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### 3. Initiatives

#### 3-1. E (Environmental) Initiatives

##### Details of initiatives to reduce water consumption

Initiatives to reduce water consumption

We conduct awareness-raising activities throughout the Group to prevent water use beyond what is necessary. By making all employees aware that water is a limited resource, we are working to raise awareness of water conservation and the need to reduce water consumption.

We believe that the direct environmental impact of water use by the Group's businesses is limited. However, throughout the value chain, we check whether there are any business processes that have a negative impact on water resources or that involve the use of large amounts of water. If such processes are found, we take appropriate measures to improve them.

##### Climate change awareness

Examples of the risks and opportunities posed by climate change that the Group recognizes are as follows:

	Item	Details	Impact on financial performance	Timeframe
Transition opportunities	Advancement of renovation technologies with smaller environmental impact	The introduction of low environmental impact building materials and water fixtures such as in kitchens, will make renovated condominiums more energy efficient. This creates an opportunity for the Group to expand its business through new products.	Medium	Medium to long term
Transition opportunities	Increased awareness of the smaller environmental impact of renovated condominiums compared to new construction	As the supply of new condominiums continues to decline, customers will become more aware of the smaller environmental impact of a renovated condominiums compared to a newly constructed one. This will increase the opportunity for customers to consider renovated condominiums as a purchase option. This is also an opportunity for the Group to expand its market share.	Medium	Medium to long term

	Item	Details	Impact on financial performance	Timeframe
Transition risks	Introduction of carbon tax	The introduction of so-called carbon taxes, a form of taxation based on greenhouse gas emissions, is expected to result in higher costs such as procurement costs of renovation materials, etc., company vehicle fuel prices, and electricity prices.	Large	Medium to long term
Transition risks	Increased procurement costs due to improved environmental performance of renovation materials	Advances in the development of materials with a smaller environmental impact and a broader uptake of these technologies can be expected to be passed on to each material price. While the spread of materials with improved environmental performance is a great transition opportunity, it can put pressure on profitability due to increased renovation costs.	Large	Medium to long term
Physical risks	Increase in frequency and severity of natural disasters	Extreme weather events such as heavy rains or typhoons are expected to result in delays to business activities. This could lead to a decrease in the number of real estate units purchased, an increase in running costs due to a longer renovation construction period and longer sales periods. Indirectly, revisions of laws and regulations related to disaster countermeasures or the	Medium	Medium to long term

	Item	Details	Impact on financial performance	Timeframe
		expansion of hazard map regulations could also result in decreases of appraisal value of the Company-owned properties.		
Physical risks	Increase in health hazards caused by extreme heat (heat stroke, etc.)	Reduced operational efficiency of employees and the occurrence of occupational accidents are expected to put pressure on profitability.	Medium	Medium to long term
Physical risks	Higher utility costs due to cold winters	Higher utility costs are expected due to the use of heating in offices, etc. Indirectly, the increase in electricity use and greenhouse gas emissions from heating use could be a cost-increasing factor due to so-called carbon taxes.	Medium	Medium to long term

### Climate-related risks and opportunities

Of the climate change-related risks that the Group recognizes, the risks that it deems to have the potential for significant impact on finance or strategy, and the details of these risks, are as follows. The Group has a policy of regularly reviewing climate-related risks, including responses to the TCFD (Task Force on Climate-related Financial Disclosures). Through this process, we periodically review the abovementioned risks and opportunities.

Type of specific risk: Introduction of carbon tax

With global warming, increases in maximum daytime temperatures and extreme weather events have been reported around the world. The goal of society is to reduce greenhouse gas emissions to virtually zero by 2050 and limit the rise in global temperature to less than 1.5 °C above pre-industrial levels. As one means of achieving these goals, the introduction of a carbon tax is being discussed internationally. The Group has also conducted a risk analysis of climate change and the various initiatives to combat it, considering them to have both strategic and financial impact. The IEA World Energy Outlook 2021 projects a carbon tax of at least 350,000 JPY/tCO<sub>2</sub> by 2050. Currently, as of year 2022, the Group's emissions are 192.7tCO<sub>2</sub>. If estimated by the same amount of emissions, our tax burden is expected to increase by JPY 67.4 mn. We have identified this as a significant financial risk for the Group.

While avoiding these risks, the Group will promote initiatives to reduce emissions with the aim of realizing a decarbonized society. For Scope 2, which accounts for most of the Group's emissions, we will promote

energy conservation in our offices and the use of renewable energy during renovation work. For Scope 1 as well, we will strive to achieve the reduction target by reducing our fleet of company vehicles and promoting the switch to EVs.

Type of specific risk: Soaring material procurement costs

Recent unforeseen events, such as global climate change, have caused raw material prices to soar and energy prices to rise, seriously impacting corporate procurement activities. Fluctuations in the availability of important physical resources (such as lumber and stainless steel) could cause the cost of sales to increase, which could adversely affect the Group's business results and financial position. On the other hand, events caused by climate change also have the potential to accelerate the development of environmentally friendly products and contribute to the spread of materials and technologies that have a smaller environmental impact. Therefore, while the spread of materials with high environmental performance is a transition opportunity, it could at the same time put pressure on profitability if prices are passed on to each material, resulting in higher renovation costs. Fluctuations in oil prices and high labor costs associated with the renovation operations that are closely tied to our business activities could adversely affect the Group's business results and financial position.

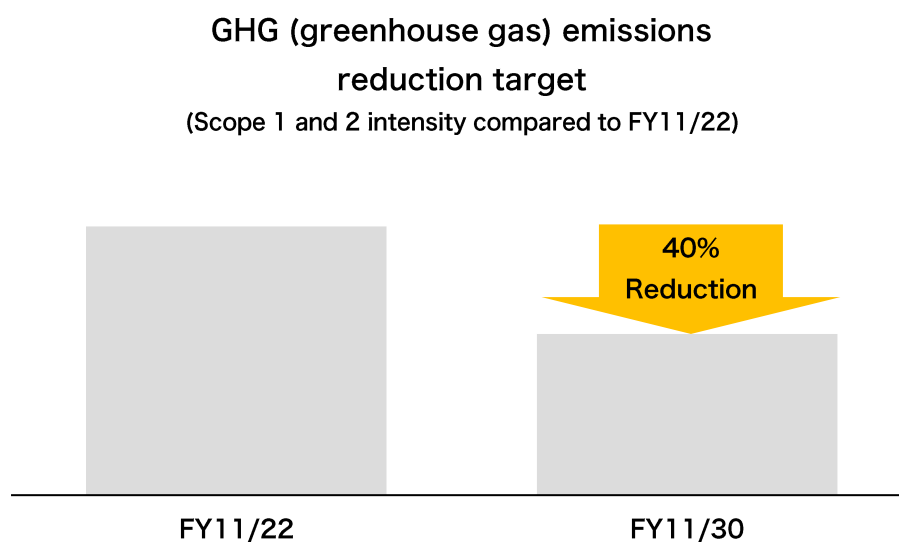
### Long-term (> 5 years) reduction target for GHG emissions

Greenhouse gas emissions reduction targets

To reduce the risks associated with climate change, the Group has set medium to long term targets for reducing greenhouse gas emissions. In addition to taking early action to achieve the targets for Scope 1 and 2 emissions, we will continue to examine ways of achieving the targets for Scope 3 emissions as well.

<Greenhouse gas emissions reduction targets>

2030: Scope 1 and 2: 40% reduction (intensity, compared to FY11/22)



\*Concept of Scope 1, 2, and 3

In accordance with the GHG Protocol Initiative, each refers to the following types of emissions.

- Scope 1: Direct greenhouse gas emissions by businesses themselves (fuel combustion, industrial processes)
- Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies
- Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions from other companies related to the activities of the business)

## Oversight of climate change risks by the Board of Directors

The President's Office formulates the basic policy for responding to climate change risks and reports on this periodically to the Board of Directors. In this way, our response to climate change is overseen by the Board of Directors. Although the Company does not currently have a position dedicated to managing ESG, the CEO is responsible for managing and overseeing climate change risk.

## Waste reduction and prevention targets

Topic	Details	Japan/Overseas	Targets
Waste reduction	Reduction of waste* <sup>1</sup> generation intensity	Japan	Compared to FY11/21 ▲20.0%

\*1. The waste to be aggregated is limited to waste discharged directly by the Group and waste discharged by the Group as the main contractor for the renovation work.

## Amount of nitrogen oxides (NOx), waste, and recycling for the past 3 years (tons)

Overview of environmental impact\*<sup>1</sup>

(Unit:)	FY11/20	FY11/21	FY11/22
NOx emissions	0.3kg	0.3kg	0.3 kg
Industrial waste	47t	100t	118t
Recycled waste	-	-	-

\*1. The waste to be aggregated is limited to waste discharged directly by the Group and waste discharged by the Group as the main contractor for the renovation work.

## Amount of environment-related fines and penalties

Number of environment-related accidents and lawsuits

During the FY11/22, the Group had no violations of laws or regulations, fines, penalties, or lawsuits related to the environment. There were no accidents affecting external parties or serious complaints.

## Factory and site wastewater data for the past 3 years

Water consumption

(m <sup>3</sup> )	FY11/20	FY11/21	FY11/22
Total	2,632.6	2,363.4	3,102.2
Amount used in the Company-owned properties (renovation work, etc.)	1,984.8	1,667.8	2,389.5
Other (company housing, etc.)	647.8	695.5	712.8

### Total GHG emissions (Scope 1 and 2) for the past 3 years

Greenhouse gas emissions (total volume, by scope)

(t-CO <sub>2</sub> )	FY11/20	FY11/21	FY11/22
Total	163.2	154.9	192.7
Scope 1	8.4	9.1	8.3
Scope 2	154.8	145.7	184.4

\*Scope 1 and 2 aggregate target

- Scope 1: Emissions from company vehicle fuel (direct emissions)
- Scope 2: Emissions from the use of electricity in offices and the renovation work of the Company-owned properties (indirect emissions)