

Sustainability Promotion System

Sustainability Slogan (Basic Policy)

The Company has set forth as its Corporate Philosophy to “Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services,” while having as its mission to contribute to regional society and the environment through the structures and services it provides, and to build a sustainable future. This is the very essence of a sustainable way of thinking.

Under this Corporate Philosophy, we have formulated our Sustainability Slogan (Basic Policy), which is to “create together, shine together.” We will further put into practice sustainability management as we look to realize our goal of a sustainable society.



Sustainability Slogan (Basic Policy)

“Create together, shine together.”

Our thoughts

In 2050, a time when we can imagine that an array of social issues will become even graver, just what kind of sustainable society will we be able to accomplish?
Our strength lies in our ability to develop social infrastructure, which we have cultivated over the years, and in our ability to bring together a diverse range of skills to fulfill our objectives.

Our intent is to provide solutions to social issues by keeping close relationships with regional communities and by making full use of our collaboration with various partners.

We strive to realize a society where everyone can shine by thoughtfully connecting people, communities, and nature, and creating vibrant spaces for all.

areas within the meeting, namely the Risk and Opportunity Management Committee, Human Rights Committee, DE&I Committee, and Environmental Committee, and appointed a chairperson and secretariat for each.

FY2024 activity

The Sustainability Strategy Meeting met 14 times in FY2024. Each committee associated with the Sustainability Strategy Meeting includes relevant department heads and personnel as members and support staff in the secretariat. These committees convened according to the schedule throughout the year, resulting in a clearer understanding of the initiatives that need to be implemented in each priority area. This approach facilitated steady progress in discussions and the implementation of the initiatives.

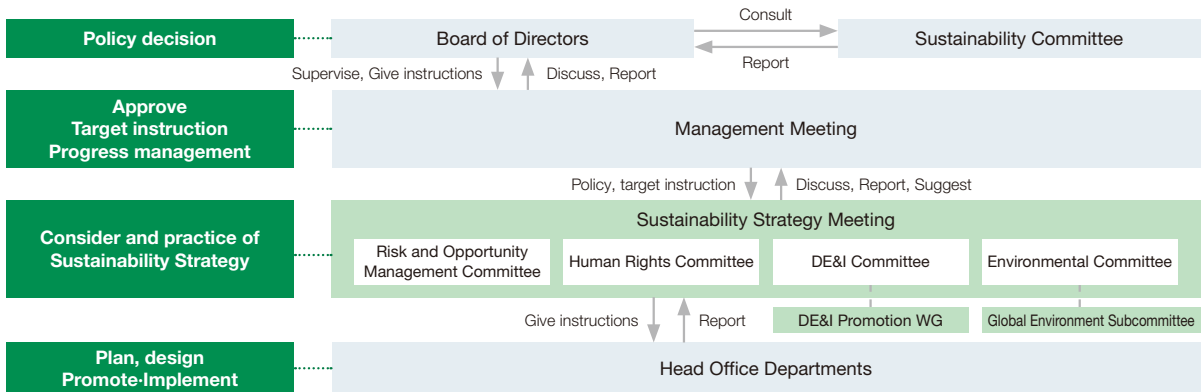
The newly established Human Rights Committee has revised its structure to facilitate engaging discussions throughout the Company and the swift implementation of initiatives. The committee conducted a survey on human rights due diligence (hereinafter, “human rights D.D.”) activities within the supply chain and our Declaration of Partnership Building, a task which had not been undertaken. The Company selected 457 business

partners with close relationships based on the value of the Company's orders with them and other criteria, and 375 of the 457 partners responded to the survey. Based on the feedback received, we have started following up with business partners identified as high-risk to mitigate potential risks. Additionally, we have developed an Anti-corruption Policy aimed at promoting awareness of anti-corruption activities within the Group.

The DE&I Committee first held a seminar to increase committee members' awareness of DE&I issues and educate them to facilitate meaningful discussions that promote DE&I. After that, the committee initiated discussions and formulated a DE&I Policy which will serve as the foundation for the Group's approach to the promotion of DE&I.

The Sustainability Strategy Meeting discussed policies and initiatives aimed at promoting sustainability that extend beyond the scope of each committee's efforts. Consequently, to promote sustainability throughout the Company, the Sustainability Strategy Meeting submitted a proposal to expand the KPI tree and integrate it into personnel evaluations to the Management Meeting (formerly the President and General Managers Meeting). This led to the revision of the personnel evaluation system which will be implemented in FY2025.

Sustainability promotion system chart



Sustainability Promotion System

Establishment of the system and subsequent modifications

We developed a sustainability promotion system in April 2023, established the Sustainability Committee as an advisory body to the Board of Directors, and the Risk and Opportunity Management Committee with the aim of Company-wide management of risks and opportunities.

The Sustainability Committee consists of outside directors, internal directors, and outside experts. The committee convenes four times a year. It investigates and deliberates on matters regarding the policies for responding to materiality and environmental changes (risks and opportunities) linked to materiality from a long-term perspective and from a multi-stakeholder standpoint, based on consultations with the Board of Directors, and then reports back to the Board of Directors.

The Risk and Opportunity Management Committee, consisting mainly of the deputy general managers of each business division, held meetings 17 times in its first fiscal year. In addition to risks and opportunities in our business activities, as one part of the committee's management of risks and opportunities from a long-term perspective, it also formulated our Sustainability Slogan (Basic Policy), and deliberated on the consideration and practice of overall sustainability policies.

In FY2024, the Company reviewed its sustainability promotion structure to address the challenge of deepening and expediting discussions, which arose from its sustainability promotion activities during the first fiscal year. The Company established the Sustainability Strategy Meeting to ensure steady progress in discussions about various critical aspects of a broad scope of its sustainability promotion activities. In tandem with this, we established four committees in critical

Sustainability Strategy Meeting and Each Committee

Name	Purpose	Major agenda items in FY2024
Sustainability Committee	Investigates and deliberates on matters regarding the policies for responding to materiality and environmental changes (risks and opportunities) linked to materiality from a long-term perspective and from a multi-stakeholder standpoint and reports back to the Board of Directors.	- Creating a KGI for the Sustainability Slogan (Basic Policy) and expanding the KPI tree - Identifying risks from a long-term perspective - Formulating an Anti-corruption Policy and a DE&I Policy
Sustainability Strategy Meeting	Study and implementation of a sustainability strategy to resolve materiality issues and to realize a sustainable society	- Expanding the KPI tree - Integrating sustainability goals into personnel evaluation criteria and enhancing internal communication regarding this initiative
Risk and Opportunity Management Committee	The appropriate implementation of Company-wide risk management pertaining to risks and opportunities. Implements "management of risks and opportunities from a long-term perspective" and "management of risks and opportunities in business activities."	- Managing risks in business activities - Identifying risks from a long-term perspective and examining risk scenarios
Human Rights Committee	Promotes initiatives to internal and external stakeholders for respecting human rights based on our Human Rights Policy, including human rights due diligence in the supply chain.	- Conducting human rights D.D. activities in the supply chain - Conducting a survey regarding the Declaration of Partnership Building - Formulating an Anti-corruption Policy
DE&I Committee	Nurtures a corporate culture that enables diverse human resources to play active roles with excitement as well as evaluates, implements and monitors diversity, equity, and inclusion initiatives with a long-term view.	- Holding seminars to promote DE&I - Formulating a DE&I Policy
Environmental Committee	Promotes environmental management and facilitates Company-wide environmental activities. →Environment P64	- Proposal regarding the disclosure of Climate Information 2025 - Climate-related risks and opportunities

Creating Safe Construction Sites

See the Company's website for details
➡ <https://www.nishimatsu.co.jp/eng/esg/social/safety.html>

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
Create systems that enable diverse human resources to play active roles with excitement	Provide environments in which everyone can work with a sense of fulfillment and demonstrate their abilities	Promote work environment improvements	Frequency rate (4 or more days of absence from work)	0.4 or below (FY2025) 0.2 or below (FY2030)	0.88

Basic Safety and Health Policy

Basic Safety and Health Policy ➡ <https://www.nishimatsu.co.jp/eng/company/safety.html>

We have established a Basic Safety and Health Policy which reads, “We implement occupational health and safety measures (COHSMS)* to uphold the basic principle of respecting human life, to comply with the law, and in consideration of all people related to our Company. All people that work at our offices cooperate to achieve a safe, healthy, and comfortable workplace environment and to promote physical and mental health.” Under that, we are committed to ensuring the safety

and health of not only our employees, but also temporary staff, sub-contractors and their crews, and all workers at construction work sites.

* COHSMS: Construction Occupational Health and Safety Management System (COHSMS) formulated by the Japan Construction Occupational Safety and Health Association. The scope of application covers all business locations in Japan, excluding the Technical Research Institute.

Initiatives to Reduce Workplace Accidents

To achieve the health and safety management goals for FY2024, we focused on three actions.

- Implement safety measures that take into account intrinsic safety and engineering measures
- Eliminate the “big three” accidents designated by Nishimatsu Construction
- Promote voluntary activities by fully establishing Action 7.

In addition, safety and health training was provided to 327 employees and 791 foremen.

However, with the exception of no fatal accidents, we failed to achieve these targets.

In FY2025, we will come up with ideas for intrinsic safety and engineering measures with a view toward the prevention of the “big three” accidents designated by Nishimatsu Construction (slips/falls; getting caught up in machinery, equipment, vehicles or materials; and flying/falling objects). In addition, we will work proactively to prevent heatstroke, which is becoming a serious issue amid the recent record-breaking heat.

● FY2024 safety and health management targets	• Achieve zero fatal accidents • Frequency rate of 0.5 or below for injuries requiring four or more days of absence from work (12 or fewer incidents) • Frequency rate of 0.8 or below for injuries requiring one or more days of absence from work (20 or fewer incidents)	• Five or fewer “big three” accidents designated by Nishimatsu Construction (slips/falls; getting caught up in machinery, equipment, vehicles or materials; and flying/falling objects).
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Occurrence of a Fatal Accident

In March 2024, a fatal accident occurred due to a collapse during the reinforcement of a masonry retaining wall. To prevent any similar accidents from happening, we reaffirmed the need for thorough preliminary investigations during the planning stage, coordination between head office and branches

during construction planning, and strict adherence to displacement checks and inspections during construction. We will continue to check the status of the implementation of safety measures through inspections during patrols and regularly provide training.

Occupational Health and Safety Management System

The Company is not certified to OHSAS 18001 or ISO 45001, but our occupational health and safety management system operates in accordance with Japan’s Construction Occupational Health and Safety Management System (COHSMS).

At new project sites, we perform safety and health risk assessments prior to beginning work and create construction safety and health management plans based on the results of

these assessments. We carry out risk assessments on a case-by-case basis when applying methods or using equipment or materials that are different than initially planned. Each fiscal year, we review our plans to prevent accidents.

Occupational safety and health management system certifications
➡ <https://www.nishimatsu.co.jp/eng/esg/social/safety.html>

Quality Management

Policy on Quality
➡ <https://www.nishimatsu.co.jp/eng/company/safety.html>

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
Create an organization that can maximize on-site capabilities	Build an organization that can continually improve its trusted on-site capabilities	Improve customer satisfaction	Evaluation by clients	• Ministry of Land, Infrastructure, Transport and Tourism’s Average score for the year in construction result evaluations (Average: 80 or higher/target year) • Questionnaire evaluations upon completion of private-sector projects gain 99% or higher S/A evaluation	• 79.9 points • 98.5%

Quality Management System

In the Civil Engineering and Building divisions, we have established a Quality management system based on ISO 9001, and are working to ensure quality and continuously improve the

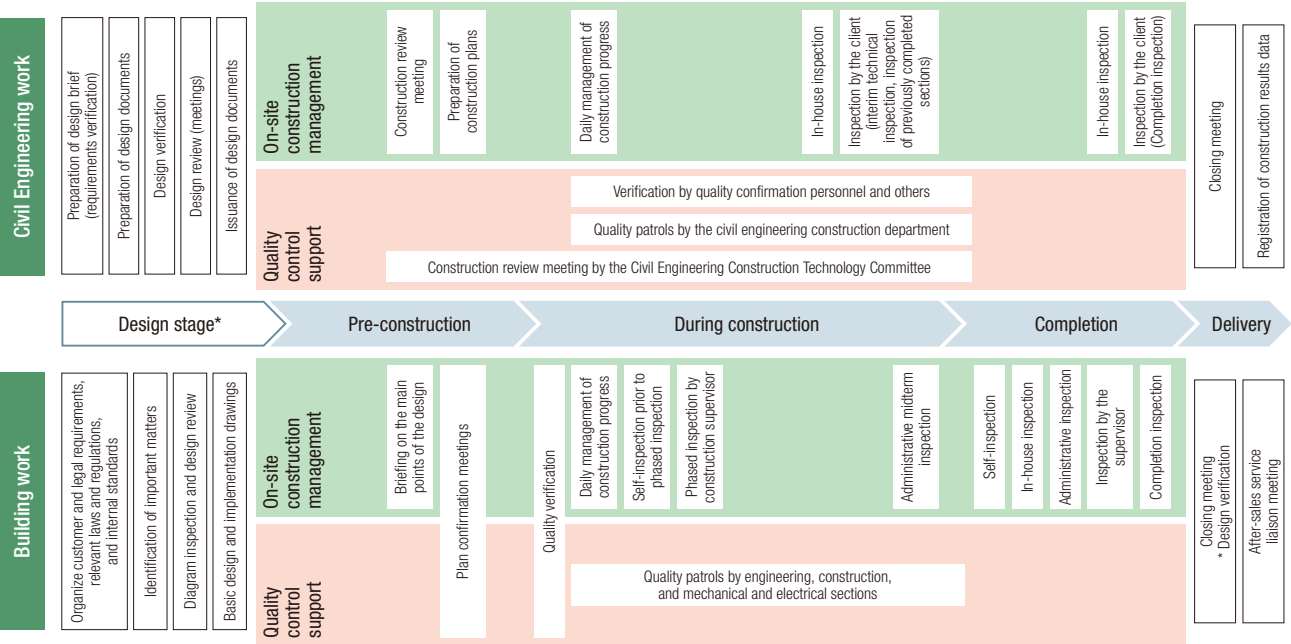
system at each stage of sales, design, construction, and after-sales service to achieve our quality policy of Providing Trusted Structures and Services and Improving Customer Satisfaction.

Quality Control Systems in Construction Projects

The Civil Engineering Business aims to ensure greater quality by effectively addressing defects that occur during construction at worksites throughout Japan. Specifically, it investigates the causes, response measures, and recurrence prevention measures at worksites, and reports on these to the Civil Engineering Department at the Head Office through the regional headquarters. The Head Office’s Civil Engineering Department compiles and analyzes reports from each regional headquarters, after which it shares information with each regional headquarters. Along with reflecting these defect case studies in construction plan drafts for similar projects to be built in the future, each regional headquarters utilizes these as learning materials as part of technical training for young employees. The Civil Engineering Construction Technology Committee is a specialized technical group involved in tunnel, shield, dam, and general civil engineering projects. It holds construction review meetings and other events as needed to provide technical guidance to improve quality and prevent product accidents.

In order to assure the quality of buildings, the Building Business manages quality through a work flow that integrates every step from design to construction and after-sales service following delivery. Specifically, the Building Business focuses first on communicating points of concern raised in the design stage to on-site workers to steadfastly resolve them after construction begins. Second, it focuses on providing technical guidance and education through worksite review meetings, and on-site quality confirmation meetings and quality verification covering the actual materials and structures. Third, it is focused on providing quality and technical support through the Quality Management Department for the construction of buildings whose quality can be assured. Moreover, in regard to after-sales service following delivery, the Building Business is working to strengthen the review function used to determine if service is provided in a fast, precise manner, and from a customer-oriented perspective.

Quality control flow



* In the case of design and construction by Nishimatsu

Addressing Human Rights Issues

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
Put in place partnerships that can maximize value creation	Build sustainable supply chains	Continue to implement human rights due diligence	Number of companies engaging in human rights due diligence	400 companies or more	457 companies

Human Rights PolicyHuman Rights Policy (Japanese only) ➡ <https://www.nishimatsu.co.jp/esg/social/humanrights.html>

We believe that the fundamental human rights of all people involved in our business should be respected. Based on the United Nations’ Guiding Principles on Business and Human Rights, we formulated the Nishimatsu Group Human Rights Policy and are promoting initiatives for respecting human rights.

Initiatives for Priority Issues

The Group formulated the Human Rights Policy and a human rights risk map based on the results of an employee survey. We have also engaged in dialogue with stakeholders and consulted with external experts based on the human rights risk map and Human Rights Policy to address the following items as our priority issues.

● Major Initiatives during FY2024

1. Proper management of working conditions and provision of a comfortable working environment
In addition to our existing efforts, which include the promotion of substitute holidays and the use of paid leave, the realization of a five-day work week at construction sites using a shift system, the support of worksite operations by the Site Administration Innovation Center, initiatives to have worksites closed for eight days of every four weeks, and the introduction of flextime systems, we use systems to rationalize attendance reports and monitor the overtime hours of all employees in our efforts to strictly manage work records.

2. Prohibition of harassment and discrimination
Along with working to prevent harassment and other issues through the operations of the Nishimatsu Hotline reporting desk, as a part of new

employee training and new appointee career-level-specific training, we conducted human rights, compliance, and harassment training for the purpose of confirming the Company’s human rights stance and initiatives, adhering strictly to compliance, and preventing harassment.

3. Protection of human rights of foreign workers in domestic operations
We implemented the following as initiatives to protect the human rights of foreign workers at construction sites.

- Display safety signs in multiple languages
- Install facilities that consider the beliefs of foreign workers
- Continuously promote registration in the Construction Career Up System among companies that employ foreign workers

In addition, we have established a human rights due diligence process and are continually working to improve it.

Established Human Rights Committee

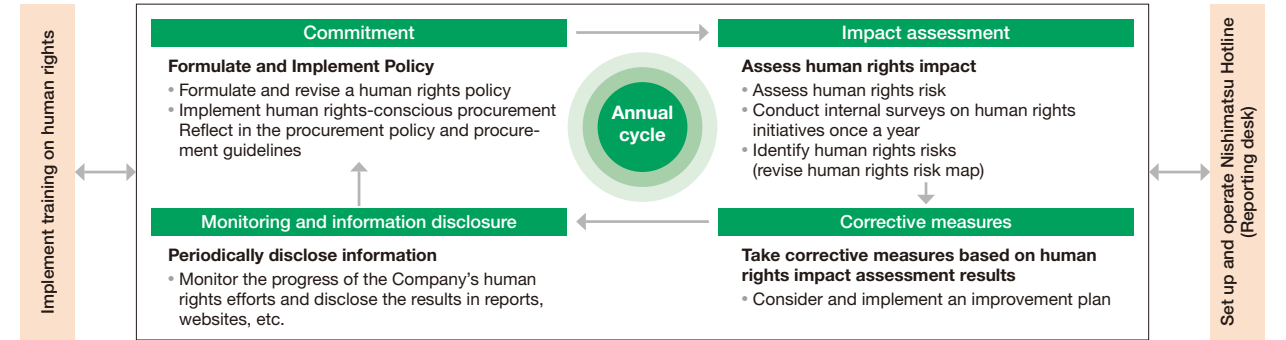
In FY2024, we established the Human Rights Committee subordinate to the Sustainability Strategy Meeting. In its initial fiscal year, it conducted human rights due diligence in the supply chain. In light of the results of its efforts, it is following up with high-risk business partners and conducting activities to increase their awareness of respect for human rights during meetings in FY2025.

Since establishing the committee, we have conducted companywide discussions and activities concerning respect for human rights. We have implemented initiatives in accordance with the Human Rights Policy, which applies to internal and external stakeholders.

Specifically, in the aforementioned human rights due diligence in the supply chain, we analyzed the responses of business partners and formulated an action policy that defined compliance with international human rights standards specified in our Human Rights Policy and labor laws in Japan as a top priority issue. In FY2025, we will follow up on these activities with the goal of reducing the human rights risks our business partners are exposed to, as well corrective measures in accordance with the action policy.

➔ For an overview of the Sustainability Strategy Meeting, please refer to page 58.

Human rights due diligence process



Supply Chain Management

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
Put in place partnerships that can maximize value creation	Build sustainable supply chains	Provide training and support to skilled construction workers	• Worksite retention rate of Nishimatsu Meisters and Senior Forepersons • Touch rate for Construction Career Up System (CCUS)	• 60% • Civil Engineering 90%, Building 80% (FY2025)	•53% •74%
		Collaborate with partner companies	• N-NET order rate • Conducting a survey regarding the Declaration of Partnership Building	• 60% or more (FY2025) • 400 companies or more	•59% •457 companies

Sustainability-Conscious Procurement Activities

We conduct procurement activities in line with our Procurement Policy and Procurement Guidelines formulated in March 2023.

We are working to realize a sustainable society by considering sustainability throughout our supply chain in our procurement activities and seeking our supplier partner companies’ understanding of our policies.

Procurement Policy and procurement guidelines (Japanese only)
➡ <https://www.nishimatsu.co.jp/company/policies.html>

Initiatives for Securing and Training a Labor Force and Establishing a Sustainable Supply Chain

II Negotiating prices that reflect costs to increase the wages of skilled workers
We formulated rules regarding the negotiation of prices that reflect costs in line with the Guidelines Concerning Price Negotiation for Appropriate Shifting of Labor Costs published in November 2023. In FY2024, we negotiated with our partner companies in nearly 500 subcontracting agreements regarding the setting of prices that reflect costs. We do not intend to conduct this initiative in one single fiscal year. We will be conducting it steadily every fiscal year.

II Conducting a survey regarding the Declaration of Partnership Building
In FY2024, we conducted a survey of around 400 major partner companies to learn information to strengthen our collaboration with the supply chain and advance mutual growth and prosperity. Based on the results of the survey, we will make improvements and reinforce our relationships of trust with our partner companies to continue our mutual growth. We will continue to conduct surveys to introduce various perspectives in the improvement and development of our business.

Co-Creation with the Supply Chain

Both the Company and our partner companies as one of our supply chains are struggling to secure a labor force due to a declining working age population and harsh working conditions. In particular, we recognize securing skilled workers as a critical issue involving the continued existence of the construction industry itself, and are therefore working together with partner companies on a solution.

II Provision of a comfortable working environment
We strive to provide comfortable working environments for all skilled construction workers, regardless of age, nationality, or gender.

Specific examples: Air-conditioned clothing (FY2024 results: 331 items), subsidies for assistive suit purchase costs (FY2024 results: 57 suits), promotion of pleasant workplaces, multilingual worksite announcements

II Training and support of skilled construction workers
We are actively promoting the Construction Career Up System (CCUS), led by the Ministry of Land, Infrastructure, Transport and Tourism, to address the industry-wide issue of labor shortages and to improve the treatment of skilled construction workers. Since FY2019, we have undertaken various initiatives to encourage its adoption, including the establishment of the Nishimatsu Construction Registration Support Office, a dedicated department within the Company that handles registration procedures. To date, approximately 2,500 users have been registered. The CCUS touch rate in FY2024 was 74%. It is steadily increasing. We will continue to increase our efforts to collaborate with partner companies with a view toward achieving our FY2025 targets.

Moreover, as part of the improvement of benefits, we developed our own high-caliber technician system that is linked to the four-level competency evaluation system in the CCUS, and have provided allowances to technicians. Over 14 years, a total of 1,038 employees have been recognized as high-caliber technicians. Competent foremen and technicians play active roles on our worksites.

As a step toward increasing the utilization of CCUS, we have introduced the Kentaikyo (Construction Industry Retirement Allowance Mutual Aid Organization) electronic application system linked to CCUS’s accumulated work records at 134 sites. We won a president’s award from the Kentaikyo headquarters in recognition of this activity.

Touch rate for Construction Career Up System (CCUS)

	2021	2022	2023	2024	2025 (target)
Touch rate for CCUS	24%	47%	61%	74%	Civil Engineering 90% Building 80%

Environmental Initiatives



See the Company’s website for details
➡ <https://www.nishimatsu.co.jp/eng/esg/environment/>

Nishimatsu Construction has identified the realization of a society for people with safety and vibrancy as a material issue that it is facing in line with its awareness of the importance of achieving important goals in the area of the environment, such as the formation of a decarbonized society, taking into consideration biodiversity and coexistence with nature and the formation of a recycling oriented society. Accordingly, we have set numerical targets and determined the initiatives we will implement. We have also updated our Eco-First Commitment. As a leading company in the area of the environment, we will carry out activities for both addressing social issues and increasing our corporate value to help realize a sustainable society.

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
Realize a society for people with safety and vibrancy	Create environmentally friendly, resilient communities	Improve environmental performance	• Engage in mid- to high-rise wooden buildings initiatives • Promote ZEB design technology • Convert owned properties to renewable energy • Making suitable for installation in environmentally friendly concrete buildings	• 2 projects/year (until FY2030) • 60% (FY2025), 90% (FY2030) (Percentage of ZEB/ZEH upon completion) • 100% (FY2030) • 1 project or more/year (until FY2030)	• 1 project • Number of initiatives ZEB/ZEH construction 11 projects • 100% • 1 project
	Preserve the environment and biodiversity while realizing a circular economy through business activities	Promote the formation of a decarbonized society	<ZERO30 Roadmap 2023> • Reduction rate of Scope 1+2 for all business activities compared to FY2020 • Reduction rate for Scope 3 Category 11 emissions (CO ₂ emissions coinciding with energy use during building operation after completion and delivery) • Renewable energy business generation (volume of generated energy sold)	• Compared with FY2020 54.8% reduction (FY2030) • Compared with FY2020 27% reduction (FY2030) • 108,000 MWh (FY2030)	• Compared with FY2020 38.4% reduction • Compared with FY2020 31.2% reduction • 12,000 MWh
		Taking into consideration biodiversity and coexistence with nature	Number of biodiversity preservation activities undertaken	Initiatives at all worksites (As of FY2030)	100%
		Promote the formation of a recycling-oriented society	Final percentage of construction waste sent for landfill disposal	Less than 2.5% (As of FY2030)	3.3%

Decarbonization (Carbon Neutrality)

Progress of the ZERO30 Roadmap 2023 Emissions Reduction Plan for FY2030

In FY2024, Scope 1 and 2 emissions grew slightly from FY2023. While our introduction of renewable energy helped reduce CO₂ emissions, diesel consumption increased in the Civil Engineering Business. Scope 1 and 2 emissions decreased 38.4% from FY2020. This means that the progress of the plan was largely as expected.



To achieve our ZERO30 targets, we will aim to achieve a rate of renewable energy introduction of 77% at an early date.

Scope 3 Category 11 emissions are being reduced through the continued progress in the use of ZEB design (which reduces the building energy index (BEI)) in design and construction projects and by the increasing use of renewable energy in completed buildings.

Regarding power generation, our first wood biomass power generation facility began fully operating in FY2024, in addition to our existing geothermal power generation and solar power PPA facilities. They generated a total of 12,000 MWh

electricity; however, the plan for the fiscal year was not achieved.

ZERO30 Roadmap 2023
➡ <https://www.nishimatsu.co.jp/eng/esg/environment/zero30.html>

A new decarbonization measure — the introduction of GTL fuels

In FY2024, we tried using diesel alternative environmentally friendly gas-to-liquids (GTL) to traditional diesel in construction equipment following a trial. GTL fuel is a natural gas-derived fuel whose CO₂ emissions are 8.5% less than traditional diesel. Currently, its effect has been limited to equivalent to 13 t-CO₂ reduction of CO₂ emissions on a fiscal year basis. However, we see it as a fuel measure that will help us achieve our ZERO30 targets. We will continue to set quantitative targets for the coming fiscal years to accelerate its introduction.



GTL fuel used in construction equipment (Kanto Civil Engineering Regional Headquarters, Kakio Site Office)

Biodiversity (Nature Positivity)

Biodiversity preservation activities at construction sites

Using our original Nishimatsu Nature Action Guidebook and other biodiversity-friendly tools, we promote biodiversity conservation initiatives at all construction sites. At the Shinkansen Kutchan Site Office under the North Japan Regional Headquarters, we are carrying out transplantation (restoration) and monitoring activities under the guidance of experts to

preserve the native *Erythronium japonicum* (*katakuri*), a member of the lily family that grows naturally within the construction area, with careful consideration for its growth environment.



Katakuri grows in a replanted area. (North Japan Regional Headquarters, Shinkansen Kutchan Site Office)

Response to the TNFD Recommendations

Identification of dependencies and impacts of business activities on natural capital

Our biodiversity action guidelines state that we will identify dependencies and the degree of impact that our business activities have on biodiversity and that we will integrate measures to address risks and opportunities into our business strategies. In accordance with this, we examined the dependencies and impacts of the Civil Engineering and Building businesses on natural capital in FY2024. Using ENCORE, a global tool for ecosystem impact assessments, our examination identified land changes and other matters that were a direct result of our operations that had significant negative

impacts on terrestrial, marine, and other ecosystems. We also identified the negative impacts that our procurement of lumber, steel, and other raw materials had on ecosystems and that our businesses are heavily dependent on surface water and other supply services and on climate regulation, flood buffers, and other regulating services. After registering as a TNFD Adopter in April 2025, we will identify risks and opportunities and formulate response measures based on a comparison of the dependencies and impacts we have identified and our specific business activities. Through these efforts, we will contribute to the achievement of nature positivity through our business activities.



Dependencies and impacts on natural capital (confirmed using ENCORE)

Very High High Middle

Main core businesses	Value chain		Dependency							
			Supply services		Regulating services					
			Surface water	Groundwater recharge	Climate regulation	Water circulation	Geology	Flood buffer	Erosion control	Other regulating services
Domestic Civil Engineering and Building	Upstream (raw material procurement)	Steel	H	H	H	H		M		
		Timber	VH	VH	VH	H	H	VH	VH	H
	Direct operations							M		

Main core businesses	Value chain		Impacts							
			Land use changes			Pollution				
			Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Air pollution	Water pollution	Soil pollution	Waste	Disturbance
Domestic Civil Engineering and Building	Upstream (raw material procurement)	Steel	VH	H		H	H	H	H	VH
		Timber	VH				H			
	Direct operations		VH	H	VH	H	M	H	M	H

Resource Circulation (Circular Economy)

Initiatives at construction sites for a circular economy

We consider and implement a number of initiatives designed to realize a circular economy, including the chemical recycling of waste plastics. The Chuo Mizu Mirai Site Office managed by the West Japan Regional Headquarters implements a chemical recycling scheme which uses the electric arc furnace CCS

method of waste plastic processing. It advances the chemical recycling of waste plastics into resources by processing waste plastics into a carburizer, which is used as a raw material for steel. We will conduct a sustainable resource circulation initiative that goes beyond the mere treatment of industrial waste to finally achieve a recycling rate of 100%.

Initiative for establishing a water management system

From the perspectives of decarbonization, biodiversity preservation, and resource circulation, we manage water intake and discharge volumes as significant environmental indicators and proactively disclose related data and information about our initiatives through CDP and other organizations. In the future, we will work to establish a groupwide water management system with the goal of optimizing water intake and discharge, and we endeavor to sustainably use water resources.



Information Concerning Climate-related Risks and Opportunities

See Nishimatsu Climate Information for details
➡ [https:// www.nishimatsu.co.jp/eng/esg/environment/pdf/nishimatsu_climate_information_2025.pdf](https://www.nishimatsu.co.jp/eng/esg/environment/pdf/nishimatsu_climate_information_2025.pdf)

Recognizing that addressing climate change is an important management issue in the Companywide business strategy, Nishimatsu Construction discloses information concerning climate-related risks and opportunities in compliance with the TCFD framework and IFRS S2.* Please refer to our website pages for more information about the Decarbonization Plan and the Nishimatsu Action Plan for Climate Risks/Opportunities, which are our transition plans for achieving carbon neutrality by 2050.

* IFRS stands for International Financial Reporting Standards. The standards specify disclosure requirements in S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures, clarifying the relationship between the impact that companies have on the environment and society and their finances.

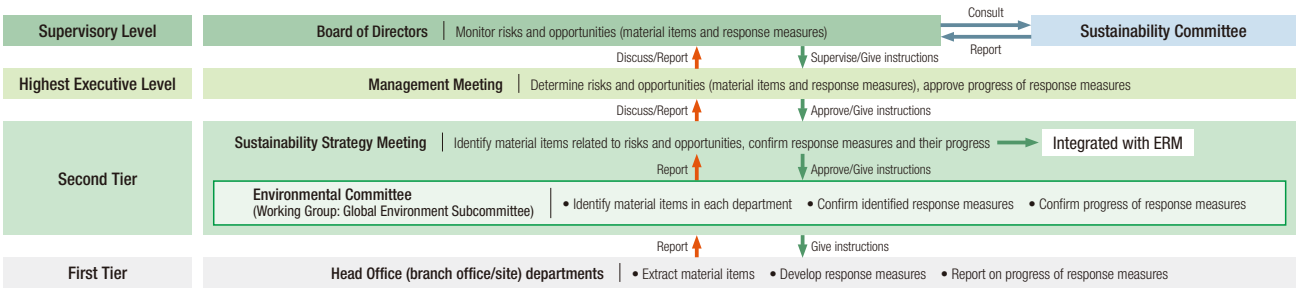
Governance and Risk Management

Reinforcement of the management framework

Our governance and risk management framework regarding climate-related issues has four layers. The Board of Directors fulfills a supervisory function at the top of this framework. The Board of Directors established the Sustainability Committee (in FY2023) as an advisory body comprehensively handling sustainability matters,

enhancing the oversight function related to climate-related issues. In addition, the Management Meeting, which is the highest executive-level body, receives reports from the Sustainability Strategy Meeting, identifies material matters concerning climate change risks and opportunities and specific response measures, and, further, approves the progress of response measures.

Process of identifying risks and opportunities and progress management

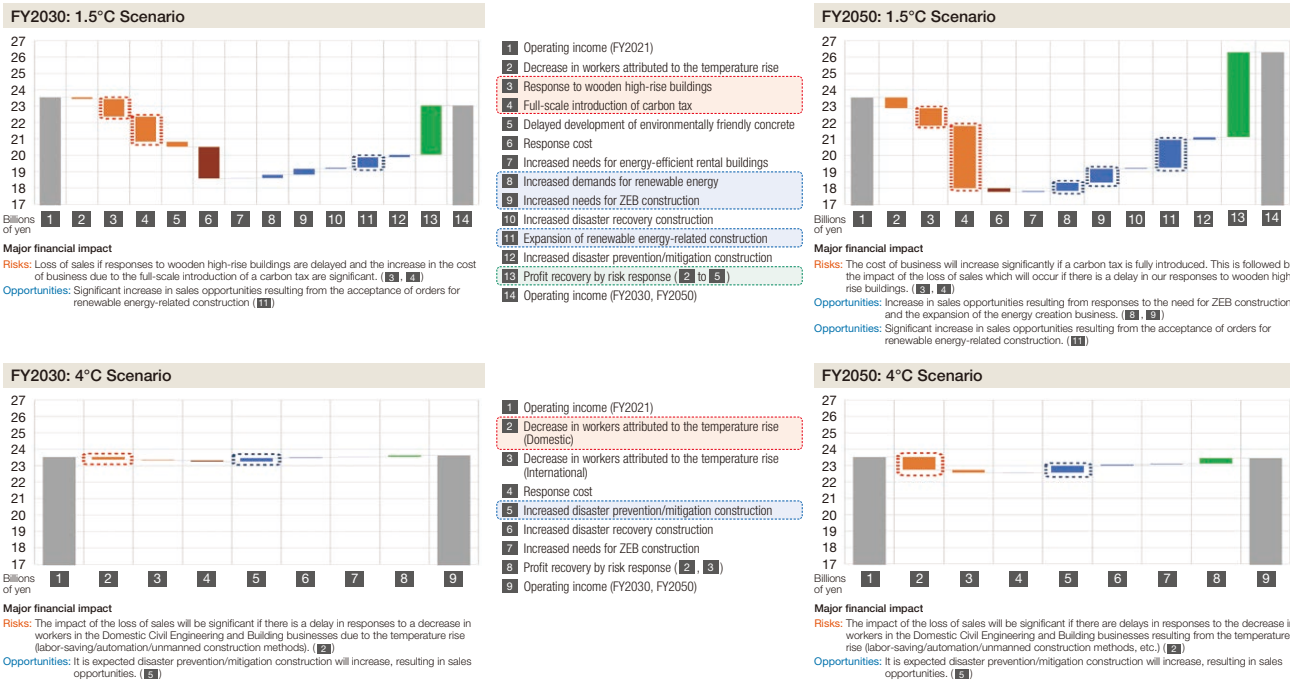


Strategy (Scenario Analysis)

Verification of the financial impact of risks and opportunities

We have identified climate-related risks and opportunities by conducting scenario analyses assuming a world in which the temperature rises to 1.5°C or 4°C above the pre-industrial level by FY2030 and FY2050, respectively. We then estimated the financial impact on operating income in the base year and completed a comparative verification using waterfall graphs. In FY2024, we

updated some internal values and external parameters as the basis for financial impact, and the result of verification of the 1.5°C scenario was that operating income will increase slightly, mainly reflecting the expansion of renewable energy-related construction opportunities. In this verification, we again confirmed that profit recovery by risk response and the acquisition of climate-related opportunities are extremely important elements.



Indicators and Targets

Progress in the Nishimatsu Action Plan for Climate Risks/Opportunities

We manage progress using the PDCA cycle based on our understanding that responding to climate-related risks and opportunities is essential for sustainable growth. Regarding our response to a carbon tax, which is the risk with the greatest impact, we are taking actions to reduce Scope 1 and 2 emissions in line with our ZERO30 Roadmap decarbonization plan, and we achieved some

degree of success. As for our technological responses to wooden high-rise buildings, we are pursuing technical improvements, such as working on design and construction using the (P&UA) mid- to high-rise wood construction method in FY2024. Also, for renewable energy-related construction, which is among our opportunities, we are proceeding steadily with the improvement of our construction technologies and the preparations for operating the SEP vessels that we own jointly.

(1) Progress of climate-related risks							Overall progress check (Indicators and Targets)	Status of efforts up to FY2024	Status from FY2025 onwards
Business classification	Material item	Response policy	Relationship with Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025	KPI (indicators)	Targets	FY2024 results	Action	➡	Future action
Civil Engineering Business	[Temperature rise] Response to a decrease in skilled workers (consideration of power-saving construction methods)	Establishment and accumulated experience of large-scale precasting technology	Promote the development of technologies for 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 technology • Promotion of the use of precast products	➡	• Continue actions taken in FY2024
Civil Engineering Business	[Temperature rise] Response to a decrease in skilled workers (unmanned and automated operation)	Establishment and on-site implementation of unmanned and automated construction technology	Improvement of productivity in the Construction Business: Automation of tunnel construction, construction RX (robotics transformation) and promotion of smart construction using DX	Number of workers in mountain tunnel and shield construction	Reduce 30% from FY2018 level by FY2027	0%	• Establishment of technologies for automated and unmanned major works in mountain tunnel construction • Establishment of labor-saving and automated construction technologies for shield tunneling	➡	• Continue actions taken in FY2024
Building Business	[Temperature rise] Response to a decrease in skilled workers (increase in labor costs, construction robots)	Development and introduction of construction robots, remote control, and manpower-saving apps	Improvement of productivity in the Construction Business: Construction RX (robotics transformation) and promotion of smart construction using 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 • Efforts to identify and promote labor-saving digital technologies and robots nationwide
Building Business	[Decarbonization needs] Technological response related to environmentally-friendly concrete	Promotion of development of environmentally-friendly concrete	Acquisition of pioneering construction technologies: Development of low-carbon materials	(1) Low-carbon concrete (2) Carbon negative concrete	Implement in buildings (1) by FY2026 and (2) by FY2028	0 cases	• (1) Develop technology for implementing low-carbon concrete buildings • (2) Develop technology for implementing carbon negative concrete buildings	➡	• Continue actions taken in FY2024 • (1) Implement technology-developed (slagcrete, geopolymers, volcanic glass powder) low-carbon concrete in buildings • (2) Implement carbon negative concrete in buildings
Building Business	[Decarbonization needs] Technological response related to wooden high-rise buildings	Enhancement of design and construction technology for wooden high-rise buildings	Acquisition of pioneering construction technologies: Wood construction technologies	Annual sales of mid- and high-rise wood buildings	17.2 billion yen as of FY2030	1.35 billion yen	• Practical application of mid- and high-rise wood buildings (two-directional) • Rationalization (cost reduction) of mid- and high-rise wood buildings technologies • Acquisition of expertise regarding reliability through verification tests and measurement of projects	➡	• Continue actions taken in FY2024
International Business <Civil Engineering>	[Temperature rise] Response to a decrease in skilled workers (technological response)	Introduction of manpower-saving tunnel construction in overseas construction projects	—	Manpower-saving tunnel construction	Adopt one case by FY2027	0 cases	• Consideration of the introduction of labor-saving technologies for tunnel construction	➡	• Continue actions taken in FY2024 • Promote ICT construction
International Business <Building>	[Temperature rise] Response to a decrease in skilled workers (consideration of construction methods)	Adoption of pre-fabrication methods	—	Achievements 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
Company-wide	[Strengthened policies] Response to the full-scale introduction of carbon tax	Reduction of Scope 1+2 CO ₂ emissions in line with ZERO30 Roadmap	ZERO30 Roadmap	Scope 1+2 emissions	Achieve 31.7k t-CO ₂ by FY2030	Approx. 43.3k t-CO ₂ (rough estimate)	• Promotion of energy conservation and the 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

(2) Progress of climate-related opportunities							Overall progress check (Indicators and Targets)	Status of efforts up to FY2024	Status from FY2025 onwards
Business classification	Material item	Response policy	Relationship with Nishimatsu-Vision 2030 and Medium-Term Management Plan 2025	KPI (indicators)	Targets	FY2024 results	Action	➡	Future action
Civil Engineering Business	[Temperature rise] Increased disaster recovery construction	Establishment of a system for rapid response in disaster restoration construction	—	Acceptance of requests for disaster recovery assistance	Achieve 100% by FY2030	100% (3/3 cases)	• Build a system for immediately responding to emergencies • Establish a system that contributes to strengthening procurement capabilities for emergency materials, equipment, and labor • Introduce unmanned and remote construction technologies for disaster restoration work in construction projects	➡	• Continue actions taken in FY2024
Civil Engineering Business	[Decarbonization needs] Increased renewable energy-related construction	Enhancement of orders received for offshore wind power generation construction projects	Take part in offshore wind power generation projects	Number of orders received for off-shore wind power generation projects	A total of 1 case as of FY2030	0 cases	• Acquire offshore wind power generation construction technology (Remodel SEP vessels (construction barges) • Continue to implement renewable energy-related construction initiatives	➡	• Continue actions taken in FY2024
Civil Engineering Business	[Temperature rise] [Strengthened policies] Increased disaster prevention- and mitigation construction	Enhancement of orders received for shield construction and renewal construction (disaster prevention and mitigation related)	—	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 aid in strengthening national resilience • Continuously receive orders for shield construction and renewal-related construction	➡	• Continue actions taken in FY2024
Building Business	[Decarbonization needs] Increased needs for ZEB construction	Promotion of ZEB in new construction and renovation projects	Development of high added-value buildings: ZEB and ZEH	Increased sales due to ZEB	2.24 billion yen/year as of FY2030	54 million yen	• Establish a track record in ZEB renovation • Seek energy efficiency by understanding the air-conditioning operating efficiency of the company's own facilities • Design, construction, and operation of a verification facility for establishing design capabilities to achieve a 75% reduction • Respond to the expanding field of environmental architecture not limited to ZEB (energy conservation and CO ₂ emissions reduction)	➡	• Continue actions taken in FY2024 • Improve designed environmentally friendly design capabilities • Increase the number of ZEB Ready projects
International Business <Civil Engineering>	[Temperature rise] Increased disaster counter-measure work	Collection of sales and technical information and technological development related to flood prevention construction	—	Number of flood prevention construction projects	One by FY2027	0 cases	• Collect sales and technical information related to flood prevention construction	➡	• Continue actions taken in FY2024
International Business <Building>	[Decarbonization needs] Increased needs for energy-efficient buildings	Promotion of ZEB in new construction and renovation projects	—	Nearly ZEB design and build results	One by FY2030	0 cases	• Market research on energy-efficient building needs • Conduct energy creation and renewable energy business surveys	➡	• Continue actions taken in FY2024 • Consider ZEB Ready design
Asset Value-Added Business	[Decarbonization needs] Increased needs for energy-efficient rental buildings	Implementation of ZEB and energy-efficient measures in rental buildings owned	• Owned properties: Promotion of energy savings (equipment upgrades), promotion of the shift to renewable energy • New properties: Promotion of specifications that meet ZEB Ready standards	Percentage of ZEB and energy-efficient 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 conformity to the specifications • Promote ZEB and energy conservation in newly built properties • Promote energy conservation or asset replacement in existing properties owned • Switch to a renewable energy-based electricity plan	➡	• Continue actions taken in FY2024
Regional Environmental Solutions Business	[Decarbonization needs] [Strengthened policies] Response to global environmental issues	Promotion of renewable energy and related businesses	• PPA projects and power generation business (small-scale hydropower, geothermal, wood biomass, etc.) • Implementation of projects through comprehensive partnership agreements with multiple local governments	Volume of electricity generated by the renewable energy business	108k MWh per year by FY2030 * Target for FY2024: 14k MWh	12k MWh	• Continue three solar power PPA projects • Launch one new wood biomass power generation project • Prepare for scheduled launch of business projects in FY2025 (two solar power PPA projects and one methane fermentation biogas power generation business, which have synergy with construction)	➡	• Focus efforts on the small-scale hydropower, geothermal, and solar power generation businesses

Outside Director Roundtable Discussion



Osamu Shibui Toshihiro Kubo Yayoi Ito Hajime Oshita

Organizational reform in times of rapid change The roles of the Board of Directors

Facilitator: Osamu Shibui, Director, Senior Managing Officer, General Manager of Management Unit

It has been one year since Mr. Hosokawa became president. President Hosokawa has the power to press forward like a bulldozer. I expect he will continue to advance at an accelerated pace toward achieving his goals. I would like to ask you outside directors about your views on the changes in the governance of the Company over the past year.

Ito: I have been an outside director since 2023. I believe that President Hosokawa thinks about not only his own field of expertise but also the things that we should do for Nishimatsu as a whole. Since taking office, he has actively implemented his ideas and demonstrated his leadership abilities. The Company seemed quiet, but I sense a positive shift in its corporate culture. It appears to be progressing with enthusiasm.

Oshita: I became an outside director last year, and it is challenging to compare the current situation with the past. I understand that President Hosokawa prioritizes emphasizing speed and the integration of distinctly divided divisions. I believe that the details will be fleshed out soon.

Kubo: I believe that we most need to optimize the Company as a whole. At Nishimatsu Construction, traditionally, the regional headquarters played central roles in the making of decisions. Discussions at the Board of Directors meetings were often focused on detailed issues within individual businesses, and there was limited discussion of strategic issues, which should be discussed first. However, in this era of rapid change, we need a system that connects the divisions across



Director Osamu Shibui
Mr. Shibui has been involved in strategy planning and business improvement in the corporate planning department for many years and is well versed in strategic thinking and business improvement. He was appointed as a director of the Company in June 2025.

Outside Director Toshihiro Kubo
Mr. Kubo has experience in environment-related businesses and corporate divisions at Kubota Corporation. He has extensive experience in corporate management as Representative Director of Kubota Corporation. He was appointed as an outside director of the Company in June 2022.

Outside Director Yayoi Ito
In addition to a wealth of experience gained during her tenure at NTT DATA Corporation and other companies, Ms. Ito possesses extensive knowledge of ICT. She was appointed as an outside director of the Company in June 2023.

Outside Director Hajime Oshita
In addition to a wealth of experience gained during his tenure at JFE Engineering Corporation, he possesses broad knowledge cultivated as President and CEO of JFE Engineering Corporation and Director of JFE Holdings, Inc. He was appointed as an outside director of the Company in June 2024.



individual matters regarding the execution of business. This makes it difficult to distinguish between the Management Meeting, which mainly consists of executive officers, and the Board of Directors. The Board of Directors must foster an environment that encourages open discussions about key topics concerning the Company's future, including responses to industry reorganizations and the Company's direction in the future.

Kubo: I agree. It is important for us, as outside directors, to assess whether matters have been considered adequately, whether risks have been evaluated properly, and whether the Company is committed to pursuing initiatives from the perspective of its shareholders and employees. Decisions regarding the execution of business should be made by the executive officers. Fundamentally, the Board of Directors should discuss medium- to long-term strategies, including cross-functional issues and the optimization of the entire company. In the second year of President Hosokawa's tenure, our challenge is to have more in-depth discussions of cross-functional and other issues.

the Company, quickly gathers information, and facilitates decision making. I believe that, recognizing the need to further strengthen the functions of the Board of Directors, President Hosokawa has created a new organizational structure and Board of Directors.

As was pointed out, discussions primarily focused on individual businesses, and the Company established new Corporate Unit to strengthen the functions of its organizational structure. What are your views on the discussions of the Board of Directors, including the efforts to reorganize.

Ito: Prior to the Board of Directors discussing reorganization, there were a few informal exchanges of opinions between President Hosokawa and outside directors. The president said that he believed there were issues with the current system. He shared his plan to strengthen the connections between the divisions. President Hosokawa has implemented significant changes in consideration of feedback from people outside the Company. However, this is not the intended goal. Executives and employees need to come together and move in the same direction.

Oshita: I must admit that I have a very negative impression of the Board of Directors. There are too many agenda items. Additionally, eighty to ninety percent of these items focus on

The reorganization has been reviewed dozens of times, but the reality is that as of April 2025, we were not even at the starting line. How should the Board of Directors ensure the effectiveness of the organizational reform?

Oshita: There is a lack of understanding about the term "cross-functional" within the Company. When I first became an outside director in the construction industry, I felt that there was a serious shortage of human resources. Cross-functional initiatives allow us to address this challenge across the Company, rather than each business division or regional headquarters dealing with it separately. I would like the executive side to recognize that through cross-functional initiatives we can steadily address issues, such as the securing of human resources.

Kubo: The difference between overall optimization and partial optimization lies in priorities. At Nishimatsu Construction, the principle of equality has been emphasized. There tends to have been a focus on improving everything, resulting in an overload of operations. This will not create a streamlined

Outside Director Roundtable Discussion

organization. The key to overall optimization is prioritizing certain areas over others, even if it means sacrificing some parts, and executing those priorities swiftly.

Ito: Since I became an outside director, I have observed that each business division at Nishimatsu Construction is strong, but the corporate divisions at the head office appear to be weak. First, based on discussions within each business division, the corporate divisions at the head office need to look at the overall picture, consider what the Company should do, put together opinions, and then submit proposals to the Management Meeting and the Board of Directors. I anticipate that the enhanced functions of the head office will clarify previously vague issues, such as issues related to human resources, and highlight priority areas.

After receiving criticism, I have come to realize the importance of working on optimization across the Company and putting it to practice. I also acknowledge that the Board of Directors has spent considerable time attempting to compensate for the lack of deliberation on the executive side. We appreciate your feedback on how to work effectively in the future.

Oshita: The narrow range of topics on the agenda is an issue. However, directors visit sites such as tunnels and high-rise buildings, interview different departments, and engage in dialogue with branch managers. I believe their efforts to understand the on-site environment are more extensive than at other companies. It is unfortunate that the discussions ultimately boil down to small issues. Conversely, we have potential for growth. If we implement changes, I believe there is a strong possibility we can come close to becoming the most attractive general contractor.

Kubo: The most important factor is the seriousness demonstrated by the executives and management during their meetings. The minutes indicate that some meetings lacked lively exchanges of views or deep discussions, despite opposing opinions being expressed. Directors occasionally asked whether the executive side had sufficiently discussed matters, which prompted conversations during Board meetings.

Ito: I have read a list of opinions and issues discussed at



Board meetings. It would have been better if they had been organized using the 5W1H approach. As Director Oshita mentioned, I noticed that the Management Meeting focuses on “small issues.” When will the initiative be implemented? Who will implement it? How will it be carried out? Answering these questions will help the Company grow.

Many employees actively seek ways to contribute to regions and communities, and there is a movement to measure this mindset using a KPI. What are your thoughts on sustainability management?

Kubo: I chair the Sustainability Committee and appreciate the connection of identified material issues to all business operations, as well as the reorganization of this system. If employees have a sustainability perspective and are motivated to achieve sustainability, their work will naturally expand, and they will feel fulfilled.

Ito: I am a Sustainability Committee member. I believe that the secretariat is very reliable and has provided a detailed description of specific initiatives.

Oshita: There are various sustainability themes. You cannot simply replicate what other companies are doing at similar levels. I believe that by clarifying the themes that Nishimatsu Construction will focus on, we can enhance our activities.

I would like to hear your thoughts on human capital as the foundation of sustainability management. The Company has several layers of middle management. Our challenge is to make their work more appealing.

Oshita: The key to improving human capital in the construction business is attracting talent to the Company. The fundamental challenge in management focused on human capital is not just developing systems, but taking necessary actions to enhance our unique strengths that competitors lack. The first step is to present to employees and stakeholders the Company’s uniqueness and appeal and a vision of what it will be like in ten years.

Kubo: I was previously in charge of the management of human resources. I believe that the best strategy is to manage

individuals. The key is to identify the abilities that each employee has, what they want to do, and what they are lacking. Additionally, we should enhance the capabilities of our human resources, use IT and AI to improve operational efficiency, and increase motivation by rewarding highly skilled individuals with competitive salaries.

Ito: I agree. The most important thing is to recognize each employee’s abilities and place them in positions where they can fully showcase their abilities. However, we have not arrived at this point yet. While there are opportunities for career advancement in specialized fields, a weakness of the Company is its human resources involved in its management and head office functions. To become the most attractive general contractor, it is essential that we secure human resources who can effectively manage the Company and develop its vision.

I anticipate that we will continue to collect many different opinions, especially from the outside directors. I now believe that the key to becoming a unique company that stands out is to set a clear direction and implement initiatives to achieve the vision. Finally, please explain how you, as outside directors, will be committed to the Company from a medium- to long-term perspective.

Ito: As society and the environment are changing faster than expected, and our relationships with competitors remain uncertain, I believe that the head office should take the lead in the creation of various scenarios, including worst-case scenarios, and establish an effective collaboration system. I believe that the Company lacks the concrete process design capabilities for reaching its ideal state. As an outside director, I aim to leverage the experience I gained at other companies to provide support.

Oshita: The Company’s responsibility is considering its future. Outside directors can express their opinions and engage in discussions about the Company’s policies from an outside perspective. I anticipate the industry will restructure over the next decade. We will leverage our diverse experience to assist the Company in navigating this change.

Kubo: The general contractor industry is highly competitive, and significant growth in the domestic market appears unlikely. In this environment, I hope that the Company aims to become a unique general contractor that stands out as the most attractive one. Actually, I anticipate that there will come a time when the Company cannot survive unless it differentiates itself. My goal is to engage in discussions to facilitate this change.

Message from the New Outside Director

Outside Director **Misako Kikuchi**

Ms. Misako Kikuchi has significant experience at MITSUI & CO., LTD. and has gained extensive knowledge and insight as the representative director and president of one of its subsidiaries. She was appointed as an outside director of the Company in June 2025.



I will sincerely listen to the opinions of society and contribute to the establishment of a sustainable future through the co-creation of value.

My name is Misako Kikuchi and I have recently been appointed as an outside director.

During my 38 years at a general trading company, I attentively listened to the needs of society, particularly in the areas of public relations and sustainability. My focus has been on enhancing the social responsibility of companies through strategic initiatives.

In recent years, the roles of the construction industry have changed from solely developing social infrastructure to taking on new social missions, such as responding to climate change, preparing for disasters, coexisting with local communities, and fostering a sustainable society. I believe that Nishimatsu Construction’s activities to co-create value aiming to rebuild social functions genuinely meet the needs of the times.

With the experience and knowledge I have gained, I aim to fulfill my mission, however small my role may be, to contribute to Nishimatsu Construction’s corporate philosophy: Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services. I aim to help the Company achieve sustainable growth. I greatly appreciate your continued support.

Corporate Governance

Basic Philosophy

The basic policy of the Company is to improve its corporate governance and maintain good and stable relationships with its stakeholders over the long term, in order to achieve sustainable growth of the Company and increase its corporate value over the medium-to-long term. Based on this policy, we will create structures that lead to the acceleration of decision-making and the strengthening of supervision by the Board of Directors and our business execution systems.

Compliance with the Corporate Governance Code

Nishimatsu Construction implements each and every principle of the Corporate Governance Code. For details on the initiative policy regarding each principle of the Corporate Governance Code, see the Company’s website.

Initiatives on Corporate Governance by Nishimatsu Construction Co., Ltd. Corporate Governance Report
➡ <https://www.nishimatsu.co.jp/eng/company/governance.html>

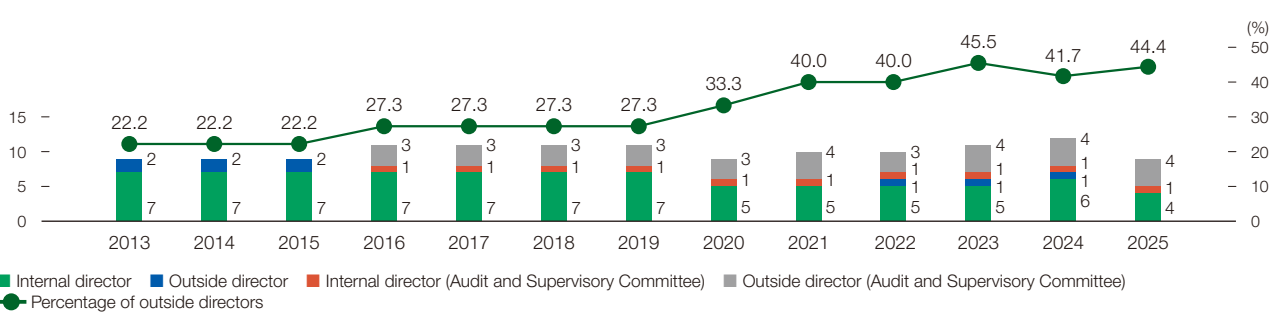
Initiatives for Strengthening Corporate Governance

Strengthening the corporate governance system is one of the highest priority management issues that we are tackling at Nishimatsu Construction. In FY2016, we transitioned into a company with an Audit and Supervisory Committee and worked to ensure the efficacy of the oversight functions of the Board by bringing in Audit and Supervisory Committee members as part of the Board. In FY2023, we established the Sustainability Committee and the Risk and Opportunity

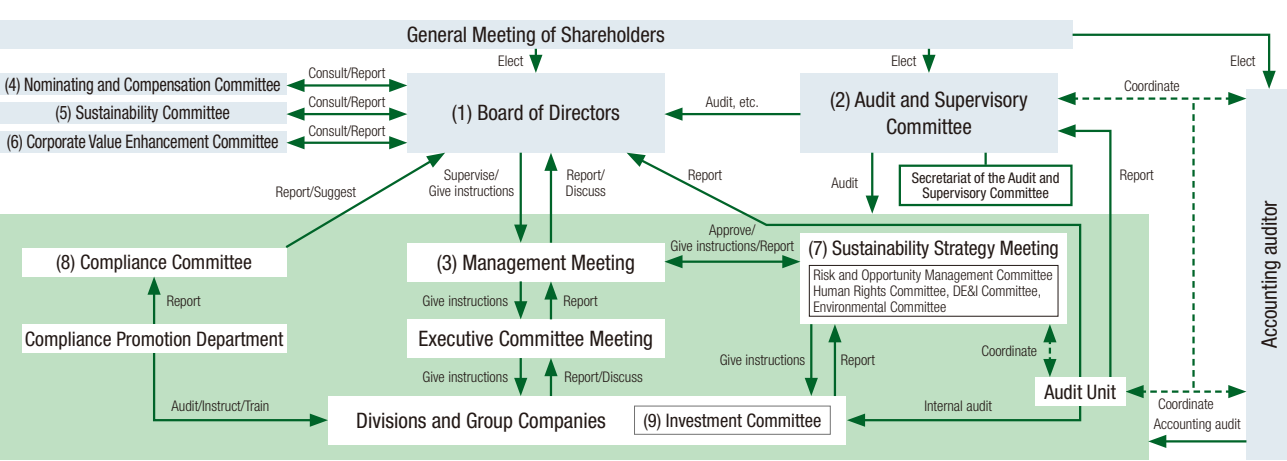
Management Committee to increase corporate value from a sustainability perspective. In FY2024, the Sustainability Strategy Meeting began convening. In FY2025, we established the Corporate Unit and reviewed the roles of each committee and the connections between them to enhance our system for the execution of business. We will continue to strive to further strengthen our corporate governance system.

2006-2014		2015-2020		2021-2025	
June 2006	Introduction of an executive officer system	November 2015	Formulated the initiative policy regarding the Corporate Governance Code	March 2021	Established the Corporate Value Enhancement Committee
August 2008	Established the Internal Control Committee	March 2016	Implemented an effectiveness evaluation of the Board of Directors	June 2021	Introduction of performance-linked compensation and stock compensation
March 2009	Established the Nishimatsu Hotline whistleblowing system	June 2016	Transitioned to a company with an Audit and Supervisory Committee	July 2021	Established the Investment Committee
June 2009	First appointment of two outside directors	August 2018	Formulated strategic shareholdings reduction policy	September 2021	Began operation of the Company President Succession Plan
July 2009	Established the Nominating Committee and Compensation Committee Established the Compliance Committee	July 2019	Established the President and General Managers Meeting	April 2022	Transitioned to the Prime Market of the Tokyo Stock Exchange following its new market segment revisions
				April 2023	Established the Sustainability Committee and Risk and Opportunity Management Committee
				March 2024	Established the Sustainability Strategy Meeting
				April 2025	Established the Corporate Unit and reviewed the meeting bodies responsible for the execution of business

Changes in the Percentage of Outside Directors on the Board of Directors



Corporate Governance System

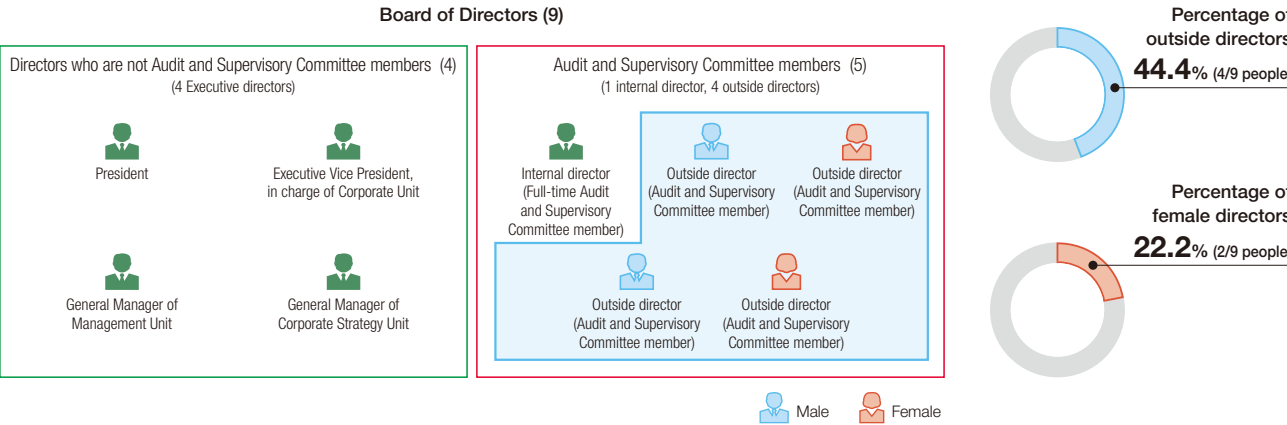


(1) Board of Directors	Makes decisions on basic management policies and other important management matters, and supervises the execution of duties by directors. In addition to matters stipulated by laws and regulations and the Articles of Incorporation, the Board of Directors deliberates and decides on matters stipulated in the rules of the Board of Directors.
(2) Audit and Supervisory Committee	Conducts audits of execution of duties by directors and other duties stipulated by laws and regulations.
(3) Management Meeting	Among the proposals to be submitted to the Board of Directors, it conducts preliminary deliberations mainly on important matters for sustainable growth, decides on specific measures related to the execution of such proposals after they are resolved by the Board of Directors. It also decides or deliberates on some individual matters related to business execution.
(4) Nominating and Compensation Committee	Deliberates on the nomination of candidates for directors, with the aim of contributing to the establishment of an appropriate management system. It also deliberates on individual compensation for directors and executive officers with the aim of ensuring objectivity and transparency regarding compensation decisions.
(5) Sustainability Committee	Investigates and deliberates on matters regarding the policies for responding to materiality and environmental changes (risks and opportunities) linked to materiality from a long-term perspective and from a multi-stakeholder standpoint.
(6) Corporate Value Enhancement Committee	Deliberates on corporate governance, capital policy, and other important management matters in consultation with the Board of Directors.
(7) Sustainability Strategy Meeting	Investigates and implements sustainability strategies intended to solve materiality and realize a sustainable society. Within the Sustainability Strategy Meeting, the Company has established committees for essential areas that also require urgent strengthening in regard to promoting sustainability (Risk and Opportunity Management Committee, Human Rights Committee, DE&I Committee, Environmental Committee).
(8) Compliance Committee	Responds to various issues regarding compliance.
(9) Investment Committee	Investigates the propriety of plans related to investment projects based on the Company’s capital strategy, and reports the investigation results and points at issue to the Board of Directors and to the President and Management Meeting.

Composition of the Board of Directors and the Audit and Supervisory Committee

The Company’s Board of Directors comprises of four executive directors and five directors who are Audit and Supervisory Committee members. The Audit and Supervisory Committee comprises one full-time internal director and four outside directors (two have management experience at a listed company, and one has experience at an information and communications company). As such, all of these outside directors

possess specialized knowledge in fields considered to be important for business management. Currently, the percentage of outside directors on the Board of Directors is 44.4% and the percentage of female directors is 22.2%. Going forward, we will continue verifying the skill sets of those on the Board of Directors and will work to improve the efficacy of the Board.



Corporate Governance

Selection Criteria for Director Candidates

- Candidates for director shall be selected from those who have a wealth of knowledge, experience, and competence, and excellent character and high ethical standards.
- Candidates for executive director shall be appointed from among people who have extensive knowledge and experience in the Company's business, or who have superior knowledge of finance and accounting, etc.
- People who are candidates for director (Audit and Supervisory Committee) who are judged to be capable of auditing and supervising appropriately, with emphasis on their expertise and background, will be appointed.
- Candidates for outside director will be selected with an emphasis on independence, and those with specialized knowledge and experience in corporate management are selected. We also take into consideration the diversity of the Board of Directors.

Reasons for Appointing Outside Directors

Position	Full Name	Reason for appointment
Outside director (Audit and Supervisory Committee member)	Toshihiro Kubo	Mr. Kubo possesses a wealth of experience during his tenure at Kubota Corporation, and he also possesses a wide range of knowledge cultivated as Representative Director of Kubota Corporation. We have appointed him as an outside director who is a member of the Audit and Supervisory Committee because we believe he is an appropriate person who can supervise our management from an objective point of view.
Outside director (Audit and Supervisory Committee member)	Yayoi Ito	In addition to her wealth of experience gained during her tenure at NTT Data Corporation and other companies, Ms. Ito possesses extensive knowledge of ICT. For these reasons, we deem her to be the appropriate talent for auditing and supervising Nishimatsu Construction's management from an objective point of view and appointed her as an outside director who is a member of the Audit and Supervisory Committee.
Outside director (Audit and Supervisory Committee member)	Hajime Oshita	Mr. Oshita has a wealth of experience from his time at JFE Engineering Corporation, and possesses broad knowledge cultivated in his role as representative director, president and CEO of JFE Engineering and director of JFE Holdings, Inc. Accordingly, we determined that he is an appropriate person who can audit and supervise the Company's general operations from an objective viewpoint, and have appointed him as an outside director who is a member of the Audit and Supervisory Committee.
Outside director (Audit and Supervisory Committee member)	Misako Kikuchi	Ms. Kikuchi has a wealth of experience gained during her tenure at MITSUI & CO., LTD. and possesses extensive knowledge cultivated as a president and representative director of its subsidiary, as the above past experience shows. Accordingly, the Company determined that she is an appropriate person who can audit and supervise the Company's general operations from an objective viewpoint, and has appointed her as an outside director who is a member of the Audit and Supervisory Committee.

Board of Directors' Skill Set

Male Female Outside

Position	Full name	Expertise and Experience Criteria for Directors								Committee		Internal Directors: Main roles Outside Directors: Career and qualifications
		Corporate management	Construction technology & quality	Sustainability (Environment)	Sustainability (Society)	Treasury, Accounting, Finance	Legal, Governance, Risk management, Compliance	Digital & IT	Global	Nominating and Compensation	Sustainability Committee	
Representative Director and President	Masakazu Hosokawa	●	●	●							◆	Chief Executive Officer and President
Representative Director	Makoto Isshiki	●	●	●						◆		Executive Vice President, in charge of Corporate Unit
Director	Osamu Shibui	●			●	●	●			◆	◆	Senior Managing Officer, General Manager of Management Unit and in charge of Investor Relations
Director	Shinsuke Hamasaki	●	●	●								Managing Officer, General Manager of Corporate Strategy Unit
Director (Full-time Audit and Supervisory Committee member)	Hideyuki Kawano				●		●					
Outside director (Audit and Supervisory Committee member) (Independent)	Toshihiro Kubo	●		●	●		●			◆	◆	Representative Director, Kubota Corporation
Outside director (Audit and Supervisory Committee member) (Independent)	Yayoi Ito	●			●			●		◆	◆	Head of the Business Planning Promotion Office, NTT Data Corporation, Executive Officer, SG SYSTEMS CO., LTD.
Outside director (Audit and Supervisory Committee member) (Independent)	Hajime Oshita	●		●		●	●		●	◆		Representative Director, President and CEO, JFE Engineering Corporation Director, JFE Holdings, Inc.
Outside director (Audit and Supervisory Committee member) (Independent)	Misako Kikuchi	●		●	●		●			◆	◆	General Manager of Environmental-Social Contribution Division, MITSUI & CO., LTD. President and Representative Director, Mitsui Bussan Forest Co., Ltd.

* The above list does not exhaustively cover all of the knowledge and experience possessed by each director.

Director Compensation

Overview of our director compensation (excluding Audit and Supervisory Committee members)

Compensation for the executive directors comprises base compensation and performance-linked compensation. Compensation for the non-executive directors shall be limited to base compensation.

Base compensation, as fixed (monthly) compensation determined in accord with the director's position, is calculated taking into account Nishimatsu Construction's employees' salary levels, standard salary levels in the business community, and other factors.

Performance-linked compensation fluctuates according to the degree to which performance targets were met. It includes a base level of compensation in accord with each director's position, with this base level multiplied by a performance-linked coefficient to calculate the final amount. To calculate the final amount, evaluation indices covering the director's contribution to corporate value are set for each position and job title, and the degree to which performance targets were met each fiscal year.

Performance-linked compensation is paid partly in cash, as a short-term incentive, and partly in stock, as a long-term incentive. The cash portion is paid as a bonus in July of each year

and the stock portion is conferred every June in the form of conversion points for the Board Benefit Trust. When a director retires from his or her position as director, cumulative points are converted into shares of stock and delivered to the beneficiary.

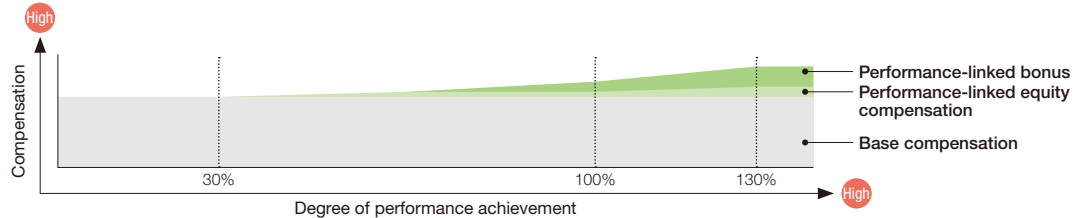
The ratios of base compensation and performance-linked compensation are appropriately determined taking into account Nishimatsu Construction's management strategies, business environment, and the level of difficulty of achieving job responsibilities and targets, while also referencing relevant changes at other companies in our industry. To enhance the incentives to increase corporate value over the medium-to-long term, base compensation was reduced and performance-linked compensation was increased in FY2025, resulting in a ratio of base compensation to performance-linked compensation of approximately 7 to 3. Within performance-linked compensation, there is generally a two-to-one ratio of cash-based compensation to stock-based compensation.

Based on these policies, the President drafts a preliminary proposal, then consults with the Nominating and Compensation Committee, whose input is taken into account and decided on by the Board of Directors (Base compensation and performance-linked compensation are determined in March and June, respectively, each year).

Compensation details

Category		Performance-linked indices	Overview of payment method
Base compensation		—	Base amount paid in cash
Short-term incentives	Performance-linked bonus	• Group-wide performance (operating income, profit attributable to owners of parent) • Business division performance (profits) • The president's evaluation of performance (ROE, PBR, enhancing corporate value, environmental management (reducing CO ₂ emissions), and action indicators to prevent accidents)	Amount calculated by multiplying the base amount by a performance-linked coefficient, paid in cash
Long-term incentives	Performance-linked equity compensation (Board Benefit Trust)		Points conferred (calculated by multiplying the base amount by a performance-linked coefficient); cumulative points converted into an equivalent amount of stock when the director retires

Compensation conceptual image



Overview of compensation for directors who are Audit and Supervisory Committee members

Directors who are Audit and Supervisory Committee members receive only base compensation that takes into consideration the compensation of directors who are not Audit and

Supervisory Committee members, as well as the standard salary levels in the business community. Said base compensation is determined through discussions among all directors who are Audit and Supervisory Committee members.

Directors' compensation (FY2024)

Category	Paid personnel	Base compensation	Performance-linked compensation (cash-based compensation)	Performance-linked compensation (non-cash-based compensation)	Total amount of compensation, etc.
Directors (excluding Audit and Supervisory Committee members) (of which outside directors)	7 (1)	¥215 million (¥10 million)	¥47 million (-)	¥32 million (-)	¥295 million (¥10 million)
Directors (Audit and Supervisory Committee members) (of which outside directors)	7 (5)	¥58 million (¥40 million)	- (-)	- (-)	¥58 million (¥40 million)
Total (of which outside directors)	14 (6)	¥273 million (¥51 million)	¥47 million (-)	¥32 million (-)	¥353 million (¥51 million)

*1 The total amount of performance-linked compensation (cash-based compensation) indicates the amount of provision for directors' bonuses in FY2024. In addition, the total amount of performance-linked compensation (noncash-based compensation) indicates the amount of provision for directors' stock benefits in FY2024 based on the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan that uses a trust.

*2 The compensation above includes the compensation paid to two directors (Audit and Supervisory Committee members) who retired at the conclusion of the 87th annual general meeting of shareholders held on June 26, 2024.

Corporate Governance

Analysis and Evaluation of the Effectiveness of the Board of Directors

The Company, to confirm whether the Board of Directors is appropriately carrying out its role in the Company’s sustainable growth and the increase of its corporate value, has stipulated in the “Initiatives on Corporate Governance by Nishimatsu Construction Co., Ltd.” that it shall make efforts toward enhancing the functions of and improving the Board of Directors by performing analysis and evaluation of the effectiveness of the Board of Directors once every year.

Based on the policies for initiatives, the Company conducted evaluations of the effectiveness of the Board of Directors over the period as described in (1), (2) below. Based on the results of the evaluation shown in (3), (4) below, the Board of Directors confirmed to continue its initiatives toward improving the effectiveness of the Board of Directors as described in (5) below in order to further advance corporate governance.

1. Evaluation Process

The Audit and Supervisory Committee led in creating a questionnaire given to all members of the Board of Directors. The counting process of the collected questionnaires was outsourced to a third-party institution to ensure anonymity in the survey. An analysis and evaluation were conducted based on the compiled questionnaire results and were then reported to and discussed by the Board of Directors.

Period covered by questionnaire: April 2024-March 2025
Consideration of questionnaire items: December 2024-January 2025
Questionnaire response (anonymous): January-February 2025
Questionnaire results compilation and analysis: March 2025
Report to and discussion by Board of Directors: March and May 2025

2. Questionnaire Evaluation Items

The questionnaire evaluated the following items: “Roles and functions of the Board of Directors,” “Composition and size of the Board of Directors,” “Operation of the Board of Directors,” “Coordination with audit institutions,” “Relationship with outside directors,” and “Relationship with shareholders and investors.” These items were determined after taking into account matters reported to the Board of Directors by the Audit and Supervisory Committee in the evaluations of the effectiveness of the Board of Directors conducted in the previous fiscal year.

3. Overview of Evaluation Results

The evaluation results confirm the effectiveness of the Company’s Board of Directors is being maintained, regardless of the change of the Chair, with frank discussions taking place due to smooth proceedings conducted by the Chair and active commenting by individual directors.

In particular, the fact that opportunities are given to outside directors to adequately understand the Company to provide appropriate advice and supervision as well as the fact that discussions about nomination and compensation are held appropriately are confirmed as being the strengths of the Company’s Board of Directors.

4. Response to Issues Identified in Previous Questionnaire

The following notes respond to items identified as the main issues in the previous fiscal year.

1) Considerations regarding how the Board of Directors should be: The Board of Directors concluded that the members generally share their visions of how the Board of Directors should be. At the same time, the need to further discuss how much weight should be placed on the supervisory and decision-making (execution of business) functions of the Board of Directors has been identified.

2) Training for officers: The number of training sessions, etc. increased. At the same time, the need to enhance training has been identified.

5. Future Initiatives Taking into Account Issues

To further advance the effectiveness of the Board of Directors, the Company will continue to address the issues identified in the previous questionnaire and has acknowledged the following to be matters of particular importance.

(1) Enriching discussions about how the Board of Directors should be
(2) Discussing medium- to long-term issues regularly (creating a discussion schedule)
(3) Building a system to ensure that identified issues are properly addressed
(4) Flexibly managing risk to grow sustainably

The Board of Directors will continue discussions in the future.

Discussions of the Board of Directors in FY2024

Major issues discussed	Descriptions
Corporate strategy	Medium- to long-term corporate strategies, growth investments, shareholder return policies, and treasury stock management policy were discussed.
Sustainability	KGIs and KPIs related to the Sustainability Slogan, climate change-related risks and opportunities, and human resource strategies were reported and discussed.
Governance	The effectiveness evaluation of the Board of Directors, succession plan, nomination of candidates for directors, officer compensation, and the reduction of strategic shareholdings were discussed.
Risk management	Internal control, company-wide management of business risks, and investment-related risk management were reported and discussed.
Compliance	Compliance reports and the direction of compliance activities were reported and discussed.
Finance	Financial strategies and asset and liability management for each business were reported on and discussed.

Policy on Director Training

The Company will assist all directors, including new directors, in gaining necessary knowledge by providing them with group training taught by external instructors, e-learning programs, and information about external seminars.

Directors will actively engage in these opportunities to enhance their understanding of their roles and responsibilities

and strive to acquire and appropriately update their knowledge as necessary. Executive directors will provide new outside directors with a comprehensive overview of the Company’s business activities, organizational structure, and financial status, and other information.

Strategic Shareholdings

Policy regarding reducing strategic shareholdings

We have made it our policy to hold shares of companies deemed necessary for our business operations and, unless there are other extenuating circumstances, to reduce our holdings of companies that do not meet this criterion.

With regard to determining whether to hold specific strategic shareholdings, the Management Meeting carefully surveys and reviews each fiscal year whether we have transactions with the issuing company, what the status is of obtaining construction and other information, and whether there are other special circumstances, then makes a report to the Board of Directors. The Board of Directors receives and reviews these reports and makes final decisions on whether the holding is appropriate, then discloses the results of their decision.

Status of reduced strategic shareholdings

Since formulating the reduction policy in FY2018, the Company has significantly scaled down strategic shareholdings. In FY2023, the prices of the stocks held by the Company were trending upward, resulting in an increase in the amount recorded on the balance sheet. In FY2024, certain stocks held were sold.

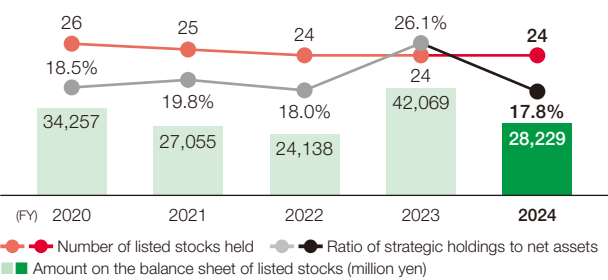
The Company will therefore continue efforts to further reduce strategic shareholdings through ongoing dialogue with investee companies.

Policy regarding the exercise of voting rights for strategic shareholdings

Nishimatsu Construction’s criteria for the exercise of voting rights for strategic shareholdings is as follows:

(1) In principle, we will exercise voting rights on all proposals.

(2) From the perspective of increasing the medium- to long-term corporate value of the Company whose shares are held as strategic shareholdings, we will make decisions for or against proposals while also taking into consideration the operating circumstances of that company. We will exercise particularly careful discretion and judgment in the case of proposals for corporate restructuring (such as mergers), presenting retirement bonuses to officer(s) at a company with poor operating results, a capital increase through third-party allocations, adopting takeover defense measures, and the like.



Risk and Opportunity Management

Group-Wide Risk and Opportunity Management System and Activities

In order to adequately manage risks and opportunities of the Nishimatsu Construction Group, minimize loss, and achieve sustainable growth, the Sustainability Strategy Meeting (Risk and Opportunity Management Committee and Environmental Committee), in accordance with internal rules, collects risk and opportunity information, monitors these across the organization, and comprehensively manages risks for the Group.

The Company designates departments responsible for managing the collected risks and opportunities. Meanwhile, the Meeting monitors risk and opportunity management in a preventative and heuristic manner, and evaluates the effectiveness of management efforts. If any issue is found, the Meeting provides the department responsible for management with recommendations for improvement. At the same time, the Meeting reports to the Management Meeting regarding the management system for and management status of risks and opportunities, and reports to the Board of Directors following deliberations and approval by the Management Meeting. The Board of Directors then deliberates on reports made by the Management Meeting and gives final approval as a corporate decision.

Risk Management System



* For an overview of the Sustainability Strategy Meeting, please refer to P.58. * For the Environmental Committee, please refer to P.66.

Risk and Opportunity Management Committee

The Risk and Opportunity Management Committee, which is purposed with ensuring adequate company-wide risk management related to risks and opportunities, implements “management of risks and opportunities in business activities” and “management of risks and opportunities from a long-term perspective.” The committee members are mostly deputy general managers from the Corporate Unit and business divisions.

The Committee thoroughly discusses the management of high-level risks in business activities, focusing on risks that are rated as high in quarterly evaluations. The Committee also discusses the assessment of the risk level and the status of the risk level control of each risk that has materialized or whose risk level has changed. The Committee strives to mitigate risks from a group-wide perspective.

Regarding risks from a long-term perspective, we built upon discussions initiated in 2023—including the formulation of the Sustainability Slogan (Basic Policy) and KGI, as well as the identification of materiality—and conducted further deliberations to identify seven risks.

Management of risks in business activities	Opportunities in business activities and management of risks and opportunities from a long-term perspective
- From the perspective of efficacy toward establishing and implementing risk management practices, the Committee makes a judgement on the propriety of the risk assessment results provided by the responsible department and Audit Unit. As necessary, the Committee instructs the responsible department to revise the definition of risk levels and the validity of hypotheses. - In regard to risks for which both the likelihood of occurrence and degree of impact are judged to be high, the Committee verifies the outcomes of the concrete countermeasures devised by the responsible department, and monitors the status of risk management on a quarterly basis.	- Based on the Sustainability Slogan (Basic Policy) and materiality, etc., the Committee verifies the validity of hypotheses. - As necessary, it instructs the responsible department to make revisions, and considers and monitors specific actions to promote sustainability.

Identification and evaluation of risks in business activities

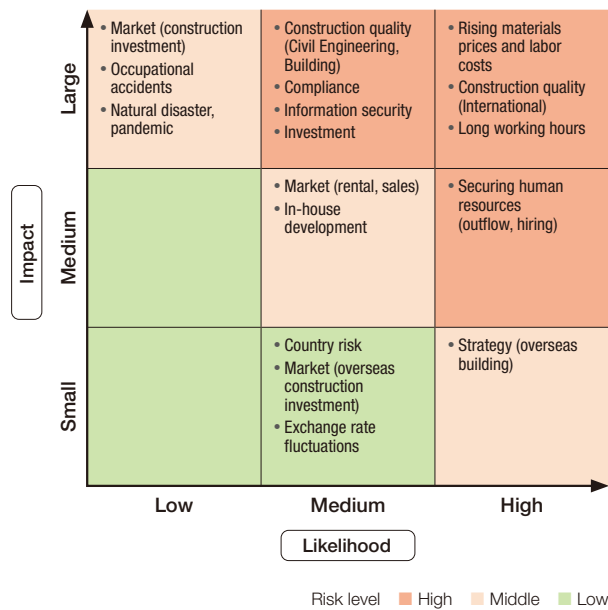
The Committee assessed the potential impact and likelihood of individual risks that could hinder the achievement of Medium-Term Management Plan 2025 and classified them into three categories using a risk map. The Committee will monitor the management status of individual risks and evaluate the effectiveness of its efforts on a quarterly basis. The Company has established internal quantitative financial and asset maintenance indicators and qualitative business continuity indicators to assess impacts.

Identification and evaluation of risks from a long-term perspective

The Committee has identified seven risks that need to be addressed to continue enhancing corporate value. They are climate change risk and six risks identified based on the Sustainability Slogan (Basic Policy) and material issues, as well as the evaluation of their potential impact on growth and the expected timing of their materialization. The Committee has conducted scenario analysis to develop response policies for these risks and monitor them.



Risk map showing risks associated with business activities (extract)



Information Security Risk Management

The Group possesses important business information, personal information obtained in the course of business, and confidential information related to our business partners. Various measures are being implemented to prevent loss of social credibility and economic losses due to information leaks.

Prevention measures

- (1) Technical measures
 - Reinforcing measures against computer virus counter and unauthorized access
 - Visualizing and controlling cloud service use
- (2) Personnel measures
 - Conducting security training and targeted e-mail drills
 - Having outside experts assess security and investigate risk

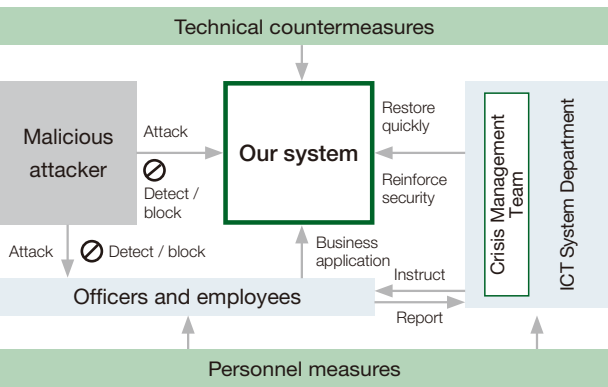
Countermeasures in the event of an incident

- Conducting incident response training
- Reinforcing cyber resilience for early recovery of systems

Ransomware, targeted e-mails, and other more recent forms of cyberattacks are not just a risk for our Company, and must therefore be addressed across the entire supply chain. In FY2024, we provided training on handling targeted emails to

officers and employees and also the Nishimatsu Partner Network (N-NET). Additionally, we shared useful cybersecurity information with individual Group companies through the website for N-NET members. The entire Group, including N-NET, will continue to improve information security.

Information Security System



Compliance

Materiality	Materiality solutions	KPIs (Company-wide)	Specific KPIs	Numerical target	FY2024 results
Adhere strictly to compliance	Upgrade, expand, and continue compliance education	Upgrade, expand, and continue compliance education	Compliance training attendance rate	100%	100%

Nishimatsu Construction’s Approach

Our view of compliance is not limited to the observance of laws, rules, and various regulations, but also serves as the foundation (corporate culture and climate) that allows us to conduct sustainable business activities based on the trust and confidence of all stakeholders in accordance with our Company Motto and Corporate Philosophy. Based on this

concept, we are working to improve compliance awareness among every officer and employee through various measures that include in-house training.

Basic compliance policy
➡ <https://www.nishimatsu.co.jp/eng/company/safety.html#anc-04>

Compliance Promotion System

The Company established the Compliance Committee with the aim of providing support and guidance for ensuring that compliance is practiced by the Group, and appoints a person from outside the Company to chair the Committee.

The Compliance Committee meets once a month to address and discuss various compliance-related issues, and plans and conducts compliance training to maintain and improve the compliance system. In addition, the Compliance Committee chair also attends Board of Directors meetings to report on the details of responses to various issues and make recommendations.

The Compliance Promotion Department takes the initiative

in promoting compliance as the secretariat of the Compliance Committee, playing a role in educating officers and employees about the activities of the Committee.

As the persons in charge of compliance, the heads of each division at the Head Office, the general managers at each regional headquarters, and the presidents of affiliated companies inform and raise awareness among officers and employees in the organizations they run.

Please click here to see the Compliance Committee's records and reports on its activities.
➡ <https://www.nishimatsu.co.jp/eng/esg/governance/compliance.html>

Whistleblower System

The Company established the Nishimatsu Hotline (the Hotline) as a whistleblower contact point to deter misconduct and corruption, promptly address scandals, and improve our corporate culture, and has devised a system whereby all stakeholders can make reports using their actual names or anonymously.

Reports received via the hotline are promptly forwarded to the Manager of the Office of President and the Chair of the Compliance Committee. The Compliance Promotion Department, while duly considering the protection of whistleblowers and the confidentiality of information, works with the relevant departments to verify the facts. If the facts are verified as reported, the Company takes the required corrective actions, formulates a recurrence prevention plan, and implements disciplinary action against the employees involved in the misconduct. The results of these actions are then provided as

feedback to the whistleblower. Acts that result in disciplinary action will be reported to the Executive Committee Meeting.

Number of reports

In FY2024, the Hotline received 57 reports. Of these, 36 incidents were confirmed to be factual, and the required actions were taken for each incident.

Counseling service

The Company has set up the “Workplace Hotline,” a counseling service where employees can easily seek advice about mental anxiety or human relations in the workplace.

Number of calls to the Nishimatsu Hotline and Workplace Hotline (Number of reports)					
Category	FY2020	FY2021	FY2022	FY2023	FY2024
Nishimatsu Hotline	33	28	45	38	57
Nishimatsu Workplace Hotline	12	12	8	6	17

Compliance Training

We carry out ongoing career-level-specific training and e-learning for all employees to improve compliance awareness, eliminate acts of corruption, misconduct, and harassment, and boost understanding and dissemination of the whistleblowing system. As is standard, in FY2024 we provided information regarding our compliance system and the most recent issues involving compliance, including corruption prevention.

Each October, which the Japan Federation of Construction Contractors has stipulated as Corporate Code of Conduct Practice Promotion Month, we conduct compliance training for Nishimatsu Group officers and executives, and endeavor to raise compliance awareness among the management class. These efforts serve the purpose of enhancing and maintaining compliance awareness among officers and employees.

Board of Directors and Audit and Supervisory Committee

(As of June 27, 2025)

Directors



Masakazu Hosokawa
Representative Director and President

Apr. 1987 Joined the Company
Apr. 2024 Executive Vice President
Jun. 2024 Representative Director and President, Chief Executive Officer and President (to present)

Number of Company shares held 4,916 shares
Attendance at Board Meetings 11 out of 11 (100%)



Makoto Isshiki
Representative Director In charge of Corporate Unit

Apr. 1984 Joined the Company
Jun. 2016 Director, Senior Managing Officer
Apr. 2025 Representative Director and Executive Vice President, in charge of Corporate Unit (to present)

Number of Company shares held 14,314 shares
Attendance at Board Meetings 16 out of 16 (100%)



Osamu Shibui
Director General Manager of Management Unit

Apr. 1985 Joined the Company
Apr. 2025 Senior Managing Officer, General Manager of Management Unit
Jun. 2025 Director, Senior Managing Officer, General Manager of Management Unit, in charge of Investor Relations (to present)

Number of Company shares held 4,924 shares



Shinsuke Hamasaki
Director General Manager of Corporate Strategy Unit

Apr. 1983 Joined the Company
Apr. 2025 Managing Officer, General Manager of Corporate Strategy Unit
Jun. 2025 Director, Managing Officer, General Manager of Corporate Strategy Unit (to present)

Number of Company shares held 3,483 shares

Audit and Supervisory Committee Members



Hideyuki Kawano
Director (Audit and Supervisory Committee Member) (Full-Time)

Apr. 1987 Joined the Company
Jun. 2024 Director (Full-time Audit and Supervisory Committee Member) (to present)

Number of Company shares held 600 shares
Attendance at Board Meetings 11 out of 11 (100%)
Attendance at Audit and Supervisory Committee Meetings 10 out of 10 (100%)



Toshihiro Kubo
Outside Director (Audit and Supervisory Committee Member)

Jul. 2014 Representative Director and Executive Vice President, Kubota Corporation
Jun. 2021 Chairman of the Osaka Federation of Health Insurance Societies (to present)
Vice Chairman, National Federation of Health Insurance Societies (to present)
Jun. 2022 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)
May 2025 Outside Director, Nakamoto Packs Co., Ltd. (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 16 out of 16 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)



Yayoi Ito
Outside Director (Audit and Supervisory Committee Member)

Apr. 2008 General Manager, Business Planning Promotion Division, Headquarter of Public System Business, NTT DATA Corporation
Jun. 2021 Outside Director, KANADEN CORPORATION (to present)
Jun. 2021 Outside Director, SUMIKEN MITSUI ROAD CO., LTD. (resigned in Jun. 2024)
Jun. 2023 Outside Director, JAPAN POST HOLDINGS Co., Ltd. (to present)
Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 16 out of 16 (100%)
Attendance at Audit and Supervisory Committee Meetings 15 out of 15 (100%)



Hajime Oshita
Outside Director (Audit and Supervisory Committee Member)

Mar. 2017 Representative Director, President and CEO of JFE Engineering Corporation
Jun. 2017 Director, JFE Holdings, Inc. (resigned in Jun. 2024)
Apr. 2024 Special Advisor of JFE Engineering Corporation (to present)
Jun. 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares
Attendance at Board Meetings 10 out of 11 (91%)
Attendance at Audit and Supervisory Committee Meetings 10 out of 10 (100%)



Misako Kikuchi
Outside Director (Audit and Supervisory Committee Member)

May 2001 General Manager of Public Relations Department, Corporate Communications Division, MITSUI & CO., LTD.
Apr. 2015 General Manager of Environmental-Social Contribution Division, MITSUI & CO., LTD.
Oct. 2018 President and Representative Director, Mitsui Bussan Forest Co., Ltd. (resigned in Jun. 2022)
Apr. 2022 Auditor, St. Luke's International University (resigned in Jun. 2025)
Jun. 2022 Outside Director, KOMERI Co., Ltd. (to present)
Outside Director, OKAMURA CORPORATION (to present)
Jun. 2025 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Number of Company shares held 0 shares

* The number of shares of the Company held includes the number of shares to be delivered under the stock compensation plan.
* The attendance at the Board Meetings and the Audit and Supervisory Committee Meetings indicates the attendance for FY2024.