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(Securities Code: 1803)

(June 1, 2021)

Dear Shareholders

Kazuyuki Inoue
President and Representative Director
SHIMIZU CORPORATION
2-16-1 Kyobashi, Chuo-ku, Tokyo

Notice of the 119th Annual General Meeting of Shareholders

We hereby announce that the 119th Annual General Meeting of Shareholders of SHIMIZU CORPORATION (the “Corporation”) will be held as described below.

In order to prevent the spread of the novel coronavirus disease (COVID-19), we strongly request that you refrain from attending the General Meeting of Shareholders in person regardless of your health condition, and exercise your voting rights via the internet or in writing beforehand if possible.

Details

1. Date and Time:

Tuesday, June 29, 2021, at 10:00 a.m. (JST)

2. Place:

2-16-1 Kyobashi, Chuo-ku, Tokyo
Shimizu Hall, 2nd Floor of the Head Office

3. Purpose of the Meeting

Matters to be reported:

Following matters for the 119th fiscal year (from April 1, 2020 to March 31, 2021)

- a. Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements of the Corporation
- b. Audit Reports of the Accounting Auditor on the Consolidated Financial Statements and Non-Consolidated Financial Statements of the Corporation
- c. Audit Report of the Audit & Supervisory Board on Business Report, Non-Consolidated Financial Statements and Related Supplementary Schedules of the Corporation, and Consolidated Financial Statements

Matters to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Twelve (12) Directors

Proposal 3: Election of Two (2) Audit & Supervisory Board Members

4. Exercising Voting Rights

We ask you to kindly exercise your shareholders' voting rights. Prior to voting, please examine the following "Reference Documents for the General Meeting of Shareholders." You may exercise your voting rights by one of the following three methods. **However, in order to prevent the spread of COVID-19, we request you refrain from attending the meeting in person and, exercise your voting rights via the internet or in writing.**

By the internet

Please access the website for exercising voting rights by PC, smartphone, etc., and cast your vote for or against each proposal.

To be received no later than 5:10 p.m. on Monday, June 28, 2021 (JST)

In writing (By post)

Please return the enclosed Voting Form indicating your vote for or against each proposal.

To be received no later than 5:10 p.m. on Monday, June 28, 2021 (JST)

Attending the General Meeting of Shareholders

You are kindly requested to present the enclosed Voting Form to the receptionist if you attend the meeting in person.

Date and Time of the General Meeting of Shareholders: Tuesday, June 29, 2021, at 10:00 a.m. (JST)

1. If you exercise your voting rights both by the internet and in writing, only the vote by internet will be treated as valid. In addition, if you exercise your voting rights by internet multiple times, only the last vote exercised will be treated as valid.
2. If you intend to exercise your voting rights by proxy, one other shareholder who possesses voting rights may attend the meeting as your proxy. In the case of attendance by a proxy, your Voting Form, the proxy's Voting Form and a letter of proxy must be presented to the receptionist.

* If any changes have been made to items in the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements and Reference Documents for the General Meeting of Shareholders, revised items will be posted on our website on the internet.

* Of the documents required to be provided with this convocation notice, "System to Ensure the Appropriateness of Business Operations and the Status of its Implementation," "Consolidated Statement of Changes in Net Assets," "Notes to the Consolidated Financial Statements," "Non-Consolidated Statement of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" are posted on our website on the internet pursuant to the provisions of laws and regulations and Article 17 of the Articles of Incorporation.

In addition, these documents contain part of the Consolidated Financial Statements and Non-Consolidated Financial Statements which have been audited by Accounting Auditors to prepare the Accounting Auditor's Report and part of the Business Report, the Consolidated Financial Statements and Non-Consolidated Financial Statements which have been audited by Audit & Supervisory Board Members to prepare the Audit Report.

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



About the “smart convocation” option

We have introduced a “smart convocation” that allows you to browse the main contents of the notice of convocation and access the website for exercising voting rights using a smartphone, a tablet, etc. For reference, please access the website from the URL or QR code on the right.



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<https://p.sokai.jp/1803/>

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

While the Corporation maintains a basic policy of strengthening our financial position to support long-term growth, as well as the stability of dividends, the Mid-Term Management Plan <2019-2023> set a profit distribution policy with a target consolidated payout ratio of 30%.

Based on this, we propose the following with respect to the appropriation of surplus.

1. Matters regarding year-end dividend

We propose the year-end dividend for the current fiscal year of ¥18 per share, ¥10 as ordinary dividends plus ¥8 as special dividends. This brings the full-year dividend, including the midyear dividend, to ¥30 per share.

(1) Dividend allotment to shareholders and total amount thereof

Dividend per share of common stock of the Corporation:

¥18 (¥10 for ordinary dividend and ¥8 for special dividend)

Total amount of dividend: ¥13,755,463,578

(2) Effective date of dividend:

June 30, 2021

2. Other matters regarding appropriation

(1) Item and amount of decrease in surplus:

Retained earnings brought forward ¥49,500,000,000

(2) Item and amount of increase in surplus:

Contingent reserve ¥49,500,000,000

Proposal 2: Election of Twelve (12) Directors

The terms of office of the current eleven (11) directors will expire at the conclusion of this meeting. Accordingly, we propose to elect twelve (12) directors (including four (4) outside directors), increasing the number of outside directors by one (1) with a view to strengthening management supervision in the Board of Directors and further enhancing corporate governance.



The candidates for directors are as follows:

No.	Name	Current position and areas of responsibility in the Corporation	Nomination and Compensation Committee Member	Attendance at the Board of Directors meetings (current fiscal year)
1	Yoichi Miyamoto <Reelection>	Chairman of the Board and Representative Director		100% (15/15)
2	Kazuyuki Inoue <Reelection>	President and Representative Director President and Executive Officer	●	100% (15/15)
3	Toshiyuki Imaki <Reelection>	Executive Vice President and Representative Director, Executive Vice President and Executive Officer Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement, and in charge of Affiliated Business Dept. and Global Strategy Division		100% (15/15)
4	Toru Yamaji <Reelection>	Executive Vice President and Director, Executive Vice President and Executive Officer General Manager, LCV Headquarters, in charge of Engineering Business, and in charge of Emerging Frontiers and New Business Development		100% (15/15)
5	Kimio Handa <Reelection>	Executive Vice President and Representative Director, Executive Vice President and Executive Officer In charge of Administration, in charge of SDGs & ESG Director, Corporate Ethics Office		100% (12/12)
6	Hiroshi Fujimura <Reelection>	Executive Vice President and Director, Executive Vice President and Executive Officer Director, Sales & Marketing Headquarters, Deputy Director, Yumeshima (Osaka) Projects		100% (12/12)
7	Kentaro Ikeda <New candidate>	Senior Managing Officer Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment		—
8	Motoaki Shimizu <Reelection> <Non-executive Director>	Director	● (Head)	100% (15/15)
9	Tamotsu Iwamoto <Reelection> <Outside Director> <Independent Director> <Non-executive Director>	Director	●	100% (15/15)
10	Junichi Kawada <New candidate> <Outside Director> <Independent Director> <Non-executive Director>	—	●	—
11	Mayumi Tamura <Reelection> <Outside Director> <Independent Director> <Non-executive Director>	Director	●	100% (15/15)
12	Yumiko Jozuka <New candidate> <Outside Director> <Independent Director> <Non-executive Director>	—	●	—

* The attendance at Board of Directors meetings shown for Kimio Handa and Hiroshi Fujimura is their attendance after they assumed office as director on June 26, 2020.

* For Nomination and Compensation Committee Members, the status of the candidates for reappointment is shown as of the date of posting of this convocation notice, while for new candidates, their scheduled status is shown as approved and resolved.


* Non-executive Director: Focuses on supervising management and business execution without being in charge of business execution.


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
1	 Yoichi Miyamoto (May 16, 1947) <Reelection> Attendance at the Board of Directors meetings 100% (15/15)	<p>July 1971 Joined the Corporation</p> <p>June 2003 Executive Officer, Director, HOKURIKU Branch of the Corporation</p> <p>April 2005 Executive Officer, Director, KYUSHU Branch of the Corporation</p> <p>June 2005 Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2006 Senior Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2007 Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation</p> <p>June 2007 President and Representative Director of the Corporation</p> <p>April 2016 Chairman of the Board and Representative Director of the Corporation (up to the present)</p> <p>[Significant concurrent positions outside the Corporation] Chairman of Japan Federation of Construction Contractors</p> <p>[Reasons for nomination as a candidate for Director] Yoichi Miyamoto has abundant experience and a high level of knowledge regarding the management and business activities of the Shimizu Group, having held the positions of President and Representative Director, and Chairman of the Board and Representative Director in turn. We judge that having him continue to leverage his experience in management will be optimal for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	156,332
2	 Kazuyuki Inoue (October 3, 1956) <Reelection> Attendance at the Board of Directors meetings 100% (15/15)	<p>April 1981 Joined the Corporation</p> <p>April 2013 Executive Officer, Director, Marketing & Sales Promotion Div. II, Building Headquarters of the Corporation</p> <p>April 2014 Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>April 2015 Senior Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>June 2015 Director, Senior Managing Officer, Director, NAGOYA Branch of the Corporation</p> <p>March 2016 Director, Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation</p> <p>April 2016 President and Representative Director of the Corporation</p> <p>April 2020 President and Representative Director, President and Executive Officer of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Kazuyuki Inoue has abundant experience and a high level of knowledge regarding the management and business activities of the Shimizu Group, having held key positions in the construction business and in marketing & sales. Since becoming President and Representative Director in April 2016, he has taken on responsibility for management and demonstrated strong leadership. In addition, he is currently directing the promotion of the Mid-Term Management Plan <2019-2023> toward the realization of our long-term vision "<SHIMZ VISION 2030>." We judge that he is the most suitable as a driving force for the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	71,590



No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
3	 <p>Toshiyuki Imaki (January 3, 1955)</p> <p><Reelection></p> <p>Attendance at the Board of Directors meetings 100% (15/15)</p>	<p>April 1980 Joined the Corporation</p> <p>April 2007 Executive Officer, Director, Tokyo Building Construction Business Div. III, Building Headquarters of the Corporation</p> <p>June 2008 Executive Officer, Manager, Human Resources Dept. of the Corporation</p> <p>April 2010 Executive Officer, Director, HOKURIKU Branch of the Corporation</p> <p>April 2013 Managing Officer, Director, HOKURIKU Branch of the Corporation</p> <p>April 2014 Senior Managing Officer, Deputy Director, Building Headquarters and Director, TOKYO Branch, Building Headquarters of the Corporation</p> <p>June 2015 Director, Senior Managing Officer, Deputy Director, Building Headquarters and Director, TOKYO Branch, Building Headquarters of the Corporation</p> <p>January 2016 Director, Senior Managing Officer, in charge of Tokyo Metropolitan Area, Director, TOKYO Branch of the Corporation</p> <p>April 2016 Executive Vice President and Director, in charge of Tokyo Metropolitan Area, Director, TOKYO Branch of the Corporation</p> <p>April 2017 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement and Information Management of the Corporation</p> <p>April 2018 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement, Information Management, and Nuclear Business of the Corporation</p> <p>April 2019 Executive Vice President and Representative Director, Director, Building Construction Headquarters, in charge of Productivity Improvement, Nuclear Business, Information Management, Director, Digital Strategy Promotion Div. of the Corporation</p> <p>April 2020 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, Director, Building Construction Headquarters, in charge of Information Management and Productivity Improvement of the Corporation</p> <p>October 2020 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, Director, Building Construction Headquarters, in charge of Information Management, Productivity Improvement, and Associated Companies of the Corporation</p> <p>April 2021 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, Director, Building Construction Headquarters, in charge of Information Management, Productivity Improvement, Associated Companies, and Global Strategy of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Toshiyuki Imaki possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to building. Currently, he has supervised the construction business in his role as Director, Building Construction Headquarters, working on sustainable growth of the construction business, which is our core business. He is also promoting productivity improvement and</p>	63,855

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
		operational streamlining in the construction business as well as a review of the overseas business strategy. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.	


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
4	 Toru Yamaji (May 18, 1956) <Reelection> Attendance at the Board of Directors meetings 100% (15/15)	<p>April 1981 Joined the Corporation</p> <p>April 2011 Executive Officer, Deputy Director, TOKYO Branch, Building Headquarters of the Corporation</p> <p>April 2012 Executive Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2015 Managing Officer, Director, KYUSHU Branch of the Corporation</p> <p>April 2016 Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation</p> <p>April 2017 Senior Managing Officer, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation</p> <p>June 2017 Executive Vice President and Representative Director, in charge of Marketing & Sales Promotion, Director, Marketing & Sales Promotion Div., Building Construction Headquarters of the Corporation</p> <p>April 2018 Executive Vice President and Representative Director, Director, Sales & Marketing Headquarters of the Corporation</p> <p>March 2019 Executive Vice President and Representative Director, Director, Sales & Marketing Headquarters, Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>April 2020 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, in charge of Engineering Business and LCV Business, and in charge of Emerging Frontiers of the Corporation</p> <p>April 2021 Executive Vice President and Director, Executive Vice President and Executive Officer, General Manager, LCV Headquarters, in charge of Engineering Business, Emerging Frontiers, and New Business Development of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Toru Yamaji possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to building and sales & marketing. He is currently in charge of LCV Business, Engineering Business, Emerging Frontiers Business, and New Business Development, and is promoting efforts toward establishing a new profit base and growth for the Group. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	44,391


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
5	 Kimio Handa (January 14, 1956) <Reelection> Attendance at the Board of Directors meetings 100% (12/12)	<p>April 1979 Joined the Corporation</p> <p>July 2005 Manager, Accounting Dept., Civil Engineering Headquarters of the Corporation</p> <p>June 2008 Manager, Accounting Dept., Building Headquarters of the Corporation</p> <p>June 2010 Deputy Director, HOKURIKU Branch of the Corporation</p> <p>April 2014 President and Representative Director of Shimizu Comprehensive Development Corporation</p> <p>April 2018 Managing Officer, Deputy Director, Sales & Marketing Headquarters, in charge of Compliance, Civil Engineering Headquarters, Deputy Director, Corporate Ethics Office of the Corporation</p> <p>April 2020 Senior Managing Officer, Director, Corporate Ethics Office, and in charge of Compliance, Sales & Marketing Headquarters of the Corporation</p> <p>June 2020 Director, Senior Managing Officer, in charge of Administration and SDGs & ESG, Director, Corporate Ethics Office of the Corporation</p> <p>April 2021 Executive Vice President and Representative Director, Executive Vice President and Executive Officer, in charge of Administration and SDGs & ESG, Director, Corporate Ethics Office of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Kimio Handa possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group through his execution of business related to accounting and finance, real estate and compliance. Currently, as person in charge of Administration and Director of Corporate Ethics Office, he is working on measures to help thoroughness of compliance adherence. We judge his appointment as person in charge of SDGs & ESG to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	25,020


No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
6	 <p>Hiroshi Fujimura (November 1, 1956)</p> <p><Reelection></p> <p>Attendance at the Board of Directors meetings 100% (12/12)</p>	<p>April 1979 Joined the Corporation</p> <p>April 2015 Executive Officer, Building Headquarters, Deputy Director, Marketing & Sales Promotion Div. of the Corporation</p> <p>January 2016 Executive Officer, Building Construction Headquarters, Deputy Director, Marketing & Sales Promotion Div. of the Corporation</p> <p>April 2017 Managing Officer, Building Construction Headquarters, Deputy Director, Marketing & Sales Promotion Div. of the Corporation</p> <p>April 2018 Managing Officer, Sales & Marketing Headquarters, Director, Building Construction Sales & Marketing Div. of the Corporation</p> <p>November 2018 Managing Officer, Sales & Marketing Headquarters, Director, Building Construction Sales & Marketing Div., Director, Development Promotion Dept., Building Construction Sales & Marketing Div., Sales & Marketing Headquarters of the Corporation</p> <p>April 2019 Senior Managing Officer, Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters of the Corporation</p> <p>April 2020 Senior Managing Officer, Director, Sales & Marketing Headquarters, and Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>June 2020 Director, Senior Managing Officer, Director, Sales & Marketing Headquarters, and Director, Yumeshima (Osaka) Projects of the Corporation</p> <p>April 2021 Executive Vice President and Director, Executive Vice President and Executive Officer, Director, Sales & Marketing Headquarters, and Deputy Director, Yumeshima (Osaka) Projects of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Hiroshi Fujimura possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group through his execution of business in the sales & marketing. Currently, he is in charge of the sales & marketing as Director of the Sales & Marketing Headquarters and is working on planning and execution of the sales strategy of the Shimizu Group. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	21,077

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
7	 Kentaro Ikeda (January 31, 1958) <New candidate> Attendance at the Board of Directors meetings –	<p>April 1983 Joined the Corporation</p> <p>April 2010 Deputy Director, HOKURIKU Branch of the Corporation</p> <p>April 2014 Deputy Director, Civil Engineering Sales & Marketing Div. II, Civil Engineering Headquarters of the Corporation</p> <p>April 2015 Director, Civil Engineering Sales & Marketing Div. II, Civil Engineering Headquarters of the Corporation</p> <p>January 2016 Director, Civil Engineering Sales & Marketing Div. II, Civil Engineering Headquarters of the Corporation</p> <p>April 2016 Executive Officer, Director, Civil Engineering Sales & Marketing Div. II, Civil Engineering Headquarters, Director, Civil Engineering Planning Div., Civil Engineering Headquarters of the Corporation</p> <p>April 2018 Managing Officer, Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters of the Corporation</p> <p>April 2021 Senior Managing Officer, Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment of the Corporation (up to the present)</p> <p>[Reasons for nomination as a candidate for Director] Kentaro Ikeda possesses abundant experience and a high level of knowledge regarding the business activities of the Shimizu Group, which he has gained through managing business operations related to civil engineering and sales & marketing. Currently, he supervises the civil engineering business as Director of Civil Engineering Headquarters and is working on the sustainable growth of the construction business, which is our core business. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him as a director.</p>	24,488
8	 Motoaki Shimizu (April 25, 1971) <Reelection> <Non-executive Director> Attendance at the Board of Directors meetings 100% (15/15)	<p>February 1998 Joined IBM Japan, Ltd.</p> <p>July 2004 Joined the Corporation</p> <p>June 2011 Director of SHIMIZU & CO., LTD.</p> <p>June 2014 President and Representative Director of SHIMIZU & CO., LTD. (incumbent)</p> <p>March 2017 Resigned from the Corporation</p> <p>June 2017 Director of the Corporation (up to the present)</p> <p>[Significant concurrent positions outside the Corporation] President and Representative Director of SHIMIZU & CO., LTD.</p> <p>[Reasons for nomination as a candidate for Director] Motoaki Shimizu possesses abundant experience regarding business activities both in Japan and overseas and a high level of knowledge gained as a corporate manager. Currently, from a standpoint independent from business execution and as the present head of the Shimizu family, responsible for the 217-year history of the Corporation, he supervises the Corporation's management and business execution with a long-term perspective. Since January 2019, he has held the role of head of the Nomination and Compensation Committee. We judge his appointment to be appropriate for realizing the Shimizu Group's sustainable development and increase in corporate value over the medium and long term, and we have therefore nominated him to continue as a director.</p>	8,500,000



No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
10	 Junichi Kawada (September 26, 1955)	April 1978 Joined Nippon Oil Corporation (currently ENEOS Holdings, Inc.) June 2007 Executive Officer, General Manager, General Administration of Nippon Oil Corporation (currently ENEOS Holdings, Inc.) April 2010 Director, Senior Vice President of JX Holdings, Inc. (currently ENEOS Holdings, Inc.) June 2015 Director, Executive Vice President of JX Holdings, Inc. April 2017 Director, Executive Vice President of JXTG Holdings, Inc. (currently ENEOS Holdings, Inc.) June 2020 Trustee of ENEOS Holdings, Inc. (up to the present)	0
		[Significant concurrent positions outside the Corporation] Trustee of ENEOS Holdings, Inc.	
		[Reasons for nomination as a candidate for Outside Director, expected roles, etc.] Junichi Kawada possesses abundant experience and a high level of knowledge through his many years in corporate management as a corporate executive of a listed company, particularly in the areas of compliance and corporate governance in corporate group management. We judge that he is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated him as an outside director. After he assumes office, the Corporation expects that he will supervise the progress of the Mid-Term Management Plan, etc. from the perspective of a person with management experience, and provide advice and contribute to enhancing and strengthening the corporate governance of the Group.	
		[Independence of the candidate] Junichi Kawada meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation therefore plans to designate him as an independent Audit & Supervisory Board Member who will not have a conflict of interests with general shareholders and submit notification of this to the Tokyo Stock Exchange.	
		<New candidate> <Outside Director> <Independent Director> <Non-executive Director> Attendance at the Board of Directors meetings – Term of office served as Outside Director (at the conclusion of this meeting) –	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
11	 Mayumi Tamura (May 22, 1960) <Reelection> <Outside Director> <Independent Director> <Non-executive Director> Attendance at the Board of Directors meetings 100% (15/15) Term of office served as Outside Director (at the conclusion of this meeting) 2 years	April 1983 Joined Sony Corporation July 2002 Executive Officer of Johnson Diversey Corporation (currently CxS Corporation) December 2004 CFO of adidas Japan K.K. June 2007 Executive Officer, Senior Vice President and CFO of Seiyu Corporation (currently Seiyu GK.) May 2010 Executive Officer, Senior Vice President and CFO of Seiyu Corporation (currently Seiyu GK.) and Executive Officer, Senior Vice President and CFO of Walmart Japan Holdings GK. (currently Walmart Japan Holdings K.K.) June 2015 Outside Auditor of Honda Motor Co., Ltd. June 2017 Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd. (incumbent) (scheduled to retire in June 2021) June 2017 Outside Director of Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation) June 2019 Director of the Corporation (up to the present)	2,504
		[Significant concurrent positions outside the Corporation] Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd.	
		[Reasons for nomination as a candidate for Outside Director, expected roles, etc.] Mayumi Tamura possesses abundant management experience and a high level of knowledge in the field of finance and accounting from her many years working at global corporations. We judge that she is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated her to continue as an outside director. After she assumes office, the Corporation expects that she will provide advice and contribute to promoting ESG management and strengthening the Global Strategy Division of the Corporation.	
		[Independence of the candidate] Mayumi Tamura meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation has therefore designated her as an independent director who will not have a conflict of interests with general shareholders and it submitted notification of this to the Tokyo Stock Exchange. If her reelection is approved, the Corporation will continue her registration as an independent director.	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
12	 Yumiko Jozuka (March 19, 1962) <New candidate> <Outside Director> <Independent Director> <Non-executive Director> Attendance at the Board of Directors meetings – Term of office served as Outside Director (at the conclusion of this meeting) –	April 1984 Joined the Ministry of Labor April 2001 Head of Pharmaceutical Office, General Coordination Division, Pharmaceutical Safety Bureau of Ministry of Health, Labour and Welfare July 2004 Director of Promotion Division, Gender Equality Bureau, Cabinet Office August 2007 Head of Work and Family Harmonization Division, Equal Employment, Children and Families Bureau of Ministry of Health, Labour and Welfare July 2010 Head of Social Welfare and War Victims' Relief Bureau, Welfare Promotion Division of Ministry of Health, Labour and Welfare May 2014 Councilor, Cabinet Bureau of Personnel Affairs, Cabinet Secretariat June 2016 Director-General, Social Welfare and War Victims' Relief Bureau of Ministry of Health, Labour and Welfare July 2018 Deputy Vice-Minister of Ministry of Health, Labour and Welfare July 2019 Director-General for Human Resources Development of Ministry of Health, Labour and Welfare (retired in August 2020) (up to the present) [Reasons for nomination as a candidate for Outside Director, expected roles, etc.] Although Yumiko Jozuka does not have direct experience with corporate management, she has accumulated experience and knowledge through many years of involvement in public labor and welfare administration and, in particular, has expert knowledge and experience related to diversity, empowerment of women, working style reform and human resource development. We judge that she is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated her as an outside director. After she assumes office, the Corporation expects that she will utilize her public administration experience in labor and welfare to provide advice to the Corporation's management based on her professional knowledge and contribute to further promoting diversity within the Corporation. [Independence of the candidate] Yumiko Jozuka meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation therefore plans to designate her as an independent Audit & Supervisory Board Member who will not have a conflict of interests with general shareholders and submit notification of this to the Tokyo Stock Exchange.	0

Notes:


- None of the candidates for Audit & Supervisory Board Members have special interests in the Corporation.
- Of the candidates for directors, Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka are candidates for outside directors.
- The Corporation has entered into a limited liability agreement with Tamotsu Iwamoto and Mayumi Tamura pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation. The maximum amount of the liability for damage based on said agreement is the minimum amount prescribed in laws and regulations. If their reelection is approved at this meeting, the Corporation plans to renew the agreement. In addition, if Junichi Kawada and Yumiko Jozuka are elected, the Corporation plans to enter into a similar agreement with them.
- The Corporation has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The policy covers losses incurred by insureds, which includes Directors and Audit & Supervisory Board Members of the Corporation, from legally mandated amounts of indemnification and litigation expenses. (However, losses arising from cases where the insured has obtained personal gains or been granted benefits illegally are excluded.) If each candidate is elected and assumes office as Director, the candidate will be included as an insured in the insurance policy.


Proposal 3: Election of Two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Hideto Watanabe and Hatsuhito Kaneko will expire at the conclusion of this meeting.

The Audit & Supervisory Board has given its prior consent to this Proposal 3.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
1	 Hideto Watanabe (October 1, 1957) <Reelection> Attendance at the Board of Directors meetings 100% (15/15) Attendance at the Audit & Supervisory Board meetings 100% (17/17)	April 1980 Joined the Corporation June 2006 Manager, Accounting Dept. of the Corporation June 2016 Manager, Audit Department of the Corporation June 2017 Audit & Supervisory Board member (standing) of the Corporation (up to the present) [Reasons for nomination as a candidate for Audit & Supervisory Board Member] Hideto Watanabe has acquired a considerable degree of knowledge and abundant experience related to finance and accounting by engaging in accounting for many years. He is currently appropriately performing his role as a standing Audit & Supervisory Board Member by auditing Directors' performance of duties. We judge that his appointment is appropriate and we have therefore nominated him to continue as Audit & Supervisory Board Member.	11,902

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
2	 <p>Toshie Ikenaga (January 23, 1961)</p> <p><New candidate> <Outside Director> <Independent Director></p> <p>Attendance at the Board of Directors meetings —</p> <p>Attendance at the Audit & Supervisory Board meetings —</p> <p>Term of office served as Outside Audit & Supervisory Board Member (at the conclusion of this meeting) —</p>	<p>April 1983 Joined Westdeutsche Landesbank</p> <p>April 1987 Joined Economic Planning Agency</p> <p>July 2003 Director, Research Division, General Affairs Division, Quality-of-Life Policy Bureau, Cabinet Office</p> <p>July 2004 Counsellor, Economic, Fiscal and Social Structure Management, Cabinet Office</p> <p>August 2007 Associate Professor of Institute of Economic Research, Hitotsubashi University</p> <p>September 2010 Director, Policy Evaluation and Public Relations Division, Minister's Secretariat, Cabinet Office</p> <p>April 2012 Professor of Hosei Graduate School of Regional Policy Design</p> <p>September 2014 Director of General Affairs Division, Gender Equality Bureau, Cabinet Office</p> <p>January 2016 Vice-Governor, Shiga Prefecture</p> <p>July 2018 Director of Gender Equality Bureau, Cabinet Office (retired in August 2020) (up to the present)</p> <p>[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member]</p> <p>Although Toshie Ikenaga does not have direct experience with corporate management, through many years of involvement in government administration, she has been active in many fields, including analysis of economic conditions and policy issues, running a local government organization as Vice-Governor of Shiga Prefecture, and promoting diversity throughout society in general, and she has academic knowledge and wide-ranging experience and insight into economics and management. We judge that she is able to use these attributes to supervise the Corporation's management from an objective and neutral position, and we have therefore nominated her as an outside audit & supervisory board member.</p> <p>[Independence of the candidate]</p> <p>Toshie Ikenaga meets the standards for independence set out by the Tokyo Stock Exchange, on which the Corporation is listed, and the Standards regarding the Independence of Outside Officers set by the Corporation. The Corporation therefore plans to designate her as an independent Audit & Supervisory Board Member who will not have a conflict of interests with general shareholders and submit notification of this to the Tokyo Stock Exchange.</p>	0

Notes:

- None of the candidates for Audit & Supervisory Board Members have special interests in the Corporation.
- Of the candidates for Audit & Supervisory Board Members, Toshie Ikenaga is a candidate for Outside Audit & Supervisory Board Members.
- The Corporation has entered into a limited liability agreement with Hideto Watanabe pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 33 of the Articles of Incorporation. The maximum amount of the liability for damage based on said agreement is the minimum amount prescribed in laws and regulations. If his reelection is approved at this meeting, the Corporation plans to renew the agreement.
In addition, if Toshie Ikenaga is elected, the Corporation plans to enter into a similar agreement with her.
- The Corporation has entered into a directors and officers liability insurance policy. (Please see the notes on page 16.) If each candidate is elected and assumes office as Audit & Supervisory Board Member, the candidate will be included as an insured in the insurance policy.

(Reference) 1. Composition of the Board of Directors and Nomination Policy and Procedures of Candidates for Director and Audit & Supervisory Board Member

1. Composition of the Board of Directors

The maximum number of members of the Corporation's Board of Directors is set to 12 in the Articles of Incorporation, and the Board of Directors is composed of executive directors that are familiar with each area of the Corporation's business and non-executive directors, including multiple outside directors that possess abundant knowledge and experience from their respective backgrounds.

2. Nomination policy and procedures of candidates for director and Audit & Supervisory Board Member

The Corporation selects candidates for director based on their character, knowledge, experience and capabilities, placing importance on the diversity of composition of the Board of Directors.

Individuals with abundant expert knowledge and experience, gained while working at the Corporation, are selected as candidates for directors in charge of the execution of business. Individuals with abundant knowledge and experience in their respective fields and deep insight into the global situation, as well as the trends of society and the economy are selected as candidates for non-executive directors including outside directors.

Also, individuals with appropriate knowledge of finance and accounting, knowledge of legal and compliance, abundant expert knowledge and experience regarding the Corporation's business areas, and abundant knowledge and experience in their respective fields, are selected as candidates for Audit & Supervisory Board Members while keeping a good balance of candidates and after receiving the consent of the Audit & Supervisory Board.

Candidates for directors and Audit & Supervisory Board Members of the Corporation are discussed within the Nomination and Compensation Committee, of which a majority of the members are outside directors and the chairman is a non-executive director, based on the recognition of these qualities, then the nomination of candidates is determined at a meeting of the Board of Directors.

(Reference) 2. Standards regarding the Independence of Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members)

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

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

Attached documents to Notice of the 119th Annual General Meeting of Shareholders

Business Report

(for the year ended March 31, 2021)

[Yen amounts have been rounded down to the nearest billion (million)]

I Current Conditions of the Corporate Group (Consolidated)

1. Review of Operations and Results

<Consolidated financial results in the current fiscal year>

Throughout fiscal 2020, ended March 31, 2021, the Japanese economy continued to be adversely affected by the impact of COVID-19. However, there were signs of a recovery in the latter half of the above period as consumer spending, exports, corporate earnings and others picked up.

As for the construction industry, whereas orders for the public sector remained firm, those for the private sector were at a lower level than a year earlier mainly due to sluggish capital investment resulting from the impact of COVID-19.

Against this backdrop, Shimizu Corporation and its subsidiaries (the Shimizu Group) reported consolidated net sales of ¥1,456.4 billion, down 14.2% year on year, due to decreases in net sales from completed construction contracts and real estate development and other businesses. Ordinary income decreased 23.6% year on year to ¥105.4 billion, mainly due to a decrease in gross profits from completed construction contracts on account of lower profitability of building construction in Japan and of overseas construction. Net income decreased 22.0% to ¥77.1 billion, as a result of recording gain on sales of investment securities, coronavirus-related loss, and others as special gains and losses.

The Group proposes to pay a year-end dividend of ¥18 per share, adding a special dividend of ¥8 per share to the ordinary dividend of ¥10 per share, which makes the full-year dividend ¥30 per share, after the addition of the mid-year dividend.

Construction business

[Domestic construction, Domestic civil engineering, Overseas construction businesses]

Net sales in the construction business decreased 14.3% year on year to ¥1,301.3 billion. Segment profits decreased 18.3% to ¥162.4 billion, due to the lower profitability of building construction in Japan and overseas construction, and other factors.

Major project orders awarded

Building construction	Mitsubishi Heavy Industries, Ltd.	TTM Project - New Construction Project
	ProLogis Inc.	ProLogis Park Inagawa 1 Project
	Mizuho Bank, Ltd.	Harumi 3 Chome Plan (Office Building) (provisional name) - New Construction Project
Civil engineering	West Nippon Expressway Company Limited	Shin-Meishin Expressway Hirakata Tunnel Project
	Miyazaki Prefectural Government	Aya No. 2 Power Plant Large-Scale Renovation Project

Major construction contracts completed

Building construction	Chiba Inohana PFI Co., Ltd.	Construction, Equipment Procurement for the Chiba University (Inohana Campus) Medical Science Research Building Project
	Tokyo Electron Technology Solutions Ltd.	Tokyo Electron Technology Solutions Ltd. Fujii Plant, New Building No.3 Construction Project
	Alfresa Corporation	Alfresa Shizuoka Logistics Center (provisional name) - New Construction Project
	YASKAWA Electric Corporation	Yaskawa Technology Center (provisional name) Construction Project
	Fukushima Gas Power Co., Ltd. JFE Engineering Corporation Mitsubishi Hitachi Power Systems (Currently Mitsubishi Power, Ltd.)	Construction - Soma LNG Terminal, Fukushima Natural Gas Power Plant
Civil engineering	Urban Renaissance Agency	Great East Japan Earthquake Revitalization & Urban Development Project

Non-construction businesses (Real estate development and other businesses)

[Investment and development, Engineering, LCV, Emerging Frontier, and other businesses]

Net sales in the non-construction business (real estate development and other businesses) decreased 14.0% year on year to ¥155.1 billion. Segment profits rose 3.9% to ¥27.9 billion, partly due to an increase in profit from the rental business.

LCV business



Wood-fueled Biomass Power Plant of Shinshu Wood Power

Investment and development business



Acquisition of Residential Rental Property in Washington, D.C., US. [The Shaw]

Engineering business



JPS20 Solar Power Plant at Sanbongi, Osaka City

Construction orders awarded and contracts, net sales and backlog on non-consolidated basis

(Millions of Yen)

		Backlog as at March 31, 2020	Construction orders awarded and contracts	Net sales	Backlog as at March 31, 2021
Building business	Architectural construction	1,415,866	817,718	917,145	1,316,439
	Civil engineering	482,753	312,996	259,980	535,770
	Total	1,898,620	1,130,715	1,177,125	1,852,210
Real estate development and other		96,651	70,254	72,860	94,045
Total		1,995,272	1,200,969	1,249,985	1,946,255

<Consolidated forecasts for the next fiscal year>

In fiscal 2021, ending March 31, 2022, Japan's economy is expected to recover as actions are taken to curb the spread of COVID-19, but it is necessary to closely monitor the risk of a downturn of the global economy due to the prolonged duration of the pandemic, the impacts of fluctuations in the financial and capital markets.

Regarding the construction industry, we expect public-sector investment to remain steady and private-sector investment to pick up in terms of capital expenditure as a result of improvements in corporate earnings. Nonetheless, attention needs to be given to the impact of uncertainty over the timing of the end of COVID-19.

In the Shimizu Group's consolidated earnings forecast for fiscal 2021, under this business environment, net sales, ordinary income, and net income are expected to be ¥1,550.0 billion, up 6.4% year on year; ¥77.0 billion, down 27.0% year on year; and, ¥58.0 billion, down 24.8% year on year, respectively. Construction orders awarded and contracts on a non-consolidated basis are forecasted to increase ¥189.0 billion year on year to ¥1,390.0 billion for fiscal 2021.

2. Trends in Assets and Operating Results

(1) Trends in assets and operating results of the corporate group (Consolidated)

(Millions of Yen)

	116th Fiscal Year (Fiscal 2017)	117th Fiscal Year (Fiscal 2018)	118th Fiscal Year (Fiscal 2019)	119th Fiscal Year (Current fiscal year) (Fiscal 2020)
Net sales	1,519,435	1,664,960	1,698,292	1,456,473
Ordinary income	124,130	133,957	137,986	105,465
Net income	84,978	99,668	98,977	77,176
Net income per share (Yen)	108.31	127.04	128.31	101.17
Return on Equity (ROE)	13.9%	14.4%	13.6%	10.0%
Total assets	1,780,943	1,860,794	1,904,934	1,908,674
Net assets	656,330	735,242	736,412	821,446

Notes: 1. Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

2. The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 117th fiscal year. Accordingly, the amount of total assets for the 116th fiscal year reflected the application of the aforementioned standard, etc.

(2) Trends in assets and operating results of the Corporation (Non-consolidated)

(Millions of Yen)

	116th Fiscal Year (Fiscal 2017)	117th Fiscal Year (Fiscal 2018)	118th Fiscal Year (Fiscal 2019)	119th Fiscal Year (Current fiscal year) (Fiscal 2020)
Construction orders awarded and contracts	1,505,577	1,725,456	1,274,404	1,200,969
Net sales	1,262,554	1,406,730	1,417,604	1,249,985
Ordinary income	113,116	121,742	122,686	98,613
Net income	83,004	92,733	89,365	72,370
Net income per share (Yen)	105.62	118.00	115.65	94.70
Total assets	1,524,948	1,597,475	1,604,429	1,632,972
Net assets	556,455	627,910	620,143	697,042

Notes: 1. Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

2. The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 117th fiscal year. Accordingly, the amount of total assets for the 116th fiscal year reflected the application of the aforementioned standard, etc.

3. Issues to Be Addressed

Initiatives to Fulfill the Mid-Term Management Plan <2019-2023>

In May 2019, the Shimizu Group announced the long-term vision “SHIMZ VISION 2030,” under which the Shimizu aims to develop the Group into a “Smart Innovation Company,” and the Mid-Term Management Plan (2019-2023), which incorporates specific strategies for making the Vision a reality.

In the Mid-Term Management Plan, Shimizu positions the five years starting from fiscal 2019 as a period of forward-looking investment towards establishing a new profit base. As previously mentioned, the business environment surrounding the Group remains challenging, compared to the start of the Mid-Term Management Plan. However, we are strengthening business competitiveness through measures such as securing business volume while placing emphasis on profit, steadily implementing investment plans to enhance productivity and to establish a new profit base, and reinforcing foundations and advancing business strategies to accelerate global expansion, in order to secure future growth.

The following are the results of fiscal 2020 for financial KPIs and non-financial KPIs cited in the Mid-Term Management Plan.

■ Financial KPIs

	Fiscal 2020 Results	Fiscal 2023 Goals
ROE	10.0%	10% or more
Equity ratio	42.7%	40% or more
D/E ratio	0.5 times	0.7 times or less
Dividend payout ratio	29.7%	Around 30%

■ Non-financial KPIs

	Fiscal 2020 Results	Fiscal 2023 Goals
Productivity of construction business (Improvement rate from fiscal 2016)	12.3%	20% or more
Reduction rate of CO ₂ emissions of construction business (Reduction rate from fiscal 2017) * ¹	15.3%* ¹	10% or more
Employee satisfaction indicator scores * ²	3.75	4.0 or more
Number of serious legal violations	0	0

*1: Provisional value as of April 2021 before acquisition of third-party verification

*2: Indicator of Shimizu employee attitude survey (average of five-scale evaluation)

Regarding capital management policy, we will: utilize capital more effectively through a phased reduction of cross-shareholdings and other measures (refer to page 22), strengthen financial soundness, which will be a foundation for long-term growth, and expand and reinforce shareholder returns by maintaining stable dividends (ordinary dividends).

In fiscal 2021, which is the third year of the Mid-Term Management Plan, we will continue to transform the construction business while flexibly responding to changes in the environment, establishing the financial base of non-construction businesses, and strengthening the business base that supports growth. In addition, we will steadily enhance the corporate value of the Group by accelerating global expansion and pursuing ESG management.

Realization of New Workstyle under the New Normal

The Corporation has continued business activities while doing its utmost to prevent the spread of COVID-19 as the pandemic rages across the world. We have deployed laptop PCs, made better use of video conferencing, and taken other countermeasures to respond to the pandemics. Going forward, we will integrate these activities to realize workstyles that cater to the New Normal.

To prepare a working environment that support flexible and diverse workstyles, we have been using some company-owned facilities as satellite offices since December 2020. In May 2021, we not only partially renovated the head office to introduce hot desking, but also established and started using outside satellite offices. In renovating the head office, some floors deploy digital technology for “Workplace management by office workers*1,” “Workplace monitoring by facility managers *2,” and “Equipment control that adjusts to activities in a working space,” thereby enhancing productivity while promoting innovation and collaboration, conducting behavioral analyses of workstyles, assisting work reforms, and reducing the risk of communicable diseases.

Our efforts are not limited to improving the working environment; we are promoting activities such as advancing paperless documentation and eliminating the need for physical verification of internal communications, in order to pursue diverse workstyles, including telework and flexible working hours. Through these activities, we endeavor to establish an environment that enables employees with diverse values, ways of thinking, and skills, resulting from their different backgrounds, such as gender, disability, and nationality, to demonstrate their abilities to the maximum. We will enhance job satisfaction and happiness of employees by realizing new workstyles under the new normal, and utilize this towards the sustained growth of the Shimizu Group.

*1: Workplace management: Maximize diverse workstyles, in-person interactions, and cooperative opportunities. Support operating a working environment that enhances productivity.

*2: Workplace monitoring: Create a working environment that can realize work reforms through behavioral management and behavioral analyses that make possible achieving security and contact tracing in the event that an infection occurs.

Initiatives Toward Strengthening Compliance

The Corporation has continued to promote a variety of measures that contribute to cultivating an ethical mindset and ensuring strict compliance in order to ensure that officers and employees of the Group take specific actions in accordance with its Corporate Credo “The Analects and Abacus.”

1. Top management to take the lead in cultivating an ethical mindset and ensuring strict compliance.

- (i) Seminars for practicing “The Analects and Abacus” (held within the Corporation and its subsidiaries)
To cultivate a culture that encourages application of Analects and Abacus to their daily duties and to encourage discussion of their ways of thinking and action, all departments held small group sessions.
- (ii) Corporate ethics training for management executives (after providing training for officers of the Corporation, the contents were posted on the intranet to the employees of the Corporation and officers and employees of subsidiaries)
 - “Learning from the Analects and Abacus” by Mr. Takashi Saito and “Prevention of Harassment” by Naoto Okada, a lawyer.
- (iii) Compliance e-learning training (including “Compliance with the Antimonopoly Act”)
 - Completed by approximately 10,000 employees of the Corporation and approximately 4,200 officers and employees of its subsidiaries.

2. Strict compliance with the Code of Conduct concerning construction project bidding (promoted mainly within the Corporation and its subsidiaries engaged in the construction business)

- Provision of management executive training by external lawyers and exchanges of opinions
- Provision of training for employees by the Legal Department and listening to opinions
- High-risk projects that were considered likely to cause anticompetitive actions were identified; interviews and checks were conducted with sales officers, department officers, and persons in charge of sales; and, interviews were also held by external lawyers.

3. Objective evaluation by lawyers on the implementation of recurrence prevention measures for compliance with the Antimonopoly Act

- As a result of an evaluation by external lawyers in April 2021, it was concluded that “the Corporation including group companies is judged to be making serious efforts to ensure compliance with the Antimonopoly Act, and its approach is to be commended.”

Shimizu's Initiatives in SDGs and ESG

“SHIMZ VISION 2030,” the long-term vision, describes realizing a resilient* society where everyone can feel safe and secure, an inclusive* society where all people can live together in comfort and health, and a sustainable* society where future generations can inherit a well-cared-for environment as the value that the Shimizu Group can provide to society. We contribute to achieving SDGs by pursuing these goals through our business activities.

Simultaneously, we promote ESG management and fulfill our social responsibilities through our business activities, thereby enhancing our mid- to long-term corporate value, realizing sustained growth, and, enhancing the trust of stakeholders.

● The Value Shimizu Group Provides ●



* Resilient: Able to flexibly overcome and quickly recover from difficult situations

Inclusive: Providing equal access to opportunities and resources for all people in society

Sustainable: Able to grow continuously, while conserving the global environment

■ New Environmental Vision SHIMZ Beyond Zero 2050

Countries around the world aim to nurture both the environment and the economy, accelerating the trend of responding to climate change issues as an “opportunity for growth.” In 2020, the Government of Japan declared that it aimed to achieve carbon neutrality and realize a post-carbon society by 2050.

Against this background, the Shimizu Group also plans to announce a new environmental vision “SHIMZ Beyond Zero 2050,” based on the concepts presented in the table below. Beyond Zero reflects our thinking of not only eliminating the negative effects of our business activities, but also providing positive environmental value to our customers and society. Shimizu defines the sustainable society that we aim to achieve as “a post-carbon society,” “a resource recycling society,” and “a society where people and nature coexist.”

SHIMZ Beyond Zero 2050			
Negative effects from the Shimizu Corporation's own activities Zero		Provision of environmental value to customers and society Beyond Zero	
Post-carbon society	<ul style="list-style-type: none"> Zero CO₂ emissions from Shimizu Corporation's workplaces and offices 	+	<ul style="list-style-type: none"> Contribute to a post-carbon society through the supply chain, such as zero CO₂ emission during operation of design/build projects Lead the post-carbon society by creating technological innovation and renewable energy
Resource recycling society	<ul style="list-style-type: none"> Zero final-disposal waste from Shimizu Corporation's businesses 	+	<ul style="list-style-type: none"> Contribute to resource recycling across a facility life cycle from materials procurement to demolition
A society where people and nature coexist	<ul style="list-style-type: none"> Zero negative effects on nature from Shimizu Corporation's businesses 	+	<ul style="list-style-type: none"> Increase biodiversity by introducing green infrastructure and contribute to sustainable coexistence of people and nature

■ Information disclosure pursuant to TCFD

The Corporation, considering climate change to be one of its key management issues, analyzes the “risks” and “opportunities” that climate change presents to its businesses and applies the results to management strategies. We have concluded that our ongoing responses required for addressing climate change align with our Long-Term Vision and the direction of business strategies formulated in the Mid-Term Management Plan. We disclose the results on our corporate website and in reports.

Key Factors (Risks and opportunities)	Shimizu's Response
Expansion of need for energy-saving buildings Expansion of need for renewable energy	<ul style="list-style-type: none"> Promotion of designing and constructing ZEB Promotion of renewable business Development and commercialization of hydrogen energy-based systems
Rise in average summer temperature	<ul style="list-style-type: none"> Labor-saving and enhancement of productivity in the working environment by deploying robots, ICT, AI, etc. Improvement of working environment through workstyle reform, preventive measures for heat stroke, etc.
Changes to market caused by climate change Policies that improve national resilience	<ul style="list-style-type: none"> Proposals for BCP Promotion of activities to capture orders for the infrastructure business



* TCFD (Task Force on Climate-related Financial Disclosures):

An initiative established by the Financial Stability Board (FSB) in 2015. TCFD encourages corporations, etc. to grasp and disclose information on the financial impact of climate change risks and opportunities with the aim of stabilizing financial markets.

■ Promotion of Net Zero Energy Buildings (ZEB)

The promotion of ZEB*, an effective method for reducing greenhouse gas emissions, is one of the social missions that the Corporation aims to fulfill in the construction business. We were one of the first in the industry to promote the spread of ZEB, and have designed and completed construction of many buildings, including our Tohoku Branch (Nearly ZEB) and Hokuriku Branch (ZEB), which were completed this year (see page 58). Going forward, the Corporation will continue to contribute to realizing a sustainable society by deploying Shimizu's cutting-edge technologies for energy-saving and energy-creation,

*ZEB Ready: A building in which, excluding renewable energy, the primary energy consumption level is reduced by a minimum of 100% from the benchmark primary energy consumption. "Nearly ZEB" refers to a building that reduces the level by 75% or more.

■ Adding Shimizu's Technology to Natural Power ~Green infrastructure + (Plus)~

In recent years, initiatives in green infrastructure that make greater use of the natural environment has attracted attention as an effective method for establishing social capital, safety and security, and the sustainable use of land and solution to social issues. The Corporation is promoting "Green Infrastructure + (PLUS)," which returns the richness of nature to the entire community by leveraging the clever functions that nature possesses in establishing infrastructure, and adding our software and technologies to those functions. We will continue to challenge ourselves to realize a sustainable society that makes possible a harmonious symbiosis between nature and people by improving the regional environment and increasing socio-economic value.



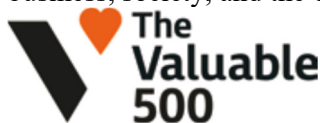
Green infrastructure + (Plus)

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

■ Shimizu Joins the "The Valuable 500" International Initiative

This year, the Corporation joined the "The Valuable 500*" international initiative, which promotes participation in society by people living with disabilities. The Corporation is committed to realizing an inclusive society from three viewpoints: diversity management that creates innovation through diverse human resources; business activities that create communities where everyone can live in comfort; and, social contribution activities that contribute to the realization of a positive community where everyone can work and live with a sense of purpose.

*The Valuable 500: An international initiative to promote inclusion of people with disabilities, launched at the 2019 annual general meeting of the World Economic Forum (Davis Summit). The aim of the initiative is for business leaders to inspire reforms in their companies and make their businesses inclusive so that people with disabilities can demonstrate their potential value through active participation in business, society, and the economy.



4. Status of Financing

The Corporation issued straight bonds by public offering as follows and used the funds to provide for redemption of straight bonds, capital investment, and repayment of borrowings.

April 2020: Unsecured Straight Bonds No. 27 ¥20 billion

April 2020: Unsecured Straight Bonds No. 28 ¥5 billion

September 2020: Unsecured Straight Bonds No. 29 ¥10 billion

September 2020: Unsecured Straight Bonds No. 30 ¥15 billion

5. Status of Capital Investment

The amount of capital investment made in the current fiscal year is ¥122.4 billion. Most of this consisted of acquisition of fixed assets for rental business and other business operations. Of this capital investment, ¥96 billion was investment by the Corporation (non-consolidated).

6. Status of Major Subsidiaries (As at March 31, 2021)

Name	Capital (Millions of Yen)	Ratio of ownership by the Corporation (%)	Major business
Shimizu Comprehensive Development Corporation	3,000	100	Purchase, sale, letting and management in connection with real estate
FaB-Tec Japan Corporation	2,437	84.6	Contracted construction of bridges and frames
Daiichi Setsubi Engineering Corporation	400	94.3	Contracted construction of building facilities
Milx Corporation	372	100	Sale and leasing of construction materials and equipment in addition to insurance agency business
SC Machinery Corp.	200	100	Leasing of construction machinery
SHIMIZU BLC Co., Ltd.	100	100	Contracted renewal of buildings and building management business

Note: The ratios of ownership by the Corporation provided above are identical to the ratios of voting rights held.

7. Major Businesses (As at March 31, 2021)

The Shimizu Group's main business areas are construction and development. It is also engaged in operations that are incidental to each of its business areas including the sale and leasing of construction materials and equipment as well as financing.

The Corporation, which is the main business corporation in the Shimizu Group, has obtained a Specific Construction Business License (specific-1 no. 3200) and an Ordinary Construction Business License (ordinary-1 no. 3200) from the relevant minister in accordance with the Construction Business Act, and carries out construction, civil engineering, and related businesses accordingly.

The Corporation has also obtained a license from the relevant minister as a Building Lots and Buildings Traders (14 no. 1081) in accordance with the Building Lots and Buildings Transaction Business Act, and carries out businesses related to real estate accordingly.

8. Major Branches (As at March 31, 2021)

(1) The Corporation

Head Office			
2-16-1 Kyobashi, Chuo-ku, Tokyo			
Branches			
HOKKAIDO Branch	(Sapporo)	TOHOKU Branch	(Sendai)
HOKURIKU Branch	(Kanazawa)	KANTO Branch	(Saitama)
TOKYO Branch	(Chuo-ku, Tokyo)	YOKOHAMA Branch	(Yokohama)
CHIBA Branch	(Chiba)	NAGOYA Branch	(Nagoya)
KANSAI Branch	(Osaka)	KOBE Branch	(Kobe)
SHIKOKU Branch	(Takamatsu)	HIROSHIMA Branch	(Hiroshima)
KYUSHU Branch	(Fukuoka)	TOKYO Civil Engineering Branch	(Chuo-ku, Tokyo)
International Div.	(Singapore)	Investment and Development Div.	(Chuo-ku, Tokyo)
Engineering Headquarters	(Chuo-ku, Tokyo)	LCV Headquarters	(Chuo-ku, Tokyo)
		Institute of Technology	(Koto-ku, Tokyo)

Note: On April 1, 2021, the KOBE Branch was integrated into the KANSAI Branch, and the Civil Engineering International Div. was newly opened.

International business network	
Dalian, Shanghai, Guangzhou, Hong Kong, Taipei, Manila, Hanoi, Ho Chi Minh City, Bangkok, Yangon, Kuala Lumpur, Singapore, Jakarta, Dhaka, Bengaluru, Gurugram, Tashkent, Dubai, Istanbul, Lusaka, Wroclaw, Prague, London, New York, Atlanta, Queretaro	

(2) Major subsidiaries

Shimizu Comprehensive Development Corporation	(Chuo-ku, Tokyo)
FaB-Tec Japan Corporation	(Chuo-ku, Tokyo)
Daiichi Setsubi Engineering Corporation	(Minato-ku, Tokyo)
Milx Corporation	(Chuo-ku, Tokyo)
SC Machinery Corp.	(Yokohama)
SHIMIZU BLC Co., Ltd.	(Chuo-ku, Tokyo)

9. Status of Employees (As at March 31, 2021)

(1) Employees of the corporate group (Consolidated)

	Number of employees (including contract workers)	Change from March 31, 2020
Construction business	14,106	- 89
Non-construction businesses (Real estate development and other businesses)	1,596	+ 352
Other	884	+ 26
Total	16,586	+ 289

Note: "Other" shows the number of employees in administration division, etc. (non-consolidated), who are unable to be classified in any specific business line.

(2) Status of employees of the Corporation (Non-consolidated)

Number of employees (including contract workers)	
10,494	

* Employees of the Corporation excluding contract workers

Number of employees	9,652	Change from March 31, 2020	Increase of 56
Average age	42.8	Average years of continuous service	15.3 years

10. Status of Major Creditors (As at March 31, 2021)

Creditor	Amount borrowed (Millions of Yen)
Mizuho Bank, Ltd.	74,130
MUFG Bank, Ltd.	52,225
Sumitomo Mitsui Banking Corporation	13,103
The Norinchukin Bank	12,902
The Hachijuni Bank, Ltd.	12,852
The Chiba Bank, Ltd.	10,497
The Dai-ichi Life Insurance Company, Limited	8,317
The Hyakugo Bank, Ltd.	7,445
Fukoku Mutual Life Insurance Company	7,132
THE YAMAGUCHI BANK, Ltd.	6,846

II Current Conditions of the Corporation (Non-consolidated)

1. Status of Shares of the Corporation (As at March 31, 2021)

- (1) Total number of authorized shares 1,500,000,000 shares
- (2) Total number of issued shares 788,514,613 shares
- (3) Number of shareholders 63,068 (increase of 11,695 from March 31, 2020)
- (4) Major shareholders (Top ten)

Shareholder	Number of shares held (Thousands of Shares)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	69,854	9.14
SHIMIZU & CO., LTD.	63,431	8.30
The SHIMIZU FOUNDATION	38,595	5.05
Custody Bank of Japan, Ltd. (Trust Account)	35,755	4.68
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.28
Employee's Stock Ownership Plan	16,773	2.19
Custody Bank of Japan, Ltd. (Trust Account 7)	13,185	1.73
Custody Bank of Japan, Ltd. (Trust Account 4)	12,425	1.63
Mizuho Bank, Ltd.	10,697	1.40
The Dai-ichi Life Insurance Company, Limited	10,564	1.38

Note: Percentage of total is calculated excluding treasury stocks (24,322,192 shares).

(5) Other important matters related to shares

The Corporation resolved to acquire treasury stocks with 28 million shares and ¥20 billion as the maximum number and amount at the Board of Directors meeting held on May 10, 2021.

2. Officers of the Corporation

(1) Status of directors and audit & supervisory board members (As at March 31, 2021)

Position in the Corporation	Name	Areas of responsibility in the Corporation and significant concurrent positions outside the Corporation
Chairman of the Board and Representative Director	Yoichi Miyamoto	
President and Representative Director, President and Executive Officer	Kazuyuki Inoue	
Executive Vice President and Representative Director, Executive Vice President and Executive Officer	Toshiyuki Imaki	Director, Building Construction Headquarters, in charge of Information Management, Productivity Improvement, Associated Companies
Executive Vice President and Representative Director, Executive Vice President and Executive Officer	Toru Yamaji	In charge of Engineering Business, LCV Businesses, Emerging Frontiers
Senior Managing Officer and Representative Director	Tsunehiko Yamanaka	Director, Civil Engineering Headquarters, in charge of Safety Administration & Environment
Senior Managing Officer	Hiroshi Fujimura	Director, Sales & Marketing Headquarters, Director, Yumeshima (Osaka) Projects
Senior Managing Officer	Kimio Handa	In charge of Administrative Functions, SDGs & ESG Promotion, Director, Corporate Ethics Office
Director [Non-executive]	Motoaki Shimizu	President and Representative Director of SHIMIZU & CO., LTD.
Director [Independent] [Outside] [Non-executive]	Tamotsu Iwamoto	Outside Auditor of HOUSE FOODS GROUP INC.
Director [Independent] [Outside] [Non-executive]	Aya Murakami	Professor, Department of Law, Faculty of Law, Teikyo University
Director [Independent] [Outside] [Non-executive]	Mayumi Tamura	Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd.
Audit & Supervisory Board Member (Full-time)	Hideto Watanabe	
Audit & Supervisory Board Member (Full-time)	Koichi Matsuoka	
Audit & Supervisory Board Member (Full-time) [Independent] [Outside]	Hatsuhito Kaneko	
Audit & Supervisory Board Member [Independent] [Outside]	Tetsuya Nishikawa	Lawyer (Kasahara Law Office) External Auditor of SEKIDO Co., Ltd. External Director of LAC Co., Ltd. Audit & Supervisory Board Member of Soken Co., Ltd. External Auditor of TAIHEI Engineering Co., Ltd.

Position in the Corporation	Name	Areas of responsibility in the Corporation and significant concurrent positions outside the Corporation
Audit & Supervisory Board Member [Independent] [Outside]	Kaoru Ishikawa	Director, Kawamura Gakuen Director, The Society for Promotion of Japanese Diplomacy Outside Director of SMK Corporation Director, Mitsubishi UFJ Foundation

- Notes:
1. Directors Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura are outside directors.
 2. Audit & Supervisory Board Members Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa are outside audit & supervisory board members.
 3. The Corporation has designated outside directors Tamotsu Iwamoto, Aya Murakami and Mayumi Tamura, and outside audit & supervisory board members Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa as independent director/audit & supervisory board member, who will have no conflicting interests with general shareholders, and it submitted notification of this to the Tokyo Stock Exchange, Inc.
 4. The Corporation has business relationships with Teikyo University, Honda Motor Co., Ltd., LAC Co., Ltd., TAIHEI Engineering Co., Ltd., and Kawamura Gakuen, which are major concurrent places of work of outside directors. However, all these transactions have been made based on ordinary terms and conditions, and the Corporation has no special relationships with these entities. There are no other relationships between concurrent places of work of outside officers and the Corporation that should be noted.
 5. Audit & Supervisory Board Member Hideto Watanabe has provided services related to finance and accounting for many years, and has acquired a considerable degree of knowledge related to finance and accounting.
 6. Audit & Supervisory Board Member Koichi Matsuoka has acquired a considerable degree of knowledge and abundant experience related to accounting, finance, audit, etc. by engaging in accounting operations for many years.
 7. Audit & Supervisory Board Member Hatsuhito Kaneko has acquired a considerable degree of knowledge related to finance and accounting by engaging in banking services and management at financial institutions for many years.
 8. On April 1, 2021, the following changes were made in the position and areas of responsibilities in the Corporation of directors.

Name	Position in the Corporation	Areas of responsibility in the Corporation
Executive Vice President and Representative Director, Executive Vice President and Executive Officer	Toshiyuki Imaki	Director, Building Construction Headquarters, in charge of Information Management, Productivity Improvement, Associated Companies, and Global Business
Executive Vice President, Executive Vice President and Executive Officer	Toru Yamaji	Director, LCV Headquarters In charge of Engineering Business, Emerging Frontiers, and New Business Development
Executive Vice President and Representative Director, Executive Vice President and Executive Officer	Kimio Handa	In charge of Administrative Functions and SDGs & ESG, Director, Corporate Ethics Office
Executive Vice President, Executive Vice President and Executive Officer	Hiroshi Fujimura	Director, Sales & Marketing Headquarters, Deputy Director, Yumeshima (Osaka) Projects
Director and Representative Director	Tsunehiko Yamanaka	

9. Retired directors and audit & supervisory board members in the current fiscal year

Position at time of retirement	Name	Date of retirement	Reason for retirement
Executive Vice President and Representative Director, Executive Vice President and Executive Officer	Koichiro Higashide	June 26, 2020	Expiration of term of office
Executive Vice President, Executive Vice President and Executive Officer	Koji Ikeda	June 26, 2020	Expiration of term of office
Director	Osamu Terada	June 26, 2020	Expiration of term of office
Audit & Supervisory Board Member	Chihiro Arakawa	June 26, 2020	Expiration of term of office

(2) Outline of limited liability agreement

The Corporation entered into a limited liability agreement with all of the outside directors and audit & supervisory board members pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Articles 26 and 33 of the Articles of Incorporation, to the effect that if an outside director or an outside audit & supervisory board members causes damage to the Corporation by neglecting to perform his or her duties, provided such outside director or outside audit & supervisory board member has acted in good faith and without gross negligence, his or her liability shall be limited to the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act.

(3) Outline of Directors and Officers Liability Insurance

The Corporation has entered into directors and officers liability insurance with an insurance company pursuant to the provisions of Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured under the insurance covers Directors, Audit & Supervisory Board Members, Executive Officers, and important employees of the Corporation. This insurance policy covers compensation for damages, claimed legally against the insured, and ensuing litigation expenses. However, events, such as one that arises from the insured having obtained personal profits or convenience illegally, will not be covered by the insurance with the aim of avoiding damage to the appropriateness of the execution of duties by the insured.

(4) Amounts of remuneration, etc. to directors and audit & supervisory board members

(i) Matters related to policy on determining the contents of officer remuneration, etc.

The remuneration of each Director of the Corporation, which consists of a base salary that is paid monthly at a fixed amount and performance-based compensation that comprises bonuses and compensation exclusively for purchasing shares of the Corporation, is decided through deliberations of the Nomination and Compensation Committee, which was established to evaluate the performance of Directors and decide on their remuneration in a fair and transparent manner, based on a resolution passed at a meeting of the Board of Directors.

Non-Executive Directors including Outside Directors and Audit & Supervisory Board Members are paid only fixed-amount monthly salary for the purpose of enhancing the supervisory functions of management.

The Corporation, at a Board of Directors meeting held on February 24, 2021, resolved regulations for officer compensation that set forth the policy for determining the remuneration of each Director. An outline of the contents is as follows:

a. Policy on base salary

Of the remuneration, etc. of Directors of the Corporation, the fixed-amount monthly salary that is the base salary is a maximum total of 90 million yen a month (including a maximum of 10 million yen for Outside Directors) pursuant to a resolution passed at the 117th Annual General Meeting of Shareholders held on June 27, 2019. The number of Directors was 12 (including three Outside Directors) at the close of the 117th Annual General Meeting of Shareholders.

Remuneration for Audit & Supervisory Board Members is a maximum total of 13 million yen a month pursuant to a resolution passed at the 89th Annual General Meeting of Shareholders held on June 27, 1991 and is decided through discussions at Audit & Supervisory Board Members meetings. The number of Audit & Supervisory Board Members was four at the close of the 89th Annual General Meeting of Shareholders.

b. Policy on performance-based compensation

Of the remuneration, etc. of Directors of the Corporation, bonuses that are performance-based compensation is a maximum total of 500 million yen a year pursuant to a resolution at the 118th Annual General Meeting of Shareholders held on June 26, 2020, and the Nomination and Compensation Committee deliberates on whether or not a bonus shall be paid and on what amount shall be paid. Consolidated net income for the current fiscal year is set as the performance indicator, being the final results of the Group's business activities for a business year, and consideration is also given to the level of achievement of the targets set for consolidated ordinary income for the current fiscal year. The basic bonus amount is determined by multiplying said indicator by a fixed percentage, and the resulting amount is further multiplied by an index number

decided separately for each position, and a multi-faceted evaluation of the performance of each Director is also taken into consideration in the calculation. The number of Directors (executive directors) was seven at the close of the 118th Annual General Meeting of Shareholders.

To encourage the further sharing of values with shareholders and increase corporate value over the medium to long term, an amount corresponding to 20% of the bonus as performance-based compensation, shall be deemed to be compensation for purchasing the Corporation's shares, and each Director shall contribute this remuneration to the Directors' Shareholding Association, which shall acquire the Corporation's shares. The Corporation's shares that are acquired in this way shall continue to be held for the duration of the Director's tenure and for a fixed period of time after resignation.

c. Matters related to delegating the determination of remuneration, etc.

To evaluate the performance of each Director of the Corporation and decide on their remuneration in a fair and transparent manner, the remuneration, etc. of each Director is determined by the Nomination and Compensation Committee, which has a majority of Outside Directors and is chaired by a Non-Executive Director (see page 40 for the names and positions of committee members).

Regarding directors' remuneration for the current fiscal year, pursuant to the regulations for officers' compensation resolved at the Board of Directors meeting, the Nomination and Compensation Committee deliberated at meetings (a total of nine meetings were held during the current fiscal year) upon the individual monthly remuneration amount and the bonus amount based on an evaluation of the performance of each Director, and determined the amount to be granted. Therefore, the Corporation believes that the contents are in line with the policy decided at the Board of Directors meeting.

(ii) Total amount of remuneration, etc. for the current fiscal year

Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Compensation Type (Millions of Yen)			Number of Eligible Officers
		Monthly Salary	Bonus		
				Of Which, Compensation for Purchasing the Corporation's Shares	
Directors (excluding Outside Directors)	819	616	202	39	11
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	64	64	—	—	3
Outside Officers	103	103	—	—	6

(Notes) 1. The amounts of remunerations, etc., given above include those for three directors and one audit & supervisory board member who retired at the conclusion of the 118th Annual General Meeting of Shareholders held on June 26, 2020.

2. The target for consolidated net income for the current fiscal year, which is employed as the performance indicator for determining bonuses that are performance-based compensation, is set at 61,000 million yen, and the result was 77,176 million yen. The target for consolidated ordinary income for the fiscal year under review is set at 84,000 million yen, and the result was 105,465 million yen.

(5) Status of outside officers

Major activities of outside officers during the current fiscal year

Outside directors

Officer Category	Name	Outline of duties executed related to the roles expected of Outside Directors	Attendance at the Board of Directors meetings
Outside Director	Tamotsu Iwamoto	He has extensive experience and great insights gained through many years of involvement in corporate management as an officer of listed companies. Accordingly, the Corporation expects him to supervise its corporate management from an objective and neutral standpoint. He makes constructive statements at Board of Directors meetings to improve the effectiveness of the Board of Directors and fulfills the role of Outside Director appropriately by supervising corporate management and giving advice, among others. Additionally, he plays a leading role in the deliberation process for nomination and compensation as a member of the Nomination and Compensation Committee.	15/15 (100%)
Outside Director	Aya Murakami	She has extensive experience and great insights accumulated in public labor and welfare administration over many years and specialist knowledge as a professor. Accordingly, the Corporation expects her to supervise its corporate management from an objective and neutral standpoint. She makes constructive statements at Board of Directors meetings to improve the effectiveness of the Board of Directors and fulfills the role of Outside Director appropriately by supervising corporate management and giving advice that helps the Corporation promote workstyle reform, diversity management, etc. Additionally, she plays an active role in the deliberation process for nomination and compensation as a member of the Nomination and Compensation Committee.	15/15 (100%)
Outside Director	Mayumi Tamura	She has extensive experience and great insights gained through many years of her involvement in corporate management at a global company. Accordingly, the Corporation expects her to supervise its corporate management from an objective and neutral standpoint. She makes constructive statements at Board of Directors meetings to improve the effectiveness of the Board of Directors and fulfills the role of Outside Director appropriately by supervising corporate management and giving advice on promoting ESG management, among others. Additionally, she plays an active role in the deliberation process for nomination and compensation as a member of the Nomination and Compensation Committee.	15/15 (100%)

Outside Audit & Supervisory Board Members

Title	Name	Statements, etc. at the Board of Directors meetings	Attendance at the Board of Directors meetings	Attendance at the Audit & Supervisory Board meetings
Outside Audit & Supervisory Board Member (Full-time)	Hatsuhito Kaneko	Made appropriate statements based on his experience and insight as an officer involved in corporate management at a financial institution.	15/15 (100%)	17/17 (100%)
Outside Audit & Supervisory Board Member	Tetsuya Nishikawa	Made appropriate statements based on the experience and insight he has accumulated in police- and defense-related administrative duties, and specialist knowledge as a lawyer.	15/15 (100%)	17/17 (100%)
Outside Audit & Supervisory Board Member	Kaoru Ishikawa	Made appropriate statements based on the experience and insight he has gained through his involvement in diplomacy and specialized knowledge about the international situation and SDGs.	15/15 (100%)	17/17 (100%)

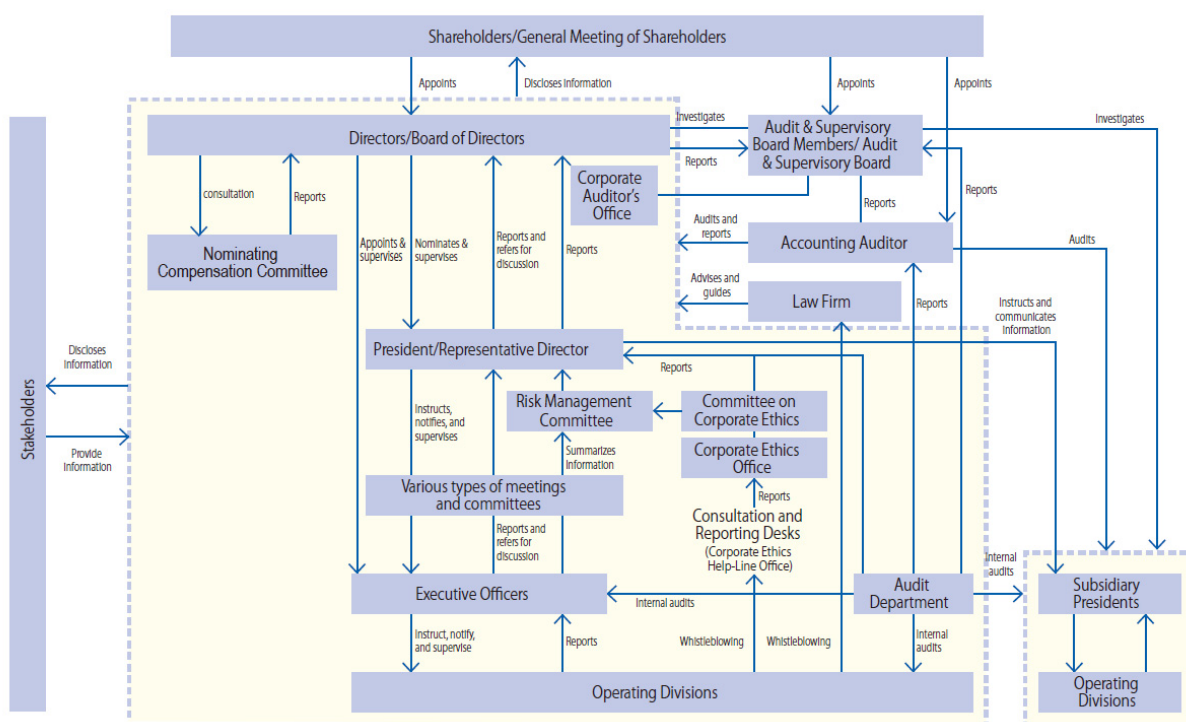
(Reference) Corporate Governance Structure of Shimizu Corporation

■ Basic Views on Corporate Governance

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

To achieve this Shimizu has established a structure that enables the Board of Directors and Audit & Supervisory Board to appropriately supervise and audit the performance of duties, based on separation of the management strategy decision-making function from the execution of duties function. Our basic policy on corporate governance is for our directors, executive officers, audit & supervisory board members, and employees to implement compliance management based on high ethical standards.

Corporate Governance System



■ Nomination and Compensation Committee

The Corporation has established a Nomination and Compensation Committee, which has a majority of Outside Directors and is chaired by a Non-Executive Director, to ensure fair and transparent decision-making on the appointment and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers, and on evaluation and remuneration of Directors and Executive Officers. (In February 2021, the composition of committee members was revised to reduce the number of members who were Executive Directors from two to one in order to further enhance the independence and objectivity of the Committee.

Nomination and Compensation Committee's composition (As at March 31, 2021)

Non-executive directors (four)	Executive directors (one)
Motoaki Shimizu (Director) *Chairman Tamotsu Iwamoto (Outside Director) Aya Murakami (Outside Director) Mayumi Tamura (Outside Director)	Kazuyuki Inoue (President and Representative Director)

■ Evaluation of the effectiveness of the Board of Directors

The Corporation's Board of Directors conducts the analysis and evaluation of the effectiveness of the Board of Directors as a whole once a year.

The outline of the method of evaluation and the results thereof in 2020 are as follows:

(1) Evaluation method

A questionnaire was sent to all Directors and Audit and Supervisory Board Members. Based on an analysis by a third party (a lawyer), all Directors and Audit and Supervisory Board Members had discussions (self-evaluation) at Board of Directors meetings.

- Target period: From January to December 2020 (1 year)
- Date of evaluation: At the Board of Directors meetings held on February 24 and March 9, 2021.
- Main evaluation items: The composition and operation of Board of Directors meetings, management strategy and management supervisory function, corporate ethics and risk management, decision-making process for the appointment, dismissal, evaluation and remuneration of top management, and dialogs with shareholders and investors, etc.

(2) Outline of the evaluation results

Conclusion: The effectiveness of the Board of Directors of the Corporation as a whole is confirmed.

(i) Status of addressing issues pointed out by the previous evaluation of effectiveness (December 2019)

It was confirmed that steady efforts and improvements had been made toward resolving issues as described below. The Corporation will continue to make efforts to improve the situation.

a. Strengthening of global and group-oriented management strategy and management supervisory functions

Reorganization of part of its overseas organizations and some of its domestic subsidiaries and reinforcement of the global and group's governance system.

b. Review of Criteria for Deliberation at the Board of Directors meetings and efficient operation of the Board of Directors in order to secure sufficient time for deliberating important matters

Partial revision of Criteria for Deliberations and making a point of offering concise and clear explanations at Board of Directors meetings.

c. Faster prior explanation of agenda items for the Board of Directors meetings and further enhancement of information provision that contributes to management

Detailed prior explanations of agenda items for Board of Directors meetings to Non-Executive Directors (including Outside Directors) and Audit & Supervisory Board Members. Additionally, organization of related inspection tours, and scheduled explanations of operations by business management made to the above Board members.

d. Increase of opportunities for the Chairman of the Board and the President to exchange opinions with Non-executive Directors (including Outside Directors) or Outside Audit & Supervisory Board Members, separately from the Board of Directors meetings

Periodic "meetings between the Chairman of the Board, the President, and Non-Executive

Directors (including Outside Directors) to exchange opinions” and “meetings between the Chairman of the Board, the President, and Outside Audit & Supervisory Board Members to exchange opinions”

- e. Report on opinions of shareholders and investors obtained through IR activities, etc. to the Board of Directors in a timely manner

Periodic reports outlining IR activities, etc. to the Board of Directors

(ii) Matters to be considered indicated by the latest evaluation of effectiveness.

- a. Expansion and reinforcement of discussions on themes of mid- to long-term management strategy and management supervision and consideration of measures therefor
- b. Further promotion of communications between Outside Directors and the management team (including Executive Officers and directors of divisions and the creation of a venue that facilitates frank and lively discussions)
- c. Revision of Criteria for Deliberations at the Board of Directors meetings, delegation of authority by taking into account the ideal division of responsibilities between the Board of Directors and the executive side, and further strengthening of the management supervisory function of the Board of Directors
- d. Sharing of information at Board of Directors meetings, such as opinions and proposals indicated at the time of prior examinations and explanations at Board of Directors meetings, and further activation of the Board of Directors
- e. Initiatives to enhance governance by leveraging the traditions and characteristics of the Corporation that have been passed down over decades.

(3) Future initiatives

Based on the results of an evaluation of the effectiveness of the Board of Directors, the Corporation aims to enhance the effectiveness of the Board of Directors and further expand and reinforce corporate governance through the PDCA cycle to make improvements.

■ Securities Holding Policy, Status of Reduction and Exercise of Voting Rights.

(1) Holding policy, etc.

When there is a necessity from the viewpoint of sales policy, the Corporation holds shares of business partners as securities holdings in order to “strengthen and maintain the relationships with business partners.” Whether to acquire major securities holdings is determined by the Board of Directors, taking comprehensive consideration of the benefits to the Corporation, acquisition cost, risk of share price changes and other factors. The Board of Directors examines the necessity of securities holdings for individual stocks each year, taking into consideration the economic rationality of such holdings including cost, risk and sales benefits, with an eye to reducing securities holdings in stages through confirming relationships with business partners to promote the effective utilization of capital.

(2) Status of reduction

As the Corporation sold shares of 18 listed companies during fiscal 2020 (including shares of which part of the holdings were sold). The proceeds were 19.7 billion yen. The total number of listed companies of which the Corporation reduced the holdings from fiscal 2018 to fiscal 2020 was 35 (including shares of which part of the holdings were sold). The proceeds were 48.7 billion yen. As a result, the number of listed companies the Corporation held shares in decreased from 187 as of the end of March 2018 to 163 as of the end of March 2021.

(3) Exercise of voting rights

The Corporation exercises voting rights on securities holdings appropriately after examining the contents of proposals and judging whether to vote for or against each proposal comprehensively from the perspective of whether the corporate value of the Corporation and business partners may rise, pursuant to Securities Holding Policy, mentioned above.

For other matters related to the Corporation’s corporate governance, please see corporate governance reports, etc., posted on its website.

(Reference) Executive officers and their positions and areas of responsibility in the Corporation as at April 1, 2021 are as follows.

Position	Name	Areas of responsibility
President and Executive Officer	Kazuyuki Inoue*	
Executive Vice President and Executive Officer	Toshiyuki Imaki*	Director, Building Construction Headquarters, in charge of Information Management, Productivity Improvement, Associated Companies, and Global Business
Executive Vice President and Executive Officer	Toru Yamaji*	Director, LCV Headquarters, in charge of Engineering Business, Emerging Frontiers and New Business Development
Executive Vice President and Executive Officer	Kimio Handa*	In charge of Administration and SDGs & ESG, Director, Corporate Ethics Office
Executive Vice President and Executive Officer	Hiroshi Fujimura*	Director, Sales & Marketing Headquarters, Deputy Director, Yumeshima (Osaka) Projects
Senior Managing Officer	Masahiro Indo	In charge of Production Technology, Building Construction Headquarters, Director, Robot & ICT Development Center, Production Technology Div.,
Senior Managing Officer	Yutaka Ishikawa	In charge of Technology, Director, Technology Planning Div.
Senior Managing Officer	Koichi Ishimizu	In charge of Kansai Area, Director, Yumeshima (Osaka) Projects
Senior Managing Officer	Kentaro Ikeda	Director, Civil Engineering Headquarters, In charge of Safety Administration & Environment
Senior Managing Officer	Yoshito Tsutsumi	Director, TOKYO Branch, in charge of Nuclear and Thermal Power Generation Businesses
Senior Managing Officer	Masanobu Onishi	Director, Design Div., Building Construction Headquarters
Managing Officer	Takeshi Sekiguchi	General Manager, Engineering Headquarters, Deputy Director, LCV Headquarters
Managing Officer	Yasuhide Kuwahara	Director, TOKYO Civil Engineering Branch
Managing Officer	Yoshiki Higashi	Director, Corporate Planning Div., in charge of Human Resources and Human Resource System Reform
Managing Officer	Takao Haneda	In charge of General Affairs, Legal and Crisis Management, General Manager, Affiliated Business Dept., Director, Corporate Ethics Help-line Office
Managing Officer	Atsushi Osada	In charge of Infrastructure, Okinawa Project, Sales & Marketing Headquarters
Managing Officer	Hiroaki Taniguchi	Director, KANTO Branch
Managing Officer	Shinichi Takiguchi	Director, Emerging Frontiers Div., in charge of Sales & Marketing, Sales & Marketing Headquarters
Managing Officer	Akira Yamazaki	Director, Procurement Div., Building Construction Headquarters
Managing Officer	Mitsuo Morii	Director, Global Strategy Div.
Managing Officer	Toshihide Suenaga	In charge of Building Construction Sales & Marketing, Kansai Area, Sales & Marketing Headquarters, in charge of Sales & Marketing, Yumeshima (Osaka) Projects
Managing Officer	Kouichi Yamashita	Director, KANSAI Branch, in charge of Building Construction, Yumeshima Project
Managing Officer	Tatsuya Shinmura	Director, NAGOYA Branch
Executive Officer	Kojiro Shimizu	Director, TOHOKU Branch
Executive Officer	Haruhiko Washimi	General Manager, Investment and Development Div.

Position	Name	Areas of responsibility
Executive Officer	Kazuhiko Kato	Deputy Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Executive Officer	Yoshihiro Higuchi	Director, Technology, Civil Engineering Headquarters
Executive Officer	Takayuki Sakakima	Deputy Director, Design Div., Building Construction Headquarters, in charge of Structure
Executive Officer	Kazuya Osako	Director, International Civil Engineering Div.
Executive Officer	Toru Furuya	President and Representative Director, Shimizu America, Inc.
Executive Officer	Hideo Yokoyama	Director, Building Construction Sales & Marketing Div., Sales & Marketing Headquarters
Executive Officer	Hitoshi Fujita	Director, International Div.
Executive Officer	Sadao Matsushashi	In charge of Technology, Civil Engineering Headquarters
Executive Officer	Yasuhide Yamada	In charge of Environment & Energy, Corporate Planning Div., in charge of Sales & Marketing, Sales & Marketing Headquarters
Executive Officer	Yutaka Gozu	In charge of International Sales & Marketing, Sales & Marketing Headquarters
Executive Officer	Takefumi Saito	Director, HOKURIKU Branch
Executive Officer	Masakazu Hyodo	In charge of Finance & Accounting, and IR
Executive Officer	Tomoaki Harada	Director, CHIBA Branch
Executive Officer	Masamichi Miki	Director, HIROSHIMA Branch
Executive Officer	Osamu Nakagawa	Director, HOKKAIDO Branch
Executive Officer	Toru Noda	In charge of Technology, Civil Engineering Headquarters
Executive Officer	Takuya Ito	In charge of Global Strategy Div.
Executive Officer	Nobuhiko Sasaki	Director, Civil Engineering Sales & Marketing Div., Sales & Marketing Headquarters
Executive Officer	Akinobu Sakao	Director, KYUSHU Branch
Executive Officer	Katsumi Sawahata	Director, Area Development Div., Director, Solution Sales Promotion Div., Sales & Marketing Headquarters
Executive Officer	Hiroyuki Fujimoto	Deputy Director, Design Div., Building Construction Headquarters, Director, Proposal & solution Div.
Executive Officer	Mika Kaneko	Director, Environmental Strategy Office, General Manager, SDGs & ESG Promotion Dept., Corporate Planning Div.
Executive Officer	Naomi Onishi	In charge of Civil Engineering, Kansai Area, In charge of Civil Engineering, Yumeshima (Osaka) Project
Executive Officer	Naruki Ohashi	Director, YOKOHAMA Branch

Note: * indicates those who serve as Director concurrently.

3. Accounting Auditor

(1) Name of accounting auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. in the current fiscal year

Name	Amount of remuneration, etc. for the services provided as accounting auditor for the Corporation in the current fiscal year	Total cash and other economic benefits to be paid by the Corporation and its subsidiaries
Ernst & Young ShinNihon LLC	¥105 million	¥200 million

Notes: 1. For the amount of remuneration, etc. to the accounting auditor in the current fiscal year mentioned above, no distinction is made between the amount of remuneration for auditing based on the Companies Act and the amount of remuneration for auditing based on the Financial Instruments and Exchange Act of Japan in the audit agreement between the Corporation and the accounting auditor. Also, it is not possible to effectively distinguish these two amounts. Accordingly, the total of these amounts is provided.

2. The Audit & Supervisory Board checks the content of the audit plan by the accounting auditor, amount of audit time by individual audit item and changes in audit fee, and the audit record for past years by obtaining necessary materials and reports from the related internal departments and the accounting auditor and examines the properness of the amount of audit time and the amount of fees for this fiscal year, and as a result gave consent under Article 399, Paragraph 1 of the Companies Act as to fees for the accounting auditor.

(3) Non-audit services

Ernst & Young ShinNihon LLC provides advisory service, etc. about promoting an ESG management to the Corporation.

(4) Policy for decisions on dismissal or non-reappointment of accounting auditor

If the Audit & Supervisory Board recognizes that the any of the items set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, the Audit & Supervisory Board shall dismiss the accounting auditor based on the agreement of all of the audit & supervisory board members. In addition, if it is determined necessary to dismiss or not reappoint the accounting auditor for any of various reasons, such as there being an impediment that prevents the accounting auditor from performing its duties, the Audit & Supervisory Board shall make the issue regarding dismissing or non-reappointment of the accounting auditor purpose of the general meeting of shareholders.

4. System to Ensure the Appropriateness of Business Operations and the Status of its Implementation

Overview of Resolutions regarding the System to Ensure the Appropriateness of Business Operations

The Corporation made the resolution regarding its “Basic Policy on Developing an Internal Control System” at a meeting of the Board of Directors in order to develop a system to ensure the appropriateness of business operations. Then, the Corporation partially revised the contents of the Policy based on a resolution passed at the Board of Directors meeting held on March 9, 2021. (Revision date: March 9, 2021; revisions are underlined.)

The outline of this system is as follows.

1. Compliance System

- 1) In order to ensure that officers and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Corporation shall implement its “Corporate Code of Conduct” and work to thoroughly promote corporate ethics including compliance.
- 2) In order to thoroughly promote its “Corporate Code of Conduct” and put it into practice by officers and employees, the Corporation shall educate and train its workforce and develop an internal structure by such means as appointing officers responsible for corporate ethics, putting in place a Corporate Ethics Committee, a Corporate Ethics Office and a Corporate Ethics Help-Line Office, and establishing a whistle-blowing system.
- 3) In order to further promote thorough compliance with the Construction Business Act, the Corporation shall introduce and thoroughly promote measures to secure proper contracts and payments when dealing with subcontractors, and shall develop an internal structure for the establishment of a system to maintain construction system ledgers.
- 4) In order to completely eliminate violations of the Antimonopoly Act, the Corporation shall undertake an appropriate review of its program for compliance with the Antimonopoly Act, and shall develop and thoroughly promote internal systems by such means as carrying out periodic transfers of sales personnel, thoroughly implementing education and training, establishing an internal check system and a system for whistle blowing to outside law offices, formulating a code of conduct, and implementing strict internal punishments for offenders.
- 5) In order to eradicate relations with anti-social forces or groups, the Corporation shall clearly indicate its eradication of anti-social actions in its “Corporate Code of Conduct,” and shall develop and thoroughly promote internal systems to put this into practice by such means as carrying out education and training, selecting employees to be in charge of preventing unfair demands, developing a reporting system for cases where unfair demands are received, and having clauses clearly indicating the Corporation’s eradication of relations with organized crime groups, etc. in contracts with subcontractors/suppliers.
- 6) In order to more fully prevent bribery both in Japan and overseas, the Corporation shall clearly indicate prohibition of bribery in its “Corporate Code of Conduct,” establish “Anti-Bribery Rules,” and develop an internal system, which includes establishing an implementation system, undertaking education and training activities, and implementing strict punishments for offenders.

2. Internal Audit System

The Corporation shall put in place the Audit Dept. as an internal control and checking function, and it shall perform comprehensive audits of the activities of business execution sections based on audit plans approved by the Board of Directors. The audit results shall be reported to the directors and also to the audit & supervisory board members.

3. Risk Management System

- 1) The Corporation shall formulate rules concerning general risk management and develop a system

enabling the management of overall risks with the potential to have a serious impact on the corporate group composed of the Corporation and its subsidiaries as well as accurate responses to risks when they occur.

- 2) For various types of risks by different functions including quality, safety, environment, natural disasters and information, the Corporation shall develop a system enabling advance prevention of occurrences and prevention of reoccurrences accurately by putting in place bodies such as divisions, departments and committees to respond to individual risks by function.

4. Structure for Efficient Execution of Business Operations

- 1) In order to distinguish the functions of the determination of strategy and the supervision of management from function of the execution of business operations, thus ensuring efficient operations, the Corporation shall have fewer directors and shall introduce the executive officer system.
- 2) In order to further invigorate deliberation by the Board of Directors and enhance the function of the supervision of management, the Corporation shall appoint outside directors.
- 3) The Corporation shall put in place a structure of various types of meetings to efficiently carry out duties including the approval of important matters relating to the execution of operations and the determination of strategy, and matters shall be deliberated on, decided and implemented based on the “Authority List for Important Matters” appended to the rules of the Board of Directors specified by the Board of Directors.
- 4) The Corporation shall establish a Nomination and Compensation Committee, which has a majority of Outside Directors to ensure fair and transparent decision-making on the appointment and dismissal, evaluation, and remuneration of Directors and Executive Officers.
- 5) Executive Officers shall execute operations in accordance with the rules on office organization, division of operations, and delegation of authority, specified by the Board of Directors.

5. Retention and Management of Information on Execution of Business Operations

The Corporation shall specify rules on documents and an information security policy, and shall appropriately retain and manage minutes of meetings of the Board of Directors, internal circulars for managerial decisions, various contract documents, and other important information showing the status of the execution of operations. In addition, the Corporation shall develop an internal system for the safe and effective use of electronic information.

6. System for Sound and Appropriate Business Operations at the Corporate Group

- 1) The Corporation shall hold regular meetings to share information with its subsidiaries and manage material matters related to subsidiaries’ conduct of operations and require that subsidiaries report on and obtain the approval of the Corporation for these matters as stipulated in the “Subsidiary Management Rules.”
- 2) The Corporation shall perform internal audits through its Audit Dept. and monitor the proper execution of business operations of subsidiaries as necessary by such means as transferring audit & supervisory board members.
- 3) In order to ensure the appropriateness of business operations, subsidiaries shall develop internal rules appropriate for their particular business and develop internal systems, including establishing a whistle-blowing system.
- 4) The Corporation shall develop and operate an internal control system necessary to ensure the reliability of financial reporting and to help maintain and enhance societal trust.

7. Matters Regarding the Auditing System of Audit & Supervisory Board Members

- 1) The Corporation shall put in place the “Auditors Office (Full-time Employees)” as a full-time service body of employees assisting the audit & supervisory board members in order to enable audit & supervisory board members to exercise their authority as specified in relevant laws and regulations and to efficiently perform their audits.
- 2) The employees at the Auditors Office shall perform their duties under the direct command of the audit & supervisory board members and shall have the authority to collect information necessary for auditing. Transfers, etc. of employees at the Auditors Office shall be carried out after securing the advance consent of the Audit & Supervisory Board.

8. System for Making Reports to the Audit & Supervisory Board Members Regarding the Execution of Business Operations

- 1) Officers and employees shall make reports to the audit & supervisory board members without delay in cases of occurrences of matters relating to the Corporation and its subsidiaries, including statutory matters, events with the potential to cause serious loss of trust in or damage to the Corporation or its subsidiaries, and major wrongful activity such as internal misconduct or offences against laws and regulations. They shall also make reports on the results of internal audits performed by the Audit Dept. of the Corporation and the status of reporting through the whistle-blowing system.
- 2) The Corporation shall develop a system to ensure that officers and employees of the Corporation and its subsidiaries are not treated disadvantageously due to their making reports to the audit & supervisory board members.

9. Matters Regarding Expenses and Liabilities That Arise as a Result of Audit & Supervisory Board Members Performing Their Duties

Expenses and liabilities that arise as a result of audit & supervisory board members performing their duties shall be promptly handled by the Corporation based on claims submitted by audit & supervisory board members.

10. Ensuring the Authority of Audit & Supervisory Board Members to Attend Important Meetings

In order to ensure that audits of execution of business operations by audit & supervisory board members are performed effectively, the Representative Director and the audit & supervisory board members shall have regular opportunities to share management information, and audit & supervisory board members nominated by the Audit & Supervisory Board shall attend “Meetings of the President Office” and “Meetings of the Division Heads” and other important meetings.

11. Matters Regarding Audits of the Consolidated Financial Statements and Non-Consolidated Financial Statements, etc. by the Audit & Supervisory Board Members

- 1) In order for the audit & supervisory board members to judge the appropriateness of the audit methods and results of audits by the accounting auditor, and to ensure the independence of the accounting auditor from the directors, the audit & supervisory board members shall confirm the annual audit plan of the accounting auditor in advance and receive successive reports on the audit results.
- 2) The audit & supervisory board members and the accounting auditor shall be in coordination with each other, thus ensuring a system that enables effective auditing.

Overview of Status of Operation of System to Ensure the Appropriateness of Business Operations

The following is an overview of the status of operation of the system to ensure the appropriateness of the business of the Corporation in this fiscal year:

1. Compliance System

- 1) In order to thoroughly promote compliance, the Corporation has provided education and training to its officers and employees.
- 2) Based on the whistle-blowing system, the Corporation has established three compliance hotlines, namely, the Corporate Ethics Help-Line Office, the Counseling Office and the Outside Help-Line, and has thoroughly familiarized employees with these. Furthermore, the operational status thereof is reported to the Corporate Ethics Committee, the Risk Management Committee, audit & supervisory board members, and the Board of Directors.
- 3) Corporate Ethics Committee meetings are held biannually for companywide implementation and follow-up on measures for corporate ethics and thorough compliance.
- 4) As described in “I Current Conditions of the Corporate Group (Consolidated) 3. Issues to Be Addressed,” the Corporation has continuously been working to ensure compliance further.

2. Risk Management System

- 1) Risk Management Committee meetings are held biannually to understand and analyze risks that will have a major impact on the corporate group composed of the Corporation and its subsidiaries, to set key risk management items for tracking these risks and to report to the Board of Directors.
- 2) To check the communications and initial response systems in case of massive earthquakes, the Corporation implements earthquake disaster drills on a regular basis (biannually), extensively inviting relevant third parties such as subcontractors/suppliers and local residents to participate in them.
- 3) As overseas safety measures, the Corporation gathers risk information in accordance with the International Emergency Response Guidelines, and strengthens its security systems as necessary, while alerting relevant people and imposing overseas travel restriction.
- 4) In order to make sure that information security measures permeate and take hold, the Corporation continues to implement education and training programs for our officers and employees. In the event of a problem, relevant departments take action swiftly by sharing information with each other.
- 5) The Corporation has established an emergency organization headed by the President and promoted measures to prevent the infection and escalation of the infection across the Corporation.

3. System for Sound and Appropriate Business Operations at the Corporate Group

- 1) The President of the Corporation has held biannual meetings to share information with the presidents of subsidiaries, and to manage important matters relating to execution of operations at subsidiaries as stipulated in the “Subsidiary Management Rules.”
- 2) The Corporation has conducted internal audits through its Audit Dept. according to the audit plan and monitored the proper execution of business operations of subsidiaries as necessary by such means as transferring audit & supervisory board members.

4. System for Ensuring Effectiveness of Audits by Audit & Supervisory Board Members

- 1) The Corporation has assigned three Full-time Employees to the Auditors Office as a full-time service body assisting audit & supervisory board members.
- 2) Audit & Supervisory Board Members designated by the Audit & Supervisory Board have attended

important meetings such as the “Meeting of the President Office,” “Meeting of the Division Head,” “Meeting of the Risk Management Committee” and “Meeting of the Corporate Ethics Committee.”

Consolidated Balance Sheet

(As at March 31, 2021)

(Millions of Yen)

	Amount		Amount
ASSETS		LIABILITIES	
Current assets:	1,013,598	Current liabilities:	714,908
Cash	214,321	Notes and accounts payable—trade	280,980
Notes and accounts receivable—trade	484,445	Short-term borrowings	143,705
Marketable securities	62,000	Current portion of non-recourse borrowings	7,851
Real estate for sale	3,158	Current portion of bonds payable	10,000
Costs on uncompleted construction contracts	69,538	Current portion of non-recourse bonds payable	1,265
Costs on uncompleted real estate development projects	17,143	Advances received on uncompleted construction contracts	99,340
PFI projects and other inventories	52,086	Deposits received	107,944
Other current assets	112,062	Warranty reserve	3,305
Less: Allowance for doubtful accounts	(1,157)	Reserve for expected losses on construction contracts in process	14,441
Non-current assets:	895,076	Other current liabilities	46,074
Tangible fixed assets:	501,899	Non-current liabilities:	372,319
Buildings and structures	182,473	Bonds payable	100,000
Machinery, vehicles, tools, furniture and fixtures	24,378	Non-recourse bonds payable	21,969
Land	250,111	Long-term borrowings	71,323
Construction in progress	44,936	Non-recourse borrowings	66,573
Intangible fixed assets	19,140	Deferred tax liabilities	17,625
Investments and other assets:	374,035	Deferred tax liabilities for revaluation reserve for land	17,644
Investment securities	355,679	Net defined benefit liability	53,029
Deferred tax assets	2,471	Other non-current liabilities	24,152
Other investments	17,821	Total liabilities	1,087,227
Less: Allowance for doubtful accounts	(1,936)	NET ASSETS	
		Shareholders' equity	659,494
		Common stock, no par value	74,365
		Additional paid-in capital	43,116
		Retained earnings:	563,628
		Less: Treasury stock, at cost	(21,615)
		Accumulated other comprehensive income	155,794
		Net unrealized gain (loss) on other securities, net of taxes	133,863
		Deferred gain (loss) on hedging, net of taxes	236
		Revaluation reserve for land, net of taxes	25,831
		Foreign currency translation adjustments	(3,556)
		Remeasurements of defined benefit plans	(581)
		Non-controlling interests	6,157
		Total net assets	821,446
Total assets	1,908,674	Total liabilities and net assets	1,908,674

Consolidated Statement of Income

(For the year ended March 31, 2021)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,301,363	
Real estate development and other	155,109	1,456,473
Cost of sales:		
Construction contracts	1,138,887	
Real estate development and other	127,168	1,266,055
Gross profit:		
Construction contracts	162,476	
Real estate development and other	27,941	190,417
Selling, general and administrative expenses		90,265
Operating income		100,151
Non-operating income:		
Interest and dividend income	5,696	
Foreign exchange gain	2,633	
Other non-operating income	2,386	10,717
Non-operating expenses:		
Interest expenses	3,033	
Other non-operating expenses	2,370	5,403
Ordinary income		105,465
Special gains:		
Gain on sales of investment securities	15,273	
Other special gains	832	16,105
Special losses:		
Loss on sales of investment securities	153	
Loss on devaluation of investment securities	3,333	
Loss related to infectious diseases	4,202	
Loss on land remediation	3,030	
Other special losses	7	10,727
Income before income taxes		110,843
Income taxes current	30,235	
Income taxes deferred	3,280	33,515
Net income		77,327
Net income (loss) attributable to non-controlling interests		151
Net income attributable to shareholders of the Corporation		77,176

Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2021)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as at April 1, 2020	74,365	43,116	510,873	(21,613)	606,741
Changes during period					
Cash dividends paid			(24,454)		(24,454)
Net income attributable to shareholders of the Corporation			77,176		77,176
Reversal of revaluation reserve for land, net of taxes			32		32
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		0		0	0
Changes other than share-holders' equity					
Total changes during period	—	0	52,754	(2)	52,752
Balance as at March 31, 2021	74,365	43,116	563,628	(21,615)	659,494

(Millions of Yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	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	Total accumulated other comprehensive income		
Balance as at April 1, 2020	104,898	(169)	25,864	(1,985)	(4,870)	123,737	5,932	736,412
Changes during period								
Cash dividends paid								(24,454)
Net income attributable to shareholders of the Corporation								77,176
Reversal of revaluation reserve for land, net of taxes								32
Purchase of treasury stock								(2)
Disposal of treasury stock								0
Changes other than share-holders' equity	28,965	405	(32)	(1,571)	4,289	32,056	225	32,281
Total changes during period	28,965	405	(32)	(1,571)	4,289	32,056	225	85,033
Balance as at March 31, 2021	133,863	236	25,831	(3,556)	(581)	155,794	6,157	821,446

Notes to Consolidated Financial Statements

1. Basis of Presentation of Consolidated Financial Statements

(1) Scope of consolidation

The Corporation had 74 subsidiaries as at March 31, 2021. The consolidated financial statements for the year ended March 31, 2021 include the accounts of the Corporation and all subsidiaries.

Major consolidated subsidiaries

Shimizu Comprehensive Development Corporation, FaB-Tec Japan Corporation, Daiichi Setsubi Engineering Corporation, Milx Corporation, SC Machinery Corp. and SHIMIZU BLC Co., Ltd.

Seven companies that became subsidiaries of the Corporation in the year ended March 31, 2021 are included in the scope of consolidation. On the other hand, three companies that ceased to be subsidiaries of the Corporation are excluded from the scope of consolidation.

(2) Application of equity method

The Corporation had 17 affiliates as at March 31, 2021. As at March 31, 2021, the equity method was applied to all affiliates.

Major affiliate

THE NIPPON ROAD Co., Ltd.

The equity method was applied to the investment in two companies that became affiliates in the year ended March 31, 2021. In addition, the equity method was not applied to one company that ceased to be an affiliate.

(3) Financial statements of subsidiaries

22 of the Corporation's consolidated subsidiaries have their financial year-end on December 31. In addition, there is one consolidated subsidiary whose financial year ends on February 28 and one whose year ends on March 26. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31, February 28 and March 26, respectively, and certain adjustments are made to reflect any significant transactions during the period from the year-end balance sheet dates for these subsidiaries to March 31, the consolidated balance sheet date. The financial period of other consolidated subsidiaries is the same as the Corporation.

(4) Accounting policies

1) Valuation basis and method for significant assets

a. 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.

b. 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).

2) Depreciation method for tangible fixed assets

Depreciation on buildings and structures is mainly computed by the straight-line method.

Depreciation on other tangible fixed assets is computed by the declining balance method.

3) Recognizing provision of significant reserves

a. 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.

b. 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.

c. Reserve for expected losses on construction contracts in process

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

4) Recognizing revenues and costs of construction contracts

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

5) Recognizing net defined benefit liability

Net defined benefit liability is recognized at the amount obtained by deducting the fair value of the plan assets from projected retirement benefit obligations as at the balance sheet date.

6) Amortization of goodwill

Goodwill is principally amortized using the straight-line method over a period benefited therefrom but not exceeding 20 years.

7) Consumption taxes

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

2. Notes to Accounting Estimates

Revenue recognized using the percentage-of-completion method

When recognizing revenues and costs of construction contracts, the Corporation and certain consolidated subsidiaries use the percentage-of-completion method for the percentage of completion that can be reliably estimated as at the balance sheet date.

For the year ended March 31, 2021, revenue recognized using the percentage-of-completion method was ¥1,144,034 million.

In addition, although it is necessary to reliably estimate total construction revenue, total construction costs, and percentage of the total costs as at the balance date when using the percentage-of-completion method, in cases such as when construction material prices, labor costs, etc. increase significantly higher than expected at the time of concluding a subcontracting agreement, the Group's business performance could be affected due to the uncertainty of the estimate for total construction costs.

3. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral

1) The following assets are pledged as collateral for Long-term borrowings of ¥1,600 million.

Construction in progress ¥1,123 million

2) The total amount of business assets pledged as collateral for borrowings at affiliates and others

Buildings and structures ¥55 million

Land ¥43 million

Investment securities ¥15 million

Other investments ¥8 million

Total ¥123 million

3) The following assets are pledged as collateral for non-recourse borrowings of ¥74,424 million.

Cash ¥2,760 million

Notes and accounts receivable—trade ¥2,058 million

PFI projects and other inventories ¥53,334 million

Other current assets ¥1,751 million

Buildings and structures ¥43,917 million

Machinery, vehicles, tools, furniture and fixtures ¥325 million

Land ¥16,541 million

Construction in progress ¥9 million

Intangible fixed assets ¥0 million

Other investments ¥29 million

Total ¥120,728 million

(2) The assets corresponding to non-recourse bonds payable of ¥23,235 million

Cash ¥2,358 million

Other current assets ¥122 million

Buildings and structures ¥22,770 million

Machinery, vehicles, tools, furniture and fixtures ¥204 million

Intangible fixed assets ¥19 million

Other investments ¥596 million

Total ¥26,073 million

(3) Accumulated depreciation of tangible fixed assets

¥170,056 million

(4) Contingent liabilities from guaranteeing indebtedness

Guarantee obligations are guarantees for the following companies' loans.

PT. WINDAS DEVELOPMENT (Note) ¥2,323 million

Employees (housing loans) ¥17 million

Total ¥2,340 million

Note: PT. WINDAS DEVELOPMENT is an investee of the Corporation's affiliate.

(5) Revaluation reserve for land

Land used for business is subject to revaluation in accordance with the Act on Revaluation of Land.

Method of revaluation: Determine the revalued amount by reasonably adjusting the assessed value of fixed assets for taxation purposes as specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land

Revaluation date: March 31, 2002

4. Notes to Consolidated Statement of Income

(1) Revenue recognized using the percentage-of-completion method	¥1,144,034 million
(2) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥12,907 million
(3) Inventory write-down due to reduced profitability included in cost of sales	¥40 million
(4) Research and development costs	¥14,820 million

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of outstanding shares as at March 31, 2021	
Common stock	788,514,613 shares

(2) Dividends

1) Dividends paid to shareholders for the year ended March 31, 2021

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, 2020)	Common stock	15,283	(Note 1) 20.00	March 31, 2020	June 29, 2020
Board of Directors (November 9, 2020)	Common stock	9,170	(Note 2) 12.00	September 30, 2020	December 2, 2020

Notes: 1. Amount of dividend per share ¥20.00 includes a special dividend of ¥10.00.

2. Amount of dividend per share ¥12.00 includes a special dividend of ¥2.00.

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

Matters regarding these dividends will be proposed at the annual general meeting of shareholders to be held on June 29, 2021.

Resolution to be 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, 2021)	Common stock	Retained earnings	13,755	18.00	March 31, 2021	June 30, 2021

Note: Amount of dividend per share ¥18.00 includes a special dividend of ¥8.00.

6. 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.

Investment securities are mainly shares held for the purpose of maintaining business relationships. Each year, the Group conducts a review of every individual stock to comprehensively consider the costs and risks associated with the stockholding and the economic rationale, such as the benefit from a business perspective, and the Board of Directors examines the necessity of holding the stock.

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.

(2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2021, and estimated fair value are shown below.

(Millions of Yen)

Assets	Carrying value	Fair value	Difference
1) Cash	214,321	214,321	—
2) Notes and accounts receivable—trade	484,445	484,445	(0)
3) Marketable securities	62,000	62,000	—
4) Investment securities	298,235	298,235	—
Liabilities	Carrying value	Fair value	Difference
5) Notes and accounts payable—trade	280,980	280,980	—
6) Short-term borrowings	143,705	143,705	—
7) Bonds payable and current portion of bonds payable	110,000	110,071	71
8) Non-recourse bonds payable and current portion of non-recourse bonds payable	23,235	23,235	—
9) Long-term borrowings	71,323	71,611	287
10) Non-recourse borrowings and current portion of non-recourse borrowings	74,424	75,327	902
Derivative transactions (*)	Carrying value	Fair value	Difference
11) Derivative transactions to which hedge accounting is applied	340	340	—

(*) Net liabilities that arose from derivative transactions are presented on a net basis in parentheses.

Notes: 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. (¥57,444 million in the consolidated balance sheet as at March 31, 2021) 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

The fair value of bonds with market quotations issued by the Corporation is based on the prevailing market price.

8) 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.

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

The fair value of these borrowings is 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 current portion of 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.

11) Derivative transactions

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

7. Investment and Rental Properties

(1) Overview of 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.

(2) Carrying value and fair value of investment and rental properties

Carrying value	¥297,952 million
Fair value	¥459,450 million

- Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.
2. 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.

8. Amounts per Share

(1) Net assets per share of common stock	¥1,068.74
(2) Basic net income per share of common stock	¥101.17

9. Other Information

The accounts of consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

Non-Consolidated Balance Sheet

(As at March 31, 2021)

(Millions of Yen)

	Amount		Amount
ASSETS		LIABILITIES	
Current assets:	852,666	Current liabilities:	652,626
Cash	155,279	Notes payable	49,916
Notes receivable	31,574	Accounts payable for construction contracts	189,897
Accounts receivable from completed construction contracts	430,598	Short-term borrowings	125,070
Marketable securities	62,000	Current portion of non-recourse borrowings	1,300
Real estate for sale	0	Current portion of bonds payable	10,000
Costs on uncompleted construction contracts	64,419	Income taxes payable	7,954
		Advances received on uncompleted construction contracts	90,085
Costs on uncompleted real estate development projects	5,360	Deposits received	132,527
Other current assets	104,526	Warranty reserve	3,178
Less: Allowance for doubtful accounts	(1,092)	Reserve for expected losses on construction contracts in process	13,932
Non-current assets:	780,305	Other current liabilities	28,762
Tangible fixed assets:	390,547	Non-current liabilities:	283,303
Buildings and structures	150,841	Bonds payable	100,000
Machinery and vehicles	7,712	Long-term borrowings	54,966
Tools, furniture and fixtures	4,705	Non-recourse borrowings	28,050
Land	193,527	Deferred tax liabilities	15,434
Construction in progress	33,762	Deferred tax liabilities for revaluation reserve for land	17,644
		Reserve for employees' retirement benefits	45,472
Intangible fixed assets	13,681	Other non-current liabilities	21,735
Investments and other assets:	376,076	Total liabilities	935,929
Investment securities	316,210	NET ASSETS	
Investments in subsidiaries and affiliates	43,178	Shareholders' equity	538,582
Investments in other securities of subsidiaries and affiliates	5,182	Common stock, no par value	74,365
Long-term loans	2,657	Additional paid-in capital	43,144
Long-term prepaid expenses	441	Capital reserve	43,143
Other investments	10,417	Other additional paid-in capital	1
Less: Allowance for doubtful accounts	(2,011)	Retained earnings:	442,265
		Legal reserve	18,394
		Other retained earnings	423,870
		Reserve for advanced depreciation of noncurrent assets	4,922
		Contingent reserve	355,600
		Retained earnings brought forward	63,348
		Less: Treasury stock, at cost	(21,193)
		Total valuation and translation adjustments	158,459
		Net unrealized gain (loss) on other securities, net of taxes	132,391
		Deferred gain (loss) on hedging, net of taxes	236
		Revaluation reserve for land, net of taxes	25,831
		Total net assets	697,042
Total assets	1,632,972	Total liabilities and net assets	1,632,972

Non-Consolidated Statement of Income

(For the year ended March 31, 2021)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,177,125	
Real estate development and other	72,860	1,249,985
Cost of sales:		
Construction contracts	1,032,869	
Real estate development and other	54,723	1,087,592
Gross profit:		
Construction contracts	144,256	
Real estate development and other	18,137	162,393
Selling, general and administrative expenses		72,329
Operating income		90,064
Non-operating income:		
Interest and dividend income	8,596	
Foreign exchange gain	2,658	
Other non-operating income	897	12,152
Non-operating expenses:		
Interest expenses	1,927	
Other non-operating expenses	1,675	3,602
Ordinary income		98,613
Special gains:		
Gain on sales of investment securities	15,252	
Other special gains	646	15,899
Special losses:		
Loss on sales of investment securities	153	
Loss on devaluation of investment securities	3,310	
Loss on devaluation of shares of subsidiaries and associates	1,553	
Loss related to infectious diseases	4,137	
Loss on land remediation	3,030	
Other special losses	651	12,837
Income before income taxes		101,675
Income taxes current	26,584	
Income taxes deferred	2,721	29,305
Net income		72,370

Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2021)

(Millions of Yen)

	Shareholders' equity										
	Common stock	Additional paid-in capital			Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Legal reserve	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of noncurrent assets	Contingent reserve	Retained earnings brought forward			
Balance as at April 1, 2020	74,365	43,143	1	43,144	18,394	5,026	295,200	75,694	394,316	(21,191)	490,635
Changes during period											
Provision and reversal of reserve for advanced depreciation of noncurrent assets						(104)		104	-		-
Provision of contingent reserve							60,400	(60,400)	-		-
Cash dividends paid								(24,454)	(24,454)		(24,454)
Net income for the year								72,370	72,370		72,370
Reversal of revaluation reserve for land, net of taxes								32	32		32
Purchase of treasury stock										(2)	(2)
Disposal of treasury stock			0	0						0	0
Changes other than shareholders' equity											
Total changes during period	-	-	0	0	-	(104)	60,400	(12,346)	47,949	(2)	47,946
Balance as at March 31, 2021	74,365	43,143	1	43,144	18,394	4,922	355,600	63,348	442,265	(21,193)	538,582

(Millions of Yen)

	Valuation and translation adjustments				
	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	Total valuation and translation adjustments	Total net assets
Balance as at April 1, 2020	103,811	(168)	25,864	129,507	620,143
Changes during period					
Provision and reversal of reserve for advanced depreciation of noncurrent assets					-
Provision of contingent reserve					-
Cash dividends paid					(24,454)
Net income for the year					72,370
Reversal of revaluation reserve for land, net of taxes					32
Purchase of treasury stock					(2)
Disposal of treasury stock					0
Changes other than shareholders' equity	28,579	405	(32)	28,952	28,952
Total changes during period	28,579	405	(32)	28,952	76,898
Balance as at March 31, 2021	132,391	236	25,831	158,459	697,042

Notes to Non-Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Valuation basis and method for assets

1) Valuation of securities

The Corporation classifies securities into three different categories; held-to-maturity debt securities, investments in subsidiaries and affiliates, and other securities. The Corporation holds no trading securities. Held-to-maturity debt securities are valued at amortized cost. Investments in subsidiaries and affiliates are valued at cost, cost being determined by the moving average method. 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).

(2) Depreciation method for fixed assets

1) Depreciation method for tangible fixed assets

Depreciation for buildings and structures is computed by the straight-line method, at rates based on the estimated useful lives of the assets.

Depreciation for other tangible fixed assets (excluding leased assets) is computed by the declining balance method.

2) Depreciation method for intangible fixed assets

Depreciation for intangible fixed assets is computed by the straight-line method.

3) Depreciation method for long-term prepaid expenses

Depreciation for long-term prepaid expenses is computed by the straight-line method.

(3) Recognizing provision of reserves

1) 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.

2) Warranty reserve

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

3) Reserve for expected losses on construction contracts in process

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

4) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits as at the balance sheet date is determined based on the actuarial valuation of projected benefit obligations and the fair value of the plan assets.

(4) Recognizing revenues and costs of construction contracts

Revenues and costs of construction contracts, of which the percentage of completion as at the balance sheet date can be reliably estimated, are recognized by the percentage-of-completion method. The completed-contract method is applied to all other construction contracts. The percentage of completion

is calculated based on the cost incurred as at the balance sheet date as a percentage of the estimated total cost.

(5) Consumption taxes

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

2. Notes to Accounting Estimates

Revenue recognized using the percentage-of-completion method

When recognizing revenues and costs of construction contracts, the Corporation uses the percentage-of-completion method for the percentage of completion that can be reliably estimated as at the balance sheet date.

For the year ended March 31, 2021, revenue recognized using the percentage-of-completion method was ¥1,080,970 million.

In addition, although it is necessary to reliably estimate total construction revenue, total construction costs, and percentage of the total costs as at the balance date when using the percentage-of-completion method, in cases such as when construction material prices, labor costs, etc. increase significantly higher than expected at the time of concluding a subcontracting agreement, the Corporation's business performance could be affected due to the uncertainty of the estimate for total construction costs.

3. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral

1) Assets pledged as collateral for borrowings at affiliated companies and others

Other current assets	¥13 million
Buildings and structures	¥55 million
Land	¥43 million
Investments in subsidiaries and affiliates	¥533 million
Long-term loans	¥2,111 million
Total	¥2,757 million

2) The following assets are pledged as collateral for non-recourse borrowings of ¥29,350 million.

Buildings and structures	¥34,550 million
Machinery and vehicles	¥240 million
Tools, furniture and fixtures	¥77 million
Land	¥10,773 million
Total	¥45,642 million

(2) Assets and liabilities accounted for as financial transactions

Assets and liabilities accounted for as financial transactions based on the Revised Accounting Practice Committee Report No. 15 of the Japanese Institute of Certified Public Accountants "Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies"

Buildings and structures	¥22,770 million
Machinery and vehicles	¥139 million
Tools, furniture and fixtures	¥65 million
Deposits received	¥20,534 million

(3) Accumulated depreciation of tangible fixed assets
million

¥104,340

(4) Contingent liabilities from guaranteeing indebtedness

Guarantee obligations are guarantees for the following companies' loans.

PT. WINDAS DEVELOPMENT (Note)	¥2,323 million
Employees (housing loans)	¥17 million
Total	¥2,340 million

Note: PT. WINDAS DEVELOPMENT is an investee of the Corporation's affiliate.

(5) Receivables from and payables to subsidiaries and affiliates	
Short-term receivables from subsidiaries and affiliates	¥19,796 million
Long-term receivables from subsidiaries and affiliates	¥2,648 million
Short-term payables to subsidiaries and affiliates	¥26,239 million
Long-term payables to subsidiaries and affiliates	¥1,125 million

(6) Revaluation reserve for land

Land used for business is subject to revaluation in accordance with the Act on Revaluation of Land.

Method of revaluation: Determine the revalued amount by reasonably adjusting the assessed value of fixed assets for taxation purposes as specified in Article 2, item (iii) of the Order for Enforcement of the Act on Revaluation of Land

Revaluation date: March 31, 2002

4. Notes to Non-Consolidated Statement of Income

(1) Revenue recognized using the percentage-of-completion method	¥1,080,970 million
(2) Revenue from sales to subsidiaries and affiliates	¥24,188 million
(3) Purchase of goods from subsidiaries and affiliates included in cost of sales	¥96,770 million
(4) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥12,448 million
(5) Amount of transactions other than operational transactions with subsidiaries and affiliates	¥9,579 million
(6) Research and development costs	¥14,615 million

5. Note to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury shares as at March 31, 2021

Common stock 24,322,192 shares

6. Deferred Tax Accounting

The main factors for deferred tax assets are non-deductible portion of reserves and allowances and deductible temporary differences from losses on write-down of assets. The main factor for deferred tax liabilities is net unrealized gain on other securities.

7. Related Party Transactions

Subsidiary

(1) Nature of transaction

Category	Name	Capital or investment (Millions of Yen)	Type of business	% of voting rights held (held by others)	Relationship	Nature of transaction	Amounts of transaction (Millions of Yen)	Account	Balance as at March 31, 2021 (Millions of Yen)
Subsidiary	Shimizu Finance Co., Ltd.	2,000	Credit and finance	Direct 100%	Inter-locking directorate, receipt of deposit of funds, etc.	Deposit of funds	69,400	Deposits received	8,700

(2) Terms and conditions of transaction and policy for determining them

Interest on deposits is determined reasonably in consideration of market interest rates.

8. Amounts per Share

(1) Net assets per share of common stock	¥912.13
(2) Basic net income per share of common stock	¥94.70

9. Significant Subsequent Events

(Absorption-type merger of consolidated subsidiaries)

The Corporation resolved, at the Board of Directors meeting held on January 29, 2021, to conduct an absorption-type merger of Higobashi Shimizu Building Co., Ltd. and Hokusei Tochi Co., Ltd., consolidated subsidiaries of the Corporation, with the effective date of April 1, 2021.

(1) Purpose of the merger

To effectively manage the real estate holdings of the Group

(2) Names and business activities of the merged companies

Name: Higobashi Shimizu Building Co., Ltd. Business activity: Real estate leasing business

Name: Hokusei Tochi Co., Ltd. Business activity: Real estate leasing business

(3) Date of merger (effective date)

April 1, 2021

(4) Method of the merger

An absorption-type merger, in which the Corporation became the surviving company, and Higobashi Shimizu Building Co., Ltd. and Hokusei Tochi Co., Ltd. became the absorbed companies

(5) Overview of accounting treatment adopted

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the Corporation will account for the merger as a transaction under common control.

For fiscal 2021, the Corporation expects to record a gain on extinguishment of tie-in shares of ¥6,662 million as an extraordinary gain.

10. Other Information

The accounts of non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

Accounting Auditor's Report on Consolidated Financial Statements

Report of Independent Auditors

May 7, 2021

Kazuyuki Inoue
President and Representative Director
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC
Tokyo Office

Yuji Suzuki
Certified Public Accountant
Designated and Engagement Partner

Masahito Nakagawa
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of SHIMIZU CORPORATION (the "Corporation") applicable to the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Corporation and its consolidated subsidiaries, applicable to the 119th fiscal year ended March 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We have no interest in the Corporation and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

Accounting Auditor's Report on Non-consolidated Financial Statements**Report of Independent Auditors**

May 7, 2021

Kazuyuki Inoue
President and Representative Director
SHIMIZU CORPORATION

Ernst & Young ShinNihon LLC
Tokyo Office

Yuji Suzuki
Certified Public Accountant
Designated and Engagement Partner

Masahito Nakagawa
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules (hereafter collectively referred to as the “non-consolidated financial statements, etc.”) of SHIMIZU CORPORATION (the “Corporation”) applicable to the 119th fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. 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 non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Corporation's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We have no interest in the Corporation which should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report of the Audit & Supervisory Board

Audit Report

With respect to the Directors' performance of their duties during the 119th business year (from April 1, 2020 to March 31, 2021), the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Member auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., each Audit & Supervisory Board Member endeavored to facilitate mutual understanding with the Directors, executive officers, audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted audits in the following methods.
 - 1) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors, Executive Officers and other employees, etc. and requested explanations as necessary, inspected important approval/decision documents, and investigated the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Audit & Supervisory Board Member received reports on their respective business from relevant business departments, visited principle subsidiaries as necessary, received explanations on the status of the subsidiaries from Directors, Audit & Supervisory Board Members, etc. of the subsidiaries, and exchanged opinions.
 - 2) Each Audit & Supervisory Board Member conducted audits on matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Corporation and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a corporate group consisting of a stock company and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems).
 - 3) Each Audit & Supervisory Board Member monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the annexed detailed statements thereto, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the annexed detailed statements thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and

notes to consolidated financial statements), for the business year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Corporation in conformity with the applicable laws and regulations and the Articles of Incorporation of the Corporation.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Corporation was found with respect to the Directors' performance of their duties.
- 3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate.

We did not find any matter to be mentioned with respect to the contents in the business report and Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Financial Statements and Their Annexed Detailed Statements

We acknowledge that the methods and results of audit performed by the accounting auditor Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor Ernst & Young ShinNihon LLC, are appropriate.

May 10, 2021

Audit & Supervisory Board of SHIMIZU CORPORATION

Hideto Watanabe [seal]
Audit & Supervisory Board
Member (Full-time)

Koichi Matsuoka
Audit & Supervisory Board
Member (Full-time)

Hatsuhito Kaneko [seal]
Audit & Supervisory Board
Member (Full-time)

Tetsuya Nishikawa [seal]
Audit & Supervisory Board
Member

Kaoru Ishikawa [seal]
Audit & Supervisory Board
Member

Note: Audit & Supervisory Board Members Hatsuhito Kaneko, Tetsuya Nishikawa and Kaoru Ishikawa are outside Audit & Supervisory Board Members as specified in Article 2, Item 16, and Article 335, Paragraph 3 of the Companies Act.