

Sustainability

Our company's credo is "The Analects of Confucius and the Abacus," and based on this philosophy, We engage in business activities, not only for our company, but also with a strong awareness of the sustainability of society and the environment.

In the background is NOVARE Hub

- 1 Environment P.70
- 2 Social P.80
- 3 Governance P.90

Roundtable Discussion: President and Outside Directors

Exploring the Essence of Sustainability Management—Shimizu's Current Position and Future Outlook

Shimizu has a history spanning 221 years. At the heart of Shimizu's journey are its founding spirit and the principles of The Analects and the Abacus. As the world changes and the need for sustainability management and solutions to social issues grows, how will Shimizu honor its traditions while taking on the challenge of shaping a more sustainable future? Top management and outside directors came together to share their views on where Shimizu stands today in its sustainability journey and where it is headed.



Yoshiki Higashi
Senior Managing Officer
In charge of Sustainability

Tamotsu Iwamoto
Director

Mayumi Tamura
Director

Tatsuya Shimmura
President

Yumiko Jozuka
Director

Junichi Kawada
Director

Sustainability Management Of Shimizu

Higashi As a construction company, our mission is to help build the foundations of society and support better living for all. To do that, both our industry and Shimizu itself must be sustainable. Our dedication to the founding spirit and our corporate credo, The Analects and the Abacus, lies at the very heart of Shimizu's approach to sustainability. To begin, I would like to hear your perspectives on how you view our business philosophy up to now.

President Since our founding 221 years ago, we have remained true to the principles that define us: customers first, sincere monozukuri (craftsmanship), spirit of the household car-

pent, and spirit of innovation.

Every time I meet with clients as president, I feel the deep sense of trust built over many years. I believe this trust is founded on our consistent commitment to working closely with clients, sincerely tackling their challenges, and our unwavering dedication to delivering value. It is because every single employee has worked diligently and sincerely in their respective roles that Shimizu stands where it does today.

Iwamoto The reason our company has endured for so long is likely rooted in our steadfast commitment to the founding spirit. Shimizu is a company known for its integrity and sincerity; not

Roundtable Discussion: President and Outside Directors



Our dedication to tackling our clients' challenges head-on, and our constant pursuit of delivering true value is the foundation of trust.

Tatsuya Shimmura
President

only in serving clients, but also in building strong, trustworthy relationships with business partners.

Tamura Being sincere is just as important as being earnest. It is only through sincerity that a company can maintain our commitment to doing what needs to be done, rather than focusing on maneuvering skillfully or playing politics. I believe that, in the long run, this mindset fosters a deep sense of trust and reassurance among Shimizu's clients.

Kawada The company has consistently maintained a customers first approach. While generating profit is certainly important for any company, I firmly believe earning and maintaining the trust of society is even more essential.

Iwamoto Beyond the company's founding principles, I believe its commitment to CSV* management—balancing economic and social value—was also shaped by having Eiichi Shibusawa serve as an advisor during the Meiji era.

*CSV stands for Creating Shared Value.

Jozuka While many companies are now embracing sustainability management, it has long been a core part of Shimizu's approach. It is extremely valuable that the company has consistently taken thoughtful steps to embed this mindset throughout the organization.

Whenever I visit a construction site and speak with employees, I am struck by the earnest dedication of both the younger staff and seasoned professionals. I believe this spirit is the result of the values the company has worked so hard to instill over the years.

President Thank you. As President, hearing that makes me very happy.

Iwamoto I strongly feel that our employees possess a deep sense of attachment and pride toward the company. I believe that the feelings of each and every one of these employees serve as the driving force behind our efforts to improve and develop the company.

Kawada I agree. It is clear that Shimizu's employees genuinely care about the company and truly enjoy their work. The employees have a deeply rooted awareness that their work contributes to society, and I believe this mindset fosters a positive cycle that fuels the company's energy and momentum.

Tamura I believe that stems from the company's trust in its employees and its commitment to supporting their growth. I hope the company will continue to boldly embrace the future with a spirit of challenge, guided by its corporate credo The Analects and the Abacus, always discerning what is right and what must be done, and trusting in the growth of both the company and its people.

Global Trends

Higashi In recent years, as perspectives on sustainability have diversified, negative views and cautious movements have also begun to emerge. In the United States, some companies are reevaluating their ESG and sustainability policies. Given this situation, how do you view the significance of our company continuing to promote sustainability management?

Jozuka I see the pushback against ESG and sustainability in the United States is temporary. ESG will continue to grow as a global trend, including in Europe. Sustainability is essential to the growth of both businesses and society, so I believe it is crucial for Shimizu to deepen its understanding and turn that understanding into action.

Tamura I believe sustainability management is not an end in itself, but a means. If the company were to lose sight of that, it would risk falling into a negative cycle of superficial efforts, so-called ESG-washing, where the focus is only on appearances or hitting numerical targets, without real substance or meaningful impact on profits.

Iwamoto The company's DNA, cultivated and handed down through generations, is something it must continue to uphold, no matter how the times may change. That is a core value it must never lose sight of.

President I agree. It is important that we stay grounded in a clear vision of the kind of company we want to be, rather than reacting to short-term changes in the external environment. While adapting to the times is important, I believe we must remain steadfast in upholding the values that should never change.



Higashi At IR and SR meetings, I often hear questions like, "Sustainability may involve tackling social issues, but how does it contribute to corporate earnings?" Sustainability efforts may not always yield immediate results, but I'd like to hear your thoughts on why it is important to stay committed over the long term.

President Corporate value cannot be measured solely by financial performance, so I believe sustainability should not be discussed based solely on economic rationality. We view social issues not just as challenges for our company, but as broader concerns facing Japan, the international community, and the planet. We place great importance on how we, as a company, can contribute. I believe it is essential to clearly communicate the significance of these efforts and values to our stakeholders and to proactively share our message.

Tamura Diversity is vital to sustainability management, but efforts such as promoting women's participation take time before meaningful results become visible. Looking ahead, I want the company to be a place where everyone with the drive to succeed has opportunities, regardless of age, gender, or nationality. I believe that kind of inclusive environment—where diverse perspectives are freely shared—is what sparks true innovation. I personally hope to support and observe the development of such a corporate culture over the long term.

Kawada While many sustainability-related KPIs are based on international benchmarks, Japan's leading companies have long pursued the sustainable growth of business and society, even before the concept of sustainability became widely recognized. I

Sustainability is essential to the growth of both businesses and society. What matters most is deepening our understanding and turning it into action.

Yumiko Jozuka

Roundtable Discussion: President and Outside Directors

believe this is something the company should continue to uphold as part of its broader pursuit of happiness. Building on that

Business Development and Challenges

Higashi Next, please share your thoughts on the future direction and challenges for our company as we advance our sustainability management.

We are currently pursuing a range of forward-looking initiatives, including the development of our environmental vision and the advancement of hydrogen-related technologies. With that in mind, we would like to hear your thoughts on what will be essential to ensure sustainable business development moving forward, as well as any current challenges or areas in need of improvement.

President To start, I believe it is essential to steadily implement initiatives in line with the policies we have already announced, including our environmental vision. Hydrogen-related technologies have yet to reach widespread adoption, and overcoming a range of technical challenges remains necessary. In our offshore wind power business, which utilizes our self-propelled SEP vessel, I believe a key challenge lies in establishing effective mechanisms for accurately identifying the needs of clients and society as we work toward future business expansion.

Kawada One of the reasons decarbonization efforts have been slow to gain traction is the associated rise in costs. Energy providers are striving to lower costs to encourage wider adoption, but for example, renewable diesel (biodiesel) currently costs three to four times more than conventional diesel fuel.

Since April of this year, the company has begun including the

foundation, I believe Shimizu should establish its own unique KPIs to drive more practical and effective initiatives.

cost of introducing green electricity, one of the additional expenses at its construction sites, as part of its construction costs. It also plans to begin treating biodiesel costs as part of construction costs in the near future, with the aim of raising environmental awareness among employees. Concrete initiatives are already being rolled out step by step. I believe that thoroughly planning and executing initiatives on the ground is a critical component of effective sustainability management.

Iwamoto Personally, I see overseas expansion as essential for future growth, but earning genuine recognition from local communities is something that will likely take decades. That said, I believe such long-term commitment is essential if the company is to pursue overseas expansion and ensure continued sustainable growth.

Tamura I agree. Shimizu needs to actively lay the groundwork for expanding its business overseas. While domestic construction demand remains strong for now, it is expected to decline in the future due to a shrinking population, which is why I believe the company should begin taking action now.

Jozuka I agree, as relying solely on the domestic market carries risks. The company has strong technological capabilities, and I believe it can put that strength to use as it expands into international markets. At the same time, I believe it is vital for the company as a whole to embrace a global mindset where

Initiatives to raise environmental awareness among employees is a critical component of effective sustainability management.

Junichi Kawada



individuals from diverse departments, expertise, and experiences can share ideas and contribute actively, both in Japan and abroad, regardless of age, gender, or nationality.

Shimizu is also taking on the challenge of creating new businesses, and it is the employees' ideas that are the driving force behind those efforts. To harness those ideas, I believe it remains essential to foster a workplace where younger employees feel comfortable speaking up. Since the organization tends to operate in silos, it is important that the company continues fostering a culture of open communication across departments where everyone feels free to share their ideas.

Iwamoto Breaking down organizational barriers is no easy task, but I believe it is important that the company begins approaching its work with a company-wide perspective.

President Yes. We will keep that firmly in mind and approach it with intention.

Tamura I also hope you will approach the domestic labor shortage with a greater sense of urgency by actively pursuing technological innovation, leveraging AI, and driving DX initiatives to achieve operational automation. On top of that, I believe you should strengthen your public relations efforts to further raise the company's visibility in society.

President I agree. Given our serious-minded corporate culture, we sometimes hesitate to share our efforts externally, thinking they may not warrant public attention. But I believe we should actively promote the work we are doing outside the company. I also believe that clearly communicating the outcomes of initiatives driven by the Choukensetsu mindset—both internally and externally—will help further accelerate innovation across the company. We are committed to continuously evolving as we work toward creating new value.



Alongside global expansion, we encourage proactive efforts in leveraging AI and DX.

Mayumi Tamura

Embedding Sustainability Management and Fostering to Take Our Own Initiatives

Higashi One of the key challenges I face in my role as sustainability lead is ensuring that sustainability management is fully embedded across the workforce. For instance, while I believe the Group's environmental vision is well-designed, the reality is that some employees are not even aware it exists. While we are making progress with various initiatives on the operational front, I feel that the management's thinking and overarching direction are not being clearly communicated down to the frontline. What kinds of strategies or efforts do you think are needed to

effectively embed sustainability management throughout the organization?

Iwamoto I believe it is essential that employees see the Mid-Term Business Plan and various visions as personally relevant, truly understanding how they connect to their own roles and applying that understanding in their day-to-day work. To achieve that, the company needs initiatives and systems that encourage each employee to take ownership.

Kawada On the topic of taking ownership, I was recently

Roundtable Discussion: President and Outside Directors

reading a document from the Agency for Natural Resources and Energy that mentioned a committee focused on addressing challenges related to biofuel refueling. The document highlighted a demonstration experiment using large construction machinery at the Torch Tower construction site, which is currently being built by Shimizu. I believe it is important that the company actively communicates, both externally and internally, that it is making meaningful investments in these kinds of advanced initiatives.

Tamura I agree. I believe that leveraging internal communication tools like the intranet and company newsletters to increase opportunities for employees to naturally engage with company initiatives is essential to fostering to take ownership. I believe that regularly sharing information and creating an environment where employees can openly exchange ideas will help advance the integration of sustainability management throughout the organization.

Jozuka Shimizu has compiled ideas like The Analects and the Abacus into booklets distributed to all employees, and I believe

this has been effective in raising awareness of the core principles of sustainability. I also believe it is effective to clearly communicate examples of how internal operations, especially those directly related to employees, contribute to sustainability. Doing so can prompt individuals to reflect on how their own work can make a difference.

President Exactly. It is just as important to communicate internally as it is to share information externally. For instance, when we receive an award, we can promote it broadly across the company, or explain technical terms in simple language; there are many ways we can make our messages more accessible and easier for everyone to understand.

Sustainability management is something we've been committed to for many years, and it remains a vital approach for creating long-term business value in the years ahead. I hope all employees will come to understand the spirit and philosophy behind sustainability management through their business activities.

Expectations of and Message to Employees

Higashi When sharing the company's vision with employees, I believe it is important to create opportunities for dialogue. In those moments, the key to fostering deeper understanding and empathy is to frame the message from the perspective of each individual—not from the company's point of view. To close, could you share what you expect from our employees as we continue on the path toward sustainable growth?

President Sustainability management is not something only

executives strive for. It is something that employees and management must work on together, as one team. When employees take ownership of sustainability and put it into practice through their daily work and business activities, it becomes the foundation for shaping our future and earning the trust of our clients. At the heart of it all is the Shimizu brand, which we've built over many years, and I hope to work together with all of you to further strengthen its value.



Investing in people helps create an environment where employees truly feel valued and supported by the company.

Tamotsu Iwamoto

When sharing the Company's vision, it is essential to engage in dialogue and frame the message around each individual employee.

Yoshiki Higashi



Iwamoto This does not mean that every employee needs to fully grasp the terms "sustainability" or "sustainability management." What truly matters is that the daily work and way of thinking naturally align with the principles of sustainability management. A company is not a standalone entity; it is made up of each and every one of its employees. That is why the growth of each individual employee is what ultimately drives the growth of the entire company. In that sense, I believe it is essential for the company to continue investing in its people and to foster an environment through various initiatives where employees truly feel that the company believes in and expects something from them.

Kawada Shimizu has the ability to contribute to society's progress by delivering value, beginning with construction and extending beyond. I hope every employee will take on their work with a strong sense of confidence and pride. While you may not explicitly use the word "sustainability," its philosophy is embedded in the corporate credo, management principles, and long-term vision. I believe that as each employee fully understands and steadily puts these into practice through their daily work, Shimizu will naturally grow into a truly sustainable company. I encourage everyone to move forward with a positive and proactive mindset.

Tamura While investment from the company is important, it is equally vital that employees take initiative and actively consider how they can contribute. Both sides play a crucial role. It is important to have the courage to take initiative and step forward unconstrained by conventional boundaries as Shimizu moves toward the direction it is aiming for. I believe that this kind of mindset fosters greater confidence, pride, fulfillment, and a true sense of accomplishment.

Jozuka The most crucial element of sustainability management is the growth of our human resources. I hope the company will continue to enhance its support for developing our people, including creating a comfortable working environment, fostering a workplace with a sense of purpose, and providing training opportunities. On that foundation, I want all employees to seriously consider what they can achieve within the Shimizu framework and how they will advance their careers.

Higashi Today, we had the privilege of hearing valuable insights and messages from our outside directors. To close, we would now like to invite the President to share a few words.

President I believe the first step is helping employees realize that the work they do every day is already a part of sustainability management.

Our goal is to establish a strong and enduring Shimizu brand, and to do that, going back to the origins is key. In other words, I see grounding ourselves in our founding spirit and the teachings of The Analects and the Abacus as the very essence of sustainability management. I hope that conviction will be shared by all of our employees and that we can work together to further elevate the value of the Shimizu brand.