Contributing to the Achievement of Carbon Neutrality through the SANKI YOU Eco Contribution Point System

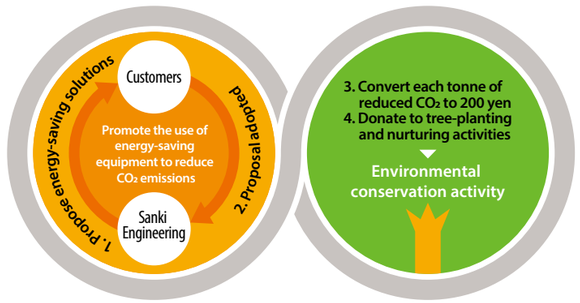
The Sanki Engineering Group remains committed to contributing to a carbon-free society as one of its materiality (key issues) and is working to achieve carbon neutrality by 2050 by reducing CO_2 emissions in all areas of its business operations, including its supply chain. As a company with technologies that advance decarbonization through total engineering, we are promoting energy conservation and energy creation proposals to our customers. In fiscal 2010, we launched the SANKI YOU Eco Contribution Point system, which converts the reductions in CO_2 emissions that customers have achieved based on our proposals into points as a means of supporting environmental conservation activities. This unique initiative helps to reduce customer CO_2 emissions and protect the environment.

Special Feature 01

Manufactured Capital

Natural Capital

SANKI YOU Eco Contribution Point System



1 Propose energy-saving solutions
We actively propose energy-saving solutions that help customers reduce their CO_2 emissions in projects handled by Sanki Engineering, such as the construction of facilities.

2 Proposal adopted
When a customer adopts one of our energy-saving solutions for a facility, SANKI YOU Eco Contribution Points are issued according to the level of CO_2 reductions achieved by implementing it.

3 Convert each tonne of reduced CO_2 to 200 yen
SANKI YOU Eco Contribution Points are converted to 200 yen per tonne of CO_2 reduction and donated to support environmental conservation activities.

4 Donate to environmental conservation activities
We cooperate with environmental conservation groups and other concerned organizations to support tree-planting projects around Japan and promote conservation of biodiversity.

SANKI YOU ECO2 POINT

The logo of the SANKI YOU Eco Contribution Point system expresses our aspiration to contribute to social development and create harmony with the natural environment.
ECO2: We reduce CO_2 emissions through our contribution to ecology.




Sanki Engineering Group's Technologies Contribute to Realizing a Carbon-Free Society

Sanki Engineering constructs systems and facilities, including HVAC for buildings, industrial HVAC, water treatment plants, waste treatment facilities, and conveyors and conveyance systems, which use electricity and other forms of energy to operate. Since many of these also operate over long periods of time, energy-saving measures and the installation of energy-generating equipment will significantly reduce CO_2 emissions while also affording considerable cost advantages.

Energy-Saving HVAC Technology for Industrial Clean Rooms

The DOUP® energy-saving HVAC system for industrial clean rooms provides specifically designed air conditioning methods for the operation area, which requires high levels of cleanliness, and the maintenance area, subject to high temperatures generated by production equipment. The system improves the performance of the heat source equipment by efficiently processing heat and contributes to reducing the power required for the cold heat source by approximately 10% per year compared to conventional clean rooms.

ESCO Projects for Large-Scale Energy-Saving Renovation

We recommended ESCO financing, through which expenses for energy-saving renovations are covered by the reduction in utility costs, for large-scale projects such as educational and medical facilities. In the case of Gunma University's Showa Campus, the university, the current administrator, and the ESCO enterprises will work together to improve the operation of existing facilities, which is expected to have a significant energy-saving effect.

Energy Conservation Grand Prize

Gunma University Showa Campus

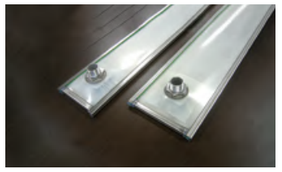
Decarbonization Using Woody Biomass Gasification Power Generation and Biogas Power Generation

Woody biomass gasification power generation facilities, which use gasified woody biomass, can generate power with higher efficiency and stability than other renewable energy power generation options. Biogas power generation facilities use organic waste such as sewage sludge and raw garbage to generate power. We contribute to the realization of a carbon-free society by providing these types of facilities.

Woody biomass gasification plant

AEROWING Significantly Contributes to Saving Energy at Sewage Treatment Facilities

Sewage treatment facilities require enormous amounts of energy, and technologies are being introduced to reduce power consumption at each stage of the sewage treatment process. The AEROWING aeration system requires less air to decompose and purify sewage contaminants through the diffusion of ultrafine bubbles, thereby achieving significant energy savings.



AEROWING

VOICE

Ms. Atsuko Suzuki
Chairperson, Certified NPO Environmental Relations

Contributing as a Partner to the Global Environment through Reforestation

The Present Tree project was launched in 2005 to collect donations for planting trees in places where new or revived forestlands are needed. This includes forests recovering from disasters, former development sites, and open fields scattered across Japan in areas where few people are available to take responsibility for forest care due to an aging and declining population. We began collaborating with Sanki Engineering as our Present Tree reforestation partner since my participation in its environmental seminar and the creation of the SANKI YOU Eco Contribution Point system.

Beyond donating money through SANKI YOU Contribution Points, Sanki Engineering also organizes annual events in which its own employees participate in reforestation, and we recognize it as one of the few companies that is actively involved in both planting and nurturing trees. While Sanki Engineering serves society by providing technologies and services that contribute to decarbonization, I also hope its proactive approach to environmental conservation will spread throughout society and further expand the network for carbon neutrality.

Environment

Basic Philosophy

In accordance with the Sanki Engineering Group Environmental Policy, we strive to conserve the global environment in all our business activities, including the supply chain, with the intention of realizing a decarbonized society, recycling-oriented society, and society in harmony with nature. Having identified our efforts in response to environmental issues as a key management concern, we are primarily working to contribute to a decarbonized society as our top-priority material issue as well as to use engineering to build a comfortable environment.

Sanki Engineering Group Environmental Policy
https://www.sanki.co.jp/en/csr/environment/management/

Environmental Management System

Basic Policy and Management System

Our integrated management system, consisting of an EMS and a QMS, manages the impact in terms of risks and opportunities of our business activities on the environment, including the natural environment that surrounds the Group. In fiscal 2024, we rolled out the system at all Group companies in Japan. Under our system for implementing environmental management, headed by the president, each division sets targets and formulates plans for the implementation of measures in accordance with its annual action plan. Progress is reviewed at the divisional and general meetings. In addition, to bolster the reliability of the management system, Group companies obtain ISO 14001 certification based on their respective situation.

Virtuous Cycle in Management System

In addition to providing training programs on EMS, we are working to improve the level of management by encouraging our employees to acquire qualifications required by environment-related laws and regulations.

In fiscal 2023, we created new training programs for employees who take leadership roles during internal audits, and we conducted 12 environmental management training sessions (1 for new employees, 3 for internal auditors, and 8 for internal audit leaders), which also included Group companies.

We ensure the effectiveness of our management system through internal audits and checks during ISO certification audits. In fiscal 2023, no nonconformities were found in the internal or external audits, and there were no violations of environmental laws and regulations or issues reported regarding noise, dust, or odor at construction sites, confirming that our management system is operating properly.

Environmental Aspects Assessment

We endeavor to reduce our environmental impact by assessing environmental factors and analyzing risks, including potential ones, at each construction site, including those overseas, before construction begins. In assessing its environmental impact, the Sanki Engineering Group uses its own unique JOB Environmental Aspects Assessment List to conduct an accurate and efficient review of the wide variety of applicable environment-related risks and regulations, depending on the nature of work and the surrounding environment. In fiscal 2023, we made major revisions to the list to revise the items and improve sustainability elements, after taking into account local bylaws. In fiscal 2024, we began applying the revised list by adding new items under the category of countermeasures. We seek to reduce risks through linkages with specific countermeasures in addition to assessing the environmental risks.

Scope of ISO 14001 Certification
https://www.sanki.co.jp/en/csr/environment/management/

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Quality and Environmental Management System

Number of Employees with Environment-Related Qualifications (as of April 1, 2024)

- **Certified environmental measurer**
  Non-consolidated: 8
  Consolidated: 9
- **Supervisor of management of industrial waste subject to special control**
  Non-consolidated: 227
  Consolidated: 255
- **Pollution prevention manager (cumulative total)**
  Non-consolidated: 62
  Consolidated: 91
- **Qualified person for energy management**
  Non-consolidated: 91
  Consolidated: 99

Environmental Aspects Assessed under the JOB Environmental Aspects Assessment List

1. Reduced use of resources and energy for customers and users
2. Reduction and proper disposal of waste
3. Abnormal situations and outflow of contaminants
4. Consideration for areas surrounding construction sites
5. Consideration for unique environmental needs
6. Natural disasters
7. Legal compliance
8. Local bylaws governing job location
9. Temporary materials and equipment, and office and other supplies
10. Other aspects

Addressing Climate Change toward a Decarbonized Society

Information Disclosure Based on TCFD Recommendations

The Sanki Engineering Group endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses climate-related information in accordance with the required framework.

Among the material issues identified, the Sanki Engineering Group places the highest priority on contributing to a decarbonized society, and it is addressing climate change from the perspectives of both risks and opportunities by integrating them into the Group's overall sustainability management and risk management. With regard to climate-related risks, the Risk Management Committee's Climate Change Risk Subcommittee conducts scenario analysis to assess their impact.

We have also received recognition from the CDP, an international non-profit organization that oversees the global disclosure system for companies in managing their environmental impact. Sanki Engineering has been recognized as an "A List" company, the highest rating given by the CDP in the area of climate change, for two consecutive years since fiscal 2022.

Strategies

Scenario analysis is conducted to gain an understanding of the medium and long-term impact of climate change on business. Risks and opportunities identified through the analysis are incorporated into Phase 3 of the Century 2025 medium-term management plan and addressed as part of the plan.

• Risk Management Promotion System

We estimated the impacts of the transition associated with changes in policy and market trends, as well as physical risks caused by disasters and other factors, under the 1.5°C and 4.0°C scenarios. For each scenario, we identified risks and opportunities for the Sanki Engineering Group, verified their degree of impact on business, and rated them high, medium, or low.

Adopted Scenarios	Reference Scenarios
1.5°C scenario Net zero is reached by 2050 by taking stringent measures against climate change, and the temperature increase in 2100 is limited to 1.5°C or below from the level of the Industrial Revolution	● IEA*1: Net Zero Emissions by 2050 (NZE) ● IPCC*2: Shared Socioeconomic Pathways (SSP1-1.9)
4°C scenario Stringent measures against climate change are not taken, and the temperature increase in 2100 is around 4°C from the level of the Industrial Revolution	● IPCC: Representative Concentration Pathways (RCP8.5) ● IPCC: Shared Socio- economic Pathways (SSP5-8.5)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
Task Force on Climate-related Financial Disclosures (TCFD)

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE
CDP

Click here for details (in Japanese)
https://www.sanki.co.jp/news/release/article534.html

PP. 42–43
Sustainability Management

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Risk Management Promotion System

*1 International Energy Agency: An international organization that covers all aspects of energy policy under the Organization for Economic Cooperation and Development (OECD), with the goal of ensuring energy security.
*2 Intergovernmental Panel on Climate Change: An international body established in 1988 by the World Meteorological Organization and the United Nations Environment Programme to comprehensively assess climate change and its impact, as well as adaptation and mitigation measures.

Risks and Opportunities

Risks

Transition Risks

Category	Policy and Legal		Technology		Reputation	
Possible event	Increase in carbon taxes and prices for renewable energy certificates (RECs) and stricter CO_2 emission regulations		Advances in energy conservation and renewable energy technologies		Increased demand for climate action and information disclosure	
Impact on business	Increase in carbon tax burden and costs of purchasing RECs	Increase in construction costs due to rising costs of materials and equipment, and other expenses	- Technological obsolescence - Delayed technological support due to lack of technical capabilities and engineers		Concerns over a possible washout and decline in corporate brand image due to insufficient climate action and information disclosure	
Timeline	Medium- to long-term		Medium- to long-term		Short-term/ medium- to long-term	
Impact	1.5°C scenario:	Moderate	1.5°C scenario:	Major	1.5°C scenario:	Major	1.5°C scenario:	Major
	4°C scenario:	Minor	4°C scenario:	Moderate	4°C scenario:	Moderate	4°C scenario:	Minor
Response	Promote decarbonization measures and capital investment		Strengthen procurement capabilities through centralized purchasing, DX, etc.		- Promote development of energy conservation and renewable energy technologies - Promote open innovation - Secure human resources and enhance engineer training		- Promote decarbonization measures and capital investment - Proactively disclose information	

Physical Risks

Category	Acute	Chronic	
Possible event	More frequent and severe natural disasters	Rising temperatures	
Impact on business	- Delays in procurement of materials and equipment - Suspensions or delays in construction - Stagnation of business operations due to infrastructure failures	- Increased risk of heat stroke and other occupational hazards - More severe labor shortages due to deteriorating working conditions at construction sites	Increased construction costs due to decreased productivity and increased costs for countermeasures
Timeline	Short-term/medium- to long-term	Medium- to long-term	Medium- to long-term
Impact	1.5°C scenario: Moderate 4°C scenario: Major	1.5°C scenario: Moderate	1.5°C scenario: Minor
		4°C scenario: Major	4°C scenario: Major
Response	- Operate BCMS for maintaining effective BCPs - Strengthen cooperation with partner companies	- Promote occupational health and safety in cooperation with partner companies - Develop technologies to prevent occupational hazards and robot replacements	Improve productivity through DX promotion

Opportunities

Category	Markets				Resilience	
Possible event	Expansion of energy conservation and renewable energy markets		Growing need for greater cooling capacity		Expansion of climate services market	
Impact on business	- Increased demand for ZEB and other energy conservation projects - Increased demand for energy creation projects		Increased demand for renovation work to boost cooling capacity		- Increased demand for renovation projects to cope with disasters - Increased demand for construction projects and services to cope with disasters	
Timeline	Short-term/medium- to long-term		Medium- to long-term		Medium- to long-term	
Impact	1.5°C scenario:	Major	1.5°C scenario:	Minor	1.5°C scenario:	Minor
	4°C scenario:	Moderate	4°C scenario:	Moderate	4°C scenario:	Moderate
Response	- Promote development of energy conservation and renewable energy technologies - Promote open innovation - Strengthen the SANKI YOU Eco Contribution Point system		- Strengthen system to quickly respond to customer needs - Strengthen the maintenance system		- Promote LCE Business - Strengthen the total integration business of building ICT - Expand consulting services - Operate BCMS to maintain an effective BCP	

Indicators and Targets

The Sanki Engineering Group considers greenhouse gas emissions to be the key indicator related to climate change. We established the Sanki Carbon Neutral Declaration as a long-term goal, and we have incorporated our carbon transition plan into the medium-term management plan. Additionally, we have submitted our greenhouse gas reduction targets to the Science Based Targets initiative (SBTi), an organization that certifies science-based targets consistent with the levels set by the Paris Agreement (as of August 2024).

Greenhouse Gas Reduction Targets

Scope	Base Year	FY2025 (medium-term management plan)	FY2030	FY2050
Scope 1 and 2	FY2020	40% reduction	Carbon neutrality	Carbon neutrality
Scope 3	FY2020	10% reduction	—	Carbon neutrality
Reductions through the SANKI YOU Eco Contribution Point system*1	FY2018–FY2020 (average)	30% increase	—	—

Greenhouse Gas Emissions

Category		Emissions (t-CO2)				Changes (%)	
		Base Year FY2020	Results*2			Compared to the base year	YoY
			FY2021	FY2022	FY2023		
Scope 1 and 2		9,382	9,292	6,455	**5,504**	−41%	−15%
Scope 1	Direct emissions from businesses owned or controlled by the Company	2,956	3,146	2,829	**2,521**	−15%	−11%
Scope 2	Indirect emissions caused by use of purchased electricity or heat	6,426	6,146	3,626	**2,983**	−54%	−18%
Scope 3		6,395,143	5,230,828	4,001,444	**4,076,450**	−36%	+2%
Category 1	Products and services purchased	349,779	351,192	362,454	**474,682**		
Category 2	Capital goods	7,419	5,518	7,763	**5,771**		
Category 3	Fuel and energy activities not included in Scope 1 and 2	1,642	1,653	1,587	**1,351**		
Category 4	Upstream transportation and distribution	819	1,123	846	**1,016**		
Category 5	Waste generated in operations	1,506	1,771	1,891	**1,884**		
Category 6	Business travel	388	401	402	**421**		
Category 7	Employee commuting	688	1,006	1,000	**968**		
Category 11	Use of sold products	6,027,209	4,862,448	3,621,085	**3,584,779**		
Category 12	End-of-life treatment of sold products	1,500	1,394	1,565	**2,115**		
Category 13	Downstream leased assets	4,193	4,322	2,851	**3,463**		
Total		6,404,525	5,240,120	4,007,899	**4,081,954**	−36%	+2%

Scope: Sanki Engineering Group

*1 Reductions through the SANKI YOU Eco-Contribution Points: Having already achieved the target of the medium-term management plan, we have begun working to reach the new target of a 10% increase over the average number of cases adopted for the past three fiscal years.

PP. 46–47 Feature 1

Scope: Sanki Engineering Group
Notes:
- Categories 8, 9, 10, 14, and 15 are not applicable.
- Emissions for the base year (FY2020) and for FY2021 and FY2022 have been recalculated following a review of the scope of aggregation at construction sites.

*2 We have obtained third-party assurance for the results.

Independent Third-Party Assurance Report
https://www.sanki.co.jp/en/csr/environment/tcfd/doc/assurance_report2023.pdf

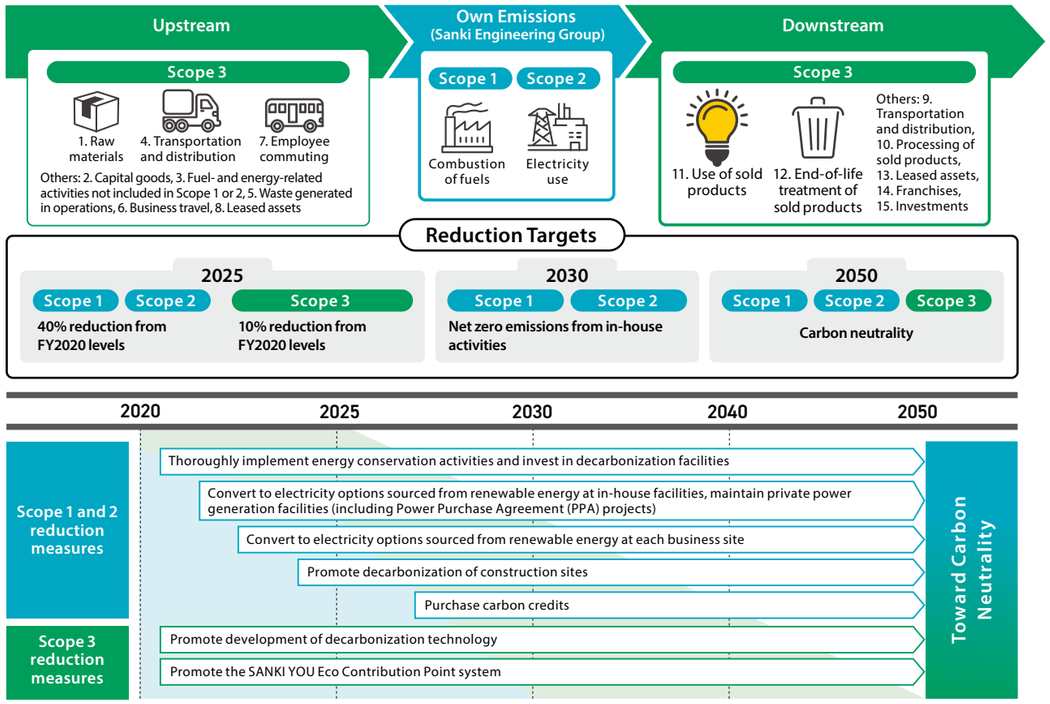
Roadmap for Achieving Carbon Neutrality

The Sanki Engineering Group has declared its goal of achieving carbon neutrality for its Scope 1 and 2 emissions by 2030 and for its Scope 1, 2, and 3 emissions by 2050 in Sanki's Carbon Neutral Declaration. It is also endeavoring to attain its targets under the medium-term management plan, of a 40% reduction in Scope 1 and 2 emissions and a 10% reduction in Scope 3 emissions, compared to the fiscal 2020 level, respectively, by fiscal 2025, through the planning and implementation of decarbonization measures.

In Scope 1 and 2, we will promote reduction measures focused on energy conservation and renewable energy, while in Scope 3, we will further promote decarbonization measures such as providing equipment and products that produce lower emissions.

Note: GHG emissions refers not only to emissions by the business operator itself but also to the total volume of all emissions related to its business activities, and are classified into Scope 3 emissions (upstream) + Scope 1 and 2 emissions (in-house) + Scope 3 emissions (downstream). Of the 15 categories under Scope 3, "11. Use of sold products" accounts for approximately 90% of greenhouse gas emissions by the Sanki Engineering Group.

Sanki Engineering's GHG Emissions* and Roadmap for Achieving Carbon Neutrality by 2050



Initiatives for Emissions Reduction (Scope 1 and 2)

We are working on reducing emissions by effectively operating facilities and conducting energy conservation activities at all our business sites, including plants, offices, and construction sites. At the Sanki Techno Center and Yamato Product Center, which we own, we have installed several energy-saving systems to reduce energy, including those that apply our proprietary technologies, while also introducing solar power generation systems in fiscal 2023. We consequently reduced our total amount of Scope 1 and 2 emissions in fiscal 2023 by 41% compared to the fiscal 2020 level. The Sanki Engineering Group also received an S Class evaluation as an excellent business operator under the Business Class Evaluation System based on Japan's Energy Conservation Act. We will continue efforts to conserve energy while also considering renewable energy sources to meet energy needs at our branches and other locations.

Energy-Saving Systems Installed at Sanki Engineering Facilities

- **Sanki Techno Center**
  - EcoSearcher® real-time heat source optimization system (proprietary technology)
  - selFort® smart HVAC system for offices (proprietary technology)
- **Yamato Product Center**
  - Periloop thermal stratification HVAC system (proprietary technology)
  - Solar photovoltaic panels

Energy Consumption

(MWh)

	FY2022	FY2023
Energy consumption	27,254	24,383

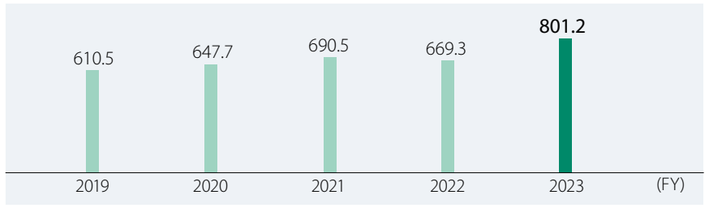
Initiatives for Emissions Reduction Related to Business Activities (Scope 3)

The Sanki Engineering Group's Scope 3 emissions are predominantly Category 11, at 90%. We therefore seek to help customers reduce their CO_2 emissions through the energy-saving and energy-creating facilities and products we provide. We assist in shifting to a decarbonized society by reducing environmental impact across the entire product lifecycle, from planning and design of facilities to operational maintenance after completion and also renovation, and by providing energy-creating facilities including biomass power generation plants. To promote environmental conservation activities throughout our business operations, we are also focusing on research and development related to environmental conservation, including climate change mitigation. Through these efforts, we have achieved ahead of schedule the reduction targets of our medium-term management plan.

In fiscal 2023, we reduced our Scope 3 emissions by 36% compared to fiscal 2020. In external recognition, we were awarded the Energy Conservation Grand Prize for fiscal 2023 for activities such as the installment of energy-saving facilities at a hospital affiliated with the Gunma University Showa Campus integrated management ESCO project. We will maintain efforts to reduce CO_2 emissions through our technologies and products.

R&D Expenditures Related to Environmental Preservation

(Millions of Yen)



Registered ZEB Planner

Sanki Engineering is a registered ZEB Planner, which seeks to promote the widespread introduction of ZEBs* introduced by Japan's Agency for Natural Resources and Energy, under the Ministry of Economy, Trade and Industry. As a ZEB Planner, we act as the contact point for customers planning to adopt ZEB in construction projects and play our part in developing a decarbonized society by supporting ZEB planning.

SANKI YOU Eco Contribution Point System

The Sanki Engineering Group focusses on presenting energy-saving proposals by internally operating its SANKI YOU Eco Contribution Point system. When we propose an energy-saving solution that reduces CO_2 emissions to a customer and that proposal is adopted, the amount of the achieved emissions reduction is converted to Eco Contribution Points, used to support environmental conservation activities.

Under the Medium-Term Management Plan "Century 2025" Phase 3, which began in fiscal 2022, we aim to bolster this system as a measure for reducing Scope 3 emissions. Since fiscal 2023, we have been striving to achieve the new target of a 10% increase over the average number of cases adopted for the last three fiscal years. In fiscal 2023,

Yamato Site solar power generation PPA project

Notes:
- Emissions for FY2022 have been recalculated following a review of the scope of aggregation at construction sites.
- We have obtained third-party assurance.

Independent Third-Party Assurance Report
https://www.sanki.co.jp/en/csr/environment/tcfd/doc/assurance_report2023.pdf

Morigasaki Water Reclamation Center Digestion Gas Power Generation Project

PP. 46–47 Feature 1

ZEB PLANNER
ZEB2022P-00050

*Net-Zero Energy Buildings maintain comfortable environments while reducing annual energy consumption to as close to zero as possible by enhancing energy-saving performance using solar power generation and other measures.

we received 278 orders (on a consolidated basis) and reduced CO_2 emissions by 44,428 tonnes, up 16% from the average of the three-year period from fiscal 2020 to 2023, thereby achieving our target. The cumulative volume of CO_2 emissions reduced since the first year (fiscal 2010) on a consolidated basis reached 362,120 tonnes, with over 29,900 trees planted for environmental conservation.

Proposals for CO_2 Reduction and Outcomes

(CO_2 reduction unit: t-CO_2)

	FY2019		FY2020		FY2021		FY2022		FY2023	
	Numbers	CO_2 reduction	Numbers	CO_2 reduction	Numbers	CO_2 reduction	Numbers	CO_2 reduction	Numbers	CO_2 reduction
Proposals										
Consolidated	405	45,685	379	68,810	431	134,399	488	131,820	**385**	**68,393**
Non-consolidated	377	44,756	352	68,243	367	112,550	452	105,116	**312**	**44,736**
Orders received										
Consolidated	181	27,624	214	28,430	263	35,848	322	50,382	**278**	**44,428**
Non-consolidated	163	27,221	200	28,296	218	14,355	294	24,533	**224**	**22,241**

Contributing to a Zero-Waste Society

Taking on the Challenges of Achieving a Circular Economy through Business

In addition to promoting waste reduction and recycling, the Sanki Engineering Group strives to contribute to achieving a zero-waste society through our business activities. Since fiscal 2023, we have participated in the Circular Partners program led by Japan's Ministry of Economy, Trade and Industry and are applying the Group's unique technological capabilities to further bolster our efforts.

In terms of sewage, we are conducting research and development on the use of sewage sludge as a recyclable resource, including the conversion of ash produced by incinerating sewage sludge into fertilizer*1 and the conversion of sewage sludge into fertilizer and feed*2 using insects, each of which has been adopted as a project by Japan's Ministry of Land, Infrastructure and Transport (MLIT).

Current State of Industrial Waste

With respect to industrial waste discharged at our construction sites, we seek to understand the current status by compiling data on waste discharged at sites where Sanki Engineering Group is the prime contractor.

We have maintained the recycling rate for industrial waste, excluding waste disposed at final landfill sites, at 86.3% (non-consolidated) and 86.9% (consolidated) in fiscal 2023. We will continue to promote proper disposal by monitoring and analyzing the discharge of industrial waste. In fiscal 2023, our waste disposal cost was 387,186,000 yen (non-consolidated) and 420,529,000 yen (consolidated). Furthermore, we have been properly disposing waste CFC and halons, the cost of which was 21,934,000 yen (non-consolidated) and 31,110,000 yen (consolidated) in fiscal 2023.

With the aim of ensuring the proper disposal of industrial waste, we have made digital manifests available to all departments for waste management. The rate of introduction of digital manifests was 98.9% on a non-consolidated basis and 98.1% on a consolidated basis in fiscal 2023.

We work to reduce emissions of waste plastics and promote the recycling of plastics in accordance with the Plastic Resource Circulation Act.

SANKI YOU ECO2 POINT

The logo of the SANKI YOU Eco Contribution Point system expresses our aspiration to contribute to social development and create harmony with the natural environment.
ECO2: We reduce CO_2 emissions through our contribution to ecology.

PP. 26–29 Status of the Medium-Term Management Plan "Century 2025" Phase 3

PP. 46–47 Feature 1

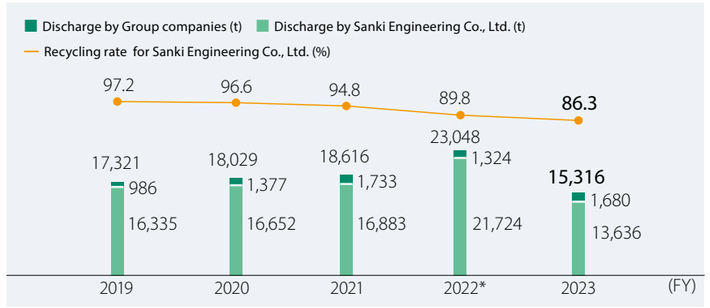
Circular Partners

Circular Partners

*1 Research project on low-cost technology for converting incineration ash from sewage sludge into fertilizer was selected for a feasibility study for the FY2022 Breakthrough by Dynamic Approach in Sewage High Technology Project by MLIT.
*2 Research project on the conversion of sewage sludge into feed and fertilizer using insects was selected for the FY2023 Applied Research on Sewage Project by the MLIT.

Explanation for handling CFC during HVAC inspections

Changes in the Amount of Industrial Waste Discharged



Scope:
Industrial waste discharged at sites where Sanki Engineering is the prime contractor and at domestic Group companies
Recycling rate: Sanki Engineering Co., Ltd.

*Industrial waste emissions increased in fiscal 2022 due to the impact of large construction projects that involved demolition.

Proper Disposal of Hazardous Substances

We properly dispose of hazardous substances in accordance with the laws and regulations while informing our employees about proper methods of managing these substances. We have created and distributed posters to inform them of the revisions in storage and disposal procedures for mercury-laced waste in accordance with the revision of the Waste Management and Public Cleansing Act*. Regarding asbestos, we prepared a flow chart that is being used by site staff to ensure proper disposal of asbestos at construction sites for renovation work. Also, in accordance with the Air Pollution Control Law, we will properly report the presence or absence of asbestos-containing building materials at construction sites during demolition and renovation work.

*Waste Management and Public Cleansing Law

Poster: "How to handle mercury-laced industrial waste"

Limiting Water Use

At facilities owned by the Sanki Engineering Group, we regularly monitor water use and continuously consider ways to improve the efficient use of our water resources to reduce usage, which also includes making capital investments with due consideration for water conservation. Most of the water used is potable and for offices and training accommodations. The Sanki Techno Center and Yamato Product Center are making efforts to use less tap water by combining it with well water.

Water Use

(m^3)

	FY2021	FY2022	FY2023
Water use	42,680	47,591	**33,984**
Tap water	16,155	17,387	**14,679**
Well water	26,525	30,204	**19,305**

Scope:
Eight sites including the Sanki Techno Center, Sanki Yamato Building, Yamato Product Center, Nasu Techno Station, and field offices

Water use has been recalculated to include the usage of tenants in owned facilities for which we provide overall management.

Realizing a Society in Harmony with Nature

Our Response to Biodiversity

Recognizing that biodiversity is foundational for a sustainable society, the Sanki Engineering Group aims to realize a society in harmonious co-existence with nature by striving to preserve biodiversity. In addition to our ongoing activities for planting and nurturing trees, we participate in the 30by30 Alliance for Biodiversity*1, spearheaded by Japan's Ministry of the Environment, and support Nationally Certified Sustainably Managed Natural Sites*2. In fiscal 2024, we will start supporting a new coral project to

*1 Target for effectively preserving 30% of the land and sea as healthy ecosystems to prevent further losses and restore biodiversity by 2030.
*2 Areas designated by the Japanese government for preserving biodiversity through private-sector initiatives.

preserve the marine ecosystem. We will also apply to have the Sanki Environmental Garden, a publicly accessible project located in the Sanki Techno Center, designated as a Nationally Certified Sustainably Managed Natural Site, thus further contributing to environmental preservation.

Tree-Planting and Nurturing Activities

Since fiscal 2010, we have been supporting tree-planting and nurturing activities as environmental conservation activities under the SANKI YOU Eco Contribution Point system. In addition, we created the Sanki Forest in Kai City, Yamanashi Prefecture, in 2015 to commemorate the 90th anniversary of our founding, and a Kansha-no-Mori in 2020 to commemorate the 10th anniversary of the SANKI YOU Eco Contribution Point system. We support reforestation projects that take full advantage of the diversity of local vegetation and tree-planting activities that lead to enriching the bounties of the sea, and also engage in environmental conservation activities that include employee participation. In fiscal 2023, a total of 143 people from the Sanki Engineering Group, including executive officers, employees, and their families, participated in tree-planting and nurturing activities organized by the groups we support.

We facilitated donations to six projects by seven organizations in fiscal 2023 to support environmental conservation projects under the SANKI YOU Eco Contribution Point system. We will continue to promote reforestation, along with activities that bring us closer to the community, through tree-planting projects in which Group employees participate, and other community collaborations.

Donation History for Tree-Planting Projects

Project	Recipient	Location
Present Tree in Kumamoto Yamato III SANKI YOU Forest Kumamoto Yamato	NPO Environmental Relations	Yamato Town, Kumamoto Prefecture
Corporate Supporter System	More trees	Shibuya Ward, Tokyo
Shiga Prefecture/Lake Biwa Afforestation Partnership Agreement: SANKI YOU Forest Biwako Konze	Konze Forestry Association Ritto Tourism Association	Ritto City, Shiga Prefecture
Wakayama Prefecture/Forest Conservation and Management Agreement: SANKI YOU Forest Nanki-Shirahama	Ohechi Forest Association	Shirahama Town, Wakayama Prefecture
Planting trees in the Hikobae Forest on Mt. Yagoshi	NPO Mori wa Umi no Koibito	Ichinoseki City, Iwate Prefecture
Planting trees in a forest surrounding Shonan Village	Silva Association, Shinwa Gakuen	Yokosuka City, Kanagawa Prefecture
Kansha-no-Mori forestation to commemorate the 10th anniversary of the SANKI YOU Eco Contribution Point system	NPO Environmental Relations	Kai City, Yamanashi Prefecture
Creation of the Sanki Forest to commemorate the 90th anniversary of our founding	NPO Environmental Relations	Kai City, Yamanashi Prefecture
Creation of the Kijimadaira Beech Forest	NPO The Life style Research Institute of Forests	Kijimadaira Village, Nagano Prefecture
Creation of the Present Tree Forest	NPO Environmental Relations	Takayama City, Gifu Prefecture, Miyako City, Iwate Prefecture, Sammu City, Chiba Prefecture

OIST | Coral

Okinawa Institute of Science and Technology (OIST) Coral Project

Sanki Engineering Group Code of Conduct and Action Guidelines

https://www.sanki.co.jp/en/csr/governance/conduct-code/

Participation in External Initiatives for Biodiversity

Keidanren Initiative for Biodiversity

Keidanren Initiative for Biodiversity Conservation

30by30

Ministry of the Environment's 30 by 30 Alliance for Biodiversity

Major project to explore the future of the global environment

Continuing to Contribute People and Technology to the Antarctic Research Expedition

For over six decades, Sanki Engineering has been continuously involved in the Antarctic Research Expedition, Japan's national project for understanding the environmental changes in the Antarctic region and the Earth's environmental system. Sanki Engineering's connection to this project goes back to 1957, when we delivered 30 roller conveyors for the second expedition to carry materials to the newly opened Showa Base in Antarctica. We have been actively dispatching our engineers to Antarctica since 1991, when the Protocol on Environmental Protection to the Antarctic Treaty was added to the Antarctic Treaty System, and we dispatched an engineer to the wintering party of the Antarctic Research Expedition upon request from the National Institute of Polar Research.

During the expedition, our engineers are mainly responsible for the maintenance and management of the base's environmental protection facilities (wastewater and waste treatment) and mechanical equipment (HVAC and plumbing facilities). Since the 2010s, we have also been involved in upgrading the wastewater treatment facility and constructing facilities for the Basic Observation Building . Furthermore, in August 2023, we began joint research with the National Institute of Polar Research on energy use data at Showa Station using ICT, further deepening our involvement in the observation project. Through these activities, we are playing an important role in research and environmental protection in Antarctica.

Showa Station

Team change ceremony

Launching the first dam

Transporting supplies over the ice by snowmobile

Photo courtesy of the National Institute of Polar Research

Recognized as an Antarctic Observation Partner Company

In February 2024, Sanki Engineering was recognized as an Antarctic Research Partner Company of the National Institute of Polar Research for having dispatched a total of 20 employees to the Antarctic Research Expedition, from the 33rd Expedition in 1991 to the 65th Expedition in 2023.

Sanki Engineering will continue to contribute its human resources and technologies to this research project and use the experience to enhance the development of its own business.

VOICE

Important Work that Supports the Daily Life of the Expedition Team

Shiobara: As the environmental protection officer, I was engaged in the treatment and management of waste generated at the base and the maintenance of wastewater treatment facilities. The natural environment in Antarctica was breathtaking, and I still vividly remember the enchanting aurora. My standard work is also closely related to environmental protection, and I hope to continue taking on challenges while staying focused on the importance of my work and the weight of my responsibility.

Arai: I was responsible for the overall maintenance, management, and operation of facilities at the base. Soon after arrival, we encountered a blizzard and were placed in a tight spot when the pipes froze, and I was amazed at the competence of the 64th mechanics unit members, who had arrived before us and mobilized the entire team to complete the repairs. Through the various events I experienced during my stay, I strongly felt the importance and amazing power of teamwork.

Kakiuchi: In charge of the mechanical equipment, I maintained and managed various equipment for such purposes as ensuring there is potable water and air conditioning, as well as conducting piping work at the base. I have fond memories of soaking in a handmade outdoor bath in minus 20°C weather, gazing at the star-filled sky and aurora. In an environment where resources are not readily available, I was made keenly aware of the importance of using everything with care.

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