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# Nishimatsu Climate Information 2023



June 2023

The world is now experiencing disaster-grade extreme weather events in many different places due to the impact of climate change, shaking the foundation of survival of all living things, including humans. Global CO2 emissions continue to rise, and it is said that the climate time bomb is ticking moment by moment. Recognizing that addressing climate change is one of the most important management issues in the promotion of our business activities, we at Nishimatsu Construction analyze the "risks and opportunities" of climate change on our finances and incorporate measures for the future into our management strategies in accordance with the recommendations of the TCFD\*. We will continue to contribute to solving social issues related to climate change through our business operations, aiming to further enhance our corporate value and meet the expectations of our stakeholders.

\*TCFD: Task Force on Climate-related Financial Disclosures. The Task Force, established by the Financial Stability Board (FSB) following a request from the G20, encourages companies and others to understand and disclose the financial impacts of climate change.



**Oversight level** **Oversight of board for climate-related issues**

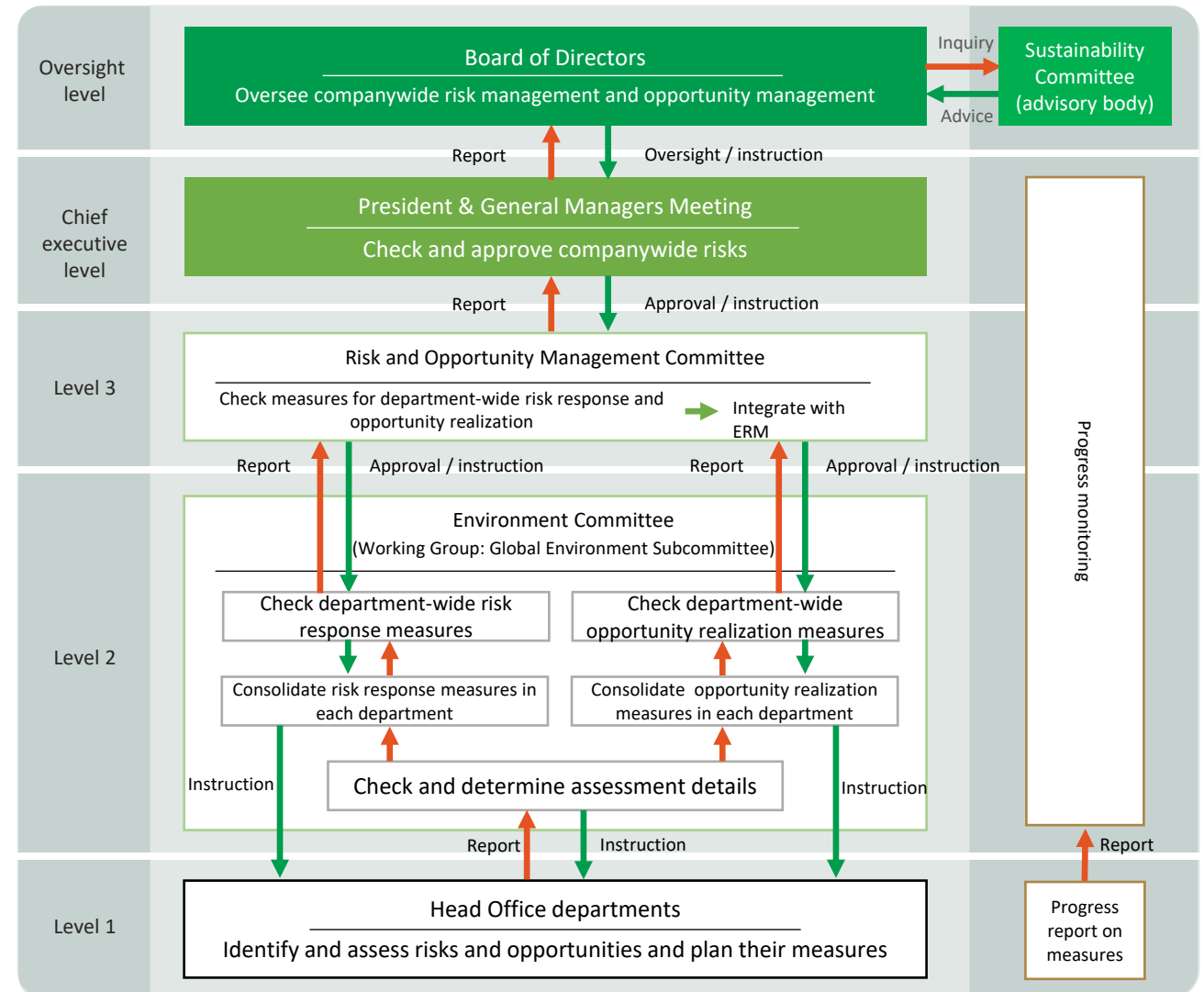
We believe that strategies to avoid, reduce, and transfer climate-related risks and to realize climate-related opportunities are positioned as important management issues, and that appropriate corporate responses will lead to sustainable growth. To this end, the "Board of Directors" discusses the reports from the "President and General Managers Meeting" on climate-related issues and oversees specific measures and target management related to climate-related risks and opportunities.

**Chief executive level** **Decisions made by President and General Managers Meeting on climate-related issues**

Reported on climate-related issues by the "Risk and Opportunity Management Committee," the "President and General Managers Meeting" makes decisions (checks, approves) on specific measures and target management related to climate-related risks and opportunities as responsibility of chief executive level, and reports to the "Board of Directors" twice a year.

**Level 1 – Level 3** **Process for identifying, assessing, and managing climate-related risks and opportunities**

Head Office departments identify climate-related risks and opportunities in each department, and assess them by three scales: "likelihood of occurrence," "quantitative impact," and "qualitative impact." They also formulate and implement "risk response measures" and "opportunity realization measures," and report to the "Environment Committee," which reevaluates climate-related issues at Head Office departments, confirms response measures, and reports to the "Risk and Opportunity Management Committee." Climate-related risks and opportunities are integrated into Enterprise Risk Management (ERM) at the "Risk and Opportunity Management Committee," which conducts ERM, and reported to the "President and General Managers Meeting."



## Adopted scenarios and analysis targets and time horizon

Looking toward the highly uncertain future accompanied by a transition to a decarbonized society, we conducted a scenario analysis recommended by the TCFD in the respective views of the world of 1.5°C and 4°C temperature rise compared to pre-industrial times to determine what business issues could emerge. The scenario analysis covers not only our mainstay "Construction Business" but also "Asset Value-Added Business" and "Regional Environmental Solutions Business," taking into account the entire supply chain including partner companies and material procurement.

In addition, since climate-related risks can have long-term impacts, we have set the period up to 2025, the ending year of the medium-term management plan, as "short-term," the period from 2026 to 2030 as "medium-term," and the period after 2030 as "long-term."

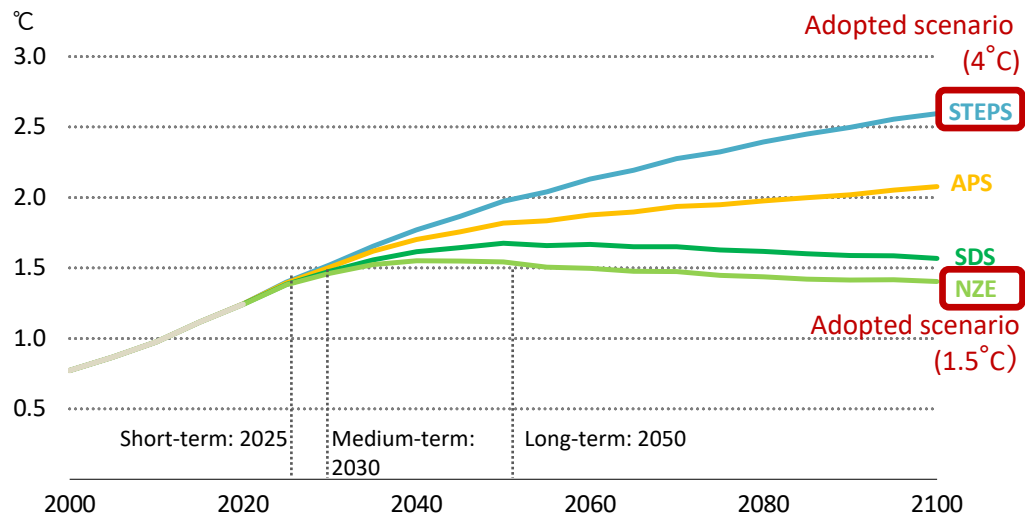
Estimated temperature rise	Adopted scenario	Assumed environment	Target business	Time horizon for analysis
1.5°C	[Transition] IEA*1 NZE*2	It shows a pathway to stabilize the global average temperature at 1.5°C above the pre-industrial level. A scenario in which clean energy policies and investments surge, and developed countries reach net zero ahead of others.	<ul style="list-style-type: none"> <li>● Construction Business (domestic civil engineering and building construction, international)</li> <li>● Asset Value-Added Business</li> <li>● Regional Environmental Solutions Business</li> </ul>	Short-term: 2020-2025 Medium-term: 2026-2030 Long-term: 2031-2050
	[Physical] SSP*3 1-2.6	Under sustainable development, climate policies to limit the temperature rise to less than 2°C from pre-industrial levels are introduced. Expected to achieve net-zero CO2 emissions in the latter half of the 21st century. Low stabilization scenario.		
4°C	[Transition] IEA STEPS*4	A scenario that reflects specific policies announced by each country at this stage. The temperature rise exceeding 2°C is assumed.		
	[Physical] SSP5-8.5	High-level reference scenario with no climate policy introduced under fossil fuel dependent development.		

\*1 IEA: International Energy Agency; \*2 NZE: Net Zero Emissions by 2050 Scenario

\*3 SSP: Shared Socioeconomic Pathways; \*4 STEPS: Stated Policies Scenario

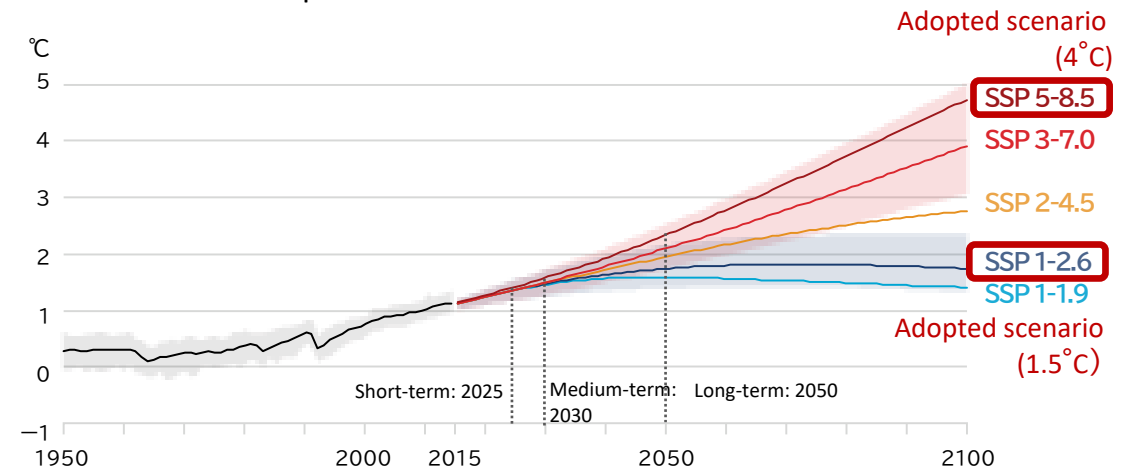
## (Reference) Change in average temperature in each scenario

■ Change in global average temperature by transition scenario according to IEA



Source: International Energy Agency "World Energy Outlook 2021"

■ Change in global average temperature by physical scenario according to IPCC\* Sixth Assessment Report



Source: IPCC Sixth Assessment Report Figure SPM.8 (a) Global surface temperature change relative to 1850–1900

\*IPCC: Intergovernmental Panel on Climate Change (United Nations body), founded in 1988 to provide comprehensive assessments from the scientific, technical and socio-economic standpoints on human-induced climate change, impacts, and adaptation and mitigation options. The assessment reports and other information provided by the IPCC, including temperature rise scenarios, are widely used in scenario analysis in the TCFD.

## Climate-related risks

Risk classification		Risk description	Impact period	Applicable scenario
Transition risk	Regulations	Introduction of carbon tax (cost increase)	Medium / long	1.5°C
	Technology	Delay in technological response to wooden high-rise building trend (sales decrease)	Medium / long	1.5°C
		Decrease in manpower due to rising temperatures → Delayed response to precasting (sales decrease)	Medium / long	1.5°C / 4°C
Physical risk	Chronic risk	Declined labor productivity due to rising temperatures → Loss of sales opportunities due to extended construction period (sales decrease)	Medium / long	1.5°C / 4°C
		Declined labor productivity due to rising temperatures → Increase of construction costs (cost increase)	Medium / long	4°C

## Climate-related opportunities

Opportunity classification	Opportunity description	Impact period	Applicable scenario
Resource efficiency	Response to decarbonization needs in owned real estate properties (energy saving, ZEB, renewable energy conversion) (sales increase)	Short / medium / long	1.5°C
	Growing needs to convert buildings to ZEB (sales increase)	Medium / long	1.5°C / 4°C
Products and services	Expansion of renewable energy-related construction (sales increase)	Medium / long	1.5°C
	Increased demands for energy creation-related business (solar, small-scale hydropower, wood biomass, geothermal, biogas) (sales increase)	Short / medium / long	1.5°C
	Increased demands for decarbonized community development projects (smart grid and power storage-related technologies) (sales increase)	Medium / long	1.5°C
Resilience	Rapid recovery response to intensifying natural disasters (sales increase)	Short / medium / long	1.5°C / 4°C
	Increase in disaster prevention- and mitigation-related construction (sales increase)	Medium / long	1.5°C / 4°C

[Time horizon for analysis (FY)]  
 Short-term: 2020-2025  
 Medium-term: 2026-2030  
 Long-term: 2031-2050

## <Impact assessment with waterfall charts>

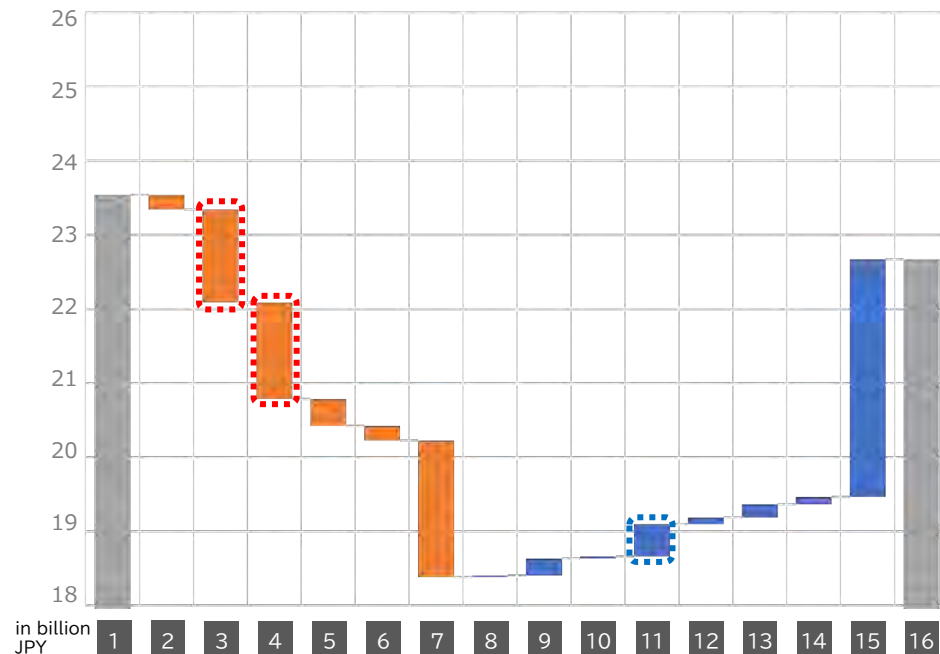
Using FY2021 operating income as the base point for impact assessment, the charts represent changes in the amount of impact due to climate-related risk and opportunity factors as of FY2030 and FY2050.

### FY2030

#### Analysis result summary

**[Risk]** Sales loss due to delayed response to wooden high-rise buildings and increased business costs due to the introduction of carbon tax have a great impact. ( 3 4 )

**[Opportunity]** Sales opportunities are expected to expand due to the growing needs to convert buildings to ZEB. ( 11 )



- 1 FY2021 operating income
- 2 Opportunity loss due to declined labor productivity
- 3 Delayed response to wooden high-rise buildings
- 4 Introduction of carbon tax
- 5 Delayed development of environmentally-friendly concrete
- 6 Delayed response to precasting
- 7 Response cost
- 8 Response to decarbonization needs in existing real estate properties
- 9 Expansion of energy creation-related business
- 10 Expansion of decarbonized community development projects
- 11 Growing needs to convert buildings to ZEB
- 12 Natural disaster recovery response
- 13 Expansion of renewable energy-related construction
- 14 Disaster prevention/mitigation construction response
- 15 Recovery by risk measures
- 16 Operating income in FY2030 and FY2050

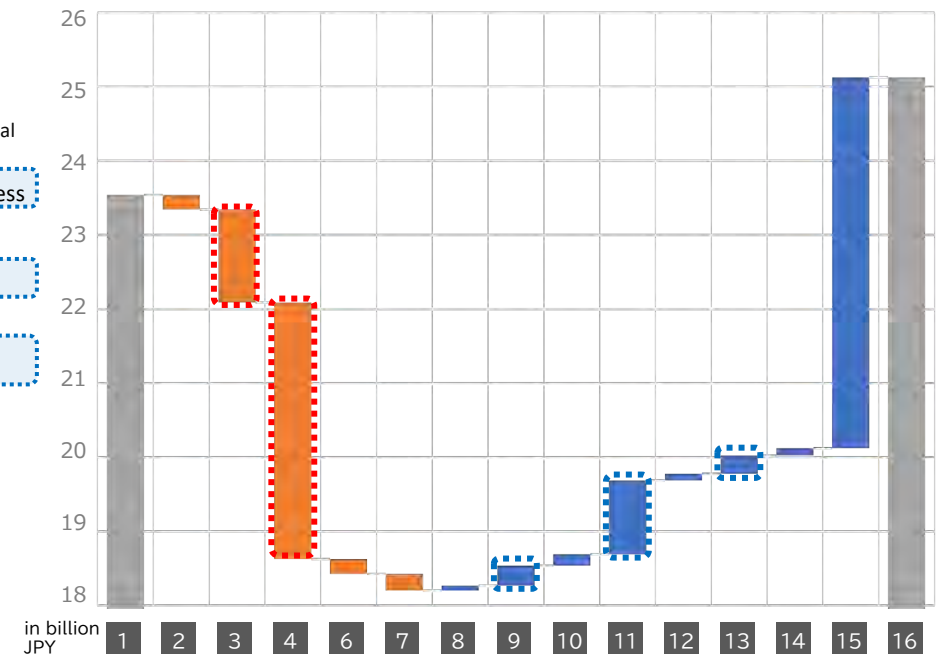
### FY2050

#### Analysis result summary

**[Risk]** Increased business costs due to the introduction of carbon tax have an extremely big impact, followed by the amount of impact of sales loss due to delayed response to wooden high-rise buildings. ( 3 4 )

**[Opportunity]** Sales opportunities are expected to expand due to the growing needs to convert buildings to ZEB. ( 11 )

**[Opportunity]** The impact of expanding opportunities for renewable energy-related construction and energy creation-related business is also relatively large. ( 9 13 )



## <Impact assessment with waterfall charts>

Using FY2021 operating income as the base point for impact assessment, the charts represent changes in the amount of impact due to climate-related risk and opportunity factors as of FY2030 and FY2050.

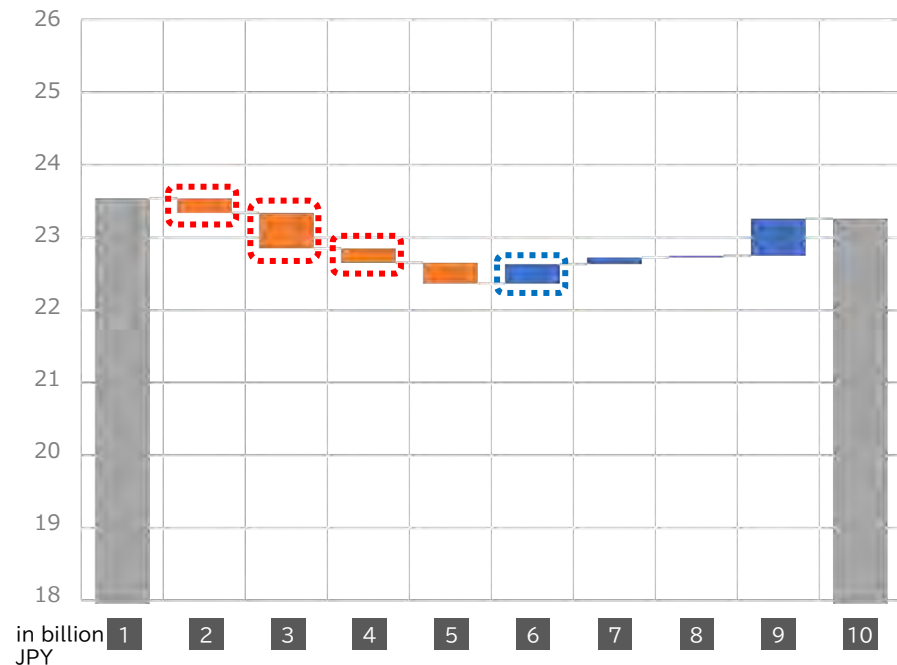
### FY2030

#### Analysis result summary

**[Risk]** Increased construction costs due to lower labor productivity caused by rising temperatures have a relatively large impact. ( 3 )

**[Risk]** Sales loss due to lower labor productivity caused by rising temperatures and delayed response to precasting has the second largest amount of impact after the above. ( 2 4 )

**[Opportunity]** Opportunities are expected to be gained by contributing to the maintenance of social functions through disaster prevention and mitigation work. ( 6 )



- 1 FY2021 operating income
- 2 Opportunity loss due to declined labor productivity
- 3 Higher construction costs due to lower labor productivity
- 4 Delayed response to precasting
- 5 Response cost
- 6 Disaster prevention/mitigation construction response
- 7 Natural disaster recovery response
- 8 Growing needs to convert buildings to ZEB
- 9 Recovery by risk measures
- 10 Operating income in FY2030 and FY2050

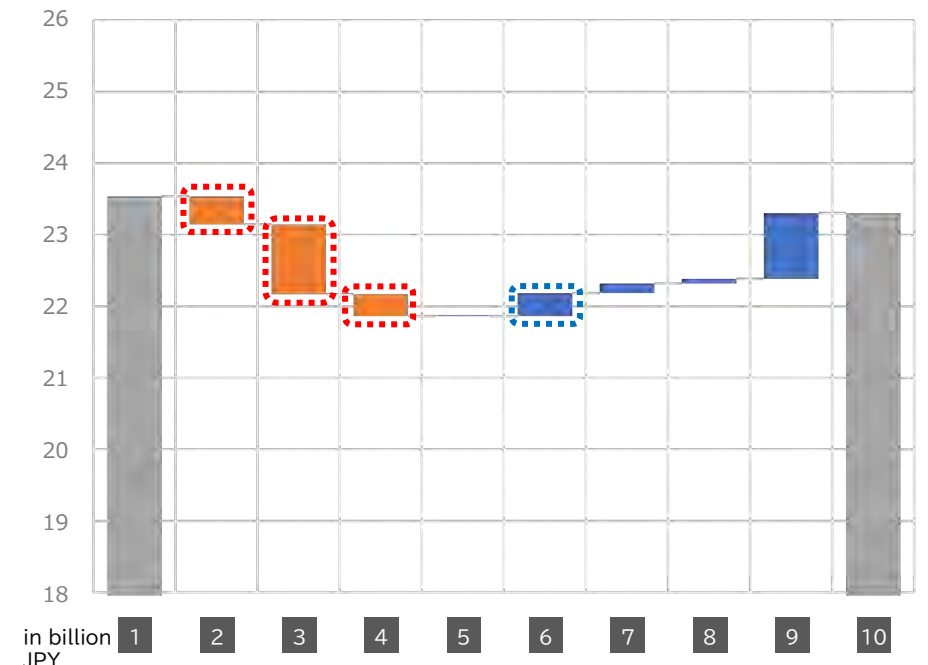
### FY2050

#### Analysis result summary

**[Risk]** Increased construction costs due to lower labor productivity caused by rising temperatures have a significant impact. ( 3 )

**[Risk]** Sales loss due to lower labor productivity caused by rising temperatures and delayed response to precasting has the second largest amount of impact after the above. ( 2 4 )

**[Opportunity]** Opportunities are expected to be gained by contributing to the maintenance of social functions through disaster prevention and mitigation work. ( 6 )





We have established measures to address climate-related business impacts, which are included in Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025.

## Response to business impacts and relation to Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

[Nishimatsu-Vision Vision 2030 and Medium-Term Management Plan 2025]  
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	Business impact	Response measure	Financial impact		Relation to Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025
			1.5 °C	4 °C	
Construction Business	Loss of sales opportunities due to delay in technological response to wooden high-rise buildings	<ul style="list-style-type: none"> <li>Acquire fire resistance technology for wood materials</li> <li>Efforts to realize wooden building construction (small/medium scale → high-rise buildings)</li> </ul>	▼▼▼	▼▼▼	Acquisition of trailblazing construction technology: wooden construction technology
	Loss of sales opportunities associated with declined labor productivity caused by rising temperatures	<ul style="list-style-type: none"> <li>Technological development and trial operation of construction robots</li> <li>Technological development for unmanned or manpower-saving tunnel construction</li> </ul>	—	▼▼▼	<ul style="list-style-type: none"> <li>Productivity improvement in construction business: automated tunnel construction, construction RX (robot transformation)</li> <li>Promotion of "smart construction sites" utilizing DX</li> </ul>
	Increase of construction costs associated with declined labor productivity caused by rising temperatures		▼▼	—	
	Loss of sales opportunities due to delayed response to precasting in preparation for decrease in manpower caused by rising temperatures	<ul style="list-style-type: none"> <li>Technological development of large-scale precasting</li> <li>Accumulate construction achievements and expand order intake</li> </ul>	▼▼	▼▼▼	Promotion of technological development of road slab replacement
	Sales increase due to the needs to convert buildings to ZEB	<ul style="list-style-type: none"> <li>ZEB demonstration experiment at in-house facility</li> <li>Design, construction, and operation of 75% energy-saving demonstration facilities</li> </ul>	▲▲▲	▲	High added-value buildings: ZEB, ZEH
	Sales increased due to renewable energy-related construction	<ul style="list-style-type: none"> <li>Efforts for wind power generation construction</li> </ul>	▲▲▲	—	Participation in offshore wind power generation construction
	Sales increase due to rapid recovery response to intensifying natural disasters	<ul style="list-style-type: none"> <li>Establish an emergency response system</li> <li>Strengthen procurement capabilities of emergency equipment and materials and manpower through cooperation with partner companies</li> <li>Implement construction techniques through the application of unmanned construction technology</li> </ul>	▲	▲▲	—
	Sales increase due to disaster prevention- and mitigation-related construction	<ul style="list-style-type: none"> <li>Maintain and improve construction capacity for work related to disaster prevention and mitigation, including the construction of rainwater trunk lines using shield construction methods</li> </ul>	▲	▲▲▲	—

Risk: ▼(low)・▼▼(middle)・▼▼▼(high)  
 Opportunity: ▲(low)・▲▲(middle)・▲▲▲(high)

We have established measures to address climate-related business impacts, which are included in Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025.

## Response to business impacts and relation to Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025

[Nishimatsu-Vision Vision 2030 and Medium-Term Management Plan 2025]  
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	Business impact	Response measure	Financial impact		Relation to Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025
			1.5 °C	4 °C	
Asset Value-Added Business	Sales increase due to response to decarbonization needs in existing real estate properties (energy saving, ZEB, renewable energy conversion)	<ul style="list-style-type: none"> <li>Promote ZEB and energy conservation in new properties</li> <li>Invest in energy conservation in existing properties and replace assets</li> <li>Active use of renewable electricity menu</li> </ul>	▲	—	<ul style="list-style-type: none"> <li>Owned properties: Promotion of energy savings (equipment upgrades), promotion of the shift to renewable energy</li> <li>New properties: Promotion of specifications that meet ZEB Ready standards</li> </ul>
Regional Environmental Solutions Business	Sales increase due to energy creation-related business	<ul style="list-style-type: none"> <li>Promote energy-creation business</li> </ul>	▲▲▲	—	PPA business, power generation business (small-scale hydropower, geothermal, wood biomass, etc.)
	Sales increase due to decarbonized community development projects (smart grid and power storage-related technologies)	<ul style="list-style-type: none"> <li>Realization of EMS projects with partner municipalities and demonstration experiment of storage batteries</li> </ul>	▲▲	—	Business development under comprehensive partnership agreements with multiple local governments
Companywide	Increased business costs due to the introduction of carbon tax	<ul style="list-style-type: none"> <li>Introduce and develop technologies to reduce CO2 emissions during construction</li> <li>Introduce and promote renewable electricity and decarbonized fuels</li> </ul>	▼▼▼	—	ZERO30 Roadmap

Risk: ▼(low) • ▼▼(middle) • ▼▼▼(high)  
 Opportunity: ▲(low) • ▲▲(middle) • ▲▲▲(high)

## Summary of scenario analysis result and response measure

### <1.5°C scenario analysis result>

We discovered that the risk of increased business costs due to the introduction of carbon tax will be very high as of 2050, followed by the impact of sales loss due to delayed response to wooden high-rise buildings. On the other hand, regarding opportunities, it is estimated that along with sales growth due to the needs for ZEB buildings, the impact of business opportunities related to renewable energy and energy creation will be relatively large as of 2050.

### <Response measure>

As measures to address the risk of introducing carbon tax, we will set a Scope 1+2 reduction target by 2030, and for wooden buildings, we will acquire fire resistance technology for wood materials and make efforts to realize wooden building construction from small/medium scale to high-rise buildings.

As measures to realize opportunities for renewable energy and energy creation-related business, we will work on ZEB demonstration experiments to achieve 75% energy conservation in designed buildings, participation in offshore wind power generation construction, and promotion of energy creation business, such as solar, small-scale hydropower, biomass, geothermal, and other power generation projects.

The final estimate shows that although operating income in 2030 will decrease slightly from 2021 due to the impact of risk treatment costs, it will increase in 2050.

### <4°C scenario analysis result>

It is found out that the decline in labor productivity associated with rising temperatures has a significant impact on both sales and costs for the Company, and it will be more noticeable in 2050. On the other hand, we reaffirmed that disaster prevention and mitigation work is an opportunity to contribute to society through our core business and to have the greatest impact in the 4°C world.

### <Response measure>

To cope with the risk of declining labor productivity, we will work to develop technologies that can reduce human labor on site, such as automated tunnel construction, construction RX (robot transformation), and large-scale precasting technology.

As measures to realize opportunities for disaster prevention and mitigation work, we will maintain and improve the construction capacity of disaster prevention and mitigation work, including the construction of rainwater trunk lines using shield construction methods.

The final estimate resulted in a slight decrease in operating income as of 2050 compared to 2021, although it did not go far enough to absorb the risk impact.

The results of the above analysis confirm that our business is sustainable and resilient to climate change under either the 1.5°C or 4°C global climate change scenario up to 2050.

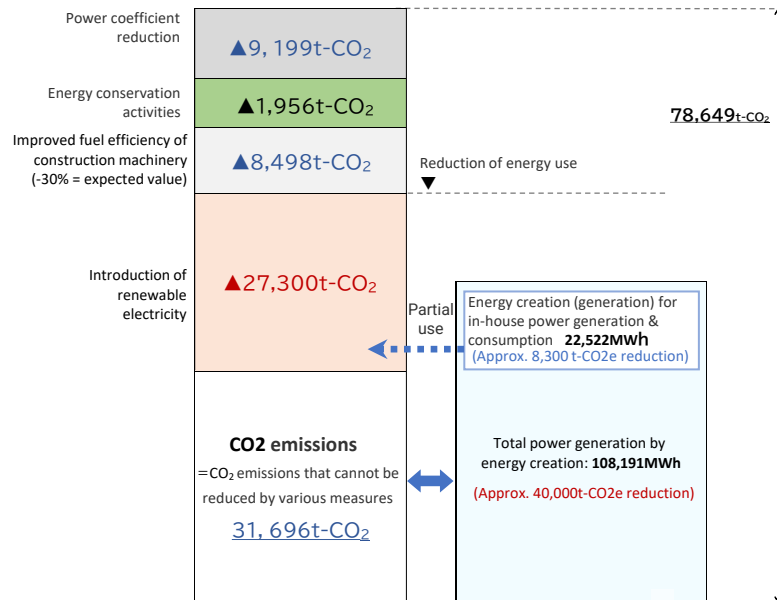
We will continue to identify physical and transition risks through scenario analysis and address appropriately. We will also strive to maximize opportunities by identifying and strategically tackling business opportunities.

## ZERO30 Roadmap 2023

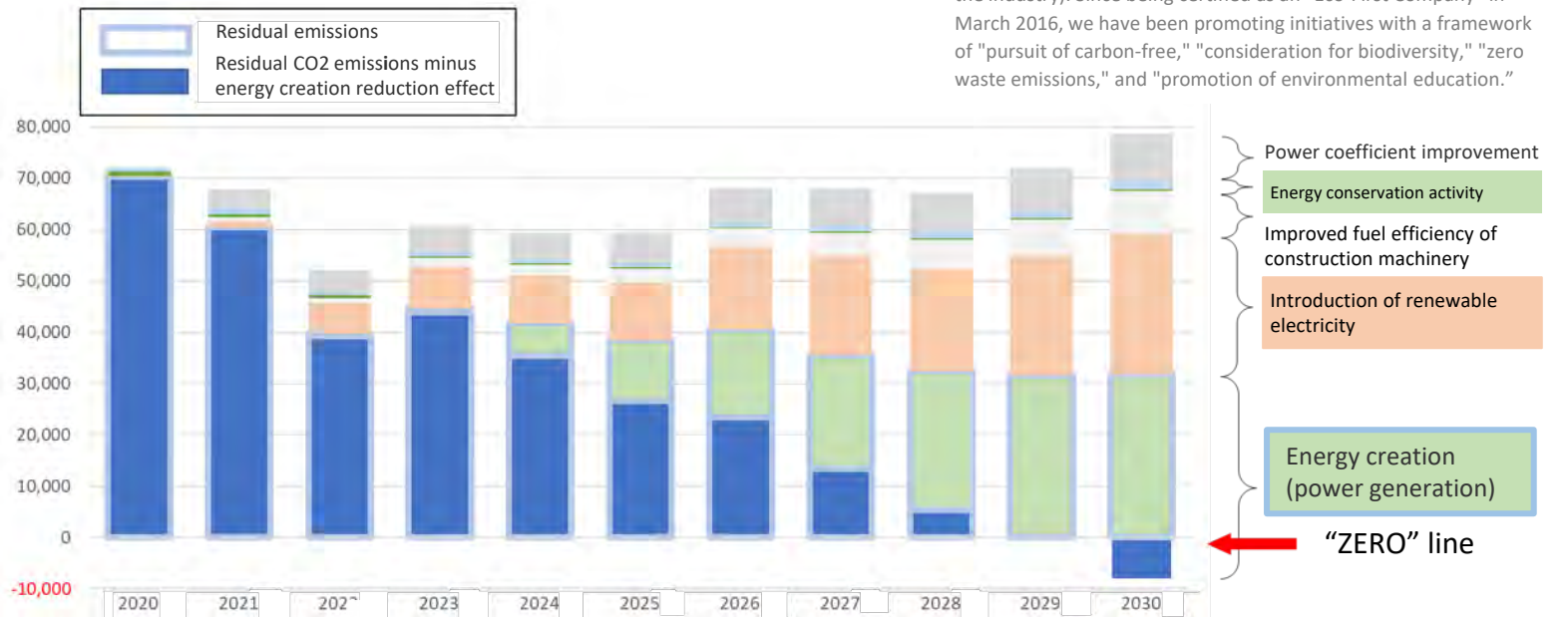
When we renewed our "Eco-First Commitment" in June 2019, we considered "decarbonization" as an important management issue and have been promoting activities since 2021 by establishing a roadmap, a pathway of specific activities of CO2 emissions reduction by the year 2030. This roadmap was recently renewed as the "ZERO30 Roadmap 2023," which covers CO2 emissions from all of our business activities, now including Scope 3 targets. Aiming to acquire SBT 1.5°C certification, which is a substantial international standard, more ambitious levels are set for CO2 emissions reduction in both Scope 1+2 and Scope 3.

In addition to the CO2 reduction plan, we are sequentially working on power generation (energy creation) by our renewable energy business to contribute to the formation of a decarbonized society. We plan to offer green energy that exceeds our Scopes 1 and 2 residual emissions to society, with the goal of achieving zero "residual emissions minus energy creation reduction effect" as early as possible by 2030.

### CO2 emissions and power generation by energy creation in 2030

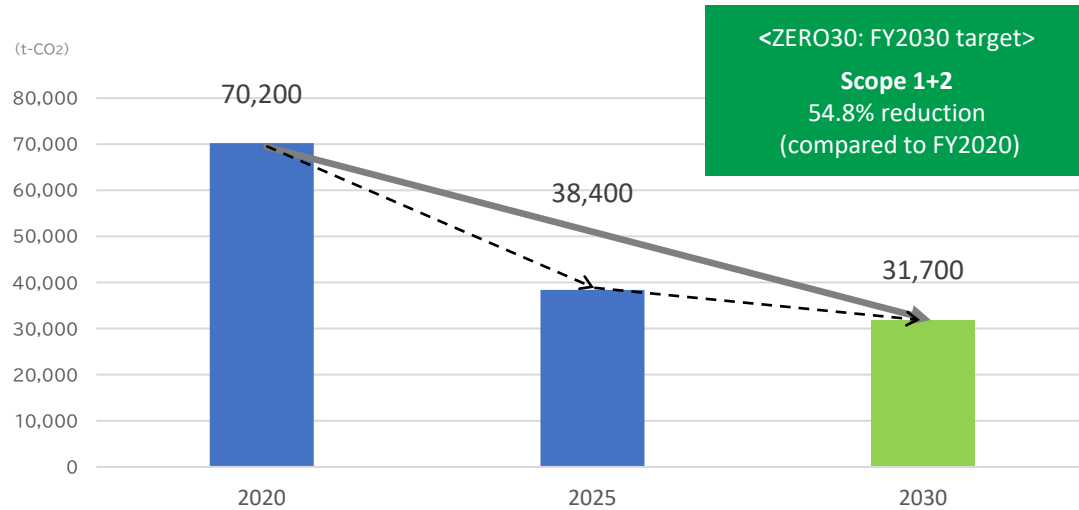


### Vision for "ZERO" based on residual CO2 emissions and energy creation reduction effect



\*Eco-First Commitment: The Eco-First program is a system under which the Minister of the Environment certifies a company as being "advanced, unique, and industry-leading in its business activities" in the environment field (an environmentally advanced company in the industry). Since being certified as an "Eco-First Company" in March 2016, we have been promoting initiatives with a framework of "pursuit of carbon-free," "consideration for biodiversity," "zero waste emissions," and "promotion of environmental education."

## Scope 1+2 reduction plan



### CO2 emissions reduction

#### ● Energy conservation (Scope 1)

FY2030 target: 1,956 t-CO<sub>2</sub>  
 FY2025 target: 1,221 t-CO<sub>2</sub>  
 FY2020 results: 1,718 t-CO<sub>2</sub>

#### ● Introduction of renewable electricity (Scope 2)

FY2030 target: Introduction rate 77%  
 FY2025 target: Introduction rate 35%  
 FY2020 results: Introduction rate 0.4%

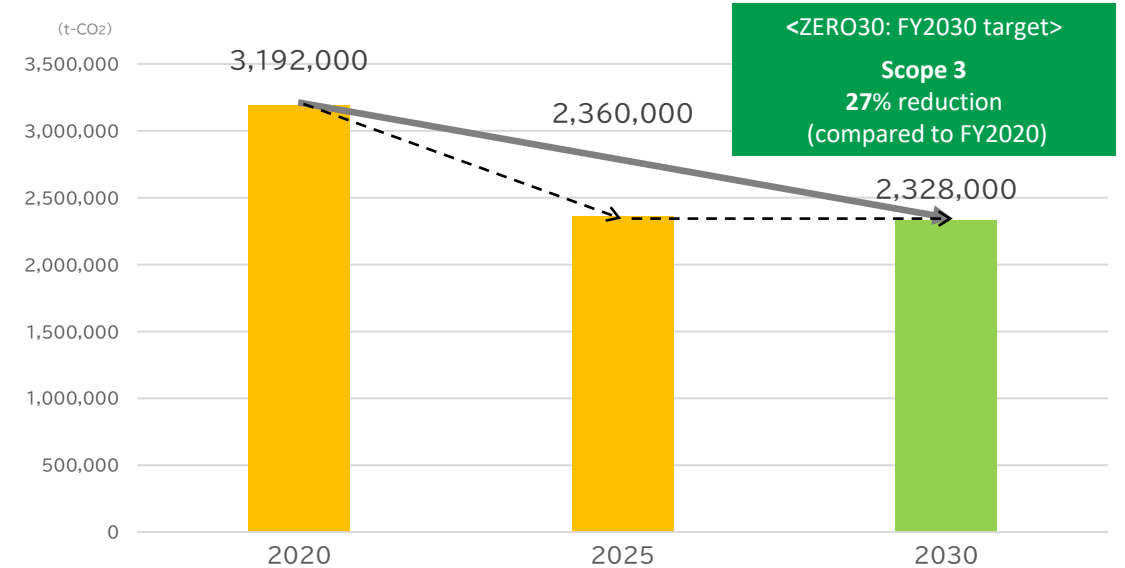
### Reduction effect

#### ● Power generation from renewable energy projects

FY2030 target: 108,000 MWh  
 (▲ 40,000 t-CO<sub>2</sub>e)  
 FY2025 target: 28,500 MWh  
 (▲ 11,800 t-CO<sub>2</sub>e)

FY2020 target: 0 MWh  
 Contribute to the formation of a decarbonized society by energy creation that exceeds residual emissions.

## Scope 3 (Category 11) reduction plan



#### ● Promotion of ZEB design (design BEI = improvement in primary energy consumption rate)

FY2030 target: offices: 0.25, residence: 0.7, hospital: 0.8, other uses: 0.5 on average in our designed properties.

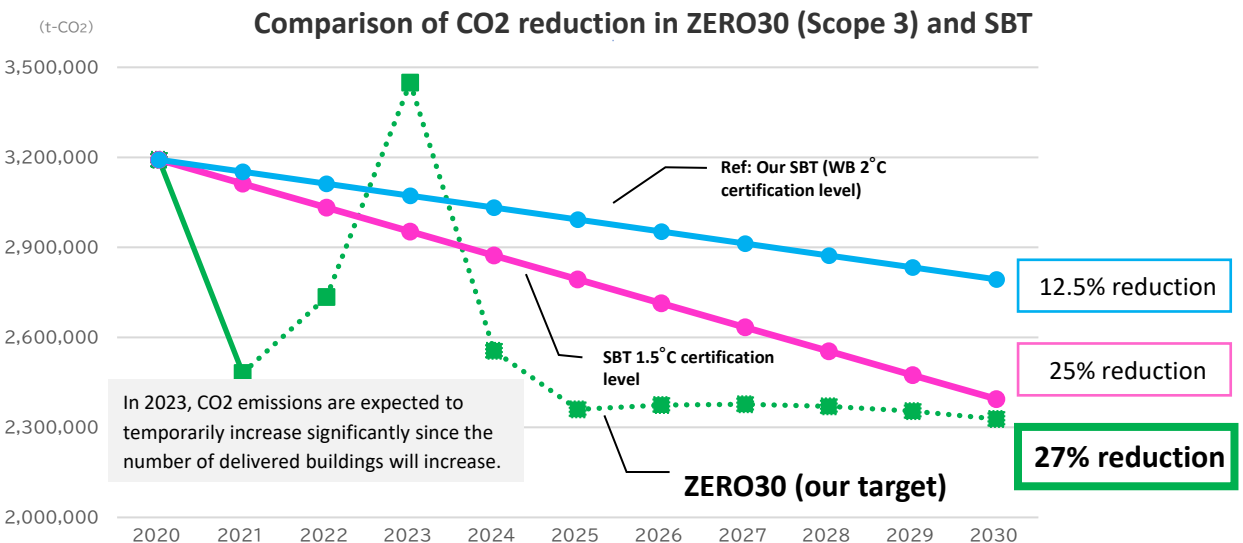
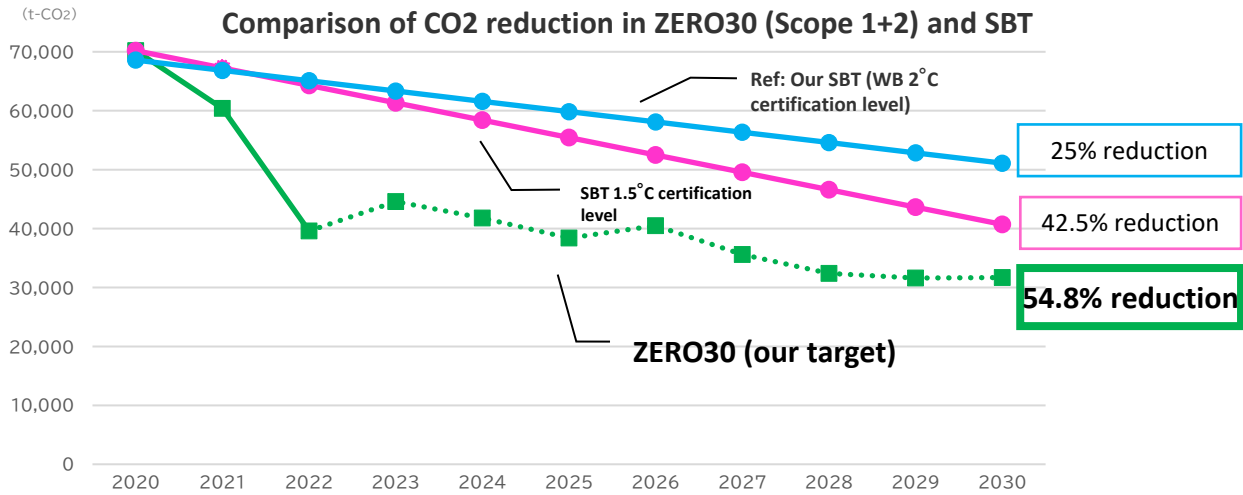
\*In principle, Design for Environment at the ZEB Ready level is promoted.

### <Category 11>

The use phase of a building consumes the most energy during its life cycle. In our Scopes 1, 2 and 3 supply chain emissions, "CO2 emissions associated with energy use during the operational phase of a completed and delivered building (Scope 3 Category 11)" accounts for the largest share.

We are promoting ZEB as a means of reducing energy consumption during the operation of buildings. In order to provide society with many valuable buildings, we will continue to actively work on energy conservation of buildings and development of technologies using renewable energy.

## Comparison of ZERO30 (Scope 1+2, Scope 3) and SBT\*



The graphs show Scope 1+2 and Scope 3 CO2 emissions reduction according to the ZERO30 Roadmap 2023, respectively, which shows more ambitious targets than the SBTWB 2°C, for which we were certified in June 2022, and even SBT 1.5°C levels.

For Scope 1+2, we have set a CO2 emission reduction target of 54.8% from the 2020 level (upper graph), assuming aggressive energy-saving activities and conversion of electricity to renewable energy.

Scope 3 targets Category 11 "CO2 emissions associated with energy use during the operational phase of a completed and delivered building," which accounts for more than 75% of total Scope 1, 2 and 3. In design-build projects, ZEB design is being promoted, with the goal of a 27% reduction from the 2020 level (lower graph).

From 2024 onwards, we will achieve both business growth and CO2 reduction by constructing buildings with higher energy-saving performance, such as ZEB.

Based on this roadmap, we aim to obtain SBT 1.5°C certification by the end of 2024.

To achieve these ambitious goals in the future, we strive to further reduce CO2 emissions and meet the growing needs for decarbonization.

\*SBT: Science Based Targets set to reduce greenhouse gas emissions aiming to achieve the goals of the Paris Agreement. SBTi, an international initiative, promotes activities to request companies to set SBTs and builds a certification system.

## CO2 reduction activity targets and energy creation targets for ZERO30 Scopes 1 and 2

\*FY2022 results show approximate figures.

Main measure		FY2021 result	FY2022 result	FY2023 target	FY2025 target	FY2028 target	FY2030 target
Introduction of renewable electricity	CO2 emissions reduction by renewable energy	▲ 1,282t-CO <sub>2</sub>	▲ 6,082t-CO <sub>2</sub>	▲ 8,060t-CO <sub>2</sub>	▲ 11,300t-CO <sub>2</sub>	▲ 19,890t-CO <sub>2</sub>	▲ 27,300t-CO <sub>2</sub>
	Renewable electricity introduction rate (domestic civil engineering business)	4%	27%	27%	42%	65%	80%
	Renewable electricity introduction rate (domestic offices, etc. other than construction activities)	17%	55%	66%	89%	100%	100%
	Renewable electricity introduction rate (international business)	0%	0%	0%	8%	40%	60%
	Renewable electricity introduction rate (asset value-added business)	0%	3%	23%	68%	76%	100%
	Renewable electricity introduction rate (Group companies) *Including in-house power generation	2%	7%	12%	12%	79%	100%
On-site environmental measures (energy conservation)	CO2 emissions reduction by energy conservation	▲ 1,770t-CO <sub>2</sub>	▲ 1,227t-CO <sub>2</sub>	▲ 1,190t-CO <sub>2</sub>	▲ 1,220t-CO <sub>2</sub>	▲ 1,630t-CO <sub>2</sub>	▲ 1,950t-CO <sub>2</sub>
	Diesel oil combustion accelerator Introduction rate	59.04%	48.59%	60%	75%	90%	100%
	Use of biodiesel fuel	64,000 liters	36,000 liters	—	—	—	—
	Number of sites where N-TEMS is installed *Nishimatsu Tunnel Energy Management System	5 sites	7 sites	4 sites	4 sites	5 sites	5 sites
Amount of energy created (renewable energy generation)		Approx. 0k MWh	Approx. 0.8k MWh	Approx. 1.7k MWh	Approx. 29k MWh	Approx. 69k MWh	Approx. 108k MWh



## Transition and ratio of Scopes 1, 2 and 3 in business activities

### ● Transition of Scopes 1 and 2

\* FY2022 results show approximate figures.

Unit: t-CO<sub>2</sub>

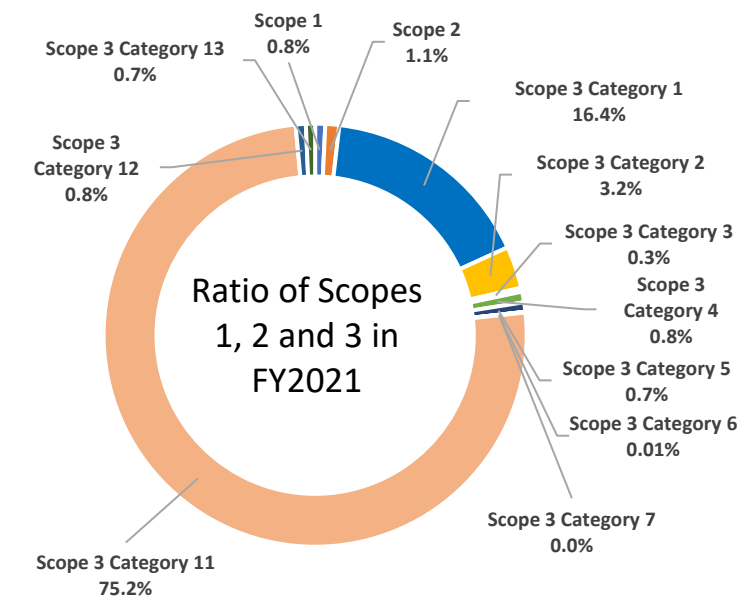
Classification	Calculation range	FY2019	FY2020	FY2021	FY2022	Ratio
Scope 1	<ul style="list-style-type: none"> <li>Greenhouse gas (CO<sub>2</sub>) emissions from combustion of fuels used in business activities.</li> <li>The scope of business covers our entire group.</li> </ul>	31,804	34,356	25,403	18,076	45.7%
Scope 2	<ul style="list-style-type: none"> <li>Indirect greenhouse gas (CO<sub>2</sub>) emissions derived from electricity used in business activities.</li> <li>The scope of business covers our entire group.</li> </ul>	33,219	35,869	34,963	21,511	54.3%
Total		65,023	70,224	60,366	39,587	100.0%

### ● Transition of Scope 3

Unit: t-CO<sub>2</sub>

Category	Calculation range	FY2019	FY2020	FY2021	Ratio
1 Purchased goods and services	• Of products purchased by the Group, emissions of major materials (rebar, concrete, cement, H-beams, steel pipe piles, steel sheet piles, steel frames, construction metal products, and cement products), whose purchased volume is grasped, from the resource extraction stage to the manufacturing stage.	468,383	582,278	539,375	16.7%
2 Capital goods	• Emissions from construction, manufacturing, and transportation of capital goods purchased or acquired by the Group (estimated from total capital investment in FY2021)	91,719	63,278	105,941	3.3%
3 Fuel- and energy-related activities not included in Scopes 1 and 2	• Upstream emissions in the manufacturing process of electricity purchased by the Group (not including fuels)	4,014	4,174	9,920	0.3%
4 Transportation and distribution (upstream)	• Emissions from logistics (transportation from the supplier to the site) of major materials purchased by the Group	8,445	13,114	26,807	0.8%
5 Waste generated in operations	• Of waste generated in our business activities (excluding onerous one), emissions related to "disposal" and "treatment" outside the Company, and emissions related to transportation of waste	22,876	21,207	23,771	0.7%
6 Business travel	• Emissions from fuel and electricity consumption of transportation used by Group employees on business trips, and emissions from fuel and electricity consumption during overnight stays (applicable only to domestic business trips).	392	399	405	0.01%
7 Employee commuting	• Emissions from fuel and electricity consumption by means of transportation used by Group employees when commuting (not including employees of cooperating companies commuting to our branch offices)	1,293	1,316	1,436	0.04%
11 Use of sold products	• Of emissions from the use of buildings constructed by the Group, emissions from the consumption of energy from building equipment (estimated based on The Building Energy Consumption Survey published by The Building-Energy Manager's Association of Japan) (obtained by multiplying the annual CO <sub>2</sub> emissions calculated for each building type by the period of building service)	3,663,688	3,191,751	2,481,159	76.6%
12 End-of-life treatment of sold products	• Emissions related to disposal and treatment of buildings constructed by the Group (calculated on an assumption that the physical quantity of main materials purchased by the Company is the physical quantity of "sold products" and that these will be disposed of or treated in the future)	22,705	29,163	25,517	0.8%
13 Leased assets (downstream)	• Emissions from the operation of leased assets owned by the Group as a lessor and leased to others (as of March 31, 2022)	29,691	22,052	23,170	0.7%
Total		4,313,205	3,928,732	3,237,500	100.0%

### ● Ratio of Scopes 1, 2 and 3





## Participation in RE100

We joined RE100\* in September 2021 and are committed to using renewable energy for 60% of all electricity consumption by 2030 and 100% by 2050. The ZERO30 Roadmap 2023 plans to convert 77% of all electricity consumption to renewable energy by 2030.

[RE100 Members] <https://www.nishimatsu.co.jp/news/2021/re100.html>

\*RE100: A global initiative that aims for companies to cover 100% of the electricity used in their businesses with renewable energy.

	Scope	Base year	FY2022 result	FY2030 target	FY2050 target
RE100	—	2020	Approx. 21% of electricity consumption in business activities	60% of electricity consumption in business activities	100% of electricity consumption in business activities



## Acquisition of SBT Certification

In June 2022, we acquired SBTi certification (WB2°C) for our group-wide GHG reduction targets.

[Acquisition of SBT certification] <https://www.nishimatsu.co.jp/news/2022/sbt.html>

	Scope	Base year	FY2022 result	FY2030 target	FY2050 target
SBT	Scope 1+2	2020	▲ Approx. 44%	▲ 25%	Net zero
	Scope 3	2020	—	▲ 13%	—



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Decarbonization Transition Plan toward 2050 Carbon Neutrality

We have established a decarbonization transition plan to achieve carbon neutrality in 2050. This plan contains not only the results of scenario analysis but elements of transition plans which are required of companies by international initiatives such as TCFD, CDP, etc. Going forward, we are determined to elaborate and implement the transition plan on a companywide basis in anticipation of the roadmap attainment.

