



SHIMIZU CORPORATE REPORT 2022

Today's Work, Tomorrow's Heritage



SHIMIZU CORPORATION supports
the Sustainable Development Goals

<https://www.shimz.co.jp/en/company/csr/sdgs/>

SMART INNOVATION COMPANY

Today's work, Tomorrow's Heritage in 2030 and Beyond.

The Shimizu Group is constantly changing.
We will continue to take on every challenge to
create new value in the world,
extending beyond the boundaries of construction.

Editorial Policy

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

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

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

Reporting Organizations

- Head office, branches and group companies in Japan and overseas
- Numerical results reflect activities of the head office, domestic branches and sales offices.

Reporting Timeframe

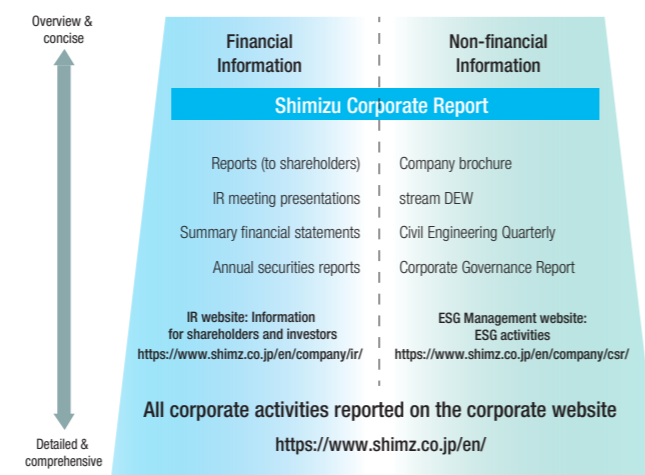
Mainly fiscal year ended March 31, 2022 (April 2021 to March 2022), includes some activities from earlier and later time periods

Guidelines for Reference

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

* QR Code is registered trademark of DENSO WAVE INCORPORATED in Japan and in other countries.

Information Disclosure System



INDEX

CORPORATE PROFILE

- 04 Corporate Philosophy
- 05 Creating Value Over Time
- 08 Value Creation Process
- 10 Message from the Top
- 16 Financial Highlights (The Shimizu Group in FY2021)
- Non-Financial Highlights and Investment Plan of the Mid-Term Management Plan <2019-2023>
- 18 Materiality Issue

ESG MANAGEMENT

- 20 **E** Environment
Shimizu's Environmental Vision of Creating Prosperity Beyond Zero
- 22 Carbon Neutrality
- 25 Resource Recycling
- 27 Coexistence with Nature
- 28 **S** Social
Human Resources Innovation to Pave the Way for the Future
- 30 Workstyle Reform and Human Rights
- 32 Optimal Quality and Customer Satisfaction
- 33 Health and Safety
- 34 Strengthening the supply chain
- 35 Communication with Important Stakeholders
- 36 **G** Governance
Initiatives to Improve Governance
- 39 Corporate Governance
- 45 Risk Management
- 48 Compliance

- 49 Message from Chairman and Representative Director
Further Promoting ESG Management
- 50 Directors, Audit & Supervisory Board Members,
and Executive Officers
- 53 Corporate Social Contribution Activities

SPECIAL CONTENTS

- 54 Mid-Term Digital Strategy 2020
Progress as Digital General Contractor

SHIMIZU'S BUSINESS

- 58 Building Construction Business
- 60 Civil Engineering Business
- 62 Overseas Construction Business
- 64 Investment and Development business activities Business
(Real Estate Development Business)
- 66 Engineering Business
- 68 LCV
- 70 Emerging Frontier Business

DATA COLLECTION

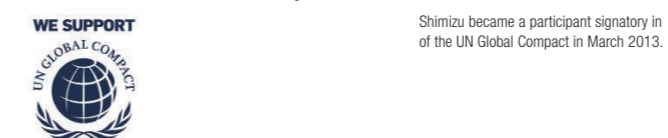
- 72 Ten-Year Highlights (Consolidated)
- 74 Consolidated Balance Sheet
- 78 Shimizu Group Business Activities
- 79 Independent Opinion
- 80 Global Network
- 81 Corporate Information/Investor Information

Inclusion in ESG index



The inclusion of Shimizu Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Shimizu Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or servicemarks of MSCI or its affiliates.

United Nations Global Compact



Awards



Credo

The Analects and the Abacus

Management Principles

With devotion and a spirit of innovation,
we work to create value that exceeds expectations
and contribute to a sustainable tomorrow

Shimizu Group's Strategy Towards 2030

SHIMZ VISION 2030

Smart Innovation Company

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

Corporate Slogan

Today's Work, Tomorrow's Heritage

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

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

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

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

For more than 210 years, Shimizu has created value that exceeds customer expectations while carrying on the high aspirations for good faith monozukuri (superb craftsmanship) that founder Kisuke Shimizu I valued throughout his life and an enterprising spirit for continually taking on challenges ahead of the times.

1804 ~ 1945 Founding to the end of World War II

Kisuke Shimizu I and Kisuke Shimizu II built the foundation of Shimizu

- 1804 Kisuke Shimizu I founded the company in Kanda Kajicho, Edo (present day Tokyo)
- 1838 Kisuke Shimizu I helped to build the west wing of Edo Castle
- 1849 Kisuke Shimizu I built the Zuishin Gate of Takada Hachiman Shrine (now Anahachiman Shrine) in the Ushigome district of Edo



- 1859 Expanded business in the Yokohama port town

Japan's first fully Western-style hotel

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



Japan's first bank

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



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

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

Shimizu opened the first design department in the construction industry

- 1886 The drafting department, which was the predecessor of the Design Division, was established to develop designers skilled in Western architecture

Shimizu hired Eiichi Shibusawa as an advisor and put the Analects and the Abacus into practice as the basis of management

- 1887 Shimizu made the Analects and the Abacus (Ethics and Economics) the core of its Management Principles to manage its business

Built Japan's first full steel frame building

- 1910 Completed the headquarter building for Nihonbashi Maruzen Head Office, Japan's first full steel frame building, in Nihonbashi



Began full-scale entrance into civil engineering

- 1936 Shimizu built its first full dam, and completed the Yasuoka power plant for Yahagi Hydroelectric (now owned by Chubu Electric Power Co., Inc.)



Established the construction industry's first R&D organization

- 1944 Established the research department in the Design Division, which was the predecessor to the Institute of Technology, as the first in the industry

The two Kisuke's laid the foundation for Shimizu Corporation

Kisuke Shimizu I, who was born in Toyama Prefecture, founded the company in 1804 in the Kanda Kajicho district of Edo (now Tokyo). From the moment he founded the company, he brought a strong resolve and a passion for monozukuri. He earned the trust of his customers by doing his work with integrity and devotion. He built a strong business base and attracted customers by using the company's superior technology and management skills. This led to projects such as managing of the reconstruction of the West Wing of Edo-castle in 1838. Kisuke Shimizu II, who succeeded Kisuke Shimizu I, built the Tsukiji Hotel, Japan's first western-style hotel in the Tsukiji district where foreigners lived, at his own expense. He managed the hotel after it was completed in 1868. He then went on to design and build the Daiichi National Bank (the former home of the Mitsui Group) and the Mitsui-gumi Exchange Bank, which were representative of early Meiji period architecture. Kisuke Shimizu II used his spirit of enterprise, advanced technical skills, and the trust he cultivated in these and other projects to further build the foundations of the company.



Kisuke Shimizu I

Kisuke Shimizu II



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

1946 ~ 2000 From post-war recovery to establishing a firm position in the general construction industry

Management reform - modernization of management

- 1948 Company name changed from Shimizu Gumi to Shimizu Corporation
- 1962 Listed on the first section of the Tokyo Stock Exchange

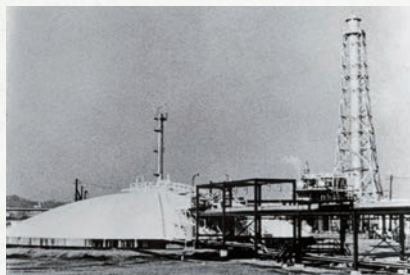
Took on the challenge of a never attempted suspension roof construction — National Indoor General Stadium, Main Gymnasium (now Yoyogi National Gymnasium)

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



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

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



Established a new real estate headquarters and entered the developer business

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

Pursuing full-scale globalization

- 1974 Opened a sales office in Singapore

Supported traditional Japanese architecture with the latest technology at the time — Major Showa-era renovation of the Daibutsuden (Great Buddha Hall) at Todaiji Temple

- 1980 Replaced the approximately 130,000 tiles on the massive roof, which covers an area of around 7,900 m², over the course of six years, beginning in 1974



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

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



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

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



Renovated the National Museum of Western Art with Japan's first seismic retrofitting

- 1998 The main building of the museum, which was designed by Le Corbusier and built by Shimizu in 1959, was renovated with seismic retrofitting



2001 Onward Toward the future of the construction industry

Using Shimizu's technological strengths in initiatives targeting environmental problems

- 2002 Developed and commercialized the world's first concrete materials recycling system. Moved the soil washing plant to Kawasaki and launched operations

Efforts to strengthen monozukuri aimed at the 200th anniversary of the company's founding

- 2003 Completed construction of the new main building of the Institute of Technology as part of a project to commemorate the 200th anniversary of the company's founding

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

- 2007 Built a new airport terminal in Singapore, an important economic center in Asia. The method of lifting up steel frame trusses measuring 300 meters wide and 215 m deep, was a first in the world



- 2008 Announced the corporate slogan of "Today's Work, Tomorrow's Heritage". First lecture presented in the Shimizu Open Academy public lecture course. Shimizu unveils Green Float, a concept for a city that floats on the ocean. GREEN FLOAT the first series of future-city concepts known as Shimizu Dream.

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

- 2008 Created a complex cocoon-shaped building exterior through advanced simulation technology using a 3D system



Aiming for a society in which people can live comfortably and securely

- 2011 Performed damage survey and mounted recovery activities for the Great East Japan Earthquake
- 2012

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



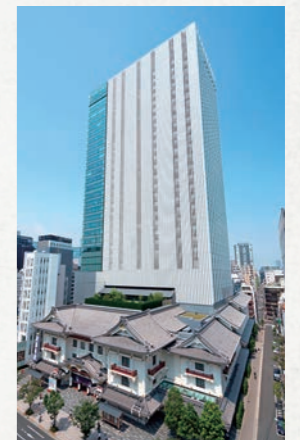
Heisei shrine renewal at Izumo Taisha, a national treasure, completed

- 2013 Shimizu was in charge of preservation and repair work on 14 buildings during the renewal of the Izumo Grand Shrine for the first time in 60 years. The main shrine and other buildings designated as important cultural treasures were included among the buildings renovated



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

- 2013 Built a multipurpose complex consisting of the low-rise KABUKIZA and the KABUKIZA TOWER, a high-rise office building. It was built by combining the wisdom of the traditional master carpenters of the old Kabukiza with BIM modern technology



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

Aiming for business opportunities that create new value

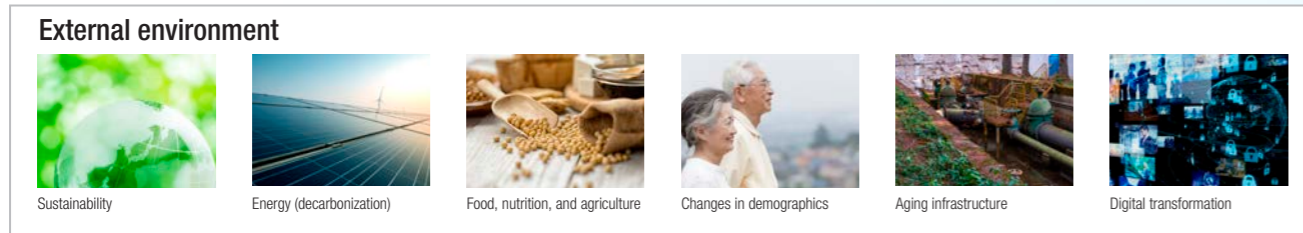
- 2019 The long-term vision SHIMZ VISION 2030
- 2020 Shimizu completes Yamba Dam, marking first time company has built dam over 100 m tall.



- 2021 The group environmental vision SHIMZ Beyond Zero 2050. Shimizu formulates Digitalization Concepts, "Digital General Contractor", based on the Mid-Term Digital Strategy.

Value Creation Process

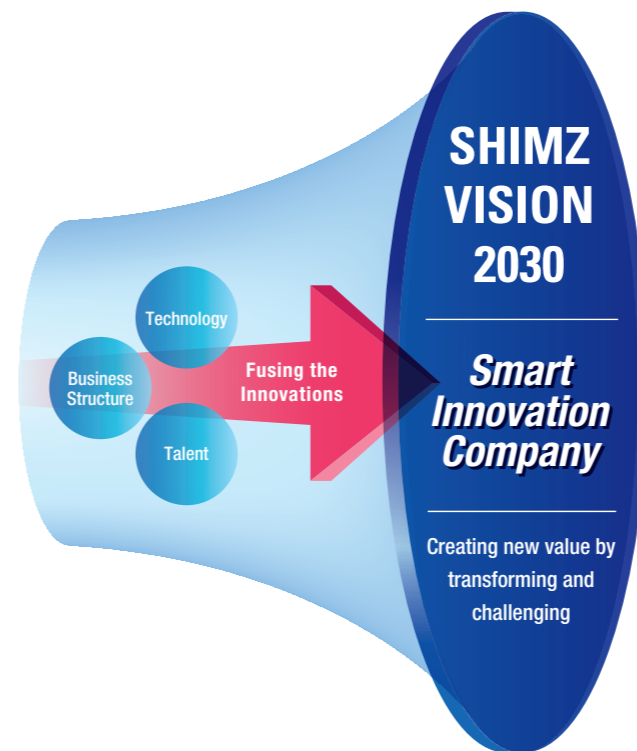
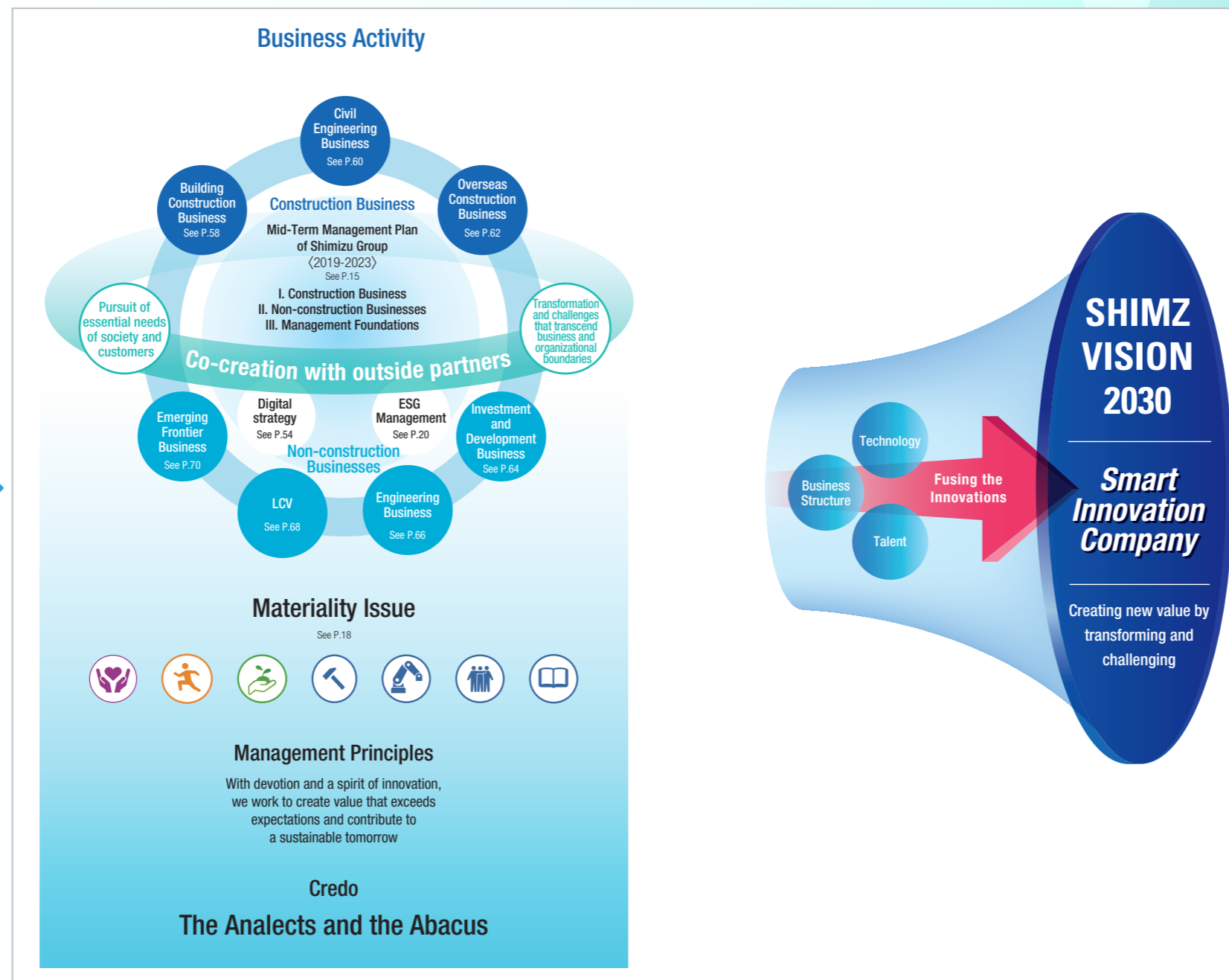
Bringing together the technology and trust we have cultivated since our founding, we will contribute to the creation of a sustainable future.



In the long-term vision SHIMZ VISION 2030, the Shimizu Group has defined its vision for 2030 as becoming a Smart Innovation Company that creates value that anticipates the times by continually transforming and challenging ourselves beyond construction and co-creating with diverse partners.

INPUT

| Human capital | |
|--|---------------------|
| Number of employees | 19,661 |
| Professional Engineers ¹⁾ | 807 |
| Class I Architects ¹⁾ | 2,042 |
| Class I Construction Management Engineers ¹⁾ | 2,941 |
| Class I Civil Engineering Construction Management Engineers ¹⁾ | 1,457 |
| Financial capital | |
| Shareholders' equity | 824.4 billion yen |
| Total assets | 2,128.3 billion yen |
| Equity ratio | 38.7% |
| Monozukuri (superb craftsmanship) capital | |
| <ul style="list-style-type: none"> Network of branches and offices across Japan Network of construction-related affiliates Continually pursuing the possibilities of wood: Tokyo Mokkoujyou Arts & Crafts Furnishings One of the world's largest SEP vessels²⁾ used in the construction of offshore wind power plants | |
| Main branches/offices ¹⁾ | 12 branches |
| Number of Group companies | 73 offices |
| | 139 companies |
| Cities in other countries where permanent offices have been opened | 28 cities |
| Intellectual capital | |
| <ul style="list-style-type: none"> Countless tacit and explicit technologies and know-how born not only from R&D, but also from Sales, Design, and Construction | |
| R&D investment ¹⁾ | 16.2 billion yen |
| Number of patents held ¹⁾ | 1,957 |
| Social and relational capital | |
| <ul style="list-style-type: none"> Customer trust cultivated over our 218-year history Shimizu Takumi Training Center promotes securing of workers and human resources development together with Kanekikai, an affiliate organization established in 1889 | |
| Number of Kanekikai members | 1,295 companies |
| Natural capital | |
| Energy consumption | 3,218,000 GJ |
| Renewable energy generation capacity from operations | 74.7 MW |



OUTCOME

The Value Shimizu Group Provides

- a Resilient society**
Where everyone can feel safe and secure
- an Inclusive society**
Where all people can live together in comfort and healthy
- a Sustainable society**
Where future generations can inherit a well-cared for environment

SHIMZ VISION 2030
<https://www.shimz.co.jp/en/company/about/strategy/index.html#sec3>
See P.15

| Financial KPI ¹⁾ Values in parenthesis are FY2023 targets from the Mid-Term Management Plan | | | |
|--|---------------|----------------------|-----------------------|
| ROE | Equity ratio | Debt to equity ratio | Dividend payout ratio |
| 5.8% | 38.7% | 0.6 倍 | 35.9% |
| 10% or higher | 40% or higher | 0.7 times or less | approx. 30% |

| Non-financial KPI ¹⁾ Values in parenthesis are FY2023 targets from the Mid-Term Management Plan | | | |
|--|--|--|--|
| Productivity improvement | Environmental (E) | Social (S) | Governance (G) |
| Productivity improvement in construction business (Compared to FY2016) | Reduction of CO ₂ emissions in construction business (Compared to FY2017) | Employee satisfaction score | Number of serious legal violations |
| 4.3% | 14.6% | 3.72 | 0 |
| (At least 20%) | (At least 10%) | (At least 4.0) | (0) |
| | CO ₂ reduction in operations of buildings featuring energy-saving design (Compared to FY1990) | Disaster prevention Number of patents held ¹⁾ | Number of women in management positions and percentage of all management positions ¹⁾ |
| | 54.0% | 115 | 126 |
| | | | 3.1% |

(FY2021 results/Values as of March 31, 2022)

¹⁾: Shimizu Corporation (non-consolidated) ²⁾: Self-Elevating Platform

Message from the Top

We are in a time of great change.

We will continue to take on the challenge of corporate reform so that we develop a culture that embodies The Analects and the Abacus, pursue the essential needs of society and our customers, and propose/provide solutions that help address social issues.

I would like to start by expressing my hopes for a quick recovery to those who have contracted COVID-19, and to express my heartfelt gratitude to all the medical personnel who are working on the front lines of treatment and vaccination as the virus continues to spread. At Shimizu, our priority is to protect the lives and safety of group and subcontractor employees. We are endeavoring to contribute to society through our business activities by thoroughly implementing measures to prevent infection.

The COVID-19 pandemic has prompted an acceleration of discussions and efforts towards decarbonization and digitalization around the world, producing work styles tailored to the new normal and thrusting us into a time of great change. At the same time, the crisis in Ukraine has brought uncertainty and instability to global politics and economics. In Japan, soaring prices of imports combined with depreciation of the yen have impacted family budgets and corporate activities.

Amid this uncertainty, the Group aims to realize a society that is resilient, inclusive, and sustainable as set forth in the long-term vision SHIMZ VISION 2030. We believe that our mission of delivering new value to our customers and society will grow in importance and significance.

We will continue to implement changes and take on challenges that transcend our current organization and business. Our aim is to contribute to society by pursuing the essential needs of our customers desiring to fix social issues, and proposing/providing various solutions while steadily developing a corporate culture that embodies The Analects and the Abacus.

Kazuyuki Inoue

President and Director



Management Environment and Future Strategy

We will steadily invest for future growth while facing management challenges head on with the collective strength of the Group.

In fiscal 2021, sales were up while income was down at the Group. Net sales were up 1.8% year on year to 1,482.9 billion yen, ordinary income was down 52.2% to 50.4 billion yen, and net income was down 38.1% to 47.7 billion yen. Income was down primarily due to a significant decline in profitability of construction work arising from intensification of competition in domestic building construction starting in the previous fiscal year, and the impact of COVID-19 overseas.

The situation in Ukraine has dealt a blow to the global supply chain, which had already been crippled by the COVID-19 pandemic, causing rapid inflation. In spite of these circumstances, it is expected that private capital investment will expand in fiscal 2022, the fourth year of the Mid-Term Management Plan (2019-2023), in conjunction with economic recovery in Japan. On the other hand, we expect the business environment to be less than promising as competition remains harsh, especially for large-scale building construction, and material prices soar. It will also be an important year for solving urgent issues such as the so-called 2024 problem in which new labor restrictions will be applied to the construction industry starting in April 2024, including the capping of overtime work, and the corresponding need to promote weekend work site closures. As a leading company in the industry, Shimizu will aim to win orders with appropriate prices and construction periods, rebuild a reliable and efficient production system, and achieve increased sales and income using the collective strength of the Group while giving due consideration to profitability, labor productivity, employee job satisfaction, and more.

Digital strategy will be the key to addressing these issues and will serve as the

engine for medium- to long-term growth. Based on the Mid-Term Digital Strategy 2020, Shimizu has been pursuing the best combination of the digital and the physical at work sites as a leading digital general contractor for the past two years. We have also been working together with our customers to increase productivity by fully utilizing ICT, and have received high marks for these efforts from various quarters. Furthermore, based on the theme of digitalization of spaces and services, we have developed our proprietary DX-Core digital platform for centralized building management, and have seen a great deal of interest. Going forward, we expect that it will contribute significantly to the Group's growth.

Another key measure at the moment is strengthening the supply chain in order to ensure both business continuity and competitiveness by building a production system that can steadily handle the increasing number of large-scale construction projects nationwide. Moreover, as the chair company of the Japan Federation of Construction Contractors, we are also pouring effort into promoting various measures such as popularizing the Construction Career Up System (CCUS) for the proper evaluation of the experience and competence of skilled construction workers. Our desire is to contribute to improving benefits for the skilled workers that support the construction industry and securing a workforce for the future.

We have also made enhancement of group management a key measure. In the previous fiscal year, we implemented a takeover bid to make THE NIPPON ROAD Co.,Ltd., which had been an equity method affiliate, a subsidiary. Going forward, our aim is to maximize corporate value through synergy while maintaining the independence of Nippon Road's management. At the same time, we will continue ceaseless efforts to further improve overall governance of the Group, including that of Nippon Road.



Promotion of ESG Management

Each of our employees will be united in our vision for ESG as we move forward with our business activities to achieve sustainable growth of the Group.

The period of the Mid-Term Management Plan <2019-2023> is a period of forward-looking investments for the realization of the long-term vision SHIMZ VISION 2030, and our plan is to invest 750 billion over five years. Three years has now passed, and we have invested a total of around 380 billion yen (50.6%). Even in the midst of the difficulties of the current business environment, we will make steady investments to contribute to improving future competitiveness so that we can cultivate and advance the construction business, establish a profit base for non-construction businesses, and enhance our management base to support growth, which are the three basic policies of the Mid-Term Management Plan <2019-2023>.

ESG management will be the foundation for the steady promotion of the three basic policies of the Mid-Term Management Plan <2019-2023>. We believe that we can only achieve sustainable growth by considering the sustainability of the global environment, coexisting with society, and improving governance so that we can steadily promote these ideals. This is very consistent with our credo of The Analects and the Abacus (Ethics and Economics). All of the Group's employees will engage in business activities with a keen awareness of the importance of each element of ESG.

Environmental (E)

In the previous fiscal year, Shimizu established a new Environmental Strategy Office and put together the group environmental vision SHIMZ Beyond Zero 2050.

Our vision for a sustainable society is expressed in the three values of decarbonization, resource recycling, and harmony with nature. We pursue technological developments based on proactive environmental management that delivers positive environmental value to our customers and society, going beyond reducing the environmental footprint of the Group's business activities.

To give an example, our ZEB* combines energy savings, energy creation, energy storage, and energy management technologies. This technology has been introduced not only in new buildings but also renovated buildings. With the renovation market expected to grow, we are working on establishing a system for addressing the wide ranging environmental needs of our customers.

In addition, we aim to create new value in our contribution to local economies and sustainable future town development. This includes elemental technologies such as environmentally friendly concrete that realizes CO₂ absorption and long life, mid-to high-rise buildings with wood-steel-concrete hybrid structures, and various measures such as Green Infrastructure + (PLUS) biodiversity activities that are closely related to regional issues.

* ZEB stands for "Zero Energy Building." The aim of these buildings is to reduce the net primary energy consumption to zero.

Social (S)

Over our 218-year history, our human resources and technology are what have driven our business activities. Actively promoting Diversity & Inclusion, Shimizu scouts and cultivates human resources who will lead the next generation regardless of gender, age, or nationality. We also Promote workstyle return, the essence of which is the creation of a workplace in which everyone experiences job satisfaction and can reach their full potential.

Moreover, Shimizu earns the trust and satisfaction of customers by accurately understanding the value that customers expect and meticulously building it. That is Shimizu's concept of quality. Our market-oriented approach of valuing our customers is something that has been passed down since our founding and must never be lost, regardless of how the management environment changes. We will continue to focus on developing technologies for providing optimal quality, improving process control for quality management, and developing human resources who will be leaders in craftsmanship.

Moreover, Shimizu stands on the principle of respect for human life and human beings and places the highest priority on safeguarding the lives and health of our employees in all corporate activities. We will steadily implement various measures with establishment of a culture of safety and creation of a safe and comfortable working environment as the basis of our safety and health management.

The Shiomi Innovation Center (tentative name), which is currently under construction in Shiomi, Koto-ku, Tokyo, is scheduled to open in the first half of next fiscal year. Looking ahead to the next 100 years, we will develop human resources who are capable of leading the creation of new value while passing down the Shimizu DNA, and build an open innovation platform that revitalizes co-creation with various outside partners.

Governance (G)

The Shimizu credo is The Analects and the Abacus (Ethics and Economics), which are the teachings of Eiichi Shibusawa, who provided management service in the Meiji and Taisho periods as an advisor. It is very important to gain the increasing trust of our stakeholders, including shareholders, investors, customers, employees, and local communities, by fulfilling our social responsibility through our business activities with every officer and employee having these universal principles engraved in their minds. The Group is steadily working to foster a corporate culture that embodies The Analects and the Abacus (Ethics and Economics).

Moreover, in order to achieve sustainable growth and improve corporate value over the medium to long term while implementing appropriate risk management, we will work ceaselessly on reforming the Group's governance structure, centered on the Board of Directors, with the aim of a swift, efficient, highly transparent, and legally compliant management.

Message to our stakeholders

In the long-term vision SHIMZ VISION 2030 announced in 2019, the Group declared that it would “create new value and contribute to a safe, healthy and sustainable future for everyone by transforming and challenging ourselves beyond construction and co-creating with diverse partners.”

In an era of VUCA (volatility, uncertainty, complexity and ambiguity), our role of delivering new value that is ahead of the times to our customers and other stakeholders will become even more important. By new value, we mean the realization of a resilient society in which everyone can live safely and securely, an inclusive society in which everyone coexists in good health and well-being, and an environmentally friendly society where future generations can inherit a well-cared for environment. All important in realizing such a society will be the human resources and technology we have cultivated primarily in our construction business over our 218-year history, the spirit of innovation passed down from our founding, our attitude of earnestly pursuing the essential needs of our customers and society, and the cooperation of those in our supply chain that have engaged in co-creation with us.

Thank you in advance for your continued support so that we can move forward boldly together with our stakeholders in this era of great change, to contribute to the realization of a sustainable future society.

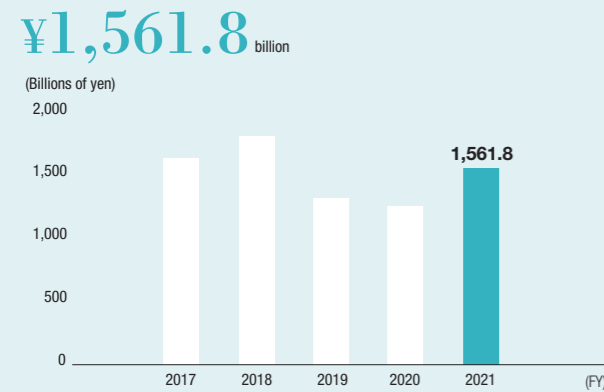


The long-term vision SHIMZ VISION 2030
and the Mid-Term Management Plan (2019-2023)
<https://www.shimz.co.jp/en/company/about/strategy/index.html#sec3>

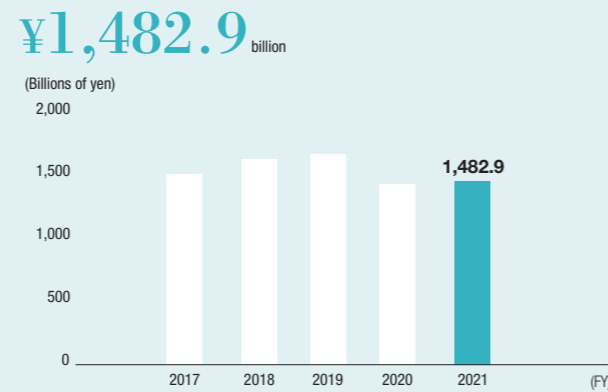
Financial Highlights (The Shimizu Group in FY2021)

* Financial KPI of the Mid-Term Management Plan <2019-2023>

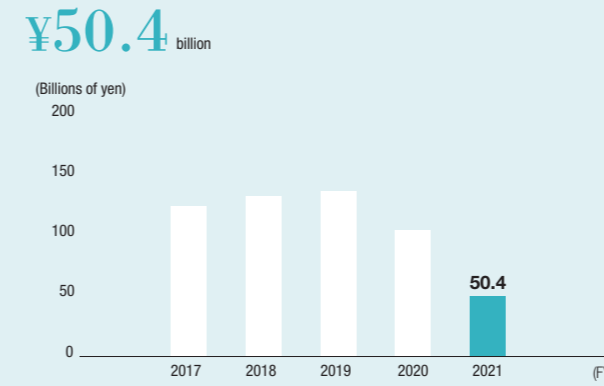
Construction orders awarded



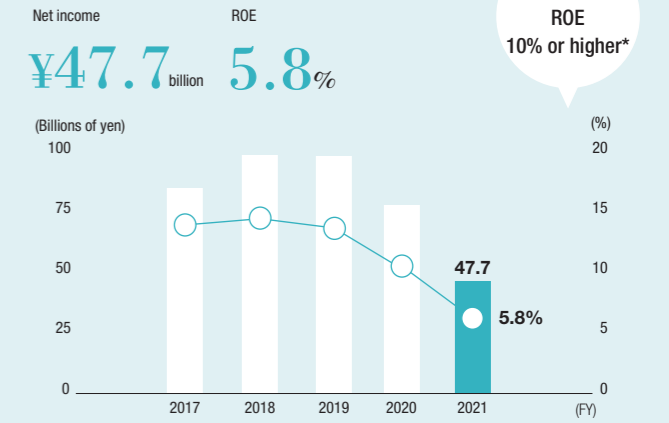
Net sales



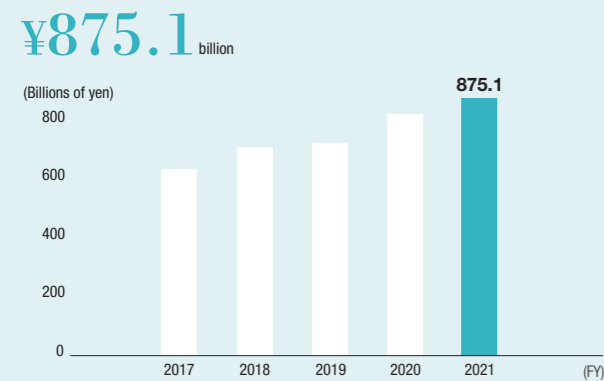
Ordinary income



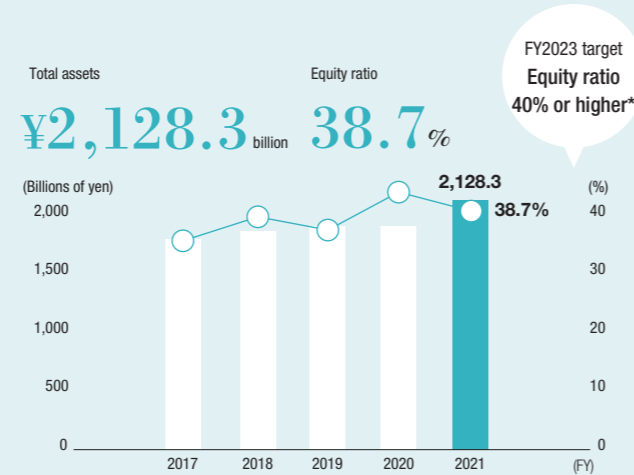
Net income attributable to shareholders of the corporation/ROE



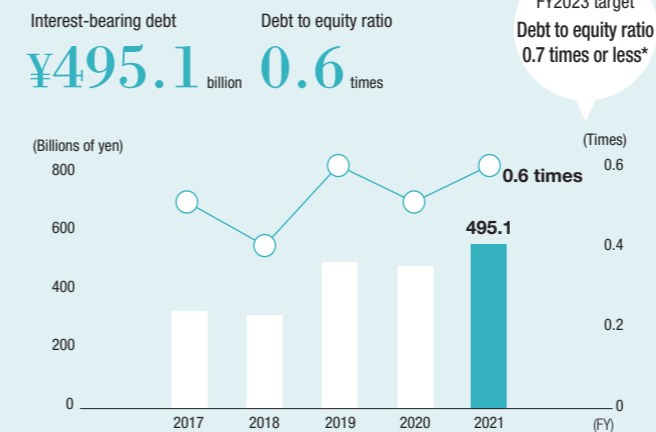
Net assets



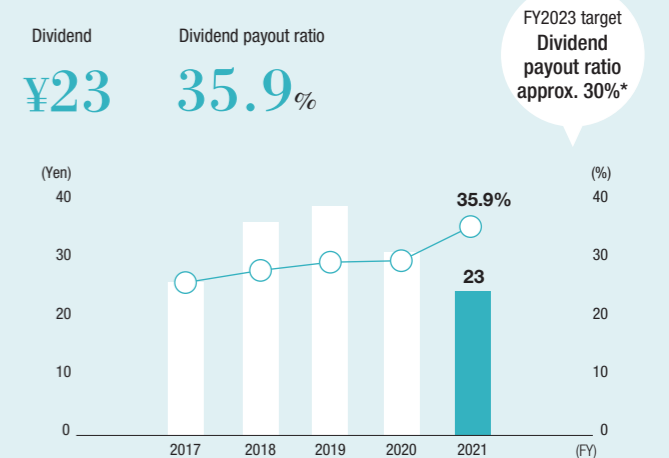
Total assets/Equity ratio



Balance of interest-bearing debt and debt to equity ratio



Dividend per share and dividend payout ratio



Non-Financial Highlights and Investment Plan of the Mid-Term Management Plan <2019-2023>

Non-Financial KPI

| Main KPIs (Key Performance Indicators) | FY2021 Result | FY2023 Target | Related SDGs |
|---|---------------|---------------|---|
| Improve productivity Improve productivity in the construction business*1 (Compared to FY2016) | 4.3% | 20% or higher | 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| Environmental (E) Reduce CO ₂ emissions in the construction business*2 (Compared to FY2017) | 14.6% | 10% or higher | 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION |
| Social (S) Improve employee satisfaction scores*3 | 3.72 | 4.0 or higher | 3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES |
| Governance (G) Number of serious legal violations | 0 | 0 | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

*1: Figures for previous years have been restated in conjunction with the revision to the base year for the building construction cost deflator announced by the Ministry of Land, Infrastructure, Transport and Tourism.

*2: Targets for Shimizu Ecology Mission 2030-2050 activities *3: Indicators produced from the "Shimizu Japan Employees Survey" of the Corporation's employees (average of five-scale evaluation)

Investment Plan

| Investment Type | Investment Amount (5 years) | Three-year Total | FY2021 Results | Accumulated total of FY2019-2020 |
|--|-----------------------------|------------------|----------------|----------------------------------|
| Productivity improvement & R&D | 100 | 52.3 | 14.5 | 37.8 |
| Real estate development business*4 | 500 | 255.0 | 102.5 | 152.5 |
| Infrastructure, renewable energy, new businesses (frontier business, etc.) | 130 | 64.0 | 18.3 | 45.7 |
| Talent development | 20 | 7.9 | 4.0 | 3.9 |
| Total investment over 5 years | 750 | 379.2 | 139.3 | 239.9 |

*4: Investment amount of real estate development business includes amount procured through a non-recourse loan.



Financial Highlights
<https://www.shimz.co.jp/en/company/ir/highlights/>

Materiality Issue

Shimizu engages in business activities with a strong awareness of social and environmental sustainability.

Ever since the establishment of ESG topics and key ESG management indicators, we have pursued business activities strategically to realize a sustainable future. In May 2022, we specified new materiality issues considering recent social trends.

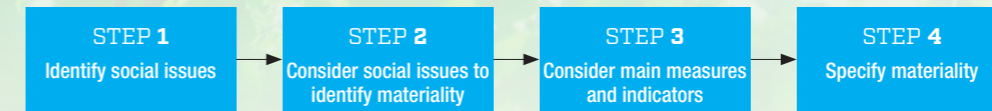
We aim to achieve the long-term vision SHIMZ VISION 2030 and our Mid-Term Management Plan <2019-2023> while also enhancing corporate value and contributing to achievement of the sustainable development goals (SDGs) by implementation of these materialities.



Materiality Issue
<https://www.shimzu.co.jp/en/company/csr/materiality/>

Process for Specifying Materialities

To assess materiality, we formed a cross-departmental working group and also consulted external expert opinions. The working group referenced the Global Reporting Initiative (GRI) Standards, the Ten Principles of the UN Global Compact, the Sustainable Development Goals (SDGs), ISO 26000, the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and other international standards in identifying social issues.



Specified Materialities

The specified materialities are classified into seven categories.

Categories 1 through 3 are material topics where the Company actively works to solve issues through its business and contributes to society.

Categories 3 through 7 are materialities linked to the pursuit of business and strengthening the foundations of business.

SDG targets related to each category are also specified.

| | Category | Materiality | Main Measure | Key Management Indicator/Key Metric* | Target | SDG target related | Reference page | | | |
|--|---|--|---|---|--|--------------------|---|----------------------|--|--------------|
| Activities that contribute to society through business | 1. Realizing a resilient society where everyone can feel safe and secure | ■ Building resilient social infrastructure | Disaster prevention and mitigation response | Number of disaster prevention and mitigation projects undertaken | — | | PP.58-63 | | | |
| | | | Status of disaster recovery (in case of a large-scale disaster) | — | | | | | | |
| | 2. Realizing an inclusive society where all people can live together in comfort and health | ■ Increasing longevity of buildings and infrastructure | Response to increase longevity of buildings and infrastructure | Number of orders received for renovation work | — | | | | | |
| | | | Provide built-environments that enhance health and well-being. | Number of orders received for infrastructure renovation work | — | | | | | |
| 3. Realizing a sustainable society where future generations can inherit a well-cared for environment | As global warming, deforestation, ocean pollution, and other environmental problems become more serious, we must increase efforts to leave behind a bountiful earth for the next generation. Shimizu will contribute to the realization of a sustainable society through corporate activities that target reduction of negative environmental impacts. | ■ Decarbonization | CO ₂ emissions reduction in all business activities | Reduction in CO ₂ emissions from the construction business (vs. FY2017) | 2023: 10% or more | | PP.16, 22-24 | | | |
| | | | Promotion of ZEB creation/conversion | Number of properties that obtain ZEB certification | — | | | | | |
| | | | Renewable energy promotion/popularization | Renewable energy generated in the operation business | 2030: 300MW, cumulative | | | | | |
| | | | Percent of owned investment and development properties renewable energy has been introduced in | 2030: 100% | | | | | | |
| | | ■ Resource recycling | Pursuit of 4R activities (Reduce, Reuse, Recycle, Recover) | Final disposal rate of construction by-products | 2022: 3.7% or less | | | | | |
| | | | Promotion/popularization of wooden architecture | Number of projects using wood and hybrid wooden construction | — | | | | | |
| | | ■ Living in harmony with nature (Preserving biodiversity) | Promotion of green infrastructure | Number of projects where quantitative analysis of biodiversity was performed | 2022: 10 | | | | | |
| | | | Strict environmental compliance | Number of serious environmental incidents | 2022: 0 | | | | | |
| | | 4. Promoting a sincere approach to monozukuri (superb craftsmanship) | Shimizu will continue to maintain high aspirations for and practice the sincere monozukuri we have cultivated since the Company was founded, even in modern times where rapid technological advancements, the advent of a digital society, and other dynamic environmental changes are occurring. | ■ Enhancing productivity | Building efficient construction production systems through digitalization | | Rate of improvement in productivity in the construction business (vs. FY2016) | 2023: 20% or more | | PP.16, 54-57 |
| | | | | | Improvement in customer satisfaction | | Number of customer satisfaction surveys conducted | — | | |
| | | | | ■ Strengthening supply chains | Pursuit of CSR procurement | | Rate of supplier compliance with CSR Procurement Guidelines | — | | |
| | | | | | Improving treatment of skilled jobsite workers and talent development | | Number of people accepted into the Shimizu Takumi Training Center | — | | |
| 5. Creating of new technologies and value that is ahead of the times | Shimizu will continue to pursue technological development aimed at realizing a sustainable society. With our spirit of innovation inherited from our founder to build a base for technological development and galvanize open innovation by working with diverse partners. | ■ Occupational safety and health | Improvement in health & safety management and pursuit of activities to prevent occupational accidents | LTI (lost time injury) Frequency Rate | 2022: 0.57 or less | | PP.72-73 | | | |
| | | | ■ Developing cutting-edge technology | Pursuit of technological development aimed at a sustainable society where all people can feel safe and secure and live-in comfort | R&D expenses | | | 2022: 16 billion yen | | |
| 6. Developing human resources responsible for the next generation and pursuing of job satisfaction | Society is undergoing major transformations such as digitalization and globalization. Shimizu will welcome talent of diverse individuality and values to generate innovations. We will secure and develop personnel who will perform in the next generation and will create a workplace environment that accommodates diverse, flexible workstyles and provides a sense of job satisfaction. We will also work to establish a corporate culture that respects human rights. | ■ Creating work environments with satisfaction | Building a workplace where employees can work energetically, and in health | Employee job satisfaction index | 2023: 4.0 or higher | | PP.16, 29-31 | | | |
| | | | Pursuit of diversity management | Percentage of women in management positions (Number of women in management positions/Total number of management positions) | 2030: 10% or more | | | | | |
| | | ■ Developing human resources with an eye towards the future | Training globally capable leaders who take the initiative on innovation | Progress on strategy for facilitating training of personnel as leaders | — | | | | | |
| | | | ■ Respecting human rights | Conducting due diligence on human rights | Progress on human rights due diligence | | | — | | |
| 7. Building a business base on the foundation of "The Analects and the Abacus" | All officers and employees will continue to base their actions on high ethical standards and focus on compliance management based on our corporate credo, The Analects and the Abacus to achieve sustained growth and enhance corporate value over the medium and long term. | ■ Risk management | Thorough risk management | Number of serious legal violations | 2022: 0 | | PP.16, 45-47 | | | |
| | | | ■ Thorough legal and ethical compliance | Instillation of corporate ethics and strict compliance | Progress on measures to provide corporate ethics training based on The Analects and the Abacus | | | — | | |
| | | ■ Strengthening information security | Penetration and establishment of information security measures | Number of serious information security incidents | 2022: 0 | | | | | |

* Key management indicators are indicators for which targets have been established and key metrics are indicators that are measured and managed.

Shimizu's Environmental Vision of Creating Prosperity Beyond Zero



Executive Officer
Director, Environmental Strategy Office
General Manager, SDGs & ESG Promotion Dept.,
Corporate Planning Div.

Mika Kaneko

The group environmental vision SHIMZ Beyond Zero 2050 was established while considering what we can do to leave behind a sustainable future society for our children. We believe it is our mission to not only eliminate the environmental footprint of our activities but also to provide positive environmental value to our customers and society.

Hydrogen energy utilization system



Hydro Q-BiC® Hydrogen Energy Utilization System for Buildings
* Hydro Q-BiC® is a registered trademark of Shimizu Corporation in Japan.

Saisei-no-Mori urban biotope



Proof-of-concept based on three themes of regeneration: Natural ecosystem, resources, and living environment

There is not much time left to solve environmental problems. The burden placed on the environment by human activities has grown rapidly since the Industrial Revolution, and effects such as climate change and loss of biodiversity have emerged as major threats. The Shimizu Group's business of building social infrastructure impacts the environment, so we have a responsibility to work earnestly on these problems. At the same time, our actions have the potential to contribute significantly to conservation and restoration of the global environment.

We included the word "beyond" in the group environmental vision SHIMZ Beyond Zero 2050 established in fiscal 2021, to express our desire to not only eliminate the environmental footprint of our activities but also to provide positive environmental value to our customers and society. Our vision for the society of 2050 is one that can be described as a zero-carbon society, a resource recycling society, and a society that coexists harmoniously with nature. We have set forth various initiatives towards realizing such a society. To achieve a zero-carbon society, we aim not only for zero CO₂ emissions from Shimizu's workplaces and offices but also for zero CO₂ emissions in the operations of buildings we design and construct. We will also contribute broadly by constructing renewable energy facilities, promoting renewable energy businesses, and developing technology for decarbonization.

To achieve a resource recycling society, we will work toward zero final waste from Shimizu's business and strive to recycle resources throughout the facility life cycle from material procurement to demolition. To achieve a society that coexists harmoniously with nature, we aim to increase biodiversity by introducing green infrastructure. These three ideals cannot be achieved independently of each other. For example, recycling resources reduces waste and contributes to decarbonization. In turn, decarbonization mitigates climate change, which leads to conservation of biodiversity. We have considered what the Group must do, backcasting from our vision of the future, and have already begun working on the initiatives introduced on the following pages.

There is a limit to what we alone can do to achieve this environmental vision. As such, going forward, we will need to promote further collaboration in the supply chain and coordination with different industries. We will contribute to the realization of a sustainable future society by promoting corporate activities centered on the environment and engaging in co-creation with our various stakeholders.

Message from Outside Director



Junichi Kawada
Director

In recent years, the environment surrounding society has changed dramatically due to abnormal weather and soaring energy prices. Companies are required to respond quickly to environmental problems, especially by means of decarbonization.

There are two aspects to the response. One is working on the company's own environmental issues, and the other is responding to the demands of society. The former requires a response in line with changes in the world. In some cases, targets and plans will need to be revised along the way. As for the latter, the Company needs to more actively highlight the environmental activities it conducts in relation to social infrastructure and buildings while also tying activities conducted in response to social demands into business opportunities.

Reforms must be implemented in order to promote these efforts swiftly according to changes in the external environment. The Company has a long history and as such has cultivated a strong, internal discipline. As an outside director, I hope to use my experiences I have cultivated outside of the industry to ensure that discipline does not actually get in the way of future reform.



SHIMZ Beyond Zero 2050 (Japanese only)
<https://www.shimz.co.jp/beyondzero/>

Carbon Neutrality

The continued emission of greenhouse gases from human causes since the industrial revolution is increasing the frequency and severity of abnormal weather patterns and threatening human activities.

The construction industry is said to account for roughly 40% of global CO₂ emissions from the combined sources of materials manufacturing, construction, and building operation. It could therefore contribute substantially to mitigating climate change. We are also pursuing zero carbon initiatives on many fronts, including construction of facilities equipped with renewable energy and the renewable energy business.

Ecological Mission 2030-2050

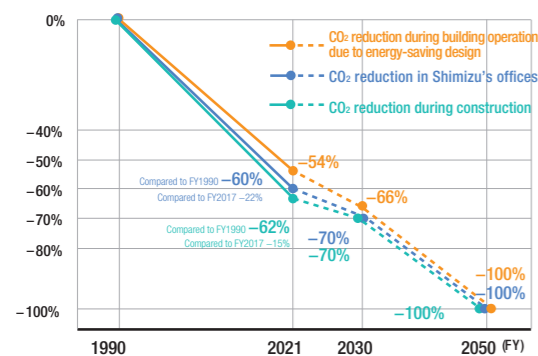
Shimizu took advantage of the opportunity presented when the Kyoto Protocol came into force in 2005 to establish medium and long-term goals for reduction of CO₂ emissions in our Ecological Mission. The entire company is working to combat climate change and we have set goals by category for reducing emissions during construction, at company offices, and through energy-efficient design.

Initiatives during construction include increasing energy productivity, shifting from diesel to biofuels and other alternative fuels and electric power, and switching to power generated from renewable energy sources. We have applied a total of 12 GWh in renewable energy certificates to 22 job sites where construction began in fiscal 2020 or later.

Initiatives in Shimizu offices include switching Aqua Premium hydroelectric power for the electricity used in our Head Office and the conversion of branch office buildings to ZEB (net zero energy buildings) in stages.

In buildings that we design and build, Shimizu sets goals according to the purpose of use for each building and works to improve energy conservation performance. We are also steadily expanding our record in designing and constructing buildings and facilities that meet ZEB standards for customers.

Ecological Mission 2030-2050



Task Force on Climate-related Financial Disclosures (TCFD)

Shimizu and its group companies have positioned environmental issues, including climate change, as one set of issues that are material to management. We understand that disclosure of climate-related information is also necessary and essential from the perspective of ESG management. Shimizu endorsed the TCFD recommendations and joined the TCFD Consortium in October 2019 and discloses climate-related information in line with the TCFD recommendations.

Governance

Shimizu established the SDGs and ESG Promotion Committee to deliberate on basic policies and measures concerning environmental issues. This committee consists of the officers in charge of SDGs and ESG, Safety Administration and Environment, each business, and other areas. It deliberates on the results of specification and evaluation of climate-related risks and opportunities and also manages progress on achieving the targets in Ecological Mission 2030-2050. The results of these deliberations are reported to the Board of Directors in line with the governance structure. The Environmental Strategy Office manages activities designed to achieve SHIMZ Beyond Zero 2050, our Group's environmental vision.

Strategy

Climate-related risks and opportunities that impact Shimizu Group businesses include those concerning strengthening policies and regulations needed to build a zero-carbon society and market changes and other transitions. It can also include acute and chronic physical changes due to global warming. Achieving the Japanese government policy of going carbon neutral by 2050 will require innovation in business models and industrial restructuring. Changes are already occurring in markets and social environments.

A company-wide, cross-organizational TCFD Working Group is identifying and analyzing the impact on Shimizu's business from the risks and opportunities presented by transitions and physical changes. This group is analyzing the degree and timing of such impacts and the response by the Shimizu Group. In fiscal 2021, the working group projected the timing for each risk and opportunity that will strongly affect our business and



performed trial calculation of some of the financial impacts. This analysis confirmed that there are many business opportunities, including the growing need for energy-saving buildings and renewable energy, stronger

policies on reinforcing national resilience, and market changes caused by climate change. Shimizu is also mounting a group-wide response to risks such as the rise in average summer temperature. We will utilize the results of these analyses in business strategy.

Risks and Opportunities for Shimizu

Degree of impact: Risks, "↓↓↓ (High)," "↓↓ (Medium)," "↓ (Low)"; Opportunities, "↑↑↑ (High)," "↑↑ (Medium)," "↑ (Low)"

| Transition scenarios | Cause | Impact on Business | Degree of Impact | Timing of Impact* | Shimizu's Response | |
|----------------------|--|---|--|----------------------|---|---|
| | | | | | | |
| Transition scenarios | Risks | Stricter regulations to achieve carbon neutrality | ↓↓ | Medium to long-term | <ul style="list-style-type: none"> Organize the BSP** business, which is responsible for facility operation services. Fortify the renovation business. Develop human resources skilled in business management (use the Group company technical training centers). Provide buildings with high environmental performance with attention to cost performance. | |
| | | Introduction of carbon pricing | ↓ | Medium to long-term | <ul style="list-style-type: none"> Reduce CO₂ emissions during construction and from Shimizu offices as part of the reduction targets in Ecological Mission 2030-2050. | |
| | Opportunities | Growing need for energy-saving buildings | ↑↑↑ | Medium-term | <ul style="list-style-type: none"> Pursue ZEB design and construction. Add value to existing buildings based on Shimizu's record in sustainability renovation**. Pursue the Investment and Development Business and develop the Shimizu brand based on the Company's ZEB construction record. Promote widespread use of wood construction and wood structures. | |
| | | Growing need for renewable energy | ↑↑↑ | Short to medium-term | <ul style="list-style-type: none"> Business related to renewable energy will expand. Demand for construction of renewable energy facilities will increase. | |
| | Higher ratings achieved through stronger CO ₂ emissions reduction | ESG investment in companies that have successfully reduced CO ₂ emissions will increase. Opportunities for green financing will increase. | ↑↑ | Short to medium-term | <ul style="list-style-type: none"> Implement measures to achieve Ecological Mission 2030-2050. Continue to issue ESG bonds and access other forms of green financing. | |
| Physical scenarios | Risks | Rise in average summer temperature | ↓↓↓ | Medium-term | <ul style="list-style-type: none"> Use robots, ITC, AI, and other technologies to reduce the number of workers needed and increase productivity at job sites. Improve the working environment through workstyle reforms, heatstroke prevention measures, etc. Use the Monozukuri Training Center and Takumi Training Center to develop employees and skilled workers. | |
| | | Increased frequency and severity of weather-related disasters | ↓↓ | Short to medium-term | <ul style="list-style-type: none"> Strengthen alliances with suppliers, mainly through Group companies and subcontractors. Consider prevention measures that include third parties in temporary structure plans for construction. Formulate disaster prevention and mitigation plans, including measures to prevent flooding before designing and building infrastructure-related facilities. Pursue ecoBCP** in new building construction and existing facilities. | |
| | Opportunities | Stronger policies on reinforcing national resilience | Infrastructure construction, maintenance, and building renovation construction to prevent flooding and torrential rain and wind damage will increase. | ↑↑↑ | Short to medium-term | <ul style="list-style-type: none"> Fortify activities to obtain orders in the infrastructure maintenance business. |
| | | Market changes caused by climate change | The market for new building construction and renovation will expand in anticipation of more severe natural disasters. The need to relocate facilities will increase due to natural disasters and rising sea levels. Demand will increase for community development to prevent natural disasters and health hazards caused by climate change and protect communities and lives. | ↑↑↑ | Short-term Medium to long-term | <ul style="list-style-type: none"> Fortify BCP response proposals (use hazard maps in design proposals, etc.). Build smart cities that enable residents to live in safety and health. Create new businesses in non-construction areas. Use satellite data for natural disasters. Develop GREEN FLOAT environmental island and other future concept projects. |
| | | Acceleration in opening infrastructure maintenance and operation business and other public services to the private sector | Recovery from natural disasters will strain government finances so the market for the infrastructure maintenance and operation business will be opened to private companies. This will generate new business opportunities. | ↑↑ | Medium-term | <ul style="list-style-type: none"> Pursue the public infrastructure facility operation business based on Shimizu's record in the PFI business. |
| | | | | | | |

*1 Timing of impact: Short-term, up to 3 years; medium-term, 3+ to 10 years; long-term, 10+ years. *2 BSP: An abbreviation of Building Service Provider. Provision of comprehensive facility operation and management services after completion of construction. *3 ZEB: An abbreviation of Zero Energy Building. A building having net zero primary energy usage. *4 BEMS: An abbreviation of Building Energy Management System. *5 Sustainability renovation: Renovation of existing buildings, mainly to improve environmental performance, BCP performance, health, and comfort. *6 SEP vessel: An abbreviation of Self-Elevating Platform vessel. *7 ecoBCP: Facility and urban development concepts that can effect both energy-saving measures for normal operation (eco), and business continuity planning (BCP) for emergencies.

Risk Management

The SDGs and ESG Promotion Committee also deliberates on management of climate-related risks faced by the Company. The committee sets CO₂ emissions reduction targets for each business, determines specific measures to achieve those targets, and regularly monitors emissions volume to manage risks related to global warming.

Metrics and Targets

To evaluate and manage the impact of climate-related issues on our business, the Shimizu Group has specified total volume of greenhouse gas (CO₂) emissions as an indicator (KPI) and has set medium and long-term targets for reduction based on SBT* (certification acquired from the SBT Initiative in September 2019). In fiscal 2021, we also set the goal of zero CO₂ emissions in fiscal 2050, based on SHIMZ Beyond Zero 2050.

* SBT: Science Based Targets
 Company targets for reduction of greenhouse gas emissions set based on scientific knowledge to limit global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

| Scope Covered | Base Year Emissions | Actual Emissions | Target Annual Emissions | | |
|--------------------------|---------------------|--------------------|-------------------------|------------------|-----------|
| | FY2017 | FY2021 | FY2023 | FY2030 | FY2050 |
| Scope1** + Scope2** | 275,575 | 233,096 (-15.4%) | 248,040 (-10%) | 184,650 (-33%) | 0 (-100%) |
| Scope3** (Category 11**) | 7,422,916 | 5,407,779 (-27.1%) | - | 5,938,400 (-20%) | 0 (-100%) |

*1 Scope 1: Emissions from fuel used in heavy machinery, etc. (direct emissions) *2 Scope 2: Emissions from use of purchased electricity and heat (indirect emissions from electric power companies, etc.) *3 Scope 3: Other indirect emissions from the supply chain *4 Category 11: (Use of sold products) CO₂ emissions during operation of buildings that Shimizu has designed and built

ZEB Initiatives

New Shimizu Hokuriku Branch Office Building

The office is the first medium-sized office building in the Hokuriku area to obtain ZEB certification for net zero primary energy usage as a “super green office.” This was achieved by combining the use of natural energy that capitalizes on the local climate and natural environment and state-of-the-art technologies.

This is the first time we installed the Hydro Q-BIC hydrogen energy utilization system in an office building. It is the ultimate in green energy.

Annual net zero energy usage was achieved by reducing the building’s primary energy use by 28% compared to the baseline and using solar power to generate more energy than the building used. We expect this to reduce annual CO₂ emissions by around 290 tons.



Exterior view of the Shimizu Hokuriku Branch Office Building



Roof frame structure which supplies soft natural light to workspaces

Global Zero Emission Research Center (GZR)

— National Institute of Advanced Industrial Science and Technology (AIST) — To achieve the government’s goal of going carbon neutral by 2050, it is important to convert existing buildings to ZEB in addition to building new (ZEB) buildings. This building marks the first time Shimizu achieved ZEB in renovation construction.

We succeeded in achieving a 53% reduction in energy use through a combination of individual air conditioning units that can operate at high-efficiency, LED lighting that automatically adjusts to the amount of daylight, a hybrid heat exchange system that reuses exhaust from the heat exchangers in the labs, and the Shimizu Smart BEMS (building energy management system) combined with LiB storage batteries.

GZR also added solar panels on the roof and reduced total energy use by 108%, achieving “net zero renovation.”



West-4A building, which achieved ZEB through renovation work



A tree-shaped entrance canopy was installed in front of the main building to portray solar panel installation, research progress, and growth as a symbol of a carbon-free society

*All photographs on this page taken by Photography Department of Shinken-chiku-sha Co., Ltd.



Resource Recycling

Recycling and reusing the limited natural resources on earth can reduce the burden on the environment and contribute to going carbon neutral as well. A number of efforts will contribute to achieving net zero final waste disposal and a resource recycling society in 2050. These efforts include closed-loop recycling that recycles and reuses buildings and structures as construction materials when they are dismantled in the future, development of technologies that extend the lifespan of buildings, original wood building construction technology, greater promotion of the “4 Rs” (Refuse, Reduce, Reuse, and Recycle) at job sites, accessing new recycling technology, and proper treatment of hazardous substances.

Environmentally Friendly Concrete

Development of Recyclable Carbon Neutral Concrete

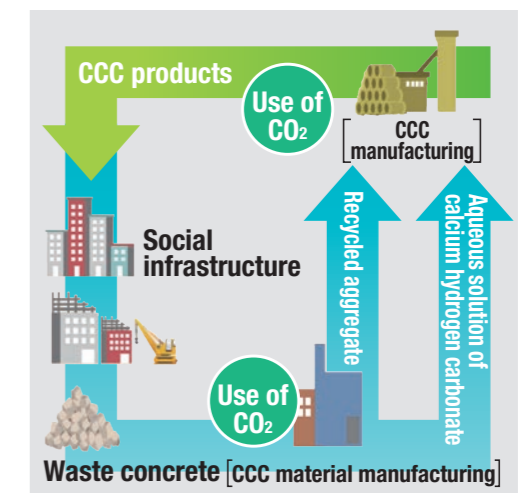
Shimizu developed the world’s first concrete materials recycling system.

In recent years, we have been working to develop technology for concrete that uses CO₂, a greenhouse gas, in addition to resource recycling issues. Shimizu worked with The University of Tokyo and other organizations to develop the world’s first technology for manufacturing calcium carbonate concrete (CCC) using CO₂ in the atmosphere, water, and concrete waste. Referencing the fossil formation process, we rapidly and forcefully precipitated calcium carbonate in between crushed concrete waste particles to bind the particulates together, and succeeded in producing a small test specimen. The goal is to develop a practical application for buildings in 2030.



Small CCC specimen

This technology can achieve net negative CO₂ emissions, including emissions from the manufacture and transport of CCC raw material. The materials consist of concrete waste that is available everywhere, CO₂ in the atmosphere, and water so there is no need to collect materials from far away. It is also highly significant in terms of local production for local consumption. The CCC produced can also be recycled any number of times in the future without generating CO₂ emissions and is highly promising as a technology that can simultaneously solve the problems of resource recycling and CO₂ emissions.



Recycling of concrete through CCC

CO₂ Absorption by Existing Concrete Structures and Extending Structure Lifespan

Shimizu developed DAC (Direct Air Capture) technology with Hokkaido University. This technology uses existing concrete structures to promote the absorption of CO₂ in the atmosphere. Coating the surface with an absorbent compound resulted in the absorption and fixation of atmospheric CO₂ in a concrete structure in an amount that was more than 1.5 times higher than pre-coating absorption. Because the absorbent material consists mainly of amino acids, which provide protection from corrosion, it controls the corrosion of rebar, which neutralizes (breaks down) concrete, and helps extend the life of reinforced concrete. We aim to develop a commercial application in 2026.

Initiatives in Wood Building Construction

High-rise Office Building With a Hybrid Wood Structure

The construction industry is focusing on the use of wood in buildings in the aim of encouraging cyclical use of forest resources. To meet the diverse needs for using wood, Shimizu is making further progress on development of Shimizu Hy-wood®, a wood hybrid technology that provides the optimal combination of wooden structural components, reinforced concrete structure, and steel frame that uses the right materials in the right places. We are using this to build wood mid-rise and high-rise buildings. Wood is effective at storing carbon and using wood in urban buildings will contribute to the vitalization of local economies and help prevent global warming.

* Shimizu Hy-wood is a registered trademark of Shimizu Corporation.



For reference: Exterior perspective
Kyobashi Dai-ichi Life Building Reconstruction Plan
 Together with the Dai-ichi Life Insurance Company, Limited, we are evaluating new plans for a rental office building using hybrid wooden construction in 2-chome, Kyobashi, Chuo ward, Tokyo

Management of Construction By-products

“4R” Activities

Shimizu plans and pursues “4R” activities (Refuse, Reduce, Reuse, Recycle) and works to conserve resources, reduce the volume of by-products, and recycle materials. We use a system to project volume of construction by-products that will be generated and plan and implement effective reduction. We also offer various e-learning courses on ensuring compliance with laws and regulations, further reducing

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

the generation of construction by-products, and thorough sorting to recycle resources.



Workplace sorting system

Internal Lecture Course for Obtaining Qualification as an Inspector of Buildings Containing Asbestos Construction Materials

When the revised Ordinance on Prevention of Health Impairment due to Asbestos and Air Pollution Control Act take effect in October 2023, the use of qualified inspectors of buildings containing asbestos construction materials will be mandatory for asbestos material inspections performed for building dismantling and renovation work. A proper and prompt response is necessary to ensure seamless continuance of business and we are providing an intensive group lecture course for obtaining qualification.

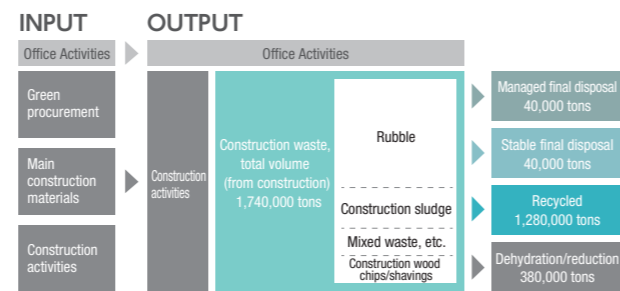
Shimizu employees will increase their knowledge of asbestos materials and further enhance their management skills in addition to obtaining qualification.



Internal lecture

Fiscal 2021 Resources and Energy Material Flow

The following diagram shows the general material flow in fiscal 2021 construction activities, from the energy, water, and construction materials, to final disposal and recycling of construction waste. Detailed information including office activities is provided in the Environmental Performance Data.



Final disposal rate of the total construction by-products (FY2021) **3.1%**
 Total construction by-products generated per square meter (FY2021) **15.9 kg/m²**

Coexistence with Nature

To create a society that coexists harmoniously with nature we must stop the loss of biodiversity and adopt a positive attitude toward nature of restoring biodiversity. The Company has long pursued initiatives in environmental conservation through various alliances and research and development. From this point forward, Shimizu will work to achieve both superb craftsmanship and restoration of the natural environment. We will take a broad perspective, learn from different areas, and work to restore nature, rather than simply protecting natural capital.

Shimizu will contribute to the realization of a sustainable society by never forgetting the spirit of enterprise, maintaining a positive attitude toward nature, and aspiring to coexist harmoniously with nature.

Initiatives in Biodiversity

Green Infrastructure + (PLUS)

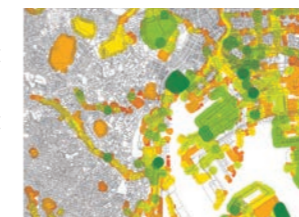
Green infrastructure is the concept of striving to utilize the diverse functions of nature to develop attractive, sustainable towns and communities. Facilitating the restoration of natural capital while meeting local needs begins with ascertaining the problems of the local community. Shimizu's proprietary Green Infrastructure + (PLUS) concept adds (+) the expertise and technologies Shimizu possesses to assess the local environment, identify the possibilities inherent in the location, and restore the blessings of nature to the entire local community.



Yatsu restoration activities

Visualizing Biodiversity

In order to realize a society that coexists harmoniously with nature, we need to determine the impact that our business has on the natural environment. Shimizu therefore launched an initiative to



UE-NET
 Prepared using Geospatial Information Authority of Japan (GSI) digital map 2500 (aerial database).

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

quantitatively evaluate and visualize whether our business is negatively impacting biodiversity or can contribute to a positive impact. In the future, we must disclose business opportunities and risks from the perspectives of natural capital and biodiversity (Task Force on Nature-related Financial Disclosure (TNFD)). This initiative will focus on responding to such efforts and clarifying the requirements for negative impacts and positive benefits.

Participation in 30by30 Alliance for Biodiversity

Shimizu is participating in the voluntary alliance of companies, local governments, and organizations to achieve the 30by30 global pledge to target protection of 30% of land and water by 2030. Each and every employee will develop a fresh awareness of the importance of biodiversity, contribute to environmental protection anticipated from Other Effective area-based Conservation Measures (OECM), the main measures of 30by30, and play an active role in communicating information.



Forest and Environmental Education

Alliance with Gifu Academy of Forest Science and Culture Hadashi no Hiroba (Barefoot Plaza)

The basic philosophy of the academy is “coexistence of forests and people.” Shimizu concluded an alliance agreement with the academy in August 2019. One activity in fiscal 2021 was to build Barefoot Plaza (Hadashi no Hiroba) in the front garden of the Forest Science Education Center (morinos) where all sorts of people, from children to adults, can experience going barefoot. The academy conducts surveys and research on the impact on this has on forest and environmental education by making effective use of the five senses and as a starting point for developing familiarity with forests.



Barefoot Plaza and Forest Science Education Center

Human Resources Innovation to Pave the Way for the Future



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

The key to becoming a Smart Innovation Company is human resources innovation.

By promoting Diversity & Inclusion, Shimizu will create value that is ahead of the times and contribute to the realization of a sustainable future society where people can enjoy prosperity and happiness.

Hybrid entrance ceremony



A hybrid entrance ceremony welcomed new employees at home and in-person in the era of the new normal

Promoting diversity & inclusion



Shin Diversity activities with senior management are conducted to close the gender gap in the company

As management of human capital gains more attention, we are working on steady changes in terms of system reform to recruit and promote the growth of diverse human resources, and establish an environment in which everyone can thrive. Our emphasis is on human resources management that contributes to the enhancement of human capital as we look ahead to achieving SHIMZ VISION 2030.

In April of this year, we switched from the conventional method of hiring new graduates once a year, to year-round hiring so that we can welcome human resources with more diverse personalities. Based on changes among students in their views of employment and styles of job hunting, we launched year-round hiring of international students whose timing of graduation differs from those in Japan and recent graduates who are looking to change jobs. At the same time, we are being flexible in our hiring methods, such as by expanding the number of mid-career hires, focusing on securing human resources who will breathe new life into the Company.

We believe that individual awareness and motivation is important for growth of human resources. As such, last fiscal year, we implemented a large-scale reform of our human resources system. In personnel evaluations, in addition to the conventional results-based evaluations, we have added behavioral evaluation items (i.e., sincerity and innovative mindset) based on our Management Principles and vision to implement evaluations that increase employee motivation to grow. In addition, we are gradually introducing 360-degree evaluations and external assessments, starting with management, and have begun providing more multi-dimensional evaluations and feedback. At the same time, we have set our sights on promoting active participation by seniors, extending the mandatory retirement age to 65. We also eliminated the women-only job category of clerical employees.

Furthermore, in order to develop leaders who are capable of making a global impact and taking the lead in reform, not only are we enhancing our in-house training program, but we are also improving our study abroad program and utilizing outside training programs.

In order for everyone to reach their full potential, it is essential that we improve workplace engagement and create a workplace that offers job satisfaction. Since 2018, Shimizu has been conducting an annual job satisfaction survey among all employees. The three priority items of "job satisfaction," "mental and physical health," and "relationships of trust in the workplace" have been set forth as KPIs in the Mid-Term Management Plan (2019-2023), and we are working persistently to improve them. We have also established an environment in which employees can choose from a variety of work styles, including the introduction of a paternity leave system, remote work, and staggered hours.

On the other hand, in order to create opportunities to take up challenges, we established a corporate venturing program this fiscal year and launched a system for supporting entrepreneurship. Moreover, next fiscal year, we will utilize the new base for innovation established in Shiomi, Koto Ward to accelerate innovation of human resources.

Going forward, Shimizu will continue aiming to be an inclusive company where each employee can enjoy job satisfaction, be proud of their work, and play active roles in good health. At the same time, we will work steadily toward solving various social issues by revitalizing innovation activities and producing human resources capable of paving the way for the future.

Message from Outside Director



Yumiko Jozuka
Director

Human resources strategy is the core of management strategy. Human resources innovation is essential for companies to implement change quickly and respond flexibly in these times of unpredictability and rapid change in the business environment. In particular, there is strong demand for diversity and inclusion, which generates new direction for action as people with various ideas and experience share their opinions. The Company has a history of 218 years and a wonderful culture of valuing people. Recently, it has been implementing substantial reforms in its human resources system and improving the percentage of male employees taking paternity leave as well as carrying out "Shin Diversity Activities" (diversity activities designed to further promote the advancement of women) to boldly promote Diversity & Inclusion. In these activities, Chairman Miyamoto and the three female outside directors and corporate auditors, including myself, support the advancement of women Group-wide.

I also hope to promote thorough discussion at meetings of the board of directors and encourage human resources innovation while increasing job satisfaction among employees.

Workstyle Reform and Human Rights

Shimizu scouts and cultivates human resources who will lead the next generation regardless of gender, age, nationality, or other attribute. In addition, we have established diverse and flexible workstyles and are promoting reform of job satisfaction, creating a workplace in which everyone has job satisfaction and can reach their full potential the essence of workstyle reform. We will continue to stand with each of our employees as we seek to become a company overflowing with happiness and satisfaction.

Workstyle Reform

Workstyle Reform Week: Thank You Cards

Since 2018, we have held Workstyle Reform Week and conducted annual job satisfaction surveys to quantitatively visualize job satisfaction. Our goal is to create a workplace in which each employee has job satisfaction and is able to work in physical and mental health and with peace of mind. In Workstyle Reform Week in fiscal 2021, we introduced Thank You Cards allowing people to send cards with a message to each other online. We created this forum in part because we realize that it can be difficult to say some things in person. It allows employees to actively communicate their feelings of gratitude to each other. The higher the percentage of employees using Thank You Cards in a department, the more likely we are to receive responses that relationships of trust have been built in the workplace and that employees are able to maintain their physical and mental health as they work. We will continue to work on creating workplaces that offer job satisfaction.



Thank You Cards (photograph by GRATICA)

Group-wide deployment of 360-degree feedback

360-degree feedback is a system for helping individuals notice how their actions in the workplace are perceived by others (primarily colleagues and subordinates) in order to encourage improvement. Understanding

how they are perceived by others provides individuals with the opportunity to reconsider their actions and improve the organization. In fiscal 2021, 360-degree feedback was provided to around 600 division head level employees. Feedback from others was shared with them as a “results report.” We were able to provide division head level employees, who normally do not receive much feedback, with observations from colleagues and subordinates, thereby improving the organization and relationships within the workplace to a certain degree.



Overview of 360-degree feedback

Work-Life Balance

Introduction of Paternity Leave System

It is essential that Shimizu become a company where employees can balance work and home life regardless of gender in order to secure diverse and outstanding human resources and promote a work-life balance. We introduced a paternity leave system prior to enforcement of the revised Child Care and Family Care Leave Act. The purpose was to establish an organizational climate in which it is a matter of course that male employees will participate in childcare and housework not only when they are on leave but also after they return to work following the birth of a child. Some employees hesitated to take paternity leave due to the increased workload that would be placed on others and the financial instability that it would create. As such, we worked to alleviate the financial burden by granting up to four weeks of paid leave and had supervisors conduct childcare and career talks for eligible employees so that they could take temporary leave with peace of mind. We also made rules for development of the workplace environment. As a result, the rate of male employees taking childcare leave increased to 55% in fiscal 2021 (estimate from the end of June), up substantially from a mere 18.5% in fiscal 2020.



An employee who took paternity leave

Health Management

Anti-Smoking Measures: Addressing the Revised Health Promotion Act

As a part of our measures to promote health management, we prohibited smoking during working hours starting on October 1, 2021 and eliminated smoking areas within workplaces in Japan and abroad, including our head office. In the SHIMZ No Smoking Challenge, we regularly followed up with participants by distributing a stop smoking calendar and sending a stop smoking e-mail newsletter, providing employees with an opportunity to take action for their own health. Through these anti-smoking measures, we will communicate our desire to protect the health not only of smokers but also of non-smokers throughout our company. As a Health and Productivity Enterprise, we will continue implementing measures to help promote the health of our employees and contribute to their individual job satisfaction and well-being.

Diversity and Inclusion Measures

Further Promotion of Women's Advancement

In 2009, Shimizu established the Diversity Promotion Office, and we have since been promoting diversity and inclusion management. We are also participating in 30% Club Japan, and as part of our efforts to further promote women's advancement, we aim to bring the percentage of women in management positions up to 10% by 2030. At the 2021 Diversity and Inclusion Forum, which was held in November 2021, we had a panel discussion by female directors and corporate auditors on the three topics of promoting women to managerial positions, balancing work and childcare, and realizing diversity and inclusion. There were suggestions from various perspectives on comprehensive measures including but also organizational follow-up, and a declaration was made on future initiatives.



At the panel discussion

Creating Pleasant Working Environments for All

We hold the Challenge Forum every year to promote the further advancement of employees with disabilities and raise awareness among all employees. In fiscal 2021, it was held both online and in person. The spotlight was on developmental disorders, which are among the less noticeable disabilities, and an outside lecturer was invited to talk about neurodiversity, for which there is a lack of awareness. The chairman and president participated in the meet-and-greet, which was a place for networking with employees with disabilities, and it was a precious time for actively sharing ideas with management about the challenges faced in business operations.



Group photograph at meet-and-greet

Human Rights

Business and Human Rights Initiatives

Shimizu pursues initiatives to ensure respect for human rights and enacted the Shimizu Group Basic Human Rights Policy to serve as a guide in fulfilling that responsibility to realize our mission of being “a company that values people,” stated in our Code of Corporate Ethics and Conduct, based on the views in the UN Guiding Principles on Business and Human Rights. As a part of our efforts to create pleasant working environments, we are promoting human rights due diligence with a focus on skilled workers at construction sites from the standpoint of sustainability of our business. In fiscal 2021, we conducted a questionnaire survey of our main affiliates on accepting technical interns from abroad and carried out other efforts such as putting up posters about respecting human rights at work sites overseas. Going forward, we will continue to work on due diligence, setting our sights on non-construction businesses such as real estate development and engineering as well.



Health Management
<https://www.shimz.co.jp/en/company/csr/health/>



Shimizu to Introduce Paternity Leave on October 1, Ahead of the Mandatory Introduction
<https://www.shimz.co.jp/en/company/about/news-release/2021/2021046.html>



Shimizu Group Human Rights Policy
https://www.shimz.co.jp/en/company/csr/human/pdf/group_humanrights.pdf



Human Rights Initiatives
<https://www.shimz.co.jp/en/company/csr/human/>

Optimal Quality and Customer Satisfaction

Shimizu earns the trust of and satisfied customers by accurately understanding the value that customers expect and meticulously building it into quality. That is Shimizu's concept of quality. The customer-oriented spirit of respecting the customer is a teaching that we have passed down since the company was founded and that we must never lose, despite changes in the era, the digitalization of society, and regardless of the management environment.

Policy on Quality in the Building Construction Business

Shimizu provides technology and services customers trust and are satisfied with by accurately ascertaining the value customers expect, and maintaining a dedication to quality by all employees through the entire process from sales to maintenance and preservation.

Policy on Quality in the Civil Engineering Business

All employees approach monozukuri (craftsmanship) with an attitude of humility and sincerity. They actively take personal responsibility for providing structures of outstanding quality that exceed the expectations of customers and society. This earns trust in and satisfaction with Shimizu as the continuing partner of choice and contributes to society.

Quality Management System

To successfully implement the policies stated above, we set quality goals for each division, department and individual projects and have built an ISO 9001-compliant quality management system (QMS).

We effectively implement QMS by clearly specifying the rules, implementation checklist, and the divisions and individuals responsible for the work to consistently provide buildings and structures meeting customer requirements and compliant with laws and regulations. We endeavor to achieve customer satisfaction, successfully implement our quality policy, and thereby contribute to the development of our business and contribute to society.

Building Construction

Customer Satisfaction Surveys

Customer needs vary from building to building. We believe that the only way to address customer needs and achieve customer satisfaction is to always look at things from their perspective to clarify the optimal quality and steadily bring it to completion.

Regularly after post-delivery, we conduct surveys to gather

feedback from customers concerning actual use of the building, and we use the results in future action and to improve our work.

Monozukuri Training Center

We opened the Monozukuri Training Center and implement practical hands-on training in order to pass on the spirit and skills of monozukuri (craftsmanship) that Shimizu has long emphasized to be evaluated by our customers as a technology company or a monozukuri company.

Today, 218 years after the company was founded, we reflect on the spirit of innovation and strive to be modern-day master craftsmen by diligently and continuously honing our skills, based on the mission of the master craftsmen who built the shrines and temples. That mission is to work ceaselessly morning and night to master the five senses and it is the foundation of monozukuri.



Practical training at the training center

Civil Engineering

Customer Satisfaction with Both Quality and Process

We implement various measures to meet the expectations of the community and the customer, for the quality of the construction process in addition to the quality of the structure we will build.

In civil engineering, there are many construction methods and an infinite variety of construction conditions that we face in the natural environment. Engineers with extensive knowledge of and experience in the various construction methods participate in individual exploratory meetings from the planning stage and identify and eliminate risks in construction. Expert engineers also function as cross-divisional liaisons during construction and patrol construction sites to assess key points in each type of construction.

Developing Human Resources Who will be Leaders in Craftsmanship

To develop outstanding civil engineers, we equip young employees with the requisite knowledge and strengthen their technology management skills through on-the-job training. A pamphlet on past serious accidents and quality defects has been compiled and we use this repeatedly to pass on this knowledge and prevent quality and safety defects from being repeated.

Health and Safety

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

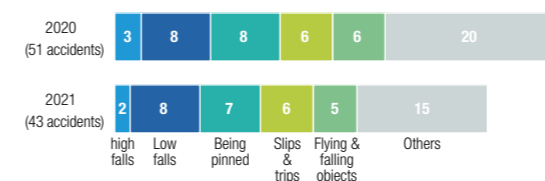
Measures for Achieving Our Goals

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

Analysis of Accidents in Fiscal 2021

Looking at the accidents that occurred in fiscal 2021 by type, the highest percentage were low falls, followed by being pinned, slips & trips, and crashes. High falls, which were designated as a serious issue to correct, declined in both number and percentage.

Breakdown by Type of Accident



* Low falls: Falling from a height of less than two meters * High falls: Falling from a height of two or more meters

Fiscal 2022 Initiatives

We carried out accident prevention activities based on the results of analyzing accidents in fiscal 2021 and the severity thereof, establishing specific measures in fiscal 2022 to eliminate low/high falls, accidents related to construction machinery and cranes, accidents from collapses, public accidents and infrastructure damage, and asbestos-related defects.

In addition, based on current social circumstances, we will work on thorough measures to prevent heat stroke as a part of preventive health.

Eliminating Work Accidents

"Kamewarigo" Safety Experience Vehicle

In the aim of strengthening and enhancing safety education for skilled construction workers, we developed and manufactured a safety experience vehicle called "Kamewarigo" equipped with hands-on safety education tools. On April 1, we launched operations as a mobile safety dojo (training room).

"Kamewarigo" is a modified 11-ton truck. It is equipped with apparatus for hands-on experience with the danger of accidents and VR equipment for a virtual simulation of work accident conditions. We anticipate that the main participants will be skilled workers at our workplaces and expect a total of around 2,000 participants per year. As a part of the training program at Shimizu Takumi Training Center, our education and training facility for skilled workers run jointly with affiliate Kanekikai, we provide hands-on safety education utilizing Kamewarigo and, starting in the second half of fiscal 2022, we plan to provide on-site classes at workplaces in the Kanto area.

* MEIDENSHA CORPORATION cooperated in the development of "Kamewarigo."



Left: "Kamewarigo" safety experience vehicle Right: Hanging with full-body harness



Workplace safety patrol by President Inoue

Strengthening the supply chain

We will strengthen the supply chain to ensure both business continuity and competitiveness in order to build a production system that can steadily handle the increasing number of large-scale construction projects nationwide. In addition, we will improve the employment environment for skilled workers and promote measures to bring them in, retain them, and increase their skills in order to secure a workforce for the future in anticipation of the coming shortage of skilled workers.

Promoting CSR Procurement

The Shimizu Group has established the Shimizu Group Basic Policy on CSR Procurement, which provides our basic approach to building a sustainable supply chain with affiliates that are good partners. We have also established Shimizu Group CSR Procurement Guidelines and ask that our affiliates implement initiatives in accordance with the basic policy, including for legal compliance, respect for human rights, environmental consideration, and quality assurance. We also ask that they call for their related parties to carry out initiatives based on the guidelines.

Shimizu Takumi Training Center

The Shimizu Takumi Training Center, our education and training center for skilled construction workers, is operated together with Kanekikai, an association of Shimizu's suppliers and subcontractors.

We provide skilled workers with education and training curriculum according to their work history and skill level, such as training for new employees, skill improvement training, multi-skilled worker training, and development and testing of productivity improvement tools. In fiscal 2021, there were 1,205 participants.

We are adopting a proactive stance on improving the appeal of the construction industry and human resource development by using the training center as a platform for securing and training skilled workers, and will work to translate this into an increase in the number of new workers entering the industry.



New worker training

Decarbonization Partner

We are currently actively promoting alliances with partner companies that will work together with us on decarbonization. Promoting decarbonization throughout the supply chain, from the construction stage to building operations, we will contribute to a sustainable society where future generations can inherit a well-cared-for environment.

Partnership-building Declaration

Shimizu participates in initiatives promoted by the Cabinet Office and Small and Medium Enterprise Agency. Shimizu is building new partnerships by working together with suppliers and companies that create value.



Declaration of Respect for Labor Cost Estimates

Shimizu respects the estimates submitted by subcontractors based on the Japan Federation of Construction Contractors Declaration of Respect for Labor Cost Estimates, as part of our efforts to improve the treatment of skilled construction workers.

Construction Career Up System (CCUS)

Securing a workforce for the future has become an issue for all industries due to the low birth rate and aging society and the decrease in the working population. In the construction industry, we are improving pay and benefits to attract younger workers in particular, and in 2019, we launched the Construction Career Up System (CCUS) in earnest via public-private partnership in order to visualize the fact that the construction industry is an attractive industry in which to work. This system registers the employment record and qualifications of each skilled construction worker, which leads to fair evaluation of skills, improvement of construction quality, increased efficiency of on-site work, and more. We will continue to support skilled workers throughout the industry.



Activities at the entrance gate of the construction site at Block A of the Toranomon-Azabudai Redevelopment Project

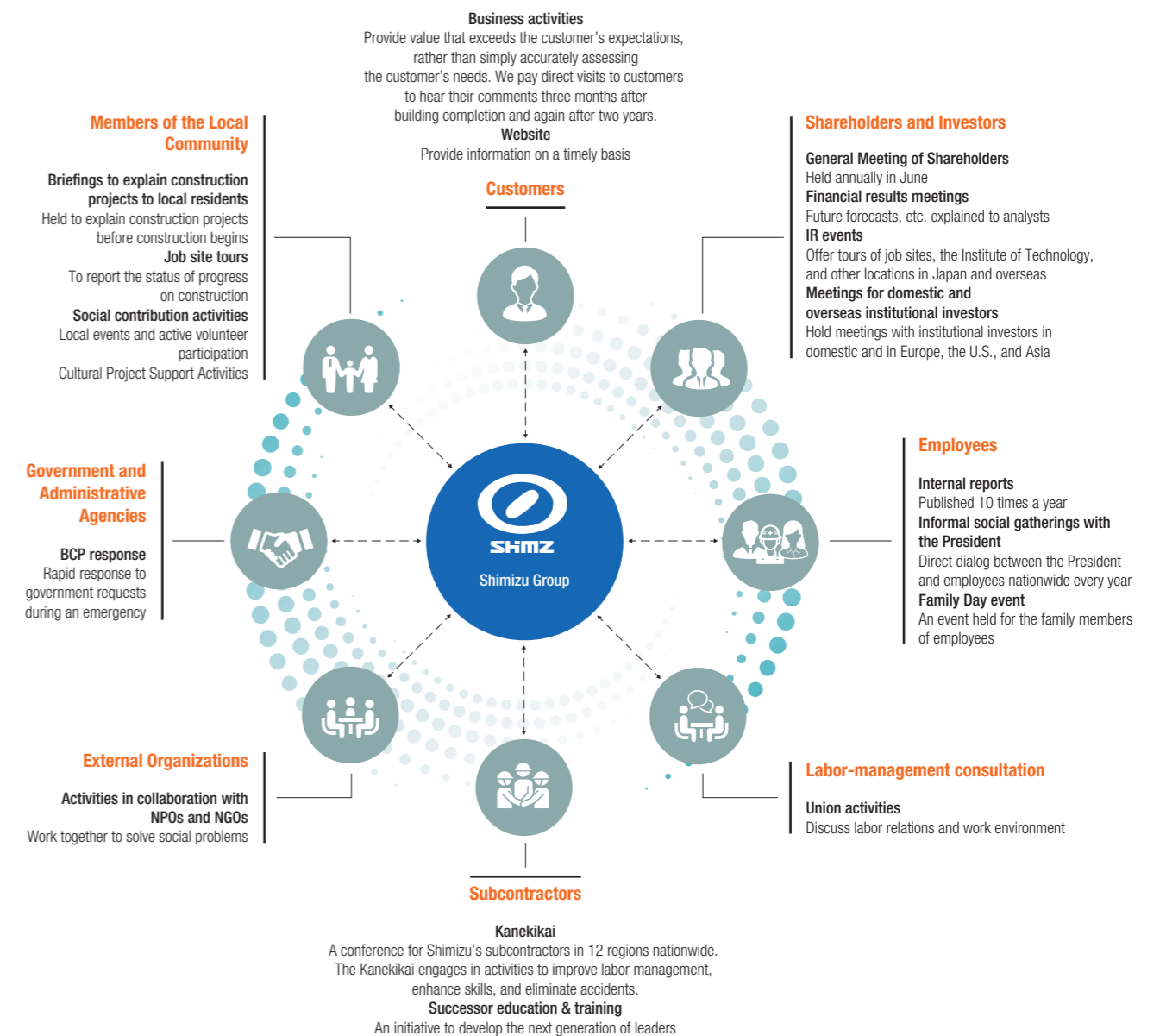


Construction Career Up System logo

Communication with Important Stakeholders

We count community members and others among our important stakeholders in addition to our employees, customers, and shareholders/investors.

Shimizu builds good relationships with all of our stakeholders and engages in responsible corporate activities.



CSR Procurement
<https://www.shimz.co.jp/en/company/csr/procurement/>

Initiatives to Improve Governance



Executive Vice President and Representative Director
Executive Vice President and Executive Officer
In charge of Administrative Functions and
SDGs & ESG Promotion
Director, Corporate Ethics Office

Kimio Handa

Based on our credo of The Analects and the Abacus (Ethics and Economics), we will work to improve governance centered on further revitalization of the Board of Directors while fully leveraging the tradition and characteristics of the Company.

Published “Shimizu Mind: The Analects and the Abacus”



Distributed to all officers and employees so that everyone will embody the corporate credo of the Analects and the Abacus

Training on The Analects and the Abacus and compliance



Training for new employees of a group company

Under the credo of The Analects and the Abacus (Ethics and Economics), We strive to practice compliance management based on all officers and employees holding to high corporate ethics.

We are also working to steadily improve corporate governance. In recent years, we have established the Nomination & Compensation Committee (December 2018), shortened director's term (June 2019), partially revised the executive officer system (April 2020), and ensured that outside directors make up at least one-third of the total number of directors (June 2021).

Furthermore, we are focusing on enhancing the function of the Board of Directors and evaluating its effectiveness, which are the key elements of corporate governance. Here we explain the status of our response from January 2021 to March 2022 to the five challenges identified in the evaluations of the effectiveness of the Board of Directors conducted in February and March of last year.

The first challenge is expanding the discussion of medium- to long-term management strategies and management supervision. In addition to meetings of the Board of Directors, we utilized off-site meetings to provide opportunities for all directors to discuss medium- to long-term management strategy. The outside directors provided valuable feedback from a different perspective than executive directors, and the deep discussions helped us take a step forward. We will continue to expand the quality and quantity of discussions and create opportunities for more fruitful discussions on the suitability of management strategies put together by executives, including at forums other than meetings of the Board of Directors.

The second challenge is further promoting communication with outside directors and management. In fiscal 2021, we held meetings to bring in opinions from new perspectives, including between non-executive directors and executive directors such as the vice president and senior executive directors and among female officers, in addition

to the traditional forums. In our opinion, this is functioning effectively to increase mutual understanding between internal officers, including executive officers, and outside officers.

The third challenge is further enhancing the management supervision function of the Board of Directors by promoting delegation of authority with consideration for the proper separation of the roles of the Board of Directors and the executive function through revision of the standards for referral to the Board of Directors. In fiscal 2021, the first revision of the standards of debate was carried out in order to narrow down the matters to be deliberated by the Board of Directors. We plan to make ongoing revisions.

The fourth challenge is sharing information on opinions and proposals expressed during advance screening and explanations for Board of Directors meetings, and working to achieve more active engagement in Board of Directors meetings. In fiscal 2021, we made improvements contributing to the enhancement of discussions at meetings of the Board of Directors, such as reflecting the prior opinions and suggestions received into the meeting agenda as appropriate. We also made considerations and came up with ways to devote time to deeper discussions, such as holding face-to-face meetings of the Board of Directors after implementing thorough measures to prevent the spread of COVID-19. Discussions between directors are, in fact, frank and lively.

The fifth challenge is implementing initiatives that utilize the traditions and unique strengths of the Company passed down over many years to improve governance. For this, we are focusing on initiatives based on our credo of the Analects and the Abacus (Ethics and Economics). The skill matrix introduced in the previous fiscal year also sets forth the Analects and the Abacus (Ethics and Economics) as one of the important skills of directors. I, personally, am using them as unchanging criteria for everything from review of management strategies to examination of individual projects as I go about my work in management.

We will continue working earnestly to further improve corporate governance.

Message from Outside Director



Tamotsu Iwamoto
Director

It has been three years since I became an outside director of the Company, and I continually supervise management from the perspective of stakeholders to increase corporate value. The four current outside directors have different backgrounds and experience, so we bring a great deal of diversity to the table. I believe we are playing a proper role from the standpoint of revitalizing discussions at meetings of the Board of Directors. In addition, five of the six members of the Nomination & Compensation Committee are non-executive directors and make decisions on officer evaluation and compensation from that standpoint. I believe this ensures sufficient objectivity and fairness and that the Company's governance is currently functioning effectively. Ongoing discussions on what governance should look like are necessary, but because values related to companies and labor vary depending on the country, there is no one right answer, and I think it is important to respect the culture and customs of each country and company. Shimizu is a company with an Audit & Supervisory Board. The challenges are fully recognized not only by the outside directors but also the internal directors and corporate auditors, and from time to time, harsh opinions are expressed. Therefore, from this standpoint as well, I believe the monitoring and governance functions are working in their current form. At the same time, in order to further strengthen governance, it is important to continue initiatives such as corporate ethics training on the topic of the Analects and the Abacus (Ethics and Economics). I believe that cultivating ethical awareness among individual officers and employees and ensuring thorough compliance raises awareness of governance company-wide, which in turn leads to sustainable growth and maximization of corporate value going forward. I will continue to supervise management from the perspective of an outside director to ensure that governance functions properly at the Company.



Mayumi Tamura
Director

There is diversity in the Board of Directors, and lively discussions take place from various perspectives. Non-executive officers, including outside directors, are provided with ample opportunities to acquire knowledge about the company's business, including general business briefings and on-site tours, in addition to prior explanations ahead of board meetings. In addition, opinion-sharing meetings with top management and meetings with executive officers are held regularly, and I believe this ensures smooth communication between executive and non-executive officers. In regard to compliance, I commend the company's initiatives to raise company-wide awareness of compliance and put it into practice through officer workshops on The Analects and the Abacus (Ethics and Economics) and messages to the employees from top management. As for securities holdings, the company conducts objective and quantitative evaluations of the risks and significance of each holding even when there are reasons for the holdings specific to a construction company. Every year, it makes rational decisions on whether or not to maintain them and is steadily reducing the number. I expect these activities for reducing the number of securities holdings over the medium to long term to continue. Going forward, the company will need to promote its business while ensuring profitability in response to rapid changes in the external environment. It will also need to reform its business structure and move forward in non-construction fields. Incorporating environmental initiatives and innovative methods utilizing the company's strength of digital technology, it is important that the company identifies future management risks from all quarters as it seeks to achieve its vision for 2030 of becoming a "Smart Innovation Company." I hope to take advantage of my many years of experience of being involved in the management of global companies to promote active discussions at meetings of the Board of Directors and help improve the corporate value of the Company so that it can engage in management with a keen awareness of medium- to long-term risks and returns.

Corporate Governance

Basic Views on Corporate Governance

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

To achieve this, we have separated the management strategy and decision-making function from the business execution function, and have established a structure that enables the Board of Directors and Audit & Supervisory Board to appropriately supervise and audit the performance of each of these functions. Our basic policy on corporate governance is for our directors, executive officers, Audit & Supervisory Board members, and employees to implement compliance management based on the highest ethical standards.

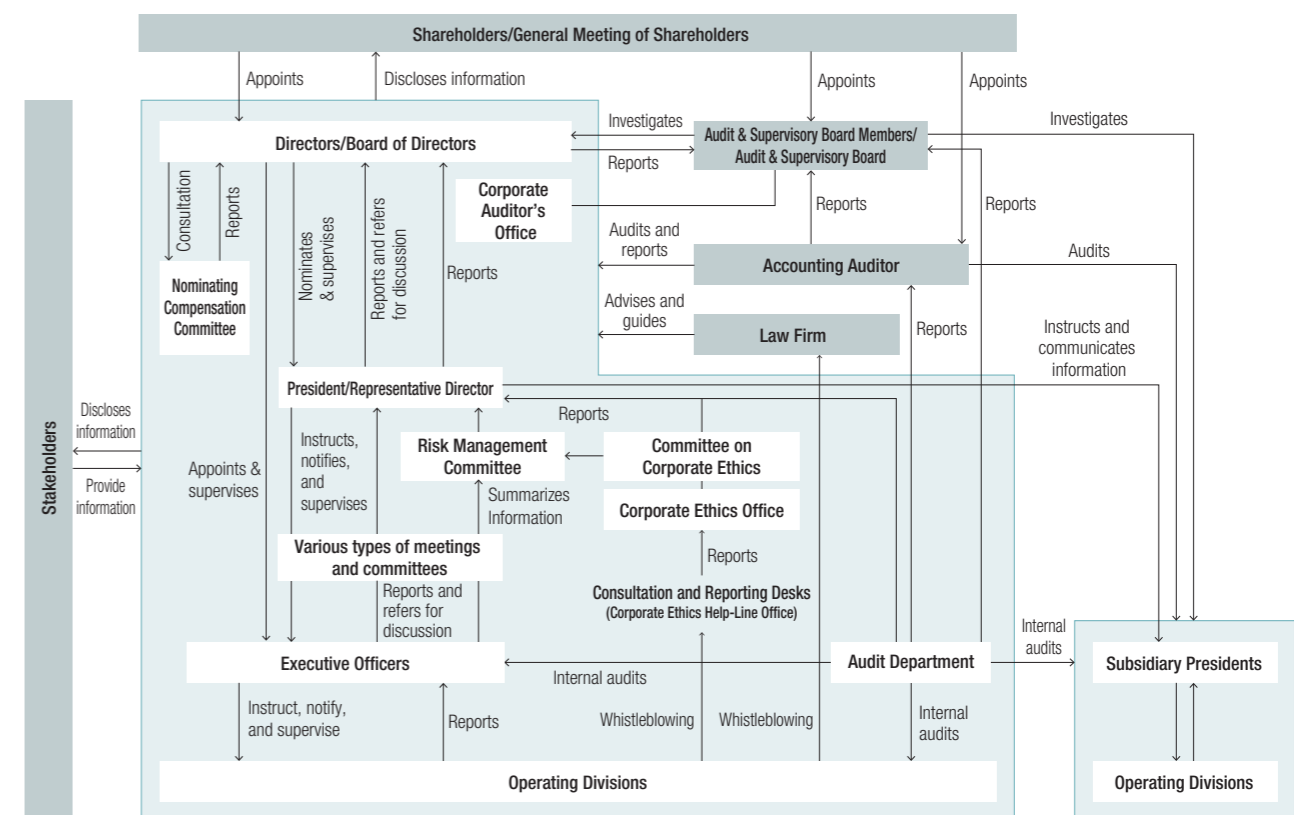
Overview of the Corporate Governance Structure

Shimizu has adopted the structure of a company with an Audit & Supervisory Board. We have limited the number of directors and introduced an executive officer system to clearly separate the management strategy, decision-making, and oversight functions from the business execution function. We have established a system for supervising and

overseeing management from an objective and neutral perspective by taking steps to encourage energetic debate at Board of Directors meetings, and by electing outside directors, other non-executive directors, and outside Audit & Supervisory Board members who maintain a high degree of independence. The concrete structure and implementation status are detailed below.

- One-third or more of the Board of Directors elected are outside directors to strengthen management supervision function, and to promote more energetic debate by the Board of Directors.
- Outside directors and other non-executive directors and outside Audit & Supervisory Board members use their extensive experience and sophisticated insight based on their individual career histories to oversee and supervise management and provide necessary advice as appropriate.
- The Company established a structure mainly consisting of the head office administrative departments to provide timely information and other materials to assist outside directors and other non-executive directors in performing their management supervisory duties (including tours of offices, job sites, etc.).
- The relevant divisions provide guidance on the Company in general, description of its businesses, and other relevant information to new outside directors and outside Audit & Supervisory Board members.
- Outside directors audit all duties performed by directors from a fair and impartial perspective.

Diagram of Corporate Governance Structure (Including Overview of Internal Control System)



- The Audit & Supervisory Board Members Office was established as the dedicated organization to support Audit & Supervisory Board members. This office secures the necessary support staff to enable more effective audits by Audit & Supervisory Board members.
- Audit & Supervisory Board members improve the effectiveness of management supervision by attending important meetings and obtaining sufficient information from officers and employees without delay.
- When a Board of Directors meeting is held, the Board of Directors administrative office and other divisions provide explanations in advance to the outside directors, non-executive directors, and Audit & Supervisory Board members.
- Outside directors and other non-executive directors regularly exchange opinions with the chairman and president.
- Regular Outside Officers Meetings are held for outside directors and outside Audit & Supervisory Board members, and regular Outside Directors and Audit & Supervisory Board Members Meetings are held for outside directors and all Audit & Supervisory Board members to facilitate the exchange of opinions.

Main Governing Bodies Established by Shimizu

(including discretionary committees and other meeting formats)

Board of Directors

The Board of Directors holds meetings once a month as a rule, and as needed. It makes decisions on matters specified in laws and regulations and the Articles of Incorporation as well as other important matters, and supervises the execution of duties. The Articles of Incorporation specifies 12 as the maximum number of directors. These directors consist of seven executive directors who are highly knowledgeable in each area of Shimizu’s business and five non-executive directors, four of whom are outside directors with extensive expertise and experience in their respective specialties. All four meet the standards for independence specified by the Tokyo Stock Exchange. The Chairman and Representative Director serves as the chair of the Board of Directors.

Audit & Supervisory Board

The Audit & Supervisory Board meets once a month as a rule, and additionally as necessary. It makes decisions on audit policy, audit plans, auditing methods, and other important audit matters, and deliberates on necessary matters concerning audits. The Articles of Incorporation sets the number of Audit & Supervisory Board members at a maximum of five, including three outside Audit & Supervisory Board members. The chair of the Audit & Supervisory Board is an Audit & Supervisory Board member chosen through discussion by the Audit & Supervisory Board. All three outside Audit & Supervisory Board members meet the standards set by the Tokyo Stock Exchange for independent officers, and oversee the management of Shimizu from an objective and neutral standpoint.

Nomination & Compensation Committee

Shimizu has established a Nomination & Compensation Committee to ensure fairness and transparency in the selection, dismissal, evaluation, and compensation of directors and executive officers. The members of this committee consist of five non-executive directors (four outside directors and one non-executive internal director) and one executive

directors. The committee is chaired by a non-executive director.

Risk Management Committee

Our Risk Management Committee ascertains and analyzes risks that would have a serious impact on our corporate group, which consists of Shimizu and its subsidiaries. It also determines key risk management items, and follows up and reports to the Board of Directors. The President and Representative Director serves as the chair of the committee and one full-time Audit & Supervisory Board member also attends committee meetings.

Committee on Corporate Ethics

Shimizu has established the Committee on Corporate Ethics to determine company-wide policies on strict compliance with corporate ethics, laws and regulations, and deploy and follow up on compliance. The committee is also tasked with collecting all information on serious incidents involving wrongdoing as well examining ways to prevent incidents and recurrence and issuing directions to accomplish that. The President and Representative Director serves as the chair of the committee. One full-time Audit & Supervisory Board member and one outside expert (an attorney) also attend committee meetings.

Executive Officers Council

Shimizu has established an Executive Officers Council to communicate important matters and policies decided by the Board of Directors to executive officers and provide instructions to them. The President and Representative Director serves as the chair of this council and members consist of executive directors (other than the chair) and executive officers. One full-time Audit & Supervisory Board member also attends council meetings.

Overview of Corporate Governance Structure (as of June 30, 2022)

| Item | Description |
|---|---|
| Organizational form | Company with an Audit & Supervisory Board |
| Number of Directors | 12 (maximum of 12 permitted) |
| Director term | 1 year |
| Number of female Directors | 2 |
| Number of Non-Executive Directors | 5 (including 4 independent Directors) |
| Number of Independent Directors | 4 |
| Number of Audit & Supervisory Board Members | 5 (maximum of 5 permitted) |
| Number of Independent Audit & Supervisory Board Members | 3 |
| Executive officer system | Yes |
| Name of Accounting Auditor | Ernst & Young ShinNihon LLC |

Evaluating the Effectiveness of the Board of Directors

Our Board of Directors evaluates the overall effectiveness of the Board of Directors once a year.

A summary of the evaluation method and results for fiscal 2021 are provided below:

(1) Evaluation Method

All directors and Audit & Supervisory Board members complete a survey. A self-analysis is performed through discussion by all directors and all Audit & Supervisory Board members at Board of Directors meetings, based on an analysis by a third party (attorney).

- Period covered: January 2021 to March 2022

* This time, the period covered has been changed from calendar year to fiscal year.

- Dates performed: Board of Directors meetings on May 27 and June 24, 2022
- Main items evaluated: Board of Directors composition/operations, management strategy/management supervision function, corporate ethics/risk management, response to sustainability issues, process of determining nomination/compensation, human resource development, communication between outside directors and management, dialogue with shareholders/investors, etc.

(2) Summary of Evaluation Results

Conclusion: The Shimizu Board of Directors evaluated and determined the Board of Directors as a whole to be operating effectively.

(1) Status of response on issues indicated in the last evaluation of effectiveness (January to December 2020)

Steady efforts to resolve issues were confirmed to have resulted in improvement. The Board will continue to work on further improvement.

- Expand discussion of the topics of medium to long-term management strategy and management supervision, and actions to take.
 - We created opportunities for off-site meetings in addition to meetings of the Board of Directors to expand and enhance discussions.
- Promote more communication between outside directors and management, including executive officers and heads of business divisions (create opportunities for free and open-minded discussion).
 - In addition to opinion Outside Directors and Audit & Supervisory Board Members Meetings, Outside Officers Meetings, and opinion exchange meetings for the Chairman/President and non-executive directors (all held twice a year), new opinion exchange meetings for executive directors (vice presidents/senior managing officers) and non-executive directors and opinion exchange meetings for female officers have been held.
- Revise the Board of Directors standards of debate, and further strengthen delegation authority and the management supervision function, with consideration for the proper separation of the roles of the Board of Directors and the executive function.
 - Some of the standards for referral to the Board of Directors were

revised (delegation of authority and enhancement of management and supervision functions of the Board of Directors will continue to be considered and implemented).

d. Share information on opinions and proposals expressed during advance screening and explanations for Board of Directors meetings, and work to achieve more active engagement in Board of Directors meetings.

→Opinions and proposals presented at the time of preliminary examination by the Board of Directors and prior explanations given to non-executive directors and Audit & Supervisory Board members are reflected in the agenda. Meetings of the Board of Directors are held primarily in person to promote active discussion after implementing thorough measures to prevent the spread of COVID-19 while using online tools to increase the efficiency of explanations provided prior to meetings of the Board of Directors.

e. Implement initiatives that utilize the traditions and unique strengths of the Company passed down over many years to improve governance.

- We focused on instilling corporate ethics and ensuring thorough compliance based on The Analects and the Abacus (Ethics and Economics).

(2) Main issues to consider indicated in the current evaluation of effectiveness

- Enhancement of discussions on management strategy topics
- Further promotion of communication between outside directors, Outside Audit & Supervisory Board members, and management and establishment of opportunities for dialogue between outside directors and front line employees
- Promotion of discussion on the ideal governance structure, including the roles of the Board of Directors and Nomination & Compensation Committee and organizational design
- Enhancement of reporting to the Board of Directors on measures to address risk
- Exchange of opinions on human resource development (including

Appointed Outside Directors (as of June 30, 2022)

| | Name | Independent Officer | Important Concurrent Positions | Reasons for Appointment | Meeting Attendance During FY2021 |
|-------------------|-----------------|---------------------|---|--|---|
| Outside Directors | Tamotsu Iwamoto | ○ | Outside Director of XEBIO Holdings CO., LTD. | Tamotsu Iwamoto possesses expert knowledge and experience as an officer of listed companies and extensive knowledge and experience from many years in corporate management. We deemed him to be appropriate for appointment as an Outside Director because we think he will utilize this experience in supervising management of the company from an objective, neutral perspective. | Board of Directors meetings: Attended 17 out of a total of 17 meetings (100% attendance rate) |
| | Junichi Kawada | ○ | - | Mr. Kawada’s many years in corporate management as an officer has given him extensive experience and deep insights into compliance and corporate governance, and corporate group governance in particular. We believe that he is capable of utilizing his experience and insights to supervise management of the company from an objective, neutral perspective. | Board of Directors meetings: Attended 13 out of a total of 13 meetings (100% attendance rate) |
| | Mayumi Tamura | ○ | Outside Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. Outside Director of LIXIL Corporation | Mayumi Tamura possesses expert knowledge and many years of experience in global companies. We deemed her to be appropriate for appointment as an Outside Director because we think she will utilize this experience in supervising management of the company from an objective, neutral perspective. | Board of Directors meetings: Attended 17 out of a total of 17 meetings (100% attendance rate) |
| | Yumiko Jozuka | ○ | Outside Director of Tokyu Fudosan Holdings Corporation Director of Japan Legal Support Center | Ms. Jozuka possesses many years of experience and insights into welfare and labor administration, and expert knowledge and experience in diversity, the advancement of women, workstyle reform, and human resource development. We believe that she will utilize her experience and insights to supervise management of the company from an objective, neutral perspective. | Board of Directors meetings: Attended 13 out of a total of 13 meetings (100% attendance rate) |

successor education) and promotion of discussion on human resources strategies linked to management strategy

* In addition to meetings of the Board of Directors, opportunities will also be provided for informal discussions on a, c, and e above.

(3) Future Initiatives

Shimizu will operate the PDCA cycle based on the results from evaluating the effectiveness of the Board of Directors and strive for improvement. We will aim to achieve even greater effectiveness in Board of Directors meetings and an even higher level of governance.

Appointed Outside Audit & Supervisory Board Members (as of June 30, 2022)

| Name | Independent Officer | Important Concurrent Positions | Reasons for Appointment | Meeting Attendance During FY2021 | |
|---|---------------------|--------------------------------|---|--|--|
| Outside Audit & Supervisory Board Members | Kaoru Ishikawa | ○ | Director of Kawamura Gakuen Director of The Society for Promotion of Japanese Diplomacy Outside Director of SMK Corporation Director, Mitsubishi UFJ Foundation | Mr. Ishikawa played a leading role in the area of foreign diplomacy for many years, and possesses extensive experience and insights as a foreign diplomat. He possesses expert knowledge of international affairs and sustainable development goals (SDGs). We believe it is appropriate to appoint him as an outside Audit & Supervisory Board member because he can utilize his knowledge and experience to supervise management of the company from an objective, neutral, and global perspective. | Board of Directors meetings: Attended 17 out of a total of 17 meetings (100% attendance rate) Audit & Supervisory Board meetings: Attended 14 out of a total of 14 meetings (100% attendance rate) |
| | Toshie Ikenaga | ○ | Outside Director of SOHGO SECURITY SERVICES CO., LTD. (ALSO) | Ms. Ikenaga possesses many years of experience in administration and analysis of economic conditions and governmental policy issues. As the Vice Governor of Shiga Prefecture, she actively contributed to management of local governmental organizations, to promotion of diversity in the community as a whole, and various other areas. She possesses expertise, broad experience and insights into economics and management. We believe that she will utilize her experience and insights to supervise management of the company from an objective, neutral perspective. | Board of Directors meetings: Attended 13 out of a total of 13 meetings (100% attendance rate) Audit & Supervisory Board meetings: Attended 5 out of a total of 5 meetings (100% attendance rate) * Attendance since election at the 119th Annual General Meeting of Shareholders |
| | Ko Shikata | ○ | Professor of Faculty of Law, Chuo University | Mr. Shikata has never in the past been directly involved in corporate management. However, he has contribute to maintaining and improving a safe and secure society, including cybersecurity, through his many years of involvement in police administration, and he has also worked in policy research and education and support as a university knowledge of the legal and policy field, and we believe that he is capable of utilizing these attributes to supervise the Corporation's management from an objective and neutral position. | (Assumed the position in June 2022) |

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

Shimizu has established a system to provide information to facilitate supervision of management by outside directors and other non-executive directors in performing their duties. The administration departments in the head office play the main role in providing this information in a timely manner. The Corporate Auditor's Office was established as a dedicated organization to support Audit & Supervisory Board members.

A sufficient number of staff members have been secured to assist outside Audit & Supervisory Board members. When a Board of Directors meeting is held, materials are distributed in advance and the Board of Directors administrative office and other divisions provide explanations in advance to the outside directors and the outside Audit & Supervisory Board members.

Message from Chairman of Nomination & Compensation Committee

I have served as a member of the Nomination & Compensation Committee since it was established in fiscal 2018. Since being elected chairman from among the members, I have attempted to run the committee fairly, taking advantage of my position as a director from within the Company who is familiar with the business and our human resources while also utilizing my standpoint as a non-executive director, which makes me independent like our outside directors. I also add a long-term perspective as head of the founding family and a shareholder in supervising the management and execution of business, contributing to sustainable improvement of corporate value. I hope to continue to thoroughly fulfill that responsibility while placing importance on the independence and objectivity of the committee.



Motoaki Shimizu
Director

Policy on Determining Officer

Compensation Director and executive officer compensation consists of a base salary which is paid monthly and performance-linked bonuses. Shimizu has established a Nomination & Compensation Committee which mainly consists of non-executive directors, including outside directors, to ensure fair and transparent evaluation and compensation of directors and officers through deliberation by the committee.

Non-executive directors, including outside directors, and Audit & Supervisory Board members are only paid a monthly salary to enhance the management supervisory function.

Rules on the Compensation of Officers specifying the policy on determining the compensation of each director were approved at the Board of Directors meeting held on February 24, 2021. A summary description of the policy on determination is provided below.

(1) Policy on Basic Compensation

A maximum total of 90 million yen a month in director compensation as base monthly salary was established at the 117th Annual General Meeting of Shareholders held on June 27, 2019. Compensation of outside directors is capped at 10 million yen of the amount noted above.

A maximum total limit of 13 million yen a month in Audit & Supervisory Board member compensation was established at the 89th Annual General Meeting of Shareholders held on June 27, 1991 and the compensation is determined through discussion by the Audit & Supervisory Board.

(2) Policy on Performance-linked Compensation

A maximum annual total of 500 million yen for performance-linked bonuses was established at the 118th Annual General Meeting of Shareholders held on June 26, 2020. The Nomination & Compensation Committee deliberates and decides whether to pay a bonus and the amount to be paid. Director bonuses are indexed to consolidated net income, which represents the ultimate results of Shimizu Group business activities for one fiscal year. The degree of progress on achieving

the goal for consolidated ordinary income for the fiscal year is also considered and the basic bonus is calculated by multiplying the net income indicator by a certain percentage. This is multiplied by a specific index for each position and an additional amount is added according to the performance of each director.

Moreover, an amount equivalent to 20% of the bonus is granted as compensation for acquiring Shimizu shares to give directors greater shared value with shareholders and to enhance corporate value over the medium and long term. The share-based compensation for each director is contributed to the officers' stock ownership plan and is used to acquire Shimizu shares. Directors must also hold the shares acquired while employed by Shimizu and for a certain period of time after leaving the company.

Actual consolidated net income (Net income attributable to shareholders of the Corporation), used as the indicator for determining bonuses, was 47,761 million yen for consolidated fiscal year ended March 31, 2022, compared to the goal of 58,000 million yen. Actual consolidated ordinary income was 50,419 million yen, compared to the fiscal year goal of 77,000 million yen.

(3) Matters concerning delegation of decisions on compensation, etc.

Shimizu has established a Nomination & Compensation Committee which consists of a majority of outside directors and is chaired by a non-executive director, to ensure fair and transparent evaluation and compensation of directors and officers through deliberation by the committee.

The Nomination & Compensation Committee (which met six times during the fiscal year) reviewed compensation for fiscal year ended March 31, 2022 and discussed the base monthly salary and the amount to be paid as bonuses for each director according to the evaluation of the performance of each director, based on the Rules on Officer Compensation. The committee determined the compensation to be in line with policy determined by the Board of Directors.

Director and Audit & Supervisory Board Member Compensation (FY2021)

| Officer Category | Total Compensation (¥ millions) | Total Compensation by Compensation Type (¥ millions) | | | Number of Eligible Officers |
|---|---------------------------------|--|-------|---|-----------------------------|
| | | Monthly Salary (12 months) | Bonus | Of Which, Compensation for Acquiring Company Shares | |
| Directors (excluding Outside Directors) | 742 | 672 | 70 | 13 | 9 |
| Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) | 64 | 64 | - | - | 2 |
| Outside Officers | 99 | 99 | - | - | 9 |

Securities Holding Policy

(1) Holding Policy

Shimizu holds shares of business partners as securities holdings in order to “strengthen and maintain the relationships with business partners” when necessary from the viewpoint of sales policy. The Board of Directors determines whether to acquire major securities holdings and takes the benefits to Shimizu, acquisition cost, risk of share price changes, and other factors into collective consideration in making such decisions. The Board of Directors examines the necessity of securities holdings for individual stocks each year, taking into collective consideration the economic rationality of such holdings including cost, risk, and sales benefits. The Company will reduce securities holdings in stages to promote the effective utilization of capital, after first verifying whether it of staff members have been secured to assist outside Audit & Supervisory Board members. When a Board of Directors meeting is held, materials are distributed in advance and the Board of Directors administrative office and other divisions provide explanations in advance to the outside directors and the outside Audit & Supervisory Board members. is necessary to hold the stock and confirming the relationship of trust with the business partner.

(2) Reduction in Number of Stocks Held

In fiscal 2021, we sold shares of 18 listed stocks (including partial sales), and the amount came to 12.8 billion yen. From fiscal 2018 to fiscal 2021, we reduced our holdings in 48 listed stocks (including partial sales), and the amount came to 61.5 billion yen. Proceeds

from the sales amounted to 61.5 billion yen. As a result, the number of listed stocks held decreased from 187 on March 31, 2018 to 152 on March 31, 2022.

Shimizu also used part of the proceeds from the sale of such securities holdings to acquire 20 billion yen in treasury shares this fiscal year.

Policy on Constructive Dialog with Stakeholders

Shimizu believes that information disclosure and dialog with shareholders, institutional investors, and financial analysts is important to achieve sustained growth and increase corporate value.

The President and other executive management attend financial results briefings and overseas IR meetings to engage in substantial dialog.

| FY2021 Activities | Number |
|---|--------|
| Financial results briefings and job site tours for financial analysts | 5 |
| Individual meetings with financial analysts | 91 |
| IR meeting (institutional investors in Japan) | 5 |
| IR meeting (overseas institutional investors) | 9 |
| SDGs · ESG briefing for analysts | 1 |
| ESG engagement | 3 |
| SR meeting (institutional investors and voting rights exercisers) | 13 |

Internal Control System Establishment and Status

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

An overview of the operational status of internal control systems in fiscal 2021 is provided below.

| | |
|--|--|
| Compliance System | (1) We provide ongoing education and training to officers and employees to ensure strict compliance. (2) Shimizu has established three compliance hotlines based on an internal reporting system: A corporate ethics hotline, a counseling hotline, and an outside hotline. All employees have been made aware of them, and the system’s operations are reported to the Committee on Corporate Ethics and the Audit & Supervisory Board. (3) The Committee on Corporate Ethics meets twice a year. It rolls out measures aimed at strict compliance with corporate ethics and laws and regulations to the entire company and follows up on implementation. (4) As set forth in “Initiatives Aimed at Strengthening Compliance” on page 48 of this report, the Company will continue to strive for more thorough compliance. |
| Risk Management System | (1) The Risk Management Committee meets twice a year. It identifies and analyzes risks that would have a serious impact on the corporate group, which consists of Shimizu and its subsidiaries, and determines the key areas of risk management. It follows up on implementation and reports to the Board of Directors. (2) To confirm communication lines and the initial response to large earthquakes, we hold regular earthquake disaster drills (twice per year) and ask suppliers and local residents and others to participate. (3) For overseas safety risks, we collect information on hazards based on the guidelines on overseas emergency response. As necessary, we also strengthen the security structure, issue warnings to relevant people, and limit overseas travel. (4) To firmly establish information security measures and make sure that everyone understands them, we provide ongoing education and training to officers and employees, share information with relevant divisions, and respond swiftly when a problem occurs. (5) As COVID-19 continues to impact society, we will continue to come together as a company to implement measures to ensure business continuity. |
| Systems to Ensure Proper Operation of the Shimizu Group | (1) Shimizu holds two meetings a year to share information between the President of Shimizu and the presidents of group subsidiaries. We manage important items related to operational execution at subsidiaries through the Rules on Subsidiary Management. (2) The Audit Department performs internal audits of subsidiaries based on the audit plan. Proper operational execution by subsidiaries is also monitored by dispatching auditors and other means. |
| System for Ensuring Effectiveness of Audits by Auditors | (1) The Corporate Auditor’s Office is an organization dedicated to assisting the Audit & Supervisory Board. It is staffed with three full-time employees. (2) An Audit & Supervisory Board member designated by the Audit & Supervisory Board attends important meetings such as meetings of the President’s Office, meetings of Business Division heads, Risk Management Committee meetings, and Committee on Corporate Ethics meetings. |

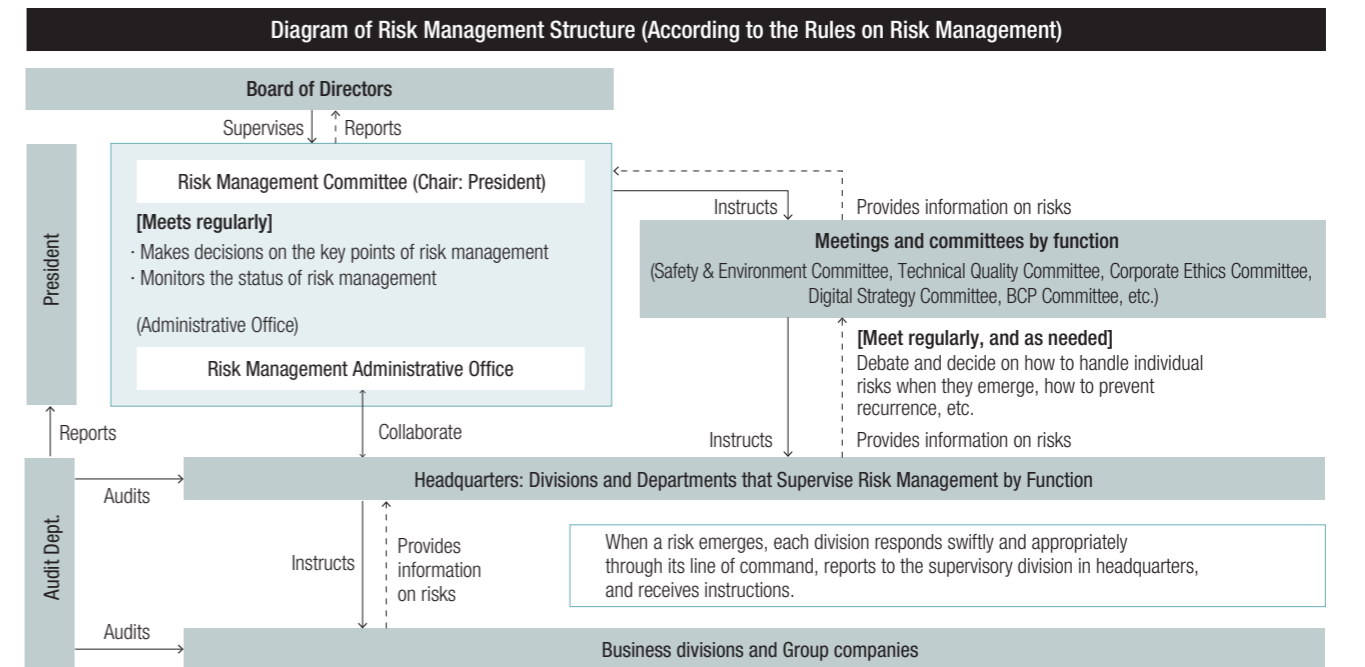
Risk Management

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

Each fiscal year, the Risk Management Committee (Chair: CEO) makes decisions on key items of risk management for the entire company and each division incorporates these decisions into its business plans. The committee regularly monitors risks (twice a year) by function at the head office, business division, and group company levels and recommends corrective actions and improvements as necessary, while also responding to emerging risks and reporting on the status of response to the Board of Directors twice a year.

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

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



Basic Policy on Establishing a System of Internal Controls
 (Only in Japanese)
https://www.shimz.co.jp/company/about/governance/pdf/int_control202103.pdf

Corporate Governance Report
 (Only in Japanese) (last updated on June 29, 2022)
<https://www.shimz.co.jp/company/ir/management/governance/pdf/cgr210629.pdf>

Addressing business risks

Risks associated primarily with changes in the external environment

| | Overview of main risks | Main measures/initiatives |
|----|---|---|
| 1 | Risk of shrinking construction market If private capital investment were to decrease due to recessions in Japan or overseas, or if public investment were to be reduced for the purpose of fiscal consolidation, it could affect future orders. | The Board of Directors follows up on the outlook of orders in the construction business and the volume of projects monthly and provides instructions on necessary measures at meetings of the Executive Officers Council and business division managers. Looking ahead to 2030, in the long-term vision SHIMZ VISION 2030, we are promoting the business according to the Mid-Term Management Plan (2019-2023) with the aim of changing the profit structure by expanding our non-construction businesses. |
| 2 | Risk of fluctuation in construction material prices and labor costs If construction material prices, labor costs or other such expenses were to increase significantly more than anticipated after contracts are signed and it were to be difficult to reflect that increase in the contract price, it could lead to an increase in construction costs and worsen the profit and loss situation. | In principle, when signing construction contracts with clients, we are making an effort to discuss adoption of provisions related to changing the contract price based on fluctuations in labor wages and construction prices (i.e., a sliding scale clause). |
| 3 | Credit risk related to business partners If a business partner such as a client, a subcontractor, or a joint construction partner were to run into credit problems, it could result in failure to recover funds, construction delays, or other such circumstances. | In addition to thorough credit screening and continuous monitoring of our business partners, we are striving to sign contracts that include protection of the Group's credit. |
| 4 | Risk related to Overseas Business As we are engaged in business overseas, if there were to be significant changes in the political or economic conditions, exchange rates, tax systems, legal regulations, or other circumstances in emerging countries or if acts of terror, war, or riots were to occur, material prices and labor costs were to rise substantially, or a strain in the labor supply were to arise, it could affect progress on construction or construction profit and loss. | When developing our business overseas, we narrow down the list of regions and countries based on business opportunities and country risks and take the necessary measures. (Main initiatives) <ul style="list-style-type: none"> Strengthening of screening system for taking on large-scale projects overseas Establishment of Contract Risk Management Department Implementation of terror countermeasures through utilization of consulting Anti-corruption measures |
| 5 | Risk related to Investment and Development Business If the business environment in the investment development field were to change significantly, such as a slump in the real estate market due to economic slowdown or a bankruptcy of a real estate fund, it could affect our business performance. | We set investment limits to operate within a range of risk that is commensurate with our corporate strength, and in individual investments, we invest in a calculated manner, including exit strategies (investment recovery plans), based on investment criteria. The Board of Directors regularly follows up on the progress of the Investment and Development Business, investment balance, business portfolio, and market value, taking measures as necessary. |
| 6 | Long-term business risk In long-term businesses such as the PFI business and the renewable energy business, if the business environment were to change significantly, such as an increase in prices, personnel expenses, and interest rates or a business partner running into credit problems, it could affect our business performance. | The Board of Directors regularly follows up on the progress of the PFI business, renewable energy business, and others, taking measures as necessary. |
| 7 | Risk of fluctuation in price of investment securities If the value of investment securities were to drop significantly, it could affect our business performance. | Every year, we review the significance of each stockholding based on a comprehensive consideration of the associated costs and risks, business advantages, and other economic reasons. The Board of Directors verifies the necessity of the stockholdings and, in principle, sells those that have diminished in significance. |
| 8 | Risk of fluctuation in interest rates/exchange rates If interest rates were to rise sharply or exchange rates were to fluctuate significantly, it could affect our business performance. | We engage in risk management according to our Rules for Managing Financial Market Fluctuation Risk. (Main initiatives) <ul style="list-style-type: none"> Reduction of interest rate fluctuation risk through interest rate stabilization utilizing fixed interest rate fund procurement and interest rate swaps Reduction of exchange rate fluctuation risk through foreign exchange contracts, currency swaps, fund procurement in local currencies, and adjustment of foreign currency holdings |
| 9 | Risk of natural disaster/infectious disease If a natural disaster such as an earthquake, tsunami, storm or flood damage, or a pandemic were to occur, it could result in direct damage to the Group's assets or employees and affect our business activities. If the disaster were to be large in scale, the changes in the business environment such as order fluctuation, soaring construction material prices, and decreased electric power/energy supply capacity could affect our business performance. | We established a BCP Promotion Committee to continuously review our BCP, determine training plans, and follow up on the status of implementation. (Main initiatives) <ul style="list-style-type: none"> Regular implementation of earthquake disaster drills for major earthquakes such as a Tokyo metropolitan area earthquake or a Nankai Trough earthquake Establishment of code of conduct for storms and floods, implementation of storm and flood training (e-learning) for employees, and implementation of storm and flood drills Maintenance of disaster information sharing system Securing of emergency power supply and enhancement of stock pile Development of data center backup system We are performing temperature checks on all employees, PCR testing as necessary, encouraging telecommuting and staggered working hours, refraining from non-essential/non-urgent business trips, establishing satellite offices, and maintaining work environments as measures to prevent infection and stop the spread of COVID-19 as we work to ensure business continuity. In addition, we are conducting drills for disasters such as earthquakes hitting while infection is widespread. |
| 10 | Cybersecurity risk If we were to fall victim to a cyber-attack such as a targeted e-mail attack or malware attack leading to viral infection or unauthorized access, it could affect our business activities or valuation. | We have established a Digital Strategy Office to discuss matters related to information security, and we take the necessary measures. (Main initiatives) <ul style="list-style-type: none"> Implementation of targeted e-mail attack drills for employees Vulnerability diagnosis of external public servers Implementation of countermeasures for unknown malware Constant monitoring of viruses by third party |
| 11 | Risk related to creation, revision, or repeal of laws If new laws and regulations were to be enacted or existing laws were to be revised or repealed due to changes in society or the times, it could affect our business performance or valuation. | To properly respond to establishment of new laws or revision/repeal of existing ones that affect our business activities, we have prepared our own rules and regulations, provided notice through various meeting bodies, company intranet, and other means, and are implementing internal education and training (including e-learning). |

| | Overview of main risks | Main measures/initiatives |
|----|---|--|
| 12 | Risk of long-term climate change If regulations or carbon taxes were to be adopted for new building construction in the transition to a decarbonized society or if average temperatures were to increase or climate disasters were to become more frequent or intense as physical effects of climate change, it could affect our business activities. | In October 2019, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have analyzed and disclosed risks and opportunities related to climate change and are implementing measures to address climate change. (Main initiatives) <ul style="list-style-type: none"> Verification of consistency of climate change-related risks and opportunities with business strategy at Board of Directors Establishment of SDG/ESG Promotion Committee (chaired by President) to deliberate and decide on basic policies and measures related to global environmental issues Promotion of activities for achieving carbon neutrality by 2050 with long-term vision SHIMZ Beyond Zero 2050 and Ecology Mission 2030-2050 medium- to long-term targets for reducing CO₂ emissions Strengthening of collaboration with suppliers, primarily group companies and subcontractors, in response to increasing frequency and intensity of weather disasters |
| 13 | Risk related to retirement benefit obligations If it becomes necessary to change the actuarial assumptions of retirement benefit obligations due to a decline in the market value of pension assets or the discount rate, it could affect our business performance. | We have established a Pension Asset Management Committee. It deliberates on asset management performance and conducts financial result simulations for review and revision of the basic policy on pension asset management and policy asset mix while appropriately monitoring the status of management by the contracted management company and reporting to the Board of Directors annually. |

Risks arising primarily inside organization from industry characteristics

| | Overview of main risks | Main measures/initiatives |
|---|---|---|
| 1 | Risk of serious accidents or contract non-conformities If a serious accident, defect, or injury related to engineering or quality were to occur in the design or construction stage, resulting in a large repair cost or construction delay, or a serious contract non-conformity, it could affect our business performance or valuation. | Our business approach of "safety first," "respect for human life," "customer first," and "quality assurance" is shared within the company, and we work to raise awareness of safety and quality. (Main initiatives) <ul style="list-style-type: none"> Establishment of Technical Quality Committee and Safety & Environment Committee Implementation of Construction Occupational Health and Safety Management System (COHSMS), establishment of Basic Health and Safety Policy, and establishment of Group-wide Health and Safety Plan Implementation of Quality Management System (QMS), establishment of Quality Policy, and implementation of activities to promote customer satisfaction Implementation of Environmental Management System(EMS), and establishment of Basic Environmental Policy Feedback on accidents and defects, Group-wide roll-out, and implementation of PDCS |
| 2 | Risk of leakage of personal or confidential information If personal or confidential information acquired in our business activities were to be leaked, it could affect our business performance and valuation. | By establishing a Privacy Policy, preparing personal information protection regulations, and appointing a Group-wide personal information protection manager, we are properly managing personal information and implementing various measures to address information security risks. (Main initiatives) <ul style="list-style-type: none"> Appropriate review of Information Security Guidelines Raising of awareness through distribution of Information Security Handbook and hanging of posters Regular implementation of information security e-learning and information security audits Affiliation with Nippon CSIRT Association and incident response via CSIRT system |
| 3 | Risk of legal violations The construction industry, which is the main business field of the Group, is subject to various legal regulations, including the Construction Business Act, the Building Standards Act, the Real Estate Brokerage Act, the National Land Use Planning Act, the City Planning Act, the Anti-Monopoly Act, and various laws related to safety, the environment, labor, and harassment. If an illegal act were to take place within the Group, it could affect our business performance or valuation. | We put into practice the Analects and the Abacus (Ethics and Economics), and the entire Group works to raise awareness of ethics and ensure thorough compliance. (Main initiatives) <ul style="list-style-type: none"> Establishment of Code of Corporate Ethics and Conduct Preparation of rules and internal system for properly responding to various laws and ordinances Establishment of compliance promotion system, including establishment of Corporate Ethics Committee (chaired by President), Corporate Ethics Office, Internal Whistleblowing System (contacts: Corporate Ethics Helpline, counselors, and external helpline), and internal audit system Regular implementation of corporate ethics training for executive management (including management of Group companies) Annual implementation of compliance training for employees (including e-learning) Establishment of compliance program for Anti-Monopoly Act and code of conduct, and continuing implementation of measures to prevent recurrence of violations of Anti-Monopoly Act Raising of awareness through internal media (internal newsletter, legal news, etc.) Group companies also implement equivalent activities |
| 4 | Risk of medium- to long-term worker shortage The skilled workers who are leaders in the construction industry are aging, and if there is not a generational change via an increase in new workers by the time that baby boomers retire in large numbers, it could compromise production, thereby affecting our business activities and performance. | Through public-private partnerships, we are working to secure and train workers, improve benefits, and increase the attractiveness of the construction industry. (Main initiatives) <ul style="list-style-type: none"> Securing of appropriate profits and construction periods Improvement of the wage levels of skilled workers through subcontractors and promotion of enrollment in social insurance Promotion of work weeks with two days off Employment support for subcontractors, commendations and allowances for outstanding engineers, support for multi-skilled workers Promotion of women's advancement PR activities to highlight attractiveness of construction industry Development of Construction Career Up System (CCUS) Initiatives to improve productivity, including development and adoption of labor-saving methods and construction robots and utilization of ICT |

Tax Policy

Basic View

- Shimizu strives for transparent, sound corporate accounting in accordance with the Code of Corporate Ethics and Conduct formulated to ensure compliance management based on high corporate ethical values. These values are rooted in the company credo of the Analects and the Abacus. We also work to improve employee awareness of tax compliance and maintain a tax governance structure based on our

recognition of Shimizu's social obligation as a company to comply with the relevant tax laws and regulations in each country and pay appropriate taxes.

- We understand that paying our fair share of taxes to contribute to the economic and social development of each country in accordance with an appropriate tax policy will earn the trust and support of all stakeholders.

Compliance

Code of Corporate Ethics and Conduct and Internal Corporate Structure

Code of Corporate Ethics and Conduct

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

Establishment of Internal Corporate Structure

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

Internal Whistleblowing System

We established an internal whistleblowing system to detect bribery and corruption, accounting fraud, and other compliance issues that could occur as early as possible and take corrective steps.

Proper Management of Personal Information

In the construction industry, companies retain personal information of customers, subcontractors, etc., and the personal information of employees obtained through business activities.

Shimizu has formulated a Privacy Policy and takes necessary and appropriate steps to maintain security based on the policy. We manage national identification numbers and other personal information appropriately.

Initiatives Aimed at Strengthening Compliance

We implement various measures that will help cultivate an ethical mindset and contribute to strict compliance among Group officers and employees, so that they put the spirit of our corporate credo, The Analects and the Abacus, into practice in their actions.

1. Top management will lead by example in cultivating an ethical mindset and strict compliance.

- (1) Corporate ethics training for executive management (After corporate officers have taken this training, it will be posted on the company intranet for Shimizu employees and management of subsidiaries)
 - *Putting the Analects into Practice* by Sadako Yasuoka and *Putting the Analects and the Abacus into Practice* by June Inoue, Shibusawa Museum

- (2) Compliance e-learning training (including Compliance with the Antimonopoly Act)

2. Make sure that everyone understands the code of conduct on bidding for construction projects (mainly for Shimizu and construction-related subsidiaries)

We conduct training and interviews for executives and employees to ensure thorough awareness of the code of conduct as well as interviews by outside attorneys and other experts as necessary on a case-by-case basis.



Tax Policy
<https://www.shimz.co.jp/en/company/csr/tax/>



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

Message from Chairman and Representative Director



Chairman of the Board and Representative Director

Yoichi Miyamoto

Although, I play a part in top-level business development, it is the executive officers—led by the president—that execute the management of the company. As such, my focus as chairman is on fulfilling our responsibilities as a leading company through business and industry organizations, as well as social contribution activities via the Shimizu Foundation and Housing Research Foundation JUSOKEN.

Among my external activities, I serve as the chairman of the Japan Federation of Construction Contractors. From this position of leadership, I put my efforts into activities aimed at solving problems faced by the entire construction industry. I believe that facing various challenges head on for the healthy growth of the industry as a whole will, in turn, contribute significantly to the growth of Shimizu.

Moreover, taking the knowledge and information obtained from these external activities, including those other than at the Japan Federation of Construction Contractors, and utilizing them in our own business activities by providing feedback to management will steadily contribute to the promotion of ESG at the Company.

Another important role I have as company chairman is that of chairing the Board of Directors. Ever since assuming this office, I have worked continually to improve governance, specifically the effectiveness of the Board of Directors. By fulfilling our social responsibility through our business activities based on the credo of The Analects and the Abacus (Ethics and Economics), we will increase the trust earned from stakeholders, including shareholders, investors, customers, employees, and local communities. In turn, this will help us achieve sustainable growth and improvement of corporate value over the medium to long term. Toward that end, we will pursue appropriate and legally compliant management that is highly swift, efficient, and transparent.

For this reason, I consider the basis of sound corporate governance to be a system where the Board of Directors and Audit & Supervisory Board accurately supervise and audit the performance of the separate functions of strategy determination/management supervision and

Further Promoting ESG Management

business execution, and where all directors, executive officers, Audit & Supervisory Board members, and employees adhere to high ethical standards to practice a legally and ethically compliant management.

We attempt to make continuous improvements to the issues identified in the annual evaluations of the effectiveness of the Board of Directors. This fiscal year we are working on implementing a PDCA cycle with respect to issues such as enrichment of discussions on management strategies, further promotion of communication between outside directors/Audit and Supervisory Board members and management, enrichment of discussions on the governance structure, including the Board of Directors and the Nomination & Compensation Committee, and enhancement of reports to the Board of Directors on addressing risks.

In addition, I believe it is necessary to create more opportunities for informal discussions outside of meetings of the Board of Directors in order to further enhance discussions and the exchange of opinions on human resources strategies centered on talent development, including successor training, and on management strategies and policies.

In particular, when thinking about human capital management, our business lifelines are "people" and "technology", as we establish new business domains while remaining focused on construction businesses. I am convinced that innovative ideas required to survive in an era of VUCA can only be created when there is diversity among our talent pool.

In that sense, I believe that ensuring the diversity of our core talent is an important issue not only for strengthening our competitiveness, but also from the standpoint of corporate governance. One of the most pressing issues we face is promoting women into managerial positions. I would like to promote specific measures to be implemented on the executive side based on a long-term and systematic perspective, and to follow up on them at meetings of the Board of Directors. I will work to further enhance corporate governance and promote ESG management together with the directors who were elected at this annual General Meeting of Shareholders and listed on the following pages.

Directors (as of June 30, 2022)



Yoichi Miyamoto
Chairman of the Board and Representative Director



Kazuyuki Inoue
President and Representative Director
President and Executive Officer



Toshiyuki Imaki
Executive Vice President and Representative Director
Executive Vice President and Executive Officer,
Director, Building Construction Headquarters,
Director, Global Strategy Div.



Kimio Handa
Executive Vice President and Representative Director
Executive Vice President and Executive Officer,
in charge of Administrative Functions and SDGs &
ESG Promotion, Director, Corporate Ethics Office



Hiroshi Fujimura
Executive Vice President and Director
Executive Vice President and Executive Officer,
Director, Sales & Marketing Headquarters,
in charge of Sales & Marketing,
Yumeshima (Osaka) Projects



Toru Yamaji
Executive Vice President and Director
Executive Vice President and Executive Officer,
in charge of Business Innovation, Emerging
Frontiers, New Business Development and
LCV Business



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



Motoaki Shimizu^{*1}
Director



Tamotsu Iwamoto^{*2}
Director



Junichi Kawada^{*2}
Director



Mayumi Tamura^{*2}
Director



Yumiko Jozuka^{*2}
Director

*1 Director Motoaki Shimizu is a Non-Executive Director and head of the Nomination and Compensation Committee.

*2 Directors Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka are External Directors.



Management Team
<https://www.shimz.co.jp/en/company/about/officer/>

Audit & Supervisory Board Members (as of June 30, 2022)



Hideto Watanabe
Audit & Supervisory Board Member
(standing)



Koichi Matsuoka
Audit & Supervisory Board Member
(standing)



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



Toshie Ikenaga^{*3}
Audit & Supervisory Board Member
(part-time)



Ko Shikata^{*3}
Audit & Supervisory Board Member
(part-time)

*3 Audit & Supervisory Board Members Kaoru Ishikawa, Toshie Ikenaga and Ko Shikata are independent outside auditors.

Director Skill Matrix

Shimizu has secured a diverse board of directors of the appropriate size to quickly address changes in the business environment and ensure sustainable growth and improvement of corporate value over the medium to long term. By organically combining the knowledge, experience, skills, and other characteristics of the individual directors, Shimizu seeks overall optimization of the Board of Directors and maximization of its functions.

| Name | Skills Particularly Expected (Knowledge, Experience, Capabilities, etc.) | | | | | | | | |
|------------------|--|---|--|-------------------|-----------------------------|------------------------|-------------------|----------------------|---------------------------------|
| | Corporate Management | ESG The Analects and the Abacus ^{*4} & ESG | Human Resource Development & Diversity | Global Experience | DX (Digital Transformation) | Promotion & Technology | Sales & Marketing | Finance & Accounting | Legal Affairs & Risk Management |
| Yoichi Miyamoto | ● | ● | ● | ● | | ● | ● | | |
| Kazuyuki Inoue | ● | ● | ● | ● | | ● | ● | | ● |
| Toshiyuki Imaki | ● | ● | ● | ● | ● | ● | | | |
| Kimio Handa | ● | ● | | ● | | | | ● | ● |
| Hiroshi Fujimura | ● | ● | | | | | ● | | |
| Toru Yamaji | ● | ● | | | ● | ● | ● | | |
| Kentaro Ikeda | ● | ● | | ● | ● | ● | ● | | |
| Motoaki Shimizu | ● | ● | | ● | ● | | | ● | |
| Tamotsu Iwamoto | ● | ● | ● | ● | | | | | ● |
| Junichi Kawada | ● | ● | ● | ● | | | | | ● |
| Mayumi Tamura | ● | ● | ● | ● | | | | ● | |
| Yumiko Jozuka | | ● | ● | | | | | | ● |

*4 "The Analects and the Abacus" is the Corporation's Credo.

Executive Officers (as of June 30, 2022)

President

Kazuyuki Inoue

Executive Vice President

Toshiyuki Imaki

Director, Building Construction Headquarters,
Director, Global Strategy Div.

Kimio Handa

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

Hiroshi Fujimura

Director, Sales & Marketing Headquarters,
In charge of Sales & Marketing,
Yumeshima (Osaka) Projects

Toru Yamaji

In charge of Business Innovation,
Emerging Frontiers,
New Business Development and LCV Business

Senior Managing Officers

Kentaro Ikeda

Director, Civil Engineering Headquarters,
In charge of Safety Administration & Environment

Yoshito Tsutsumi

Deputy Director, Building Construction Headquarters,
Director, Tokyo Branch,
In charge of Productivity Improvement

Masanobu Onishi

Director, Design Div., Building Construction Headquarters

Takeshi Sekiguchi

In charge of Engineering Business,
Director, LCV Headquarters,
In charge of Information Management

Takao Haneda

In charge of General Affairs,
Legal, Crisis Management and Group Companies,
Director, Corporate Ethics Help-line Office

Koichi Ishimizu

In charge of Kansai Area,
Director, Yumeshima (Osaka) Project

Managing Officers

Yoshiki Higashi

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

Tatsuya Shinmura

Director, Nagoya Branch

Kouichi Yamashita

Director, Kansai Branch,
In charge of Building Construction Yumeshima (Osaka) Projects

Akira Yamazaki

Director, Construction Technology Div.,
Building Construction Headquarters,
In charge of Procurement,
Building Construction Headquarters,
Technology and Intellectual Property

Toshihide Suenaga

In charge of Building Construction Sales & Marketing, Kansai Area,
Sales & Marketing Headquarters,
Deputy Director, Yumeshima (Osaka) Project

Mitsuo Morii

Assistant Director, Tokyo Branch

Shinichi Takiguchi

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

Haruhiko Washimi

Director, Investment and Development Div.

Takefumi Saito

Director, Tokyo Civil Engineering Branch

Kojiro Shimizu

Director, Tohoku Branch

Nobuhiko Sasaki

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

Kazuhiko Kato

In charge of Large-Scale Projects Promotion,
Civil Engineering Sales & Marketing Div.,
Sales & Marketing Headquarters

Executive Officers

Osamu Nakagawa

Director, Hokkaido Branch

Naruki Ohashi

Director, Yokohama Branch

Akinobu Sakao

Director, Kyushu Branch

Kazuya Osako

Director, International Civil Engineering Div.

Tomoaki Harada

Director, Chiba Branch

Hitoshi Fujita

Director, International Div.

Mika Kaneko

Director, Environmental Strategy Office,
General Manager, SDGs & ESG Promotion Dept., Corporate Planning Div.

Takayuki Sakakima

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

Hideo Yokoyama

Director, Building Construction Sales & Marketing Div.1., Sales & Marketing Headquarters

Hiroyuki Fujimoto

Deputy Director, Design Div., Building Construction Headquarters,
Director, Proposal & Solution Div., Design Div., Building Construction Headquarters

Takuya Ito

Deputy Director, Global Strategy Div.

Masakazu Hyodo

In charge of Finance & Accounting and IR

Toru Furuya

President and Representative Director,
Shimizu America, Inc.

Sadao Matsuhashi

In charge of Technology, Civil Engineering Headquarters

Toru Noda

In charge of Technology, Civil Engineering Headquarters

Yasuhide Yamada

In charge of Environment & Energy,
Corporate Planning Div.,
In charge of Sales & Marketing, Sales & Marketing Headquarters

Katsumi Sawahata

Director, Area Development Div., Sales & Marketing Headquarters

Naomi Onishi

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

Yasuhiro Takenaka

Director, Shikoku Branch

Shuji Kakegawa

Director, Institute of Technology

Fumio Asami

Director, Building Construction Sales & Marketing Div.2., Sales & Marketing Headquarters

Kenji Tsuzuki

Director, Civil Engineering Planning Div.,
Civil Engineering Headquarters

Toshiyuki Nakahara

Director, Hokuriku Branch

Hiroshi Murata

General Manager, Human Resources Dept.,
In charge of Workstyle Reforms

Naoki Iwagaki

Director, Hiroshima Branch

Toru Aoki

Director, Mechanical & Electrical Div.,
Building Construction Headquarters

Yoshiro Kobayashi

In charge of Building Construction Sales & Marketing, Chubu Area, Sales & Marketing Headquarters

Katsuyoshi Yuhara

Director, Building Construction Planning Div.,
Building Construction Headquarters and Monozukuri Training Center,
Building Construction Headquarters,
In charge of Tokyo Mokkaijou, Building Construction Headquarters,
Director, Shiomi Project Office

Corporate Social Contribution Activities

Basic Philosophy on Corporate Social Contribution Activities

Shimizu actively contributes to society and local communities as a corporate citizen.

By doing so, we help preserve the abundance of the earth and create a future society

in which all people on it can live with happiness.

Our activities are rooted in The Analects and the Abacus (Ethics and Economics),

which contains the basic principles for managing our business; and our corporate slogan,

Today's Work, Tomorrow's Heritage.

Based on the basic philosophy described above, Shimizu has specified four areas for key initiatives aimed at contributing to society: 1) Earth and the environment, 2) Education, 3) Culture and Arts, and 4) Social Inclusion. We are actively engaging in activities that contribute to local communities in these four areas. We also agree with the intent of the Japan Business Federation's One-Percent Club and are aiming to use 1% of our ordinary income in voluntary social contribution activities. In fiscal 2021, expenditures on social contribution activities as a percentage of ordinary income came to 1.89% (830 million yen in expenditures on social contribution activities/43.9 billion yen in ordinary income). The Company is engaged in various efforts in addition to the activities below, including activities to support the Shimizu Fund, which is deeply tied to the Company, and housing research foundation JUSOKEN. Such related expenditures are also included in expenditures on social contribution activities.

Participation in Accessibility Consortium of Enterprises (ACE)

ACE is a consortium of companies sharing the aim of improving employment and quality of the working environment for people with disabilities. It is striving to establish a new model for employing people with disabilities by holding seminars, workshops, forums, awards, and other events for those in charge of human resources and employees with disabilities. Shimizu also identifies with that philosophy and is actively participating in planning ACE events.

Yoichi Miyamoto, our Chairman, became the director of ACE in 2018. He leads ACE activities and also promotes internal initiatives aimed at employing people with disabilities and enabling them to make an active contribution to the company.

Tsunagi-no-Mori Project

Shimizu signed an agreement with Shizuoka Prefecture based on the Shizuoka Future Forest Supporter Program, which seeks to realize a system for society-wide support for rich forest development. At forests within Shizuoka City, Shimizu cuts the undergrowth, thins the trees, and plants trees to rejuvenate them. This program certifies companies that conduct forest development activities as a part of their CSR activities as Shizuoka Future Forest Supporters. Shimizu plans to gradually work on 0.3 hectares of forest over the next five years. We also provide forest and environmental education to children who participate.

Promoting the Spread of Parasports

Since 2014, Shimizu has held hands-on parasports events all over Japan to communicate the appeal of parasports to children. To communicate the fun and appeal of boccia, a parasport, Shimizu also cooperates in the development of CYBER BOCCIA S[®]*, a virtual game created with the latest technology. We aim to realize an inclusive society in which everyone can thrive through the continued spread of parasports.

* CYBER BOCCIA S is a registered trademark of Shimizu Corporation in Japan.



At ACE Forum 2021
* Front row (left to right): Shimizu Chairman Miyamoto, Mr. Taguchi of the Nippon Foundation, and Chairman Nakayama of Secom
Back row: President Yamaguchi of IBM Japan



Group photograph of project participants



Children trying CYBER BOCCIA S



Progress as Digital General Contractor

Senior Managing Officer
In charge of Engineering Business
Director, LCV Headquarters
In charge of Information Management

Takeshi Sekiguchi

In July 2021, Shimizu announced Shimz Digital General Contractor, our Mid-Term Digital Strategy 2020. We are promoting digitalization concept based on the three pillars of Monozukuri Using Digital Technology, Digitally Supported Monozukuri, and Digital Spaces and Services Provision.

In Monozukuri Using Digital Technology, we are promoting the utilization of BIM and CIM data so that we can link data, integrating everything from upstream to downstream project operations. At the same time, we are accelerating various efforts in the construction stage. These include construction management utilizing digital data from Smart Control Center and other sources, automation of tasks using construction robots, and parts fabrication using 3D printers under a production system called Shimz Smart Site.

In Digital Spaces and Services Provision, we have equipped our Mebks Toyosu, new Tohoku Branch Office, and new Hokuriku Branch Office buildings with our proprietary DX-Core building operating system (OS). We are currently rolling it out to customer facilities one at a time. For customers with multiple facilities, we offer DX-Core Cloud for centralized management of DX-Core information online, and we are working on preparations to provide Urban OS Cloud, which will deliver information that will be useful to users and local residents, including public information from around the facilities.

In Digitally Supported Monozukuri, we have prepared an infrastructure environment enabling safe work from anywhere at any time in anticipation of work styles under the new normal. We are also preparing a data management infrastructure, including project databases, and working on a business system infrastructure that includes digitalization of business processes and automation through RPA.

T O P I C S

As a Leading Digital General Contractor

Promoting group-wide information education

We have launched an initiative to improve the ICT utilization skills of all employees. We categorize teaching materials into beginner, intermediate, and advanced classes, taking into consideration the differences in individual skills, systems, and operations, focusing on e-learning so that they can study at their own pace. We will continue to increase the amount of teaching materials as we go.

Establishing new DX Department and Data Management Group

In October 2021, we established a new DX Promotion Department and Data Management Group in the Digital Strategy Office. The DX Promotion Department invites outside DX experts to promote and strengthen DX within the Shimizu Group. Meanwhile, the Data Management Group will promote data management and utilization, which is the main theme of digitalization.

Selected as DX Stock for second year running

We were selected as a DX Stock in 2022 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the second year running. DX Stocks are selected by industry category based on internal development of a system for promoting DX that has led to improvement of corporate value and demonstration of a track record in outstanding utilization of digital technology.

Monozukuri Using Digital Technology

Building Construction

Pursuing the best combination of the digital and the physical Toranomom / Azabudai Category 1 Urban Redevelopment Project

We are working on one of the largest construction projects in Japan in which we will create a new town, including a roughly 330-meter super high-rise building about the same height as Tokyo Tower in the Toranomom/Aazabudai area.

There are four building construction sections and one civil engineering section for a total of five sections. Shimizu is in charge of three of these, namely Block A (64 above-ground floors, five below-ground floors, two-floor tower, maximum height of roughly 330 meters), Block B-2 (54 above-ground floors, five below-ground floors, two-floor tower, maximum height of roughly 240 meters), and the Civil Engineering Section.



Illustration of completed project

Introducing Construction Robots that will Forge the Future of the Industry

At the construction site, we welded steel columns with our Robo-Welder welding robot. Two Robo-Carriers simultaneously conveyed materials horizontally, and this was linked with ELV. We will continue gradually introducing various robots, which help improve the environment at construction sites. For example, as welding robots become more widespread, welders will no longer have to wear full-body suits under the scorching sun in midsummer or stand in front of fires of several hundreds of degrees. Moreover, having conveyance robots transport the material to the specified location means that workers do not have to transport cargo. Welding and conveyance work can be carried out using a single tablet regardless of qualifications, so diverse human resources can be promoted to the construction site. Development of construction robots is one key to the future of the construction industry.



Robo-carrier for conveying materials horizontally (top) and Robo-Welder for welding (bottom)

SmartStation advanced information base station/next-generation distribution board for construction sites

SmartStation allows visualization of the status of the distribution board and remote control of lighting. It can also be used as a communication tool for browsing construction site information, morning meetings for scattered participants, web conferencing, and more. It also has a 360-degree camera allowing real time monitoring of the situation at the construction site from the office and can be used to build a Wi-Fi network to put in place a communication environment at the construction site. Computerization is accelerating in the construction industry. It is becoming commonplace to see workers at construction sites carrying smartphones and tablets around and going about their work while checking drawings, processes, and other information on apps. Use of IoT, ICT, robots, and other communication devices is also taking off, so it is essential to be able to connect to a network from the construction site. However, the multipurpose building in Block A is a super high-rise building that is more than 300 meters tall, so we faced a problem of signals not reaching above a certain floor. SmartStation solved this challenge and contributes to improved productivity at the construction site as an IoT device itself.



Working on SmartStation (top) and a morning meeting using the web conferencing function (bottom)

Special Contents

Civil Engineering

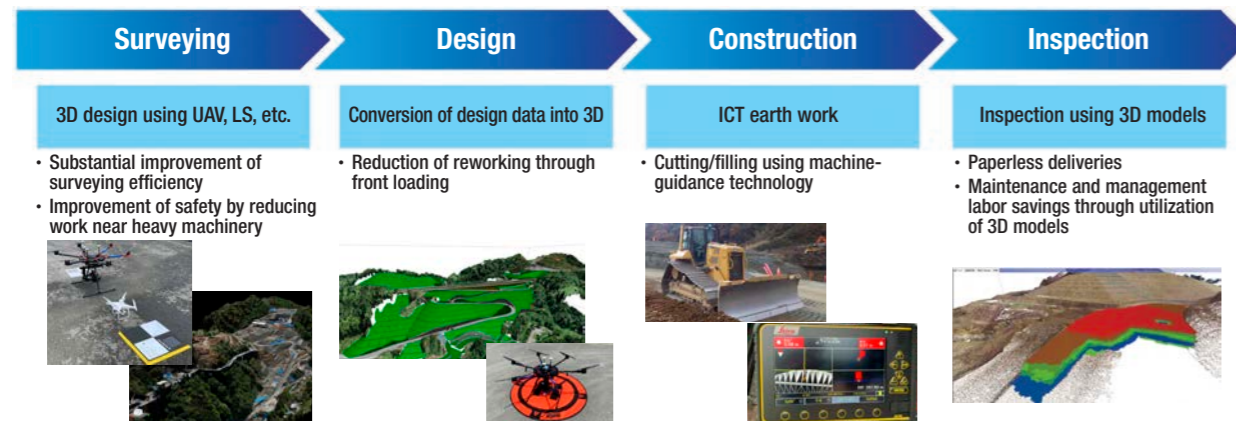
Working with customer to improve productivity making full use of ICT Shin-Tomei Expressway Kawanishi Project

Work is underway on the expressway network in Shin-Tomei to enhance its function as a major expressway that has supported people's lives and the economy for many years. The Kawanishi Project involves the new construction of a roughly 2.6-kilometer stretch along the border between Kanagawa and Shizuoka in the Yamakita area of Kanagawa. NEXCO Central has designated it as an ICT full utilization project.

We are actively working on i-Construction, which is premised on digitalization of all processes, from surveying and design to 3D calculation of quantities, construction, work progress control, and delivery, in the Kawanishi Project, making full use of ICT in an effort to improve productivity in civil engineering work.



Bird's eye view of Shiozawa section of Kawanishi Project (large-scale banking and tunneling work)



Overview of ICT Full Utilization Project

3D construction simulation and remote participation VR

Reproducing the topography, planimetric features, structures to be built, machinery to be used, and other elements in a virtual space and providing 3D construction simulations allows clients, contractors, and partners to check the construction procedures and safety measures, share the construction overview, and identify risks in detail.

In addition, the remote participation VR system brings off-site BIM/CIM departments and engineers with experience working on similar projects together in a VR model. This allows them to accurately confirm the situation at the construction site in real time, provide instruction, and review the project from where it is not actually possible to go on the expressway.

We improved the quality of preliminary reviews and realized new normal style meetings that prevent the "three C's" and eliminate the need for travel, thereby reducing participant travel time and the number of people participating in person. We believe this is an example of the possibilities of new ways of doing construction work.



Actual construction site (top) and 3D construction simulation (bottom)

Digital Spaces and Services Provision

DX-Core digitalization platform for centralized management of buildings

Shimizu has developed a building operating system (OS) called DX-Core, which is equipped with a building operation digitalization platform function for easily linking and controlling equipment and IoT devices inside the building with various applications.

DX-Core is a building operation digitalization platform that can be updated like a computer OS. Up to now, it has been difficult to link equipment and applications related to building operations due to them having different manufacturers, specifications, and programs. By treating the building itself as a computer, we have made it possible to add and link equipment and devices in "plug and play" fashion. Going through DX-Core, there is no need to make changes to the links when updating equipment or installing new equipment, so it is easy to update to the latest version and maintain the latest building functions.

It has already been installed at our Mebks Toyosu large-scale rental office building and our new Tohoku Branch Office and Hokuriku Branch Office buildings.

Through collaboration with other companies, Shimizu will gradually expand the hardware and applications that can be connected to DX-Core and provide a service menu tailored to building use and size.



Conceptual diagram of DX-Core

Digitally Supported Monozukuri

Promoting work styles for the new normal to work safely from anywhere at anytime

Since before the COVID-19 pandemic, Shimizu has been seeking to provide the infrastructure to allow safe work from anywhere at any time as a part of our workstyle reform initiative. We have improved our computer environment and enhanced our network environment while loaning smartphones to all employees for work and updating our internal telephone system.

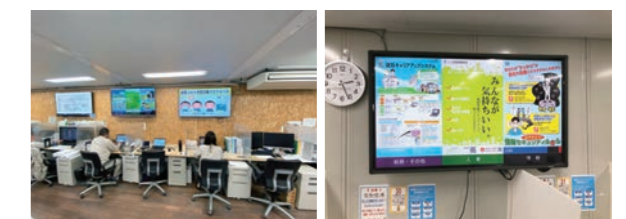
These measures have contributed greatly to peri- and post-COVID-19 workstyles.

In addition, we have promoted further digitalization of operations, including automation of operations through RPA, promotion of electronic approval and electronic contracts and elimination of stamping operations through a workflow system, and digitalization of estimates and invoices through standardization of formats and utilization of AI and OCR.

Furthermore, in January 2021, we introduced digital signage at

job sites all over Japan and utilize it to distribute digital posters and notifications to all offices at once, establish emergency contact, and post construction diagrams and signs.

By promoting digitalization, we are simultaneously converting to paperless operations and contributing to SDGs.



Notices on digital signage



The A district of the Toranomon-Azabudai District Category 1 Urban Redevelopment Project (Minato ward, Tokyo)



Shibaura 1-chome Plan Phase I (S Building) new construction (tentative name) after completion (Minato ward, Tokyo)

Building Construction Business

We will use all of our strengths to create even more reliable construction production systems based on strong organizational alliances that include Shimizu group companies. We will work to transform the building construction business, which is the core of our construction business, to enhance quality and improve competitiveness. Our goal is to anticipate changes in society and customer needs, expand business domains, and build a stable revenue base.

Contributing to the achievement of SDGs through business activities



Mid-Term Management Plan (2019-2023)

| Key Strategies | Progress Status |
|--|---|
| <p>We will accelerate the key strategies aimed at strengthening competitiveness and will achieve further improvement in technological capabilities and take on the challenge of new business domains.</p> <p>1. Improve productivity and sales capabilities</p> <ul style="list-style-type: none"> Innovate our building production systems to improve productivity, save labor and increase cost competitiveness Segment strategically at the regional level, enhance upstream business development capabilities, and strengthen the PFI function <p>2. Leverage technology to respond to customers' changing needs</p> <ul style="list-style-type: none"> Innovate building construction operations through increased use of AI, BIM, digitalization and other advanced technology-based machines and construction methods Continue focused activities for nuclear power-related facilities, including plant decommissioning and next-generation power plants <p>3. Expand renovations and enter new businesses</p> <ul style="list-style-type: none"> Leverage our extensive track record and expertise in construction to expand our business in building renovation, particularly large-scale interior renovation projects using BCP, ZEB/ WELL, etc. Identify and pursue opportunities for new business in building construction-related domains | <p>1. Enhance capabilities in handling large-scale projects</p> <ul style="list-style-type: none"> We won orders for large-scale regional distribution facilities, hyper scale data centers, and more in addition to large-scale urban projects (super high-rise buildings, redevelopment projects, etc.) We engaged in project-based technical development and on-site application (robots, Smart Station, etc.) We established a consortium related to technical partnerships in the fields of construction robots and IoT We installed world-class high-performance testing equipment (exterior curtain walls) We advanced computational design utilization (enhancement of structural review function, etc.) <p>2. Leverage technology to respond to customers' changing needs</p> <ul style="list-style-type: none"> Shimizu Group was selected for Tama Medical Campus improvement project (PFI) We accepted orders for wooden architecture and ongoing technical development We improved productivity by utilizing ICT (entrance/exit management using face authentication, work sites, etc.) We prepared a SHIMZ CREATIVE FIELD proposal utilizing position information (customer tours combined with Toyosu Smart City) We implemented building production process reform utilizing BIM (further promotion of Shimz One BIM) <p>3. Strengthen Group companies' management capability</p> <ul style="list-style-type: none"> We improved management efficiency through restructuring of group companies, etc. |

Enhancement of competitiveness through project-based technical development, utilization of digital technology, etc.

Like their metropolitan counterparts, as projects in rural areas increase in size and diversity, we are accelerating our project-based development of new technologies.

In fiscal 2021, we developed the Shimz Diagonal Grid R Frame Method, which improves the earthquake performance and workability of super high-rise buildings using diagonal grid pillars on a 3D-curved surface to support the building and began proposing its use in actual projects.

In addition, we will make full use of cutting-edge digital technologies and continue to take on challenges and carry out strategic initiatives to win orders for a variety of projects, from facilities related to the growing sports business to semiconductor plants and other large-scale production facilities, hyper scale data centers, and Smart Cities.



Illustration of Manufacturing Building No. 2 (K2) and new administration building at Kioxia Iwate after completion (Kitakami City, Iwate)
Manufacturing Building No. 1 (building at top right) completed in October 2019
Manufacturing Building No. 2 (building at top left) to be completed in 2023

Providing optimal services and solutions for building life-cycles (enhancing renovation business)

Under the group-wide renovation strategy, Shimizu is working to further enhance our renovation business by taking advantage of our solid construction track record and advanced environmental and BCP-related technologies.

In fiscal 2021, in addition to general office buildings and production facilities, we completed our fifth preservation project at World Heritage site Hiroshima Peace Memorial (Genbaku Dome) and the first preservation and repair work at the Nirayama Reverberatory Furnaces in 32 years. In addition, we completed expansion and renovation work at Yokohama Stadium (built in 1978 by Shimizu) in 2020 while the stadium was in use. Our aim in this project was to make the customer's concept of a "community ball park" a reality. We received the 31st BELCA Award (Best Remodeling Category) in 2021 for this work.

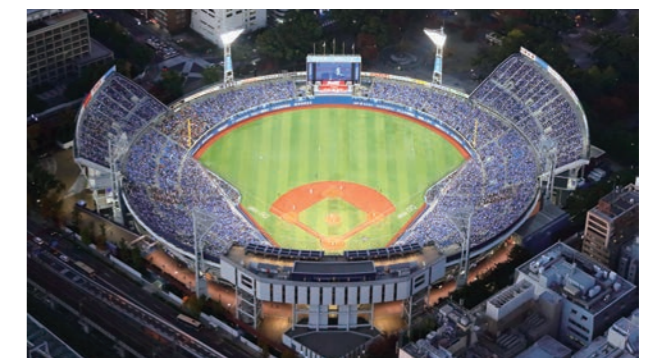
We will continue to provide optimal solutions for our customers'



News Release
SHIMZ CREATIVE FIELD, New Office Vision Using Digital Technology for the New Normal
<https://www.shimz.co.jp/en/company/about/news-release/2021/2021020.html>

TOPICS

needs corresponding to the building life-cycle and contribute to the creation of a sustainable future.



Expansion and renovation work at Yokohama Stadium (Yokohama City, Kanagawa) in 2020

Initiative to enhance technological competitiveness through development of wood technology

The field of wooden architecture is gaining more and more attention from the standpoint of global environmental conservation. Shimizu has developed Shimizu Hy-wood, a hybrid technology that allows for optimal wooden architecture by combining wood, steel frames, and concrete where they are best suited. It satisfies the high earthquake resistance and fire resistance requirements of medium- and large-scale wooden buildings and can be used to erect buildings that offer excellent design, workability, and economic efficiency.

Leveraging this technology, we received four wooden architecture projects in fiscal 2021. Various project is currently underway. We will continue to actively develop our sales and proposal activities, create further projects, and expand our track record as we work to further enhance our technological competitiveness.



Illustration of Kyoiku Kyoso Commons after completion at Okayama University in Okayama City, Okayama (to be completed in 2022)



Funatani River Bridge on the Yonago Expressway (Kofu-cho, Hino-gun, Tottori), opened in October 2021 after completion of the upper section

Civil Engineering Business

Contributing to the achievement of SDGs through business activities



Shimizu responds precisely to the dynamic changes in the environment surrounding the civil engineering business by developing and using new technologies and expanding our business domains to new areas. These activities enable us to meet the construction needs of and solve problems for communities and customers. We will contribute to safe, secure, and abundant living for everyone through high quality public infrastructure.

Mid-Term Management Plan (2019-2023)

Key Strategies

We will improve productivity and profitability by strengthening our organization and technological development, and will expand our business domains through external partnerships.

1. Strengthen organizational capabilities

- Increase the number of civil engineers, develop technically skilled talent for design and construction and renewable energy engineering, implement training to consistently transfer and embed expertise
- Develop sales personnel with advanced customer response and communication skills

2. Improve productivity through technology and innovation

- Full-scale implementation of i-Construction and CIM (Construction Information Modeling/Management); innovate production and management systems
- Develop differentiating technologies in key areas including infrastructure renovation, disaster prevention and mitigation, and energy

3. Expand businesses

- Grow the maintenance management and consulting businesses
- Expand upstream and downstream business by strengthening design and technology core competencies

Progress Status

1. Build a stable revenue base

- We received orders for large-scale, complex projects, including Lake Sagami headrace shield, Chuo Shinkansen Nagano Prefecture Station, and the Takenami section of Hijoshi Tunnel.
- We received an order to replace the Sugagaya elevated bridge floor slab on the Tomei Expressway in the field of large-scale expressway renovation.
- We added more civil engineers on an ongoing basis to secure a stable revenue base.

2. Promote and expand technological development

- We developed the world's first dual boom rock bolt driving machine (Rock Bolter) as an automation technology for construction of tunnels through mountains.
- We developed and implemented an on-site AI-based construction streamlining system called "Shimizu Shield AI" as a technology for automating tunnel planning and machine operation in shield construction and began working on automatic shield machine operations.
- We jointly developed a real-time automatic reinforcement inspection system with Sharp Corporation (for which we received multiple awards including the Minister of Land, Infrastructure, Transport and Tourism Award at the 4th Japan Open Innovation Awards).

3. Expand businesses

- We are constructing new concrete plant equipment for floor slab production in collaboration with SC Precon in the field of large-scale expressway renovation. We established a collaborative system with FaB-Tec Japan Corporation and THE NIPPON ROAD Co., Ltd. in the aim of proposing high-value-added technologies and winning joint venture construction orders.
- We launched design and manufacturing of the largest and highest performing mobile tower crane in Japan in collaboration with SC Machinery Corp. and IHI Transport Machinery Co., Ltd. to enhance competitiveness in the field of onshore wind power.

TOPICS

Making mountain tunnel construction even safer

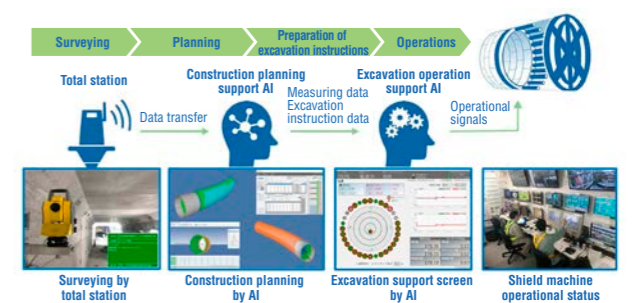
Generally, when constructing tunnels through mountains, holes are manually filled with mortar after the bedrock is drilled with a machine in order to prevent collapse of the ground after excavation, and then steel bars called rock bolts are inserted for anchoring. However, this manual labor is dangerous work that exposes workers to the risk of being caught up in a collapse of the wall face.

In the Maki Tunnel work (ordered by NEXCO Central) we are currently performing on the Tokai Hokuriku Expressway, we are trying out the world's first dual boom rock bolt driving machine (manufactured by Furukawa Rock Drill Co., Ltd. and called "Rock Bolter") to eliminate such dangerous work, and it allows a series of work to be performed completely by machine. Eliminating manual work not only improves safety but also helps save manpower.

We will continue making further improvements to achieve more manpower savings and greater safety.



Fully mechanized rock bolt work (using "Rock Bolter")
Maki Tunnel work on Tokai Hokuriku Expressway (Nanto City, Toyama)



Shield tunnel construction utilizing AI
Construction Work on Tunnels at Tokyo International Airport (Ota ward, Tokyo)

Otonaka Tunnel construction completed in Hokkaido after overcoming difficulties

The Otoineppu Bypass is a bypass on National Route 40 from Otoineppu Village to Nakagawa Town in Hokkaido. The work was performed to improve traffic punctuality and safety by reducing accidents and eliminating issues caused by avalanches.

Within this 19.0-kilometer section, we constructed the Otonaka Tunnel, which was the longest we have constructed to date (at a total length of 4,686 meters). When excavating the tunnel, we struggled with cracks and upheavals in the ground and deformation of the tunnel arch arising from the fragile serpentine rock formations. We completed the 12-year construction in June of this year after overcoming the difficulties in the work by implementing various measures such as adopting a circular triple support system and the center drift advancing method.

We will continue to contribute to local communities by persistently working on this kind of difficult construction projects.



Cross-section closure of main tunnel in center drift advancing method Otonaka tunnel excavation work in Otoineppu Village on National Route 40 (Otoineppu Village to Nakagawa Town in Nakagawa District, Hokkaido)

Two 2021 i-Construction Grand Prizes won

The i-Construction Grand Prize was founded in 2017 by the Ministry of Land, Infrastructure, Transport and Tourism as a program to recognize outstanding efforts to improve productivity at construction sites.

In 2021, Shimizu received two prizes, one for Construction Work on Tunnels at Tokyo International Airport and one for Visualizing and Advancing Site Management by Fully Utilizing Digital Tools. The former was shield tunnel work, and we were recognized for our automation of construction planning and excavation operations utilizing AI. The latter involved construction of extremely complicated structures at underground stations, which we streamlined by combining 3D models with cloud management systems, VR, and AR.

We will roll out this construction and management technology utilizing ICT to construction sites all over Japan while further developing it.



National Cancer Centre in Singapore, the largest proton therapy center in Southeast Asia

Overseas Construction Business

Shimizu utilizes its technological and proposal capabilities cultivated as a construction general contractor to pursue local business activities in many countries worldwide. We bring together our expertise in construction and design technology as well as real estate development, engineering, energy, the environment, and a wide range of other businesses to demonstrate Group integrated strengths and provide optimal solutions for diverse range of needs around the world.

Contributing to the achievement of SDGs through business activities



Mid-Term Management Plan (2019-2023)

Key Strategies

Progress Status

We will utilize our proposal and technological capabilities and integrated strengths to pursue a strategy of differentiation and diversification, and build a resilient structure for surviving in the global market.

1. Improve profitability of projects

- Establish competitive advantage for projects requiring advanced technology and expertise
- Increase Design and Build projects in new markets

2. Build organizational capabilities

- Retain and develop more global talent to deliver highly complex projects, grow related businesses, and increase resiliency
- Strengthen proposal skills through greater internal collaboration (process engineering for production facilities, BCP, and renovation)

3. Expand and broaden global presence

- Build global alliances with leading companies in construction-related fields, IT, real estate development, smart cities, and renewable energy
- Grow the PPP, infrastructure operations, construction management and consulting businesses

1. Improve profitability of projects

- Pursued a diverse range of projects that capitalize on Shimizu's strengths in design, construction, and advance technology (built ultra high-rise buildings, advanced medical facilities, and luxury hotels in addition to production facilities and public infrastructure)

2. Build organizational capabilities

- Seized the opportunity presented by COVID-19 to accelerate digital transformation (DX) of job site management
- Built operations led by local personnel with an eye toward the future

3. Expand and broaden global presence

- Collaborated on Trinity Tower and other real estate development projects
- Collaborated with other businesses in the Shimizu Group to develop greater depth in business expansion.

TOPICS

Steady growth in medical facility and office building construction record (building construction)

While Shimizu builds a diverse array of production facilities, we are also focusing on construction of medical facilities, ultra high-rise and large office buildings, and multipurpose complexes around the world. We have used our expertise and extensive record in Japan to complete construction of numerous medical facilities in Singapore, Taiwan, and Africa. Construction of another medical facility is also underway in Singapore. We are currently designing and building of a large office building in Singapore and an ultra high-rise office building and multipurpose complex in Indonesia. Shimizu has completed a series of buildings worthy of being called landmarks. We will continue to hone our advanced technological and steadfast response capabilities to solve the issues that each country faces.



Radiation Science and Proton Therapy Center (Taipei)

Contributing to the growth of Asia and Africa through infrastructure construction (civil engineering)

Shimizu adapts each project to the construction conditions specific to each country as we build public infrastructure that will facilitate economic growth and respond to urbanization in different countries. We have shared the expertise and knowledge of Japan and hired and trained local talent as we worked on such projects.

In Asia, Shimizu completed Phase I and is working on Phase 2 of the MRT*¹ North-South line construction project in Jakarta. In Manila, we are constructing the rail yard for the first subway and LRT*² in the Philippines. Shimizu has worked on numerous transportation projects in the capital cities of Singapore, Vietnam, Taiwan, Hong Kong, and other countries. Shimizu is involved in two projects in Africa. In Uganda, we are building a bridge over an intersection and performing other road improvements to alleviate chronic traffic jams in the capital of Kampala. In Ghana, we are performing construction

to renovate a national highway that connects the second largest city to the major international artery on the coast.

*1 Mass Rapid Transit that includes a subway
*2 Light Rail Transit



Jakarta MRT North-South line, which includes the first subway in Indonesia



Road improvement to build a bridge over an intersection in Kampala, Uganda

Corporate regional headquarters centralizes management of the North American business

In April 2020, we established Shimizu America Inc. as the regional headquarters of North America to integrate management and operation of our North American businesses. This integration is facilitating business expansion by speeding up decision-making, creating synergies between businesses, aiding the roll out of businesses tailored to local characteristics, and enabling detailed management.



News Release
Shimizu JV Awarded Contract for Jakarta MRT North-South Line Phase 2, Following on Phase 1
<https://www.shimizu.co.jp/en/company/about/news-release/2020/2019049.html>



MiChi no Terrace Toyosu (Koto ward, Tokyo) opened in April 2022

Contributing to the achievement of SDGs through business activities



Investment and Development Business (Real Estate Development Business)

We are expanding our business domains and areas, bearing in mind the optimal business portfolio for further growth of the Investment Development Business (Real Estate Development Business). We will realize comfortable and efficient urban development leveraging the technology and collective strength of the Shimizu Group. To expand building stock business for the entire Group, we will form a private REIT and work on developing and implementing a real estate value chain.

Mid-Term Management Plan (2019-2023)

Key Strategies

We will expand business domains and areas with the optimal portfolio for further growth in mind and will utilize Shimizu Group technologies to develop comfortable, efficient communities.

1. Expand asset portfolio

- Increase the amount of assets for sale and lease
- Expand the logistics facility business and develop other growth markets

2. Create new value through all facets of urban development

- Create new value in office buildings through ecoBCP, renovation, and innovations in sustainability
- Increase activities in regionally focused community development and large scale urban planning and development

3. Optimize overseas portfolio

- Diversify the countries targeted for investment based on growth potential and risk profile
 - i : Singapore: New development and leasing of offices and other buildings, and re-development of former company sites
 - ii : ASEAN: Housing development lots, development and leasing of offices and other buildings
 - iii : U.S.: Renovation and development to increase the value of existing properties, and new development of rental housing and industrial properties
- Strengthen alliances

Progress Status

1. Expand businesses leveraging the steady growth and strengths of our core businesses

- In Japan, we completed development of 10 properties, including Yokohama Grange, S.LOGi NIIZA, and MiChi no Terrace Toyosu, and acquired six existing buildings (adding approximately 510,000 square meters of rental real estate).
- We completed construction of the office building and hotel building of the Toyosu 6-chome plan, which is a large-scale development utilizing digital technology, ICT, and smart city technology. The entire district, which is now open, has been named MiChi no Terrace.
- We acquired existing office buildings, including Ginza Shimizu Building and Kanda SP Building, for future development.
- We started development work on S.LOGi Fukuoka Airport, which will be the first cold storage logistics facility in Kyushu.
- We established an asset management company to launch a private REIT in order to expand the Group's asset management business.

2. Optimize overseas business portfolio

- Overseas, we completed development of three properties, including in the Robinson Road project in Singapore, and acquired four properties in New York, including Albano Building (adding approximately 100,000 square meters of rental real estate).
- We acquired two rental office buildings in Boston, Massachusetts, USA jointly with a local partner, and plan to invest around 1 billion yen to improve the value by expanding infrastructure facilities.
- Utilizing our group-wide sales network, we are securing excellent local partners and promoting efforts to put together new projects.

TOPICS

Grand opening of MiChi no Terrace mixed-use development

MiChi no Terrace had its grand opening on April 15, 2022, and we held an event. This development is a mixed-use development block with a total floor area of approximately 120,000 square meters centered on a large-scale rental office building and one of the largest hotels in the Toyosu area. A traffic square serving as a terminal for highway buses and BRT is located at the center of the development. Above it is a deck area which is operated as Toyosu MiChi no Eki, an urban roadside station that acts as a transportation hub, a place of communication and interaction, and a disaster response hub. The development is located in the area of Toyosu Smart City, which was selected by the Ministry of Land, Infrastructure, Transport and Tourism as a smart city advance model project. A "digital twin city" has been built fusing physical and cyber spaces.

Shimizu Real Estate Asset Management Corp. established

In August 2021, we established Shimizu Real Estate Asset Management Corporation for the launch of a private REIT in fiscal 2022. We are positioning the formation of a private REIT as one means of expanding our real estate related business. Shimizu intends to build the portfolio for the private REIT mainly around properties offering both environmental performance and BCP functions that the Group has developed, designed, and constructed. We also aim to maintain and enhance long-term stable property value by continuing to provide property management services by the Shimizu Group.

Proceeds from the sale of properties to the private REIT will be reinvested in new development properties. We expect the supply of high-quality properties to communities to lead to growth of our real estate development business.



Illustration of new company

Office buildings acquired on main street of Boston

In February 2022, we acquired office buildings at 535 and 545 Boylston Street in the Back Bay neighborhood of Boston, Massachusetts through U.S. subsidiary, Shimizu Realty Development (U.S.A.), Inc. Boylston Street is a main street of Boston, and these properties are in a popular area with many office buildings, restaurants, and commercial facilities. Demand for R&D offices, especially for life sciences companies, is on the rise in Boston, which is an academic city. As such, on top of the current stable revenue, we aim to further increase the value by enhancing the fixtures and equipment on some floors to support R&D offices.

Shimizu plans to further expand investment in North America, adding these properties to our portfolio after previously acquiring the Albano Building, a rental office building in New York City, in 2019 and The Shaw, a luxury apartment building in Washington, D.C., in 2020.



Office buildings located at 535 and 545 Boylston Street in Boston (USA)

Groundbreaking on Nagoya Marunouchi 1-chome Plan for development of large-scale rental office building

Construction commenced on the Nagoya Marunouchi 1-chome Plan for development of a large-scale rental office building, a joint project of Shimizu Corporation, Fukoku Mutual Life Insurance Company, and Shimizu Comprehensive Development, in October 2021. The plans are based on the concept of an office that can accommodate diverse workstyles and fulfill the three functions of adaptation to the new normal, environmental friendliness, and BCP response.

In August 2021, the building was selected for the Leading Project for Sustainable Buildings (CO₂ reduction) by the Ministry of Land, Infrastructure, Transport and Tourism. This was in recognition of the introduction of cutting-edge AI/IoT technology centered on our DX-Core building OS, the creation of spaces for new normal workstyles featuring shared conference rooms exclusively for tenants and co-working spaces, and the advanced office model featuring new air conditioning and lighting systems offering both energy savings and support for diverse workstyles. We will continue to concentrate the collective strength of Shimizu on completing the construction in January 2024 to realize an advanced office building for the new normal.



Exterior perspective drawing of Nagoya Marunouchi 1-chome Plan (Nagoya City, Aichi)



SEP* vessel for construction of offshore wind power plant (under construction) * Self-Elevating Platform

Contributing to the achievement of SDGs through business activities



Engineering Business

Shimizu is expanding and strengthening the four core areas of energy, environmental purification, plant and ICT on an ongoing basis to build a sustainable growth base. We will also strive to utilize the potential of these four areas without limiting ourselves to the existing framework to break into new businesses and create value that exceeds the expectations of society.

Mid-Term Management Plan (2019-2023)

Key Strategies

We will focus on energy, environmental purification, life sciences, and digital solutions and realize zero carbon communities and safe, secure, and healthy living environments.

1. Expand the EPC business in the four core areas of energy, environmental purification, plant and ICT

- Increase Shimizu's share of large onshore and offshore wind farm projects
- Broaden environmental decontamination engineering capabilities building on existing soil decontamination technologies
- Increase orders of efficient plant turnkey operations by automating advanced production facilities
- Expand ICT systems projects

2. Enter new markets and diversify our revenue base

- Break into new areas such as next-generation energy, life sciences, advanced digital technology, and marine resource development; pursue alliances with venture firms and cross-industry players
- Move into advanced facility operation and management

Progress Status

1. Expand the EPC Business

- We co-created with customers from the upstream stages of projects and received EPC orders that integrate the process from planning through execution.
- In the field of offshore wind power, we moved forward on building a system of execution, including SEP vessel building and an alliance with a leading European company, to begin working on projects off the coast of Nyuzen, Toyama, inside Ishikari Bay New Port in Hokkaido, and others.
- We worked on construction of seven power generation facilities in the onshore wind power field.
- By further enhancing our environmental clean-up technology, we worked on landing orders in Japan and abroad centered on soil contamination countermeasures.
- We strengthened our solution proposals for addressing the needs of a decarbonized society, factoring in manufacturing energy at plants on top of our smart factory efforts, and worked on cultivating plant projects.
- Combining the BECSS integrated building management system, edge AI, and the DX-Core building OS, we proposed ICT solutions for a wide range of customers and facilities.

2. Enter new markets

- We developed VR-Commons, a new educational system utilizing VR, and proposed it to educational institutions.
- We carried out demonstrations for the practical application of floating offshore wind turbines in collaboration with other companies.

3. Establish a foundation for the Global Business

- We established locations in Vietnam and the United States to promote sales activities and collaboration with local companies.

4. Diversify our revenue base

- We built a system for service provision to continuously respond to customer needs through updates to building functions and added value in the development of our DX-Core building OS business.

TOPICS

Energy field

Promoting construction of onshore wind power projects

Aiming to capture the top share of wind power plant EPC, we have steadily built a system for execution that includes an alliance with a leading European company and strengthening of human resources in preparation for the completion of SEP vessels and the launch of actual projects in the field of offshore wind power. In fiscal 2021, we worked on construction of seven power generation facilities (total of 116 wind-mills with a total capacity of 455.5 MW) in the field of onshore wind power while also planning new projects and engaging in marketing activities.



ReENE Rokkasho-Mura Wind Power Plant (Rokkasho-mura, Kamikita-gun, Aomori)

Plant field

Completion of Shiseido Osaka-Ibaraki Plant/West Japan Distribution Center

We provide turnkey engineering integrating production equipment and buildings covering everything from planning and design to trial operation. In this project, we created a 3D model of the overall manufacturing room in the planning stage and shared an illustration of the work situation for all involved, including operators, from the equipment layout plan to the flow of people and goods. In addition to increasing the accuracy of construction, we worked on improving the manufacturing process.



Lotion Manufacturing Room at Shiseido Osaka-Ibaraki Plant (Ibaraki City, Osaka)

Environmental purification field

Removing soil contamination through soil washing, in-situ purification, etc.

We are actively working on the development of technologies such as in-situ purification that can be applied on-site in various contamination situations. With plans to roll out these technologies throughout Southeast Asia, we have signed an agreement on technology exchange in the field of cleaning up soil and groundwater contamination with the Bandung Institute of Technology in Indonesia. Going forward, we aim to work on verification of the feasibility of applying our technology in soil and groundwater environments that differ from those of Japan and implement environmental cleanup projects.



Joint holding of workshop on soil and subterranean water contamination with Bandung Institute of Technology (Indonesia)

ICT field

Developing VR-Commons* hands-on collaborative learning system

As the only ICT-specialized engineering business unit of a general contractor, we have developed a large number of solutions that address diverse facility applications and changing customer needs. VR-Commons is a VR system that creates a forum for group and hands-on learning. We are providing a new collaborative learning environment for the changing landscape of education, including the normalization of online classes amid the COVID-19 pandemic.

*VR-Commons is a registered trademark of Shimizu Corporation in Japan.



Group learning using VR-Commons



News Release
Leading European Company and Shimizu Conclude an Alliance for the Offshore Windfarm Construction
<https://www.shimz.co.jp/en/company/about/news-release/2021/2021022.html>



Solar power generation PPA*1 on campus at Josai University (Sakado City, Saitama)

Contributing to the achievement of SDGs through business activities



LCV

Shimizu will create value over the lifecycle of buildings and infrastructure, energy, and communities and improve user satisfaction to build a sustainable future based on the business concept of LCV (Life Cycle Valuation).*2

*1 PPA: Power purchase agreement

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

Mid-Term Management Plan (2019-2023)

Key Strategies

Progress Status

Shimizu will create value and improve user satisfaction over the lifecycle of buildings, infrastructure, and communities by providing a diverse range of services such as energy and management and operation.

1. Expand service businesses

- Become a one-stop Building Service Provider (BSP) through facility operations based on equipment servicing and further expand Facilities Management, Property Management, and Building Management businesses with group alliances and advanced technology
- Provide health and well-being to users through the WELL (wellness) service business

2. Expand power and concession businesses

- Expand power generation and supply of renewable energy sources
- Strengthen infrastructure concessions business for airports and roads

3. Leverage advanced technology to promote services business and create smart cities

- Create an infrastructure and facilities database, participate in new businesses using IoT and AI for cutting edge community development (voice navigation service, location information service, etc.)
- Create smart cities by building an urban OS (Operating System)

1. Expand facility management services in response to changes in the social environment

- Shimizu expanded business activities that create value and provided services and solutions using the themes of zero carbon, the new normal, and digital as entry points.
- To achieve the goal of eliminating carbon emissions, we began rolling out our carbon neutral partner service to support our customers in their efforts (three projects)
- We enhanced our WELL Certification consultation service (three certifications acquired and 14 consultations underway).
- We built an efficient operating system and strengthened the management structure through the use of digital tools.

2. Expand various renewable energy and power generation projects and strengthen infrastructure management initiatives

- We launched operations at three solar power plants (total of 36.5 MW).
- We run renewable energy power plants (total of 72.5 MW).
- We accelerated our solar, wind, biomass, geothermal, and small-scale hydroelectric power generation efforts
- Wholly owned subsidiary Smart Eco Energy expanded its electric power retail business.
- Our PPP Business Unit strengthened its system for working in the infrastructure management business.

3. Accelerate the expansion of the ICT service business and smart cities

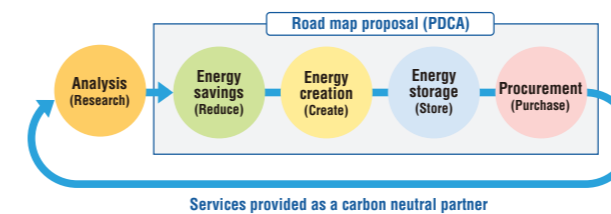
- We introduced a voice navigation system for National Museum of Emerging Science and Innovation (Miraikan) and Toyosu Smart City.
- We used the opening of the Toyosu 6-chome redevelopment project to accelerate creation of a smart city encompassing the entire Toyosu area and contributed to new community development.

BSP field

Carbon neutral partner

To achieve the goal of eliminating carbon emissions, we will develop a carbon neutral partner service to support our customers in their efforts. Analyzing current energy use, we propose optimal energy savings, energy creation, energy storage, and procurement via the latest technology according to the facility conditions and customer needs.

At Josai University, we prepared and proposed a road map for eliminating carbon emissions based on an energy analysis. As the first step, solar panels were installed on idle land on the campus, and we provide an on-site PPA service supplying green electric power. The university is able to procure green electric power at the same electricity rate as before with no initial investment. We will continue to roll out these efforts, including further proposals, in various fields.



Services provided as a carbon neutral partner

WELL certification

We provide a consulting service for acquiring WELL Certification, which is a certification for buildings that take health and well-being into consideration as it becomes increasingly important to contribute to the new normal and SDGs and communicate such efforts to society. The diverse projects we have worked on in Japan and overseas include not only new buildings but also existing facilities. In the future, we will expand the service to include other certifications such as CASBEE-Wellness Office.



Shimizu Corporation Hokuriku Branch where WELL Certification was acquired (Kanazawa City, Ishikawa)

TOPICS

Renewable energy and power generation field

We are engaged in research and development on wind power, solar power, biomass power, hydropower, geothermal power, and more for the expansion of renewable energy. In the field of solar power, we launched operations at the Tsukuba Farmland Solar Power Plant and the Omitama Solar Power Plant. In the field of geothermal power, we are conducting research for development of geothermal resources in the southern area of Omatsukurayama, Shizukuishi-cho, Iwate-gun, Iwate. We also engage in centralized management of power plants all over Japan.



Geothermal power in southern area of Omatsukurayama (Iwate-gun, Iwate)
*Feasibility study underway

Centralized management of power plants all over Japan



(Real time monitoring screen)

Electric power retail field

In addition to expanding its retail business based on electric power from renewable energy, our wholly owned subsidiary Smart Eco Energy has begun selling renewable energy certificates, which is environmental value included in power generated from renewable energy. Through decarbonization solutions such as environmental value and environmental consulting, it will contribute to the realization of a sustainable future for companies and society, leveraging the knowledge and experience cultivated by the Shimizu Group.



Renewable energy certificate



Small rocket launching business (image courtesy of SPACE ONE)

Emerging Frontier Business

Shimizu will contribute to the sustainable development of the earth and humankind by expanding the sphere of human activities from “onshore” to “offshore,” and from “earth” to “space.” We will also contribute to climate action and conservation of the global environment through our Harmony with Nature Business and invest in startups to lay the foundation for the next generation.

Contributing to the achievement of SDGs through business activities



Mid-Term Management Plan (2019-2023)

Key Strategies

Shimizu will contribute to the sustainable development of the earth and humankind by expanding the sphere of human activities from “onshore” to “offshore,” and from “earth” to “space.”

We will contribute to global environmental protection and regional vitalization through measures to combat climate change by co-existing in harmony with nature.

We will invest in promising venture companies as a strategic move for the next generation.

1. Expand ocean and space businesses

- Create a new market for “ocean cities of the future” and establish a one-stop business model for design, construction, and facility management
- Enter the small rocket launching business, develop businesses that utilize satellite data, and pursue R&D on use of lunar resources, construction of lunar structures, and other uses of the moon

2. Launch environmentally innovative agri-businesses

- Further development of plant factory business with a closed farming system
- Production of microalgae, a highly efficient method of producing non-animal proteins and fats, bioplastics (new materials derived from wood), and other forms of petrochemical-free materials
- Utilize agricultural crop residues and revitalize local agriculture

3. Invest in next-generation construction technology and global-scale solutions

- Enter new businesses by investing in promising venture firms and cultivating current collaborations

Progress Status

1. Develop a business model for ocean city development

- We promoted group-wide technological development related to floating design, construction, maintenance, and management.
- We are working on activities to win orders for floating structure projects.

2. Lead the new era of space business as a general space company

- We promoted commercialization of our small rocket business.
- We promoted commercialization of our satellite data utilization business.
- We promoted moon development use.

3. Build an agriculture and fisheries business for bringing about environmental innovation

- We managed agricultural projects (strawberry cultivation project in Hokkaido and regional agricultural cooperative in Kochi).

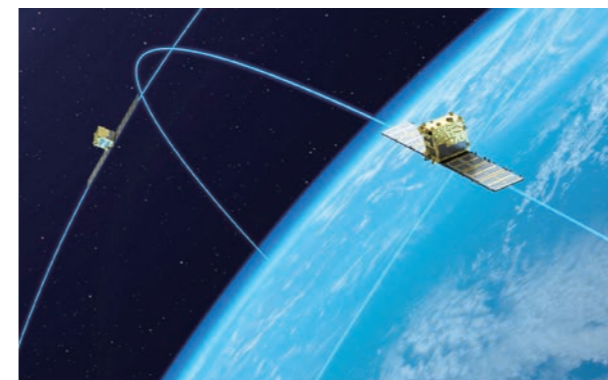
4. Invest in next-generation construction technology and new global solution businesses

- We acquired next-generation construction technology utilizing corporate venture capital.

TOPICS

Space development business

We will promote the development of various applications of our proprietary satellite positioning analysis technology as a satellite data utilization business, starting with construction management, such as for detecting subtle displacement or deformation of ground surfaces and large-scale structures and surveillance of heavy equipment. In addition, we aim to develop products that leverage the technological advantages of both the Synthetic Aperture Radar (SAR) analysis technology of Synspec Inc., which we are investing in, and our proprietary satellite positioning analysis technology.



Strix-α, a small SAR satellite (Synspec Inc.)

Ocean development business

We are developing technology for floating structures and proposing Float City to solve social issues such as rising sea levels caused by global warming and land shortages associated with the concentration of populations in cities. We are also combining our planning capabilities in building construction for housing, infrastructure, and energy-related facilities with our offshore civil engineering technical capabilities to take on the challenge of creating a new market for using the space above the ocean surface.



Illustration of city coast with GREEN FLOAT II installed offshore



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

Harmony with nature business

As the creation of a society in which people coexist with nature is promoted, we are working on new businesses in the field of harmony with nature, including agriculture, forestry, and fisheries. Up to now, we have taken on strawberry cultivation in Hokkaido and coordination of agricultural produce shipments in Kochi, and we aim to contribute to community vitalization through these businesses.



Tomatoh Farm

Business investment (Start-ups)

To strengthen R&D and expand our business domains, we have established an investment budget of 10 billion yen to invest in venture companies and venture funds. We will invest flexibly in promising ventures in Japan and abroad in collaboration with our Us-based Silicon Valley Innovation Center and work on technical demonstrations and open innovation activities to create new business models.



Target areas for corporate venture capital investment

Ten-Year Highlights (Consolidated)

Shimizu Corporation and its subsidiaries
Years ended March 31, 2013 through 2022

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | Millions of Yen (unless otherwise indicated) | | | | | | | | | | Thousands of U.S. Dollars (unless otherwise indicated) |
| For the year: | | | | | | | | | | | |
| Construction orders awarded | ¥1,254,950 | ¥1,474,084 | ¥1,581,494 | ¥1,477,049 | ¥1,565,928 | ¥1,608,266 | ¥1,816,023 | ¥1,318,739 | ¥1,252,078 | ¥1,561,898 | \$12,759,566 |
| Net sales | 1,416,044 | 1,497,578 | 1,567,843 | 1,664,933 | 1,567,427 | 1,519,435 | 1,664,960 | 1,698,292 | 1,456,473 | 1,482,961 | 12,114,711 |
| Operating income | 13,101 | 26,054 | 50,032 | 94,668 | 128,835 | 121,373 | 129,724 | 133,894 | 100,151 | 45,145 | 368,804 |
| Ordinary income | 17,330 | 29,277 | 56,246 | 95,501 | 131,197 | 124,130 | 133,957 | 137,986 | 105,465 | 50,419 | 411,890 |
| Net income attributable to shareholders of the Corporation | 5,901 | 14,191 | 33,397 | 59,322 | 98,946 | 84,978 | 99,668 | 98,977 | 77,176 | 47,761 | 390,175 |
| Net income per share of common stock (yen and U.S. dollars) | ¥7.52 | ¥18.09 | ¥42.56 | ¥75.61 | ¥126.11 | ¥108.31 | ¥127.04 | ¥128.31 | ¥101.17 | ¥64.09 | \$0.52 |
| Cash dividends per share of common stock (yen and U.S. dollars) | ¥7.00 | ¥7.00 | ¥8.00 | ¥16.00 | ¥26.00 | ¥26.00 | ¥36.00 | ¥38.00 | ¥30.00 | ¥23.00 | \$0.19 |
| Ordinary dividends (yen and U.S. dollars) | ¥7.00 | ¥7.00 | ¥8.00 | ¥10.00 | ¥10.00 | ¥14.00 | ¥14.00 | ¥20.00 | ¥20.00 | ¥20.00 | \$0.16 |
| Special dividends (yen and U.S. dollars) | — | — | — | ¥6.00 | ¥16.00 | ¥12.00 | ¥22.00 | ¥18.00 | ¥10.00 | ¥3.00 | \$0.02 |
| Dividends payout ratio (%) | 93.1 | 38.7 | 18.8 | 21.2 | 20.6 | 24.0 | 28.3 | 29.6 | 29.7 | 35.9 | 35.9 |
| ROE (%) | 1.8 | 3.9 | 7.9 | 12.4 | 18.8 | 13.9 | 14.4 | 13.6 | 10.0 | 5.8 | 5.8 |
| Net cash provided by (used in) operating activities | 46,364 | 17,395 | 56,105 | 38,335 | 143,668 | 82,879 | (14,933) | 170,557 | 80,674 | 77,772 | 635,340 |
| Net cash provided by (used in) investing activities | (29,744) | (27,977) | (17,644) | (14,051) | (34,654) | (30,938) | (52,652) | (115,745) | (113,954) | (89,308) | (729,586) |
| Net cash provided by (used in) financing activities | (14,045) | (28,592) | 14,305 | 9,199 | (65,375) | (26,124) | (42,404) | 68,732 | (42,710) | 19,634 | 160,400 |
| Cash and cash equivalents at end of year | 216,634 | 183,440 | 242,482 | 274,167 | 315,803 | 341,158 | 229,978 | 352,722 | 276,321 | 287,134 | 2,345,675 |
| At year-end: | | | | | | | | | | | |
| Net assets | 358,094 | 376,048 | 481,896 | 485,655 | 576,879 | 656,330 | 735,242 | 736,412 | 821,446 | 875,172 | 7,149,516 |
| Total assets | 1,456,441 | 1,512,686 | 1,703,399 | 1,722,936 | 1,688,197 | 1,780,943 | 1,860,794 | 1,904,934 | 1,908,674 | 2,128,356 | 17,387,114 |
| Net assets per share of common stock (yen and U.S. dollars) | ¥452.79 | ¥474.43 | ¥607.82 | ¥612.70 | ¥728.78 | ¥829.58 | ¥929.72 | ¥957.56 | ¥1,068.74 | ¥1,116.89 | \$9.12 |
| Interest-bearing debt | 367,097 | 344,222 | 375,580 | 392,482 | 340,010 | 338,264 | 319,400 | 441,315 | 422,688 | 495,140 | 4,044,933 |
| Equity ratio (%) | 24.4 | 24.6 | 28.0 | 27.9 | 33.9 | 36.5 | 39.2 | 38.3 | 42.7 | 38.7 | 38.7 |
| Debt to equity ratio (times) | 1.03 | 0.92 | 0.79 | 0.82 | 0.59 | 0.52 | 0.44 | 0.60 | 0.52 | 0.60 | 0.60 |

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

2. U.S. dollar amounts have been translated at the exchange rate of ¥122.41 to U.S.\$1, the approximate rate prevailing at March 31, 2022.

3. The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the fiscal year ended March 31, 2019. Accordingly, Total assets and Equity ratio for the fiscal year ended March 31, 2018 are represented in accordance with the aforementioned standard, etc.

4. The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant Guidances effective from the fiscal year ended March 31, 2022.

Consolidated Balance Sheet

Shimizu Corporation and its subsidiaries
As at March 31, 2022

| | Millions of Yen | | Thousands of U.S. Dollars (Note 2) |
|---|-------------------|-------------------|---------------------------------------|
| | 2021 | 2022 | 2022 |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | ¥214,321 | ¥250,134 | \$2,043,412 |
| Notes and accounts receivable—trade | 484,445 | 684,217 | 5,589,558 |
| Marketable securities | 62,000 | 37,000 | 302,262 |
| Real estate for sale | 3,158 | 7,097 | 57,979 |
| Costs on uncompleted construction contracts | 69,538 | 30,742 | 251,146 |
| Costs on uncompleted real estate development projects | 17,143 | 14,419 | 117,796 |
| Other inventories | 52,086 | 2,909 | 23,768 |
| Other current assets | 112,062 | 124,711 | 1,018,804 |
| Less: Allowance for doubtful accounts | (1,157) | (1,147) | (9,374) |
| Total current assets | 1,013,598 | 1,150,085 | 9,395,354 |
| Non-Current Assets: | | | |
| Tangible fixed assets: | | | |
| Buildings and structures | 295,399 | 360,731 | 2,946,909 |
| Machinery, vehicles, tools, furniture and fixtures | 81,508 | 136,172 | 1,112,430 |
| Land | 250,111 | 298,667 | 2,439,897 |
| Construction in progress | 44,936 | 49,941 | 407,983 |
| Less: Accumulated depreciation | (170,056) | (230,887) | (1,886,181) |
| Total tangible fixed assets | 501,899 | 614,625 | 5,021,039 |
| Intangible fixed assets | 19,140 | 21,069 | 172,121 |
| Investments and other assets: | | | |
| Investment securities | 355,679 | 326,835 | 2,670,006 |
| Deferred tax assets | 2,471 | 2,722 | 22,244 |
| Other investments | 17,821 | 14,948 | 122,115 |
| Less: Allowance for doubtful accounts | (1,936) | (1,930) | (15,767) |
| Total investments and other assets | 374,035 | 342,576 | 2,798,599 |
| Total non-current assets | 895,076 | 978,271 | 7,991,759 |
| Total assets | ¥1,908,674 | ¥2,128,356 | \$17,387,114 |

| | Millions of Yen | | Thousands of U.S. Dollars (Note 2) |
|---|-------------------|-------------------|---------------------------------------|
| | 2021 | 2022 | 2022 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Notes and accounts payable-trade | ¥280,980 | ¥325,953 | \$2,662,804 |
| Short-term borrowings | 143,705 | 130,609 | 1,066,979 |
| Current portion of non-recourse borrowings | 7,851 | 8,758 | 71,553 |
| Commercial papers | — | 50,000 | 408,463 |
| Current portion of bonds payable | 10,000 | — | — |
| Current portion of non-recourse bonds payable | 1,265 | 13,761 | 112,424 |
| Advances received on uncompleted construction contracts | 99,340 | 107,630 | 879,266 |
| Deposits received | 107,944 | 109,336 | 893,199 |
| Warranty reserve | 3,305 | 3,353 | 27,392 |
| Reserve for expected losses on construction contracts in process | 14,441 | 54,117 | 442,104 |
| Other current liabilities | 46,074 | 44,673 | 364,948 |
| Total current liabilities | 714,908 | 848,195 | 6,929,136 |
| Non-Current Liabilities: | | | |
| Bonds payable | 100,000 | 110,000 | 898,619 |
| Non-recourse bonds payable | 21,969 | 8,208 | 67,053 |
| Long-term borrowings | 71,323 | 99,945 | 816,481 |
| Non-recourse borrowings | 66,573 | 73,857 | 603,358 |
| Deferred tax liabilities | 17,625 | 7,231 | 59,076 |
| Deferred tax liabilities for revaluation reserve for land | 17,644 | 17,644 | 144,146 |
| Net defined benefit liability | 53,029 | 55,899 | 456,655 |
| Other non-current liabilities | 24,152 | 32,202 | 263,070 |
| Total non-current liabilities | 372,319 | 404,988 | 3,308,460 |
| Total liabilities | 1,087,227 | 1,253,184 | 10,237,597 |
| NET ASSETS | | | |
| Shareholders' Equity: | | | |
| Common stock, no par value | | | |
| Authorized: 1,500,000 thousand shares | | | |
| Issued: 788,514 thousand shares as at March 31, 2021 and 2022 | 74,365 | 74,365 | 607,510 |
| Additional paid-in capital | 43,116 | 43,678 | 356,820 |
| Retained earnings | 563,628 | 592,199 | 4,837,833 |
| Less: Treasury stock, at cost 50,309 thousand shares as at March 31, 2022 | — | (43,282) | (353,590) |
| Less: Treasury stock, at cost 25,661 thousand shares as at March 31, 2021 | (21,615) | — | — |
| Total shareholders' equity | 659,494 | 666,959 | 5,448,573 |
| Accumulated Other Comprehensive Income: | | | |
| Net unrealized gain (loss) on other securities, net of taxes | 133,863 | 132,308 | 1,080,865 |
| Deferred gain (loss) on hedging, net of taxes | 236 | 214 | 1,748 |
| Revaluation reserve for land, net of taxes | 25,831 | 25,831 | 211,027 |
| Foreign currency translation adjustments | (3,556) | (898) | (7,340) |
| Remeasurements of defined benefit plans | (581) | 80 | 660 |
| Total accumulated other comprehensive income | 155,794 | 157,536 | 1,286,961 |
| Non-controlling Interests | 6,157 | 50,675 | 413,982 |
| Total net assets | 821,446 | 875,172 | 7,149,516 |
| Total liabilities and net assets | ¥1,908,674 | ¥2,128,356 | \$17,387,114 |

Consolidated Statement of Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2022

| | Millions of Yen | | Thousands of U.S. Dollars (Note 2) |
|---|-----------------|------------|---------------------------------------|
| | 2021 | 2022 | 2022 |
| Net Sales: | | | |
| Construction contracts | ¥1,301,363 | ¥1,295,969 | \$10,587,123 |
| Real estate development and other | 155,109 | 186,992 | 1,527,588 |
| | 1,456,473 | 1,482,961 | 12,114,711 |
| Cost of Sales: | | | |
| Construction contracts | 1,138,887 | 1,214,775 | 9,923,828 |
| Real estate development and other | 127,168 | 128,510 | 1,049,838 |
| | 1,266,055 | 1,343,286 | 10,973,666 |
| Gross profit: | | | |
| Construction contracts | 162,476 | 81,193 | 663,295 |
| Real estate development and other | 27,941 | 58,481 | 477,749 |
| | 190,417 | 139,675 | 1,141,045 |
| Selling, General and Administrative Expenses | 90,265 | 94,529 | 772,240 |
| Operating income | 100,151 | 45,145 | 368,804 |
| Non-Operating Income (Expenses): | | | |
| Interest and dividend income | 5,696 | 5,935 | 48,491 |
| Interest expenses | (3,033) | (2,656) | (21,699) |
| Foreign exchange gain (loss) | 2,633 | 2,088 | 17,061 |
| Other, net | 16 | (94) | (768) |
| Ordinary income | 105,465 | 50,419 | 411,890 |
| Special Gains (Losses): | | | |
| Gain on sales of fixed assets | 15,489 | 10,053 | 82,132 |
| Gain on negative goodwill | — | 6,414 | 52,405 |
| Reversal of reserve for loss on anti-monopoly act | 616 | — | — |
| Loss on sales of fixed assets | (161) | (61) | (504) |
| Loss on devaluation of investment securities | (3,333) | (255) | (2,083) |
| Loss on step acquisitions | — | (1,865) | (15,240) |
| Loss related to infectious diseases | (4,202) | — | — |
| Loss on land remediation | (3,030) | — | — |
| Income before income taxes | 110,843 | 64,705 | 528,599 |
| Provision for Income Taxes: | | | |
| Current | 30,235 | 29,952 | 244,691 |
| Deferred | 3,280 | (12,824) | (104,764) |
| | 33,515 | 17,128 | 139,927 |
| Net Income | 77,327 | 47,577 | 388,672 |
| Net Income attributable to non-controlling interests | 151 | (183) | (1,502) |
| Net Income attributable to shareholders of the Corporation | ¥77,176 | ¥47,761 | \$390,175 |

Consolidated Statement of Comprehensive Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2022

| | Millions of Yen | | Thousands of U.S. Dollars (Note 2) |
|---|-----------------|---------|---------------------------------------|
| | 2021 | 2022 | 2022 |
| Net Income | ¥77,327 | ¥47,577 | \$388,672 |
| Other Comprehensive Income: | | | |
| Net unrealized gain (loss) on other securities, net of taxes | 28,921 | (1,473) | (12,034) |
| Deferred gain (loss) on hedging, net of taxes | 405 | (22) | (184) |
| Foreign currency translation adjustments | (1,527) | 2,612 | 21,340 |
| Remeasurements of defined benefit plans | 4,247 | 743 | 6,072 |
| Share of other comprehensive income of associates accounted for using equity method | (19) | (100) | (822) |
| Total other comprehensive income | 32,027 | 1,759 | 14,371 |
| Comprehensive Income | ¥109,354 | ¥49,336 | \$403,044 |
| Comprehensive income attributable to: | | | |
| Shareholders of the Corporation | ¥109,265 | ¥49,504 | \$404,411 |
| Non-controlling interests | 89 | (167) | (1,367) |

Consolidated Statement of Cash Flows

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2022

| | Millions of Yen | | Thousands of U.S. Dollars (Note 2) |
|--|-----------------|-----------|---------------------------------------|
| | 2021 | 2022 | 2022 |
| Cash Flows from Operating Activities: | | | |
| Income before income taxes | ¥110,843 | ¥64,705 | \$528,599 |
| Adjustments for: | | | |
| Depreciation and amortization | 16,710 | 20,213 | 165,128 |
| Gain on negative goodwill | — | (6,414) | (52,405) |
| Loss (gain) on step acquisitions | — | 1,865 | 15,240 |
| Increase (decrease) in allowance for doubtful accounts | 362 | (177) | (1,450) |
| Increase (decrease) in reserve for expected losses on construction contracts in process | 8,362 | 39,506 | 322,740 |
| Increase (decrease) in net defined benefit liability | 1,503 | 3,315 | 27,081 |
| Loss (gain) on sales of fixed assets | (208) | 33 | 271 |
| Loss (gain) on valuation of investment securities | 3,333 | 255 | 2,083 |
| Loss (gain) on sales of investment securities | (15,119) | (10,025) | (81,899) |
| Interest and dividend income | (5,696) | (5,935) | (48,491) |
| Interest expenses | 3,033 | 2,656 | 21,699 |
| (Increase) decrease in notes and accounts receivable—trade | 61,740 | (39,265) | (320,773) |
| (Increase) decrease in real estate for sale | 15,486 | 8,408 | 68,692 |
| (Increase) decrease in costs on uncompleted construction contracts | 8,402 | 1,138 | 9,300 |
| (Increase) decrease in uncompleted real estate development projects | (671) | 2,724 | 22,256 |
| (Increase) decrease in other inventories | (4,194) | 694 | 5,671 |
| Increase (decrease) in notes and accounts payable—trade | (37,494) | 6,398 | 52,272 |
| Increase (decrease) in advances received on uncompleted construction contracts | (1,824) | 9,189 | 75,074 |
| Other, net | (42,269) | 6,562 | 53,607 |
| Subtotal | 122,298 | 105,848 | 864,700 |
| Interest and dividends received | 6,206 | 6,542 | 53,449 |
| Interest paid | (2,863) | (2,787) | (22,767) |
| Income taxes paid | (44,966) | (31,831) | (260,041) |
| Net cash provided by (used in) operating activities | 80,674 | 77,772 | 635,340 |
| Cash Flows from Investing Activities: | | | |
| Acquisition of tangible fixed assets | (122,892) | (109,766) | (896,711) |
| Proceeds from sales of tangible fixed assets | 305 | 40 | 327 |
| Acquisition of marketable securities and investment securities | (3,295) | (217) | (1,779) |
| Proceeds from sales of marketable securities and investment securities | 20,083 | 13,235 | 108,122 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 211 | 7,956 | 64,998 |
| Other, net | (8,366) | (556) | (4,543) |
| Net cash provided by (used in) investing activities | (113,954) | (89,308) | (729,586) |
| Cash Flows from Financing Activities: | | | |
| Net increase (decrease) in short-term borrowings | 31,919 | (21,386) | (174,715) |
| Net increase (decrease) in commercial papers | (80,000) | 50,000 | 408,463 |
| Proceeds from long-term borrowings | 18,640 | 45,700 | 373,335 |
| Repayments of long-term borrowings | (18,538) | (17,854) | (145,856) |
| Proceeds from non-recourse borrowings | 30,198 | 15,819 | 129,237 |
| Repayments of non-recourse borrowings | (7,445) | (8,518) | (69,586) |
| Proceeds from issuance of bonds | 50,000 | 10,000 | 81,692 |
| Redemption of bonds | (10,000) | (10,000) | (81,692) |
| Redemption of non-recourse bonds | (2,764) | (1,265) | (10,335) |
| Redemption of convertible bond-type bonds with subscription rights to shares | (30,000) | — | — |
| Purchase of treasury stock | (2) | (20,104) | (164,240) |
| Dividends | (24,454) | (22,277) | (181,990) |
| Other, net | (264) | (478) | (3,910) |
| Net cash provided by (used in) financing activities | (42,710) | 19,634 | 160,400 |
| Effect of exchange rate changes on Cash and Cash Equivalents | (409) | 2,714 | 22,174 |
| Net increase (decrease) in Cash and Cash Equivalents | (76,400) | 10,812 | 88,328 |
| Cash and Cash Equivalents at beginning of year | 352,722 | 276,321 | 2,257,346 |
| Cash and Cash Equivalents at end of year | ¥276,321 | ¥287,134 | \$2,345,675 |

Shimizu Group Business Activities

The Shimizu Group has 117 subsidiaries and 22 affiliated companies, including overseas companies. These companies operate various businesses, such as the construction, development, engineering, and LCV businesses. We intend to build a swift-footed Group management structure through flexible Group management and stronger governance rooted in seamless communication among Group companies.

THE NIPPON ROAD Co., Ltd. (NICHIDO)

New Structure Adopted as a Member of the Shimizu Group

NICHIDO has contributed to construction of high quality roads as a representative company of Japan's road paving industry for more than 90 years, since it was founded in 1929. It became a consolidated subsidiary of the Shimizu Group on March 29, 2022, making a fresh start under a new structure as a member of the Shimizu Group. NICHIDO will continue to pass on its DNA as a company known for its technology while contributing even more to the progress of society by expanding its alliances and manifesting synergies. The company is actively working on initiatives to solve environmental problems, such as development of PET Ascon, a plastic-asphalt-concrete product using discarded plastic bottles, and research on warm paving technologies that reduce the burden on the environment. NICHIDO was certified as an ECO-FIRST company, the first company in the road paving industry to receive recognition as an environmental leader from the Ministry of the Environment.



PET Ascon, which uses discarded plastic bottles (Parking lot of Tohoku Branch Office Building, Shimizu Corporation)

SHIMIZU BLC Co., Ltd.

Providing Support over the Lifecycle of Customers' Buildings

Society is experiencing an era of great transformation, including workstyle reform, COVID-19, and carbon neutrality. The methods for building value revival, operation, and management are also changing. SHIMIZU BLC contributes to maximizing the value of customers' assets through proposals that go one step further in efforts to go carbon neutral, helping to strengthen the resilience of buildings against disasters, use of renewable energy, new-style office buildings suited to new normal workstyles, and other initiatives.



Technology for supplying electricity to buildings from electric vehicles

SC Machinery Corp.

Providing Total Solutions for Construction Machinery

SC Machinery rents a wide array of tower cranes, crawler cranes, and other large construction machinery, and many other types of equipment, from power distribution equipment to general-purpose equipment. The company also helps improve productivity and safety at job sites by providing construction equipment consulting services ranging from construction planning to maintenance and management, the M-Linc machinery management system, which uses IC tags and is temporarily installed at job sites; and safety devices for mobile cranes (foot-operated brakes, dead man switches).



A group of tower cranes operating at a redevelopment site in Toranomon-Azabudai (Minato-ku, Tokyo)

MILX CORPORATION

Using the Best Support System to Provide Multidimensional Back-up

MILX CORPORATION provides a wide range of services to support Group companies in many ways. It mainly provides services in sales and leasing of construction equipment and materials, and interior finishing work and rebar work. MILX also operates an insurance agency business, a leasing business, a security business, and a travel agency business. The company is supplying PCR test kits, a new business launched as a rapid response to the steep decline in business trip arrangements during the current period of living with COVID-19. It is also working on the solar business and introduction of businesses that will provide next-generation scaffolding for the future.



Head Office equipment and materials center (Funabashi City, Chiba Prefecture)

Shimizu Comprehensive Development Corporation

Providing High-grade Spaces with an Integrated System, from Development to Management

Shimizu Comprehensive Development operates a variety of businesses in the real estate market. The company meets the diverse needs of the real estate market by developing, managing, and operating condominiums under the company's VIEQU brand, developing and operating VPO rental offices and VPR rental apartments, and providing PBOS one-stop solutions in property and building management. These are the main cornerstones of the services the company combines in contract operation of a wide range of building assets from offices to logistics facilities. Shimizu Comprehensive Development also provides real estate consulting and brokerage services, as well as tenant leasing services.



VPO Honmachi Central in Chuo ward, Osaka (on left)
VPO Higashi-Nihombashi in Chuo ward, Tokyo (on right)

Other major affiliated companies

Operations Related to Construction...Design; specialized contracting work; contracting support; renovation; maintenance; and consulting services on technology, information, communications, etc.

SC PRE-CON CORP. / Daiichi Setsubi Engineering Corporation / Technology Network, Inc. / Nihon Kensetsu Co., Ltd. / FaB-Tec Japan Corporation / PD System Corporation / FIELD FOUR DESIGN OFFICE Co., Ltd.

Operations Related to Real Estate...Development real estate

Makuhari Techno-Garden Co., Ltd.

Operations Related to Services...Space consulting managing; advertising; comprehensive building management, etc.

CSP Japan, Inc. / Shimizu Finance Co., Ltd. / Daiya Building Service Co., Ltd. / Total Office Partner, Inc. / Property Data Bank, Inc.



Group Companies
<https://www.shimz.co.jp/en/company/about/group/>

Independent Opinion



Mr. Keisuke Takegahara

Executive Fellow,
Development Bank of Japan Inc.

The changes in your company's report that were prompted by the establishment of the long-term vision SHIMZ VISION 2030 have become even more prominent this time. The content has been significantly enhanced based on changes in the external environment surrounding information disclosure and the expectations of stakeholders. What stands out in particular are the enhancements to the big picture of the value creation process that was introduced last year by connecting it with various information, the introduction of materiality, and the enhancement of information disclosure related to corporate governance. The essence of these can, in fact, be said to have been discussed through various statements in previous reports as well, but this time, the influence of ESG management, which is emphasized in the Message from the President, can be seen in how it has been presented in such a clear format.

Specifically, invested capital, business activities, and value created as an outcome (Smart Innovation Company) are considered part of the value creation process. Significant progress has been made on putting together the big picture since last year, including incorporation of the credo, Management Principles, and materiality. In addition, in the materiality section which was newly added this time, you have identified the material issues that you company should work on from the standpoints of both making a contribution through the business and strengthening the management foundation, and by including non-financial KPI established in the Mid-Term Management Plan among the indicators, you have increased the overall consistency.

The Message from the President, which has been very well done in terms of both quality and quantity, was excellent again this year. As the business environment becomes increasingly difficult in this time of great change, strengthening of the digital strategy (Digital General Contractor) and the supply chain has been laid out clearly as a tool

to help win orders with appropriate prices and construction periods. The content of Fusing the Innovations, which is at the core of the value creation process, has been communicated effectively.

I also think the new effort to emphasize management's commitment is effective. Specifically, Shimizu now puts the officer in charge and the outside directors at the top of each item while maintaining the previous year's style of explaining the various efforts within this framework—with ESG management as the basis for promoting the basic policy of the Mid-Term Management Plan. In regard to individual efforts, including progress on TCFD disclosures, technological innovation such as environmentally friendly concrete, mentions of human capital management, and disclosure of director skill matrices, the report communicates how steady progress is being made in each field and the future direction of the efforts.

While I commend the completeness of each of these items, I think that there is still room for improvement in terms of creating a consistent story with them. The arrangement of the content also has an impact in this regard. After reading the value creation process and the Message from the President, many readers would likely expect to see specific initiatives related to value creation through Fusing the Innovations, which supports SHIMZ VISION 2030. From this standpoint, I think it might have been better to have the key digital strategy (Digital General Contractor) right after the Message from the President. In addition, because the information on the Mid-Term Management Plan is dispersed throughout the report, presenting the efforts related to technology, business structure, and talent together with the digital strategy as a set would enhance the storytelling and communicate your strategy in an easier-to-understand manner. In particular, there is a high level of social interest in talent management for realizing the vision, so I hope to see further information disclosure.

As for the newly disclosed materiality, because it will play a very significant role in future disclosure of sustainability information, I expect there will be ongoing enhancement, including disclosure of specific processes and strengthening of the connection with various activity reports.

I look forward to further enhancement of the Corporate Report, which has entered a new stage.

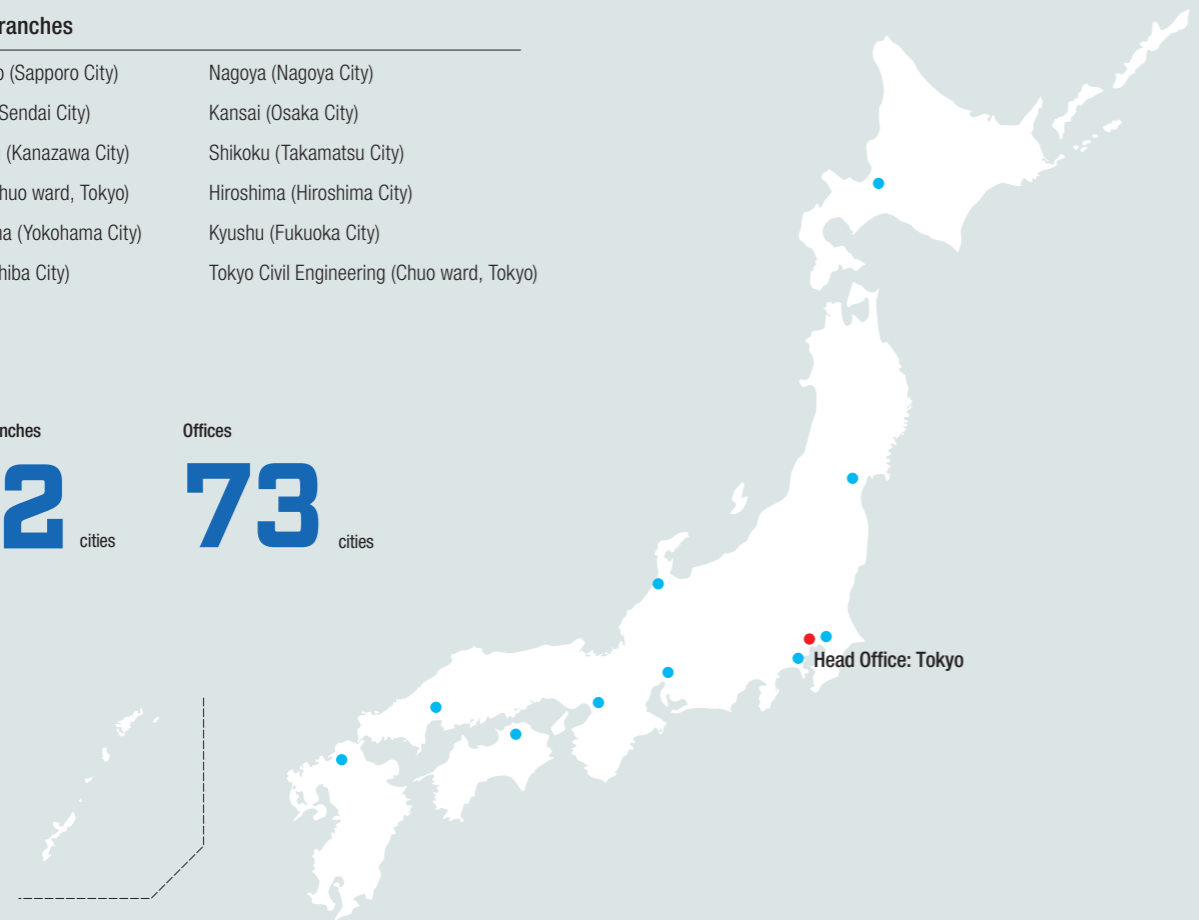
Domestic

Main Branches

| | |
|--------------------------|--|
| Hokkaido (Sapporo City) | Nagoya (Nagoya City) |
| Tohoku (Sendai City) | Kansai (Osaka City) |
| Hokuriku (Kanazawa City) | Shikoku (Takamatsu City) |
| Tokyo (Chuo ward, Tokyo) | Hiroshima (Hiroshima City) |
| Yokohama (Yokohama City) | Kyushu (Fukuoka City) |
| Chiba (Chiba City) | Tokyo Civil Engineering (Chuo ward, Tokyo) |

Main Branches
12 cities

Offices
73 cities



Overseas



Corporate Information

| | |
|--------------------------------|---|
| Corporate Name | SHIMIZU CORPORATION |
| Date of Establishment | 1804 |
| Capital | ¥74,365 million |
| Total Employees (consolidated) | 19,661 |
| Main Business | Construction, civil engineering, and other contracted projects, including machine installation; research, planning, geological surveys, land surveys, design, and administration of construction projects; sales, purchases, leasing, brokering, management, and appraisal of real estate properties; building, selling, leasing, and managing residential buildings and other properties; development and sales of vacant land |
| Net Sales (consolidated) | ¥1,482.9 billion (FY2021) |

Investor Information

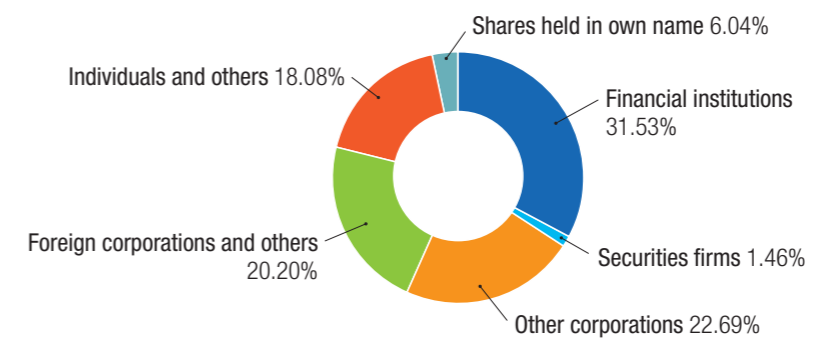
| | |
|-----------------------------------|---|
| Total Number of Shares Authorized | 1,500,000,000 |
| Total Number of Shares Issued | 788,514,613 |
| Exchanges Listed on | Tokyo Stock Exchange First Section 1803 (TSE Prime Market after April 4, 2022) Nagoya Stock Exchange First Section 1803 (NSE Premier Market after April 4, 2022) |
| Number of Shareholders | 64,408 |
| Transfer Agent | Mitsubishi UFJ Trust and Banking Corporation |

Major Shareholders (Top 10 Companies)

| Shareholder | Shares Held (thousands) | Percentage of Total (%) |
|--|-------------------------|-------------------------|
| Master Trust Bank of Japan, Ltd. (Trust Account) | 116,653 | 15.74 |
| SHIMIZU & Co., Ltd. | 64,291 | 8.68 |
| Social Welfare Corporation Shimizu Foundation | 38,595 | 5.21 |
| Custody Bank of Japan, Ltd. (Trust Account) | 33,116 | 4.47 |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST | 17,950 | 2.42 |
| Shimizu Employee's Stock Ownership Plan | 17,491 | 2.36 |
| Housing Research Foundation JUSOKEN | 17,420 | 2.35 |
| Mizuho Bank, Ltd. | 10,697 | 1.44 |
| The Dai-ichi Life Insurance Company, Ltd. | 10,564 | 1.43 |
| Fukoku Mutual Life Insurance Company | 10,552 | 1.42 |

Note: "Percentage of total" is calculated excluding 47,608,962 shares of treasury stock.

Shareholders Ratio (Percentage of owned shares)





The CO₂ emitted in the process of printing this report has been offset with a renewable energy certificate issued by a subsidiary of Shimizu.

