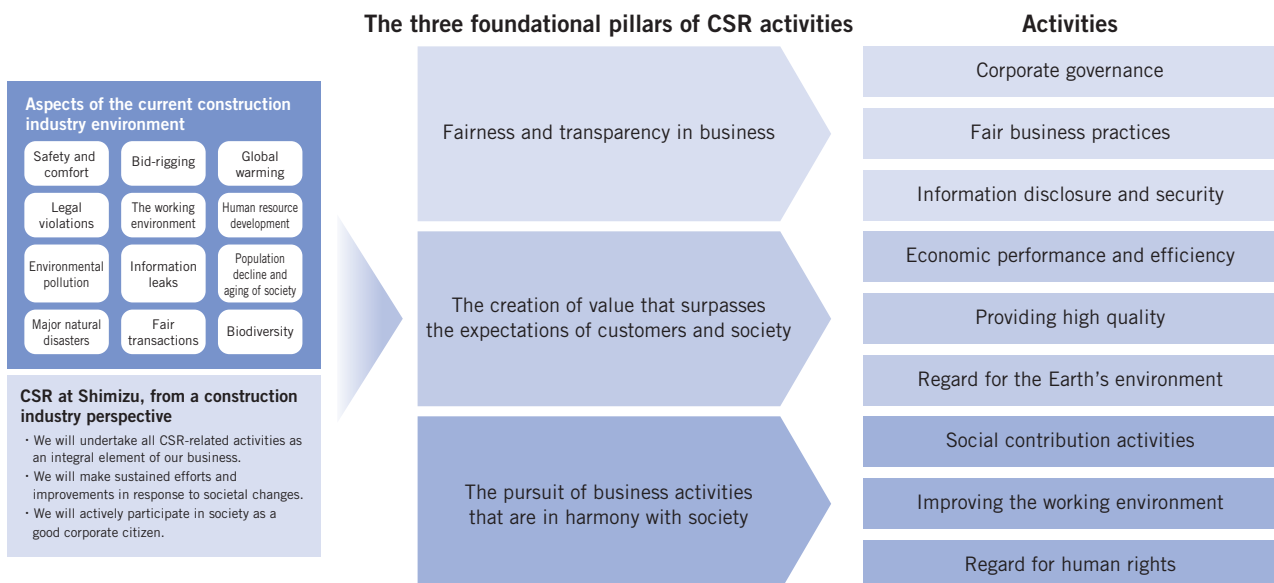


CORPORATE SOCIAL RESPONSIBILITY

Since our foundation, we have based our management policy on Rongo to Soroban ("The Analects and the Abacus") by Shibusawa Eiichi, who was appointed our senior advisor in 1887. Shibusawa taught that a company should earn fair returns and contribute to society based on a strict code of business ethics. Today, we remain committed to the concept that corporate social responsibility (CSR) means incorporating social and environmental awareness into all our operations.

By managing our business responsibly, we are making continuous contributions to the sustainable development of society and acting as a good corporate citizen. Our CSR activities are based on the following three pillars:

- Fairness and transparency in business
- The creation of value that surpasses the expectations of customers and society
- The pursuit of business activities that are in harmony with society



ESTABLISHING CORPORATE GOVERNANCE AND A FAIR BUSINESS ENVIRONMENT

In the fiscal year ended March 31, 2009, Shimizu formulated its Risk Management Rules to bring its risk management system in line with the Basic Policy for Establishing an Internal Control System (formulated in 2006). In addition, to comply with the Financial Instruments and Exchange Law, Shimizu set up the Internal Control System Promotion Group in the Accounting Department, re-evaluated all relevant business processes, and refined its system of internal controls. As a result, audits by an auditing firm yielded no recommendations for improvements in Shimizu's internal controls system. Attendance rates at meetings for the Board of Directors were nearly 100% for directors and corporate auditors, and all divisions and departments were audited at least once every two years by internal audits conducted by the Audit Department. In the fiscal year ending March 31, 2010, our goal will be to maintain the achievements of the previous fiscal year while refining our systems and frameworks to achieve timely and efficient implementation. During this year, we will also identify important risk management issues to achieve further improvements in this area.

CORPORATE GOVERNANCE FRAMEWORK AND SYSTEMS

Introduction of an executive officer system to reduce the number of directors

Shimizu has reduced the number of its directors to eight and introduced an executive officer system to ensure a clear functional separation between strategic decision-making and management oversight on the one hand and day-to-day business operations on the other. While it may convene at other times if deemed necessary, the Board of Directors generally meets once a month to deliberate on and to make decisions regarding important business-related matters, as well as any statutory items stipulated by law or by Shimizu's articles of incorporation. The monthly meetings of executive officers and the heads of each business division serve as forums for reporting on and issuing instructions related to the various business-related decisions made by the Board of Directors, as well as for confirming the current status of operations.

Corporate auditor system

Based on its corporate auditor system, Shimizu's five-member Board of Corporate Auditors includes three auditors serving in a full-time capacity. All corporate auditors attend meetings of the Board of Directors as part of audits of the execution of duties by directors. Specialist personnel employed within the Corporate Auditors' Office assist the corporate auditors in this work.

In the fiscal year ended March 31, 2009, the attendance rate at meetings of the Board of Directors by directors and corporate auditors was 98.1%.

Establishment of governance-related committees

Shimizu has established a number of committees that meet at certain intervals to make final decisions on important matters related to day-to-day business operations and to promote efficient strategic decision-making. Various committees have been set up as consulting bodies, and Shimizu reviews these committees and all related meetings each year. In addition, Shimizu has established an Officer Recommendation Committee to ensure fair and transparent decision-making with respect to executive officer appointments and an Officer Evaluation Committee to ensure fair and transparent decision-making in evaluations of directors and executive officers and in determinations of their remuneration packages.

System of internal controls

The Financial Instruments and Exchange Law (FIEL) mandates the establishment of a system of internal controls to ensure the reliability of financial reporting, among other aims. To ensure FIEL compliance for financial accounts in the fiscal year ended March 31, 2009, Shimizu set up the Internal Control System Promotion Group within the Accounting Department to oversee the development of internal controls. The group made steady progress in these preparations, including the re-evaluation of relevant business processes.

In the fiscal year ended March 31, 2009, audits by an auditing firm of Shimizu's system of internal controls based on FIEL yielded no recommendations for improvement.

RISK MANAGEMENT INITIATIVES

Development and strengthening of risk management systems

In recent years, companies have faced increasing societal pressure to strengthen their risk management systems. In May 2008, Shimizu formulated its Risk Management Rules as a basic set of internal rules to govern risk management within

the Shimizu Group. Based on these regulations, Shimizu aims to bolster Group capabilities to prevent, mitigate, and respond to ethical, legal, and other business-related risks by clearly identifying and systematically controlling these risks.

Establishment of a Risk Management Committee

Specific actions to develop risk management systems have included the establishment of a Risk Management Committee (chaired by the President) that monitors the management status of all central and operating divisions with respect to function-specific risks (including quality, safety, and the environment), while concurrently responding to new risks as they are identified. For risk management purposes, Shimizu Group companies are treated in the same way as business divisions of Shimizu Corporation.

The implementation rate for internal audits conducted by the Audit Department in the fiscal year ended March 31, 2009 was 100%, with all divisions and departments audited at least once every two years.

CORPORATE ETHICS, LEGAL COMPLIANCE, AND CORRUPTION PREVENTION

In the fiscal year ended March 31, 2009, Shimizu continued to implement measures to prevent the recurrence of legal infringements or other in-house misconduct. Monitoring conducted by our Legal Department as well as internal compliance audits confirmed the absence of problems. We also achieved an attendance rate of 100% for online e-learning compliance training courses held for all employees. Finally, we enhanced the compliance framework of the entire Shimizu Group.

In the fiscal year ending March 31, 2010, Shimizu intends to continue monitoring the status of compliance with laws and internal rules in even greater detail to identify problems at the earliest possible stage and to respond accordingly.

THOROUGH ERADICATION OF ANTITRUST COMPLIANCE VIOLATIONS

A major incident in the fiscal year ended March 31, 2009

The Japan Fair Trade Commission ordered Shimizu Corporation to pay a fine in relation to the Antimonopoly Law. Shimizu has currently filed an appeal with the Tokyo High Court to reverse this judgment (which relates to construction orders from the Tokyo New Town Development Corporation) and is currently awaiting the Court's ruling. To prevent any such suspicions of antitrust compliance violations in the future, Shimizu is working to thoroughly implement the company-wide compliance measures formulated in March 2007.

Concrete measures to prevent recurrence of violations

The main focus of measures taken by Shimizu in the fiscal year ended March 31, 2009, to prevent future suspicions of antitrust compliance violations was to confirm compliance with Shimizu's "Code of Conduct for Officers and Employees Relating to Tenders for Construction Projects." This document was designed to provide a simple guide to help officers and employees avoid antitrust compliance violations during sales activities. As well as laying down three core principles to which employees must adhere, the code specifies the necessary procedures for response and notification in the event of solicitation to illegal action or on obtaining or observing signs of illegal action, and also provides practical steps for implementing reviews by divisional heads.

To promote the dissemination of these standards and to monitor compliance, the Legal Department conducts training and compliance audits once a year. In the fiscal year ended March 31, 2009, it also conducted company-wide training and compliance audits.

In addition, Shimizu selected compliance with the Antimonopoly Law as a subject for the online e-learning compliance training courses it provides for all employees. In the fiscal year ended March 31, 2009, the participation rate for this course was 100%.

THOROUGH IMPLEMENTATION OF COMPLIANCE

A major incident in the fiscal year ended March 31, 2009

In the fiscal year ended March 31, 2009, a violation of the Political Funding Regulation Law occurred with respect to compliance in the construction industry, attracting a great deal of negative publicity.

To promote compliance with the Political Funding Regulation Law, Shimizu formulated a set of internal rules and worked to enforce these rules rigorously. In light of intense social pressure, Shimizu is raising awareness of its rigorous rules company-wide and applying them with greater strictness.

Concrete measures for strengthening our compliance framework

The Committee on Corporate Ethics, which develops and oversees the implementation of measures to promote compliance throughout Shimizu, meets twice a year, examines the concrete measures required to prevent recurrence of company misconduct (including any legal violations), and seeks to implement these measures throughout the company. To refine compliance systems throughout the Group, the Affiliated Business Department provides support for related Group companies.

Shimizu is working to thoroughly disseminate its Code of Corporate Ethics and Conduct by making it an integral part of an online e-learning compliance training course all employees must complete.

To increase awareness of compliance-related issues among all employees, including those at Group companies, Shimizu also publishes a news page on legal topics on the intranet. This bulletin, entitled Legal Affairs News, is distributed each month and provides a timely presentation of legal trends with deep connections to business activities and case examples relating to compliance.

Internal Compliance Hotline

In addition, Shimizu has established a Compliance Hotline so that employees can report any misconduct and the company as a whole can respond to such reports in a timely and appropriate manner.