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(Securities Code: 1803)

June 11, 2020

Dear Shareholders

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

### Notice of the 118th Annual General Meeting of Shareholders

We hereby announce that the 118th Annual General Meeting of Shareholders of SHIMIZU CORPORATION (the “Corporation”) will be held as described below.

In order to prevent the spread of the novel coronavirus disease (COVID-19) at this General Meeting of Shareholders, we strongly request you refrain from attending the meeting in person and, exercise your voting rights in writing or via 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 Thursday, June 25, 2020 (JST).

### Details

**1. Date and Time:**

Friday, June 26, 2020, 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 118th fiscal year (from April 1, 2019 to March 31, 2020)

- 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:** Election of Eleven (11) Directors

**Proposal 3:** Election of Two (2) Auditors

**Proposal 4:** Establishment of Maximum Bonus 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. However, in order to prevent the spread of COVID-19, we strongly request you refrain from attending the meeting in person and, exercise your voting rights in writing or via the internet.

##### **In writing (By post)**

Please return the enclosed Voting Form indicating your vote for or against each proposal.

Due date: To be received no later than 5:10 p.m. on Thursday, June 25, 2020 (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: To be received no later than 5:10 p.m. on Thursday, June 25, 2020 (JST)

##### **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:

Friday, June 26, 2020, at 10:00 a.m. (JST)

1. If you exercise your voting rights both in writing and by the internet, etc. only the vote by internet, etc. will be treated as valid. In addition, if you exercise your voting rights by internet, etc. multiple times, only the last vote exercised will be treated as valid.
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.

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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, "System to Ensure the Appropriateness of Business Operations and the Status of its Implementation," "Consolidated Statement of Changes in Net Assets," "Notes to the Consolidated Financial Statements," "Non-Consolidated Statement of Changes in Net Assets" and "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 contain part of the Consolidated Financial Statements and Non-Consolidated Financial Statements which have been audited by Accounting Auditors to prepare the Accounting Auditor's Report and part of the Business Report, the Consolidated Financial Statements and Non-Consolidated Financial Statements which have been audited by Auditors to prepare the Audit Report.

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

## &lt;Notice regarding COVID-19&gt;

Our response to COVID-19 for this General Meeting of Shareholders is as below. We would like to ask our shareholders for their understanding and cooperation in order to prevent the spread of infections.

- To prioritize the prevention of the spread of infections, we strongly request you refrain from attending the meeting in person and, exercise your voting rights in writing or via the internet.
- For all shareholders attending in person, we kindly ask you to pay attention to the status of infections in Japan on the day of the General Meeting of Shareholders and to cooperate in preventing infection by wearing a mask, etc.
- We will check the body temperature of the shareholders using thermographs, etc. at the reception desk of this General Meeting of Shareholders. Shareholders with symptoms such as fever and cough will not be admitted inside the venue.
- We will install fewer seats than usual at this General Meeting of Shareholders, taking measures such as leaving more space in-between the seats. Consequently you may be refused on upon your arrival on the day of the General Meeting of Shareholders.
- At this General Meeting of Shareholders, the overall time of the proceedings will be shorter than usual.
- Shall there be any changes to precautions taken upon holding the General Meeting of Shareholders for the situation regarding COVID-19, or to the organization of this General Meeting of Shareholders, we will inform you on our website shown below.

<https://www.shimz.co.jp/company/ir/events/shareholders/>



About the “smart convocation” option
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We have introduced a “smart convocation” that allows you to browse the main contents of the notice of convocation and access the website for exercising voting rights using a smartphone, a tablet, etc. For reference, please access the website from the URL or QR code on the right.



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<https://p.sokai.jp/1803/>

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal 1: Appropriation of Surplus

While the Corporation maintains a basic policy of strengthening our financial position to support long-term growth, as well as the stability of dividends, the Mid-Term Management Plan <2019-2023> set a profit distribution policy with a target consolidated payout ratio of 30%.

Based on this, we propose the following with respect to the appropriation of surplus.

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

We propose the year-end dividend for the current fiscal year of ¥20 per share, ¥10 as ordinary dividends plus ¥10 as special dividends. This brings the full-year dividend, including the midyear dividend, to ¥38 per share.

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

Dividend per share of common stock of the Corporation:

¥20 (¥10 for ordinary dividend and ¥10 for special dividend)

Total amount of dividend: ¥15,283,905,700

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

June 29, 2020

#### 2. Other matters regarding appropriation

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

Retained earnings carried forward ¥60,400,000,000

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

Contingent reserve ¥60,400,000,000

**Proposal 2: Election of Eleven (11) Directors**

The terms of office of the current twelve (12) directors will expire at the conclusion of this meeting. The Corporation partially revised the executive officer system on April 1, 2020 with the aim of strengthening business execution function by clarifying business execution responsibilities, and strengthening management supervisory function by increasing the ratio of non-executive directors. Accordingly, we propose to reduce the number of directors and elect eleven (11) directors (including three (3) outside directors).

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% (16/16)
2	<Reelection> Kazuyuki Inoue	President and Representative Director President and Executive Officer	●	100% (16/16)
3	<Reelection> Toshiyuki Imaki	Executive Vice President and Representative Director Executive Vice President and Executive Officer Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement		100% (16/16)
4	<Reelection> Toru Yamaji	Executive Vice President and Representative Director Executive Vice President and Executive Officer In charge of Engineering Business, LCV Business and Emerging Frontiers		100% (16/16)
5	<Reelection> Tsunehiko Yamanaka	Senior Managing Officer and Representative Director Director, Civil Engineering Headquarters In charge of Safety Administration & Environment		100% (16/16)
6	<New candidate> Hiroshi Fujimura	Senior Managing Officer Director, Sales & Marketing Headquarters, and Director, Yumeshima (Osaka) Projects		—
7	<New candidate> Kimio Handa	Senior Managing Officer Director, Corporate Ethics Office In charge of Compliance, Sales & Marketing Headquarters	●	—
8	<Reelection> Motoaki Shimizu	<Non-executive Director> Director	● (Chair)	100% (16/16)
9	<Reelection> Tamotsu Iwamoto	<Outside Director> <Independent Director> <Non-executive Director> Director	●	100% (12/12)
10	<Reelection> Aya Murakami	<Outside Director> <Independent Director> <Non-executive Director> Director	●	100% (16/16)
11	<Reelection> Mayumi Tamura	<Outside Director> <Independent Director> <Non-executive Director> Director	●	100% (12/12)


\* 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 and resolved.

\* The attendance at Board of Directors meetings shown for Tamotsu Iwamoto and Mayumi Tamura is their attendance after they assumed office as director on June 27, 2019.

\* 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% (16/16)	<p>July 1971 Joined the Corporation</p> <p>June 2003 Executive Officer, Director, HOKURIKU Branch of the Corporation</p> <p>April 2005 Executive Officer, Director, KYUSHU Branch of the Corporation</p> <p>June 2005 Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2006 Senior Managing Officer, Director, 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>	145,168
2	 Kazuyuki Inoue (October 3, 1956)  <Reelection>  Attendance at the Board of Directors meetings 100% (16/16)	<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, Director, NAGOYA Branch of the Corporation</p> <p>April 2015 Senior Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>June 2015 Director, Senior Managing Officer, Director, 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</p> <p>April 2020 President and Representative Director, President and Executive Officer 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. In addition, he is currently directing the promotion of the Mid-Term Management Plan &lt;2019-2023&gt; toward the realization of our long-term vision &lt;"SHIMZ VISION 2030"&gt;." We judge that he is the most suitable as a driving force for 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>	57,150


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>Toshiyuki Imaki (January 3, 1955)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 100% (16/16)</p>	<p>April 1980 Joined the Corporation</p> <p>April 2007 Executive Officer, Director, 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, Director, HOKURIKU Branch of the Corporation</p> <p>April 2013 Managing Officer, Director, HOKURIKU Branch of the Corporation</p> <p>April 2014 Senior Managing Officer, Deputy Director, Building Headquarters and Director, TOKYO Branch, Building Headquarters of the Corporation</p> <p>June 2015 Director, Senior Managing Officer, Deputy Director, Building Headquarters and Director, TOKYO Branch, Building Headquarters of the Corporation</p> <p>January 2016 Director, Senior Managing Officer, in charge of Tokyo Metropolitan Area, Director, TOKYO Branch of the Corporation</p> <p>April 2016 Executive Vice President and Director, in charge of Tokyo Metropolitan Area, Director, TOKYO Branch of the Corporation</p> <p>April 2017 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement and Information Management of the Corporation</p> <p>April 2018 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement, Information Management, and Nuclear Business of the Corporation</p> <p>April 2019 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement, Nuclear Business, Information Management, Director, Digital Strategy Promotion Div. of the Corporation</p> <p>April 2020 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement of the Corporation (up to the present)</p>	<p>[Reasons for nomination as a candidate for Director]</p> <p>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 Director, 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>	54,178


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>Toru Yamaji (May 18, 1956)</p> <p>&lt;Reelection&gt;</p> <p>Attendance at the Board of Directors meetings 100% (16/16)</p>	<p>April 1981 Joined the Corporation</p> <p>April 2011 Executive Officer, Deputy Director, TOKYO Branch, Building Headquarters of the Corporation</p> <p>April 2012 Executive Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2015 Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2016 Senior Managing Officer, in charge of Marketing &amp; Sales Promotion of the Corporation</p> <p>April 2017 Senior Managing Officer, in charge of Marketing &amp; Sales Promotion, Director, Marketing &amp; Sales Promotion Div., Building Construction Headquarters of the Corporation</p> <p>June 2017 Executive Vice President and Representative Director, in charge of Marketing &amp; Sales Promotion, Director, Marketing &amp; Sales Promotion Div., Building Construction Headquarters of the Corporation</p> <p>April 2018 Executive Vice President and Representative Director, Director, Sales &amp; Marketing Headquarters of the Corporation</p> <p>March 2019 Executive Vice President and Representative Director, Director, Sales &amp; Marketing Headquarters, Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>April 2020 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, in charge of Engineering Business and LCV Business, and in charge of Emerging Frontiers of the Corporation (up to the present)</p>	<p>[Reasons for nomination as a candidate for Director]</p> <p>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 &amp; marketing. He is currently in charge of Engineering Business, LCV Business, and Emerging Frontiers Business, and is promoting efforts toward establishing a new profit base and growth for the 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>	30,337




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	 Tsunehiko Yamanaka (January 20, 1956)  <Reelection>  Attendance at the Board of Directors meetings 100% (16/16)	<p>April 1980 Joined the Corporation</p> <p>April 2013 Executive Officer, Director, HOKKAIDO Branch of the Corporation</p> <p>March 2016 Executive Officer, Director, KANTO Branch of the Corporation</p> <p>April 2016 Managing Officer, Director, KANTO Branch of the Corporation</p> <p>April 2018 Senior Managing Officer, Director, Civil Engineering Headquarters of the Corporation</p> <p>June 2018 Senior Managing Officer and Representative Director, Director, Civil Engineering Headquarters of the Corporation</p> <p>April 2020 Senior Managing Officer and Representative Director, Director, Civil Engineering Headquarters, in charge of Safety Administration &amp; Environment 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 Director 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>	37,134
6	 Hiroshi Fujimura (November 1, 1956)  <New candidate>  Attendance at the Board of Directors meetings –	<p>April 1979 Joined the Corporation</p> <p>April 2015 Executive Officer, Building Headquarters, Deputy Director, Marketing &amp; Sales Promotion Div. of the Corporation</p> <p>January 2016 Executive Officer, Building Construction Headquarters, Deputy Director, Marketing &amp; Sales Promotion Div. of the Corporation</p> <p>April 2017 Managing Officer, Building Construction Headquarters, Deputy Director, Marketing &amp; Sales Promotion Div. of the Corporation</p> <p>April 2018 Managing Officer, Sales &amp; Marketing Headquarters, Director, Building Construction Sales &amp; Marketing Div. of the Corporation</p> <p>November 2018 Managing Officer, Sales &amp; Marketing Headquarters, Director, Building Construction Sales &amp; Marketing Div., Director, Development Promotion Dept., Building Construction Sales &amp; Marketing Div., Sales &amp; Marketing Headquarters of the Corporation</p> <p>April 2019 Senior Managing Officer, Director, Building Construction Sales &amp; Marketing Div., Sales &amp; Marketing Headquarters of the Corporation</p> <p>April 2020 Senior Managing Officer, Director, Sales &amp; Marketing Headquarters, and Director, Yumeshima (Osaka) Projects of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director]            Hiroshi Fujimura possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group through his execution of business in Sales &amp; Marketing. Currently, he is in charge of the Sales &amp; Marketing as Director of the Sales &amp; Marketing Headquarters and is working on planning and execution of the sales strategy 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 as a director.</p>	14,288

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>Kimio Handa (January 14, 1956)</p> <p>&lt;New candidate&gt;</p> <p>Attendance at the Board of Directors meetings —</p>	<p>April 1979 Joined the Corporation</p> <p>July 2005 Manager, Accounting Dept., Civil Engineering Headquarters of the Corporation</p> <p>June 2008 Manager, Accounting Dept., Building Headquarters of the Corporation</p> <p>June 2010 Deputy Director, HOKURIKU Branch of the Corporation</p> <p>April 2014 President and Representative Director of Shimizu Comprehensive Development Corporation</p> <p>April 2018 Managing Officer, Deputy Director, Sales &amp; Marketing Headquarters, in charge of Compliance, Civil Engineering Headquarters, Deputy Director, Corporate Ethics Office of the Corporation</p> <p>April 2020 Senior Managing Officer, Director, Corporate Ethics Office, and in charge of Compliance, Sales &amp; Marketing Headquarters of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Kimio Handa possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group through his execution of business related to accounting and finance, real estate and compliance-related. Currently, as Director of Corporate Ethics Office, he is working on measures to help instill of corporate ethics and thorough compliance adherence. 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 as a director.</p>	12,801
8	 <p>Motoaki Shimizu (April 25, 1971)</p> <p>&lt;Reelection&gt; &lt;Non-executive Director&gt;</p> <p>Attendance at the Board of Directors meetings 100% (16/16)</p>	<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 216 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
9	 Tamotsu Iwamoto (September 25, 1950)	April 1974 Joined Ajinomoto Co., Inc. July 2001 President of AJINOMOTO VIETNAM CO., LTD. June 2005 Corporate Executive Officer, General Manager, Human Resources Dept. of Ajinomoto Co., Inc. June 2009 Director, Corporate Vice President of Ajinomoto Co., Inc. June 2011 Director, Corporate Senior Vice President of Ajinomoto Co., Inc. June 2015 Representative Director, Corporate Executive Deputy President of Ajinomoto Co., Inc. June 2017 Senior Advisor of Ajinomoto Co., Inc. (incumbent) (scheduled to retire on June 30, 2020) June 2017 Outside Auditor of HOUSE FOODS GROUP INC. (incumbent) June 2019 Director of the Corporation (up to the present)	1,030
		[Significant concurrent positions outside the Corporation] Senior Advisor of Ajinomoto Co., Inc. Outside Auditor of HOUSE FOODS GROUP INC.	
		[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 to continue as a director.	
		[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 has therefore designated him 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 his reelection is approved, the Corporation will continue his registration as an independent director. 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.	
		<Reelection> <Outside Director> <Independent Director> <Non-executive Director>  Attendance at the Board of Directors meetings 100% (12/12)  Term of office served as Outside Director (at the conclusion of this meeting) 1 year	

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	 Aya Murakami (August 7, 1954)  <Reelection> <Outside Director> <Independent Director> <Non-executive Director>  Attendance at the Board of Directors meetings 100% (16/16)  Term of office served as Outside Director (at the conclusion of this meeting) 5 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)	6,036
		[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 promotion of work style reforms and diversity management of the Corporation. 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. Furthermore, although the Corporation has transactions relating to the sales of products, etc. with Teikyo University, of which Aya Murakami is currently a professor, payments for products, etc., received from Teikyo University 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 Ms. Murakami's independence as Outside 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
11	 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 (currently Hitachi High-Tech Corporation) (incumbent) June 2019 Director of the Corporation (up to the present)	1,030
		[Significant concurrent positions outside the Corporation] Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. Outside Director of Hitachi High-Tech Corporation	
		[Reasons for nomination as a candidate for Outside Director] Mayumi Tamura possesses abundant management 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 to continue 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 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. Furthermore, although the Corporation has conducted transactions with Seiyu GK. of which Mayumi Tamura served 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.	
		<Reelection> <Outside Director> <Independent Director> <Non-executive Director> Attendance at the Board of Directors meetings 100% (12/12) Term of office served as Outside Director (at the conclusion of this meeting) 1 year	

## Notes:


1. None of the candidates for directors have special interests in the Corporation.
2. Of the candidates for directors, Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura are candidates for outside directors.
3. The Corporation has entered into a limited liability agreement with Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura 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 their reelection is approved at this meeting, the Corporation plans to renew the agreement.

**Proposal 3:** Election of Two (2) Auditors


The term of office of Auditors Chihiro Arakawa and Kaoru Ishikawa will expire at the conclusion of this meeting. Accordingly, we propose to elect two (2) Auditors.

The Audit & Supervisory Board has given its prior consent to this Proposal 3.

The candidates for Auditors are as follows:

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	 Koichi Matsuoka (March 14, 1959)  ＜New candidate＞  Attendance at the Board of Directors meetings —  Attendance at the Audit & Supervisory Board meetings —	<table><tr><td>April</td><td>1981</td><td>Joined the Corporation</td></tr><tr><td>July</td><td>2006</td><td>Manager, Accounting Dept., TOHOKU Branch of the Corporation</td></tr><tr><td>April</td><td>2008</td><td>Manager, Financial Management Dept. of the Corporation</td></tr><tr><td>April</td><td>2013</td><td>Manager, Affiliates' Businesses Dept. of the Corporation</td></tr><tr><td>June</td><td>2017</td><td>Manager, Audit Dept. of the Corporation (up to the present)</td></tr></table> [Reasons for nomination as a candidate for Auditor] Koichi Matsuoka has been involved in business related to accounting, finance and audit work for many years, has abundant experience and a high level of knowledge regarding finance and accounting, and is currently conducting internal audits of business execution as Manager of the Audit Dept. We judge that we can utilize his experience and knowledge in the Shimizu Group's auditing, and we have therefore nominated him as Auditor.	April	1981	Joined the Corporation	July	2006	Manager, Accounting Dept., TOHOKU Branch of the Corporation	April	2008	Manager, Financial Management Dept. of the Corporation	April	2013	Manager, Affiliates' Businesses Dept. of the Corporation	June	2017	Manager, Audit Dept. of the Corporation (up to the present)	3,196
	April	1981	Joined the Corporation															
July	2006	Manager, Accounting Dept., TOHOKU Branch of the Corporation																
April	2008	Manager, Financial Management Dept. of the Corporation																
April	2013	Manager, Affiliates' Businesses Dept. of the Corporation																
June	2017	Manager, Audit Dept. of the Corporation (up to the present)																



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
2	 Kaoru Ishikawa (November 7, 1950)	April 1972 Joined the Ministry of Foreign Affairs September 2002 Manager, International Society Cooperation Dept., Foreign Policy Bureau January 2005 Chief, Economic Affairs Bureau January 2007 Ambassador Extraordinary and Plenipotentiary of Japan to Egypt June 2010 Ambassador Extraordinary and Plenipotentiary of Japan to Canada April 2013 Retired the Ministry of Foreign Affairs June 2013 Senior Managing Director, The Japan Forum on International Relations, Inc. April 2014 Specially-appointed Professor, Kawamura Gakuen Woman's University (incumbent) May 2014 Director, Kawamura Gakuen (incumbent) June 2015 Director, The Society for Promotion of Japanese Diplomacy (incumbent) June 2016 Auditor of the Corporation June 2017 Outside Director of SMK Corporation (incumbent) (up to the present)	0
		[Significant concurrent positions outside the Corporation] Director, Kawamura Gakuen Director, The Society for Promotion of Japanese Diplomacy Outside Director of SMK Corporation	
		[Reasons for nomination as a candidate for Outside Auditor] Kaoru Ishikawa has never been directly involved in corporate management except as an outside director and an outside auditor, but he has played a leading role in the field of diplomacy and has a wealth of experience and knowledge as a diplomat and specialized knowledge on international relations and SDGs. We believe that by utilizing his experience and knowledge, he can monitor management of the Corporation from an objective and neutral standpoint and from a global perspective, and we have therefore nominated him as Auditor.	
		[Independence of the candidate] Kaoru Ishikawa 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 him as an independent auditor who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If his reelection is approved at the meeting, the Corporation will continue his registration as an independent auditor. Furthermore, although the Corporation has conducted transactions with Kawamura Gakuen of which Kaoru Ishikawa is currently Director, consisting of contracts for construction work etc., payments received for construction work etc. from Kawamura Gakuen 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. Ishikawa's independence as Outside Auditor.	
		<Reelection> < Outside Auditor > <Independent Auditor>  Attendance at the Board of Directors meetings 100% (16/16)  Attendance at the Audit & Supervisory Board meetings 100% (16/16)  Term of office served as Outside Auditor (at the conclusion of this meeting) 4 years	

## Notes:

- None of the candidates for Auditors have special interests in the Corporation.
- Of the candidates for Auditors, Kaoru Ishikawa is a candidate for Outside Auditors.
- During Kaoru Ishikawa'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 found guilty the Tokyo District Court. Mr. Ishikawa had consistently given warnings in Board of Directors meetings and necessary to prevent violation of laws and regulations. After the facts of this violation came to light, he fulfilled his duties by taking action in addition to previous activities, upon determining the recurrence prevention measures, and in consultation with other Auditors, he made requests to the Board of Directors for reliable implementation of recurrence prevention measures and thorough compliance. He also confirmed details regarding the progress of the recurrence prevention measures.
- The Corporation has entered into a limited liability agreement with Kaoru Ishikawa pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 33 of the Articles of Incorporation. The maximum amount of the liability for damage based on said agreement is the minimum amount prescribed in laws and regulations. If his reelection is approved at this meeting, the Corporation plans to renew the agreement. In addition, if Koichi Matsuoka's election is approved, the Corporation plans to enter into a similar limited liability agreement with him.

**(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: Establishment of Maximum Bonus Amount for Directors**

Remuneration for Directors comprises a fixed monthly remuneration, which is the base remuneration, and bonuses, which is performance-linked remuneration. Within this, the Corporation decided that the fixed monthly remuneration shall be not more than ¥90 million (including a maximum of ¥10 million for outside Directors) at the 117th Annual General Meeting of Shareholders held on June 27, 2019, and a bonus will be paid upon the approval of the total payment amount at the Annual General Meeting of Shareholders each time payments are made.

A maximum amount will be set for bonuses for Directors (Executive Directors are eligible for payment; hereinafter, the “Eligible Directors” in this proposal), which, if paid, shall be not more than ¥500 million annually.

Remuneration for Directors of the Corporation is decided based on deliberation of the “Nomination and Compensation Committee,” which has been established to ensure the evaluation of Directors and the determination of remuneration is conducted fairly and transparently, and is mainly made up of non-executive Directors including outside Directors. For bonuses for eligible Directors, consolidated net income for the fiscal year under review is set as the performance indicator, being the final result of the Group’s business activities for the business year, and consideration is also given to the level of achievement, etc. of targets set for consolidated ordinary income for the term under review. A basic bonus amount is determined by multiplying said index by a fixed percentage, and the resulting amount is further multiplied by an index number decided separately for each position, and the individual performance evaluation is also taken into consideration in the calculation. Since objectivity and transparency are ensured in the remuneration determination process, the Corporation also seeks to pay bonuses for Eligible Directors within the maximum amount established this time based on deliberation of the “Nomination and Compensation Committee.”

Furthermore, if approved, the Corporation seeks to apply this from the bonus for the fiscal year ended March 31, 2020.

The number of Eligible Directors in fiscal 2019 is eight (8), and if Proposal 2 is approved and resolved as proposed, the number of Eligible Directors in fiscal 2020 will be nine (9), which includes two (2) who will retire during the year.

**(Reference) Adoption plan after the approval and adoption of this proposal**

- 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 ¥90 million (including a maximum of ¥10 million for outside Directors) monthly remuneration has been put in place in accordance with a resolution passed by the 117th Annual General Meeting of Shareholders held on June 27, 2019.
- For bonuses for Directors, consolidated net income for the fiscal year under review is set as the performance indicator, being the final result of the Group’s business activities for the business year, and consideration is also given to the level of achievement, etc. of targets set for consolidated ordinary income for the term under review. A basic bonus amount is determined by multiplying said index by a fixed percentage, and the resulting amount is further multiplied by an index number decided separately for each position, and the individual performance evaluation is also taken into consideration in the calculation.  
To encourage further sharing of values with shareholders and increase of corporate value over the medium to long term, an amount corresponding to 20% of the bonus shall be deemed to be remuneration for the acquisition of the Corporation’s shares, and each Director shall contribute this remuneration to the Directors’ Shareholding Association, which shall acquire the Corporation’s shares. The Corporation’s shares that are acquired this way shall continue to be held 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, a bonus, which is determined by the Board of Directors, is paid within the maximum annual amount of ¥500 million, based on a resolution passed by the 118th Annual General Meeting of Shareholders held on June 26, 2020.
- 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 118th Annual General Meeting of Shareholders

### Business Report

(for the year ended March 31, 2020)

[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

<Consolidated financial results in the current fiscal year>

In fiscal 2019, ended March 31, 2020, the Japanese economy continued to recover moderately against the background of a steady recovery in corporate earnings and the employment/income environment. However, the outlook for the Japanese economy has been uncertain since late January 2020, due to factors for concern such as the spread of the new coronavirus infection (COVID-19) and its impact on the global economy.

In the construction industry, there was a reversal effect related to large-scale orders for the public sector awarded in the previous fiscal year. Private-sector construction was impacted by a slowdown in construction investment due to the last-minute demand in response to the consumption tax increase. As a result, orders were at a lower level than in the previous fiscal year.

Against this backdrop, Shimizu Corporation and its subsidiaries (the Shimizu Group) reported consolidated net sales of ¥1,698.2 billion, up 2.0% year on year, due to increases in net sales from completed construction contracts and real estate development and other businesses. Ordinary income was up 3.0% year on year to ¥137.9 billion, as a result of an increase in gross profits from completed construction contracts, due partly to the improved profitability of architectural constructions and civil engineering in Japan, as well as an increase in gross profits from real estate development and other businesses due to sales of developed property. Net income decreased 0.7% year on year to ¥98.9 billion, due to the recording of an impairment loss of fixed assets and others as an extraordinary loss.

The Group will pay a year-end dividend of ¥20 per share, adding a special dividend of ¥10 per share to the ordinary dividend of ¥10 per share, which makes the full-year dividend ¥38 per share, after addition of the midyear dividend.

##### Construction business

[Domestic construction, Domestic civil engineering, Overseas construction businesses]

Net sales in the construction business increased 0.9% year on year to ¥1,517.8 billion. Segment profits increased 1.0% to ¥198.7 billion, due to the improved profitability of architectural constructions and civil engineering in Japan.

##### Major project orders awarded

Architectural construction	Daimyo Project TMK	Former Daimyo Elementary School Site Redevelopment Project (provisional name)
	Mitsui Fudosan Residential Co., Ltd.	Shibuya-ku Sendagaya 4-chome Project (provisional name)
	ProLogis Inc.	ProLogis Park Soka Project
Civil engineering	Republic of the Philippines	PARTIAL OPERABILITY OF METRO MANILA SUBWAY PROJECT PHASE 1 Contract Package CP101
	West Nippon Expressway Company Limited	Shin-Meishin Expressway Kajiwara Tunnel Project

## Major construction contracts completed

Architectural construction	MORI TRUST CO., LTD.	Tokyo World Gate Kamiyacho Trust Tower Project
	Dogenzaka 1-chome District Station Front Urban Redevelopment Association	District of Dogenzaka 1-chome Station Front Urban Redevelopment Project (SHIBUYA FUKURAS)
	Mitsubishi Estate Co., Ltd.	MM21 District 21-47 Block Development Project (provisional name) (KT Building)
	East Japan Railway Company	Takeshiba Waterfront Development Project Main Building
Civil engineering	People's Republic of Bangladesh	The Construction of Kanchpur, Meghna, Gumti 2nd Bridges and Rehabilitation of Existing Bridges Package No. PW-01

## Non-construction businesses (Real estate development and other businesses)

[Investment and development, Engineering, LCV, Emerging frontier, and other businesses]

Net sales in the non-construction businesses (real estate development and other businesses) increased 12.5% year on year to ¥180.4 billion. Segment profits rose 35.6% to ¥26.9 billion, due partly to sales of developed property.

## LCV business



## Chiba-city Okido Solar Sharing (Agrivoltaic)\*

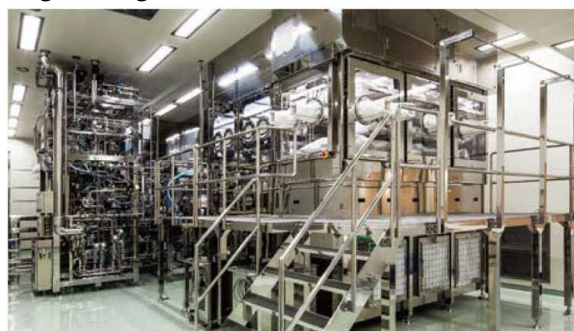
\* Agrivoltaic is a solar power and agriculture co-development at the same site.

## Investment and development business



S.LOGi Niiza West

## Engineering business



Sterile filling systems at Eye-Drops Factory of Teika Pharmaceutical Co., Ltd.

## Construction orders awarded and contracts, net sales and backlog on non-consolidated basis

(Millions of Yen)

		Backlog as at March 31, 2019	Construction orders awarded and contracts	Net sales	Backlog as at March 31, 2020
Construction business	Architectural construction	1,581,530	907,799	1,073,463	1,415,866
	Civil engineering	479,023	286,981	283,251	482,753
	Total	2,060,553	1,194,781	1,356,715	1,898,620
Real estate development and other		77,918	79,622	60,889	96,651
Total		2,138,472	1,274,404	1,417,604	1,995,272

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

In fiscal 2020, ending March 31, 2021, the Japanese economy is expected to continue to be adversely affected by the impact of the spread of COVID-19, and attention needs to be given to the impact of overseas economic trends, fluctuations in the financial and capital markets, and other factors.

As for the construction industry, we expect public-sector investment to remain firm. However, there are concerns about the impact of the spread of COVID-19 on capital investment, centered on private-sector construction investment in the manufacturing industry. In addition, the business environment surrounding the entire construction industry is becoming increasingly uncertain, and so attention needs to be given to securing supply chains, focused on construction materials.

Under these circumstances, it is difficult to calculate the effects of the COVID-19 pandemic on the Shimizu Group's consolidated earnings forecast for the next fiscal year, hence its consolidated earnings forecast for the next fiscal year has not been decided at the time of preparing this report. We will promptly announce the earnings forecast on our corporate website, etc. when a rational estimate becomes available.

## 2. Trends in Assets and Operating Results

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

(Millions of Yen)

	115th Fiscal Year (Fiscal 2016)	116th Fiscal Year (Fiscal 2017)	117th Fiscal Year (Fiscal 2018)	118th Fiscal Year (Current fiscal year) (Fiscal 2019)
Net sales	1,567,427	1,519,435	1,664,960	1,698,292
Ordinary income	131,197	124,130	133,957	137,986
Net income	98,946	84,978	99,668	98,977
Net income per share (Yen)	126.11	108.31	127.04	128.31
Return on Equity (ROE)	18.8%	13.9%	14.4%	13.6%
Total assets	1,688,197	1,780,943	1,860,794	1,904,934
Net assets	576,879	656,330	735,242	736,412

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)

	115th Fiscal Year (Fiscal 2016)	116th Fiscal Year (Fiscal 2017)	117th Fiscal Year (Fiscal 2018)	118th Fiscal Year (Current fiscal year) (Fiscal 2019)
Construction orders awarded and contracts	1,485,061	1,505,577	1,725,456	1,274,404
Net sales	1,291,550	1,262,554	1,406,730	1,417,604
Ordinary income	114,878	113,116	121,742	122,686
Net income	86,020	83,004	92,733	89,365
Net income per share (Yen)	109.45	105.62	118.00	115.65
Total assets	1,434,690	1,524,948	1,597,475	1,604,429
Net assets	481,879	556,455	627,910	620,143

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

#### Shimizu Group's Response to the Spread of COVID-19

Following the COVID-19 pandemic that began late January 2020, Shimizu Corporation established an emergency committee headed by the President and promoted measures to prevent escalation of the infection across the Corporation. These include working to thoroughly disinfect workplaces in order to prevent infection and avoid what Japan's Minister of Health, Labour and Welfare calls the "three C's" (closed spaces, crowded places, and close-contact settings) at job sites, according to the guidance of related ministries and agencies. Shimizu is also working to prevent infections among desk workers by encouraging teleworking to reduce the number of employees who come to offices and to avoid taking business trips. We are making every possible effort to reduce contacts among people.

We consider the life and safety of employees of our group and cooperating companies to be our top priority. In response to the state of emergency declaration issued in April 2020 by the government, we closed our job sites located in 13 prefectures put on special alert under the declaration—seven prefectures under the initial declaration and six prefectures designated later for the state of emergency in order to further prevent the spread of the infectious disease.

Although the government lifted the state of emergency in most prefectures in May 2020, it remains difficult to predict at this moment when the outbreak of COVID-19 will end. Given this situation, we have concluded that it is important to proceed with construction work in order to secure employment and maintain economic activity in the construction industry. Upon consulting with the parties concerned, we have been resuming construction work at job sites as soon as they develop a management framework that complies with the guidelines of related ministries and agencies and our own safety rules, in order to strictly comply with infection prevention measures in an enhanced manner.

Future uncertainty is looming worldwide as it is expected to take time for measures adopted against COVID-19 to be eased. Under this situation, the business environment surrounding the Shimizu Group is expected to be extremely harsh because there are concerns the construction industry may face a deterioration in construction profit/loss, due partly to increases in construction costs and extended construction periods resulting from infection-prevention measures taken and decreases in construction orders due to changes in the external environment, such as real estate market conditions and capital investment trends. While monitoring the changing situation related to COVID-19, we will make Group-wide efforts to steadily implement business activities in a bid to minimize the impacts of the spread of COVID-19 on our business continuity and performance, as well as exerting our utmost efforts in taking preventive measures against the infection.

We will make an announcement immediately through our website, etc. if any events requiring disclosure arise as a result of changes in the circumstances.

Status of Implementation of Measures to Prevent Recurrence of Incidents Involving Violations of the Antimonopoly Act
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On October 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, and the Corporation was issued an order for suspension of business pursuant to the provisions of the Construction Business Act during February 2, 2019 to June 1, 2019. The Corporation has continuously been implementing recurrence prevention measures since March 2018. The status of implementation for these recurrence prevention measures in the current fiscal year are as follows:

- The status of implementation of recurrence prevention measures
- (1) The Corporation's top management takes the initiative in bolstering high ethical standards and compliance in the workplace
  - (i) Corporate ethics training for the management executives (held with approximately 300 officers and executive staff members attending each time; a total of approximately 900 attended the training):
    - "Practice of the Analects and Abacus in Business" by Mr. Atsushi Moriya
    - "Eiichi Shibusawa and the Analects" by Mr. Yoshifumi Taguchi
    - "Recent Practice of Antimonopoly Act, etc." by Lawyer Ryuta Kawai
  - (ii) "The Analects and the Abacus" e-learning training:
    - Attended by approximately 10,000 all employees of the Corporation, and approximately 4,200 officers and employees of its subsidiaries.
  - (iii) Raised awareness on compliance through the company magazine and the company intranet:
    - Serial articles on "The Analects and the Abacus" by Director of the Shibusawa Memorial Museum (7 issues)
- (2) Thorough implementation of the Corporation's Code of Conduct
  - Training and exchange of opinions with external lawyer (targeting officers in charge of civil engineering and sales and executive staff members at branches)
  - Training by Legal Department / Interviews with executive staff members at branches
- (3) Strengthening compliance checks on specified projects
  - Identified high-risk projects which are considered likely to cause anticompetitive actions (around 70 projects were designated from Building Construction and Civil Engineering in total, which are re-examined every month based on the progress of the projects)
  - Conducted interviews and checks with sales officers, department managers, and persons in charge of sales in regards to the above-mentioned high-risk projects (a cumulative total of approximately 280 projects in fiscal 2019).
  - Conducted interviews by an external lawyer as necessary (7 projects in fiscal 2019)
- (4) Evaluation by lawyer on the status of implementation of recurrence prevention measures
  - As a result of evaluation by an external lawyer in April 2020, it was concluded that "the Corporation is judged to be seriously making an effort to ensure compliance with the Antimonopoly Act and its approach to compliance is worth high praise."

This type of evaluation will continue to be carried out.

## Shimizu's Initiatives in SDGs and ESG

### ■ Achieving Sustainable Development Goals (SDGs)

In May 2019, Shimizu Group formulated “SHIMZ VISION 2030,” a long-term vision with an eye on 2030, the target period for the SDGs. In accordance with this vision, we will provide value through innovation to contribute to the achievement of the sustainable development goals (SDGs).

“SHIMZ VISION 2030” sets out “a resilient\* society where everyone can feel safe and secure,” “an inclusive\* society where all people can live together in comfort and health,” and “a sustainable\* society where future generations can inherit a well-cared for environment” as the value Shimizu group provides to society.

#### ● The Value Shimizu Group Provides ●



\* Resilient: Able to flexibly overcome and quickly recover from difficult situations

Inclusive: Providing equal access to opportunities and resources for all people in society

Sustainable: Able to grow continuously, while conserving the global environment

### ■ Promotion of ESG Management

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

#### Mid-Term Management Plan “Promotion of ESG Management”

E (Environment): Contribute to a sustainable global environment

S (Society): Coexistence with all our Stakeholders

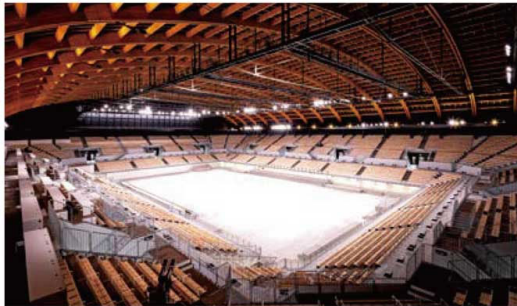
G (Governance): Strict Compliance & Strengthened Risk Management



E (Environment):[Sustainable Sourcing]

Approx. 2,300 m<sup>3</sup> of domestic lumber used in Ariake Gymnastics Centre

In order to secure the sustainability of forests, it is necessary to minimize the environmental impact across a product lifecycle, from procurement of raw materials through manufacturing, distribution, and use to disposal, while giving consideration to social issues including human rights and labor issues. Ariake Gymnastics Centre in Koto-ku, Tokyo, which was constructed by Shimizu Corporation, uses domestic larch for the giant roof and domestic cedar for exteriors and spectator benches, making for a total of approx. 2,300 m<sup>3</sup> of lumber, in accordance with the Sustainable Sourcing Code. Construction of the Ariake Gymnastics Center involved the most intensive usage of timber of any of the newly constructed venues for the Tokyo 2020 Olympic and Paralympic Games.



Domestic cedar is used for spectator benches that can seat around 12,000 spectators

E (Environment):[Response to Climate Change]

Endorsement of the TCFD\* Recommendations and disclosure of climate change-related information

Measures to address climate change must be pursued with utmost priority for the sake of a sustainable global environment. Shimizu Group has formulated “Shimizu Ecology Mission 2030-2050” with medium and long-term targets for reducing CO<sub>2</sub> emissions in an effort to prevent global warming. Considering climate change an important management issue, the Corporation analyzes climate change risks and opportunities related to business activities and incorporates the results of the analysis into management.

In October 2019, Shimizu Corporation announced its endorsement of the TCFD Recommendations and participated in the TCFD Consortium. The Corporation will report its response to climate change to the Board of Directors and disclose climate change-related information in accordance with the TCFD Recommendations.



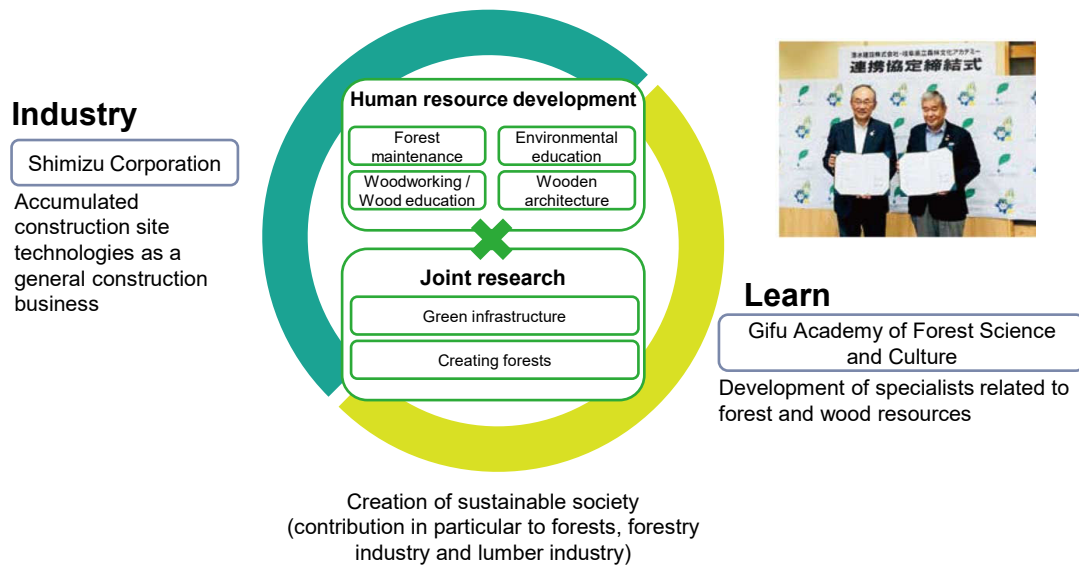
\* TCFD (Task Force on Climate-related Financial Disclosures):

An initiative established by the Financial Stability Board (FSB) in 2015. TCFD encourages corporations, etc. to grasp and disclose information on the financial impact of climate change risks and opportunities with the aim of stabilizing financial markets.

S (Society): [Initiatives for Regional Revitalization]  
Entered into a collaboration agreement with Gifu Academy of Forest Science and Culture

Collaboration between corporations and local communities is an effective means to achieve regional revitalization, whereby local communities make efforts to create a sustainable society. Shimizu Corporation is conducting various activities through collaboration with local communities to solve the social issues they face.

In August 2019, Shimizu Corporation entered into a collaboration agreement with the Gifu Academy of Forest Science and Culture for the purpose of creating a regional recycling society. Based on this agreement, Shimizu Corporation has been providing cooperation in developing human resources with knowledge in forest and wood resources; promoting the development of forests, the forestry industry, and the lumber industry; and maintaining the public function of forests as social infrastructure, etc.



G (Governance): [Information Disclosure to Stakeholders]  
Holding SDGs/ESG Briefing for ESG analysts

Shimizu Corporation places emphasis on dialogue with and information disclosure to shareholders, institutional investors, and financial analysts to achieve sustainable growth and improve corporate value. In October 2019, the Corporation held SDGs/ESG Briefing for ESG analysts for the first time and explained Shimizu Group's businesses aiming to achieve SDGs by providing value through innovation. We will continue to make efforts to facilitate understanding of our business strategy and management environment by proactively conducting various types of dialogue with and information disclosure to stakeholders.

#### 4. Status of Financing

The Corporation issued straight bonds by public offering as follows, and used the funds to provide for redemption of straight bonds, capital investment, and repayment of borrowings.

September 2019: Unsecured Straight Bonds No. 25      ¥20 billion

December 2019: Unsecured Straight Bonds No. 26      ¥10 billion

(SHIMIZU CORPORATION Green Bonds)

#### 5. Status of Capital Investment

The amount of capital investment made in the current fiscal year is ¥124.3 billion. Most of this consisted of acquisition of fixed assets for rental business and other business operations. Of this capital investment, ¥75.3 billion was investment by the Corporation (non-consolidated).

#### 6. Status of Major Subsidiaries (As at March 31, 2020)

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, 2020)

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-1 no. 3200) and an Ordinary Construction Business License (ordinary-1 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, 2020)

## (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, Bengaluru, Gurugram, 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, 2020)

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

	Number of employees (including contract workers)	Change from March 31, 2019
Construction business	14,195	+ 26
Non-construction businesses (Real estate development and other businesses)	1,244	+ 37
Other	858	+ 50
Total	16,297	+ 113

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)

Number of employees (including contract workers)
10,384

## \* Employees of the Corporation excluding contract workers

Number of employees	9,596	Change from March 31, 2019	Increase of 140
Average age	42.9	Average years of continuous service	15.3 years

## 10. Status of Major Creditors (As at March 31, 2020)

Creditor	Amount borrowed (Millions of Yen)
Mizuho Bank, Ltd.	67,909
MUFG Bank, Ltd.	34,482
Sumitomo Mitsui Banking Corporation	13,564
The Norinchukin Bank	12,866
The Hachijuni Bank, Ltd.	9,936
The Dai-ichi Life Insurance Company, Limited	8,499
The Chiba Bank, Ltd.	7,813
Fukoku Mutual Life Insurance Company	7,096
The Hyakugo Bank, Ltd.	4,461
THE YAMAGUCHI BANK, Ltd.	3,842

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

## 1. Status of Shares of the Corporation (As at March 31, 2020)

- (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 51,373 (decrease of 1,200 from March 31, 2019)
- (4) Major shareholders (Top ten)

Shareholder	Number of shares held (Thousands of Shares)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	65,012	8.51
SHIMIZU & CO., LTD.	62,030	8.12
The SHIMIZU FOUNDATION	38,595	5.05
Japan Trustee Services Bank, Ltd. (Trust Account)	33,352	4.36
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.28
Employee's Stock Ownership Plan	16,090	2.11
Japan Trustee Services Bank, Ltd. (Trust Account 7)	15,208	1.99
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,978	1.70
Japan Trustee Services Bank, Ltd. (Trust Account 4)	12,541	1.64
Mizuho Bank, Ltd.	10,697	1.40

Note: Percentage of total is calculated excluding treasury stocks (24,319,328 shares).

## (5) Other important matters related to shares

In order to enhance the corporate value through the improvement of capital efficiency, the Corporation, based on the resolution of the Board of Directors meeting held on June 24, 2019, acquired treasury stocks as follows.

Type and number of shares acquired	Common stock: 21,690,100 shares
Total acquisition cost	¥19,999,968,458
Acquisition period	July 1, 2019 to February 21, 2020

## 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	¥1,252.9	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, 2020)

Position in the Corporation	Name	Areas of responsibility in the Corporation and significant concurrent positions outside the Corporation
Chairman of the Board and Representative Director	Yoichi Miyamoto	
President and Representative Director	Kazuyuki Inoue	
Executive Vice President and Representative Director	Osamu Terada	In charge of International Business, LCV Business and Engineering Business
Executive Vice President and Representative Director	Toshiyuki Imaki	Director, Building Construction Headquarters, in charge of Productivity Improvement, Nuclear Business, Information Management, Director, Digital Strategy Promotion Div.
Executive Vice President and Representative Director	Koichiro Higashide	In charge of Administrative Functions, Director, Corporate Ethics Office, in charge of SDGs & ESG
Executive Vice President and Representative Director	Toru Yamaji	Director, Sales & Marketing Headquarters, Director, Yumeshima (Osaka) Projects
Executive Vice President	Koji Ikeda	In charge of Kansai Area, Director, KANSAI Branch, Deputy Director, Yumeshima (Osaka) Projects, in charge of Building Construction, Yumeshima (Osaka) Projects
Director (Representative Director)	Tsunehiko Yamanaka	Director, Civil Engineering Headquarters
Director [Non-executive]	Motoaki Shimizu	President and Representative Director of SHIMIZU & CO., LTD.
Director [Independent] [Outside] [Non-executive]	Tamotsu Iwamoto	Senior Advisor of Ajinomoto Co., Inc. Outside Auditor of HOUSE FOODS GROUP INC.
Director [Independent] [Outside] [Non-executive]	Aya Murakami	Professor, Department of Law, Faculty of Law, Teikyo University
Director [Independent] [Outside] [Non-executive]	Mayumi Tamura	Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. Outside Director of Hitachi High-Tech Corporation
Auditor (Full-time)	Chihiro Arakawa	
Auditor (Full-time)	Hideto Watanabe	
Auditor (Full-time) [Independent] [Outside]	Hatsuhito Kaneko	
Auditor [Independent] [Outside]	Tetsuya Nishikawa	Lawyer (Kasahara Law Office) Outside Auditor of SEKIDO Co., Ltd. Outside Director of LAC Co., Ltd. Outside Auditor of Soken Co., Ltd. Outside Auditor of TAIHEI Engineering Co., Ltd.
Auditor [Independent] [Outside]	Kaoru Ishikawa	Director, Kawamura Gakuen Director, The Society for Promotion of Japanese Diplomacy Outside Director of SMK Corporation

- Notes:
1. Directors Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura are outside directors.
  2. Auditors Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa are outside auditors.
  3. The Corporation has designated outside directors Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura, and outside 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.
  4. The Corporation has business relationships with Ajinomoto Co., Inc., Teikyo University, Honda Motor Co., Ltd., Hitachi High-Tech Corporation, LAC Co., Ltd., and Kawamura Gakuen, which are major concurrent places of work of outside directors. However, all these transactions have been made based on ordinary terms and conditions, and the Corporation has no special relationships with these entities. There are no other relationships between concurrent places of work of outside officers and the Corporation that should be noted.
  5. 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.
  6. 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.
  7. Auditor Hatsuhito 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.
  8. On April 1, 2020, 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
Executive Vice President and Representative Director	Toshiyuki Imaki	Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement
Executive Vice President and Representative Director	Koichiro Higashide	In charge of Administrative Functions and SDGs & ESG
Executive Vice President and Representative Director	Toru Yamaji	In charge of Engineering Business, LCV Business and Emerging Frontiers
Director and Representative Director	Tsunehiko Yamanaka	Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment
Director	Osamu Terada	

9. Retired directors and auditors in the current fiscal year

Position at time of retirement	Name	Date of retirement	Reason for retirement
Director	Yo Takeuchi	June 27, 2019	Expiration of term of office



## (2) Outline of limited liability agreement

The Corporation entered into a limited liability agreement with all of the outside directors 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

Title	Number of directors and auditors	Amounts of remuneration, etc.
Directors	13	¥977 million
Auditors	5	¥120 million
Outside officers included in the above	7	¥98 million

- (Notes) 1. The amounts of remunerations, etc., given above include those for one director who retired at the conclusion of the 117th Annual General Meeting of Shareholders held on June 27, 2019.
2. The amounts of directors' remuneration, etc., given above include bonuses of ¥271 million to be paid to eight directors (excluding non-executive directors and outside directors) if the proposal, Establishment of Maximum Bonus Amount for Directors, submitted to the 118th Annual General Meeting of Shareholders is approved and resolved as proposed.

## (4) Status of outside officers

Major activities of outside officers during the current fiscal year

## Outside directors

Title	Name	Statements, etc. at the Board of Directors meetings	Attendance at the Board of Directors meetings
Director	Tamotsu Iwamoto	Made appropriate statements based on the experience and insight he has gained through his involvement in corporate management as an officer of listed companies.	12/12 (100%)
Director	Aya Murakami	Made appropriate statements based on the experience and insight she has accumulated in public labor and welfare administration and specialist knowledge as a professor.	16/16 (100%)
Director	Mayumi Tamura	Made appropriate statements based on the experience and insight she has gained through her involvement in corporate management at a global company.	12/12 (100%)

\* The attendance at Board of Directors meetings shown for Tamotsu Iwamoto and Mayumi Tamura is their attendance after they assumed office as director on June 27, 2019.

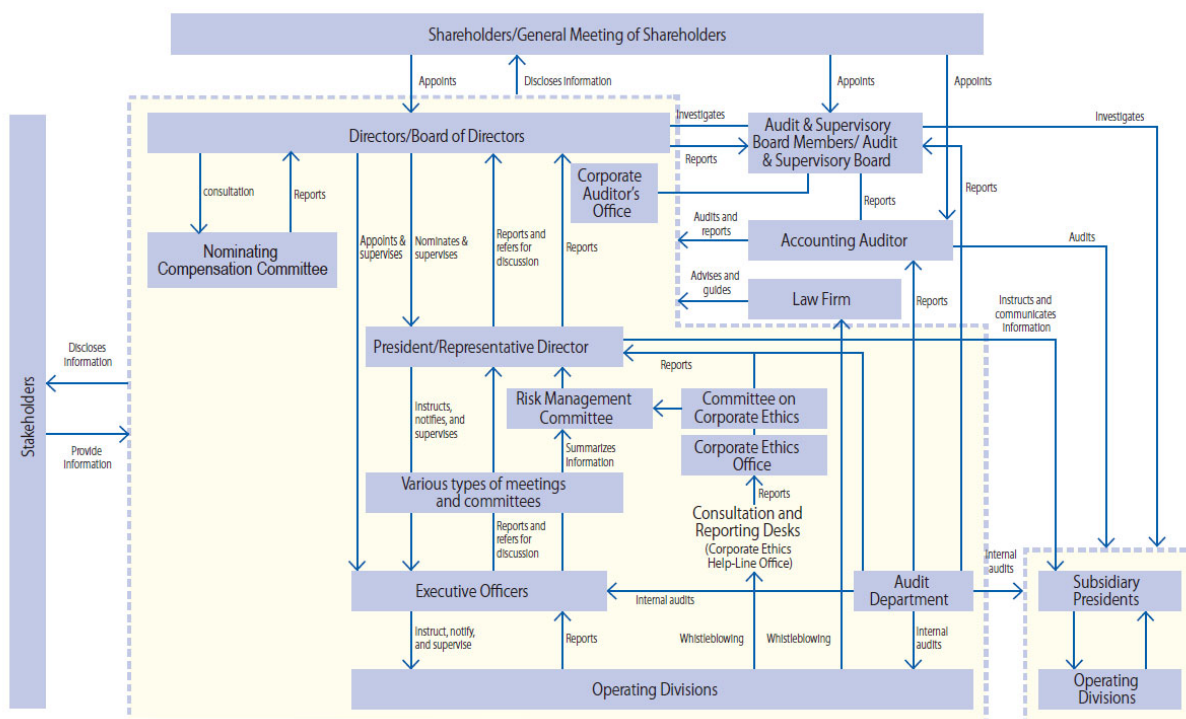
## Outside auditors

Title	Name	Statements, etc. at the Board of Directors meetings	Attendance at the Board of Directors meetings	Attendance at the Audit & Supervisory Board meetings
Auditor (Full-time)	Hatsuhito Kaneko	Made appropriate statements based on his experience and insight as an officer involved in corporate management at a financial institution.	16/16 (100%)	16/16 (100%)
Auditor	Tetsuya Nishikawa	Made appropriate statements based on the experience and insight he has accumulated in police- and defense-related administrative duties, and specialist knowledge as a lawyer.	16/16 (100%)	16/16 (100%)
Auditor	Kaoru Ishikawa	Made appropriate statements based on the experience and insight he has gained through his involvement in diplomacy and specialized knowledge about the international situation and SDGs.	16/16 (100%)	16/16 (100%)

## ■ Basic Views on Corporate Governance

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. Of the six committee members, four are non-executive directors, of which one has served as the Chairman of the Nomination and Compensation Committee.

### Nomination and Compensation Committee's composition (As at March 31, 2020)

Non-executive directors (four)	Executive directors (two)
Motoaki Shimizu (Director) *Chairman	Kazuyuki Inoue (President and Representative Director)
Tamotsu Iwamoto (Outside Director)	Koichiro Higashide (Executive Vice President)
Aya Murakami (Outside Director)	
Mayumi Tamura (Outside Director)	

## ■ 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 2019 are as follows:

### (1) Evaluation method

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

- Target period: From January to December 2019 (1 year)
- Date of evaluation: At the Board of Directors' meeting held in December 2019
- Main evaluation items: The Board of Directors' composition, functions, the status of operation; the status of support to Outside Directors; the status of training to Directors; and the status of dialogue with shareholders and investors, etc.

### (2) Outline of the evaluation results

The effectiveness of the Board of Directors of the Corporation as a whole is ensured.

The major issues to be considered going forward based on opinions and suggestions presented during discussions on each evaluation item are as follows.

(Board of Directors' functions and the status of operation)

- Strengthening of global and group-oriented management strategy and management supervisory functions
- Review of Criteria for Deliberation at the Board of Directors meetings and efficient operation of the Board of Directors in order to secure sufficient time for deliberating important matters

(Status of support to Outside Directors, etc.)

- Faster prior explanation of agenda items for the Board of Directors meetings and further enhancement of information provision that contributes to management
- Increase of opportunities for the Chairman of the Board and the President to exchange opinions with Non-executive Directors (including Outside Directors) or Outside Auditors, separately from the Board of Directors meetings

(Dialogue with shareholders and investors)

- Report on opinions of shareholders and investors obtained through IR activities, etc. to the Board of Directors in a timely manner

### (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.

■ Securities Holding Policy, etc.

(1) Holding policy, etc.

When there is a necessity from the viewpoint of sales policy, the Corporation holds shares of business partners as securities holdings in order to “strengthen the relationships with business partners.” Whether to acquire major securities holdings is determined by the Board of Directors, taking into consideration benefits to the Corporation gained through strengthening the relationships with business partners, acquisition cost, risk of share price changes and other factors. The Board of Directors examines the necessity of securities holdings for individual stocks each year, taking into consideration the economic rationality of such holdings including cost, risk and sales benefits, with an eye to reducing securities holdings in stages to promote the effective utilization of capital. Of the securities holdings, the Corporation sold securities holdings of listed stocks worth 16.8 billion yen in fiscal 2019.

(2) Exercise of voting rights

In exercising voting rights on securities holdings, the Corporation examines the content of proposals and judges whether to vote for or against each proposal comprehensively from the perspective of strengthening the relationships with business partners, which is the purpose of securities holdings, as well as not impairing shareholder value.

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, 2020 are as follows.

Position	Name	Areas of responsibility
President and Executive Officer	Kazuyuki Inoue*	
Executive Vice President and Executive Officer	Toshiyuki Imaki*	Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement
Executive Vice President and Executive Officer	Koichiro Higashide*	In charge of Administrative Functions and SDGs & ESG
Executive Vice President and Executive Officer	Toru Yamaji*	In charge of Engineering Business, LCV Business and Emerging Frontiers
Executive Vice President and Executive Officer	Koji Ikeda*	In charge of Kansai Area, Director, KANSAI Branch, Deputy Director, Yumeshima (Osaka) Projects, in charge of Building Construction, Yumeshima (Osaka) Projects
Senior Managing Officer	Tsunehiko Yamanaka*	Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment
Senior Managing Officer	Yutaka Ishikawa	In charge of Technology, Director, Technology Planning Div., Director, Institute of Technology
Senior Managing Officer	Koichi Ishimizu	In charge of Tokyo Metropolitan Area, Director, TOKYO Branch, in charge of Nuclear Business
Senior Managing Officer	Hiroshi Fujimura	Director, Sales & Marketing Headquarters, Director, Yumeshima (Osaka) Projects
Senior Managing Officer	Shigeru Namioka	Director, KANTO Branch
Senior Managing Officer	Kimio Handa	Director, Corporate Ethics Office, in charge of Compliance, Sales & Marketing Headquarters
Senior Managing Officer	Masahiro Indo	Director, Production Technology Div., Building Construction Headquarters
Managing Officer	Yoshito Tsutsumi	Director, KYUSHU Branch
Managing Officer	Kentaro Ikeda	Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Managing Officer	Masatoshi Misawa	Director, CHIBA Branch
Managing Officer	Masanobu Onishi	Director, Design Div., Building Construction Headquarters
Managing Officer	Naoki Kita	In charge of International Business, Civil Engineering Headquarters
Managing Officer	Hiroaki Taniguchi	Director, NAGOYA Branch
Managing Officer	Shinichi Takiguchi	Director, Emerging Frontiers Div., in charge of Sales & Marketing, Sales & Marketing Headquarters
Managing Officer	Takahisa Shiota	In charge of Sales & Marketing, Sales & Marketing Headquarters
Managing Officer	Akira Yamazaki	Director, Procurement & Estimation Center, Building Construction Headquarters
Managing Officer	Atsushi Osada	Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Managing Officer	Takeshi Sekiguchi	General Manager, Engineering Headquarters
Managing Officer	Yasuhide Kuwahara	Director, TOKYO Civil Engineering Branch
Managing Officer	Mitsuo Morii	Director, Global Strategy Div.
Managing Officer	Yoshiki Higashi	Director, Corporate Planning Div., in charge of Human Resource System Reform
Managing Officer	Takao Haneda	In charge of General Affairs Department, Director, Corporate Ethics Help-line Office, in charge of Crisis Management

Position	Name	Areas of responsibility
Executive Officer	Tatsuya Shinmura	Director, YOKOHAMA Branch
Executive Officer	Yutaka Gozu	Senior Project Director, Singapore Neil Road Development Project, International Div.
Executive Officer	Takefumi Saito	Director, HOKURIKU Branch
Executive Officer	Osamu Nakagawa	Director, HOKKAIDO Branch
Executive Officer	Kojiro Shimizu	Director, TOHOKU Branch
Executive Officer	Kouichi Yamashita	Director, KOBE Branch, in charge of Construction, Kansai Area
Executive Officer	Toshihide Suenaga	In charge of Marketing & Sales Promotion, Kansai Area, in charge of Sales & Marketing, Yumeshima (Osaka) Projects
Executive Officer	Yoshinari Dendoh	Manager, Human Resources Dept., in charge of Work Style Reform
Executive Officer	Tomoaki Harada	Director, Building Construction Planning Div., Building Construction Headquarters, Director, Monozukuri Training Center, Building Construction Headquarters, in charge of Tokyo Mokkajou, Building Construction Headquarters, Director, Shiomi Project Office
Executive Officer	Masamichi Miki	Director, HIROSHIMA Branch
Executive Officer	Yasuhide Yamada	In charge of Sales & Marketing, Sales & Marketing Headquarters
Executive Officer	Masakazu Hyodo	In charge of Finance & Accounting, Manager, Finance Dept., in charge of Associated Companies ,IR
Executive Officer	Kazuhiko Kato	Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Executive Officer	Kenichi Ozono	Manager, Operation Control Dept.
Executive Officer	Haruhiko Washimi	General Manager, Investment and Development Div.
Executive Officer	Tetsu Mizuno	In charge of Sales & Marketing, NAGOYA Branch
Executive Officer	Takayuki Sakakima	Deputy Director , Design Div., Building Construction Headquarters, in charge of Structure
Executive Officer	Toshikazu Tsuji	In charge of Civil Engineering, Kansai Area, in charge of Civil Engineering, Yumeshima (Osaka) Projects
Executive Officer	Yoshihiro Higuchi	Director , Technology, Civil Engineering Headquarters
Executive Officer	Sadao Matsunashi	In charge of Technology, Civil Engineering Headquarters
Executive Officer	Toru Furuya	President and Representative Director, Shimizu America, Inc.
Executive Officer	Kazuya Osako	Director, SHIKOKU Branch
Executive Officer	Hideo Yokoyama	Director , Building Construction Sales & Marketing Div., Sales & Marketing Headquarters
Executive Officer	Hitoshi Fujita	Director, International Div.

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

## 4. Accounting Auditor

## (1) Name of accounting auditor

Ernst &amp; Young ShinNihon LLC

## (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	¥193 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 advisory service, etc. about promoting an ESG management to the Corporation.

## (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 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 in contracts with subcontractors/suppliers clearly indicating the Corporation’s eradication of relations with organized crime groups, etc..
- 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 each. Furthermore, the operational status thereof is reported to the Corporate Ethics Committee, auditors, and the Board of Directors.
- 3) Corporate Ethics Committee meetings are held biannually 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, 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.
- 5) As described in “I. Current Conditions of the Corporate Group (Consolidated) 3. Issues to Be Addressed,” the Corporation has established an emergency organization headed by the President and promoted measures to prevent the infection and escalation of the infection across the Corporation.

**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, 2020)

(Millions of Yen)

	Amount		Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>1,145,908</b>	<b>Current liabilities:</b>	<b>871,553</b>
Cash	351,722	Notes and accounts payable—trade	319,164
Notes and accounts receivable—trade	546,148	Short-term borrowings	112,774
Marketable securities	1,020	Current portion of non-recourse borrowings	6,957
Real estate for sale	2,836	Commercial papers	80,000
Costs on uncompleted construction contracts	77,949	Current portion of bonds payable	10,000
Costs on uncompleted real estate development projects	16,472	Current portion of convertible bond-type bonds with subscription rights to shares	30,016
PFI projects and other inventories	47,883	Current portion of non-recourse bonds payable	2,764
Other current assets	102,651	Income taxes payable	25,637
Less: Allowance for doubtful accounts	(775)	Advances received on uncompleted construction contracts	101,390
<b>Non-current assets:</b>	<b>759,025</b>	Deposits received	124,325
<b>Tangible fixed assets:</b>	<b>408,440</b>	Warranty reserve	3,932
Buildings and structures	149,310	Reserve for expected losses on construction contracts in process	6,071
Machinery, vehicles, tools, furniture and fixtures	20,011	Reserve for directors' bonuses	289
Land	207,472	Reserve for loss on anti-monopoly act	1,820
Construction in progress	31,645	Other current liabilities	46,409
<b>Intangible fixed assets</b>	<b>12,091</b>	<b>Non-current liabilities:</b>	<b>296,968</b>
<b>Investments and other assets:</b>	<b>338,493</b>	Bonds payable	60,000
Investment securities	319,598	Non-recourse bonds payable	23,235
Deferred tax assets	2,730	Long-term borrowings	70,360
Other investments	18,121	Non-recourse borrowings	45,207
Less: Allowance for doubtful accounts	(1,957)	Deferred tax liabilities	94
		Deferred tax liabilities for revaluation reserve for land	17,659
		Net defined benefit liability	57,293
		Other non-current liabilities	23,119
		<b>Total liabilities</b>	<b>1,168,521</b>
		<b>NET ASSETS</b>	
		<b>Shareholders' equity:</b>	<b>606,741</b>
		Common stock, no par value	74,365
		Additional paid-in capital	43,116
		Retained earnings	510,873
		Less: Treasury stock, at cost	(21,613)
		Accumulated other comprehensive income:	123,737
		Net unrealized gain (loss) on other securities, net of taxes	104,898
		Deferred gain (loss) on hedging, net of taxes	(169)
		Revaluation reserve for land, net of taxes	25,864
		Foreign currency translation adjustments	(1,985)
		Remeasurements of defined benefit plans	(4,870)
		Non-controlling interests	5,932
		<b>Total net assets</b>	<b>736,412</b>
<b>Total assets</b>	<b>1,904,934</b>	<b>Total liabilities and net assets</b>	<b>1,904,934</b>

**Consolidated Statement of Income**

(For the year ended March 31, 2020)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,517,883	
Real estate development and other	180,409	1,698,292
Cost of sales:		
Construction contracts	1,319,118	
Real estate development and other	153,504	1,472,622
Gross profit:		
Construction contracts	198,765	
Real estate development and other	26,904	225,670
Selling, general and administrative expenses		91,775
<b>Operating income</b>		<b>133,894</b>
Non-operating income:		
Interest and dividend income	7,518	
Other	2,751	10,269
Non-operating expenses:		
Interest expenses	2,244	
Foreign exchange loss	1,713	
Other	2,219	6,178
<b>Ordinary income</b>		<b>137,986</b>
Special gains:		
Gain on sales of investment securities	7,517	
Other	63	7,581
Special losses:		
Loss on sales of investment securities	507	
Loss on devaluation of investment securities	794	
Impairment loss	2,915	
Other	1	4,217
Income before income taxes		141,349
<b>Provision for income taxes—current</b>	<b>48,931</b>	
Provision for income taxes—deferred	(6,700)	42,230
Net income		99,119
<b>Net income attributable to non-controlling interests</b>		<b>141</b>
<b>Net income attributable to shareholders of the Corporation</b>		<b>98,977</b>

## Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2020)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as at April 1, 2019	74,365	43,116	443,802	(1,609)	559,674
Changes during period					
Cash dividends paid			(31,906)		(31,906)
Net income attributable to shareholders of the Corporation			98,977		98,977
Purchase of treasury stock				(20,003)	(20,003)
Disposal of treasury stock		0		0	0
Changes other than shareholders' equity					
Total changes during period	-	0	67,071	(20,003)	47,067
Balance as at March 31, 2020	74,365	43,116	510,873	(21,613)	606,741

(Millions of Yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as at April 1, 2019	150,079	(54)	25,864	(1,955)	(4,193)	169,741	5,826	735,242
Changes during period								
Cash dividends paid								(31,906)
Net income attributable to shareholders of the Corporation								98,977
Purchase of treasury stock								(20,003)
Disposal of treasury stock								0
Changes other than shareholders' equity	(45,181)	(114)		(29)	(677)	(46,003)	106	(45,897)
Total changes during period	(45,181)	(114)	-	(29)	(677)	(46,003)	106	1,170
Balance as at March 31, 2020	104,898	(169)	25,864	(1,985)	(4,870)	123,737	5,932	736,412



## Notes to Consolidated Financial Statements

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

#### (1) Scope of consolidation

The Corporation had 70 subsidiaries as at March 31, 2020. The consolidated financial statements for the year ended March 31, 2020 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.

Seven companies that became subsidiaries of the Corporation in the year ended March 31, 2020 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 16 affiliates as at March 31, 2020. As at March 31, 2020, the equity method was applied to all affiliates.

Major affiliate

THE NIPPON ROAD Co., Ltd.

The equity method was applied to the investment in two companies that became affiliates in the year ended March 31, 2020. In addition, the equity method was not applied to one company that ceased to be an affiliate.

#### (3) Financial statements of subsidiaries

20 of the Company's consolidated subsidiaries have their financial year-end on December 31. In addition, there is one consolidated subsidiary whose financial year ends on February 29 and one whose year ends on March 26. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31, February 29 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 on buildings and structures is mainly computed by the straight-line method.

Depreciation on other tangible fixed assets is computed by the declining balance 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, 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 using the straight-line method over a period benefited therefrom but not exceeding 20 years.

### 7) Consumption taxes

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

## 2. Changes in accounting policies

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates  
The Company and certain consolidated subsidiaries previously used the declining-balance method for calculating the depreciation of buildings and structures. However, from the fiscal year under review, they have changed to apply the straight-line method.

In the Group’s long-term vision “SHIMZ VISION 2030” and the “Mid-Term Management Plan (2019-2023)” announced in May 2019, it aims to further increase lease assets to help secure stable revenue, with planned investment of ¥500.0 billion in the Real Estate Development Business over the five years to fiscal 2023. In conjunction with this, the Group expects to see an increase in buildings and structures for the leasing business, which will operate stably over the long term. It has therefore adopted the straight-line method for depreciation, which apportions the expense evenly over the useful life.

As a result of this change, the Group’s operating income, ordinary income, and income before income taxes each increased by ¥1,836 million for the fiscal year under review.

## 3. Notes to Consolidated Balance Sheet

## (1) Assets pledged as collateral

1) The following assets are pledged as collateral for Long-term borrowings of ¥1,600 million.

Construction in progress ¥470 million

2) The total amount of business assets pledged as collateral for borrowings at affiliates and others

Buildings and structures ¥57 million

Land ¥43 million

Investment securities ¥140 million

Other investments ¥52 million

Total ¥293 million

3) The total amount of business assets pledged as collateral for non-recourse borrowings of ¥52,164 million by subsidiaries engaged in PFI business

¥66,624 million

(2) The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to non-recourse bonds payable of ¥26,000 million

¥28,203 million

(3) Accumulated depreciation of tangible fixed assets

¥159,960 million

(4) Contingent liabilities from guaranteeing indebtedness

Guarantee obligations are guarantees for the following companies' loans.

PT .WINDAS DEVELOPMENT (Note) ¥1,721 million

Employees (housing loans) ¥32 million

Total ¥1,753 million

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

(5) 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

## 4. Notes to Consolidated Statement of Income

(1) Revenue recognized using the percentage-of-completion method ¥1,335,882 million

(2) Provision of reserve for expected losses on construction contracts in process included in cost of sales ¥4,678 million

(3) Inventory write-down due to reduced profitability included in cost of sales ¥178 million

(4) Research and development costs ¥13,222 million

## 5. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of outstanding shares as at March 31, 2020

Common stock 788,514,613 shares

## (2) Dividends

## 1) Dividends paid to shareholders for the year ended March 31, 2020

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 27, 2019)	Common stock	18,075	(Note 1) 23.00	March 31, 2019	June 28, 2019
Board of directors (November 12, 2019)	Common stock	13,831	(Note 2) 18.00	September 30, 2019	December 2, 2019

Notes: 1. Amount of dividend per share ¥23.00 includes a special dividend of ¥16.00.

2. Amount of dividend per share ¥18.00 includes a special dividend of ¥8.00.

## 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 26, 2020.

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 26, 2020)	Common stock	Retained earnings	15,283	20.00	March 31, 2020	June 29, 2020

Note: Amount of dividend per share ¥20.00 includes a special dividend of ¥10.00.

## 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.

Investment securities are mainly shares held for the purpose of maintaining business relationships.

Each year, the Company conducts a review of every individual stock 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 examines the necessity of 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, 2020, and estimated fair value are shown below.

(Millions of Yen)

Assets	Carrying value	Fair value	Difference
1) Cash	351,722	351,722	—
2) Notes and accounts receivable—trade	546,148	546,148	—
3) Marketable securities	1,020	1,020	—
4) Investment securities	264,468	264,468	—
Liabilities	Carrying value	Fair value	Difference
5) Notes and accounts payable—trade	319,164	319,164	—
6) Short-term borrowings	112,774	112,774	—
7) Commercial papers	80,000	80,000	—
8) Bonds payable and current portion of bonds payable	70,000	69,756	(244)
9) Current portion of convertible bond-type bonds with subscription rights to shares	30,016	29,814	(202)
10) Non-recourse bonds payable and current portion of non-recourse bonds payable	26,000	26,000	—
11) Long-term borrowings	70,360	70,819	459
12) Non-recourse borrowings and current portion of non-recourse borrowings	52,164	53,371	1,207
Derivative transactions (*)	Carrying value	Fair value	Difference
13) Derivative transactions to which hedge accounting is applied	(242)	(242)	—

(\*) 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, 7) Commercial papers

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. (¥55,129 million in the consolidated balance sheet as at March 31, 2020) are not included in the above because determining the fair value for them is extremely difficult.

8) Bonds payable and current portion of bonds payable, 9) Current portion of 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.

10) 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.

11) Long-term borrowings, 12) 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.

13) 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	¥216,913 million
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Fair value	¥369,280 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	¥957.56
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(2) Basic net income per share of common stock	¥128.31
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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, 2020)

(Millions of Yen)

	Amount		Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>950,249</b>	<b>Current liabilities:</b>	<b>787,738</b>
Cash	269,962	Notes payable	58,408
Notes receivable	22,555	Accounts payable for construction contracts	210,661
Accounts receivable from completed construction contracts	481,275	Short-term borrowings	93,373
Marketable securities	1,000	Commercial papers	80,000
Real estate for sale	0	Current portion of bonds payable	10,000
Costs on uncompleted construction contracts	73,805	Current portion of convertible bond-type bonds with subscription rights to shares	30,016
Costs on uncompleted real estate development projects	5,885	Income taxes payable	22,669
Other current assets	96,479	Advances received on uncompleted construction contracts	90,943
Less: Allowance for doubtful accounts	(713)	Deposits received	142,792
<b>Non-current assets:</b>	<b>654,179</b>	Warranty reserve	3,806
<b>Tangible fixed assets:</b>	<b>308,248</b>	Reserve for expected losses on construction contracts in process	5,729
Buildings and structures	123,343	Reserve for directors' bonuses	289
Machinery, equipment and vehicles	4,101	Reserve for loss on anti-monopoly act	1,820
Tools, furniture and fixtures	4,783	Other current liabilities	37,227
Land	152,820	<b>Non-current liabilities:</b>	<b>196,547</b>
Construction in progress	23,199	Bonds payable	60,000
<b>Intangible fixed assets</b>	<b>6,567</b>	Long-term borrowings	53,436
<b>Investments and other assets:</b>	<b>339,362</b>	Deferred tax liabilities for revaluation reserve for land	17,659
Investment securities	281,690	Reserve for employees' retirement benefits	44,476
Investments in subsidiaries and affiliates	41,987	Other non-current liabilities	20,975
Investments in other securities of subsidiaries and affiliates	3,850	<b>Total liabilities</b>	<b>984,286</b>
Long-term loans	3,311	<b>NET ASSETS</b>	
Claims in bankruptcy or reorganization proceedings	16	<b>Shareholders' equity:</b>	<b>490,635</b>
Long-term prepaid expenses	609	<b>Common stock, no par value</b>	<b>74,365</b>
Deferred tax assets	72	<b>Additional paid-in capital</b>	<b>43,144</b>
Other investments	9,899	Capital reserve	43,143
Less: Allowance for doubtful accounts	(2,075)	Other additional paid-in capital	1
		<b>Retained earnings:</b>	<b>394,316</b>
		Legal reserve	18,394
		Other retained earnings	375,921
		Reserve for advanced depreciation of fixed assets	5,026
		Contingent reserve	295,200
		Retained earnings carried forward	75,694
		<b>Less: Treasury stock, at cost</b>	<b>(21,191)</b>
		<b>Total valuation and translation adjustments</b>	<b>129,507</b>
		<b>Net unrealized gain (loss) on other securities, net of taxes</b>	<b>103,811</b>
		<b>Deferred gain (loss) on hedging, net of taxes</b>	<b>(168)</b>
		<b>Revaluation reserve for land, net of taxes</b>	<b>25,864</b>
		<b>Total net assets</b>	<b>620,143</b>
<b>Total assets</b>	<b>1,604,429</b>	<b>Total liabilities and net assets</b>	<b>1,604,429</b>

**Non-Consolidated Statement of Income**

(For the year ended March 31, 2020)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,356,715	
Real estate development and other	60,889	1,417,604
Cost of sales:		
Construction contracts	1,180,549	
Real estate development and other	47,798	1,228,348
Gross profit:		
Construction contracts	176,165	
Real estate development and other	13,090	189,256
Selling, general and administrative expenses		73,974
<b>Operating income</b>		<b>115,281</b>
Non-operating income:		
Interest and dividend income	10,930	
Other	1,614	12,545
Non-operating expenses:		
Interest expenses	1,508	
Foreign exchange loss	1,632	
Other	2,000	5,141
<b>Ordinary income</b>		<b>122,686</b>
Special gains:		
Gain on sales of investment securities	7,508	
Other	30	7,538
Special losses:		
Loss on sales of investment securities	507	
Loss on devaluation of investment securities	792	
Impairment loss	2,915	
Other	0	4,214
<b>Income before income taxes</b>		<b>126,009</b>
Provision for income taxes—current	43,407	
Provision for income taxes—deferred	(6,762)	36,644
<b>Net income</b>		<b>89,365</b>



# Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2020)

(Millions of Yen)

	Shareholders' equity										
	Common stock	Additional paid-in capital			Retained earnings					Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Legal reserve	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of fixed assets	Contingent reserve	Retained earnings carried forward			
Balance as at April 1, 2019	74,365	43,143	1	43,144	18,394	5,160	229,800	83,502	336,857	(1,187)	453,180
Changes during period											
Provision and reversal of reserve for advanced depreciation of fixed assets						(133)		133	-		-
Provision of contingent reserve							65,400	(65,400)	-		-
Cash dividends paid								(31,906)	(31,906)		(31,906)
Net income for the yea								89,365	89,365		89,365
Purchase of treasury stock										(20,003)	(20,003)
Disposal of treasury stock			0	0						0	0
Changes other than shareholders' equity											
Total changes during period	-	-	0	0	-	(133)	65,400	(7,807)	57,459	(20,003)	37,455
Balance as at March 31, 2020	74,365	43,143	1	43,144	18,394	5,026	295,200	75,694	394,316	(21,191)	490,635

(Millions of Yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Total valuation and translation adjustments	
Balance as at April 1, 2019	148,823	41	25,864	174,729	627,910
Changes during period					
Provision and reversal of reserve for advanced depreciation of fixed assets					-
Provision of contingent reserve					-
Cash dividends paid					(31,906)
Net income for the year					89,365
Purchase of treasury stock					(20,003)
Disposal of treasury stock					0
Changes other than shareholders' equity	(45,011)	(210)		(45,222)	(45,222)
Total changes during period	(45,011)	(210)	-	(45,222)	(7,766)
Balance as at March 31, 2020	103,811	(168)	25,864	129,507	620,143

## 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.

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 the decline in earnings)

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

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

Depreciation for buildings and structures is computed by the straight-line method, at rates based on the estimated useful lives of the assets. Depreciation for other tangible fixed assets (excluding leased assets) is computed by the declining balance 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, 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. Changes in accounting policies

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates  
The Company previously used the declining-balance method for calculating depreciation of buildings and structures. However, from the fiscal year under review it has changed to apply the straight-line method. In the Group's long-term vision "SHIMZ VISION 2030" and the "Mid-Term Management Plan (2019-2023)," announced in May 2019, it aims to further increase lease assets to help secure stable revenue, with planned investment of ¥500.0 billion in the Real Estate Development Business over the five years to fiscal 2023. In conjunction with this, the Group expects to see an increase in buildings and structures for the leasing business, which will operate stably over the long term. It has therefore adopted the straight-line method for depreciation, which apportions the expense evenly over the useful life. As a result of this change, the Company's operating income, ordinary income, and net income each increased by ¥1,731 million for the fiscal year under review.

## 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	¥15 million
Buildings and structures	¥57 million
Land	¥43 million
Investments in subsidiaries and affiliates	¥514 million
Long-term loans	¥2,244 million
<b>Total</b>	<b>¥2,875 million</b>

## (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	¥23,842 million
Machinery and vehicles	¥180 million
Tools, furniture and fixtures	¥95 million
Deposits received	¥22,188 million

## (3) Accumulated depreciation of tangible fixed assets ¥97,402 million

## (4) Contingent liabilities from guaranteeing indebtedness

Guarantee obligations are guarantees for the following companies' loans.

PT .WINDAS DEVELOPMENT (Note)	¥1,721 million
Employees (housing loans)	¥32 million
<b>Total</b>	<b>¥1,753 million</b>

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 | ¥9,173 million  |
| Long-term receivables from subsidiaries and affiliates  | ¥3,299 million  |
| Short-term payables to subsidiaries and affiliates      | ¥25,603 million |
| Long-term payables to subsidiaries and affiliates       | ¥1,261 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

4. Notes to Non-Consolidated Statement of Income

- |   |                    |
|---|--------------------|
| (1) Revenue recognized using the percentage-of-completion method  | ¥1,246,167 million |
| (2) Revenue from sales to subsidiaries and affiliates   | ¥27,579 million    |
| (3) Purchase of goods from subsidiaries and affiliates included in cost of sales                            | ¥122,197 million   |
| (4) Provision of reserve for expected losses on construction contracts in process included in cost of sales | ¥4,420 million     |
| (5) Amount of transactions other than operational transactions with subsidiaries and affiliates             | ¥7,766 million     |
| (6) Research and development costs  | ¥12,974 million    |

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

Type and number of treasury shares as at March 31, 2020

Common stock	24,319,328 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, 2020 (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	101,500	Deposits received	—

(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       | ¥811.50 |
| (2) Basic net income per share of common stock | ¥115.65 |

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 15, 2020

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo Office

Yuji Suzuki  
Certified Public Accountant  
Designated and Engagement Partner

Masahito Nakagawa  
Certified Public Accountant  
Designated and Engagement Partner

*Audit Opinion*

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, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Corporation and its consolidated subsidiaries, applicable to the 118th fiscal year ended March 31, 2020, in accordance with accounting principles generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management, Auditors and the Audit & Supervisory Board 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.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Auditors and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Auditors and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Auditors and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

*Conflicts of Interest*

We have no interest in the Corporation and its consolidated subsidiaries 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 15, 2020

Kazuyuki Inoue  
President and Representative Director  
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo Office

Yuji Suzuki  
Certified Public Accountant  
Designated and Engagement Partner

Masahito Nakagawa  
Certified Public Accountant  
Designated and Engagement Partner

*Audit Opinion*

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 (hereafter collectively referred to as the “non-consolidated financial statements, etc.”) of SHIMIZU CORPORATION (the “Corporation”) applicable to the 118th fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2020, in accordance with accounting principles generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management, Auditors and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. 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 non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Corporation's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Auditors and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Auditors and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Auditors and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### *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 118th business year (from April 1, 2019 to March 31, 2020), 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.

We will continue to supervise the Status of Implementation of Measures to Prevent Recurrence of Incidents Involving Violations of the Antimonopoly Act presented in business report.

(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 20, 2020

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]

**“Monozukuri” by Shimizu****ANA InterContinental Beppu Resort & Spa**

In August 2019, ANA InterContinental Beppu Resort & Spa was completed in Beppu City, Oita Prefecture, a hot spring city that boasts the largest number of hot spring sources in the world. This hotel, created with “hot spring and resort” as the theme, is the first five-star luxury hotel in Oita Prefecture. Shimizu Corporation undertook its design and construction, with the Investment and Development Division participating in the project. We made prominent use of locally produced materials, including Oita-produced Hita sugi cedar lumber and Beppu-produced Beppu stone, to showcase the unique quality of Beppu in all places.

**■Construction summary**

Location: Beppu-shi, Oita Prefecture

Client: AQUA HEAVEN Limited Liability Company\*

Design/Supervision: Shimizu Corporation

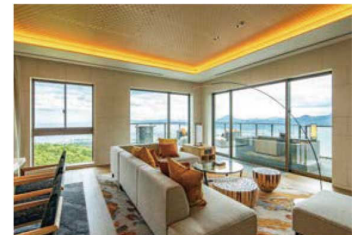
Construction period: January 2018 to June 2019

\* A limited liability company invested in by Tokyo Century Corporation and the Investment and Development Division of Shimizu Corporation



The hotel entrance was developed by refurbishing the existing building using local building materials including Oita-produced Hita sugi cedar lumber and Beppu-produced Beppu stone for effect.

Bird's-eye view of the hotel



Corner suites offering a panoramic view of Beppu Bay



Open-air hot spring bath on the first floor featuring huge Beppu stones and cedar louvered umbrellas

## From Our Client



Mr. Takahiro Okubo, Real Estate Finance Division I, Tokyo Century Corporation

This was our first hotel development project. We needed a development permit for soil cutting and filling, so we contracted with Shimizu Corporation, our experienced and close business partner, for design and construction. We are impressed by Shimizu Corporation's capability to proceed with the project in accordance with the strictly managed process. We appreciate that Shimizu Corporation smoothly undertook the project by properly coordinating opinions of both the design and construction sides that involve numerous related parties, such as hotel operators and designers.

We are looking forward to working with Shimizu Corporation again in new development projects.

## Turning Beppu from a renowned Japanese hot spring to a world-famous hot spring area

We made extensive use of locally produced natural materials as construction materials, and interiors and furniture and fixtures of the building are lavished with local traditional crafts, including bamboo works, and art works to showcase the unique quality of Beppu. All parties involved made a concerted effort to create unique scenery that only Beppu can offer by combining a world-class resort atmosphere and Japan's hot spring culture to meet the needs of elite travelers from around the world. Our team made the utmost effort in this project. We are proud that we made a contribution to help Japan's Beppu take a further leap forward and become Beppu of the world.



In charge of design  
Takayuki Ishitani

## My mission is to utilize the experience gained at this job site in other construction sites

We deeply contemplated how we can both meet the quality standards of Shimizu Corporation and achieve a design appropriate for a luxury hotel. By making the most of the advantages of undertaking both design and construction, we exchanged honest opinions with the architect. As a result, we were able to find a reasonable compromise.

We built a mockup room outside the building two and a half months after the construction started and determined the specifications for standard rooms, which make up a large part of the guest rooms, at an early stage. This really helped us to manage the project so that it progressed in accordance with the tight process schedule.

I believe my mission is to utilize the valuable experience gained at this job site in similar projects expected to arise in the future.



Construction Manager:  
Tadahiro Toshida

## Local people had high expectations for this project

I joined Shimizu Corporation in 2007. I was involved in the construction of the extended building on the sea side as the leader of a team of five. What we had the most trouble with was the open-air hot spring bath constructed outside the first floor of the building. We were required to construct it simultaneously with the framework of the building, with scaffolding placed outside the building, in order to get the construction work going in accordance with the process schedule. We used huge Beppu stones aged 30 to 40 years and built a prime open-air hot spring bath with local masonry workers.

I was able to keep the construction project going by pulling the team together with support from my superiors. We were feeling the expectations of local people in this project, so I had a great sense of achievement when the project, in which we had felt the expectations of the local people, was completed.



In charge of construction:  
Yoshiki Sasaki



## Topics

### Hachinohe City's Nagane Skating Rink

#### Received the Golden Trowel Award for accuracy of ice-making

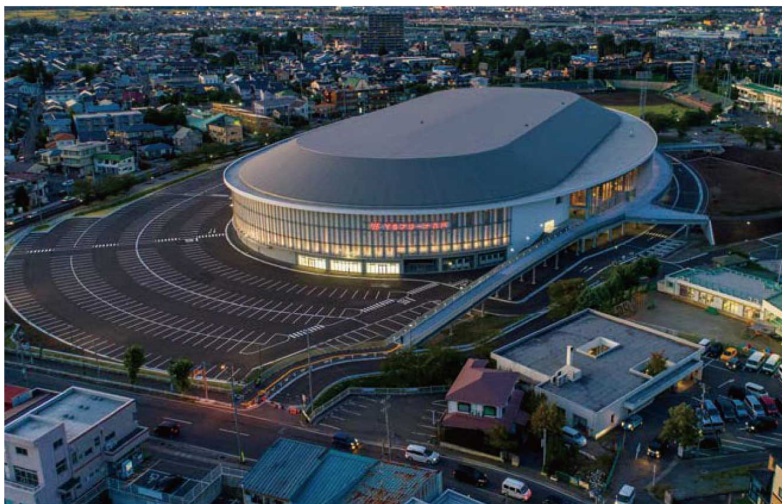
Hachinohe, Aomori is known as the “ice capital” because ice sports have become widely popular among its citizens. Nagane Park, where Nagane Skating Rink is located, had a large reservoir a long time ago that was used as a natural skating rink and it hosted the 1st All Japan Speed Skating Championship in 1929. The skating rink was developed as an outdoor ice rink in 1969 and has hosted the Winter Asian Games.

Nagane Skating Rink was built as the third indoor skating rink with a 400-meter track in Japan to replace the outdoor piping skating rink. Nagane Skating Rink provides an environment to host international competitions and is equipped with the latest facilities to reduce running costs, and can also be put to multipurpose use, such as holding an event for around 9,000 participants.

Since the surface of an ice rink for speed skating must be thin and even, strict ice-making accuracy is required for the ice surface. Shimizu Corporation constructed the skating rink by applying high-performance 3D scanner and projection mapping technology before anyone else in the industry to limit any variations in the concrete surface level to approx.  $\pm 2$  mm. We submitted an entry to an overseas contest competing in terms of the accuracy of the ice-skating floor last year and received the award by setting a world record.



Golden Trowel Trophy and commemorative plaque



Hachinohe City's Nagane Skating Rink



Skating rink with a double 400-meter track



Ice skating rink construction using projection mapping technology

## Shortening the construction process through i-Construction Completion of Yamba Dam

The Yamba Dam Main Construction Project (Naganohara-machi, Agatsuma-gun, Gunma Prefecture), which the Corporation had been conducting on order by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism since August 2014, was completed this spring. The project's aim was to construct a concrete gravity dam 116 m high, with a crest length of 290.8 m, and a dam volume of approx. 1 million m<sup>3</sup> and it was the Corporation's first dam construction with a levee height exceeding 100 m.

In this project, we aggressively utilized i-Construction<sup>\*1</sup>, which is an initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism. We worked to improve productivity by taking various measures, such as using 3D building models created by combining a 3D scanner and 3D images captured by drones. We also adopted the cruising RCD method<sup>\*2</sup> to increase the efficiency and speed of pouring concrete for the dam body, and made active use of precast concrete<sup>\*3</sup> designed to shorten the construction process and reduce the person-hours involved, while ensuring quality. As a result, we succeeded in reducing the construction process, and it proved important when Typhoon No. 19 of 2019 (Typhoon Hagibis) struck Japan, causing major damage to various parts of the country.

- \*1 i-Construction: Initiative for improving productivity by using ICT, etc. in all processes ranging from research and survey to design, construction, and maintenance and management
- \*2 Cruising RCD (Roller Compacted Dam-Concrete) method: A method for constructing concrete gravity dams in which inner RCD concrete placement and compaction with a vibration roller are implemented prior to outer concrete placement for more efficient and faster concrete placement
- \*3 Precast: Construction method of assembling concrete parts, produced beforehand in a factory, at construction sites



Yamba Dam was completed at the end of March 2020 and started operations



A video clip introducing the Yamba Dam Main Construction Project is available on our corporate website.

[https://www.shimz.co.jp/company/about/pr/ad\\_yamba.html](https://www.shimz.co.jp/company/about/pr/ad_yamba.html)



Aiming to achieve the top share in orders received for offshore windfarm construction

### **Constructing the world's largest, highly efficient self-propelled self-elevating platform (SEP) vessel**

Shimizu Corporation invested about 50 billion yen in the construction of a highly efficient self-propelled SEP<sup>\*1</sup> vessel equipped with the world's largest transporting and crane capacity capable of installing large-scale wind turbines of the 12 MW class, with completion targeted for October 2022.

Offshore windfarms have great potential compared to other renewable energy generation facilities, due to their scale and stability of power generation capability. The construction work market for offshore windfarms in Japan is estimated to grow to more than 5 trillion yen in the future. However, there have previously been no SEP vessels in Japan capable of installing wind turbines with a large capacity. There are large SEP ships in Europe, but it is not easy to charter one due to high local demand. Shimizu therefore decided to build its own SEP vessel to responsibly obtain orders for constructing offshore windfarms.

The SEP vessel to be constructed will have an overall width of 50 m, a length of 142 m, and a gross tonnage of 28,000 t. It will be equipped with a crane with a maximum lifting capacity of 2,500 t and a maximum lifting height of 158 m, which will make it world class in terms of operating performance. The design will also enable the vessel to adapt to nautical conditions in Japanese coastal waters and achieve an operational efficiency that is 50% higher than existing SEP vessels.

Projects for constructing large-scale wind turbines are expected to start from 2023. By owning an SEP vessel that is capable of building large-scale turbines reliably and efficiently, we will bring in EPC<sup>\*2</sup> orders for the construction of offshore windfarms with an eye to further expanding the engineering business.

\*1 Self-Elevating Platform (SEP) vessel: A vessel capable of installing wind turbines, ensuring wave-resistant stable operations

\*2 EPC: Construction contracting agreement for the project, including engineering (E), procurement (P) and construction (C)



Exterior appearance of self-propelled SEP vessel to be constructed (installing wind turbine blades)



Business Topic

Aspiration for new energy technology

Starting the construction of the world's largest self-propelled SEP vessel

<https://www.shimz.co.jp/topics/engineering/item01/>



Expanding the business domains and areas to achieve new growth

**Proactively promoting the real estate development business in Japan and overseas**

**Completed construction of YOKOHAMA GRANGATE, a next-generation workplace**

Shimizu Corporation completed the construction of YOKOHAMA GRANGATE, a rental office building, in the MM21 area of the city of Yokohama, in February 2020. The total investment for this project was approx. 55.0 billion yen, the largest project undertaken solely by Shimizu Corporation. With “creation of a next-generation workplace that facilitates creative corporate activities” as the theme, YOKOHAMA GRANGATE was developed by pursuing a high level of flexibility. The aim was to meet the diversified needs of tenants by, for example, providing flexible floors that can accommodate test kitchens or research and development facilities. In addition, the building has high-grade specifications, providing high environmental performance and BCP functions, such as radiation panel air-conditioning systems that ensure both energy saving and comfortable indoor conditions and a Dual Fit Damper that provides seismic isolation to counteract long-period and long-duration shaking motion from earthquakes.

The building will be awarded environmental certifications, such as the LEED Gold Certification and CASBEE Yokohama S-Rank, as well as WELL Certification for buildings and indoor environments with the focus on the health and comfort of users. This is the first rental building in Japan to receive these certifications.



YOKOHAMA GRANGATE created in the MM21 area of Yokohama



Business topics

Construction completed for YOKOHAMA GRANGATE, a next-generation workplace that can accommodate flexible functions such as R&D facilities

<https://www.shimz.co.jp/topics/stock/item07/>



Acquisition of a rental office building in New York, U.S.A.

Shimizu Corporation acquired sole ownership of the Albano Building (16 floors above ground and a floor space of approx. 17,300 square meters), a rental office building located in Manhattan, New York, U.S.A., in November 2019 as part of its overseas real estate business development. The investment amount was approximately 16.5 billion yen.

The Corporation plans to increase investments in North America, in addition to Southeast Asia, aiming for a diversifying revenue base in the real estate development business.



Albano Building, a rental office building acquired in New York, U.S.A.

## 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.”