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Nishimatsu Climate Information 2026



NISHIMATSU

June 2026

Progress Status of Nishimatsu Transition Plan for Carbon Neutral Society



Nishimatsu Construction Group (the “Group”) has developed the “Nishimatsu Transition Plan for 2050 Carbon Neutral (CN) Society,” an actionable roadmap that commits us to achieving carbon neutrality by 2050. We have set 2030 as a crucial midpoint milestone and are progressing toward our goal using a dual approach consisting of the drastic reduction of CO₂ emissions throughout our value chain and self-generated renewable energy generation. Through this strategic approach, we aim to achieve both the realization of a sustainable society and the enhancement of long-term corporate value.

(Refer to P13 for details on the CN Transition Plan)

Our CO₂ emissions from direct operations (Scope 1 and 2) in FY2025 decreased by 32.1% compared to FY2020 baseline. Although the introduction of renewable electricity progressed, the reduction was limited due to a significant rise in diesel fuel consumption in the civil engineering business. Additionally, regarding our target for Scope 3 Category 11 (indirect emissions from energy use during the operational phase of buildings completed and handed-over buildings), our actual emissions decreased drastically from the previous fiscal year because significantly fewer construction projects were completed than usual.

With respect to energy creation, in addition to our existing woody biomass power generation and solar PPAs, our first methane fermentation biogas power generation facility began full-scale operations, and our power generation increased from the previous fiscal year.

The realization of carbon neutrality (CN) by 2050 aligns with our corporate philosophy to “Establish a sustainable society for people to live with peace of mind, providing worthwhile structures and services,” and under the Transition Plan, we proactively anticipate various changes in the environment, develop a strategic response to climate-related risks and opportunities, and strengthen our organizational resilience.

We are committed to continuing to address regional and social issues through an integrated approach, while deepening our collaboration with diverse stakeholders.

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Governance and Risk Management

Our climate-related governance and risk management structure consists of four levels, with the Board of Directors, which has an oversight function, positioned at the top. This structure is responsible for determining material items and specific response measures for climate-related risks and opportunities, as well as approving the progress of response measures. The governance and risk management structure for nature-related risks and opportunities is the same.

Oversight level

Board oversight

We believe that strategies to avoid, reduce, and transfer climate- and nature-related risks and to realize climate- and nature-related opportunities are important management issues, and that appropriate corporate responses will lead to sustainable growth. To this end, the “Board of Directors” coordinates with the Sustainability Committee (composed of outside experts, outside directors, and internal directors), which serves as an advisory body, on matters submitted (for decision/reporting) from the “Management Meeting” on climate- and nature-related issues and oversees specific response measures and progress management for climate- and nature-related risks and opportunities.

Chief Executive level

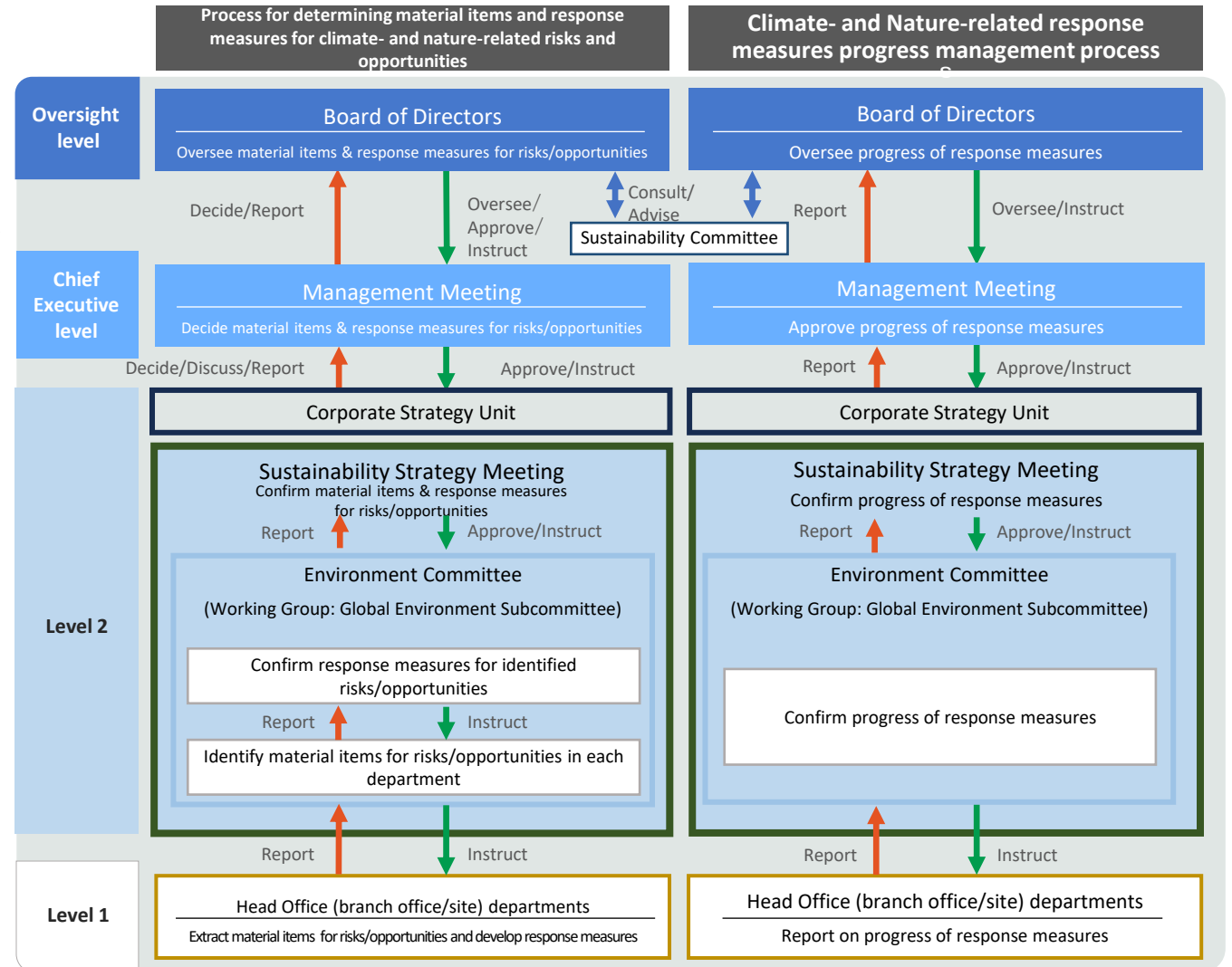
Decision and approval by Management Meeting

Upon receiving submitted matters (for decision/discussion/reporting) on climate- and nature-related issues from the Corporate Strategy Unit (Sustainability Strategy Meeting), the “Management Meeting” decides on material items and specific response measures for risks and opportunities, which are submitted (for decision/reporting) to the Board of Directors. Progress on response measures is reported twice a year to the Board of Directors.

**(Level 1-)
Level 2**

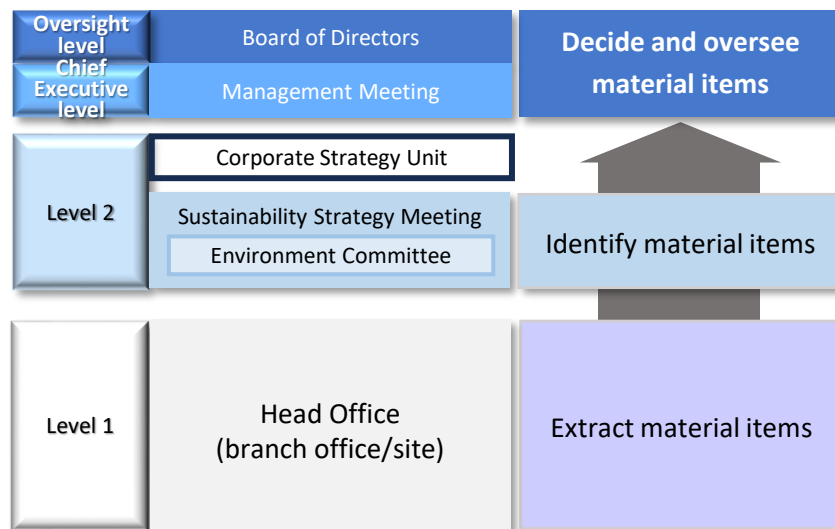
Management by Corporate Strategy Unit (Sustainability Strategy Meeting)

The “Head Office (branch office/site) departments” extract material items for climate- and nature-related risks and opportunities, develop risk and opportunity response measures, and report on the progress. The “Environment Committee (Working Group: Global Environment Subcommittee)” established within the “Sustainability Strategy Meeting” receives reports from the “Head Office (branch office/site) departments,” identifies extracted climate- and nature-related risks and opportunities, confirms response measures and progress, and reports to the Sustainability Strategy Meeting. The head of the Corporate Strategy Unit, who chairs the meeting, will make a final confirmation and report to the “Management Meeting.”



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

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



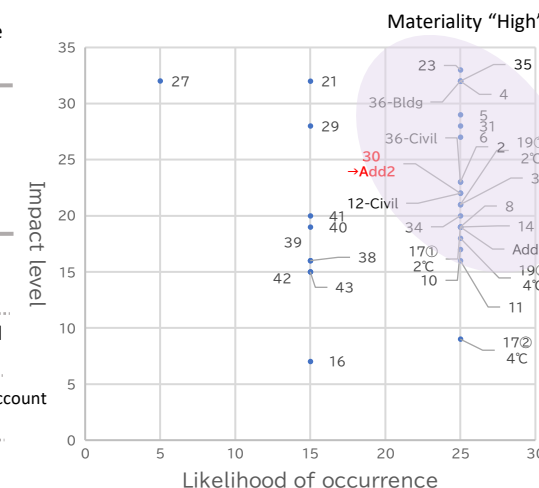
- The Board of Directors, as the oversight level, is responsible for overseeing the material items for identified risks and opportunities.
- The Management Meeting, as the executive level, is responsible for making decisions on the material items for identified risks and opportunities.

The Sustainability Strategy Meeting (Environment Committee) screens the material items identified during primary extraction and further conducts secondary extraction (identification) of items that would have a significant impact on financial and business strategies, and the Corporate Strategy Unit reports on these items.

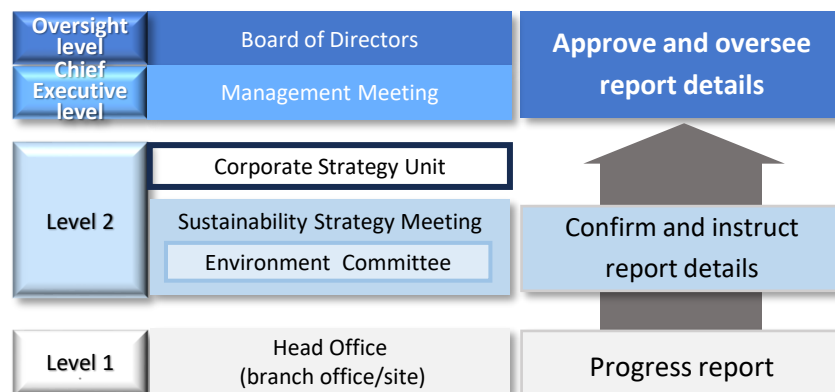
The Head Office (branch office/site) departments conduct primary extraction of material items based on the three factors (quantitative impact, qualitative impact, and likelihood of occurrence).

[Quantitative impact]	The severity of the quantitative impact is assessed based on evaluation and scoring, using the operating income as the basis.
[Qualitative impact]	The qualitative impact is assessed based on evaluation and scoring, taking into account stakeholder interests, including customers, suppliers, governments, and investors.
[Likelihood of occurrence]	The likelihood of occurrence is assessed based on evaluation and scoring within predetermined categories.

Image of materiality evaluation process



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



- The Board of Directors oversees the report details on the progress of the response measures in “material items for climate-related risks and opportunities” and provides instructions to the Management Meeting, as necessary.
- The Management Meeting receives reports on the progress of the response measures in “material items for climate-related risks and opportunities” from the Corporate Strategy Unit (Sustainability Strategy Meeting) and provides instructions to the Corporate Strategy Unit (Sustainability Strategy Meeting)-as necessary.

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

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



Strategy (Scenario Analysis and Resilience)

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

We have conducted scenario analysis as recommended by the TCFD*1 to respond to a highly uncertain future. Adopting scenarios of 1.5 °C and 4 °C temperature increases from pre-industrial levels, this analysis covers not only our mainstay “Construction Business” but also “Environment / Urban Development Business (Asset Value-Added Business and Regional Environmental Solutions Business),” accounting for the entire value chain including partner companies and material procurement. In addition, since climate-related risks and opportunities can have long-term impacts, we have set the period up to FY2030 as "short-term," the period from FY2031 to FY2040 as "medium-term," and the period from FY2041 to FY2050 as "long-term.”

Estimated temperature rise	Adopted Scenario	Assumed environment	Target business	Time horizon for analysis (FY)
1.5°C	[Transition] IEA*2 NZE*3	It shows a pathway to stabilize the global average temperature at 1.5°C above the pre-industrial levels. A scenario in which clean energy policies and investments surge and developed countries reach net zero ahead of others.	● Construction Business (domestic civil engineering and building construction, international) ● Environment / Urban Development Business (Asset Value-Added Business and Regional Environmental Solutions Business)	Short-term: 2026-2030 Medium-term: 2031-2040 Long-term: 2041-2050
	[Physical] SSP*4 1-1.9	Under sustainable development, climate policies to limit the temperature rise to 1.5°C or lower from the pre-industrial levels are introduced. Expected to achieve net-zero CO ₂ emissions in mid-21st century.		
4°C	[Transition] IEA STEPS*5	A scenario that reflects specific policies announced by each country at this stage. The temperature rise exceeding 2°C is assumed.		
	[Physical] SSP5-8.5	High-level reference scenario with no climate policy introduced under fossil fuel dependent development.		

*1 TCFD: Task Force on Climate-related Financial Disclosures. The Task Force, established by the Financial Stability Board (FSB) following a request from the G20, encourages companies and others to understand and disclose the financial impacts of climate change. The TCFD dissolved in October 2023, transferring its oversight function to the International Financial Reporting Standards (IFRS) Foundation.

*2 IEA: International Energy Agency

*3 NZE: Net Zero Emissions by 2050 Scenario

*4 SSP: Shared Socioeconomic Pathways

*5 STEPS: Stated Policies Scenario

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

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

Material items for risks

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

Material items for opportunities

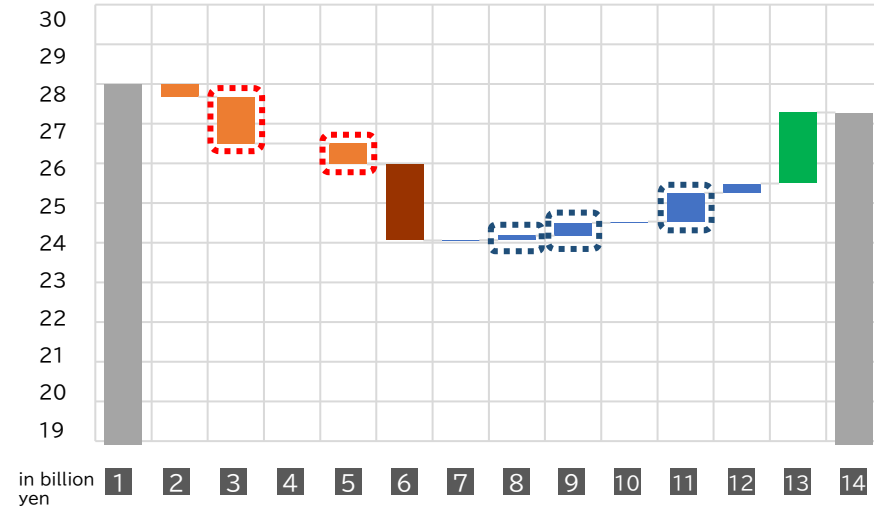
Classification	Opportunity	Financial Impact	Impact period			Applicable scenario
			S	M	L	
Resource efficiency	[Decarbonization needs] Increased needs for energy-efficient rental buildings	Sales increase				1.5°C
	[Decarbonization needs] Increased needs for construction of ZEB (Net Zero Energy Buildings)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

[Analyzed time horizon (FY)] Short (S): 2026-2030 Medium(M): 2031-2040 Long (L): 2041-2050

Strategy (Scenario Analysis and Resilience): Financial Impact Assessment [1.5 °C Scenario]

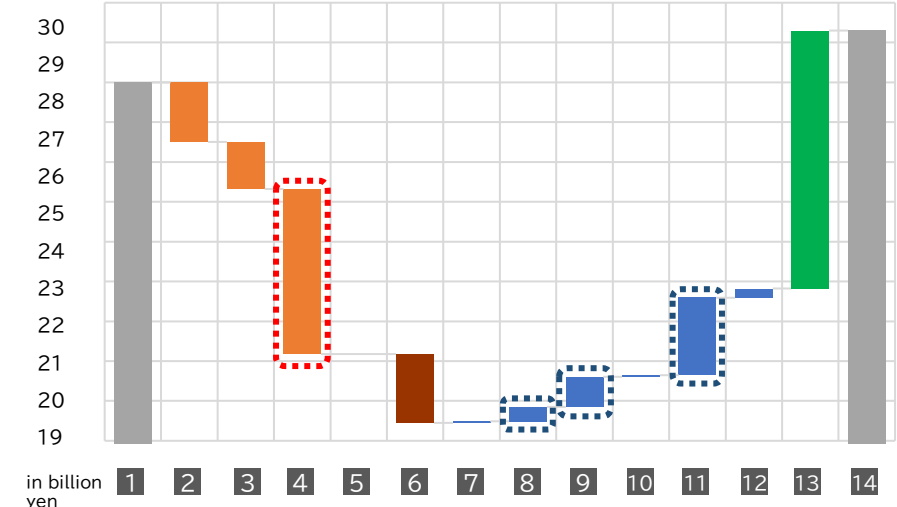
The financial impact of risks and opportunities identified as material items is presented using waterfall charts, showing “changes in impact amount” on operating income from FY2025 to FY2030/FY2050 under both 1.5°C and 4°C scenarios.

FY2030: 1.5°C scenario



- 1 Operating income (FY2025)
- 2 Decline in workers due to temperature rise
- 3 Delayed technological response in mid- to high-rise timber buildings
- 4 Full-scale introduction of carbon tax
- 5 Delayed technological response in environmentally-friendly concrete
- 6 Response cost
- 7 Increased needs for energy-efficient rental buildings
- 8 Increased demands for renewable energy
- 9 Increased needs for ZEB construction
- 10 Increase in disaster recovery construction
- 11 Expansion of renewable energy-related construction
- 12 Increase in disaster prevention/mitigation construction
- 13 Profit recovery by risk response (2 - 5)
- 14 Operating income (FY2030 & FY2050)

FY2050: 1.5°C scenario



1.5°C Scenario

[Risk] For FY2030, we found that delays in technological responses such as “mid- to high-rise timber buildings” and “environmentally-friendly concrete” would have a significant impact. In addition to responding to “decline in workers due to temperature rise,” we identified the need to strengthen our design and construction technologies as well as technological development. We also found that “carbon taxes” would become an additional burden in FY2050, making efforts toward carbon neutrality imperative.

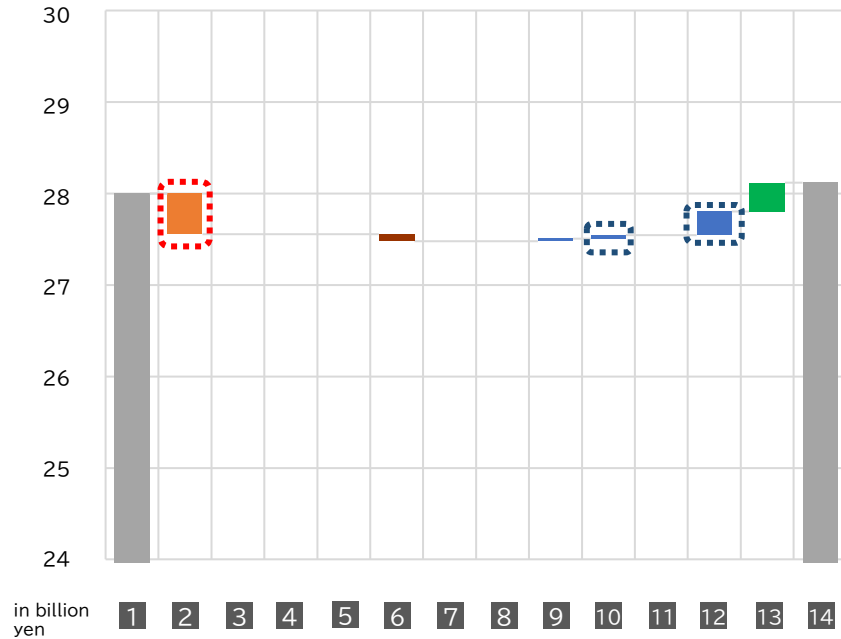
[Opportunity] We believe that there are sales opportunities toward a carbon neutral society for both FY2030 and FY2050, such as in “renewable energy-related construction,” “ZEB construction,” and “renewable energy business.” This trend will grow significantly in FY2050. For this reason, we found that we need to proactively secure additional orders, strengthen our design and construction technologies, and expand into the renewable energy business.

[Operating income comparison]

Compared to FY2025 operating income, operating income in FY2030 may see a slight decrease, as profit recovery driven by risk responses will still be underway and opportunities will not yet have fully materialized. On the other hand, operating income is expected to increase in FY2050 due to the realization of opportunities and the avoidance of carbon taxes through actions taken toward carbon neutrality.

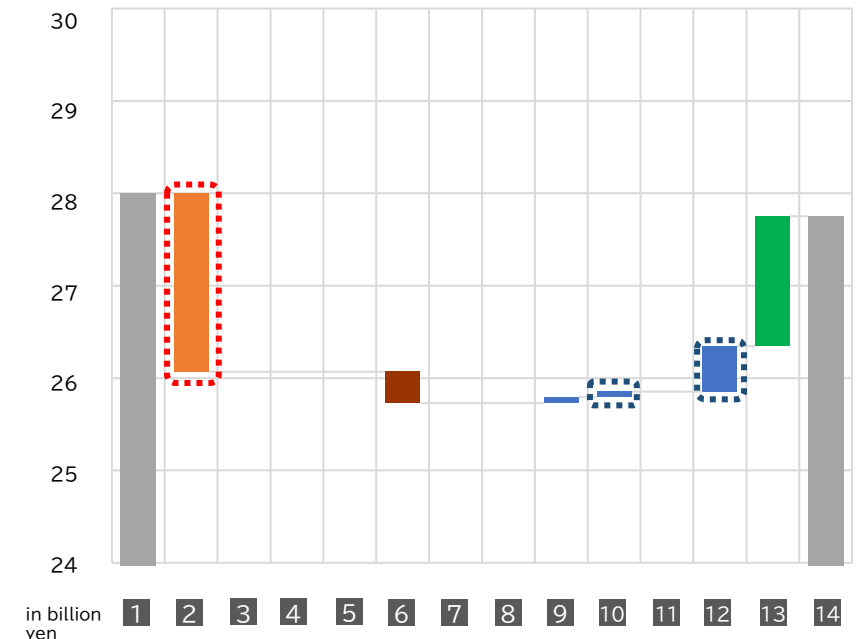
Measures to address risks and capture opportunities are detailed on P15 and 16.

FY2030: 4°C scenario



- 1 Operating income (FY2025)
- 2 Decline in workers due to temperature rise
- 3 Delayed technological response in mid- to high-rise timber buildings
- 4 Full-scale introduction of carbon tax
- 5 Delayed technological response in environmentally-friendly concrete
- 6 Response cost
- 7 Increased needs for energy-efficient rental buildings
- 8 Increased demands for renewable energy
- 9 Increased needs for ZEB construction
- 10 Increase in disaster recovery construction
- 11 Expansion of renewable energy-related construction
- 12 Increase in disaster prevention/mitigation construction
- 13 Profit recovery by risk response (2)
- 14 Operating income (FY2030 & FY2050)

FY2050: 4°C scenario



4°C Scenario

Measures to address risks and capture opportunities are detailed on P15 and 16.

[Risk] “Decline in workers due to temperature rise” was found to be a significant issue, with the impact expected to increase substantially, particularly in FY2050. We identified the needs to implement workforce-related measures and strengthen our design and construction technologies as well as technological development.

[Opportunity] As natural disasters become more severe and frequent; we expect opportunities in “disaster prevention and mitigation construction” and “disaster recovery construction.” We found that it is necessary to strengthen order acquisition for shield construction and various renewal projects, as well as establish a rapid response system for disaster recovery work.

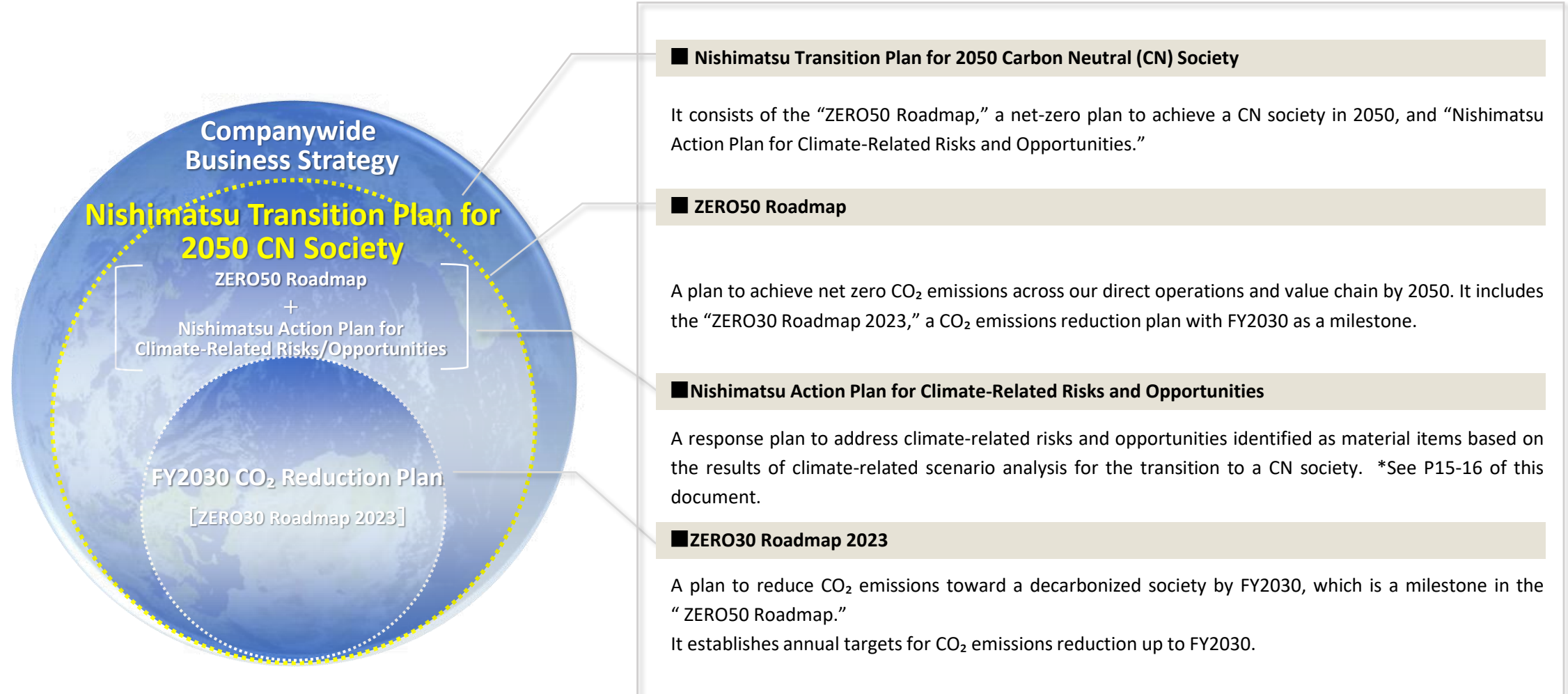
[Operating income comparison]

Compared to FY2025 operating income, operating income in FY2030 may see a slight increase due to profit recovery driven by responses to “risk of decline in workers due to temperature rise” and the capture of opportunities in “disaster prevention and mitigation construction.”-Operating income in FY2050 is expected to decrease slightly, as opportunities in “disaster prevention and mitigation construction” are expected to expand, while costs associated with responding to “risk of decline in workers due to temperature rise” are expected to increase. Under the 4°C scenario, operating income was not found to be significantly impacted in either FY2030 or FY2050.



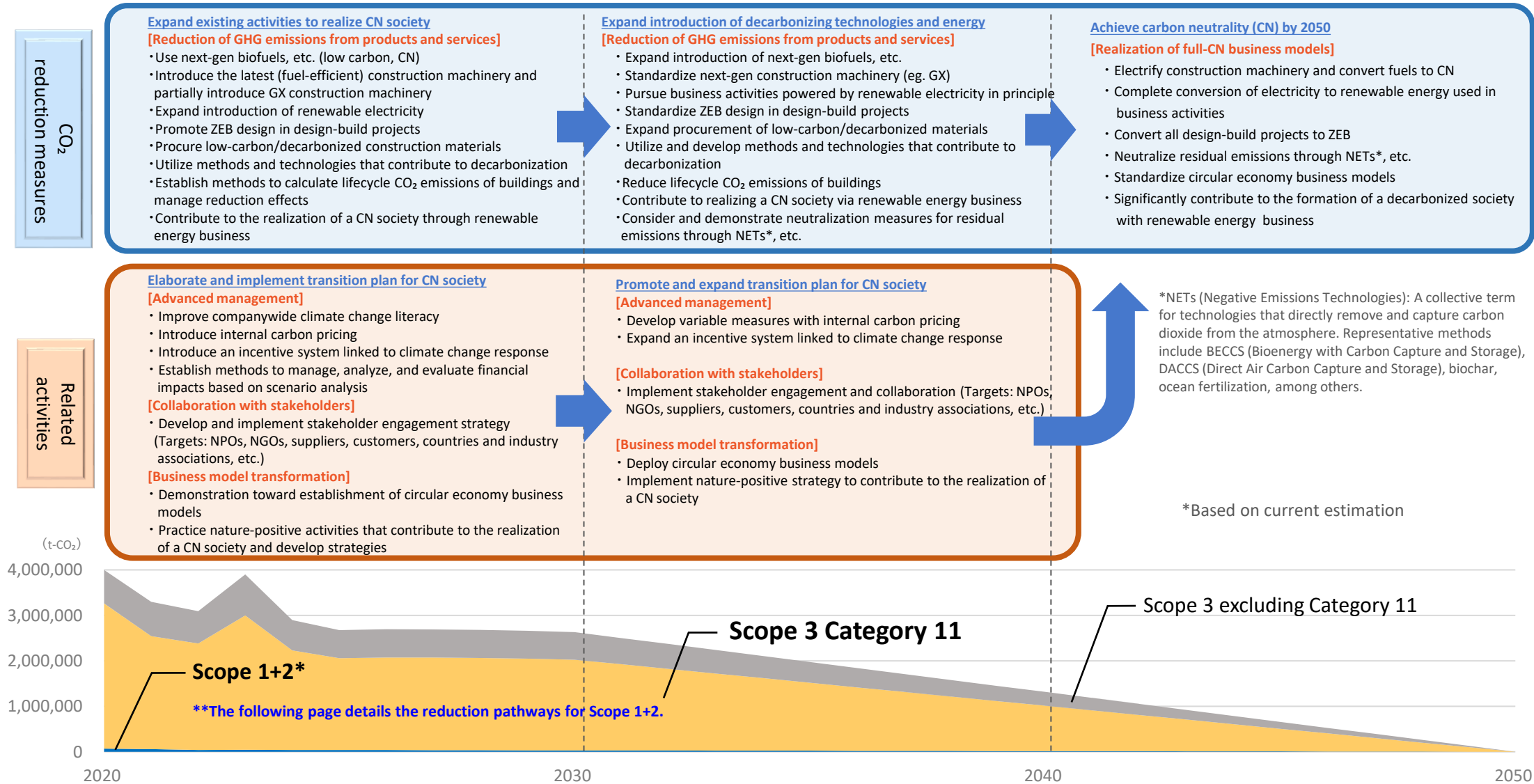
Metrics and Targets (Transition Plan for CN Society)

Recognizing that addressing climate change is an important management issue in the companywide business strategy, Nishimatsu Construction has developed the Transition Plan for 2050 Carbon Neutral (CN) Society. This plan encompasses a CO₂ reduction plan for 2050 and a plan to address climate-related risks and opportunities, with the aim of achieving both carbon neutrality and business growth.



Metrics and Targets: Nishimatsu Transition Plan for CN Society [ZERO50 Roadmap / Across the Value Chain]

The ZERO50 Roadmap is a plan to achieve net zero across the entire value chain toward a CN society by 2050. In addition to CO₂ reduction measures, it also aims to implement related activities to promote reduction, such as enhancing governance and collaborating with stakeholders, and to transform business models toward a CN society.



A roadmap to achieve net zero in direct operations (Scope 1 + 2) under the "ZERO50 Roadmap." We aim to achieve net-zero CO₂ emissions by utilizing negative emissions technologies, in addition to standardizing renewable electricity and introducing next-generation fuels and technological innovations (construction machinery and equipment that contribute to decarbonization).

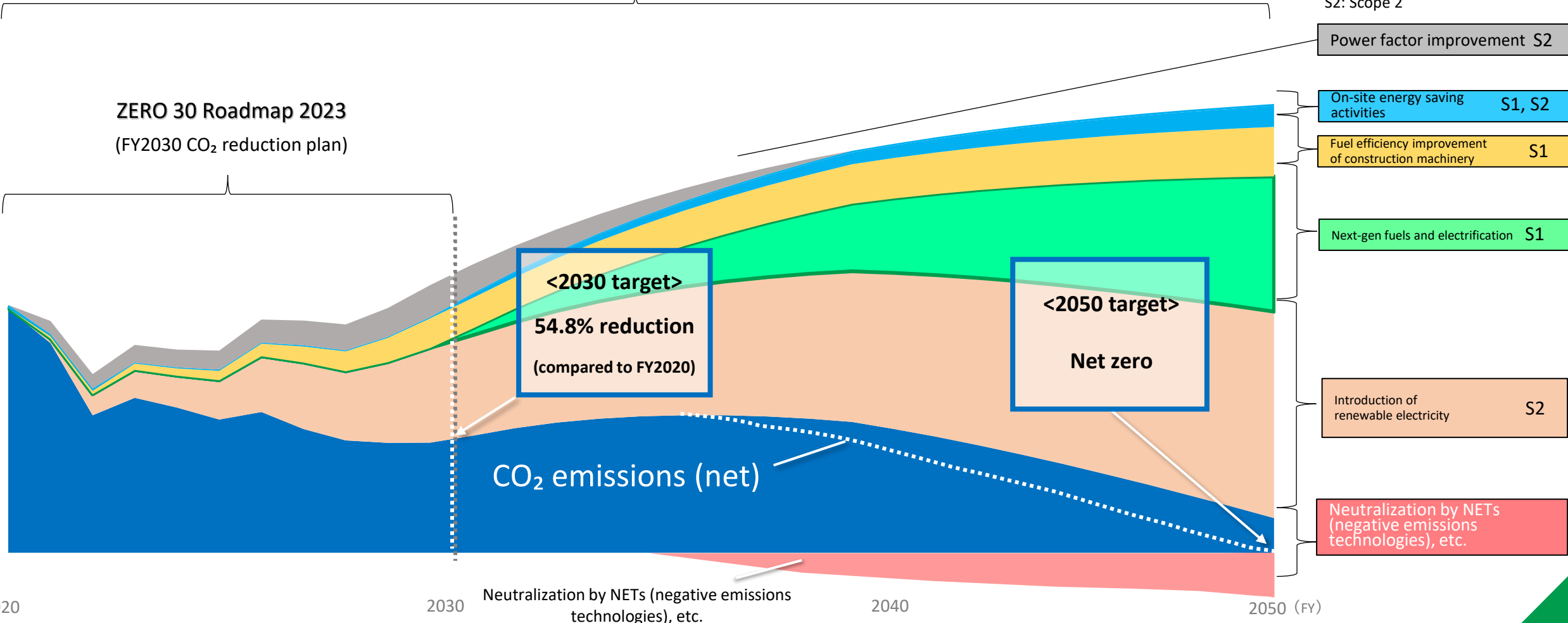
*Based on current estimation

ZERO50 Roadmap

[Legend]
S1: Scope 1
S2: Scope 2

- Power factor improvement S2
- On-site energy saving activities S1, S2
- Fuel efficiency improvement of construction machinery S1
- Next-gen fuels and electrification S1
- Introduction of renewable electricity S2
- Neutralization by NETs (negative emissions technologies), etc.

ZERO 30 Roadmap 2023 (FY2030 CO₂ reduction plan)



(1) Status of efforts for climate-related risks

No.	Business classification	Material item	Response policy	KPI (metric)	Target	FY2025 result	Action up to FY2025	Action from FY2026 onwards
1	Civil engineering business	[Temperature rise] Response to a decline in skilled workers (consideration of power-saving construction methods)	Establishment and accumulated experience of large-scale precasting technology	Number of orders received for road slab replacement construction	A total of 5 projects by FY2030	A total of 2 projects	- Develop large-scale precasting-related technology - Promote use of precast products with design proposals *A total of 2 projects: 1 in FY2023 and 1 in FY2024	⇒ Continue actions taken in FY2025
2	Civil engineering business	[Temperature rise] Response to a decline in skilled workers (unmanned and automated operations)	Establishment and on-site implementation of unmanned and automated construction technologies	Number of workers in mountain tunnel and shield construction	Reduce by 30% from FY2018 level by FY2030	0%	- Develop unmanned and automated construction-related technologies in mountain tunnel construction - Develop manpower-saving and automated technologies for shield tunnel construction	⇒ Continue actions taken in FY2025
3	Building construction business	[Temperature rise] Increase in labor costs due to a decline in skilled workers	Development and introduction of construction robots, remote control, and manpower-saving apps	Reduction in total annual working hours of workers	Reduce total annual working hours by 144,600 by FY2030	37,125 hours reduced	- Participate in the RX Consortium to develop and test construction robot technology - Develop productivity improvement technology through collaboration with technical research institutes and manufacturers - Identify and roll out manpower-saving digital technologies and robotics nationwide	⇒ Continue actions taken in FY2025
4	Building construction business	[Decarbonization needs] Loss of order opportunities due to delayed technological development of environmentally-friendly concrete	Promotion of development of environmentally-friendly concrete	(1) Volcanic glass powder concrete (VGP) (2) Geopolymer (3) Carbon negative concrete (4) Slagrete (high-strength applications)	((1) Apply to one real project by FY2026 (2) Apply as a structural material in one real project by FY2027 (3) Apply to one real project by FY2028 (4) Apply as a structural material in one real project by 2028	0 projects ((1) – (4))	(1) Consider VGP concrete mixing technology (2) Clarify the regulatory status of geopolymer under the Building Standards Act (3) Consider application of secondary products using carbon negative concrete (4) Plan to introduce Slagrete into real project (structural material)	⇒ Continue actions taken in FY2025
5	Building construction business	[Decarbonization needs] Response to mid- to high-rise timber buildings	Enhancement of design and construction technology for mid- to high-rise timber buildings	Actions taken for mid- to high-rise timber buildings	2 projects / year by FY2030	2 projects	- Complete implementation design that uses two-way timber frame hybrid structure - Rationalize mid- to high-rise timber building construction technologies (cost reduction) - Acquire expertise on reliability through demonstration tests and measurements in actual projects	⇒ Continue actions taken in FY2025 and expand sales to secure orders for mid- to high-rise timber buildings
6	International business <civil engineering>	[Temperature rise] Cost increase due to declines in skilled workers and productivity	Introduction of manpower-saving technology for tunnel construction in overseas projects	Manpower-saving technology for tunnel construction	Adopt 1 project by FY2027	0 projects	Consider implementing manpower-saving technology for tunnel construction	⇒ Integrate into Risk No.2 (civil engineering business) "Response to a decline in skilled workers (unmanned and automated operations)" and "Establishment and on-site implementation of unmanned and automated construction technologies"
7	International business <building construction>	[Temperature rise] Cost increase due to declines in skilled workers and productivity	Adoption of pre-fabrication methods	Achievement of buildings using pre-fabrication methods	Construct 1 project by FY2030	0 projects	Verify technology and costs for pre-fabrication of factory logistics facilities	⇒ Continue actions taken in FY2025
8	Companywide	[Strengthened policies] Increase in business costs due to the full-scale introduction of carbon tax	Reduction of Scope 1+2 CO ₂ emissions in line with ZEROS0 Roadmap	Scope 1+2 emissions	Achieve 31.7 k t-CO ₂ by 2030 as our medium-term target to achieving carbon neutrality in 2050	47.7k t-CO ₂	- Promote use of energy conservation 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 FY2025

(2) Status of efforts for climate-related opportunities

No.	Business classification	Material item	Response policy	KPI (metric)	Target	FY2025 result	Action up to FY2025	Action from FY2026 onwards
1	Civil engineering business	[Temperature rise] Increase in disaster recovery construction	Establishment of a system for rapid response in disaster recovery construction	Acceptance of requests for disaster recovery assistance	Achieve 100% by FY2030	100% (7/7 projects)	- Establish an emergency readiness system - Establish a system that contributes to strengthening procurement capabilities for emergency materials, equipment, and labor - Consider introduction of unmanned and remote construction technologies in actual construction	→ Continue actions taken in FY2025
2	Civil engineering business	[Decarbonization needs] Increase in renewable energy-related construction	Enhancement of order intake for offshore wind power generation construction projects	Number of orders received for offshore wind power generation projects	A total of 1 project as of FY2030	0 projects	- Secure equipment required for offshore wind power generation construction (modification of installation vessels) - Continue efforts for renewable energy-related construction	→ Continue actions taken in FY2025
3	Civil engineering business	[Temperature rise] [Strengthened policies] Increased disaster prevention and mitigation-related construction	Enhancement of order intake for shield construction and renewal construction (disaster prevention and mitigation related)	Revenue from disaster prevention and mitigation-related construction	More than 14 billion yen/year as of FY2030	14.6 billion yen	- Strengthen bidding system - Related technological development - Continuously receive orders for shield construction and renewal-related construction	→ Continue actions taken in FY2025
4	Building construction business	[Decarbonization needs] Increased needs for ZEB (net zero energy buildings) construction	Promotion of ZEB in new construction and renovation projects	ZEB/ZEH conversion rate (for office, logistics, residence)	90% by FY2030	85% (6/7 projects)	- Enhance designers' environmentally conscious design capabilities - Demonstrate ZEB technology at company facilities - ZEB Ready design in office design and construction projects	→ Continue actions taken in FY2025
5	International business <civil engineering>	[Temperature rise] Increased needs for disaster countermeasure work	Collection of sales and technical information and technological development related to flood prevention construction	Number of flood prevention construction projects	1 project by FY2027	0 projects	Collect sales and technical information related to flood prevention construction	→ Integrate into Opportunity No. 3 (Civil engineering business): "Increased disaster prevention and mitigation-related construction" and "Enhancement of order intake for shield construction and renewal construction (disaster prevention and mitigation related)"
6	International business <building construction>	[Decarbonization needs] Increased needs for energy-efficient buildings	Promotion of ZEB in new construction and renovation projects	Nearly ZEB design and construction results	1 project by FY2030	0 projects	Market research on energy-efficient building needs	- Continue actions taken in FY2025 - Consider ZEB Ready design
7	Asset Value-Added business	[Decarbonization needs] Increased needs for energy-efficient rental buildings	Implementation of ZEB and energy-efficient measures in rental buildings owned	Percentage of ZEB and energy-efficient buildings against rental buildings owned	More than 60% of owned rental buildings by FY2030	39% (20/51 projects)	- Consider and verify new building specifications incorporating energy-saving performance - Promote ZEB implementation and energy conservation in new construction projects - Promote energy conservation or asset replacement in existing owned properties	→ Continue actions taken in FY2025
8	Regional Environmental Solutions business	[Decarbonization needs] [Strengthened policies] Response to global environmental issues	Promotion of renewable energy and related businesses	Electricity volume generated by renewable energy business	100,000 MWh per year by FY2030	17,000 MWh	- Continue 5 solar (PPA) projects, geothermal power generation (1 project), and woody biomass power generation (1 project) - Start full-scale operations for the methane fermentation biogas power generation project (Kumamoto N-Energy) - Consider business strategy to achieve power generation targets	→ Domestically, focus on small hydropower, geothermal, and solar power businesses that have synergies with the construction business Expand renewable energy projects overseas, such as in North America, Asia, and Oceania

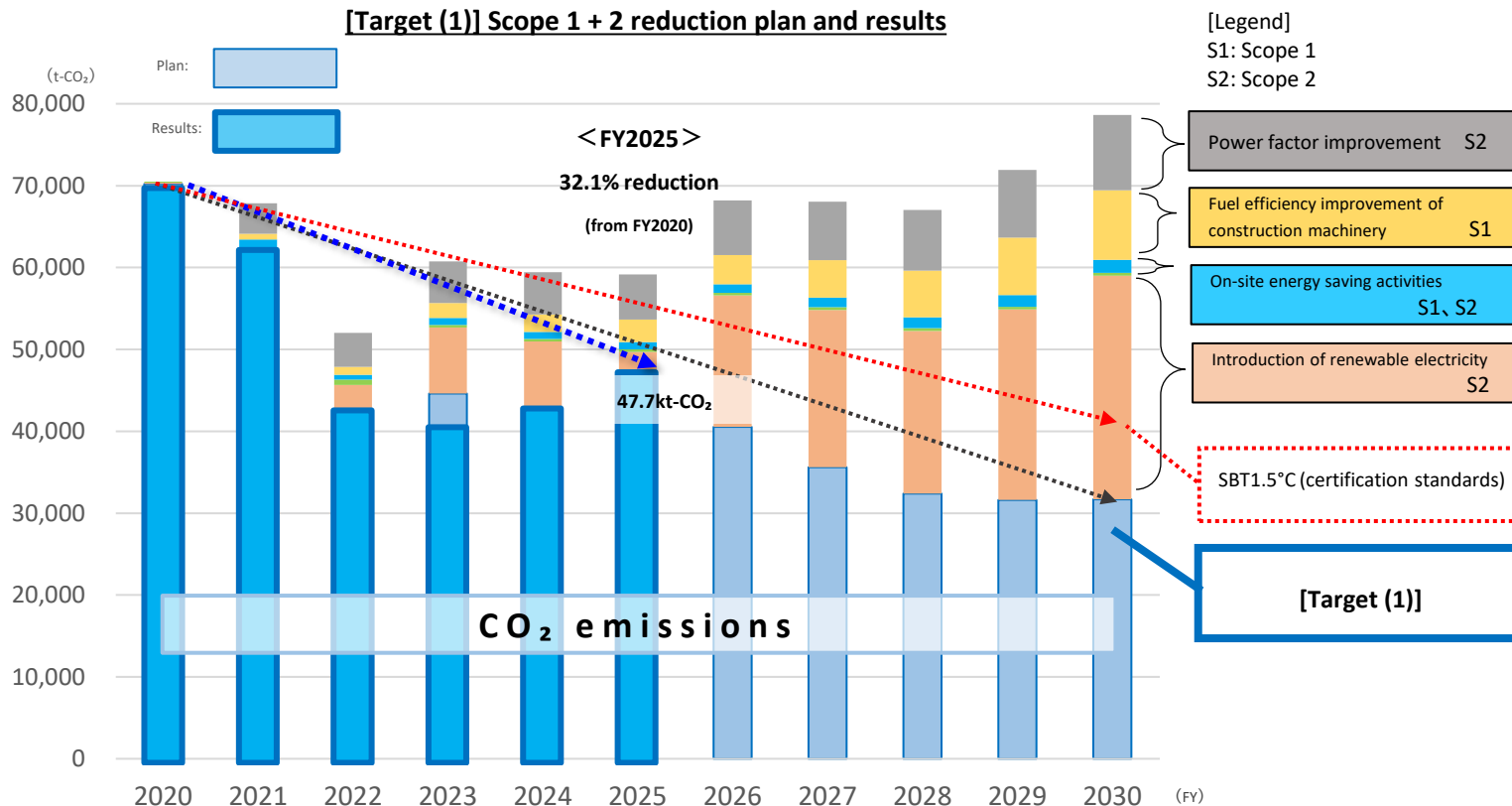
The "ZERO30 Roadmap 2023" is a CO₂ emissions reduction plan toward a decarbonized society with a target year of 2030, serving as a milestone for the "ZERO50 Roadmap." It consists of an ambitious Scope 1+2 reduction plan that exceeds the SBT 1.5°C certification standards (Target (1)), a Scope 3 Category 11 reduction plan (Target (2)), and an energy creation plan through renewable energy generation projects (Target (3)).

[Target (1)] Scope 1 + 2 ▲54.8% (from FY2020)

*Based on current estimation

[Target (2)] Scope 3 Category 11 ▲27% (from FY2020)

[Target (3)] Energy Creation 100,000 MWh (equivalent to approx. 40,000t-CO₂ reduction)



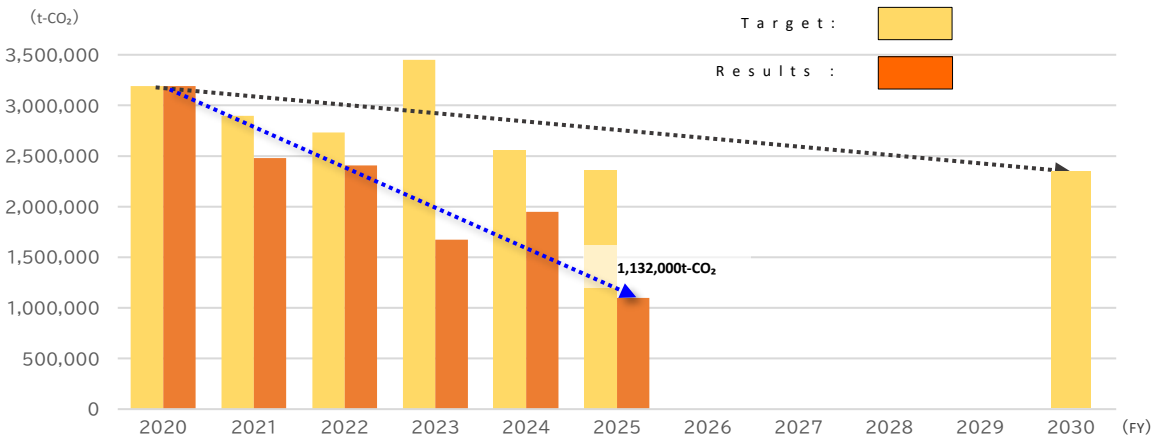
[Target (1)] Scope 1 + 2

Our CO₂ emissions (Scope 1+2) in FY2025 decreased by 32.1% compared to FY2020 baseline. Although the introduction of renewable electricity progressed, the reduction was limited due to a significant rise in diesel consumption in the civil engineering business.

Going forward, we aim to achieve 100% renewable electricity ratio in domestic construction at an early stage. We will proceed with reviewing contracted electricity and purchasing renewable energy certificates, while promoting activities toward carbon neutrality, including the introduction of low-carbon fuels.

*Based on current estimation

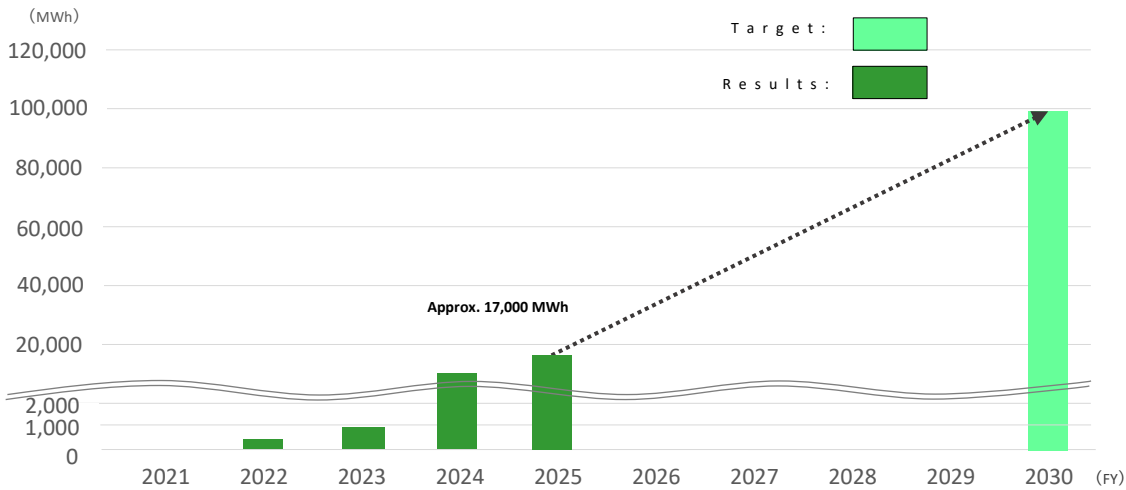
[Target (2)] CO₂ Reduction Targets and Results for Scope 3 Category 11



[Target (2)] Scope 3 Category 11

In Scope 3 Category 11 (indirect emissions from energy use during the operational phase of completed and handed-over buildings), for which targets have been set, emissions decreased significantly from the previous year's results due to factors such as a smaller number of completed projects compared to typical years. It should be noted that for FY2026, CO₂ emissions are expected to increase as the number of completed projects is projected to exceed typical annual levels.

[Target (3)] Energy Creation (renewable energy generation) Targets and Results



[Target (3)] Energy Creation

Regarding energy creation, in addition to the woody biomass power generation, solar PPA, and geothermal power generation up to FY2024, a methane fermentation biogas power generation facility became operational in FY2025. The power generation performance amounted to approximately 17,000 MWh, showing progress from the previous year. Currently, a total of 8 power generation facilities - woody biomass power generation, solar PPA, geothermal power generation, and methane fermentation biogas power generation facilities - are operational and supplying renewable electricity to society.

Toward the FY2030 target, we will continue to promote renewable energy projects, including the operation of power generation facilities such as solar and small hydropower at various locations, while expanding renewable energy businesses in North America, Asia, Oceania, and other regions.

4 Metrics and Targets (Performance and Relevant Data)

Scope 1, 2, and 3 emissions results

● Scope 1 and 2 (S1, S2)

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

Unit: kt-CO₂

Classification	Calculation range	FY2024	FY2025	Ratio
Scope 1	- Direct greenhouse gas (CO₂) emissions from combustion of fuels used in business activities. - The scope of business covers our entire group.	29.0	35.3	74%
Scope 2	<Market-based>	14.2	12.4	26%
	- Indirect greenhouse gas (CO₂) emissions derived from electricity and heat used in business activities. - The scope of business covers our entire group.			
	(Reference) <Location-based>	25.0	26.2	—
	- Indirect greenhouse gas (CO₂) emissions derived from electricity and heat used in business activities. - The scope of business covers our entire group.			
Total (Scope 1 + Scope 2 (Market-based))		43.3	47.7	100.0%

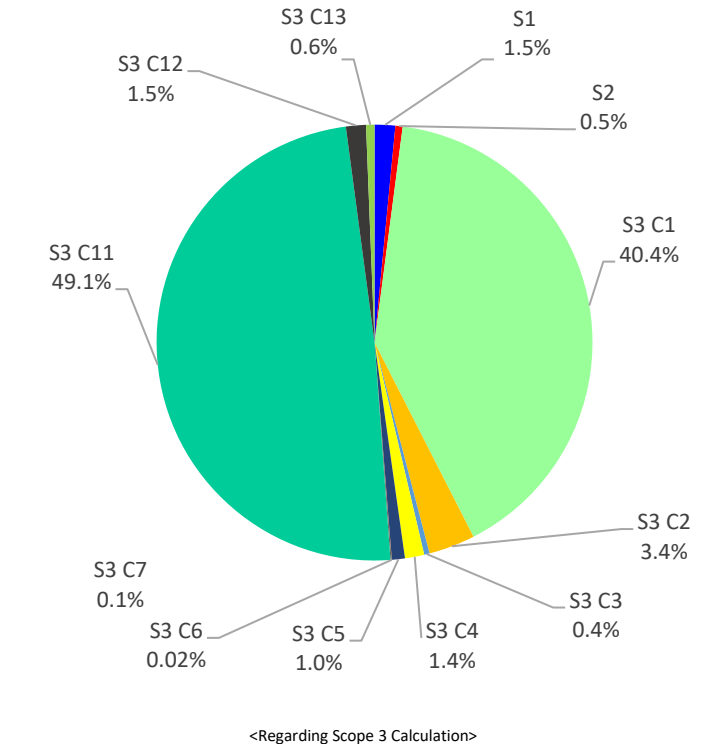
● Scope3 (S3)

*Scope3 Categories 8, 9, 10, 14, and 15 are not applicable to our business activities.

Unit: kt-CO₂

Category (C)	Calculation range	FY2024	FY2025	Ratio
1 Purchased goods and services	• Of products purchased by the Group, emissions of major materials (rebar, concrete, cement, H-beams, steel pipe piles, steel sheet piles, steel frames, construction metal products, and cement products), whose purchased volume is grasped, from the resource extraction stage to the manufacturing stage.	954.9	933.2	41.3%
2 Capital goods	• Emissions from construction, manufacturing, and transportation of capital goods purchased or acquired by the Group (estimated from total capital investment in FY2025)	81.3	79.5	3.5%
3 Fuel and energy-related activities not included in Scopes 1 and 2	• Upstream emissions in the manufacturing process of fuel and electricity purchased by the Group	8.2	9.2	0.4%
4 Transportation and distribution (upstream)	• Emissions from logistics (transportation from the supplier to the site) of major materials purchased by the Group	32.5	33.0	1.5%
5 Waste generated in operations	• Of waste generated in our business activities, emissions related to "disposal" and "treatment" outside the Company, and emissions related to transportation of waste	20.8	22.3	1.0%
6 Business travel	• Emissions from fuel and electricity consumption of transportation used by Group employees on business trips, and emissions from fuel and electricity consumption during overnight stays (applicable only to domestic business trips).	0.4	0.5	0.02%
7 Employee commuting	• Emissions from fuel and electricity consumption by means of transportation used by Group employees when commuting (not including employees of cooperating companies commuting to our branch offices)	1.5	1.8	0.1%
11 Use of sold products	• Of emissions from the use of buildings constructed by the Group, emissions from the consumption of energy from building equipment	2,194.6	1,132.4	50.1%
12 End-of-life treatment of sold products	• Emissions related to disposal and treatment of buildings constructed by the Group (calculated on an assumption that the physical quantity of major materials purchased by the Company is the physical quantity of "sold products" and that these will be disposed of or treated in the future)	33.2	34.1	1.5%
13 Leased assets (downstream)	• Emissions from the operation of leased assets owned by the Group as a lessor and leased to others (as of March 31, 2026)	20.1	14.4	0.6%
Total		3,347.6	2,260.5	100.0%

Ratio of Scope 1, 2 and 3 Emissions by Category (FY2025)



For Scope 3 calculations (excluding Category 11), we use the "Emission Intensity Database for Calculating Greenhouse Gas Emissions, etc. Through Supply Chains, Ver. 3.6 (released April 2026)" published by the Ministry of the Environment.

For Category 11 (CO₂ emissions during the operational phase of completed and handed-over buildings), the annual emissions are calculated by multiplying the total floor area by the CO₂ emission intensity by building use (source: Japan Building Energy-Management Technology Association, "Building Energy Consumption Survey (Digest Edition)") to obtain a base value, then applying premium and discount rates derived from BEI values (source: National Institute for Land and Infrastructure Management, Ministry of Land, Infrastructure, Transport and Tourism). The total emissions are calculated by multiplying this annual emission amount by the useful life for each building use (60 years or 30 years). For buildings introducing renewable energy, the period during which renewable energy is used is deducted, and factors of 50% and 10% relative to new construction are applied to major repairs and renovation works, respectively.

Scope 1 and 2 Main Reduction Measures and Scope 3 Category 11: Results and Targets

Main Measures				FY2024	FY2025	FY2026	FY2030
Scope 1 On-site environmental measures	CO ₂ emissions reduction from the introduction of low-carbon fuels (GTL, BDF) *Targets set for each FY			▲40t-CO ₂	▲42t-CO ₂	▲50t-CO ₂	—
	Introduction rate of diesel oil combustion enhancer (K-S1-added diesel fuel usage / total diesel fuel usage)			45% (▲830t-CO ₂ e)	36% (▲807t-CO ₂ e)	50% (▲1,045t-CO ₂ e)	100% (▲1,586t-CO ₂ e)
	Number of sites where N-TEMS is installed *Nishimatsu Tunnel Energy Management System			5 Sites ▲1,190MWh (▲503t-CO ₂ e)	5 Sites ▲1,681MWh (▲711t-CO ₂ e)	4 Sites ▲1,148MWh (▲486t-CO ₂ e)	5 Sites ▲1,110MWh (▲342t-CO ₂ e)
Scope 2 Implementation of renewable electricity *Including self-generated renewable electricity	CO ₂ emissions reduction by renewable energy (Groupwide)			▲11.4kt-CO ₂	▲16.2kt-CO ₂	▲12.6kt-CO ₂	▲27.3kt-CO ₂
		Renewable electricity introduction rate (Groupwide) (Renewable electricity introduction volume / total electricity consumption volume)		46%	62%	60%	77%
		Domestic Construction Business		45%	72%	80%	100%
		Domestic Offices (not including construction activities)		99%	100%	100%	100%
		International Business		2%	9%	8%	60%
		Asset Value-Added Business		52%	77%	76%	100%
		Group Companies (Nishimatsu Jisho, Nishimatsu Hotel Management, etc.)		75%	85%	99%	100%
Scope 3 Category 11 (Operational CO ₂ emissions from completed and handed-over buildings)				2,193kt-CO ₂	1,132kt-CO ₂	2,374kt-CO ₂	2,328kt-CO ₂

Power Generation by Energy Creation: Results and Targets

Measures	FY2024	FY2025	FY2030
Volume of energy created (renewable energy generation)	Approx. 12,000 MWh (▲ 5,200t-CO ₂ e)	Approx. 17,000 MWh (▲ 7,200t-CO ₂ e)	Approx. 100,000 MWh (▲ 40,000t-CO ₂ e)

Climate-related environmental data

● Nishimatsu Construction Group: Environmental data

Item		Unit	FY2024	FY2025
Water	Water withdrawal (water consumption)	1,000 m ³	888	881
	Water discharge	1,000 m ³	876	807
Energy	Electricity	1,000 kWh	58,224	61,180
	Fuel	1,000 liters	11,069	13,306
Industrial waste	Discharge volume	1,000 t	544	411
	of which specially controlled industrial waste	1,000 t	0.5	0.3
	Final landfill disposal rate (*domestic only)	%	3.3	2.3 (FY2030 target: 2.5% or less)

<Scope of calculation>

Scope of Nishimatsu Construction Group: Nishimatsu Construction (civil engineering/building construction activities, office and other non-construction activities, as well as International and Environment / Urban Development Business (Asset Value-Added Business and Regional Environmental Solutions Business) and consolidated subsidiaries (Nishimatsu Jisho, Nishimatsu Hotel Management, Nishimatsu Asset Management, etc.)

*CO₂ emissions and water consumption during construction are based on sampling surveys.

*CO₂ emissions are calculated based on the CO₂ emission factor specified by the Global Warming Countermeasures Act.

● CO₂ emissions intensity of domestic construction business

Item	Subject	Unit	FY2024	FY2025
CO ₂ emissions intensity	Civil engineering	t-CO ₂ /billion	2.67	2.52
	Building construction	t-CO ₂ /billion	0.43	0.36
	All	t-CO ₂ /billion	1.23	1.14

Environmental certification-related data (industry-specific metrics)

● ZEB-related design results (FY2025)

Certification Rank	Use	Location	Total Floor Area (m ²)	Completion
ZEB*	Logistics facility	Shiga Pref.	65,763	Jun 2025
	Logistics facility	Osaka Pref.	20,433	Jun 2025
	Logistics facility	Saitama Pref	97,384	Jan 2026
ZEH-M Oriented*	Apartment building	Hokkaido Pref.	19,655	Jul 2025
	Apartment building	Hokkaido Pref.	11,572	Sep 2025
	Apartment building	Miyagi Pref.	25,290	Jan 2026

*ZEB (Net Zero Energy Building) / ZEH (Net Zero Energy House):

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

Environmental regulatory-related data (industry-specific metrics)

● Environmental certifications and regulatory violations in business activities

Item	Unit	2024	2025
ISO14001 certification rate at business sites	%	96.2	96.4
Environmental regulatory violations/fines	Cases/Yen	0	0



Engagement

Collection of information regarding environmental initiatives with partner companies

We are committed to achieving carbon neutrality (CN) by 2050 through collaboration with our nationwide network of partner companies, “N-NET.” We are also actively promoting engagement with N-NET through enlightening them about our overall environmental initiatives and implementing collaborative CO₂ reduction measures. Specifically, regarding environmental initiatives such as the introduction of eco-friendly fuels, diesel combustion enhancers, and the promotion of fuel-efficient operation, we encourage continuous and proactive sustainability efforts by our partner companies through policy communication, information sharing, and implementation support.

For enlightenment activities, we hold seminars by external experts to enhance N-NET's environmental knowledge and awareness. In FY2025, to advance our engagement with N-NET more effectively, we continue to conduct surveys along with the introduction of our environmental initiatives. Through these surveys, we confirm the status of environmental target setting, as well as awareness and challenges related to environmental initiatives, and use these insights to help build and strengthen our future collaboration framework, including identifying measures that can be implemented jointly with our company.



Initiatives to promote customers' decarbonization activities

As part of our engagement efforts with customers toward achieving carbon neutrality (CN) by 2050, we are promoting the design and construction of environmentally friendly “ZEB (Net Zero Energy Buildings)” that emit less CO₂.

The CO₂ emitted by completed and handed-over buildings falls under Scopes 1 and 2 for our customers, while for us it constitutes Scope 3 Category 11. Reducing these emissions requires cooperation between our customers and our company.

Specifically, from the early stages of building planning, with a view to reducing the Building Energy Index (BEI), which indicates a building's energy efficiency performance, we incorporate this into the design of actual buildings by examining customers' decarbonization needs and proposing appropriate decarbonization measures. Furthermore, even after completion and handover, we continue to share information about the buildings with our customers, identify new needs, and promote improvement initiatives based on those needs.



Participation in RE100

We joined RE100* in September 2021 and aim to achieve 100% renewable energy for all electricity used by 2040. Additionally, under the ZERO30 Roadmap 2023, we plan to convert 77% of all electricity used to renewable energy by FY2030.

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



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

	Base Year	Targets and results for renewable electricity consumption rates in business activities							
		FY2021	FY2022	FY2023	FY2024	FY2025	FY2030	FY2035	FY2040
RE100 recommendation	—	—	—	—	—	—	—	90%	100%
ZERO30	2020	3% (Target 3%)	24% (Target 21%)	47% (Target 24%)	46% (Target 27%)	62% (Target 35%)	77%	—	100%

Response to CDP

We have been responding to the CDP* questionnaire since 2018 and have consistently received Management level or higher evaluations in the “Climate Change” category each year.

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



<CDP Climate Change Score>

FY	2021	2022	2023	2024	2025
Score	A-	B	A-	B	A-
Score Levels	High ↑ ↓ Low	A	Leadership level		
		A-	Management level		
		B			
		B-	Awareness Level		
		C			
		C-	Disclosure Level		
		D			
		D-			

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

Participation in Japan Climate Initiative (JCI)

In 2018, we joined the Japan Climate Initiative (JCI)* and endorsed the initiative's recommendations to policymakers in order to promote decarbonization in Japan.

In December 2025, we endorsed the "Japan Climate Action Summit 2025 Declaration" to maximize the acceleration of energy efficiency and renewable energy expansion.

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



Joining Japan Climate Leaders' Partnership (JCLP)

Nishimatsu joined the Japan Climate Leaders' Partnership (JCLP)* in June 2021. We participate in activities to promote the widespread adoption of renewable electricity and support the initiative's recommendations to policymakers.

In December 2025, we submitted our opinions through the JCLP Secretariat on the Ministry of the Environment's "Survey on Environmental Considerations and Regional Benefits in Solar Power Generation Projects," advocating the expansion of renewable energy procurement that contributes to environmental considerations and regional benefits.

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

*Japan Climate Leaders' Partnership (JCL): A unique Japanese business coalition established in 2009 based on the recognition that industry must have a healthy sense of urgency and initiate proactive actions to realize a decarbonized society. The membership includes 231 organizations as of April 2026, comprising leading Japanese companies from a wide range of industries.



Decarbonization Promotion Activities of the Japan Federation of Construction Contractors

As a member company of the Japan Federation of Construction Contractors, in the environmental field, we participate in the Environmental Committee and its various subcommittees, including the Environmental Management Subcommittee and the Global Warming Subcommittee in relation to decarbonization, contributing to the implementation of specific CO₂ reduction measures and advocating for raising the Federation's overall targets.

In FY2025, through the Global Warming Subcommittee, we undertook initiatives to improve the accuracy of CO₂ emissions survey results for the business activities of member companies of the Japan Federation of Construction Contractors.

Selected as a CDP2025 Supplier Engagement Leader

Our company has been selected as a "Supplier Engagement Leader," the highest rating in the "Supplier Engagement Assessment" of the Climate Change Questionnaire by CDP, an international NGO that conducts environmental assessments, for three consecutive years including FY2025.

This recognition reflects not only our own CO₂ emission reduction efforts toward achieving carbon neutrality by 2050 but our active promotion of collaboration with suppliers, including information sharing on CO₂ reduction measures and demonstration experiments.

[CDP2025 Selected as a Supplier Engagement Leader]

<https://www.nishimatsu.co.jp/esg/environment/initiatives/#anc-01>

The Supplier Engagement Assessment (SEA) is a framework that evaluates companies that have responded to the CDP Climate Change Questionnaire on their effective collaboration with suppliers in addressing climate change, across areas such as governance, targets, Scope 3 emissions, and supplier engagement.



Selected as an "Environmentally Sustainable Company" at the 7th ESG Finance Awards Japan

We have been selected as an "Environmentally Sustainable Company" in the "Environmentally Sustainable Company Category" of the 7th ESG Finance Awards Japan by the Ministry of the Environment.

This award program was established by the Ministry of the Environment in 2019. In this year's awards, we were recognized as a company that meets certain standards in the quality of disclosure related to key environmental issues, such as "Risks, Business Opportunities, and Strategy," "KPIs," and "Governance" in the Environmentally Sustainable Company Category assessment.

[Selected as "Environmentally Sustainable Company" at the 7th ESG Finance Awards Japan]

<https://www.nishimatsu.co.jp/news/2026/esg.html>

*ESG Finance Awards Japan

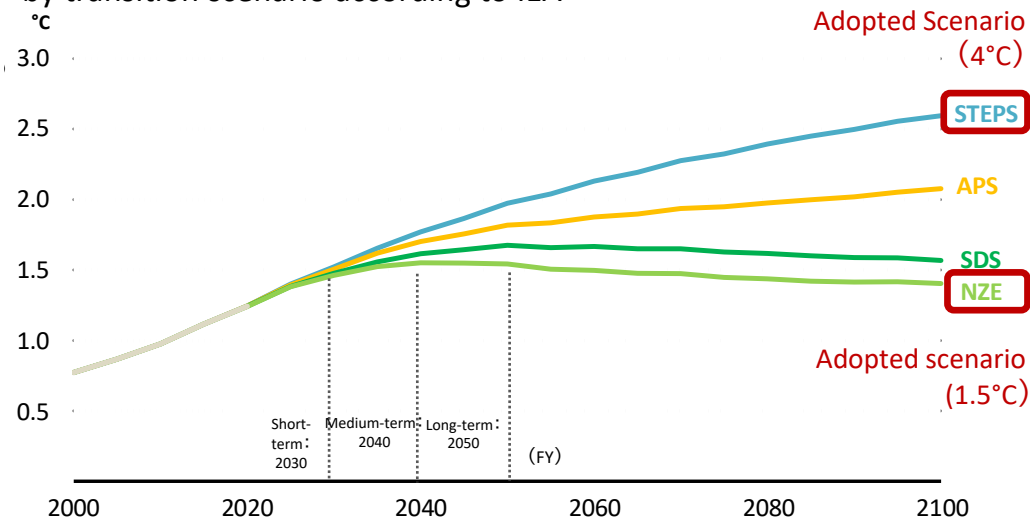
An awards program established by the Ministry of the Environment in 2019. The program aims to recognize and honor advanced initiatives by institutional investors, financial institutions, intermediaries, companies, and other entities that actively engage in ESG finance or environmental and social projects and have made a significant impact. By sharing these achievements widely in society, the program seeks to promote and expand ESG finance. The awards are broadly divided into the "Finance Sector" and "Corporate Sector," with recognition given across five categories, including the "Environmentally Sustainable Company Category."



References

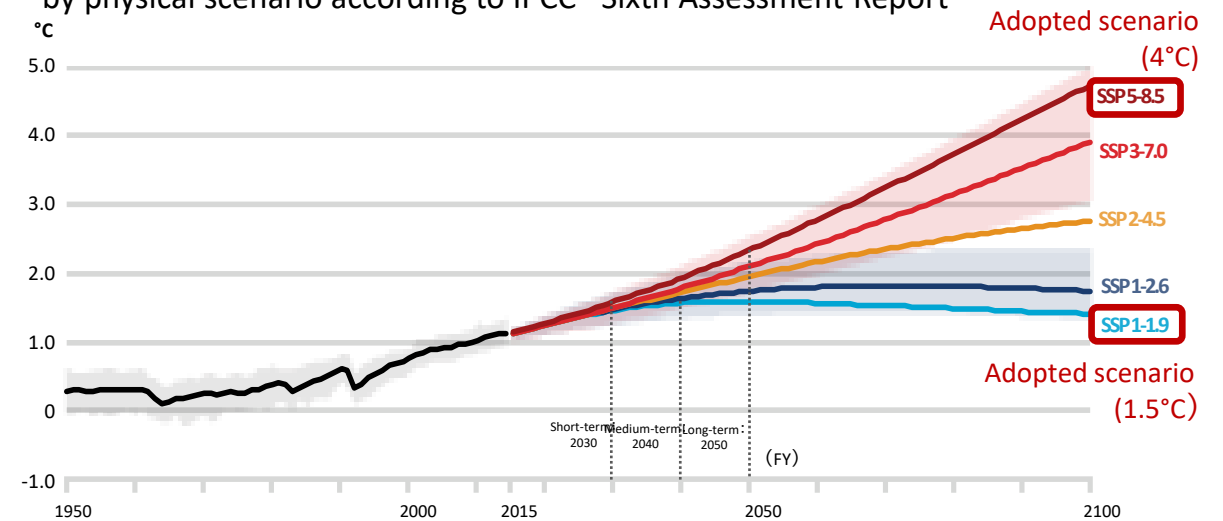
(Reference) Change in global average temperature in each scenario

Change in global average temperature by transition scenario according to IEA



Source: International Energy Agency "World Energy Outlook 2021"

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



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

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

(Reference) Key parameters in each scenario

Parameter	Source
Carbon price (yen/t-CO ₂)	IEA “WEO (World Energy Outlook) 2025” (NZE Scenario)
Share of renewable energy in global energy supply	
Labor reduction rate due to heat stress (%)	ILO “Working on a warmer planet 2019”
Ratio of extreme high temperature occurrence associated with temperature change (%)	IPCC “Sixth Assessment Report”
Number of heat stroke patients transported due to rising temperatures	A-PLAT Mortality risks, heat stroke, etc.
Frequency of heavy rain events on land (occurring once every 10 years)	IPCC “Sixth Assessment Report”
Rate of increase in the population affected by coastal flooding	World Resources Institute (WRI)
Purchase rate of environmentally-friendly homes (%)	Dentsu “Ethical Consumption Awareness Survey 2022” (June 2022)
ZEB floor area extension rate (%)	IEA “ETP (Energy Technology Perspectives) 2017”
Flood occurrence rate (%)	WWF Water Risk Filter