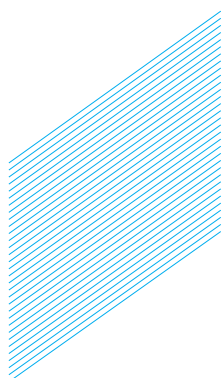




SHIMIZU CORPORATE REPORT 2020



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 vision and the strategy for achieving our vision, as well as business and ESG initiatives. Our goal in issuing this report is to have all our stakeholders gain a better understanding of the Shimizu Group.

The Corporate Report focuses on telling the story of our Company and we have edited it to keep it concise. More detailed information may be viewed on the corporate website and can be accessed through the QR code.

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

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.

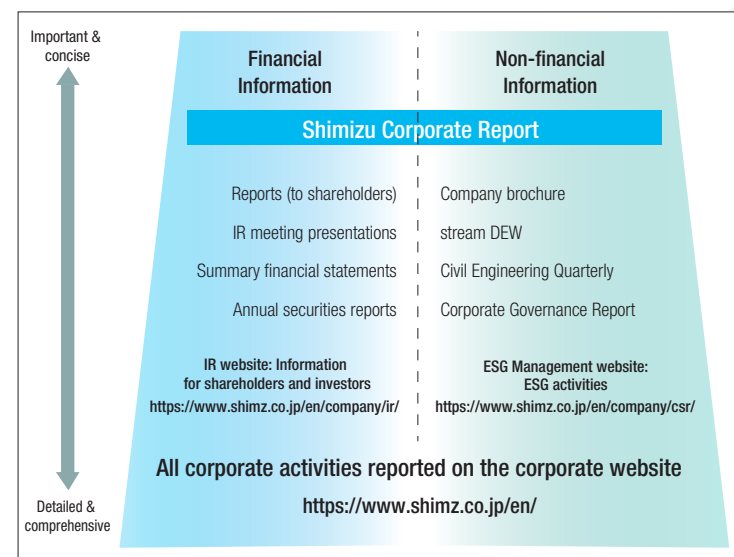
Reporting Timeframe

Mainly fiscal year ended March 31, 2020 (April 2019 to March 2020), includes some activities from earlier and later time periods

Guidelines for Reference

- Environmental Reporting Guidelines 2018, Ministry of the Environment
- Sustainability Reporting Standards, GRI (Global Reporting Initiative)
- International Integrated Reporting Framework, IIRC (International Integrated Reporting Council)

Information Disclosure System



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a Resilient society
Where everyone can feel safe and secure



an Inclusive society
Where all people can live together in comfort and health



a Sustainable society
Where future generations can inherit a well-cared for environment

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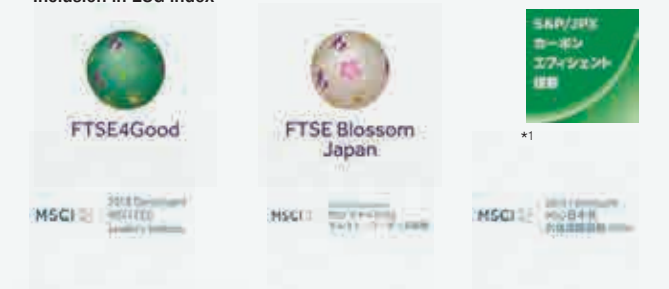
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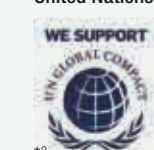
Inclusion in ESG index



Awards



United Nations Global Compact



*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.

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

Shimizu has provided value that exceeds the expectations of customers for more than 210 years. We have accomplished this while maintaining the high aspirations of our founder Kisuke Shimizu I in taking a sincere approach to monozukuri craftsmanship and preserving and passing on the enterprising spirit of anticipating the times and taking on new challenges.

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
- 1849 Kisuke Shimizu I built the Zuishin Gate of Takada Hachiman Shrine (now Anahachiman Shrine) in the Ushigome district of Edo



1859 Expanded business in the Yokohama port town

Japan's first fully Western-style hotel

- 1868 Kisuke Shimizu II completed the Tsukiji Hotel, Japan's first fully Western-style hotel



Japan's first bank

- 1872 Kisuke Shimizu II built The Dai-ichi National Bank (the former Mitsui-gumi House), Japan's first bank



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

- 1884 Shimizu opened its own woodworking factory (present day Tokyo Mokkoujou Arts & Crafts Furnishings) in Kiba, Koto-ku, Tokyo, the only such factory owned by a major construction company

Shimizu opened the first design department in the construction industry

- 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 was designated as the basis for management policy and the business was managed in accordance with its tenet that ethics and economics were 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 (now owned by Chubu Electric Power Co., Inc.)



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 - 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 — National Indoor General Stadium, Main Gymnasium (now Yoyogi National Stadium)

- 1964 Built a sports arena for the Games of the XVIII Olympiad in Tokyo used a suspension roof structure unprecedented in the world at that time to create the complex curve of the roof exterior



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

- 1970 Built Japan's first in-ground LNG storage tank (capacity of 10,000 kl) at the Negishi LNG Terminal of Tokyo Gas Co. Ltd., as the introduction of green energy progressed



Established a new real estate headquarters and entered the developer business

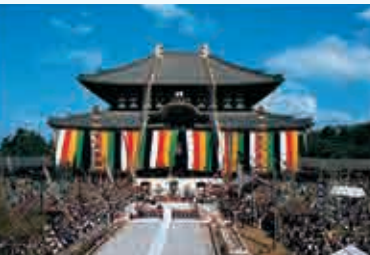
- 1971 Established a new real estate headquarters and entered the developer business with the Shinmatsudo New Town Project

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



Performed construction on DN Tower 21 (Dai-ichi Life and Norinchukin Bank buildings) to preserve and renovate famous pre-war architecture

- 1988-1995 First case of redevelopment that achieved both preservation of historical value and renovation to create a state-of-the-art office building in an area designated by the Tokyo Metropolitan Government as an area with architectural structures of historical value



Built the Tokyo Bay Aqua-Line Expressway, which galvanized logistics in the Greater Tokyo Area

- 1995-1997 Connecting Kawasaki City in Kanagawa Prefecture to Kisarazu City in Chiba Prefecture, the expressway was built to galvanize transportation in the Greater Tokyo Area. Shimizu built the tunnel and Umihotaru sections, which were the world's largest shield tunnel construction project at the time



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



The two Kisuke's laid the foundation for Shimizu Corporation

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, 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.



Kisuke Shimizu I



Kisuke Shimizu II



Our Heritage (Japanese only)
<https://www.shimizu.co.jp/heritage/>

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 Completed construction of the new main building of the Institute of Technology as part of a project to commemorate the 200th anniversary of the company's founding

The challenge of lifting up the steel frame trusses for a large roof, a first in the world — Changi Airport Terminal 3

2007

Built a new airport terminal in Singapore, an important economic center in Asia. The method of lifting up steel frame trusses measuring 300 meters wide and 215 m deep, was a first in the world



- 2008 Announced the corporate slogan of "Today's Work, Tomorrow's Heritage"
First lecture presented in the Shimizu Open Academy public lecture course

Received first international Emporis Skyscraper Award in Japan for construction of a high-rise building — Mode Gakuen Cocoon Tower

2008

Created a complex cocoon-shaped building exterior through advanced simulation technology using a 3D system



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. It is equipped with facilities that save energy (eco) during routine operation and respond flexibly to BCP during an emergency. Seismic isolation devices were installed beneath the building and it can also serve as a local disaster center to accommodate people who cannot return home when a disaster occurs



Heisei shrine renewal at Izumo Taisha, a national treasure, completed

2013

Shimizu was in charge of preservation and repair work on 14 buildings during the renewal of the Izumo Grand Shrine for the first time in 60 years. The main shrine and other buildings designated as important cultural treasures were included among the buildings renovated



Building renovation fusing traditional skills and the latest technology — GINZA KABUKIZA

2013

Built a multipurpose complex consisting of the low-rise KABUKIZA and the KABUKIZA TOWER, a high-rise office building. It was built by combining the wisdom of the traditional master carpenters of the old Kabukiza with BIM modern technology



(Photo provided by Shochiku Co., Ltd. and Kabuki Za)

Creating a new town in an area devastated by the Great East Japan Earthquake Earthquake restoration project on the coast of Miyagi and Iwate Prefectures

2014 onward

Contributed to development of new towns by raising the land elevation in areas that were damaged by flooding from the tsunami in the cities of Ishinomaki and Kesenuma in Miyagi Prefecture and Rikuzentakata in Iwate Prefecture



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

- 2017 LCV*1 Headquarters established with the goal of creating new value in facilities and infrastructure

- 2018 New Emerging Frontiers Division*2 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

*1 Life Cycle Valuation: See pp. 40-41 for further details.

*2 Emerging Frontier Business: See pp. 42-43 for further details.

Corporate Philosophy

Credo/Management Principles

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**

Shimizu Group's Strategy Towards 2030 (See p. 16 for further details)

SHIMZ VISION 2030

Smart Innovation Company

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.

Corporate Slogan

Today's Work, Tomorrow's Heritage

We have cultivated what Shimizu stands for throughout our history and will continue to create new history.

This slogan expresses the message that we want people around the world to understand.

It is our resolute pledge to reflect that attitude in the performance of all processes, and in the individual conduct and actions of each and every employee.



Shimizu will create value that exceeds the expectations of society and contribute to creating a sustainable future through initiatives aimed at achieving SDGs and bold innovation.

—We will continue our transformation to adapt to the New Normal, and tackle challenging social issues through the optimal mixture of the digital and the real—

I would first like to offer my prayers for those who have lost their lives to COVID-19, and for a rapid recovery for those who have contracted the virus. I would also like to express my heartfelt gratitude for the many healthcare providers and others working to combat the virus.

While we still cannot predict when COVID-19 will be brought under control, the Shimizu Group has taken comprehensive steps to prevent infection in our business activities, and will fulfill our responsibilities to society as a construction company.

President and Director

Kazuyuki Inoue

Reflecting on Fiscal 2019 and Status of Response to the COVID-19 Pandemic

The entire Group will work as one team to secure and improve current performance with a sense of urgency.

Shimizu announced SHIMZ VISION 2030, our long-term vision, in May 2019. Mid-Term Management Plan (2019–2023) was formulated as Phase 1 of that vision, and initiatives based on the key strategies in the plan have been steadily implemented. Consolidated financial results for fiscal 2019, the initial year of the Mid-Term Management Plan, were net sales of ¥1,698.2 billion (up 2.0% YoY) and ordinary income of ¥137.9 billion (up 3.0% YoY). We were able to maintain net income attributable to shareholders of the corporation at ¥98.9 billion (down 0.7% YoY), a high level despite underperforming the record high of

¥99.6 billion reached in fiscal 2018. However, COVID-19 has become a global pandemic and this has caused major changes in the business environment since late fiscal 2019. Shimizu established the Crisis Response Headquarters in February due to the spread of COVID-19 and the entire company is taking steps to prevent infections. We endured the heartbreak of having an employee die from the virus in early April. In light of this and the spread of the virus, which was growing more serious by the day, the Company placed highest priority on the lives and safety of employees of the Group and its subcontractors and temporarily closed some job sites. We would like to express our appreciation to our customers and all involved for their understanding of and cooperation with Shimizu's response.

The consolidated performance forecast for fiscal 2020 projects a deterioration in the profitability of construction due to rising construction costs for preventive measures implemented against COVID-19, among other factors, and a decline in revenues due to deterioration in capital investment trends and other aspects of the external environment. While severe conditions will persist, the entire Group will continue to unite as one team to secure and improve performance.

Initiatives Aimed at Adapting to the New Normal and Corporate Transformation

We will seize this crisis as an opportunity and will adapt to the new normal and transform the company.

The current COVID-19 pandemic is transforming our sense of values and behavior, and is having a major impact on workstyles, business models, and other corporate activities. We will not regard this pandemic only as a crisis; but also as an opportunity providing dynamic change. We believe that how rapidly we adapt and identify a path to success will affect our performance in the future. Shimizu formed the New Normal Committee as a company-wide initiative to consider ways to adapt to the living with COVID-19 phase and transform the company with our sights set on the post-COVID-19 phase. The Digital Strategy Promotion Division established in April 2019 is pursuing initiatives to improve productivity by optimizing the ICT environment and making greater use of digital technology. We are also working with the relevant head office departments to rapidly review systems and implement standardized operations, and are rolling out these changes company-wide. After sorting out the things that must and must not be changed, we will redesign those that are not in sync with the times and use the changes to accelerate workstyle reforms throughout the company. We are a

company whose essential mission is physical craftsmanship and we will take care not to rely solely on digitalization as we work to maximize its use. We will fuse digital technology and the real world to transform the company in the living with COVID-19 and post-COVID-19 eras.

I also think that many people have developed a new appreciation for the importance of gratitude and consideration for those around us during the current COVID-19 pandemic. I, too, wanted to draw closer to employees who undoubtedly were disoriented by the rapid changes in the environment, felt lonely, and were worried about the future, so I decided to send videos and text messages to employees at each turning point in the pandemic. My annual chat sessions with employees were held with each business location online in 2020. With the theme of being “united in spirit,” I again keenly felt the importance of communication. Although the COVID-19 pandemic has made it difficult to engage in face-to-face dialog with stakeholders as we have always done, we will be creative in the use of online and other means to communicate accurate information in a timely manner.

See pp. 14-15 “Shimizu’s Response to COVID-19” for further details.



Progress on Mid-Term Management Plan (2019–2023)

Shimizu will accelerate initiatives targeting sustainable growth based on the key strategies in Mid-Term Management Plan (2019–2023).

Shimizu has positioned the five years of Mid-Term Management Plan (2019–2023) as a period of advance investment to establish a new profit base. We are pushing forcefully ahead on implementing this plan to expand and evolve the construction business, establish a profit base in non-construction businesses, and strengthen the management base to support growth. We will accelerate global expansion and pursue ESG management to enhance Shimizu’s corporate value and contribute to the achievement of SDGs as our basic policy.

Expanding and Evolving the Construction Business

To expand and evolve the construction business, we are concentrating on accelerating R&D and improving productivity, and will pursue digital transformation as our main initiative in the building construction segment. Digital transformation involves the fusion of data and digital technology through the use of computational design techniques, and building Shimz One BIM, which links the entire construction process from design to material fabrication and construction, and extending to operation. In the civil engineering segment, we have made progress on the development and practical application of the basic technology for Shimizu Smart Tunnel, a next-generation tunnel construction system using CIM and i-Construction, and are working to complete the entire system. We are searching for the best mix of digital technology and the real world to improve productivity and transform the construction system in a manner that does not neglect the actual location, structure and real conditions, while making maximal use of digital technologies based on the spirit of innovation that Shimizu has exhibited since it was founded. The order environment is expected to worsen in the future and we will strive to strengthen sales and proposal skills in addition to these technological capabilities amid that environment. We will respond to dynamic changes in society and accurately capture the increasingly diverse and complex needs of customers to improve business competitiveness and earning power.

Establishing a Profit Base in Non-construction Businesses

In addition to targeting sustained growth, it is essential to restructure the business portfolio and align it with the business environment. Shimizu is targeting a profit structure of 35% of consolidated gross profit on net sales from non-construction businesses in its long-term plan and seeks to innovate the business structure to use real estate development, engineering, LCV, and emerging frontiers businesses as the drivers of growth. Our main initiatives include the following. In the real estate development business overseas, we are entering the North American real estate market in addition to various ASEAN countries. In Japan, development of Toyosu 6-chome is underway. This is

a large project consisting of the largest office building and hotel that Shimizu has developed on its own. In the surrounding Toyosu area, we are pursuing creation of a Smart City by building a data platform that combines real and virtual space aimed at building digital twins. In the renewable energy business, the number of initiatives in solar power generation has increased and we have also entered the biomass power generation business. Shimizu is also targeting top share in the offshore wind turbine construction business, which is a promising future market. Construction of the world’s largest self-propelled SEP vessel* is underway. In the emerging frontier business, Shimizu is investing in and collaborating with multiple startups to develop an integrated space company that provides a diverse range of services that encompass both the hard and soft aspects of development, from launching small private sector rockets to satellite data transmission and analysis, and infrastructure construction on the surface of the moon.

* SEP vessel: A ship with a Self-Elevating Platform to perform construction work.

Accelerating Global Expansion

While the impact from COVID-19 pandemic differs in each country, the current business environment in the overseas construction business continues to be more severe than in Japan. Nevertheless, there is little expectation of significant growth in the Japanese construction market over the medium and long term. There has consequently been no change in our business policy of targeting promising overseas markets, planting strong roots, and seizing business opportunities. We established Shimizu America, Inc. in March 2020 to manage all operations of our North American business and have begun organizing our business structure to generate synergies within the Group. We will work to accelerate global expansion in order to derive 25% of consolidated gross profit on net sales from overseas businesses in fiscal 2030, a goal stated in our long-term vision.

Strengthening the Management Platform to Support Growth

Shimizu is building a platform for generating innovation. We are making steady progress on initiatives in many areas, including technology development and digital strategy, human resource development and workstyle reform, and strengthening the supply chain and global management. Our greatest management resource is human talent. We are pursuing workstyles reforms that will enable diverse talent to actively contribute as well as and innovations related to human resources. I am personally taking the lead on establishing an environment that enables employees to maintain health while working actively, and to improve job satisfaction and happiness of each and every employee.

Shimizu is also pursuing collaboration with companies in different industries, and has established an investment budget of ¥10 billion over 10 years to invest in venture firms and venture funds from fiscal 2020 onward with the goal of strengthening R&D and expanding our business domain. Our first investment through this program was in a venture firm that possesses high-performance wireless communications technology in July 2020. We will continue to pursue strategic open innovation in the future.

In Group management, we are augmenting the Group company management and support structure and are targeting further improvement in consolidated performance and Group governance.

Financial Status

The financial KPIs in the Mid-Term Management Plan and Fiscal 2019 Results are as follows:

Financial KPIs and Fiscal 2019 Results

KPI	Fiscal 2019 Results	Fiscal 2023 Goal
ROE	13.6%	10% or higher
Equity ratio	38.3%	40% or higher
D/E ratio	0.6x	0.7x or less
Dividend payout ratio	29.6%	Around 30%

Our basic policy on shareholder return is to strengthen financial soundness as the foundation for long-term growth and maintain stable ordinary dividends. We aim to provide shareholder returns from profit earned from growth, and are targeting a consolidated dividend payout ratio of around 30%. We also intend to utilize capital more effectively and will gradually reduce cross-shareholdings after thorough negotiation with our customers.

Our investment plans call for investments totaling ¥750 billion over the five years up to 2023. In fiscal 2019, we made steady investments into real estate development and businesses related to renewable energy. We also invested in productivity improvements, R&D, and initiatives related to human resources. We will continue to invest steadily toward future growth, while making sure to preserve financial soundness.

 See pp. 28-29 for further details on Mid-Term Management Plan (2019-2023).

Pursuing ESG Management

We will manage through an ESG perspective to increase corporate value and achieve sustained growth.

Shimizu believes that working towards a sustainable global environment, co-existing harmoniously with local communities, and improving corporate governance from a long-term perspective are major prerequisites for achieving sustained corporate growth. We declared advancing ESG-based management as a basic policy in Mid-Term Management Plan (2019–2023) based on this conviction. ESG initiatives also contribute to achieving the sustainable development goals (SDGs). Each of our employees takes initiative to fulfill corporate responsibilities to society and a diverse range of stakeholders and, as a member of the current working generation, also takes responsibility for the next generation through our business activities.

Environment (E)

Contributing to a sustainable global environment

Shimizu approaches environmental management in four ways: Environmental protection, environmental business, environmental risk management, and environmental social contributions. In May 2019, we revised our Environmental Management Policy to clarify our position on contributing to the achievement of SDGs, and express our position for the entire group on engaging in business activities that reduce negative environmental impact and initiatives to create and restore the environment in every process. Efforts to mitigate environmental issues are perpetual in nature and we will contribute to a sustainable global community by making steady progress on reducing CO2 emissions and other medium and long-term goals stated in Ecological Mission 2030–2050. We think that global warming due to climate change is an especially important management issue. We have endorsed the TCFD*1 Recommendations, and are analyzing climate-related risks and opportunities and taking steps to prevent climate change. Shimizu is also contributing to a sustainable global environment through green infrastructure initiatives that make innovative use of natural forces in building infrastructure and recycling the earth’s limited resources.

*1 Task Force on Climate-related Financial Disclosures

Social (S)

Co-existing with all stakeholders

Providing safe, reliable buildings, structures, and services to society and working to improve customer satisfaction by providing value that exceeds a customer’s expectations are the mission of the Shimizu Group. Respecting human rights is naturally a cornerstone for those activities, and we are working to create an environment and workplaces that make it easy to work, to promote diversity and inclusion through the advancement of women and people with disabilities, and efforts aimed at co-existing with local communities. In recent years, typhoons, torrential rains, strong winds, and other natural disasters have increased in frequency and severity, threatening our lives and lifestyles. We also cannot neglect preparation for large earthquakes. Shimizu is working to strengthen risk management by providing services for both the hard and soft aspects of disaster prevention and mitigation, and revising our own BCP-related rules and systems as needed.

With a normal human lifespan of 100 years in sight, we will increase the mandatory retirement age for employees from age 60 to age 65 in April 2021 and will support diverse and flexible workstyles for senior employees. Moreover, as the trends toward having fewer children, an aging society, and a declining productive workforce progress, we are working to hire and develop skilled construction workers and strengthen our supply chain. We are also working to increase the attractiveness of the construction industry in general. In cooperation with our subcontractors, we aim to reduce occupational accidents and increase wages and benefits for skilled labor, while reducing the standard job site work week to five days.

Governance (G)

Ensuring strict compliance and strengthening risk management

To further strengthen corporate governance, Shimizu increased the number of non-executive directors from three to four in fiscal 2019 (also increasing the number of outside directors from two to three, and the number of female directors from one to two). We shortened the term of directors from two years to one in order to clarify director management responsibility. Shimizu has steadily strengthened the governance structure since April 2020 by clarifying responsibility for business execution, and by revising parts of the executive officer system to increase the percentage of non-executive directors and thereby strengthen the management supervisory function. We are also strengthening management of investment risk, geopolitical risk, natural disasters, and other risks.

We will continue to conduct corporate activities in a fair and transparent manner by steadily strengthening corporate governance.

Shimizu will continue to work to earn even greater trust from our stakeholders by enhancing corporate value and achieving sustainable growth over the medium and long term through fulfillment of our social responsibilities by our business activities.

 See p. 23 for further details on results achieved on non-financial KPIs in Mid-Term Management Plan (2019–2023).

Practicing the Corporate Credo, The Analects and the Abacus

Each and every one of us will practice The Analects and Abacus in our daily actions and pass it on to the next generation.

The corporate credo of Shimizu, The Analects and the Abacus, contains the teachings of Eiichi Shibusawa, who served as an advisor to the Company in 1887. The philosophy of merging ethics and economics is also a consistent thread through the sincere monozukuri (craftsmanship) and customer-first spirit espoused by our founder, Kisuke Shimizu I, values that we have cherished since the company was founded. These enduring teachings, which remain relevant in every age, are important values of Shimizu and are the DNA of the Company that we have inherited from our predecessors. We will continue to provide training in corporate ethics based on The Analects and the Abacus. Management will take the lead in cultivating an ethical mindset and ensuring strict compliance, and every employee will continue to strive to embody this spirit.

To Our Stakeholders

The current COVID-19 pandemic has reminded us of many things, such as respect for life, feeling compassion and gratitude, teamwork, and things that we must and must not change. In times like this, it is even more important to ground our business activities in our corporate credo, The Analects and the Abacus, and embody our management principle of “With devotion and a spirit of innovation, we work to create value that exceeds expectations and contribute to a sustainable tomorrow.” We intend to meet the expectations of our stakeholders and ask for your continued support.



Shimizu's Response to COVID-19

We pray that those who have lost their lives to COVID-19 may rest in peace and express our sympathy to those who have contracted the virus and all those who have had their lifestyles affected by the spread of the virus.

The Shimizu Group regards ensuring the safety of all employees and their families as well as our customers, subcontractors and suppliers, and everyone in the community as our highest priority. We have specified the steps to take to prevent the spread of COVID-19 and are working to accomplish them as we take the requests and guidance from the Japanese government and local governments into account.

* The contents on See pp. 14-15 provide current information as of September 30, 2020.

COVID-19 Crisis Response Headquarters Established

Shimizu established the internal COVID-19 Crisis Response Headquarters headed by the president in February 2020 in response to the spread of COVID-19.

Structure of the COVID-19 Crisis Response Headquarters

HQ Director: President

HQ Acting Director: Executive Vice President

Officer in charge of domestic response: Executive Vice President

Officer in charge of overseas response: Executive Vice President (and Acting HQ Director)

Director of Secretariat: Officer in charge of crisis management

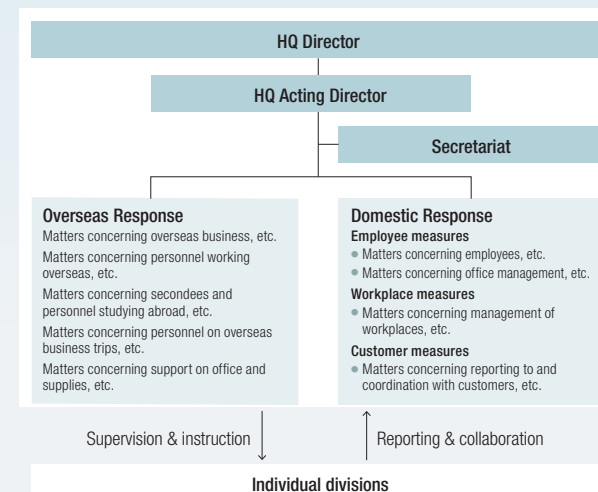
Domestic response: Each general headquarters and business headquarters, Human Resources Dept., General Affairs Dept.

Overseas response: Global Strategy Div., International Div., Human Resources Dept., General Affairs Dept. A collaborative structure is also rapidly being built between each of the divisions and the Crisis Response Headquarters.



"One mind" online chat with the president, during which the president engaged in direct dialog with local employees. (12 chats, in total)

Organizational Diagram of the COVID-19 Crisis Response Headquarters



Impact of COVID-19 on the Shimizu Group

Areas of Anticipated Impact

Business activities

- Increase in construction costs from measures to prevent infection
- Deterioration in construction profitability due to delays in construction, etc.
- Decline in orders received due to postponement and modification of new project plan
- Changes in external environment such as real estate market conditions and capital investment trends

Supply-chain related

- Securing the supply chain, mainly for construction materials

Working environment

- Disinfection in workplaces and careful avoidance of the three close conditions
- Encouraging telecommuting and staggered working hours
- Establishing a work environment that provides for social distancing

Overseas business activities

- Increase in geopolitical risk that results in closure of workplaces

Shimizu's View on COVID-19

In consideration of the impacts of COVID-19 on the Shimizu Group noted at left, the Crisis Response Headquarters is considering and providing support for the steps the Shimizu Group should take to carry on with business, based on the following policies and the prerequisite of ensuring employee safety.

- (1) Place highest priority on ensuring the safety of employees and their families.
- (2) Respond in a manner that complies with national and local government policies.
- (3) Formulate an action plan for business continuity and implement the plan.

Shimizu has also formed the New Normal Committee as a company-wide committee that will consider ways to transform the company from the initial phase of the COVID-19 crisis to the living with COVID-19 phase and the post-COVID-19 phase.

Main Responses by Shimizu Thus Far

Measures to Prevent Infection of Employees

To prevent infections within the company, we are conscientiously performing basic infection prevention steps such as hand washing, wearing masks, and avoiding the three conditions (of closed spaces, crowded places, and close contact), as well as pursuing staggered working hours and telecommuting.

Roughly 50% of employees in permanent offices are telecommuting. We are taking steps to prevent infection, including placing thermographic cameras at office entrances or use of contactless thermometers to check each person's temperature. Hand sanitizer stations have also been installed at each location. Social distancing is secured in workspaces and visiting guest spaces, and transparent acrylic panels have been installed to prevent droplet transmission.



Thermographic camera installed at the first floor head office entrance

Support for Subcontractors

The Japanese government issued a state of emergency declaration for seven prefectures on April 7, 2020. In light of the spread of COVID-19 in the Greater Tokyo Area and other urban areas, which was increasing in severity day by day, Shimizu set the policy of closing corporate offices in areas covered by the state of emergency until it was lifted, in principle. This decision was based on our view that the lives and safety of Shimizu Group employees and employees of subcontractors was our top priority and to further strengthen efforts to prevent the spread of COVID-19. We provided a certain level of business closure subsidies to protect the employment of people who work at subcontractors and related individuals who work with them during the closure period, and to secure a stable supply chain after construction resumed.

Shimizu Initiatives Aimed at the New Normal

Nationwide Roll-out of New Normal Activities

The current COVID-19 crisis has heightened people's awareness of viruses and caused changes in behavior. Amid this, Shimizu recognizes the need to bring about a transformation in corporate activities and workstyles aimed at responding to changes in the environment and establishing a new normal. We are currently rolling out these new normal activities company-wide. We are reviewing each operation at branches and other locations and making changes that will lead to improved productivity and better performance. We will also rapidly implement measures to establish a company-wide cross-organizational ICT environment and modify systems, work to change the mindset of employees, and implement workstyle reforms.

Steps Taken at Job Sites

Shimizu is implementing Ministry of Land, Infrastructure, Transport and Tourism guidelines and the Company's own measures to prevent the spread of infection.

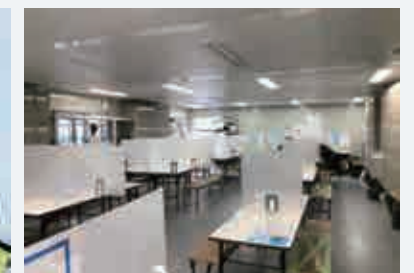
- (1) Temperatures taken upon entering a workplace
- (2) Wearing of masks or mouth shields (to reduce the risk of heatstroke)
- (3) Conscientious hand washing and disinfection at each location

In addition to the three basic steps noted above, we are taking other steps to prevent infection according to the characteristics of the workplace. Other steps include avoiding the three conditions (of closed spaces, crowded places, and close contact) by securing social distancing, installing partitions, and regularly ventilating and disinfecting places where many people gather, such as various meetings in the workplace, break rooms and cafeterias.

Shimizu will continue to implement thorough, appropriate infection prevention measures and will make the lives and safety of employees, workers, and others involved our top priority as we proceed with construction.



Mouth shield (to prevent heatstroke)



Partitions installed in the worker break room

Social Contributions

The spread of COVID-19 has caused a nationwide shortage of medical supplies. Shimizu donated medical supplies, including masks and other personal protective equipment (PPE) at the request of the Japan Business Federation and to support medical facilities.

New Workstyles from Living with COVID-19 to Post-COVID-19

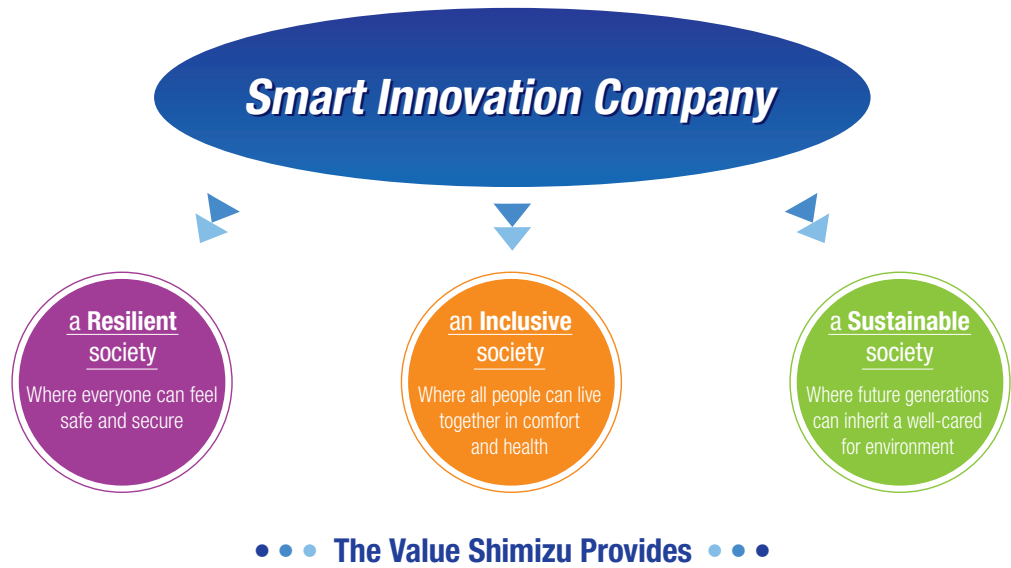
We are rapidly pursuing efforts to digitalize operations and reform workstyles by equipping employees with mobile PCs, using video conferences, and other means to reduce the risk of infection while maintaining corporate activities. Specific steps taken include the installation of video conferencing systems in each meeting room and installation of privacy booths for video conferencing where people can concentrate to respond to the rapid increase in video conferences. We are also making bold changes such as promoting paperless and PC-based workstyles by establishing a workflow for document approval and eliminating the need to stamp on internal communications. In addition to these steps, we are also establishing spaces in some company housing and dormitories that can be used as satellite offices to realize flexible workstyles. Shimizu is also working to improve productivity by maximizing the use of ICT in job site management operations through the use of wearable cameras and video conferencing systems to inspect rebar layout, and other work processes.

SHIMZ VISION 2030

We formulated SHIMZ VISION 2030, our long-term vision in May 2019.

Shimizu Group's Strategy Towards 2030

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



The Value Shimizu Group Provides

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

Realizing a **resilient** society

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

- Building strong and resilient infrastructure
- Extending the life of the built-environment
- Disaster prevention & mitigation technology
- Disseminate ecoBCP*

* Facilities and urban development concepts that can effect both saving measures for normal operation (eco), and business continuity planning (BCP) for emergencies.

Realizing an **inclusive** society

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

- Urban development utilizing ICT
- Use of universal design
- Provide built-environments that enhance health and well-being
- Expand the fields of human activity (to the oceans and space)

Realizing a **sustainable** society

As global warming, deforestation and environmental pollution become more serious, we must increase efforts to leave behind a bountiful earth for the next generation.

- Use of sustainable energy
- Promotion of energy-saving, energy creation and ZEB (zero energy) facilities
- CO₂ emissions reduction in all business activities
- Conservation of the natural environment and biodiversity

SUSTAINABLE DEVELOPMENT GOALS

Targeted Goals



Towards the Achievement of our Vision

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

Business Structure Innovation

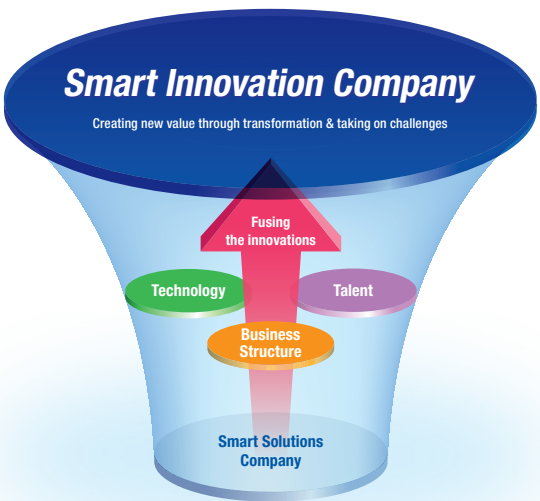
- Diversify business models, accelerate global expansion, improve group management capabilities

Technology Innovation

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

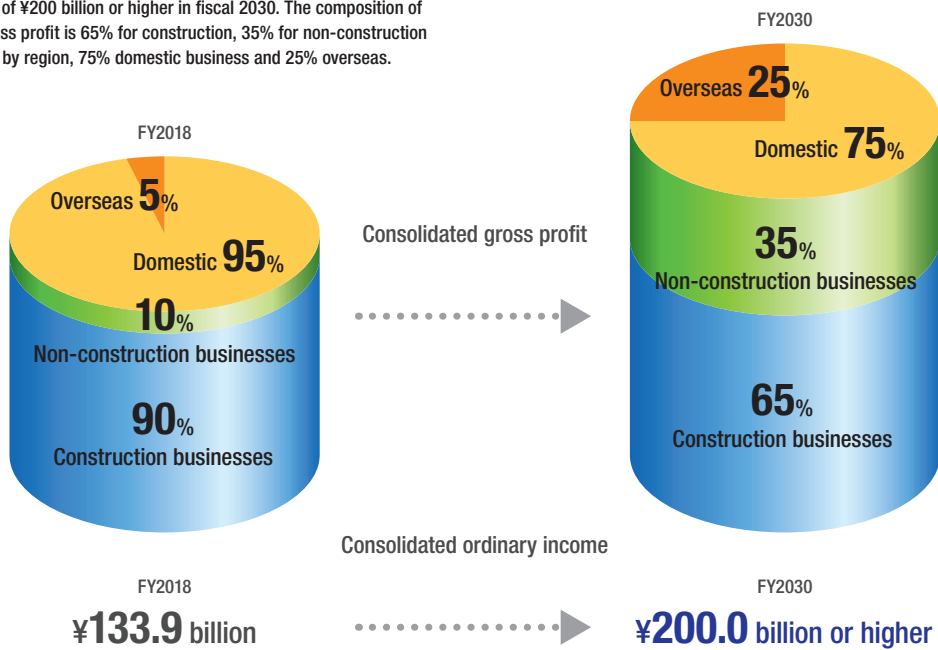
Talent Innovation

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



Target Revenue Structure

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



Aiming to Be a Smart Innovation Company

Generating New Innovations

SHIMZ VISION 2030, our long-term vision, raises the goal of creating value that anticipates the times (Smart Innovation).

We aim to be a Smart Innovation Company that creates new value through the integration of three innovations in business structure, technology, and talent.

We are also training human resources skilled in “monozukuri” craftsmanship and are passing on technologies to the next generation in Koto-ku, Tokyo.

INNOVATION FUTURE

Creating new value in three areas

This section introduces innovations in business structure, technology, and talent that Shimizu is currently pursuing.

Business Structure Innovation

Electric Power Retail Business

Shimizu is pursuing initiatives aimed at participation in businesses that generate power with renewable energy such as wind power, biomass, geothermal, and small hydroelectric power generation. In June 2020, we built a solar power generation facility with a rated output of 400 kW on a section of the Chubu University Ena campus in Ena City, Gifu Prefecture and launched a non-FIT power generation business (which does not use the Feed-In Tariff system) and an electric power retail business in procuring and supplying green electric power. Shimizu will continue to procure green electric power and supply it to customers who place importance on environmental management in the future.



Ocean Development

We are nearing the limits of urban land reclamation as sea levels rise due to global warming and this is increasing interest in floating structures, floating cities, and other ocean development in various locations around the world. Shimizu announced the GREEN FLOAT future ocean city concept in 2008 and the OCEAN SPIRAL deep sea future city concept in 2010. These concepts have achieved a certain amount of recognition and acclaim worldwide in ocean structures. Shimizu will contribute to the expansion of the sphere of human activities from land to the ocean and realizing sustainable communities by fusing our city planning capabilities with our floating structure technical capabilities.



Technology Innovation

Automating Construction with AI

A large decline in the number of highly skilled technical workers is anticipated in the future, making it necessary to secure people to perform the work and improve productivity. Shimizu began developing the Shimz Smart Site next-generation building production system in 2016. This system makes it possible for humans and robots to work together on construction. We first introduced the system at the job site for a high-rise hotel in Shin-Osaka and are continuing to apply it to other job sites in stages.



Hydrogen Energy System

Shimizu developed the hydrogen energy utilization system jointly with the National Institute of Advanced Industrial Science and Technology (AIST). The system takes surplus electricity generated by solar power and other renewable energy sources, converts it into hydrogen, and stores it. It is then utilized for power generation as needed.

Trial operation of the system began in July 2019 at the Koriyama comprehensive regional wholesale market administration building in Koriyama, Fukushima Prefecture. We aim to commercialize this as an energy network for Smart Cities.



Talent Innovation

Developing Modern Master Craftsmen

Shimizu built the Monozukuri Training Center in April 2017 as a practical training center that provides hands-on training for Shimizu's young engineers in the basic knowledge for framework construction, quality inspection methods, and other practical aspects of construction. We also established the “Takumi Training Center” in July 2020 to provide hands-on training for skilled construction workers, and are developing the talent that will operate our construction business in the future.



Diversity

There are major changes occurring in society with digitalization and globalization. Accepting human resources with diverse characteristics and values, and using their differing abilities and opinions to generate innovation and enhance corporate value is essential for sustainable growth. Shimizu is actively employing global talent and we are aiming to build an organization that enables diverse human resources to demonstrate their creativity.



Shimizu’s Business Fields: Evolution and Growth

The Shimizu Group consists of the Company, 70 subsidiaries, and 16 affiliates.
We have a variety of businesses, including construction, investment development,
engineering and LCV Business, both in Japan and overseas.

(as of June 26, 2020)

SHIMIZU CORPORATION			Group Companies	
Construction Business			Construction Business	
 Building Construction Business in Japan P30	 Civil Engineering Business in Japan P32	 Overseas Construction Business P34	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.	
Non-Construction Businesses			Development Business	
 Investment and Development Business (Real Estate Development Business) P36	 Engineering P38		Main Subsidiaries - Shimizu Comprehensive Development Corporation - Shimizu Investment (Asia) Pte. Ltd. - Shimizu Realty Development (U.S.A) Inc Main Affiliates - Makuhari Techno-Garden Co., Ltd.	
 LCV P40	 Emerging Frontier Business P42		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. - Shimizu International Finance (U.S.A), Inc.	

Shimizu Group Management Resources Supporting Growth

Technology Development and Digital Strategy
We will establish new research facilities and external alliances to accelerate the development of innovative technologies across Group businesses.
We will implement and use digital platforms to transform internal business models and working styles throughout the entire Group.

PP44~45

Talent Development and Working Style Reform
We will hire and develop talent for the future of the global Shimizu Group, and create a workplace environment that accommodates diverse and flexible working styles and leads to higher employee satisfaction.
We will build a system of inclusive human resource management that will enable diverse, global talent and people skilled in innovation to contribute actively.

PP46~47

Strengthening Supply Chain and Group Management
We will strengthen and expand the construction supply chain to support a reliable production structure in Japan and overseas.
We will improve reliability, expand alliances, and implement a Group management structure that will enable diversification and global expansion.

PP48~49

Communication with Important Stakeholders

We count community members and others among our important stakeholders
in addition to our employees, customers, and shareholders/investors.
Shimizu builds good relationships with all of our stakeholders
and engages in responsible corporate activities.

Stakeholders	Main Activities	Description
Customers 	Business activities	Provide value that exceeds the customer's expectations, rather than simply accurately assessing the customer's needs
	Website	Provide information on a timely basis
Shareholders and Investors 	General Meeting of Shareholders	Held annually in June
	Financial results meetings	Future forecasts, etc. explained to analysts
	IR events	Offer tours of job sites, the Institute of Technology, and other locations in Japan and overseas
	Meetings for overseas institutional investors	Hold meetings with institutional investors in Europe, the U.S., and Asia.
Employees 	Internal reports	Published 10 times a year
	Informal social gatherings with the president	Direct dialog between the president and employees nationwide every year
	Family Day event	An event held for the family members of employees
	Union activities	Discuss labor relations and work environment
Subcontractors 	Kanekikai	A conference for Shimizu subcontractors in 12 regions nationwide
	Successor education & training	An initiative to develop the next generation of leaders
Members of the Local Community 	Briefings to explain construction projects to local residents	Held to explain construction projects before construction begins
	Job site tours	To report the status of progress on construction
	Social contribution activities	Local events and active volunteer participation
Government and Administrative Agencies 	BCP response	Rapid response to government requests during an emergency
External Organizations 	Activities in collaboration with NPOs and NGOs	Work together to solve social problems

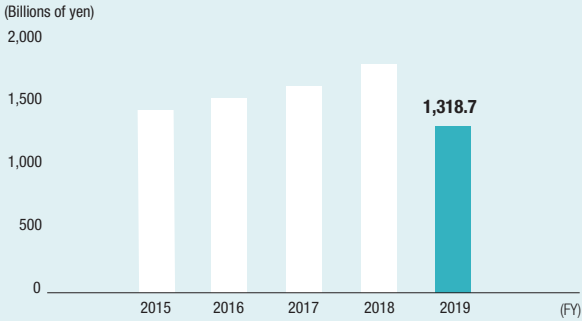
Financial and Non-Financial Highlights

The Shimizu Group in FY2019

Financial Highlight

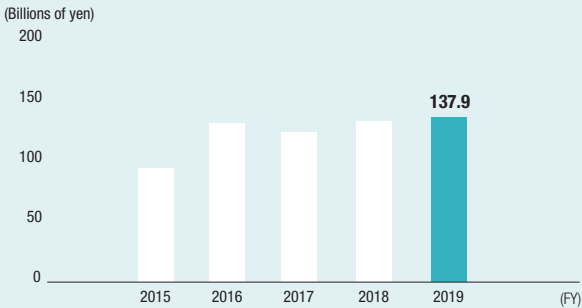
Construction orders awarded

¥1,318.7 billion



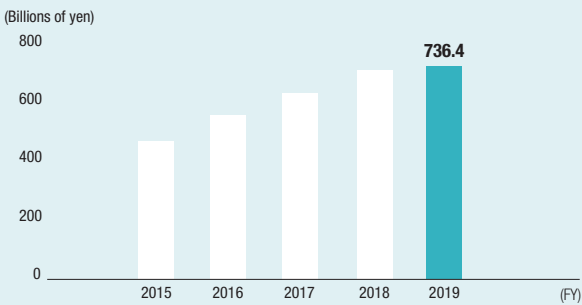
Ordinary income

¥137.9 billion



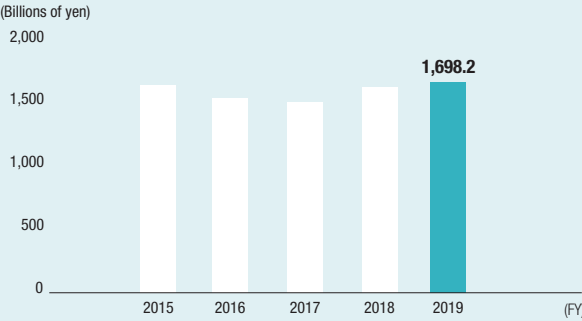
Net assets

¥736.4 billion



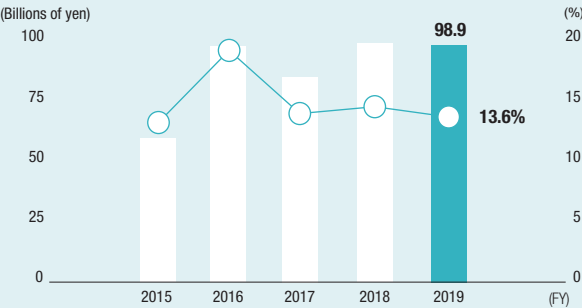
Net sales

¥1,698.2 billion



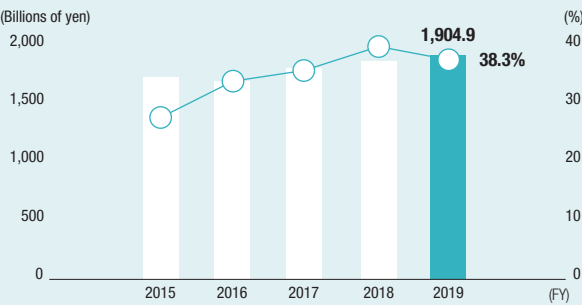
Net income attributable to shareholders of the Corporation/ROE

Net income: ¥98.9 billion
ROE: 13.6%



Total assets/Equity ratio

Total assets: ¥1,904.9 billion
Equity ratio: 38.3%



Non-financial KPIs

We specified the following non-financial KPIs in the Mid-Term Management Plan (2019–2023) to improve labor productivity in the construction business, enhance corporate value from the ESG perspectives, and contribute to achieving the sustainable development goals (SDGs).

Improve productivity

Improve productivity in the construction business (vs. FY2016)

11.8%

(Fiscal 2019 results)

We established the percentage improvement in productivity in the construction business (compared to fiscal 2016) as a KPI because we recognize this as an especially important indicator from the perspectives of improvement in the work environment and addressing the medium and long-term labor shortage, apart from the ESG perspective.

Fiscal 2023 Target	Main Related SDGs
20.0% or higher	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY INNOVATION AND INFRASTRUCTURE

Social (S)

Improve employee satisfaction scores*2

3.76

(Fiscal 2019 results)

The job satisfaction indicator consists of three questions on the awareness survey of all Shimizu employees: 1) relationships of trust in the workplace, 2) job satisfaction, and 3) mental and physical health. It is calculated by taking the average of ratings by all employees on a 5-point scale.

Fiscal 2023 Target	Main Related SDGs
4.0 or higher	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

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

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

Environmental (E)

Reduce CO₂ emissions in the construction business (vs. FY2017)*1

7.0%

(Fiscal 2019 results)

We have established long-term targets for the percentage reduction in CO₂ emissions in the construction business (compared to fiscal 2017) in 2030 and 2050 in Ecological Mission 2030–2050. An interim numerical target for 2023 has also been set to make steady progress on and monitor the various measures.

Fiscal 2023 Target	Main Related SDGs
10.0% or higher	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

Governance (G)

Number of serious legal violations

0

(Fiscal 2019 results)

The number of serious legal violations is naturally an indicator that we must achieve, but we have established this as an indicator to make clear our resolve and to point everyone in the company in the same direction.

Fiscal 2023 Target	Main Related SDGs
0	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Special Contents

SDGs Initiatives Created with Shimizu

(Sustainable Future)

We want to realize a society that gives all people a real sense of abundance and happiness, sustainable communities that provide hope for the future, and communities that strive to achieve SDGs (sustainable development goals) together with our customers.

These are the aspirations of the Shimizu Group.

We operate a broad range of businesses, such as real estate development, engineering, facility management, and energy, that extend beyond the construction industry and possesses many kinds of technology and expertise.

We will combine this “wisdom” to create new value to satisfy each customer and user.



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. We will contribute to the development of safe, secure, and resilient communities by building resilient buildings and infrastructure.



Social Trends, Issues, and Needs

- Increasing intensity and frequency of natural disasters
- Urban/regional polarization
- Aging social infrastructure
- Preserving cultural and natural heritage sites
- Demand for extending the lifespan of facilities

Value that Shimizu Creates with Customers

- Building strong and resilient infrastructure
- Extending the life of the built-environment
- Disaster prevention & mitigation technology
- Disseminate ecoBCP

Building and Infrastructure Construction that Protects Lives and Businesses from Disasters

As a member of the construction industry, we view construction, maintenance, and management of facilities and infrastructure that are resilient to disasters, and renovation to make them safer and more secure as the mission of Shimizu. From the perspective of SDGs, we contribute mainly to SDG 9, Industry, Innovation and Infrastructure, and SDG 11, Sustainable Cities and Communities. A representative example of infrastructure that is resilient to disasters is dam construction. The Yamba Dam (Gunma Prefecture) that was completed in March 2020 is a concrete gravity dam that is 116 m high. This dam provides flood control for and maintains normal function of the Tonegawa River. It was built mainly to supply water for urban use and to generate electricity. Shimizu also contributes by renovating existing dams to enable them to be used effectively. We built a tunnel spillway in the Kanogawa Dam in Ehime Prefecture to increase flood control capacity. This was the first time this was attempted in redevelopment construction in Japan.



Tunnel spillway (on left in photo) built in the Kanogawa Dam (Ozu City, Ehime Prefecture)



Yamba Dam, a 116-m-high concrete gravity dam (Agatsuma-gun, Gunma Prefecture)



Video introducing the Yamba Dam construction project
(Japanese only)
<https://www.shimizu.co.jp/company/about/pr/>



With rapid changes such as aging, population decline and urbanization, the future requires a society where everyone can live safely and comfortably. Shimizu is contributing to the creation of inclusive communities where everyone can live in health and comfort by building user-friendly facilities and communities.



Social Trends, Issues, and Needs

- Aging society with low birthrate
- Progression of the Fourth Industrial Revolution
- Diversity & inclusion
- Health management
- Workstyle reform (job satisfaction innovation)

Value that Shimizu Creates with Customers

- Urban development utilizing ICT
- Use of universal design
- Provide built-environments that enhance health and well-being
- Expand the fields of the frontiers of human activity (to the oceans and space)

Creating Communities Where All Can Live Comfortably

Shimizu will build Toyosu MiChi no Eki, Japan's first "urban road station" in the Toyosu 6-chome, Blocks 4-2 and 4-3 Project (tentative name) in Koto-ku Tokyo, which is scheduled to open in the fall of 2021. In addition to providing open space for shoppers to relax and interact, it will also be equipped with a smartphone-compatible voice navigation system to easily guide visitors, including wheelchair users and visually impaired people, to their destinations by the appropriate route. Urban digital twins will be built to link physical (real) space to cyber (virtual) space. The goal is to create a community that is comfortable and provides a high quality of life full of vitality. We think this will not only contribute to the achievement of SDG 11, Sustainable Cities and Communities; it will also contribute to achieving SDG 3, Good Health and Well-being, SDG 8, Decent Work and Economic Growth, and SDG 10, Reduced Inequalities.



Voice navigation system



Toyosu MiChi no Eki, Japan's first "urban roadside station" (completed perspective, Koto-ku, Tokyo)



News release

Shimizu builds Japan's first "Urban Roadside Station" in our Developing Facilities in the Toyosu area
<https://www.shimz.co.jp/en/company/about/news-release/2020/2019055.html>



As global warming, deforestation and environmental pollution become more serious, we must increase efforts to leave behind a bountiful earth for 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.



Social Trends, Issues, and Needs

- Climate change
- Ocean pollution
- Waste reduction & recycling
- Natural environment and ecosystem protection
- Environmental compliance

Value that Shimizu Creates with Customers

- Use of sustainable energy
- Promotion of energy-saving, energy creation and ZEB (zero energy) facilities
- CO₂ emissions reduction in all business activities
- Conservation of natural environment and biodiversity



News release

Shimizu Soon Beginning Construction of the Most Energy-efficient Building in Hokuriku
<https://www.shimz.co.jp/en/company/about/news-release/2020/2019045.html>

Targeting ZEB with the Latest in Energy Conservation and Energy Generation

Shimizu has led the industry in working to create ZEB (zero energy building) thus far. We acquired the first carbon neutral* status in Japan in our headquarters building, which was completed in 2012, and completed Seicho-no-le's Office in the Forest in 2013, Japan's first ZEB. We are also building new office buildings for our Tohoku Branch and Hokuriku Branch using new energy conservation and energy generation technologies. Shimizu will build the region's first ZEB for Hokuriku Branch using natural energy from the local climate and a hydrogen energy usage system. We aim to contribute to a broad range of SDGs, including SDG 7, Affordable and Clean Energy, and SDG 13, Climate Action.

* An initiative in offsetting the total volume of greenhouse gas emissions from business activities and other company-related sources with reduction in emissions and emissions absorbed in other locations.



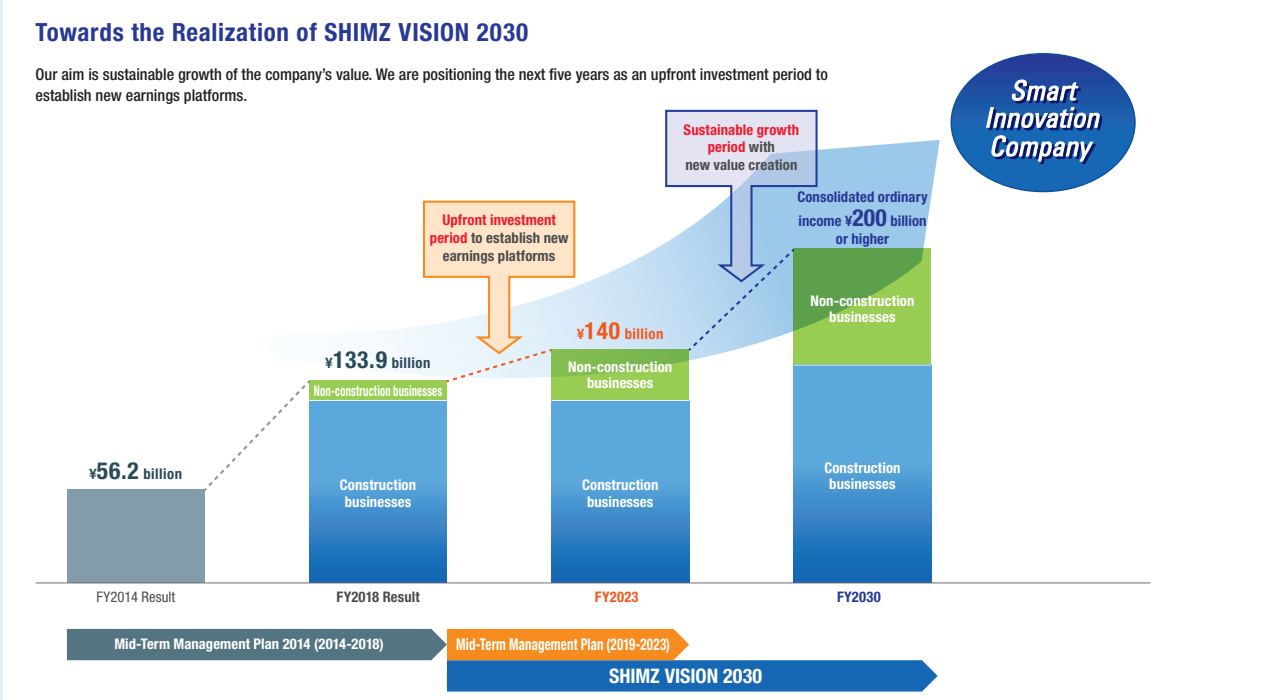
New Tohoku Branch office building (completed perspective, Sendai City, Miyagi Prefecture)
 A next-generation office building that aims to achieve energy conservation and resilience to disasters, and be a workplace where people can work in health

The new Hokuriku Branch office, which was selected as a "sustainable building pacesetter project (CO₂ reduction pacesetter)" by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and as a "project that builds an independent distributed energy system using hydrogen" by the Ministry of the Environment in fiscal 2019. (Completed perspective, Kanazawa City, Ishikawa Prefecture)

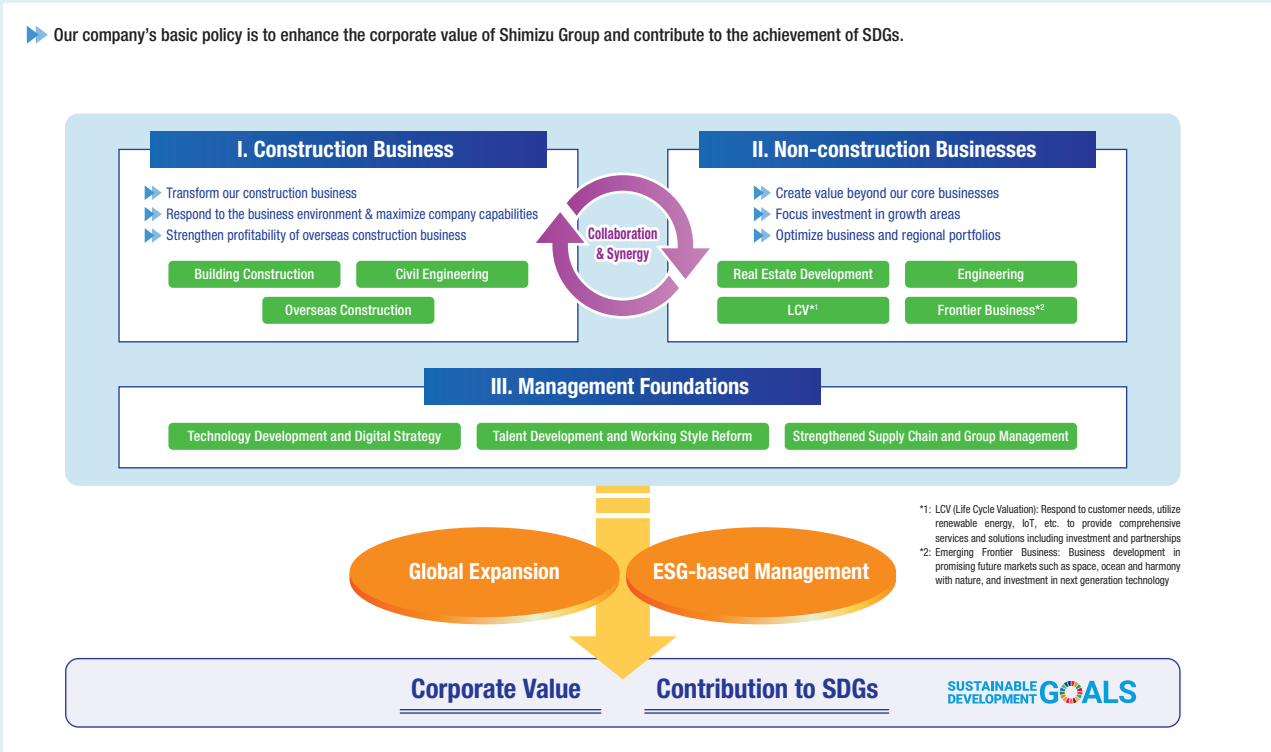
Mid-Term Management Plan of Shimizu Group <2019-2023>

Shimizu formulated Mid-Term Management Plan of Shimizu Group (2019-2023) in May 2019. It contains the basic policies and key strategies for the next five years.

Positioning of the Mid-Term Management Plan <2019-2023>



Basic Policy



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)	FY2018 Results	Mid-Term Management Plan (2019-2023)			Financial KPI
		FY2019 Results	FY2023 Target		
Total net sales	1,664.9	1,698.2	1,880.0		ROE 10% or higher
Construction business	1,504.6	1,517.8	1,550.0		
Non-construction businesses (Development & others)	160.3	180.4	330.0		Equity ratio 40% or higher
Gross profit	216.6	225.6	235.0		Debt to equity ratio 0.7 times or less
Construction business	196.8	198.7	185.0		Dividend payout ratio Approx. 30%
Non-construction businesses (Development & others)	19.8	26.9	50.0		
Ordinary income	133.9	137.9	140.0		

Capital Management Policy

☐ **Reduction of Securities Holdings**

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

☐ **Increase Shareholder Returns**

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

Investment Plan (FY2019-FY2023)

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

Investment Type	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



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



See p. 23 for non-financial KPIs.

Building Construction Business in Japan

Contributing to the achievement of SDGs through business activities



We will use all of our strengths to create even more reliable construction production systems 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, to enhance quality and improve competitiveness. Our goal is to anticipate changes in society and customer needs, expand business scale, and build a stable revenue base.

Key Strategies of the Mid-Term Management Plan

- Improve productivity and sales capabilities
- Leverage technology to respond to customers' changing needs
- Expand renovations and enter new businesses

Type 1 urban redevelopment project in the Toranomon/Azabudai area (completed perspective, in Minato-ku, Tokyo)
(Construction by Shimizu: Main tower (center right) and East tower (center building))



Overview of Activities

We are implementing more improvements in job site production systems and infrastructure to achieve sustained growth of the domestic construction business, and are making a concerted effort on various initiatives to improve productivity and strengthen competitiveness.

We are innovating operating processes in various ways through standardization, ICT, and migrating to the cloud, developing and rolling out self-controlled robots and construction methods that streamline the construction process, and building production systems based on BIM.

As the needs of our customer and communities grow more diverse and technology advances, we are restructuring our business strategy and organization to achieve flexibility, and strengthening our proposal capabilities through use of computational design.

Future Initiatives

We will further strengthen our strategic approach and cost competitiveness from the upstream stage to improve our ability to respond to increasingly complex large-scale projects, and will accelerate development of machinery and construction methods and the use of AI and other next-generation technologies targeted at actual projects. We will also take advantage of our extensive construction record to strengthen our renovation business and will accelerate strategic initiatives for large-scale renovation projects that incorporate response to new functions and needs such as zero energy buildings (ZEB) and business continuity planning (BCP).

Shimizu will also pursue a finely segmented sales strategy and achieve innovation in building construction systems. We will strengthen group management capabilities to maximize synergistic benefits and pursue and enter new business areas through close alliances with group companies.

Taking on the Challenges of Prominent Large-scale Projects in Japan

Tackling Construction of the Highest Ultra-high-rise Building in Japan

Shimizu is building the main tower (Block A) and East tower (Block B-2) of the Type 1 urban redevelopment project currently under construction in the Toranomon/Azabudai area, based on the concept of a modern urban village surrounded by greenery and equipped with a plaza to foster person-to-person interaction. The main tower is an ultra-high-rise building that will be the highest building in Japan when completed, at a maximum height of about 330 m. Shimizu will continue to work full force on completing this challenging project by March 2023. (See the page at left for the completed perspective)

Development of New Technology and Evolution of Shimz One BIM

Shimizu also has large projects planned for the future. Such projects include train station buildings and redevelopment in the Greater Tokyo Area and core regional cities, and as well as e-commerce and sports business-related body-building structures and other projects. We received orders for these large projects and subsequently developed various new technologies to build ultra-high-rise buildings and wooden structures with large open spaces to achieve high quality, highly efficient construction. We also built Shimz One BIM, a system that improves operating efficiency by linking BIM design data to every stage, from creation through fabrication and operation, and are accelerating innovation in various scenarios by using computational design techniques (see p. 45 for further details) to strengthen our ability to produce high value-added proposals.



Completed perspective of Moriokaminami Park PFI maintenance project (Morioka City, Iwate Prefecture)

Strengthening the Renovation Business and Contributing to Creation of a Sustainable Future

We will work to further strengthen our ability to secure orders in the renovation market, which is expected to expand in the future, through our company-wide renovation strategy based on the three cornerstones of 1) clearly outlining a sales strategy, 2) building a framework for initiatives, and 3) strengthening Shimizu Group alliances. We will accomplish this by capitalizing on our extensive construction record, which stretches back more than 210 years, and using the latest environmental and BCP-related technologies.

In fiscal 2019, we performed seismic retrofitting renovation work on Yoyogi 1st Gymnasium, which Shimizu built as the swimming competition arena for the 1964 Tokyo Olympic Games. We also performed seismic retrofitting renovation work on the Ministry of Finance headquarters building (completed in 1943) using the large seismic base isolation structure in Japan, and successfully completed large-scale renovation work to increase the seating capacity of Yokohama Stadium to around 6,000 seats.

Shimizu will continue to provide the optimal solution to the needs of customers over a building's entire life cycle and contribute to creating a sustainable future.



Yoyogi 1st Gymnasium (Shibuya-ku, Tokyo)
(First built in 1964, seismic retrofitting completed in 2020)



Business Topics
Yoyogi National Stadium, a Symbol of Challenge
<https://www.shimz.co.jp/en/topics/construction/item01/content01/>

Civil Engineering Business in Japan

Contributing to the achievement of SDGs through business activities



Shimizu is working to improve productivity and earning power by strengthening organizational skills and research and development to respond precisely to the dynamic changes in the environment surrounding the civil engineering business in Japan. 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.

Key Strategies of the Mid-Term Management Plan

- Strengthen organizational capabilities
- Improve productivity through technology and innovation
- Expand businesses

The largest shield machine in Japan (outer diameter of approx. 16.1 m) excavating the main line tunnel (south bound) Oizumi south construction project on the Tokyo Outer Ring Road in Nerima-ku, Tokyo



Overview of Activities

Shimizu has earned revenue by contributing to society. We contribute by implementing disaster prevention and mitigation measures to respond to the intensification of natural disasters, increasing national resilience, renovating aging infrastructure, and working to build important social capital. We are working to build a sustainable revenue base through systematic development of young engineers and strengthening customer support capabilities and communication skills.

Shimizu is 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 building a stronger structure to support expansion of overseas business, strengthening the engineering and technology functions, and strengthening alliances with external companies.

Future Initiatives

Shimizu is actively investing in innovative improvements to our production and management systems, implementation of i-Construction in all aspects of construction, disaster prevention and mitigation, infrastructure renovation, the energy sector, and development of other differentiating technologies. We are aiming to introduce automated and robotic construction of shield tunnels, mountain tunnels, and dams, and are targeting commercialization of a next-generation construction management system that integrates CIM/BIM. Development of the underlying technology for Shimizu Smart Tunnel, an initiative that we are taking the lead on, is progressing and we are working to complete the entire system. Other key initiatives Shimizu will continue to work on include development and commercialization of dam restoration technology and large-scale expressway renovation technology.

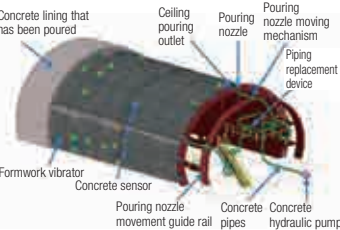
TOPICS

Automated Concrete Pouring System for Mountain Tunnel Lining Developed

The decline in skilled construction workers is a future concern in Japan. Skilled workers perform the work of pouring concrete and compacting concrete in narrow spaces when constructing mountain tunnels, and steps to reduce their workload are therefore required. The quality of concrete compaction is also dependent on the judgment of highly skilled workers at present.

Shimizu developed an automated concrete pouring system to reduce this harsh work and improve and achieve consistent construction quality. We have deployed it in construction of the riverbank along Yuasagobou Road in Wakayama Prefecture (construction ordered by West Nippon Expressway Co., Ltd. (NEXCO West)). The system consists of automated pouring equipment to pour the concrete, and multiple sensors and formwork vibrators placed at various locations. It automates the pouring work and reduces the labor involved. This has made quality control that is not dependent on a skilled worker's skill level possible.

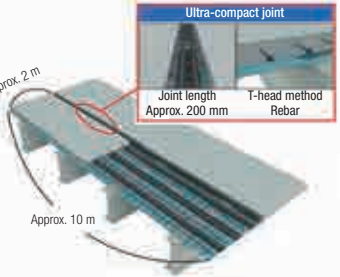
This system is one of the technologies used to create Shimizu Smart Tunnel and it has received high praise from customers and others. We will continue to improve the system further as we deploy it at job sites nationwide.



SLaT-FaB Road Slab Developed for Large-scale Expressway Renovation

Large-scale renovation and repair work on Japan's expressways have recently begun in earnest. It is said that the total project will cost 4 trillion yen, half of which will be spent on replacing the road slab. The main steps of the construction process involve removing the existing road slabs, laying the PCa road slabs produced at the factory on previously installed slats, and connecting the slab joints with steel-reinforced concrete. However, the structure of the joints on the PCa slab currently used for replacement is thicker than on the existing slabs. This makes the weight of the slab after replacement heavier than the existing slab, and this necessitates reinforcement of existing slats. Making them slimmer has therefore been the challenge.

The SLaT-FaB slab developed by Shimizu achieved a weight that is equal to or less than the weight of existing slab. We accomplished this through ingenious design joint reinforcement, controlling joint thickness, and using lightweight concrete together with embedding square steel pipe in the slab, and creating space gaps. These innovations completely resolved the challenges involved in use the current replacement PCa slab for construction and made construction easier. Shimizu intends to actively use this technology in the expressway renovation and repair work orders and link this to expansion of applications.



Overseas Construction Business

Contributing to the achievement of SDGs through business activities



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.

Key Strategies of the Mid-Term Management Plan

- Improve profitability of projects
- Build organizational capabilities
- Expand and broaden global presence

Overview of Activities

Shimizu again received orders for many projects overseas in fiscal 2019.

We received numerous orders for production facilities, office buildings, and complexes from Japanese customers, local companies, local governments and multinational corporations in Singapore, China, other parts of Asia and the U.S. Orders for infrastructure projects were received in the Philippines, Indonesia, and Uganda. In addition to pursuing collaboration with the real estate development and other 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, study abroad programs, and other opportunities.

Future Initiatives

Shimizu will improve earning power and accelerate global expansion to maintain a stable revenue base in the construction business.

More specifically, we are rolling out a differentiation strategy through the proposal skills, technological capabilities, and trust we have cultivated in highly complex projects in various locations around the world. We will refine our management structure to make it efficient and effective for global expansion and our production structure to make it resilient and successful in the global market. We will also push ahead in using the integrated strengths from partnering with our real estate development, engineering, and other non-construction businesses to diversify revenue sources, expand Group businesses, and secure new revenue sources.

Medical center for Changi General Hospital, a regional general hospital in eastern Singapore



Steady Accumulation of a Construction Record for Medical Facilities and Office Buildings

Shimizu builds production facilities for various customers in many locations around the world, but also focuses on construction of many other types of buildings, such as medical facilities, office buildings, and commercial facilities.

We have continued to maintain the No. 1 rank in net sales from construction of medical facilities in Japan for many years, and have used the extensive track record and expertise to complete multiple medical facility projects in Singapore, Ghana, and Zambia. We currently have construction projects in progress at Singapore and Taiwan. We are also building a 250-meter-tall ultra-high-rise building, condominiums, and other buildings in Indonesia, a large office building and hotel facilities in Singapore, and completed a large lodging facility in Thailand.

Shimizu is contributing to realize our customers' businesses by utilizing our strength in being able to provide one-stop service, from design through construction.



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

Contributing to Economic Growth in Africa and Asia Through ODA Projects Implemented by Japan

Shimizu has undertaken many ODA construction projects in Africa and Asia in the past. We have contributed to the economic growth of various countries by providing Japanese technology and knowledge, employing and developing local human resources through construction. Recently, we completed construction of a multi-level overpass for an intersection on the main road in Ghana and are in the process of renovation work on National Highway No. 8, which connects the second largest city in the interior of Ghana to the main international road along the coast. We are also undertaking other ODA projects in areas of Africa such as Uganda and Zambia, where we have also established a track record.

In Asia, we completed construction and renovation of three bridges in Bangladesh in the beginning of 2020. In Indonesia, we completed construction of a subway running through the capital in 2019 using the shield construction method for the first time in the country, and received an order for building a subway extension in 2020. In addition to these projects, construction of an access road to the new port for international trade and an underground power plant is proceeding smoothly. In the Philippines, we are engaged in new construction of a bridge and new construction and expansion of a rail yard for Light Rail Transit System Line No.1 in Manila. We also recently received orders for the country's first large subway construction project in Manila and construction of a new bypass in the city of Davao, southern part of Mindanao Island.



Overpass for an intersection on the main road in Ghana

Investment and Development Business

(Real Estate Development Business)

Contributing to the achievement of SDGs through business activities



Shimizu will optimize the business portfolio for further growth while expanding 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 expand our asset management business to expand the building stock business for the entire Shimizu group.

Key Strategies of the Mid-Term Management Plan

- Create new value through all facets of urban development
- Optimize overseas portfolio



Business Topics
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/>

Toyosu MiChi no Eki urban "road station" (completed perspective, in Koto-ku, Tokyo)
A complex development project located next to Shijo-mae Station in Toyosu and consisting of the largest office and hotel complex built by Shimizu, for a total investment of around 60 billion yen.

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, hotels, residential housing, and other facilities in Japan and overseas.

In fiscal 2019, in Japan, we completed construction and entered the operating phase on a series of large projects like YOKOHAMA GRANGATE and Building W of S.LOGI Niiza. We are also continuing to pursue large projects such as Toyosu 6-chome and further expanding the scale of investment.

Overseas, we acquired an office in New York, in the U.S., and entered the North American real estate business. This follows the development of office buildings, data centers, residential housing, and other projects in ASEAN countries.

Future Initiatives

The Toyosu 6-chome, Blocks 4-2 and 4-3 project is located in the Toyosu Smart City area selected by the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and we are building Toyosu MiChi no Eki urban "road station" in the area being developed. A bus terminal will be at its center, and it will be a transportation hub that is equipped to serve as a place for shoppers to take a break and relax, a communication hub, and that can be used for disaster response. Shimizu will use its expertise in building a data platform for communication and disaster prevention aimed at creating a Smart City that will include the surrounding area to expand into other large development projects in key urban areas in the future to add new value in real estate development.

We will also pursue such business in North America, in addition to ASEAN countries, and will strengthen alliances with local companies to accomplish this.



Completion of YOKOHAMA GRANGATE, a Next-generation Workplace

Located in Area 21 of Minato Mirai, YOKOHAMA GRANGATE is a rental office building developed by Shimizu for a total investment of around 55 billion yen, the largest project Shimizu has taken on its own. It was completed in February 2020. An 18-story building with a total floor space of around 100,000 m², YOKOHAMA GRANGATE is the second large investment and development project that Shimizu has built in the area after Yokohama i-Mark Place, which opened for business in 2014. It was developed based on the concept of a next-generation workplace that supports creative corporate activities and is equipped with floors that can be configured as test kitchens, R&D facilities, or other special purposes to provide a high degree of flexibility in meeting the diverse needs of tenants. We built it to meet the high-grade specifications of ecoBCP by installing a radiant air conditioning system to save energy and provide a comfortable room environment, and by using our Dual Fit Damper, which demonstrates optimal effectiveness in the seismic isolation system for all types of earthquakes, from small and medium-sized earthquakes to large ones. In addition to obtaining the LEED Gold and CASBEE Yokohama S-rank environmental certifications, Shimizu plans to obtain the first WELL certification for a tenant building in Japan, which evaluates the buildings and room interiors from the perspective of the health and comfort of users.



YOKOHAMA GRANGATE (Yokohama City, Kanagawa Prefecture)

Acquisition of a Rental Office Building in New York

As part of our overseas expansion, Shimizu acquired sole ownership rights to the Albano Building, a rental office building located in Manhattan, New York in the U.S., in November 2019. The property was acquired for an investment of around 16.5 billion yen through Shimizu Realty Development (U.S.A) Inc., a local subsidiary that operates a real estate investment business in the U.S. Located in the center of Manhattan Island, New York, Albano Building has 16 floors with total leasable floor space of approximately 17,300 m². It is located in an area suitable for dual office/residential use and there are many office buildings interspersed with luxury residential properties in the surrounding area. All floors are currently rented by the same tenant and the building is providing stable rental income. Shimizu intends to diversify the revenue base of its real estate business based on the Mid-Term Management Plan, and is targeting expansion into real estate investment overseas, in addition to Japan. We plan to further expand investment in the North American region in the future, in addition to investment in ASEAN countries. The acquisition of this property was our first concrete foray into the business.



Albano Building in the U.S.

Information on Other Trends



Business Topics
Phase 4 Construction Begins on S-LOGI Niiza, a Shimizu Brand Distribution Facility
<https://www.shimz.co.jp/en/topics/stock/item04/>

Engineering

Contributing to the achievement of SDGs through business activities



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

Key Strategies of the Mid-Term Management Plan

- Expand the EPC business* in the four core areas of energy, environment, production plants, and information technology
- Enter new markets and diversify our revenue base

Highly efficient automated SEP vessel (SEP: Self-Elevating Platform) equipped with the world's largest carrying and crane capacity, capable of constructing ultra-large-scale offshore wind turbines (completed perspective)



Overview of Activities

In alternative energy, Shimizu contributed to cleaner energy by building 75 wind turbines with a total generation capacity of 226 MW in fiscal 2019. In environment, we successfully verified our proprietary soil-washing technology in an experiment to decontaminate soil contaminated by dioxins in Vietnam.

In production and logistics facilities, we combined plants and information to provide better solutions and expand the EPC business.

Future Initiatives

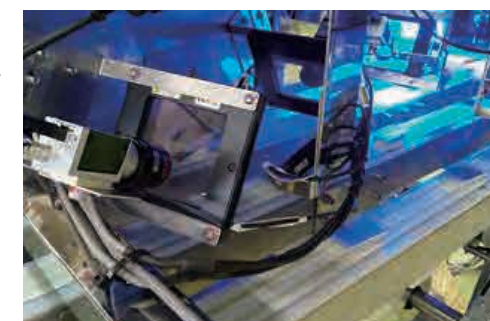
We will continue to strengthen our sales capabilities, competitiveness, and earning power in the four core areas. In the area of alternative energy, we are building the world's largest SEP vessel, which will enable highly efficient, steady construction of ultra-large-scale wind turbines for offshore wind power, a market that shows future promise. We aim to secure top market share in offshore wind power, in addition to onshore wind power. In the environment area, we will work to further improve and diversify soil decontamination technology and will expand a wide variety of environmental cleanup businesses, such as onsite remediation and washing to reduce the amount of pollution in soil and groundwater and water decontamination. 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 use AI and IoT to expand ICT system integration to match the facility's purpose, the customer's needs, and accommodate the new normal. Shimizu will also establish a global business base and expand in strategic areas, in addition to our initiatives in next-generation energy, life sciences, advanced digital technology, ocean resources, and other new areas of engineering.

Providing AI-based Solutions

Shimizu entered a capital and business alliance with EDGEMATRIX, Inc., a start-up company involved in the advance AI solution business, in August 2019. The two companies are working to manifest the synergies created to actively expand the use of AI.

In March 2020, Shimizu installed an AI-equipped product inspection system in the Kobe plant of Rokko Butter Co., LTD. This is contributing to greater productivity in the food plant by reducing the labor required in the inspection process on the filling and packaging line.

We have also installed two state-of-the-art systems in S.LOGI Niiza, a large logistics facility under development in the city of Niiza. One system is an early fire detection system. This system uses AI to comprehensively analyze data obtained from various sensors and detect fire with a high degree of accuracy, which contributes to improving safety. The other system is a vehicle management and guidance system. This system uses AI to analyze images from monitoring cameras in the parking lot and provide information on open parking spaces and daily congestion forecasts on a portal site. This eases vehicle congestion and improves efficiency in the multi-tenant logistics facility.



Production inspection at the Kobe plant of Rokko Butter Co., LTD.

Soil Decontamination to Remove Dioxins in Vietnam

In Vietnam, soil contaminated with dioxins from defoliants sprayed by the U.S. military during the Vietnam war are still causing serious health problems today. The Vietnamese government is aiming to decontaminate all soil nationwide by 2030. Shimizu performed a soil washing experiment on soil contaminated with dioxins together with a research institution that is part of the Vietnamese Ministry of National Defence. Processing by soil washing successfully removed 95% of contaminants. Dioxin-contaminated soil was also rendered completely harmless by using heat processing on the residue from soil washing. Shimizu will expand its environmental improvement business in decontamination of soil contaminated not only by dioxins, but also by heavy metals, pesticides, and other hazardous elements, in other areas. This will contribute to the economic development of Vietnam.



Soil washing plant to remove dioxins at Bien Hoa Airport in Vietnam



News Release

Shimizu Complete Soil Washing Pilot Test on Dioxin Contaminated Soil at Bien Hoa Airport, Vietnam
<https://www.shimizu.co.jp/en/company/about/news-release/2019/2019038.html>

LCV

Contributing to the achievement of SDGs through business activities



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)*1.

*1 LCV (Life Cycle Valuation): Utilizing renewable energy, IoT, AI, etc. to provide comprehensive services and solutions including investment and partnerships

Key Strategies of the Mid-Term Management Plan

- Expand service businesses (BSP)*2
- Expand power and concession businesses
- Leverage advanced technology to promote the services business and create smart cities

Overview of Activities

Shimizu established the LCV Headquarters in October 2017 to establish stable revenue bases in the building stock management and sustainability business domains.

We link our BSP*2, Energy/Infrastructure management, and ICT/Smart businesses and utilize renewable energy, IoT, AI, and other technologies to provide comprehensive services and solutions, including investment and partnerships, to meet the increasingly diverse and complex needs of customers for energy savings, carbon-free operations, more resilient business continuity, and healthier, more comfortable work and living environments.

*2 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)

Future Initiatives

We will expand our BSP business mainly by providing a wide range of one-stop services, from energy-saving equipment to management, through our facility management business and supporting the introduction of solar power generation.

In the energy and infrastructure management business, we will expand renewable energy power generation and the electric power retail business. We will also strengthen initiatives in infrastructure management.

In the ICT/Smart business, we aim to develop inclusive communities and smart cities by promoting inclusive navigation systems and other services. Combining the three businesses described above will accelerate our efforts to achieve sustainable communities.

S.LOGI Niiza (Niiza City, Saitama Prefecture)
Our Investment and Development Division uses the roof of the logistics facility for a solar power generation business as part of the LCV business.



Joint Biomass Power Generation Business with Local Community Launched

Shinshu Wood Power & Chip (SWPC) generation plant (output, 1990 kW) began operations in Tomi, Nagano Prefecture in July 2020. This business generates power by burning unused lumber from local forests of Japanese larch, Japanese red pine, and Japanese cedar. This promotes regional vitalization, forestry, and local production and local consumption, and creates a win-win relationship with the community.

Japan is one of the world's most highly forested countries and the volume of the unused lumber stockpile, mainly from tree plantations is increasing year after year. We are at the stage where it is possible to make full use of this resource. While appropriate tree-thinning is required in order to properly maintain and protect the forest, the bent branches and roots that are generated by tree-thinning are left unused. The shortage of forestry managers and workers is also becoming a major issue. SWPC contributes to promotion of the forestry industry by using these unused resources effectively, using ICT in local forests, taking care of the mountains, and skillfully using the wood materials.

Shimizu will team up with communities and develop a biomass power generation business that contributes to community vitalization by modeling SWPC's business.



SWPC (Tomi City, Nagano Prefecture)

Use of Solar Power Generation in Many Initiatives in the Renewable Energy Business

A new solar power plant began operating in Tsuchiura City, Ibaraki Prefecture from July 2019. This is Shimizu's eighth power plant. We are in the process of developing 14 solar power plants nationwide, in addition to this.

We have also launched a new business that uses solar power generation. The S.LOGI Niiza logistics facility developed by the Shimizu Investment and Development Division launched a solar power generation business on the rooftop of the facility in September 2019. We will contribute to improve environmental friendliness and BCP functions in the future by installing solar panels on the roofs of logistics facilities, plants, and other large facilities, and on surrounding unused land to generate electricity for these facilities.

We also partnered with a farm operator in the Midori-ku, Chiba City and launched a solar sharing business in September 2019. By installing solar panels on crop land, we will link the farming and power generation business and this will contribute to the realization of a sustainable community. Shimizu will continue to pursue a diverse range of renewable energy businesses like this in the future.



Farm-style solar power plant in Okido, Chiba Prefecture (Midori-ku, Chiba City)

FY2019
Renewable power generation (Shimizu business)

24,048 MWh

Emerging Frontier Business

Contributing to the achievement of SDGs through business activities



Shimizu will expand the sphere of human activities from “onshore” to “offshore,” and from “earth” to “space,” while contributing to sustainable development of the earth and humankind. We will also contribute to measures to combat climate change and protect the global environment through businesses that co-exist with nature, and will be agile in investing in start-up companies as a strategic move towards the future.

Key Strategies of the Mid-Term Management Plan

- Expand ocean and space businesses
- Launch environmentally innovative agri-businesses
- Invest in next-generation construction technology and global-scale solutions

GREEN FLOAT II (announced in 2017), certified by NIPPON KAIJI KYOKAI (ClassNK) for floating structure safety due to Shimizu's technical experimentation and analysis

Overview of Activities

Shimizu has been researching development of space, the ocean, and other untapped frontiers since the 1980s. Development is expected to progress from the R&D stage to commercialization due to advances in IT technology and an influx of private capital in recent years, and future growth is anticipated. Shimizu established the Emerging Frontiers Division in 2018 with an eye on commercialization of this area.

Future Initiatives

We will continue to focus on four areas: Space, Ocean, Nature, and Ventures in 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 space-related facilities on earth, analyzing and using satellite data, and even development on the surface of the moon. In the Ocean business, we will create a new market for cities that float on the surface of the ocean (ocean city of the future) and build a new business model for ocean city development, based on the concept of a Green city that utilizes the ocean.

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

In the Venture business, we will establish a budget for investing in venture firms that show future promise and maintain agility in investing in and collaborating with them to realize our vision of the future. We will also develop businesses in the construction business domain, and expand into the business of developing emerging frontiers.



Small 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, as our first foray into the space 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 and work on that site is progressing.

It is scheduled for completion in 2021. Once completed, it will be the first private sector small rocket launch site in Japan, and will contribute to further expansion of the space business.

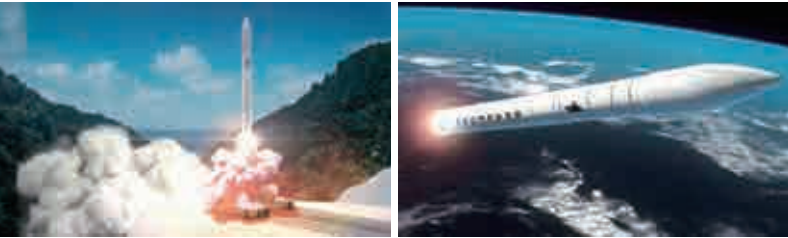


Image of a launch
Image of a small rocket
(Both photos provided by SPACE ONE Co., Ltd.)

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 facility construction, environmental controls and other technologies, 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 in Tomakomai City, Hokkaido

Information on Other Trends



News release
Investment Allowance of 10 Billion Yen Set for Active Investment in Venture Firms in Japan and Overseas
<https://www.shimz.co.jp/en/company/about/news-release/2020/2020012.html>



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

Technology Development and Digital Strategy

Shimizu will establish new research facilities, develop human resources, and implement an intellectual property strategy to accelerate the development of innovative technologies across Group businesses. We are also pursuing a digital strategy to reform business models and workstyles through the use of a digital platform.



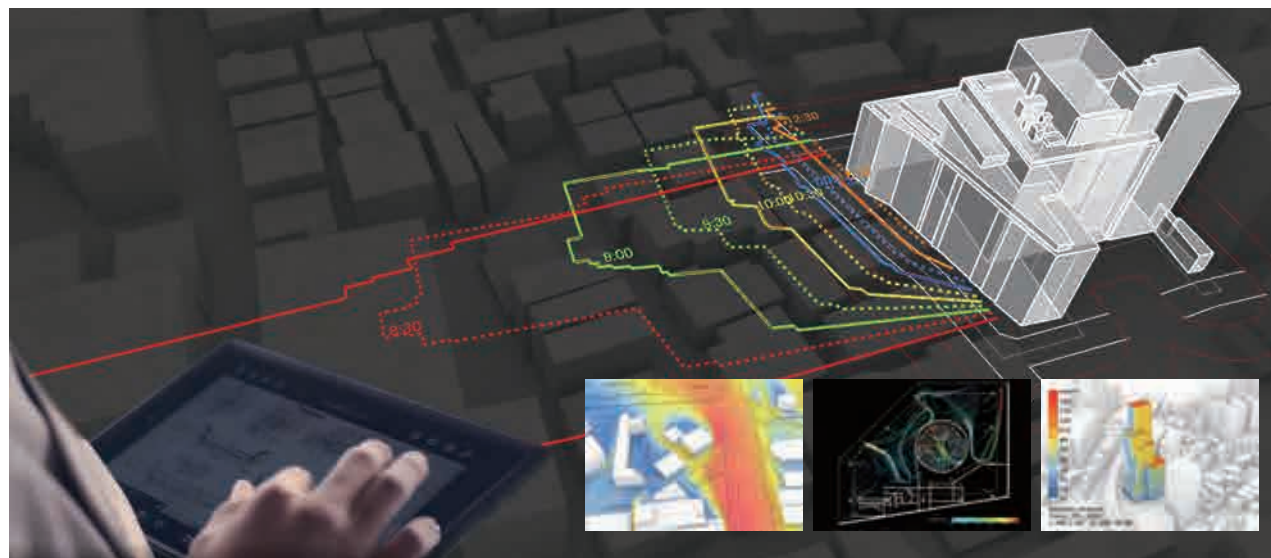
Key Strategies of the Mid-Term Management Plan

[Technology Development]

- 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)

[Digital Strategy]

- Grow existing businesses and accelerate creation of new businesses by utilizing the latest information and communications technology to respond flexibly and swiftly to changes in the external environment
- Establish a global digital platform using the latest technology to accommodate diversity in lifestyles and working styles



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. Advances in construction robots are being achieved daily and we are accelerating the introduction of these robots at job sites as the front runner in the industry. Shimizu has achieved results in technology development. We received an award from the Architectural Institute of Japan in 2019 for Zero-Shrink concrete and in 2020 for CW-QUIC quality control technology for the pilings that support buildings and other structures.

As part of our digital strategy, we are working to build a digital platform consisting of a data management platform, human resources skilled in digital technology, networks, and an infrastructure environment to accelerate growth of existing businesses and creation of new businesses. We are standardizing the methods for linking data from sales to maintenance and preservation and integrating this with construction summary data, mainly for building construction projects in Japan. We are focusing on collecting and accumulating data on construction results and other information together with data on business characteristics, and building a digital management platform.

Future Initiatives

Shimizu aims to establish innovative production and quality management systems using IoT, AI, and robotics, mainly as part of Shimz Smart Site. Shimizu is working to develop technologies that are a step above the rest. To accomplish this, we are working to enhance technology for safety and security aimed primarily at response to the increasing intensity and types of disasters. Shimizu is also accelerating development of new workplaces that are at the forefront of workstyle reform and development related to the environment and energy. To realize a society in which no one is left behind, which is asserted in the sustainable development goals (SDGs), we are also putting effort into inclusive technologies. We are currently working on the plans for Shiomi Innovation Center (tentative name) and also intend to build a research facility aimed at innovations in construction robots, structures, materials, and other aspects of production.

Through our digital strategy, we are working to improve synergies between businesses and speed up business creation. We will accomplish this by building a digital platform and sharing information among the construction business, non-construction businesses, and affiliated companies within the Group. Shimizu will also pursue digitalization of all operations through more widespread use of devices for telecommuting and speeding up the process of going paperless in approval and payment processes to support the environmental aspects of workstyle reform.

TOPICS

Introduction of Slim Fire-Resistant Wood and Shimz Hy-wood Technologies for Wooden Structures

The use of wood in medium and large-sized fire resistant buildings other than public buildings is expected to increase with stronger implementation of the Act for Promotion of Use of Wood in Public Buildings. Shimizu will also promote greater use of wooden structures that employ new technologies. We introduced Slim Fire-Resistant Wood, which is made of wood and fire-resistance components, and the Shimz Hy-wood construction method for wooden structures in the construction of the Chayagasaka company housing (in Chikusa-ku, Nagoya) owned by Shimizu in July 2020. Although we used a large volume of wooden materials, 220 m³ in total, we succeeded in building a fire-resistant wooden structure that met the structural and fire-resistance performance requirements for modern buildings.

Slim Fire-Resistant Wood has a thin fire-resistant layer inserted between wooden materials. It is used for wooden columns and beams and makes it possible to achieve both fire resistance and efficient space design. Shimz Hy-Wood is a wooden hybrid frame construction method that uses technology that makes it possible to connect and integrate a wooden structure with a steel frame. This construction method provides superior earthquake resistance and workability and makes it possible to control the spread when a fire breaks out.



Integration of Construction Project Data and Operating Innovations in the Construction Production Process

Shimizu optimized the entire operating system, which had been optimized for each process such as sales stage to design, quoting, procurement, construction, and maintenance, and linked them to a common project code. We are building a project database that supports the efficient accumulation and use of data on improved accuracy of building information and preservation activities, and data on after service. This will make it possible to achieve dramatic innovations in the construction production process, not just in our company, but through collaboration with customers and subcontractors.

To explain in greater detail, this will enable data to be obtained rapidly and simultaneously, so it will be possible to improve the quality of operations through strict risk management and operating the PDCA cycle at the upstream stage of a project. Moreover, the use of linked data from multiple operating systems makes the transition from what is optimal for one part to what is optimal for the whole and improves the efficiency of the entire project. This can improve productivity. The ability to use project information safely anywhere, at any time is also leading to workstyle reform.



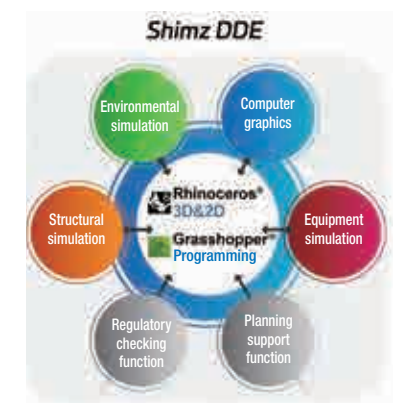
Conceptual diagram of data management platform

Building Shimz Digital Design Enhancement (DDE) Platform

Shimizu is building a BIM system that integrates the design and build process using of data over the entire building lifecycle from planning and basic design to construction and facility management.

We built Shimz DDE and are systematically operating it to deploy advanced computational design techniques in all design divisions company-wide to add greater value in the planning and basic design stage. Designers can use the various tools in Shimz DDE to create value-added design proposals supported by data.

Building this platform has dramatically expanded the scope of things considered when creating a design proposal. It can add even greater value than proposals by highly skilled designers. This naturally enables us to provide buildings that exceed the expectations of our customers. We also accumulate the company's design expertise in Shimz DDE in the form of 3D data and will pass this on to the next generation as shared organizational knowledge.



Talent Development and Working Style Reform

Shimizu will secure and develop the talent who will operate the business in the next generation and create a workplace environment that establishes diverse, flexible working styles and provides job satisfaction.

Key Strategies of the Mid-Term Management Plan

- Implement a global talent strategy
- Improve employee satisfaction
- Roll out inclusive talent systems

Contributing to the achievement of SDGs through business activities



Shimizu mascots Act (on left) and Will (on right) to cheer on working style reform



Overview of Activities

Shimizu is pursuing working style reforms and building a system of inclusive talent management that will enable all employees to fully demonstrate their abilities without respect to gender, age, nationality, or other attributes while also working continuously to hire and develop the talent who will perform our work in the future.

The mindset and behavior of every employee has steadily changed due to the implementation of company-wide events since 2018. Such events include Working Style Reform Week, the Diversity Forum, and the Challenge Forum.

Shimizu also established a new Shimizu Group Basic Human Rights Policy in 2018 and is working to establish a corporate culture that respects human rights while pursuing initiatives in due diligence on human rights.



See the corporate website for further details.
Promoting Diversity
<https://www.shimizu.co.jp/en/company/about/diversity/>

Future Initiatives

We aim to establish an environment that supports diversity in human resources while also enabling everyone to feel secure and actively contribute for many years, as the human lifespan approaches 100 years and globalization advances further.

Shimizu will implement initiatives that promote employee mental and physical health and promote health management by energizing the workplace as the foundation for that environment.

We will also build a framework that pushes each employee to exercise self-initiative and take on the challenges of new work or higher level fields to further improve job satisfaction.

TOPICS

New HR Innovation Department Established

Finding and developing more talent to assume operation of the business in the future is an important management issue for achieving sustained growth of the Shimizu Group.

The HR Innovation Department was established on April 1, 2020 as a new organization that reports directly to the president. It

is responsible for formulating a strategy for facilitating development of leaders who will be effective globally and will take the initiative on innovation. The department is also in charge of systematic planning and promotion of talent development measures, including establishment of a human resource management system.

Continual Improvement of Job Satisfaction

We have held Working Style Reform Week to encourage every employee to take the initiative to reform working styles. We have also conducted the Shimizu Japan Employee Survey to quantitatively visualize job satisfaction every year since 2018.

Multiple good examples of reforms that changed conventional practices at job sites received working style reform awards during Working Style Reform Week and were rolled out within the Company.

The response rate and job satisfaction KPIs* for the fiscal 2019 Shimizu Japan Employee Survey both improved.

Job satisfaction KPI	Fiscal 2018	Fiscal 2019	Goal
Work satisfaction	3.76	3.80	All KPIs at 4.0 or higher up to 2023
Workplace relationships of trust	3.63	3.67	
Mental and physical health	3.77	3.80	

COLUMN

Reforming conventional practices and creating a job site office where people feel at home

Shinichi Matsumoto, Construction Manager, Building Construction Dept. III, Tokyo Branch

Many employees work in job site offices. The reason for the initiative to make this office a little home-like because employees spend the majority of their time in the office. This office is in a tenant building, but we designed it with temporary prefabs so that it can be applied to other job sites.

The office design is simple. There are no ready-made fancy tables and sofas. Desks and shelving are made of recycled materials by combining temporary construction materials and laminated wooden boards used at job sites. We have created an office that has caused everyone who visited it to compliment the inviting atmosphere.

Shimizu's "monozukuri craftsmanship" is born from friendly job sites and employees with numerous ideas and a spirit of challenge.



Construction Manager Matsumoto, who received the Good Challenge award in the 2019 Working Style Reform awards

Rolling out the Shimizu Group Basic Human Rights Policy

Shimizu pursues initiatives to ensure respect for human rights and enacted the Shimizu Group Basic Human Rights Policy to serve as a guide in fulfilling that responsibility to realize our mission of being "a company that values people," stated in our Code of Corporate Ethics and Conduct.

We perform due diligence focused on the human rights of skilled workers at construction job sites as part of that mission.

In fiscal 2019, we worked with a third-party institution to conduct a fact-finding survey of the human rights risks to foreign

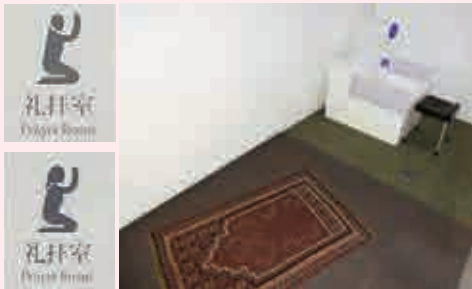
technical trainees and other foreign workers who work at our job sites. We surveyed 10 subcontractors that Shimizu does business with and interviewed the business owners, confirmed documentation, interviewed foreign workers in their native languages, and confirmed living conditions and other conditions. The results of the survey revealed no significant human rights risks. However, some points in need of improvement were found and we will set up a dedicated website and provide training to subcontractors, and implement other initiatives to mitigate and prevent human rights risks.

COLUMN

Prayer Room Established

Shimizu established the Diversity Promotion Office in 2009 to implement measures to support the active engagement of women, employees who are foreign nationals, and employees with disabilities. We established a prayer room in the head office in November 2019 as one of the Diversity Promotion Office efforts.

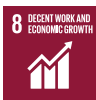
An informational poster using pictograms is posted at the entrance. While we anticipate that it will be mainly be used by Muslims, it is not limited to a specific religion and may also be used for praying, meditation, etc.



Strengthening the Supply Chain and Group Management

Shimizu will strengthen and expand the supply chain to support a reliable production structure and achieve flexible and agile Group management that will enable development of diverse businesses.

Contributing to the achievement of SDGs through business activities



Key Strategies of the Mid-Term Management Plan

- Strengthen construction supply chain
- Enter into new alliances
- Agile group management for new business and global expansion



Team working at the Shin Tomei Expressway Kawanishi construction zone (Ashigarakami District, Kanagawa Prefecture)

Overview of Activities

Shimizu strengthened alliances with subcontractors, secured a reliable production structure through nationwide alliances, and developed and utilized multi-skilled construction workers who can perform many types of work to respond to a busy period for large construction projects, including facilities related to the Tokyo 2020 Olympic and Paralympic Games. This has strengthened the current production structure and supply chain. To secure the workers who will perform construction amid a future shortage of skilled construction workers, we are also working with Kanekikai, an organization of Shimizu's suppliers and subcontractors, and other business partners to support hiring.

In Group Management, we are working to strengthen and improve our response capabilities by engaging in human resources exchanges among groups to increase sharing of expertise and technology.

Future Initiatives

To strengthen our ability to respond to the numerous large-scale projects anticipated in various locations nationwide, we will work to strengthen the supply chain even more to ensure a reliable production structure and stronger cost competitiveness. We will steadily expand our network connections nationwide and also expand alliances with companies in Japan and overseas that possess the technologies and production structures which will enhance competitiveness.

Shimizu opened a new training center for skilled workers in fiscal 2020 to secure and train skilled workers for the future. In addition to working cooperatively with subcontractors to provide skills development training, it will also develop and test assistive tools to reduce the workload at job sites and provide cross-training to develop multiple skills, among other types of training, to establish a new production structure.

TOPICS

CSR Procurement

We established the Shimizu Group Basic Human Rights Policy in 2018, in keeping with the United Nations Guiding Principles on Business and Human Rights. To ensure fair and transparent business activities, we ask all suppliers and subcontractors in our supply chain to comply with laws, regulations, and social standards, including those related to human rights and labor, in addition to our Basic Procurement Policy and Things We Request of Our Suppliers. Shimizu also holds compliance training for our subcontractors and suppliers. In fiscal 2019, we held 19 compliance training sessions, which were attended by 1,374 people from 1,322 companies.



"Basic Procurement Policy" "Things We Request of Our Suppliers"
<https://www.shimizu.co.jp/en/company/csr/procurement/>

Securing Future Workers and Improving Benefits

Despite the currently anticipated high demand in the construction industry, the trend toward an increase in the number of elderly persons and a decline in the number of young people is progressing and securing human resources is becoming an urgent issue. Shimizu is pursuing various initiatives to secure the workers to perform construction in the future.

To improve the working environment of skilled workers, we are supplementing wages if designated conditions for job site closure are met in an effort to establish a five-day work week and reduce the amount of overtime work. This will make the construction industry more attractive and help to retain workers. We are also encouraging enrollment in social insurance, and are actively moving forward on rolling out a system of career advancement in construction.

To support hiring, we implemented new job site tours for guardians in addition to the hands-on experiential tours for technical high school students to give their guardians a better understanding of the construction industry. We are developing skilled workers who have the skills to perform many types of construction work by cross-training them and this has contributed to ensuring a reliable production structure. Shimizu will recommend cross-training in multiple skills to subcontractors and support them in providing it this fiscal year as well. We are also working to improve benefits with a system of benefit pay for outstanding skilled workers, and are lengthening the pay period and increasing the wage amount for outstanding foremen who have received the Shimizu President's Award.



Experience in assembling formwork frames in a hands-on experiential tour for technical high school students

S & BLC Technical Training Center for Hands-on Training in Group Management Fully Operational

Shimizu Building Life Care Co., Ltd. operates a building maintenance, management, and renovation business. To develop high-quality specialists in building management for the company, the new S & BLC Technical Training Center was built in Koto-ku, Tokyo. This is an experiential training center based on using building emergency equipment, plumbing sanitation equipment, and other actual equipment to provide hands-on training in seeing, touching, dismantling, assembling, and moving such equipment. The center began full operations in January 2020. The roughly 1,350 m² floor space contains six hands-on technical training rooms for emergencies; plumbing sanitation; air conditioning and electricity; doors, windows, and screens; renovation; and a safety training station; as well as two classrooms for desk learning and one office. Trainees can gain actual experience in the essential aspects of practical building management, such as checking and management of emergency response, plumbing sanitation, and air conditioning and electrical systems, handling of the special hardware for fire shutters, etc., maintenance and cleaning of exterior walls and floors, safety management during work, and other essential tasks. In the future, the training center will establish about 100 training courses for 400 classes and will train around 4,000 employees a year to develop human resources and move them from "knowing something" to "being able to do it themselves."



Hands-on training classrooms for emergencies

Contributing to the Global Environment

We create value for customers and contribute to sustainable community development by engaging in business activities that have a low impact on the environment and that create and restore the environment.

Key Strategies of the Mid-Term Management Plan

- Steady promotion of the mid and long-term CO₂ reduction target “Ecology Mission 2030–2050”
- Conservation and indexing of biodiversity within our businesses
- Efforts for waste reduction and effective use of limited global resources

Contributing to the achievement of SDGs through business activities



Urban Biotope, Saisei-no-Mori, in the Institute of Technology (Koto-ku, Tokyo)

Aiming to be a company that Helps to build sustainable communities

The Shimizu Global Environmental Charter established in 1991 embraces the basic principle of contributing to building a sustainable society by working to preserve the global environment and to create a better environment as a corporate citizen and as a member of the construction industry. We are pursuing environmental management through the four approaches of environmental protection, environmental business, environmental risk management, and environmental and social contributions.

Shimizu revised its Basic Environmental Policy in May 2019. The policy now applies to the entire Shimizu Group and 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 each of those goals.

In fiscal 2019, we endorsed the domestic and overseas environmental initiatives listed at right.	• September 2019 Commitment to SBT^{*1}, one of which is a target for reducing CO₂ emission levels • October 2019 TCFD^{*2} Recommendations • February 2020 Declaration of Biodiversity by Keidanren • March 2020 Keidanren Challenge Zero Declaration
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^{*1} SBT: Science Based Targets
Target for reduction in greenhouse gas emissions (CO₂) based on scientific knowledge to keep the rise in average global temperature below 2°C (1.5°C).
^{*2} TCFD: Task Force on Climate-related Financial Disclosures



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

Nationwide expansion of renewable energy for electricity used in construction through Renewable Energy Certificates (Tradeable Green Certificates)

Shimizu procured 20 GWh of power through renewable energy certificates (REC) for power generated from biomass. We have used green power for all electricity used in construction at sites designated by each branch nationwide since April 2020. Our goal is to procure around 8% of total annual electricity used at job sites in Japan.

We are expanding the sites covered by this in stages, every year, and are working to achieve the goal of a 10% reduction in CO₂ in fiscal 2023, compared to the fiscal 2017 level. This is a KPI specified in the Mid-Term Management Plan.

CDP rating improved to A-

The CDP^{*3} Japan reporting conference was held on January 2020 and Shimizu's rating improved from B in 2019 to A-. We are targeting a CDP rating of A in 2020 and beyond, and are disclosing information related to climate change based on the TCFD declaration in addition to reducing CO₂ emissions from our business.

^{*3} CDP: A global NGO working on climate change. CDP publishes a report on responses to a climate change survey provided by over 7,000 companies worldwide to institutional investors.

TOPICS

Plan to use biodiesel fuel (BDF) derived from Euglena

Construction produces a large volume of CO₂ emissions at job sites. The majority of those emissions are generated by the use of diesel fuel in heavy machinery and other equipment.

Shimizu procured next-generation BDF derived from Euglena from euglena Co., Ltd. and began trial operation of a commuter bus that runs between the head office and the Institute of Technology in 2020.

In the future, we are planning to use next-generation BDF in crawler cranes and other heavy machinery at our main job sites in the Greater Tokyo Area.

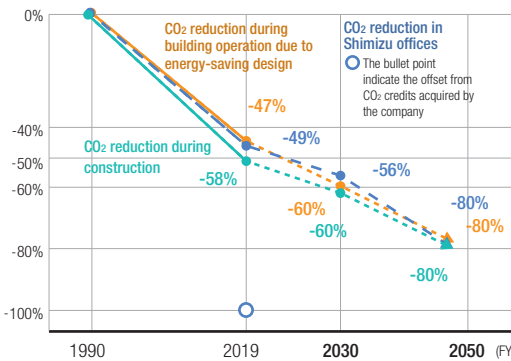


The GREEN OIL JAPAN declaration by euglena Co., Ltd. and others targets making Japan a global leader in biofuels. It has been endorsed by 28 local governments, companies, and organizations as of August 2020.

Going carbon free: To prevent global warming

Shimizu is pursuing activities contained in Ecology Mission 2030–2050 medium and long-term goals for reduction in CO₂ emissions. These goals are aimed at achieving SDG 13, Climate Action.

Medium and Long-term Goals:



Results: Initiatives in CO₂ reduction during construction

FY2019 emissions results	vs. FY1990	FY2020 goal vs. FY1990
220,000 tons-CO ₂	58 % reduction	58 % reduction

Initiatives in reducing CO₂ in company offices

FY2019 emissions results	vs. FY1990	FY2020 goal vs. FY1990
8,800 tons-CO ₂	49 % reduction	50 % reduction

Job site emissions during construction CO₂ (vs. FY1990)

- 60% reduction in FY2030
- 80% reduction in FY2050

CO₂ emissions during operation of buildings designed and constructed by Shimizu (vs. FY1990)

- 60% reduction in FY2030
- 80% reduction in FY2050

Contribution to reducing CO₂ emissions by customers Initiatives in CO₂ reduction during building operation in buildings designed by Shimizu

FY2019 emissions results	vs. FY1990	FY2020 goal vs. FY1990
45,000 tons-CO ₂	47 % reduction	48 % reduction

Green Bond Issuance

Shimizu issued its first green bond in October 2019.

We are using the proceeds to fund construction of YOKOHAMA GRANGATE, a project involving construction of an energy-saving, environmentally friendly office building in the city of Yokohama as a project that will contribute to realizing a sustainable, earth-friendly society, which is a goal of our long-term vision. The project will take five years and have a total cost of 10 billion yen.

We will continue to consider issuing green bonds, depending on green bond market trends and project timing.



Green Bond
<https://www.shimz.co.jp/en/company/csr/environment/greenbond/>

Climate-related Financial Disclosures Based on The Task Force on Climate-related Financial Disclosures (TCFD) Recommendation

Endorsed the TCFD recommendations

According to a report by the Intergovernmental Panel on Climate Change (IPCC) the average global temperature has risen by about 1°C compared to before the industrial revolution, and is expected to rise higher as global warming progresses. Natural disasters caused by climate change may increase, and there are concerns about the financial impact on companies as well as the impact on society.

To address these issues, TCFD which was established by Financial Stability Board (FSB), released its Final Report in June 2017, which contains recommendations on the disclosure of information to stakeholders concerning the risks and opportunities from climate change for companies in four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

Shimizu recognizes the impacts from climate change on our businesses as an important management issue, and has determined

Governance

In SHIMZ VISION 2030 and Mid-Term Management Plan (2019-2023), Shimizu and its group companies (hereafter, the “Shimizu Group”) have positioned environmental issues, including climate change, as one issue that will have a material impact on management and we have appointed an officer in charge of the environment. We have also established the SDGs and ESG Promotion Committee (chaired by the President) to deliberate on basic policies and measures concerning environmental issues. This committee consists of the officers in charge of various areas such as the officer in charge of Safety Administration and Environment, the officer in charge of SDGs and ESG, and the officers in charge of Building Construction, Engineering Business, and LCV Businesses and Frontier Business. The committee deliberates on the results of specification and evaluation of climate-related risks and opportunities and also manages progress on achieving the greenhouse gas (CO₂) emission targets in Ecological Mission 2030-2050. The results of these deliberations are reported to the Board of Directors.

Important decisions on environmental issues in the Shimizu Group are communicated to business divisions (including branches) and Group companies through Environmental Management Supervisors

Strategy

Climate-related risks and opportunities that impact Shimizu Group businesses include those concerning strengthening the policies and regulations needed to build a zero-carbon society and market changes and other transitions. It can also include acute and chronic physical changes due to global warming.

Shimizu launched the company-wide, cross-organizational TCFD Working Group to extract and categorize the risks and opportunities presented by these transitions and physical changes as impacts on each level: procurement, direct operations, and product demand. The Working Group analyzed the impact and the response of the Shimizu Group. While the quantitative impact has not been calculated, the relative impact on business activities was predicted and expressed as three levels: Large, Medium, and Small.

As the first stage in disclosure of information based on the TCFD recommendations, the Working Group analyzed the Construction Business and Real Estate Development Business, which is one of the non-construction businesses.

that the disclosure of related information is essential from the perspective of ESG management. We endorsed the TCFD recommendations and joined the TCFD Consortium in October 2019, and recently disclosed climate-related information in line with the recommendations.

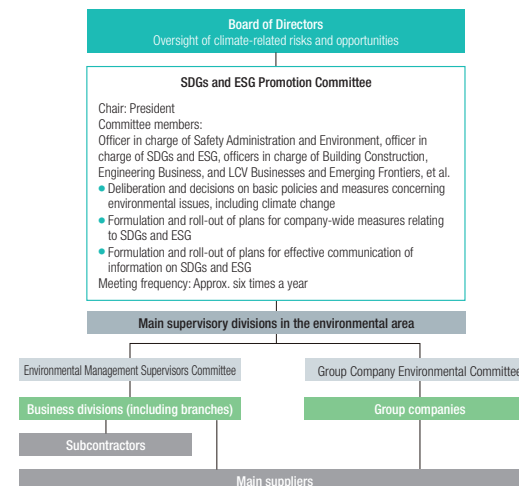
TCFD Recommendations: Thematic Areas of Climate-related Information Disclosure

Governance	Disclose the organization's governance around climate-related risks and opportunities.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
Risk Management	Disclose the processes used by the organization to identify, assess, and manage climate-related risks.
Metrics and Targets	Disclose the metrics and targets used assess and manage relevant climate-related risks and opportunities.

Source: “Practical guide for Scenario Analysis in line with the TCFD recommendations,” 2nd edition, Climate Change Policy Division, Ministry of the Environment, Government of Japan, March 2019

Committee and Group Company Environmental Council. They are also shared with subcontractors and Shimizu is also building an environmental governance structure that includes its main suppliers.

Shimizu Group Governance Structure for Environmental Issues



The following representative scenarios were also used to examine the risks and opportunities in transitions and physical changes.

- **Transition Scenario:** One of the International Energy Agency (IEA) scenarios in which the rise in temperature at the end of this century is 1.5°C or lower, compared to before the industrial revolution (SDS)
- **Physical Scenario:** One of the Intergovernmental Panel on Climate Change (IPCC) scenarios in which the rise in temperature by the end of this century exceeds 4°C, compared to before the industrial revolution (RCP 8.5)

As factors that would cause a large impact, the working group selected the three factors of “expansion in the need for energy-efficient buildings,” “expansion in the need for renewable energy,” and “policies that improve national resilience” as opportunities, and the single factor of “rise in summer average temperature” as a risk. Shimizu’s response to these factors was verified. The SDGs and ESG Promotion Committee confirmed that the responses were consistent with the business strategy in SHIMZ VISION 2030 and Mid-Term Management Plan (2019-2023), and the results were reported to the Board of Directors.

Main Shimizu Group Climate-related Risks and Opportunities

		Factor	Impact on Business	Degree of Impact	Shimizu's Response
Transition Scenario	Risks	Strengthening of various regulations aimed at achieving a carbon-free society	- New building regulations on high environmental burden are introduced and new building demand declines. However, demand for renovation will also increase and this will require an organizational structure to respond to that. - In the investment and development business, the installation of energy-saving equipment, etc. will increase property construction and operation costs.	Medium	- Organize a BSP business division that specializes in facility management services. - Strengthen renovation sales. - Develop human resources for building management (establish technical training centers in Group companies). - Provide high environmental performance in terms of cost performance.
		Introduction of a carbon tax	- A carbon tax would be changed on CO₂ emissions from business activities, increasing the cost. - Increase in the prices of main materials would increase costs.	Small	- Pursue Ecological Mission 2030-2050 and reduce CO₂ emissions. - Promote the proliferation of wood construction and wooden structures (wood materials are carbon neutral and presumably would not incur a carbon tax).
	Opportunities	Expansion of need for energy-saving buildings	- Will increase demand for new ZEB projects and energy-serving renovation projects. - In the investment and development business, will increase the value of properties equipped for ZEB, BEMS,* etc.	Large	- Promote ZEB design and construction. - Work to increase the value of existing facilities based on Shimizu's record in sustainability and renovation*2. - Pursue investment and development business based on Shimizu's record in ZEB construction and roll out a Shimizu brand.
		Expansion of need for renewable energy	- Will expand renewable energy-related business. - Demand for renewable energy facilities will increase.	Large	- Pursue renewable energy businesses such as solar power, wind power, biomass, geothermal power, small hydroelectric power generation. - Begin construction of a SEP ship for constructing large offshore wind farms. - Develop and commercialize a hydrogen energy usage system.

Physical Scenario	Risks	Rise in average summer temperature	- The problem with a shortage of skilled workers will worsen due to the deterioration in the outdoor work environment. - Heatstroke and other damage to health will increase, mainly in outdoor workers.	Large	- Pursue improvement in job site workforce reduction and productivity through the use of robots, ICT, AI, and other technologies. - Improve the work environment through workstyle reform and measures to prevent heatstroke, etc. - Use the Monozukuri Training Center to develop skilled workers.
		Increasing frequency and intensity of meteorological disasters	- Damage suffered by suppliers will make it difficult to procure materials and labor. - Job site operation will become difficult and the risk of causing harm to third parties will increase. - In the investment and development business, the risk of business reparations and reputational risk will increase if the lifeline of owned properties is damaged.	Medium	- Strengthen alliances with suppliers, mainly with Group companies and subcontractors. - Consider disaster response measures including third parties in the provisional design plans during construction. - Formulate disaster plans that include measures to prevent flooding before designing and constructing infrastructure-related facilities. - Pursue ecoBCP*3 for new and existing buildings.
	Opportunities	Policies that strengthen national resilience	Construction and maintenance of infrastructure for flooding and violent rainstorms and construction to renovate buildings will increase.	Large	Pursue activities aimed at obtaining orders in the infrastructure maintenance business.
		Market changes caused by climate change	- The impact from natural disasters and the rise in sea levels will increase the need to relocate facilities. - The market for new construction and renovation will expand to prepare for the increasing intensity of natural disasters.	Medium	- Implement proposals for BCP preparedness (design proposals using hazard maps, etc.) - Pursue development of GREEN FLOAT environmental islands.
		Acceleration of privatization of public services such as infrastructure maintenance and management	The market for infrastructure maintenance and management will be opened to private companies because the government is under pressure to recover from natural disasters and this will create new business opportunities.	Medium	Pursue business in managing public infrastructure and facilities based on Shimizu's record in the PFI business.

*1 BEMS: An abbreviation of Building Energy Management System. Refers to a system for managing building energy.

*2 Sustainability renovation: Refers to the renovation of existing buildings mainly to improve environmental performance, BCP performance, and health and comfort.

Risk Management

Trends in responses to climate change in Japan and the world are reported in SDGs and ESG Promotion Committee meetings and the committee discusses climate-related risk management for the company.

In fiscal year ended March 31, 2020, this committee examined aspects of external environmental changes that will impact the Shimizu Group and revised the Environmental Management Policy which specifies the company's basic stance on environmental management and provides guidelines for action. The Shimizu Group is aiming to minimize climate change related risks and business risks related to the environment and maximize opportunities based on this

Metrics and Targets

To evaluate and manage the impact of climate-related issues on management, the Shimizu Group has specified total volume of greenhouse gas (CO₂) emissions as an indicator (KPI) and has set targets for reduction based on SBT (certification acquired from the SBT Initiative in September 2019).

*1 Scope 1: Emissions from use of heavy equipment and machinery (direct emissions)

*2 Scope 2: Emissions from electric power and heat purchased and used (indirect emissions from electric power companies, etc.)

*3 Scope 3: Other indirect emissions from the supply chain

*4 Category 11: (From use of products sold) Volume of CO₂ emissions from operation of buildings that Shimizu designed and built

*5 The medium and long-term targets for Scope 1 + Scope 2 have been certified by the SBT Initiatives as WB2D (Targets that are low enough to control the rise in temperature to under 2°C).

policy. The committee has also established targets for the reduction in greenhouse gas (CO₂) emissions as one means of managing the risk of global warming. It has decided on specific measures to achieve the targets (in the construction business, shift from fuel oil to electric power as the form of energy used at construction sites, expand the use of electric power from renewable energy sources, etc.), and is regularly monitoring emissions volume.

The Shimizu Group will address the increasingly diverse and widespread climate change-related risks through the management of these risks.

Greenhouse Gas (CO₂) Reduction Targets

Scope	Base Year	Target Year	Target
Scope 1 ¹ +Scope 2 ²	2017	Short term: 2023	-10%
		Medium term: 2030	-33% ⁵
		Long term: 2050	-63% ⁵
Scope 3 ³ (Category 11 ⁴)		Short term: 2023	—
		Medium term: 2030	-20%
		Long term: 2050	-43%

Biodiversity: Pursuit of Green Infrastructure

The construction industry has a huge impact on the global environment and living creatures. In recent years, green infrastructure initiatives that utilize many functions of the natural environment (ecosystems, scenery, controlling temperature increase, etc.) have drawn interest as an effective means of social capital development, safe and secure sustainable national land use, and local community development.

Shimizu also uses green infrastructure concepts in community development and building social infrastructure. To achieve this, we utilize the local potential and ecological landscaping techniques to preserve and create an environment that is only possible in that area. Awareness of these green infrastructure concepts is shared company-wide, and we will contribute to the realization of sustainable communities in which people and living creatures can thrive and co-exist by strengthening initiatives that extend beyond one area and developing closer alliances with external organizations.



Kinkai habitat (Photo taken in 2016, Setouchi City, Okayama Prefecture)



Green infrastructure + (PLUS) (Japanese only)
<https://www.shimz.co.jp/greeninfraplus/>

Water: Hydrologic Cycle and Ecosystem Restoration —Rain Garden—

Water is one of the foundations that support the co-existence of humans and living creatures. However, rapid increases in rainfall that overwhelms sewer systems in urban areas has occurred in Japan and overseas in recent years due to climate change. This has caused increasingly serious flood damage in urban areas, ocean pollution, and other problems.

Shimizu is pursuing research and development of rain gardens amid these conditions. Rain gardens are a greening technology that is useful in controlling rainwater run-off on building premises. Rain gardens are temporary reservoirs that collect rain that falls on roofs and roads, and are green areas shaped like a sunken basin that allows water to soak into the ground. They offer many advantages in addition to mitigating urban flooding damage, such as improving biodiversity and scenery, and are becoming popular in European and U.S. cities as one type of green infrastructure. Shimizu also proposes these, mainly to customers who are highly environmentally aware, and we use them in developing sustainable premises and communities that contribute to restoring the hydrologic cycle and ecosystem.

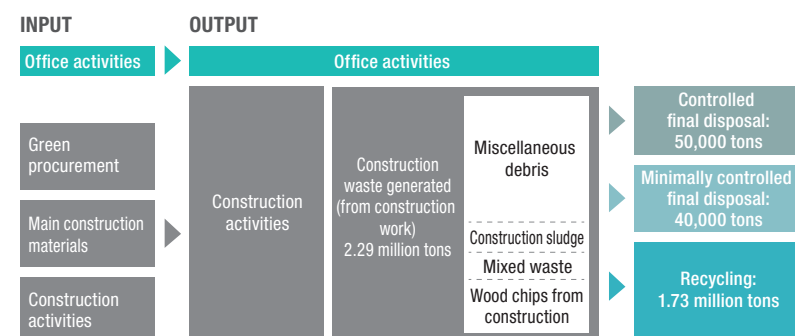


Rain garden in the TERIHA SEKISUI HOUSE ARENA in Fukuoka City

Resources and Pollution: Resources, Energy, and Material Flow

The final disposal and recycling material flow of energy, water, and resources used and construction waste generated during construction activities in fiscal 2019 is shown below. The entire company is working as one team to reduce and recycle by-products.

FY2019 Resources, Energy, and Material Flow



Construction by-product final disposal rate (FY2019 results)

3.0 %

Construction by-product generated per square meter (FY2019 results)

16.3 kg/m²



Environmental Performance Data
<https://www.shimz.co.jp/en/company/csr/environment/data/index.html#material>

Health and Safety

Shimizu stands on the principle of respect for human life and human beings and places the highest priority on safeguarding the lives and health of our employees in all corporate activities. Our basic policy on health and safety management is to establish a corporate culture that is grounded in safety and maintain a safe, comfortable work environment, as we maintain the goal of zero accidents resulting in serious injury or death and zero accidents involving the public.

Measures for Achieving Our Goal

1. Perform risk assessments to promote preventive safety and continually strive to reduce occupational accidents.
2. Conduct business activities in a manner that achieves both safety and production, based on safety as the highest priority.
3. Encourage independent safety management by subcontractors and efforts to prevent accidents.
4. Improve initial education on projects and eliminate accidents involving new workers.
5. Educate employees, equip them with the knowledge and power to act, and develop them as promoters of disaster prevention.
6. Provide comprehensive education on preventing health hazards to eliminate exposure to dust and other materials that are harmful to health.

Fiscal 2019 Health & Safety Results

The LTI (lost time injury) frequency rate*1 in fiscal 2019 was 0.64, on par with fiscal 2018.

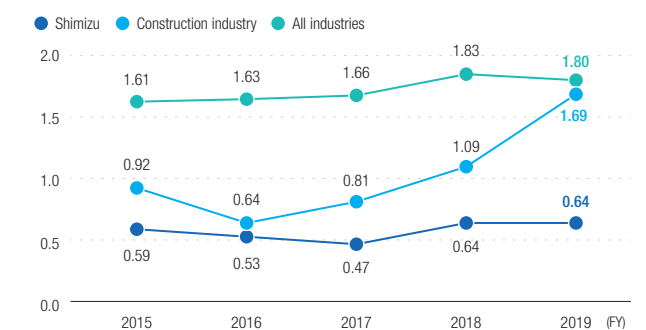
Analysis of Accidents in Fiscal 2019 and Future Measures

An analysis of accidents in fiscal 2019 revealed that the largest number of accidents by type involved high falls, being pinned, and slips and trips, followed by low falls. Accidents resulting in four or more days off work decreased, while high falls, which is designated in key measures, increased in both number and percentage of total accidents.

In fiscal 2020, we established the major premise of ensuring safe workplaces to eliminate falls from high places. We provided safety belt testing equipment and practical training on safety belt use to ensure appropriate use of safety belts and took steps to raise awareness through vocal "praise and advise" activities. In addition to these measures, we will also operate a strict penalty system and take various other steps to prevent accidents.

*1 LTI (lost time injury) frequency rate: The number of deaths and injuries per million cumulative man-hours.
 Figures for all industries and for the construction industry represent accidents resulting in one or more lost workdays, calculated on a calendar-year basis. Figures for Shimizu represent accidents resulting in four or more lost workdays, calculated on a fiscal-year basis.

Trend in LTI (lost time injury) Frequency Rate



Breakdown by Type of Accident



*2 Low falls: Accidents involving falls from a height of less than 2 m
 *3 High falls: Accidents involving falls from a height of 2 m or higher

TOPICS

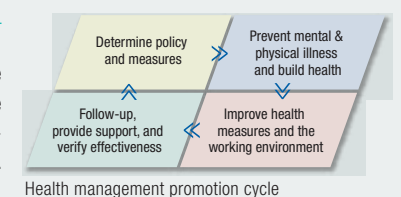
Shimizu Group Health Management Declaration

The Shimizu Group will provide an environment in which employees can be healthy and work energetically, and that will help improve the job satisfaction and happiness of all employees.

The Shimizu Group aims to be a company that advances each employee by ensuring that each employee can be healthy, work energetically, and demonstrate the skills they possess. To accomplish these things, we have established a company-wide structure for improving employee health and promoting improvements in the workplace environment, and continue to take the necessary steps. A committee dedicated to this has been established with the president as the committee chair, and this committee is promoting the following measures.

Concrete Measures

- Consistently perform various kinds of exams and stress checks
- Provide health guidance and promote health education for people at risk of lifestyle diseases
- Promote anti-smoking measures
- Reduce long working hours
- Provide support for working while undergoing medical treatment, etc.



Health management promotion cycle

Directors



Yoichi Miyamoto
Chairman of the Board and Representative Director

July 1971 : Joined the Corporation
June 2003 : Executive Officer, Director, HOKURIKU Branch of the Corporation
April 2005 : Executive Officer, Director, KYUSHU Branch of the Corporation
June 2005 : Managing Officer, Director, KYUSHU Branch of the Corporation
April 2006 : Senior Managing Officer, Director, KYUSHU Branch of the Corporation
April 2007 : Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation
June 2007 : President and Representative Director of the Corporation
April 2016 : Chairman of the Board and Representative Director of the Corporation(up to the present)



Kazuyuki Inoue
President and Representative Director President and Executive Officer

April 1981 : Joined the Corporation
April 2013 : Executive Officer, Director, Marketing & Sales Promotion Div. II, Building Headquarters of the Corporation
April 2014 : Managing Officer, Director, NAGOYA Branch of the Corporation
April 2015 : Senior Managing Officer, Director, NAGOYA Branch of the Corporation
June 2015 : Director, Senior Managing Officer, Director, NAGOYA Branch of the Corporation
March 2016 : Director, Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation
April 2016 : President and Representative Director of the Corporation
April 2020 : President and Representative Director, President and Executive Officer of the Corporation(up to the present)



Hiroshi Fujimura
Senior Managing Officer Director, Sales & Marketing Headquarters, and Director, Yumeshima (Osaka) Projects

April 1979 : Joined the Corporation
April 2015 : Executive Officer, Building Headquarters, Deputy Director, Marketing & Sales Promotion Div. of the Corporation
January 2016 : Executive Officer, Building Construction Headquarters, Deputy Director, Marketing & Sales Promotion Div. of the Corporation
April 2017 : Managing Officer, Building Construction Headquarters, Deputy Director, Marketing & Sales Promotion Div. of the Corporation
April 2018 : Managing Officer, Sales & Marketing Headquarters, Director, Building Construction Sales & Marketing Div. of the Corporation
November 2018 : Managing Officer, Sales & Marketing Headquarters, Director, Building Construction Sales & Marketing Div., Director, Development Promotion Dept., Building Construction Sales & Marketing Div., Sales & Marketing Headquarters of the Corporation
April 2019 : Senior Managing Officer, Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters of the Corporation
April 2020 : Senior Managing Officer, Director, Sales & Marketing Headquarters, and Director, Yumeshima (Osaka) Projects of the Corporation
June 2020 : Director & Senior Managing Officer Director, Sales & Marketing Headquarters, Director, Yumeshima (Osaka) Projects (up to the present)



Kimio Handa
Director & Senior Managing Officer Director, Corporate Ethics Office In charge of Administration and SDGs & ESG

April 1979 : Joined the Corporation
July 2005 : Manager, Accounting Dept., Civil Engineering Headquarters of the Corporation
June 2008 : Manager, Accounting Dept., Building Headquarters of the Corporation
June 2010 : Deputy Director, HOKURIKU Branch of the Corporation
April 2014 : President and Representative Director of Shimizu Comprehensive Development Corporation
April 2018 : Managing Officer, Deputy Director, Sales & Marketing Headquarters, in charge of Compliance, Civil Engineering Headquarters, Deputy Director, Corporate Ethics Office of the Corporation
April 2020 : Senior Managing Officer, Director, Corporate Ethics Office, and in charge of Compliance, Sales & Marketing Headquarters of the Corporation
June 2020 : Director & Senior Managing Officer In charge of Administration, In charge of SDGs & ESG, Director, Corporate Ethics Office (up to the present)



Toshiyuki Imaki
Executive Vice President and Representative Director Executive Vice President and Executive Officer Director, Building Construction Headquarters, In charge of Information Management and Productivity Improvement

April 1980 : Joined the Corporation
April 2007 : Executive Officer, Director, Tokyo Building Construction Business Div. III, Building Headquarters of the Corporation
June 2008 : Executive Officer, Manager, Human Resources Dept. of the Corporation
April 2010 : Executive Officer, Director, HOKURIKU Branch of the Corporation
April 2013 : Managing Officer, Director, HOKURIKU Branch of the Corporation
April 2014 : Senior Managing Officer, Deputy Director, Building Headquarters and Director, TOKYO Branch, Building Headquarters of the Corporation
June 2015 : Director, Senior Managing Officer, Deputy Director, Building Headquarters and Director, TOKYO Branch, Building Headquarters of the Corporation
January 2016 : Director, Senior Managing Officer, in charge of Tokyo Metropolitan Area, Director, TOKYO Branch of the Corporation
April 2016 : Executive Vice President and Director, in charge of Tokyo Metropolitan Area, Director, TOKYO Branch of the Corporation
April 2017 : Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement and Information Management of the Corporation
April 2018 : Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement, Information Management, and Nuclear Business of the Corporation
April 2019 : Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement, Nuclear Business, Information Management, Director, Digital Strategy Promotion Div. of the Corporation
April 2020 : Executive Vice President and Representative Director, Executive Vice President and Executive Officer, Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement of the Corporation(up to the present)



Toru Yamaji
Executive Vice President and Representative Director Executive Vice President and Executive Officer In charge of Engineering Business, LCV Business and Emerging Frontiers

April 1981 : Joined the Corporation
April 2011 : Executive Officer, Deputy Director, TOKYO Branch, Building Headquarters of the Corporation
April 2012 : Executive Officer, Director, KYUSHU Branch of the Corporation
April 2015 : Managing Officer, Director, KYUSHU Branch of the Corporation
April 2016 : Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation
April 2017 : Senior Managing Officer, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation
June 2017 : Executive Vice President and Representative Director, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation
April 2018 : Executive Vice President and Representative Director, Director, Sales & Marketing Headquarters of the Corporation
March 2019 : Executive Vice President and Representative Director, Director, Sales & Marketing Headquarters, Director, Yumeshima (Osaka) Projects of the Corporation
April 2020 : Executive Vice President and Representative Director, Executive Vice President and Executive Officer, in charge of Engineering Business and LCV Business, and in charge of Emerging Frontiers of the Corporation(up to the present)



Tsunehiko Yamanaka
Senior Managing Officer and Representative Director Director, Civil Engineering Headquarters In charge of Safety Administration & Environment

April 1980 : Joined the Corporation
April 2013 : Executive Officer, Director, HOKKAIDO Branch of the Corporation
March 2016 : Executive Officer, Director, KANTO Branch of the Corporation
April 2016 : Managing Officer, Director, KANTO Branch of the Corporation
April 2018 : Senior Managing Officer, Director, Civil Engineering Headquarters of the Corporation
June 2018 : Senior Managing Officer and Representative Director, Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment of the Corporation
April 2020 : Senior Managing Officer and Representative Director, Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment of the Corporation(up to the present)



Motoaki Shimizu*1
Director

February 1998 : Joined IBM Japan, Ltd.
July 2004 : Joined the Corporation
June 2011 : Director of SHIMIZU & CO., LTD.
June 2014 : President and Representative Director of SHIMIZU & CO., LTD. (incumbent)
March 2017 : Resigned from the Corporation
June 2017 : Director of the Corporation(up to the present)



Tamotsu Iwamoto*2
Director

April 1974 : Joined Ajinomoto Co., Inc.
July 2001 : President of AJINOMOTO VIETNAM CO., LTD.
June 2005 : Corporate Executive Officer, General Manager, Human Resources Dept. of Ajinomoto Co., Inc.
June 2009 : Director, Corporate Vice President of Ajinomoto Co., Inc.
June 2011 : Director, Corporate Senior Vice President of Ajinomoto Co., Inc.
June 2015 : Representative Director, Corporate Executive Deputy President of Ajinomoto Co., Inc.
June 2017 : Senior Advisor of Ajinomoto Co., Inc.
June 2017 : Outside Auditor of HOUSE FOODS GROUP INC. (incumbent)
June 2019 : Director of the Corporation (up to the present)



Aya Murakami*2
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 of Ministry of Health, Labour and Welfare
December 2006 : Managing Director of Japan Institute for Women's Empowerment & Diversity Management
April 2011 : Professor, Department of Law, Faculty of Law, Teikyo University (incumbent)
June 2015 : Director of the Corporation (up to the present)



Mayumi Tamura*2
Director

April 1983 : Joined Sony Corporation
July 2002 : Executive Officer of Johnson Diversey Corporation (currently CxS Corporation)
December 2004 : CFO of adidas Japan K.K.
June 2007 : Executive Officer, Senior Vice President and CFO of Seiyu Corporation (currently Seiyu GK.)
May 2010 : Executive Officer, Senior Vice President and CFO of Seiyu Corporation (currently Seiyu GK.) and Executive Officer, Senior Vice President and CFO of Walmart Japan Holdings GK. (Currently Walmart Japan Holdings K.K.)
June 2015 : Outside Auditor of Honda Motor Co., Ltd.
June 2017 : Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. (incumbent)
June 2017 : Outside Director of Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation) (incumbent)
June 2019 : Director of the Corporation (up to the present)

*1 Director Motoaki Shimizu is a Non-Executive Director and head of the Nomination and Compensation Committee. *2 Directors Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura are External Directors.

Audit & Supervisory Board Members



Hideto Watanabe
Audit & Supervisory Board Member (standing)

April 1980 : Joined the Corporation
June 2006 : Manager, Accounting Dept. of the Corporation
June 2016 : Manager, Audit Department of the Corporation
June 2017 : Audit & Supervisory Board Member (up to the present)



Tetsuya Nishikawa^{*3}
Audit & Supervisory Board Member (part-time)

April 1972 :	Joined National Policy Agency
August 1989 :	Manager, Investigation Div. II, The Criminal Investigation Bureau of Metropolitan Police Department
April 1993 :	Chief of Wakayama Prefectural Police Headquarters
March 1998 :	Chief of Niigata Prefectural Police Headquarters
January 2007 :	Director General, Minister' Secretariat of Ministry of Defense
August 2009 :	Assistant Chief Cabinet Secretary
November 2011 :	Advisor to Sompo Japan Insurance Inc. (currently Sompo Japan Nipponkoa Insurance Inc.)
December 2011 :	Registered as Lawyer (Daichi Tokyo BAR Association)
January 2012 :	Joined Kasahara Law Office (incumbent)
June 2012 :	External Auditor of TAIHEI Engineering Co., Ltd. (incumbent)
May 2013 :	External Auditor of SEKIDO Co., Ltd. (incumbent)
June 2013 :	External Director of LAC Co., Ltd. (incumbent)
June 2014 :	Audit & Supervisory Board Member of the Corporation (incumbent)
December 2018 :	Audit & Supervisory Board Member, Soken Co., Ltd. (incumbent)
June 2020 :	Director, Kodokan Judo Institute (up to the present)



Koichi Matsuoka
Audit & Supervisory Board Member (standing)

April 1981 : Joined the Corporation
July 2006 : Manager, Accounting Dept., TOHOKU Branch of the Corporation
April 2008 : Manager, Financial Management Dept. of the Corporation
April 2013 : Manager, Affiliates' Business Dept. of the Corporation
June 2017 : Manager, Audit Dept. of the Corporation
June 2020 : Audit & Supervisory Board Member (up to the present)



Kaoru Ishikawa^{*3}
Audit & Supervisory Board Member (part-time)

April 1972 :	Joined the Ministry of Foreign Affairs
September 2002 :	Manager, International Society Cooperation Dept., Foreign Policy Bureau
January 2005 :	Chief, Economic Affairs Bureau
January 2007 :	Ambassador Extraordinary and Plenipotentiary of Japan to Egypt
June 2010 :	Ambassador Extraordinary and Plenipotentiary of Japan to Canada
April 2013 :	Retired the Ministry of Foreign Affairs
June 2013 :	Senior Managing Director, The Japan Forum on International Relations, Inc.
April 2014 :	Specially-appointed Professor, Kawamura Gakuen Women's University (incumbent)
May 2014 :	Director, Kawamura Gakuen (incumbent)
June 2015 :	Director, The Society for Promotion of Japanese Diplomacy (incumbent)
June 2016 :	Auditor of the Corporation (incumbent)
June 2017 :	Outside Director of SMK Corporation (incumbent)
June 2020 :	Director, Mitsubishi UFJ Foundation (up to the present)



Hatsuhiro Kaneko^{*3}
Audit & Supervisory Board Member (standing)

April 1979 : Joined Mitsubishi Trust and Banking Corporation
June 2006 : Executive Officer, General Manager, Retail Business Planning Promotion Department of Mitsubishi UFJ Trust and Banking Corporation
October 2006 : Executive Officer, General Manager, Retail Business Planning Department of Mitsubishi UFJ Trust and Banking Corporation
June 2008 : Executive Officer, Manager, KYOTO Branch and KYOTO Central Branch of Mitsubishi UFJ Trust and Banking Corporation
June 2009 : Managing Executive Officer of Mitsubishi UFJ Trust and Banking Corporation
June 2011 : Senior Managing Executive Officer of Mitsubishi UFJ Trust and Banking Corporation
June 2012 : Senior Managing Director of Mitsubishi UFJ Trust and Banking Corporation
June 2013 : Director, Deputy President of Mitsubishi UFJ Trust and Banking Corporation
June 2015 : Representative Chairman of Mitsubishi UFJ Real Estate Services Co., Ltd.
June 2016 : Outside Corporate Auditor of Mitsubishi Paper Mills Limited
June 2017 : Audit & Supervisory Board Member, Shimizu Corporation (up to the present)

Executive Officers

President
Kazuyuki Inoue

Executive Vice Presidents
Toshiyuki Imaki
Director, Building Construction Headquarters,
In charge of Information Management, Productivity Improvement and Associated Companies

Toru Yamaji
In charge of Engineering Business,
LCV Businesses and Emerging Frontiers

Koji Ikeda
In charge of Kansai Area,
Director, KANSAI Branch,
Deputy Director, Yumeshima (Osaka) Project, in charge of Building Construction, Yumeshima Project

Senior Managing Officers
Tsunehiko Yamanaka
Director, Civil Engineering Headquarters,
In charge of Safety Administration & Environment

Yutaka Ishikawa
In charge of Technology,
Director, Technology Planning Div.,
Director, Institute of Technology

Koichi Ishimizu
In charge of Tokyo Metropolitan Area,
Director, TOKYO Branch,
In Charge of Nuclear and Thermal Power Generation Businesses

Hiroshi Fujimura
Director, Sales & Marketing Headquarters,
Director, Yumeshima (Osaka) Projects

Shigeru Namioka
Director, KANTO Branch

Kimio Handa
In charge of Administrative Functions,
SDGs & ESG Promotion Director, Corporate Ethics Office

Masahiro Indo
Director, Production Technology Div., Building Construction Headquarters

Managing Officers
Yoshito Tsutsumi
Director, KYUSHU Branch

Kentaro Ikeda
Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters

Masatoshi Misawa
Director, CHIBA Branch

Masanobu Onishi
Director, Design Div., Building Construction Headquarters

Naoki Kita
In charge of International Business,
Civil Engineering Headquarters

Hiroaki Taniguchi
Director, NAGOYA Branch

Shinichi Takiguchi
Director, Emerging Frontiers Div., In charge of Sales & Marketing, Sales & Marketing Headquarters

Takahisa Shiota
In charge of Sales & Marketing, Sales & Marketing Headquarters

Akira Yamazaki
Director, Procurement & Estimation Center,
Building Construction Headquarters

Atsushi Osada
Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters

Takeshi Sekiguchi
General Manager, Engineering Headquarters

Yasuhide Kuwahara
Director, TOKYO Civil Engineering Branch

Mitsuo Morii
Director, Global Strategy Div.

Yoshiki Higashi
Director, Corporate Planning Div.,
In charge of Human Resource System Reform

Takao Haneda
In charge of General Affairs,
Director, Corporate Ethics Help-line Office,
In charge of Crisis Management General Manager

Executive Officers
Tatsuya Shinmura
Director, YOKOHAMA Branch

Yutaka Gozu
Senior Project Director, Singapore
Neil Road Development Project, International Div.

Takefumi Saito
Director, HOKURIKU Branch

Osamu Nakagawa
Director, HOKKAIDO Branch

Kojiro Shimizu
Director, TOHOKU Branch

Kouichi Yamashita
Director, KOBE Branch
In charge of Construction, Kansai Area

Toshihide Suenaga
In charge of Marketing & Sales promotion Kansai Area,
In charge of Sales & Marketing, Yumeshima (Osaka) Project

Yoshinari Dendoh
Manager, Human Resource Dept.,
In charge of Working Style Reform

Tomoaki Harada
Director, Building Construction Planning Div.,
Building Construction Headquarters,
Director, Monozukuri Training Center,
Building Construction Headquarters,
In charge of Tokyo Mokokujou,
Building Construction Headquarters,
Director, Shiomi Project

Masamichi Miki
Director, HIROSHIMA Branch

Yasuhide Yamada
In charge of Sales & Marketing,
Sales & Marketing Headquarters

Masakazu Hyodo
In charge of Finance & Accounting, Affiliated Business Dept., and IR

Kazuhiko Kato
Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters

Kenichi Ozono
Manager, Operation Control Dept.

Haruhiko Washimi
General Manager, Investment and Development Div.

Tetsu Mizuno
In charge of Sales & Marketing, NAGOYA Branch

Takayuki Sakakima
Deputy Director, Design Div., Building Construction Headquarters, In charge of Structure

Toshikazu Tsuji
In charge of Civil Engineering, Kansai Area,
In charge of Civil Engineering, Yumeshima (Osaka) Project

Yoshihiro Higuchi
Director, Technology, Civil Engineering Headquarters

Sadao Matsushashi
In charge of Technology, Civil Engineering Headquarters

Toru Furuya
President and Representative Director, Shimizu America, Inc.

Kazuya Osako
Director, SHIKOKU Branch

Hideo Yokoyama
Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters

Hitoshi Fujita
Director, International Div.

^{*3} Audit & Supervisory Board Members Hatsuhiro Kaneko, Tetsuya Nishikawa, and Kaoru Ishikawa are independent outside auditors.

Basic Views on 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, investors, and all other stakeholders, including customers, employees, and local communities. We do so by fulfilling our social responsibilities through business activities.

To achieve this, we have separated the management strategy and decision-making function from the business execution 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 business 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 outside directors, other non-executive directors, and outside Audit & Supervisory Board members who maintain a high degree of independence. The concrete structure and implementation status are detailed below.

- To promote more energetic debate by the Board of Directors and strengthen the management function, one-third or more of the total number of directors do not have executive duties. We elect non-executive directors to supervise corporate management and the execution of duties from a standpoint that is

independent of the business execution function.

- Outside directors and other non-executive directors and outside Audit & Supervisory Board members use their extensive experience and sophisticated insight based on their individual career histories to oversee and supervise management and provide necessary advice as appropriate.
- The Company established a structure mainly consisting of the head office administrative departments to provide timely information and other materials to assist outside directors and other non-executive directors in performing their management supervisory duties.
- The relevant divisions provide an overview of the Company and detailed explanations of the businesses, and other matters as guidance to new outside directors.
- Outside directors audit all duties performed by directors from a fair and impartial perspective.
- The Audit & Supervisory Board Members Office was established as the dedicated organization to support Audit & Supervisory Board members. This office secures the necessary support staff to enable more effective audits by Audit & Supervisory Board members.
- Audit & Supervisory Board members improve the effectiveness of management supervision by attending important meetings and obtaining sufficient information from officers and employees without delay.
- When a Board of Directors meeting is held, the Board of Directors administrative office and other divisions provide explanations in advance to the outside directors, non-executive directors, and Audit & Supervisory Board members.
- Outside directors and other non-executive directors regularly exchange opinions with the chairman and president.
- Regular Outside Officers Meetings are held for outside directors and outside Audit & Supervisory Board members, and regular Outside Directors and Audit & Supervisory Board Members Meetings are held for outside directors and all Audit & Supervisory Board members to facilitate the exchange of opinions.

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 as a rule, 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 seven executive directors who are highly knowledgeable in each area of Shimizu's business and four non-executive directors, three of whom are outside directors with extensive expertise and experience in their respective specialties. All three meet the standards for independence specified by the Tokyo Stock Exchange. 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 as a rule, and additionally as necessary. It makes decisions on audit policy, audit plans, auditing methods, and other important audit matters, and deliberates on necessary matters concerning audits. The Articles of Incorporation sets the number of Audit & Supervisory Board members at a maximum of five, including three outside Audit & Supervisory Board members. The chair of the Audit & Supervisory Board is an Audit & Supervisory Board member chosen through discussion by the Audit & Supervisory Board. All three outside Audit & Supervisory Board members meet the standards set by the Tokyo Stock Exchange for independent officers, and oversee the management of Shimizu from an objective and neutral standpoint.

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 outside 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 as well examining ways to prevent incidents and recurrence 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 outside 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 chair) and executive officers. One full-time Audit & Supervisory Board member also attends council meetings.

Overview of Corporate Governance Structure (as of June 26, 2020)

Item	Description
Organizational form	Company with an Audit & Supervisory Board
Number of Directors	11 (maximum of 12 permitted)
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

* On April 1, 2020, the executive officer system was partially revised. Responsibility for operational execution was clarified to strengthen the business execution function and the percentage of non-executive directors was increased to strengthen the management supervisory function.

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 2019 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 2019 (one year)
 - Evaluation date: December 2019 Board of Directors meeting
 - Main items evaluated: Composition, function, and operational status of the Board of Directors, status of support provided to outside directors, status of 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 is judged to be operating effectively. The following main issues for future consideration were also raised as opinions and proposals during discussion.

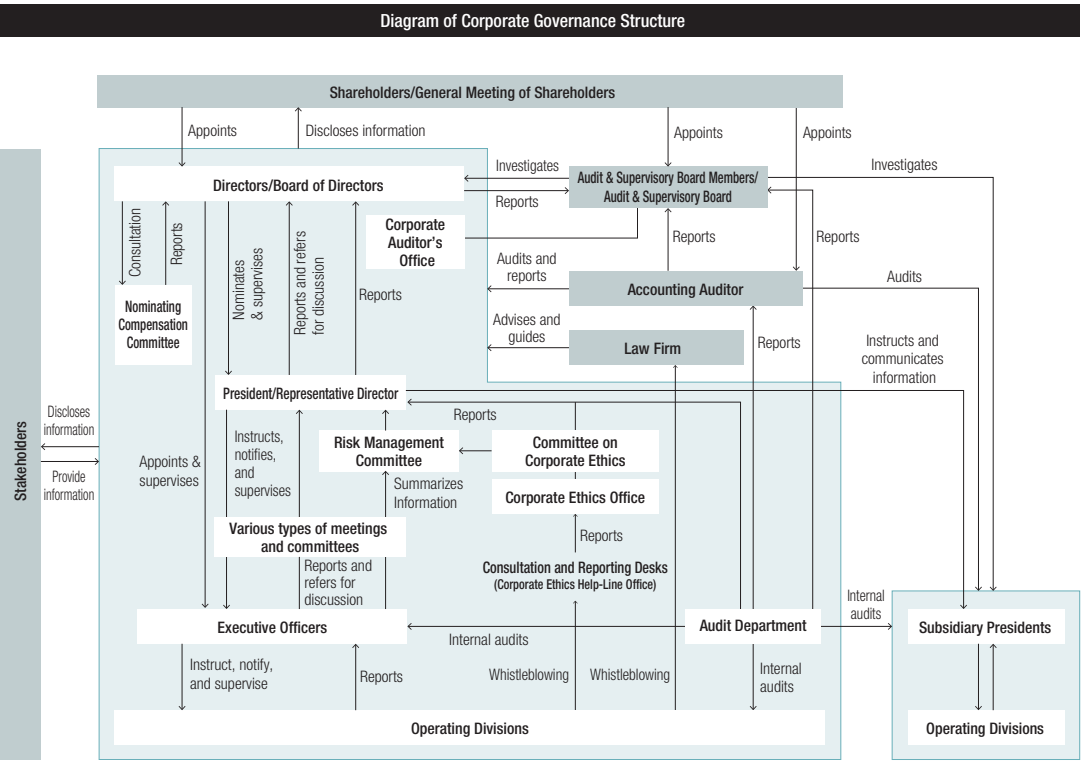
Functional & operational status of Board of Directors meetings: (1) Strengthen the management strategy and management supervisory function to maintain global, group awareness. (2) Revise the criteria for referral to the Board of Directors and operate meetings efficiently to secure sufficient time for discussion of important matters.

Status of support for outside directors: (1) Provide advance explanations of Board of Directors meeting items earlier and provide more information that will contribute to management. (2) Increase the number of opportunities outside of Board of Directors meetings for non-executive directors (including outside directors) or outside Audit & Supervisory Board members to exchange opinions with the Chairman and President.

Dialog with Shareholders and Investors: Report the opinions obtained from shareholders and investors through IR activities, etc. to the Board of Directors in a timely manner.

(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.



Appointed Outside Directors and Outside Audit & Supervisory Board Members (as of June 30, 2020)

Outside Directors				
Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2019
Tamotsu Iwamoto	○	Outside Audit & Supervisory Board Member, House Foods Group Inc.	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 Outside Director because we think he will utilize this experience in supervising management of the company from an objective, neutral perspective.	Board of Directors meetings: Attended 12 out of a total of 12 meetings (100% attendance rate)
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 Outside Director because she is using this expertise to promote working style reform, diversity management, and otherwise contribute to the management of the company.	Board of Directors meetings: Attended 16 out of a total of 16 meetings (100% attendance rate)
Mayumi Tamura	○	Outside Director, Audit & Supervisory Committee Member, Honda Motor Co., Ltd., Outside Director, Hitachi High-Tech Corporation	Mayumi Tamura possesses expert knowledge and many years of experience in global companies. We deemed her to be appropriate for appointment as an Outside Director because we think she will utilize this experience in supervising management of the company from an objective, neutral perspective.	Board of Directors meetings: Attended 12 out of a total of 12 meetings (100% attendance rate)

* Tamotsu Iwamoto and Mayumi Tamura have attended all Board of Directors meetings held since they were appointed on June 27, 2019.

Outside Audit & Supervisory Board Members

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2019
Hatsuhito Kaneko	○	Full-time	Hatsuhito Kaneko possesses considerable knowledge of finance and accounting, and extensive experience and expertise in management as an officer of financial institutions for many years. Shimizu deemed him to be appropriate for appointment as an Outside Audit & Supervisory Board Member because he is supervising management of the company from an objective, neutral perspective.	Board of Directors meetings: Attended 16 out of a total of 16 meetings (100% attendance rate) Audit & Supervisory Board meetings: Attended 16 out of a total of 16 meetings (100% attendance rate)
Tetsuya Nishikawa	○	Attorney (Kasahara Law Office); Outside Audit & Supervisory Board Member at SEKIDO Co., Ltd.; Outside Director at LAC Co., Ltd.; Outside 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 Outside Audit & Supervisory Board Member because he is supervising management of the company from an objective, neutral perspective.	Board of Directors meetings: Attended 16 out of a total of 16 meetings (100% attendance rate) Audit & Supervisory Board meetings: Attended 16 out of a total of 16 meetings (100% attendance rate)
Kaoru Ishikawa	○	Director at Kawamura Gakuen, Director at The Society for Promotion of Japanese Diplomacy, and Outside Director at SMK Corporation Director at Mitsubishi UFJ Foundation	Kaoru Ishikawa has played a leading role in the field of diplomacy and has a wealth of experience and knowledge as a diplomat and specialized knowledge on international relations and SDGs. Shimizu deemed him to be appropriate for appointment as an Outside Audit & Supervisory Board Member because he will monitor management of the Corporation from an objective and neutral standpoint and from a global perspective by utilizing his experience and knowledge.	Board of Directors meetings: Attended 16 out of a total of 16 meetings (100% attendance rate) Audit & Supervisory Board meetings: Attended 16 out of a total of 16 meetings (100% attendance rate)

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

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

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

Support Structure for Outside Officers (outside directors and outside Audit & Supervisory Board members)

Shimizu has established a system to provide information to facilitate supervision of management by outside directors and other non-executive directors in performing their duties. The administration departments 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

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 outside directors, to ensure fair and transparent evaluation and compensation of directors and officers through deliberation by the committee.

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

of staff members have been secured to assist outside Audit & Supervisory Board members.

When a Board of Directors meeting is held, materials are distributed in advance and the Board of Directors administrative office and other divisions provide explanations in advance to the outside directors and the outside Audit & Supervisory Board members.

for each director is contributed to the officers' 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.

Non-executive directors, including outside directors, are only paid a monthly salary to enhance the management supervisory function.

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 outside directors is capped at 10 million yen of the amount noted above. A maximum annual total of 500 million yen for bonuses was established at the 118th Annual General Meeting of Shareholders held on June 26, 2020.

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 (FY2019)

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 Outside Directors)	934	663	271	53	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	64	64	—	—	2
Outside Officers	98	98	—	—	7

Securities Holding Policy

Shimizu holds shares of business partners as securities holdings in order to “strengthen and maintain the relationships with business partners” when necessary from the viewpoint of sales policy. The Board of Directors determines whether to acquire major securities holdings and takes the benefits to Shimizu, acquisition cost, risk of share price changes, and other factors into collective consideration in making such decisions. The Board of Directors examines the necessity of securities holdings for individual stocks each year, taking into collective consideration the economic rationality of such holdings including cost, risk, and sales benefits. The Company will reduce securities holdings in stages to promote the effective utilization of capital, after first verifying whether it

is necessary to hold the stock and confirming the relationship of trust with the business partner. Shimizu sold securities holdings of listed stocks valued at 16.8 billion yen in fiscal 2019.

The Company exercises voting rights on securities holdings appropriately. Shimizu examines the content of resolutions and makes a decision on whether to vote for or against each resolution after considering the resolution from the perspective of avoiding impairment of shareholder value, in addition to the perspective of strengthening the relationship with the business partner, the original purpose for holding the shares.

Policy on Constructive Dialog with Stakeholders

Shimizu believes that information disclosure and dialog with shareholders, institutional investors, and financial analysts is important to achieve sustained growth and increase 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 understand the Shimizu's business strategy and the management

FY2019 Activities	Number
Financial results briefings and job site tours for financial analysts	3
Individual meetings with financial analysts	102
Meetings with institutional investors in Japan	15
Meetings with overseas institutional investors	25
Job site tours for individual shareholders	1
SDGs and ESG briefings for ESG analysts	1

Internal Control System Establishment and Status

Shimizu has established a system of internal controls and the Board of Directors makes decisions on the Basic Policy on Establishing a System of Internal Controls to ensure proper operation of the company.

An overview of the operational status of internal control systems in fiscal 2019 is provided below.

Compliance System	(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 outside 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 twice 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. (5) To eradicate antisocial forces and groups, Shimizu has clearly stated "Elimination of Antisocial Behavior" in our Code of Corporate Ethics and Conduct. We also provide education and training, have appointed a person in charge of preventing improper demands, have established an internal reporting system for reporting any improper demands received, have included a clearly worded clause on eliminating relationships with organized crime groups in contracts with business partners, and have taken other steps to establish an internal system for practical implementation. (6) To prevent acts of bribery in Japan and overseas, Shimizu clearly states that that we do not condone acts of bribery in our Code of Corporate Ethics and Conduct. We have also established an internal system that includes the establishment of Anti-Bribery Rules, establishment of a system for implementation, provision of education and training, and strict punishment of violators.
Risk Management System	(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 initial response to large earthquakes, we hold regular earthquake disaster drills 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	(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	(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.

Code of Corporate Ethics and Conduct and Internal Corporate Structure

Code of Corporate Ethics and Conduct

Shimizu has adopted The Analects and the Abacus, which contains the teachings of Eiichi Shibusawa, as our corporate credo. We base our business activities on the conviction that our company's business will always prosper if we pursue ethics and economic gain simultaneously, or in other words, if we do good work that delights the community and our customers and is grounded in a strong sense of ethics. 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 conduct compliance training based on it for all employees each year to make sure that everyone understands the Code. Training topics include conducting fair bidding (compliance with the Antimonopoly Act, etc.); preventing corruption, including bribery and accounting fraud; human rights; labor; and the environment.

Code of Corporate Ethics and Conduct
<https://www.shimz.co.jp/en/company/about/governance/pdf/202005e.pdf>



Establishment of Internal Corporate Structure

Shimizu provides education and training to ensure strict implementation and practical operation of the Code of Corporate Ethics and Conduct by officers and employees, We have also appointed an officer in charge of corporate ethics, established a Committee on Corporate Ethics, the Corporate Ethics Office, the corporate ethics hotline, and an internal reporting system.

Compliance Training

Our e-learning course for all employees once again achieved a 100% completion rate in fiscal 2019. The International Division and other business divisions also conduct compliance training tailored to the circumstances of each 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 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 October 2018, the court found Shimizu Corporation guilty of violations of the Antimonopoly Act relating to a bid on a Chuo Shinkansen construction project ordered by the Central Japan Railway Company, and ordered suspension of certain business activities from February 2 to June 1, 2019 as specified in the Construction Business Act. We have been continuously implementing measures to prevent recurrence since March 2018. The status of measures to prevent recurrence implemented in fiscal 2019 are as follows:

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

a. Conducted corporate ethics training for management executives (a total of approximately 900 attended the training, with approximately 300 officers and executive staff members attending each time)
 - "Practice of the Analects and Abacus in Business" by Mr. Atsushi Moriya
 - "Eiichi Shibusawa and the Analects" by Mr. Yoshifumi Taguchi
 - "Recent Practice of Antimonopoly Act, etc." by Attorney Ryuta Kawai

b. Provided The Analects and the Abacus" e-learning training
 - Taken by approximately 10,000 all employees of the Company, and approximately 4,200 officers and employees of its subsidiaries

c. Raised awareness on compliance through the company magazine and the company Intranet
 - Series of articles on "The Analects and the Abacus" by Director of the Shibusawa Memorial Museum (7 issues)

(2) Thorough implementation of the Company's Code of Conduct
 - Training and exchange of opinions with outside lawyer (targeting officers in charge of civil engineering and sales and executive staff members at branches)
 - Training by Legal Department/Interviews with executive staff members at branches

(3) Strengthening compliance checks on specified projects
 - Identified high-risk projects which are considered likely to cause anticompetitive actions (around 70 projects were designated from Building Construction and Civil Engineering in total, which are re-examined every month based on the progress of the projects)
 - Conducted interviews and checks with sales officers, department managers, and persons in charge of sales in regards to the above-mentioned high-risk projects (a cumulative total of approximately 280 projects in fiscal 2019)
 - Conducted interviews by an outside lawyer as necessary (7 projects in fiscal 2019)

(4) Evaluation by lawyer on the status of implementation of recurrence prevention measures
 - An evaluation by an outside lawyer in April 2020 concluded that "the Corporation is judged to be seriously making an effort to ensure compliance with the Antimonopoly Act and its approach to compliance is worth high praise."
 - This type of evaluation will continue to be carried out.

TOPICS

Sharing the Founding Spirit
Shimizu Mind: Our Promise



In May 2019, Shimizu produced "Shimizu Mind: Our Promise," a small pamphlet containing thoughts to convey the founding spirit that has been passed down continuously throughout Shimizu's history over the more than 210 years since the Company was founded. It was distributed to all officers and employees. We will share our founding spirit and continue to pass it down to the next generation so that we do not forget the pride in the work we do at Shimizu and to put our corporate slogan "Today's Work, Tomorrow's Heritage" into practice.

Risk Management

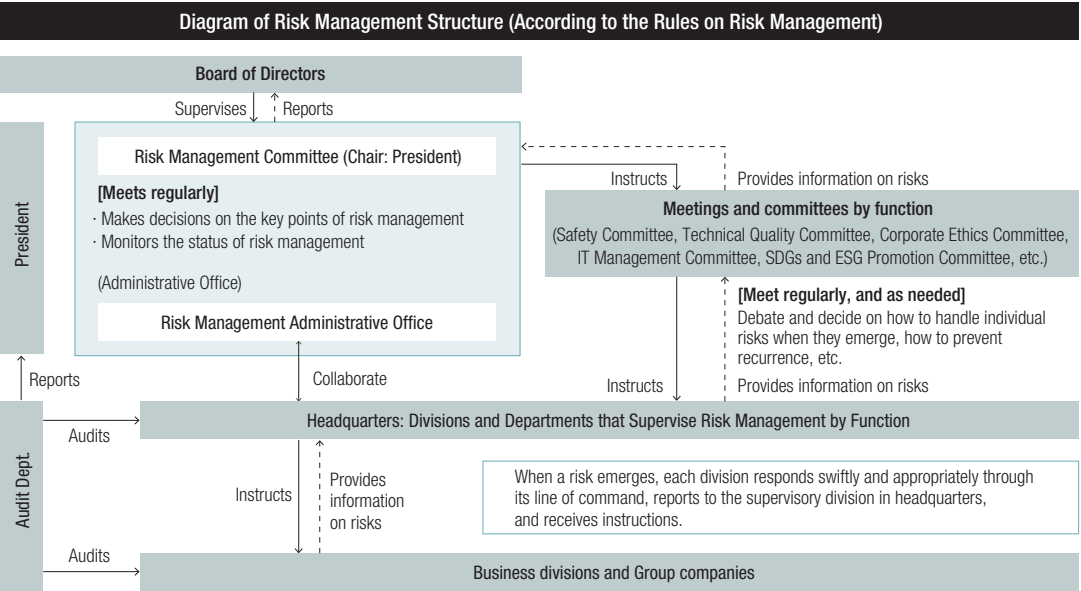
The Shimizu Group recognizes that various risks can emerge in the course of business activities and works to ensure business continuity and stable growth by properly managing such risks to reduce the possibility that they will materialize, while also minimizing losses for those that do materialize. In Mid-Term Management Plan (2019—2023), we also stated the basic policy of Advancing ESG-based Management and designated Strict Compliance & Strengthened Risk Management as one of the key means to achieve this.

Each fiscal year, the Risk Management Committee (Chair: CEO) makes decisions on key items of risk management for the entire company and each division incorporates these decisions into its business plans. The committee regularly monitors risks (twice a year) by function at the head office, business division, and group company levels

and recommends corrective actions and improvements as necessary, while also responding to emerging risks and reporting on the status of response to the Board of Directors twice a year.

By risks, we mean all factors that hinder achievement of management goals in managing the Shimizu Group, from the following perspectives:

- Factors that have the potential to cause economic loss to the Shimizu Group, either directly or indirectly
- Factors that could interrupt or halt ongoing Group business activities.
- Factors that could result in a loss of trust in the Shimizu Group and harm to the brand image.



Safety Initiatives Overseas

We have seen heightened geopolitical risk in many regions and countries around the world in recent years.

Shimizu has prepared an organizational structure and crisis response manual for emergency conditions overseas. We specify preventive measures during normal times and our policy and the method of response during an emergency, and implement these measures.

The status of the latest safety measures is listed on the Overseas Safety Measures website for employees. Shimizu strengthens security

system for offices and job sites as needed. We issue alerts and restrictions on overseas travels, and take other steps to ensure the safety of employees stationed overseas or traveling overseas on business.

New Policy on Natural Disaster Risk Formulated

The increase in the types, duration, and scale of natural disasters had made it necessary to respond to risks that were previously unforeseen in our existing business continuity plan (BCP).

We are reviewing and revising the rules on general plans for steps to take during normal operation, BCP and emergencies.

In 2019, we revised the structure for responding to a scenario involving a series of earthquakes in the Nankai Trough and conditions causing widespread impact in business activities.

In 2020, we established standards for response to wind and flood damage before beginning construction and standards for action when wind and flood damage occur, in light of the increasing frequency and severity of wind and flood events in recent years. We will establish detailed rules for the entire Company and will work to minimize damage to the Company and quickly restore social infrastructure and hold customers recover from damage.

Company-wide Drill Conducted Based on a Disaster Occurring During a State of Emergency Declared for COVID-19

On September 7, 2020, Shimizu conducted a company-wide drill based on the scenario of an earthquake occurring directly beneath the Greater Tokyo area during a State of Emergency declared for COVID-19.

This drill confirmed that it was possible to mount a response at the same level as during a normal disaster by making active use of ICT, restricting the number of essential personnel in the Crisis Response Headquarters to one-fifth the normal number, and having other essential personnel respond from their own desks on each floor to avoid crowded conditions and close contact.

Recovery from disasters is a big social mission of the construction industry that does not change even in the midst of the COVID-19 pandemic. We will use the knowledge we have gained from this drill in responding swiftly to disasters when they occur.

Teaming up with Local Communities in Pursuing Disaster Prevention Activities

In Chuo-ku, Tokyo, where Shimizu's head office is located, there is concern that around 300,000 people could be stranded and unable to return home if a major earthquake occurred, depending on the timing of the earthquake.

At the request of Chuo-ku, Shimizu provides space in its head office as a local emergency evacuation center to provide temporary shelter for people who are stranded. The Company has established an



Drill for receiving stranded people while ensuring social distancing



Disaster drill based on a scenario of an earthquake disaster that has occurred during a State of Emergency declared for COVID-19

emergency evacuation center as the operational structure and works with Chuo-ku and other companies to help establish a mutual aid disaster response structure.

On September 7, 2020, we enlisted the participation and cooperation of Chuo-ku and neighboring companies in conducting a drill for reception of stranded people while ensuring social distancing under conditions of uncontrolled spread of COVID-19. The drill confirmed the response procedures for reception, preparations, distribution of emergency supplies, and other procedures.

Configuring an Electronic Information Security System

Now that information and communications technology (ICT) has matured, companies must respond swiftly and appropriately to prepare for leaks of confidential or personal information, cyber threats, and other information security risks in their company. Shimizu reviews its response and makes the necessary corrections every year, has established an electronic information security system, and manages risks, based on the Electronic Information Security Guidelines.

We have appointed a Chief Information Officer (CIO) in charge of information management measures, including measures at Group companies, and are strengthening the IT strategy and information security function in the Shimizu Group as a whole through the Digital Strategy Promotion Division. We have also formed a CSIRT (Computer Security Incident Response Team) to respond to urgent issues in computer security. Shimizu is a member of the Nippon CSIRT Association. We not only operate our own CSIRT, we work together with the CSIRTs at other companies to resolve many kinds of security issues.



Information Security Handbook

Intellectual Property Management

Patents and other types of intellectual property are one source of sustainable growth in Shimizu's business activities.

Securing rights on outstanding ideas prevents other companies from implementing them and makes it possible to differentiate our business. It is also extremely important to respect and comply with the rights of other companies. This requires swift, appropriate risk management because it could inflict a substantial blow (damages, loss of trust, etc.) to the Company, depending on the response. At Shimizu, we encourage inventions in the technology development area to heighten awareness and create an "intellectual property mindset" in every employee. We educate employees who work at job sites on the risks of infringing on intellectual property rights, provide basic training to new employees and training for new officers, and implement other educational activities according to the nature of the business and job position as a matter of course, and provide an intellectual property e-learning course for all employees as part of our efforts to exercise thorough intellectual property management.



*See pp. 14-15 for COVID-19 response measures.
*See pp. 52-53 for long-term climate change risk response measures.

Ten-Year Highlights (Consolidated)

Shimizu Corporation and its subsidiaries
Years ended March 31, 2011 through 2020

									Millions of Yen (unless otherwise indicated)	Thousands of U.S. Dollars (unless otherwise indicated)	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
For the year:											
Construction orders awarded	¥1,217,238	¥1,242,347	¥1,254,950	¥1,474,084	¥1,581,494	¥1,477,049	¥1,565,928	¥1,608,266	¥1,816,023	¥1,318,739	\$12,198,129
Net sales	1,303,755	1,336,194	1,416,044	1,497,578	1,567,843	1,664,933	1,567,427	1,519,435	1,664,960	1,698,292	15,708,932
Operating income	20,175	17,566	13,101	26,054	50,032	94,668	128,835	121,373	129,724	133,894	1,238,503
Ordinary income	18,815	16,159	17,330	29,277	56,246	95,501	131,197	124,130	133,957	137,986	1,276,349
Net income attributable to shareholders of the Corporation	10,848	1,430	5,901	14,191	33,397	59,322	98,946	84,978	99,668	98,977	915,526
Net income per share of common stock (yen and U.S. dollars)	¥13.83	¥1.82	¥7.52	¥18.09	¥42.56	¥75.61	¥126.11	¥108.31	¥127.04	¥128.31	\$1.19
Cash dividends per share of common stock (yen and U.S. dollars)	¥7.00	¥7.00	¥7.00	¥7.00	¥8.00	¥16.00	¥26.00	¥26.00	¥36.00	¥38.00	\$0.35
Ordinary dividends (yen and U.S. dollars)	¥7.00	¥7.00	¥7.00	¥7.00	¥8.00	¥10.00	¥10.00	¥14.00	¥14.00	¥20.00	\$0.18
Special dividends (yen and U.S. dollars)	—	—	—	—	—	¥6.00	¥16.00	¥12.00	¥22.00	¥18.00	\$0.17
Dividends payout ratio (%)	50.6	384.6	93.1	38.7	18.8	21.2	20.6	24.0	28.3	29.6	29.6
ROE (%)	3.6	0.5	1.8	3.9	7.9	12.4	18.8	13.9	14.4	13.6	13.6
Net cash provided by (used in) operating activities	101,639	10,518	46,364	17,395	56,105	38,335	143,668	82,879	(14,933)	170,557	1,577,627
Net cash provided by (used in) investing activities	(17,605)	(21,566)	(29,744)	(27,977)	(17,644)	(14,051)	(34,654)	(30,938)	(52,652)	(115,745)	(1,070,630)
Net cash provided by (used in) financing activities	(54,990)	(23,942)	(14,045)	(28,592)	14,305	9,199	(65,375)	(26,124)	(42,404)	68,732	635,760
Cash and cash equivalents at end of year	246,251	209,773	216,634	183,440	242,482	274,167	315,803	341,158	229,978	352,722	3,262,626
At year-end:											
Net assets	¥296,461	¥307,002	¥358,094	¥376,048	¥481,896	¥485,655	¥576,879	¥656,330	¥735,242	¥736,412	\$6,811,697
Total assets	1,423,613	1,410,975	1,456,441	1,512,686	1,703,399	1,722,936	1,688,197	1,780,943	1,860,794	1,904,934	17,620,334
Net assets per share of common stock (yen and U.S. dollars)	¥373.99	¥387.74	¥452.79	¥474.43	¥607.82	¥612.70	¥728.78	¥829.58	¥929.72	¥957.56	\$8.86
Interest-bearing debt	393,503	375,330	367,097	344,222	375,580	392,482	340,010	338,264	319,400	441,315	4,082,097
Equity ratio (%)	20.6	21.6	24.4	24.6	28.0	27.9	33.9	36.5	39.2	38.3	38.3
Debt to equity ratio (%)	1.3	1.2	1.0	0.9	0.8	0.8	0.6	0.5	0.4	0.6	0.6

Notes: 1. Yen amounts have been rounded down to the nearest million.
2. U.S. dollar amounts have been translated at the exchange rate of ¥108.11 to U.S.\$1, the approximate rate prevailing at March 31, 2020.
3. The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the fiscal year ended march 31, 2019.
Accordingly, Total assets and Equity ratio for the fiscal year ended march 31, 2018 has reflected the application of the aforementioned standard, etc.

ESG Important Management Indicators

ESG	Social Challenges	ESG Important Management Indicators	Key Performance Indicators (KPIs)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (Target)
E (Environment)	- A sustainable society - Renewable energy - Preventing global warming - Preserving biodiversity - Resource depletion - Water-related issues	- Energy conservation, renewable energy - Countering global warming - Biodiversity - Waste reduction, recycling, pollution prevention 7AFFORDABLE AND CLEAN ENERGY 9INDUSTRY, INNOVATION AND INFRASTRUCTURE 12RESPONSIBLE CONSUMPTION AND PRODUCTION 13CLIMATE ACTION 14LIFE BELOW WATER 15LIFE ON LAND	CO ₂ emissions reductions vs. FY1990	51.1%	53.0%	54.9%	50.7%	58.0%	58.0%
			Green construction						
			Energy-saving construction	42.5%	45.0%	44.1%	46.1%	47.0%	48.0%
			Conserving energy at the office	48.1%	47.0%	48.7%	46.0%	49.0%	50.0%
			Final disposal rate of construction by-products	2.8%	3.7%	3.5%	3.5%	3.0%	3.8% or less
			Total construction by-products generated per square meter	13.0kg /m ²	13.0kg /m ²	14.9kg /m ²	15.6kg /m ² or less	16.3kg /m ² or less	15.7kg /m ² or less
			Number of serious environmental defects	0	0	0	0	0	0
			[Other assessment indicators]						
			Average CASBEE score *design and construction	1.60	1.51	2.25	1.51	2.24	1.5 (rank A) or higher
			Number of LEED-certified projects *design and construction	3	4	6	7	7	—
			Power generated from renewable energy *our business	18,073 MWh	19,480 MWh	19,650 MWh	20,692 MWh	24,048 MWh	26,221 MWh
			Offsets using carbon credits	30,000 t-CO ₂	27,700 t-CO ₂	27,181 t-CO ₂	28,253 t-CO ₂	21,212 t-CO ₂	—
			CDP performance score	A	B	A [—]	B	A [—]	A
S (Social)	- Support for disaster affected areas - Reducing disaster risks - Lengthening the lifespan of infrastructure - Customer satisfaction - Stock management - Community vitalization - Diversity - Aging society with fewer children - Coexistence with local communities - Corporate citizenship - Support for athletics	- Safety and security for construction and the social infrastructure - Optimal quality, customer satisfaction - Health and safety in construction processes - Diversity - Work-life balance - Human resource development - Securing a workforce for the future - Contributing to Society 5GENDER EQUALITY 8DECENT WORK AND ECONOMIC GROWTH 9INDUSTRY, INNOVATION AND INFRASTRUCTURE 10REDUCED INEQUALITIES 11SUSTAINABLE CITIES AND COMMUNITIES 12RESPONSIBLE CONSUMPTION AND PRODUCTION	R&D investments	8.5 billion yen	10.1 billion yen	11.1 billion yen	12.5 billion yen	13.2 billion yen	15.1 billion yen
			Number of patents applied for	309	322	325	312	338	300
			Number of staff obtaining new professional qualifications (cumulative)	3 (170)	3 (164)	8 (175)	7 (173)	3 (170)	4
			Professional Certificates	61 (744)	30 (748)	51 (773)	17 (753)	33 (752)	39
			Class I Architect	50 (2,178)	48 (2,163)	71 (2,094)	80 (2,127)	94 (2,096)	85
			Class I Construction Management Engineer certificates	114 (2,997)	89 (3,024)	49 (3,026)	38 (3,031)	40 (2,986)	40
			Class I Civil Engineering Construction Management Engineer	48 (1,524)	20 (1,515)	27 (1,484)	32 (1,484)	34 (1,472)	45
			Accident frequency rate (FY total)	0.59%	0.53%	0.47%	0.64%	0.64%	0.57%
			Number of women in management positions	49	68	84	105	118	50% higher than 2018
			Percentage of employees with disabilities	2.18%	2.16%	2.23%	2.37%	2.33%	2.30%
			Percentage taking paid annual vacation	33.8%	42.6%	47.5%	49.9%	51.2%	60% or higher by 2022
			Expenditures on social contribution activities as a percentage of ordinary income	0.83%	0.84%	0.95%	0.77%	0.86%	1%
			[Other assessment indicators]						
			Number of structures subject to comprehensive disaster prevention diagnostics	155	163	188	220	241	260
G (Governance)	- Corporate governance - Human rights/Poverty eradication - Preventing corruption, collusion - Fair marketing - Information security	- Corporate governance - Risk management - Compliance 16PEACE, JUSTICE AND STRONG INSTITUTIONS	Number of serious information security incidents	0	0	0	0	0	0
			Number of serious violations of laws, regulations, and notices	0	0	1	0	0	0
			[Other assessment indicators]						
			Percentage of employees undergoing information security training	100%	100%	100%	100%	100%	100%
			Participation rate in BCP drills	100%	100%	100%	100%	100%	100%
			Percentage of employees undergoing compliance training	100%	100%	100%	100%	100%	100%
			Corporate Ethics Helpline Office response rate	100%	100%	100%	100%	100%	100%

Technology and Hearts That Form a Bridge to the Next Generation

Relocation and Rebuilding of Former Shibusawa Home, the Only Building by Kiske Shimizu II That Still Exists

We are currently working on the construction plans for the Innovation Center, which will have 20,000 m² in total floor space and will be built on land that Shimizu acquired in Shiomi, Koto-ku in Tokyo. Together with these plans, we will also relocate, rebuild, and preserve the former Shibusawa home, which was built by Kiske Shimizu II, the second head of our company, and previously relocated to the town of Rokunohe in Aomori Prefecture. The former Shibusawa home is a wooden building completed in 1878 (Meiji 11) as the home of Eiichi Shibusawa, who served as an advisor to the Company in the Meiji Era. It is the only building constructed by Kiske Shimizu II that still exists. We will preserve and use it as a cultural heritage site that will communicate the DNA of Shimizu to future generations.



Former Shibusawa home that was located in Rokunohe, Aomori Prefecture (now dismantled) (Photo provided by: Naruphoto)

Working with Kanekikai to Link Technology to the Next Generation

The new Shimizu Takumi Training Center for skilled construction workers in Funabashi City, Chiba Prefecture was established and began operating in July 2020. This facility was opened as one part of the measures implemented to secure and train skilled workers, who are essential to construction sites. Shimizu is operating the center together with the Kanekikai, an organization of Shimizu's suppliers and subcontractors. Course participants will mainly be recruited from Kanekikai member companies and the training center will provide an education and training curriculum according to work experience and skill level. In addition to training for currently employed skilled workers, Shimizu also plans to use the training center for high school students who want to enter the construction industry as well as their guardians and teachers. Providing facility tours and a venue for hands-on learning for candidates that might perform the work in the future will enable Shimizu to showcase the attractions of the construction industry and actively develop human resources, which will lead to an increase in new employees.



Exterior view of the Shimizu Takumi Training Center

New Certification System Established for Traditional Technique Master Instructors

— Passing on Traditional Construction Techniques Cultivated Since Shimizu Was Founded To the Next Generation —

Shimizu has established a new system to certify highly skilled employees who are contributing to passing on traditional construction techniques and developing successors as “traditional technique master instructors.” These master instructors possess advanced skills in the preservation and restoration of traditional architecture and building design and construction management. This system is intended to ensure that the traditional construction techniques cultivated since the Company was founded are passed on.

Shimizu awarded the first certifications in the system in March 2020 to four people in total: two in construction management, one in architectural design, one in structural design. Establishment of this system expanded the stage for professional activities in traditional construction techniques, and this will result in the steady passing on of technology.

COLUMN

Passing on Shimizu's DNA to the Next Generation is Our Mission

Receiving the traditional technique master instructor certification is a great honor. It is also encouraging. I meet many people with outstanding techniques and skills in the field of traditional architecture. I can carry on a dialog with my predecessors through my work and give the young people who will perform the work in the future the feeling that they want to perform work they are proud of. I want to share that view and launched a “company temple construction and historical structure information network” within the Company. Five years have passed since then and I am gradually beginning to feel the results.

I will continue to appeal to others by telling them how wonderful the field of traditional architecture is, developing people, and sharing history. This will link the DNA of Shimizu to the next generation.



Jin Kanakubo
Corporate Temple and Residential Construction Division
Traditional Technique Master Instructor certification recipient

Shimizu's Social Contribution Activities

Basic Principles on Social Contributions

Shimizu actively contributes to society and local communities as a corporate citizen.
By doing so, we help preserve the abundance of the earth
and create a future society in which all people on it can live with happiness.
Our activities are rooted in The Analects and the Abacus (Ethics and Economics),
which contains the basic principles for managing our business;
our corporate slogan, Today's Work, Tomorrow's Heritage.

Based on the basic philosophy described above, Shimizu has four areas for key initiatives aimed at contributing to society: 1) Earth and the environment, 2) Education, 3) Culture and Arts, and 4) Social Inclusion. We are actively engaging in activities that contribute to local communities in these four areas.

We also agree with the intent of the Japan Business Federation's One-Percent Club and are aiming to use 1% of our ordinary income in voluntary social contribution activities. The percentage of ordinary income spent on social contribution activities in fiscal 2019 was 0.86% (¥1.05 billion/¥122.6 billion in ordinary income (non-consolidated)).

* Activities of the Shimizu Foundation, Housing Research Foundation JUSOKEN, and Shimizu Scholarship Foundation, organizations that are closely connected to our Company, are included among these expenditures.

Shimizu Volunteer Academy Extends the Circle of Volunteers Wider

It was first offered in 2015 to contribute by training volunteers who have a broad knowledge of people with disabilities and para sports. The academy uses both desk learning and hands-on practice to equip volunteers with the basic knowledge they will need. A course was held in February 2020 that was sponsored by National Sports Festival Mie Prefecture and National Sports Festival Mie Prefecture Preparation Committee, Mie University, and Shimizu Corporation, as an industry-government-academic partnership. A total of 180 students and local residents gathered at Mie University to participate.



Advice on practical techniques from an instructor in a wheelchair

Invitation to Middle School Students in Chuo-ku to Attend a Private Viewing of Kabuki Theater

In October 2019, we booked and held a private viewing of Kabuki at the Kabukiza Theatre Shimizu built in Chuo-ku, Tokyo. We invited around 450 students from four local middle schools. It was a perfect opportunity to encourage young people who will be responsible for the next generation to take an interest in the traditional culture of Japan.



Kabuki viewing

Wood Educational Activities at Tokyo Mokkoujou Arts and Crafts Furnishings

At Tokyo Mokkoujou Arts and Crafts Furnishings, we are holding woodworking workshops in various communities out of the desire to acquaint children with the warmth of wood and the delight in craftsmanship. In Oyaji no Deban! Sponsored by the Chuo-ku Community Homeschooling Promotion Association, children and their fathers, who are usually busy with work, engaged in woodworking together. A young employee from Tokyo Mokkoujou Arts and Crafts Furnishings taught the class.



Children receiving an explanation on how to make something

List of External Awards Received

60th BCS Awards



Toyama Prefectural Museum of Art & Design
(Construction: Shimizu Corp.; Design & supervision:
Naito Architect & Associates)

Fiscal 2019 JSCE Award

Outstanding Civil Engineering Achievement Award, Group I



World's first spiral excavation of a tunnel using the H&V shield construction method
(construction of Tachiaigawa main rainwater drainage tunnel)



Construction of shield tunnel with a large cross-section in an urban area with steep inclines, sharp curves, and little ground covering
(Baba entrance/exit on the Yokohama Expressway North Route)

List of Other Awards Received

Name of Award	Project Receiving the Award
Fiscal 2019 JSCE Awards Outstanding Civil Engineering Achievement Award, Group I	- Yamba Dam construction —High-speed construction of a dam with a dike volume of 1 million m³ and a reservoir for about 75 million m³ of Typhoon 19 (Hagibis) floodwater— - Construction of Kanogawa Dam spillway tunnel —Construction of a shaft and large tunnel underwater spillway tunnel— * See p. 25 “SDGs Initiatives Created with Shimizu” in Special Contents for further details on the two projects above.
Fiscal 2019 JSCE Awards Outstanding Civil Engineering Achievement Award, Group II	- Construction of Jakarta Mass Rapid Transit Project, Phase 1 (first overseas railway project completed that included all services formulation of a master plan, to human resource development, with all services provided by Japanese companies) - Decontamination of radioactive materials emitted from the TEPCO Fukushima Daiichi Nuclear Power Plant accident
Fiscal 2019 JSCE Awards Innovative Technique Award	Development of automatic dam concrete pouring system
The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE) 58th Academic Paper Award, R&D	Development of CLEANCOMPO Dual Air® Operating Room Air Conditioning System, which maintains a comfortable temperature for physicians, attending staff, and patients.
SHASE 57th Technology Award, Construction Equipment Division	Environmental and equipment plans for Akita City Hall
SHASE 33nd Promotion Awards, Technology Promotion Awards	JRC Nihon Musen Kawagoe Plant
	Kitami Red Cross Hospital
	Planning, design, and construction of THE HYAKUGO BANK, LTD. Iwata head office building, equipped with eco and BCP functions
	Shimizu Corporation Shikoku Branch —ZEB initiative for a medium-sized office building—
49th Japan Industrial Technology Award, screening committee special prize	Development of KAMIWAZA, which uses paper materials for construction materials to contribute to achieve the Sustainable Development Goals (SDGs)
Fiscal 2019 Japan Construction Machinery and Construction Grand Prize, Excellence Award	Development of automated dam concrete pouring system
Fiscal 2018 Japan Prestressed Concrete Institute Award, Outstanding Structure Award, Civil Engineering Division	Onahama Marine Bridge
Fiscal 2018 Japan Prestressed Concrete Institute Award, Outstanding Structure Award, Architectural Construction Division	Mie Kotsu Group Sports no Mori Ise Athletics Stadium
2019 Japan Concrete Institute Award, Outstanding Structure Award	Onahama Marine Bridge/ASAHI KOGYOSHA CO., LTD. head office building
11th ENAA Engineering Commendation Award, Special Award	Seabed hydrothermal ore deposit mining and pumping pilot test project team
39th ENAA Engineering Worker Award	Setouchi Kirei Mega Solar Power Plan Construction Project Team
2019 Architectural Institute of Japan Prize (Building Engineering Division)	Development of crack prevention technology using ultra-low shrinkage concrete
7th Platinum Vision Award, Award for Excellence, prize for creating a society in which all can participate	Activities aimed at promoting widespread use of voice navigation system to realize an inclusive society
Fiscal 2019 (9th) Building seismic retrofitting excellence award and contributor's award MLIT Minister's Award, Building seismic retrofitting excellence award	Meldi-Ya Kyobashi Building
41st 2020 Japan BtoB Advertising Award Website (Special Site) Division, Gold Award	DAM PASHA! Futatabi

Independent Opinion



Keisuke Takegahara

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

Shimizu Corporation entered a new stage with SHIMZ VISION 2030, the long-term vision formulated by your company last fiscal year. Your report this year has succeeded in communicating that message even more clearly. The first thing I noticed was how well-rounded the Top message is in both content and quality. The views of management who created the long-term vision are clearly articulated. It uses the outline from last fiscal year, which talks about medium and long-term growth and sustainability of the business model from the dual perspectives of mining and evolving the construction business, the company's main business, and achieving innovation in the business portfolio. Digital strategy is also made a focal point as the driver of innovation. The report skillfully weaves in the response to changes in the environment caused by the COVID-19 pandemic and emphasizes the importance Shimizu places on R&D as the foundation for growth and on human resources as an intangible asset.

The report next explains the concept of being a Smart Innovation Company, which is the vision targeted in SHIMZ VISION 2030, while linking this to the value Shimizu provides and the revenue structure. It clearly delineates relationship between innovation by Shimizu and the positive impact the company has on society by providing value. Such innovation is achieved by fusing innovations in the three areas of business structure, technology, and talent to provide value in the form of resilience, inclusiveness, and sustainability. The special contents introduced in Achieving SDGs with Shimizu incorporate concrete projects that create the value that Shimizu provides and deepen the understanding gained from the Top message. As the person who requested a fuller description of the innovation at the core of Shimizu's long-term vision presented on this page last year, I appreciate the earnest response to an outside request.

What impressed me most this time was the non-financial KPIs presented in the Financial and Non-Financial Highlights. I think the three target indicators for percentage improvement in productivity, percentage reduction in CO2 emissions, and job satisfaction are easy to understand at a glance and mutually interrelated. This makes them highly effective as indicators for gauging Shimizu's strategy of emphasizing innovation. It is extremely difficult to set KPIs for non-financial value in the general construction industry and Shimizu has also considered many indicators in the past. The company's tactic in this report of agilely visualizing non-financial value based on correlated data on productivity, environmental impact, and engaging the human resources who are the fundamental drivers for achieving these is ground-breaking and can be called a promising response based on many years of preparation.

Moreover, the company's stance on placing importance on human resources as its greatest management resource is clearly conveyed by new responses in addition to the above KPI for job satisfaction, such as the system of recognizing seniors as the people who will pass on traditional techniques and the establishment of the HR Innovation Department to develop future generations. This is reinforced by concrete initiatives such as workstyle reform in response to COVID-19.

Similarly, Shimizu is providing fuller disclosure concerning mitigation of negative environmental impacts, based on the TCFD Recommendations, providing good reinforcement for the KPIs mentioned above. The recognition of the risks and opportunities presented by the two scenarios of migratory (1.5°C) and physical (4°C) impacts is a good start, and I look forward to further enhancements in the future.

I hope that the next report will see further enhancements along the same lines as the characteristics of this report, namely the stronger interrelatedness of contents and clearer message. The first would be to make Shimizu's value creation model even clearer so that it can be visualized at a glance. The value creation model surfaces throughout the entire report structure. However, not everyone reads the entire report so I think it would be meaningful to integrate the information presented separately in the explanation of the long-term vision (pp. 16-17), the basic policies in the Mid-Term Management Plan (pp. 28), and elsewhere. I also think it would be valuable to compile the contents on the new focus on digital strategy, which are dispersed throughout the report, including the many initiatives implemented thus far, integrate them, and bring digital strategy to the forefront as one of Shimizu's strengths. I look forward to continued steady progress in Shimizu's Corporate Report in the future.

Thank you for your opinion.

We worked to compile this report in a manner that will enable many stakeholders to understand Shimizu's initiatives in innovation aimed at achieving SHIMZ VISION 2030, based on the recommendations from Mr. Takegahara concerning the previous report.

In the next Corporate Report, we plan to report on digital transformation and initiatives in ESG management that we were not able to include in this report, in addition to actions we are taking on human resources and in response to climate change. We will take care to integrate the information provided separately in the long-term vision and the Mid-Term Management Plan, as Mr. Takegahara recommended, and take a more reader-oriented perspective to produce a report that resonates with readers.

Global Network (as of July 1, 2020)



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Consolidated Balance Sheet

Shimizu Corporation and its subsidiaries
As at March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2020	2020
ASSETS			
Current Assets:			
Cash (Notes 9 and 10.2))	¥150,978	¥351,722	\$3,253,376
Notes and accounts receivable—trade (Note 10.2))	641,061	546,148	5,051,784
Marketable securities (Notes 9, 10.2) and 11)	79,000	1,020	9,434
Real estate for sale (Note 4.2))	24,722	2,836	26,234
Costs on uncompleted construction contracts (Notes 4.2) and 5.3))	79,069	77,949	721,023
Costs on uncompleted real estate development projects (Note 4.2))	20,577	16,472	152,367
PFI projects and other inventories (Notes 4.2) and 5.3))	53,750	47,883	442,911
Other current assets	97,801	102,651	949,509
Less: Allowance for doubtful accounts	(1,060)	(775)	(7,168)
Total current assets	1,145,901	1,145,908	10,599,472
Non-Current Assets:			
Tangible fixed assets:			
Buildings and structures (Note 4.16) and 5.2))	184,009	256,177	2,369,599
Machinery, vehicles, tools, furniture and fixtures	66,721	73,105	676,215
Land (Note 5.1), 5.2))	165,454	207,472	1,919,086
Construction in progress (Note 5.2))	34,532	31,645	292,715
Less: Accumulated depreciation	(150,869)	(159,960)	(1,479,607)
Total tangible fixed assets	299,847	408,440	3,778,009
Intangible fixed assets	7,948	12,091	111,844
Investments and other assets:			
Investment securities (Notes 5.2), 5.3), 10.2) and 11)	387,746	319,598	2,956,231
Deferred tax assets (Note 14)	2,563	2,730	25,256
Other investments (Note 5.2))	18,769	18,121	167,625
Less: Allowance for doubtful accounts	(1,983)	(1,957)	(18,104)
Total investments and other assets	407,095	338,493	3,131,008
Total non-current assets	714,892	759,025	7,020,862
Total assets	¥1,860,794	¥1,904,934	\$17,620,334

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

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2020	2020
LIABILITIES			
Current Liabilities:			
Notes and accounts payable—trade (Note 10.2))	¥354,466	¥319,164	\$2,952,221
Short-term borrowings (Notes 10.2) and 20)	121,179	112,774	1,043,146
Current portion of non-recourse borrowings (Notes 5.3), 10.2) and 20)	7,432	6,957	64,352
Commercial papers (Note 10.2) and 20)	—	80,000	739,987
Current portion of bonds payable (Notes 10.2) and 19)	20,000	10,000	92,498
Current portion of convertible bond-type bonds with subscription rights to shares (Notes 10.2), 18.1) and 19)	—	30,016	277,645
Current portion of non-recourse bonds payable (Notes 5.3), 10.2) and 19)	879	2,764	25,574
Income taxes payable	31,609	25,637	237,143
Advances received on uncompleted construction contracts	145,533	101,390	937,846
Deposits received	114,044	124,325	1,149,987
Warranty reserve	3,209	3,932	36,373
Reserve for expected losses on construction contracts in process	8,175	6,071	56,164
Reserve for directors' bonuses	267	289	2,673
Reserve for loss on anti-monopoly act (Note 4.8))	1,820	1,820	16,834
Other current liabilities	29,250	46,409	429,278
Total current liabilities	837,868	871,553	8,061,729
Non-Current Liabilities:			
Bonds payable (Notes 10.2) and 19)	40,000	60,000	554,990
Convertible bond-type bonds with subscription rights to shares (Notes 10.2), 18.1) and 19)	30,046	—	—
Non-recourse bonds payable (Notes 5.3), 10.2) and 19)	13,180	23,235	214,920
Long-term borrowings (Notes 5.2), 10.2) and 20)	49,520	70,360	650,821
Non-recourse borrowings (Notes 5.3), 10.2) and 20)	37,161	45,207	418,159
Deferred tax liabilities (Note 14)	24,781	94	869
Deferred tax liabilities for revaluation reserve for land (Note 5.1))	17,659	17,659	163,345
Net defined benefit liability (Note 13)	55,873	57,293	529,953
Other non-current liabilities	19,459	23,119	213,847
Total non-current liabilities	287,683	296,968	2,746,907
Total liabilities	1,125,551	1,168,521	10,808,637
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2019 and 2020	74,365	74,365	687,867
Additional paid-in capital	43,116	43,116	398,821
Retained earnings	443,802	510,873	4,725,498
Less: Treasury stock, at cost 25,658 thousand shares as at March 31, 2020	—	(21,613)	(199,921)
Less: Treasury stock, at cost 3,964 thousand shares as at March 31, 2019	(1,609)	—	—
Total shareholders' equity	559,674	606,741	5,612,265
Accumulated Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes (Note 11)	150,079	104,898	970,292
Deferred gain (loss) on hedging, net of taxes (Note 12)	(54)	(169)	(1,564)
Revaluation reserve for land, net of taxes (Note 5.1))	25,864	25,864	239,242
Foreign currency translation adjustments	(1,955)	(1,985)	(18,362)
Remeasurements of defined benefit plans	(4,193)	(4,870)	(45,052)
Total accumulated other comprehensive income	169,741	123,737	1,144,555
Non-controlling Interests	5,826	5,932	54,877
Total net assets	735,242	736,412	6,811,697
Total liabilities and net assets	¥1,860,794	¥1,904,934	\$17,620,334

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

Consolidated Statement of Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2020	2020
Net Sales:			
Construction contracts (Notes 4.11), 4.19) and 6.1))	¥1,504,636	¥1,517,883	\$14,040,178
Real estate development and other	160,324	180,409	1,668,754
	1,664,960	1,698,292	15,708,932
Cost of Sales:			
Construction contracts (Notes 4.11), 4.19) and 6.2))	1,307,825	1,319,118	12,201,633
Real estate development and other (Note 6.3))	140,489	153,504	1,419,887
	1,448,315	1,472,622	13,621,521
Gross profit:			
Construction contracts	196,811	198,765	1,838,545
Real estate development and other	19,834	26,904	248,866
	216,645	225,670	2,087,411
Selling, General and Administrative Expenses (Note 6.4))	86,921	91,775	848,907
Operating income	129,724	133,894	1,238,503
Non-Operating Income (Expenses):			
Interest and dividend income	6,556	7,518	69,544
Interest expenses	(2,418)	(2,244)	(20,762)
Foreign exchange gain (loss)	11	(1,713)	(15,852)
Other, net	84	531	4,915
Ordinary income	133,957	137,986	1,276,349
Special Gains (Losses):			
Gain on sales of fixed assets (Note 6.6))	9,342	7,581	70,125
Loss on sales of fixed assets (Note 6.7))	(78)	(508)	(4,701)
Loss on devaluation of investment securities	(2)	(794)	(7,344)
Impairment loss on fixed assets (Note 6.8))	—	(2,915)	(26,964)
Income before income taxes	143,219	141,349	1,307,464
Provision for Income Taxes (Note 14):			
Current	47,429	48,931	452,611
Deferred	(4,315)	(6,700)	(61,982)
	43,113	42,230	390,629
Net Income	100,105	99,119	916,834
Net Income attributable to non-controlling interests	436	141	1,308
Net Income attributable to shareholders of the Corporation	¥99,668	¥98,977	\$915,526

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

Consolidated Statement of Comprehensive Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2020	2020
Net Income	¥100,105	¥99,119	\$916,834
Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes	819	(45,185)	(417,958)
Deferred gain (loss) on hedging, net of taxes	180	(210)	(1,942)
Foreign currency translation adjustments	(1,073)	4	42
Remeasurements of defined benefit plans	1,640	(713)	(6,597)
Share of other comprehensive income of associates accounted for using equity method	60	185	1,719
Total other comprehensive income	1,627	(45,918)	(424,736)
Comprehensive Income	¥101,732	¥53,200	\$492,098
Comprehensive income attributable to:			
Shareholders of the Corporation	¥101,357	¥52,974	\$490,003
Non-controlling interests	374	226	2,094

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

Consolidated Statement of Changes in Net Assets

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2020

Millions of Yen

	Shareholders' Equity				Accumulated Other Comprehensive Income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance as at April 1, 2018	¥74,365	¥43,116	¥366,805	¥(1,606)	¥149,282	¥(264)	¥25,984	¥(937)	¥(5,893)	¥5,478	¥656,330
Cash dividends paid (¥29.00 per share)	-	-	(22,790)	-	-	-	-	-	-	-	(22,790)
Net income attributable to shareholders of the Corporation for the year	-	-	99,668	-	-	-	-	-	-	-	99,668
Reversal of revaluation reserve for land, net of taxes	-	-	119	-	-	-	-	-	-	-	119
Purchase and disposal of treasury stock, at cost	-	0	-	(3)	-	-	-	-	-	-	(3)
Changes other than shareholders' equity	-	-	-	-	797	209	(119)	(1,017)	1,699	348	1,918
Balance as at April 1, 2019	¥74,365	¥43,116	¥443,802	¥(1,609)	¥150,079	¥(54)	¥25,864	¥(1,955)	¥(4,193)	¥5,826	¥735,242
Cash dividends paid (¥41.00 per share)	-	-	(31,906)	-	-	-	-	-	-	-	(31,906)
Net income attributable to shareholders of the Corporation for the year	-	-	98,977	-	-	-	-	-	-	-	98,977
Reversal of revaluation reserve for land, net of taxes	-	-	-	-	-	-	-	-	-	-	-
Purchase and disposal of treasury stock, at cost	-	0	-	(20,003)	-	-	-	-	-	-	(20,003)
Changes other than shareholders' equity	-	-	-	-	(45,181)	(114)	-	(29)	(677)	106	(45,897)
Balance as at March 31, 2020	¥74,365	¥43,116	¥510,873	¥(21,613)	¥104,898	¥(169)	¥25,864	¥(1,985)	¥(4,870)	¥5,932	¥736,412

Thousands of U.S. Dollars (Note 2)

	Shareholders' Equity				Accumulated Other Comprehensive Income						Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans			
Balance as at April 1, 2019	\$687,867	\$398,820	\$4,105,101	\$(14,888)	\$1,388,213	\$(501)	\$239,242	\$(18,089)	\$(38,787)	\$53,895	\$6,800,874	
Cash dividends paid (¥41.00 per share)	-	-	(295,129)	-	-	-	-	-	-	-	(295,129)	
Net income attributable to shareholders of the Corporation for the year	-	-	915,526	-	-	-	-	-	-	-	915,526	
Reversal of revaluation reserve for land, net of taxes	-	-	-	-	-	-	-	-	-	-	-	
Purchase and disposal of treasury stock, at cost	-	0	-	(185,033)	-	-	-	-	-	-	(185,033)	
Changes other than shareholders' equity	-	-	-	-	(417,921)	(1,063)	-	(273)	(6,265)	981	(424,541)	
Balance as at March 31, 2020	\$687,867	\$398,821	\$4,725,498	\$(199,921)	\$970,292	\$(1,564)	\$239,242	\$(18,362)	\$(45,052)	\$54,877	\$6,811,697	

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

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

Consolidated Statement of Cash Flows

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2020

Millions of Yen

Thousands of U.S. Dollars (Note 2)

	2019	2020	2020
Cash Flows from Operating Activities:			
Income before income taxes	¥143,219	¥141,349	\$1,307,464
Adjustments for:			
Depreciation and amortization	13,304	13,633	126,112
Impairment loss on fixed assets	-	2,915	26,964
Increase (decrease) in allowance for doubtful accounts	115	(313)	(2,899)
Increase (decrease) in reserve for expected losses on construction contracts in process	(3,199)	(2,102)	(19,444)
Increase (decrease) in net defined benefit liability	867	592	5,476
Loss (gain) on sales of fixed assets	65	(62)	(580)
Loss (gain) on valuation of investment securities	2	794	7,344
Loss (gain) on sales of investment securities	(9,329)	(7,010)	(64,843)
Interest and dividend income	(6,556)	(7,518)	(69,544)
Interest expenses	2,418	2,244	20,762
(Increase) decrease in notes and accounts receivable—trade	(137,952)	94,665	875,644
(Increase) decrease in real estate for sale	6,206	22,306	206,335
(Increase) decrease in costs on uncompleted construction contracts	(1,335)	1,067	9,872
(Increase) decrease in uncompleted real estate development projects	5,924	4,105	37,972
(Increase) decrease in PFI projects and other inventories	(5,781)	5,867	54,271
Increase (decrease) in notes and accounts payable—trade	(22,559)	(35,504)	(328,413)
Increase (decrease) in advances received on uncompleted construction contracts	32,792	(43,983)	(406,841)
Other, net	(797)	26,135	241,748
Subtotal	17,405	219,182	2,027,401
Interest and dividends received	7,196	8,168	75,561
Interest paid	(2,430)	(2,170)	(20,075)
Income taxes paid	(37,104)	(54,623)	(505,259)
Net cash provided by (used in) operating activities	(14,933)	170,557	1,577,627
Cash Flows from Investing Activities:			
Acquisition of tangible fixed assets	(58,719)	(123,904)	(1,146,096)
Proceeds from sales of tangible fixed assets	184	144	1,333
Acquisition of marketable securities and investment securities	(4,686)	(6,173)	(57,101)
Proceeds from sales of marketable securities and investment securities	14,868	17,301	160,039
Acquisition of investments in securities of subsidiaries and affiliates resulting in change in scope of consolidation	-	(1,105)	(10,230)
Other, net	(4,298)	(2,008)	(18,575)
Net cash provided by (used in) investing activities	(52,652)	(115,745)	(1,070,630)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	(6,282)	(9,116)	(84,324)
Net increase (decrease) in commercial papers	-	80,000	739,987
Proceeds from long-term borrowings	16,500	39,450	364,906
Repayments of long-term borrowings	(22,035)	(18,793)	(173,832)
Proceeds from non-recourse borrowings	9,871	15,963	147,658
Repayments of non-recourse borrowings	(6,472)	(8,392)	(77,631)
Proceeds from issuance of bonds	-	30,000	277,495
Redemption of bonds	(10,000)	(20,000)	(184,996)
Proceeds from issuance of non-recourse bonds	-	26,000	240,495
Redemption of non-recourse bonds	(879)	(14,060)	(130,055)
Purchase of treasury stock	(3)	(20,003)	(185,033)
Dividends	(22,790)	(31,906)	(295,129)
Other, net	(312)	(408)	(3,778)
Net cash provided by (used in) financing activities	(42,404)	68,732	635,760
Effect of exchange rate changes on Cash and Cash Equivalents	(1,190)	(799)	(7,392)
Net increase (decrease) in Cash and Cash Equivalents	(111,180)	122,744	1,135,363
Cash and Cash Equivalents at beginning of year	341,158	229,978	2,127,262
Cash and Cash Equivalents at end of year	¥229,978	¥352,722	\$3,262,626

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

Notes to Consolidated Financial Statements

Shimizu Corporation and its subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

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

2. U.S. Dollar Amounts

The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from the original Japanese yen into U.S. dollars on the basis of ¥108.11 to U.S.\$1, the rate of exchange prevailing at March 31, 2020, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

3. Principles of Consolidation

1) Scope of Consolidation

The Corporation had 70 subsidiaries as at March 31, 2020. The consolidated financial statements for the year ended March 31, 2020 include the accounts of the Corporation and all subsidiaries.

The Corporation had 16 affiliates as at March 31, 2020. As at March 31, 2020, the equity method was applied to all affiliates.

2) Financial Statements of Subsidiaries

The financial year-end for 20 subsidiaries is December 31, the financial year-end for one subsidiary is February 29 and the financial year-end for one subsidiary is March 26.

Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31, February 29 and March 26, respectively, and certain adjustments are made to reflect any significant transactions during the period from year-end balance sheet dates for these subsidiaries to March 31.

3) Amortization of Goodwill

Goodwill is principally amortized on a straight-line basis from the year of acquisition over its estimated useful life but not exceeding 20 years.

4) Elimination of Unrealized Intercompany Profits

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

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

4. Summary of Significant Accounting Policies

1) Valuation of Securities

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

2) Valuation of Inventories

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

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

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

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

3) Depreciation Method of Tangible Fixed Assets

Depreciation of buildings and structures is principally computed by the straight-line method. Depreciation of other tangible fixed assets is principally computed by the declining balance method.

4) Allowance for Doubtful Accounts

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

5) Warranty Reserve

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

6) Reserve for Expected Losses on Construction Contracts in Process

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

7) Reserve for Directors' Bonuses

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

8) Reserve for Loss on Anti-Monopoly Act

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

9) Accounting Method for Retirement Benefits

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

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

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

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

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

10) Accounting for Hedging

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

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

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

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

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

11) Recognizing Revenues and Costs of Construction Contracts

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

Notes to Consolidated Financial Statements

12) Consumption Taxes

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

13) Foreign Currency Translation

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

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

14) Cash Flows

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

15) Income Taxes

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

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

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

16) Changes in accounting policies that are difficult to distinguish from changes in accounting estimates (Change in method of depreciation of buildings and structures)

Effective from the fiscal year ended March 31, 2020, the Corporation and some of its subsidiaries have altered the method of depreciation of buildings and structures from the declining balance method to the straight-line method.

In the Group's long-term vision "SHIMZ VISION 2030" and "Mid-Term Management Plan (2019–2023)" announced in May 2019, it is described that the Group will invest ¥500 billion in real estate development business over the next five years until the fiscal year ending March 31, 2024 in order to achieve stable earnings. Accordingly, buildings and structures for leasing business, which will operate stably over the long term are expected to increase. Therefore, the method of depreciation has been altered to the straight-line method which evenly distributes acquisition costs over the estimated useful life.

As a result, operating income, ordinary income and income before income taxes increased respectively by ¥1,836 million (\$16,990 thousand) in the fiscal year ended March 31, 2020.

17) Accounting Standards issued but not yet effective

(1) Summary

On March 31, 2020, the Accounting Standards Board of Japan (ASBJ) revised "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30). The accounting standard provides a comprehensive framework for recognizing revenue from contracts with customers.

(2) Scheduled effective date

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

(3) The effects of applying accounting standard

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

18) Change in Presentation

(Consolidated Statement of Cash Flows)

In the previous fiscal year, "Purchase of treasury stock" was included in "Other, net" under "Financing Activities".

Beginning with the current fiscal year, the "Purchase of treasury stock" is separately presented due to its increased materiality.

Consequently, in the consolidated statement of cash flows for the previous fiscal year, "Other, net" in the ¥(315)million under "Financing Activities" was reclassified as "Purchase of treasury stock" of ¥(3)million and "Other, net" of ¥(312)million.

19) Additional information

In response to the state of emergency declaration issued in April 2020 by the Japanese government in regard to the spread of COVID-19, the Corporation, in principle, closed its job sites located in 13 prefectures put on special alert under the declaration until May 6, 2020, in consultation with the relevant parties. The Corporation has considered the impact of the closure when estimating costs of construction contracts, upon applying the percentage-of-completion method.

Although it remains difficult to predict when the outbreak of COVID-19 will end, accounting estimates (the percentage-of-completion method, the impairment loss on fixed assets, etc.) have been made on the assumption that the Corporation will proceed with its construction work in order to secure employment and maintain economic activity in the construction industry.

However, in the future, if the business environment changes significantly due to the further expansion or prolongation of COVID-19, the consolidated financial position, financial performance and cash flows of the Group for the following fiscal year may be affected.

5. Notes to Consolidated Balance Sheet

1) Revaluation Reserve for Land

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

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

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

2) Assets Pledged as Collateral

The following assets are pledged as collateral for Long-term borrowings.

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Assets pledged as collateral: Construction in progress	¥–	¥470	\$4,353
Secured Liabilities: Long-term borrowings	¥–	¥1,600	\$14,799

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

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Buildings and structures	¥–	¥57	\$533
Land	–	43	400
Investment securities	140	140	1,294
Other investments	61	52	487
Total	¥201	¥293	\$2,717

Notes to Consolidated Financial Statements

3) Other Notes to Consolidated Balance Sheet

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Contingent liabilities from guaranteeing indebtedness of others			
PT. WINDAS DEVELOPMENT (Note)	¥801	¥1,721	\$15,920
Employees (housing loans)	53	32	302
Total	¥855	¥1,753	\$16,222

Note: PT. WINDAS DEVELOPMENT is a company that the Corporation's affiliated company invests in.

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
The total amount of business assets pledged as collateral for "Non-recourse borrowings" by subsidiaries engaged in PFI business	¥50,444	¥66,624	\$616,263

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to "Non-recourse bonds payable"	¥21,386	¥28,203	\$260,873

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Amount of "Costs on uncompleted construction contracts," for which a construction loss is anticipated, matching with "Reserve for expected losses on construction contracts in process."	¥186	¥-	\$-

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

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Breakdown of PFI projects and other inventories			
Merchandise	¥566	¥653	\$6,046
Materials and supplies	467	639	5,911
PFI and other projects	52,717	46,590	430,953

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Investment securities			
Investments in affiliates	¥26,835	¥31,722	\$293,424

6. Notes to Consolidated Statement of Income

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Revenue recognized using the percentage-of-completion method	¥1,320,912	¥1,335,882	\$12,356,696

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥4,737	¥4,678	\$43,274

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Inventory write-down due to reduced profitability included in cost of sales	¥680	¥178	\$1,649

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Salaries and allowances to employees	¥27,736	¥28,522	\$263,826
Retirement benefit expenses for employees	1,700	1,583	14,651
Research and development costs	8,724	10,296	95,243

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Research and development costs	¥12,574	¥13,222	\$122,306

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Investment securities	¥9,332	¥7,517	\$69,534
Others	10	63	590

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Investment securities	¥2	¥507	\$4,691
Others	75	1	10

8) Impairment loss on fixed assets were as follows:

Purpose	Type	Location	Millions of Yen	Thousands of U.S. Dollars
Assets to be disposed	Land	Tokyo	¥2,915	\$26,964

Note: The Group groups its assets primarily into units whose income and expenditure are continuously monitored.

Assets to be disposed are individually grouped.

Of the fixed assets held by the Corporation, the book value of the asset to be disposed was adjusted downward to amount deemed recoverable, and an impairment loss was posted as a special loss.

The recoverable value of the asset is estimated from the net sale value, based on the expected disposal price.

Notes to Consolidated Financial Statements

7. Notes to Consolidated Statement of Comprehensive Income

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

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Net unrealized gain (loss) on other securities, net of taxes			
Gains (losses) arising during the year	¥9,852	¥(57,521)	\$(532,065)
Reclassification adjustments	(8,114)	(5,916)	(54,726)
Total before tax effect	1,738	(63,438)	(586,791)
Tax effect	(919)	18,252	168,832
Net unrealized gain (loss) on other securities, net of taxes	819	(45,185)	(417,958)
Deferred gain (loss) on hedging, net of taxes			
Gains (losses) arising during the year	¥169	¥(251)	\$(2,324)
Reclassification adjustments	90	(50)	(470)
Total before tax effect	259	(302)	(2,795)
Tax effect	(79)	92	852
Deferred gain (loss) on hedging, net of taxes	180	(210)	(1,942)
Foreign currency translation adjustments			
Gains (losses) arising during the year	¥(1,073)	¥4	\$42
Reclassification adjustments	-	-	-
Foreign currency translation adjustments	(1,073)	4	42
Remeasurements of defined benefit plans, net of taxes			
Gains (losses) arising during the year	¥588	¥(1,995)	\$(18,458)
Reclassification adjustments	1,786	1,193	11,037
Total before tax effect	2,375	(802)	(7,420)
Tax effect	(734)	89	823
Remeasurements of defined benefit plans, net of taxes	1,640	(713)	(6,597)
Share of other comprehensive income of associates accounted for using equity method			
Gains (losses) arising during the year	¥(0)	¥49	\$461
Reclassification adjustments	60	136	1,258
Share of other comprehensive income of associates accounted for using equity method	60	185	1,719
Total other comprehensive income	¥1,627	¥(45,918)	\$(424,736)

8. Notes to Consolidated Statement of Changes in Net Assets

1) Type and number of outstanding shares

Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
For the year ended March 31, 2019				
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	3,961	3	0	3,964
Notes: 1. The increase in 3 thousand shares of treasury stock is due to the purchase of shares in quantities less than the minimum trading unit of shares. 2. The decrease in 0 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.				
For the year ended March 31, 2020				
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	3,964	21,694	0	25,658
Notes: 1. The increase in 21,694 thousand shares of treasury stock is due to the purchases of 21,690 thousand shares in accordance with the resolution of the Board of Directors made on June 24, 2019, to purchase the Corporation's own shares, and the purchases of 3 thousand shares in quantities less than the minimum trading unit of shares. 2. The decrease in 0 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.				

2) Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2019

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 28, 2018)	Common stock	¥12,574	(Note1) ¥16.00	March 31, 2018	June 29, 2018
Board of directors (November 5, 2018)	Common stock	¥10,216	(Note2) ¥13.00	September 30, 2018	December 3, 2018

Note1: Amount of dividend per share ¥16.00 includes a special dividend of ¥9.00.
2: Amount of dividend per share ¥13.00 includes a special dividend of ¥6.00.

For the year ended March 31, 2020

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	Amount per share (Yen)	Amount per share (U.S. Dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 27, 2019)	Common stock	¥18,075	\$167,195	(Note1) ¥23.00	\$0.21	March 31, 2019	June 28, 2019
Board of directors (November 12, 2019)	Common stock	¥13,831	\$127,934	(Note2) ¥18.00	\$0.17	September 30, 2019	December 2, 2019

Note1: Amount of dividend per share ¥23.00 includes a special dividend of ¥16.00.
2: Amount of dividend per share ¥18.00 includes a special dividend of ¥8.00.

Notes to Consolidated Financial Statements

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

For the year ended March 31, 2019

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

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

For the year ended March 31, 2020

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	Amount per share (Yen)	Amount per share (U.S. Dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 26, 2020)	Common stock	Retained earnings	¥15,283	\$141,373	¥20.00	\$0.19	March 31, 2020	June 29, 2020

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

9. Notes to Consolidated Statement of Cash Flows

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

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Cash (as per consolidated balance sheet)	¥150,978	¥351,722	\$3,253,376
Marketable securities			
(Negotiable certificate of deposit)	79,000	1,000	9,249
Cash and cash equivalents	¥229,978	¥352,722	\$3,262,626

10. Financial Instruments

1) Overview

(1) Policy for financial instruments

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

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

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

The Group holds investment securities primarily for the purpose of maintaining business relationships. Every year the Group reviews individual stocks while considering comprehensively costs and risks associated with stockholding and economic rationale, such as the benefit from a business perspective. Then, the Board of Directors verifies the adequacy of the stockholding.

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

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

(3) Supplementary explanation on fair value of financial instruments

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

2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2019 and 2020, and estimated fair value are shown below. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

As at March 31, 2019	Millions of Yen		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	¥150,978	¥150,978	¥-
(2) Notes and accounts receivable—trade	641,061	641,061	-
(3) Marketable securities	79,000	79,000	-
(4) Investment securities	338,257	338,257	-
Liabilities			
(5) Notes and accounts payable—trade	354,466	354,466	-
(6) Short-term borrowings	121,179	121,179	-
(7) Commercial papers	-	-	-
(8) Bonds payable and current portion of bonds payable	60,000	60,349	349
(9) Convertible bond-type bonds with subscription rights to shares and current portion of convertible bond-type bonds with subscription rights to shares	30,046	30,030	(16)
(10) Non-recourse bonds payable and current portion of non-recourse bonds payable	14,060	14,060	-
(11) Long-term borrowings	49,520	49,761	240
(12) Non-recourse borrowings and current portion of non-recourse borrowings	44,593	45,009	415
Derivative transactions(*)			
(13) Derivative transactions			
Hedge accounting applied	59	59	-

Notes to Consolidated Financial Statements

As at March 31, 2020	Millions of Yen		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	¥351,722	¥351,722	¥-
(2) Notes and accounts receivable—trade	546,148	546,148	-
(3) Marketable securities	1,020	1,020	-
(4) Investment securities	264,468	264,468	-
Liabilities			
(5) Notes and accounts payable—trade	319,164	319,164	-
(6) Short-term borrowings	112,774	112,774	-
(7) Commercial papers	80,000	80,000	-
(8) Bonds payable and current portion of bonds payable	70,000	69,756	(244)
(9) Convertible bond-type bonds with subscription rights to shares and current portion of convertible bond-type bonds with subscription rights to shares	30,016	29,814	(202)
(10) Non-recourse bonds payable and current portion of non-recourse bonds payable	26,000	26,000	-
(11) Long-term borrowings	70,360	70,819	459
(12) Non-recourse borrowings and current portion of non-recourse borrowings	52,164	53,371	1,207
Derivative transactions(*)			
(13) Derivative transactions			
Hedge accounting applied	(242)	(242)	-

As at March 31, 2020	Thousands of U.S. Dollars		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	\$3,253,376	\$3,253,376	\$-
(2) Notes and accounts receivable—trade	5,051,784	5,051,784	-
(3) Marketable securities	9,434	9,434	-
(4) Investment securities	2,446,294	2,446,294	-
Liabilities			
(5) Notes and accounts payable—trade	2,952,221	2,952,221	-
(6) Short-term borrowings	1,043,146	1,043,146	-
(7) Commercial papers	739,987	739,987	-
(8) Bonds payable and current portion of bonds payable	647,488	645,231	(2,256)
(9) Convertible bond-type bonds with subscription rights to shares and current portion of convertible bond-type bonds with subscription rights to shares	277,645	275,774	(1,870)
(10) Non-recourse bonds payable and current portion of non-recourse bonds payable	240,495	240,495	-
(11) Long-term borrowings	650,821	655,067	4,246
(12) Non-recourse borrowings and current portion of non-recourse borrowings	482,512	493,677	11,165
Derivative transactions(*)			
(13) Derivative transactions			
Hedge accounting applied	(2,247)	(2,247)	-

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

Notes: 1. Method to determine the estimated fair value of financial instruments
 (1) Cash, (3) Marketable securities, (5) Notes and accounts payable—trade, (6) Short-term borrowings, (7) Commercial papers
 The Corporation uses carrying value for these amounts because they will be settled in the short term, meaning that carrying value approximate fair value.
 (2) Notes and accounts receivable—trade
 By receivables with separate fixed terms, the fair value is calculated by applying a discount rate determined taking into account the term of collection and the credit risk.
 (4) Investment securities
 The fair value of stocks is determined based on the stock market price and the fair value of bonds is determined based on the stock market price or prices quoted by financial institutions. Among "Investment securities," non-listed shares, etc. (¥55,129 million (\$509,937 thousand) in the consolidated balance sheets as at March 31, 2020 (¥49,488 million as at March 31, 2019)) are not included in the above because determining the fair value for them is extremely difficult.
 (8) Bonds payable and current portion of bonds payable, (9) Convertible bond-type bonds with subscription rights to shares and current portion of convertible bond-type bonds with subscription rights to shares
 The fair value of the bonds issued by the Corporation is based on the prevailing market price.
 (10) Non-recourse bonds payable and current portion of non-recourse bonds payable
 Carrying value is used as fair value as there is a variable interest rate and the value is reviewed on a short term basis to reflect the market interest rate, meaning that carrying value approximate fair value.
 (11) Long-term borrowings, (12) Non-recourse borrowings and current portion of non-recourse borrowings
 The fair value of long-term borrowings and non-recourse borrowings are estimated by applying a discount rate to be applied to the total of principal and interest if a similar new borrowings agreement would be entered into. Some long-term borrowings and non-recourse borrowings are subject to special treatment of interest rate swap, and these are calculated by applying a discount rate to be applied to the total principal and interest with the consideration of the underlying interest rate swap if a similar new borrowings agreement would be entered into.
 (13) Derivative transactions
 The fair value of derivative transactions is valued from prices quoted by financial institutions.

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

As at March 31, 2019	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥150,978	¥-	¥-
Notes and accounts receivable—trade	610,866	30,194	-
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds (corporate bonds)	-	20	-
Other (negotiable certificate of deposit)	79,000	-	-
Total	¥840,845	¥30,214	¥-

As at March 31, 2020	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥351,722	¥-	¥-
Notes and accounts receivable—trade	529,714	16,433	-
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds (corporate bonds)	20	-	-
Other (negotiable certificate of deposit)	1,000	-	-
Total	¥882,457	¥16,433	¥-

Notes to Consolidated Financial Statements

As at March 31, 2020	Thousands of U.S. Dollars		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	\$3,253,376	\$-	\$-
Notes and accounts receivable—trade	4,899,775	152,008	-
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds (corporate bonds)	184	-	-
Other (negotiable certificate of deposit)	9,249	-	-
Total	\$8,162,586	\$152,008	\$-

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

As at March 31, 2019	Millions of Yen					
	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	¥121,179	¥-	¥-	¥-	¥-	¥-
Commercial papers	-	-	-	-	-	-
Bonds payable	20,000	10,000	10,000	-	-	20,000
Convertible bond-type bonds with subscription rights to shares	-	30,000	-	-	-	-
Non-recourse bonds payable	14,060	-	-	-	-	-
Long-term borrowings	-	14,621	11,073	8,087	5,632	10,106
Non-recourse borrowings	7,432	6,446	6,030	5,615	5,210	13,857
Total	¥162,672	¥61,068	¥27,103	¥13,702	¥10,842	¥43,964

As at March 31, 2020	Millions of Yen					
	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	¥112,774	¥-	¥-	¥-	¥-	¥-
Commercial papers	80,000	-	-	-	-	-
Bonds payable	10,000	10,000	-	-	20,000	30,000
Convertible bond-type bonds with subscription rights to shares	30,000	-	-	-	-	-
Non-recourse bonds payable	2,764	1,265	13,761	8,208	-	-
Long-term borrowings	-	14,920	12,626	10,237	8,393	24,182
Non-recourse borrowings	6,957	6,546	6,137	5,738	5,269	21,514
Total	¥242,496	¥32,732	¥32,525	¥24,183	¥33,663	¥75,697

As at March 31, 2020	Thousands of U.S. Dollars					
	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	\$1,043,146	\$-	\$-	\$-	\$-	\$-
Commercial papers	739,987	-	-	-	-	-
Bonds payable	92,498	92,498	-	-	184,996	277,495
Convertible bond-type bonds with subscription rights to shares	277,495	-	-	-	-	-
Non-recourse bonds payable	25,574	11,702	127,295	75,922	-	-
Long-term borrowings	-	138,010	116,792	94,694	77,640	223,683
Non-recourse borrowings	64,352	60,558	56,768	53,078	48,746	199,008
Total	\$2,243,054	\$302,769	\$300,856	\$223,695	\$311,383	\$700,186

11. Securities

1) Other securities (with market value)

As at March 31, 2019	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥329,748	¥115,515	¥214,232
Sub total	329,748	115,515	214,232
Securities with unrealized losses			
Stocks	8,509	10,156	(1,646)
Other	79,000	79,000	-
Sub total	87,509	89,156	(1,646)
Total	¥417,257	¥204,671	¥212,585

As at March 31, 2020	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥237,588	¥81,869	¥155,719
Sub total	237,588	81,869	155,719
Securities with unrealized losses			
Stocks	26,880	33,451	(6,571)
Other	1,000	1,000	-
Sub total	27,880	34,451	(6,571)
Total	¥265,468	¥116,320	¥149,147

Notes to Consolidated Financial Statements

As at March 31, 2020	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	\$2,197,657	\$757,282	\$1,440,375
Sub total	2,197,657	757,282	1,440,375
Securities with unrealized losses			
Stocks	248,636	309,418	(60,782)
Other	9,249	9,249	-
Sub total	257,885	318,667	(60,782)
Total	\$2,455,543	\$1,075,950	\$1,379,593

2) Other securities sold

For the year ended March 31, 2019	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	¥14,696	¥9,246	¥2

For the year ended March 31, 2020	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	¥17,301	¥7,517	¥507

For the year ended March 31, 2020	Thousands of U.S. Dollars		
	Sales amount	Total gain on sales	Total loss on sales
Shares	\$160,039	\$69,534	\$4,691

12. Derivatives

1) Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

As at March 31, 2019 and 2020
This item is omitted because of its immateriality.

2) Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As at March 31, 2019	Millions of Yen				
	Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year
	Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions		
		Buy U.S. dollar/ Sell Yen		¥2,758	¥2,087
					¥59

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

As at March 31, 2020	Millions of Yen				
	Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year
	Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions		
		Buy U.S. dollar/ Sell Yen		¥2,716	¥2,139
		Sell U.S. dollar/ Buy Singapore dollar		8,821	8,821
					(278)

As at March 31, 2020	Thousands of U.S. Dollars				
	Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year
	Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions		
		Buy U.S. dollar/ Sell Yen		\$25,130	\$19,785
		Sell U.S. dollar/ Buy Singapore dollar		81,600	81,600
					(2,579)

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

(2) Interest-related transactions

As at March 31, 2019	Millions of Yen				
	Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year
	Special treatment of interest rate swap	Interest rate swap transaction	Non-recourse borrowings		
		Payment fixed/ receiving variable		¥2,250	¥1,350
					(Note)

Note: Since special treatment of interest rate swaps is made together with hedged non-recourse borrowings, its fair value of interest rate swaps has been included in that of the relevant non-recourse borrowings.

As at March 31, 2020	Millions of Yen				
	Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year
	Special treatment of interest rate swap	Interest rate swap transaction	Non-recourse borrowings		
		Payment fixed/ receiving variable		¥1,350	¥450
					(Note)

As at March 31, 2020	Thousands of U.S. Dollars				
	Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year
	Special treatment of interest rate swap	Interest rate swap transaction	Non-recourse borrowings		
		Payment fixed/ receiving variable		\$12,487	\$4,162
					(Note)

Note: Since special treatment of interest rate swaps is made together with hedged non-recourse borrowings, its fair value of interest rate swaps has been included in that of the relevant non-recourse borrowings.

Notes to Consolidated Financial Statements

13. Retirement Benefits

1) Summary of Employees' Retirement Benefit Plans

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

As at March 31, 2019, the Corporation and 21 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 5 consolidated subsidiaries also offered a defined benefit pension plan.

As at March 31, 2020, the Corporation and 21 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 5 consolidated subsidiaries also offered a defined benefit pension plan.

2) Defined benefit pension plan

(1) Reconciliation of Projected Benefit Obligations

	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Projected benefit obligations as at April 1	¥157,785	¥153,909	\$1,423,636
Service cost	7,012	7,106	65,732
Interest cost	5	2	22
Actuarial gain or loss	90	463	4,282
Retirement benefits paid	(11,734)	(10,952)	(101,310)
Prior service cost	-	266	2,461
Other	749	790	7,309
Projected benefit obligations as at March 31	¥153,909	¥151,584	\$1,402,134

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

(2) Reconciliation of Plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Plan assets as at April 1	¥100,399	¥98,035	\$906,813
Expected return on plan assets	781	760	7,035
Actuarial gain or loss	678	(1,266)	(11,713)
Contributions by the Corporation	4,314	4,302	39,794
Retirement benefits paid	(8,186)	(7,590)	(70,214)
Other	48	50	465
Plan assets as at March 31	¥98,035	¥94,291	\$872,180

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Funded projected benefit obligation	¥101,762	¥103,496	\$957,329
Plan assets	(98,035)	(94,291)	(872,180)
	3,727	9,205	85,148
Unfunded projected benefit obligation	52,146	48,087	444,804
Net liability for projected benefit in the consolidated balance sheet	55,873	57,293	529,953
Net defined benefit liability	55,873	57,293	529,953
Net liability for projected benefit in the consolidated balance sheet	¥55,873	¥57,293	\$529,953

(4) Retirement Benefit Expenses

	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Service cost	¥7,012	¥7,106	\$65,732
Interest cost	5	2	22
Expected return on plan assets	(781)	(760)	(7,035)
Amortization of actuarial gain or loss	1,805	1,185	10,968
Amortization of prior service cost	(19)	7	69
Other	701	739	6,844
Retirement benefit expenses	¥8,725	¥8,281	\$76,600

(5) Remeasurements of Defined Benefit Plans included in other comprehensive income

Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Prior service cost	¥19	¥258	\$2,392
Actuarial gain or loss	(2,394)	543	5,028
Total	¥(2,375)	¥802	\$7,420

(6) Remeasurements of Defined Benefit Plans included in accumulated other comprehensive income

Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2020	2020
Unrecognized prior service cost	¥(28)	¥229	\$2,127
Unrecognized actuarial gain or loss	6,055	6,599	61,044
Total	¥6,027	¥6,829	\$63,171

Notes to Consolidated Financial Statements

(7) Plan assets

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

	2019	2020
Stocks	13%	12%
Bonds	12%	12%
General account	73%	73%
Other	2%	3%
Total	100%	100%

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

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

(8) Assumptions for actuarial calculations

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

	2019	2020
Discount rates	0.0%	0.0%
Expected rates of return on plan assets	0.8%	0.8%

14. Deferred Tax Accounting

1) As at March 31, 2019 and 2020, the significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Deferred tax assets			
Net defined benefit liability	¥15,925	¥16,344	\$151,184
Non-deductible portion of reserves and allowances	9,335	9,189	85,000
Losses on write-down of assets	7,895	7,349	67,985
Excess depreciation of fixed assets	5,330	6,262	57,930
Tax losses carried forward	2,518	2,245	20,769
Other	20,572	25,323	234,241
Sub total	61,579	66,715	617,111
Less: valuation allowance	(15,937)	(14,378)	(132,994)
Total deferred tax assets	45,642	52,337	484,116
Deferred tax liabilities			
Net unrealized gains on other securities	(62,487)	(44,234)	(409,163)
Other	(5,373)	(5,466)	(50,566)
Total deferred tax liabilities	(67,860)	(49,701)	(459,729)
Net deferred tax assets(liabilities)	¥(22,218)	¥2,636	\$24,386

2) As at March 31, 2019 and 2020, the reconciliations of the statutory tax rate to the effective income tax rate were as follows:

Reconciliations as at March 31, 2019 and 2020 are omitted because the differences are not more than 5% of the statutory tax rate.

15. Investment and Rental Properties

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

For the years ended March 31, 2019 and 2020, the carrying values, changes during the year, and fair values of those properties were as follows:

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Carrying value			
Balance at beginning of year	¥138,667	¥162,626	\$1,504,272
Changes during the year	23,958	54,286	502,138
Balance at end of year	162,626	216,913	2,006,410
Fair value at end of year	265,197	369,280	3,415,784

Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.
2. The changes during the year primarily consist of real estate acquisitions (increase: ¥34,483 million) and depreciation (decrease: ¥3,541 million) for the year ended March 31, 2019.
3. The changes during the year primarily consist of real estate acquisitions (increase: ¥59,042 million (\$546,129 thousand)) and depreciation (decrease: ¥4,093 million (\$37,860 thousand)) for the year ended March 31, 2020.
4. The fair value is mainly calculated by the Corporation based on real estate appraisal standards, or based on the appraisal report prepared by external certified appraisers.

For the years ended March 31, 2019 and 2020, incomes from rental business were as follows:

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Net sales on rental business	¥18,148	¥19,609	\$181,387
Cost of sales on rental business	11,454	13,061	120,817
Gross profit on rental business	6,694	6,548	60,569
Other profit	80	163	1,509

Notes to Consolidated Financial Statements

16. Segment Information

1) Segment Information

(1) Overview of Reportable Segment

The Group is engaged in construction, real estate development and other related businesses. Construction business and real estate business both operated by the Corporation are the main businesses of the Group.

Construction business of the Corporation is operated by branches, etc. located in various regions. Real estate business of the Corporation, which involves development, rental and sales, is operated by the Investment and Development Division. The Board of Directors regularly reviews the management and operating results.

Therefore, based on the aggregate criteria and the quantitative criteria, "Construction business of the Corporation," which consists of branches of the Corporation, and "Real estate business of the Corporation," conducted by the Investment and Development Division, are deemed to be the two reportable segments of the Group.

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

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

Intersegment transactions are based on arm's length price.

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

Millions of Yen						
For the year ended March 31, 2019	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	¥1,335,184	¥25,193	¥304,582	¥1,664,960	¥-	¥1,664,960
Intersegment or transfer	44,195	116	200,845	245,158	(245,158)	-
Total	¥1,379,380	¥25,310	¥505,428	¥1,910,119	¥(245,158)	¥1,664,960
Segment profit (Note 1)	¥133,901	¥8,757	¥20,086	¥162,745	¥(33,021)	¥129,724

Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.
2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering and LCV(Life Cycle Valuation) business operated by the Corporation and other businesses operated by subsidiaries.
3. The adjustment of ¥33,021 million in segment profit was intersegment eliminations, etc.
4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

Millions of Yen						
For the year ended March 31, 2020	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	¥1,348,316	¥26,232	¥323,743	¥1,698,292	¥-	¥1,698,292
Intersegment or transfer	59,757	7,615	196,441	263,815	(263,815)	-
Total	¥1,408,074	¥33,848	¥520,185	¥1,962,108	¥(263,815)	¥1,698,292
Segment profit (Note 1)	¥145,130	¥10,312	¥22,355	¥177,798	¥(43,904)	¥133,894

Thousands of U.S. Dollars						
For the year ended March 31, 2020	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	\$12,471,711	\$242,647	\$2,994,573	\$15,708,932	\$-	\$15,708,932
Intersegment or transfer	552,749	70,445	1,817,055	2,440,250	(2,440,250)	-
Total	\$13,024,461	\$313,092	\$4,811,628	\$18,149,183	\$(2,440,250)	\$15,708,932
Segment profit (Note 1)	\$1,342,434	\$95,390	\$206,786	\$1,644,611	\$(406,107)	\$1,238,503

Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.
2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering and LCV(Life Cycle Valuation) business operated by the Corporation and other businesses operated by subsidiaries.
3. The adjustment of ¥43,904 million (\$406,107 thousand) in segment profit was intersegment eliminations, etc.
4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

2) Related information

For the year ended March 31, 2019

(1) Product and Service Information

Net sales from external customers in the Construction business including architectural construction, civil engineering and other related business totaled ¥1,504,636 million.

(2) Geographical Segments

(a) Net sales

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

(b) Tangible fixed assets

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

(3) Information by main customers

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

For the year ended March 31, 2020

(1) Product and Service Information

Net sales from external customers in the Construction business including architectural construction, civil engineering and other related business totaled ¥1,517,883 million (\$14,040,178 thousand).

(2) Geographical Segments

(a) Net sales

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

(b) Tangible fixed assets

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

(3) Information by main customers

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

3) Impairment loss on fixed assets by reportable segment

For the years ended March 31, 2019

Not applicable.

For the years ended March 31, 2020

Impairment loss in amount of ¥2,915 million (\$26,964 thousand) is related to a fixed asset to be disposed by the Corporation which is not allocated to a business segment.

4) Amortization of goodwill and unamortized balance by reportable segment

For the years ended March 31, 2019 and 2020

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

5) Gain on negative goodwill by reportable segment

Not applicable.

17. Related Party Transactions

For the years ended March 31, 2019 and 2020

Not applicable.

Notes to Consolidated Financial Statements

18. Amounts per Share

	Yen		U.S. Dollars
For the year ended March 31	2019	2020	2020
Net assets per share of common stock	¥929.72	¥957.56	\$8.86
Basic net income per share of common stock	¥127.04	¥128.31	\$1.19
Diluted net income per share of common stock	¥127.04	¥128.30	\$1.19

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Net income attributed to shareholders of the Corporation	¥99,668	¥98,977	\$915,526
Net income not attributed to common shareholders	-	-	-
Net income attributed to shareholders of Corporation available for distribution to shareholders of common shares	99,668	98,977	915,526
Average number of common shares issued and outstanding during the period	784,551 thousand shares	771,417 thousand shares	771,417 thousand shares

(2) Diluted net income per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2019	2020	2020
Adjustment in net income attributed to shareholders of the Corporation (Stock subscription rights of affiliated companies decrease the equity investment earnings when they are exercised)	¥(2)	¥(1)	\$(12)
Number of common stock increased by share warrants	-	-	-

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

For the year ended March 31, 2019

Euro/Yen Zero Coupon Convertible Bonds due 2020

Total amount of face value of Bonds (Millions of Yen)	Number of Subscription rights to shares (Shares)	Class and number of shares underlying subscription rights to shares	Conversion value (Yen)	Exercise period of subscription rights to shares
¥30,000	3,000	Common stock	¥1,297.0	From October 30, 2015 To October 2, 2020
		Total amount of face value of Bonds divided by conversion value		

For the year ended March 31, 2020

Euro/Yen Zero Coupon Convertible Bonds due 2020

Total amount of face value of Bonds (Millions of Yen)	Total amount of face value of Bonds (Thousands of U.S. Dollars)	Number of Subscription rights to shares (Shares)	Class and number of shares underlying subscription rights to shares	Conversion value (Yen)	Conversion value (U.S. Dollars)	Exercise period of subscription rights to shares
¥30,000	\$277,495	3,000	Common stock	¥1,252.9	\$11.59	From October 30, 2015 To October 2, 2020
			Total amount of face value of Bonds divided by conversion value			

Subscription rights to shares issued by 1 equity-method affiliate

Class and number of shares underlying subscription rights to shares

Common stock

4,000 thousand shares

2) Basis of net assets per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2019	2020	2020
Net assets	¥735,242	¥736,412	\$6,811,697
Amounts deducted from net assets	5,826	5,932	54,877
Non-controlling interests	5,826	5,932	54,877
Net assets applicable to common stock	729,415	730,479	6,756,820
Number of shares of common stock at end of year	784,550 thousand shares	762,856 thousand shares	762,856 thousand shares

Notes to Consolidated Financial Statements

19. Bonds Payable

Issued by	Issue type	Issue date	Balance at	Balance at		Interest Rate(%)	Collateral	Maturity	Remarks
			April 1, 2019	Millions of Yen	Thousands of U.S. Dollars				
Corporation	19th unsecured straight bond	Jun. 21, 2012	¥10,000	¥-	\$-	0.817	None	Jun. 21, 2019	(*1)
Corporation	20th unsecured straight bond	Mar. 8, 2013	10,000	¥-	\$-	0.599	None	Mar. 6, 2020	(*1)
Corporation	21th unsecured straight bond	Dec. 4, 2014	10,000	10,000	92,498	0.390	None	Dec. 3, 2021	(*1)
Corporation	22th unsecured straight bond	Mar. 6, 2015	10,000	10,000	92,498	0.337	None	Mar. 5, 2021	(*1)
Corporation	23th unsecured straight bond	Aug. 4, 2017	10,000	10,000	92,498	0.250	None	Aug. 2, 2024	(*1)
Corporation	24th unsecured straight bond	Nov. 30, 2017	10,000	10,000	92,498	0.365	None	Nov. 30, 2027	(*1)
Corporation	25th unsecured straight bond	Sep. 3, 2019	¥-	20,000	184,996	0.270	None	Sep. 3, 2029	(*1)
Corporation	26th unsecured straight bond	Dec. 12, 2019	¥-	10,000	92,498	0.110	None	Dec. 12, 2024	(*1)
Corporation	Euro/Yen Zero Coupon Convertible Bonds due 2020	Oct. 16, 2015	30,046	30,016	277,645	-	None	Oct. 16, 2020	
MM21-46	2nd general			(30,016)	(277,645)				
SPC	secured specified corporate bond	Mar. 31, 2017	14,060	¥-	\$-	0.179 (Note 4)	Yes	Mar. 31, 2020	(*2)
MM21-46	3rd general								
SPC	secured specified corporate bond	Mar. 31, 2020	¥-	10,800	99,898	0.260 (Note 4)	Yes	Apr. 28, 2023	(*2)
Momiji	1st A general			(864)	(7,991)				
Property	secured specified corporate bond	Aug. 30, 2019	¥-	13,600	125,797	0.269 (Note 4)	Yes	Aug. 31, 2022	(*2)
Momiji	1st B general			(300)	(2,783)				
Property	secured specified corporate bond	Aug. 30, 2019	¥-	1,600	14,799	0.269 (Note 4)	Yes	Aug. 31, 2020	(*2)
Total	-	-	¥104,106	¥126,016	\$1,165,629	-	-	-	-
				(42,781)	(395,718)				

Notes: (*1) With limited inter-bond pari passu clause

(*2) Limited to qualified institutional investors

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

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

Class of shares to be issued	Common stock	
Issue price for subscription rights to shares (yen and U.S. dollars)	¥-	\$-
Exercise price per share (yen and U.S. dollars)	1,252.9	11.59
Total issue amount (millions of yen and thousands of U.S. dollars)	30,000	277,495
Total amount of shares issued by exercising subscription rights to shares (millions of yen and thousands of U.S. dollars)	-	-
Percentage of shares subscription rights to shares (%)	100	
Exercise period of subscription rights to shares	From Oct. 30, 2015 to Oct. 2, 2020	

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

3. Non-recourse bonds

4. At floating rates and the most recent rates

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

Bonds payable	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥10,000	\$92,498
Over 1 year less than 2 years	10,000	92,498
Over 2 years less than 3 years	-	-
Over 3 years less than 4 years	-	-
Over 4 years less than 5 years	20,000	184,996

Convertible bond-type bonds with subscription rights to shares

	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥30,000	\$277,495

Non-recourse bonds

	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥2,764	\$25,574
Over 1 year less than 2 years	1,265	11,702
Over 2 years less than 3 years	13,761	127,295
Over 3 years less than 4 years	8,208	75,922

Notes to Consolidated Financial Statements

20. Borrowings

Item	Balance at April 1, 2019	Balance at March 31, 2020		Average interest rate (%)	Repayment term
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars		
Short-term borrowings	¥102,528	¥94,305	\$872,314	0.56	–
Current portion of long-term borrowings	18,651	18,468	170,831	0.85	–
Current portion of non-recourse borrowings	7,432	6,957	64,352	1.34	–
Current portion of lease obligations	230	243	2,253	–	–
Long-term borrowings (Excluding current portion)	49,520	70,360	650,821	0.77	2021–2037
Non-recourse borrowings (Excluding current portion)	37,161	45,207	418,159	1.17	2021–2034
Lease obligations (Excluding current portion)	514	587	5,431	–	2021–2030
Commercial papers	–	80,000	739,987	0.00	–
Total	¥216,038	¥316,130	\$2,924,152	–	–

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

Long-term borrowings (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥14,920	\$138,010
Over 2 years less than 3 years	12,626	116,792
Over 3 years less than 4 years	10,237	94,694
Over 4 years less than 5 years	8,393	77,640

Non-recourse borrowings (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥6,546	\$60,558
Over 2 years less than 3 years	6,137	56,768
Over 3 years less than 4 years	5,738	53,078
Over 4 years less than 5 years	5,269	48,746

Lease obligations (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥188	\$1,744
Over 2 years less than 3 years	141	1,310
Over 3 years less than 4 years	88	816
Over 4 years less than 5 years	67	619

21. Asset Retirement Obligations

In accordance with Article 92, Paragraph 2 of "Regulation for Consolidated Financial Statements" the amount of asset retirement obligations as at April 1, 2019 and March 31, 2020 has not been presented because it represented less than 1% of total liabilities and net assets on the consolidated balance sheets.

Independent Auditor's Report

The Board of Directors

Shimizu Corporation

Opinion

We have audited the accompanying consolidated financial statements of Shimizu Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

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

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

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

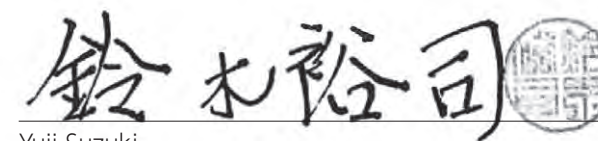
Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 26, 2020



Yuji Suzuki
Designated Engagement Partner
Certified Public Accountant



Masato Nakagawa
Designated Engagement Partner
Certified Public Accountant

Nonconsolidated Balance Sheet

Shimizu Corporation
As at March 31, 2020

	2019	2020	2020
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
ASSETS			
Current Assets:			
Cash	¥88,750	¥269,962	\$2,497,109
Notes receivable	45,845	22,555	208,631
Accounts receivable from completed construction contracts	556,329	481,275	4,451,719
Marketable securities	79,100	1,000	9,249
Real estate for sale	3,981	0	0
Costs on uncompleted construction contracts	72,949	73,805	682,690
Costs on uncompleted real estate development projects	3,324	5,885	54,440
Materials and supplies	107	178	1,646
Prepaid expenses	93	152	1,410
Other current assets	89,352	96,148	889,358
Less: Allowance for doubtful accounts	(973)	(713)	(6,600)
Total current assets	938,861	950,249	8,789,656
Non-Current Assets:			
Tangible fixed assets:			
Buildings	70,053	118,973	1,100,485
Structures	1,466	4,369	40,420
Machinery and equipment	2,766	3,679	34,038
Vehicles	464	422	3,904
Tools, furniture and fixtures	3,986	4,783	44,245
Land	130,193	152,820	1,413,561
Construction in progress	33,475	23,199	214,594
Total tangible fixed assets	242,406	308,248	2,851,251
Intangible fixed assets:			
Leasehold	1,515	1,501	13,889
Software	3,683	3,788	35,038
Other intangible fixed assets	554	1,278	11,824
Total intangible fixed assets	5,753	6,567	60,752
Investments and other assets:			
Investment securities	354,447	281,690	2,605,593
Investments in subsidiaries and affiliates	37,294	41,987	388,377
Investments in other securities of subsidiaries and affiliates	6,920	3,850	35,611
Investments in capital	250	393	3,640
Long-term loans	15	12	114
Long-term loans to subsidiaries and affiliates	3,892	3,299	30,515
Claims in bankruptcy or reorganization proceedings	17	16	157
Long-term prepaid expenses	636	609	5,640
Deferred tax assets	-	72	669
Other investments	9,120	9,506	87,931
Less: Allowance for doubtful accounts	(2,138)	(2,075)	(19,201)
Total investments and other assets	410,454	339,362	3,139,051
Total non-current assets	658,614	654,179	6,051,055
Total assets	¥1,597,475	¥1,604,429	\$14,840,711

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥108.11 to U.S.\$1, the approximate rate prevailing at March 31, 2020.

	2019	2020	2020
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
LIABILITIES			
Current Liabilities:			
Notes payable	¥60,691	¥58,408	\$540,270
Accounts payable for construction contracts	239,395	210,661	1,948,583
Short-term borrowings	95,491	93,373	863,688
Commercial papers	-	80,000	739,987
Current portion of bonds payable	20,000	10,000	92,498
Current portion of convertible bond-type bonds with subscription rights to shares	-	30,016	277,645
Lease obligations	900	1,160	10,738
Accounts payable—other	3,991	18,222	168,554
Accrued expenses	16,663	17,465	161,554
Income taxes payable	28,133	22,669	209,688
Advances received on uncompleted construction contracts	127,845	90,943	841,213
Deposits received	144,421	142,792	1,320,810
Warranty reserve	3,100	3,806	35,208
Reserve for expected losses on construction contracts in process	7,934	5,729	52,996
Reserve for directors' bonuses	267	289	2,673
Reserve for loss on anti-monopoly act	1,820	1,820	16,834
Asset retirement obligations	134	80	746
Other current liabilities	286	298	2,757
Total current liabilities	751,078	787,738	7,286,452
Non-Current Liabilities:			
Bonds payable	40,000	60,000	554,990
Convertible bond-type bonds with subscription rights to shares	30,046	-	-
Long-term borrowings	43,722	53,436	494,282
Lease obligations	1,333	1,623	15,020
Deferred tax liabilities	24,965	-	-
Deferred tax liabilities for revaluation reserve for land	17,659	17,659	163,345
Reserve for employees' retirement benefits	44,279	44,476	411,399
Asset retirement obligations	3	3	34
Other non-current liabilities	16,476	19,347	178,962
Total non-current liabilities	218,486	196,547	1,818,035
Total liabilities	969,565	984,286	9,104,487
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2019 and 2020	74,365	74,365	687,867
Additional paid-in capital:			
Capital reserve	43,143	43,143	399,070
Other additional paid-in capital	1	1	13
Retained earnings:			
Legal reserve	18,394	18,394	170,149
Contingent Reserve	229,800	295,200	2,730,552
Other retained earnings	88,662	80,721	746,664
Less: Treasury stock, at cost			
24,319 thousand shares as at March 31, 2020	-	(21,191)	(196,014)
2,625 thousand shares as at March 31, 2019	(1,187)	-	-
Total shareholders' equity	453,180	490,635	4,538,301
Valuation and Translation Adjustments:			
Net unrealized gain (loss) on other securities, net of taxes	148,823	103,811	960,241
Deferred gain (loss) on hedging, net of taxes	41	(168)	(1,561)
Revaluation reserve for land, net of taxes	25,864	25,864	239,242
Total valuation and translation adjustments	174,729	129,507	1,197,922
Total net assets	627,910	620,143	5,736,224
Total liabilities and net assets	¥1,597,475	¥1,604,429	\$14,840,711

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥108.11 to U.S.\$1, the approximate rate prevailing at March 31, 2020.

Nonconsolidated Statement of Income

Shimizu Corporation
For the year ended March 31, 2020

		Millions of Yen	Thousands of U.S. Dollars
	2019	2020	2020
Net Sales:			
Construction contracts	¥1,348,122	¥1,356,715	\$12,549,394
Real estate development and other	58,607	60,889	563,219
	1,406,730	1,417,604	13,112,613
Cost of Sales:			
Construction contracts	1,176,155	1,180,549	10,919,891
Real estate development and other	47,442	47,798	442,132
	1,223,597	1,228,348	11,362,023
Gross profit:			
Construction contracts	171,966	176,165	1,629,503
Real estate development and other	11,165	13,090	121,086
	183,132	189,256	1,750,589
Selling, General and Administrative Expenses	69,565	73,974	684,252
Operating income	113,567	115,281	1,066,337
Non-Operating Income (Expenses):			
Interest and dividend income	10,249	10,930	101,108
Interest expenses	(1,866)	(1,508)	(13,952)
Foreign exchange gain(loss)	5	(1,632)	(15,096)
Other, net	(212)	(386)	(3,571)
Ordinary income	121,742	122,686	1,134,825
Special Gains (Losses):			
Gain on sales of fixed assets	9,348	7,538	69,730
Loss on sales of fixed assets	(78)	(507)	(4,693)
Loss on devaluation of investment securities	(2)	(792)	(7,326)
Loss on devaluation of shares of subsidiaries and affiliates	(548)	-	-
Impairment loss on fixed assets	-	(2,915)	(26,964)
Income before income taxes	130,462	126,009	1,165,571
Provision for Income Taxes:			
Current	41,611	43,407	401,507
Deferred	(3,882)	(6,762)	(62,553)
	37,728	36,644	338,953
Net Income	¥92,733	¥89,365	\$826,617

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥108.11 to U.S.\$1, the approximate rate prevailing at March 31, 2020.

Orders, Sales and Backlog (Nonconsolidated)

Shimizu Corporation
For the year ended March 31, 2020

		Millions of Yen	Thousands of U.S. Dollars
	2019	2020	2020
(1) Construction orders awarded and contracts			
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥1,307,180	¥854,645	\$7,905,329
Overseas Operations	34,891	53,154	491,673
Subtotal	1,342,071	907,799	8,397,002
Civil Engineering			
Domestic Operations	246,677	187,548	1,734,792
Overseas Operations	39,462	99,433	919,742
Subtotal	286,140	286,981	2,654,534
Total construction business	1,628,211	1,194,781	11,051,537
Real estate development and other (contracts)	97,245	79,622	736,494
Total	¥1,725,456	¥1,274,404	\$11,788,031
(2) Net sales			
Construction business			
Architectural Construction			
Domestic Operations	¥1,006,349	¥1,022,470	\$9,457,683
Overseas Operations	41,614	50,993	471,680
Subtotal	1,047,964	1,073,463	9,929,363
Civil Engineering			
Domestic Operations	286,218	262,310	2,426,326
Overseas Operations	13,939	20,941	193,705
Subtotal	300,157	283,251	2,620,031
Total construction business	1,348,122	1,356,715	12,549,394
Real estate development and other (contracts)	58,607	60,889	563,219
Total	¥1,406,730	¥1,417,604	\$13,112,613
(3) Backlog			
Construction business			
Architectural Construction			
Domestic Operations	¥1,477,726	¥1,309,901	\$12,116,376
Overseas Operations	103,803	105,965	980,160
Subtotal	1,581,530	1,415,866	13,096,537
Civil Engineering			
Domestic Operations	428,428	353,666	3,271,356
Overseas Operations	50,595	129,087	1,194,038
Subtotal	479,023	482,753	4,465,395
Total construction business	2,060,553	1,898,620	17,561,933
Real estate development and other	77,918	96,651	894,011
Total	¥2,138,472	¥1,995,272	\$18,455,944

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥108.11 to U.S.\$1, the approximate rate prevailing at March 31, 2020.

