

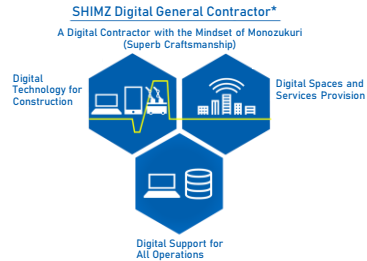
MID-TERM DX STRATEGY

<2024 - 2026>

- Advancement of Digital General Contractor Program through Choukensetsu -

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Results of the Mid-Term Digital Strategy 2020

- Following the 3 vectors conceptualized in the Strategy, we created a more flexible work environment, improved on-site productivity, and successfully commercialized post-completion building management services.

Digital Technology for Construction

More Efficient Construction Operations

Utilized remote inspection and monitoring systems, 360-degree cameras, AI for structural engineering, 3D printers and BIM

The digitalization of Monozukuri has progressed, including the introduction of digital technologies such as BIM to construction sites

Digital Spaces and Services

Commercializing Building Management Services

Commercialized DX-Core: introducing it to more Smart Cities and hospitals, Digi-Tori360

Developed DX solutions for Smart Cities and hospitals

Digital Support for Monozukuri

Creating a More Modern Work Environment

Created a work environment to support teleworking, preparing digital forms etc. (in the Workflow system), utilizing RPA

Created a more flexible work environment workable during the COVID-19 pandemic
Enforced more stringent information security measures

Assessing the Current Environment

Group Environment

- Increasing needs for cross-business-line and cross-divisional data utilization
- Heightened expectations for digital utilization that contributes to business
- Speedy introduction of digital services
- Widening digital skill gap

Market Environment

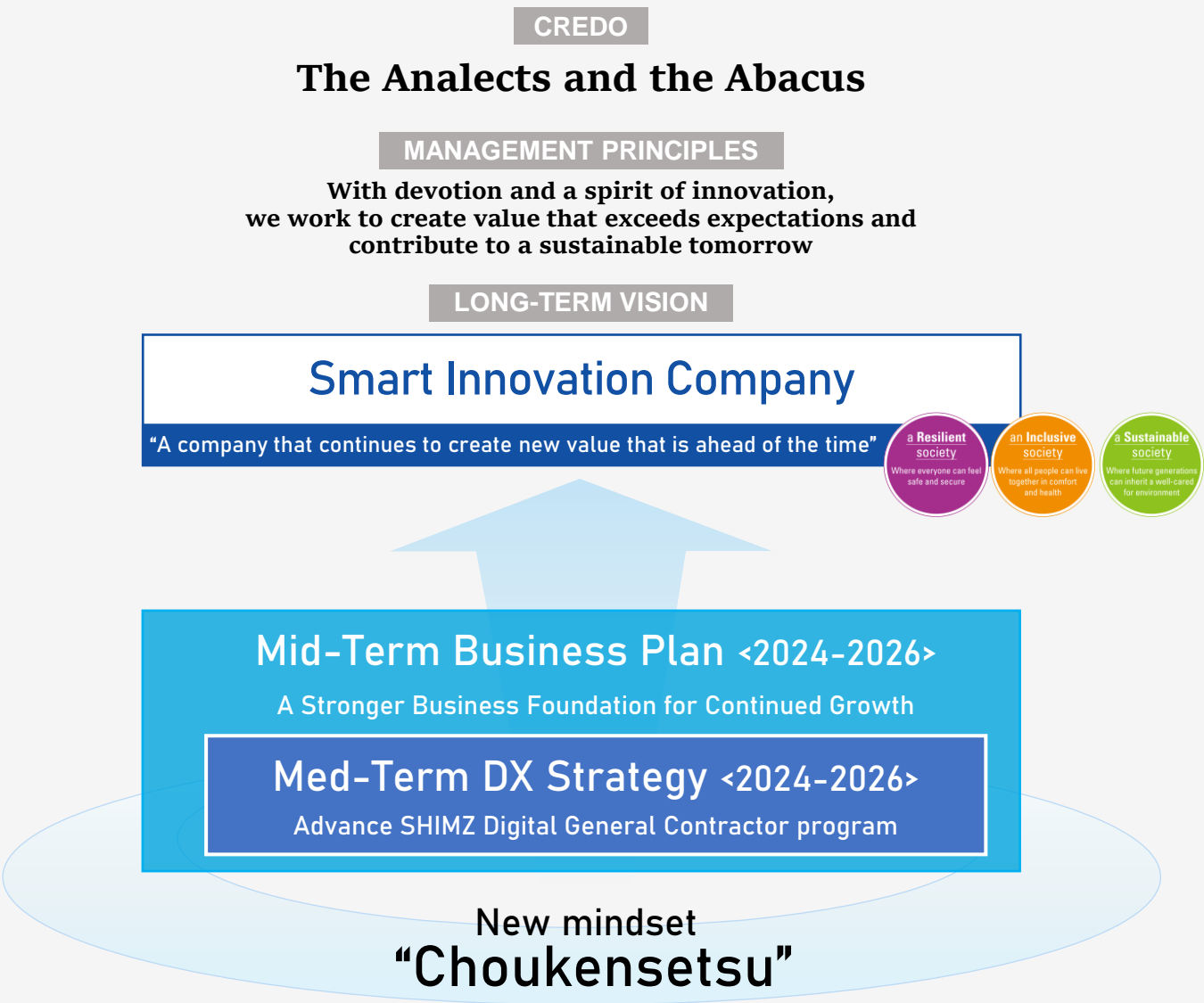
- More competitive business environment due to the advent of innovative digital technologies such as generative AI
- Diversifying clients' needs
- Hiring DX talent getting more difficult
- Growing cybersecurity risk

Strengthen management and business systems through the advancement of Digital General Contractor program, data-driven decision-making and DX

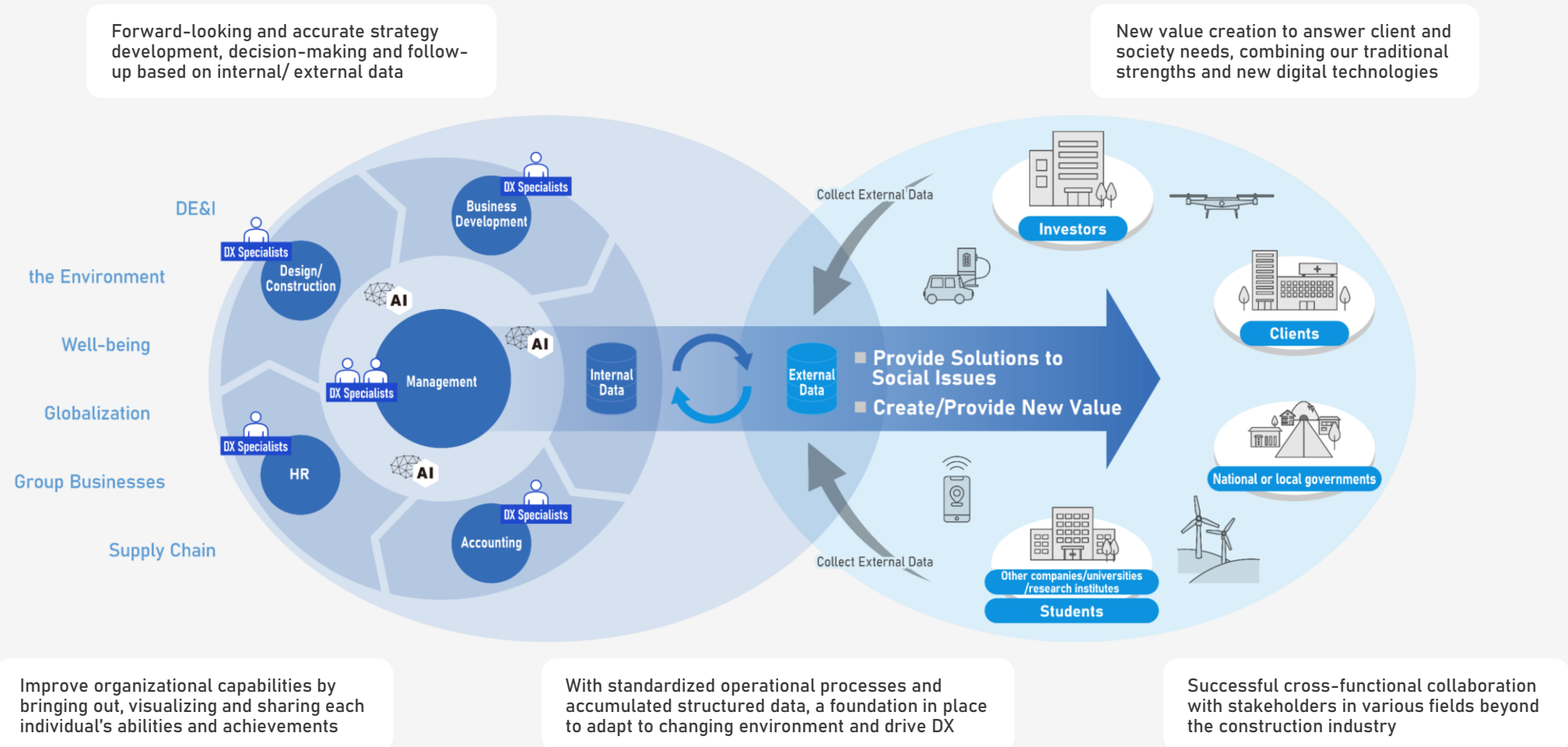
to be a Smart Innovation Company



Embracing a mindset of “Choukensetsu” and utilizing digital technologies, we will proactively explore the essential needs of our clients and society, and go beyond the constraint of the existing business or organization to develop new business structures (business processes/models and services), advanced technologies and innovative talent/organizations, and create successful synergies among them.



We aim to transform our corporate culture to make the most of our talent and digital technologies, and to establish Shimizu as the leading company driving DX in the construction industry.



Go beyond the constraint of the existing business or organization and create new value that is ahead of our time, leading to sustained growth and profitability

Shimizu's DX Goals

With standardized work processes and accumulated structured data, have a foundation in place to adapt to changing environment and drive DX

Forward-looking and accurate strategy development, decision-making and follow-up based on internal/external data

Improve organizational capabilities by bringing out, visualizing and sharing each individual's abilities and achievements

Successful cross-functional collaboration with stakeholders in various fields beyond the construction industry

New value creation to answer client and society needs, combining our traditional strengths and new digital technologies

By reforming business processes and utilizing data, **automate more than 50% of routine work at construction sites, support and administrative departments. Create a working environment that allows more flexible work styles unrestricted by time or location**

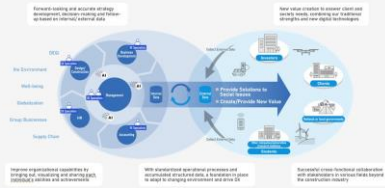
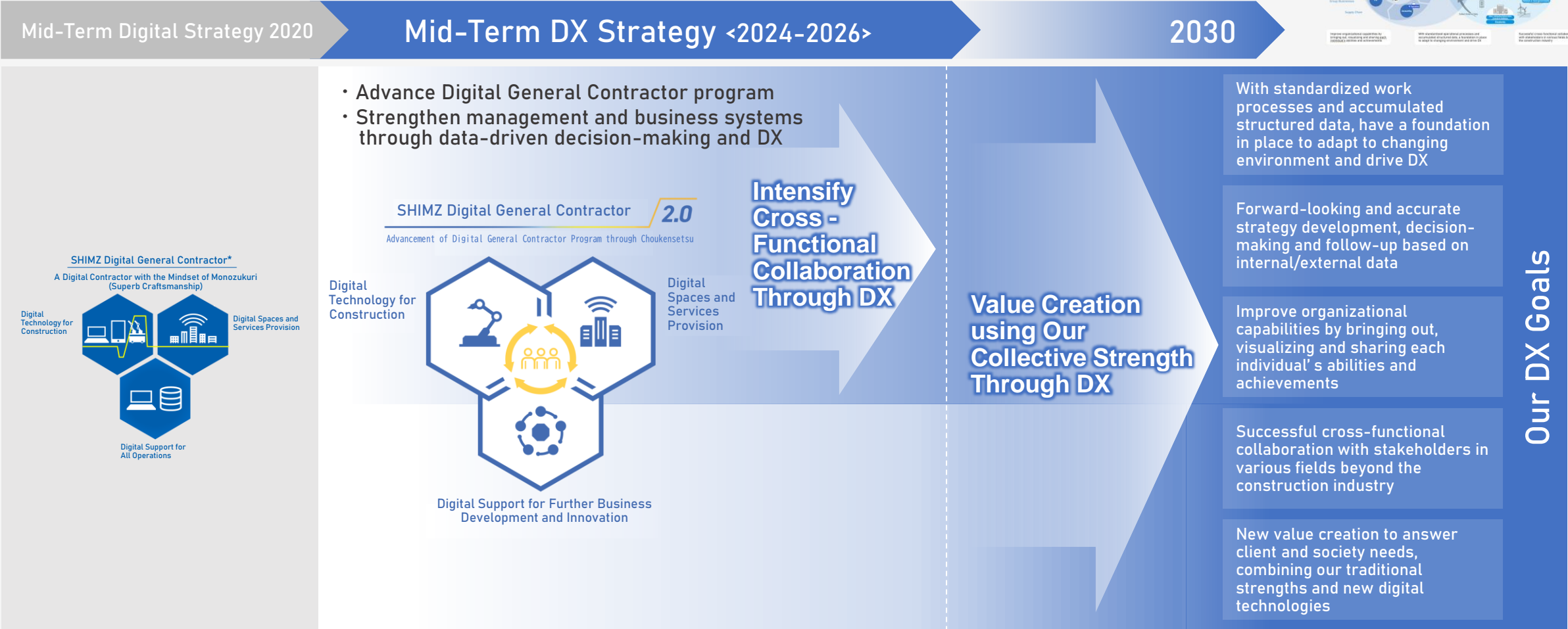
By making full use of the decision support systems based on data and AI technology, **more prompt and accurate decision-making to improve profitability and achieve ROE of 10% or more**

By visualizing and sharing the strength of the Group's talent, **build up a strong and effective team to deliver results/value exceeding clients' expectations**

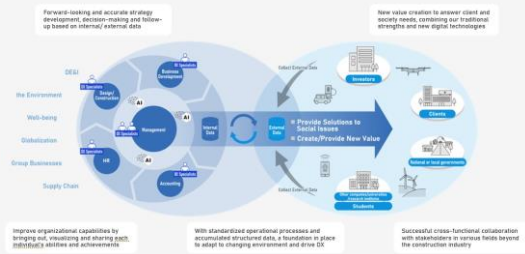
Foster closer collaboration with various stakeholders in different fields and **promote open innovation to invent and produce digital products providing new value**

Fulfil social needs such as disaster prevention, environmental friendliness and well-being by **providing digital services centered on Monozukuri, contributing to a sustainable future**

Intensify cross-functional collaboration through DX to achieve our future vision



Our DX Goals



Goals

Work Process Revamp

Redesign/redefine processes and cross-organizational data flows to implement standardized data management and usage across the Group. Create a culture of embracing data-evidenced business results and operations

Management with the Maximum Use of Data

Create a system to combine and utilize our business data with market related data to develop mid and long term business portfolios and support data-driven decision-making

Priority Measures

System

1.

Establish Cross-Organizational DX Driver

Organize a team, reporting directly to the President, that drives DX from a management perspective

Talent

2.

Nurture/Hire Requisite Talent

Nurture/hire talent capable of utilizing digital technology and data in a comprehensive way

IT Infra structure

3.

Build a Resilient Foundation

Build a platform for centralized data management

System

1. Establish Cross-Organizational DX Driver

- a. Organize a team, reporting to the President, to drive DX from management perspective
- b. Gather talent with advanced digital skills
(Including collaboration with external partners)
- c. Personnel rotations across business lines and divisions

Talent

2. Nurture/Hire Requisite Talent

- a. Refine skills and mindset of executives and employees
- b. Define a career path for DX Specialists
- c. Establish Shimizu Digital Academy as talent source
- d. Hire specialized and competent DX talent

IT Infra structure

3. Build a Resilient Foundation

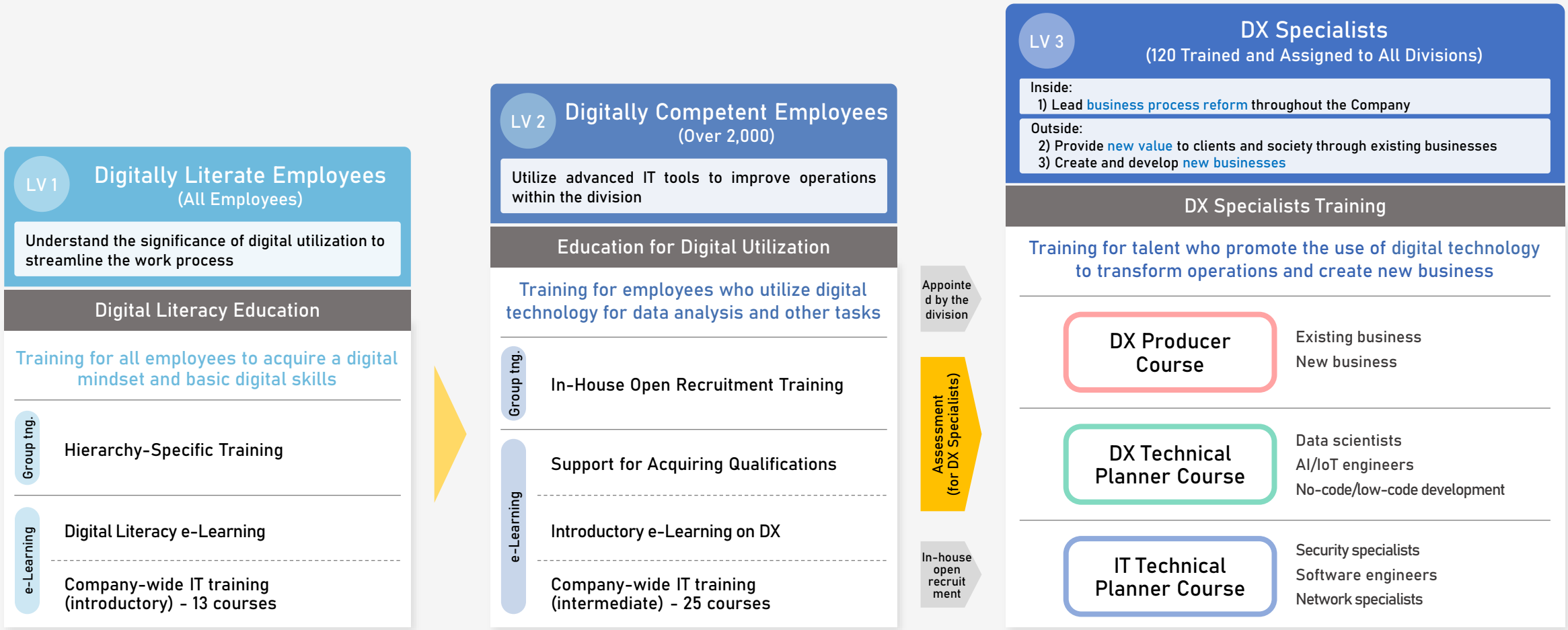
System Development

- a. Implement a standardized system for all work processes
- b. Build a platform for better data utilization
- c. Develop rules/environments for effective use of cutting-edge technologies
- d. Advanced cloud utilization
- e. Reduce the number of legacy systems

Security Measures

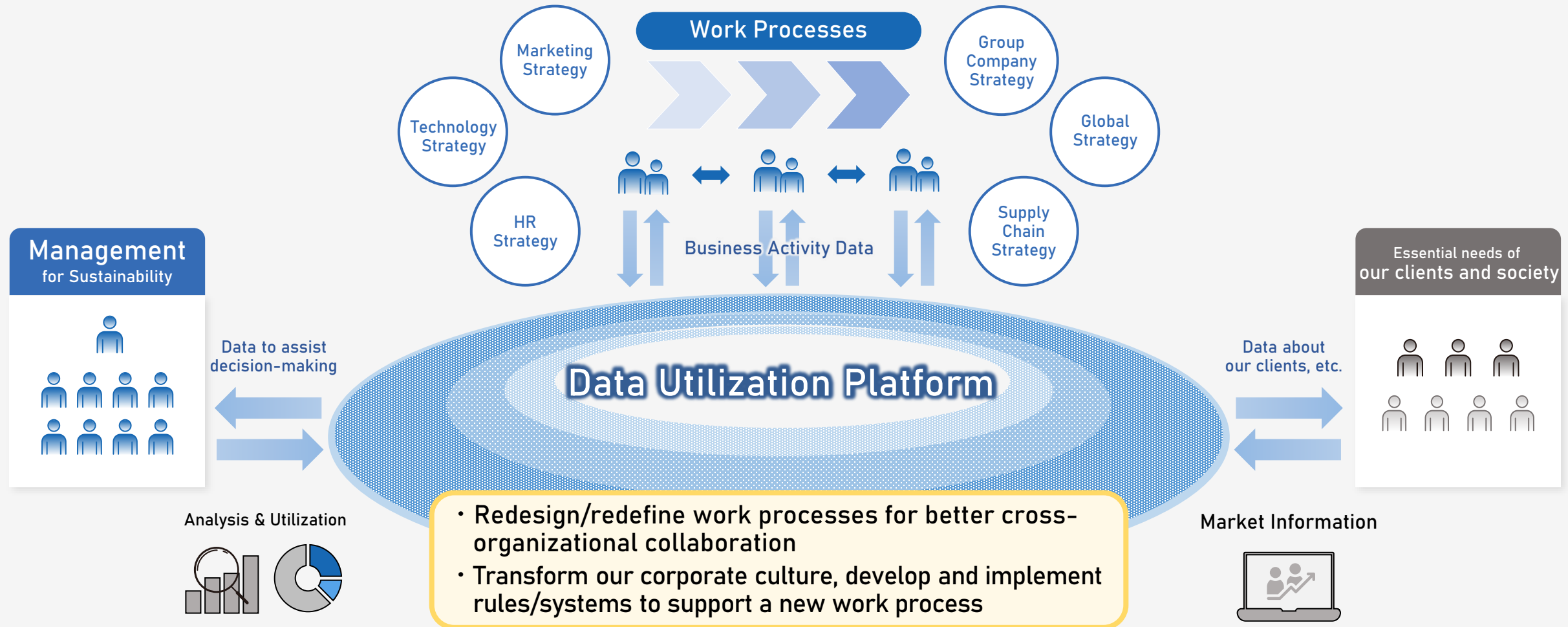
- f. Fortify zero trust security
- g. Real-time monitoring
- h. Mitigate risks by integrating different functions
- i. Keep updating guidelines to reflect changes in the external environment. Implement training to all employees.

- Aim >
- (1) Increase the digital literacy of executives and employees
 - (2) Nurture DX Specialists to lead business innovation and new business creation



Build a centralized data management platform

- gather the data from each function/business unit and create further new value



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