Create a Freshening World
Corporate Information

Company Name: SHINRYO CORPORATION
Headquarters Address: 2-4, Yotsuya, Shinjuku-ku, Tokyo
Telephone: +81-3-3357-2151 (Main)
Date of Establishment: February 23, 1956
President, Representative Director: Takeshi Kagami
Number of Employees: 2,001 people (nonconsolidated)
Capital: 3.5 billion yen

Major Group Companies:
- Shinryo Kogyo LTD., Akita Castle Hotel,
- Kantoreiki Co., Ltd., Ryoei-Kogyo Co., Ltd.,
- Shinryo Technical Service Corporation,
- Global Staff Co., Ltd., Shiroguchi Co., Ltd.,
- Daiei Denki Co., Ltd., Bikoshauen Co., Ltd.,
- SHINRYO (HONG KONG) LTD.,
- TAIWAN SHINRYO CO., LTD.,
- SHINRYO (PHILIPPINES) COMPANY, INC.,
- Thai Shinryo Limited,
- SHINRYO (MALAYSIA) SDN. BHD.,
- SHINRYO SINGAPORE PTE LTD.,
- PT. SHINRYO INDONESIA,
- SHINRYO VIETNAM CORPORATION

Business Field

Design and construction of various building services
- Environmental control service work: air conditioning and mechanical ventilation system / industrial air conditioning and mechanical ventilation system / constant temperature and constant humidity system / environmental reliability testing system / clean room system / bio-clean room system / dry room system / dynamic ice storage system
- Plumbing, drainage and sanitary service work: water supply system / hot water supply system / gas supply system / soil and waste drainage system / kitchen equipment system
- Automatic control service work: automatic control system / building management system / industrial automation system
- Fire Fighting service work: automatic fire alarm system / smoke purge and smoke extraction system / evacuation guidance system / indoor and outdoor fire hydrant system, sprinkler system, carbon dioxide firefighting system and other types of fire extinguishing system
- Electric service work: power reception and transformer system / main and submain power distribution system / lighting and small power system / extra low voltage system / lightning protection system / power generation system
- Urban utility service work: district heating and cooling system / waste transportation system / energy supply systems
- Information management service work: various control and management systems for utility plant facilities, industrial production facilities, building facilities and etc.
-Cogeneration service work: power generation system / heat recovery system
- Power Plant service work: ventilation and air-conditioning system for nuclear power plants, thermal power plants and fuel cycle related facilities and R&D centers / special filtering system / waste treatment system
- Environmental sanitation and hygiene service work: potable water distribution system / sewage collection and disposal system / greywater recycling system / sewage treatment system / industrial waste water treatment system / waste treatment and dust collection system
- Industrial production service work: pharmaceutical and food plant facility / petroleum-related facility / other plant facility
- Refrigeration service work: freezing and refrigerating system / ultra-low temperature and high accuracy temperature control system
- Special service work: solar energy utilization facility / aquarium facility / aquaculture facility / swimming pool system / bio-hazard facility / air quality control system / weather simulation facility / snow making facility

Design and construction of building
- clean room / plant building / interior finishing work / associated construction work for building services / general building facility

Sales of air-conditioning equipment
- air conditioner and other heating and cooling product / fan and blower / sanitary ware / other product related to air-conditioning and ventilation
Editorial policy
The intent of this report is to enable all our stakeholders to deepen the understanding of Shinryo Corporation’s CSR (corporate social responsibility) activities.

Target period
Centering on FY 2014 (October 1, 2013 to September 30, 2014), including some periods before and after.

Scope of report
As a rule, CSR activities of SHINRYO CORPORATION are reported. Some activities of Japanese and overseas Group companies are also reported.

Reference
ISO26000
GRI (Global Reporting Initiative)
Sustainability Reporting Guideline 4th Edition (G4)

Publication date
Current: December, 2014  Next: December, 2015 (scheduled)

Departments responsible for publication and contact point
CSR Promotion Division, SHINRYO CORPORATION
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Business Performance Trends

<table>
<thead>
<tr>
<th>Orders Received [Million yen]</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
</tr>
<tr>
<td>145,925</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Sales [Million yen]</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
</tr>
<tr>
<td>166,428</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ordinary profit [Million yen]</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
</tr>
<tr>
<td>7,772</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets [Million yen]</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
</tr>
<tr>
<td>90,956</td>
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</tbody>
</table>
Message from the President

Create a Freshening World

As a Company concerned with the realization of a comfortable and sustainable environment, we continue to focus our efforts and resources to the development of a harmonious global society.

Introduction

Since being founded in 1956, Shinryo Corporation has continued to be participated in a wide range of activities with building services at the core of our focus. In particular, we conduct our business as a Company leading the field of HVAC (Heating, Ventilation and Air Conditioning) concerned with creating optimum environmental living and working situations, responsibly and with high ethical standards.

In recent years, we have established systems that enable us to respond to the many and varied needs and requirements of our customer’s through close collaboration with group companies whose principal businesses activities concern sanitary and electrical services.

The Company philosophy, management vision and start of CSR Activities

At Shinryo Corporation, the company philosophy remains that of our founder encompassing the spirit of our employees. We continue to hold the founding spirit that is embedded in the company
philosophy close to our heart and strive to
improve the partnership with our Customers for
the collective benefit of society.

In recent years, we have placed significant
emphasis on the development and promotion of
Corporate Social Responsibility (CSR) activities as
recognition of the importance of our employees
to be further engaged in undertakings that reflect
the spirit of our company philosophy and inform
local communities about our beneficial actions.
As a central pillar of CSR we have improved
environmentally based activities and have engaged
in initiatives that positively acknowledge our
responsibility to Society.

As a result of our efforts we are pleased to
publish the first Shinryo Corporation CSR Report for
2014. To consider and develop the CSR of Shinryo
Corporation, we have adopted the motto of
“Creating a Freshening World” as the management
vision to clearly define the objectives we aim to
realize. In addition we have formulated the Shinryo
Corporation CSR Statement, as a strategy based
on our company philosophy and management
vision in striving to realize the world we desire.

Shinryo Corporation CSR Statement

We, Shinryo Corporation, based on our management
vision, declare following three initiatives to evolve into
an environment creation company.

1. We will provide high quality, resource saving,
energy saving production through new operation
model that makes full use of leading edge
methods, and our own unique one stop
service that achieves most suitable and
comfortable life cycle management.

2. We will expand these technologies globally and
engage in solving social challenges, of preventing
global warming and safe, secure and effective use
of energy.

3. We will engage in creation of a foundation of
all business activities that is managed highly
transparently and having a business climate that
is easy to work in.

International Activities

Spreading the message of “Creating a Freshening
World” to the different regions.

The desire to develop our vision began in 1972
when we started business activities overseas,
often ahead of other companies within our field of
operation. Currently, our business is expanding in
many regions including Asia and Middle East. We have
achieved the completion of successful construction
Projects delivering Air Conditioning Services, District
Cooling System and Cogeneration Plants and
have received favorable Customer evaluations and
recognition in all regions. We believe that this is due
to not only the technologies that Shinryo Corporation
offer but also from close cooperation between staff in
all our overseas operations.

To further develop our social responsibility to
the international communities in which we operate
Shinryo Corporation has announced participation
in the United Nations Global Compact and have
registered as a participating company in FY2014.

In exercising Social Responsibilities on an
International stage, we will promote CSR
activities in relation to the Ten Principles of the
United Nations Global Compact in respect to
human rights, treatment of labor, environment considerations and the prevention of corruption.

Research and Development

We have been proactively and extensively been engaged in Research and Development since setting up the industry's first research center for air conditioning technology in Shinagawa-ku, Tokyo in 1970. In 1990, we moved to Tsukuba Science City in Ibaraki Prefecture and established our first class Research and Development Center which contains facilities un-paralleled within our industry. Shinryo Corporation's constant focus of effort in research produced results and solutions that are utilized in the various facility related technologies we possess. In addition to the broad focus on Research and Development, we are evolving coordination with the sales, design and construction functions to promote advancement of pioneering construction technologies, products, and systems. We believe that our cumulative efforts will yield considerable technological innovation and continue to enhance and refine proven technologies for the benefit of future generations.

Human Resources Development and Training

Our human resource development is characterized by the training systems deployed at the employee training dormitory “Kofu Dormitory”. At Shinryo Corporation, people are considered to be our most valuable asset and through employees, who joined the company in the same year, spending time together at the Kofu Dormitory, we harness the value of building strong ties and long lasting close inter-personal relationships. Strengthening training systems enables the employees to grow individually and respond to ever changing social and economic situations and be ready to confront the most pressing environmental issues. Employees that mature through the Shinryo Corporation’s technology and personal development initiatives demonstrate the motivation and ability to make a positive contribution to society.

### Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>Established our Headquarters at 45 Nishikubo Tomoecho, Minato-ku, Tokyo and founded our company with 5 million yen in capital</td>
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<tr>
<td>1957</td>
<td>Received an order for Shin-Otemachi Building, the largest building in Japan at that time. Established the foundation of our company</td>
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<tr>
<td>1958</td>
<td>Opened the Osaka Office (currently Osaka Branch)</td>
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<tr>
<td>1960</td>
<td>Moved our Headquarters to its current location at 2-4 Yotsuya, Shinjuku-ku, Tokyo</td>
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<tr>
<td>1961</td>
<td>Opened the Nagoya Office (currently Nagoya Branch)</td>
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<tr>
<td>1964</td>
<td>Adopted a division-based organization system</td>
</tr>
<tr>
<td>1966</td>
<td>Established the Construction Division (currently Tokyo Metropolitan Area Division) and Equipment Division (currently Air Conditioning Equipment Division)</td>
</tr>
<tr>
<td>1967</td>
<td>Opened the Hiroshima Office (currently Chugoku Branch)</td>
</tr>
<tr>
<td>1969</td>
<td>Opened the Fukuoka Office (currently Kyushu Branch)</td>
</tr>
<tr>
<td>1970</td>
<td>Established the industry’s first research center for air conditioning technology (currently Research and Development Center)</td>
</tr>
<tr>
<td>1971</td>
<td>Opened the Nuclear Power Plant Department (currently Nuclear Power Plant Division), entered the energy plant industry for nuclear power use</td>
</tr>
<tr>
<td>1972</td>
<td>Realized full-scale entry into overseas construction</td>
</tr>
<tr>
<td>1973</td>
<td>Established the Tokyo Metropolitan Area Facilities Department (currently Urban Environment Division)</td>
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<tr>
<td>1977</td>
<td>Established a system for handling large-scale projects such as urban planning and urban redevelopment</td>
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<tr>
<td>1978</td>
<td>Opened the Maizuru Plant</td>
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<tr>
<td>1979</td>
<td>Opened the Hong Kong Branch as a base for overseas expansion</td>
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<tr>
<td>1982</td>
<td>Established a local company (SHINRYO (HONG KONG) LTD.) in Hong Kong</td>
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<tr>
<td>1983</td>
<td>Established a local company (SHINRYO (MALAYSIA) SDN. BHD.) in Malaysia</td>
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<tr>
<td>1986</td>
<td>Opened the Singapore Branch</td>
</tr>
<tr>
<td>1987</td>
<td>Established a local company (TAIWAN SHINRYO CO., LTD.) in Taiwan</td>
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<tr>
<td>1990</td>
<td>Opened a Research and Development Center in Tsukuba Academic Town</td>
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<tr>
<td>1992</td>
<td>Established a local company (SHINRYO (PHILIPPINES) COMPANY, INC.) in the Philippines</td>
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<tr>
<td>1994</td>
<td>Established the Technical Supervision Division</td>
</tr>
<tr>
<td>1998</td>
<td>Established a local company (PT. SHINRYO INDONESIA) in Indonesia</td>
</tr>
<tr>
<td>2000-</td>
<td>Acquired ISO 9000s certification</td>
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<tr>
<td>2001</td>
<td>Established a local company (SHINRYO SINGAPORE PTE LTD.) in Singapore</td>
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<tr>
<td>2005</td>
<td>Established the Administrative Division</td>
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<tr>
<td>2007</td>
<td>Established a local company (SHINRYO VIETNAM CORPORATION) in Vietnam</td>
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<tr>
<td>2010</td>
<td>Established the Control &amp; Instrument Engineering Division</td>
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<tr>
<td>2011</td>
<td>Established the Executive Officer organizational system</td>
</tr>
<tr>
<td>2013</td>
<td>Established the Technical Supervision Division</td>
</tr>
</tbody>
</table>

Shinryo Corporation CSR Report 2014
Enhancing productivity and beyond

Presently, the construction industry is confronted with great challenges. These include the increasing material and labor costs and lack of skilled workers. It is evident that we will be faced with difficult market situations in the near future that may result in a rapid decline in demand. Shinryo Corporation thinks that to simply focus on increasing productivity to solve these challenging issues is insufficient and innovative changes in addressing the factors surrounding production are required. Amid the current situation, Shinryo Corporation is advancing their own operation model called “Shinryo Supply Chain System” which is not bound or based on the traditional way of thinking. Through rational and swift coordination with our business partners (including trading and partner companies, manufacturers and suppliers) we will continue to strive to enhance a system that will bring added value to all our business partners and Shinryo Corporation.

Together with all our stakeholders

Shinryo Corporation promotes CSR activities following the ISO26000 International Standard in respect of Corporate Social Responsibility, whilst also making continuous and sustained efforts to communicate effectively with all of our stakeholders. As a Company concerned with the realization of a comfortable and sustainable environment, we will remain contributing to the conservation of the global environment and sustainable development of society through the earning of trust from the international community with our openness and sincerity, and by voluntarily and actively responding to the ever changing demands of society.

To provide detailed information regarding our activities to all stakeholders, we will publish and release Shinryo Corporation CSR Report every year.

Shinryo Corporation respectfully requests your continued valuable support and guidance in the future.

Participation in the United Nations Global Compact

In September 2014, Shinryo Corporation signed as a participant in the United Nations Global Compact set by the United Nations. Going forward, Shinryo Corporation will promote business following the Ten Principles in four areas in the United Nations Global Compact.

For Shinryo Corporation that make effort in providing technologies overseas, participation in the United Nations Global Compact is not just agreeing with the cause but participating in the International Global Compact is an expression of wanting to grow into a company trusted by the international community.

Our desire is to make our basis of CSR activities of “Creating a Freshening World” to activities that are directed toward the world.

The Ten Principles of the UN Global Compact

- Human Rights
  - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
  - Principle 2: make sure that they are not complicit in human rights abuses.

- Labour
  - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
  - Principle 4: the elimination of all forms of forced and compulsory labour;
  - Principle 5: the effective abolition of child labour; and
  - Principle 6: the elimination of discrimination in respect of employment and occupation.

- Environment
  - Principle 7: Businesses should support a precautionary approach to environmental challenges;
  - Principle 8: undertake initiatives to promote greater environmental responsibility; and
  - Principle 9: encourage the development and diffusion of environmentally friendly technologies.

- Anti-Corruption
  - Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
Continuing to Bring a Freshening World

Shinryo Corporation has been providing air conditioning, plumbing drainage and sanitary service and electrical facilities friendly to people and the environment, reliable technological power to build production environment to produce advanced products, district heating and cooling systems friendly to city and district, safe and secure plant facility technologies, and integrated information systems that support maintenance management and energy conservation from bases throughout Japan. Additionally, we established bases centering in Asia and the Middle East to bring refreshingness to the world.

Overseas Network
(16 bases)
- Regional offices (2 bases)
- Branches and centers (6 bases)
- Local companies (8 bases)

Regional offices
- Putrajaya Precinct 1 DCS Plant (Malaysia)
- Discovery Garden DCS Plant (Dubai)
- Kuala Lumpur International Airport (Malaysia)
- Changi International Airport Terminal 3 (Singapore)
- The Venetian Macao Resort (Macau)

Branches and centers
- Minato Mirai 21 Central District DHC (Yokohama City, Kanagawa Prefecture)
- Otemachi District, Marunouchi 1-chome District DHC (Chiyoda-ku, Tokyo)
- KL ENGINEERING CENTER (Kuala Lumpur, Malaysia)
- The Mass Transit Railway Corporation (Hong Kong)
- The Hongkong and Shanghai Banking Corporation Limited, HSBC Main Building (Hong Kong)

Local companies
- Thai Shinryo Limited
- SHINRYO VIETNAM CORPORATION
- SHINRYO (HONG KONG) LTD.
- SHINRYO PHILIPPINES COMPANY INC.
- SHINRYO (MALAYSIA) SDN. BHD.
Domestic Network
(54 Bases)
- Headquarters, branches, research institutes (10 Bases)
- Branch offices, offices, sub-branch offices, plants (44 Bases)
Management Vision and CSR Promotion System

Shinryo Corporation is conducting business following its management vision and promotes CSR activities based on ISO26000, a standard regarding corporate social responsibility. Through comparing the business activities of Shinryo Corporation with the seven core topics of ISO26000, we strive to contribute to a sustainable society by carrying out CSR management with medium and long-term viewpoint.

Management Vision

Shinryo Corporation is conducting business activities based on our management vision. Management vision is what Shinryo Corporation continues to strive for and activities based on it will lead to contribution toward sustainable development of the society.

Create a Freshening World

In the Environment →
Creation of comfortable and earth-friendly spaces

In the Management →
Compliance with laws and regulations and highly transparent management

In the Company →
Corporate culture that allows people to grow and easy to work in

Vision, Statement & Management Plan

Contribution to development of a sustainable society
CSR Promotion System

Shinryo Corporation began its engagement in CSR with its CSR Review Board in 2013. The Review Board repeatedly discussed CSR appropriate for Shinryo Corporation, and established the CSR Promotion Division as a formal department in May 2014. With the aim of achieving “Create a Freshening World” based on our management vision, the CSR Committee was established with a Vice President as Chairperson as shown in the diagram on the right. We promote activities together with the CSR executives selected from each section with the CSR Promotion Division at the center.

PDCA of CSR activities

*BIM: Building Information Modeling

Shinryo Corporation CSR Report 2014
We have formulated our strategy based on “Creating a Freshening World” that incorporates opinions of the employee as Shinryo Corporation CSR Statement.
To report our business and various activities to realize the statement in easy to understand manner to all the stakeholders, we have organized the 4 priority subjects to 8 basic themes.
In the Feature, 3 issues are selected and reported in detail.

Shinryo Corporation CSR Statement

The Shinryo Corporation CSR Statement includes medium and long-term business management gives details contained in the medium and long-term business management plan (three year plan). It is a statement that we see it necessary to achieve in order to fulfill social responsibilities together with business continuity and growth.
Additionally, the statement is to be revised or newly set after achieving the goals to be a guiding strategy that corresponds to the times and society.

We, Shinryo Corporation will evolve as an environment creation company by declaring the following three initiatives which are based on our management vision.

1. We will provide high quality, resource saving, energy saving production through new operation model that makes full use of leading edge methods, and our own unique one stop service that achieves most suitable and comfortable life cycle management.

2. We will expand these technologies globally and engage in solving social challenges, of preventing global warming and safe, secure and effective use of energy.

3. We will engage in creation of a foundation of all business activities that is managed highly transparently and having a business climate that is easy to work in.

Feature 1
Shinryo supply chain system
Providing our own unique one stop service with our streamlined new operation model Shinryo supply chain system
→ P.13

Feature 2
Globally expanding people and technology
To become a trusted environmental creation company through offering environment and technology to the world
→ P.15

Feature 3
Training and development of human resources
Passing down technology and know-how through the development of international human resources
→ P.17
CSR Priority subjects  Provision of new values to the society

1. **Build BIM + supply chain operation model**
   - Promote of 3D-CAD
   - Build a construction supply chain by modularization and innovation in procurement and delivery process
   - Increase efficiency of construction, reduction of construction resource and environmental impact

2. **Life cycle management (LCM) services**
   - Provide our own LCM services which combine BIM, commissioning, CFD and FM technologies

3. **Initiatives in energy conservation technologies and low carbonization technologies**
   - Develop and provide energy related technologies and low carbonization technologies
   - Provide optimization and area energy network technology to both suppliers and customers

4. **Global expansion**
   - Improving human basis for the expansion of overseas business

CSR Basic Themes

1. **Compliance initiatives**
   - Compliance training opportunities, and implement continuity
   - Promote use of consultation service “Helpline”
   - Build PDCA for the Compliance Promotion System
   - Promote CSR procurement

2. **Initiatives to insure business continuity during emergency**
   - Rebuild BCP (including review of crisis management measure regulation)
   - Response to emergencies that include partner companies
   - Provide emergency supplies to surrounding communities

3. **Environment conservation and social investing**
   - Initiatives to reduce CO2 in construction
   - Support environment conservation activities

4. **Initiatives in work-life balance of project sites**
   - Achieve efficiency by reorganization of operation model
   - Reduce on-site workloads by upgrading logistics support
   - Improve effectiveness of the holiday system

5. **Implementation of training and human resources development**
   - Business information management and personal information protection
   - Upgrade training system for employees and partners

6. **Initiatives in diversity**
   - Introduce rehiring system
   - Extend the period of working hour reduction system for childcare

7. **Participation in and development of the community**
   - Introduce volunteer leave
   - Contribute to the community through concluding disaster prevention agreements with local jurisdictions and community

8. **Participation in the international agreed scheme**
   - The United Nations Global Compact
   - Caring Company Scheme (Hong Kong)
Feature 1  Shinryo Supply Chain System

A streamlined operation model together with our partners

Recently in Japan, there is a dire problem of skills of experienced workers not being sufficiently passed down to the next generation.
This problem is accelerating in the construction industry where work force is on the decline.

Shinryo Corporation believes that the solution to this problem is to promote new operation models that make use of advanced production methods.

Focusing on BIM data, Shinryo Corporation is building its own communication data processing tools and implements swift and accurate management and delivery based on situation such as at on-site and processing. Shinryo BIM solutions and ICT and various initiatives to coordinate with suppliers contribute not only to responding to the lack of skilled workers, but also to high quality, resource-saving, energy conservation manufacturing and creation of a safe and secure work environment.

We will provide our own one stop service that will realize comfortable and optimum life cycle management through new operation model of Shinryo supply chain system.

About Shinryo supply chain system

Shinryo Corporation intends to provide our own one stop service centered on new solution called Shinryo BIM. In achieving this service, cooperation of business partners in the supply chain is essential. In addition, we will achieve high quality, environmentally friendly, and highly productive on-site operation innovation through a number of measures starting with building standard called the Shinryo standard. These are collectively called the Shinryo supply chain system.

Solving issues through building the Shinryo supply chain system

<table>
<thead>
<tr>
<th>Initiatives in quality</th>
<th>Initiatives on the environment</th>
<th>Initiatives in labor practice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issues</strong></td>
<td><strong>Issues</strong></td>
<td><strong>Issues</strong></td>
</tr>
<tr>
<td>Rapid enhancement of engineering service is difficult through extending existing building methods and management procedures.</td>
<td>Initiatives in conservation of global environment such as energy saving, CO₂ reduction, asbestos measures, and proper disposal of industrial wastes.</td>
<td>Number of workers in the construction industry tends to decrease, especially decrease and aging of technicians and skilled laborers is notable.</td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td><strong>Objective</strong></td>
<td><strong>Objective</strong></td>
</tr>
<tr>
<td>Realize high quality engineering service which does not exist through innovating manufacturing and the supply chain.</td>
<td>Build earth-friendly engineering service through innovating distribution and reducing transport energy consumption.</td>
<td>Support accurate judgment and speedy decision making for construction workers through management of sites using BIM and ICT.</td>
</tr>
</tbody>
</table>
**S-CAD**

S-CAD is an independently developed 3D CAD software that supports BIM and a core technology of Shinryo BIM solutions. Starting with 3D construction drawing creation and review function, it also equips construction procedure simulation, interference check while laying pipes, calculation of static pressure and lift, materials tally function, and other various functions to support various ways of visualizing construction.

**Shinryo BIM solutions**

Space management to perform facility renovation, space scanning system using laser scanner, environment simulation such as interior air current analysis and temperature and humidity analysis, and facility management for maintenance and management. Shinryo BIM* solutions is a system which meet various customer needs by improving productivity with S-CAD and by comprehensively handling large amount of data required for construction and facility.

*BIM: Building Information Modeling

*S-CAD Screen

Strengths of the Shinryo supply chain system

Support

On-site

S-CAD

Manufacturers, agents, trading companies

Orders

Delivery date confirmation

ATP

Transport

Distribution management system

Fabrication data sharing system

Fabrication companies

Partner companies

BIM (Building Information Modeling)

data

Delivery date management

Construction area confirmation

Various inspection reports

Fabrication

Inspection and delivery of goods

Construction completion area report

Transport

Fabrication

Creation of construction drawings

Inspection and delivery of goods

Process control

Quality control

Budget management

ATP

Transport

Distribution management system

Fabrication data sharing system

S-CAD Screen

Shinryo Corporation CSR Report 2014
Connecting with people

Starting with the opening of our Hong Kong branch in 1978, Shinryo Corporation has set up bases overseas focusing on Asia, and expanding business.

The aim of Shinryo Corporation’s overseas business is to take root in each country and local community, and grow together with the people living there.

To achieve that, local companies operate business at each principal overseas base.

SHINRYO (HONG KONG) LTD.

SHINRYO (HONG KONG) LTD. is most localized base among overseas local companies due to being the earliest established base. About 400 staff are at work, and the president and many of the directors are from Hong Kong.

SHINRYO SINGAPORE PTE LTD.

About 350 people work at SHINRYO SINGAPORE PTE LTD. Singapore is a multi-national country resembling Shinryo Corporation’s global expansion and staff from variety of countries besides Singapore such as Malaysia, the Philippines, India, Myanmar, and the UK work together.

Thai Shinryo Limited

About 300 staff work at Thai Shinryo Limited. The female general manager of Administrative Department is a role model for the administrative department staff in overseas bases. Many female managers play active roles overseas local companies.

SHINRYO (PHILIPPINES) COMPANY, INC.

About 160 staff work at SHINRYO (PHILIPPINES) COMPANY, INC. With their signature footprint, they work abroad in various parts of the world based on the project.

Shinryo Corporation aims to become a company loved by everyone and provides good quality technology that enables creation of comfortable and secure environment in countries we operate. Together with about 2,000 colleagues working overseas, we strive to grow as an environment creation company trusted by the world with our people and technology.

Feature 2 Globally Expanding People and Technology

Connected through people and technology

To become an environment creation company trusted throughout the world
Connecting through technologies

Prevention of global warming and the realization of safe and secure effective utilization of energy have become global common challenges.

Shinryo Corporation would like to contribute to solve these issues with technologies. Cogeneration systems and district cooling technology are the examples of those technologies.

Cogeneration system

Cogeneration system, or combined heat and power, is a technology that obtains heat and electricity by driving a generator on gas or oil. As shown in the diagram on the right, heat obtained from operating the system can be efficiently (1) used in the process of plants by generating steam and hot water, (2) used for air conditioning by recovering heat with an absorption chiller, (3) heating and (4) hot water supply system. The cogeneration system that utilizes heat instead of just wasting its energy is an excellent energy conservation technology.

District cooling system

District heating and cooling systems is a technology installed in a district energy center to provide energy for heating and air conditioning and hot water supply for multiple buildings. Compared to the system which installs an energy center in each building, the energy aggregate type district heating and cooling systems can contribute to prevention of global warming by reducing emissions such as CO₂ and NOₓ. In Asian countries, only cooling system is installed.

In 1970, we installed the first district heating and cooling systems in Japan in Senri Chuo district, Osaka. Even now, Shinryo Corporation conducts more than 40% of construction in the Japanese domestic market.
New employee training and education

First year full training dormitory system in Kofu Dormitory is a Shinryo Corporation tradition continuing since the establishment of the company. Kofu Dormitory is the site of human resources training and development where new employees live and study together to form deep ties between employees that entered in the same year to develop employees that bear the next generation to have vigorous spirit of challenge. In addition, our training system provides optimal training curriculum for the engineers and office workers respectively so they can work with confidence where they are assigned after completion of the training.

Extensive training curriculum

- Primary training
  - Lecture
  - Business operations simulation
  - Technical skill experience activity
  - Tour of Research and Development Center
  - Community contribution activity
  - Tour of our partner manufacturers
- On-site training
- Follow up training
- Overseas short term training system
- Construction drawing (S-CAD) training (for engineers)
- Management and accounting practical training (for office workers)
- Secondary training
  - Construction drawing (S-CAD) training topic presentation
  - Lecture
  - Round table discussion with managers

Training by level, years

- New employee training and education
- Assistant of degree of achievement
- Promotion training
- Chief promotion training
- Advanced test
- Training for 10th year after joining
- Training for 20th year after joining
- Managerial promotion training after a year and a half
- General Manage position training
At Shinryo Corporation, people are considered to be our most valuable asset since our establishment. The techniques, knowledge and experience that all our employees have are indeed our management resources. Thus, we have been engaging in human resources training and development that bring out the capabilities of employees to their full potential and vigorous spirit of challenge and a flexible approach. We can respond flexibly to change of customer needs and global environmental issues, and especially through development of human resources to play global roles. We are expanding the technology, knowledge and experience of Shinryo Corporation to the world.

Overseas training system

Shinryo Corporation has been putting effort into overseas business since 1972 and has been placing importance on human resources who can play global roles. Thus, we are actively engaged in building the human infrastructure of those who are experienced in work abroad by periodic transfer overseas, practical training in the U.S., and dispatch of flexible human resources from Corporate Divisions in Japan to projects overseas. Since 2014, we have expanded the overseas training system for employees and bolstered our response capabilities in overseas business to move forward with further overseas development.

New employees

Overseas short term training system
We dispatch all new employees to overseas construction sites. They stay in the country for one week and receive practical site training. On the site, employees gain a first-hand understanding of working and living overseas.

Fourth to eighth year after joining

Overseas practical dispatch system
Employees who have worked as an engineer in Japan for four to eight years are dispatched overseas for one to three years to experience full process of overseas project.

Human resources training and education for overseas local staff

Shinryo Corporation promotes hiring of overseas local staff mainly in Asia. We employ about 2,000 people as of 2014, and put effort into hiring and training overseas local staff as well as we do in Japan.

Technical guidance by the research staff of Research and Development Center
For many years, research staff have been dispatched on-site as instructors in order for Shinryo Corporation Research and Development Center to globally expand our own technologies. In addition to technical workshops, visiting construction sites to discuss technical problems on-site lead to the technical skills improvement of overseas local staff, and strengthening of their technical handling skills.

Overseas local staff

I learned about corrosion of piping and sound and vibration countermeasures which I had not studied before. I would like to start using that from now on. It was quite useful.

Voices of overseas training system participants
- Japanese employees and overseas local staff have the same aim, which is completion of the project and development of Shinryo Corporation. If that is the motive, then I felt that working in Japan and working overseas are completely the same.
- I thought that I just needed English when I working overseas, but I realized that I also needed to understand the culture, society, history and economy of the country.

Technical guidance by the research staff of Research and Development Center

I was surprised at how enthusiastically overseas local staff asked questions at every site.

I think we should promote more technology deployment and further interchange to meet the desire of overseas local staff to acquire technology.

Voices of overseas local staff

I learned about corrosion of piping and sound and vibration countermeasures which I had not studied before. I would like to start using that from now on. It was quite useful.
Main Results of Activities and Future Initiatives

CSR initiatives are set based on “provision of new value to the society” and “basic theme and corporate governance”.

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Results in FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority subjects</strong> Provision of new values to the society</td>
<td></td>
</tr>
<tr>
<td><strong>1</strong> Build BIM + supply chain operation model</td>
<td>Rationalization of construction utilizing 3D CAD (S-CAD)</td>
</tr>
<tr>
<td></td>
<td>Building of a new “operation model”</td>
</tr>
<tr>
<td><strong>2</strong> Life cycle management (LCM) services</td>
<td>Improvement of LCM service system</td>
</tr>
<tr>
<td><strong>3</strong> Initiatives in energy conservation technologies and low carbonization technologies</td>
<td>R&amp;D and utilization of energy-related and low carbon technology</td>
</tr>
<tr>
<td></td>
<td>R&amp;D and utilization of air quality improving technology</td>
</tr>
<tr>
<td></td>
<td>Nuclear power: Initiatives in waste treatment, decommissioning and decontamination</td>
</tr>
<tr>
<td><strong>4</strong> Global expansion</td>
<td>Building of human infrastructure toward expansion of overseas business</td>
</tr>
</tbody>
</table>

Basic themes and corporate governance

<table>
<thead>
<tr>
<th>Compliance initiatives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Corporate governance</td>
<td>Internal control, operating audit</td>
</tr>
<tr>
<td></td>
<td>Compliance education</td>
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<tr>
<td></td>
<td>“Helpline” consultation service</td>
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<tr>
<td></td>
<td>Compliance with Organized Crime Exclusion Ordinance and other related laws and regulations</td>
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<tr>
<td></td>
<td>CSR procurement</td>
</tr>
<tr>
<td></td>
<td>Information security management</td>
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<tr>
<td><strong>2</strong> Initiatives to insure business continuity during emergency</td>
<td>Formulation and promotion of BCP</td>
</tr>
<tr>
<td></td>
<td>Environment management system</td>
</tr>
<tr>
<td></td>
<td>Visualization of CO2 reduction at sites</td>
</tr>
<tr>
<td></td>
<td>Reduction of vehicle exhaust gas emission</td>
</tr>
<tr>
<td></td>
<td>Proper handling and treatment of asbestos and hazardous substances</td>
</tr>
<tr>
<td><strong>3</strong> Environment conservation and social investing</td>
<td>Promotion of measures for improving workplace skills and administrative skills</td>
</tr>
<tr>
<td></td>
<td>Dissemination of trouble information</td>
</tr>
<tr>
<td><strong>4</strong> Implementation of training and human resources development</td>
<td>Streamlining by operation model reform</td>
</tr>
<tr>
<td></td>
<td>Reduction of on-site work by logistics support</td>
</tr>
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<td></td>
<td>Improvement of effectiveness of various vacation systems</td>
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<tr>
<td></td>
<td>“Online Mental Support”</td>
</tr>
<tr>
<td><strong>5</strong> Initiatives in work-life balance of project sites</td>
<td>Measures to support the success of female employees</td>
</tr>
<tr>
<td></td>
<td>System to promote to boost active use of seniors</td>
</tr>
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<td></td>
<td>Employment of people with disabilities</td>
</tr>
<tr>
<td><strong>6</strong> Initiatives in diversity</td>
<td>Relationships with local communities</td>
</tr>
<tr>
<td><strong>7</strong> Participation in and development of the community</td>
<td>The United Nations Global Compact</td>
</tr>
<tr>
<td><strong>8</strong> Participation in the international agreed scheme</td>
<td>Caring Company Scheme</td>
</tr>
<tr>
<td>Reference page</td>
<td>Initiatives in FY2015</td>
</tr>
<tr>
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<td></td>
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<tr>
<td>Feature 1 13-14</td>
<td>Practical application and validation of the Shinryo Standard through Shinryo supply chain project</td>
</tr>
<tr>
<td></td>
<td>Strengthening of the LCM service system that was integrate Group companies</td>
</tr>
<tr>
<td>21</td>
<td>Promotion of development / sales / installation of various energy conservation technology and low carbon technology</td>
</tr>
<tr>
<td>Feature 2, 3 15-18</td>
<td>Promotion of technical and personal exchanges with overseas local companies</td>
</tr>
<tr>
<td>24</td>
<td>Continuous review of internal control systems</td>
</tr>
<tr>
<td>25</td>
<td>Restructuring compliance promotion system -Creation of overseas versions of compliance guidance -Continuous implementation of compliance enforcement education (100% implementation) -Continuous implementation of information security education and verification of its effects</td>
</tr>
<tr>
<td>26</td>
<td>Formulation of BCP plans, and implementation of comprehensive drills</td>
</tr>
<tr>
<td>27</td>
<td>Continuous operation of ISO14001 environmental management system -5% increase in CO2 emission reduction compared with FY2014 -Adoption rate of environmentally friendly vehicles as company vehicles: 20% -Continuous implementation of proper removal, management, and treatment (100% implementation)</td>
</tr>
<tr>
<td>22-23</td>
<td>Continuous implementation and improvement of various training programs and OJT for each department</td>
</tr>
<tr>
<td>Feature 3 17-18</td>
<td>Promotion of operation model innovation through the introduction of the Shinryo Standard</td>
</tr>
<tr>
<td>Feature 1 13-14</td>
<td>Continuous investigation of systems to promote activities by all employees, including female and seniors</td>
</tr>
<tr>
<td>28</td>
<td>Continuous implementation of community clean-up activities and support for culture in Japan and overseas</td>
</tr>
<tr>
<td>29</td>
<td>Participation in subcommittee activity of the United Nations Global Compact</td>
</tr>
</tbody>
</table>

*FY2014 (October 1, 2013 to September 30, 2014), FY2015 (October 1, 2014 to September 30, 2015)*
We renovated our headquarters building which was built in 1970 into a model building for environment and energy saving. We did so through only renovating facility systems, under the concept “Making Yotsuya, Tokyo into Tasmania.” Continuing from the first year after the renovation, operating performance in the second year (FY2013, April 2013 – March 2014) exceeded our targets for energy and CO2 emissions reductions. We are undertaking continuous energy saving measures and operational improvements to reach our final targets of a 40% reduction in energy consumption and 37% reduction in CO2 emissions (both compared to FY2009).

We are using natural energy technology such as solar cooling systems, photovoltaic, and energy saving equipment, including high-efficiency air-cooling heat pump chillers and cogeneration systems, to increase energy usage efficiency.

After acquiring ISO14001 certification in May 2001, Shinryo Corporation has established management systems for the handling of asbestos, in order to secure the safety of consumers and construction workers.

Energy saving eco-project in headquarters building

We renovated our headquarters building which was built in 1970 into a model building for environment and energy saving. We did so through only renovating facility systems, under the concept “Making Yotsuya, Tokyo into Tasmania.” Continuing from the first year after the renovation, operating performance in the second year (FY2013, April 2013 – March 2014) exceeded our targets for energy and CO2 emissions reductions. We are undertaking continuous energy saving measures and operational improvements to reach our final targets of a 40% reduction in energy consumption and 37% reduction in CO2 emissions (both compared to FY2009).

We are using natural energy technology such as solar cooling systems, photovoltaic, and energy saving equipment, including high-efficiency air-cooling heat pump chillers and cogeneration systems, to increase energy usage efficiency.

Initiatives aimed at energy saving technology and low carbon technology

After acquiring ISO14001 certification in May 2001, Shinryo Corporation has been undertaking Energy Management System (EMS) activities for 13 years. With particular emphasis on reducing energy consumption during operation, we actively propose to our customers the adoption of energy saving technology and low carbon technology in the design and construction of facilities.

- Representative energy saving and low carbon technologies
  - Highly-efficient operation of heat source equipment
  - Use of heat sources from exhaust heat recovery
  - Use of renewable energy
  - Installation of cogeneration system
  - Adoption of high-efficiency equipment for air conditioners and packaged air conditioners
  - Reduction of power for conveyance of heat
  - Reduction of ventilation load
  - Introduction of Shinryo Energy Management Service (SEMS)

To clearly indicate the effect of low carbon technology, we changed our aggregation standard in FY2014 and began releasing the results of the CO2 reduction rate.
Visualization of CO₂ emission reduction on-site

Large amounts of CO₂ are generated in manufacturing process for the materials used in construction, fuel for transporting the materials to work sites, and various processes for the processing and installation of materials and equipment. For over 30 years, Shinryo Corporation has engaged in the reduction of CO₂ emission on-site. In particular, we have made CO₂ emission reductions on-site visible from 2008 and are vigorously pursuing reduction activities.

Reduction methods born from creative ingenuity

A variety of CO₂ reduction methods and technologies have been implemented through creative ingenuity on-site, with over 50 such methods and techniques standardized. Below is a look at three frequently-adopted items and their effects.

1. 3D-MAPS (3D measurement system)
We use the 3D-MAPS system based on surveying instruments for 3D measuring and positioning on-site. Through this, we are able to reduce the amount of CO₂ generated through reducing readjustments during construction, which conserve resources.

2. Use of environmentally-friendly materials and equipment
We are working to adopt environmentally-friendly materials and equipment that also satisfy quality requirements. Specific examples include reduction of running costs through the adoption of high-efficiency equipment, reduction of CO₂ emissions in manufacturing through the use of recycled materials, and curtailment of transport vehicle fuel through the use of lighter-weight materials.

3. Optimization through prior validation
We implement comparative validation of required quality and blueprints, using computational fluid dynamics (CFD) simulations before construction for spaces with high expected air conditioning load, including large spaces such as atriums and theaters as well as places requiring high-level cleanliness such as operating rooms. Conducting such prior validation enables the optimization of equipment details. By this optimization, CO₂ emissions and running costs can be reduced through conservation of resources.

Environmental communication project

We convert CO₂ emission reduction to area of forest plantations and to gasoline-based travel distance, and communicate this to employees every month. Through this activity, we enhance awareness concerning CO₂ reduction.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative Gasoline consumption amount</th>
<th>Travel distance</th>
<th>Earth rounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009-2011</td>
<td>2,506</td>
<td>48,662,641</td>
<td>1,237</td>
</tr>
<tr>
<td>FY2012</td>
<td>11,881</td>
<td>230,497,436</td>
<td>5,762</td>
</tr>
<tr>
<td>FY2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2014</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gasoline consumption saved and travel distance converted to number of rounds around the Earth.
Participation in the Japan Business and Biodiversity Partnership

Shinryo Corporation agrees to the activity of the Keidanren Committee on Nature Conservation. Also we are participating in Japan Business and Biodiversity Partnership and has begun investigating activities aimed at preserving biodiversity. We are starting by first learning about ecosystems and biodiversity. While learning much through our participation in the Japan Business and Biodiversity Partnership, we will investigate initiatives suited to Shinryo Corporation.

About the Japan Business and Biodiversity Partnership

The Private Sector Engagement Initiative on Biodiversity was established on May 25, 2010 as a voluntary program centered on the business world to promote private sector participation in implementing treaties such as those on conservation of biodiversity and its sustainable usage. The Japan Business and Biodiversity Partnership is an initiative of multiple stakeholders, including businesses that agree with the theme and wishes to conduct activities in line with the Action Policies (1 or more items) of the Japan Business and Biodiversity Partnership Action Policies put forth by the Initiative, as well as organizations, NGOs, researchers, local governments, governments, and other parties that support those businesses.

Treatment of asbestos and hazardous substances

Since the establishment of the Ordinance on Prevention of Health Impairment due to Asbestos, we have established an international management organization, held conferences for persons in charge of asbestos management, implemented patrols of asbestos removal work sites in Japan, and operated our own "asbestos construction cycle." By doing so, we are making all-out efforts to prevent health impairments to employees and workers during asbestos removal work and to prevent asbestos dispersal into the atmosphere.

Promoting acquisition of Operations Chief of Asbestos qualification

At Shinryo Corporation, all employees engaged in construction undergo skills courses with the aim of acquiring Operations Chief of Asbestos qualification. As of May 26, 2014, 1,053 employees hold this qualification.

Example of asbestos removal work overseas

Bangchak Cogeneration Plant (Thailand)

We are committed to asbestos countermeasures overseas as well as in Japan. One example is in Thailand, which lacks laws and regulations concerning asbestos. In order to protect overseas local staff and workers from health impairments, Shinryo Corporation employees have always engaged in asbestos removal work under measures based on Japanese law.

The photograph shows asbestos slate tile removal work performed on-site at a cogeneration plant in Bangchak, Thailand.
Organizational Governance

Based on our CSR Statement, we are engaged in fostering high transparency in management and a corporate climate that facilitates work, which are the foundation for all business activities. We have prepared a corporate governance structure and internal control mechanisms to secure transparency in management and to conduct prompt decision-making.

Corporate Governance system

The Board of Directors deliberates submitted agenda items based on agenda and reporting criteria stipulated by agenda items and by Board of Directors rules set forth in the Companies Act. The Management Committee deliberates on important matters concerning company management, in addition to proposals submitted to the Board of Directors.

The Executive Committee communicates reports on the status of work execution by executives and resolutions of the Management Committee, and performs prior hearings on opinions concerning matters for deliberation by the Management Committee. The Audit Department verifies compliance and the efficacy and efficiency of systems, organizations, and work activities. From 2013, it has performed audits of not only domestic and overseas workplaces but also of construction sites.

The Compliance Committee seeks to enforce and improve awareness of legal compliance and corporate ethics by the Committee and supervisors in each division, while also conducting policy decision-making and corrective guidance with regard to consultations and information received through the Helpline consultation service.

Internal control

The construction of internal control systems is mandated by the Companies Act. Since the enactment of the Act, Shinryo Corporation has performed reviews of the systems as necessary, and works to fully secure compliance and enhance consistency and efficiency in work execution.

Overview of Shinryo Corporation’s internal control system (excerpted from resolutions of the Board of Directors)

1. Systems to ensure that the execution of duties of directors, executive officers, and employees conforms to laws, regulations, and the Articles of Incorporation
2. Systems concerning the preservation and management of information pertaining to the execution of duties of directors
3. Rules and other systems concerning management of the risk of loss
4. Systems to ensure the efficient execution of duties of directors
5. Systems to ensure reasonable work in corporate groups composed of the Corporation, its parent company, and its subsidiaries
6. In cases of auditors requesting the appointment of employees to assist the duties of auditors, matters concerning the employees and independence from the directors of the employees
7. Systems by which directors, executive officers, and employees report to auditors, and other systems concerning reporting to auditors
8. Systems to otherwise ensure the effective conduct of audits by auditors
Fair Operating Practices

Shinryo Corporation has undergone site inspections by Japan Fair Trade Commission and Tokyo District Public Prosecutor’s Office on suspicion of violation of the Antimonopoly Act, related to facilities construction in the Hokuriku Shinkansen train. We have received this with seriousness and sincerity, and are pursuing initiatives aimed at preventing recurrence and incorporating the opinions of professionals and experts inside and outside the Company. It is the aim of Shinryo Corporation to realize sincere, fair, and appropriate management, and to fulfill the social responsibilities placed upon the Company’s business. We wish to maintain Shinryo Corporation as a company with sincerity and integrity, for the practice of compliance and the sound development of our business.

Compliance

Shinryo Corporation believes that the enforcement of corporate ethics and legal compliance are the most important issues in management. All of our employees will comply with laws and regulations and will fulfill social responsibilities.

The Shinryo Group Code of Business Conduct

We, the employees of the Shinryo Group, have basic and common awareness of corporate ethics and compliance in accordance with the Shinryo Group’s company philosophy and this Code of Business Conduct and Standards of Conduct, and positively practice the code of business conduct and standards of conduct in our daily business with a strong sense of belonging to the company.

The Shinryo Group Code of Business Conduct

**Code of Business Conduct 1**
Pursue customer satisfaction by standing in customers’ positions.

**Code of Business Conduct 2**
Pursue management efficiency for the sake of shareholders.

**Code of Business Conduct 3**
Ensure comfortable and relaxing workplaces, of which management and staff can be proud to their families.

**Code of Business Conduct 4**
Comply with corporate ethics, and laws and regulations, and compete fairly, transparently and freely, with our business partners.

**Code of Business Conduct 5**
Constantly pursue the ideal state that a member of society should be, by following social rules.

**Code of Business Conduct 6**
Fulfill social responsibilities in related countries.

Every year, our employees sign the Code of Business Conduct page printed in the Group manual that is distributed to employees, and vow to engage in strict compliance.

Compliance Promotion System

We have established the Compliance Promotion Division and are otherwise reviewing and strengthening our systems and structures, to further enforce corporate ethics and legal compliance.

Compliance Promotion System diagram
Analysis of the image content:

**Establishment of the “Helpline” consultation service**

We have established a consultation and whistle-blowing desk, for acts that are or are thought to be in violation of laws and regulations, or acts thought to be in violation of our Code of Business Conduct and Standards of Conduct. Its aim is the prevention or the early detection and correction of legal violations or internal improprieties. We are working to make it widely known and thus used not only by employees, but also by all persons participating in the work of Shinryo Corporation.

**Compliance Guidance**

Matters related to compliance that are of particular importance in the execution of Shinryo Corporation’s work are collected in our Compliance Guidelines. Along with the distribution of a booklet to employees, we have made the content available at all times on our internal message board.

**Implementation of various compliance education**

Shinryo Corporation enacts ongoing compliance education matched to a variety of opportunities and job positions. In FY2014, in addition to education held once per year for each targeted group, we conducted a wide range of activities that include case study education (a total of 22 times) focused on mid-level employees and education with specific curriculum suited for each department. In addition, we have prepared an environment that facilitates all employees to work with constant awareness of compliance, through actions including the mailing of the Shinryo Compliance News every month.

**Targeted groups and content of FY2014 compliance education**

<table>
<thead>
<tr>
<th>Targeted groups</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>All executives and employees</td>
<td>Information security education using e-learning</td>
</tr>
<tr>
<td>New employees</td>
<td>Education on fundamentals of compliance</td>
</tr>
<tr>
<td>Executives, General Managers</td>
<td>Education on related laws and regulations from advising lawyers</td>
</tr>
<tr>
<td>Persons receiving promotions</td>
<td>Education matched to grade</td>
</tr>
<tr>
<td>By grade</td>
<td>Case study education matched to grade</td>
</tr>
<tr>
<td>Corporate divisions / regional offices</td>
<td>Overall compliance education</td>
</tr>
</tbody>
</table>

**CSR procurement**

We pursue CSR initiatives through cooperation and coordination with our business partners, especially partner companies. We established the Shinryo CSR Procurement Guidelines, and have asked over 500 companies to cooperate in complying with the Guidelines. For FY2015, we are considering launching a survey on the status of initiatives to gain the understanding of all of our partner companies.

**Shinryo CSR Procurement Guidelines**

1) **Fair and sound corporate activities**
   We ask that companies engage in fair and sound business activities without unfair competition or actions that obstruct free competition.

2) **Quality, safety, and business continuity**
   We ask that you comply with laws and regulations concerning management of hazardous substances and product safety, and strive to ensure the health and safety of product users and consumers. We also ask that you engage voluntarily in initiatives for business continuity planning.

3) **Consideration of human rights, labor, and occupational health and safety**
   We ask that you respect basic human rights and pursue business activities that take the working environment and occupational health and safety into consideration.

4) **Consideration of the environment**
   We ask that you steadily implement environment conservation including biodiversity, and environmental management to undertake business activities with the global environment taken into account.

5) **Legal compliance**
   We ask that you comply with the laws and regulations of all nations and regions, as well as international treaties and social norms, and conduct business activities founded on corporate ethics.

6) **Management of information**
   We ask that you enact measures against threats to computer networks, while also appropriately managing and protecting confidential information concerning business and personal information, to avoid leaks or improper / illegal use. Please also strive to prevent leaks of confidential information belonging to customers and third parties.

Shinryo Corporation CSR Report 2014
Shinryo Corporation formulates, maintains, and manages business continuity plans (BCP) for the quick restart of business activities in the event of a large-scale disaster. Our goal is to maintain sufficient levels of business activity and restore our business within acceptable time, on the premise of securing human life and safety, in the event of a large-scale disaster or accident / incident that inflicts damage on our headquarters, Corporate Divisions, or branches with negative impacts on business functions. We also stipulate in advance measures to reduce damage, means of securing business resources, response methods, and responding organizations during emergencies.

System and purpose of the BCP Formulation Project

Shinryo Corporation formulates, maintains, and manages business continuity plans (BCP) for the quick restart of business activities in the event of a large-scale disaster. Our goal is to maintain sufficient levels of business activity and restore our business within acceptable time, on the premise of securing human life and safety, in the event of a large-scale disaster or accident / incident that inflicts damage on our headquarters, Corporate Divisions, or branches with negative impacts on business functions. We also stipulate in advance measures to reduce damage, means of securing business resources, response methods, and responding organizations during emergencies.

Structure of partnerships with partner companies

In the event that a risk such as earthquake occurs, we are concerned that Shinryo Corporation working on its own would result in delayed response to the restoration of customers’ facilities and systems. In response, Shinryo Corporation is preparing and strengthening our system for cooperation with partner companies, primarily envisioning earthquake damage. We have constructed a system that smoothly and efficiently handles equipment restoration, etc. following an earthquake disaster, by maintaining lists of constructed properties and having partner companies take charge of response to individual properties.

From here on out, we will advance activities to enhance practical capabilities through the BCP Formulation Project.

Everyday initiatives

In addition to formulation and implementation of BCP in the broad sense, we are undertaking initiatives aimed at the maintenance of functions at each workplace, such as implementing drills for confirmation of safety of employees and their families in preparation for any contingency, and enhancement of training with our own firefighting organizations.

Thoughts concerning envisioned risks

Envisioned risks include natural disasters such as earthquakes, wind, and floods, pandemic influenza, terrorism, war, fire and explosion, system stoppage, large-scale blackouts, and other accidents and incidents of diverse natures. Among these, in BCP formulation we envision risks based on the thinking below, and work to build and strengthen our business continuity system.

(1) Risks which carry a relatively high risk of future occurrence
(2) Wide-area disasters in which impairment would extend across infrastructure, etc., creating high hurdles to business continuity
(3) Response measures that are applicable to other incidents

From here on out, we will flexibly and continually carry out reviews of risks, based on factors including changes in the business environment and changes in the risk environment.
Human Rights / Labor Practices

As a global company, Shinryo Corporation respects human rights in all countries. We have set “Securing comfortable and relaxed workplaces, which workers can show their families with pride” as part of our Code of Business Conduct, and engage in a variety of activities.

Making use of global human resources

An item within Shinryo Corporation’s Company Philosophy, “Have leadership, irrespective of education or age” has been translated into English for application overseas, with the addition of “nationality” to “education” and “age.” This Company Philosophy forms the basis for action at each of our overseas sites, as in Japan. We believe that making use of a broad range of human resources, crossing the boundaries of nationality and ethnicity, is necessary for us to develop as a global company.

Initiatives for work-life balance

Leave acquisition promotion system

Believing that the mental and physical health of employees is of highest importance, Shinryo Corporation has introduced a system for promotion of various types of leave, as a part of our initiatives to create a workplace environment that facilitates leave-taking for employees as they work efficiently and provide support for each other.

• Project leave
Our aim is that employees, primarily those working on-site take successive leaves when a site completes to maintain their mental and physical health and get refreshed before moving to the next site. In FY2014, 279 employees took the leave.

• Anniversary leave
This system, intended for all employees, allows leave for commemorative days of employees or their family members, with taking three days per year as its target.

• Refresh leave
This system expresses our respect for the contributions of employees at junctions, of 10, 20, and 30 years of continuous service, as well as our appreciation to the families supporting them, and allows the taking of successive leaves.

Company Philosophy

• Be fair and straightforward
• Do your best with all your effort
• Have leadership, irrespective of education, age, or nationality

Voice of an employee taking project leave

• I used the project leave system to take a 4-day, 3-night family trip to Okinawa. That let me forget about work and refresh my mind and body, and then take on the next project in a fresh state of mind. I think it’s a great system that allows employees to strike a better balance in work.

Voice of an employee taking anniversary leave

• In April, my son’s university entrance ceremony and daughter’s high school entrance ceremony were held on the same weekday. Using anniversary leave, I was able to attend both. Thanks to the system, I deepened bonds with my family.
In September 2014, we launched an investigative team of female employees to study systems and environments by which female employees can continue working with motivation while experiencing life events such as childbirth and child rearing. Together with management departments and the CSR promotion office, the team will investigate how female employees can become even more active.

Initiatives for diversity (making use of diverse human resources)

Promotion of systems to boost activity by female employees

In September 2014, we launched an investigative team of female employees to study systems and environments by which female employees can continue working with motivation while experiencing life events such as childbirth and child rearing. Together with management departments and the CSR promotion office, the team will investigate how female employees can become even more active.

Voice of a participant in the female employee investigative team

With male employees making up the majority of employees, we discussed how female employees can become more active and contribute to the company. I think that an environment allowing women to continue working without undue stress, even after experiencing life event such as childbirth and child rearing, is what allows them to work with peace of mind.

Promotion of systems to boost active use of seniors

Shinryo Corporation believes that senior employees who supported the company in the past continue to provide valuable competitive strength. As such, we are working to create systems and environments facilitating the active use of these human resources, in accordance with their capabilities. In FY2014, we created the "Temporary S" system for those in charge of valuable work, to enhance motivation and evaluation.

Temporary system matched to capabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Job requirements</th>
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| 1) Temporary S | Senior staff engineers  
Overseas local company president or vice-president |
| 2) Temporary I | On-site agents (stationed on site) |
| 3) Temporary II | Other on-site staff (stationed on-site)  
Person responsible for on-site response design (stationed onsite)  
Onsite clerical work (stationed on-site) |
| 4) Temporary III | Other non-regular re-employed persons |

Online Mental Support

We established Online Mental Support as a consultation service for mental health, staffed by outside professionals. This site allows consultation through collection of information and through e-mail.

Mental health education

We conduct “mental health education,” centered on management positions, with the aim of management, maintenance, and improvement of employees’ minds and bodies.

In FY2014, 554 persons took courses in the importance of mental health in the workplace.

Children visiting day

We hold “Children visiting day” to invite employees’ elementary and junior high school family members to the workplace or construction site. This helps families understand our work and builds up pride in each and every employee. In FY2014, the fourth year of the program, the Shinryo Corporation Research & Development Center in Tsukuba City offered an observation tour of experiments using a variety of instruments, to provide study material for children's summer research projects. A total of 150 people from 47 families participated.

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Community Involvement and Development

Shinryo Corporation actively implements and recommends activities that place importance on local communities and culture as a company that contributes to the sustainable development of society.
We believe that steadily accumulating small, close-at-hand activities is important in engaging with local communities.

Connections with local communities

Yotsuya Volunteer Clean-up Activities by new employees

As a part of education for new employees, 61 new employees in FY2014 conducted a volunteer clean-up activities in the Yotsuya, Shinjuku-ku where our headquarters is located. Picking up empty cans and cigarette butts along walkways and planted areas provided an opportunity to consider environment conservation. The activity, intended to foster self-awareness as members of the Yotsuya area, is held every year for new employees.

Tohoku Branch Volunteer Clean-up Activities

In November 2013, we conducted a clean-up activities at the time of the “Imoni Meet,” an annual event of the Tohoku Branch. 10 participants picked up litter on 5 kilometers of road along the Hirose River that flows through Sendai as they headed for the event venue. Through this activity, the day served as a reminder of the importance of volunteering.

Taking part in the Ecocap Movement

We collect PET bottle caps in special containers and donate these. This activity, which had been carried out by each Corporate Divisions and Branches, has been implemented as a company-wide activity from 2010. As of September 2014, we have collected and donated a total of 729,545 caps, enough to yield 848 doses of vaccine through the Ecocap Movement.

Sympathies and support for earthquake- and typhoon-afflicted regions in the Philippines

We made donations to assist victim relief and reconstruction support in areas hit by the Bohol earthquake of October 15 and Typhoon Haiyan on November 8, 2013. Donations through the Japanese Red Cross Society were 1 million yen from Shinryo Corporation, and 200,000 pesos through the Philippine Red Cross from SHINRYO (PHILIPPINES) COMPANY, INC. We extend our deepest sympathies to all of those affected by the disasters, along with our wishes for a fast recovery in the afflicted areas.

Support for culture and the arts

We engage in support for culture and the arts, through supporting memberships, sponsorships. In FY2014, we were registered as supporting members for the following music-related organizations.

List of music-related organizations for which Shinryo Corporation is registered as a supporting member