



SHIMIZU CORPORATE REPORT

2024

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 sustainability 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

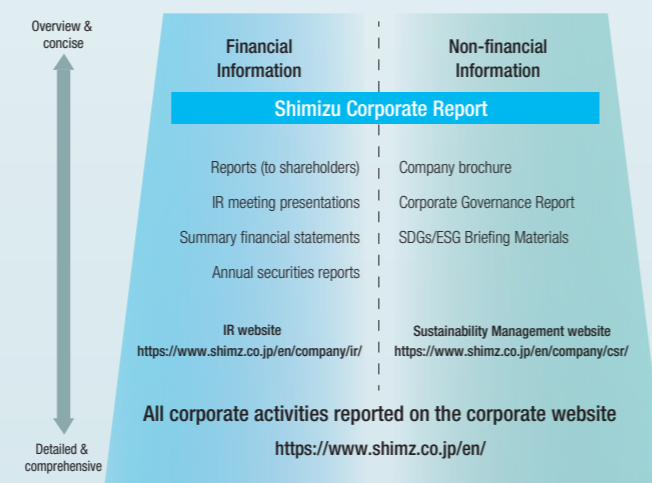
Mainly fiscal year ended March 31, 2023 (April 2023 to March 2024), includes some activities from earlier and later time periods

Guidelines for Reference

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

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

Information Disclosure System



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About the front cover



This is part of the exterior wall of our NOVARE Academy in Smart Innovation Ecosystem NOVARE facility (See P.32). The wall is huge, measuring 20 meters long and 4.5 meters high. The shell of the wall (curved formwork) was printed using one of the largest 3D construction printers in Japan, which was installed at the site where the wall was to be constructed. Leveraging the unique capabilities of 3D printers to create an optimal outer shell for wall use reduces the amount of concrete required inside the formwork. Filling it with environmentally friendly concrete cuts CO₂ emissions by 60% compared to traditional methods, resulting in a more sustainable wall.



View of the whole wall 3D printing construction

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, his successor 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 (the Mitsui-gumi House), was Japan’s first bank construction. We have built the foundation of our business with a spirit of innovation that embraces groundbreaking building construction, advanced technical skills honed through continuous creative ingenuity, and the trust we have earned through our 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. The trust that Eiichi Shibusawa had in Kisuke Shimizu II is evident in how he entrusted him with the construction of his own residence. He was involved in the construction of many headquarters and factories of companies he helped found and develop. 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 First” 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 clients and society.



Construction Record

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 wire-suspended 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 client 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 clients' 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



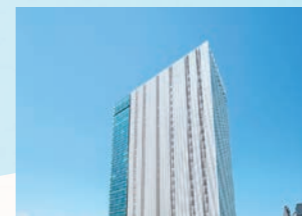
2010 **Tokyo International Airport D-runway**
Large-scale offshore runway featuring hybrid structure of reclaimed land and pier, uncommon around the world (photo courtesy of Haneda reexpansion D runway JV)



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



2013 **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.



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.)

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 **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.



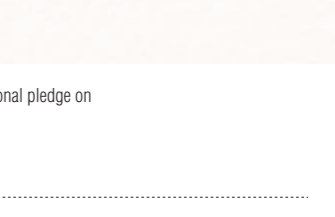
2022 **Michino Terrace Toyosu**
A pioneering Smart City model utilizing advanced technology



2023 **Nyuzen Offshore Wind Power Farm**
Constructed using our self-propelled SEP vessel BLUE WIND.



2023 **left:Azabudai Hills Residence A right:Azabudai Hills Mori JP Tower**
One of Japan's largest redevelopment projects, integrating a diverse range of urban functions—including housing, offices, and cultural and commercial facilities—within a setting rich in greenery.



2024 **Sotetsu/Tokyu Shin-yokohama line, Shin-Yokohama Station, etc.**
Making full use of digital tools, we have improved productivity and achieved more efficient and advanced construction management.

- 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

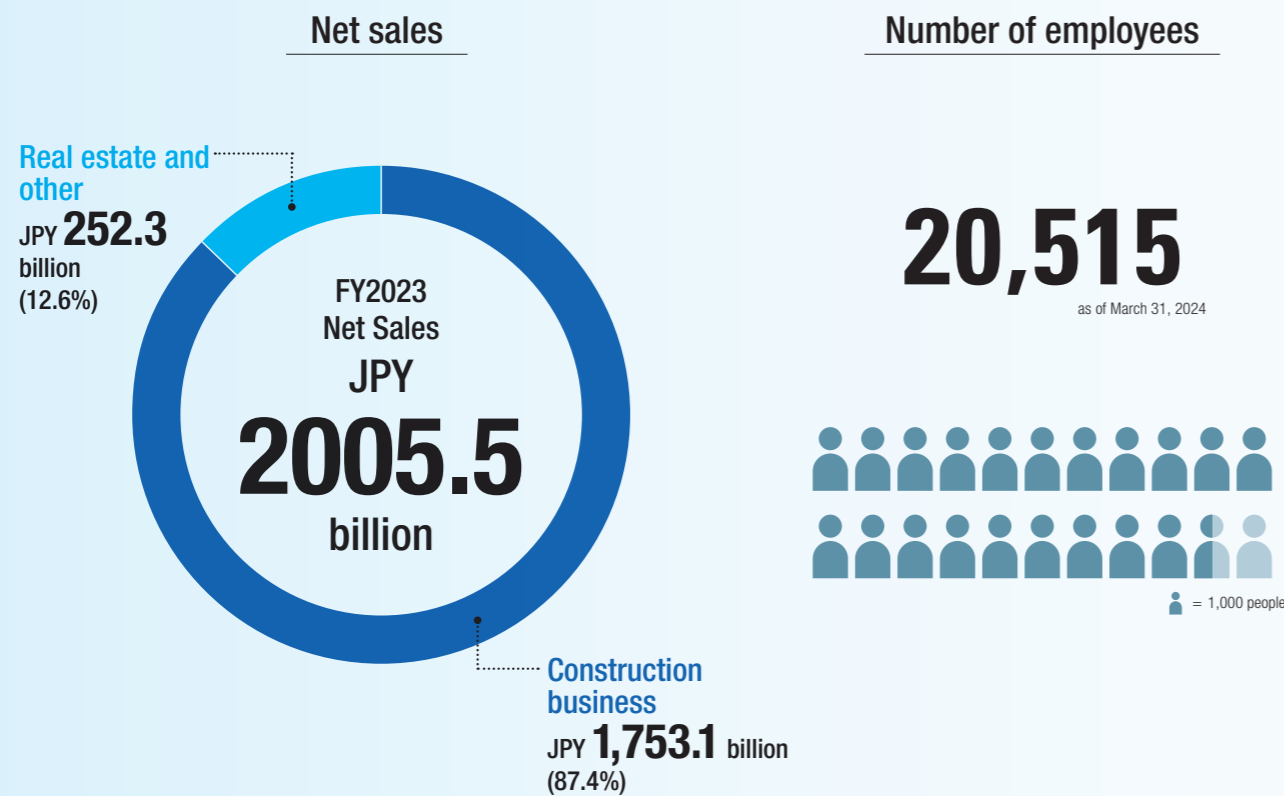
Business Overview

We have developed our general construction business through the spirit of innovation and advanced technical skills we have continuously passed down and refined over the 220 years since our founding.

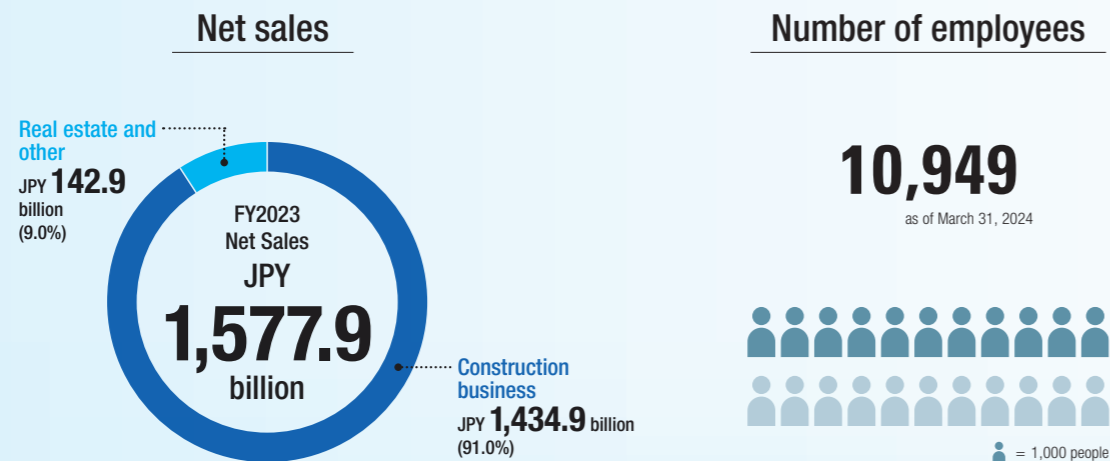
Currently, to adapt flexibly to changes in the social environment and pursue dynamic business growth, we are actively implementing strategies tailored to the unique characteristics of our seven businesses in the two fields of Construction and Development & Others.

We will continue to actively implement strategies tailored to the business environment and business characteristics of the moment in order to firmly meet the needs of our clients while fulfilling our social responsibility as a sustainable company.

Consolidated



Non-Consolidated



Construction business

Building Construction Business

▶ See P.50

We are engaged in the planning, design, construction, operation, and maintenance of a wide range of buildings, including offices, factories, schools, and hospitals. As a company with its origins in temple and shrine carpentry, we have an extensive track record in temples, shrines, and traditional architectural construction. At the same time, we are pursuing the evolution of our monozukuri through the use of digital technology.



Civil Engineering Business

▶ See P.52

We are engaged in the new development and renovation of social infrastructure—including tunnels, bridges, dams, urban civil engineering projects, and energy facilities. We are contributing to safe, secure, and abundant living for everyone, while also addressing the issues of aging infrastructure and carbon neutrality.



Overseas Construction Business

▶ See P.54

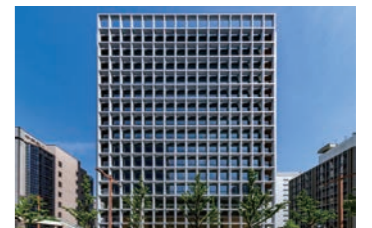
Our full-scale overseas expansion began in the 1970s. We have a track record of construction in more than 60 countries. Currently, we have a presence in 26 cities around the world. We deliver unique value to client facilities and national basic infrastructure alike, leveraging the technical and proposal skills we have cultivated as a general construction company.



Investment and Development Business (Real Estate Development Business)

▶ See P.56

We are actively expanding our real estate development business both in Japan and overseas, focusing on a diverse portfolio that includes offices, logistics facilities, hotels, and residential properties. From land acquisition to facility development, and from operation to sale after completion, we carry out business activities that fully leverage Group synergy.



Engineering Business

▶ See P.58

We are strategically focusing on the EPC business to expand and stabilize Group profits, leveraging the technology and expertise we have cultivated over the years across four core areas: energy, environmental purification, plants, and information. We provide optimal solutions tailored to our clients' needs both in Japan and overseas.



Real estate and other

LCV (Life Cycle Valuation)

▶ See P.60

We are engaged in the renewable energy power generation projects, including solar and biomass power, and our efforts extend into providing green electric power solutions through our electric power retail business. This contributes to the achievement of carbon neutrality, meeting the diverse needs of our clients.



Frontier Business

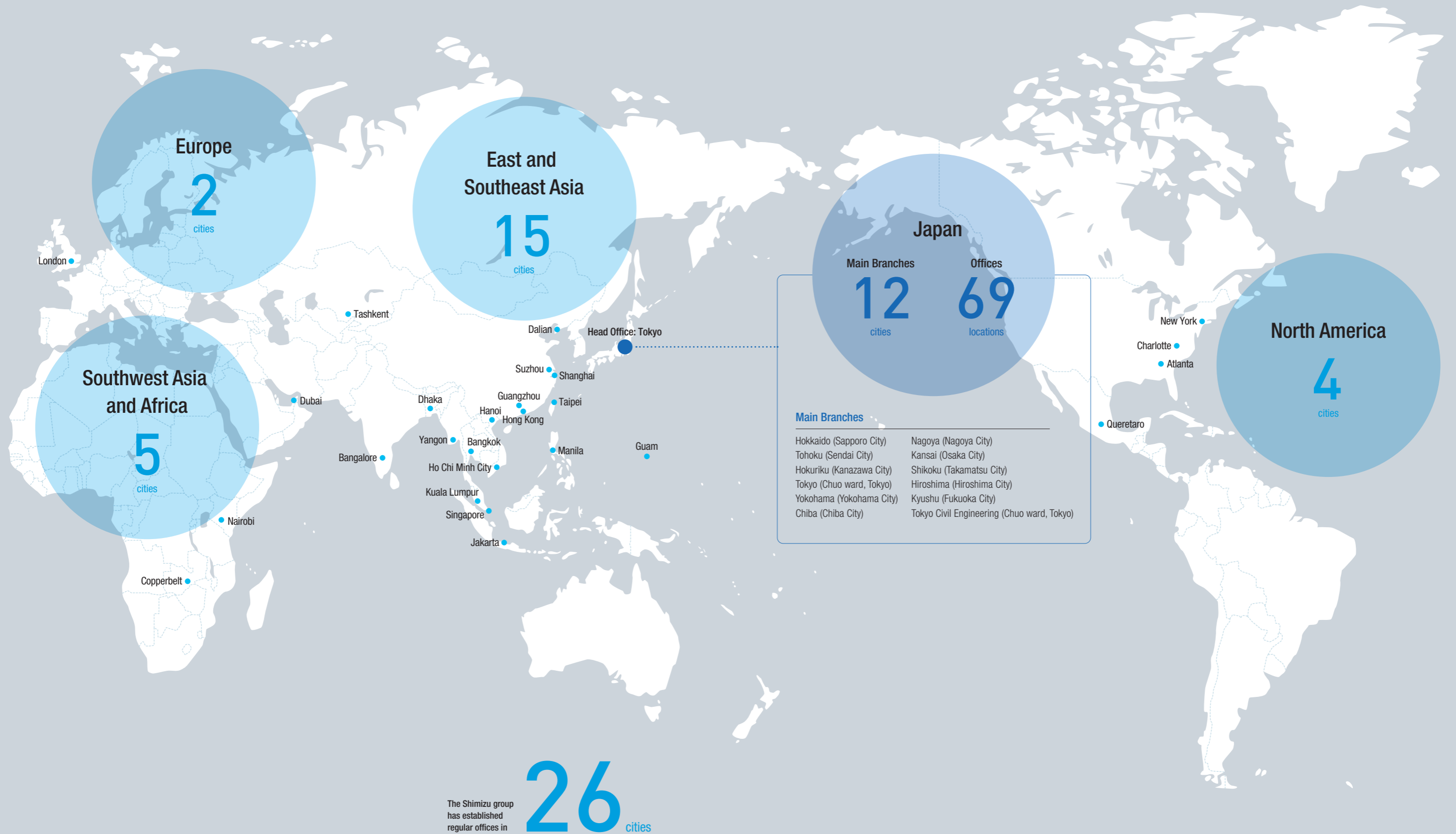
▶ See P.61

In space field, our goal is to offer comprehensive services covering both physical and virtual, from launching small rockets to building lunar infrastructure. Meanwhile, in ocean field, we are developing new markets and business models by leveraging maritime spaces.



Global Network (as of July 31, 2024)

We have offices in all prefectures in Japan. Overseas, we have established offices in 26 cities and have built a global platform that addresses local needs in countries in East and Southeast Asia, Southwest Asia and Africa, North America, and other regions.



Message from the President



We have started our Mid-Term Business Plan <2024-2026> to build a stronger business foundation, improve our ability to execute business strategies, and create new value that exceeds the expectations of our clients and society. This is all done with a mindset of “Choukensetsu.”

Kaguyuki Inoue

President and Representative Director

In the background is the NOVARE Archives (Shimizu Corporation Historical Archives) (See P.34).

The Shimizu Group continues to innovate and embrace challenges to achieve our long-term goal of becoming a Smart Innovation Company, as outlined in our SHIMZ VISION 2030. The first step towards this goal, the Mid-Term Business Plan <2019-2023>, was impacted by the spread of COVID-19, manifestation of geopolitical risks, and disruptions in the global supply chain, leaving significant issues in quality, profitability, and global expansion. On the other hand, the cutting-edge technologies we developed and the project management expertise we gained from undertaking several large-scale projects have become major assets towards the company's future.

We are also steadily promoting initiatives for sustainable growth. In particular, we have advanced the Group's environmental vision, SHIMZ Beyond Zero 2050, and achieved a CO₂ emissions reduction rate in the construction business that surpassed our target.

The new Mid-Term Business Plan <2024-2026>, which began in FY2024, establishes a basic policy of creating a stronger business foundation for continued growth. Amid a rapidly changing and uncertain business environment, we are committed to contributing to a sustainable future by steadily implementing our strategies through this policy.

The Group is built on a 220-year history, rich with traditions and technologies developed since its founding. We will take on the challenge of continuing to build on this history towards the future with a fresh “Choukensetsu” mindset. By proactively exploring the essential needs and challenges of our clients and society, and providing new value through all our services, including construction, we aim to contribute to their development while also growing together.

FY2023 Summary

The company was hampered by quality and profitability issues, but tackling large-scale projects provided significant assets towards the future.



Touring offshore wind farm generation facility construction site

The Group's consolidated net sales for FY2023 exceeded its target, reaching 2,005.5 billion yen (3.7% increase year on year). This achievement was due to the completion of major projects and the addition of Nippon Road as a consolidated subsidiary. Azabudai Hills Mori JP Tower, the tallest high-rise building in Japan at 325 meters, was completed in July 2023. We made a concerted effort to integrate our latest and most advanced technologies into this project. Through this significant endeavor, we accrued cutting-edge technologies and construction methods, and further expertise in managing very large and complex projects, construction, logistics, and pedestrian traffic management. These will be tremendous assets for the Group's future.

However, profitability deteriorated due to delays in responding to changes in the business environment, such as the COVID-19 pandemic, the manifestation of geopolitical risks, delays in material deliveries caused by supply chain disruptions, and increases in construction material, equipment, and labor costs. Additionally, delays, increased costs, and quality defects in highly challenging, super-large projects both in Japan and overseas contributed to this decline. Consequently, the Company recorded an operating loss of 24.6 billion yen. Net income attributable to shareholders was 17.1 billion yen, down 65.0% from the previous year. Although the Company secured a final profit, it posted an operating loss. We take this result seriously and will vigorously promote initiatives to improve profitability and prevent recurrence.

The entire company is committed to preventing the recurrence of quality defects. In October 2023, we strengthened our quality control by establishing a new department in all branches overseeing construction work. This department's primary responsibility is to ensure that quality control processes are properly implemented, thereby enhancing oversight. Ensuring proper quality underpins all our business activities and is fundamental to building the trust with clients that have supported our 220-year history. Our top priority is delivering quality that earns our clients' trust, and we are committed to working diligently to achieve this goal.

To improve profitability, we will not only focus on the profit margin of projects but also engage in more rigorous screening of orders based on construction schedules, capacity, and supply chain conditions. Additionally, when submitting quotations, we will ensure that clients agree to account for any spikes in material prices that occur up to the time of the contract. Furthermore, we aim to include clear clauses for an inflationary sliding scale and construction schedule changes when negotiating contract terms and conditions. If the client or the design firm makes design or specification changes, we will examine the additional costs and impacts on the construction schedule and thoroughly negotiate the necessary adjustments. With these initiatives, the profit margin on orders received for both domestic and overseas projects has shown signs of improvement. We will continue to work with determination and persistence.

Message from the President

Policy and Initiatives of the Mid-Term Business Plan 〈2024-2026〉

We will steadily create a stronger business foundation and improve our execution of business strategies.

The Mid-Term Business Plan 〈2024-2026〉, which began in FY2024, established a basic policy of creating a stronger business foundation for continued growth. To address the management issues that surfaced during the previous mid-term period and achieve sustainable growth, we must enhance our ability to steadily implement our strategies amid a challenging business environment. I believe that a stronger business foundation is paramount to this end. In particular, we will focus on developing talent and strengthening organizational capabilities, the two critical elements of our business foundation. Additionally, we will promote Sustainability Management and fortify cross-functional capabilities to improve our ability to execute business strategies.

The targets for FY2026, the final year of the Mid-Term Business Plan 〈2024-2026〉, are net sales of 1,890 billion yen, operating income of 100 billion yen, ordinary income of 95 billion yen, and net income attributable to shareholders of 70 billion yen. The lower sales level compared to FY2023 is due to our emphasis on profitability and our plan to steadily build a stronger business foundation. We have positioned the period of our Mid-Term Business Plan 〈2024-2026〉 as three years of transformation. We aim to exceed our targets by thoroughly implementing company-wide initiatives and enhancing our ability to execute business strategies.

In our business strategy, we will further improve the profitability of our Construction business and enhance our business portfolio. In the Construction business, we have set forth prioritized measures to overhaul business processes and create a construction system that highlights the appeal of Monozukuri. Additionally, we reclassified businesses that were previously categorized as non-construction* in the Mid-Term Business Plan 〈2024-2026〉 and restructured the business portfolio in conjunction with the Construction business.



Initiatives for a Stronger Business Foundation

We will develop talent and strengthen organizational capabilities, the two critical elements of our business foundation, as well as promote Sustainability Management and fortify cross-functional capabilities.

After assessing each business's growth stage and positioning, we set specific targets and formulated basic policies and strategies to achieve them. By steadily implementing these strategies and fostering the growth of each business, we will enhance our business portfolio and increase our corporate value.

* Non-construction businesses: This category includes four sectors other than building and civil engineering construction: (1) Real Estate Development, (2) Engineering, (3) LCV, and (4) Frontier. In the Mid-Term Business Plan 〈2024-2026〉, the Construction business is tagged as an area where we aim to further improve profitability. Real Estate Development and Engineering are identified as sectors where we aim to increase revenue and business stability. LCV is divided into two segments: green energy development and building life cycle, both of which are classified as domains where we aim to expand business scale. Lastly, Frontier is a sector where we aim to establish a sustainable business model. (See P.30)

To develop talent and strengthen organizational capabilities, the two critical elements of our business foundation, we will create a framework that supports the growth of diverse human resources who embrace challenges and engage in co-creation. This will foster a virtuous cycle between the realization of management and business strategies and our employees' self-fulfillment and autonomous career development. To this end, we will implement measures targeted at individuals, such as providing reskilling opportunities. Furthermore, nurturing human resources within each workplace is essential for building a stronger business foundation. When managers and supervisors effectively nurture talent, organizational strength naturally improves. We value individuals who excel in developing others and aim to promote the growth of our organizational capabilities. Increasing flexibility in work styles has enhanced the ease of working, and we will continue to improve our systems and environment. Additionally, we aim to achieve our target engagement score as a key performance indicator (KPI) by enhancing communication between management and employees through town hall-style meetings and fostering communication among employees through various opportunities, such as one-on-one sessions and internal social media.

To promote sustainability management and fortify cross-functional capabilities, we will enhance collaboration among key functions such as marketing, technology development and intellectual property, digitalization, globalization, supply chain, and group management, which we have identified as critical over the past three years. By promoting the exploration of business opportunities while fulfilling our corporate social responsibility, we will evolve Sustainability Management that balances these two aspects, thereby creating a stronger business foundation.

In particular, the role of digital technology is growing exponentially. We aim to quickly achieve digital transformation (DX) that creates and provides effective solutions by developing an infrastructure that efficiently connects data from various functions and accurately analyzes the diverse needs of our clients and society. To accomplish this, we will continue to make necessary investments, enhance the skills and mindsets of our officers and employees, and nurture and hire DX specialists. Additionally, we will strategically develop and deploy DX specialists to drive operational reform and new business creation, and organically integrate data and digital technologies across business and organizational boundaries. We have launched our Mid-term DX Strategy 〈2024-2026〉, which encompasses these initiatives, including the company-wide adoption of generative AI, to create a stronger business foundation through digitalization.

Message from the President

Focusing on Initiatives to Create New Value

With a mindset of “Choukensetsu,” we will deliver new value through various services.



Agreement signing ceremony
(Left: Kosei Ikeda, Mayor of Okinoshima, Right: President Inoue)



Interacting with young employees at NOVARE Hub

The foundation of our Mid-Term Business Plan (2024-2026) is the mindset of “Choukensetsu.” Previously, construction was the primary objective of our business activities. Moving forward, we will regard construction not only as an objective but also as a means to address needs and provide new value through various services.

The Business Innovation Unit (BIU), newly established in 2022, engages in various innovation activities with a “Choukensetsu” mindset, utilizing ideas and approaches previously unavailable to the company. By steadily advancing BIU initiatives and fostering an internal commitment to three key innovations—in business structure, technology, and human resources—outlined in our long-term vision, we aim to build momentum for change throughout the company.

One example of these activities is our initiative to promote sustainable regional development in Okinoshima, Shimane. In June 2024, we signed a business collaboration agreement with the town. We will collaborate in researching and developing the “Okibito Channel,” a platform that provides information on administrative policies, essential social life details, and updates on disasters and tourism. By sharing diverse information and fostering empathy among town residents, remote islanders, and related populations, we aim to realize Okinoshima’s vision of community development through collaboration among residents, the government, and other entities.

Although not directly related to construction or other business areas, we believe this initiative is crucial for transforming our company’s culture. We are witnessing a growing movement that transcends organizational boundaries, with many employees voluntarily participating in BIU activities.

With the “Choukensetsu” mindset, we opened the Smart Innovation Ecosystem NOVARE in Shiomi, Koto Ward, Tokyo, in April 2024 as a strategic base for realizing a resilient, inclusive, and sustainable society. In addition to generating creative ideas that drive the necessary innovations for this era, we will focus on nurturing innovative human resources, transforming our corporate culture, and engaging in activities aimed at achieving significant long-term returns.

The site includes the NOVARE Hub, a core information dissemination and exchange facility that generates business and innovation; the NOVARE Academy, a hands-on research facility where visitors can learn about architecture, civil engineering, and facilities construction through full-scale mock-ups and explore digital monozukuri; the NOVARE Lab, a facility for production technology innovations such as robotics and digital fabrication; the NOVARE Archives, a facility for exhibiting historical materials; and the former Shibusawa Residence, designed by Kiske Shimizu II. The spirit of customer-oriented monozukuri has been part of the company’s DNA since our founding, but we felt it was necessary to return to the basics and approach it with renewed sincerity. Therefore, the former Shibusawa Residence in Aomori was acquired from its previous owner and relocated to Shiomi.

Message to Our Stakeholders



Despite less-than-stellar results in FY2023, we are committed to thoroughly implementing the policies and initiatives outlined in our Mid-Term Business Plan (2024-2026) under the new “Choukensetsu” mindset. Our goal is to provide value that exceeds the expectations of our clients and society. Additionally, we aim to create an environment where employees, who drive innovation, can work energetically and collaboratively, taking on challenges together to achieve their dreams.

To enhance corporate value, we aim to achieve a price-to-book ratio of over 1x as soon as possible, meeting the stock market’s evaluation criteria. We will focus on strengthening the profitability of our construction business and improving capital efficiency to achieve an ROE of 10% or higher over the medium to long term. Regarding shareholder returns, we have increased the consolidated dividend payout ratio from 30% to approximately 40% starting in FY2023, in line with our policy of paying stable dividends. Due to the poor results in FY2023, we have set the dividend per share at 20 yen, which is the lower limit. For FY2024, we plan to pay a dividend of 23 yen per share, resulting in a payout ratio of 41.1%. We aim to reduce security holdings as a percentage of consolidated net assets to less than 20% by the end of FY2026. Although the percentage was 35% at the end of FY2023 due to rising stock prices, we will continue to work diligently to reduce it.

Regarding IR activities, we have traditionally explained our vision and strategy at financial results briefings. Recently, however, we held a small meeting with analysts for the first time to discuss our future policy, efforts to recover business performance, and the path to growth. We will continue to work on promoting a deeper understanding of our business.

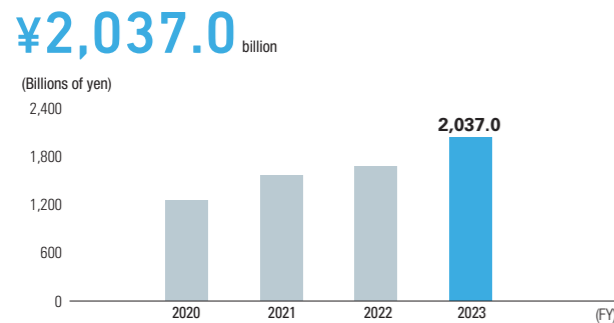
We will also continue to do our utmost to meet the expectations of our stakeholders. Thank you in advance for your continued support.

Financial Highlights

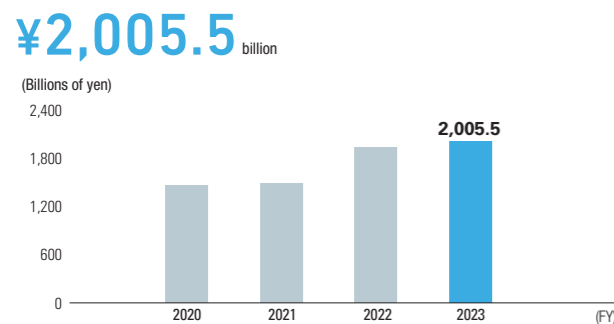
Overview of Fiscal 2023 Business Results (Consolidated)

We and its subsidiaries (the Shimizu Group) reported net sales of ¥2,005.5 billion, up 3.7% year on year, due to an increase in completed construction contracts and sales from real estate development and other businesses. As for profits, ordinary income was a loss of ¥19.8 billion due to a decrease in gross profit on completed construction contracts, which was caused by the posting of a reserve for expected losses on construction contracts in process due to a significant deterioration in the profitability of several large-scale architectural construction in Japan and overseas. Net income for the current fiscal year decreased 65.0% from the previous year to ¥17.1 billion as a result of the recording of a gain on sales of investment securities under special gains.

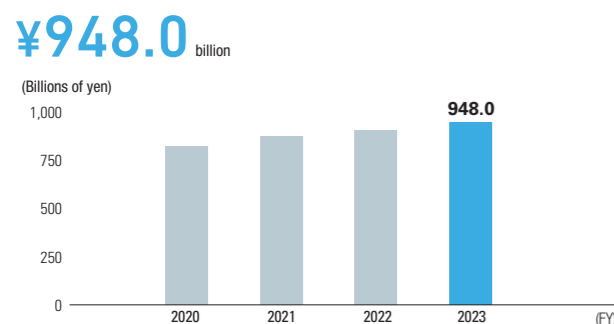
Construction business (orders)



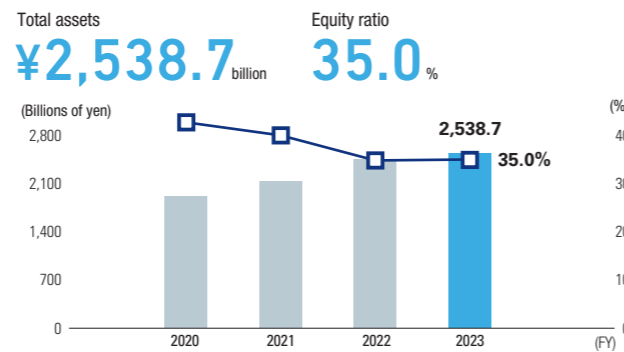
Net sales



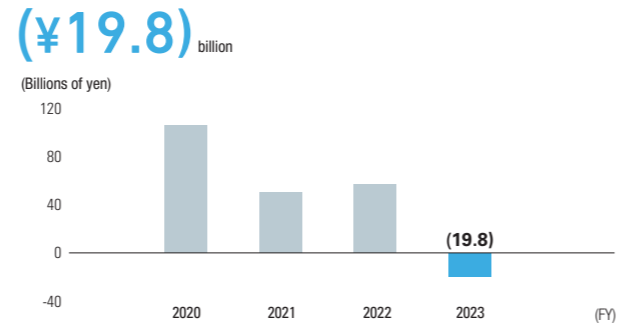
Net assets



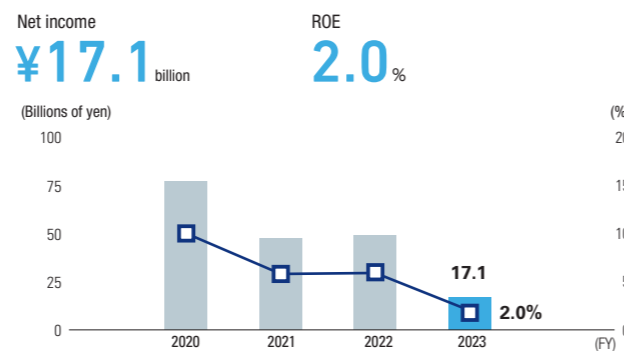
Total assets/Equity ratio



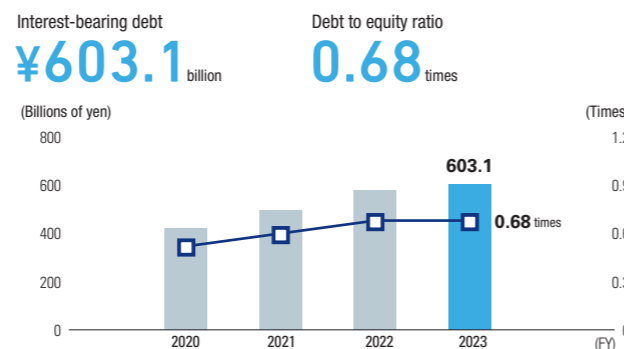
Ordinary income



Net income attributable to shareholders of the corporation/ROE



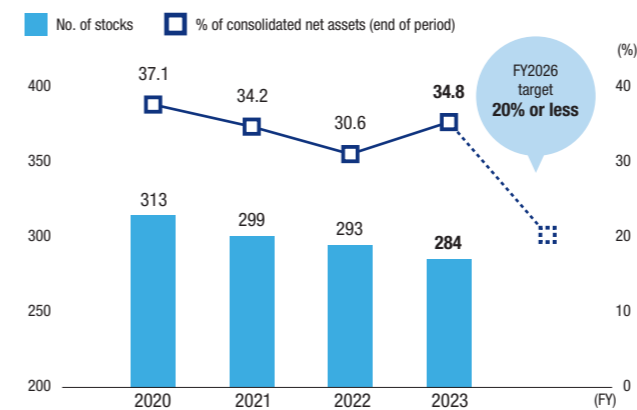
Balance of interest-bearing debt and debt to equity ratio



Securities Holding

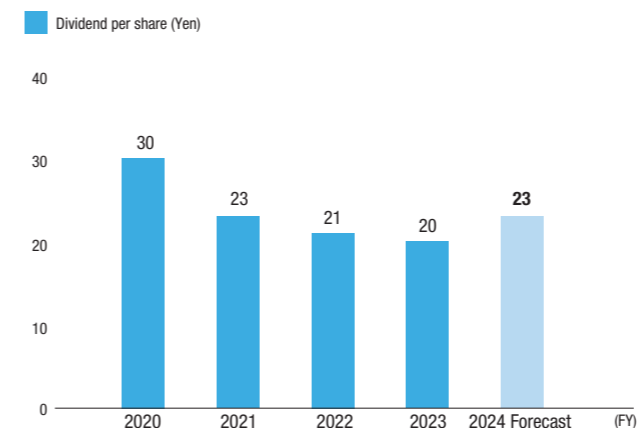
[Holding Policy]

When there is a necessity from the viewpoint of business development, the Corporation holds shares of clients and business partners to "strengthen and maintain relationships." Acquisition of major securities is determined by the Board of Directors, taking comprehensive consideration of benefits to the Corporation, acquisition cost, risk of share price changes and other factors. The Board of Directors examines the necessity of securities holdings for individual stocks each year, taking into consideration its economic rationality, including cost, risk, and sales benefits, and for shares that have become dilutive in terms of significance to our operations, we sell them as appropriate, while confirming relationships with business partners. In order to make effective use of capital, the Corporation is actively reducing its security holdings through dialogue with business partners, with the goal of reducing the balance of security holdings to 20% or less of consolidated net assets by the end of March 2027.



Shareholder Return

Our basic policy is to strengthen our financial structure for long-term development and provide stable dividends. 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 40%.



[Progress on Reduction]

The Corporation sold shares of 16 listed companies during fiscal 2023 (including shares of which part of the holdings were sold). The proceeds were ¥62.1 billion. From fiscal 2018 to fiscal 2023, the total number of listed companies of which the Corporation sold its holdings was 67 (including shares of which part of the holdings were sold). The proceeds were ¥150 billion. As a result, the number of listed companies the Corporation held shares in decreased from 187 as of the end of March 2018 to 138 as of the end of March 2024.

As of March 31, 2024, the ratio of security holdings balance to consolidated net assets increased from 30.6% as of March 31, 2023 to 34.8% due to the rise in share prices of stocks held, but we will accelerate the reduction in order to achieve our target.

	FY2020	FY2021	FY2022	FY2023
No. of stocks	313	299	293	284
(of which, listed stocks)	163	152	143	138
Sales amount (Billion yen)	19.9	12.9	26.3	62.1
(of which, listed stocks) (Billion yen)	19.7	12.8	26.3	62.1

In addition, regarding the purchase of treasury stock funded by part of the proceeds from the sale of securities holdings, we purchased 25.4 billion yen in fiscal 2023 and plan another 14.6 billion yen in fiscal 2024. We intend to continue these purchases. As a result, in fiscal 2023, our total return ratio was 233.0%, and we expect it to be 77.4% in fiscal 2024.

	FY2020	FY2021	FY2022	FY2023	FY2024
Net income per share (Yen)	101.17	64.09	66.29	23.57	56.00
Dividend per share (Yen)	30	23	21	20	23
Total amount of dividends (Billion yen)	22.9	17.0	15.5	14.5	16.4
Dividend payout ratio (%)	29.7	35.9	31.7	84.9	41.1
Purchase of Treasury Stock (Billion yen)	-	20.0	-	25.4	14.6
Total payout ratio (%)	29.7	77.5	31.7	233.0	77.4

Value Creation Process

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**

The long-term vision | **SHIMZ VISION 2030**

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.

OUTCOME

Medium- to long-term social value

For realizing a sustainable future society



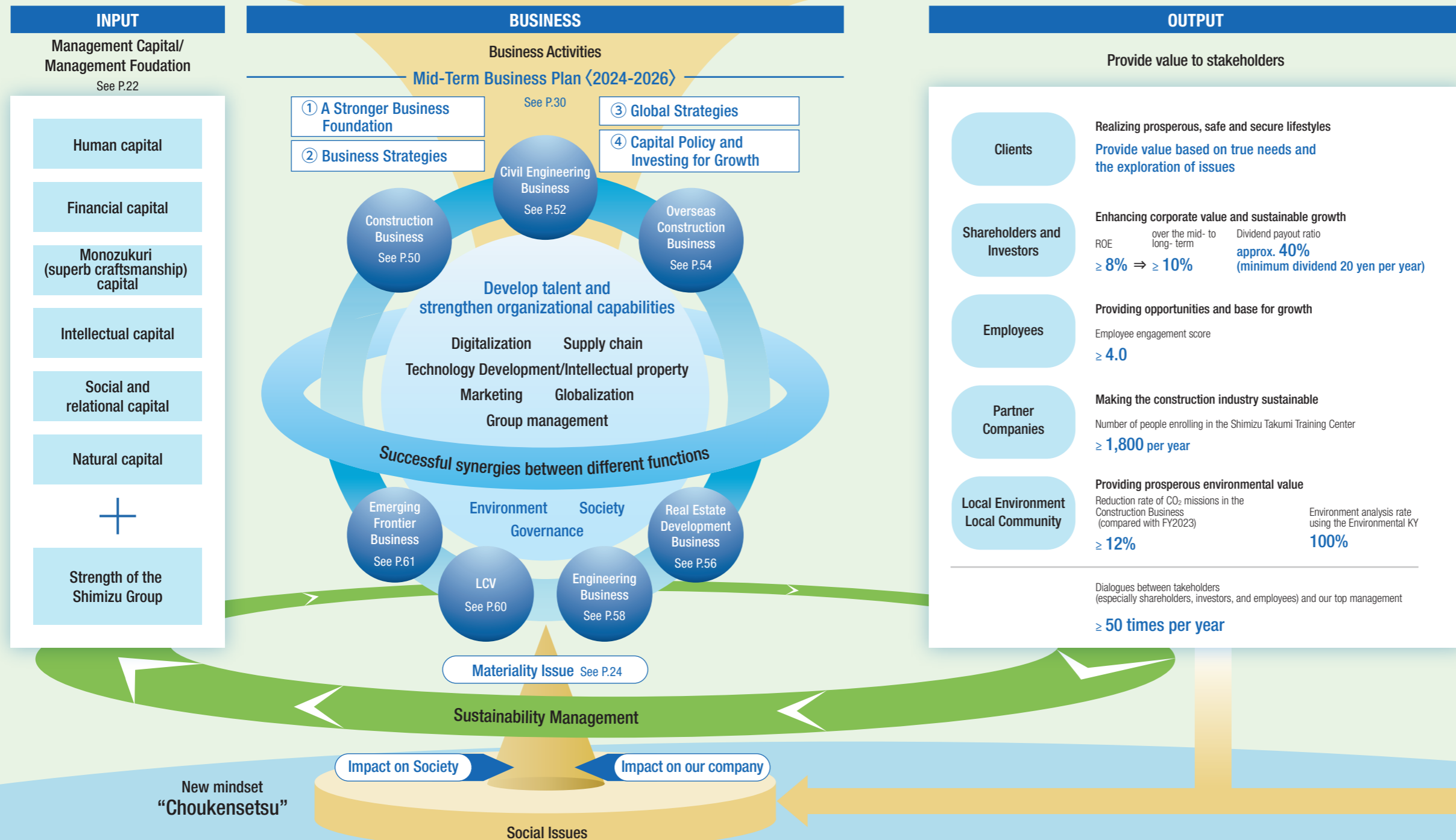
- Strong and resilient infrastructure
- Disaster prevention/mitigation technologies
- Extend the life of buildings and infrastructure



- Urban development utilizing ICT
- Provide built-environments that enhance health, and well-being
- Expand the fields of human activity to oceans and space



- Energy-saving, energy creation and ZEB (zero energy building)
- Renewable energy and carbon neutrality
- Conserve natural environment and biodiversity



“Choukensetsu” refers to the new mindset shared and applied by Shimizu Group employees.

This mindset is rooted in the traditions and technologies that have shaped Shimizu’s 220-year history, the founding spirit, and the corporate credo, “The Analects and the Abacus (Ethics and Economics).” It is based on the idea of actively exploring the essential needs and challenges faced by our clients and society. To address these needs and resolve challenges, we will collaborate beyond existing business and organizational boundaries and work with external partners. In this way, the Shimizu Group aims to grow alongside its clients and society by offering a range of services, including construction, and providing new value.

Management Capital & Strengths (as of March 31, 2024)

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 solving social issues as a Smart Innovation Company.

Shimizu's Strengths



Trust of clients based on superior technological capabilities and wealth of experience

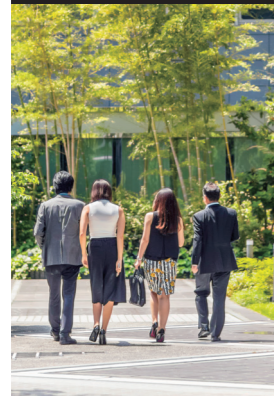


Professional talent responding to diverse needs



National and international networks support for all operations

Human capital Professional Human Resources Capable of Addressing the Diverse Needs of Clients



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 clients 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.

* Shimizu Corporation (non-consolidated)

Number of employees	First-class Licensed Architects*	Professional Engineers*	First-class Registered Construction Execution Managing Engineer*	First-class Civil Engineering Works Execution Managing Engineer*
20,515	2,050	816	2,904	1,444

Financial capital Strategic Investment for Business Portfolio Enhancement



While we continue to work on improving profitability in our construction business, we are also investing in enhancing our business portfolio in line with our long-term vision. We secure the necessary funds through a combination of our own capital and interest-bearing debt, including loans from financial institutions. On the other hand, when investing in new businesses, we acknowledge a certain level of risk. To maintain a healthy financial structure, we will focus on financial KPIs, such as the equity ratio and debt-to-equity (D/E) ratio.

Shareholders' equity	Equity ratio	Total assets	Debt to equity ratio
888.5 billion yen	35.0 %	2,538.7 billion yen	0.68 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 client-oriented Monozukuri (Craftsmanship) system in place. As for manufacturing-related facilities, we own and operate Tokyo Mokokujou 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.

* Shimizu Corporation (non-consolidated)

Main branches/offices*	Number of Group companies	Cities in other countries where permanent offices have been opened
12 branches 69 offices	147 companies	26 cities

Intellectual capital 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 Frontier Business. In 2023, we also established the Novare Lab, a facility designed to serve as a hub for innovation in construction technology. With a large-scale experimental space, we aim to build a broad base of intellectual capital by fostering innovation through collaborative R&D with both internal and external partners.

* Shimizu Corporation (non-consolidated)

R&D investment*	Number of patents held*
20 billion yen	2,252

Social and relational capital Building Greater Client 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 clients as you strive to meet their needs with honesty and sincerity. This sincere approach to monozukuri and client 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 clients. 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
1,268 companies

Natural capital Utilizing Sustainable Natural Capital



We began disclosing financial information related to nature in FY2024, following the recommendations of the TNFD^{*1}. The construction industry depends on natural capital throughout its value chain and impacts it through land modification. With this in mind, we have begun using sustainable formwork plywood and implementing Environmental KY initiatives to better understand the condition of the natural environment from the early stages of our projects. Additionally, through our unique Green Infrastructure + (PLUS)^{*2} concept, we are striving to create opportunities for nature restoration. Our goal is to achieve a nature-positive society by 2030 by promoting the development and use of green infrastructure that returns the benefits of nature to local communities.

Energy consumption ^{*3}	Renewable energy generation capacity from operations
3,858,000 GJ	76.7 MW

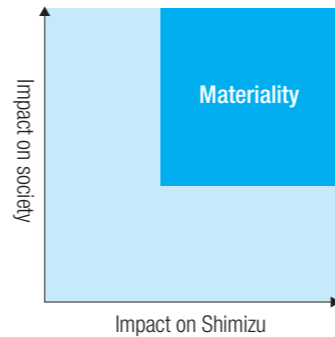
*1: Taskforce on Nature-related Financial Disclosures
*2: The concept of developing infrastructure while wisely utilizing the functions of nature and combining the expertise and technologies Shimizu possesses to restore the blessings of nature to the entire local community.
*3: Provisional total

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 SHIMZ VISION 2030, our new long-term vision, and our Mid-Term Business Plan (2024–2026) while also enhancing corporate value and contributing to achievement of the sustainable development goals (SDGs) by implementation of these materiality.

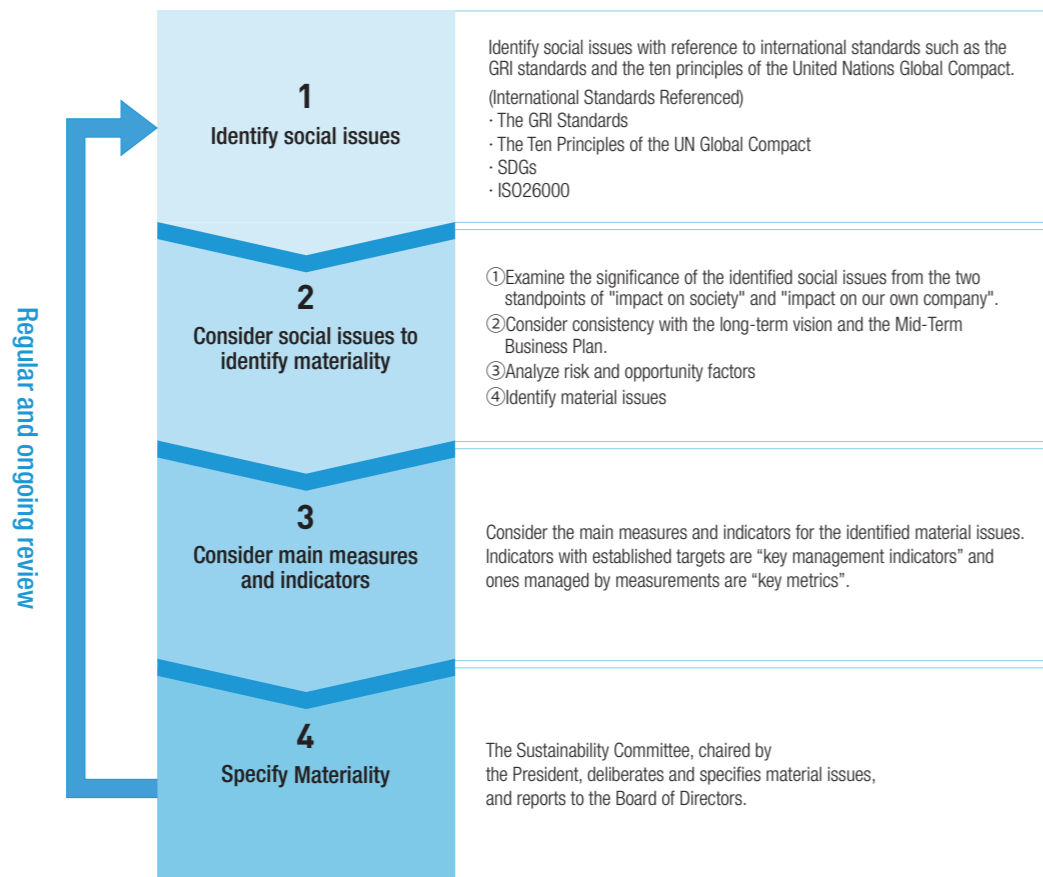
What Is Materiality?

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.



Materiality Identification and Review Process

We have long developed KPIs that incorporate an environmental, social, and governance (ESG) perspective, and in 2022, we identified our materiality. In addition, we have formulated major measures and metrics/targets for realization of these KPI, and we disclose our performance against them. Furthermore, we conduct annual reviews based on social trends and alignment with our management strategy. In FY2024, we conducted a review in line with our Mid-Term Business Plan (2024-2026).



See URL below for materiality (FY2023 results)



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

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.

* Blue indicates a change from the previous fiscal year. □ Indicates a non-financial KPI from the Mid-Term Business Plan (2024-2026).

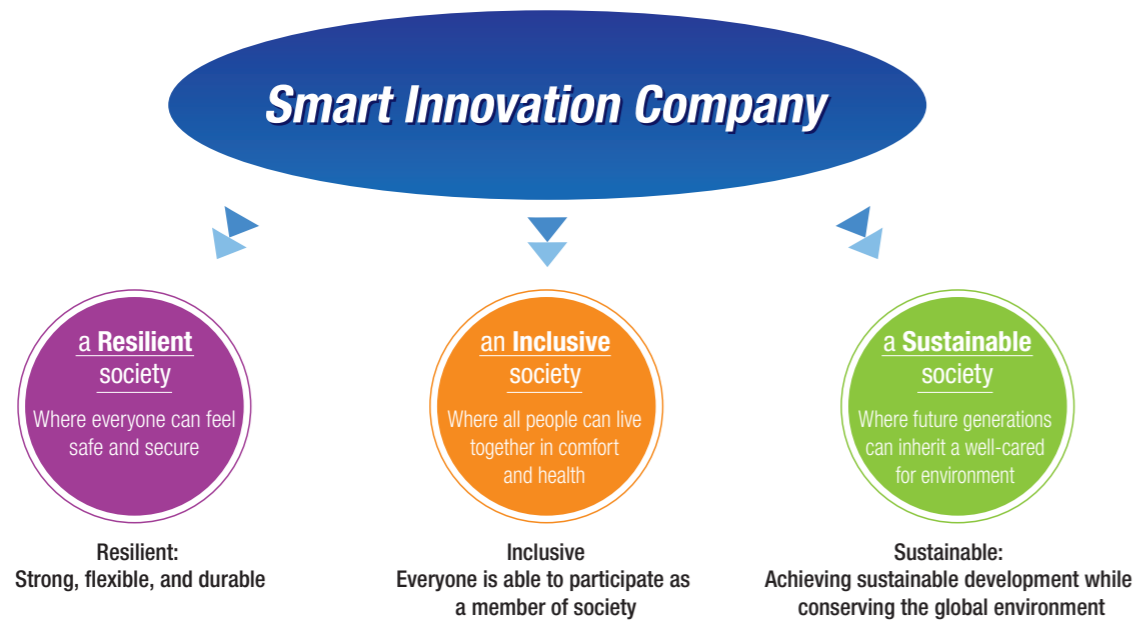
Category	Related SDGs	Materiality	Main Measure	Key Management Indicator/ Key Metric	FY2024 Target (Target FY)	Reference page
1. Realizing a resilient society where everyone can feel safe and secure	9, 11	Building resilient social infrastructure	Disaster prevention and mitigation response	Number of disaster prevention and mitigation projects undertaken	—	P.50-55
		Increasing longevity of buildings and infrastructure	Response to increase longevity of buildings and infrastructure	Status of disaster recovery (in case of when a large-scale)	—	
	2, 3, 10, 11	Building comfortable cities	Providing comfortable spaces and services using digital technologies	Number of DX-Core introductions and project proposals	—	P.27, P.42-45, P.58-59
		Responding Well-being needs	Provide built-environments that enhance health and Well-being	Number of projects contracted for Well certification	7 or more projects (2024)	
		Decarbonization	CO ₂ emissions reduction in all business activities	Reduction in CO ₂ emissions from the construction business (vs. FY2023)	12% or more (2026)	
			Reduction in Scope 1 + Scope 2 CO ₂ emissions (vs. FY2017)	10% (2024) 33% (2030) 100% (2050)		
3. Realizing a sustainable society where future generations can inherit a well-cared for environment	7, 11, 13, 14, 15	Promotion of ZEB creation/conversion	Number of properties that obtain ZEB certification	—	P.39, P.46-49, P.56-60, P.70-79	
		Renewable energy promotion/popularization	Renewable energy generated in the operation business	300MW, cumulative (2030)		
	Resource recycling	Pursuit of 4R activities (Reduce, Reuse, Recycle, Recover)	Final disposal rate of construction by-products	3.0% or less (2030)		
		Promotion/popularization of wooden architecture	Number of projects using wood and hybrid wooden construction	—		
	Living in harmony with nature (Preserving biodiversity)	Promotion of green infrastructure	Environment analysis rate using the Environmental KY	100% (2026)		
	Preventing environmental pollution	Strict environmental compliance	Number of serious environmental incidents	0 (2024)		
4. Promoting a sincere approach to monozukuri (superb craftsmanship)	3, 8, 11, 12, 17	Enhancing productivity	Production process reform in the construction business	Progress toward automation and labor savings in the construction business	—	P.42-45, P.87-89
		Ensuring product quality	Identifying Quality Needs by activating communication with clients	Company-wide rollout of client satisfaction surveys	—	
	Strengthening supply chains	Promoting CSR Procurement	CSR Procurement Guidelines initiatives indicators	4.0 (2024)		
		Improving treatment of skilled jobsite workers and talent development	Number of people accepted into the Shimizu Takumi Training Center	1800 or more per year (2026)		
	Occupational safety and health	Improvement in health & safety management and pursuit of activities to prevent occupational accidents	LTI (lost time injury) Frequency Rate	0.57 or less (2024)		
5. Creating new technologies and value that is ahead of the times	9, 11, 17	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	18.5 billion yen (2024)	P.32-35, P.36-41
		Creating new business models	Galvanizing open innovation	Status of business alliances with other companies and other areas	—	
6. Developing human resources responsible for the next generation and pursuing of job satisfaction	3, 4, 5, 8, 10, 17	Creating rewarding and attractive working environments	Change in awareness and behavior through dialogue and visualization of issues through surveys	Engagement score	4.0 or more (2026)	P.32-35, P.44, P.80-86
		Diversity, Equity & Inclusion	Promoting Diversity	Percentage of women in management positions	6% or more (2026 Year) 10% or more (2030 Year)	
	Nurture diverse talents willing to take on challenges and co-create	Development of leaders who can work globally and take the lead in reform	Progress on strategies contributing to development of leaders	—		
		Professional education based on management strategies	Rate of women in management positions	Maintain 80% or more (2026)		
	Respecting human rights	Conducting due diligence on human rights	Nurturing DX Specialists	120 specialists trained and assigned to all divisions (2026)		
7. Building a business base on the foundation of "The Analects and the Abacus"	16	Risk management	Thorough risk management	Number of serious legal violations	0 (2024)	P.99, P.101
		Thorough legal and ethical compliance	Instillation of corporate ethics and strict compliance	Number of serious information security incidents	0 (2024)	

CORPORATE PROFILE
 MESSAGE FROM THE PRESIDENT
 VALUE CREATION STORY
 VALUE CREATION STRATEGY
 SPECIAL CONTENTS
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 SUSTAINABILITY
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 DATA COLLECTION

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.



Values Shimizu Group Provides Society

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.

- Strong and resilient infrastructure
- Disaster prevention/mitigation technologies
- Extend the life of buildings and infrastructure

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

- ICT in urban development
- Provide built-environments that enhance health, and well-being
- Use of universal design
- Expand the fields of human activity (to 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.

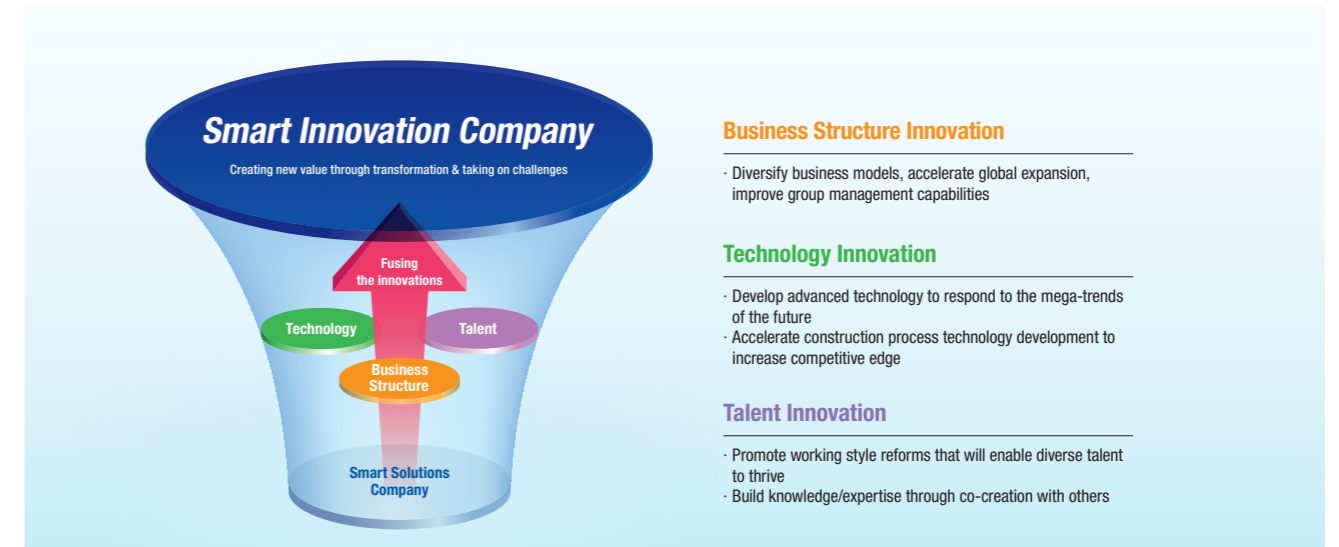
- Diffusing renewable energy
- Realizing carbon neutrality
- Energy-saving, energy creation and ZEB (zero energy building)
- Conserve natural environment and biodiversity

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

As part of our efforts to diversify our business model and accelerate global expansion, we have begun chartering the BLUE WIND, a self-propelled SEP vessel, for an offshore wind power generation project off the coast of Taiwan. By making Sapporo-based MARUHIKO WATANABE CONSTRUCTION.inc a subsidiary in May 2023 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, such as wooden architecture, utilization of hydrogen, environmentally friendly concrete, and applied materials that promote CO₂ absorption in concrete structures. Furthermore, we will respond to client 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

Through company-wide digital education, we aim to raise the level of digital literacy among executives and employees and develop core DX Specialists to lead operational reforms and the creation of new businesses. At Smart Innovation Ecosystem NOVARE, our innovation and human resource development center that began operations in September 2023, we are promoting co-creation with external talent through the SHIMZ NEXT accelerator program and other initiatives.

Participating in a project to develop the former site of Kyushu University's Hakozaki campus, aiming to realize a smart city through industry-government-academia-private sector collaboration

The project is being carried out under the concept of HAKOZAKI Green Innovation Campus. It aims to carry on the legacy of Kyushu University, create new lifestyles that enhance quality of life, and establish a research and development base for cutting-edge technologies, which include next-generation communications (IOWN) and fields for the creation and clustering of new industries.

We will contribute to the realization of a sustainable society by addressing based on the results of our exploration of the essential needs and challenges of society and clients. This also entails co-creating with various partners including Fukuoka City, Kyushu University, and UR, and taking on the challenge of futuristic community development looking ahead to 100 years from now.



Results of the former Mid-Term Business Plan (2019-2023)

Regarding the results for FY2023, the final fiscal year of the previous Mid-Term Business Plan (2019-2023), net sales exceeded the announced target due to the completion of large-scale projects and progress in M&A and other initiatives. On the other hand, delays in responding to environmental changes, such as the COVID-19 pandemic, the emergence of geopolitical risks, and rising material and labor costs, along with challenges like tight schedules, increased construction costs, and quality defects in complex, ultra-large-scale projects in Japan and overseas, resulted in gross profit and ordinary income falling short of their targets.

Status of investment plan

The Shimizu Group designated the previous Mid-Term Business Plan (2019-2023) as an upfront investment period to establish a new revenue base. During this time, we undertook initiatives such as constructing the self-propelled SEP vessel BLUE WIND, equipped with the world's largest class loading and crane lifting capacities, and developing Smart Innovation Ecosystem NOVARE, a hub for innovation and talent growth. The total investment over these five years amounted to approximately 524 billion yen. We will leverage these investments' short-term and mid- to long-term outcomes in our business activities and continue making further investments to achieve sustainable growth.

Invested amounts and major achievements

Productivity improvement and R&D

¥ 46 billion

- Acquired technologies to tackle super large-scale and highly difficult projects
- Developed cutting-edge technologies in efforts to be a Digital General Contractor*1
- Selected as a DX Company for three consecutive years from FY2021 to FY2023



TOKYU KABUKICHO TOWER

Real estate development

¥ 328 billion

- Established Recapitalization Business Model by setting up a private REIT, SHIMIZU PRIVATE REIT Inc.
- Developed platform to promote Smart Cities



Michino Terrace Toyosu

Infrastructure, renewable energy, new business

¥ 81 billion

- Constructed and started operation of BLUE WIND, one of the largest self-propelled SEP vessels
- Developed and operated renewable energy generating plants such as solar, biomass, hydropower



BLUE WIND, Self-propelled SEP vessel

Innovation and talent development

¥ 69 billion

- Established NOVARE, a base for innovation in business structure/technology/talent
- Reformed HR System and developed next generation talent



Smart Innovation Ecosystem NOVARE

*1 A general contractor who makes the most use of know-how of Monozukuri and cutting-edge digital technologies to carry out construction works digitally, providing digital services where the real world and digital worlds are linked.

Status of non-financial KPIs

In the previous Mid-Term Business Plan (2019-2023), the basic policy was to promote ESG Management, and we established four non-financial KPIs, consisting of E, S, G, and productivity. Our aims in these are "contributing to a sustainable global environment," "co-existing harmoniously with all stakeholders," which entails establishing a working environment that includes thorough respect for human rights and the supply chain, and coexistence with local communities, and "thorough compliance and stronger risk management."

Out of the four indicators, we have successfully met our targets for the environment (E) and governance (G). Regarding productivity improvement and society (S), while steady progress was made in developing technologies that improve productivity and improving personnel systems and working environments to make it easier to work, the targets were not fully achieved. This was due to the challenges of managing super high-rise and highly complex construction projects and the impact of busy conditions. We will leverage these experiences to implement production system reforms, including advanced order management and enhancements to personnel and organizational systems.

Initiatives for productivity improvement and ESG (Non-financial KPI)

Category	Indicator	Target	Result
Productivity	Productivity improvement rate (compared with FY2016)	≥ 20%	13.8%
Environment (E)	CO ₂ emissions reduction rate in the construction business*2 (compared with FY2017)	≥ 10%	12.5%
Society (S)	Employee satisfaction scores	≥ 4.0	3.71
Governance (G)	Number of serious legal violations	0 cases	0 cases

*2 Provisional figure as of April 2024, before obtaining third-party certification.

Promotion of DE&I (new item) *3

	FY2019	FY2023
Percentage of female new graduates employees	25.7%	31.8%
Percentage of women in managerial positions	2.5%	4.9%
Total number of foreign national employees (in business facilities in Japan)	66 persons	136 persons
Percentage of employees with disabilities	2.32%	2.49%
Number of men taking childcare leave	23 persons	260 persons
Percentage of men taking childcare leave	6.3%	81.0%

*3 Figures for Shimizu Corporation only as of 31 March 2024. Percentage of female in managerial positions as of 1 April 2024.

Summary of reflections

- Improving profitability, maintaining quality in the Construction Business and developing the non-construction segments
- Investments to establish a new revenue base and to realize the Long-Term Vision
- Productivity improvement, ESG initiatives, and promotion of DE&I

Group environment (Strength of the Shimizu Group)

- Numerous achievements utilizing superior technological capabilities and overcoming new challenges
- Trust of clients based on wealth of experience
- Professional talent and on-site capabilities responding to diverse needs
- Domestic and international networks supporting Monozukuri

External environment

Era of rapid change and uncertainty

- Increasing and intensifying natural disasters
- Transforming industry to promote GX (Green Transformation)
- Continued inflation and slowdown concerns for the global economy
- Rising geopolitical and security risks

Workforce shortage and procurement risk

- Stricter labor regulations worsens workforce shortage amid strong market
- Unstable material supply and high prices for materials, energy and labor

Complexity of social issues and diversification of client needs

- Diversified and global DX/GX needs
- Accelerating Construction DX integrated with the supply chain
- Trend of expanding business fields through M&A

Management issues addressed in the Mid-Term Business Plan (2024-2026)

Improving our capabilities to execute strategies by strengthening our business foundations

Execute Business and Global Strategies to improve profitability, develop technology and maintain quality

Leverage the company's strengths and prior investments to fulfill client/society needs

Key points for each management issue

- Strengthen talent, organizational capabilities, and cross-functional collaboration to enable the implementation and realization of strategies for significant growth.

- The pressing issues are restoring the construction business's profitability and securing technology and quality.
- Implement a global strategy rooted in the countries we have entered through construction, investment and development, and engineering.

- Aim for the next stage of growth in investment and development, engineering, and LCV.
- Accelerate necessary investment and launch of new businesses.

Policy for addressing issues

- Strengthening the core = growth of talent and organizational capabilities and corporate culture reform
- Formulation and implementation of the necessary strategies for establishment in three years
- Evolving into sustainability management that aims to achieve a balance between social responsibility and sustainable growth

- Improving negotiating power with clients through order system reform and ensuring appropriate processes
- Thorough quality assurance and cost improvement through the pursuit of monozukuri
- Improving productivity in the construction business through reform of the production system, production process, and personnel system
- Implementing the same strategy globally while also promoting the independence of our bases
- Accelerating global expansion through M&A strategy formulation and implementation

- Implementing strategies that match the growth stage of the business
- Working together as a Group to actively promote the early commercialization of cutting-edge technologies, which is one of our strengths (also making use of open innovation)
- Formulating and implementing Group M&A strategies and working towards achieving the three-year vision for the Group structure

Continue to Mid-Term Business Plan (2024-2026) >>>

Mid-Term Business Plan (2024-2026)

We established the Mid-Term Business Plan (2024-2026) to cover the years from FY2024 to FY2026.

New mindset "Choukensetsu"

Mid-Term Business Plan (2024-2026) Basic Concept

A Stronger Business Foundation for Continued Growth

Building a Stronger Business Foundation and dynamically expanding business in order to contribute to the sustainable future set forth in SHIMZ VISION 2030

- 1 A Stronger Business Foundation**

Focusing on "talent and organizational capabilities," we will promote Sustainability Management and cross-functional collaboration in order to improve our capabilities of executing business strategies

 - 1-1 **Talent Development and Organizational Capabilities Improvement** Supporting employee growth to nurture diverse talent willing to take on challenges and co-create
 - 1-2 **Improve Cross-functional Collaboration / Refine Sustainability Management** Increasing cross-functional collaboration to build a stronger business foundation, Sustainability Management - balancing socially responsibility and cultivating business opportunities
- 2 Business Strategies**
 - 2-1 **Construction** Improve profitability
 - 2-2 **Real Estate Development / Engineering** Increase revenue and business stability
 - 2-3 **Green Energy Development / BLC** Expand business scale
 - 2-4 **Frontier** Establish sustainable business models
- 3 Global Strategies**

Aim for each region to be self-determining and enhance global operational platform
- 4 Capital Policy and Investing for Growth**
 - Implementing a capital policy focused on achieving financial goals, managing the cost of capital, and optimizing stock performance.
 - Continuing to invest in talent and business development for sustained growth.
 - Increasing corporate value and achieving sustained growth through the promotion of Sustainability Management and fulfillment of social responsibilities as part of our business activities.

Financial Targets, Financial KPI, Non-Financial KPI

	FY2026 Target (billion yen)		Mid-Term Business Plan (2024-2026)	
			Financial KPI	Non-Financial KPI
Total net sales	1,890		ROE ≥ 8%	Employee engagement score ≥ 4.0
Construction Business	1,600		Medium to long term (period of the next Mid-Term Business Plan) ROE ≥ 10% Equity ratio ≥ 40% Debt-to-equity ratio (D/E ratio) ≤ Approx. 0.7 X	Reduction rate of CO ₂ emissions in the Construction Business (compared with FY2023) ≥ 12%
Development Business & others	290			Percentage of industry-qualified engineers Maintain 80% or more
Gross profit	12.2%	230	Equity ratio ≥ 35%	Environment analysis rate using the Environmental KY 100%
Construction Business	10.3%	165	Debt-to-equity ratio (D/E ratio) Within 1.0	Number of people enrolling in the Shimizu Takumi Training Center ≥ 1,800 per year
Development Business & others	22.4%	65	Dividend payout ratio Approx. 40% (Minimum dividend ¥ 20 per share)	Dialogues between stakeholders (especially shareholders, investors, and employees) and our top management ≥ 50 times per year
Operating income	100			
Ordinary income	95			
Net income	70			



Mid-Term Business Plan (2024-2026)
<https://www.shimizu.co.jp/en/company/about/strategy/pdf/policy2024.pdf>

Toward a Stronger Business Foundation

Talent Development and Organizational Capabilities Improvement

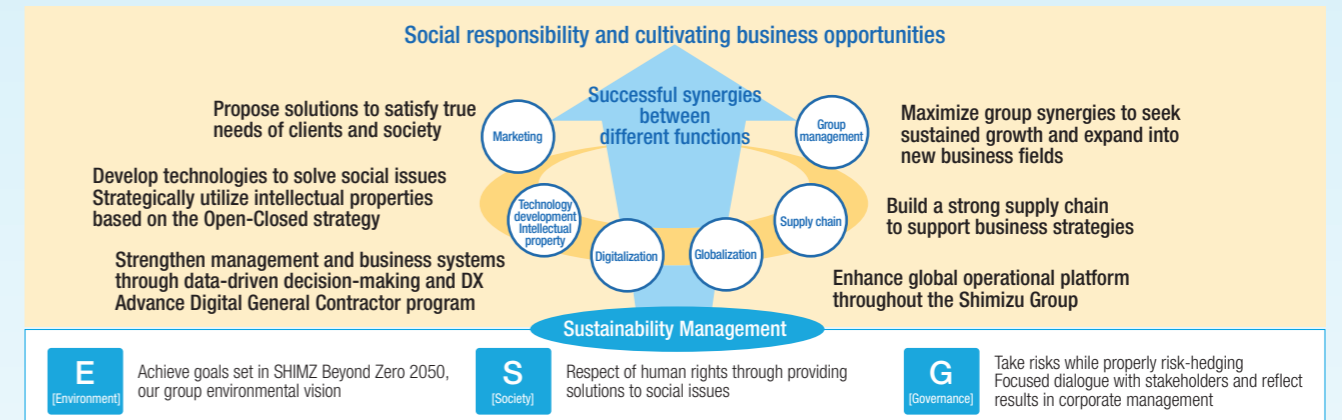
We aim to nurture diverse talent willing to take on challenges and co-create by establishing a system that supports their growth, with our business foundation core centered on competent talent, organizational culture, and managerial capability. To strengthen the core of our business foundation core, we will create a virtuous cycle by aligning the realization of management and business strategies with self-actualization and autonomous career development for our talent. This will be achieved by implementing talent-related measures and offering employees growth opportunities and experiences.



Improve Cross-functional Collaboration / Refine Sustainability Management

The Shimizu Group has been using the term ESG Management in initiatives focused on the environment (E), society (S), and governance (G). However, we have shifted our approach from ESG Management to sustainability management. In addition to continuing our existing initiatives, we will focus on balancing corporate social responsibility with the pursuit of business opportunities.

Additionally, we have identified six key functions to focus on over the three years of our Mid-Term Business Plan: (1) marketing, (2) technological development and intellectual property, (3) digitalization, (4) globalization, (5) supply chain, and (6) Group management. By enhancing collaboration between these functions, we aim to advance our sustainability management and strengthen our business foundation.



Comments from an Outside Director

We believe the key point of this Mid-Term Business Plan is a stronger business foundation, which has been set forth as one of the basic policies. We have identified competent talent, organizational culture, and managerial capability as our business foundation core. Companies are made up of people, so the growth of each individual - in other words, talent capabilities - is directly linked to the company's growth. We will continue to actively provide opportunities for nurturing talent. We encourage our employees to seize these opportunities for growth, embrace challenges, and achieve self-actualization and autonomous career development. Management skills will drive this process toward enhanced organizational strength and corporate growth. I hope this cycle of measures will bring about change and foster a new culture within Shimizu, which has been around for 220 years. The three years of the Mid-Term Business Plan are a crucial period for each employee to embrace a new mindset of "Choukensetsu" in order to realize our long-term vision, SHIMZ VISION 2030. I hope that the efforts we are working on now will lead to Shimizu's future sustainability.



Tamotsu Iwamoto
 Director

Smart Innovation Ecosystem

NOVARE

A New Platform That Creates the Next Generation of Innovation

Generating innovation in the three key areas of business structure, technology, and talent

In our long-term vision, SHIMZ VISION 2030, the Group aspires to become a Smart Innovation Company that creates forward-thinking value through co-creation with various partners, transcending the traditional boundaries of the construction business. To achieve this goal, we have established the Smart Innovation Ecosystem NOVARE to vigorously promote innovation in three key areas: business structure, technology, and talent.

Transcending the boundaries of the construction business involves collaborating to understand the genuine needs and desires of society and our clients. We will leverage Shimizu Corporation's technologies and assets to deliver diverse value and grow alongside our stakeholders. We refer to this approach as "Choukensetsu." NOVARE was established to embody the "Choukensetsu" mindset shared by all employees.

The new organization, NOVARE, was launched to promote innovation in three key areas: business structure, technology, and talent. Sharing its name with the facility, the organization functions as a department dedicated to creation and renewal.

In terms of business structure, NOVARE Hub promotes the launch of new internal businesses, collaborates with external startups, provides venture capital and support, integrates advanced external technologies into construction projects, and operates an internal venture system. The Business Innovation Unit (BIU), directly organized under the president as a model for company-wide innovation activities, also conducts initiatives here to explore society's needs.

In the field of technology, the Structural Testing Laboratory, Materials Laboratory, and Digital Fabrication Laboratory from the Institute of Technology have been relocated to this facility and are now utilized as the NOVARE Lab for research and development. By

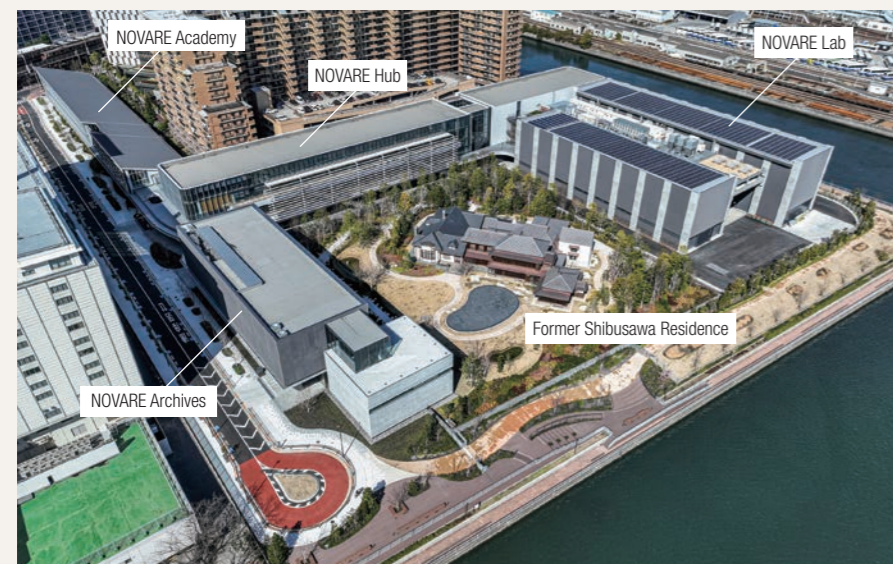


Masanobu Onishi

Executive Vice President
Executive Conductor, NOVARE,
In charge of Business Innovation

focusing on fundamental architectural structures and materials, along with digital fabrication—which will drive future monozukuri—we aim to further advance technological development.

Regarding talent, we have established the NOVARE Archives, which showcase the former Shibusawa residence and the Company's 220-year history, for historical studies. The theme, "Shimizu: Embracing Challenges," aims to inspire awareness and passion in all visitors. Additionally, through the NOVARE Academy, which offers hands-on experience at both real and digital monozukuri sites, we aim to develop talent capable of envisioning the future of monozukuri and the construction industry.



We named it Smart Innovation Ecosystem NOVARE to signify learning from Shimizu Corporation's 220-year history and creating something new. NOVARE means to create and renew in Latin. The "ecosystem" part of the name refers to a place where NOVARE will create an ecosystem that fosters innovation.

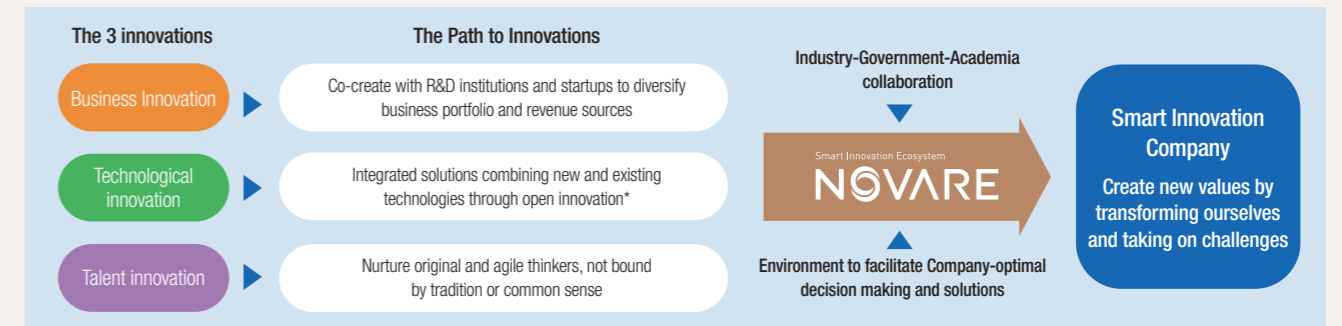


Smart Innovation Ecosystem NOVARE
(Japanese only)
<https://www.shimz.co.jp/novare/>

Co-creation Innovation Activities at NOVARE

Promoting open innovation with NOVARE at the core

With this "Choukensetsu" mindset, this strategic base aims to realize a resilient, inclusive, and sustainable society, going beyond the boundaries of the construction business.



*A method or mindset that allows a company to generate new ideas, products, and services by actively integrating knowledge and technology from both within and outside the organization.

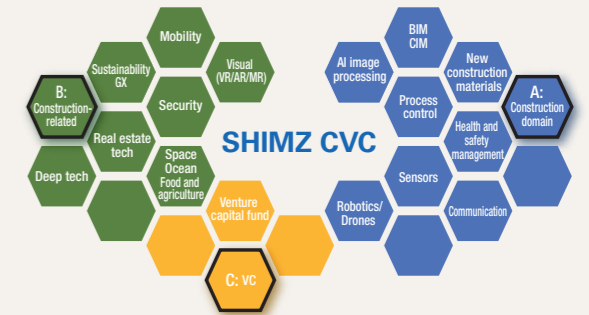
Startup Co-creation Program

In FY2023, we launched the "SHIMZ NEXT" accelerator program, designed for co-creation with startups. We have received applications from startups worldwide to conduct demonstrations at Shimizu construction sites and other locations.



SHIMZ CVC (startup investments)

In 2020, we launched a corporate venture capital (CVC) fund with a budget of 10 billion yen over 10 years to invest in startups and venture capital firms both in Japan and abroad.



Collaboration with universities

In March 2024, we entered into a Comprehensive Collaborative Agreement with Waseda University to work towards achieving a carbon-neutral society. Centered around Novare, this program aims to create new value and address challenges in society and industry by leveraging cutting-edge technology and knowledge through industry-academia collaboration. We will continue to advance industry-academia collaboration with universities and other learning institutions.



Signing of collaborative agreement with Waseda University in 2024

Corporate Venturing Program (Entrepreneur Recruitment Program)

The Corporate Venturing Program, an entrepreneur recruitment project launched in FY2022, supports employees aspiring to start their own businesses by assisting with everything from business model development to technology validation and POC*.

*Proof of Concept



Two companies launched in spring 2024

NOVARE Hub

A base for information dissemination and exchange



Inside NOVARE Hub

This facility provides the core functions of Novare, serving as the backbone that connects all the facilities. It will be a hub for information dissemination and exchange, driving innovation forward.

DDRS is our vision for the stages of fostering innovation to meet the core needs of society and our clients. It is an initialization for Discover the challenges, Define the hypothesis, Refine each through verification and implementation, and Scale the solution in society. It also represents a loop that will lead to more challenges. The Hub offers space for DDRS to



facilitate co-creation with external startups and partners, providing security and hardware support.

In addition, the event hall Novare Forum and the tiered pitch area regularly host various events, including lectures and presentations. Employees with ideas for new businesses or technology development, as well as partner companies and startups, can easily present their ideas and receive feedback and support from other participants. We hope to foster an innovation mindset through our daily activities.

NOVARE Academy

Hands-on training facility Monozukuri Shiseijuku

This training facility is responsible for human resource development and technical succession.

It consists of an Experience Zone with five full-scale mock-ups and a Consideration Zone with a digital learning zone, exhibition corridor, and training booths. Our goal is to provide a place for internal and external human resource development that aligns with the changing times and the transmission of the spirit and skills of monozukuri. The activities are focused on (1) developing internal human resources, (2) conducting internships and university lectures for students, (3) actively disseminating information outside the Company, and (4) holding external sales and tours of training programs.



Inside NOVARE Academy

NOVARE Lab

NOVARE Lab at the Institute of Technology (see P.36)

This facility serves as a hub for innovation in construction technology. With a large-scale experimental space, the aim is to drive production innovation through collaborative R&D with both internal and external partners.



Inside NOVARE Lab

It consists of three research areas (structures, materials, and robotics) and an office area. At the Technical Research Institute in Etchujima, separate experimental buildings have been consolidated into a single facility to enhance functionality and facilitate interaction among researchers from different fields. This setup is designed to foster collaboration and spark innovations.

Comments from an Outside Director

I am impressed by the concept of a "smart innovation ecosystem" that creates innovations while respecting Shimizu's more than 220-year history. I also see great value in positioning this facility not just for Shimizu's own use but as an open resource for other industries, aiming to address societal needs beyond the boundaries of the construction industry. This groundbreaking facility fosters an environment that encourages creativity and open communication, including flexible work styles. I hope it will be actively used for collaboration both in Japan and abroad, driving the generation of even more innovative ideas. Expanding access beyond a construction-centered community through collaboration with various external organizations will effectively grow both human and social capital. These initiatives represent valuable business opportunities for Shimizu, contributing to the improvement of its medium- to long-term profitability and advancing its commitment to sustainability management. I would like to see Shimizu actively share the existence and significance of this newly created facility with the outside world, encouraging its use across various generations and industries so that everyone can grow and evolve together.



Mayumi Tamura
Director

NOVARE Archives

Shimizu Corporation NOVARE Archives



Inside NOVARE Archives

This facility is dedicated to displaying and storing technological and academic materials owned by Shimizu and items of high cultural value from Shimizu's collection. The goal is for visitors to come in contact with the history of challenges taken on by our predecessors and connect the experience to a new future.

We will research and analyze the historical materials accumulated by Shimizu, incorporating societal changes along the way. By doing so, we will share the fundamental resources for a smart innovation ecosystem with the public, which will serve as the foundation for Shimizu's efforts to create new value.

Former Shibusawa Residence Works of Kiusuke Shimizu II



The only surviving architectural work of Kiusuke Shimizu II, which was relocated three times over a span of 146 years. This facility is

the core of our smart innovation ecosystem, where you can experience Shimizu Corporation's DNA up close.

Special Content 1: Technology Strategies

Collaboration Between Technology Development and Intellectual Property Fields

Our goal is to achieve the sustainable future society set forth in SHIMZ VISION 2030. We are developing technologies and solutions through close collaboration with our intellectual property department in order to meet the needs of society and clients.

NOVARE Lab

This innovation hub is equipped with a large-scale experimental space for developing structures, materials, robotics, and other construction technologies.

In the future, we will conduct future research and development at NOVARE through partnerships both inside and outside Shimizu Corporation.

Combined the most advanced and highest class of experimental facilities in Japan

Collaboration between different fields of structures, materials, and robotics

Integrated space that connects three research areas and a lab office

In the Structure Research Area, the latest, top-class structural testing equipment in Japan was deployed to verify large-scale structures, such as those used in skyscrapers. This helps secure the safety of structures that will support future society.

In the Materials Research Area, materials that will address social issues are researched and developed. In addition to manufacturing and verifying the next-generation concrete that will meet high-strength and environmentally friendly needs, we will create new value for other construction materials.

In the Robotics Research Area, we have taken on the challenge of developing construction robots, 3D printing, and other technologies



Largest construction 3D printer in Japan

that will revolutionize construction worksites. We are also developing a collaboration platform that links building facilities to autonomous service robots, and testing the operation of self-driving vehicles using the facility exterior.



Lab Office workspace is provided at center of building to facilitate communication



Our technologies and solutions that are ahead of their times will help realize a sustainable future society where people can enjoy prosperity and happiness



Akira Yamazaki
Senior Managing Officer
Director, Construction Technology Div.,
Building Construction Headquarters,
In charge of Technology and Intellectual Property

Technology Development

We have established company-wide, cross-organizational technology strategies. Our basic concept is to anticipate diversifying needs and take swift action to secure stable quality and improve profitability in the construction business, and enhance our business portfolio. Particularly in the field of GX, we are focusing our efforts on developing technologies and solutions for decarbonization, recycling resources, and creating a society that coexists harmoniously with nature. These are aimed at achieving the Group environmental vision, SHIMZ Beyond Zero 2050. By also incorporating the remarkable advances made in generative AI and other digital technologies, we will raise the level of DX and contribute to solving issues facing society and our clients.

Azabudai Hills is a skyscraper building complex that was completed last year. Through such projects, we have mastered technologies for the safe and high-quality construction of buildings exceeding 300 m. We will apply these techniques to future projects to meet the increasingly advanced demands of society. Construction based on wooden architecture is also sparking great social interest due to its decarbonization benefits. To encourage adoption, we are developing technologies to make up for the earthquake and fire resistance disadvantages of wood. Applying these technologies will enable the use of wood in medium- to high-rise buildings. We are already planning or implementing these technologies in various projects. We are also pro-actively developing DX technologies, including AI, from a wide range of perspectives. These include the conservation of historic buildings, facility control, and improving the efficiency of design work, which will lead to work style reform.

These technological developments have resulted in new technologies that have been highly rated by society. For example, BILMUS[®]*1 is a fourth kind of earthquake countermeasure technology after earthquake resistance, structural control, and seismic isolation. SUSMICS[®]-C*1 is a concrete that achieves carbon negativity through its use of biochar. AI Shield automates shield machine tunneling using AI. Super Water-repellent Formwork[®]*2 revolutionizes the finishing of concrete surfaces using biomimetic technology.

*1 BILMUS, and SUSMICS, are registered trademarks of Shimizu Corporation in Japan.
*2 Super Water-repellent Formwork is registered trademarks of Shimizu Corporation and Toyo Aluminium K.K. in Japan.

Intellectual Property

An invention and design system was established at Shimizu Corporation more than 50 years ago. We have a deep-rooted invention mindset where the entire company comes together to create inventions and integrate our technical capabilities to contribute to further growth. We file about 300 patent applications every year, among the highest in the construction industry. We have maintained this top-ranking position for many years. To contribute to improving corporate value now and in the future, we have promoted intellectual property acquisition, use, and risk management. We offer support and improve added value through close collaboration between our intellectual property department and technology development.

Recently, to use our developed technologies and other intellectual property even more effectively, we established a new unit responsible for the strategic use of intellectual property. We also promoted the deployment of intellectual property by further strengthening collaboration between business divisions. In addition, we are using NOVARE to effectively support the deployment of internal and external technologies, and the creation of new businesses.

Skyscrapers

We are responding to the increasingly advanced demands of society by deploying technologies for the safe and high-quality construction of skyscrapers to worksites.

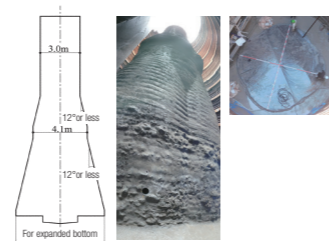


Rendering of TOKYO TORCH Torch Tower (Chiyoda Ward, Tokyo)
Image source: Mitsubishi Jisho Design Inc.

Skyscrapers exceeding 300 m are made from an unimaginable amount of materials. We developed petal-shaped bell piles as a technology for supporting the huge weight of the building on the limited-sized site. These piles also ensure safety against earthquakes. We developed safe, high-quality construction planning technologies for structural verification. These take into account construction conditions that change according to work progress. Further, we developed an advanced lifting system for the efficient conveyance of materials and workers during skyscraper construction.

Petal-shaped Bell Piles for Supporting Weight of Skyscrapers

The petal-shaped bell piles have a bottom surface area up to two times larger than conventional bell piles. This provides greater support power. Also, the bell shape of the piles can be changed to allow construction right up to the boundary of the site. This maximizes the use of urban land. Currently, we are applying this technology to two skyscraper projects consisting of an apartment complex and offices.



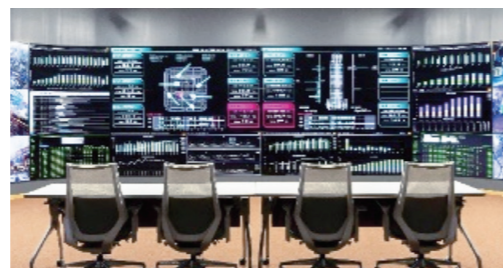
Scale of petal-shaped bell pile and verification of experimental pile

Construction Plan Using Advanced Analysis

Recently, clients want skyscrapers to show personality through their height. We have also constructed buildings in recent years with features such as concert halls or theaters on middle or lower floors. We need to respond more and more to such diverse values. To do this, we must understand structural features and conditions that change between each construction phase. We prepare a detailed construction plan by predicting actual behavior in each construction stage based on step analysis for construction.

SEC-5000RS and Lift Monitoring System for Greater Lifting Efficiency

Efficiently moving materials and workers up to the higher floors is the key to raising productivity when building a skyscraper. We developed SEC-5000RS as a worksite elevator with best-in-class lifting speed and loading capacity in Japan. It is also equipped with a sensing function that automatically identifies equipment positions. The elevator has features such as variable speed control that adapts to lifting height and loading conditions, and a remote monitoring function. It greatly contributes to raising the efficiency of logistics within the worksite and to shortening worker movement times. Furthermore, the Lift Monitoring System leverages cutting-edge technologies, such as AI and IoT, to visualize and analyze lifting results data for materials and workers. This information can be applied widely, including for elevator design optimization, technology development, and process simulations.



Example of Lift Monitoring System screens

Technologies Developed for Skyscrapers (from Azabudai Hills (Mori JP Tower) to TOKYO TORCH Torch Tower)

Following the completion of the Azabudai Hills (Mori JP Tower) last year, we are currently continuing construction for several skyscraper projects. One of these is TOKYO TORCH Torch Tower, which will become the tallest building in Japan. We are involved in a wide range of technological developments to enable the building of skyscrapers. These range from basic technologies like steel frames and concrete, to techniques for raising productivity by reforming work styles. We do this to contribute to the future of the construction industry in Japan. It also creates new, better value for our clients by leveraging our developed technologies. We want to use advanced smart technologies to show the appeal of the construction industry to the young people who will make up its next generation.

Yoshito Tsutsumi

Executive Vice President
Executive Project Director,
TOKIYABASHI PROJECT,
In charge of Special Projects

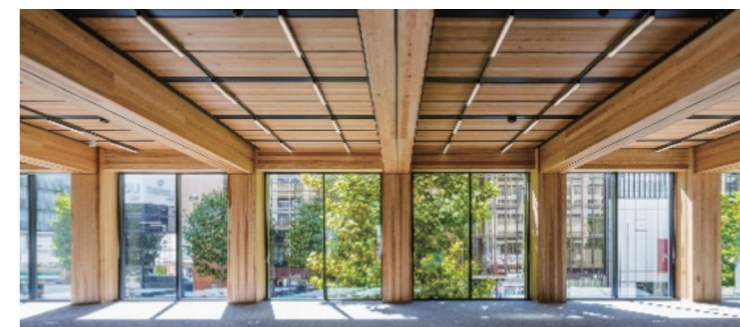


Wood Buildings

We have cultivated techniques and know-how for constructing wood buildings over the more than two centuries of our history. Our knowledge ranges from traditional wooden structures to modern architecture. We will leverage this expertise to build a zero-carbon society, recycle forest resources, and create wellness spaces.

In the context of the global trend toward decarbonization, the demand for wooden structures and wood buildings is growing worldwide. In Japan too, the use of wood in buildings has increased as legislation is introduced to promote the use of wood. In addition to environmental reasons, such laws aim to revitalize regional economies by promoting the use of forest resources.

To promote the use of wood in buildings, we are developing technologies to make wooden materials and structures even more resistant to fires and earthquakes. In this way, we are developing wood buildings that are friendly to both people and the environment.

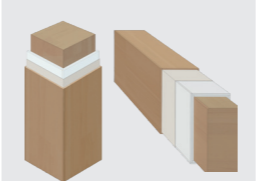

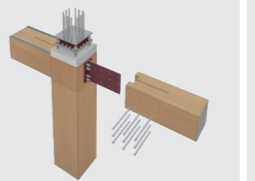


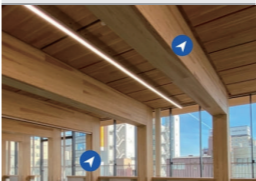
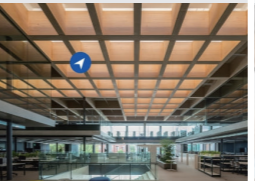
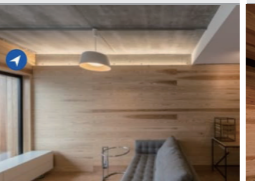
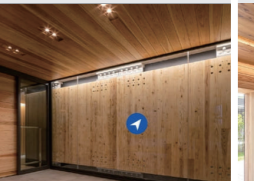
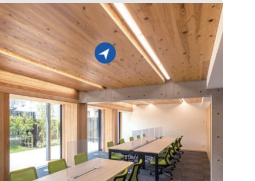


Wooden office space that promotes wellness Nomura Tameikesanno Building (Minato Ward, Tokyo)

Shimizu Hy-wood Series, a Hybrid Wood Technology

Shimizu Hy-wood® is the generic term for hybrid wood technology. Our development goal was to optimize the adoption of wood in buildings by combining wooden structures, steel frame structures, and concrete in right place and at the right time. This efficiently satisfies the high earthquake and fire resistance required for medium- to large-scale buildings, while also providing wood buildings with excellent functionality and design. We are deploying material and joining technologies to meet diverse needs as wood is adopted.

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

Slim Fire-Resistant Wood	Hy-wood Beams	Hy-wood Joints	Hy-wood Walls	Hy-wood Slabs
Fire-resistant wood components columns and beams	Fire-resistant wood and steel beams	Joint for columns and beams	CLT earthquake-resistant walls	CLT composite floors
				
Wooden structural columns and beams that can be used in fire-resistant buildings. The slim materials increase the openness and effectiveness of space.	This fire-resistant wood and steel beam is made from a steel beam and wood used as a fire-resistant covering and finishing material. Its long span can be used to create a large space.	This joint for columns and beams can be used to efficiently join structures made of wood, steel frame, and concrete. It has excellent earthquake and fire resistance.	CLT* is used in this earthquake-resistance wall. Since CLT does not need any fireproof covering, the wood can be left exposed.	A synthetic floor that combines CLT with concrete slab formwork and decorative materials. The wooden ceiling creates a relaxing space.
				

*Stands for Cross Laminated Timber

Example of Shimizu Hy-wood Application

This technology was first applied to a four-story apartment complex that was completed in 2020. It was then used successively in low- to medium-rise offices and other projects. 2023 saw the completion of the nine-story Nomura Tameikesanno Building. Next year, the twelve-story Kyobashi Dai-ichi Life Building will be completed. New wooden landscapes are appearing all over Tokyo. Promoting the use of wood in medium- to large-scale projects in cities will stabilize and reduce CO₂ emissions. Furthermore, it will also revitalize regional forestries and lead to forest conservation.

Wood buildings using Shimizu Hy-wood have been praised by the wider public. The technology was selected as a Leading Sustainable Business (Wooden Structure Leader) by the Ministry of Land, Infrastructure, Transport and Tourism. It has also received numerous external awards.



Nomura Tameikesanno Building (Minato Ward, Tokyo)
Completed 2023



Kyobashi Dai-ichi Life Building (Chuo Ward, Tokyo)
Due for completion in 2025



Business Topics

Creating New Value through Wood Buildings

<https://www.shimz.co.jp/en/topics/construction/item25/index.html>

DX

We combine digital technologies to provide advanced support for conserving cultural properties, facility control, and design work.

Uniquely in the construction industry, we have been selected as a DX Company (by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange) for three consecutive years. We use digital technologies in the various stages of design and construction work for digitization, digitalization, and DX. Our initiatives include technologies for the conservation and protection of cultural properties that are highly valued by society. We have also developed technologies for ZEB proposals that will accelerate actions across industry toward achieving a carbon neutral society. We will harness the power of digital technologies to find solutions for an ever-changing society.

Cultural Property Conservation Created Digital Twins of 19 Cultural Properties at Eiheiji, "The Temple of Eternal Peace"

This project was a collaboration with Daihonzan Eiheiji of the Soto school of Zen Buddhism. We created precise digital twin data for the 19 Important Cultural Properties at the site using 3D point cloud surveying. Most historical buildings in Japan are made of wood. Many have been destroyed by fire in accidents or war. It is our social responsibility to preserve our historical buildings in their original form for future generations. With this in mind, we used 3D point cloud surveying to capture all spaces and shapes. This was



Point cloud data of main hall (both exterior and interior displayed simultaneously)

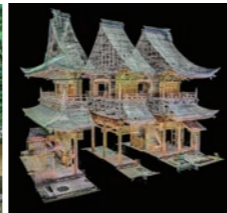
Eiheiji and Shimizu Corporation joint inspection Survey collaboration T&I 3D

done not only on the inside and outside of structures, but also in the attics, under the floors, and across the various sculptures. We then processed and archived the data to allow users to extract and display any plane, elevation, or cross section.

We also held a Digital Temple exhibition together with Eiheiji that showcased printouts of the digital twin. More than 30,000 visitors learned about our company's history and our efforts to repair and preserve cultural properties.



Exterior of Daihonzan Eiheiji (Eiheiji-ji-cho, Fukui)



Point cloud data of Sanmon gate (both exterior and interior displayed simultaneously)

Eiheiji and Shimizu Corporation joint inspection Survey collaboration T&I 3D



Jiu system spraying water onto a building

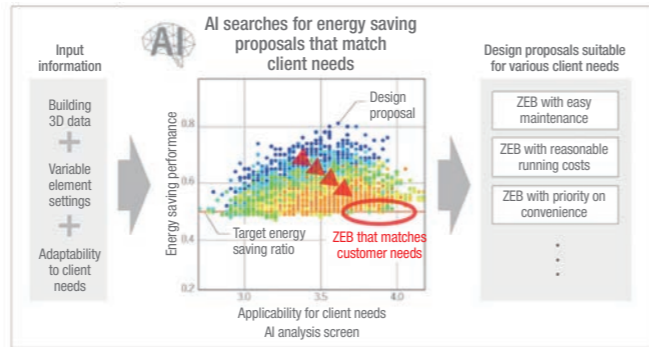
Cultural Property Protection AI Reduces Fire Risk for Traditional Wooden Buildings

In recent years, fires have broken out at many important traditional buildings that are made of wood. Our "Jiu," a water-saving, non-destructive water spraying system uses image recognition technology based on AI. The system detects whether fires have started and their positions from the images of monitoring cameras installed outside the building. Furthermore, Jiu selects the most effective spray nozzles for the fire location, and activates the extinguisher system to spray water automatically. The spray pressure is controlled to prevent damage to the building. This reduces the risk of both destruction by fire and damage to the building by water pressure. Technology like this helps prevent the loss of the architectural value of cultural properties due to man-made or accidental fires. Through such initiatives, we aim to contribute even more in the future to maintaining and conserving historical buildings and traditional streets across Japan.

Proposal Support ZEB Design Work Delegated to AI

We have developed an AI tool called ZEB SEEKER, which we will gradually deploy to ZEB (net zero energy building) design work. This will resolve some of the trade-offs that arise from making design work more efficient and advanced. Conventionally, designers have determined the specifications for achieving ZEB through trial and error. But this requires a huge amount of time and work. This AI automatically finds the construction and facility specifications for achieving the target energy saving performance that is set in the system.

As a result, ZEB proposals that match client needs can be made from the initial planning stage. This is the crucial time when clients are deciding the direction of their decarbonization policies and business plans.



ZEB SEEKER conceptual diagram

Award-Winning Technologies

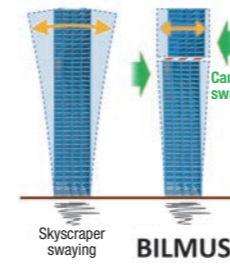
This section introduces some of our successful technological developments that have recently won awards.

2023 Nikkei Excellent Products and Services Awards: First Prize

BILMUS Vibration Control System for Skyscrapers

This prize is awarded once a year by Nikkei Inc. About 200 candidates are recommended by journalists. From these, new products and new services that show particular excellence are selected for commendation.

BILMUS was developed mainly as a technology for skyscrapers to withstand earthquakes. It is a pioneering system that makes the building itself act as vibration control mechanism, which restricts swaying through the weight of the building itself. The system provides a large vibration control effect without needing to install vibration control equipment within the building. In particular, swaying on the upper floors is halved. This helps increase the commercial value of residences and hotels planned for the upper floors. BILMUS received an award because it was highly rated as a vibration control technology that resolved some of the past issues inherent in skyscraper buildings. It enables planning with high performance and a high degree of freedom.



Overview of BILMUS



Rendering of BLUE FRONT SHIBAURA (Minato Ward, Tokyo)

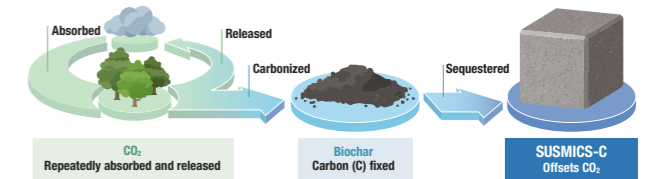
Nikkan Kogyo Shimbun, Ltd. TOP 10 New Products Award: Main Prize

SUSMICS-C Environmentally Friendly Concrete

These awards are given by Nikkan Kogyo Shimbun, Ltd. to commend products useful for manufacturing development and strengthening Japan's international competitiveness. This was the first time for Shimizu to receive this award.

SUSMICS-C (biochar concrete) is a technology that sequesters carbon inside concrete buildings. Wood biomass (such as sawdust) is carbonized to form biochar, which is used as an admixture in the concrete. This concrete is just as strong as regular concrete, and it can be manufactured at existing concrete factories. SUSMICS-C also has fluidity suitable for pumping. As such, it can be used for cast-in-place construction where concrete is poured and hardened at the worksite.

The sequestered biochar CO₂ offsets the CO₂ emissions from other materials, achieving carbon negativity. This benefit was highly praised and led to us winning the award.



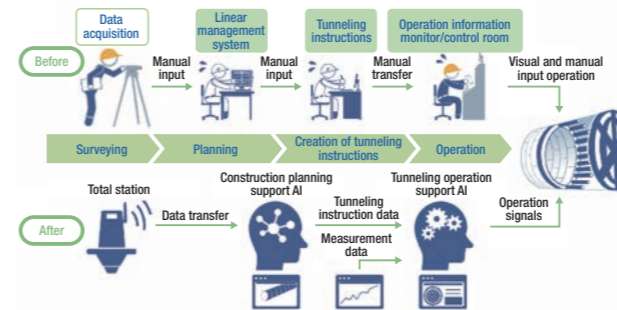
Using biochar for CO₂ fixation

Japan Society of Civil Engineers Technological Development Award

Development of AI-based Autonomous Shield Operation System

This technology enables automatic excavation for shield tunneling. It is based on planning support AI that creates a tunneling plan for the shield tunnel, and operation support AI that operates the jacks of the shield machine.

Currently, the creation of the tunneling instructions used during shield tunneling and the operation of the shield machines require many years of experience and a great deal of effort. AI allows the rapid creation of tunneling plans that take into account the relative positions of the shield machine and segments. This leads to precise operations during excavation that avoids overlooking any signs of meandering. Not only does this ensure the quality of the shield tunnel, but it also compensates for expected future shortages of expert operators. Furthermore, it reduces instruction creation workloads, improving productivity.



Productivity of shield construction improved by AI

Architectural Institute of Japan Award (Technology)

Super Water-repellent Formwork Using Biomimetic Technology

We call this technology Art Formwork, a registered trademark in Japan. We applied Toyo Aluminium K.K.'s biometric technology, which mimics the water repelling surface mechanism of lotus leaves, to the surface of formwork. This significantly reduces the air bubble marks and uneven coloring that impairs the appearance of concrete. The result is a building of beautiful, high-quality concrete. Furthermore, the formwork's detachability is extremely high. This helps increase work productivity when removing the formwork from concrete. This formwork can also be used more times, which reduces environmental burdens and reduces costs.

Super Water-repellent Formwork is an innovative and pioneering technology that delivers excellent benefits that were not possible with conventional formwork that prioritized processing performance and durability. We were praised for being the first in the world to make practical use of this technology.



Conventional formwork: Cement from concrete adheres to formwork surface

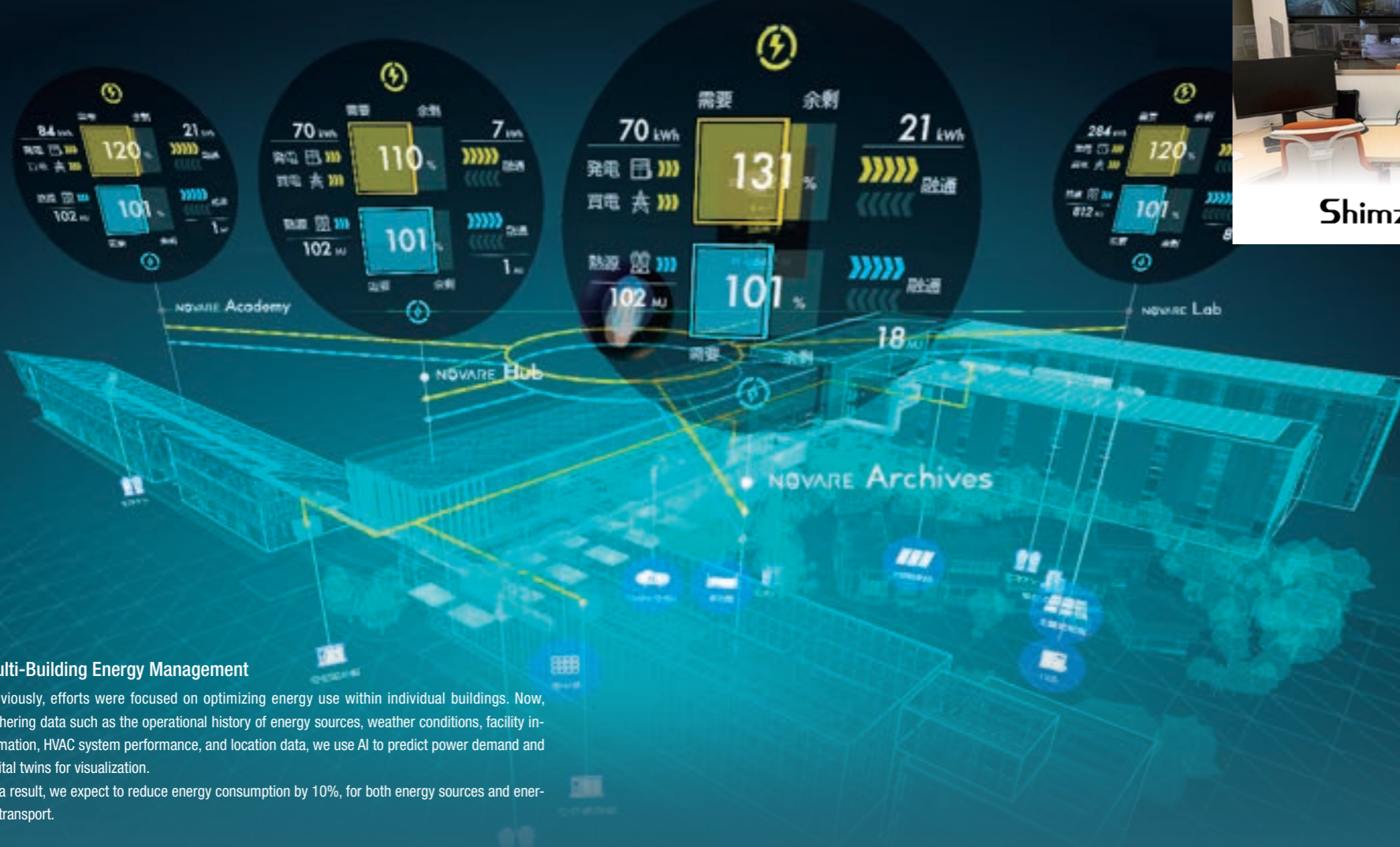


Super Water-repellent Formwork: Cement from concrete does not adhere to formwork surface

Special Content 2: Digital Strategy

Overview of Our Mid-Term Digital Strategy

In July 2021, we formulated our Mid-Term Digital Strategy 2020 (2019-2023), titled “Shimz Digital General Contractor.” Our goal is to become a construction company that provides real and digital spaces and services through digital monozukuri, leveraging both real monozukuri expertise and cutting-edge digital technology. As a result, over the past five years, we have made significant progress in introducing digital technology for digital environments that support flexible work styles within the Company and to enhance productivity at construction sites and within internal departments. The digitalization of operations has advanced rapidly.



Multi-Building Energy Management

Previously, efforts were focused on optimizing energy use within individual buildings. Now, gathering data such as the operational history of energy sources, weather conditions, facility information, HVAC system performance, and location data, we use AI to predict power demand and digital twins for visualization.

As a result, we expect to reduce energy consumption by 10%, for both energy sources and energy transport.

Future Outlook

To become a Smart Innovation Company, we are committed to thoroughly understanding the core needs of our clients and society by embracing a “Choukensetsu” mindset and digital technology. We aim to drive and integrate innovations across business structures (processes, models, and services), technologies, talent, and organizations, going beyond existing businesses and organizational frameworks. Furthermore, we will develop and promote a new DX strategy aligned with the concept of a Digital General Contractor.



Takeshi Sekiguchi

Executive Vice President and Director
Executive Vice President and Executive Officer
In charge of Information Management

Digital Technology for Construction

Streamlining Construction Business Operations

Shimz X XR Vision

A next-generation civil engineering, construction and production system that digitally integrates pre-construction planning in cyberspace with real-world site construction, allowing people and robots to collaborate on monozukuri. We are working on site management for the new era, focusing on how people work and leveraging real-time imagery from site cameras.



Digital Spaces and Services

Creating New Services with the Latest Digital Technology

Digi-Tori 360

A digital instruction manual that links image data of various building components captured with a 360° camera to the corresponding instruction manuals for architectural, equipment, and electrical functions and the relevant blueprint data. Helps enhance satisfaction and convenience for all building stakeholders, from clients to end users.



Shimz Digital General Contractor

A digital general contractor with the mindset of *monozukuri*

Digital Technology for Construction

Digital Spaces and Services Provision



Digital Support for All Operations

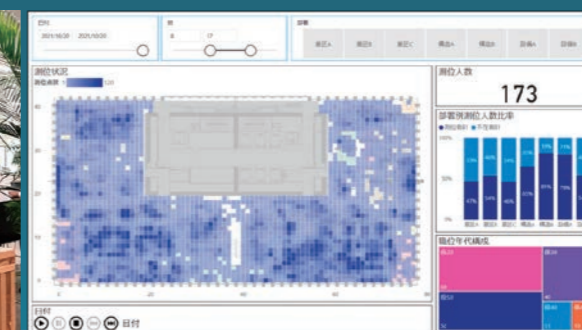
Other initiatives in the Medium-Term Digital Strategy 2020



Shimizu's DX (Japanese only)
<https://www.shimz.co.jp/digital-strategy/2020/>

Digital Support for Monozukuri

Realizing New Work Styles



Location Information System

By leveraging heat map analysis, which utilizes location data (for example, to display cumulative numbers of people in various shades), we aim to create a connected workplace (work field) that enables new work styles, free from time and location constraints. Our goal is to transition to an autonomous organization, create job satisfaction, and enable real-time, dialogue-centered operations.

CORPORATE PROFILE
MESSAGE FROM THE PRESIDENT
VALUE CREATION STORY
VALUE CREATION STRATEGY
SPECIAL CONTENTS
SHIMIZU'S BUSINESS
SUSTAINABILITY
GOVERNANCE
DATA COLLECTION

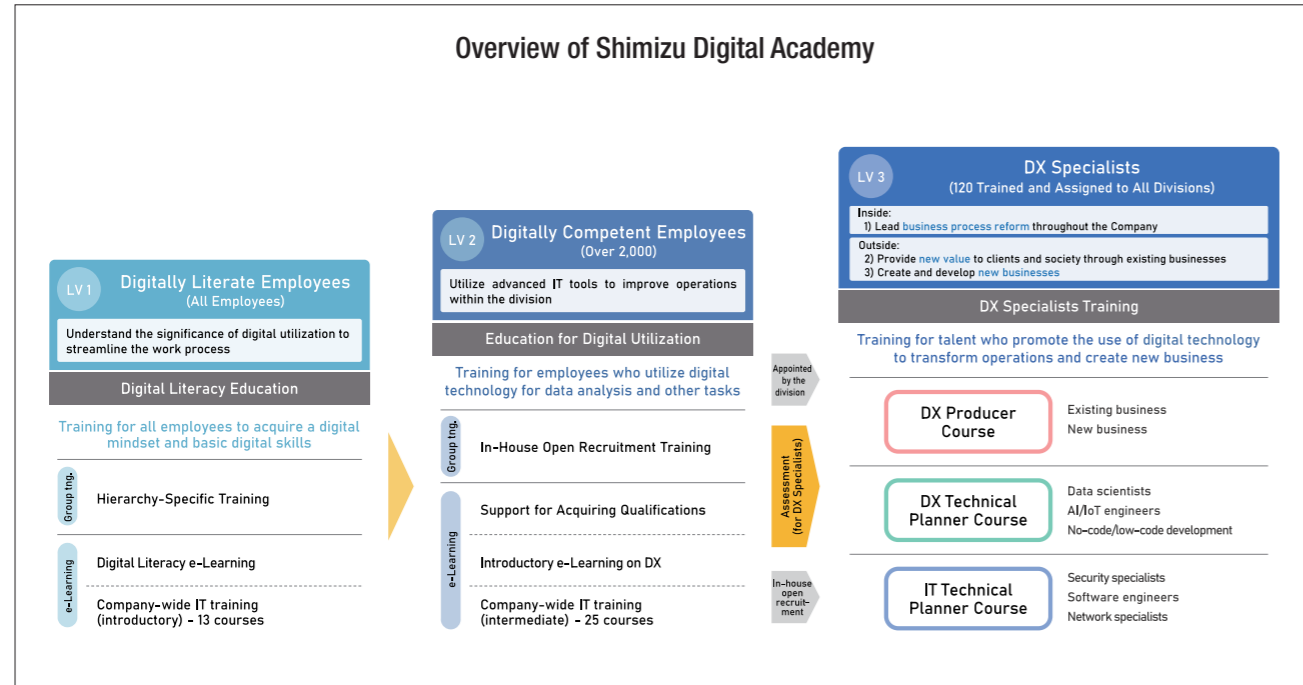
Special Content 2: Digital Strategy

Initiatives to Realize the New Digital Strategy

Digital Training Program “Shimizu Digital Academy”

Nurturing DX talent in the digital field in three steps

We launched the Shimizu Digital Academy, a digital training program, in FY2024. It focuses on enhancing employees' digital literacy and nurturing DX Specialists who will drive business transformation and the creation of new businesses through data and digital technology. As for DX Specialists, we plan to train 120 people by FY2026 and assign them to each department.



Implementing DX Training for New Employees

As a leading initiative to nurture DX specialists, we conducted DX training for new employees in FY2023 from April 2023 to March 2024. A total of 27 applicants were selected from building construction, design, and construction technology to equipment installation, civil engineering, engineering, research, and the humanities. The training was focused on group education.



Promoting the Use of AI

Making Generative AI Available to All Employees

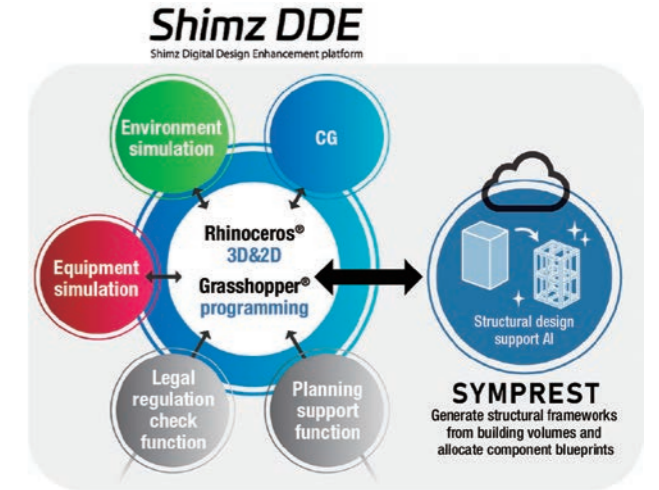
The release of ChatGPT in November 2022 marked the start of the generative AI boom around the world. In November 2023, we, too, began providing a generative AI service for all employees (by application). It is effective for accelerating and improving information gathering and research, generating creative ideas and high-quality text, enhancing and improving the efficiency of programming work, and facilitating communication and information sharing across language barriers.

While, if used incorrectly, it can lead to security incidents such as confidential information leaks. Therefore, we have made it mandatory for users to take e-learning courses on the correct use of the generative AI.

Application of the Latest AI Technologies to Operations

We utilize the latest AI technologies, including generative AI, across a range of business operations. The diagram on the right illustrates an example of how AI can assist in structural design work during the early stages, leading to operational enhancement and labor savings.

We are developing and producing in-house systems that leverage the latest AI technologies to enhance various specialized operations and increase their efficiency.



Positioning of SYMPREST within Shimz DDE

As part of our digital design strategy, we have developed an AI called “SYMPREST” to support structural review work for steel-frame construction in the early stages of design. We have also made it into a web application on the cloud and launched internal operations.

TOPICS

Mid-Term DX Strategy (2024-2026)

Advancement of Digital General Contractor Program through Choukensetsu

As a continuation of our digital strategy that was in place through the previous fiscal year, we have formulated the Mid-term DX Strategy (2024-2026), titled “Advancement of Digital General Contractor Program through Choukensetsu” based on the concept of “Shimz Digital General Contractor 2.0.” This strategy, integrated with the Mid-Term Business Plan (2024-2026), aims to transform the company into one that can generate forward-thinking value through the mindset of “Choukensetsu” and digital technology.



News Release
 Formulating a Mid-term DX Strategy (2024-2026)
<https://www.shimz.co.jp/en/company/about/news-release/2024/2024026.html>

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Special Content 3: Initiatives for Carbon Neutrality

Initiatives for Renewable Energy

Amidst the growing momentum towards achieving a zero-carbon society, we are committed to providing renewable energy and new value to our clients in various ways. We are accomplishing this through the construction of offshore wind farms using the self-propelled SEP vessel, BLUE WIND, and onshore wind farms utilizing the S-Movable Towercrane. We will continue our efforts for the realization of a zero-carbon society.

Offshore Wind Farms (SEP Vessel*)

Our self-propelled SEP vessel, BLUE WIND, boasts the world's largest class loading and crane capacity, enabling it to handle the construction of ultra-large offshore wind turbines. It allows us to engage in highly efficient construction with short construction periods. We completed four construction projects in fiscal 2023.

We are promoting carbon neutrality initiatives with BLUE WIND.

* Stands for Self-Elevating Platform.

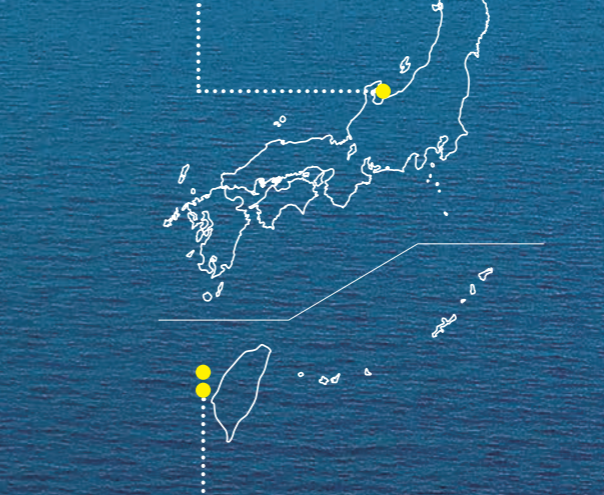
Fiscal 2023 Projects



Ishikari Bay New Port Offshore Wind Farm Construction Project
Scale: 112 MW (8 MW x 14 turbines)



Nyuzen-machi Offshore Wind Farm Construction Project
Scale: 9 MW (3 MW x 3 turbines)



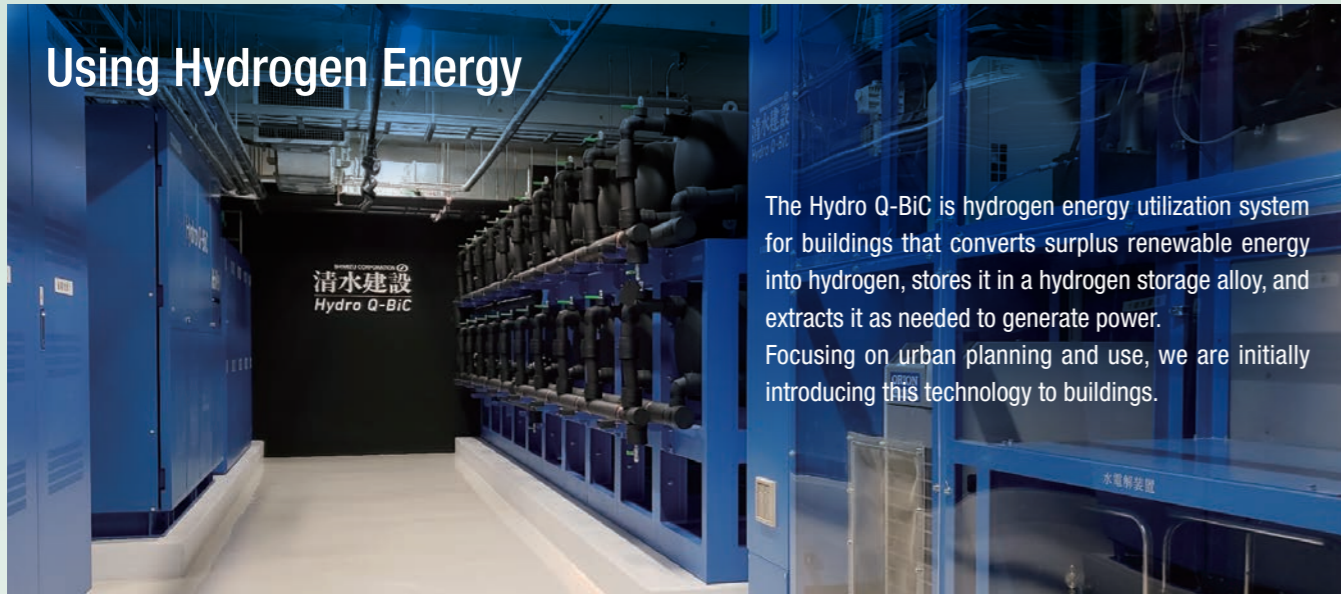
Yunlin Offshore Wind Farm Construction Project (Chartered)
Greater Changhua Offshore Wind Farm Construction Project (Chartered)



Onshore Wind Farms (Movable Tower Crane)

We have developed the S-Movable Towercrane, a movable tower crane designed to handle increasingly larger onshore wind turbines as demand for renewable energy continues to rise. This movable tower crane was designed for constructing onshore wind turbines, which stands independently on a cross-shaped base. For transportation, the base's legs can be removed, allowing the crane to be loaded onto a self-propelled multi-axle dolly. The fact that it can be dismantled and moved to the next construction yard in a short period of time gives it significant advantages in terms of construction period and costs. We are promoting carbon neutrality initiatives with S-Movable Towercrane.

Special Content 3: Initiatives for Carbon Neutrality



The Hydro Q-BiC is hydrogen energy utilization system for buildings that converts surplus renewable energy into hydrogen, stores it in a hydrogen storage alloy, and extracts it as needed to generate power. Focusing on urban planning and use, we are initially introducing this technology to buildings.

Susumu CO., LTD. Obama Plant

In addition to converting the produced hydrogen into electricity for the office area, it is also utilized as a process gas for manufacturing electronic components. Moreover, the cooling water from the hydrogen storage equipment is reused to produce pure water.



Susumu Obama Plant (Obama City, Fukui)

Tokyo Waterfront City Green Hydrogen Utilization Project

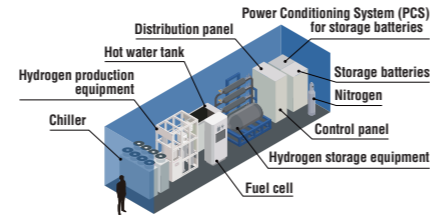
We will provide green hydrogen for a hydrogen co-firing boiler at a regional heat supply plant and provide electric power for lighting using green hydrogen and solar power generation.



Tokyo Teletop Center (Koto Ward, Tokyo)

EXPO 2025 NTT Pavilion

The Hydro Q-BiC Lite is a space-saving container that houses all the necessary equipment for the hydrogen supply chain, from production to consumption. The hydrogen produced and stored will be supplied from the NTT Pavilion to the Panasonic Group Pavilion.



Hydro Q-BiC Lite (package type)

ZEB Initiatives

Environmentally Friendly Retail Facility Making Use of the Rich Natural Environment of the Region



AEON Mall Toyokawa (Toyokawa City, Aichi)

At AEON Mall Toyokawa, various environmental technologies have been introduced to achieve a 54% reduction in primary energy consumption, making it the first large-scale retail facility in Japan to receive ZEB Ready certification. This facility was designed with the environment in mind, combining energy-saving and energy-generating technologies, such as utilizing daylight through high side windows strategically positioned using 3D simulations and a natural ventilation system that takes advantage of the building's form. Together with the emergency generator and solar power generation, it is able to provide a continuous power supply in the event of a disaster. It also plays a role as a regional disaster prevention base. AEON Mall Toyokawa (Toyokawa City, Aichi) received the Minister of the Environment Award for the Creation of a Zero Carbon City.

Retail Electricity Business

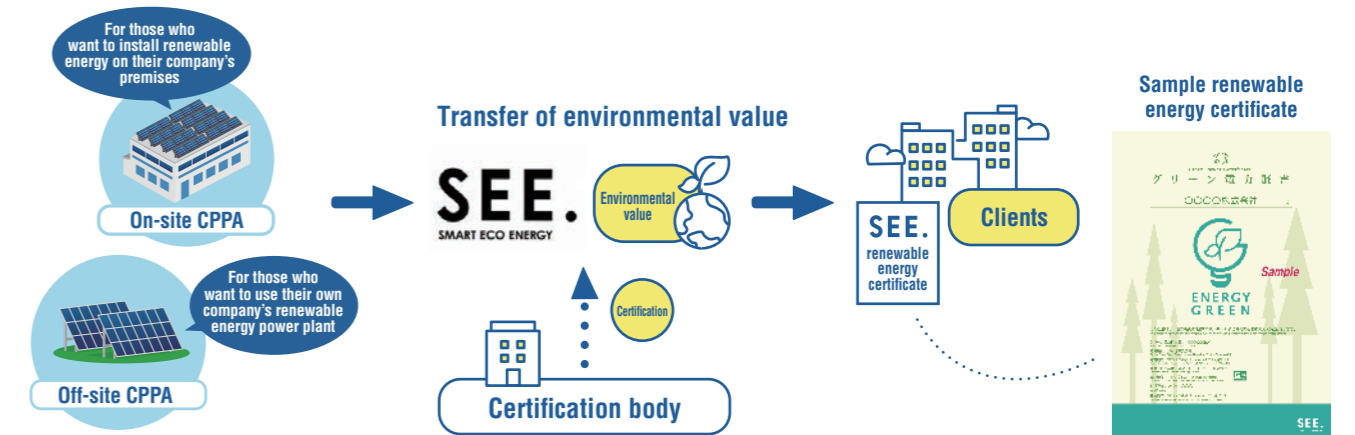


NITTO KOGYO Seto Plant (Seto City, Aichi)

We deliver CO₂-free green electricity to our clients through our wholly-owned subsidiary, Smart Eco Energy Co., Ltd (SEE.), which is engaged in the electric power retail business based on renewable energy. Combining our own power generation facilities with non-fossil and green power certificates, which we procure from external renewable energy sources, we carefully address our clients' environmental needs. At NITTO KOGYO CORPORATION, the green electricity generated by the solar power system installed on the roof and grounds of the Seto Plant is used for in-house consumption and also supplied to the Nakatsugawa Plant, located in a remote area. Through SEE., we ensure a stable, long-term supply of green electricity, including supplementing any shortfall from solar power generation.

Sale of Renewable Energy Certificates

A renewable energy certificate certifies the environmental value contained in electricity generated from renewable energy, allowing it to be traded on the market.



Comments from an Outside Director

While companies must strive for carbon neutrality as part of their social responsibility, this also presents an opportunity for business expansion. In the construction industry, there are two key aspects to consider: implementing measures within the core construction business and leveraging the global shift towards energy transition to explore new related ventures outside of the core business. In both scenarios, I believe the key word is "hydrogen." Shimizu commercialized the Hydro Q-BiC, a hydrogen energy utilization system for buildings, developed in collaboration with the National Institute of Advanced Industrial Science and Technology. Additionally, the Company is consolidating its previously dispersed hydrogen-related technologies at the Smart Innovation Ecosystem NOVARE. I believe that the key to future business success will be how effectively it can visualize and present these technologies. To further expand the potential of hydrogen, it is crucial not only to advance development as a single company but also to promote joint development and dissemination through industry-government-academia collaboration. It is important to differentiate between areas where the Company can compete with its unique technology and those where it can grow its business by collaborating with other companies.



Junichi Kawada
Director



Left: Azabudai Hills Residence A, Right: Azabudai Hills Mori JP Tower (Minato Ward, Tokyo)

Contributing to the achievement of SDGs through business activities



Building Construction Business

We will develop our business by understanding and meeting the essential needs of an increasingly diverse society while also pursuing technology and quality and working to build a more dependable production system.

In our Domestic Construction Business, we aim to boost profitability by continuously identifying the essential needs of our clients and society and providing new value. To achieve this, we will focus on identifying promising markets, creating proposals that address essential needs, and taking projects with an emphasis on profitability. We will also leverage our technologies, including those used in high-rise construction, and evolve into a Digital General Contractor that utilizes ICT and AI. Additionally, we will work on developing a more reliable production system. We will share the appeal of new monozukuri with a diverse range of stakeholders and promote our business as a unified group and supply chain.



Tatsuya Shinmura
Executive Vice President and Representative Director
Executive Vice President and Executive Officer Director, Building Construction Headquarters, In charge of Productivity Improvement, Nuclear Business, Building Construction Headquarters and Smart City

Key Strategies

We will focus on initiatives to pursue technology and quality and improve profitability in the Building Construction Business and realization of a sustainable construction industry.

1. Shift to a highly profitable business structure

- Proper order volume management and order acceptance decisions that prioritize profitability by clarifying policies for each project
- Securing quality and safety, the foundation of monozukuri, and improving the accuracy of cost and process management

2. Rebuild a production system that allows the pursuit of the appeal of monozukuri

- Improving site capabilities through the active use of digital technology and strategic allocation of talent
- Improving the ability to carry out projects that involve group companies and the supply chain
- Further cultivation of DE&I (Diversity, Equity & Inclusion)

- Securing reasonable construction periods with eight days off plus a little extra in every four-week period

3. Identify promising markets and enhance adaptability

- Apply our capabilities and technologies in taking no super large-scale projects
- Expansion of the revenue base through strategic acceptance of orders for renovation work and strengthening the structure
- Expansion of orders through proposals that leverage both traditional and cutting-edge technologies (environment, disaster prevention, wooden architecture, smart cities, nuclear power, etc.)
- Building sales and order acceptance strategies in line with the local economy

Strength

- Competitive edge in winning contracts that comes from our nationwide sales base, extensive track record, and advanced proposal capabilities
- Development of advanced technical skills that continue to evolve, including high-rise buildings, semi-conductors, and data centers
- Development of the ability to carry out projects together with group companies and the supply chain
- Provision of reliability and satisfaction with a spirit of service to meet client needs
- Comprehensive strength backed by talent with devotion and a spirit of innovation as well as technological diversity

Measures to Resolve Current Issues

- Ensuring safety and quality through meticulous management
- Managing appropriate business volume and ensuring profit levels
- Achievement of contract terms that result in a fairer sharing of risk
- Securing and developing outstanding talent and strengthening organizational capabilities by creating a workplace environment that accommodates diverse work styles
- Securing a workforce for the future through improved treatment and development of skilled workers

TOPICS

Realizing a High-level Balance Between Quality and Cost SSG Construction Method: Achieving Buildings that Resemble Glass Sculptures

We completed construction of Tokyu Plaza Harajuku "Harakado", a new landmark for Harajuku, in August 2023. The SSG construction* method enabled us to create this glass-like structure. We have been utilizing this method since completing Tokyu Plaza Ginza, which features an exterior inspired by Edo faceted glass, in 2016. Over the past five years, we have honed our skills on projects totaling over 10,000 square meters, including the Tokyo International Exhibition Center (South Exhibition Hall), MEBKS TOYOSU, and Toranomon Hills. Specifically, the SSG construction method was proposed for building the glass facades, which cover over 5,000 square meters, at Azabudai Hills A district (Azabudai Hills Mori JP Tower) and C district (Garden Plaza). These projects were completed in July 2023. The adoption of this method helped us achieve a high level of balance between quality and cost. We will continue to develop and improve the SSG construction method as we pursue building glass facades of even greater difficulty.

* Structural Sealant Glazing: A construction method of bonding glass and exterior sash with a special sealant (structural sealant).



Tokyu Plaza Harajuku "Harakado" (Shibuya Ward, Tokyo)

Helping Pass on a House of Prayer to Future Generations by Preserving and Renovating an Historic Building

St. Luke's Chapel at St. Luke's International University is an historic building constructed by Shimizu Gumi in 1936. Access was restricted in 2018 after small pieces of the ceiling fell. However, following preservation and renovation work, the building has reopened for the first time in five years. Now, it stands as a safe and secure structure, continuing its long-standing tradition. During this renovation, the ribs were reinforced to be more earthquake-resistant. Some of the original ceiling materials were preserved, and the entire ceiling was then painted to blend seamlessly with the overall design. The damaged stained glass and rose window were repaired, and a safety net was installed on the inside to prevent them from falling to the ground. The chapel, carefully designed with safety in mind, will continue to serve as a house of prayer.

We will continue to leverage our extensive construction track record and advanced technology in renovation work to meet a wide variety of needs.



St. Luke's International University St. Luke's Chapel (Chuo Ward, Tokyo)

Passing Down Traditional Wooden Architecture Techniques and Showcased Reconstruction

This was our third time to be involved in construction work at Shurijo Castle, following the Great Restoration of the Showa Period and the Heisei Period Restoration. The restoration and maintenance work on the Shurijo Castle Main Hall will reach its peak around July 2024. Many young skilled construction workers will be participating so that the skills of traditional wooden architecture can be passed down. We aim to complete the work in the fall of 2026, bringing together the skills of artisans at each stage of the process.

The theme of the current restoration work, as outlined by the government, is "Showcased Reconstruction." A viewing area has been set up for the public to observe the ongoing construction work to restore the Main Hall at Shurijo Castle, offering a unique opportunity to see the restoration process in action.

We will continue to pass on our traditional architectural techniques, which are our roots, to the next generation. Additionally, we will contribute to the preservation, repair, and restoration of cultural heritage by utilizing the expertise we have developed.



Shurijo Castle Main Hall Reconstruction Project (Naha City, Okinawa)
Inside the temporary building where the construction of the wooden framework for the roof interior is progressing

* Photo as of March 2024



News Release
Theatre Professionals and Facility Development Professionals
Collaborate on Entertainment Feasibility Assessment
<https://www.shimz.co.jp/en/company/about/news-release/2023/2022080.html>



Sengosawa Dam redevelopment project (Ishikawa Town, Fukushima) Implementation of a project with a flood control function using a labyrinth-type flood discharge gate

Contributing to the achievement of SDGs through business activities



Civil Engineering Business

In the Civil Engineering Business, we contribute to the realization of safe, secure, and abundant living for everyone through the development of social infrastructure such as roads, railways, and water and sewer systems.

We will address society's demands for disaster prevention and mitigation, as well as national resilience, in response to the increasing frequency and severity of natural disasters. At the same time, we will appropriately respond to the dynamic changes in the environment surrounding the Civil Engineering Business, including measures to manage aging infrastructure and initiatives to achieve carbon neutrality. We will build a stable revenue base and develop social infrastructure under a system of reliable quality control and safety management. We will strive to meet the construction needs of society and our clients and solve their problems by developing and implementing new technologies and expanding our business into new fields.



Kentaro Ikeda

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

Key Strategies

Initiatives to pursue technology, quality and profit improvement in the Civil Engineering Business and realization of a sustainable construction industry

1. Build a stable revenue base

- Enhance the capabilities of sales, design-build organizations
- Make order acceptance decisions based on business activities that emphasize profitability and stricter pre-order screening
- Improve the accuracy of quality assurance, cost management, and process management through production process reform

2. Build a production system that allows the pursuit of the appeal of monozukuri

- Boost the number of civil engineers and systematically develop talent to establish a reliable production system
- Improve site capabilities through strategic allocation of talent by specific job category and field

- Improve productivity through the promotion of technological development using DX, ICT, and AI and their early implementation and establishment at sites
- Improve the ability to carry out projects that involve group companies and the supply chain
- Increase work efficiency by securing a reasonable construction period with eight plus days off every four weeks and utilizing DX

3. Strengthen the ability to address promising markets with the aim of improving profitability

- Contribute to national resilience through the construction of high-quality infrastructure
- Roll out development technologies and expand orders in the infrastructure renewal market
- Improve the technological competitiveness of facilities related to renewable energy

Strength

- Accumulate an extensive track record of construction in large-scale, high-difficulty projects
- Realize high quality through advanced construction technology and a reliable production system
- Achieve high productivity through efficient construction and management using DX and ICT
- Contribute to the field of renewable energy, such as wind and hydroelectric power generation
- Collaborate with group companies in large-scale expressway renewal

Measures to Resolve Current Issues

- Secure the revenue base through the continuous receipt of orders for large-scale, high-difficulty projects
- Maintain and build a reliable production system by securing and developing outstanding talent
- Further utilize DX and ICT, and develop/implement labor-saving and automation technologies
- Accumulate technical skills in the field of offshore wind power and expand orders
- Achieve synergy through strengthened collaboration with group companies

Completion of Construction of S-Movable Towercrane, the Largest Mobile Tower Crane in Japan for Constructing Onshore Wind Turbines

With the recent growth in demand for renewable energy, onshore wind turbines are becoming taller and larger.

In order to meet this demand, we have developed the S-Movable Towercrane jointly with SC Machinery Corp. and IHI Transport Machinery Co., Ltd.

The S-Movable Towercrane is a mobile tower crane designed for constructing onshore wind turbines. It stands independently on a cross-shaped base. Once the wind turbine is constructed, the crane can be easily loaded onto a self-propelled multi-axle dolly for transport by lowering it and detaching the legs from the base.

With a maximum lifting height of 152 meters and a rated load of 145 tons, it boasts the largest and highest performance* of any self-supporting tower crane in Japan. It is capable of handling the construction of large onshore wind turbines in the 5-6 MW class.

We seek to become a leader in the construction of wind power generation facilities, using this tower crane and BLUE WIND, the world's largest class SEP vessel, to gain a foothold.

* As of June 2024



Construction using the largest mobile tower crane for onshore wind turbine construction in Japan

Increasing the Flood Control Capacity of Existing Dams Nomura Dam Under Construction

Nomura Dam is a multipurpose dam completed in 1982, located in the uppermost reaches of the Hiji River, a first-class river in Ehime Prefecture. In the wake of the heavy rains in July 2018, a project was planned to improve the existing dam by adding a spillway to boost its flood control capacity. We received the order for this project, via the Early Contractor Involvement (ECI) method, in 2021 and has been working on the construction since February 2023.



Nomura Dam construction (Seiyo City, Ehime)

In redevelopment work carried out while the existing dam is in operation, a cofferdam made up of steel components called sluice gates is required to temporarily block off the river water in order to reliably construct the underwater structures. In this construction project, we are attempting to improve work efficiency and reduce labor by introducing Japan's second floating upstream cofferdam.

We will contribute to disaster prevention and mitigation in the region and to increasing national resiliency while ensuring safety and aiming for the earliest possible completion of the dam.

Rainwater Drainage Facilities to Protect the Lives of People in Disaster Areas Ishinomaki Central Drainage Pump Station Completed

The Ishinomaki Central Drainage Pump Station was constructed as part of a project to address potential flooding caused by widespread land subsidence in the city following the Great East Japan Earthquake. Shimizu managed the construction over a five-year period, starting in 2018.

The underground structure of the pumping station was built using the pneumatic caisson method, the largest of its kind in Japan, featuring a convex plan shape (planar area: 3,350 m², depth: approximately 40 m). Despite the high level of difficulty, the project was completed in just one year. The storm water main leading into the pumping station was constructed using the slurry shield method. Despite the rapidly changing geological strata, we safely completed the work thanks to the innovative design of the shield machine's cutter head.

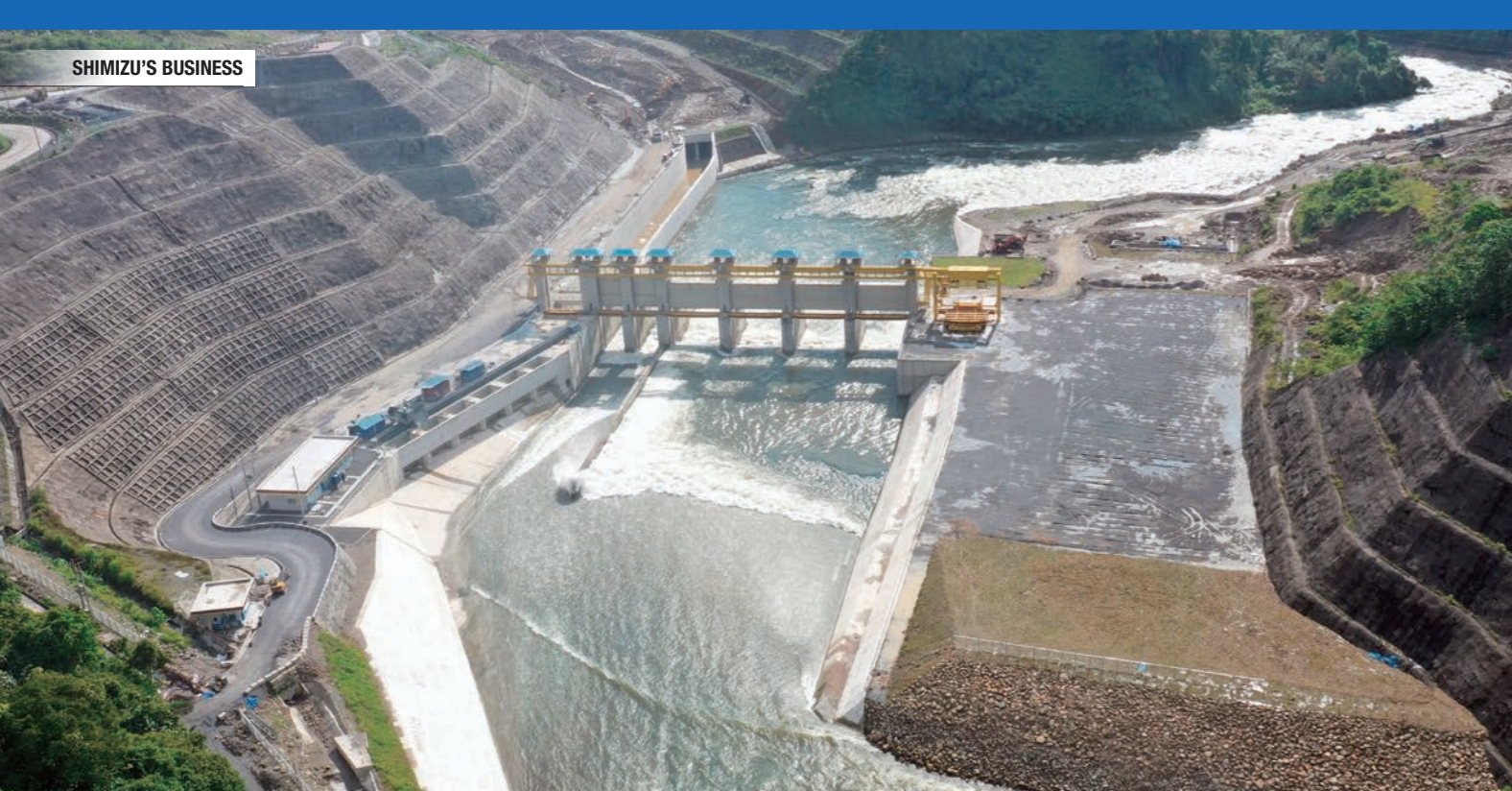
The completion of this pumping station has reduced the risk of flooding in the region and has helped to ensure people's safety and security.



Ishinomaki Central Drainage Pump Station (Ishinomaki City, Miyagi) Exterior (top) and interior (bottom)



Business Topics
The Frontlines of Dam Construction
The Era of Comprehensive Dam Construction
(New Construction and Redevelopment)
<https://www.shimz.co.jp/en/topics/civil/item03/>



Asahan No. 3 Hydroelectric Power Plant (Indonesia)

Overseas Construction Business

Contributing to the achievement of SDGs through business activities



Backed by the technological and proposal capabilities we have cultivated as a general construction company and the business foundations we have built in various countries, we deliver timely and regionally-oriented solutions.

It has been half a century since we began our full-scale entry into overseas markets. To date, we have provided various services worldwide, not only in the construction field but also in investment & development and engineering. In that process, we have established a business infrastructure and human resources in each country. The next theme will be achieving regionally driven operations. We are working on reform in our organization so that our bases in each country can respond swiftly to client needs in a regionally driven manner while leveraging our integrated strengths. Meanwhile, we are also accelerating tie-ups with local partners. We will continue pursuing our mission of further enhancing the added value we provide to society and our client in each country.



Hitoshi Fujita
Managing Officer
Director, Global Business Headquarters

Key Strategies

Enhancing our business platform and sustainable and stable business development appropriate for each country and region

1. Enhancing business platform by making each regional office self-determining

- Strengthen the human resources and organizational capabilities of each country's regional office and appropriately transfer authority
- Implement governance appropriate to the characteristics of the region, business, and organization
- Strengthen the award-acceptance capability and the production system by promoting collaboration with local partners

2. Sustainable and stable business development appropriate for each country and region

- Optimal allocation of management resources to markets with high growth potential

- Optimal local business activities based on assessment of business opportunities and risks
- Improve ODA project initiatives and expand the number of countries where we operate
- Accelerate business development through alliances and M&As

3. Diversify revenue sources

- Expansion of fee businesses such as CM and consulting
- Pursue synergy with process EPC, renewable energy, environmental remediation, and others
- Strengthen collaboration with Real Estate Investment and Development Business

Strength

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

Measures to Resolve Current Issues

- Promote business strategies focused on each country's market
- Provide flexible client support via each regional office
- Propose in-depth solutions by leveraging organizational capabilities
- Ensure and improve construction quality

TOPICS

Meeting Client Expectations with Technological Capabilities and Integrated Strengths (Building Construction)

We will continue to focus on design-build projects for office buildings and production / logistics facilities, which is where our strength lies. At the same time, we are actively working on in-demand projects that require high building performance, such as semiconductor production facilities, data centers, and medical and research facilities. We will accomplish this by combining our technologies, experience, and expertise in Japan and overseas. Accurately addressing our clients' increasingly diverse and complex needs, we will respond flexibly via our regionally based sales capabilities and production system in close collaboration with our business partners in each country and region. We also seek to strengthen our competitiveness and profitability. This includes sustainable and stable business development in the countries where we have set up operations—achieved by making regional office self-determining—and the advancement of our global operational platform.



Pan Pacific Claymore Hotel (Singapore)



Perspective Completion of Q&B Food, Inc. Tennessee Factory (United States)

Contributing to the Growth of Asia and Africa Through Infrastructure Construction (Civil Engineering)

We have worked on many infrastructure projects throughout Asia and Africa that have been arising in conjunction with economic growth and urbanization. Looking at transportation infrastructure in particular, we constructed the first subways (MRT^{*1}) in Indonesia and Vietnam. In the Philippines, we built and expanded a new LRT^{*2} railway yard.

We continue to work on many projects. In the Philippines, construction of the country's first subway is underway, and in Indonesia, the second phase of the MRT North-South Line is under construction now that the first phase is complete. We have road improvement projects underway in Uganda and Cote d'Ivoire in Africa. Apart from transportation infrastructure, we recently completed the construction of the Asahan No. 3 Hydroelectric Power Plant on the Indonesian island of Sumatra.

We will continue contributing to infrastructure construction, deploying Japanese technology and knowledge and employing and training local human resources along the way.

*1 MRT stands for Mass Rapid Transit.

*2 LRT stands for Light Rail Transit.



Manila Metro CP101 (Philippines)



News Release
Contract Awarded to Improve the Water Supply System in Biratnagar, Nepal's Third Largest City
<https://www.shimz.co.jp/en/company/about/news-release/2024/2024007.html>



News Release
First Permanent Office in Sub-Saharan Africa
<https://www.shimz.co.jp/en/company/about/news-release/2024/2023058.html>



News Release
Davao City Bypass Construction Project Package I-1 Enters Peak Phase
<https://www.shimz.co.jp/en/company/about/news-release/2023/2023048.html>



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



Nagoya Shimizu Fukoku Seimei Building (Nagoya, Aichi) Front of the building

Open ceiling

Contributing to the achievement of SDGs through business activities



Kounari Yotsumoto
Executive Officer
Director, Investment and Development Div.

Investment and Development Business (Real Estate Development Business)

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.

Aiming to build a real estate value chain and expand our recurring revenue model businesses through group collaboration, we began forming and managing private REITs in 2023 and launched a private fund business in 2024. We will continue to prioritize sustainable management in our business planning while also pursuing new growth fields and reforming our business promotion structure to expand our businesses and enhance our earnings power.

Key Strategies

Aiming to build an optimal portfolio by leveraging the technology and comprehensive capabilities of the Shimizu Group, promote real estate development business that generates stable earnings

Domestic

- Expanding business domains and diversifying assets by pursuing new growth fields
- Promote value-add investments in existing buildings
- Increase the value of real estate brands such as i-MARK, S-LOGI, and VIEQU
- Extend the real estate value chain through intra-Group collaboration
- Create new business models by adopting innovative funding methods
- Add more functions and expand regions through business alliance and M&A

Overseas

- Achieving more efficient business operations and development through stronger collaboration with local partners
- Initiatives for revolving businesses
- Asia**
 - Business development that leverages the strengths of the network and other resources that Shimizu has cultivated to date
- North America**
 - Building a portfolio with a narrowed target by area, asset type, etc.

Strength

- Extensive domestic and international sales network built over the course of our 220-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

Measures to Resolve Current 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

Nagoya Shimizu Fukoku Seimei Building Completed Full-scale Operations Began in May

The Nagoya Shimizu Fukoku Seimei Building, a joint project of Shimizu Corporation, Fukoku Mutual Life Insurance Company, and Shimizu Comprehensive Development Corporation, was completed in March 2024. The tenant companies began operations in May. With the concept being a super eco-friendly office tailored to diverse working styles, this building creates a workplace suited to the working styles of the new normal and promotes energy efficiency, conservation, and creation. It is also ZEB Ready-certified for environmental performance. In addition, the building's electricity needs are met by the purchase of green power, resulting in net zero CO₂ emissions for the entire building. This building is scheduled to house the Nagoya Branch of Shimizu Corporation, the Nagoya Branch of Fukoku Mutual Life Insurance Company, and the Tokai Division and Nagoya Sales Office of Shimizu Comprehensive Development. It will become a core business base for the Shimizu Group and Fukoku Mutual Life Insurance Company in the Chubu region.



Shared lounge (top floor) at Nagoya Shimizu Fukoku Seimei Building (Nagoya City, Aichi)

Joint development of a 750-room hotel in Urayasu City, Chiba Prefecture Construction Started on the Maihama Hotel Project (Tentative Name)

Construction of the Maihama Hotel Project (tentative name), a joint venture between Mitsubishi Estate Co., Ltd. and Shimizu, began in July 2023. It is a large hotel with 750 rooms, one of the largest in the area, located within walking distance of a large theme park and about a five-minute drive from JR Maihama Station. It will be operated as a Royal Park Hotel by Mitsubishi Estate Hotels & Resorts Co., Ltd., and the room configuration is designed to accommodate four to six people, catering to the needs of families and groups.

By integrating design-build, investment, and development, we aim to secure profits through real estate development and management while also being environmentally friendly (acquiring ZEB Ready certification). We also hope to contribute to the local tourism industry and strengthen



Maihama Hotel Project (tentative name; Urayasu City, Chiba) conceptual perspective drawing

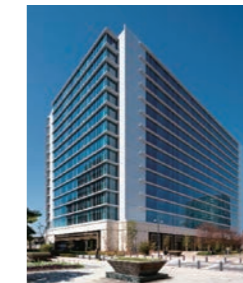
our relationships with the various companies involved in hotel management and operations.

* Schedule
Completion: October 2025
Opening: January 2026

Shimizu Real Estate Asset Management Corporation (SRA) Obtains New Licenses and Permits for New Business Model Initiative

SRA began managing private REITs in January 2023, and the asset size has been steadily increasing. SRA established an Investment Advisory Department and, after receiving new approval from the Financial Services Agency, launched a private fund business in April 2024. This will enable us to strengthen the real estate management business of the Shimizu Group, led by Shimizu Corporation, and enhance overall group management, driving further business growth. As a first step, it started managing the Shinjuku San-Ei Building after receiving the transfer of asset management operations from Shimizu Corporation in June 2024. We will continue to promote our new private fund business and further expand our fee business.

SHIMIZU REAL ESTATE ASSET MANAGEMENT CORPORATION



Yokohama i-Mark Place (Yokohama City, Kanagawa)



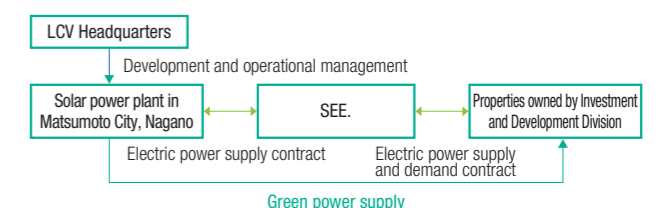
S-LOGI NIIZA WEST (Niiza City, Saitama)

Green Power Introduced Utilizing Proprietary Off-site Corporate PPA

In August 2023, we started supplying green power from solar power generation through an off-site corporate PPA to four properties owned by our headquarters: the Nagoya Fushimi i-Mark Building, Ginza Shimizu Building, Iidabashi i-MARK ANNEX, and Kanda SP Building. The solar power plant introduced through this PPA was developed in Matsumoto City, Nagano Prefecture. All the electricity it generates is being used at the aforementioned properties.

As part of the carbon neutral measures set out in the Group's environmental vision SHIMZ Beyond Zero 2050, we have set a target of introducing 100% green power at the properties we develop and own in Japan* by 2030. We will continue to introduce green power to other properties we own to contribute to the realization of a zero-carbon society.

* Office buildings and logistics facilities where our ownership share (including management authority; the same applies hereafter) is over 50% and we have the authority to manage power supply and demand



How off-site corporate PPA works



Construction of wind turbines at the Ishikari Bay New Port Offshore Wind Farm (within the Ishikari Bay New Port Harbor, Hokkaido)

Engineering Business

Contributing to the achievement of SDGs through business activities



We support the creation of a zero-carbon society and the development of safe, secure, and healthy living environments through engineering. This includes GX using renewable energy facilities and DX through the shift to smart buildings and towns.

We will continue to work to expand and strengthen the four core fields of Energy, Environmental Purification, Plants, and Information to increase and stabilize our revenue. We will also strive to utilize the potential of these divisions without limiting ourselves to the existing framework to cultivate new businesses and create value that exceeds the expectations of society and our clients.



Yutaka Shimizu
Executive Officer
Director, Engineering Headquarters

Key Strategies

Focusing on renewable energy, environmental purification, and plants for advanced/strategic products, as well as DX solutions, to realize a zero-carbon society, safe and secure living environments, and changes in work styles

1. Accurate understanding of growth markets and strategic initiatives to expand business scale

- Secure orders for domestic and overseas wind power generation projects amid intensifying competition
- Establish purification technology for new environmental pollutants and promote its commercialization

2. Stabilization of earnings through business activities that are conscious of the appropriate business volume and portfolio

- Strengthen the sales and execution system through external collaboration with companies in different industries, venture companies, and others
- Secure human resources in a way that is not affected by changes in employment conditions or unexpected inflation

3. Maintain a growth trajectory and promote expansion into growing domains

- Engage in strategic business development that makes the most of our advantages in each field, including energy, environmental purification, plants, and DX
- Strengthen the process EPC business, expand the SEP chartering business, and commercialize PFAS purification technology as part of promoting the Global Business

Strength

- Accumulate experience in constructing Japan's largest class of 8 MW wind turbines using our self-propelled SEP vessels and in the chartering business
- Plant turnkey orders for pharmaceuticals, food, chemicals, semiconductors, etc.
- Develop technology to purify groundwater and soil contaminated by new environmental pollutants
- Engage in a DX solutions business that addresses facility use and client needs

Measures to Resolve Current Issues

- Engage in EPC development of offshore wind power through optimal operation of our self-propelled SEP vessels
- Promotion of plant engineering utilizing digital twin
- Implement efforts to clean up PFAS pollution in the U.S.
- Expansion of DX solutions utilizing building OS (DX-Core)

TOPICS

Energy Field Offshore and Onshore Wind Power Initiatives

We are working on EPC for offshore wind power using our company's SEP vessel, BLUE WIND. We constructed three 3 MW wind turbines off the coast of Nyuzen, Toyama Prefecture, in a short period of time as the first project for BLUE WIND. Next, at Ishikari Bay New Port in Hokkaido, we constructed Japan's first 8 MW wind turbines (14 of them). In the field of onshore wind power, we constructed an expansive onshore wind power facility in Nagasaki Prefecture. It consists of about 13 kilometers of transmission lines and eleven 3.6 MW wind turbines.



Hirado-Minami Wind Power Plant South Site (Hirado City, Nagasaki)

Environmental Purification field PFAS Contaminated Soil Purification Testing Conducted in the U.S.

To verify the effectiveness of our unique soil purification technology on soil contaminated with PFAS, which is known to be harmful to the human body, we are conducting demonstration tests for soil purification using actual contaminated soil in the U.S. We hope to apply our contaminated soil purification technology in the U.S., which is ahead of Japan in terms of legislation. We will apply the technology to land where it is possible that fire-fighting foam containing PFAS was sprayed over a wide area and workplaces that manufactured or used PFAS.



Soil sampling work for test (in the U.S.)



News Release
Shimizu Commences PFAS-contaminated Soil Remediation Testing in the United States
<https://www.shimz.co.jp/en/company/about/news-release/2023/2023025.html>

Plant Field Advancements and Diversification in Food Factory Initiatives

We provide turnkey engineering services that take into account the production facilities and buildings of factories involved in the food, pharmaceuticals, semiconductors, and other industries. In the field of food factories, we have built production facilities that enable highly efficient, advanced quality management, taking into account the optimal working environment, in collaboration with our clients. The concept of these facilities is a factory that can respond to changes in clients needs. We will make proposals to optimize the value of facilities by making continuous use of the "Growing Factory."



Yamasa Corporation Shiga Ryuo Plant
Manufacturing tanks and automatic raw material supply equipment (Gamo County, Shiga)

ICT Field Improving Hospital Management with DX of Outpatient Services

We are working on DX solutions that utilize our DX-Core building OS to meet the diversifying needs of our clients. In the hospital outpatient field, we developed a solution for efficient patient flow and optimal staff allocation by visualizing the status of congestion in the waiting area and the use of examination equipment. We will verify the effect of improving hospital management profitability by offering improved convenience and services to patients, and then roll it out to general hospitals nationwide.



Outpatient DX Solution Monitoring Room, Omi Medical Center (Kusatsu City, Shiga)



News Release
SEP vessel "BLUE WIND" to Support the Offshore Wind Farm Market in Taiwan
<https://www.shimz.co.jp/en/company/about/news-release/2023/2023027.html>



Oguni Town, Kumamoto farm-based solar power plant (Oguni Town, Kumamoto)

LCV

Contributing to the achievement of SDGs through business activities



We will contribute to achieving carbon neutrality in society by providing green energy.

Renewable Energy Power Generation Business

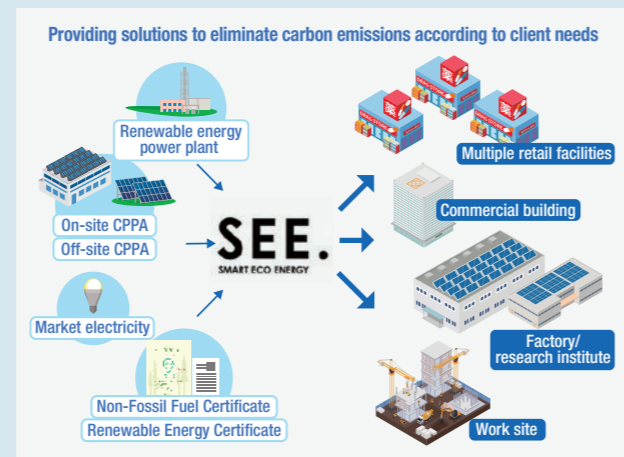
We are actively engaged in renewable energy projects, with a particular focus on solar power generation. In Tsukuba City, Ibaraki Prefecture, and Oguni Town, Kumamoto Prefecture, we are implementing a solar power generation project that involves installing solar panels on agricultural land using elevated supports. This allows for the cultivation of crops like sakaki, shiitake mushrooms, and grass beneath the panels. By continuing farming activities and revitalizing abandoned farmland, we contribute to the promotion of local agriculture while simultaneously generating green energy. This dual approach supports the realization of a carbon-neutral society.



Tsukuba farm-based solar power plant (Tsukuba City, Ibaraki)

Providing Green Electric Power Solutions

SEE. provides green electricity generated by non-FIT renewable energy sources, such as solar and biomass power plants, along with renewable energy certificates representing the environmental value of non-FIT energy. Its efforts contribute to the realization of a sustainable, decarbonized society that prioritizes environmental responsibility. The company also provides customized decarbonization solutions to meet the diverse needs of its clients, including commercial facilities with multiple locations, factories, research facilities, and office buildings, supporting their environmental management goals.



Diverse decarbonization solutions of SEE.



Illustration of small rocket launch, Image courtesy of SPACE ONE CO., LTD. (left) GREEN FLOAT II (right)



Contributing to the achievement of SDGs through business activities



Frontier Business

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

Space Development

Promoting Businesses Utilizing Satellite Data

We provide a service of automatically measuring and analyzing structural displacement with high-precision and low cost using our proprietary satellite positioning analysis technology. We will promote its application in construction management and other areas. We will also contribute to creating a safe and resilient society by developing a dynamic monitoring system that combines the synthetic aperture radar analysis technology of Synspective, a company we have invested in, with our satellite positioning analysis technology.



QuartetS GNSS dynamic observation system



Strix, a small SAR satellite (Synspective Inc.)

Ocean Development

Activities for the Realization of GREEN FLOAT

To address social issues like rising sea levels due to global warming and land shortages caused by urban population concentration, we are proposing “Float City,” a sustainable city floating on the sea with minimal environmental impact. To achieve this goal, we will focus on developing technology and creating markets for housing and energy-related facilities. As pioneers in marine city development, we will contribute to the sustainable development of the earth and humanity by promoting a “Green City” that makes use of the sea.



Illustration of floating structure (marine commercial complex)

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 123 subsidiaries and 24 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 Associated Companies

Key Strategies

Promoting Group management for sustainable growth and new business domain creation by maximizing Group synergy

1. Enhance competitiveness and profitability by promoting growth strategies at each group company

- Improve consolidated profitability by optimizing independent management and group synergy
- Promote new business development through expansion of human resources
- Ensure quality in the services provided by each company, which is the source of competitiveness and profitability

- Enhance intra-group collaboration and information sharing to improve Group solutions

3. Promote digitalization to improve productivity and strengthen talent management capabilities to secure and develop talent

4. Strengthen Sustainability Management at group companies and reform the corporate culture to combine the Analects and the Abacus (Ethics and Economics) and a spirit of innovation

2. Strengthen management foundation for steady business development in each business segment

- Promote M&A to acquire talents and technological/business expertise, diversify the revenue base, and expand the fields of activity

Main Group Companies in Japan



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

MARUHIKO WATANABE CONSTRUCTION, Inc.

2023 Hokkaido Red Brick Architectural Award Recipient

Hayakita Gakuen (Abira Town, Hokkaido), for which the company oversaw construction, received the Hokkaido Red Brick Architectural Award. The award aims to enhance architectural culture and promote community-based urban development. It recognizes creative buildings that contribute to the growth and development of local communities. Constructed in the town of Abira after the earthquake, the building was designed with the theme of a place where you can encounter the world. It serves as a center for learning and exchange for students, faculty, staff, and local residents.



Abira Town Hayakita Gakuen
(Abira Town, Hokkaido)

The Nippon Road Co., Ltd.



Tsuchiura Techno BASE (Tsuchiura City, Ibaraki)

Establishment of Tsuchiura Techno BASE for the Perpetual Evolution of Nippon Road as a Technology Company

As part of the project for its 100th anniversary coming up in 2029, Nippon Road launched operations at Tsuchiura Techno BASE, a comprehensive facility combining the Institute of Technology, Training Center, and Machinery Center, in April 2024. This initiative was based on the concept of achieving the perpetual evolution of Nippon Road as a technology company. The facility will serve as a training center where employees can continuously acquire the latest technology and skills. It will also act as a hub for disseminating information on various topics, including construction methods, products, and the history of the Nippon Road Group.

SHIMIZU BLC Co., Ltd.

Aiming to Become a Building Life Partner

The goal is to become a building life partner, staying close to our clients all over Japan and offering proactive solutions to address the increasingly diverse and complex operational and management issues they face. The company leverages its strengths to offer one-stop building management and renewal services. This includes renovations utilizing our design capabilities, the renovation and management of historic buildings, zero-carbon and disaster solutions, large-scale repairs of tower condominiums, and the management of offices, data centers, and hospitals. Through this, they will help enhance the asset value of a variety of buildings.



ELSA TOWER 55
(Kawaguchi City, Saitama)

MILX CORPORATION



Nihonbashi 1-chome Naka-area, pillar-front curing
(Chuo Ward, Tokyo)

Full Support System for Safety, Security, and Reliability

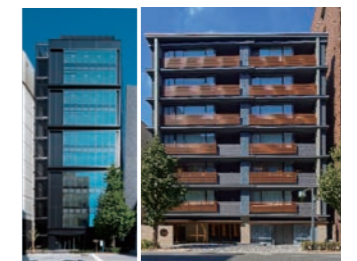
With several highly challenging, ultra-large projects either underway or in the planning stages, the company's nationwide equipment centers are actively involved from the beginning, supplying high-quality temporary construction materials and equipment. They provide full support to ensure all construction work is completed safely, securely, and reliably. In addition to promoting next-generation scaffolding to improve work efficiency, the company supports group companies with a wide range of services. These include the sale, rental, and leasing of construction equipment and materials, interior and rebar work, insurance agency services, security contracting, and travel agency services.

Shimizu Comprehensive Development Corporation

Providing High-grade Spaces Through the Development of Superior Properties and Appropriate Building Management

The company is actively developing condominiums for sale not only in the Tokyo metropolitan area but also in the Chukyo and Kansai regions. Additionally, it has ventured into the development of new logistics warehouse facilities. In the PM business, it has been entrusted with managing the Nagoya Shimizu Fukoku Seimei Building, in which they are also stakeholders, as well as the facilities.

They will address the diverse needs of the real estate market by managing a wide range of building assets, from offices to logistics facilities, and bringing in real estate consulting, brokerage, and in-house tenant leasing.



VPO Kyobashi Takaracho (Chuo Ward, Tokyo)
VC Kyoto Kawaramachi-Nijo (Nakagyo Ward, Kyoto)

CORPORATE PROFILE
MESSAGE FROM THE PRESIDENT
VALUE CREATION STORY
VALUE CREATION STRATEGY
SPECIAL CONTENTS
SHIMIZU'S BUSINESS
SUSTAINABILITY
GOVERNANCE
DATA COLLECTION

FaB-Tec Japan Corporation

2023 Infrastructure DX Award for Construction of the Upper Section of Kiriishi Viaduct on National Route 7

The company received the Minister of Land, Infrastructure, Transport and Tourism Award, the highest honor presented by the Ministry of Land, Infrastructure, Transport and Tourism, at the 2023 Infrastructure DX Grand Prix. To achieve highly accurate and efficient steel girder assembly, they developed a proprietary system that integrates a 3D laser measurement system with a system for adjusting configuration of pre-assembled structures. This innovation enhances site work efficiency, reduces manpower, and improves the overall accuracy of bridge erection.



Checking the system on the computer while measuring

SC Machinery Corp.

Professional Construction Machinery Operator

The company developed a high-precision GNSS Crane Anti-collision System using the Global Navigation Satellite System and launched its operation in September 2023. At construction site where multiple tower cranes and crawler cranes operate simultaneously, the system's status can be monitored from a smartphone or other device, contributing to site digital transformation (DX). In May 2023, they installed an onsite tower crane at the Tokyo Machinery Center to further enhance operator training.



Rental Large Tower Crane

Daiichi Setsubi Engineering Corporation

General Engineering Company for HVAC, Plumbing, Electricity, and More

Guided by its management principle of Comfortable Environment Creation, the company is dedicated to creating a comfortable living environment through HVAC, plumbing, and electrical work. They use various ICT tools to enhance quality and operational efficiency, and they also employ BIM for high-precision construction. They meet client needs throughout the entire lifecycle of their buildings, from constructing new facilities and handling additions and renovations to maintenance and performance diagnostics of existing facilities, and energy efficiency and conservation.



RKU Kashiwa Junior High School (HVAC and electrical work in classrooms) (Kashiwa City, Chiba)

Nihon Kensetsu Co. Ltd.

Providing Comprehensive Services from Design to Construction

The company designs and constructs office buildings, condominiums, and other projects (both new construction and renovation), primarily in the Tokyo metropolitan area. This work leverages the mobility unique to medium-sized general contractors and expertise accumulated over more than 70 years since its founding along with the experienced talent in charge as well as the collective strength of the Shimizu Group to provide services that earn the trust and meet the expectations of our clients.

VORT Toranomon II (Minato Ward, Tokyo) (left)
PROUD Yokohama Okano Ichhome (Yokohama City, Kanagawa) (Right)



SC PRE-CON CORP.

PCa Construction Method Creates Shimizu's Building Construction Works

The company contributes to building construction work with high-performance, high-quality precast concrete (PCa) products. At Juntendo Urayasu Hospital, they created an external frame that showcases the beauty of PCa. They used the same steel formwork for PCa manufacturing throughout the first three phases of construction to enhance manufacturing efficiency.

Juntendo Urayasu Hospital (Urayasu City, Chiba) features a sophisticated form utilizing PCa



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. With its advanced digital skills, the company supports client design and helps improve productivity.

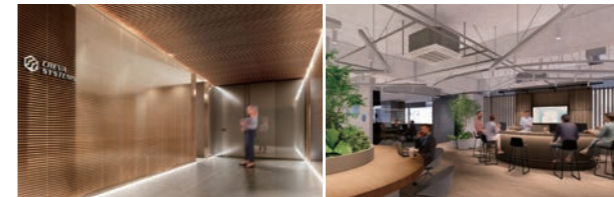


Shinjuku Subnade (Shinjuku Ward, Tokyo)

FIELD FOUR DESIGN OFFICE Co., Ltd.

Strengthening Initiatives for External Projects in Interior and Exterior Design

The company is strengthening its initiatives in external projects that address inbound facilities and office workstyle reform, for which high demand is expected. They are working to expand orders in the field of interior and exterior design, including office renovations for an IT company based on the concept of workstyle reform and a design competition for a client service facility to accommodate inbound visitors.



Creva Systems office renovation (Minato Ward, Tokyo)

Total Office Partner, Inc.

Providing Professional Office Services

The company provides services in six areas within various office settings: public relations and advertising, talent dispatch, personnel-related administrative services, procurement of office supplies and equipment, building management and operation, and references for construction documents and other materials. They strive to provide comprehensive solutions to client inquiries and continuously work together with them as partners.



Overseas Construction Management Recruitment Movie that won the 2024 Japan BtoB Advertising Award

Major Domestic Group Companies (as of March 31, 2024)

(Millions of yen)

Corporate Name		Lines of Business	Net Sales in FY2023
Building Construction-related businesses	SC PRE-CON CORP.	Manufacture, sale, and construction of precast concrete products	5,482
	SC Machinery Corp.	Construction machinery rentals	32,189
	SHIMIZU BLC Co., Ltd.	Building renewal and management business	70,684
	Daiichi Setsubi Engineering Corporation	Building facility construction contract work	16,268
	TECHNOLOGY NETWORK, INC.	Sale of building construction-related technologies and products	2,109
	Nihon Kensetsu Co. Ltd.	Building construction contract work	17,603
	FaB-Tec Japan Corporation	Steel frame and bridge fabrication contract work	38,001
	PD SYSTEM CORPORATION	Building design and management	5,407
	FIELD FOUR DESIGN OFFICE Co., Ltd.	Interior and landscaping design and supervision work	500
	MARUHIKO WATANABE CONSTRUCTION, Inc.	General construction, surveying, design, and drafting services	30,488
Development and real estate-related businesses	MILX Corporation	Sales and lease of construction equipment and materials and insurance brokerage business	34,771
	Shimizu Real Estate Asset Management Corporation	Real Estate Investment Management	497
	Shimizu Comprehensive Development Corporation	Development business, building management business, and lease brokerage business	25,542
Service-related businesses	MINATO JISHO CORPORATION	Real estate sales business and real estate leasing business	789
	Ohsaki Research Institute, Inc.	Research, development, contracting, and consulting for analysis methods required to design nuclear structures and other special structures	814
	CSP Japan, Inc.	Space development-related studies and consulting	29
	SHIMIZU AGRI PLUS Inc.	Contract work for garlic chive shipment preparation (mechanized removal of unnecessary leaves, weight reduction, and binding)	37
	Shimizu Finance Co., Ltd.	Money lending business	685
	Shinshu Wood Power Co., Ltd.	Sales of electricity generated from wooden biomass	564
	Tama Medical PFI Corporation	PFI for Tokyo Metropolitan Tama Medical Center and Tokyo Metropolitan Children's Medical Center	12,706
	Daiya Building Service Co., Ltd.	Building maintenance (cleaning, equipment, security, and upkeep)	2,100
	Total Office Partner, Inc.	Management of Shimizu Corporation head office building, public relations and advertising, clerical work, and personnel dispatch business	8,221
	Tomato Farm Co.,Ltd.	Strawberry cultivation and sales business	388
Nippon Road Group	The Nippon Road Co., Ltd.	Road construction and paving work	140,116
	ND LEASING SYSTEM CO.,LTD.	General leasing, development, and sales of computer software, etc.	7,303
	NDIC.co.,Ltd.	Insurance brokerage business	297
	kankoryokka Co.,Ltd.	Landscaping of parks, green spaces, gardens, etc.	539
SPORTS MEDIA inc.	Planning and management of sports facilities, etc.	454	

Sustainability Management

– Message from the Chairman –

Building a Sustainable Future

Yoichi Miyamoto

Chairman of the Board
and Representative Director

In the background is Former Shibusawa Residence in NOVARE (See P.34).

In regard to business management, the President and other executive officers manage our business. As Chairman, I support top sales and assist with important decision-making in overall business management. As Chairman of the Board of Directors, I also focus on strengthening corporate governance and improving the effectiveness of the Board. Furthermore, we are committed to building a sustainable future by fulfilling our social responsibilities as a leading company through external activities, including business and industry efforts, and social contribution initiatives.

As for external activities, in my role as Chairman of the Japan Federation of Construction Contractors, I have actively lobbied the government to address industry-wide issues. These include securing budgets for public works projects related to disaster prevention, mitigation, and national resilience, as well as measures for aging infrastructure. I have also advocated for ensuring appropriate contracts between contractors and clients, developing related regulations, setting appropriate construction periods, and reforming work styles to achieve a schedule with eight days off in each four-week period.

These activities are also tied to the revision of the so-called “Version 3 of Three Laws for Securing Construction Workforce,” including the recently enacted Construction Business Act. To enhance the sustainability of the construction industry, it is crucial to improve the compensation for engineers and skilled workers. We will continue to address various issues to make the industry more appealing to the younger generation, who will be the future leaders.

At the same time, we believe it is essential to help society and our stakeholders understand how our activi-



Shin Diversity Activities at Branch Offices

Activities at the Japan Federation of Construction Contractors

ties contribute to achieving the SDGs. This is important for advancing sustainability not only within the construction industry but also across society as a whole. The Sustainability Committee deliberates and decides on policies and priority measures related to the environment and human rights. It reports particularly important matters to the Board of Directors as needed, thereby strengthening our governance structure and advancing our sustainability management.

One of the key issues in sustainability management is promoting DE&I. To promote women's advancement, I have participated in the Shin Diversity Activities, 30% Club Japan, and the Male Leaders Coalition for Empowerment of Women. These efforts are aimed not only at supporting our female employees expected to take on an active role as managers and their supervisors but also at communicating our commitment and activities to those outside the company. As a top executive, I am actively conveying our dedication to these initiatives. Additionally, to support the active participation of people with disabilities, as a board member of the Accessibility Consortium of Enterprises (ACE), I focus on developing new employment models for people with disabilities that contribute to company growth.

In terms of corporate governance, guided by our corporate credo of The Analects and the Abacus (Ethics and Economics), we aim to build trust with stakeholders—including shareholders, investors, clients, employees, and local communities—by fulfilling our corporate social responsibility and exploring business opportunities. This approach is intended to achieve sustainable growth and improvement of corporate value over the medium to long term. To bring this about, we are making continuous improvements based on annual evaluations of the effectiveness of the Board of Directors, ensuring appropriate and legally compliant management that is highly swift, efficient, and transparent.

This fiscal year, to increase the effectiveness of the Board of Directors, we will focus on strengthening oversight of the Mid-Term Business Plan and other strategic action plans, enhancing discussions on the appropriate allocation of management resources, and expanding non-financial information disclosure. All directors will work to strengthen governance by actively participating in discussions to address issues and by implementing the PDCA cycle.

I will work to further strengthen our corporate governance and actively promote sustainability management alongside the directors elected at this fiscal year's General Meeting of Shareholders to build a sustainable future.

Sustainability Management

– Message from the Officer in Charge –

We will strengthen the coordination of various functions within the Shimizu Group to fortify our management foundations and realize “sustainability management” that harmonizes corporate social responsibility with the pursuit of business opportunities.



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

The Analects and the Abacus and Sustainability Management

As global social issues such as climate change and human rights concerns have become increasingly evident and serious in recent years, it has become essential for companies to manage their businesses with a focus on environment (E), social (S), and governance (G) factors to achieve long-term growth.

Shimizu’s credo, “The Analects and the Abacus (Ethics and Economics),” seeks to blend ethics with economics. This philosophy is rooted in the teachings of Eiichi Shibusawa, who served as our advisor during the Meiji and Taisho periods. The concept of The Analects and the Abacus—contributing to society through ethically sound corporate activities, resulting in fair profits and company growth—was proposed over 100 years ago. Today, this idea aligns perfectly with society’s expectations for sustainability management.

The Shimizu Group’s long-term vision, SHIMZ VISION 2030, outlines our commitment to contributing to society through our corporate activities. This includes fostering “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.”

Through our long-term vision, we also aim to contribute to the achievement of the SDGs, the global goals set for 2030.

Reflecting on the Previous Fiscal Year

In FY2023, we restructured our system, centering it around the newly named Sustainability Committee, which was formerly known as the SDGs & ESG Promotion Committee. The committee addressed seven items for deliberation and reported on 11 topics related to the Group’s ESG initiatives.

Main items for deliberation

- **Disclosure of nature-related information based on TNFD recommendations**
The Shimizu Group considers the impact of nature-related matters on our business to be an important management issue, on par with climate change. After multiple discussions, we disclosed nature-related information in accordance with TNFD recommendations in June 2024.

- **Traceability survey for procured materials**

As part of our human rights due diligence, we have identified materials procured in our business with high human rights risks and have begun conducting traceability surveys.

Evolution of Sustainability Management

The construction industry is expected to enhance security and safety in society while continuously providing new value. For companies to continue delivering value in an increasingly complex business environment, it is crucial to understand society’s needs through dialogue with various stakeholders and to reform management and business practices accordingly.

Until now, our group has used the term “ESG management” to promote our initiatives. However, in our Mid-Term Business Plan (2024-2026), we have adopted the term “sustainability management.” We will continue our efforts in the areas of environment (E), social (S), and governance (G), while also strengthening collaboration between our six internal functions: marketing, technological development and intellectual property, digitalization, globalization, supply chain, and group management, to reinforce our management foundation. By actively promoting sustainability management that harmonizes corporate social responsibility with the pursuit of business opportunities, we aim to enhance corporate value over the medium to long term and achieve sustained growth.

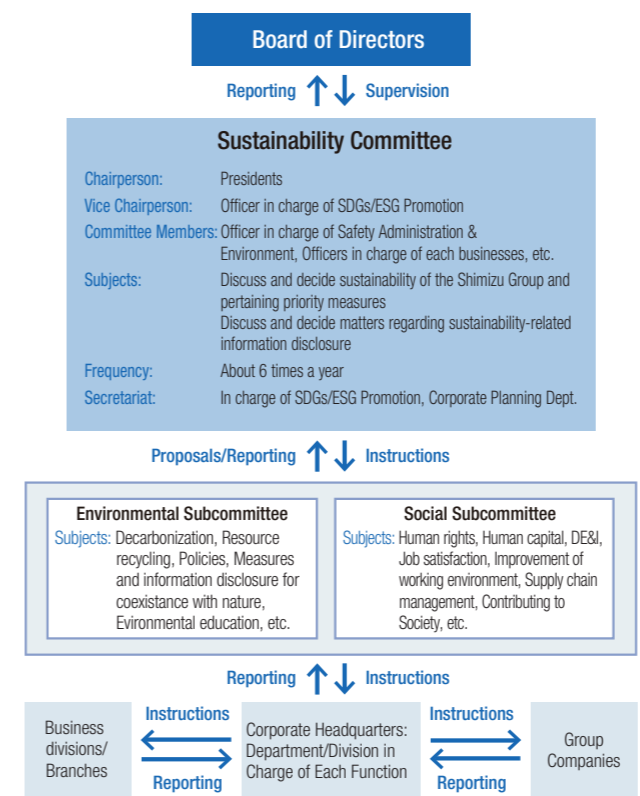
Sustainability Promotion Structure (FY2024)

At Shimizu, we have established a Sustainability Committee, chaired by the President, to deliberate and decide on the Group’s sustainability policies, key measures, and the disclosure of sustainability-related information. Under our governance structure, matters of particular importance are reported to and monitored by the Board of Directors.

We have also established an Environmental Subcommittee and a Social Subcommittee as part of the infrastructure supporting the Sustainability Committee. These subcommittees examine relevant sustainability-related topics and submit their findings to the committee for discussion and decision-making. Additionally, a system is in place to provide instructions to, and receive reports from, related functional departments and divisions in relation to the committee’s deliberations and decisions.

In FY2024, we focused on enhancing the Social Subcommittee. Regarding governance, we have revised the subcommittee’s overall description, recognizing its role in supporting the infrastructure related to both the Environmental and Social Subcommittees.

Sustainability Promotion Structure



Comments from an Outside Director



Yumiko Jozuka
Director

Sustainability management is vital for the sustainable growth of both companies and society. With its corporate credo of The Analects and the Abacus, Shimizu fosters a corporate culture and basic mindset among employees that naturally aligns with the principles of sustainability management. In the new Mid-Term Business Plan, the first basic concept is to have a strong business foundation. It is now widely recognized that talent should be viewed as capital rather than a cost, and that talent strategies should be integrated into the overall management strategy. To tackle the challenges of “Choukensetsu” in a rapidly changing business environment, it is essential for employees to embrace a challenge-oriented mindset, supported by a culture of diversity. To achieve this, it is crucial to cultivate a workplace where employees can work with a sense of purpose and mutual respect. This requires more than just verbal encouragement. It is also essential to set targets and conduct regular follow-ups to ensure that it is fully understood at each work site and that the necessary initiatives are progressing. When employees grow, Shimizu grows. The key is for everyone in the company to understand the importance of sustainability management and work towards it.

Environment E

The Group aims to achieve a sustainable society characterized by a zero-carbon society, resource recycling, and coexistence with nature by 2050. To do this, each employee is taking the initiative at our own facilities and collaborating with clients and wider society. We are taking actions one by one to address various issues that need to be resolved in the construction business.

Initiative Highlights

Eco-First Commitment

We acquired Eco-First Program certification in August 2018. This is a program in which companies make a commitment to the Minister of the Environment to work to conserve the environment. In August 2023, we updated our Eco-First Commitment to reflect the contents of the Group's environmental vision, SHIMZ Beyond Zero 2050. In the future, we will continue our work as an Eco-First company to create a rich environment by achieving a sustainable society from the three perspectives of carbon neutrality, resource recycling, and coexistence with nature.



1. Saisei-no-Mori urban biotope of our Institute of Technology 2. Rooftop garden where visitors can learn about greening with Edo vegetables (local varieties) 3. Water basin at the Former Shibusawa Residence using rainwater effectively 4. Itsukushima Wetland Park forming an ecological network (Nakai Town, Kanagawa)

Yatsubori no Shimizu Yatsu

Won the Minister of Land, Infrastructure, Transport and Tourism Prize at the Fourth Green Infrastructure Awards

The Fourth Green Infrastructure Awards*¹ were held by the Green Infrastructure Public-Private Partnership Platform (led by the Ministry of Land, Infrastructure, Transport and Tourism). We made a joint submission with other five industrial, government, academic, and private organizations. It was entitled, "Yatsubori no Shimizu Yatsu: Regenerating and revitalizing wetlands through cooperation and co-creation across industry, government, academia, and private citizens." Our project won the Minister of Land, Infrastructure, Transport and Tourism Prize.

We led this initiative, regenerating abandoned *yatsu-da*² in Tomisato City, Chiba, as wetland green infrastructure.

At Shimizu Yatsu, we are flexibly incorporating a wide range of ideas and techniques from both inside and outside our organization. These include deploying ICT that is used at construction sites and holding multidisciplinary events. Our aim is to discover a new relationship between humans and nature that preserves wetlands, without relying on conventional agriculture.

We will continue these activities in the future while strengthening our collaboration with the local community. In this way, we will contribute to enhancing contact points and networks related to environmental conservation. Furthermore, we have positioned Shimizu Yatsu as a testing ground for creating



Monthly regeneration work

new business opportunities. We are focusing on developing technologies that can be applied in construction sites of the future. Our plan is to cultivate contact points with other businesses and develop model cases to achieve a nature-positive future.

*1 Awards established by the Ministry of Land, Infrastructure, Transport and Tourism to commend and publicize examples of green infrastructure initiatives

*2 This means a paddy field located in *yatsu* (a small valley created by the erosion of a plateau.)

Message from the Director in Charge

A Sustainable Future Society for the Next Generation

Our rich lifestyles are built on a large amount of natural capital, including fossil fuels, minerals, and ecosystems. However, as climate change progresses and ecosystem services decrease, it is difficult to imagine that we will benefit from natural capital in the same way in the future. To pass on a sustainable future to the next generation, we must take urgent action to reduce the liabilities of future generations.

The movement to address environmental issues is accelerating both in Japan and internationally. Every day we seem to hear new buzzwords related to the environment, such as carbon neutral, the circular economy, and nature-positive. The Shimizu Group's business is heavily dependent on and greatly impacts the natural world. We take environmental issues seriously and are committed to making them a pillar of our operations.



Mika Kaneko

Managing Officer
Director, Environmental Strategy Office,
Deputy Director, Corporate Planning Div.

Initiatives to Achieve the Group's Environmental Vision SHIMZ Beyond Zero 2050

The Group is implementing and expanding various activities to achieve a zero-carbon society, a resource recycling society, and a society that coexists harmoniously with nature.

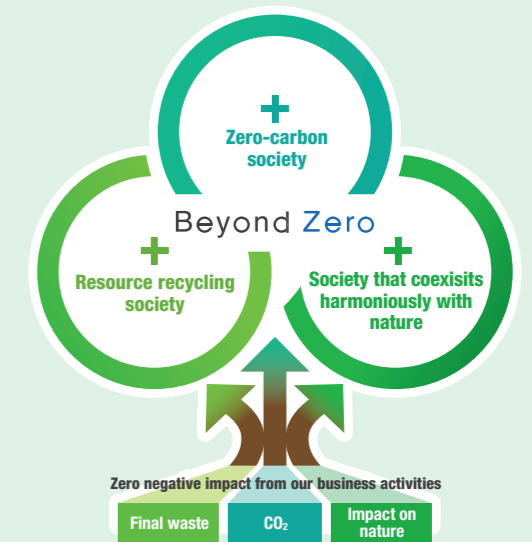
To achieve a zero-carbon society, we have established a road map until 2050 and are driving forward policies to reduce CO₂ in areas defined as Scopes 1 to 3. Under Scopes 1 and 2, we are adopting electricity generation from decarbonized fuel and renewable energy at our construction sites. Under Scope 3, we are improving the environmental performance of our buildings. For example, ZEB is proving increasingly popular with clients.

We want to realize a resource recycling society and achieve zero final disposal of waste in our businesses. As such, it is vital for us to adopt a resourcing mindset that sees demolished buildings as resources, and to build using recycled materials. To this end, we are sharing our 2050 vision of a resource recycling society within our company and continuing our 4R activities at construction sites even more aggressively than before. We also started new research and development for resource recycling.

To achieve a nature-positive future by 2030 and a society that coexists harmoniously with nature by 2050, we are taking various initiatives to restore the blessings of nature to the local community. This is based on our independently developed business concept of Green Infrastructure +(PLUS). We have also analyzed our reliance and impact on natural capital in the value chain of our business across different departments, and studied risks and opportunities. Resulting from this, in June 2024, we disclosed nature-related financial information based on the TNFD.

While there are considerable synergies in the initiatives to achieve

our three goals for future society, in some areas there are also trade-offs, such as the conflict between solar power generation and ecosystem protection. The Group aims to achieve its environmental vision by taking a comprehensive view of environmental issues from the three perspectives of carbon neutrality, resource recycling, and coexistence with nature.

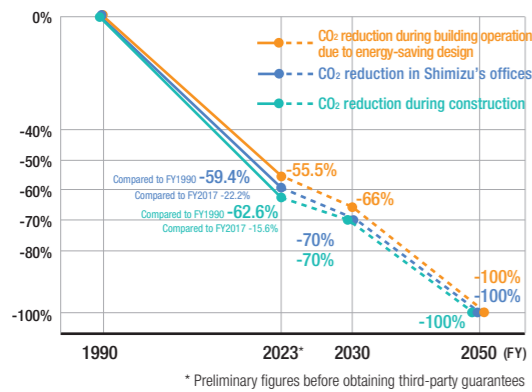


SHIMZ Beyond Zero 2050
https://www.shimz.co.jp/beyondzero/index_en.html

Initiatives to Realize a Zero-carbon Society

Ecological Mission 2030-2050

We established our Ecological Mission 2030-2050 to define medium- to long-term targets for reducing CO₂ emissions. These targets have been set for the categories of construction, Shimizu offices, and energy-saving design as areas to address in our climate change initiatives. For construction, we rolled out policies such as the 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 propose ZEB designs based on our own independent targets for energy consumption reduction. These targets are set for each building application, and they are stricter than legal standards. Every day we are completing more and more ZEB construction projects.



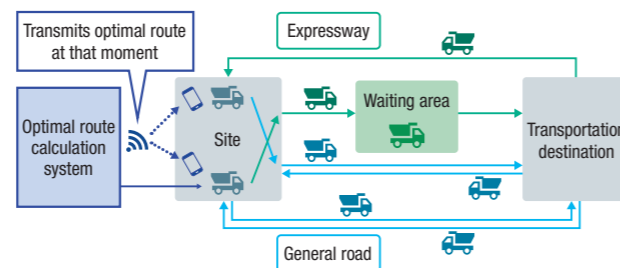
Ecological Mission 2030-2050

Setting of Non-financial KPIs (Decarbonization) in Mid-Term Business Plan <2024-2026>

One of our non-financial KPIs in our previous Mid-Term Business Plan <2019-2023> was to reduce CO₂ emissions in the construction business (compared to FY2017) by 10% or higher by FY2023. As a result of our initiatives to achieve this target, our current projection is that the FY2023 results will show a reduction of 12.5%. In our current Mid-Term Business Plan <2024-2026>, our new non-financial KPI target is to reduce overall CO₂ emissions in the construction business (compared to FY2023) by 12% or higher by FY2026.

Quantum Computers Optimize the Transportation of Soil Displaced at Construction Sites

The use of ICT to increase work efficiency is essential for reducing CO₂ during construction work. Recent years have seen increasing use of quantum computers to discover optimal solutions in a short time from a huge amount of data. As this trend continues, we have developed systems for optimizing routes for transporting soil with dump trucks. Previously, soil was transported by deciding the driving route for each vehicle on the day of operation. However, this made it difficult to respond to congestion and other changes in road conditions. To address this issue, we introduced quantum computers to immediately retrieve data about congestion on roads and waiting areas in order to calculate the optimal routes. Information is transmitted to the dump trucks using mobile devices equipped with GPS to provide driving assistance. When we verified the effects using field testing, we found that transportation times were cut by 10% for each round trip, and this also led to a reduction of CO₂ emissions.



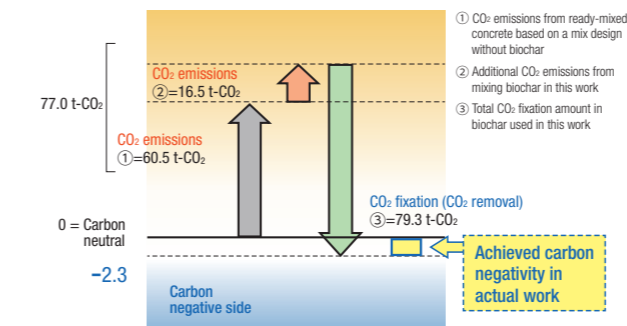
Concept for optimization of surplus soil transportation

Civil-CO₂ Platform for Calculation of CO₂ Emissions in Civil Engineering Works

The Ministry of Land, Infrastructure, Transport and Tourism has announced that from this fiscal year, it will start trial work for calculating the amount of the CO₂ emissions that form a part of greenhouse gas (GHG) emissions. This calculation method was created by the National Institute for Land and Infrastructure Management. The calculation requires cross-checking and accumulating the values for the construction materials and CO₂ emissions per unit of production. Since this requires about ten man-hours of work per construction project, it is difficult to secure sufficient time. We developed the Civil-CO₂ application in response to this issue. Civil-CO₂ can calculate the CO₂ emissions according to the procedure described above with a single click, based on the calculation and quotation documentation created during the civil engineering work. This will facilitate CO₂ emission management and CO₂ reduction in civil engineering work.

Quantification of CO₂ Reduction Effect of Biochar Concrete

SUSMICS-C is an environmentally friendly concrete mixed with biochar that was developed by Shimizu. We calculated the CO₂ reduction effect of SUSMICS-C by precisely quantifying the input and output of CO₂ emissions when the concrete was applied at a worksite. The validity of the calculation results was confirmed by a third-party inspection agency. The target of the inspection was the balance of CO₂ emission input and output when pouring 510 m³ of SUSMICS-C concrete. This was applied at the Stage 6 Building 2 New Construction Project at the Goodman Business Park (Client: Shirakami Special Purpose Corporation). The results of the third-party verification showed that the amount of CO₂ fixation in the concrete (79.3 t-CO₂) was higher than the CO₂ emissions related to concrete pouring (77.0 t-CO₂). Therefore, they confirmed that the work was carbon negative. This third-party confirmation ensures high trust for the environmental value of SUSMICS-C.



CO₂ reduction effect by applying SUSMICS-C (CO₂ emission balance at site of application)

Launched Joint Development of Biochar Asphalt

Together with our Group company, The Nippon Road Co., Ltd., we have started development on SUSMICS-A, a biochar asphalt. Energy conservation measures are being implemented in the field of asphalt mixtures, such as improving energy efficiency, using biofuels, and adopting a medium temperature for material mixing. However, these measures have only been effective in saving energy by about 15% to 20%. Our solution is to use biochar in the asphalt mixture. The resulting paving material is expected to be carbon negative. In other words, it will fix more carbon inside than is emitted when manufacturing the asphalt mixture. We aim to apply this technology in actual projects. SUSMICS-A has already been used in paving within the facilities of Nippon Road, and we plan to start sales during FY2024.

Zero Carbon at Our Headquarters Building

The solar panels on the exterior walls of our Headquarters Building generate our own electricity. We have also adopted the Aqua Premium green electricity plan provided by TEPCO Energy Partner, Incorporated, which sources all its power from hydroelectric plants. This has reduced CO₂ emissions (1,717 t-CO₂ in FY2022) to zero for the electricity used at our Headquarters Building. We use J-Credits derived from renewable energy to offset our CO₂ emissions for gas and heat (28 t-CO₂ for gas and 670 t-CO₂ for heat in FY2022). Through these actions, we achieved a carbon-zero Headquarters Building.

Shimizu Group-wide Decarbonization Initiatives

Smart Eco Energy (SEE.) , a Group company, contributes to the decarbonization of the entire group by selling renewable energy to Group members. These include the Tohoku Branch, Tokyo Branch, Chiba Branch, Nagoya Branch, and Hiroshima Branch of the Shimizu Corporation, as well as The Nippon Road Co., Ltd., MILX Corporation, FaB-Tec Japan Corporation, SC PRE-CON CORP., and Shimizu Comprehensive Development Corporation, which are Group companies.

Internal Education for Decarbonization

Every year, we hold an internal event called Sustainable Future Day to further raise awareness of the global environment and SDGs, and promote company-wide initiatives. The event in FY2023 had about 700 participants, including executive officers, workers, and subsidiary executive officers, and it was held both online and in person. The keynote speech was given by Mr. Shiro Wakui, President of the Gifu Academy of Forest Science and Culture. The speech was entitled, "From NbS* to TNFD: The Construction Industry's Important Role in Creating a Sustainable Future."

Also, for the first time, we held a symposium in the form of a panel discussion, based on the theme of Carbon Neutrality. We had lively exchange of views about the initiatives we need to take to achieve a zero-carbon society.

* NbS: Nature-based Solutions



Carbon Neutral symposium



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

Initiatives to Realize a Resource Recycling Society

Sorting and Reuse of Aluminum Panels

Many buildings built during Japan's post-war boom contain asbestos. Some exterior aluminum panels have also come into contact with asbestos. If asbestos is attached to aluminum panels, the panels cannot be recovered as scrap during demolition. All such panels must be disposed of in landfills. This results in the emission of a large amount of CO₂ and it also depletes the final disposal site. Recently, we demolished the Asahi Mutual Life Insurance Otemachi Building (completed in 1971). In the demolition work, we used S-Jet[®]* to remove the asbestos that had stuck to aluminum panels. A sash manufacturer is considering using some of the materials to make new aluminum panels. We are planning to use these newly created panels in the new TOKYO TORCH Torch Tower construction project that we are currently working on. Aluminum panels that were harmful for over half a century will be reborn as aluminum panels of high value.

* S-Jet is a registered trademark of Shimizu Corporation in Japan.



Flow for reusing aluminum panels

Effective Use of Water Resources

In September 2023, Smart Innovation Ecosystem NOVARE started operations. This facility has introduced an automatic irrigation system that recycles rainwater and is based on weather predictions. The system controls when and by how much to irrigate the plants in the garden. The system adjusts the amount of water in the rainwater tanks based on rainfall predictions. This maximizes the efficient use of rainwater to effectively use water resources. Rainwater is also collected in water features that form the scenery of the garden, and the water is disinfected and circulated without using chlorine. This protects the ecosystem and is useful for fire safety equipment that protects cultural properties.

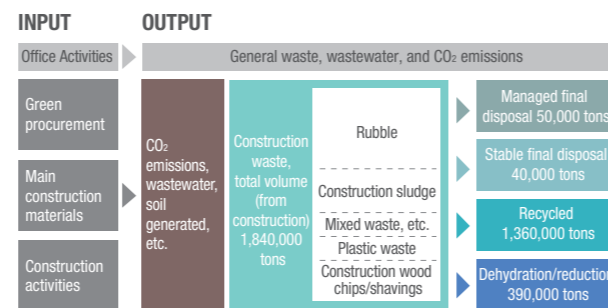
Trained 1,000 Inspectors of Buildings Containing Asbestos Construction Materials

Many buildings constructed during Japan's post-war boom from the 1950s to the 1970s contain asbestos. Most of these buildings have become dilapidated in recent years, and their demolition or renovation is expected to reach a peak in 2034. This was the context behind amendments to the Air Pollution Control Act and the Ordinance on Prevention of Health Impairment due to Asbestos. The new revisions required a preliminary investigation for asbestos before the demolition or renovation of all buildings constructed before August 2006. These inspections must be carried out by persons qualified as an Inspector of Buildings Containing Asbestos Construction Materials.

When including minor demolition and renovation work, we are involved in about 30,000 such projects every year. In response to these new regulations, we collaborated with the Japan Environmental Sanitation Center from 2021 to conduct training to obtain qualification as an Inspector of Buildings Containing Asbestos Construction Materials. So far, we have held a total of 18 training sessions in 43 locations at our Corporate Headquarters and branches nationwide. By November 2023, 1,063 of our employees had obtained this qualification. About 15% of our operational workers are now qualified. We will continue to promote the acquisition of this qualification to ensure safe and secure work for buildings containing asbestos.

Material Flow

The following diagram shows the general material flow in FY2023 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 (FY2023) 3.3%
 FY2023 Material flow (Summary, Shimizu Corporation non-consolidated)



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

Initiatives to Realize a Society that Coexists Harmoniously with Nature

Setting of Non-financial KPIs (Coexisting with Nature) in Mid-Term Business Plan (2024-2026)

To achieve a nature-positive future, it is important to have knowledge of the natural environment surrounding the target site from the upstream stages of the business. This will not only help to avoid or reduce the impact on nature, but also make sure that opportunities for regeneration are not missed. Therefore, we started initiatives to understand conditions in the sales stage and used this information in proposals. In our new Mid-Term Business Plan (2024-2026), we have adopted "Environment analysis rate using the Environmental KY" as one of our non-financial KPIs. We set a target of 100% by 2026. Details on the Environmental KY are described on p. 76.

Open Workshop for Community Co-creation

In March 2024, we held an open workshop based on the theme of Green Infrastructure Community Co-creation at Michi Lab, located at our facility, Michino Terrace Toyosu (Koto Ward). This was our first attempt to engage in dialogues with community stakeholders about the direction of nature positive urban development based on collaboration between companies and the community. We used examples of co-creation that we have put into practice based on our concept of Green Infrastructure +(PLUS).

In addition to our employees, the event was attended by 26 people from seven community civic groups, NPOs, and local enterprises, as well as officials from local government. 124 people also participated online.

In discussions, we talked about our urban project of the Saisei-no-Mori (Koto Ward) biotope developed by our Institute of Technology. We then described our suburban project, Yatsubori no Shimizu Yatsu (Tomisato City, Chiba), which regenerated wetlands using fallow agricultural fields. We explained the benefits of our co-creation activities developed from these projects. We also shared our experience of wide collaboration between urban and suburban areas.

Participants were impressed by attempts to form a co-creation community based on careful dialogues between companies and local people. We received comments such as, "I'm interested in the steps taken to connect to the community," and "Please give us some tips on to achieve co-creation between companies and various organizations."

We want to create a place for us to connect with the local community, where the company and local stakeholders can deepen their mutual understanding about their philosophies, activities, needs, and issues. This type of initiative is an important opportunity for us to restore the blessings of nature to the entire local community, as is set forth in our Green Infrastructure +(PLUS). In the future, we will continue to promote community co-creation to contribute to building a society where humans and the natural world can coexist harmoniously.



Open workshop

Certification of Saisei-no-Mori as a Site Coexisting with Nature

In October 2023, our Institute of Technology's Saisei-no-Mori biotope was certified as a Site Coexisting with Nature by the Ministry of the Environment. Sites Coexisting with Nature is an initiative by the Ministry of the Environment to certify areas where biodiversity is being conserved through the efforts of private citizens. Some of these certified areas are registered in an international database.

Saisei-no-Mori was developed in 2006 as a green space to be integrated with the local ecosystem. It was based on the concept of restoring the relationship between humans and the natural world in urban areas. Saisei-no-Mori won certification as a Site Coexisting with Nature because it was highly rated in several areas: as an urban biotope, it creates and cultivates a space for diverse plants and animals to live and grow, focusing on local plant varieties; the site has also accumulated and transmitted monitoring data for more than 15 years, and it provides ecosystem services, such as environmental education.

In the future, the biotope will provide solutions leveraging its accumulated data to lead the way in restoring urban ecosystems. In this way, it will contribute to achieving a nature-positive future.



Certification as a Site Coexisting with Nature by the Minister of the Environment

NOVARE's Biodiversity

When creating green spaces at Smart Innovation Ecosystem NOVARE, we used UE-Net[®] to evaluate the biodiversity network. Analysis suggested that this facility would act as a hub that connects neighboring green spaces. We developed a site of 11,549 m² that contributes to biodiversity and will help achieve a nature-positive future.

This facility plants many species, focusing on local varieties, and efficiently uses rainwater for toilets and automatic plant irrigation. It has also collaborated with a local NPO for the *ex situ* conservation of the rare plant Uragiku (*Aster tripolium*), and conducted community garden activities. The facility has been certified as ABINC ADVANCE* and it aims to use this green space to resolve local issues by conserving biodiversity.

* ABINC ADVANCE: This is a new certification system that evaluates the contribution of the private sector to realizing sustainable communities and towns, and achieving SDGs. It evaluates efforts at conserving biodiversity throughout an entire area, across multiple urban territories.



Community garden activities

Nature-Related Financial Disclosures based on The Task force on Nature-Related Financial Disclosures (TNFD) recommendation



After endorsing the TNFD recommendations in February 2023, the Company began preparations as a TNFD Early Adopter in January 2024 and disclosed information based on the TNFD recommendations in June of the same year. The initial disclosure for FY2024 encompasses Shimizu Corporation's construction, real estate investment, and the solar power generation business as a part of renewable energy businesses.

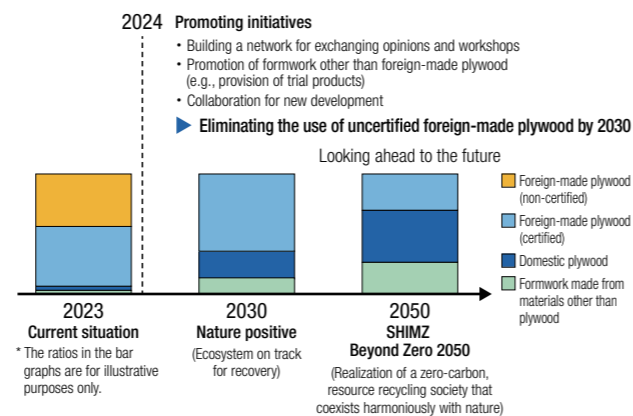
Governance

Within the Shimizu Group, the Sustainability Committee (chaired by the president) deliberates on the identification and evaluation of nature-related issues, formulates strategies, and oversees the progress toward achieving nature-related metrics and targets. The results of these deliberations are supervised by the Board of Directors. In addition, important matters decided by this Committee are communicated to business divisions (including branch offices) and Group companies to establish a governance system related to the environment that includes major suppliers as well. Furthermore, the Group has established the Shimizu Basic Human Rights Policy, which applies to all officers and employees, including those of our Group companies. In addition to encouraging support for this policy among our supply chain partners, we have also established an external whistleblowing hotline for subcontractors. We also recognize the importance of collaborating with local communities to minimize nature-related risks and implement effective conservation and restoration measures. As such, we are actively working to engage with these communities.

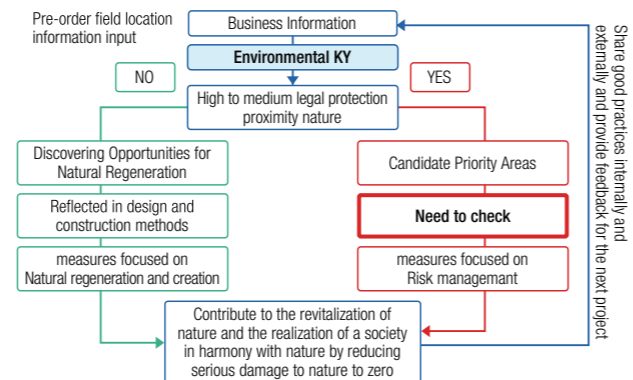
Strategy

After identifying material issues by understanding the dependence and impact on nature within Shimizu Corporation's business value chain, we assessed our risks and opportunities through scenario analysis. The material issues identified included dependence on timber in three businesses (two locations) upstream in the value chain and impact on terrestrial ecosystems due to land-use changes caused by construction work. Regarding the dependence on timber in all three businesses upstream in the value chain, we have initiated strategies such as conducting surveys of subcontractors to understand the current situation and holding study sessions based on the findings. Our initiatives take into account the impact of plywood used for concrete formwork on deforestation and our dependence on specific regions. Regarding the impact on terrestrial ecosystems due to land-use changes caused by construction work, we have launched a unique initiative called "the Environmental KY" to assess the natural environment around construction sites. The Environmental KY is an initiative aimed at visualizing the natural environment around construction sites on maps, enabling us to better understand and evaluate the surrounding ecosystems. By implementing measures from the sales stage and identifying issues early on, we will follow the mitigation hierarchy—avoidance, reduction, restoration, and offset—to address these concerns. In addition to managing nature-related risks, such as selecting priority areas, we will identify opportunities for effective nature restoration, propose nature restoration and creation initiatives to businesses at candidate sites, and contribute to the restoration of nature and the realization of a

society that coexists harmoniously with nature. We also conducted a scenario analysis using the four-quadrant scenario recommended by the TNFD within an internal working group. We summarized the possible events, risks, opportunities, their impact, timing, and our response strategies (see Scenario Analysis Results on P.77). Furthermore, 10 priority areas were selected from among 1,064 construction sites in operation during FY2023. At these selected construction sites, we ensure that construction is carried out in accordance with the established conditions, including environmental impact assessments, while avoiding any significant impact on natural capital.



Initiatives to use sustainable formwork



Managing Risk and Predicting Opportunities for Natural Regeneration with "Natural KY"

Scenario Analysis Results (excerpt of medium and high impact risks and opportunities)

	Cause	R: Risks O: Opportunities	Degree of Impact ^{*1}	Timing of Impact ^{*2}	Shimizu's Response	
Upstream	Demand for traceability and environmental	R	Competition resulting from market consolidation, price increases, and quantity limitations	↓ ↓	Short to medium term	<ul style="list-style-type: none"> Relationship building with suppliers (CSR procurement questionnaires) Plywood formwork initiative
		O	Securing an advantage through new technology	↑ ↑ ↑	Short to medium term	<ul style="list-style-type: none"> Development of new technologies for recycled and new construction materials
	Difficulty and instability in obtaining construction materials (disasters and resource depletion)	R	Unclear and unstable material prices and construction delays	↓ ↓	Short to long term	<ul style="list-style-type: none"> Quick building and strengthening of partnerships with clients Strengthening technical skills to meet required standards with limited machinery and materials
		O	Rebuilding and strengthening the supply chain and securing an advantage through new technology	↑ ↑ ↑	Short to long term	<ul style="list-style-type: none"> Relationship building with suppliers (CSR procurement questionnaires) Development of new technologies for recycled and new construction materials
Direct operations	Tight restrictions on land modification and a fundamental review of land use	R	Decrease in new construction demand	↓ ↓ ↓	Long term	<ul style="list-style-type: none"> Investment in new construction domains (e.g. BLUE WIND^{*3}) Improvement of technical skills to address advanced land use
		O	Increase in renovation and renewal work and implementation of nature-friendly and reclamation projects	↑ ↑	Long term	<ul style="list-style-type: none"> Technologies to address next-generation demand (DX-Core^{*4}, Hydro Q-BiC^{*5}, etc.) Relaxation of regulations for nature-related technologies (Green Infrastructure+^{*6})
	Tighter nature-related regulations and monitoring at construction sites	R	Reputational risk and brand damage	↓ ↓	Short to long term	<ul style="list-style-type: none"> Implementing measures based on a unique nature-related assessment (the Environmental KY) Engagement with regional and nature-related stakeholders
Downstream	Demand for evaluation and monitoring of natural performance	R	Prolonged construction responsibility, increase in post-construction work, and increase in management workload	↓ ↓	Short to medium term	<ul style="list-style-type: none"> Developing talent and organizations that can assess natural performance^{*7}
		O	Technology that realizes natural performance ^{*7} for differentiation	↑ ↑	Short to medium term	<ul style="list-style-type: none"> Contributing to improving real estate value by enhancing natural performance^{*7}
	Strong demand for recycling, including regulation of total emission	R	Tight restrictions from design stage	↓ ↓ ↓	Long term	<ul style="list-style-type: none"> By-product management using Shin-Kan-Tasu^{*8} Thorough implementation of 4R activities from the design and construction stage anticipating future building demolition and removal
O		Demolition technology directly ties into construction skills	↑ ↑ ↑	Long term	<ul style="list-style-type: none"> By-product management using Shin-Kan-Tasu^{*8} Cultivation and active adoption of recycling routes 	

*1 Impact: Number of arrows indicates degree of impact
 *2 Periods of impact are short-term: 3 years or less; medium-term: more than 3 years and up to 10 years; long-term: more than 10 years
 *3 BLUE WIND: Our self-propelled SEP vessel with one of the world's largest loading and crane capacities
 *4 DX-Core: A building operating system equipped with a building operation digitalization platform function for easily linking and controlling equipment and IoT devices inside the building with various applications
 *5 Hydro Q-BiC: A hydrogen energy utilization system for buildings that electrolyzes water using surplus renewable energy, stores the generated hydrogen in a storage alloy, and then extracts it as needed to generate electricity
 *6 Green Infrastructure + (PLUS): A business concept where the blessings of nature are returned to the whole region by developing infrastructure while making wise use of the functions of nature and adding the software and technology of the Shimizu Group
 *7 Natural performance: The degree to which setting a target based on the natural state and implementing construction methods or measures for achieving that target has a positive impact on nature. Examples include the number of animal species and individuals that can actually move around by improving the migration routes of small animals or the extent to which selecting a construction method that takes into account the roosting sites of birds reduces the impact.
 *8 Shin-Kan-Tasu: A system that enables efficient and integrated management of construction by-products, including forecasts of the amount of by-products generated by type, presentation of reduction options, issuance of electronic manifests, and management of company-wide by-product emissions

Impact and Risk Management

In our procurement of raw materials upstream in our business, we are actively working to understand the current situation. We are also making improvements by conducting surveys on the status of initiatives in line with the Shimizu Group CSR Procurement Guidelines. Additionally, we will implement targeted initiatives specifically for concrete formwork, which has been identified as a material issue. In our direct construction operations, we use the Environmental KY to identify nature-related risks and opportunities for nature restoration. Through this process, we identify priority areas and develop targeted measures accordingly. We also plan to publish the progress of this initiative as a non-financial KPI for the entire company. Regarding the operation and dismantling of projects downstream, we will continue to ensure compliance with laws and regulations, further

reduce the generation of construction by-products, and promote recycling. Our efforts will be centered around Shin-Kan-Tasu (construction by-product management system), which is used for managing construction by-products. The members of the Sustainability Committee, which addresses nature-related issues, recognize that nature-related risks are among the risks associated with changes in the external environment in the context of company-wide risk management and make management decisions accordingly.

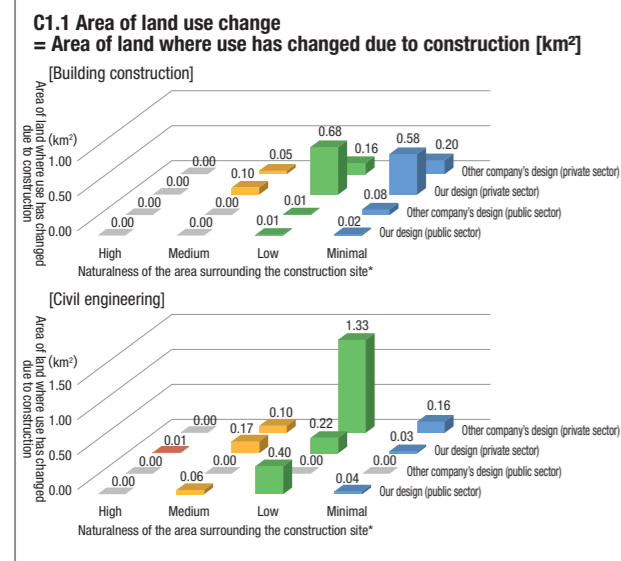
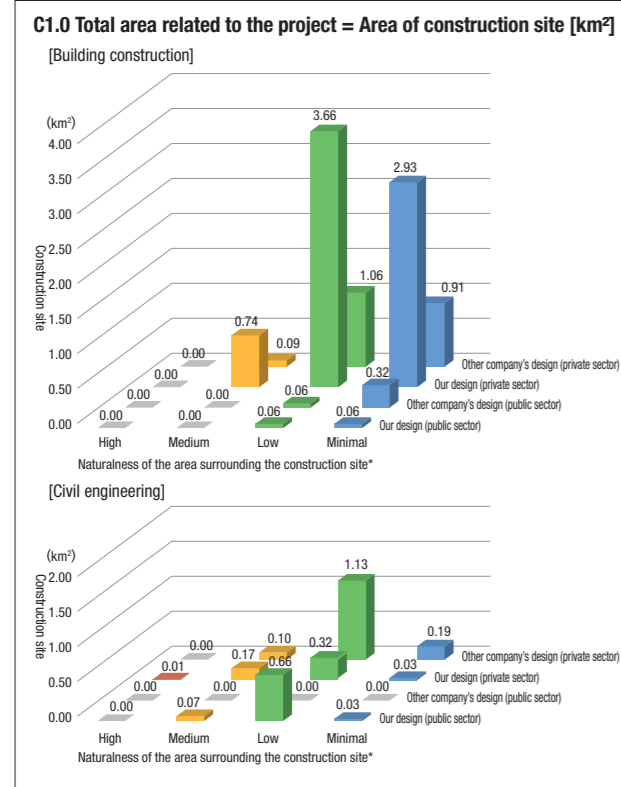


Nature-Related Financial Disclosures based on The Task force on Nature-Related Financial Disclosures (TNFD) recommendation
<https://www.shimizu.co.jp/en/company/csr/environment/tnfd/index.html>

Nature-Related Financial Disclosures based on The Task force on Nature-Related Financial Disclosures (TNFD) recommendation.

Metrics and Targets

Below are the relevant indicators from the TNFD's Global Core Disclosure Indicators that pertain to Shimizu's material issues. The scope is projects completed in FY2023.



* Naturalness of the area surrounding the construction site = A score representing the weighted average of the extent of natural vegetation within a 2 km radius from the center of the construction site, based on area.
 High: Within a legally protected area, with a naturalness score of 7 or more (containing a lot of natural vegetation and secondary forests that closely resemble natural vegetation)
 Medium: Naturalness score of 4 or more (secondary forests, plantations, grasslands, etc.)
 Low: Naturalness score of 2 or more (golf courses, parks, residential areas with lots of greenery, rice fields and farms, etc.)
 Minimal: Naturalness score of less than 2 (includes a lot of artificial land use)

Climate-Related Financial Disclosures based on The Task force on Climate-Related Financial Disclosures (TCFD) recommendation.

We endorsed the TCFD recommendations and joined the TCFD Consortium in October 2019, and disclosed climate-related information in line with the recommendations from 2020. Disclosure content is updated annually based on internal and external conditions.

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 targets for reducing CO₂ emissions, reporting the results of deliberations to the Board of Directors for oversight.

Risk Management

Under the Group Environmental Vision SHIMZ Beyond Zero 2050, we aim to minimize business risks and maximizing opportunities. The Sustainability Committee manages climate-related risks and deliberates on specific measures achieving targets for reducing CO₂ emissions from business operations, and regularly monitors CO₂ emissions.

Metrics and Targets

To evaluate and manage the impact of climate-related risks on management, the Shimizu Group has specified the total volume of CO₂ emissions as an indicator and has set medium- and long-term targets for CO₂ reduction based on SBT* (certification acquired from the SBT Initiative in 2019). Furthermore, based on "SHIMZ Beyond Zero 2050," we have set a target of zero CO₂ emissions by FY2050 in FY2021. We plan to acquire SBT certification based on this target in the future.

* SBT stands for Science Based Targets.

CO₂ Reduction Targets and Results (Domestic and International Consolidated) (t-CO₂)

Scope	Base Year Emissions ¹⁾	Actual Emissions	Target Annual Emissions	
	FY2017		FY2030	FY2050
Scope 1 ¹⁾ + Scope 2 ²⁾	275,575	278,716 (1.1%)	184,650 (-33%)	0 (-100%)
(Scope 1)	216,710	184,202		
(Scope 2)	58,865	94,514		
Scope 3 ³⁾ (Category 11 ⁴⁾)	3,451,656	2,496,734 (-27.7%)	2,761,320 (-20%)	0 (-100%)

¹⁾ Scope 1: Emissions from fuel used in heavy machinery, etc. (direct emissions)
²⁾ Scope 2: Emissions from use of purchased electricity and heat (indirect emissions from electric power companies, etc.)
³⁾ Scope 3: Other indirect emissions from the supply chain
⁴⁾ Category 11: (Use of sold products) CO₂ emissions during operation of buildings that Shimizu has designed and built
⁵⁾ Emissions from the Nippon Road Co., Ltd. Maruhiko Watanabe Construction inc. not included
⁶⁾ Preliminary figures before obtaining third-party guarantees



Strategy

Based on these climate-related 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, the timing of impact, and the measures taken by the Shimizu Group.

In this year's disclosure, based on the TNFD recommendations, the major climate-related risks and opportunities identified so far were examined for their nature-related impacts and added to the right column of the table below as examples. We identified some aspects considered opportunities in climate-related terms but risks in nature-related terms. Others were considered risks in climate-related terms but opportunities in nature-related terms. Still more were considered both the risks and opportunities of each.

Risks and Opportunities (excerpts focusing on factors and measures with major impact with nature-related risks and opportunities added)

	Cause	Impact on Business	Degree of Impact ¹⁾	Timing of Impact ²⁾	Shimizu's Response	Nature-related Risks and Opportunities (→ indicates example measure)
Transition scenario	Risks	Introduction of carbon pricing	↓	Medium to long-term	Reduce CO ₂ emissions during construction and from Shimizu offices as part of the reduction targets in Ecological Mission 2030-2050.	Opportunities Expanding demand for CO ₂ credits for forests, agriculture, blue carbon, etc. Promotion of CO ₂ credits for proprietary technologies based on knowledge and achievements
	Opportunities	Growing need for energy-saving buildings	↑↑↑	Medium-term	Pursue ZEB design and construction. Add value to existing buildings based on Shimizu's record in sustainability renovation ³⁾ . Pursue the Investment and Development Business and develop the Shimizu brand based on the Company's ZEB construction record. Promote widespread use of wood construction and wood structures.	—
	Opportunities	Growing need for renewable energy	↑↑↑	Short to medium-term	Pursue renewable energy businesses. Supply low-carbon electric power through the electricity retail business. Develop and commercialize a hydrogen energy utilization system.	Risks Trade-off between renewable energy projects and ecosystem protection Implement impact reduction measures by incorporating environmental assessment methods from the planning stage.
Physical scenario	Risks	Higher ratings achieved through stronger CO ₂ emissions reduction	↑↑	Short to medium-term	Incentives are provided by the client for reducing CO ₂ emissions during construction. Alternatively, reduction of CO ₂ emissions during construction is a requirement for winning the order. ESG investment in companies that have successfully reduced CO ₂ emissions will increase. Opportunities for green financing will increase.	Risks Increased demand for biomass (wood, waste cooking oil, food residues, etc.) leading to higher prices and volume constraints. Improve environmental management capabilities and strengthen partnerships throughout the supply chain.
	Risks	Rise in average summer temperature	↓↓↓	Medium-term	The problematic shortage of skilled workers will worsen due to deterioration in the outdoor working environment. Heatstroke and other health hazards will increase, mainly for workers who work outdoors.	Risks Poor growth of plantings, shorter suitable planting seasons
	Opportunities	Stronger policies on reinforcing national resilience	↑↑↑	Short to medium-term	Infrastructure construction, maintenance, and building renovation construction to prevent flooding and torrential rain and wind damage will increase.	—
Physical scenario	Opportunities	Market changes caused by climate change	↑↑↑	Short-term / Medium to long-term	The market for new building construction and renovation will expand in anticipation of more severe natural disasters. The need to relocate facilities will increase due to natural disasters and rising sea levels. Demand will increase for community development to prevent natural disasters and health hazards caused by climate change and protect communities and lives.	—
	Opportunities	Acceleration in opening infrastructure maintenance and operation business and other public services to the private sector	↑↑	Medium-term	Recovery from natural disasters will strain government finances so the market for the infrastructure maintenance and operation business will be opened to private companies. This will generate new business opportunities.	Opportunities Emergence of PFI projects requiring green space management technologies. Use technologies and talent to manifest and differentiate natural performance ⁵⁾ .

¹⁾ Degree of impact : ↓↓↓ (large), ↓↓ (medium), ↓ (small) for risks and ↑↑↑ (large), ↑↑ (medium), ↑ (small) for opportunities.
²⁾ Timing of impact are short term: 3 years or less; medium term: more than 3 years and up to 10 years; long term: more than 10 years.
³⁾ Sustainability renovation: Refers to the renovation of existing buildings mainly to improve environmental performance, BCP performance, and health and comfort.
⁴⁾ SCAT: An abbreviation of SHIMZ Carbon Assessment Tool.
⁵⁾ Natural performance: The degree of positive impact on nature when targets are set for natural conditions and construction methods and measures are taken to achieve them.

Social
S

Developing talent and organizational capabilities is the key to becoming a Smart Innovation Company. By continuing to nurture diverse talent willing to take on challenges and co-create, we will create value that is ahead of our times, and help realize a society where people can enjoy prosperity and happiness.

Initiative Highlights

Cultivating a culture of challenge

[Idea Owner's Pitch]

Smart Innovation Ecosystem NOVARE holds an Idea Owner's Pitch every month. The goal is to train employees to take on the challenge of creating new businesses and cultivate an internal corporate culture that supports them. This forum is an opportunity for Idea Owners who are working on a start-up or creating a new business to present their recent results and receive feedback from the audience in a two-way exchange of opinions. Since hearing the opinions of other people is very valuable for the Idea Owners, the presentation time is set at 5 minutes and a longer time of 15 minutes is given for feedback. We provide a psychologically safe space for both presenters and questioners by strictly enforcing the rules of prohibiting criticism and mandating applause for speakers. This creates a friendly atmosphere that makes it easy for anyone to participate. So far, we have held this event five times, with ten Idea Owners speaking (end of April 2024). NOVARE will continue to hold the Idea Owner's Pitch in the future to cultivate a culture of challenge and as a space for everyone to learn together how to create new businesses.



Idea Owner's Pitch

Site Tour for Disabled Employees

In October 2023, we held a tour for disabled employees of a construction site in Ishikawa. The tour was joined by 19 participants from all over the country. Before starting the tour, we made sure that everyone would have an equal opportunity to participate. We installed slopes for wheelchair users and provided an app for visualizing conversations for the hard of hearing. We received positive comments, such as, "I never joined a tour before because I thought it would be too much trouble. I was so happy to join this time." Our construction site, branch offices, and corporate headquarters came together to take on the challenge of offering this tour. The Shimizu Group will continue to provide all employees with an equal opportunity and platform for growth as we promote the application of DE&I.



Group photograph of construction site tour

Message from the Director in Charge

We aim to continuously grow both our talent and our organizational capabilities

In our Mid-Term Business Plan (2024-2026), we set forth a focus on talent development and organizational capabilities improvement as a key part of building a stronger business foundation. We defined the core of our business foundation to be competent talent, organizational culture, and managerial capability.

To implement our management strategies and achieve our goals, all employees must understand their individual roles and have skills and knowledge to fulfill these roles. This is what we mean by competent talent.

Whether or not talent can demonstrate their competencies is greatly affected by the values and code of conduct of the organizations to which they belong. This is organizational culture, the second core element.

An organization can realize its strategies and move closer to achieving its goals when its leaders or the organization itself optimizes talent, materials, and budgets. These leadership or organizational skills form the third element of managerial capability.

This business foundation must be made stronger for the Group to implement its management and business strategies. To do this, we will provide our employees with opportunities for development, and structures and systems that help them grow. We will also support our employees as they make use of these opportunities to create their own career path and fulfill their potential as



Kazumi Sato

Executive Officer
Deputy Director, Corporate Planning Div.,
Director, HR Strategy Dept.,
Corporate Planning Div.

they work for us at the Group.

Through this cycle, we will increase the diverse talent willing to take on challenges and co-create that we need to implement the Group management strategies, and strengthen our business foundation core. This should result in improved competitiveness at the Group.

From Mid-Term Business Plan (2024-2026)
A Stronger Business Foundation 1-1 Talent Development and Organizational Capabilities Improvement



Talent-related measures to implement management/business strategies

- **Strategy-oriented HR management:** Optimizing the organization in alignment with management strategy and optimizing human resource allocation through talent management
- **Developing a quality organization:** Realizing an organization that encourages autonomy and challenging pursuits, deepens relationships within the workplace and between organizations, and further promotes co-creation
- **Restructuring the HR management system:** Building a dynamic human resource portfolio linked to strategy
- **Increase investment on talent:** Investing in career support measures and the creation of an environment that allows each individual to maximize their potential
- **DE&I policies and improving well-being:** Creating a workplace environment that attracts a diverse range of talent and fosters a sense of purpose and happiness for each individual

Talent Innovation

Initiatives for Achieving Talent Innovation

We strive to cultivate an organizational culture that motivates diverse talent to work for us enthusiastically, and we value devotion and a spirit of innovation. Shimizu Corporation and the diverse talent that we have gathered together are aiming to build a sustainable future society through mutual growth.

Enhancement of Open-type Training

In FY2023, we launched Business Skills Training, a dispatch-based and open-type of training program. The aim of this program is to encourage employees to create their own career paths and develop their skills. Participants can select the subjects to study, such as marketing or leadership. The program was highly rated by our employees. We received comments such as, "Our interactions with trainees from outside the company gave us stimulation and insights that are difficult to gain in our everyday work," and "I want to apply the knowledge and skills I learned in my work." We will continue this training in the future. We will also launch other open-type training programs and expand new educational policies to encourage autonomous learning and support employee growth.

Acquiring and Supporting Diverse Talent

We hire a diverse range of talent that is welcoming not only of different nationalities, genders, and disabilities, but also experience, background, and values. 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. As a result, we have discontinued our previous concept of "starting wage," which was positioned to reflect the training and development period in the first year of employment. Instead, we have adopted a "hiring wage" that reflects the work level expected of the employee in their first year of employment at the company.

Job Challenge Program

We launched the Job Challenge Program as a part of our efforts to support employees in creating their own career path and fulfilling their potential. This program supports employees in proactively taking on challenges on their own initiative by recruiting widely within the company for talent that will be responsible for a specific job in the new business or initiative.

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. Employees who actually used the program were able to leverage their knowledge from their previous department to help improve the organizational capabilities of their new department.

Corporate Venturing Program (Entrepreneur Recruitment Program)

We launched the Corporate Venturing Program to help reveal the technology and business ideas that are hidden within each of our employees. Another aim was to accelerate the expansion of the Shimizu Group business structures and open innovation for technology. This program supports employees from the preparation stage in starting up their own business or practically applying their technological ideas. Furthermore, if a business model is innovative and sustainable, we are considering providing partial investment when the new company is established. After their business ideas are reviewed, participants in this program are given a certain period of time to prepare for commercialization. We provide external mentors and in-person support from Creww, Inc. In March 2024, Roca Japan Inc. and DO-CHANGE Inc. were established as companies originating in this program.

Company-Sponsored Study Abroad Program

In addition to the existing departmental study programs for universities both in Japan and overseas, in FY2022, we established the Company-Sponsored Study Abroad Program. We invited 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.

WeInnovate

WeInnovate is a company-wide initiative that allows anyone at the Shimizu Group to join innovation activities. "We" means the individual participants and "Innovate" expresses the desire to take on the challenge of innovation. In this initiative, an innovation theme is proposed based on the problem awareness of each participant. Volunteer members then come together from across departments to form a team. Through this collaboration between members with diverse expertise and experiences, we expect innovative ideas to be born that go beyond the bounds of conventional thinking. WeInnovate will develop talent who take the lead in innovation, establishing a corporate culture that encourages challenge. Promoting proactive participation in the creation of new value that goes beyond the framework of the construction business will contribute to the sustainable growth and development of the Group.

Promoting Health Management

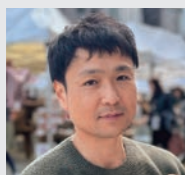
We have established a company-wide system for promoting employee health that is led by the Corporate Health and Productivity Management Promotion Committee. We are continuously implementing policies such as sleep and dietary measures for improving the health literacy of employees, and action against smoking. We have also built a system that can offer thorough mental health support to each of our employees. This includes increasing the number of counselors at our sites nationwide to enhance our industrial health staff, and providing mobile therapy sessions that travel around worksites. As a result, in March 2024, we were recognized for the fifth consecutive year as an Excellent Health Management Organization, an honor given to companies that practice excellent health management.



A health counselor visiting a worksite

VOICE

Applying learned skills to site management



Naoya Motoshige
Tokyo Civil Engineering Branch

I decided to participate in this open-type Business Skills Training because I hoped that having discussions with lots of people from different industries would have a big impact on me. By acquiring new knowledge outside my specialist field, I wanted to learn flexible skills for dealing with our fast-changing world and then apply these skills in my regular work. I attended classes for three months and worked hard in preparing and reviewing my assignments. As a result, I felt that my proficiency improved. These three months were among the most valuable of my long career at the company. I realized again the importance of continuous education, and I recommend all my colleagues to take this new learning opportunity.

VOICE

New challenge that leverages experience



Takayuki Hatano
Life Cycle Valuation Headquarters

I joined the Job Challenge Program and was reassigned from a mechanical and electrical department to the Life Cycle Valuation Headquarters. Through Smart Eco Energy, a Shimizu Group company, I became involved in a new business that provides decarbonization solutions based on green energy. I leveraged my mechanical and electrical experience to contribute to tasks in a wide range of areas. These included negotiations with general power transmission and distribution operators, data analysis, business development activities, and the creation of new ideas. I want to use the human relationships that I have cultivated both inside and outside the company to help improve the performance of the organization. While valuing the sincerity that is in the DNA of Shimizu, I will dedicate myself to meeting the needs of clients and always maintain an attitude of taking on challenges.

VOICE

Challenge of creating the future based on tradition



Sho Fukushima
Roca Japan Inc.

I joined Shimizu Corporation in 2016 as a part of the first generation that was hired at a new business. I worked on projects related to space development at the Civil Engineering Business Division and Emerging Frontiers Division. In 2022, I was selected to participate in the first iteration of Shimizu Corporation's CV Program. This put me on the road to establishing Roca Japan Inc. in March 2024. The mission of Roca Japan is to share Japan's unique craft heritage with the world. We are developing a system that allow customers from around the world to purchase traditional Japanese crafts that have been order-made to their preferences. My ability to take on this challenge was based on creative thinking that I cultivated at Shimizu Corporation and the co-creation skills I learned together with my colleagues. In the future, I am striving for further growth that will allow me to act as a bridge that connects Japan's traditions to the future.

DE&I (Diversity, Equity & Inclusion)

Advancement of Female Employees

We are focusing on initiatives to increase the number of female managerial personnel as a part of our efforts to eliminate the gender gap. One such initiative is the Shin Diversity Activity, which we have continued since FY2022. The Chairman, President, and female Directors and Audit & Supervisory Board Members visit branches to help align the mindsets of supervisors with their female employees who aspire to management positions. The aim is to create and implement an action plan that takes these ambitions into account. We have received interesting feedback from questionnaires held after this Activity. One participant commented, "There was a bigger gap between us and the managers than I imagined." Another remarked, "I hope this will be reflected in future policies." Someone else said, "The participation of the executives shows that the company is serious about promoting women to managerial positions."

As of April 2024, the percentage of women in management positions at our company is 4.9% (FY2019: 2.5%).



Shin Diversity workshop

Advancement of Foreign National Employees

As of April 2024, we have 170 foreign national employees. We are expanding training and environmental facilities for foreign national employees so they can work with peace of mind even in a different culture.

We are focusing in particular on training for foreign national employees that is appropriate for the stage of their career.

From the moment that they receive a letter of employment intent, we strive to eliminate their anxieties about joining us and provide seminars on the knowledge they need to work in Japan.

In their second year, we hold a training camp for foreign national employees and their supervisors. Two years after that, we hold another training session that reviews their career so far. In this way, we provide extensive follow-up over many years to instill the values that are



Foreign national employees and their supervisors at training

important for work and to ask about their career aspirations. Through these activities, we hope to bring out the best of the diverse viewpoints and capabilities that are present in our foreign national employees, thus contributing to the growth of the entire Group.

Advancement of Employees with Disabilities

We currently have 187 employees with disabilities. Rather than creating special-purpose subsidiaries, we hire people at the same workplaces and for the same jobs regardless of disability. 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 with individuals with disabilities. Every year, we also hold Challenge Forums for all employees to cultivate awareness of advancement activities for employees with disabilities.

Human Rights

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. We sent out a questionnaire to our partner companies about their acceptance of foreign technical interns. Based on the responses, we held training for our partners to prevent or mitigate risks to human rights. In addition, international agencies have identified some products that possibly involved forced or child labor in their production. In such cases, we conducted a traceability survey to check for any human rights violations throughout the entire supply chain, from raw material extraction to project office delivery.

Respect for Human Rights Overseas

To prevent or mitigate the risk to human rights among overseas skilled workers, we launched an e-Learning program in FY2023 for all employees at the Global Business Headquarters. This covered topics such as The Ten Principles of the UN Global Compact, Guiding Principles on Business and Human Rights, the UK's Modern Slavery Act, SDGs, and other issues. This program also reminded our partner companies of the prohibitions against forced labor, child labor, and human trafficking in our subcontracting agreements, and reconfirmed their compliance with these conditions. In the future, we will continue to provide education about respecting human rights, including for staff at our own business units.



Human rights awareness poster displayed at an overseas construction site

VOICE

Fulfilling the mission of civil engineering



Naomi Mikami
Civil Engineering Dept.
Hokuriku Branch

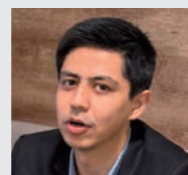
Currently, I'm in charge of construction site management and client negotiations as the supervising engineer for floodgate renovation work. Up until a few years ago, I had only vaguely thought about becoming a Project Manager. But it was my participation in the Shin Diversity Activity that made me realize that I could realistically aim for a managerial position.

I became a Project Manager in 2024. I try to give instructions and delegate work in a way that increases the performance of my colleagues as we work together.

Recently, natural disasters seem to occur every year. Everyone involved in recovery work sees it as the mission of civil engineering to help local communities recover. In fields other than natural disasters as well, I am strongly committed to fulfilling the mission of civil engineering. I work hard toward achieving this in my everyday tasks as a civil engineer.

VOICE

Keeping individual values while contributing to a team



Mirsardor Mirgijosov
Supply Chain Development Dept.
Procurement Div.

I come from Uzbekistan and I joined Shimizu in 2020. After joining the company, I worked at an on-site office and the Investment and Development Division, before being assigned to my current department in 2023. Here, I am in charge of promoting the use of foreign workers at partner companies. My efforts include training for skilled workers who come from my home country of Uzbekistan and providing various types of support after they arrive in Japan. Two years ago, I participated in cross-cultural communication training with senior employees. This was a chance to learn about differences in values that become apparent as we work together in Japan. This made it easier for us to understand each other and the subtle differences in viewpoint that we have. In Islam, worshipers pray several times a day. A special room is provided at the corporate headquarters where we can pray together with colleagues at the company. This really made me think that the company was respecting our values.

VOICE

I want my children to see how I work



Sachiko Takano
Human Resources Dept.
Tokyo Branch

After graduating from a vocational school for architecture, I worked at a design company for a while, but I quit after giving birth and then worked in a different industry. I wanted to return to the construction industry because I love architecture. I want my children to see me working on something that I love. I'm currently working at the Tokyo Branch on support tasks for construction sites. Although it is indirect, I'm proud to be involved in a job related to architecture.

I have a leg disability. I always thought that it would be difficult for me to actually go to a worksite, but I was able to join a site tour* for employees with disabilities. Through this tour, I realized that taking on challenges opens up new paths, and it increased my motivation to further deepen my knowledge of architecture.

* See P.80



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



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



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

Creating Rewarding and Attractive Workplaces

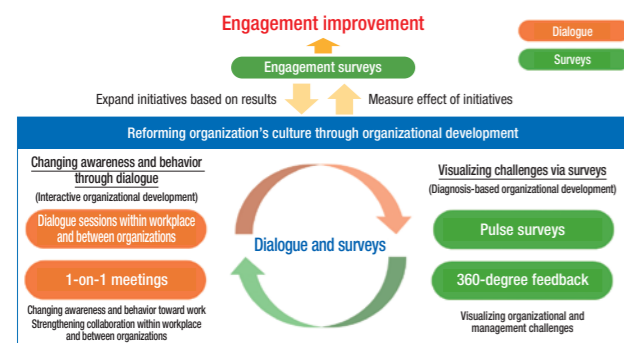
Improving Engagement through Dialogue and Surveys

In the Mid-Term Business Plan (2024-2026), in addition to individual job satisfaction, employee engagement scores have been set as a non-financial KPI. This score focuses on strengthening collaboration within the workplace and between organizations. We aim to achieve a score of 4.0 by FY2026. By setting a high target, we have taken on the challenge of coming together as a Group to reform the culture of our organization.

To enhance relationships between individuals in the workplace and revitalize the organization, we are working on visualizing organizational challenges through pulse surveys*.

We aim to develop human resources who can act on their own 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 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



Organizational development via dialogue and surveys

Realizing Flexible Workstyles

In response to changes in the social environmental and the values of the working generation, we have introduced a new system called Life Support absence. This allows employees to take a leave of absence for up to three years according to their individual circumstances, and is not limited to childcare or nursing care.

We also expanded flexible working hours, which were previously limited to those with special circumstances such as childcare, to all office employees. We eliminated the daily minimum work requirement for the flexible working hours of office employees with childcare or other special responsibilities.

These systems promote more self-reliant and flexible workstyles, which improves the job satisfaction of employees and makes work easier. In the future, we aim to continue to create environments where employees can select a workstyle suitable for their own values and changing lifestyles, helping them form their own career path.

Introduced a Financial Support System for Fertility Treatment

We have introduced a financial support system for employees who are receiving fertility treatment and their partners. We offer up to 20,000 yen per month with no limits to the number of payments or the treatment period. We aim to create an environment where employees can continue both their work and treatment with peace of mind.

Family Day

We have held our Family Day since 2009 at the request of Keidanren (Japan Business Federation). This is part of a national movement to reemphasize the importance of family. The purpose of this event is to deepen the understanding of the family members of employees about the work that we do at our company. It also provides an opportunity for us to increase our awareness of work-life balance and reaffirm our family connections. In FY2023, we held our first Family Day in four years after the COVID-19 pandemic. It was held at the corporate headquarters and joined by 269 people from 80 family groups.



Family Day
<https://www.shimz.co.jp/en/company/about/diversity/wlb/familyday/>

VOICE

A most meaningful day



Masahiro Kanehara

Planning Dept.
Building Construction Planning Div.
Building Construction Headquarters

Since the Family Day event was held in the afternoon of a weekday, I took a day of annual leave to attend. My children were on summer vacation, so we could enjoy without worrying about the time.

My children will always remember exchanging business cards with the Chairman and President. When my eldest daughter (three years old) exchanged business cards with the President, she was very nervous and could hardly say her own name. But when it came time to exchange cards with the Chairman, she said her name in a loud voice, and also, "Nice to meet you!" On the way home, she was very happy that she'd learned how to exchange business cards. This made me pleased that we joined the event. On Family Day, various departments set up exhibits of their work. This gave my children and my wife the opportunity to see for themselves the environment in which I worked. This made it a very meaningful day for us.

Strengthening the Supply Chain

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 subcontractors 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.

Shimizu Group CSR Basic Procurement Policy

1. Compliance with laws, regulations, and company rules, and respect for social norms
2. Fair, equitable, and good-faith transactions
3. Building good partnerships with suppliers
4. Respect for human rights
5. Consideration for the environment
6. Quality and delivery assurance
7. Promoting health and safety
8. Pursuing reasonable costs
9. Ensuring information security
10. Contributions to society
11. Disaster response

Measuring Progress on CSR Procurement

To ascertain the status of initiatives based on the Shimizu Group CSR Procurement Guidelines, we conducted a questionnaire survey in to December 2022, targeting 1,035 companies in Kanekikai, an association of Shimizu's suppliers and subcontractors. In FY2023, we analyzed the results of that survey and provided advice and guidance to our subcontractors on developing and improving good practices related to CSR procurement. We will continue to conduct surveys and analyses and provide guidance accordingly.

Promotion of the Construction Career Up System (CCUS)

The Construction Career Up System (CCUS) is an industry-wide program infrastructure the public and private sectors are collaborating on. The goal is to improve the benefits of construction workers based on experience and abilities by collecting and storing their work histories to ensure the availability of skilled workers.

To advance the adoption of CCUS, we actively encourage businesses at construction sites to register. When necessary, we also assist with registering businesses and technicians on their behalf. We aim to create a construction industry where the younger generation can work confidently and safely.



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

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 FY2023, there were 2,269 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.



Participants in the training for new employees

Development of next-generation assisting machine

The application of the overtime cap for the construction industry, which came into effect in April 2024, requires further reforms in the way workers work.

As part of these efforts, we have collaborated with NIKKEN CORPORATION to develop two innovative solutions: the Sky Runner, an electric mobile work platform designed to reduce and streamline labor for operating ceiling interior and exterior equipment and performing finishing work, and the Sky Table, a wirelessly operated material transport and lifting machine. Using both machines together makes it possible to continuously carry out the work of transporting, hoisting, and installing ceiling materials without setting up a scaffolding platform. This helps reduce and streamline labor and improve productivity in the ceiling finishing work of buildings.



Ceiling finishing work using Sky Runner (right) and Sky Table (left)



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

Quality

Quality Policy

We have established quality policies for our construction, civil engineering, and engineering businesses, to earn the trust and satisfaction of our clients.

Building Construction Business

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

Civil Engineering Business

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

Engineering Business

By applying our advanced technical expertise to client 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 9001:2015 standard for quality management systems, seeking to improve client satisfaction and earn their trust.

FY2024 Quality Slogan Poster

Each year, we invite quality slogans from all employees, as well as those from affiliated and partner companies. The selected slogans are showcased on posters and other materials throughout workplaces nationwide to promote quality awareness.



Quality Slogan Poster

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 client requirements and compliant with laws and regulations. We endeavor to achieve client satisfaction, successfully implement our quality policy, and thereby contribute to the development of our business and contribute to society.

Initiatives in each business division

Building Construction Business: Establishment of new Quality Management Department reporting to the branch director

In line with the increasing size and complexity of construction projects, we have established a new Quality Management Department under the direct control of the directors at all branches. The department checks whether quality management is being carried out in a timely manner and whether the appropriate processes are being followed as the construction work progresses. Depending on the circumstances, it has the authority to suspend operations temporarily, and it reports the results of its checks directly to the branch director, providing any necessary technical or operational support. The Quality Management Department of the Building Construction Planning Division checks the status of the activities of the Quality Management Departments at each branch to raise the level of group-wide quality management and achieve client satisfaction.

Civil Engineering Business: Provision of superior quality that exceeds the expectations of clients and society

We are working to improve the quality not only of construction deliverables but also of the construction process. In addition to QMS (quality management system) and other line management, staff with advanced technical skills provide support at each stage of the construction process. Furthermore, starting FY2024, an experienced engineer (head of quality) will provide on-site guidance that is specialized for this purpose in order to prevent the recurrence of serious defects that have occurred in the past. Through these efforts, we will strive to further improve customer satisfaction by realizing a “high quality construction process.”

Engineering Business: Earning client trust

We consistently build in and manage quality in accordance with an ISO 9001-compliant QMS for all phases of a project, from planning and design to construction and maintenance. By listening to customer feedback and collaborating with internal and external project members, we leverage the collective strength of Shimizu to provide the optimal solution to meet our clients’ needs quickly. In addition to earning client trust, we aim to maximize the future value of our facilities.



Quality and Customer Satisfaction
<https://www.shimz.co.jp/en/company/csr/quality/>

Health and Safety

Health and Safety Management Goal and Measures for Achieving It

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.

Goal

Elimination of accidents involving the public and fatal or serious accidents

Measures for Achieving the Goal

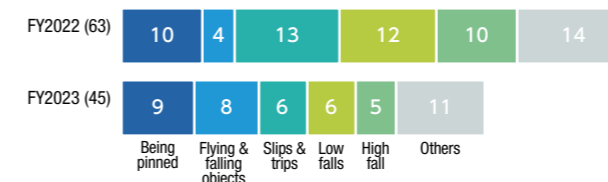
1. Perform risk assessments to promote preventive safety and continually strive to reduce occupational accidents.
2. Conduct business activities in a manner that achieves both safety and production, based on safety as the highest priority.
3. Encourage independent safety management by subcontractors 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

Analysis of accidents in FY2023 by type of accident showed that being pinned was the most frequent, followed by flying & falling objects, low falls, slips & trips, and high falls.

Compared to the figures from FY2022, the number and percentage of high falls in particular have both started to decrease. However, there have been instances where a near-miss almost resulted in a major accident. As such, we will continue to enforce the rule of 100% use of safety belts at heights.

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 accident analysis results and severity of accidents in FY2023, the most important issue in FY2024 will be the elimination of accidents involving high falls and low falls, with a focus on construction machinery and crane-related accidents, accidents involving collapse, accidents involving the public, infrastructure damage accidents, and fires, as well as elimination of unsafe behavior and disaster prevention measures at special safety management construction sites. We will establish specific measures for each category and take action to prevent accidents.

Older Worker Strength Measurement Manual

Older workers are at a higher risk of injury and accidents, but the knowledge and experience these skilled workers have is important for training younger workers. We also believe it is crucial for older workers to continue working, considering the labor shortage. For that reason, we have created a manual for measuring the physical strength of older workers. It includes (1) preventing accidents involving older workers, improving their physical capabilities, and encouraging them to reconsider their lifestyle habits so they can work longer without being constrained by age, and (2) a system for project leads to quantitatively assess the suitability of older workers accurately, allowing for careful consideration and proper placement in hazardous tasks.

Safety patrols by the president

At Shimizu, during the annual National Safety Week and National Industrial Health Week, the president and group-wide safety committee members carry out job site safety patrols. They review the progress of construction projects and assess the safety measures in place at job sites. In addition to making sure work procedures and basic rules are followed, they also remind workers to take thorough measures to prevent heatstroke.

In FY2023, they visited construction sites for building construction and civil engineering projects in Tokyo under the jurisdiction of the Tokyo Branch.



The president on a safety patrol

“Kamewarigo” Mobile Safety Dojo

To strengthen and enhance safety education for skilled construction workers, we developed a safety experience vehicle called “Kamewarigo” equipped with hands-on safety education tools. It is now operational. As a part of the training program at Shimizu Takumi Training Center (See P.87), we provide hands-on safety education utilizing Kamewarigo, primarily directed at skilled workers at our job sites. We also do on-site classes all over the country.



“Kamewarigo” Mobile Safety Dojo



Initiatives in Health & Safety
<https://www.shimz.co.jp/en/company/csr/safety/>

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 have also endorsed Keidanren's 1% (One-Percent) Club program. Furthermore, we are engaged in various social contribution efforts, including activities to support the Social Welfare Corporation Shimizu Foundation, which is deeply tied to the Company, and housing research foundation JUSOKEN as well as a grant-in-aid program by Shimizu Foundation.

Shimizu Receives Award for Excellence at Japan Mécénat Awards 2023

At the Japan Mécénat Awards 2023 hosted by the Association for Corporate Support of the Arts, our Shimizu Open Academy (SOA) was honored with the Excellence Award titled "From Here, Talent Will Grow." SOA is a public lecture series launched in 2008 at our Institute of Technology. Its aim is to communicate the joy of monozukuri and the appeal and depth of construction to young people. We will continue to enhance our lecture offerings, including career guidance for young people and education on the SDGs, as we strive to nurture the future leaders of the monozukuri and construction industries.



Mécénat Awards 2023 presentation ceremony

Start with Fun! "Sports for All" Parasports Experience Events

In collaboration with the non-profit organization STAND, we have been organizing "Start with Fun! 'Sports for All' Parasports Experience Events" at various locations across Japan since FY2014. In FY2023, events were held in Toyama City, Toyama Prefecture, Niigata City, Niigata Prefecture, and Sakura City, Chiba Prefecture. Many children were given the opportunity to learn about the appeal of parasports and the importance of an inclusive society. We will continue our efforts to promote and popularize parasports through various events.



Children moving around in wheelchairs

Wood Educational Activities of Tokyo Mokokujou Arts & Crafts Furnishings

At Tokyo Mokokujou Arts & Crafts Furnishings, we have been holding woodworking classes to communicate the appeal of wood all across Japan since FY2007. The Chuo Ward Community Education Promotion Council's Parent-Child Woodworking Class offers a valuable opportunity for parents and children to strengthen their communication while introducing children to the joys of monozukuri through hands-on interaction with wood. In FY2023, 36 pairs of parents and children (76 people) living or studying in Chuo Ward participated in the event. We will continue to contribute to local communities through wood educational activities, offering various opportunities for children to experience the joy of monozukuri by working with real wood.



Woodworking class for parents and children

Support for Art Para Fukagawa Talkative Art Festival

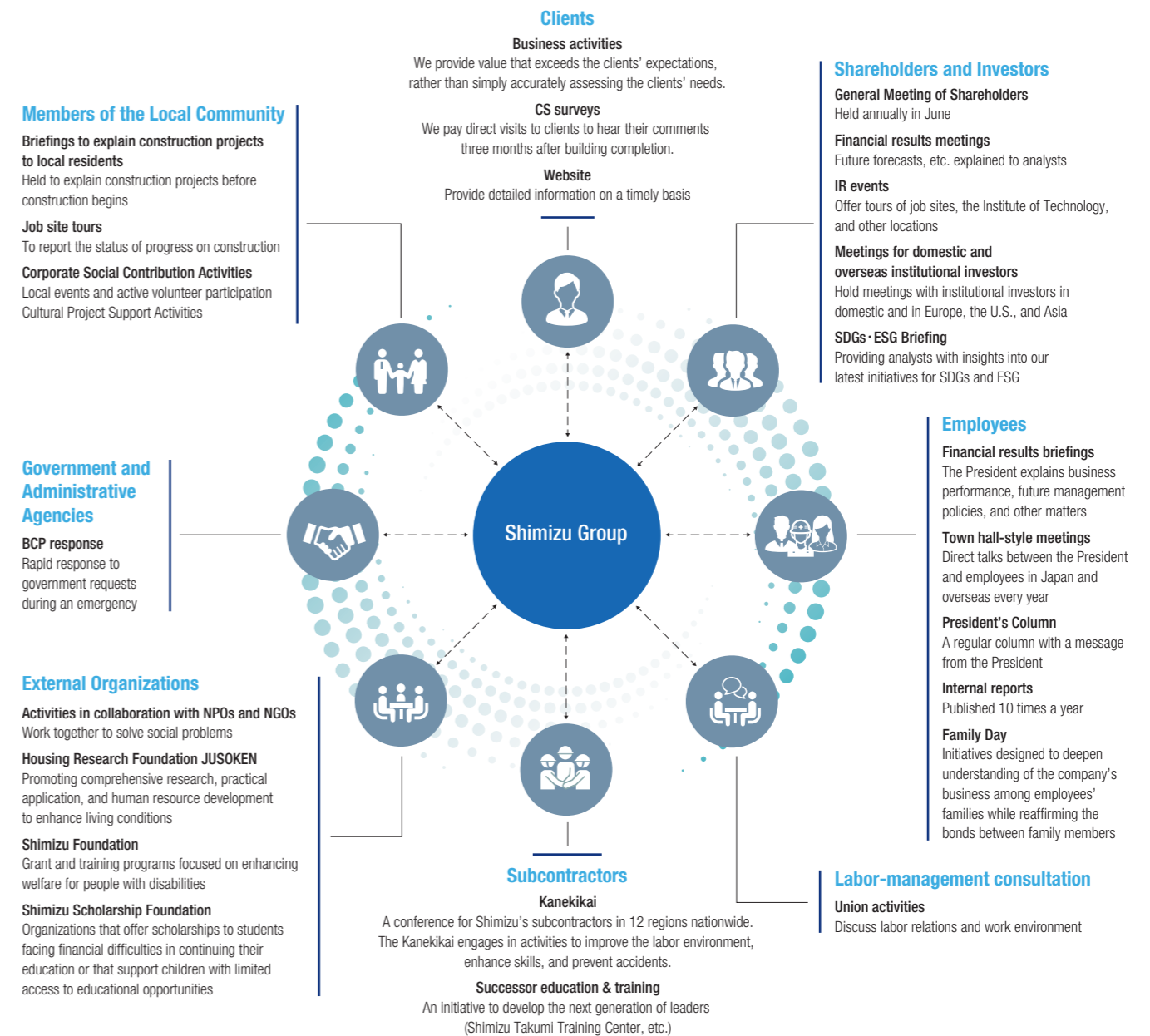
We are a main sponsor of the Art Para Fukagawa Chatty Art Festival, an event held every fall in Koto Ward, Tokyo, where the town of Fukagawa is adorned with artworks created by people with disabilities. In addition to sponsorship, our employees, along with local residents, participate in volunteer activities such as setting up artwork and guiding visitors at the event site. These efforts aim to enliven the event and promote a symbiotic society in Koto Ward, where many of our related facilities are located.



Artwork displayed at Fukagawa Fudodo and volunteers

Communication with Stakeholders

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



External evaluations & Participation in Initiatives

Inclusion in ESG Index



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Awards related to ESG and others



United Nations Global Compact



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



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.

Main Changes in Corporate Governance

December 2018	Establishment of Nomination & Compensation Committee 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	Increased number of Outside Directors Increased the number of Outside Directors from two to three and the number of female Directors from one to two
June 2019	Change in Director Term 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	Partial Revision of Executive Officer System 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	Change to Composition of Nomination & Compensation Committee 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	Introduction of Third-Party Evaluation of Effectiveness of Board of Directors 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	Further Increase in Number of Outside Directors 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

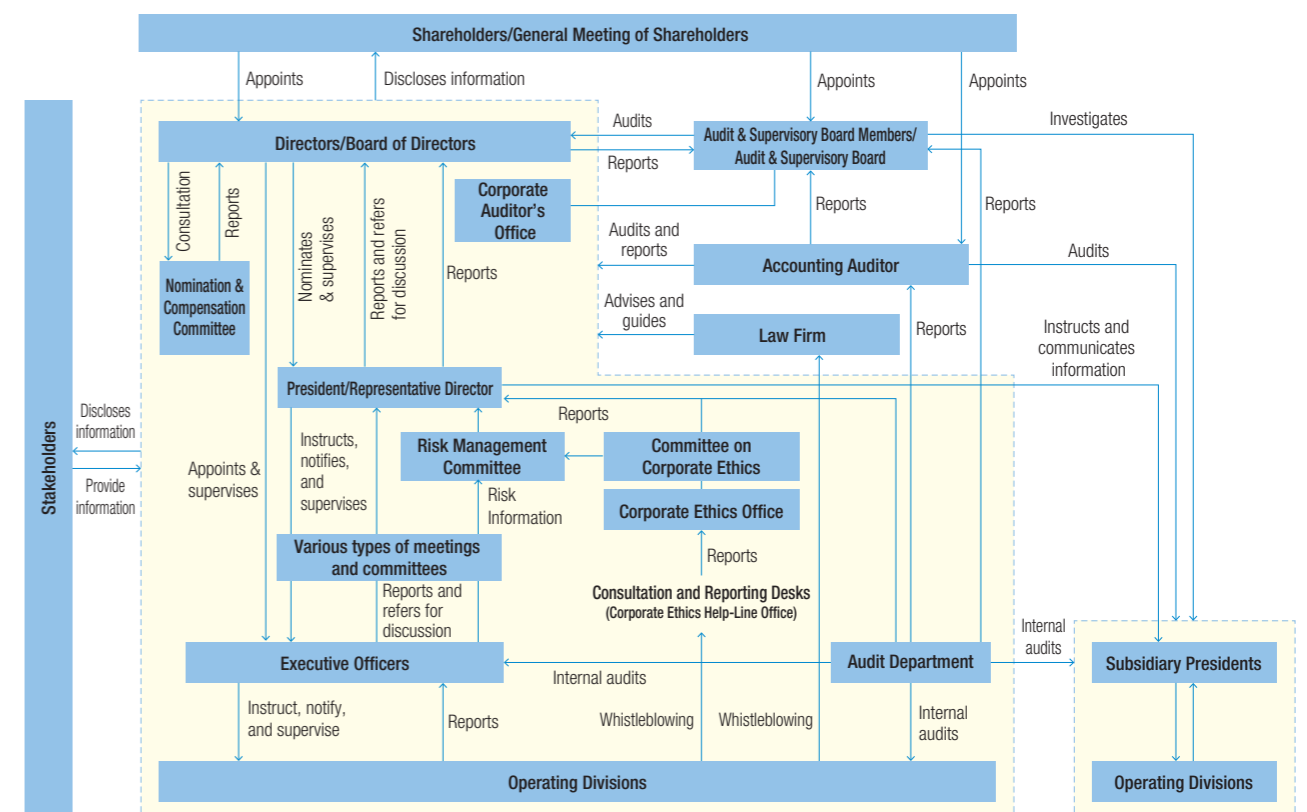
Shimizu has adopted the institutional design of a company with an Audit & Supervisory Board. We have limited the number of directors and introduced an executive officer system to clearly separate the management strategy, decision-making, and oversight functions from the business execution function. We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



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 full-time Audit & Supervisory Board member also attends committee meetings.

Committee on Corporate Ethics

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

Executive Officers Council

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

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 2023 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 2023 to March 2024
Dates performed	Board of Directors meetings on March 8, March 28, and April 24, 2024
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 FY2022 (covering April 2022 to March 2023)

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

1. Further strengthen the management supervision function of the Board of Directors.

- Expand discussions about sustainability and ESG (e.g. climate change countermeasures, human resources strategies).
 - Established the Sustainability Committee (chaired by the President) whose important matters are reported to the Board of Directors to elaborate the supervision system.
- Expanded opportunities to exchange opinions about management strategies between management personnel and Outside Directors (including opportunities other than the Board of Directors Meetings) and strengthen monitoring of the progress of the Mid-Term Business Plan.
 - The status of discussions on the next Mid-Term Business Plan (including the review of the current Mid-Term Business Plan) shared and discussed with Non-Executive Directors as necessary and its feedback incorporated in the plan.
- Enhance sharing of management information with Outside Directors and Outside Audit & Supervisory Board Members.
 - Organized tours of offices and construction sites, attendance of the internal lectures, etc., conducted IR reports and audit reports, etc. on a regular basis.

2. Further promote communication with Outside Directors, Outside Audit & Supervisory Board Members, and management personnel (ongoing).

- Set up various meetings, etc. and organize them regularly. Held meetings to exchange opinions between all Inside Directors and Non-Executive Directors.

Main Issues to consider Indicated in the Current Evaluation of Effectiveness

- Monitoring and supervision of the progress of the Mid-Term Business Plan by the Board of Directors
 - Strengthen monitoring of how the Mid-Term Business Plan and the annual Operation Plan are linked, how it is adopted across the Company and its progress.
- The Board of Directors to check that management resources are appropriately distributed
 - Further discussions on business portfolio taking into account medium to long term growth.
- Sharing the deliberation status, etc. of the Nomination and Compensation Committee at the Board of Directors
 - The Board of Directors to check the deliberation process of the Nomination and Compensation Committee in addition to its result.
- Expanded disclosure of non-financial information
 - Expanded information disclosure related to risk management and sustainability.

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 27, 2024)

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

Election of Outside Directors and Outside Audit & Supervisory Board Members

Appointed Outside Directors (as of June 27, 2024)

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2023
Tamotsu Iwamoto	○	Outside Director of XEBIO Holdings CO., LTD.	Mr. Iwamoto possesses expert knowledge and experience as a corporate executive 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 16/17 (94.1%)
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 think that he will utilize 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 in the field of 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 Chairman of Japan Institute for Women's Empowerment & Diversity Management	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 27, 2024)

Name	Independent Officer	Important Concurrent Positions	Reasons for Appointment	Meeting Attendance During FY2023
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 16/17 (94.1%) Audit & Supervisory Board 16/16 (100%)
Ko Shikata	○	Professor of Faculty of Law, Chuo University	Mr. Shikata 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 he will utilize his experience and insights to supervise management of the company from an objective, neutral perspective.	Board of Directors meetings 17/17 (100%) Audit & Supervisory Board 16/16 (100%)

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.

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 Annual 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.

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

Shimizu decided not to pay a bonus for the most recent fiscal year.

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 ten times during the fiscal year) reviewed compensation for fiscal year ended March 31, 2024 and discussed the base monthly salary and the amount to be paid as bonuses for each director according to the evaluation of the performance of each director, based on the Rules on Officer Compensation. The committee determined the compensation to be in line with policy determined by the Board of Directors.

Director and Audit & Supervisory Board Member Compensation (FY2023)

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)	553	553	—	11
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	64	64	—	2
Outside Officers	98	98	—	7



Criteria for Assessing Independence of Outside Directors and Outside Audit & Supervisory Board Members
<https://www.shimizu.co.jp/en/company/ir/management/governance/pdf/151224e.pdf>

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 2023 is provided below.

Compliance System	<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 & 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>
Risk Management System	<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>
Systems to Ensure Proper Operation of the Shimizu Group	<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>
System for Ensuring Effectiveness of Audits by Auditors	<p>(1) The Audit & Supervisory Board Members Office is an organization dedicated to assisting the Audit & Supervisory Board. It is staffed with three full-time employees.</p> <p>(2) An Audit & Supervisory Board member designated by the Audit & 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>

Risk Management

The Shimizu Group recognizes that various risks can emerge in the course of business activities and works to ensure business continuity and stable growth by properly managing such risks to reduce the possibility that they will materialize, while also minimizing losses for those that do materialize. In Mid-Term Business Plan (2024-2026), we also stated the basic policy of Advancing Sustainability Management, and are committed to taking risks while properly risk-hedging.

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

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

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



Group Governance

Other Special Circumstances which may have a Material Impact on Corporate Governance

(1) Approaches and Policies Concerning Group Management

The Shimizu Group has established the Mid-Term Business Plan <2024-2026> with the basic concept of “A Stronger Business Foundation for Sustained Growth” to increase our corporate value and achieve the SDGs. Following this Plan with a new mindset of “Choukensetsu”, we will create an environment where every member of our team can take on challenges to realize their dreams and provide value exceeding the expectations of clients and society. We continue to work to build a flexible and speedy group management structure and strengthen governance with respect to group management.

The Company has THE NIPPON ROAD Co., Ltd. as a listed subsidiary (ownership ratio: 50.11%) and has a stake in Property Data Bank, Inc. (ownership ratio: 24.14%), a listed affiliate. We will periodically review the rationality of maintaining listing of listed Group companies, and appropriately disclose the rationality of our decision and the governance structure of listed Group companies from the perspective of maximizing the corporate value of the Group.

(2) Significance of having a listed subsidiary and a policy on securing the effectiveness of the governance structure

THE NIPPON ROAD Co., Ltd. (ownership ratio: 50.11%, the “Subsidiary”) had been our equity method affiliate (ownership ratio: 24.84%). We announced and implemented a takeover bid to make the Subsidiary a consolidated subsidiary on February 9, 2022, after discussions between two companies and obtaining their consent. On March 29, 2022, it became our consolidated subsidiary.

The business domains of the Subsidiary include the construction business centering on pavement work, pavement material manufacture and sales business, and co-creation business. As there is an affinity with the Company’s business domain, we will further strengthen our cooperative relationship by sharing management know-how and resources within the Group. This will lead to the further growth of the Shimizu Group and enhancement of corporate value. In addition, the Subsidiary will remain listed on the stock exchange, ensuring opportunities for direct dialogue with shareholders and investors. It can therefore be expected that the management of the Subsidiary will continue to possess a sense of tension, and that it will maintain the motivation of its directors and employees. The executive structure of the Subsidiary is reviewed based on its voluntary judgment and determined after prior consultation with or reporting to us.

With regard to the nomination of management personnel, it is important to nominate candidates from the viewpoint of whether they contribute

to enhancing the corporate value of the Subsidiary. We believe it is necessary for us to collaborate with the Subsidiary while ensuring that they select candidates from an independent standpoint, in order to enhance the effectiveness of their governance.

The Company will ensure the effectiveness of the governance system of the Subsidiary by respecting the independent decision-making of the listed Subsidiary and the interests, etc. of minority shareholders in its management. In addition, the Company will strive to instill its Credo, “The Analects and the Abacus,” and share its long-term vision (“SHIMZ VISION 2030”) and the Mid-Term Business Plan <2024-2026> to foster a sense of Group unity and maximize corporate value while also respecting the corporate culture of the Subsidiary.

(3) Significance of having a listed affiliate and a policy on securing the effectiveness of the governance structure

As of March 31, 2024, we have a stake in Property Data Bank, Inc. (ownership ratio: 24.14%, the “Affiliate”).

The Affiliate was listed on the Mothers section of the Tokyo Stock Exchange (currently, Tokyo Stock Exchange Growth Market) on June 27, 2018, to enhance its neutrality, independence, and social credibility, and it continues to be listed on the stock exchange. The Affiliate was established in October 2000 through our In-house Entrepreneurship Recruitment System. It provides the “@property” service which supports the operation and management of real estate and facilities mainly in Japan. We position it as an operation related to services in our Group. The executive structure of the Affiliate is determined based on its voluntary judgment. However, only when we dispatch executives, the decision is made after prior consultation with or reporting to us.

With regard to the nomination of management personnel, it is important to nominate candidates from the viewpoint of whether they contribute to enhancing the corporate value of the Affiliate. We believe it is necessary for us to collaborate with the Affiliate while ensuring that they select candidates from an independent standpoint, in order to enhance the effectiveness of their governance.

Currently, two Executive Directors and one Outside Director who are appointed to serve at the Affiliate are from the Company. However, the terms and conditions of transactions, such as those regarding the cloud services between the Affiliate and us, are the same as those for other users. In addition, the proportion of sales and purchases from us and our subsidiaries in the Affiliate is insignificant. We intend to keep the equity in the Affiliate to maintain its status as our affiliate.

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.



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



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

Directors (as of July 1, 2024)



Yoichi Miyamoto
Chairman of the Board
and Representative Director



Kazuyuki Inoue
President and Representative Director
President and Executive Officer



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



Takeshi Sekiguchi
Executive Vice President and Director
Executive Vice President and Executive Officer
In charge of Engineering Business,
Director, LCV Headquarters,
In charge of Information Management



Tatsuya Shinmura
Executive Vice President and Representative Director
Executive Vice President and Executive Officer
Director, Building Construction Headquarters,
In charge of Productivity Improvement,
Nuclear Business, Building Construction
Headquarters and Smart City



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



Noriaki Shimizu*1
Director

Outside Directors (as of July 1, 2024)



Tamotsu Iwamoto*2
Director



Junichi Kawada*2
Director



Mayumi Tamura*2
Director



Yumiko Jozuka*2
Director

*1 Director Noriaki Shimizu is a Non-Executive Director.

*2 Directors Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka are non-executive independent outside directors.



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

Audit & Supervisory Board Members (as of July 1, 2024)



Hideto Watanabe
Audit & Supervisory Board Member
(standing)



Hiroshi Kobayashi
Audit & Supervisory Board Member
(standing)



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



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



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

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

Outside Audit & Supervisory Board Members (as of July 1, 2024)

Director Skills 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.)									
	Common skills		Expertise							
	Understanding and implementing the Corporation's Credo "The Analects and the Abacus"	Sustainability	Corporate Management	Human Resource Development & Diversity	Global Experience	DX (Digital Transformation)	Production & Technology	Sales & Marketing	Finance & Accounting	Legal Affairs & Risk Management
Yoichi Miyamoto	●	●	●	●	●		●	●		
Kazuyuki Inoue	●	●	●	●	●		●	●		●
Kentaro Ikeda	●	●	●		●	●	●	●		
Takeshi Sekiguchi	●	●	●		●	●	●	●		
Tatsuya Shinmura	●	●	●		●	●	●	●		
Yoshiki Higashi	●	●	●	●	●				●	●
Noriaki Shimizu	●	●	●				●	●		
Tamotsu Iwamoto	●	●	●	●	●					●
Junichi Kawada	●	●	●	●	●					●
Mayumi Tamura	●	●	●	●	●				●	
Yumiko Jozuka	●	●	●	●						●

* The Corporation's Credo "The Analects and the Abacus" and "Sustainability" are both philosophies that underlie sustainable management, and we consider these qualities as common skills that we expect all our directors to possess.

* Each of these skill categories has been determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

Executive Officers (as of July 1, 2024)

President

Kazuyuki Inoue

Director, Business Development & Marketing Headquarters

Executive Vice Presidents

Kentaro Ikeda

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

Takeshi Sekiguchi

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

Tatsuya Shinmura

Director, Building Construction Headquarters,
In charge of Productivity Improvement,
Nuclear Business, Building Construction
Headquarters and Smart City

Yoshito Tsutsumi

Executive Project Director,
TOKIWABASHI PROJECT,
In charge of Special Projects

Masanobu Onishi

Executive Conductor, NOVARE,
In charge of Business Innovation and
Emerging Frontiers,
General Conductor, NOVARE Archives

Senior Managing Officers

Yoshiki Higashi

In charge of Administrative Functions,
Director, Corporate Planning Div.,
In charge of SDGs & ESG Promotion

Takao Haneda

Director, Corporate Ethics Office,
In charge of General Affairs,
Legal Affairs, Risk Management and
Associated Companies

Kouichi Yamashita

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

Akira Yamazaki

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

Kojiro Shimizu

Director, Tokyo Branch

Takefumi Saito

Director, Tokyo Civil Engineering Branch

Hideo Yokoyama

Director, Business Development & Marketing
Headquarters

Managing Officers

Mitsuo Morii

Assistant Director, Tokyo Branch

Toshihide Suenaga

In charge of Building Construction Sales &
Marketing, Kansai Area,
Business Development & Marketing
Headquarters and Sales & Marketing,
Yumeshima (Osaka) Project

Tomoaki Harada

Director, Chiba Branch

Kazuhiko Kato

In charge of Large-scale Projects Promotion,
Business Development & Marketing Div. - Civil
Engineering, Business Development &
Marketing Headquarters

Akinobu Sakao

Director, Nagoya Branch

Hitoshi Fujita

Director, Global Business Headquarters

Kazuya Osako

Director, International Civil Engineering Div.,
Global Business Headquarters

Mika Kaneko

Director, Environmental Strategy Office,
Deputy Director, Corporate Planning Div.

Haruhiko Washimi

In charge of Investment and Development,
Deputy Director, Global Business
Headquarters

Toru Noda

In charge of Technology, Civil Engineering
Headquarters

Hiroyuki Fujimoto

Director, Design Div., Building Construction
Headquarters

Takuya Ito

Deputy Director, Global Business
Headquarters,
President and Representative Director,
Shimizu America, Inc.

Shinichi Takiguchi

Director, Emerging Frontiers Div.

Toshiyuki Nakahara

Director, Business Development & Marketing
Div. - Civil Engineering, Business Development
& Marketing Headquarters

Executive Officers

Naruki Ohashi

Director, Tohoku Branch

Yasuhiro Takenaka

Director, Hokkaido Branch

Shuji Kakegawa

Director, Institute of Technology

Katsuyoshi Yuhara

Director, Kyushu Branch

Mohi U. Ahmed

Director, Business Innovation Unit

Yasuhide Yamada

In charge of Environment & Energy, Corporate
Planning Div.

Naomi Onishi

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

Naoki Iwagaki

Director, Hiroshima Branch

Michiho Yamaguchi

In charge of Finance & Accounting and
Investor Relations

Kazuyuki Oki

Director, International Div., Global Business
Headquarters

Shigeru Matsumoto

Director, Building Construction Planning Div.,
Building Construction Headquarters,
General Conductor, NOVARE Academy

Toru Aoki

Director, Mechanical & Electrical Div., Building
Construction Headquarters

Yoshiro Kobayashi

Director, Business Development & Marketing
Div. 2 - Building Construction, Business
Development & Marketing Headquarters,
Director, Chubu Business Development &
Marketing Div., Business Development &
Marketing Headquarters

Nobuyoshi Kikuchi

Deputy Director, Corporate Planning Div.

Kazumi Sato

Deputy Director, Corporate Planning Div.,
Director, HR Strategy Dept., Corporate
Planning Div.,
General Conductor, NOVARE Planning office

Osamu Nakagawa

Assistant Director, Tokyo Branch

Kentaro Nakagawa

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

Shunsuke Oka

Director, Business Development & Marketing
Div. 1 - Building Construction, Business
Development & Marketing Headquarters

Kazu Miyata

Director, Civil Engineering Technology Div.,
Civil Engineering Headquarters

Hideyuki Tominaga

Director, Yokohama Branch

Yutaka Shimizu

Director, Engineering Headquarters

Eiichi Shinma

Deputy Director, Design Div., Building
Construction Headquarters

Kounari Yotsumoto

Director, Investment and Development Div.

Takayuki Kawasaki

Director, Civil Engineering Planning Div., Civil
Engineering Headquarters

Junichiro Kakuno

Director, Hokuriku Branch

Independent Opinion



Keisuke Takegahara

Professor
National Graduate Institute
for Policy Studies

Joined the Japan Development Bank (now the Development Bank of Japan) in 1989. After serving as the General Manager of the Environment & CSR Department, Executive Officer and Deputy General Manager of the Industrial Research Division, as well as Manager of Sustainability Management in the Corporate Planning Department and Executive Director of the Research Institute of Capital Formation, he has been in his current position since July 2024.

* He has provided objective, expert opinions for the Shimizu Corporate Report (formerly known as the Shimizu CSR Report) every year since 2012.

The World Economic Forum (WEF) Global Risks Report, published annually, categorizes risks into two groups: short-term risks for the next two years and long-term risks for the next decade. In FY2023, the final year of the Mid-Term Business Plan (2019-2023), many of the short-term risks anticipated by the WEF, such as geopolitical risks related to armed conflicts and rising inflation, manifested. These risks also impacted Shimizu Construction. While the completion of the super high-rise building was a historic achievement, the company faced challenges in terms of profit due to rising construction costs driven by increases in material and labor prices.

To overcome the situation, the new Mid-Term Management Plan (2024-2026), developed with a strong sense of urgency, has set forth creating a stronger business foundation for continued growth as a basic policy. The policy of emphasizing talent and organizational capabilities—core elements for addressing various management challenges and enhancing strategy execution capabilities to achieve the long-term vision—is clearly highlighted in Corporate Report 2024. Starting with this report, while communicating various activities to multiple stakeholders, the editorial focus has shifted to highlight the story-like aspects of the strategy, such as what strengths to retain and what changes to make to achieve the long-term vision.

This is symbolized by the “Choukensetsu” mindset, which lies at the core of the new Mid-Term Business Plan. President Inoue’s message clearly emphasizes that transcending the core business of construction involves understanding the essential needs of society and clients. It entails leveraging Shimizu Corporation’s tangible and intangible assets to deliver new value and meet those needs. Engaging in a process of exploration through in-depth dialogue is crucial to learning the essential needs of society and clients. This naturally leads to the topic of talent. To achieve this, the company mobilizes the traditions and technologies cultivated over its 220-year history, leveraging both tangible assets, such as specific technologies and physical assets, and various intangible assets. Given the need for all-out mobilization, it is clear why there is a strong emphasis on enhancing organizational capabilities through collaboration between various functions. The contents of this report are thoroughly and systematically organized around the concept of “Choukensetsu.”

If you examine it closely, you will see that the value creation process has been revamped. Starting from an awareness of social issues, the new Mid-Term Management Plan clearly reflects the company’s intention to become a Smart Innovation Company, as stated in its long-term vision, while creating solutions and delivering value (outcomes) through its business activities. This overarching framework is complemented by focusing on talent development

and organizational capabilities improvement as a central theme for each business to improve functional collaboration in integrating these elements. In line with this approach, it is also important to note that non-financial KPIs have been revised. In addition to emphasizing human capital, such as engagement scores and the development of DX specialists, the company has also incorporated elements to understand essential needs. This includes being among the first to adopt natural capital risk management (the implementation rate of environmental analysis through Environmental KY). Additionally, it is essential to note that they have introduced sustainability management as a replacement for ESG management. By enhancing functional collaboration and mobilizing both tangible and intangible strengths, the company aims to elevate its solutions, addressing social issues and seizing business opportunities at a higher level. This reflects the company’s intention to simultaneously advance organizational sustainability through enhanced profitability and social sustainability through solutions to essential needs.

Adopting Smart Innovation Ecosystem NOVARE as a platform to promote the three types of innovation—business structure, technology, and talent—aligned with the long-term vision and embodying the “Choukensetsu” mindset proved effective. This new hub for value creation, where the DNA of the company’s founding coexists with the latest digital robotics, exemplifies the strengthening of functional collaboration. I think the expression “smart innovation” is very apt.

There were many other noteworthy elements, such as the three in-depth features on linked functions (technology strategy, digital strategy, and initiatives for carbon neutrality) and disclosures aligned with TNFD recommendations. However, what stood out particularly to me was “Talent Innovation” within the Social section. In addition to detailing the various systems, the VOICE section—featuring testimonials from employees who have used these systems—clearly illustrates the direction of the new Mid-Term Management Plan. It also organically links the first half of the report, which focuses on strategy, with the specific initiatives outlined in the second half. I believe the report can be considered a masterpiece for how it effectively communicates the company’s message to various stakeholders. The long-term risks highlighted in the Global Risks Report, mentioned at the beginning, primarily concern sustainability risks like environmental problems. This list of risks differs from the short-term risks identified. This report clearly demonstrates that the new strategy, developed in response to short-term risks, is now more attuned to addressing long-term risks. I look forward to seeing further enhancement of the content under the new system in the next report.

Ten-Year Highlights (Consolidated)

Shimizu Corporation and its subsidiaries
Years ended March 31, 2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
	Millions of Yen (unless otherwise indicated)										Thousands of U.S. Dollars (unless otherwise indicated)
For the year:											
Construction orders awarded	¥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	¥2,037,093	\$13,447,940
Net sales	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	2,005,518	13,239,496
Operating income	50,032	94,668	128,835	121,373	129,724	133,894	100,151	45,145	54,647	(24,685)	(162,960)
Ordinary income	56,246	95,501	131,197	124,130	133,957	137,986	105,465	50,419	56,546	(19,834)	(130,941)
Net income attributable to shareholders of the Corporation	33,397	59,322	98,946	84,978	99,668	98,977	77,176	47,761	49,057	17,163	113,308
Net income per share of common stock (yen and U.S. dollars)	¥42.56	¥75.61	¥126.11	¥108.31	¥127.04	¥128.31	¥101.17	¥64.09	¥66.29	¥23.57	\$0.16
Cash dividends per share of common stock (yen and U.S. dollars)	¥8.00	¥16.00	¥26.00	¥26.00	¥36.00	¥38.00	¥30.00	¥23.00	¥21.00	¥20.00	\$0.13
Ordinary dividends (yen and U.S. dollars)	¥8.00	¥10.00	¥10.00	¥14.00	¥14.00	¥20.00	¥20.00	¥20.00	¥21.00	¥20.00	\$0.13
Special dividends (yen and U.S. dollars)	—	¥6.00	¥16.00	¥12.00	¥22.00	¥18.00	¥10.00	¥3.00	—	—	—
Dividends payout ratio (%)	18.8	21.2	20.6	24.0	28.3	29.6	29.7	35.9	31.7	84.9	84.9
ROE (%)	7.9	12.4	18.8	13.9	14.4	13.6	10.0	5.8	5.9	2.0	2.0
Net cash provided by (used in) operating activities	56,105	38,335	143,668	82,879	(14,933)	170,557	80,674	77,772	83,842	(21,253)	(140,304)
Net cash provided by (used in) investing activities	(17,644)	(14,051)	(34,654)	(30,938)	(52,652)	(115,745)	(113,954)	(89,308)	(52,434)	(5,358)	(35,376)
Net cash provided by (used in) financing activities	14,305	9,199	(65,375)	(26,124)	(42,404)	68,732	(42,710)	19,634	65,635	(23,972)	(158,256)
Cash and cash equivalents at end of year	242,482	274,167	315,803	341,158	229,978	352,722	276,321	287,134	386,750	339,240	2,239,508
At year-end:											
Net assets	481,896	485,655	576,879	656,330	735,242	736,412	821,446	875,172	907,277	948,059	6,258,646
Total assets	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	2,538,769	16,759,768
Net assets per share of common stock (yen and U.S. dollars)	¥607.82	¥612.70	¥728.78	¥829.58	¥929.72	¥957.56	¥1,068.74	¥1,116.89	¥1,150.70	¥1,243.88	\$8.21
Interest-bearing debt	375,580	392,482	340,010	338,264	319,400	441,315	422,688	495,140	577,271	603,189	3,981,973
Equity ratio (%)	28.0	27.9	33.9	36.5	39.2	38.3	42.7	38.7	34.8	35.0	35.0
Debt to equity ratio (times)	0.79	0.82	0.59	0.52	0.44	0.60	0.52	0.60	0.68	0.68	0.68

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 ¥151.48 to U.S.\$1, the approximate rate prevailing at March 31, 2024.
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, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2023	2024	2024
ASSETS			
Current Assets:			
Cash	¥372,780	¥270,256	\$1,784,106
Notes and accounts receivable—trade	837,373	903,841	5,966,739
Marketable securities	14,000	69,000	455,505
Real estate for sale	1,997	12,881	85,037
Costs on uncompleted construction contracts	43,858	42,980	283,739
Costs on uncompleted real estate development projects	25,336	29,015	191,544
Other inventories	3,530	4,061	26,815
Other current assets	156,423	140,520	927,652
Less: Allowance for doubtful accounts	(1,403)	(1,877)	(12,397)
Total current assets	1,453,897	1,470,680	9,708,743
Non-Current Assets:			
Tangible fixed assets:			
Buildings and structures	371,184	413,013	2,726,519
Machinery, vehicles, tools, furniture and fixtures	184,238	194,889	1,286,570
Land	294,949	289,275	1,909,659
Construction in progress	31,087	6,206	40,970
Less: Accumulated depreciation	(246,212)	(264,801)	(1,748,095)
Total tangible fixed assets	635,247	638,582	4,215,624
Intangible fixed assets	21,465	22,215	146,657
Investments and other assets:			
Investment securities	312,968	373,014	2,462,468
Deferred tax assets	9,188	13,154	86,841
Other investments	17,118	23,142	152,774
Less: Allowance for doubtful accounts	(1,875)	(2,021)	(13,341)
Total investments and other assets	337,399	407,290	2,688,742
Total non-current assets	994,112	1,068,089	7,051,024
Total assets	¥2,448,010	¥2,538,769	\$16,759,768

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2023	2024	2024
LIABILITIES			
Current Liabilities:			
Notes and accounts payable—trade	¥424,343	¥377,767	\$2,493,846
Short-term borrowings	225,655	242,147	1,598,544
Current portion of non-recourse borrowings	8,430	30,954	204,348
Current portion of bonds payable	—	20,000	132,030
Advances received on uncompleted construction contracts	152,680	152,741	1,008,330
Warranty reserve	4,117	4,179	27,593
Reserve for expected losses on construction contracts in process	65,454	125,791	830,416
Other current liabilities	205,404	234,813	1,550,125
Total current liabilities	1,086,086	1,188,396	7,845,236
Non-Current Liabilities:			
Bonds payable	130,000	125,000	825,191
Long-term borrowings	134,781	131,890	870,679
Non-recourse borrowings	78,403	53,196	351,179
Deferred tax liabilities	1,496	2,200	14,527
Deferred tax liabilities for revaluation reserve for land	17,497	17,135	113,118
Net defined benefit liability	60,177	38,748	255,798
Other non-current liabilities	32,289	34,142	225,390
Total non-current liabilities	454,646	402,313	2,655,886
Total liabilities	1,540,732	1,590,709	10,501,122
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2023, and 743,676 thousand shares as at March 31, 2024	74,365	74,365	490,924
Additional paid-in capital	43,691	43,586	287,740
Retained earnings	625,324	586,761	3,873,522
Less: Treasury stock, at cost 29,349 thousand shares as at March 31, 2024	—	(27,506)	(181,586)
Less: Treasury stock, at cost 47,611 thousand shares as at March 31, 2023	(41,299)	—	—
Total shareholders' equity	702,081	677,206	4,470,601
Accumulated Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes	121,937	164,048	1,082,971
Deferred gain (loss) on hedging, net of taxes	198	(178)	(1,179)
Revaluation reserve for land, net of taxes	25,495	24,746	163,361
Foreign currency translation adjustments	3,401	5,855	38,653
Remeasurements of defined benefit plans	(555)	16,861	111,311
Total accumulated other comprehensive income	150,477	211,332	1,395,118
Non-controlling Interests	54,718	59,520	392,926
Total net assets	907,277	948,059	6,258,646
Total liabilities and net assets	¥2,448,010	¥2,538,769	\$16,759,768

Consolidated Statements of Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2023	2024	2024
Net Sales:			
Construction contracts	¥1,693,895	¥1,753,155	\$11,573,508
Real estate development and other	239,919	252,363	1,665,988
	1,933,814	2,005,518	13,239,496
Cost of Sales:			
Construction contracts	1,582,828	1,717,495	11,338,102
Real estate development and other	189,983	198,510	1,310,472
	1,772,812	1,916,006	12,648,574
Gross Profit:			
Construction contracts	111,066	35,659	235,405
Real estate development and other	49,935	53,853	355,515
	161,002	89,512	590,921
Selling, General and Administrative Expenses	106,354	114,198	753,881
Operating income (Losses)	54,647	(24,685)	(162,960)
Non-Operating Income (Expenses):			
Interest and dividend income	5,946	7,485	49,412
Interest expenses	(3,997)	(5,673)	(37,454)
Foreign exchange gain	864	4,175	27,561
Other, net	(915)	(1,136)	(7,500)
Ordinary income (Losses)	56,546	(19,834)	(130,941)
Special Gains (Losses):			
Gain on sales of fixed assets	19,354	56,103	370,366
Loss on sales of fixed assets	(123)	(57)	(376)
Loss on devaluation of investment securities	(433)	(815)	(5,383)
Impairment loss on fixed assets	—	(1,699)	(11,220)
Other special losses	—	(173)	(1,142)
Income before Income Taxes	75,344	33,522	221,301
Provision for Income Taxes:			
Current	30,200	41,043	270,952
Deferred	(6,346)	(28,301)	(186,830)
	23,854	12,742	84,121
Net Income	51,489	20,779	137,179
Net Income attributable to non-controlling interests	2,431	3,616	23,871
Net Income attributable to shareholders of the Corporation	¥49,057	¥17,163	\$113,308

Consolidated Statements of Comprehensive Income

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2024

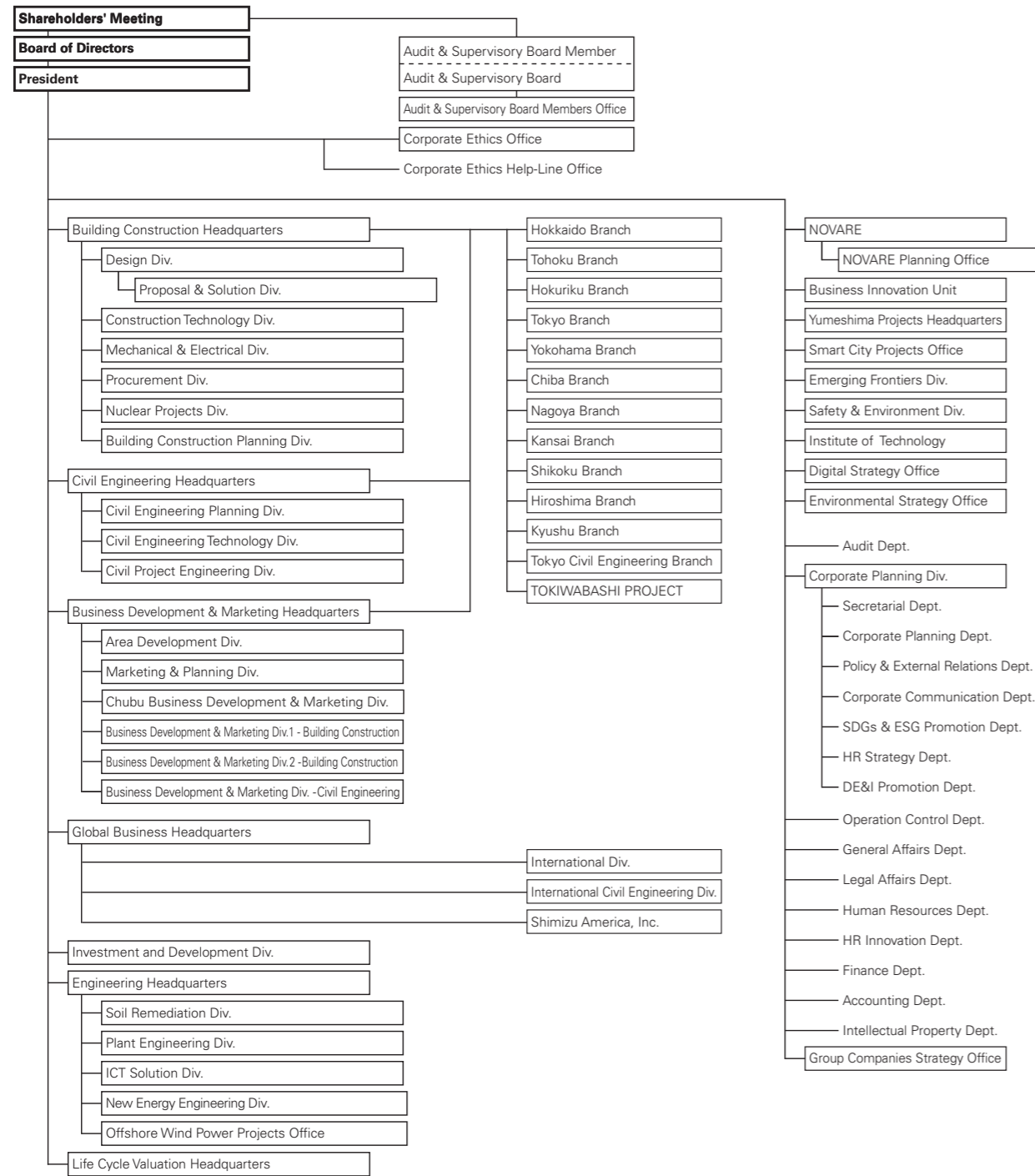
	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2023	2024	2024
Net Income	¥51,489	¥20,779	\$137,179
Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes	(10,321)	42,232	278,797
Deferred gain (loss) on hedging, net of taxes	(15)	(376)	(2,486)
Foreign currency translation adjustments	4,753	2,751	18,160
Remeasurements of defined benefit plans	(807)	17,744	117,137
Share of other comprehensive income of associates accounted for using equity method	(141)	(63)	(418)
Total other comprehensive income	(6,532)	62,287	411,190
Comprehensive Income	¥44,956	¥83,067	\$548,370
Comprehensive income attributable to:			
Shareholders of the Corporation	¥42,334	¥78,768	\$519,991
Non-controlling interests	2,621	4,298	28,378

Consolidated Statements of Cash Flows

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2023	2024	2024
Cash Flows from Operating Activities:			
Income before income taxes	¥75,344	¥33,522	\$221,301
Adjustments for:			
Depreciation and amortization	25,798	30,256	199,739
Impairment loss on fixed assets	—	1,699	11,220
Increase (decrease) in allowance for doubtful accounts	196	526	3,474
Increase (decrease) in reserve for expected losses on construction contracts in process	11,315	60,328	398,261
Increase (decrease) in net defined benefit liability	3,100	1,991	13,144
Loss (gain) on sales of fixed assets	(218)	(942)	(6,224)
Loss (gain) on valuation of investment securities	433	815	5,383
Loss (gain) on sales of investment securities	(19,012)	(55,103)	(363,765)
Interest and dividend income	(5,946)	(7,485)	(49,412)
Interest expenses	3,997	5,673	37,454
(Increase) decrease in notes and accounts receivable—trade	(152,223)	(56,983)	(376,180)
(Increase) decrease in real estate for sale	37,603	15,098	99,671
(Increase) decrease in costs on uncompleted construction contracts	(13,095)	1,758	11,606
(Increase) decrease in uncompleted real estate development projects	(10,916)	372	2,459
(Increase) decrease in other inventories	(618)	(528)	(3,486)
Increase (decrease) in notes and accounts payable—trade	97,884	(53,014)	(349,979)
Increase (decrease) in advances received on uncompleted construction contracts	44,584	(1,297)	(8,562)
Other, net	8,412	36,756	242,651
Subtotal	106,640	13,445	88,757
Interest and dividends received	6,156	7,468	49,305
Interest paid	(3,892)	(5,577)	(36,816)
Income taxes paid	(25,062)	(36,590)	(241,550)
Net cash provided by (used in) operating activities	83,842	(21,253)	(140,304)
Cash Flows from Investing Activities:			
Acquisition of tangible fixed assets	(68,575)	(57,697)	(380,890)
Proceeds from sales of tangible fixed assets	1,046	3,047	20,117
Acquisition of marketable securities and investment securities	(9,750)	(7,405)	(48,890)
Proceeds from sales of marketable securities and investment securities	27,341	62,149	410,282
Acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	(2,297)	(15,163)
Other, net	(2,497)	(3,155)	(20,831)
Net cash provided by (used in) investing activities	(52,434)	(5,358)	(35,376)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	96,011	12,946	85,468
Net increase (decrease) in commercial papers	(50,000)	—	—
Proceeds from long-term borrowings	57,018	20,313	134,096
Repayments of long-term borrowings	(25,037)	(22,175)	(146,392)
Proceeds from non-recourse borrowings	11,518	3,315	21,887
Repayments of non-recourse borrowings	(8,786)	(8,568)	(56,563)
Proceeds from issuance of bonds	20,000	15,000	99,022
Redemption of non-recourse bonds	(21,969)	—	—
Purchase of treasury stock	(1)	(25,484)	(168,236)
Proceeds from sale of shares of parent held by a subsidiary	4,004	—	—
Dividends	(16,237)	(17,643)	(116,471)
Other, net	(883)	(1,676)	(11,069)
Net cash provided by (used in) financing activities	65,635	(23,972)	(158,256)
Effect of exchange rate changes on Cash and Cash Equivalents	2,572	3,075	20,303
Net increase (decrease) in Cash and Cash Equivalents	99,615	(47,509)	(313,634)
Cash and Cash Equivalents at beginning of year	287,134	386,750	2,553,142
Cash and Cash Equivalents at end of year	¥386,750	¥339,240	\$2,239,508

Corporate Organization (as of July 1, 2024)



Corporate Information/Investor Information (as of March 31, 2024)

Corporate Information

Corporate Name	SHIMIZU CORPORATION
Date of Establishment	1804
Capital	¥74,365 million
Total Employees (consolidated)	20,515
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)	¥2,005.5 billion (FY2023)

Investor Information

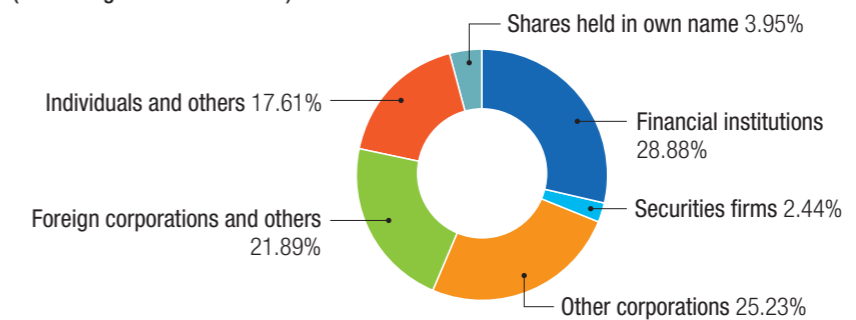
Total Number of Shares Authorized	1,500,000,000
Total Number of Shares Issued	743,676,313
Exchanges Listed on	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market
Number of Shareholders	63,851
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Shareholder	Shares Held (thousands)	Percentage of Total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	101,275	14.18
SHIMIZU & Co., Ltd.	77,581	10.86
Shimizu Foundation	38,695	5.42
Custody Bank of Japan, Ltd. (Trust Account)	35,324	4.95
Employee's Stock Ownership Plan	17,893	2.50
Housing Research Foundation JUSOKEN	17,420	2.44
STATE STREET BANK WEST CLIENT — TREATY 505234	13,335	1.87
Fukoku Mutual Life Insurance Company	12,052	1.69
The Dai-ichi Life Insurance Company, Limited	10,564	1.48
Sumitomo Realty & Development Co., Ltd.	10,000	1.40

Note: "Percentage of total" is calculated excluding 29,349,941 shares of treasury stock.

Shareholders Ratio (Percentage of owned shares)





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

