Toward the Realization of a Sustainable Society
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Editorial Policy

Obayashi has been reporting its environmental initiatives since 1993 and added social aspects to the report beginning in 2004. Since 2008, the Company has been publishing an annual CSR report with the aim of communicating its corporate activities from the perspective of CSR.

This report summarizes the Company’s activities, focusing on non-financial information, in order to increase employees’ awareness and understanding of CSR and to give outside stakeholders a better understanding of Obayashi.

Organizations covered in this report: Obayashi Corporation
(including some group companies)
Scope of activities: Obayashi’s social, environmental, and economic activities
References and guidelines:
Sustainability Reporting Guidelines 2006 by Global Reporting Initiative (GRI)
Environmental Report Guideline 2007 by the Ministry of the Environment of Japan
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Detailed information about CSR is available on the Company’s website at: www.obayashi.co.jp/english/csr/
With the private capital investment slump in Japan due to the protracted global recession, the growing national budget deficit, and the cutbacks in public works that came with the change in government, the business environment for Obayashi continues to be challenging. Indeed, we expect business conditions in the next few years to be the most difficult of all.

Embracing this challenge, our approach is to treat the difficult business environment as an opportunity. By keeping corporate social responsibility (CSR) at the core of our management, we are securing the confidence of society by actively seeking to resolve social issues, contributing to the realization of a sustainable society, and aspiring to grow as society grows. We recognize that the unyielding commitment of the entire management team, including myself, as well as the understanding and actions of all our employees, are vital to successful CSR initiatives. We will continue to work enthusiastically together across the entire company to fulfill our social responsibilities. Our goal, simply put, is to prove that Obayashi is an essential partner to society.

This is our third CSR report, so I would like to take this opportunity to review our CSR activities to date and to outline the course we will take going forward.

**CSR Committee initiatives**

In January 2008, we launched a CSR Committee, which I chair. The committee articulated its basic stance on CSR and implemented its CSR initiatives companywide. It reflected on past cases of non-compliance and focused on how to ensure thorough adherence to corporate ethics and strengthen internal controls, in order to build a healthier corporate culture and enhance the trust of society. Building on the companywide environmental preservation work that Obayashi has been doing for years, we strive to do our part in building a “low-carbon society,” focusing especially on the contributions we can make through our main business of construction.
Specialized CSR Department established

The public’s interest in corporate activities has grown in recent years. No longer are companies allowed merely to take stand-alone initiatives in the areas of compliance and environmental preservation. We must now be aware of CSR in every business situation and as an integral part of all business activities. To deliver on this requirement, in December 2009 we established a specialized CSR Department, where we developed a companywide framework for implementing CSR initiatives, and stepped up our efforts to communicate with stakeholders. I see these actions as a natural expression of our determination to earn the trust of society and provide value to the public.

Taking CSR initiatives to a whole new level

In the past two and a half years since the launch of the CSR Committee, we have been focused on bringing about a transformation in the mindset of every individual at Obayashi. We took a hard look at all our business activities to determine whether they were fulfilling CSR, employees brought a renewed awareness of CSR to their daily work, and we developed a shared commitment to meeting stakeholder expectations and requests. However, since our efforts were a continuation of what we were doing before, I believe more can be done to progress and improve our CSR performance.

For this reason, we have designated fiscal 2010—the first year since the launch of the CSR Office—the year for a fresh start. Of course, we will maintain all fundamental CSR practices to secure the trust of society and will continue to focus on CSR that creates value by helping to resolve social issues. The slogan for our fresh start will be “Double Shinka” (the Japanese word shinka has two meanings: “evolution” and “deepening”).

We will begin by sharpening our focus on contributing to and growing with society through our main business. To do so, we will formulate a medium- to long-term vision on social issues such as building a “low-carbon society,” carrying out renovations that will enhance the health and safety of the building users, and ensuring disaster-resistant infrastructure. We will then develop and steadfastly implement a specific, strategic action plan to achieve that vision. In all, we aim to be a solution-generating, value-creating enterprise, and an essential partner to society.

To that end, it is vital for us to dialogue with a variety of stakeholders to obtain an accurate understanding of the expectations and requests society has for us. At the same time, we will disclose our progress and reflect stakeholder evaluations of our initiatives in subsequent efforts.

In addition to what we do as a company, we will also support the social contributions that our employees want to make as individuals. I believe that we can raise employees’ awareness of CSR and encourage work-life balance by supporting volunteer activities and providing channels for employees to share information.

The motivation behind Obayashi’s efforts to fulfill its CSR is the ultimate aim to be an essential partner to society. In line with this fundamental concept, we will continue to provide safety and security broadly to society and contribute to progress and development through our main construction business and peripheral businesses. In the process, we will strive to make a reasonable profit and seek to remain a company that grows as society grows. This report summarizes the CSR-related initiatives we took in fiscal 2009 and details our course for fiscal 2010. I hope it is informative and useful to you, and invite you to give us feedback on our efforts.

Toru Shiraishi
President Obayashi Corporation
Building Hopes and Dreams: Obayashi’s Job

Tokyo Sky Tree® Construction Project

The Tokyo Sky Tree tower grows taller every day, as it stretches toward its planned completion in December 2011. Obayashi is carrying out the construction work as the builder. When completed, the Tokyo Sky Tree will have a height of 634 meters, making it the tallest self-supporting tower in the world. The tower will fulfill its role into the future as the new symbol of Japan and a keystone of local revitalization.

When stakeholders were asked their thoughts on the project from their respective positions, the responses were unanimous in their hope for and confidence in the steady future growth of the area through the tower’s realization. Obayashi will reflect on its responsibilities as the builder, in light of the valuable opinions of the stakeholders.

Creation of a Distinctive Tourist Destination Blending High Tech and Shitamachi Culture

In December 2004, Sumida City approached Tobu Railway about building the new tower. Since then, Sumida City, its residents, and Tobu Railway have been working together on various promotional activities. This push was driven by the desire to revitalize the area as a new tourist base that would blend the traditional Shitamachi culture, which inherit the true spirit of artisan in the community, with such high-tech features as the Sky Tree.

After the construction site was determined in March 2006, as the local administration the Sumida City Industry and Tourism Division has been actively involved in the development of a community centering on the Sky Tree, in the hopes that it will revitalize local business. Together with the project owner and city residents, we have been upgrading infrastructure in the vicinity and taking initiatives to treat visitors with the best service and hospitality, with the aim of turning Sumida into an international tourist destination. The Sky Tree is the centerpiece of our community-building efforts, and I want Obayashi to take every possible safety measure while proceeding with the work, to complete the work with no accidents, and to pay sufficient consideration to communication with the community. In the future, there will be further convergence of upgrade work in the vicinity and related construction work, and I expect Obayashi to play a leading role and cooperate in the integral collaboration and coordination efforts.
The Sky Tree became the tallest structure in Japan at the end of March 2010. In the local community, we are actively holding town meetings to discuss the community’s development after the tower’s completion. The name of our community will likely become known nationwide as the place where the Sky Tree is located. We are taking this opportunity to consider what should be done to build an attractive community that people will want to visit again. I want Obayashi, which is engaged in the construction, to first of all complete the tower with no accidents. I am sure they have already taken safety precautions, but the tower is going to get taller and taller, and so everything must be done with safety as the priority.

I also hope Obayashi will continue interacting with the community. Company representatives have joined various town meetings on a regular basis, and we have built a relationship that allows for frank discussion. I want to continue with this relationship of trust that we have mutually developed. Safety and communication—although I am repeating myself, these are the two things I want Obayashi to continue delivering.

Our children have observed the Sky Tree’s daily growth with great interest. As if guided by the sight of the tower stretching up into the sky, the children and staff at our school are taking on various challenges, aiming to be number one in the world, just like the Sky Tree. In that sense, I feel that the tower will expand possibilities in the educational setting. From the next school year, the new official curriculum guidelines for foreign-language education will be implemented, and our school has been leading the way as the pilot school for Sumida City. I think that this area will become a major tourist destination after the Sky Tree is completed, and I hope that the language abilities the students acquire will lead to international exchanges with people visiting from around the world. I also want the students to learn to interact with visitors with a spirit of hospitality. As the construction work progresses, the number of people and cars in the area is increasing. I want Obayashi to remain vigilant about safety around the construction site. I am looking forward to visiting the tower with the children as soon as possible after it is completed.

There are 29 neighborhood associations in the area around the Sky Tree construction site. A construction site like this would not be workable without the understanding of the community residents. If you want to gain people’s understanding, you have to put yourself in their shoes and think of what should be done. We are working where people live, and so we must continually consider the impact of the progress of the project on the outside of the construction site. Communication on a routine basis is necessary to seek the neighborhood residents’ opinions, and so we actively participate in town meetings and events. Moreover, we are working with contractors, business owners, government, and other organizations to share requests from residents and issues relating to safety in the vicinity. In this way, we are proceeding with the construction with awareness that we are a member of the community.

This town has an unpretentious friendliness and a tradition of craftsmanship. I hope that the city will make the best use of these two distinctive qualities in future community-development efforts triggered by the Sky Tree. I am happy to be involved in the construction of the Sky Tree, which is going to be the core of revitalization for this area.
As a focal point in eastern Tokyo, the Tokyo Sky Tree will contribute greatly to regional growth as well as development along the Tobu Railway lines. In addition to economic effects, it will create added value as a symbol of the area and a hub. As a project owner, we are proud to be involved in the construction of a tower that has so thoroughly captured public interest, that will be used for a long time to come, and that also happens to be the tallest self-supporting tower in the world.

Due to the sheer technical difficulty of its construction, the tower is attracting an extreme amount of attention. This has necessitated a very high level of competence in terms of safety and work execution, and Obayashi is responding well. Obayashi’s cooperative efforts with us and the designers have been going smoothly. It has established a good relationship with the community, and has so far made progress on the construction work with no major problems. From here on, the work is going to enter a different phase, including building the first observatory, which is a big milestone, and the “gaintower” to which antennas will be attached. This is going to be a crucial period. We are aiming to complete the tower as safely as possible by maintaining even closer cooperation with the designers and builders than before, and I hope Obayashi will demonstrate its abilities to the fullest and deliver on our expectations.

The big feature of this job is the height. Working very high up presents numerous difficulties, especially cold temperatures and strong winds. Work often does not go as desired because of such weather conditions. However, the major principle underlying our work is to do everything possible to ensure quality, a smooth process, and safety, and we are managing the overall construction work with that in mind. On this job, we are building a structure by assembling steel frame parts, hardly any of which have the same shape. We are working in a cautious manner through every single process. In addition, there are not many construction projects in which a steel frame is continuously assembled for nearly two years. Thus, I constantly remind employees and all the workers to go back to our basic principle and keep being careful even in routine work. We are working at an uncharted height, for which no one in Japan has experience, and we are entering the most crucial phase of the job, including the construction of the observatories. But our approach has been the same, from the time we were building the foundation. Every member of the team has been proudly moving toward the unchanging goal of completing the tower safely and handing it over to the project owner.

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Objects falling from a great height—even if just a single bolt—will cause a serious accident. The construction site for the Sky Tree is adjacent to a Tobu Railway station and is in a densely populated area. Accordingly, we have multiple levels of safety measures in place for preparing for the worst: workers are trained not to drop anything, nets are set up to prevent things from falling, and a giant temporary roof covers the train station and train tracks. Unlike at common building construction projects, the work on this job is performed where there is no floor and so we attach sturdy scaffolding to the steel frame of the Sky Tree itself and set up safety nets and other safety equipment. Since almost every section of the steel frame has a different shape, we had to consider how to make each section of scaffolding, one at a time. Ensuring safety would not have been possible without the cooperation of the designers. Right from the planning stage, the designers needed to take account of particular structural design that would reinforce the main structure to support scaffolding and cranes. From here on, we will continue working safely toward the job’s completion in December 2011, in cooperation with the project owner and designers.
Commitment and Pride: Creating a Structure that Will Continue to Be Marvel in the Future

Katsuo Tsukamoto
Deputy Plant Manager (left) and
Tetsuo Inada
Steel Structure Department
Steel Structure Futtsu Plant
Steel Structure Division
Komai Tekko Inc.

It is an honor to have been involved as steel-frame manufacturer in the construction of the Sky Tree, in which the steel frame is the major work. At the start of construction, we were nervous about the project’s unprecedented size, but the designers, builders, and manufacturers combined their abilities and have successfully made it this far. On this job we have actively exchanged opinions with Obayashi and forged a strong solidarity among manufacturers. I realize strength with Obayashi and providing high-quality structures that meet the needs of society.

Hearing various stakeholders’ heartfelt thoughts regarding this project and their expectations of Obayashi gives me a heavy sense of responsibility, as the person in charge of the construction work. When the tower became the tallest structure in Japan in March 2010, attention from the mass media and the public rose even more. Whenever I have the chance to meet people from outside the Company, the Sky Tree always comes up as a topic. I keenly sense that as the construction work progresses, the tower is growing into a symbol of the age, carrying the dreams and expectations of an entire society. I feel fortunate and proud to be involved in this kind of project, and I am determined to see to it that our Company makes an all-out effort to continue meeting everyone’s expectations.

Makoto Kishida
Director, Senior Managing Executive Officer,
General Manager of the Tokyo Main Office, Obayashi Corporation

Construction of the New Tower
Naritahirabashi-Oshiage Area Development Project, Tokyo, Japan

<table>
<thead>
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<th>Highlight 1: Technology for Realizing the Demands of Society</th>
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<tbody>
<tr>
<td><strong>Location</strong></td>
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<tr>
<td><strong>Site area</strong></td>
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<tr>
<td><strong>Height</strong></td>
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<td><strong>Facilities</strong></td>
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<td><strong>Structure</strong></td>
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<td><strong>Foundation work</strong></td>
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<td><strong>Commencement of work</strong></td>
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<td><strong>Planned completion</strong></td>
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<td><strong>Client</strong></td>
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<td><strong>Architect</strong></td>
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<tr>
<td><strong>Constructor</strong></td>
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</tbody>
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Carefully checking a steel frame to make sure it was processed and delivered as instructed

http://www.obayashi.co.jp/english/special/2010032622.html
Our Mission: To Respond Quickly and Restore Safety

Tomei Expressway Makinohara Disaster Site Emergency Restoration Work

In the early morning of August 11, 2009, a magnitude-6.5 earthquake struck, with its epicenter in Suruga Bay. The earthquake caused major damage in different locations. The Tomei Expressway became impassable when a 40-meter stretch of the in-bound road collapsed on an embankment slope near the Makinohara Service Area (SA). With demands being made for the earliest possible re-opening, to beat the rush from crowds heading home after summer vacation, Obayashi undertook the emergency restoration work for the Central Nippon Expressway Co., Ltd., (NEXCO-Central). Below is an overview of Obayashi’s involvement in this construction work, which quickly restored the road in 115 hours, as told by team leaders.

<table>
<thead>
<tr>
<th>Changes in the Situation and Obayashi’s Work</th>
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<tr>
<td><strong>Situation</strong></td>
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<tr>
<td><strong>August 11 (Tue)</strong></td>
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<tr>
<td>05:07 Earthquake struck</td>
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<tr>
<td>Road sequentially closed between Tokyo Interchange (IC) and Toyokawa IC</td>
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<tr>
<td>Collapse site near Makinohara SA checked</td>
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<tr>
<td>Road closure sequentially lifted from certain sections after inspection completed</td>
</tr>
<tr>
<td>Initial plan: Install retaining wall H-beams and fill in collapsed spot</td>
</tr>
<tr>
<td>06:00 Press conference held; work scheduled for completion by August 12 at 24:00</td>
</tr>
<tr>
<td>Closed embankment more unstable than anticipated, collapse continued; plan changed to place H-beams in cruising lane as well and steel sheet-piles in median strip for outlet road</td>
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<tr>
<td><strong>August 12 (Wed)</strong></td>
</tr>
<tr>
<td>07:00 Press release: first method changed; construction scheduled for completion by August 13 around noon</td>
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<tr>
<td>The collapse was not stopped; placing H-beams in cruising lane became difficult; method change considered</td>
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<tr>
<td>23:00 Press release: road closure scheduled to be lifted for entire outbound road and for inbound road between Yaizu IC and Shizuoka IC</td>
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<tr>
<td>24:00 Road closure lifted for entire outbound road and for inbound road between Yaizu IC and Shizuoka IC</td>
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<tr>
<td><strong>August 13 (Thu)</strong></td>
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<tr>
<td>11:00 Press conference: second method changed—plans to place H-beams at foot of embankment slope, with embankment constructed using large sandbags; road closure anticipated to be lifted on August 15</td>
</tr>
<tr>
<td><strong>August 14 (Fri)</strong></td>
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<tr>
<td>Arrangements made for protective concrete layer at foot of embankment slope, and expanded polystyrene (EPS) blocks used to further strengthen protective concrete layer</td>
</tr>
<tr>
<td>Arrangements made for protective concrete layer (frameworks, ready-mixed concrete, pumping vehicle); work commenced</td>
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<tr>
<td>Plan formulated for construction using EPS blocks</td>
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<tr>
<td><strong>August 15 (Sat)</strong></td>
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<tr>
<td>EPS arrived, led by expressway patrol escort</td>
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<tr>
<td>22:00 Press release: road closure scheduled to be lifted at 24:00</td>
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<tr>
<td>24:00 All road closures along inbound road lifted</td>
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</tbody>
</table>

(Photo: NEXCO-Central)
I was responsible for managing and coordinating the overall work at the front line of the disaster site. We were in an emergency situation and we had workers from a number of companies continuously rotating in and continuing the work. But even in the midsummer heat, we managed to complete the construction safely. I think that the major factors for this achievement were that we worked together in a cross-organizational manner, and that people figured out what would be the best solution and quickly moved into action at the emergency site. It was a situation in which all the personnel involved in the work demonstrated the abilities they had cultivated at construction sites routinely.

Kunihiko Hamai
General Manager, Proposal Department, Civil Engineering Division

I went on-site as a geotechnical engineer from the first day of the disaster. I spent all night considering the engineering details with NEXCO-Central, while assessing the situation at the disaster site. The scale of the damage suggested that several weeks would be needed for emergency restoration but, in the end, we lifted the road closure in only five days. Behind this achievement was a relationship of trust with the customer and the cooperation among the people who were involved in various capacities. I realized anew the importance of dealing with things tenaciously, with experience-based judgment and without compromising safety, even in times of emergency when it is difficult to make calm judgments.

Akio Tamai
General Manager, Civil Engineering Construction Division Nagoya Branch (position at the time)

From the time of the disaster, we ascertained the situation and made various arrangements, working in an across-the-board cooperative structure with the head office’s Tokyo Civil Engineering Division. Even though it was a public holiday, our employees and the personnel of our subcontractors really worked hard. Obayashi has emergency-response guidelines prepared in case of a disaster, but this time unexpected circumstances had arisen. We requested support mainly from subcontractors in the Nagoya area, but it took time for them to get to the disaster site in Shizuoka. That is one example. I felt the need for a system to cooperate within each region, and am working to improve that now.

Comments from Central Nippon Expressway

Fumihiko Abe
Director, Shizuoka Maintenance and Service Center, Tokyo Branch Office Central Nippon Expressway Co., Ltd.

With the help of many construction companies from the New Tomei Expressway construction site, the emergency restoration work was completed in a short 115 hours. The fact that the work was completed in a short time and the road closure lifted quickly is a tribute to the support of everyone involved, and I am deeply grateful. In particular, Obayashi was the mainstay behind our on-site response headquarters; they quickly dispatched to the site geotechnical engineering specialists, provided engineering support right from the time countermeasure work was being considered, and demonstrated cross-organizational leadership at a site where many construction companies were working.

The numerous people observing the restoration work carried out by Obayashi were impressed by the Company’s strong technical capability in the field and the determined sense of mission and spirit of those in the construction industry. As a result, we received many rousing words of encouragement.

As a construction company engaged in developing social capital, Obayashi has prepared a system for coping promptly with things like disaster restoration. This time, we immediately set up an earthquake disaster response headquarters; arranged for the necessary materials, machinery, and personnel, in response to the request from NEXCO-Central; dispatched geotechnical engineers; and made a company-wide effort to tackle the restoration work. United, our employees and everyone who was involved in the construction work enabled the restoration to occur safely and quickly. In the future, Obayashi will continue responding proactively to disaster restoration, as a company responsible for the safety and security of society.

Masashi Honjo
President Director, Executive Vice President, Obayashi Corporation
**Obayashi’s CSR**

**Being an Enterprise that Grows Together with Society**

Obayashi is committed to being an enterprise that continues growing together with society. It undertakes CSR activities based on its Corporate Philosophy and builds and maintains good relationships with its stakeholders.

### Basic Policies

Obayashi has a duty to contribute to the sustainable progress and development of society. It should provide safety and security to society at large, including the Company’s customers, through construction and related businesses.

Keenly recognizing the importance of its responsibilities, the Company established a Corporate Philosophy, Management Stance, and Personnel Stance in 1990 and clarified its business purpose and social roles in order to facilitate business growth.

In 1994, Obayashi established a Code of Corporate Conduct in order to more thoroughly realize its Corporate Philosophy and to provide guidelines for sensible behavior.

Obayashi’s employees need to be more conscious of CSR in their daily work, as well as participate in CSR activities, which are based on the Corporate Philosophy. Indeed, the CSR activities are the foundation of Obayashi’s business activities. The Company hopes to contribute to the realization of a sustainable society and secure the trust of society through: basic CSR, centered on compliance and internal controls, plus value-creating CSR that resolves social issues. (See “CSR Conceptual Scheme,” on page 12.)

### CSR Fulfillment Promotion (Structure and Operation)

Obayashi is undertaking cross-organizational initiatives, with full employee participation. The initiatives are led by the CSR Committee, which is chaired by the company president, and the CSR Expert Committee and Environment Expert Committee, which support the CSR Committee. In December 2009, the Company established a CSR Department and strengthened its CSR framework with the aim of pushing activities further ahead.

Obayashi uses the plan-do-check-act (PDCA) cycle to fulfill its CSR. In accordance with an annual action plan deliberated and approved by the CSR Committee (Plan), activities are undertaken by all divisions company-wide (Do). Referring to opinions and feedback obtained through communication with stakeholders about the performance of those activities, the achievement level of each activity is checked (Check), and findings are reflected in the next year’s plan and activities (Act).

#### CSR Fulfillment Promotion Structure

- **President**
- **CSR Committee** (Secretariat: CSR Department)
- **CSR Expert Committee**
- **Environment Expert Committee**

### Corporate Philosophy

1. Refine our creativity and perceptions; then call on the accumulated technology and wisdom of the company to add new value to the concept of space.
2. Expand our individuality, and respect humanity.
3. Stay in harmony with nature, blend in with local societies, and put our hearts into creating a more vibrant, richer culture.

### Management Stance

1. Empathize with your customers.
2. Strive to be ahead of the times, to discover and develop new demands.
3. Become a vigorous, powerful group.
4. Make a contribution to society.

### Personnel Stance

1. Improve yourself.
2. Meet every challenge.
3. Think with flexibility.
4. Make the most of your creativity and individuality.
5. Be a good citizen of the country and of the world.

### Code of Corporate Conduct

**Achievement of the Company’s Social Mission**

1. Promote construction activity in response to the demands of society.
2. Excel as a Company that values people.
3. Create and preserve a better environment.
4. Promote harmony with society.
5. Advance fair competition.
6. Help establish a sound construction market.
7. Contribute to the Global Society.

**Thorough Compliance with Corporate Ethics**

1. Observe the laws and act with sound judgment.
2. Support fair bidding practices.
3. Establish sound relations with government and administrative authorities.
4. Eradicate antisocial behavior.
5. Make corporate accounting transparent, engage in proper information disclosure.

**The Role of Top Management**

The Company’s top managers shall recognize the importance of their role in manifesting the spirit set forth in this Code of Corporate Conduct, work to establish an effective internal system toward that end, and achieve thorough compliance with corporate ethics.
Employees and CSR

Employees play leading roles in Obayashi's CSR activities. The Company’s employees are its closest stakeholders, as well as the ones who put Obayashi’s CSR into practice. Accordingly, Obayashi envisions CSR activities in which all employees firmly grasp the Company’s social responsibility, listen to the requests and expectations of society through communication with outside stakeholders, and respond sincerely in coordination with Company policies.

> CSR Conceptual Scheme
Obayashi’s CSR

Enhancing Company-Stakeholder Dialogue

Obayashi appreciates the importance of continually checking to make sure it is accurately meeting the demands and expectations of society when it undertakes CSR activities. Accordingly, the Company takes numerous opportunities to engage in dialogues with stakeholders. Going forward, it will enhance communication with stakeholders, placing particular emphasis on mutual understanding and open exchanges. Obayashi is committed to meeting society’s demands and expectations and will reflect the opinions and requests of stakeholders obtained through dialogue in its CSR activities.

### Connections with Stakeholders

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<tr>
<td><strong>Customers</strong></td>
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<td><strong>Means of Hearing Opinions</strong>&lt;br&gt;• General Shareholder’s meetings&lt;br&gt;• Briefings for investors and analysts&lt;br&gt;• Shareholder surveys&lt;br&gt;• Help desk</td>
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</tr>
<tr>
<td><strong>Partner Companies</strong></td>
<td>• Specialist contractors&lt;br&gt;• Mechanical and electrical contractors&lt;br&gt;• Suppliers, etc.</td>
<td><strong>Means of Hearing Opinions</strong>&lt;br&gt;• Hearings by business managers&lt;br&gt;• Surveys carried out at the completion of a building and at other times&lt;br&gt;• Help desk</td>
</tr>
<tr>
<td><strong>Communities and Society</strong></td>
<td>• Residents in the construction-site vicinity&lt;br&gt;• Students&lt;br&gt;• General public</td>
<td><strong>Means of Information Disclosure</strong>&lt;br&gt;• Website&lt;br&gt;• Briefing sessions for residents near construction sites&lt;br&gt;• Construction site tours&lt;br&gt;• Stakeholder dialogues&lt;br&gt;• CSR reports</td>
</tr>
<tr>
<td><strong>Society</strong></td>
<td>• Social contribution&lt;br&gt;• Contributing to the development of the construction culture&lt;br&gt;• Consideration for the global environment</td>
<td><strong>Means of Hearing Opinions</strong>&lt;br&gt;• Help desk&lt;br&gt;• Briefing sessions for residents near construction site&lt;br&gt;• Construction site tours&lt;br&gt;• Stakeholder dialogues</td>
</tr>
</tbody>
</table>
## Main Activities in Fiscal 2009

Obayashi has established action objectives for different topics and checks their achievement level every year in order to conduct more efficient and effective CSR activities.

<table>
<thead>
<tr>
<th>Action Objectives</th>
<th>Main Activities in Fiscal 2009</th>
<th>Attainment Level</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Governance and Compliance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance corporate governance</td>
<td>Implemented accurate and swift decision-making procedure / strengthened internal controls / promoted risk management</td>
<td>○</td>
<td>15-16</td>
</tr>
<tr>
<td>Ensure thorough compliance</td>
<td>Held Corporate Ethics Committee meetings / provided corporate-ethics training sessions / utilized an internal whistle-blowing system / established a Compliance Verification and Recommendation Committee</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td><strong>Responsibility to Shareholders and Investors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proactively disclose information and enhance open communication</td>
<td>Strengthened investor relations (IR)-related information dissemination</td>
<td>○</td>
<td>17</td>
</tr>
<tr>
<td><strong>Responsibility to Customers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide high-quality buildings</td>
<td>Internally disseminated information relating to quality management and technology / arranged technology presentations and training seminars</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>Develop technologies that meet customer needs</td>
<td>Developed environmentally friendly technologies / developed seismic strengthening and renovation technologies</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>Construction work that ensures customers’ safety and security</td>
<td>Implemented safety measures for areas surrounding construction sites / implemented measures to prevent contamination of the natural environment</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>Support customers in efforts to minimize disaster risk</td>
<td>Established a customer support system in the case of a disaster / strengthened Business Continuity Management support services / obtained Certification for Basic Business Continuity during a disaster</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td><strong>Teaming Up with Employees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilize diverse human resources</td>
<td>Provided salary and promotion based on fair personnel evaluations / promoted reemployment of retirees / encouraged employment of persons with disabilities / proactively promoted awareness of human rights / provided training for employees of group companies outside Japan</td>
<td>○</td>
<td>22-25</td>
</tr>
<tr>
<td>Promote work-life balance</td>
<td>Reduced total working hours / encouraged utilization of childcare-related benefits / promoted mental and physical health</td>
<td>△</td>
<td></td>
</tr>
<tr>
<td>Promote human resources development</td>
<td>Implemented measures based on a new training policy</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td><strong>Teaming Up with Partner Companies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthen relationships of trust</td>
<td>Promoted CSR procurement / supported training sessions of partner companies</td>
<td>○</td>
<td>26</td>
</tr>
<tr>
<td><strong>Health and Safety at Construction Sites</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prevent occupational accidents</td>
<td>Aimed for “no fatal accidents” / promoted three major campaigns to prevent occupational accidents / revised the Safety Laws Digest / conducted safety patrols / promoted creation of healthy workplaces</td>
<td>△</td>
<td>27-30</td>
</tr>
<tr>
<td>Train and support partner companies in safety and health management</td>
<td>Supported safety and health training for partner companies</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Initiatives</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce impact on the natural environment and ecosystems</td>
<td>Established and promoted a policy on biodiversity / considered biodiversity in design and construction work</td>
<td>△</td>
<td>31-38</td>
</tr>
<tr>
<td>Reduce greenhouse gas emissions</td>
<td>Reduced CO₂ emissions from construction sites / reduced lifecycle CO₂ emissions from buildings designed by Obayashi</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>Reduce gross amount of construction waste and increase recycling rate</td>
<td>Promoted zero emission of construction waste</td>
<td>△</td>
<td></td>
</tr>
<tr>
<td>Proper control of chemical substances and reduce their use</td>
<td>Disseminated chemical substance control technology</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>Promote green procurement</td>
<td>Revised green-procurement rate for construction materials and machinery</td>
<td>△</td>
<td></td>
</tr>
<tr>
<td>Increase environmental awareness</td>
<td>Made available an environmental law inquiry service / held Obayashi Environmental Conference</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td><strong>Teaming Up with Communities and Society</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undertake social contribution activities</td>
<td>Contributed to communities / supported education and academic research / promoted the construction culture / made other social contributions and major donations</td>
<td>○</td>
<td>39-40</td>
</tr>
</tbody>
</table>

Attainment level: ○ Reached  △ Improved  × Not reached
Obayashi strives to create sound and transparent corporate management through the strengthening of internal controls and appropriate risk management. At the same time, the Company is making efforts to nurture a corporate culture founded on high ethical standards, and endeavors to be a company that is widely trusted by society.

### Enhancing Corporate Governance

#### Basic Policies

**Increasing management transparency and soundness**

Obayashi believes that increasing transparency and soundness of management alongside the establishment of solid business operations is important in gaining a reputation as a dependable and trustworthy company.

#### Governance Structure

**Accurate and swift decision making**

General Shareholders meetings, the Board of Directors, Auditors’ Committee, accounting auditors and other bodies are amply fulfilling their legal responsibilities. Additionally, the Company practices accurate and swift decision making through its executive officer system and meetings of the management council, which is composed of members appointed from among the directors and executive officers. Three outside auditors provide impartial and thorough checks, ensuring responsibilities are fulfilled from their professional standpoints, such as legal affairs and accounting.

#### Strengthening Internal Controls

**Conducting internal audits focused on monitoring risks and controls**

Obayashi conducts audits with an emphasis on identifying work-related risks in important business issues such as the reliability of financial reporting and strict adherence to corporate ethics, and ensuring controls to counter those risks are actually implemented. In fiscal 2009, audits were conducted at all 13 offices.

### Risk Management

**Risk management strengthened through earthquake-response drills and information leak prevention training**

Obayashi has developed various emergency action programs to prevent crisis and to prepare for appropriate response actions swiftly, should a crisis occur. Through the earthquake-response drills, which are conducted twice a year, the Company reviewed and verified the effectiveness of the program set in preparation for business continuity during a disaster (see page 21). The Company also provided information leak prevention training at all business sites in and outside Japan, including group companies, through e-learning, training sessions, and the distribution of pamphlets, in order to protect information assets from various risks. Pamphlets have also been distributed to partner companies, which have been asked to ensure the prevention of information leaks.

### Upcoming Challenges

**Continue ensuring proper conduct of operations**

Obayashi will strive to ensure proper conduct of operations through an appropriate internal control system, including the systematic implementation of internal audits to confirm the effectiveness of prevention functions and other internal controls.
Ensuring Thorough Compliance

Basic Policies

All employees must act with high ethical standards to earn the trust of society and the customers

Over the years, Obayashi has striven to earn and maintain the trust of its customers and the communities it serves by upholding its Corporate Philosophy. For this reason, the Group not only observes complete compliance with laws and regulations, but also initiates activities to inspire employees to raise their sensitivity to ethical issues and perform their corporate duties in good faith.

Corporate Ethics Committees

A corporate ethics committee in each office and group company leads autonomous activities

A corporate ethics committee is set up in each office and group company to undertake autonomous activities according to its unique situation, in an effort to ensure thorough compliance group-wide.

Obayashi’s main Corporate Ethics Committee and these individual corporate ethics committees meet four times a year.

Corporate Ethics Training

Corporate ethics training provided for 12,000 employees globally, including at group companies

Obayashi provides corporate ethics training sessions every April. In fiscal 2009, about 12,000 executives and employees (including temporary employees) from almost 1,200 divisions in and outside Japan attended the training sessions. The sessions included a lecture and discussions on specific cases at different workplaces, followed by e-learning-based comprehension measurement.

Group companies outside Japan conduct the sessions using local language translations of the materials used in Japan.

Furthermore, the Company conducts workshops for the employees working at construction sites, to ensure the exclusion of organized-crime syndicates.

Internal Whistle-Blowing System

Internal whistle-blowing system helps ensure thorough compliance

Obayashi has an Ethical Helpline, an internal whistle-blowing system that may be used by anyone involved with the Company’s business.

Two contact points have been set up in and outside the Company, making the system easy to use. Each report is investigated promptly and thoroughly, and appropriate action is taken as necessary, which helps ensure compliance.

Compliance Verification and Recommendation Committee Established

Committee including outside lawyers considers measures to prevent recurrence of bid rigging

In July 2009, Obayashi established a Compliance Verification and Recommendation Committee composed of outside lawyers and Obayashi’s directors. The committee is reviewing effective measures to prevent the recurrence of bid rigging incidents.

In March 2010, Obayashi received a recommendation package prepared by the committee. The recommendations include carrying on the efforts began by the current top management to prevent the recurrence of bid rigging among the next generation of management, disseminating information on the whistle-blowing system amongst employees more thoroughly, and establishing a program of actions to be taken if the existence of bid rigging or collusive bidding involving public officials is discovered.

Obayashi will take the committee’s recommendations seriously and implement initiatives based on the recommendations. It will also continue bid rigging recurrence prevention efforts already underway, based on reflection of the incident.

Upcoming Challenges

Adhering to corporate ethics group-wide

Obayashi will strive to adhere to corporate ethics group-wide by establishing measures for corporate ethics compliance, including corporate ethics training, driven by the Corporate Ethics Committee chaired by the Company president and including members who are outside experts.

Corporate Governance and Compliance 16
Responsibility to Shareholders and Investors

Striving to Increase Corporate Value

Obayashi considers open communication with its shareholders and building relationships of trust to be as important as increasing corporate value and returning profits to shareholders.

### Proactively Disclosing Information and Enhancing Open Communication

**Basic Policies**

Returning profits to shareholders through increased corporate value and enhancing information disclosure

Obayashi returns profits to shareholders based on business performance with the basic policy of maintaining stable dividend payouts over the long term. To gain an appropriate valuation from the stock market, the Company discloses management initiatives and information that may be beneficial for investment decisions, in a timely and appropriate manner. At the same time, it strives to enhance open communication with its shareholders.

**Upcoming Challenges**

Strive to further enhance information disclosure and communication

Analysts have requested tours of Obayashi’s Technical Research Institute and attendance at seminars relating to Obayashi’s business. The Company is now considering their requests.

Obayashi is also planning to improve information disclosure by methods such as increasing the number of e-mail newsletters for IR information and expand the content of its English website.

### Strengthening IR-Related Information Dissemination

**Disclosing information through briefing sessions and website revisions**

Obayashi gave biannual briefings on its six-month and annual financial results to 262 analysts and institutional investors. The president and other executives explained the financial results, earnings forecast, and initiatives for the future. Results briefings via conference calls were also held on those days on which the first-quarter and third-quarter results were announced.

Obayashi’s top management and IR managers also hold meetings with analysts and institutional investors. The Company is working to strengthen information dissemination through its website and gave its Japanese IR website a complete overhaul. The layout was optimized and IR information was enhanced. In order to improve and broaden the information available for non-Japanese investors, the Company’s English website now includes notices of convocations, presentation materials from briefings, and other IR material since fiscal 2009. The information included in the English financial statements has been significantly expanded and the statements are released quickly following the announcement of financial results.
Obayashi strives for utmost customer satisfaction by providing the appropriate construction technologies and methods each step of the way. Furthermore, as an organization responsible for the ongoing management of its social infrastructure, the Company has prepared a risk management system to respond to disasters.

### Responsibility to Customers

#### Striving for Utmost Customer Satisfaction

Obayashi strives for utmost customer satisfaction by providing the appropriate construction technologies and methods each step of the way. Furthermore, as an organization responsible for the ongoing management of its social infrastructure, the Company has prepared a risk management system to respond to disasters.

<table>
<thead>
<tr>
<th>Action Objectives</th>
<th>Main Achievements in Fiscal 2009</th>
<th>Attainment Level</th>
<th>Corrections and Challenges in Fiscal 2010</th>
</tr>
</thead>
</table>
| Provide high-quality buildings | • Promoted the internal dissemination of information through support desks and e-learning focused on case studies related to quality and technology  
• Implemented staff training courses on internal-quality-management  
• Implemented “rebar patrol” at 153 construction sites  
• Organized presentations and seminars focusing on quality and technology | ○ | • Implementing training courses  
• Disseminating information |
| Develop technologies that meet customer needs | • Constructed new main building of Technical Research Institute  
• Initial application of ultra rapid underpass (URUP) construction method  
• 3Q*-Column received technical opinion  
• 3Q-Brace development and received technical opinion  
• Developed method for removing asbestos from elevator shafts | ○ | • Conducting environmental technology research, development, and promotion in response to global warming and other issues  
• Conducting research, development, and promotion of technology for renovation work, safety, and security |
| Construction work that ensures customers’ safety and security | • Adopted methods and technologies that minimize the impact of construction on the surrounding area  
• Adopted methods and technologies that minimize the impact of construction on the natural environment surrounding construction sites | ○ | • Conducting construction management that considers customers’ needs and neighborhood residents |
| Support customers in efforts to minimize disaster risk | • Implemented a weather information email service to strengthen support for customers  
• Implemented a planning support service using a recovery time estimation tool  
• Obtained certification for basic business continuity in the event of a disaster | ○ | • Ongoing rapid response during disasters  
• Expanding technology solutions to support customers’ business continuity plans |

*The 3Qs stand for quiet, quick, and high-quality.*

### Providing High-Quality Buildings

#### Basic Policies

Meeting customer demands for quality through constant quality-enhancement activities

Comprehensive and continuous quality-enhancement activities are crucial to maintaining and improving the quality of products and services, in order to meet the customers’ needs. Obayashi provides customers with top-quality products and services by continually training its employees on issues related to quality and technology.

Furthermore, through its quality management system, Obayashi conducts optimal quality management each step of the way—from planning and design to construction and maintenance services—and continually strives to improve it.
Responsibility to Customers

Internal Dissemination of Information Related to Quality Control and Technology

Sharing information related to quality management and technology through a corporate intranet and other tools

Obayashi promotes information sharing to prevent quality defects from recurring. In fiscal 2009, Obayashi further enhanced its quality management and technological capabilities through e-learning programs that focus on case studies related to quality and technology. The Company regularly disseminates news on the latest technologies. Obayashi also established a system to enable the back-office departments at the head office to quickly respond to consultations from construction sites. The system was used numerous times in fiscal 2009, leading to significant advances in quality and technology.

Arrangement of Technology Presentations and Training Seminars

Enhanced employee capabilities, related to quality and technology, through presentations and training seminars

Obayashi enhances the knowledge and skills of its employees and promotes internal dissemination of information by regularly holding technology presentations, training seminars and liaison meetings. In fiscal 2009, Obayashi held a seminar to promote the implementation of a reinforcing bar arrangement inspection* support system: 158 employees, largely from construction sites, participated in the program. The inspection system aims to improve the quality management and efficiency of reinforcing bar arrangement inspections by pairing handheld terminals with digital cameras to centralize the management of inspection data. This enables the Company to quickly assess the progress of inspections and status of corrective work. The system has proven its effectiveness at 41 construction sites.

Additional information:
* Before concrete is poured, the arrangement of reinforcing bars must be checked to ensure they are arranged in accordance with architectural blueprints. This ensures the strength and durability of the reinforced concrete building.

Obayashi continues to conduct a range of training programs to ensure that each one of its employees is able to offer the level of quality demanded by its customers, and to further improve. To prevent multiple occurrences of quality defects, the Company will continue to develop a database for sharing information with employees.

Upcoming Challenges

Maintaining and improving quality by enhancing the management capabilities of its employees

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Developing of Technologies that Meet Customer Needs

Basic Policies

Responding to customer needs through the development of new technologies

The customer’s needs relate to the environment, functionality, quality, construction period, cost and other issues. Obayashi always considers a customer’s specific situation and technology needs as it strives to develop technological solutions that enable the Company to provide the most appropriate product or service.

Development of Environmentally Friendly Technologies

Proactively develop and offer technologies that contribute to minimizing the impact of construction on the environment

Obayashi develops a range of environmentally friendly technologies and combines them for proposals in a manner that most effectively meets the needs of the customer. The Company is also applying a wide range of the latest technologies in the construction of the new main building of the Technical Research Institute under construction. After completion, this facility will be a hub for developing technologies that meet the needs of customers (see page 34).

Furthermore, the URUP method developed by Obayashi enables a shield machine* starting at ground level, to bore underground and return to the surface to complete the tunnel in a single process. It is the first of its kind in Japan. This eliminates the need for cut-and-cover-type tunnel construction, thus reducing noise, vibration, and traffic congestion related to construction, as well cutting CO2 by 50% compared to the traditional construction method. This construction technology, which was developed with the goal of contributing to efforts to reduce traffic congestion and environmental impact around construction sites has been employed in four sites around Japan.

Additional information:
* Boring machine used in tunnel construction.

Obayashi is committed to developing renovation technologies that enable customers to continue to use existing buildings in a safe manner for as long as possible. The safety and security of occupants are the top priorities when renovating a building that remains in use, and at the same time, it is also important to comply with customers’ requirements that noise and vibrations be kept to a minimum while completing work in the shortest time possible.

Development of seismic strengthening and renovation technologies

Developed renovation technologies that meet customers’ needs and provide safety and security

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Obayashi’s 3Q Series is a seismic retrofitting construction method that provides high quality while minimizing noise, vibration, and construction period. The series includes three new technologies: the 3Q-Wall, which enables the construction of earthquake-proof walls without concrete casting; the 3Q-Column, which uses steel panels to enable the reinforcement of columns without on-site welding or painting; and the 3Q-Brace, which uses partitioned steel pipe that enables the reinforcement of reinforced concrete structures from the inside of the building without welding. The 3Q Series has been certified as a Highly Functional Building Technology by the General Building Research Corporation of Japan and has been used successfully in many projects.

Furthermore, Obayashi uses many methods for asbestos removal. Among them, the Company has developed a method to safely and quickly remove asbestos from inside elevator shafts, which can be particularly difficult. The method employs a temporary gondola in the shaft, thereby eliminating the need for erecting scaffolding. Using this technique, work can be completed efficiently over a long holiday, minimizing the disruption of the building occupants’ activities.

### Basic Policies

**Carrying out its work with the utmost care for the safety and security of its customers and the environment**

To ensure the safety and security of its customer, Obayashi operates in a safe and careful manner that places a priority on not only customer facilities and equipment but on the area and neighborhood surrounding construction sites.

### Implemented safety measures to protect areas surrounding project sites

Obayashi strives to maintain the safety of people who use facilities in the vicinity of its project sites. For example, in the case of projects in busy train stations, Obayashi develops elaborate plans to execute the work with minimal disruption to train operations and the movement of people, and uses a range of construction methods that adapt to changing conditions to maintain a safe environment.

Furthermore, in the case of the Tokyo Skytree® project, which is currently under construction, Obayashi is employing all possible measures to prevent objects from falling on nearby rail tracks.

The multilayered prevention efforts include a large temporary roof to cover the tracks, a vertical net surrounding the tower, and horizontal nets on each layer of the structure (see page 7).

### Pollution Prevention Measures

**Applied technologies to minimize the impact on the environment**

To minimize the impact on the natural environment surrounding a construction project, Obayashi employs a range of technologies and methods to meet the demands of each individual construction site. The Company also monitors its sites during

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**Topic**

The 3Q-Column method of strengthening reinforced concrete columns (developed in collaboration with other companies)

This technology uses small grooved reinforcing panels, which are built up around the column and filled in with mortar (a mixture of cement, sand, and water). As welding is not a necessary part of the process and the materials are light, the work can be carried out without the use of machinery.
Responsibility to Customers

Obayashi ensures safety by thoroughly implementing basic measures and carrying out its work in a manner that minimizes the impact on its customers and the surrounding environment. The Company will continue to strive to adopt construction methods and technologies that further mitigate that impact.

Upcoming Challenges

Carrying out strict safety management and adopting optimal methods and technologies

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Supporting Customers in Efforts to Minimize Disaster Risk

Basic Policies

Maintaining risk-reduction practices and a risk management system to respond to disasters

Obayashi is prepared to respond to a range of natural disasters that may affect its customers, including earthquakes or torrential rain. In the event that a customer is affected by a disaster, Obayashi maintains a support system that enables its customers’ operations to resume in a quick and timely manner.

Customer Support System in the Case of a Disaster

Using a mobile phone email service to share information promptly

When infrastructure such as bridges and dams, or facilities owned by Obayashi’s customers, are damaged in a disaster, significant social and economic losses are incurred in the time it takes to restore them to working order.

In fiscal 2009, Obayashi established an e-mail distribution system that notifies those in affected areas and responsible parties at headquarters of torrential rain, flood, high wind, and other warnings issued by the Japan Meteorological Agency. This move has strengthened Obayashi’s emergency system and rapid alert system for customers and local government agencies by enabling Obayashi’s regional offices and headquarters to share initial weather information along with earthquake information, which was previously available. The system proved effective in the efforts to restore the Tomei Expressway, which was damaged by the August 2009 Suruga Bay Earthquake (see pages 9 and 10).

Strengthening Business Continuity Management Support Service

Providing customers with appropriate risk-reduction measures

Obayashi’s business continuity management service includes a full range of solutions, from risk assessment to concrete proposals for mitigating risk from disasters. In fiscal 2009, Obayashi began offering a Business Continuity Measure Adoption Support Service to assist customers in implementing effective risk mitigation measures. The service estimates the time and cost of restoration work in case of a disaster, and proposes risk mitigation measures that suit each customer’s particular situation.

Certification of Basic Business Continuity

Obtained certification in commendation of the Company’s effective disaster preparations

In September 2009, Obayashi received a Certification of Basic Business Continuity in case of disaster from Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. This certification serves to endorse the Company’s internal risk management system and its practice of continually reviewing the system based on assessments of the effectiveness of drills conducted twice a year. In fiscal 2009, the drills focused on the early-stage response to an emergency situation and securing a contact system. The effectiveness of the system was confirmed through the drills.

Upcoming Challenges

Improving the Company’s system to better support customers in their implementation of risk mitigation measures

Obayashi will strive to more effectively meet the needs of customers by enhancing its internal systems to enable faster and more accurate gathering and sharing of information. The Company will continue to propose measures supporting the mitigation of disaster risk for the customer.
Creating a Dynamic Work Environment

Obayashi is striving to utilize diverse human resources and is making efforts to create a workplace environment and educational system that will enable the employees to demonstrate their abilities and grow together with the Company.

Utilizing Diverse Human Resources

Basic Policies

Respecting the humanity of individuals and creating workplaces with diversity

Based on its Corporate Philosophy to “Expand our individuality, yet respect humanity,” Obayashi is committed to creating a workplace environment where diverse human resources can demonstrate their individuality and abilities to the fullest and work dynamically, in good health and with pride.

Salary and Promotion Based on Fair Personnel Evaluations

Bringing out the best in individuals through fair personnel evaluations

In Obayashi’s personnel system, there is no gender gap in regards to positions and promotions. The foundation of the Company’s personnel system is fair pay and benefits based on fair personnel evaluation. Personnel evaluations are conducted every six months, after managers and their staff members thoroughly discuss goals and achievements on an individual basis. Employees are entitled to check the final results of the evaluations to ensure transparency and validity of personnel evaluations. The number of women managers is increasing every year; as of the end of March 2010, it had increased by 23 over the previous year to 143 women. Obayashi’s employees actively demonstrate their individual capabilities throughout the world.

Promoting Reemployment of Retirees

To utilize the skills of veteran employees, 645 retirees were reemployed

In April 2006, Obayashi introduced a system for rehiring retirees. The veteran employees who make use of this system pass down to younger employees the experience and expert knowledge.
Employment rate of disabled persons increased to 2.02%

As of the end of March 2010, Obayashi’s employment rate of disabled persons reached 2.02% (achieving the Company’s goal set at the beginning of the fiscal year) as a result of efforts to actively hire disabled persons, while developing new occupational fields for them. In the future, Obayashi will continue actively promoting the employment of disabled persons.

Promoting human-rights awareness through training programs and protecting human rights through a consultation hotline

Obayashi provides training on issues such as anti-discrimination and sexual harassment, to encourage a correct sense and awareness of human rights among employees. Besides training sessions, the Company has published guidelines on its intranet site and established a consultation hotline as measures to prevent sexual harassment. Obayashi is a member of the Industrial Federation for Human Rights, Tokyo, through which it works on human-rights promotion by exchanging opinions with other member companies. The Company will continue striving to raise awareness of human rights by holding training sessions on this issue.

Training for Employees of Group Companies Outside Japan

Seven trainees from Thailand and Vietnam selected, in effort to increase skills of employees outside Japan

Locally hired employees of group companies outside Japan were provided practical training in Japan with the aim of increasing the technical capabilities of the Obayashi Group. In fiscal 2009, four employees from Thai Obayashi and three employees from Obayashi Vietnam came to Japan to acquire new technical skills. Since then, the graduates of the training course have contributed to the growth of their own countries through their business activities in each group company.

Encouraging Employment of Disabled Persons

Employment rate of disabled persons increased to 2.02%

As of the end of March 2010, Oak Friendly Service, a special-purpose company, employs 46 staff members with intellectual and mental disabilities nationwide. The company provides Obayashi with office support as well as mail-sorting, printing, and cleaning services. We in the Welfare Support Section work together with the staff to create work opportunities for individual members that will make optimum use of their abilities. Staff members increase their skills through work tasks and utilization of those skill improvements leads to more efficient work performance of Obayashi employees. We also try to gradually improve communication with employees, which boosts their confidence and encourages them to engage in their work even more enthusiastically.

In the future, we will continue to take on various work challenges and aim to expand occupational fields.

Proactively Promoting Awareness of Human Rights

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Promoting Work-Life Balance

Basic Policies

Striving to improve work-life balance so that employees express individuality and work enthusiastically

Obayashi is striving to improve the work-life balance of its employees, in order to remain a bright, energetic corporate group where every employee can demonstrate his or her abilities to the fullest. The Company has implemented a variety of measures toward that end, including breaking the habit of long work hours, encouraging use of childcare-related benefits, and promoting the mental and physical health of its employees.

Reducing Total Working Hours

Average rate of taking annual paid leave improved by 3.1 points

Obayashi has been making efforts to encourage its employees to take time off and to reduce overtime work in response to the urgent issue of reducing total working hours in the construction industry, especially among on-site workers. In fiscal 2009, the total number of employees working at construction sites who utilized a system, introduced the previous fiscal year, for taking paid half-day leave increased by 355 to 2,917 employees. Before the start of long consecutive holidays, the Company also encouraged employees in all divisions to plan and take vacations. These efforts resulted in the average rate of taking annual paid leave improving by 3.1 points. At the same time, the Company strove to help manage employee health, including by instructing them to see a physician if their overtime work exceeded 80 hours a month. Since fiscal 2009, the Company has designated the third Wednesday of every month as a “No Overtime Day” and called on employees in all divisions to leave work on time.

Encouraging Utilization of Childcare-Related Benefits

Encouraging utilization of programs to support childcare and improving workplace environments

Obayashi offers a variety of programs to support employees who have children, including shortened work schedules for parents and maternity leave for spouses. Thanks to efforts to encourage utilization of these programs, including creating pamphlets that clearly explain the programs, users of the shortened work schedule system for parents increased by 27 in fiscal 2009 to 88 employees. Additionally, in October 2009 the Company established a Third Action Plan aimed at creating an environment that better supports work and family life; an action plan that is geared toward supporting the development of future generations. The Company has created and implemented concrete measures under this plan.

Third Action Plan
(Two years from October 1, 2009, to September 30, 2011)

1. Encourage employees to take childcare leave and achieve the following targets:
   - Have at least one male employee with a newborn baby take leave during the action-plan period
   - Have at least 85% of female employees with newborn babies take leave during the action-plan period.

2. Enhance the nursing care leave system (make it partially paid).

3. Consider and implement initiatives to create better working environments.

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Rate of Taking Annual Paid Leave

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>32.0</td>
</tr>
<tr>
<td>2006</td>
<td>32.8</td>
</tr>
<tr>
<td>2007</td>
<td>31.4</td>
</tr>
<tr>
<td>2008</td>
<td>35.7</td>
</tr>
<tr>
<td>2009</td>
<td>38.8</td>
</tr>
</tbody>
</table>

Rate = Days of annual paid leave taken / Days of annual paid leave given

Note: The values here differ from those reported in the CSR Report 2009. From this report, annual paid leave, carried over from the previous year, was excluded from the denominator.

Hiroshi Sasaki
Head, Headquarters Living Environment Division
Obayashi Corporation Employees’ Union

The labor union’s Living Environment Division makes efforts to enhance support systems in a wide variety of fields relating to living environments, including housing, childcare support, and welfare programs. We continuously undertake activities that meet the needs of union members, such as providing valuable information through the union’s in-house magazine, including information about health management and childcare support. In the future, we hope to work with the Company to create workplace environments where members can devote themselves to their work by lessening as much as possible their anxieties and burdens, including nursing care problems resulting from Japan’s falling birthrate and aging population, and thereby create good workplaces that enable enhanced work and family affairs and a balanced life.
Number and Utilization Rate of Employees Who Took Childcare Leave

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1 (0.3)</td>
<td>28 (90.3)</td>
</tr>
<tr>
<td>2006</td>
<td>0 (0.0)</td>
<td>39 (97.5)</td>
</tr>
<tr>
<td>2007</td>
<td>1 (0.4)</td>
<td>43 (97.7)</td>
</tr>
<tr>
<td>2008</td>
<td>1 (0.4)</td>
<td>43 (100.4)</td>
</tr>
<tr>
<td>2009</td>
<td>1 (0.4)</td>
<td>32 (97.0)</td>
</tr>
</tbody>
</table>

Utilization rate = Number who began taking childcare leave during the fiscal year / Number who had had babies during the fiscal year

Promoting Mental and Physical Health

Promoting mental healthcare and creating an environment where employees can work with peace of mind

Obayashi has strengthened its initiatives relating to the development of mental and physical health, and provided 52 training sessions on mental health in fiscal 2009. The Company is working to enable all employees to maintain their own mental health and to respond appropriately to others by acquiring correct knowledge about mental health.

Upcoming Challenges

Continuously upgrading systems and the workplace environment and raising employee awareness

In fiscal 2009, the total number of working hours was reduced slightly from the previous fiscal year, but the Company is by no means satisfied. Obayashi will continue making efforts to increase the rate of taking annual paid leave and to reduce overtime work. It will strive to disseminate a mindset of “rest when you can,” and will continue upgrading systems related to employee health management. The Company is also planning to establish an external consultation service to encourage the health management of employees working outside Japan.

Promoting Human Resources Development

Basic Policies

Developing human resources based on the belief that people are the Company’s most important management resource

Obayashi’s technological capabilities are underpinned by its employees. The Company has positioned human resources development as an important issue in recognition that people are its most important management resource.

Measures Based on a New Training Policy

New training policy and five measures established

In fiscal 2009, the Company identified educational challenges and established a new training policy and five measures with a view toward passing along technology and techniques, and strengthening the business development force. The new policy calls for improvement of conventional occupation-based training and on-the-job training (OJT) and the provision of training that develops human resources who understand business strategy and can take action.

Five Measures Based on New Training Policy

1. Implement business/work field-based training
2. Improve occupation-based training for younger staff members
3. Measures to increase the effectiveness of OJT (build an evaluation system that emphasizes education and self awareness)
4. Specify important qualifications and encourage acquisition of qualifications
5. Verify the training performance

Upcoming Challenges

Strengthen human resources development through implementation of the five measures

Obayashi will strengthen its human resources development by using the PDCA cycle to reliably implement the five measures based on the new training policy.
Teaming Up with Partner Companies

Aiming for Mutual Success

Recognizing its partner companies as integral to mutual success, Obayashi treats its partners fairly and justly, strives to strengthen relationships of trust, and offers them various support measures, including quality improvement.

<table>
<thead>
<tr>
<th>Action Objectives</th>
<th>Main Achievements in Fiscal 2009</th>
<th>Attainment Level</th>
<th>Corrections and Challenges in Fiscal 2010</th>
</tr>
</thead>
</table>
| Strengthen relationships of trust | ・Promoted CSR procurement  
・Provided technical support to partner companies (e.g., held study sessions for mechanical and electrical subcontractor companies twice each in Tokyo and Osaka, respectively)  
・Introduced electronic contracts for small contracts | O | ・Promote CSR procurement  
・Support training sessions held by partner companies (e.g., by dispatching instructors)  
・Streamline work processes through full-scale use of electronic contracts |

Strengthening Relationships of Trust

**Basic Policies**

**Strengthening partner relationships through fair and just treatment**

Working closely with partner companies is essential to delivering quality that will win the customer’s trust. Obayashi strives to strengthen its relationships with its partner companies through fair and just treatment. At the same time, it is streamlining work processes by digitizing forms. The Company also offers its partners support for quality management, technical improvement, and safety enhancement, in its pursuit of mutual growth and development.

**Promoting CSR Procurement**

**The Company’s CSR procurement policy**

Obayashi has established green-procurement guidelines and strives to reduce any procurement-related environmental impact. Going further, the Company has taken efforts to establish and implement a CSR procurement policy in line with its awareness of the importance of paying due consideration to other issues, in addition to the environment, such as compliance with laws and regulations and respect for human rights.

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* Procuring goods and services from suppliers that conduct CSR initiatives (e.g., environmental, human-rights, and compliance initiatives) instead of focusing only on quality and price.

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Supporting Training Sessions of Partner Companies

**Mutually pursuing improvement of quality, safety, and compliance**

Obayashi and its partner companies seek to mutually improve quality, safety, and compliance by periodically exchanging information in every region with the Rinyukai, which is an organization of Obayashi’s partner companies.

In fiscal 2009, compliance training on the topic of the Construction Business Act was led by instructors invited from outside the Company. The purpose was to deepen understanding of the law and ensure more thorough compliance. Study sessions were also held through various sectional meetings. In fiscal 2009, these sessions were held for mechanical and electrical subcontractor companies, twice each, in Tokyo and Osaka. The study sessions, which are on a different topic each time, provide opportunities for mutual enlightenment and exchanges of opinions.

Upcoming Challenges

**Continuing CSR procurement, training support, and strengthening of trusting relationships**

In fiscal 2010, the Company will continue CSR procurement initiatives. It will also continue supporting training sessions held by partner companies, including by sending instructors. Furthermore, in order to streamline work processes between the Company and partner companies, in fiscal 2010 Obayashi will digitize the submission and checking of forms related to safety and the Construction Business Act, in addition to electronic contracts.
For the Health and Safety of All Workers

Obayashi regards the safety of the many people who work on its construction sites to be a top priority. The Company strives to ensure the safety and health of each worker and to create comfortable workplace environments.

Preventing Occupational Accidents

Basic Policies

Ensuring construction site safety is a top priority, based on Obayashi’s Corporate Philosophy

Obayashi regards the safety of the many people who work on its construction sites to be a top priority. The Company established a Safety and Health Commitment toward “ensuring the safety and health of all workers at construction sites and to creating comfortable workplace environments.”

Aiming for “No Fatal Accidents”

“No fatal accidents” set as fiscal 2009 target and priority measures implemented

In order to fulfill its social responsibility as a company that contributes to society by providing safety and security, Obayashi again made “no fatal accidents” a fiscal goal (as it did the year before) of 2009 and implemented the following priority measures:

1. Prevent falling accidents
   Fully enforce the use of safety belts 1 and check the installation of safety equipment
2. Prevent machinery accidents
   Prevent accidents caused by: contact with vehicular construction machinery, cranes overturning, and the misuse of slings 2

3. Provide instruction and support to improve partner companies’ autonomous safety and health management
4. Create healthy workplace environments

October 1 to 31, 2009
Poster for Safety Belt Month
As one effort to prevent the fall accidents Obayashi designated April and October as Safety Belt Months and worked to ensure the use of safety belts and to eliminate injuries from fall accidents resulting from their non-use.

Three Major Campaigns for the Prevention of Occupational Accidents

Accident frequency rate improved 31.6% year-on-year

ATKY activities
Obayashi strives to prevent accidents through “ATKY activities.” The term combines ATK (which stands for the Japanese words anzen “safety”, tenken “inspection”, and kakunin “checking”) and KY (kiken “danger” and yochi “prediction”). The Company wants all its workers to understand the objective of these activities, to raise their awareness of safety, and to ensure implementation of ATKY activities at all construction sites.

1 Safety belt: A belt with a lifeline attached to prevent accidental falls.
2 Sling work: A series of operations required to carry a load to a specified position by use of a crane and hoisting attachment such as a wire rope.
Health and Safety at Construction Sites

Pointing out unsafe acts
Obayashi encourages all workers to recognize and alert fellow workers’ any unsafe acts, in order to prevent accidents at construction sites. The Company has striven to create an environment where workers can warn each other of danger.

Enhancing on-site inspections
The Company enhanced on-site inspections by Obayashi’s employees working at construction sites and supervisors from partner companies, with an emphasis on making sure instructions are followed, inspecting and checking safety equipment, and preventing unsafe acts.

<table>
<thead>
<tr>
<th>Occupational safety frequency rate</th>
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</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2006</td>
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<td>2007</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2009</td>
</tr>
</tbody>
</table>

Notes:
1. Frequency rate of accident occurrence: ratio of casualties per million work hours.
2. Figures besides those for Obayashi are quoted from the results of a 2009 Government Survey on Industrial Accidents.

<table>
<thead>
<tr>
<th>Occupational safety severity rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
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</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2009</td>
</tr>
</tbody>
</table>

Notes:
1. Severity rate: ratio of lost work days per 1,000 work hours.
2. Figures besides those for Obayashi are quoted from the results of a 2009 Government Survey on Industrial Accidents.

Creating Healthy Workplaces

Incidence of heat stroke at construction sites reduced by 40%
Health management for workers is the most basic measure for preventing occupational accidents. Accordingly, Obayashi and its partner companies are moving to create workplaces where due consideration is given to the health of all people working at their construction sites. For example, efforts have been made to prevent heat stroke, which had affected many people as a result of the fierce heat in the past few years. Heat stroke is a general term for impairments of body temperature regulation and circulatory function that arise under conditions of high temperature and humidity. Cases of heat stroke are concentrated in July and August. Obayashi used morning meetings, safety conferences, and other opportunities to instruct workers in the prevention and treatment of heat stroke and to provide information such as temperature forecasts and heat indexes. During National Safety Week (July 1 to 7), the Company distributed salt candies and sports drinks to workers and reminded them to frequently replenish fluids and electrolytes during work. These efforts resulted in the incidence of heat stroke being reduced by almost 40% in fiscal 2009 compared to the previous year.

Safety Laws Digest Revisions

Revising the Safety Laws Digest to reflect regulation amendments
In September 2009, Obayashi revised its Safety Laws Digest to reflect amendments to Occupational Safety and Health Regulations made in June 2009. The Digest, which clearly explains safety and health laws, is also sold by an independent publisher and is used widely throughout the construction industry as well as by other industries.

Special patrol of the Nishiwaki Tunnel construction site (July 2009)
Health and Safety at Construction Sites

Sling skills improvement training to prevent accidents (held four times in fiscal 2009)


Obayashi Wins Minister of Health, Labour and Welfare Award for Safety and Health

The awards ceremony

Although Obayashi set a goal of “no fatal accidents,” unfortunately one fatal accident occurred in fiscal 2009. Nevertheless, the number of accidents had declined by about 40% compared to fiscal 2008. Obayashi believes this decline was the result of its steady, daily efforts.

The Company will persevere with the goal of “no fatal accidents,” and will strive to ensure the safety and health of all workers at construction sites, as it strengthens priority measures aimed at achieving that goal.

Training and Supporting Partner Companies in Safety and Health Management

Basic Policies

Collaborating with partner companies to ensure safety at construction sites

Employees of partner companies and many other people besides Obayashi’s employees work at its construction sites. Accordingly, the Company strives to improve the level of safety and health at construction sites in cooperation with the Obayashi Accident Prevention Association, organized by Obayashi’s partner companies.

Safety and Health Training for Partner Companies

Helping to improve partner companies’ autonomous safety and health management abilities

Obayashi is working with partner companies to improve safety and health, through such methods as safety patrols and safety and health training sessions. The Company also actively provides support to develop and enhance management systems with the aim of improving partner companies’ autonomous safety and health management abilities.

In fiscal 2009, the Company once again held various health and safety training sessions at locations around Japan.

Upcoming Challenges

Continue striving for “no fatal accidents” and to ensure the safety and health of all workers

Continuing support of partner companies through safety and health training

In fiscal 2009, Obayashi supported its partner companies by providing safety and health training according to plan. Partly as a result of this effort, supervisors from six partner companies were honored at the Fiscal 2009 Minister of Health, Labour and Welfare Awards for Supervisors ceremony with an Excellent Safety Record.

Obayashi will continue providing instruction and support, with the aim of improving partner companies’ autonomous safety and health management abilities.
Initiatives Taken with Partner Companies Toward Achieving Zero Accidents (Nagoya Branch)

Between fiscal 2005 and 2007, an average of about ten occupational accidents occurred at construction sites under the management of Obayashi's Nagoya Branch. Alarmed by this situation, the Nagoya Branch set a “zero major accidents” target. Working together with partner companies, it developed initiatives aimed at achieving Obayashi’s Safety and Health Commitment to “ensuring the safety and health of all workers at construction sites and creating comfortable workplace environments.” Ensuring safety at construction sites is a never-ending challenge that cannot be achieved without everyone, from Obayashi’s top management to employees of partner companies, working together, steadily and assuredly, and continuing efforts earnestly. Below is an account of the Nagoya Branch’s improvements as an example.

**Continuous Improvement**

The branch will make proactive efforts to effectively utilize the Heat Stroke Prevention Book and the Heat Stroke Prevention Five (five slogans for preventing heat stroke) and other methods created by the Rinyukai Improvement System Committee. The branch also established a special award system by the branch head to raise the motivation of partner companies and individuals, and continually maintain safety awareness. The award honors partner companies with particularly excellent safety records and outstanding supervisors who are particularly skilled and safety conscious. Going forward, the branch will continue its ongoing efforts with partner companies to eliminate accidents.

**Nagoya Branch Safety System**

<table>
<thead>
<tr>
<th>Obayashi Nagoya Branch</th>
<th>Nagoya Rinyukai</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Monthly informal Rinyukai meetings attended by branch managers and Rinyukai managers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Communication and agreement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>The Rinyukai Improvement System Committee consists of 69 Rinyukai corporate members and 21 Obayashi employees</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Establishment of improvement measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Nagoya Branch</strong></td>
<td></td>
</tr>
<tr>
<td>Six district safety and health councils</td>
<td></td>
</tr>
<tr>
<td>Nagoya South-East, Nagoya North-West, Miki, Gifu, and Shizuoka</td>
<td></td>
</tr>
<tr>
<td><strong>NOAPA</strong></td>
<td></td>
</tr>
<tr>
<td>Six steering committees</td>
<td></td>
</tr>
<tr>
<td>General affairs, PR, accident prevention, training, welfare, and purchasing, and patrols</td>
<td></td>
</tr>
<tr>
<td><strong>Spread improvement measures to Obayashi’s construction sites</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Disseminate Obayashi’s Safety and Health Commitment to everyone who works at construction sites</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foster initiatives with shared awareness</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Dramatically reduce occupational accidents**

**Improve-Focused Review**

To start, the branch office raised the its commitment to preventing heat stroke, which at the time had been occurring frequently as a result of the intense summer heat. Approaching this issue from multiple angles, it tried to change the safety awareness of everyone working at construction sites and translate this into prevention of other occupational accidents.

**Steady Effort**

First, branch managers and managers of the Obayashi Nagoya Rinyukai, an organization of the branch’s partner companies, started holding informal meetings once a month. This resulted in strengthened communication and agreement regarding safety and the prevention of heat stroke.

Next, a Rinyukai Improvement System Committee consisting of branch managers and corporate members of the Rinyukai was launched. “Heat stroke prevention and countermeasures” was raised as a topic and the committee worked with partner companies to implement improvement measures.

Branch managers and the Nagoya branch of the Obayashi Accident Prevention Association (NOAPA) conducted joint safety and health patrols at safety and health councils in six districts. Agreements from the branch safety and health councils were then autonomously expanded activities, including campaigns based on guidance in the branch’s safety and health measures. The district safety and health councils cooperate with the site managers in each district to carry out efforts suited to each construction site situation. I think that ensuring safe on-site work was the result of these activities, in combination with coordination with the Rinyukai Improvement System Committee. In the future we will continue pushing our activities forward based on concrete policies.

**Results**

The continuation of these initiatives under the branch management’s strong commitment to eliminate accidents and the leadership of site managers resulted in Obayashi’s Safety and Health Commitment being disseminated all the way to the workers of partner companies. A shared awareness regarding the initiatives was fostered and led to a dramatic decrease in the numbers of occupational accidents.

**Number of accidents**

<table>
<thead>
<tr>
<th>Year (fiscal year)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>14</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: Accidents that resulted in more than four days of lost work.

**VOICE**

Masahiko Hoshino
President, Nagoya Branch
Obayashi Accident Prevention Association

NOAPA’s activities are carried out by six steering committees and six district safety and health councils. The subcommittees autonomously expand activities, including campaigns based on guidance in the branch’s safety and health measures. The district safety and health councils cooperate with the site managers in each district to carry out efforts suited to each construction site situation. I think that ensuring safe on-site work was the result of these activities, in combination with coordination with the Rinyukai Improvement System Committee. In the future we will continue pushing our activities forward based on concrete policies.
### Environmental Initiatives

**Passing on a Better Environment to the Future**

Obayashi’s Corporate Philosophy declares its commitment to staying “in harmony with nature.” The Company pays due consideration to the environmental effects of all its business activities, strives to preserve the environment, and contributes to the creation of a society in which sustainable development is possible.

#### Major Issues and Mid-Term Objectives

Obayashi is carrying out environmental initiatives in order to address five major issues and setting mid-term objectives for fiscal 2012, as outlined below.

**Five Major Issues Targeted by the Fiscal 2012 Mid-Term Objectives**

<table>
<thead>
<tr>
<th>Global Warming Countermeasures</th>
<th>Chemical Substance Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduce LCCO₂ emissions from the buildings that Obayashi designs by 30%, compared to standard buildings</td>
<td>• Propose to reduce the use of hazardous chemical substances and promote the proper control of chemical substances</td>
</tr>
<tr>
<td>• Reduce CO₂ emissions from construction work by 55%, compared to fiscal-1990 level*</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction Waste Management</th>
<th>Ecosystem Conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieve the zero emissions standard for construction waste at more than 90% of construction sites</td>
<td>• Make proposals for and undertake research and development on ecosystem conservation and promote reduction of impacts on the natural environment and ecosystems</td>
</tr>
<tr>
<td>• Achieve a recycling rate of 98% or more</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Green Procurement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieve a green procurement rate for construction materials and machinery of at least 45%</td>
<td></td>
</tr>
</tbody>
</table>

---

* In fiscal 2009, Obayashi attained its mid-term objective of reducing CO₂ emissions from construction work by 46% and then raised the objective to 55%.
Environmental Initiatives

Reducing Impact on the Natural Environment and Ecosystems

Basic Policies

Considering each action’s effects on biodiversity and lessening those effects in all aspects of our business activities

Obayashi believes that it is important for all employees to realize the benefits people receive from biodiversity and the effects that the Company’s activities have on biodiversity. Likewise, it is important for the Company to lessen those effects and to ensure that, throughout its business activities, efforts are being made to preserve the environment. Obayashi strives to conserve biodiversity through research and development, as well as the proposal, design, and construction of green spaces. It is also committed to reducing impact from construction sites.

Policy on Biodiversity Conservation

Carrying out initiatives to conserve biodiversity

In fiscal 2008, the Company started formulating a company-wide policy in order to more assertively carry out initiatives that had thus far been conducted in individual projects. In May 2009, the CSR Committee finalized the policy. Efforts were taken to increase awareness of the policy within the Company by distributing a CSR Report, including the policy, to all employees. In addition, CSR Report briefings and training sessions, covering case studies of proposals for environmental technology and giving consideration to biodiversity, were held.

Considering to Biodiversity in Design and Construction

Environmentally responsible designs and construction and their effect on the future

Obayashi makes proposals that take into account the customer’s requests and the surrounding conditions. The Company promotes urban greening as well as designs and landscaping that match the local vegetation. It has also obtained valuable data from biological surveys conducted during past large-scale greening projects in urban areas. The Compost Shuttle System developed by Obayashi is a method for recycling sludge and logging scraps from construction sites and transforming them into soil for greening. The Company has confirmed that soil made with this method is effective for use with native plant species, since seeds from weeds are kept out. At construction sites, the Company engages in activities that control and minimize changes in the natural environment and ecosystem, as provided in Obayashi’s environmental management system. In fiscal 2009, these activities were conducted at 58 construction sites.

Examples of Biodiversity-Conservation Activities at Construction Sites (Fiscal 2009)

Considerations for plants
- Minimized logging of existing trees by reducing the construction area and changing construction methods
- Conserved and transplanted existing trees within construction sites
- Used soil-stabilization materials with less impact on surrounding vegetation
- Prohibited entry to green areas and prevent dispersion of dust
- Used native plant species in greening for slope protection

Considerations for animals
- Moved rare fish outside the area affected by the construction site
- Installed oil discharge prevention screens, taking into consideration the swimming courses of sweetfish, during construction in rivers
- Minimized nighttime lighting as much as possible
- Gradually expanded the scale of construction work to reduce the effect on rare birds of prey
- Limited the height of cranes to avoid collisions with migrating birds

General
- Conducted surveys of rare plants and animals before starting construction work
- Provided instruction on consideration and protection methods for rare plants and animals to new staff at construction sites

Upcoming Challenges

Ensuring the thorough dissemination of the biodiversity conservation policy and strengthening related activities throughout the Company

Given that internal dissemination of the Policy on Biodiversity Conservation could be insufficient, the Company will continue its efforts to raise awareness. Preservation of biodiversity was incorporated into the medium-term business plan revised in fiscal 2010. Going forward, Obayashi will strengthen strategic activities and strive to contribute further to the preservation of biodiversity.
Reducing Greenhouse Gas Emissions

Basic Policies

Reducing overall CO₂ emissions from customers and society through planning, design, and construction

The bulk of CO₂ (LCCO₂) emissions are generated throughout the life cycle of building and during the production of construction materials and machinery. While these emissions may not be the direct result of its business activities the Company can help to significantly reduce the overall CO₂ emissions through its involvement in a building’s planning and design. Moreover, as a leading company in the construction industry, Obayashi sets strict limits on CO₂ emission from its own construction activities and works hard to reduce emissions of greenhouse gases.

Reducing CO₂ Emissions from Construction Sites

CO₂ emissions reduced by 55% compared to the fiscal-1990 level by optimizing construction-work procedures

Greenhouse gas emissions at construction sites are mostly from construction machinery and vehicles. In addition to developing efficient construction plans and employing efficient construction methods, Obayashi has continued to encourage fuel-efficient driving and the reduction of idling engines. The Company is also taking steps to use more energy-efficient lighting at construction sites and to save energy at site offices.

Gross CO₂ Emissions from Construction Work

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions (Ten thousand tons CO₂)</th>
<th>Reduction rate (%) (base year: 1990)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>32</td>
<td>25.6</td>
</tr>
<tr>
<td>2006</td>
<td>26.4</td>
<td>26.4</td>
</tr>
<tr>
<td>2007</td>
<td>21.5</td>
<td>21.5</td>
</tr>
<tr>
<td>2008</td>
<td>20.3</td>
<td>20.3</td>
</tr>
<tr>
<td>2009</td>
<td>16.9</td>
<td>16.9</td>
</tr>
<tr>
<td>2012</td>
<td>16.9</td>
<td>16.9</td>
</tr>
</tbody>
</table>

Note: The values differ from those for fiscal 2008, since they are limited to calculations for buildings under the “offices, etc.” category, of which a large number were designed by Obayashi.

LCCO₂ reduced by 27% compared to standard buildings by assertively proposing environmentally friendly technology and designs

Obayashi selects and proposes environmentally friendly building technology based on the customer’s needs as well as its own expertise in sustainable architecture. For buildings in the category of “offices, etc.” designed by Obayashi in fiscal 2009, the Company achieved an overall 27.1% reduction in LCCO₂ compared to standard buildings.

<table>
<thead>
<tr>
<th>Year</th>
<th>LCCO₂ reduction rate (%) (compared to standard buildings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.6</td>
</tr>
<tr>
<td>2008</td>
<td>2.0</td>
</tr>
<tr>
<td>2009</td>
<td>2.3</td>
</tr>
<tr>
<td>2012</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Obayashi is part of a business network whose establishment was based on the understanding that the industrial community, with a reasonable sense of urgency on the issue of climate change, should proactively work toward the goal of a sustainable, low-carbon society. For such an endeavor, in addition to promoting its own activities, the Company will make proposals to the government and society, from the standpoint of the industrial community and as a member of Japan-CLP.

Participation in the Japan Climate Leaders’ Partnership (Japan-CLP)

Obayashi is actively moving toward its goals of reducing CO₂ emissions from construction work by 55% compared to the 1990 level and LCCO₂ by 30% in buildings designed by the Company compared to standard buildings in fiscal 2010.

Becoming a Low-Carbon Society

At the 2009 G8 Summit in L’Aquila, a consensus was reached to halve global greenhouse gas emissions by 2050. The Government of Japan has announced goals of reducing emissions in 2020 by 25% from the 1990 level and by 80% in 2050. Recently, Obayashi established a Global Warming Solutions Department, in its Engineering & Technology Division. Through the new department, the company will help its customers scale down their carbon emissions, in response to restrictions on emissions of greenhouse gases, and simultaneously make assertive proposals that will strengthen their competitiveness. There are two major countermeasures against global warming: one is mitigation, which aims to stabilize the density of greenhouse gases in the atmosphere by reducing emissions of the gases causing global warming. The other is adaptation, which alleviates the effects that accompany climate change, such as rising temperatures and sea levels. Obayashi leverages its technology as a core for supporting the realization of a low-carbon society, using both of these approaches. The company is committed to mitigating climate change and contributing to a sustainable society.

Main Initiatives

<table>
<thead>
<tr>
<th>Field</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitigation</td>
<td>Creating low-carbon facilities (new construction and renovation)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creating low-carbon cities</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creating low-carbon energy</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creating low-carbon construction work</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preparing against natural disasters</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptation</td>
<td>Measures against infectious disease</td>
</tr>
<tr>
<td></td>
<td>Measures against global warming</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supporting Customers’ Energy-Saving Activities

Canon Marketing Japan Inc.’s Canon S Tower—the management of which is consigned to Obayashi Group company Obayashi Facilities Corporation—was designed and constructed as an energy-saving building. Although it was a success in this endeavor, the customer requested further energy savings. In addition to positive efforts for promoting energy savings, such as conducting surveys and investigations and hearing the building users’ requests, the customer also made active use of Obayashi’s know-how, including devising air-conditioning schedules. The overall result was a 22.2% reduction in CO₂ emissions from energy use over two years. Thanks to this initiative, the customer won a Director’s Award from the Kanto Bureau of Economy, Trade and Industry at the Fiscal 2009 Kanto Energy Conservation Best Practices Presentation.

In the future, Obayashi Facilities will continue striving to improve the energy efficiency of the building’s management.

Development of Low-Carbon Concrete

The manufacture of 1 m³ of common concrete generates about 300 kg of CO₂ emissions. Obayashi has developed concrete whereby CO₂ emitted during production is reduced by roughly 80%. If this low-carbon concrete were exclusively used in Japan, it would reduce gross CO₂ emissions by as much as about 2%. Going forward, the company will pursue commercialization of this concrete.

New Carbon-Neutral Main Building for the Technical Research Institute

Most progressive environmental consideration is one of the themes of the new main building of Obayashi’s Technical Research Institute, which is scheduled to be completed in fall 2010. CO₂ emissions during building use will be cut by 55% through architectural and equipment design that balances comfort and energy savings and through the active use of natural energy. The remaining 45% of emissions will be offset with the purchase of carbon credits, using some of the light and fuel expenses saved, thereby creating a carbon neutral building. The building has been selected by the Ministry of Land, Infrastructure, Transport and Tourism as a leading project with outstanding feasibility and placed among the ministry’s Fiscal 2009 (Second) Model Projects for Housing and Buildings to Reduce CO₂ Emissions. Obayashi will assertively utilize the knowledge and know-how it gains from this project in future customers’ buildings.

Achievement of Carbon Neutrality

Example technologies adopted

Passive systems

- Ecological roof system (roof light using daylight, use of waste heat and warm air: solar power); thermal buffer system (control of solar radiation + buffer air conditioning); natural ventilation system; natural water use system (reuse of rainwater and well water)

Active systems

- New personal radiation air conditioning system based on separation of latent and sensible heat; moderate temperature cooling water (latent heat) and thermal storage system; underground-heat-driven heat pump system with well-water hybrid system; new lighting and air-conditioning system using IC tags

Management systems

- CO₂-reduction support system based on natural air ventilation of offices; visualization system
Reducing Gross Amount of Construction Waste and Increasing Recycling Rate

Basic Policies

Leading the industry in zero-waste-emissions activities

Taking the lead in the industry, Obayashi has been working on zero-emissions activities since 1999. As of 2005, the Company has expanded these activities to all construction sites and is striving to curb the generation of waste and to reduce the amount of final disposal waste. It is also assertively promoting the use of an electronic manifest with a view toward ensuring proper disposal.

Promoting Zero Emissions of Construction Waste

Working towards to improving the recycling rate and achieving zero emissions

Obayashi has tried a number of methods to achieve zero emissions at construction sites, including factory processing construction materials, minimization of packaging, thorough separation of waste according to type, tours of waste-disposal facilities to raise the awareness of persons concerned with construction work, and the solicitation of slogans.

In fiscal 2009, a change in the balance between new construction work and demolition work reduced the discharge rate for materials such as chunks of concrete, which have a high recycling rate.

Properly Controlling Chemical Substances and Reducing Their Use

Basic Policies

Countermeasures against the “sick-house syndrome” and the proper treatment of hazardous substances

During each stage of the project, from proposal to design and construction, the Company gathers information on and properly manages chemical substances, and implements measures to reduce the use and effects of hazardous chemicals. In addition to treating polluted soil, Obayashi implements sick-house-syndrome countermeasures during the design stage and new construction and renovation work, and puts priority on the proper treatment of construction waste containing hazardous chemicals such as asbestos during renovation and demolition work.

Disseminating Chemical Substance Control Technology

Obayashi’s contaminated soil purification technologies receive high praise from outside the Company

Obayashi would like its soil-contamination technologies to be useful to society. Accordingly, the Company applied to the call for applications by the government of Tokyo for new technologies relating to treatment of contaminated soil at the planned site for a new fish market in Toyosu. Four of Obayashi’s technologies, including its R Cubic soil-washing system and Bio Heat Pile method, received the highest rating of S (exceptionally effective), for which 13 technologies were selected as a whole.

Performance fell slightly below that of fiscal 2008 as a result.

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste amount (Thousands of tons)</th>
<th>Demolition</th>
<th>New construction</th>
<th>Recycling rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1,536</td>
<td>95.7</td>
<td>1,246</td>
<td>95</td>
</tr>
<tr>
<td>2006</td>
<td>1,331</td>
<td>1,321</td>
<td>1,503</td>
<td>97.8</td>
</tr>
<tr>
<td>2007</td>
<td>1,171</td>
<td>1,385</td>
<td>1,125</td>
<td>97.1</td>
</tr>
<tr>
<td>2008</td>
<td>1,125</td>
<td>1,291</td>
<td>1,044</td>
<td>97.6</td>
</tr>
<tr>
<td>2009</td>
<td>1,315</td>
<td>1,204</td>
<td>1,351</td>
<td>98</td>
</tr>
<tr>
<td>2012 (Target)</td>
<td>1,385</td>
<td>1,254</td>
<td>1,321</td>
<td>98</td>
</tr>
</tbody>
</table>

Upcoming Challenges

Improving performance by sharing knowledge and know-how of successful activities at each construction site among all construction sites

Obayashi has set the goals for fiscal 2010: at least 86% of construction sites achieve the Company’s zero emissions standards, and the sites as a whole attain a recycling rate of 98%.

Developing technologies for the reduction, control, and treatment of hazardous chemical substances

The Company will endeavor to introduce its own technologies, including for contaminated-soil purification and asbestos treatment, while pursuing key technology development. It will also reduce and properly control its use of hazardous chemicals at its facilities.
Promoting Green Procurement

Basic Policies

Expanding environmental activities by purchasing environmentally friendly materials and machinery

The resolution of environmental problems requires the improvement of different actors that make up society, such as producers and consumers, to fulfill their respective roles. Obayashi has established a green-procurement guideline to expand the scope of its environmental activities and to make efforts to procure environmentally friendly office supplies, construction materials, and machinery.

Revised Green-Procurement Rate* for Construction Materials and Machinery

To assess and reduce the building materials used for calculating the Green-Procurement Rate

With a 16.1% rate of green procurement in fiscal 2009, the Company did not achieve its target for the fourth consecutive year. In fiscal 2010, Obayashi reviewed the number of targeted green-procurement items and reduced them from 37 to 8, with the intention to perform more appropriate calculations.

Increasing Environmental Awareness

Basic Policies

Educating employees, emphasizing compliance with environmental laws

The Company uses a variety of methods to increase the environmental awareness of its employees, focusing on compliance with environmental laws, in order to avoid serious effects on the environment as a result of inadequate awareness and dissemination of information, and to increase the effectiveness of environmental activities.

Environmental Law Inquiry Service

Serially publicizing inquiries and replies relating to environmental laws across the Company

Specialist staff members at the in-house environmental law inquiry service respond to various inquiries from throughout the Company, including constructions sites. Important content from the replies to the nearly 1,300 inquiries received each year is publicized in-house as the Environmental Laws Q & A. This bulletin has been issued a total of 537 times as of the end of fiscal 2009. Furthermore, in fiscal 2009 the Company developed an in-house database to aid in referencing information compiled thus far.

Overview of Nonconformity and Responses (Fiscal 2009)

Below are four cases covered in the environmental management system performance report

Part of the road above an excavator caved in (about 15cm) during underground excavation work. The caved-in portion was restored. The equipment, construction control system, and control methods were improved to prevent a recurrence.

Water used in a performance test of rainwater drainage equipment installed at a newly built plant site was released into a river without being sufficiently neutralized. The remaining water in the rainwater drainage equipment was properly treated and released into a public sewer. Part of the rainwater drainage equipment was improved to prevent a recurrence. Information on the incident was disseminated within the Company.

Construction began without submitting a notification required under the Construction Waste Recycling Law. The notification, a report, a detailed recounting of the incident, and a written pledge were submitted to the local authorities. Employees were reeducated about work procedures to prevent a recurrence.

A periodic effluent inspection by local authorities identified drainage discharge with a water quality not complying with acceptable standards. Drainage equipment was improved. Continual monthly voluntary inspections of water quality were implemented.
Commendations for outstanding in-house environmental activities to increase employee awareness

The Company held the First Obayashi Environmental Conference in June 2009. The 2010 Obayashi Environmental Award was open to all Group companies for their environment, activities conducted in 2009. The winners were selected from among 53 applications for one grand prize, five awards of excellence, and two awards for community contribution. The Second Obayashi Environmental Conference, held in June 2010, was attended by 333 people. The conference featured an awards ceremony, case-studies presentations, and a speech entitled “A Vision for Japan in the 21st Century: Aspiring to be a Leader in Solving Emerging Issues,” by Hiroshi Komiyama, chairman at Mitsubishi Research Institute, Inc.

**2010 Obayashi Environmental Award**

**Grand Prix**
Ultimate zero-waste-emissions efforts during construction work on the NEC Corporation’s Tamagawa Solution Center

**Award of Excellence**
- Use of the URUP method to reduce CO₂ emissions from construction work (see page 19)
- Development of the Compost Shuttle System, a recycling-based greening technology that takes the ecosystem into consideration (see page 32)
- Obayashi Technical Research Institute New Main Building Design of Project to reduces CO₂ emissions by 55% (see page 34)
- Comprehensive environmental impact countermeasures during tunnel construction: use of refillable containers, adoption of energy-saving lighting, adoption of exhaust gas purifiers, etc.

**Award for Community Contribution**
Environmental initiatives at Shuparo Dam Joint Venture: reduction of CO₂ emissions, etc.

Composting of logging scraps from road maintenance work and the donation of unicorn beetle larva in compost as environmental teaching material (Obayashi Road Corporation)

**Upcoming Challenges**

Surveying and disseminating internal and external information to channel into actual compliance and environmental activities

Obayashi will heed the provisions and objectives of environmental laws and accurately ascertain the needs of customers, communities, and society. Then, in order to increase company-wide awareness so that employees recognize the importance of these matters, the Company will conduct environment-related training and promote compliance initiatives.

---

**Environmental Accounting**

**Environmental Conservation Costs**
- Handling environmental damage
- Social activities
- R&D
- Management activities
- Upstream/downstream
- Business-related

<table>
<thead>
<tr>
<th>Year</th>
<th>Handling</th>
<th>Social</th>
<th>R&amp;D</th>
<th>Management</th>
<th>Upstream/downstream</th>
<th>Business-related</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>275</td>
<td>16</td>
<td>0.12</td>
<td>0.16</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>2006</td>
<td>278</td>
<td>18</td>
<td>0.24</td>
<td>0.16</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>2007</td>
<td>270</td>
<td>18</td>
<td>0.24</td>
<td>0.16</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>2008</td>
<td>236</td>
<td>10</td>
<td>0.38</td>
<td>0.14</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>2009</td>
<td>202</td>
<td>10</td>
<td>0.38</td>
<td>0.14</td>
<td>8</td>
<td>13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (Hundred million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>350</td>
</tr>
<tr>
<td>2006</td>
<td>300</td>
</tr>
<tr>
<td>2007</td>
<td>250</td>
</tr>
<tr>
<td>2008</td>
<td>200</td>
</tr>
<tr>
<td>2009</td>
<td>150</td>
</tr>
</tbody>
</table>

**Environmental Efficiency Indexes**
- CO₂ emissions
- Construction waste discharges
- Green procurement

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ emissions (Tons CO₂)</th>
<th>Construction waste discharges (Tons)</th>
<th>Green procurement (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4.33</td>
<td>300</td>
<td>28</td>
</tr>
<tr>
<td>2006</td>
<td>5.31</td>
<td>300</td>
<td>24</td>
</tr>
<tr>
<td>2007</td>
<td>4.84</td>
<td>300</td>
<td>28</td>
</tr>
<tr>
<td>2008</td>
<td>5.01</td>
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<td>28</td>
</tr>
<tr>
<td>2009</td>
<td>6.64</td>
<td>300</td>
<td>28</td>
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</tbody>
</table>

**Obayashi Group Environmental Data**

**CO₂ Emissions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Obayashi Group</th>
<th>Network member companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>364</td>
<td>98.9</td>
</tr>
<tr>
<td>2006</td>
<td>361</td>
<td>98.2</td>
</tr>
<tr>
<td>2007</td>
<td>311</td>
<td>97.7</td>
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<td>302</td>
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</tr>
<tr>
<td>2009</td>
<td>262</td>
<td>86.7</td>
</tr>
</tbody>
</table>

Note: The higher figures indicate greater efficiency.
Note: Obayashi selects group companies with a relatively large impact on the environment and establishes a network in order to strengthen environmental initiatives group-wide.

Member companies in the Obayashi Group-Wide Environmental Conservation Network (fiscal 2009)

**Construction-related**: Obayashi Road Corporation, Naigai Technos Co., Ltd., Oak Setsubi Corporation, Obayashi Facilities Corporation, Soma Environmental Service Corporation

**Real estate/development**: Obayashi Real Estate Corporation

**Other businesses**: Mutsuzawa Green Development Co., Ltd., Ibaraki Green Development Co., Ltd., Le Pont De Ciel, Oak Information System Corporation

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1 Office, Technical Research Institute; Machinery Works, Equipment Center
2 All the following waste materials except general waste from project offices
3 Industrial waste including construction sludge and chunks of concrete; Industrial waste subject to special controls such as asbestos
Teaming Up with Communities and Society

Considering the Growth of Communities and Society

As a member of society, Obayashi aims for harmony with communities and society and for development of the construction culture by building good relationships with communities, promoting positive social contribution, and conducting open public relations.

Undertaking Social Contribution Activities

Basic Policies

Focusing on community contribution, support for education and academic research, and promotion of construction culture

In line with its Corporate Philosophy to “stay in harmony with nature; blend in with local societies; and put our hearts into creating a more vibrant, richer culture,” Obayashi always considers what it can contribute to each locality, in and outside Japan, and then acts. The Company is developing actions centered on the areas of community contribution, support for education and academic research, and promotion of the construction culture. At the same time, it enthusiastically carries out community-based initiatives and seeks good communication with society.

Community Contribution

Developing community-based actions in each locality in and outside Japan

Library donated to elementary school (Thai Obayashi Corporation Limited)

Group company Thai Obayashi Corporation Limited has been donating libraries to elementary and junior high schools since 2007. In December 2009, it donated bookcases and books to a kindergarten/elementary school in a mountainous region in western Thailand. It also built and donated toilets and a hand-washing station to the school. In the future the company will actively continue these activities.

Extracurricular class held at an elementary school (Shuparo Dam Joint Venture Project Office)

Obayashi held an extracurricular course for 29 fourth-graders from an elementary school near the Shuparo Dam construction site in the city of Yubari. The course was planned with the aim of drawing children’s attention to the great nature in Yubari and the creatures that live there, by having them collect insects in a nearby field and learn about that ecosystem and the history of Mt. Yubari. Other courses will be offered in the future.

Raising guide dogs at the Shimane Asahi Rehabilitation Program Center (Shimane Asahi Social Support Co., Ltd.)

Obayashi is involved, as a private finance initiative (PFI*), in the maintenance and operation of the Shimane Asahi Rehabilitation Program Center, which is a prison in Shimane Prefecture. In cooperation with the Japan Guide Dog Association (JGDA) and the Ministry of Justice’s Correction Bureau, the center operates a guide dog puppy project, in which inmates raise guide dog candidates. Obayashi hopes to help create a better society by contributing to the rehabilitation of inmates and the guide dog training program through the raising of puppies in cooperation with local volunteers.

* A method of providing more efficient, high-quality public services by utilizing private-sector funds, technology, and know-how in the construction, operation, and maintenance of public facilities.
Supporting academic research on cities and education for children

The Obayashi Foundation’s grants program
The Obayashi Foundation subsidizes academic research on cities. In fiscal 2009, it made grants totaling 27.01 million yen for international conferences and exhibitions, in addition to offering grants to researchers. Zhou Ganshi, a professor at Tsinghua University, was selected as the recipient of the Sixth Obayashi Prize for his long record of achievement in national infrastructure, urban, and housing construction in China. An award ceremony and commemorative symposium will be held in November 2010. Obayashi supports the foundation through the symposium and other means.

Construction Site Pavilions Opened at Two KidZania Locations
Obayashi opened a construction site pavilion at Osaka-based KidZania Koshien, a child-sized replica of a city that gives children the chance to think about their future profession while having fun experiencing professions and aspects of society. Obayashi’s engineers supervise the pavilion so that children can experience the actual process of constructing a building. Following the pavilion opened at KidZania Koshien, a second pavilion was opened at KidZania Tokyo in April 2010. Obayashi hope the pavilions will encourage children and contribute to the creation of a bright society.

Support for Education and Academic Research

Supporting academic research on cities and education for children

Promotion of the Construction Culture

Promoting the construction culture through the Obayashi Quarterly and the Obayashi History Museum

The 51st issue of the Obayashi Quarterly published
Since it published the first issue in 1978 featuring the Egyptian pyramids, the Company has aimed to make the Obayashi Quarterly into a PR magazine that explores paradigms of society in the future by investigating civilizations and culture through the perspective of construction. The theme of the 51st issue, published in 2009, was biomimicry, which is the attempt to explore the abilities of plants and animals that contribute to technological development.

Obayashi History Museum
The museum uses photo panels and other displays to introduce Obayashi’s history, from its founding in 1892 to the present, alongside the modernization of Japan. The museum is set up to allow many visitors to view the displays freely. In fiscal 2009, the museum had 4,766 visitors.

Promotion of the Construction Culture

Promoting the construction culture through the Obayashi Quarterly and the Obayashi History Museum

Obayashi History Museum

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Obayashi supports the foundation through the symposium and other means.

Supporting academic research on cities and education for children

Other Social Contributions and Main Donations

Wider social contributions made through donations and sponsorship activities

Other Social Contributions and Main Donations (Fiscal 2009)
- Invited a children’s baseball team to a regular Tokyo Yakult Swallows game
- Sponsored the 15th Obayashi Cup Japan Top-12 Table Tennis Tournament
- Supported the Japan Philharmonic Orchestra
- Accepted teachers for training in private companies through the Keizai Koho Center
- Donated to the construction industry scholarship offered by Singapore’s Building and Construction Authority
- Held donated courses at Josai International University and Hokkaido University Graduate Schools
- Donated scholarships to subsidize research at Kyoto University Graduate School of Engineering
- Donated to the Keidanren Committee on Nature Conservation Fund
- Donated to the Japan Environment Association’s Soil Contamination Countermeasures Fund

Upcoming Challenges

Clarifying a social contribution policy and developing activities more distinctive of Obayashi

In fiscal 2010, Obayashi will establish a clear social contribution policy and will develop activities more distinctive of Obayashi by focusing on implementing social contributions related to its business activities and on creating a system for supporting the individual social-contribution activities of employees.
Communicating with stakeholders is an important opportunity to ascertain whether Obayashi’s CSR initiatives are accurately meeting society’s demands. The Company has long made efforts to engage in active dialogue with stakeholders through the CSR report reader surveys, business result briefings and construction site tours for institutional investors and analysts, interviews with customers and partner companies, and briefings for residents near construction sites.

In fiscal 2009, Obayashi also made efforts to enhance direct dialogue with the general public, which afforded the Company precious opportunities to realize the enormity of society’s expectations and demands. The Company also received recommendations for improvements regarding information disclosure and initiatives, which were very useful for planning future initiatives.

Going forward, Obayashi will continue taking opportunities to enhance communication with stakeholders.

Stakeholder Dialogue

Participating in an Environment and CSR Report Study Group to engage in dialogue with community

Local businesses in Minato-ku, Tokyo, where Obayashi’s Head Office is located, established the Minato Eco-Conscious Consortium together with the local government and residents in order to promote environmental conservation activities. Obayashi participated as a presenter in the Environment and CSR Report Study Group sponsored by the consortium. During the session, the Company received much valuable feedback from local residents and companies regarding Obayashi’s environmental, safety, and corporate ethics initiatives.

Stakeholder Dialogue with Students Studying Environmental Reports

Obayashi recently participated in a joint stakeholder dialogue with three universities. The dialogue was sponsored by the Network for Sustainability Communication, which works to spread environmental and CSR reports, improve their quality, and encourage the advancement of environmental communication. The three companies that participated in the dialogue each explained their reports and activity details, and conducted Q&A sessions for 25 students who were learning about environmental reports at their universities. Obayashi explained corporate ethics and environmental initiatives undertaken by the Company and the wider construction industry, and engaged in a lively exchange of opinions. The evaluation reports sent later from each university again revealed the high expectations and demands placed on Obayashi.

Discussion between Corporations and Citizens at Tokyo Sky Tree Construction Site

Obayashi held a discussion between corporations and citizens, sponsored by the Keizai Koho Center, at the Tokyo Sky Tree construction site. Participants provided many opinions and also warm encouragement, reaffirming for the Company the enormity of society’s expectations.
Inclusion in SRI Indexes

Obayashi is listed in the FTSE4Good Global Index and the Dow Jones Sustainability Asia Pacific Index, which are global socially responsible investment (SRI) indexes. In Japan, Obayashi is listed in the Morningstar Socially Responsible Investment Index (as of June 2010).

Major Awards from External Organizations (Fiscal 2009)

<table>
<thead>
<tr>
<th>Name of Award</th>
<th>Award Category</th>
<th>Honored By</th>
<th>For</th>
</tr>
</thead>
<tbody>
<tr>
<td>9th SHASE Award of Specialty</td>
<td>Ten Years Award</td>
<td>The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan</td>
<td>Shinagawa Intercity (Minato-ku, Tokyo)</td>
</tr>
<tr>
<td>2008 Lighting Dissemination Award</td>
<td>Excellent Facilities Award</td>
<td>The Illuminating Engineering Institute of Japan</td>
<td>Amagasaki Front Building (Amagasaki-shi, Hyogo)</td>
</tr>
<tr>
<td>Eighth Rooftop, Wall, and Special Greenery Technology Contest</td>
<td>Rooftop Greenery Category; Minister of Land, Infrastructure and Transport Award</td>
<td>Organization for Landscape and Urban Greenery Technology Development</td>
<td>Oval Garden of The Center Tokyo (Shinjuku-ku, Tokyo)</td>
</tr>
<tr>
<td>2009 Minister of the Environment Award for Distinguished Service in Promoting the Creation of a Recycling-Oriented Society</td>
<td>Outstanding Enterprise in 3R Activities</td>
<td>Ministry of the Environment</td>
<td>Obayashi Corporation</td>
</tr>
<tr>
<td>2009 Recognition of Reduce, Reuse, Recycle Promotion Association</td>
<td>Reduce, Reuse, Recycle Promotion Chairman’s Award</td>
<td>Reduce, Reuse, Recycle Promotion Association</td>
<td>Site offices, including Oga-funakawa, Hokusokamagaya JV, TBS Development JV, NEC Tamagawa, and Mizushima LNG</td>
</tr>
<tr>
<td>2009 Good Design Award</td>
<td>Society domain – public, cultural, and educational facilities</td>
<td>Japan Industrial Design Promotion Organization</td>
<td>Shima Kanko Hotels Bay Suite (Shima-shi, Mie)</td>
</tr>
<tr>
<td></td>
<td>Work domain – office equipment</td>
<td></td>
<td>Air conditioner, Sukit Air</td>
</tr>
<tr>
<td>Nineteenth AACA Award</td>
<td>Special Prize</td>
<td>Japan Association of Artists, Craftsmen &amp; Architects</td>
<td>Rokka Forest Project, Rokkatei Nakasatsunai Factory Park (Nakasatsunai, Kasai-gun, Hokkaido)</td>
</tr>
</tbody>
</table>
Since the age of the pyramids, architecture and civil engineering have been inseparably tied to human life, so much so that it would not be possible to live without them. Construction of the Tokyo Sky Tree, which was discussed in the “Highlights” section, is proof that Obayashi has solid technological capabilities in this field. I also understand that disaster-recovery systems and know-how that would be needed in an emergency are supporting society in unseen ways. This report reminded me that the technological capability to provide society with safety and security is indeed the foundation of the construction industry's CSR. The importance of urban infrastructure will not likely change in the future, and so I hope that Obayashi will continue developing human resources and maintain advanced technological abilities and know-how.

On the other hand, there are things that will change. First of all, Japan has entered an age with a declining population. The amount of outstanding government bonds are increasing, public works projects are decreasing. This will also be a time when the paradigm of the construction industry becomes controversial. In this environment, I salute the Company's efforts such as gender-impartial compensation and the employment of persons with disabilities; but, I was concerned about the overall situation and policy regarding employment and wages.

Globally speaking, with economic growth in China and India taking off, human economic activity is finally reaching a point where it could exceed the capacity of the global environment. Architecture and civil engineering used to be things that protected people from the threats of nature. From now on, however, I think that they will also be required to protect natural ecosystems from the rampancy of human activity. That may end up changing the definition of the construction industry. Obayashi has already established a Policy on Biodiversity Conservation, and I hope that the Company will demonstrate a new model for the construction industry—one that ties recovery of the natural environment to the creation of business value.

On this point, President Toru Shiraishi described in his president’s message a medium- to long-term vision in which the company pursues CSR that creates value by resolving social issues, and so I have great expectations. I think that it all depends on the degree to which the Company can show an ambitious and innovative vision. For example, 50% of the world’s population lives in cities and it is estimated that cities generate 70% of the world’s CO₂ emissions. It is also said that cities have begun to compete against each other to become highly energy-efficient smart cities. What is required is the conception that a city achieves carbon neutrality, above and beyond the scope of individual buildings. Where is Obayashi trying to position itself in this movement?

Obayashi’s CSR Report 2008 describes a plan for cities in harmony with the environment, proposing the formation of cool spots and paths for wind in the vicinity by creating large-scale green spaces while utilizing renewable energy and the recycling of river water and the return of local vegetation to the land. This concept is terrific and I think it is a perfect vision. So, what is the latest development on the proposal? The most important thing is the ability to realize the proposal. It is the fate of the contractor that it cannot perform its business without an ordering party; and if things get hung up there, any proposal could become pie in the sky. I hope that Obayashi will boldly envision a future that takes us beyond the conventional concept of the construction industry.

Response to Third-Party Opinion

I would like to thank Professor Mizuguchi for writing the third-party opinion for the Obayashi CSR Report 2010.

He provides thought-provoking opinions about our unchanging social responsibilities and the new expectations placed on us, who are involved in the construction and related industries. We will make use of this feedback when developing our business activities in the future.

The social issues we will face from now on cannot be resolved by merely continuing and expanding conventional practices. We must clarify a medium- to long-term vision, think what should be done now to achieve it, and then take action.

As Professor Mizuguchi pointed out, the companies that show innovative visions and have the ability to realize them will be the ones that can be beneficial to society at large.

Going forward, by working to address social issues through our business activities, we will continue striving to be a company that is truly valued by society.

Kenji Matsuoka
General Manager, CSR Department
Company Overview

Business Outline

Company Name: Obayashi Corporation
Started: January 1892
Incorporated: December 1936
President: Toru Shiraishi
Head Office: 2-15-2 Konan, Minato-ku, Tokyo
Capital: 57,752 million Japanese yen
Employees: 9,222 (as of March 31, 2010)
Construction Business Permission:
Government Permit (Toku/Han-21) 3000
Real Estate Business License:
Government License (12) 791
Business Activities: Construction work in and outside Japan, regional development, urban development, ocean development, environmental improvement, and other construction-related businesses, including engineering, management, consulting, and real-estate

Major Business Offices and Establishments

Major Business Offices
Head Office: 2-15-2 Konan, Minato-ku, Tokyo
Sapporo Branch, Tohoku Branch (Sendai-shi), Tokyo Main Office, Yokohama Branch, Hekuriku Branch (Niigata-shi), Nagoya Branch, Osaka Main Office, Kobe Branch, Hiroshima Branch, Shikoku Branch (Takamatsu-shi), Kyushu Branch (Fukuoka-shi), Overseas Business Division (Minato-ku, Tokyo)

Research Institute
Technical Research Institute (Kiyose-shi, Tokyo)

Offices Outside Japan

Major Group Companies
Obayashi Road Corporation (Sumida-ku, Tokyo)
Naigai Techno Corporation (Shinjuku-ku, Tokyo)
Obayashi Real Estate Corporation (Chiyoda-ku, Tokyo)
Thai Obayashi Corporation Limited (Bangkok, Thailand)
OC Finance Corporation (Minato-ku, Tokyo)
Obayashi USA LLC (Los Angeles, USA)
Oak Setsubu Corporation (Chiyoda-ku, Tokyo)
Obayashi Facilities Corporation (Chiyoda-ku, Tokyo)

Financial Report

Orders Received
(100 million yen)
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<thead>
<tr>
<th></th>
<th>Non-consolidated</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
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<td>2005</td>
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<tr>
<td>2006</td>
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<tr>
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</table>

Net Sales
(100 million yen)
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<tbody>
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<td>2008</td>
<td>16,824</td>
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<td>2009</td>
<td>13,414</td>
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</table>

Ordinary Income (Loss)
(100 million yen)
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<th></th>
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<tbody>
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<tr>
<td>2009</td>
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Net Income (Loss)
(100 million yen)
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<thead>
<tr>
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<tbody>
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<td>2005</td>
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</tr>
<tr>
<td>2009</td>
<td>−527</td>
<td>−533</td>
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</table>

Detailed financial information is available on the Company’s website at www.obayashi.co.jp/english/ir/.
About the Cover Design

Through construction, Obayashi aims to create a society where people enjoy active lives in harmony with the environment. The Company is dedicated to achieving this by developing and utilizing its environmentally friendly technologies.