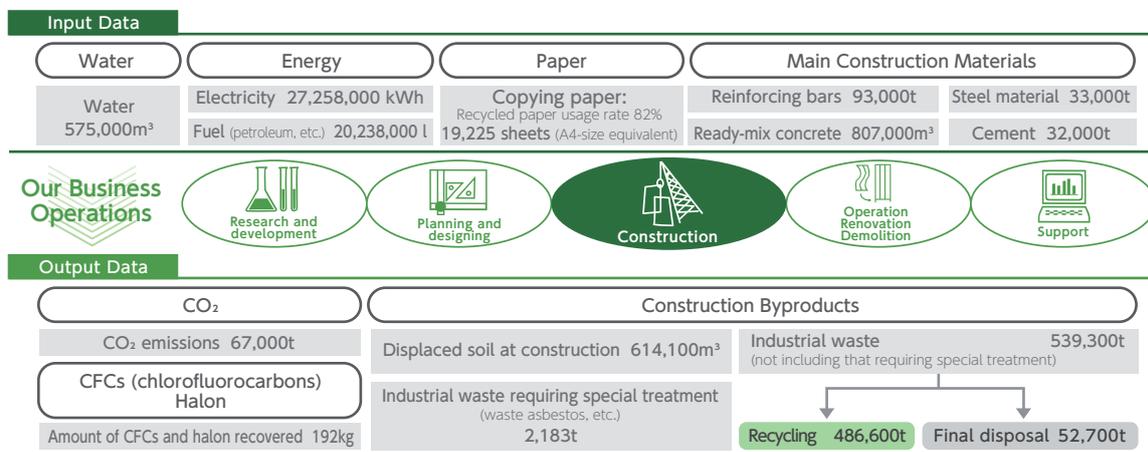
Environmental policies	Environmental targets	Target index	Fiscal 2012			Target for 2013	Notes
			Target values	Actual values	Achievement rate ※		
Controlling the generation of construction byproducts, promoting recycling, and implementing appropriate treatment of waste materials	Improving our rate of recycling	Recycling rate	93%	90%	○	90% or higher	The achievement level has remained almost unchanged in recent years. We will be focusing on monitoring actual values.
	Effectively controlling the generation of construction byproducts	Emissions per specified floor area (average at each construction site)	40 kg/m ²	41.2 kg/m ²	○		
	Promoting effective and proper treatment of waste (actively utilizing an electronic manifest)	Electronic manifest utilization rate at construction sites (number of sites utilizing electronic manifest/ total number of sites)	94%	94.7%	◎	—	We will review the target index. From 2013, we will be using a diffusion rate instead of a utilization rate for electronic manifests. We aim to achieve a diffusion rate of 100% for electronic manifests.
	—	Electronic manifest diffusion rate (number of routes where electronic manifests are used/ number of routes requiring use of a manifest, whether electronic or conventional)	—	84%	—	90%	
Promoting environment-conscious designs	Implementing environment-conscious designs	Environment-conscious design ratio	Civil engineering			100%	Implementation rate: This rate is obtained by dividing the number of environment-conscious constructions actually completed by the total number of cases where environment-conscious construction was possible and then multiplying the result by 100.
			100%	100%	◎		
			Building construction			100%	Implementation rate: This rate is obtained by dividing the number of environment-conscious items actually implemented by the total number of environment-conscious items that could have been implemented and then multiplying the result by 100.
			60%	67%	◎		
Preventing global warming	—	CO ₂ emissions per construction volume (100 million yen)	Civil engineering			66.0 t/100 million yen	We have revised the items and method of aggregation and will reflect this revision in our targets.
			—	66.7 t/100 million yen	—		
			Building construction				
			—	18.7 t/100 million yen	—	18.0 t/100 million yen	

※:◎Achieved (100%) / ○Almost fully achieved (above 90%) / △Not achieved

Environmental Impact Data

●Material Balance

The following chart shows the environmental impact generated by our domestic operations during fiscal 2012.



●Environmental Data for Our Overseas Operations

《 Thai Nishimatsu Construction Co., Ltd. 》

The following chart shows the environmental impact data measured at the head office building of Thai Nishimatsu. The company is involved extensively in the country's civil engineering and building construction.

	Fiscal 2011	Fiscal 2012
Power consumption	184,500kWh	174,127kWh
Water consumption	1,300m ³	1,140m ³
Copy paper consumption (when counted in size A4)	800,000sheets	790,000sheets

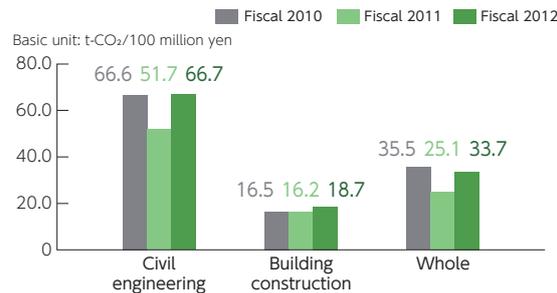
Reducing our environmental impact and achieving a low-carbon society in which we live in harmony with nature

Global Warming Countermeasures

●Reducing CO₂ Emissions

Setting 1990 as the base year, we aim to achieve a 25% reduction*¹ in our construction-related CO₂ emissions by 2020.

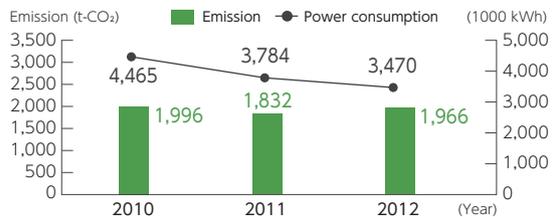
●CO₂ emissions at construction site per construction volume (100 million yen)*²



*¹ The basic unit is CO₂ emissions per construction volume (100 million yen).

*² CO₂ emissions are calculated using the emission factor for every three years.

●CO₂ emissions at office *²



●Environment-Conscious Designs

Environmental considerations are also incorporated into our architectural designs. For instance, we use an eco-friendliness check sheet to evaluate the environmental achievement level of our design and construction work. We also utilize CASBEE (Comprehensive Assessment System for Built Environment Efficiency) to conduct performance assessments of architectural structures selected based on our in-house standards. This allows us to indicate clearly to customers the environmental performance of each architectural structure and make proposals that can help them to achieve a high cost-performance ratio.

Conserving Biodiversity

●Setting Up Guidelines

In March 2011, we laid down action policies for promoting our biodiversity conservation activities. In 2013, we introduced the Nishimatsu Biodiversity Conservation Guidelines, which stipulate our conservation actions in more detail. Starting this year,

these guidelines will be applied interdepartmentally to our operations on a company-wide scale. We are also planning to use a check sheet at construction sites where extra care is required for biodiversity conservation.

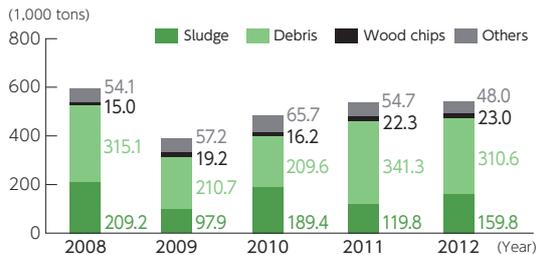
Realizing a Recycling-Oriented Society and Providing Environmental Solutions

Material Recycling

● Achievements in 2012

Debris and sludge account for a large part of construction waste (not including displaced soil). In recent years, the construction waste-recycling rate has been maintained at a level above 90%.

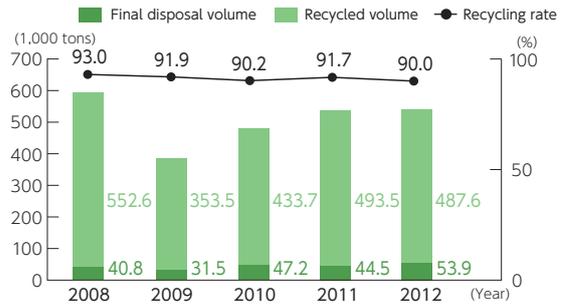
● Transition in the amount of construction waste by category



● Green Procurement

According to our Green Procurement Guidelines, we contribute to the promotion of a recycling-oriented society by procuring construction materials with a low environmental impact.

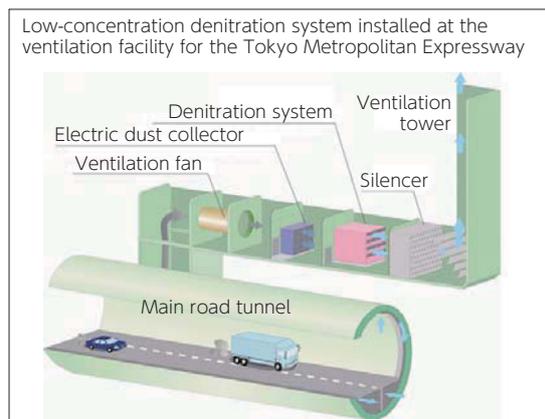
● Change in the amount of construction waste and the recycling rate



Environmental Solutions

● Air Purification System for Road Tunnels (for the protection of the roadside environment)

A low-concentration denitration system can efficiently purify the air inside a tunnel by removing from it suspended particulate matter (SPM) and nitrogen dioxide (NO₂). This air-purifying system eliminates more than 80% of SPM using an electric dust collector and more than 90% of NO₂ using a denitration device. It discharges the processed air into the outside air through a 45 meter-high ventilation tower.



● Geopolymers (New Materials That Can Significantly Reduce CO₂ Emissions)

Geopolymers are made from industrial byproducts—specifically, fly ash and blast-furnace slag powder—that are mixed in a sodium silicate solution (liquid glass) for solidification. Used as a substitute for cement in construction works, this new material can achieve a reduction of about 80% in CO₂ emissions. In addition, it boasts the same level of compressive strength as cement concrete, while offering higher resistance against acid and alkali-aggregate reactions compared with cement mortar of comparable strength.



Geopolymers



Geopolymer blocks used for a drain in a schoolyard

Promoting Active Communication as a Corporate Citizen within the Local Community and Wider Society

Realizing Our Vision

Taking an active part in society as a corporate citizen

Making contributions by capitalizing on business skills

In addition to clean-ups conducted throughout our company during the Social Contribution Activity Month, a variety of other social contribution activities have been undertaken at our business bases in Japan and overseas.

We have begun reviewing the development of a regional disaster control system, based on the concept that there are contributions that can be made only by those in the construction industry—generally the first industry to respond in the event of a major disaster.



Okinawa



Sendai



Hong Kong



Thailand

●Clean-up Activities on “New Nishimatsu Day” (May 15)

From fiscal 2009, we have designated May 15th as the annual New Nishimatsu Day. On this day every year, we conduct clean-up activities throughout Japan at site offices and areas surrounding our business bases. From fiscal 2010, activities expanded beyond May 15th to include the full months of May and November, which we have designated as Social Contribution Activity Months. In fiscal 2012, weekly clean-up activities were conducted at locations throughout Japan, including at our head office.

●Various Social Contribution Activities

In addition to clean-up activities on New Nishimatsu Day, a variety of activities were undertaken throughout Japan. Unique activities were carried out by each regional headquarters, branch office, operational base, and field team. These included local clean-up activities, tours of local sites, blood donation activities, and sponsoring and participating in festivals and events. On a daily basis, we have deepened communications with local communities at our business bases in Japan and overseas.

Building Strong and Appropriate Partnerships

Realizing Our Vision

Striving to be a leading company in industrial development

Building fair CSR supply chains

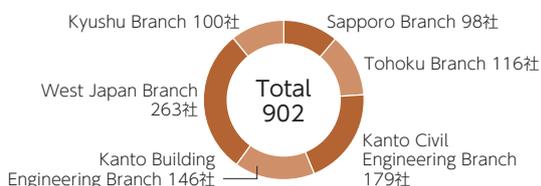
By offering construction site tours and allowing company visits by local residents and elementary, middle, and high school students, we have made efforts to deepen their understanding of the construction industry and discover its appeal.

We have made efforts to expand the activities of N-NET at branch level as well as on a nationwide scale by holding training sessions and discussion meetings. At the same time, we are also taking measures to ensure that N-NET is properly managed according to its foundation philosophy.

●Nishimatsu Subcontractors (N-NET)

N-NET was formed in January 2011 with the purpose of providing Nishimatsu and member companies with a way to collaborate and cooperate for the further development of our business and to enhance business performance through technical improvements, cost reductions, information exchange, statutory compliance education, and so on—all with the overall goal of promoting coexistence, mutual prosperity, and solidarity between companies.

●Number of N-NET Member Companies



●Proficiency Qualification System (Foreman Training)

Together with the inception of N-NET, a proficiency qualification system was established with a view to further developing the abilities of foremen. This system promotes the training of high-caliber foremen (technicians), as incentives are provided to technicians who display high proficiency.

●Number of Employees Qualified through Proficiency Qualification System

System item	Fiscal year	2011	2012	Total
Senior foreman certification		6	7	13
Award for technical excellence		30	19	49
Support for acquiring senior technician certification		1	13	14
Total		37	39	76

Realizing Our Vision

Actively expanding CSR activities

Maintaining appropriate CSR activities

In May 2012, we held a stakeholder dialogue with our employees. And in April 2013, we held another stakeholder dialogue—this one including customers and invited experts—to discuss business activity themes up to fiscal 2012.

We have been monitoring the progress of our CSR activities with respect to their mid-term, long-term, and single-year targets. As a result, we have been able to establish our PDCA for the first year, the results of which will be reflected in the planning for the following year.

Stakeholder Dialogue

Nishimatsu's CSR—Looking Back and Looking Ahead

On April 18, 2013 Nishimatsu Construction held its second stakeholder dialogue.

On this occasion, we invited three stakeholders from different backgrounds and exchanged opinions on Nishimatsu's CSR activities.

Compliance Chairman
Former Director of Kyodo News,
a nonprofit cooperative organization
Nishimatsu Construction Co., Ltd.
Tadahiko Ebata

Professor, Department
of Economics
Reitaku University
Iwao Taka

Administration Division
Joint General Manager
Mizuho Bank, Ltd.
Takashi Yamada

Representative Director
Executive Officer and Vice President
Building Engineering and Business
Headquarters General Manager
Akira Maeda

Representative Director
Senior Managing Director
Interdivisional
Department Director
Takashi Suzuki

Executive Officer
Office of the President
Yuichi Kono

CSR and Compliance
Promotion Department
General Manager
Isaku Toda

Facilitator
President
Sustainability Accounting Co., Ltd.
Takashi Fukushima



[Event Outline] Date: April 18, 2013 Venue/Tour of Construction Site: Kitashinagawa Redevelopment Office
Dialogue: Head Office Meeting Room of Nishimatsu Construction Co., Ltd.

[Agenda] 1. Explanatory overview of construction prior to construction site tour 2. Construction site tour
3. Explanation of purpose of holding dialogue 4. Dialogue 5. Summary and closing comments

●Nishimatsu Construction's CSR Activities Based on "7+1 Policies"

Fukushima: The CSR activities of Nishimatsu Construction are based on our "7+1 Policies" (refer to page 15). These are seven policies created in order to respond to social issues, plus one policy of promoting communication with our stakeholders. This dialogue right now is also a valuable opportunity to promote communications, and I hope it will be fruitful. Please share your opinions on Nishimatsu's CSR activities from each of your respective standpoints.

●Overseas Compliance

Taka: Before participating in this dialogue, I reviewed the company's compliance manual for overseas practice. Its 70 pages are provided in both Japanese and English. Laws and business customs for each country are taken into account, and standards are clarified so that field workers can make appropriate judgments. Although I have studied corporate ethics for nearly 30 years, I have never before seen a Japanese company build such a systematic manual on overseas risk.

Toda: In order to respond to changing circumstances in each country, we annually review the compliance manual. It is also important to grasp how this manual is actually being used.

●Activities That Take the Perspective of the Customers of Our Customers

Fukushima: Within the "7+1 Policies," we give the highest priority to construction and customers. Mr. Yamada, can you provide some comments from a customer's perspective?

Yamada: When new branches of our bank are to be built, we place construction orders with Nishimatsu Construction. At this point, we become customers of Nishimatsu—but at the same time we are still serving customers of our own. Our bank branches are the face of Mizuho in each region. So even after construction is completed, Nishimatsu plays an important role in supporting our business.



Suzuki: Thank you. When our work is finished, we may leave the construction site but our customers will continue to use the building for several decades. Another thing: our employees working at construction sites remember to maintain a respectful attitude when talking with local residents, keeping in mind that construction work may cause inconvenience to local residents.

●Setting Goals for Significant Issues

Fukushima: There are currently three significant issues regarding Nishimatsu's CSR activities: information disclosure and transparency of governance; environmental management; and human resource development. What are your opinions on how goals should be set in these areas?

Taka: The term "CSR" tends to be ambiguous. I like the idea of starting by working on what you can do. I think



governance is one issue that should be tackled immediately and should not be put off for ten years. Besides, momentum has to build in order to spread the concepts of governance throughout an organization.

Kono: We've been promoting governance through various measures, such as by introducing an external board. The flow of information within our company has improved gradually. Our president places great importance on conversations with construction site employees. Meanwhile, our public relations department collects questions for the president and has established a company intranet on which replies to these questions are posted. We are now also actively promoting information disclosure.

Ebata: Going forward, I think we should be more active in communicating to the public the "soft power" side of our activities. For example, I believe we should more actively publicize our reconstruction contributions following the Great East Japan Earthquake. If our efforts are widely lauded, it can help to motivate our employees.

Suzuki: I'm in charge of environmental management. Speaking frankly, I believe that our goal of becoming "No.1 in environmental management" will be very difficult to achieve. Nevertheless, we will strive to



achieve this goal by having all departments cooperate and establish a committee organization through which comprehensive activities can be promoted.

●Global Human Resource Development

Taka: I heard that 2012 marked the 50th anniversary of Nishimatsu's business launch in Hong Kong and that 2013 marks the 50th anniversary of Nishimatsu's business launch in Thailand. I hope Nishimatsu continues to expand its overseas business activities in the future. Do you have specific numerical targets for overseas human resource development?

Maeda: We see each country as one of our regional headquarters. Thanks to this, Japanese companies have placed numerous orders with us for overseas projects. According to our Mid-Term Management Plan, we aim in the future to make overseas sales account for 20% of total sales.



Kono: When it comes to human resource development, our civil engineering departments assess the aptitude of young employees by dispatching them overseas for one year. Similarly, our building engineering departments dispatched seven employees overseas in 2012 to gain experience.



Ebata: We have entered a global era with Asia at the center. I think it is worthwhile for employees to experience overseas business activities during their twenties, when they are most open to new experiences. I believe future management candidates are born from such activities.



●Striving to Be a Company Where Employees Are Highly Motivated

Toda: As one of our improvement efforts, we conducted an employee survey in March 2013. It helped us identify some of the issues we need to work on for the improvement of employees' awareness following the change in our personnel system. We believe that boosting the morale of employees will ultimately serve to enhance the Nishimatsu brand.



Yamada: Nishimatsu provided considerable support to my company, Mizuho Bank, following the Great East Japan Earthquake. Immediately after the earthquake, we needed to assess the extent of damage at many of our branches. We are extremely grateful that Nishimatsu responded promptly under such difficult circumstances. I would like to take this opportunity to express our gratitude.



Maeda: Thank you very much. Although this dialogue was brief, we were able to gain some useful insights by hearing everyone's comments. I feel we need to explain the necessity of our current reforms more broadly throughout the company, as we need to share this information with every single employee. We must further enhance the flow of information throughout Nishimatsu and become a more transparent company.

Fukushima: Thank you very much for your time today.

Independent Evaluation by an Outside Expert

From the Nishimatsu CSR Report 2013—the third such report that they have issued—one can sense that Nishimatsu Construction Co., Ltd. has been making steady progress toward restoring trust in the company. I am most impressed by the company's attitude of clearly identifying and meeting the expectations of stakeholders. Fiscal 2012 marks a full year of CSR activities and implementation of the PDCA cycle in relation to social contribution activities. The fact that Nishimatsu Construction is undertaking stakeholder dialogue with the inclusion of external stakeholders is evidence that the company has been making steady progress in this area. One realizes the true extent of its activities from the list of social contribution activities being deployed in every region of the country.

While CSR reports do play a significant role in public relations, they were originally intended as a medium through which information could be communicated to the outside world regarding the actual status of a company. It takes a degree of ingenuity to clearly convey the activities of an organization in a CSR report. For example, on page 23 of this report in a section dealing with compliance, I was made to wonder whether the company had a separate Code of Conduct in addition to its basic policies.

Furthermore, although the company is making efforts to keep its employees informed and educated through training courses and the like, I wondered what kind of training is actually being done. It was only after I received confirmation from the CSR and Compliance Promotion Department that I learned that a compliance manual had been prepared. When I was then shown the manual, it turned out to be a very well made tool. It included six rules of conduct for managers and numerous examples of potential scenarios that could arise at each construction site, alongside relevant response methods and questions. A special Japanese and English edition of this manual has been created, with examples provided of overseas practices. There may not be a need to reveal the contents of these manuals in the CSR Report. Nevertheless, I think that mentioning that a useful manual has been created in addition to the Code of Conduct would help readers understand the depth of the compliance system at Nishimatsu Construction.



It is recognized within the company that environmental efforts still cannot be regarded as sufficient. But as the company makes further progress towards its N-Vision 2020 goal of strengthening efforts to achieve Nishimatsu's mission of being an eco-friendly company, I look forward in a few years to seeing Nishimatsu being renowned for its environmental activities.

Faculty of Foreign Studies Professor
Reitaku University

Toru Umeda

Responding to the Independent Evaluation by an Outside Expert

In his independent evaluation of our 2012 CSR Report, Mr. Ebata—the Chairman of our Compliance Committee—noted that the company should engage in activities that place an emphasis on people. Bearing in mind the results of an employee survey conducted in March this year, we are promoting activities aimed at establishing a win-win relationship between our employees and the company.

Every one of us at Nishimatsu Construction is responsible for implementing CSR activities. Our aim is to establish win-win relationships with all of our stakeholders. We were heartened by Professor Umeda's commendation of our efforts to clearly identify and meet the expectations of stakeholders. We also value his comment regarding the ingenuity required to reflect an organization's activities in a CSR report, as well as his anticipation of seeing Nishimatsu become renowned for its environmental activities. Our desire is to undertake activities that enable us to respond to his suggestions and expectations, and we will focus our efforts on enhancing future versions of this report.

CSR and Compliance Promotion Department
General Manager Isaku Toda

Your Feedback on This Report

Nishimatsu Construction Co., Ltd., wants even more stakeholders to know about its CSR activities. Your candid opinions are important to us and will help us in our goal of further developing our future business activities based on our CSR management principles. In this regard, we ask you to share your comments about this report or about our CSR activities by visiting the website below. There you will also find a brief questionnaire to which your considered responses would be greatly appreciated.

Web questionnaire and comments form: <http://www.nishimatsu.co.jp/csr/communication/>

**Reference**

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