

The Analects and the Abacus

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

SHIMZ VISION 2030

Smart Innovation Company

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

Today's Work, Tomorrow's Heritage

We have cultivated what Shimizu stands for throughout our history and will continue to create new history.
This slogan expresses the message that we want people around the world to understand.
It is our resolute pledge to reflect that attitude in the performance of all processes,
and in the individual conduct and actions of each and every employee.

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

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

1804 ~ 1945 Founding to the end of World War II

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

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



- 1859 Expanded business in the Yokohama port town

Japan's first fully Western-style hotel

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



Japan's first bank

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



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

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

Shimizu opened the first design department in the construction industry

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

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

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

Built Japan's first full steel frame building

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



Began full-scale entrance into civil engineering

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



Established the construction industry's first R&D organization

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

The two Kiske's laid the foundation for Shimizu Corporation

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



Kiske Shimizu I



Kiske Shimizu II



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

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

Management reform - modernization of management

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

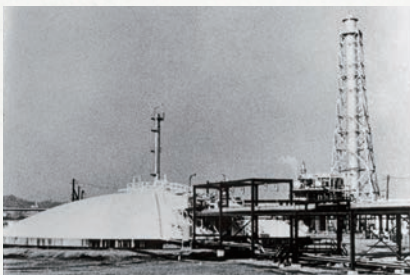
Took on the challenge of a never attempted suspension roof construction — National Indoor General Stadium, Main Gymnasium (now Yoyogi National Gymnasium)

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



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

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



Established a new real estate headquarters and entered the developer business

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

Pursuing full-scale globalization

- 1974 Opened a sales office in Singapore

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

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



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

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



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

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



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

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



2001 Onward Toward the future of the construction industry

Using Shimizu's technological strengths in initiatives targeting environmental problems

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

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

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

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

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



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

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

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



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

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

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



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

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



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

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



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

Aiming for business opportunities that create new value

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



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

Value Creation Process

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

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

External environment


Sustainability


Energy (decarbonization)


Food, nutrition, and agriculture


Changes in demographics


Aging infrastructure


Digital transformation

INPUT

Human capital

Number of employees
19,661

Professional Engineers*1
807

Class I Architects*1
2,042

Class I Construction Management Engineers*1
2,941

Class I Civil Engineering Construction Management Engineers*1
1,457

Financial capital

Shareholders' equity
824.4 billion yen

Total assets
2,128.3 billion yen

Equity ratio
38.7 %

Monozukuri (superb craftsmanship) capital

- Network of branches and offices across Japan
- Network of construction-related affiliates
- Continually pursuing the possibilities of wood: Tokyo Mokkoujyou Arts & Crafts Furnishings
- One of the world's largest SEP vessels*2 used in the construction of offshore wind power plants

Main branches/offices*1
12 branches 73 offices 139 companies

Cities in other countries where permanent offices have been opened
28 cities

Intellectual capital

- Countless tacit and explicit technologies and know-how born not only from R&D, but also from Sales, Design, and Construction

R&D investment*1
16.2 billion yen

Number of patents held*1
1,957

Social and relational capital

- Customer trust cultivated over our 218-year history
- Shimizu Takumi Training Center promotes securing of workers and human resources development together with Kanekikai, an affiliate organization established in 1889

Number of Kanekikai members
1,295 companies

Natural capital

Energy consumption
3,218,000 GJ

Renewable energy generation capacity from operations
74.7 MW

Business Activity

Civil Engineering Business
See P.60

Overseas Construction Business
See P.62

Building Construction Business
See P.58

Pursuit of essential needs of society and customers

Transformation and challenges that transcend business and organizational boundaries

Construction Business

Mid-Term Management Plan of Shimizu Group <2019-2023>
See P.15

I. Construction Business
II. Non-construction Businesses
III. Management Foundations

Co-creation with outside partners

Emerging Frontier Business
See P.70

Digital strategy
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ESG Management
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Investment and Development Business
See P.64

Non-construction Businesses

LCV
See P.68

Engineering Business
See P.66

Materiality Issue
See P.18

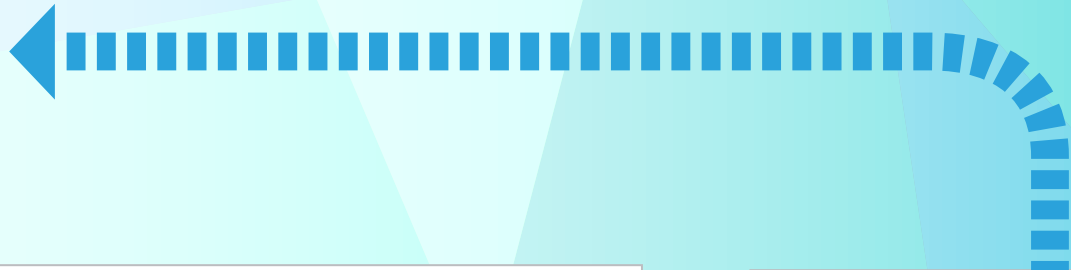


Management Principles

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

Credo

The Analects and the Abacus



OUTCOME

The Value Shimizu Group Provides

a Resilient society
Where everyone can feel safe and secure

an Inclusive society
Where all people can live together in comfort and healthy

a Sustainable society
Where future generations can inherit a well-cared for environment



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

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

ROE	Equity ratio	Debt to equity ratio	Dividend payout ratio
5.8 % 10% or higher	38.7 % 40% or higher	0.6 倍 0.7 times or less	35.9 % approx. 30%

Non-financial KPI *Values in parenthesis are FY2023 targets from the Mid-Term Management Plan

Productivity improvement	Environmental (E)	Social (S)	Governance (G)
Productivity improvement in construction business (Compared to FY2016) 4.3 % (At least 20%)	Reduction of CO ₂ emissions in construction business (Compared to FY2017) 14.6 % (At least 10%)	Employee satisfaction score 3.72 (At least 4.0)	Number of serious legal violations 0 (0)
	CO ₂ reduction in operations of buildings featuring energy-saving design (Compared to FY1990) 54.0 %	Disaster prevention Number of patents held*1 115	Number of women in management positions and percentage of all management positions*1 126 3.1 %

(FY2021 results/values as of March 31, 2022)
*1: Shimizu Corporation (non-consolidated) *2: Self-Elevating Platform

Message from the Top

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

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

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

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

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

Kaguyuki Inoue
President and Director



Management Environment and Future Strategy

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

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

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

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

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

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

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



Promotion of ESG Management

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

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

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

Environmental (E)

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

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

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

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

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

Social (S)

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

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

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

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

Governance (G)

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

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

Message to our stakeholders

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

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

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

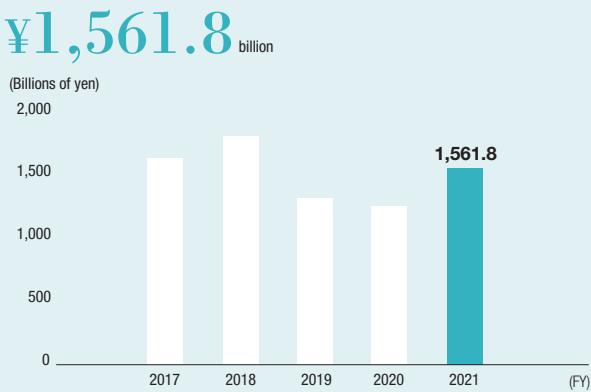


The long-term vision SHIMZ VISION 2030
and the Mid-Term Management Plan (2019-2023)
<https://www.shimz.co.jp/en/company/about/strategy/index.html#sec3>

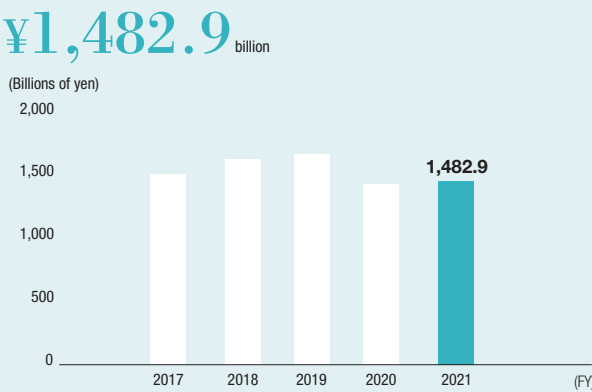
Financial Highlights (The Shimizu Group in FY2021)

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

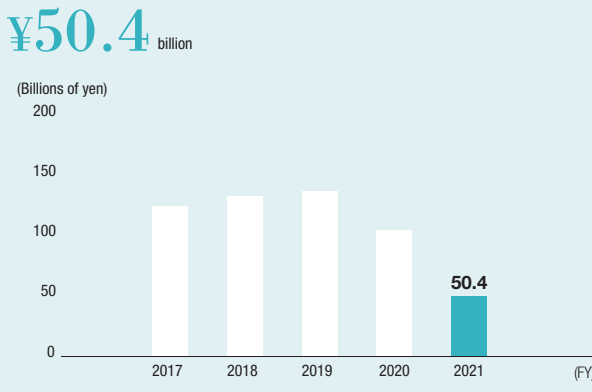
Construction orders awarded



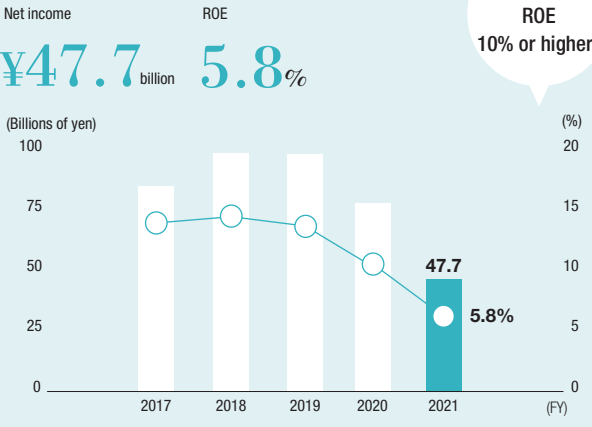
Net sales



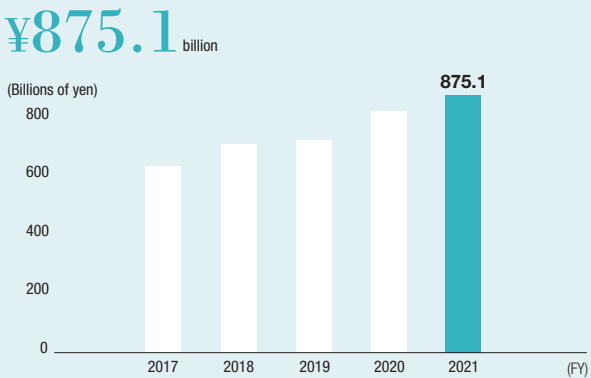
Ordinary income



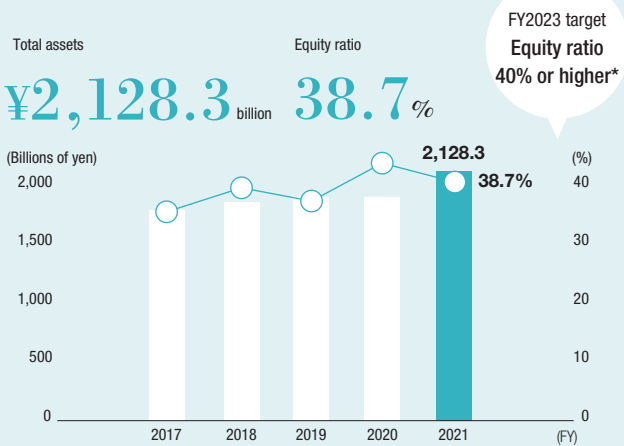
Net income attributable to shareholders of the corporation/ROE



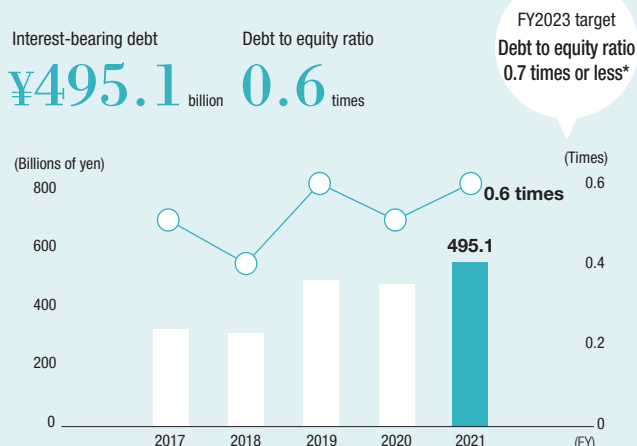
Net assets



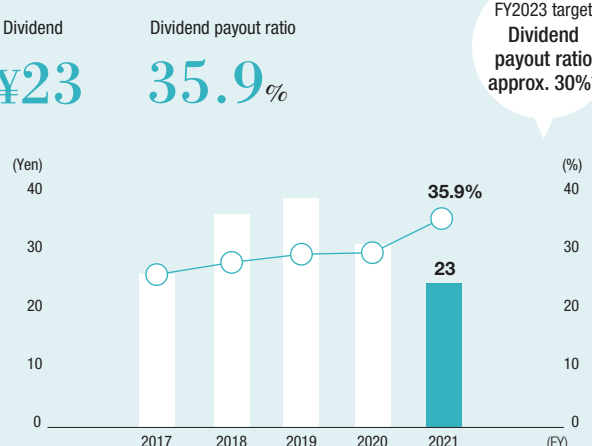
Total assets/Equity ratio



Balance of interest-bearing debt and debt to equity ratio



Dividend per share and dividend payout ratio



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

Non-Financial KPI

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

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

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

Investment Plan

Investment Type		Investment Amount (5 years)		Three-year Total	FY2021 Results	Accumulated total of FY2019-2020
Productivity improvement & R&D	100	Innovate the building production systems (robots, etc.) Establish new research facilities, investment in digital-related and other areas		52.3	14.5	37.8
Real estate development business* ⁴	500	Expand the domestic real estate development business and increase both assets for sale and lease Expand the overseas business (ASEAN, North America, etc.)	New investments 500 Proceeds from sale -100 Net investment expenditure 400	255.0	102.5	152.5
Infrastructure, renewable energy, new businesses (frontier business, etc.)	130	Infrastructure operations & BSP business, renewable energy-related business, space, overseas, and harmony with nature business, investment in next-generation ventures, etc.		64.0	18.3	45.7
Talent development	20	Hire and develop highly skilled talent Accelerate globalization and upgrade talent systems, etc.		7.9	4.0	3.9
Total investment over 5 years	750			379.2	139.3	239.9

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



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

Materiality Issue

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

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

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



Materiality Issue

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

Process for Specifying Materialities

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



Specified Materialities

The specified materialities are classified into seven categories.

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

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

SDG targets related to each category are also specified.

	Category	Materiality	Main Measure	Key Management Indicator/Key Metric*	Target	SDG target related	Reference page			
Activities that contribute to society through business	 1. Realizing a resilient society where everyone can feel safe and secure	With the heightened risk of natural disasters such as earthquakes, super-typhoons, torrential rains, there is an ever-increasing need to protect lives and businesses. Shimizu will contribute to the realization of a resilient society where everyone can feel safe and secure by building resilient buildings and infrastructure.	■ Building resilient social infrastructure	Disaster prevention and mitigation response	Number of disaster prevention and mitigation projects undertaken	—	 	PP.58-63		
			■ Increasing longevity of buildings and infrastructure	Response to increase longevity of buildings and infrastructure	Status of disaster recovery (in case of a large-scale disaster)	—				
				Number of orders received for renovation work	—					
				Number of orders received for infrastructure renovation work	—					
 2. Realizing an inclusive society where all people can live together in comfort and health	With rapid changes such as aging, population decline and urbanization, the future requires a society where anyone can live safely and comfortably. Shimizu will contribute to the realization of an inclusive society by building facilities and developing communities that are people-friendly.	■ Building comfortable cities	Providing comfortable spaces and services using digital technologies	Number of DX-Core introductions and project proposals	—	   	PP.54-57			
		■ Responding well-being needs	Provide built-environments that enhance health and well-being.	Number of projects contracted for Well certification	2022: 7 or more projects		PP.68-69			
 3. Realizing a sustainable society where future generations can inherit a well-cared for environment	As global warming, deforestation, ocean pollution, and other environmental problems become more serious, we must increase efforts to leave behind a bountiful earth for the next generation. Shimizu will contribute to the realization of a sustainable society through corporate activities that target reduction of negative environmental impacts.	■ Decarbonization	CO ₂ emissions reduction in all business activities	Reduction in CO ₂ emissions from the construction business (vs. FY2017)	2023: 10% or more	     	PP.16, 22-24			
			Promotion of ZEB creation/conversion	Number of properties that obtain ZEB certification	—		PP.68-69			
			Renewable energy generated in the operation business	2030: 300MW, cumulative			P.65			
			Renewable energy promotion/popularization	Percent of owned investment and development properties renewable energy has been introduced in	2030: 100%		P.26			
		■ Resource recycling	Pursuit of 4R activities (Reduce, Reuse, Recycle, Recover)	Final disposal rate of construction by-products	2022: 3.7% or less		PP.26, 58-59			
			Promotion/popularization of wooden architecture	Number of projects using wood and hybrid wooden construction	—		P.27			
			■ Living in harmony with nature (Preserving biodiversity)	Promotion of green infrastructure	Number of projects where quantitative analysis of biodiversity was performed		2022: 10	P.26		
				■ Preventing environmental pollution	Strict environmental compliance		Number of serious environmental incidents	2022: 0		
		 4. Promoting a sincere approach to monozukuri (superb craftsmanship)	Shimizu will continue to maintain high aspirations for and practice the sincere monozukuri we have cultivated since the Company was founded, even in modern times where rapid technological advancements, the advent of a digital society, and other dynamic environmental changes are occurring.	■ Enhancing productivity	Building efficient construction production systems through digitalization		Rate of improvement in productivity in the construction business (vs. FY2016)	2023: 20% or more	     	PP.16, 54-57
				■ Ensuring optimal product quality	Improvement in customer satisfaction		Number of customer satisfaction surveys conducted	—		P.32
					Pursuit of CSR procurement		Rate of supplier compliance with CSR Procurement Guidelines	—		P.34
				■ Strengthening supply chains	Improving treatment of skilled jobsite workers and talent development		Number of people accepted into the Shimizu Takumi Training Center	—		P.33
■ Occupational safety and health	Improvement in health & safety management and pursuit of activities to prevent occupational accidents				LTI (lost time injury) Frequency Rate	2022: 0.57 or less				
	 5. Creating of new technologies and value that is ahead of the times			Shimizu will continue to pursue technological development aimed at realizing a sustainable society. With our spirit of innovation inherited from our founder to build a base for technological development and galvanize open innovation by working with diverse partners.	■ Developing cutting-edge technology	Pursuit of technological development aimed at a sustainable society where all people can feel safe and secure and live-in comfort	R&D expenses	2022: 16 billion yen		  
■ Creating new business models		Galvanizing open innovation	Status of business alliances with other companies and other areas		—	PP.70-71				
 6. Developing human resources responsible for the next generation and pursuing of job satisfaction	Society is undergoing major transformations such as digitalization and globalization. Shimizu will welcome talent of diverse individuality and values to generate innovations. We will secure and develop personnel who will perform in the next generation and will create a workplace environment that accommodates diverse, flexible workstyles and provides a sense of job satisfaction. We will also work to establish a corporate culture that respects human rights.	■ Creating work environments with satisfaction	Building a workplace where employees can work energetically, and in health	Employee job satisfaction index	2023: 4.0 or higher	     	PP.16, 29-31			
		■ Diversity and inclusion	Pursuit of diversity management	Percentage of women in management positions (Number of women in management positions/Total number of management positions)	2030: 10% or more		PP.28-29, 31			
			■ Developing human resources with an eye towards the future	Training globally capable leaders who take the initiative on innovation	Progress on strategy for facilitating training of personnel as leaders		—	PP.28-29		
		■ Respecting human rights	Conducting due diligence on human rights	Progress on human rights due diligence	—		P.31			
		 7. Building a business base on the foundation of “The Analects and the Abacus”	All officers and employees will continue to base their actions on high ethical standards and focus on compliance management based on our corporate credo, The Analects and the Abacus to achieve sustained growth and enhance corporate value over the medium and long term.	■ Risk management	Thorough risk management		Number of serious legal violations	2022: 0		PP.16, 45-47
■ Thorough legal and ethical compliance	Instillation of corporate ethics and strict compliance			Progress on measures to provide corporate ethics training based on The Analects and the Abacus	—	P.48				
	■ Strengthening information security			Penetration and establishment of information security measures	Number of serious information security incidents	2022: 0	P.47			

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