



CHIYODA CORPORATION CSR Report 2006

Fiscal Year Ended March 31, 2006



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TO FULFILL OUR ROLE AS A RESPONSIBLE CORPORATE CITIZEN THROUGH CORE BUSINESS OPERATIONS

The Chiyoda Group has been a leading corporation in the Japanese engineering industry since its founding in 1948. We have engineered and constructed petroleum, liquefied natural gas (LNG), chemical and other industrial plants in more than 40 countries. All these facilities have made significant contributions to industrial and social development. Through the years, we have placed particular focus on energy and the environment in our line of business. In the 1950s, we performed engineering and construction for oil refineries that were vital to meeting Japan's energy needs. In the 1970s, our accomplishments included various facilities that help protect the environment. In recent years, we have been working on particularly projects for clean energy, such as LNG and sulfur-free petroleum product, which have much less environmental impact.

These achievements demonstrate how we use business activities to play a direct role in tackling social and environmental issues. We will continue to focus on solutions for three pressing global issues: the reliable supply of energy, environmental conservation and the realization of sustainable social and economic development.



Petroleum plants that produce gasoline, kerosene, diesel fuel, heavy fuel oil and other refined products



Petrochemical plants that supply feedstock for plastics and synthesis textiles and fertilizer plants



Pharmaceutical plants, food processing plants and quality assurance systems for pharmaceuticals and food products

ECONOMY

Contribution to sustainable economic development

- Engineering and construction of petroleum refineries, petrochemical plants and other industrial plants to produce fine chemicals, pharmaceuticals, processed food products and other industrial goods
- Economic development of countries where plants are constructed

ENERGY

Contribution to a stable energy supply

- Engineering and construction of facilities that make possible the efficient production and stable supply of refined petroleum products, natural gas and other energy sources
- Provision of solutions by technologies to conserve energy and make other improvements at industrial plants and complexes



Natural gas processing plants, natural gas liquefaction plants and LNG receiving terminals to supply gas to utilities and power plants



Plants to produce sulfur-free gasoline and diesel fuel and energy conserving plants of petrochemical complexes



Flue gas desulfurization plants, water treatment plants and soil improvement

SOCIETY

Contribution to sustainable social development

- Technology transfer to countries where plants are constructed
- Training and other support involving technologies

ENVIRONMENT

Contribution to environmental conservation

- Supply of facilities to produce clean-energy sources with minimal CO₂ emissions
- Engineering and construction of facilities to prevent air and water pollution
- Provision of solutions for environmental issues



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A MESSAGE FROM THE PRESIDENT

A CSR Commitment That Started upon Our Foundation

Chiyoda's core business is engineering, procurement and construction of energy, chemical and other industrial plants. Completing such projects requires the knowledge and expertise to provide solutions as well as the skillful combination of hardware and various services. Thus, plant engineering is an extremely complex business that entails a massive number of tasks, and our projects have substantial and multi-faceted impacts on various fields.

Throughout our history, our operations have reflected a complete understanding of the magnitude of the various impacts of our business activities on society and the environment. Chiyoda itself has been well aware of these impacts and of the need to fulfill its obligations.

In 1972, our founder Dr. Akiyoshi Tamaki issued a booklet titled "Our Legacy for the 21st Century."* The publication contains a clear message to the public about corporate responsibilities concerning pollution, which was then gaining recognition as a serious social issue. Dr. Tamaki emphasized the importance of harmony between humankind and nature and the proper balance between industrial activities and environmental preservation. In essence, he was addressing a theme known today as "sustainable development." More than three decades ago, Chiyoda was

guided by this resolute commitment to linking our core business operations with actions to deal with social and environmental issues on a global scale. Today, this spirit and underlying philosophy remains the basis for everything that we do.

Recognizing the Importance of Mutual Respect in a Manner of "Moderately, Courteously and Dignifiedly"

The global scale of our operations further complicates the nature of our business. Our activities must conform to international and local standards for behavior and corporate citizenship. Success is possible only if we strictly observe all rules and do business in the spirit of partnership.

This is why we execute projects strictly in accordance with agreements and common understanding established among the parties concerned. We have long understood the importance of drawing a line between what we should and should not do. We must manage our projects under a rigorous framework of checks and balances. Without this stance, we cannot build win-win relationships with the world's major energy companies and our other business partners.

We carry through on our commitments. We perform every task as best we can. This is the foundation for all our activities. I believe that applying this

stance to every project is what corporate social responsibility is all about.

A member of the management of a major energy company described our young staff as typical of all Chiyoda employees – "Moderate, Courteous and Dignified." I believe these complimentary words express the characteristics that we need to continue to strive for within our organization. We will respect all parties with whom we do business and work to earn the same respect in return. Building these relationships while maintaining sound communications is essential to the successful completion of the massive and intricate projects that we undertake.

"Reliability" that begins with "Respect"

The Chiyoda approach to CSR



Aiming to Become the "Reliability No. 1" Project Company

We are currently proceeding with a medium-term management plan called "Double Step-Up Plan 2008." The major goal is earning a reputation as the "Reliability No. 1" Project Company, which means that we intend to become the most reliable company in the world by offering the best professional services to clients during project implementation, including engineering, procurement and construction. In project implementation as well as in corporate management, we are trying to be courteous and dignified and to constantly focus on the basics. Through this approach, we will show our respect for others and earn their respect as well. By providing our highly reliable services throughout the project, we will gain the respect of our clients.

Employees are our most valuable assets with regard to achieving these goals. We will continue to expand and enhance the ways in which we foster their development.

We share with our employees the importance of reliability – vested in and aimed at by the Company – and we play a vital role in harmonizing hardware (manufacturing) and software (technologies and project management) in order to respond to the socio-economic requirement for sustainable development. It is our mission to foster the younger generation within Chiyoda Group operations to earn greater reliability and respect and to enhance the overall value of the Group.

Our CSR concept will be materialized in the way that we continue to offer cutting-edge technologies and differentiated services as a plant engineering and construction contractor and to pass on the key concept of harmonization of manufacturing and services to the next generations of Japan.

Nobuo Seki
President & CEO

* OUR LEGACY FOR THE 21ST CENTURY

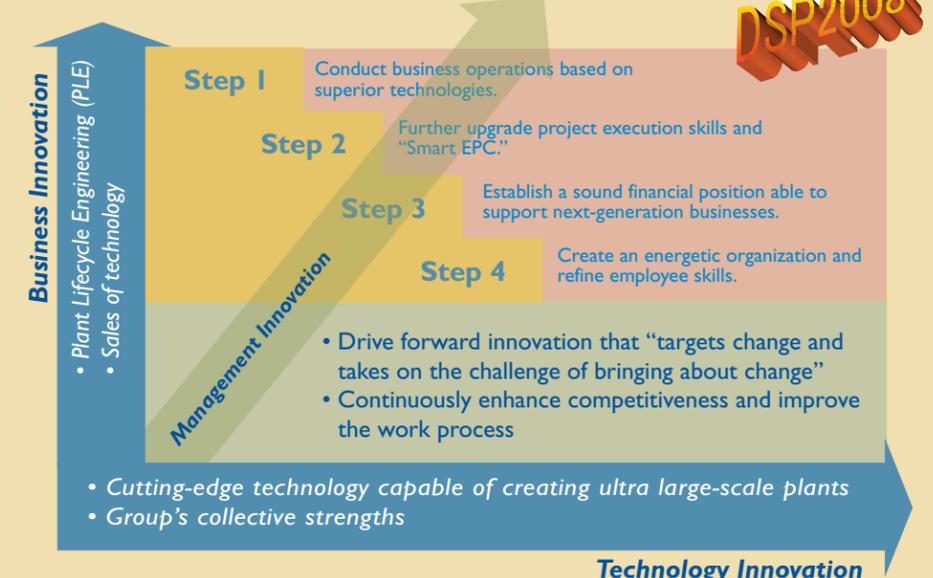
An Ever-Lasting Commitment to the Chiyoda DNA

In 1972, Chiyoda issued a booklet titled "Our Legacy for the 21st Century" that described the need for harmony between the advancement of humankind and conservation of the natural environment. The publication declared that Chiyoda would always work on developing technologies that help solve problems involving energy and the environment. This spirit is still passed on to the new generation of engineers so that our DNA remains the nucleus of all our technologies. (A Japanese-language copy of "Our Legacy for the 21st Century" is available on the Chiyoda web site.)

DOUBLE STEP-UP PLAN 2008

As a company with growing earnings, we will focus on increasing corporate value through self-help.

"Reliability No. 1" Project Company
Excellent Company Able to "Sustain Earnings Growth"



CHIYODA GROUP CSR VISION

The Chiyoda Group achieves its core values based on the maintenance of close ties with various stakeholders through its business activities. We believe activities that accurately reflect our values are one and the same with CSR activities. To delineate clear goals for our CSR activities, we have established the Chiyoda Group CSR Vision.

As an integrated engineering company, the Chiyoda Group pledges to constantly strive to increase corporate value and earn the trust and understanding of all stakeholders by adhering to the following principles.

- 1 A Reliable Company**
 We are dedicated to earning a reputation among our customers and all others with whom we do business as the “Reliability No. 1” Project Company by providing the highest levels of technologies and knowledge in the world.
- 2 Environmental Initiatives**
 We are dedicated to remaining a company that plays a vital role in society by using sophisticated technologies to maintain the proper balance between environmental conservation and social and economic development.
- 3 Social Contributions through Business Activities**
 We are dedicated to using our engineering business activities in Japan and overseas to contribute to society, such as helping people reach their goals, transferring technologies and protecting the environment.
- 4 Respect for Human Rights**
 We are dedicated to respecting the human rights of all people. We will create a corporate culture where the individuality and character of every employee are respected, where people are motivated to do their best, and of which employees and their families are proud.
- 5 Commitment to Fairness**
 We are dedicated to achieving even greater transparency and stability by conducting our operations fairly in accordance with the highest ethical standards.

The Chiyoda Group’s Core Values

The Chiyoda Group will use advanced technologies backed by extensive knowledge and expertise to constantly upgrade business activities for the purpose of contributing to the sustainable development of society.

CSR Medium-Term Targets of the Chiyoda Group

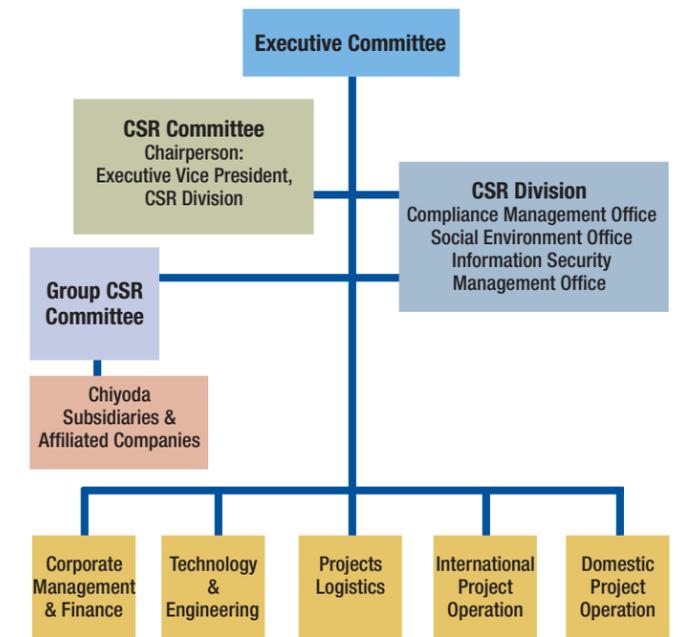
Chiyoda Corporation established the following CSR medium-term targets to embody the CSR Vision in all Group activities.

1. A Reliable Company	<ul style="list-style-type: none"> Obtain the satisfaction of customers by supplying industrial plants that have outstanding quality with “Reliability No. 1” technologies Share the principles of our CSR Vision with vendors, subcontractors and other business partners
2. Environmental Initiatives	<ul style="list-style-type: none"> Develop and provide environmentally friendly technologies Conduct business activities that help conserve the environment
3. Social Contributions through Business Activities	<ul style="list-style-type: none"> Use business activities to contribute to society Materialize social contributions through the provision of knowledge, expertise and activities
4. Respect for Human Rights	<ul style="list-style-type: none"> Create a lively and energetic working environment and help develop employees’ talents Realize zero accidents
5. Commitment to Fairness	<ul style="list-style-type: none"> Conduct business activities based on strict compliance with laws and regulations and a high degree of transparency Conduct a thorough risk management program

The Chiyoda Group’s CSR Structure

At Chiyoda Corporation, the CSR Division was established in fiscal 2006 to coordinate full-scale CSR initiatives. In the CSR Division, specialized offices were formed for each of the three core themes: social and environmental affairs, compliance and information security. The division and these three offices together implement CSR programs at Chiyoda Corporation as well as at Group companies.

The CSR Committee was established in June 2005. Members include representatives of the CSR Division and its three offices along with representatives from corporate planning, personnel, general affairs, quality management, environment and safety and other sections of Chiyoda Corporation. Major roles of the committee include promoting awareness of CSR initiatives and offering directions and plans associated with CSR activities. There is also the Group CSR Committee, formed in 2005, which promotes CSR activities across the entire Chiyoda Group.



LNG PROJECTS: THE CONVERGENCE OF BUSINESS AND CSR

Natural Gas, an Environmentally Friendly Fuel

Natural gas is attracting attention worldwide as a clean-burning fuel. According to the World Energy Outlook 2005 report, annual demand worldwide for natural gas in 2030 will be 4.2 billion tons, twice the level in 2000. This is the fastest growth rate of any fossil fuel. Furthermore, natural gas is projected to rise from 23% to 27% of global energy consumption. Burning natural gas produces anywhere from 20% to 40% less CO₂, a source of global warming, than coal and petroleum products. Nitrous and sulfur dioxide emissions, a source of acid rain, are also comparatively low. In the past, natural gas was used in limited areas since it could only be piped. Today, it is being used throughout the world as it can now be liquefied for carriage to distant destinations. Furthermore, natural gas fields are located in many more areas of the world than crude oil fields, and there are ample reserves. All these attributes make natural gas an ideal fuel.

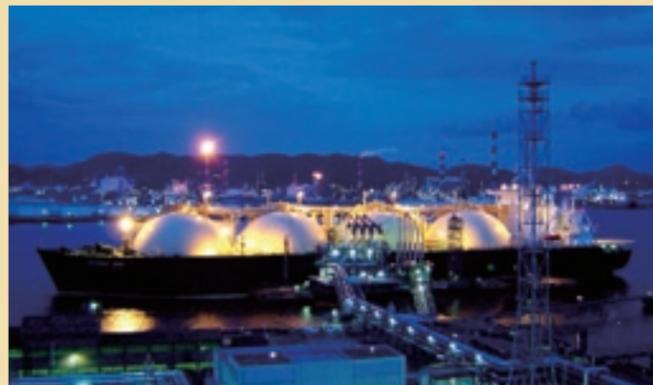


Qalhat LNG plant in Oman

Fiscal 2006 LNG Projects at Chiyoda

Chiyoda has been involved in the engineering and construction of LNG plants since 1960s. Currently, we have constructed LNG plants with a total annual output of 30 million tons. Chiyoda was involved in the construction of 14 of the 21 LNG receiving terminals built in Japan.

In fiscal 2006, we received contracts from Qatar for some of the world's largest LNG projects. We were selected to build two LNG trains for Ras Laffan Liquefied Natural Gas (3) and two more trains of the same scale for Qatar Liquefied Gas Company Limited (3 and 4). Each train will produce 7.8 million tons of LNG. In Japan, we completed work on schedule at the Mizushima LNG receiving terminal. At this project, we handled everything from engineering and procurement to construction and commissioning.



LNG receiving terminal in Mizushima, Japan

CHIYODA'S SOCIAL CONTRIBUTION THROUGH LNG



LNG plant in Ras Laffan, Qatar



A Stable Supply of Energy for Japan

The United States, Korea, China, European nations and other countries have plans to increase LNG imports. Japan's share of global LNG imports, currently about 40%, is certain to decline. As the number of LNG buyers grows, it is becoming increasingly important to establish ties with suppliers to ensure a stable, long-term supply of energy for Japan. Through the construction of LNG plants, we have formed deep ties with gas-producing nations to ensure Japan's demand for energy is met.

Reduction of CO₂ Emissions

To meet growing worldwide LNG demand, LNG plants themselves have become larger as well. Compared with the plants in the 1970s, the LNG plants constructed today are almost 10 times larger in terms of production capacity. From the viewpoint of mitigating global warming, operation of the liquefaction system, where most energy is consumed, is a critical aspect of an LNG plant. We are therefore trying to develop larger equipment, which improves the liquefaction process and operating efficiency, to save energy and to reduce CO₂ emissions.

PROVIDING EMPLOYMENT OPPORTUNITIES THROUGH OUR PLANT CONSTRUCTION IN OMAN



“Best Omanisation Company” in the construction sector

A Highly Successful Omanisation Program

Located on the east coast of the Arabian Peninsula, Oman is one of the world's largest producers of crude oil. The national government has an Omanisation program, in which a minimum level is set for the employment of Omani citizens at every project and business conducted by companies in various sectors. We provided many jobs for Omani citizens at the Oman LNG plant project, where construction began in 1996, and at the Qalhat LNG plant project, which started in 2003.

At the Qalhat project, we set a number of records for the speed of construction and commissioning. In November 2005, construction was completed in 33.4 months, 17 days less than the scheduled 34 months. Only nine days after plant turnover had been accomplished, LNG production began and the first shipment and exports were made within the next 30 days. The customer was extremely pleased with these achievements. This plant currently produces about 3.3 million tons of LNG annually, most of which is exported to Japan and Europe.

A Unique Approach to Omanisation

In Oman, government agencies have been a major source of jobs. However, as the working population of the nation has increased, there is now a need to raise private-sector employment opportunities. The inevitable depletion of oil reserves makes Omanisation even more pressing. Oman urgently needs to prepare for its transition from a provider of energy resources to a provider of human resources.

We signed the contract for the Qalhat project with the Oman Ministry of Oil and Gas, as Qalhat LNG S.A.O.C. had not yet been established. The Government of Oman wanted to make this a model project for its Omanisation program. Accordingly, the target for hiring Omani citizens was 35%, more than twice the 15% level normally applied to the construction sector. We were dedicated to meeting this ambitious goal. In addition, we recognized that Omanisation also entailed placing priority on contributions to the welfare of residents, shops and companies in communities near the construction site. In an unprecedented step for a construction site, we established the Sustainable Development Group devoted exclusively to community issues. We then conducted our Omanisation program with the cooperation of national and local government agencies, subcontractors and, of course, the customer.

To verify our performance, we monitored quantitative data on a monthly basis using the following Key Performance Index (KPI).

1. Omani citizens as a percentage of the total workforce
2. Nearby residents as a percentage of all Omani employees (Surt Sharqiyah region)
3. Progress in upgrading skills of trainees
4. Employment of trainees
5. Use of local subcontractors and local procurement activities

Rigorous Professional Training and Language Programs

In Oman, we concentrated on recruiting individuals from nearby areas to maximize our contribution to the regional economy, but many people had little or no job experience. Moreover, the majority could not speak English, the working language at the job site. Overall, the Omanisation goal of at least 35% presented more challenges than we had expected.

Another project was already under way in the region where the LNG plant was to be built, but this project was unable to hire a sufficient number of fully or partially trained Omani citizens. Most subcontractors, which had a large number of local workers, educated their workers by using training institutes.

Another challenge we faced was hiring people with no work experience at a construction site, a workplace that demands constant attention to safety. All Omani citizens who were hired had to attend special safety classes and complete other necessary training. In all, 3,106 individuals finished our safety program. Thanks to these efforts, the Qalhat project achieved 20 million man-hours without an on-site accident. At our office at the job site, our Omani staff received language lessons from a British instructor as well as the IT training needed to perform office work.

All these initiatives resulted in a KPI of 95.67 when the project was completed, far above the goal of 80. Omani citizens accounted for 37.5% of the workforce, well above the government's 35% target. During the project's busiest phase, Omani employment rose to 1,362 a month and the total number of Omani employees reached about 27,000 for the period of construction.

Recognition from the Sultanate of Oman

In recognition of its accomplishments, Chiyoda was honored by the Omani government in February 2004 and May 2006 as the “Best Omanisation Company” in the construction sector. We are the only company with no government ownership to receive this honor, which we view as proof that we fulfilled the objectives set out by the Omani government. We continue to use lessons learned in Oman to make similar contributions to countries and localities through our plant construction projects.



Training at Technical and Administrative Training Institute (TATI)

NEXT-GENERATION INDUSTRIAL AREAS FOR OPTIMUM ENERGY SHARING



New Approach Optimizes Total Energy Use at Many Sites

Pinch technology is a technique for optimizing total energy systems, including heat and electricity, at industrial sites. We have examined practical energy systems that optimize the balance between temperature levels and heat quantity. We are also studying the application of pinch technology for optimizing energy systems for entire industrial areas. Our plan is to start a new pinch technology business in order to conserve energy by enabling several production facilities to share energy sources.

The Energy Sharing Project

At the energy sharing project at the Chiba Industrial Area, we studied data from more than 1,200 heat exchangers at the participating sites. We then held discussions with site engineers to devise a proposal for eight projects with about 30 heat exchangers. The resulting energy savings are equivalent to approximately 90,000 kiloliters of crude oil.

The next step was a further narrowing of the project based on economic considerations. The highest priority was an energy sharing project involving Fuji Oil Company and Sumitomo Chemical Co., Ltd. because it would yield benefits equivalent to about 10,000 kiloliters of crude oil. With NEDO providing some support, we developed a three-year business plan starting in the second half of fiscal 2004.

We have also conducted energy conservation studies at other industrial areas in Japan. At Mizushima in Okayama prefecture, we demonstrated theoretically a reduction in energy needs equivalent to two days of Japan's crude oil consumption. At Kashima in Ibaraki prefecture, the potential saving is equivalent to 1.2 days of crude oil consumption in Japan. These results led to the start of work on energy-sharing businesses. In fiscal 2006, we performed similar studies at the Oita Industrial Area in Oita prefecture and the Ube-Onoda Industrial Area in Yamaguchi prefecture.

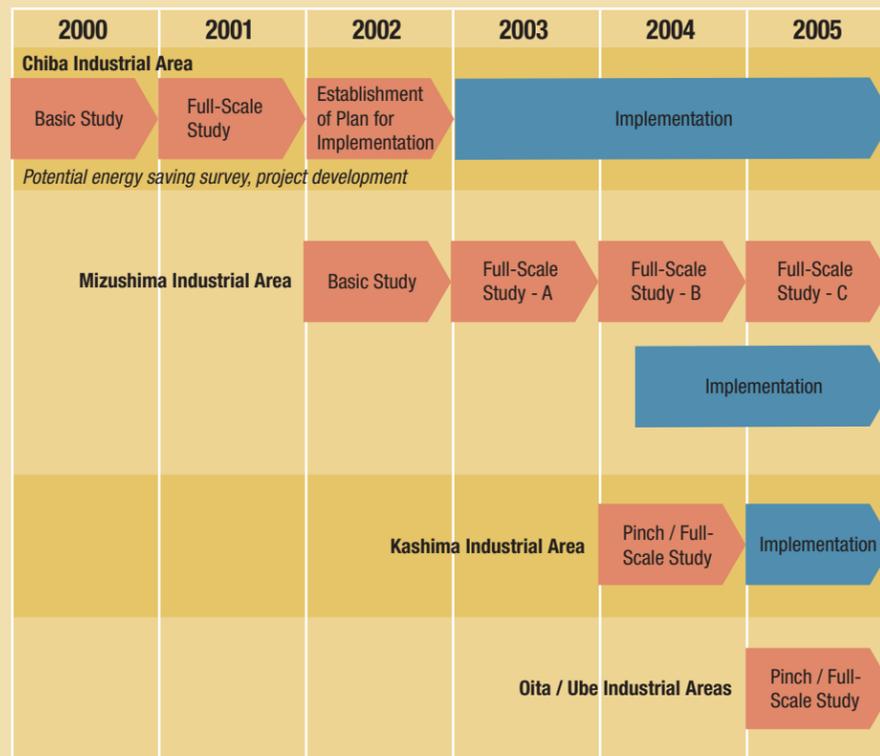
Results of Energy Conservation Studies (Chiba, Mizushima and Kashima Industrial Areas)

(Annual crude oil equivalent)

	Chiba	Mizushima	Kashima
Number of plants	23	35	30
Total fuel consumption (heat + electricity)	2,885,000 kl	3,496,000 kl	2,039,000 kl
Total theoretical energy conservation	641,000 kl	1,247,000 kl	740,000 kl
Equivalent amount to domestic crude oil consumption	1 day	2 days	1.2 days

Research Project with NEDO

In fiscal 2000, we started a three-year research program with Japan's New Energy and Industrial Technology Development Organization (NEDO), which is affiliated with the Ministry of Economy, Trade and Industry, concerning the use of pinch technology for energy sharing among plants within a particular area. The objective was to seek methods to extend the application of this technology, until then restricted to a single plant, to cover industrial areas. We examined the Chiba Industrial Area, one of Japan's largest, with the cooperation of 23 sites of the 20 companies at this location. We concluded that optimizing energy use for the entire area would theoretically yield energy savings equivalent to about 640,000 kiloliters of crude oil each year. Japan currently consumes this much crude oil in a single day.



OUR LEGACY FOR THE 21ST CENTURY

Conservation of the Environment — The Most Important Mission of All

Looking Ahead to the “Trilemma Age” in the 21st Century

The 20th century is often referred to as the “dilemma age” between economic growth and the need to conserve the environment. To cope with the “dilemma” challenges, we provided technologies, including Natural Gas Liquefaction and Flue Gas Desulfurization, to many plants worldwide.

In the 21st century, we are entering the “trilemma age,” adding the third challenge of ensuring a stable supply of energy. The population and economies of the world continue to grow. At the same time, the supply of coal, oil, natural gas and other fossil fuels is becoming increasingly limited. Another serious problem is rapid global warming caused by the world’s rising consumption of energy.

Our mission is to offer solutions that make possible sustainable development. We will continue to develop and provide technologies for reliable energy supplies and environmental protection. We will take advantage of all our resources to find the necessary solutions.

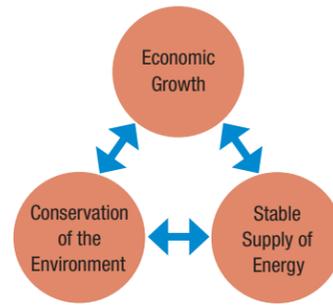
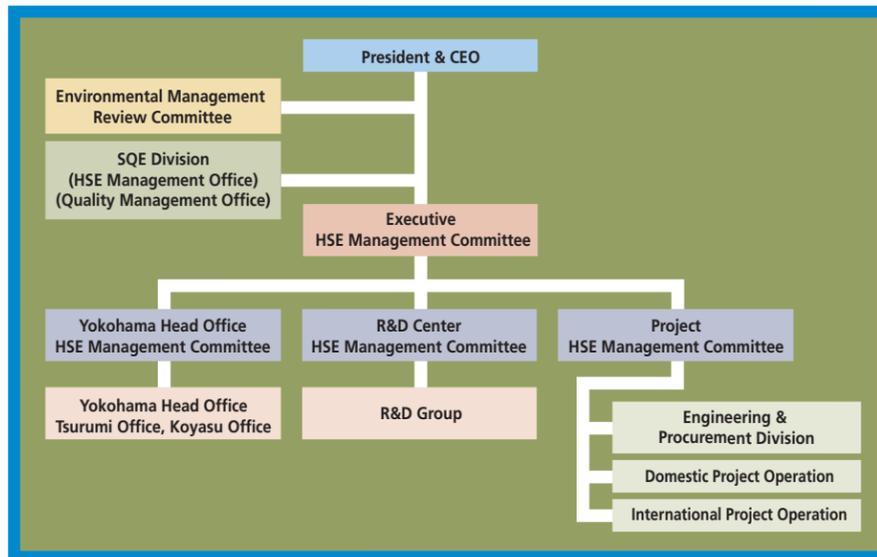
Plant Lifecycle Engineering (PLE), a 21st Century Environmental System

We created our PLE concept for the engineering of plants. It is applied to maximize efficiency at every stage of a plant’s lifecycle, from planning, engineering and construction to operation, maintenance and decommissioning, thus minimizing the plant’s environmental impact.

Environmental Management Systems

At Chiyoda, the Environmental Management Review Committee, which is chaired by the Company president, is responsible for decisions on environmental activities. This committee establishes Corporate Environmental Policy and periodically reviews the Group’s activities.

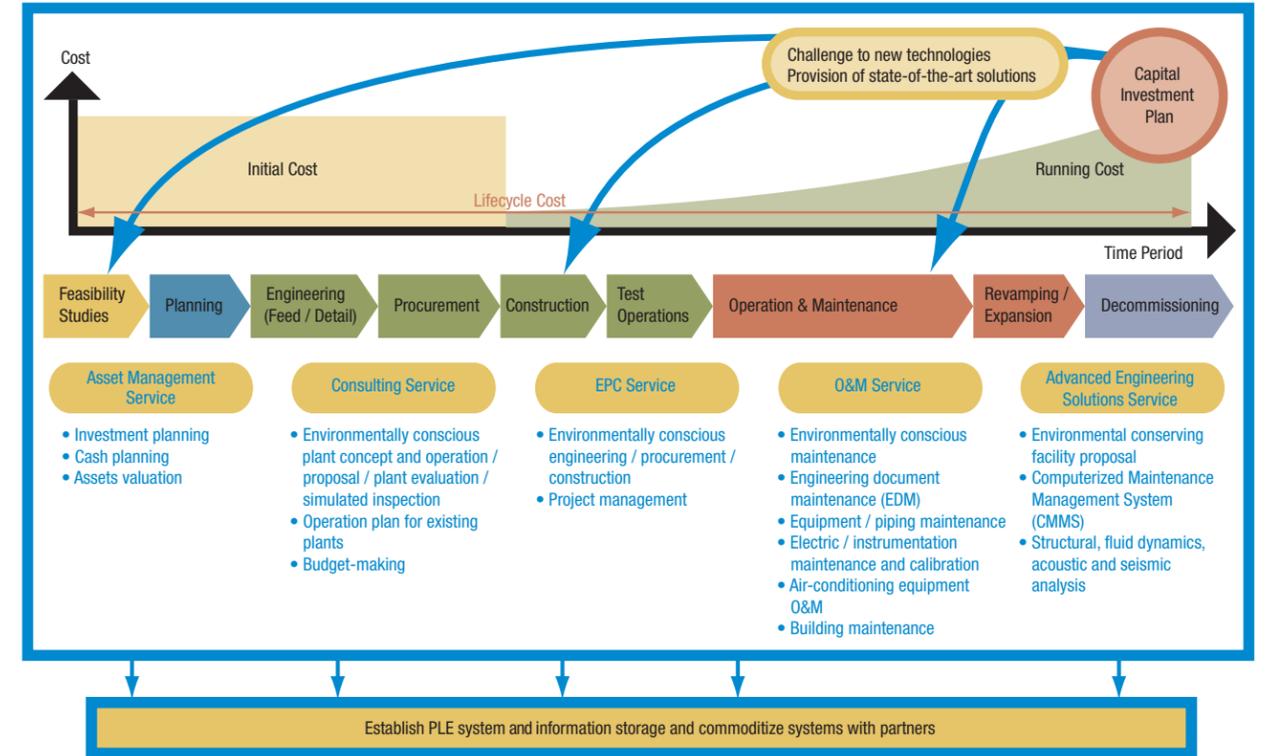
The Executive HSE Management Committee is responsible for overseeing activities involving health, safety and the environment. Other committees oversee activities at specific business sites: the Yokohama Head Office HSE Management Committee, the R&D Center HSE Management Committee and the Project HSE Management Committee.



Chiyoda’s “Trilemma” Technologies

CO ₂ reforming process	A technology for manufacturing gases used for GTL, a next-generation energy source
High-temperature air combustion technology	A technology for highly efficient combustion in incinerators
Pinch technology	An analytic method for energy conservation
Chemical hydride technology	An advanced technology for hydrogen storage and transportation
A technology for upgrading / gashification of residual oil	Effective utilization of residual oil

Plant Lifecycle Engineering (PLE)



Corporate Environmental Policy

Chiyoda fully recognizes that all corporate activities must be performed in a responsible manner leading to “sustainable development” by balancing the advancement of humankind and conservation of the global environment.

To achieve this goal, all Chiyoda personnel, top management and each individual staff shall perform their activities in due consideration of the following policy, while cooperating with our customers as well as the companies concerned, governmental authorities and communities.

1. Provide plants and facilities to customers that have no undue environmental impact by devoting Chiyoda’s technology and engineering ability for optimizing usage of natural resources and energy and for reducing effluent and waste produced or recovering usable material therefrom.
2. Perform all activities in an environmentally sound manner through project execution from planning, engineering, procurement and construction to operation.
3. Research and develop technologies which contribute to the prevention or resolution of environmental problems and transfer globally such technologies and encourage the dissemination thereof.
4. Comply with relevant environmental legislation and regulations, and with other requirements to which Chiyoda subscribes.
5. Develop, maintain and continually improve an environmental management system for promoting activities of environmental conservation.

We will be the most reliable project company in the world through enhanced environmental activities.

ENVIRONMENTAL ACTIVITIES IN THREE CATEGORIES OF OPERATIONS

Chiyoda is primarily engaged in the engineering, procurement and construction (EPC) of plants and other industrial facilities. These operations are supported by project management activities, support services and R&D activities.



Environmental patrol

Environmental Activities in EPC

Following the receipt of a contract for each project, we prepare a project environmental management plan that includes the assessment of all environmental issues. This allows our managers in charge of engineering, procurement and construction to do what is needed to supply customers with plants and other facilities that have a reduced environmental impact.

Engineering

As prescribed in the project environmental management plan, engineering operations prepare an environmental design checklist that forms the basis for the following activities.

- **Engineering to reduce the environmental impact during the plant's operation**
- **Development of a plan to reduce the environmental impact during construction**
- **Proposals for plant and manufacturing equipment with less environmental impact**

Procurement

Chiyoda has been dedicated to green procurement at its projects. In 2005, we began building a green procurement system. The first step was a September 2005 internal survey to determine the status of procurement activities at construction projects in Japan. This was based on directives of the Ministry of the Environment (2005 edition). Based on the survey findings, we set up the Green Procurement Committee in 2006 to establish green procurement guidelines that reflect the nature of our operations. We plan to announce these guidelines no later than March 2007.

Construction

Construction activities, particularly the generation of waste, have the most serious direct environmental impact of all our operations. This is why we take various actions at job sites as well as during planning. Our construction plans incorporate plans for the reduction, sorting and recycling of waste. We have a rigorous system for ensuring that these plans are carried out at the job site. Another constant theme is engineering plants that hold down waste volume.

Environmental Activities at Offices

Office work accounts for all tasks other than construction and R&D activities. Consumption of electricity, water and paper are primary examples of how offices impact the environment. We concentrate on using resources effectively and cutting down the amount of waste. For instance, there are no dustbins in offices. Instead, we have collection bins in designated locations for specific categories of refuse. Office workers are much more aware of the need to reduce trash and recycle materials.

Environmentally Conscious R&D

In our R&D activities, we develop and improve environmental technologies in two categories: methods to reduce the environmental impact and methods to reduce and prevent pollution. We then provide these technologies to our customers. For waste generated by R&D programs, we formulate plans prior to the start of an activity to ensure proper disposal. In March 2005, we extended the scope of ISO 14001 certification to R&D operations. Accordingly, R&D operations now establish and manage targets for environmental activities.

Our long-term goals for environmental programs in all three categories of operations:

EPC

- **Design plants and facilities giving due consideration to the environment**
- **Construct plants and facilities in an environmentally sound manner**

Offices

- **Build eco-friendly offices**

R&D

- **Properly manage gases, chemicals and other materials required by R&D projects**
- **Reduce waste generated by R&D activities**
- **Implement R&D programs aimed at environmental conservation**

Environmental Targets			
	Fiscal 2006 Targets	Fiscal 2006 Performance (examples)	Fiscal 2007 Targets
EPC	<ul style="list-style-type: none"> Practical use and improvement of design checklist (FY2005-2007) Design considering reduction of construction waste (FY2005-2007) Reduction and proper processing of construction waste (FY2005-2007) 	<ul style="list-style-type: none"> Prepared and established procedure for using checklists for machinery and equipment Prepared database for engineering checklist to prevent trace levels of hazardous substances Collected case studies on ways to procure only the amount of materials required to avoid waste generation Conducted job site training concerning the collection of waste by category 	<ul style="list-style-type: none"> Practical use and improvement of design checklist Design considering reduction of construction waste Reduction and proper processing of construction waste
Offices	<ul style="list-style-type: none"> Participate in community activities Reduce electricity consumption through energy conservation campaigns and the use of energy-efficient equipment Limit generation of waste, recycle and reuse waste Plant vegetation (on rooftops) 	<ul style="list-style-type: none"> Participated in neighborhood cleanup activities Gave tours of energy conservation systems and held meetings with local government agencies, etc. Installed environmental facilities (solar cells, wind turbines, ice storage air conditioning, etc.) Reduced waste incinerated per employee by 12% vs. FY2005 level Planted 200m² of vegetation on head office roof 	<ul style="list-style-type: none"> <Promotion of communication about the environment in the neighborhood> Promote an environmentally conscious community by communicating with local society Hold cleanup activities, patrols for the environment and social gatherings regularly with neighboring residents Establish tours of eco-friendly facilities in office buildings <Construction of eco-friendly offices> Promote greening campaigns both inside and outside offices as well as improve the office environment by placing foliage, such as potted plants
R&D	<ul style="list-style-type: none"> Use catalysts and new production methods to reduce the environmental impact (FY2006-2008) Reduce laboratory waste by 5% vs. FY2005 Set up storage and management methods for chemicals and gases used in R&D (FY2006-2008) 	<ul style="list-style-type: none"> Continued to work on R&D programs on schedule Achieved a 75% reduction in laboratory waste Prepared a list of substances used by each research group and took other actions Building the required systems 	<ul style="list-style-type: none"> Use catalysts and new production methods to reduce the environmental impact Reduce laboratory waste by 10% vs. FY2005 Set up storage and management methods for chemicals and gases used in R&D

ORIGINAL TECHNOLOGIES CONTRIBUTE TO ENVIRONMENTAL CONSERVATION

Two Types of Flue Gas Desulfurization Technologies

Chiyoda Corporation has developed two original technologies for the removal of sulfur from flue gas. Both technologies are used in Japan and overseas to mitigate air pollution.

CT-121

In the 1960s, we developed an innovative technology using the wet limestone-gypsum method for the highly efficient removal of SO_x from fuel gases of boilers fueled by petroleum and coal. Called Chiyoda Thoroughbred 121 (CT-121), the technology is currently in use at more than 50 generating units that we constructed in Japan and overseas. Recently, we have been licensing this technology overseas. In fiscal 2005 and 2006, more than 10 licenses were granted, primarily for coal-fired power stations in the United States. Demand for CT-121 is climbing due to expectations for even tighter SO_x emission restrictions in the United States, a clear indication of the excellent reputation of this technology.

CASOX PROCESS

Flue Gas Desulfurization by catalytic SO_x oxidation (CASOX PROCESS) is an innovative process that uses a newly developed, high-performance desulfurizing catalyst. The CASOX PROCESS is a simple system in which flue gas is desulfurized by passing it through the catalytic layer. The sulfur dioxide in flue gas is oxidized to produce dilute sulfuric acid with water vapor, which can be removed. As the dilute sulfuric acid is continuously removed from the catalytic layer, the process can be successively operated without the need for catalyst regeneration.

The CASOX PROCESS can remove more than 90% of sulfur dioxide in flue gas. The sulfur dioxide removal performance can be altered in a wide range by adjusting the amount of the catalyst. The process also makes it possible to lower investment and operating costs by the use of the newly developed catalyst.

The first commercial plant applying this process has been in operation at an oil refinery since April 2003. In mid-2006, the second commercial plant successfully began operation in Indonesia.

A Catalyst to Reduce Diesel Fuel Sulfur Content

As one way to improve air quality, we take actions on a global scale to make diesel engine exhaust cleaner. In Japan, oil refining companies had already completed work needed to produce sulfur-free (less than 10ppm) diesel fuel at the beginning of 2006. The EU and the United States are also expected to switch to sulfur-free diesel fuel. Desulfurization is performed using a hydrogenation process, which requires a highly active and stable catalyst. To meet this requirement, we developed an ultra-deep desulfurization catalyst that employs titania. We achieved a high level of catalyst activity by using a unique adjustment method to eliminate the shortcomings of ordinary titania catalysts.

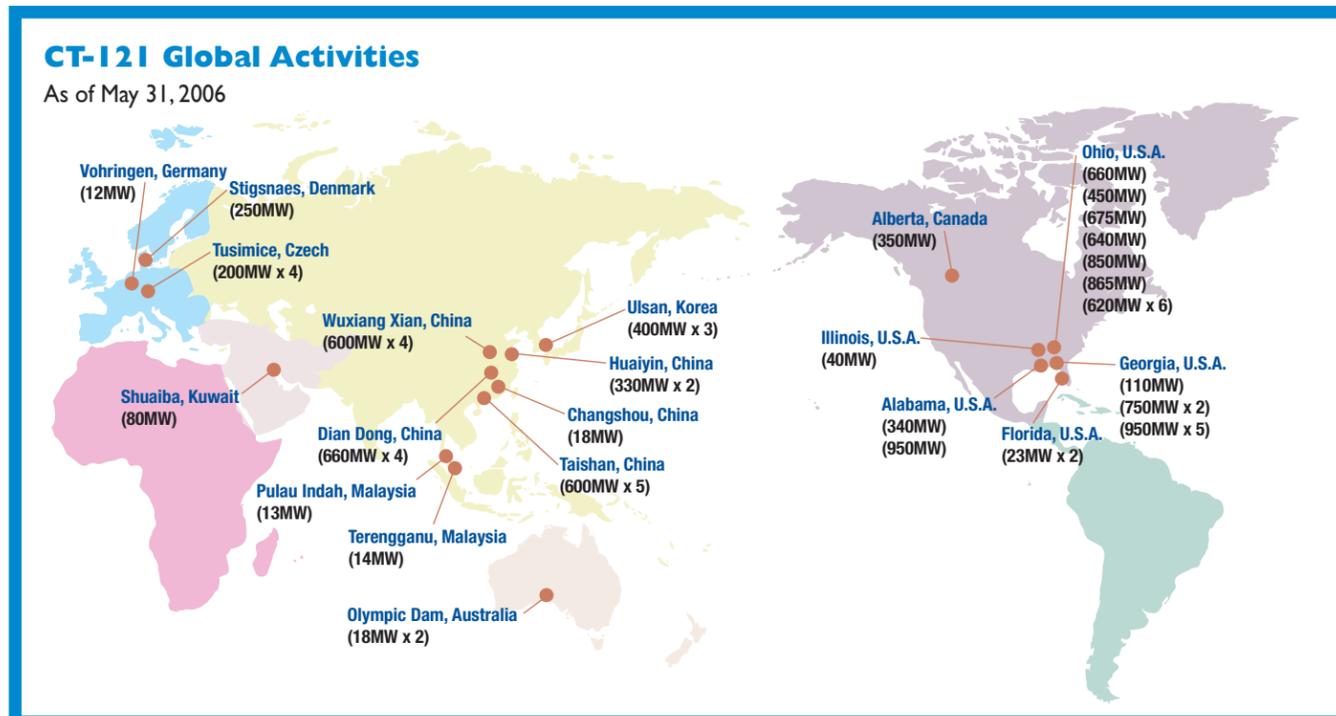
Technology for the Effective Use of CO₂

Natural gas is attracting much attention as a clean-energy source that can replace petroleum. Since there is almost no sulfur or nitrogen in natural gas, using this fuel is an effective means of conserving the environment. Currently, interest in GTL (gas-to-liquid) technology is growing. This technique is used to chemically transform natural gas into liquid fuels, such as methanol, DME and synthetic crude oil. Chiyoda is now developing a CO₂ gas reforming process for the production of synthetic gases from natural gas. By using a CO₂ gas reforming catalyst, an original Chiyoda technology, our system creates an effective means of using CO₂ that is generated by LNG plants and hydrocarbon gas fields containing large volumes of CO₂ in Southeast Asia.

Our CO₂ gas reforming process has performed as expected on a trial basis at the JOGMEC-GTL project. Japan Oil, Gas and Metals National Corporation (JOGMEC) plans to take the lead in developing technologies needed to commercialize this process in order to produce synthesis gas from natural gas.



JOGMEC-GTL pilot plant (7BPSD)

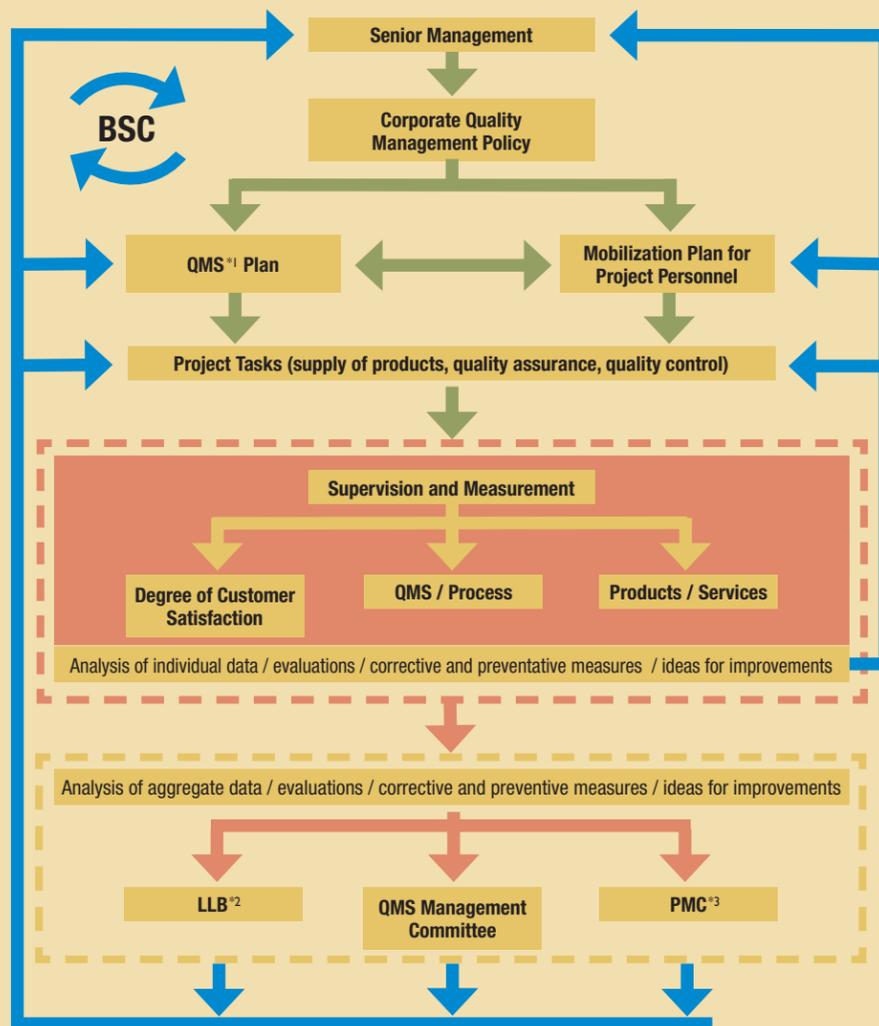


QUALITY MANAGEMENT

Our devotion to quality management reflects a commitment to earning the satisfaction and trust of customers.

Our primary mission is to supply the products and services that meet customers' demands by bringing together various technologies.

FLOW CHART FOR CONTINUOUS BUSINESS IMPROVEMENT



*1) QMS: Quality Management System

*2) LLB: Lessons Learned Board

*3) PMC: Project Management Committee

*4) BSC: Balanced Scorecard is a management system that facilitates the quantitative monitoring of progress from four perspectives: customers, finances, business processes, and employees and innovation.

The Quality Management System at Chiyoda

Chiyoda earned ISO 9001:1994 certification from BSI in 1994 for project management. Certification was switched to the ISO 9001:2000 version in 2002, which was then renewed in 2005.

Chiyoda establishes Corporate Quality Management Policy and targets from the standpoint of putting the customer first. At the end of each fiscal year, policies and targets are reviewed at a senior management level.

In fiscal 2004, we started using the "Balanced Scorecard (BSC)^{*4} System" for managing our operations, and all divisions and departments established quality targets and began taking actions to meet those targets.

We regard quality assurance and control as the core elements needed to achieve our quality targets. Every Chiyoda department uses a process-approach perspective to execute tasks extending from initial engineering to commissioning. Each step is carefully reviewed and verified to be certain that we have selected the best approach.

Customer satisfaction surveys are part of this process. We conduct periodic and as-needed surveys in Japan and overseas to receive feedback from customers. Survey results are fed back for a senior management review, serving as the basis for a continual improvement cycle, which ensures that our quality assurance and control systems are always functioning properly.

MUTUALLY FAIR COLLABORATION WITH CUSTOMERS AND SUPPLIERS

The success of a project requires efficient procurement of the massive volume of materials, collaboration with customers and suppliers and effective control systems.

Constructing a plant demands the procurement of a massive volume of materials and services. Suppliers are located in all areas of the world. As the scale of plants grows, so does the amount of materials, equipment and other items that must be procured. We are currently constructing three large LNG plants in the Middle East. Collectively, the total volume of the items procured for these plants would fill Tokyo Dome (1.24 million cubic meters) 1.5 times.

Along with procurement of this volume of materials comes an equally high volume of transportation services. Further complicating the task is the growing size of plants, increasing sophistication of the equipment used and demands for earlier completions of plants. All these changes are making the selection of suppliers and operation of quality management systems even more important. We respond by promoting mutually fair ties with suppliers, and this stance allows all Chiyoda Group companies to work together to create industrial plants that can contribute to social and economic development.

Our Approach to Procurement

We require our suppliers to cooperate with regard to the following factors.

- 1) Compliance with laws, regulations and ethical guidelines
 - Establish ISO 14001 based environmental management systems
 - Earn external certifications
 - Reduce the use of hazardous chemicals
 - Conduct green procurement
- 2) Delivery of goods on schedule
- 3) Continuous sound management of business operations
- 4) Constant efforts to upgrade technologies
- 5) Compliance with quality assurance program based on Corporate Quality Management Policy
 - Further, Chiyoda pledges to
 - 1) Conduct educational programs concerning the Antimonopoly Act, the Subcontract Act and related laws, and strictly comply with these laws.
 - 2) Establish a code of conduct for the Chiyoda Group to ensure fair and proper procurement activities.

We will build solid ties with suppliers based on a spirit of partnership and a dedication to mutual understanding and trust.



Inspection prior to shipment



Inspection prior to shipment



Unloading operations

COMMUNITY AND SOCIAL ACTIVITIES

The Chiyoda Group uses its engineering operations along with its knowledge, expertise and activities to contribute to society primarily in the following two ways.



Teacher training



Chiyoda employees participating in a cleanup campaign



Residents touring energy conservation facilities at Chiyoda head office

Contributions through Business Activities

We make social contributions in various ways, including training of human resources, technology transfers and environmental conservation, as we conduct our business operations. Examples of these contributions – LNG technology, local employment opportunities and energy conservation – are presented on pages 6 to 11 of this report.

Contributions through Social Activities

Teacher Training

In 2005, we invited seven teachers from public high schools and elementary schools to attend classes at Chiyoda, where they received first-hand knowledge of the core values and training programs at a private-sector organization. Our hope is that this will help improve the management of school operation and the educational programs for their students.

Cleanup Campaigns

The neighborhood association where the Chiyoda head office is located holds a cleanup campaign twice a year. Volunteers from the head office participate in this program, working side-by-side with residents to keep the surrounding area clean.

Office Tours

We invite nearby residents to our offices to see our energy conservation systems. These tours give the public a better understanding of our commitment to the environment.

Dispatch of Instructors to Universities

Chiyoda Group personnel are loaned to universities to serve as instructors in various subjects. This program aims to make university students broaden their understanding of our technologies and expertise and to deepen ties with universities.

CORPORATE GOVERNANCE

The Corporate Auditor System

As a company that has adopted Japan's "company with corporate auditors" system, Chiyoda has executive officers to take responsibility of business operations and directors to oversee management. The division of these two roles provides for the proper execution and oversight of business operations.

The Executive Committee

Chiyoda has eight directors on its board, including four representative directors. The directors supervise the execution of business activities by the executive officers and make decisions concerning management policies and the execution of business activities.

Some authority has been transferred to the Executive Committee, which is made up of the four representative directors. This facilitates the speedy decision-making needed to allow business activities to respond to rapid shifts in the social and economic climate. The Executive Committee examines matters before they are submitted to the Board of Directors.

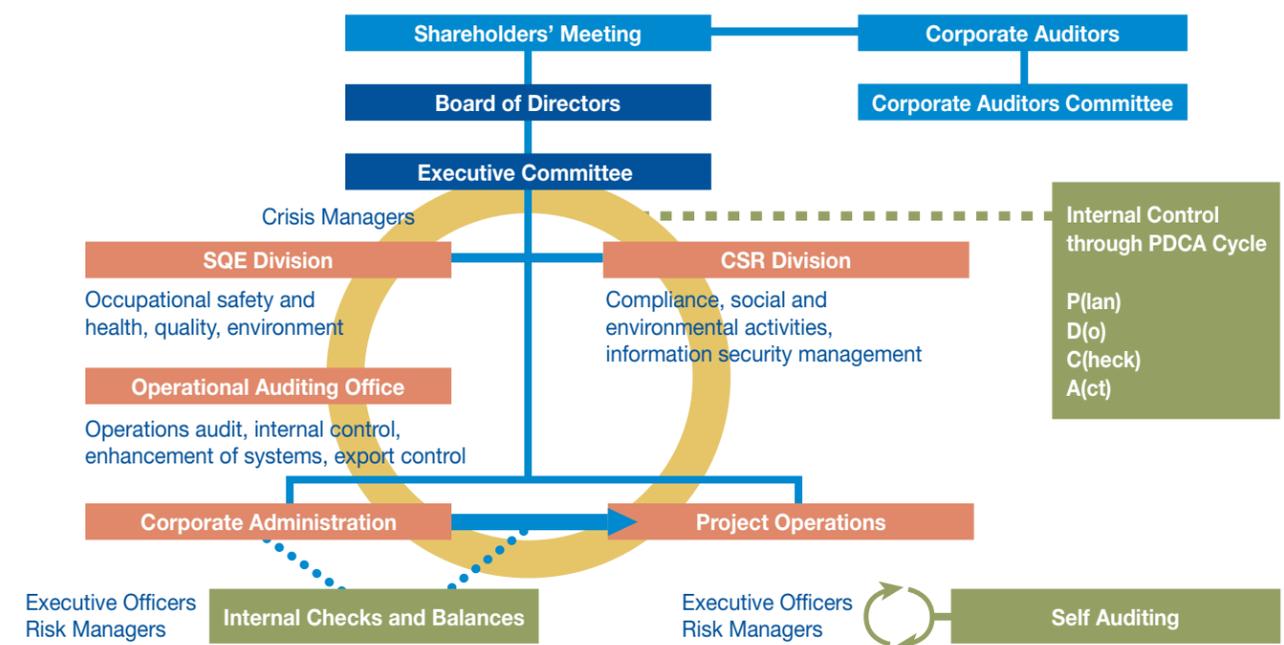
This committee, which meets each week as a rule, held 52 meetings during fiscal 2006.

Corporate Auditors

Chiyoda has four corporate auditors, including two on a full-time assignment basis at the Company. Three of these auditors qualify as outside auditors. The auditors attend meetings of the Board of Directors, the Executive Committee, executive directors and other important meetings. One purpose is to verify that the actions of the directors are proper and do not violate laws, regulations or the articles of incorporation. The auditors also confirm that management decisions reflect the best interests of the Company and its stakeholders, and they state their opinions as required.

The Chiyoda Group Code of Behavior

We established the Compliance Management Office in April 2003 to ensure the strict adherence to laws and regulations. At the same time, we announced the Chiyoda Corporation Code of Corporate Behavior and issued compliance cards bearing the code to executives and employees to heighten awareness of the Company's compliance standards. In April 2006, the code was renamed the Chiyoda Group Code of Behavior and extended to all seven consolidated subsidiaries in Japan. We continue to take actions to reinforce an awareness and understanding of the code among all Group executives and employees.



FOR THE BENEFIT OF EMPLOYEES

We respect every employee as a professional and extend support so that our personnel can further refine their skills as professionals. We assist all personnel to achieve their career objectives as self-reliant individuals. People are the basis for all our activities, and we offer the programs to develop the skills of our personnel.

Corporate Policy for Employee Training

Our human resources training and development activities reflect two basic elements: growing individuals into professionals and reinforcing our organization and management. These two elements form the foundation for the Chiyoda Group's employee training framework.

Career Development Program (CDP)

CDP begins with a self-assessment by an individual of his or her aptitude and career goals. A career path is then determined through consultations with his or her supervisor, after which Chiyoda extends the required support to reach each individual's goals. All workers whose career at Chiyoda is within the range of 15 years since employed are eligible to take CDP. Individuals themselves prepare a career development path and track progress with specific items in the specified format, which will be confirmed together with their supervisors to keep motivation high.

Training progress reports are also used in a review conducted every three years to prepare mobilization plans for project personnel and confirm that employees are assigned to positions where they can be most productive.

Project Key Personnel (PKP) Training

The PKP training program is conducted to reinforce organizational and management skills. There are two objectives. First is training key personnel for projects, such as project managers, engineering managers and business managers. Second is upgrading overall project management skills, the core competence of the Chiyoda Group.

Chiyoda Group Training Programs			
Category	Management Skills	Development of Professionals	SQE Specialist Training
Executive officers	<ul style="list-style-type: none"> Training for newly appointed executive officers 		
Senior managers	<ul style="list-style-type: none"> Training for individuals who evaluate others Training for department managers 	<ul style="list-style-type: none"> Assignment of employees to universities Assignment of employees to study overseas 	<ul style="list-style-type: none"> Occupational health and safety course Environmental management system (EMS) course
Associate managers		<ul style="list-style-type: none"> Assistance in acquisition of official certifications 	<ul style="list-style-type: none"> EMS internal auditor course EMS workshop
Employees		<ul style="list-style-type: none"> Participation of employees in internal and external seminars Project, engineering and business manager courses 	<ul style="list-style-type: none"> Environmental laws and regulations workshop
New employees		<ul style="list-style-type: none"> New employees' training 	<ul style="list-style-type: none"> Quality management training

OCCUPATIONAL HEALTH AND SAFETY

Chiyoda fully recognizes that health and safety are essential for the welfare and morale of humankind and also important for contributing to corporate growth.

In order to ensure the health and safety of all people concerned, all Chiyoda personnel, from top management to each employee, shall comply with the Corporate Occupational Health & Safety Policy, promote the occupational health and safety management system and continually improve its performance.

Corporate Policy

The Corporate Safety Management Policy was established on March 17, 1993. In April 2003, when Chiyoda started using an occupational health and safety management system, the policy was renamed the Corporate Occupational Health & Safety Policy. We review this policy every year. In addition, we translate the policy into actions rigorously, such as issuing directives and designating points for improvement at job sites.

The Occupational Health and Safety Management System

We review the record of our progress regarding Company-wide health and safety targets of the previous fiscal year, including directives issued by job site safety audits. And we also examine the causes of accidents, including near misses. Based on the above review and examination, Chiyoda annually establishes new health and safety targets and a new occupational health and safety program based on the new targets. In line with these specific action guidelines, we protect the health and safety of workers and perform health and safety management that incorporates a PDCA cycle.

Health and Safety Training at Job Sites

All individuals who work at job sites, whether in Japan or anywhere else in the world, undergo a new job site training program at the construction site. In addition, workers engaged in dangerous tasks attend a special safety class. As part of job site safety activities, we hold a Tool Box Meeting and Risk Forecasting Circle prior to the start of construction work.

Our Fiscal 2006 Health and Safety Performance

The table below shows our job site health and safety performance in Japan and overseas during fiscal 2006. We studied the causes of each accident so that lessons learned can be used to prevent similar problems at all job sites in the future. We remain devoted to putting safety first at all our projects, with the goal of completing construction with no accidents.

Chiyoda Construction Job Site Accident Frequency Rate and Severity Rate vs. Rates for Japanese Construction Industry (FY2002 to 2006)

Fiscal Year	Chiyoda Group		Japanese Construction Industry	
	Frequency Rate	Severity Rate	Frequency Rate	Severity Rate
2002	0.21	0.01	1.61	0.47
2003	0.21	0.39	1.04	0.28
2004	0.00	0.00	1.61	0.25
2005	0.13	0.01	1.77	0.57
2006	0.21	0.21	0.97	0.14

Frequency rate: (Individuals involved in accidents* / Total working hours) X 1,000,000
* excluding accidents with no loss of working time

Severity rate: (Lost-time days / Total working hours) X 1,000

FOR THE BENEFIT OF SHAREHOLDERS

Corporate Policy for Information Disclosure

Chiyoda's policy for disclosure is firmly rooted in a commitment to "disclose corporate information willingly and fairly" as stated in the Chiyoda Group Code of Behavior.

To realize higher corporate value over the medium and long terms, the role of our IR activities is to "establish and maintain a fair relationship between shareholders and other investors" through the balanced composition of shareholders.

Our goal is to conduct the disclosure program that is expected of the "Reliability No. 1" Project Company, which is the Group management vision.

Information Meetings for Stakeholders

Information meetings on statements of accounts

After reporting fiscal year-end and first-half operating results at the Tokyo Stock Exchange, we hold an information meeting on the same day where we distribute our official release along with supplementary information. To ensure the fair disclosure of this information to individuals and overseas investors, the same information is posted in Japanese and English on our web site. Beginning in 2006, we are using a telephone conferencing system to announce our performance in the first and third quarters.

Information meetings for overseas investors

We hold information meetings for overseas investors at least once a year. In addition, there are about three or four conferences conducted by a securities company and a quarterly telephone information meeting. We are determined to disclose information fairly, preventing any differences between access to information by Japanese and overseas investors.

Annual shareholders' meeting

For several years, the Chiyoda shareholders' meeting has been scheduled to minimize conflicts with other shareholders' meetings of Japanese companies. We also send shareholders' meeting notices early and take other steps to maintain close communications with shareholders.

Comparison Table with the GRI Sustainability Reporting Guidelines 2002

1. Vision and Strategy

Reporting Elements and Indicators	Pages	Disclosed Elements
1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	C2, Pages 1, 2, 3	Core Business Operations, A Message from the President
1.2 Statement from the CEO (or equivalent senior manager) describing key elements of the report.	Pages 2, 3	A Message from the President

2. Profile

Reporting Elements and Indicators	Pages	Disclosed Elements
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Organisational Profile

2.1 Name of reporting organisation.	Cover, Page 28	Corporate Information
2.2 Major products and/or services, including brands if appropriate.	C2, Pages 1, 28	Core Business Operations, Corporate Information
2.3 Operational structure of the organisation.	C2, Pages 1, 26, 27	Core Business Operations, Global Network
2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures.	C2, Pages 1, 26, 27	Core Business Operations, Global Network
2.5 Countries in which the organisation's operations are located.	Page 28	Corporate Information
2.6 Nature of ownership; legal form.	Page 28	Corporate Information
2.8 Scale of the reporting organisation: number of employees; products produced / services offered (quantity or volume); net sales; and total capitalisation broken down in terms of debt and equity.	Page 28	Corporate Information
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation.	C2, Page 1	Core Business Operations

Report Scope

2.10 Contact person(s) for the report, including e-mail and web addresses.	C4	Contact address
2.11 Reporting period (e.g., fiscal / calendar year) for information provided.	Page 29	Editorial Policy
2.13 Boundaries of report (countries / regions, products / services, divisions / facilities / joint ventures / subsidiaries) and any specific limitations on the scope.	Pages 28, 29	Corporate Information, Editorial Policy

Report Profile		
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	Page 29	Editorial Policy
2.22 Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	Page 24	For the Benefit of Shareholders

3. Governance Structure and Management Systems

Reporting Elements and Indicators	Pages	Disclosed Elements
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Structure and Governance

3.1 Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	Page 21	Corporate Governance
3.6 Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	Pages 5, 12, 13	The Chiyoda Group's CSR Structure, Environmental Management Systems
3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	Pages 4, 13, 21, 22, 23	Chiyoda Group CSR Vision, Corporate Environmental Policy, The Chiyoda Group Code of Behavior, For the Benefit of Employees, Occupational Health and Safety

Stakeholder Engagement

3.9 Basis for identification and selection of major stakeholders.	C2, Page 1	Core Business Operations
3.11 Type of information generated by stakeholder consultations.	Pages 18, 19	Quality Management, Mutually Fair Collaboration with Customers and Suppliers
3.12 Use of information resulting from stakeholder engagements.	Pages 18, 19	Quality Management, Mutually Fair Collaboration with Customers and Suppliers

Overarching Policies and Management Systems

3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Page 21	Corporate Governance
	Pages 18, 19	Quality Management, Mutually Fair Collaboration with Customers and Suppliers
	Pages 22, 23	For the Benefit of Employees, Occupational Health and Safety
	Pages 12, 13	Environmental Management Systems
3.16 Policies and/or systems for managing upstream and downstream impacts, including:		
- supply chain management as it pertains to outsourcing and supplier environmental and social performance.	Page 19	Mutually Fair Collaboration with Customers and Suppliers
- product and service stewardship initiatives.	Page 18	Quality Management

3.17 Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	Page 24	For the Benefit of Shareholders
3.19 Programmes and procedures pertaining to economic, environmental, and social performance. Including discussion of:		
- priority and target setting; - major programmes to improve performance;	Pages 5, 15	CSR Medium-Term Targets of the Chiyoda Group, Environmental Targets
- internal communication and training; - performance monitoring; - internal and external auditing; and - senior management review.	Pages 4, 5 Pages 12, 13	Chiyoda Group CSR Vision, The Chiyoda Group's CSR Structure Environmental Management Systems, Corporate Environmental Policy

4. GRI Content Index

Reporting Elements and Indicators	Pages	Disclosed Elements
4.1 A table identifying location of each element of the GRI Report Content, by section and indicator.	Pages 24, 25	Comparison Table with the GRI Sustainability Reporting Guidelines 2002

5. Social Performance Indicators

Reporting Elements and Indicators	Pages	Disclosed Elements
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Labour Practices and Decent Work

Health and Safety LA5. Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	Page 23	Occupational Health and Safety
Diversity and Opportunity LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	Page 22	For the Benefit of Employees
Training and Education LA16. Description of programmes to support the continued employability of employees and to manage career endings.	Page 22	For the Benefit of Employees
LA17. Specific policies and programmes for skills management or for lifelong learning.	Page 22	For the Benefit of Employees

Product Responsibility

Customer Health and Safety PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures / programmes to address this issue, including monitoring systems and results of monitoring.	Page 18	Quality Management
Products and Services PR8. Description of policy, procedures / management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.	Page 18	Quality Management

Economic Performance Indicators

Customers EC1. Net sales.	Page 28	Corporate Information
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(As of July 31, 2006)

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Lagos, Nigeria
Tel: (234) 1-2613291
Fax: (234) 1-2612565

Chiyoda & Public Works Co., Ltd.

Sedona Hotel, Rooms 307-309
No. 1, Kaba Aye Pagoda Road
Yankin Township, Yangon, Myanmar
Tel: (95) 1-545605
Fax: (95) 1-545227

Chiyoda Corporation (Shanghai)

29th Floor, Room E/F
Pufa Tower No. 588
Pudong Road (S)
Pu Dong New Area
Shanghai 200120, China
Tel: (86) 21-5877-6266
Fax: (86) 21-5877-6366

Domestic

Chiyoda Kosho Co., Ltd.

Plant Engineering, Construction and
Maintenance and Insurance Service

Chiyoda Keiso Co., Ltd.

Electrical and Instrumentation
Engineering and Equipment Supply,
Installation and Maintenance

Chiyoda TechnoAce Co., Ltd.

Consulting, Engineering and
Construction of Pharmaceutical
Plants, Laboratories and Research
Centers

Chiyoda Advanced Solutions Corporation

Computer Aided Engineering
Analysis, Plant Lifecycle Engineering,
Risk Management and Utilization of
Space Environment

Chiyoda U-Tech Co., Ltd.

Consulting for Industrial, Social and
Regional Development and Human
Resources Supply

IT Engineering Limited

IT Solutions and Software
Development

Arrow Business Consulting Corporation

Consulting Services for Finance and
Accounting

Arrowhead International Corporation

Travel and Air Cargo Agent and
Spare Parts Supply

Arrow Mates Co., Ltd.

Human Resources Supply and
Training



CHIYODA

ENGINEERING AND CONSTRUCTING INDUSTRIAL PLANTS AROUND THE WORLD

Chiyoda Corporation was established in January 1948 as an integrated engineering company. Today, the Chiyoda Group consists of Chiyoda Corporation, 18 consolidated subsidiaries and 5 equity-method affiliates. As a diversified engineering organization, the Group is mainly engaged in the engineering and construction of industrial plants of all types on a global scale. By adhering to common core values, the Chiyoda Group is dedicated to operating in a manner that earns the respect and understanding of all categories of stakeholders.

Corporate Profile

Name: Chiyoda Corporation
 Main Offices: Yokohama Head Office (Tsurumi-ku, Yokohama, Japan)
 Koyasu Office (Kanagawa-ku, Yokohama, Japan)
 Paid-in Capital: ¥12.9 billion (As of March 31, 2006)

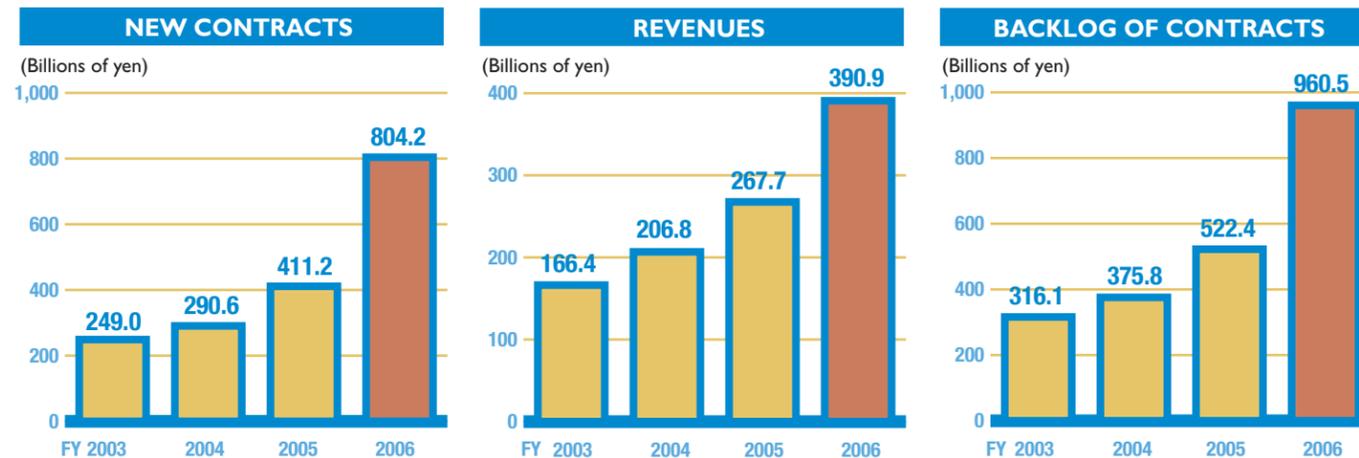
Major Business Domain

Consulting, planning, engineering, procurement, construction, commissioning, operation and maintenance for petroleum refineries / natural gas processing plants / LNG plants, petrochemical plants, chemical plants, environmental plants and other industrial facilities

Consolidated Financial Highlights

(Year Ended March 31, 2006)

New contracts: ¥804.2 billion
 Revenues: ¥390.9 billion
 Ordinary income: ¥23.1 billion
 Number of employees: 2,787



EDITORIAL POLICY

For many years, there has been a steady increase in public interest in CSR. Chiyoda Corporation long ago recognized that business operations themselves serve as an effective means of fulfilling its CSR obligations to society. In fiscal 2006, we reinforced our organizational structure regarding CSR by forming the CSR Division and the CSR Committee. Also, we established the Chiyoda Group CSR Vision and formed medium-term action plans to further promote CSR programs.

We issued our first Environmental Report in fiscal 2004 and the first English version in fiscal 2006. These publications were intended as a report to stakeholders on our environmental programs. This year, we have renamed the publication the CSR Report and extended its contents to cover all CSR activities, including environmental initiatives. We hope this information gives you a better understanding of our overall CSR activities.

Scope of this Report

This report covers the Chiyoda Group (Chiyoda Corporation and its consolidated subsidiaries in Japan), but some information covers only Chiyoda Corporation. Financial figures include all consolidated subsidiaries in Japan and overseas.

Writing Style of this Report

We have attempted to avoid the use of technical terms to make this report easy to read for a general audience. However, the use of some terminology was unavoidable due to the nature of our business operations. We have provided explanations of these terms as much as possible.

Guidelines

This report has been prepared referring to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2002.

Applicable Period

This report covers activities in fiscal 2006, the year that ended on March 31, 2006.