

Sustainability Report 2015



Corporate Motto

Courage, Courtesy, and Justice:

An enterprising spirit, a feeling of gratitude, and the proper attitude

Corporate Philosophy

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

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 advantages of their abilities so they can feel proud to work here.
3. We will recognize social expectations and demands and take bold action in the spirit of compliance as we responsibly carry out our corporate activities without diverging 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.

In-House Committee for Reviewing and Promoting CSR Activities

With Nishimatsu's president acting as chairman, and the head of each division and the head of the office of the President serving as members, the CSR Committee confirms CSR activities and approves short-term, medium-term, and long-term CSR activity targets.

In addition, the CSR Liaison Working Group within the Head Office and the CSR Promotion Departments, which were established at each regional headquarters in fiscal 2014, working in cooperation with the CSR Management Promotion Department, are responsible for support and promotion of CSR activities at each department at the Head Office, regional headquarters, branches, and job sites.

● Nishimatsu Construction Reviewing and Promoting CSR Activities



Main body for implementing CSR activities

Individual employees at each department at Headquarters, Regional Headquarters, and Branches and at Job Sites

CONTENTS

Corporate Outline	03	IV. Governance	
Top Message	05	Corporate Governance	29
Mid-Term Management Plan and CSR ...	09	Risk Management	31
NISHIMATSU View	13	Compliances	32
Nishimatsu Diversity		V. Environment	33
Stakeholder Dialogue —Roundtable Discussion with Nadeshiko Women Engineers		VI. Local Communities and Society	39
N-Vision2020		VII. Industry and Supply Chains	40
I. Construction and Customers	17	140-Year History	41
II. Safety and Health	23	Business Outline / Major Construction Work	43
III. Employment and Human Rights	25	Independent Evaluation by an Outside Expert	47
		Customer Satisfaction Survey / Independent Assurance Statement	48

Editorial Policy

Our Corporate Philosophy is to “providing society with important structures and services using the technologies and experiences we have acquired to help establish a sustainable society and environment where people can live with peace of mind.”

To continue to provide a society and environment in which we can live sustainably in peace, we as a company must also have our own sustainable growth.

We have published the CSR report since 2011 so that all stakeholders are aware that Nishimatsu Construction is working for sustainable growth, and beginning this year, the name of this report will be the Sustainability Report.

In addition, we conducted a careful review of consistency with the details of plans set forth in our Midterm Management Plan 2017 (fiscal 2015 to 2017)—“Towards Sustainable Growth and Development.” and take into account the idea that promoting non-financial activities will lead to the sustainable development for the Company. Based on these considerations, we published the 7+1 Action Items and N-Vision 2020.

We would appreciate your candid opinions regarding this Report, which also serves as a corporate report.

Applicable Period

The applicable period for this report is fiscal 2014 (April 1, 2014 to March 31, 2015), although it also covers some activities conducted in fiscal 2015. We plan to issue our next Japanese version report in June 2018.

Coverage

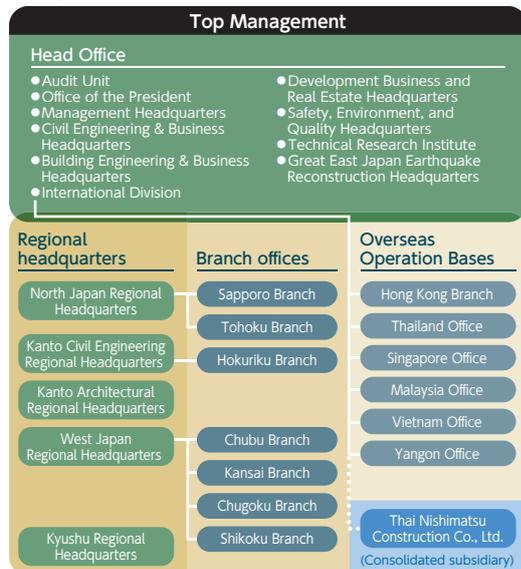
The scope of this report covers Nishimatsu Construction on a non-consolidated basis, and in the financial information in the company profile, discloses data on a consolidated basis, including that of Group companies. Regarding environment performance, we also make public some environmental impact data from overseas in addition to Japan.

Referenced Guidelines

Sustainability Reporting Guidelines (Edition 4.0) 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)

Name: Nishimatsu Construction Co., Ltd.
 Head office: 10th Floor Toranomon Hills Mori Tower
 23-1, Toranomon 1-Chome, Minato-ku, Tokyo, Japan
 105-6310
 Phone: +81-3-3502-0232
 President: Harusada Kondo
 Originally founded: 1874
 Established: September 20, 1937
 Capital: 23.5 billion yen (as of March 31, 2015)
 Number of employees: 2,424 (as of March 31, 2015)
 Main businesses: Construction, development, real estate, etc.

Organizational Structure



Note: The organizational chart above is current as of April 2015.

Board of Directors

Representative Director and President	Harusada Kondo
Representative Director	Uichi Mizuguchi, Akira Maeda
Director	Yoshiyuki Sawai, Nobutoshi Takase, Akira Matsumoto, Yuichi Kono
External Director	Koji Mino, Kiyomi Kikuchi

Statutory Auditors

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

Executive Officers

Chief Executive Officer and President	Harusada Kondo
Executive Vice President	Uichi Mizuguchi, Akira Maeda
Senior Managing Officer	Yoshiaki Kudo
Managing Officer	Yoshiyuki Sawai, Nobutoshi Takase, Akira Matsumoto, Yuichi Kono, Shuichi Abe, Akimitsu Takashima, Haruto Ban
Executive Officer	Shigeru Tokura, Hideo Kaneko, Hiroo Morimoto, Junichiro Saito, Shozo Sakai, Kazunari Umeda, Jun Morita, Jiro Goto, Kensuke Hayashi, Katsuya Iwanaga, Fumihide Miyazaki, Makoto Isshiki, Osamu Shibui

Regional Headquarters General Managers

North Japan Regional Headquarters	Yoshiaki Kudo
Kanto Civil Engineering Regional Headquarters	Hiroo Morimoto
Kanto Architectural Regional Headquarters	Nobutoshi Takase
West Japan Regional Headquarters	Haruto Ban
Kyushu Regional Headquarters	Fumihide Miyazaki

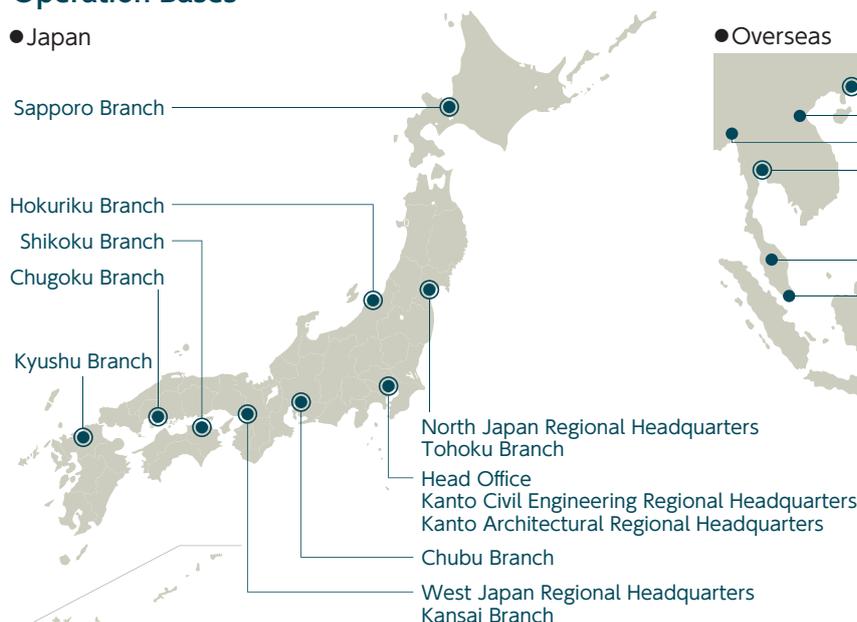
Branch Office General Managers

Sapporo Branch	Yukihiro Tojo
Tohoku Branch	Hideaki Sugawara
Hokuriku Branch	Hideki Komiyama
Chubu Branch	Hiroyuki Ito
Kansai Branch	Masaki Tsukada
Chugoku Branch	Tsuyoshi Kuroda
Shikoku Branch	Kunihiko Kawasaki
Hong Kong Branch	Satoshi Endo

Note: The list of personnel above is current as of June 30, 2015.

Operation Bases

Japan

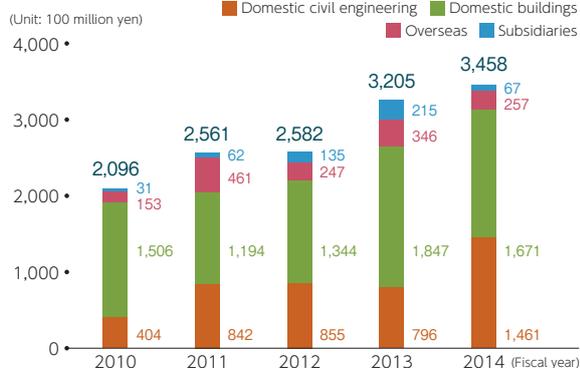


Overseas

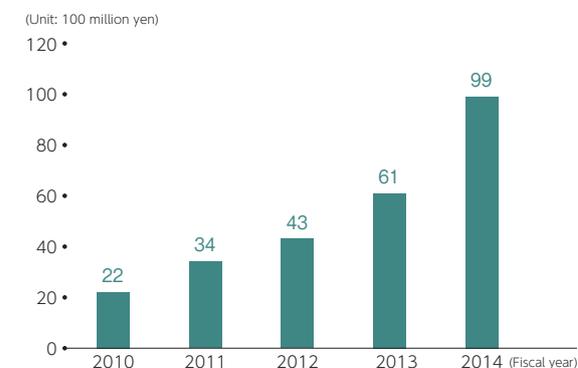


Business Performance

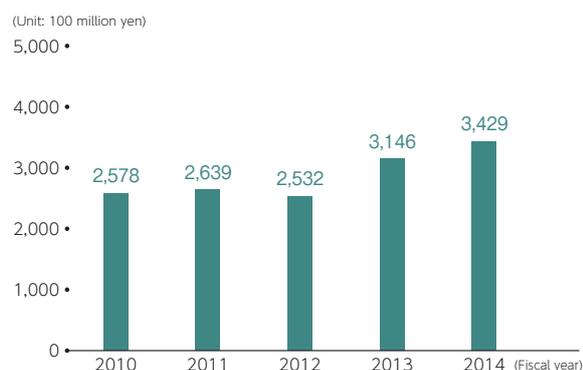
● Value of Construction Orders Received (Consolidated)



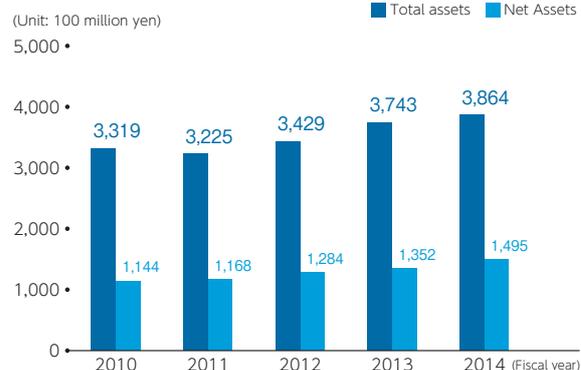
● Ordinary Income (Consolidated)



● Net Sales (Consolidated)

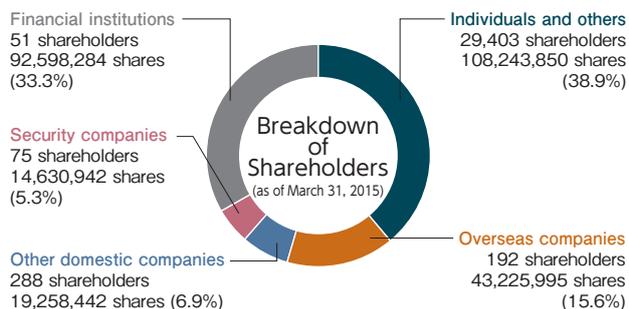


● Total Assets/Net Assets (Consolidated)



Stock Status

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



● Stock status (as of March 31, 2015)

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: 30,009
 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

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

Dividend Status

<Dividend Policy>

To strengthen our management foundation for lasting development, we have established a basic dividend policy of working to enhance internal reserves while, taking into account the business environment and our business performance in a comprehensive manner, setting the dividend payout ratio to be at least 30% of consolidated net income. In this way, we will return our profits to shareholders in a stable and ongoing way.

<Dividend Record>

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

● Dividend Record

	Dividend per share	
	Year end	Annual
78th term (fiscal 2014)	10 yen	10 yen
77th term (fiscal 2013)	6 yen	6 yen
76th term (fiscal 2012)	4 yen	4 yen

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



Looking Back over Fiscal 2014

Under our midterm management plan ending in fiscal 2014, we positioned fiscal 2012 to 2014 as a period of growth and took numerous measures to achieve this. In particular, these past three years have seen changing attitudes towards infrastructure development and a re-acknowledgement of its importance. As well, business sentiment is up in the lead-up to the 2020 Summer Olympics in Tokyo, and this provides the domestic construction market with the opportunity to spur construction investment, which had been stagnant.

Also in the lead-up to 2020 and beyond, development of social capital is expected to become increasingly important.

Infrastructure development is not limited to new construction projects. The construction of Japan's social capital stock was concentrated during periods of rapid economic growth, and this stock is rapidly aging and deteriorating. Problems regarding the maintenance and upgrading of this capital stock have come to the fore, with people also naturally worried about the safety of this infrastructure.

National and local governments are likely to step up

the pace of infrastructure maintenance and upgrading projects. We, in the construction industry, will play a key role in implementing these projects. Thanks to these favorable conditions, Nishimatsu Construction was able to achieve the targets of its previous medium-term management plan.

Nevertheless, we are not satisfied with the status quo. It is imperative that we create new value if Nishimatsu Construction is to make further strides. During fiscal 2014, part of which we positioned as a growth period, we launched our Development Business and Real Estate Headquarters and our International Division, as well as our New Business Creation Department, which has the task of coming up with innovations that will lead to new products and services. The New Business Creation Department is engaged in numerous projects led by young, enthusiastic employees who applied from other departments in our company and we are working towards building a department with profitable structure by 2020. I believe it's safe to say that in fiscal 2014 we took forward-looking measures that have paved the way to the next medium-term management plan.



Aims of New Medium-Term Management Plan

Since 2011, we have striven to disclose all relevant information through our CSR reports and to have our entire organization, including regional headquarters, join in building a CSR promotion system.

We formulated N-Vision 2020 based on discussions among our various company departments and under the leadership of our CSR Management Promotion Department (which was established in the President's office). This vision for the kind of company we hope to be in 2020 is our key criterion for non-financial-related efforts. It encompasses medium and long-term quantitative targets and provides a framework for implementing the PDCA cycle. Our new medium-term management plan focuses on these and other aspects, and it positions 2015-2017 as "Period I" of growth and development.

For the end of fiscal 2017, we have set targets of a gross profit margin of 8.3% (up 1.7 points from 6.6% in fiscal 2014) and an ROE of more than 7.0%. The construction industry has always tended to focus on the pursuit of net sales. However, at Nishimatsu Construction we believe that construction investment,

which we expect will increase, is only temporary; we therefore do not aim to excessively expand net sales. Rather, we stress efficiency and strive to secure operating income so that we can continue to increase corporate value over the long run.

Nishimatsu Construction's corporate ideal is to be an attractive and enduringly trustworthy organization. Our mission is to utilize the technologies and experience we have built up to provide value in the form of buildings and services, thereby contributing to society. As well as creating win-win relationships with all of our stakeholders, we will prioritize steady growth and progress.

Under the 2017 medium-term management plan, we have set both financial and non-financial targets. Efforts in both of these areas are crucial to making our company more attractive and creating new value. The entire Nishimatsu Construction Group will join in to promote N-Vision 2020 and publicly disclose all relevant information.

Future Challenges and Key Efforts

While there continue to be opportunities for business expansion in the construction industry, there are problems with a shortage of engineers and an aging workforce. There is a serious shortage of construction workers who have been taught the necessary skills to carry the construction industry into the future. To respond to the crucial need to develop and upgrade society's infrastructure, it is imperative that the entire industry works to ensure the existence of a sufficient work force possessing the necessary construction skills. We feel that construction companies in the future will be competing with each other, not to secure new job orders, but rather to secure skilled workers.

A major pillar of the basic policy under the 2017 medium-term management plan is to "train and utilize human resources to achieve sustainable development." While this can't possibly be achieved overnight, Nishimatsu Construction's efforts to this end put it at the vanguard of the industry. We aim to introduce more flexible work systems so as to build workplaces where a diverse range of human resources can continue to utilize their talents.

In fiscal 2015, we are establishing a new section in charge of diversity, and we have begun creating measures aimed at giving women a more active role in our company. We plan to listen firsthand to what our female employees have to say and convert these ideas

into concrete action rather than just paying them lip service.

We could not create things without the cooperation of our partner companies. And to create quality products requires close ties between our employees and partner companies.

We strive to strengthen ties with partner companies through N-NET (Nishimatsu subcontractor's association). The N-NET subcontractors are indispensable partners in our construction efforts. We lead the industry in subcontractor relations by, for example, providing support systems such as incentives and social insurance schemes, and by improving worker benefits and working conditions for skilled workers. I believe that building good relations with subcontractors leads to improved product quality, thorough safety control, and smooth workflow.

Strengthening the Environmental Management Promotion System

Under the 2017 medium-term management plan, we have made strengthening the environmental management promotion system a key item. Our aim is to make being an environmentally advanced company part of our corporate brand. Environmental management is inextricably linked to quality control and workplace quality. A disorderly



workplace leads to poor product quality. A workplace that strictly adheres to 5S (sort, straighten, shine, standardize, sustain) will also be environmentally friendly.

In 2015, the launching of a new Headquarters—the Safety, Environment, and Quality Headquarters—helped strengthen our environmental management promotion system. This headquarters will conduct practical environmental protection activities—for example, seeking to make the entire building lifecycle carbon free so as to contribute to the realization of a low-carbon society, and ensuring that building sites are rich in biodiversity. It is our duty in the construction industry to help realize a sustainable society and ensure we pass on a healthy planet to future generations. By clearly stating our targets in the 2017 medium-term management plan, we will raise awareness among all employees in the Nishimatsu Construction Group and make environmental management a unified, group-wide effort.

Globally Oriented Business Development

As business rapidly globalizes, Asia is becoming an important base for Japanese companies. Through construction projects, Nishimatsu Construction has already contributed to local communities in numerous parts of Southeast Asia. But we are not moving into Asia merely to expand our business. We are providing the societies in the countries we enter with the technologies we have built up so that we can help the people there achieve progress and safety. After more than half a century of doing business outside Japan, we are gradually gaining a foothold for our international business. Our next challenge is to secure stable profits and boost our overseas management capabilities so that we can improve risk management and strengthen our overseas organizational structure. We also want to focus on training and supporting the local human resources who are so important to our growth.

In 2014, we launched the International Division in order to boost our overseas construction business. In fiscal 2017, the final year of the 2017 medium-term management plan, we are targeting orders of 50 billion yen, net sales of 53 billion yen, and a gross profit of 2.7 billion yen. With even greater economic globalization on the way, we aim to solidify our business foundation and secure steady profits.



In Conclusion

The 2017 medium-term management plan takes into account previous management plans while integrating the business and CSR efforts we have undertaken up to now. The various work procedures that we carry out day-to-day in accordance with the medium-term management plan constitute the core of our CSR management.

Five years have passed since 2011, when the “New Nishimatsu” sought to regain trust by launching CSR activities under a renewed organizational structure. We have gone through a foundation-building period, and we have entered a phase of unified business in which company divisions hold the ultimate responsibility. All Nishimatsu Construction Directors, Executive Officers, and employees will continue to work together to make the company even stronger in its specialty of “on-site expertise” (which entails meticulous construction management and the ability to discover and quickly solve problems), while continuing to enact the medium-term management plan. In this fifth edition of the Nishimatsu CSR Report, we look at the company’s multi-faceted activities in fiscal 2014 and at a range of ways we are building a foundation for our future. We look forward to hearing frank opinions and impressions from you—customers, citizens of communities where we do business, shareholders and investors, employees, and partner companies.

In the years leading up to the milestone of 2020—but also beyond that and far into the future—we seek to be a company that builds win-win relationships with stakeholders and contributes to society. Thank you for everything you have done for us. We look forward to your continued support.

President Harusada Kondo 近藤 晴貞

Towards 2020 and Beyond

We have drawn up our Mid-term Management Plan 2017—Toward Sustainable Growth and Development (Fiscal Years 2015 to 2017).
Steadfastly implementing this plan will lead to sustainable growth in the years to come.

Overview of Mid-term Management Plan 2017— Toward Sustainable Growth and Development

Target Vision as a Company

- Earn solid trust while constantly striving to be an appealing company.
- Be a company that creates new value while working with stakeholders to resolve social issues.

Basic Policies

- Training and utilization of human resources toward sustainable growth.
- Establishment of high-earning corporate base (core businesses).
- Measures for new business opportunities aimed at sustainable growth.

Principal Measures

- For Customers, gain solid trust based on customer confidence in Nishimatsu.
- For Employees, create an environment consistently enabling active participation of diverse “human capital”.
- For Partner Companies, establish “Win-Win” situations through development of a robust supply chain.
- For Shareholders and Investors, use strategic IR activities to increase “Fans of Nishimatsu”.
- For “Local Communities,” realize rich community coexistence around “appreciation and interaction”.

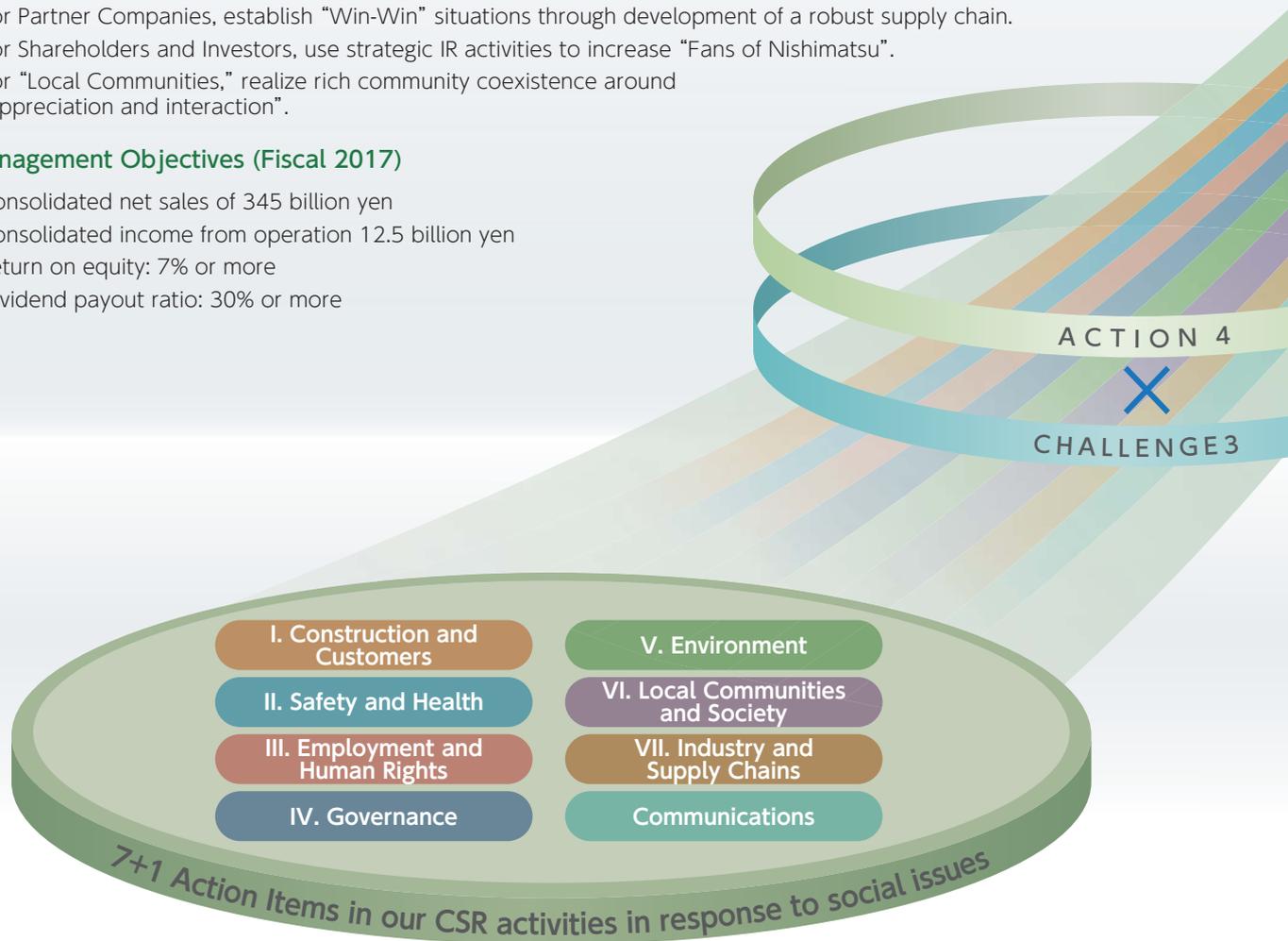
Management Objectives (Fiscal 2017)

- Consolidated net sales of 345 billion yen
- Consolidated income from operation 12.5 billion yen
- Return on equity: 7% or more
- Dividend payout ratio: 30% or more

Adoption of New Corporate Slogan

Successfully Building a Better Future

In May 2015, we adopted a new corporate slogan: “Successfully Building a Better Future .” Our on-site capabilities represent a distinct competitive advantage, and encompass our meticulous, conscientious construction management capabilities at job sites as well as our own abilities to uncover and resolve a wide range of problems that may lie hidden at work sites.



Build Win-Win Relationships with All Stakeholders



Link the Mid-term Management Plan with CSR/CSR activities

Looking back over the past three years at the Mid-Term Management Plan 2014 and taking into account the external environment surrounding the construction industry, we formulated our Mid-Term Management Plan 2017, which lays out management targets and guidance for the three-year period from fiscal 2015 to 2017. Among these targets, we have designated a single corporate image that we will strive to foster: "Become a company that creates new value and that can participate in resolving the problems facing society."

The idea underlying this is our corporate philosophy, namely, that the business activities of Nishimatsu Construction will "contribute to creating a sustainable society where people can live with peace of mind." And consequently, building win-win relationships with all

stakeholders is linked to our CSR management policy. Our Mid-Term Management Plan 2017 contains non-financial targets that do not appear among our financial goals and financial statements. For a company to develop in a sustainable way, it is essential not only to steadfastly implement policies that will form the foundations of its business activities, beginning with achieving financial targets such as operating income; a company must also look to achieve non-financial goals, such as those related to the environment and human resource development etc. We have designated these non-financial goals as CSR activity targets. CSR activity targets are based on N-Vision 2020, which paints a picture of how our company should look in the year 2020 and beyond. We will go forward step by step aiming at even greater things that lie ahead.

CSR management capable of responding to stakeholder expectations

Having been actively engaged in CSR management since fiscal 2010, we have seen it gradually take root as part of the daily routine of employees. It is now being actively put into practice, particularly in the form of community service.

To bring about the further evolution of win-win relationships with all of our stakeholders, we will give careful thought to the essence of what we ourselves can do, and we will continue to promote CSR activities with a sense of urgency.

In the future, we will expand the circle to encompass more and more activities so that this report is filled with meaningful initiatives.



CSR management

A report on three years' worth of results related to the major initiatives of our 7 + 1 action items

Construction and customers	Although we have been working to raise the construction performance assessment scores given to us by our contracting clients, we have not yet reached the levels we have targeted. Each Business Headquarters conducts customer surveys on an ongoing basis to measure customer satisfaction.
Safety and health	Of late, it has proven quite difficult to reduce the number of work-related accidents. In response, in fiscal 2015, we established the new Safety, Environment, and Quality Headquarters to further strengthen the organization. No significant improvements were visible regarding the working environment—for example, the elimination of long working hours. We will continue working to enable employees to maintain a good work-life balance, while recognizing this as an important issue for the future.
Employment and human rights	We have worked to boost the competencies of our employees with a variety of training programs. We established a CSR Award System to make CSR activities better known within the company and to help motivate our employees. We will provide awards under this system for the first time in fiscal 2015.
Governance	We maintain a well-developed industry-leading system.
Environment	In 2011, we set the goal of aiming to be No. 1 in the Environmental Management Ranking (non-manufacturing, construction industry) published by Nikkei Research, the reality is that we have not moved up much in the latest ranking. With regard to safety, starting in fiscal 2015 we will work to strengthen safety systems under the auspices of the Safety, Environment, and Quality Headquarters.
Local communities and society	The Tohoku Branch under the North Japan Regional Headquarters continues to hold the Himawari (Sunflower) Project, which brings beaming smiles to everyone in the northeast. Other branches also continue holding activities that bring them closer to their communities.
Industry and supply chains	With N-NET, we have built a robust and fair supply chain. In fiscal 2015, we raise the benefits for senior foremen fourfold. We also strive to improve the working conditions of individuals involved in construction projects and increase the number of senior foremen. By increasing the number of senior foremen, we aim to improve the level of construction management and safety oversight at work sites.
Communications	In 2012, we held a dialogue with employees, and since 2013, we have been holding dialogues to which outside experts have been invited. In addition, in fiscal 2014, we planned a Family Day event where families were invited to work sites. We held the first such events at the Kanto Civil Engineering Regional Headquarters and Kanto Architectural Regional Headquarters. The bright smiles of the children heightened the sense of cohesion among employees and their families, and between employees. In the future, we are thinking of expanding this activity company-wide.

Review medium- and long-term goals

We conducted a comprehensive review of fiscal 2015 CSR goals.

Nishimatsu Construction has been actively putting CSR management into practice, and considers CSR activities to be central to the company's business activities. To contribute to establishing a sustainable society and environment, which is central to our corporate philosophy, our mission will be to continue pursuing sustainable growth and development. For that reason, we propose numerical targets and strategies and we encourage the organization to work together energetically towards achieving them. A prerequisite to this is the idea of building win-win relationships with all of our stakeholders.

By implementing these plans and achieving the goals, the Company will continue to develop sustainably. This will result in lasting contributions to a sustainable society, improve corporate value, and ensure the continuity of the company. In support

of our CSR philosophy, our CSR goals have been formulated to conform to Mid-Term Management plan2017, quality/environmental management system objectives and safety goals.

In addition, we also examined whether the matters we decided to address are consistent with our CSR management policy of building win-win relationships with all of our stakeholders. Following a comprehensive review of these matters, we have revised some of the 7 + 1 Action Items among the CSR activities, as well as a portion of the contents of N-Vision 2020 that will define the shape of the Company in the year 2020 in a comparison with the fiscal 2014 plan.

We want this concept to thoroughly permeate the entire Company: the idea that CSR activities are not special activities, but that the Mid-Term Management Plan that the Company has formulated is part of our CSR activities, as are our ongoing goals regarding safety, quality and the environment.

7+1 Action Items in Our CSR Activities in response to social issues	Specific Stakeholders	Matters to be addressed in CSR management	Vision for 2020 N-Vision2020	Related aspects (GRI Edition 4.0)
I. Construction and customers Creating value through high-quality construction works. Providing customer satisfaction.	Customers, users, society	<ul style="list-style-type: none"> Quality and technology Support for customers 	<ul style="list-style-type: none"> Providing the highest level of construction work and maximizing the quality of services. Ensuring that satisfaction is maximized for all customers 	Customer Health and Safety Product and Service Labeling
II. Safety and health Creating a safe industry. Developing a fair working environment.	Employees, customers, partner companies, others	<ul style="list-style-type: none"> Safety at work sites Employee health 	<ul style="list-style-type: none"> Achieve the goal of zero occupational accidents Eliminate long working hours and creating comfortable workplaces 	Occupational Health and Safety System for Handling Complaints about Business Practices.
III. Employment and human rights Providing an environment conducive to long-term employment. Fair and impartial job opportunities.	Employees, society	<ul style="list-style-type: none"> Human resource development Employment 	<ul style="list-style-type: none"> Investing vigorously in human resources, to ensure sustainability Increasing employee satisfaction in order to retain people 	Training and Education Non-discrimination
IV. Governance Appropriate corporate activities. Appropriate disclosure of information.	Investors, shareholders, society	<ul style="list-style-type: none"> Corporate governance Compliance Risk management 	<ul style="list-style-type: none"> Establishing corporate governance to achieve accountability Earning trust by visualizing operations and organization Implementing compliance activities thoroughly Securing business sustainability and becoming a trustworthy company with complete risk control 	Anti-corruption Anti-competitive Behavior Compliance
V. Environment Handing down the global environment to the next generation. Preparing for a recycling-based society.	Environment, society	<ul style="list-style-type: none"> Activities to protect the environment Development and effective utilization of environmental technologies 	<ul style="list-style-type: none"> Stepping up efforts toward a company with advanced environmental management Establishing the foundations to maintain environmental compliance and ensuring a permanent legacy Actively engaging in the environmental solutions business 	Energy Products and Services Compliance
VI. Local Communities and Society Contributing to local communities and society. Responding to large-scale disasters.	Society, local community	<ul style="list-style-type: none"> Promoting social contribution activities Responding to large-scale disasters 	<ul style="list-style-type: none"> Taking an active part in society as a corporate citizen Making contributions by capitalizing on business skills 	Indirect Economic Impacts Local Communities
VII. Industry and Supply Chains Developing the construction industry. Building sound relationships with partner companies and others.	Partner companies and others, industries	<ul style="list-style-type: none"> Contributing to the development of the construction industry Building appropriate CSR partnerships 	<ul style="list-style-type: none"> Building fair CSR supply chain 	Supplier Environmental Assessment Supplier Assessment Labor Practices
Communications Communications to expand CSR. CSR accountability to society.	All stakeholders	<ul style="list-style-type: none"> Promoting CSR communications Ensuring CSR accountability 	<ul style="list-style-type: none"> Actively expanding CSR activities Maintaining appropriate CSR activities 	(No related aspects)

Nishimatsu Diversity

Sustainability—Appropriate
Use of Human Resources



Diversifying Work Environments and Job Sites Turning Women's Voices into Energy That Can Propel Nishimatsu

In our Midterm Management Plan 2017 (announced in May 2015), promoting diversity was designated a priority measure. And with concern over medium- and long-term shortages of construction industry workers looming in the background, we also regard this as an important management issue for Nishimatsu Construction going forward.

In 2015, there were 49 female employees in career-track positions. While that number is still small, we believe that developing an environment in which women can work free from worry or care and in which they can continue in their careers will also contribute to improving working conditions for the entire staff.

Nishimatsu Construction is moving forward on the path from discussing diversity to putting it into practice. Here, we present actual comments from women who work at Nishimatsu talking about the present status of diversity promotion.

Current Status of Efforts to Promote Diversity

Since its formation in October 2014, our Diversity Project Promotion Team has been studying current issues and proposing solutions. And in May 2015, we established the Diversity Promotion Section in our Human Resources Department, launching full-fledged efforts in this area.

Planned Activities to Promote Diversity

To begin with, the Diversity Promotion Section is expanding measures to promote the active involvement of women in the workplace, with the goal of creating a work environment where a diverse range of employees can maximize their abilities as individuals. To achieve this, we will implement the following specific measures.

- 1) Promote the active participation of women by declaring the management policies and by changing the mindset of management for the fostering of greater understanding
- 2) Promote diverse participation in the workplace by aggressively recruiting women, expanding the occupational fields where they can work, and developing their talents and abilities
- 3) Encourage continued employment by improving and enhancing systems that support a balance between work and home, thereby creating a comfortable, fulfilling work environment

Support Diversity Promotion

In April 2015, I was transferred from Kyusyu Regional Headquarters to the Diversity Promotion Section at the Head Office, after my application to be a career-track position was approved.

I feel strongly that Nishimatsu Construction has started working in earnest to promote diversity, focusing on the active involvement of women. Starting with the women already working at this company, I hope to continue efforts to support staff members actively involved in a variety of areas by improving both their environment and their support systems.

Ms. Mie Doi, Chief Staff
 Diversity Promotion Section
 Human Resources Department



Site Tour and Roundtable Discussion with Nadeshiko— Nishimatsu's Women Engineers work at job site

- Overview
- Date: April 20, 2015 (Monday)
 - Venue/site tour: New construction, Mita Building, Sumitomo Realty & Development Co., Ltd.
 - Roundtable: Conference Room, Nishimatsu Construction's Head Office

The fourth round of stakeholder dialogues welcomed Ms. Yasuko Okada, Representative Director of Cuore C3 Co., Ltd., and was held in roundtable format with Nishimatsu Construction President Harusada Kondo, Human Resources Department General Manager Hiroshi Yaguchi, and four Nishimatsu female engineers. Since 1988, Cuore C3 has been supporting the active participation of women in society by providing working women with career counseling. Prior to the roundtable discussion, one of the female engineers gave Ms. Okada a tour of her actual work site.



A lively question-and-answer session was held related to the nature of their work and the job-site working environment.

Creating a workplace friendly to women also creates a workplace



President Harusada Kondo—

In our Midterm Management Plan 2017, we designated “promoting diversity” a priority measure and established the Diversity Promotion Section within our Human Resources Department. The shortage of engineers and skilled workers does not apply only to our company but is a significant management issue.

Human Resources Department General Manager Hiroshi Yaguchi—

We are also trying to change the nature of work in our industry. We are no longer at the discussion stage but are putting those changes into practice. In particular, we are promoting the active involvement of women. At present, the company has 49 women in career-track positions, of which 18 are engineering-related employees who are out in the field on construction sites.

Ms. Yasuko Okada—

For the past 25 years, I have been involved in encouraging women to play a more active role. Earlier today, we were allowed to visit a construction site. Women employees, how do you like the work environment?



Ms. Mari Shiga—

I am satisfied with my current work environment, where I have good human relations both in the office and at the construction sites. I’ve been working for three years in the field. Sometimes when talking with a friend outside the company, I feel like it’s a tough working environment, but I also feel a sense of fulfillment.

Ms. Shiori Sasaki—

It’s a convenient environment for commuting, also, the construction site is equipped with women’s toilets and changing rooms, and it’s an environment where I can comfortably concentrate on my work.

Ms. Ayako Sako—

I am responsible for an underground tunnel site in the city, and there are women’s toilets, changing rooms, and places to take a nap, so I don’t have any problems.

Ms. Okada—

What led you to enter this industry?

Don’t you find any gap between the ideal and reality?

Ms. Sasaki—

I aspired to work for a general contractor from the very beginning. I think a general contractor builds the foundations that support people’s lives, and this job is extremely challenging. I knew that at Nishimatsu I could work close to a construction site. I want to be on the frontline of a construction site, and that’s why I chose Nishimatsu.

When I think about both marriage and having children in future, there are still no female engineers who have experienced childbirth and child-rearing in Nishimatsu. We female engineers worry about whether or not we would really be able to continue working.



Ms. Shiga—

There is the impact of a mother having a construction-related job, from an early age, I longed to have the grand, dream-inspiring job of constructing buildings. I chose Nishimatsu because the company goes one-on-one with me. But, to be honest, there are also headaches; I got married last year, and not being able to take a leave the same time as the rest of my family can be a problem.

Ms. Kayo Nukariya—

I majored in architecture at university. I thought it would be difficult to work for a general contractor, but I felt that Nishimatsu was serious about trying to bring women into the field.



friendly to all employees.

Mr. Yaguchi—

We need to expand and enhance the company systems in future to settle the issues raised by Nadesiko. It is also important to create an atmosphere in which it is easy to take leaves.

Ms. Okada—

I think that reforming the ways of work is not merely a matter of working ways, and also not merely a women's issue. That said, there are life events that are unique to women, like pregnancy and childbirth. Construction sites are still tough environments, so a career path is needed for employees who must temporarily take a break from the frontline. That means letting them work close to the construction sites until they can return to the sites.

Mr. Kondo—

For example, there are jobs of project income/cost control and management of shop drawings that involve important tasks which can improve employees' career prospects without requiring them to go out to the site directly. If a company would develop such a path, employees could continue working longer. Without human resources, there is no future for the construction industry.

Ms. Okada—

Couldn't it also be said that having women working on a construction site can have a benefit for business?

Ms. Sako—

I think so. I think women generate a change of consciousness about using time efficiently. Also, a change occurs in communication on construction sites, and women are likely to bring new energy.



Ms. Nukariya—

Women at construction sites improve the manners and tidies up the offices, leading to a comfortable work environment. But I still feel there are a lot of negative aspects; I often can't do anything without

support from a senior staff member.

Ms. Shiga—

Rather than gender differences, I think it's a matter of personal qualities.

Mr. Yaguchi—

Everyone gathered here today is young, in your second to fourth year of working at the company. It might be that you have not yet realized your contribution to the company.



Ms. Okada—

Currently, the construction industry is also shifting toward a service orientation, and the application of design processes is also moving forward. And buildings, once they're built, will continue to have value and be useful. Surely women can contribute to such business endeavors. I have a good feeling about the corporate culture at Nishimatsu, which looks after people as individuals on a one-on-one basis. I hope this will continue in the future.

Mr. Kondo—

In the future, as younger generations join the company, it will become increasingly common for many female engineers to be actively involved at individual construction sites. I think that when this happens, a wide range of changes will come about. Increasing awareness from a variety of perspectives will drive reforms toward more efficient and flexible work styles. This is what diversity is. When I was a high school student, the Tokyo Olympics were held. Now, looking towards 2020, the Olympics lie ahead. Going forward, I would like everyone have the sense of fulfillment gained by managing the project as a project manager. I think it is my role as president to make that possible.

~Participants~



- Cuore C3 Co., Ltd.
- ① Ms. Yasuko Okada, President Nishimatsu Construction Co., Ltd.
- ② President Harusada Kondo
- ③ Human Resources Department General Manager Hiroshi Yaguchi
- Kanto Civil Engineering Regional Headquarters
- ④ Ayako Sako, On-Site Staff, Ring Road 2, Shin-Ohashi Site Office
- ⑤ Shiori Sasaki, On-Site Staff, Shima-cho Shield Site Office
- Kanto Architectural Regional Headquarters
- ⑥ Mari Shiga, On-Site Staff, Kita-Shinagawa Redevelopment Site Office
- ⑦ Kayo Nukariya, On-Site Staff, Mita Site Office



N-Vision2020

I. Construction and Customers

Domestic Civil Engineering and Business

- Inagawa East Project
(Construction period: October 26, 2011 to February 16, 2015)

Excavation: 230,000 m³
Embankment: 667,000 m³
Tunnel for inbound lanes: 193 m
Abutments: 5
Piers: 20 plus additional

- Inagawa Midway Project
(Construction period: May 27, 2014 to March 11, 2017)

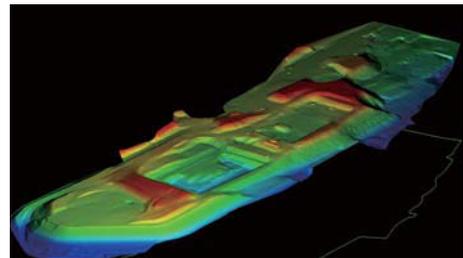
Excavation: 400,000 m³
Embankment: 949,500 m³
Tunnel for outbound lanes: 502 m
Abutments: 5
Piers: 5 plus additional



Shin-Meishin Expressway, Inagawa East Project, Inagawa Midway Project

Project Brief

The Shin-Meishin Expressway links the Chubu and Kinki regions of western Japan. Out of its total length of approximately 170 km, this construction work spans a distance of 2,260 m between the Kawanishi Interchange and the Kobe Junction. To avoid traffic network shutdowns caused by disasters or accidents, the Shin-Meishin Expressway functions as an alternative route complementing the Meishin Expressway. This project includes a wide variety of construction work, such as tunnels, bridges, and cut and embankment. To ensure high quality, we are introducing the latest construction management systems. In addition, to preserve the surrounding environment, we are implementing control measures for noise, vibration, and dust.



By creating a three-dimensional model of the embankment from 3D survey data, we can check and control the as-built soil volume and quality for large-scale embankment work.



Environmental Protection Measure 1

We are taking measures to prevent noise and dust dispersion in neighboring areas by installing sound absorption/insulation panels with dust-proof netting and by spraying water mist.



Environmental Protection Measure 2

To prevent soil and dust spreading onto public roads, we thoroughly clean tires using high-pressure washers that clean wheel-well fender skirts.



- Corporate Outline
- Top Message
- Mid-Term Management Plan and CSR
- NISHIMATSU View
- I. Construction and Customers
- N-Vision2020
- II. Safety and Health
- III. Employment and Human Rights
- IV. Governance
- V. Environment
- N-Vision2020 VI. Local Communities and Society
- N-Vision2020 VII. Industry and Supply Chains
- 140-Year History
- Business Outline / Major Construction Work
- Independent Evaluation by an Outside Firm / Independent Assurance Statement

Looking back over the past three years

To achieve our vision of “Providing the highest level of construction work and maximizing the quality of services,” we worked to maintain and improve the quality of civil engineering structures by forming a construction technical advisory committee and implementing quality patrol inspections under the guidance of the Construction Engineering Committee, a group of technical experts.

In addition, to achieve our vision of “Ensuring that satisfaction is maximized for all customers,” we worked to attain high construction performance evaluation scores for government construction work. Nevertheless, looking back over the past three years, we cannot be entirely satisfied with respect to either of these visions.

Efforts of the Civil Engineering and Business Headquarters in Fiscal 2015

To achieve our vision of “Providing the highest level of construction work and maximizing the quality of service,” in addition to past efforts, we will contribute to resolving social issues. These include maintaining and updating existing infrastructure, promoting renewal projects that will lead to stable earnings in 2020 and beyond, and seeking to obtain at least one project in the Kanto region.

In addition, to achieve our vision of “Ensuring that satisfaction is maximized for all customers,” the Head Office, regional branches, and job sites will work in close collaboration with one another, from the beginning stage when the construction work order is received. The goal will be to improve customer satisfaction by utilizing our technological competence and the Company’s brand equity.

N-Vision2020

I. Construction and Customers

Domestic Building Engineering and Business

- Josho Gakuen Educational Foundation
Umeda Campus (tentative name),
New Construction

Construction schedule: September 30, 2013 to October 31, 2016
Application: School (university)
Structure: Steel-frame construction (partially steel-reinforced concrete construction)
Size: Two floors underground, 22 floors above ground
Maximum height: 125.1 m
Site area: 4,650.47 m²
Building area: 2,416.21 m²
Total floor area: 33,240.24 m²



Josho Gakuen Educational Foundation Umeda Campus (tentative name), New Construction

Efforts Towards Customer Satisfaction

The property is located in Umeda, a bustling shopping and entertainment district in the heart of Osaka. As it is located in an area that sees a great deal of pedestrian traffic and that is close to railway lines, this construction project requires extreme caution. The Head Office, regional branches, and on-site personnel are working together to deliver to the customer a building of the highest quality without any workplace accidents or incidents.

- 1) Top down construction method
This project is a high-rise building with underground levels and a permanent pile foundation standing on a relatively narrow site in the city. Accordingly, we have adopted a top down construction method that will shorten the construction time and have little impact on the surrounding ground.



- 2) Efforts toward the environment
This project expands our reach as a leader in reducing CO₂ emissions based on the following technologies.
• Use of geothermal heating • Solar heat collection • Visual control of energy usage • Double-skin system
• Hybrid air conditioning, and more

We are undertaking construction while giving full consideration to the area around the periphery of the site. On the enclosure surrounding the site, we have mounted a message reader board upon which we post messages calling for environmental beautification, and we have set up decorative objects celebrating the seasons.





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- N-Vision2020 IV. Governance
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- N-Vision2020 VI. Local Communities and Society
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Looking Back over the Past Three Years

To achieve our vision of “Providing the highest level of construction work and maximizing the quality of service,” we worked on the basis of three strategies: 1) presenting proposals at the planning and design stage that meets customer requirements, 2) ensuring quality by strengthening in-house quality patrol inspections at the stage of the construction, and 3) ensuring repeat business by improving and enhancing after-sales service. However, results were not entirely satisfactory.

Efforts in the Building Engineering and Business in Fiscal 2015

Providing the highest level of construction work and maximizing the quality of service. Ensuring that satisfaction is maximized for all customers.

We determine the potential needs of our customers and make proposals from their point of view, and we then work together to solve problems that the customer is facing. For quality control during construction, we strive to ensure the highest level of quality by doing at least three on-site quality patrol inspections based on our own in-house standards. In addition, we will expand and improve our after-sales service department to establish a partnership with our customers throughout the life of the building.

N-Vision2020

I. Construction and Customers

Development and Real Estate Businesses



Urban Redevelopment Project at Musashi-Kosugi Station, South Exit Area, Nishigai-ku, Kawasaki City

Project Brief

This urban redevelopment project targets an area of about 1.4 hectares adjacent to the west side of Musashi-Kosugi Station on the Tokyu Line. Musashi-Kosugi serves as a hub for a wide area of Kawasaki City in Kanagawa Prefecture, and the goal of the project is to create an attractive facility that will function as a regional center. Accordingly, the project includes the building of basic urban infrastructure—such as roads and parks, an electrical substation, commercial establishments connected directly to the station structure, a public library, and urban residential units—as the introduction of multi-use functions that support bustling pedestrian activity, lifestyles, and infrastructure.

Looking Back over the Past Three Years

Since launching it three years ago as the first endeavor in our corporate real estate (CRE) business, we have been operating a business that involves renting housing facilities to the elderly. Over the past three years, we have also been actively involved in 13 redevelopment and land readjustment projects. We continue to pursue the development of attractive urban environments that meet the needs of local communities and society as a whole.

We have established two brands (NCO and NCRe) related to the leasing of residential units and offices that we own. In addition, we have conducted surveys of the tenants of buildings that we own, and we are working to improve the quality of our service while enhancing brand equity and penetration.

Efforts in the Development and Real Estate Businesses in Fiscal 2015

As a leader in local community revitalization and development, in safety and security, and in environmental management, we are actively engaged in creating new high-added-value businesses. Moreover, against a background of expertise gained over our many years of involvement in the construction industry, we continue to expand into a wide range of services. These include one-stop real estate solutions and building-rehabilitation and restoration initiatives aimed at facilitating the efficient operation of buildings over their entire lifecycle.



N-Vision2020

I. Construction and Customers

International Business



Hong Kong Subway—Kwun Tong Line Tunnel Extension, and New Construction of Ho Man Tin Station

Project Brief

This work is part of the Kwun Tong Line Extension Project running east to west in the Kowloon District of Hong Kong. The project involves the construction of the new Ho Man Tin Station as well as a 2.1 km tunnel extending from the existing Yau Ma Tei Station to the new Ho Man Tin station.

The new Ho Man Tin Station is located in an area encompassing high-rise residential and commercial buildings and a major highway. Using a large-scale open cut excavation method that we designed, we are constructing the station building with four floors above ground and three floors underground.

Looking toward completion in 2016, we are, together with the many highly capable members of our Hong Kong staff, committed to delivering the highest possible quality.



Looking Back over the Past Three Years

Under our Medium-Term Management Plan initiated in fiscal 2012, we have been working to make our overseas construction business a new pillar of our business activities. In fiscal 2014, we restructured our organization from the Overseas Branch to the International Division. We conducted a thorough review of the organization, identifying critical action points, and worked to strengthen the organization. In terms of quality control, we established an Engineering Department and a Safety, Environment, and Quality Section. We have also been pursuing quality assurance and quality improvements—for example, by not settling for having different quality standards in different countries, but rather moving to actively incorporate techniques used in Japan.

Efforts in the International Business in Fiscal 2015

To achieve the improvement in our capabilities needed to reliably satisfy customer requirements and to ensure a thorough implementation of safe construction practices, we aim to improve overseas management skills, such as the training of local staff. In addition, as a new business model, we will tackle infrastructure- and construction-related projects that make full use of our technological capabilities, and we will continue to contribute to the development of society in countries where we have a presence. Further, we will move proactively into the Mekong Region, where a future revitalization of the market is anticipated, and we will push ahead to provide services that meet the needs of our customers.



Looking Back over the Past Three Years

Achieving the goal of zero occupational accidents

In fiscal 2014, we undertook a variety of safety-related efforts to return to the levels we attained in fiscal 2010. However, in fiscal 2011 and thereafter, the number of accidents has remained at a similar level. In previous years, accidents have been attributed to human error—carelessness or lack of experience. Owing to the advancing age of veteran technicians, a shortage of experienced technicians in the field, and an increase of unskilled and untrained individuals, our personnel are perhaps finding it more difficult to take in safety directives and rules. Given that the ageing trend is expected to continue in the future, we will strive to prevent occupational accidents through repeated training and education.

● Accident frequency rate



● Percentage of accidents due to falls from a height



Note: The number of occupational accidents for Nishimatsu is calculated based on workplace absences of four or more days. Note: Nishimatsu figures are compiled from summary data from April to March.

Eliminating long working hours and creating comfortable workplaces

To promote a work-life balance, we established a Work Environment Improvement Task Force that operated from June 2011 to August 2013. Subsequently, its activities were entrusted to regional headquarters, branches, and work sites. For fiscal 2014, we held discussions within the Regional Headquarters General Managers Committee, a group comprising general managers of regional headquarters (i.e., managers in charge of work sites in Japan). We also worked on appropriate time management at work, encouraged employees to take accrued leave days, and shortened working hours at each branch. As yet, no significant results have been noted.

Fiscal 2015 Objectives

Achieving the goal of zero occupational accidents

In an effort to strengthen our organization in fiscal 2015 and beyond, we established the Safety, Environment, and Quality Headquarters. By promoting the three priority measures listed below, we will strive to prevent accidents by forming a tripartite partnership between branches, job sites, and partner companies.

Priority measures to be tackled:

- 1) Achieve a significant reduction in occupational accidents by eliminating human error to the greatest extent possible
- 2) Improve the ability to carry out construction work safely and strengthen health and safety education, centered around on-site foremen
- 3) Establish a company-wide health and safety system

Mid-Term Management Plan 2017 (Safety and Health)

By promoting Construction, Occupational, Health, and Safety Management Systems (COHSMS) that improve the level of safety management, our goal is to achieve an industry-leading safety record and make our corporate brand synonymous with safety.

Eliminating long working hours and creating comfortable workplaces

In October 2014, we organized a Diversity Promotion Project Team, and beginning in May 2015, we established the Diversity Promotion Section in Human Resources Department which will work to achieve the aforementioned goals in cooperation with all relevant departments.

Occupational Health and Safety Management System

Nishimatsu Construction is implementing health and safety management in compliance with COHSMS. We have moved away from the conventional reactive approach—which entails preventing a recurrence only after an accident has occurred—towards preemptive safety management based on removing potential

causes of an accident in advance (based on risk assessment). Our goal is to achieve continuous improvement of health and safety management standards based on the PDCA cycle of plan (P), do (D), check (C), and (A) act.

Safety management at overseas sites

At the HATC New Plant Construction Project now underway at the Rojana Industrial Park in Prachinburi, Thailand, we achieved a record (as of March 18, 2015) of five million continuous accident-free hours since the start of construction in October 2013. This is the first time that five million continuous accident-free hours have been accumulated at a limited-term project awarded by sole order in Japan or abroad since the Nishimatsu Group first began to compile statistics. We attribute being able to achieve this record to the understanding and cooperation of the customer with respect to safety awareness, and in particular, to adopting an IT-driven Japanese-style safety management system for the construction and

developing a system run by the local staff themselves, and in addition, to the participation of all employees in efforts with regard to safety.



Following a morning meeting, Nishimatsu's HATC Project team commemorates the milestone of 5 million accident-free hours

Efforts toward promoting work-life balance

《Activities to improve the work environment》

As new initiatives, the Diversity Promotion Project Team, which began its activities in October 2014, Diversity Promotion Section in Human Resources Department, which was newly formed in May this year and the CSR Management Promotion Department as the secretariat of the Compliance Committee, work together to plan to expand our efforts toward improving

the workplace environment. Specifically, we are working to shorten work hours and improve the workplace environment at model sites across Japan. In the second and third years, we will deploy these efforts across the company and advance plans to firmly establish such activities promoting shorter hours.

《Mental health measures》

Beginning in fiscal 2013, to foster accurate knowledge and promote understanding of the importance of employee mental health, we implemented mental health training conducted by outside counselors. We believe that undertaking the “line care” and “healthcare” education needed at each level of the

hierarchy—from new employees to managers—will help prevent an increase in persons suffering from mental problems across the entire company. In the future, mental health training is slated for implementation on an ongoing basis.

We promote the creation of comfortable workplaces!

As one effort to shorten working hours, the North Japan regional headquarters collects data each month on the total number of hours worked by all employees at regional headquarters countrywide. A health committee meets once a month, checking the overtime status of each individual and comparing it with the target overtime hours which are confirmed in a meeting at each single project awarded. Project site offices use the results to guide improvements—for example, by encouraging employees to take accrued leave days or by reviewing staff assignments. In addition, we are also establishing guidelines for creating pleasant, comfortable working environments appropriate to the size of each site, and we are working to enhance and expand aspects of employee health maintenance and welfare benefits.

Toshitaka Nakamura, Manager
 Administration Section
 North Japan Regional Headquarters





Looking Back over the Past Three Years

Investing vigorously in human resources to ensure sustainability

We provide vocational training to enable employees to finish acquiring competence in basic technologies within 10 years of joining the company. In addition, we are strengthening personnel development for new employees—for example, by introducing real-world experience training in construction management.

Increasing employee satisfaction in order to retain personnel

In ensuring transparency, we introduced a personnel evaluation system that also focuses on training. We launched a project team and undertook activities to promote diversity.

Fiscal 2015 Objectives

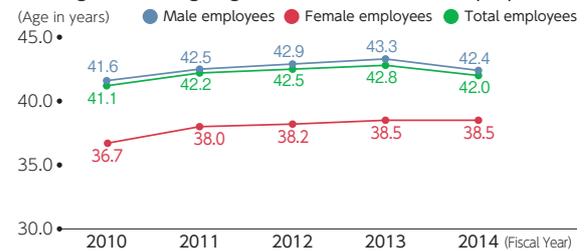
We will develop measures to allow a wide range of personnel to continue to perform their jobs despite facing a variety of problems, and we will provide a work environment in which they can keep on working with confidence and peace of mind. By taking into account the career aspirations and aptitudes of employees, and by unlocking their motivation and abilities, we will nurture human resources better equipped to contribute to the company.

Employee status

● Changes in number of employees by gender



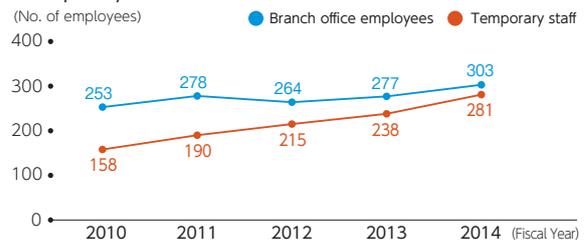
● Changes in average age of male and female employees



● Changes in average length of service of male and female employees



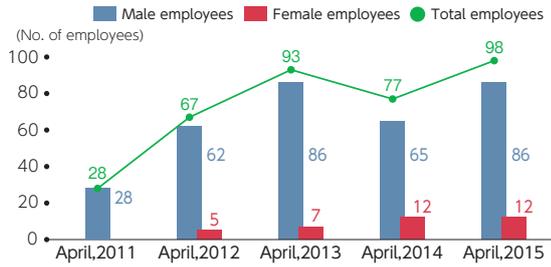
● Changes in numbers of branch office employees and temporary staff



Note: Branch office employees are employed in a branch office unit and are fixed-term employees limited to a specific region.

Employment

● No. of new employees on 1st April (Career-track employees)



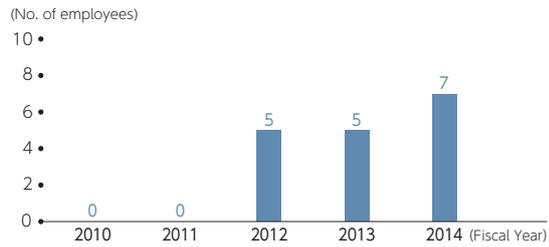
Note: Data of April 2012 published in the Nishimatsu CSR Report 2014 has been corrected.

Human resource development

With a view to achieving the gradual, phased development of human resources, we provide a vocational training system aimed at enabling employees to finish acquiring competence in basic technologies within 10 years of joining the company. This system offers training for new employees when they join the company as well as technical training that serves to check their level of proficiency in their second year and sixth year thereafter.

A new initiative introduced last year is construction management training for building and E&M new employees. This training includes hands-on experience and is held at the Fuji Education Training Center, an outside training facility. The curriculum provides practical training in fundamental on-site job tasks, such as rebar work and form work. The communal setting—which includes employees from other companies—gives participants the opportunity to cooperate to work on a training task. We plan to implement this program on an ongoing basis, with the goal of strengthening the training of new employees. We also support our employees in acquiring

● Changes in number of employees who joined mid-career (Career-track only)



necessary job-related professional licenses and certifications, such as that for first-class architects (kenchiku-shi). In addition, as employees advance within the organization to a higher managerial level—for example, to chief, assistant manager, or manager—they participate in step-by-step training programs that focus on the requirements of their new role. At this stage, the focus of their training shifts from job-related skills to management and leadership skills. We believe that creating and running a system of ongoing human resource development will boost our employees' level of competence and enable us to secure adequate human resources for the long run.



New employee training

● 2014 Training Results (step-by-step training program)

Training title	Classification	Number of participation	Implementation period
New employee training	Managerial level	77	Apr. 1 to Jun. 30 (91 days)
New SV2 training	Managerial level	38	Nov. 18 to 21 (4 days)
New SV1 training	Managerial level	33	Nov. 4 to 7 (4 days)
New management training(1)	Managerial level	46	Sept. 8 to 11 (4 days)
New management training(2)	Managerial level	48	Sept. 16 to 19 (4 days)

Note: Implementation period for new employee training will vary depending on job category.

Training title	Classification	Number of participation	Implementation period
Civil engineering staff training, 6th year	Specialization	11	Jun. 23 to 27 (5 days)
Building staff training, 4th and 6th year	Specialization	41	Aug. 25 to Sept. 5 (11 days)
Civil engineering staff training, 2nd year	Specialization	43	Oct. 6 to 10 (5 days)
Building staff training, 2nd year	Specialization	37	Oct. 20 to 30 (11 days)
First-Class Architect(Kenchikushi) training (academic courses)	Qualification	18	Jul. 17 to 25 (9 days)
First-Class Architect (Kenchikushi) training (technical drawing)	Qualification	23	Sept. 29 to Oct. 4 (6 days)

I want to contribute to Asia as an employee of Nishimatsu Construction!

I came from Indonesia to study at a Japanese university and joined the company in a civil engineering position in April 2015.

Although there are differences in culture and language at the job sites where I've been assigned, I make a real effort to communicate with other staff and workers. In the future, I want to gain experience on a variety of job sites, become familiar with advanced technologies, and acquire a wide range of knowledge. And as an employee of Nishimatsu Construction, I'd like to be actively involved in infrastructure development projects in Southeast Asia. My dream is to make a contribution to Nishimatsu Construction and to Southeast Asia.

Tamia Triandini
Yokohama-Shonan Road Project Office
Kanto Civil Engineering Regional Headquarters



Promoting Diversity

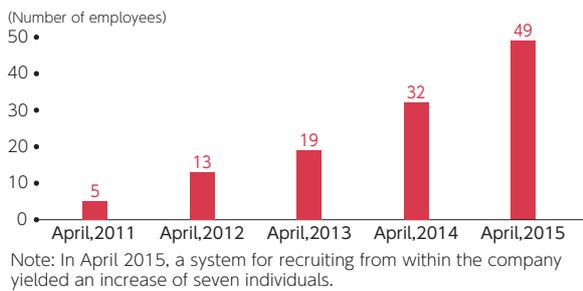
To continue contributing to society as a company of long standing, we actively develop workplaces in which a diverse range of human resources can fully demonstrate their abilities and in which they can take pride. As part of this effort, we organized a Diversity Promotion Project Team in October last year, and we have been working to solve the challenges that a diverse workforce faces in building careers for the long term. In addition, in May this year, we established a new Diversity Promotion Section, a dedicated section within the Human Resource Department, and we established a system to ensure that policy measures are surely implemented. In terms of promoting diversity, our first priority is to encourage greater participation by women in the workplace.

Specifically, we are committed to seeing that the following three initiatives are achieved:

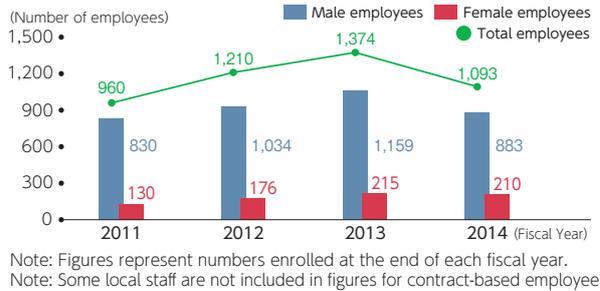
- (1) Promote the active participation of women by declaring the management policies and by changing the mindset of management for the fostering of greater understanding
- 2) Promote diverse participation in the workplace by aggressively recruiting women, expanding the occupational fields where they can work, and developing their talents and abilities
- 3) Encourage continued employment by improving and enhancing systems that support a work life balance, thereby creating a comfortable, fulfilling work environment.

In the future, we plan to continue actively developing initiatives to promote the active participation of the elderly, the disabled, and foreigners.

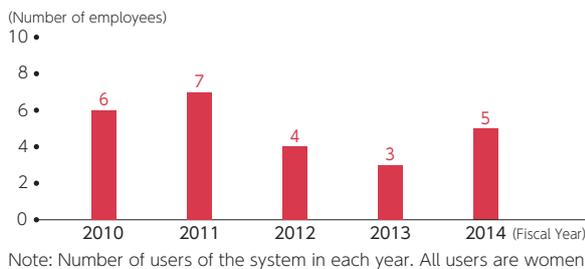
●Number of career-track female employees



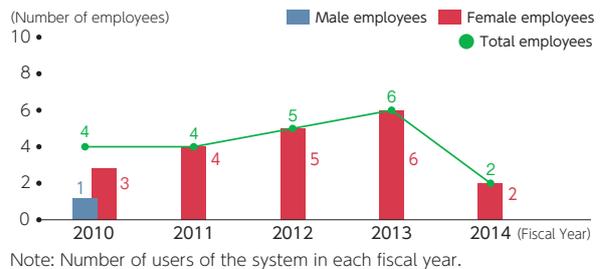
●Overseas local staff



●Number of users of childcare leave system



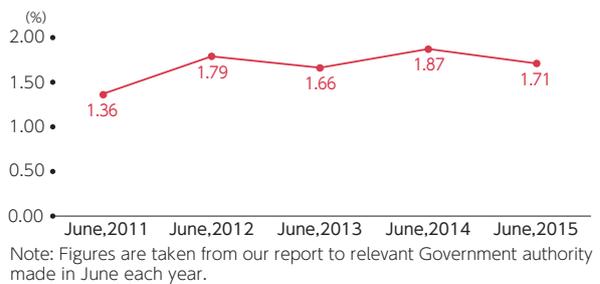
●Changes in number of temporary short-time workers



Employment of People with Disabilities

As of June 2015, the employment rate was 1.71%. The percentage of people with disabilities employed has fallen compared to last year, owing to age-related retirements and unexpected results in new employee recruitment. We plan to take new initiatives as soon as possible.

●Changes in employment rate of people with disabilities



Anti-harassment measures

We are implementing anti-harassment measures to create an environment that allows a diverse range of employees to actively participate over the long term. Regarding sexual harassment, we published a Declaration on Preventing Sexual Harassment in April 1999; and regarding power harassment, we have an ongoing commitment to enhance understanding of the concept and raise awareness of ways to prevent it. These efforts take place in step-by-step training programs that include newly appointed managers, in vertical training sessions that involve intermingling of employees with various ages and job specialties, and in executive-level training

sessions. In addition, in 2014, we held training sessions conducted by outside instructors at each regional headquarters across Japan. In July 2015, a training session was held at our head office, with further sessions following throughout the company.



Training session conducted by an outside lecturer

Company housing and residences for unmarried employees

We have been conducting an ongoing review of the functions of company housing and residences for unmarried employees. Priorities include providing comfortable living environments, coexisting harmoniously with local communities, and being of service to regions hit by disaster.

reconstruction of company housing and dormitories in Warabi, Saitama Prefecture (scheduled for completion in the spring of 2016). This reconstruction project is being conducted under the following themes: comfortable living environments, “eco-mindedness,” safety, security, and being of service to the community. As well as earthquake-proofing the structure, we have installed equipment to ensure provision of drinking water and electrical power. In the event of a disaster, it is also equipped with functions to serve as a temporary shelter for members of the local community.

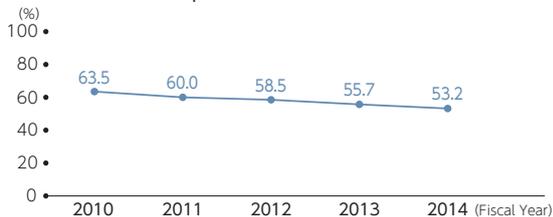
In September 2014, we completed interior and exterior renovations—along with seismic reinforcement based on the built-in damper (BiD) frame construction method—of the Mutsumi Company Housing (in Kanagawa Prefecture). Currently, we are also carrying out

Employer-Employee dialog

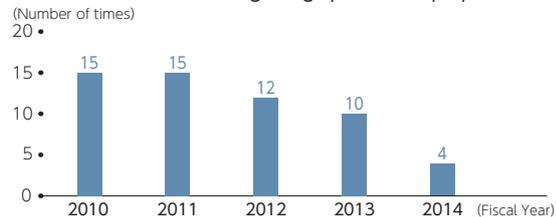
The Nishimatsu Construction Employee Union comprises non-supervisory employees and serves as the designated organization for employer-employee dialogues. With an agenda focused on wages and work conditions, these discussions include collective bargaining and informal employer-employee talks. Discussions are held on a regular basis between union representatives and company executives.

In light of the Japanese government’s promotion of work style reforms, major changes are anticipated in the environment surrounding employer and employee. To maintain win-win relationships between employer and employee, we will continue to respond to changes in the environment through both parties cooperation.

● Union membership ratio



● Number of collective bargaining cycles of employee union



Internships

We accept college students for internships during summer vacations as part of their university studies. In fiscal 2014, we accepted 15 individuals from around Japan. We also conduct tours of construction sites in an effort to prevent employment mismatches after recruits join the construction industry.

● Internship

Regional headquarters	Number of people
Northern Japan	7 people
Kanto civil engineering	7 people
Kyushu	1 people
Total	15 people

[Site tours] 5 times 85 people

Acceptance for internships





① Corporate Governance

Looking Back over the Past Three Years

Establishing corporate governance to achieve accountability

Business decisions are properly made under the close scrutiny of external directors and external auditors. A Nominating Committee and a Compensation Committee also operating appropriately.

Earning trust by visualizing operations and the organization

Internal control systems are administered appropriately following timely reviews of the division of duties and the authority vested in management. We are working to further improve the Re-Birth Nishimatsu 21 Project (RN21 System) for core systems, which was introduced to promote visual control of operations.

Fiscal 2015 Objectives

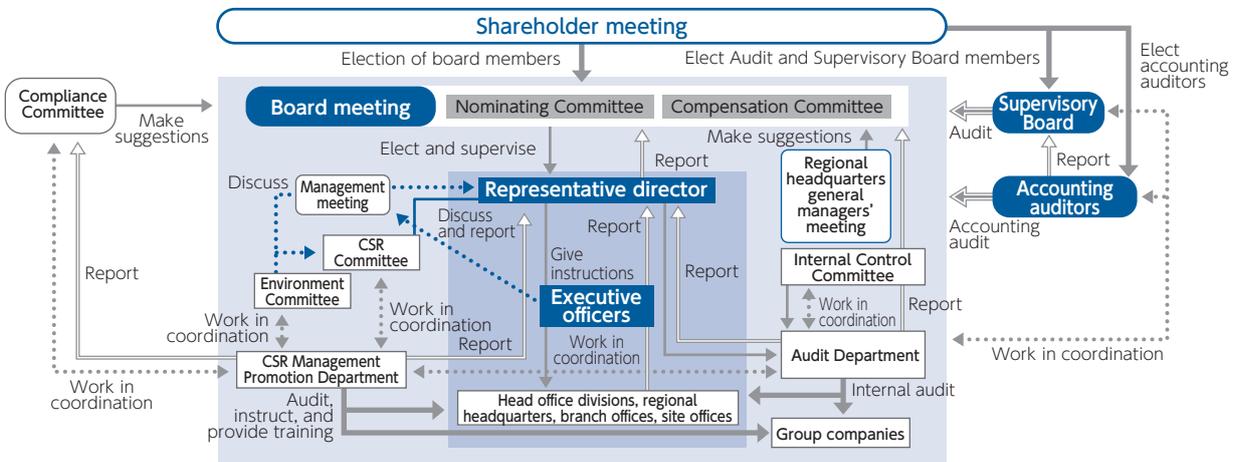
Establishing cooperate governance to achieve accountability

We endorse Japan's Corporate Governance Code, which went into effect in June 2015, and we are responding appropriately to it.

Earning trust by visualizing operations and the organization

Since fiscal 2014, we have continued to maintain the soundness and effectiveness of the RN21 system so as to have a system that reflects the needs of users.

● Corporate governance system



Nishimatsu corporate governance

With the aim of building long-term, stable relationships with our stakeholders and enhancing our corporate value, we have been working to expand and improve corporate governance, which we consider the most important task facing management.

We are working to streamline management-related decision-making at the board level and strengthen the operational and business execution system by reducing the number of board members and introducing an executive officer system.

Our board is composed of nine members, seven of whom serve concurrently as executive officers to strengthen the execution of operations, and two of whom come from external the company to strengthen oversight of executive functions. Among the nine members, one is a woman.

In addition to setting the term of office for directors to one year, we have put in place a retirement system for all directors except external directors; we are also working to encourage turnover and prevent lengthy tenure of members of the Board of Directors.

We held a management meeting to provide consultation related to operations and business execution, as well as to discuss and report on matters put before the

Board of Directors. We are working to improve the speed and appropriateness of management decisions made by the Board.

In establishing an appropriate management structure, we have instituted a Nominating Committee and a Compensation Committee that function as advisory committees to the board regarding, respectively, nominations to the Board and compensation. This ensures transparency and objectivity in our management system. External directors account for half of the membership of the two committees, both of which are also chaired by external directors.

The company also maintains an Audit and Supervisory Board comprising four board members—two of whom are external board members—to audit our business operations.

We are working to strengthen the functions of the Audit Board by deploying a full-time staff that is not subject to the directions and orders of the directors. To ensure the effectiveness of directives issued by the auditors, said staff is building a framework for cooperation with each department with respect to the research and information gathering necessary for audits.

● Roles of External Directors (as of June 30, 2015)

Officer Classification	Name	Month and year of appointment	Reason for selection, and important positions held at other companies	Independent Director/Auditor, Tokyo Stock Exchange (TSE)	Attendance at 2014 Board of Directors Meeting (1 = Board of Auditors)
External Director	Kouji Mino	June 2015	Appointed for his wealth of experience gained at the Development Bank of Japan Inc., as well as for his broad spectrum of insights cultivated as a director and auditor at other companies. In addition, he will provide objective oversight of the Company's business management and give appropriate advice on overall management issues. Important concurrent positions: Jalec Co., Ltd., Auditor / AERA HOME Co., Ltd., Auditor	○	—
	Kiyomi Kikuchi	June 2015	Appointed for her professional knowledge as a practicing attorney and her experience working at financial institutions. Tapping into this rich source of experience and expertise, she will exercise oversight of the Company's business operations and provide the Board with relevant and objective advice on overall management. Important concurrent positions: Partner in the law firm of TMI Associates	○	—
External Auditor	Toshiyuki Matsuda	June 2012	Appointed for his wealth of experience and remarkable insights into corporate management and also for his experience as an external auditor at other companies. Taking advantage of this rich experience and expertise, he will judge whether the Board of Directors is exercising its duties appropriately from the perspective of independent audits of its activities. Important concurrent positions: External auditor, Bunka Shutter Co., Ltd.	○	89.5% (89.5%)
	Sumio Uesugi	June 2013	Appointed for his involvement in the management of a number of companies, including financial institutions, and also for his experience as an external auditor at other companies. Capitalizing on this wealth of experience, he will judge whether the Board of Directors is exercising its duties appropriately from the perspective of independent audits of its activities. Important concurrent positions: External Auditor, Fuyo General Lease Co., Ltd.	○	89.5% (94.7%)

● Attendance rate of external board members at board meetings and Audit and Supervisory Board meetings (fiscal 2014)

	Number of meeting held	Attendance rate of external board members
Board of Directors	19	89.4%
Audit and Supervisory Board meetings	19	92.1%

Attendance rate at meetings of the Board of Directors includes two directors who retired in June 2015.

● Board members' compensation (fiscal 2014)

Classification	Number of board members whose compensation is reviewed by the Compensation Committee	Total amount of compensation
Board of Directors	10	249 million yen
Statutory Auditors	4	51 million yen

For the Board of Directors, includes remuneration (3 months) for one director who retired in June 2014.

② Risk Management

Looking Back over the Past Three Years

Securing business sustainability and becoming a trustworthy company with complete risk control

The Internal Control Committee has convened each fiscal quarter, stipulating which departments are responsible for managing individual risk items, preparing risk management measures, evaluating efficacy of risk management in company operations, ordering corrective action, reporting to the Board of Directors, and ensuring that the PDCA cycle is being implemented in risk management. To avoid damage from information leaks, the Internal Control Committee has formulated relevant rules and led education and training so that employees follow these rules. It has also held training and drills based on Nishimatsu's business continuity plan (BCP) to ensure the company continues to conduct business as usual in the event of disasters or other crises.

Fiscal 2015 Objectives

Securing business sustainability and becoming a trustworthy company with complete risk control

Continuing on efforts from the previous fiscal year, we intend to re-examine risks and come up with thorough measures to prevent them, achieve a record of zero cases of damage resulting from information leaks, and conduct BCP training and drills. Our BCP plans currently cover only the event of earthquakes, but we are considering measures to deal with other phenomena that may hinder our operations. In fiscal 2015, we will continue to ensure the continuity and reliability of our business.

Implementing Company-Wide Risk Management System

Each fiscal quarter, the Audit Office conducted risk assessments and held hearings with departments which are responsible for individual risks to verify these assessments. The Internal Control Committee has then confirmed and, if necessary, changed the assessments, defined risk levels, and revised risk evaluation standards. We have done everything possible to implement measures against potential risk and have conducted thorough risk management to decrease the possibility of risk and reduce the effect such risk has on operations.

● Risk management system



Information security

We strive to maintain and enhance our information security by periodically revising our Information Security Management Rules and Insider Trading Regulations. We have new recruit training and step-by-step training, and e-learning sessions, and the Information Systems Department has conducted information security audits. Guidelines have been formulated to cover information security as it relates to in-house smart devices and in-house social media usage. We have also begun centralized management of data on all of our shared file servers in Japan.

Business continuity plan (BCP)

In response to the move of our head office, we revised our BCP Manual and have relayed this new version to all employees. BCP-related drills since the head office move have covered locating the whereabouts of employees during a disaster and creating a disaster task force. In drills held for all levels of employees to practice locating persons' whereabouts in a disaster without advance notice, replies were received from almost 90% of those contacted by email; however, there were problems, such as a large number of email delivery failures, that must be solved. In drills held to create a disaster task force, we confirmed the location of the task force office in the new company building as well as locations in which to store emergency supplies.

We also raised awareness among employees of the importance of business continuity plans through a BCP lecture given by an outside expert at the head office. Regional headquarters and branch offices were linked to the lecture via videoconference.



A drill to set up a disaster task force

③Compliances

Looking Back over the Past Three Years

Implementing compliance activities thoroughly

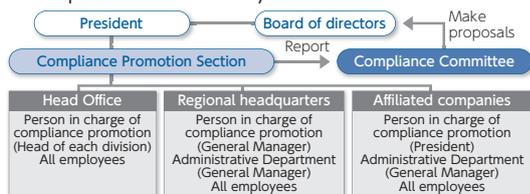
We have strived to raise awareness among and thoroughly educate employees on compliance matters through training and other means. Unfortunately, there were multiple cases of employee complaints including power harassment by project managers. Following an investigation, some of these cases were confirmed as power harassment and those responsible were disciplined or severely warned. Measures have been taken to prevent the reoccurrence of such incidents: in conjunction with executive meetings at regional headquarters and branch offices in September 2014, all Nishimatsu regional headquarters in Japan held power harassment training under the leadership of outside experts.

Fiscal 2015 Objectives

Implementing compliance activities thoroughly

Since fiscal 2014, we have been operating a whistleblower system in order to keep tabs on and resolve compliance problems. Compliance education includes training and e-learning. In June 2015, we held our first Japan-wide compliance awareness survey for all levels of employees since fiscal 2011 in order to understand and deal with any compliance problems we may be having.

●Compliance Promotion System



Compliance Committee

Our Compliance Committee is chaired by outside experts. The committee meets at least once a month, with 13 meetings held in fiscal 2014. The committee chairperson visits Nishimatsu sites in Japan and other countries, and compliance training is held centering on problems and issues in the workplace. (In fiscal 2014, six sites were visited and training was held five times.)

Compliance Audits

Nishimatsu's fiscal 2014 compliance audits were held in October in conjunction with Keidanren (Japan Business Federation) Corporate Ethics Month. Comprehensive audits were held at all Nishimatsu bases in Japan and affiliates and we were able to confirm the risk management situation and risk management processes.

Publishing a Manual for Compliance in Practice

We produced a Manual for Compliance in Practice, the main themes of which are the laws, regulations, and ethical issues that an employee is likely to face in real-life situations. This manual is based on interviews with Nishimatsu employees and helps them make

proper judgments and take appropriate action when faced with compliance issues. In addition, we also created an International Manual for Compliance in Practice to serve as a cornerstone for dealings overseas, where laws and customs are different; this manual is being used in offices overseas.

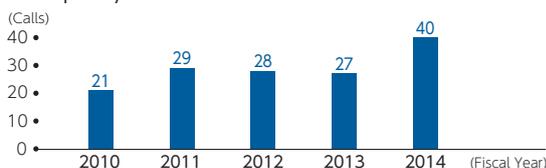
Compliance Education

Compliance education includes step-by-step training for each job description, as well as open training in which employees of all job description are together sharing the same learning experience. We have also offered e-learning for employees of all levels since fiscal 2014.

Whistleblower System

We set up the Nishimatsu Hotline with the purpose of improving our corporate culture and preventing employees from committing illegal acts. Fiscal 2014 saw an increase in the number of inquiries to the Nishimatsu Hotline, although the majority of this increase involved employees seeking consultation rather than reporting wrongdoings. We are calling on employees to use the hotline if they are hesitant to consult with managers at their workplace or if there is no one to consult with in their workplace.

●Frequency of calls to the Nishimatsu Hotline





Looking Back over the Past Three Years

Stepping up efforts to realize our Environmentally Friendly Company Declaration

- We have put in place systems for environmental management; for example, establishing the Environment Committee and the Environmental Management Planning Committee.
- Thanks to gradually implementing environmental measures, our Environmental Management Ranking (in the construction sector) has improved from 31st to 17th since starting these measures.
- We have been encouraging employees to take the Certification Test for Environmental Specialists (Eco Test) in order to raise environmental awareness, and a cumulative total of 1,160 (45% of all employees) have earned this certification for environmental specialists.

Actively Engaging in the environmental solutions business

- We have been developing environmental solutions technologies for earthquake recovery efforts, and have developed numerous technologies including ones for use in decontamination projects.
- Through developments towards zero-energy buildings (ZEB), we are building a prototype for an “energy-halving building” and have incorporated elemental technologies into two projects.

Fiscal 2015 Objectives

Stepping up efforts to realize our Environmentally Friendly Company Declaration

- Use more temporary LED lighting at construction sites, install solar panels, and exert minimal carbon emissions during construction work, such as by driving in a fuel-conserving driving habit, with the goal of achieving annual unit CO₂ emissions of 51.2 tons-CO₂ for civil engineering and 12.8 tons-CO₂ for construction.
- Practice the 3Rs (reduce, reuse, recycle) in construction work to achieve a final disposal rate of 7%.
- Raise awareness and knowledge among employees of protecting biodiversity in our business activities.

Establishing and maintaining a sustainable base for environmental compliance

- Improve and follow in-house rules for disposing of and managing construction waste, and abide by waste disposal and other relevant laws.

Actively engaging in the environmental solutions business

- Develop environmental technologies with the explicit target of applying them to our business.
- Continue developments in zero-energy buildings (ZEB) in order to achieve technologies for “energy-halving buildings.”

Mid-Term Management Plan 2017 (Environment)

With the aim of becoming an “environmentally advanced company,” we have come up with a detailed road map under our Mid-Term Management Plan 2017 that will enable us to proceed with environmental management systematically and progressively. By implementing and succeeding with a range of environmental activities, we strive to become an environmental leader in our industry in 2020.

●Mid-Term Management Plan 2017 (Environment)

Theme	By 2017	By 2020
Hasten realization of low-carbon society “Carbon-Free Initiative”	Unit CO ₂ emissions down 25% against fiscal 1990.	Unit CO ₂ emissions down 50% against fiscal 1990.
Take biodiversity into consideration in business. “Implementation of Biodiversity Preservation”	Preservation activities at 60% of all construction sites. Cumulative total of 5 biodiversity events.	Preservation activities at 100% of all construction sites. Cumulative total of 10 biodiversity events.
Hasten realization of recycling-oriented society “Zero-Emissions Initiative”	Final landfill disposal rate of 5.0%.	Final landfill disposal rate of less than 3.0%.
Raise employees’ environmental awareness. “External PR and Environmental Education”	Cumulative total of 3 voluntary environmental activities. Cumulative total of 3 environment-related awards from external organizations. Cumulative total of 2,100 employees with Eco Test certification.	Cumulative total of 6 voluntary environmental activities. Cumulative total of 6 environment-related awards from external organizations. Cumulative total of 2,300 employees with Eco Test certification.

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
 - Effectively utilizing resources and energy
 - Preventing air, soil, and water pollution
 - Reducing the generation of construction by-products, and recycling
 - Conserving biological diversity
 - Reducing the generation of vibration, noise, and dust
 - iv) We will observe environmental laws and regulations as well as social demands, and we will 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.

Established in July 2, 2012

MESSAGE Start of full-fledged environmental management

Recent years have seen increasingly extreme climate changes due to global warming, a growing social demand to solve environmental problems contributing to this, and an urgency for companies to make, protecting the environment, one of their social responsibilities. Here at Nishimatsu, we realize that we have been slow to respond to these demands compared to other leading companies. As a corporate citizen advocating CSR management, we will improve our knowledge about the environment, reconfirm our responsibility to conducting appropriate environmental protection activities, and step up the pace and quality of our actions. We have set high environmental targets as part of our Mid-Term Management Plan and have embarked on full-fledged environmental management led by our newly established Safety, Environment, and Quality Headquarters, and we are now geared to do our part in reducing the impact that industry has on the global environment.



Uichi Mizuguchi

Head of Safety, Environment, and Quality Headquarters (Chairman, Environment Committee)

Further Strengthening of Systems (Establishment of Safety, Environment, and Quality Headquarters)

We have increased the authority of our environment-related departments with the establishment of a new division, the Safety, Environment, and Quality Headquarters. This will allow us to more effectively implement environmental management and achieve the targets of our Mid-Term Management Plan towards the realization of N-Vision 2020. To systematize environmental management company-wide, we have established Environment, and Quality Department in our branch offices throughout Japan.

Environmental management

Environmental management system

Based on our ISO14001-compliant environmental management system, we have been working on various activities to achieve our environmental goals.

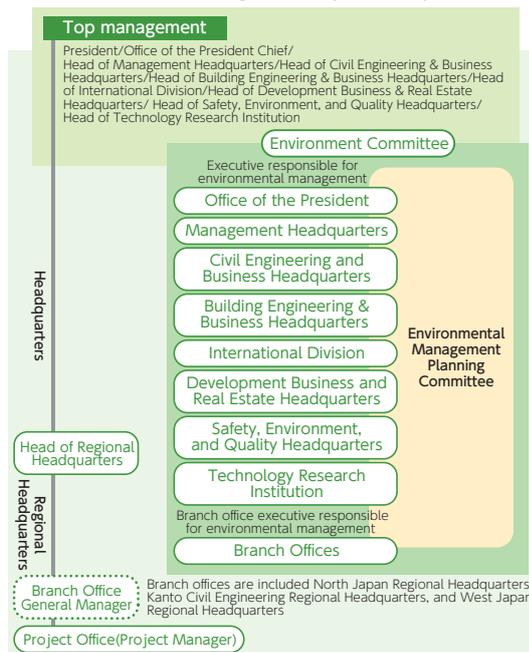
Environment Committee activities

We launched the Environment Committee in fiscal 2014 to spearhead our environmental management. Decisions reached by the Environment Committee hold the same authority as matters resolved by the Board of Directors, which has sped up the realization of measures. As well, the Environmental Management Planning Committee, under the Environment Committee, studies and proposes a range of environmental measures.

In fiscal 2014, the Environment Committee studied and proposed a variety of environmental activities to conduct company-wide during Environment Month (June), and it held a number of meetings to prepare for our "Smart Worksite Project", a plan to reduce carbon emissions during construction work that will be implemented on a full-fledged, company-wide basis in fiscal 2015.

In fiscal 2015, the Environment Committee will collaborate with the Safety, Environment, and Quality Headquarters in working towards making Nishimatsu an "environmentally advanced company."

Environmental Management System (April 1, 2015)



- Corporate Outline
- Top Message
- Mid-Term Management Plan and CSR
- NISHIMATSU View
- N-Vision 2020 I. Construction and Customers
- N-Vision 2020 II. Safety and Health
- N-Vision 2020 III. Employment and Human Rights
- N-Vision 2020 IV. Governance
- N-Vision 2020 V. Environment
- N-Vision 2020 VI. Local Communities and Society
- N-Vision 2020 VII. Industry and Supply Chains
- 140-Year History
- Business Outline / Major Construction Work
- Independent Evaluation by an Outside Firm / Independent Assurance Statement

Status of Environmental Management

Environmental achievements in 2014 and targets for 2015

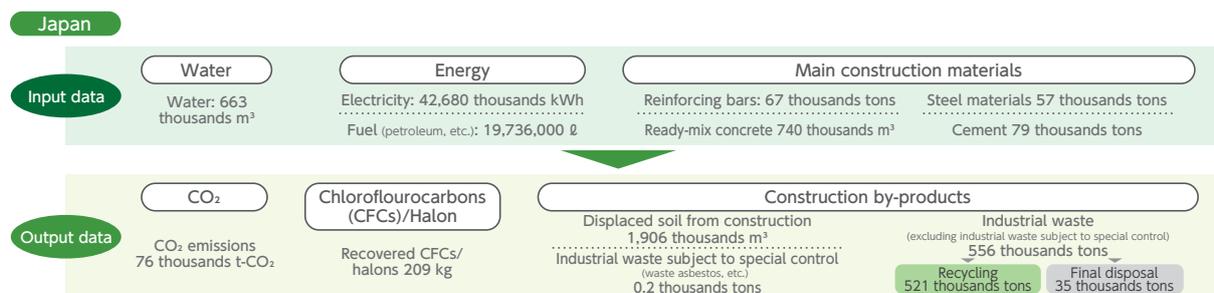
The following table shows our environmental achievements in fiscal 2014 and our targets for fiscal 2015.

Environmental policies	Environmental targets	Target index	Fiscal 2014			Target for fiscal 2015	Notes	
			Target values	Actual values	Achievement rate*			
Preventing global warming	Reduction in CO ₂ emissions	CO ₂ emissions from construction per unit of construction sales (100 million yen)	Civil engineering	53.0t-CO ₂ /100 million yen	67.9t-CO ₂ /100 million yen	△	First step towards achieving fiscal 2020 targets (Civil engineering: 31.9t-CO ₂ /100 million yen; building construction: 8.1t-CO ₂ /100 million yen)	
			Building construction	15.0t-CO ₂ /100 million yen	13.1t-CO ₂ /100 million yen	◎		
Compliance with environmental laws and regulations	Promoting effective and proper treatment of waste (actively utilizing e-Manifests)	Ratio of number of e-Manifest routes to total number of manifest routes	More than 90%	90.9%	◎	92%	We have assigned targets for each branch office with the aim of achieving 92% overall as a company-wide goal.	
Promoting environment-conscious designs	Implementing environment-conscious designs	Environment-conscious design ratio	Civil engineering	100%	100%	◎	100%	For fiscal 2015, we will work toward a target of 65% based on mid-term targets for fiscal 2013.
			Building construction	62.5%	64.2%	◎	65.0%	
Improve environmental awareness among all staff and share that awareness with others	Passing the Certification Test for Environmental Specialists (Eco Test)	Number of employees who have passed the Eco Test	Total 1,000 people	Total 1,162 people	◎	Total 1,600 people	For fiscal 2015, we will work toward a target of total 1,600 people based on mid-term targets for fiscal 2014.	
Reducing the generation of construction by-products, and recycling	Reducing final landfill disposal rate	Final landfill disposal rate for construction waste	—	Reference value for past 3 years Average: 7.1%	—	7.0%	Excluding construction sludge, specially controlled industrial waste, asbestos-containing building material, etc.	

* ◎Achieved (100%) / ◯Almost fully achieved (above 90%) / △Not achieved

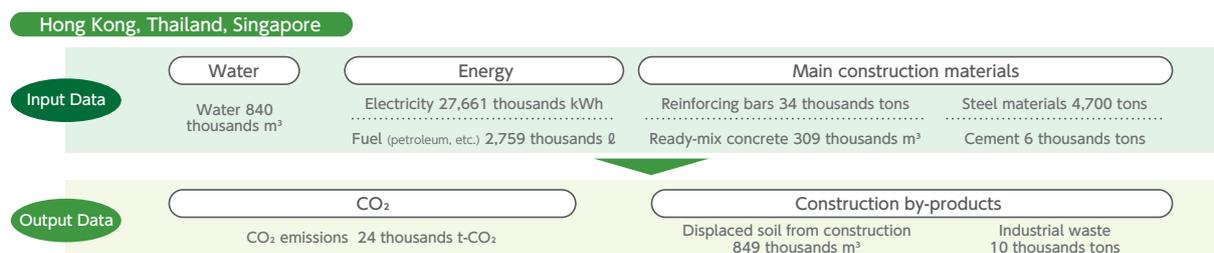
Material balance

The chart on the bottom shows the environmental impact generated by our domestic operations during fiscal 2014 expressed as a material flow. The burden on the environment is shown by separating the flow into inputs (i.e., consumption of resources such as power, water, and construction materials) and outputs (i.e., emissions, such as CO₂, and waste materials).



Environmental data in international operations

This diagram divides the environmental burden from our international operations into inputs (consumption of resources such as electricity, water, and construction materials) and outputs (emissions such as CO₂ and waste materials). In fiscal 2014, data was expanded to include branch offices and offices in Hong Kong, Thailand, and Singapore.



Various Environmental Activities

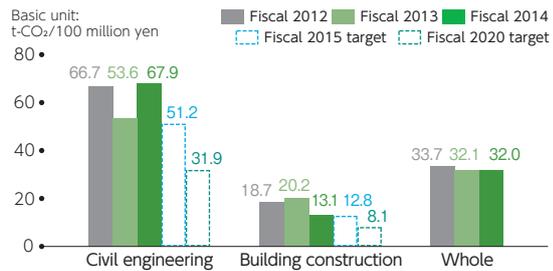
Efforts to reduce CO₂ emissions

In fiscal 2014 in Japan, we continued on previous CO₂ reduction efforts, including driving vehicles in a fuel-efficient manner and saving electricity in every way possible. As a result, we reduced emissions by approximately 6.5%. As mentioned above, our target for unit emissions (t-CO₂/100 million yen) by 2020 is a 50% reduction against fiscal 1990, double our previous target. We will accelerate efforts towards this target.

Note that for fiscal 2014 unit CO₂ emissions at construction sites, emissions increased for civil engineering but decreased for building construction. One reason for this is that during the CO₂ sampling survey period, civil engineering involved the use of heavy machinery for a relatively high volume of the total work performed, while in building construction a relative high volume of the tasks involved finishing

work on buildings. We will expand the range of sampling so that we can obtain stable and accurate sampling data. Unit CO₂ emissions at all construction sites were down slightly over the previous year.

● Unit CO₂ emissions at construction sites



Notes:
 • These measurements are based on a methodology outlined in Investigation of Carbon Dioxide Emissions by the Global Warming Countermeasures Subcommittee of the Japan Federation of Construction Contractors.
 • CO₂ emissions from construction sites are based on sampling surveys (covering approximately 10% of all sites).

Scope 3 calculations

Below are the scope 3 CO₂ emissions (indirect emissions that occur in the value chain, including both upstream and downstream emissions) from Nishimatsu's business activities in Japan in fiscal 2014.

● List of Scope 3 Emission Calculations (Calculation period: Fiscal 2014)

Category	Scope of calculation	Fiscal 2014 actual value (t-CO ₂)
1. Purchased products, services	• Emissions (during all processes from resource extraction up until the manufacturing stage) from the known amount of major materials (reinforcing bar, concrete, cement, H beams, steel pipe piles, steel sheet piles, steel beams) purchased by Nishimatsu	534,730
2. Capital goods	• Emissions generated from the construction, manufacturing, and transport of capital goods purchased or acquired by Nishimatsu (capital goods calculated are buildings, vehicles, and machinery held as fixed assets according to financial accounting)	4,176
3. Fuel- and energy-related activities not included in scope 1 and scope 2	• Upstream emissions in the manufacturing process of electricity purchased by Nishimatsu (not including fuel)	1,511
4. Transport, transmission (upstream)	• Emissions from distribution (during transport from place of purchase to construction site) of major materials purchased by Nishimatsu	6,373
5. Waste materials from business	• Among waste materials (not including those sold for profit) from Nishimatsu business activities, emissions from the waste and the processing of waste not directly from Nishimatsu, and emissions related to the transportation of waste materials	42,130
6. Business trips	• Emissions from fuel and electricity consumption of modes of transportation used by Nishimatsu employees for business trips, and emissions from fuel and electricity consumption at lodgings used (includes only business trips in Japan)	1,299
7. Commuting to work	• Emissions from fuel and electricity consumption of modes of transportation used by Nishimatsu employees commuting to work (not including employees of Nishimatsu partner companies commuting to Nishimatsu site offices)	765
11. Use of products sold	• Among emissions from the use of buildings constructed by Nishimatsu, emissions were calculated for CO ₂ emissions from energy consumed by building equipment. The calculation follows methods of the Building Design Committee of the Japan Federation of Construction Contractors. (The assumed service period is 30 years for houses, retail buildings, and restaurants, and 60 years for all other buildings.)	1,861,254
12. Waste from products sold	• The amount of waste from buildings constructed by Nishimatsu, and emissions related to processing that waste (major materials purchased by Nishimatsu: reinforcing bar, concrete, cement, H beams, steel pipe piles, steel sheet piles, steel beams), is assumed to be the amount of "products sold," and a calculation is made for how much of this amount will become waste in future and how much will need to be processed.	116,062
13. Leased assets	• Emissions from the operation of leased assets (as of March 2015), both those owned by Nishimatsu as the lessor and those leased from other companies.	21,789
Total		2,590,089

TOPICS

"Smart Worksite Project," a plan to reduce carbon emissions during construction work Full-scale launch in fiscal 2015

We have launched our "Smart Worksite Project," a plan to reduce carbon emissions during construction work. Our goal for this project is to reduce fiscal 2020 unit CO₂ emissions by 50% against fiscal 1990.

As part of our efforts towards this goal, in fiscal 2015 we are using LED for temporary lighting at new construction sites. We believe this will be effective in significantly reducing CO₂ emissions during construction work. Our target is to install LED lighting at 20% of construction sites in fiscal 2015. As we monitor the effect that LED lighting has in reducing CO₂ emissions, we plan to have all sites equipped with LED temporary lighting by 2020.



Various Environmental Activities

Promote Certification Test for Environmental Specialists (Eco Test)

With the intention of laying the foundations for promoting environmental management, we are continuing our efforts to encourage all employees to pass the Certification Test for Environmental Specialists (Eco Test) as a means of raising their levels of environmental awareness and knowledge. Having positioned the Eco Test as a business-related legal qualification within the company, we began in fiscal 2014 to encourage all employees to study for and pass the test. A resulting 857 employees passed that year, meaning that so far a total of 1,162 individuals (equivalent to 47% of current employees) have acquired certification and become “Eco-People.”

In fiscal 2015, we will further this initiative with the goal of reaching a total of 1,600 certified employees (equivalent to at least 62% of current employees) and following that a total of 2,300 employees by 2020 (90% of employees).

Efforts toward resource recycling

Our recycling rate in fiscal 2014 was 94.8% for construction by-products (with the exception of surplus soil generated by construction). Up to now, this recycling rate has been regarded as a “required monitoring item” in environmental management. But from fiscal 2015, as part of our efforts to strengthen environmental management, we are aiming at zero waste emissions. We will reinforce our efforts by using the percentage sent to landfills for final disposal as an indicator of success.

Promoting the use of electronic manifests (e-Manifests)

Nishimatsu has been promoting the implementation of electronic manifests (e-Manifests) that facilitate compliance with the Waste Management Act and that help reduce workloads. In fiscal 2014, the implementation rate for e-Manifests was 90.9%—among the highest levels in the industry. We will continue to promote these efforts in the future, with the goal of achieving a 100% implementation rate for e-Manifests by fiscal 2020

Preserving biodiversity

In March 2011, we began to address biodiversity by formulating the Nishimatsu Construction Biodiversity Action Guidelines. In fiscal 2014, we continued our efforts in line with our own Biodiversity Assessment Checklist, which was introduced last year, and we undertook a variety of measures to deal with biodiversity at eleven different site locations. One case in point is a dam site where we have been dealing with birds of prey since last year. Here, we have implemented measures that give careful consideration to biodiversity, including habituating the resident birds

Environmental education

《Environment e-Learning》

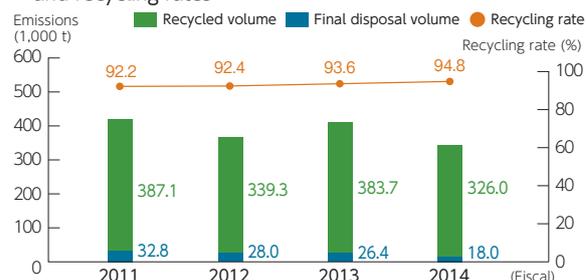
We grouped environmental issues by theme and conducted monthly e-learning sessions for all employees from May to December (eight sessions in total). This was a part of our effort to support employees’ acquisition of Eco Test certification. The attendance rate for fiscal 2014 reached 77%.

《Implementation of environmental seminars》

As a new initiative in fiscal 2014 aimed at ensuring the concepts of environmental management permeate throughout the company, we implemented environmental seminars led by outside experts. These seminars targeted management level staff and key executives.

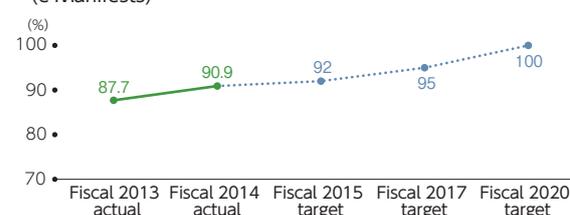


● Changes in the volume of construction waste generated and recycling rates



Note: In adopting the percentage sent for final disposal as the indicator of success in targets listed in the Mid-Term Management Plan 2017, we exclude from this figure construction sludge and special materials such as specifically managed industrial waste. Consequently, data published for this fiscal year and beyond for construction by-products and the recycling thereof will differ from data published up to last year (since the latter figures include construction sludge and specifically managed industrial waste).

● Results and targets for introduction of electronic manifests (e-Manifests)



to excavation work and tree-clearing, reducing the noise of blasting and concrete-related equipment, using ultra-low-noise machinery, applying brown color paint on temporary facilities, and reducing the impact of nighttime lighting.



Brown color paint on temporary facilities

Various Environmental Activities

Regional environmental measures

《Technology to decontaminate soil that has been excavated using the slurry shield method and that contains naturally occurring heavy metals such as arsenic》

In major construction projects such as the Linear Chuo Shinkansen, Japan's ultra-express maglev train system, there is concern about the large amounts of soil being excavated that may contain naturally occurring heavy metals. As a remedial measure, we have developed a treatment technology to decontaminate such soil generated during shield tunnel construction work. This technology combines a special chemical decontaminant with a standard slurry treatment used in slurry-type shielding method. Together, these treatments work to remove contaminants in the fine-grain fraction (which in the past had been disposed of as contaminated soil) to a level lower than that demanded by soil environmental quality standards. The special chemical agent used is

non-hazardous and biodegradable. Experiments using soil contaminated with naturally occurring arsenic have verified the decontamination effect (see photo). We will apply and further develop this technology to enable us to respond to the needs of society in the future.



Experimental slurry treatment plant

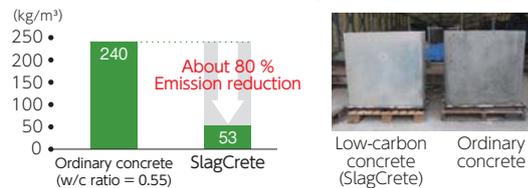
Environmental Solutions

SlagCrete low-carbon concrete

SlagCrete is a low-carbon concrete that uses an extremely low amount of cement. Up to 90% of the cement's mass is replaced with finely ground blast furnace slag, a by-product of steel manufacturing. Thanks to the development of a special admixture suitable for use in compositions containing a high amount of blast furnace slag, SlagCrete provides the required fluidity and stability over time while also offering the same levels of strength and durability as ordinary concrete. Preliminary estimates indicate that the amount of carbon dioxide released during concrete manufacturing can be reduced by approximately 80% compared to standard concrete (at a water-cement ratio of 0.55).

Further, the drastic reduction in the amount of cement used serves to inhibit rising temperatures in concrete that occur during the cement's hydration reaction, thereby reducing the risk of cracks in mass concrete structures caused by high temperature.

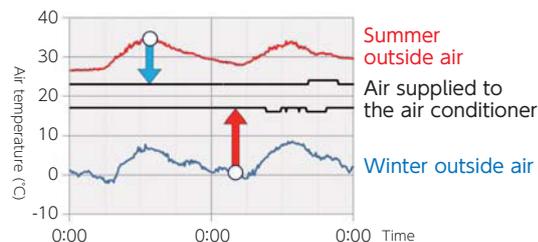
Carbon dioxide emissions during concrete manufacturing



Energy-saving technologies introduced in a facility for the elderly

Opened in August 2014, the Granda Setagaya Uemachi private nursing home is the first in a series of full-fledged corporate real estate projects we are undertaking. Based on the concept of contributing to a low-carbon society, this facility introduces environmental technologies with a focus on renewable energy. One of these technologies is a Cool Heat Pit that utilizes geothermal heat to reduce air-conditioning loads. The Cool Heat Pit contributes to energy savings in air conditioning systems by providing a cooling effect in summer and a heating effect in winter. Outside air supplied to the rooms is passed for a brief time through an underground pit beneath the building, which is less susceptible to the influence of outside air temperature.

At the same time, we are pushing ahead to analyze and verify the nature of energy consumption at the facility. We expect to utilize the results of our analysis in the pursuit of further energy conservation in facility operations and in future energy-saving design proposals.



N-Vision2020

VI. Local Communities and Society



Looking Back over the Past Three Years

Taking an active part in society as a corporate citizen

In fiscal 2014, in addition to clean-ups held across the company, employees took part in a variety of social contribution activities and community service events throughout Japan as well as overseas.

Making contributions by capitalizing on business skills

We are currently reconstructing the Warabi Company Housing and Dormitories (scheduled for completion next spring). In doing so, we have given careful consideration to aspects of safety and security, and we have worked to make a contribution to the community while incorporating the desires of local residents. Taking into account the experiences and lessons learned in the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, we have equipped this facility to serve as a local disaster preparedness center. It provides temporary shelter, storage for stockpiles of emergency supplies, and access to electrical power supplied by solar photovoltaic panels.

Fiscal 2015 Objectives

Taking an active part in society as a corporate citizen

We created a CSR incentive system, with the first round of awards being made in June 2015. This system is intended to energize CSR activities (including social contribution activities), boost the motivation of staff, and encourage the spread of good practices within the company. We will be undertaking promotion activities so that good initiatives and ideas may emerge from them.

Making contributions by capitalizing on business skills

In addition to fully completing business continuity plans (BCP) nationwide at certified levels, we will be expanding the number of local disaster preparedness centers.

Social contribution activities in Japan

Sapporo Branch N-Net member companies as well as employees of the Sapporo Branch and their families joined together to take part in a variety of community service activities.

Overseas social contribution activities (Hong Kong Branch)

In November 2014, we visited the Hong Kong Japanese School and made a guest presentation. Then, in December we invited elementary school students to the project office overseeing construction of a new subway station and tunnel (Kwun Tong Line Extension), and we gave them a tour of the site.



Beach cleanup at Ishikari Asobeach



Mt. Yotei clean-up climb



Hong Kong Japanese School visit and guest presentation



Hong Kong Japanese School site tour

Sapporo Branch Nishimatsu Subcontractors (N-NET) activities —affirming support for CSR

Member companies of the Sapporo Branch of the Nishimatsu Construction Cooperative (N-NET) participated in local community service activities as part of the company's CSR social contribution activities. These rewarding activities enable a deeper understanding of the importance of the environment and of nature. We also feel that such social contribution activities fostered meaningful exchanges and friendships among N-NET members and everyone at the Sapporo Branch of Nishimatsu Construction Co.

Mr. Iwao Takehara
President of the Nishimatsu Construction Cooperation Council (N-NET), Sapporo Branch



N-Vision2020

VII. Industry and Supply Chains



Looking Back over the Past Three Years

Building fair CSR supply chains

We expanded and enhanced the activities of N-NET at each branch as well as nationwide, including offering training sessions and holding study meetings. We also investigated ways of making effective use of N-NET while improving its fairness and transparency.

Fiscal 2015 Objectives

Building fair CSR supply chains

Strengthening cooperation between the N-NET member companies is also listed as a priority issue to be addressed in the new Midterm Management Plan. And so, to build a more robust supply chain, we worked to further strengthen relationships by making the head office's Civil Engineering Headquarters and Building Construction Headquarters primarily responsible for administration of the plan.

Increased compensation for high-caliber technicians beginning April 1, 2015

Nishimatsu Construction and N-NET member companies are cooperating in developing the company's business and in improving financial performance. This is being achieved by upgrading technical capabilities, providing training support for technical personnel, reducing costs, exchanging information, conducting legal compliance education, and so on. Our aim with these activities is to strengthen the organization by building a robust supply chain based on collaborations that yield mutual harmony and benefit. To maintain and further strengthen this win-win system of cooperation, we decided to increase the benefit compensation for senior foremen and Nishimatsu Meisters under the Award System for Technical Excellence developed in fiscal 2011. Specifically, benefits were increased significantly for individuals certified as senior foremen from 500 yen/day to 2,000 yen/day, and for those certified as Nishimatsu Meisters, from 1,250 yen/day to 3,000 yen/day.

There are currently 13 individuals certified as senior foremen; by fiscal 2020, our goal is to have 190 such high-caliber supervisors. We are also looking into further training and support measures, which we plan to continue implementing in the future.

●Number of employees registered as a Nishimatsu Meister or Senior Foreman at the end of the fiscal year

Data item	Fiscal 2012	Fiscal 2013	Fiscal 2014
Nishimatsu Meister	0	1	6
Senior Foreman certification	11	11	13

●Number of technical excellence awards

Data item	Fiscal 2012	Fiscal 2013	Fiscal 2014
Award for technical excellence	19	52	79
Support for acquiring senior technician certification	13	22	8

History of Nishimatsu Construction

Since its establishment in 1874, Nishimatsu Construction has been acquiring wisdom and overcoming challenges. This tenacity has been passed down throughout the company's 140-year history and is still part of Nishimatsu today.



1943

Completed construction of Sup'ung Dam on the Yalu River bordering North Korea and China. The dam was said to be the largest in the East at the time.



1919

Received orders for multiple construction areas for the Hisatsu Railway Line in Kyushu, Japan, helping solidify the foundation of Nishimatsu's business.

1914

Received exclusive orders for the construction of a new line in Construction Area 12 of the Miyazaki Railway Line in Kyushu.



**Founder
Keisuke Nishimatsu**

1850
Born in Anpachi-gun in Mino Province, now Gifu Prefecture, Japan.

1874
Started civil engineering business.



1962

Completed construction of the new head office building in the Toranomon District of Tokyo, Japan.

1962

Constructed the Lower Shing Mun Dam in Hong Kong, marking Nishimatsu's first overseas project in the postwar era.



1960

Constructed a government office complex in Tokyo's Otemachi District.

1958

Constructed an underground parking lot in Tokyo's Hibiya District.



1953

Constructed the Arase Dam in Kumamoto Prefecture, Japan—a model construction considered to have heralded the coming of the era of mechanization.

1946

Constructed Japan's first rock-fill dam in reservoirs along the Kitakami River in Iwate Prefecture.



1874 ▶▶▶

1945 ▶▶▶

2014:140th anniversary

1979

Commenced construction of the new Tokyo Union Church building in Japan.

1982
Received the bronze prize in a competition to revitalize hometowns.



2012

Applied Nishimatsu's business know-how and the results of Tamagawa University's research and development activities to establish Sci Tech Farm—an industry-academia collaborative business for growing vegetables using LEDs as the sole main light source. This new agricultural business model has attracted attention for its potential to satisfy customers' food safety needs.



1973

Constructed the Nabetachiyama Tunnel in Niigata Prefecture, Japan—an extraordinarily difficult undertaking. Because the ground kept expanding no matter how deep the digging went, a wide range of civil engineering techniques had to be employed, making the construction of this tunnel one of the most remarkable feats in the history of civil engineering construction.



2010

Took part in the Redevelopment Project of Western Class 1 Urban District in the south exit area of Musashikosugi Railway Station in Kanagawa Prefecture, Japan.



2001

Constructed Roppongi T-Cube building in Tokyo.



1998

Established the Aikawa Technical Research Institute in Kanagawa Prefecture. The institute houses a device that recreates the shaking of Japan's Great Hanshin-Awaji Earthquake for the purpose of clarifying the mechanism behind the structural damage that results from strong impact and vibration, such as that experienced during the Great Hanshin-Awaji Earthquake.



1992

Received an order for the construction of a new airport in Hong Kong. At a development site on Chek Lap Kok Island, Nishimatsu led an international joint venture consisting of Costain (Britain), Morrison Knudsen (United States), Ballast Nedam (Netherlands), Jan de Nul (Belgium), and China Harbour Engineering Company (China).



1972

Constructed a Japanese-style annex to the State Guest House in Tokyo by combining the best of traditional and modern techniques.



1969

Performed the world's first large-section slurry shield tunneling method when constructing the Haneda-Okii Tunnel on the Keiyo Railway Line in Honshu, Japan.



1963

Established Nittai Construction (now called Thai Nishimatsu Construction Co., Ltd.), the first overseas subsidiary in Thailand as a Japanese owned contractor.

1960 ▶▶▶

1990 ▶▶▶

Domestic Civil Engineering

As engineers, we aim to create cities that coexist with nature and that are disaster resistant. In addition to developing social capital and contributing to other companies' capital investment, we will establish win-win relationships with all of our stakeholders, including our customers and partner companies.

Since our company was founded 140 years ago, we have striven to improve our civil engineering technologies in response to our customers' requests. We have as a consequence completed numerous difficult and large-scale projects. Through these endeavors, Nishimatsu has come to be widely known around Japan and abroad as a company of advanced technological expertise. By utilizing technologies adopted over the years and by developing new ones, we will continue with our efforts to resolve various issues—including global warming and a declining birthrate and aging population—while strengthening the land. We will continue to support a safer Japan and work to increase society's peace of mind.

Major Construction Work



Restoration of the Sanriku Railway Minami Riasu Line between Yoshihama and Kamaishi stations

Completed: July 2014
Location: Ofunato City, Iwate Prefecture



Site formation work of housing complexes to encourage residents of the Shimomasuda district to relocate for disaster prevention reasons

Completed: February 2015
Location: Natori City, Miyagi Prefecture



Nachikatsuura Road Kongoji Tunnel construction

Completed: January 2015
Location: Higashimurogun, Nachikatsuuracho, Wakayama Prefecture



Newly constructed Taniyama viaduct Jinnohira BI and other 3

Completed: March 2015
Location: Kagoshima City, Kagoshima Prefecture



Sagami Jyukan Sumida Mikuriyama improvement work (No. 3)

Completed: October 2014
Location: Aikogun, Aikawamachi, Kanagawa Prefecture



Sakai river 25 rainwater main pipeline construction (No.1 construction area)

Completed: March 2015
Location: Sagamiyama City, Kanagawa Prefecture

Domestic Building Construction

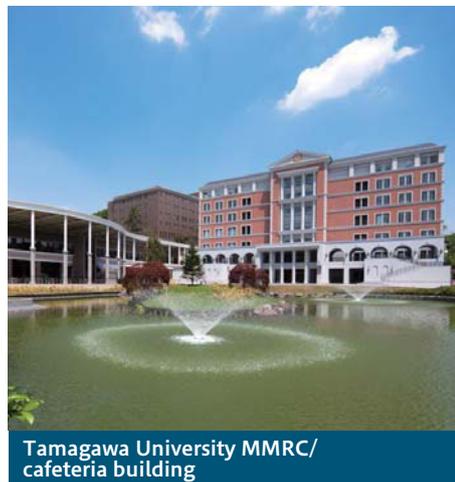
By constantly pursuing advances in software and hardware for building systems and by passing on accumulated technologies to future generations, we will contribute to the creation of a safe city where residents can live with peace of mind.

At the Building Engineering and Business Headquarters, we make sure to constantly build products from the customers' perspective in order to realize maximum customer satisfaction. We have engaged in the construction of a wide variety of buildings, from intelligent office buildings to standard condominiums. By combining our experience with the latest technologies from various fields, we strive to provide an environment where people, nature, and buildings exist in harmony with each other.

Major Construction Work



Sapporo Ebisu Building
 Completed: September 2014
 Location: Shibuya-ku, Tokyo
 Use: Office
 Total floor area: 15,178.32 m²



Tamagawa University MMRC/cafeteria building
 Completed: February 2015
 Location: Machida City, Tokyo
 Use: School
 Total floor area: 25,143.00 m²



Goodman Sakai
 Completed: March 2014
 Location: Sakai City, Osaka Prefecture
 Use: Logistic facility
 Total floor area: 148,822.11 m²



2 Chome Tsuriganecho, Chuo-ku, Osaka City housing complex
 Completed: October 2014
 Location: Chuo-ku, Osaka City
 Use: Apartment complex
 Total floor area: 11,260.06 m²



Kumamoto Rosai (Occupational accident) Hospital
 Completed: May 2014
 Location: Yatsushiro City, Kumamoto Prefecture
 Use: Hospital
 Total floor area: 11,000.00 m²



Sendai City Rokuchonome Station vicinity restoration public housing
 Completed: March 2015
 Location: Sendai City, Miyagi Prefecture
 Use: Reconstruction housing
 Total floor area: 6,860.00 m²



Overseas Business Operations

In the process of accumulating more than 50 years of experience operating overseas, we have worked together with local companies and local staff to develop civil infrastructure in many countries and we have supported a number of Japanese companies to launch their businesses abroad.

Hong Kong was the starting point of our overseas business operations. Since constructing a large dam there in 1962, we have been involved in a wide variety of construction projects in Hong Kong. These have included power plants, a new airport, and high-rise apartment buildings. We are now focusing our efforts on construction in Hong Kong's subway system.

In Thailand, where we set up a subsidiary in 1963, the bulk of our business has involved designing and constructing plants for Japanese companies. In Singapore, we have since 1984 won contracts to build major tunnels and skyscrapers, and we currently have an electricity infrastructure project and a subway construction project underway there. In Malaysia and Vietnam, our work involves ODA-related projects, and in recent years we have been active in infrastructure development and in constructing plants for Japanese companies. This fiscal year, we established a joint venture in Laos to provide solid support to the increasing number of Japanese companies launching businesses there.

Harnessing our experience and expertise, we are advancing our business in overseas markets on an ongoing basis.

Major Construction Work



Package P-1: Construction of Infrastructure Works in The Long Duc Industrial Park

Completed: November 2013
Location: Dong Nai Province, Vietnam



Pahang-Selangor Raw Water Transfer Project Lot 1-3

Completed: March 2015
Location: Pahang State and Selangor State, Malaysia



Centralized Sewerage for Kuching City Center (Package 1)

Completed: January 2015
Location: Sarawak State, Malaysia



Thai Marujun New Factory

Completed: November 2013
Location: Saraburi Province, Thailand



Paramount Bed Vietnam Factory Project

Completed: July 2014
Location: Dong Nai Province, Vietnam



GEST Thai Laminate Plant

Completed: March 2014
Location: Rayong Province, Thailand

Urban Development and Real Estate

We provide high-value-added solutions to diverse customer needs, based on our extensive experience and know-how in urban development and construction.

Our urban development business (which includes redevelopment, land readjustment, and PPPs/PFIs) provides comprehensive development solutions that cover everything from project planning to operation. We strive to create attractive townscapes that respond to the needs of the local community and of society at large. Our extensive real estate business ranges from rental property and real estate development to sales of subdivision plots.



Kitashinagawa 5-Chome Area 1 (Redevelopment Project)

Completed: Fiscal 2015
 Location: Shinagawa Ward, Tokyo, Japan
 Purpose: Housing, commercial facilities, child-rearing support facilities, community facilities
 Total floor area: 93,000 m²



Arai Nishi, Sendai City (Land Readjustment Project)
 (Part of Sendai's post-disaster reconstruction plan)

Completed: Fiscal 2018 (plan)
 Location: Sendai City, Miyagi Prefecture, Japan
 Total land area: 46.8 hectares



Granda Setagaya Kamimachi (CRE Project)

Completed: Fiscal 2014
 Location: Setagaya Ward, Tokyo, Japan
 Purpose: Housing for senior citizens
 Total floor area: 2,829 m²

Research and Development

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

At the Technical Research Institute, we are advancing R&D in a wide range of fields. Our efforts encompass technological developments based on the know-how we have accumulated in civil engineering and building construction, along with technological developments aimed at meeting new social needs. For example, we use large-scale testing equipment to study seismic resistance and isolation. We are also developing technologies for productivity improvement, inspection and repair of ageing civil infrastructure, and environmental conservation (such as purification of air, soil, and groundwater).

In the Midterm Management Plan 2017, one of our key strategies for sustainable growth is to "Strengthen technology R&D from a long-term perspective." In order to strengthen our construction business and to venture into new fields, we are actively pursuing technological developments with a wide and long-term perspective. And as a part of our CSR activities, we conduct tours of the Technical Research Institute for local elementary school children and we hold other events to educate the general public about the construction industry, the importance of civil infrastructure, and the mechanisms behind natural disasters such as earthquakes and tsunamis.



Load test of compound segments



Mini biotope (on the Technical Research Institute grounds)



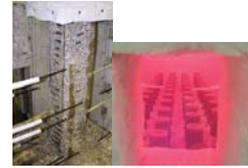
Quality inspection of concrete surface



Elementary school children visit a Nishimatsu facility



A Nishimatsu employee visits a high school to give a lecture



Fire-resistance testing of high-strength concrete columns



BiD (built-in damper) construction method

Independent Evaluation by an Outside Expert

Starting with this fifth edition of Nishimatsu's CSR report, the title of the report has been changed to "Nishimatsu Sustainability Report." In formulating the Midterm Management Plan 2017, Nishimatsu shows that it has moved from a fundamental strengthening phase to a growth phase and, further, towards a development phase. This medium-term management plan, which covers the three years starting from fiscal 2015, states "Toward sustainable growth and development" as its main theme. It also clearly states Nishimatsu's target corporate vision: "Be a company that creates new value while working with stakeholders to resolve social issues." Not only can this serve as a message to the general public, but it can also be expected to have a profound effect on strengthening relationships among company divisions and with partner companies.

Nishimatsu's corporate slogan of "Successfully building a better future" is also very appealing. Nishimatsu explains this slogan as meaning "meticulous, conscientious construction management capabilities at job sites as well as our own abilities to uncover and resolve a wide range of problems that may lie hidden at work locations." I sense the company's determination as it emphasizes on-site expertise as its strength.

"Training and utilization of human resources toward sustainable growth" is an important issue in the construction industry. This year's report focuses on human resources and stresses the importance of diversity. Nishimatsu set up a new section in charge of diversity within the Human Resources Department, and the number of female career-track employees has greatly increased. By reading the pages on construction site tours and roundtable talks, readers are able to hear the voices of female employees who work on construction sites. For the future, Nishimatsu will have to address the challenge of how it can translate diversity into concrete strengths. I was disappointed to read that there were reports of abuse of authority on site. I feel Nishimatsu was rather slow in introducing training to prevent such acts. It is crucial that Nishimatsu foster a workplace atmosphere in which abuse of authority and sexual harassment are not tolerated and where all employees and directors act in compliance with the company's code of conduct. That said, I must commend Nishimatsu for honestly disclosing such negative information. Lastly, the two pages just before the section on Nishimatsu's history—that is, N-Vision 2020's "VI: Local Communities and Society" and "VII: Industry and Supply Chains"—did not offer the same depth of information found in other sections of the report. I am well aware that the number of pages for the report is limited. But partner companies and local communities play a major role in the Midterm Management Plan 2017. I would like to see Nishimatsu make improvements on how it presents information in the future.



Professor Toru Umeda
Former Representative, Business Ethics and Compliance Research Center
Faculty of Foreign Language Studies, Reitaku University

Response to the Independent Evaluation by an Outside Expert

Professor Umeda expressed his view that our corporate target vision of "Be a company that creates new value while working with stakeholders to resolve social issues," stated in our Midterm Management Plan 2017, could be a major force in strengthening relationships among company divisions and with partner companies. Through CSR activities, which are non-financial efforts in the management plan, we are striving to contribute to the company's sustainable growth and development.

Regarding diversity, we are aware that we are no longer in the discussion stage but in the concrete action stage. We are working to create a workplace where a diversity of personnel can fully exercise their abilities. Abuse of authority is a major obstacle in promoting diversity. To create a workplace with zero tolerance for all forms of harassment, we will implement thorough measures that will include setting up opportunities to share awareness of the issue through training and the like.

Professor Umeda pointed out the lack of information in the pages on local communities, society, industry, and supply chains. But we have published further information on these topics in the "Social Contribution Activities" section of our corporate website. For next year's report, we will consider a method for disclosing information that will be tied in to the website.

We will steadfastly enhance and improve our CSR activities step by step, looking ahead to the year 2017, as stated in our midterm management plan, to the year 2020, stated in our N-Vision 2020 plan, and beyond.

Shintaro Takemoto
General Manager
CSR Management Promotion Department

Your Feedback on This Report

Nishimatsu Construction wants 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/eng/contact/communication.php>

Nishimatsu CSR Report 2014 Customer Satisfaction Survey

Nishimatsu Construction has positioned the CSR report as an important tool for communicating with all of our stakeholders. Every year, we conduct a customer satisfaction survey on the Nishimatsu CSR Report (renamed Sustainability Report effective this year). Here are the results we received from our stakeholders for our survey on Nishimatsu CSR Report 2014.

○ Survey Response

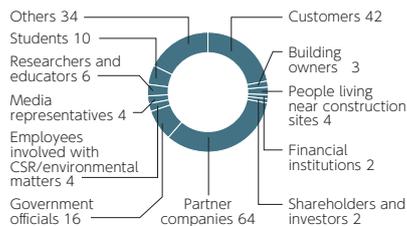
The number of survey responses received is increasing every year. In 2014, we received 193 responses from outside the company, a slight increase over the 178 received the previous year.

Like last year, 30% of the results were from partner companies, but the number of government officials, researchers, and educators responding increased. We believe this reflects a slight growth in interest among various stakeholders.

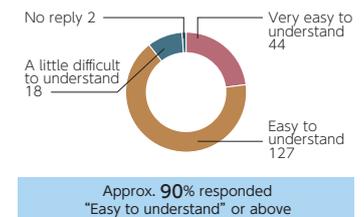
○ Results

The results of our 2014 survey are shown in the graphs below. Like last year, the sections ranked in the top three were Most Interesting Articles, Basic Information (such as Top Message and Corporate Outline), and Major Construction Works. Ranked fourth was a special report titled "NISHIMATSU View," which included 'Development of Geopolymers—Dream Building Materials' and 'Decontamination Projects Being Tackled by Construction Companies'. The results point to a growing hope for future recovery and prosperity.

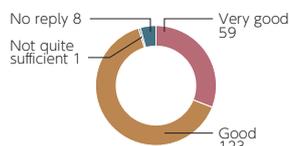
● Nishimatsu CSR Report 2014 Survey Results (including external responses)



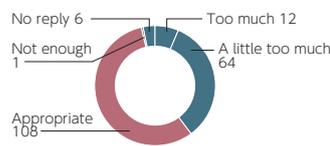
● Understandability



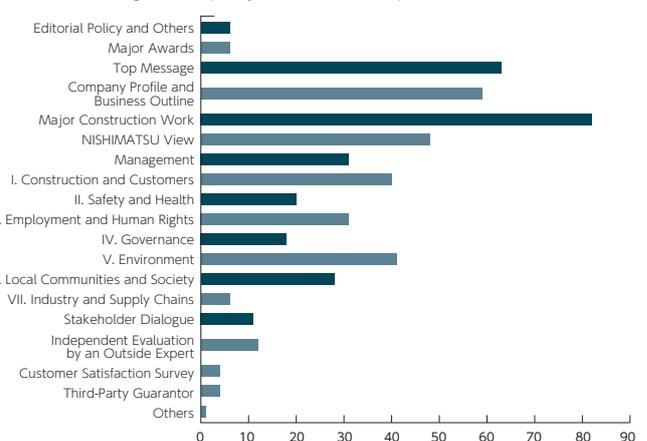
● Contents



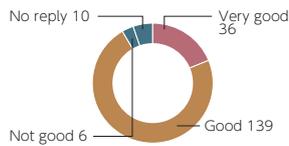
● Amount of Information



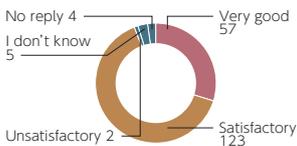
● Most Interesting Articles (multiple answers allowed)



● Design



● Evaluation of Our CSR Activities



Independent Assurance Statement



Independent Assurance Statement

June 25, 2015

Mr. Harusada Kondo
Representative Director and President
Nishimatsu Construction Co., Ltd.

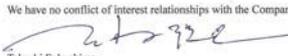
1. Purpose
We, Sustainability Accounting Co., Ltd., have been engaged by Nishimatsu Construction Co., Ltd. ("the Company") to provide limited assurance on the Company's domestic and overseas (Hong Kong, Thailand and Singapore) CO₂ emissions, as well as Scope 3 CO₂ emissions data during the fiscal year 2014 (collectively "CO₂ emissions"), which were 76 thousand tons-CO₂, 24 thousand tons-CO₂ and 2,590 thousand tons-CO₂ respectively as reported in pages 35-36 of the "Sustainability Report 2015". We also have been engaged by the Company to provide limited assurance on the Company's various human resources data during the fiscal year 2014 ("human resources data") reported in pages 25-28 of the "Sustainability Report 2015". The purpose of this process is to express our conclusion on whether the CO₂ emissions and human resources data were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO₂ emissions and human resources data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed
Our assurance engagement has been planned and performed in accordance with International Standard on Assurance Engagement 3000 (ISAE3000) and International Standard on Assurance Engagement 3410 (ISAE3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO₂ emissions and human resources data were calculated in accordance with the Company's standards.

3. Conclusion
Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO₂ emissions and human resources data have not been calculated, in all material respects, in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.


 Takashi Fukushima
 Representative Director
 Sustainability Accounting Co., Ltd.

Corporate Outline
 Top Message
 Mid-Term Management Plan and CSR
 NISHIMATSU View
 I. Construction and Customers
 II. Safety and Health
 III. Employment and Human Rights
 IV. Governance
 V. Environment
 VI. Local Communities and Society
 VII. Industry and Supply Chains
 140-Year History
 Business Outline / Major Construction Work
 Independent Evaluation by an Outside Expert / Independent Assurance Statement



Reference

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