

# CSR

## CSR Goals

### I – Construction and Customers

#### Vision for 2027

- Providing the highest level of construction work and maximizing the quality of services
- Ensuring that satisfaction is maximized for all customers

| KPIs   | Fiscal 2020 Targets  | Results  | Self-Evaluation |
|--|--|--|-----------------|
| 1. Civil Engineering Division: Average annual construction performance evaluation scores for public works projects | 79 points or more  | 80.3 points  | ◎               |
| 2. Building Division: Percentage of "A" ratings in customer questionnaires   | 90% or higher  | 87.3%  | △               |
| 3. International Division: Number of technical training seminars held  | 10times(2×5countries)  | 5times   | △               |
|  | <b>Action Plan</b> <ol style="list-style-type: none"> <li>1. Systematically conduct quality inspections with a view to promptly identify and resolve any problems that occur at construction sites</li> <li>2. Carry out construction with an accurate understanding of customer demands and requests.</li> <li>3. Hold training sessions for young construction workers in Japan and technical training courses for workers in other countries</li> </ol> | <b>Actions Taken</b> <ol style="list-style-type: none"> <li>1. Quality inspections were made more effective, resulting in zero accidents at construction sites.</li> <li>2. Shared client needs and requests with construction departments, but some sites received low evaluations and we were unable to meet the target.</li> <li>3. Due to COVID-19, the Company did not have the planned number of sessions, but created new learning materials in English and the local language of each site, and used Zoom, etc. to hold sessions.</li> </ol> |                 |

**Self-Evaluation:** ◎ = Achieved, ○ = Mostly achieved, △ = Not achieved

#### Planned Measures

1. Communication between branch office management and construction site personnel will be enhanced in an effort to quickly identify and resolve any problems at construction sites.
2. We will continue to provide employees with training that better enables them to understand the needs of our customers and ensures construction processes and outcomes that make customers happy and provide peace of mind.
3. In addition to continuing training overseas, we will conduct training in Japan for local overseas staff and continually hold seminars for junior Japanese employees.



## II – Safety and Health

### Vision for 2027

- Achieving the goal of zero occupational injuries
- Eliminating long working hours and creating comfortable workplaces

| KPIs   | Fiscal 2020 Targets  | Results  | Self-Evaluation |
|--|--|--|-----------------|
| 1. Rate of injuries requiring 4 or more days of absence from work            | 0.6 or lower   | 0.75   | △               |
| 2. Rate of injuries requiring 1 or more days of absence from work            | 1.0 or lower   | 1.11   | △               |
| 3. Percentage of employees working less than 64 hours of overtime per month  | 95% or higher  | 83.8% (Civil Engineering) ,<br>83.2% (Building Construction)   | △               |
| 4. Percentage of home leave days used by Japanese employees outside of Japan | 100%   | 100%(including cash payments)  | ○               |
|  | <b>Action Plan</b>   | <b>Actions Taken</b>   |                 |
|  | <ol style="list-style-type: none"> <li>1. Improve every aspect of on-site safety by sharing information on best safety-related practices by the foremen's association, both internally and through training programs.</li> <li>2. Rigorously use "point and call" safety check routines at construction sites to prevent human error.</li> <li>3. Utilize ICT, improve productivity, and close workplaces on Saturdays to reduce long working hours</li> <li>4. Encourage overseas employees to take planned vacation days.</li> </ol> | <ol style="list-style-type: none"> <li>1. Information on exemplary safety-related initiatives was shared internally and through training programs.</li> <li>2. Started conducting "point and call" safety check routines that encompass two or more categories at construction sites and worked to confirm implementation of these routines during on-site patrols.</li> <li>3. Launched an app designed to raise productivity and promoted its use at construction sites.</li> <li>4. Due to international travel restrictions from COVID-19, we adopted a cash payment system in lieu of employees temporarily returning to their home country.</li> </ol> |                 |
|  | <b>Self-Evaluation:</b> ⊕ = Achieved, ○ = Mostly achieved, △ = Not achieved  |  |                 |

### Planned Measures

1. Safety initiatives must be enhanced because of issues such as underachievement of targets for accident rates. In order to inculcate the "point and call" method, site managers and foremen will set an example, while employees and foremen will tour construction sites, verbally confirming that correct procedures are being implemented.
2. Although the percentage of vacation days used by employees increased, more needs to be done to change attitudes in order to reduce long working hours. One way of accelerating this process will be to introduce horizontal operational reform initiatives led by the Work-Style Innovation Promotion Department.
3. Going forward, we will consider mental health care measures for employees who were unable to take a leave to return to their home country due to COVID-19.



### III – Employment and Human Rights

#### Vision for 2027

- Proactively invest in human resources to ensure sustainability
- Increase employee satisfaction to retain personnel

| KPIs             | Fiscal 2020 Targets   | Results  | Self-Evaluation |
|------------------|---|--|-----------------|
| 1. Turnover rate | 1.5% or lower<br><b>Action Plan</b><br>1. Reduce the turnover rate by analyzing reasons why employees quit and studying countermeasures<br>2. Promote a variety of work styles to motivate and inspire employees. | 1.8%<br><b>Actions Taken</b><br>1. Since the turnover rate of young employees is high, conducted regular interviews with young employees with the aim of uncovering causes and preventing them from leaving.<br>2. Certified among the White 500 organizations for the fourth year in a row. | △               |

**Self-Evaluation:** ⊕ = Achieved, ○ = Mostly achieved, △ = Not achieved

#### Planned Measures

1. To create an environment conducive to employees doing fulfilling work, we started using a new personnel system that will be more popular with employees.
2. The effects of introducing flextime and telecommuting systems will be evaluated with the aim of realizing more flexible work styles. In addition, utilizing the experience of telecommuting as a measure to prevent the spread of COVID-19, the work environment will be improved to accommodate more flexible work styles.



## IV – Governance

### Vision for 2027

- Establishing corporate governance to achieve accountability
- Earning trust by visualizing operations and organization
  - Ensuring thorough compliance
- Securing business sustainability and becoming a trustworthy company through complete risk control

| KPIs  | Fiscal 2020 Targets   | Results  | Self-Evaluation |
|---|---|--|-----------------|
| 1. Evaluations and specific indicators from auditors                        | No item indicated   | No item indicated  | ⊙               |
| 2. Risk management<br>The number of the items related to high risk          | No item ranked as high risk (A) 0   | 2  | △               |
|   | <b>Action Plan</b><br>1. Maintain the soundness and effectiveness of the Company's RN21 system<br>2. Use risk management checklists and conduct deliberations and evaluations of the effectiveness of countermeasures | <b>Actions Taken</b><br>1. No items designated by the RN21 system were identified.<br>2. Held risk mitigation activities in each division, but two high risk (A) incidents occurred. |                 |
| <b>Self-Evaluation:</b> ⊙ = Achieved, ○ = Mostly achieved, △ = Not achieved |   |  |                 |

### Planned Measures

1. The department and committee in charge of compliance, along with all related departments, will continue working together and sharing information. Ongoing training sessions targeting various occupational categories as well as an e-learning course will continue to be provided to raise awareness of compliance among employees.
2. To continue lowering high risks, we will use Risk Countermeasure Checklists while discussing and evaluating the efficacy of specific measures. Additionally, we will continue focusing on the impact of the spread of COVID-19 has on each risk item, while also looking at countermeasures.





## V – Environment

### Vision for 2027

- Stepping up efforts to be a company with advanced environmental management
- Establishing the foundations to maintain environmental compliance and ensuring they last
  - Actively engaging in the environmental solutions business

| KPI  | Fiscal 2020 Targets   | Results  | Self-Evaluation |
|--|---|--|-----------------|
| 1. CO <sub>2</sub> emissions (t-CO <sub>2</sub> )  | 51,000 t -CO <sub>2</sub> (Construction)<br>1,454 t -CO <sub>2</sub> (Other than construction)  | 57,530 t -CO <sub>2</sub><br>1,350 t -CO <sub>2</sub>  | △               |
| 2. Percentage of construction waste sent to final landfill disposal (%)                            | 2.7% or lower   | 2.04% or lower   | ◎               |
| 3. Number of outside (field) areas where activities to preserve biodiversity have been implemented | 2 or higher   | 3  | ◎               |
|  | <b>Action Plan</b> <ol style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions                             <ul style="list-style-type: none"> <li>Promote introduction of biodiesel fuel and diesel combustion improver (K-S1)</li> <li>Use LEDs for lighting at permanent offices</li> </ul> </li> <li>Pursue zero waste emissions                             <ul style="list-style-type: none"> <li>Reduce mixed waste by implementing Nishimatsu Construction's waste materials sorting rules</li> </ul> </li> <li>Implement biodiversity conservation activities</li> </ol> | <b>Actions Taken</b> <ol style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Used approximately 191,858 ℓ liters of biodiesel fuel and about 3,538.5 ℓ liters of K-S1.</li> <li>Introduced LEDs for temporary lighting at all relevant sites. Introduced LEDs for lighting at about 60% of site offices. Introduced LEDs for lighting at over 90% of Company-owned permanent offices.</li> </ul> </li> <li>The percentage of total waste that was disposed of in landfills came to 2.04% after materials were carefully separated according to internal rules (in collaboration with a recycling company).</li> <li>Construction methods that accommodate biodiversity were used at construction sites. To raise awareness of biodiversity among employees, biodiversity conservation events were held in various regions of Japan, including a Kanto Civil Engineering Regional Headquarters event at a Company-owned forest.</li> </ol> |                 |
| <b>Self-Evaluation:</b> ◎ = Achieved, ○ = Mostly achieved, △ = Not achieved                        |   |  |                 |

### Planned Measures

- As a company taking the lead in environmental management in Japan's construction industry, Nishimatsu Construction will work to achieve a net zero carbon footprint and contribute to worldwide efforts to decarbonize.
- The Company will aim to reduce the percentage of total waste that is disposed of in landfills by effectively handling and recycling waste materials.
- In addition to updating the in-house guidebook that serves as the basis for activities to conserve biodiversity at all construction sites, activities to preserve biodiversity will be independently and proactively implemented at the head office and regional headquarters.



## VI – Local Communities and Society

### Vision for 2027

- Taking an active part in society as a corporate citizen
- Making contributions by capitalizing on business skills

| KPI   | Fiscal 2020 Targets  | Results   | Self-Evaluation |
|---|--|---|-----------------|
| 1. Number of community service activities conducted during the year | 100  | 29  | △               |
|   | <b>Action Plan</b><br>1. Conduct community service activities that lead to building positive relationships with communities. | <b>Actions Taken</b><br>1. We undertook a variety of activities in Japan and overseas. <ul style="list-style-type: none"> <li>• Initiatives of Food Pantry, a dietary education activity that distributes free food to local residents.</li> <li>• Launched Nishimatsu Construction Child Protection Team Activities, dedicated to the safety and security of communities and children.</li> <li>• Donated personal computers for reuse at educational institutions in Laos.</li> </ul> |                 |

**Self-Evaluation:** ⊕ = Achieved, ○ = Mostly achieved, △ = Not achieved

### Planned Measures

- Because there are fewer reports of community service activities, we will continue to cultivate recognition of the significance of making a social contribution among all employees and develop a plan for additional activities.



## VII – Industry and Supply Chains

### Vision for 2027

- Building fair CSR supply chains

| KPIs  | Fiscal 2020 Targets   | Results  | Self-Evaluation |
|---|---|--|-----------------|
| • No. of N-NET Growth Strategy Conferences                                  | 13 times/year   | 13 times   | ⊙               |
|   | <b>Action Plan</b><br>1. Strengthen ties between N-NET members and work sites, branches, and regional headquarters. | <b>Actions Taken</b><br>1. Held N-Net Growth Strategy Conference to identify issues and examine solutions. |                 |
| <b>Self-Evaluation:</b> ⊙ = Achieved, ○ = Mostly achieved, △ = Not achieved |   |  |                 |

### Planned Measures

- The Company will verify the outcomes of initiatives decided at N-NET Growth Strategy Conferences.



## VIII – Communication

### Vision for 2027

- Actively expanding CSR activities
- Maintaining appropriate CSR activities

| KPI   | Fiscal 2020 Targets   | Results  | Self-Evaluation |
|---|---|--|-----------------|
| 1. Number of times dialogue was held with major shareholders                | 10 or more cases<br><br><b>Planned Measures</b><br>1. Engage in dialogue with domestic institutional investors and report outcomes to the Board of Directors. | 14 sessions<br><br><b>Actions Taken</b><br>1. Held 14 meetings with major shareholders (institutional investors) and reported to the Board of Directors the requests received through the meetings, and used them as references for the Medium-Term Management Plan. | ◎               |
| <b>Self-Evaluation:</b> ◎ = Achieved, ○ = Mostly achieved, △ = Not achieved |   |  |                 |

### Planned Measures

- Actively engage in dialogue with shareholders.

