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Nishimatsu Climate Information 2025

NISHIMATSU

June 2025

Progress Status of Nishimatsu Transition Plan for Carbon Neutral Society

The United Nations' "Intergovernmental Panel on Climate Change" has concluded that "global warming is caused by human activities." What is now required of us is responsible action to pass on a sustainable global environment to future generations.

With a commitment to achieving carbon neutrality by 2050, our company has developed the "Nishimatsu Transition Plan for 2050 Carbon Neutral (CN) Society." The plan, with 2030 as an interim target, aims to establish the foundation for a CN society through both significant CO_2 emissions reduction across the value chain and renewable energy generation (energy creation) through our business operations.

In FY2024, CO_2 emissions from direct operations (Scope 1+2) were 43.3 kt-CO_2, a 38.4% reduction compared to FY2020, partly due to the adoption of renewable electricity. For Scope 3 Category 11 (indirect emissions from energy use during the operational phase of completed buildings), we exceeded our targets as more completed buildings switched to renewable electricity.
On the other hand, regarding energy creation, although our first woody biomass power plant began full-scale operation in addition to our existing geothermal and solar PPA projects, we did not achieve our annual planned power generation targets.

The transition plan anticipates various environmental changes, establishes measures for climate-related risks and opportunities in our business activities, aims to avoid risks and capture opportunities, and strengthens organizational resilience. The ultimate goal of achieving CN aligns with our Corporate Philosophy of "creating a sustainable society where people can live with peace of mind through valuable structures and services." We will continue to deepen cooperation with diverse actors and work to solve related regional and social issues."

目次

Governance and Risk Management

Governance and Risk Management: Structure

Oversight level

Board oversight

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” coordinates with the Sustainability Committee (composed of outside experts, outside directors, and internal directors), which serves as an advisory body, on reports from the “Management Meeting” on climate-related issues and oversees specific response measures and progress management related to climate-related risks and opportunities.

Chief executive level

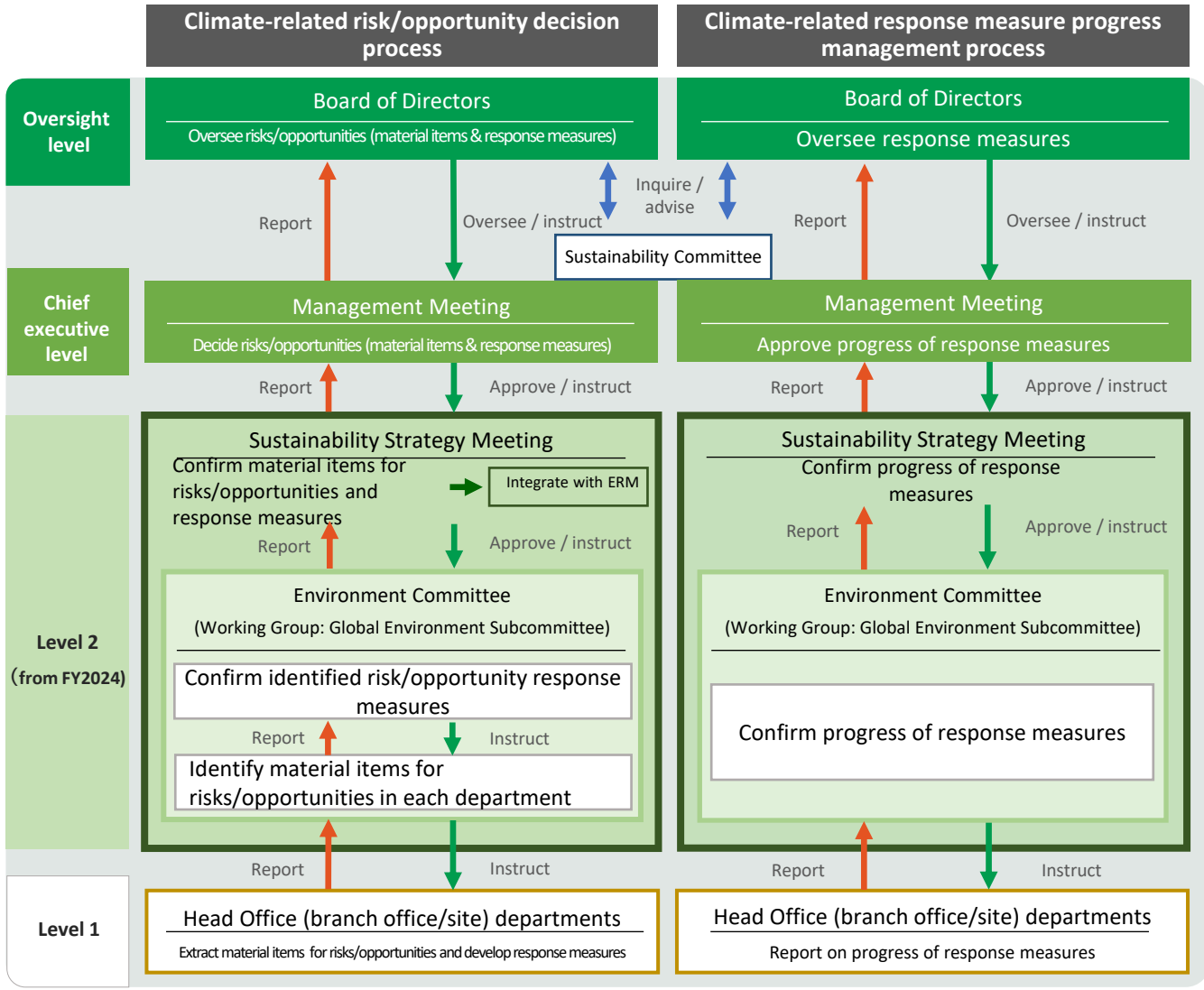
Decision and approval made by Management Meeting

Reported on climate-related issues by the “Sustainability Strategy Meeting,” the “Management Meeting” decides on material items and specific response measures and approves progress on response measures 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 2

Management by Sustainability Strategy Meeting

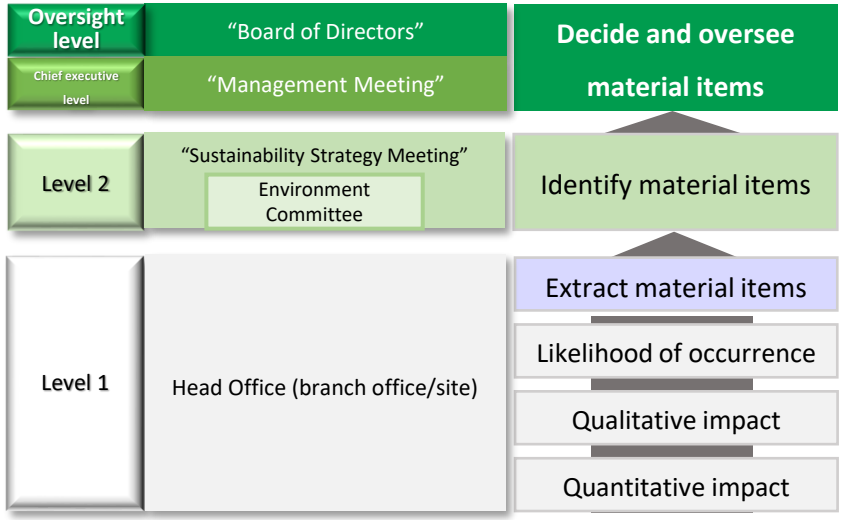
Head Office (branch office/site) departments extract material items for climate-related risks and opportunities, develop risk/opportunity response measures, and report on the progress. The "Environment Committee (Working Group: Global Environment Subcommittee)" established within the "Sustainability Strategy Meeting" receives reports from the "Head Office (branch office/site) departments," identifies extracted climate risks/opportunities, confirms response measures and progress, and reports to the Sustainability Strategy Meeting. The "Sustainability Strategy Meeting" makes a final confirmation, integrates it with Enterprise Risk Management (ERM), and reports to the “Management Meeting."



Governance and Risk Management: Climate-Related Risk/Opportunity Management Process

The process for determining “material items for climate risks/opportunities” involves primary extraction based on evaluation of three factors (quantitative impact, qualitative impact, and likelihood of occurrence), followed by secondary extraction (identification) of items that have significant impact on financial and business strategies. Progress management consists of checking implementation status of responses to “material items for climate risks/opportunities” at each level and providing instructions to lower levels as necessary.

(1) Process for determining material items for risks/opportunities



Regarding the identified material items for risks/opportunities, final decisions are made with the responsibilities of chief executive and oversight levels.

From the material items primarily extracted, those which have significant impact in terms of financial and business strategies are secondarily extracted (i.e. identified).

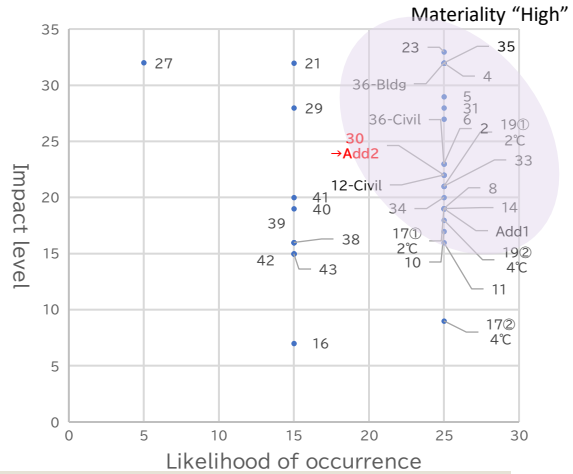
Material items are primarily extracted based on three factors (quantitative impact, qualitative impact and likelihood of occurrence).

The likelihood of occurrence is scored in certain categories.

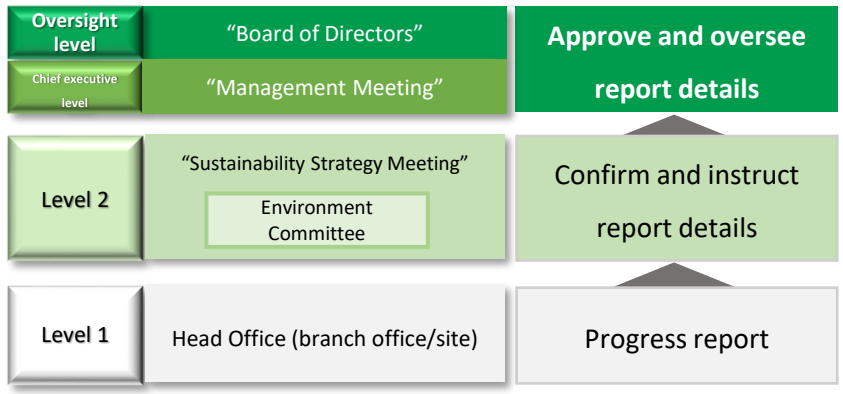
The qualitative impact is determined based on the interest of stakeholders such as customers, suppliers, government bodies, and investors, according to evaluation and score allocation.

The quantitative impact is determined according to evaluation and score allocation based on the operating income.

■ Image of materiality evaluation process



(2) Progress management process for risk/opportunity response measures



・The Board of Directors oversees the report details on the progress of the response measures in "material items for climate risks/opportunities" from the Management Meeting and provides instructions to the Management Meeting as necessary.
・The Management Meeting approves the progress of the response measures in "material items for climate risks/opportunities" from the Sustainability Strategy Meeting and provides instructions to the Sustainability Strategy Meeting as necessary.

・The Sustainability Strategy Meeting confirms the progress of the response measures in "material items for climate risks/opportunities" from the Environment Committee and provides instructions to the Environment Committee as necessary.
・The Environment Committee confirms the progress of the response measures in "material items for climate risks/opportunities" from “Head Office (branch office/site),” and provides instructions to the “Head Office (branch office/site)” as necessary and reports to the Sustainability Strategy Meeting.

Head Office (branch office/site) departments report the progress of the response measures in "material items for climate risks/opportunities“ to the Environment Committee.

Strategy (Scenario Analysis)

Strategy (Scenario Analysis): Adopted Scenarios and Target Businesses and Time Horizons for Analysis

We have conducted scenario analysis as recommended by the TCFD*1 to respond to a highly uncertain future. Adopting 1.5°C and 4°C scenarios from the pre-industrial levels, it covers not only our mainstay “Construction Business" but also "Asset Value-Added Business" and "Regional Environmental Solutions Business," taking into account the entire value chain including partner companies and material procurement. In addition, since climate-related risks and opportunities can have long-term impacts, we have set the period up to FY2025, the ending year of the medium-term management plan, as "short-term," the period from FY2026 to FY2030 as "medium-term," and the period after FY2030 as "long-term.“

Estimated temperature rise	Adopted scenario	Assumed environment	Target business	Time horizon for analysis (FY)
1.5°C	[Transition] IEA*2 NZE*3	It shows a pathway to stabilize the global average temperature at 1.5°C above the pre-industrial levels. A scenario in which clean energy policies and investments surge, and developed countries reach net zero ahead of others.	● Construction Business (domestic civil engineering and building construction, international) ● Asset Value-Added Business ● Regional Environmental Solutions Business	Short-term: 2020-2025 Medium-term: 2026-2030 Long-term: 2031-2050
	[Physical] SSP*4 1-1.9	Under sustainable development, climate policies to limit the temperature rise to 1.5°C or lower from the pre-industrial levels are introduced. Expected to achieve net-zero CO_2 emissions in mid-21st century.		
4°C	[Transition] IEA STEPS*5	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 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. The TCFD dissolved in October 2023, transferring its oversight function to the International Financial Reporting Standards (IFRS) Foundation.

*2 IEA: International Energy Agency
*3 NZE: Net Zero Emissions by 2050 Scenario
*4 SSP: Shared Socioeconomic Pathways
*5 STEPS: Stated Policies Scenario

Strategy (Scenario Analysis): Material Items for Climate-Related Risks/Opportunities

Our scenario analysis identified climate-related risks and opportunities impacting our businesses, from which we determined those significantly affecting our financial and business strategies as material items. [See P5 (1) for the process for determining material items.]

Material items for climate-related risks

Classification		Risk	Financial impact	Impact period			Applicable scenario
				Short	Mid	Long	
Transition risk	Regulation	[Strengthened policies] Response to the full-scale introduction of carbon tax	Cost increase		■	■	1.5˚C
	Technology	[Decarbonization needs] Technological response related to environmentally-friendly type concrete	Sales decrease		■	■	1.5˚C
		[Decarbonization needs] Technological response related to wooden high-rise buildings	Sales decrease		■	■	1.5˚C
Physical risk	Chronic risk	[Temperature rise] Response to a decrease in skilled workers (consideration of power-saving construction methods)	Sales decrease		■	■	4˚C 1.5˚C
		[Temperature rise] Response to a decrease in skilled workers (unmanned and automated operations)	Sales decrease		■	■	4˚C 1.5˚C
		[Temperature rise] Response to a decrease in skilled workers (Increase in labor costs, construction robots)	Sales decrease		■	■	4˚C

[Analyzed time horizon (FY)] Short: 2020-2025; Medium (Mid): 2026-2030; Long: 2031-2050

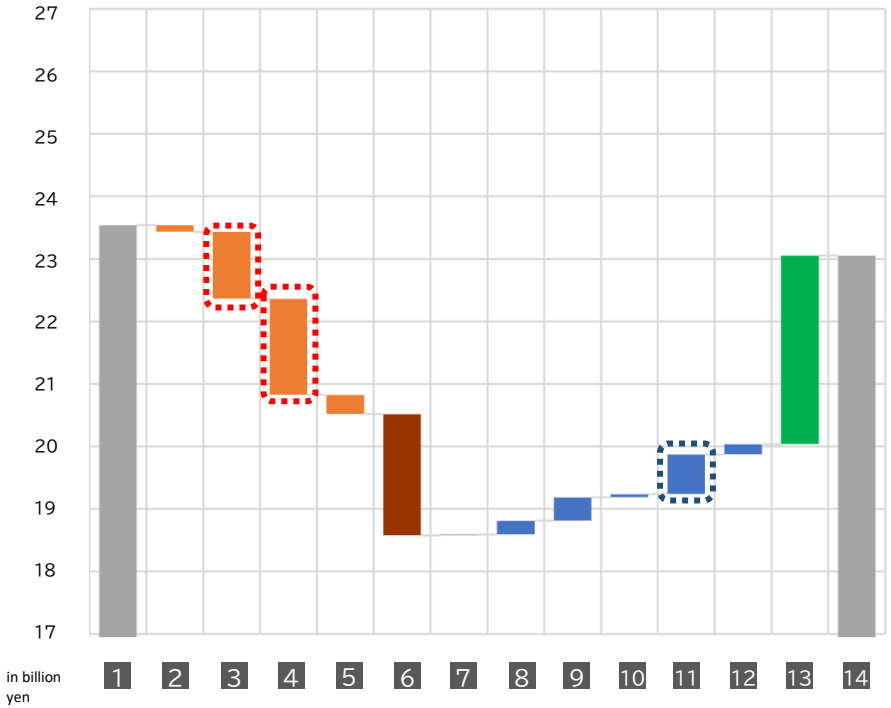
Material items for climate-related opportunities

Classification	Opportunity	Financial impact	Impact period			Applicable scenario
			Short	Mid	Long	
Resource efficiency	[Decarbonization needs] Increased needs for energy-efficient rental buildings	Sales increase	■	■	■	1.5˚C
	[Decarbonization needs] Increased needs for construction of ZEB (Net Zero Energy Buildings)	Sales increase		■	■	4˚C 1.5˚C
Products and services	[Decarbonization needs] Increase in renewable energy-related construction	Sales increase		■	■	1.5˚C
	[Decarbonization needs] [Strengthened policies] Increased demands for renewable energy	Sales increase	■	■	■	1.5˚C
Resilience	[Temperature rise] Increase in disaster recovery construction	Sales increase	■	■	■	4˚C 1.5˚C
	[Temperature rise][Strengthened policies] Increase in disaster prevention and mitigation construction	Sales increase		■	■	4˚C 1.5˚C

Strategy (Scenario Analysis): Financial Impact Assessment [1.5 ˚C Scenario]

The financial impact of risks and opportunities identified as material items is presented using waterfall charts, showing “changes in impact amount” on operating income from FY2021 to FY2030/FY2050 under both 1.5˚C and 4˚C scenarios. In FY2024, we updated some of the internal figures and external parameters used for financial impact calculations to reflect current conditions.

FY2030: 1.5℃ scenario



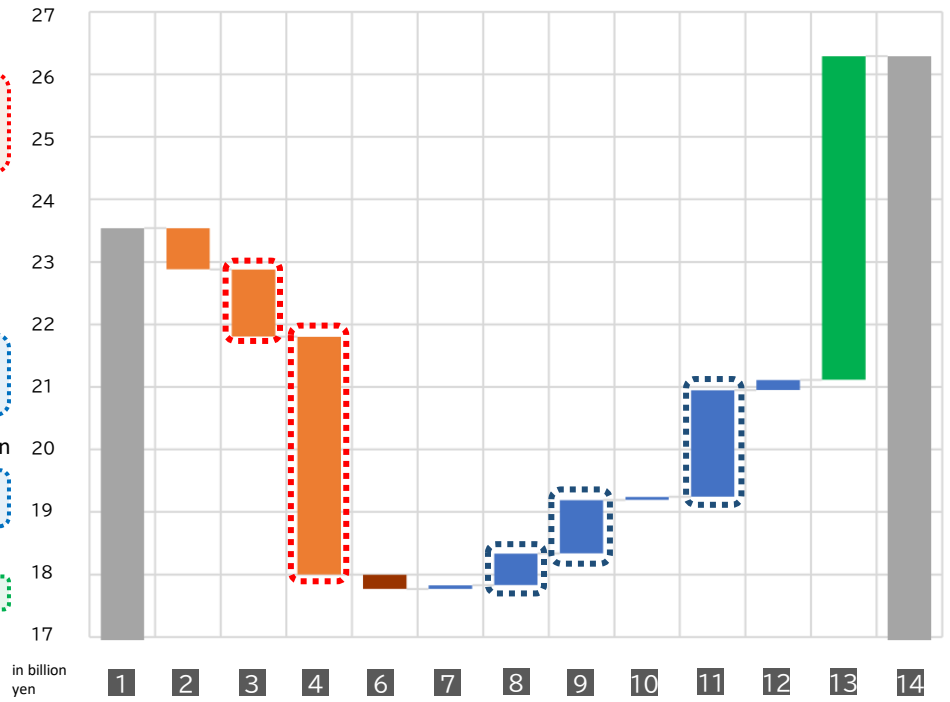
1 Operating income (FY2021)
2 Decline in workers due to temperature rise
3 Delayed technological response in wooden high-rise buildings
4 Full-scale introduction of carbon tax
5 Delayed technological response in environmentally-friendly type concrete
6 Response cost
7 Increased needs for energy-efficient rental buildings
8 Increased demands for renewable energy
9 Increased needs for ZEB construction
10 Increase in disaster recovery construction
11 Expansion of renewable energy-related construction
12 Increase in disaster prevention/mitigation construction
13 Profit recovery by risk response (2 ~ 5)
14 Operating income (FY2030 & FY2050)

Major financial impacts:

[Risk] Sales losses resulting from delayed response to wooden high-rise building construction, along with increased business costs due to the full-scale introduction of a carbon tax, have a significant impact. (3 ・ 4)

[Opportunity] A significant increase in sales opportunities due to order intake for renewable energy-related construction. (11)

FY2050: 1.5℃ scenario



Major financial impacts:

[Risk] The full introduction of a carbon tax would significantly increase business costs, with the next greatest impact being the sales losses resulting from delayed response to wooden high-rise building construction. (3 ・ 4)

[Opportunity] Significant sales opportunities by responding to ZEB construction needs and increased demands for renewable energy. (8 ・ 9)

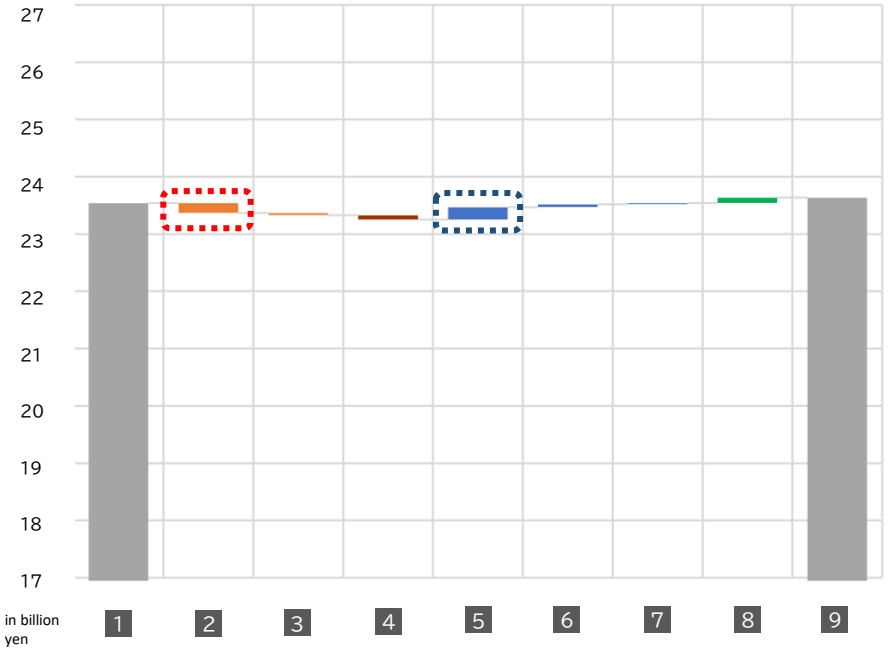
[Opportunity] A significant increase in sales opportunities due to order intake for renewable energy-related construction. (11)

See P16 and P17 for details for risk response and opportunity acquisition.

When there are changes or revisions to internal figures or parameters, the financial impact is reviewed as appropriate.

Strategy: Financial Impact Assessment [4 ˚C Scenario]

FY2030: 4℃ scenario



1 Operating income (FY2021)
2 Decline in workers due to temperature rise (domestic)
3 Decline in workers due to temperature rise (global)
4 Response cost
5 Increase in disaster prevention/mitigation construction
6 Increase in disaster recovery construction
7 Increased needs for ZEB construction
8 Profit recovery by risk response (2 , 3)
9 Operating income (FY2030 & FY2050)

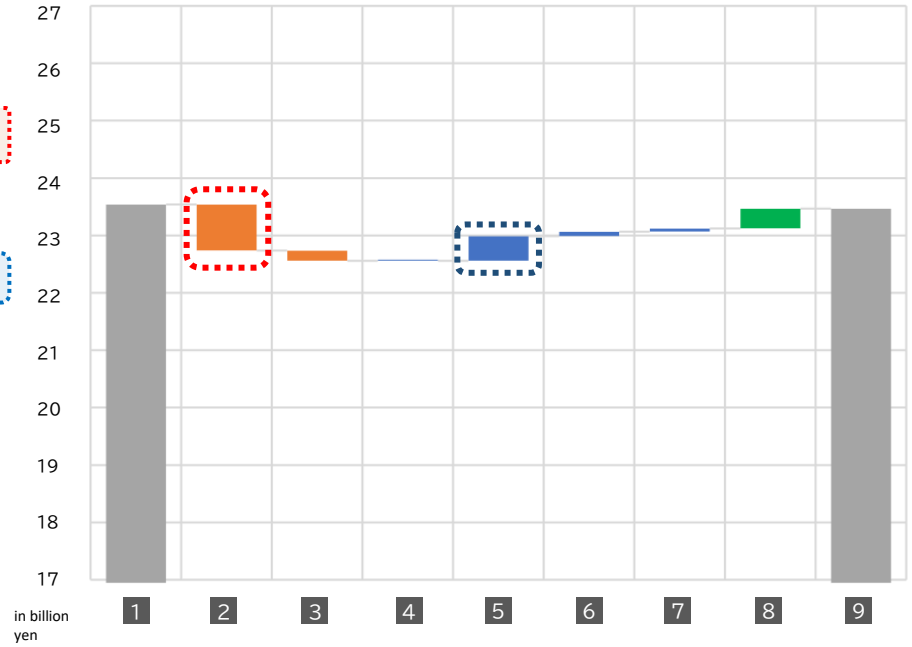
See P16 and P17 for details for risk response and opportunity acquisition.

When there are changes or revisions to internal figures or parameters, the financial impact is reviewed as appropriate.

Major financial impacts:

[Risk] In domestic building construction and civil engineering businesses, delayed implementation of measures (unmanned/automated operations, manpower-saving methods) to address workforce decline caused by rising temperatures could result in significant sales losses. (2)
[Opportunity] Disaster prevention and mitigation construction is expected to increase, leading to greater sales opportunities. (5)

FY2050: 4℃ scenario



Major financial impacts:

[Risk] In domestic building construction and civil engineering businesses, delayed implementation of measures (unmanned/automated operations, manpower-saving methods) to address workforce decline caused by rising temperatures could result in significant sales losses. (2)
[Opportunity] Disaster prevention and mitigation construction is expected to increase, leading to greater sales opportunities. (5)

Strategy (Scenario Analysis): Scenario Analysis Result and Resilience

■1.5°C scenario analysis result

Regarding risks, we confirmed that the “risk of increased business costs due to the full-scale introduction of a carbon tax” is the highest, followed by the “risk of sales decline due to delayed technological response to wooden high-rise buildings,” with the impact amount of each expanding further as of FY2050. For opportunities, on the other hand, as a result of reviewing parameters and others, “increased sales from renewable energy-related construction” became the highest, along with expected increases in sales from “renewable energy business” and “ZEB construction.”

Comparing operating income (to FY2021), there is a slight decrease as of FY2030 as profit recovery and opportunity acquisition through risk response are still in progress, but the results as of FY2050 show a significant increase as risk management becomes thoroughly implemented. This verification also confirmed that, in addition to acquiring climate-related opportunities, the element of profit recovery through risk response is extremely substantial.

■4°C scenario analysis result

Regarding both risks and opportunities, it was found out that the overall impact is relatively modest. While in FY2030 certain effects such as "decline in workers due to rising temperatures" and "increase in disaster prevention and mitigation construction" were observed, these were not substantial enough to notably impact operating income, with these effects becoming more pronounced as of FY2050.

The financial impact as a climate-related effect somewhat diminishes operating income as of FY2050 (against FY2021), but not to a considerable degree. The analysis confirmed that by ensuring profit recovery and acquiring opportunities through risk response, operating income comparable to FY2021 can be maintained.

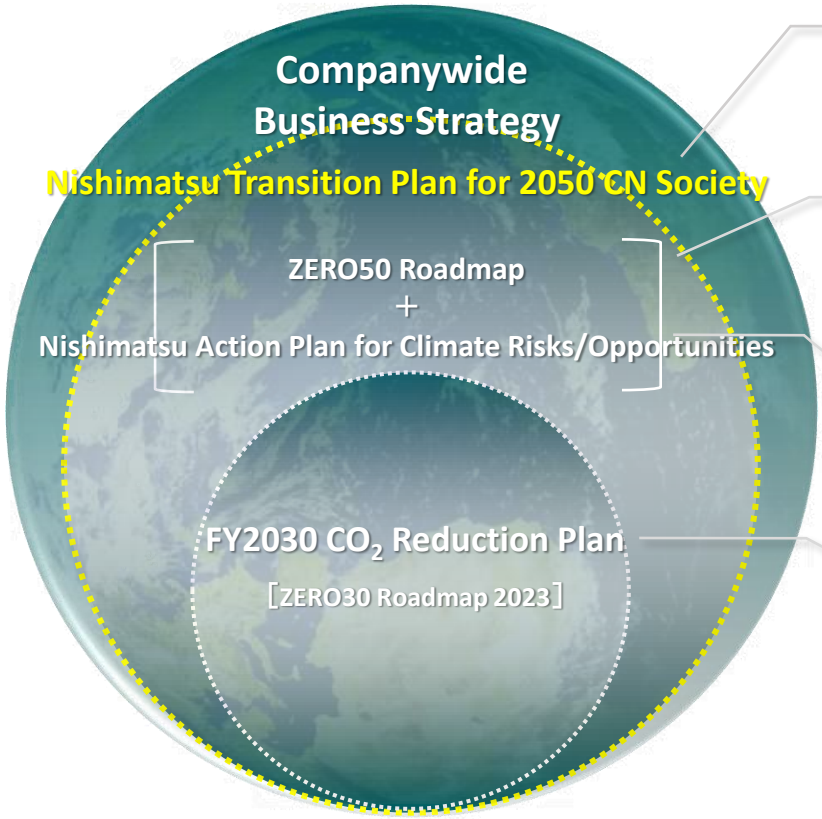
After examining the financial impacts under the 1.5°C and 4°C climate-related scenarios, as of FY2030, some impacts were discovered under the 1.5°C scenario, while there was no apparent impact in the 4°C scenario.

Nonetheless, we have reconfirmed that with our risk response measures and opportunity acquisition initiatives for both scenarios, by FY2050 we can secure operating income exceeding the 2021 level in the 1.5°C scenario and maintain operating income equivalent to the 2021 level in the 4°C scenario.

Therefore, by steadily implementing our current risk and opportunity initiatives, we will ensure resilience in business continuity.

Metrics and Targets (Transition Plan)

Recognizing that addressing climate change is an important management issue in the companywide business strategy, Nishimatsu Construction has developed the Transition Plan for 2050 Carbon Neutral (CN) Society. This plan encompasses a CO_2 reduction plan for 2050 and a plan to address climate-related risks and opportunities, with the aim of achieving both carbon neutrality and business growth.



■ Nishimatsu Transition Plan for 2050 Carbon Neutral (CN) Society

It consists of the “ZERO50 Roadmap,” a net-zero plan to achieve a CN society in 2050, and “Nishimatsu Action Plan for Climate Risks/Opportunities.”

■ ZERO50 Roadmap

The plan is to achieve net zero CO_2 emissions from our direct operations and value chain in 2050 and includes the "ZERO30 Roadmap 2023," a CO_2 emissions reduction plan with FY2030 as a milestone.

■ Nishimatsu Action Plan for Climate Risks/Opportunities

An action plan to address climate-related risks and opportunities identified as material items as a result of climate-related scenario analysis for the transition to a CN society. *See P16-17 of this document.

■ ZERO30 Roadmap 2023

A plan to reduce CO_2 emissions in order to create a decarbonized society by FY2030, which is a milestone in the ZERO50 Roadmap.
It establishes annual targets for CO_2 emissions reduction up to FY2030.

Metrics and Targets: Nishimatsu Transition Plan for CN Society [ZERO50 Roadmap] 1/2

The ZERO50 Roadmap is a plan to achieve net zero in the entire value chain toward a CN society in 2050. In addition to direct CO_2 reduction measures, it also aims to implement related activities to promote reduction, such as enhancing governance and collaborating with stakeholders, and to shift business models toward a CN society.

Direct CO_2 reduction measures

Expand existing activities to realize CN society

[Reduction of GHG emissions from products and services]

- Use next-gen biofuels, etc. (low carbon, CN)
- Introduce the latest (fuel-efficient) construction machinery and partially introduce GX construction machinery
- Expand introduction of renewable electricity
- Promote ZEB design in design-build projects
- Procure low-carbon/decarbonized construction materials
- Utilize construction methods and technologies that contribute to decarbonization
- Establish methods for calculating lifecycle CO_2 emissions of buildings and managing reduction effects

Expand introduction of decarbonizing technologies and energy

[Reduction of GHG emissions from products and services]

- Expand introduction of next-gen biofuels, etc.
- Standardize next-gen construction machinery such as GX construction machinery, etc.
- In principle, business activities powered by renewable electricity
- Standardize ZEB design in design-build projects
- Expand procurement of low-carbon/decarbonized construction materials
- Utilize and develop construction methods and technologies that contribute to decarbonization
- Reduce lifecycle CO_2 emissions of buildings

Achieve carbon neutrality (CN) by 2050

[Realization of full-CN business models]

- Electrify construction machinery and convert fuels to CN
- Complete conversion of electricity to renewable energy used in business activities
- Convert all design-build projects to ZEB
- Neutralize residual emissions through NETs*, etc.
- Standardize circular economy business models
- Significantly contribute to the formation of a decarbonized society with renewable energy business

Related activities

Elaborate and implement CN society transition plan

[Advanced management]

- Improve companywide climate change literacy
- Introduce internal carbon pricing
- Introduce an incentive system linked to climate change response
- Establish financial impact management/analysis/evaluation of scenario analysis, etc.

[Collaboration with stakeholders]

- Develop and implement stakeholder engagement strategy (Targets: NPOs, NGOs, suppliers, customers, countries and industry associations, etc.)

[Business model transformation]

- Demonstration toward establishing circular economy business models
- Contribute to the realization of a CN society through renewable energy business
- Practice and strategy development of nature-positive activities that contribute to the realization of a CN society

Promote and expand CN society transition plan

[Advanced management]

- Develop variable measures with internal carbon pricing
- Expand an incentive system linked to climate change response

[Collaboration with stakeholders]

- Implement stakeholder engagement and collaboration (Targets: NPOs, NGOs, suppliers, customers, countries and industry associations, etc.)

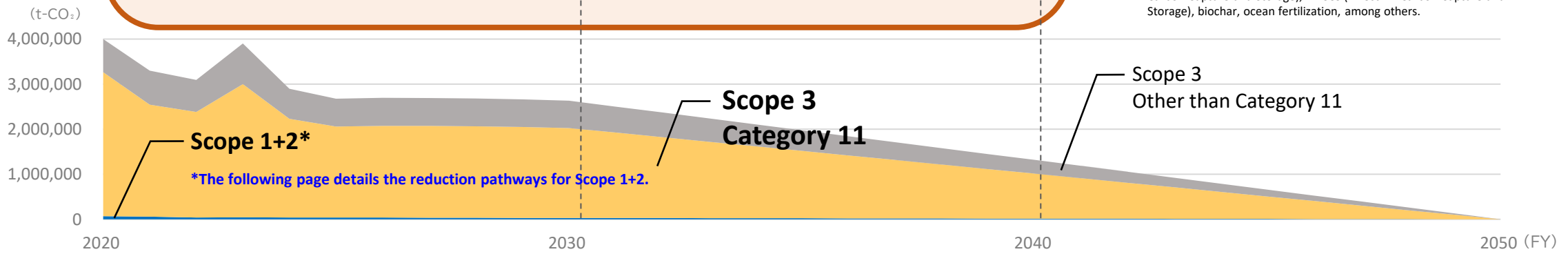
[Business model transformation]

- Deploy circular economy business models
- Contribute to the realization of a CN society through renewable energy business
- Consider and demonstrate neutralization measures for residual emissions through NETs*, etc.
- Implement nature-positive strategies that contribute to the realization of a CN society

<Major settings in roadmap development>

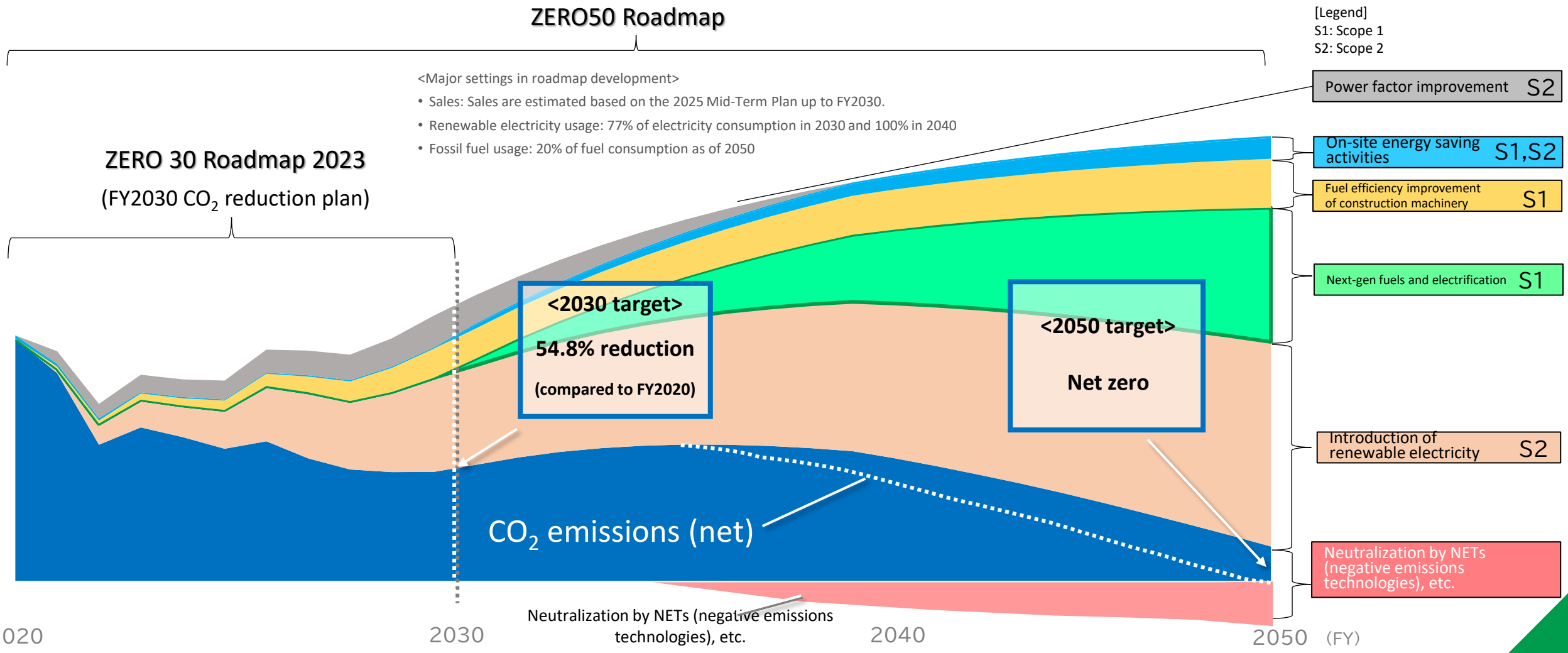
- Sales: Sales are estimated based on the 2025 Mid-Term Plan up to FY2030.
- Renewable electricity usage: 77% of electricity consumption in 2030 and 100% in 2040
- Fossil fuel usage: 20% of fuel consumption as of 2050
- ZEB building rate: 100% by 2050 (Scope 3 Category 11)

*NETs (Negative Emissions Technologies): A collective term for technologies that directly remove and capture carbon dioxide from the atmosphere. Representative methods include BECCS (Bioenergy with Carbon Capture and Storage), DACCS (Direct Air Carbon Capture and Storage), biochar, ocean fertilization, among others.



Metrics and Targets: Nishimatsu Transition Plan for CN Society [ZERO50 Roadmap] 2/2

A roadmap to achieve net zero for the direct operations (Scope 1 + 2) part in the "ZERO50 Roadmap." We will strive to achieve net-zero CO_2 emissions by utilizing negative emission technologies in addition to standardizing renewable electricity and introducing next-generation fuels and technological innovations (construction machinery and equipment that contribute to decarbonization).



(1) Status of efforts for climate-related risks

						Overall progress check (metrics and targets)			Status of efforts up to FY2024	Action from FY2025 onwards
No.	Business classification	Material item	Response policy	Response classification	Relations with Nishimatsu-Vision 2030 and Mid-Term Management Plan 2025	KPI (metric)	Target	FY2024 result	Action	Future action
1	Civil engineering business	[Temperature rise] Response to a decline in skilled workers (consideration of power-saving construction methods)	Establishment and accumulated experience of large-scale precasting technology	Adaptation *1	Promotion of technological development of road slab replacement	Number of orders received for expressway road slab replacement construction	A total of 5 cases by FY2030	1 case	・Develop large-scale precasting-related technology ・Promote use of precast products	・Continue actions taken in FY2024
2	Civil engineering business	[Temperature rise] Response to a decline in skilled workers (unmanned and automated operations)	Establishment and on-site implementation of unmanned and automated construction technologies	Adaptation	Productivity improvement in construction business: Automated tunnel construction and construction RX (robot transformation) Promotion of "smart construction sites" utilizing DX	Number of workers in mountain tunnel and shield construction	Reduce 30% from FY2018 level by FY2027	0%	・Establish unmanned and automated technologies for major works in mountain tunnel construction ・Establish manpower-saving / automated technology for shield tunnel construction	・Continue actions taken in FY2024
3	Building construction business	[Temperature rise] Increase in labor costs due to a decline in skilled workers	Development and introduction of construction robots, remote control, and manpower-saving apps	Adaptation	Productivity improvement in construction business: Construction RX (robot transformation) Promotion of "smart construction sites" utilizing DX	Reduction in total annual working hours of all workers	Reduce total annual working hours by 66,000 by FY2030	16,600 hours down	・Participate in the RX Consortium to develop and test construction robot technology ・Collaborate with partner companies to develop construction robots ・Develop productivity improvement technology through collaboration with technical research institutes and manufacturers	・Continue actions taken in FY2024 ・Explore manpower-saving digital technologies and robots, and take nationwide initiatives
4	Building construction business	[Decarbonization needs] Loss of order opportunities due to delayed technological development of environmentally-friendly concrete	Promotion of development of environmentally-friendly concrete	Mitigation *2	Acquisition of trailblazing construction technology: Low-carbon type material development	(1) Low-carbon type concrete (2) Carbon negative concrete	Implement in buildings (1) by FY2026 and (2) by FY2028	0 cases	・(1) Develop technology for deploying low-carbon type concrete buildings ・(2) Develop technology for deploying carbon negative concrete buildings	・Continue actions taken in FY2024 ・(1) Deploy technology-developed (slagrete, geopolymer, volcanic glass powder) low-carbon type concrete in buildings ・(2) Deploy carbon negative concrete in buildings
5	Building construction business	[Decarbonization needs] Response to wooden high-rise buildings	Enhancement of design and construction technology for wooden high-rise buildings	Mitigation	Acquisition of trailblazing construction technology: Wooden building construction technology	Annual sales of wooden mid- and high-rise buildings	17.2 billion yen as of FY2030	1.35 billion yen	・Practically apply wooden low- and mid-rise buildings (two-way) ・Streamline wooden low- and mid-rise building construction technology (cost reduction) ・Acquire expertise on reliability through demonstration tests and measurements in actual projects	・Continue actions taken in FY2024
6	International business <civil engineering>	[Temperature rise] Cost increase due to declines in skilled workers and productivity	Introduction of manpower-saving tunnel construction in overseas construction projects	Adaptation	—	Manpower-saving technology in tunnel construction	Adopt one case by FY2027	0 cases	・Consider introduction of man-power saving technology for tunnel construction	・Continue actions taken in FY2024 ・Promote ICT construction
7	International business <building construction>	[Temperature rise] Cost increase due to declines in skilled workers and productivity	Adoption of pre-fabrication methods	Adaptation	—	Achievement of buildings using pre-fabrication methods	Construct one case by FY2030	0 cases	・Verify technology and costs for pre-fabrication of factory logistics facilities	・Continue actions taken in FY2024
8	Companywide	[Strengthened policies] Increase in business costs due to the full-scale introduction of carbon tax	Reduction of Scope 1+2 CO_2 emissions in line with ZERO30 Roadmap	Mitigation	ZERO30 Roadmap	Scope 1+2 emissions	Achieve 31.7k t-CO_2 by FY2030	Approx. 43.3k t-CO_2 (estimate)	・Promote energy conservation and use of low-carbon fuels in construction ・Introduce renewable electricity in business activities ・Extract technologies, methods, and ideas that contribute to decarbonization at construction sites, and tentatively introduce environmental technology	・Continue actions taken in FY2024

*1 Adaptation: Measures taken to avoid or minimize the damage caused by the current or anticipated impacts of climate change.
*2 Mitigation: Measures taken to reduce greenhouse gas emissions that cause climate change.

(2) Status of efforts for climate-related opportunities

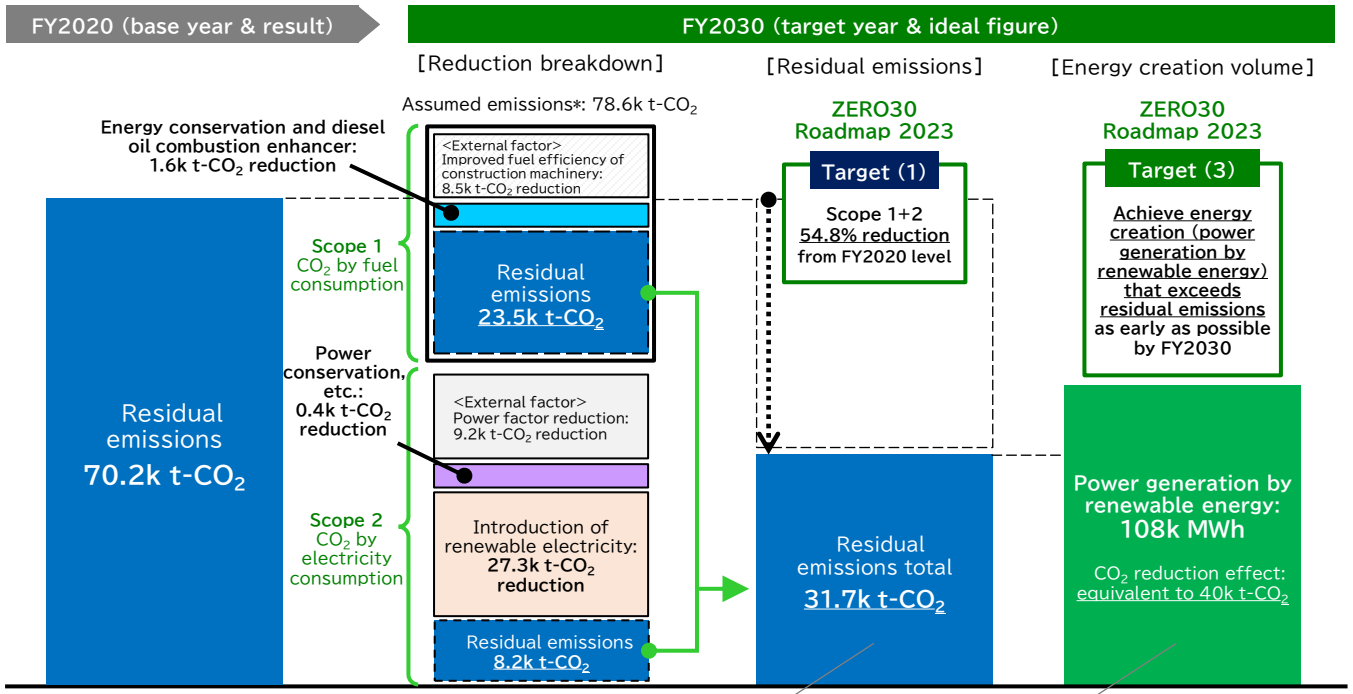
						Overall progress check (metrics and targets)			Status of efforts up to FY2024	Action from FY2025 onwards
No.	Business classification	Material item	Response policy	Response classification	Relations with Nishimatsu-Vision 2030 and Mid-Term Management Plan 2025	KPI (metric)	Target	FY2024 result	Action	Future action
1	Civil engineering business	[Temperature rise] Increase in disaster recovery construction	Establishment of a system for rapid response in disaster recovery construction	Adaptation *1	—	Acceptance of requests for disaster recovery assistance	Achieve 100% by FY2030	100% (3/3 cases)	・Establish an emergency readiness system ・Establish a system that contributes to strengthening procurement capabilities for emergency materials, equipment, and labor ・Introduce unmanned and remote construction technologies in disaster recovery construction	・Continue actions taken in FY2024
2	Civil engineering business	[Decarbonization needs] Increase in renewable energy-related construction	Enhancement of order intake for offshore wind power generation construction projects	Mitigation *2	Participation in offshore wind power generation construction projects	Number of orders received for offshore wind power generation projects	A total of 1 case as of FY2030	0 cases	・Acquire offshore wind power generation construction technology ・Renovate SEP vessels (construction barges) ・Continue efforts for renewable energy-related construction	・Continue actions taken in FY2024
3	Civil engineering business	[Temperature rise][Strengthened policies] Increased disaster prevention/mitigation construction	Enhancement of order intake for shield construction and renewal construction (disaster prevention and mitigation related)	Adaptation	—	Disaster prevention and mitigation related construction completed	More than 14 billion yen/year as of FY2030	12.7 billion yen	・Strengthen the bidding system ・Develop technologies that contribute to national resilience ・Continuously receive orders for shield construction and renewal-related construction	・Continue actions taken in FY2024
4	Building construction business	[Decarbonization needs] Increased needs for ZEB (net zero energy buildings) construction	Promotion of ZEB in new construction and renovation projects	Mitigation	High added-value buildings: ZEB, ZEH	Increased sales with ZEB	2.24 billion yen/year as of FY2030	54 million yen	・Build track record in terms of ZEB renovation projects ・Explore energy conservation by grasping the air conditioning operation efficiency in company facilities ・Design, construct, and operate a demonstration facility embodying design capabilities that achieve a 75% energy reduction ・Respond to the “environmental building sector” not limited to ZEB (energy-saving or CO_2-saving)	・Continue actions taken in FY2024 ・Enhance designers’ capabilities for environmentally-friendly design ・Accumulate track record of ZEB Ready
5	International business <civil engineering>	[Temperature rise] Increased needs for disaster countermeasure work	Collection of sales/technical information and technological development related to flood prevention construction	Adaptation	—	Number of flood prevention construction projects	One by FY2027	0 cases	・Collect sales/technical information related to flood prevention construction	・Continue actions taken in FY2024
6	International business <building construction>	[Decarbonization needs] Increased needs for energy-efficient buildings	Promotion of ZEB in new construction and renovation projects	Adaptation	—	Nearly ZEB design and construction results	One by FY2030	0 cases	・Market research on energy-efficient building needs ・Research on energy creation and renewable energy businesses	・Continue actions taken in FY2024 ・Consider ZEB Ready design
7	Asset Value-Added business	[Decarbonization needs] Increased needs for energy-efficient rental buildings	Implementation of ZEB and energy-efficient measures in rental buildings owned	Mitigation	・Owned properties: Promotion of energy conservation (equipment upgrades) and the shift to renewable energy ・New properties: Promotion of "ZEB Ready standard specifications"	Percentage of ZEB and energy-efficient buildings against rental buildings owned	More than 60% of owned rental buildings by FY2030	33% (18/55 cases)	・Determine the specifications of rental buildings owned and promote conformance to specifications ・Promote ZEB and energy conservation in newly built properties ・Promote energy conservation or asset replacement in existing properties owned ・Convert to electricity menus derived from renewable sources	・Continue actions taken in FY2024
8	Regional Environmental Solutions business	[Decarbonization needs][Strengthened policies] Response to global environmental issues	Promotion of renewable energy and related businesses	Mitigation	・PPA business, power generation business (small-scale hydropower, geothermal, woody biomass, etc.) ・Develop comprehensive partnership agreement business with multiple local governments	Electricity volume generated by renewable energy business	108k MWh per year by FY2030 *Target for FY2024: 14k MWh	12k MWh	・3 solar power generation (PPA) projects ・Woody biomass power generation project launched (1 case) ・Preparation for FY2025 business projects (2 solar power PPA projects and 1 methane fermentation biogas power generation project)	・Focus on small-scale hydropower, geothermal, and solar power generation businesses that have synergies with construction

*1 Adaptation: Measures taken to avoid or minimize the damage caused by the current or anticipated impacts of climate change.
*2 Mitigation: Measures taken to reduce greenhouse gas emissions that cause climate change.

Metrics and Targets: Nishimatsu Transition Plan for CN Society [ZERO30 Roadmap 2023] 1/3

This roadmap is a plan to reduce CO_2 emissions to create a decarbonized society by 2030 as a milestone of the "ZERO50 Roadmap." It consists of an ambitious Scope 1 + 2 reduction plan (Target (1)) that exceeds the SBT 1.5℃ certification standard*1, a Scope 3 Category 11 reduction plan (Target (2)), and an energy creation plan through renewable energy power generation projects (Target (3)).

■ [Target (1)] Scope 1+2 and [Target (3)] Energy creation



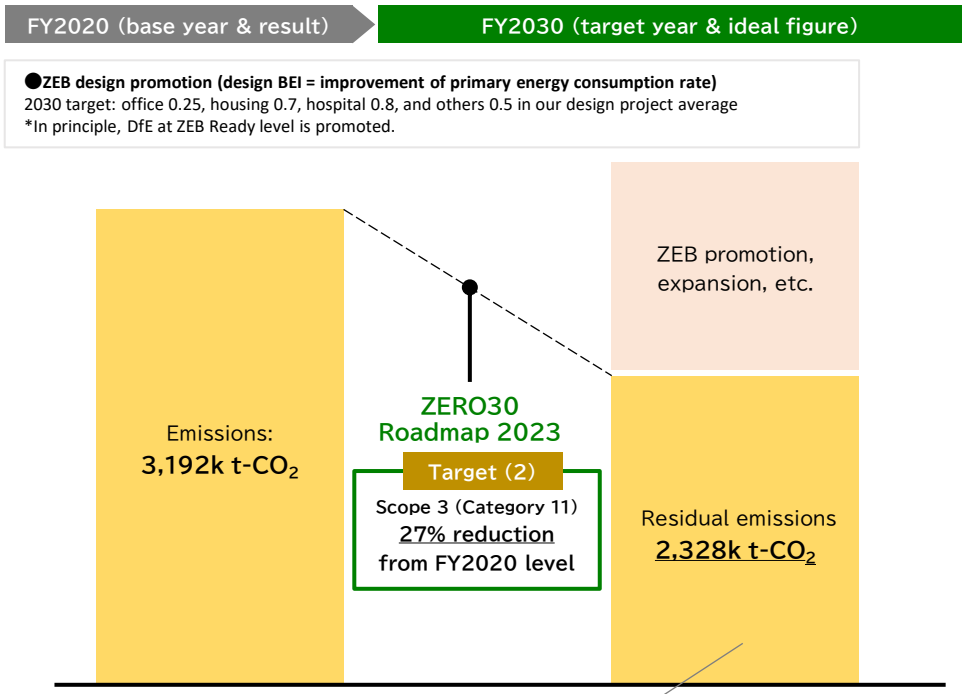
For Scope 1 + 2, we have set a target of reducing CO_2 emissions by 54.8% compared to FY2020 levels*2, based on proactive energy-saving activities and the shift to renewable energy sources for electricity.

*1 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 certifies them.

With regard to energy creation, we will provide society with green energy that exceeds our Scope 1 + 2 residual emissions through various power generation methods including solar, small-scale hydropower, geothermal, woody biomass, biogas, and other means.

*2: P23 explains metrics for Scope 1 and 2 reduction measures together with targets and results in each fiscal year.

■[Target (2)] Scope 3 Category 11



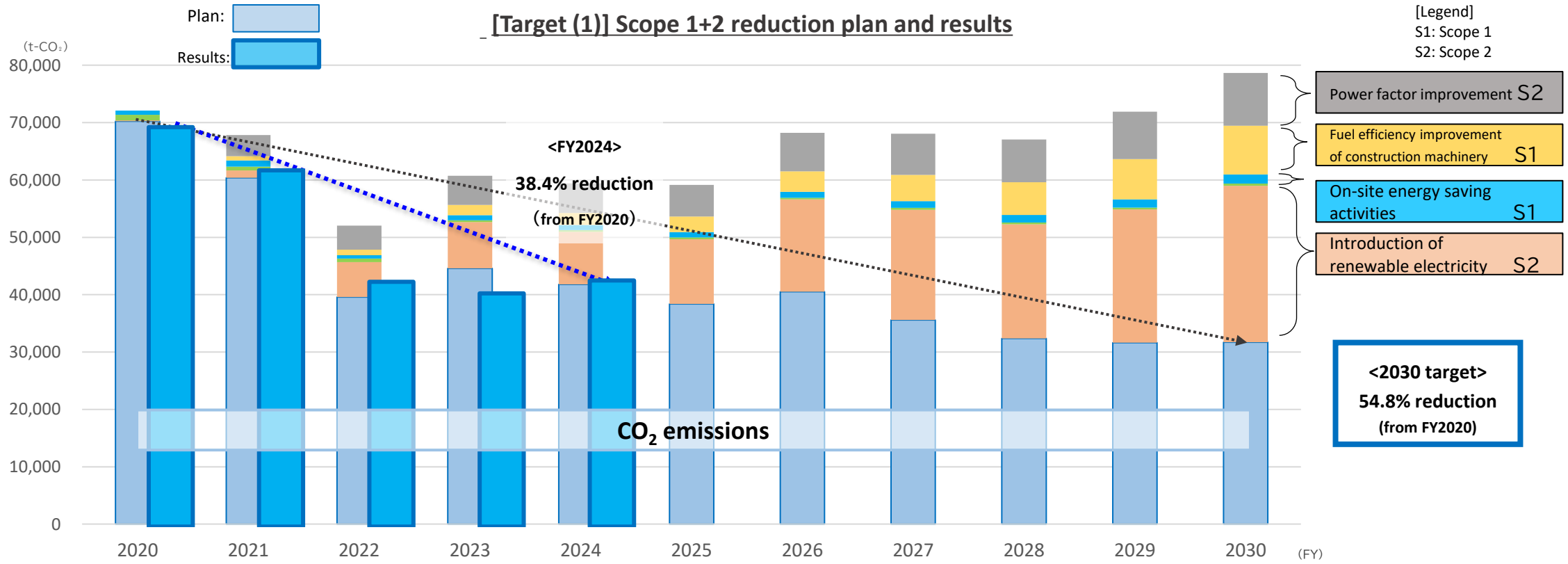
For Scope 3, we target Category 11, "CO_2 emissions associated with energy use during the operation of completed buildings," which accounts for more than 75% of the total of Scope 1, 2, and 3 emissions, and intend to reduce this by 27% compared to FY2020 by promoting ZEB design in design-build projects.

Metrics and Targets: Nishimatsu Transition Plan for CN Society [ZERO30 Roadmap 2023]

Scope 1 + 2 Reduction Plan and Results

Under the ZERO30 Roadmap 2023, we will reduce Scope 1+2 by 54.8% (by introducing renewable electricity and environmentally-friendly type fuels, etc.) and Scope 3 Category 11 by 27% (by promoting ZEB design). At the same time, as a renewable energy power generation business, we will generate 108,000 MWh of renewable energy (equivalent to a reduction of 40,000 t-CO_2), which will exceed our residual Scope 1 and 2 emissions in FY2030 (32,000 t-CO_2).

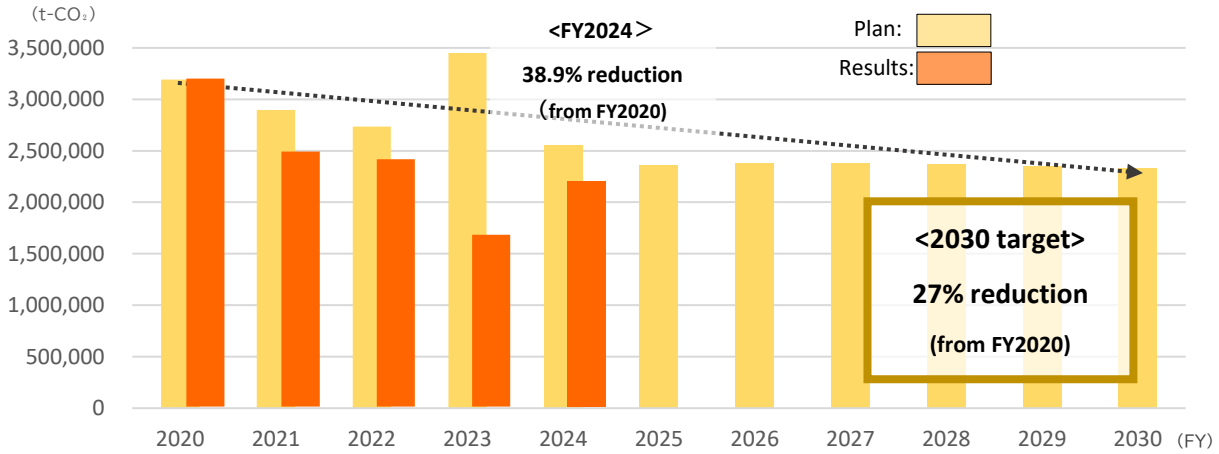
Reduction of Scope 1+2 emissions shows solid progress, with a 38.4% reduction compared to the base year of FY2020. In FY2024, CO_2 emissions fell short of our target despite advancement in the introduction of renewable electricity, due to increased diesel fuel usage in civil engineering projects. Regarding the reduction of Scope 1, in FY2024, we conducted a demonstration of the use of new environmentally friendly fuels and prepared for their introduction on-site. From FY2025 onwards, we will promote the reduction of Scope 1+2 emissions through further utilization of renewable electricity and new environmentally friendly fuels.



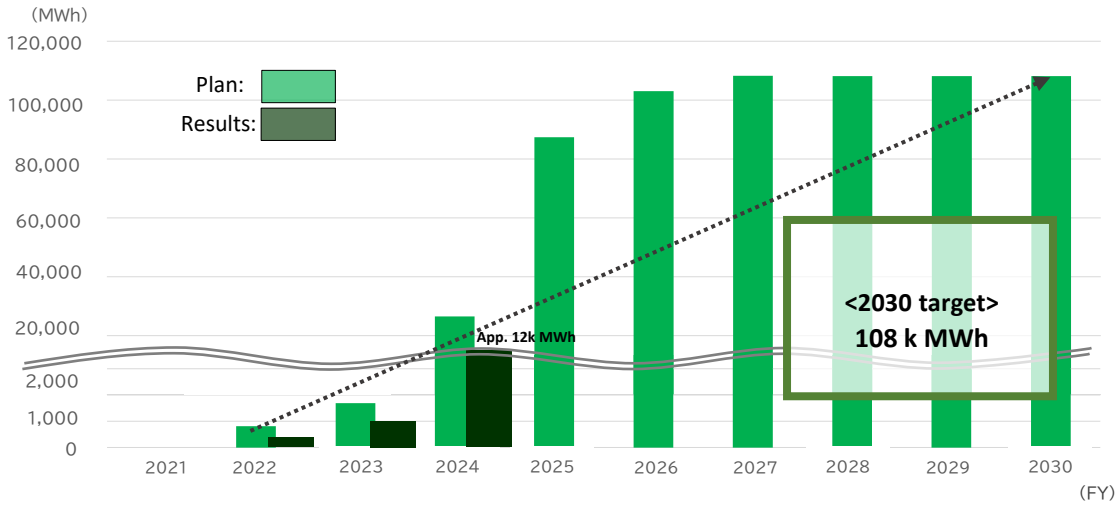
Metrics and Targets: Nishimatsu Transition Plan for CN Society [ZERO30 Roadmap 2023]

CO_2 Reduction Plan for Scope 3 Category 11 and Power Generation Plan with Energy Creation with Their Results

[Target (2)] CO_2 reduction plan and results for Scope 3 Category 11



[Scope (3)] Energy creation plan by renewable energy and results



For Scope 3 Category 11 in FY2024, although there was an increase compared to FY2023, we made progress against our reduction plan and achieved the target.

This is largely attributable to the fact that the introduction of renewable electricity in completed buildings has progressed beyond the reduction plan, and the ZEB design (BEI reduction) in design-build projects has contributed significantly.

Regarding energy creation, in addition to the geothermal power generation and solar power PPA implemented up to FY2023, a woody biomass power generation facility began operation in FY2024. The actual power output of approximately 12,000 MWh, while below the planned volume, represents progress over the previous fiscal year.

Currently, a total of five renewable energy generation facilities are in operation: three solar power PPA projects, one geothermal power plant, and one woody biomass power plant. Together, they supply renewable electricity to society with a combined output of approximately 3 MW.

Looking ahead to our FY2030 target, we plan to begin operation of a methane fermentation biogas power plant and other facilities in FY2025. We will continue to advance projects aimed at launching additional power generation facilities, including solar and small-scale hydropower, in various locations.

Metrics and Targets (Performance and Relevant Data)

Metrics and Targets: CO_2 Emissions Results

Scope 1, 2 and 3 emissions results

● Scopes 1 and 2*

Unit: kt-CO_2

Classification	Calculation range	FY2023	FY2024	Ratio
Scope 1	• Greenhouse gas (CO_2) emissions from combustion of fuels used in business activities. • The scope of business covers our entire group.	26.5	29.0	67%
Scope 2	＜Market-based＞ • Indirect greenhouse gas (CO_2) emissions derived from electricity and heat used in business activities. • The scope of business covers our entire group.	14.5	14.2	33%
	(Reference) *＜Location-based＞* • *Indirect greenhouse gas (CO_2) emissions derived from electricity and heat used in business activities.* • *The scope of business covers our entire group.*	*23.4*	*25.0*	—
	Total (Scope 1 + Scope 2 (market-based))	41.0	43.3	100.0%

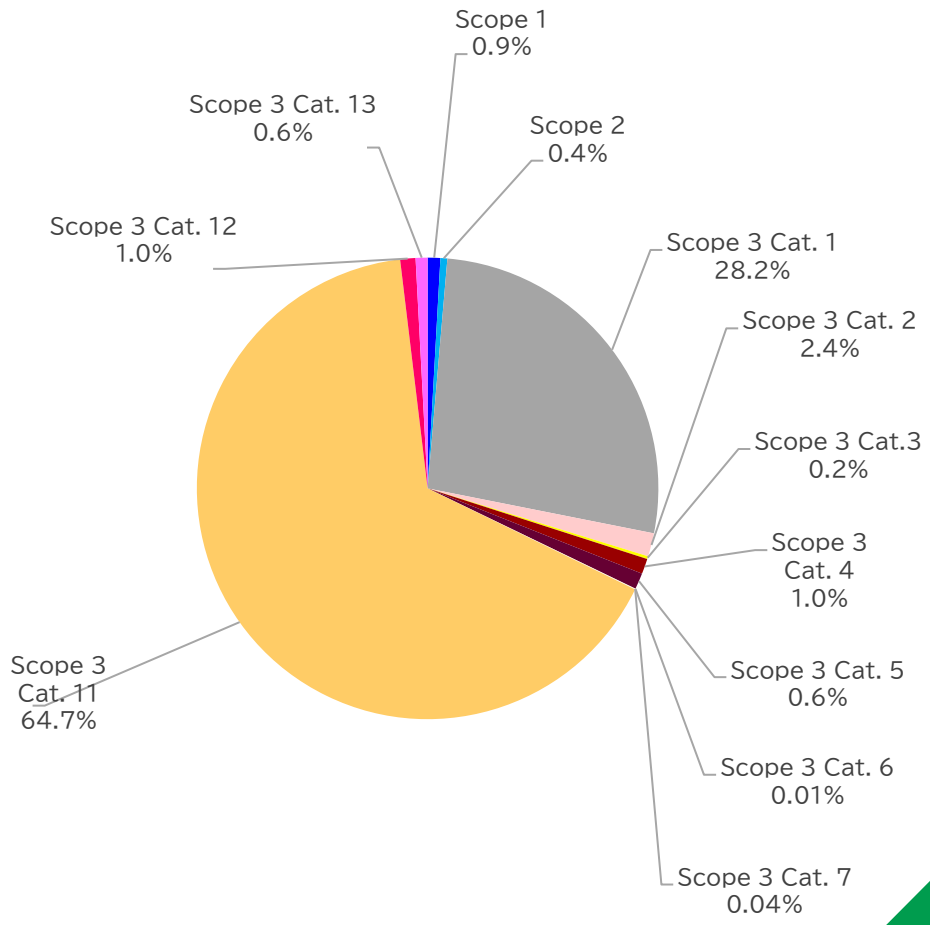
● Scope 3*

Unit: kt-CO_2

Classification	Calculation range	FY2023	FY2024	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.	802.8	954.9	28.2%
2 Capital goods	• Emissions from construction, manufacturing, and transportation of capital goods purchased or acquired by the Group (estimated from total capital investment in FY2024)	49.1	81.3	2.4%
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 (fuel not included)	5.9	8.0	0.2%
4 Transportation and distribution (upstream)	• Emissions from logistics (transportation from the supplier to the site) of major materials purchased by the Group	33.9	32.5	1.0%
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	22.0	20.8	0.6%
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).	0.4	0.4	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)	1.5	1.5	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 Report 47 of The Building Energy Consumption Survey) (obtained by multiplying the annual CO_2 emissions calculated for each building type by the period of building service)	1,673.2	2,194.6	64.7%
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 major materials purchased by the Company is the physical quantity of “sold products” and that these will be disposed of or treated in the future)	32.1	33.2	1.0%
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, 2025)	25.0	20.1	0.6%
	Total	2,645.8	3,347.5	100.0%

*Scope 1 and 2 emissions for domestic construction business are estimated based on sample sites (sampling rate: approximately 70% on a construction progress basis).

Ratio of Scopes 1, 2 and 3 in FY2024



*Categories 8, 9, 10, 14, and 15 of Scope 3 do not apply to our business activities.

Metrics and Targets: Measures with Results and Targets

Scopes 1 & 2 main reduction measures: Results and targets

Main measure			FY2023 result	FY2024 result	FY2025 target	FY2030 target
On-site environmental measures (energy conservation)	CO_2 emissions reduction by energy conservation		▲1.2kt-CO_2	▲1.3kt-CO_2	▲1.2kt-CO_2	▲1.9kt-CO_2
	Introduction rate of diesel oil combustion enhancers (K-S1-added diesel fuel usage / total diesel fuel usage) <Scope 1 reduction>		52% (▲910t-CO_2)	45% (▲830t-CO_2)	75% (▲925t-CO_2)	100% (▲1,586t-CO_2)
	Number of sites where N-TEMS is installed *Nishimatsu Tunnel Energy Management System <Scope 2 reduction>		3 sites ▲660k kWh (▲289t-CO_2)	5 sites ▲1,190k kWh (▲503t-CO_2)	4 sites equiv. ▲763k kWh (▲273t-CO_2)	5 sites equiv. ▲1,110k kWh (▲342t-CO_2)
Introduction of renewable electricity *Including in-house power generation	CO_2 emissions reduction by renewable energy (Groupwide) <Scope 2 reduction>		▲10.9kt-CO_2	▲11.4kt-CO_2	▲11.3kt-CO_2	▲27.3kt-CO_2
	Renewable electricity introduction rate (Groupwide) (renewable electricity introduction volume / total electricity consumption volume)		47%	46%	35%	77%
		Domestic construction business	52%	45%	43%	80%
		Domestic offices (not including construction activities)	94%	99%	89%	100%
		International Business	0%	2%	8%	60%
		Asset Value-Added Business	15%	52%	68%	100%
		Group companies (Nishimatsu Jisho, Nishimatsu Hotel Management)	22%	75%	9%	100%
Scope 3 Category 11 (Operational CO_2 emissions from completed and delivered buildings)			1,673kt-CO_2	2,193kt-CO_2	1,950kt-CO_2	2,328kt-CO_2

Power generation by energy creation: Results and targets

Measure	FY2023 result	FY2024 result	FY2025 target	FY2030 target
Volume of energy created (renewable energy generation)	Approx. 0.9k MWh (▲390t-CO_2)	Approx. 12k MWh (▲5,200t-CO_2)	Approx. 87k MWh (▲35,700t-CO_2)	Approx. 108k MWh (▲40,000t-CO_2)

Metrics and Targets: Relevant Data

Climate-related environmental data

● Nishimatsu Construction Group: Environmental data

Item		Unit	FY2023	FY2024
Water	Water withdrawal (water consumption)	1,000 m^3	729	888
	Water discharge	1,000 m^3	—	876
Energy	Electricity	1,000 kWh	53,577	58,224
	Fuel	1,000 liters	10,214	11,069
Industrial waste	Discharge volume	1,000 t	705	544
	Of which specially controlled industrial waste	1,000 t	0.4	0.5
	Final landfill disposal rate (*domestic only)	%	2.0	3.3 (FY2030 target: less than 2.5%)

<Scope of calculation>
Scope of Nishimatsu Construction Group: Nishimatsu Construction (civil engineering/building construction activities, office and other non-construction activities, and International, Asset Value-Added, and Regional Environmental Solutions businesses) and consolidated subsidiaries (Nishimatsu Jisho, Nishimatsu Hotel Management)

*CO_2 emissions and water consumption during construction are based on sampling surveys.

*CO_2 emissions are calculated based on the CO_2 emission factor specified by the Global Warming Countermeasures Act.

● CO_2 emissions intensity of domestic construction business

Item	Subject	Unit	FY2023	FY2024
CO_2 emissions intensity	Civil engineering	t-CO_2/billion	2.34	2.67
	Building construction	t-CO_2/billion	0.41	0.43
	All	t-CO_2/billion	1.01	1.23

Environmental certification-related data

● ZEB-related design results (FY2024)

Certification rank	Use	Location	Total floor area (m^2)	Completion
ZEB*	Office	Tokushima Pref.	589	Oct 2024
ZEB Ready	Office	Fukuoka Pref.	8,683	Jul 2024
	Logistics facility	Ibaraki Pref.	49,530	Aug 2024
	Office	Tokyo Pref.	4,365	Feb 2025

*ZEB (Net Zero Energy Building):
A building that aims to achieve an annual net-zero balance in primary energy consumption during operation through energy efficiency measures and renewable energy generation. Buildings are classified into four categories based on their reduction rate, with "ZEB" achieving 100% or greater reduction, followed by "Nearly ZEB," "ZEB Ready," and "ZEB Oriented" in descending order.

Environmental regulatory-related data

● Environmental certifications and regulatory violations in business activities

Item	Unit	FY2023	FY2024
ISO14001 certification rate at business sites	%	94.4	96.2
Environmental regulatory violation	Case	0	0

Engagement

Collection of information regarding environmental initiatives with partner companies

We recognize that collaboration with our nationwide network of partner companies, "N-NET," is essential for our carbon neutrality initiatives. In addition, we are actively promoting engagement with N-NET through enlightening them about our overall environmental initiatives and implementing collaborative CO_2 reduction measures. Specifically, regarding environmental initiatives such as the introduction of eco-friendly fuels and diesel combustion enhancers and the promotion of fuel-efficient operation, we encourage continuous and proactive sustainability efforts by our partner companies through policy communication, information sharing, and implementation support.
For enlightenment activities, we hold seminars by external experts to enhance N-NET's environmental knowledge and awareness. In FY2024, to advance our engagement with N-NET more effectively, we conducted a survey along with introducing our environmental initiatives. Through this survey, we confirmed N-NET’s status on setting environmental goals and their awareness of decarbonization efforts, which will help us build and strengthen our engagement framework going forward.

Initiatives to promote customers’ decarbonization activities

As part of our engagement efforts with customers toward achieving ”Carbon Neutrality by 2050,” we are promoting the design and construction of environmentally friendly “ZEB (Net Zero Energy Buildings)” that emit less CO_2.

The CO_2 emitted by completed and delivered buildings falls under Scopes 1 and 2 for our customers, while for us it constitutes Scope 3 Category 11. Reducing these emissions requires cooperation between our customers and our company.

Specifically, we are advancing initiatives to incorporate building plans that reduce the Building Energy Index (BEI), which indicates a building's energy efficiency performance, into the design of actual buildings, by examining decarbonization requests from customers and proposing building decarbonization methods to customers. Furthermore, even after completion and delivery, we continue to share information about the buildings with our customers to verify actual operational CO_2 emissions from the buildings and to identify new needs based on real-world performance.

Participation in RE100

We joined RE100* in September 2021, committing to using renewable energy for 60% of all electricity consumption by 2030 and 100% by 2040. The ZERO30 Roadmap 2023 plans to convert 77% of all electricity consumption to renewable energy by FY2030.
[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.

	Base year	Target and result for renewable electricity consumption rate in business activity					
		FY2021 result	FY2022 result	FY2023 result	FY2023 result	FY2030 target	FY2040 target
RE100-recommended target	2020	—	—	—	—	60%	100%
Our target and result	2020	3%	24%	47%	46%	77%	100%

Response to CDP

We have been responding to the CDP* questionnaire since 2018 and have consistently received Management level or higher evaluations in the “Climate Change” category each year.
In our 2024 response, we have actively addressed questions regarding the 1.5°C-aligned transition plan based on the “Nishimatsu Transition Plan for 2050 CN Society.”

*CDP: An organization that surveys, evaluates, and discloses environmental initiatives, including climate change efforts, of companies, organizations, and local governments worldwide. CDP's environmental information disclosure and evaluation process is globally recognized as the international standard for corporate environmental information disclosure.

<Climate change score>

2021	2022	2023	2024
A-	B	A-	B

Score definition		
High	A	Leadership level
	A-	
	B	Management level
	B-	
	C	Awareness level
	C-	
	D	Disclosure level
Low	D-	

Engagement: National Initiatives and Industry Associations

We actively participate in national initiatives and industry associations, contributing to efforts toward achieving the 1.5°C target and building a carbon-neutral society through proposals that address challenges discussed in meetings, as well as by expressing opinions on and endorsing policy recommendations.

Participation in Japan Climate Initiative (JCI)

In 2018, we joined the Japan Climate Initiative (JCI)* and endorsed the initiative's recommendations to policymakers in order to promote decarbonization in Japan.
In July 2024, we expressed our support for the “Message calling on the Japanese government to set an ambitious 2035 target aligned with the 1.5°C goal.”

*Japan Climate Initiative (JCI): A network established in 2018 of various actors including companies, local governments, and NGOs that aims to strengthen communication and exchange of opinions among all those implementing climate actions.

Joining Japan Climate Leaders’ Partnership (JCLP)

Nishimatsu joined the Japan Climate Leaders' Partnership (JCLP)* in June 2021. We participate in activities to promote the widespread adoption of renewable electricity and support the initiative's recommendations to policymakers.
In June 2024, by endorsing the 'RE100 Recommendations for Japan's Energy Policy,' we demonstrated our commitment to expanding our procurement of renewable electricity.

[Joined Japan Climate Leaders' Partnership (JCLP)] https://www.nishimatsu.co.jp/news/2021/jclp.html

*Japan Climate Leaders' Partnership (JCL): A unique Japanese business coalition established in 2009 based on the recognition that industry must have a healthy sense of urgency and initiate proactive actions to realize a decarbonized society. The membership includes 252 organizations as of January 2025, comprising leading Japanese companies from a wide range of industries.

Decarbonization Promotion Activities of the Japan Federation of Construction Contractors

As a member company of the Japan Federation of Construction Contractors, in the environmental field, we actively participate in the Environmental Committee and its various subcommittees focused on decarbonization, including the Environmental Management Subcommittee and the Global Warming Subcommittee. Through these activities, we lead the implementation of specific CO_2 reduction measures while advocating for raising the Federation’s overall targets.

In FY2024, the Global Warming Subcommittee conducted reviews to refine the methodology for calculating and aggregating CO_2 emissions in the business activities of member companies of the Japan Federation of Construction Contractors. Additionally, as a contribution to adaptation measures in climate change response, we endorsed the early formulation of medium- to long-term plans to further promote disaster prevention, mitigation, and national resilience.

Renewal of Eco-First Commitment

We have received certification for our “Eco-First Commitment (renewal)” under the “Eco-First Program*1” recognized by the Minister of the Environment. This renewal includes new targets and initiatives related to global environmental protection.
The new commitment (renewal) now includes community contribution activities and sustainable finance initiatives in addition to the formation of a decarbonized society, preservation of biodiversity and coexistence with nature, formation of a circular society, and environmental education.
In the field of “formation of a decarbonized society," we have set targets in line with the "ZERO30 Roadmap 2023," which established interim targets for our company's carbon neutrality in terms of Scope 1+2, Scope 3 Category 11, and energy creation.

[Renewed Eco-First Commitment] https://www.nishimatsu.co.jp/news/2024/post_130.html
[Eco-First Commitment (Renewal)] https://www.nishimatsu.co.jp/esg/environment/management/#anc-03

SBT 1.5℃ certification

Nishimatsu Construction received SBTi 1.5°C certification from the SBTi (Science Based Targets initiative), an international initiative for our greenhouse gas emissions reduction targets through FY2030 (August 2024).
Previously, we obtained certification for "WB2°C (well-below 2°C) level" from SBT (June 2022), but now based on the ZERO30 Roadmap 2023, we elevated the reduction targets and obtained certification at the "1.5°C level."
This certification confirms that our reduction targets align with the Paris Agreement's aim “to limit the global average temperature rise to 1.5°C above pre-industrial levels” and have been evaluated as being scientifically based.

[SBT1.5°C certification] https://www.nishimatsu.co.jp/esg/environment/initiatives/#anc-03

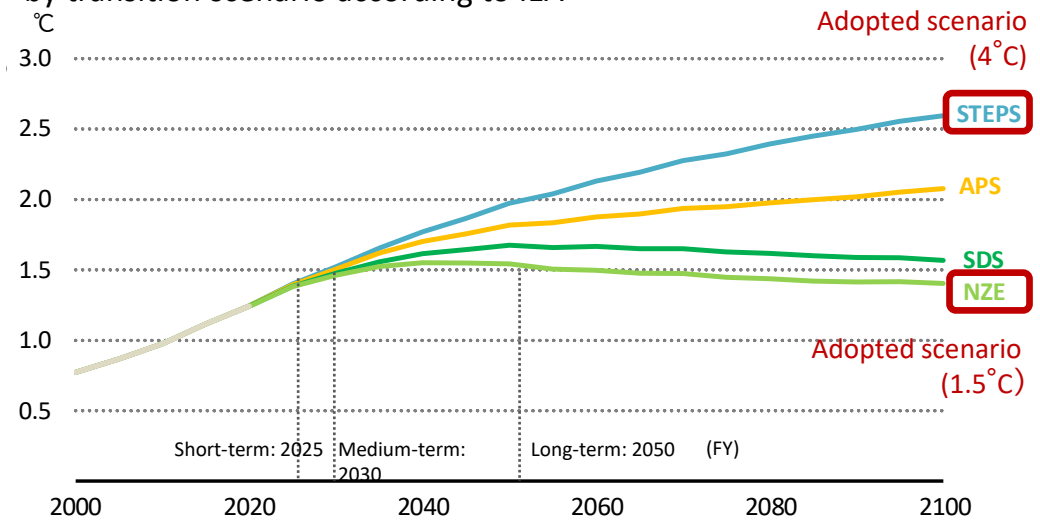
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

*1 Eco-First Program:
A program in which companies make commitments to the Minister of the Environment regarding their environmental conservation initiatives, such as measures against global warming and waste/recycling efforts. The Minister of the Environment certifies that these companies are conducting 'advanced, original, and influential business activities' in the environmental field and are environmental leaders in their respective industries. The purpose of this system is to encourage companies to pursue environmentally progressive initiatives within their industries.
<Reference> Eco-First Program: https://www.env.go.jp/guide/info/eco-first/

References

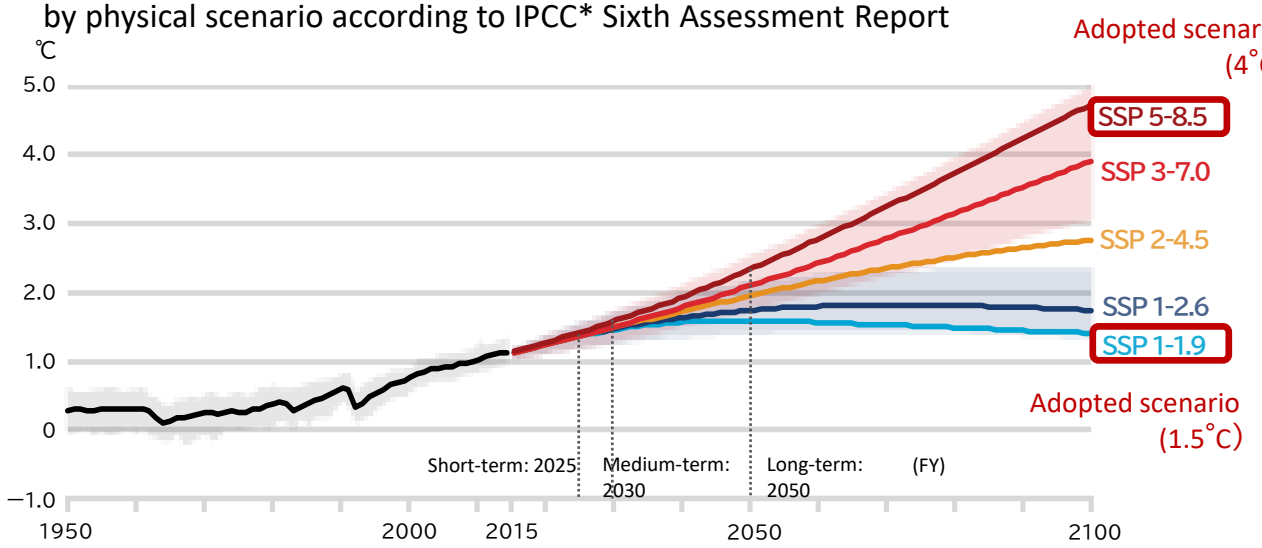
(Reference) Change in global average temperature in each scenario

■ 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.

Key Parameters for Scenario Analysis

(Reference) Key parameters in each scenario

Parameter	Source
Carbon price (yen/t-CO_2)	IEA “WEO (World Energy Outlook) 2024” (NZE Scenario)
Share of renewable energy in global energy supply	
Labor reduction rate due to heat stress (%)	ILO “Working on a warmer planet 2019”
Ratio of extreme high temperature occurrence associated with temperature change (%)	IPCC “Sixth Assessment Report”
Number of heat stroke patients transported due to rising temperatures	A-PLAT “Mortality risks, heat stroke, etc.”
Frequency of heavy rain events on land (occurring once every 10 years)	IPCC “Sixth Assessment Report”
Increase in coastal flood-vulnerable populations	World Resources Institute (WRI)
Purchase rate of environmentally-friendly homes (%)	Dentsu "Ethical Consumption Awareness Survey 2022" (June 2022)
ZEB floor area extension rate (%)	IEA “ETP（Energy Technology Perspectives）2017”
Flood occurrence rate (%)	WWF “Water Risk Filter”