



SHIMIZU CORPORATE REPORT 2019



SMART INNOVATION COMPANY

Today's work, Tomorrow's Heritage in 2030 and Beyond.

The Shimizu Group is constantly changing.
We will continue to take on every challenge to
create new value in the world,
extending beyond the boundaries of construction.

Editorial Policy

Shimizu's Corporate Report describes our 215 year history of since the company was founded in 1804 and values we have adhered to throughout our history, as well as our new management principles, management policy, business strategy, and initiatives in corporate governance. Our goal in issuing this report is to have all our stakeholders gain a better understanding of the Shimizu Group.

Reporting Organizations

- Head office, branches and group companies in Japan and overseas
- Numerical results reflect activities of the head office, domestic branches and sales offices.

Reporting Timeframe

Mainly fiscal year ended March 31, 2019 (April 2018 to March 2019), includes some activities from earlier and later time periods

Guidelines for Reference

- Environmental Reporting Guidelines 2012, Ministry of the Environment
- Sustainability Reporting Standards, GRI (Global Reporting Initiative)
- International Integrated Reporting Framework, IIRC (International Integrated Reporting Council)

Information Disclosure System

Financial Information	Publications (representative publications)	Non-financial Information
Summary financial statements Annual securities reports IR meeting presentations Reports (to shareholders)	Shimizu Corporate Report 2019 (Japanese and English) Shimizu Corporate Report 2019 PDF (Japanese and English) All corporate activities reported on the corporate website https://www.shimz.co.jp/english/index.html	Corporate Governance Report Company brochure stream DEW Civil Engineering Quarterly
IR website: Information for shareholders and investors https://www.shimz.co.jp/en/company/ir/	Website	ESG Management website: ESG activities https://www.shimz.co.jp/en/company/csr/

INDEX

- 03 ABOUT SHIMIZU
 - 03 Shimizu's Roots
 - 04 Corporate Philosophy
 - 05 Creating Value Over Time

- 07 Top message

- 12 SHIMZ VISION 2030

- 12 SHIMZ VISION 2030
- 13 The Value Shimizu Group Provides

Creating safe, secure, and resilient communities



Realizing an inclusive society where all people can live together in comfort and health



Realizing a sustainable, earth-friendly society



- 19 SHIMIZU'S FUTURE

- 19 Business Field
- 20 Financial and Non-Financial Highlights
- 23 Mid-Term Management Plan (2019-2023)

- 25 SHIMIZU'S BUSINESS

- 25 Building Construction in Japan
- 27 Civil Engineering Business in Japan
- 29 Overseas Construction Business
- 31 Investment Development Business (Real Estate Development Business)
- 33 Engineering
- 35 LCV
- 37 Emerging Frontier Business
- 41 Initiatives in Technology
- 43 Creating a High Satisfaction Workplace
- 45 Contributing to the Global Environment

- 49 CORPORATE GOVERNANCE

- 49 Board of Directors
- 51 Governance
- 56 Compliance (Compliance with Corporate Ethics and Laws & Regulations)
- 57 Risk Management
- 58 Supply Chain & Group Management
- 59 Remarks by External Directors

- 61 DATA COLLECTION

- 61 Connecting the Past with Technology of the Future
- 62 List of External Awards Received
- 63 Contributing to Society
- 64 Independent Opinion
- 65 Global Network
- 66 Corporate Information / Investor Information
- 68 Financial Section

Inclusion in ESG index



Awards



United Nations Global Compact



External Assessments

*1 The S&P/JPX Carbon Efficient Index is an index that weights companies based on carbon efficiency and provision of sufficient disclosure of information on its carbon emissions. It overweights companies with high ratings. Shimizu has received a high rating in the second decile for carbon-to-revenue footprint with sufficient disclosure.

*2 Shimizu became a participant signatory in of the UN Global Compact in March 2013.

Shimizu's origins are rooted in sincere monozukuri and The Analects and the Abacus

Shimizu has handed down the spirit of faithful craftsmanship of its founder, Kisuke Shimizu I, for more than 210 years.

Eiichi Shibusawa, called "the Father of Japanese Capitalism," was invited to be an advisor to our company in 1887. We hold his work "The Analects and the Abacus," to be our credo: our timeless and unchanging business compass.

Sincere Monozukuri and an Enterprising Spirit



Kisuke Shimizu I

Kisuke Shimizu I, who was born in Toyama Prefecture, founded the company in 1804 in the Kanda Kajicho district of Edo (now Tokyo). From the moment he founded the company, he brought a strong resolve and a passion for monozukuri. He earned the trust of his customers by doing his work with integrity and devotion. He built a strong business base and attracted customers by using the company's superior technology and management skills. This led to projects such as managing of the reconstruction of the West Wing of Edo-castle in 1838.



Kisuke Shimizu II

Kisuke Shimizu II, who succeeded Kisuke Shimizu I, built the Tsukiji Hotel, Japan's first western-style hotel in the Tsukiji district where foreigners lived, at his own expense. He managed the hotel after it was completed in 1868. He then went on to design and build the Daiichi National Bank (the former home of the Mitsui Group) and the Mitsui-gumi Exchange Bank, which were representative of early Meiji period architecture. Kisuke Shimizu II used his spirit of enterprise, advanced technical skills, and the trust he cultivated in these and other projects to further build the foundations of the company.

The Analects and the Abacus



Eiichi Shibusawa

(from the Shibusawa Memorial Museum collection)

Shimizu's relationship with Eiichi Shibusawa began with the construction of Daiichi National Bank in 1872. Eiichi Shibusawa, who was the president of the bank, highly praised Kisuke Shimizu II for using innovative technology to build Japan's first bank, a work regarded as a masterpiece of Western architecture by later generations. This deepened the relationship between Shimizu and Eiichi Shibusawa. After the sudden death of Mannosuke, the third generation of Shimizu management in 1887, Shimizu 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 business principles introduced by Eiichi Shibusawa at that time are what is contained in The Analects and the Abacus.

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

These teachings are consistent with 'Customer First' and Sincere Monozukuri, principles that we have focused on since our founding. We have now adopted The Analects and the Abacus as our company credo.

We revised our corporate philosophy on May 10, 2019 to foster a stronger awareness of Shimizu's origins.

■ Credo

The Analects and the Abacus

■ Management Principles

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

We believe that our credo and management principles are timeless sources of sustained growth and longevity for the company. They define our corporate culture, we implement them in our day-to-day activities, and we will pass them on to the next generation.

■ Corporate Message

Today's Work, Tomorrow's Heritage

Our corporate message contains the following thoughts:

The word "heritage" suggests the link to the next generation, and the generation after that. It also symbolizes the innocent eyes with which children view our company.

We perform our work with integrity and a strong sense of responsibility. We take pride in our work as contributing members of society, and as professionals, and we know that our work must now leave a tangible heritage for the next generation.

This message is our resolute pledge to reflect that attitude in all our activities and in the individual conduct and actions of every employee.

Creating Value Over Time

1868

Tsukiji Hotel



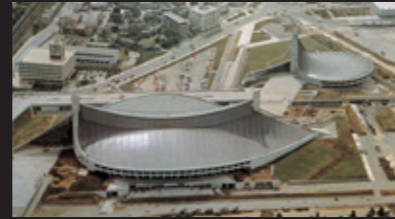
1910

Headquarter building for Nihonbashi Maruzen Head Office



1964

Yoyogi National Stadium



1995

DN Tower 21(Dai-Ichi • Nochu Building)



2007

Changi Airport Terminal 3



2013

Izumo-Oyashiro (preservation & restoration work)



1872

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



1936

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



1970

Negishi LNG Terminal, Tokyo Gas Co. Ltd.



1995

Tokyo Wan Aqua-Line Expressway (Umihotaru)



2008

Mode Gakuen Cocoon Tower



2013

GINZA KABUKIZA



1980

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



1998

Renovation of the National Museum of Western Art



2012

Headquarter building



2018

Rikuzentakata earthquake restoration project



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 Mokkaujou 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 Mokkaujou Arts & Crafts Furnishings) in Kiba, Kotoku, 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
 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 Tokyoused 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

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. Shimizu presented proposals for facilities that could save energy (eco) during routine operation and respond flexibly to BCP during an emergency

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 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
2019
 SHIMZ VISION 2030, our new long-term vision
 * Life Cycle Valuation
 See page 35 for further details.



President and Director

Kazuyuki Inoue

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

Reflecting on Fiscal 2018 and Issues Facing Management

We will respond quickly to changes in the business environment and work to improve the earning power of the Shimizu Group through co-creation with diverse partners.

As the environment for the construction industry substantially improved over the past several years, Shimizu also worked to strengthen its operations following our Mid-Term Management Plan 2014. These efforts enabled the company to achieve its performance goals for fiscal 2018, the final year of Mid-Term Management Plan 2014, with consolidated ordinary income of ¥133.9 billion (compared to the goal of ¥102 billion). Consolidated net income also reached a record high of ¥99.6 billion. However, we recognize that we must not be satisfied with current results and we will work to further improve group earning capabilities.

The recent frequency of severe natural disasters has highlighted the importance of the construction industry for both building resilient infrastructure and disaster recovery. However, hiring and developing the human capital required to do that work has become a critical challenge for the entire industry.

To attract new participants to the industry, a five-day work week and compensation in line with other types of work is urgently required. Since 2017, I have served as the head of the unit in charge of promoting a five-day work week in the Japan Federation of Construction Contractors, and have worked with

the belief that without these changes, the construction industry will not have a future.

We will continue to promote workstyle reform and productivity improvements, and by communicating with our clients and the community, ask their understanding for the changes in cost and scheduling that these reforms necessitate.

We will continue to pay close attention to international political and economic conditions in order to respond flexibly to changes in the environment. As a result of the rapid progress of AI, robots and other advanced technologies, global competition extending beyond industry boundaries is accelerating. Shimizu must respond to globalization and digitalization with a sense of urgency.

To respond flexibly to such environmental changes and capture new business opportunities quickly, we will pursue greater collaboration with different industries, venture firms, and public-private-academic partnerships in addition to our own collaboration within the Shimizu Group. In April 2019, we opened an office in Silicon Valley, California to facilitate collaboration with venture capital firms and start-ups. We expect this to be a driving force for innovation, including innovation in talent development.



SHIMZ VISION 2030, Long-term Vision

With a spirit of transformation and challenge, we will create value that anticipates the future (smart innovation) and contribute to the realization of a sustainable future in which people can enjoy a sense of abundance and joy.

Shimizu has historically formulated 10 year long-term visions. We think that creating a vision of what we want the company to become and presenting it inside and outside of the company is an effective way to achieve sustained growth amid an increasingly uncertain global business environment. We also feel that it is highly useful for hiring outstanding future-oriented talent.

In the previous long-term vision (Smart Vision 2010), we set the goal of becoming a Smart Solutions Company. Although still rooted in the construction business, we pursued the delivery of sustainable communities and structures while continuing to provide value that exceeds the expectations of customers. We believe we have made considerable progress instilling this mindset in every employee.

In SHIMZ VISION 2030, the new long-term vision, we are taking on the challenge of venturing beyond solutions rooted in the construction business to the creation of new value and innovation in non-construction businesses. We expressed this new challenge as, becoming a Smart Innovation Company.


We will take on the challenge of ongoing transformation that extends beyond the boundaries of the construction business and will engage in co-creation with a diverse range of

partners with the aim of creating value that anticipates the times (Smart Innovation) and becoming a group that contributes to sustainable future communities that enable people to experience a sense of abundance and joy.

2030 is also the target date for achieving the U.N.'s Sustainable Development Goals (SDGs). SHIMZ VISION 2030 clearly states our corporate stance on realizing "a resilient society where everyone can feel safe and secure," "an inclusive society where all people can live together in comfort and health," and "a sustainable society where all generations can inherit a well-cared for environment," as well as contributing to achieving the SDGs and solving other challenges faced by the global community through our businesses.

The financial targets for fiscal 2030 have also been made public. The revenue base which generated record profits in fiscal 2018 is highly dependent on the domestic construction business.

Going forward, Shimizu and all of its group companies will unite their efforts to adopt a spirit of innovation and challenge to transforming the revenue structure and increase profits.

 See SHIMZ VISION 2030 (page 12) for further details.

Overview of Mid-Term Management Plan (2019-2023)

Shimizu will maintain stable dividends and expand shareholder return through the acquisition of treasury shares while making upfront investments to establish new revenue bases.

We formulated the Mid-Term Management Plan (2019–2023) by backcasting from fiscal 2030. The mid-term plan aims to achieve the financial and non-financial goals for fiscal 2030 and become the Smart Innovation Company targeted in SHIMZ VISION 2030.


This five-year plan, which starts in fiscal 2019, targets sustained growth in corporate value and maintenance of the profit level (consolidated ordinary income of ¥140 billion in fiscal 2023). It is positioned as a period of upfront investment to establish new revenue bases. We also intend to maintain stable dividends and increase shareholder returns through the acquisition of treasury shares.

Our basic policy is to transform the construction business, establish new revenue bases in real estate development & other businesses, work to strengthen the foundations of management, accelerate global expansion, and promote ESG management to enhance the corporate value of the Shimizu Group and contribute to the achievement of Sustainable Development Goals (SDGs).

While some have voiced concern over a possible decline in

construction investment after the 2020 Tokyo Olympics and Paralympics, we anticipate continued demand for large redevelopment projects in the Greater Tokyo Area and new demand for the renovation of aging infrastructure. During the current period of strong construction demand, Shimizu will focus on investment in research and development and improving productivity in the construction business. We also intend to develop the real estate development business, the renewable energy business, and other non-construction businesses into growth drivers.

We have changed the Japanese name from the Mid-Term Management Policy to the Mid-Term Management Plan and provided a breakdown of total planned investment over the next five years (totaling ¥750 billion). We also established both financial and non-financial KPIs (Key Performance Indicators) to measure the progress towards the goals stated above. Going forward, we will manage both risks and progress appropriately to achieve the goals of Mid-Term Management Plan (2019–2023).

 See the Mid-Term Management Plan (pages 23–24) for further details.

Credo and Management Principles

We will work to instill our corporate credo and management principles throughout the company and pass them on to the next generation as the DNA of our employees and the foundations for enhancing corporate value.

Shimizu has positioned The Analects and the Abacus, which contains the teachings of Eiichi Shibusawa who was hired as an advisor by the company in 1887, as our basic management principles. These timeless teachings embody the sense of values of our officers and employees and represent the management philosophy of Shimizu. In May 2019, we established The Analects and the Abacus as our corporate credo.

This came from a strong desire to return to its original teachings after reflecting on the judgment handed down in October 2018 finding that Shimizu had violated the Antimonopoly Act.

In response to this incident, which was publicly disclosed in March 2018, we have enlisted the entire company in implementing measures to prevent a recurrence. We are conducting ongoing ethics training sessions based on the themes of The Analects and the Abacus, and top management is taking the lead on fostering ethical awareness and ensuring strict compliance.

We also revised our management principles when we established the corporate credo. The new management principles

are based on the spirit and philosophy Shimizu has followed since its founding. The principles were updated to make them easily understandable by everyone in and outside the company, now and in the future. It is restated as "With devotion and a spirit of innovation, we work to create value that exceeds expectations and contribute to a sustainable tomorrow."

I am personally visiting all divisions to explain the corporate credo and management principles directly to employees. We have also inscribed them in the employee handbook, posted them in offices, and are taking other steps to instill them in everyone in the company. In the future I intend to foster a corporate culture in which each and every officer and employee always keeps the corporate credo and management principles close at hand and acts accordingly. I want to pass them on to the next generation as the DNA of Shimizu employees and the foundations for enhancing corporate value.

 See Structure of Principles (page 4) for further details.

Pursuit of ESG Management

We will enhance corporate value over the medium and long term and achieve sustained growth by working towards a sustainable global environment, co-existing with communities, and improving governance.

Interest in and public demands for management focused on the Environment (E), Social (S), and Governance (G) have increased in recent years. The amount of global ESG investment is also increasing. We believe that managing the company to achieve a sustainable global environment, co-existence in communities, and improved governance is a major requirement for achieving sustainable corporate growth.

We have therefore identified ESG-based management as a major element in the basic policy of our Mid-Term Management Plan(2019-2023).

With regards to the environment (E), the construction industry is known as an industry that has a large impact on the environment. We will contribute to sustainable global communities by working steadily to implement the medium and long-term goals in Shimizu's Ecological Mission 2030-2050, aimed at reducing CO₂ emissions. We also regard responding to climate change as an important management task and will analyze and disclose information on the risks and opportunities it presents for our businesses.

With regards to Social (S), we will provide safe, secure structures and services to communities and strive to improve customer satisfaction by providing value that exceeds their

expectations. We will also dedicate ourselves to achieving harmony with all our stakeholders: respecting human rights, creating productive work environments, promoting diversity and inclusion, and co-existing with local communities.

With regards to Governance (G), we are steadily strengthening our governance through such means as establishing a new Executive Nominating Committee in fiscal 2018. At the 117th Annual General Meeting of Shareholders in June 2019, we also increased the number of external directors by one director and created a Board of Directors structure in which four out of 12 directors are non-executive directors, three of whom are external directors. In addition to these changes, we are also working to instill and ensure compliance to corporate ethics based on The Analects and the Abacus as our corporate credo, ensure strict compliance, and to comprehensively manage risks as we expand our business portfolio to non-construction businesses.

We are working to earn strong trust in Shimizu from all of our stakeholders by fulfilling our social responsibilities through our business activities, and to enhance corporate value over the medium and long term to achieve sustained growth.

Pursuit of ESG in the Mid-Term Management Plan

E (Environment) : Contribute to a sustainable global environment

S (Social) : Co-exist with all stakeholders

G (Governance) : Ensure strict compliance and strengthen risk management

To our Stakeholders

This fiscal year, Shimizu formulated SHIMZ VISION 2030, our new long-term vision, and Mid-Term Management Plan (2019-2023) as Phase 1 of the long-term vision. We have begun initiatives aimed at greater leaps forward.

I will take the lead and work together with all officers and employees of Shimizu to breathe life into our management policy, enhance the value of the Shimizu Group over the medi-

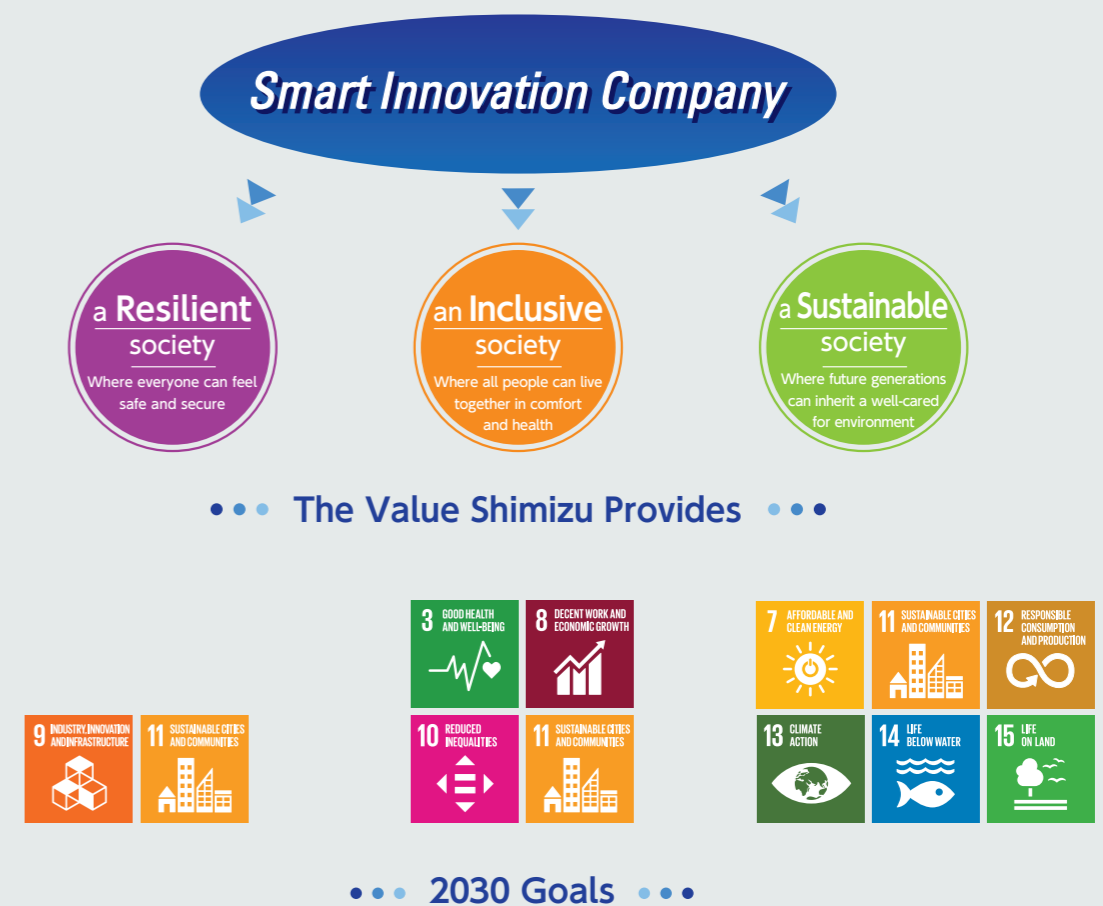
um and long term, achieve the SDGs, and take other steps to achieve sustainable communities.

We will continue to disclose appropriate information to all stakeholders, continue our dialogs, and work to meet the expectations of all of our stakeholders. I ask for your continued support.

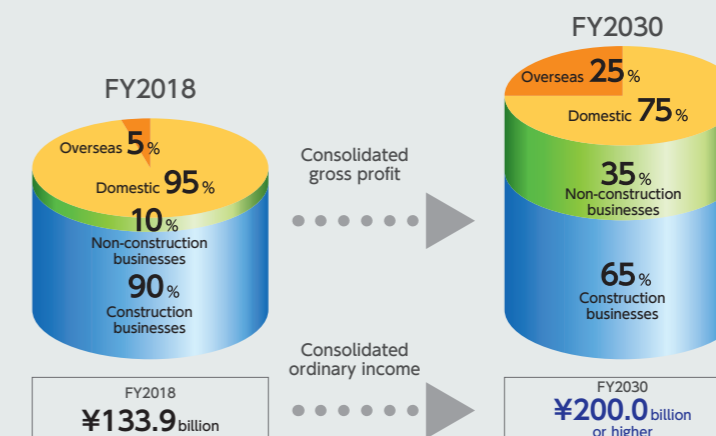
SHIMZ VISION 2030

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

Shimizu Group's Strategy Towards 2030



Target Revenue Structure



SHIMZ VISION 2030
<https://www.shimz.co.jp/en/company/about/strategy/index.html#sec3>

Global Challenges

1. Japan, the Land of Large Earthquakes

The Great East Japan Earthquake, which caused unprecedented damage in 2011, negatively impacted the Japanese economy and also changed the lives of the people living in the region.

The subsequent large earthquakes in Kumamoto in 2016, and Hokkaido and Osaka in 2018 are still fresh in our memories. The future occurrence of a large earthquake directly beneath Tokyo, in the Nankai Trough, or elsewhere is concerning, and we live with the ever-present risk of seismic calamity.



2. Climate Change

Climate change and global warming are among the most important environmental issues. Recently we have experienced abnormal meteorological events including record heat waves and torrential rains in the summer and heavy blizzards and warm winters during the winter. This is having a major impact on society. The 2015 Paris Agreement set the long-term goal of working to keep the rise in average global temperature to 1.5°C, well beneath a 2°C increase compared to the pre-industrial era.



3. Aging Infrastructure

Much of the infrastructure we use daily, such as roads, bridges, other transportation networks, and lifelines such as water and sewer systems, were built during the long period of high economic growth in Japan. The deterioration of these systems has become a serious problem and the cost of infrastructure maintenance and renovation is expected to continue to rise.

The risk of infrastructure collapse and decay in the future is also a concern.



The Value Shimizu Group Provides

Creating safe, secure, and resilient communities

With the heightened risk of natural disasters such as earthquakes, super-typhoons and torrential rain, there is an ever-increasing need to protect lives and businesses.



Kamisu Bousai Arena Completed in June 2019.

This arena was built as a multipurpose facility. During normal operation, it hosts sports and cultural events, and creates opportunities for the public to interact. In the event of a disaster, the arena serves as a local emergency base that functions as an evacuation shelter and is equipped for rescue and relief activities.

Shimizu was involved in the design and construction of this facility and will also be deeply involved in its operation and management as a leading company in its PFI consortium.



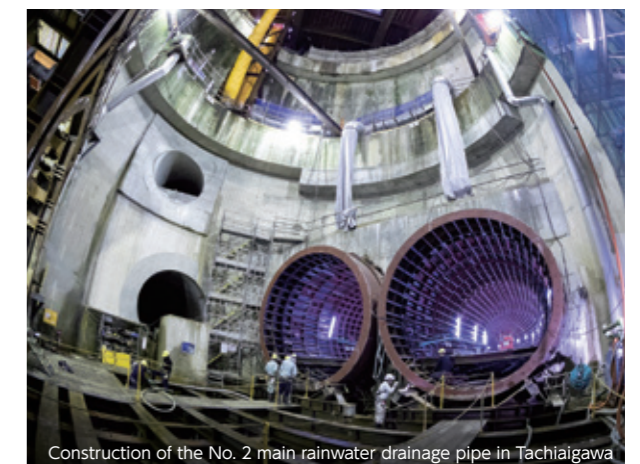
New town completed in the Rikuzentakata area of Minami Sanriku

Safe, Secure Community Development

Building facilities and social infrastructure that are safe during in disasters and performing maintenance, management, and renovation to keep them that way, is part of Shimizu's mission as member of the construction industry.

We are working to develop the latest in disaster prevention and mitigation technology, ensure its widespread use, and extend the lifespans of buildings and infrastructure. We have also been involved in the recovery business and new town development in areas affected by the Great East Japan Earthquake to enable impacted residents begin new lives.

We will continue to engage in business activities that create communities where people can live safely and securely in the future.



Construction of the No. 2 main rainwater drainage pipe in Tachiaigawa

Contributing to the Creation of Resilient Communities

Natural disasters are expected to become increasingly severe in the future as global warming progresses. Shimizu is contributing to the creation of sustainable cities by building dams, tide gates, and structures to handle torrential rainfall.

We also work actively on preserving and passing on historical structures as a tangible heritage for children in the future.

In the future, we will also use the advanced technical capabilities Shimizu has developed to create resilient communities in many emerging countries.

Global Challenges

1. A Shrinking Population

Japan's population is aging and fewer children are being born due to many factors, including people remaining single or marrying late. Advances in healthcare and a longer average lifespan, coupled with fewer children, have put Japan among the countries with the highest percentage of people aged 65 and older, and Japan's population continues to decline.

Population decline is a major issue that could lead to the economy shrinking and the collapse of the social security systems.



2. Increasing Inequality and Income Gaps

Inequality in age, gender, disabilities, race, ethnicity, religion, economic status, and other factors exist throughout the world. The gap in income is increasing in Japan and imbalances in opportunities are growing larger. There are many ways to contribute to resolving these imbalances beyond formulating and implementing national government policies. Companies can also contribute by fully utilizing the diversity and unique characteristics of each individual, providing opportunities for everyone to fully demonstrate their capabilities, and pursuing diversity initiatives that lead to value creation.



3. Increasing Awareness of Health

Strategic methods of health management are drawing attention from company management, based on the view that initiatives that maintain and increase employee health are an investment in increasing future corporate profitability. Such initiatives are expected to increase employee vitality, improve productivity, and invigorate organizations. They will ultimately improve performance and lead to a better corporate image and higher value.



Value the Shimizu Group Provides

Realizing an inclusive society where all people can live together in comfort and health

With rapid changes such as aging, population decline and urbanization, the future requires a society where everyone can live safely and comfortably.



Well certification*, which rates buildings with an emphasis on user health (well-being and comfort), is drawing interest. The Shanghai Office of Shimizu Corporation (China) Limited acquired the WELL Building Standard v1 Interiors Silver certification, in September 2018. Creating a building and interior environment that meets the WELL Building Standard is expected to improve employee well-being, increase mental productivity, and also lead to the recruitment of high caliber talent and improvement in employee retention.

*1 WELL (Well Building Standard) certification: Evaluation of buildings, etc. from the perspective of improving human well-being, comfort, and productivity



Kanagawa Prefectural Sports Center, designed as an example of universal design

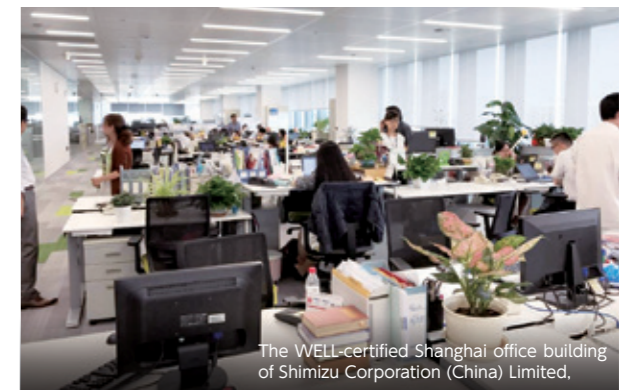
Creating People-Friendly, and Comfortable Communities

The construction industry builds the places for many different people to live, work, and relax.

Shimizu is actively engaged in designing spaces that accommodate universal design*1. We are also developing a voice navigation system*2 aimed at enabling people to go where they want, when they want. We will continue to contribute to by building facilities, providing built environments and developing communities that are easy for anyone to live in and use.

*1 Universal design : Designing buildings and spaces to enable use by as many people as possible, regardless of the presence or absence of a disability or differences in capabilities.

*2 Voice navigation system : A system that uses smartphones to guide people to their target destinations via detailed routes, both indoors and outdoors. It supports foreign language speakers in addition to visually impaired people and wheelchair users.



The WELL-certified Shanghai office building of Shimizu Corporation (China) Limited,

People-friendly Design

People spend up to 90% of their lives in buildings and building spaces consequently have a large impact on well-being. Shimizu takes a long-term perspective and focuses on constructing buildings and spaces and developing communities with user-friendliness and the well-being of people in mind. We also propose a wide range of wellness and work options to add value to our customers' facilities.

We provide our customers and society with smart inclusive communities that enable everyone to live comfortably with well-being.

Global Challenges

1. Increasing Energy Usage

Global energy usage continues to increase as the global population grows and the economies of emerging countries develop. The present state of reliance on fossil fuels for energy generation causes an increase in greenhouse gases, which result in abnormal meteorological events and natural disasters. The conversion from fossil fuels to renewable energy is a pressing issue for governments and companies around the world.



2. Waste and Pollution

Our current convenient lifestyle generates massive amounts of waste. This affects soil and water quality and is also a factor in ocean pollution spoiling its beauty and endangering marine life.

The governments of many countries are pursuing policies aimed at reducing waste, and companies are also establishing systems to promote the collection and reuse of waste.

Ultimately we need to shift away from producing waste.



3. Loss of Biodiversity

All types of life on earth mutually affect and complement one another in many ways.

Biodiversity provides immeasurable benefits to human beings, including a stable climate, our food supply, and the prevention of illness. It is possible that the loss of biodiversity could endanger human life. Preserving biodiversity for the future is an important mission for all people.



The Value Shimizu Group Provides

Realizing a sustainable, earth-friendly society

As global warming, deforestation, and ocean pollution grow worse, we are called upon to pass on an abundant earth to the next generation. Shimizu will contribute to the realization of an environmentally friendly, sustainable society through corporate activities aimed at reducing the burden on the environment.



Ako Solar Power Plant is located in the Nishihama industrial park in the city of Ako in Hyogo Prefecture. Approximately 48,000 solar panels have been installed on a large parcel of land that is around 165,000 m² in size. It is capable of providing power to 3,800 typical households.



Creating Sustainable Communities with Renewable Energy

Shimizu has been actively working on initiatives aimed at the use of solar power, wind power, biomass, medium and small-sized hydroelectric power plants, and other forms of renewable energy.

We will continue to develop alternative energy sources, accumulate expertise through proof of concept testing, and build many facilities in the future.

We will work to expand our renewable energy power generation business and encourage widespread use. We will also pursue energy conservation, energy generation, and creation of ZEB (zero energy building) buildings that will contribute to the realization of zero carbon status for clients and Japan.



Protecting biodiversity

At Shimizu, we actively work to achieve greening of urban areas and to preserve the environment and ecosystems at job sites.

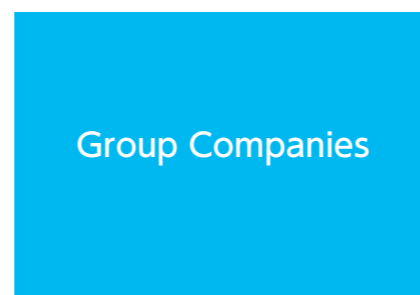
For more than 10 years, at a large biotope within our Institute of Technology, we have continued to monitor plants, insects, birds, fish, and other wildlife. We are using the resulting technologies for construction and management of biotopes to plan construction that encourages biodiversity. We have adopted ecological landscaping techniques that make maximal use of land contours and provide ways to maintain the natural environment when performing construction work, and preserve the biodiversity present in that natural environment.

We will continue to use biodiversity-friendly technology to contribute to the realization of sustainable communities.

Shimizu's business fields: Evolution and growth

The Shimizu Group consists of the Company, 66 subsidiaries, and 15 affiliates. We have a variety of businesses, including construction, investment development, engineering and LCV Business, both in Japan and overseas.

Shimizu Group



Construction Business



Building Construction in Japan
P25



Civil Engineering Business in Japan
P27



Overseas Construction Business
P29

Construction Business

Main Subsidiaries

- FaB-Tec Japan Corporation
- Daiichi Setsubi Engineering Corporation
- SHIMIZU BLC Co., Ltd.
- Shimizu Corporation (China) Ltd.
- Shimizu North America LLC

Main Affiliates

- The Nippon Road Co., Ltd.

Development Business

Main Subsidiaries

- Shimizu Comprehensive Development Corporation
- Shimizu Investment (Asia) Pte. Ltd.

Main Affiliates

- Makuhari Techno-Garden Co., Ltd.

Other Companies

(Sales of construction equipment, leasing, PFI business, and others)

Main Subsidiaries

- MILX Corporation
- SC Machinery Corp.
- Tama Medical PFI Corporation
- Shimizu Finance Co., Ltd.
- Shimizu International Capital (Singapore Pte.) Ltd.

Non-Construction Businesses



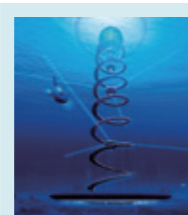
Investment Development Business (Real Estate Development Business)
P31



Engineering
P33



LCV
P35

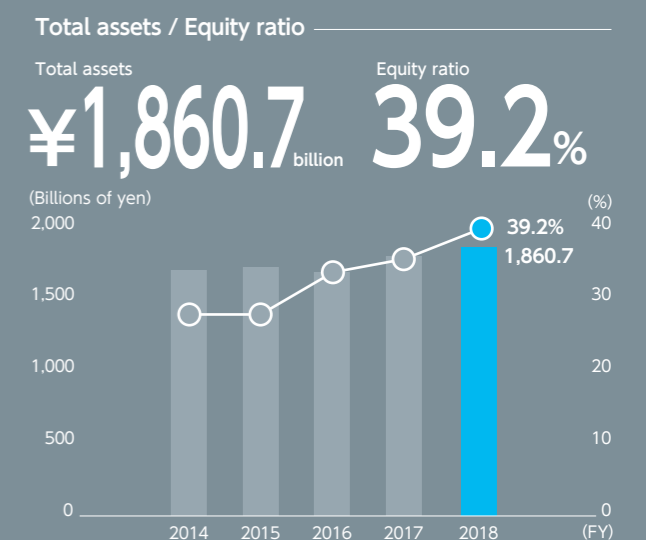
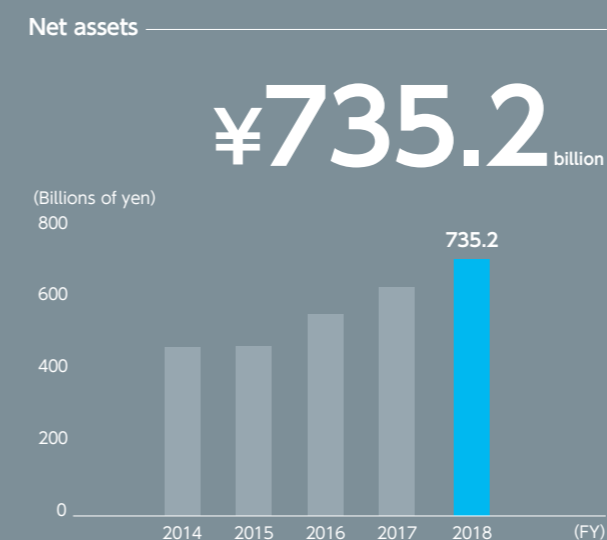
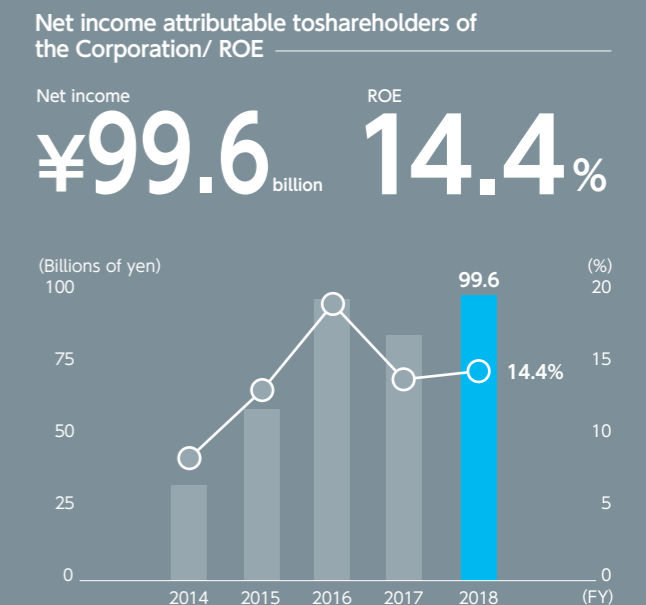
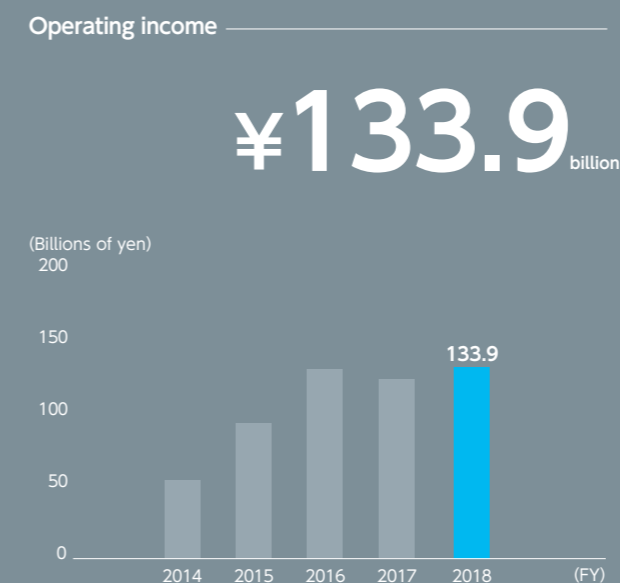
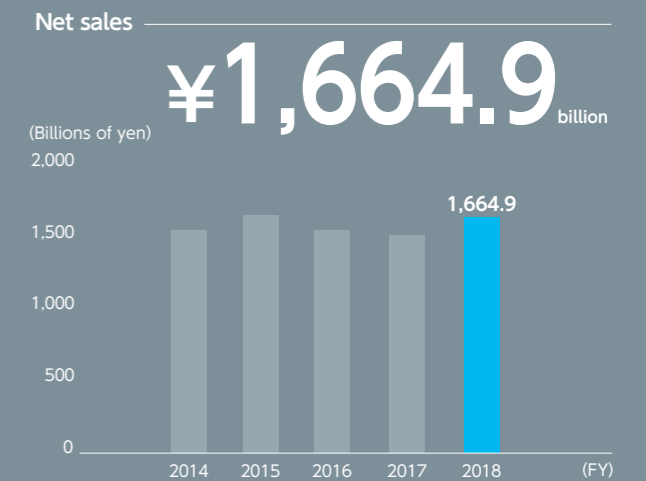
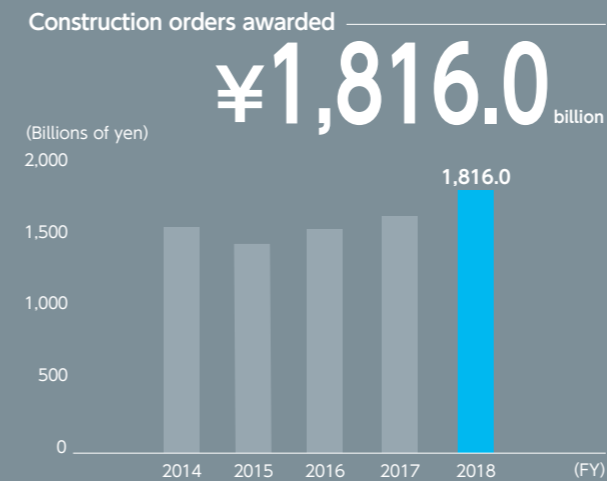


Emerging Frontier Business
P37

Financial and Non-Financial Highlights

The Shimizu Group in FY2018

Financial Highlight

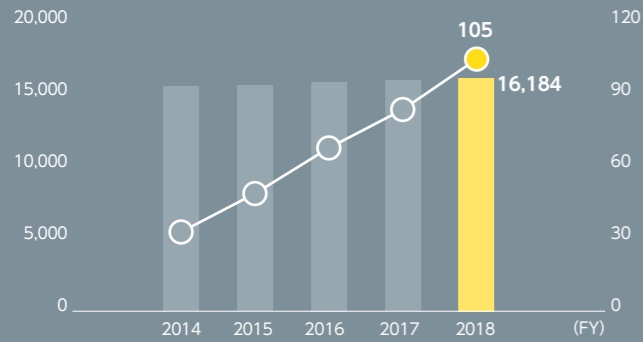


Financial and Non-Financial Highlights

Non-Financial

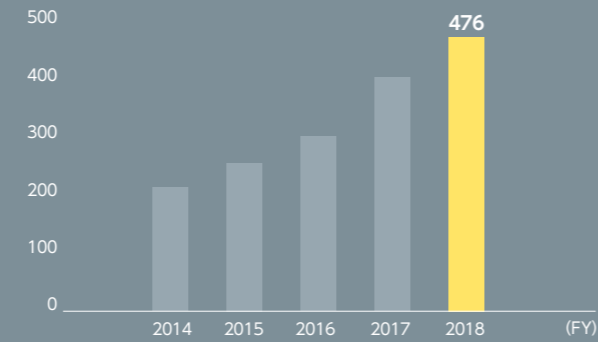
Employees(consolidated) / Female Managers

16,184/105



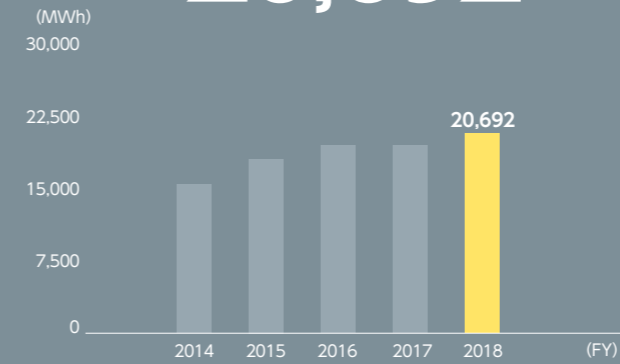
Female engineers / technical staff

476



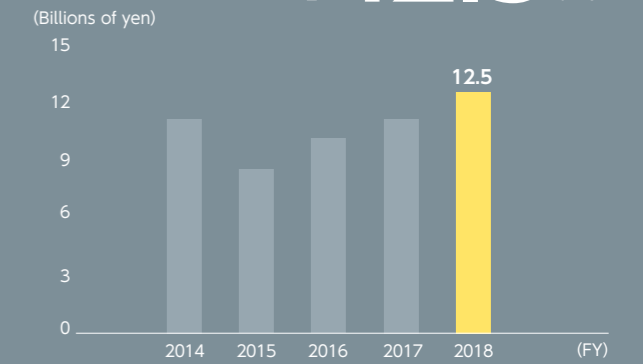
Renewable energy generation

20,692 MWh



R&D investments (consolidated)

¥12.5 billion

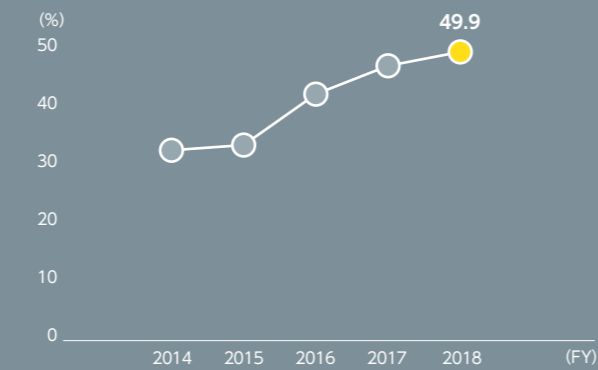


Percentage of employees with disabilities

2.37% (FY2018)

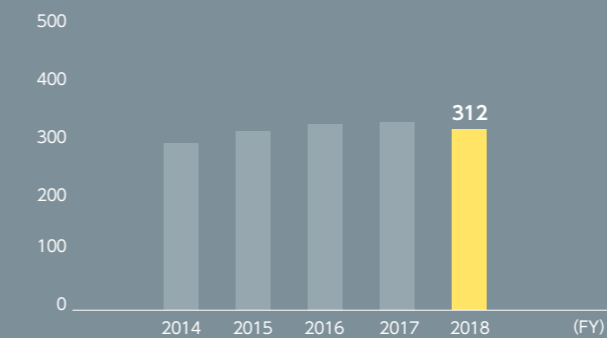
Percentage taking paid annual vacation

49.9%



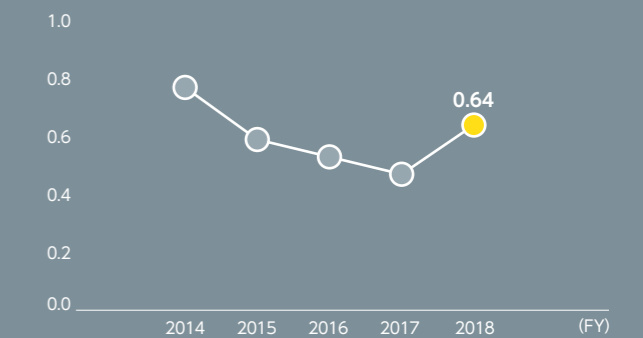
Number of patents applied for

312



Accident frequency rate

0.64



Compliance training attendance

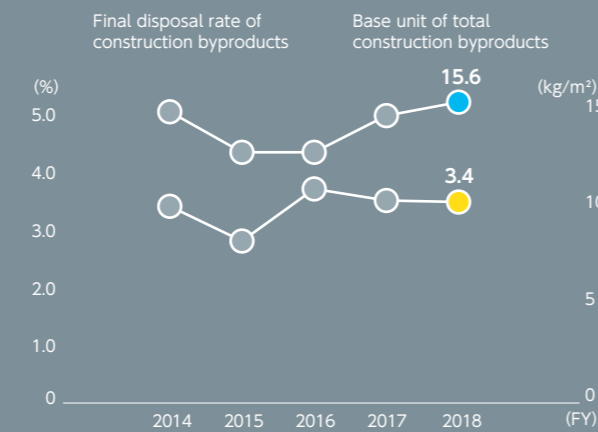
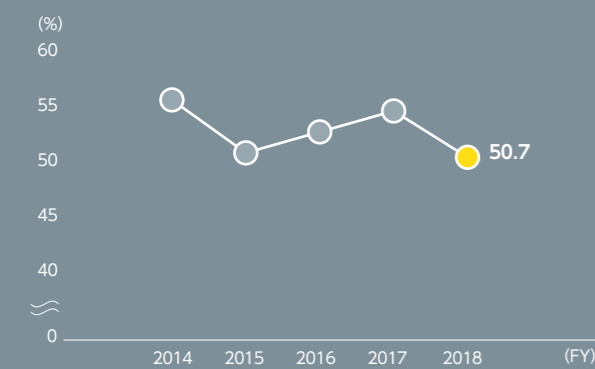
100% (FY2018)

Final disposal rate of construction byproducts / Base unit of total construction byproducts

3.4% 15.6 kg/m²

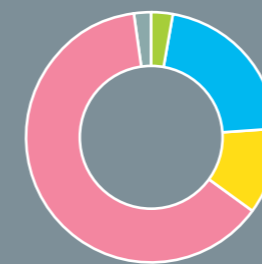
CO₂ reduction rates compared to 1990 (CO₂ at construction)

-50.7%



Expenditures on social contribution activities as a percentage of ordinary income

0.77%



Category	Percentage
Global Environment	3%
Educaton	21%
Culture / Art	11%
Social Inclusion	63%
others	2%

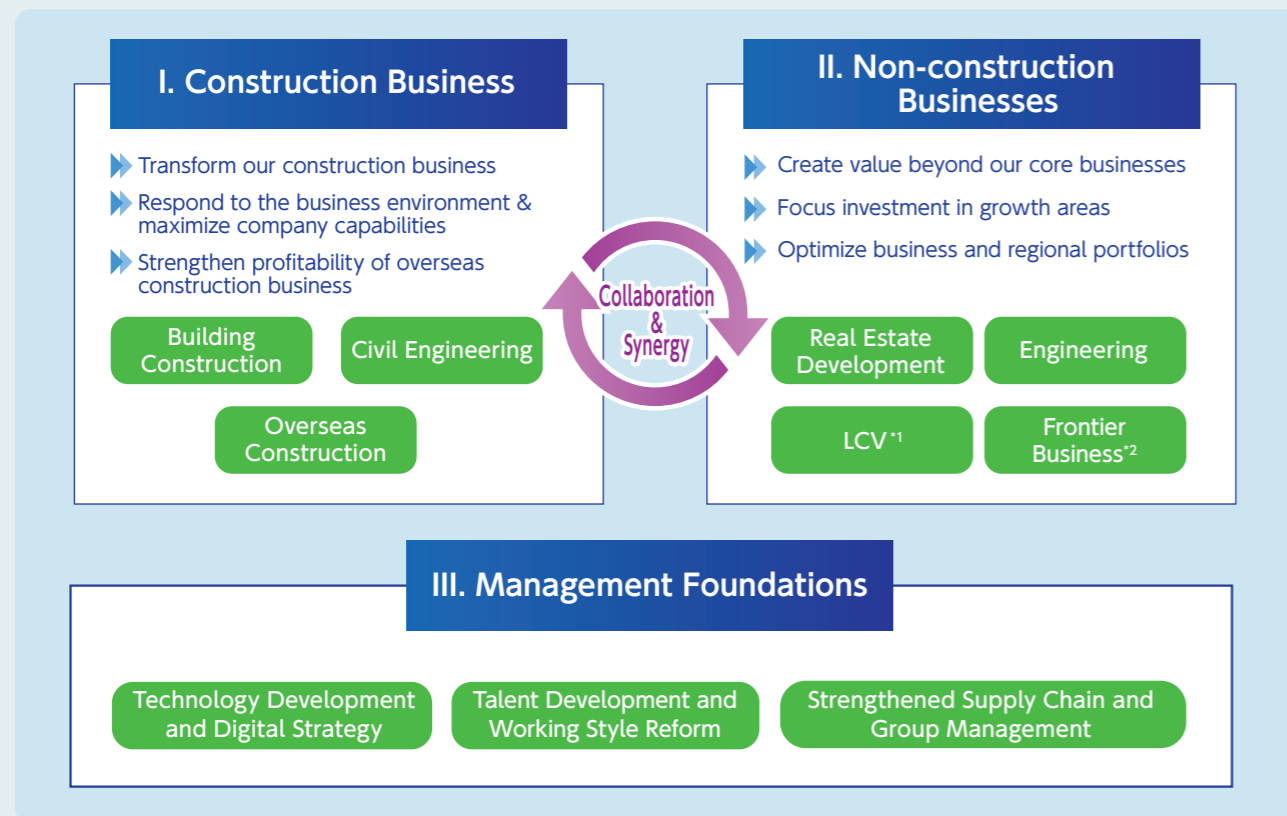
Positioning of the Mid-Term Management Plan (2019-2023)

Towards the Realization of SHIMZ VISION 2030

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

Basic Policy

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

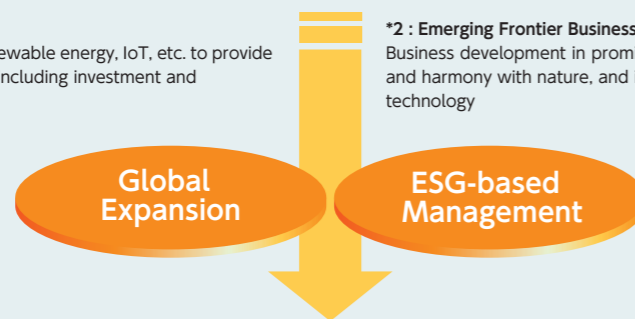


*1 : LCV (Life Cycle Valuation)

Respond to customer needs, utilize renewable energy, IoT, etc. to provide comprehensive services and solutions including investment and partnerships

*2 : Emerging Frontier Business

Business development in promising future markets such as space, ocean and harmony with nature, and investment in next generation technology



Corporate Value

Contribution to SDGs



Management Financial Goals (consolidated base), Investment Plan, Non-financial KPI

Management Financial Goals (consolidated base)

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

(Billions of Yen)	Mid-Term Management Plan 2014		Mid-Term Management Plan (2019-2023)		Financial KPI
	FY2018 Target	FY2018 Results	FY2023 Target		
Total net sales	1,630.0	1,664.9	1,880.0		<ul style="list-style-type: none"> ROE 10% or higher Equity ratio 40% or higher Debt to equity ratio 0.7 times or less Dividend payout ratio Approx. 30%
Construction business	1,490.0	1,504.6	1,550.0		
Non-construction businesses (Development & others)	140.0	160.3	330.0		
Gross profit	175.0	216.6	235.0		
Construction business	156.0	196.8	185.0		
Non-construction businesses (Development & others)	19.0	19.8	50.0		
Ordinary income	102.0	133.9	140.0		

Investment Plan

In order to achieve the 10-year Plan and establish new revenue bases, we will invest ¥750 billion over the next five years.

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

Non-financial KPI

Improve labor productivity in the construction business, work to enhance corporate value from an ESG perspective, and contribute to the achievement of SDGs.

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

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

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



Mid-Term Management Plan of Shimizu Group <2019-2023>
<https://www.shimz.co.jp/en/company/about/strategy/index.html#sec4>

Building Construction in Japan

We will create a reliable building operation based on strong organizational alliances that include Shimizu group companies. We will work to transform the domestic building construction business, which is the core of our construction business, and improve competitiveness. Our goal is to anticipate changes in society and customer needs, expand business scale, and build a stable revenue base.

Contributing to the achievement of SDGs through business activities



Overview of Activities

In addition to responding the current backlog and to various issues such as the future shortage of skilled workers, we are making every effort to strengthen current operations and improve productivity for the sustained growth of the domestic building construction business.

We are pursuing initiatives based on standardizing and digitizing processes. These include improving operational efficiency through the use of ICT technical methods that streamline construction processes, and the development of self-controlled robots equipped with the latest technology. We are also building an integrated production process based on BIM*.

As the needs of our customer and communities change and technology advances, we are aligning our business strategy and structure and strengthening our proposal capabilities through use of computational design, and other improvements.

* BIM (Building Information Modeling): 3D model based computer process to streamline activities from design through construction and maintenance by consolidating data on part shape, cost, properties, and other critical information.

Net sales (Non-consolidated)

¥1,006.3 billion (FY2018)

Future Initiatives

We will strengthen cost competitiveness from the upstream stage to improve our ability to respond to increasingly complex large-scale projects.

In addition to developing and rolling out the latest technology in machinery and construction, we will accelerate strategic initiatives for large scale renovations that incorporate new value such as BCP, ZEB, and WELLNESS. We will make active use of next-generation technologies, such as AI, and use of our extensive record of completed projects to strengthen our position in the renovation market.

Moreover, we will strengthen our group management capabilities to maximize synergistic benefits by further strengthening alliances with group companies in the construction segment and pursuing and entering new business areas.

Taking on the Challenges of Increasingly Complex Large-scale Projects

The Ariake Gymnastics Center, a competition venue for the Tokyo 2020 Olympic and Paralympic Games, is nearing completion. This vast structure symbolizes the importance of trees in Japanese culture, and is covered by the largest wooden roof in the world (complex wooden arched beam construction).

Like this arena, future projects are expected to be increasingly massive and complex. Some planned projects, include train stations, redevelopment projects in the Greater Tokyo Area and regional urban centers, projects related to an integrated resort (IR), and facilities for the Expo 2025 Osaka, Kansai, Japan.

Shimizu is accelerating innovation toward obtaining and efficiently constructing such large-scale projects. These efforts include research and development in many areas such as ultra-high-rise buildings, large wooden structures, BIM-based computational design technology to strengthen proposal capabilities, and project front loading, and initiatives in linking design data back to the manufacture of construction materials such as steel frames. We have also developed Shimz Smart Site*, which uses construction robots operated through ICT. This system was used at a hotel job site in the city of Osaka, and we are using this as a launching point for rolling out the system out to other metropolitan jobs sites.

Span length of the large wooden roof at the Ariake Gymnastics Center, the largest in the world

90m

* See Initiatives in Technology (on page 42) for further details on Shimz Smart Site.



msb Tamachi Station Tower North (Completed perspective (right), Minato-ku, Tokyo)

Iwate Medical University Hospital (Iwate Prefecture)

Initiatives in the Renovation Market as a Growth Area

We will continue to pursue the renovation market, which is projected to grow, by capitalizing on Shimizu's extensive 215-year record of completed projects, and by using advanced environmental and BCP-related technologies.

In August 2018, we completed construction of new stands and renovation of existing stands at the Kumagaya Rugby Stadium, one of the venues for Rugby World Cup 2019. In June 2019 we also successfully completed seismic retrofitting work on the Bank of Japan head office, which is an important cultural property.

Shimizu will continue to provide the optimal solutions to customers' needs based on each stage of a building's life cycle.



Kumagaya Rugby Stadium in Saitama Prefecture

Policies of the Mid-Term Management Plan

- Strengthen the ability to win and complete large-scale projects
- Strengthen initiatives that diversify project types to respond to changing customer needs
- Strengthen group management capabilities to maximize synergies

38 floors above ground, total floor space of around 200,000 m²
TOKYO WORLD GATE ultra high-rise complex in Minato-ku, Tokyo (scheduled for completion in March 2020)

Civil Engineering Business in Japan

Shimizu is working to improve productivity and earning power by strengthening organizational skills and research and development. We are also expanding our business domains through external partnerships.

We will contribute to safe, secure and abundant living for everyone through high quality public infrastructure.

Contributing to the achievement of SDGs through business activities



Overview of Activities

During this period of robust domestic demand, Shimizu successfully engaged in large, complex and profitable projects.

We are working to build a sustainable revenue base through systematic development of young engineers, and are also working to strengthen our customer support and communication by developing sales personnel. We are taking on the challenge of using our engineering capabilities to tackle renewable energy and other new growth markets.

We are leveraging technology such as CIM/BIM and i-Construction to improve productivity, prepare for future shortages of skilled workers and reform our workstyle. We are also developing technologies that will differentiate Shimizu in key areas such as infrastructure renovation, disaster preparedness/mitigation, and energy.

Shimizu is also pursuing alliances with external companies to expand overseas business, to further strengthen the engineering and technology functions, and to build our maintenance & management and consulting businesses into stable sources of revenue.

Net sales (Non-Consolidated)

¥286.2 billion
(FY2018)

Future Initiatives

Going forward, we will invest in the development of revolutionary and differentiating technology into our production and management systems, as well as implementing i-Construction in all aspects of construction. Examples are the introduction of automated and robotic construction of shield tunnels, mountain tunnels, and dams. We are also working on practical implementation of a next-generation construction management system that integrates CIM/BIM and uses sensors, IoT, and AI technology to acquire data. We have begun development of the Shimizu Smart Tunnel and automated dam concrete pouring systems. We will focus new research and development mainly on dam restoration technology and large-scale road renovation technology.

Policies of the Mid-Term Management Plan

- Build a stable revenue base by strengthening sales, engineering, and construction.
- Conduct research and development to improve productivity and earning power.
- Enter new businesses by strengthening alliances with external companies.

Construction of the Yanba Dam (Gunma Prefecture), where ICT is being actively used in construction

News release

July 2018
Embarking on Development of a Next-generation Tunnel Building System that Utilizes IoT and AI Technologies
—Shimizu Smart Tunnel, Aimed at Achieving Productivity and Safety Simultaneously—
<https://www.shimizu.co.jp/en/company/about/news-release/2018/2018020.html>



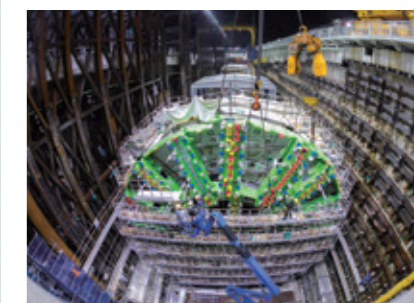
Next-generation Tunnel Construction System Pursuing Development of Shimizu Smart Tunnel

Shimizu Corporation is developing Shimizu Smart Tunnel, a next-generation tunnel building system. It uses the latest ICT, IoT, AI, and other technologies to improve productivity and ensure better safety to offset the projected retirement of a large number of skilled technicians in the coming years.

The system will be built in stages, beginning with development of the underlying technology, and is scheduled to be completed by 2020. For example, we have developed a real-time remote observation system that uses a wireless communication system and tablet devices, and have begun trial operation in cooperation with West Nippon Expressway Co., Ltd. (NEXCO West), to inspect the quality and progress at a mountain tunnel in Wakayama Prefecture. We are also performing proof-of-concept testing on an AI operational support system at the construction site of a main rainwater canal in Fukuoka Prefecture. The system replicates operation of a shield machine by a skilled operator, and we are comparing its performance with existing methods. We will contribute to high-quality infrastructure that protects the lives residents by the introduction of advanced digital technology that improves site productivity and safety.



Diagram of the Shimizu Smart Tunnel concept



The largest AI-equipped shield machine in Japan (outer diameter of φ16.1 m) Construction of the Oizumi Minami southbound main tunnel on the Tokyo Outer Ring Road in Nerima-ku, Tokyo

Automated Dam Concrete Pouring System

Shimizu developed an automated dam concrete pouring system that automates all processes from producing the concrete to transporting and pouring it. The chief characteristic of this system is that it is capable of performing automated and continuous work and only requires the construction foreman to input the pouring plan created beforehand using a BIM/CIM model. The bulk of the construction work to build a dam

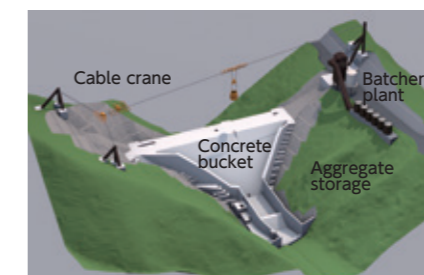


Diagram of the dam concrete pouring system

Height of the Yanba Dam levee

116 m

Overseas Construction Business

Utilizing our global experience and technical expertise, as well as Shimizu's capability in real estate development, engineering, energy, the environment, and many other business areas, we provide optimal solutions related to cost, quality and delivery, answering customer needs and infrastructure demand, centered around emerging markets.

Contributing to the achievement of SDGs through business activities



TOPICS

Overview of Activities

The Shimizu Group provides value that exceeds customer expectations through a dedication to craftsmanship and a spirit of innovation.

Shimizu implements this philosophy in construction projects throughout the world. For fiscal 2018 this has led to numerous orders for production facilities, office buildings, and complexes from Japanese customers, local companies, local governments and multinational corporations in Indonesia, China, Singapore, and other Asian countries as well as the U.S. We also received orders for a series of large civil engineering projects in Indonesia, the Philippines, and Uganda. We are also working with the Real Estate Investment unit to expand collaboration with our non-construction businesses.

Shimizu is developing and increasing our global talent by giving some newly-hired employees immediate overseas assignments, personnel exchanges between Japan and overseas, promoting staff members who were hired locally, and continuing study abroad programs.

Net sales (Consolidated)

¥115.0 billion
(FY2018)

Future Initiatives

Working together with domestic divisions specializing in technology, engineering, and other areas on providing advanced technology and expertise, we are able to use our strength as an integrated engineering contractor to propose solutions. We are strengthening initiatives aimed at a diverse range of customers, to expand opportunities for project orders.

We are also strengthening risk management and governance, while systematically working to develop and promote the talent needed for complex project operations and management of business overseas.

Shimizu is collaborating with our non-construction businesses in areas such as real estate development, engineering, energy, and the environment. We are also increasing new business opportunities for overseas construction.

Trend Information

Shimizu received an award for construction of the Pahang-Selangor raw water transfer tunnel in Malaysia in the construction project division of the 1st Japan Construction International Awards presented by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

News Release

July 2018
Completion of the Shield Tunnel for Vietnam's First Subway
— Ho Chi Minh City (HCMC) Metro Line 1 Project, Package CP-1B —
<https://www.shimzu.co.jp/en/company/about/news-release/2018/2018016.html>



Expanding Orders in Indonesia

High economic growth in Indonesia, remarkable even among Southeast Asian countries, is projected to continue, and Shimizu is currently participating in many large projects there. We completed two ultra-high-rise towers in the capital of Jakarta in 2017, and based on that track record, received orders for construction of two more ultra-high-rise office buildings of around 250 m in height. We have also received orders for a series of other projects, including a condominium and office building development project for high net worth individuals, and a project for a large multi-use complex that Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN)* is participating in.

Shimizu is also participating in ODA projects. We recently successfully completed construction of Indonesia's first shield tunnel for the north-south MRT line in Jakarta. We are also making progress on construction of an access road to the new international port being developed about 70 km to the east of Jakarta, and have also received an order for construction of a hydroelectric power plant in Sumatra, in Western Indonesia.

*Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN): An organization established in 2014 to promote the entrance of Japanese companies into infrastructure markets overseas. The Japanese Government, incorporated associations, and others have invested in JOIN.



Jakarta Office Tower Project (tentative name) in Indonesia (completed perspective)

Contributing to Development in Africa

Shimizu has participated in numerous ODA projects in many African countries. One of the projects completed in 2018 is the Advanced Research Center for Infectious Diseases at the Noguchi Memorial Institute for Medical Research in the Republic of Ghana, named in honor of Dr. Noguchi, known for his research on yellow fever in West Africa.

We are also making steady progress on constructing the Tema IC Underpass. This is an intersection where two international corridors cross: the Lagos-Abidjan Corridor, which transverses West Africa east and west, and the Eastern Corridor, which runs from Ghana's southern Tema Port to the country of Burkina Faso in the north. This improvement work will strengthen Ghana's role as a transportation hub and is also expected to facilitate distribution for Ghana and the entire West African region.



Tema IC Underpass construction to improve the intersection in Ghana (completed perspective)

African countries Shimizu has worked in

13 countries
(since the 1960s)

Policy under the Mid-Term Management Plan

- Boost earning power by improving project response capabilities
- Update business, management, and production structures
- Diversify revenue sources to utilize the integrated capabilities of the Shimizu Group.

Menara Astra, a landmark skyscraper in Jakarta, Indonesia

Binh Khanh Bridge, which will facilitate distribution, ease traffic congestion, and meet the future growth in transportation demand in Vietnam (completed perspective)

Investment Development Business

(Real Estate Development Business)

While optimizing the business portfolio for further growth Shimizu will expand businesses and regions in the real estate development business, the core of our non-construction businesses. We will utilize the technologies of the Shimizu Group to develop comfortable, efficient communities. We will also target expansion of our asset management business for the entire Shimizu group.

Policy based on the Mid-Term Management Plan

- Domestic strategy
Enter new businesses that utilize the steady growth and strengths of our core business
- Overseas strategy
Optimize the overseas business portfolio

Contributing to the achievement of SDGs through business activities



Overview of Activities

The Shimizu Group has used its integrated strengths and advanced technical capabilities to handle everything from development to the operation of office buildings, logistics facilities, residential housing, hotels, and other facilities across Japan. We are steadily expanding the scale of our investments, the core of which are represented by large projects such as YOKOHAMA GRANGATE, S.LOGI Niiza, and Toyosu 6-chome, Blocks 4-2 and 4-3.

We have also worked on the development of offices, data centers, housing, and other projects in Singapore, Indonesia, and other locations overseas. We are currently working on a high-quality serviced apartment project in Indonesia. It is designed to cater for expatriates and is the first development project that Shimizu is pursuing on its own overseas. We have also embarked on business in North America in recent years and will steadily expand the development business overseas.

Total cost of business investment thus far:

¥389.0 billion

* Total business investment cost for development in progress and owned properties (Shimizu's equity interest)

Future Initiatives

In Japan, we are searching for business opportunities in the development of office buildings and logistics facilities in key urban areas such as Toyosu and Yokohama Minato Mirai 21, but also for community and large-scale development in areas where further growth is anticipated.

Overseas, we have designated North America as a key target, in addition to existing businesses we are pursuing in ASEAN countries, mainly in Singapore and Indonesia. We will also search for business investment opportunities in other countries where high growth is projected. We plan to strengthen alliances with local companies even more and will pursue business development with a sense of urgency.

Business Topics

June 2018
Giving Tokyo a New Face
Commencement of Construction on Blocks 4-2 and 4-3 in Toyosu 6-chome
<https://www.shimz.co.jp/en/topics/stock/item06/>



New Release

March 2018
Development of a Large-scale Logistics in Niiza City with Three Buildings Totaling Around 190,000 m² — Plans for a High Value-added Logistics Center in a High-potential Location —
<https://www.shimz.co.jp/en/company/about/news-release/2018/2017040.html>



Toyosu 6-chome, Blocks 4-2 and 4-3 (office building)
Area per floor

Approx. **2,000** m² per floor (office building)

Total floor space of Daswin Office Project

Approx. **100,000** m² (office building)

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

Shimizu began a large project in the Toyosu area, where we have been engaged in community development for more than 30 years.

The project includes an 11-story next-generation office building with a total floor space of 87,000 m², and 14-story urban resort hotel with a total floor space of 32,000 m², 500 guest rooms and a grand bath and pool. It is the largest development project that Shimizu has undertaken on its own.

Conveniently located within 4 km of Tokyo Station, it takes advantage of a location that is lush with greenery and sits at the water's edge. A plaza that will serve as a new transportation hub will be built between the office building and the hotel, from where a planned bus service will connect it to the city center, as well as the Haneda and Narita airports.

The Shimizu Group is the leader for this project and will utilize its combined strengths in its development, including both the hard infrastructure and soft service aspects.



Blocks 4-2 and 4-3 of Toyosu 6-chome, where the new plaza between the office building (at the front) and hotel (at the back) will serve as a transportation hub for Koto-ku, Tokyo (completed perspective)



Design image of the atrium

Daswin Office Project

This project involves the development of an ultra high-rise office building in the center of Jakarta, the capital of Indonesia. It is a joint development project by four Japanese and local companies. Shimizu is one of the joint developers.

The office building will have 50 floors above ground and total floor space of 100,000 m². The office building, which is currently under construction, is among the largest upscale office buildings in Jakarta and is scheduled for completion in 2021.

Shimizu's past track record in building multiple ultra high-rise office buildings in Jakarta is highly regarded, and we are participating in the project engineering and construction, in addition to investment and development.

In the future, we will also provide upscale office buildings with the high quality Japan is known for, not only in high-growth ASEAN countries but in other areas where high growth is expected.



Daswin Office Project, an ultra high-rise office building in central Jakarta, Indonesia that utilizes Shimizu's expertise in engineering and construction (Completed perspective)

YOKOHAMA GRANGATE, under construction in Area 21 of Minato Mirai in Kanagawa Prefecture (completed perspective)

Engineering

We are focusing on alternative energy, environmental cleanup, life sciences, and digital solutions to provide communities with safe, secure, and healthy living environments.



Contributing to the achievement of SDGs through business activities



TOPICS

Overview of Activities

We are working to expand the EPC business in the four core areas of alternative energy, environment, plant, and information, with the goal of achieving carbon-free communities with safe, secure, and healthy living environments.

In the area of alternative energy, we are currently building the largest windfarm in Japan (with 22 3-MW wind turbines) on the coast between the cities of Akita and Katagami in Akita Prefecture.

Windfarm power generation business, annual generation capacity
Electricity supply to

40,000
households

Future Initiatives

In the future, we will take on the challenge of entering new areas as we strengthen our sales capabilities, competitiveness, and earning power in the four core areas.

In the area of alternative energy, we are aiming to expand Shimizu's share of large on-shore and offshore windfarm projects. In August 2019, we invested around ¥50 billion and began construction of an automated SEP ship (SEP: Self-elevating platform), equipped with the world's largest carrying and crane capacity and capable of constructing ultra large-scale offshore wind turbines. We will contribute to the realization of carbon-free communities through our renewable energy business.

In the environment area, we are advancing remediation measures such as onsite remediation and washing to reduce the amount of pollution in soil and groundwater, and are rolling out a broad range of environmental remediation engineering technologies.

In the plant area, we will expand orders for turnkey projects by supporting higher efficiency and automation in advanced production facilities.

In the information area, we will expand orders for a broad range of ICT systems to meet the customer's needs.

To break into new areas, we will develop next-generation energy, life sciences, advanced digital technology, and ocean resources. We will also utilize our track record and expertise in the domestic EPC business to grow our a global business base.

Akita Katagami Windfarm in Akita Prefecture

Building a Safe, Secure, and Labor-saving Food Plant

Consumer awareness of food security and safety is increasing and the Ministry of Health, Labour and Welfare in Japan is also working to systematize HACCP*.

Shimizu is leveraging our track record and expertise to pursue highly efficient food plants by building production lines that are compliant with HACCP and other global standards by installing labor-saving technologies and automation to address the labor shortage in plants.

* HACCP (Hazard Analysis and Critical Control Point): This is a method of sanitation management that attempts to ensure product safety by determining the factors that result in toxic bacterial contamination and inclusion of foreign objects in food and control processes to eliminate or reduce such hazards.



Okashino Kobai Corporation Nishihara plant in Aso, Kumamoto Prefecture, which was designed and built with the latest food production equipment immediately after the Kumamoto earthquakes.

Shimizu Begins Construction of the World's Largest Self-Propelled SEP (Self-Elevating Platform) Vessel

Japan's new "Act to Promote Offshore Use by Offshore Renewable Energy Facilities" was enacted in April of this year and the offshore wind power market is projected to rapidly expand. Shimizu Corporation has begun construction of a highly efficient self-propelled SEP vessel (SEP: Self-Elevating Platform) equipped with the world's largest transporting and crane capacity and capable of installing ultra-large-scale offshore wind turbines. Completion is scheduled for October 2022. Shimizu will increase its competitiveness in the renewable energy sector and further expand its engineering business through this project.



Image of Self-Propelled SEP vessel to be constructed (attaching blades)

Business Topics

Restoring the Earth in Vietnam with Shimizu's Technology
<https://www.shimz.co.jp/en/topics/sustainability/item03/content01/>



News release

July 2019
Shimizu Begins Construction of the World's Largest Self-Propelled SEP (Self-Elevating Platform) Vessel -Targeting Top Share of Orders for Offshore Windfarm Construction-
<https://www.shimz.co.jp/en/company/about/news-release/2019/2019007.html>



Weight of self-propelled SEP vessel:

28,000
t

Policy based on the Mid-Term Management Plan

- Expand the EPC business* by further strengthening sales capabilities, competitiveness, and earning power in the four core areas of energy, environment, plant, and information
- Achieve sustained growth for the future by entering new businesses
- Establish a global business and diversify revenue through an operating business that capitalizes on Shimizu's track record, EPC expertise, technology, and strengths

* EPC business: A business involving the integration of Engineering, Procurement, and Construction

LCV

Shimizu will create value across the spectrum of buildings and infrastructure, energy, and communities, to improve user satisfaction, and build a sustainable future based on the business concept of LCV (Life Cycle Valuation).

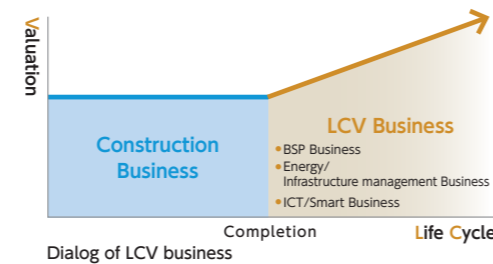
Contributing to the achievement of SDGs through business activities



Overview of Activities

Shimizu established the LCV* business in October 2017. We provide technologies and services to maximize the value of facilities and infrastructure over their entire life cycles, as well as pursuing partnerships and investments towards these goals.

* LCV (Life Cycle Valuation): Respond to customer needs, utilize renewable energy, IoT, etc. to provide comprehensive services and solutions including investment and partnerships



Future Initiatives

In the BSP management business, we provide one-stop services through our facility management business, based on equipment installation, maintenance, and energy-efficient management. We also improve the performance and comfort of these facilities through our WELL (well-being) services business, and increase the value of real estate through our sustainability and renovation business.

We will expand our business in renewable energy power generation and supply, and strengthen our infrastructure concession businesses for airports, roads, and other infrastructure.

In our ICT and Smart business, we will offer services such as voice navigation utilizing infrastructure, and the creation of databases of facility data, IoT, and AI to help create sustainable, inclusive communities and smart cities where everyone can live a full life.

News Release
January 2019
Shimizu entering the Small Hydro-electric Power Business
—Construction of a Small Hydro-electric Power Plant in Toyama Prefecture—
<https://www.shimz.co.jp/en/company/about/news-release/2019/2018045.html>



First Power and Service Business for a Public Hospital

We acquired a power and service business contract with Ise Municipal General Hospital, a public hospital in the city of Ise, Mie Prefecture after Shimizu completed construction of in October 2018. We will operate, maintain, and manage the power equipment for 15 years under the contract. To secure both energy savings in normal operation and continuity of medical services in an emergency, we installed gas-fired co-generation equipment, solar power generation equipment, a storage battery system, equipment that uses geothermal energy, and Smart BEMS for integrated management of these systems. Shimizu will optimize power management for this central regional hospital by providing one-stop services extending from equipment installation to maintenance and management. Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has selected this power and service business as a sustainable building pacesetter project (CO₂ reduction pacesetter). It is drawing interest as a model business for sustainable urban hospitals.



Ise Municipal General Hospital in Mie Prefecture

Solar Power Plant in Tome, Miyagi Prefecture Begins Operation

A new solar power plant began operating in Tome City, Miyagi Prefecture from January 2019. This is Shimizu's fifth power plant after Ako Solar Power Plant, Kitakami Solar Power Plant, Nagano Shinkomachi Solar Power Plant, and Nagano Shinkomachi No. 2 Solar Power Plant. We are currently selling electricity to the electric power companies and plan to sell retail electricity in the future.

Generating renewable energy naturally contributes to local communities. Over the long term, we expect stable revenue generation contributing to corporate performance.



Solar power plant in Tome, Miyagi Prefecture

FY2018
Renewable power generation
(Shimizu business)

20,692 MWh

Policy under on the Mid-Term Management Plan

- Expand the Building Service Provider (BSP)* business by providing one-stop service solutions
- Grow the power business and strengthen infrastructure operations
- Leverage advanced technology to promote the services business and create smart cities

* BSP (Building Service Provider): Facility operation and management services after a facility is built including Project Management (PM), Building Management (BM), energy savings, and Business Continuity Planning (BCP)

Emerging Frontier Business

Shimizu will expand the sphere of human activities from “onshore” to “offshore,” and from “earth” to “space,” while contributing to environmental protection and the revitalization of local communities. Shimizu will also contribute to measures to combat climate change and protect the global environment through businesses that co-exist with nature, and will invest in start-up companies as a strategic move towards the future.

Contributing to the achievement of SDGs through business activities



Overview of Activities

Shimizu has been exploring and researching the concept of developing untapped frontiers in space and the ocean since the 1980s. Due to advances in IT technology and the inflow of private capital in recent years, emerging frontiers are expected to move from the development and research stage to commercialization. They are promising markets where growth is projected. Shimizu established the Frontier Business in 2018 for commercialization of concepts in these areas.

Space development established

FY1987

Future Initiatives

We will continue to focus on four areas: Ocean, Space, Nature, and Ventures.

In the Ocean business, we will create a new market and business model for cities that float on the surface of the ocean (Green ocean city of the future).

In the Space area, we will lead the new era of space business as an Integrated Space Company that provides services in building and operating space-related facilities on earth, analyzing and using satellite data, and even construction and operation of infrastructure on the surface of the moon.

In the Nature business, we will consolidate our expertise, work on initiatives to combat climate change through agri-businesses, develop sustainable communities, and contribute to the revitalization of local communities.

To realize our vision of the future, we will also invest in and continue collaboration with venture firms that show promise, search for and identify advanced technology and business models, develop businesses in the construction business domain, and expand into the business of developing new emerging frontiers.

Policy under the Mid-Term Management Plan

- Build a business model for ocean city development
- Lead the new era of space business as an integrated space company
- Launch environmentally innovative agri-businesses
- Invest in next-generation construction technology and global-scale solutions

Business Topics
Shimizu Dream
<https://www.shimz.co.jp/en/topics/dream/>



Ocean City Development

Due to global warming, ocean levels continue to rise and frequent coastal flooding is occurring.

Meanwhile, the limits of expansion through land reclamation are being reached because of the concentration of population in urban areas around the world. Such conditions are increasing interest around the world in floating structures and floating cities, and in power-storing floating plants.

Shimizu announced the GREEN FLOAT environmental island concept in 2008, and the OCEAN SPIRAL deep sea future city concept in 2010, and we have earned global recognition and acclaim for our ocean structures. In 2017, we obtained third-party certification of floating structural safety for GREEN FLOAT II (a floating ultra high-rise model with a height of 120 m and a surface diameter of 200 m) through technical verification and analysis. In the future, we will realize the Shimizu Dream by integrating our urban planning skills with our pioneering floating technology capabilities. We will extend the sphere of human activity from “land” to “ocean” and contribute to the sustainable development of the earth.



GREEN FLOAT II, ocean city of the future concept

GREEN FLOAT height above the ocean surface
1,000 m



OCEAN SPIRAL, deep sea future city concept

OCEAN SPIRAL ocean floor depth
4,000 m

OCEAN SPIRAL, Deep Sea Future City Concept

Small-lift Rocket Launching Business

New technology enabling smaller artificial satellites and the diversification of missions have increased their number as well as the need for dedicated launch vehicles. In July 2018, Shimizu made an equity investment in SPACE ONE Co., Ltd., which aims to be the first private-sector based small satellite launching business. Since then we have worked with our joint venture partners on developing small rockets and establishing the terrestrial infrastructure. The town of Kushimoto in Wakayama was selected as the site for construction of a launching pad where small rocket assembly, launch and control will be performed. The project is proceeding according to plan and is scheduled for completion in 2021. Once complete, it will be used to launch some of the first private-sector based small rockets in Japan.



Photographic image of a small rocket (Source: SPACE ONE Co., Ltd.)

Lunar Development and Use

The Japanese, U.S., and European governments are planning to construct Gateway, a next-generation space station near the moon, and send astronauts to the lunar surface in the 2020's. Shimizu is conducting R&D on design and construction of the facilities and equipment, including the use of resources on the moon, to support the activities of astronauts in space and on other celestial bodies. As part of JAXA's (Japan Aerospace Exploration Agency) space exploration innovation hub research, we are developing structures that automatically deploy in the harsh environment of the lunar surface with the goal of achieving this around 2030.



Conceptual drawing of heavy robotic equipment excavating the lunar surface by remote control

News Release
 August 2017
 Regarding Establishment of
 New Generation Small Rocket
 Development Planning Co., Ltd.
<https://www.shimz.co.jp/en/company/about/news-release/2017/2017023.html>



SPACE ONE Co., Ltd.
 (Commercial space transport service
 business)
 Commencing service in

FY2021

News Release
 December 2018
 Shimizu will build a Research Center
 for Lignophenol, a raw material for
 bioplastics
 —Extracting and Manufacturing
 Lignophenol from Wood—
<https://www.shimz.co.jp/en/company/about/news-release/2018/2018037.html>



Size of Tomatoh Farm strawberry production facility

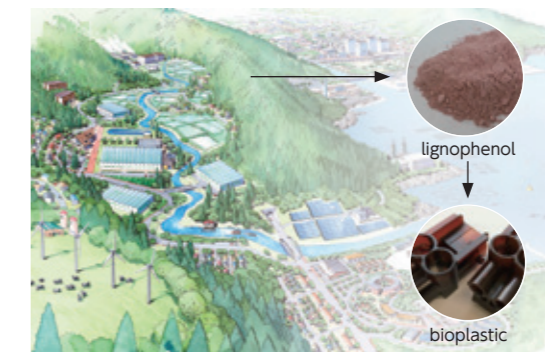
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Sustainable Community Development Initiative

Shimizu is working on measures to combat climate change and achieve sustainable community development through agri-businesses.

Agri-business is an area in which Japan is lagging on SDGs (Sustainable Development Goals). Shimizu is pursuing businesses in this area to enable nature, the environment, the economy, and society to co-exist harmoniously.

We are currently conducting research and development to commercialize the manufacture and sale of lignophenol, a bioplastic derived from wood materials. Lignophenol is a new noncombustible material that is easily processed and has a high chemical compatibility. It is promising for use in a variety of products including electronic components and automotive parts as an alternative to petroleum-based plastics, and can combat climate change by reducing dependence on oil. It can also contribute to responsible forestry through the use of local wood resources while simultaneously generating employment and contributing to the sustainable development of local economies.



Basic summary of lignophenol
 (Some photos provided by Fujii consulting & associates)

Using Construction Industry Expertise in Strawberry Production

Shimizu is working on large-scale greenhouses in the field of agriculture. We are participating in a strawberry production business in Hokkaido as part of a project by the Ministry of Agriculture, Forestry and Fisheries to accelerate the introduction of next-generation greenhouses.

We will create sustainable agricultural operations by utilizing our expertise in construction, environmental controls and in process and personnel management to reduce costs through large-scale facility consolidation and achieve efficient, systematic production utilizing ICT-based environmental control technology.



Strawberry greenhouse at Tomatoh Farm, a Shimizu joint venture

Initiatives in Technology

Shimizu will establish new research facilities and external alliances to accelerate the development of innovative technologies across Group businesses

Policy under the Mid-Term Management Plan

- Create innovative production and quality management systems
- Provide safe, secure, and sustainable communities
- Strengthen the foundations for technological development (human resources, research facilities, external alliances, intellectual property strategy)

Contributing to the achievement of SDGs through business activities



Overview of Activities

Shimizu is actively working to improve productivity and advance i-Construction that supports the lifestyles of people through community development and high quality infrastructure.

As an industry leader in using robots for labor savings, we have already introduced and are operating construction robots at multiple jobs sites. We are also using AR, VR, projection mapping, and other advanced technologies to achieve effective and consistent quality management.

Investment in research and development (consolidated)

¥12.5 billion (FY2018)

Future Initiatives

To provide the value we are targeting in our long-term vision, we are focusing efforts on external alliances while enhancing internal technical capabilities, as well as on research and development and innovation to anticipate major changes in the future.

Wind and water damage from typhoons and torrential rains has been a frequent occurrence in addition to earthquake damage. Demand for disaster prevention and mitigation continues to rise.

We will contribute to the realization of safe, secure, and resilient communities by effectively utilizing digital and other technologies in addition to the technological expertise we have accumulated thus far.

We are also working to develop technologies that will support inclusive communities. Such technology includes building new highly productive workplaces that support workstyle reform, and equipping communities with pedestrian navigation systems and other voice navigation systems.

To realize our goal of a sustainable society, we are working on advanced research and development based on technologies that improve productivity. These include adding to our prior work on smart grids, ZEB (Zero Energy Buildings), renewable energy, hydrogen use and other energy systems, but also technologies that promotes the use of wood materials, an area in which Shimizu has an established track record.

We will aim to continue to provide new technologies and create value by combining AI, robotics, and other advanced technologies with the fundamental construction technologies we have developed over many years.

News Release

December 2018
Construction with Robots Part of High-rise Hotel Under Construction in Shin-Osaka
—Construction Robots Transport Materials, Weld Steel Columns, and Attach Ceiling Panels—
<https://www.shimz.co.jp/en/company/about/news-release/2018/2018011.html>



Pursuing Research and Development of Construction Robots Equipped with the Latest Technology

The dramatic decline in the number of highly skilled technicians in the near future is a concern for the construction industry. This will require improvements in productivity and the working environment to recruit the next generation of workers. In response to these conditions, in 2016 Shimizu began development of Shimz Smart Site, a next-generation construction production system that enables collaboration between human workers and robots. The Robotics Laboratory in the Institute of Technology developed autonomous control technology and will apply the learnings from the high-rise hotel job site in Shin Osaka to new job sites.

Our robots are called buddies and we have developed them to be a companion that works alongside human workers. They include Robo-Carrier, a horizontal conveyor robot, Autonomous-ELV automated transport system, Robo-Welder, a steel pillar welding robot, and Robo-Buddy, multi-purpose robots that installs ceilings and flooring. The robots receive work instructions from tablet devices and multiple robots work in concert while recognizing their positioning relative to each other and the working area.



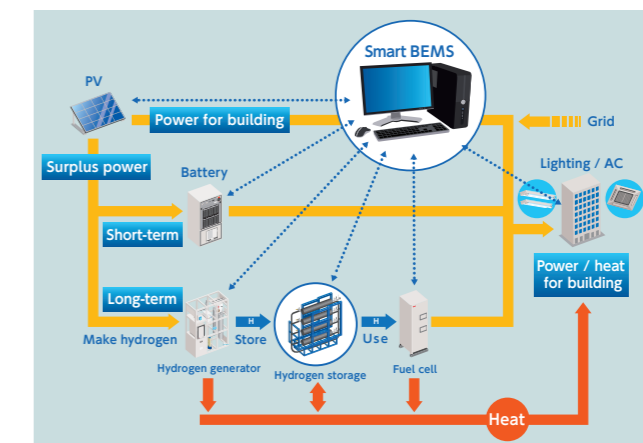
Robo-Buddy installing a ceiling

One Step Closer to Achieving Zero Emissions and Hydrogen-powered Towns

In July 2019, we began trial operation of the Hydro Q-BiC hydrogen energy system for use in buildings together with the National Institute of Advanced Industrial Science and Technology (AIST). The trial is being conducted in the administration building of the Koriyama regional wholesale market in Fukushima Prefecture.

Hydro Q-BiC is an all-in-one system that combines efficient hydrogen manufacturing technology powered by renewable energy, hydrogen storage and discharge technology using hydrogen storage alloy, and a Smart BEMS* optimal operating technology. The storage tank, which uses a newly developed hydrogen storage alloy, enables hydrogen to be compactly stored near the building and used safely. This is an important technology that can contribute to carbon-free buildings and city areas, developing resilient communities, and connecting with vehicles as an energy network in smart cities. We aim to commercialize it in FY2020.

* BEMS: Building Energy Management System



Hydro Q-BiC

Number of patent applications:

312 (FY2018)

Advanced Earthquake Engineering Laboratory in the Shimizu Institute of Technology in Koto-ku, Tokyo

Creating a High Satisfaction Workplace

Shimizu will create a workplace environment that establishes a diverse range of flexible workstyles and provides job satisfaction while also working to hire and develop the talent who will perform our work in the future.

Policy under the Mid-Term Management Plan

- Implement a global talent strategy
- Continue to improve employee satisfaction
- Roll out inclusive talent systems

Contributing to the achievement of SDGs through business activities



Overview of Activities

While continuing to recruit and develop the talent of the future, Shimizu has enlisted the entire company in workstyle reforms so all employees can efficiently realize their potential. The working environment varies by location and site, so we are encouraging individuals to take independent initiatives towards using planned vacations and implementing a five-day work week at job sites.

Last year, we held a company-wide Workstyle Reform Week and introduced new initiatives including a system for working from home that is open to everyone. In addition to expressing the company's serious intentions around reforms to employees, we aim to develop a culture of innovation encourages each employee to think freely and take on new challenges.

Non-financial KPI for job satisfaction^{*1}

FY2018 results: **3.4** FY2023 goal: **4.0** over

^{*1} Shimizu Japan Employee Survey Index (Average score on a five-point scale)

Future Initiatives

As we globalize and diversify our talent, we will create a workplace environment that is inclusive without regard to gender, age, nationality, or other attributes, and provides high job satisfaction.

More specifically, we will implement initiatives to improve job satisfaction, pay close attention to the mental and physical well-being of each employee, and make the workplace more vibrant.

As a corporate group that is expanding globally, we will also work to establish a corporate culture that respects human rights from a broad range of perspectives. We established the Shimizu Group Human Rights Policy^{*2} in December 2018, based on the concepts incorporated in the UN Guiding Principles on Business and Human Rights. This applies to all officers and employees at group companies, and we will urge our supply chain to support this policy as well.

Shimizu was awarded the Nadeshiko Brand in 2017 as a listed company that excels in promoting the advancement of women. We were also selected as a member of Diversity Management Selection 100 as a company that implements diversity management and produces results.



Nadeshiko Brand



Diversity Management Selection 100

^{*2} See the corporate website for further details.
<https://www.shimz.co.jp/company/csr/human/>



Number of work-from-home system users:

393

(May 2018 to April 2019)

Workstyle Reform Week Held

Shimizu held Workstyle Reform Week for the first time in October 2018 to encourage every employee to take the initiative to reform workstyles and increase opportunities company-wide. During Workstyle Reform Week, we presented awards for good examples of workstyle reforms, and held different activities every day, including brainstorming new initiatives for all employees.

We also conducted an employee satisfaction survey in Japan to quantify job satisfaction. Close to 90% of employees participated and their responses clarified the challenges in creating a workplace in which each employee can achieve job satisfaction.

We will continue to work on improving job satisfaction based on future survey results.



Will (on left) and Act (on right) mascots to cheer on workstyle reform, created by soliciting ideas internally

Full-scale Introduction of a Work-from-home System

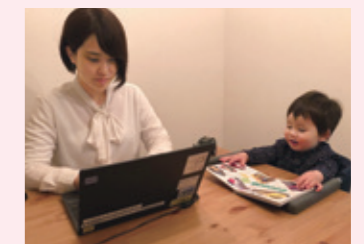
We implemented a one-year work-from-home system trial beginning in May 2018. The trial is expected to encourage re-evaluation of daily workstyles and to support achieving work-life balance. All employees are eligible to use the system, not just those with childcare and family care needs.

During the trial 393 employees worked from home. Employees who work at job sites were also included, despite the initial feeling that this would be difficult when the trial first began.

Based on the feedback received from employees during the trial, we revised the system to make it more flexible, and introduced the new permanent system in May 2019. Going forward, we will work to create a workplace where it is easy to use the work-from-home system. We will share stories from employees who used the system and encourage management-level employees to use it.

Actual Experience of Balancing Work and Childcare

I am using flex-time and working from home. When working from home, I prepare the work inventory and materials needed in an electronic format in advance, then produce the materials, participate in videoconferences, and perform other work. When I work from home, I can do housework during my lunch break and can also take care of my children's health exams without taking time off from work. I feel that I can balance work and childcare through this flexible workstyle.



Asumi Hayashi
Planning Group, Human Resources Department

Contributing to the Global Environment

The construction industry exists by consuming the limited natural resources of the earth. We recognize that how we conduct our business activities will dramatically affect the future of our children, and are working to follow our slogan, "Today's Work, Tomorrow's Heritage."

Contributing to the achievement of SDGs through business activities



Initiatives as an Eco-first Company

In August 2018, Shimizu obtained certification under the Eco-First system. We pledged to Japan's Ministry of the Environment that we will implement environmental conservation activities. Shimizu's Eco-first pledge took the form of fiscal 2030 goals to combat global warming, use resources effectively, and protect biodiversity.

In FY2018, we planned specific initiatives to our goals for FY2030, in particular our goal for CO₂ reduction. We examined proliferation rates, cost, and other factors, and communicated these through internal PR, and dialogues with external stakeholders, including discussions on setting SBT*1 goals.

*1 SBT: Science Based Targets. Sponsored by the NGO Science Based Targets, this initiative requires setting scientifically-grounded goals aimed at keeping global warming to 2°C or below through 2100.

CO₂ emissions reduction rate in the construction industry (vs. FY2017²)

FY2023 goal:

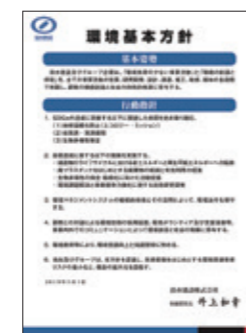
10 % or greater

*2 Goals set for 2017-2023, excerpted from Ecology Mission 2030-2050 activities.

Revision of Basic Environmental Policy

Shimizu revised its Basic Environmental Policy in May 2019.

The policy will apply to the entire Shimizu Group. It establishes goals for contributing to the achievement of SDGs, preventing global warming, resource conservation and reuse, and preserving biodiversity. The policy contains measures to achieve those goals. The specific initiatives are explained on the following pages.



Basic Environmental Policy (Japanese)

Policy under the Mid-Term Management Plan

- Steady promotion of the mid and long-term CO₂ reduction targets in Ecology Mission 2030-2050
- Conservation and indexing of biodiversity within our businesses
- Efforts aimed at waste reduction and effective use of limited global resources

Ecology Mission 2030-2050
<https://www.shimz.co.jp/en/company/csr/environment/performance/eco/>

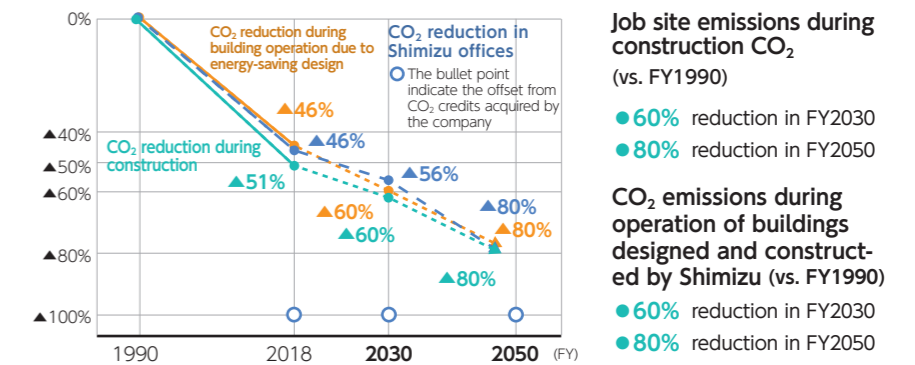


Contributions to the Global Environment Aimed at Preventing Global Warming

Ecology Mission 2030-2050

Shimizu is implementing activities contained in Ecology Mission 2030-2050, which are aimed at achieving SDG 13, Climate Action

Medium and Long-term Goals:



Results:

Initiatives in CO₂ reduction during construction

FY2018 emissions results	vs. FY1990	FY2019 goal vs. FY1990
263,000 tons-CO ₂	51 % reduction	54 % reduction

While we achieved a reduction in emissions density (t-CO₂/construction work completed) at job sites, the construction work completed for the entire company increased, so the CO₂ emissions volume also increased. We will strengthen the following initiatives from next fiscal year, and work to further reduce the volume of CO₂ emissions during construction.

Initiatives in reducing CO₂ in company offices

FY2018 emissions results	vs. FY1990	FY2019 goal vs. FY1990
9,500 tons-CO ₂	46 % reduction	49 % reduction

Contribution to reducing CO₂ emissions by customers

Initiatives in CO₂ reduction during building operation in buildings designed by Shimizu

FY2018 emissions results	vs. FY1990	FY2019 goal vs. FY1990
46,000 tons-CO ₂	46 % reduction	47 % reduction

Measures Aimed at Preventing Global Warming

We are implementing the following measures aimed at preventing global warming:

- (1) Using electric power generated from renewable energy (RE)
- (2) Shifting from fuel oil to electric power
- (3) Using heavy machinery equipped with hybrid engines and an auto idling stop function

We support GREEN OIL JAPAN*3 and will conduct a joint trial with Euglena Co., Ltd. on using next-generation biodiesel fuel (BDF) in cranes at select job sites in the Greater Tokyo Area and in shuttle buses at the Institute of Technology in FY2019.



*3 Logo of "GREEN OIL JAPAN"

Supporting Our Customer's Biodiversity Preservation Activities

Morioka Seiko Instruments Inc., a subsidiary of Seiko Instruments Inc., has its Grand Seiko and other manufacturing locations in Shizuokuishi, Iwate Prefecture. Woodlands, covering approximately 2 hectares, have existed on the company premises since it was founded in 1970. Since 2012, Seiko Instruments Inc. has used these woodlands for nature observation by employees as part of its biodiversity preservation activities.

Shimizu has utilized our biodiversity preservation technology to provide technical support for preserving biodiversity in these woodlands. Examples of the support provided include monitoring biodiversity and forest management, creating grassy habitats for various kinds of wildlife, and installing birdhouses for small birds.

These activities resulted in the acquisition of the first factory-version "business innovation in harmony with nature and community" ABINC certification* in Japan by Morioka Seiko Instruments Inc. in 2015. In 2016, the company received the ABINC special prize for ABINC-certified companies that implement business initiatives that are particularly outstanding. The Ebine (Calanthe discolor) plant, which was included in the Iwate Prefecture Red List of rare wildlife and plant life, was discovered there in 2017, and steady improvement in biodiversity has been confirmed.

Shimizu will continue this technical support, and will also extend support to many biodiversity preservation activities by customers in the future.

* The Association for Business Innovation in harmony with Nature and Community (ABINC) awards certifications to companies deemed to have excellent initiatives in the creation and preservation of biodiversity.



Woodlands at the Morioka Seiko plant



Nature observation club

Trend Information

The Yokohama Nomura Building, designed and built by Shimizu, received the urban greening mechanism Chairman's Award in the 17th Rooftop & Wall Greening Technology Competition in the wall, special greening category. This award recognized the Green Radiator R greening system with vertical louvres covered with greenery on the building's outer walls and windowpanes.

Introducing the Results of Environmental Activities

Shimizu initiatives in pollution prevention
<https://www.shimz.co.jp/en/company/csr/environment/data/>



Introducing the Results of Environmental Activities

Shimizu initiatives in biodiversity
<https://www.shimz.co.jp/en/company/csr/environment/performance/living/>



Environmental Pollution Prevention

As demolition and renovation work increases, environmental pollution from asbestos is becoming a major problem. Shimizu provides ongoing special training on asbestos. In FY2018, we conducted training sessions at branches nationwide on the removal of finishing compounds that contain asbestos for Shimizu employees and subcontractors.

We also provided training in response to the revised Soil Contamination Countermeasures Act. The entire company is working as one team to prevent environmental pollution.



Study sessions on finishing compounds containing asbestos held for the entire company

Construction by-product disposal rate:

3.4%
(FY2018 results)

Construction by-product transport density:

15.6 kg/m²
(FY2018 results)

Manual on Earthquake Waste Disposal Measures

In order to properly handle the waste debris from the massive earthquakes that are projected to occur, we have produced a manual on handling earthquake waste based on the concepts contained in the overall national plan urging meticulous preparation before a disaster and rapid response after a disaster.



Manual on handling earthquake waste (Japanese)



All protective wear and equipment are stored at the head office

FY2018 Resources, Energy, and Material Flow*



* See the website for further details
<https://www.shimz.co.jp/en/company/csr/environment/performance/recycle>



Board of Directors



From left in the back row

Senior Managing Officer
Tsunehiko Yamanaka*1

Executive Vice President and Director
Koji Ikeda

Executive Vice President and Representative Director
Toru Yamaji

Executive Vice President and Representative Director
Koichiro Higashide

Executive Vice President and Representative Director
Toshiyuki Imaki

Executive Vice President and Representative Director
Osamu Terada

Audit & Supervisory Board Member (standing)
Chihiro Arakawa

Audit & Supervisory Board Member (standing)
Hideto Watanabe

Audit & Supervisory Board Member (standing)
Hatsuhito Kaneko*4

Audit & Supervisory Board Member (part time)
Tetsuya Nishikawa*4

Audit & Supervisory Board Member (part time)
Kaoru Ishikawa*4

From left in the front row

Director
Mayumi Tamura*2

Director
Tamotsu Iwamoto*2

President and Representative Director
Kazuyuki Inoue

Chairman of the Board and Representative Director
Yoichi Miyamoto

Director
Motoaki Shimizu*3

Director
Aya Murakami*2

Executive Officers

Senior Managing Officer

Tsunehiko Yamanaka
Tadashi Okamoto
Yutaka Ishikawa
Shigeru Namioka
Hiroshi Fujimura

Managing Officer

Toyoji Sone	Masatoshi Misawa	Takahisa Shirota
Masahiro Indo	Kazuyoshi Nasuhara	Masanobu Onishi
Koichi Ishimizu	Kentaro Ikeda	Yoshito Tsutsumi
Masaki Yamaguchi	Takashi Kawata	Akira Yamazaki
Kimio Handa	Hiroaki Taniguchi	
Naoki Kita	Shinichi Takiguchi	

Executive Officers

Yutaka Gozu	Takefumi Saito	Toshihide Suenaga	Kenichi Ozono	Takayuki Sakakima
Kazuhiro Nakamura	Yasuhide Kuwahara	Osamu Nakagawa	Kazuhiro Kato	Yoshihiro Higuchi
Masaichi Kawamura	Yoshiki Higashi	Kojiro Shimizu	Tetsu Mizuno	Masakazu Hyodo
Masamichi Miki	Takao Haneda	Tomohisa Odaka	Toshikazu Tsuji	Haruhiko Washimi
Mitsuo Morii	Yoshimi Hirata	Atsushi Osada	Yasuhide Yamada	Kouichi Yamashita
Tatsuya Shinmura	Yoshinari Dendoh	Takeshi Sekiguchi	Tomoaki Harada	

*1 Representative Director Tsunehiko Yamanaka concurrently serves as an Executive Officer.
*2 Directors Tamotsu Iwamoto and Aya Murakami and Mayumi Tamura are External Directors.
*3 Director Motoaki Shimizu is a Non-Executive Director and head of the Nomination and Compensation Committee.
*4 Audit & Supervisory Board Members Hatsuhito Kaneko, Tetsuya Nishikawa, and Kaoru Ishikawa are External Auditors.

Basic Views of Corporate Governance

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

To achieve this, we have separated the management strategy and decision-making function from the execution of duties function, and have established a structure that enables the Board of Directors and Audit & Supervisory Board to appropriately supervise and audit the performance of each of these functions. Our basic policy on corporate governance is for our Directors, Executive Officers, Audit & Supervisory Board Members, and employees to implement compliance management based on the highest ethical standards.

Overview of the Corporate Governance Structure

Shimizu has adopted the structure of a company with an Audit & Supervisory Board. We have limited the number of Directors and introduced an Executive Officer system to clearly separate the management strategy, decision-making, and oversight functions from the execution function. We have established a system for supervising and overseeing management from an objective and neutral perspective by

taking steps to encourage energetic debate at Board of Directors meetings, and by electing Non-Executive Directors who include External Directors and External Audit & Supervisory Board Members who maintain a high degree of independence.

Main Governing Bodies Established by Shimizu
(including discretionary committees and other meeting formats)

Board of Directors

The Board of Directors holds meetings once a month and as needed. It makes decisions on matters specified in laws and regulations and the Articles of Incorporation as well as other important matters, and supervises the execution of duties. The Articles of Incorporation specifies 12 as the maximum number of Directors. These Directors consist of eight Executive Directors who are highly knowledgeable in each area of Shimizu's business and four Non-Executive Directors, three of whom are External Directors with extensive expertise and experience in their respective specialties. All three meet the criteria for independence specified by the Tokyo Stock Exchange. This structure provides the optimal number of Directors and diversity in expertise to manage the company based on the management environment, management policy, and business strategy. The Chairman and Representative Director serves as the Chair of the Board of Directors.

Audit & Supervisory Board

The Audit & Supervisory Board meets once a month and as needed, in principle. It makes decisions on audit policy, audit plans, audit methods, other important audit matters, and

discusses necessary matters concerning audits. The Articles of Incorporation specifies 5 as the maximum number of Audit & Supervisory Board Members. The Audit & Supervisory Board consists of five Board Members, three of whom are External Audit & Supervisory Board Members. The Chair of the Audit & Supervisory Board is an Audit & Supervisory Board Member chosen by the Audit & Supervisory Board. All three of the External Audit & Supervisory Board Members are independent officers as specified by the Tokyo Stock Exchange and supervise management of the company from an objective and neutral perspective.

Nomination & Compensation Committee

Shimizu has established a Nomination & Compensation Committee to ensure fairness and transparency in the selection, dismissal, evaluation, and compensation of Directors and Executive Officers. The members of this committee consist of four Non-Executive Directors (three External Directors and one Non-Executive Internal Director) and two Executive Directors. The committee is chaired by a Non-Executive Director.

Risk Management Committee

Our Risk Management Committee ascertains and analyzes risks that would have a serious impact on our corporate group, which consists of Shimizu and its subsidiaries. It also determines key risk management items, and follows up and reports to the Board of Directors. The President and Representative Director serves as the Chair of the committee and one full-time Audit & Supervisory Board Member also attends committee meetings.

Committee on Corporate Ethics

Shimizu has established the Committee on Corporate Ethics to determine company-wide policies on strict compliance with corporate ethics, laws and regulations, and deploy and follow up on compliance. The committee is also tasked with collecting all information on serious incidents involving wrongdoing and issuing directions to accomplish that. The President and Representative Director serves as the Chair of the committee. One full-time Audit & Supervisory Board Member and one External Expert (an attorney) also attend committee meetings.

Executive Officers Council

Shimizu has established an Executive Officers Council to communicate important matters and policies decided by the Board of Directors to Executive Officers and provide instructions to them. The President and Representative Director serves as the Chair of this council and members consist of Executive Directors (other than the Chairman) and Executive Officers. One full-time Audit & Supervisory Board Member also attends council meetings.

Overview of Corporate Governance Structure (as of June 27, 2019)

Item	Description
Organizational form	Company with an Audit & Supervisory Board
Board of Directors, number of Directors	12
Director term	1 year*
Number of female Directors	2
Number of Non-Executive Directors	4 (including 3 independent Directors)
Number of Independent Directors	3
Number of Audit & Supervisory Board Members	5
Number of Independent Audit & Supervisory Board Members	3
Executive officer system	Yes
Name of Accounting Auditor	Ernst & Young ShinNihon LLC

* The term for Directors was changed from two years to one year at the 117th Annual General Meeting of Shareholders held on June 27, 2019. The purpose of this change is to clarify the management responsibilities of Directors for the fiscal year, build a management structure capable of swift response to changes in the management environment, and further strengthen corporate governance.

Evaluating the Effectiveness of the Board of Directors

Our Board of Directors evaluates the overall effectiveness of the Board of Directors once a year.

A summary of the evaluation method and results for 2018 are provided below:

(1) Evaluation Method

Self-evaluation through discussion by all Directors and all Audit & Supervisory Board Members

- Time period: 12 months beginning in January 2018 (one year)
- Evaluation date: December 2018 Board of Directors meeting
- Main items evaluated: Composition, function, and operational status of the Board of Directors, status of support provided to External Directors, status of information, training, and other support provided to Directors, status of dialog with shareholders and stakeholders, and other aspects of operation

(2) Summary of Evaluation Results

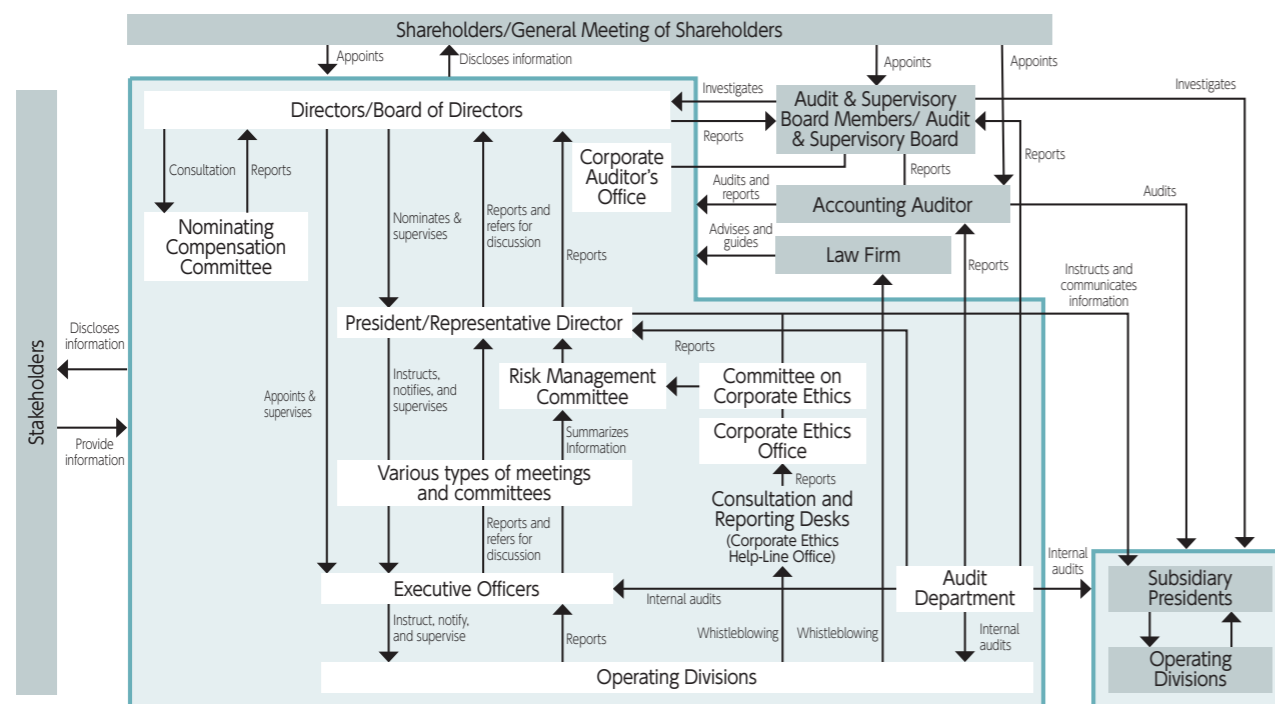
Shimizu's Board of Directors engages in constructive and energetic debate and is judged to be operating properly and effectively. The following main issues for future consideration were also raised.

- Continue to strive for debates in Board of Directors meetings that are even more comprehensive and aimed at enhancing corporate value and achieving medium and long-term growth.
- Provide information to External Directors to help them understand the execution of duties and trends in the construction industry, and set up regular meetings aimed at incorporating the opinions of External Directors in management (also set up similar meetings for External Audit & Supervisory Board Members).
- Work to ensure efficient operation of the Board of Directors by making sure that explanations at Board of Directors meetings are clear and concise.

(3) Future Initiatives




Shimizu will use the results from evaluating the effectiveness of the Board of Directors to further improve its effectiveness and corporate governance.

Diagram of Corporate Governance Structure






Activities of External Officers and Support Structure

External Directors

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2018
 Tamotsu Iwamoto	○	Advisor (full-time), Ajinomoto Co., Inc. Outside Audit & Supervisory Board Member, House Foods Group Inc. head office	Tamotsu Iwamoto possesses expert knowledge and experience as an officer of listed companies and extensive knowledge and experience from many years in corporate management. Shimizu deemed him to be appropriate for appointment as an External Director because we think he will utilize this experience in supervising management of the company from an objective, neutral perspective.	— (Assumed the position in June 2019)
 Aya Murakami	○	Professor, Dept. of Law, Faculty of Law, 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. We 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 19 meetings out of a total of 19 meetings
 Mayumi Tamura	○	Outside Director, Audit & Supervisory Committee Member, Honda Motor Co., Ltd., Outside Director, Hitachi High-Technologies Corporation	Mayumi Tamura possesses expert knowledge and many years of experience in global companies. We deemed her to be appropriate for appointment as an External Director because we think she will utilize this experience in supervising management of the company from an objective, neutral perspective.	— (Assumed the position in June 2019)

External Audit & Supervisory Board Members

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2018
 Hatsuhiro Kaneko	○	Full-time	Hatsuhiro 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 Directors meetings: Attended 19 meetings out of a total of 19 meetings Audit & Supervisory Board meetings: Attended 11 meetings out of a total of 11 meetings
 Tetsuya Nishikawa	○	Attorney (Kasahara Law Office); External Audit & Supervisory Board Member at SEKIDO Co., Ltd.; External Director at LAC Co., Ltd.; External Audit & Supervisory Board Member at Sokensha Co., Ltd.	Tetsuya Nishikawa has held positions of authority in the police force, 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 Directors meetings: Attended 18 meetings out of a total of 19 meetings Audit & Supervisory Board meetings: Attended 11 meetings out of a total of 11 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.	Board of Directors meetings: Attended 19 meetings out of a total of 19 meetings Audit & Supervisory Board meetings: Attended 11 meetings out of a total of 11 meetings

Shimizu has established a system to provide information to facilitate supervision of management by External Directors in performing their duties (including office and job site tours, etc.). The administration divisions in the head office play the main role in providing this information in a timely manner.

The Corporate Auditor's Office was established as a dedicated organization to support Audit & Supervisory Board Members. A sufficient number of staff members have been hired or assigned to assist External Audit & Supervisory Board Members.

When a Board of Directors meeting is held, the Board of Directors administrative office and other divisions provide explanations in advance to the External Directors and the External Audit & Supervisory Board Members.

Each year, Shimizu also holds an External Officers Conference for External Directors and External Audit & Supervisory Board Members and an External Directors and All Audit & Supervisory Board Members Conference for External Directors and all Audit & Supervisory Board Members in an effort to facilitate information exchange.

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 in such positions 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) of 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 customers (from whom payment for transactions in the most recent fiscal year 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 business partner for which Shimizu is a main customer (to which Shimizu's payments for transactions 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 who provide various kinds of specialized consulting 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)

Policy on Determining Officer Compensation

Director and Executive Officer compensation consists of a base salary which is paid monthly and performance-linked bonuses. Shimizu has established a Nomination & Compensation Committee which mainly consists of Non-Executive Directors, including External Directors, to ensure fair and transparent evaluation and compensation of directors and officers through deliberation by the committee.

A maximum total of 90 million yen a month in director compensation was established at the 117th Annual General Meeting of Shareholders held on June 27, 2019. Compensation of External Directors is capped at 10 million yen of the amount noted above.

Director bonuses are indexed to consolidated net income, which represents the ultimate results of Shimizu Group business activities for one fiscal year. The degree of progress on achieving the goal for consolidated ordinary income for the fiscal year is also considered and the basic bonus is calculated by multiplying the net income indicator by a certain percentage. This is multiplied by a specific index for each position and an additional amount is added to according to the performance of each director. Moreover, an amount equivalent

to 20% of the bonus is granted as compensation for acquiring company shares to give directors greater shared value with shareholders and to enhance corporate value over the medium and long term. The share-based compensation for each Director is contributed to the employees' stock ownership plan and is used to acquire Shimizu shares. Directors must also hold the shares acquired while employed by Shimizu and for a certain period of time after leaving the company. The Nomination & Compensation Committee deliberates on whether to issue bonuses and the amounts of the bonuses. When issued, bonuses are paid after being approved by the Board of Directors and approved by resolution of the General Meeting of Shareholders.

Non-Executive Directors, including External Directors, are only paid a monthly salary to enhance the management supervisory function.

A maximum total limit of 13 million yen a month in Audit & Supervisory Board member compensation was established at the 89th Annual General Meeting of Shareholders held on June 27, 1991 and the compensation is determined through discussion by the Audit & Supervisory Board.

Director and Audit & Supervisory Board Member Compensation (FY2018)

Officer Category	Total Compensation (¥ millions)	Total Compensation by Compensation Type (¥ millions)			Number of Eligible Officers
		Monthly Salary	Bonus		
			Of which, compensation for acquiring company shares		
Directors (excluding External Directors)	774	507	267	53	10
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	64	64	—	—	2
External Officers	75	75	—	—	5

Policy on Constructive Dialog with Stakeholders

Shimizu believes that information disclosure and dialog with shareholders, institutional investors, and securities analysts is important to achieve sustained growth and increasing corporate value.

The President and other executive management attend financial results briefings and overseas IR meetings to engage in substantial dialog. We also conduct job site tours and disclose information on the corporate website in a fair and timely manner to enable stakeholders to correctly under-

stand the Shimizu's business strategy and the management environment.

FY2018 Activities	Number
Financial results briefings and job site tours for financial analysts	3
Individual meetings with financial analysts	79
Job site tours for individual shareholders	2
Meetings with overseas institutional investors	28

Internal Control System Establishment and Status

Shimizu has established a system of internal controls and the Board of Directors makes decisions on basic policy to establish a system that will ensure proper operation of the company.

An overview of the operational status of systems to ensure proper operation of the company in fiscal 2018 is provided below.

Compliance System	<ul style="list-style-type: none"> (1) We provide ongoing education and training to officers and employees to ensure strict compliance. (2) Shimizu has established three compliance hotlines based on an internal reporting system: a corporate ethics hotline, a counseling hotline, and an external hotline. All employees have been made aware of them, and the system's operations are reported to the Committee on Corporate Ethics and the Audit & Supervisory Board. (3) The Committee on Corporate Ethics meets three times a year. It rolls out measures aimed at strict compliance with corporate ethics and laws and regulations to the entire company and follows up on implementation. (4) We continue to implement measures to prevent recurrence and ensure even stricter compliance in light of the violation of the Antimonopoly Act that occurred in the Chuo Shinkansen construction project made public in March 2018.
Risk Management System	<ul style="list-style-type: none"> (1) The Risk Management Committee meets twice a year. It identifies and analyzes risks that would have a serious impact on the corporate group, which consists of Shimizu and its subsidiaries, and determines the key areas of risk management. It follows up on implementation and reports to the Board of Directors. (2) To confirm communication lines and the organization for responding to large earthquakes, we hold regular earthquake disaster drills (twice a year) and ask suppliers and local residents and others to participate. (3) For overseas safety risks, we collect information on hazards based on the guidelines on overseas emergency response. As necessary, we also strengthen the security structure, issue warnings to relevant people, and limit overseas travel. (4) To firmly establish information security measures and make sure that everyone understands them, we provide ongoing education and training to officers and employees, share information with relevant divisions, and respond swiftly when a problem occurs.
Systems to Ensure Proper Operation of the Shimizu Group	<ul style="list-style-type: none"> (1) Shimizu holds two meetings a year to share information between the President of Shimizu and the Presidents of group subsidiaries. We manage important items related to operational execution at subsidiaries through the Rules on Subsidiary Management. (2) The Audit Department performs internal audits of subsidiaries based on the audit plan. Proper operational execution by subsidiaries is also monitored by dispatching Auditors and other means.
System for Ensuring Effectiveness of Audits by Auditors	<ul style="list-style-type: none"> (1) The Corporate Auditor's Office is an organization dedicated to assisting the Audit & Supervisory Board. It is staffed with three full-time employees. (2) An Audit & Supervisory Board Member designated by the Audit & Supervisory Board attends important meetings such as meetings of the President's Office, meetings of Business Division heads, Risk Management Committee meetings, and Committee on Corporate Ethics meetings.

Basic Policy on Establishing a System of Internal Controls
Corporate Governance Report
<https://www.shimz.co.jp/en/company/ir/management/governance/>



Code of Corporate Ethics and Conduct and Internal Corporate Structure

Code of Corporate Ethics and Conduct

As society changes and imposes stronger demands on companies to be good corporate citizens and exercise corporate social responsibility, Shimizu works to make sure that officers and employees fully understand our corporate credo, The Analects and the Abacus, and act accordingly each day. We formulated the Code of Corporate Ethics and Conduct and make sure that everyone is familiar with the code to achieve this.

Code of Corporate Ethics and Conduct
<https://www.shimz.co.jp/en/company/ir/management/governance/>



Establishment of a System of Internal Controls

Shimizu has established a Committee on Corporate Ethics and the internal systems necessary for practical implementation and operation of the Code of Corporate Ethics and Conduct by officers and employees. In April 2018, we strengthened the Committee on Corporate Ethics by designating the President as committee chair, adding an external expert (an attorney), and by establishing the Corporate Ethics Office.

Compliance Training

Our e-learning course for all employees achieved a 100% completion rate again in fiscal 2018. The International Division and other business divisions also conduct compliance training tailored to the circumstances of the division as necessary.

We also hold a compliance conference for affiliates and other group companies, and work to establish connections in the Shimizu Group. Group companies also establish a code of conduct and system that conforms to Shimizu's and conduct compliance training for all employees.

Proper Management of Personal Information

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

Shimizu has formulated a Privacy Policy and takes necessary and appropriate steps to maintain security based on the policy. We manage national identification numbers and other personal information appropriately.

Initiatives Aimed at Compliance with the Antimonopoly Act

In March 2018, Shimizu was indicted for violations of the Antimonopoly Act relating to a bid on a Chuo Shinkansen construction project ordered by the Central Japan Railway Company. In October of the same year, the court found Shimizu Corporation guilty, and ordered suspension of certain business activities in January 2019, as specified in the Construction Business Act. After an investigation by authorities in 2017, we involved an attorney to determine all of the facts, examine the causes and consider measures to prevent recurrence. New measures to prevent recurrence were decided on at a Board of Directors meeting held on March 23, 2018, the same day on which Shimizu was indicted, and publicly announced. We established the External Committee to Prevent Recurrence of Antimonopoly Act Violations in April 2018. The committee consists of three attorneys who analyzes the causes and verify the appropriateness of measures to prevent recurrence. We have also used their findings in measures to prevent recurrence.

Shimizu takes the penalties assessed thus far very seriously. We are enlisting the entire company in implementing comprehensive measures to prevent recurrence, initiatives to ensure even stricter compliance, and will continue to work to earn back the trust of all involved.

Progress on Implementing Measures to Prevent Recurrence of the Incident Involving Violation of the Antimonopoly Act (May 10, 2019)
<https://pdf.irpocket.com/C1803/FMK/IE1j/NleH.pdf> (only in Japanese)

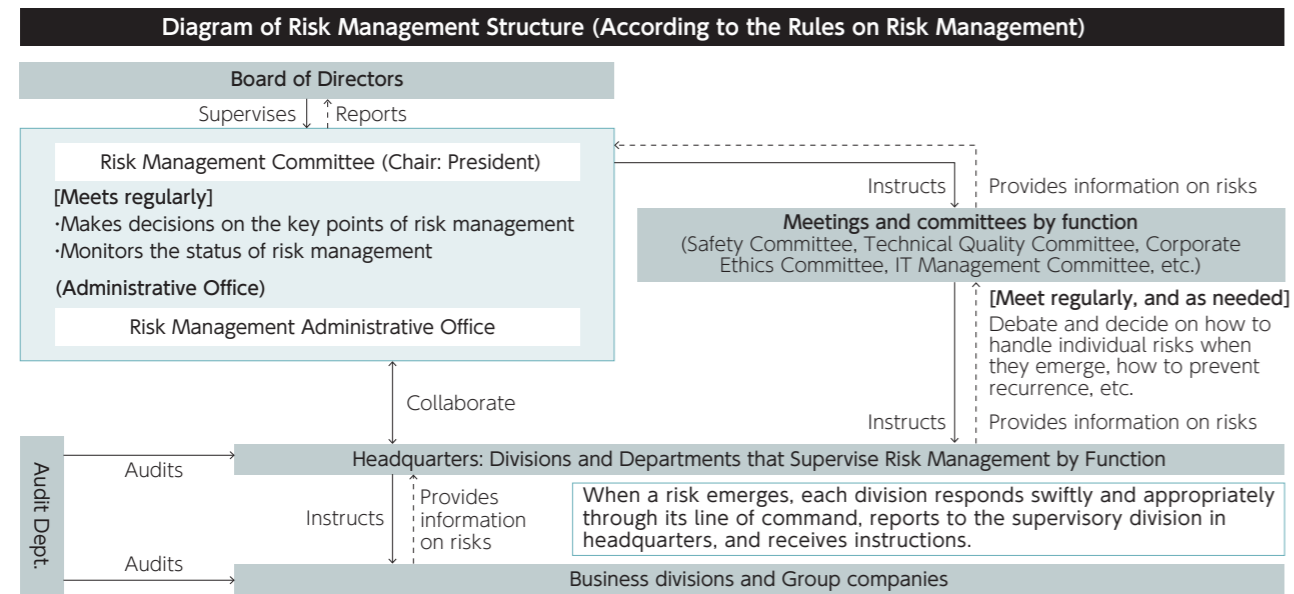


Corporate ethics training for executive management
Held four times from April 2018 to March 2019, for approximately 300 officers and managers. Roughly 1,200 people have taken the course.

Risk Management Structure

Each fiscal year, the Risk Management Committee determines the key areas of risk management for the entire company and takes steps to ensure that each division incorporates these decisions into its business plans. These key areas of risk management include ESG elements such as the risk of violating laws and regulations, and environmental and safety risks. The committee also monitors the status of risk management by func-

tion in all headquarter and business divisions and at Group companies, issues instructions for appropriate corrections and improvements, and works to address emerging risks. Disseminating the key points of risk management company-wide will enable the committee to address risks that will be increasingly diverse and broader in scope in the future.



Conducting BCP Drills to Prepare for an Earthquake Directly Beneath the Greater Tokyo Area

As the types of natural disasters become more varied and increase in duration and intensity, we must consider responses to risks that were not foreseen in conventional business continuity planning (BCP). Shimizu also revised its BCP to respond to such new risks, and conducted a company-wide BCP emergency drill on March 11, 2019 based on the scenario of an earthquake directly beneath the Greater Tokyo Area. The scenario of the drill was a magnitude 8 earthquake with a seismic intensity of 7 occurring at 2:00 am under the northern part of Tokyo Bay. In the scenario, the area surrounding the head office suffered catastrophic damage and headquarter functions had become inoperable. It was determined that establishing an emergency response headquarters at the head office would be impossible in such conditions, so an alternate headquarters was temporarily established at the Kansai Branch in Chuo-ku, Osaka, and directed company-wide response activities until head office functions were restored. As was the case in previous drills, the safety of employees was con-

firmed and information on damage to Shimizu facilities, job sites, and customer facilities was collected as part of the drill response. A new part of the drill in which the Kansai Branch took over the head office functions of wage payment and processing of customer payments was also conducted until it was handed back to a functioning Tokyo office three days later. We will continue these drills in the future to strengthen our ability to respond in an emergency.



Back-up emergency response headquarters established in the Kansai Branch

Back to the Basics of Strict Safety Management

At Shimizu, our highest priority is the protection of the lives and health of workers in all aspects of corporate activities, based on the principles of respect for human life and respect for people. Establishing a firmly rooted culture of safety and creating safe, comfortable work environments have been established as the components of our basic policy on managing health and safety.

We help job site administrators and other workers take steps to rigorously maintain a strong awareness of guarding against all accidents or disasters. We also adhere strictly to operation of the PDCA cycle and implement various measures aimed at eliminating accidents involving falls, construction machinery and cranes, structure collapse and destruction, and fire and infrastructure damage.

Strengthening the Supply Chain and Group Management

Strengthening the supply chain and group management is one of our key strategies. We will strengthen and augment the supply chain so that it is capable of ensuring reliable operations and implement group management that is flexible and agile enough to enable business expansion.

(1) Strengthening and expanding the supply chain to evolve the construction business

- Strengthen alliances with subcontractors and suppliers and build a structure that is optimal for the company through nationwide alliances
- Expand alliances with companies and suppliers possessing various kinds of processes and technologies that will strengthen competitiveness
- Hire, retain and improve the capabilities of skilled workers
- Build a global procurement network to ensure a reliable production structure and improve profitability

(2) Build a new supply chain that supports development of a diverse range of businesses

- Ally with a range of partners in non-construction businesses
- Strengthen supply chains and alliances at the regional level to expand globally

(3) Build a flexible and agile group management structure

- Implement flexible group management that includes capital alliances and M&A and strengthen governance
- Build a structure that enables flexible use and reallocation of group talent

CSR Procurement

We have formulated a Basic Procurement Policy and Things We Request of Our Suppliers Policy to ensure fair and transparent business activities. We ask suppliers who are part of our supply chain to comply with laws and regulations, including those on human rights and labor, and to respect social norms.

In FY2018, we formulated the Shimizu Group Human Rights Policy, which is based on the concepts contained in the UN Guiding Principles and Business and Human Rights. We urge our suppliers to support this policy.

We also hold compliance training sessions in various locations throughout Japan for the subcontractors we do business with. In fiscal 2018, we held a total of 26 training sessions with 1,704 participants from 1,619 companies on the topics of compliance, eliminating fraudulent transactions, labor and employment, and information security.



Basic Procurement Policy
Things We Request of Our Suppliers
<https://pdf.irpocket.com/C1803/jasE/MuuB/bXna.pdf>

Building our Workforce

While the current strong demand for construction is projected to continue, the construction industry is facing the urgent demographic problem of hiring and retaining talent. This is also causing a major problem in the passing on technical skills to the next generation. Shimizu is taking steps to resolve these issues and hiring the young people who will become craftsmen for Shimizu in the future.

One recruiting initiative is the "Seeking people who want to be a craftsman!" ads for subcontractors on the corporate website. We have posted recruiting information for over 400 subcontractors nationwide. We also hold hands-on site tours, hold job fairs for technical high school students, and provide opportunities to learn about specialized areas of the construction industry in greater depth.

Since May 2018, we have provided support for improving the attractiveness of the construction industry and hiring workers, including supplemental wages that add a fixed percentage to total wages each month for sites that promote adoption of a five-day work week and reduce overtime work.

We also continue to promote enrollment in social insurance and roll-out of the construction career advancement system.

Remarks by External Directors



Tamotsu Iwamoto
Director

April 1974 : Joined Ajinomoto Co., Inc.
 July 2001 : President of Ajinomoto Vietnam Co., Ltd.
 June 2005 : Executive Officer of Ajinomoto Co., Ltd. and General Manager of the Human Resources Dept.
 June 2009 : Member of the Board & Corporate Vice President, Ajinomoto Co., Inc.
 June 2011 : Member of the Board & Corporate Sr. Vice President, Ajinomoto Co., Inc.
 June 2015 : Representative Director & Corporate Executive Deputy President, Ajinomoto Co., Inc.
 June 2017 : Advisor (full-time), Ajinomoto Co., Inc. (current position)
 June 2017 : Outside Audit & Supervisory Board Member, House Foods Group Inc. head office (current position)
 June 2019 : Director, Shimizu Corporation (current position)

Dedication to the corporate credo will enable ongoing growth and the enhancement of corporate value

Shimizu formulated SHIMZ VISION 2030 this year as the long-term term vision of the group and shared its aspiration for next 10 years. It also elevated The Analects and the Abacus, which Shimizu has long regarded as its basic principles, to the status of the corporate credo.

I think that the most essential key to governance of the Shimizu Group is to make The Analects and the Abacus, which talks about the compatibility of ethics and economics, the unchanging essence of Shimizu and implement every day as we work to achieve the long-term vision.

Dedication to the credo will enable the ongoing growth of the group and should lead to greater enhancement of corporate value. I look forward to making use of every opportunity to make this an established practice in the Shimizu Group.



Aya Murakami
Director

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

The importance of creating a system and culture that effectively utilizes talent

Four years have passed since I became an external director. During this time, the discussions by the Board of Directors have become more energetic, a discretionary Executive Nominating Committee has been established, and progress has been made on the disclosure of information. I have been mainly involved in various policies concerning labor in my work thus far, so I would like to put this experience to use in providing advice and overseeing management, to the best of my abilities.

Moving forward, Shimizu aims to become a Smart Innovation Company and will strive to establish new revenue bases and accelerate global development. This will require systematic development of highly skilled talent who will be responsible for achieving these goals. The creation of a workplace culture that encourages frank and open exchange of opinions will also enable the satisfaction of all employees so they can fully use their capabilities.

I look forward to greater utilization of the expertise from outside the company and incorporating a diverse range of ideas to create value that exceeds the expectations of society.



Mayumi Tamura
Director

April 1983 : Joined Sony Corporation
 July 2002 : Executive Officer, JohnsonDiversey Inc. (now CxS Corporation)
 December 2004 : CFO, adidas Japan K.K.
 June 2007 : Executive Officer, Sr. Vice President, and Chief Financial Officer (CFO), Seiyu Group (now Seiyu GK)
 May 2010 : Concurrent position as Executive Officer, Sr. Vice President, and CFO, Wal-Mart Japan Holdings (now Wal-Mart Japan Holdings K.K.)
 June 2015 : Honda Motor Co., Ltd., Corporate Auditor
 June 2017 : Honda Motor Co., Ltd., Director, Audit & Supervisory Committee Member (current position)
 June 2017 : Director, Hitachi High-Technologies Corporation (current position)
 June 2019 : Director, Shimizu Corporation (current position)

Contributing to society by maintaining constant principles and providing new value

Shimizu has designated The Analects and the Abacus as its corporate credo and has a history of passing on the spirit that these teachings represent. I want Shimizu to remain a company that maintains constant principles amid a rapidly changing market environment, that consistently provides new value that is useful to customers and the community, that earns the trust of the community and stakeholders, and that is a company that employees can be proud of.

As an independent external director with professional expertise in corporate management, I would like to monitor management and give advice from a medium to long-term perspective while participating actively in debates by the Board of Directors to make it possible to achieve sustained growth and enhancement of corporate value as Shimizu works to achieve its long-term vision. I would also like to obtain information and communicate with corporate officers executive functions and contribute to highly transparent and effective corporate governance.



Hatsuhito Kaneko
Audit & Supervisory Board Member (full-time)

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

A healthy corporate culture is the foundation for enhancing corporate value

A corporation is a social entity and must establish and operate a system of appropriate internal controls appropriately in order to manage business properly. I think that having a healthy corporate culture that begins with ethical business activities is a necessary prerequisite for an internal control system to function effectively.

Shimizu has designated The Analects and the Abacus, which talks about the compatibility of ethics and economics, as its corporate credo, and has a good corporate culture that is rooted in sincere craftsmanship. The long-term vision that was recently announced outlines a path to growth and establishes a plan for increasing the percentage of profits from non-construction businesses and from overseas for the entire Shimizu Group. To achieve these goals, the company anticipates the need for new skills and for integration of talent who speak different languages and have different customs. I look forward to seeing the entire company working to instill the credo and management principles in this diverse group, maintaining a healthy corporate culture, and working to achieve the 10 year vision.



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

April 1972 : Joined the National Policy Agency
 August 1989 : Head of Investigation Dept. II, Criminal Investigation Bureau, Tokyo Metropolitan Police Department
 April 1993 : Chief, Wakayama Prefectural Police Headquarters
 March 1998 : Chief, Niigata Prefectural Police Headquarters
 January 2007 : Private Secretary of the Minister of Defense, Ministry of Defense
 August 2009 : Assistant Chief Cabinet Secretary
 November 2011 : Advisor to Sonpo Japan Insurance Inc. (now Sonpo Japan Nipponkoa Insurance Inc.)
 December 2011 : Registered as an attorney
 January 2012 : Joined Kasahara Law Office (current position)
 May 2013 : Outside Audit & Supervisory Board Member, SEKIDO Co., Ltd. (current position)
 June 2013 : Outside Director, LAC Co., Ltd. (current position)
 June 2014 : Audit & Supervisory Board Member (part-time), Shimizu Corporation (current position)
 December 2018 : Audit & Supervisory Board Member, Soken Co., Ltd. (current position)

Achieving corporate management that reflects history and tradition

Shimizu was founded in 1804 and has a history that stretches back 215 years. With the timeless Analects and the Abacus as its basic principles, the company has overcome difficulties in each era, built wonderful traditions and a stellar track record. This year, Shimizu elevated and positioned The Analects and the Abacus as its corporate credo, and is using it as a guide in taking on the challenges of the turbulent modern era. I believe that taking on the right challenges to respond to the changing times is precisely what provides the source of energy to make the company healthy and vital. Amid this change and as an audit & supervisory board member and independent officer who has been delegated such authority by shareholders, I would like to actively use all of the knowledge and information I possess to perform appropriate audits of the legality and appropriateness of the performance of duties by directors and other executives for shareholders and the diverse range of stakeholders. I would like to work to ensure strict compliance and contribute to implementing corporate management with flexible and sustainable governance.



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

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

Reflecting on The Analects and Abacus as the Corporate Credo

Shimizu today reflects the spirit and active implementation of The Analects and the Abacus, which contains the teachings of the venerable Eiichi Shibusawa. The things that Eiichi Shibusawa taught, such as the compatibility of ethics and economics and helping those who are less fortunate, are teachings that remain relevant to the global community in the 21st century. The heads of many countries have pledged to achieve the Sustainable Development Goals (SDGs) set forth by the UN General Assembly, based on the philosophy of leaving no one behind, by extending a hand to those who are less fortunate, developing communities where people can live sustainably, working to ensure widespread availability of safe water and sanitation, and by protecting the environment. In a lecture he delivered in Hiroshima in May 2016, then President Obama asserted that scientific innovations should be accompanied by ethical revolution.

When I thought about a better world and reflected on the past, I realized that many of the World Heritage sites in various countries were the great works of our predecessors in construction and civil engineering. In that moment, I renewed my resolve to do my best to uphold one part of the work that we can proudly pass on to our children, no matter how difficult or large.

Connecting the Past with Technology of the Future

Relocation of the Former Shibusawa Residence, the Only Existing Structure Built by Kisuke Shimizu II

In the Spring of 2020, Shimizu will begin construction of a large innovation center with total floor space of around 20,000 m² in Shiomi, Koto-ku, Tokyo. It is scheduled for completion in March 2022. The facilities to be built will include a main building, which will be used for open innovation and communication, a research facility for production innovations like construction robots, structures, and materials, a hands-on training facility, and a historical museum.

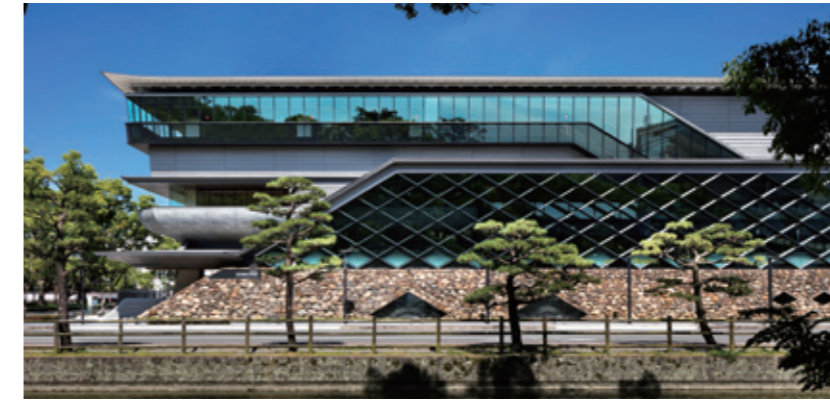
As part of this plan, Shimizu will also relocate and preserve the former Shibusawa residence, built by Kisuke Shimizu II, the second head of the company, from the town of Rokunohe in Aomori Prefecture. This wooden structure was completed in 1878 as a home for Eiichi Shibusawa, who served as an advisor to our company during the Meiji and Taisho periods. It is the only construction work of Kisuke Shimizu II that still exists. It is part of our cultural heritage and a tangible example of Shimizu's DNA which we will preserve and integrate with the history museum.



Former Shibusawa residence which was located in the town of Rokunohe in Aomori Prefecture (now completely dismantled) (Photo provided by Naruphoto)

List of External Awards Received

59th BCS Awards



Kochi Castle Museum of History (Construction: Shimizu Corporation; Design: Nihon Sekkei, Inc.; Photo: Inazumi Photography Studio)

2018 JSCE Award

Tanaka Award, Reconstruction category



Widening method for urban expressway (Nishi-Semba Junction)

Outstanding Civil Engineering Achievement Award, Group I



Labor/saving for construction of the "Large Section Box Calvert" by the "Hybrid Half Pre-casting Method": At the A-ramps for turn off of Keiyo Junction in Tokyo-Gaikan Expressway

28th BELCA Awards (Best Reform Award)



Meidi-ya Kyobashi Building (Design & construction: Shimizu Corporation; Joint design: UA architects)

List of Other Awards Received

Name of Award	Project Receiving the Award
Fiscal 2018 JSCE Awards Outstanding Civil Engineering Achievement Award, Group I	Large-scale construction project involving a railroad switch in a Terminal Station involving extremely complicated and difficult constraints (a 46-hour continuous work period by stopping trains. - The first railroad switch of JR Shibuya Station Improvement Project)
Fiscal 2018 JSCE Awards Tanaka Award, Reconstruction category	Miyamasu Overroad Bridge Rebuild (Saikyo-Nobori Line)
Fiscal 2018 JSCE Awards Innovative Technique Award	Development of the Subsurface Utilities Visualization System "Shimz AR Eye Subsurface View"
The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE) 56 th Technology Award, Construction Equipment Division	Juntendo Hospital, Building B: Metropolitan Medico-Arch Project Urban high-rise hospital incorporating the connection between medical care and construction
SHASE 32 nd Promotion Awards, Technology Promotion Awards	Air conditioning and sanitation equipment for Bell-land General Hospital, Seichokai OASE Shibaura, smart community built in an existing urban area Chubu University smart eco-campus: a proof-of-concept model of a smart community
A.C.E.J. Cogeneration Grand Prize 2018, Director's Award in the R&D Division	Development of a system that uses CO ₂ -free hydrogen energy to achieve optimal management of electricity and heat
53 rd JGS Awards, Excellent research paper presentation award	Long-term ground subsidence occurred in Urayasu City in Chiba Prefecture due to the 2011 East Japan earthquake Development of a new processing technology for drainage of water containing selenium Research on methods of rapid measurement of soil-cement strength of the grounded section in pile construction methods using previously manufactured pilings
8 th Robot Award, Excellence Award (Business & Community Installation Division)	Shimz Smart Site
10 th ENAA Engineering Commendation Award, Special Award	Technology development project team for Processing and storage of removed soil, etc.
38 th ENAA Engineering Worker Award	Project team that installed the connecting line between Kotake-mukaihara and Senkawa on the Tokyo Subway Yurakucho Line
The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE) 2018, Uichi Inouye Memorial Awards, Uichi Inouye Award	Contribution to technology development, planning, design, and educational activities in the area of air conditioning equipment and environment
UNESCO Asia-Pacific Heritage Awards for Cultural Heritage Conservation 2018, Merit Award	Old Warehouse of the Commercial Bank of Honjo
Japan Resilience Award 2018 Toshihiro Nikai, Special Advisor Award	Resilience that begins in the forest: Kawabamura Green Value Program
Fiscal 2018 JCMA Awards, Excellence Award	Development of the Subsurface Utilities Visualization System "Shimz AR Eye subsurface view"
1 st Japan Construction International Award (Construction Project Division)	Pahang-Selangor Raw Water Transfer Tunnel Project
17 th Green roof & wall technology competition Minister of the Environment Award: Walls and special greening division	Fukutoku Shrine and Fukutoku Garden
17 th Green roof & wall technology competition Organization for Landscape & Urban Green Infrastructure Chairman's Award: Walls and special greening division	Yokohama Nomura Building "Green Radiator"
21 st National Technology Development Awards, Excellence Award	Automatic dam concrete pouring system Completely automated system for manufacturing, transporting, and pouring dam concrete

Shimizu's Social Contribution Activities

Basic Principles of Social Contribution Activities

As a corporate citizen, we actively contribute to society and local communities to create an abundant earth and future society to enable all people to lead happy lives, based on the philosophy expressed in our corporate credo, The Analects and the Abacus, and our corporate message, Today's Work, Tomorrow's Heritage.

Shimizu has established four key areas of focus for corporate activities based on the basic principles noted above. They are: Global environment, Education, Culture & Art, and Social Inclusion. We actively implement initiatives that contribute to local communities.

We agree with the intent of the Japan Business Federation's 1% Club, and target a voluntary contribution of roughly 1% of our ordinary income for use in social contribution activities. In fiscal 2018, our social contribution activities was 0.77% of non-consolidated ordinary income (¥940 million*/ of ¥121.1 billion).

* Includes the activities of the Shimizu Foundation, Housing Research Foundation JUSOKEN, and the Shimizu Scholarship Foundation, organizations which Shimizu is heavily involved in.

This is MECENAT 2019 Certification for Shimizu Open Academy

The Shimizu Open Academy is a public lecture series designed to communicate the joy of craftsmanship to youth and the general public. To date, more than 50,000 people have participated, and in fiscal 2018 we celebrated the 10th anniversary of the academy. The Association for Corporate Support of the Arts has recognized Shimizu Open Academy activities and certified it for "This is MECENAT 2019".

Shimizu Open Academy activities do not end at the borders of Japan; we have held academies in 8 countries overseas thus far, mainly in Southeast Asia. We select topics in which Japan is a technology leader, such as seismic isolation and control and energy-saving technologies to introduce overseas students to Japanese construction technology.



Lecture at Bandung Institute of Technology, in Indonesia

Shimizu Volunteer Academy to Expand the Circle of Volunteers

Shimizu Volunteer Academy was founded in 2015 to train and develop volunteers through classroom-based and hands-on learning to have the knowledge to support people with disabilities and adaptive sports activities. We began offering it as an industry and academia jointly sponsored course at Hiroshima University in 2018 to give a broader audience deeper understanding of people with disabilities.



An overseas exchange student experiences a wheelchair

Special Sponsor of Dialogue in Silence

Shimizu's social inclusion activities promote an inclusive society in which everyone, including the elderly, people with disabilities, and foreigners can live meaningful lives and have a sense of purpose in their work.

The Dialogue Japan Society holds Dialogue in Silence events in which people can experience dialogue in a world of silence, without using sound or words, to overcome the wall of words. Shimizu has been a special sponsor of these events since fiscal 2017.



Independent Opinion



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

Keisuke Takegahara

Shimizu Corporate Report 2019 reflects the critical junctures of SHIMZ VISION 2030, the new long-term vision, and Mid-Term Management Plan (2019–2023), formulated as the first phase of the long-term vision. Both the structure and content of the report differ substantially from previous reports. What impressed me most was the effort to clearly outline the vision the Shimizu Group is targeting over the long term, based on the company's targets in the long-term vision for 2030, which is also the target date for achieving the UN's Sustainable Development Goals (SDGs). Shimizu has defined the value it creates in business with the keywords "resilient," "inclusive," and "sustainable." There is also a strong Message from the President, where he talks about the revenue structure the company is working to achieve in 2030. Shimizu's strategy of transitioning to a new business model that adds non-construction businesses as growth drivers in addition to the current main domestic construction business over the long term, despite a forecast of continued robust demand, suggests sustainability of the business model, which is a requirement in the world of ESG-based investment. I think the report discloses information in a timely manner. Shimizu has also set forth the concept of being a Smart Innovation Company, a key concept that is a continuous theme amid such changes. The emphasis on innovation clearly expresses Shimizu's position of focusing on the long-term perspective, and I feel that the report creates a sense of continuity by providing cases of initiatives in value creation in the second half that are consistent with this concept.

Moreover the value that the Shimizu Group provides society, which the Message from the President touches on, is clear in recognizing problems and providing a solution which are explained through examples. The report states that "resilient," "inclusive," and "sustainable" are the three pillars that support the new long-term vision. In other words, the content is excellent and Shimizu communicates the outlook for 2030, in a manner that is easy to understand.

The sense of cohesiveness throughout the entire report has been strengthened, and Shimizu has succeeded in skillfully paring down the number of pages substantially without making it seem too short. I feel that the quality of this report has definitely improved.

What I look forward to in the next report is digging deeper into the new concepts incorporated in this report. To be more specific, I would first like to see a storyline that better fleshes out the connection between the long-term vision, which is the launching pad for backcasting, and the Mid-Term Management Plan, which represents Phase 1. I think it would be more persuasive if Shimizu related the development of non-construction businesses as the growth drivers for 2030 to the three pillars as part of this. I also think there is value in considering additional KPIs, which are now centered mainly on the construction business, to maintain consistency with this storyline.

I also look forward to more in-depth information on innovation, which is the keyword of the long-term vision. The Message from the President stresses the importance of open innovation, but I think it would make a stronger impression on readers if there were specific examples to reinforce this. I also think that expressing Shimizu's response to rapid development of advanced technologies, digitalization, and other so-called disruptive innovations would probably answer the concerns of many readers. Finally, as person who was strongly attracted to the faces of the craftsmen and other Shimizu employees in your company report, I also recommend focusing on people. I look forward to greater development of the report going forward.

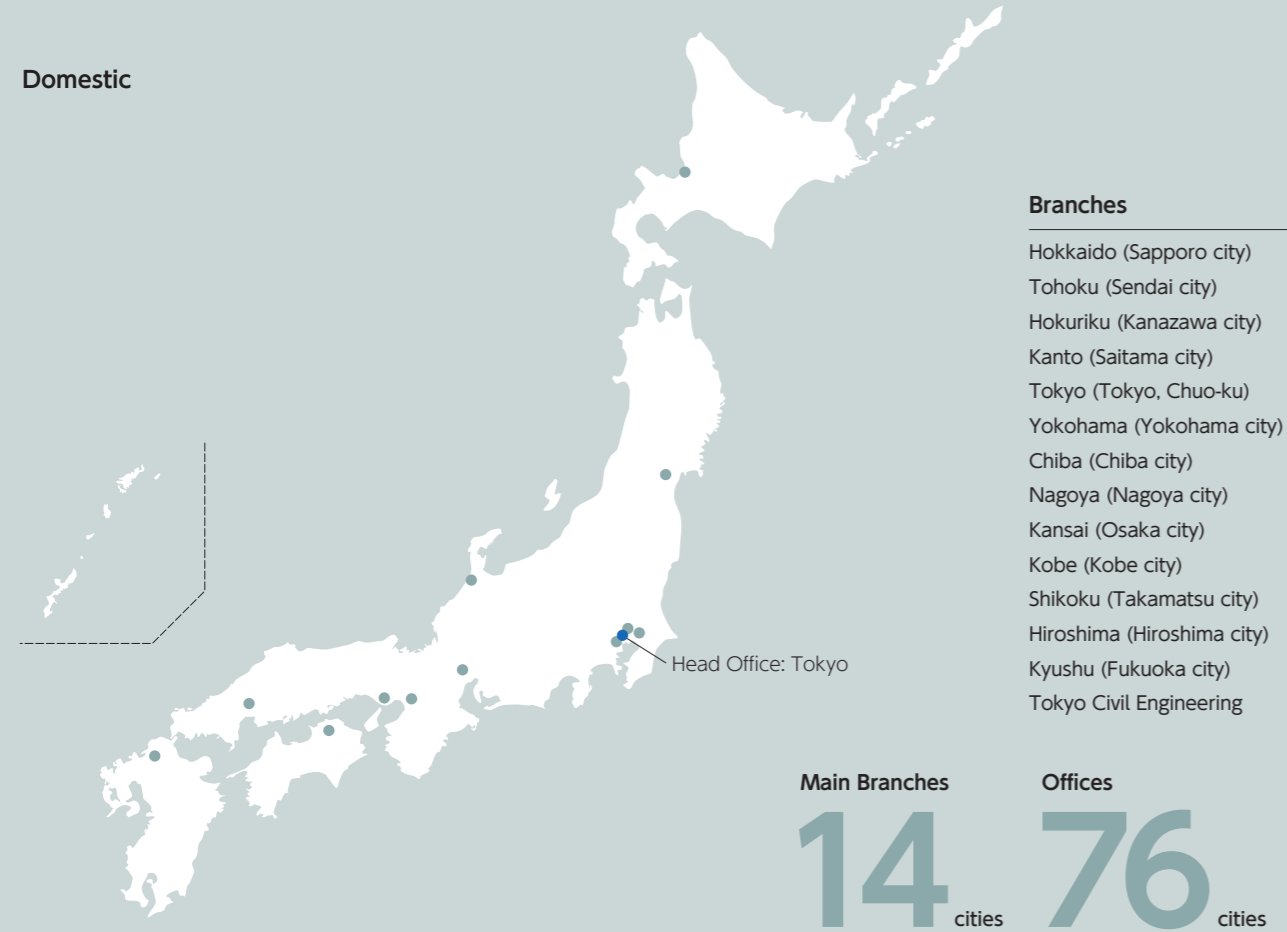
Thank you for your opinion.

This fiscal year we made substantial changes to the design and structure of the report aligned with the formulation of a new long-term vision and Mid-Term Management Plan. We took care to create a readable report with fewer pages to give all stakeholders a better understanding of the Shimizu Group.

We will reflect the elements you pointed out in this year's report, in next year's report; specifically, to flesh out the storyline that connects the long-term vision to the Mid-Term Management Plan, disclose more in-depth information on innovation, and focus on people.

Global Network

Domestic



Overseas



Corporate Information / Investor Information (as of March 31, 2019)

Corporate Information

Corporate Name	SHIMIZU CORPORATION	
Date of Establishment	1804	
Common Stock	¥74.3 billion (as of March 31, 2019)	
Total Employees (consolidated)	16,184 (as of March 31, 2019)	
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 (consolidated)	¥1,664.9 billion (FY 2018)	

Investor Information

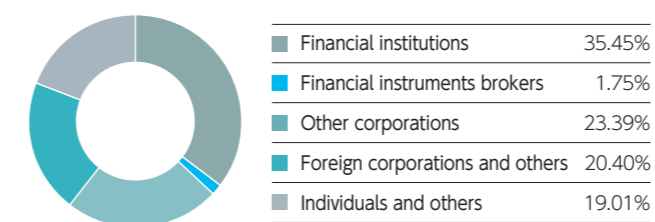
Total Number of Shares Authorized	1,500,000,000	
Total Number of Shares Outstanding	788,514,613	
Exchanges Listed on	Tokyo Stock Exchange Part 1	1803
	Nagoya Stock Exchange Part 1	1803
Number of Shareholders	52,573	
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation	

Major Shareholders

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

Note : "Percentage of total" is calculated excluding 2,625,330 shares of treasury stock.

Shareholders Ratio (Percentage of owned shares)



Financial Section

- 69 Consolidated Balance Sheet
- 71 Consolidated Statement of Income
- 72 Consolidated Statement of Comprehensive Income
- 73 Consolidated Statement of Changes in Net Assets
- 74 Consolidated Statement of Cash Flows
- 75 Notes to Consolidated Financial Statements
- 102 Independent Auditor's Report

Supplemental Information

- 103 Nonconsolidated Balance Sheet
- 105 Nonconsolidated Statement of Income
- 106 Orders, Sales and Backlog (Nonconsolidated)

