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**Corporate Governance Report****CORPORATE GOVERNANCE****SHIMIZU CORPORATION**

Last Update: June 27, 2025

**SHIMIZU CORPORATION**

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The corporate governance of SHIMIZU CORPORATION (“Shimizu” or the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information**

### **1. Basic Views**

Based on our Credo, The Analects and the Abacus, Shimizu strives to fulfill social responsibilities through our business activities, thereby earning a greater degree of trust from our shareholders and investors, and all other stakeholders, including clients, employees, and local communities. We also aim to manage the company in an expeditious, efficient, transparent, and lawful manner to achieve sustainable growth and increase corporate value over the medium to long term.

To achieve this, Shimizu has established a structure that enables the Board of Directors and Audit & Supervisory Board Members to appropriately supervise and audit the performance of duties, based on separation of the management strategy decision-making function from the execution of duties function. Concurrently, our basic policy on corporate governance is for our directors, executive officers, audit & supervisory board members, and employees to practice compliance management based on high ethical standards.

### **Reasons for Non-compliance with the Principles of the Corporate Governance Code**

Shimizu complies with all principles of the Revised Corporate Governance Code issued in June 2021, including principles for those listed on the Prime Market.

### **Disclosure Based on each Principle of the Corporate Governance Code** Updated

#### **[Principle 1.4 Securities Holdings]**

##### **(1) Policy on Securities Holdings**

When there is a necessity from the viewpoint of business development, the Company acquires and retains 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 Company, 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 and risk of holding them, and business development benefits. Based on such examination, shares that have become dilutive in

terms of significance to our operations, are disposed while confirming relationships with business partners.

## **(2) Status of Reduction of Securities Holdings**

At the Board of Directors' Meeting held on November 12, 2024, we have decided to move up the target date of the existing reduction goal (to reduce the ratio of the outstanding amount of securities holdings to consolidated net assets to less than 20% by the end of March 2027) by one year to the end of March 2026, so that we can accelerate the implementation of "management that is conscious of cost of capital and stock price". We have also established a new goal of reducing the ratio of the outstanding amount of securities holdings to consolidated net assets to less than 10% by the end of March 2027.

The Company sold shares of 31 listed companies during fiscal 2024 (including shares of which part of the holdings were sold). The proceeds were 58.6 billion yen. From fiscal 2018 to fiscal 2024, the total number of listed companies of which the Company sold its holdings was 91 (including shares of which part of the holdings were sold). The proceeds were 208.6 billion yen. As a result, the number of listed companies the Company held shares in decreased from 187 as of the end of March 2018 to 123 as of the end of March 2025.

As of the end of March 2025, the ratio of the outstanding amount of securities holdings to consolidated net assets is 27.0%.

## **(3) Exercise Criteria for Voting Rights Pertaining to Securities Holdings**

The Company exercises voting rights on securities holdings after comprehensively examining the contents of proposals, referring to the Policy on securities holdings above, and judging whether to vote for or against each proposal from the perspective of whether the corporate value of the Company and business partners may increase.

## **(4) Policy in case the Securities Holder Has Expressed their Intention to Sell the Shares**

In case the securities holder has expressed their intention to sell the shares, we will not act to prevent the sale by, for example, suggesting that we will reduce transactions with the company concerned.

## **[Principle 1.7 Related Party Transactions]**

The Company implements the following pre- and post-transaction procedures to ensure that related party transactions do not harm the mutual interests of the Company and its shareholders.

In principle, transactions with directors undergo legal checks by the Legal Department or a corporate lawyer and are only approved by the Board of Directors after a thorough screening, including of the appropriateness of the transaction's conditions based on laws, regulations, and the Company's internal rules. After approval, oversight is ensured through reports to the Board of Directors.

Transactions with other executives and parties such as major shareholders undergo, when necessary, legal checks by the Legal Department or a corporate lawyer, as well as checks of matters including the appropriateness of the transaction's conditions through proscribed approval procedures based on the Company's internal rules.

Additionally, the content and conditions of related party transactions are audited by Audit & Supervisory Board Members, the accounting auditor, and the Audit Department. The audit covers items including legality and appropriateness, and are also disclosed in materials including Annual Securities Report.

## **[Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]**

### **(1) Policy for ensuring diversity**

In 2009, the Company established the Diversity Promotion Office to advance initiatives related to

diversity, and it has focused on promoting the active participation of human resources with diverse values, ways of thinking, and skills.

Furthermore, since April 2023, it has positioned Diversity, Equity, and Inclusion (DE&I) as a new management strategy, adding an equity perspective to the existing Diversity and Inclusion strategy, and has established the DE&I Promotion Department to strengthen frameworks for advancing this strategy.

The Company will aim to further raise corporate value through greater encouragement for free creativity and the taking on of new challenges, alongside the fostering of a corporate culture that enables everyone to work energetically and demonstrate their abilities. It will achieve this by focusing on not only external diversity, such as gender, nationality, and whether an individual is disabled or not, but also internal diversity such as each individual's expertise, values, and career.

#### (2) Voluntary, measurable goals for ensuring diversity and progress

\*Employee numbers for each fiscal year are for the beginning of that year

The Company set targets related to promoting the advancement of women and other areas as a KPI for promoting DE&I, and has advanced structured initiatives for achieving these targets. Furthermore, it respects diversity and promotes employees to management positions based on an evaluation of skills and character.

As of April 2025, the ratio of women in management positions has become approx. 5.6% (269 persons) of all management positions compared to the target of 5% by fiscal 2025. Going forward, the Company aims to increase the ratio of women in management positions to 6% or more by fiscal 2026, and 10% or more by fiscal 2030. It will continue advancing initiatives to achieve these targets.

The number of foreign national employees was 193 in fiscal 2025, including 13 in management positions (approx. 0.3% of all management positions). Going forward, the Company will work to raise the percentage of foreign national employees in management positions.

The number of mid-career hired employees was 1,386 in fiscal 2025, including 490 in management positions (approx. 10.2% of all management positions).

The Company also revised its practice of mass-hiring new graduates, taking into account that job-hunting styles are becoming more diverse, and from April 2022 onward, it has been focusing on securing the next generation of core talent who possess diverse skills and experience. Methods for achieving this include year-round recruitment, in which candidates are hired throughout the fiscal year.

#### (3) Talent development and workplace policies for ensuring diversity and current progress

One of our basic concepts in the Mid-Term Business Plan <2024-2026> is "Talent Development and Organizational Capabilities Improvement". By having systems to achieve these goals in place, we are nurturing "diverse talent who is willing to take on challenges and co-create".

In particular, from the perspective of ensuring diversity, we are implementing DE&I measures to attract a diverse talent, creating a work environment where each individual can live a purposeful life and feel satisfied and improving employee well-being.

##### <Main Initiatives>

- Introduction of a Paternity Leave System in advance of the legal enactment of the revised Act on Childcare Leave/Caregiver Leave.
- Introduction of Meeting about Career and Childcare Dialogues: coordination between superiors and employees about workstyles before and after childcare leave once the employee discovers either they or their spouse is pregnant.
- Introduction of subsidies for fertility treatments.
- Carrying out of Shin Diversity activities aimed at eliminating gender gaps within the Company.
- Establishing a club and holding movie screenings to promote better understanding of LGBTQ+.
- Provision of Inclusive Leader Training that aims to raise the understanding and utilization of

diversity among managers.

- Holding of Challenge Forum events to promote the further advancement of employees with disabilities and raise awareness among employees.
- Revising the personnel system to include a same-sex partner and a person who is in a de facto marital relationship in the definition of an employee's spouse, and expanding the scope of application of various systems, such as rental of company housing for spouses, childcare and nursing care.
- Revising the personnel system to promote flexible working styles, such as the introduction of a Flextime Employment System.
- Introducing the referral recruitment system and the alumni recruitment system in order to hire talent with diverse experiences and knowledge.
- Providing e-Learning courses on health issues specific to women.
- In addition to the entrance ceremony for new graduate employees in April, holding of periodic entrance ceremonies for mid-career hires and new graduates recruited throughout the year.
- Promoting organizational development to create a fulfilling and attractive workplace.

For more details, please visit the following URL on our corporate website.

<https://www.shimz.co.jp/en/company/about/diversity/>

### **[Principle 2.6 Roles of Corporate Pension Funds as Asset Owner]**

The Company has introduced a defined benefit corporate pension plan and it ensures that this system is managed stably for the benefit of corporate pension recipients through the measures outlined below.

- The Pension Asset Management Committee comprises the general managers of the Finance, Human Resources, Accounting, and Corporate Planning Departments, and is chaired by the director in charge of Administrative Functions and the executive officers in charge of finance & accounting and human resources as vice chairpersons.
- The committee deliberates on asset management performance and financial simulations to review and revise the basic policy on pension asset management and asset mix. It also monitors the status of management by the contracted management company and reports to the Board of Directors annually.

### **[Principle 3.1 Enhancement of Information Disclosure]**

(1) The Company discloses its Credo, Management Principles, long-term vision, and mid-term business plan through its corporate website and other channels.

For more details, please visit the following URL on our corporate website.

<https://www.shimz.co.jp/en/company/about/strategy/>

(2) In accordance with our Credo, The Analects and the Abacus, Shimizu strives to fulfill social responsibilities through our business activities, thereby earning a greater degree of trust from our shareholders and investors, and all other stakeholders, including clients, employees, and local communities. We also aim to manage the Company in an expeditious, efficient, transparent, and lawful manner to achieve sustainable growth and increase corporate value over the medium to long term.

To achieve this, Shimizu has established a structure that enables the Board of Directors and Audit & Supervisory Board Members to appropriately supervise and audit the performance of duties, based on separation of the management strategy decision-making function from the execution of duties function. Concurrently, our basic policy on corporate governance is for our directors, executive officers, audit & supervisory board members, and employees to practice compliance management based on high ethical standards.

(3) The remuneration of each Director of the Company, which consists of a fixed-amount monthly salary that is the base salary and performance-based compensation that comprises bonuses and compensation exclusively for purchasing shares of the Company, is decided through deliberations of the Nomination and Compensation Committee, which is made up of a majority of Outside Directors and is chaired by a Non-executive Director, and which was established to evaluate the performance of Directors and decide on their remuneration in a fair and transparent manner, based on a resolution passed at the Board of Directors.

Non-Executive Directors including Outside Directors and Audit & Supervisory Board Members are paid only fixed-amount monthly salary for the purpose of enhancing their supervisory function of management.

The Company, at a Board of Directors' Meeting held on February 24, 2021, resolved regulations for executives' remuneration that set forth the policy for determining the remuneration of each Director. Its outline is as follows:

(i) Policy on base salary

Of the remuneration, etc. of Directors of the Company, the fixed-amount monthly salary that is the base salary is a maximum total of 90 million yen a month (including a maximum of 10 million yen for Outside Directors) pursuant to a resolution passed at the 117th Annual General Meeting of Shareholders held on June 27, 2019. As of the closing of the 117th Annual General Meeting of Shareholders, the number of Directors was 12 (including 3 Outside Directors).

Remuneration for Audit & Supervisory Board Members is a maximum total of 13 million yen a month pursuant to a resolution passed at the 89th Annual General Meeting of Shareholders held on June 27, 1991 and is decided through discussions at Audit & Supervisory Board. As of the closing of the 89th Annual General Meeting of Shareholders, the number of Audit & Supervisory Board Members was 4.

(ii) Policy on performance-based compensation

Of the remuneration, etc. of Directors of the Company, bonuses that are performance-based compensation is a maximum total of 500 million yen a year pursuant to a resolution at the 118th Annual General Meeting of Shareholders held on June 26, 2020, and the Nomination and Compensation Committee deliberates on whether or not a bonus shall be paid and on what amount shall be paid. The basic bonus amount is determined by multiplying consolidated net income for the current fiscal year, the final results of the Group's business activities for a business year, by evaluation coefficients such as achievement rates against the targets set for the fiscal year of ordinary income and others which represent the result of business development. The resulting amount is further multiplied by an index number decided separately for each position, and a multi-faceted evaluation of the performance of each Director is also taken into consideration in the calculation.

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-based compensation, shall be deemed to be compensation for purchasing the Company's shares, and each Director shall contribute this remuneration to the Directors' 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.

For details of Shimizu's policy on performance-based compensation, please see II. 1 Director Remuneration: Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods within this report.

(4) The Company selects candidates for directors based on their character, knowledge, experience and capabilities, placing importance on the diversity of composition of the Board of Directors.



Individuals with abundant expert knowledge and experience, gained while working at the Company, are selected as candidates for directors in charge of the execution of business. Individuals with abundant knowledge and experience in their respective fields and deep insight are selected as candidates for non-executive directors including outside directors.

Also, individuals with appropriate knowledge of finance and accounting, knowledge of legal and compliance matters, abundant expertise and experience regarding the Company's business areas, and abundant knowledge and experience in their respective fields, are selected as candidates for Audit & Supervisory Board Members while keeping a good balance of candidates and after receiving the consent of the Audit & Supervisory Board.

The Company's Board of Directors decides the appointment/dismissal of directors and Audit & Supervisory Board Members (candidates) based on its recognition of the aforementioned qualities after deliberation by the Nomination and Compensation Committee, of which the majority of members are outside directors and which is chaired by a non-executive director.

(5) When appointing/dismissing directors and Audit & Supervisory Board Members (candidates), the Company's Notice of the General Meeting of Shareholders will provide each candidate's career summary (including significant concurrent positions) and their reason for nomination/dismissal.

Additionally, the reasons for the nomination of Outside Directors and Outside Audit and Supervisory Board Members are stated in II. 1 Outside Directors' Relationship with the Company (2) and Outside Audit and Supervisory Board Members' Relationship with the Company (2) within this report. For Directors and Audit & Supervisory Board Members other than Outside Directors and Outside Audit and Supervisory Board Members, each candidate is nominated once it is recognized that they possess the qualities outlined in (4) above based on their career summary.

### **[Supplementary Principle 3.1.3 Sustainability Initiatives, etc.]**

#### **(1) Approach to Sustainability and Related Initiatives**

Shimizu's Credo is The Analects and the Abacus, and based on this, Shimizu has set "With devotion and a spirit of innovation, we work to create value that exceeds expectations and contribute to a sustainable tomorrow" as its Management Principles. It advances business activities with an unwavering commitment to the sustainability of the Company, society, and the environment.

In regard to sustainability promotion and governance structure, the Company has established the Sustainability Committee chaired by the president. The committee deliberates and makes decisions on the Shimizu Group's sustainability policy, major initiatives, and sustainability-related disclosures, with important matters being reported to the Board of Directors to elaborate the system to supervise.

The long-term SHIMZ VISION 2030 looks ahead to 2030 and it states the three ways in which the Shimizu Group provides social value: 1) realizing a resilient society where everyone can feel safe and secure, 2) realizing an inclusive society where all people can live together in comfort and health, and 3) realizing a sustainable society where future generations can inherit a well-cared for environment.

Following the Mid-Term Business Plan <2024-2026>, we will increase cross-functional collaboration in the Shimizu Group to build a stronger business foundation and practice Sustainability Management, balancing fulfilling social responsibility and cultivating business opportunities.

In considering materiality, the Company valued our business activities from the viewpoints of "impact on society" and "impact for our company," taking into account social issues (SDGs) as well as our Credo, Management Principles, and long-term vision. The identified activities of high materiality are promoted with an unwavering commitment to sustainability.

For more details, please visit the following URL on our corporate website.

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

The group environmental vision SHIMZ Beyond Zero 2050 envisions a sustainable society as “zero-carbon society,” “resource recycling society,” and “society that coexists harmoniously with nature.” It will contribute to realizing a sustainable society that is the goal of the SDGs by not only eliminating the negative effects on the environment of our Group’s activities, including reducing CO<sub>2</sub> emissions to zero by 2050, but also providing positive environmental value to clients and society.

For more details, please visit the following URL on our corporate website.

[https://www.shimz.co.jp/beyondzero/index\\_en.html](https://www.shimz.co.jp/beyondzero/index_en.html)

Our Group considers the impact of climate change and nature-related issues on our business to be one of the important management issues. With regard to climate change, we started disclosing information based on the TCFD recommendations in 2020, and with regard to natural-related issues, we started disclosing information based on the TNFD recommendations in 2024. We are updating the relevant information every year.

In analyzing risks and opportunities and developing strategies, we are implementing measures to realize the sustainable society that the Group aims for, and engaging with stakeholders to have the foundation for our new strategies in place, while also being conscious of decarbonization, coexistence with nature, and synergies and trade-offs including resource recycling.

For more details, please visit the following URL on our corporate website.

Climate-related disclosures according to the TCFD recommendations

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

Nature-related disclosures according to the TNFD recommendations

<https://www.shimz.co.jp/company/csr/environment/tnfd/>

## (2) Investing for Human Capital and Intellectual Properties

We regard human capital as the most important element of management capital, and consider that the skills, knowledge, and experiences of our employees are the foundation for improving competitiveness of each business line.

As stated in the Mid-Term Business Plan <2024-2026>, 40 billion yen for the 3 year period has been earmarked for investment in human resources to acquire and nurture highly capable talent, implement DE&I initiatives and promote employees’ well-being. And for productivity improvement & R&D including intellectual properties, we plan to invest 85 billion yen for the 3 year period to develop cutting-edge technologies and machinery and to invest in digital-related fields.

According to our long-term vision, SHIMZ VISION 2030, our goal is to become a Smart Innovation Company who co-creates with diverse partners beyond construction to create new value. To achieve this goal, we are operating Smart Innovation Ecosystem NOVARE as a hub to promote business innovation, technological innovation and talent innovation and a place to facilitate good communication with society.

### **[Supplementary Principle 4.1.1 Scope of Matters Delegated to Management]**

In accordance with internal rules concerning authority for making decisions on important matters stipulated by resolution of the Board of Directors, the Board of Directors will deliberate and decide on matters stipulated by laws, regulations, and the Articles of Incorporation, as well as other important management matters.

Other matters deemed important to the execution of business will, in principle, be entrusted to the president. Under the same internal rules, other matters will be entrusted to an approval body, consulting department, or the management in accordance with factors such as content or monetary

amount involved.

#### **[Principle 4.9 Standards and Qualifications Regarding the Independence of Independent Outside Directors]**

Shimizu's standards of independence for outside directors are posted on its corporate website. For more details, please visit the following URL.

<https://www.shimz.co.jp/company/about/governance/pdf/151224.pdf> (in Japanese)

Additionally, the Board of Directors nominates independent outside director candidates who possess excellent character, knowledge, experience and capabilities, as well as extensive expertise and experience in their respective specialties, and who can be expected to contribute to Board of Directors in a frank, dynamic, and constructive manner.

#### **[Supplementary Principle 4.10.1 Independence, Authority and Roles, etc. of the Nomination and Compensation Committee Structure]**

The Company has established a Nomination and Compensation Committee, which has a majority of Independent Outside Directors, to ensure fair and transparent decision-making on the appointment and dismissal of directors, Audit & Supervisory Board Members and Executive Officers, and on evaluation and remuneration of Directors and Executive Officers.

The committee is made up of all Independent Outside Directors, the Non-Executive Inside Director (one), and the President and Representative Director, and the Chairperson is elected each year by a mutual vote from the Non-Executive Directors.

The committee deliberates on important matters, including the setting of Board of Directors Meeting agenda items concerning important human resource matters, such as the nomination or dismissal of directors, Audit & Supervisory Board Members and executive officers, and the evaluation and determination of individual remuneration of directors and executive officers based on the evaluation and compensation standards formulated in the regulations for executives remuneration. These deliberations incorporate diverse perspectives including the external perspectives of independent outside directors. The committee is judged to be sufficiently independent and objective.

#### **[Supplementary Principle 4.11.1 Composition of the Board of Directors and Nomination Procedures]**

In order to respond quickly to changes in the business environment and to achieve sustainable growth and medium to long term improvement in corporate value, the Company aims to maintain the appropriate size and diversity of the Board of Directors and also to optimize the Board of Directors as a whole and maximize its functions by organically combining the knowledge, experience, and abilities of each director.

The maximum number of members of the Company's Board of Directors is set to 12 in the Articles of Incorporation, and the Board of Directors is composed of executive directors that are familiar with each area of the Company's business, and non-executive directors, including multiple outside directors that possess abundant knowledge and experience from their respective backgrounds. Consequently, the Board of Directors is the optimal team and personnel to take charge of the Company's management based on business environment, management policy, and business strategy, etc.

Moreover, the ratio of outside directors to the total number of directors is one third or higher.

When selecting directors, the Company selects candidates for directors based on their character, knowledge, experience and capabilities, placing importance on the diversity of composition of the Board of Directors.

Individuals with abundant expert knowledge and experience, gained while working at the



Company, are selected as candidates for directors in charge of the execution of business. Individuals with abundant knowledge and experience in their respective fields and deep insight are selected as candidates for non-executive directors including outside directors.

The Company's Board of Directors decides the appointment of directors after the creation by the president of a nomination proposal containing candidates recognized to be in possession of these qualities, and the deliberation of this nomination proposal by the Nomination and Compensation Committee, of which the majority of members are outside directors and which is chaired by a non-executive director.

A "skills matrix" of the directors is included at the end of this report.

#### **[Supplementary Principle 4.11.2 Status of Concurrent Position of Directors and Audit & Supervisory Board Members]**

When selecting director and Audit & Supervisory Board Member candidates, the Company checks whether they hold any concurrent positions as an executive of a listed company and confirms that there are no impediments to them properly fulfilling the roles and responsibilities of a director or Audit & Supervisory Board Member of the Company.

Additionally, in cases where a director or Audit & Supervisory Board Member of the Company accepts a position as an executive of another company (excluding affiliated companies), the Company confirms in advance that there are no impediments to them properly fulfilling their roles and responsibilities as a director or Audit & Supervisory Board Member of the Company.

Each year the Company discloses the significant concurrent positions held by directors and Audit & Supervisory Board Members in its Business Report.

#### **[Supplementary Principle 4.11.3 Evaluation of the Effectiveness of the Board of Directors]**

The Company's Board of Directors conducts the analysis and evaluation of effectiveness of the Board of Directors as a whole once a year.

The outline of the method of evaluation and the results thereof in fiscal 2024 are as follows:

##### **(1) Evaluation method**

An anonymous questionnaire with open-ended questions was sent to all Directors and Audit & Supervisory Board Members. Based on an analysis by a third party (a lawyer), all Directors and Audit & Supervisory Board Members have discussions (self-evaluation) at Board of Directors.

- Report period: April 2024–March 2025
- Dates of evaluation: Board of Directors' Meetings held on March 7, March 26, and April 25, 2025
- Main evaluation items: The Board of Directors' structure, operation, management strategy and supervision functions, corporate ethics and risk management, solutions to sustainability-related issues, process of determining nominations and remuneration, human development, communication with Outside Directors and management personnel, dialogue with shareholders and investors, and more.

##### **(2) Outline of the evaluation results**

Conclusion: The effectiveness of the Board of Directors of the Company as a whole is ensured.

(i) Response to issues identified in the previous effectiveness evaluation in fiscal 2023 (Report period: April 2023–March 2024)

The Board of Directors has made consistent efforts to resolve issues and make improvements as follows.

The Board of Directors will continue to strive for further improvement.

a. 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

=> Holding explanatory meetings/group meetings for better understanding and achievement of the Mid-Term Business Plan. Opinions of the participants shared at the Board of Directors. Implement follow-up measures to ensure better understanding of the Mid-Term Business Plan and better incorporation into the annual Operation Plan.

- b. 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  
=> Gather all Directors at offsite meetings, and hold discussions on precedents of business portfolio optimization. Have in-depth discussions on growth strategies for each line of business at the Board of Directors.
  - c. 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  
=> The deliberation process and discussion details of the Nomination and Compensation Committee, outline of succession planning and other implementation matters to be shared at the Board of Directors.
  - d. Expanded disclosure of non-financial information
    - Expanded information disclosure related to risk management and sustainability  
=> Review risk management process and items, continue discussions on disclosure details for better disclosure. Early information disclosure based on the TCFD and TNFD recommendations.
- (ii) Major issues to be considered identified in the effectiveness evaluation.
- a. Hold in-depth discussions on business portfolio optimization to enhance corporate value
    - Hold more in-depth discussions on growth strategies for each line of business considering the cost of capital at the Board of Directors, clearly define roles of each line of business in a company-wide scheme to enhance corporate value
  - b. Further improve internal control and risk management systems in order to realize teachings of our Credo, the Analects and the Abacus, in our operation
    - Establishing a reporting system where details of risky projects are more promptly reported. Creating a more systematic reporting system where the progress and completion of the responses can be shared.
  - c. Enhance the communication between our senior management and Outside Directors/Outside Auditors
    - Provide more opportunities for our senior management and Outside Directors/Outside Auditors to talk to each other in person outside the Board of Directors' Meeting.

(3) Future initiatives

Based on the results of the evaluation of the effectiveness of the Board of Directors, the Company aims to enhance the effectiveness of the Board of Directors and further expand and reinforce corporate governance through the PDCA cycle to improve on issues.

**[Supplementary Principle 4.14.2 Policy for Training of Directors and Audit & Supervisory Board Members]**

The Company holds training for new directors and Audit & Supervisory Board Members, including explanations of matters such as the legal roles and responsibilities of directors and Audit & Supervisory Board Members, as required.

It also provides outside directors and outside Audit & Supervisory Board Members with opportunities to deepen their understanding of the details and current state of the Company's business as required, including briefings by relevant departments, workplace observation tours,

and exchanges of opinions with employees.

In addition to the above, it provides directors and Audit & Supervisory Board Members with opportunities to acquire and enhance the knowledge required by their role, including holding study sessions, briefings by relevant departments, and providing notification about and bearing the cost of external seminars.

### **[Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

Members of the Company's senior management, such as the president and executive officer in charge of IR, attend events for institutional investors and analysts, including financial results meetings and IR meetings. In addition to this, where possible, members of the senior management or the executive officer in charge of IR also handle other initiatives advanced by the Company to foster dialogue with shareholders.

(1) The Company shall select a person in charge of IR from among its directors and executive officers.

(2) In order to promote dialogues with shareholders and investors and build stable relations with them, the Corporate Communication Department, Accounting Department, General Affairs Department, others collaborate with the Sustainability Management Department. and other relevant departments to respond to IR meetings, SR meetings, etc. with shareholders.

(3) The Company will implement the following initiatives in addition to individual meetings as means of dialogue:

- Tours of company facilities and construction sites, etc. for individual shareholders.
- Financial results meetings for institutional investors and analysts, participating in conferences organized by securities companies, business briefings, facility tours, etc.

(4) The Company's executive officer in charge of IR reports to the Board of Directors on the opinions of shareholders and investors obtained through IR activities (e.g. IR meetings, SR meetings) as appropriate.

(5) Information disclosure in dialogue is conducted in accordance with the Company's regulations for the prevention of insider trading, etc., and in compliance with relevant laws and regulations.

### **[Status of Dialogue with Shareholders]**

We believe that information disclosure and dialogue with shareholders and institutional investors is important to achieve sustainable growth and increase the corporate value of the Shimizu Group. For the status of dialogue implementation, please visit the following URL on our corporate website.

<https://www.shimz.co.jp/en/company/ir/management/communication/>

## **Action to Implement the Management that is Conscious of Cost of Capital and Stock Price**

Contents <span>Updated</span>	Disclosure of initiatives (updated)
Availability of disclosure materials in English <span>Updated</span>	Available
Last updated <span>Updated</span>	June 27, 2025

### **Explanation for Applicable Items Updated**

In order to realize management that is conscious of cost of capital and stock price, we will steadily implement business strategies, investing for growth, a capital policy, and shareholder return as outlined in the Mid-Term Business Plan <2024-2026>. In addition to achieving and maintaining

profitability that exceeds the cost of shareholders' equity, we will aim to increase corporate value and improve PBR in the near future by working to create expectations for sustained growth. Please refer to the URL below on our corporate website for detailed information on our Mid-Term Business Plan <2024-2026> and the progress of initiatives in fiscal 2024.

<https://www.shimz.co.jp/en/company/about/strategy/index.html#sec4>

At the Board of Directors' Meeting held on November 12, 2024, we established a new goal of reducing the ratio of the outstanding amount of securities holdings to consolidated net assets, so that we can accelerate the implementation of "management that is conscious of cost of capital and stock price". For details, please refer to [Principle 1.4 Securities Holdings].

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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### Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	98,295,300	14.41
SHIMIZU & CO., LTD	82,730,000	12.12
SHIMIZU FOUNDATION	38,767,500	5.68
Custody Bank of Japan, Ltd. (Trust Account)	34,873,800	5.11
Employee's Stock Ownership Plan of the Shimizu Group	17,463,895	2.56
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420,564	2.55
Fukoku Mutual Life Insurance Company	13,552,000	1.99
STATE STREET BANK AND TRUST COMPANY 505001	13,016,916	1.91
JP MORGAN CHASE BANK 385632	10,058,223	1.47
Sumitomo Realty & Development Co., Ltd.	10,000,000	1.47

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-----
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Name of Parent Company, if applicable	None
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### Supplementary Explanation Updated

(1) The above Status of Major Shareholders is described based on the shareholder register as of March 31, 2025.

(2) Although a Statement of Large-Volume Holdings (Statement of Changes) released to the public on June 6, 2024 states BlackRock Japan Co., Ltd. and other joint holders held the following shares as of May 31, 2024, we are unable to confirm the actual number of shares as of March 31, 2025, and therefore they are not included in the above-mentioned status of major shareholders.

[Name or Company Name/Number of Shares Owned/Percentage]

BlackRock Japan Co., Ltd. and 5 others/25,459,096/3.42%

(3) Although a Statement of Large-Volume Holdings (Statement of Changes) released to the public on September 20, 2024 states Nomura Securities Co., Ltd. and other joint holders held the following shares as of September 13, 2024, we are unable to confirm the actual number



of shares as of March 31, 2025, and therefore they are not included in the above-mentioned status of major shareholders.

[Name or Company Name/Number of Shares Owned/Percentage]  
Nomura Securities Co., Ltd. and 2 others/28,852,383/3.88%

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market Nagoya Stock Exchange, Premier Market
Fiscal Year-End	March
Business Sector	Construction
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	1 trillion yen or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more but fewer than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which May have a Material Impact on Corporate Governance Updated

#### (1) Approach to Group Management and Policies

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 (equity ratio: 50.11%) and have a stake in Property Data Bank, Inc. (equity ratio: 24.02%), 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.

In order to acquire all of the shares of The NIPPON ROAD CO., LTD. (the “Subsidiary”) and make the Subsidiary a wholly-owned subsidiary of us, we have conducted a tender offer (the “Tender Offer”) for the common shares of the Subsidiary under the Financial Instruments and Exchange Act of Japan from May 15, 2025 to June 25, 2025. As a result of the completion of the Tender Offer, when the settlement of the Tender Offer is completed on July 2, 2025 (the day to start the settlement of the Tender Offer), we come to hold 88.33% of the total number of voting rights of all shareholders of the Subsidiary as of this date. After completing the procedure of making us a sole shareholder of the Subsidiary, the Subsidiary will be delisted from the Tokyo Stock Exchange after completing the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange.

#### (2) Meaning of having a listed affiliate and a policy on securing the effectiveness of the governance structure

As of March 31, 2025, we have a stake in Property Data Bank, Inc. (equity ratio: 24.02%, the

“Affiliate”).

The Affiliate was listed on the Mothers section of the Tokyo Stock Exchange (currently, Tokyo Stock Exchange Growth) 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 Corporate Venturing 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 from the Company are appointed, and one Outside Director is dispatched from the Company to serve at the Affiliate. 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.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	one year
Chairperson of the Board	Chairperson (unless the Chairperson also serves as the President)
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)	Updated
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Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tamotsu Iwamoto	From another company								△			
Junichi Kawada	From another company											
Mayumi Tamura	From another company											
Yumiko Jozuka	Other											

\* Categories for "Relationship with the Company".

\* Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past.

\* Use "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)

- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tamotsu Iwamoto	○	Although the Company has conducted transactions with Ajinomoto Co., Inc. of which Tamotsu Iwamoto was Representative Director and Executive Vice President until June 2017, payments received from Ajinomoto Co., Inc. came to less than 0.1% of the Company's consolidated net sales for the most recent fiscal year.	Tamotsu Iwamoto possesses abundant experience in a high level of knowledge of corporate management and global business through his many years as a corporate executive of a listed company, and uses these attributes to supervise the management of the Company from an objective and neutral position. Therefore, the Company determines that he is qualified as an outside director. As his attributes are as described on the left, he meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company, and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated him as an independent director.
Junichi Kawada	○	_____	Junichi Kawada possesses abundant experience and a high level of knowledge through his many years in corporate management as a corporate executive of a listed company, particularly in the areas of compliance and corporate governance in corporate group management, and uses these attributes to supervise the Company's management from an objective and neutral position. Therefore, the Company determines that he is qualified as an outside director. He meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company,



			and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated him as an independent director.
Mayumi Tamura	○	-----	Mayumi Tamura possesses abundant management experience and a high level of knowledge on financial/accounting matters from her many years working at global companies, and uses these attributes to supervise the Company's management from an objective and neutral position. Therefore, the Company determines that she is qualified as an outside director. She meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company, and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated her as an independent director.
Yumiko Jozuka	○	-----	Yumiko Jozuka has accumulated experience and knowledge through many years of involvement in health, labor, and welfare administration and, in particular, has expert knowledge and experience related to diversity, empowerment of women, working style reform and human resource development, and uses these attributes to supervise the management of the Company from an objective and neutral position. Therefore, the Company determines that she is qualified as an outside director. She meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company, and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated her as an independent director.

Voluntary Establishment of Committee(s)  
equivalent to Nomination Committee or  
Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	6	0	2	4	0	0	Inside Directors
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	6	0	2	4	0	0	Inside Directors

Supplementary Explanation Updated

- The Company has established a Nomination and Compensation Committee, which has a majority of Outside Directors and is chaired by a Non-Executive Director, to ensure fair and transparent decision-making on the appointment and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers, and on evaluation and remuneration of Directors and Executive Officers.

- Nomination and Compensation Committee's composition (total of 6 members)

Chairperson: Noriaki Shimizu (Non-Executive Inside Director) \*Elected by mutual vote of all committee members

Committee Members: Outside Directors Tamotsu Iwamoto, Junichi Kawada, Mayumi Tamura and Yumiko Jozuka

Inside Director Tatsuya Shimmura (President and Representative Director) (Note)

The following is a summary of activities during the most recent fiscal year. (Positions are as of the end of the most recent fiscal year)

Position	Name	Attendance
Director *Chairperson	Noriaki Shimizu	12/12 (100%)
Outside Director	Tamotsu Iwamoto	12/12 (100%)
Outside Director	Junichi Kawada	11/12 (91.7%)
Outside Director	Mayumi Tamura	12/12 (100%)
Outside Director	Yumiko Jozuka	12/12 (100%)
President and Representative Director	Kazuyuki Inoue	12/12 (100%) (Note)

(Note) With the change of the President and Representative Director as of April 1, 2025, Directors of the Company were appointed at the Annual General Meeting of Shareholders on

June 27, 2025. The members of the Nomination and Compensation Committee were also appointed at the Extraordinary Board of Directors' Meeting held on the same day. Among these members, Mr. Kazuyuki Inoue has been dismissed, and Mr. Tatsuya Shimmura has assumed his position.

(Main Agenda Items)

Formulation of personnel proposals for directors and executive officers and individual evaluations; total amount of bonuses for directors and executive officers and individual bonuses; individual monthly remuneration for the following fiscal year; succession plans; review of related rules and regulations, etc.

## Audit and Supervisory Board Member

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	5

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments Updated

(1) Audit and Supervisory Board Members hear about the audit system, audit-related quality control, and other matters when the accounting auditor's audit plan is formulated. They also receive reports on audit results and interim reviews, and cooperate with the accounting auditor by attending audits, etc. as appropriate.

(2) The Audit Department has been established to conduct internal audits of the overall business activities of the Company and its Group Companies. It accesses risks and issues for each auditee and prepares an audit plan. After the Board of Directors approves the plan, it conducts internal audits. Audit results are reported to all Directors and Audit & Supervisory Board Members after each audit. The information about the operation of the Audit Department is shared with the Audit & Supervisory Board Members and accounting auditors as necessary. In addition to reporting audit results, they share the information on their operation.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

## Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kaoru Ishikawa	Other	▲									○			
Toshie Ikenaga	Other													
Ko Shikata	Academic										○			

\* Categories for “Relationship with the Company”.

\* Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past.

\* “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.

- a. Person who executes business for the Company or its subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business for or a non-executive director of the Company's parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business for a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- g. Major client of the Company or a person who executes business for said client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director / Audit and Supervisory Board Member
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- m. Other



Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Kaoru Ishikawa	○	Although the Company has conducted transactions with Kawamura Gakuen School Corporation, at which Kaoru Ishikawa is a Director at present, payments received from the School Corporation came to less than 0.1% of the Company's consolidated net sales for the most recent fiscal year. He is also a relative of a person who executed the business of the Company until June 1999.	<p>Kaoru Ishikawa has played a leading role in the field of diplomacy for many years, and has abundant experience as a diplomat and expertise on international relations and the sustainability field, and uses these attributes to supervise the Company's management from an objective and neutral position and from a global perspective. Therefore, the Company determines that he is qualified as an outside audit &amp; supervisory board member.</p> <p>As his attributes are as described on the left, he meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company, and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated him as an independent audit &amp; supervisory board member.</p>
Toshie Ikenaga	○	————	<p>Through many years of involvement in government agencies, Toshie Ikenaga has been active in many fields, including analysis of economic conditions and policy issues, running a local government organization as Vice-Governor of Shiga Prefecture, and promoting diversity, and she has academic knowledge and wide-ranging experience and insight into economics and management, and uses these attributes to supervise the Company's management from an objective and neutral position. Therefore, the Company determines that she is qualified as an outside audit &amp; supervisory board member.</p> <p>She meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company, and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated her as an independent audit &amp;</p>

			supervisory board member.
Ko Shikata	○	Although the Company has conducted transactions with Chuo University, at which Ko Shikata is a professor at present, payments received from Chuo University came to less than 0.1% of the Company's consolidated net sales for the most recent fiscal year.	Ko Shikata has contributed to maintaining and improving a safe and secure society, including cybersecurity, through his many years of involvement in police administration. He has also worked in policy research and education and support as a university professor, has academic knowledge and broad experience and knowledge of the legal and policy field, and uses these attributes to supervise the Company's management from an objective and neutral position. Therefore, the Company determines that he is qualified as an outside audit & supervisory board member. As his attributes are as described on the left, he meets the standards for independence set out by the Tokyo Stock Exchange and the Standards regarding the Independence of Directors and Audit and Supervisory Board Members set by the Company, and there is no risk of a conflict of interests with general shareholders. The Company has therefore designated him as an independent audit & supervisory board member.

## Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

7

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company designates all Outside Directors and Outside Audit & Supervisory Board members who meet the qualifications for Independent Directors and Independent Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Please refer to “II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report for details.

## Director Remuneration

## Status of Disclosure of Individual Director's Remuneration

## Disclosure for Selected Directors

(1) Remuneration paid to the Company's Directors and Audit & Supervisory Board Members in the most recent fiscal year was as follows:

Directors (excluding outside directors)	8 persons	837 million yen
Audit & supervisory board members (excluding outside audit & supervisory board members)	3 persons	64 million yen
Outside Directors and Outside Audit & Supervisory Board members	7 persons	102 million yen

(2) The following four Directors received total remuneration of 100 million yen or more in the most recent fiscal year:

Yoichi Miyamoto	Total of 159 million yen (monthly compensation: 118 million yen, bonus: 41 million yen, amount of the bonus intended for a purchase of the shares of the Company: 8 million yen)
Kazuyuki Inoue	Total of 187 million yen (monthly compensation: 129 million yen, bonus: 58 million yen, amount of the bonus intended for a purchase of the shares of the Company: 11 million yen)
Kentaro Ikeda	Total of 116 million yen (monthly compensation: 84 million yen, bonus: 32 million yen, amount of the bonus intended for a purchase of the shares of the Company: 6 million yen)
Takeshi Sekiguchi	Total of 113 million yen (monthly compensation: 84 million yen, bonus: 29 million yen, amount of the bonus intended for a purchase of the shares of the Company: 5 million yen)

Policy on Determining Remuneration Amounts and Calculation Methods **Updated**

Established

## Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration of each Director, which consists of a base salary that is paid monthly at a fixed amount and performance-based compensation that comprises bonuses and compensation exclusively for purchasing shares of the Company, is decided through deliberations of the Nomination and Compensation Committee, which is made up of a majority of Outside Directors and is chaired by a Non-executive Director, and which was established to evaluate the performance of Directors and decide on their remuneration in a fair and transparent manner, based on a resolution passed at the Board of Directors.

Non-Executive Directors including Outside Directors and Audit & Supervisory Board Members are paid only fixed-amount monthly salary for the purpose of enhancing the supervisory functions of management.

The Company, at the Board of Directors' Meeting held on February 24, 2021, resolved regulations for executives remuneration that set forth the policy for determining the remuneration of each Director. An outline of the contents is as follows:

- Policy on base salary

Of the remuneration, etc. of Directors of the Company, the fixed-amount monthly salary that is the base salary is a maximum total of 90 million yen a month (including a maximum of 10 million yen for Outside Directors) based on a resolution passed at the 117th Annual General Meeting of Shareholders held on June 27, 2019. As of the closing of the 117th Annual General Meeting of Shareholders, the number of Directors was 12 (including 3 Outside Directors).

Remuneration for Audit & Supervisory Board Members is a maximum total of 13 million yen a month pursuant to a resolution passed at the 89th Annual General Meeting of Shareholders held on June 27, 1991 and is decided through discussions at Audit & Supervisory Board. As of the closing of the 89th Annual General Meeting of Shareholders, the number of Audit & Supervisory Board Members was 4.

- Policy on performance-based compensation

Of the remuneration, etc. of Directors of the Company, bonuses that are performance-based compensation is a maximum total of 500 million yen a year based on a resolution at the 118th Annual General Meeting of Shareholders held on June 26, 2020, and the Nomination and Compensation Committee deliberates on whether or not a bonus shall be paid and on what amount shall be paid.

The bonus amount is calculated according to the following method based on consolidated net income, the final results of the Group's business activities for a business year. The "earnings coefficient" used to calculate the bonus amount has been updated at the Board of Directors' Meeting held on January 31, 2025 considering a proposal for deliberation presented by the Nomination and Compensation Committee to make it more clearly defined and provide management more incentives. The new coefficient is applied from the fiscal year starting on April 1, 2025.

(Method of calculating individual performance-based compensation (bonuses))

Consolidated earnings<sup>\*1</sup> × Earnings coefficient<sup>\*2</sup> × Positional index<sup>\*3</sup> × Individual evaluation index<sup>\*4</sup> = Individual bonus<sup>\*5</sup>

\*1 Consolidated net income for the current fiscal year (Net income attributable to shareholders of the Company)

\*2 The Nomination and Compensation Committee determines the earnings coefficient using ordinary income which represents the result of basic business development of the Company and an achievement rate against the targets set for the fiscal year of awards profitability of the construction business, a leading indicator of the business results for coming fiscal years, as main evaluation items. Other items are selected from non-financial KPIs from the Mid-Term Business Plan and added by the Nomination and Compensation Committee based on priority in terms of enhancing mid-to-long term corporate value and objectivity of evaluation. The Nomination and Compensation Committee then considers whether or not there is any material violation of laws and decides the earnings coefficient based on the evaluation value derived by weighted average of each item.

\*3 An index determined for each Director's position

\*4 The Nomination and Compensation Committee determines individual evaluation indices based on the results of evaluations of the level of achievement of targets set for each director based on



interviews with Executive Directors at the beginning and end of the fiscal year. (Evaluation indices range from 65% to 135%)

The multifaceted evaluations cover the short-term performance of each director in addition to their level of contribution to achieving the targets of the Mid-Term Business Plan, their efforts to strengthen the management base, their contributions to sustainability, and their performance as directorships.

Notably, only the non-executive directors of the Nomination and Compensation Committee Members make decisions regarding executive director evaluations.

- \*5 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-based 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.

### Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

The Company has established a system 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.

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 assist outside Audit & Supervisory Board members in conducting audits.

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.

### Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (Sodanyaku, Komon, etc.) after Retiring as Representative Director and President, etc. Updated

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Yoichi Miyamoto	Advisor	Providing guidance on passing on our Corporate Principles to the next generation, accepting key positions at important external groups and the like	Full-time, with compensation	April 1, 2016	Regulated

Number of Persons Holding Advisory Positions (Sodanyaku, Komon, etc.) After Retiring as Representative Director and President, etc. <span>Updated</span>	1
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## Other Related Matters Updated

Mr. Yoichi Miyamoto retired from his position as the President and Representative Director on April 1, 2016 and became the Chairperson and Representative Director. He was appointed the Advisor and Director on April 1, 2025, and retired from his position as the Director upon the completion of his term on June 27, 2025.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

### (1) Current Corporate Governance System

- The Company shall have a small number of directors and shall utilize the executive officer system to ensure efficient business management by distinguishing between strategy/management supervision and the execution of business operations. The term of office of directors and executive officers is one year.
- The Company has established the Nomination and Compensation Committee, chaired by a Non-Executive Director and composed of a majority of Outside Directors, to ensure the fair and transparent decision-making on the appointment and dismissal of Directors, Audit & Supervisory Board Members, and Executive Officers, and on evaluation and remuneration of Directors and Executive Officers.
- The Board of Directors' Meeting, chaired by the Chairperson of the Company, is held once a month as a rule, and as needed. It deliberates and decides on matters stipulated by law and the Articles of Incorporation, as well as important management matters, and supervises the execution of duties. The Board of Directors' Meeting is held 16 times in fiscal 2024, and the attendance of each director is as described in Proposal 2: Election of Eleven (11) Directors in the Notice of the 123rd Annual General Meeting of Shareholders.
- In order to further invigorate deliberation by the Board of Directors and enhance the function of the supervision of management, the Company shall appoint outside directors for at least one-third of the total number of directors.
- Non-executive directors, including outside directors, and outside Audit & Supervisory Board Members monitor and supervise management and provide necessary advice from time to time using their abundant experience and deep insight based on their respective backgrounds.

### (2) Processes for Enhancing Business Execution, Supervisory Functions, etc.

- Management decisions made by the Board of Directors are communicated and conveyed at the Executive Officers' Meeting (held every month) and the Division Directors' Meeting (held every other month), and the progress of business execution is confirmed.  
In addition, the Company has structured meetings to efficiently make decisions on important matters related to the execution of business operations and determine strategies.
- The Company established a structure mainly consisting of the headquarters 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, construction 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.

- 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 Chairperson and President. The Chairperson and President also exchanges opinions with Outside Audit & Supervisory Board Members in the same manner.
- Outside Directors and Outside Audit & Supervisory Board Members hold the Outside Directors Opinion Exchange Meeting, and Outside Directors and all Audit & Supervisory Board Members hold the Outside Director/Audit & Supervisory Board Members Liaison Meeting regularly to exchange opinions.
- The Company has entered into an audit contract with Ernst & Young ShinNihon LLC to conduct a fair audit of its accounting under the Companies Act and the Financial Instruments and Exchange Act of Japan.
- The Audit Department has been established to conduct internal audits of the overall business activities of the Company and its Group Companies. It accesses risks and issues for each auditee and prepares an audit plan. After the Board of Directors approves the plan, it conducts internal audits. Audit results are reported to all Directors and Audit & Supervisory Board Members after each audit. The information about the operation of the Audit Department is shared with the Audit & Supervisory Board Members and accounting auditors as necessary. In addition to reporting audit results and sharing the information on their operation, the information on risk assessment and others are shared with the internal control divisions and operations are coordinated.

### (3) Status of Securing Human Resources and Systems to Support Audits by Audit & Supervisory Board Members

- The Company shall put in place the Audit & Supervisory Board Members Office (Full-time Staff) to assist the audit & supervisory board members to exercise their authority as specified in relevant laws and regulations and to efficiently perform their audits. The staffs at the Audit & Supervisory Board Members Office shall be persons with experience and knowledge in legal, accounting, etc. and shall perform their duties under the direction of the audit & supervisory board members shall have the authority to collect information necessary for auditing.  
Transfers, etc. of staffs of the Audit & Supervisory Board Members Office shall be with the advance consent of the Audit & Supervisory Board.
- Audit & Supervisory Board Members improve the effectiveness of management supervision by attending important meetings and obtaining sufficient information from executives and employees without delay.
- The status of other initiatives to strengthen the function of Audit & Supervisory Board Members is described in the [Audit & Supervisory Board Member] section.

### (4) Limited liability agreement

- The Company entered into a limited liability agreement with all of the outside directors and audit & supervisory board members pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Articles 26 and 33 of the Articles of Incorporation, to the effect that if an outside director or an outside audit & supervisory board member causes damage to the Company by neglecting to perform his or her duties, provided such outside director or outside audit & supervisory board member has acted in good faith and without gross negligence, his or her liability shall be limited to the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act.

### **3. Reasons for Adoption of Current Corporate Governance System**

Shimizu has adopted the structure of a company with an Audit & Supervisory Board. We have chosen this system based on the belief that we have established a system to supervise and oversee management from an objective and neutral perspective. This was achieved by limiting the number of directors and introducing an executive officer system to clearly separate the management strategy decision making and oversight functions from the business execution function, by taking steps to encourage energetic debate at the Board of Directors, and by electing outside directors, other non-executive directors, and outside Audit & Supervisory Board members who maintain a high degree of independence.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Dispatch of the Notice of the General Meeting of Shareholders	In order for shareholders to have enough time to study agenda items and exercise their voting rights, we dispatched the Notice of the General Meeting of Shareholders for the 123rd Annual General Meeting of Shareholders more than 3 weeks before the date of the Meeting. For early disclosure of the information, we disclosed it on the website of the Company and the Tokyo Stock Exchange before dispatching the Notice.
Exercising Voting Rights by Electronic or Magnetic Means	The “Platform for the Exercise of Voting Rights for Institutional Investors” operated by ICJ, Inc. has been adopted since the Annual General Meeting of Shareholders held in June 2014.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English translation of the Notice of the General Meeting of Shareholders is prepared and submitted to the Tokyo Stock Exchange and posted on our corporate website.
Other	The results of resolutions of the General Meeting of Shareholders, including the number of votes for and against, are posted on our corporate website. This information is posted on our corporate website.

#### 2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	For more details, please visit the following URL on our corporate website. <a href="https://www.shimz.co.jp/en/company/ir/management/disclosure/">https://www.shimz.co.jp/en/company/ir/management/disclosure/</a>	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results meetings are held four times a year for financial analysts and institutional investors with senior management in attendance. The President also attends the meetings at the end of the fiscal year and at the end of the second quarter.	Held
Regular Investor Briefings held for Overseas Investors	IR meetings are held individually for institutional investors in Europe, the U.S.,	Held



	<p>Singapore, and other countries.</p> <p>We also participate in conferences organized by securities companies as appropriate.</p>	
Online Disclosure of IR Information	<p>The Company has created a “Investor Relations” section on its corporate website, where we post information on financial results and other topics.</p> <p>For more details, please visit the following URL on our corporate website.</p> <p><a href="https://www.shimz.co.jp/en/company/ir/">https://www.shimz.co.jp/en/company/ir/</a></p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	<p>The Corporate Communication Department is in charge of IR-related operations.</p>	
Other	<p>Construction site tours, business briefings on management topics by senior management, SDGs/ESG briefings and other events are held for financial analysts and institutional investors several times a year.</p> <p><a href="https://www.shimz.co.jp/en/company/ir/management/communication/">https://www.shimz.co.jp/en/company/ir/management/communication/</a></p> <p>The Company continuously implements IR events for individual investors and a shareholder special benefit program with the aim of further deepening our shareholders’ understanding of the Company.</p> <p><a href="https://www.shimz.co.jp/company/ir/individual/">https://www.shimz.co.jp/company/ir/individual/</a> (in Japanese)</p>	

### 3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>The Company has adopted The Analects and the Abacus as its Credo.</p> <p>The Code of Corporate Ethics and Conduct, which was established in accordance with the spirit of the Credo, clearly states our respect for the position of each stakeholder, including being “A Company That Values People,” “Pursuing Business Activities that Meet the Needs of the Community,” “Coexisting with Local Communities,” and “Maintaining Partnerships with subcontractors/suppliers .”</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Based on the group environmental vision SHIMZ Beyond Zero 2050, the Company not only eliminates the negative effects of our activities, but also provides positive environmental value to our clients and society.</p> <p>In addition, the Company has established the Shimizu Group Basic Policy on CSR Procurement and Shimizu Group CSR Procurement Guidelines to build a sustainable supply chain with subcontractors/suppliers that are good partners.</p> <p>In addition, the Company is striving to develop human resources who will lead Japan’s monozukuri (craftsmanship) in the future</p>

	<p>through the Shimizu Takumi Training Center, an education and training facility for skilled workers, and the Shimizu Open Academy, a public lecture course.</p> <p>For specific initiatives, please visit the following URL on our corporate website.</p> <p><a href="https://www.shimz.co.jp/en/company/csr/">https://www.shimz.co.jp/en/company/csr/</a></p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company strives to disclose the important information about us in a timely and appropriate manner to our shareholders and investors.</p> <p>We comply with relevant laws and regulations, such as the Financial Instruments and Exchange Act, and timely disclosure rules set by the Tokyo Stock Exchange, and disclose information in a transparent, timely, and fair manner.</p> <p>We endeavor to disclose the information which is deemed to be useful for shareholders/investors in a most proactive and fair manner, even if its disclosure is not mandated according to relevant laws and regulations, and timely disclosure rules.</p> <p><a href="https://www.shimz.co.jp/en/company/ir/management/disclosure/">https://www.shimz.co.jp/en/company/ir/management/disclosure/</a></p>
Other	<p>To realize our long-term SHIMZ VISION 2030, we are working to make our workplaces more satisfying and appealing where each individual is healthy in mind and body, accepts each other, and can maximize their individual characteristics and strengths. Specifically, the Company is working to visualize organizational issues through pulse surveys and employee engagement surveys in order to enhance relationships between people in the workplace and revitalize the organization. The Company encourages each individual to change their attitudes and behavior through measures to encourage dialogue such as one-on-one meetings and Team Group Meetings, and works to develop human resources who can take action on their own to resolve issues.</p> <p>The Company can expect to build a virtuous cycle in which each employee works as a team, drawing on each other's abilities and strengths to not only improve business performance, but also to create innovation and secure excellent human resources.</p> <p>In addition, the Company has established a company-wide promotion system for employee health and is continuously implementing necessary measures.</p> <p>&lt;Main Initiatives&gt;</p> <ul style="list-style-type: none"> <li>▪ Prohibiting smoking during working hours, and removal of smoking areas in the Corporate Headquarters Bldg.</li> <li>▪ Improve the quality of the systems to support mental health of employees such as establishing various counseling services, and posting full-time occupational health staff</li> <li>▪ Implement more follow-up measures to improve the working environment (workplace observation tours, interviews with those who want to talk, etc.)</li> <li>▪ Execute measures to improve the quality of food and sleep across the Company</li> </ul>

- Introduce a system where employees can check the results of their own health check and others

## **IV. Matters Concerning the Internal Control System**

### **1. Basic Views on Internal Control System and Status of Development**

In order to develop a system that ensures the propriety of business operations, the Company's "Basic Policy on Developing an Internal Control System," was approved by a resolution of the Board of Directors.

#### **1. Legal and Ethical Compliance System**

(1) In order to ensure that executives and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Company shall implement its "Code of Corporate Ethics and Conduct" and work to thoroughly promote corporate ethics including legal compliance.

(2) In order to thoroughly promote its "Code of Corporate Ethics and Conduct" and put it into practice by executives and employees, the Company shall educate and train its workforce and develop an internal structure by such means as appointing executive officer in charge of corporate ethics, putting in place a Corporate Ethics Committee, a Corporate Ethics Office and a Corporate Ethics Help-Line Office, and establishing a whistle-blowing system.

(3) In order to further promote thorough compliance with the Construction Business Act, the Company shall introduce and thoroughly promote measures to secure proper contracts and payments when dealing with subcontractors, and shall develop an internal structure for establishing systems to maintain construction system ledgers.

(4) In order to eliminate violations of the Antimonopoly Act, the Company shall undertake an appropriate review of its program for compliance with the Antimonopoly Act, and shall develop and thoroughly promote internal systems by such means as carrying out periodic transfers of sales personnel, thoroughly implementing education and training, establishing an internal check system and a system for whistle blowing to outside law offices, formulating a code of conduct, and implementing strict internal punishments for offenders.

(5) In order to completely sever relations with anti-social forces or groups, the Company shall clearly indicate a policy of "eradication of anti-social activity" in its "Code of Corporate Ethics and Conduct," and shall develop and thoroughly promote internal systems to put this into practice by such means as carrying out education and training, selecting employees to be in charge of preventing unfair demands, developing a reporting system for cases where unfair demands are received, and having clauses clearly indicating zero tolerance for relations with organized crime groups, etc. in contracts with subcontractors/suppliers.

(6) In order to prevent bribery globally, the Company shall clearly indicate prohibition of bribery in its "Code of Corporate Ethics and Conduct," establish "Anti-Bribery Rules," and develop an internal system, which includes an implementation system, undertaking education and training activities, and strict punishments for offenders.

#### **2. Internal Audit System**

The Company will put in place the Audit Department to function in an internal control and checking role. It shall perform comprehensive audits of the activities of business execution sections based on audit plans approved by the Board of Directors. The audit results shall be reported to the directors and also to the audit & supervisory board members.

### **3. Risk Management System**

(1) The Company shall formulate rules concerning general risk management. It will also develop a system enabling the management of all risks with the potential to have a serious impact on the corporate group, composed of the Company and its subsidiaries, as well as providing accurate responses when risks are manifested.

(2) For various types of risk, quality, safety, environment, natural disasters, information, and business loss, etc., the Company shall develop a system enabling prevention of occurrences and reoccurrences accurately by putting in place bodies such as divisions, departments and committees to respond to individual risks by function.

### **4. Structure for Efficient Execution of Business Operations**

(1) The Company shall have a small number of directors and shall utilize the executive officer system to ensure efficient business management by distinguishing between strategy/management supervision and the execution of business operations.

(2) In order to further invigorate deliberation by the Board of Directors and enhance the function of the supervision of management, the Company shall appoint outside directors.

(3) The Company shall structure meetings to efficiently carry out the functions necessary for business operations, including the approval of material matters relating to the execution of operations and the determination of strategy. Matters shall be deliberated on, decided and implemented based on the “Material Matter Authorization Table” appended to the rules of the Board of Directors specified by the Board of Directors.

(4) The Company shall establish a Nomination and Compensation Committee, with a majority of outside directors, to ensure fair and transparent decision-making on the appointment and dismissal, evaluation, and remuneration of Directors and Executive Officers.

(5) Executive Officers shall execute operations in accordance with the rules on office organization, division of operations, and delegation of authority, as specified by the Board of Directors.

### **5. Retention and Management of Information on the Execution of Business Operations**

The Company shall specify rules on documents and an information security policy, and shall appropriately retain and manage minutes of the Board of Directors’ Meetings, internal circulars for managerial decisions, various contract documents, and other important information showing the status of the execution of operations. In addition, the Company shall develop an internal system for the safe and effective use of electronic information.

### **6. Systems for Appropriate Business Operations at the Corporate Group**

(1) The Company shall hold regular meetings to share information with its subsidiaries, manage material matters related to subsidiaries’ conduct of operations, and require that subsidiaries report on and obtain the approval of the Company for these matters as stipulated in the “Subsidiary Management Rules.”

(2) The Company shall perform internal audits through its Audit Department and monitor the proper execution of business operations of subsidiaries as necessary by such means as seconding audit & supervisory board members.

(3) In order to ensure the appropriate business operations, subsidiaries shall develop internal rules depending on their business fields and develop internal systems, including establishing a whistle-blowing system.

(4) The Company shall develop and operate an internal control system necessary to ensure the reliability of financial reporting and to help maintain and enhance societal trust.

### **7. Systems for Audit & Supervisory Board Members**



(1) The Company shall put in place the Audit & Supervisory Board Members Office (Full-time Staff) of full-time employees to assist the audit & supervisory board members to exercise their authority as specified in relevant laws and regulations and to efficiently perform their audits.

(2) The employees at the Audit & Supervisory Board Members Office shall perform their duties under the direction of the audit & supervisory board members and shall have the authority to collect information necessary for auditing.

Transfers, etc. of employees of the Audit & Supervisory Board Members Office shall be with the advance consent of the Audit & Supervisory Board.

#### **8. System for Making Reports to the Audit & Supervisory Board Members Regarding the Execution of Business Operations**

(1) Executives and employees shall make reports to the audit & supervisory board members without delay in cases of occurrences of matters relating to the Company and its subsidiaries, including statutory matters, events with the potential to cause serious loss of trust in or damage to the Company or its subsidiaries, and serious misconduct or offences against laws and regulations.

Also, the results of internal audits performed by the Audit Department and the status of reporting through the whistle-blowing system are reported to the Audit & Supervisory board members.

(2) The Company shall develop a system to ensure that executives and employees of the Company and its subsidiaries are not treated disadvantageously due to their making reports to the audit & supervisory board members.

#### **9. Matters Regarding Expenses and Liabilities that Arise as a Result of Audit & Supervisory Board Members Performing Their Duties**

Expenses and liabilities that arise as a result of audit & supervisory board members performing their duties shall be promptly handled by the Company based on claims submitted by audit & supervisory board members.

#### **10. Ensuring the Authority of Audit & Supervisory Board Members to Attend Important Meetings**

In order to ensure that audits of business operations by audit & supervisory board members are performed effectively, the Representative Directors and the audit & supervisory board members shall have regular opportunities to share management information, and audit & supervisory board members nominated by the Audit & Supervisory Board shall attend “Chief Executives’ Meeting” and “Division Directors’ Meeting” and other important meetings.

#### **11. Matters Regarding Audits of the Consolidated Financial Statements and Non-Consolidated Financial Statements, etc. by the Audit & Supervisory Board Members**

(1) In order for the audit & supervisory board members to judge the appropriateness of the audit methods and results of audits by the accounting auditor, and to ensure the independence of the accounting auditor from the directors, the audit & supervisory board members shall confirm the annual audit plan of the accounting auditor in advance and receive successive reports on the audit results.

(2) The audit & supervisory board members and the accounting auditor shall be in coordination with each other, thus ensuring a system that enables effective auditing.

## **2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development**

This information is included in 1. (5) of 1. “Basic Views on Internal Control System and Status of Development” above.

## V. Other

### 1. Whether or not There is a Policy to Respond to Hostile Takeovers (Anti-Takeover Measures)

Whether or not There is a Policy to Respond to Hostile Takeovers (Anti-Takeover Measures)	None
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Supplementary Explanation for Applicable Items
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### 2. Other Matters Concerning the Corporate Governance System

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Corporate Governance Structure of Shimizu Corporation (including outline of internal control systems and timely disclosure system)



### [Director Skills Matrix]

The Company selected the skills (knowledge, experience, abilities, etc.) required to respond quickly to changes in the business environment, achieve sustainable growth and accomplish medium to long-term improvement in corporate value as below. We aim to maintain the appropriate size and diversity of the Board of Directors and also to optimize the Board of Directors as a whole and maximize its functions by organically combining the skills of each Director.

Name	Common skill	Special skills (especially important skills, up to four)							
	Our Credo, The Analects and the Abacus, & Sustainability	Corporate management	Human resource development & DE&I	Global experience	DX	Production & Technology	Sales & Marketing	Finance & Accounting	Legal affairs & Risk management
Kazuyuki Inoue	○	○	○			○	○		
Tatsuya Shimmura	○	○		○		○	○		
Kentaro Ikeda	○	○		○	○	○			
Takeshi Sekiguchi	○	○			○	○	○		
Yoshito Tsutsumi	○				○	○	○		○
Yoshiki Higashi	○	○	○					○	○
Noriaki Shimizu	○				○	○	○		
Tamotsu Iwamoto	○	○	○	○					○
Junichi Kawada	○	○	○				○		○
Mayumi Tamura	○		○	○				○	
Yumiko Jozuka	○		○	○					○

\* Our Credo, The Analects and the Abacus, and Sustainability are principles that underlie sustainable management, and we position them as common skills that all directors are expected to have.

\* In the chart of special skills, up to 4 skills which we especially expect each Director to demonstrate are marked. It does not necessarily show entire knowledge and expertise each Director possesses.

\* Each skill item is determined by the Board of Directors after deliberation at the Nomination and Compensation Committee.