

## Criminal Accusations and Charges on Suspicion Regarding a Violation of the Antimonopoly Act and Personnel Changes of Officers Including Representative Director

On March 23, 2018, the Japan Fair Trade Commission filed criminal accusations and the Tokyo District Public Prosecutors' Office filed formal charges against Shimizu Corporation (hereinafter the "Company"), both of which are on suspicion regarding a violation of the Antimonopoly Act (Unreasonable Restraint of Trade) with respect to the Chuo Shinkansen Shinagawa Station (North-section) Construction Project and others, which were ordered by Central Japan Railway Company.

In 1991, the Company introduced the "Antimonopoly Act Compliance Program". Since such time, the Company has taken a number of measures to enhance compliance, including introducing the "Antimonopoly Act Compliance Manual" and the "Code of Conduct for Officers and Employees on Bidding Contracts", and establishing a whistleblower system called the "Compliance Hotline." The Company has also made compliance training mandatory for all employees. In addition, the Company's Legal Department has now been inspecting all of the branches and business divisions on a regular basis to continuously ensure their compliance. It is, therefore, a matter of great regret that despite all these efforts, this grave situation has occurred. We sincerely apologize to all of our shareholders and other stakeholders for the concern that this matter has caused.

Since last year's investigation by the authorities, we have thoroughly re-examined our system for compliance. Today, the Company's Board of Directors held an extraordinary meeting and has decided on additional measures to be put in place to prevent a recurrence of similar incidents as shown below and, in view of the fact that great concern has been caused among our shareholders and stakeholders and to show our determination to prevent recurrences, the Board of Directors has also decided to forgo portions of directors' remuneration. Furthermore, the Board of Directors has decided on personnel changes of the Company's officers including Representative Director as shown below.

We are firmly determined to restore the trust of our stakeholders and the public through these measures.

### 1. Additional Measures to Enhance System for Compliance

- (1) The Company's top management takes the initiative in bolstering high ethical standards and compliance in the workplace.

(2) Enhancement of Compliance by Organizational Change

- Mr. Kazuyuki Inoue, the Company's President and Representative Director, directly supervises the Company's Corporate Ethics Committee as chair, which is comprised of both management and third-party experts.
- A new department, the Corporate Ethics Department, is established to enforce legal compliance and to cultivate a culture of integrity by and among the Company's officers and employees.
- The Company's sales force structure is entirely renewed.
  - A new division, the Sales & Marketing Division, is established to oversee both the architectural construction sales force and civil engineering sales force.
  - An officer specializing in compliance is appointed in the Sales Division.
- Staffing levels of the Audit Department is increased to strengthen the Company's internal audit function. And extraordinary audits of major transactions in progress are also implemented to secure fair bidding processes.

(3) Renewal of the Company's "Code of Conduct for Officers and Employees on Bidding Contracts".

- Reporting obligation is made more explicit.
- Rules of contact with competitors are made more explicit.
- Penalties for offenders are strengthened.

(4) More Thorough Review of Certain Projects

- With respect to the bidding on certain projects that could limit the potential bidders to the specified contractors because of their enormosity or technological complexity, and technically attract restriction of competition, a more thorough review will be implemented.

## 2. Forgoing of Directors' Remuneration

- Chairman of the Board of Directors  
50% of Monthly Remuneration to be forgone for 3 months
- President  
50% of Monthly Remuneration to be forgone for 3 months
- Executive Vice Presidents  
50% of Monthly Remuneration to be forgone for 2 months
- Senior Managing Officer and Director  
50% of Monthly Remuneration to be forgone for 1 months
- Other directors  
25% of Monthly Remuneration to be forgone for 1 month

### 3. Personnel Changes of Officers

#### (1) Change of Representative Director (as of April 1, 2018)

Senior Managing Officer and Director	Tadashi Okamoto	Present Executive Vice President and Representative Director, Director of Civil Engineering Headquarters

He will step down as Director of the Company in late June 2018.

#### (2) Retirement of Executive Officers (as of March 31, 2018)

Katsuro Sugihara	Present Managing Officer, General Manager of Tokyo Civil Engineering Branch
Shutaro Kubo	

#### Disclaimer

This is an English translation of the original announcement made by the Company in Japanese at the Tokyo Stock Exchange on March 23, 2018. The translation is for reference purposes only. If and when there are any discrepancies between the original announcement and the English translation, the original announcement shall prevail.