



# SHIMIZU CORPORATE REPORT 2023



Today's Work, Tomorrow's Heritage



SHIMIZU CORPORATION supports  
the Sustainable Development Goals

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

## Corporate Slogan

# Today's Work, Tomorrow's Heritage

The word “heritage” in the overseas version of the corporate slogan has the familiar ring of world heritage. It essentially means traditional principles, value, and quality.

We perform our work with integrity and a strong sense of responsibility.

We take pride in our work as contributing members of society, and as professionals, and we know that we must build works that will leave a tangible heritage to the next generation.

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.

### Editorial Policy

The Shimizu Corporate Report concisely introduces our vision and the corresponding strategies, business operations, and ESG initiatives so that our various stakeholders can better understand the Shimizu Group. 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

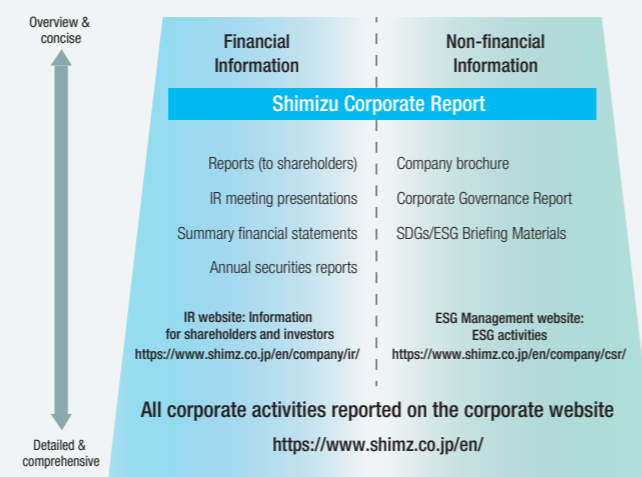
Mainly fiscal year ended March 31, 2022 (April 2021 to March 2022), includes some activities from earlier and later time periods

### 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



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### Inclusion in ESG Index



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### United Nations Global Compact



Shimizu became a participant signatory in of the UN Global Compact in March 2013.

### Awards



Eiichi Shibusawa, called “the Father of Japanese Capitalism,” was invited to be an advisor to our company in 1887.

We hold his work “The Analects and the Abacus,” which expresses his worldview of economics united with ethics, to be our timeless and unchanging business compass.

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’s origins are rooted in Customer First and The Analects and the Abacus



Kisuke Shimizu I



Kisuke Shimizu II



Eiichi Shibusawa

(photo courtesy of The Tokyo Chamber of Commerce and Industry)

Shimizu was founded in 1804. It all began when Kisuke Shimizu I, born in Etchu, Toyama Prefecture, opened a carpentry shop in the Kanda Kajicho district of Edo (present day Tokyo). From the moment of the Company’s founding, Kisuke aspired to wholeheartedly devote himself to the company’s work and create quality, reliable products, putting customers first and winning new clients with his excellent workmanship and sincere personality. He laid the foundation for his business by serving as an official carpenter for the families of feudal lords. In the late Edo period, Kisuke Shimizu II built the Tsukiji Hotel, Japan’s first authentic Western-style hotel in the Tsukiji district where foreigners lived. In addition to its financing and construction, the company managed the hotel after its completion. His next project, the Dai-ichi National Bank (formerly the Mitsui-gumi House), was Japan’s first bank construction. The foundation of the business was solidified with a spirit of innovation exemplified by boldly taking on the unprecedented challenge of building a bank, advanced technological capabilities, and the trust cultivated during the course of the company’s work.

The company’s relationship with Eiichi Shibusawa began with the construction of the Dai-ichi National Bank in 1872. Shibusawa was the bank’s president and developed a strong relationship with Kisuke Shimizu II based on his high regard for his work. Following the sudden death of the third-generation owner, the company invited Shibusawa, who had long been an integral part of its success, to serve as an advisor and provide management guidance.

The Analects and the Abacus is based on the concept of contributing to society through ethically sound corporate activities and, as a result, earning a fair profit to develop the company’s business further. This goes hand in hand with the “sincere monozukuri (craftsmanship)” and “customer-oriented” spirit that Shimizu has held fast to since its founding. It is a part of our values that remain unchanged regardless of the era.

# Leading the Way: Shimizu's Journey

For 220 years, Shimizu has championed "sincere monozukuri" (craftsmanship) and the "spirit of innovation," the values held by founder Kisuke Shimizu I, driving our high aspirations and endeavors that are ahead of the times. We continually pursue new technologies and value to address the needs of our customers and society.



Our Heritage (Japanese only)

## 1804~

**Developing from a master carpenter into a contracting business for civil engineering and construction**

When the port of Yokohama opened, Kisuke Shimizu I was one of the first to master the techniques of Western-style architecture and took on the challenge of new building construction. Later, he worked on learning the latest construction techniques and created a contracting business for civil engineering and construction suited to modern society.



**1866** **Tsukiji Hotel**  
Japan's first authentic Western-style hotel



**1872** **Dai-ichi National Bank**  
Japan's first bank building construction

## 1910s~

**Modernizing the organization and creating technological innovation**

In addition to reorganizing the company from a sole proprietorship to a corporate structure, Kisuke Shimizu I introduced large construction machinery and innovated the Company's production technology. After the war, he learned American-style construction methods through the construction of U.S. military bases and worked to restore the production system.



**1920** **Mitsui Main Building**  
Beginning of full-scale mechanized construction (photo courtesy of Mitsui Bunko Public Interest Incorporated foundation)



**1930** **Yasuoka Power Plant for Yahagi Hydroelectric**  
Pursuit of large-scale civil engineering projects

## 1950s~ Establishing a general construction business

Once the period of rapid economic growth began, the volume of construction work increased dramatically. Shimizu established a general construction business with the organization, technology, human resources, construction machinery and materials and labor procurement capabilities to handle any field in construction and civil engineering.



**1964** **Main Gymnasium of the National Indoor General Stadium**  
Unprecedented suspension roof structure



**1964** **Elevated Bridge at Shizuoka Station on Tokaido Shinkansen Line**  
Participation in a major national project to connect East and West Japan

## 1970s~

**Promoting globalization and diversification of business**

Shimizu drew up an aggressive policy to survive the low-growth period triggered by the Oil Shock and diversified its management by expanding overseas and entering the development business. The Company transformed into one that competes based on its technical capabilities, handling everything from planning, design, construction, and preservation.



**1990** **Makuhari Techno Garden**  
Large-scale intelligent building complex with an advanced building management system and R&D functions forming the core of the Makuhari New City Center Project



**1993** **Ngee Ann City (Singapore)**  
A complex ordered by a local company. The stately exterior makes it a landmark on Orchard Road.

## 2000s~

**Creating value that exceeds customer expectations**

Shimizu accelerated the development of technologies related to the environment and disaster prevention and mitigation to solve issues such as global warming and the risk of natural disasters. Not only did the Company address its customers' diversified and advanced needs, but it also created value that exceeded their expectations, providing an environment where people can live comfortably and with peace of mind.



**2006** **Bai Chay Bridge (Vietnam)**  
A giant 903-meter cable-stayed bridge over a World Heritage Site



**2007** **Changi Airport Terminal 3 (Singapore)**  
The method of lifting up steel frame trusses measuring 300 meters wide and 215 m deep, was a first in the world



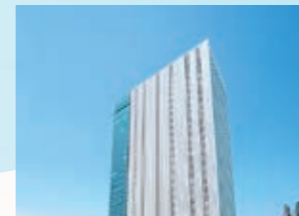
**2009** **Green Front, Sakai**  
Environmentally advanced LCD panel factory



**2010** **Tokyo International Airport D-runway**  
Large-scale offshore runway featuring hybrid structure of reclaimed land and pier, uncommon around the world (photo courtesy of Haneda reexpansion D runway JV)



**2013** **SEICHO-NO-IE "Office in the Forest"**  
Japan's first ZEB realized through energy conservation and energy creation



**2013** **GINZA KABUKIZA**  
A theatre and high-rise office building complex fusing traditional Japanese technology with cutting-edge technology (photo courtesy of Shochiku Co., Ltd., Kabukiza-Co., Ltd.)



**2013** **Izumo Taisha**  
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.



**2021** **Eurus Kamikatsu-Kamiyama Wind Farm**  
We installed 15 wind power generators with generating capacities of 2.3 MW.

## Present

**Aiming to realize a sustainable future society**

Shimizu develops production systems using ICT, such as BIM/CIM and robotics, providing urban development and comfortable spaces/services utilizing digital technology. We will continue to change and take on challenges that go beyond the framework of the construction business, create value that is ahead of the times, and contribute to the realization of a sustainable future society.



**2019** **SG Realty Shin-Osaka Hotel**  
First application of next-generation building production system, including material transfer and welding of steel columns by autonomous robots



**2019** **Ariake Gymnastics Centre**  
One of the world's largest timber-framed roofs. Designed to communicate the Japanese culture of using wood and sustainability.



**2020** **Yamba Dam**  
The Company's first dam exceeding 100 meters in height. The active use of pre-cast and ICT substantially shortened the construction period.



**2021** **Michino Terrace Toyosu**  
A pioneering Smart City model utilizing advanced technology



**2023** **Tokyo Kabukicho Tower**  
High-rise complex consisting of hotel and entertainment facilities. Also features technologies to reduce environmental impact and prevent disasters.

- 1804 Russian delegation visits Nagasaki
- 1859 Yokohama and other ports open
- 1867 Imperial rule is restored

- 1923 Great Kanto Earthquake
- 1939 World War II (-1945)

- 1956 Japan joins United Nations
- 1964 Tokyo Olympics

- 1973 1st Oil Shock
- 1995 Great Hanshin-Awaji Earthquake
- 1997 Kyoto Protocol is adopted

- 2011 Great East Japan Earthquake
- 2015 United Nations adopts SDGs

- 2020 Japanese government makes international pledge on greenhouse gases
- 2021 Tokyo Olympics and Paralympics

## Message from the President



With a spirit of enterprise,  
we will accelerate innovation and DX initiatives  
for our business structure, technology,  
and human resources to create value  
that is ahead of the times.

*Kazuyuki Inoue*

President and Director

Founded in 1804 during the Edo period, Shimizu Corporation has overcome turbulent times and celebrates its 220th anniversary this fiscal year. Throughout our long history, high aspirations for the sincere approach to monozukuri (superb craftsmanship) espoused by founder Kisuke Shimizu have been passed down along with a spirit of enterprise based on a customer-first mindset.

Through these approaches, we have steadily grown and now count over 5,000 companies among our customers. In addition, as the only general contractor in Japan with offices in all prefectures, we maintain a business stance of being close to our customers. We owe this to our employees who respond thoroughly to the requests and expectations of our customers and work diligently in that regard. I believe it is the biggest strength of the Group.

Looking back on our history of demonstrating a spirit of enterprise, we have contributed to the modernization of the construction industry by working on technologies and construction methods that were firsts in Japan. All of these achievements were unprecedented challenges, and I am once again deeply impressed by the Company's technological history.

Currently, the Shimizu Group continues to transform itself and pursue the goal of becoming a Smart Innovation Company as set forth in long-term vision SHIMZ VISION 2030 announced in 2019. We hope to create a new history for Shimizu Corporation by creating value that is ahead of the times with the aim of realizing a resilient, inclusive, and sustainable society.

#### Initiatives in the Mid-Term Management Plan <2019-2023>

##### **We are steadily promoting upfront investments and DX initiatives to establish new revenue pillars.**

To realize SHIMZ VISION 2030, we positioned the Mid-Term Management Plan <2019-2023> as a period of upfront investment to establish a new revenue base. The plan was to invest a total of 750 billion yen over a five-year period in productivity improvement and R&D; the real estate development business; infrastructure, renewable energy, and new businesses; and human resources. As of FY2022, we have invested a total of 436.1 billion yen.

To improve productivity, we are developing a system that allows us to use BIM/CIM to manage everything from design to construction and maintenance in an integrated manner. We are also focusing on the development of human resources in the digital field and have launched an initiative in which those interested among our new recruits undergo DX training for a year.

In addition, the Construction RX\*1 Consortium consisting of 16 general contractors was established in 2021 with Kajima Corporation, Takenaka Corporation, and Shimizu Corporation as the representative companies. Through this consortium, we are promoting joint R&D in the field of construction robots and IoT, along with the sharing of existing robots that have reached a practical level. Companies such as Obayashi Corporation and Taisei Corporation have now joined the consortium. This is expected to accelerate the dissemination of technology throughout the industry, leading to a reduction of technological development costs, diversification of risk, and shortening of development periods.

We have been selected as a Digital Transformation Stock (DX Stock), a joint initiative of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for three consecutive years in recognition of our DX initiatives. However, our ultimate goal is to contribute to solving social issues through our business activi-

Message from the President

ties by integrating cyber space and the real world, and we are only a third of the way there. We will continue to focus our efforts on this field and lead the Japanese construction industry.

Digitalization initiatives will be the key to addressing the so-called 2024 problem, in which overtime caps will be applied to the construction industry starting in April 2024. Since 2020, we have been promoting digitalization under Shimz Digital General contractor, our Mid-Term Digital Strategy 2020 (2019-2023). These efforts accelerated significantly under the circumstances of the COVID-19 pandemic. The Shimizu Group will come together to work on reforming our operations using digital technology and creating an environment enabling new workstyles.

The Japanese construction market may contract over the long term due to population decline and a maturing economy. That means it will be difficult for us to achieve growth via the construction business alone, so we are also working to establish new business pillars.

\*1. RX stands for Robotics Transformation.

Overview of FY2022

**We laid the foundation for new growth, including the construction of a skyscraper over 300 meters in height and the completion of an SEP vessel for offshore wind farm construction.**

In the consolidated results for the Group in FY2022, both sales and profit came in under the published forecasts, but they were both up year on year.

Net sales increased 30.4% year on year to 1,933.8 billion, mainly owing to steady progress in large-scale construction projects on hand. As for income, operating income increased 21.0% to 54.6 billion yen, ordinary income increased 12.2% to 56.5 billion yen, and net income attributable to shareholders of the Corporation increased 2.7% to 49.0 billion yen. This was mainly a result of a recovery in the profitability of overseas construction projects, despite a decrease in real estate development and other. In our activities to win orders, we saw an increase in large-scale projects, such as redevelopment projects that combine office buildings, commercial facilities, and residential properties. Amidst this, by emphasizing profitability and ensuring that our



sales, design, and on-site construction teams came together as one, we were able to exceed our target profit margin on orders.

In addition, working on the construction of a skyscraper over 300 meters in height allowed us to accumulate expertise in the development of cutting-edge technologies and project management, which became the driving force behind our winning of subsequent orders for large-scale projects. Furthermore, we believe this will lead to demand for renewal work, an important source of future revenue, and that it will also contribute to the enhancement of our brand power.

In the real estate development business, we worked on securing stable revenue based on both rentals and sales. While carefully monitoring changes in the market environment, we are developing products that address increasingly diverse and complex social issues, introducing the technologies and services unique to a general construction company such as ours in the fields of digital technology, green infrastructure, and well-being. Moreover, in January 2023, with the aim of expanding our recurring revenue, we began managing a private REIT, mainly consisting of properties we developed, establishing the foundation for a new cyclic business model. In the immediate future, we aim to achieve an asset scale of 100 billion yen. At the same time, we plan to enhance capital efficiency and realize further growth by reinvesting the funds obtained from property sales in this private REIT into new development projects.

In October 2022, we completed construction of BLUE WIND, our self-propelled SEP\*2 vessel with one of the world's largest loading and crane capacities. It was placed into operation in March 2023, and following the installation of wind turbines off the coast of Nyuzen-machi, Toyama, in April 2023, it was used in the installation of wind turbines off the coast of Ishikari Bay in Hokkaido starting in June. Overseas, large-scale wind power projects are being started one after another, and we expect them to gain momentum in various parts of Japan in the near future. Amid these circumstances, we have been receiving feasibility study requests from power companies in Japan and overseas for construction using BLUE WIND. We are working to steadily capture construction demand to become a leader in the market for construction of offshore wind farms, which is estimated to exceed 5 trillion yen in the future.

At THE NIPPON ROAD Co., Ltd., which was made a fully owned subsidiary in March 2022, we established a framework to leverage our mutual customer networks, technologies, and base networks to capture the demand for large-scale renovation projects of expressways that were constructed during the high-growth period. We aim to expand orders for civil engineering projects both in Japan and overseas. Going forward, we will take advantage of the synergy to enhance the competitiveness of our business.

\*2. Stands for Self-Elevating Platform.

Promotion of ESG Management

**We will pursue ESG management in the aim of enhancing corporate value and achieving sustainable growth over the medium to long term.**

In our Mid-Term Management Plan <2019-2023>, we advocate the promotion of ESG management as part of our basic policy. By fulfilling our social responsibility through our business activities, we aim to earn greater trust from our stakeholders, enhance our corporate value, and achieve sustained growth over the medium to long term. The Sustainability Committee, which was launched in FY2023, deliberates on ESG and the Shimizu Group's policies and priority measures related to ESG.

## Message from the President

### Environmental (E)

Under the Group's Environmental Vision SHIMZ Beyond Zero 2050, which was formulated in 2021, we aim to reduce the negative environmental impact of our business activities while providing positive value to our customers and society. We consider a sustainable society from the three perspectives of carbon neutrality, resource recycling, and coexistence with nature and are working on the creation of abundant environmental value through innovation. We are promoting initiatives to eliminate fossil fuels and to convert to renewable energy for construction power in our own activities. In terms of providing new value to customers, we are promoting Zero Energy Buildings (ZEB), utilizing hydrogen, popularizing wooden architecture, and proposing green infrastructure.

We will also contribute to the supply of renewable energy and the mitigation of climate change through the construction of offshore wind farms using our self-propelled SEP vessel, BLUE WIND.

### Social (S)

The construction industry exists to provide safety, security, and new value to society. To do that, it is crucial to create a workplace environment where employees, who are the driving force behind value creation, can go about their work enthusiastically and with a sense of job satisfaction in good physical and mental health, reaching their full potential while recognizing and supporting each other. Organizational revitalization leads to continued growth and enables the provision of new value to the world. In addition to implementing various measures to improve employee engagement, mental and physical health, and relationships in the workplace, we are working to change awareness and behavior through dialogue and to visualize issues through surveys.

In 2009, we established the Diversity Promotion Office within the Human Resources Department to create an environment where diverse employees can thrive. In April 2023, we renamed it the DE&I (Diversity, Equity & Inclusion) Promotion Department under the direct control of the President at the Head Office. It will further promote diversity of human resources and the creation of fair workplaces where everyone can contribute.

In addition, in the fall of 2023, we plan to open Smart Innovation Ecosystem NOVARE as a base for innovation and human resources development. It consists of a research facility, a hands-on training facility, an historical document exhibition facility, and more. It will be operated as a place for the innovation of production technology such as construction robots, structures, and materials, the development of advanced technology, the development of monozukuri human resources, and the transmission of technology. This will accelerate the innovation of business structure, technology, and human resources as set forth in our long-term vision.

### Governance (G)

In 2019, we changed the positioning of The Analects and the Abacus from a fundamental principle of management to our corporate credo. These are the teachings of Eiichi Shibusawa, who served as Shimizu's management advisor during the Meiji and Taisho periods. They are our enduring values that remain unchanged regardless of the times. The thinking behind The Analects and the Abacus is that ethical corporate activities contribute to society, resulting in fair profits and a developing business. Passed down over many years, this is our corporate culture and the teaching we have put into practice. With officers leading by example, we have created an environment where each and every employee can think about and discuss the issues as their own.

This includes holding training sessions on The Analects and the Abacus and publishing columns on the company intranet under the heading "This Week's Analects."

Furthermore, the essential spirit and values that have been passed down since the Company's founding are compiled in a booklet called *The Shimizu Mind*, which is distributed to our employees. I believe it is our responsibility to make sure that we pass the teachings on to future generations.

## Message to Our Stakeholders

Due to factors such as the sharp rise in construction material prices, achieving the final year targets of our initial Mid-Term Management Plan is unlikely. However, we are also looking ahead to our next Mid-Term Management Plan based on the strong business foundation we have reinforced through forward-looking investments. Our primary focus is on the recovery of profitability.

Furthermore, to enhance corporate value, we will also focus on strengthening shareholder returns and reducing the securities holdings. In April 2023, we announced the purchase of up to 20 billion yen worth of treasury stock, and in May, we retired 40 billion yen worth of treasury stock acquired in FY2019 and FY2021. We plan to continue purchasing treasury stock in the next fiscal year and beyond. In addition, we will raise the consolidated dividend payout ratio from 30% to around 40% in FY2023. As for securities holdings, we are actively working to reduce them. At the end of FY2022, the balance of securities holdings was 30.6% of consolidated net assets, and we aim to bring that down to less than 20% by the end of FY2026.

To realize our long-term vision, we will continue to innovate and take on new challenges based on a spirit of enterprise. We will delve deeper into our core business of construction, while also utilizing the knowledge we possess outside of construction to provide society and our customers with new value that is ahead of its time.

Thank you in advance for your continued support.



## Value Creation Process

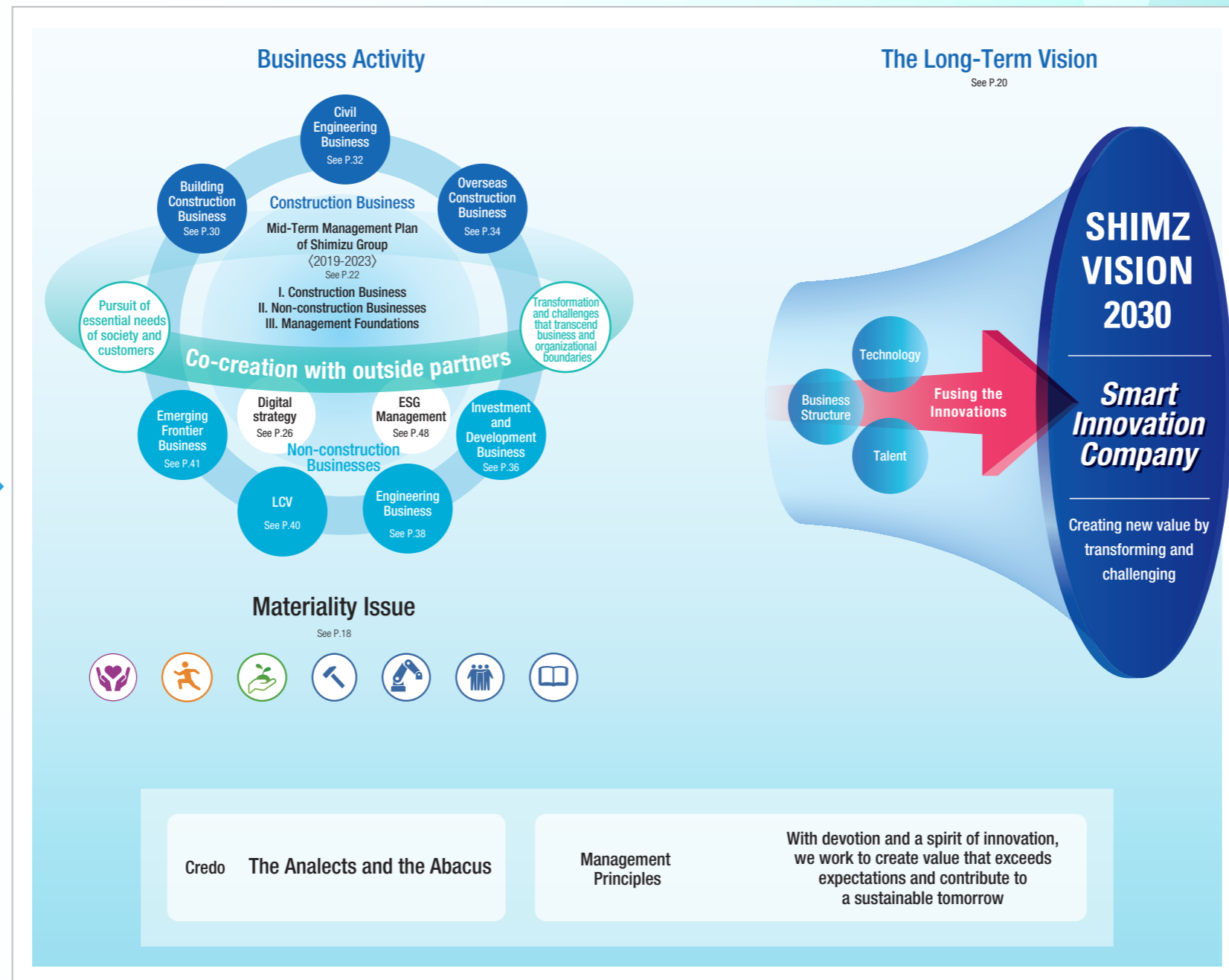
Bringing together the technology and trust we have cultivated since our founding, we will contribute to the creation of a sustainable future.



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 (Management capital)** See P.16-17

Human capital	
Number of employees	19,869
Professional Engineers*	828
Class I Architects*	2,053
Class I Construction Management Engineers*	2,925
Class I Civil Engineering Construction Management Engineers*	1,450
Financial capital	
Shareholders' equity	852.5 billion yen
Total assets	2,448 billion yen
Equity ratio	34.8 %
Monozukuri (superb craftsmanship) capital	
<ul style="list-style-type: none"> <li>Network of branches and offices across Japan</li> <li>Network of construction-related affiliates</li> <li>Continually pursuing the possibilities of wood: Tokyo Mokkoujyou Arts &amp; Crafts Furnishings</li> <li>One of the world's largest SEP vessels used in the construction of offshore wind power plants</li> </ul>	
Main branches/offices*	12 branches
Number of Group companies	73 offices
	146 companies
Cities in other countries where permanent offices have been opened	28 cities
Intellectual capital	
<ul style="list-style-type: none"> <li>Countless tacit and explicit technologies and know-how born not only from R&amp;D, but also from Sales, Design, and Construction</li> </ul>	
R&D investment*	16.9 billion yen
Number of patents held*	2,100
Social and relational capital	
<ul style="list-style-type: none"> <li>Customer trust cultivated over our 219-year history</li> <li>Shimizu Takumi Training Center promotes securing of workers and human resources development together with Kanekikai, an affiliate organization established in 1889</li> </ul>	
Number of Kanekikai members	1,288 companies
Natural capital	
Energy consumption	2,751,000 GJ
Renewable energy generation capacity from operations	72.7 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

**Target and Result of the Mid-Term Management Plan (2019-2023)**

Financial KPI			
ROE	Equity ratio	Debt to equity ratio	Dividend payout ratio
5.9 % (10% or higher)	34.8 % (40% or higher)	0.68 times (0.7 times or less)	31.7 % (approx. 30%)

The policy is to raise the dividend payout ratio to around 40% in FY2023.

Values in parenthesis are FY2023 targets from the Mid-Term Management Plan

Non-financial KPI			
Productivity improvement	Environmental (E)	Social (S)	Governance (G)
Productivity improvement in construction business (Compared to FY2016)	Reduction of CO <sub>2</sub> emissions in construction business (Compared to FY2017)	Employee satisfaction score	Number of serious legal violations
10.0 % (At least 20%)	24.5 % (At least 10%)	3.67 (At least 4.0)	0 (0)
	CO <sub>2</sub> reduction in operations of buildings featuring energy-saving design (Compared to FY1990)	Disaster prevention Number of patents held*	Number of women in management positions and percentage of all management positions*
	53.4 %	119	140 3.3%

Values in parenthesis are FY2023 targets from the Mid-Term Management Plan

(FY2022 results/Values as of March 31, 2023)  
\* Shimizu Corporation (non-consolidated)



## Management Capital

We are working to expand our financial and non-financial management capital by focusing on the efficient management of the six types of capital forming our business foundation. Based on this, we will integrate three kinds of innovation, namely business structure, technology, and human resources, to contribute to the enhancement of corporate value and the achievement of the SDGs as a Smart Innovation Company.



### Human capital

\* Shimizu Corporation (non-consolidated)

#### Professional Human Resources Capable of Addressing the Diverse Needs of Customers

We regard human capital as the most important element of management capital, recognizing that the skills, knowledge, and experience of our employees are the source of competitiveness and growth in each of our businesses. Many of our engineers have construction-related and other certifications, and we have a system in place to properly address the diverse needs of our customers in our core construction-related businesses. Furthermore, we are focusing on developing human resources in fields other than construction and are actively recruiting and training talent in various fields accordingly.

Number of employees	Professional Engineers*
<b>19,869</b>	<b>828</b>
Class I Architects*	Class I Construction Management Engineers*
<b>2,053</b>	<b>2,925</b>
	Class I Civil Engineering Construction Management Engineers*
	<b>1,450</b>

### Financial capital

#### Strategically Investing in Non-construction Businesses to Establish a New Revenue Base

While maintaining a stable revenue base in the Construction Business, we are executing investments in Non-construction Businesses to establish a new revenue base for the achievement of our long-term vision. To raise the necessary funds, we utilize interest-bearing debt such as borrowings from financial institutions in addition to our own capital.

At the same time, we anticipate risks associated with investments in Non-construction Businesses, so we will maintain a sound financial structure by setting KPIs such as the equity ratio and the debt to equity ratio.

Shareholders' equity	Total assets
<b>852.5</b> billion yen	<b>2,448</b> billion yen
Equity ratio	Debt to equity ratio
<b>34.8</b> %	<b>0.68</b> times

### Monozukuri (superb craftsmanship) capital

#### Domestic and Overseas Network Supporting Monozukuri

With branches and offices covering all prefectures in Japan and overseas offices, we have a customer-oriented Monozukuri (Craftsmanship) system in place. As for manufacturing-related facilities, we own and operate Tokyo Mokkoujou Arts & Crafts Furnishings, a factory specializing in woodworking that has been in operation since the Meiji era. We also own and operate one of the world's largest SEP vessels. Moreover, we have group companies that own steel and precast concrete manufacturing facilities and construction machinery.

Main branches/offices*	Number of Group companies
<b>12</b> branches <b>73</b> offices	<b>146</b> companies
Cities in other countries where permanent offices have been opened	
<b>28</b> cities	

### Intellectual capital

\* Shimizu Corporation (non-consolidated)

#### R&D to Address Diversifying Needs

We established the Institute of Technology in 1944, as the construction industry's first R&D organization. Driven by our desire to be known for our technology, we provide new value by interweaving needs and seeds in the domains of Construction, Civil Engineering, Engineering, LCV, and Emerging Frontier Business. In addition, we are working to realize open innovation at various stages and acquire a wide range of intellectual capital.

R&D investment*	Number of patents held*
<b>16.9</b> billion yen	<b>2,100</b>

### Social and relational capital

#### Building Greater Customer Trust and Further Enhancing Collaboration with Partners

Construction is a business of undertaking monozukuri and earning trust. You must put your heart and soul into your work, ensure build quality, and earn trust. First and foremost, the priority has to be customers as you strive to meet their needs with honesty and sincerity. This sincere approach to monozukuri and customer first attitude has been passed down from generation to generation as part of Shimizu's DNA, allowing us to build a relationship of trust with our customers. Shimizu has overcome numerous obstacles through its close bond with the Kanekikai, which was established in 1889 as a subcontractor progressing to where we are today with the Kanekikai as an important partner. We will continue to work in tandem with the Kanekikai to pass on technologies, ensure safety, solve many challenges, and contribute to improving the appeal of the construction industry and securing workers.

Number of Kanekikai members
<b>1,288</b> companies

### Natural capital

#### Utilizing Sustainable Natural Capital

The construction industry is one that relies on natural capital in many aspects, including the energy and construction materials used on site, and the use of land and the natural environment. Therefore, we are working to reduce our dependence on natural capital by efficiently using these resources and also to contribute to mitigating the impact through initiatives such as renewable energy power generation projects. In 2022, we joined the TNFD\*1 Forum and have since been preparing to disclose information on natural capital. Furthermore, based on our original concept of Green Infrastructure +(PLUS)\*2, we are promoting the establishment and use of the green infrastructure of local resources for the sustainable utilization of natural capital.

Energy consumption
<b>2,751,000</b> GJ
Renewable energy generation capacity from operations
<b>72.7</b> MW

\*1: Taskforce on Nature-related Financial Disclosures

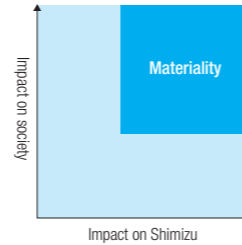
\*2: The concept of developing infrastructure while wisely utilizing the functions of nature and combining the expertise and technologies Shimizu possesses to restore the blessings of nature to the entire local community.

# Materiality Issue

We engage in business activities with a strong awareness of social and environmental sustainability. We have identified materiality (material issues) that we must address in order to realize a sustainable future society. 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 addressing these issues.

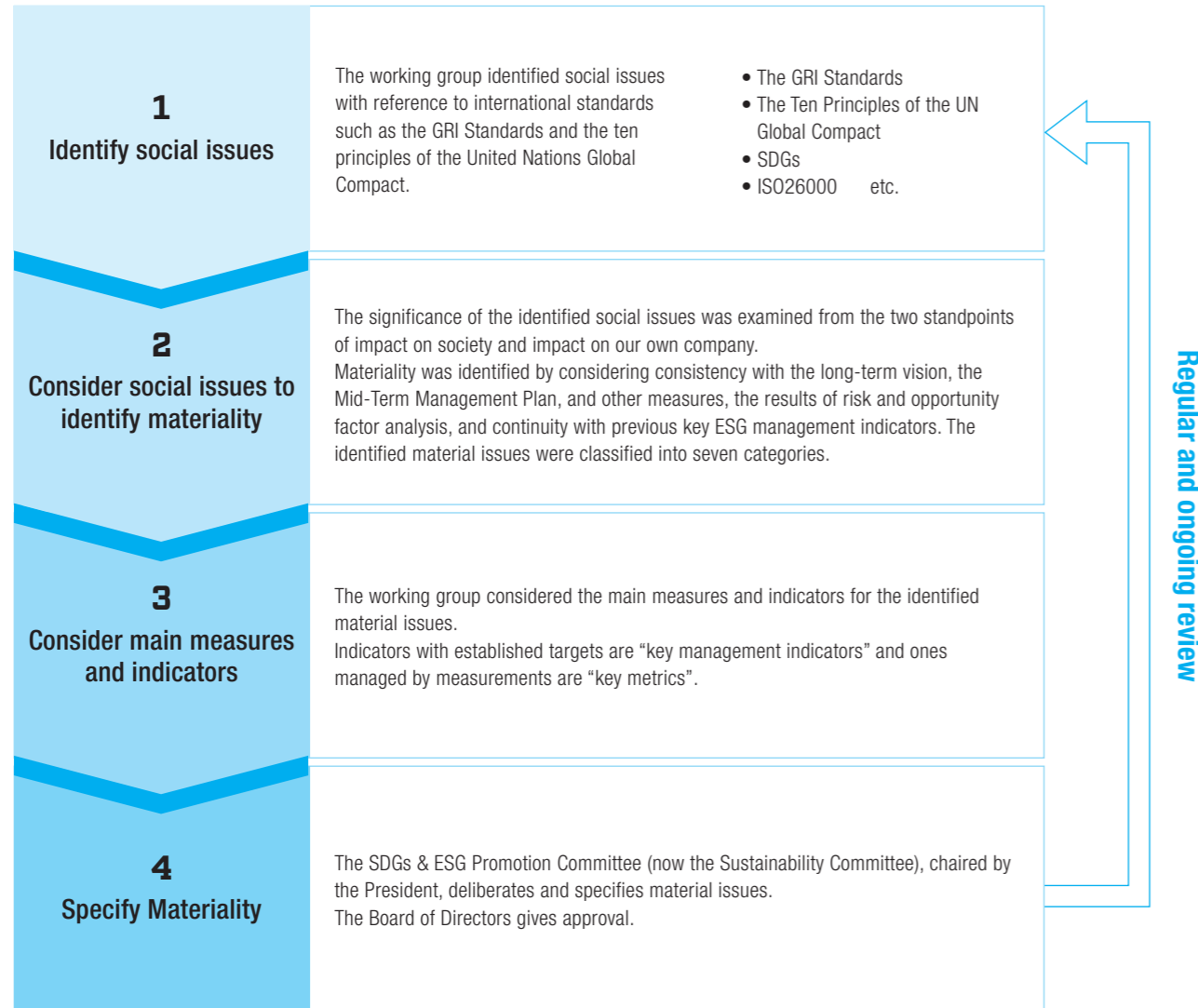
## What Is Materiality?

Materiality refers to the material issues that must be addressed in sustaining the business model in order to achieve sustainable growth and enhance corporate value over the medium to long term.



## Process for Specifying Materiality

To assess materiality, we formed a cross-organizational working group and also consulted external expert opinions.



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

## Specified Materiality

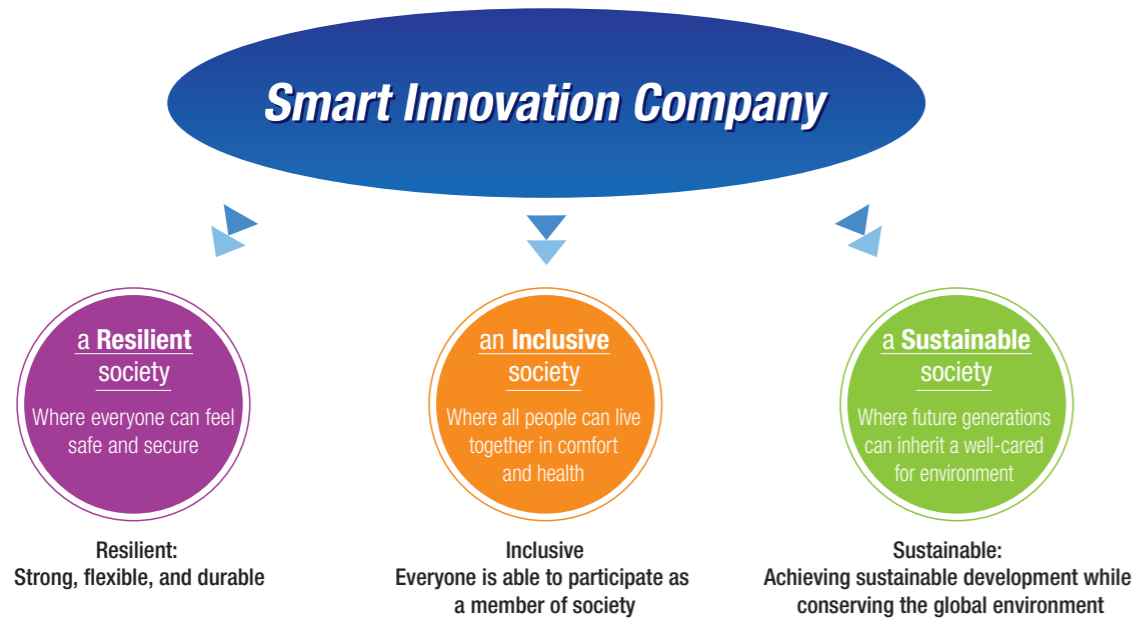
The specified material issues are classified into seven categories. Categories 1 through 3 are material issues the Company actively works to solve through its business and contribute to society. Categories 3 through 7 are material issues linked to the pursuit of business and strengthening management foundations. SDG targets related to each category are also specified.

Category	SDG target related	Materiality	Reference page	
Activities that contribute to society through business		<ul style="list-style-type: none"> <li>■ Building resilient social infrastructure</li> <li>■ Increasing longevity of buildings and infrastructure</li> </ul>	PP20, 30-35, 42-43, 44-47	
			<ul style="list-style-type: none"> <li>■ Building comfortable cities</li> <li>■ Responding Well-being needs</li> </ul>	PP20, 34-39, 42-43
The corporation's business and management activities		<ul style="list-style-type: none"> <li>■ Decarbonization</li> <li>■ Resource recycling</li> <li>■ Living in harmony with nature (Preserving biodiversity)</li> <li>■ Preventing environmental pollution</li> </ul>	PP20, 38-40, 42-43, 52-53, 58-65	
			<ul style="list-style-type: none"> <li>■ Enhancing productivity</li> <li>■ Ensuring optimal product quality</li> <li>■ Strengthening supply chains</li> <li>■ Occupational safety and health</li> </ul>	PP26-33, 42-43 PP68-69, 73
			<ul style="list-style-type: none"> <li>■ Developing cutting-edge technology</li> <li>■ Creating new business models</li> </ul>	PP26-29, 42-43 PP21, 36-41
			<ul style="list-style-type: none"> <li>■ Creating work environments with satisfaction</li> <li>■ Diversity and inclusion</li> <li>■ Developing human resources with an eye towards the future</li> <li>■ Respecting human rights</li> </ul>	PP48-52, 70-72
The corporation's business and management activities		<ul style="list-style-type: none"> <li>■ Risk management</li> <li>■ Thorough legal and ethical compliance</li> <li>■ Strengthening information security</li> </ul>	PP53-55, 74-81	

# The Long-Term Vision SHIMZ VISION 2030

## ● Shimizu Group's Strategy Towards 2030

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



### The Value Shimizu Group Provides

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

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

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

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

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

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

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

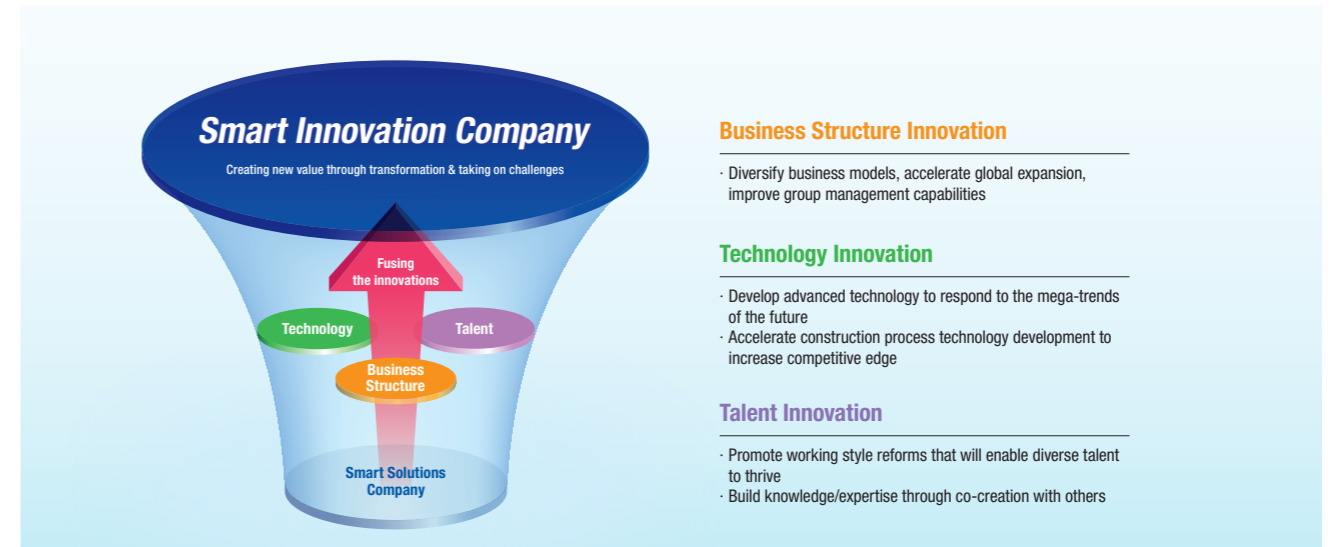
- Use of sustainable energy
- Promotion of energy-saving, energy creation and ZEB facilities
- CO<sub>2</sub> emissions reduction in all business activities
- Conservation of the natural environment and biodiversity

### Targeted Goals



## ● Status of Initiatives for Achieving Our Vision

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



### Business Structure Innovation

We are steadily progressing towards diversifying our business model. This includes entering the offshore wind power construction market with our self-propelled SEP vessel BLUEWIND, which we put into operation in March of this year, and expanding our recurring revenue real estate business through a private REIT launched in January of this year. By making Nippon Road a subsidiary in March 2022 and sharing management expertise and resources within the Group, we are promoting the establishment of a strong collaborative relationship to enhance group management capabilities.

### Technology Innovation

In addition to the promotion of digitalization and the development of cutting-edge technology in each business, we are working on environment-related technologies to achieve carbon neutrality, such as wooden architecture, utilization of hydrogen, environmentally friendly concrete, and applied materials that promote CO<sub>2</sub> absorption in concrete structures. Furthermore, we will respond to customer and social demands by developing new vibration control systems and other systems that contribute to the realization of a safe and secure society.

### Talent Innovation

We established the Human Resources Strategy Department at the Head Office under the direct control of the President in April 2023 to accelerate the establishment and execution of human resources strategies linked to management strategies. In cooperation with Corporate Planning and human resources-related departments, we will promote human resources-related investments and human resources development to maximize employee value, tying it into a change in corporate culture and an enhancement of corporate value.

### Opening Smart Innovation Ecosystem NOVARE\* in Shiomi, Koto-ku, Tokyo

Smart Innovation Ecosystem NOVARE which we have been developing as a place to realize the three kinds of innovation set forth in our long-term vision, will begin operation in stages in September 2023. This facility consists of five functions, NOVARE Hub (a co-creation facility), which serves as the core of the facility, NOVARE Lab a research facility that pursues production innovation, NOVARE Academy hands-on training facility, Novare Archives, and Former Shibusawa Residence built by Kisuke Shimizu II. We will create cutting-edge technologies and new business domains through open innovation with various companies while learning from our history of challenges since our founding and our corporate culture. At the same time, we will enhance corporate value and develop innovative human resources looking ahead to the next 50 to 100 years.

\* Novare is Latin for "to create" or "to make new."

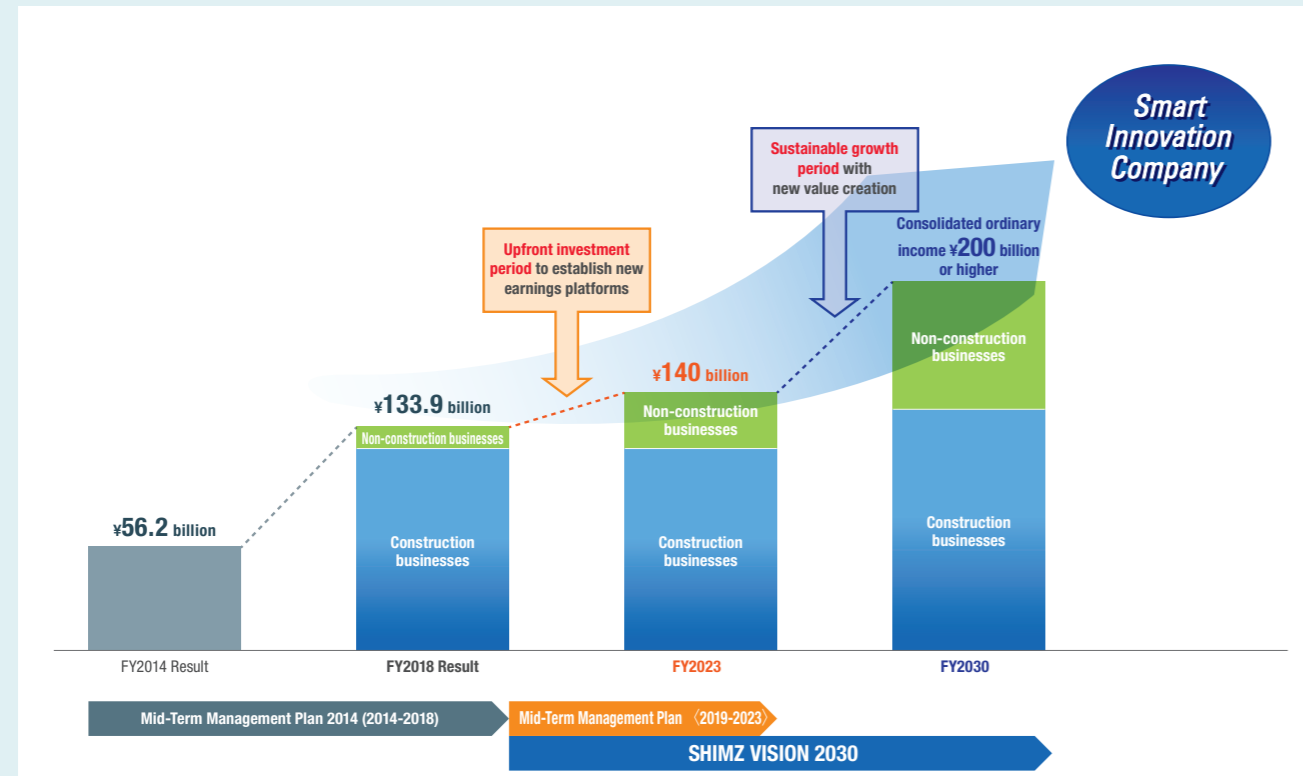


News Release  
Shimizu's Innovation Hub for Business Structure, Technology, and Talent to Begin Operations Soon  
<https://www.shimz.co.jp/en/company/about/news-release/2023/2023019.html>

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

## Towards the Realization of the Long-Term Vision SHIMZ VISION 2030

Aiming for sustainable growth of our corporate value, we have positioned FY2023, the final year of our Mid-Term Management Plan (2019-2023), as a period of forward-looking investments to establish a new revenue base while responding agilely to changes in the external environment.



## Numerical Management Targets (Consolidated)

We will achieve sustainable growth of the Group by maintaining a stable revenue base in the Construction Business while steadily improving the profitability of Non-construction Businesses to enhance the profit structure over the mid- to long-term. We will also maintain a sound financial position while steadily making investments that will contribute to the growth of our Non-construction Businesses.

	Mid-Term Management Plan <2019-2023>			
	FY2022 Results		FY2023 Target	
<b>Total net sales</b>	<b>1,933.8</b>	<b>Financial KPI</b>	<b>1,880.0</b>	<b>Financial KPI</b>
Construction business	1,693.8	ROE <b>5.9%</b>	1,550.0	ROE <b>10% or higher</b>
Non-construction businesses (Development & others)	239.9	Equity ratio <b>34.8%</b>	330.0	Equity ratio <b>40% or higher</b>
<b>Gross profit</b>	<b>161.0</b>	Debt to equity ratio <b>0.68 times</b>	235.0	Debt to equity ratio <b>0.7 times or less</b>
Construction business	111.0	Dividend payout ratio <b>31.7%</b>	185.0	Dividend payout ratio <b>Approx. 30%</b>
Non-construction businesses (Development & others)	49.9		50.0	
<b>Ordinary income</b>	<b>56.5</b>		140.0	The policy is to raise the dividend payout ratio to around 40% in FY2023.

## Non-Financial KPI

Regarding productivity improvement, we are working on the development and implementation of innovative technology, including the development and operation of the Shimz One BIM platform, which serves as the core of Mid-Term Digital Strategy 2020 “Shimz Digital General Contractor.” As for efforts to reduce CO<sub>2</sub> emissions during construction, we are working to improve productivity through the use of ICT construction and to move away from reliance on fossil fuels. To improve job satisfaction, we are actively working on compliance with the upper limit on overtime work that will be applied to the construction industry starting in April 2024. At the same time, we are focusing on initiatives to create rewarding and attractive workplaces where diverse human resources can fully leverage their unique qualities and strengths.

Main KPIs (Key Performance Indicators)	FY2022 Result	FY2023 Target	Related SDGs
<b>Improve productivity</b> Improve productivity in the construction business (Compared to FY2016)	10.0%	20% or higher	8, 9
<b>Environmental (E)</b> Reduce CO <sub>2</sub> emissions in the construction business*1 (Compared to FY2017)	24.5%	10% or higher	7, 12, 13
<b>Social (S)</b> Improve employee satisfaction scores*2	3.67	4.0 or higher	3, 5, 8, 10
<b>Governance (G)</b> Number of serious legal violations	0	0	16

\*1: Targets for Shimizu Ecology Mission 2030-2050 activities \*2: Indicators produced from the “Shimizu Japan Employees Survey” of the Corporation’s employees (average of five-scale evaluation)

## Investment Plan

Regarding focused investments for establishing a new revenue base, the planned investment amount is 750 billion yen over the five-year period of the investment plan, and the actual amount as of the end of March 2023 was 436.1 billion yen. In the real estate development business, the plan is to invest 500 billion yen. While carefully monitoring changes in the market environment, we have made new investments of 272.3 billion yen so far in Japan and overseas. In addition, with the aim of expanding our real estate recurring revenue business, we launched a private REIT focused on our developed properties in January 2023. By reinvesting the funds obtained from property sales to the private REIT into new development projects, we will enhance capital efficiency and promote further growth of our real estate development business. In addition, BLUEWIND, our self-propelled SEP vessel with one of the world’s largest loading and crane capacities, was completed in October 2022 and was placed into operation for the first time in March of this year. By maximizing the use of our SEP vessel, we aim to become a leading player in the construction of wind power generation facilities in the offshore wind power generation construction market, which is estimated to exceed 5 trillion yen. We will create a new source of revenue and actively promote initiatives to realize a decarbonized society.

Investment Type	Investment Amount (5 years)	Three-year Total	FY2022 Results	Accumulated total of FY2019-2021
Productivity improvement & R&D	100	72.3	20.0	52.3
Real estate development business*3	500	272.3	17.3	255.0
Infrastructure, renewable energy, new businesses (frontier business, etc.)	130	78.5	14.5	64.0
Talent development	20	13.0	5.1	7.9
<b>Total investment over 5 years</b>	<b>750</b>	<b>436.1</b>	<b>56.9</b>	<b>379.2</b>

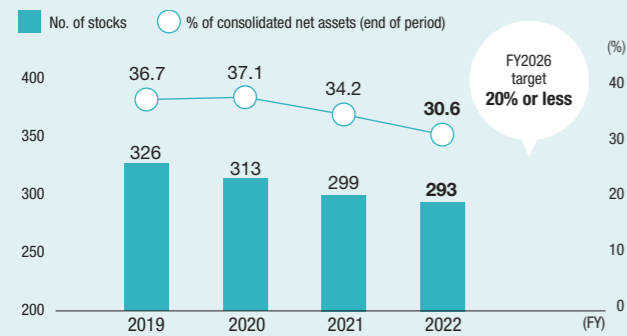
\*3: Investment amount of real estate development business includes amount procured through a non-recourse loan.

Mid-Term Management Plan of Shimizu Group (2019–2023)

Securities Holding Policy and Reduction in Number of Stocks Held

[Holding Policy]

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



[Reduction in Number of Stocks Held]

In fiscal 2022, we sold shares of 21 listed stocks (including partial sales), and the amount came to 26.3 billion yen. From fiscal 2018 to fiscal 2022, we reduced our holdings in 62 listed stocks (including partial sales), and the amount came to 87.9 billion yen. As a result, the number of listed stocks held decreased from 187 on March 31, 2018 to 143 on March 31, 2023. We aim to reduce the balance of securities holdings to less than 20% of consolidated net assets by the end of fiscal 2026 and expect to sell about 30 billion yen of securities holdings in fiscal 2023.

	FY2019	FY2020	FY2021	FY2022
No. of stocks	326	313	299	293
(of which, listed stocks)	174	163	152	143
Sales amount (Billion yen)	17.2	19.9	12.9	26.3
(of which, listed stocks) (Billion yen)	16.8	19.7	12.8	26.3

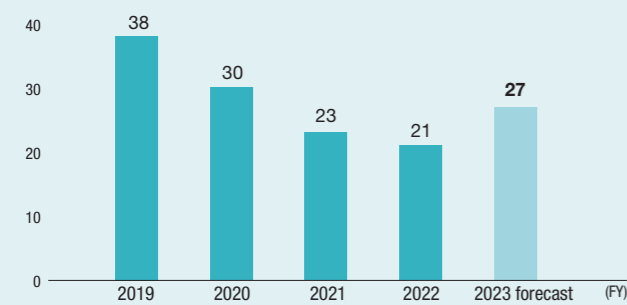
Status of Enhancement of Shareholder Return

We consider strengthening our financial structure for long-term development and providing stable dividends to be important management issues. Our basic policy is to pay dividends as supported by performance. In the Mid-Term Management Plan (2019-2023), we have set a minimum annual dividend per share of 20 yen. We also aim to return profits earned through growth to shareholders by maintaining a consolidated dividend payout ratio of around 30%. In fiscal 2023, we have a policy to raise the consolidated dividend payout

ratio from 30% to around 40%.

In addition, regarding the purchase of treasury stock funded by part of the proceeds from the sale of securities holdings, we plan to make a 20 billion yen purchase in fiscal 2023 and continue the purchases in line with the reduction of securities holdings in fiscal 2024 and beyond.

Dividend per share (Yen)

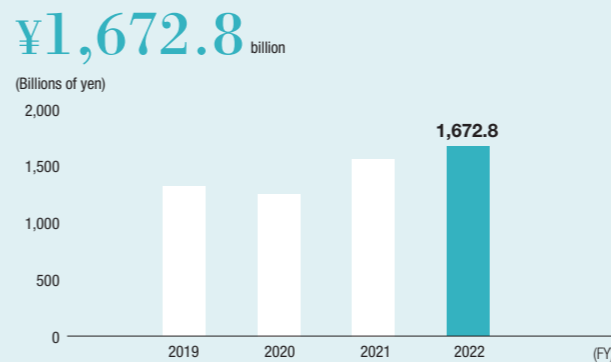


	FY2019	FY2020	FY2021	FY2022	2023 forecast
Net income per share (Yen)	128.31	101.17	64.09	66.29	67.49
Dividend per share (Yen)	38	30	23	21	27
Total amount of dividends (Billion yen)	29.1	22.9	17.0	15.5	20.0
Dividend payout ratio (%)	29.6	29.7	35.9	31.7	40.0
Purchase of Treasury Stock (Billion yen)	20.0	–	20.0	–	20.0
Total payout ratio (%)	49.6	29.7	77.5	31.7	80.0

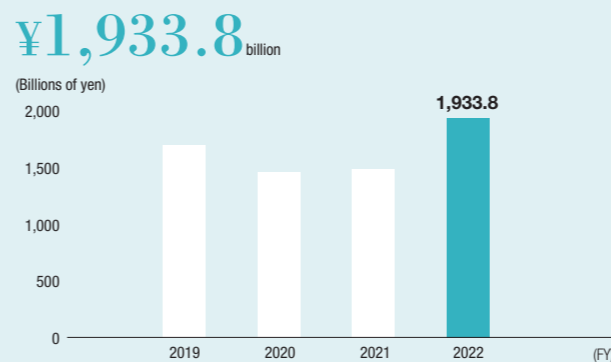
Overview of Fiscal 2022 Business Results (Consolidated)

Net sales increased 30.4% year on year to 1,933.8 billion yen, mainly owing to an increase in the amount of completed construction contracts on a non-consolidated basis, reflecting the steady progress of large-scale construction projects on hand. Ordinary income increased 12.2% from the previous year to 56.5 billion yen, and net income increased 2.7% to 49.0 billion yen. This was mainly the result of an increase in gross profit on completed construction contracts arising from a recovery in the profitability of overseas construction projects, despite a decrease in gross profit on real estate development and other.

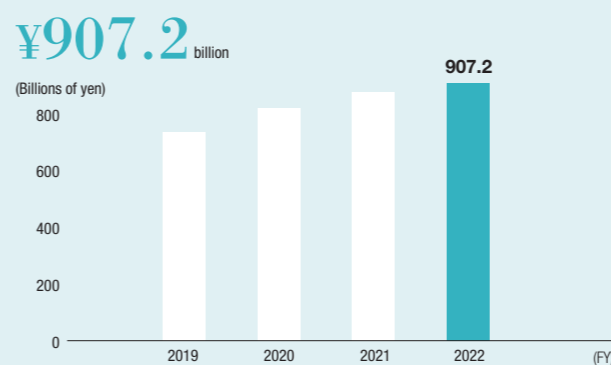
Construction orders awarded



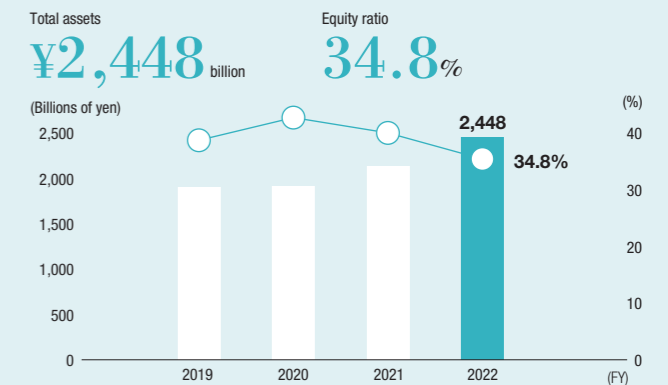
Net sales



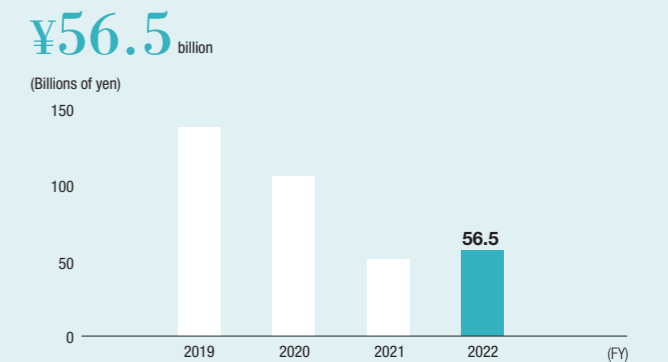
Net assets



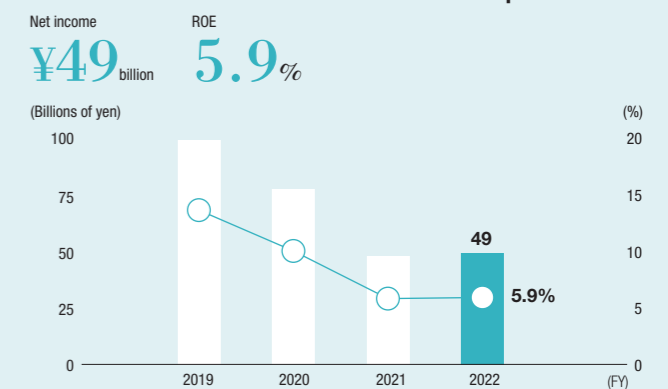
Total assets/Equity ratio



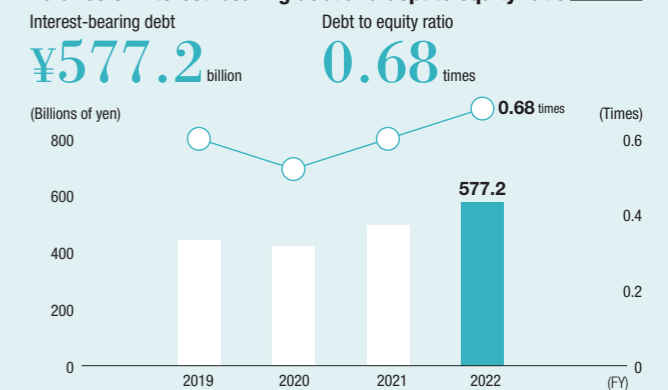
Ordinary income



Net income attributable to shareholders of the corporation/ROE



Balance of interest-bearing debt and debt to equity ratio



## Mid-Term Digital Strategy 2020

# Mid-Term Digital Strategy Summary and Future Outlook

In July 2021, Shimizu announced Mid-Term Digital Strategy 2020 (2019-2023) "Shimz Digital General Contractor," which serves as the basis for our promotion of digitalization. This initiative consists of three pillars, and this year is the final year of this strategy. (1) Regarding digital technology for construction, cutting-edge technologies such as BIM/CIM and construction robots have enabled work on the streamlining of processes from design to construction. (2) In digital support for all operations, we are making progress in establishing an environment with the provision of online conference systems, chat tools, cloud storage, and mobile devices to enable each employee to choose their workplace flexibly without restrictions. (3) As for digital spaces and services provision, we are striving to acquire new customers with our DX-Core Building OS, and we intend to accelerate this initiative further.

In addition, because we have to deal with the 2024 problem, correcting long working hours is a pressing issue. For that reason, to reduce total working hours and improve productivity, we are educating employees to improve their digital mindset and skills and taking steps to strengthen information security.

Furthermore, going forward, we will establish training curricula tailored to each employee's role and business domain to promote the



**Takeshi Sekiguchi**  
Director, Senior Managing Officer  
Senior Managing Officer and  
Executive Officer  
In charge of Information  
Management

development of human resources capable of creating customer value without being restricted by existing businesses. We will continue to promote digitalization to become a Digital General Contractor.

### C O M M E N T

As a DX advisor, I have worked with companies in various regions and industries. What impressed me when I became an advisor to Shimizu in 2021 was that it was enjoying the initial benefits of DX promotion at an early stage, including the company-wide use of collaboration tools, the realization of paperless workflows, and data analysis.

I was also very impressed with the initiatives of Mid-Term Digital Strategy 2020 "Shimz Digital General Contractor." I believe Shimizu was selected as a DX Stock for the third consecutive year as a result of the efforts put into each of these concepts. In the future, the DX initiatives should be rolled out group-wide, capitalizing on the successes achieved to date. To do this, all employees must first become familiar with digital technology and improve their individual skills. It is also necessary to develop human resources that will take on the challenge of implementing new initiatives to improve the productivity of the entire group.

We should recognize that while digital technologies such as AI, autonomous robots, and digital automation can be helpful in our work individually, it is only when they are used wisely that we can unleash their full potential.



**JEAN-MARC FRANGOS**  
DX adviser

Long involved in DX at BT Group, one of the leading telecommunications companies in the UK, Frangos has served as an advisor to various companies. He has also been an advisor to Shimizu since 2021.

## Digitalization of Building Construction Fields

### Providing New Services with Completion BIM

We provide data viewable in the cloud and link it to real estate management software as a service using Building Information Modeling (BIM) for completed construction. In addition, we plan to roll out a new service of customizing BIM data according to customer preferences starting this fiscal year.

### Making Completion BIM Easier to Handle in Building Maintenance and Management

Our platform, Shimz One BIM, enables integrated data linkage from design to construction and completion and annually supports around 200 new construction projects.

The new service is based on completion BIM data, which is derived from this link. We provide integration with the @Property real estate management cloud service of Property Data Bank, Inc. by implementing data cleansing for easy handling by customers and storing it in the cloud.

Customers can seamlessly view BIM data, check repair plans, check or add to repair plans, and more in their web browser.

### Customizing Completion BIM Data for Use in Customer Businesses

We will also help our customers enhance the value of their businesses, assess business feasibility, and improve productivity by customizing the completion BIM data.

For example, we developed a simulation system that uses completion BIM data of theaters to assess the feasibility of performances. Customized completion BIM data then allows evaluation of the arrangement of stage sets and the visibility from seats via a digital replica of the stage.

This method improves efficiency by digitalizing the vast work previously done using floor plans and cross sections. We could verify the effectiveness with the cooperation of Shiki Theatre Company, and are currently working towards practical application.

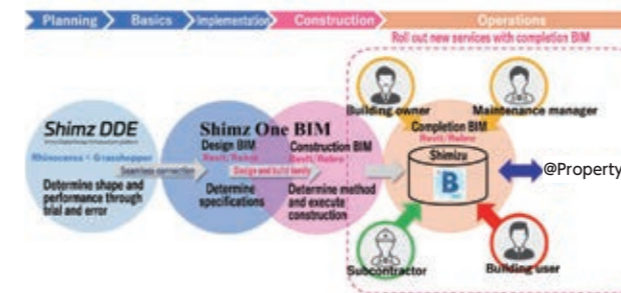


Illustration of Shimz One BIM

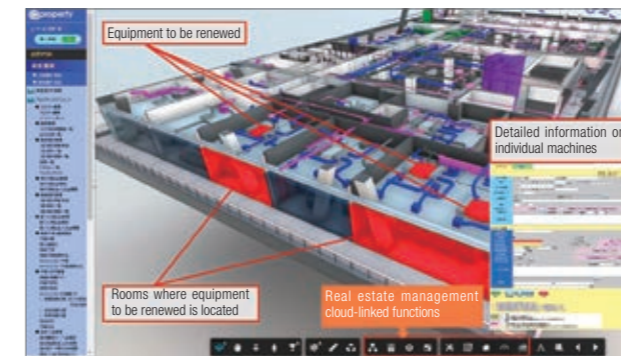
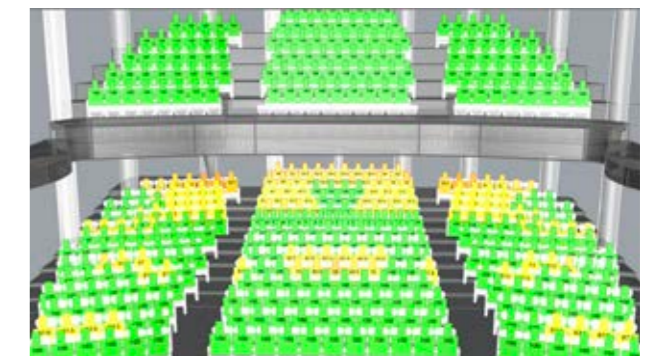
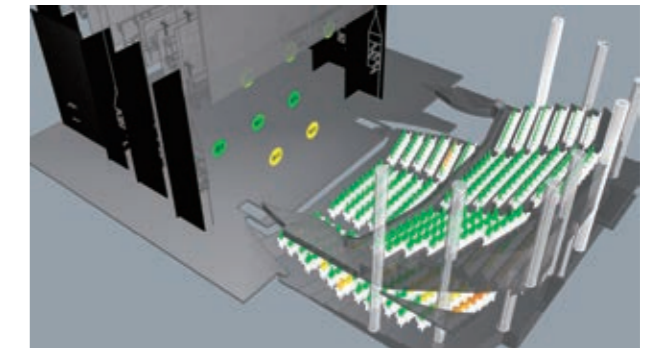


Illustration of link with the real estate management cloud services



Verification of visibility from the audience seating in a virtual space

### Pursuing the Provision of New Services

Going forward, we will promote non-construction businesses by developing services that utilize completion BIM data. We are also looking into creating new data for existing buildings that do not have completion BIM data and providing an update service for renovations. As a Digital General Contractor, we will continue to address the various needs of our customers.

Mid-Term Digital Strategy 2020

Digitalization of Civil Engineering Fields

Achieving a 75% Reduction in Inspection Times by Introducing a Triple-lens Camera for Detection of Rebar Arrangement

Bar arrangement inspections are one of the critical quality control tasks to confirm that the rebar is correctly placed inside the concrete structure at each milestone of the construction process. They require much time and personnel, so streamlining the work is a crucial challenge.

Sharaku\* simultaneously captures the rebar arrangement within the target area with three mounted cameras. Our proprietary image analysis algorithm calculates the diameter, number, and spacing of rebars with high accuracy and creates inspection forms. It reduces the time required for inspection by approximately 75% compared to conventional inspection methods without being affected by harsh on-site environments (sunlight, weather conditions, and weak communication signals). Because one person on site can complete the inspection work, it significantly reduces the manpower. The system is effective in promoting work style reform at construction sites in response to the looming 2024 problem in the construction industry (where the grace period for maximum overtime work will be eliminated).



\* Sharaku was jointly commercialized by Shimizu Corporation, Kanamoto Co., Ltd., and Sharp Corporation.

<p><b>Simple</b></p> <p>Obtain highly accurate data simply by taking pictures with a 3-lens camera</p> 	<p><b>Fast</b></p> <p>Displays inspection results in just 5 seconds</p> 
<p><b>Easy-to-understand</b></p> <p>Confirm pass/fail by comparing with design values</p> 	<p><b>Highly reliable</b></p> <p>Preparing 3 images makes data tampering difficult</p> 



Addressing DX Action Plan Measures of the Ministry of Land, Infrastructure, Transport and Tourism

The Ministry of Land, Infrastructure, Transport and Tourism is working on reducing the labor required for inspecting bar arrangement utilizing digital data as one of its DX Action Plan measures in the infrastructure field and is pursuing social implementation by FY2023. Sharaku was formally adopted for the first time in Japan as part of the Ministry of Land, Infrastructure, Transport and Tourism's Project for the Introduction and Utilization of Innovative Technologies to Dramatically Improve Construction Site Productivity. It was implemented for the completed form verification process carried out on site by clients. In addition to the Innovative Technique Award from the Japan Society of Civil Engineers (JSCE), the system has received the Minister of Land, Infrastructure, Transport and Tourism Award of the Japan Open Innovation Prize, and the Japan Concrete Institute Award for Technology, receiving high marks from all the selecting organizations. Sharaku is now available for rental to construction sites in Japan. This is expected to further advance initiatives for work style reform at construction sites.



Sharaku was formally adopted for the first time in Japan Tohoku Chuo Expressway Higashinegawa Bridge (Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism)

Digitalization in Fields Other Than Construction

Using Digital Technology to Reform the Work Styles of Healthcare Workers at Omi Medical Center

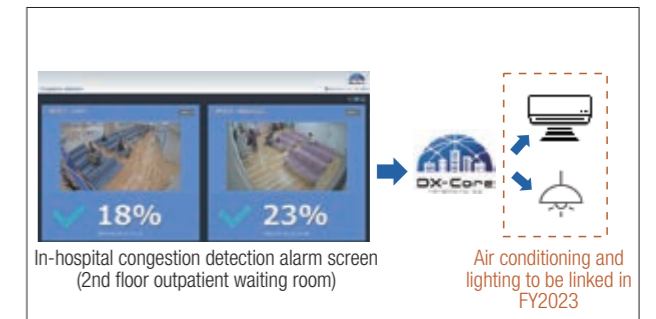
Omi Medical Center has begun using our proprietary DX-Core Building OS. They were the first medical institution to introduce DX-Core in fiscal 2021, connecting DX-Core to the central monitoring of their facilities systems and the electronic medical records of their medical systems. In fiscal 2022, they implemented functions to expand functionality, including linking it with medication delivery robots, real-time visualization of outpatient waiting room congestion using AI cameras, and odor monitoring for patient restrooms in outpatient and inpatient wards. These functions are to go live during fiscal 2023. The medication delivery robots are expected to improve the productivity of nurses, while restroom odor monitoring is expected to improve the efficiency of cleaning operations. They also plan to work on DX in the outpatient area in fiscal 2023 and beyond, taking on the challenge of realizing an updated hospital through the power of software. This includes utilizing data from electronic medical records and implementing functions to assist in efficient personnel allocation according to the actual congestion status in the outpatient waiting room.

In a medical facility, there are doctors, nurses, and many different professionals working, including medical staff, administrative staff, and contractors. All of these individuals must collaborate and communicate with each other. However, digitalization has not progressed at hospitals where telephones and paper documents are used extensively to this day. As such, DX can be expected to improve convenience. Omi Medical Center is actively working to improve the working environment and patient services utilizing digital technology, including the introduction of Command Center\*. In addition, as the main corporation of the Konan Medical Consortium, they are also putting effort into collaboration with regional medical institutions and are working on trials involving utilizing digital technology in patient transfers to other hospitals as well.

\* A system developed by GE Healthcare Japan serving as a central control tower where data linked to various hospital information systems, such as electronic medical records, is analyzed and visualized in real time to allocate the resources necessary for patient care efficiently and to facilitate decision-making to provide the necessary care in a timely manner.



Omi Medical Center (Kusatsu City, Shiga)



Real-time visualization of outpatient waiting room congestion using AI cameras

TOPICS

Selected as DX Stock\* for Third Year Running

We were selected as a DX Stock in 2023 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the third year running. We are the only company in the construction industry to be selected as a DX Stock for three consecutive years.

\* DX Stocks are selected by industry category based on internal development of a system for promoting DX leading to improvement of corporate value and demonstration of a track record in outstanding utilization of digital technology.



Establishing a Training Group in the Digital Strategy Office

In April 2023, we established a new Training Group in the Digital Strategy Office. It will work to foster a digital mindset among executives and employees and improve their digital skills. The aim is to solve priority issues such as the 2024 problem, improving project profitability, productivity, and working environments, and to further promote digitalization measures.

TOPICS

**Developing and Implementing Construction 3D Printers to Further Improve Digital Construction Productivity**

We have been working on developing technologies to promote digital construction for some time. As a part of those efforts, we developed the Shimz Robo-Printer, a construction 3D printer that supports on-site printing, to further improve the productivity of 3D printing construction. We conducted a demonstration at the construction site of our own facility, Smart Innovation Ecosystem NOVARE, currently under construction in Koto-ku, Tokyo. We expect this technology to enable batch printing of large laminates and eliminate the cost of transporting components.

Furthermore, Structural LACTM (Laminatable Cement-based Tough Material), which we developed in-house as a concrete material for 3D printing, was applied for the first time to the printed construction of a building structure used on the roof of a parking lot built at the same facility.

In the future, we intend to focus on technological development to expand the number of applicable projects and improve the efficiency of printed construction to further spread the use of 3D printed construction.



On-site 3D printing construction

Printed structure on the roof of a parking lot

**Addressing the Renovation Market and Taking on Large-scale Remodeling Projects Leveraging Our Extensive Track Record in Construction**

Leveraging our extensive track record in construction along with our traditional and cutting-edge technologies, we are strengthening our efforts to address the renovation market and take on large-scale remodeling projects.

In addition to general office buildings and production facilities, we completed the preservation and renovation of the former Tokyo Detention House after a period of approximately two years in FY2022. This was a large-scale renovation project to restore the exquisite design of the original building, which had been lost over the years.

Completed in 1929, it features a distinctive design resembling a bird flapping its wings and is regarded as a masterpiece of Expressionism. We will continue to leverage our track record and technology to actively develop sales and proposal activities that address our customers' changing needs, taking on various projects according to the building life cycle.



Exterior view of the former Tokyo Detention House (former Kosuge Prison) after completion of the preservation and renovation work (Katsushika-ku, Tokyo)

**Historic Building Preservation and Restoration**

We are carrying out preservation and repair work on the Aso Shrine Romon Gate, a nationally designated Important Cultural Property, and seismic repair work on the main building of the former Shibusawa Residence "Nakanchi," a cultural property (historic site) designated by Fukaya City. Both projects are scheduled for completion and delivery this fiscal year, and we are proceeding carefully while preserving the value of each building as a cultural property.

As part of our promotion of ESG management, we will also actively engage in business activities to pass on historic buildings as a legacy to future generations.

Second-story roof truss of Romon Gate under reconstruction



Aso Shrine immediately after the Kumamoto earthquake (Aso City, Kumamoto)



Tokyo Kabukicho Tower (Shinjuku-ku, Tokyo)

Fukuoka Daimyo Garden City (Fukuoka City, Fukuoka)

**Building Construction Business**

Contributing to the achievement of SDGs through business activities



**We will develop and utilize advanced technologies, such as digitalization technology, to realize an even more reliable production system through the collective efforts of the Group and respond to diversifying customer needs.**

In the domestic construction business, the core of our construction business, we aim to expand our business domain and build a stable revenue base by establishing a more reliable production system and accurately identifying societal changes and the corresponding diversification of customer needs.

Specifically, we will take on the challenge of improving productivity and leveling up our competitiveness by strengthening our efforts from the upstream stage and actively utilizing BIM and other digitalization technologies. We will also work to increase profitability in large-scale projects, strengthen our ability to handle diverse projects, and develop new business domains in construction-related fields.



**Yoshito Tsutsumi**  
Executive Vice President  
Director, Building Construction Headquarters,  
In charge of Productivity Improvement and Nuclear Business, Building Construction Headquarters

**Key Strategies**

**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.**

**1. Improve productivity and sales capabilities**

- 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

- Continue focused activities for nuclear power-related facilities, including plant decommissioning and next-generation power plants

**3. Expand renovations and enter new businesses**

- 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

**2. Leverage technology to respond to customers' changing needs**

- Innovate building construction operations through increased use of AI, BIM, digitalization and other advanced technology-based machines and construction methods

**Strength**

- Competitive edge in winning contracts that comes from our nationwide sales base, extensive track record, and advanced proposal capabilities
- Continuously evolving advanced technological capabilities, including skyscrapers
- Solid quality achieved through the unity of the entire supply chain
- Provision of reliability and satisfaction with a spirit of service to meet customer needs
- Sincere human resources with an unquenchable desire to innovate to support the above strengths

**Future Development Based on Issues**

- Ensure safety and quality by doing ordinary things in an extraordinary way
- Ensure appropriate profit levels in the domestic construction business
- Establish a production system and improve productivity amid increasing busyness
- Improve the working environment and secure and develop outstanding human resources
- Implement various measures to improve the attractiveness of the construction industry and disseminate information



TOPICS

**Constructing the Asuwa River Dam, Japan's Largest Flood Control Dam**

The Asuwa River Dam is currently under construction in Fukui Prefecture. It is a flood control dam for adjusting water flow during floods and is being constructed on the Heko River, a tributary of the Asuwa River, which is part of the Kuzuryu River system. The purpose is to reduce flood damage along the Asuwa River, Hino River, and the lower reaches of the Kuzuryu River. Once completed, it will be Japan's largest flood control dam (dam height: approx. 96 m, dam volume: approx. 670,000 m<sup>3</sup>, flood control capacity: approx. 28.2 million m<sup>3</sup>). During normal times, a flood control dam does not store water but lets it flow through. It only temporarily stores water during floods to allow a safe amount of water to flow downstream. The river's current flow will be maintained, thus maintaining a near-natural matter cycle, including the water cycle, sediment cycle, and fish migration upstream and downstream of the dam. The cornerstone ceremony was held on November 19 last year, and the concrete pouring of the dam body is currently proceeding smoothly. We will contribute to regional disaster prevention and mitigation and national resiliency, aiming for the earliest possible completion of the dam while being fully mindful of safety.



Asuwa River Dam construction as seen from upstream (Ikeda Town, Imadate District, Fukui)

**New PC (prestressed concrete) Road Bridge Slab Manufacturing Line Established at Group Company SC PRE-CON CORP**

Expressways constructed during the high-growth period are now coming due for renovation, and demand for large-scale renovation work is on the rise. Slab replacement work accounts for a significant 60% of expressway renovation projects, estimated at a total of 5 trillion yen. We expect ongoing orders to be placed for construction. Under these circumstances, we have established a new manufacturing line dedicated to PC road bridge slabs, applying the PCa production expertise and resources of SC PRE-CON CORP., a group company that has mainly

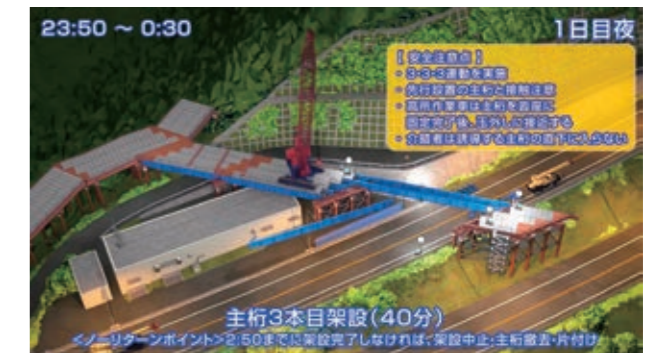


Completed PC road bridge slab

manufactured secondary concrete products for construction work, to the civil engineering field. The purpose of this was to strengthen our supply chain for slab replacement work. Production will begin in earnest in the autumn of this year, and we plan to begin supplying materials for slab replacement work underway all over Japan. By bringing the production of materials in-house, we will ensure a stable supply of materials to construction sites and reduce procurement costs, thereby addressing the demand for renovation of existing expressways.

**Engaging in Construction Near the Expressway Utilizing BIM/CIM**

The Shin-Meishin Expressway, which is currently under construction, is an expressway designed to provide an alternate route in the event of a disaster, alleviate congestion, and revitalize logistics and tourism by creating a dual network with the Meishin Expressway. In this project, we are in charge of the Kajiwara Tunnel, currently under construction in Takatsuki City, Osaka. This project spans roughly 2 km of the total 10.7 km connecting the Yawata-Kyotanabe junction/interchange to the Takatsuki junction/interchange and consists mainly of tunnel and bridge substructure construction. For this construction project, we adopted temporary scaffolding installed above the Meishin Expressway, which is in service, during the limited time of the intensive nighttime construction period. We held a VR-based remote construction review meeting using a 3D construction simulation and a VR system to establish an agreement between client and contractor. After that, the work was safely completed as planned. We will continue to promote the utilization of BIM/CIM to ensure safer construction.



3D construction simulation of the Kajiwara Tunnel (Takatsuki City, Osaka)



Kyoto racecourse renovation project (racetrack area) (Fushimi-ku, Kyoto) Constructing Baba Section in Joint Venture with The Nippon Road Co., Ltd.

**Civil Engineering Business**

Contributing to the achievement of SDGs through business activities



**We will contribute to realizing affluent, safe, and secure lives for people by developing social infrastructure, including roads, railways, and water and sewage systems.**

We will accurately address the dynamic changes in the environment surrounding the civil engineering business, such as carbon neutrality initiatives and measures for disaster prevention and mitigation, national resiliency, and aging infrastructure. At the same time, we will work to address the construction needs of society and customers and solve challenges by developing and implementing new technologies and expanding our business domain into new fields. Furthermore, we will improve productivity and profitability by strengthening our sales, design, and construction organizations and utilizing DX and ICT.



**Kentaro Ikeda**  
Executive Vice President and Representative Director  
Executive Vice President and Executive Officer  
Director, Civil Engineering Headquarters

**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
- 3. Expand businesses**
  - Develop differentiating technologies in key areas including infrastructure renovation, disaster prevention and mitigation, and energy
  - Grow the maintenance management and consulting businesses
  - Expand upstream and downstream business by strengthening design and technology core competencies

**Strength**

- Accumulation of extensive track record in the construction of highly challenging large-scale projects
- Realization of high quality through advanced construction technology and a solid production system
- High productivity through efficient construction and management leveraging DX and ICT
- Contribution to the renewable energy field, including wind and hydroelectric power generation
- Collaboration with group companies in large-scale highway renovation projects

**Future Development Based on Issues**

- Secure a revenue base by continuously winning orders for challenging large-scale projects
- Maintain and build a solid production system by securing and developing outstanding human resources
- Further utilize DX and ICT and develop and implement labor-saving and automation technologies
- Accumulate technological capabilities and expand orders in the offshore wind power generation construction market
- Achieve synergy through strengthened cooperation with group companies

# Overseas Construction Business

Contributing to the achievement of SDGs through business activities



**Using our technological and proposal capabilities cultivated as a general construction company, we are developing businesses rooted in various countries.**

Our full-scale overseas operations date back to the 1970s. Since then, we have been providing our clients with solutions that leverage the collective capabilities of the Group, including not only construction and design technologies but also investment development and engineering. As the COVID-19 pandemic subsides, overseas construction demand is returning to normal. Capital investment related to Digital Transformation, advanced medical care, etc., is expanding as a reflection of the social environment. We will continue to respond swiftly to these changes in social and customer needs and provide high-value-added services.



**Hitoshi Fujita**  
Managing Officer  
Director, Global Business Headquarters

### Key Strategies

**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

#### Strength

- A proven track record and trust built up in many countries
- Diverse proposal capabilities based on technical capabilities, design and construction expertise, and other capabilities
- Abundant global talent to support each country and region
- Proactive initiatives for WELL certification and ZEB

#### Future Development Based on Issues

- Promote business strategies focused on each country's market
- Improve customer responsiveness by leveraging organizational capabilities
- Ensure and improve construction quality in each country
- Improve the crisis management system for geopolitical and market risks
- Continuous recruitment, training, and promotion of global talent

### Grasping Needs and Materializing with Technology (Building Construction)

We continue to focus on commercial and office buildings, including various production facilities, medical facilities, and skyscrapers. In addition to these, in recent years, we have also built up a track record in the field of data centers, particularly in Asia.

In the medical field, we have completed highly advanced medical facilities in Singapore and Taipei. We are building primary-level hospitals that provide basic medical care in provincial cities as a grant aid in Zambia, Africa. We will continue actively pursuing such projects, leveraging our wealth of experience in Japan along with our overseas achievements.

We are constructing large-scale office buildings in Singapore and Indonesia with consideration for both the environment and people, obtaining Green Mark, WELL, LEED, and other certifications. In addition, we have newly expanded into Djibouti, Africa, where we are currently constructing elementary and junior high schools.

Moving forward, we will continue to hone our advanced technological capabilities and genuine responsiveness to solve individual problems.



Mount Alvernia Hospital (Singapore)



The Project for Upgrading Health Centres to District Hospitals in Copperbelt Province (Zambia)



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



News Release  
Road Improvement Project awarded in Côte d'Ivoire, West Africa  
<https://www.shimz.co.jp/en/company/about/news-release/2022/2022052.html>

### Contributing to Growth in Asia and Africa through Infrastructure Construction (Civil Engineering)

We are building infrastructure contributing to economic growth and urbanization in many parts of the world. We have been involved in numerous infrastructure projects in Philippines, Indonesia, Singapore, Vietnam, Bangladesh, Malaysia, Taiwan, Hong Kong, other parts of Asia, and African countries. In developing these projects, we have adapted to the unique construction conditions of each region while at the same time deploying Japanese technology and expertise and employing and training local talent.

In Manila, Philippines, we are currently constructing the country's first subway system. Meanwhile, in Jakarta, Indonesia, we have entered the second phase of construction of the MRT\* North-South Line. In Africa, we are rehabilitating a national road connecting Ghana's second-largest city to an international highway and working on road improvement in Kampala, the capital of Uganda, to ease traffic congestion. In Cote d'Ivoire, we won a new contract for road improvement work. We will continue to contribute to growth around the world through infrastructure construction.

\* Mass rapid transit, including subways



President Marcos presses the button to launch the shield machine at the Manila Metro ceremony



Renovation of the national highway connecting Kumasi, Ghana's second-largest city, to the coast



News Release  
TBM launching, Philippines' first subway construction  
<https://www.shimz.co.jp/en/company/about/news-release/2023/2022062.html>



JAKARTA MORI TOWER (Indonesia)

TOPICS

**Work Started on “Chofugaoka 3-chome Plan,” an Apartment Complex Based on the Concept of a New Normal Residence in the Post-COVID-19 Era**

Construction of the “Chofugaoka 3-chome Project” (tentative name; 79 units in total), a joint project of Shimizu Corporation and The Yamaguchi Bank, Ltd., began in September 2022. The aim of this project is to allow residents to work with peace of mind and live in comfort, the new normal for housing. We are designing living spaces with versatile floor plans incorporating dedicated workspaces. We also collaborated with Professor Satoshi Hori of Juntendo University Graduate School on some units to create what we call “Pandemic Ready New Normal Housing,” which includes ventilation systems that control airflow to reduce the risk of infection within households.\*1 We will continue to focus the collective strength of Shimizu on completing the construction in December 2023 as an apartment complex for the New Normal.

\*1. Published in an article in the Nihon Keizai Shimbun on June 10, 2022.



Perspective drawing of Chofugaoka 3-chome Project (tentative name; Chofu City, Tokyo)

**Construction of S.LOGi Fukuoka Airport, the First Logistics Facility in Kyushu of the Investment and Development Business, Completed**

In August 2022, we completed the construction of S.LOGi Fukuoka Airport, the first leased logistics facility in Kyushu. This facility is leased in its entirety to Nishi-Nippon Railroad Co., Ltd., and has been operational as an international logistics hub connecting Kyushu and Asia since September 2022. It is located near the Fukuoka Airport cargo area and the Hanmichibashi Interchange on the Fukuoka Urban Expressway Circular Route, an area in high demand from logistics companies. While offering versatility as a leased logistics facility, it is equipped with functions that complement the characteristics of the location, such as berths that can accommodate 40-ft trailers, support for air cargo transportation needs, and temperature-zone management equipment for stocking perishable goods. We will continue to leverage our strengths as a general construction company to develop logistics facilities that provide new value to tenant companies.



S.LOGi Fukuoka Airport (Fukuoka City, Fukuoka)

**Launch of Services at Shimizu Private REIT, Inc.**

Shimizu Private REIT, Inc. launched services on January 11, 2023. This private REIT is one of the measures aimed at expanding recurring revenue model businesses in real estate. By reinvesting funds from property sales in new development properties, we hope to supply society with high-quality properties and provide investors with opportunities for ESG investment and financing, thereby contributing to realizing a sustainable society.

The assets initially included in the portfolio are mainly properties we have developed that combine environmental performance and BCP functions and have already obtained environmental certification. In addition, the entire facility is powered by electricity derived from renewable energy sources, and the funds required to acquire assets have been procured through green loans since the launch of operations.

**Shimizu Enters the Rental Housing Business in Philadelphia, USA**

In November 2022, we acquired Rittenhouse Row Apartment, a residential rental property in Philadelphia, through our U.S. subsidiary Shimizu Realty Development (U.S.A), Inc. The property is in a prime location, about a five-minute walk from the City Hall at the center of Philadelphia, and is close to the office district and its forest of skyscrapers. The occupancy rate is stable at a high level, but we aim to further increase profitability by improving the property's competitiveness through upgrades to the equipment specifications in both the private and common areas and resident services. The division plans to continue to invest in real estate in major American cities.



Rittenhouse Row Apartment, an apartment building in Philadelphia, USA



Perspective drawing of Nagoya Marunouchi 1-Chome Project to be completed in 2024

# Investment and Development Business (Real Estate Development Business)

Contributing to the achievement of SDGs through business activities



To respond flexibly to the changing business environment, we will advance a real estate development business that generates stable revenue through both leasing and sales. We aim to build an optimal portfolio by leveraging the technology and collective strength of the Shimizu Group.

Starting in fiscal 2022, we also began forming and managing private REITs to build a real estate value chain and expand our recurring revenue model businesses through group collaboration. In addition to working on business plans from the perspective of SDGs and ESG, we will take on the challenge of new growth fields and reform our business promotion structure to expand our business domain and enhance profitability.



**Haruhiko Washimi**

Managing Officer  
Director, Investment and Development Div.

**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 redevelopment 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

**Strength**

- Extensive domestic and international sales network built over the course of our 210-year history
- Collective strength of a general contractor (architecture, civil engineering, engineering, LCV, group companies)
- Cutting-edge technologies in the DX, Smart City, environmental, and BCP fields
- Ownership of investment advisory firms that contribute to the expansion of recurring revenue model businesses in real estate

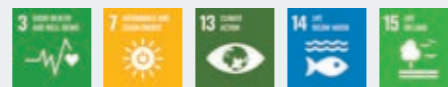
**Future Development Based on Issues**

- Generate new deals by matching sales information from a wide range of clients
- Take on properties of varying sizes and grades through collaboration within the Group
- Promote business through further collaboration with business partners overseas
- Develop business from the perspective of SDGs and ESG, leveraging environmental technology and expertise
- Promote utilization of external funds through private REITs and promote a cyclical real estate business



SEP vessel BLUE WIND for construction of offshore wind farms

Contributing to the achievement of SDGs through business activities



# Engineering Business

With our engineering, we support the realization of a zero-carbon society and a safe, secure, and healthy living environment through GX by means of renewable energy facilities and DX by means of smart buildings and towns.

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.



**Yutaka Shimizu**  
Director, Engineering Headquarters

## 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

## Strength

- Leading share of onshore wind EPC in renewable energy
- Plant turnkey orders for pharmaceuticals, food, chemicals, semiconductors, etc.
- Soil purification such as soil washing and reduction of radiation-contaminated soil and in-situ purification through thermal desorption
- ICT, AI, and IoT integration business to meet facility application and customer business needs
- Offshore wind power EPC through self-propelled SEP vessel

## Future Development Based on Issues

- Offshore wind power EPC development through self-propelled SEP vessel
- Promotion of plant engineering utilizing digital twin
- Promotion of technological development for soil purification and cleanup efforts for new hazardous substances
- Expansion of ICT solutions utilizing building OS (DX-Core)
- Global business development in the plant and environmental fields

## TOPICS

### Energy Field

#### Marine resource development and wind power generation initiatives

In onshore wind power, in fiscal 2022, we worked on construction of seven power generation facilities (total of 139 windmills with a total capacity of 519.9 MW) while also planning new projects and engaging in marketing activities. In offshore wind power, we completed construction of our SEP vessel BLUE WIND and made steady progress in building a project execution system. In addition, as for domestic deep seawater EPC, we constructed a second intake facility in Nyuzen-machi, Toyama.



JRE Oritsumedake (South) Wind Farm No. 1 (Ninohe City, Iwate)

### Plant Field

#### Building plants that can continue growing 10 years from now

Working with our customers, we provide turnkey engineering integrating production equipment and buildings covering everything from planning and design to trial operation. We are proposing a new engineering service called "Growing Factory," which aims to optimize facility value while continuously utilizing the digital twin from the initial design stage to the operational stage.



Optimization system for production facilities using Digital Twin (Growing Factory)

### 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 technologies suitable for the purification of contaminants, we implement in-situ thermal treatment without excavating the soil. Additionally, we have developed technology to efficiently purify contaminated water containing newly identified organic fluorine compounds (PFAS) that are potentially harmful to the human body.



Organic fluorine compound (PFAS) sewage purification demonstration facility (Okinawa, Japan)

### ICT Field

#### New urban development linking buildings and equipment through DX

We have developed many solutions to address diverse facility applications and customer needs. We conducted a field test for a service that links various facilities and systems with transport robots at hospitals. In the future, we will develop and roll out cutting-edge services through a variety of data linkages between facilities and robots and even mobility solutions as we promote initiatives for new urban development.



Automated hospital medicine delivery robot



News Release  
Shimizu's "BLUE WIND", World's Largest Class SEP Vessel Completes  
<https://www.shimz.co.jp/en/company/about/news-release/2022/2022046.html>



Dokkyo Medical University Nikko Medical Center Carport solar power generation: Carbon neutral partner initiative

# LCV

Contributing to the achievement of SDGs through business activities



**We will build a sustainable society and a new future by providing various services such as energy, management, and operation.**

Based on the business concept of Life Cycle Valuation (LCV), Shimizu is building a sustainable future by realizing sustainable value enhancement over the life cycles of buildings, infrastructure, energy, and communities and providing comprehensive service solutions to address our customers' increasingly diverse and sophisticated needs.



**Takeshi Sekiguchi**  
 Director, Senior Managing Officer  
 Senior Managing Officer and  
 Executive Officer  
 Director, LCV Headquarters



Illustration of the launch of small KAIROS rocket (Space One Co., Ltd.)

# Emerging Frontier Business

Contributing to the achievement of SDGs through business activities



**We contribute to the sustainable development of the planet and humankind by expanding the scope of human activities from land to sea and from Earth to space.**

We are working toward early commercialization in the fields of space development and ocean development. We will invest in startups as a stepping stone to contributing to climate change and the global environment through our Harmony with Nature Business and acquiring next-generation construction technologies. Investee Space One Co., Ltd. plans to launch a small rocket from Kushimoto Town, Wakayama Prefecture. In this business, we are contributing to the construction and operation of the first civilian rocket range.



**Shinichi Takiguchi**  
 Managing Officer  
 Director, Emerging Frontiers Div.

## TOPICS

### Low-Cost, Green Hydrogen Manufacturing Demonstration Plant

We are conducting demonstration experiments at our demonstration plant for applying low-cost green hydrogen manufacturing technology in Kokonoe Town, Oita Prefecture. We aim to utilize geothermal energy and biomass resources such as wood, which are plentiful in Japan, to bring CO<sub>2</sub> emissions during manufacturing down to less than one-tenth of hydrogen currently on the market and manufacturing costs down to less than one-third of hydrogen from water electrolysis using renewable energy sources such as solar power.



Hydrogen manufacturing demonstration plant (Kokonoe Town, Oita)



### Providing Green Electric Power Solutions

SEE.\* provides green electric power supplied directly to consumers from non-FIT renewable energy power plants and the non-FIT environmental value of renewable energy certificates to support customers in their decarbonization management. Off-site CPPAs supply electric power from a remotely located power plant through SEE. By installing distributed power generation facilities offsite, they ensure a stable power generation volume, allowing customers to procure electric power derived from renewable energy sources effectively.



SEE. provides various decarbonization solutions



\* SEE.: Smart Eco Energy Co., Ltd.  
 A wholly-owned subsidiary engaged in the electricity retail business based on renewable energy sources.

## TOPICS

### Space Development Developing a Dynamic Observation System for Structures

We developed a system that utilizes satellite positioning to provide low-cost, high-precision, and automatic measurement and analysis of structural displacement. Utilizing it in building and infrastructure construction, we will contribute to realizing a safe and resilient society.



QuartetS GNSS dynamic observation system

### Ocean Development Realizing a Float City

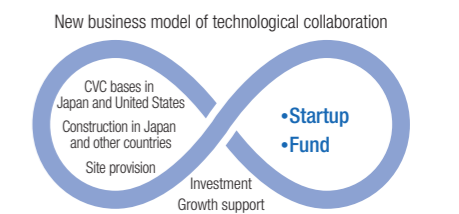
We have come up with the concept of a "Float City" in the ocean with a low environmental impact as a measure to address rising sea levels and overpopulation. To make it a reality, we are working on technological development and market creation for residential and energy-related facilities.



Illustration of floating structure (marine commercial complex)

### Utilizing Corporate Venture Capital

We promote investment in startups in Japan and other countries that generate synergy with our businesses. We also operate a corporate venturing system that allows employees to take on the challenge of starting businesses based on their own ideas.



Number of investments to date: 10  
 Number of demonstration experiments (in Japan and overseas): 29  
 Promoting collaboration with startups in Japan and other countries

# Technological Development

Contributing to the achievement of SDGs through business activities



## We are developing new technologies ahead of the times for the realization of a sustainable future society where people can enjoy prosperity and happiness.

To develop technologies anticipating the diversifying needs of society and our customers, we establish and prioritize the implementation of company-wide, cross-organizational technology strategies. In addition to enhancing carbon neutrality-related technologies to realize Shimz Beyond Zero 2050, we are utilizing rapidly progressing digital technologies to realize GX and DX, thereby contributing to solutions to issues facing society and our customers. Specifically, we are actively engaged in innovative technological development whereby we lead the industry. This includes BILMUS<sup>®</sup>, which is the fourth kind of earthquake countermeasure technology to be put to practical use for the safe and high-quality construction of skyscrapers exceeding 300 meters in height and ultra-large-section tunnels (the other three being seismic resistance, vibration control, and seismic isolation). It also includes the development of the next-generation technologies required for the society of the future, such as the 3D printer LACTM<sup>®</sup>\* and building service platforms DX-Core<sup>®</sup>\* and Mobility-Core<sup>®</sup>\*. We are also accelerating efforts to address our own challenges, such as robotics and productivity-enhancing technologies, in response to the 2024 problem.

\* BILMUS<sup>®</sup>, LACTM<sup>®</sup>, DX-Core<sup>®</sup>, and Mobility-Core<sup>®</sup> are registered trademarks of Shimizu Corporation in Japan.



### Akira Yamazaki

Senior Managing Officer  
Director, Construction Technology Div.,  
Building Construction Headquarters,  
In charge of Building Construction  
Headquarters and Technology

### Main Technical Development Issues

We identify technical development issues based on company-wide materiality.

#### Promoting a sincere approach to monozukuri (superb craftsmanship)

Mechanization, robotization, computer-aided construction, safety improvement, quality control, etc.

#### Realizing a sustainable society where future generations can inherit a well-cared for environment

LCA, renewable energy, ZEB, wooden construction, green infrastructure, etc.

#### Realizing a resilient society where everyone can feel safe and secure

Disaster prevention, BCP, civil engineering infrastructure construction, etc.

#### Realizing an inclusive society where all people can live together in comfort and health

Smart City infrastructure, wellness workplace environment, etc.

#### Creating of new technologies and value that is ahead of the times

Computational design, cutting-edge domains (aerospace and ocean), etc.

#### Fundamental technologies

Structural work methods, new materials, decarbonization, resource recycling, AI, robotics, etc.

### Institute of Technology: Preparing for the Future 10 Years from Now

With approximately 200 researchers with diverse expertise in everything from building construction and civil engineering to machinery, electricity, materials, medicine, pharmacology, and information, the mission of the Institute of Technology is to always "prepare for the future 10 years from now."

It serves as an R&D hub that anticipates the changes and advancements of the times and a place for demonstrating the developed technologies. This includes addressing social issues such as resilience, inclusiveness, and sustainability and utilizing cutting-edge technologies.

Taking advantage of its location in the heart of the city, we are actively providing information through tours of the showroom and laboratory buildings and Shimizu Open Academy.



Exterior of Institute of Technology (Koto Ward, Tokyo)

## TOPICS

### Robo-Carrier Automatic Material Conveyance Robot

The construction industry is faced with challenges that include a shortage of workers and the need to reform workstyles. As such, autonomous robots equipped with state-of-the-art technology are being introduced at construction sites to improve productivity and save manpower.

Robo-Carrier is a robot that autonomously conveys materials. When you enter the storage location and destination in the app on a tablet, instructions are sent from the cloud server, allowing multiple robots and automatic elevators work in parallel and coordinate with each other to perform automatic conveyance. This eliminates the need for multiple workers to push the carts, saving manpower and avoiding hazardous work.

We have currently introduced the robots at several of our construction sites, including hotels, offices, and plants. We are also rolling them out to external activities, including the Construction RX Consortium.



Robo-Carrier improves conveyance efficiency

### Hydro Q-BiC<sup>®</sup>\* Hydrogen Energy Utilization System for Buildings

To achieve sustainable urban development, it is essential not only to advance energy-saving technologies but also to actively promote renewable energy, expanding from individual buildings to entire city blocks.

Based on the premise that nearby facilities will use CO<sub>2</sub>-free hydrogen (meaning no CO<sub>2</sub> is emitted during power generation) as an energy source, we have developed a proprietary hydrogen storage alloy that is safe and suitable for use in constructing mass storage tanks. Building-attached hydrogen energy utilization system Hydro Q-BiC utilizes surplus electric power derived from renewable energy to produce, store/transport, and use CO<sub>2</sub>-free hydrogen. Following a field test in Koriyama City, Fukushima Prefecture, we introduced the system into our office building for the first time in Japan. We are actively promoting its social implementation as a technology for the efficient use of renewable energy.

\* Hydro Q-BiC<sup>®</sup> is a registered trademark of Shimizu Corporation in Japan.

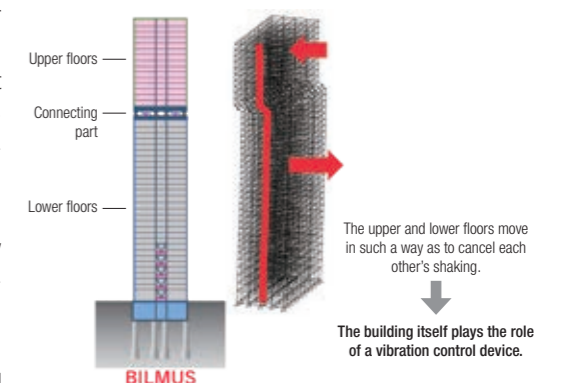


Hydro Q-BiC in operation at our Hokuriku Branch

### BILMUS System Turns Entire Building into Vibration Control Device

There are concerns about future major earthquakes, such as an earthquake directly under the Tokyo metropolitan area or massive earthquakes in the Nankai Trough and Sagami Trough. We are developing various technologies so that we can make proposals that meet the needs of diverse facilities. These include seismic isolation and vibration control technologies to reduce damage caused by the shaking of buildings, seismic retrofitting methods for ceilings and facilities, and tsunami countermeasure technologies.

The BILMUS<sup>®</sup> system transforms the entire building into a vibration control device and reduces seismic shaking by half. The upper and lower floors of the building are structurally independent and connected by laminated rubber bearings and oil dampers used in seismic isolation construction. During an earthquake, the upper and lower floors move in such a way as to cancel each other's shaking, and the building itself plays the role of a vibration control device. This significantly reduces the number of vibration control devices compared to conventional systems and dramatically increases the degree of design freedom.



BILMUS system turns entire building into vibration control device to reduce seismic shaking by half



Institute of Technology  
<https://www.shimz.co.jp/en/company/about/sit/>



Steel bridge footings in Iitaka-cho area on Yamato Gose Road (Kashiwara City, Nara) FaB-Tec Japan Corporation

# Domestic Group Companies

Contributing to the achievement of SDGs through business activities



## We intend to build a swift-footed Group management structure.

The Shimizu Group has 126 subsidiaries and 20 affiliated companies. These companies operate various businesses, such as construction, development, engineering, and LCV businesses. Based on smooth communication, we are fostering a sense of unity as a group and promoting awareness of group optimization, including collaboration and mutual cooperation among group companies. In so doing, we are strengthening human resources management, corporate governance, and compliance, and promoting measures to expand our business.



**Takao Haneda**  
Senior Managing Officer  
In charge of Group Companies

## Main Group Companies in Japan



## THE NIPPON ROAD Group

### THE NIPPON ROAD Co., Ltd.

#### Generating Further Synergy as a Member of the Shimizu Group

In March 2022, Nippon Road became a consolidated subsidiary of Shimizu, and the companies now make full use of each other's resources in areas such as joint orders for construction work, R&D, and human resources development. In July 2022, the company completed construction of a high-spec Advanced Driver Assistance System (ADAS) test course for the purpose of testing and researching advanced automotive safety technologies. It is actively working to develop new paving technologies to respond to changes in the social environment surrounding people and vehicles due to the evolution of mobility technologies.



THE NIPPON ROAD Co., Ltd.  
<https://www.nipponroad.co.jp/english/>



New ADAS test course established within the JARI Shiroato Test Course (Shiroato-machi, Ibaraki)

### ND LEASING SYSTEM CO.,LTD.

In addition to leasing automobiles and construction and civil engineering equipment, ND Leasing System handles a wide range of other services, including quantity surveys, development of systems related to piled timber mills, and sales of safety and environment-related products. It has developed and is selling the "Multi Job Car," a vehicle that integrates an office and restroom and can be used for various purposes such as desk work, meetings, breaks, and naps at paving sites.



Multi Job Car

### kankyoryokka Co.,Ltd.

kankyoryokka undertakes landscaping and construction of parks and green spaces as well as surveying and consulting for environmental improvement plans. In addition to planting and landscaping, it provides green spaces for disaster prevention parks and walking trails as well as rooftop greening and biotope development.



Tire Park has a monument made from old tires (Ota-ku, Tokyo)

## SHIMIZU BLC Co., Ltd.



Enhancing building BCP/LCP\* using electric vehicle storage batteries

### Providing Support over the Lifecycle of Customers' Buildings

Shimizu Building Life Care provides a one-stop solution for building management and renewal, offering a complete range of services needed throughout the lifetime of the building to maximize asset value and meet customer expectations. It also proposes services in a wide range of fields, such as enhancing building disaster prevention by utilizing electric vehicles (storage batteries), to accurately meet the increasingly diverse and complex needs of its customers as their building life partner.

\*LCP: Stands for Life Continuity Planning and involves supporting the continuation of family life in the event of a disaster or other risk

## MILX CORPORATION

### Providing Full Support for Safety and Security at Work Sites

MILX CORPORATION provides a wide range of services to support group companies, including sales and leasing of construction equipment and materials, interior finishing work and rebar work, insurance agency services, security, and travel arrangements. With multiple large-scale projects currently in the planning stage, its 13 equipment and material centers nationwide support monozukuri by such means as participating from the planning stage to supply high-quality temporary construction materials and equipment suited to the specific construction application. It also contributes to the SDGs by efficiently reusing temporary construction materials through its rental business.



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

## FaB-Tec Japan Corporation



Kesennuma Bay Crossing Bridge (Kesennuma City, Miyagi)

### Kanae Ohashi Wins Tanaka Award

Kesennuma Bay Crossing Bridge (nicknamed "Kanae Ohashi"), which the Sendai Office of Rivers and National Highways, Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism contracted us to fabricate and erect, won the 2022 Tanaka Award from the Japan Society of Civil Engineers. This award is presented for outstanding work related to bridges and structural engineering. Kanae Ohashi is a part of the Sanriku Expressway and measures 1,344 meters long, making it the longest cable-stayed bridge in Tohoku.

**Shimizu Comprehensive Development Corporation**

**General Real Estate Company Handling Everything from Development to Management**

Shimizu Comprehensive Development is involved in the development, management, and operation of self-branded properties, including condominiums for sale (VIEQU), rental offices (VPO), and condominiums for rent (VPR). In addition, the company offers a one-stop solution for project management (PM) and building management (BM) services (PBOS: PM&BM ONE-STOP SOLUTION). Integrating building asset management, real estate consulting, brokerage, and tenant leasing allows the provision of efficient services.



VIEQU BRIGHT TSUKISHIMA (Chuo-ku, Tokyo) (left)  
VIEQU SUITE MATSUDO (Matsudo City, Chiba) (right)

**Nihon Kensetsu Co., Ltd.**

**Providing Comprehensive Services from Design to Construction**

Nihon Kensetsu became a member of the Shimizu Group in 2014 and has continued to develop further ever since. It leverages the mobility unique to medium-sized general contractors and expertise accumulated over many years along with the experienced talent in charge as well as the collective strength of the Shimizu Group to provide comprehensive solutions from design to construction.



Grand Maison Asakusa Hanakawado (Taito-ku, Tokyo) (left)  
Toyosu Cubic Garden (JV) (Koto-ku, Tokyo) (right)

**SC Machinery Corp.**

**Proposing Total Solutions for Construction Machinery**

SC Machinery offers comprehensive rental services for a wide variety of machinery, including tower cranes, crawler cranes, and other large machinery, covering everything from planning and proposal to installation, operation, maintenance, and management. As part of its participation in the Construction RX Consortium, the company has installed a tower crane in the Tokyo Machinery Center and is working on establishing remote operation techniques and training.

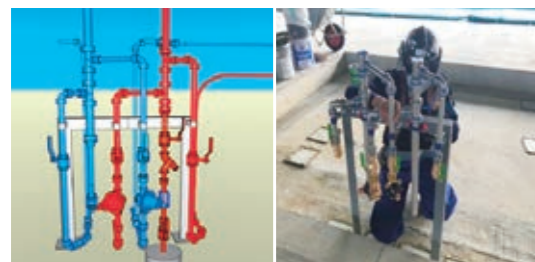


Mainstay large tower crane

**Daiichi Setsubi Engineering Corporation**

**Comprehensive Planning of Building Facilities Including HVAC, Sanitation, and Electricity**

In an effort to reduce work time, Daiichi Setsubi Engineering is working to streamline construction procedures while maintaining quality. The unitized construction method for plumbing installation requires precise work. It contributes to significant reductions in construction time and improvements in construction accuracy. The company will continue to promote various construction streamlining through this method.



Example of unitization of water supply and hot water piping: Drawing (left) Assembly (right)

**SC PRE-CON CORP.**

**PCa for Both Curtain Walls and Structural Framework**

SC Precon provides high-performance, high-quality precast concrete (PCa) products for various construction projects, contributing to on-site labor savings, shorter construction periods, and environmentally friendly initiatives. Starting in fiscal 2023, the company will also contribute to the development of safe and secure social infrastructure through the supply of expressway PC slabs.

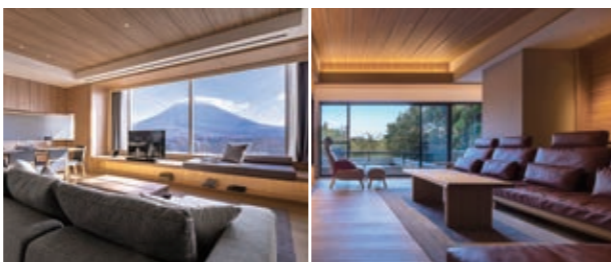


Nagoya Marunouchi 1-chome plan utilizing PC structural framework in exterior design (Nagoya City, Aichi)

**FIELD FOUR DESIGN OFFICE Co., Ltd.**

**Contributing to the Enhancement of the Shimizu Brand with Interior and Exterior Design**

Field Four Design Office places great importance on creating comfortable spaces with a focus on light, greenery, and furniture design. From offices to residences and luxury hotels, the company plans, designs, and manages the production of new and renovated interior and exterior spaces for all types of uses, bringing about future change with the power of design.



Setsu Niseko guest room (Abuta District, Hokkaido) (left); Hotel Kinzan guest room (Kobe City, Hyogo) (right)

**PD System Corporation**

**Buttressing Construction Projects with Design and Construction Support**

PD System participates in building construction monozukuri through services in a wide range of fields from upstream to downstream of the building production process. As building construction professionals playing a part in monozukuri, the company will earn solid trust and contribute to society.



PR video (<https://www.pdstk.co.jp/movie.html>)

**Tomato Farm Co.,Ltd.**

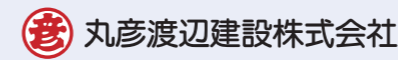
**Cultivating Tomakomai Strawberries Year-Round in a Vast 4-hectare Facility**

Tomato Farm made a new start as a subsidiary in 2022, actively shipping Tomakomai strawberries not only within Hokkaido but also to the Tokyo metropolitan area. It is working to expand its business partners while considering SDGs and the environment in its management, including circular agriculture where leaves and stems are collected and used to feed sheep.



Environmentally controlled field using ICT (Tomakomai City, Hokkaido)

**TOPICS**



Hokkaido-based general construction company Maruhiko Watanabe Construction Inc. was made a subsidiary on May 31, 2023. Since its founding in 1918, the company has engaged in building construction, civil engineering, renewal, and machinery and production support nationwide. It will work on strengthening its business foundation of building construction and civil engineering by integrating expertise from various business fields, including sales infrastructure and management resources.

**Major Domestic Group Companies** (as of March 31, 2023)

(Millions of yen)

	Corporate Name	Lines of Business	Sales in FY2022
Building Construction-related businesses	SC PRE-CON CORP.	Manufacture, sale, and construction of precast concrete products	7,294
	SC Machinery Corp.	Construction machinery rentals	35,316
	SHIMIZU BLC Co., Ltd.	Building renewal and management business	72,206
	Daiichi Setsubi Engineering Corporation	Building facility construction contract work	13,198
	Technology Network, Inc.	Sale of building construction-related technologies and products	2,349
	Nihon Kensetsu Co., Ltd.	Building construction contract work	14,114
	FaB-Tec Japan Corporation	Steel frame and bridge fabrication contract work	35,594
	PD System Corporation	Building design and management	5,489
	FIELD FOUR DESIGN OFFICE Co., Ltd.	Interior and landscaping design and supervision work	533
	MILX CORPORATION	Sales and lease of construction equipment and materials and insurance brokerage business	36,194
Development and real estate-related businesses	Shimizu Real Estate Asset Management Corp.	Real Estate Investment Management	440
	Shimizu Comprehensive Development Corporation	Development business, building management business, and lease brokerage business	27,486
	MINATO JISHO CORPORATION	Real estate sales business and real estate leasing business	453
Service-related businesses	OHSAKI RESEARCH INSTITUTE, INC.	Research, development, contracting, and consulting for analysis methods required to design nuclear structures and other special structures	408
	CSP Japan, Inc.	Space development-related studies and consulting	14
	SHIMIZU AGRI PLUS Inc.	Contract work for garlic chive shipment preparation (mechanized removal of unnecessary leaves, weight reduction, and binding)	28
	Shimizu Finance Co., Ltd.	Money lending business	632
	Shinshu Wood Power Co., Ltd.	Sales of electricity generated from wooden biomass	484
	TAMA MEDICAL PFI CORPORATION	PFI for Tokyo Metropolitan Tama Medical Center and Tokyo Metropolitan Children's Medical Center	12,790
	Daiya Building Service Co., Ltd.	Building maintenance (cleaning, equipment, security, and upkeep)	1,971
	Total Office Partner, Inc.	Management of Shimizu Corporation head office building, public relations and advertising, clerical work, and personnel dispatch business	7,376
	Tomato Farm Co.,Ltd.	Strawberry cultivation and sales business	386
	Nippon Road Group	THE NIPPON ROAD Co., Ltd.	Road construction and paving work
ND LEASING SYSTEM CO.,LTD.		General leasing, development, and sales of computer software, etc.	6,944
NDIC.co.,Ltd.		Insurance brokerage business	283
kankyoryokka Co.,Ltd.		Landscaping of parks, green spaces, gardens, etc.	383
SPORTS MEDIA inc.		Planning and management of sports facilities, etc.	441

\* Maruhiko Watanabe Construction Inc. is not included in the table above as it was made a consolidated subsidiary on May 31, 2023.



## Roundtable Between the President and Outside Directors

In May 2023, President Inoue and four outside directors discussed corporate sustainability, focusing on topics related to ESG.



Director Tamotsu Iwamoto × Director Mayumi Tamura × President and Director Kazuyuki Inoue × Director Yumiko Jozuka × Director Junichi Kawada

Social

### S Developing Talent That Learns from the Past Innovates for the Future

#### Pursuing a Corporate Culture of Change

**President:** I would like to start by asking your thoughts on Shimizu's culture, talent, and human resources strategy.

**Jozuka:** Someone once said to me, "Shimizu is a good company that takes care of its employees and subcontractors and does good work." Shimizu's approach of taking care of its people in order to do great work is deeply entrenched, and I think it's wonderful that it has continued doing that for 220 years.

**President:** I appreciate that very much because we have adopted The Analects and the Abacus (Ethics and Economics) of Eishi Shibusawa as our corporate credo, and we are continually developing human resources with high ethical standards.

**Kawada:** I think it means that the education Shimizu has provided is bearing fruit. I, too, am impressed by the pride each employee takes in their work and the organizational discipline that is in place. It's important to engage in monozukuri (superb craftsmanship) as an organizational activity, and that requires strong leadership. I feel that there's a great deal of highly capable talent at Shimizu that will be able to lead the company in the future. At the same time, because of the high degree of specialization, the organization tends to be compartmentalized; I feel like a wall has formed between departments even though they are all part of the same company. To solve this problem, how about having the executive class experience operations in a different field or promoting the exchange of human resources between departments, for example, to cultivate a perspective of overall optimization?

**Iwamoto:** It was the same at my previous place of employment. Technical divisions strongly emphasized specialization, so we struggled to break down the barriers between departments. Those who became officers and department heads were encouraged to go beyond those barriers and get involved in management.

**President:** That is true. While specialists are, of course, important when it comes to technology, we would also like to systematically work on developing a more diverse literacy among the executive candidates who will become management in the future. We have begun to promote future leaders to the position of president of a subsidiary, allowing them to gain different experiences before bringing them back to Shimizu. However, I feel that we need to give them even more dynamic and challenging assignments in the future.

Also, although many of our employees take pride in their work and the company and are highly motivated to improve things here, others are uncomfortable asserting their own ideas. I want to change that and ensure an open atmosphere in our organization that allows people to express themselves.

**Jozuka:** At my former workplace, we launched a project to listen to straightforward feedback from younger employees regarding the workplace climate and work style reform. When we did that, young people proposed improvements without hesitation, which led to progress in workplace reforms.

### Setting to Work on Human Resource Development to Bring About Technological and Business Innovations

Kazuyuki Inoue



## Roundtable Between the President and Outside Directors



## Iterating and Continuing Shin Diversity Activities to Promote DE&I at Shimizu

Yumiko Jozuka

**President:** That's an initiative we should consider. Last year, Shimizu started a movement to address people more casually instead of formal job titles. This was to eliminate barriers based on positions and foster a more open corporate culture. At social gatherings with the President, some younger employees call me more informally Inoue-san, but the older the employee or the higher the grade, the harder it is for them to change their habits, it seems.

**Kawada:** I had a similar experience, so I completely understand. It's hard to get that movement to take hold throughout the company unless the higher-ups understand the purpose and put it into practice themselves.

**Tamura:** It's all about changing your mindset, isn't it? In this era of unpredictability and rapid change, I believe that creating an environment and organization where everyone can speak freely and have their voice heard will ultimately become a strength of the organization. I think that would increase employee loyalty, create greater job satisfaction, and make them want to contribute even more. I believe the most important thing for a company to grow is the level of satisfaction among workers in terms of feeling a sense of personal growth.

**Jozuka:** From now on, Shimizu needs to develop human resources who can respond actively, quickly, and flexibly on their own. Human resource innovation is essential in this regard. It's crucial to bring together people with diverse ideas and experiences in an environment of psychological security where everyone can freely express their opinions and perform duties using new ideas. This is what DE&I (Diversity, Equity & Inclusion) is all about.

**Iwamoto:** There's still room for improvement in terms of diversity and equity not only at Shimizu but at Japanese companies in general. Shimizu has always valued people, so I think it would be good to continue with suitable initiatives.

**Tamura:** The Shin Diversity Activities proposed by Chairman Miyamoto and carried out last fiscal year thoroughly address the career development not only of the younger generation but also of female employees in their 40s and up. It's a great initiative that helps to take the promotion of women's advancement to the next level.

**Jozuka:** I think so, too. "The Shin Diversity Activities" are an initiative where the chairman and female outside directors visit branches nationwide to drive the elimination of gender gaps within the company. Last fiscal year, we visited 13 locations and received feedback from participants. This included comments such as "I felt the company's seriousness about reform, and this helped me envision a positive future for myself" and "The atmosphere was one of listening to all opinions, so it was easy to speak up, and sharing my thoughts with other women gave me confidence." Iterating and continuing these activities is essential, so I look forward to their implementation again this year.

**President:** In that sense, we need to continue to aggressively promote the utilization of paternity leave. To further promote DE&I, which you are all helping with, we made organizational changes in April of this year and placed the department that promotes DE&I under my direct control. DE&I and work style reform are two halves of the whole and will be linked to our human resources strategy, so we will focus on further accelerating our initiatives.

### The Importance of Human Resource Innovation

**President:** We have begun separate management development initiatives at top management, middle management, and young management levels.

**Iwamoto:** The company I used to work for also selected and trained executive management candidates, but I think it's necessary to rotate talent and not to just fixate on a specific type.

**Kawada:** I agree. There are many different types of people, and the timing at which they reach their potential differs from person to person.

**President:** Exactly. Not only does each individual have their own timing, but I also believe that overcoming difficult challenges can lead to the blossoming of abilities and the cultivation of leadership skills. As such, I hope to provide a multitude of experiences and opportunities to many employees.

**Jozuka:** Educating top management is essential, but developing managers and young talent will also become increasingly important in the future. Furthermore, many companies nowadays systematically implement skill development and awareness reform at each level, such as reskilling programs for middle-aged and older workers. I believe this is precisely the kind of human resource strategy that is required. Considering that, I thought Shimizu needed a department to oversee human resource development and strategy.

**President:** One of our top priorities is to develop human resources who will bring about innovation in technology and business. Having previously received such suggestions from you, we established a new Human Resources Strategy Dept. in April of this year. This department develops measures related to the coordination of management and human resource strategies and rolls out activities related to the development and education of human resources who will lead corporate reform.

**Tamura:** A company must establish such functions and systems, but it's also important for individual employees to plan their career development and work on improving their skills, or so-called career autonomy.

**President:** I think so, too. The company may offer a variety of opportunities, but one should not be passive in thinking that the company will develop their career for them. Over the more than 200 years since our founding, Shimizu has developed overcoming many challenges. Looking ahead to the next 50 or 100 years, we are constructing an Innovation facility in Shiomi, Koto-ku, Tokyo. This facility, comprising research and training facilities, will serve as a place for cultivating individuals who will be responsible for technological innovation and continuous development. I hope our employees will use this facility effectively and that it will become a "hub for learning from the past and innovating for the future" that will protect and nurture the Shimizu DNA and create new knowledge.

**Iwamoto:** There have been surveys showing that companies that invest in human resources perform better, so I hope Shimizu will continue actively doing so. I look forward to seeing Shimizu employees reach even further heights.

## Roundtable Between the President and Outside Directors



## Focus on Initiatives That Develop and Value People

Tamotsu Iwamoto

## Environment



## Realizing a Sustainable Society

## Achieving Carbon Neutrality

**President:** Initiatives to realize a zero-carbon society seem to have accelerated in Japan since the government declared its goal to achieve carbon neutrality by 2050. At the same time, the global energy situation is becoming increasingly chaotic due to Russia's invasion of Ukraine. Considering the circumstances, I believe widespread introduction and adoption of renewable energy as a vital energy source is a pressing matter. What are your thoughts on the matter?

**Kawada:** The energy landscape is changing at an unprecedented pace. Before, moves were being made toward decarbonization from the standpoint of preventing global warming. But with the Russian invasion of Ukraine, the supply of crude oil and natural gas has become unstable, so the world's attention has turned to energy security and stability. This, in turn, has accelerated moves toward further decarbonization. People used to say that the types of energy and the supply-demand balance changed every few years. Recently, though, these changes have been taking place at shorter intervals, so we have to continually rework our strategies and goals and be aggressive in our efforts.

**President:** That means companies have to respond more quickly and flexibly, doesn't it? We may need to consider quickly revising our goals, plans, and even the environmental vision established in 2021 according to the business environment at any given time.

**Tamura:** I believe Hydrogen technology is effective for reducing CO<sub>2</sub> emissions. Shimizu is collaborating with the National Institute of Advanced Industrial Science and Technology on a hydrogen-related technology called "Hydro Q-BiC," and I believe that such efforts can enhance the Company's competitiveness in this area.

**President:** You're absolutely right. Hydrogen-related technology has been introduced at our Hokuriku Branch building and at several of our customer's buildings. There are challenges and areas for improvement in terms of cost, but we will continue to pursue the possibilities of hydrogen energy and push forward with its development. At Shimizu, we are also focusing on ZEB. We have made progress on technological development, and our track record is growing steadily. In addition to energy creation technologies such as hydrogen and solar power generation, the Hokuriku Branch that I just mentioned has adopted energy-saving technologies in equipment such as air conditioning to achieve ZEB status. Some of our customers have expressed an interest in having all future buildings built to ZEB specifications, so I hope to propose not only new ZEB construction, but also conversion of existing buildings to ZEB.

**Tamura:** Offshore wind power is another power source that needs to be significantly expanded in the future.

**President:** We built a dedicated SEP vessel for the construction of offshore wind turbines, which is now in full gear in Japan. It's a self-propelled vessel with world-class loading capacity and crane performance. I hope to fully leverage the advantages of this vessel to become a leader in the construction of offshore wind farms and to establish our presence as a key player in the industry in the future.

**Iwamoto:** In the sense of spreading the use of renewable energy in the world, this means that construction companies, too, can make a significant contribution to reducing CO<sub>2</sub> emissions in society as a whole.

**President:** That's right. In the interview conducted on decarbonization, which appeared in the Corporate Report 2021, Professor Oki from the Graduate School of the University of Tokyo said, "Companies that have not drawn a roadmap to achieve carbon neutrality will not be selected by investors and will not be able to survive in the future." Decarbonization initiatives are an important management issue for companies, but at the same time, they are also business opportunities.

**Kawada:** Shimizu is actively engaged in the development of environment-related technologies and activities. Changes in social structure are a major business opportunity, allowing companies to contribute to society through their own business activities, so I think the Company should highlight its initiatives with confidence.

**Jozuka:** I agree. Like investors, the younger generation of today has a high awareness of environmental and social issues, so these initiatives are important in terms of recruiting as well because they appeal to students.

**President:** In the future, we will expand our public relations efforts to reach a wider range of stakeholders. Our vision for 2050 is a society characterized by carbon neutrality, resource recycling, and coexistence with nature. We view the realization of these things as an opportunity and will put our utmost efforts into them.

## Governance



## Enhancing Corporate Governance

## A Corporate Culture That Embodies The Analects and the Abacus

**Iwamoto:** Last year, the Outside Directors and Outside Audit & Supervisory Board Members visited Shimizu Memorial Park in Toyama. We had been unable to do so previously due to the COVID-19 pandemic. Toyama is the birthplace of the founder Kiusuke Shimizu, so it was a good opportunity to rethink his philosophy and The Analects and the Abacus.

**President:** Visiting the site in person is a moving experience, isn't it? The Analects and the Abacus is the union of economics united with ethics, where each employee pursues profit and engages in business activities based on strict ethical standards. It goes without saying that companies pursue economic efficiency and profitability, which is the Abacus, but they must also ensure legal and ethical compliance, which is the Analects. The balance is extremely important in corporate management.

## The Changes in Social Structure Brought about by Decarbonization Present a Significant Business Opportunity

Junichi Kawada



## Roundtable Between the President and Outside Directors

### Passing Down a Corporate Culture That Embodies The Analects and the Abacus

Mayumi Tamura



**Kawada:** Compliance is commonly understood to be following laws and regulations, but even more importantly, I believe it is crucial to have a strong sense of ethics as individuals. Shimizu educates its human resources based on The Analects and the Abacus, and that's very important. Awareness that something is wrong is the basis of making good decisions, which in turn leads to the reduction of various risks.

**President:** It's important to have an open organization and environment where everyone, including subcontractors, can seek advice right away.

**Jozuka:** Unfortunately, no matter how careful you are, there is a risk of being involved in an incident. When there is any inappropriate external contact, it's essential to respond clearly according to the internal rules. It's equally important, though, to establish mechanisms to create an environment where situations are quickly dealt with before they become incidents.

**President:** Establishing such mechanisms is important, indeed. I believe that such risks can be reduced if we continue with the values and basic approach that we have always emphasized.

**Tamura:** I hope that the Company will continue to embody the corporate culture of The Analects and the Abacus by raising awareness throughout the entire organization, not only among executives and employees but also among subcontractors, through trainings and continuous messaging from the top.

#### Conclusion

**President:** We launched our Sustainability Committee this fiscal year. The Committee, which I chair, will deliberate and decide on the Group's sustainability, ESG policies and priority measures. We will also be deepening the discussions at meetings of the Board of Directors.

This fiscal year also happens to be the final year of the five-year mid-term management plan established in 2019 and the year in which the next mid-term management plan will be made. Management is currently discussing what direction we should take and the value we should create looking ahead to 2030. I will keep in mind what you have all said today in those discussions.

I look forward to receiving suggestions and guidance from more different perspectives than ever. Thank you very much for joining me today.

## Message from Chairman and Representative Director



### Achieving Sustainable Development of Society, Including the Construction Industry

Yoichi Miyamoto

Chairman of the Board and Representative Director

At Shimizu, the business operations are led by the President and other executive officers. As Chair, I play a role in top-level business activities and provide advice on overall business management at critical junctures. In addition, as Chairman of the Board of Directors, I also work to invigorate and improve the effectiveness of the Board of Directors from the standpoint of corporate governance. I also focus on initiatives related to our social responsibility as a leading company and the sustainable development of the construction industry. This includes engaging in external activities within the business and industrial sectors and contributing to society through activities with the Shimizu Foundation and Housing Research Foundation JUSOKEN.

As part of these external activities, I serve as the Chairman of the Japan Federation of Construction Contractors to address the challenges faced by the construction industry. We are actively engaging with the Japanese government to secure public works budgets, establish appropriate unit labor costs for design, create guidelines for fair contracts and project timelines, and implement measures to address the so-called "2024 problem," aiming to ensure everyone has eight days off in each four-week period. Furthermore, I believe it is important to consider contractual relationships that appropriately address risks such as soaring material prices and issues such as appropriate construction periods. As a member of the Central Council on Construction Contracting Business, I participate in deliberations on new legal amendments.

We will continue to address various issues by further promoting measures that will lead to improved benefits for engineers and skilled workers to create a sustainable construction industry that is attractive to the younger generation that will be the future leaders in the industry.

Looking beyond sustainability of the construction industry to society as a whole, not only do we need to gain the understanding of society at large and our stakeholders with respect to the usefulness of our activities in achieving the SDGs but we also need to promote further initiatives.

Starting this fiscal year, we have established a Sustainability Committee to discuss and decide on important management issues related to ESG. All

directors, including myself, will receive reports on important matters to be discussed as necessary, enabling us to further strengthen our activities.

Ensuring diversity is another important issue for promoting sustainability management. In promoting the advancement of women, I participate in various initiatives such as Shin Diversity Activities, the 30% Club Japan, and the Male Leaders Coalition for Empowerment of Women. I am actively involved in these activities alongside corporate and municipal leaders. As for supporting the advancement of people with disabilities, as a board member of the Accessibility Consortium of Enterprises (ACE), I focus on creating new employment models for people with disabilities that contribute to corporate growth.

As the Chairman of the Board of Directors, I am dedicated to enhancing the Company's corporate governance, particularly focusing on improving 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, 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. We attempt to make continuous improvements to the issues identified in the annual evaluations of the effectiveness of the Board of Directors to realize our vision. To further strengthen the management supervision function of the Board of Directors, we have set forth expanding opportunities for management and Outside Directors to exchange opinions on management strategies as one of the issues to be addressed again this fiscal year. We are emphasizing frank discussions not only at meetings of the Board of Directors but also at informal gatherings.

I will work to further enhance corporate governance and promote sustainable ESG management together with the directors who were elected at this year's General Meeting of Shareholders to ensure the lasting growth of our company.

## ESG at the Shimizu Group

—Message from the Officer in Charge—



Each of our employees will embrace our vision for ESG as we move forward with our business activities to achieve continued growth of the Group.

### Yoshiki Higashi

Senior Managing Officer and Representative Director  
Senior Managing Officer and Executive Officer  
In charge of SDGs & ESG Promotion

#### Credo and Long-term Vision

As global social issues such as climate change and human rights issues grow more serious, it is essential for companies to practice management that considers Environmental, Social, and Governance (ESG) aspects in order to achieve long-term growth.

Our credo is The Analects and the Abacus, which is the teachings of Eiichi Shibusawa that unites morality and economics. The thinking expressed in The Analects and the Abacus is that ethical corporate activities that contribute to society result in fair profits and a flourishing business. It was first put forth more than 100 years ago, but it is the very essence of modern-day ESG management. We will continue to share this philosophy of The Analects and the Abacus throughout the Group and pass it on to the next generation.

SHIMZ VISION 2030, which has been set forth as the long-term vision for the Shimizu Group, also reflects this philosophy. It describes the ideal society as “a resilient society where everyone can feel safe and secure,” “an inclusive society where all people can live together in comfort and health,” and “a sustainable society where future generations can inherit a well-cared for environment.” It clearly states that we will contribute to the realization of these goals through our corporate activities.

We also hope to contribute to the achievement of the SDGs through such efforts.

#### ESG Initiatives

In the Mid-Term Management Plan <2019-2023>, we have clearly stated that the promotion of ESG management will enhance corporate value and contribute to the achievement of the SDGs, and have been taking action on each aspect.

E (Environmental) follows the Group's environmental vision SHIMZ Beyond Zero 2050, which aims to not only eliminate the negative environmental impact of our own activities, but also to provide positive environmental value to our customers and society from the three perspectives of carbon neutrality, resource recycling, and coexistence with nature. We are working on a wide range of efforts, including the promotion of Zero Energy Buildings (ZEB), the construction of renewable energy facilities, and proposals for green infrastructure.

As for S (Social), we are working on DE&I (diversity, equity, and inclusion) and refreshing our HR and training systems to enable the development and procurement of diverse talent. We are also pouring effort into creating a workplace environment where each employee feels engaged and motivated. Moreover, we are strengthening collaboration with our sub-contractors to prepare for future shortages of construction workers and to build a sustainable supply chain.

Regarding G (Governance), we are further enhancing corporate governance by focusing on strengthening the functions of the Board of Directors and evaluating its effectiveness. We are also enhancing various training in the aim of ensuring that all officers and employees take legal and ethical compliance seriously.

#### Enhancing the Sustainability Promotion System

We are also enhancing our internal system to more vigorously promote ESG initiatives.

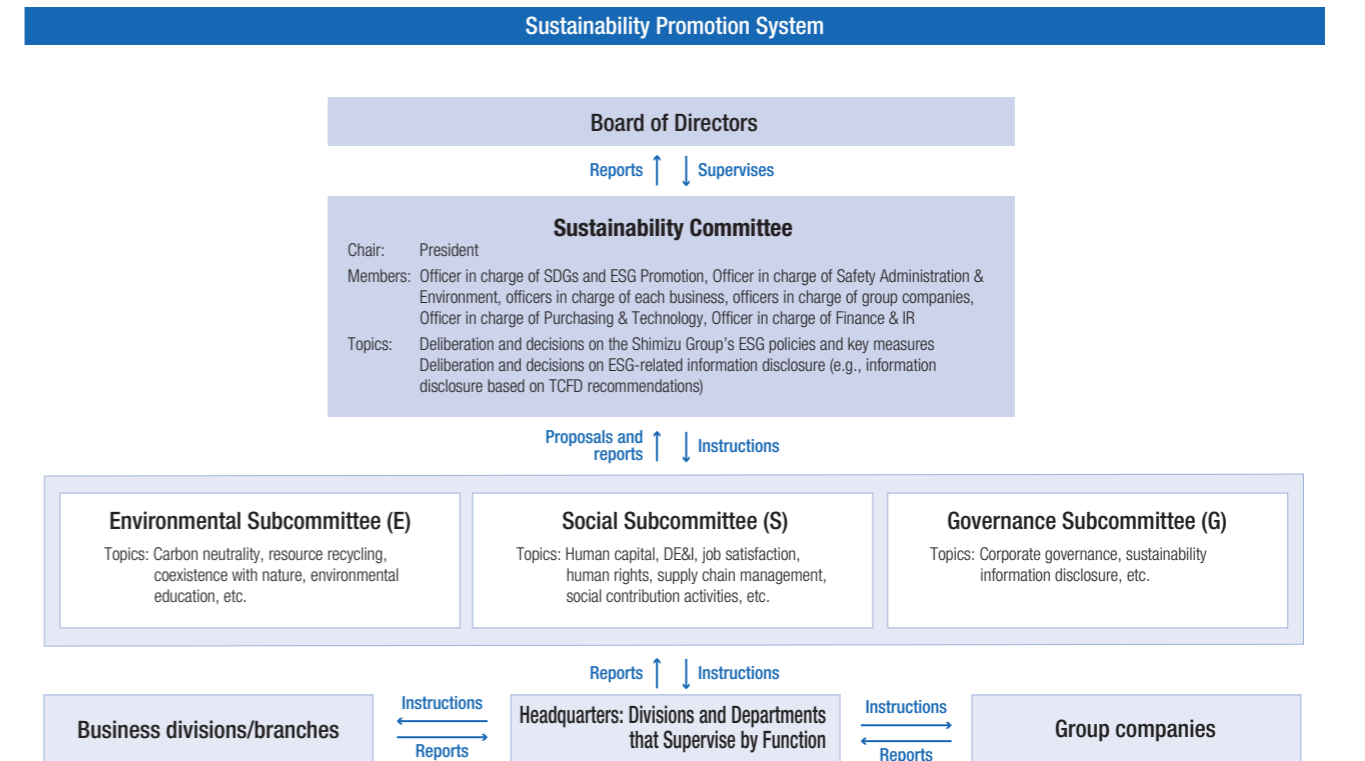
We established the SDGs & ESG Promotion Department within the Corporate Planning Division in fiscal 2018 and the Environmental Strategy Office under the direct control of the President in fiscal 2021 as organizations to drive the Group's ESG. In fiscal 2023, we established the Human Resources Strategy Department and the DE&I Promotion Department within the Corporate Planning Division under the direct control of the President to position the human resources strategy within the management strategy.

In addition, we established the SDGs & ESG Promotion Committee, chaired by the President, as an executive meeting body to discuss the Group's ESG policies, key measures, and information disclosure. In fiscal 2023, we renamed it the Sustainability Committee and are working on further enhancing its functions. In the past, the SDGs & ESG Promotion Committee primarily focused on environmental themes within the realm of ESG. However, under the newly established

Sustainability Committee, we have set up separate environmental, social, and governance subcommittees to comprehensively cover all aspects of ESG at the Group. The subcommittees discuss policies and measures to ensure the sustained development of the Company and enhance its corporate value with respect to the topic at hand, and the results are submitted to the Sustainability Committee. Important decisions discussed by the committee are reported to the Board of Directors and are subject to its supervision.

#### Conclusion

The construction industry, which helps create the foundations of society, is one that can make broad and significant contributions to it as well. With growing investor demand for ESG initiatives, we are working not only on addressing ESG issues as part of our corporate social responsibility, but also proactively addressing ESG issues as a leading company in the industry. We hope to tie this into long-term business growth and the provision of value to society.



ESG Management that Manifests Our Vision  
<https://www.shimz.co.jp/en/company/csr/basis/>



## Aiming to Achieve the Group Environmental Vision

Established in 2021, the Group's environmental vision SHIMZ Beyond Zero 2050 has gained significant traction, and there are various initiatives that need to be undertaken immediately. The Group aims to achieve a sustainable society characterized by carbon neutrality, resource recycling, and coexistence with nature. By 2050, we not only strive to eliminate the negative impacts of our own activities but also actively provide positive environmental value to our customers and society as a whole.

Yatsubori no Shimizu Yatsu (Tomisato City, Chiba) We are working with the National Institute for Environmental Studies, Earthwatch Japan, and local non-profits to rehabilitate fallow rice fields as wetland green infrastructure.



### Group Environmental Vision

#### SHIMZ Beyond Zero 2050

To achieve a **zero-carbon society**, we are taking the first steps to eliminate CO<sub>2</sub> emissions at construction sites and our own offices. This includes moving away from reliance on fossil fuels, introducing electric power and heat derived from renewable energy, and offsetting the carbon emissions associated with the use of gas. We are promoting various technological developments and initiatives to meet ever-increasing customer expectations for the improvement of building environmental performance, such as ZEB, and low-carbon construction materials. We also actively disclose various environmental information based on requests from institutional ESG investors and others.

To realize a **resource recycling society**, we are working on 4R activities (refuse, reduce, reuse, and recycle) in the aim of zero final disposal of waste in our own businesses. In addition, we are working to promote wooden architecture with a view to resource recycling throughout the lifecycle of facilities, from material procurement to demolition.

To realize a **society that coexists harmoniously with nature** and increase biodiversity, we are working on the introduction of green infrastructure in construction projects and the green spaces at our own facilities. We also promote collaboration with industry, government, academia, and local communities in order to contribute to the conservation and restoration of ecosystems on a more multifaceted and wide-area basis.

The outcome document of the G7 Hiroshima Summit held in May 2023 explicitly states the need for a transition to a net-zero, circular, and nature-positive economy. We believe the stance that private companies should take on initiatives is the same.

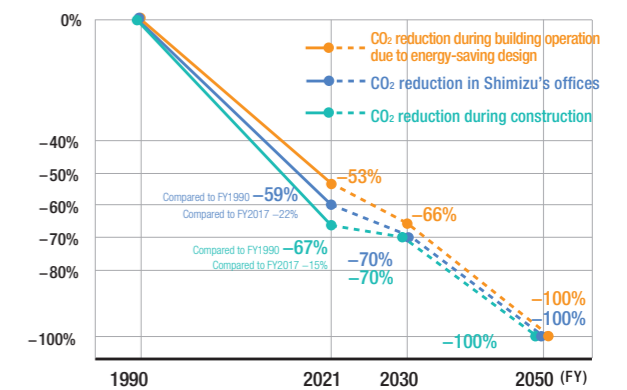
To realize the Group Environmental Vision, we will contribute to the realization of a sustainable future society through collaboration in the supply chain, coordination with different industries, and co-creation with diverse stakeholders.



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

### Ecological Mission 2030-2050

To achieve a zero-carbon society, we established Ecological Mission 2030-2050, which sets forth medium- to long-term targets for reducing CO<sub>2</sub> emissions. These targets have been set for the categories of construction, Shimizu offices, and energy-saving construction to inform our work on measures to combat climate change. During the construction phase, each branch develops activities such as the comprehensive adoption of renewable energy-derived electricity at construction sites. We are also promoting activities to transition to alternative fuels for diesel used in heavy construction machinery. At Shimizu offices, we are carrying out activities such as the promotion of electricity derived from renewable energy, and we are gradually converting our branch office buildings to ZEBs. As for energy-saving construction, we are actively proposing ZEBs, engaging in design that sets energy-saving targets according to building use.



Ecological Mission 2030-2050



Decarbonization  
 (Ecological Mission 2030-2050)  
<https://www.shimz.co.jp/en/company/csr/environment/performance/eco/>

### Shimizu Meguri no Mori

The movement to promote the use of timber as a building material with less environmental impact is gaining momentum. Not only do we purchase and use timber as a construction company but we also proactively engage in the regeneration of forest resources through afforestation activities. We launched the Shimizu Meguri no Mori project in Kawaba Village, Gunma to promote the circular use of timber. We will plant trees over a period of about four years, and once they reach their optimal harvesting age of at least 40 years, we will utilize them as timber. The idea is to contribute to the circular use of forest resources by harvesting, utilizing, planting, and nurturing trees.



Planting trees in Shimizu Meguri no Mori (Kawaba Village, Gunma)

# Environment

## Carbon Neutrality

In response to the 1.5°C target of the Paris Agreement and Japan's pledge to become carbon neutral by 2050, there are growing expectations and demands for the construction industry, which is said to account for about 40% of global CO<sub>2</sub> emissions when material manufacturing, construction, and building operations are combined, to predict and work towards reducing its CO<sub>2</sub> emissions and disclose information on the results of those efforts. Below are the decarbonization initiatives we are promoting on various fronts to respond to these expectations.

### Moving away from reliance on fossil fuels

About 70% of the CO<sub>2</sub> emissions from construction sites are direct emissions resulting from the combustion of fossil fuels such as diesel, while 30% are from indirect emissions resulting from the use of electricity. For this reason, we are working to switch from fossil fuels to alternative fuels that generate fewer CO<sub>2</sub> emissions, thereby moving away from reliance on fossil fuels. We have begun using next-generation biodiesel fuel for crawler cranes at our core construction and civil engineering sites in the Tokyo metropolitan area. In addition, about 20 sites nationwide are using natural gas-derived GTL (Gas to Liquids) fuel. Alternative fuels are currently costly and have limited distribution. However, instead of tackling this issue alone, we believe that we can solve various issues by promoting their widespread adoption across the construction industry and are taking the lead, accordingly.



Availability of biodiesel fuel

### Switching to electricity derived from renewable energy at construction sites

Since FY2020, we have been promoting the use of renewable energy to power construction through the use of renewable energy certificates. To date, we have introduced a cumulative total of 20 GWh of renewable energy-derived electricity at 36 sites nationwide. In April 2023, we began the full-scale introduction of green electricity derived from renewable energy at the construction sites of the Nagoya and Tohoku branch offices. We expect this initiative to reduce CO<sub>2</sub> emissions by around 9,700 tons, decarbonizing about 24 GWh of electricity at construction sites annually. We plan to gradually expand our newly launched comprehensive initiative

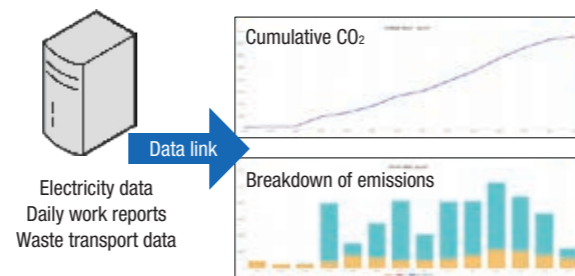
to switch to electricity derived from renewable energy at construction sites at the branch office level.

Sign posted at a construction site where we introduced renewable energy



### Introducing CO<sub>2</sub> monitoring system at all construction sites

To reduce CO<sub>2</sub> emissions during the construction phase, it is necessary to measure and visualize the actual CO<sub>2</sub> emissions at each construction site in a timely manner and implement fine-tuned improvement measures according to site conditions. We have developed a monitoring system that visualizes CO<sub>2</sub> emissions and reductions at each construction site in a timely manner based on data that is automatically collected from various management systems at the site. We have introduced this system at all construction sites. In the future, we will look into effective CO<sub>2</sub> reduction measures based on the data obtained from this monitoring system, including various energy consumption and CO<sub>2</sub> emissions by machine and type of construction, and roll them out.



Visualization of related data by our CO<sub>2</sub> monitoring system

### Predict embodied carbon from estimate data

There is growing demand among customers to reduce CO<sub>2</sub> emissions (embodied carbon) generated in the construction and production process (materials + construction). Accurate forecasting of CO<sub>2</sub> emissions is essential to address this. We have developed SCAT\*, a platform that can automatically calculate embodied carbon from estimate data, in collaboration with startup Gorlem Inc. In our design and construction projects, we will visualize CO<sub>2</sub> emissions over the entire building life cycle, including during operation, and use this information in design proposals to reduce emissions.

\* SCAT stands for SHIMZ Carbon Assessment Tool.

### Shimizu Acquires ZEB Oriented Certification in Kawakita General Hospital Relocation Construction Project

The hospital is the first acute care hospital in Tokyo and the third in Japan to receive ZEB Oriented certification. This kind of hospital has high energy consumption and treats acutely or critically ill patients 24 hours a day. Utilizing the site conditions to the fullest, patient rooms are arranged to minimize heat load, and deciduous trees on the premises are used to control the sunlight. In addition, a 34% reduction in primary energy consumption was achieved via a thorough energy-saving design, including ventilation control based on varying daytime and nighttime patient metabolism and medical equipment operation, standard use of LED lighting, and the introduction of a cogeneration system. This initiative is expected to provide our customers with significant environmental and financial benefits, as it not only reduces CO<sub>2</sub> emissions but also running costs.



Kawakita General Hospital Relocation Construction Project Illustration of completed project (Suginami-ku, Tokyo)

### Shimizu Introduces Renewable Energy at Its Owned Properties

In the Investment and Development Business, we have set a goal of having 100% of electricity used at our properties in Japan\* come from real renewable energy sources by 2030 based on the CO<sub>2</sub> emissions reduction policy set forth in the Group Environmental Vision, SHIMZ Beyond Zero 2050. We are developing properties with renewable energy-derived electricity and excellent energy-saving performance as part of our Green Property+ series. We aim to realize a zero-carbon society in the field of real estate development and operation by gradually introducing renewable energy-derived electricity at our properties using the renewable energy-derived electricity plans and off-site corporate PPA of Smart Eco Energy, a group company, and by utilizing renewable energy certificates starting in FY2023.



Green Property+ Series Akihabara i-MARK Building (Taito-ku, Tokyo)

\* Office buildings and logistics facilities for which our ownership stake (including administrative authority) is at least 50% and we have signed a power supply and demand agreement

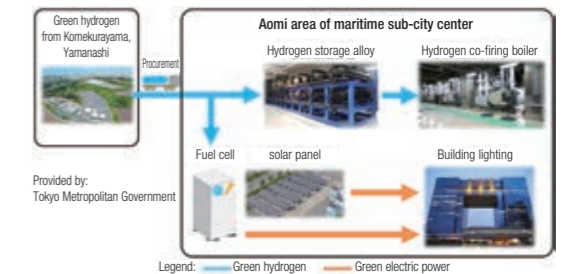


News Release  
Shimizu Acquires ZEB Oriented Certification for Kawakita General Hospital Relocation Project  
<https://www.shimz.co.jp/en/company/about/news-release/2023/2023002.html>

### Achieving Carbon Neutrality Utilizing Green Hydrogen

We are collaborating with the Tokyo Metropolitan Government Bureau of Port and Harbor, the National Institute of Advanced Industrial Science and Technology, Tokyo Rinkai Heat Supply Corporation, and Tokyo Teleport Centre, Inc. on a project in the Aomi District of the maritime sub-city center using green hydrogen. From 2023 to 2026, we will conduct joint research to establish a model for regional heat supply using Japan's first hydrogen co-firing boiler\*<sup>1</sup> and power supply using hydrogen and sunlight. Our main roles include power generation using hydrogen and sunlight and the development of systems for automated operation of hydrogen storage alloys\*<sup>2</sup>.

\*1. A boiler fueled by hydrogen along with city gas; the hydrogen combustion does not produce CO<sub>2</sub> emissions.  
\*2. This storage method utilizes the property of metals to absorb hydrogen and has characteristics such as high energy density.



Green Hydrogen Utilization Project in Aomi District of Maritime Sub-city Center

### Shimizu Applies Biochar Concrete at Construction Site

To achieve carbon neutrality, we have developed SUSMICS-C, an environmentally friendly concrete mixed with biochar, which is carbonized woody biomass. By utilizing low-carbon blast furnace cement as the cement material and combining it with the carbon fixation effect of biochar, we can significantly reduce CO<sub>2</sub> emissions during concrete production, thereby achieving carbon negativity. SUSMICS-C maintains the same workability as regular concrete while offering environmental performance. In FY2022, we applied SUSMICS-C for the first time in actual construction as temporary pavement concrete for on-site roads in the Shin-Tomei Expressway Kawanishi Project (commissioned by Central Nippon Expressway Company Limited).



Comparison of SUSMICS-C (left) and regular concrete (right)

# Climate-Related Information Disclosures (Disclosures Based on TCFD Recommendations)



Natural disasters caused by climate change are currently increasing around the world. There are concerns about the financial impact on businesses and individuals as well as the impact on society.

We view the impact of climate change on our business as an important management issue. Furthermore, from the standpoint of ESG management, we place importance on the disclosure of climate-related information. In October 2019, we endorsed the TCFD recommendations, joined the TCFD Consortium, and began disclosing climate-related information in line with the recommendations in 2020.

## Governance

The Sustainability Committee, chaired by the President, deliberates on the results of identification and assessment of climate-related risks and opportunities. It also keeps track of the degree of achievement of Ecology Mission 2030-2050 medium and long-term targets for reducing CO<sub>2</sub> emissions, reporting important matters to the Board of Directors for oversight. In addition, important matters concerning

environmental issues of the Shimizu Group decided by this Committee are communicated to business divisions (including branch offices) and group companies through the Environmental Subcommittee, a subordinate organization of this committee, to establish a governance system related to the environment that includes major suppliers as well.

## 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. Based on these market and social changes, we identify and categorize risks and opportunities related to transition and physical change as business impacts at the procurement, direct operations, and product demand stages. We then

analyze the degree of impact (high, medium, or low), the timing of impact (short-, medium-, or long-term), and the measures taken.

### <Adopted Scenarios>

Transition scenario	Scenario established by the International Energy Agency (IEA) where the temperature increase at the end of this century is kept to less than 1.5°C above pre-industrial levels (SDS)
Physical scenario	Scenario established by the International Intergovernmental Panel on Climate Change (IPCC) where the temperature increase at the end of the century exceeds 4°C compared to pre-industrial times (RCP8.5)

## Risk Management

Under the Group Environmental Vision SHIMZ Beyond Zero 2050, we aim to minimize business risks related to the environment, including climate change, while maximizing opportunities. The Sustainability Committee reports on trends in Japan and around the world related to addressing climate change and also deliberates on climate-related risk management. In addition, as part of risk management with respect to global warming, the committee establishes CO<sub>2</sub> emission reduction targets for businesses, determines specific measures to achieve these

targets (e.g., switching from diesel to electricity for the energy used at construction work sites and expanding the use of electricity derived from renewable energy), and conducts regular monitoring of CO<sub>2</sub> emissions. Through these risk management efforts, we will address the risks and opportunities associated with the increasingly diverse, widespread, and severe climate change in the future.

### Risks and Opportunities (excerpt of those with a high degree of impact)

	Cause	Impact on Business	Timing of Impact <sup>*1</sup>	Shimizu's Response
Transition scenario	Opportunities Growing need for energy-saving buildings	<ul style="list-style-type: none"> <li>Demand will increase for new ZEB projects and energy-saving renovation projects.</li> <li>The Investment and Development Business will see an increase in the value of properties that meet ZEB, BEMS<sup>*2</sup>, and other environmental standards.</li> <li>The need for structures and materials that effectively reduce CO<sub>2</sub> emissions will increase.</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Pursue ZEB design and construction.</li> <li>Add value to existing buildings based on Shimizu's record in sustainability renovation<sup>*3</sup>.</li> <li>Pursue the Investment and Development Business and develop the Shimizu brand based on the Company's ZEB construction record.</li> <li>Promote widespread use of wood construction and wood structures.</li> </ul>
	Opportunities Growing need for renewable energy	<ul style="list-style-type: none"> <li>Business related to renewable energy will expand.</li> <li>Demand for construction of renewable energy facilities will increase.</li> </ul>	Short to medium-term	<ul style="list-style-type: none"> <li>Pursue solar, wind, biomass, geothermal, and small-scale hydroelectric power and other renewable energy businesses.</li> <li>Supply low-carbon electric power through the electricity retail business.</li> <li>Utilize company-owned SEP vessel BLUE WIND for the construction of large offshore wind farms.</li> <li>Develop and commercialize a hydrogen energy utilization system.</li> </ul>
Physical scenario	Risks Rise in average summer temperature	<ul style="list-style-type: none"> <li>The problematic shortage of skilled workers will worsen due to deterioration in the outdoor working environment.</li> <li>Heatstroke and other health hazards will increase, mainly for workers who work outdoors.</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Use robots, ITC, AI, and other technologies to reduce the number of workers needed and increase productivity at job sites.</li> <li>Improve the working environment through workstyle reforms, heatstroke prevention measures, etc.</li> <li>Use the Monozukuri Training Center and Takumi Training Center to develop employees and skilled workers.</li> </ul>
	Opportunities Policies on reinforcing national resilience	<ul style="list-style-type: none"> <li>Infrastructure construction, maintenance, and building renovation construction to prevent flooding and torrential rain and wind damage will increase.</li> </ul>	Short to medium-term	<ul style="list-style-type: none"> <li>Promote activities to obtain orders in the infrastructure maintenance business.</li> </ul>
	Opportunities Market changes caused by climate change	<ul style="list-style-type: none"> <li>The market for new building construction and renovation will expand in anticipation of more severe natural disasters.</li> <li>The need to relocate facilities will increase due to natural disasters and rising sea levels.</li> <li>Demand will increase for community development to prevent natural disasters and health hazards caused by climate change and protect communities and lives.</li> </ul>	Short-term Medium to long-term	<ul style="list-style-type: none"> <li>Fortify BCP response proposals (use hazard maps in design proposals, etc.).</li> <li>Build smart cities that enable residents to live in safety and health.</li> <li>Create new businesses in non-construction areas.</li> <li>Use satellite data for natural disasters.</li> <li>Develop GREEN FLOAT environmental island and other future concept projects.</li> </ul>

<sup>\*1</sup> Timing of impact: Short-term, up to 3 years; medium-term, 3+ to 10 years; long-term, 10+ years. <sup>\*2</sup> BEMS: An abbreviation of Building Energy Management System. <sup>\*3</sup> Sustainability renovation: Renovation of existing buildings, mainly to improve environmental performance, BCP performance, health, and comfort.

## Metrics and Targets

To evaluate and manage the impact of climate-related risks on management, the Shimizu Group has specified the total volume of CO<sub>2</sub> emissions as an indicator and has set medium- and long-term targets for CO<sub>2</sub> reduction based on SBT<sup>\*</sup> (certification acquired from the SBT Initiative in 2019).

<sup>\*</sup> SBT stands for Science Based Targets. These are company targets for the reduction of greenhouse gas emissions that are in line with scientific knowledge and aimed at controlling the rise in average global temperature to lower than 2°C (or 1.5°C).

### CO<sub>2</sub> Reduction Targets and Results (Domestic and International Consolidated) (t-CO<sub>2</sub>)

Scope	Base Year Emissions FY2017	Actual Emissions FY2022	Target Annual Emissions		
			FY2023	FY2030	FY2050
Scope1 <sup>*1</sup> +Scope2 <sup>*2</sup>	275,575	213,782 (-22.4%)	248,040 (-10%)	184,650 (-33%)	0 (-100%)
Scope3 <sup>*3</sup> (Category11 <sup>*4</sup> )	3,451,656 <sup>*5</sup>	3,753,163 (11.9%)	—	2,761,320 <sup>*5</sup> (-20%)	0 (-100%)

<sup>\*1</sup> Scope 1: Emissions from fuel used in heavy machinery, etc. (direct emissions)  
<sup>\*2</sup> Scope 2: Emissions from use of purchased electricity and heat (indirect emissions from electric power companies, etc.)  
<sup>\*3</sup> Scope 3: Other indirect emissions from the supply chain  
<sup>\*4</sup> Category 11: (Use of sold products) CO<sub>2</sub> emissions during operation of buildings that Shimizu has designed and built  
<sup>\*5</sup> Emissions changed due to revised base-year emission boundary



Climate-Related Financial Disclosures based on The Task force on Climate-Related Financial Disclosures (TCFD) recommendation  
<https://www.shimzu.co.jp/eng/company/csr/environment/tcfd/>



# Environment

## Resource Recycling

We are promoting resource recycling efforts in both the delivery of construction materials and the discharge of construction by-products with the aim of realizing a resource recycling society.

With the Shimizu Hy-wood®\* series, a proprietary hybrid wood technology, we aim to address mid- to high-rise wooden construction demand and create unique wooden architecture. We are also actively promoting more efficient recovery of construction by-products and 4R activities at construction sites with the aim of achieving zero final disposal of waste from our own operations by 2050.

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

### Initiatives in Wood Building Construction

Completed in 2022, TD Terrace Utsunomiya, owned by The Dai-ichi Life Insurance Company, Limited and The Toho Bank, Ltd., is a four-story office building with a hybrid wood structure. About 306 cubic meters of wood is used, primarily in the structure, to capture around 206 metric tons of CO<sub>2</sub>. The interior and exterior finishing materials and CLT\* panels for the formwork and ceiling are made of Japanese cedar from the Yamizo Mountains in Tochigi, while the pillars and beams are made of Japanese larch from Minamiaizu, Fukushima, where Toho Bank's head office is located, thereby contributing to the local economy.



TD Terrace Utsunomiya (Utsunomiya City, Tochigi)

Completed in 2023, the Okayama Visionary Commons (OUC), owned by Okayama University, is a two-story wooden school building that exudes the warmth of wood. About 510 cubic meters of wood is used, primarily in the structure, to capture around 300 metric tons of CO<sub>2</sub>. Aiming to contribute to the revitalization of regional industry in Okayama Prefecture, which is the top producer of CLT in Japan, we have created one of the biggest large-span column-free spaces in Japan utilizing CLT throughout the entire building and employing the CLT panel construction method. It is used as a space for new exchange and co-creation to revitalize regional industry.



Okayama Visionary Commons (OUC) (Okayama City, Okayama)

\* CLT stands for cross-laminated timber.



Wooden architecture by Shimizu (Japanese only)  
<https://www.shimz.co.jp/mokushitsu/>

### Shimizu Receives the MLIT Minister's Prize in the 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Awards

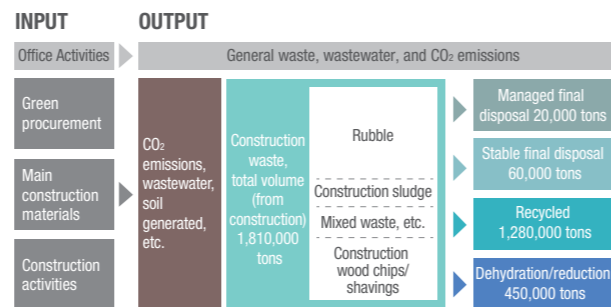
A construction work site of the Tokyo Branch received the Minister's Award of the Ministry of Land, Infrastructure, Transport and Tourism at the Awards for Distinguished Contributors to 3R Promotion (sponsored by the 3Rs Promotion Council) for its efforts. Aiming to improve the efficiency of construction by-products, the Tokyo Branch launched a Recycling Study Group together with industrial waste disposal companies and was recognized for its ongoing efforts over the years to improve the efficiency of construction by-product recovery, promote 4R activities, and streamline work site management operations. In particular, they were among the first to work on sorting waste plastics. They created a Waste Plastic Handbook that provides a summary of the types of waste plastic generated by each kind of construction, recycling methods, challenges, and other relevant information. They also used the handbook to conduct educational campaigns. The branch plans to utilize the handbook in the construction industry through the Japan Federation of Construction Contractors.



Award ceremony

### Material Flow

The following diagram shows the general material flow in fiscal 2022 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 (FY2022) 3.1%  
 Total construction by-products generated per square meter (FY2022) 15.7 kg/m<sup>2</sup>

FY2022 Material Flow (Summary)



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

## Living in Harmony with Nature (Biodiversity)

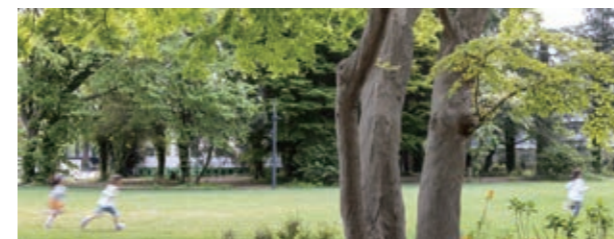
To create a society that coexists harmoniously with nature we must stop the loss of biodiversity and adopt a positive attitude toward nature of restoring biodiversity. We are taking the technology and expertise we have cultivated for protecting the natural environment to the next level. To restore and revitalize the natural environment, we are strengthening coordination with subcontractors, researchers, and people in the community. Going forward, we will also work on disclosing information on our contribution to restoration of the natural environment via various collaborations and fulfill our responsibility to realize a society that coexists harmoniously with nature and achieve a nature-positive future.

### 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) business 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.

### Customer Contributions to Sustainable Urban Development

We support the business activities of our customers that contribute to sustainable urban development. SETAGAYA Qs-GARDEN opened in March 2023 as a facility aimed at enhancing the well-being of the local community on the approximately 9-hectare former site of The Dai-ichi Life Insurance Company, Ltd. We conducted four diagnostic assessments on the original trees. Based on the findings, we devised a plan to preserve the trees in as healthy a condition as possible, thereby contributing to the maintenance and creation of a lush green space at SETAGAYA Qs-GARDEN.



SETAGAYA Qs-GARDEN, where residents of all generations live healthily and have meaningful interactions



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

### Regional Cooperation Arising from Forest Development

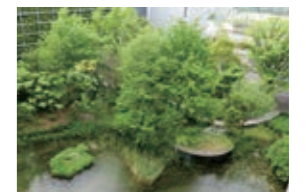
We are promoting the Satoyama improvement activities of the Tsunagi-no-Mori Project at forests within Shizuoka City based on the Shizuoka Future Forest Supporter Program. In FY2022, we participated in COOLCHOICE 2022 in Shizuoka organized by Shizuoka Railway Company and held forest maintenance and tree education in the forest events. We will continue to carry out activities to rejuvenate the forest. At the same time, in cooperation with the Shizuoka Environmental Education Research Association, we will provide forest environmental education opportunities to local children, the future leaders of the region.



Tsunagi-no-Mori Project participants

### Contributing to the Achievement of the Goals of 30by30 for Biodiversity

We are participating in the 30by30 Alliance for Biodiversity to achieve a nature-positive future, stopping the loss of and restoring biodiversity by 2030. The Sites Coexisting with Nature certification project is where Japan certifies sites as areas where the conservation of biodiversity is being promoted. The Saisei-no-Mori Biotope of our Institute of Technology in Koto-ku, Tokyo was recognized for the innovative ideas and genetic consideration for aquatic plants in a limited urban area.



Saisei-no-Mori Biotope is celebrating its 17th anniversary

### Participating in the TNFD Forum

We endorse the principles of the Task Force on Nature-related Financial Disclosure (TNFD) and participate in the TNFD Forum, a stakeholder organization that supports the development of a disclosure framework. Striving to build trust with stakeholders, including our shareholders and investors, and enhance corporate value in a sustainable manner, we will engage in the appropriate disclosure of information related to natural capital. Our aim is to realize a society that coexists harmoniously with nature as set forth in the Group Environmental Vision, SHIMZ Beyond Zero 2050, and we will promote initiatives accordingly.





# Together with Our Stakeholders

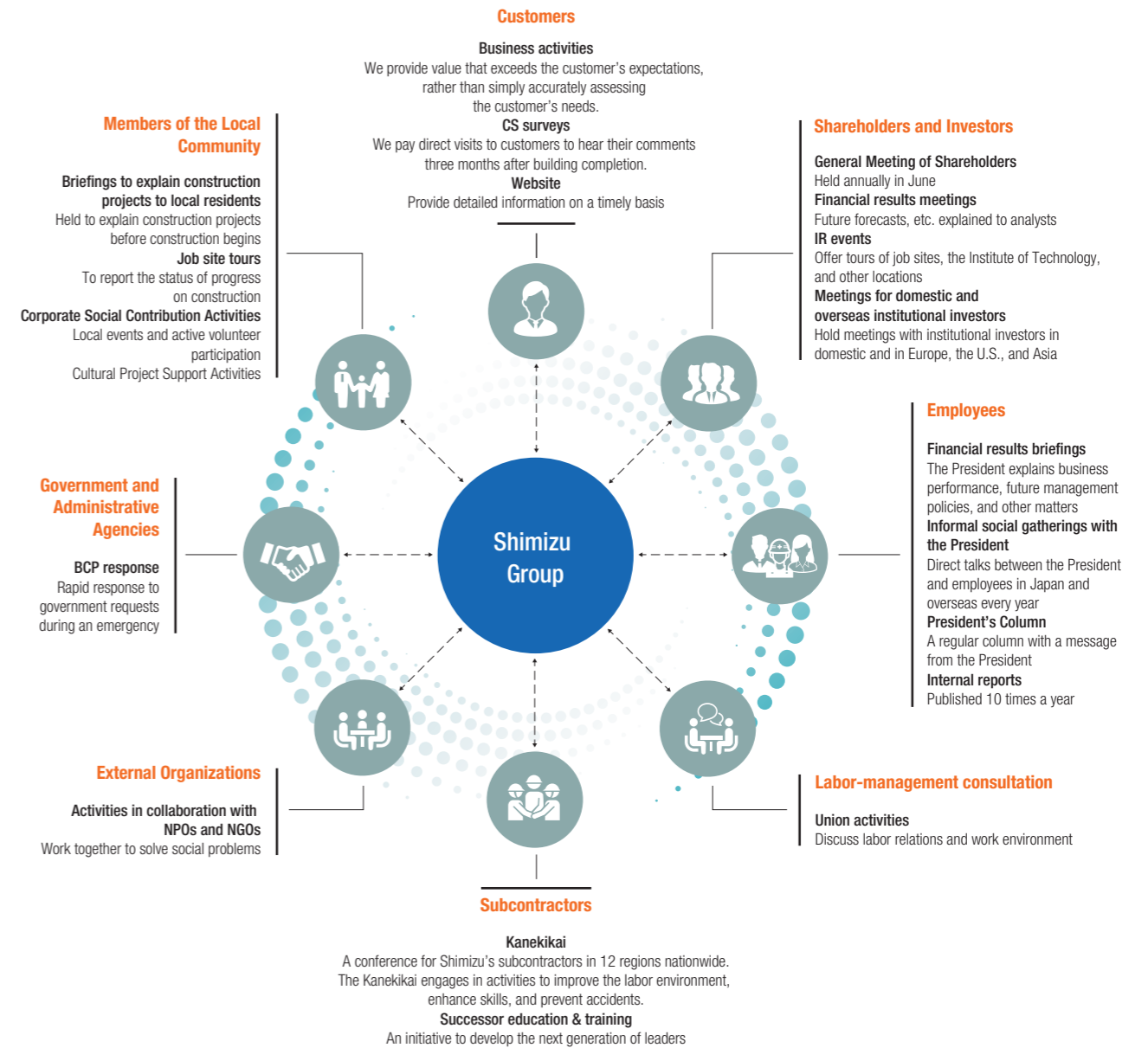
In practicing ESG management, we believe it is crucial to build mutual trust through dialogue with all of our stakeholders, including our customers.

We are working to solve various social issues through customer feedback, engagement with shareholders and investors, collaboration with partner companies, dialogue with non-profits and local communities, and communication with employees.



## Communication with Stakeholders

Shimizu builds good relationships with various stakeholders by actively engaging in dialogue.



### Making Customer Wishes and Expectations Come True

We carry out activities on a daily basis to increase the number of Shimizu fans based on our credo, The Analects and The Abacus. Customer satisfaction surveys are a good opportunity to get feedback from customers on our performance. The feedback is not always complimentary. Sometimes it is harsh. We take it seriously and apply it to future efforts to meet the expectations of our customers and earn their trust. This process leads to an increase in the number of our fans. We will continue to respond sincerely to our customers' wishes and provide technology and services of the highest quality to turn as many of them as possible into Shimizu fans and build long-term relationships with them.

### Hiroshi Fujimura

Executive Vice President and Director  
Executive Vice President  
Director, Sales & Marketing Headquarters



# Social

## Quality

One of our essential roles is to achieve optimal quality by pursuing what our customers expect in each and every building and service with a customer-first mentality. Under our quality policy, we provide optimal quality to our customers by establishing and operating an appropriate quality management system.

### Quality Policy

<b>Building Construction Business</b>
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.
<b>Civil Engineering Business</b>
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.
<b>Engineering Business</b>
By applying our advanced technical expertise to customer needs, we aim to realize valuable and excellent environments and facilities that are feasible, functional, durable, and compliant with regulations in line with the ISO 9001 standard for quality management systems, seeking to improve customer satisfaction and earn their trust.

### 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.



### Initiatives in the Building Construction Business

#### Customer Satisfaction Surveys

We earnestly examine whether our customers are satisfied with the buildings and services we provide and whether our customers would truly consider our approach to be customer-first. To apply what we discover to our future activities, we conduct customer surveys immediately after building handover and again two years after completion. Not only do we use the information obtained in subsequent individual customer support, but we also share their opinions and the things they point out internally to tie it into making improvements to building operations at each stage, including sales, design, construction, and maintenance and preservation.

#### Monozukuri Training Center

We opened the Monozukuri Training Center and implement practical hands-on training involving looking at, touching, and trying the actual objects 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. We are developing human resources capable of realizing the ideals of The Analects and The Abacus through monozukuri. Naturally, they learn the importance of quality, but they also study the ethics required of engineers.

### Initiatives in the Civil Engineering Business

#### Integrating Individual Technical Capabilities and the Organizational Strength of the Company

There are many types of civil engineering projects, including dams, tunnels, bridges, and tunnel shields. Through skills transfer for each type of project via on-the-job training and various forms of education, including management education applicable to all project types, we develop engineers that possess advanced technical capabilities and accurate decision-making skills. We integrate all of this into organizational initiatives that leverage the wealth of expertise we have cultivated over the years and the latest technical capabilities.

#### Provision of Superior Quality and Customer Satisfaction

We are working to improve the quality not only of construction deliverables but also of the construction process. To improve customer satisfaction, we have highly skilled and experienced engineers participate from the planning stage and have specialized engineers conduct focused type-specific patrols leveraging cross-functional coordination between departments, thereby realizing a high-quality construction process.

## Health and Safety

Based on the principle of respect for human life and human beings, our basic philosophy of health and safety management is to place the highest priority on safeguarding the lives and health of our employees in all corporate activities, establishing a culture of that is grounded in safety and maintaining a safe, comfortable work environment.

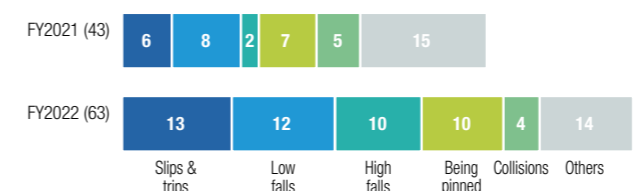
### Health and Safety Management Goal and Measures for Achieving It

<b>Goal</b>
Elimination of accidents involving the public and fatal or serious accidents
<b>Measures for Achieving the Goal</b>
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 on health and safety, 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.

### Disaster Analysis and Future Initiatives

Looking at the accidents that occurred in fiscal 2022 by type, the highest percentage were slips and trips objects, followed by low falls, high falls, and being pinned. Compared to fiscal 2021, high falls in particular increased significantly in both number and percentage, mostly due to not using safety belts. The large number of accidents at large-scale construction sites was another trend in fiscal 2022.

#### Breakdown by Type of Accident



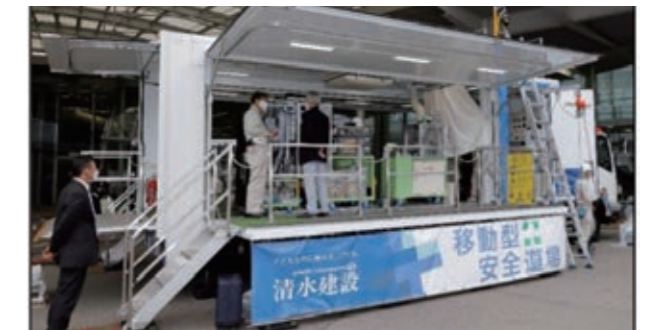
\* High falls: Falling from a height of two or more meters  
 \* Low falls: Falling from a height of less than two meters



Based on the results of analyzing accidents in fiscal 2022 and the severity thereof, in fiscal 2023, we will focus on eliminating low/high falls as our top priority, followed by accidents related to construction machinery and cranes, accidents from collapses, accidents involving the public and infrastructure damage, and unsafe behaviors as well as measures to prevent accidents at large sites. We will establish specific measures for each of these and carry out accident prevention activities.

### “Kamewarigo” Mobile Safety Dojo

Mobile safety dojo “Kamewarigo,” which was placed into operation in fiscal 2022 and is equipped with safety education tools, is a vehicle that simulates the dangers of accidents and the occurrence of occupational accidents. To date, a total of 2,000 people, primarily subcontractor workers, have participated in the training. This fiscal year, we will continue to travel around Japan to provide many opportunities to participate in hands-on safety education.



Shimizu participated in the 59th National Convention for the Prevention of Occupational Accidents in the Construction Industry in Kanazawa

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

Revisions to the Ordinance on Prevention of Health Impairment due to Asbestos and the Air Pollution Control Act taking effect in October 2023 will make it mandatory for buildings to be surveyed in advance by a nationally certified asbestos surveyor. We hired the Japan Environmental Sanitation Center, an authorized training center, to conduct an Internal Lecture Course for Obtaining Qualification as an Inspector of Buildings Containing Asbestos Construction Materials starting in 2021. Amid COVID-19-related restrictions, we put remote training to full use, and as a result, about 1,000 individuals successfully obtained certification as was our initial goal.

# Social

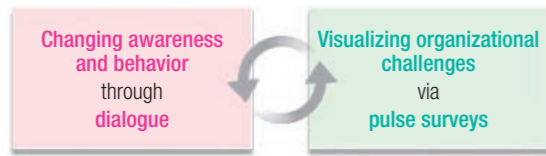
## Workstyle Reform

To achieve our long-term vision SHIMZ VISION 2030, we are working to create rewarding and attractive workplaces where each employee enjoys physical and mental health, recognizes and supports each other, and can fully leverage their unique qualities and strengths.

### Improving Employee Satisfaction through Dialogue and Surveys

To enhance relationships between individuals in the workplace and revitalize the organization, we are working on visualizing organizational challenges through pulse surveys\*. We focus on developing human resources who can act on their own to solve problems by promoting changes in individual awareness and behavior through dialogue, including one-on-one meetings. By having each employee work as a team while drawing on each other's skills and strengths, we expect to build a virtuous cycle that not only improves business performance but also creates innovation and secures outstanding talent.

\* A research method to visualize the status of organizational and individual job satisfaction by repeating a simple questionnaire in a short cycle



### Realizing Flexible Workstyles

We aim to realize workplaces where all employees can continue their careers regardless of individual circumstances, including childcare and nursing care. Up until now, we have been introducing various programs to allow employees to work without being constrained by time or location. This includes staggered working hours, telecommuting, flextime, and short workdays. We are also working on the establishment of an infrastructure that allows employees to work safely anytime and anywhere by improving the IT environment, enhancing the network environment, lending work computers and smartphones to all employees, and establishing satellite offices. Going forward, by expanding the scope of application of these programs, we will develop an environment in which all employees can choose diverse and flexible workstyles.

### Improving Employee Satisfaction Scores

To quantify job satisfaction in the job satisfaction survey we conduct annually for all employees, we have established a job satisfaction index (average on five-point scale) comprised of three elements: job satisfaction, relationships of trust in the workplace, and mental and physical health. This job satisfaction index is a non-financial KPI in our Mid-Term

Management Plan <2019-2023>, and our goal is to achieve 4.0 by FY2023. In FY2022, the result was 3.67. We will analyze the survey results and actively promote initiatives to improve the score.

Job satisfaction index	FY2022	vs previous year	FY2023 target
Job satisfaction	3.63	-0.10	4.0 or higher
Physical and mental health	3.72	-0.02	
Relationships of trust in the workplace	3.66	-0.03	
Average of the three indicators	3.67	-0.05	

### Addressing the 2024 Problem

We have been working on our response to the 2024 problem organizationally through the Working Environment Improvement Committee established in April 2022. In April 2023, we established the 2024 Problem Countermeasures Committee, Put together a roadmap for activities through fiscal 2024 to reduce overall working hours, and accelerated our efforts on various initiatives.

### Promoting Health Management

We have established a group-wide system for promoting employee health and are continuously implementing necessary measures. The main initiatives include banning smoking during working hours and eliminating smoking areas at headquarters, strengthening the group-wide health system (appointing a supervising industrial physician), and implementing group-wide measures to improve employee sleep. As a result, in March 2023, we were recognized for the fourth consecutive year as an Excellent Health Management Organization, an honor given to companies that practice excellent health management.



### Mental Health Care

In the context of improving the working environment, it is important that we not only address the long working hours related to the so-called "2024 Problem" but also establish a system for individual employee mental health care. We are building a system for following up on mental health care at our locations all over Japan by expanding the industrial health staff with additional counselors and having deputy division heads and department heads make rounds to work sites to conduct interviews.



Consultation with industrial physician

## DE&I (Diversity, Equity & Inclusion)

In 2009, we established the Diversity Promotion Office to help our employees utilize their diverse individuality and reach their full potential. Since then, it has promoted various initiatives. In 2023, we made this an important management strategy, adding equity to diversity and inclusion and renaming it diversity, equity and inclusion (DE&I). We also launched a new organization called the DE&I Promotion Department. We will address changes in the management environment by promoting DE&I.

### Further Promoting Women's Advancement

One of the indicators for promoting women's advancement is the percentage of women appointed to management positions. The percentage of women at our company is 18.2%, and the percentage of women in management positions is 3.9% (as of April 1, 2023). We feel this gender gap is an issue to be addressed, so we are actively promoting women to management positions with the goal of achieving a representation of at least 5% of women in management positions by 2025 and at least 10% by 2030. We have named the actions taken to address the longstanding yet contemporary challenge of promoting women's advancement "Shin Diversity." As part of these activities, we are organizing workshops for female employees aspiring to management positions and their supervisors at our branches nationwide. Chairman Yoichi Miyamoto and female Outside Directors and Outside Audit & Supervisory Board Members also participate in these workshops to provide support. They share their opinions and experiences from their respective positions to raise awareness.



Shin Diversity workshop

### Creating Pleasant Working Environments for All

We currently have 182 employees with disabilities, and the percentage of employees with disabilities stands at 2.47% (as of April 1, 2023). Rather than creating special-purpose subsidiaries, we hire people with disabilities directly. To promote the advancement of human resources with disabilities, we must improve the workplace environment in tangible and intangible ways. We are looking into facility renovations in collaboration



Employment and Active Advancement of People with Disabilities  
<https://www.shimz.co.jp/en/company/about/diversity/challenged/>

with individuals with disabilities. Since 2018, we have also been holding Challenge Forums, in which top management participates and listens to feedback directly from people with disabilities. Furthermore, we actively promote recruitment activities by holding company information sessions for university students with disabilities and their families.



Challenge Forum

### Advancement of Foreign Employees

As of April 2023, we have 149 foreign employees. Our focus is on creating an environment where people want to work with us for a long time and gain experience in diverse fields so that they can make the most of their individuality. In 2015, we launched the Foreign Employees Networking Event to provide an environment for networking through information exchange and other activities. We also began holding a retreat-style seminar in 2017 for foreign national employees and their superiors. Being able to engage in direct exchanges of opinions with their superiors helps foster mutual understanding and has contributed to further advancement of foreign employees.



Foreign employees and their supervisors at a training camp

### Promoting Advancement of Senior Employees

In anticipation of the era of centenarians, we are working to realize flexible workstyles tailored to each individual's life plan and to create workplace environments that allow employees to take on active roles even after the age of 60. In fiscal 2021, we raised the retirement age and introduced a program for employees to choose when to retire along with a program for shorter workdays.



Promoting the Advancement of Employees Who are Foreign Nationals  
<https://www.shimz.co.jp/en/company/about/diversity/foreigner/>

## Social

### Securing and Developing Human Resources

We believe that employee autonomy and a spirit of challenge are crucial for swiftly adapting to dynamic environmental changes like digitalization and globalization and translating these changes into business opportunities for sustainable corporate growth. As such, we are committed to systematic and ongoing investment in securing and developing outstanding human resources.

In addition, we are expanding our training of globally capable leaders who take the initiative on innovation. At the same time, we are creating opportunities for employees to take on challenges and developing and utilizing human resources with an entrepreneurial mindset.

#### Recruitment Method for Ensuring Diversity

When it comes to hiring new graduates, we have reevaluated the traditional practice of hiring them all at once, taking into consideration the diversification of students' attitudes toward finding employment and job hunting styles. Since April 2022, we have adopted year-round recruitment where we welcome new hires throughout the year instead.

#### Company-Sponsored Study Abroad Program

In addition to the existing departmental study abroad programs, in fiscal 2022, we established the Company-Sponsored Study Abroad Program, inviting those interested within the Company to participate as an opportunity for autonomous career development. Candidates are selected through document screening and interviews. They are then sent to study at overseas universities (MBA courses) and other educational institutions to acquire business skills for management, network with diverse talent, and gain a broader perspective and greater insight.

#### Job Challenge Program

In fiscal 2022, we launched a Job Challenge Program in which applicants volunteer for jobs that are subject to open recruitment. By supporting employees in taking on the challenge of new roles, we aim to foster a spirit of challenge and cultivate autonomy through the improvement of job satisfaction.

#### Corporate Venturing Program

This program provides support to employees for starting their own businesses based on their own business ideas and skills. Taking on the challenge of starting a business while utilizing their own skills and business network, gives employees the opportunity to expand their potential. At the same time, we hope that businesses that solve various problems and create value will be born out of this program.

### Human Rights Initiatives

Shimizu pursues initiatives such as human rights due diligence. In December 2018, we enacted the Shimizu Group Basic Human Rights Policy to serve as a guide in fulfilling the responsibility of respecting human rights to realize our mission of being "a company that values people" as stated in our Code of Corporate Ethics and Conduct.

#### Human Rights Due Diligence

From the perspective of business sustainability, we are promoting human rights due diligence initiatives to identify, prevent, and mitigate negative impacts on human rights. In fiscal 2021, we conducted a questionnaire survey of our major subcontractors on the acceptance of technical interns from abroad. We incorporated the items requiring correction and improvement as well as the good practices identified as a result in our compliance training material for subcontractors in fiscal 2022 and worked to ensure awareness and promote improvements. We are also promoting human rights due diligence initiatives, including reviewing the human rights risks in our Non-construction Businesses of real estate development and engineering along with the acceptance of technical interns from abroad at group companies.

#### Respect for Human Rights Overseas

To promote initiatives related to respect for human rights and discourage child labor, forced labor, inappropriate wages, and other improper practices at our overseas business sites, we carry out activities such as displaying posters and organizing workshops. We also engage in human rights educational and awareness campaigns for all employees, including foreign nationals.



In addition, as part of our measures to prevent misconduct, including human rights violations, by Shimizu or Shimizu Group personnel, we have established a whistleblowing contact point for subcontractors on our English language corporate site.

Human rights awareness poster displayed at an overseas construction site



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

### 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 by collaborating with subcontractors and procurement organizations all over Japan.

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 the Shimizu Group CSR Procurement Guidelines and ask that our subcontractors 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 our subcontractors ask their affiliates to carry out initiatives based on the guidelines.

#### Measuring Progress on CSR Procurement

To ascertain the status of initiatives based on the Shimizu Group CSR Procurement Guidelines, we conducted a questionnaire survey from November to December 2022, targeting 1,035 companies in Kanekikai, an association of Shimizu's suppliers and subcontractors. We received valid responses from 701 companies, and the average score was 3.6 out of 5. We will analyze the results of the survey and provide advice and guidance on CSR procurement to our subcontractors to help them implement measures to strengthen the supply chain.

#### 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, and multi-skilled worker training. In fiscal 2022, there were 1,289 participants. We are using the training center as a platform for securing and training skilled workers, and will work to tie this into improving the appeal of the construction industry, securing new workers, and developing human resources.



Multi-skills development training

#### Promotion of the Construction Career Up System (CCUS)

The Construction Career Upgrade System (CCUS) is an industry-wide program infrastructure that the public and private sectors are working on together to improve the benefits of construction workers based on their experience and abilities by collecting and storing their work histories in order to ensure the availability of skilled workers. As of March 31, 2023, the cumulative number of registrants in the construction industry as a whole exceeds 1.14 million.

As the head company of the CCUS Promotion Division of the Japan Federation of Construction Contractors, we are taking the lead in the industry to promote the CCUS.



Construction Career Up System logo

#### Decarbonization Partner

We are actively promoting alliances with partner companies that will work together with us on decarbonization. Group company Smart Eco Energy Co., Ltd. has established a scheme where it purchases environmental value generated from rooftop solar power generation equipment installed at the plant of our partner CHUETSU TEKKO CO., LTD. This value is then provided in the form of renewable energy certificates to our construction sites, environmentally advanced companies, and others.



Case Study of Decarbonization Partner (CHUETSU TEKKO CO., LTD.)  
(Japanese only)  
<https://www.shimz.co.jp/beyondzero/topics.html>



Together with Our Suppliers  
<https://www.shimz.co.jp/en/company/csr/partner/>



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



# Initiatives to Improve 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.



Corporate Governance  
<https://www.shimz.co.jp/en/company/ir/management/governance/>

## Main Changes in Corporate Governance

December 2018	<b>Establishment of Nomination &amp; Compensation Committee</b> Established the Nomination & Compensation Committee comprised mainly of Non-executive Directors, including Outside Directors, to ensure fairness and transparency in decisions on the selection, dismissal, evaluation, and compensation of Directors and Executive Officers (committee chair is Non-executive Director)
June 2019	<b>Increased number of Outside Directors</b> Increased the number of Outside Directors from two to three and the number of female Directors from one to two
June 2019	<b>Change in Director Term</b> The term of office of Directors was shortened from two years to one year to clarify the management responsibility of Directors during the fiscal year, to build a management structure for quickly addressing changes in the business environment, and to further enhance corporate governance.
April 2020	<b>Partial Revision of Executive Officer System</b> Strengthened the business execution function by clarifying business execution responsibilities Strengthened the management supervision function by increasing the percentage of Non-executive Directors
February 2021	<b>Change to Composition of Nomination &amp; Compensation Committee</b> Reduced the number of internal members by one and changed the composition to a majority of Outside Directors (three of the five members are Outside Directors)
Same as Above	<b>Introduction of Third-Party Evaluation of Effectiveness of Board of Directors</b> Analysis by a third party (attorney) was added to self-assessments (based on discussions between all Directors and all Audit & Supervisory Board Members) starting in 2020
June 2021	<b>Further Increase in Number of Outside Directors</b> Increased the number of Outside Directors from three to four ⇒ Making up more than one-third of the Board of Directors

## Overview of the Corporate Governance Structure

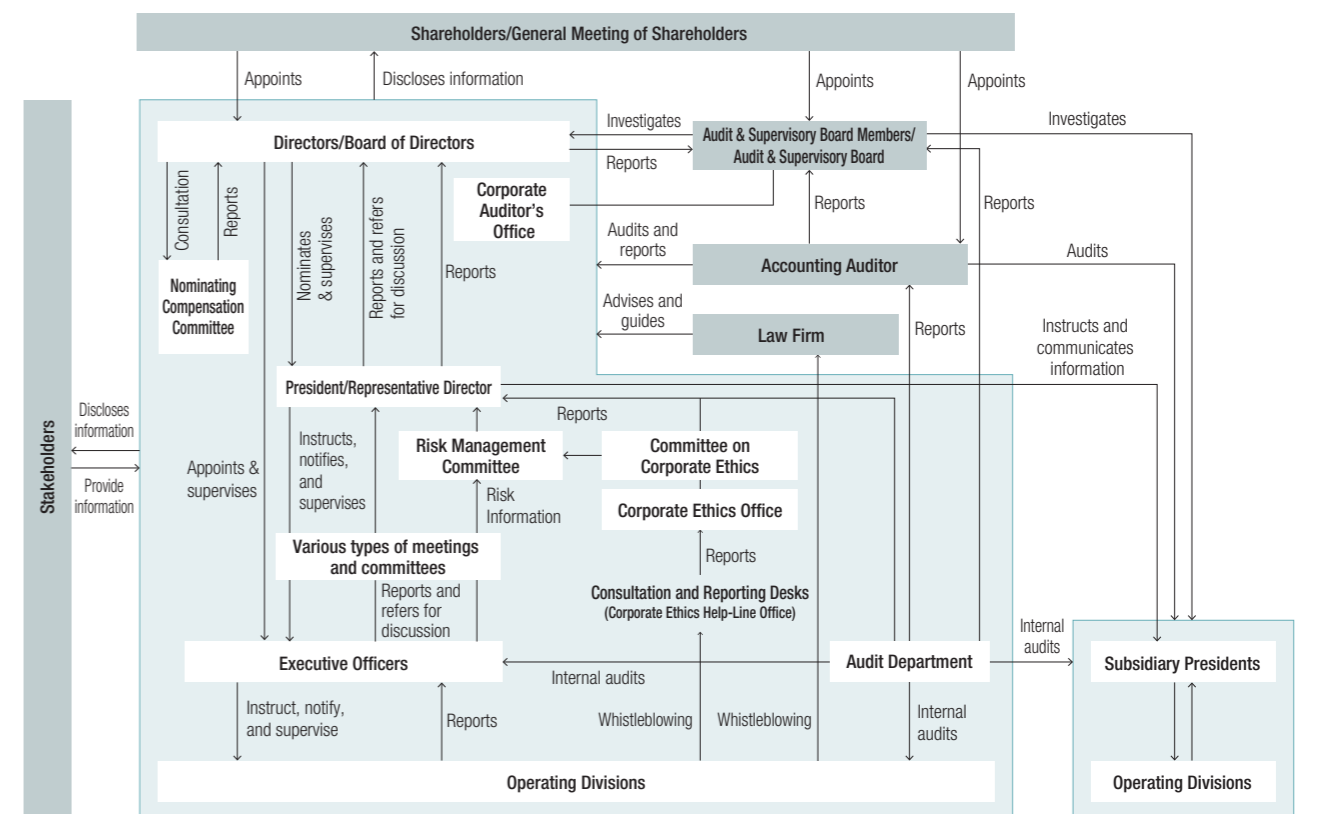
Shimizu has adopted the structure of a company with an Audit & Supervisory Board. We have limited the number of directors and introduced an executive officer system to clearly separate the management strategy, decision-making, and oversight functions from the business execution function. We have established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

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

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



# Governance

## 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 executive directors who are highly knowledgeable in each area of Shimizu's business and non-executive directors, some of whom are outside directors with extensive expertise and experience in their respective specialties. The Chairman and Representative Director serves as the chair of the Board of Directors.

(Main Agenda Items)

Election of directors; organizational reform; establishment, revision or repeal of company regulations; formulation and supervision of management policies and strategies; monitoring of progress and growth strategies of each business; risk management; sustainability matters such as climate change and human resources development; feedback on dialogue with investors; reduction of securities holdings; and revision of the standards for referral to 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.

### Nomination & Compensation Committee

Shimizu has established a Nomination & Compensation Committee to ensure fairness and transparency in the selection, dismissal, evaluation, and compensation of directors, Audit & Supervisory Board members, 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 director. The committee is chaired by a non-executive director elected every year from among the members.

(Main Agenda Items)

Creation of personnel appointments for and individual evaluations of directors and executive officers, total amount and individual bonuses for officers, individual monthly compensation for the next fiscal year, succession plans, and review of related regulations.

### 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 items of risk management, and follows up and reports to the Board of Directors. The President and Representative Director serves as the chair of the committee and one standing 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.

### 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 2022 are provided below:

#### Evaluation Method

All directors and Audit & Supervisory Board members complete a survey (including anonymous entries and open answers). 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	April 2022 to March 2023
Dates performed	Board of Directors meetings on March 8, March 29, and April 26, 2023 * Performed ahead of schedule starting this time for disclosure ahead of Shareholders' Meeting.
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.

### Summary of Evaluation Results

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

#### Status of response to issues indicated in the last evaluation of effectiveness in FY2021 (covering January 2021 to March 2022)

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

##### 1. Enhancement of discussions on management strategy topics

→Expanded opportunities for discussion of management strategy topics by transferring some authority to the executive side through the revision of the standards for referral.

##### 2. 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

→Established a new forum for exchanging opinions with other executive directors (vice president and senior managing officers) in addition to the traditional meetings with the chairman and president for the exchange of opinions between outside directors, outside Audit & Supervisory Board members, and management.

Held a meeting to exchange opinions between outside directors and employees at the Hokuriku Branch where the founder was born.

##### 3. Promotion of discussion on the ideal governance structure, including the roles of the Board of Directors and Nomination & Compensation Committee and organizational design

→Shared the status of activities by the Nomination & Compensation Committee with directors and Audit & Supervisory Board Members who are not members of the committee.

##### 4. Enhancement of reporting to the Board of Directors on measures to address risk

→Expanded reporting to the Board of Directors on the activities of the Risk Management Committee. (Measures to address risk and status of initiatives)

##### 5. Exchange of opinions on human resource development (including successor education) and promotion of discussion on human resources strategies linked to management strategy

→Attended human capital management workshop (for all directors) with an outside lecturer and engaged in discussion.

Clearly indicated the importance of human resources development in the basic policy of the FY2023 management plan. Established the Human Resources Strategy Department at the Head Office under the direct control of the President in April 2023 to accelerate the establishment and execution of human resources strategies linked to management strategies. (Resolutions passed for each at the Board of Directors)

### Main Issues to consider Indicated in the Current Evaluation of Effectiveness

- Further enhancement of the management supervision function of the Board of Directors
  - Enhancement of discussions in the fields of sustainability and ESG (climate change measures, human resources strategy, etc.)
  - Expansion of opportunities for management and outside directors to exchange opinions on management strategy (including use of forums other than board meetings) and enhancement of monitoring of progress on the Mid-Term Management Plan
  - Enhancement of management information provision to outside directors and outside Audit & Supervisory Board members
- Further promotion of communication between outside directors, outside Audit & Supervisory Board members and management (ongoing)

### 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.

### Overview of the Corporate Governance Structure (as of June 29, 2023)

Item	Description
Organizational form	Company with an Audit & Supervisory Board
Number of Directors	11 (maximum of 12 permitted)
Director term	1 year
Number of female Directors	2
Number of Non-Executive Directors	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

# Governance

## Election of Outside Directors and Outside Audit & Supervisory Board Members

### Appointed Outside Directors (as of June 29, 2023)

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2022
Tamotsu Iwamoto	○	Outside Director of XEBIO Holdings CO., LTD.	Mr. Iwamoto possesses expert knowledge and experience as a director 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 17/17 (100%)
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 17/17 (100%)
Mayumi Tamura	○	Outside Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. Outside Director of LIXIL Corporation	Ms. Tamura possesses expert knowledge related to finance and accounting and many years of management 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 17/17 (100%)
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 17/17 (100%)

### Appointed Outside Audit & Supervisory Board Members (as of June 29, 2023)

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2022
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 17/17 (100%) Audit & Supervisory Board 16/16 (100%)
Toshie Ikenaga	○	Outside Director of SOHGO SECURITY SERVICES CO., LTD. (ALSOK) Officer, National Hospital Organization	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 15/17 (88.2%) Audit & Supervisory Board 16/16 (100%)
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 contributed 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. 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 12/13 (92.3%) Audit & Supervisory Board 7/7 (100%) * Attendance since election at the 120th Annual General Meeting of Shareholders

### 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.

### 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 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 based on the resolution of the Board of Directors.

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.

### 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.

### Director and Audit & Supervisory Board Member Compensation (FY2022)

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)	789	679	109	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	64	64	—	2
Outside Officers	98	98	—	8

### Policy on Performance-linked Compensation

Out of the compensation paid to directors of the Company, bonuses, which are performance-linked compensation, are limited to an annual amount of 500 million yen based on the resolution of the 118th Ordinary General Meeting of Shareholders held on June 26, 2020. The Nomination & Compensation Committee deliberates and determines whether or not to pay such bonuses and the amount to be paid.

Actual consolidated net income (net income attributable to shareholders of the Corporation), used as the indicator for determining bonuses, was 49,057 million yen for the fiscal year ended March 31, 2023, compared to the goal of 51,500 million yen. Actual consolidated ordinary income was 56,546 million yen, compared to the fiscal year goal of 70,000 million yen.

### 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 based on the resolution of the Board of Directors. The Nomination & Compensation Committee (which met seven times during the fiscal year) reviewed compensation for fiscal year ended March 31, 2023 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.



Standards on the Independence of Outside Officers  
(outside directors and outside Audit & Supervisory Board members)  
(Only in Japanese)  
<https://www.shimz.co.jp/company/about/governance/pdf/151224.pdf>



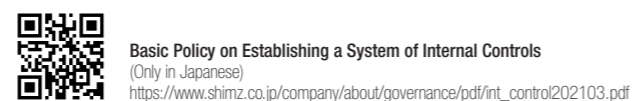
# Governance

## Status of development and operation of internal control system

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 2022 is provided below.

<p><b>Compliance System</b></p>	<p>(1) We provide ongoing education and training to officers and employees to ensure strict compliance.</p> <p>(2) We have established three whistleblowing hotlines, the Corporate Ethics Help-Line Office, the Harassment Contact Point, and the External Contact Point, based on the internal whistleblowing system and familiarized employees with them. The operating status is reported to the Corporate Ethics Committee, the Risk Management Committee, the Audit &amp; Supervisory Board, and the Board of Directors.</p> <p>(3) The Corporate Ethics Committee 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.</p>
<p><b>Risk Management System</b></p>	<p>(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 items of risk management. It follows up on implementation and reports to the Board of Directors.</p> <p>(2) To confirm communication lines and the initial response to large earthquakes, we hold regular earthquake disaster drills (twice a year) and ask business partners and local residents and others to participate.</p> <p>(3) For overseas safety risks, we collect information on hazards based on the Outline of Countermeasures for Overseas Emergency. As necessary, we also strengthen the security structure, issue warnings to relevant people, and limit overseas travel.</p> <p>(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.</p>
<p><b>Systems to Ensure Proper Operation of the Shimizu Group</b></p>	<p>(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 Subsidiary Management Regulations.</p> <p>(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.</p>
<p><b>System for Ensuring Effectiveness of Audits by Auditors</b></p>	<p>(1) The Audit &amp; Supervisory Board Members Office is an organization dedicated to assisting the Audit &amp; Supervisory Board. It is staffed with three full-time employees.</p> <p>(2) An Audit &amp; Supervisory Board member designated by the Audit &amp; Supervisory Board attends important meetings such as the Chief Executives' Meeting, the Division Directors' Meeting, Risk Management Committee meetings, and Corporate Ethics Committee meetings.</p>



## 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. In this era of strong demand for corporate social responsibility, we have established the Code of Corporate Ethics and Conduct to ensure that all officers and employees thoroughly understand The Analects and the Abacus and demonstrate it in their daily actions. We are committed to enforcing corporate ethics, including compliance with laws and regulations.

#### 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 Help-Line Office, and an internal whistleblowing system.

#### Proper Management of Personal Information

In addition to establishing the Privacy Policy, we have appointed a Corporate Personal Information Protection Administrator to promote appropriate measures for the proper management of personal information, including individual numbers (the "My Number" 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.



#### 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.

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

1. Corporate ethics training for executive management (including management of Group companies)
2. Compliance training for employees (including e-learning)

**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 officers 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.

Directors (as of July 1, 2023)



**Yoichi Miyamoto**  
Chairman of the Board and Representative Director



**Kazuyuki Inoue**  
President and Representative Director  
President and Executive Officer



**Hiroshi Fujimura**  
Executive Vice President and Director  
Executive Vice President and Executive Officer  
Director, Business Development & Marketing  
Headquarters



**Kentaro Ikeda**  
Executive Vice President and Representative Director  
Executive Vice President and Executive Officer  
Director, Civil Engineering Headquarters,  
In charge of Safety Administration & Environment



**Takeshi Sekiguchi**  
Director, Senior Managing Officer  
Senior Managing Officer and Executive Officer  
In charge of Engineering Business,  
Director, LCV Headquarters,  
In charge of Information Management



**Yoshiki Higashi**  
Senior Managing Officer and Representative Director  
Senior Managing Officer and Executive Officer  
In charge of Administrative Functions and  
SDGs & ESG Promotion,  
Director, Corporate Planning Div.



**Noriaki Shimizu**  
Director

Outside Directors (as of July 1, 2023)



**Tamotsu Iwamoto**<sup>\*2</sup>  
Director



**Junichi Kawada**<sup>\*2</sup>  
Director



**Mayumi Tamura**<sup>\*2</sup>  
Director



**Yumiko Jozuka**<sup>\*2</sup>  
Director

<sup>\*1</sup> Director Noriaki Shimizu is a Non-Executive Director and head of the Nomination and Compensation Committee.  
<sup>\*2</sup> Directors Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka are outside directors.



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

Audit & Supervisory Board Members (standing)

(as of July 1, 2023)



**Hideto Watanabe**  
Audit & Supervisory Board Member  
(standing)



**Koichi Matsuoka**  
Audit & Supervisory Board Member  
(standing)



**Kaoru Ishikawa**<sup>\*3</sup>  
Audit & Supervisory Board Member  
(part-time)



**Toshie Ikenaga**<sup>\*3</sup>  
Audit & Supervisory Board Member  
(part-time)



**Ko Shikata**<sup>\*3</sup>  
Audit & Supervisory Board Member  
(part-time)

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

Outside Auditors (as of July 1, 2023)

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 <sup>*4</sup> & ESG	Human Resource Development & Diversity	Global Experience	DX (Digital Transformation)	Promotion & Technology	Sales & Marketing	Finance & Accounting	Legal Affairs & Risk Management
Yoichi Miyamoto	●	●	●	●		●	●		
Kazuyuki Inoue	●	●	●	●		●	●		●
Hiroshi Fujimura	●	●					●		
Kentaro Ikeda	●	●		●	●	●	●		
Takeshi Sekiguchi	●	●		●	●	●	●		
Yoshiki Higashi	●	●	●	●				●	●
Noriaki Shimizu		●				●	●		
Tamotsu Iwamoto	●	●	●	●					●
Junichi Kawada	●	●	●	●					●
Mayumi Tamura	●	●	●	●				●	
Yumiko Jozuka		●	●						●

<sup>\*4</sup> "The Analects and the Abacus" is the Corporation's Credo.

## Executive Officers (as of July 1, 2023)

President	Managing Officers	Executive Officers	Executive Officers
<b>Kazuyuki Inoue</b> Director, Business Development & Marketing Headquarters	<b>Kojiro Shimizu</b> Director, Tohoku Branch	<b>Tomoaki Harada</b> Director, Chiba Branch	<b>Naomi Onishi</b> In charge of Civil Engineering Kansai Area, In charge of Civil Engineering, Yumeshima (Osaka) Project
<b>Executive Vice President</b>	<b>Toshihide Suenaga</b> In charge of Building Construction Sales & Marketing, Kansai Area, Business Development & Marketing Headquarters and Sales & Marketing, Yumeshima (Osaka) Project	<b>Toshiyuki Nakahara</b> Director, Hokuriku Branch	<b>Kenji Tsuzuki</b> Director, Civil Engineering Planning Div., Civil Engineering Headquarters
<b>Hiroshi Fujimura</b> Director, Business Development & Marketing Headquarters	<b>Mitsuo Mori</b> Assistant Director, Tokyo Branch	<b>Naruki Ohashi</b> Director, Yokohama Branch	<b>Hiroshi Murata</b> Director, Human Resources Dept., In charge of Workstyle Reforms
<b>Kentarō Ikeda</b> Director, Civil Engineering Headquarters, In charge of Safety Administration and Environment	<b>Haruhiko Washimi</b> Director, Investment and Development Div.	<b>Takuya Ito</b> Deputy Director, Global Business Headquarters, President and Representative Director, Shimizu America, Inc.	<b>Toru Aoki</b> Director, Mechanical & Electrical Div., Building Construction Headquarters
<b>Toru Yamaji</b> In charge of Business Innovation, Emerging Frontiers, Director, Shiomi Project Office	<b>Takefumi Saito</b> Director, Tokyo Civil Engineering Branch	<b>Mika Kaneko</b> Director, Environmental Strategy Office, Deputy Director, Corporate Planning Div.	<b>Yoshiro Kobayashi</b> In charge of Building Construction Sales & Marketing, Chubu Area, Business Development & Marketing Headquarters, Director, Chubu Business Development & Marketing Div., Business Development & Marketing Headquarters
<b>Yoshito Tsutsumi</b> Director, Building Construction Headquarters, In charge of Productivity Improvement and Nuclear Business, Building Construction Headquarters	<b>Nobuhiko Sasaki</b> Director, Business Development & Marketing Div. - Civil Engineering, Business Development & Marketing Headquarters	<b>Takayuki Sakakima</b> Deputy Director, Design Div., Building Construction Headquarters, In charge of Structure	<b>Kazuyuki Oki</b> Director, International Div., Global Business Headquarters
<b>Senior Managing Officers</b>	<b>Kazuhiko Kato</b> In charge of Large-scale Projects Promotion, Business Development & Marketing Div. - Civil Engineering, Business Development & Marketing Headquarters	<b>Shuji Kakegawa</b> Director, Institute of Technology	<b>Mitsuhiro Chuman</b> Director, Civil Construction Technology Div., Civil Engineering Headquarters
<b>Tatsuya Shinmura</b> Director, Tokyo Branch	<b>Hideo Yokoyama</b> Director, Business Development & Marketing Div. 1 - Building Construction, Business Development & Marketing Headquarters, Director, Area Development Div., Business Development & Marketing Headquarters	<b>Hiroyuki Fujimoto</b> Deputy Director, Design Div., Building Construction Headquarters, Deputy Director, Proposal & Solution Div., Design Div., Building Construction Headquarters	<b>Nobuyoshi Kikuchi</b> Deputy Director, Corporate Planning Div.
<b>Masanobu Onishi</b> Director, Design Div., Building Construction Headquarters	<b>Kazuya Osako</b> Director, International Civil Engineering Div., Global Business Headquarters	<b>Yasuhiro Takenaka</b> Director, Hokkaido Branch	<b>Mohi U.Ahmed</b> Director, Business Innovation Unit Deputy Director, Shiomi Project Office
<b>Takeshi Sekiguchi</b> In charge of Engineering Business, Director, LCV Headquarters, In charge of Information Management	<b>Shinichi Takiguchi</b> Director, Emerging Frontiers Div.	<b>Osamu Nakagawa</b> Assistant Director, Tokyo Branch	<b>Kazumi Sato</b> Deputy Director, Corporate Planning Div. Director, HR Strategy Dept., Corporate Planning Div.
<b>Takao Haneda</b> In charge of General Affairs, Legal, Crisis Management and Group Companies, Director, Corporate Ethics Office	<b>Kazuya Osako</b> Director, International Civil Engineering Div., Global Business Headquarters	<b>Fumio Asami</b> Director, Business Development & Marketing Div. 2 - Building Construction, Business Development & Marketing Headquarters	<b>Shigeru Matsumoto</b> Director, Building Construction Planning Div., Building Construction Headquarters, Director, Environment & Energy and BLC, Building Construction Planning Div., Building Construction Headquarters, Deputy Director, Shiomi Project Office
<b>Kouichi Yamashita</b> In charge of Kansai Area, Director, Kansai Branch, Director, Yumeshima (Osaka) Project	<b>Akinobu Sakao</b> Director, Nagoya Branch	<b>Katsuyoshi Yuhara</b> Director, Kyushu Branch	<b>Michiho Yamaguchi</b> In charge of Finance & Accounting and IR
<b>Yoshiki Higashi</b> In charge of Administrative Functions and SDGs & ESG Promotion, Director, Corporate Planning Div.	<b>Toru Noda</b> In charge of Technology, Civil Engineering Headquarters	<b>Naoki Iwagaki</b> Director, Hiroshima Branch	
<b>Akira Yamazaki</b> Director, Construction Technology Div., Building Construction Headquarters, In charge of Procurement, Building Construction Headquarters, Technology and Intellectual Property	<b>Hitoshi Fujita</b> Director, Global Business Headquarters	<b>Yasuhide Yamada</b> In charge of Environment & Energy, Corporate Planning Div.	

## 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 2022, expenditures on social contribution activities as a percentage of ordinary income came to 2.10% (870 million yen in expenditures on social contribution activities/41.4 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.

## Wood Educational Activities of Tokyo Mokkoujou Arts &amp; Crafts Furnishings

Tokyo Mokkoujou Arts & Crafts Furnishings is engaged in various activities to communicate the appeal of trees. It holds woodworking classes all over Japan out of a desire to familiarize children with the warmth of wood and the joy of monozukuri (superb craftsmanship). To date, a total of around 26,000 people have participated in the classes. It has also started woodworking classes for senior citizens and those with disabilities and is promoting wood educational activities to communicate the appeal of trees to children and adults alike.



Woodworking class for senior citizens

## Shimizu Volunteer Academy

Since 2015, the Shimizu Volunteer Academy has been held in collaboration with STAND to contribute to the training of volunteers with extensive knowledge of people with disabilities and para sports. In fiscal 2022, it was held at Kwansai Gakuin University and Hiroshima University. Many students learned about the appeal of para sports and along with the basic knowledge required of volunteers through classroom lectures and hands-on experience with visual impairment and wheelchairs for acquiring practical skills. We will continue to hold these events regularly to communicate the appeal of para sports and the importance of volunteering to as many people as possible, thereby contributing to the realization of an inclusive society in which everyone can thrive.

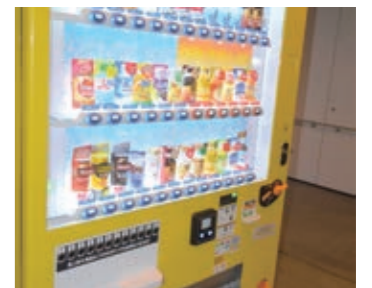


Hands-on experience with wheelchairs to acquire practical skills

## Measures against Child Poverty

We have installed a vending machine at our head office that takes donations for the national Children's Future Support Fund campaign as a part of our social contribution activities to contribute to No Poverty, which is Sustainable Development Goal 1. The donations collected will be used to fund the operations of learning support groups, children's cafeterias, food banks, and other grassroots organizations that support children all over Japan.

We have also introduced a matching gift system, whereby we match the amount of money donated by employees through the vending machine, bringing the employees and the Company together in a concerted effort to help solve the problem of child poverty.



Vending machine for donations



Tokyo Mokkoujou  
<https://www.shimz.co.jp/mokkou/english/>

## Ten-Year Highlights (Consolidated)

Shimizu Corporation and its subsidiaries  
Years ended March 31, 2014 through 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
	Millions of Yen (unless otherwise indicated)										Thousands of U.S. Dollars (unless otherwise indicated)
<b>For the year:</b>											
Construction orders awarded	¥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	¥1,672,866	<b>\$12,539,287</b>
Net sales	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	1,933,814	<b>14,495,276</b>
Operating income	26,054	50,032	94,668	128,835	121,373	129,724	133,894	100,151	45,145	54,647	<b>409,624</b>
Ordinary income	29,277	56,246	95,501	131,197	124,130	133,957	137,986	105,465	50,419	56,546	<b>423,855</b>
Net income attributable to shareholders of the Corporation	14,191	33,397	59,322	98,946	84,978	99,668	98,977	77,176	47,761	49,057	<b>367,722</b>
Net income per share of common stock (yen and U.S. dollars)	¥18.09	¥42.56	¥75.61	¥126.11	¥108.31	¥127.04	¥128.31	¥101.17	¥64.09	¥66.29	<b>\$0.50</b>
Cash dividends per share of common stock (yen and U.S. dollars)	¥7.00	¥8.00	¥16.00	¥26.00	¥26.00	¥36.00	¥38.00	¥30.00	¥23.00	¥21.00	<b>\$0.16</b>
Ordinary dividends (yen and U.S. dollars)	¥7.00	¥8.00	¥10.00	¥10.00	¥14.00	¥14.00	¥20.00	¥20.00	¥20.00	¥21.00	<b>\$0.16</b>
Special dividends (yen and U.S. dollars)	—	—	¥6.00	¥16.00	¥12.00	¥22.00	¥18.00	¥10.00	¥3.00	—	—
Dividends payout ratio (%)	38.7	18.8	21.2	20.6	24.0	28.3	29.6	29.7	35.9	31.7	<b>31.7</b>
ROE (%)	3.9	7.9	12.4	18.8	13.9	14.4	13.6	10.0	5.8	5.9	<b>5.9</b>
Net cash provided by (used in) operating activities	17,395	56,105	38,335	143,668	82,879	(14,933)	170,557	80,674	77,772	83,842	<b>628,455</b>
Net cash provided by (used in) investing activities	(27,977)	(17,644)	(14,051)	(34,654)	(30,938)	(52,652)	(115,745)	(113,954)	(89,308)	(52,434)	<b>(393,034)</b>
Net cash provided by (used in) financing activities	(28,592)	14,305	9,199	(65,375)	(26,124)	(42,404)	68,732	(42,710)	19,634	65,635	<b>491,986</b>
Cash and cash equivalents at end of year	183,440	242,482	274,167	315,803	341,158	229,978	352,722	276,321	287,134	386,750	<b>2,898,958</b>
<b>At year-end:</b>											
Net assets	376,048	481,896	485,655	576,879	656,330	735,242	736,412	821,446	875,172	907,277	<b>6,800,672</b>
Total assets	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	2,448,010	<b>18,349,528</b>
Net assets per share of common stock (yen and U.S. dollars)	¥474.43	¥607.82	¥612.70	¥728.78	¥829.58	¥929.72	¥957.56	¥1,068.74	¥1,116.89	¥1,150.70	<b>\$8.63</b>
Interest-bearing debt	344,222	375,580	392,482	340,010	338,264	319,400	441,315	422,688	495,140	577,271	<b>4,327,051</b>
Equity ratio (%)	24.6	28.0	27.9	33.9	36.5	39.2	38.3	42.7	38.7	34.8	<b>34.8</b>
Debt to equity ratio (times)	0.92	0.79	0.82	0.59	0.52	0.44	0.60	0.52	0.60	0.68	<b>0.68</b>

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 ¥133.41 to U.S.\$1, the approximate rate prevailing at March 31, 2023.

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 Sheets

Shimizu Corporation and its subsidiaries  
As at March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2023	2023
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	¥250,134	¥372,780	\$2,794,244
Notes and accounts receivable—trade	684,217	837,373	6,276,694
Marketable securities	37,000	14,000	104,939
Real estate for sale	7,097	1,997	14,975
Costs on uncompleted construction contracts	30,742	43,858	328,751
Costs on uncompleted real estate development projects	14,419	25,336	189,911
Other inventories	2,909	3,530	26,466
Other current assets	124,711	156,423	1,172,502
Less: Allowance for doubtful accounts	(1,147)	(1,403)	(10,516)
Total current assets	1,150,085	1,453,897	10,897,967
<b>Non-Current Assets:</b>			
Tangible fixed assets:			
Buildings and structures	360,731	371,184	2,782,287
Machinery, vehicles, tools, furniture and fixtures	136,172	184,238	1,380,993
Land	298,667	294,949	2,210,850
Construction in progress	49,941	31,087	233,019
Less: Accumulated depreciation	(230,887)	(246,212)	(1,845,529)
Total tangible fixed assets	614,625	635,247	4,761,621
Intangible fixed assets	21,069	21,465	160,896
Investments and other assets:			
Investment securities	326,835	312,968	2,345,913
Deferred tax assets	2,722	9,188	68,876
Other investments	14,948	17,118	128,314
Less: Allowance for doubtful accounts	(1,930)	(1,875)	(14,061)
Total investments and other assets	342,576	337,399	2,529,043
Total non-current assets	978,271	994,112	7,451,561
Total assets	¥2,128,356	¥2,448,010	\$18,349,528

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2023	2023
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes and accounts payable-trade	¥325,953	¥424,343	\$3,180,744
Short-term borrowings	130,609	225,655	1,691,442
Current portion of non-recourse borrowings	8,758	8,430	63,194
Commercial papers	50,000	—	—
Current portion of non-recourse bonds payable	13,761	—	—
Advances received on uncompleted construction contracts	107,630	152,680	1,144,448
Deposits received	109,336	145,101	1,087,633
Warranty reserve	3,353	4,117	30,861
Reserve for expected losses on construction contracts in process	54,117	65,454	490,629
Other current liabilities	44,673	60,303	452,015
Total current liabilities	848,195	1,086,086	8,140,968
<b>Non-Current Liabilities:</b>			
Bonds payable	110,000	130,000	974,439
Non-recourse bonds payable	8,208	—	—
Long-term borrowings	99,945	134,781	1,010,283
Non-recourse borrowings	73,857	78,403	587,691
Deferred tax liabilities	7,231	1,496	11,213
Deferred tax liabilities for revaluation reserve for land	17,644	17,497	131,154
Net defined benefit liability	55,899	60,177	451,069
Other non-current liabilities	32,202	32,289	242,035
Total non-current liabilities	404,988	454,646	3,407,887
Total liabilities	1,253,184	1,540,732	11,548,856
<b>NET ASSETS</b>			
<b>Shareholders' Equity:</b>			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2022 and 2023	74,365	74,365	557,419
Additional paid-in capital	43,678	43,691	327,499
Retained earnings	592,199	625,324	4,687,238
Less: Treasury stock, at cost 47,611 thousand shares as at March 31, 2023	—	(41,299)	(309,570)
Less: Treasury stock, at cost 50,309 thousand shares as at March 31, 2022	(43,282)	—	—
Total shareholders' equity	666,959	702,081	5,262,587
<b>Accumulated Other Comprehensive Income:</b>			
Net unrealized gain (loss) on other securities, net of taxes	132,308	121,937	914,004
Deferred gain (loss) on hedging, net of taxes	214	198	1,485
Revaluation reserve for land, net of taxes	25,831	25,495	191,105
Foreign currency translation adjustments	(898)	3,401	25,498
Remeasurements of defined benefit plans	80	(555)	(4,160)
Total accumulated other comprehensive income	157,536	150,477	1,127,932
<b>Non-controlling Interests</b>	50,675	54,718	410,152
Total net assets	875,172	907,277	6,800,672
Total liabilities and net assets	¥2,128,356	¥2,448,010	\$18,349,528

## Consolidated Statements of Income

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2023	2023
<b>Net Sales:</b>			
Construction contracts	¥1,295,969	¥1,693,895	\$12,696,913
Real estate development and other	186,992	239,919	1,798,362
	1,482,961	1,933,814	14,495,276
<b>Cost of Sales:</b>			
Construction contracts	1,214,775	1,582,828	11,864,395
Real estate development and other	128,510	189,983	1,424,060
	1,343,286	1,772,812	13,288,455
<b>Gross profit:</b>			
Construction contracts	81,193	111,066	832,518
Real estate development and other	58,481	49,935	374,302
	139,675	161,002	1,206,821
<b>Selling, General and Administrative Expenses</b>	94,529	106,354	797,197
<b>Operating income</b>	45,145	54,647	409,624
<b>Non-Operating Income (Expenses):</b>			
Interest and dividend income	5,935	5,946	44,572
Interest expenses	(2,656)	(3,997)	(29,961)
Other, net	1,994	(50)	(379)
<b>Ordinary income</b>	50,419	56,546	423,855
<b>Special Gains (Losses):</b>			
Gain on sales of fixed assets	10,053	19,354	145,073
Gain on negative goodwill	6,414	—	—
Loss on sales of fixed assets	(61)	(123)	(924)
Loss on devaluation of investment securities	(255)	(433)	(3,248)
Loss on step acquisitions	(1,865)	—	—
<b>Income before income taxes</b>	64,705	75,344	564,755
<b>Provision for Income Taxes:</b>			
Current	29,952	30,200	226,375
Deferred	(12,824)	(6,346)	(47,569)
	17,128	23,854	178,805
<b>Net Income</b>	47,577	51,489	385,949
<b>Net Income (loss) attributable to non-controlling interests</b>	(183)	2,431	18,227
<b>Net Income attributable to shareholders of the Corporation</b>	¥47,761	¥49,057	\$367,722

## Consolidated Statements of Comprehensive Income

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2023	2023
<b>Net Income</b>	¥47,577	¥51,489	\$385,949
<b>Other Comprehensive Income:</b>			
Net unrealized gain (loss) on other securities, net of taxes	(1,473)	(10,321)	(77,366)
Deferred gain (loss) on hedging, net of taxes	(22)	(15)	(119)
Foreign currency translation adjustments	2,612	4,753	35,629
Remeasurements of defined benefit plans	743	(807)	(6,052)
Share of other comprehensive income of associates accounted for using equity method	(100)	(141)	(1,059)
Total other comprehensive income	1,759	(6,532)	(48,968)
<b>Comprehensive Income</b>	¥49,336	¥44,956	\$336,981
Comprehensive income attributable to:			
Shareholders of the Corporation	¥49,504	¥42,334	\$317,328
Non-controlling interests	(167)	2,621	19,652

## Consolidated Statements of Cash Flows

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2023	2023
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥64,705	¥75,344	\$564,755
Adjustments for:			
Depreciation and amortization	20,213	25,798	193,376
Gain on negative goodwill	(6,414)	—	—
Loss (gain) on step acquisitions	1,865	—	—
Increase (decrease) in allowance for doubtful accounts	(177)	196	1,475
Increase (decrease) in reserve for expected losses on construction contracts in process	39,506	11,315	84,820
Increase (decrease) in net defined benefit liability	3,315	3,100	23,242
Loss (gain) on sales of fixed assets	33	(218)	(1,635)
Loss (gain) on valuation of investment securities	255	433	3,248
Loss (gain) on sales of investment securities	(10,025)	(19,012)	(142,513)
Interest and dividend income	(5,935)	(5,946)	(44,572)
Interest expenses	2,656	3,997	29,961
(Increase) decrease in notes and accounts receivable—trade	(39,265)	(152,223)	(1,141,017)
(Increase) decrease in real estate for sale	8,408	37,603	281,863
(Increase) decrease in costs on uncompleted construction contracts	1,138	(13,095)	(98,156)
(Increase) decrease in uncompleted real estate development projects	2,724	(10,916)	(81,827)
(Increase) decrease in other inventories	694	(618)	(4,634)
Increase (decrease) in notes and accounts payable—trade	6,398	97,884	733,712
Increase (decrease) in advances received on uncompleted construction contracts	9,189	44,584	334,188
Other, net	6,562	8,412	63,058
Subtotal	105,848	106,640	799,347
Interest and dividends received	6,542	6,156	46,149
Interest paid	(2,787)	(3,892)	(29,179)
Income taxes paid	(31,831)	(25,062)	(187,862)
Net cash provided by (used in) operating activities	77,772	83,842	628,455
<b>Cash Flows from Investing Activities:</b>			
Acquisition of tangible fixed assets	(109,766)	(68,575)	(514,017)
Proceeds from sales of tangible fixed assets	40	1,046	7,845
Acquisition of marketable securities and investment securities	(217)	(9,750)	(73,089)
Proceeds from sales of marketable securities and investment securities	13,235	27,341	204,945
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	7,956	—	—
Other, net	(556)	(2,497)	(18,718)
Net cash provided by (used in) investing activities	(89,308)	(52,434)	(393,034)
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term borrowings	(21,386)	96,011	719,671
Net increase (decrease) in commercial papers	50,000	(50,000)	(374,784)
Proceeds from long-term borrowings	45,700	57,018	427,395
Repayments of long-term borrowings	(17,854)	(25,037)	(187,672)
Proceeds from non-recourse borrowings	15,819	11,518	86,335
Repayments of non-recourse borrowings	(8,518)	(8,786)	(65,859)
Proceeds from issuance of bonds	10,000	20,000	149,913
Redemption of bonds	(10,000)	—	—
Redemption of non-recourse bonds	(1,265)	(21,969)	(164,679)
Purchase of treasury stock	(20,104)	(1)	(14)
Proceeds from sale of shares of parent held by a subsidiary	—	4,004	30,016
Dividends	(22,277)	(16,237)	(121,714)
Other, net	(478)	(883)	(6,620)
Net cash provided by (used in) financing activities	19,634	65,635	491,986
<b>Effect of exchange rate changes on Cash and Cash Equivalents</b>	2,714	2,572	19,282
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	10,812	99,615	746,690
<b>Cash and Cash Equivalents at beginning of year</b>	276,321	287,134	2,152,268
<b>Cash and Cash Equivalents at end of year</b>	¥287,134	¥386,750	\$2,898,958

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

# Independent Opinion



**Mr. Keisuke Takegahara**

Development Bank of Japan Inc.  
Head of Research Institute of  
Capital Formation

Looking at this report, it is evident from the opening paragraph of “Shimizu’s Pioneering History” that throughout its long history, Shimizu has addressed the various changing needs of society while passing on the philosophy of its founder. On the other hand, the connection felt to this long history varies significantly depending on the generation to which the reader belongs. It is not hard to imagine that perceptions that were once common among a certain generation can change with the passing of time. The addition this time of explanations of Shimizu Corporation’s fundamental principles of a sincere approach to monozukuri (superb craftsmanship) and customer-oriented spirit as well as of the credo of the Analects and the Abacus was likely made with this in mind. It also reflects the unique role that this report plays as the torchbearer of a multi-stakeholder corporate message with a wide range of readers in mind, including the younger generation that will shape the times. Even for someone like me who has long been familiar with the principles of your company, this consideration left me with an impression of how you value tradition while embracing innovation.

In general, multi-stakeholder reports require a company to address various aspects of corporate activities to cater to the diversity of readers. This tends to lead to parallel introductions to initiatives, making it challenging to put together a clear storyline, such as value creation in integrated reports for institutional investors. Your report has taken this challenge head on, making a series of improvements to date to balance diverse initiatives with storytelling. Corporate Report 2023 is an extension of this. I can see that you are working to strengthen your storytelling while leveraging the content that was significantly expanded last year.

Specifically, the first thing that stands out is the Message from the President, which powerfully conveys your intent to vigorously promote the current Mid-Term Management Plan to achieve the long-term vision SHIMZ VISION 2030. You clearly detail the framework of the plan, which is positioned as a period of forward-looking investment to establish a new revenue base. Particularly impressive, however, is your stance on DX initiatives that include consideration for the 2024 problem. The presentation of your future vision of “contributing to solving social issues through our business activities by highly integrating cyber space and the real world” is imbued with an exciting message that paints a clear picture of your goal of becoming a Smart Innovation Company. On a related note, the section on page 21 that breaks down the goals of the long-term

Joined the Japan Development Bank (now the Development Bank of Japan) in 1989. In 2011, he became General Manager of the Environment and CSR Department, and in 2017, he became Executive Officer, Deputy General Manager of the Industrial Research Division and Manager of the Sustainability Management Office, Corporate Planning Department, before assuming his current position in June 2023.  
\* We have been publishing expert opinions on the Shimizu Corporate Report from an objective standpoint every year since 2012 (then the Shimizu CSR Report).

vision as indicated by the value creation process into three kinds of innovation and explains them as “Status of Initiatives to Achieve Our Vision” also helps to expand the picture of the goal of value creation. In particular, as someone who asked for enhancements to information disclosure in this area last year, I was very impressed by the strengthened organizational response to innovation in human resources, which ultimately defines business structure and technology and that this was also a central theme in the roundtable discussion between the President and Outside Directors that was added this year. This also sends a positive message to your employees, who I would imagine you consider a key audience.

Steady improvements are being made to the report, but there is still a ways to go when it comes to addressing the difficult challenge of balancing the communication of substantial facts with consistent storytelling. There is still room for improvement in terms of connecting the common thread of evolution and transition to become a Smart Innovation Company, the goal of the long-term vision SHIMZ VISION 2030, with various information throughout the report. For example, there is rich content on pages 30 to 44 on each business activity, introducing the content, key themes, and strengths of each activity and communicating the commitment of the officers in charge. However, it does not sufficiently convey how the activities contribute to the value creation process and, consequently, how they are expected to tie into the realization of the long-term vision SHIMZ VISION 2030.

The same can be said for KPIs. I think you need to examine the currently adopted non-financial KPIs from the perspective of whether they speak to the process of evolving into a Smart Innovation Company. In this regard, it seems that KPIs corresponding to materiality, which were introduced in the previous fiscal year, would have a stronger affinity with the long-term strategy.

Rather than focusing on individual pieces of content, placing a stronger emphasis on the interconnectivity could reinforce the value creation process and potentially draw out a clearer, more highly defined story of how the Smart Innovation Company—or in other words, the long-term vision SHIMZ VISION 2030—will be realized. As standardization of non-financial information disclosure progresses, there are unmistakably higher expectations for the evolution of this multi-stakeholder report as it is one that pursues uniqueness. I look forward to seeing further enhancements in the future.

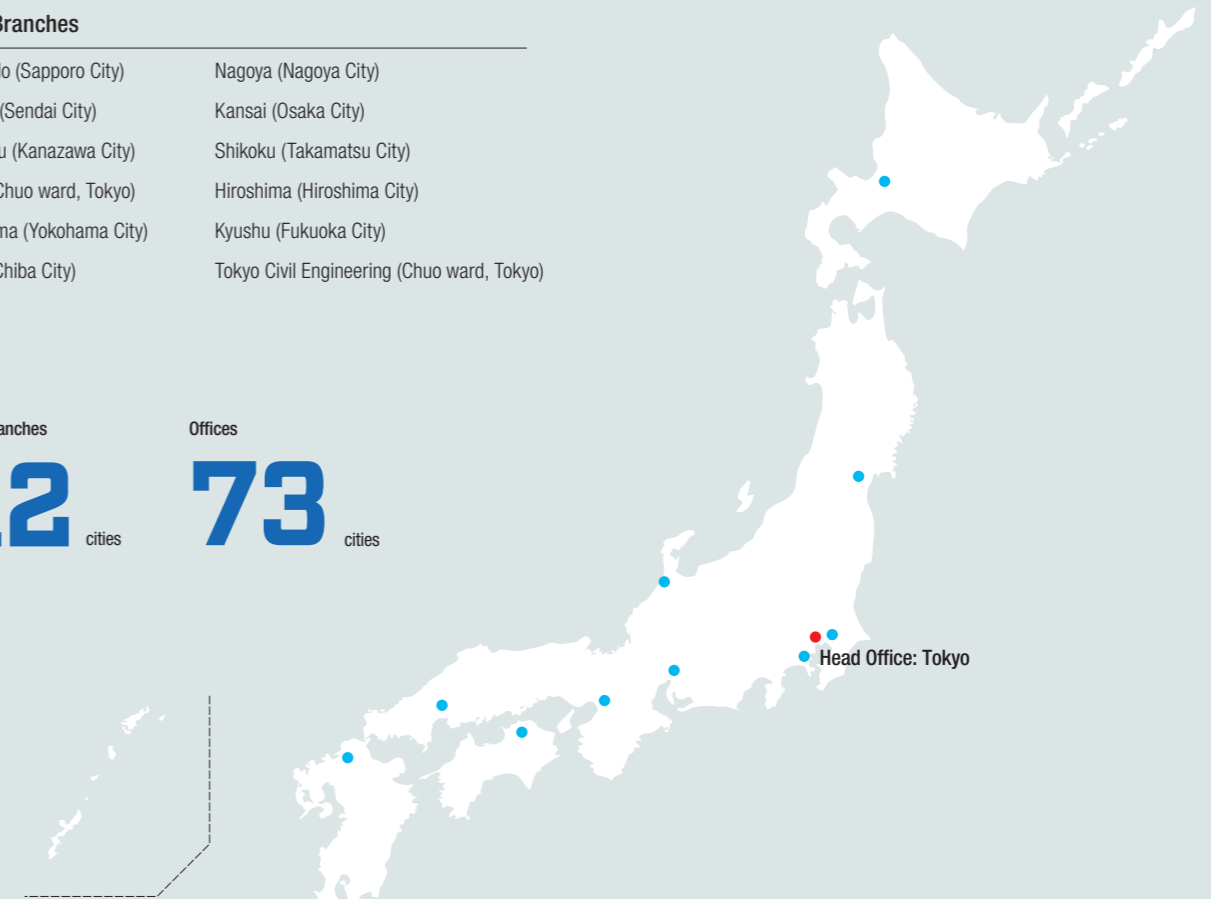
## Global Network (as of July 1, 2023)

### 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

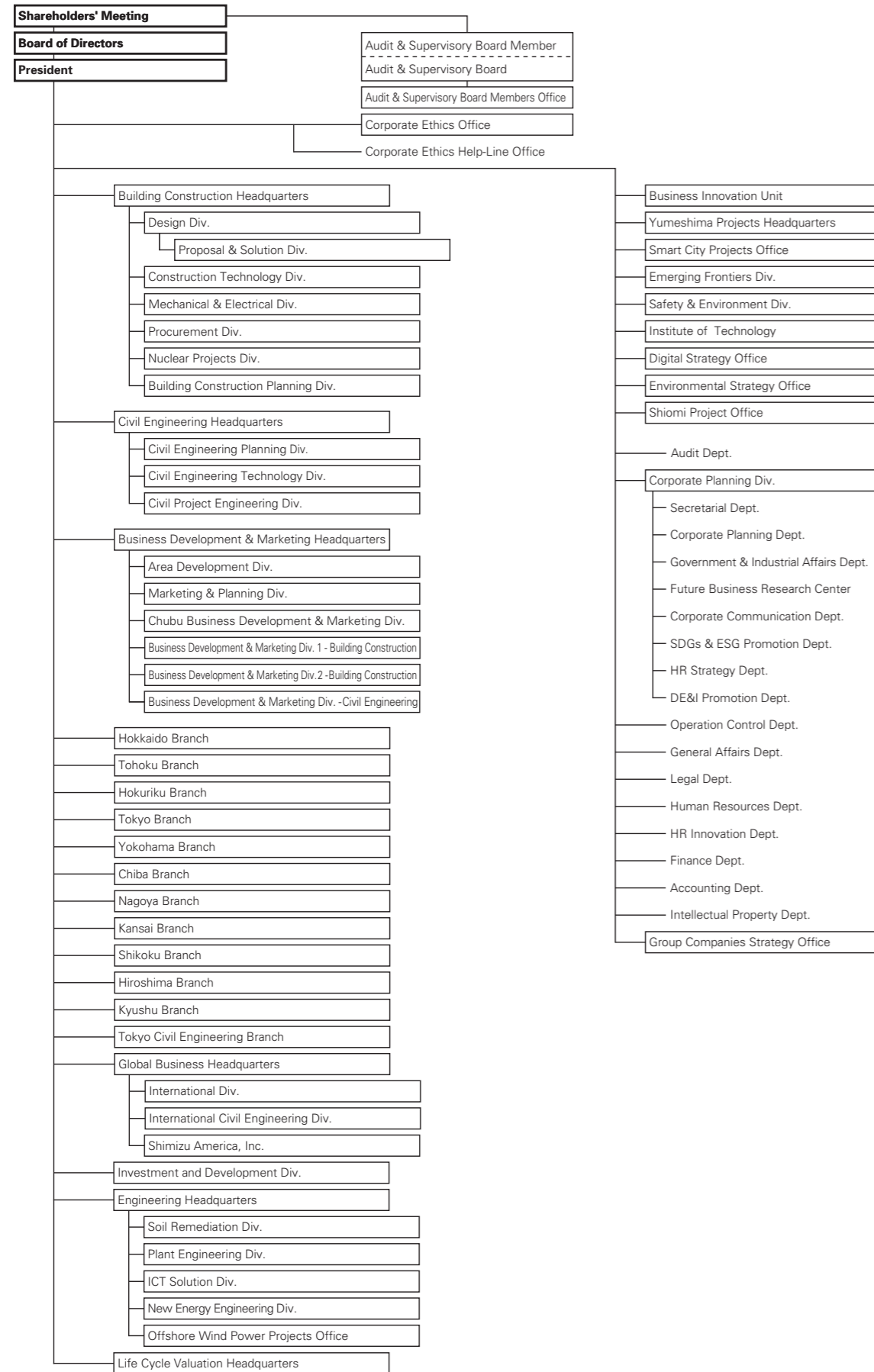


### Overseas



The Shimizu group has established regular offices in **28** cities

Corporate Organization (as of July 1, 2023)



Corporate Information/Investor Information (as of March 31, 2023)

Corporate Information

Corporate Name	SHIMIZU CORPORATION
Date of Establishment	1804
Capital	¥74,365 million
Total Employees (consolidated)	19,869
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)	¥1,933.8 billion (FY2022)

Investor Information

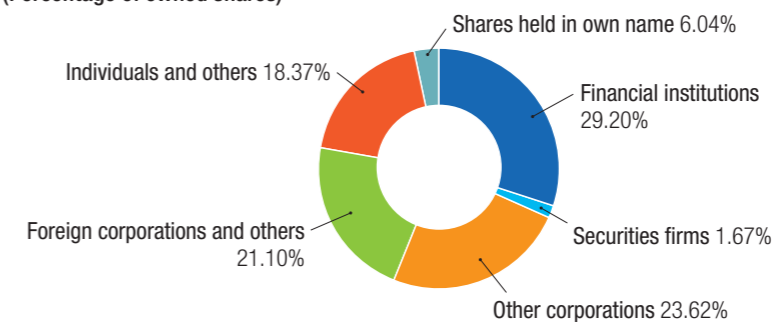
Total Number of Shares Authorized	1,500,000,000
Total Number of Shares Issued	788,514,613
Exchanges Listed on	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market
Number of Shareholders	64,856
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Shareholder	Shares Held (thousands)	Percentage of Total (%)
Master Trust Bank of Japan, Ltd. (Trust Account)	109,581	14.79
SHIMIZU & Co., Ltd.	73,081	9.86
Social Welfare Corporation Shimizu Foundation	38,695	5.22
Custody Bank of Japan, Ltd. (Trust Account)	35,376	4.77
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	21,118	2.85
Shimizu Group Employee's Stock Ownership Plan	18,270	2.47
Housing Research Foundation JUSOKEN	17,420	2.35
The Dai-ichi Life Insurance Company, Ltd.	10,564	1.43
Fukoku Mutual Life Insurance Company	10,552	1.42
STATE STREET BANK WEST CLIENT — TREATY 505234	10,192	1.38

Note: "Percentage of total" is calculated excluding 47,611,399 shares of treasury stock.

Shareholders Ratio (Percentage of owned shares)







The CO<sub>2</sub> emitted in the process of printing this report has been offset with a renewable energy certificate issued by a subsidiary of Shimizu.

