



SHIMIZU CORPORATE REPORT 2018



Aiming to Become a Smart Solutions Company

Our objective is to grow constantly with society, as a leader in creating environments in which people can live in comfort and security.

At the Shimizu Group, we are relentlessly pursuing the development of sustainable structures and a sustainable society while maintaining our focus on the construction business.

Our goal is to serve as a “Smart Solutions Company*” that reliably produces value surpassing customer expectations.

*** Smart Solutions Company:**

A company that, rather than focusing solely on construction contracting, provides customers with maximum added value and solutions at every level, including proactive business participation, management, and investment in promising businesses and areas surrounding the core construction business

Editorial Policy

The Shimizu Corporate Report addresses various topics, including a company history stretching back more than 210 years to its founding in 1804, fundamental management principles, policies and plans, and our current business status. This report is intended to help various stakeholders better understand the Shimizu Corporation of today.

Organizations covered

- Head office and overseas and domestic branch offices of Shimizu Corporation and Shimizu Group companies
- CSR performance figures apply only to the head office and domestic branch offices of Shimizu Corporation

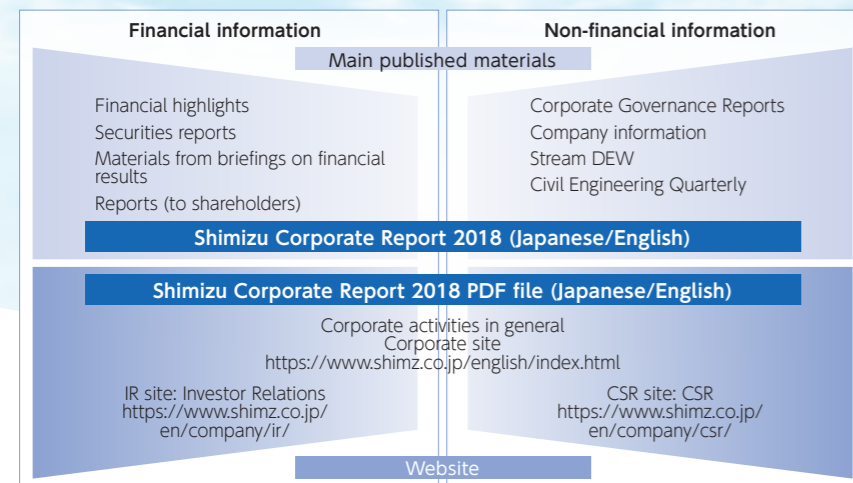
Period covered

Primarily covers fiscal 2017 (April 2017 through March 2018); also includes certain activities before and after this period

Guidelines referred to

- Environmental Reporting Guidelines 2012 (Ministry of the Environment, Japan)
- Sustainability Reporting Guidelines, Standard (Global Reporting Initiative)

Information structure



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We signed and began participating in the UN Global Compact in March 2013.



In September 2015, the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals were unanimously adopted at United Nations Headquarters in New York. Shimizu will contribute to achieving SDGs through our business activities.



Management Principles

Faithful *Monozukuri* and a Spirit of Innovation

Shimizu was founded in 1804. Kisuke Shimizu I, who was born in Etchu Toyama, began the company by opening a carpentry shop in Kanda Kajicho, Edo (present day Tokyo). Shimizu's aim since founding had been to devote wholehearted attention to work and created reliable quality products. In the more than 210 years that have passed since then, we have incessantly pursued new knowledge and technologies to meet the needs of our customers and society.

Kisuke Shimizu I (the first) and Kisuke Shimizu II (the second), Who Built the Foundation of Shimizu Corporation

Kisuke Shimizu I increased the number of customers with his outstanding skills and business acumen, and built the foundation for the business by undertaking the construction of the west wing of Edo Castle in 1838, among other projects. Kisuke Shimizu II built the Tsukiji Hotel, Japan's first fully Western-style hotel for foreigners at the end of the Edo period (completed in 1868) at his own expense, and managed the hotel after it was completed. He also built the foundation of Shimizu by designing and building the Dai-Ichi National Bank (the former Mitsui-Gumi House) and the Mitsui Exchange Bank, which are representative of the early Meiji period, as well as other projects that demonstrated his innovative spirit, high technical skills, and built trust.



Kisuke Shimizu I

Kisuke Shimizu II

Zuishin Gate of Takada Hachiman Shrine
built by Kisuke Shimizu I

Tsukiji Hotel, Japan's first fully Western-style hotel

The Analects and the Abacus: Carrying on the Spirit

Eiichi Shibusawa, who is called the father of capitalism in Japan, was a great facilitator in the establishment of numerous private companies and businesses that contributed to society from the Meiji period onward. He is known for his immense contributions to the modernization of Japan.

Eiichi Shibusawa
(photo from the Shibusawa
Memorial Museum collection)

Shimizu was also one of the companies that received great benefit from Shibusawa's contributions. The connection began with the construction of the Dai-Ichi National Bank in 1872. The high praise of Kisuke Shimizu II, who built Japan's first bank using the latest quasi-Western styles architectural techniques, by Eiichi Shibusawa, who was the Superintendent of the bank, was the beginning of a strong relationship. After the sudden death of Mannosuke, the third generation of Shimizu management in 1887, the Shimizu shop at the time welcomed Eiichi Shibusawa as an advisor, based on the last wishes of Mannosuke that they obtain the advice of the esteemed Eiichi Shibusawa on all matters.

The Analects and the Abacus contains the teachings of Eiichi Shibusawa from this era.

The Analects and the Abacus speaks about the compatibility of ethics and economics. It conveys the concept that a business can prosper by contributing to society through ethical corporate activities.

Shimizu has always relied on these teachings as the basis of management over the course of our long history since that time.



The Dai-Ichi National Bank (former Mitsui-Gumi House)

We will continue to pass on the faithful craftsmanship and spirit of innovation built by Kisuke Shimizu I and II through The Analects and the Abacus, which contains the teachings of Eiichi Shibusawa. These are important principles that must remain constant, even in times of great change.

Forging a Path to a New Era through a Spirit of Innovation

1804 – 1945

Founding to the end of World War II

Kisuke Shimizu I and Kisuke Shimizu II built the foundation of Shimizu

1804

Kisuke Shimizu I founded the company in Kanda Kajicho, Edo (present day Tokyo)

1838

Kisuke Shimizu I helped to build the west wing of Edo Castle

1868

Kisuke Shimizu II completed the Tsukiji Hotel, Japan's first fully Western-style hotel



Tokyo Mokkoujou Arts & Crafts Furnishings established to pass on woodworking techniques handed down from the craftsmen of old

1884

Shimizu opened its own woodworking factory (present day Tokyo Mokkoujou Arts & Crafts Furnishings) in Kiba, Koto-ku, Tokyo, the only such factory owned by a major construction company



Construction industry's first design department opened

1886

The drafting department, which was the predecessor of the Design Division, was established to develop designers skilled in Western architecture



Shimizu hired Eiichi Shibusawa as an advisor and put The Analects and the Abacus into practice as the basis of management

1887

The teachings of the entrepreneur Eiichi Shibusawa in the Analects and the Abacus is designated as the basis for management policy and the business is managed in accordance with its tenet that ethics and economics are compatible

Company headquarters relocated to Kyobashi, the current location

1903

New headquarters built in Minamisayacho, Kyobashi-ku, Tokyo

Built Japan's first full steel frame building

1910

Completed the headquarter building for Nihonbashi Maruzen Head Office, Japan's first full steel frame building, in Nihonbashi



Began full-scale entrance into civil engineering

1936

Shimizu built its first full dam, and completed the Yasuoka power plant for Yahagi Hydroelectric

Established the construction industry's first R&D organization

1944

Established the research department in the design division, which was the predecessor to the Institute of Technology, as the first in the industry



1946 – 2000

From post-war recovery to establishing a firm position in the general construction industry

Management reform and initial public offering —modernization of management

1948

Company name changed from Shimizu Gumi to Shimizu Corporation

1962

Listed on the first section of the Tokyo Stock Exchange

Took on the challenge of a never attempted suspension roof construction — Yoyogi National Stadium

1964

Built a sports arena for the Games of the XVIII Olympiad in Tokyo used a suspension roof structure unprecedented in the world at that time to create the complex curve of the roof exterior



Built Japan's first in-ground LNG storage tank as a leader in the new era of energy

1970

Completed Japan's first in-ground LNG storage tank (capacity of 10,000 kl) on the Negishi LNG Terminal, Tokyo Gas Co., Ltd.



Established a new real estate headquarters and entered the developer business

1971

Established a new real estate headquarters and entered the developer business with the Shinmatsudo New Town Project

Pursuing full-scale globalization

1974

Opened a sales office in Singapore

Supported traditional Japanese architecture with the latest technology at the time — Major Showa-era renovation of the Daibutsuden (Great Buddha Hall) at Todaiji Temple

1980

Replaced the approximately 130,000 tiles on the massive roof, which covers an area of 7,900 m², over the course of six years, beginning in 1974



Renovated the National Museum of Western Art with Japan's first seismic retrofitting

1998

The main building of the museum, which was designed by Le Corbusier and built by Shimizu in 1959, was renovated with seismic retrofitting



Shimizu's Record



1868 Tsukiji Hotel



1905 Japan Women's University Auditorium and Library (now the Naruse Commemorative Hall) and Education Department buildings



1918 Osaka Central Public Hall



1925 Tokyo Imperial University Auditorium (Yasuda Auditorium)



1933 Isetan Main Store in Shinjuku



1872 The Dai-ichi National Bank (the former Mitsui-Gumi House)



1917 Yokohama Port Opening Memorial Hall



1920 The Industry Club of Japan Building



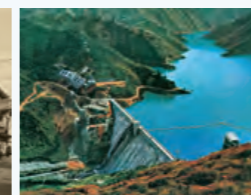
1932 The Hattori Building (now Ginza Wako)



1936 Yasuoka Power Station, now owned by the Chubu Electric Power Co., Inc.



1950 Restoration of Kabuki-za Theater



1959 Kuromata River No.1 Dam



1971 Makomanai Ice Arena



1992 Pirika Dam



1995 DN Tower 21 (Dai-ichi · Nochu Building)



1954 Memorial Cathedral for World Peace



1967 Preservation of Hiroshima Atomic Bomb Dome



1980 Showa-era repair of the Great Buddha Hall of Todaiji Temple



1993 Ngee Ann City



1995 Tokyo Wan Aqua-Line Expressway (Umihotaru)

2001 Onward

Toward the future of the construction industry

Using shimizu's technological strengths in initiatives targeting environmental problems

2002

Developed the world's first concrete materials recycling system, built a soil washing plant for practical use at a Kawasaki site, and began operations

Efforts to strengthen *monozukuri* aimed at the 200th anniversary of the company's founding

2003

200th anniversary of the company's founding

Completed the new main building of the Institute of Technology

2008

Announced the corporate slogan of "Today's Work, Tomorrow's Heritage"

First lecture presented in the Shimizu Open Academy public lecture course



Aiming for a society in which people can live comfortably and securely

2011

Performed damage survey and mounted recovery activities for the Great East Japan Earthquake

2012

The headquarter building in Kyobashi, Chuo-ku, Tokyo was completed, an ecoBCP Promotion Department was established to present proposals for facilities that could save energy (eco) during routine operation and respond flexibly to BCP during an emergency



Aiming to contribute to society through business and by increasing the value to stakeholders

2013

The first company in the construction industry to sign the Global Compact

Completed first Zero Energy Building (ZEB) in Japan

2013

Built Japan's first Zero Energy Building (ZEB) and completed Seicho-no-le's Office in the Forest

Communicating the spirit and techniques of craftsmanship to the next generation

2017

Monozukuri Training Center opened as a venue for systematically learning the basics of *monozukuri* (craftsmanship)

Changing the way work is done at construction sites in the future

2017

Developed Shimz Smart Site, an AI-based next-generation production system

Aiming for business opportunities that create new value; strengthening new businesses

2017

LCV Headquarters established with the goal of linking the three businesses of BSP, infrastructure management, and energy management and creating new value in facilities and infrastructure

2018

New Emerging Frontiers Division established to pursue market research and technological development in the ocean, space, and other frontiers with the aim of early commercialization



Shimizu Group's Business

The Shimizu Group consists of the Company, 65 subsidiaries, and 14 affiliates. It is developing a variety of businesses, including construction, investment development and engineering, both in Japan and overseas.



Message from the President

With the construction business as its core business, the Shimizu Group continues to provide value that exceeds customer expectations through a dedication to craftsmanship and a ceaseless spirit of innovation. We are also taking on the challenge of creating new value and finding solutions to global social problems, and are working to achieve sustainable growth and improve corporate value.



Kazuyuki Inoue
President and Representative Director

Restoring Trust

On March 23, 2018, Shimizu Corporation was indicted for alleged violations of the Antimonopoly Act relating to a bid on a Chuo Shinkansen construction project ordered by the Central Japan Railway Company. We are deeply regretful that such an incident has occurred and offer our sincere apologies.

The company intends to implement measures to ensure even stricter compliance and stronger governance. We will enlist the entire company in working to restore trust in Shimizu Corporation and ask for the steady support of all of our stakeholders in the future as well.

The Value that Shimizu Provides to Communities

The needs of communities and customers are becoming more diverse and sophisticated as people's sense of values and lifestyles change with the rapid advancement of technology. Japan is also facing a declining population and an aging society with fewer children being born, aging infrastructure, and the frequent occurrence of natural disasters. The many problems facing the construction industry globally, such as global warming, abnormal weather events, and increased energy demand, are also growing more severe. Expectations of companies and the roles they are expected to play in achieving the SDGs (Sustainable Development Goals) set forth by the United Nations in 2015 are also increasing.

The Shimizu Group aims to be a company that is valued by society and continues to be chosen by customers. We will achieve this through the dedicated pursuit of sustainability of communities and buildings and structures, continuing to provide value that exceeds the expectations of our customers, and by creating the communities described below and contributing to the achievement of SDGs as a "Smart Solutions Company."

1 Contributing to the Realization of Safe and Secure Communities

We will continue to place importance on the philosophies of faithful craftsmanship and being market-oriented, which make up the DNA of the Shimizu Group. We will dedicate ourselves to safety and quality assurance, and will provide security to communities and customers.

Natural disasters have been more frequent and more intense in recent years. The social roles that the construction industry plays in maintenance, management, and extending the life of infrastructure, and in rapid recovery and restoration, have grown increasingly larger amid concerns over the possibility of a major earthquake, either directly beneath the Greater Tokyo Metropolitan Area, or in the Nankai Trough or other critical locations. The Shimizu Group assists companies with the formulation of BCP (business continuity plans) to prepare for major disasters, works to develop disaster prevention and mitigation technologies, and provides safe and secure buildings and services to communities.

2 Contributing to the Realization of Comfortable, Smart Communities

We strive to create communities where people can live and work with passion by creating spaces that are highly comfortable and convenient for the people who use them, and that take their well-being into consideration. We also contribute to the creation of communities that are convenient for all types of people by providing universal designs and renovation and services to create barrier-free environments as we work to enhance sustainable value over a building's life cycle.

Shimizu is actively pursuing the optimal use of ICT (Information Communication Technology), and automation and industrialization of group production processes. We are also taking on the challenge of developing a vision for the future of the construction industry and are creating smart production systems that utilize AI, robots, and other advanced technologies to improve the comfort and productivity of construction sites and achieve innovation in the business as a whole.

3 Contributing to the Realization of Environmentally Friendly, Sustainable Communities

We recognize the long-range impact that the construction industry has on the surrounding environment, from construction to operation and demolition. The Shimizu Group puts the environment at the center of all of its business activities. We work to reduce CO₂ emissions, achieve energy savings, and conserve resources over the entire lifecycle of buildings, and take other steps in business activities to reduce the burden on the environment. We also promote initiatives in ecosystem preservation and biodiversity.

We are also taking on the challenge of building and encouraging the spread of ZEB (Zero Energy Buildings) to make a society with low or no carbon emissions a reality. We are focusing on the renewable energy management business, projects that achieve harmonious existence with nature, and other businesses to contribute to the creation of environmentally friendly, sustainable communities.

* Well-being: The state of being comfortable, healthy or happy

Smart Vision 2010, Long-term Vision

In June 2010, Shimizu formulated Smart Vision 2010 to indicate the direction the company should aim for over the next 10 years.

Shimizu wants to be the type of company that continues to grow along with the society as a front-runner in creating environments where people can live comfortably and securely. To achieve that vision, we are aiming to be a Smart Solutions Company that focuses intently on the sustainability of buildings and communities in our core construction business and continues to provide value that exceeds the expectations of our customers.

Basic Policies – Sustained growth, further evolution –

Business Enhancement Policies

1. Improve competitiveness in the construction industry through innovation to overcome a contracting domestic market and expand market share to achieve sustainable growth.



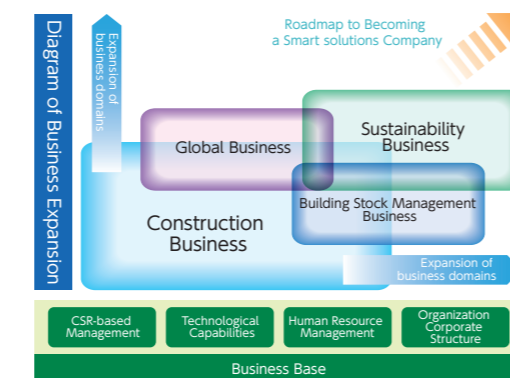
2. Establish business bases in three key areas to build the cornerstones for future revenues.



3. Boost the power of group company management through synergies generated by focusing on the "environment" in all areas of business.

Base Enhancement Policies

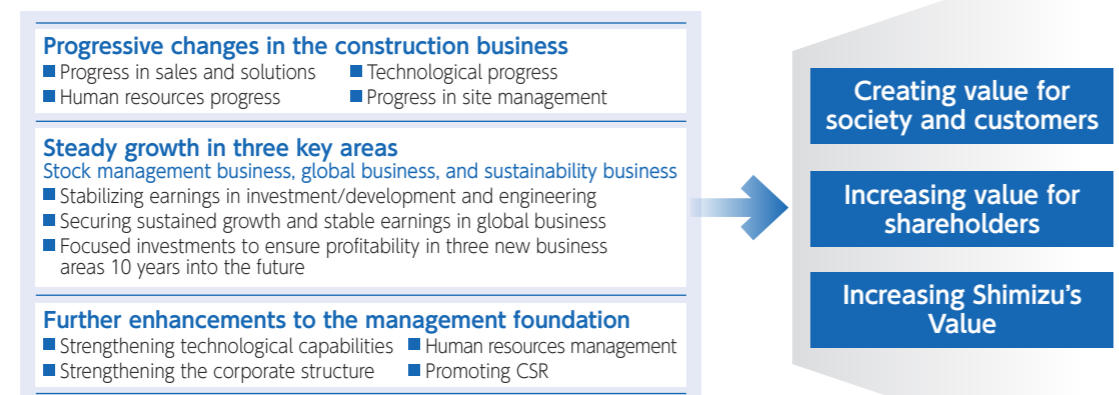
1. Build a management structure that minimizes the impact of economic cycles, and enables flexible response to environment changes sustainable growth.
2. Establish management systems that are designed to handle global expansion, building stock management, and other aspects of business diversification.



Midterm Management Plan 2014

In July 2014, Shimizu formulated Midterm Management Plan 2014 (2014–2018), a five-year plan based on the long-term vision. The three basic policies of this plan are to advance the construction business; steadily develop the three key businesses of the global business, building stock management business, and sustainability business; and further strengthen the management foundations, while maintaining a steady response to the current robust demand for construction and also keeping an eye on long-term trends in the construction market.

Basic Policies of Midterm Management Plan 2014



Progress Report on Midterm Management Plan 2014

In 2016, two years after Midterm Management Plan 2014 was started, the numerical targets were revised due to changing market environment and strong performance. Despite concern over international political uncertainty and geopolitical risk, the Japanese economy is gradually rebounding and investment in construction is brisk, particularly in the Greater Tokyo Metropolitan Area. Forecasts for fiscal year 2018, the final year of the plan, are 1.79 trillion yen in net sales (+17.8% YoY) and 126.0 billion yen in ordinary income (+1.5% YoY).

To advance the construction business, we were able to improve the profit margin earned on robust construction market. However, as society ages, fewer children are born, and the productive population of Japan declines, the construction industry will also face serious problems in securing and training workers, improving productivity, and reforming workstyles. To improve productivity, we will continue to use BIM (Building Information Modeling), develop new construction methods, machinery, and robots that will require fewer workers, and utilize ICT and AI in the future as well. To secure and develop workers, we will promote a five-day work week, and improve other benefits for skilled workers to make the construction industry more attractive.

To achieve steady growth in the three key business areas, we strengthened the system for obtaining global orders, by targeting not only Japanese companies and ODA (Official Development Assistance), but also from local and multinational clients, and were able to secure stable revenues. We have also strengthened internal and external alliances and are working to expand business volume. In the building stock management business, we leveraged strengths as a group, primarily in the investment development business, and achieved stable results. In the future, we will continue to increase our portfolio of attractive building stock, and will also put effort into the BSP (Building Service Provider) business. In the sustainability business, we established the LCV Headquarters in October 2017. We are also pursuing and expanding business in energy services, and are entering new areas such as the renewable energy business, and the carbon emission elimination business.

To further strengthen the management foundations, we took steps for a stronger corporate system. This included fortifying our technology base in order to maintaining Shimizu's reputation as technical leader, and implementing effective HR management, including our supply chain.

We also actively worked together with local communities as a good partner, and were able to contribute to these communities. We will continue to promote compliance management and high ethical values among all officers and employees in the future.

"Midterm Management Plan 2014" Performance Goals

Performance Indicators	FY 2017 (Results)	FY 2018 (Targets)	FY 2018 (Forecasts)
Net Sales (Consolidated)	¥1,519.4 billion	¥1,630.0 billion	¥1,790.0 billion
Construction contracts	¥1,354.5 billion	¥1,490.0 billion	¥1,620.0 billion
Real estate development and other	¥164.8 billion	¥140.0 billion	¥170.0 billion
Gross Profit (Consolidated)	¥203.4 billion	¥175.0 billion	¥208.0 billion
Construction contracts	¥181.9 billion	¥156.0 billion	¥189.0 billion
Real estate development and other	¥21.4 billion	¥19.0 billion	¥19.0 billion
Ordinary Income (Consolidated)	¥124.1 billion	¥102.0 billion	¥126.0 billion

Financial Policy

Shimizu will invest in research and development to improve productivity at construction sites through robot development, ICT, and other technologies, in order to achieve even higher profitability in the construction industry and to prepare for the large decline in skilled workers in the future. We will also invest in the real estate development business, the power generation and electricity retail business, the infrastructure management business, and others, whereby will build a diverse revenue bases in these new areas. We will also continue to increase equity capital to prepare for the risks in new areas of business, and will maintain an appropriate level of interest-bearing debt to secure and maintain stable means of financing.

In terms of shareholder return, we consider that strengthening the company's financial bases to provide the foundation for long-term growth and paying stable dividends are important management issues. Our basic policy on the allocation of profits is to pay out dividends that are supported by stable business performance. We plan to pay annual dividends of 26 yen per share (a dividend payout ratio of 22.4%) in fiscal 2018.

ESG Initiatives

The business environment has recently been changing at a dizzying pace, and this has also provided various risks and opportunities. I believe that we need to manage in a way that takes the environment (E), social (S), and governance (G) elements into consideration for Shimizu to achieve sustainable growth amid such conditions. We are working on ESG initiatives and on enhancing corporate value from the following four perspectives in the rolling three-year management plan (FY 2018–FY 2020), which is based on Midterm Management Plan 2014.

1. Pursue both offensive and defensive environmental management through more initiatives aimed at reducing CO₂ and preserving biodiversity. (E)
2. Steadfastly promote diversity management (more advancement of women, employment and advancement of people with disabilities, etc.) (S)
3. Pursue CSR activities that are linked to business activities, and participate in activities that contribute to society, volunteer activities, etc. (S)
4. Promote effective corporate governance and management in a highly reliable, transparent manner (G)

Achieving Sustainable Development Goals (SDGs)

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

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



Of the 17 SDGs, Goal 9 (Industry, innovation and infrastructure), and Goal 11 (Sustainable cities and communities), include actions that should be actively pursued by the construction industry. Shimizu is working on Goal 7 (Affordable and clean energy), and other goals as part of our business. In managing the company, it is also important to pay attention to Goal 8 (Decent work and economic growth), Goal 12 (Responsible production and consumption), Goal 13 (Climate action), Goal 14 (Life below water), and Goal 15 (Life on land).

I think it is important for Shimizu employees to understand the SDGs. I personally conduct activities to educate employees on them, and work to make sure that each employee is able to think about SDGs from his or her own perspective. A department dedicated to SDGs and ESG was also established in April 2018.

I do not regard the SDGs and ESG as just social demands; we are adopting them as our basic stance on management and business activities in the future. We are currently in the process of formulating the next long-term vision and revising the Midterm Management Plan. These will naturally incorporate “new value” that takes those elements into consideration.

Since Shimizu was founded in 1804, we have placed importance on the high aspirations and attitude towards business of the founder, Kisuke Shimizu I, and his successor, Kisuke Shimizu II, of performing faithful craftsmanship, being market-oriented, and maintaining a spirit of innovation. In developing the company's business, we have also focused on the basic principles of management in The Analects and the Abacus, which contains the teachings of the venerable businessman, Eiichi Shibusawa, who represented Japan in the Meiji and Taisho eras (1868–1926). I believe that we have been successful precisely because we have met the expectations and earned the trust of all stakeholders in each era. I will personally stand at the helm and enlist the coordinated efforts of all employees in making sure that Shimizu will also be able to continue providing value that exceeds the expectations of our customers in the future.

Kazuyuki Inoue
President and Representative Director
Shimizu Corporation

Special Feature Building Value for Society

Achieving Safety and Security Through the Construction Industry

The recent frequency of earthquakes, typhoons, volcanic eruptions, and other natural disasters is placing increasing importance on the social role of the construction industry. This role includes building and maintaining infrastructure, rapid response on recovery, and restoration projects. Through these, Shimizu provides the safety and security to protect the lives of our customers and their businesses.

There are also concerns about the future potential for a major earthquake, either directly beneath the Greater Tokyo Metropolitan Area or in the Nankai and Sagami troughs. Moreover, the impact of global warming has exposed the potential risk for disasters other than earthquakes, such as massive typhoons or torrential rains.

Shimizu is contributing to the achievement of Sustainable Development Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities) by developing technology to mitigate the damage from such disasters from many perspectives. Forecasting and diagnostic technologies, disaster prevention and mitigation technologies, and technologies that enable rapid recovery and restoration of normal daily life after a disaster are among the technologies we contribute.

Shimizu will continue to contribute to the realization of safe and secure communities in the future as well.



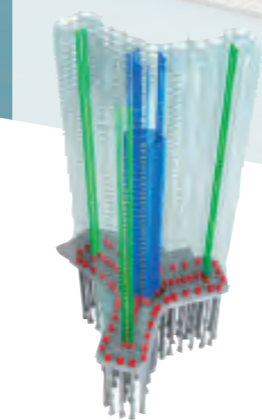
Areas of Shimizu Technologies That Provide Safety and Security

Steps Taken by Shimizu	Examples of Technology
Protecting buildings from shaking during an earthquake (Seismic isolation, vibration control, seismic control, and seismic retrofitting)	Dynamic Screw Swing Saver
Protecting the building interiors from shaking during an earthquake (Seismic isolation of non-structural components, partial seismic isolation)	SD Clipless Ceiling ANSHIN Slider
Protecting projects from liquefaction (Liquefaction countermeasures)	Gravel support method
Protecting lives from fire (Improved fire resistance, evacuation safety measures)	Slim Fire-Resistant Wood An evacuation safety system for high-rise hospital buildings
Protecting lives from tsunami (Reducing human casualties)	Arch shelters Frame shelters
Accurate knowledge of threats (Identifying disaster risk)	Anshin Monitoring SP Shimizu's comprehensive disaster prevention diagnostic system



Two tower condominiums in the Tokyo Wonderful Project completed in 2016, in Shin-toyosu

We used the first patented seismic isolation and vibration control system in Japan in both towers, and also built them to improve the livability of the condominium units. We provide residents with safe, secure, and comfortable living accommodations by manifesting Shimizu's integrative strengths through our advanced R&D capabilities and concepts.

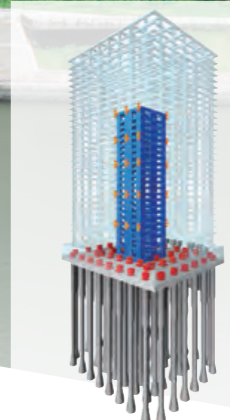


- Seismic Isolation System
- Seismic Control System
- Core Wall
- Wall Structure

Using the Shimizu three-pointed star-shaped, hybrid seismic isolation and vibration control system to increase the space between columns in the 44-story SKYZ Tower enabled us to create a plan that reduced the restrictions imposed by columns on the open side of balconies and created wide openings for dwellings.



From the sky
Left: SKYZ TOWER & GARDEN center: Toyosu Megumi Kindergarten
Right: BAYZ TOWER & GARDEN



- Earthquake-resistant core structure
- Response control devices (U-shaped steel damper)
- Seismic isolation devices

In the 31-story BAYZ Tower, we built brightly-lit dwelling units using window sashes that reached to the ceiling on all floors. We achieved this through the use of the Swing Saver hybrid seismic isolation and vibration control system that enabled use of large beams of 600 mm in height or less on the outer perimeter of the building. This system uses vibration dampers every few floors and connect the seismic isolation structure in the dwelling parts to the earthquake-resistant structure for the core.

Special Feature Building Value for Society

Creating Communities Where People Can Live Smartly

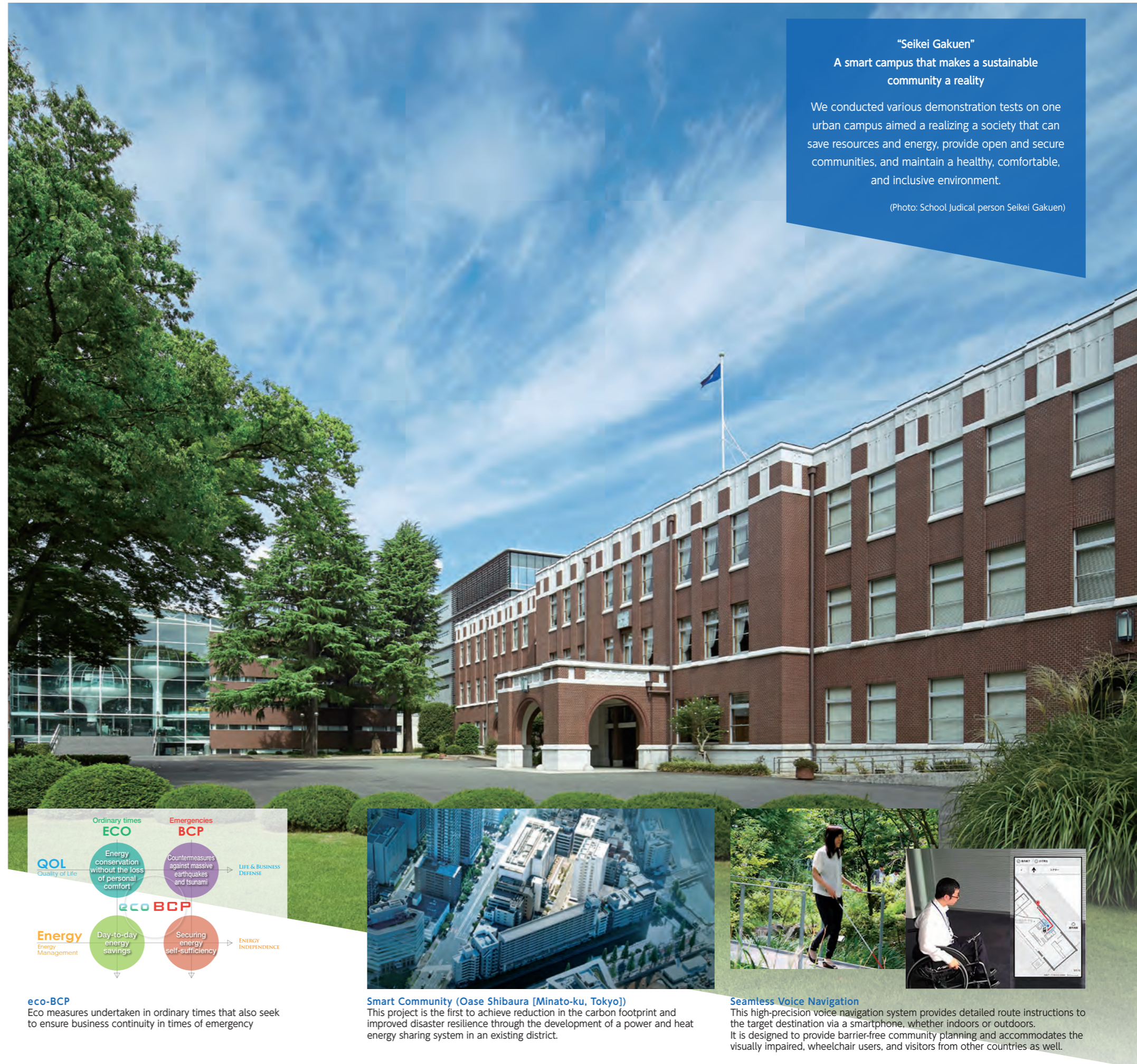
Shimizu creates smart and sustainable communities where people can live well and comfortably, and that can keep them safe and enable them to carry on with their lives and business activities in the event of an emergency.

Shimizu has extensive experience in creating resilient communities where people can live comfortably based on Shimizu's own ecoBCP measures. Shimizu also extends the lifespan of infrastructure, renovates buildings to create new value, and building sustainable and buildings and communities that provide for the well-being of occupants, through long-term views and the perspectives to cover a broader range of factors.

Shimizu is aiming to achieve Sustainable Development Goals (SDGs) 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action) and is contributing to the provision of the smart and sustainable future.



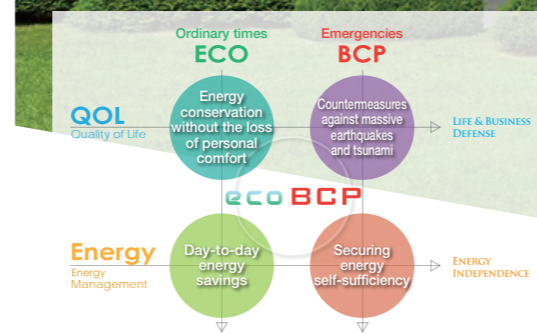
Examples of ecoBCP	
Ultra-eco-friendly disaster shelters (eco BCP)	Shimizu head office building
Area-wide functional continuity and heat and electricity supply	Kyobashi Smart Community
Net Zero Energy Building (ZEB)	Seicho-No-Ie's office in the woods
Smart grids	Joint verification of smart grids by Japan and the U.S. (NEDO)
Continuity of healthcare functions	Gardenier Kinuta West
Smart eco campus	Chubu University Kasugai campus
Smart eco hospital	Tokyo Metropolitan Tama Medical Center and Children's Medical Center



"Seikei Gakuen"
A smart campus that makes a sustainable community a reality

We conducted various demonstration tests on one urban campus aimed at realizing a society that can save resources and energy, provide open and secure communities, and maintain a healthy, comfortable, and inclusive environment.

(Photo: School Judicial person Seikei Gakuen)



eco-BCP
Eco measures undertaken in ordinary times that also seek to ensure business continuity in times of emergency



Smart Community (Oase Shibaura [Minato-ku, Tokyo])
This project is the first to achieve reduction in the carbon footprint and improved disaster resilience through the development of a power and heat energy sharing system in an existing district.



Seamless Voice Navigation
This high-precision voice navigation system provides detailed route instructions to the target destination via a smartphone, whether indoors or outdoors. It is designed to provide barrier-free community planning and accommodates the visually impaired, wheelchair users, and visitors from other countries as well.

Special Feature Building Value for Society

Contributing to the Realization of Sustainable Global Communities

Shimizu creates sustainable energy through its EPC (Engineering, Procurement and Construction) business and management of renewable energy facilities.

Solar, wind power, biomass, geothermal, small to medium-sized hydro-electric power, and other types of renewable energy are promising and diverse types of energy that do not use fossil fuel resources which are being depleted, and can prevent global warming while also ensuring energy security. The introduction of renewable energy also contributes to the achievement of the goals of the Paris Accord, which was effected in 2016.

Shimizu is aiming to achieve Sustainable Development Goals (SDGs) 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), and 13 (Climate Action) and is contributing to the realization of environmentally friendly, sustainable communities by developing technology, accumulating expertise through demonstration projects, and working to develop mega solar and other businesses.



Examples of Shimizu's Initiatives in Renewable Energy

Solar Power	Eurus Rokkasho Solar Park
	Ako Solar Power Plant*
	Kitakami (Kamui) Solar Power Plant*
	Nagano Shinkomachi Solar Power Plant*
	Nagano Shinkomachi Solar Power Plant No. 2*
Onshore Wind Power	Miyagi Tome Solar Power Plant*
	Ohorayama Wind Farm
	Katagami Wind Farm
Offshore Wind Power	Minami Ehime Wind Farm
	Eurus Soya misaki Wind Farm
Biomass	Fukushima Floating Offshore Wind Farm Demonstration Project
	Kawabamura Green Value Project*
	Shinshu Wood Power Project*

* Shimizu has opened business



"Ohorayama Wind Farm"
Japan's largest wind farm in a mountainous region

We utilized Shimizu's engineering expertise to build Japan's largest wind farm in a mountainous region in the town of Otsuki, on the western end of Kochi Prefecture. To construct the 33 MW wind farm, we built a 7.5 km road, transported the 50.2-meter-long blades and other wind turbine components, and installed 16 km of buried power transmission lines.



Fukushima Floating Offshore Wind Farm Demonstration Project
(Photo: Fukushima Offshore Wind Consortium)
This Fukushima Floating Offshore Wind Farm Demonstration Project (sponsored by the Ministry of Economy, Trade and Industry (METI)) is operating the world's first floating wind farm with multiple wind turbines off the coast of Fukushima Prefecture. Shimizu installed a 2 MW floating wind turbine in 2013 and 7 MW in 2015.



Eurus Rokkasho Solar Park
Shimizu built the Eurus Rokkasho Solar Park, the largest mega solar project in Japan, in the village of Rokkasho in Kamikita-gun, Aomori Prefecture in 2015. It has a power generation capacity of 115,000 KW (enough electricity to power roughly 38,000 typical households), and contributes to reduction in CO₂ emissions of around 70,000 tons a year. Shimizu also operates the mega solar power plants it built in Ako, Hyogo Prefecture and in Kitakami, Iwate Prefecture.



Shinshu Wood Power Project
Planning is currently underway on construction of a 2 MW biomass power plant which will be built alongside a wood chip plant in the city of Tomi in Nagano Prefecture. It will be the optimal size of plant for the region's forestry business and is scheduled to begin operation in 2020.

Financial and Non-Financial Highlights (Consolidated)

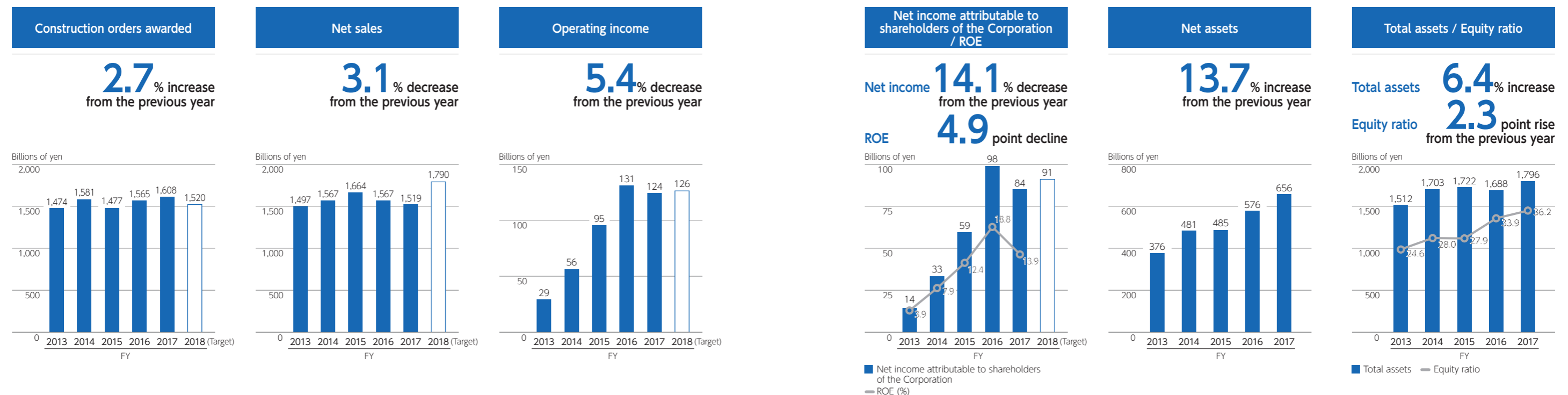
Shimizu Corporation and its subsidiaries
Years ended March 31, 2009 through 2018

Financial

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
For the year:											
Construction orders awarded	¥1,357,983	¥1,118,382	¥1,217,238	¥1,242,347	¥1,254,950	¥1,474,084	¥1,581,494	¥1,477,049	¥1,565,928	¥1,608,266	\$15,128,086
Net sales	1,887,572	1,589,278	1,303,755	1,336,194	1,416,044	1,497,578	1,567,843	1,664,933	1,567,427	1,519,435	14,292,496
Operating income	22,328	22,123	20,175	17,566	13,101	26,054	50,032	94,668	128,835	121,373	1,141,693
Ordinary income	20,794	17,621	18,815	16,159	17,330	29,277	56,246	95,501	131,197	124,130	1,167,625
Net income attributable to shareholders of the Corporation	6,290	(6,850)	10,848	1,430	5,901	14,191	33,397	59,322	98,946	84,978	799,349
Net income per share of common stock (yen and U.S. dollars)	¥8.01	¥(8.73)	¥13.83	¥1.82	¥7.52	¥18.09	¥42.56	¥75.61	¥126.11	¥108.31	\$1.02
Cash dividends per share of common stock (yen and U.S. dollars)	¥7.00	¥7.00	¥7.00	¥7.00	¥7.00	¥7.00	¥8.00	¥16.00	¥26.00	¥26.00	\$0.24
Dividend payout ratio (%)	87.4	-	50.6	384.6	93.1	38.7	18.8	21.2	20.6	24.0	24.0
ROE (%)	2.0	-	3.6	0.5	1.8	3.9	7.9	12.4	18.8	13.9	13.9
At year-end:											
Net assets	¥304,588	¥311,210	¥296,461	¥307,002	¥358,094	¥376,048	¥481,896	¥485,655	¥576,879	¥656,330	\$6,173,737
Total assets	1,987,536	1,566,531	1,423,613	1,410,975	1,456,441	1,512,686	1,703,399	1,722,936	1,688,197	1,796,341	16,897,205
Net assets per share of common stock (yen and U.S. dollars)	¥375.56	¥386.96	¥373.99	¥387.74	¥452.79	¥474.43	¥607.82	¥612.70	¥728.78	¥829.58	\$7.80
Interest-bearing debt	491,389	442,934	393,503	375,330	367,097	344,222	375,580	392,482	340,010	338,264	3,181,871
Equity ratio (%)	14.8	19.4	20.6	21.6	24.4	24.6	28.0	27.9	33.9	36.2	36.2

Notes: (1) Yen amounts have been rounded down to the nearest million.

(2) U.S. dollar amounts have been translated at JPY106.31/USD106.31 to U.S.\$1, the approximate rate prevailing at March 31, 2018.



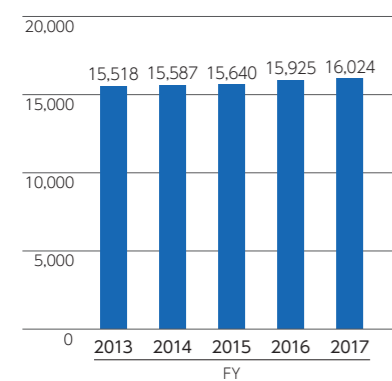
Non-Financial

	FY2013	FY2014	FY2015	FY2016	FY2017
Number of employees	15,518	15,587	15,640	15,925	16,024
Nonconsolidated basis	10,714	10,547	10,466	10,431	10,348
Number of female managers*	19	33	49	68	84
Accident frequency rate (%)*	0.60	0.77	0.59	0.53	0.47
CO ₂ reduction rates compared to 1990 (%)* (CO ₂ at construction)	45.9	55.9	51.1	53.0	54.9
Final disposal rate of construction byproducts (%)*	3.2	3.4	2.8	3.7	3.5
R&D investments (¥ billion)	7.9	11.1	8.5	10.1	11.1
Number of patents applied for*	290	288	309	322	325
Number of serious information security incidents	0	0	0	0	0

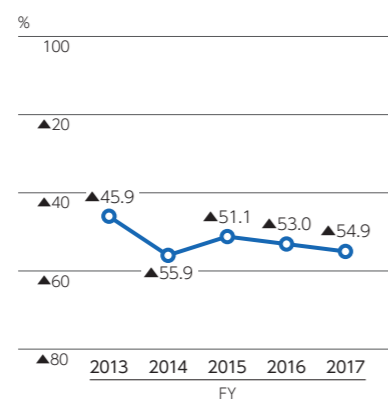
* Nonconsolidated

Number of employees

0.6% increase
from the previous year

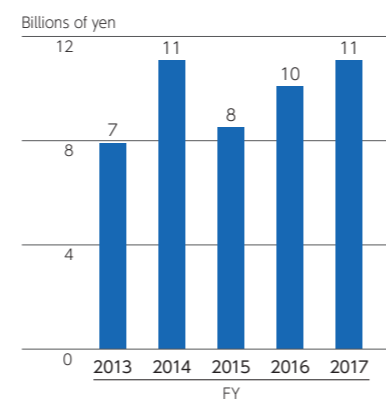
CO₂ reduction rates compared to 1990 (%)*
(CO₂ at construction)

2017, **54.9%** reduction
compared to 1990



R&D investments

9.9% increase
from the previous year



Initiatives in Various Areas

As set forth in Midterm Management Plan 2014,
Shimizu will continue to grow the construction business
while also steadily pursuing concrete results,
commercialization, and achievement of stable revenues in
the three key businesses of
the global business, the building stock management business,
and the sustainability business.

Construction Business

Using the Achievements of Shimizu, which Span More Than 210 Years, to Increase Customer Value and Create an Attractive Construction Industry

Toyama Prefectural Museum of Art & Design



Basic Policy on Midterm Management Plan 2014

Building Construction in Japan

- Work to improve and maintain competitiveness and profitability in all stages of marketing, design, procurement, and construction, and strengthen construction systems to achieve higher productivity and better streamlining.
- Work to improve customer satisfaction by providing high quality technical solutions in marketing and finely tuned after service that will lead to continued orders for renovation and design & build projects.
- Secure business volume and profits over the medium and long-term by working on key, strategic initiatives in promising markets and areas that focus on changes in the social environment.

Domestic Civil Engineering in Japan

- Participate in large projects that are well-recognized in the community and utilize Shimizu's combined strengths in marketing, job sites, and technology; evolve to further improve business competitiveness; and aim to be a top competitor in civil engineering.
- Take on projects in the areas of infrastructure upgrades and renovation, energy, and back-end operations, respond flexibly to different contract types, and strategically expand business domains.
- Cultivate human resources, strengthen the organization, and develop global human resources to achieve steady growth in overseas civil engineering projects.

Overseas Operations

- Target stable revenue sources in construction projects in existing areas and build a balanced construction portfolio.
- Strengthen internal and external partnerships in businesses linked to new areas* and strive to build business that is focused on profitability.
- Work to strengthen the company-wide global business base by establishing a personnel system, business management system, and risk management system in Japan and overseas.

* Businesses linked to new areas: Businesses other than existing construction businesses that Shimizu pursues through partnerships that involve the International Division, the corporate headquarters, and other divisions.

Progress on Midterm Management Plan 2014

- Worked to improve competitiveness and productivity by engaging in more in-depth work on innovation and developing robots and other types of technology that use ICT and BIM (Building Information Modeling). Strengthened the supply chain.
- Improved quality by sharing information and feedback on customer satisfaction activities, defects, and complaints, and made continuous efforts to improve customer satisfaction.
- Established a strategy and system for building a fan base to increase the percentage of design & build projects.
- Formulated and implemented strategic company-wide initiatives aimed at large, long-term projects and strategies tailored to type of use and area.

- Obtained strategic orders for large projects and made steady progress on completing them, strengthened job site capabilities, worked to develop technologies that will improve productivity, and built a stronger construction system that includes partners.
- Expanded orders in new areas of business, conducted joint research and developed technologies applicable to market needs, and accumulated expertise through projects.
- Implemented planned allocation of human resources according to business volume, was aggressive in hiring new graduates, mid-career employees, female engineers, and foreign exchange students, and systematically developed global human resources.

- Stabilized and diversified revenue sources by strengthening the system for obtaining and steadily completing orders for projects from local governments, local companies, multinational companies, ODA projects, and new regions, while also securing and completing a steady stream of projects ordered by Japanese customers.
- Continued to engage in partnerships on investment development projects, mainly in Asia, and steadily built a track record in new areas.
- Continued to develop global human resources (assigned new graduates to overseas positions, and implemented regular human resources exchanges, study abroad programs, etc.).

Specific Initiatives

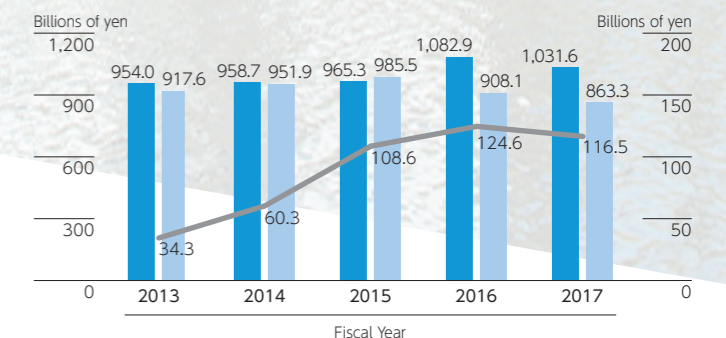
- Applied BIM (Building Information Management) to many actual projects, used BIM to build and integrated production structure and data links from upstream through downstream processes
- Rolled out the job site app for iPads and the rebar layout inspection system.
- Developed the Shimz Smart Site next-generation production system and deployed it at an actual job site.
- Established a quality liaison committee to integrate management of information on defects, etc., and built a company-wide system to provide accurate feedback.
- Strengthened design and proposal capabilities by building a new digital design center and worked to advance computational design.
- Further strengthened the company-wide partnership function by building a new Sales & Marketing Headquarters, formulated a company-wide strategic plan, and built a system for implementation.

- Precasting concrete, improving the efficiency of casting in place, use of CIM, and i-Construction through the introduction of drones and ICT construction equipment
 - Beginning development of Shimizu Smart Tunnel, a next-generation tunnel construction system that utilizes IoT and AI
 - Orders for ECI* projects, a new order format
 - Investment in and development of a next-generation small rocket business and small-scale hydroelectric power business
 - Promoting use of newly hired graduates, active utilization of women engineers, promoting hiring of foreign student studying abroad
- * ECI (Early Contractor Involvement): This is a format in which Shimizu is involved in the process from the design stage through construction, and engages in technical collaboration on the design as a precondition for performing the construction work.

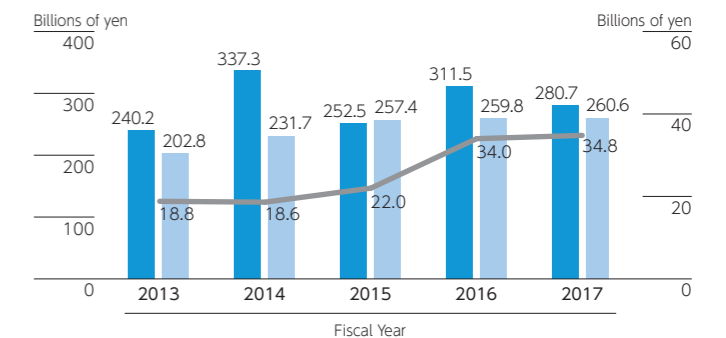
- Ongoing orders for projects by Japanese companies in various locations worldwide
Shimizu is also receiving orders for projects by local firms, local governments, and multinational companies in Singapore, Indonesia, the U.S., India, the Philippines, Thailand, and other countries.
- Obtained orders for large infrastructure projects, mainly in Asia. Also gained access to projects in new areas, mainly in Africa.
- Partnered on investment development projects, mainly in Singapore and Indonesia, and expanded Shimizu's track record.
- Continued to assign new employees overseas, send them on study abroad programs, promote and relocate local staff, and provide on-the-job and group-based training.

Business Results

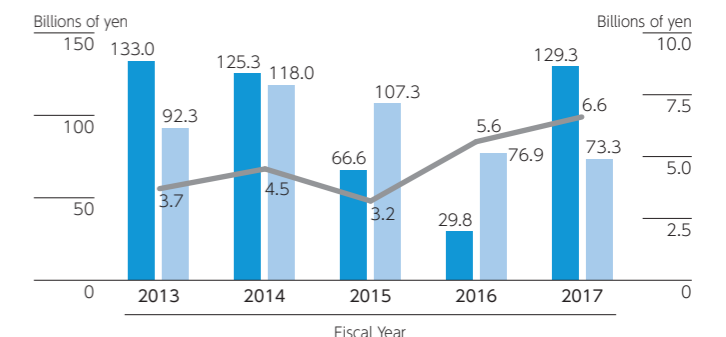
Domestic Construction (Non-consolidated)



Domestic Civil Engineering (Non-consolidated)



Overseas Operations (Non-consolidated)



■ Orders ■ Net Sales — Completed construction gross profit (right axis)

Construction Business in Japan

Matsudo City General Hospital Utilizing the Advantages of Design and Build

Matsudo City General Hospital is a tertiary emergency medical center that provides 24-hour care to critical patients. It is also a disaster base hospital that will provide medical care in the event of a disaster. Shimizu, which has the No. 1 track record in Japan in healthcare facilities, mobilized the expertise and technology it had previously accumulated in hospital construction to create spaces that visitors would find soothing.



Supervision of basic design and working design, and construction management: AXS SATOW INC.
Working design and construction: Shimizu Corporation

- 1 Panoramic view of the exterior 2 NICU (Neonatal Intensive Care Unit) that emphasizes the use of natural lighting for warmth
3 Pediatric ward with wide-open views based on a forest theme 4 Art by middle school students

Comment by the Client

Hirohide Karasudani
Hospital Director
Matsudo City General Hospital



The entire city hospital was built on a seismic isolation base, giving it new life as a safe and secure hospital. The artwork of local middle school students is displayed in various locations throughout the hospital, giving it a special atmosphere. The creativity the designers put into creating a fun interior in the pediatric and perinatal areas is delighting the children and their families.

Many requests were received from various departments and I recall working with the principle planner to figure out how to allocate the limited space properly. The team also responded swiftly to requests made during construction. This showed me the advantages of design and build.

Comment by the Principle Planner

Aki Toriyama
Principle Planner
Proposal and Solution Division
Design Division



We worked to add greater value to the hospital by having construction supervisors with extensive track records and researchers at the Institute of Technology with highly specialized knowledge repeatedly examine the details from the design stage and incorporate Shimizu's expertise. We were also careful to create an environment that was relaxing for patients and their families while also providing a high degree of safety and functionality. We devised ways to give the space a fun and happy ambience by incorporating wide-open views and employing forest-theme designs that make it easy for staff on the pediatric ward to care for children and give the children the security of feeling cared for.

MM21-54 Block Project Working for Greater Improvements in Productivity through the Full Use of BIM

The MM21-54 Block Project, which is a Shimizu investment development project, is a large eco-BCP-based office building under construction at the entrance of Minato Mirai. We are making full use of BIM (Building Information Modeling) in this project to realize major improvements and benefits throughout the construction and production process.



- 1 Image of building when complete 2 Review meeting with the specialist contractors involved through BIM
3 4 Using BIM to examine how components fit together

Comment by the Construction Manager

Katsunori Abe
Job Site Manager
MM21-52 Block Job Site
Yokohama Branch



Because you can use components with the same dimensions as the actual components in BIM, you can examine the many different aspects you need to look at to construct a building with a high degree of precision. Examination of provisional plans on BIM also produces plans of a level that can be actually used.

In the future we will take on the challenge of achieving even greater improvements in productivity as an innovative model job site by using automated conveyor robots, steel frame welding robots, and other automated equipment linked to BIM. I also hope to develop young planners and construction managers into strong engineers that are trusted by clients through such challenges.

Comment by the BIM Manager

Keisuke Mito
Division Manager
BIM Promotion Div.
Production Technology Div.
Building Construction Headquarters



As the division that specializes in promoting BIM, we are using a new cloud service that we have been piloting since last fiscal year to share BIM data with the companies that produce the working drawings in Vietnam, China, and other countries and follow projects remotely. Using the BIM data we have produced here for 4D construction simulations, 3D alignment and adjustments, and management of construction through the use of a tablet helps to improve job site productivity. The knowledge acquired in this project will be rolled out nationwide in the future and will lead to improvements in productivity for Shimizu as a whole.

Domestic Civil Engineering Business

Chiba Section of the Tokyo Gaikan Expressway Outer Ring Finally Opens!

The Chiba section of the Tokyo Gaikan Expressway (Nicknamed the “Outer Ring”) finally opened on Saturday, June 2, 2018. Shimizu constructed four areas of this section: The Owada construction area, the box culvert section in the Ichikawa Tajiri, the Ichikawa Koya I.C., and the Keisei Sugano Underpass. Not only will the opening of this section ease traffic congestion and improve productivity in the Greater Tokyo Area, it is also expected to make a substantial contribution to disaster response by securing a route in a disaster.



1 Owada construction area on the completed Outer Ring 2 Box culvert immediately after completion (Phase 6 of a box culvert in the Tajiri area)
3 Shield machine upon tunnel completion (Owada construction work on the Outer Ring Area)
4 Construction of half interchange (Phase 6 of the Koya Interchange improvement project)

TOPICS Keisei Sugano Underpass construction received an award from the Japan Society of Civil Engineers!

The box jacking method which used a non-open-cut (R&C) construction method where the expressway intersects with the Keisei Railway at Sugano Station received a technology award (I) from the Japan Society of Civil Engineers in fiscal 2017. A structure that was more than 18 meters in height was jacked into the ground just under the station. This construction was an unprecedented construction with high technical difficulty. It was highly acclaimed as a method that can be used in many other types of underground construction and construction near railways.



Comment from the Construction Manager

Hidemitsu Kitao
Construction Manager
Outer Ring Owada Job Site
Tokyo Civil Engineering Branch



The Owada construction on the Outer Ring began in June 2011 and took seven years to complete successfully. The area I was in charge of was located in a quiet residential district and we therefore paid careful attention to the surrounding environment in proceeding with construction. The opening of this Outer Ring Expressway and Highway No. 298 completely changed traffic conditions in the area surrounding Matsudo and Ichikawa, and was so successful in resolving the problems with traffic congestion that congestion now seems like a myth. We received many expressions of gratitude from nearby residents. This made me happy to have participated in this project and gave me a renewed sense of pride in my work.

Overseas Construction Business

Construction Period Drastically Reduced —Skyscraper in Indonesia “Menara Astra”

Menara Astra is a skyscraper (height 261.5 m) located in the Sudirman Central Business District, the largest business district in the capital of Jakarta. The tower has become a landmark of the area due to its remarkable height. A joint consortium led by Shimizu completed this super tall building, planned as a head office building of Indonesia’s largest conglomerate, PT Astra International, Tbk. Construction was completed four months ahead of the original contract deadline.



Menara Astra skyscraper in Indonesia

Comment from the Project Director

Ms. Shirley Thou,
Project Director,
Astra International



Menara Astra is Astra International’s symbol of growing achievements in Indonesia. Shimizu was selected from list of International contractors to build and display Astra’s significant corporate presence in the centre of Jakarta.

Shimizu’s Main Contract award included MEP, interior finishes, and NSCs. As early as tender award Shimizu team engaged consultants and subcontractors to review construction method, material usage efficiency, and optimisation of labour skills in order to build the ultimate

sustainable building within the limitation of local resources. Menara Astra achieved the first Greenmark Platinum building under Singapore’s 2015 building code in Jakarta. The building is 32% more energy efficient, 35% less water consumption and 40% less lighting usage compared with standard office building.

Menara Astra was completed 4 months ahead of contract schedule and successfully handover for client’s operation in 4Q 2017. I personally had an extraordinary pleasure working with Shimizu team to deliver Menara Astra as a significant building that upraised building quality standard in Jakarta.

Through our successful experience in Menara Astra, I wish Shimizu team’s success and transfer the knowledge gained to build future great projects.

Investment Development Business (Real Estate Development Business)

Shimizu is Using its Expertise in Buildings to Develop a Multi-faceted Real Estate Business



Basic Policy on Midterm Management Plan 2014

To maintain balance in expanding the stock that provides a stable source of revenues while developing the real estate securitization and sale business in new growth sectors.

Progress on Midterm Management Plan 2014

- Was highly active in large projects and expanded stock
- Embarked on community development aimed at creating next-generation industries that incorporate the Smart City concept and other concepts as a new growth sector

Main Projects in Japan & Overseas

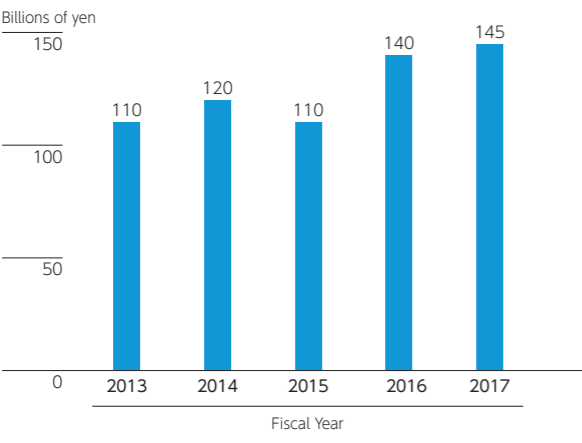
Cumulative Number of Properties Developed: **69***1 Total Cumulative Project Costs: Over **¥620***1 billion
*1 Includes projects that have already been sold

Concrete Initiatives

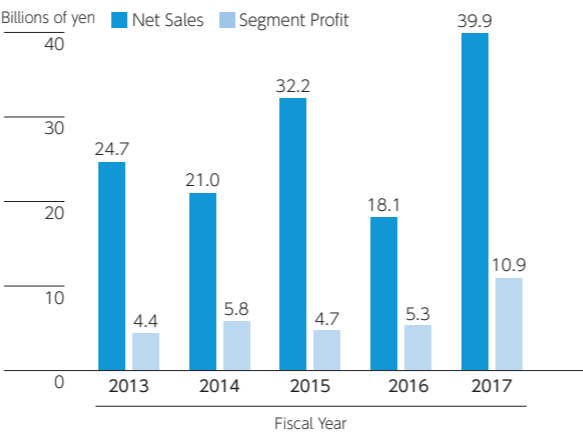
- Developed products that only a general contractor can develop by utilizing Shimizu's original eco-BCP technology, obtained LEED certification and WELL certification, and incorporated other advantages
- Promoted initiatives in new areas through internal alliances (the Yokohama Minato Mirai area, the Toyosu area)
- Strengthened the leasing function, improved the occupancy rate in existing properties, and increased revenues by revising rates
- Procured external financing to match project characteristics and sold properties to take advantage of market conditions
- Developed the i-Mark series of large leased properties and the S.LOGI series of large logistics facilities
- Rolled out the condominium development business through affiliated companies (Shimizu Comprehensive Development, and others)



Status of Investment and Lending in Shimizu's Investment Development Business



Shimizu's Investment Development Business: Net Sales & Segment Profits



*2 Under Development

Domestic Projects Under Development

Shimizu continues to engage in real estate development that adds a high degree of value based on a network and technical capabilities that only a general contractor can provide. This development encompasses everything from office buildings to logistics facilities and hotels.

Toyosu 6-chome, Blocks 4-2 and 4-3 Project

Integrated Community Development of an Office Building and Hotel with a Central Transportation Plaza as the Hub

The Toyosu 6-chome, Blocks 4-2 and 4-3 Plan that Shimizu is working on in Koto-ku, Tokyo is the largest project that Shimizu has ever built on its own. We will build an integrated development that includes a large office building that provides both the flexibility and environmental performance to accommodate a diverse range of tenant needs and a hotel with 500 guest rooms that takes advantage of Toyosu's waterscape. The development will also be equipped with BRT (Bus Rapid Transit) and a bus station, with the goal of making this location a new transportation hub.



Toyosu 6-chome, Blocks 4-2 and 4-3 Project aims to attract customers and be an infrastructure hub

S.LOGI Niiza

Using Shimizu's Integrated Strengths to Take on the Challenge of a Multi-tenant Project for the First Time

S.LOGI Niiza, a next-generation logistics facility is under construction at a location that is within 25 km from the center of Tokyo and near the Tokorozawa Interchange. It is also close to a JR cargo terminal station, making it suitable for a modal shift to railway transport. All of the logistics facilities Shimizu has developed to date have been of the BTS (Built to Suit) type and have one tenant. This project is the first time that Shimizu has taken on the challenge of multi-tenant facility. Building Construction, Civil Engineering, and Investment Development have been working as one team since we presented the competitive proposal to Niiza City.



S.LOGI Niiza is Shimizu's largest project, with a total floor area of 190,000 m².

Overseas Projects Under Development

Shimizu is using its international network to engage in investment development, not only in Singapore, Indonesia, and other Asian regions, but extending the scope of our business as far as the U.S.

Robinson Road Project (Singapore)

Shimizu Technology Showroom, Offering High Quality and Environmental Performance

The Robinson Road Project is Shimizu's third project in Singapore after completing a condominium and a data center. It provides high quality air conditioning and maintenance services on par with the quality in Japan. The project also obtained the Platinum certification, which is the highest level under the Green Mark environmental certification issued by the government of Singapore. We also plan to obtain Platinum LEED (Leadership in Energy and Environmental Design) certification in the future.



Construction underway on the Robinson Road Project, along Singapore's main road

Cikarang Serviced Apartment Project (Indonesia)

Pursuing Quality on Par with Japan in the Whole Process from Development to Operation in the First Overseas Project that Shimizu has Developed on its Own

This project is located in an industrial park in the eastern part of Jakarta. Shimizu is developing serviced apartments that offer both the livability and functionality of a condominium with hotel services. This is the first project that Shimizu has developed on its own overseas. The development, design, and construction will be performed by Shimizu, and the local subsidiary of Fujita Kanko Inc. will operate it. The serviced apartments will offer quality on par with Japan that will meet the needs of people living in Indonesia on assignment, both those who have just arrived and those living in Indonesia long-term.



The Cikarang serviced apartment project under development in an industrial park on the eastern side of Jakarta.

Engineering Business

Helping to Build Sustainable Communities with Engineering Solutions Backed by Shimizu's Extensive Track Record



Pilot experiment in mining hydrothermal deposits (Photo: Agency for Natural Resources and Energy)

Basic Policy on the Midterm Management Plan 2014

- Take on the challenge of achieving new growth in the energy and environmental segments, and new business segments.
 - Pursue development of new businesses and products, and actively engage in overseas business initiatives.
- Work to achieve profitability in businesses that are in advanced areas.
 - Utilize Shimizu's superior position as a front runner to evolve the business base and generate profit.
- Establish a structure focused on securing profits and engage in selection and concentration of businesses.
 - Engage in businesses that can be expected to become profitable in ten years.

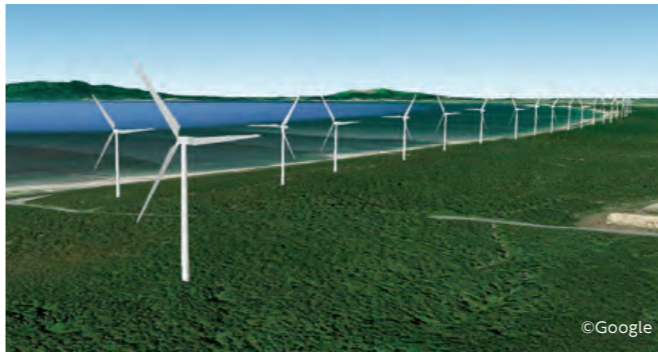
Progress on the Midterm Management Plan 2014

- Strengthened and expanded the EPC (Engineering, Procurement, and Construction) business in the energy, environmental, plant, and information segments.
 - In the renewable energy segment, worked on power generation projects for onshore and offshore wind power, and expanded business domains in addition to solar power.
 - In the plant segment, expanded business domains in regenerative medicine facilities and other areas.
- Expanded globally.
 - Planned and made progress in the soil remediation business for soil contaminated by dioxins in Vietnam.
 - Worked to obtain orders for offshore wind power in Taiwan.

Examples of Initiatives in Each Segment

Alternative Energy Segment

Wind Power Generation
Worked together with the business operator from the design stage on determining commercial feasibility, investigating wind conditions, planning layout, grid connections, and other types of research, and provided integrated response for the entire process from procurement of wind turbines to installation, electrical work, and commissioning.



Wind farm in Katagami, Akita Prefecture

Environmental Engineering Segment

Contaminated Soil Processing
We are applying our washing and sorting process technology to reduce the radiological contamination of soil in Fukushima, remediation of soil contaminated with dioxins in Vietnam, and remediation of naturally contaminated soil from shield tunnels.



Dioxin washing plant

Specific Initiatives

Provided a variety of engineering solutions in the energy, environmental, plant, and information segments.	
Alternative Energy Segment	Building power generation plants for solar, and for onshore and offshore wind power.
Environmental Segment	Remediation business for contaminated soil and ground water
Plant Segment	Building manufacturing and logistics facilities and production management systems in pharmaceutical, food, and functional chemical plants.
Information Segment	Providing ICT solutions such as use of IoT and AI to achieve energy savings, automate production, use of IT in education, and security.
→ Provided solutions that integrate the engineering technologies in the four segments.	Remote monitoring system for wind power generation systems, AI inspection systems for manufacturing facilities, etc.

Segments in which Shimizu is Targeting Next-Generation Initiatives

Decarbonization of Energy	Renewable energy (onshore and offshore wind power, geothermal, etc.) Hydrogen-powered energy
Environmental Remediation	Decontamination in Fukushima recovery, remediation of soil contaminated with dioxins, water purification, etc.
Marine Resource Development	Submarine hydrothermal deposits, methane hydrate, deep ocean water, etc.
Life Science Plants	For biomedicine and regenerative medicine (cell production, culture medium and reagents, cellular medicine, etc.) Manufacturing facilities for functional foods, advanced functional materials, etc.
ICT/IoT and AI Solutions	Utilization of AI, IoT, 5G, robotics, and others.

Plant Engineering Segment

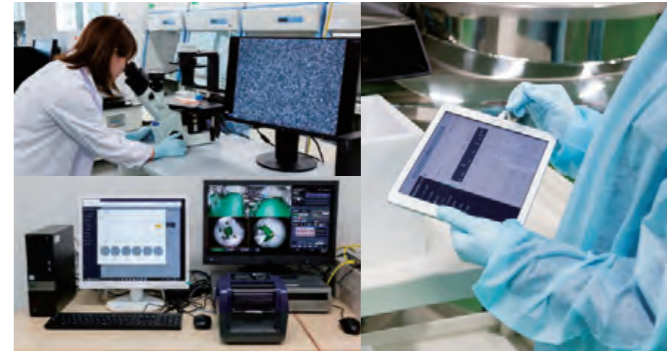
Pharmaceutical Manufacturing Facilities
We provided flow planning, zoning planning, sterile environmental engineering, bioprocess technology, logistics planning, control and information systems, global validation, and other full turnkey solutions.



Antibody drug purification equipment (cultives Inc.)

Information Solutions Segment

Production-related Facilities
We provide production management systems, quality management systems, security systems, integrated management systems for cell culturing in the regenerative medicine field, and other types of systems.



Integrated management system for cell culturing (Fukushima Medical University)

LCV (Life Cycle Valuation) Business

Continuously Enhancing the Value of Buildings, Infrastructure, and Cities Throughout Their Life Cycles



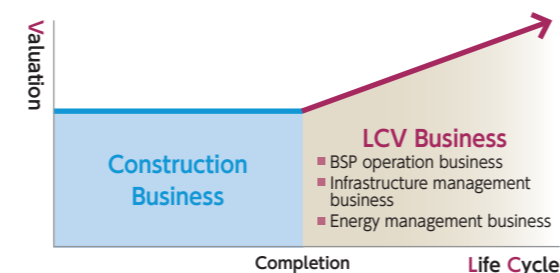
Solar power generation in Ako, Hyogo Prefecture

Shimizu's LCV Business

- The LCV (Life Cycle Valuation) business is a business that provides comprehensive services to meet all of the customer's needs, including renewable energy, the use of IoT and AI, and business planning and investment.
- We combine the following three businesses to continually enhance the value of buildings, infrastructure, and cities throughout their life cycles and to improve the degree of user satisfaction.
 - BSP business
Provision of facility operation and management services after a project has been completed.
 - Infrastructure Management Business:
Contributing to infrastructure maintenance and streamlining and improved profitability of public-private partnerships (PPP) and concessions
 - Energy Management Business:
Power generation and sale, using renewable energy

Midterm Management Plan 2014 and the LCV Business

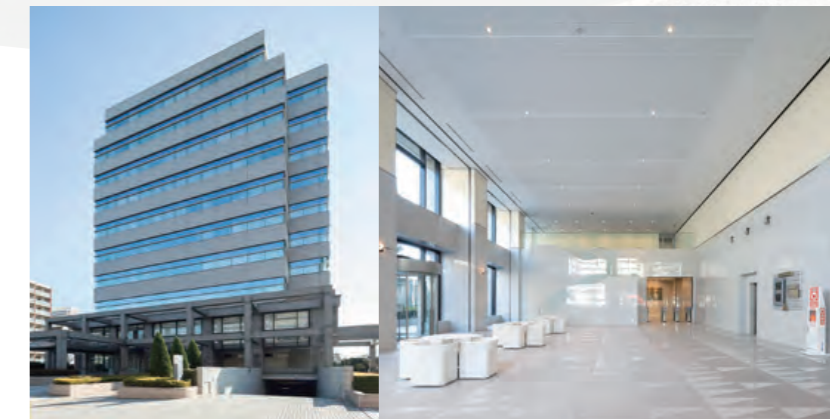
- We established the LCV Headquarters in October 2017 to establish stable revenue bases in the building stock management and sustainability business segments, which are key businesses in Midterm Management Plan 2014.
- In the future, we will provide technologies and services that will maximize the value of facilities and infrastructure throughout their life cycles, and also intend to participate in business planning and investment.



Specific Initiatives

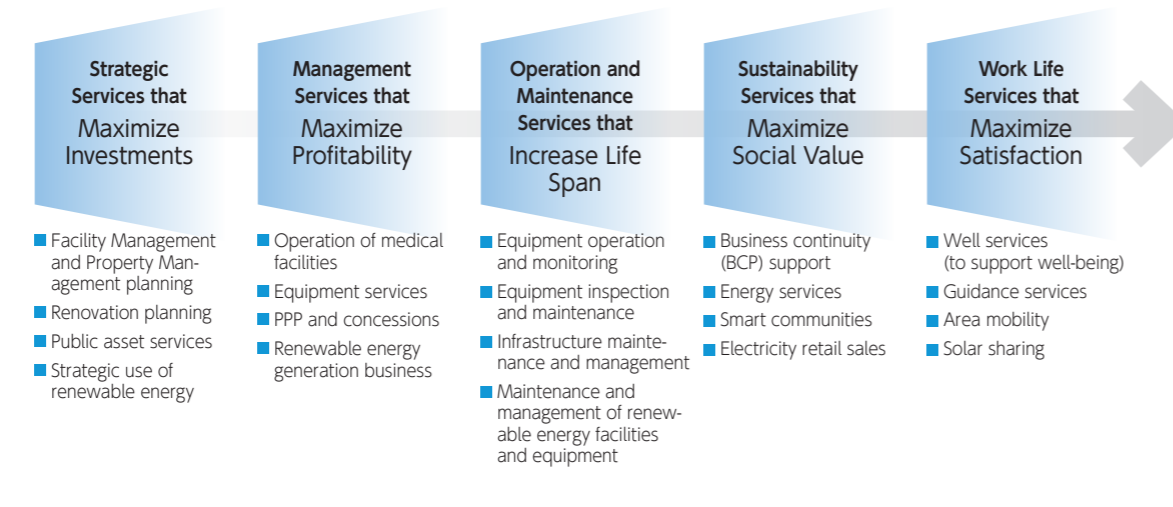
Maximized the Property Value of Older Buildings through Environmental, BCP, and WELL Renovations

- In LCV Headquarters, after we have acquired an existing building that has reached the point of needing renovation, we give the building a new lease on life by equipping it with the latest environmental performance, BCP functions, and health and comfort (WELL), and provide sustainability renovation services aimed at maximizing property value.
- Our first foray into the business occurred in March 2017, when the Investment and Development Division acquired trust beneficiary interest in the DSB Group Shiomi Building, an office building (in Koto-ku, Tokyo) that Shimizu had built 22 years before.
- The Design Division drew up the design proposed by LCV Headquarters and the Tokyo Branch performed the renovation work while the existing tenant (who occupied the entire building) remained in the building.



DSB Group Shiomi Building, for which Shimizu provided sustainability renovation services to maximize the property value

Business Development



Work Life Services Aimed at Maximizing the Satisfaction of Facility Users

WELL Services

We are promoting the acquisition of WELL certification at customer facilities. WELL certification evaluates a building and its internal environment from the perspective of health and comfort.

- Acquisition of WELL Building certification and operational support
- WELL evaluation of a building's interior environment
- WELL management services

Guidance Services

Our goal is to provide easy-to-follow instructions in different languages (Japanese, English, Chinese, Korean) and different guidance methods suited to each visitor (including those who use wheelchairs and those who are visually impaired). To accomplish this, we use cognitive technology and a highly accurate voice navigation system that works inside a building by using location information transmitted by beacons.

- For the visually impaired, wheel chair users, and general visitors
- Response in multiple languages



The Shanghai office of Shimizu Corporation (China), Ltd., where we created a healthy and comfortable workplace

Experimental verification of the indoor/outdoor voice navigation system

Frontier Development

Commercializing New Technologies and New Concepts Aimed at the Frontiers of the World and Society

Initiatives in Frontier Areas Backed by a Pioneering Spirit and Strong Structures

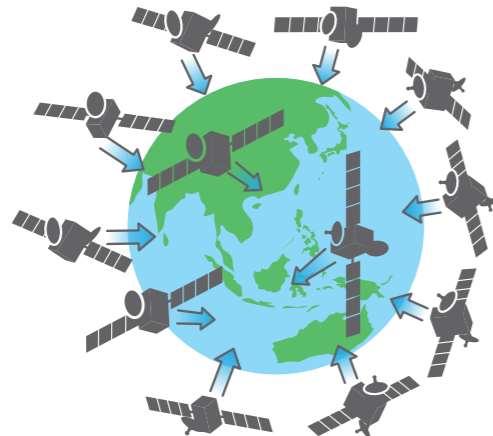
- Shimizu began working on the concept of developing untouched frontier areas such as the ocean and space in the 1980s, and has continued to work steadily on this.
- We established a new Emerging Frontiers Division in April 2018, aimed at moving from the conceptualization and R&D stage to commercialization.
- We intend to accelerate the pace of planning and verification to achieve commercialization in frontier areas rapidly, and make these businesses that will be the future cornerstones of our next long-term vision.

Space Development

Three Space Areas of Commercialization: Small Satellites, Satellite Data Use, and Use of Lunar Development

- We will use the expertise of the Shimizu Civil Engineering Headquarters in the small rocket launching business, which includes construction of rocket launch pads as well.

Satellite data

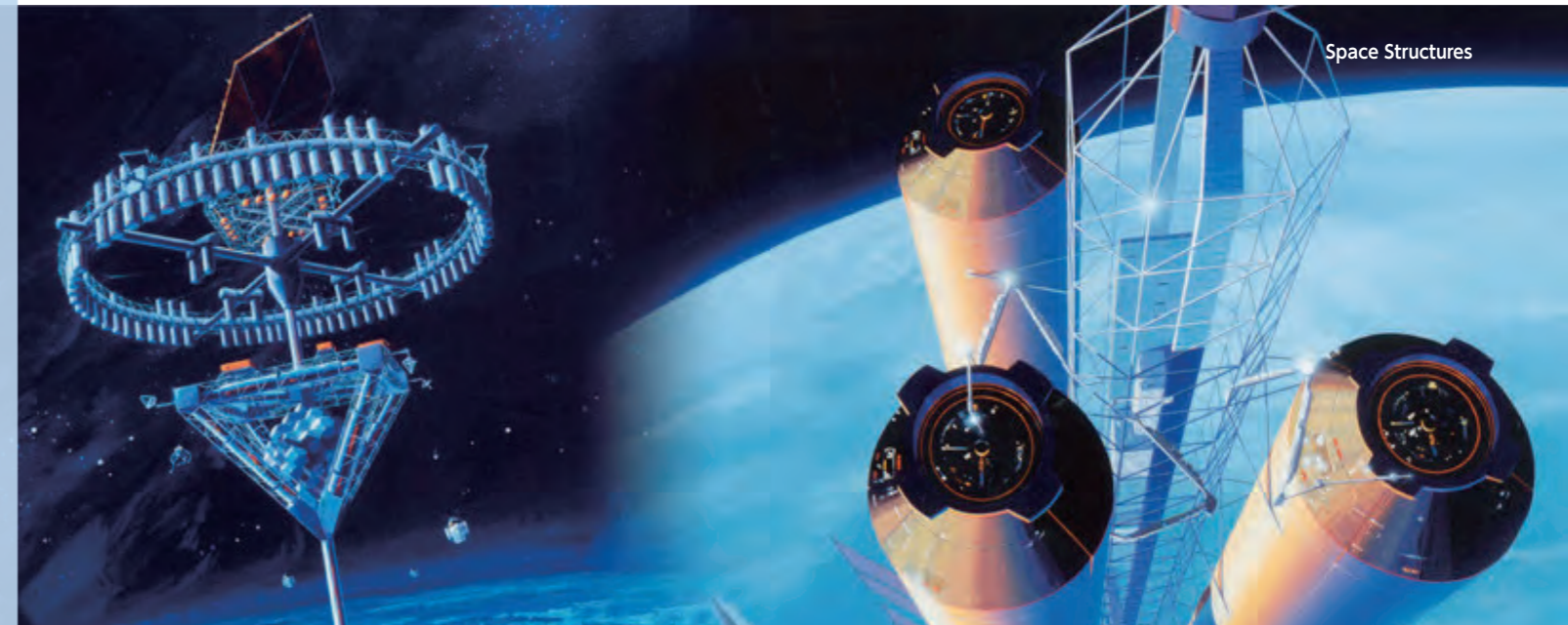


- The increasing number of small satellites launched will enable the use of even more satellite data in the satellite data usage business. This will add value to Shimizu's businesses in construction, engineering, LCV, and other areas.

- In the use of lunar development, the origination point of Shimizu's activities in space, our goal is to support the movement of people to space by conducting R&D on the design and construction of facilities for living in space and on other planets or celestial bodies, and applying construction technology to space.



Conceptualization of lunar base

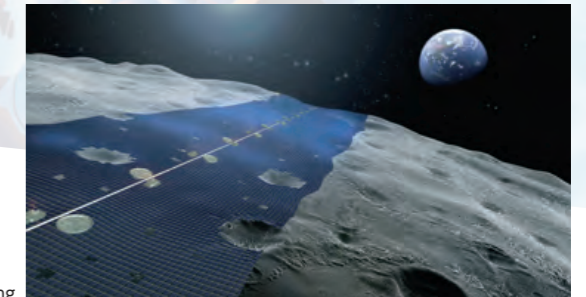


Space Structures

Space Development

LUNAR RING: Solar Power Generation on the Moon that will Supply All the Power Needed on Earth

- The Lunar Ring is a concept for transmitting power generated on the surface of the moon to earth and supplying 100% of the power needed on earth.
- This idea was generated by switching our thought process from the concept of using the limited resources on earth while conserving them to generating a close to limitless supply of clean energy and using it freely.
- Our goal is to control environmental destruction caused by global warming and resource depletion, and realize a sustainable society on a global scale.

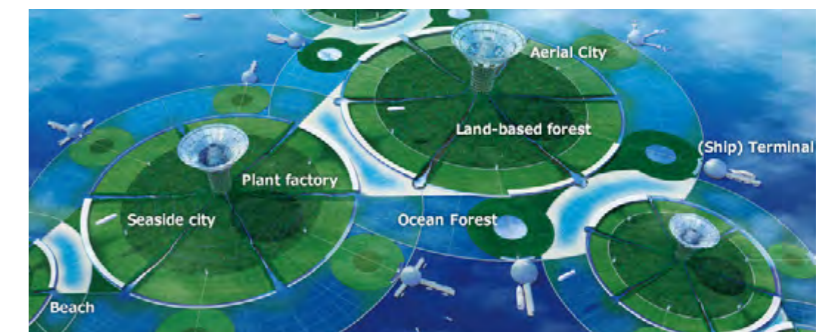


Lunar Ring

Ocean Development

GREEN FLOAT and OCEAN SPIRAL: Two Concepts for Ocean Cities

- Green Float, an island with a sustainable environment, is an ocean city that floats on the Pacific ocean directly over the equator. We are aiming to create a plant-like city that continues to absorb CO₂. It will be located on equator, an area with the most sunlight and fewest typhoons.
- We are exploring solar power generation in space, use of structural materials that have magnesium from sea water as a component, and other concepts.



Green Float

- Ocean Spiral, the deep-sea city of the future, is a concept for transporting people, electricity, and ocean bed resources along a spiral route that connects a globe-shaped residential area, which is 500 meters in diameter and floats near the ocean's surface, to a factory on the ocean floor.
- We envision utilization of state-of-the-art technology for the generation of power from the temperature differentials in the ocean, the world's first offshore fish farm that makes use of the temperature and nutrients in the deep sea, and equipment to convert carbon dioxide (CO₂) into methane gas with methane-generating bacteria on the ocean floor.



Ocean Spiral

Technology Strategy

Building Value that Will Form a Bridge to the Future Through New Concepts and the Latest Technology



Institute of Technology (Koto-ku, Tokyo)

Basic Policies and Progress on the Midterm Management Plan 2014

Anticipate social mega trends and value to customers, and pursue research and development that will build our brand as “Shimizu—known for its technology.”

Technology that Supports Customers in Increasing Value

We develop useful technology that increases customer value in areas such as safety and security, the environment and energy, maintenance and management, and extending the lifespan of buildings.

Technologies that improve construction business

We are working to improve productivity enhancement technology using robots and AI, and to improve basic technologies such as next-generation concrete.

Major technical development achievements

- Dual Fit Damper, variable attenuation damper
- Failure-support construction method to prevent collapse of certain types of ceilings
- Toughness Coat for improving the durability of concrete structures
- SC Karatto, soil improvement agent for excavated soil, designed for intermediate storage facilities
- Artistic formwork to improve the aesthetic appearance of concrete through biomimetics
- Shimz Smart Site, a next-generation production system
- AI-based shield excavation planning support system

Pursue the development of technology in new areas and combined areas that will contribute to the promotion of new business globally and in the areas of building stock management and sustainability

Technologies that contribute to the creation of new earnings base

We will develop technologies for initiatives in the three new fields of business and contribute to the start-up of early business and stable profitability.

Open Innovation

We will accelerate cooperation with external organizations and aim for innovative value creation through new ideas.

Major technical development achievements

- S-Cell Lab, a cell culturing system for regenerative medicine
- Visualization of how an office is used through an IoT platform inside the facility
- Buildings equipped with hydrogen energy storage systems
- Seamless voice navigation inside buildings
- s-BM Master system to support building maintenance and management
- PAS total assessment system for public facilities and infrastructure

Awards Received 2017

2017 Research Thesis Prize, Architectural Institute of Japan	Broadband Strong Motion Simulation and Prediction for Great Earthquakes Based on Strong Motion Records
2017 Technology Prize, Architectural Institute of Japan	Liquefaction Damage Reduction Methods for Small-Scale Structures and Outdoor Facilities
2017 Innovative Technique Award, Japan Society of Civil Engineers	Development of Function Maintenance and Improvement Technology of Concrete Structure using Polyurea Resin (Toughness Coat)
2017 Academic Award, Japan Association for Fire Science and Engineering	Series of R&D Projects on Fire-Proofing and Flame Retardants for Building Entrances and Application to Practical Designs
2017 Examining Committee Special Prize, Japan Industrial Technology Grand Prix	Development and Practical Application of Super Water-repellent Formwork Technology to Enhance the Value of Concrete Using Biomimetic Technology

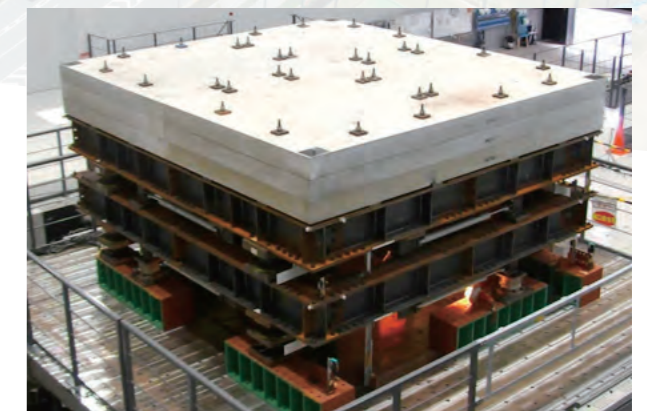
Value Provided by Shimizu (Specific Examples)

Shimizu Swing Mass Damper

The Shimizu Swing Mass Damper (SMD) is a control device that is installed on the rooftop to control the complex shaking of ultra high-rise buildings due to long-period earthquake motion. When the planar shape of a building is not perfectly square, the natural period of vibration for the longer and shorter sides of the building differ. The conventional rooftop control devices can only match the period of the shaking in one direction, so they cannot sufficiently control the shaking.

In contrast, Shimizu's SMD incorporates dynamic screws inside the device. The dynamic screws convert the shaking to a rotational motion which produces a powerful counterweight effect. The mechanism shakes slowly at the same period as the building (lengthening the period shaking), and is capable of counteracting shaking with differing periods in two directions.

Because one device can control shaking of two differing periods, it is lighter and uses less space than a conventional rooftop control device.



A shaking test using a scale model

Scanning and Projection Mapping System (SP-MAPS)

When excavating a mountain tunnel in an area where the soil quality is poor, arch-shaped steel supports are erected at designated intervals and concrete is sprayed to stabilize the tunnel. After the cutting surface (working face) has progressed to a certain extent, a concrete base called invert concrete (hereafter, “invert”) is also installed in the bottom of the tunnel to prevent deformation and collapse of the tunnel by integrating it with the upper supports.

The SP-MAPS developed by Shimizu makes it possible for one worker to perform the entire process, from installing the system to confirming the excavation status. The time required from measurement to exposure is only one minute, greatly reducing the number of people and work involved.

This system also does not require a worker to stand in the excavation area to confirm excavation status, so it also increases the safety of the work.



Imaging data projected on the floor of an invert

Initiatives in Improving Productivity



Aiming to Create an Attractive Construction Industry

Responding to the labor shortages in the construction industry is an urgent challenge as the number of people in their productive years declines. Shimizu is working to improve productivity in the construction production process as one major means of dealing with this shortage. We will take active steps to continually improve productivity and make other improvements in the future and will strive to make the construction industry more attractive so that we can continue to provide better construction service and meet the increasingly diverse and complex needs of customers.

Improving Productivity through Use of ICT

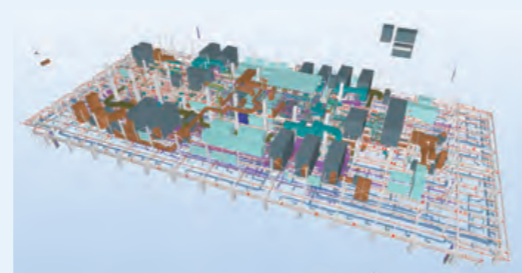
As one means of improving productivity, Shimizu has expanded the range of employees we supply with smartphones and tablets (iPads) from construction managers to employees involved in sales and design, and are developing and using the optimal applications for each area. Using iPads at job sites to hold meetings, perform inspections, monitor processes, and accomplish other tasks has smoothed out the construction management process in particular. We have also replaced the bulletin board for the morning meeting with a large monitor. The work to be performed and notifications for that day are projected on the screen from an iPad in diagrammatic form. Using ICT technology in this way not only improves work efficiency, it ensures seamless, accurate communication through visualization, and this enables us to achieve better quality and greater safety. Shimizu will accelerate the use of ICT technology even more in the future.



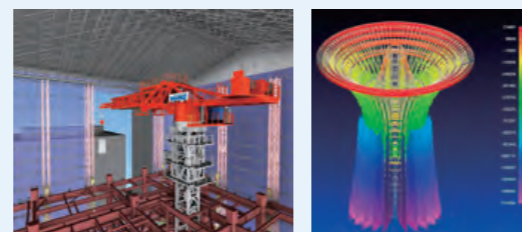
Using iPads to share information at job sites

Improving Productivity through BIM Use

The 3D BIM data is used to check interference and simulate construction, and enables visual examination of many aspects. This helps to prevent reworking. It is extremely effective for coordinating among different areas of expertise and examining intricate fittings, in particular. Secondary use of BIM data also enables sharing of awareness among the relevant parties through the visualization of analytical data or creation of a model with a 3D printer. This is useful for speeding up the identification and resolution of problems. (Examples of specific initiatives are listed on Page 26)



Construction utility drawing



Simulation of construction using BIM

Example of visualization using BIM

Improving Productivity through Robot Development (Building Construction)

Shimz Smart Site is a next-generation production system that enables workers and robots to work together. It achieves this through ICT-based construction, with BIM at the core. The system includes a lightweight all-weather cover and the five robots listed in the right column.



Image of Shimz Smart Site

The development and pilot period has ended, and the Shimz Smart Site system is now in full operation at the karaksa hotel Shin-Osaka Premier (tentative name), a high-rise hotel on which construction began in June 2017. The various robots (except for the Autonomous-ELV) will be put to work as construction progresses toward the scheduled completion in August 2019.

Shimizu will roll-out these robots mainly to large job sites in the Greater Tokyo Area from 2019, and will also actively pursue development of robots in the future to expand the types of applicable construction work.

Shimz Smart Site



EXTER Crane capable of horizontal extension



AUTONOMOUS-ELV Lifts loads of materials



ROBO-CARRIER Horizontal transport robot



ROBO-WELDER Steel column welding robot



ROBO-BUDDY Multifunction construction robot

i-Construction (Civil Engineering)



Construction work using ICT in progress on Yamba Dam

Shimizu has introduced ICT-based construction and precast concrete for concrete structures in all aspects of the Yamba Dam construction project in Agatsuma-gun, Gunma Prefecture. A drone is used for measurements. The bulldozers and vibrating rollers are equipped with GNSS antennas and use satellite data to monitor concrete height and the number of roller compactions. Shimizu is working to reduce the number of workers required and shorten the construction period through substantial reduction in the number of surveyors and unskilled workers, and are also working to improve productivity through the introduction of IT tools for construction management tasks.

Human Resource Strategy

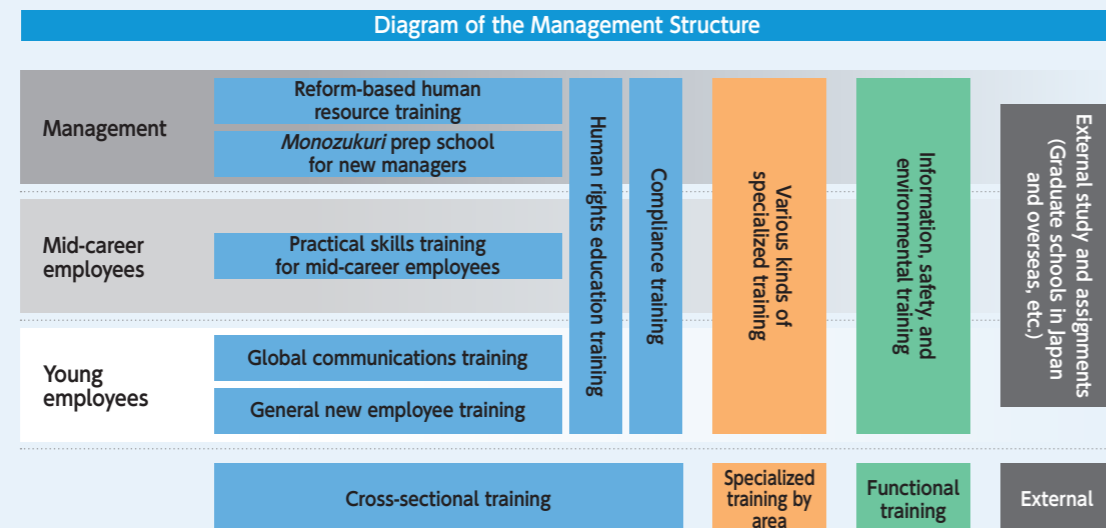


Talent Development Strategy

Keeping the light on SHIMZ DNA

Each and every employee is a precious asset to Shimizu, and we consider our employees "human resources." Firmly entrenching the spirit of craftsmanship and passing down the DNA of Shimizu form the foundation for development from the perspective of developing people who make

good products. Shimizu works to develop human resources whom customers and the community trust as first-class professionals through cross-sectional training, specialty training by area, and functional training.



General New Employee Training

Shimizu encourages the mindset of acquiring the knowledge needed in the three categories of being a member of society, a member of the construction industry, and a Shimizu employee from the time new employees enter the company. We conduct cross-sectional training in April, September and February during the first year employees are in the company. The program is set up to acquire the DNA passed down by Shimizu and the *monozukuri* mindset in stages.

New employees learn the basics as members of society in April. Our goal is to also make them aware of their social mission as people who work in the construction industry, teach them the history of the company, and have them understand the management principles.

In September, training is held at Shimizu Memorial Park in Koba, Toyama City, the birthplace of Kisuke Shimizu I. Employees also visit the Shibusawa Memorial Museum in Kita-ku, Tokyo to learn about Eiichi Shibusawa, who was heavily involved

in the history of Shimizu. He was the proponent of the Analects and the Abacus, on which our management principles are based. We seek to instill the DNA and principles of Shimizu in employees through these activities.

In February, employees reflect on their growth over the past year as members of society, members of the construction industry, and as Shimizu employees, and develop a new awareness of themselves as the human resources who will build the Shimizu of the future.



New employees learning about Eiichi Shibusawa at the Shibusawa Memorial Museum

Securing Workers

Securing human resources in the construction industry is an urgent challenge as the number of workers in the labor force declines. This will also affect the handing down of skills to the next generation. We are devoting ourselves to various efforts to solve these challenges.

Five-day Work Week Initiative

Obtaining the cooperation of subcontractors and skilled workers is essential in order to implement a five-day work week at job sites. From May 2018 onward, Shimizu has supplemented wages by a certain percentage of turnover each month if the designated conditions for job site closure are met. This is being done to counteract the reduction in income that skilled workers would experience by increasing the number of days on which the job site is closed. This system will remain in

effect for about two years and we expect it to cost around 2 billion yen in total, depending on the number of sites eligible. Shimizu will continue to work to improve the attractiveness of the construction industry and secure skilled workers in the future by working diligently to improve productivity and establish reasonable construction periods, and by promoting the adoption of the five-day work week and reduction in overtime worked.

Securing Skilled Workers

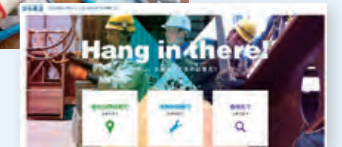
Cooperating with the Kanekikai, a partner to Shimizu, Shimizu implemented job site tours for high school students, children, and others with the goal of securing workers for the construction industry. We have focused mainly on students of technical high schools for high school job site tours to give the next generation that will assume responsibility for the future the opportunity to become familiar with the construction industry. The tours for children were targeted at children and other family members of foremen and craftsmen.

We began posting recruitment ads on Internet recruiting sites in fiscal year 2015 to assist in recruitment. In fiscal 17 companies hired 25

people through these ads. We have also established a job board for subcontractors on the Shimizu website.



Children trying their hand at plastering on the children's tour



Job board for subcontractors on the Shimizu corporate website

Initiative to Promote Enrollment in Social Insurance

Shimizu has always worked to promote enrollment in social insurance to provide an attractive work environment that skilled workers can feel secure working in for a long time.

In October 2015, we began concluding agreements with subcontractors that clearly state the calculated cost of the statutory social benefits that a subcontractor will incur as a category

separate from construction costs. In fiscal 2017, we far surpassed our goal for the percentage of skilled workers enrolled in social insurance, which was a percentage equivalent to the manufacturing industry. Shimizu will continue to assist with promoting enrollment in social insurance in the future to improve treatment of skilled workers.

Further Strengthening the Productivity Structure



Initiatives in ensuring a productive structure

Developing Multiple Skills

Large steel frame construction projects have increased in recent years, mainly in the Greater Tokyo Metropolitan Area, and a busy period for specific types of construction unique to steel frame structures is anticipated. To provide workers skilled in types of construction not experiencing a busy period with the skills needed in types of construction that are experiencing a busy period, Shimizu established a practical training facility on the premises of an affiliated company in August 2017 and conducted training in the

types of construction that will experience a busy period. Our purpose in doing so was to build a system of support that can be used should the supply of skilled workers tighten. As of June 2018, 90 employees have taken the skills acquisition course. This will support the acquisition of multi-functional skills in the future to address concerns over the future shortage in skilled workers. It will also improve productivity at job sites and enable workers who wish to continue working to work effectively even as they age.

Excellent Foremen

Since 2007, we have presented "Shimizu Craftsman" awards on the anniversary of Shimizu's founding to foremen who have achieved remarkable results in quality, safety, and environmental activities. In fiscal 2017, 26 foremen received the award, bringing the total number of Shimizu Craftsmen to 253. Excellent foremen who have

been named as Shimizu Craftsmen are presented with a Shimizu Craftsman helmet and Craftsman card. We provide an excellent craftsmanship allowance to Craftsman card holders at all job sites in Japan, regardless of whether they have foreman responsibilities or not.

Shimizu Craftsman Receives Excellent Foreman Award in Fiscal 2017

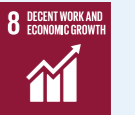
I worked at a job site that had time limitations from working inside an educational facility in addition to the fact that the work was being performed during the busy year-end period. Moreover, the eaves of the steel frame building on each floor were finished with architectural concrete, so it was work that required a high level of accuracy and quality. The Shimizu employees, foremen responsible for other work, and the workers worked together during the daily meetings to closely coordinate the work. I think that the heartfelt communication and teamwork among everyone is what made such good work amid this environment. We will be happy if the young people with promising futures on the campus are able to see and touch this building and take an interest in construction in the future.

There is a building on a main street that I had a part in constructing and the craftsmanship evident throughout the building gives me great pride. A formwork carpenter has many things to learn. I would like to continue to improve my own skills in putting safety first and pass on those skills to young workers.



Kazunori Matsumoto (formwork carpenter)
NAKANOGUMI Co., Ltd.
Shikoku Branch construction of Himata Campus building at Matsuyama University

Initiatives in Health and Safety

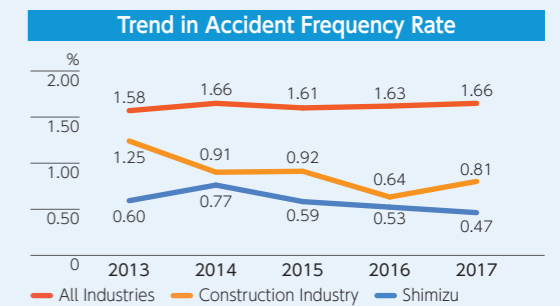


Fiscal 2017 Results:

Health and Safety Performance

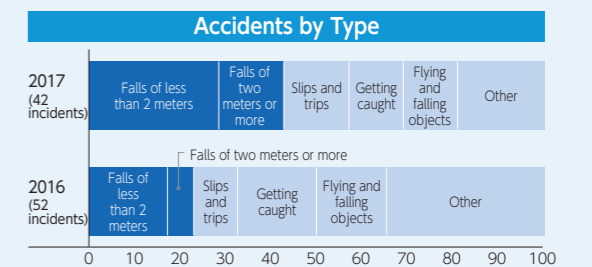
The accident frequency rate* improved to 0.47 from 0.53 in fiscal 2016.

* Accident frequency rate: Number of deaths and serious injuries per million cumulative worker hours (Figures for all industries and for the construction industry represent accidents resulting in one or more lost work days, calculated on a calendar-year basis. Figures for Shimizu's represent accidents resulting in four or more lost workdays, calculated on a fiscal-year basis.)



Accident Analysis

Falls of under two meters were the most frequent, followed by falls of over two meters, slips and trips, and getting caught. Although the number of accidents resulting in four or more lost workdays decreased, the number of incidents and percentages increased for falls of two meters or more and less than two meters, both of which were specifically targeted for improvement.



Safety Patrols by President Inoue

President Inoue conducts safety patrols each year during National Safety Week and National Industrial Health Week. On July 5, 2018, he toured the Tokyo Civil Engineering Branch job site for the tunnel connecting the international terminal to the domestic terminal at Tokyo International

Airport. President Inoue stressed safety measures that take the job site construction environment into consideration.



President Inoue on a safety patrol

Specific Initiatives in Fiscal 2018:

Rededication to "Back to Basics" in Safety Management

In light of the fact that Shimizu is unable to prevent various kinds of falls (falls of two meters or more and falls of less than two meters) last fiscal year, we will make sure that all workers serve as the first line of defense against the risk of falls at job sites by using the lessons learned from past accidents. We will be diligent in operation of the PDCA cycle in work that carries a high risk of falls. Job site managers and the rest of the organization will maintain a firm awareness of not causing any accidents, and will make sure, when beginning work, that everyone, from supervisors at Shimizu up to the frontline workers, understands the accidents that might occur and the impact that such accidents have. After sharing the urgency of this message, they will adhere to work procedures.

Four Key Measures

1. To eliminate falls from all heights, first mitigate the risk by making sure the job site is safe, then make sure to always use a safety belt. Also conduct regular training on the risk of falls, including hands-on training in use of safety belt equipment and hazardous situations.
2. To eliminate accidents involving heavy equipment and cranes, take comprehensive precautions to prevent contact with vehicle-type construction machinery, prevent crane collapse, prevent three-point heavy equipment from falling over, and prevent runaway of drivable construction machinery.
3. To eliminate the collapse and fall of heavy objects, first confirm stability when handling steel frame, PC, or other heavy materials, then strictly follow the work procedures, and ensure safety in the construction of tunnels.
4. To eliminate fires and accidents that cause damage to infrastructure, make a dedicated effort to use construction methods that do not use flames and take steps to visualize infrastructure in ongoing renovation work, etc.

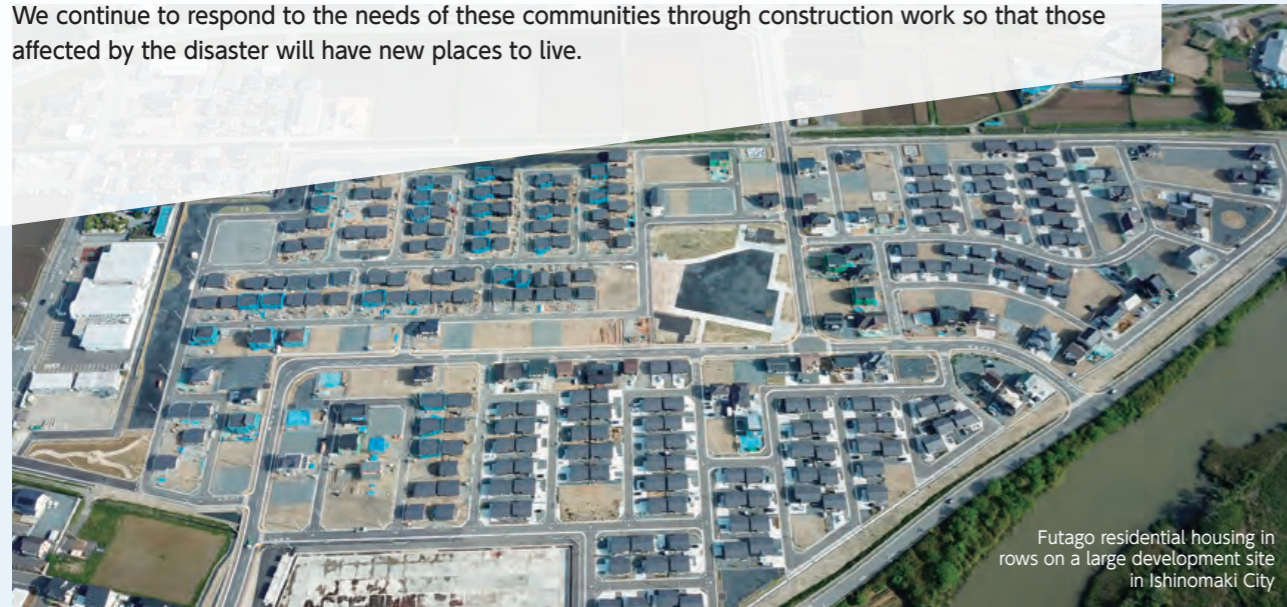
Initiatives in Disaster Recovery



Striving to Recover from Tsunami Damage Caused by the Great East Japan Earthquake

This describes the progress made on the main recovery projects Shimizu has been working on in the seven years since the Great East Japan Earthquake in 2011 to repair the damage caused by the tsunami along the coasts of Miyagi and Iwate Prefectures.

We continue to respond to the needs of these communities through construction work so that those affected by the disaster will have new places to live.



Futago residential housing in rows on a large development site in Ishinomaki City

Raising the Land Elevation in Areas that Were Flooded

We are raising the land elevation in areas that were damaged by flooding from the tsunami in the cities of Ishinomaki and Kesenuma in Miyagi Prefecture and Rikuzentakata in Iwate Prefecture. Housing and facilities that make life convenient have been built in residential developments that have already been delivered, and we are moving forward with city planning.

A large belt conveyor, which has now been removed, was used to transport soil and sand in the construction to raise the land elevation in Rikuzentakata City. This enabled the project to be completed quickly.



Progress on home construction on the delivered development in the Takata district of Rikuzentakata City

Developing a Relocated Area on High Ground

We cleared a hilly area and relocated groups of homes on high ground at the same time we raised the land elevation in Ishinomaki and Rikuzentakata cities. We created 49 disaster-resilient shelters on high ground in Ishinomaki City, and delivered the entire housing development by March 2018.

We also performed construction work on the Sanriku Expressway that runs through the Imaizumi district of Rikuzentakata. This section of the expressway opened in July 2018.



Progress on rebuilding lives in a seaside development on high ground on the peninsula in Ishinomaki City

Building Homes and Public Facilities

In the Shishiori district of Kesenuma City, in Miyagi Prefecture, we built eight public housing complexes with a total floor area of 23,206 m² in the delivered development after we completed work on raising the land elevation. The welfare center built at the same time will also be used as an evacuation shelter in the event of a disaster.

In the town of Minamisanriku in Miyagi Prefecture, we rebuilt the Togura Elementary School, which was completely destroyed by the tsunami, in a disaster-resilient relocation zone on high ground.



Disaster-resilient public housing in Shishiori, Kesenuma City as the new community is being formed

Togura Elementary School in Minamisanriku

Business Base

Shimizu bases the management of its business on strong ethical principles.

We also contribute to the global environment and society as a corporate citizen and engage in many initiatives as a company that values people.

Compliance



Compliance (Corporate Ethics and Compliance with Laws and Regulations)

Code of Conduct and Internal Company Structure

Code of Corporate Ethics and Conduct

Shimizu has formulated the Code of Ethics and Corporate Conduct and ensures that it is known to all employees, amid the current environment which calls upon companies to recognize their role in society and fulfill their social responsibilities. The purpose of the code is to help all officers and employees better understand how The Analects and the Abacus, which contains the basic management principles of Shimizu, applies to their work on a routine basis to enable them to act in line with the spirit of that code.

Establishing the Internal Company Structure

Shimizu has established a Committee on Corporate Ethics and the internal company structure

necessary for strict, practical compliance with the Code of Corporate Ethics and Conduct by officers and employees.

Shimizu also established an internal whistleblowing system, and established both internal and external contacts that employees can consult on compliance issues.



The Compliance Hotline internal whistleblowing system

100% Attendance of Compliance Training

Compliance training for all employees

Shimizu also achieved a 100% participation rate in the e-learning that we offer to all Shimizu employees in fiscal 2017. Compliance training tailored to the circumstances of each department is also provided in each business department as needed, including the International Division.

Ensuring Strict Compliance at Group Companies as Well

Compliance conferences and other events are held at affiliated companies to align them with the Shimizu Group. A code and structure that aligns with Shimizu's code and structure are also

established in group companies and compliance training is provided for all employees.

Approximately 3,700 employees of group companies participated in training in fiscal 2017.



Compliance training held for national staff in Singapore

Proper Management of Personal Information

In the construction industry, companies retain personal information on customers, subcontractors, etc., and the personal information of employees obtained in the course of business activities.

Shimizu has established a Privacy Policy. We take the necessary and proper steps to safely manage such information based on the policy,

and properly manage personal information, including the national identification number. We have also revised our rules on the protection of personal information to conform with the revised Act on the Protection of Personal Information enacted in May 2017, and are implementing it appropriately.

Initiatives to Ensure Compliance with the Antimonopoly Act

Outline of Measures to Prevent Recurrence

- 1 Top management will take the lead on cultivating ethical values and working to ensure comprehensive compliance**
 - All officers and employees will faithfully keep the Analects and the Abacus, which contains the basic principles of management, in mind. They will maintain high ethical values, maintain discipline in their own conduct, and lead by example. Executive management will continually endeavor to cultivate ethical values and ensure compliance.
 - Management will also enlist the cooperation of external experts in their efforts to instill high ethical values in officers and employees.
- 2 Strengthen compliance through organizational changes**
 - The president will serve as the chairman of the Committee on Corporate Ethics, and the organization shall be under the direct control of the president, with assistance from external experts.
 - A new Corporate Ethics Office has been established. This office will ensure that everyone is aware of corporate ethics and will strengthen initiatives aimed at ensuring strict compliance by:
 - Reorganizing the business structure
 - Establishing a new general business headquarters to supervise the Building Construction Headquarters and the Civil Engineering Headquarters
 - An officer in charge of compliance will be assigned to the general business headquarters.
 - The audit function will be strengthened by expanding the size of the Audit Department.
 - Special audits on fair bidding will be performed on the main business projects company-wide.
- 3 Revise and strictly enforce the Code of Conduct**
 - The existing Code of Conduct for Officers and Employees on Bidding Contracts (hereafter, the "Code of Conduct"), which is based on the compliance program for the Antimonopoly Act, has been revised to clarify the obligation to blow the whistle on violations and the rules on contact with other companies in the same industry. We will continue work to strictly enforce the Code of Conduct.
- 4 Strengthen compliance checks on specified projects**
 - Checks have been strengthened on projects that pose a high risk of inviting actions that restrict competition because the number of competitors is effectively limited by the degree of technical difficulty, the size of the business, or other such factors.
- 5 Other measures**
 - We will continue to implement existing measures based on the Code of Conduct. Such measures include a system of checks by department heads, rounds made by the Legal Department to different divisions to provide training and perform audits, and external whistleblowing system, and stricter internal disciplinary measures.

One specific action taken to cultivate awareness of ethical values and strict compliance was the "Learn about the Analects" training held for executive management. Participants deepened their understanding of The Analects and the Abacus and the Analects of Confucius. Shimizu will hold similar training sessions in the future on an ongoing basis.

To strengthen compliance through organizational changes, the Audit Department, which has strengthened its audit function by expanding the size of the department, made the rounds to each branch in Japan.

The Corporate Ethics Office and the Legal Department also made the rounds to each branch in Japan to hold training sessions on the revisions to the Code of Conduct and educate employees on how to prevent recurrence and ensure strict compliance.



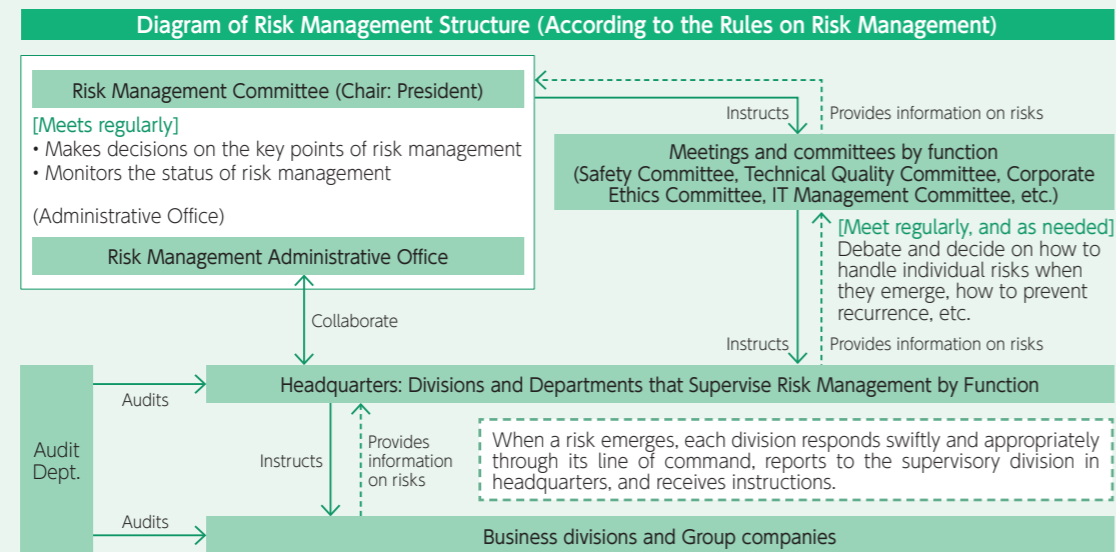
"Learn about the Analects" training for executive management

Risk Management

Using the PDCA Cycle* to Drive the Risk Management Structure

Each fiscal year, the Risk Management Committee makes decisions on key points of risk management for the entire company and takes steps to ensure that each division incorporates these decisions into its business plans. The committee also monitors the status of risk management by function in all headquarter and business divisions and at Group companies, issues instructions for

appropriate corrections and improvements, and works to address emerging risks. The committee disseminates the key points of risk management and promotes risk management company-wide through these actions. We remain committed to the operation of the PDCA cycle to ensure strict risk management in the future.



Appointment of a Chief Information Officer and Further Strengthening the System for Maintaining Information Security

Advances in information and communications technology (ICT) are leading to improvements in productivity and business innovation. However, companies must respond swiftly and appropriately to leaks of confidential or personal information, cyber threats, and other such threats. At

Shimizu, we have established a system for maintaining electronic information security and make the necessary updates each year, based on the Electronic Information Security Guidelines to manage such risks.

Initiatives in Preventative Safety Measures Overseas

Terrorist incidents that target events, concerts, and other places where people gather have occurred frequently in the countries and regions where Shimizu does business in recent years.

Shimizu has established an organizational structure and prepared a manual to follow when an emergency situation arises overseas. We have formulated a basic policy and response measures for emergency situations as well as routine

preventive measures in advance and have implemented these measures.

Shimizu is working to ensure the safety of employees traveling overseas or living overseas on assignment by using the Overseas Safety Measures Website for employees to post a list of the latest safety measures. We also strengthen the security patrol system at offices and job sites, and issue warnings, implement travel restrictions, and take other steps when necessary.

Initiatives in Business Continuity Planning (BCP)

Conducting a BCP Drill Based on the Scenario of a Major Earthquake

Shimizu continually works to prepare an earthquake response system that will enable us to fulfill its social role as a construction company when a disaster occurs. We have strengthened the physical aspects of the system by making corporate offices and facilities that will serve as response bases earthquake-resistant, reinforcing the information and communications equipment that links various locations together, stocking emergency supplies, and making other material preparations, and we have strengthened the operational aspects by regularly conducting drills based on major disaster scenarios.



Disaster drill (Disaster Response Headquarters on the 4th floor of the head office building)

Promoting Disaster Prevention Activities Together with the Community

If a major earthquake were to occur in Chuo-ku, Tokyo where the company headquarters is located, it is estimated that roughly 300,000 people would be unable to return home. At the request of Chuo-ku authorities, Shimizu's main office building has been designated as a regional disaster center and will provide space to temporarily shelter people who cannot return home. We have established a system to manage the center. Shimizu is helping to build a disaster prevention system based on mutual assistance, in cooperation with Chuo-ku and other companies. Serving as a regional disaster center is at the core of our contribution to the community.

Shimizu will also increase the speed of recovery and contribute to the continuity of our customers' businesses by using an emergency information sharing system to collect accurate information quickly and mount a systematic response when a major disaster occurs, and by sharing the status of what and who were affected, as well as requests from customers with the entire company.

Strict Management of Intellectual Property

One way to strengthen business competitiveness is to strategically acquire and use intellectual property rights, mainly in key areas of technology.

Shimizu has formulated "Respecting the Intellectual Property Rights of Shimizu Businesses and of Other Companies," and "Creation, Protection, and Use of Intellectual Property Rights that Contribute to Shimizu's Businesses and to Society." These are the basic policies on management of intellectual property rights we create and use. To raise the awareness of employees about the management of intellectual property rights, we offer incentives to divisions involved in the development of technology for inventions, and educate divisions that perform actual construction work on the risks of infringing on intellectual property rights. We also provide basic training to new employees, training for newly appointed officers,

and educational activities matched to the nature of the business and work performed in each internal division and department on an ongoing basis.

The number of inquiries seeking advice on the risk of infringing on intellectual property rights has been on the increase in recent years, and it is becoming increasingly important to strictly manage intellectual property, including the risk of infringement.



During an intellectual property training session

Communicating Corporate Information

Communicating Corporate Information

Disclosure of Information on the Company and its Management to Stakeholders

Shimizu communicates information on the company and its management to shareholders, investors, customers, and all other stakeholders fairly and accurately, from the perspective of fair disclosure. We actively disclose information through briefings on financial results and educational job site tours for financial analysts, individual meetings with financial analysts, educational facility tours for individual shareholders, and other

activities. We also hold meetings for institutional investors overseas.

Results from Activities during FY 2017	No. of times
Financial results briefings and job site tours for financial analysts	4
Individual meetings with financial analysts	73
Facility tours for individual shareholders	1
Meetings with overseas institutional investors	29

Conducting Educational Tours of Job Sites and Facilities

We conduct educational tours of job sites and facilities as needed to help all stakeholders better understand our corporate activities.

In fiscal 2017, we conducted tours for financial analysts and media members. In Japan we conducted tours of the Hirase Dam construction site (Yamaguchi Prefecture) and of the construction to restore the Memorial Cathedral for World Peace (Hiroshima Prefecture). Overseas, we conducted tours of construction on the Ho Chi Minh City Metro Subway and the Binh Khanh Bridge in Vietnam.

We also conducted a tour for individual shareholders to visit the *Monozukuri* Training Center

(in Koto-ku, Tokyo) where young engineers at Shimizu undergo practical training. The shareholders who participated gained an understanding of the ways in which Shimizu trains human resources.

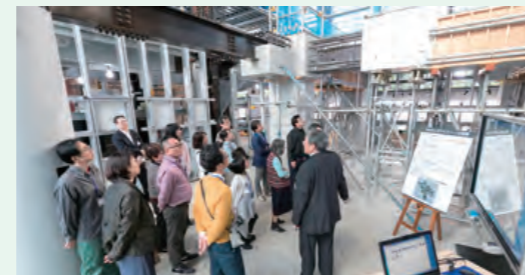


Photo of educational tour of the *Monozukuri* Training Center

Meetings for Overseas Institutional Investors

In fiscal 2017, Shimizu executive management met with overseas institutional investors in the UK (Edinburgh and London), Switzerland (Zurich),

the U.S. (Boston and New York), Singapore, and Hong Kong.

Updating of the Corporate Website

In September 2017, we updated our entire corporate website, which plays a major role in communicating information on the company. The website now introduces information on the company to all stakeholders in a more timely and easy-to-understand manner. We have also established a site to disclose ESG information to stakeholders who desire a more technical perspective, and updated the English website in April 2018.



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

English website <https://www.shimz.co.jp/en/>

For Fair and Transparent Transactions



Initiatives in CSR Procurement

On March 23, 2018, Shimizu Corporation was indicted for alleged violations of the Antimonopoly Act relating to a bid on a Chuo Shinkansen construction project. Shimizu formulated a Basic Procurement Policy and Things We Request of Our Suppliers to ensure fair and transparent procurement processes. We ask the vendors who make up our supply chain to comply with all laws and regulations on human rights and labor.

In fiscal 2017, we obtained confirmation of understanding from 100% of the vendors for 762 companies nationwide and began transactions with them. We also revised parts of the Things We Request of Our Suppliers in fiscal 2018. This was aimed at eradicating fraud in transactions.

These steps will enable us to implement even stricter compliance with laws and regulations.

Basic Procurement Policy

- | | |
|---|--|
| 1. Fair, Equitable, and Good-faith Transactions | Shimizu provides fair and equitable opportunities for competition to suppliers and strives to respond in good faith. |
| 2. Compliance with Laws and Regulations, Social Norms and Internal Rule | Shimizu complies with laws and regulations, social norms, and internal company rules, and observes sound and fair procurement practices. |
| 3. Consideration for the Environment | Shimizu takes the environment into consideration in its procurement activities, in accordance with the corporate Basic Environmental Policy. |
| 4. Quality Assurance | Shimizu works together with suppliers to maintain and improve quality. |
| 5. Building Good Partnerships with Suppliers | Shimizu strives to build good partnerships and to achieve mutual improvement in technical skills, based on a mutual relationship of trust. |



"Basic Procurement Policy",
"Things We Request of Our Suppliers"
(Corporate site)

Compliance Training for Subcontractors

In the past, Shimizu has conducted compliance training nationwide for the subcontractors we do business with. From fiscal 2017 onward, we have clearly specified and standardized the topics for compliance training. The purpose of this is to work together with subcontractors to ensure that all measures are implemented rapidly and to improve the effectiveness of compliance measures.

The first compliance training conducted was focused on the eradication of fraudulent transactions and 3,077 people from 2,927 companies nationwide attended the training.

In fiscal 2018, we are conducting compliance training on the topics of compliance, eradicating

fraudulent transactions, labor and employment, and information security.

We will continue to pursue a fair and transparent CSR procurement, in cooperation with subcontractors.



Photo of compliance training

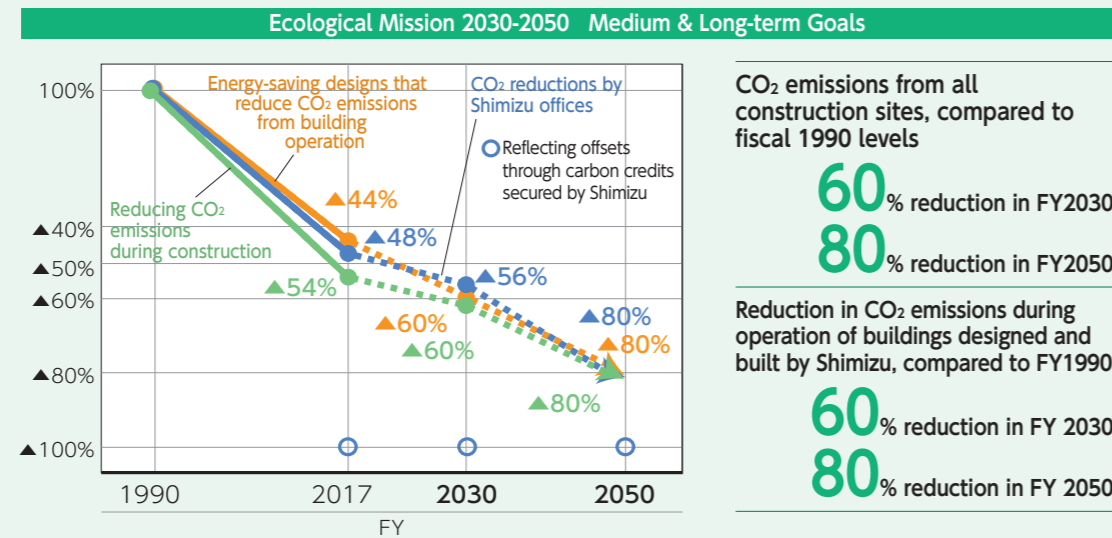
Contributing to the Global Environment



Mitigating Global Warming

Ecological Mission 2030-2050

As the SDGs (Sustainable Development Goals) formulated by the United Nations in 2015 are drawing interest, Shimizu is working on the activities outlined in our Ecological Mission 2030-2050, which is aimed at achieving Goal 13 (Climate Action). We think that reducing the CO₂ emissions from our own business through construction and office activities (Scope 1/2) and reducing the CO₂ emissions from customers through the operation of buildings we have designed and built (Scope 3) are especially important, and we have established KPI for reduction activities and are working toward them.



CDP Climate Change Performance Scoring

In fiscal 2016, Shimizu scored a B ranking in the CDP Japan Report (after achieving an A ranking for four consecutive years up to fiscal 2015). However, we reclaimed our spot on the A list in fiscal 2017.

We will continue to pursue activities aimed at

reducing CO₂ emissions that will earn a spot on the A list in the future. We also intend to respond by disclosing information according to the standard global methods (proposed by TCFD, the Task Force on Climate-related Financial Disclosure).

Other Activities

In addition to the three categories (P59) for which we have established KPI, we are working to contribute to the global environment by reducing CO₂ emissions in our supply chain, from upstream to downstream, through our own activities aimed at reducing emissions.

Categories	FY2017 Results
(1) Improving Structures and Construction Methods	24,000 t-CO ₂ reduction
(2) Green Procurement	41,000 t-CO ₂ reduction
(3) Energy-saving Renovation and Building Management	54,000 t-CO ₂ reduction
(4) Reduction in Construction By-products	20,000 t-CO ₂ reduction
(5) Renewable Energy	10,000 t-CO ₂ reduction
(6) Acquisition and Use of Carbon Credits	16,000 t-CO ₂ reduction

Reduction in CO₂ Emissions from Shimizu's Own Business Activities

Efforts to reduce CO₂ emission during construction

FY2017 Performance	vs. FY1990	FY 2018 Goal vs. FY1990
240,000 t-CO ₂ emissions ✓	54.9% reduction	53.0% reduction

We convened a construction working group and began activities aimed at achieving our goals for reducing CO₂ emissions from construction sites.

About 70% of CO₂ emissions from construction sites is said to come from the combustion of diesel fuel in heavy equipment used in construction. The working group interviewed construction equipment manufacturers and others to compare the fuel costs for the old equipment to the new types equipment that meet the latest standards and confirm the pace at which Shimizu should switch to the latest equipment. We will reference this information in future CO₂ reduction activities.



A latest crawler crane

Efforts to reduce CO₂ emission at Shimizu's Offices

FY2017 Performance	vs. FY1990	FY 2018 Goal vs. FY1990
9,000 t-CO ₂ emissions ✓	48.7% reduction	48.0% reduction

Shimizu introduced a cloud management system for data on energy use to accurately determine CO₂ emissions and manage the energy used at Shimizu's offices (head office, branches, business locations, investment properties, etc.) and manage it in an integrated manner.

In the future, we will make this database viewable by all employees so they can confirm where there is room for reduction in energy usage. We also plan to roll it out to affiliated companies, together with workstyle reforms that reduce the work involved in data entry and other aspects.

Helping clients reduce their CO₂ emissions

Reducing CO₂ emissions during building use through energy-saving design

FY2017 Performance	vs. FY1990	FY 2018 Goal vs. FY1990
63,000 t-CO ₂ emissions ✓	44.1% reduction	46.0% reduction

We convened a working group aimed at achieving ZEB certification for mid-rise buildings, and this working group verified energy saving technologies.

The working group performed simulations with various kinds of energy saving technologies to evaluate energy saving performance in the buildings that were part of the model in quantitative terms. It verified various kinds of technology for achieving ZEB in the process. In the future, Shimizu will also contribute to reduction in customer CO₂ emissions during building operation by using the ZEB Visualizer (The ZEB Visualizer is a ZEB proposal simulation tool that uses 3D modeling developed by Shimizu.) to propose the optimal ZEB solutions for specific customers.

✓ We have obtained third-party certification of CO₂ emissions from Ernst & Young ShinNihon LLC Tokyo.
* Calculation standards are listed on the website (https://www.shimz.co.jp/company/csr/environment/pdf/data_2018.pdf).

Initiatives in Biodiversity

Promoting Activities that Protect the Forests by Using the Trees

Acquisition of FSC® CoC Certification Under the Forest Certification System

We approve of initiatives to protect the forests by using lumber harvested from properly managed forests to solve the various challenges facing global forests, such as the decline in forests, impact on climate change and society, and economic losses caused by illegal logging. Tokyo Mokokujou Arts & Crafts Furnishings therefore obtained FSC® CoC (Forest Stewardship Council Chain-of-Custody) Certification in February 2018. The FSC® CoC Certification has awarded the largest number of certifications among forest certification programs and it is highly trusted internationally.



Tenryu FSC certified forest in Hamamatsu City, where lumber used by Shimizu is produced



FSC certified round logs that have been harvested



Producing furniture from FSC certified lumber

Initiatives at Tokyo Mokokujou Arts & Crafts Furnishings

The use of lumber from certified forests has mainly been limited to use for printing paper up to this point. Recently, however, major distributors and manufacturing companies have also begun to use products from certified forests. At Tokyo Mokokujou Arts & Crafts Furnishings, we use FSC certified materials for our original wooden kino style products that are used in commemorative furniture presented to customers upon completion of a project and gifts of appreciation given to shareholders, which contributes

to building the supply chain. We are also procuring certified lumber for the construction of facilities for the 2020 Olympics and Paralympics, from the perspective of sustainability.

In the future, we will expand the certified products we handle and will establish a supply chain of certified forest products for all products made by Tokyo Mokokujou Arts & Crafts Furnishings, and promote more activities that protect the forests by using the trees.

Collaborating with Customers to Take Biodiversity Mainstream

Kyobashi Wildlife Day

Shimizu is a member of the Japan Business Initiative for Biodiversity (JBIB). Corporate members of JBIB all hold wildlife observation events in the green areas of each company at the same time. We hold the Wildlife Days event to make biodiversity a mainstream concept by joining together to spread the news. Sixteen companies and over 2,400 people participated in this event.

On May 22, which is International Day for Biological Diversity, Shimizu teamed up with the Daiichi Life Group, one of our customers, and held the Kyobashi Wildlife Day event in Tokyo Square Garden, an outdoor garden in Kyobashi, Chuo-ku, Tokyo, as part of that effort. A total of 25 employees from the two companies assisted with

the activities, which included observing wildlife, playing field bingo, and trying out beekeeping.

We have set our sights on expanding this beyond employees and customers to city residents in the future, and will provide activities to educate people about biodiversity.



Wildlife observation event



Field bingo

Initiatives in Effective Use of Resources and Pollution Prevention

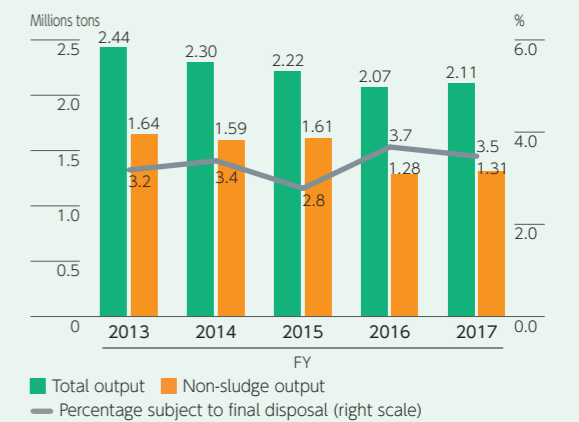
Countermeasures for Construction By-products

Total Emissions Volume, Final Disposal Rate, and Total By-products Generated Per Square Meter

The status of construction by-product generation and resource recycling/recovery in fiscal 2017 is as follows:

	Results	[Goal]
Total volume generated:	2.21 million tons	(2% YoY increase)
Volume generated (excluding sludge):	1.31 million tons	
Final disposal rate:	3.5%	[Target: 4.0% or less]
Total by-products generated per square meter:	14.9 kg/m²	[Target: 15.8 kg/m ² or less]

Total output of construction byproducts, non-sludge output, percentage subject to final disposal



Pollution Prevention

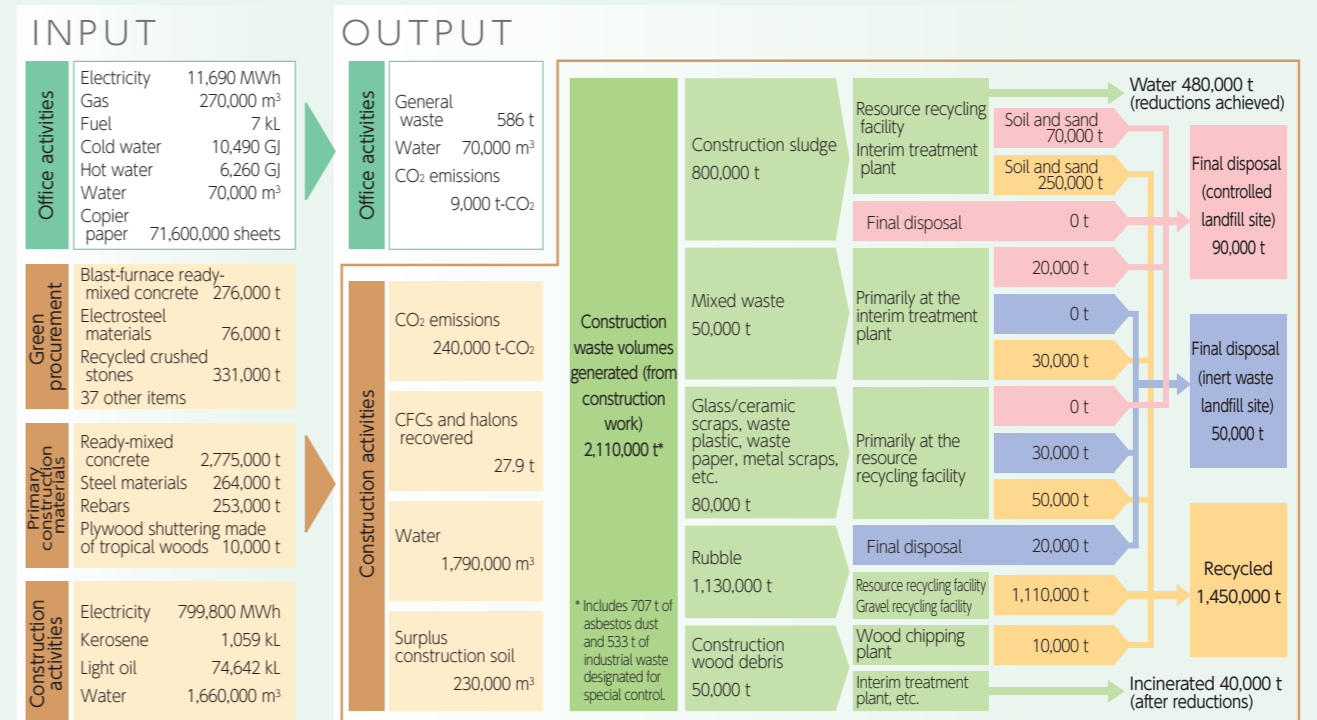
Preventing deterioration of the neighboring living environment and protecting the health and preventing exposure of employees and workers to asbestos is a major social issue. Shimizu therefore conducts special training on asbestos on an ongoing basis.

The entire company also works to render the PCB waste Shimizu owns harmless (through a subcontractor), to properly manage industrial waste from products containing mercury, and to prevent pollution from construction wastewater.



Special training session on asbestos held at the head office

Fiscal 2017 resource, energy, material flow



Diversity and Inclusion



Our efforts on the global environment highly appreciated by society

The Prime Minister's Award for Distinguished Service in promoting the 3R (Reduce, Reuse, Recycle)

Construction of a Temporary Exhibit Halls on the East Side of Tokyo Big Sight

This project was ordered as a design & build project, meaning that the customer placed one order for both design and construction of the halls. This project required Shimizu take the fact that these are facilities related to the Olympics and Paralympics that will be removed after they have been used for about 10 years into consideration in proposing the technology. We therefore proposed an ecological, environmentally friendly buildings that can be recycled and the proposal was accepted. This involved considerations such as minimizing the impact on the environment during construction to build the new halls and when eventually dismantling them.



Award ceremony

In fiscal 2017, Shimizu received the Prime Minister's Award for distinguished service in promoting the 3Rs (Reduce, Reuse, and Recycle), which is sponsored by the 3R SUISHINKYOGIKAI in this project. This was the first such award of distinction for Shimizu.

The theme which received the award was "Building 100% recyclable exhibit halls that are easily removable." During construction we used pile head ring sockets (developed at the Institute of Technology), which made the use of footing beams unnecessary in the entire foundation. We used steel pipe piling because they would be removed in the future and reused. A pure steel frame was used for the upper structure. Double folded plate was used for the roof, and ALC for the exterior walls. We received the award because all of these materials could be recycled.

Shimizu also received 3R SUISHINKYOGIKAI Chairman's Awards for the following projects in fiscal 2017: Plans for the Nomura Building in Yokohama, construction site redevelopment on the west side of Kyobashi 2-chome, new construction site for a redevelopment project to the west of the north exit from Tachikawa Station, construction to improve the ground for the smokestack foundation at the Soma thermal power plant.

ECO First Certification

Shimizu obtained ECO First certification from the Minister of the Environment on August 7, 2018 for our pledge to work on our own initiatives in environmental protection.

Shimizu's ECO First pledge covers the main goals for fiscal 2030, which include measures to combat global warming, effective use of resources, and initiatives in biodiversity.

In the future, we will enlist the entire company in promoting these initiatives and fulfilling our pledge.



Certificate receipt ceremony

Promoting the Advancement of Women

Forum on Promoting the Advancement of Women

Shimizu has been holding forums on the promoting the advancement of women since fiscal 2013. The goal of these forums is to encourage a sense of participation in initiatives to promote the advancement of women among women employees.

Around 300 women from locations throughout Japan and overseas participate each year and top management and other officers also participate. The forum was held outside of corporate headquarters for the first time in fiscal 2017.

Changing the Mindset of Managers

It is essential to change the mindset of managers in order to promote diversity. Shimizu joined the Iku-Boss Corporate Alliance in December 2015 and has been developing Iku-Bosses since then.

We have held Iku-Boss seminars since fiscal 2016. Lively discussions take place during these seminars on the theme of workstyle reform aimed

at creating a workplace that makes it easy for anyone to work there.

We have also been presenting Iku-Boss Awards since fiscal 2015 and share good examples of Iku-Bosses internally. Twelve people have received the Gold Iku-Boss Award, which is the top award, thus far.

Workplaces Supportive of All Employees

Comprehensive Disaster Drills that Include Employees with Disabilities

In fiscal 2017, we began conducting comprehensive disaster drills to ensure the same level of safety for all employees, during a fire, earthquake, or other disaster, regardless of whether a person has a disability or not.

Roughly 50 employees at headquarters participated. Participants included employees with disabilities and supporters to assist them. They confirmed evacuation routes and performed a roll call. After the drill, they also experienced the smoke that occurs during a fire and experienced an earthquake in an earthquake simulation truck.

Participants commented that it made them aware of the need to think about evacuation for people with disabilities and the means for assisting them, and gave them a fresh awareness of the importance of support.



Comprehensive disaster drill

Initiatives in Human Rights

Shimizu actively promotes educational activities on human rights based on the principle of being a company that values people as set forth in the Code of Corporate Ethics and Conduct and the Basic Human Rights Policy. During fiscal 2017, we conducted grade-level seminars and e-learning on the themes of LGBT individuals, people with disabilities, and preventing harassment through the abuse of power, based on the basic policies

formulated by the company-wide Human Rights Education Promotion Committee. We also hold ongoing seminars for leaders who promote human rights in each division and affiliate to increase the level of awareness.

In December every year, we present awards for human rights educational slogans solicited from employees, their families, and affiliated companies to increase awareness.

Work-Life Balance



Workstyle Reform at Shimizu

We have enlisted the entire company at Shimizu in working as a team to achieve workstyle reform. The purpose of this is to create a workplace in which all employees who work there can fully demonstrate the abilities they possess in a shorter amount of time, and to improve the attractiveness of the construction industry.

Reform Mechanisms

Message from the President

We are communicating the corporate vision that Shimizu aspires to and the determination and need for working as a unified team on workstyle reform to employees through messages from the president, informal receptions with the president, and other means on an ongoing basis.

Portal Site Dedicated to Workstyle Reform at Shimizu Established

Shimizu launched a portal site on the Internet dedicated to workstyle reform in December 2017.

The site visualizes the initiatives that each division and department is working on. By sharing information, we are working to build awareness of working as a single company-wide team to reform workstyles. We also conduct regular surveys to solicit employee opinions and solicit suggestions on how to improve operations. These are incorporated in new Workstyle Reform steps taken.



Portal site dedicated to workstyle reform

Taking on the Challenge of New Workstyles

Introduction of a Pilot Work-from-Home Program

Shimizu introduced a pilot work-from-home program in May 2018.

Due to advances in information and communications technology (ICT), we are now able to establish an environment that makes new workstyles possible without limitations on time or location. Feeling the need to think dynamically, we took the bold step of introducing a pilot program that is not limited to a specific division or type of work.

Benefits Anticipated from Working at Home

1. It will establish an approach to work that takes the productivity per unit of time into consideration.
2. There will be a concerted effort to take inventory of work and visualize progress on work by managers and subordinates.
3. It will improve work-life balance by enabling employees to work while also caring for children or family members.
4. It will enhance BCP response.

Achieving Flexibility in Work Hours

Shimizu has introduced a flextime system. We reduced the core time period and employees are now also able to use this system for doctors visits for illness or injury, in addition to caring for children and families members, since May of this year. We are also promoting highly productive, efficient workstyles by making it possible for employees to take their annual vacation time in hourly increments and choose the workstyle that best suits them individually.



Contributing to Society

Basic Social Contribution Policy and Priority Areas

Based on the Basic Social Contribution Policy, Shimizu carries out a wide range of social contribution activities based on proactive communication with local communities across Japan and around the world.

Basic Social Contribution Policy

As corporate citizens of the world, we seek actively to enrich our society, our communities, and the natural environment, thereby helping to build a society in which all feel free to strive for a better life. This is in line with the management principles drawn from the precepts set forth in the Analects and the Abacus—captured in our corporate slogan, “Today’s Work, Tomorrow’s Heritage”—as well as our underlying ideals of corporate social responsibility (CSR) and creating shared value (CSV).

Priority areas

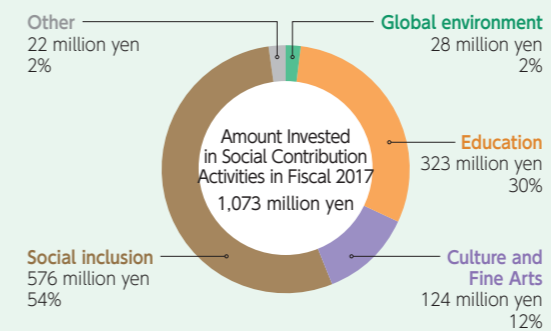
Environment Promoting environmental measures in day-to-day business activities as a leading environmentally conscious enterprise to achieve our Ecological Mission	Education Promoting our voluntary programs and education for children, youth, and society
Arts and culture Maintaining our support for arts and culture events, contributing to the preservation and restoration of historical structures, and related efforts	Social inclusion Promoting activities to help build satisfied communities in which everyone can work and live with a sense of vitality

* Including activities of Social Welfare Corporation Shimizu Foundation, Housing Research Foundation JUSOKEN, and Shimizu Ikueikai.

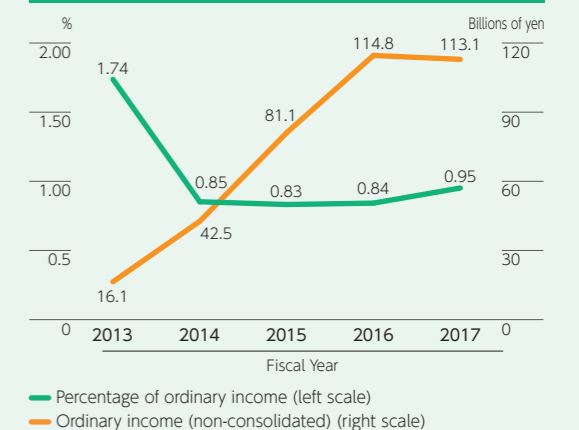
Amount Invested in Social Contribution Activities

Shimizu agrees with the intent of the Japan Business Federation 1% Club, which is the goal of voluntarily investing roughly 1% of ordinary income in activities that will make a contribution to society.

Amount Invested in Social Contribution Activities in Fiscal 2017



Percentage of Ordinary Income



Main Initiatives

Global Environment

Matsusaka Isedera Nature "AI" Land

In the city of Matsusaka in Mie Prefecture, Shimizu participates in the corporate forest project sponsored by prefecture. We conduct conservation activities in forests that are suffering from degradation. Since we began these activities in 2008, we have held six annual events and a total of 52 activities. More than 2,300 employees from Shimizu and subcontractors and their families participated as volunteers in these activities. In recent years, torrential rains have caused disasters from landslides in various regions around Japan. Rejuvenation of forests also helps prevent ground collapse.



Culture and Art

Chuo-ku Residents' College, Lifelong Learning Event

Since fiscal 2013, Shimizu employees have served as instructors in the Chuo-ku Residents' College. This is an event held by Chuo-ku, Tokyo for residents and people who work in Chuo-ku to assist them in lifelong learning. We have endowed a lecture to communicate the history of architecture.

We play a role in communicating the cultural and artistic value of historical buildings to the next generation through a lecture on the topic of The History of Craftsmanship as Seen in Architecture: Investigating the History of Architecture First-hand.



Education

Shimizu Open Academy

The Shimizu Open Academy is an open course designed to convey the fun of craftsmanship to young people and other members of the general public throughout Japan. A total of 48,996 people have participated in the Open Academy thus far (as of December 31, 2017). We will celebrate the 10th anniversary of the academy in September 2018, and will continue to communicate the attractions of craftsmanship and construction to young people who will be responsible for the next generation in the future.



Social Inclusion

Shimizu Volunteer Academy

We have been holding the Shimizu Volunteer Academy since 2015. This is a course designed to develop volunteers who have a broad knowledge of people with disabilities and sports for people with disabilities. In fiscal 2017, we cosponsored a course with the University of the Sacred Heart and the Japanese Red Cross College of Nursing as course jointly sponsored by industry and academia. The purpose of this course to give more people a deeper understanding of people with disabilities.



Corporate Governance

Shimizu fulfills its social responsibilities through its business activities, based on the Analects and the Abacus, which contains the basic principles by which the company is managed. By doing so, we aim to manage the company in a highly expeditious, efficient, and transparent manner to earn greater trust in the company from stakeholders while also achieving sustainable growth and increasing corporate value over the medium and long-term.

Board of Directors



From left in the back row

Executive Vice President
and Representative Director

Koichiro Higashide

Director

Koji Ikeda*¹

Executive Vice President
and Representative Director

Toshiyuki Imaki

Representative Director

Tsunehiko Yamanaka

Executive Vice President
and Representative Director

Osamu Terada

Executive Vice President
and Representative Director

Toru Yamaji

Audit & Supervisory Board
Member (standing)

Chihiro Arakawa

Director

Motoaki Shimizu*³

Audit & Supervisory Board
Member (standing)

Hideto Watanabe

Audit & Supervisory Board
Member (part-time)

Kaoru Ishikawa*⁴

Audit & Supervisory Board
Member (standing)

Hatsuhito Kaneko*⁴

Audit & Supervisory Board
Member (part-time)

Tetsuya Nishikawa*⁴

From left in the front row

Director

Yo Takeuchi*²

President
and Representative Director

Kazuyuki Inoue

Chairman
and Representative Director

Yoichi Miyamoto

Director

Aya Murakami*²

*1 Representative director Tsunehiko Yamanaka and director Koji Ikeda serves as an executive officer.
*2 Directors Yo Takeuchi and Aya Murakami are independent external directors.
*3 Director Motoaki Shimizu is a non-executive director.
*4 Audit & Supervisory Board Members Hatsuhito Kaneko, Tetsuya Nishikawa, and Kaoru Ishikawa are independent external auditors.

Corporate Governance

Corporate Governance Structure

Enhancing Corporate Governance and Continuing to Administer Internal Controls Properly

The company increases the trust that shareholders and investors as well as customers, employees, local communities, and other stakeholders have in Shimizu by fulfilling its social responsibilities through business activities, based on the basic principles contained in The Analects and the Abacus. Shimizu also aims to manage the company in an expeditious, efficient, highly transparent, and lawful manner to achieve sustainable growth and enhance corporate value over the medium and long-term.

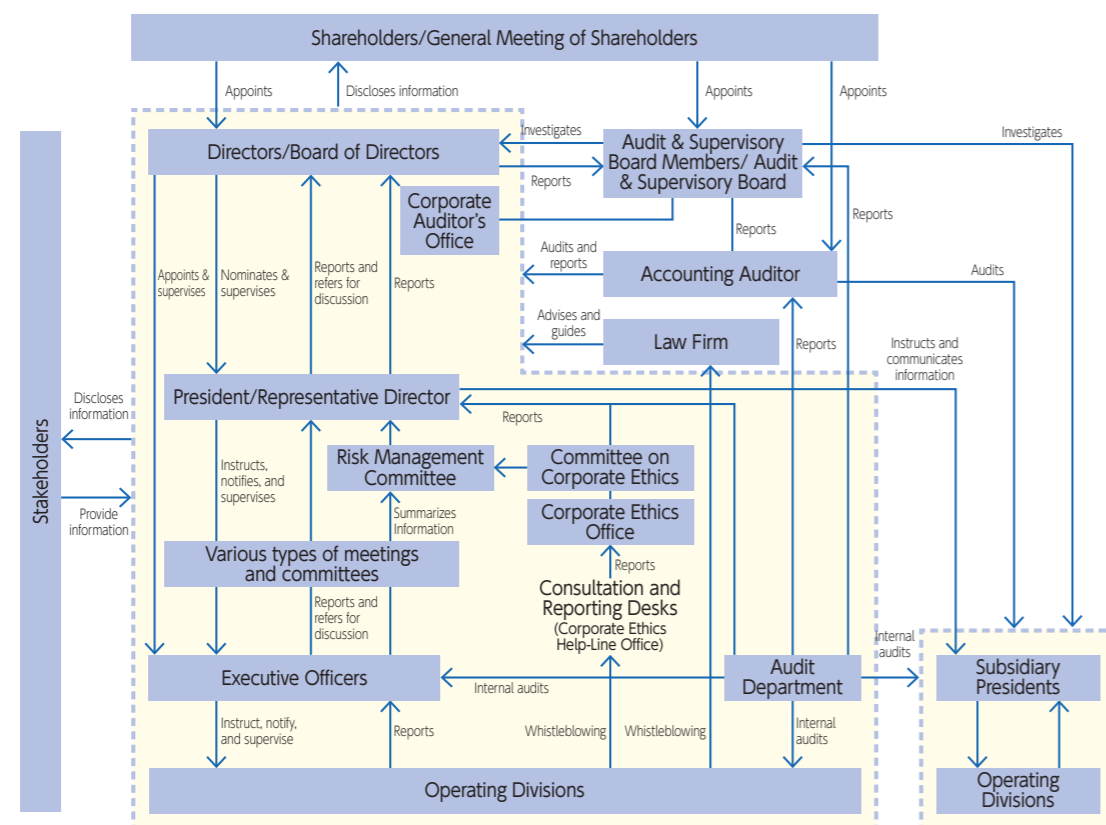
To be specific, we have introduced an executive officer system and limited the board of directors to a small number of directors (currently 11 directors, with the maximum number allowable being 12 directors). We have separated the functions of decision-making on management strategy and management oversight from the function of business execution by

appointing two external directors (one of whom is female), and other means. Three members of the five-member Audit & Supervisory Board are external members who are independent officers under the rules of the Tokyo Stock Exchange. They supervise management of the company from an objective, neutral perspective.

Shimizu has also established an Audit Department to perform internal audits of all operating division activities. The Audit Department reports the results of audits performed according to audit plans approved by the Board of Directors to the representative directors, audit & supervisory board members, and accounting auditor as appropriate.

Shimizu has established the Basic Policy on Establishment of Internal Controls to clearly specify the system for ensuring proper conduct of business, and this policy is revised by the Board of Directors, as appropriate.

Diagram of Corporate Governance Structure



Organizational Structure Company with an Audit & Supervisory Board

Directors

Number of directors specified in the Articles of Incorporation	12
Director terms specified in the Articles of Incorporation	2 years
Number of directors	11
Number of women directors	1
Number of external directors	2
Number of external directors who are also independent officers (including 2 independent external directors)	3

Audit & Supervisory Board Members

Audit & Supervisory Board	Established
Number of audit & supervisory board members specified in the Articles of Incorporation	5
Number of audit & supervisory board members	5
Number of external audit & supervisory board members	3
Number of external audit & supervisory board members who are also independent officers	3

Effectiveness of Board of Directors Meetings

Shimizu analyzes and evaluates the effectiveness of Board of Directors meetings annually.

The method of evaluation and results for 2017 are summarized below.

1 Evaluation Method

- Discussion involving all directors and all audit & supervisory board members (self-evaluation)
- Target period: January–December, 2017 (one year)
- Implementation dates: Board of Directors meetings in December 2017 and January 2018

2 Summary Evaluation Results

Shimizu's Board of Directors meetings were evaluated as constructive with energetic debates, and were deemed to be functioning appropriately and effectively in regard to the composition, function, and operational status of Board of Directors meetings, the support structure for external directors, training for and provision of information to directors, and dialogue with shareholders and investors, among other aspects.

The following topics were mentioned as main topics for the future:

- Work to ensure fuller debate in Board of Directors meetings aimed at enhancing corporate value and medium and long-term growth.
- Have the Board of Directors promote permeation of The Analects and the Abacus, which contains the basic principles by which the company is managed, throughout the company to develop Shimizu as a sustainable company.
- Promote initiatives aimed at conveying the attraction of craftsmanship and the role that the construction industry plays in society as IR activities.

3 Future Initiatives

Shimizu uses the results from the evaluation of the effectiveness of Board of Directors meetings to improve the effectiveness of these meetings and to further enhance corporate governance.

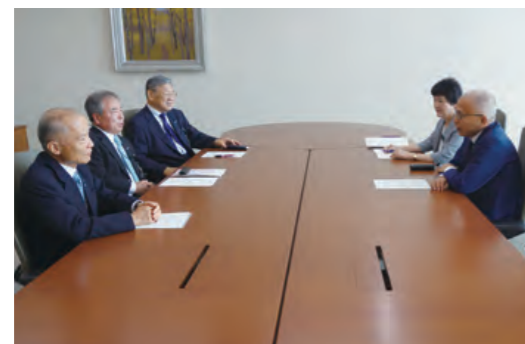
Status of External Officer Activities

External Directors

Name	Independent Officers	Important Concurrent Positions	Reason for Appointment	Meeting Attendance During Fiscal 2017
Yo Takeuchi	○	Attorney (Sidley Austin Nishikawa Foreign Law Joint Enterprise); President & Representative Director at All Nippon Asset Management Co., Ltd.; and External Audit & Supervisory Board Member at PRONEXUS INC.	Yo Takeuchi possesses expert knowledge as an attorney and knowledge and experience from being involved in financial administration and corporate management for many years. Shimizu deemed him to be appropriate for appointment as an external director because he is using this expertise to contribute to the management of the company.	Board of Directors meetings Attended 20 meetings out of a total of 20 meetings
Aya Murakami	○	Professor, Teikyo University	Aya Murakami possesses expert knowledge and experience as a university professor and knowledge and experience from involvement in labor and welfare administration for many years. Shimizu deemed her to be appropriate for appointment as an external director because she is using this expertise to promote work style reform, diversity management, and otherwise contribute to the management of the company.	Board of Directors meetings Attended 20 meetings out of a total of 20 meetings

External Audit & Supervisory Board Members

Name	Independent Officers	Important Concurrent Positions	Reason for Appointment	Meeting Attendance During Fiscal 2017
Hatsuhito Kaneko	○	Full-time	Hatsuhito Kaneko possesses considerable knowledge of finance and accounting, and extensive experience and expertise in management as an officer of financial institutions for many years. Shimizu deemed him to be appropriate for appointment as an external audit & supervisory board member because he is supervising management of the company from an objective, neutral perspective.	Board of Director meetings Attended 15 out of a total of 15 meetings (In position since June 2017) Audit & Supervisory Board meetings Attended 10 out of a total of 10 meetings (In position since June 2017)
Tetsuya Nishikawa	○	Attorney (Kasahara Law Office); External Audit & Supervisory Board Member at SEKIDO Co., Ltd.; External Director at LAC Co., Ltd.	Tetsuya Nishikawa has held positions of authority in National Police Agency, the Ministry of Defense, and the Cabinet Secretariat. He has extensive knowledge and experience in crisis management administration, and possesses expert knowledge as an attorney. Shimizu deemed him to be appropriate for appointment as an external audit & supervisory board member because he is supervising management of the company from an objective, neutral perspective.	Board of Director meetings Attended 18 out of a total of 20 meetings Audit & Supervisory Board meetings Attended 14 out of a total of 16 meetings
Kaoru Ishikawa	○	Director at Kawamura Gakuen, Director at The Society for Promotion of Japanese Diplomacy; and Outside Director at SMK Corporation	Kaoru Ishikawa serves an advisor in the field of foreign diplomacy, has extensive experience as a diplomat, and possesses specialized knowledge of international affairs and SDGs. Shimizu deemed him to be appropriate for appointment as an external audit & supervisory board member because he utilizes his expertise in supervising the management of the company from a global perspective and from an objective and Neutral Standview.	Board of Director meetings Attended 20 out of a total of 20 meetings Audit & Supervisory Board meetings Attended 15 out of a total of 16 meetings



External officer conference

The management division of the company is primarily responsible for providing the information necessary for external directors to fulfill their duties and supervise management, and Shimizu has established a structure for providing such information in a timely manner (including tours of offices, job sites, etc.).

Shimizu established the Corporate Auditor's Office as an office exclusively dedicated to supporting audit & supervisory board members.

Materials for Board of Directors meetings are distributed to external directors and external audit & supervisory board members in advance, and the administrative office for the Board of Directors, and other divisions provide explanations in advance.

An external officer conference for external directors and external audit & supervisory board members and an external director and audit & supervisory board member conference for external directors and all audit & supervisory board members are also held each year to facilitate the exchange of information.

Standards on the Independence of External Officers (External Directors and External Audit & Supervisory Board Members)

Shimizu deems external officers and candidates for external officer positions that meet the following requirements as independent from the company.

- Persons who are not executive officers of Shimizu or any Shimizu subsidiary (executive director, executive officer, or other type of employee), and have not been employed at Shimizu or any of its subsidiaries in the past 10 years
- Persons who are not important executive officers (executive directors, persons involved in accounting, persons in executive positions, executive officers, managers, or other important employee positions) at a main shareholder of Shimizu Corporation (a shareholder possessing 10% or more of voting rights)
- Persons who are not important executive officers of any of Shimizu's main business partners (from which Shimizu received compensation for transactions that exceeded 2% of Shimizu's total consolidated net sales in the most recent fiscal year)
- Persons who are not important executive officers of any of Shimizu's main business partners (to which Shimizu paid compensation for transactions that exceeded 2% of that company's total consolidated net sales)
- Persons who are not important executive officers of a financial institution that Shimizu depends on for financing to the extent that there are no alternative options
- Persons who are not attorneys, certified public accountants, or consultants who provide various kinds of specialized services for which substantial compensation (compensation exceeding 10 million yen in the most recent fiscal year) is received from Shimizu, other than remuneration for serving as an officer
- Persons who are not relatives of an important executive officer of Shimizu or any of its subsidiaries (a spouse or a relative of two or less degrees of kinship)

Officer Compensation

Policy on Determining Officer Compensation

A maximum total limit of 60 million yen a month in director compensation was established by resolution of the 97th General Meeting of Shareholders on June 29, 1999. Director evaluations and compensation are determined by discussion of the Executive Compensation Committee in order to ensure fairness and transparency.

A maximum total limit of 13 million yen a month in audit & supervisory board member compensation was established by resolution of the 89th General Meeting of Shareholders on June 27, 1991. The compensation of audit & supervisory board members is determined by the Audit & Supervisory Board.

Director & Audit & Supervisory Board Member Compensation

Type of Officer	Compensation Amount (Millions of yen)	Total Amount by Type of Compensation (Millions of yen)	Number of Officers Compensated
		Basic Compensation	
Directors (excluding external directors)	545	545	11
Audit & Supervisory Board Members (excluding external audit & supervisory board members)	64	64	3
External Officers	75	75	6

Note: The figures above include the compensation for two directors, one audit & supervisory board member, and one external audit & supervisory board member who retired as of the conclusion of the 115th General Meeting of Shareholders on June 29, 2017.

Messages from External Directors and External Audit & Supervisory Board Members



Yo Takeuchi,
Director

Apr. 1973: Joined Ministry of Finance
 Jul. 2002: Director-General, Kanto Local Finance Bureau, Ministry of Finance
 Aug. 2005: Director-General, Customs and Tariff Bureau
 Aug. 2006: Director, Development Bank of Japan
 Oct. 2008: Director & Managing Executive Officer, Development Bank of Japan Inc.
 Jun. 2013: Visiting Professor, The University of Tokyo (current position)
 Jun. 2013: Director, Shimizu Corporation (current position)
 Feb. 2014: Registered as an attorney
 Apr. 2014: Sidley Austin Nishikawa Foreign Law Joint Enterprise (current position)
 Jun. 2014: Outside Corporate Auditor, PRONEXUS, Inc. (current position)
 Feb. 2016: President & Representative Director, All Nippon Asset Management Co., Ltd. (current position)

I am now in my sixth year as an external director of Shimizu Corporation. In regard to operation of the Board of Directors, I feel that the effectiveness of the Board of Directors has improved during this time due to more energetic debate on many topics, including the medium to long-term management of the company, under the direction of Chairman Miyamoto. I also receive clear explanation of individual agenda items before each Board of Directors meeting, conduct my own research and examination, and contribute to the discussion of items at Board of Directors meeting. One of Shimizu's characteristics is that it also actively implements IR activities to communicate with both institutional and individual investors in Japan and overseas. It impresses me as a company that places importance on its stakeholders.

The role required of me as an external director is to utilize my experience in the formulation of national and corporate plans and on domestic and foreign finance and lending to manage the risks of individual proposals, including new businesses. I also believe that it is my role to provide advice on medium to long-term management issues and the future vision for Shimizu and the construction industry. When I provide such advice, I think it is important to provide advice and supervision from three perspectives: By looking at issues from a bird's eye view of the macro perspective, by looking at them from the ground-level perspective of the frontlines and stakeholders, and by looking at them from a below-the-surface perspective of trends in society and the market.

Shimizu is one of the leading, long-established companies in Japan with consistent management principles. Shimizu's strengths lie in its technological capabilities and its innovativeness. The company will need to make full use of these strengths in responding to changing social and economic conditions in the future. I look forward to Shimizu's continued contributions as it provides new value to communities and customers through physical initiatives in *monozukuri* (craftsmanship), community development, and development of Japan that embody the corporate slogan of "Today's Work, Tomorrow's Heritage."



Aya Murakami,
Director

Apr. 1977: Joined the Ministry of Labor
 Apr. 1996: Director of Women's Welfare Division, Women's Bureau, Ministry of Labor
 Jul. 1998: Member of Long-term Care Insurance Promotion Office, Director of Welfare Promotion for the Elderly Division, Health and Welfare Bureau for the Elderly, Ministry of Health and Welfare
 Jan. 2001: Director of Promotion Division, Gender Equality Bureau, Cabinet Office
 Aug. 2003: Director-General, Saitama Labour Bureau, Ministry of Health, Labour and Welfare
 Dec. 2006: Managing Director, Japan Institute for Women's Empowerment & Diversity Management
 Apr. 2011: Professor, Department of Law, Faculty of Law, Teikyo University (current position)
 Jun. 2015: Director, Shimizu Corporation (current position)

Three years have passed since I became an external director for Shimizu. I feel that discussions at the Board of Directors meetings each year have been energetic and frank. Regular reports are also presented on the core construction business as well as all other businesses, such as investment development, LCV, and engineering. These reports are valuable in understanding the details of these businesses and I am satisfied with the advance explanations I receive on agenda items and other elements of the support structure.

Thus far, I personally have been mainly involved in work on topics such as labor, insurance and benefits, and the long-term care insurance field, as well as work-life balance, promoting the advancement of women, and measures to prevent harassment. I look forward to using the knowledge, personal connections, and experience I have gained through those careers to advise Shimizu on management in the future as well.

Recently, the company has been particularly focused on workstyle reform and promoting the advancement of women as management strategies. To achieve that, it is important for Shimizu to keep the productivity per hour of each employee in mind in proceeding with workstyle reform, to continually revise operations, including organization-wide processes, and to improve the quality of organizational management.

President Inoue has repeatedly stated these perspectives in his messages to Shimizu employees, and I would like to see the company make further progress on establishing an environment and structure that enable a diverse range of human resources to demonstrate their capabilities and work enthusiastically.

I look forward to initiatives that effectively utilize the human resources who are Shimizu's greatest assets.



Hatsuhiro Kaneko,
Audit & Supervisory Board Member (part-time)

Apr. 1979: Joined Mitsubishi Trust Bank
 Jun. 2006: General Manager, Retail Planning Division, Mitsubishi UFJ Trust and Banking Corporation
 Oct. 2006: Executive Officer, Retail Banking Business Unit, Mitsubishi UFJ Trust and Banking Corporation
 Jun. 2008: Executive Officer, Kyoto Branch Manager and Kyoto Central Branch Manager, Mitsubishi UFJ Trust and Banking Corporation
 Jun. 2009: Managing Executive Officer, Mitsubishi UFJ Trust and Banking Corporation
 Jun. 2011: Senior Managing Executive Officer, Mitsubishi UFJ Trust and Banking Corporation
 Jun. 2012: Director and Senior Managing Executive Officer, Mitsubishi UFJ Trust and Banking Corporation
 Jun. 2013: Director and Deputy President, Mitsubishi UFJ Trust and Banking Corporation
 Jun. 2015: Representative Director and Chairman, Mitsubishi UFJ Real Estate Services Co., Ltd.
 Jun. 2016: Outside Audit & Supervisory Board Member, Mitsubishi Paper Mills Limited
 Jun. 2017: Standing Audit & Supervisory Board Member (full-time), Shimizu Corporation (current position)

As a person who is involved in corporate management to some extent, I focus the system of internal controls that will ensure proper management of the business through risk management, compliance, and other means, from the perspective of preventing a loss of corporate value from unforeseen events. I recognize that the management of Shimizu are building a proper system of internal controls. As a full-time external audit and supervisory board member, I want to confirm that discrepancies do not arise between the views of management and the understanding of the locations and frontlines spread throughout Japan and overseas so that the internal controls function effectively. Shimizu has a good corporate culture in which all employees follow the teachings of Eiichi Shibusawa contained in The Analects and the Abacus, which talks about the compatibility of economic activity and ethics. I would like to see Shimizu take risks that are appropriate in light of this culture and will lead to further enhancement of corporate value.



Tetsuya Nishikawa,
Audit & Supervisory Board Member (part-time)

Apr. 1972: Joined the National Policy Agency
 Apr. 1993: Chief, Wakayama Prefectural Police Headquarters
 Mar. 1998: Chief, Niigata Prefectural Police Headquarters
 Jan. 2007: Private Secretary of the Minister of Defense, Ministry of Defense
 Aug. 2009: Deputy Chief Cabinet Secretary
 Nov. 2011: Advisor to Sonpo Japan Insurance Inc. (now Sonpo Japan Nipponkoa Insurance Inc.)
 Dec. 2011: Registered as an attorney
 Jan. 2012: Joined Kasahara Law Office (current position)
 May 2013: Outside Audit & Supervisory Board Member, SEKIDO Co., Ltd. (current position)
 Jun. 2013: Outside Director, LAC Co., Ltd. (current position)
 Jun. 2014: Audit & Supervisory Board Member (part-time), Shimizu Corporation (current position)

At Shimizu, management makes an effort to ensure that everyone in the company shares a common understanding. Information is also actively shared with external audit & supervisory board members by providing them with information on internal and external operations and answering questions. As an external audit & supervisory board member, I have the mandate of shareholders. I think that I was able to audit the performance of duties by directors and other officers to ensure that these duties were carried out appropriately, and that I was able to properly audit the performance of duties in regard to the material impact of events on the company for the various stakeholders. I also think that Shimizu's standards for audits by auditors, rules on the audit & supervisory board, and record of prior audits show that audits have been appropriate for the company's long tradition in light of the social demands of each age.

Today, as major changes are occurring in society, I would like to contribute to ensuring strict compliance in the future and to even better management of the company based on flexible, sustainable governance.






Kaoru Ishikawa,
Audit & Supervisory Board Member (part-time)

Apr. 1972: Joined the Ministry of Foreign Affairs of Japan
 Sep. 2002: International Community Cooperation Dept., Foreign Policy Bureau, Ministry of Foreign Affairs of Japan
 Jan. 2005: Economic Affairs Bureau, Ministry of Foreign Affairs of Japan
 Jan. 2007: Resident Ambassador Extraordinary & Plenipotentiary in Egypt
 Jun. 2010: Resident Ambassador Extraordinary & Plenipotentiary in Canada
 Apr. 2013: Resigned from the ministry
 Jun. 2013: Executive Director, The Japan Forum on International Relations, Inc.
 Apr. 2014: Specially Appointed Professor, Kawamura Gakuen Women's University (current position)
 May 2014: Director, Kawamura Gakuen (current position)
 Jun. 2015: Director, The Society for Promotion of Japanese Diplomacy (current position)
 Jun. 2016: Audit & Supervisory Board Member (part-time), Shimizu Corporation (current position)
 Jun. 2017: Outside Director, SMK Corporation (current position)

Today, globalization has progressed to the extent that it can be said there are no national boundaries and the actions that companies must take to survive are proliferating. It is increasingly important to have an unwavering North Pole for both management and employees in such an environment. This is why they must always take the teachings of Eiichi Shibusawa in The Analects and the Abacus, which contains the basic principles by which Shimizu manages its business, to heart. That spirit exhorts us to walk with the weak, think about future generations, and put work in communities and the world that we can truly be proud of first, rather than focusing on immediate profit. Shimizu does this through the Sustainable Development Goals (SDGs) that were adopted by world leaders at a United Nations summit. To achieve that, it is important for everyone to be able to speak freely and in a friendly manner. That deeply impressed me as being something that I should take the lead on as an external audit & supervisory board member.

Key Performance Indicators —Results and Targets—

ESG	Social Challenges	Key Topics	Key Performance Indicators (KPIs)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (Target)			
E (Environment)	<ul style="list-style-type: none"> A sustainable society Renewable energy Preventing global warming Preserving biodiversity Resource depletion Water-related issues 	<ul style="list-style-type: none"> Energy conservation, renewable energy Countering global warming Biodiversity Waste reduction, recycling, pollution prevention 	CO ₂ emissions reductions vs. FY1990	45.9%	55.9%	51.1%	53.0%	54.9%	53.0%			
			Green construction	51.5%	48.7%	42.5%	45.0%	44.1%	46.0%			
			Energy-saving construction	–	41.0%	48.1%	47.0%	48.7%	48.0%			
			Conserving energy at the office	3.2%	3.4%	2.8%	3.7%	3.5%	4.0% or less			
			Final disposal rate of construction byproducts	15.1kg/m ²	15.1kg/m ²	13.0kg/m ²	13.0kg/m ²	14.9kg/m ²	15.8kg/m ² or less			
			Base unit of total construction byproducts	0	0	0	0	0	0			
			Number of serious environmental defects	[Other assessment indicators]								
			Average CASBEE score *design and construction	1.68	1.62	1.60	1.51	2.25	1.5 (rank A) or higher			
			Number of LEED-certified projects *design and construction	3	3	3	4	6	–			
			Power generated from renewable energy *our business	–	15,437MWh	18,073MWh	19,480MWh	19,650MWh	–			
			Offsets using carbon credits	–	56,500 t-CO ₂	30,000 t-CO ₂	27,700 t-CO ₂	27,181 t-CO ₂	–			
			CDP performance score	A	A	A	B	A [–]	A			
			S (Social)	<ul style="list-style-type: none"> Support for disaster affected areas Reducing disaster risks Lengthening the lifespan of infrastructure Customer satisfaction Stock management Community vitalization Diversity Aging society with fewer children Coexistence with local communities Corporate citizenship Support for athletics 	<ul style="list-style-type: none"> Safety and security for construction and the social infrastructure Optimal quality, customer satisfaction Health and safety in construction processes Diversity Work-life balance Human resource development Securing a workforce for the future Contributing to Society 	R&D investments	7.9 billion yen	11.1 billion yen	8.5 billion yen	10.1 billion yen	11.1 billion yen	12.7 billion yen
						Number of patents applied for	290	288	309	322	325	300
Number of staff obtaining new professional qualifications (cumulative)	4 (174)	5 (172)				3 (170)	3 (164)	8 (175)	5			
Professional Certificates	50 (695)	53 (753)				61 (744)	30 (748)	51 (773)	45			
Class I Architect	43 (2,270)	56 (2,263)				50 (2,178)	48 (2,163)	71 (2,094)	80			
Class I Construction Management Engineer certificates	119 (2,992)	90 (3,013)				114 (2,997)	89 (3,024)	49 (3,026)	60			
Class I Civil Engineering Construction Management Engineer	34 (1,568)	31 (1,577)				48 (1,524)	20 (1,515)	27 (1,484)	25			
Accident frequency rate (CY total)	0.60%	0.77%				0.59%	0.53%	0.47%	0.60% or less			
Number of women in management positions	19	33				49	68	84	75			
Percentage of employees with disabilities	2.05%	2.11%				2.18%	2.16%	2.23%	2.20%			
Percentage taking paid annual vacation	29.5%	32.9%				33.8%	42.6%	47.5%	60% or higher by 2022			
Expenditures on social contribution activities as a percentage of ordinary income	1.74%	0.85%				0.83%	0.84%	0.95%	1.0%			
[Other assessment indicators]												
Number of structures subject to comprehensive disaster prevention diagnostics	147	151				155	163	188	–			
Number of major awards won	2	4	2	3	2	2						
BCS	1	3	1	1	1	1						
BELCA	5	5	3	2	3	2						
Japan Society of Civil Engineers	40	23	30	32	22	30						
Number of media reports (technological development)	97.3%	100%	100%	100%	98%	100%						
Percentage of female employees taking childcare leave	181	215	257	303	406	Doubling the 2014 figure by 2019						
Number of female engineers	0	0	0	0	0	0						
Number of serious information security incidents	0	0	0	0	1	0						
Number of serious violations of laws, regulations, and notices	[Other assessment indicators]											
Percentage of employees undergoing information security training	100%	100%	100%	100%	100%	100%						
Participation rate in BCP drills	99.6%	100%	100%	100%	100%	100%						
Percentage of employees undergoing compliance training	100%	100%	100%	100%	100%	100%						
Corporate Ethics Helpline Office response rate	100%	100%	100%	100%	100%	100%						
G (Governance)	<ul style="list-style-type: none"> Corporate governance Human rights/ Poverty eradication Preventing corruption, collusion Fair marketing Information security 	<ul style="list-style-type: none"> Corporate governance Risk management Compliance 	Number of serious information security incidents	0	0	0	0	0	0			
			Number of serious violations of laws, regulations, and notices	0	0	0	0	1	0			
			Percentage of employees undergoing information security training	100%	100%	100%	100%	100%	100%			
			Participation rate in BCP drills	99.6%	100%	100%	100%	100%	100%			
Percentage of employees undergoing compliance training	100%	100%	100%	100%	100%	100%						
Corporate Ethics Helpline Office response rate	100%	100%	100%	100%	100%	100%						

List of External Awards

58th BSC Award



Building No. 1, Toho Gakuen College Chofu Campus (building construction)



Toyama Glass Art Museum (building construction)

26th BELCA (Building and Equipment Long-Life Cycle Association) Award (Long-life cycle division)



Hotel New Grand, Main Building (new construction; renovation, design, and construction)

Fiscal 2017 Award, Japan Society of Civil Engineers

Tanaka Award



Onahama Marine Bridge

Technology Award, Group I



Construction of the Keisei Sugano Underpass on the Outer Ring Expressway
— Jacked box construction directly beneath an operating railway line using the R&C construction method for a box with the largest cross-section in the world —

Technology Award, Group II



Japan's first grade separation project to increase the number of lines to a 4-line subway directly beneath an operating railway line
— Completion of Rail Rapid Transit (RRT) Line No. 9 — Odakyu Electric Railway Co., Ltd. Odawara Line

List of Other Commendations and Awards Received

Name of Commendation/Award	Work that Received the Award, etc.
The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan Awards, 31st Promotion Award, Technology Promotion Award	Planning, design, and construction of Q'd Building, aimed at ZEB
The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan Awards, 31st Promotion Award, Technology Promotion Award	Planning and design of an air-conditioning system for large spaces that achieves both energy savings and improvement in productivity at the new assembly plant at Komatsu Ltd.'s Awazu Plant
1st Japan Construction International Award	Pahang Selangor Raw Water Transfer Tunnel
30th Nikkei New Office Prize, New Office Promotion Award	Hitachi, Ltd.'s Open Lab Yokohama, 1F and 2F
30th Nikkei Office Prize, Regional Block New Office Promotion Prize Shikoku New Office Promotion Prize	Fuso Techno Center
1st Infrastructure Maintenance Grand Prize, Minister of Defense Award	Major Heisei era renovation of the Great Lecture Hall in the First Service School of the Maritime Self-Defense Force
Cogeneration Award 2017, Consumer Division, Excellence Award	Creation of Japan's first Smart Community in an existing urban district through cogeneration — Case involving introduction to OASE Shibaura —
Cogeneration Award 2017, Technology Development Division, Excellence Award	Development of EMS to improve energy savings via a CGS operating strategy assisted by a storage battery and heat accumulator equipment
Fiscal 2017 Distinguished Service Award for Promoting 3Rs (Reduce, Reuse, and Recycle) Prime Minister's Award	Construction of temporary halls on the east side of Tokyo Big Sight Construction of 100% recyclable halls that are easily removable
12th Japan Facility Management Award Excellent Facility Management Award	Implementation of public-private partnership through creative facility management methods — Largest hospital PFI business in Japan (Tama Medical PFI Corporation) —
Fiscal 2017 Good Lighting Award	Terrasse Nayabashi, first-class urban redevelopment project on the eastern side of Nayabashi
35th (2016) Japan Lighting Award	Creation of light concert by lighting up the glass façade of a commercial facility
29th Institute of Electrical Engineers of Japan Awards, Technology Division, Facility Promotion Award	Electrical equipment of Oaze Shibaura
61st Kanagawa Architecture Concours, Grand Prize	SIRIUS a culture creation base in Yamato City
Kanagawa Architecture Concours, outstanding performance award	ISUZU PLAZA · PLAZA annex
25th Aichi Machinami Architecture Awards	Formation of a collective form centered in the Nagoya University NIC (National Innovation Complex)
9th Hiroshima Architecture and Culture Awards, Grand Prize	Elizabeth University of Music, Hall 3
4th Yamaguchi Landscape Awards, Excellent Landscape and Building Award, General Architecture Division, Grand Prize	Yamaguchi Xavier Memorial Church
Fiscal 2017 Seismic Retrofitting Architectural Excellence Award	Hotel New Grand, Main Building
Fiscal 2017 Japan Construction Machinery and Construction Association Awards, Grand Prize	Development of a robot to assist with heavy rebar layout

* See Page 42 for technical awards.

Independent Opinion



Keisuke Takegahara

Executive Officer, Deputy Chief Research Officer, Chief Manager, Sustainability Management Office, Corporate Planning & Coordination Department
Development Bank of Japan Inc.

Shimizu Corporate Report 2018 has employed creativity in boosting its message by maintaining a two-phased structure of using the concept of a Smart Solutions Company to talk about corporate principles and strategy in the first half, and reporting on the business base that will support this in the second half.

The beginning hit forcefully on the concept of pursuing growth through the sustainability of communities and structures, as it did last year. By first looking back over the company's long history and reaffirming faithful craftsmanship, the spirit of innovation, and The Analects and the Abacus as the DNA that forms the strengths of the company, you revealed the immutable founding principles that have run through everything you have done up to today. The president's message then added the perspective of the long-term vision of where you plan to go, based on the Midterm Management Plan, to this. Weaving the past and the future together resulted in the specification of three key areas (safe, secure communities; comfortable, smart communities; and sustainable, environmentally friendly communities) as fields that Shimizu will manifest its strengths in. The new perspective of SDGs was incorporated and top management voiced the importance of understanding these as business opportunities, rather than simply responding to the demands of society. The structure of concretely illustrating the development with examples of projects in these three key areas makes it an excellent message. I think the contents of that message did a superb job of communicating the scenarios for creating value in the series of initiatives.

In light of this, after reviewing Initiatives in Each Area at the outset from the perspective of concrete results, commercialization, and achieving stable revenues in each business, you also incorporated

the opinions of those who were in charge of the various projects in introducing them. Clearly, the main focus in this part appears to be on demonstrating the competitiveness of Shimizu through an extensive track record and full pipeline (including projects currently underway and frontier development with an eye toward the future). However, I think that it simultaneously serves the function of providing raw material to the reader for thinking about what elements support competitiveness. That is because touching on information such as the story of growth in the real estate business, the wide variety of engineering solutions, and the concept of expandability in the life cycle business enables readers to sense that the focal point lies in having the technological capabilities and human resources to support this. When read from this perspective, the contents of this part are highly interesting because they suggest the elements that support sustainability of the business model.

As I mentioned in regard to the previous issue, what I would like to see in the next issue is this type of connection of the first half with a second half that explains the business base from multiple perspectives. Because the topics range far and wide, it unfortunately can become increasingly difficult to see the connection to the clear storyline in the first half as one reads through the second half.

In regard to this point, I think there is value in giving some thought to trying to position the strengths in human resources and technology, which are mentioned as the sources of competitiveness in Initiatives in Each Area, in the business base at the same level as compliance, for example.

Positioning the technology strategy and human resources strategy, which integrates diversity & inclusion and work-life balance, into the business base would create a flow of explaining the strengths and long-term business strategy of Shimizu in the first half and the elements that support these in the second half. I think that this would make the story more cohesive and suggest considering it.

I expect this report to evolve further as Shimizu plans to revise its long-term vision and midterm management plan next fiscal year.

Thank you for your opinion

We will reflect on the cohesiveness of the storyline as you suggested, and will think about adding a storyline on the path to solving social problems through our business or value creation that integrates qualitative information and the SDGs using the business strategy as a cornerstone, based on the next long-term vision and midterm management plan that are currently being formulated.

Independent Assurance Report / ISO Management Systems


Independent Assurance Report

Shimizu obtained third-party certification for the CO₂ emissions reported on Pages 58-59 from Ernst & Young ShinNihon LLC.

Translation

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.


July 25, 2018



TO:
Mr. Kazuyuki Inoue
President
SHIMIZU CORPORATION

Kenji Sawami
Engagement Partner
Ernst & Young ShinNihon LLC Tokyo, Japan

Independent Assurance Report

We, Ernst & Young ShinNihon LLC, have been commissioned by SHIMIZU CORPORATION (hereafter the "Company") and has carried out a limited assurance engagement on the Key Sustainability Performance Indicators (hereafter the "Indicators") of the Company for the year ended March 31, 2018 as included in the Company's Ecological Mission 2030-2050 section of the Shimizu Corporate Report 2018 (hereafter the "Report"). The scope of our assurance procedures was limited to the Indicators marked with the symbol  in the Report.

- The Company's Responsibilities**
The Company is responsible for preparing the Indicators in accordance with the Company's own criteria, that it determined with consideration of Japanese environmental regulations as presented in 2018, 2. Ecological Missions 2030-2050, 2.1. Estimation Standards (https://www.shimz.co.jp/company/csr/environment/pdf/data_2018.pdf) of the Report. Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given different instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.
- Our Independence and Quality Control**
We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in January 2017, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.
- Our responsibilities**
Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information - ("ISAE 3000") (Revised), issued by the International Auditing and Assurance Standards Board in December 2013, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2014 by the Japanese Association of Assurance Organizations for Sustainability Information and, with respect of GHG emissions, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board in June 2012. The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, as well as the following:
 - Making inquiries regarding the Company's own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
 - Inspecting relevant documents with regard to the design of the Company's internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company and 1site visited;
 - Performing analytical procedures concerning the Indicators at the Company and 1site visited; and
 - Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company and 1site visited.

The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.
- Conclusion**
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company's own criteria that it determined with consideration of Japanese environmental regulations.

ISO Management Systems

Quality Management System (ISO 9001)

Quality policy

Individual quality policies are established for each of the following business segments: Building Construction, Civil Engineering, and Engineering Headquarters.

Building Construction segment:

All employees who belong to this segment are responsible for providing satisfactory buildings and services, in their respective work processes, which range from sales to maintenance by:

- Dedicating themselves wholeheartedly to the customers,
- Precisely identifying the values customers expect, and
- Correctly establishing and implementing an optimized quality plan.

Civil Engineering segment:

Our ultimate goal is to achieve sustained growth by delivering structures of outstanding quality; by meeting the expectations of our customers and society; and by earning their trust and satisfaction. We seek to do this based on a sensitive understanding of the needs of customers and society, a steadfast, good-faith approach to *monozukuri*, and the demonstration of our overall capabilities made possible by the efforts of all our employees.

Engineering Headquarters:

Coordinating customer needs and advanced specialized technologies, this segment is responsible for customer satisfaction and gaining customer trust by building and maintaining high-value and high-quality environments and facilities that comply with all applicable laws and regulations. The segment delivers business potential, functionality, and permanence, all in accordance with the ISO 9001 international standard for quality management systems.

Continuing improvements and external inspections

Each business segment establishes and maintains a quality management system based on the policies above, setting quality targets and reviewing the status of each activity.

Each segment also strives to achieve sustained improvements based on ISO 9001 external inspections that confirm and assess the quality management system in terms of its validity.

Environmental Management System (ISO 14001)

Policies and objectives

Based on Shimizu Basic Environment Policy, environmental policies have been established for each of the following business segments: the Building Construction and Civil Engineering business segments and the Engineering Headquarters.

<https://www.shimz.co.jp/company/csr/environment/manage/>

Results of external inspections and internal environmental audits

<https://www.shimz.co.jp/company/csr/environment/pdf/report2017add2.pdf>

Continual improvement

New targets are set each year as a part of the fiscal year targets set under the Environmental Action Plan. Progress toward targets is continually monitored. <https://www.shimz.co.jp/en/company/csr/environment/>

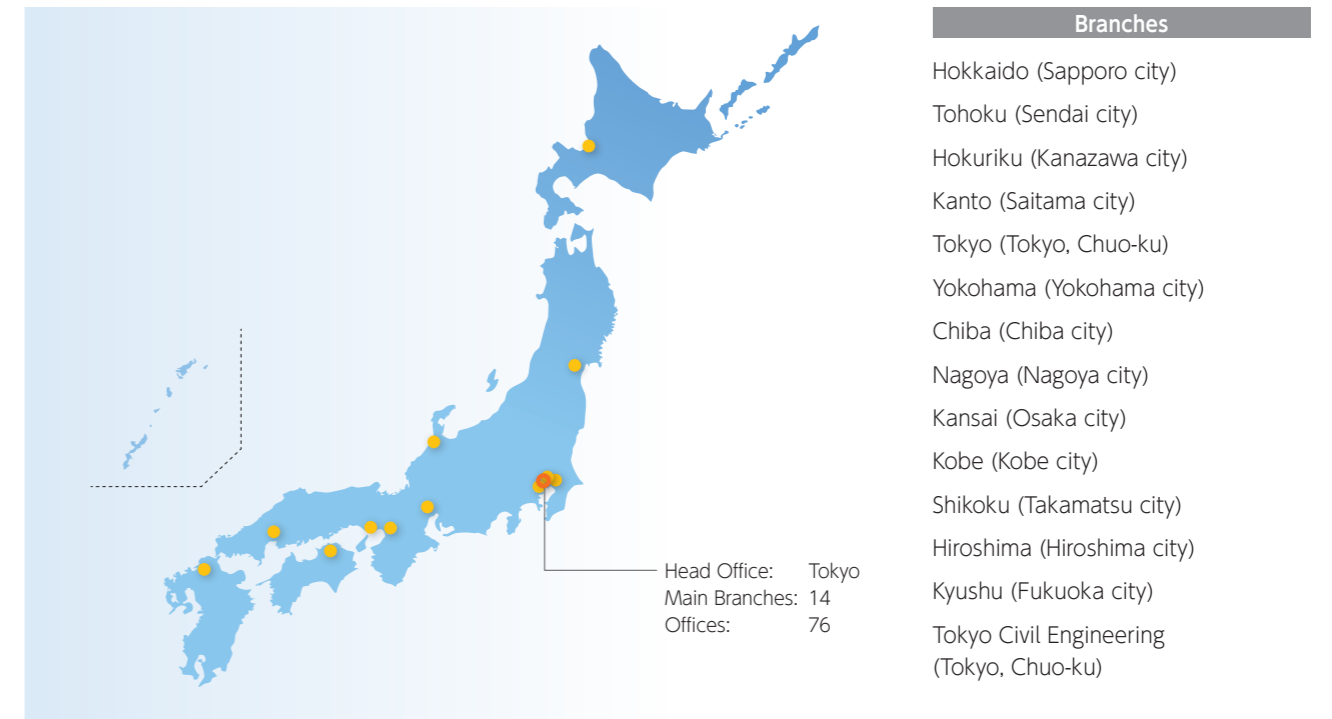
Education

Environmental education is provided under the HR Development Policy through programs tailored to employee job category and profession. <https://www.shimz.co.jp/en/company/csr/human/>

Global Network

(as of April 1, 2018)

Domestic



Overseas



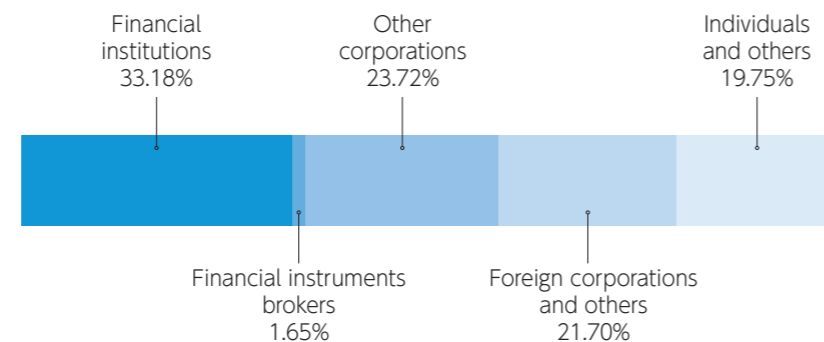
The Shimizu group has established regular offices in 27 cities

Investor Information

(as of march 31, 2018)

Total Number of Shares Authorized	1,500,000,000																																	
Total Number of Shares Outstanding	788,514,613																																	
Exchanges Listed on	Tokyo Stock Exchange Part 1 1803 Nagoya Stock Exchange Part 1 1803																																	
Number of Shareholders	54,895																																	
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation																																	
Major Shareholders	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Shares held (thousands)</th> <th>Percentage of total (%)</th> </tr> </thead> <tbody> <tr> <td>SHIMIZU & CO., LTD</td> <td>60,730</td> <td>7.73</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>50,775</td> <td>6.46</td> </tr> <tr> <td>The SHIMIZU FOUNDATION</td> <td>38,595</td> <td>4.91</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>34,393</td> <td>4.38</td> </tr> <tr> <td>HOUSING RESEARCH FOUNDATION JYUSO-KEN</td> <td>17,420</td> <td>2.22</td> </tr> <tr> <td>Employee's Stock Ownership Plan</td> <td>16,426</td> <td>2.09</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>16,197</td> <td>2.06</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td>13,097</td> <td>1.67</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 4)</td> <td>12,994</td> <td>1.65</td> </tr> <tr> <td>GOVERNMENT OF NORWAY</td> <td>11,053</td> <td>1.41</td> </tr> </tbody> </table> <p>Note: "Percentage of total" is calculated excluding 2,622,227 shares of treasury stock.</p>	Shareholder	Shares held (thousands)	Percentage of total (%)	SHIMIZU & CO., LTD	60,730	7.73	The Master Trust Bank of Japan, Ltd. (Trust Account)	50,775	6.46	The SHIMIZU FOUNDATION	38,595	4.91	Japan Trustee Services Bank, Ltd. (Trust Account)	34,393	4.38	HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.22	Employee's Stock Ownership Plan	16,426	2.09	Mizuho Bank, Ltd.	16,197	2.06	Japan Trustee Services Bank, Ltd. (Trust Account 5)	13,097	1.67	Japan Trustee Services Bank, Ltd. (Trust Account 4)	12,994	1.65	GOVERNMENT OF NORWAY	11,053	1.41
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Shareholders Ratio (Percentage of owned shares)



Corporate Information

Corporate Name	SHIMIZU CORPORATION	
Date of Establishment	1804	
Common Stock	¥74.3 billion (as of March 31, 2018)	
Total Employees (consolidated)	16,024 (as of March 31, 2018)	
Main Business	Construction, civil engineering, and other contracted projects, including machine installation; research, planning, geological surveys, land surveys, design, and administration of construction projects; sales, purchases, leasing, brokering, management, and appraisal of real estate properties; building, selling, leasing, and managing residential buildings and other properties; development and sales of vacant land	
Net Sales	¥1,519.4 billion (fiscal 2017)	
Main Subsidiaries and Affiliates (as of April 1, 2018)	<ul style="list-style-type: none"> FaB-Tec Japan Corporation Daiichi Setsubi Engineering Corporation SC PRE-CON CORP. The Nippon Road Co., Ltd. MILX Corporation SC Machinery Corp. Technology Network, Inc. SHIMIZU BLC Co., Ltd. FINE STAFF Co., Ltd. PD System CORPORATION FIELD FOUR DESIGN OFFICE NIPPON KENSETSU Shimizu Comprehensive Development Corporation Hokuseitochi, Co., Ltd. 	<ul style="list-style-type: none"> Makuhari Techno-Garden Co., Ltd. Shimizu Finance Co., Ltd. CSP Japan, Inc. Property Data Bank, Inc. Total Office Partner, Inc. Shimizu North America LLC Shimizu International Finance (U.S.A.), Inc. PT Shimizu Bangun Cipta Kontraktor Shimizu Philippine Contractors, Inc. Thai Shimizu Co., Ltd. Shimizu Vietnam Co., Ltd. Shimizu Corporation (China) Ltd. Shimizu Corporation India Pvt. Ltd. Shimizu Investment (Asia) Pte. Ltd.

Management Team (as of June 28, 2018)

Board of Directors

Chairman and Representative Director	Yoichi Miyamoto
President and Representative Director	Kazuyuki Inoue
Executive Vice President and Representative Director	Osamu Terada
Executive Vice President and Representative Director	Toshiyuki Imaki
Executive Vice President and Representative Director	Koichiro Higashide
Executive Vice President and Representative Director	Toru Yamaji
Representative Director	Tsunehiko Yamanaka
Director	Koji Ikeda
Director	Motoaki Shimizu
Director	Yo Takeuchi
Director	Aya Murakami

Executive Officers

Senior Managing Officers	Managing Officers		
Tsunehiko Yamanaka	Masahiro Indo	Toyoji Sone	Kentarō Ikeda
Koji Ikeda	Koichi Ishimizu	Masatoshi Misawa	Takashi Kawata
Tadashi Okamoto	Hiroshi Fujimura	Shinya Fukudome	Hiroaki Taniguchi
Shigeru Namioka	Masaki Yamaguchi	Kimio Handa	Shinichi Takiguchi
Shigeki Kuriyama	Seiji Umetsu	Kazuyoshi Nasuhara	Takahisa Shiota
Tatsuya Kurosawa	Naoki Kita		
Yutaka Ishikawa			
Executive Officers			
Akira Yamazaki	Hiroyuki Kurita	Yoshinari Dendoh	Kenichi Ozono
Yutaka Gozu	Sadayasu Asano	Toshihide Suenaga	Kazuhiko Kato
Yoshito Tsutsumi	Tatsuya Shinmura	Yoshinori Mochizuki	Tetsu Mizuno
Mitsuo Morii	Yasuhide Kuwahara	Toshikazu Tsuji	Yoshiki Higashi
Masanobu Onishi	Takao Haneda	Tomohisa Odaka	Takefumi Saito
Kazuhito Nakamura	Yoshimi Hirata	Atsushi Osada	Osamu Nakagawa
Masaichi Kawamura	Kouichi Iida	Takeshi Sekiguchi	Kojiro Shimizu
Masamichi Miki			

Note: Representative Director Tsunehiko Yamanaka and Director Koji Ikeda concurrently serve as executive officers. Directors Yo Takeuchi and Aya Murakami are external directors.

Financial Section

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Supplemental Information

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124	Nonconsolidated Statement of Income
125	Orders, Sales and Backlog (Nonconsolidated)

Consolidated Balance Sheet

Shimizu Corporation and its subsidiaries
As at March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2018	2018
ASSETS			
Current Assets:			
Cash (Notes 9 and 10.2))	¥ 172,803	¥ 196,158	\$ 1,845,159
Notes and accounts receivable—trade (Note 10.2))	449,049	503,380	4,735,026
Marketable securities (Notes 9, 10.2) and 11)	143,000	145,150	1,365,347
Real estate for sale (Note 4.2))	39,479	19,228	180,875
Costs on uncompleted construction contracts (Notes 4.2) and 5.3))	76,851	77,779	731,630
Costs on uncompleted real estate development projects (Note 4.2))	29,613	26,502	249,291
PFI projects and other inventories (Notes 4.2) and 5.3))	52,033	47,969	451,224
Deferred tax assets (Note 14)	20,865	16,197	152,365
Other current assets	76,256	89,275	839,767
Less: Allowance for doubtful accounts	(861)	(867)	(8,156)
Total current assets	1,059,091	1,120,776	10,542,530
Non-Current Assets:			
Tangible fixed assets:			
Buildings and structures	169,974	181,675	1,708,925
Machinery, vehicles, tools, furniture and fixtures	59,270	62,830	591,013
Land (Note 5.1))	146,711	157,173	1,478,445
Construction in progress	4,368	6,014	56,578
Less: Accumulated depreciation	(133,628)	(141,903)	(1,334,812)
Total tangible fixed assets	246,696	265,790	2,500,150
Intangible fixed assets	4,574	6,081	57,204
Investments and other assets:			
Investment securities (Notes 5.2), 5.3), 10.2) and 11)	359,902	387,102	3,641,259
Deferred tax assets (Note 14)	1,571	1,388	13,056
Other investments (Note 5.2))	18,568	17,270	162,450
Less: Allowance for doubtful accounts	(2,206)	(2,067)	(19,447)
Total investments and other assets	377,835	403,693	3,797,319
Total non-current assets	629,106	675,565	6,354,674
Total assets	¥ 1,688,197	¥ 1,796,341	\$ 16,897,205

The accompanying notes are an integral part of these financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2018	2018
LIABILITIES			
Current Liabilities:			
Notes and accounts payable—trade (Note 10.2))	¥ 390,395	¥ 377,469	\$ 3,550,647
Short-term borrowings (Notes 10.2) and 20)	121,171	130,381	1,226,423
Current portion of non-recourse borrowings (Notes 5.3), 10.2) and 20)	7,197	6,472	60,878
Current portion of bonds payable (Notes 10.2) and 19)	15,000	10,000	94,064
Current portion of non-recourse bonds payable (Notes 5.3), 10.2) and 19)	659	879	8,276
Income taxes payable	21,284	20,897	196,574
Advances received on uncompleted construction contracts	93,530	113,053	1,063,433
Deposits received	85,343	113,278	1,065,548
Warranty reserve	3,037	2,887	27,161
Reserve for expected losses on construction contracts in process	13,008	11,378	107,029
Reserve for directors' bonuses	273	—	—
Reserve for loss on anti-monopoly act (Note 4.7))	—	2,000	18,812
Other current liabilities	39,966	25,690	241,653
Total current liabilities	790,868	814,388	7,660,504
Non-Current Liabilities:			
Bonds payable (Notes 10.2) and 19)	50,000	60,000	564,387
Convertible bond-type bonds with subscription rights to shares (Notes 10.2), 18.1) and 19)	30,106	30,076	282,911
Non-recourse bonds payable (Notes 5.3), 10.2) and 19)	14,940	14,060	132,257
Long-term borrowings (Notes 10.2) and 20)	64,600	51,673	486,060
Non-recourse borrowings (Notes 5.3), 10.2) and 20)	36,335	34,722	326,612
Deferred tax liabilities (Note 14)	32,113	42,196	396,920
Deferred tax liabilities for revaluation reserve for land (Note 5.1))	17,738	17,711	166,604
Net defined benefit liability (Note 13)	59,915	57,385	539,795
Other non-current liabilities	14,699	17,797	167,414
Total non-current liabilities	320,449	325,623	3,062,963
Total liabilities	1,111,318	1,140,011	10,723,467
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2017 and 2018	74,365	74,365	699,513
Additional paid-in capital	43,116	43,116	405,573
Retained earnings	306,128	366,805	3,450,334
Less: Treasury stock, at cost 3,961 thousand shares as at March 31, 2018	—	(1,606)	(15,110)
Less: Treasury stock, at cost 3,949 thousand shares as at March 31, 2017	(1,592)	—	—
Total shareholders' equity	422,017	482,680	4,540,310
Accumulated Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes (Note 11)	132,894	149,282	1,404,220
Deferred gain (loss) on hedging, net of taxes (Note 12)	(20)	(264)	(2,484)
Revaluation reserve for land, net of taxes (Note 5.1))	26,044	25,984	244,418
Foreign currency translation adjustments	(638)	(937)	(8,822)
Remeasurements of defined benefit plans	(8,522)	(5,893)	(55,434)
Total accumulated other comprehensive income	149,756	168,171	1,581,898
Non-controlling Interests	5,105	5,478	51,528
Total net assets	576,879	656,330	6,173,737
Total liabilities and net assets	¥ 1,688,197	¥ 1,796,341	\$ 16,897,205

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2018	2018
Net Sales:			
Construction contracts (Notes 4.10) and 6.1))	¥1,410,120	¥1,354,583	\$12,741,825
Real estate development and other	157,306	164,851	1,550,671
	1,567,427	1,519,435	14,292,496
Cost of Sales:			
Construction contracts (Notes 4.10) and 6.2))	1,222,346	1,172,603	11,030,037
Real estate development and other (Note 6.3))	135,460	143,414	1,349,025
	1,357,806	1,316,018	12,379,062
Gross profit:			
Construction contracts	187,774	181,980	1,711,787
Real estate development and other	21,845	21,436	201,645
	209,620	203,417	1,913,433
Selling, General and Administrative Expenses (Note 6.4))	80,784	82,043	771,739
Operating income	128,835	121,373	1,141,693
Non-Operating Income (Expenses):			
Interest and dividend income	5,663	6,080	57,193
Interest expenses	(2,842)	(2,452)	(23,071)
Other, net	(458)	(870)	(8,189)
Ordinary income	131,197	124,130	1,167,625
Special Gains (Losses):			
Gain on sales of fixed assets (Note 6.6))	1,719	6,255	58,838
Loss on sales of fixed assets (Note 6.7))	(13)	(2)	(27)
Loss on devaluation of investment securities	(172)	(55)	(524)
Reversal of reserve for expected losses on affiliates' businesses	4,367	–	–
Provision for loss on anti-monopoly act (Note 4.7))	–	(2,000)	(18,812)
Income before income taxes	137,098	128,326	1,207,098
Provision for Income Taxes (Note 14):			
Current	35,076	36,633	344,592
Deferred	2,877	6,555	61,660
	37,953	43,188	406,252
Net Income	99,144	85,137	800,846
Net Income attributable to non-controlling interests	198	159	1,496
Net Income attributable to shareholders of the Corporation	¥ 98,946	¥ 84,978	\$ 799,349

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2018	2018
Net Income	¥ 99,144	¥ 85,137	\$800,846
Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes	980	16,467	154,905
Deferred gain (loss) on hedging, net of taxes	(56)	(123)	(1,157)
Foreign currency translation adjustments	(1,454)	(141)	(1,331)
Remeasurements of defined benefit plans	5,208	2,602	24,476
Share of other comprehensive income of associates accounted for using equity method	41	(141)	(1,326)
Total other comprehensive income	4,719	18,664	175,566
Comprehensive Income	¥103,864	¥103,802	\$976,412
Comprehensive income attributable to:			
Shareholders of the Corporation	¥103,693	¥103,454	\$973,138
Non-controlling interests	170	348	3,273

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Assets

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2018

Millions of Yen

	Shareholders' Equity				Accumulated Other Comprehensive Income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	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	Non-controlling interests		
Balance as at April 1, 2016	¥74,365	¥43,155	¥219,507	¥(1,571)	¥131,849	¥ 15	¥26,293	¥ 756	¥(13,656)	¥4,939	¥485,655	
Cash dividends paid (¥16.00 per share)	-	-	(12,574)	-	-	-	-	-	-	-	(12,574)	
Net income attributable to shareholders of the Corporation for the year	-	-	98,946	-	-	-	-	-	-	-	98,946	
Reversal of revaluation reserve for land, net of taxes	-	-	249	-	-	-	-	-	-	-	249	
Purchase and disposal of treasury stock, at cost	-	0	-	(21)	-	-	-	-	-	-	(20)	
Increase or decrease of shares of consolidated subsidiaries	-	(40)	-	-	-	-	-	-	-	40	-	
Changes other than shareholders' equity	-	-	-	-	1,044	(36)	(249)	(1,395)	5,134	125	4,623	
Balance as at April 1, 2017	¥74,365	¥43,116	¥306,128	¥(1,592)	¥132,894	¥ (20)	¥26,044	¥(638)	¥ (8,522)	¥5,105	¥576,879	
Cash dividends paid (¥31.00 per share)	-	-	(24,362)	-	-	-	-	-	-	-	(24,362)	
Net income attributable to shareholders of the Corporation for the year	-	-	84,978	-	-	-	-	-	-	-	84,978	
Reversal of revaluation reserve for land, net of taxes	-	-	60	-	-	-	-	-	-	-	60	
Purchase and disposal of treasury stock, at cost	-	0	-	(13)	-	-	-	-	-	-	(13)	
Increase or decrease of shares of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Changes other than shareholders' equity	-	-	-	-	16,388	(243)	(60)	(299)	2,629	372	18,788	
Balance as at March 31, 2018	¥74,365	¥43,116	¥366,805	¥(1,606)	¥149,282	¥(264)	¥25,984	¥(937)	¥ (5,893)	¥5,478	¥656,330	

Thousands of U.S. Dollars (Note 2)

	Shareholders' Equity				Accumulated Other Comprehensive Income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	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	Non-controlling interests		
Balance as at April 1, 2017	\$699,513	\$405,571	\$2,879,587	\$(14,983)	\$1,250,062	\$ (196)	\$244,984	\$(6,008)	\$(80,167)	\$48,021	\$5,426,385	
Cash dividends paid (¥31.00 per share)	-	-	(229,168)	-	-	-	-	-	-	-	(229,168)	
Net income attributable to shareholders of the Corporation for the year	-	-	799,349	-	-	-	-	-	-	-	799,349	
Reversal of revaluation reserve for land, net of taxes	-	-	565	-	-	-	-	-	-	-	565	
Purchase and disposal of treasury stock, at cost	-	1	-	(126)	-	-	-	-	-	-	(124)	
Increase or decrease of shares of consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Changes other than shareholders' equity	-	-	-	-	154,158	(2,288)	(565)	(2,813)	24,733	3,507	176,731	
Balance as at March 31, 2018	\$699,513	\$405,573	\$3,450,334	\$(15,110)	\$1,404,220	\$(2,484)	\$244,418	\$(8,822)	\$(55,434)	\$51,528	\$6,173,737	

The accompanying notes are an integral part of these financial statements.
The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distribution of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Consolidated Statement of Cash Flows

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2018

Thousands of U.S. Dollars (Note 2)

	2017	2018	2018
Cash Flows from Operating Activities:			
Income before income taxes	¥137,098	¥128,326	\$1,207,098
Adjustments for:			
Depreciation and amortization	11,662	12,399	116,638
Increase (decrease) in allowance for doubtful accounts	(191)	(130)	(1,232)
Increase (decrease) in reserve for expected losses on construction contracts in process	(9,941)	(1,630)	(15,334)
Increase (decrease) in net defined benefit liability	(844)	1,111	10,459
Loss (gain) on sales of fixed assets	(1,385)	(134)	(1,268)
Loss (gain) on valuation of investment securities	172	55	524
Loss (gain) on sales of investment securities	(320)	(6,116)	(57,533)
Interest and dividend income	(5,663)	(6,080)	(57,193)
Interest expenses	2,842	2,452	23,071
(Increase) decrease in notes and accounts receivable—trade	99,686	(54,380)	(511,524)
(Increase) decrease in real estate for sale	(16,916)	20,600	193,779
(Increase) decrease in costs on uncompleted construction contracts	7,592	(943)	(8,874)
(Increase) decrease in uncompleted real estate development projects	(3,572)	3,111	29,269
(Increase) decrease in PFI projects and other inventories	5,950	4,063	38,223
Increase (decrease) in notes and accounts payable—trade	(50,441)	(13,101)	(123,234)
Increase (decrease) in advances received on uncompleted construction contracts	(8,831)	19,713	185,438
Other, net	8,040	5,793	54,499
Subtotal	174,936	115,113	1,082,808
Interest and dividends received	6,038	6,654	62,594
Interest paid	(2,927)	(2,503)	(23,550)
Income taxes paid	(34,379)	(36,384)	(342,251)
Net cash provided by (used in) operating activities	143,668	82,879	779,601
Cash Flows from Investing Activities:			
Acquisition of tangible fixed assets	(30,940)	(30,640)	(288,214)
Proceeds from sales of tangible fixed assets	5,064	262	2,472
Acquisition of marketable securities and investment securities	(9,100)	(6,906)	(64,961)
Proceeds from sales of marketable securities and investment securities	705	8,824	83,009
Other, net	(383)	(2,480)	(23,328)
Net cash provided by (used in) investing activities	(34,654)	(30,938)	(291,022)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	(520)	9,820	92,379
Proceeds from long-term borrowings	10,750	9,500	89,361
Repayments of long-term borrowings	(26,397)	(22,848)	(214,920)
Proceeds from non-recourse borrowings	-	5,454	51,312
Repayments of non-recourse borrowings	(9,468)	(7,793)	(73,308)
Proceeds from issuance of bonds	-	20,000	188,129
Redemption of bonds	(25,000)	(15,000)	(141,096)
Proceeds from issuance of non-recourse bonds	15,600	-	-
Redemption of non-recourse bonds	(17,453)	(659)	(6,207)
Dividends	(12,574)	(24,362)	(229,168)
Other, net	(312)	(235)	(2,215)
Net cash provided by (used in) financing activities	(65,375)	(26,124)	(245,734)
Effect of exchange rate changes on Cash and Cash Equivalents	(2,003)	(460)	(4,336)
Net increase (decrease) in Cash and Cash Equivalents	41,635	25,355	238,507
Cash and Cash Equivalents at beginning of year	274,167	315,803	2,970,587
Cash and Cash Equivalents at end of year	¥315,803	¥341,158	\$3,209,094

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

Shimizu Corporation and its subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Shimizu Corporation (the "Corporation") and its subsidiaries (collectively the "Group") prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Corporation as required by the Financial Instruments and Exchange Law of Japan.

2. U.S. Dollar Amounts

The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from the original Japanese yen into U.S. dollars on the basis of ¥106.31 to U.S.\$1, the rate of exchange prevailing at March 31, 2018, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

3. Principles of Consolidation

1) Scope of Consolidation

The Corporation had 65 subsidiaries as at March 31, 2018. The consolidated financial statements for the year ended March 31, 2018 include the accounts of the Corporation and all subsidiaries.

The Corporation had 14 affiliates as at March 31, 2018. As at March 31, 2018, the equity method was applied to all affiliates.

2) Financial Statements of Subsidiaries

The financial year-end for 16 overseas subsidiaries and 2 domestic subsidiaries is December 31, and the financial year-end for one domestic subsidiary is March 26.

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

3) Amortization of Goodwill

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

4) Elimination of Unrealized Intercompany Profits

All significant unrealized intercompany profits included in assets such as "Costs on uncompleted construction contracts" among the Group has been eliminated on consolidation and the portion thereof attributable to non-controlling interests is reported as "Non-controlling Interests."

In connection with the elimination of unrealized intercompany profits, the depreciation expense is also adjusted to eliminate any profit from the cost of assets purchased through intercompany transactions.

4. Summary of Significant Accounting Policies

1) 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.

2) Valuation of Inventories

Real estate 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.)

3) Depreciation Method for Tangible Fixed Assets

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

4) 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.

5) 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.

6) Reserve for Expected Losses on Construction Contracts in Process

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

7) Reserve for Expected Losses Related to the Anti-Monopoly Act

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

8) Accounting Method for Retirement Benefits

Net defined benefit liability has been recorded mainly at the amount calculated based on the projected benefit obligation and the fair value of the plan assets as at the balance sheet date.

Method of attributing the projected benefit obligations to periods of service: Benefit formula basis

Method used for amortization of actuarial gain or loss: Straight-line method (10 years - amortized from the following financial year)

Method used for amortization of prior service cost: Straight-line method (10 years)

Adoption of simplified methods in the Group: Some consolidated subsidiaries apply a simplified method to compute their net defined benefit liability and retirement benefit expenses.

9) Accounting for Hedging

Hedging instruments are valued at fair value and accounted by using the deferral method of accounting. With regard to some interest rate swaps which meet certain requirements, the Group uses the special treatment, based on the short-cut method, assuming that there is no ineffectiveness in the hedging relationship between hedged items and hedging instruments.

Hedging instruments: Derivative transactions (interest rate swaps and foreign exchange contracts)

Hedged items: Assets and liabilities which are exposed to interest and foreign exchange market fluctuation risks

Hedging policy: Derivative transactions are used solely for hedging the risks associated with existing or future assets and liabilities.

Derivative transactions are never entered into for the purpose of trading or speculation.

10) Recognizing Revenues and Costs of Construction Contracts

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

Notes to Consolidated Financial Statements

11) Consumption Taxes

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

12) Foreign Currency Translation

The balance sheet of overseas subsidiaries is translated into Japanese yen at the exchange rates prevailing at the balance sheet date except for shareholders' equity which is translated at historical rates. The revenues and expenses of overseas subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

Differences arising from such translations are shown as "Foreign currency translation adjustments" and are included in "Net Assets."

13) Cash Flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, bank deposits payable on demand, and time deposits, which are readily convertible into cash and subject to minor risks of fluctuations in value.

14) Income Taxes

Income taxes of the Corporation and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Corporation and its domestic subsidiaries account for deferred taxes in accordance with the regulations for preparation of consolidated financial statements in Japan. Deferred income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

In addition, the consolidated overseas subsidiaries provide for deferred income taxes relating to temporary differences between reporting for tax and accounting purposes in accordance with accounting principles generally accepted in the relevant countries.

15) Accounting Standards issued but not yet effective

(1) Summary

On March 30, 2018, the Accounting Standards Board of Japan (ASBJ) issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30). The accounting standard provides a comprehensive framework for recognising revenue from contracts with customers.

(2) Scheduled effective date

The Corporation and consolidated subsidiaries expect to apply the accounting standard from the fiscal year beginning on April 1, 2021.

(3) The effects of applying accounting standard

At present, the Corporation and consolidated subsidiaries are in the process of measuring the effects of applying the accounting standard.

5. Notes to Consolidated Balance Sheet

1) Revaluation Reserve for Land

According to the Land Revaluation Law enacted on March 31, 1998, land used for business and owned by the Corporation was revalued on March 31, 2002 and an unrealized gain from the revaluation of land was reported as "Revaluation reserve for land, net of taxes" as a separate component of "Net Assets" and the relevant deferred tax liabilities were reported as "Deferred tax liabilities for revaluation reserve for land" as a separate component of "Non-Current Liabilities."

Such revaluation was allowed only at one specific time under the Law and cannot be undertaken at each financial year-end.

According to the enforcement ordinance of the Law, there are several methods allowed to determine the revalued amount of land. The Corporation adopted a method of using the assessed value for property taxes with appropriate adjustments.

2) Assets Pledged as Collateral

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
Investment securities	¥125	¥140	\$1,316
Other investments	78	70	662
Total	¥203	¥210	\$1,979

3) Other Notes to Consolidated Balance Sheet

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
Contingent liabilities from guaranteeing indebtedness			
Guarantees for housing loans of employees	¥147	¥94	\$886

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
The total amount of business assets pledged as collateral for "Non-recourse borrowings" by subsidiaries engaged in PFI business	¥49,560	¥47,078	\$442,838

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to "Non-recourse bonds payable"	¥20,987	¥21,311	\$200,468

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
Amount of "Costs on uncompleted construction contracts," for which a construction loss is anticipated, matching with "Reserve for expected losses on construction contracts in process."	¥416	¥-	\$-

Note: "Costs on uncompleted construction contracts" for which a construction loss is anticipated and "Reserve for expected losses on construction contracts in process" are presented without being offset.

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
Breakdown of PFI projects and other inventories			
Merchandise	¥ 758	¥ 691	\$ 6,503
Materials and supplies	432	474	4,460
PFI and other projects	50,841	46,804	440,260

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
Investment securities			
Investments in affiliates	¥20,587	¥26,833	\$252,407

Notes to Consolidated Financial Statements

6. Notes to Consolidated Statement of Income

1) Revenue recognized using the percentage-of-completion method were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Revenue recognized using the percentage-of-completion method	¥1,220,677	¥1,169,259	\$10,998,580

2) Provision of reserve for expected losses on construction contracts in process included in cost of sales were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥2,688	¥2,654	\$24,966

3) Inventory write-down due to reduced profitability included in cost of sales were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Inventory write-down due to reduced profitability included in cost of sales	¥324	¥335	\$3,151

4) The major components of "Selling, General and Administrative Expenses" were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Salaries and allowances to employees	¥26,601	¥26,292	\$247,319
Retirement benefit expenses for employees	1,953	1,891	17,788

5) Research and development costs (included in construction costs and general and administrative expenses) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Research and development costs	¥10,129	¥11,150	\$104,889

6) Gain on sales of fixed assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Land	¥ 327	¥ 112	\$ 1,058
Investment securities	322	6,117	57,542
Others	1,069	25	238

7) Loss on sales of fixed assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Investment securities	¥ 1	¥-	\$ -
Others	11	2	27

7. Notes to Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
For the year ended March 31			
Net unrealized gain (loss) on other securities, net of taxes			
Gains (losses) arising during the year	¥ 1,310	¥29,965	\$281,869
Reclassification adjustments	40	(6,083)	(57,226)
Total before tax effect	1,351	23,881	224,642
Tax effect	(371)	(7,413)	(69,737)
Net unrealized gain (loss) on other securities, net of taxes	980	16,467	154,905
Deferred gain (loss) on hedging, net of taxes			
Gains (losses) arising during the year	¥ (18)	¥ (191)	\$ (1,797)
Reclassification adjustments	(48)	14	131
Total before tax effect	(66)	(177)	(1,665)
Tax effect	10	54	507
Deferred gain (loss) on hedging, net of taxes	(56)	(123)	(1,157)
Foreign currency translation adjustments			
Gains (losses) arising during the year	¥(1,454)	¥ (141)	\$ (1,331)
Reclassification adjustments	-	-	-
Foreign currency translation adjustments	(1,454)	(141)	(1,331)
Remeasurements of defined benefit plans, net of taxes			
Gains (losses) arising during the year	¥ 4,533	¥ 1,341	\$ 12,615
Reclassification adjustments	2,850	2,315	21,783
Total before tax effect	7,383	3,656	34,399
Tax effect	(2,175)	(1,054)	(9,922)
Remeasurements of defined benefit plans, net of taxes	5,208	2,602	24,476
Share of other comprehensive income of associates accounted for using equity method			
Gains (losses) arising during the year	¥ 32	¥ (74)	\$ (696)
Reclassification adjustments	8	(66)	(629)
Share of other comprehensive income of associates accounted for using equity method	41	(141)	(1,326)
Total other comprehensive income	¥ 4,719	¥18,664	\$175,566

Notes to Consolidated Financial Statements

8. Notes to Consolidated Statement of Changes in Net Assets

1) Type and number of outstanding shares

Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
For the year ended March 31, 2017				
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	3,928	22	1	3,949

Notes: 1. The increase in 22 thousand shares of treasury stock is mainly due to the purchase of shares in quantities less than the minimum trading unit of shares.

2. The decrease in 1 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.

Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
For the year ended March 31, 2018				
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	3,949	11	0	3,961

Notes: 1. The increase in 11 thousand shares of treasury stock is mainly due to the purchase of shares in quantities less than the minimum trading unit of shares.

2. The decrease in 0 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.

2) Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2017

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 29, 2016)	Common stock	¥8,645	(Note) ¥11.00	March 31, 2016	June 30, 2016
Board of directors (November 8, 2016)	Common stock	¥3,929	¥5.00	September 30, 2016	December 2, 2016

Note: Amount of dividend per share ¥11.00 includes a special dividend of ¥6.00.

For the year ended March 31, 2018

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	Amount per share (Yen)	Amount per share (U.S. Dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2017)	Common stock	¥16,503	\$155,243	(Note1) ¥21.00	\$0.20	March 31, 2017	June 30, 2017
Board of directors (November 8, 2017)	Common stock	¥7,858	\$73,924	(Note2) ¥10.00	\$0.09	September 30, 2017	December 1, 2017

Note1: Amount of dividend per share ¥21.00 includes a special dividend of ¥16.00.

Note2: Amount of dividend per share ¥10.00 includes a special dividend of ¥3.00.

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

For the year ended March 31, 2017

Resolution 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 29, 2017)	Common stock	Retained earnings	¥16,503	¥21.00	March 31, 2017	June 30, 2017

Note: Amount of dividend per share ¥21.00 includes a special dividend of ¥16.00.

For the year ended March 31, 2018

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	Amount per share (Yen)	Amount per share (U.S. Dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 28, 2018)	Common stock	Retained earnings	¥12,574	\$118,279	¥16.00	\$0.15	March 31, 2018	June 29, 2018

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

9. Notes to Consolidated Statement of Cash Flows

The reconciliation between cash and cash equivalents reported in the consolidated statement of cash flows and amounts reported in the consolidated balance sheet is as follows:

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Cash (as per consolidated balance sheet)	¥172,803	¥196,158	\$1,845,159
Marketable securities (Negotiable certificate of deposit)	143,000	145,000	1,363,935
Cash and cash equivalents	¥315,803	¥341,158	\$3,209,094

10. Financial Instruments

1) Overview

(1) Policy for financial instruments

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

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

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

Regarding investment securities held primarily for the purpose of maintaining business relationships, the Group comprehensively takes into account the benefits to the Corporation, acquisition value and stock price fluctuation risk, etc., judges whether or not to acquire these, and reconsiders the purpose of holding acquisitions from the same viewpoint each year.

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.

The Group manages liquidity risk associated with raising funds by appropriately planning fund raising based on a three-month cash flow projection prepared monthly and the fiscal year's cash flow projection.

(3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is based on market value or reasonable estimate if there is no market value. Since certain assumptions are used for estimating values, values could be different if different assumptions are applied. In addition, the derivative contract amounts described in "Derivatives" (Note 12) are not indicative of the actual market risk involved in derivative transactions.

Notes to Consolidated Financial Statements

2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2017 and 2018, and estimated fair value are shown below. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

As at March 31, 2017	Millions of Yen		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	¥172,803	¥172,803	¥ -
(2) Notes and accounts receivable—trade	449,049	449,030	(19)
(3) Marketable securities	143,000	143,000	-
(4) Investment securities	318,959	318,959	-
Liabilities			
(5) Notes and accounts payable—trade	390,395	390,395	-
(6) Short-term borrowings	121,171	121,171	-
(7) Bonds payable and current portion of bonds payable	65,000	65,665	665
(8) Convertible bond-type bonds with subscription rights to shares	30,106	32,274	2,167
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	15,600	15,600	-
(10) Long-term borrowings	64,600	65,462	861
(11) Non-recourse borrowings and current portion of non-recourse borrowings	43,532	44,787	1,254
Derivative transactions(*)			
(12) Derivative transactions			
Hedge accounting applied	(23)	(23)	-

As at March 31, 2018	Millions of Yen		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	¥196,158	¥196,158	¥ -
(2) Notes and accounts receivable—trade	503,380	503,360	(20)
(3) Marketable securities	145,150	145,150	-
(4) Investment securities	340,499	340,499	-
Liabilities			
(5) Notes and accounts payable—trade	377,469	377,469	-
(6) Short-term borrowings	130,381	130,381	-
(7) Bonds payable and current portion of bonds payable	70,000	70,308	308
(8) Convertible bond-type bonds with subscription rights to shares	30,076	31,470	1,393
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	14,940	14,940	-
(10) Long-term borrowings	51,673	52,286	613
(11) Non-recourse borrowings and current portion of non-recourse borrowings	41,194	42,138	944
Derivative transactions(*)			
(12) Derivative transactions			
Hedge accounting applied	(200)	(200)	-

As at March 31, 2018	Thousands of U.S. Dollars		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	\$1,845,159	\$1,845,159	\$ -
(2) Notes and accounts receivable—trade	4,735,026	4,734,835	(191)
(3) Marketable securities	1,365,347	1,365,347	-
(4) Investment securities	3,202,891	3,202,891	-
Liabilities			
(5) Notes and accounts payable—trade	3,550,647	3,550,647	-
(6) Short-term borrowings	1,226,423	1,226,423	-
(7) Bonds payable and current portion of bonds payable	658,451	661,348	2,897
(8) Convertible bond-type bonds with subscription rights to shares	282,911	296,021	13,110
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	140,533	140,533	-
(10) Long-term borrowings	486,060	491,833	5,773
(11) Non-recourse borrowings and current portion of non-recourse borrowings	387,491	396,377	8,886
Derivative transactions(*)			
(12) Derivative transactions			
Hedge accounting applied	(1,882)	(1,882)	-

(*)Assets and liabilities that arise from derivative transactions are presented on a net basis. When the total amount becomes a net liability, the amount is indicated in parenthesis.

Notes: 1. Method to determine the estimated fair value of financial instruments

(1) Cash, (3) Marketable securities, (5) Notes and accounts payable—trade, (6) Short-term borrowings
The Corporation uses carrying value for these amounts because they will be settled in the short term, meaning that carrying value approximate fair value.

(2) Notes and accounts receivable—trade
By receivables with separate fixed terms, the fair value is calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

(4) Investment securities
The fair value of stocks is determined based on the stock market price and the fair value of bonds is determined based on the stock market price or prices quoted by financial institutions. Among "Investment securities," non-listed shares, etc. (¥46,602 million (\$438,368 thousand) in the consolidated balance sheets as at March 31, 2018 (¥40,942 million as at March 31, 2017)) are not included in the above because determining the fair value for them is extremely difficult.

(7) Bonds payable and current portion of bonds payable, (8) Convertible bond-type bonds with subscription rights to shares
The fair value of the bonds issued by the Corporation is based on the prevailing market price.

(9) Non-recourse bonds payable and current portion of non-recourse bonds payable
Carrying value is used as fair value as there is a variable interest rate and the value is reviewed on a short term basis to reflect the market interest rate, meaning that carrying value approximate fair value.

(10) Long-term borrowings, (11) Non-recourse borrowings and current portion of non-recourse borrowings
The fair value of long-term borrowings and non-recourse borrowings are estimated by applying a discount rate to be applied to the total of principal and interest if a similar new borrowings agreement would be entered into. Some long-term borrowings and non-recourse borrowings are subject to special treatment of interest rate swap, and these are calculated by applying a discount rate to be applied to the total principal and interest with the consideration of the underlying interest rate swap if a similar new borrowings agreement would be entered into.

(12) Derivative transactions

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

Notes to Consolidated Financial Statements

2. Anticipated redemption amount after balance sheet date for monetary assets and securities with maturities.

As at March 31, 2017	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥172,803	¥ -	¥ -
Notes and accounts receivable—trade	433,710	15,335	4
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	-	170	100
Other (negotiable certificate of deposit)	143,000	-	-
Total	¥749,513	¥ 15,505	¥104

As at March 31, 2018	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥196,158	¥ -	¥ -
Notes and accounts receivable—trade	485,044	18,130	205
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	150	20	-
Other (negotiable certificate of deposit)	145,000	-	-
Total	¥826,353	¥18,150	¥205

As at March 31, 2018	Thousands of U.S. Dollars		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	\$1,845,159	\$ -	\$ -
Notes and accounts receivable—trade	4,562,550	170,546	1,929
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	1,411	188	-
Other (negotiable certificate of deposit)	1,363,935	-	-
Total	\$7,773,056	\$170,735	\$1,929

3. Repayment schedule for short-term borrowings, bonds payable and current portion of bonds payable, convertible bond-type bonds with subscription rights to shares, non-recourse bonds payable and current portion of non-recourse bonds payable, long-term borrowings and non-recourse borrowings and current portion of non-recourse borrowings after each fiscal year end.

As at March 31, 2017	Millions of Yen					
	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	¥121,171	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds payable and current portion of bonds payable	15,000	10,000	20,000	10,000	10,000	-
Convertible bond-type bonds with subscription rights to shares	-	-	-	30,000	-	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	659	879	14,060	-	-	-
Long-term borrowings	-	20,771	15,527	11,407	7,769	9,125
Non-recourse borrowings and current portion of non-recourse borrowings	7,197	6,083	5,759	5,435	5,019	14,037
Total	¥144,028	¥37,734	¥55,346	¥56,843	¥22,788	¥23,163

As at March 31, 2018	Millions of Yen					
	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	¥130,381	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds payable and current portion of bonds payable	10,000	20,000	10,000	10,000	-	20,000
Convertible bond-type bonds with subscription rights to shares	-	-	30,000	-	-	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	879	14,060	-	-	-	-
Long-term borrowings	-	16,849	12,729	9,091	6,105	6,897
Non-recourse borrowings and current portion of non-recourse borrowings	6,472	6,147	5,824	5,408	4,992	12,349
Total	¥147,732	¥57,057	¥58,553	¥24,449	¥11,098	¥39,246

Notes to Consolidated Financial Statements

As at March 31, 2018	Thousands of U.S. Dollars					
	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	\$1,226,423	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable and current portion of bonds payable	94,064	188,129	94,064	94,064	-	188,129
Convertible bond-type bonds with subscription rights to shares	-	-	282,193	-	-	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	8,276	132,257	-	-	-	-
Long-term borrowings	-	158,489	119,740	85,517	57,433	64,879
Non-recourse borrowings and current portion of non-recourse borrowings	60,878	57,830	54,786	50,871	46,962	116,160
Total	\$1,389,643	\$536,707	\$550,785	\$230,453	\$104,396	\$369,168

11. Securities

1) Other securities (with market value)

As at March 31, 2017	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥311,816	¥124,467	¥187,349
Sub total	311,816	124,467	187,349
Securities with unrealized losses			
Stocks	7,142	7,526	(383)
Other	143,000	143,000	-
Sub total	150,142	150,526	(383)
Total	¥461,959	¥274,993	¥186,965

As at March 31, 2018	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥334,567	¥123,387	¥211,179
Sub total	334,567	123,387	211,179
Securities with unrealized losses			
Stocks	5,932	6,264	(331)
Other	145,000	145,000	-
Sub total	150,932	151,264	(331)
Total	¥485,499	¥274,651	¥210,847

As at March 31, 2018	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	\$3,147,090	\$1,160,638	\$1,986,452
Sub total	3,147,090	1,160,638	1,986,452
Securities with unrealized losses			
Stocks	55,800	58,923	(3,122)
Other	1,363,935	1,363,935	-
Sub total	1,419,736	1,422,858	(3,122)
Total	\$4,566,827	\$2,583,497	\$1,983,330

2) Other securities sold

For the year ended March 31, 2017	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	¥705	¥322	¥1

For the year ended March 31, 2018	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	¥8,824	¥6,117	¥0

For the year ended March 31, 2018	Thousands of U.S. Dollars		
	Sales amount	Total gain on sales	Total loss on sales
Shares	\$83,009	\$57,542	\$8

12. Derivatives

1) Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

As at March 31, 2017 and 2018

Not applicable.

Notes to Consolidated Financial Statements

2) Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As at March 31, 2017			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy U.S. dollar/ Sell Yen		¥965	¥920	¥(23)

Note: The fair value of derivative transactions is determined based on prices quoted by financial institutions.

As at March 31, 2018			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy U.S. dollar/ Sell Yen		¥3,678	¥1,892	¥(200)

As at March 31, 2018			Thousands of U.S. Dollars		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy U.S. dollar/ Sell Yen		\$34,597	\$17,800	\$(1,882)

Note: The fair value of derivative transactions is determined based on prices quoted by financial institutions.

(2) Interest-related transactions

As at March 31, 2017			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/ receiving variable		¥4,050	¥3,150	(Note)

Note: Since special treatment of interest rate swaps is made together with hedged long-term borrowings and non-recourse borrowings, their fair values of interest rate swaps have been included in those of the relevant long-term borrowings and non-recourse borrowings.

As at March 31, 2018			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/ receiving variable		¥3,150	¥2,250	(Note)

As at March 31, 2018			Thousands of U.S. Dollars		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/ receiving variable		\$29,630	\$21,164	(Note)

Note: Since special treatment of interest rate swaps is made together with hedged long-term borrowings and non-recourse borrowings, their fair values of interest rate swaps have been included in those of the relevant long-term borrowings and non-recourse borrowings.

13. Retirement Benefits

1) Summary of Employees' Retirement Benefit Plans

The Corporation and certain consolidated subsidiaries have lump-sum retirement payment plans and defined benefit pension plans.

As at March 31, 2017, the Corporation and 20 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 5 consolidated subsidiaries also offered a defined benefit pension plan.

As at March 31, 2018, the Corporation and 21 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 5 consolidated subsidiaries also offered a defined benefit pension plan.

2) Defined benefit pension plan

(1) Reconciliation of Projected Benefit Obligations

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Projected benefit obligations as at April 1	¥167,178	¥161,565	\$1,519,755
Service cost	6,778	6,861	64,545
Interest cost	3	5	54
Actuarial gain or loss	(2,684)	541	5,093
Retirement benefits paid	(10,320)	(12,085)	(113,678)
Other	609	895	8,427
Projected benefit obligations as at March 31	¥161,565	¥157,785	\$1,484,198

Note: Some consolidated subsidiaries used a simplified method to compute their projected benefit obligations.

Notes to Consolidated Financial Statements

(2) Reconciliation of Plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Plan assets as at April 1	¥ 99,027	¥101,649	\$956,161
Expected return on plan assets	773	793	7,463
Actuarial gain or loss	1,848	1,882	17,708
Contributions by the Corporation	7,448	4,719	44,391
Retirement benefits paid	(7,417)	(8,724)	(82,068)
Other	(31)	79	745
Plan assets as at March 31	¥101,649	¥100,399	\$944,403

(3) Reconciliation of Projected Benefit Obligations and Plan Assets and Net liability for retirement benefit in the consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Funded projected benefit obligation	¥109,508	¥105,204	\$989,605
Plan assets	(101,649)	(100,399)	(944,403)
	7,858	4,805	45,202
Unfunded projected benefit obligation	52,056	52,580	494,592
Net liability for projected benefit in the consolidated balance sheet	59,915	57,385	539,795
Net defined benefit liability	59,915	57,385	539,795
Net liability for projected benefit in the consolidated balance sheet	¥ 59,915	¥ 57,385	\$539,795

(4) Retirement Benefit Expenses

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Service cost	¥6,778	¥6,861	\$64,545
Interest cost	3	5	54
Expected return on plan assets	(773)	(793)	(7,463)
Amortization of actuarial gain or loss	2,877	2,343	22,042
Amortization of prior service cost	(27)	(27)	(259)
Other	641	919	8,646
Retirement benefit expenses	¥9,500	¥9,309	\$87,567

(5) Remeasurements of Defined Benefit Plans included in other comprehensive income
Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Prior service cost	¥ 27	¥ 27	\$ 259
Actuarial gain or loss	(7,411)	(3,683)	(34,649)
Total	¥(7,383)	¥(3,656)	\$(34,389)

(6) Remeasurements of Defined Benefit Plans included in accumulated other comprehensive income
Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Unrecognized prior service cost	¥ (75)	¥ (47)	\$ (450)
Unrecognized actuarial gain or loss	12,134	8,451	79,493
Total	¥12,059	¥8,403	\$79,043

(7) Plan assets

(a) Major components of plan assets were as follows:

	2017	2018
Stocks	13%	14%
Bonds	11%	11%
General account	75%	73%
Other	1%	2%
Total	100%	100%

(b) Method for estimation of expected return on plan assets

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(8) Assumptions for actuarial calculations

Major components of the basis for actuarial calculations (figures are weighted averages)

	2017	2018
Discount rates	0.0%(mainly)	0.0%(mainly)
Expected rates of return on plan assets	0.8%(mainly)	0.8%(mainly)

14. Deferred Tax Accounting

1) As at March 31, 2017 and 2018, the significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
As at March 31			
Deferred tax assets			
Net defined benefit liability	¥17,245	¥ 16,430	\$ 154,550
Non-deductible portion of reserves and allowances	10,791	9,259	87,096
Losses on write-down of assets	10,051	8,020	75,442
Tax losses carried forward	4,388	3,030	28,507
Other	22,300	21,916	206,157
Sub total	64,776	58,656	551,753
Less: valuation allowance	(16,080)	(16,111)	(151,555)
Total deferred tax assets	48,695	42,545	400,198
Deferred tax liabilities			
Net unrealized gains on other securities	(54,154)	(61,568)	(579,138)
Other	(4,242)	(5,676)	(53,397)
Total deferred tax liabilities	(58,396)	(67,244)	(632,535)
Net deferred tax assets(liabilities)	¥ (9,701)	¥(24,699)	\$(232,337)

Notes to Consolidated Financial Statements

2) As at March 31, 2017 and 2018, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

As at March 31	2017	2018
Statutory tax rate	30.8%	30.8%
Adjustments:		
Expenses not deductible permanently for income tax purposes	1.0%	1.0%
Income not included permanently for income tax purposes	(0.8%)	(1.4%)
Elimination of intercompany dividend income	0.7%	0.7%
Foreign corporation tax	0.5%	0.7%
Increase (decrease) of valuation allowance	(3.2%)	0.7%
Other	(1.3%)	1.2%
Effective income tax rate	27.7%	33.7%

15. 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.

For the years ended March 31, 2017 and 2018, the carrying values, changes during the year, and fair values of those properties were as follows:

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Carrying value			
Balance at beginning of year	¥110,163	¥123,070	\$1,157,657
Changes during the year	12,907	15,597	146,715
Balance at end of year	123,070	138,667	1,304,373
Fair value at end of year	201,812	235,441	2,214,667

Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.
2. The changes during the year primarily consist of real estate acquisitions (increase: ¥20,298 million) and depreciation (decrease: ¥3,902 million) for the year ended March 31, 2017.
3. The changes during the year primarily consist of real estate acquisitions (increase: ¥18,446 million (\$173,511 thousand)) and depreciation (decrease: ¥3,728 million (\$35,073 thousand)) for the year ended March 31, 2018.
4. 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.

For the years ended March 31, 2017 and 2018, incomes from rental business were as follows:

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Net sales on rental business	¥15,249	¥15,693	\$147,621
Cost of sales on rental business	9,988	10,816	101,743
Gross profit on rental business	5,260	4,877	45,878
Other profit	247	97	920

16. Segment Information

1) Segment Information

(1) Overview of Reportable Segment

The Group is engaged in construction, real estate development and other related businesses. Construction business and real estate business both operated by the Corporation are the main businesses of the Group. Construction business of the Corporation is operated by branches, etc. located in various regions. Real estate business of the Corporation, which involves development, rental and sales, is operated by the Investment and Development Division. The Board of Directors regularly reviews the management and operating results. Therefore, based on the aggregate criteria and the quantitative criteria, "Construction business of the Corporation," which consists of branches of the Corporation, and "Real estate business of the Corporation," conducted by the Investment and Development Division, are deemed to be the two reportable segments of the Group.

(2) Detail of the method used to calculate net sales, profit or loss, assets and liabilities by reportable segment

The accounting policies of the reportable segments are mostly the same as those in "4. Summary of Significant Accounting Policies." However, segment profit does not include provision and reversal amounts of reserves and allowances which are included in the consolidated financial statements.

Intersegment transactions are based on arm's length price.

(3) Net sales, profit or loss, assets and liabilities by reportable segment were as follows:

For the year ended March 31, 2017	Millions of Yen					Consolidated
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	
Net sales						
Customers	¥1,237,784	¥17,902	¥311,740	¥1,567,427	¥ -	¥1,567,427
Intersegment or transfer	15,284	267	161,252	176,804	(176,804)	-
Total	¥1,253,069	¥18,169	¥472,993	¥1,744,231	¥(176,804)	¥1,567,427
Segment profit (Note 1)	¥ 112,945	¥ 5,331	¥ 18,980	¥ 137,257	¥ (8,422)	¥ 128,835

Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.
2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.
3. The adjustment of ¥8,422 million in segment profit was intersegment eliminations, etc.
4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

For the year ended March 31, 2018	Millions of Yen					Consolidated
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	
Net sales						
Customers	¥1,190,293	¥31,860	¥297,281	¥1,519,435	¥ -	¥1,519,435
Intersegment or transfer	17,234	8,079	171,755	197,069	(197,069)	-
Total	¥1,207,527	¥39,940	¥469,037	¥1,716,504	¥(197,069)	¥1,519,435
Segment profit (Note 1)	¥ 105,895	¥10,972	¥ 18,076	¥ 134,944	¥ (13,571)	¥ 121,373

For the year ended March 31, 2018	Thousands of U.S. Dollars					Consolidated
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	
Net sales						
Customers	\$11,196,441	\$299,691	\$2,796,363	\$14,292,496	\$ -	\$14,292,496
Intersegment or transfer	162,112	76,002	1,615,611	1,853,726	(1,853,726)	-
Total	\$11,358,554	\$375,694	\$4,411,974	\$16,146,223	\$(1,853,726)	\$14,292,496
Segment profit (Note 1)	\$ 996,105	\$103,211	\$ 170,035	\$ 1,269,352	\$(127,658)	\$ 1,141,693

Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.
2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries, etc.
3. The adjustment of ¥13,571 million (\$127,658 thousand) in segment profit was intersegment eliminations, etc.
4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

Notes to Consolidated Financial Statements

2) Related information

For the year ended March 31, 2017

(1) Product and Service Information

Net sales from external customers in the Construction business including architectural construction, civil engineering and other related business totaled ¥1,410,120 million.

(2) Geographical Segments

(a) Net sales

This item is omitted because net sales to customers in Japan represented over 90% of the net sales of the Corporation's consolidated statement of income.

(b) Tangible fixed assets

This item is omitted because tangible assets located in Japan represented over 90% of the tangible fixed assets on the consolidated balance sheet.

(3) Information by main customers

This item is omitted because net sales to no single customer represented 10% or more of total net sales of the Corporation's consolidated statement of income.

For the year ended March 31, 2018

(1) Product and Service Information

Net sales from external customers in the Construction business including architectural construction, civil engineering and other related business totaled ¥1,354,583 million (\$12,741,825 thousand).

(2) Geographical Segments

(a) Net sales

This item is omitted because net sales to customers in Japan represented over 90% of the net sales of the Corporation's consolidated statement of income.

(b) Tangible fixed assets

This item is omitted because tangible assets located in Japan represented over 90% of the tangible fixed assets on the consolidated balance sheet.

(3) Information by main customers

This item is omitted because net sales to no single customer represented 10% or more of total net sales of the Corporation's consolidated statement of income.

3) Impairment loss on fixed assets by reportable segment

For the years ended March 31, 2017 and 2018

Not applicable.

4) Amortization of goodwill and unamortized balance by reportable segment

For the years ended March 31, 2017 and 2018

This item is omitted in accordance with Article 15-2 Paragraph 4 of the Regulations for Consolidated Financial Statements.

5) Gain on negative goodwill by reportable segment

Not applicable.

17. Related Party Transactions

For the years ended March 31, 2017 and 2018

Not applicable.

18. Amounts per Share

For the year ended March 31	Yen		U.S. Dollars
	2017	2018	2018
Net assets per share of common stock	¥728.78	¥829.58	\$7.80
Basic net income per share of common stock	¥126.11	¥108.31	\$1.02
Diluted net income per share of common stock	¥126.07	¥108.26	\$1.02

1) Basis of net income per share of common stock and diluted net income per share of common stock

(1) Net income per share of common stock

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Net income attributed to shareholders of the Corporation	¥98,946	¥84,978	\$799,349
Net income not attributed to common share holders	-	-	-
Net income attributed to shareholders of Corporation available for distribution to shareholders of common shares	98,946	84,978	799,349
Average number of common shares issued and outstanding during the period	784,576 thousand shares	784,556 thousand shares	784,556 thousand shares

(2) Diluted net income per share of common stock

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Adjustment in net income attributed to shareholders of the Corporation (Stock subscription rights of affiliated companies decrease the equity investment earnings when they are exercised)	¥(35)	¥(42)	\$(396)
Number of common stock increased by share warrants	-	-	-

Notes to Consolidated Financial Statements

(3) Summary of diluted stock not included in the calculation of diluted net income per share due to absence of dilution effect

For the year ended March 31, 2017

Euro/Yen Zero Coupon Convertible Bonds due 2020

Total amount of face value of Bonds (Millions of Yen)	Number of Subscription rights to shares (Shares)	Class and number of shares underlying subscription rights to shares	Conversion value (Yen)	Exercise period of subscription rights to shares
¥30,000	3,000	Common stock	¥1,342.9	From October 30, 2015 To October 2, 2020
		Total amount of face value of Bonds divided by conversion value		

For the year ended March 31, 2018

Euro/Yen Zero Coupon Convertible Bonds due 2020

Total amount of face value of Bonds (Millions of Yen)	Total amount of Bonds (Thousands of U.S. Dollars)	Number of Subscription rights to shares (Shares)	Class and number of shares underlying subscription rights to shares	Conversion value (Yen)	Conversion value (U.S. Dollars)	Exercise period of subscription rights to shares
¥30,000	\$282,193	3,000	Common stock	¥1,322.1	\$12.44	From October 30, 2015 To October 2, 2020
			Total amount of face value of Bonds divided by conversion value			

2) Basis of net assets per share of common stock

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Net assets	¥576,879	¥656,330	\$6,173,737
Amounts deducted from net assets	5,105	5,478	51,528
Non-controlling interests	5,105	5,478	51,528
Net assets applicable to common stock	571,773	650,852	6,122,209
Number of shares of common stock at end of year	784,565 thousand shares	784,553 thousand shares	784,553 thousand shares

19. Bonds Payable

Issued by	Issue type	Issue date	Balance at	Balance at		Interest Rate(%)	Collateral	Maturity	Remarks
			April 1, 2017	Millions of Yen	Thousands of U.S. Dollars				
Corporation	15th unsecured straight bond	Dec. 2, 2010	¥ 15,000	¥ -	\$ -	1.180	None	Dec. 1, 2017	(*)
Corporation	18th unsecured straight bond	Mar. 6, 2012	10,000	(10,000)	(94,064)	0.947	None	Mar. 6, 2019	(*)
Corporation	19th unsecured straight bond	Jun. 21, 2012	10,000	10,000	94,064	0.817	None	Jun. 21, 2019	(*)
Corporation	20th unsecured straight bond	Mar. 8, 2013	10,000	10,000	94,064	0.599	None	Mar. 6, 2020	(*)
Corporation	21th unsecured straight bond	Dec. 4, 2014	10,000	10,000	94,064	0.390	None	Dec. 3, 2021	(*)
Corporation	22th unsecured straight bond	Mar. 6, 2015	10,000	10,000	94,064	0.337	None	Mar. 5, 2021	(*)
Corporation	23th unsecured straight bond	Aug. 4, 2017	-	10,000	94,064	0.250	None	Aug. 2, 2024	(*)
Corporation	24th unsecured straight bond	Nov. 30, 2017	-	10,000	94,064	0.365	None	Nov. 30, 2027	(*)
Corporation	Euro/Yen Zero Coupon Convertible Bonds due 2020	Oct. 16, 2015	30,106	30,076	282,911	-	None	Oct. 16, 2020	
MM21-46 SPC	2nd general secured specified corporate bond	Mar. 31, 2017	15,600	14,940	140,533	0.179	Yes	Mar. 31, 2020	
Total			¥110,706	¥115,016	\$1,081,896	-	-	-	-
				(10,879)	(102,340)				

Notes: (*) With limited inter-bond pari passu clause

1. Bracketed figures are due within one year from the balance sheet date.

2. Items mentioned convertible bond-type bonds with subscription rights to shares were as follows:

Notes to Consolidated Financial Statements

Class of shares to be issued	Common stock	
Issue price for subscription rights to shares(yen and U.S. dollars)	¥ -	\$ -
Exercise price per share(yen and U.S. dollars)	1,322.1	12.44
Total issue amount(millions of yen and thousands of U.S. dollars)	30,000	282,193
Total amount of shares issued by exercising subscription rights to shares (millions of yen and thousands of U.S. dollars)	-	-
Percentage of shares subscription rights to shares(%)	100	
Exercise period of subscription rights to shares	From Oct. 30, 2015 to Oct. 2, 2020	

Upon the exercise of each of the subscription rights to shares, the Bonds attached with the subscription rights to shares shall be contributed and the value for such Bonds shall be equal to the face value of the Bonds

3. Non-recourse bonds

4. At floating rates and the most recent rates

5. Aggregate annual maturities of bonds payable, convertible bond-type bonds with subscription rights to shares and non-recourse bonds due within five years from the balance sheet date are as follows:

Bonds payable	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥ 10,000	\$ 94,064
Over 1 year less than 2 years	20,000	188,129
Over 2 years less than 3 years	10,000	94,064
Over 3 years less than 4 years	10,000	94,064
Over 4 years less than 5 years	-	-

Convertible bond-type bonds with subscription rights to shares	Millions of Yen	Thousands of U.S. Dollars
Over 2 years less than 3 years	¥ 30,000	\$282,193

Non-recourse bonds	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥ 879	\$ 8,276
Over 1 year less than 2 years	14,060	132,257

20. Borrowings

Item	Balance at	Balance at		Average interest rate (%)	Repayment term
	April 1, 2017	March 31, 2018	Thousands of U.S. Dollars		
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars		
Short-term borrowings	¥ 98,716	¥108,346	\$1,019,157	0.51	-
Current portion of long-term borrowings	22,454	22,034	207,266	1.03	-
Current portion of non-recourse borrowings	7,197	6,472	60,878	1.48	-
Current portion of lease obligations	245	209	1,971	-	-
Long-term borrowings (Excluding current portion)	64,600	51,673	486,060	0.95	2019-2031
Non-recourse borrowings (Excluding current portion)	36,335	34,722	326,612	1.33	2019-2031
Lease obligations (Excluding current portion)	520	403	3,798	-	2019-2026
Total	¥230,070	¥223,861	\$2,105,745	-	-

Notes: 1. The "average interest rate" is the weighted average interest rate for the average balance of borrowings during the fiscal year.
2. The average interest rate on lease obligations is not presented because lease obligations carried on the consolidated balance sheet represent the amount before deducting interest equivalents.
3. Aggregate annual repayment of long-term borrowings, non-recourse borrowings and lease obligations, excluding the current portion, due to be repaid within five years from the balance sheet date are as follows:

Long-term borrowings (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥16,849	\$158,489
Over 2 years less than 3 years	12,729	119,740
Over 3 years less than 4 years	9,091	85,517
Over 4 years less than 5 years	6,105	57,433

Non-recourse borrowings (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥6,147	\$57,830
Over 2 years less than 3 years	5,824	54,786
Over 3 years less than 4 years	5,408	50,871
Over 4 years less than 5 years	4,992	46,962

Lease obligations (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥132	\$1,247
Over 2 years less than 3 years	81	770
Over 3 years less than 4 years	54	513
Over 4 years less than 5 years	36	338

Notes to Consolidated Financial Statements

21. Asset Retirement Obligations

In accordance with Article 92, Paragraph 2 of "Regulation for Consolidated Financial Statements" the amount of asset retirement obligations as at April 1, 2017 and March 31, 2018 has not been presented because it represented less than 1% of total liabilities and net assets on the consolidated balance sheets.

Independent Auditor's Report

The Board of Directors
Shimizu Corporation

We have audited the accompanying consolidated financial statements of Shimizu Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shimizu Corporation and its consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young Shinmihon LLC

June 28, 2018
Tokyo, Japan

Nonconsolidated Balance Sheet

Shimizu Corporation
As at March 31, 2018

	Millions of Yen		Thousands of
	2017	2018	U.S. Dollars
ASSETS			
Current Assets:			
Cash	¥ 111,060	¥ 128,062	\$ 1,204,616
Notes receivable	32,760	33,895	318,833
Accounts receivable from completed construction contracts	375,048	431,043	4,054,588
Marketable securities	143,000	145,000	1,363,935
Real estate for sale	14,713	1,691	15,915
Costs on uncompleted construction contracts	71,643	71,133	669,117
Materials and supplies	92	121	1,140
Prepaid expenses	67	67	631
Deferred tax assets	19,729	16,432	154,574
Other current assets	68,100	82,714	778,049
Less: Allowance for doubtful accounts	(766)	(768)	(7,230)
Total current assets	835,450	909,394	8,554,172
Non-Current Assets:			
Tangible fixed assets:			
Buildings	69,403	74,324	699,132
Structures	1,503	1,606	15,110
Machinery and equipment	1,227	1,429	13,442
Vehicles	431	451	4,243
Tools, furniture and fixtures	3,200	3,763	35,399
Land	122,984	129,501	1,218,147
Construction in progress	3,641	4,741	44,605
Total tangible fixed assets	202,393	215,818	2,030,081
Intangible fixed assets:			
Leasehold	1,543	1,529	14,384
Software	1,664	3,097	29,139
Other intangible fixed assets	41	124	1,170
Total intangible fixed assets	3,249	4,751	44,694
Investments and other assets:			
Investment securities	335,241	354,641	3,335,918
Investments in subsidiaries and affiliates	34,733	37,240	350,300
Investments in other securities of subsidiaries and affiliates	10,225	6,920	65,092
Investments in capital	130	380	3,574
Long-term loans	22	19	180
Long-term loans to employees	4	2	23
Long-term loans to subsidiaries and affiliates	5,278	4,607	43,344
Claims in bankruptcy or reorganization proceedings	1	0	1
Long-term prepaid expenses	1,012	883	8,313
Other investments	9,211	8,910	83,813
Less: Allowance for doubtful accounts	(2,264)	(2,187)	(20,578)
Total investments and other assets	393,597	411,418	3,869,984
Total non-current assets	599,240	631,987	5,944,760
Total assets	¥1,434,690	¥1,541,381	\$14,498,933

Notes: (1) Yen amounts have been rounded down to the nearest million.

(2) U.S. dollar amounts have been translated at the exchange rate of ¥106.31 to U.S.\$1, the approximate rate prevailing at March 31, 2018.

	Millions of Yen		Thousands of
	2017	2018	U.S. Dollars
LIABILITIES			
Current Liabilities:			
Notes payable	¥ 107,935	¥ 102,227	\$ 961,599
Accounts payable for construction contracts	233,832	227,421	2,139,233
Short-term borrowings	91,856	97,560	917,695
Current portion of bonds payable	15,000	10,000	94,064
Lease obligations	459	718	6,761
Accounts payable—other	14,222	3,424	32,212
Accrued expenses	17,135	13,862	130,393
Income taxes payable	19,100	17,394	163,619
Advances received on uncompleted construction contracts	77,322	94,046	884,646
Deposits received	111,557	142,328	1,338,803
Warranty reserve	2,863	2,754	25,905
Reserve for expected losses on construction contracts in process	12,347	10,977	103,260
Reserve for directors' bonuses	273	-	-
Reserve for loss on anti-monopoly act	-	2,000	18,812
Asset retirement obligations	99	99	932
Other current liabilities	275	284	2,671
Total current liabilities	704,282	725,099	6,820,611
Non-Current Liabilities:			
Bonds payable	50,000	60,000	564,387
Convertible bond-type bonds with subscription rights to shares	30,106	30,076	282,911
Long-term borrowings	60,478	48,184	453,248
Lease obligations	864	1,238	11,649
Deferred tax liabilities	34,687	44,030	414,171
Deferred tax liabilities for revaluation reserve for land	17,738	17,711	166,604
Reserve for employees' retirement benefits	42,966	43,732	411,369
Asset retirement obligations	8	38	366
Other non-current liabilities	11,678	14,813	139,343
Total non-current liabilities	248,528	259,827	2,444,051
Total liabilities	952,810	984,926	9,264,663
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2017 and 2018	74,365	74,365	699,513
Additional paid-in capital:			
Capital reserve	43,143	43,143	405,827
Other additional paid-in capital	1	1	12
Retained earnings:			
Legal reserve	18,394	18,394	173,030
Contingent Reserve	101,300	167,100	1,571,818
Other retained earnings	88,398	81,300	764,745
Less: Treasury stock, at cost			
2,622 thousand shares as at March 31, 2018	-	(1,184)	(11,137)
2,610 thousand shares as at March 31, 2017	(1,170)	-	-
Total shareholders' equity	324,432	383,121	3,603,810
Valuation and Translation Adjustments:			
Net unrealized gain (loss) on other securities, net of taxes	131,418	147,489	1,387,348
Deferred gain (loss) on hedging, net of taxes	(15)	(139)	(1,308)
Revaluation reserve for land, net of taxes	26,044	25,984	244,418
Total valuation and translation adjustments	157,446	173,334	1,630,458
Total net assets	481,879	556,455	5,234,269
Total liabilities and net assets	¥1,434,690	¥1,541,381	\$14,498,933

Notes: (1) Yen amounts have been rounded down to the nearest million.

(2) U.S. dollar amounts have been translated at the exchange rate of ¥106.31 to U.S.\$1, the approximate rate prevailing at March 31, 2018.

Nonconsolidated Statement of Income

Shimizu Corporation
For the year ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Net Sales:			
Construction contracts	¥1,245,031	¥1,197,406	\$11,263,349
Real estate development and other	46,518	65,147	612,808
	1,291,550	1,262,554	11,876,158
Cost of Sales:			
Construction contracts	1,080,720	1,039,400	9,777,075
Real estate development and other	36,790	50,312	473,261
	1,117,511	1,089,713	10,250,337
Gross profit:			
Construction contracts	164,311	158,005	1,486,273
Real estate development and other	9,728	14,835	139,547
	174,039	172,841	1,625,821
Selling, General and Administrative Expenses	63,772	64,627	607,912
Operating income	110,267	108,213	1,017,908
Non-Operating Income (Expenses):			
Interest and dividend income	8,099	8,201	77,146
Interest expenses	(2,434)	(2,081)	(19,576)
Foreign exchange gain(loss)	(824)	(524)	(4,933)
Other, net	(229)	(692)	(6,517)
Ordinary income	114,878	113,116	1,064,027
Special Gains (Losses):			
Gain on sales of fixed assets	361	6,178	58,116
Loss on sales of fixed assets	(6)	(2)	(19)
Loss on devaluation of investment securities	(169)	(55)	(524)
Loss on devaluation of shares of subsidiaries and affiliates	(221)	-	-
Reversal of reserve for expected losses on affiliates' businesses	4,172	-	-
Gain on liquidation of subsidiaries and affiliates	-	2,223	20,916
Provision for loss on anti-monopoly act	-	(2,000)	(18,812)
Income before income taxes	119,014	119,460	1,123,702
Provision for Income Taxes:			
Current	30,530	31,030	291,882
Deferred	2,464	5,426	51,044
	32,994	36,456	342,927
Net Income	¥ 86,020	¥ 83,004	\$ 780,775

Notes: (1) Yen amounts have been rounded down to the nearest million.
(2) U.S. dollar amounts have been translated at the exchange rate of ¥106.31 to U.S.\$1, the approximate rate prevailing at March 31, 2018.

Orders, Sales and Backlog (Nonconsolidated)

Shimizu Corporation
For the year ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
(1) Construction orders awarded and contracts			
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥1,082,992	¥1,031,694	\$ 9,704,585
Overseas Operations	29,695	120,305	1,131,643
Subtotal	1,112,687	1,151,999	10,836,229
Civil Engineering			
Domestic Operations	311,519	280,793	2,641,266
Overseas Operations	146	9,049	85,126
Subtotal	311,666	289,842	2,726,393
Total construction business	1,424,353	1,441,842	13,562,622
Real estate development and other (contracts)	60,707	63,735	599,522
Total	¥1,485,061	¥1,505,577	\$14,162,144
(2) Net sales			
Construction business			
Architectural Construction			
Domestic Operations	¥ 908,171	¥ 863,398	\$ 8,121,514
Overseas Operations	48,215	49,256	463,333
Subtotal	956,387	912,655	8,584,848
Civil Engineering			
Domestic Operations	259,895	260,641	2,451,716
Overseas Operations	28,749	24,109	226,785
Subtotal	288,644	284,751	2,678,501
Total construction business	1,245,031	1,197,406	11,263,349
Real estate development and other (contracts)	46,518	65,147	612,808
Total	¥1,291,550	¥1,262,554	\$11,876,158
(3) Backlog			
Construction business			
Architectural Construction			
Domestic Operations	¥1,008,599	¥1,176,895	\$11,070,415
Overseas Operations	39,478	110,527	1,039,667
Subtotal	1,048,078	1,287,422	12,110,082
Civil Engineering			
Domestic Operations	447,818	467,969	4,401,932
Overseas Operations	40,131	25,072	235,840
Subtotal	487,950	493,041	4,637,772
Total construction business	1,536,028	1,780,464	16,747,854
Real estate development and other	40,694	39,281	369,501
Total	¥1,576,722	¥1,819,746	\$17,117,356

Notes: (1) Yen amounts have been rounded down to the nearest million.
(2) U.S. dollar amounts have been translated at the exchange rate of ¥106.31 to U.S.\$1, the approximate rate prevailing at March 31, 2018.

