



SHIMIZU CORPORATE REPORT 2017



Aiming to Become a Smart Solutions Company

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

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

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

*** Smart Solutions Company:**

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

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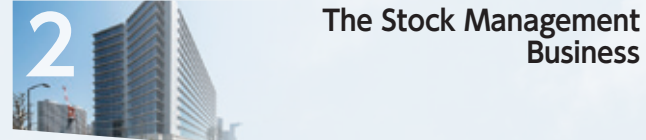
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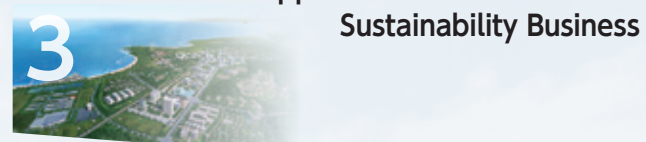
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Editorial Policy

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

Organizations covered

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

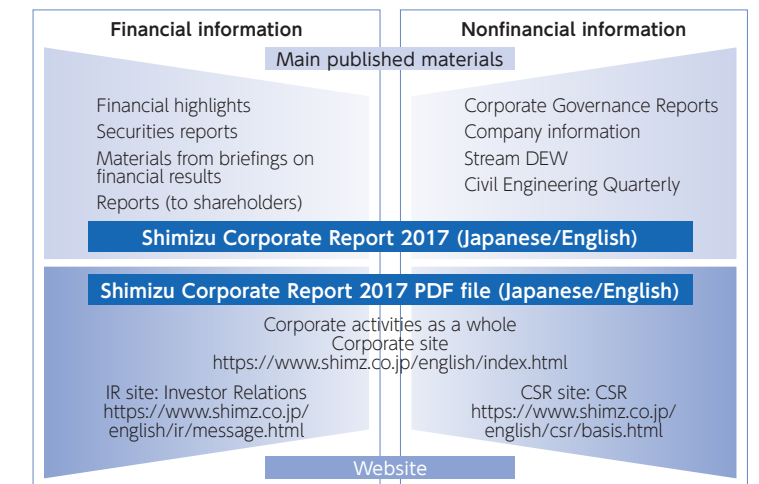
Period covered

Primarily covers fiscal 2016 (April 2016 through March 2017); also includes certain activities before and after this period.

Guidelines referred to

- Environmental Reporting Guidelines 2012 (Ministry of the Environment, Japan)
- Sustainability Reporting Guidelines, Ver. 4 (Global Reporting Initiative)

Information structure



Shimizu's CSR standards, framework, and related pages of this report

CSR Management

36 CSR Concepts and Key Performance Indicators

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ISO 26000 core topics										Four areas of Global Compact			
Organizational governance	Human rights	Labor practices	Environment	Fair operating practices	Consumer issues	Community involvement and development	Human rights	Labor	Environment	Anti-corruption			
Corporate Governance													
Risk Management													
Compliance													
Disclosing Corporate Information													
Safety and reliability initiatives in construction and social infrastructure													
Disaster recovery initiatives													
Delivering customer satisfaction through optimal quality													
Health and safety efforts in construction processes													
Contributing to the environment													
Mitigating global warming													
Biodiversity initiatives													
Effective use of resources, preventing pollution													
A Company That Values People													
Contributing to Society													

We are moving ahead with efforts including construction of environment-friendly buildings, enhancing communication with local communities, and promoting compliance, in accordance with the philosophy of the Global Compact.



SHIMIZU'S PAST, PRESENT, AND FUTURE

Overview of Shimizu Corporation



Shimizu’s Past, Present, and Future

After departing Toyama, Etchu Province for Edo (now Tokyo), the carpenter Kisuke Shimizu founded Shimizu in 1804 in Kajicho, Kanda. From the start, he sought to build trust by building quality structures with an approach founded on sustained and honest effort, integrity, and a deep sense of professional responsibility. Today, Shimizu Corporation maintains its pursuit of new knowledge and technologies in order to meet the needs of customers and society.

1804-1945: From laying the Company foundations to the dawn of the postwar age

Kisuke Shimizu I and Kisuke Shimizu II lay Shimizu’s foundations

After establishing his business in Edo in 1804, Kisuke Shimizu took part in rebuilding the western keep of Edo Castle, a responsibility that suggests a wide recognition of his outstanding abilities. With a pioneering spirit and strong technical capabilities, his successor, Kisuke Shimizu II added to this legacy with achievements that included designing and building Tsukiji Hotel, Japan’s first fully Western-style hotel, in 1868.



Kisuke Shimizu I



Kisuke Shimizu II

Tokyo Mokokujou Arts & Crafts Furnishings opens, carrying on the ancient tradition of craftsmanship

In 1884, Shimizu opened a lumber cutting and assembly facility (today’s Tokyo Mokokujou Arts & Crafts Furnishings) in what is now Kiba in Tokyo’s Koto Ward. To this day, no other major construction company has operated its own woodworking facility.

Welcoming Eiichi Shibusawa as senior advisor and promoting management reforms based on his Rongo to Soroban

In 1887, Shimizu named the entrepreneur Eiichi Shibusawa as senior advisor and based our management policy on the precepts articulated in his Rongo to Soroban (The Analects and the Abacus). Shibusawa espoused the view that a company could succeed in business by contributing to society through an integration of ethical and economic interests.



Eiichi Shibusawa



The construction industry’s first R&D section

Establishing the construction industry’s first drafting office and R&D section

Around 1887, Shimizu established a drafting office, the precursor of today’s Design Division, to strengthen the skills of workers charged with designing Western-style buildings. In 1944, in the midst of World War II, Shimizu established an R&D Department within the Design Division. This milestone marked the construction industry’s first R&D section.

1946-2000: Tackling the challenges of new and cutting-edge technologies

Tackling the challenge of an unprecedented hanging roof structure: Yoyogi National Stadium

This venue was built for the 18th Olympic Games, held in Tokyo in 1964. The complex curves of its exterior were built using a suspended roof structure, something rarely seen at that time.



Yoyogi National Stadium

Building Japan’s first underground LNG tank, a harbinger for a new energy age



Japan’s first underground LNG tank at Tokyo Gas’s Negishi LNG Terminal

In 1970, as part of a societal shift toward clean energy, Shimizu built Japan’s first underground LNG tank (capacity: 10,000 kl) at Tokyo Gas’s Negishi LNG Terminal.

Japan’s First Seismic Isolation Retrofit – The National Museum of Western Art

Shimizu completed construction of the National Western Art Museum, which was designed by Le Corbusier, in 1959. Subsequently, Shimizu renovated the building in 1998 by using a retrofitting method for adding a seismic isolation system. The retrofit made the museum resistant to earthquakes while preserving Le Corbusier’s original design.

2000 and beyond: The future of the construction industry

Building Japan’s first zero-energy building (ZEB): Seicho-No-le’s Office in the Forest

Completed in 2013 in the city of Hokuto, Yamanashi Prefecture, this zero-energy structure takes full advantage of natural energy as befits the characteristics of the local community. We are seeking to achieve ZEB status for all mid-rise buildings by 2018.

Resilient and sustainable urban development planning that considers both people and the environment

Opened in 2012, our Head Office building plays a central role in making the Kyobashi area a smart community. The Kyobashi Smart Community Council is Japan’s first community entity to obtain ISO 22301 certification (ISO certification for business continuity management systems) and ISO 50001 certification (environmental management systems).



Kyobashi Smart Community

We are promoting improvement of productivity at construction sites and business innovation by technologies such as AI, the Internet of Things (IoT), Big Data, and robots.

Lines of Business/Network

Company Profile

Corporate Name	: SHIMIZU CORPORATION
Date of Establishment	: 1804
Common Stock	: ¥74.3 billion (as of March 31, 2017)
Total Employees	: 15,925 (consolidated, fiscal 2016)
Main Business	: Construction, civil engineering, and other contracted projects, including machine installation; research, planning, geological surveys, land surveys, design, and administration of construction projects; sales, purchases, leasing, brokering, management, and appraisal of real estate properties; building, selling, leasing, and managing residential buildings and other properties; development and sales of vacant land
President and Director	: Kazuyuki Inoue
Net Sales	: ¥1,567.4 billion (consolidated, fiscal 2016)

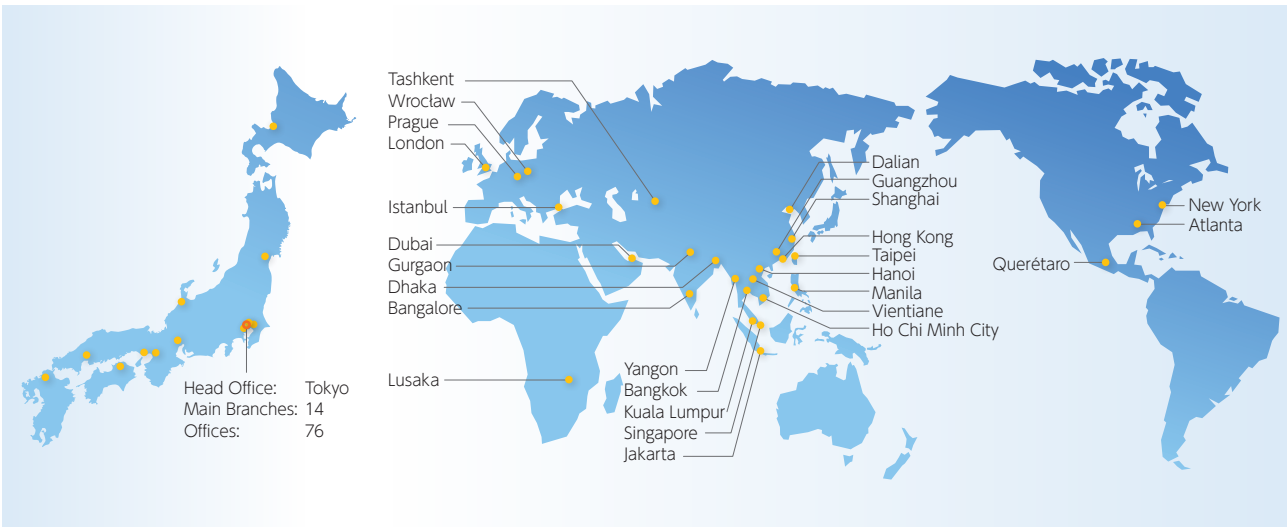
Main Domestic Subsidiaries and Affiliates (as of April 1, 2017)

FaB-Tec Japan Corporation
Daiichi Setsubi Engineering Corporation
SC PRE-CON CORP.
The Nippon Road Co., Ltd.
MILX Corporation
SC Machinery Corp.
Technology Network, Inc.
SHIMIZU BLC Co., Ltd.
FINE STAFF Co., Ltd.
PD System CORPORATION
FIELD FOUR DESIGN OFFICE
NIPPON KENSETSU
Shimizu Comprehensive Development Corporation
Hokuseitochi, Co., Ltd.
Makuhari Techno-Garden Co., Ltd.
Shimizu Finance Co., Ltd.
CSP Japan, Inc.
Property Data Bank, Inc.
Total Office Partner, Inc.

Global Network

Domestic

Overseas



Branches

Hokkaido (Sapporo city)	Nagoya (Nagoya city)
Tohoku (Sendai city)	Kansai (Osaka city)
Hokuriku (Kanazawa city)	Kobe (Kobe city)
Kanto (Saitama city)	Shikoku (Takamatsu city)
Tokyo (Tokyo, Chuo Ward)	Hiroshima (Hiroshima city)
Yokohama (Yokohama city)	Kyushu (Fukuoka city)
Chiba (Chiba city)	Tokyo Civil Engineering (Tokyo, Chuo Ward)

Main Overseas Subsidiaries and Affiliates

North America: Shimizu North America LLC
Shimizu International Finance (U.S.A.), Inc.
Asia: PT Shimizu Bangun Cipta Kontraktor
Shimizu Philippine Contractors, Inc.
Thai Shimizu Co., Ltd.
Shimizu Vietnam Co., Ltd.
Shimizu Corporation (China) Ltd.
Shimizu Corporation India Pvt. Ltd.
Shimizu Investment (Asia) Pte. Ltd.

Directors, Auditors, and Executive Officers



Chairman of the Board and Representative Director
Yoichi Miyamoto

Jul. 1971 Joined the Corporation
Jun. 2003 Executive Officer, General Manager, HOKURIKU Branch of the Corporation
Apr. 2005 Executive Officer, General Manager, KYUSHU Branch of the Corporation
Jun. 2005 Managing Officer, General Manager, KYUSHU Branch of the Corporation
Apr. 2006 Senior Managing Officer, General Manager, KYUSHU Branch of the Corporation
Apr. 2007 Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation
Jun. 2007 President and Representative Director of the Corporation
Apr. 2016 Chairman of the Board and Representative Director of the Corporation (up to the present)



President and Representative Director
Kazuyuki Inoue

Apr. 1981 Joined the Corporation
Apr. 2013 Executive Officer, Director, Marketing & Sales Promotion Div. II, Building Headquarters of the Corporation
Apr. 2014 Managing Officer, General Manager, NAGOYA Branch of the Corporation
Apr. 2015 Senior Managing Officer, General Manager, NAGOYA Branch of the Corporation
Jun. 2015 Director, Senior Managing Officer, General Manager, NAGOYA Branch of the Corporation
Mar. 2016 Director, Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation
Apr. 2016 President and Representative Director of the Corporation (up to the present)



Executive Vice President and Representative Director
Toshiyuki Imaki

Apr. 1980 Joined the Corporation
Apr. 2007 Executive Officer, General Manager, Tokyo Building Construction Business Div. III, Building Headquarters of the Corporation
Jun. 2008 Executive Officer, Manager, Human Resources Dept. of the Corporation
Apr. 2010 Executive Officer, General Manager, HOKURIKU Branch of the Corporation
Jun. 2013 Managing Officer, General Manager, HOKURIKU Branch of the Corporation
Apr. 2014 Senior Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation
Jun. 2015 Director, Senior Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation
Apr. 2016 Executive Vice President and Director, in charge of Tokyo Metropolitan Area, General Manager, TOKYO Branch of the Corporation
Apr. 2017 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement Promotion and Supervision of Information of the Corporation (up to the present)



Executive Vice President and Representative Director
Koichiro Higashide

Apr. 1976 Joined the Corporation
Apr. 2010 Executive Officer, Secretarial Dept. of the Corporation
Apr. 2013 Managing Officer, Director, Corporate Planning Div. of the Corporation
Apr. 2016 Senior Managing Officer, Director, Corporate Planning Div. of the Corporation
Jun. 2016 Director, Senior Managing Officer, in charge of Administration at Head Office, General Affairs, Director, Corporate Planning Div., in charge of IR of the Corporation
Apr. 2017 Executive Vice President and Representative Director, in charge of Administration at Head Office, Director, Corporate Planning Div., in charge of IR of the Corporation (up to the present)



Executive Vice President and Representative Director
Osamu Terada

Apr. 1977 Joined the Corporation
Jun. 2005 Executive Officer, General Manager, Tokyo Building Construction Business Div. II, Building Headquarters of the Corporation
Apr. 2007 Executive Officer, General Manager, KYUSHU Branch of the Corporation
Apr. 2010 Managing Officer, General Manager, NAGOYA Branch of the Corporation
Apr. 2012 Managing Officer, General Manager, TOKYO Branch, Building Headquarters of the Corporation
Apr. 2013 Senior Managing Officer, Deputy General Manager, Building Headquarters and General Manager, TOKYO Branch, Building Headquarters of the Corporation
Apr. 2014 Senior Managing Officer, General Manager, Building Headquarters, in charge of Overseas of the Corporation
Jun. 2014 Executive Vice President and Representative Director, in charge of Building, and General Manager, Building Headquarters, in charge of Overseas of the Corporation
Apr. 2017 Executive Vice President and Representative Director, in charge of International Business, New Business and Engineering Business of the Corporation (up to the present)



Executive Vice President and Representative Director
Tadashi Okamoto

Apr. 1977 Joined the Corporation
Apr. 2011 Executive Officer, General Manager, SHIKOKU Branch, KANSAI Construction and Civil Engineering Headquarters of the Corporation
Apr. 2013 Managing Officer, General Manager, TOKYO Civil Engineering Branch, Civil Engineering Headquarters of the Corporation
Apr. 2015 Senior Managing Officer, Director, Civil Engineering Headquarters of the Corporation
Jan. 2016 Senior Managing Officer, Director, Civil Engineering Headquarters of the Corporation
Jun. 2016 Executive Vice President and Representative Director, Director of Civil Engineering Headquarters of the Corporation (up to the present)



Executive Vice President and Representative Director
Toru Yamaji

Apr. 1981 Joined the Corporation
Apr. 2011 Executive Officer, Deputy General Manager, TOKYO Branch, Building Headquarters of the Corporation
Apr. 2012 Executive Officer, General Manager, KYUSHU Branch of the Corporation
Apr. 2015 Managing Officer, General Manager, KYUSHU Branch of the Corporation
Apr. 2016 Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation
Apr. 2017 Senior Managing Officer, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation
Jun. 2017 Executive Vice President and Representative Director, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation (up to the present)



Director, Senior Managing Officer
Koji Ikeda

Apr. 1979 Joined the Corporation
Apr. 2009 Executive Officer, General Manager, CHIBA Branch, Building Headquarters of the Corporation
May 2011 Executive Officer, in charge of Planning of the Corporation
Apr. 2013 Executive Officer, General Manager, HIROSHIMA Branch of the Corporation
Apr. 2015 Managing Officer, Deputy General Manager, KANSAI Construction and Civil Engineering Headquarters and General Manager, OSAKA Branch of the Corporation
Jan. 2016 Managing Officer, General Manager, KANSAI Branch of the Corporation
Apr. 2016 Senior Managing Officer, General Manager, KANSAI Branch of the Corporation
Apr. 2017 Senior Managing Officer, in charge of Kansai Area, General Manager, KANSAI Branch of the Corporation
Jun. 2017 Director, Senior Managing Officer, in charge of Kansai Area, General Manager, KANSAI Branch of the Corporation (up to the present)

Directors, Auditors, and Executive Officers



Director
Motoaki Shimizu

Feb. 1998 Joined IBM Japan, Ltd.
Jul. 2004 Joined the Corporation
Jun. 2011 Director of SHIMIZU & CO., LTD.
Jun. 2014 President and Representative Director of SHIMIZU & CO., LTD. (incumbent)
Mar. 2017 Resigned from the Corporation
Jun. 2017 Director of the Corporation (up to the present)



Director
Yo Takeuchi*2

Apr. 1973 Joined Ministry of Finance
Jul. 2002 Director-General of the Kanto Local Finance Bureau of Ministry of Finance
Aug. 2005 Director-General of the Customs and Tariff Bureau of Ministry of Finance
Aug. 2006 President of Development Bank of Japan Inc.
Oct. 2008 Director & Managing Executive Officer of Development Bank of Japan Inc.
Jun. 2013 Director of the Corporation
Feb. 2014 Registered as Lawyer
Jun. 2014 External Auditor of PRONEXUS Inc. (incumbent)
Feb. 2016 President and Representative Director of All Nippon Asset Management Co., Ltd. (incumbent) (up to the present)



Audit & Supervisory Board Member (standing)
Hideto Watanabe

Apr. 1980 Joined the Corporation
Jun. 2006 Manager, Accounting Dept. of the Corporation
Jun. 2016 Manager, Audit Dept. of the Corporation
Jun. 2017 Audit & Supervisory Board Member of the Corporation (standing) (up to the present)



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

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



Director
Aya Murakami*2

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



Audit & Supervisory Board Member (standing)
Chihiro Arakawa

Apr. 1977 Joined the Corporation
Aug. 1999 Manager, Accounting Dept., KYUSHU Branch of the Corporation
Feb. 2005 Deputy Manager, Finance Dept. of the Corporation
May 2006 Manager, Accounting Dept., Building Headquarters of the Corporation
Jun. 2008 Deputy Manager, HOKURIKU Branch of the Corporation
Jun. 2010 Manager, Audit Dept. of the Corporation
Jun. 2016 Audit & Supervisory Board Member of the Corporation (standing) (up to the present)



Audit & Supervisory Board Member (part time)
Tetsuya Nishikawa*3

Apr. 1972 Joined National Police Agency
Aug. 1989 Manager, Investigation Div. II, The Criminal Investigation Bureau of Metropolitan Police Department
Apr. 1993 Chief of Wakayama Prefectural Police Headquarters
Mar. 1998 Chief of Niigata Prefectural Police Headquarters
Jan. 2007 Director General, Minister's Secretariat of Ministry of Defense
Aug. 2009 Assistant Chief Cabinet Secretary
Nov. 2011 Advisor of Sampo Japan Insurance Inc.
Jan. 2012 Registered as Lawyer (Daiichi Tokyo Bar Association) Joined Kasahara Law Office (incumbent)
May 2013 External Auditor of SEKIDO Co., Ltd. (incumbent)
Jun. 2013 External Director of LAC Co., Ltd. (incumbent)
Jun. 2014 Audit & Supervisory Board Member of the Corporation (part time) (up to the present)



Audit & Supervisory Board Member (part time)
Kaoru Ishikawa*3

Apr. 1972 Joined the Ministry of Foreign Affairs
Sep. 2002 Manager, International Society Cooperation Dept., Foreign Policy Bureau
Jan. 2005 Chief, Economic Affairs Bureau
Jan. 2007 Ambassador Extraordinary and Plenipotentiary of Japan to Egypt
Jun. 2010 Ambassador Extraordinary and Plenipotentiary of Japan to Canada
Apr. 2013 Retired the Ministry of Foreign Affairs
Jun. 2013 Senior Managing Director, The Japan Forum on International Relations, Inc.
Apr. 2014 Specially-appointed Professor, Kawamura Gakuen Woman's University (incumbent)
May 2014 Director, Kawamura Gakuen (incumbent)
Jun. 2016 Audit & Supervisory Board Member of the Corporation (part time) (up to the present)
Jun. 2017 External Auditor of SMK Corporation (up to the present)

Executive Officers

Senior Managing Officers

Koji Ikeda*1
Shigeru Namioka
Chiayuki Iwakawa

Yoshiyuki Ono
Shigeki Kuriyama
Tatsuya Kurosawa

Managing Officers

Tsunehiko Yamanaka
Yutaka Ishikawa
Masahiro Indo
Koichi Ishimizu
Seiji Umetsu
Akimasa Ikemoto
Masatoshi Misawa

Masaki Yamaguchi
Naoki Kita
Toyoji Sone
Hiroshi Fujimura
Shinya Fukudome
Katsuro Sugihara
Shinichi Ishikawa

Executive Officers

Shutaro Kubo
Shigeki Ono
Kazuyoshi Nasuhara
Takashi Kawata
Hiroshi Terada
Makoto Saito
Shinichi Takiguchi
Masaichi Kawamura

Akihiko Takeda
Hideharu Ushiba
Hiroaki Taniguchi
Akira Yamazaki
Yutaka Gozu
Hiroyuki Kurita
Yoshito Tsutsumi
Hideki Yamaguchi

Kentaro Ikeda
Masanobu Onishi
Kazuhito Nakamura
Masamichi Miki
Mitsuo Morii
Sadayasu Asano
Tatsuya Shinmura
Yasuhide Kuwahara

Toshikazu Tsuji
Yoshimi Hirata
Kouichi Iida
Takao Haneda
Yoshinari Dendoh
Toshihide Suenaga
Yoshinori Mochizuki

*1 Senior Managing Officer Koji Ikeda serves as director.
*2 Directors Yo Takeuchi and Aya Murakami are external directors
*3 Audit & Supervisory Board Members Hatsuhiro Kaneko, Tetsuya Nishikawa, and Kaoru Ishikawa are external auditors

Five-Year Highlights (Consolidated)

Shimizu Corporation and its subsidiaries
Years ended March 31, 2013 through 2017

Financial

Years ended March 31, 2015 through 2017

Financial	2013	2014	2015	2016	2017	2017
					Millions of Yen (unless otherwise indicated)	Thousands of U.S. Dollars (unless otherwise indicated)
For the year:						
Construction orders awarded	¥1,254,950	¥1,474,084	¥1,581,494	¥1,477,049	¥1,565,928	\$13,971,522
Net sales	1,416,044	1,497,578	1,567,843	1,664,933	1,567,427	13,984,895
Operating income	13,101	26,054	50,032	94,668	128,835	1,149,496
Ordinary income	17,330	29,277	56,246	95,501	131,197	1,170,570
Net income attributable to shareholders of the Corporation	5,901	14,191	33,397	59,322	98,946	882,820
Net income per share of common stock (yen and U.S. dollars)	¥7.52	¥18.09	¥42.56	¥75.61	¥126.11	\$1.13
Cash dividends per share of common stock (yen and U.S. dollars)	¥7.00	¥7.00	¥8.00	¥16.00	¥26.00	\$0.23
Net cash provided by (used in) operating activities	46,364	17,395	56,105	38,335	143,668	1,281,841
Net cash provided by (used in) investing activities	(29,744)	(27,977)	(17,644)	(14,051)	(34,654)	(309,197)
Net cash provided by (used in) financing activities	(14,045)	(28,592)	14,305	9,199	(65,375)	(583,294)
Cash and cash equivalents at end of year	216,634	183,440	242,482	274,167	315,803	\$2,817,658
At year-end:						
Total assets	¥1,456,441	¥1,512,686	¥1,703,399	¥1,722,936	¥1,688,197	\$15,062,431
Net assets	358,094	376,048	481,896	485,655	576,879	5,147,029
Net assets per share of common stock (yen and U.S. dollars)	¥452.79	¥474.43	¥607.82	¥612.70	¥728.78	\$6.50
Interest-bearing debt	367,097	344,222	375,580	392,482	340,010	3,033,643

Nonfinancial

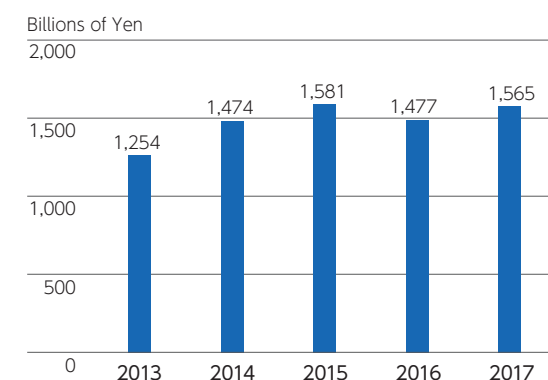
	2013	2014	2015	2016	2017
Number of employees	15,616	15,518	15,587	15,640	15,925
Nonconsolidated basis	10,721	10,714	10,547	10,466	10,431
Accident frequency rates*	0.66	0.60	0.77	0.59	0.53
CO ₂ reduction rates compared to 1990 (%)*	48.3	45.9	55.9	51.1	53.4
R&D investments (¥ billion)	8.0	7.9	11.1	8.5	10.1

* Nonconsolidated basis

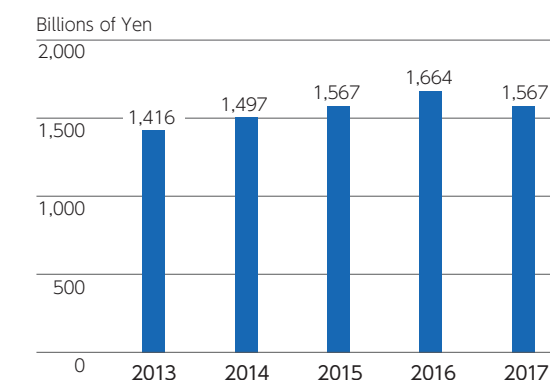
Notes: 1. Yen amounts have been rounded down to the nearest million unless otherwise indicated.

2. U.S. dollar amounts have been translated at the exchange rate of ¥112.08 to U.S.\$1, the approximate rate prevailing at March 31, 2017.

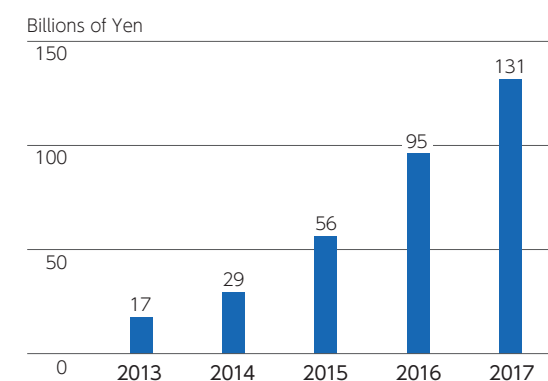
Construction orders awarded



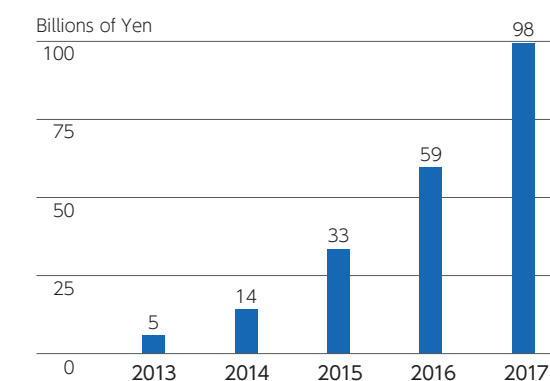
Net sales



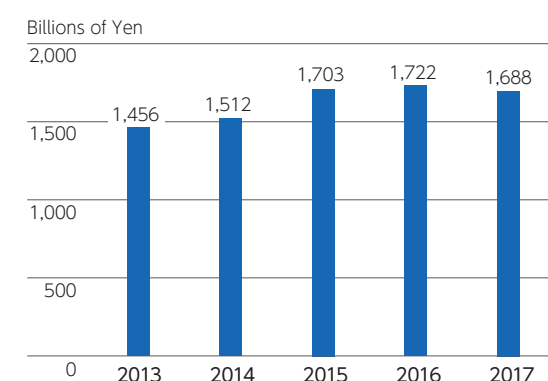
Ordinary income



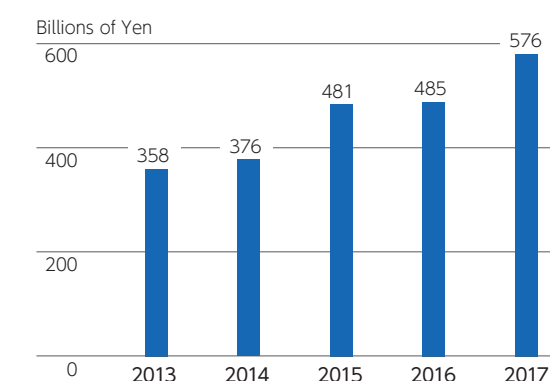
Net income attributable to shareholders of the Corporation



Total assets



Net assets



Message from the President

Achieving sustained growth while creating environments in which people can live in comfort, safety and security



I took office as President of Shimizu Corporation in April 2016. This fiscal year will mark my second year in this position.

From the time I took office, while seeking to strengthen and expand open dialogue and cooperative effort as my management policy, I had opportunities to engage in dialogue with numerous stakeholders, including customers, shareholders, investors, business partners, and communities. In addition, I intend to pursue a course of management that will demonstrate the full extent of the Shimizu Group's strengths to reward the expectations and trust of our stakeholders.

Since our founding in 1804, Shimizu has valued the approach to business, the lofty goals, and enterprising spirit expressed by and embodied in the actions of Kiskey Shimizu I, our founder, and of Kiskey Shimizu II, his successor. This spirit emphasizes monozukuri (the act of craftsmanship) and the importance of putting customers first. Our growth is guided to this day by the precepts set forth in Rongo to Soroban ("The Abacus and the Abacus") by Eiichi Shibusawa, an industrialist of the Meiji and Taisho eras—precepts that propose a balance between ethical humanism and economic activity.

Because of changing values thanks in part to rapid technological advances, and increasingly diverse and advanced customer needs, Shimizu is dedicated to achieving sustained growth while creating environments in which people can live in comfort, safety and security. As always, these efforts rest on an unchanging foundation: our sincere approach to monozukuri, ever-advancing innovation, and dedication to creating value that surpasses the expectations of our customers.

Fulfilling the construction industry's role in establishing a safe, secure society
In recent years, we have witnessed an alarming increase in the frequency and severity of earthquakes, typhoons, volcanic eruptions, and other natural disasters. The responsibilities fulfilled by the construction industry in response to these disasters continues to grow more important. Including the responsibilities in the areas of infrastructure development, infrastructure maintenance, and swift recovery and restoration.

Through proactive efforts to develop and strengthen disaster prevention and mitigation technologies, Shimizu will contribute to a safer and more secure society. Additionally, through regular disaster drills undertaken in cooperation with partner companies and local communities, Shimizu will help establish thorough day-to-day disaster preparedness.

An unwavering dedication to the fundamentals of monozukuri to deliver structures and solutions that exceed the expectations of our customers

Several factors have led to strong construction investment in Japan (and the greater Tokyo area in particular), including construction for the 2020 Tokyo Olympic and Paralympic Games and work on accompanying infrastructure and urban redevelopment projects. These market conditions are expected to continue for some time.

Given these conditions, Shimizu will strive to secure safety and quality and to deliver structures that exceed the expectations of our customers, based on our best-faith approach to identifying customer needs and unwavering dedication to the fundamentals of monozukuri.

Striving to recruit and train our workforce, improve productivity, and reform working conditions to make the construction industry still more attractive

As Japan's population continues to age and numbers of children and working-age people decline, the construction industry is facing critical challenges with respect to recruiting and training, increasing productivity, and reforming the way we work.

The first steps in overcoming these challenges will involve transforming our outlook and perspective; reviewing inefficient practices; and changing how we work group-wide. Working with specialist contractors, we will institute improvements to make the construction industry more attractive. Among other efforts, all based on the understanding and cooperation of our customers, we will focus on improving wage levels for skilled workers assigned to construction sites; increasing participation in social insurance programs; and encouraging them to take more days off.

Today, to increase productivity at construction sites, both the public and private sectors are promoting i-Construction. This involves deploying information and communication technologies (ICT) and other technologies across various processes, ranging from site investigation and surveys to design, construction, maintenance and management. Shimizu is striving to increase efficiency and productivity in various ways, including developing new construction methods, machinery and robotics to help reduce labor and work requirements, and harnessing ICT and artificial intelligence (AI).

Diversity management to transform changing circumstances into growth opportunities

International and social factors are changing dramatically to keep pace with rapid advances in technology, such as AI, the Internet of Things (IoT), and big data. I believe we must make the most of the diverse range of individuals who make up our workforce on a global basis and create the framework and opportunities they need to demonstrate their abilities to the fullest. This will be crucial for identifying market trends, ensuring management stability, and achieving sustained growth.

For these reasons, we are energetically promoting diversity in management and striving toward an inclusive society in which we can all work and enjoy our lives with a sense of vitality, regardless of nationality, age, gender, gender identity, sexual orientation or disability.

Kazuyuki Inoue

Kazuyuki Inoue
President

Long-term Vision and Midterm Management Plan

Shimizu formulates a Three-Year Midterm Management plan every year on a rotating basis. This plan identifies management strategies based on Smart Vision 2010, the long-term vision that establishes ideals for the Company 10 years into the future, and the Midterm Management Plan 2014, which establishes policies for a five-year period.

Long-term Smart Vision 2010
~Becoming a Smart Solutions Company

In June 2010, we established Smart Vision 2010, our corporate vision for where we want to be in 10 years.
As a leader in creating environments where people can live in comfort and confidence, we seek to grow alongside society by focusing on our core construction business, the building of

reliable, long-lived structures, and the promotion of social sustainability. We want Shimizu to be a Smart Solutions Company capable of creating value that surpasses customer expectations.
We launched Smart Vision 2010 seven years ago and are currently undertaking numerous initiatives to achieve its outlined goals.

Midterm Management Plan 2014

Progressive change in the construction business

- Progress in sales and solutions
- Technological progress
- Human resources progress
- Progress in site management

Steady growth in three key areas

- Stock management business, global business, and sustainability business
- Stabilizing earnings in investment/development and engineering
 - Securing sustained growth and stable earnings in global business
 - Focused investments to ensure profitability in three new business areas 10 years into the future

Further enhancements in management foundations

- Strengthening technological capabilities
- Human resources management
- Strengthening the corporate structure
- Promoting CSR

Creating value for society and customers

Increasing value for shareholders

Increasing Shimizu Value

Fundamental Policies: Moving toward Sustainable Growth and Sustained Progress

Business Enhancement Policies

1. Achieving sustained growth by strengthening innovation and competitiveness in construction

Construction business
Sustained growth of core business

2. Establishing business foundations in three key areas to build a base for future revenue

Global business
A stronger focus on adaptation to social and economic globalization

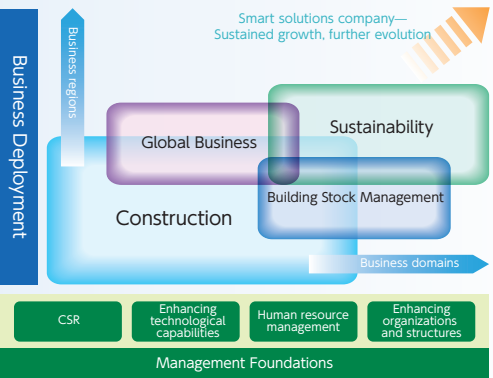
Building stock management business
Building a base for stable revenues

Sustainability business
Realizing sustainability on a global scale

3. Strengthening group company management through the pursuit of synergies and a focus on the environment in business activities

Foundation Enhancement Policies

1. Building a management structure to promote sustained growth by enabling flexible response to the business environment while minimizing the impact of economic cycles
2. Establishing management systems with business diversification in mind, including global expansion and stock management support



Promoting the Midterm Management Plan 2014

In July 2014, we formulated the Midterm Management Plan 2014 (2014-2018), a five-year plan based on our longer-range vision.
This plan identifies three basic policy initiatives: progressive change in the construction business; steady growth in our three key areas (global business, building stock management business, and sustainability business); and stronger overall management foundations. These efforts will ensure the capacity needed to handle the upcoming boost in construction demand and to prepare for changes in the economic

environment and long-term construction market trends following the 2020 Tokyo Olympic and Paralympic Games. Progressive change is the key concept that guides our construction business. In addition to identifying the true needs of customers and society, enhancing technological and solutions capabilities, and making society safer and more livable, we will establish the production systems needed to meet construction demand and secure quality and safety while working to implement the i-Construction*1 initiative, which includes information technology

innovations and labor-saving construction methods. We will also work to train a work force keenly focused on monozukuri and trusted by customers and society alike.

Intended to achieve sustainable growth well beyond 2020, our three high-priority businesses are more than mere complements to our main business of construction. Indeed, we see them as businesses that will eventually be capable of operating independently.

As for our global businesses, we are strengthening global human resources training, including the international rotation system introduced in fiscal 2011. We're committed to strengthening our organizational structures to expand our global operations to about 20% of total business volume by 2020.

In the area of building stock management, we are promoting investments and development with the goal of proposing advanced urban development solutions that harness our unique strengths. We are also focusing on the BSP*2 business, which involves providing comprehensive facility management services after a completed structure is delivered.

In the sustainability business, we are promoting energy service businesses based on the Shimizu Group's proprietary ecoBCP*3 solutions, which merge our environmental (eco) and business continuity planning (BCP) initiatives. We are also aggressively pursuing renewable energy initiatives, including solar, wind, and geothermal power.

As we strive to strengthen our management foundations still further, we will seek to increase corporate value through CSR and compliance management and advance workplace diversity measures. These efforts include expanding opportunities for women and non-Japanese employees and strengthening human resource management.

The management goals for the final year of the Three-Year Midterm Management plan (fiscal 2019) are as follows. This is based on the Smart Vision 2010, the long-term vision that establishes ideals for the Company 10 years into the future, and the Midterm Management Plan 2014, which establishes policies for a five-year period.

Midterm performance targets

(Billions of yen)	Net sales	Ordinary income	Interest-bearing debt
Consolidated	1,760.0	115.0	under 350.0
The Company	1,440.0	100.0	under 250.0

*1 i-Construction
Efforts to improve productivity by utilizing ICT and others in every process from Investigation, surveying to design, construction and maintenance

*2 BSP (Building Service Provider):
A business that provides comprehensive services related to facility management and operations (e.g., property management, building management, energy conservation, BCP) once a structure has been delivered

*3 ecoBCP:
Environmental measures undertaken in ordinary times that also seek to ensure business continuity in the event of an emergency

Construction Business

Continuing to build on a track record of over 210 years by improving customer satisfaction and realizing an attractive construction industry



Kyobashi Edogrand, an ultra-high-rise complex built in Kyobashi as part of a redevelopment project, and the historic Meidi-Ya Kyobashi Building after preservation and restoration (low-rise building on right) (Chuo Ward, Tokyo)



Toshiyuki Imaki
Executive Vice President and
Representative Director/
Director, Building Construction
Headquarters

In the run-up to the 2020 Tokyo Olympics and Paralympic Games, numerous large-scale construction projects are beginning to take their ultimate shape, a development that's especially visible in the greater Tokyo area. As busy conditions continue in Shimizu's architectural construction business, we consider it to be of the utmost importance to build a robust production system throughout the Shimizu Group, including business partners, and to work together to overcome our challenges. At the same time, we must further improve productivity, not just at construction sites, but in every aspect of building production. To this end, we must proactively adopt a wide range of advanced technologies, including information and communication technologies (ICT).

We're targeting further improvements to working conditions in our construction business. We see the present time of favorable business performance as an opportunity to promote reforms in our working methods.

Large-scale urban redevelopment projects reaching full steam

Backed by various factors, including the approaching 2020 Tokyo Olympic and Paralympic Games and an amendment of the Act on Special Measures Concerning Urban Reconstruction, a succession of large-scale construction projects is currently under way, particularly in the greater Tokyo area, including improvements to social infrastructure and redevelopment projects. We also expect growing demand in areas including the construction of new transportation and logistics facilities associated with improvements to road and rail networks and the renovation of buildings constructed during the postwar boom years. Domestic construction investment appears likely to remain strong for the time being.

However, even as expectations grow for the construction industry to build safe and secure communities, the shortage of skilled labor is projected to worsen. It is becoming increasingly urgent to secure a workforce for the next generation and to improve productivity.

Enhancing our core businesses for sustainable growth and progress

Under its long-term vision, Shimizu positions the construction business as a core business. As a central pillar of this business, the domestic construction business will pursue sustained growth and progress through strategic efforts to maintain and improve our competitiveness and earnings capabilities.

Specifically, we will improve productivity in the construction business by returning to the fundamentals. We will continue to enhance our construction management structure through comprehensive project management. We will also promote wider use of ICT and BIM^{*1} technologies, adoption of industrial processes, and technological developments to reduce labor requirements and increase efficiency. To precisely meet the increasingly diverse and advancing needs of society and our customers, we will enhance our ability to make optimal proposals, improve our technological and solution sales capabilities in the environment, BCP and other areas, and refine our post-construction services, thus raising customer satisfaction.



Tokyo Olympic and Paralympic Games related facilities, under construction
(The above is the completion prediction drawing of Ariake exercise stadium)

Building a more attractive construction industry

Above all, in line with a philosophy based on Rongo to Soroban (The Abacus and the Abacus) and the spirit of a carpenter who personally made the rounds in order to learn and respond to each customer's needs, we have emphasized building relations of trust with our customers and society through our construction work. In April of this year, the Monozukuri Training Center opened in Kiba in Tokyo's Koto Ward. The goal of this hands-on training facility is to pass on the spirit and techniques of monozukuri^{*2} (the act of craftsmanship).

By continuing to focus on human resources development, especially the younger generation, and by promoting diversity and working closely with our business partners, Shimizu will make every effort to secure and train the skilled construction workforce needed to carry the industry into the next generation.

As one of the industry's leading firms, we will help realize a more attractive construction industry. An industry characterized by the spirit of vitality and fulfillment. To do this, we plan to assume a leadership role in improving working conditions. Specific goals include eliminating excessively long working hours, ensuring all employees get two days off per week, and improving the daily work environment.

^{*1} BIM (building information modeling): A tool for streamlining activities from design through construction and maintenance by establishing a central repository of data on various aspects of construction, including shapes, costs, and attributes of building components based on 3D digital building models

^{*2} A Japanese term for "manufacturing" or "production", but includes more nuance of traditional Japanese craftsmanship mindset encouraging continuing improvement, "fun" of making things, and fostering of younger engineers or apprentices.

Civil Engineering Business

Sustainable contribution to society through ever-evolving production system



Construction of the Yanba Dam Body
(Agatsuma, Gunma Prefecture)



Tadashi Okamoto
Executive Vice President and
Representative Director/
Director, Civil Engineering
Headquarters

With construction demand expected to remain high for some time in Japan, the Civil Engineering Business, much like the Architectural Construction Business, faces the pressing issue of workforce shortages imposed by an aging workforce of skilled workers and large-scale retirement.

Alongside initiatives to reduce labor requirements at construction sites and shorten construction periods through increased productivity, we are also taking steps to reform how we work.

Including ensuring that workers on construction sites have two days off per week. Initiatives like this will help meet the pressing need to secure a new workforce, including young people and women.

To continue fulfilling our mission to protect lives and safety through infrastructure, we are striving to improve our competitiveness and earnings capabilities by swiftly responding to societal needs and evolving a robust production system through the consolidation of all our efforts.

Demand is projected to remain high for some time

Beyond the loop road in the greater Tokyo area, in preparation for the 2020 Tokyo Olympic and Paralympic Games, various other large-scale projects will be implemented over the coming years, including railway infrastructures like the Chuo Shinkansen maglev project and a large-scale replacement of infrastructure elements developed during periods of high economic growth. We also expect growth in new types of orders, such as DB, CIM, ECI, and PPP.*¹ In addition to accelerating growth in areas such as new energy sources.

We must also sustain initiatives related to infrastructure development and urban restoration in areas affected by disaster, such as Tohoku and Kumamoto, along with restoration from the nuclear accident at the Fukushima Dai-Ichi Nuclear Power Plant. For these and other reasons, the Civil Engineering Business is projected to experience strong demand for some time.

Given the likelihood that strong demand will continue, Shimizu's Midterm Management Plan 2014 identifies the following basic policies for its civil engineering enhancement strategies:

1. Through the coordinated application of our capabilities in marketing, site management, and technology, our goal is to boost business competitiveness still further to participate in high-visibility, large-scale projects, and to become the market leader in civil engineering business.
2. We are expanding business domains strategically while swiftly adapting to orders of new and diverse formats and requirements, alongside initiatives addressing the business areas of infrastructure revitalization and renewal, energy, and a nuclear waste disposal project.*²
3. We will enhance organizational strengths and develop the global human resources needed to achieve steady growth in civil infrastructure work overseas.

Addressing the workforce shortage

Ongoing trends driven by an aging workforce of skilled construction workers and their retirement are projected to result in a shortage of around 1.25 million workers by fiscal 2025. The workforce shortage is a major industry issue.



Construction on concrete caisson no. 6 in the Ichikawa-Tajiri zone of the Gaikan Expressway (Ichikawa, Chiba Prefecture)

In response, in addition to measures to reduce labor requirements and shorten construction periods using precast components at construction sites and adopting CIM*³ and ICT*⁴ technologies, we're working to increase construction management productivity through IT tools. We're also making progress on improving working conditions in the construction industry, including proactive efforts to establish the practice of taking two days off per week at all construction sites.

Earning society's trust

We consider it our mission to society to help people live enriched, safe, and secure lives by developing social infrastructure, including transportation networks and lifeline systems. Other activities of vital importance to society include disaster prevention and mitigation to address various natural disasters and recovery and restoration work after disasters.

Reforming ways of working, increasing productivity, and promoting diversity are important initiatives not only because they may offset workforce shortages, but because they also make the civil engineering industry a more attractive world in which to work. One to which future generations will be more likely to devote their energy and working lives.

To add to Shimizu's stature as a company trusted by society, we will improve our communications ability and emphasize the value and rewards of efforts in the civil engineering industry to a wider public.

*1 DB (Design Build), CM (Construction Management), ECI (Early Contract Involvement), PPP (Public Private Partnership)

*2 Nuclear waste disposal project: This project involves the retirement of nuclear reactors, radioactive waste processing, and spent nuclear fuel reprocessing.

*3 Construction Information Modeling: The concept (or principle) of harnessing the latest information and communication technologies (ICT) to share information at each stage of the construction production system (i.e., planning, design, construction, and management), thereby achieving the most efficient and highest quality construction production systems

*4 ICT construction: Applying information and communication technologies (ICT) to make use of digital data from individual processes to achieve high-efficiency and high-precision construction

Overseas Construction Business

Contributing to the growth of emerging countries through high-quality infrastructure technologies and brand power

Infrastructure demand continues to grow overseas, backed by rapid urbanization and economic growth in emerging countries. Offering broad-ranging integrated experience, expertise, and technological capabilities accumulated over years of experience in both Japan and around the world, Shimizu provides optimal solutions for needs in terms of both quality and cost. Shimizu contributes to the growth of each country in which we do business.



Naoki Kita
Managing Officer/Director, International Div.

inspired high regard not just among Japanese and multinational companies operating overseas, but among the local companies and communities in each market.

Developing management foundations in which overseas activities account for roughly 20% of our total business

Under our long-term vision, anticipating continuing growth in overseas infrastructure demand, Shimizu has positioned its global business operations as a key priority. In addition to establishing appropriate risk management structures and training global human resources at the head office and in the field overseas, we are aggressively pursuing new businesses in investment development, the environment, infrastructure PPP*, and other areas. We are responding energetically to meet the demands of increasingly diverse global markets.

Building the Shimizu brand through business with roots in the community

Since venturing into the Singapore market in the early 1970s, Shimizu has continued to open international business offices and to advance into overseas markets at a steady pace. In the half-century since, we have done business around the world based on the roots established in each of the communities we serve. By leveraging our ability to coordinate diverse stakeholders, including clients, designers, and partner companies, and



The Binh Khanh Bridge (Vietnam)

by applying attentive management to meet scheduling and quality requirements. The results of these efforts have

Contributing to growth in each country through high-quality infrastructure technologies

We are currently at work building a state-of-the-art low energy building that will be one of Indonesia's tallest. In Vietnam, we are building a long and large-scale bridge, a contract awarded to us by Vietnam Expressway Corporation. The bridge is expected to improve logistics in southern Vietnam, alleviate traffic congestion in Ho Chi Minh City, and accommodate future transportation demands. In these ways, by delivering technologies and solutions appropriate to the needs of each client, Shimizu is both contributing to growth in each individual market and establishing a global Shimizu brand trusted around the world.

* PPP: Public private partnership
A funding model for public infrastructure

Investment and Development

Broadening real estate operations in Japan and worldwide

Backed by a wide-ranging sales network and the technical capabilities of a general contractor, we are energetically pursuing business development efforts in Japan and worldwide. We are seeking to establish a second revenue pillar alongside construction while contributing to society through a broad range of real estate development projects that provide high added value, including office structures, logistics facilities, residential properties, hotels, and data centers.



Tatsuya Kurosawa
Senior Managing Officer/Director, Investment and Development Div.

Real estate developments that draw on the strengths of a general contractor

Over its more than 210 years, Shimizu has established an extensive customer network and developed and refined a broad range of skills and technologies. In real estate development efforts, Shimizu actively incorporates seismic isolation and seismic response control systems and energy-saving technologies, like ecoBCP, as well as the Well-being² concept, which emphasizes the central role of worker welfare in office space design. In this way, by formulating innovative, ground-breaking solutions that address the needs of markets and the changing times, we deliver development projects that offer high added value.

Overseas, we are taking advantage of our international network particularly in Asian markets like Singapore and Indonesia, while duly accounting for the North American market.

Meeting market needs to achieve continuing growth

Since establishing the Investment and Development Division in 2002, in response to the growth



63 Robinson Road Project
(Completed drawing) (Singapore)

of the real estate securitization market, Shimizu has participated in more than 50 real estate development projects in Japan and worldwide. Our real estate development and investment activities increase value for surrounding areas and communities, adapting to changing societal trends, including the emergence and growth of the J-REIT¹ market and other real estate investment markets, and to growing awareness of environmental, safety and security, and health issues.

A diverse human resource base for creating value

We are merging the collective strengths of the Shimizu Group through close and interlinked efforts with our architectural construction and civil engineering sections, starting from the initial planning stages. We seek to consistently create new value in our offerings, ranging from comprehensive solutions for a wide range of customer needs, including advanced eco-friendly offices, the S-LOGI³ series of logistics facilities, hotels, data centers, and large-scale urban development projects.

*1 J-REIT: Japan real estate investment trust
*2 Well-being: The state of being comfortable, healthy or happy
*3 S-LOGI: The brand name of our developed logistics facilities

Engineering Business

Expanding by adapting to changing times and meeting the needs of society and customers

As the section responsible for Shimizu's sustainability efforts, we handle EPC* businesses related to energy, environment, plants, and information. We are also active in power generation using renewable energy, drawing on technologies and expertise accumulated through the EPC business. Accurately identifying changing times, we will continue expanding in areas that meet the needs of society and our customers.

* EPC: Engineering, Procurement and Construction



Yoshiyuki Ono
Senior Managing Officer/Director, Engineering Headquarters

Both industrial structures and market needs are changing

The global economy is growing increasingly unpredictable, but we expect promotion of energy conservation and accelerated introduction of renewable energy to continue expanding. This is in part due to the implementation of Japan's Basic Energy Plan as well as the provisions of the Paris Accord. In addition, accelerated advances in ICT technologies have spurred changes in business models in various fields. Technological innovations including regenerative medicine are expected to create new industries and markets in the medical and pharmaceutical fields as well.

Identifying the needs of the next generation

We plan to enhance purification efforts for polluted soil and groundwater in the environmental field. We are pursuing bulk EPC projects involving the construction of production and logistics facilities as well as the provision of production management systems for the manufacturing of

pharmaceutical, food product, functional chemical, and other types of plants. We are applying information technologies by applying the Internet of Things (IoT) and Artificial Intelligence (AI) to achieve ICT solutions for energy conservation, production automation, education IT, security, and other goals we have set for ourselves. By integrating ICT into each field, we plan to meet increasingly complex and diverse needs and thereby expand our business opportunities. In the field of energy, we will focus on other renewable energy fields including land and offshore wind power and geothermal power as priority areas following solar power projects. We also plan to push ahead with initiatives targeting next-generation energy sources such as hydrogen and marine resource development.

Aiming to realize a carbon-free society

Shimizu has been awarded the order for the Akita Katagami Wind Farm, Japan's largest wind-power facility. This 66,000-kW facility will generate 140 million KWh of electricity—enough to power 40,000 ordinary households per year. As part of the Japanese government's Fukushima New Energy Society Initiative, we are also working on a large-scale wind-power project in the Abukuma Mountains. Shimizu will contribute to the realization of a carbon-free society by positively addressing a wide range of renewable-energy initiatives such as large-scale wind power generation.



An artist's rendition of the Akita Katagami Wind Farm upon completion (Akita Prefecture)
Involving the installation of 22 wind turbines, this project is slated to come online in 2020.

New Businesses

Tackling challenges posed by new businesses related to energy, coexistence with nature, and infrastructure

We plan to create new business opportunities while anticipating change in the business environment and social structures to meet the increasingly advanced and diverse expectations of our customers.

We are seeking to achieve a mode of growth capable of adapting to the needs of society with greater precision and speed by gathering the wide range of technologies and expertise we have accumulated over the years and by harnessing advanced technologies, including the Internet of things (IoT) and Big Data.



Kazuyoshi Nasuhara
Executive Officer/ In charge of New Business Promotion Div.

Transforming the pursuit of value creation for society into new business opportunities

Our business domains include activities ranging from energy service provider (ESP) business for individual facilities to district and community development, clean power generation, retail electricity generation to reduce or eliminate CO₂ emissions, and new energy, including hydrogen energy. We are also striving to create and deliver sustainable value that will evolve in step with the times. Our mission is to increase user satisfaction and the sustainable value of the facilities we build.

Creating new value for society

From a global environmental perspective, our goal is to construct low-carbon facilities and urban development characterized by high business sustainability. We are forging ahead with business efforts in industries in which the effects of global warming are most pronounced such as agriculture, forestry, and fisheries. As part of our efforts to revitalize local communities, we're currently seeking to revive rural and coastal areas. Lastly, to address the various infrastructure-related issues society currently faces, we are focusing on the maintenance, renovation, and management of aging infrastructure.



TMG Asaka Medical Center (Asaka, Saitama Prefecture)
Achieved Energy Conservation and BCP in Energy Services for Cogeneration Systems

Pursuing a sustainable society

In response to various societal needs—building a carbon-free society, achieving local community revitalization, and advancing infrastructure projects based on public-private partnerships (PPPs) and concessions—we are striving not just to propose new solutions but to create unique new business opportunities and realize new business models.

We are also pursuing new businesses in the areas of energy, coexistence with nature, and infrastructure. All of which represent constituent elements of the sustainability business we foresee as a new key business alongside our core construction business.

Technology Strategy

Enhancing the scale of technological development and open innovation



Hydrogen energy utilization experimental device
in Fukushima Renewable Energy Laboratory



Yutaka Ishikawa
Managing Officer/Director,
Institute of Technology
Director, Technology
Planning Office

Shimizu supports people's lives through urban development and infrastructure.

Today, realization of a sustainable society is required with a view to safety and security against disasters, reduction of environmental impact, and an aging population. This requires technological development and innovation that are ahead of the times.

Expectations are also high for new workplaces that will support reforms in how we work and for technologies that will make construction more productive.

By merging the core construction technologies we have gathered over many years with state-of-the-art technologies like AI and robotics, we will continue to generate new technologies and value surpassing the expectations of customers and society.

Technological development initiatives

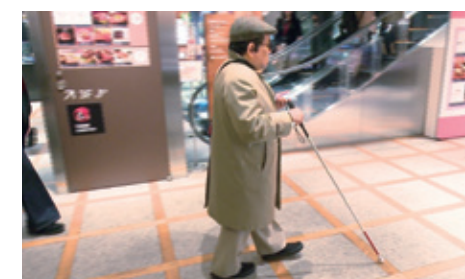
The Technology Planning Division plays a central role in companywide technology strategy. The Institute of Technology and the engineering sections of the business divisions work together to advance various technological developments. To meet society's advancing and diversifying needs, we have developed new methods and leading-edge technologies to increase productivity in the fields of architectural construction and civil engineering. These efforts have improved our business results while earning praise for their social contributions.

Developing new technologies requires ceaseless improvements in the basic technologies that support them. This year, Shimizu was honored to receive awards from a number of scientific associations recognizing our technological development efforts in Japan. For example, both Paper and Technology awards from the Architectural institute of Japan (on the topics of earthquake prediction and countering ground liquefaction).

Technological development harnessing open innovation

Facing demand to increase the scale and speed of technological developments, we are actively promoting joint R&D and technology exchange with companies in other industries and public research centers both in Japan and overseas.

We are working on collaborative research with the National Institute of Advanced Industrial Science and Technology (AIST) for the early realization of a hydrogen-based society. We have constructed a hydrogen energy utilization system in Fukushima Renewable Energy Laboratory that stores and generates electricity by replacing the surplus power of renewable energy with hydrogen. We aim to utilize hydrogen energy in buildings and blocks.



Field testing of interior/exterior voice-navigation system
(Nihombashi-Muromachi Area of Chuo Ward, Tokyo)



Research under way inside the S-Cell laboratory

We are currently working in partnership with IBM Japan on an interior/exterior voice-navigation system that applies AI technology to assist users in wheelchairs, the visually impaired, and visitors who do not understand Japanese to move around in comfort. With the cooperation of Mitsui Fudosan, we have field-tested this system in Tokyo's Nihombashi-Muromachi area. We plan to refine this technology to help realize barrier- and stress-free communities.

We have also developed a mobile environmental measurement vehicle to help improve thermal conditions inside urban communities, which are subject to the heat island effect. Last summer, in partnership with the University of Tokyo, we measured thermal conditions along a marathon course in Tokyo and applied the findings to various activities, including the identification of areas needing environmental improvements and the proposal of optimal measures to mitigate extreme heat.

We are also engaged in joint research with the National Institute of Advanced Industrial Science and Technology (AIST) on accelerating progress toward a hydrogen-based society. Inside AIST's Fukushima Renewable Energy Institute, we installed a hydrogen energy storage and power-generation system that converts surplus electricity from renewable energy sources into hydrogen. The goal is to put hydrogen energy to use in buildings and neighborhoods.

In anticipation of demand for construction of facilities for cultivation of iPS and other cells—expected to increase with the spread of regenerative medicine—we have constructed the S-Cell Laboratory which is a regenerative medicine experimental facility inside the Institute of Technology. Intended to identify optimal environmental conditions for cell cultivation, it is capable of real-time monitoring and control of light, sound, vibration, and even gaseous chemical substances in the air. This is in addition to air purity, air flow, temperature, and humidity. We plan to proceed with joint research with research institutions and pharmaceuticals companies in the future.

Targeting business growth centered on Asia Global Business

In preparation for the post-2020 business environment, Shimizu is focusing on three key businesses beyond construction: the global business; the stock management business; and the sustainability business. The global business is carrying out a wide range of activities around the world, centered on Asia, to establish a structure under which overseas businesses will account for roughly 20% of our total businesses.

Underground section of Ho Chi Minh City Urban Railway Line No. 1 Vietnam's first subway

As Vietnam continues to experience steady economic growth, a joint venture, with Shimizu as main sponsor, is building the nation's first subway system to deliver rapid, comfortable transit for the residents of Ho Chi Minh City.

Shimizu has been awarded an order for underground segment CP1B (length: 1.74 km) of Ho Chi Minh City Urban Railway Line No. 1 (total length: 19.7 km), which will connect Ben Thanh in the city center with Suoi Tien in the northeast. We're building tunnels for the subway tracks and station buildings for the Opera House and Ba Son stations.

Subject to Japan's Special Terms for Economic Partnership (STEP) program, the project applies technologies for which we have amassed a solid track record around the world, including shield tunneling and the open-cut method.



Opera House Station (Ho Chi Minh City, Vietnam)
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Astra Tower One of Indonesia's tallest buildings and highest-ranked in terms of energy conservation

Indonesia's capital city of Jakarta is one of the world's mega-cities and among the leading cities of Southeast Asia. In the central district of Jalan Sudirman, one of Jakarta's major urban areas, Shimizu is building an ultra-high-rise building that will be among the tallest in Indonesia.

This building will serve as the headquarters of Astra International, Indonesia's largest conglomerate. Shimizu was awarded the order for this project on a negotiation basis in recognition of its technological capabilities, its strong track record in building high-rise buildings in Jakarta, and its joint venture construction partnership with Total,

Indonesia's largest private construction company. This state-of-the-art energy-efficient building will have the highest rank under the Green Mark environmental certification program.



Astra Tower (Jakarta, Indonesia)

Mapletree Business City II Completing a large-scale office building in a short construction period through full use of industrialized production methods and BIM

Mapletree Business City, which was awarded an order for the construction of an office building featuring a design incorporating an abundance of natural elements, is an affiliated company of Mapletree Investments, Singapore's leading real estate development, investment and capital management company. In redevelopment districts in which Mapletree is advancing projects, Shimizu completed such projects as construction of the MBCI building. Shimizu was awarded the order for this new MBCII project in recognition of its track record and overall high standards maintained for construction technologies, quality, and other aspects.

To shorten the construction period, Shimizu made full use of industrialized construction methods, whereby parts and materials are produced at a plant located on the construction site, as well as BIM (3D building information modeling using computers) technologies. Upon its completion, the large-scale office building won strong quality assessments from the Singapore Government, and the building's use of BIM technologies earned the top prize Platinum Award in the 2015 BIM Awards administered by the Singapore Building and Construction Authority.



Mapletree Business City II (Singapore)

Targeting stable earnings The Stock Management Business

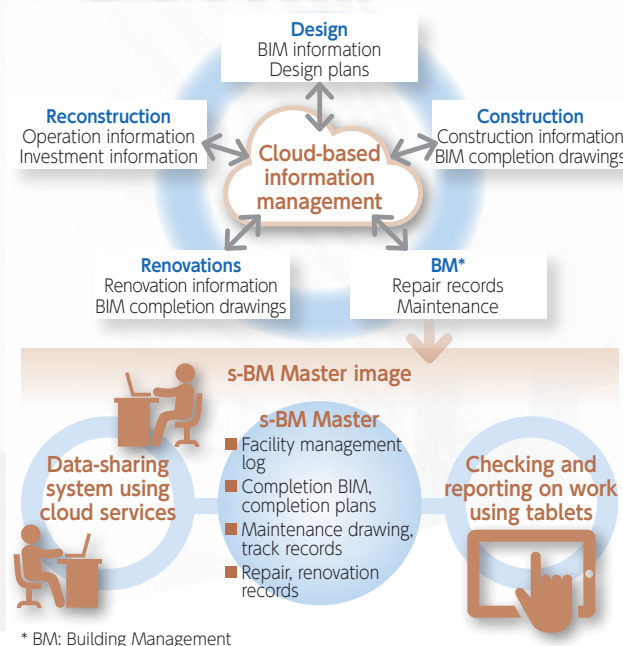
Shimizu currently focuses on renovation, building management, and infrastructure maintenance, offering services to meet various needs related to facility operation and management in light of expected growth in the building and facility (stock) management market after completion. In addition to creating attractive projects and expanding the business both in Japan and worldwide in the investment and development business, we are striving to secure stable earnings through well-balanced development of the leasing and real estate securitization businesses.

BSP (Building Service Provider)

Providing comprehensive services throughout the building life cycle

By delivering support throughout the building life cycle alongside Group member companies Shimizu Comprehensive Development and SHIMIZU BLC, Shimizu is striving to promote and enhance our Building Service Provider (BSP) business, with a special focus on property management and building management.

In fiscal 2016, we developed a building management system named "s-BM Master," which was designed to promote efficiency. We are making progress on developing a system to provide comprehensive customer support through centralized cloud-based information during each stage, design, construction, building management, renovations and reconstruction.



Yokohama i-MARK Place (Yokohama, Kanagawa Prefecture)

Investment and development business

Minato Mirai 21 area development project A new project with a focus on health as well as ecoBCP

Yokohama i-MARK Place, an office and retail complex in Yokohama's Minato Mirai 21 area, boasts a per floor area of approximately 5,610 square meters, among the highest such figures in Japan. Developed by Shimizu as the sole developer, it applies the ecoBCP concept of combining power conservation and energy conservation during normal times with business continuity and energy functions in the event of an emergency. Adopting a wide range of energy conservation technologies, it has attained the rank of S, the highest possible, under Yokohama's CASBEE environmental building system, as well as platinum certification from the Development Bank of Japan's Green Building certification program. The building, with approximately 66,000 square meters of leased floor area, rapidly achieved full occupancy thanks to rising demand for ecoBCP solutions.

In addition, in the same Minato Mirai 21 area, construction has begun on the MM21-54 district project above Shintakashima Station. This large-scale office building complex will feature a total floor area of approximately 102,000 square meters and approximately 4,600 square meters per floor. In addition to further enhancements in ecoBCP functions, the building was designed to ensure the health and comfort of the people working there and also be suitable for a wide range of uses, including R&D facilities.



MM21-54 district project (architectural rendering)
(Yokohama, Kanagawa Prefecture)
(planned for completion in February 2020)

1-Net North Data Centre The first data center developed by Shimizu in Singapore

Located in the suburban Woodland district of northern Singapore, 1-Net North Data Centre is a development project launched through a joint venture between Shimizu and a Singapore firm after succeeding to land leased by a Japanese firm from the Singapore government. As the developer, we have played a central role in the project, including obtaining permission to extend the remaining lease period, coordinating scheduling of tenant construction, and concluding various contracts, including the loan agreement. The project was completed in April 2016.



1-Net North Data Centre (Singapore)

Turning society's challenges into new Sustainability Business

Shimizu is moving ahead with initiatives in the Sustainability Business, particularly in our proprietary ecoBCP business. This includes, solar and wind power, geothermal energy, other renewable energy, energy management and the electricity retail sales businesses. We foresee growing demand for energy creation and other associated activities. To promote coexistence with nature, we are making progress in various community revitalization efforts, including the restoration of rural mountains and coastal land. All these are part of Shimizu's business efforts to address social challenges and create new value.

ecoBCP Business

Building a decarbonization value chain

To help Japan reach its targets under the COP21 accord (reducing CO₂ emissions by 26% vs. 2013 levels in 2030), Shimizu is rising to the challenge of building a decarbonization value chain through the generation, sale, storage, and use of electricity.

We are developing CO₂-free power generation businesses, including solar power and wood biomass, and will deliver power to customer facilities in the future after establishing CO₂-free power sales businesses, which are now in the testing phase.

In the Fukushima Kodomo Project, together with the National Institute of Advanced Industrial Science and Technology (AIST) and other partners, we're developing CO₂-free power storage systems to convert renewable energy to hydrogen for storage.

We are committed to realizing carbon-free systems for our customers and Japan as a whole by supplying energy from these sources to zero-energy buildings (ZEB) and eco-friendly buildings, both of which we have been promoting for some time.

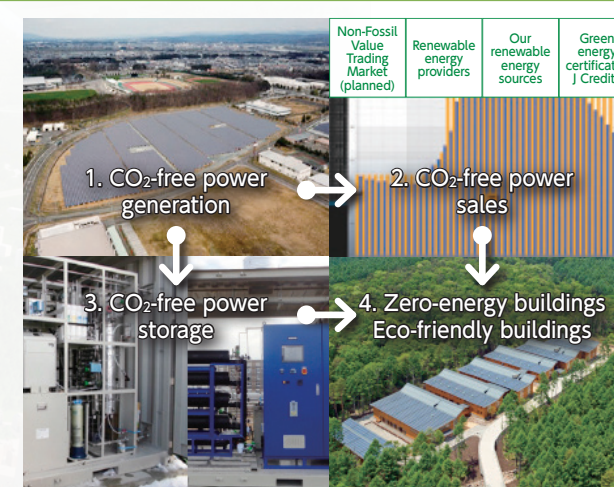
Seikei Gakuen: Sustainable Campus

Together with Seikei Gakuen, Shimizu is demonstrating an advanced, solutions-oriented campus to train leaders for the sustainable society of the future.

Here we're implementing actions to achieve a wide range of goals, including zero-carbon status for the overall campus, community safety initiatives to protect students, staff, faculty, and facilities from various risks, and WELL Campus initiatives to realize a healthy and comfortable learning environment.

This project involves the study and implementation of a wide range of activities to achieve a zero-carbon campus, including management and controls using ICT such as cloud computing and AI, the achievement of zero-energy building status in stages across the entire campus, a zero-carbon educational program in cooperation with Education for Sustainable Development, and the purchase and use of carbon-free energy.

business opportunities



An overview of the decarbonization value chain



Seikei Gakuen's advanced, solutions-oriented campus

Sustainable Green Business

Initiatives targeting reforestation and the sustainable development of rural communities

Our Green Value Program is a business model intended to make sustainable use of community forestry resources while balancing environmental protection and economic interests. We're helping to revitalize the Kawaba village, in Gunma Prefecture, through initiatives with the Tokyo University of Agriculture, focusing on the use of lumber from forest thinning for the manufacture of wooden products, biomass power generation and the use of heat for greenhouse agriculture, thus earning carbon credits by sustainable forest management.

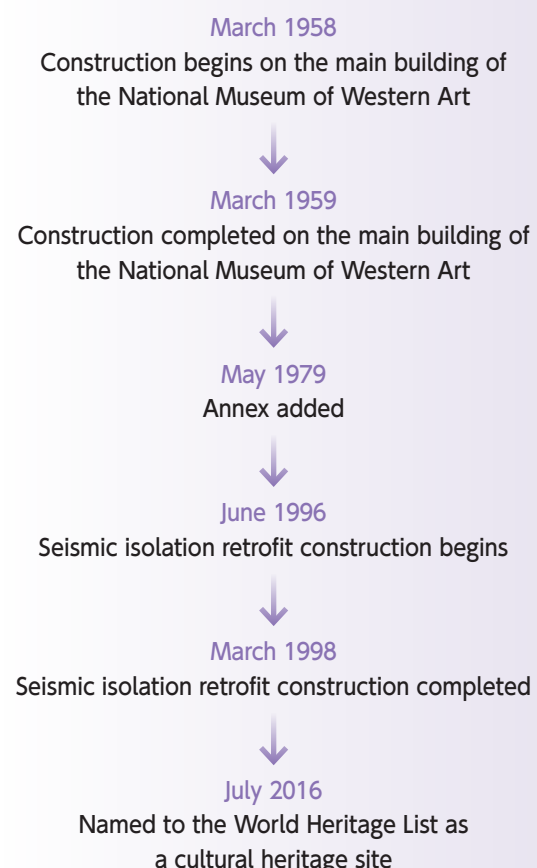
Value chain through our Green Value Program (Kawaba village in Gumma Prefecture)



Originally built by Shimizu, the National Museum of Western Art has been named to the World Heritage List.

On July 17, 2016, the National Museum of Western Art in Tokyo was named to the World Heritage List. Originally built by Shimizu, this facility is the only building in East Asia designed by Le Corbusier, among the 20th century's leading architects. From the completion of the National Museum of Western Art in March 1956 up to now, Shimizu has continued to protect the building through carefully implemented maintenance and management. In 1998, the museum's main building was reinforced in Japan's first seismic isolation retrofit. Maintaining buildings for the next generation is another facet of realizing our vision of "Tomorrow's Heritage."

Major connections between Shimizu and the National Museum of Western Art



Le Corbusier's vision, Shimizu's technologies
https://www.shimz.co.jp/seiyou_museum/



The birth of the National Museum of Western Art

Planned as an art museum to house and display the Matsukata collection

The National Museum of Western Art was built in 1959 as a facility to house and display works of art gathered by Kojiro Matsukata (1865-1950), first president of Kawasaki Dockyard (now Kawasaki Heavy Industries), from across Europe over a roughly 10-year period, beginning in 1916. This collection is known generally as the Matsukata collection. Museum construction plans began when, as a condition for the return of a part of the Matsukata collection stored in France and seized as enemy assets by the French government during World War II, the French government proposed that it would donate (rather than return) the seized collection if Japan built a museum for French art. In 1954, the Cabinet chose to build a new national museum of art on a site in Ueno park. Construction began after the decision was made in March 1955 to hire Le Corbusier, the leading light of modernist architecture at the time, as architect, aided by three Japanese architects: Junzo Sakakura, Kunio Maekawa, and Takamasa Yoshizaka.



The museum on its opening
 (photo: National Museum of Western Art)

High-quality concrete construction

Undressed concrete columns help realize Le Corbusier's vision of a free space

Realizing Le Corbusier's vision of a free space consisting of a cubic form appearing to float over a large space created by pilotis and a corridor free of partition walls required technological capabilities for building beautiful yet durable concrete structures. Kunio Maekawa, a member of the architectural team, nominated Shimizu's Shiro Morioka to manage the concrete work. Extolled at the time as a master of concrete, Morioka had studied architecture in France in his 20s and worked on the Tokyo Bunka Kaikan, considered Maekawa's signature work. For projects in which Shimizu worked from Maekawa's designs, he asked for Morioka to manage the construction sites. Responding to this gesture of confidence, Morioka assembled the top craftspeople in the field. For the construction of the pillars, reflecting the wood grain of the molds used to form them, involved the use of cylindrical forms made by hand by craftspeople at Shimizu's Tokyo Mokkoujou Arts & Crafts Furnishings (then the Fukagawa Works) using costly Japanese white pine lumber. Their high-precision work won praise from various parties and drew comparisons to the work of outstanding furniture makers.



Shiro Morioka, extolled as a master of concrete



A piloti pillar that retains its original wood grain

Seismic isolation retrofit of the main building

Japan's first seismic isolation retrofit project preserves Le Corbusier's design for future generations

Following the Great Hanshin-Awaji Earthquake of January 1995, the National Museum of Western Art was compelled to consider seismic countermeasures for its main building, which had failed to meet contemporary seismic performance standards. The biggest challenge was the need to preserve Le Corbusier's historically and culturally valuable design. The most common methods for improving seismic performance at the time involved adding new structural walls or reinforcement beams and pillars and covering them in resin or steel plates. But all these methods would have affected the building's exterior appearance. Thus, the committee in charge of the renovation of the main building chose seismic isolation retrofit construction. Although this method had never been used in Japan, construction was completed without a hitch in 1996, after two years of trial and error.



The main building's foundation temporarily supported by steel-pipe piles



After installation of the seismic isolation system

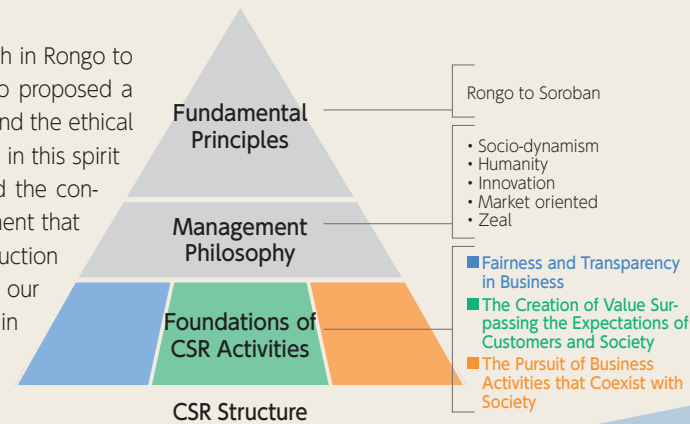
All photographs for which no credits are given are the property of Shimizu Corporation.



CSR Management—CSR Concepts and Key Performance Indicators—

Basic CSR Concepts

Shimizu's management principles are based on the precepts set forth in Rongo to Soroban ("The Analects and the Abacus") by Eiichi Shibusawa, who proposed a balance between the economic activity symbolized by the abacus and the ethical humanism of the Analects of Confucius [552 – 479 B.C.]. Carrying on in this spirit amid the changing conditions that have buffeted the company and the construction industry, we remain dedicated to a brand of CSR management that draws on the special strengths and characteristics of the construction industry in addressing society's needs. To advance CSR as part of our business activities, to pursue continuing reforms over the long term in response to societal change, and to play an active role as a responsible corporate citizen in resolving the issues confronting society, we have based our CSR management on the following three pillars:



Key CSR topics and key performance indicators (KPIs)

Three pillars of CSR activities

Fairness and Transparency in Business

→ For more information, see page 38.

Creating Value Surpassing the Expectations of Customers and Society

→ For more information, see page 44.

The Pursuit of Business Activities that Coexist with Society

→ For more information, see page 58.

Selecting key CSR topics and determining KPIs

In addition to constantly monitoring society's changing needs and demands, Shimizu identifies key CSR topics and establishes key performance indicators (KPIs) appropriate for our business heading. We also implement related initiatives throughout our business activities, disclose information on the state of progress toward these goals, solicit the viewpoints of a broad range of stakeholders, and incorporate this input into our business activities. In this way, we seek to contribute to the sustainable progress of society well into the future.

STEP 1

Selecting key CSR topics

We select key CSR topics based on current social issues and our current Midterm Management Plan 2014. We refer to a broad spectrum of information to assess and identify these topics, including the principles of ISO 26000 (Guidance on Social Responsibility) and the United Nations Global Compact (of which we became a signatory in 2013).

STEP 2

Selecting KPIs and other assessment indicators

Based on the key CSR topics selected in Step 1, we select KPIs and other quantifiable assessment indicators. As part of the selection process, we form internal cross-functional working groups and meet with related sections to confirm that these indicators are both significant and valid.

STEP 3

Approval by the CSR/Environmental Committee

The CSR/Environmental Committee, chaired by the President, makes the final selection of KPIs and other assessment indicators and grants official approval of these items. The Committee also discusses which indicators should be evaluated in the future.

STEP 4

Implementation and review of CSR activities

We move forward with our CSR initiatives while checking and evaluating their performance in terms of the KPIs and other assessment indicators approved by the CSR/Environmental Committee.

STEP 5

Continual review

We review key CSR topics, KPIs, and other assessment indicators in light of shifting social conditions and the changing business environment. We also consider new assessment indicators.

Societal Issues

- Corporate governance
- Human rights/Poverty eradication
- Preventing corruption, collusion
- Fair marketing
- Information security

Midterm Management Plan 2014

- Strengthening the corporate structure
- Increasing shareholder value

Key CSR topics

- Corporate governance
- Risk management
- Compliance

- Support for disaster-affected areas
- Reducing disaster risks
- Lengthening the lifespan of infrastructure
- Customer satisfaction
- A sustainable society
- Renewable energy
- Stock management
- Community vitalization
- Preventing global warming
- Preserving biodiversity
- Resource depletion
- Water-related issues

- Progress in management and solutions
- Technical progress
- Advancing site management
- Sustained growth in three key areas
- Strengthening technological capabilities

- Safety and security for construction and the social infrastructure
- Optimal quality, customer satisfaction
- Health and safety in construction processes
- Energy conservation, renewable energy
- Countering global warming
- Biodiversity
- Waste reduction, recycling, pollution prevention

- Diversity
- Aging society with fewer children
- Coexistence with local communities
- Corporate citizenship
- Support for athletics

- Progress in human resources
- Human resource management
- Creating value for society and customers

- Diversity
- Work-life balance
- Human resource development
- Securing a workforce for the future
- Contributing to society

Key Performance Indicators (KPIs)

- Number of serious information security incidents
- Number of serious violations of laws, regulations, and notices
- Number of serious environmental defects

Other assessment indicators

- Percentage of employees undergoing information security training
- Participation rate in BCP drills
- Percentage of employees undergoing compliance training
- Corporate Ethics Helpline Office response rate

→ See page 39 for performance and targets.

- Scale of investment in research and development
- Number of patents applied for
- Number of staff obtaining new professional certificates: (PhDs, Professional Certificates, Class 1 Architects, Class 1 Construction Management Engineers, Class 1 Civil Engineering Construction Management Engineers)
- Accident frequency rate
- CO₂ emissions reductions vs. FY1990 (green construction, energy-saving construction, conserving energy at the office)
- Final disposal rate of construction byproducts
- Base unit of total construction byproducts

- Number of structures subject to comprehensive disaster prevention diagnostics
- Number of major awards won (BCS, BELCA, Japan Society of Civil Engineers)
- Number of media reports (technological developments)
- Average CASBEE score
- Number of LEED-certified projects
- Power generated from renewable energy
- Offsets using carbon credits
- CDP performance score

→ See page 45 for performance and targets.

- Number of women in management positions
- Percentage of employees with disabilities
- Percentage taking paid annual vacation
- Expenditures on social contribution activities as a percentage of ordinary income

- Percentage of female employees taking childcare leave
- Number of female engineers

→ See page 59 for performance and targets.

Fairness and Transparency in Business

Shimizu's management is based on the fundamental principles of Rongo to Soroban ("The Analects and the Abacus"). All officers and employees proceed with their daily duties on the basis of a clear understanding of these fundamental principles. In this way, Shimizu seeks to implement its compliance management based on corporate ethics of the highest standards. Shimizu strives to win ever growing trust from society and to act as an organization that helps build sustainable societies through sound action and judgment in a broad range of areas, including corporate governance and risk management, corporate ethics and compliance, transparency in transactions, and appropriate disclosure of corporate information.

Key performance indicators (KPIs)	Performance in fiscal 2014	Performance in fiscal 2015	Performance in fiscal 2016	Targets for fiscal 2017
Number of serious information security incidents	0	0	0	0
Number of serious violations of laws, regulations, and notices	0	0	0	0
Number of serious environmental defects	0	0	0	0

Evaluation indicators	Performance in fiscal 2014	Performance in fiscal 2015	Performance in fiscal 2016	Targets for fiscal 2017
Percentage of employees undergoing information security training	100%	100%	100%	100%
Participation rate in BCP drills	100%	100%	100%	100%
Percentage of employees undergoing compliance training	100%	100%	100%	100%
Corporate Ethics Helpline Office response rate	100%	100%	100%	100%

Corporate governance

Maintaining proper implementation of corporate governance systems and internal controls

Shimizu has adopted an executive officer system that features fewer directors (currently filling 11 of 12 seats) but includes external directors (two seats, one held by a woman). In this way, we seek to draw a clear functional line between strategic

decision-making and management supervision on the one hand and business execution on the other.

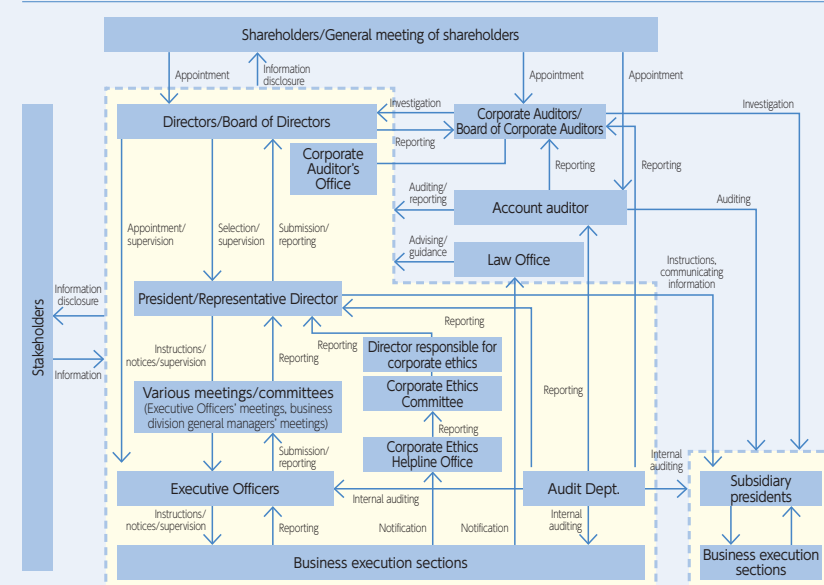
Shimizu's five corporate auditors include three external auditors—all independent reviewers, who audit Shimizu's management from a fair and impartial perspective.

The efficacy of the Board of Directors is analyzed and assessed through discussions involving all directors and corporate auditors at the annual Board of Directors meeting. The results of this evaluation are used to further enhance corporate governance.

The Audit Department, which undertakes internal audits of the activities of business divisions as a whole, regularly reports to the company's representative directors, corporate auditors, and accounting auditor.

In the area of internal controls, we have established a basic policy on preparing internal controls systems to make clear the kinds of systems needed to ensure the appropriateness of business operations.

Corporate Governance System



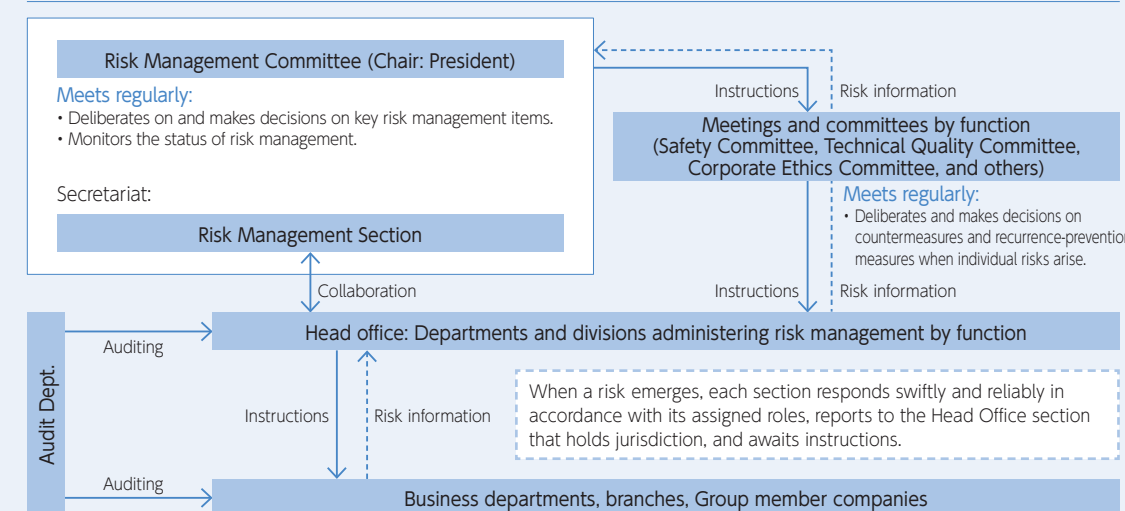
Risk management

Promoting risk management through the PDCA cycle

Each fiscal year, the Risk Management Committee makes decisions on key risk management items for the entire company and takes appropriate steps to ensure each section incorporates these decisions into its business plans. Alongside these efforts, the Committee monitors the status of risk management by function at all head office and business divisions as well as at Group member

companies; issues instructions for appropriate corrections and improvements; and addresses emerging risks. In this way, through the company-wide deployment of key risk management topics, the Committee seeks to promote risk management. Our commitment to risk management based on the Plan-Do-Check-Act (PDCA) cycle is thorough and ongoing.

Risk Management Organization (according to Risk Management Rules)

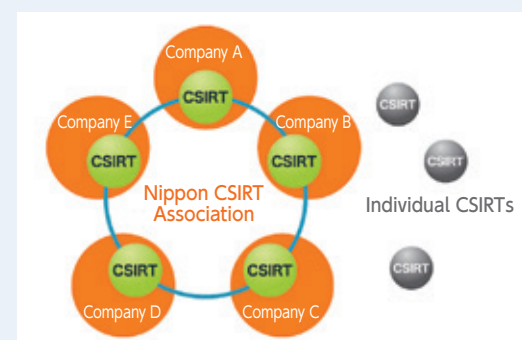


Appointing a CIO to further strengthen the information security structure

While progress in information and communication technologies (ICT) generates productivity improvements and business process reforms, it also poses various information security risks, including those associated with leaked trade secrets or personal information and damage due to cyberattacks, to which companies must respond swiftly and effectively. Based on its Electronic Information Security Guidelines, Shimizu carries out comprehensive risk management while making steady progress on improving its information security structure through appropriate revisions year after year.

In April 2017, Shimizu appointed a Chief Information Officer (CIO) to oversee information management measures companywide. Shimizu is also strengthening groupwide IT strategies and information security functions through an IT Management Committee.

In addition, in March 2017, Shimizu joined the Nippon CSIRT Association. In so doing, it has formed its own autonomous computer security incident response team (CSIRT) to address urgent computer security issues within the company and to work with CSIRTs from other companies confronting similar challenges, thereby enhancing various information security measures.



Strengthening security structures through joint efforts involving multiple companies

© Nippon CSIRT Association

Overseas safety initiatives

Recent years have seen frequent terrorist incidents targeting events, concerts, and other large gatherings in countries and regions in which Shimizu does business.

Shimizu has responded by developing crisis-response manuals and organizational structures for overseas emergency response while establishing basic policies and specific preventive measures and responses.

In response to frequent terrorist attacks and other incidents, Shimizu has established an

international safety Intranet website for employees. This site provides an overview of all the latest safety measures, including information on risks at specific destinations, the Company's basic policies for current conditions, restrictions on business travel to help avoid danger, and travel advisories to minimize risks in overseas activities. These are some of the ways in which we strive to ensure the safety of employees stationed or travelling overseas.

Fair and Transparent Transactions (CSR procurement in cooperation with our business partners)

Shimizu seeks to build strong partnerships with business partners based on mutual respect.

We pursue continuing transactions based on a supply chain in which all partners understand our Basic Procurement Policy and Requests to Business Partners, policies designed to ensure fairness and transparency in business activities.

Once again, in fiscal 2016, we obtained the agreement of all 759 new business partners across Japan to abide by the provisions set forth in these documents.

Basic Procurement Policy

1. Fair, impartial, and honest transactions
2. Compliance with laws, regulations, social norms and expectations, and internal rules
3. Awareness of and consideration for the environment
4. Securing quality
5. Building good partnerships with business partners

Business continuity planning (BCP) initiatives

BCP drills envisioning large-scale disasters

To fulfill its social responsibilities as a construction company in the event of emergencies, Shimizu continually refines its disaster response systems. We seek to enhance building and facility seismic resistance and to make other physical improvements in structures that serve as bases for disaster response. We also seek to enhance the information and telecommunications systems that link various facilities and to expand stores of emergency supplies. In addition to these efforts to ensure physical disaster readiness, we strive to enhance operational capability through periodic drills that simulate large-scale disasters.

On March 10, 2017, we conducted BCP drills in a joint effort involving the head office and all



An earthquake drill (Earthquake Disaster Headquarters, fourth floor, head office building)

business divisions. The drills in the Tokyo area simulated a major earthquake with an epicenter beneath Tokyo occurring at 7:00 am, paralyzing the transportation infrastructure. We verified our capacity to establish disaster task forces with limited personnel and to take autonomous action. We also conducted response drills over time, simulating circumstances anticipated two hours, one day, and three days after the earthquake.

Improving disaster prevention activities in partnership with communities

In the event of a major earthquake, forecasts indicate roughly 300,000 people will be unable to return home from Tokyo's Chuo Ward, where the Shimizu head office building is located. Under these conditions, at Chuo Ward's request, the head office building would serve as a regional disaster center functions as central contributions to local communities and is currently working on a system to deploy these functions effectively in the event of an emergency. In cooperation with Chuo Ward and other companies, we plan to help develop an area-wide disaster prevention system based on mutual support and mutual aid.

Thorough intellectual property (IP) management

Shimizu strives to secure and utilize IP rights strategically, with a focus on priority technological areas, as an effective way to enhance its competitive strengths in business. Its fundamental IP management policy calls for protecting its own property rights and respecting those belonging to other parties and for creating, protecting, and applying IP that will contribute to Shimizu's businesses and to society. Through various continual training activities based on this policy, Shimizu strives to promote awareness of intellectual property rights. Examples include measures to encourage innovation in the sections responsible for technological development and efforts to promote awareness of the risks of infringing on

intellectual property rights owned by other parties in sections active in the field. Other measures involve basic IP training for new employees and training for newly appointed managers.



IP training

Compliance (corporate ethics, legal and regulatory compliance)

Code of conduct and related internal structures

Code of Corporate Ethics and Conduct

Shimizu has established a Code of Corporate Ethics and Conduct to ensure thorough company-wide understanding of corporate ethics. This Code is intended to ensure that all members of management and employees act in accordance with the fundamental principles of Rongo to Soroban ("The Abacus and the Abacus"), on which our management is based. This is especially important in light of heightened demand for companies to contribute to society and fulfill their social responsibilities.

Developing internal structures

We are developing the internal structures necessary to ensure that all members of management and all employees understand the Code of Corporate Ethics and Conduct thoroughly and implement the Code as a matter of course in their practical

activities. This includes establishing a Committee on Corporate Ethics chaired by the officer responsible for corporate ethics (Vice President).

We have also established an internal whistleblowing system and set up both internal and external hotlines to allow employees to consult on compliance matters without fear of reprisal.



The Compliance Hotline internal whistleblowing system

Achievement of 100% participation in compliance training

Compliance training for all employees

Once again in fiscal 2016, we achieved a 100% participation rate in Shimizu's e-learning course on compliance for all employees. We have also implemented compliance training to reflect the individual circumstances of each business division, including the International Division.

Thorough compliance including Group member companies

Together with activities including compliance meetings for affiliate companies and facilitating cooperation within the Shimizu Group, Group member companies are in the process of developing codes, systems, and other efforts similar to

those of Shimizu itself and providing compliance training for all their employees. Some 3,500 employees of Group member companies underwent compliance training during fiscal 2016.



Compliance training for national staff in Singapore

Heading off environmental problems

In fiscal 2016, Shimizu incurred zero administrative penalties involving violations of environmental laws or regulations and zero incidents impacting the living environment. For more than three years, our activities have achieved perfect compliance with all applicable environmental laws and regulations. Nevertheless, internal

environmental audits and internal reviews have identified cases of minor improprieties in waste management methods and in the management of manifest vouchers. In fiscal 2017, through audits and training focusing on related activities, we plan to address and resolve the factors leading to these issues.

Disclosing Corporate Information

Disclosure of corporate information and management information to stakeholders

To achieve full and fair disclosure, we disclose accurate, impartial corporate and management information to all stakeholders, including shareholders, investors, and clients.

We actively disclose corporate information in various ways, including results briefings on the settlement of accounts and site tours for securities analysts, individual meetings with securities analysts, tours of our facilities for individual shareholders, and management discussions with the press. We also hold meetings with institutional investors around the world.

Activities in FY2016	Times
Results briefings on settlement of accounts and site tours for securities analysts	5
Individual meetings with securities analysts	101
Tours of our facilities for individual shareholders	1
Management discussions with the press	1
Meetings with overseas institutional investors	23

Site tours for securities analysts and the press

At construction sites in Japan and overseas, we hold tours for securities analysts and the press as part of efforts to increase corporate value by informing participants of various matters, including our state-of-the-art technologies and efforts to increase productivity, and by providing other opportunities for communication.

Tours provided in fiscal 2016 in Japan took place at various sites, including the Yanba Dam, the Office in the Forest, the Yamanashi Prefecture Disaster Prevention Annex, Shin-Yokohama Station on the Sotetsu-Tokyu Chokutsu Line, and in Nihonbashi (demonstration testing of a new voice navigation system). Overseas, we provided tours of

subway construction along with the Changi Medical Centre, General Health Clinic, and Mapletree Business City II in Singapore, among other sites.



A site tour in Japan

Meetings with overseas institutional investors/international communication

During fiscal 2016, Shimizu top management met with overseas institutional investors in the United Kingdom (Edinburgh and London), Singapore, and the United States (Boston and New York).

In addition, the websites of individual facilities within the Shimizu Group, which does business in 27 cities around the world, communicate information on construction projects, hiring, events, and social activities in both English and local languages.



A Shimizu website in China

A Shimizu website in Singapore

Creating Value Surpassing the Expectations of Customers and Society

By continuing to create value that surpasses the expectations of customers and society, Shimizu strives to meet the needs of its clients while contributing to society at large.

We're adapting and responding proactively and decisively to expanding diversification in performance and quality requirements for unique construction and infrastructure projects around the world and to the growing breadth of technological domains.

Key performance indicators (KPIs)		Performance in fiscal 2014	Performance in fiscal 2015	Performance in fiscal 2016	Targets for fiscal 2017
Scale of investment in research and development		11.1 billion yen	8.5 billion yen	10.1 billion yen	11.0 billion yen
Number of patents applied for		288	309	322	330
Number of staff obtaining new professional (cumulative)	PhD	5 (172)	3 (170)	3 (164)	5
	Professional Certificates	53 (753)	61 (744)	30 (748)	53
	Class I Architect	56 (2,263)	50 (2,178)	48 (2,136)	60
	Class I Construction Management Engineer certificates	90 (3,013)	114 (2,997)	89 (3,024)	60
	Class I Civil Engineering Construction Management Engineer	31 (1,577)	48 (1,524)	20 (1,515)	25
Accident frequency rate (CY total)		0.77	0.59	0.53	0.60 or less
Reductions in CO ₂ emissions vs. FY1990	Green construction	55.9%	51.1%	53.0%	53.0%
	Energy-saving design	48.7%	42.5%	45.0%	44.0%
	Conserving energy at the office	41.0%	48.1%	47.0%	46.0%
Final disposal rate of construction byproducts		3.4%	2.8%	3.7%	4.0% or less
Base unit of total construction byproducts		15.1kg/m ²	13.0kg/m ²	13.0kg/m ²	15.8kg/m ² or less
Evaluation indicators		Performance in fiscal 2014	Performance in fiscal 2015	Performance in fiscal 2016	Targets for fiscal 2017
Number of structures subject to comprehensive disaster prevention diagnostics (cumulative total)		151	155	163	—
Number of major awards won	BCS	4	2	3	2
	BELCA	3	1	1	1
	Japan Society of Civil Engineers	5	3	2	2
Number of media reports (technological development)		23	30	32	30
Average CASBEE score (design, construction)		1.62	1.60	1.51	0.60
Number of LEED-certified projects (design, construction)		0.77	0.59	0.53	1.5 (rank A) or higher
Power generated from renewable energy (Shimizu's businesses)		15,437MWh	18,073MWh	19,480MWh	—
Offsets using carbon credits		56,500t-CO ₂	30,000t-CO ₂	27,700t-CO ₂	—
CDP performance score (emissions reductions)		A	A	B	A

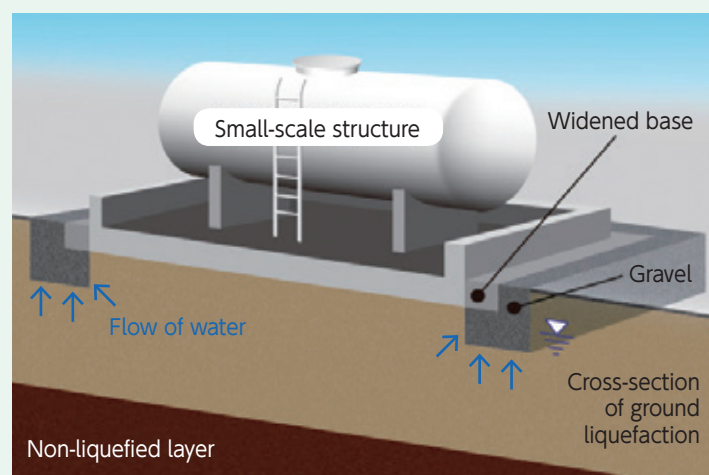
Safety and reliability initiatives in construction and social infrastructure

Seismic technologies

The Great East Japan Earthquake and the Kumamoto Earthquakes caused severe damage to buildings and social infrastructure. The threat of future major earthquakes continues to raise concerns, including the threat of a major Nankai Trough earthquake or an earthquake with an

epicenter directly beneath Tokyo. Shimizu is focusing significant effort on a wide range of technological developments and initiatives intended to minimize earthquake damage and to enable swift recovery of business activity and everyday life after an earthquake.

Countermeasures against ground liquefaction for attendant structures and exterior fixtures



Sample of countermeasures against ground liquefaction for a small exterior structure

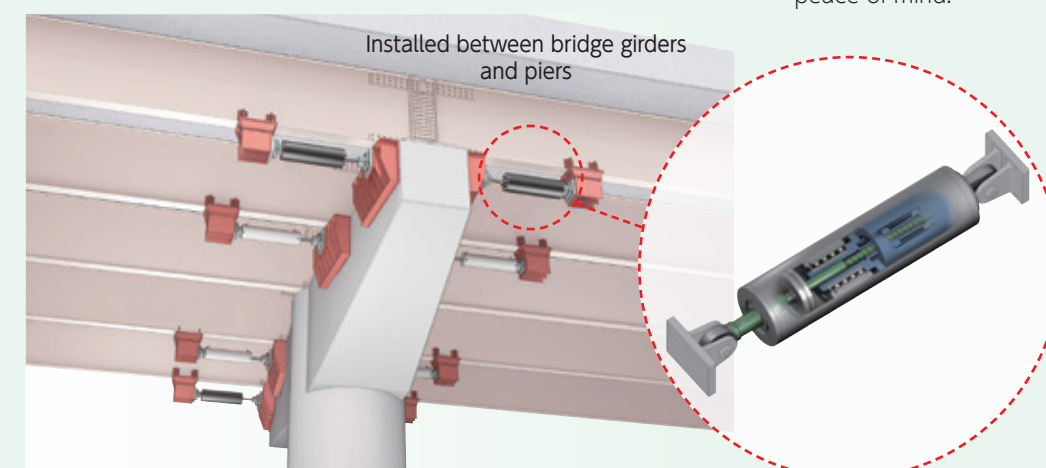
Maintaining lifeline services in the event of ground liquefaction requires measures that protect not only buildings, but also their attendant structures and exterior fixtures. Unfortunately, the costs involved make it impractical to implement the same measures for smaller structures. In response to this challenge, Shimizu has developed an inexpensive gravel support method for countering ground liquefaction. The technique makes it possible to reduce the damage caused by ground liquefaction by addressing only a relatively shallow layer of the ground surface. It has been deployed in more than 20 projects.

Seismic measures for bridges

The Kumamoto Earthquakes damaged numerous bridges, including some on the Kyushu Expressway, resulting in significant disruption of interurban access. Jointly with Metropolitan Expressway Co., Shimizu has developed a new seismic response control construction method to minimize damage to bridges in the event of earthquakes. This method applies to bridges a seismic damper called a dynamic screw already used in seismic response control systems for buildings,

reducing the shaking experienced on a bridge in the event of an earthquake by converting it into the rotational motion of weights. We believe this technology will boost the seismic performance of various social infrastructures—not only existing bridges designed to former seismic design standards, but also newly constructed bridges.

For our customers and for society, Shimizu is committed to developing and deploying technologies that deliver ever higher levels of safety and peace of mind.

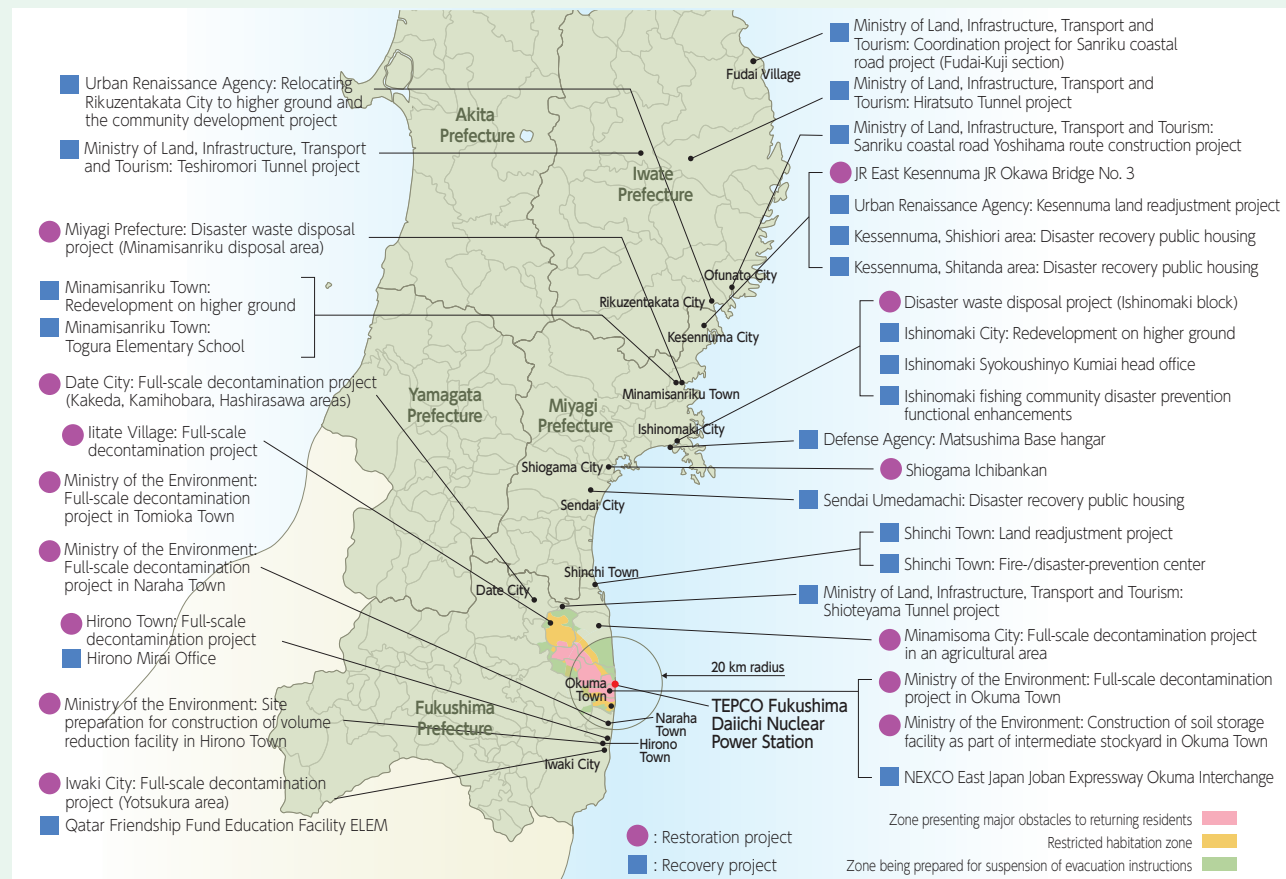


A seismic response control system for bridges incorporating dynamic screw technology

Disaster recovery initiatives

Responses to the Great East Japan Earthquake

Introduced below are some of Shimizu's main activities contributing to the fastest possible recovery in areas affected by the Great East Japan Earthquake. Alongside restoration projects addressing tsunami damage and decontamination of radioactive materials, we're advancing projects in aspects such as recovery community development, including relocation to higher elevations and the development of recovery roadways in affected areas.



Investment and development in Hirono Mirai Office, a pioneering component of a Fukushima recovery and development project

Hirono Mirai Office is considered a key part of the Hirono Station East Side Development Project (Phase I) currently under way in the town of Hirono. Intended to help the town recover from the Great East Japan Earthquake, Shimizu's proposal for this rental office building was selected through the town's public call for proposals.

Some distinguishing features of this building include its seismic isolation structure and emergency power



Hirono Mirai Office

supplies to support tenant BCP efforts. In the event of a power failure, emergency generators will provide power to common-area lighting and power outlets, while solar panels deliver power to security power outlets in common areas. The building also conserves energy in various ways during ordinary times, including an energy-efficient air conditioning system and use of LED lighting throughout.

In March 2017, we concluded an agreement with the town of Hirono on use of the building as a temporary evacuation facility in the event of a tsunami, reflecting the role the facility is expected to play in the town's disaster prevention functions.

Responses to the Kumamoto Earthquakes (earthquake restoration work on structures at Aso Shrine designated important cultural assets by the government of Japan)

The Kumamoto Earthquakes that struck in April 2016 caused severe damage to six structures (designated important cultural assets by the Japanese government) at Aso Shrine, which has a history of approximately 2,300 years, and some 500 branch shrines across Japan. Shimizu is currently dismantling, studying, repairing, and completing other restoration work on Aso Shrine to help the region recover from the earthquakes and to fulfill our social mission.

Preserving the natural value of an important cultural asset

Built during the 19th century at the end of the Edo Period, the romon gate, said to be one of the



Dismantling work and research under way beneath the temporary roof

three largest in Japan, presented a distinctive profile resulting from its semi-gabled roof, cusped gables, and two-storied structure. It was also built using lumber with a remarkably smooth texture no longer available today. To

allow reuse of as much of these materials as possible, we dismantled the gate and studied the components by hand, one piece at a time.

During this dismantling and study process, we built a temporary roofed structure measuring 9.8 m high, 22.5 m wide, and 25.3 m deep to cover the entire gate. Work proceeded underneath this roof with the greatest care to avoid any damage to this important cultural asset.

Determining the essence of traditional wooden construction techniques

These sanctuaries are essential venues for a wide range of rites. The third sanctuary sustained serious damage, while the first and second sanctuaries and the Miyukimon and Kangyomon gates suffered partial damage. The work began with the



A temple carpenter working on shrine repairs

partial dismantling and repairs of the severely damaged third sanctuary and will proceed to the second sanctuary, and then to the first. Since each structure is designated by the Japanese government as an important cultural asset, this work involves a wide range of

rigorous requirements, including restoration of the structures to their original form before the earthquakes. This work requires traditional construction methods as well as the use of splice bars, metal fittings, and similar materials where structural reinforcements are needed. Original parts and materials will be reused whenever possible.

To accommodate the preferences of local residents, who look forward to the fastest possible recovery and restoration of Aso Shrine, Shimizu is devoting every possible effort to this construction project and harnessing all the traditional wooden construction techniques we have accumulated since our founding.

Recovery from damage caused by torrential rains
(response to rain damage caused by Typhoon Lionrock in Hokkaido in 2016)

Typhoon Lionrock, which struck in August 2016, brought torrential downpours that caused serious damage in Hokkaido. In response to an urgent request from the Hokkaido Regional Development Bureau, Shimizu made important contributions to the restoration of the transportation infrastructure by building a temporary span at Chiroro Bridge



The temporary span at Chiroro Bridge (removed during progress on restoration construction)

Chiroro Bridge in the town of Hidaka, where the bridge had collapsed, and by removing earth, sand, and other debris from the road in the vicinity of the Hidaka Expressway's Atsuga Tunnel, a structure we had originally built.

There is no reliable way to foresee when or where the next natural disaster will strike. As part of our Management Philosophy of Socio-dynamism, Shimizu is committed to related activities that safeguard and contribute to society.

Delivering customer satisfaction through optimal quality (architectural construction)

Employing advanced technologies to achieve optimal quality that surpasses customer expectations

The buildings we deliver to our customers are unique products that must meet an immense number of specific requirements with respect to site and schedule conditions, functionality, and performance. We draw on our full range of capabilities and advanced technologies to identify the value each customer expects and deliver reliability and satisfaction through construction projects marked by an uncompromising focus on quality. This is Shimizu's concept of optimal quality.

A thorough focus on monozukuri based on the "customer first" spirit

Customer needs vary from one building to the next. Shimizu believes that the only way to meet customer needs and to achieve customer satisfaction entails clarifying the requirements of optimal quality, based on the customer's perspective, and focusing thoroughly on achieving that quality.

This emphasis goes beyond the construction period. Our customer satisfaction (CS) survey team visits and surveys customers directly at three months and 27 months after the delivery of all completed projects to learn how the customer feels after actually using the building. We then apply this information to future services and operational improvements.

Using BIM technologies to improve design and construction quality

Visualizing a building using BIM technologies helps design participants quickly arrive at a consensus. It allows sharing of information with related parties on various key topics and strengthens client understanding of the project. BIM helps us to coordinate the efforts of designers responsible for the overall design, structure, and building services and the tasks assigned to specialist contractors at the construction stage. We can



Tokyo World Gate, currently under construction in Tokyo's Minato Ward (a conceptual diagram of the completed project, slated for completion in March 2020)

Building service coordination prepared using BIM technologies during the design of above building



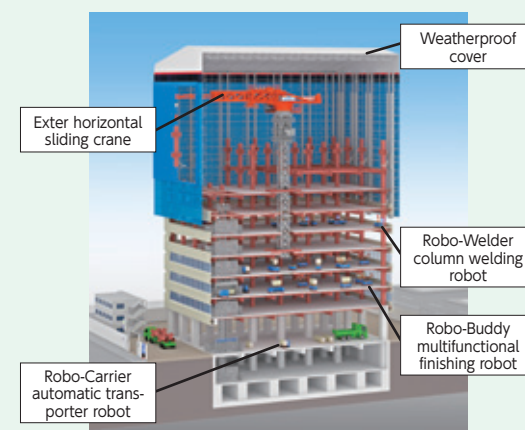
produce remarkably precise design drawings, construction drawings, and fabrication drawings. This reduces the time needed for review or rework at the construction stage, prevents human error and abortive works, and ensures high quality.

Shimizu Smart Site, a next-generation production system

Shimizu recently developed Shimizu Smart Site, a next-generation construction system that draws on technologies such as autonomous robots with artificial intelligence (AI) and BIM technologies, in collaboration with site workers.

Each robotic device used at the Shimizu Smart Site employs AI and IoT technologies to move about the site while recognizing its own location. Each device recognizes and works autonomously on construction tasks based on work instructions sent from the integrated robot control system controlled from tablets. The integrated control system records and stores data on the status of operations and results in real time to allow monitoring from tablet screens.

Our efforts to incorporate and broaden use of advanced technologies and technological development are intended to realize even more attractive construction sites and work conditions while meeting customer needs and improving productivity.



Conceptual diagram of the Shimizu Smart Site

Shimizu opens Monozukuri Training Center, a hands-on training facility, to pass on the spirit and techniques of monozukuri

An overview of the Monozukuri Training Center



Passing on certain skills is essential to a company whose livelihood depends on monozukuri. The skills associated with design and construction management at construction sites include many aspects that can't be adequately addressed in classroom training or limited on-the-job experience. Accordingly, in October 2016, Shimizu held an employee training session as a pre-opening activity at the Monozukuri Training Center, a hands-on training facility. The facility is slated to open for full-fledged activities in April 2017.

The Monozukuri Training Center is intended to serve as a facility where younger employees, primarily construction engineers, can gain basic knowledge on frame construction, along with an understanding of quality inspection methods, both essential aspects of monozukuri for the construction industry. For this reason, through practical training programs that simulate actual construction sites, the Center seeks to train engineers capable of identifying challenges by independently assessing situations, devising solutions, and passing on the idea of monozukuri based on accurate knowledge and concepts.

Perhaps the key aspect of the facility is that it is equipped with various full-sized structures for learning about frame construction. These structures reproduce in-process structural frames in three zones: reinforced concrete and molding, a steel frame with exterior finishing, and precast concrete (PCa).

The Center also features permanent displays, including panels that depict the monozukuri process, which provide an overview of the key points of construction procedures and construction management, as well as an exhibition room on past construction projects, technologies, and other information related to Shimizu worthy of passing on to future generations.

The training provided at the Monozukuri Training Center will instill in the next generation of construction engineers the spirit and techniques of monozukuri accumulated by Shimizu over more than 210 years.

Message from the Center General Manager

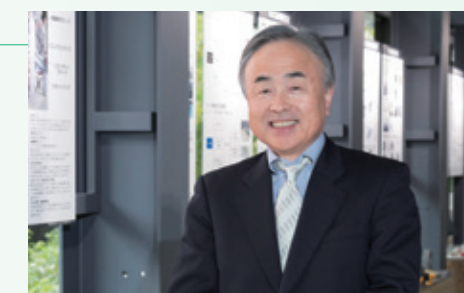
We held a pre-opening event exclusively for Shimizu personnel in fall 2016. Practical hands-on training—the theme of this Training Center—proved even more exciting than expected for young employees. We look forward to seeing the younger employees who attend the Center go on to careers marked by a sense of achievement, self-fulfillment, and work that exceeds customer expectations.



Training for reinforced concrete inspections



The precast (PCa) zone



Shigehisa Tohma, General Manager, Monozukuri Training Center

Delivering customer satisfaction through optimal quality (civil engineering)

Increasing customer satisfaction through high quality and comprehensive processes

Civil engineering work involves a wide range of projects: dams, tunnels, bridges, shield tunneling, and so forth. We need to consider numerous factors, including the construction site environment, the natural environment, and the functions of the structure being built. In addition to drawing on a wide range of options to deliver quality meeting customer expectations in all construction projects, Shimizu's civil engineering sections strive to "meet expectations for the quality of construction processes" from the start of a project until final delivery to clients.

Training human resources for monozukuri

The human resources involved in monozukuri play an important role in securing the quality of construction projects and their processes. Through human resource development plans formulated for each fiscal year, Shimizu strives to give employees the ability to approach issues from a broad perspective. Shimizu's human resources are required to have highly specialized skills, the ability to work independently, the discernment needed to make appropriate judgments and act accordingly, and a broad grounding as professionals and members of the organization.

In addition to enhancing and cultivating specialized skills and general management abilities through on-the-job training (OJT), Shimizu provides other educational opportunities, including e-learning, group training by age range, and timely technical training in subjects like groundwater, shoring work, and concrete. Through these and other diverse educational approaches, we enhance the skills of individual employees while strengthening site management capabilities.

Monozukuri through organizational efforts

Monozukuri depends on more than just individual capabilities. To accurately ascertain and give concrete form to the needs of society and our customers and to ensure a wide range of quality requirements can be met, the day to day practice



Construction quality training

of monozukuri must draw on the overall strengths of the organization.

Shimizu's civil engineering sections include numerous engineers who are deeply familiar with the designs of diverse structures and with cutting-edge general technologies.

With the participation of experienced engineers familiar with all aspects of a project in planning, proposal, pre-construction study meetings, and individual study meetings to address construction processes that pose extreme challenges, we secure ever higher levels of quality and identify and eliminate construction-related risks.

Efforts to improve productivity at construction sites through i-Construction

Shimizu promotes innovations in civil engineering to establish even more reliable production systems and to improve overall productivity. We're striving to reduce labor requirements, shorten construction periods, and improve safety by improving working environments in various ways, including making greater use of precast components produced in factories to make work on concrete structures more efficient.

We also improve work efficiency and achieve monozukuri with high levels of productivity by promoting the thorough use of information technology. We adopt ICT construction methods and CIM in processes from measurement and design through construction and inspection. Examples include 3D scanning using drones and construction work employing ICT construction machinery.

We seek both to meet increasingly diverse customer needs and to advance construction technologies by promoting technological development in areas ranging from artificial intelligence (AI) to robotics, construction automation, networking of construction machinery, and the Internet of things (IoT).

Applying i-Construction to transform construction sites

Tokyo Outer Ring Road Owada construction project
(Ichikawa, Chiba Prefecture: Orderer: NEXCO East)

Introduced below are some of Shimizu's i-Construction initiatives considered essential to Japan's future development.

A robot to help rebar arrangement

The use of heavier steel reinforcement bars in connection with the growing size of structures, demand for stronger quakeproofing performance, and an aging workforce has reduced productivity in concrete construction work.

Shimizu was an early adopter of robotics technology. In joint efforts with Atoun K.K. and S.C. Machinery K.K., we have developed a robot to assist in rebar arrangement by modeling the functions of the human right arm. This technology makes it possible for three workers to easily and efficiently arrange and place heavy 200 kg-class steel reinforcement bars, a task that previously took six or seven workers.

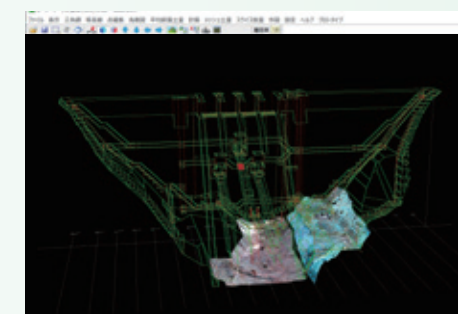


Testing the rebar arrangement assistant robot

3D scanning of bedrock

Calculating the volume of concrete poured into a large dam involves numerous measurements taken at short intervals. Precise measurements of features like protuberances and detailed shapes also pose significant challenges.

Shimizu measures bedrock shapes using 3D laser scanners, an approach that reduces labor requirements for measurement processes and results in more precise calculations of the volume of construction work involved. This approach has reduced measurement work burdens by some 50% compared to previous methods.

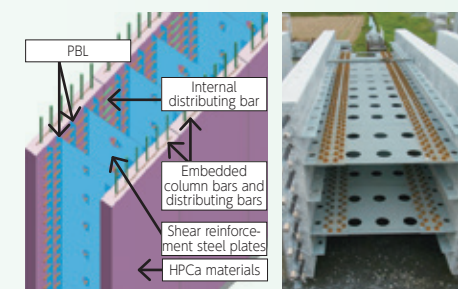


An example of 3D modeling

Advancing use of precast components in concrete structures

In the city of Ichikawa, Chiba Prefecture, at Shimizu's Tokyo Outer Ring Road Owada construction project, we have cut construction times using half-precast concrete that helps minimize the weight of a single component and allows the installation of wall units of a large box culvert* with ordinary cranes. This marks the first use in Japan of half-precast components on a box culvert with large cross-sectional dimensions. The project draws on Shimizu's high technological abilities to overcome a wide range of design and construction challenges and secure high-quality and precise results.

* Box culvert: A box-shaped structure installed underground



A half-precast concrete structure

Parts after assembly

Health and Safety Efforts in Construction Processes

Fiscal 2016 results

Falls of more than two meters have declined.

Health and safety results
Our accident frequency rate* improved from 0.59 in fiscal 2015 to 0.53 in fiscal 2016.
* Accident frequency rate: 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 work days, calculated on a calendar-year basis. Figures for Shimizu represent accidents resulting in four or more lost workdays, calculated on a fiscal-year basis.)

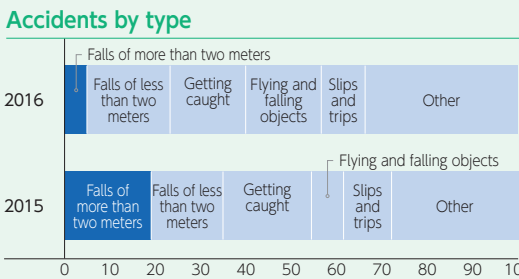
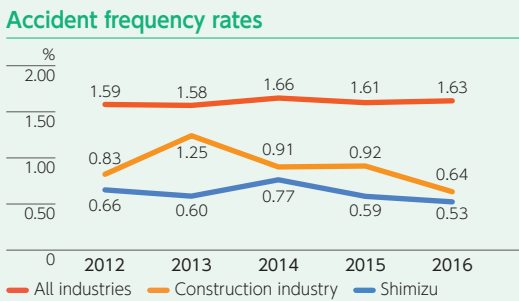
Accident analysis
Falls of less than two meters and incidents involving getting caught in machinery or equipment accounted for the largest share of accidents, followed by flying or falling objects and slips and trips. In addition, thanks to intensive efforts to eradicate such accidents, the proportion of incidents involving falls of more than two meters fell from 19% to 5%.

Safety patrols by President Inoue
Each year during National Safety Week and National Industrial Health Week, Shimizu's president undertakes safety patrols at construction sites. During a visit to the construction site of the new Sendabori City Hospital in the city of Matsudo, Chiba Prefecture, in July 2016, President Inoue attended the morning meeting, where he offered the following words of encouragement to workers: "Both safety and quality are essential facets of the construction business. I ask that each of you strive to call out to each other and follow all the rules. Always keep in mind the saying, 'There is no such thing as production without safety.'"

Specific measures in fiscal 2017 [1]

Back-to-basics safety management

Back-to-basics safety management
We will prepare work plans tailored to each site condition that address dangerous activities as specified by each division, ensure that workers at the frontlines are familiar with work procedures and safety points, and run through the plan-do-check-act (PDCA) cycle to improve safety practices. The entire organization, including those responsible for construction site management, is



President Inoue on a safety patrol

committed to maintaining the lofty goal of eliminating accidents and injuries; to abiding rigorously with work procedures based on a shared sense of urgency; and to ensuring before work begins that everyone involved, ranging from Shimizu staff to on-site operators, fully understands accident and injury risks and their potential repercussions.

Specific measures in fiscal 2017 [2]

Developing technologies to strengthen safety

Using advanced technologies to prevent accidents

Today, advanced technologies such as artificial intelligence (AI), the Internet of things (IoT), and robotics have begun to play increasingly important roles in our lives. By putting these technologies to proactive use in safety activities, Shimizu is striving to prevent accidents at the workplace.

Inspection and diagnostics for exterior wall tiles pose various problems, including the time required for inspections, recording, and photography, the risk of working at high elevations, and discrepancies in diagnostic results due to differences in worker experience and fatigue. Shimizu's exterior wall inspection robot makes it possible to complete inspections and diagnostics swiftly and safely with greater accuracy than before while reducing the work done by workers at high elevations.

During demolition work, pieces ejected from buildings being demolished can result in injuries to third parties. Noise, vibration, and dust from such work can also affect the local environment. Shimizu Cool Cut is a method developed to demolish reinforced-concrete structures with or without steel frames. Its key trait is that it cuts buildings into blocks of suitable size. The

demolition equipment attached to the tip of the arm of a hydraulic shovel cuts pillars and beams, a method that reduces the risk of ejected demolition materials and nearly eliminates vibrations generated by demolition work. At the same time, it cuts noise by about three-fourths compared to traditional demolition methods while cutting dust by 90% or more, significantly reducing the volume of cleanup work in adjacent areas.



Exterior-wall diagnostics robot



Shimizu Cool Cut

Preventing accidents involving falls by using full-harness belts*

In 2016, the number of occupational fatalities and injuries in Japan's construction industry fell to about one-ninth of peak levels in the years since 1962, during the nation's postwar economic boom. Growing numbers of employees have never seen an actual accident or injury in person.

For this reason, on construction sites, workers are encouraged to wear safety belts to prevent accidents involving falls. While torso belts are the most common type of safety belt in Japan, full-harness belts are used in cases in which a rescue, if needed, might take some time. Workers experience the importance of wearing a safety belt and the advantages of full-harness belts through training that involves actually being suspended in a safety belt.



Using computer graphics



Workers experiencing how it feels to be suspended in a full-harness safety belt

* Full-harness belt: A safety belt that supports the whole body with straps around the thigh and the shoulders in addition to the torso

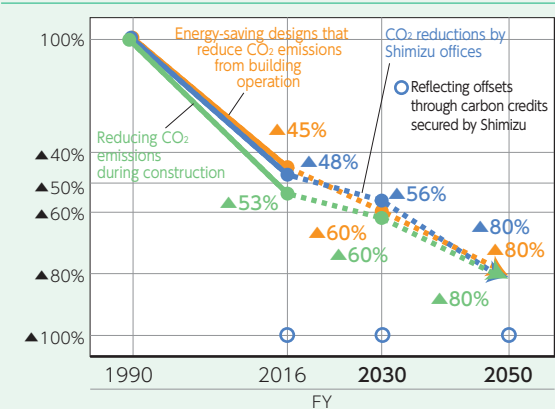
Contributing to the Environment: ①Mitigating global warming

Ecological Mission 2030-2050

Under Ecological Mission 2030-2050, which defines Shimizu's medium-long term goals for cutting CO₂ emissions, we're promoting companywide activities to reduce CO₂ generated by our construction and office business activities and CO₂ emissions generated by customers throughout building life cycles once they begin using the structures we have designed and built. These goals reflect Sustainable Development Goals (SDGs) no. 13 (climate action). We apply the percentage of the reduction achieved vs. fiscal 1990 as a KPI for each of these goals.

The state of three initiatives for which KPIs have been set and recent examples are described below.

Ecological Mission 2030-2050 medium to long-term targets



Reducing CO₂ emissions from Shimizu's own business activities

Efforts to reduce CO₂ emissions during construction

FY2016 performance 250,000 t-CO₂ emissions ☒
vs. FY1990 **53.4% reduction**
FY2017 target vs. FY1990 **53% reduction**

Hiroshima Branch: Construction on Hirase Dam
Hirase Dam is a multipurpose dam located upstream on the Nishiki River. It is spanned by the Kintai Bridge, one of Japan's three most famous bridges.

The Hirase Dam project employs various methods to reduce CO₂ emissions during construction. Switching from 10-ton dump trucks to heavy dump trucks reduces the diesel fuel consumed in transporting excavated soil to build the dam body, while switching the construction site lighting to LED technology reduces the electricity needed. Both decisions help cut overall CO₂ emissions.

In addition, the 2,000 tons of the site's CO₂ emissions (fiscal 2016) have been offset using credits acquired from our CDM projects.



Hirase Dam (Iwakuni, Yamaguchi Prefecture)

Efforts to reduce CO₂ emissions at Shimizu's offices

FY2016 performance 9,000 t-CO₂ emissions ☒
vs. FY1990 **48.3% reduction**
FY2017 target vs. FY1990 **46% reduction**

Accredited as Top-Level Facility of Tokyo (Shimizu's head office building)

Shimizu's head office building was chosen as one of 8 top level facilities in fiscal 2016 by the Tokyo Metropolitan Government under 213 evaluation points. These points require reductions of greenhouse gas emissions from large business facilities and the implementation of emissions trading.

Completed in 2012, Shimizu's head office building embodies the ecoBCP concept as a fusion of energy conservation (eco) and business continuity planning (BCP). It adopts a wide range of facilities that deliver advanced environmental performance. Our various approaches towards energy saving have resulted in the building being chosen as a top-level facility.

We will continue to focus on energy conservation in an office building that's friendly to the environment.



Shimizu's head office building, chosen as a top-level facility business site (Chuo Ward, Tokyo)

Helping clients reduce their CO₂ emissions

Reducing CO₂ emissions during building use through energy-saving design

FY2016 performance 48,000 t-CO₂ emissions ☒
vs. FY1990 **45.3% reduction**
FY2017 target vs. FY1990 **44% reduction**

New Hall, Seicho-No-Ie, Ibaraki Prefecture

The New Hall is built amid lush natural surroundings in the city of Kasama, Ibaraki Prefecture. A single-story wooden structure is adopted in order to reduce total CO₂ emissions from construction and to make sustainable use of local forestry resources. This zero-energy building (ZEB) takes advantage of site characteristics to conserve energy in various ways, including natural ventilation, natural lighting, solar heat, geothermal heat, and use of other natural energy sources. It also incorporates energy-creating technologies such as solar power and an electricity storage system using electric vehicles. The building uses no fossil fuels whatsoever. Under the Building-Housing Energy-efficiency Labeling system (BELS) launched in April 2016 under the Building Energy Efficiency Act, New Hall became the first building in Japan to be certified as a ZEB. Since the completion of construction, the results by each component technology have been gathered and analyzed to make improvements and improve the building's energy self-sufficiency. In addition, the building contributes to the environment and to local economies by taking advantage of local production and consumption in aspects ranging from construction materials through energy sources. This includes materials produced in Ibaraki Prefecture for everything from the exterior wall to interior finishing materials and furniture, as well as the use of geothermal heat, solar heat, and firewood.



New Hall, Seicho-No-Ie, Ibaraki Prefecture (Kasama, Ibaraki Prefecture)

Other activities under the Ecological Mission

In addition to the Ecological Mission KPIs (shown at left), Shimizu strives to reduce CO₂ emissions and contribute to the global environment through independent emissions reduction activities throughout our supply chain.

Item	FY2016 performance
Improving structures and construction methods	42,000 t-CO ₂ reductions
Green procurement	56,000 t-CO ₂ reductions
Energy-saving renovation and building management	30,000 t-CO ₂ reductions
Acquiring volumes of construction byproducts	18,000 t-CO ₂ reductions
Renewable energy	10,000 t-CO ₂ reductions
Acquiring and using carbon credits	19,000 t-CO ₂ reductions

CDP evaluation of climate change performance

At the 2015 Japan session of CDP, Shimizu was evaluated and received an A rank on the Climate Performance Leadership Index (CPLI) for the fourth consecutive year. However, in 2016 we were evaluated and received a rank of B.

After we reviewed the reasons for the B ranking, we found that while our management of CO₂ emissions had remained as strong as it had been through 2015, other factors affected the evaluation, including a failure to report in accordance with the CDP's new protocol requirements. By revising our CDP reports starting in 2017, we plan to institute improvements that will ensure we regain the highest ranking.

☒ CO₂ emissions independently verified by Ernst & Young Sustainability Co., Ltd.
* See the Shimizu website (http://www.shimizu.co.jp/csr/environment/report/pdf/data_2017.pdf) for calculation standards

Contributing to the Environment: ② Biodiversity initiatives

A consideration of biodiversity in an urban area

A wealth of technologies to meet growing demand for eco-friendly construction

The Yokohama Nomura Building was completed in January 2017 in Yokohama Minatomirai district. On purchasing the site from the city of Yokohama, the building owner announced the goal of eco-friendly development incorporating new green technologies. Shimizu deployed five of its own green technologies to meet the needs of both the customer and Yokohama.

- 1. Using UE-Net habitat simulation technologies to visualize comparisons of the results of local ecological network analysis before and after development.
- 2. Adopting native plants in landscaping based on genetic analysis and an awareness of native ecosystems.
- 3. Installing Rain Garden plants zones that accumulate rainfall in depressions to allow growth nurtured by natural rainfall and to create wetland ecosystems.
- 4. Installing Green Radiator horizontal planter louvers featuring diverse native Japanese species, including rare varieties.
- 5. Installing Green Benches that do not reduce green areas to create cool spots during summer and to establish urban oases where people can be close to biodiversity.

Linking diverse groups of specialists within the Shimizu Group

These urban biodiversity efforts are a joint project of bio and eco specialists across our divisions. Technological development involves cross-functional teamwork between the Institute of Technology and the ecosystem and environmental sections across the Shimizu Group. Results to date include SEGES environmental certification from the Organization for Landscape and Urban Green Infrastructure, as well as LEED and CASBEE certification.



Top photo: Rain Garden
Center photo: Green Radiator
Bottom photo: Green Bench

Learning from living organisms to build beautiful and sustainable infrastructures

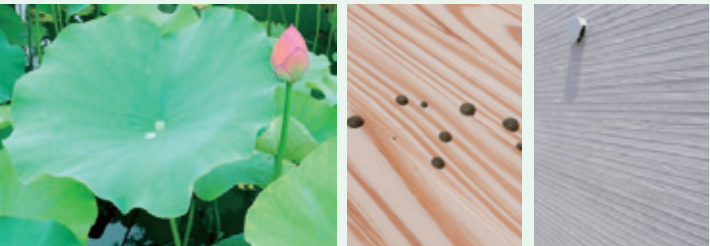
Artistic concrete molds incorporate biomimetic technologies to beautify concrete surfaces

Living organisms have unique shapes and qualities adapted to specific environments. In recent years, biomimetic technologies, technologies inspired by the qualities observed in living organisms, have drawn considerable attention and found applications to industry and medicine. By learning about

the remarkable functionality of natural organisms while pursuing research on biodiversity, Shimizu has made notable progress in developing promising technologies that offer new value.

As one example, in a world-first achievement, we have developed ultra-water-repellent artistic concrete molds inspired by the water repellency of lotus leaves.* Forms based on the surface structure of the lotus leaf help eliminate bubbles and discoloration from concrete surfaces for the highest possible quality. Just as lotus leaves repel water, molds based on this technology keep concrete from adhering to the mold surfaces, which in turn allows more reuse of concrete molds and more efficient use of lumber resources.

* Developed jointly with Toyo Aluminum K.K.



The water repellency of a lotus leaf
The water repellency of artistic concrete molds
Concrete formed using artistic concrete molds

Contributing to the Environment: ③ Effective use of resources, preventing pollution

Addressing construction by-products

Total construction by-products generated, final disposal rate, base unit of total construction by-products

Outlined below is the performance achieved in fiscal 2016. The targets were achieved.

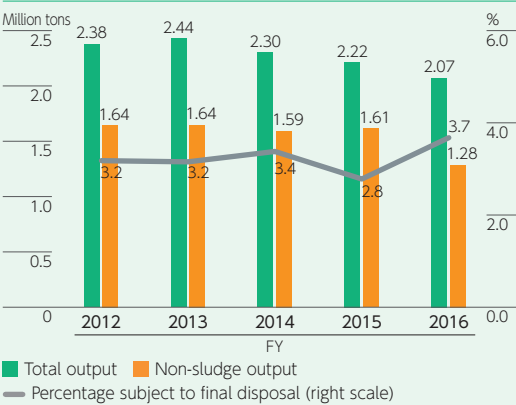
	Performance	Target
Total construction by-products generated	2.07 million t (down 7% YoY)	
By-products generated (not including sludge)	1.28 million t	
Final disposal rate	3.7% (vs. 4.0% or less)	
Base unit of total construction by-products	13.0kg/m ² (vs. 15.8 kg/m ² or less)	

Putting resources to effective use at each construction site

Through companywide efforts, Shimizu has reduced the generation of construction by-products and increased recycling.

In Japan, the land to dispose of construction sludge is limited, so we have adopted methods to minimize its occurrence. In cooperation with related government agencies, we're reducing the volume of rubble generated by demolition work and significantly reducing the numbers of trucks required to transport this rubble through

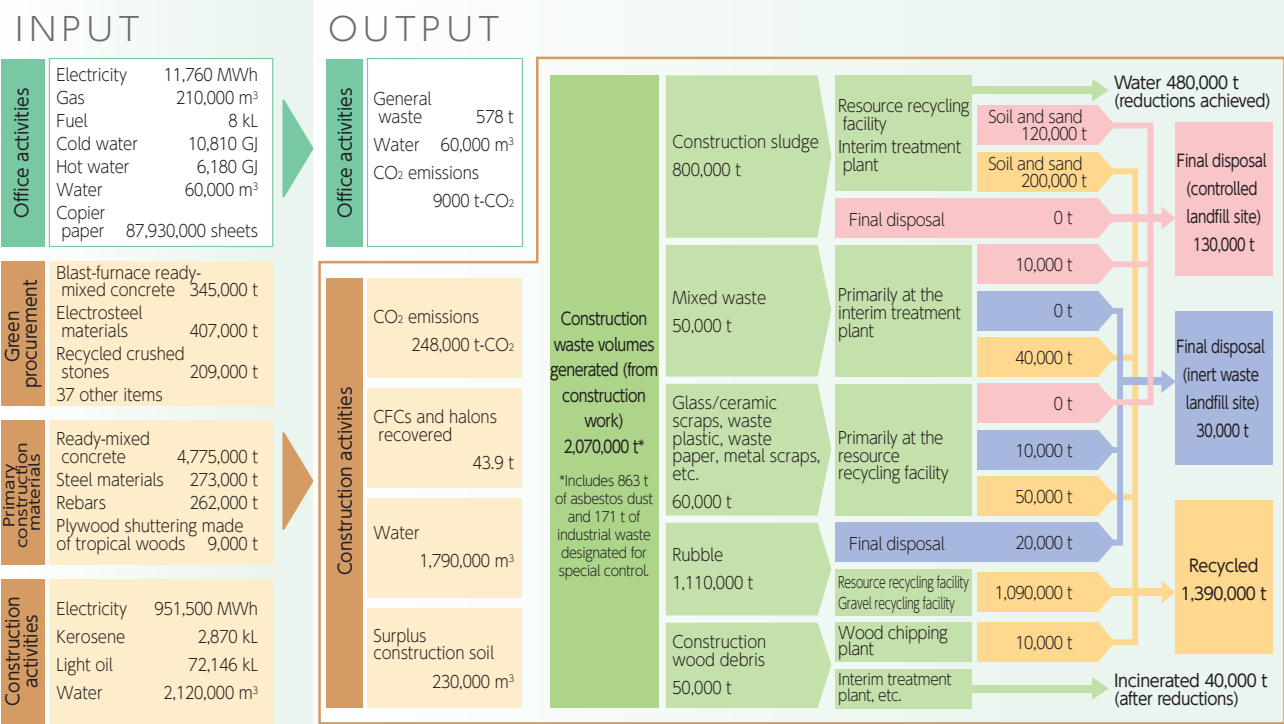
Total output of construction byproducts, non-sludge output, percentage subject to final disposal



Reusing rubble from a large-scale demolition project

its reuse and repurposing in our own business activities.

Fiscal 2016 material flows



The Pursuit of Business Activities that Coexist with Society

Shimizu's Management Philosophy calls for "Humanism"; our Code of Corporate Ethics and Conduct begins with a call for the development of a company that places its greatest emphasis on people.

As responsible corporate citizens dedicated to harmonious coexistence with society, Shimizu and its stakeholders pursue a broad range of activities whose goals are to improve social welfare, establish and strengthen community relationships, and create workplaces where employees and partner companies can work inspired by a sense of purpose.

Key performance indicators (KPIs)	Performance in fiscal 2014	Performance in fiscal 2015	Performance in fiscal 2016	Targets for fiscal 2017
Number of women in management positions	33	49	68	75
Percentage of employees with disabilities	2.11%	2.18%	2.16%	2.20%
Percentage taking paid annual vacation	32.9%	33.8%	42.6%	45.0%
Expenditures on social contribution activities as a percentage of ordinary income	0.85%	0.83%	0.84%	1.0%

Evaluation indicators	Performance in fiscal 2014	Performance in fiscal 2015	Performance in fiscal 2016	Targets for fiscal 2017
Percentage of female employees taking childcare leave	100%	100%	100%	100%
Number of female engineers	257	333	406	Doubling the 2014 figure by 2019

A Company That Values People

Diversity & inclusion

Realizing working environments where all can thrive

Shimizu promotes diversity to enable employees to draw on diverse values and demonstrate their capabilities to the fullest.

Established in 2009, the Diversity Promotion Office pursues a wide range of initiatives that put Shimizu's diverse human resources in the best position to succeed.

Held every year since 2013, the career advancement forum for women helps women thrive in the workplace. In various ways—for example, introducing women's uniforms at construction sites—we're

making progress in creating accepting environments in which women can work free of discomfort.

We're also striving to help board members and new managers acquire the communication skills needed to create workplaces accepting of the diversity of human resources, including those with disabilities, by having them take part in our Dialogue in the Dark training program. This program involves placing participants in a dark environment, completely without lighting, and having them learn to work and communicate.

In 2017, in recognition of these and other efforts, Shimizu was named a Nadeshiko Brand, an honor awarded to listed firms that create outstanding environments for the advancement of women, and one of the Top 100 New Diversity Management Firms as a company that succeeds through its management of diversity.



Chosen as one of the Top 100 New Diversity Management Firms



One of the Top 100 New Diversity Management Firms



A Nadeshiko Brand

Shimizu signs declaration of support for the Women's Empowerment Principles (WEPs)

In March 2010, the United Nations Global Compact and the United Nations Development Fund for Women formulated the Women's Empowerment Principles (WEPs) as action principles for companies actively seeking to promote women's empowerment (for example, skills development and assignment to positions of significant responsibility and authority). Shimizu signed the declaration of support for the WEPs in June 2017.



Declaration of support for the WEPs



Based on the call for humanity articulated in Shimizu's Management Philosophy, we consider it vitally important to attract and develop human resources from diverse backgrounds and to foster a workplace culture that allows everyone to demonstrate his or her abilities. Establishing this workplace culture is expected to lead to the broad-ranging implementation of work style to energize the organization, and generate new ideas and innovations.

Yoshinari Dendo
Executive Officer / Director of Human Resources
Department responsible for work style reform

Efforts to achieve a better work-life balance and new work styles

We are making determined efforts to pursue “new work styles befitting SHIMIZU,” which allow us to enhance work productivity and efficiency while delivering high results and performance.

Labor time management

In order to promote new work styles, we promote companywide initiatives, such as “no overtime

day” launched in fiscal 2015, and also encourage employees to take their paid leave.

The “Ikuboss Seminar,” an effort to promote awareness reform

The Ikuboss Seminar for management staff is intended to teach managers how to increase employee motivation by taking into account their individual circumstances. This seminar encourages participants to revise established values, working conditions, and assumptions regarding

male and female roles. In addition, Golden Boss Awards and Special Awards in the Ikuboss Awards ceremonies are held on the same day as the seminar, with award winners introducing their efforts as case studies.



The Ikuboss Awards 2017



Employees presenting their Ikuboss action statements during the Ikuboss Seminar

Balancing work with long-term care

In March 2017, in preparation for the rising numbers of employees expected to assume responsibility for the long-term care of family members, we held a seminar on how to balance the demands of work with those of long-term care. In May 2017, we distributed handbooks

summarizing the knowledge needed to provide long-term care, along with Shimizu programs that support employees seeking to balance work and long-term care obligations. We're committed to providing support for employees who face unique challenges, including the need to provide long-term care or childcare.



A seminar on balancing work and long-term care responsibilities



Guidebook to long-term care distributed at the seminar ©EwEL, Inc.

Establishing workplaces supportive of all employees

Human resources development

In fiscal 2017, we expanded and reformed our training system for new employees.

The curriculum has been revised to strengthen and encourage awareness of independent learning and “monozukuri” mind (pride in professional

workmanship.) Employees are entrusted with various responsibilities from early in their careers, through these opportunities they are better able to envision their future professional life.

Human rights efforts

Under the policy of respect for human rights accorded a central place in our Code of Corporate Ethics and Conduct, we are actively pursuing efforts to heighten awareness of human rights issues under our Basic Human Rights Policy.

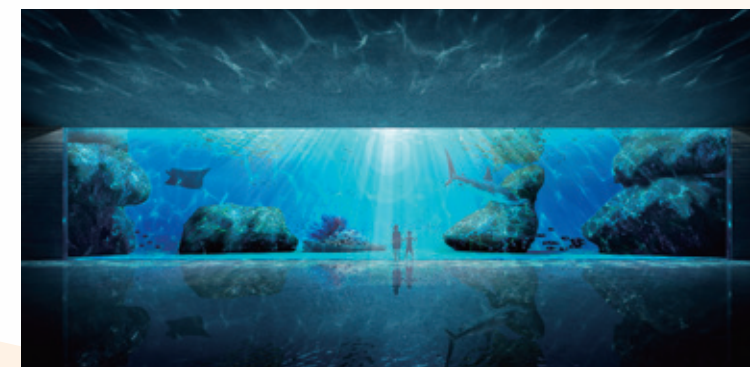
Efforts to prevent harassment included harassment prevention training for all management staff, establishing a hotline on the intranet, and posting

flyers warning against sexual harassment and abuse of power. We also maintain an awards program that at the end of each calendar year solicits slogans for human rights awareness from employees, their families, and affiliate companies. Our goal is to strengthen awareness of human rights on a broad basis throughout the organization.

Tackling the challenges of disabilities to work as what I am

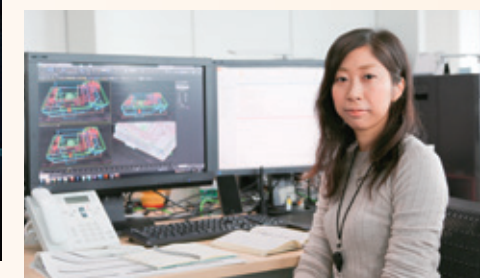
Despite the disability created by the loss of her fingers, Ms. Watanabe prepares perspective drawings of completed buildings and other materials using computer graphics. Honing her skills through her work, in 2015, she became the first Japanese person to win first prize in a leading international architectural perspective drawing contest—chosen among entrants representing architects from around the world, major Japanese construction companies, and major design firms. She won a Judges' Award in 2016 as well.

People with disabilities sometimes suffer a loss of confidence due to how they're viewed by those around them. I, too, was afraid my disability would make me stand out after I joined the company. But thanks in part to winning this prize, my everyday life is significantly richer. I'm in a position now where I can make the most of my strengths in ways that build confidence—for example, when people inside or outside the company ask for me specifically to do work for them. Looking ahead, I want to work as what I am, building on my experience as an expressive artist, and to grow through my work.



“Study-02,” winner of the top prize in the 2015 Architecture in Perspective international architectural illustration competition

Midori Watanabe
Presentation Center
Design Division Building Construction Headquarters



Shimizu supply chain enhancements

Together with our partner companies

Shimizu pursues wide-ranging efforts to create highly reliable construction structures and to secure and train the workforce of the future. For this purpose, we seek to strengthen ties with the partner companies who make up our supply chain. This year, together with the Kaneki-kai nationwide association of Shimizu partner companies, we held our 25th training session for future generations. The event presented information on various topics and offered encouragement to participate in social insurance programs and efforts to increase productivity.

Improving compensation for skilled construction workers

Takumi awards are presented on the anniversary of Shimizu's founding to foremen who have generated outstanding results in quality, safety, or environmental activities. In fiscal 2016, 28 individuals won awards, bringing the total number of Takumi award winners still active at construction sites to 227 nationwide.

From October 2016, the system of allowances paid to foremen was revised to include outstanding skilled workers at all Shimizu job sites. This system expands eligibility beyond Takumi award winners to include foremen who have been recognized for excellence under standards established independently by each branch business division. The cumulative number of individuals

The Takumi card

Together with the helmet that serves to identify a Takumi award winner at Shimizu, the Takumi card is presented to outstanding foremen recognized by the President's award for their pre-eminent skills. Cardholders at all sites are paid a special allowance, whether or not they currently serve as foremen.



eligible for these allowances rose by 10% from last year, boosting the annual income of our skilled construction workers.

Efforts to secure skilled construction workers for the future

In fiscal 2015, we began posting Tokyo and Yokohama Kaneki-kai recruitment information on Internet recruitment sites. During fiscal 2016, 30 companies took part, with nine companies hiring a total of 14 employees. In fiscal 2017, we opened a recruitment information site for partner construction companies on our external website as part of efforts to recruit personnel nationwide.

A Takumi of Shimizu

On receiving the 2016 Takumi award for outstanding foreman

I've loved monozukuri since I was a child. Seeing a building I helped build reach completion is the greatest satisfaction I can think of. I'd like to continue working as hard as I can toward lofty goals and to take pride in my work in reinforced concrete.

Daijiro Hamatsuka
(reinforced concrete construction)
Aoyama K.K.
for the Hokuriku Branch project of Hokuriku Shinkansen
Kanazawa Station



Contributing to Society

Basic Social Contribution Policy and priority areas

Basic Social Contribution Policy

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

Priority areas

Environment

Promoting environmental measures in day-to-day business activities as a leading environmentally conscious enterprise to achieve our Ecological Mission

Arts and culture

Maintaining our support for arts and culture events, contributing to the preservation and restoration of historical structures, and related efforts

Education

Promoting our voluntary programs and education for children, youth, and society

Social inclusion

Promoting activities to help build satisfied communities in which everyone can work and live with a sense of vitality

Based on the Basic Social Contribution Policy, Shimizu carries out a wide range of social contribution activities based on proactive communication with local communities across Japan and around the world. Presented below are reports on some of the social contribution activities undertaken by specific sections.

Environment

Matsusaka Isedera Nature Island

Shimizu participates in a corporate forestry project organized by Mie Prefecture in the city of Matsusaka. In this project, the Nagoya Branch and the local neighborhood association in the Isedera-cho area of Matsusaka work together to revitalize the woods in forested areas of mountains no longer managed by foresters.



Forest thinning work

Helping Japanese cranes find nesting sites

The Yatsushiro Basin in the city of Shunan, Yamaguchi Prefecture, is renowned as the only destination for hooded cranes on Honshu Island. The number of cranes arriving in the Yatsushiro Basin has steadily declined from year to year after peaking at 355 birds in 1940.

Every year since fiscal 1997, the Hiroshima Branch joins the Yatsushiro Crane Lover's Association in performing various activities, including cutting grass for nesting use and building feeding areas.



Volunteers

Education

Shimizu Open Academy

Since 2008, the Shimizu Institute of Technology has held Shimizu Open Academy classes as public educational offerings intended to demonstrate, mainly to young people, the great fun to be had with monozukuri. Up to March 31, 2017, these classes across Japan and around the world have welcomed a total of 44,000 participants in 1,400 sessions. We intend to maintain these efforts to present the joys of monozukuri and construction to the widest possible audience.



A technical tour

Mokuiku: Developing an appreciation for the warmth of real wood

Tokyo Mokokujou holds woodworking classes in various locations to help local children experience the warmth of wood and joy of monozukuri. Every year since 2012, the year after the Great East Japan Earthquake, Tokyo Mokokujou has organized woodworking classes in the town of Minamisanriku, Miyagi Prefecture, an area struck by that disaster.



A volunteer woodworking class in Minamisanriku

Arts and culture

Passing along historical residential facilities to future generations

In recent years, many historic homes have been demolished for new construction. Historic homes are valuable in many ways: they help illustrate the history of the modern Japanese home, and their historical value justifies efforts to preserve and pass them on to future generations. Shimizu works with customers and provides all the information needed to restore these buildings.



The restored study of the former Shimizu residence (in the Japanese garden inside Tokyo's Futakotamagawa Park)

Inviting local junior high school students to Kabukiza Theatre

Kabukiza Theatre (in Tokyo's Chuo Ward) is a traditional kabuki theatre constructed by Shimizu. In March 2017, we reserved it for a private kabuki performance to which about 450 students from four local junior-high schools were invited. The goal of this private performance was to inspire an interest in Japanese traditional culture among the next generation.



Junior high school students watch a performance as part of a class activity.

Social inclusion

Shimizu Volunteer Academy

Since fiscal 2015, as part of efforts to build an inclusive, harmonious society, we have organized and hosted Shimizu Volunteer Academy classes to train volunteers with a strong interest in the needs of those with disabilities and their athletic activities. In fiscal 2016, related efforts included an industry-government partnership. These efforts seek to deepen understanding of those with disabilities among an ever-growing and supportive community.



Gaining experience in guiding people with impaired vision (Kwansei Gakuin University)

Let's Try! Adapted Sports in Iwamizawa

Since 2014, Shimizu and the nonprofit organization STAND have cosponsored sporting events across Japan for people with disabilities, support activities that have taken hold and spread. In July 2016, volunteers from the Hokkaido Branch took part in the second Let's Try! Adapted Sports in Iwamizawa event. Volunteers helped manage the event, serving as assistants at the sporting event booth and traffic guides.



Shimizu staff members assisting at a sporting event booth

Other initiatives

Overseas construction site tours

A construction site for the Ho Chi Minh City subway project in Vietnam hosted a tour for 52 fourth-graders from a local school for Japanese expatriates. After viewing models of the station building and the shield machinery, the students got to see construction under way on the subway station up close. This proved an excellent opportunity to inspire in Japanese children living overseas a sense of pride in this project as a symbol of friendly relations between Japan and Vietnam.



Students from a school for children of Japanese expatriates touring the construction site

Joint efforts with partner companies

Since 2010, as part of a project to revitalize the natural environment in Kasumigaura, we have participated in and contributed to Kasumigaura volunteer cleanup activities based on an invitation from a youth organization in Shimizu's Kanekikai association of partner companies. In the future, Shimizu will continue working with our partner companies not only on business ventures, but on these and other volunteer activities.



The volunteer cleanup activity

Social Welfare Corporation Shimizu Foundation

Founded in 1966 to improve the welfare of people with mental and physical disabilities, the Shimizu Foundation provides grants to help improve the facilities, including buildings, equipment, and vehicles, operated by private sector social welfare corporations. It also sponsors overseas training programs to help train those responsible for delivering welfare services. To date, it has provided more than 11.1 billion yen in grants for

3,257 projects. In fiscal 2016, to mark the 50th anniversary of its founding, it launched a special grant program for nonprofits and began organizing semiannual domestic training programs for the younger generation of nonprofit staff.

The Foundation will continue to provide steady support to improve welfare services for both children and adults with disabilities.



Examples of grant utilization

Housing Research Foundation Jusoken

The Housing Research Foundation Jusoken was established in 1948 as the Shinjutaku Fukuyukai ("New Housing Promotion Foundation") with the goal of solving pressing housing issues in post-war Japan. Later renamed the Housing Research Foundation, it has been known since 2011 as the Housing Research Foundation Jusoken. As

part of ongoing efforts to improve residential conditions, it has provided support and grants for general research and practice as well as human resource development.

To date, it has provided 1.77 billion yen in research and practical assistance and grants for 987 projects. The foundation also subsidizes publications and operates a wide range of awards programs and organizes various research committees, focusing on specific themes chosen annually and publicizing results through symposia, publications, and other events and media outlets.

- 1998: Awarded the Architectural Institute of Japan Prize
- 2010: Awarded the Architectural Institute of Japan Education Prize (for social contributions)



The awards ceremony for the Yasuo Shimizu Prize

Library of books and documents related to housing (open to the public)

Shimizu Ikueikai

In recent years, a shortage of skilled workers has become a pressing issue for Japan's construction industry. The construction industry and the roles it plays in building and maintaining the national infrastructure depends on skilled workers. Efforts to help stabilize the succession of skilled workers and provide a favorable environment for developing capabilities will be essential to the competitive strength of Japan's construction industry not just domestically, but in global markets.

In 2016, we established the Shimizu Ikueikai, a foundation whose purpose is to provide scholarships to support students majoring in architectural construction, civil engineering, urban planning, and related fields who may find it difficult to begin or continue their studies for economic reasons.

This foundation will contribute to the growth and development of architectural construction and civil engineering technologies in Japan over the long term.

Initiatives by Affiliates (SC Machinery Co., Ltd.)

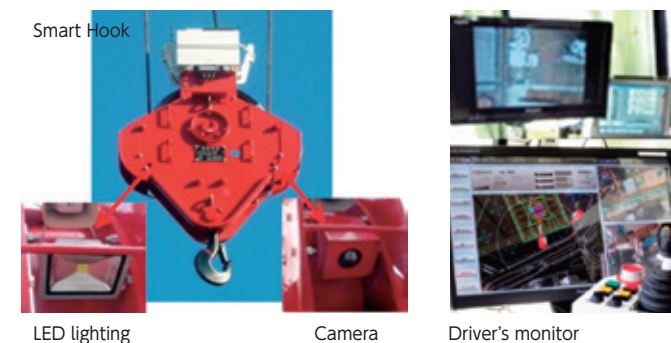
SC Machinery Co., Ltd., a nationwide construction machinery leasing firm, provides a wide-ranging lineup of equipment. Introduced below are some of the current initiatives undertaken by this company to increase productivity and raise the profile of women in the workplace.

Improving productivity

Improving work efficiency through IC technology

Smart Crane

This joint initiative undertaken with Shimizu Corporation seeks to increase the efficiency of crane work. Employing ICT to realize intelligent performance, the Smart Crane applies visualization techniques to identify and address workplace inefficiencies. Smart Crane capabilities include the ability to automatically calculate the time required to attach parts and materials and record hook coordinates. Based on an app, it also allows workers to compare work plans to the actual work done and to link to BIM models.



LED lighting

Camera

Driver's monitor

IC tag system

An IC tag system reads data—for example, to identify numbers recorded on touchless tags—using radio waves emitted from an IC tag reader. The system improves management precision by significantly improving the efficiency of asset management, inventory control, and the movement of items in and out of warehouses. The technology sidesteps human error in processes like counting rental machinery and typos during data entry and automatically identifies the quantity of equipment owned, quantity in inventory, and maintenance status. Efforts to adopt this system are currently moving forward, with January 2018 set as the target date for initial operations.



Helping women thrive in the workplace

Creating workplaces women find hospitable

As part of various initiatives to help women thrive in the workplace, the company holds training for women employees and provides them with the support needed for career and life planning. In fiscal 2017, in a new effort intended to provide support for both work and family life, it began creating an environment in which some female CAD personnel from its regional machinery centers are allowed to work anywhere under the direct supervision of the head office. The worker's remote location can serve as a satellite office where tentative plans and drawings are prepared. The company plans to maintain proactive efforts to build and establish comfortable workplaces.



I was posted to the Kyushu Machinery Center. So when I moved to Okinawa, where no facility was located, I considered quitting. I was overjoyed when the company proposed a way that would allow me to continue working, even in Okinawa.

Hiroko Toma
Production Planning Division
SC Machinery Co., Ltd.

Dialogues with Stakeholders

To promote initiatives that help bring us closer to a sustainable society, Shimizu engages a wide range of stakeholders in dialogue on social issues with deep connections to our businesses.

Company visits by high-school and university students

Sponsored by Nihon Keizai Shimbun, the Nikkei Stock league is a stock-trading simulation contest in which students choose the companies they consider the most promising and invest virtual funds in their shares. Shimizu held a dialogue with students participating in the league.



Discussions with students

Students from the Senior High School at Komaba, University of Tsukuba discussed technological developments and business potential related to the decommissioning of nuclear reactors, drawing on Shimizu's decommissioning efforts at nuclear power plants. Reflecting the theme of CSR initiatives conducted through business activities, students from the Hosei University Faculty of Sustainability Studies discussed the Rongo to Soroban—the basis of Shimizu's management philosophy—as well as ISO 26000 and the SDGs.

Contributing to the growth of the next generation

Educating the next generation is a key priority in Shimizu's social contribution activities. We asked the nonprofit Association of Corporation and Education (ACE), which creates educational classes and materials in cooperation with businesses, to provide classes on educational CSR activities with the potential to improve company efforts in this area.



The discussion session

Following a presentation on Shimizu's initiatives such as the Shimizu Open Academy operated by the Institute of Technology, woodworking classes at Tokyo Mokkoujou (both covered on p. 64), and the Rikochallenge sponsored by the Cabinet Office for female students in science and technology, participants discussed the educational CSR activities companies will be expected to provide in the future. Shimizu's social contribution efforts will incorporate and reflect this invaluable feedback from ACE.

Reflecting the principles of a universal design concept in construction

To ensure senior citizens and people with disabilities can live independent lives as productive members of society, Japan's new Barrier-Free Act calls for the employment of universal design and consideration for barrier-free access in all public buildings and facilities. We believe merely complying with the letter of the law will not ensure adequate access to facilities for senior citizens and people with disabilities. To create buildings and facilities that truly reflect the principles of universal design, we plan to go a step further and incorporate user perspectives and input. In September 2016, we welcomed Yusuke Hatsuse, a visually-impaired judo athlete, who delivered a lecture on the facilities para-athletes need. In his talk, he pointed out

that the building functions needed can vary given the specific disability and the need for detailed consideration of matters such as sanitary facilities, equipment, and fixtures.



Yusuke Hatsuse, Judo athlete

Independent Opinion



Keisuke Takegahara
Executive Officer
Deputy General Manager,
Economic & Industrial Research Department
Development Bank of Japan Inc.

This is the second year that Shimizu is issuing a corporate report. This publication uses the same basic style of the first report. For example, the first half covers the corporate philosophy and business strategies and the second half is a report on CSR activities that underlie business operations. In addition, Shimizu has made numerous improvements throughout this report.

At the beginning of this report, Shimizu forcefully states its commitment to being a "smart solutions company" and explains how the company aims to create value. Presenting this concept establishes a common theme for the entire report and reinforces this report's message. In addition, the report has a futuristic design that matches this message. The futuristic orientation of the report is reinforced by looking back to the basics. As a result, the structure of this report clearly conveys the message that Shimizu's sound values, which are not influenced by changes in market trends, are the source of the company's competitive edge. This is one more point that is unique to Shimizu. The "Shimizu's Past, Present and Future" section has a photo of Eiichi Shibusawa on the first page and provides more information about him on the third page. This shows that learning from the past is a defining characteristic of Shimizu. The section titled "A heritage for the next generation" contains operating highlights that illustrate these strengths of Shimizu. One impressive topic is the project to make a historic building earthquake resistant while respecting historic and cultural values. This is a rare example of a business dedicated to using innovative technologies to pass on culture to future generations.

Another important point about this report is the additional information about strategic activities in each business sector. The executive of each sector explains Shimizu's strengths with points that are well worth reading. All sector messages place emphasis on the core elements of responsibility concerning the environment, society and corporate governance (ESG), such as dealing with the shortage of construction engineers and using innovative ideas to help create a sustainable society. This information provides insights

into Shimizu's operations from many perspectives.

I am also impressed with the feature section that directly explains the three key business fields that will be the foundation of Shimizu's growth starting in 2020. The feature gives readers an overview of the three fields – global business, building stock management business, sustainability business – while using a single theme. Projects in last year's corporate report also conveyed this type of message. I was left with an even stronger impression of Shimizu's themes that are directly tied to value creation. This section enables important issues to emerge on their own to readers. Unlike for the business units, I think it is difficult for readers to determine the amount of resources allocated to these themes and how much progress has been made. At this time, it may be incorrect to do this by simply using a materiality analysis approach or key performance indicators. But this approach may be highly effective beginning with the next medium-term plan.

Just as with last year's report, I would like to see more measures to increase continuity between the first and second halves in order to produce a more unified publication. First half themes that are an inseparable part of growth strategies should be presented in an integrated manner with the important CSR issues in the second half. Personally, I am interested in how Shimizu is dealing with the labor shortage and human capital problems in the construction industry. This point appears in many places in the report. Readers learn about how Shimizu is using its technologies to achieve breakthroughs. However, I feel that all this useful information is dispersed throughout the report, making it difficult to see the overall picture of how Shimizu is responding to these problems. I think this is information that could be consolidated into a feature section. The global business section includes a discussion of the successful use of building information models to make a construction project shorter. I am very interested in this story about how involvement in projects using advanced technology is helping make Shimizu a smart solutions company. I hope that Shimizu supplies even more information about this subject. I also think Shimizu should increase emphasis on worldwide issues involving ESG because of the growing importance of adopting a global perspective. I look forward to seeing the Shimizu Corporate Report become even better next year.

Shimizu's response

We appreciate your suggestion about presenting themes involving business growth strategies and CSR issues in a more unified format. We have also noted the comment about explaining our activities regarding issues in the construction industry in a manner that is easier to understand. The next Shimizu Corporate Report will have discussions with greater depth that reflect issues concerning ESG issues and sustainable development goals.

External Awards

57th BCS Awards



Yamanashi Gakuin University International College of Liberal Arts (design/construction [joint design])



Tokyo Square Garden (design/construction [joint design])



Nihonbashi Muromachi East District Redevelopment (special prize) (design/construction [joint design])

26th BELCA Awards (Best Reform Section)



A large lecture hall at the University of Tokyo (Yasuda Hall) (construction) (photo: Shigeo Ogawa)

2016 Japan Society of Civil Engineers Awards

Technology Award, Group I



Rising to the challenge of full face mechanical excavation and the immediate ring closure method in weak rock: Hachinoshiri Tunnel, Chubu-Odan Expressway



Japan's first project to provide a level junction solution on a subway line during use: construction of connecting lines between the Tokyo Metro Yurakucho Line and Fukutoshin Line to enable stable transportation on seven rail lines

Independent Assurance Report/ISO Management Systems

Independent Assurance Report

With respect to CO₂ emissions reported on page 54-55, we obtained third-party certification from Ernst & Young Sustainability Co., Ltd.



Interviewing top management



Inspecting evidence for forms and data



Construction site inspection (on-site inspection)

ISO management systems

Quality Management System (ISO 9001)

Quality policy

Individual quality policies are established for each of the following business segments: building construction, civil engineering, and engineering.

Building construction segment:

- All employees belong to this segment, are responsible for providing satisfactory buildings and services, in their respective processes ranging from sales through maintenance by;
- committing exhaustively to the customers,
 - identifying precisely the values customers expect, and
 - establishing correctly and pursuing adequately the optimized quality plan.

Civil engineering segment:

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

Engineering segment:

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

Continuing improvements and external inspections

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

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

Building a better working world

Translation

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

June 23, 2017

Independent Assurance Report

TO:
Mr. Kazuyuki Inoue
President
SHIMIZU CORPORATION

Masahiko Tsukahara Representative Director
Kenji Sawami Executive Officer
Ernst & Young Sustainability Co., Ltd. Tokyo

We, Ernst & Young Sustainability Co., Ltd., have been commissioned by SHIMIZU CORPORATION (hereafter the "Company") and has carried out a limited assurance engagement on the Key Sustainability Performance Indicators (hereafter the "Indicators") of the Company for the year ended March 31, 2017 as included in the Company's Ecological Mission 2030-2050 section of the Shimizu Corporate Report 2017 (hereafter the "Report"). The scope of our assurance procedures was limited to the Indicators marked with the symbol in the Report.

1. The Company's Responsibilities
The Company is responsible for preparing the Indicators in accordance with the Company's own criteria, that it determined with consideration of Japanese environmental regulations as presented in 2017, 2.Ecological Missions 2030-2050, 2.1. Estimation Standards (http://www.shimzu.co.jp/csr/environment/report/pdf/data_2017.pdf) of the Report.
Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given different instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

2. Our Independence and Quality Control
We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in March 2013, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior.
In addition, as a member of Ernst & Young Shin-Nihon LLC, our parent company, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.

3. Our responsibilities
Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.
We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information - ("ISAE 3000") (Revised), issued by the International Auditing and Assurance Standards Board in December 2013, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2014 by the Japanese Association of Assurance Organizations for Sustainability Information and, with respect of GHG emissions, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board in June 2012. The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, as well as the following:
• Making inquiries regarding the Company's own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
• Inspecting relevant documents with regard to the design of the Company's internal controls related to the Indicators, and inquiring of personnel responsible thereof at the headquarters and 1site visited;
• Performing analytical procedures concerning the Indicators at the headquarters and 1site visited; and
• Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the headquarters and 1site visited.
The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

4. Conclusion
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company's own criteria that it determined with consideration of Japanese environmental regulations.

List of other awards won

Award name	Work recognized by prizes or awards
2016 Japan Society of Civil Engineers Awards: Environmental Award (Group II)	Sustainable urban development project in Oman oilfields based on environmental protection technologies
2016 Japan Society of Civil Engineers Awards: Technological Development Award	Development of a robot to help with heavy rebar arrangement in reinforced concrete work (rebar arrangement assistant robot)
18th Infrastructure Technology Development Award (as joint developer)	Development of practical technologies for 7 MW floating offshore wind turbines
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: 54th Technical Award (Building Facilities)	Planning environmental facilities for Tokyo Square Garden: Next-generation urban environmental model building to reduce carbon emissions based on joint participation of the owner, manager, tenants, and contractor
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: 16th "Ten Years" Special Award (Building Facilities Section)	Applying location data to promote energy conservation while maintaining comfort in the main building of the Shimizu Institute of Technology
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: 30th Promotion Award (Technological Promotion Award)	Planning and implementation of Seicho no Ie's Office in the Forest: Achieving coexistence with nature and building Japan's first ZEB
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: 30th Promotion Award (Technological Promotion Award)	"Green Shinshu: Three Keys": environmental facilities plan for the Saku Central Hospital Advanced Care Center
2016 Japan Concrete Institute Awards: Works Award	Soka Gakkai Soka Youth Music Center (Higashiyamato Culture Hall)
2016 Energy Conservation Grand Prize: Energy Conservation Case Studies Section (ECC) Director's Prize)	Energy-conservation efforts through cooperation between buildings and the community in Kyobashi 1-chome and 2-chome
Eighth Engineering Encouragement Special Award	Tunnel working face using vibration from excavation equipment: Forward Probe System Development Team
36th Engineering Services Award	Pahang-Selangor Raw Water Transfer Tunnel (Malaysia) construction team
29th Nikkei New Office Awards: Encouragement Prize	Shimizu Corporation Shikoku Branch office building
48th Chubu Construction Award	Dai-Nagoya Building
26th Hokuriku Construction and Culture Award	Hokkoku Park Building
15th Hiroshima Urban Development Design Award: Architectural Construction Section Award	Building No. 5, Yasuda Women's University
27th Institute of Electrical Installation Engineers of Japan Awards: Technology Section Promotion Award	Electrical equipment at Seicho no Ie's Office in the Forest
Sixth Seismic Retrofitting Outstanding Construction Award	Tokyo Bunka Kaikan renovation project
2016 Japan Construction Machinery and Construction Association Awards: Merit Award	Development and practical implementation of a new ventilation system to improve conditions inside tunnels during construction of mountain tunnels

See the report data at the Shimizu website (<http://www.shimzu.co.jp/csr/environment/report/report2017.html>) for other awards.

Environmental Management System (ISO 14001)

Policies and objectives

Based on Shimizu Basic Environment Policy, Environmental Policies have been established for each of the following business segments: the building construction and civil engineering business sections and Engineering Headquarters.

Results of external inspections and internal environmental audits

<https://www.shimzu.co.jp/company/csr/environment/pdf/report2016add2.pdf>

Continual improvement

New targets are set each year as a part of the fiscal year targets set under the Environmental Action Plan. Progress toward targets is continually monitored.

<https://www.shimzu.co.jp/company/csr/environment/activity/plan.html>

Education

Environmental education is provided under the HR Development Policy through programs tailored to employee job category and profession.

<https://www.shimzu.co.jp/company/csr/human/>

Planned migration to revised standards (review)

Plans call for migrating as follows to the revised standards issued in November 2015.

Building construction and civil engineering segments: July 2017
Engineering Headquarters: October 2017

Investor Information

Head Office: Shimizu Corporation
No.16-1 Kyobashi 2-chome,
Chuo-ku, Tokyo 104-8370, Japan
Phone: 81-3-3561-1111

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

Date of Establishment: 1804

Common Stock: ¥74,365 million

Employees: Consolidated: 15,925

Nonconsolidated: 10,431

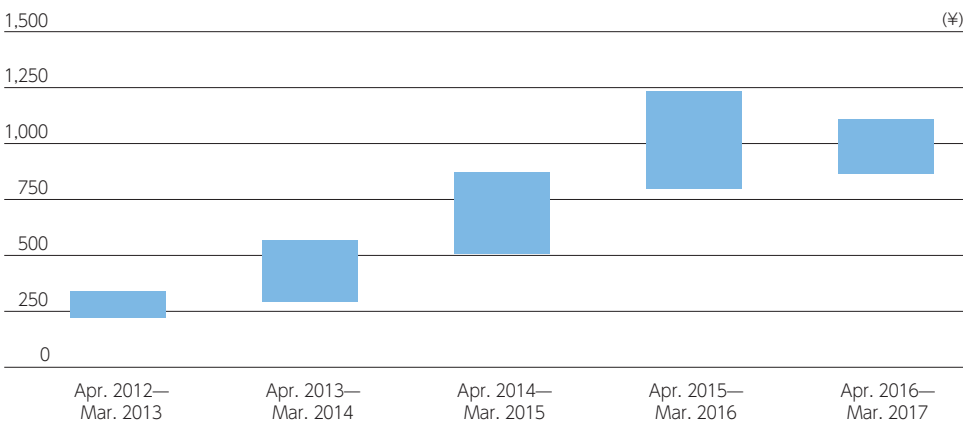
Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders:

Shareholder	Shares held (thousands)	Percentage of total (%)
SHIMIZU & CO., LTD.	60,430	7.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,570	5.54
The SHIMIZU FOUNDATION	38,195	4.86
Japan Trustee Services Bank, Ltd. (Trust Account)	32,652	4.15
Employee's Stock Ownership Plan	17,739	2.26
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.22
Mizuho Bank, Ltd.	16,197	2.06
Japan Trustee Services Bank, Ltd. (Trust Account 4)	12,744	1.62
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,598	1.60
The Dai-ichi Life Insurance Company, Limited	10,564	1.34

Note: "Percentage of total" is calculated excluding 2,610,622 shares of treasury stock.

Stock Price Range on
the Tokyo Stock Exchange:



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Consolidated Balance Sheet

Shimizu Corporation and its subsidiaries
As at March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2017	2017
ASSETS			
Current Assets:			
Cash (Notes 9 and 10.2))	¥ 189,167	¥ 172,803	\$ 1,541,784
Notes and accounts receivable—trade(Note 10.2))	548,925	449,049	4,006,512
Marketable securities (Notes 9, 10.2) and 11)	85,202	143,000	1,275,874
Real estate for sale (Note 4.2))	21,620	39,479	352,247
Costs on uncompleted construction contracts (Notes 4.2) and 5.3))	84,518	76,851	685,681
Costs on uncompleted real estate development projects (Note 4.2))	26,041	29,613	264,220
PFI projects and other inventories (Notes 4.2) and 5.3))	57,983	52,033	464,249
Deferred tax assets (Note 14)	26,539	20,865	186,165
Other current assets	81,372	76,256	680,373
Less: Allowance for doubtful accounts	(976)	(861)	(7,686)
Total current assets	1,120,395	1,059,091	9,449,422
Non-Current Assets:			
Tangible fixed assets:			
Buildings and structures	167,046	169,974	1,516,549
Machinery, equipment and vehicles	58,675	59,270	528,819
Land (Note 5.1))	132,083	146,711	1,308,987
Construction in progress	2,719	4,368	38,979
Less: Accumulated depreciation	(129,142)	(133,628)	(1,192,260)
Total tangible fixed assets	231,382	246,696	2,201,074
Intangible fixed assets	4,274	4,574	40,813
Investments and other assets:			
Investment securities (Notes 5.2), 5.3), 10.2) and 11)	349,447	359,902	3,211,118
Deferred tax assets (Note 14)	1,474	1,571	14,023
Other investments (Note 5.2))	18,250	18,568	165,668
Less: Allowance for doubtful accounts	(2,288)	(2,206)	(19,690)
Total investments and other assets	366,884	377,835	3,371,120
Total non-current assets	602,541	629,106	5,613,009
Total assets	¥ 1,722,936	¥1,688,197	\$ 15,062,431

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

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2017	2017
LIABILITIES			
Current Liabilities:			
Notes and accounts payable—trade(Note 10.2))	¥ 441,301	¥ 390,395	\$ 3,483,188
Short-term borrowings (Notes 10.2) and 20)	125,120	121,171	1,081,111
Current portion of non-recourse borrowings (Notes 5.3), 10.2) and 20)	9,458	7,197	64,213
Current portion of bonds payable(Notes 10.2) and 19)	25,000	15,000	133,832
Current portion of non-recourse bonds payable (Notes 5.3), 10.2) and 19)	668	659	5,887
Income taxes payable	19,520	21,284	189,905
Advances received on uncompleted construction contracts	102,916	93,530	834,497
Deposits received(Note 4.16))	83,049	85,343	761,455
Warranty reserve	3,799	3,037	27,105
Reserve for expected losses on construction contracts in process	22,950	13,008	116,064
Reserve for directors' bonuses	176	273	2,436
Other current liabilities(Note 4.16))	33,615	39,966	356,587
Total current liabilities	867,576	790,868	7,056,287
Non-Current Liabilities:			
Bonds payable (Notes 10.2) and 19)	65,000	50,000	446,109
Convertible bond-type bonds with subscription rights to shares (Notes 10.2), 18.1) and 19)	30,136	30,106	268,613
Non-recourse bonds payable (Notes 5.3), 10.2) and 19)	16,785	14,940	133,298
Long-term borrowings (Notes 10.2) and 20)	76,772	64,600	576,382
Non-recourse borrowings (Notes 5.3), 10.2) and 20)	43,542	36,335	324,192
Deferred tax liabilities (Note 14)	32,131	32,113	286,525
Deferred tax liabilities for revaluation reserve for land (Note 5.1))	17,847	17,738	158,263
Reserve for expected losses on affiliates' businesses	5,510	–	–
Net defined benefit liability (Note 13)	68,150	59,915	534,578
Other non-current liabilities	13,828	14,699	131,149
Total non-current liabilities	369,704	320,449	2,859,115
Total liabilities	1,237,281	1,111,318	9,915,402
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2016 and 2017	74,365	74,365	663,502
Additional paid-in capital	43,155	43,116	384,692
Retained earnings	219,507	306,128	2,731,343
Less: Treasury stock, at cost 3,949 thousand shares as at March 31, 2017	–	(1,592)	(14,212)
Less: Treasury stock, at cost 3,928 thousand shares as at March 31, 2016	(1,571)	–	–
Total shareholders' equity	335,457	422,017	3,765,325
Accumulated Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes (Note 11)	131,849	132,894	1,185,707
Deferred gain (loss) on hedging, net of taxes (Note 12)	15	(20)	(185)
Revaluation reserve for land, net of taxes (Note 5.1))	26,293	26,044	232,372
Foreign currency translation adjustments	756	(638)	(5,699)
Remeasurements of defined benefit plans	(13,656)	(8,522)	(76,040)
Total accumulated other comprehensive income	145,258	149,756	1,336,154
Non-controlling Interests	4,939	5,105	45,549
Total net assets	485,655	576,879	5,147,029
Total liabilities and net assets	¥1,722,936	¥1,688,197	\$15,062,431

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, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2017	2017
Net Sales:			
Construction contracts (Notes 4.11) and 6.1))	¥1,516,054	¥1,410,120	\$12,581,379
Real estate development and other	148,879	157,306	1,403,516
	1,664,933	1,567,427	13,984,895
Cost of Sales:			
Construction contracts (Notes 4.11) and 6.2))	1,357,546	1,222,346	10,906,020
Real estate development and other (Note 6.3))	132,012	135,460	1,208,602
	1,489,559	1,357,806	12,114,622
Gross profit:			
Construction contracts	158,508	187,774	1,675,358
Real estate development and other	16,866	21,845	194,914
	175,374	209,620	1,870,272
Selling, General and Administrative Expenses (Note 6.4))	80,706	80,784	720,776
Operating income	94,668	128,835	1,149,496
Non-Operating Income (Expenses):			
Interest and dividend income	5,632	5,663	50,527
Interest expenses	(3,171)	(2,842)	(25,362)
Equity in earnings of affiliates	1,094	909	8,118
Foreign exchange gain(loss)	(1,859)	(901)	(8,039)
Other, net	(862)	(467)	(4,169)
Ordinary income	95,501	131,197	1,170,570
Special Gains (Losses):			
Gain on sales of fixed assets (Note 6.6))	734	1,719	15,342
Loss on sales of fixed assets (Note 6.7))	(223)	(13)	(123)
Loss on devaluation of investment securities	-	(172)	(1,542)
Reversal of reserve for expected losses on affiliates' businesses	-	4,367	38,971
Loss on affiliates' businesses	(2,406)	-	-
Income before income taxes	93,605	137,098	1,223,217
Provision for Income Taxes (Note 14):			
Current	32,402	35,076	312,955
Deferred	1,541	2,877	25,671
	33,943	37,953	338,627
Net Income	59,661	99,144	884,590
Net Income attributable to non-controlling interests	339	198	1,770
Net Income attributable to shareholders of the Corporation	¥ 59,322	¥ 98,946	\$ 882,820

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, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2017	2017
Net Income	¥59,661	¥ 99,144	\$884,590
Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes	(37,570)	980	8,746
Deferred gain (loss) on hedging, net of taxes	(10)	(56)	(504)
Revaluation reserve for land, net of taxes	994	-	-
Foreign currency translation adjustments	(1,252)	(1,454)	(12,975)
Remeasurements of defined benefit plans	(10,406)	5,208	46,474
Share of other comprehensive income of associates accounted for using equity method	(113)	41	366
Total other comprehensive income	(48,358)	4,719	42,107
Comprehensive Income	¥11,303	¥103,864	\$926,698
Comprehensive income attributable to:			
Shareholders of the Corporation	¥11,299	¥103,693	\$925,178
Non-controlling interests	3	170	1,519

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, 2017

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, 2015	¥74,365	¥43,143	¥167,283	¥(1,533)	¥169,474	¥ 41	¥25,667	¥1,758	¥ (3,291)	¥4,987	¥481,896
Cash dividends paid (¥9.50 per share)	-	-	(7,466)	-	-	-	-	-	-	-	(7,466)
Net income attributable to shareholders of the Corporation for the year	-	-	59,322	-	-	-	-	-	-	-	59,322
Reversal of revaluation reserve for land, net of taxes	-	-	368	-	-	-	-	-	-	-	368
Purchase and disposal of treasury stock, at cost	-	0	-	(38)	-	-	-	-	-	-	(38)
Increase or decrease of shares of consolidated subsidiaries	-	11	-	-	-	-	-	-	-	(34)	(23)
Changes other than shareholders' equity	-	-	-	-	(37,625)	(25)	626	(1,001)	(10,365)	(12)	(48,404)
Balance as at April 1, 2016	¥74,365	¥43,155	¥219,507	¥(1,571)	¥131,849	¥ 15	¥26,293	¥ 756	¥(13,656)	¥4,939	¥485,655
Cash dividends paid (¥16.00 per share)	-	-	(12,574)	-	-	-	-	-	-	-	(12,574)
Net income attributable to shareholders of the Corporation for the year	-	-	98,946	-	-	-	-	-	-	-	98,946
Reversal of revaluation reserve for land, net of taxes	-	-	249	-	-	-	-	-	-	-	249
Purchase and disposal of treasury stock, at cost	-	0	-	(21)	-	-	-	-	-	-	(20)
Increase or decrease of shares of consolidated subsidiaries	-	(40)	-	-	-	-	-	-	-	40	-
Changes other than shareholders' equity	-	-	-	-	1,044	(36)	(249)	(1,395)	5,134	125	4,623
Balance as at March 31, 2017	¥74,365	¥43,116	¥306,128	¥(1,592)	¥132,894	¥(20)	¥26,044	¥ (638)	¥ (8,522)	¥5,105	¥576,879

Thousands of U.S. Dollars(Note 2)

	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, 2016	\$663,502	\$385,044	\$1,958,492	\$(14,023)	\$1,176,384	\$ 137	\$234,596	\$ 6,751	\$(121,849)	\$44,075	\$4,333,111
Cash dividends paid (¥16.00 per share)	-	-	(112,194)	-	-	-	-	-	-	-	(112,194)
Net income attributable to shareholders of the Corporation for the year	-	-	882,820	-	-	-	-	-	-	-	882,820
Reversal of revaluation reserve for land, net of taxes	-	-	2,224	-	-	-	-	-	-	-	2,224
Purchase and disposal of treasury stock, at cost	-	5	-	(188)	-	-	-	-	-	-	(183)
Increase or decrease of shares of consolidated subsidiaries	-	(358)	-	-	-	-	-	-	-	358	-
Changes other than shareholders' equity	-	-	-	-	9,322	(323)	(2,224)	(12,450)	45,809	1,116	41,249
Balance as at March 31, 2017	\$663,502	\$384,692	\$2,731,343	\$(14,212)	\$1,185,707	\$(185)	\$232,372	\$(5,699)	\$ (76,040)	\$45,549	\$5,147,029

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, 2017

Millions of Yen

Thousands of U.S. Dollars (Note 2)

	2016	2017	2017
Cash Flows from Operating Activities:			
Income before income taxes	¥ 93,605	¥137,098	\$1,223,217
Adjustments for:			
Depreciation and amortization	11,568	11,662	104,058
Increase (decrease) in allowance for doubtful accounts	(359)	(191)	(1,710)
Increase (decrease) in reserve for expected losses on construction contracts in process	(6,092)	(9,941)	(88,702)
Increase (decrease) in net defined benefit liability	(1,516)	(844)	(7,536)
Loss (gain) on sales of fixed assets	219	(1,385)	(12,361)
Loss (gain) on valuation of investment securities	-	172	1,542
Loss (gain) on sales of investment securities	(729)	(320)	(2,856)
Interest and dividend income	(5,632)	(5,663)	(50,527)
Interest expenses	3,171	2,842	25,362
(Increase) decrease in notes and accounts receivable—trade	(76,836)	99,686	889,426
(Increase) decrease in real estate for sale	4,733	(16,916)	(150,936)
(Increase) decrease in costs on uncompleted construction contracts	(21,308)	7,592	67,744
(Increase) decrease in uncompleted real estate development projects	6,714	(3,572)	(31,874)
(Increase) decrease in PFI projects and other inventories	5,763	5,950	53,087
Increase (decrease) in notes and accounts payable—trade	(12,014)	(50,441)	(450,051)
Increase (decrease) in advances received on uncompleted construction contracts	16,493	(8,831)	(78,798)
Other, net	53,118	8,040	71,735
Subtotal	70,898	174,936	1,560,818
Interest and dividends received	6,220	6,038	53,880
Interest paid	(3,164)	(2,927)	(26,116)
Income taxes paid	(35,618)	(34,379)	(306,741)
Net cash provided by (used in) operating activities	38,335	143,668	1,281,841
Cash Flows from Investing Activities:			
Acquisition of tangible fixed assets	(16,006)	(30,940)	(276,058)
Proceeds from sales of tangible fixed assets	487	5,064	45,188
Acquisition of marketable securities and investment securities	(388)	(9,100)	(81,195)
Proceeds from sales of marketable securities and investment securities	2,647	705	6,293
Other, net	(791)	(383)	(3,426)
Net cash provided by (used in) investing activities	(14,051)	(34,654)	(309,197)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	880	(520)	(4,642)
Proceeds from long-term borrowings	17,450	10,750	95,913
Repayments of long-term borrowings	(34,275)	(26,397)	(235,520)
Proceeds from non-recourse borrowings	13,444	-	-
Repayments of non-recourse borrowings	(8,152)	(9,468)	(84,477)
Redemption of bonds	-	(25,000)	(223,054)
Proceeds from issuance of non-recourse bonds	-	15,600	139,186
Redemption of non-recourse bonds	(2,547)	(17,453)	(155,719)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	30,150	-	-
Dividends	(7,466)	(12,574)	(112,194)
Other, net	(282)	(312)	(2,785)
Net cash provided by (used in) financing activities	9,199	(65,375)	(583,294)
Effect of exchange rate changes on Cash and Cash Equivalents	(1,798)	(2,003)	(17,871)
Net increase (decrease) in Cash and Cash Equivalents	31,685	41,635	371,477
Cash and Cash Equivalents at beginning of year	242,482	274,167	2,446,180
Cash and Cash Equivalents at end of year	¥274,167	¥315,803	\$2,817,658

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 ¥112.08 to U.S.\$1, the rate of exchange prevailing at March 31, 2017, 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 62 subsidiaries as at March 31, 2017. The consolidated financial statements for the year ended March 31, 2017 include the accounts of the Corporation and all subsidiaries.

The Corporation had 12 affiliates as at March 31, 2017. As at March 31, 2017, the equity method was applied to all affiliates.

2) Financial Statements of Subsidiaries

The financial year-end for 13 overseas subsidiaries and 2 domestic subsidiaries is December 31, and the financial year-end for one domestic subsidiary is March 26.

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

3) Amortization of Goodwill

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

4) Elimination of Unrealized Intercompany Profits

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

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

4. Summary of Significant Accounting Policies

1) Valuation of Securities

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

2) Valuation of Inventories

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

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

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

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

3) Depreciation Method for Tangible Fixed Assets

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

4) Allowance for Doubtful Accounts

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

5) Warranty Reserve

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

6) Reserve for Expected Losses on Construction Contracts in Process

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

7) Reserve for Directors' Bonuses

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

8) Reserve for Expected Losses on Affiliates' Businesses

The reserve for expected losses on affiliated businesses as at the balance sheet date is determined based on estimated losses related to affiliated businesses.

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.

Notes to Consolidated Financial Statements

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.

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, and time deposits, 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 of Presentation Method

(Consolidated balance sheet)

In the previous fiscal year, "Deposits received" was included in "Other current liabilities" under "Current liabilities." Effective from the year ended March 31, 2017, however, this item is listed separately because it accounts for more than 5% of total liabilities and net assets. In line with this change in presentation, the consolidated balance sheet for the last fiscal year has been reclassified.

As a result, the ¥116,664 million presented as "Other current liabilities" under "Current Liabilities" on the consolidated balance sheet for the last fiscal year is reclassified into "Deposits received" at ¥83,049 million, and "Other current liabilities" at ¥33,615 million.

5. Notes to Consolidated Balance Sheet

1) Revaluation Reserve for Land

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

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

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

2) Assets Pledged as Collateral

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

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
Investment securities	¥173	¥125	\$1,115
Other investments	86	78	702
Total	¥259	¥203	\$1,817

3) Other Notes to Consolidated Balance Sheet

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
Contingent liabilities from guaranteeing indebtedness			
Guarantees for housing loans of employees	¥219	¥147	\$1,313

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
The total amount of business assets pledged as collateral for "Non-recourse borrowings" by subsidiaries engaged in PFI business	¥60,193	¥49,560	\$442,189

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to "Non-recourse bonds payable"	¥22,567	¥20,987	\$187,255

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
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."	¥2,004	¥416	\$3,720

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	2016	2017	2017
Breakdown of PFI projects and other inventories			
Merchandise	¥ 668	¥ 758	\$ 6,771
Materials and supplies	477	432	3,857
PFI and other projects	56,838	50,841	453,619

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
Investment securities			
Investments in affiliates	¥19,916	¥20,587	\$183,685

Notes to Consolidated Financial Statements

6. Notes to Consolidated Statement of Income

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2016	2017	2017
Revenue recognized using the percentage-of-completion method	¥1,319,145	¥1,220,677	\$10,891,124

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	2016	2017	2017
Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥11,489	¥2,688	\$23,991

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	2016	2017	2017
Inventory write-down due to reduced profitability included in cost of sales	¥823	¥324	\$2,894

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	2016	2017	2017
Salaries and allowances to employees	¥25,927	¥26,601	\$237,347
Retirement benefit expenses for employees	1,749	1,953	17,426

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	2016	2017	2017
Research and development costs	¥8,557	¥10,129	\$90,381

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2016	2017	2017
Land	¥ -	¥327	\$2,923
Buildings	-	743	6,636
Investment securities	729	322	2,874
Others	4	325	2,908

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2016	2017	2017
Land	¥213	¥ -	\$ -
Investment securities	-	1	17
Others	9	11	106

7. Notes to Consolidated Statement of Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2016	2017	2017
Net unrealized gain (loss) on other securities, net of taxes			
Gains (losses) arising during the year	¥(58,641)	¥ 1,310	\$ 11,694
Reclassification adjustments	(662)	40	364
Total before tax effect	(59,303)	1,351	12,059
Tax effect	21,733	(371)	(3,313)
Net unrealized gain (loss) on other securities, net of taxes	(37,570)	980	8,746

Deferred gain(loss) on hedging, net of taxes

Gains (losses) arising during the year	¥ 43	¥ (18)	\$ (163)
Reclassification adjustments	(77)	(48)	(431)
Total before tax effect	(33)	(66)	(595)
Tax effect	22	10	91
Deferred gain (loss) on hedging, net of taxes	(10)	(56)	(504)

Revaluation reserve for land, net of taxes

Tax effect	994	-	-
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Foreign currency translation adjustments

Gains (losses) arising during the year	¥ (1,252)	¥(1,454)	\$ (12,975)
Reclassification adjustments	-	-	-
Foreign currency translation adjustments	(1,252)	(1,454)	(12,975)

Remeasurements of defined benefit plans, net of taxes

Gains (losses) arising during the year	¥(16,233)	¥ 4,533	\$ 40,450
Reclassification adjustments	1,581	2,850	25,430
Total before tax effect	(14,651)	7,383	65,880
Tax effect	4,245	(2,175)	(19,406)
Remeasurements of defined benefit plans, net of taxes	(10,406)	5,208	46,474

Share of other comprehensive income of associates accounted for using equity method

Gains (losses) arising during the year	¥ (129)	¥32	\$290
Reclassification adjustments	16	8	75
Share of other comprehensive income of associates accounted for using equity method	(113)	41	366
Total other comprehensive income	¥(48,358)	¥ 4,719	\$ 42,107

Notes to Consolidated Financial Statements

8. Notes to Consolidated Statement of Changes in Net Assets

1) Type and number of outstanding shares

For the year ended March 31, 2016

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
Issued stock:				
Common stock	788,514	–	–	788,514
Treasury stock:				
Common stock	3,890	39	0	3,928

Notes: 1. The increase in 39 thousand shares of treasury stock is mainly due to the purchases 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, 2017

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
Issued stock:				
Common stock	788,514	–	–	788,514
Treasury stock:				
Common stock	3,928	22	1	3,949

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

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

2) Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2016

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 26, 2015)	Common stock	¥3,536	¥4.50	March 31, 2015	June 29, 2015
Board of directors (November 9, 2015)	Common stock	¥3,929	¥5.00	September 30, 2015	December 2, 2015

For the year ended March 31, 2017

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	Amount per share (Yen)	Amount per share (U.S. Dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2016)	Common stock	¥8,645	\$77,133	(Note) ¥11.00	\$0.09	March 31, 2016	June 30, 2016
Board of directors (November 8, 2016)	Common stock	¥3,929	\$35,060	¥5.00	\$0.04	September 30, 2016	December 2, 2016

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

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

For the year ended March 31, 2016

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2016)	Common stock	Retained earnings	¥8,645	¥11.00	March 31, 2016	June 30, 2016

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

For the year ended March 31, 2017

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 29, 2017)	Common stock	Retained earnings	¥16,503	\$147,251	¥21.00	\$0.18	March 31, 2017	June 30, 2017

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

9. Notes to Consolidated Statement of Cash Flows

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

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Cash (as per consolidated balance sheet)	¥189,167	¥172,803	\$1,541,784
Marketable securities (Negotiable certificate of deposit)	85,000	143,000	1,275,874
Cash and cash equivalents	¥274,167	¥315,803	\$2,817,658

10. Financial Instruments

1) Overview

(1) Policy for financial instruments

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

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

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

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

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

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

(3) Supplementary explanation on fair value of financial instruments

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

Notes to Consolidated Financial Statements

2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2016 and 2017, 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, 2016	Millions of Yen		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	¥189,167	¥189,167	¥ -
(2) Notes and accounts receivable—trade	548,925	548,925	-
(3) Marketable securities	85,202	85,202	-
(4) Investment securities	316,643	316,643	-
Liabilities			
(5) Notes and accounts payable—trade	441,301	441,301	-
(6) Short-term borrowings	125,120	125,120	-
(7) Bonds payable and current portion of bonds payable	90,000	91,259	1,259
(8) Convertible bond-type bonds with subscription rights to shares	30,136	31,929	1,792
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	17,453	17,453	-
(10) Long-term borrowings	76,772	78,467	1,695
(11) Non-recourse borrowings and current portion of non-recourse borrowings	53,000	55,235	2,234
Derivative transactions(*)			
(12) Derivative transactions			
Hedge accounting not applied	(20)	(20)	-
Hedge accounting applied	43	43	-

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

As at March 31, 2017	Thousands of U.S. Dollars		
	Carrying value	Fair value	Difference
Assets			
(1) Cash	\$1,541,784	\$1,541,784	\$ -
(2) Notes and accounts receivable—trade	4,006,512	4,006,341	(170)
(3) Marketable securities	1,275,874	1,275,874	-
(4) Investment securities	2,845,819	2,845,819	-
Liabilities			
(5) Notes and accounts payable—trade	3,483,188	3,483,188	-
(6) Short-term borrowings	1,081,111	1,081,111	-
(7) Bonds payable and current portion of bonds payable	579,942	585,880	5,937
(8) Convertible bond-type bonds with subscription rights to shares	268,613	287,955	19,341
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	139,186	139,186	-
(10) Long-term borrowings	576,382	584,070	7,687
(11) Non-recourse borrowings and current portion of non-recourse borrowings	388,406	399,600	11,193
Derivative transactions(*)			
(12) Derivative transactions			
Hedge accounting applied	(206)	(206)	-

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

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

(1) Cash, (3) Marketable securities, (5) Notes and accounts payable—trade, (6) Short-term borrowings

The Corporation uses carrying value for these amounts because they will be settled in the short term, meaning that carrying value approximate fair value.

(2) Notes and accounts receivable—trade

By receivables with separate fixed terms, the fair value is calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

(4) Investment securities

The fair value of stocks is determined based on the stock market price and the fair value of bonds is determined based on the stock market price or prices quoted by financial institutions. Among "Investment securities," non-listed shares, etc. (¥40,942 million (\$365,298 thousand) in the consolidated balance sheets as at March 31, 2017 (¥32,804 million as at March 31, 2016)) are not included in the above because determining the fair value for them is extremely difficult.

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

(9) Non-recourse bonds payable and current portion of non-recourse bonds payable

Carrying value is used as fair value as there is a variable interest rate and the value is reviewed on a short term basis to reflect the market interest rate, meaning that carrying value approximate fair value.

(10) Long-term borrowings, (11) Non-recourse borrowings and current portion of non-recourse borrowings

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

(12) Derivative transactions

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

Notes to Consolidated Financial Statements

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

	Millions of Yen		
As at March 31, 2016	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥189,167	¥ -	¥ -
Notes and accounts receivable—trade	539,634	9,290	-
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	202	200	100
Other (negotiable certificate of deposit)	85,000	-	-
Total	¥814,004	¥ 9,491	¥100

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

	Thousands of U.S. Dollars		
As at March 31, 2017	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	\$1,541,784	\$ -	\$ -
Notes and accounts receivable—trade	3,869,648	136,825	38
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	-	1,521	894
Other (negotiable certificate of deposit)	1,275,874	-	-
Total	\$6,687,306	\$138,346	\$933

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

	Millions of Yen					
As at March 31, 2016	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	¥125,120	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds payable and current portion of bonds payable	25,000	15,000	10,000	20,000	10,000	10,000
Convertible bond-type bonds with subscription rights to shares	-	-	-	-	30,000	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	668	16,785	-	-	-	-
Long-term borrowings	-	20,800	19,119	14,134	9,955	12,761
Non-recourse borrowings and current portion of non-recourse borrowings	9,458	7,185	6,074	5,752	5,431	19,098
Total	¥160,247	¥59,770	¥35,193	¥39,887	¥55,387	¥41,860

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

Notes to Consolidated Financial Statements

As at March 31, 2017	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	\$1,081,111	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable and current portion of bonds payable	133,832	89,221	178,443	89,221	89,221	-
Convertible bond-type bonds with subscription rights to shares	-	-	-	267,665	-	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	5,887	7,850	125,448	-	-	-
Long-term borrowings	-	185,324	138,535	101,781	69,319	81,421
Non-recourse borrowings and current portion of non-recourse borrowings	64,213	54,276	51,385	48,497	44,784	125,247
Total	\$1,285,046	\$336,673	\$493,813	\$507,167	\$203,326	\$206,669

11. Securities

1) Other securities (with market value)

As at March 31, 2016	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥299,678	¥113,124	¥186,554
Sub total	299,678	113,124	186,554
Securities with unrealized losses			
Stocks	16,964	17,934	(970)
Corporate bonds	202	202	-
Other	85,000	85,000	-
Sub total	102,166	103,137	(970)
Total	¥401,845	¥216,261	¥185,584

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

As at March 31, 2017	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	\$2,782,091	\$1,110,522	\$1,671,568
Sub total	2,782,091	1,110,522	1,671,568
Securities with unrealized losses			
Stocks	63,728	67,151	(3,423)
Other	1,275,874	1,275,874	-
Sub total	1,339,602	1,343,026	(3,423)
Total	\$4,121,694	\$2,453,549	\$1,668,145

2) Other securities sold

For the year ended March 31, 2016	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	¥2,647	¥729	¥-

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

For the year ended March 31, 2017	Thousands of U.S. Dollars		
	Sales amount	Total gain on sales	Total loss on sales
Shares	\$6,293	\$2,874	\$17

12. Derivatives

1) Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Segmentation	Transaction type	Millions of Yen			
		Contract amount	Contract over 1 year	Fair Value	Valuation gains and losses
Off-market transactions	Foreign exchange forward contract				
	Sell U.S. dollar/ Buy Yen	¥33,676	¥-	¥(20)	¥(20)
	Total	¥33,676	¥-	¥(20)	¥(20)

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

As at March 31, 2017

Not applicable.

Notes to Consolidated Financial Statements

2) Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As at March 31, 2016			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy Euro/				
	Sell Thai Baht		¥500	¥ -	¥ 33
	Buy U.S. dollar/				
	Sell Yen		696	222	25
	Buy British Pound/				
	Sell Yen		18	-	(2)
	Sell Singapore dollar/				
	Buy Yen		1,898	1,898	(13)

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

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

As at March 31, 2017			Thousands of U.S. Dollars		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy U.S. dollar/				
	Sell Yen		\$8,616	\$8,209	\$(206)

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

(2) Interest-related transactions

As at March 31, 2016			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/				
	receiving variable		¥5,195	¥4,950	(Note)

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

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

As at March 31, 2017			Thousands of U.S. Dollars		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair Value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/				
	receiving variable		\$36,134	\$28,104	(Note)

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

13. Retirement Benefits

1) Summary of Employees' Retirement Benefit Plans

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

As at March 31, 2016, the Corporation and 20 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 7 consolidated subsidiaries also offered a defined benefit pension plan.

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

2) Defined benefit pension plan

(1) Reconciliation of Projected Benefit Obligations

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Projected benefit obligations as at April 1	¥154,711	¥167,178	\$1,491,600
Service cost	5,625	6,778	60,479
Interest cost	1,475	3	34
Actuarial gain or loss	15,881	(2,684)	(23,954)
Retirement benefits paid	(11,065)	(10,320)	(92,081)
Other	549	609	5,437
Projected benefit obligations as at March 31	¥167,178	¥161,565	\$1,441,516

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

Notes to Consolidated Financial Statements

(2) Reconciliation of Plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Plan assets as at April 1	¥99,637	¥ 99,027	\$883,544
Expected return on plan assets	770	773	6,902
Actuarial gain or loss	(351)	1,848	16,495
Contributions by the Corporation	7,331	7,448	66,456
Retirement benefits paid	(8,141)	(7,417)	(66,178)
Other	(218)	(31)	(283)
Plan assets as at March 31	¥99,027	¥101,649	\$906,937

(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
	2016	2017	2017
Funded projected benefit obligation	¥115,263	¥109,508	\$977,053
Plan assets	(99,027)	(101,649)	(906,937)
	16,236	7,858	70,116
Unfunded projected benefit obligation	51,914	52,056	464,462
Net liability for projected benefit in the consolidated balance sheet	68,150	59,915	534,578
Net defined benefit liability	68,150	59,915	534,578
Net liability for projected benefit in the consolidated balance sheet	¥ 68,150	¥ 59,915	\$534,578

(4) Retirement Benefit Expenses

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Service cost	¥5,625	¥6,778	\$60,479
Interest cost	1,475	3	34
Expected return on plan assets	(770)	(773)	(6,902)
Amortization of actuarial gain or loss	1,608	2,877	25,676
Amortization of prior service cost	(27)	(27)	(245)
Other	832	641	5,721
Retirement benefit expenses	¥8,745	¥9,500	\$84,764

(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
	2016	2017	2017
Prior service cost	¥ 27	¥ 27	\$ 245
Actuarial gain or loss	14,624	(7,411)	(66,126)
Total	¥14,651	¥(7,383)	\$(65,880)

(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
	2016	2017	2017
Unrecognized prior service cost	¥ (102)	¥ (75)	\$ (672)
Unrecognized actuarial gain or loss	19,546	12,134	108,268
Total	¥19,443	¥12,059	\$107,595

(7) Plan assets

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

	2016	2017
Stocks	13%	13%
Bonds	10%	11%
General account	75%	75%
Other	2%	1%
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)

	2016	2017
Discount rates	0.0%(mainly)	0.0%(mainly)
Expected rates of return on plan assets	0.8%(mainly)	0.8%(mainly)

14. Deferred Tax Accounting

1) As at March 31, 2016 and 2017, the significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2016	2017	2017
Deferred tax assets			
Net defined benefit liability	¥19,630	¥17,245	\$153,863
Non-deductible portion of reserves and allowances	14,326	10,791	96,282
Losses on write-down of assets	10,104	10,051	89,683
Tax losses carried forward	4,112	4,388	39,153
Other	26,065	22,300	198,965
Sub total	74,239	64,776	577,948
Less: valuation allowance	(20,331)	(16,080)	(143,477)
Total deferred tax assets	53,907	48,695	434,471
Deferred tax liabilities			
Net unrealized gains on other securities	(53,751)	(54,154)	(483,174)
Other	(4,306)	(4,242)	(37,851)
Total deferred tax liabilities	(58,058)	(58,396)	(521,026)
Net deferred tax assets(liabilities)	¥ (4,150)	¥ (9,701)	\$ (86,555)

Notes to Consolidated Financial Statements

2) As at March 31, 2016 and 2017, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

As at March 31	2016	2017
Statutory tax rate	32.9%	30.8%
Adjustments:		
Expenses not deductible permanently for income tax purposes	3.2%	1.0%
Income not included permanently for income tax purposes	(1.2%)	(0.8%)
Elimination of intercompany dividend income	1.1%	0.7%
Foreign corporation tax	0.6%	0.5%
Decrease of valuation allowance	(3.2%)	(3.2%)
Reversal of deferred tax assets due to tax rate change	2.4%	-
Other	0.5%	(1.3%)
Effective income tax rate	36.3%	27.7%

15. Investment and Rental Properties

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

For the years ended March 31, 2016 and 2017, 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	2016	2017	2017
Carrying value			
Balance at beginning of year	¥106,935	¥110,163	\$ 982,896
Changes during the year	3,227	12,907	115,163
Balance at end of year	110,163	123,070	1,098,060
Fair value at end of year	179,909	201,812	1,800,615

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: ¥6,962 million) and depreciation (decrease: ¥3,421 million) for the year ended March 31, 2016.
3. The changes during the year primarily consist of real estate acquisitions (increase: ¥20,298 million (\$181,108 thousand)) and depreciation (decrease: ¥3,902 million (\$34,820 thousand)) for the year ended March 31, 2017.
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, 2016 and 2017, incomes from rental business were as follows:

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31	2016	2017	2017
Net sales on rental business	¥14,225	¥15,249	\$136,059
Cost of sales on rental business	10,787	9,988	89,123
Gross profit on rental business	3,437	5,260	46,935
Other profit	56	247	2,207

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, 2016	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	¥1,344,467	¥31,635	¥288,830	¥1,664,933	¥ -	¥1,664,933
Intersegment or transfer	23,388	590	189,765	213,744	(213,744)	-
Total	¥1,367,856	¥32,225	¥478,596	¥1,878,678	¥(213,744)	¥1,664,933
Segment profit (Note 1)	¥ 93,734	¥ 4,727	¥ 19,690	¥ 118,152	¥ (23,484)	¥ 94,668

Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.
2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.
3. The adjustment of ¥23,484 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, 2017	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	¥1,237,784	¥17,902	¥311,740	¥1,567,427	¥ -	¥1,567,427
Intersegment or transfer	15,284	267	161,252	176,804	(176,804)	-
Total	¥1,253,069	¥18,169	¥472,993	¥1,744,231	¥(176,804)	¥1,567,427
Segment profit (Note 1)	¥ 112,945	¥ 5,331	¥ 18,980	¥ 137,257	¥ (8,422)	¥ 128,835

	Thousands of U.S. Dollars					
For the year ended March 31, 2017	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	\$11,043,763	\$159,725	\$2,781,406	\$13,984,895	\$ -	\$13,984,895
Intersegment or transfer	136,368	2,384	1,438,731	1,577,483	(1,577,483)	-
Total	\$11,180,131	\$162,110	\$4,220,137	\$15,562,379	\$(1,577,483)	\$13,984,895
Segment profit (Note 1)	\$ 1,007,723	\$ 47,566	\$ 169,350	\$ 1,224,640	\$ (75,144)	\$ 1,149,496

Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.
2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.
3. The adjustment of ¥8,422 million (\$75,144 thousand) in segment profit was intersegment eliminations, etc.
4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

Notes to Consolidated Financial Statements

2) Related information

For the year ended March 31, 2016

(1) Product and Service Information

This item is omitted because the net sales from the Construction business including architectural construction, civil engineering and other related business represented over 90% of the net sales of the Corporation's consolidated statement of income.

(2) Geographical Segments

(a) Net sales

Millions of Yen			
Japan	Asia	Other	Total
¥1,492,604	¥147,186	¥25,142	¥1,664,933

Note: Revenues are classified in countries or regions based on locations of customers.

(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, 2017

(1) Product and Service Information

Net sales from external customers in the Construction business including architectural construction, civil engineering and other related business totaled ¥1,410,120 million (\$12,581,379 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, 2016 and 2017

Not applicable.

4) Amortization of goodwill and unamortized balance by reportable segment

For the year ended March 31, 2016

Not applicable.

For the year ended March 31, 2017

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 year ended March 31, 2016

Related party transactions between the Corporation and related parties

Directors and major shareholders (individual shareholders only), etc., of the Corporation

Related Party	Category	Address	Capital or Investment	Type of Business	% of Voting Rights	Relationship	Nature of Transaction	Amounts of Transaction		Balance at the end of the year
					Held (held by Others)			Millions of Yen	Account	Millions of Yen
Mitsuaki Shimizu	Director and close relative	-	-	Director of the Corporation	Direct: 0.5%	Construction Contract	Construction Contract	¥222	-	-

Notes: 1. The amounts of transaction do not include consumption tax.
 2. The transaction amount of the construction contract is the revenue recognized using the percentage-of-completion method for the fiscal year ended March 31, 2016. The contract amount is ¥648 million excluding consumption tax.
 3. Terms and conditions of transaction and policy for determining them
 The construction contract is based on "General Conditions of Construction Contract", and the contract amount is determined based on the appropriate estimation as other general contracts.

For the year ended March 31, 2017

Not applicable.

18. Amounts per Share

For the year ended March 31	Yen		U.S. Dollars
	2016	2017	2017
Net assets per share of common stock	¥612.70	¥728.78	\$6.50
Basic net income per share of common stock	¥ 75.61	¥126.11	\$1.13
Diluted net income per share of common stock	¥ 75.57	¥126.07	\$1.12

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

(1) Net income per share of common stock

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Net income attributed to shareholders of the Corporation	¥ 59,322	¥ 98,946	\$882,820
Net income not attributed to common share holders	-	-	-
Net income attributed to shareholders of Corporation available for distribution to shareholders of common shares	59,322	98,946	882,820
Average number of common shares issued and outstanding during the period	784,601 thousand shares	784,576 thousand shares	784,576 thousand shares

(2) Diluted net income per share of common stock

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
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)	¥(31)	¥(35)	\$(320)
Number of common stock increased by share warrants	-	-	-

Notes to Consolidated Financial Statements

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

For the year ended March 31, 2016

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	¥1,352	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, 2017

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	\$267,665	3,000	Common stock	¥1,342.9	\$11.98	From October 30, 2015 To October 2, 2020
			Total amount of face value of Bonds divided by conversion value			

2) Basis of net assets per share of common stock

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Net assets	¥485,655	¥576,879	\$5,147,029
Amounts deducted from net assets	4,939	5,105	45,549
Non-controlling interests	4,939	5,105	45,549
Net assets applicable to common stock	480,715	571,773	5,101,479
Number of shares of common stock at end of year	784,585 thousand shares	784,565 thousand shares	784,565 thousand shares

19. Bonds Payable

Issued by	Issue type	Issue date	Balance at April 1, 2016	Balance at March 31, 2017 (Note 1)		Interest Rate(%)	Collateral	Maturity	Remarks
			Millions of Yen	Millions of Yen	Thousands of U.S. Dollars				
Corporation	15th unsecured straight bond	Dec. 2, 2010	¥15,000	¥15,000	\$133,832	1.180	None	Dec. 1, 2017	(*)
Corporation	16th unsecured straight bond	Feb. 2, 2011	15,000	-	-	1.040	None	Feb. 2, 2017	(*)
Corporation	17th unsecured straight bond	Dec. 2, 2011	10,000	-	-	0.710	None	Dec. 2, 2016	(*)
Corporation	18th unsecured straight bond	Mar. 6, 2012	10,000	10,000	89,221	0.947	None	Mar. 6, 2019	(*)
Corporation	19th unsecured straight bond	Jun. 21, 2012	10,000	10,000	89,221	0.817	None	Jun. 21, 2019	(*)
Corporation	20th unsecured straight bond	Mar. 8, 2013	10,000	10,000	89,221	0.599	None	Mar. 6, 2020	(*)
Corporation	21th unsecured straight bond	Dec. 4, 2014	10,000	10,000	89,221	0.390	None	Dec. 3, 2021	(*)
Corporation	22th unsecured straight bond	Mar. 6, 2015	10,000	10,000	89,221	0.337	None	Mar. 5, 2021	(*)
Corporation	Euro/Yen Zero Coupon Convertible Bonds due Oct.16, 2020(Note 2)								
		Oct.16, 2015	30,136	30,106	268,613	-	None	Oct.16, 2020	
MM21-46 SPC	1st general secured specified corporate bond	May. 2, (Note 3) 2014	17,453	-	-	0.167 (Note 4)	Yes	May.31, 2017	(*)
MM21-46 SPC	2nd general secured specified corporate bond	Mar.31, (Note 3) 2017	-	15,600 (659)	139,186 (5,887)	0.182 (Note 4)	Yes	Mar.31, 2020	(*)
Total	-	-	¥137,589	¥110,706 (15,659)	\$987,743 (139,720)	-	-	-	-

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

1. Aggregate annual maturities of non-recourse bonds bracketed due within one year from the balance sheet date

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

Notes to Consolidated Financial Statements

Class of shares to be issued	Common stock	
Issue price for subscription rights to shares(yen and U.S. dollars)	¥-	\$-
Exercise price per share(yen and U.S. dollars)	1,342.9	11.98
Total issue amount(millions of yen and thousands of U.S. dollars)	30,000	267,665
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 corporate bonds, convertible bond-type bonds with subscription rights to shares, non-recourse bonds due within five years from the balance sheet date are as follows:

Corporate bonds	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥15,000	\$133,832
Over 1 year less than 2 years	10,000	89,221
Over 2 years less than 3 years	20,000	178,443
Over 3 years less than 4 years	10,000	89,221
Over 4 years less than 5 years	10,000	89,221

Convertible bond-type bonds with subscription rights to shares	Millions of Yen	Thousands of U.S. Dollars
Over 3 years less than 4 years	¥30,000	\$267,665

Non-recourse bonds	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥ 659	\$ 5,887
Over 1 year less than 2 years	879	7,850
Over 2 years less than 3 years	14,060	125,448

20. Borrowings

Item	Balance at April 1, 2016	Balance at March 31, 2017		Average interest rate (%)	Repayment term
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars		
Short-term borrowings	¥ 99,190	¥ 98,716	\$ 880,765	0.53	-
Current portion of long-term borrowings	25,930	22,454	200,346	1.03	-
Current portion of non-recourse borrowings	9,458	7,197	64,213	1.55	-
Current portion of lease obligations	285	245	2,194	-	-
Long-term borrowings (Excluding current portion)	76,772	64,600	576,382	1.02	2018-2031
Non-recourse borrowings (Excluding current portion)	43,542	36,335	324,192	1.48	2019-2031
Lease obligations (Excluding current portion)	629	520	4,642	-	2018-2026
Total	¥255,808	¥230,070	\$2,052,738	-	-

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	¥20,771	\$185,324
Over 2 years less than 3 years	15,527	138,535
Over 3 years less than 4 years	11,407	101,781
Over 4 years less than 5 years	7,769	69,319

Non-recourse borrowings (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥6,083	\$54,276
Over 2 years less than 3 years	5,759	51,385
Over 3 years less than 4 years	5,435	48,497
Over 4 years less than 5 years	5,019	44,784

Lease obligations (Excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥188	\$1,683
Over 2 years less than 3 years	106	948
Over 3 years less than 4 years	60	537
Over 4 years less than 5 years	43	386

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, 2016 and March 31, 2017 has not been presented because it represented less than 1% of total liabilities and net assets on the consolidated balance sheets.

Independent Auditor's Report

The Board of Directors
Shimizu Corporation

We have audited the accompanying consolidated financial statements of Shimizu Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shimizu Corporation and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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



June 29, 2017
Tokyo, Japan

Nonconsolidated Balance Sheet

Shimizu Corporation
As at March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
ASSETS			
Current Assets:			
Cash	¥ 131,204	¥ 111,060	\$ 990,907
Notes receivable	38,227	32,760	292,293
Accounts receivable from completed construction contracts	439,898	375,048	3,346,260
Marketable securities	85,000	143,000	1,275,874
Real estate for sale	3,314	14,713	131,280
Costs on uncompleted construction contracts	80,805	71,643	639,215
Materials and supplies	121	92	823
Prepaid expenses	66	67	602
Deferred tax assets	24,855	19,729	176,026
Other current assets	72,237	68,100	607,609
Less: Allowance for doubtful accounts	(844)	(766)	(6,838)
Total current assets	874,887	835,450	7,454,053
Non-Current Assets:			
Tangible fixed assets:			
Buildings	71,657	69,403	619,228
Structures	1,438	1,503	13,415
Machinery and equipment	1,036	1,227	10,956
Vehicles	394	431	3,851
Tools, furniture and fixtures	3,065	3,200	28,559
Land	107,315	122,984	1,097,293
Construction in progress	2,594	3,641	32,493
Total tangible fixed assets	187,502	202,393	1,805,798
Intangible fixed assets:			
Leasehold	1,556	1,543	13,767
Software	1,515	1,664	14,850
Other intangible fixed assets	44	41	371
Total intangible fixed assets	3,117	3,249	28,988
Investments and other assets:			
Investment securities	336,566	335,241	2,991,089
Investments in subsidiaries and affiliates	34,757	34,733	309,899
Investments in other securities of subsidiaries and affiliates	4,025	10,225	91,234
Investments in capital	130	130	1,160
Long-term loans	25	22	200
Long-term loans to employees	6	4	36
Long-term loans to subsidiaries and affiliates	6,282	5,278	47,098
Claims in bankruptcy or reorganization proceedings	2	1	14
Long-term prepaid expenses	1,140	1,012	9,033
Other investments	7,378	9,211	82,187
Less: Allowance for doubtful accounts	(2,396)	(2,264)	(20,200)
Total investments and other assets	387,918	393,597	3,511,753
Total non-current assets	578,538	599,240	5,346,540
Total assets	¥1,453,426	¥1,434,690	\$12,800,594

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 ¥112.08 to U.S.\$1, the approximate rate prevailing at March 31, 2017.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
LIABILITIES			
Current Liabilities:			
Notes payable	¥ 9,688	¥ 107,935	\$ 963,022
Accounts payable for construction contracts	369,063	233,832	2,086,303
Short-term borrowings	87,807	91,856	819,562
Current portion of bonds payable	25,000	15,000	133,832
Lease obligations	422	459	4,104
Accounts payable—other	7,528	14,222	126,894
Accrued expenses	18,162	17,135	152,883
Income taxes payable	16,513	19,100	170,422
Advances received on uncompleted construction contracts	90,537	77,322	689,886
Deposits received	112,946	111,557	995,337
Warranty reserve	3,240	2,863	25,549
Reserve for expected losses on construction contracts in process	22,630	12,347	110,167
Reserve for directors' bonuses	176	273	2,436
Asset retirement obligations	98	99	884
Other current liabilities	260	275	2,458
Total current liabilities	764,077	704,282	6,283,747
Non-Current Liabilities:			
Bonds payable	65,000	50,000	446,109
Convertible bond-type bonds with subscription rights to shares	30,136	30,106	268,613
Long-term borrowings	71,955	60,478	539,600
Lease obligations	828	864	7,714
Deferred tax liabilities	37,052	34,687	309,490
Deferred tax liabilities for revaluation reserve for land	17,847	17,738	158,263
Reserve for employees' retirement benefits	43,911	42,966	383,353
Reserve for expected losses on affiliates' businesses	4,172	—	—
Asset retirement obligations	8	8	73
Other non-current liabilities	10,478	11,678	104,198
Total non-current liabilities	281,390	248,528	2,217,418
Total liabilities	1,045,467	952,810	8,501,166
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2016 and 2017	74,365	74,365	663,502
Additional paid-in capital:			
Capital reserve	43,143	43,143	384,935
Other additional paid-in capital	0	1	10
Retained earnings:			
Legal reserve	18,394	18,394	164,122
Contingent Reserve	61,400	101,300	903,818
Other retained earnings	54,603	88,398	788,709
Less: Treasury stock, at cost			
2,610 thousand shares as at March 31, 2017	—	(1,170)	(10,444)
2,590 thousand shares as at March 31, 2016	(1,149)	—	—
Total shareholders' equity	250,758	324,432	2,894,654
Valuation and Translation Adjustments:			
Net unrealized gain (loss) on other securities, net of taxes	130,896	131,418	1,172,541
Deferred gain (loss) on hedging, net of taxes	10	(15)	(140)
Revaluation reserve for land, net of taxes	26,293	26,044	232,372
Total valuation and translation adjustments	157,200	157,446	1,404,773
Total net assets	407,959	481,879	4,299,428
Total liabilities and net assets	¥1,453,426	¥1,434,690	\$12,800,594

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 ¥112.08 to U.S.\$1, the approximate rate prevailing at March 31, 2017.

Nonconsolidated Statement of Income

Shimizu Corporation
For the year ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Net Sales:			
Construction contracts	¥1,350,347	¥1,245,031	\$11,108,422
Real estate development and other	56,485	46,518	415,048
	1,406,833	1,291,550	11,523,471
Cost of Sales:			
Construction contracts	1,216,342	1,080,720	9,642,405
Real estate development and other	47,472	36,790	328,251
	1,263,814	1,117,511	9,970,657
Gross profit:			
Construction contracts	134,005	164,311	1,466,016
Real estate development and other	9,013	9,728	86,797
	143,018	174,039	1,552,814
Selling, General and Administrative Expenses	64,411	63,772	568,987
Operating income	78,607	110,267	983,826
Non-Operating Income (Expenses):			
Interest and dividend income	8,017	8,099	72,269
Interest expenses	(2,623)	(2,434)	(21,722)
Foreign exchange gain(loss)	(1,846)	(824)	(7,353)
Other, net	(976)	(229)	(2,049)
Ordinary income	81,177	114,878	1,024,970
Special Gains (Losses):			
Gain on sales of fixed assets	729	361	3,224
Loss on sales of fixed assets	(223)	(6)	(55)
Loss on devaluation of investment securities	-	(169)	(1,511)
Loss on devaluation of shares of subsidiaries and affiliates	-	(221)	(1,979)
Reversal of reserve for expected losses on affiliates' businesses	-	4,172	37,223
Loss on affiliates' businesses	(1,033)	-	-
Income before income taxes	80,649	119,014	1,061,870
Provision for Income Taxes:			
Current	26,930	30,530	272,394
Deferred	1,642	2,464	21,984
	28,572	32,994	294,379
Net Income	¥ 52,077	¥ 86,020	\$ 767,491

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 ¥112.08 to U.S.\$1, the approximate rate prevailing at March 31, 2017.

Orders, Sales and Backlog (Nonconsolidated)

Shimizu Corporation
For the year ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
(1) Construction orders awarded and contracts			
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥ 965,369	¥1,082,992	\$ 9,662,674
Overseas Operations	35,405	29,695	264,946
Subtotal	1,000,775	1,112,687	9,927,620
Civil Engineering			
Domestic Operations	252,578	311,519	2,779,436
Overseas Operations	31,280	146	1,311
Subtotal	283,858	311,666	2,780,747
Total construction business	1,284,633	1,424,353	12,708,367
Real estate development and other(orders)	57,266	60,707	541,643
Total	¥1,341,900	¥1,485,061	\$13,250,011
(2) Net sales			
Construction business			
Architectural Construction			
Domestic Operations	¥ 985,558	¥ 908,171	\$ 8,102,883
Overseas Operations	82,026	48,215	430,190
Subtotal	1,067,585	956,387	8,533,074
Civil Engineering			
Domestic Operations	257,482	259,895	2,318,839
Overseas Operations	25,279	28,749	256,508
Subtotal	282,762	288,644	2,575,347
Total construction business	1,350,347	1,245,031	11,108,422
Real estate development and other(orders)	56,485	46,518	415,048
Total	¥1,406,833	¥1,291,550	\$11,523,471
(3) Backlog			
Construction business			
Architectural Construction			
Domestic Operations	¥ 833,778	¥1,008,599	\$ 8,998,925
Overseas Operations	57,999	39,478	352,239
Subtotal	891,777	1,048,078	9,351,164
Civil Engineering			
Domestic Operations	396,194	447,818	3,995,523
Overseas Operations	68,734	40,131	358,064
Subtotal	464,928	487,950	4,353,588
Total construction business	1,356,706	1,536,028	13,704,753
Real estate development and other	26,505	40,694	363,081
Total	¥1,383,212	¥1,576,722	\$14,067,835

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 ¥112.08 to U.S.\$1, the approximate rate prevailing at March 31, 2017.

