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(Securities Code: 1803)

May 31, 2019

Dear Shareholders

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION  
2-16-1 Kyobashi, Chuo-ku, Tokyo

### Notice of the 117th Annual General Meeting of Shareholders

You are cordially invited to attend the 117th Annual General Meeting of Shareholders of SHIMIZU CORPORATION (the “Corporation”). The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by post or by the internet. Prior to voting, please examine the following “Reference Documents for the General Meeting of Shareholders” and process your vote so that it is received by 5:10 p.m. on Wednesday, June 26, 2019 (JST).

### Details

**1. Date and Time:**

Thursday, June 27, 2019, at 10:00 a.m. (JST)

**2. Place:**

Shimizu Hall, 2nd Floor of the Head Office  
2-16-1 Kyobashi, Chuo-ku, Tokyo

**3. Purpose of the Meeting**

**Matters to be reported:**

Following matters for the 117th fiscal year (from April 1, 2018 to March 31, 2019)

- a. Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements of the Corporation
- b. Audit Reports of the Accounting Auditor on the Consolidated Financial Statements and Non-Consolidated Financial Statements of the Corporation
- c. Audit Report of the Audit & Supervisory Board on Business Report, Non-Consolidated Financial Statements and Related Supplementary Schedules of the Corporation, and Consolidated Financial Statements

**Matters to be resolved:**

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Partial Amendment to the Articles of Incorporation

**Proposal 3:** Election of Twelve (12) Directors

**Proposal 4:** Payment of Directors’ Bonuses

**Proposal 5:** Revision of Maximum Monthly Remuneration Amount for Directors

#### 4. Exercising Voting Rights

We ask you to kindly exercise your shareholders' voting rights. Prior to voting, please examine the following "Reference Documents for the General Meeting of Shareholders." You may exercise your voting rights by one of the following three methods:

##### **If Attending the General Meeting of Shareholders**

##### **Attending the General Meeting of Shareholders**

You are kindly requested to bring this notice and present the enclosed Voting Form to the receptionist when you attend the meeting.

Date and Time of the General Meeting of Shareholders:

Thursday, June 27, 2019, at 10:00 a.m. (JST)

##### **If Not Attending the General Meeting of Shareholders**

##### **By post**

Please return the enclosed Voting Form indicating your vote for or against each proposal so that your vote is received by 5:10 p.m. on Wednesday, June 26, 2019 (JST).

Due date: To be received no later than 5:10 p.m. on Wednesday, June 26, 2019 (JST)

##### **By the internet**

Please access the website for exercising voting rights by PC, smartphone or mobile phone, and input your vote for or against each proposal.

Due date: No later than 5:10 p.m. on Wednesday, June 26, 2019 (JST)

1. If you attend the meeting on the day, you do not need to use post or internet procedures to exercise your voting rights.
2. If you intend to exercise your voting rights by proxy, one other shareholder who possesses voting rights may attend the meeting as your proxy. In the case of attendance by a proxy, your Voting Form, the proxy's Voting Form and a letter of proxy must be presented to the receptionist.
3. If you exercise your voting rights both by post and by the internet, etc. only the vote by the internet, etc. will be treated as valid. In addition, if you exercise your voting rights by the internet, etc. multiple times, only the last vote exercised will be treated as valid.

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\* If any changes have been made to items in the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements and Reference Documents for the General Meeting of Shareholders, revised items will be posted on our website on the internet.

\* Of the documents required to be provided with this convocation notice, the "Notes to the Consolidated Financial Statements" and the "Notes to the Non-consolidated Financial Statements" are posted on our website on the internet pursuant to the provisions of laws and regulations and Article 17 of the Articles of Incorporation. In addition, these documents are included in the Consolidated Financial Statements and Non-Consolidated Financial Statements, both of which have been audited by Auditors to prepare the Audit Report and by Accounting Auditor to prepare the Accounting Audit Report.

Our website <https://www.shimz.co.jp/>

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal 1: Appropriation of Surplus

The Corporation considers the strengthening of its financial position and stable dividends as key management matters, as they both form the basis for long-term growth. Consequently, the Corporation takes it as a basic policy to issue dividends backed by business results. Based on this policy, we propose the following with respect to the appropriation of surplus.

##### 1. Matters regarding year-end dividend

We take into account the business results for the current fiscal year and future management environment, and accordingly propose the year-end dividend for the current fiscal year of ¥23 per share as a return of its profits to shareholders, ¥7 as regular dividends plus ¥16 as special dividends. This brings the full-year dividend, including the midyear dividend, to ¥36 per share.

##### (1) Dividend allotment to shareholders and total amount thereof

Dividend per share of common stock of the Corporation:

¥23 (¥7 for regular dividend and ¥16 for special dividend)

Total amount of dividend: ¥18,075,453,509

##### (2) Effective date of dividend:

June 28, 2019

##### 2. Other matters regarding appropriation

##### (1) Item and amount of decrease in surplus:

Retained earnings carried forward ¥65,400,000,000

##### (2) Item and amount of increase in surplus:

Contingent reserve ¥65,400,000,000

**Proposal 2: Partial Amendment to the Articles of Incorporation**

## 1. Reason for proposal

The Corporation seeks to clarify the management responsibility of directors during the business year, while establishing a management structure capable of responding rapidly to changes in the business environment and further strengthening corporate governance. Accordingly, we propose to change Article 21 (Term of Office) of the current Articles of Incorporation by shortening the term of office of directors from two (2) years to one (1) year.

## 2. Details of proposed amendment

Details of the proposed amendment are as follows:

(Underlined portions indicate the parts that are to be amended.)

Current Articles of Incorporation	Proposed amendment
Chapter 4 Directors and Board of Directors Article 21. (Term of Office) 1. The term of office of a director shall expire upon the closing of the ordinary general meeting of shareholders held for the last fiscal year within <u>two (2) years</u> after his/her appointment. 2. <u>The term of office of a director elected to increase the number of directors or to fill a vacancy of the director who retired before his/her term of office expires shall be the unexpired term of the other directors in office.</u>	Chapter 4 Directors and Board of Directors Article 21. (Term of Office) 1. The term of office of a director shall expire upon the closing of the ordinary general meeting of shareholders held for the last fiscal year within <u>one (1) year</u> after his/her appointment. (Omitted)

**Proposal 3: Election of Twelve (12) Directors**

The terms of office of the current eleven (11) directors will expire at the conclusion of this meeting. Accordingly, we propose to elect twelve (12) directors (including three (3) outside directors), increasing the number of directors by newly electing one (1) outside director with a view to further strengthening corporate governance.



The candidates for directors are as follows:

No.	Name	Current position and areas of responsibility in the Corporation	Nomination and Compensation Committee Member	Attendance at the Board of Directors meetings (current fiscal year)
1	<Reelection> Yoichi Miyamoto	Chairman of the Board and Representative Director		100% (19/19)
2	<Reelection> Kazuyuki Inoue	President and Representative Director	●	100% (19/19)
3	<Reelection> Osamu Terada	Executive Vice President and Representative Director In charge of International Business, LCV Business and Engineering Business		100% (19/19)
4	<Reelection> Toshiyuki Imaki	Executive Vice President and Representative Director General Manager, Building Construction Headquarters, in charge of Productivity Improvement Promotion, Nuclear Projects, Supervision of Information, and Director, Digital Strategy Promotion Div.		100% (19/19)
5	<Reelection> Koichiro Higashide	Executive Vice President and Representative Director In charge of Administration, Director, Corporate Ethics Office, and in charge of SDGs & ESG	●	100% (19/19)
6	<Reelection> Toru Yamaji	Executive Vice President and Representative Director Director, Sales & Marketing Headquarters, Director, Yumeshima Projects Headquarters		100% (19/19)
7	<Reelection> Koji Ikeda	Executive Vice President and Director In charge of Kansai Area, General Manager, KANSAI Branch, Deputy Director, Yumeshima Projects Headquarters, and in charge of Building Construction, Yumeshima Projects Headquarters		94.7% (18/19)
8	<Reelection> Tsunehiko Yamanaka	Senior Managing Officer and Representative Director General Manager, Civil Engineering Headquarters		100% (15/15)
9	<Reelection> Motoaki Shimizu	<Non-executive Director> Director	● (Head)	100% (19/19)
10	<New candidate> Tamotsu Iwamoto	<Outside Director> <Independent Director> – <Non-executive Director>	●	–
11	<Reelection> Aya Murakami	<Outside Director> <Independent Director> Director <Non-executive Director>	●	100% (19/19)
12	<New candidate> Mayumi Tamura	<Outside Director> <Independent Director> – <Non-executive Director>	●	–

\* For Nomination and Compensation Committee Members, the status of the candidates for reappointment is shown as of the date of posting of this convocation notice, while for new candidates, their scheduled status is shown as approved.

\* The attendance at Board of Directors meetings shown for Tsunehiko Yamanaka is his attendance after he assumed office as director on June 28, 2018.

\* Non-executive Director: Focuses on supervising management and business execution without being in charge of business execution.


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
1	 Yoichi Miyamoto (May 16, 1947)  <Reelection>  Attendance at the Board of Directors meetings 100% (19/19)	<p>July 1971 Joined the Corporation</p> <p>June 2003 Executive Officer, General Manager, HOKURIKU Branch of the Corporation</p> <p>April 2005 Executive Officer, General Manager, KYUSHU Branch of the Corporation</p> <p>June 2005 Managing Officer, General Manager, KYUSHU Branch of the Corporation</p> <p>April 2006 Senior Managing Officer, General Manager, KYUSHU Branch of the Corporation</p> <p>April 2007 Senior Managing Officer, in charge of Marketing &amp; Sales Promotion of the Corporation</p> <p>June 2007 President and Representative Director of the Corporation</p> <p>April 2016 Chairman of the Board and Representative Director of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director]            Yoichi Miyamoto has abundant experience and a high level of knowledge regarding the management and business activities of the Shimizu Group, having held the positions of President and Representative Director, and Chairman of the Board and Representative Director in turn. We judge that having him continue to leverage his experience in management will be optimal for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him as a director.</p>	136,757
2	 Kazuyuki Inoue (October 3, 1956)  <Reelection>  Attendance at the Board of Directors meetings 100% (19/19)	<p>April 1981 Joined the Corporation</p> <p>April 2013 Executive Officer, Director, Marketing &amp; Sales Promotion Div. II, Building Headquarters of the Corporation</p> <p>April 2014 Managing Officer, General Manager, NAGOYA Branch of the Corporation</p> <p>April 2015 Senior Managing Officer, General Manager, NAGOYA Branch of the Corporation</p> <p>June 2015 Director, Senior Managing Officer, General Manager, NAGOYA Branch of the Corporation</p> <p>March 2016 Director, Senior Managing Officer, in charge of Marketing &amp; Sales Promotion of the Corporation</p> <p>April 2016 President and Representative Director of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director]            Kazuyuki Inoue has abundant experience and a high level of knowledge regarding the management and business activities of the Shimizu Group, having held key positions in the construction business and in marketing &amp; sales. Since becoming President and Representative Director in April 2016, he has taken on responsibility for management and demonstrated strong leadership. We judge that he is ideally suited to the roles of driving sustainable development and increase in corporate value over the medium and long term of the Shimizu Group, and we have therefore nominated him to continue as a director.</p>	45,284


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
3	 <p>Osamu Terada (April 7, 1953)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 100% (19/19)</p>	<p>April 1977 Joined the Corporation</p> <p>June 2005 Executive Officer, General Manager, Tokyo Building Construction Business Div. II, Building Headquarters of the Corporation</p> <p>April 2007 Executive Officer, General Manager, KYUSHU Branch of the Corporation</p> <p>April 2010 Managing Officer, General Manager, NAGOYA Branch of the Corporation</p> <p>April 2012 Managing Officer, General Manager, TOKYO Branch, Building Headquarters of the Corporation</p> <p>September 2012 Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation</p> <p>April 2013 Senior Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation</p> <p>April 2014 Senior Managing Officer, General Manager, Building Headquarters, in charge of Overseas of the Corporation</p> <p>June 2014 Executive Vice President and Representative Director, in charge of Building, and General Manager, Building Headquarters, in charge of Overseas of the Corporation</p> <p>January 2016 Executive Vice President and Representative Director, General Manager, Building Construction Headquarters, in charge of Overseas of the Corporation</p> <p>April 2017 Executive Vice President and Representative Director, in charge of International Business, New Business and Engineering Business of the Corporation</p> <p>October 2017 Executive Vice President and Representative Director, in charge of International Business, LCV Business and Engineering Business of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Osamu Terada possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to building. Currently, he supervises the international business, the LCV business, and engineering business to promote the globalization and the creation of a new earnings base of the Shimizu Group. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	43,349



No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
4	 <p>Toshiyuki Imaki (January 3, 1955)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 100% (19/19)</p>	<p>April 1980 Joined the Corporation</p> <p>April 2007 Executive Officer, General Manager, Tokyo Building Construction Business Div. III, Building Headquarters of the Corporation</p> <p>June 2008 Executive Officer, Manager, Human Resources Dept. of the Corporation</p> <p>April 2010 Executive Officer, General Manager, HOKURIKU Branch of the Corporation</p> <p>April 2013 Managing Officer, General Manager, HOKURIKU Branch of the Corporation</p> <p>April 2014 Senior Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation</p> <p>June 2015 Director, Senior Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation</p> <p>January 2016 Director, Senior Managing Officer, in charge of Tokyo Metropolitan Area, General Manager, TOKYO Branch of the Corporation</p> <p>April 2016 Executive Vice President and Director, in charge of Tokyo Metropolitan Area, General Manager, TOKYO Branch of the Corporation</p> <p>April 2017 Executive Vice President and Representative Director, General Manager, Building Construction Headquarters, in charge of Productivity Improvement Promotion and Supervision of Information of the Corporation</p> <p>April 2018 Executive Vice President and Representative Director, General Manager, Building Construction Headquarters, in charge of Productivity Improvement Promotion, Supervision of Information, and Nuclear Projects of the Corporation</p> <p>April 2019 Executive Vice President and Representative Director, General Manager, Building Construction Headquarters, in charge of Productivity Improvement Promotion, Nuclear Projects, Supervision of Information, Director, Digital Strategy Promotion Div. of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Toshiyuki Imaki possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to building. Currently, he has supervised the construction business in his role as General Manager, Building Construction Headquarters, working on sustainable growth of the construction business, which is our core business. He is also promoting productivity improvement and operational streamlining in the construction business by driving digital strategy. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	47,030





No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
5	 <p>Koichiro Higashide (July 11, 1952)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 100% (19/19)</p>	<p>April 1976 Joined the Corporation</p> <p>April 2010 Executive Officer, Secretarial Dept. of the Corporation</p> <p>April 2013 Managing Officer, Director, Corporate Planning Div. of the Corporation</p> <p>April 2016 Senior Managing Officer, Director, Corporate Planning Div. of the Corporation</p> <p>June 2016 Director, Senior Managing Officer, in charge of Administration at Head Office, General Affairs, Director, Corporate Planning Div., in charge of IR of the Corporation</p> <p>April 2017 Executive Vice President and Representative Director, in charge of Administration at Head Office, Director, Corporate Planning Div., in charge of IR of the Corporation</p> <p>April 2018 Executive Vice President and Representative Director, in charge of Administration, Director, Corporate Ethics Office, in charge of IR and SDGs &amp; ESG of the Corporation</p> <p>April 2019 Executive Vice President and Representative Director, in charge of Administration, Director, Corporate Ethics Office, in charge of SDGs &amp; ESG of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Koichiro Higashide possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to accounting and finance, secretary and planning. Currently, he is working on strengthening the Shimizu Group's corporate governance and management foundations, while promoting initiatives to achieve the SDGs and ESG management. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	33,930


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)		Number of the Corporation's shares held
6	 Toru Yamaji (May 18, 1956)  <Reelection>  Attendance at the Board of Directors meetings 100% (19/19)	April 1981 Joined the Corporation April 2011 Executive Officer, Deputy General Manager, TOKYO Branch, Building Headquarters of the Corporation April 2012 Executive Officer, General Manager, KYUSHU Branch of the Corporation April 2015 Managing Officer, General Manager, KYUSHU Branch of the Corporation April 2016 Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation April 2017 Senior Managing Officer, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation June 2017 Executive Vice President and Representative Director, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation April 2018 Executive Vice President and Representative Director, Director, Sales & Marketing Headquarters of the Corporation March 2019 Executive Vice President and Representative Director, Director, Sales & Marketing Headquarters, Director, Yumeshima Projects Headquarters of the Corporation (up to the present)	[Reasons for nomination as a candidate for Director] Toru Yamaji possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to building and sales & marketing. Currently, he supervises sales & marketing as the Director of the Sales & Marketing Headquarters and works on drafting and implementation of the Shimizu Group's marketing strategy. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.	26,556

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
7	 <p>Koji Ikeda (October 22, 1953)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 94.7% (18/19)</p>	<p>April 1979 Joined the Corporation</p> <p>April 2009 Executive Officer, General Manager, CHIBA Branch, Building Headquarters of the Corporation</p> <p>May 2011 Executive Officer, in charge of Planning of the Corporation</p> <p>April 2013 Executive Officer, General Manager, HIROSHIMA Branch of the Corporation</p> <p>April 2015 Managing Officer, Deputy General Manager, KANSAI Construction and Civil Engineering Headquarters and General Manager, OSAKA Branch of the Corporation</p> <p>January 2016 Managing Officer, General Manager, KANSAI Branch of the Corporation</p> <p>April 2016 Senior Managing Officer, General Manager, KANSAI Branch of the Corporation</p> <p>April 2017 Senior Managing Officer, in charge of Kansai Area, General Manager, KANSAI Branch of the Corporation</p> <p>June 2017 Director, Senior Managing Officer, in charge of Kansai Area, General Manager, KANSAI Branch of the Corporation</p> <p>March 2019 Director, Senior Managing Officer, in charge of Kansai Area, General Manager, KANSAI Branch, Deputy Director, Yumeshima Projects Headquarters, in charge of Building Construction, Yumeshima Projects Headquarters of the Corporation</p> <p>April 2019 Executive Vice President and Director, in charge of Kansai Area, General Manager, KANSAI Branch, Deputy Director, Yumeshima Projects Headquarters, in charge of Building Construction, Yumeshima Projects Headquarters of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Koji Ikeda possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to building. Currently, he is in charge of the Kansai area, supervising the construction business. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	33,819

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
8	 Tsunehiko Yamanaka (January 20, 1956)  <Reelection>  Attendance at the Board of Directors meetings 100% (15/15)	<p>April 1980 Joined the Corporation</p> <p>April 2013 Executive Officer, General Manager, HOKKAIDO Branch of the Corporation</p> <p>March 2016 Executive Officer, General Manager, KANTO Branch of the Corporation</p> <p>April 2016 Managing Officer, General Manager, KANTO Branch of the Corporation</p> <p>April 2018 Senior Managing Officer, General Manager, Civil Engineering Headquarters of the Corporation</p> <p>June 2018 Senior Managing Officer and Representative Director, General Manager, Civil Engineering Headquarters of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director]            Tsunehiko Yamanaka possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing the construction business, primarily involving business operations related to civil engineering. Currently, he supervises the civil engineering business as General Manager of Civil Engineering Headquarters and is working on the sustainable growth of the construction business, which is our core business. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	27,559
9	 Motoaki Shimizu (April 25, 1971)  <Reelection> <Non-executive Director>  Attendance at the Board of Directors meetings 100% (19/19)	<p>February 1998 Joined IBM Japan, Ltd.</p> <p>July 2004 Joined the Corporation</p> <p>June 2011 Director of SHIMIZU &amp; CO., LTD.</p> <p>June 2014 President and Representative Director of SHIMIZU &amp; CO., LTD. (incumbent)</p> <p>March 2017 Resigned from the Corporation</p> <p>June 2017 Director of the Corporation (up to the present)</p> <p>[Significant concurrent positions outside the Corporation]            President and Representative Director of SHIMIZU &amp; CO., LTD.</p> <p>[Reasons for nomination as a candidate for Director]            Motoaki Shimizu possesses abundant experience regarding business activities both in Japan and overseas and a high level of knowledge gained as a corporate manager. Currently, from a standpoint independent from business execution and as the present head of the Shimizu family, responsible for the 215 year history of the Corporation, he supervises the Corporation's management and business execution with a long-term perspective. Since January 2019, he has held the role of head of the Nomination and Compensation Committee. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	6,500,000

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
10	 <p>Tamotsu Iwamoto (September 25, 1950)</p> <p>&lt;New candidate&gt; &lt;Outside Director&gt; &lt;Independent Director&gt; &lt;Non-executive Director&gt;</p> <p>Attendance at the Board of Directors meetings —</p> <p>Term of office served as Outside Director (at the conclusion of this meeting) —</p>	<p>April 1974 Joined Ajinomoto Co., Inc.</p> <p>July 2001 President of AJINOMOTO VIETNAM CO., LTD.</p> <p>June 2005 Corporate Executive Officer, General Manager, Human Resources Dept. of Ajinomoto Co., Inc.</p> <p>June 2009 Director, Corporate Vice President of Ajinomoto Co., Inc.</p> <p>June 2011 Director, Corporate Senior Vice President of Ajinomoto Co., Inc.</p> <p>June 2015 Representative Director, Corporate Executive Deputy President of Ajinomoto Co., Inc.</p> <p>June 2017 Senior Advisor of Ajinomoto Co., Inc. (incumbent)</p> <p>June 2017 Outside Auditor of HOUSE FOODS GROUP INC. (incumbent) (up to the present)</p> <p>[Significant concurrent positions outside the Corporation] Senior Advisor of Ajinomoto Co., Inc. Outside Auditor of HOUSE FOODS GROUP INC.</p> <p>[Reasons for nomination as a candidate for Outside Director] Tamotsu Iwamoto possesses abundant experience and a high level of knowledge through his many years in corporate management as a corporate executive of a listed company. We judge that he is able to use these attributes to supervise the management of the Corporation from an objective and neutral position, and we have therefore nominated him as a director.</p> <p>[Independence of the candidate] Tamotsu Iwamoto meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation plans to designate him as an independent director who will not have a conflict of interests with general shareholders and to submit notification of this to the Tokyo Stock Exchange. Furthermore, although the Corporation has conducted transactions with Ajinomoto Co., Inc. of which Tamotsu Iwamoto was Representative Director until June 2017 and is currently Senior Advisor, consisting of contracts for construction work etc., payments received for construction work etc. from Ajinomoto Co., Inc. came to less than 0.1% of the Corporation's consolidated net sales for the most recent fiscal year. Accordingly, we believe that this relationship will have no effect on Mr. Iwamoto's independence as Outside Director.</p>	0

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
11	 Aya Murakami (August 7, 1954)  <Reelection> <Outside Director> <Independent Director> <Non-executive Director>  Attendance at the Board of Directors meetings 100% (19/19)  Term of office served as Outside Director (at the conclusion of this meeting) 4 years	April 1977 Joined Ministry of Labor April 1996 Director of Women's Welfare Division, Women's Bureau of Ministry of Labor July 1998 Member of Long-term Care Insurance Promotion Office, Director of Welfare Promotion for the Elderly Division, Health and Welfare Bureau for the Elderly of Ministry of Health and Welfare January 2001 Director of Promotion Division, Gender Equality Bureau Cabinet Office August 2003 Director-General of Saitama Labour Bureau of Ministry of Health, Labour and Welfare December 2006 Managing Director of Japan Institute for Women's Empowerment & Diversity Management April 2011 Professor, Department of Law, Faculty of Law of Teikyo University (incumbent) June 2015 Director of the Corporation (up to the present)	4,670
		[Significant concurrent positions outside the Corporation] Professor, Department of Law, Faculty of Law of Teikyo University	
		[Reasons for nomination as a candidate for Outside Director] Although Aya Murakami does not have direct experience with corporate management other than as an outside director, she has accumulated experience and insight through many years of involvement in public labor and welfare administration, and possesses specialist knowledge and experience as a professor of a university. She is using these attributes in the Corporation's management, including promotion of work style reforms and diversity management. We judge that she is able to supervise the management of the Corporation from an objective and neutral position, and we have therefore nominated her as a director.	
		[Independence of the candidate] Aya Murakami meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation has therefore designated her as an independent director who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If her reelection is approved, the Corporation will continue her registration as an independent director.	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
12	 Mayumi Tamura (May 22, 1960)	April 1983 Joined Sony Corporation July 2002 Executive Officer of Johnson Diversey Corporation (currently CxS Corporation) December 2004 CFO of adidas Japan K.K. June 2007 Executive Officer, Senior Vice President and CFO of Seiyu Corporation (currently Seiyu GK.) May 2010 Executive Officer, Senior Vice President and CFO of Seiyu Corporation (currently Seiyu GK.) and Executive Officer, Senior Vice President and CFO of Walmart Japan Holdings GK. (currently Walmart Japan Holdings KK.) June 2015 Outside Auditor of Honda Motor Co., Ltd. June 2017 Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. (incumbent) June 2017 Outside Director of Hitachi High-Technologies Corporation (incumbent) (up to the present)	0
		[Significant concurrent positions outside the Corporation] Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. Outside Director of Hitachi High-Technologies Corporation	
		[Reasons for nomination as a candidate for Outside Director] Mayumi Tamura possesses abundant experience and a high level of knowledge from her many years working at global corporations. We judge that she is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated her as a director.	
		[Independence of the candidate] Mayumi Tamura meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation plans to designate her as an independent director who will not have a conflict of interests with general shareholders and to submit notification of this to the Tokyo Stock Exchange. Although the Corporation has conducted transactions with Seiyu GK. of which Mayumi Tamura serves as Senior Vice President and CFO until July 2013, consisting of construction contracts, etc., the payments received at the end of the most recent fiscal year came to less than 0.1% of the Corporation's consolidated net sales. Accordingly, we believe that this relationship will have no effect on Ms. Tamura's independence as Outside Director.	
		Attendance at the Board of Directors meetings – Term of office served as Outside Director (at the conclusion of this meeting) –	

## Notes:

- None of the candidates for directors have special interests in the Corporation.
- Of the candidates for directors, Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura are candidates for outside directors.
- During Aya Murakami's term in office, on March 23, 2018, criminal charges were filed against the Corporation on suspicion of violating of the Antimonopoly Act in connection with its bid for the Chuo Shinkansen Construction Project ordered by the Central Japan Railway Company. On October 22, 2018, the Corporation was sentenced to pay a criminal fine of ¥180 million by the Tokyo District Court. Ms. Murakami has consistently maintained a position of complying with laws and regulations and given warnings in Board of Directors meetings and so forth as necessary to prevent business execution in violation of laws and regulations. After the facts of this violation came to light, Ms. Murakami fulfilled her responsibilities, including confirming the details of a decision on recurrence prevention measures and the status of progress in this regard, in addition to her activities to date.
- The Corporation has entered into a limited liability agreement with Aya Murakami pursuant to the provisions of Article 427 Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation. The maximum amount of the liability for damage based on said agreement is the minimum amount of liability prescribed in laws and regulations. If her reelection is approved at this meeting, the Corporation plans to renew the agreement.  
If Tamotsu Iwamoto and Mayumi Tamura are elected at this meeting, the Corporation plans to enter into the same liability agreement with them.



**(Reference) Composition of the Board of Directors and Nomination Policy and Procedures of Candidates for Director and Auditor**

1. Composition of the Board of Directors

The maximum number of members of the Corporation's Board of Directors is set to 12 in the Articles of Incorporation, and the Board of Directors is composed of executive directors that are familiar with each area of the Corporation's business and non-executive directors, including multiple outside directors that possess abundant knowledge and experience from their respective backgrounds. The Board of Directors is composed of personnel that are the most suited to undertaking the Corporation's management in light of factors such as the operating environment, management policies, and business strategies.

2. Nomination policy and procedures of candidates for director and auditor

The Corporation selects candidates for director based on their character, knowledge, experience and capabilities, placing importance on the diversity of composition of the Board of Directors.

Individuals with abundant expert knowledge and experience, gained while working at the Corporation, are selected as candidates for directors in charge of the execution of business. Individuals with abundant knowledge and experience in their respective fields and deep insight into the global situation, as well as the trends of society and the economy are selected as candidates for non-executive directors including outside directors.

Also, individuals with appropriate knowledge of finance and accounting, knowledge of legal and compliance, abundant expert knowledge and experience regarding the Corporation's business areas, and abundant knowledge and experience in their respective fields, are selected as candidates for auditors while keeping a good balance of candidates and after receiving the consent of the Audit & Supervisory Board.

Candidates for directors and auditors of the Corporation are discussed within the Nomination and Compensation Committee, which is mainly composed of non-executive directors, including outside directors, based on the recognition of these qualities, then the nomination of candidates is determined at a meeting of the Board of Directors.

**(Reference) Standards regarding the Independence of Outside Officers (Outside Directors and Outside Auditors)**

The Corporation deems an outside officer or a candidate for outside officer to have independence against the Corporation if he or she satisfies the following requirements:

1. An outside officer shall not be currently acting, nor have acted in the ten years before taking office, as a person who executes business (executive director or executive officer and other employee) of the Corporation or its subsidiaries.
2. An outside officer shall not currently be an important person who executes business (executive director, accounting advisor, managing officer, executive officer or manager and other important employee) of a major shareholder (a shareholder who holds 10% or more of the voting rights) of the Corporation.
3. An outside officer shall not currently be an important person who executes business of a major business partner of the Corporation (a business partner in the case when the amount received by the Corporation from such business partner in the most recent fiscal year exceeds 2% of annual consolidated net sales of the Corporation).
4. An outside officer shall not currently be an important person who executes business of a business partner who has major transactions with the Corporation (a business partner in the case when the amount paid by the Corporation to such business partner in the most recent fiscal year exceeds 2% of annual consolidated net sales of the business partner).
5. An outside officer shall not currently be an important person who executes business of a financial institution with which the Corporation has a financing reliance that is non-substitutable.
6. An outside officer shall not currently be a person who provides professional service as an attorney, certified public accountant or other consultant gaining from the Corporation a substantial amount of remuneration (more than ¥10 million in the most recent fiscal year) other than remuneration for directors and auditors.
7. An outside officer shall not be a relative (a spouse or a relative who is within the second degree of kinship) of an important person who executes business of the Corporation or its subsidiaries.



**Proposal 4: Payment of Directors' Bonuses**

In consideration of factors such as operating results in the current fiscal year, we propose to pay directors' bonuses to the nine (9) directors (excluding non-executive directors and outside directors) who were in office during the current fiscal year of ¥267.3 million in total. Furthermore, we would like to ask that the specific amounts, timing and method, etc., of payment to each director be at the discretion of the Board of Directors.

**Proposal 5: Revision of Maximum Monthly Remuneration Amount for Directors**

The maximum monthly total amount of remuneration amount for the Corporation's directors is currently ¥60 million, the amount set by resolution of the 97th Annual General Meeting of Shareholders held on June 29, 1999. However, to reflect changes in economic conditions and performance, as well as other general conditions, we would like to revise the maximum total amount of monthly remuneration for directors to ¥90 million (including a maximum of ¥10 million for outside directors).

Currently, there are eleven (11) directors (including two (2) outside directors), and if Proposal 3 is adopted as proposed, the number of directors will be twelve (12) (including three (3) outside directors).

**(Reference) Determination Policy and Procedure, Etc., of Remuneration for Directors**

- Remuneration for Directors comprises a fixed monthly remuneration, which is the base remuneration, and bonuses, which is performance-linked remuneration, and it is decided by deliberation of the "Nomination and Compensation Committee." The Nomination and Remuneration Committee, which is mainly made up of non-executive Directors including outside Directors, has been established to ensure the evaluation of Directors and the determination of remuneration is conducted fairly and transparently.
- For monthly remuneration for Directors, a limit of not more than ¥60 million monthly remuneration has been put in place in accordance with a resolution passed by the 97th Annual General Meeting of Shareholders held on June 29, 1999.
- For bonuses for Directors, consolidated net profit for the fiscal year under review is set as the performance indicator, and consideration is given to the level of achievement, etc. of targets set for ordinary profit and net profit for the term under review. A basic bonus amount is determined by multiplying said index by a fixed percentage. The amount of bonus is decided in accordance with said basic bonus and each Director's position and individual performance evaluation.  
In addition, 20% of the bonus is used as remuneration for acquiring shares of the Company. Said portion of remuneration is contributed to the Directors' Shareholding Association and used to acquire the Company's shares for the purpose of having each Director further sharing value with shareholders and increasing motivation to boost corporate value over the medium and long term. The Company's shares that are acquired this way shall continue to be held by the Directors' Shareholding Association for the duration of the Director's tenure and for a fixed period of time after resignation.  
Concerning the bonus, the Nomination and Compensation Committee deliberates on whether or not a bonus shall be paid, and on what amount shall be paid. If it is decided that a bonus will be paid, the bonus is paid only after the matter has been approved by resolution at the Board of Directors, and then each time it is, approved by resolution at the General Meeting of Shareholders.
- Note that in order to enhance the function of supervision of management, the non-executive Directors, including Outside Directors, shall be paid monthly remuneration only.

**Attached documents to Notice of the 117th Annual General Meeting of Shareholders****Business Report**

(for the year ended March 31, 2019)

[Yen amounts have been rounded down to the nearest billion (million)]

**I Current Conditions of the Corporate Group (Consolidated)****1. Review of Operations and Results**

&lt;Consolidated financial results in the current fiscal year&gt;

In fiscal 2018, ended March 31, 2019, the Japanese economy continued to recover moderately as capital expenditures kept growing and personal consumption remained robust against the background of a steady recovery in corporate earnings and the employment and income environment.

For the construction industry, there was a reversal effect of large-scale orders for public-sector awarded in the previous fiscal year. However, private-sector construction investment remained firm, mainly in the manufacturing industry, and orders were at a higher level than in the previous fiscal year.

Against this backdrop, Shimizu Corporation and its subsidiaries (the Shimizu Group) reported consolidated net sales of ¥1,664.9 billion, up 9.6% year on year, due in part to an increase in net sales from completed construction contracts.

Ordinary income was up by 7.9% year on year to ¥133.9 billion and net income increased 17.3% year on year to ¥99.6 billion as a result of an increase in gross profits from completed construction contracts due to an increase in completed construction contracts.

The Group will pay a year-end dividend of ¥23 per share, adding a special dividend of ¥16 per share to the ordinary dividend of ¥7 per share, which makes the full-year dividend ¥36 per share, after addition of the midyear dividend.

**Construction business**

Net sales in the construction business increased 11.1% year on year to ¥1,504.6 billion. Segment profits increased 8.1% to ¥196.8 billion due to an increase in net sales.

**Major project orders awarded**

Architectural construction	Toranomon/Azabudai District Urban Redevelopment Association	Toranomon/Azabudai District Type I Urban Area Redevelopment Project for A/B-2 District Project
	Kachidoki East District Urban Redevelopment Association	Kachidoki East District Type I Urban Area Redevelopment Facilities and Buildings Project A2 District Project
	TOKYU CORPORATION TOKYU RECREATION CO., LTD.	Kabukicho 1-chome District Development Project (provisional name)
Civil engineering	Ministry of the Environment	Interim Storage (Okuma 4 Zone) Soil Storage Facility, etc. Project for Fiscal 2018
	PT. PLN (PERSERO)	Asahan No. 3 Hydroelectric Power Plant Construction Project – LOT I Civil Works (Indonesia)

## Major construction contracts completed

Architectural construction	Hamamatsucho 1-chome District Urban Redevelopment Association	Hamamatsucho 1-chome District Urban Redevelopment Project
	FANUC CORPORATION	FANUC Tsukuba Robot Factory 1 Construction Project
	SEIKO EPSON CORPORATION	EPSON Hirooka Office No. 9 Building Project
	Dogenzaka 121	SHIBUYA SOLASTA Project
	Toyo Engineering Corporation	Setouchi Kirei Mega Solar Power Plant Construction Project
Civil engineering	Ministry of Land, Infrastructure, Transport and Tourism	Miyako Morioka Odan Road Hiratsuto Tunnel Project

## Real estate development and other businesses

Net sales in the real estate development and other businesses decreased 2.7% year on year to ¥160.3 billion. Segment profit decreased 7.5% to ¥19.8 billion.

## Engineering business

“Aso Nishihara Plant of Okashino Kobai Corporation,” a state-of-the-art food plant production system, for which we conducted design and construction, following the provision of recovery support in the wake of the 2016 Kumamoto Earthquakes.

## Investment and development business

“Akihabara i-MARK Building,” a ZEB Ready\* certified tenant office building developed by Shimizu Corporation (\*achieved energy savings of more than 50% compared to a standard building)

## Construction orders awarded and contracts, net sales and backlog

		(Millions of Yen)			
		Backlog as at March 31, 2018	Construction orders awarded and contracts	Net sales	Backlog as at March 31, 2019
Construction business	Architectural construction	1,287,422	1,342,071	1,047,964	1,581,530
	Civil engineering	493,041	286,140	300,157	479,023
	Total	1,780,464	1,628,211	1,348,122	2,060,553
Real estate development and other		39,281	97,245	58,607	77,918
Total		1,819,746	1,725,456	1,406,730	2,138,472

## &lt;Consolidated forecasts for the next fiscal year&gt;

In fiscal 2019, ending March 31, 2020, the Japanese economy is expected to continue its gradual recovery due to the effects of implementation of various policies amid continuous improvement of employment and income environment, but attention needs to be given to the economic fluctuations caused by uncertainty in overseas situations. As for the construction industry, we expect a solid level of orders to continue due to private-sector construction investment remaining active, centered in the Tokyo metropolitan areas, with public-sector investment being expected to remain strong although there are concerns about tightening labor markets and rising raw material prices.

Under these conditions, for fiscal 2019, the Shimizu Group forecasts consolidated net sales of ¥1,760.0 billion (up 5.7% year on year), ordinary income of ¥135.0 billion (up 0.8% year on year), and net income of ¥95.0 billion (down 4.7% year on year).

Furthermore, non-consolidated orders (contracts) for fiscal 2019 are expected to decrease by ¥425.4

billion to ¥1,300.0 billion due to aspects such as pullback after concentration of large-scale redevelopment construction orders in the previous fiscal year.

## 2. Trends in Assets and Operating Results

### (1) Trends in assets and operating results of the corporate group (Consolidated)

(Millions of Yen)

	114th Fiscal Year (Fiscal 2015)	115th Fiscal Year (Fiscal 2016)	116th Fiscal Year (Fiscal 2017)	117th Fiscal Year (Current fiscal year) (Fiscal 2018)
Net sales	1,664,933	1,567,427	1,519,435	1,664,960
Ordinary income	95,501	131,197	124,130	133,957
Net income	59,322	98,946	84,978	99,668
Net income per share (Yen)	75.61	126.11	108.31	127.04
Return on Equity (ROE)	12.4%	18.8%	13.9%	14.4%
Total assets	1,722,936	1,688,197	1,780,943	1,860,794
Net assets	485,655	576,879	656,330	735,242

Notes: 1. Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

2. The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 117th fiscal year. Accordingly, the amount of total assets for the 116th fiscal year reflected the application of the aforementioned standard, etc.

### (2) Trends in assets and operating results of the Corporation (Non-consolidated)

(Millions of Yen)

	114th Fiscal Year (Fiscal 2015)	115th Fiscal Year (Fiscal 2016)	116th Fiscal Year (Fiscal 2017)	117th Fiscal Year (Current fiscal year) (Fiscal 2018)
Construction orders awarded and contracts	1,341,900	1,485,061	1,505,577	1,725,456
Net sales	1,406,833	1,291,550	1,262,554	1,406,730
Ordinary income	81,177	114,878	113,116	121,742
Net income	52,077	86,020	83,004	92,733
Net income per share (Yen)	66.26	109.45	105.62	118.00
Total assets	1,453,426	1,434,690	1,524,948	1,597,475
Net assets	407,959	481,879	556,455	627,910

Notes: 1. Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

2. The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 117th fiscal year. Accordingly, the amount of total assets for the 116th fiscal year reflected the application of the aforementioned standard, etc.

### 3. Issues to Be Addressed

#### Status of Implementation of Measures to Prevent Recurrence of Incidents Involving Violations of the Antimonopoly Act

After establishing its program for compliance with the Antimonopoly Act in 1991, the Corporation developed a manual for compliance with the Antimonopoly Act, implemented the “Code of Conduct for Officers and Employees on Bidding Contracts,” and established a compliance hotline (system for consultations and reporting). Additionally, the Corporation has worked to ensure compliance by making sure that all employees undergo regular compliance training, and the Corporation’s Legal Department has been continuously inspecting branch offices and divisions to properly implement the system. Nevertheless, the case of violation of the Antimonopoly Act in relation to a bid for the Chuo Shinkansen construction project (hereinafter referred to as “the Case”) occurred. After the Case came to light, the Corporation reexamined its policies to thoroughly ensure compliance, formulated additional recurrence prevention measures, and implemented them. The status of implementation for these recurrence prevention measures are as follows:

- Recurrence prevention measures which were newly added in March 2018 and the status of implementation of such measures
- (1) The Corporation’s top management takes the initiative in bolstering high ethical standards and compliance in the workplace
 

The Corporation uses every opportunity for the President to give directions to officers and employees to strictly enforce compliance and makes continuous efforts for compliance education and awareness building as outlined below.

  - a. Corporate ethics training for the management executives (held four times since April 2018, with approximately 300 officers and executive staff members, including the President, attending each time; a total of approximately 1,200 attended the training):
    - “Learn about the Analects” by President Tadahisa Ishikawa of Shibunkai
    - “Learning the Business and Management Philosophy of Eiichi Shibusawa from The Analects and the Abacus” by Director Jun Inoue of the Shibusawa Memorial Museum
    - “Learn about the Analects” by Ms. Sadako Yasuoka
    - “The Antimonopoly Act – toward competition law of international standards” by Professor Emeritus Masahiro Murakami of Hitotsubashi University
  - b. Corporate ethics training at branches across the country:
    - Held lectures given by the Director Inoue of the Shibusawa Memorial Museum and group discussions at 14 branches across the country, attended by approximately 2,400 employees, mainly executives.
    - Provided training/hearing on the Antimonopoly Act by lawyers to all officers in the civil engineering divisions.
  - c. President’s lecture centered on the marketing & sales divisions:
 

The President gave compliance lectures 14 times across the country
  - d. Raised awareness on compliance through the company magazine and the company intranet:
 

Started publishing serial articles on “The Analects and the Abacus” in the company magazine. The company magazine also published messages from the General Manager of the Corporate Ethics Office, records of lectures in corporate ethics training, and articles to introduce the organization conducts activities based on the will of Eiichi Shibusawa. In addition, we created a corporate ethics portal site on the company intranet, and posted materials and videos related to corporate ethics and the main compliance rules and regulations, etc., on the portal site.
- (2) Enhancement, etc. of compliance promotion organization
  - (i) Corporation’s Corporate Ethics Committee:
 

Chaired by the President and including outside experts (lawyers) as members, the committee discussed matters related to company-wide compliance, and held meetings three times in fiscal 2018)
  - (ii) The Corporate Ethics Office:
 

The office was established in April 2018, and it drew up and promoted implementation of measures to thoroughly ensure company-wide compliance.
  - (iii) Outside Meeting for Recurrence Prevention of Violation of Antimonopoly Act

- a. Purposes: Analysis of the reason this case occurred and objective evaluation regarding the appropriateness of the recurrence prevention measures drafted and announced in March 2018
  - b. Members: Three lawyers
  - c. Developments:
    - The members studied materials and conducted hearings with persons concerned from April to July 2018, and made a report based on the concentrated discussions at a total of six meetings.
    - The Corporation received the report at the end of July 2018 and reported to the Board of Directors.
  - d. Results of evaluation:
    - The members highly rated the appropriateness of the recurrence prevention measures, commenting “the recurrence prevention measures reflect the causal analysis and are appropriate.”
    - The opinions expressed by the experts at the meetings were reflected in the revision of the recurrence prevention measures in July 2018.
- (3) Enhancement of compliance by entire renewal of the Corporation’s sales force structure  
 In April 2018, the Sales & Marketing Divisions of both the Building Construction and Civil Engineering Headquarters, were united into the newly established Sales & Marketing Headquarters. In this structure, the Vice President of Sales supervises the sales organization of Building Construction and Civil Engineering, and in addition, an officer in charge of compliance was appointed.  
 The Compliance Promotion Department was newly established in the Sales & Marketing Headquarters and the Civil Engineering Headquarters, respectively, in June 2018.
- (4) Expanded Audit Department and conducted unscheduled audits on civil engineering bidding contracts across the Corporation  
 The department conducted unscheduled audits on approximately 1,800 contracts  
 → No cases of possible violations of the law were found.
- (5) Renewal of the Corporation’s Code of Conduct  
 The renewed Code of Conduct, which reflects opinions from the Outside Meeting for Recurrence Prevention of Violation of Antimonopoly Act, has been implemented since July 2018 after deliberation at the Corporate Ethics Committee and the meeting of the Board of Directors in June 2018.  
 Major review points of the Code of Conduct:
- a. Clarification of the reporting obligation  
 The reporting obligation, etc., in the event of receiving directions for violation from other officers and employees, or in the event of witnessing violations from other officers and employees is made more explicit.
  - b. Clarification and tightening of rules of contact with industry peer companies  
 Industry peer companies are competitors, and our attitude is not to make contact with them that may raise public suspicion, not to mention making order adjustments.
  - c. Strengthening punishments for offenders  
 Stricter disciplinary actions, including expanding the scope of persons subjected to punishment.
- (6) Strengthening compliance checks on specified projects
- (i) Identification and designation of high-risk projects:  
 The Corporate Ethics Office, Sales & Marketing Headquarters and Legal Department have identified and designated the high-risk projects which are considered, from a broad perspective, to have high risks of causing anticompetitive actions due to the backgrounds that they limit the competitors because of high degrees of difficulty etc., or they have high public interests and/or unique order systems. (Building Construction and Civil Engineering have been assigned around 70 high-risk projects in total, which are reexamined every month based on the progress of the projects.)
  - (ii) In regards to (i) above, the executives in charge such as sales officers and department managers, and persons in charge have been undergoing hearings (a cumulative total of approximately 260 projects as of the end of April 2019).

## (7) Initiatives in and after Fiscal 2019

- Regarding the status of implementation of the recurrence prevention measures, which includes the code of conduct that was revised in fiscal 2018, in order to verify the necessity of additional improvements and supplementation, taking changes in the outside business environment over the past year due to the Antimonopoly Act into account, it was concluded that “At this point in time, necessary and possible measures are largely covered and are assessed as being adequate,” in the result of the evaluation by a specialized lawyer in April 2019. This type of evaluation will continue to be carried out.
- We believe it is essential to continue measures to bolster high ethical standards and compliance, and we will continue to implement recurrence prevention measures from fiscal 2019 onwards while expanding educational measures, which includes lectures and e-learning pertaining to the Antimonopoly Act and The Analects and the Abacus.

## Shimizu Group's Management Policy

Eiichi Shibusawa, called “the Father of Japanese Capitalism”, was invited to be an advisor to our company in 1887. We hold his work “The Analects and the Abacus”, which expresses his worldview of economics united with ethics, to be our timeless and unchanging business compass.

On May 2019, we formulated Shimizu group's 10-year plan “SHIMIZU VISION2030” and the Mid-Term Management Plan 〈2019-2023〉, which compiles the basic policy and key strategies for the next five years.

### CREDO

“The Analects and the Abacus”

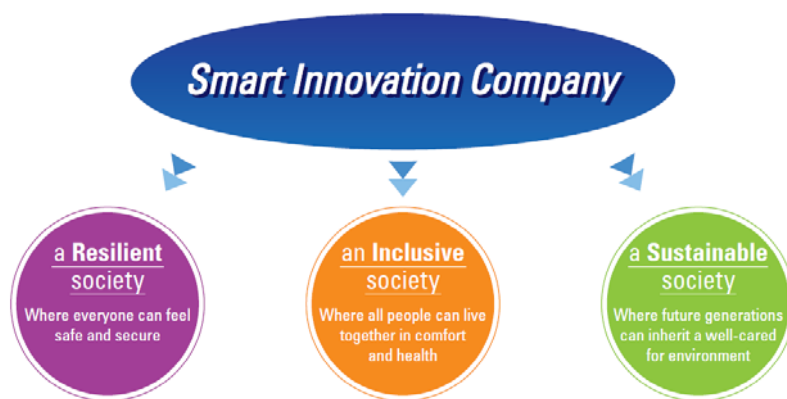
### OUR MISSION

With devotion and a spirit of innovation,  
we work to create value that exceeds  
expectations and contribute to  
a sustainable tomorrow

### OUR 10-YEAR PLAN SHIMZ VISION 2030

#### ■ Shimizu Group's Strategy Towards 2030

The Shimizu Group will create new value and contribute to a safe, healthy and sustainable future for everyone by transforming and challenging ourselves beyond construction and co-creating with diverse partners.



#### ■ The Value Shimizu Group Provides

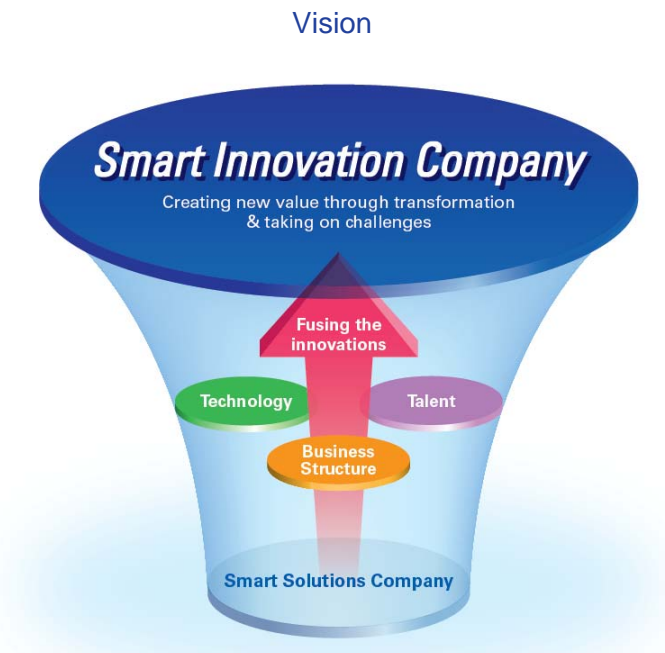
We will contribute to the 17 SDGs (Sustainable Development Goals) by providing value through innovation.

<b>Realizing a resilient society</b>	
With the heightened risk of natural disasters such as earthquakes, super-typhoons and torrential rain, there is an ever-increasing need to protect lives and businesses.	
■ Building strong and resilient infrastructure ■ Disaster prevention & mitigation technology	■ Extending the life of the built-environment ■ Disseminate ecoBCP*
<small>* Facilities and urban development concepts that can effect both saving measures for normal operation (eco), and business continuity planning (BCP) for emergencies.</small>	
<b>Realizing an inclusive society</b>	
With rapid changes such as aging, population decline and urbanization, the future requires a society where anyone can live safely and comfortably.	
■ Urban development utilizing ICT ■ Provide built-environments that enhance health and well-being	■ Use of universal design ■ Expand the fields of human activity (to the oceans and space)
<b>Realizing a sustainable society</b>	
As global warming, deforestation and environmental pollution become more serious, we must increase efforts to leave behind a bountiful earth for the next generation.	
■ Use of sustainable energy ■ CO <sub>2</sub> emissions reduction in all business activities	■ Promotion of energy-saving, energy creation and ZEB (zero energy) facilities ■ Conservation of the natural environment and biodiversity



## ■ Towards the Achievement of our Vision

The Shimizu Group aims to be a Smart Innovation Company that creates new value through the integration of three innovations



### Business Structure Innovation

- Diversify business models, accelerate global expansion, improve Group management capabilities.

### Technology Innovation

- Develop advanced technology to respond to the mega-trends of the future.
- Accelerate construction process technology development to increase competitive edge.

### Talent Innovation

- Promote working style reforms that will enable diverse talent to thrive.
- Build knowledge/ expertise through co-creation with others.

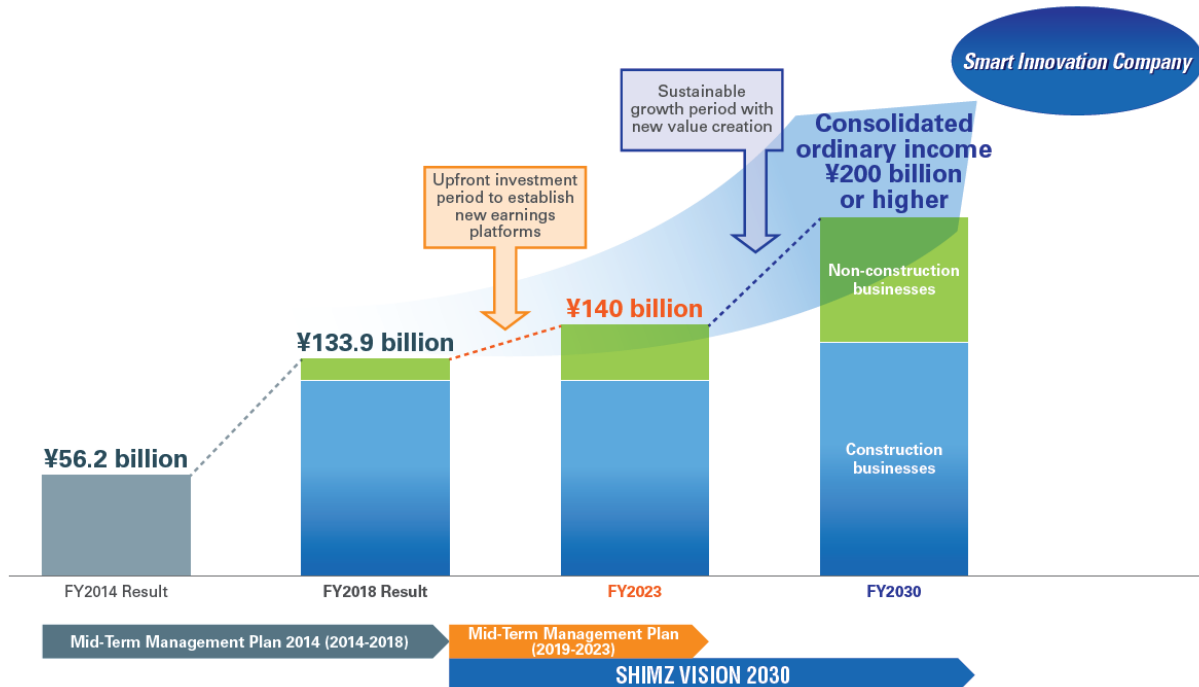
## ■ Target Revenue Structure

By evolving into a Smart Innovation Company, we aim to achieve consolidated ordinary income of 200 billion or higher in fiscal 2030. The composition of consolidated gross profit is 65% for construction, 35% for non-construction businesses. And by region, 75% domestic business and 25% overseas.

## Mid-Term Management Plan 〈2019-2023〉

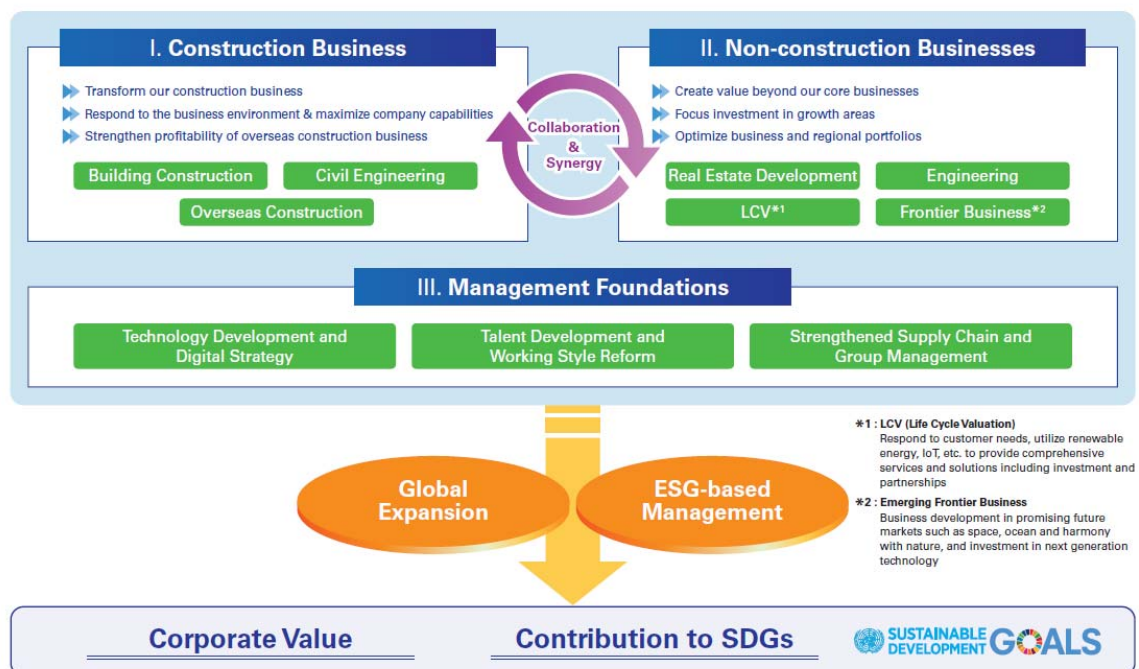
### ■ Positioning of the Mid-Term Management Plan

Our aim is sustainable growth of the company's value. We are positioning the next five years as an upfront investment period to establish new earnings platforms.



### ■ Basic Policy

Our company's basic policy is to enhance the corporate value of Shimizu Group and contribute to the achievement of SDGs.



■ Management Financial Goals (consolidated base)

- In order to achieve sustained growth, we plan to maintain the construction business while steadily investing in and improving profitability of non-construction businesses.

(Billions of Yen)	Mid-Term Management Plan 2014		Mid-Term Management Plan <2019-2023>	
	FY2018 Target	FY2018 Results	FY2023 Target	Financial KPI
Total Net Sales	1,630.0	1,664.9	1,880.0	ROE 10% or higher
Construction business	1,490.0	1,504.6	1,550.0	Equity ratio 40% or higher
Non-construction businesses (Development & others)	140.0	160.3	330.0	Debt to equity ratio 0.7 times or less
Profit from sales	175.0	216.6	235.0	Dividend pay-out ratio Approx. 30%
Construction business	156.0	196.8	185.0	
Non-construction businesses (Development & others)	19.0	19.8	50.0	
Ordinary income	102.0	133.9	140.0	

■ Capital Management Policy

1. Reduction of Securities Holdings

- Gradually reduce securities holdings and use part of the proceeds to implement share buybacks.

2. Increase Shareholder Returns

- While maintaining a basic policy of building a foundation for long-term growth by strengthening our financial position and maintaining stable dividends (ordinary dividends), we will return profits earned through growth with a consolidated payout ratio target of 30%.

■ Investment Plan (FY2019 – FY2023)

	Investment Amount (5 years)
Productivity investment & R&D	¥100 billion
Real estate development business	¥500 billion
Infrastructure, renewable energy, new businesses (frontier business, etc.)	¥130 billion
Talent development	¥20 billion
Total investment over 5 years	¥750 billion

■ Non-financial KPI

Main KPIs (Key Performance Indicators)		FY2023 Target
Improve productivity	Improve productivity in the construction business (vs. FY2016)	20% or higher
Environmental (E)	Reduce CO <sub>2</sub> emissions in the construction business (vs. FY2017) *1	10% or higher
Social (S)	Improve employee satisfaction scores *2	4.0 or higher
Governance (G)	Number of legal violations	0

\*1: Targets for Shimizu Ecology Mission 2030-2050 activities

\*2: Scores from the Shimizu Japan employee awareness survey (average of 5-level ratings)

## Shimizu's Initiatives in SDGs and ESG

### ■ Achieving Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development was adopted at the United Nations Sustainable Development Summit in September 2015.

All U.N. members are called upon to achieve the goals under the principle of “no one left behind” stated in the SDG action plans for People, the Planet, and Prosperity.

We do not regard the SDGs as just social demands; we integrate them into core business and aim to contribute to the utmost extent to achieving the SDGs.



### ■ Promotion of ESG Management

Fulfilling corporate social responsibilities through business activities to obtain stakeholder trust and achieve continuous increases in corporate value.

#### 1. E (Environment): Contribute to a sustainable global environment

- ☐ Steady promotion of the mid and long-term CO<sub>2</sub> reduction target “Ecology Mission 2030-2050”
- ☐ Conservation and indexing of biodiversity within our businesses
- ☐ Efforts for waste reduction and effective use of limited global resources

#### 2. S (Society): Coexistence with all our Stakeholders

- ☐ Response to natural disasters with our supply chain to provide customers and society with safety and security
- ☐ Value that surpasses the expectations of our customers to ensure customer satisfaction
- ☐ Consistent respect for Human Rights and implementing “Working Style Reform” for our entire workforce, including employees of our supply chain
- ☐ Coexisting with the local community as a good corporate citizen, contributing to the resolution of social issues

#### 3. G (Governance): Strict Compliance & Strengthened Risk Management

- ☐ Dissemination of corporate ethics and strictly enforced compliance based on our company's credo “The Analects and the Abacus”
- ☐ Comprehensive risk management (including investment risk, geopolitical risk, risk of natural disaster)
- ☐ Practice fair and transparent corporate activities
- ☐ Improved governance through accurate information disclosure and dialogue with all stakeholders



energy (Client: Green Power Otsuki GK)



Holding on-site tours for children all around the country

## 4. Status of Financing

No items to report.

## 5. Status of Capital Investment

The amount of capital investment made in the current fiscal year is ¥58.8 billion. Most of this consisted of acquisition of fixed assets for rental business and other business operations. Of this capital investment, ¥40.6 billion was investment by the Corporation (non-consolidated).

## 6. Status of Major Subsidiaries (As at March 31, 2019)

Name	Capital (Millions of Yen)	Ratio of ownership by the Corporation (%)	Major business
Shimizu Comprehensive Development Corporation	3,000	100	Purchase, sale, letting and management in connection with real estate
FaB-Tec Japan Corporation	2,437	84.6	Contracted construction of bridges and frames
Daiichi Setsubi Engineering Corporation	400	94.3	Contracted construction of building facilities
Milx Corporation	372	100	Sale and leasing of construction materials and equipment in addition to insurance agency business
SC Machinery Corp.	200	100	Leasing of construction machinery
SHIMIZU BLC Co., Ltd.	100	100	Contracted renewal of buildings and building management business

Note: The ratios of ownership by the Corporation provided above are identical to the ratios of voting rights held.

## 7. Major Businesses (As at March 31, 2019)

The Shimizu Group's main business areas are construction and development. It is also engaged in operations that are incidental to each of its business areas including the sale and leasing of construction materials and equipment as well as financing.

The Corporation, which is the main business corporation in the Shimizu Group, has obtained a Specific Construction Business License (specific-26, specific-29 no. 3200) and an Ordinary Construction Business License (ordinary-26 no. 3200) from the relevant minister in accordance with the Construction Business Act, and carries out construction, civil engineering, and related businesses accordingly.

The Corporation has also obtained a license from the relevant minister as a Building Lots and Buildings Traders (14 no. 1081) in accordance with the Building Lots and Buildings Transaction Business Act, and carries out businesses related to real estate accordingly.

## 8. Major Branches (As at March 31, 2019)

## (1) The Corporation

Head Office	
2-16-1 Kyobashi, Chuo-ku, Tokyo	
Branches	
HOKKAIDO Branch (Sapporo)	TOHOKU Branch (Sendai)
HOKURIKU Branch (Kanazawa)	KANTO Branch (Saitama)
TOKYO Branch (Chuo-ku, Tokyo)	YOKOHAMA Branch (Yokohama)
CHIBA Branch (Chiba)	NAGOYA Branch (Nagoya)
KANSAI Branch (Osaka)	KOBE Branch (Kobe)
SHIKOKU Branch (Takamatsu)	HIROSHIMA Branch (Hiroshima)
KYUSHU Branch (Fukuoka)	TOKYO Civil Engineering Branch (Chuo-ku, Tokyo)
International Div. (Singapore)	Investment and Development Div. (Chuo-ku, Tokyo)
Engineering Headquarters (Chuo-ku, Tokyo)	LCV Headquarters (Chuo-ku, Tokyo)
	Institute of Technology (Koto-ku, Tokyo)
International business network	
Dalian, Shanghai, Guangzhou, Hong Kong, Taipei, Manila, Hanoi, Ho Chi Minh City, Bangkok, Yangon, Kuala Lumpur, Singapore, Jakarta, Dhaka, Bangalore, Gurgaon, Tashkent, Dubai, Istanbul, Lusaka, Wroclaw, Prague, London, New York, Atlanta, Queretaro	

## (2) Major subsidiaries

Shimizu Comprehensive Development Corporation	(Chuo-ku, Tokyo)
FaB-Tec Japan Corporation	(Chuo-ku, Tokyo)
Daiichi Setsubi Engineering Corporation	(Minato-ku, Tokyo)
Milx Corporation	(Chuo-ku, Tokyo)
SC Machinery Corp.	(Yokohama)
SHIMIZU BLC Co., Ltd.	(Chuo-ku, Tokyo)

## 9. Status of Employees (As at March 31, 2019)

## (1) Employees of the corporate group (Consolidated)

	Number of employees (including contract workers)	Change from March 31, 2018
Construction business	14,169	+ 122
Real estate development and other businesses	1,207	+ 57
Other	808	- 19
Total	16,184	+ 160

Note: "Other" shows the number of employees in administration division, etc. (non-consolidated), who are unable to be classified in any specific business line.

## (2) Status of employees of the Corporation (Non-consolidated) (including contract workers) 10,336

\* Employees of the Corporation excluding contract workers are shown below.

Number of employees	9,456	Change from March 31, 2018	Increase of 451
Average age	43.0	Average years of continuous service	15.4 years

## 10. Status of Major Creditors (As at March 31, 2019)

Creditor	Amount borrowed (Millions of Yen)
Mizuho Bank, Ltd.	44,858
MUFG Bank, Ltd.	41,116
The Hachijuni Bank, Ltd.	11,082
The Norinchukin Bank	8,425
The Dai-ichi Life Insurance Company, Limited	8,191
The Chiba Bank, Ltd.	5,597
Fukoku Mutual Life Insurance Company	4,576
The Hyakugo Bank, Ltd.	4,495
Sumitomo Mitsui Banking Corporation	4,040
THE YAMAGUCHI BANK, Ltd.	3,838

## II Current Conditions of the Corporation (Non-consolidated)

## 1. Status of Shares of the Corporation (As at March 31, 2019)

- (1) Total number of authorized shares 1,500,000,000 shares
- (2) Total number of issued shares 788,514,613 shares
- (3) Number of shareholders 52,573 (decrease of 2,322 from March 31, 2018)
- (4) Major shareholders (Top ten)

Shareholder	Number of shares held (Thousands of Shares)	Percentage of total (%)
SHIMIZU & CO., LTD.	61,336	7.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	59,844	7.61
Japan Trustee Services Bank, Ltd. (Trust Account)	44,813	5.70
The SHIMIZU FOUNDATION	38,595	4.91
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.22
Mizuho Bank, Ltd.	16,197	2.06
Employee's Stock Ownership Plan	16,158	2.06
Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,442	1.71
Japan Trustee Services Bank, Ltd. (Trust Account 4)	12,558	1.60
The Dai-ichi Life Insurance Company, Limited	10,564	1.34

Note: Percentage of total is calculated excluding treasury stocks (2,625,330 shares).

## 2. Status of Share Options of the Corporation

Overview of Euro/Yen Zero Coupon Convertible Bonds subject to Call due 2020 (issued on October 16, 2015), issued in accordance with a resolution at a meeting of the Board of Directors held on September 30, 2015

Number of subscription rights to shares	Class and number of shares underlying subscription rights to shares	Conversion value	Exercise period of subscription rights to shares	Total amount of face value of Bonds
3,000	Common stock Total amount of face value of Bonds divided by conversion value	¥1,297.0	From October 30, 2015 to October 2, 2020	¥30.0 billion

## 3. Officers of the Corporation

## (1) Status of directors and auditors (As at March 31, 2019)

Name	Position in the Corporation	Areas of responsibility in the Corporation and significant concurrent positions outside the Corporation
Yoichi Miyamoto	Chairman of the Board and Representative Director	
Kazuyuki Inoue	President and Representative Director	
Osamu Terada	Executive Vice President and Representative Director	In charge of International Business, LCV Business and Engineering Business
Toshiyuki Imaki	Executive Vice President and Representative Director	General Manager, Building Construction Headquarters, in charge of Productivity Improvement Promotion, Supervision of Information and Nuclear Projects
Koichiro Higashide	Executive Vice President and Representative Director	In charge of Administration, Director, Corporate Ethics Office, In charge of IR and SDGs & ESG
Toru Yamaji	Executive Vice President and Representative Director	Director, Sales & Marketing Headquarters, Director, Yumeshima Projects Headquarters
Tsunehiko Yamanaka	Director (Representative Director)	General Manager, Civil Engineering Headquarters
Koji Ikeda	Director	In charge of Kansai Area, General Manager, KANSAI Branch, Deputy Director, Yumeshima Projects Headquarters, in charge of Building in Yumeshima Projects Headquarters
Motoaki Shimizu	Director (Non-executive)	President and Representative Director of SHIMIZU & CO., LTD.
Yo Takeuchi	Director (Non-executive)	Lawyer (Sidley Austin Nishikawa Foreign Law Joint Enterprise) President and Representative Director of All Nippon Asset Management Co., Ltd. Outside Auditor of PRONEXUS Inc.
Aya Murakami	Director (Non-executive)	Professor, Department of Law, Faculty of Law, Teikyo University
Chihiro Arakawa	Auditor (Full-time)	
Hideto Watanabe	Auditor (Full-time)	
Hatsuhito Kaneko	Auditor (Full-time)	
Tetsuya Nishikawa	Auditor	Lawyer (Kasahara Law Office) Outside Auditor of SEKIDO Co., Ltd. Outside Director of LAC Co., Ltd. Outside Auditor of Soken Co., Ltd.
Kaoru Ishikawa	Auditor	Director, Kawamura Gakuen Director, The Society for Promotion of Japanese Diplomacy Outside Director of SMK Corporation

- Notes: 1. Directors Yo Takeuchi and Aya Murakami are outside directors.  
2. Auditors Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa are outside auditors.  
3. The Corporation has designated outside directors Yo Takeuchi and Aya Murakami, and auditors Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa as independent director/auditor, who will have no conflicting interests with general shareholders, and it submitted notification of this to the



Tokyo Stock Exchange, Inc. As the Corporation entrusts PRONEXUS Inc. (“PRONEXUS”) with printing operations, etc., it has business relationships with PRONEXUS for which director Yo Takeuchi serves as outside auditor. In addition, the Corporation has business relationships with LAC Co., Ltd. (“LAC”) for which auditor Tetsuya Nishikawa serves as outside director and with Kawamura Gakuen for which auditor Kaoru Ishikawa serves as director. This is because the Corporation entrusts LAC with system maintenance operations and has made construction and other contracts with Kawamura Gakuen. All these transactions have been made based on ordinary terms and conditions, and their independence is not affected by these transactions. There are no other relationships between concurrent places of work of outside officers and the Corporation that should be noted.

4. Auditor Chihiro Arakawa has provided services related to accounting, finance, audit, etc. for many years, and has acquired a considerable degree of knowledge related to finance and accounting.
5. Auditor Hideto Watanabe has acquired a considerable degree of knowledge and abundant experience related to finance and accounting by engaging in accounting operations for many years.
6. Auditor Hatsuhiro Kaneko has acquired a considerable degree of knowledge related to finance and accounting by engaging in banking services and management at financial institutions for many years.
7. On April 1, 2019, the following changes were made in the position and areas of responsibilities in the Corporation of directors.

Name	Position in the Corporation	Areas of responsibility in the Corporation
Toshiyuki Imaki	Executive Vice President and Representative Director	General Manager, Building Construction Headquarters, and in charge of Productivity Improvement Promotion, Supervision of Nuclear Projects and Information, and Director, Digital Strategy Promotion Div.
Koichiro Higashide	Executive Vice President and Representative Director	In charge of Administration Director, Corporate Ethics Office In charge of SDGs & ESG
Koji Ikeda	Executive Vice President	In charge of Kansai Area, General Manager, KANSAI Branch, Deputy Director, Yumeshima Projects Headquarters, in charge of Building in Yumeshima Projects Headquarters

8. Retired directors and auditors in the current fiscal year

Name	Date of retirement	Reason for retirement	Position at time of retirement
Tadashi Okamoto	June 28, 2018	Resignation	Director

## (2) Outline of limited liability agreement

The Corporation entered into a limited liability agreement with all of the outside director and auditors pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Articles 26 and 33 of the Articles of Incorporation, to the effect that if an outside director or an outside auditor causes damage to the Corporation by neglecting to perform his or her duties, provided such outside director or outside auditor has acted in good faith and without gross negligence, his or her liability shall be limited to the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act.

## (3) Amounts of remuneration, etc. to directors and auditors

Directors	12 persons	¥797 million
Auditors	5 persons	¥116 million
(including ¥75 million to 5 outside officers)		

- (Notes) 1. The amounts of remunerations, etc., given above include those for one director who retired at the conclusion of the 116th Annual General Meeting of Shareholders held on June 28, 2018.
2. The amounts of remuneration, etc., given above include ¥267 million for nine directors in accordance with the resolution on the proposal “Payment of Directors’ Bonuses” submitted to the 117th Annual General Meeting of Shareholders.

## (4) Status of outside officers

## Major activities of outside officers during the current fiscal year

Title	Name	Major activities
Director	Yo Takeuchi	Attended all 19 meetings of the Board of Directors held during the current fiscal year and made appropriate statements based on the experience and insight he has gained through his involvement in financial administration and corporate management and specialist knowledge as a lawyer.
Director	Aya Murakami	Attended all 19 meetings of the Board of Directors held during the current fiscal year and made appropriate statements based on the experience and insight she has accumulated in public labor and welfare administration and specialist knowledge as a professor.
Auditor (Full-time)	Hatsuhito Kaneko	Attended all 19 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board held during the current fiscal year and made appropriate statements based on his experience and insight as an officer involved in corporate management at a financial institution.
Auditor	Tetsuya Nishikawa	Attended 18 out of 19 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board held during the current fiscal year and made appropriate statements based on the experience and insight he has accumulated in defense-related administrative duties.
Auditor	Kaoru Ishikawa	Attended all 19 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board held during the current fiscal year and made appropriate statements based on the experience and insight he has accumulated in diplomacy-related duties.

Note: In the current fiscal year, the Corporation was convicted in relation to suspicion of violation of the Antimonopoly Act in relation to a bid for the Chuo Shinkansen construction project ordered by the Central Japan Railway Company and issued an order for suspension of business pursuant to the provisions of the Construction Business Act. Outside Directors and Outside Auditors of the Corporation have constantly called necessary attention at the Board of Directors’ meetings, etc., to ensure that no violation of laws and regulations occurs from the perspective of legal compliance. After the finding of facts related to said violation, each Outside Director and Outside Auditor has fulfilled their job responsibility by conducting activities, such as confirming the details of the decision on the recurrence prevention measures and the progress thereof, in addition to their activities thus far, based on their experiences and insights.

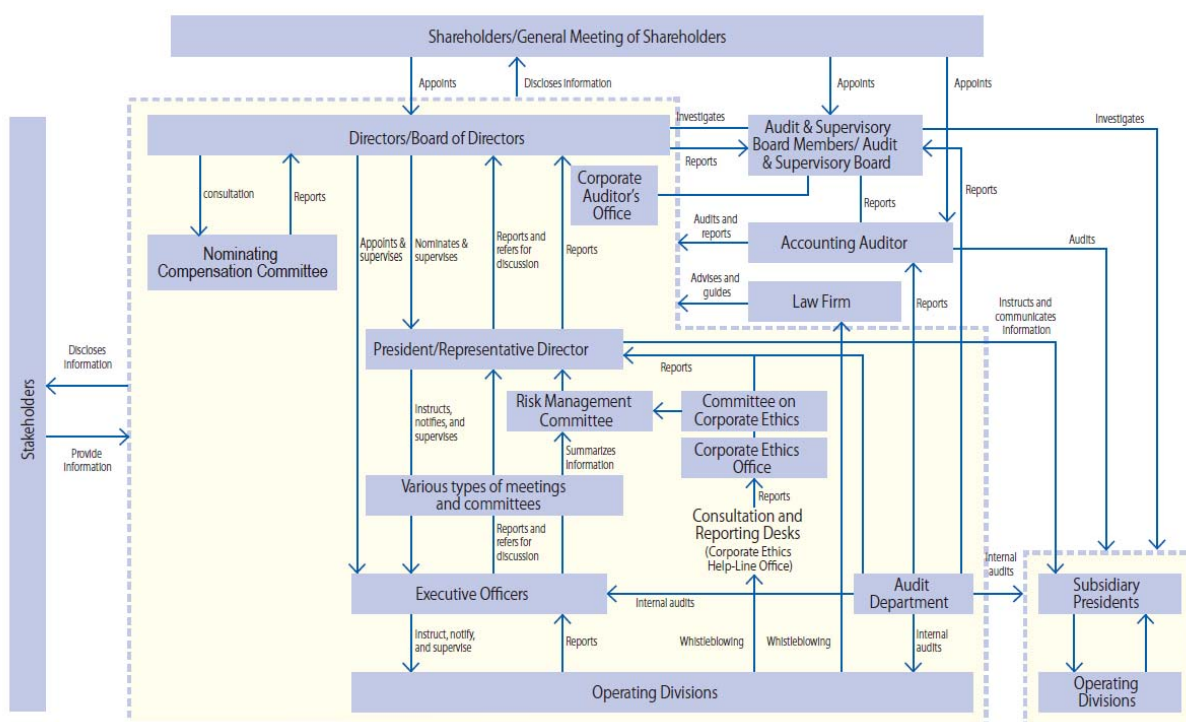
(Reference) Corporate Governance Structure of Shimizu Corporation

## ■ Basic Views on Corporate Governance

Based on the corporate principles contained in The Analects and the Abacus (Ethics and Economics), Shimizu strives to manage the company in a highly timely, efficient, transparent, and lawful manner to achieve sustainable growth and increase corporate value over the medium to long term, while also earning a greater degree of trust from our shareholders and investors, and all other stakeholders, including customers, employees, and local communities. We do so by fulfilling our social responsibilities through business activities.

To achieve this, Shimizu has established a structure that enables the Board of Directors and Audit & Supervisory Board to appropriately supervise and audit the performance of duties, based on separation of the management strategy decision-making function from the execution of duties function. Our basic policy on corporate governance is for our directors, executive officers, auditors, and employees to implement compliance management based on high ethical standards.

## Corporate Governance System



## ■ Nomination and Compensation Committee

The Corporation has established a Nomination and Compensation Committee, which mainly comprises non-executive directors, including Outside Directors, to ensure fair and transparent decision-making on the appointment and dismissal, evaluation, and remuneration of Directors and Executive Officers. As of March 31, 2019, of the five committee members, three are non-executive directors, of which one has served as the Chairman of the Nomination and Compensation Committee.

## ■ Evaluation of the effectiveness of the Board of Directors

The Corporation's Board of Directors conducts the analysis and evaluation of the effectiveness of the Board of Directors as a whole once a year.

The outline of the method of evaluation and the results thereof in 2018 are as follows:

### (1) Evaluation method

Through discussion by all Directors and Auditors (self-evaluation)

- Target period: From January to December 2018 (1 year)
- Date of evaluation: At the Board of Directors' meeting held in December 2018
- Main evaluation items: The Board of Directors' composition, functions, the status of operation; the status of assistance to Outside Directors; the status of provision of information and training to Directors; and the status of dialogue with shareholders and investors (IR activities), etc.

### (2) Outline of the evaluation results

The Board of Directors of the Corporation has been evaluated as being operated appropriately by actively conducting constructive discussions, and the effectiveness of the Board of Directors as a whole is ensured. In the meantime, the evaluation has identified the following major issues to be considered going forward.

- Continue with efforts to further enhance discussions at the Board of Directors' meetings aimed at corporate value improvement and medium- to long-term growth.
- Regularly provide an occasion for meeting for information provision to Outside Directors aimed to facilitate their understanding of business execution and trends in the construction industry, as well as reflecting the opinions of Outside Directors in the Corporation's management (providing a similar occasion for meeting also for Outside Auditors).
- Promote the efficient operation of the Board of Directors by encouraging brief and clear explanations, etc., at the Board of Directors' meetings.

### (3) Future initiatives

Based on the effectiveness evaluation results of the Board of Directors, the Board of Directors of the Corporation will aim to further improve its effectiveness and enhance corporate governance.

For other matters related to the Corporation's corporate governance, please see corporate governance reports, etc., posted on its website (<https://www.shimz.co.jp/>).

(Reference) Executive officers and their positions and areas of responsibility in the Corporation as at April 1, 2019 are as follows.

Name	Position and areas of responsibility in the Corporation	
Tsunehiko Yamanaka*	Senior Managing Officer	General Manager, Civil Engineering Headquarters
Tadashi Okamoto	Senior Managing Officer	In charge of Emerging Frontiers and Safety Administration & Environment
Yutaka Ishikawa	Senior Managing Officer	In charge of Technology, Director, Technology Planning Div., Director, Institute of Technology
Shigeru Namioka	Senior Managing Officer	General Manager, KANTO Branch
Hiroshi Fujimura	Senior Managing Officer	Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters
Toyoji Sone	Managing Officer	In charge of Finance & Accounting, IR
Masahiro Indo	Managing Officer	Director, Production Technology Div., Building Construction Headquarters
Koichi Ishimizu	Managing Officer	In charge of Tokyo Metropolitan Area, General Manager, TOKYO Branch
Masaki Yamaguchi	Managing Officer	General Manager, TOHOKU Branch
Kimio Handa	Managing Officer	Deputy Director, Sales & Marketing Headquarters, in charge of Compliance, Civil Engineering Headquarters, Deputy Director, Corporate Ethics Office
Naoki Kita	Managing Officer	General Manager, International Div.
Masatoshi Misawa	Managing Officer	General Manager, CHIBA Branch
Kazuyoshi Nasuhara	Executive Officer	General Manager, LCV Headquarters
Kentaro Ikeda	Managing Officer	Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Takashi Kawata	Managing Officer	In charge of Technology, Civil Engineering Headquarters
Hiroaki Taniguchi	Managing Officer	General Manager, NAGOYA Branch
Shinichi Takiguchi	Managing Officer	Director, Emerging Frontiers Div., in charge of Sales & Marketing, Sales & Marketing Headquarters
Takahisa Shiota	Managing Officer	In charge of Sales & Marketing, Sales & Marketing Headquarters
Masanobu Onishi	Managing Officer	Director, Design Div., Building Construction Headquarters
Yoshito Tsutsumi	Managing Officer	General Manager, KYUSHU Branch
Akira Yamazaki	Managing Officer	Director, Procurement & Estimation Center, Building Construction Headquarters
Yutaka Gozu	Executive Officer	Senior Project Director, Singapore National Cancer Centre Project, International Div.
Kazuhiro Nakamura	Executive Officer	Deputy Director, Design Div., Building Construction Headquarters
Masaichi Kawamura	Executive Officer	Deputy Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters
Masamichi Miki	Executive Officer	General Manager, HIROSHIMA Branch
Mitsuo Morii	Executive Officer	Deputy General Manager, International Div.
Tatsuya Shinmura	Executive Officer	General Manager, YOKOHAMA Branch
Takefumi Saito	Executive Officer	General Manager, HOKURIKU Branch
Yasuhide Kuwahara	Executive Officer	General Manager, TOKYO Civil Engineering Branch

Name	Position and areas of responsibility in the Corporation	
Yoshiki Higashi	Executive Officer	Director, Corporate Planning Div., Manager, Corporate Planning Dept., Corporate Planning Div.
Takao Haneda	Executive Officer	Manager, General Affairs Dept., Director, Corporate Ethics Help-line Office, in charge of Crisis Management
Yoshimi Hirata	Executive Officer	Director, Future Business Research Center
Yoshinari Dendoh	Executive Officer	Manager, Human Resources Dept., in charge of work style reform
Toshihide Suenaga	Executive Officer	In charge of Marketing & Sales Promotion, Kansai Area, in charge of Sales & Marketing, Yumeshima Projects Headquarters
Osamu Nakagawa	Executive Officer	General Manager, HOKKAIDO Branch
Kojiro Shimizu	Executive Officer	General Manager, SHIKOKU Branch
Tomohisa Odaka	Executive Officer	Deputy Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters
Atsushi Osada	Executive Officer	Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Takeshi Sekiguchi	Executive Officer	General Manager, Engineering Headquarters
Kenichi Ozono	Executive Officer	Manager, Operation Control Dept.
Kazuhiko Kato	Executive Officer	Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Tetsu Mizuno	Executive Officer	Deputy General Manager, NAGOYA Branch
Toshikazu Tsuji	Executive Officer	In charge of Civil Engineering, Kansai Area
Yasuhide Yamada	Executive Officer	In charge of Sales & Marketing, Sales & Marketing Headquarters
Tomoaki Harada	Executive Officer	Director, Building Construction Planning Div., Building Construction Headquarters, Director, Monozukuri Training Center, Building Construction Headquarters
Takayuki Sakakima	Executive Officer	Deputy Director, Design Div., Building Construction Headquarters, in charge of Structure
Yoshihiro Higuchi	Executive Officer	Director, Technology, Civil Engineering Headquarters
Masakazu Hyodo	Executive Officer	Manager, Finance Dept., in charge of Associated Companies
Haruhiko Washimi	Executive Officer	General Manager, Investment and Development Div.
Kouichi Yamashita	Executive Officer	General Manager, KOBE Branch

Note: \* indicates those who serve as Director concurrently.

## 4. Accounting Auditor

## (1) Name of accounting auditor

Ernst &amp; Young ShinNihon LLC

(Note) On July 1, 2018, Ernst & Young ShinNihon LLC changed its Japanese corporate name from ShinNihon Yugen Sekinin Kansa Hojin to EY ShinNihon Yugen Sekinin Kansa Hojin

## (2) Amount of remuneration, etc. in the current fiscal year

Name	Amount of remuneration, etc. for the services provided as accounting auditor for the Corporation in the current fiscal year	Total cash and other economic benefits to be paid by the Corporation and its subsidiaries
Ernst & Young ShinNihon LLC	¥105 million	¥217 million

Notes: 1. For the amount of remuneration, etc. to the accounting auditor in the current fiscal year mentioned above, no distinction is made between the amount of remuneration for auditing based on the Companies Act and the amount of remuneration for auditing based on the Financial Instruments and Exchange Act of Japan in the audit agreement between the Corporation and the accounting auditor. Also, it is not possible to effectively distinguish these two amounts. Accordingly, the total of these amounts is provided.

2. The Audit & Supervisory Board checks the content of the audit plan by the accounting auditor, amount of audit time by individual audit item and changes in audit fee, and the audit record for past years by obtaining necessary materials and reports from the related internal departments and the accounting auditor and examines the properness of the amount of audit time and the amount of fees for this fiscal year, and as a result gave consent under Article 399, Paragraph 1 of the Companies Act as to fees for the accounting auditor.

## (3) Non-audit services

Ernst & Young ShinNihon LLC provides the Corporation with services including information gathering and surveying concerning its overseas business.

## (4) Policy for decisions on dismissal or non-reappointment of accounting auditor

If the Audit & Supervisory Board recognizes that the any of the items set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, the Audit & Supervisory Board shall dismiss the accounting auditor based on the agreement of all of the auditors.

In addition, if it is determined necessary to dismiss or not reappoint the accounting auditor for any of various reasons, such as there being an impediment that prevents the accounting auditor from performing its duties, the Audit & Supervisory Board shall make the issue regarding dismissing or non-reappointment of the accounting auditor purpose of the general meeting of shareholders.

## 5. System to Ensure the Appropriateness of Business Operations and the Status of its Implementation

### Overview of Resolutions regarding the System to Ensure the Appropriateness of Business Operations

The Corporation made the resolution regarding its “Basic Policy on Developing an Internal Control System” at a meeting of the Board of Directors in order to develop a system to ensure the appropriateness of business operations. The Corporation partially amended this policy with the resolution of a meeting of the Board of Directors held on December 26, 2018. (Date amended: December 26, 2018. Underlined portions revised.)

The outline of this system is as follows.

#### 1. Compliance System

- 1) In order to ensure that officers and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Corporation shall enact its “Corporate Code of Conduct” and work to thoroughly promote corporate ethics including compliance.
- 2) In order to thoroughly promote its “Corporate Code of Conduct” and put it into practice by officers and employees, the Corporation shall educate and train its workforce and develop an internal structure by such means as appointing officers responsible for corporate ethics, putting in place a Corporate Ethics Committee, a Corporate Ethics Office and a Corporate Ethics Help-Line Office, and establishing a whistle-blowing system.
- 3) In order to further promote thorough compliance with the Construction Business Act, the Corporation shall introduce and thoroughly promote measures to secure proper contracts and payments when dealing with subcontractors, and shall develop an internal structure for the establishment of a system to maintain construction system ledgers.
- 4) In order to completely eliminate violations of the Antimonopoly Act, the Corporation shall undertake an appropriate review of its program for compliance with the Antimonopoly Act, and shall develop and thoroughly promote internal systems by such means as carrying out periodic transfers of sales personnel, thoroughly implementing education and training, establishing an internal check system and a system for whistle blowing to outside law offices, formulating a code of conduct, and implementing strict internal punishments for offenders.
- 5) In order to eradicate relations with anti-social forces or groups, the Corporation shall clearly indicate its eradication of anti-social actions in its “Corporate Code of Conduct,” and shall develop and thoroughly promote internal systems to put this into practice by such means as carrying out education and training, selecting employees to be in charge of preventing unfair demands, developing a reporting system for cases where unfair demands are received, and having clauses clearly indicating the Corporation’s eradication of relations with organized crime groups, etc. in contracts with subcontractors/suppliers.
- 6) In order to more fully prevent bribery both in Japan and overseas, the Corporation shall clearly indicate prohibition of bribery in its “Corporate Code of Conduct,” establish “Anti-Bribery Rules,” and develop an internal system, which includes establishing an implementation system, undertaking education and training activities, and implementing strict punishments for offenders.

#### 2. Internal Audit System

The Corporation shall put in place the Audit Dept. as an internal control and checking function, and it shall perform comprehensive audits of the activities of business execution sections based on audit plans approved by the Board of Directors. The audit results shall be reported to the directors and also to the auditors.

#### 3. Risk Management System

- 1) The Corporation shall formulate rules concerning general risk management and develop a system



enabling the management of overall risks with the potential to have a serious impact on the corporate group composed of the Corporation and its subsidiaries as well as accurate responses to risks when they occur.

- 2) For various types of risks by different functions including quality, safety, environment, natural disasters and information, the Corporation shall develop a system enabling advance prevention of occurrences and prevention of reoccurrences accurately by putting in place bodies such as divisions, departments and committees to respond to individual risks by function.

#### 4. Structure for Efficient Execution of Business Operations

- 1) In order to distinguish the functions of the determination of strategy and the supervision of management from function of the execution of business operations, thus ensuring efficient operations, the Corporation shall have fewer directors and shall introduce the executive officer system.
- 2) In order to further invigorate deliberation by the Board of Directors and enhance the function of the supervision of management, the Corporation shall appoint outside directors.
- 3) The Corporation shall put in place a structure of various types of meetings to efficiently carry out duties including the approval of important matters relating to the execution of operations and the determination of strategy, and matters shall be deliberated on, decided and implemented based on the “Authority List for Important Matters” appended to the rules of the Board of Directors specified by the Board of Directors.
- 4) The Corporation shall establish a Nomination and Compensation Committee, which mainly comprises non-executive directors, including Outside Directors, with the aim of carrying out fair and transparent decision-making on appointment and dismissal, evaluation, and remuneration of Directors and Executive Officers.
- 5) Executive officers shall execute operations in accordance with the rules on office organization, division of operations and delegation of authority specified by the Board of Directors.

#### 5. Retention and Management of Information on Execution of Business Operations

The Corporation shall specify rules on documents and an information security policy, and shall appropriately retain and manage minutes of meetings of the Board of Directors, internal circulars for managerial decisions, various contract documents, and other important information showing the status of the execution of operations. In addition, the Corporation shall develop an internal system for the safe and effective use of electronic information.

#### 6. System for Sound and Appropriate Business Operations at the Corporate Group

- 1) The Corporation shall hold regular meetings to share information with its subsidiaries and manage material matters related to subsidiaries’ conduct of operations and require that subsidiaries report on and obtain the approval of the Corporation for these matters as stipulated in the “Subsidiary Management Rules.”
- 2) The Corporation shall perform internal audits through its Audit Dept. and monitor the proper execution of business operations of subsidiaries as necessary by such means as transferring auditors.
- 3) In order to ensure the appropriateness of business operations, subsidiaries shall develop internal rules appropriate for their particular business and develop internal systems, including establishing a whistle-blowing system.
- 4) The Corporation shall develop and operate an internal control system necessary to ensure the reliability of financial reporting and to help maintain and enhance societal trust.

## 7. Matters Regarding the Auditing System of Auditors

- 1) The Corporation shall put in place the “Auditors Office (Full-time Employees)” as a full-time service body of employees assisting the auditors in order to enable auditors to exercise their authority as specified in relevant laws and regulations and to efficiently perform their audits.
- 2) The employees at the Auditors Office shall perform their duties under the direct command of the auditors and shall have the authority to collect information necessary for auditing. Transfers, etc. of employees at the Auditors Office shall be carried out after securing the advance consent of the Audit & Supervisory Board.

## 8. System for Making Reports to the Auditors Regarding the Execution of Business Operations

- 1) Officers and employees shall make reports to the auditors without delay in cases of occurrences of matters relating to the Corporation and its subsidiaries, including statutory matters, events with the potential to cause serious loss of trust in or damage to the Corporation or its subsidiaries, and major wrongful activity such as internal misconduct or offences against laws and regulations. They shall also make reports on the results of internal audits performed by the Audit Dept. of the Corporation and the status of reporting through the whistle-blowing system.
- 2) The Corporation shall develop a system to ensure that officers and employees of the Corporation and its subsidiaries are not treated disadvantageously due to their making reports to the auditors.

## 9. Matters Regarding Expenses and Liabilities That Arise as a Result of Auditors Performing Their Duties

Expenses and liabilities that arise as a result of auditors performing their duties shall be promptly handled by the Corporation based on claims submitted by auditors.

## 10. Ensuring the Authority of Auditors to Attend Important Meetings

In order to ensure that audits of execution of business operations by auditors are performed effectively, the Representative Director and the auditors shall have regular opportunities to share management information, and auditors nominated by the Audit & Supervisory Board shall attend “Meetings of the President Office” and “Meetings of the Division Heads” and other important meetings.

## 11. Matters Regarding Audits of the Consolidated Financial Statements and Non-Consolidated Financial Statements, etc. by the Auditors

- 1) In order for the auditors to judge the appropriateness of the audit methods and results of audits by the accounting auditor, and to ensure the independence of the accounting auditor from the directors, the auditors shall confirm the annual audit plan of the accounting auditor in advance and receive successive reports on the audit results.
- 2) The auditors and the accounting auditor shall be in coordination with each other, thus ensuring a system that enables effective auditing.

**Overview of Status of Operation of System to Ensure the Appropriateness of Business Operations**

The following is an overview of the status of operation of the system to ensure the appropriateness of the business of the Corporation in this fiscal year:

**1. Compliance System**

- 1) In order to thoroughly promote compliance, the Corporation has provided education and training to its officers and employees.
- 2) Based on the whistle-blowing system, the Corporation has established three compliance hotlines, namely, the Corporate Ethics Help-Line Office, the Counseling Office and the Outside Help-Line, and has thoroughly familiarized employees with these. Furthermore, the operational status thereof is reported to the Corporate Ethics Committee and auditors.
- 3) Corporate Ethics Committee meetings are held triannually for companywide implementation and follow-up on measures for corporate ethics and thorough compliance.
- 4) As described in “I Current Conditions of the Corporate Group (Consolidated) 3. Issues to Be Addressed,” the Corporation has continuously been implementing the recurrence prevention measures established in March 2018, following the violation of the Antimonopoly Act in the Chuo Shinkansen construction project, with the aim of further ensuring compliance.

**2. Risk Management System**

- 1) Risk Management Committee meetings are held biannually to understand and analyze risks that will have a major impact on the corporate group composed of the Corporation and its subsidiaries, to set key risk management items for tracking these risks and to report to the Board of Directors.
- 2) To check the communications and initial response systems in case of massive earthquakes, the Corporation implements earthquake disaster drills on a regular basis (biannually), extensively inviting relevant third parties such as subcontractors/suppliers and local residents to participate in them.
- 3) As overseas safety measures, the Corporation gathers risk information in accordance with the International Emergency Response Guidelines, and strengthens its security systems as necessary, while calling relevant persons' attention and imposing overseas travel restriction.
- 4) In order to make sure that information security measures permeate and take hold, the Corporation continues to implement education and training programs for our officers and employees. In the event of a problem, relevant departments take action swiftly by sharing information with each other.

**3. System for Sound and Appropriate Business Operations at the Corporate Group**

- 1) The President of the Corporation has held biannual meetings to share information with the presidents of subsidiaries, and to manage important matters relating to execution of operations at subsidiaries as stipulated in the “Subsidiary Management Rules.”
- 2) The Corporation has conducted internal audits through its Audit Dept. according to the audit plan and monitored the proper execution of business operations of subsidiaries as necessary by such means as transferring auditors.

**4. System for Ensuring Effectiveness of Audits by Auditors**

- 1) The Corporation has assigned three Full-time Employees to the Auditors Office as a full-time service body assisting auditors.
- 2) Auditors designated by the Audit & Supervisory Board have attended important meetings such as the “Meeting of the President Office,” “Meeting of the Division Head,” “Meeting of the Risk Management Committee” and “Meeting of the Corporate Ethics Committee.”

**Consolidated Balance Sheet**

(As at March 31, 2019)

(Millions of Yen)

	Amount		Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>1,145,901</b>	<b>Current liabilities:</b>	<b>837,868</b>
Cash	150,978	Notes and accounts payable—trade	354,466
Notes and accounts receivable—trade	641,061	Short-term borrowings	121,179
Marketable securities	79,000	Current portion of non-recourse borrowings	7,432
Real estate for sale	24,722	Current portion of bonds payable	20,000
Costs on uncompleted construction contracts	79,069	Current portion of non-recourse bonds payable	879
Costs on uncompleted real estate development projects	20,577	Income taxes payable	31,609
PFI projects and other inventories	53,750	Advances received on uncompleted construction contracts	145,533
Other current assets	97,801	Deposits received	114,044
Less: Allowance for doubtful accounts	(1,060)	Warranty reserve	3,209
		Reserve for expected losses on construction contracts in process	8,175
<b>Non-current assets:</b>	<b>714,892</b>	Reserve for directors' bonuses	267
<b>Tangible fixed assets:</b>	<b>299,847</b>	Reserve for loss on anti-monopoly act	1,820
Buildings and structures	82,669	Other current liabilities	29,250
Machinery, vehicles, tools, furniture and fixtures	17,191	<b>Non-current liabilities:</b>	<b>287,683</b>
Land	165,454	Bonds payable	40,000
Construction in progress	34,532	Convertible bond-type bonds with subscription rights to shares	30,046
<b>Intangible fixed assets</b>	<b>7,948</b>	Non-recourse bonds payable	13,180
<b>Investments and other assets:</b>	<b>407,095</b>	Long-term borrowings	49,520
Investment securities	387,746	Non-recourse borrowings	37,161
Deferred tax assets	2,563	Deferred tax liabilities	24,781
Other investments	18,769	Deferred tax liabilities for revaluation reserve for land	17,659
Less: Allowance for doubtful accounts	(1,983)	Net defined benefit liability	55,873
		Other non-current liabilities	19,459
		<b>Total liabilities</b>	<b>1,125,551</b>
		<b>NET ASSETS</b>	
		<b>Shareholders' equity:</b>	<b>559,674</b>
		Common stock, no par value	74,365
		Additional paid-in capital	43,116
		Retained earnings	443,802
		Less: Treasury stock, at cost	(1,609)
		Accumulated other comprehensive income:	169,741
		Net unrealized gain (loss) on other securities, net of taxes	150,079
		Deferred gain (loss) on hedging, net of taxes	(54)
		Revaluation reserve for land, net of taxes	25,864
		Foreign currency translation adjustments	(1,955)
		Remeasurements of defined benefit plans	(4,193)
		Non-controlling interests	5,826
		<b>Total net assets</b>	<b>735,242</b>
<b>Total assets</b>	<b>1,860,794</b>	<b>Total liabilities and net assets</b>	<b>1,860,794</b>

**Consolidated Statement of Income**

(For the year ended March 31, 2019)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,504,636	
Real estate development and other	160,324	1,664,960
Cost of sales:		
Construction contracts	1,307,825	
Real estate development and other	140,489	1,448,315
Gross profit:		
Construction contracts	196,811	
Real estate development and other	19,834	216,645
Selling, general and administrative expenses		86,921
<b>Operating income</b>		<b>129,724</b>
Non-operating income:		
Interest and dividend income	6,556	
Other	1,586	8,143
Non-operating expenses:		
Interest expenses	2,418	
Other	1,490	3,909
<b>Ordinary income</b>		<b>133,957</b>
Special gains:		
Gain on sales of investment securities	9,332	
Other	10	9,342
Special losses:		
Loss on sales of fixed assets	75	
Other	5	81
Income before income taxes		143,219
<b>Provision for income taxes—current</b>	<b>47,429</b>	
Provision for income taxes—deferred	(4,315)	43,113
Net income		100,105
<b>Net income attributable to non-controlling interests</b>		<b>436</b>
<b>Net income attributable to shareholders of the Corporation</b>		<b>99,668</b>

**Consolidated Statement of Changes in Net Assets**

(For the year ended March 31, 2019)

(Millions of Yen)

	<b>Balance as at April 1, 2018</b>	Cash dividends paid	Net income attributable to shareholders of the Corporation	Reversal of revaluation reserve for land, net of taxes	Purchase of treasury stock
Shareholders' equity					
Common stock	<b>74,365</b>				
Additional paid-in capital	<b>43,116</b>				
Retained earnings	<b>366,805</b>	(22,790)	99,668	119	
Treasury stock	<b>(1,606)</b>				(3)
Total shareholders' equity	<b>482,680</b>	(22,790)	99,668	119	(3)
Accumulated other comprehensive income					
Net unrealized gain (loss) on other securities, net of taxes	<b>149,282</b>				
Deferred gain (loss) on hedging, net of taxes	<b>(264)</b>				
Revaluation reserve for land, net of taxes	<b>25,984</b>				
Foreign currency translation adjustments	<b>(937)</b>				
Remeasurements of defined benefit plans	<b>(5,893)</b>				
Total accumulated other comprehensive income	<b>168,171</b>				
Non-controlling interests	<b>5,478</b>				
Total net assets	<b>656,330</b>	(22,790)	99,668	119	(3)

(Millions of Yen)

	Disposal of treasury stock	Changes other than share- holders' equity	Total	Balance as at March 31, 2019
Shareholders' equity				
Common stock			–	74,365
Additional paid-in capital	0		0	43,116
Retained earnings			76,997	443,802
Treasury stock	0		(3)	(1,609)
Total shareholders' equity	0		76,994	559,674
Accumulated other comprehensive income				
Net unrealized gain (loss) on other securities, net of taxes		797	797	150,079
Deferred gain (loss) on hedging, net of taxes		209	209	(54)
Revaluation reserve for land, net of taxes		(119)	(119)	25,864
Foreign currency translation adjustments		(1,017)	(1,017)	(1,955)
Remeasurements of defined benefit plans		1,699	1,699	(4,193)
Total accumulated other comprehensive income		1,569	1,569	169,741
Non-controlling interests		348	348	5,826
Total net assets	0	1,918	78,912	735,242

## Notes to Consolidated Financial Statements

### 1. Basis of Presentation of Consolidated Financial Statements

#### (1) Scope of consolidation

The Corporation had 66 subsidiaries as at March 31, 2019. The consolidated financial statements for the year ended March 31, 2019 include the accounts of the Corporation and all subsidiaries.

##### Major consolidated subsidiaries

Shimizu Comprehensive Development Corporation, FaB-Tec Japan Corporation, Daiichi Setsubi Engineering Corporation, Milx Corporation, SC Machinery Corp. and SHIMIZU BLC Co., Ltd.

Four companies that became subsidiaries of the Corporation in the year ended March 31, 2019 are included in the scope of consolidation. On the other hand, three companies that ceased to be subsidiaries of the Corporation are excluded from the scope of consolidation.

#### (2) Application of equity method

The Corporation had 15 affiliates as at March 31, 2019. As at March 31, 2019, the equity method was applied to all affiliates.

##### Major affiliate

THE NIPPON ROAD Co., Ltd.

The equity method was applied to the investment in one company that became an affiliate in the year ended March 31, 2019.

#### (3) Financial statements of subsidiaries

The financial year-end for 16 overseas subsidiaries and three domestic subsidiaries is December 31, and the financial year-end for one domestic subsidiary is March 26. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31 and March 26, respectively, and certain adjustments are made to reflect any significant transactions during the period from the year-end balance sheet dates for these subsidiaries to March 31, the consolidated balance sheet date.

The financial period of other consolidated subsidiaries is the same as the Corporation.

#### (4) Accounting policies

##### 1) Valuation basis and method for significant assets

###### a. Valuation of securities

The Group classifies securities into two different categories, held-to-maturity debt securities and other securities. The Group holds no trading securities. Held-to-maturity debt securities are valued at amortized cost. Other securities with market quotations are valued at the prevailing market price as at the balance sheet date. Other securities without market quotations are stated at cost, cost being determined by the moving average method. Net unrealized gains on other securities with market quotations are reported net of taxes as a separated component of "Net assets" and the cost of sales is determined by the moving average method.

###### b. Valuation of inventories

Real estate held for sale: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

Costs on uncompleted construction contracts: At cost on an individual basis.

Costs on uncompleted real estate development projects: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

PFI projects and other inventories: At cost on an individual basis or at cost, cost being determined by the moving average method (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

##### 2) Depreciation method for tangible fixed assets

Depreciation for tangible fixed assets (excluding leased assets) is computed by the declining balance method, at rates based on the estimated useful lives of the assets. Some subsidiaries use the straight-line method.



## 3) Recognizing provision of significant reserves

## a. Allowance for doubtful accounts

For receivables classified as “normal,” the allowance for doubtful accounts is provided based on a historical default ratio. For receivables classified as “doubtful” or “bankrupt,” the allowance for doubtful accounts is provided based on individual assessment on the probability of collection.

## b. Warranty reserve

An allowance to cover the costs of repairs for damages related to completed construction work for which the Group is responsible is provided based on previous warranty experience.

## c. Reserve for expected losses on construction contracts in process

An allowance is provided for estimated future losses related to the construction contracts in process.

## d. Reserve for directors' bonuses

An allowance is provided for bonus payment to directors based on payment estimates.

## e. Reserve for loss on anti-monopoly act

An allowance is provided for an estimated amount of payment of penalties, etc., under the Antimonopoly Act.

## 4) Recognizing revenues and costs of construction contracts

Revenues and costs of construction contracts, of which the percentage of completion as at the balance sheet date can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated based on the cost incurred as at the balance sheet date as a percentage of the estimated total cost. The completed-contract method is applied to all other construction contracts.

## 5) Recognizing net defined benefit liability

Net defined benefit liability is recognized at the amount obtained by deducting the fair value of the plan assets from projected retirement benefit obligations as at the balance sheet date.

## 6) Amortization of goodwill

Goodwill is principally amortized over a five-year period on a straight-line basis from the year of acquisition.

## 7) Consumption taxes

Consumption taxes payable or receivable are excluded from each account in the consolidated statement of income.

## 2. Change in Presentation

Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the year ended March 31, 2019. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities.”

## 3. Notes to Consolidated Balance Sheet

## (1) Assets pledged as collateral

1) The following assets are pledged as collateral for borrowings at affiliated companies and others.

Investment securities	¥140 million
Other investments	¥61 million
Total	¥201 million

2) The total amount of business assets pledged as collateral for non-recourse borrowings of ¥44,593 million by subsidiaries engaged in PFI business

¥50,444 million

(2) The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to non-recourse bonds payable of ¥14,060 million	¥21,386 million
(3) Accumulated depreciation of tangible fixed assets	¥150,869 million
(4) Contingent liabilities from guaranteeing indebtedness	
Guarantee obligations are guarantees for the following companies' loans.	
PT .WINDAS DEVELOPMENT (Note)	¥801 million
Employees (housing loans)	¥53 million
Total	¥855 million
Note: PT .WINDAS DEVELOPMENT is an investor in the Corporation's subsidiaries.	
(5) Notes receivable discounted	
Notes receivable discounted at consolidated subsidiaries	¥468 million
(6) Revaluation reserve for land	
Land used for business is subject to revaluation in accordance with the Act on Revaluation of Land.	
Method of revaluation: Determine the revalued amount by reasonably adjusting the assessed value of fixed assets for taxation purposes as specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land	
Revaluation date: March 31, 2002	
(7) Amount of "Costs on uncompleted construction contracts," matching with "Reserve for expected losses on construction contracts in process"	
"Costs on uncompleted construction contracts" for which a construction loss is anticipated and "Reserve for expected losses on construction contracts in process" are presented without being offset.	
Amount of "Costs on uncompleted construction contracts," for which a construction loss is anticipated, matching with "Reserve for expected losses on construction contracts in process"	¥186 million
4. Notes to Consolidated Statement of Income	
(1) Revenue recognized using the percentage-of-completion method	¥1,320,912 million
(2) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥4,737 million
(3) Inventory write-down due to reduced profitability included in cost of sales	¥680 million
(4) Research and development costs	¥12,574 million
5. Notes to Consolidated Statement of Changes in Net Assets	
(1) Type and number of outstanding shares as at March 31, 2019	
Common stock	788,514,613 shares

## (2) Dividends

## 1) Dividends paid to shareholders for the year ended March 31, 2019

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 28, 2018)	Common stock	12,574	(Note 1) 16.00	March 31, 2018	June 29, 2018
Board of directors (November 5, 2018)	Common stock	10,216	(Note 2) 13.00	September 30, 2018	December 3, 2018

Notes: 1. Amount of dividend per share ¥16.00 includes a special dividend of ¥9.00.

2. Amount of dividend per share ¥13.00 includes a special dividend of ¥6.00.

## 2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

Matters regarding these dividends will be proposed at the annual general meeting of shareholders to be held on June 27, 2019.

Resolution to be approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 27, 2019)	Common stock	Retained earnings	18,075	23.00	March 31, 2019	June 28, 2019

Note: Amount of dividend per share ¥23.00 includes a special dividend of ¥16.00.

## 6. Financial Instruments

## (1) Overview

## 1) Policy for financial instruments

The Group raises operating funds primarily through bank borrowings and bond issues. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the Group's policy, the Group uses derivatives only for the purpose of reducing risks by hedge, and not for speculative purposes.

## 2) Types of financial instruments, risk and risk management

Regarding credit risk associated with customer's operating receivables such as notes receivable and accounts receivable from construction contracts, the Group appropriately reduces such risk in response to the payment conditions and customer's credit situation.

Regarding investment securities held primarily for the purpose of maintaining business relationships, the Group comprehensively takes into account the benefits to the Corporation gained through strengthening of relations with transaction partners, acquisition value and stock price fluctuation risk, etc., judges whether or not to acquire these. With regard to stock ownership, every year, a review will be carried out for every individual stock in the stockholding of the Company to comprehensively consider the costs and risks associated with the stockholding and the economic rationale, such as the benefit from a business perspective, and the Board of Directors will make a decision on whether to continue or cease holding the stock.

Regarding volatility risk of foreign exchange rates and interest rates, the Group conducts market risk management in line with its risk management rules for volatility in financial markets.

## (2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2019, and estimated fair value are shown below.

(Millions of Yen)

Assets	Carrying value	Fair value	Difference
1) Cash	150,978	150,978	—
2) Notes and accounts receivable—trade	641,061	641,061	—
3) Marketable securities	79,000	79,000	—
4) Investment securities	338,257	338,257	—
Liabilities	Carrying value	Fair value	Difference
5) Notes and accounts payable—trade	354,466	354,466	—
6) Short-term borrowings	121,179	121,179	—
7) Bonds payable and current portion of bonds payable	60,000	60,349	349
8) Convertible bond-type bonds with subscription rights to shares	30,046	30,030	(16)
9) Non-recourse bonds payable and current portion of non-recourse bonds payable	14,060	14,060	—
10) Long-term borrowings	49,520	49,761	240
11) Non-recourse borrowings and current portion of non-recourse borrowings	44,593	45,009	415
Derivative transactions (*)	Carrying value	Fair value	Difference
12) Derivative transactions to which hedge accounting is applied	59	59	—

(\*) Net liabilities that arose from derivative transactions are presented on a net basis in parentheses.

Notes: Method to determine the estimated fair value of financial instruments

1) Cash, 3) Marketable securities, 5) Notes and accounts payable—trade, 6) Short-term borrowings

The Corporation uses carrying value for these amounts because they will be settled in the short term, meaning that carrying value approximate fair value.

2) Notes and accounts receivable—trade

By receivables with separate fixed terms, the fair value is calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

4) Investment securities

The fair value of stocks is determined based on the stock market price and the fair value of bonds is determined based on the stock market price or prices quoted by financial institutions. Among “Investment securities,” non-listed shares, etc. (¥49,488 million in the consolidated balance sheet as at March 31, 2019) are not included in the above because determining the fair value for them is extremely difficult.

7) Bonds payable and current portion of bonds payable, 8) Convertible bond-type bonds with subscription rights to shares

The fair value of bonds with market quotations issued by the Corporation is based on the prevailing market price.

9) Non-recourse bonds payable and current portion of non-recourse bonds payable

Carrying value is used as fair value as there is a variable interest rate and the value is reviewed on a short-term basis to reflect the market interest rate, meaning that carrying value approximate fair value.

10) Long-term borrowings, 11) Non-recourse borrowings and current portion of non-recourse borrowings

The fair value of these borrowings is estimated by applying a discount rate to be applied to the total of principal and interest if a similar new borrowings agreement would be entered into. Some long-term borrowings and non-recourse borrowings are subject to special treatment of interest rate swap, and these are calculated by applying a discount rate to be applied to the total principal and interest with the consideration of the underlying interest rate swap if a similar new borrowings agreement would be entered into.

12) Derivative transactions

The fair value of derivative transactions is valued from prices quoted by financial institutions.

## 7. Investment and Rental Properties

## (1) Overview of investment and rental properties

The Corporation and certain consolidated subsidiaries own office buildings, residential units and other real estate properties for lease, mainly in Tokyo and other major urban cities in Japan.

## (2) Carrying value and fair value of investment and rental properties

Carrying value	¥162,626 million
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Fair value	¥265,197 million
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Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.

2. The fair value is mainly calculated by the Corporation based on real estate appraisal standards, or based on the appraisal report prepared by external certified appraisers.

## 8. Amounts per Share

(1) Net assets per share of common stock	¥929.72
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(2) Basic net income per share of common stock	¥127.04
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## 9. Other Information

The accounts of consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

**Non-Consolidated Balance Sheet**

(As at March 31, 2019)

(Millions of Yen)

	Amount		Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>938,861</b>	<b>Current liabilities:</b>	<b>751,078</b>
Cash	88,750	Notes payable	60,691
Notes receivable	45,845	Accounts payable for construction contracts	239,395
Accounts receivable from completed construction contracts	556,329	Short-term borrowings	95,491
Marketable securities	79,100	Current portion of bonds payable	20,000
Real estate for sale	3,981	Income taxes payable	28,133
Costs on uncompleted construction contracts	72,949	Advances received on uncompleted construction contracts	127,845
Costs on uncompleted real estate development projects	3,324	Deposits received	144,421
Other current assets	89,554	Warranty reserve	3,100
Less: Allowance for doubtful accounts	(973)	Reserve for expected losses on construction contracts in process	7,934
<b>Non-current assets:</b>	<b>658,614</b>	Reserve for directors' bonuses	267
<b>Tangible fixed assets:</b>	<b>242,406</b>	Reserve for loss on anti-monopoly act	1,820
Buildings and structures	71,520	Other current liabilities	21,975
Machinery, equipment and vehicles	3,231	<b>Non-current liabilities:</b>	<b>218,486</b>
Tools, furniture and fixtures	3,986	Bonds payable	40,000
Land	130,193	Convertible bond-type bonds with subscription rights to shares	30,046
Construction in progress	33,475	Long-term borrowings	43,722
<b>Intangible fixed assets</b>	<b>5,753</b>	Deferred tax liabilities	24,965
<b>Investments and other assets:</b>	<b>410,454</b>	Deferred tax liabilities for revaluation reserve for land	17,659
Investment securities	354,447	Reserve for employees' retirement benefits	44,279
Investments in subsidiaries and affiliates	37,294	Other non-current liabilities	17,813
Investments in other securities of subsidiaries and affiliates	6,920	<b>Total liabilities</b>	<b>969,565</b>
Long-term loans	3,907	<b>NET ASSETS</b>	
Claims in bankruptcy or reorganization proceedings	17	<b>Shareholders' equity:</b>	<b>453,180</b>
Long-term prepaid expenses	636	<b>Common stock, no par value</b>	<b>74,365</b>
Other investments	9,370	<b>Additional paid-in capital</b>	<b>43,144</b>
Less: Allowance for doubtful accounts	(2,138)	Capital reserve	43,143
		Other additional paid-in capital	1
		<b>Retained earnings:</b>	<b>336,857</b>
		Legal reserve	18,394
		Other retained earnings	318,462
		Reserve for advanced depreciation of fixed assets	5,160
		Contingent reserve	229,800
		Retained earnings carried forward	83,502
		<b>Less: Treasury stock, at cost</b>	<b>(1,187)</b>
		<b>Total valuation and translation adjustments</b>	<b>174,729</b>
		<b>Net unrealized gain (loss) on other securities, net of taxes</b>	<b>148,823</b>
		<b>Deferred gain (loss) on hedging, net of taxes</b>	<b>41</b>
		<b>Revaluation reserve for land, net of taxes</b>	<b>25,864</b>
		<b>Total net assets</b>	<b>627,910</b>
<b>Total assets</b>	<b>1,597,475</b>	<b>Total liabilities and net assets</b>	<b>1,597,475</b>

**Non-Consolidated Statement of Income**

(For the year ended March 31, 2019)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,348,122	
Real estate development and other	58,607	1,406,730
Cost of sales:		
Construction contracts	1,176,155	
Real estate development and other	47,442	1,223,597
Gross profit:		
Construction contracts	171,966	
Real estate development and other	11,165	183,132
Selling, general and administrative expenses		69,565
<b>Operating income</b>		<b>113,567</b>
Non-operating income:		
Interest and dividend income	10,249	
Other	1,045	11,294
Non-operating expenses:		
Interest expenses	1,866	
Other	1,252	3,119
<b>Ordinary income</b>		<b>121,742</b>
Special gains:		
Gain on sales of investment securities	9,192	
Other	156	9,348
Special losses:		
Loss on sales of fixed assets	75	
Loss on devaluation of investments in subsidiaries and affiliates	548	
Other	5	629
<b>Income before income taxes</b>		<b>130,462</b>
Provision for income taxes—current	41,611	
Provision for income taxes—deferred	(3,882)	37,728
<b>Net income</b>		<b>92,733</b>

**Non-Consolidated Statement of Changes in Net Assets**

(For the year ended March 31, 2019)

(Millions of Yen)

	<b>Balance as at April 1, 2018</b>	Provision and reversal of reserve for advanced depreciation of fixed assets	Provision of contingent reserve	Cash dividends paid	Net income for the year
Shareholders' equity					
Common stock	<b>74,365</b>				
Additional paid-in capital					
Capital reserve	<b>43,143</b>				
Other additional paid-in capital	<b>1</b>				
Total additional paid-in capital	<b>43,144</b>				
Retained earnings					
Legal reserve	<b>18,394</b>				
Other retained earnings					
Reserve for advanced depreciation of fixed assets	<b>6,024</b>	(864)			
Contingent reserve	<b>167,100</b>		62,700		
Retained earnings carried forward	<b>75,275</b>	864	(62,700)	(22,790)	92,733
Total retained earnings	<b>266,794</b>	—	—	(22,790)	92,733
Treasury stock, at cost	<b>(1,184)</b>				
Total shareholders' equity	<b>383,121</b>	—	—	(22,790)	92,733
Valuation and translation adjustments					
Net unrealized gain (loss) on other securities, net of taxes	<b>147,489</b>				
Deferred gain (loss) on hedging, net of taxes	<b>(139)</b>				
Revaluation reserve for land, net of taxes	<b>25,984</b>				
Total valuation and translation adjustments	<b>173,334</b>				
Total net assets	<b>556,455</b>	—	—	(22,790)	92,733



(Millions of Yen)

	Reversal of revaluation reserve for land, net of taxes	Purchase of treasury stock	Disposal of treasury stock	Changes other than share- holders' equity	Total	Balance as at March 31, 2019
Shareholders' equity						
Common stock					–	74,365
Additional paid-in capital						
Capital reserve					–	43,143
Other additional paid-in capital			0		0	1
Total additional paid-in capital			0		0	43,144
Retained earnings						
Legal reserve					–	18,394
Other retained earnings						
Reserve for advanced depreciation of fixed assets					(864)	5,160
Contingent reserve					62,700	229,800
Retained earnings carried forward	119				8,227	83,502
Total retained earnings	119				70,062	336,857
Treasury stock, at cost		(3)	0		(3)	(1,187)
Total shareholders' equity	119	(3)	0		70,059	453,180
Valuation and translation adjustments						
Net unrealized gain (loss) on other securities, net of taxes				1,334	1,334	148,823
Deferred gain (loss) on hedging, net of taxes				180	180	41
Revaluation reserve for land, net of taxes				(119)	(119)	25,864
Total valuation and translation adjustments				1,395	1,395	174,729
Total net assets	119	(3)	0	1,395	71,454	627,910

## Notes to Non-Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### (1) Valuation basis and method for assets

##### 1) Valuation of securities

The Corporation classifies securities into three different categories; held-to-maturity debt securities, investments in subsidiaries and affiliates, and other securities. The Corporation holds no trading securities. Held-to-maturity debt securities are valued at amortized cost. Investments in subsidiaries and affiliates are valued at cost, cost being determined by the moving average method. Other securities with market quotations are valued at the prevailing market price as at the balance sheet date. Other securities without market quotations are stated at cost, cost being determined by the moving average method. Net unrealized gains on other securities with market quotations are reported net of taxes as a separated component of "Net assets" and the cost of sales is determined by the moving average method.

##### 2) Valuation of inventories

Real estate held for sale: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

Costs on uncompleted construction contracts: At cost on an individual basis.

#### (2) Depreciation method for fixed assets

##### 1) Depreciation method for tangible fixed assets

Depreciation for tangible fixed assets (excluding leased assets) is computed by the declining balance method, at rates based on the estimated useful lives of the assets. Depreciation for leased assets is computed by the straight-line method.

##### 2) Depreciation method for intangible fixed assets

Depreciation for intangible fixed assets is computed by the straight-line method.

##### 3) Depreciation method for long-term prepaid expenses

Depreciation for long-term prepaid expenses is computed by the straight-line method.

#### (3) Recognizing provision of reserves

##### 1) Allowance for doubtful accounts

For receivables classified as "normal," the allowance for doubtful accounts is provided based on a historical default ratio. For receivables classified as "doubtful" or "bankrupt," the allowance for doubtful accounts is provided based on individual assessment on the probability of collection.

##### 2) Warranty reserve

An allowance to cover the costs of repairs for damages related to completed construction work for which the Corporation is responsible is provided based on previous warranty experience.

##### 3) Reserve for expected losses on construction contracts in process

An allowance is provided for estimated future losses related to the construction contracts in process.

##### 4) Reserve for directors' bonuses

An allowance is provided for bonus payment to directors based on payment estimates.

##### 5) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits as at the balance sheet date is determined based on the actuarial valuation of projected benefit obligations and the fair value of the plan assets.

##### 6) Reserve for loss on anti-monopoly act

An allowance is provided for an estimated amount of payment of penalties, etc., under the Antimonopoly Act.

#### (4) Recognizing revenues and costs of construction contracts

Revenues and costs of construction contracts, of which the percentage of completion as at the balance

sheet date can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated based on the cost incurred as at the balance sheet date as a percentage of the estimated total cost. The completed-contract method is applied to all other construction contracts.

(5) Consumption taxes

Consumption taxes payable or receivable are excluded from each account in the non-consolidated statement of income.

2. Change in Presentation

Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the year ended March 31, 2019. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities.”

3. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral

Assets pledged as collateral for borrowings at affiliated companies and others

Other current assets	¥18 million
Investments in subsidiaries and affiliates	¥494 million
Long-term loans	¥2,356 million
Total	¥2,868 million

(2) Assets and liabilities accounted for as financial transactions

Assets and liabilities accounted for as financial transactions based on the Revised Accounting Practice Committee Report No. 15 of the Japanese Institute of Certified Public Accountants “Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies”

Buildings and structures	¥11,250 million
Machinery and vehicles	¥208 million
Tools, furniture and fixtures	¥8 million
Deposits received	¥10,285 million

(3) Accumulated depreciation of tangible fixed assets ¥91,283 million

(4) Contingent liabilities from guaranteeing indebtedness

Guarantee obligations are guarantees for the following companies' loans.

PT .WINDAS DEVELOPMENT (Note)	¥801 million
Employees (housing loans)	¥53 million
Total	¥855 million

Note: PT .WINDAS DEVELOPMENT is an investor in the Corporation's subsidiaries.

(5) Receivables from and payables to subsidiaries and affiliates

Short-term receivables from subsidiaries and affiliates	¥14,183 million
Long-term receivables from subsidiaries and affiliates	¥3,892 million
Short-term payables to subsidiaries and affiliates	¥47,862 million
Long-term payables to subsidiaries and affiliates	¥987 million

(6) Revaluation reserve for land

Land used for business is subject to revaluation in accordance with the Act on Revaluation of Land.

Method of revaluation: Determine the revalued amount by reasonably adjusting the assessed value of fixed assets for taxation purposes as specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land

Revaluation date: March 31, 2002

- (7) Amount of “Costs on uncompleted construction contracts,” matching with “Reserve for expected losses on construction contracts in process”  
“Costs on uncompleted construction contracts” for which a construction loss is anticipated and “Reserve for expected losses on construction contracts in process” are presented without being offset. Amount of “Costs on uncompleted construction contracts,” for which a construction loss is anticipated, matching with “Reserve for expected losses on construction contracts in process”
- ¥186 million

## 4. Notes to Non-Consolidated Statement of Income

(1) Revenue recognized using the percentage-of-completion method	¥1,233,951 million
(2) Revenue from sales to subsidiaries and affiliates	¥18,574 million
(3) Purchase of goods from subsidiaries and affiliates included in cost of sales	¥134,111 million
(4) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥4,497 million
(5) Amount of transactions other than operational transactions with subsidiaries and affiliates	¥6,306 million
(6) Research and development costs	¥12,338 million

## 5. Note to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury shares as at March 31, 2019

Common stock	2,625,330 shares
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## 6. Deferred Tax Accounting

The main factors for deferred tax assets are non-deductible portion of reserves and allowances and deductible temporary differences from losses on write-down of assets. The main factor for deferred tax liabilities is net unrealized gain on other securities.

## 7. Related Party Transactions

## Subsidiary

## (1) Nature of transaction

Category	Name	Capital or investment (Millions of Yen)	Type of business	% of voting rights held (held by others)	Relation-ship	Nature of transaction	Amounts of transaction (Millions of Yen)	Account	Balance as at March 31, 2019 (Millions of Yen)
Subsidiary	Shimizu Finance Co., Ltd.	2,000	Credit and finance	Direct 100%	Inter-locking directorate, receipt of deposit of funds, etc.	Deposit of funds	144,400	Deposits received	24,400

## (2) Terms and conditions of transaction and policy for determining them

Interest on deposits is determined reasonably in consideration of market interest rates.

## 8. Amounts per Share

(1) Net assets per share of common stock	¥798.98
(2) Basic net income per share of common stock	¥118.00

## 9. Other Information

The accounts of non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

**Accounting Auditor's Report on Consolidated Financial Statements****Report of Independent Auditors**

May 7, 2019

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC  
Yuji Suzuki  
Certified Public Accountant  
Designated and Engagement Partner

Masahito Nakagawa  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of SHIMIZU CORPORATION (the "Corporation") applicable to the fiscal year from April 1, 2018 through March 31, 2019.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Shimizu Group, which consisted of the Corporation and consolidated subsidiaries, applicable to the 117th fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Corporation which should be disclosed in compliance with the Certified Public Accountants Act.

**Accounting Auditor's Report on Non-consolidated Financial Statements****Report of Independent Auditors**

May 7, 2019

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC  
Yuji Suzuki  
Certified Public Accountant  
Designated and Engagement Partner

Masahito Nakagawa  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of SHIMIZU CORPORATION (the "Corporation") applicable to the 117th fiscal year from April 1, 2018 through March 31, 2019.

*Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Corporation



applicable to the 117th fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Corporation which should be disclosed in compliance with the Certified Public Accountants Act.

## Audit Report of the Audit & Supervisory Board

### Audit Report

With respect to the Directors' performance of their duties during the 117th business year (from Apr. 1, 2018 to Mar. 31, 2019), the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Auditor, and hereby reports as follows:

#### 1. Method and Contents of Audit by Auditors and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Auditor regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Auditor auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., each Auditor endeavored to facilitate mutual understanding with the Directors, executive officers, audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted audits in the following methods.
  - 1) Each Auditor attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors, Executive Officers and other employees, etc. and requested explanations as necessary, inspected important approval/decision documents, and investigated the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Auditor received reports on their respective business from relevant business departments, visited principle subsidiaries as necessary, received explanations on the status of the subsidiaries from Directors, Auditors, etc. of the subsidiaries, and exchanged opinions.
  - 2) Each Auditor conducted audits on matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Corporation and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a corporate group consisting of a stock company and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems).
  - 3) Each Auditor monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Auditor was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Auditor examined the business report and the annexed detailed statements thereto, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the annexed detailed statements thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the business year under consideration.

#### 2. Results of Audit

- (1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Corporation in conformity with the applicable laws and regulations and the Articles of Incorporation of the Corporation.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Corporation was found with respect to the Directors' performance of their duties.
- 3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate.

We did not find any matter to be mentioned with respect to the contents in the business report and Directors' performance of their duties concerning the internal control systems.

As mentioned in the Business Report, the Company was found guilty in relation to a case of violation the Antimonopoly Act during the fiscal year under review. The Audit & Supervisory Board has been monitoring and examining the recurrence prevention measures being implemented by the Company. Looking forward, the Audit & Supervisory Board will continue to monitor the efforts aimed at realizing total compliance and strengthening governance.

(2) Results of Audit of Financial Statements and Their Annexed Detailed Statements

We acknowledge that the methods and results of audit performed by the accounting auditor Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor Ernst & Young ShinNihon LLC, are appropriate.

May 8, 2019

Audit & Supervisory Board of SHIMIZU CORPORATION

Chihiro Arakawa [seal]  
Auditor (Full-time)

Hideto Watanabe [seal]  
Auditor (Full-time)

Hatsuhito Kaneko [seal]  
Auditor (Full-time)

Tetsuya Nishikawa [seal]  
Auditor

Kaoru Ishikawa [seal]  
Auditor

Note: Auditors Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa are outside Auditors as specified in Article 2, Item 16, and Article 335, Paragraph 3 of the Companies Act.

[Reference]

## Manufacturing by Shimizu

### Fukumuro New Hospital of Tohoku Medical and Pharmaceutical University Hospital

Fukumuro New Hospital, which has 150 beds, including 14 beds in ICU, 9 operating rooms, and radiotherapy facilities, was completed on the Fukumuro Campus of Tohoku Medical and Pharmaceutical University Hospital in Sendai City. This university established the medical department in April 2016, which is the first time in 37 years at a university in Japan. The new building is planned to be used for clinical training of medical students starting from their fourth year program, and is expected to contribute to training medical professionals who support local medical services in the Tohoku area.



Top: Education and research building of the Medical Department (Left) and Fukumuro New Hospital (Right), constructed by the Corporation's JV and completed last January



Top: Nurse station on the 5th floor of the hospital

Bottom: Corridor in the radiotherapy area with a beautiful wooden louver finish on the wall

Right: Construction of Fukumuro New Hospital building structure. The distance between the new hospital building and the existing hospital building, located behind and to the right of it, is only about 11m. The new building is located beside a river and near the sea, and is exposed to strong wind all year long, so the work involving heavy lifting was difficult.

#### ■Construction summary

Location: Sendai-shi, Miyagi Prefecture  
 Client: Tohoku Medical and Pharmaceutical University  
 Design/Supervision: Nikken Sekkei Ltd  
 Construction period: March 2017 to January 2019



## From Our Client



Mr. Masaaki Omori,  
General Manager, Hospital  
Management Department,  
Tohoku Medical and  
Pharmaceutical University

Following the establishment of the medical department, Fukumuro New Hospital was built with the aim of expanding and improving the medical care functions of an affiliated hospital of the university. Despite a tight construction period and having to work while the neighboring affiliated hospital continued its operations, Shimizu Corporation and its subcontractors worked together and delivered a building that meets our expectations as planned, even with the many constraints we faced. We feel that Shimizu Corporation is a “reliable partner that keeps its promises.”

We appreciate that the hospital building is an outstanding building that meets a broad range of needs of medical and educational institutions. We will further contribute to regional medical care and expand research activities on this campus.

## I'm honored to have been involved in this project as a sales person

The Corporation previously undertook the full rebuilding of Komatsushima Campus of Tohoku Medical and Pharmaceutical University. Based on the relationship of trust cultivated through the project, the Corporation was able to participate in the project's meeting from the time the Corporation announced the new construction project for the medical department. As a result, we were able to make full preparations for groundbreaking such as by proposing a construction schedule with a shortened construction period and cost verification.

In the face of issues facing the medical care industry throughout Japan, such as the collapse of regional medical care and shortage of physicians, I feel proud as a sales person that I was involved in the launch of the medical department, which was realized under the philosophy of “contributing to regional medical care in the Tohoku region.”



Sales: Soichi Furuyama

## I hope that the new hospital will be in service for many years

The construction work for Fukumuro New Hospital was conducted at a work site with limited space neighboring the existing hospital, which was in full operation, and the education and research building, which was under construction. We had difficulty developing a temporary work plan because the site was barely large enough to install two cranes and we had to share the same route for conveying construction materials with the construction workers for the education and research building.

For this project, we developed a prototype of a hospital room and front corridor for the foundation work stage. By reflecting on the feedback from physicians and nurses on the prototype, we developed a comprehensive plan early on.

In this project, we pursued construction of a building that meets the customer's expectations, and I hope that the building will be in service for many years to come.



Construction Manager:  
Shigeru Nakayama

## I feel a great sense of achievement

I joined the Corporation four years ago, and I was assigned to work on the project site in March two years ago after completing the training program for new employees. Initially, I was in charge of steel reinforcement work under the supervision of my superior, and then I was assigned to construction of the structure of the auxiliary building. I thought I had learned from the way my superior works, but as soon as I started working on my own, I realized that there were many things I didn't know. I had difficulty in providing a beautiful finish to exposed concrete. There are points for me to reflect on, but I feel a great sense of achievement because I was able to complete my work.

At this project site, I had junior employees, and I'm thankful for the work environment that allowed me to gain a lot of inspiration from my fellow workers on the project team, which has led to my personal growth.



In charge of construction:  
Yukari Kobayashi

## Topics

Passing on the *sukiya* style of building from the Edo period

**Preservation and restoration work for important cultural properties, Kanden-an and Kogetsu-tei, is under way**

Preservation and restoration work for Kanda-an and Kogetsu-tei, which are important cultural properties, and other buildings is currently in progress in Matsue City, Shimane Prefecture. These buildings are *sukiya*-style buildings with tea ceremony rooms and steam baths, built in the mountain villa of the house of Arisawa, a chief retainer of the Matsue Domain, in around 1792. This preservation work is the first such work in 68 years for these properties.

In this project, we had difficulty in procuring materials. The raftered eaves of the building were made of 25 types of unpeeled logs. Many of these are types of wood that are not normally used for buildings, and the lumber merchant that we do business with had no prospect of procuring them. Considering that procuring materials when the buildings were restored last time was difficult, and the possibility that unconventional materials were used for *sukiya*-style construction based on the spirit of *wabi-sabi*, we guessed that they procured logs in the hill behind the premises. Our guess proved right, and we succeeded in procuring almost all types of wood used in the buildings from said hill.

With a passion for doing good work and leaving a legacy for future generations, we will carefully conduct restoration work with completion targeted for the end of June this year.



Kanden-An, which is undergoing restoration work



The roof of Kogetsu-tei is being restored inside the protective scaffolding



Kogetsu-tei, which is undergoing preservation and restoration work



### Reached the concrete crown of Yamba Dam

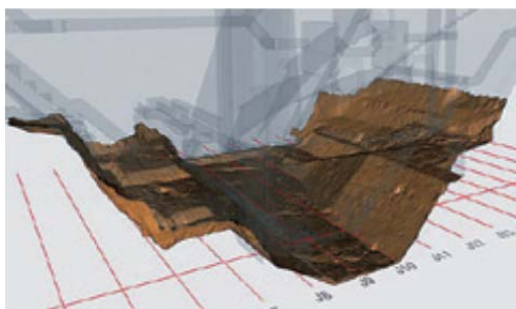
The Corporation received the order for the Yamba Dam Main Construction Project (Naganohara-machi, Agatsuma-gun, Gunma Prefecture), ordered by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in August 2014, and started foundation excavation work from January 2015, started pouring concrete for the main body of the dam from June 2016, with the concrete reaching the levee crown level in March 2019.

For this project, we adopted the cruising RCD method<sup>\*1</sup> designed to significantly increase the efficiency of pouring concrete for the dam body. In addition, we introduced new technologies, such as transporting concrete aggregate from the quarry by conveyor belt and CIM<sup>\*2</sup>, along with developing technology using cutting-edge ICT technologies, such as a three-dimensional scanner and a Global Navigation Satellite System (GNSS). Through the introduction of such technologies and new technology development, we succeeded in shortening the construction period from the start of excavation to the completion of concrete placement by 17 months, as well as dramatically improving productivity at the construction site.

The Corporation will proceed with the construction work with safety as the top priority and completion targeted for FY2019.

\*1 Cruising RCD (Roller Compacted Dam-Concrete) method: A rational method for constructing concrete gravity dams in which inner RCD concrete placement is implemented prior to outer concrete placement for improved efficiency and speed-up of concrete placement.

\*2 CIM (Construction Information Modeling): A system to enhance productivity in the civil engineering field by using 3D data models.



Measurement using 3D scanner



Panoramic view of construction site

“Today’s Work, Tomorrow’s Heritage Tokyo 2020”

### **Initiatives for the Tokyo 2020 Olympic and Paralympic Games**

The Corporation has become a Tokyo 2020 official supporter in the category of “Construction Services for Facilities and Public Infrastructure” and established its communication message: “Today’s Work, Tomorrow’s Heritage Tokyo 2020.” The Corporation is building momentum for Tokyo 2020 through construction of various facilities, public infrastructure, and activities related to the support of persons with disabilities and Paralympic sports to help create an event full of hopes and dreams, which is enjoyable for everybody.

### **Lifting of the world’s largest wooden large roof, approximately 90m wide (New construction of Ariake Gymnastics Center)**

The Corporation is constructing Ariake Gymnastics Center for the Tokyo 2020 Olympic and Paralympic Games.

Ariake Gymnastics Center will symbolize the “Wood Culture” of Japan and be built by leveraging the properties of wood, using around 2,300m<sup>3</sup> of wood for the entire building. Of this, its large wooden roof spanning around 90m (complex wooden beam string structure), the world’s largest in size, will use 1,500m<sup>3</sup> of wood. Domestically produced laminated larch lumber is used as a building material. By taking advantage of lumber’s resistance to compressive force, we achieved a long-span structure by effectively adopting our proprietary technology for beam-string structures.

We adopted a lifting method for construction in which wooden beams were assembled on the assembly base, built under the installation location, and lifted up to a predefined position and fixed, with lighting and audio systems installed. The size of a large roof structure in one lifting sequence was 69.6m in width and 14.4m in depth, weighing 200t, and lifted at a speed of 5m per hour using six hydraulic lifters. We completed the lifting work in February 2019 after undertaking a total of five lifting sequences. We will continue to work with safety first toward the completion of the building scheduled for October this year.



Bird’s eye perspective (provided by the Tokyo 2020 Organizing Committee/a conceptual image as of November 2017)



Photos during (top) and after (bottom) the second sequence of the lifting work conducted on November 7, 2018



### Launched the Shimizu Corporation Tokyo 2020 Special Website

The Shimizu Corporation Tokyo 2020 Special Website was launched in January 2019. This website introduces the Corporation's initiatives for "realizing an inclusive society," where everyone is valued and works enthusiastically, through measures such as supporting persons with disabilities, popularizing Paralympic sports, and training volunteers.



Homepage of the special website



Shimizu Corporation  
Tokyo 2020  
Special Website

### Co-sponsored Paralympic sports event

A Paralympic sports event, co-sponsored by the Corporation, was held at Minami Soma Municipal Haramachi Daisan Elementary School (Fukushima Prefecture) in September 2018, and had about 150 participants ranging from children to seniors up to 86-year-old in the community.

The Corporation has sponsored this event held in various places all over the country since 2014, and many employees and their family members have helped with the operation of the event as volunteers.



Children drawing their future dreams on flags

### Airing TV commercial featuring Paralympic event co-sponsored by Shimizu Corporation.

Two TV commercials are being aired that show participants experiencing Paralympic sports at the Paralympic sports event co-sponsored by the Corporation. These TV commercials are communicating the joys of Paralympic sports from the viewpoints of children participating in the event.



Screen captures from the two TV commercials: "Boccia" version (top) and "Wheelchair basketball" version (bottom)

## Notice on Procedures for Shares

### Memo for Shareholders

Fiscal year: From April 1 to March 31 of the following year  
 Annual General Meeting of Shareholders: June  
 Record dates  
   Voting rights for annual general meeting of shareholders:  
     March 31  
   Year-end dividend: March 31  
   Midyear dividend: September 30  
 Shareholder register administrator  
   Account management institution for the special account:  
     Mitsubishi UFJ Trust and Banking Corporation  
   Contact: Corporate Agency Division,  
     Mitsubishi UFJ Trust and Banking Corporation  
     1-1 Nikko-cho, Fuchu-shi, Tokyo  
     Telephone: 0120-232-711 (toll-free in Japan only)  
     Mailing address: Corporate Agency Division,  
     Mitsubishi UFJ Trust and Banking Corporation  
     PO Box 29, Shin-Tokyo Post Office, 137-8081  
 Method of public notice: Electronic public notice  
   URL for public notice: <https://www.shimz.co.jp/>  
     However, should an accident or any other unavoidable  
     reason prohibit electronic public notice, the notice will be  
     posted in the Nikkei (the Nihon Keizai Shimbun).

#### Procedures concerning shares:

Please contact your securities companies with any inquiries as to the procedures for change of address, demand of purchase from a shareholder of shares less than one unit, and other matters.

Please contact Mitsubishi UFJ Trust and Banking Corporation (details on the above) for procedures for shares recorded in special accounts. These procedures will be handled at the respective branches of Mitsubishi UFJ Trust and Banking Corporation in Japan.

Dividends receivable will be paid at the head office or branches of Mitsubishi UFJ Trust and Banking Corporation.

#### Shareholders with a special account

Special Accounts are accounts opened at Mitsubishi UFJ Trust and Banking Corporation by the Corporation under shareholders' names to secure the rights of shareholders who have not deposited share certificates to JASDEC before computerization.

Shares in special accounts are the property of each shareholder, but they cannot be sold or purchased while in special accounts. In order to sell or purchase those shares, shareholders must undertake book-entry procedures (to transfer a record of the number of shares, etc.) to accounts opened at securities companies by shareholders. It is recommended to undertake such procedures early.

#### \* No transfer fee required.

##### Contact:

Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Telephone: 0120-232-711 (toll-free in Japan only)

Website: <https://www.tr.mufg.jp/daikou/>

- Please say, "I would like to transfer shares in the special account to my securities company account."

#### Shareholders receiving dividends at the post office

Dividends received at the post office must be received within the designated payment period. After a full three years has elapsed from the first day of payment, dividends may not be paid pursuant to the provisions of the Articles of Incorporation.

It is recommended to use a receipt-through-account system in order to secure and receive dividends safely.

This system allows you to designate the bank or securities company account through which you receive dividends.

Contact:

*Shareholders with an account at a securities company*

Please contact the securities company with which you trade.

*Shareholders without an account at a securities company (shareholders with a special account)*

Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Telephone: 0120-232-711 (toll-free in Japan only)

- Please say, "I would like to receive dividends through my account."

**"Site Tours" for individual shareholders to be held**

The Company holds "Site Tours" - IR events for individual shareholders aimed to help our shareholders deepen their understanding of the Company.

The current fiscal year's Site Tour will be held in fall 2019, at a construction site in Tokyo.

The outline of the tour and the application method, etc., will be announced through the "117th Year-End Dividend Related Documents" to be shipped after the end of the 117th Ordinary General Meeting of Shareholders.