SBT Annual Emissions Reduction Report

Version 1.0 (July 1, 2024 – June 30, 2025)

September 2025

Matsuzaki Co., Ltd.

Table of Contents

1. Introduction

1.1 Science-Based Target Certification and Our Company's GHG Reduction Initiatives

Matsuzaki Co. Ltd. received Science-Based Target (SBT) certification in October 2024. This certification is awarded to companies that set greenhouse gas (GHG) reduction targets based on science. We applied for this certification using the SBT system for small and medium-sized enterprises. This report is our first annual report since receiving SBT certification and is considered "Version 1.0."

1,2 Post-Certification Target Management and Announcement Policy

SBTs for SMEs do not, in principle, require target resubmission after certification. However, the Science Based Targets initiative (SBTi) recommends that, if a target needs to be reviewed or updated, the new target be published within two years of certification. Therefore, we have set the recommended target review period from October 2024 to October 2026.

1.3 Reduction Targets

Our reduction targets are as follows: "Reduce Scope 1 and Scope 2 greenhouse gas emissions by 42% by 2030, using 2020 as the base year."

- Scope 1: Direct emissions from our own facilities (vehicles, heavy equipment, etc.)
- Scope 2: Indirect emissions from the use of purchased electricity, etc.

1.4 Performance Reporting Policy

Since our fiscal year ends on June 30th each year, our actual GHG emissions data will be compiled based on the following period and published on our website in September every year.

- Performance Reporting Period: July 1, 2024 - June 30, 2025
- Report Publication Date: September 2025

Figure 1.1 shows a schematic diagram reflecting the contents of 1.1 through 1.4.

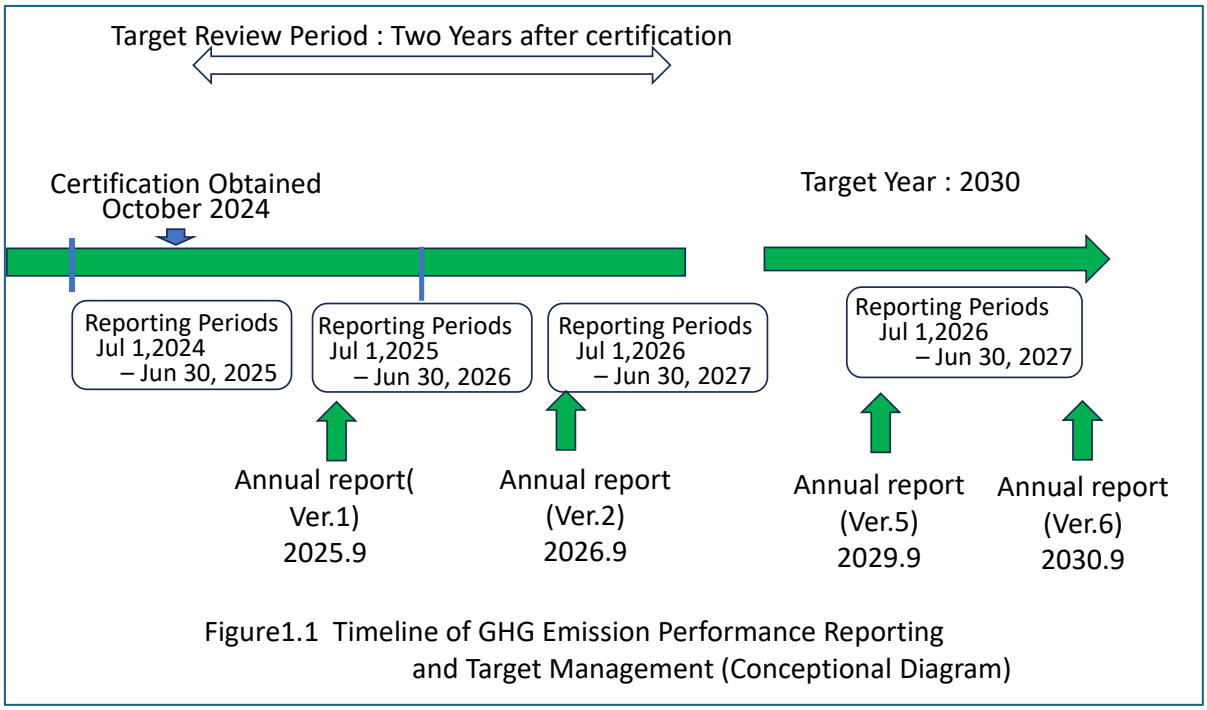

Figure1.1 Timeline of GHG Emission Performance Reporting and Target Management (Conceptional Diagram)

2. Evaluation Methods and Environmental Management System

2.1 Environmental Evaluation Method

We use procedures that comply with the GHG Protocol to calculate our CO2 emissions, and we refer to the following guidelines issued by Japanese law and the government.

【Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act, revi[Emissions intensity for calculating an organization's greenhouse gas emissions through the supply chain (Ver. 3.2, Ministry of the Environment)]sed in 2006)】

【Basic Guidelines for Calculating Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4, March 2022, Ministry of the Environment and Ministry of Economy, Trade and Industry)】

【Emissions intensity for calculating an organization's greenhouse gas emissions through the supply chain (Ver. 3.2, Ministry of the Environment)】

(1) Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act)

This Act stipulates measures to reduce greenhouse gas emissions in Japan, preserve and strengthen greenhouse gas sinks, and promote international cooperation to prevent global warming.

- Carbon dioxide (CO2)
- Methane (CH4)
- Nitrogen monoxide (N2O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulfur hexafluoride (SF6)
- Nitrogen trifluoride (NF3)

Global warming countermeasures aim to balance environmental conservation with economic and social development, while keeping in mind the Paris Agreement's goal of limiting global warming to 2 to 1.5 degrees Celsius. Aiming to achieve a carbon-free society by 2050, the nation, local governments, businesses, and private organizations must work together to promote these measures (Article 2-2).

(2) Basic Guidelines for Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.4)

These guidelines are standard emissions accounting guidelines formulated in accordance with the actual situation in Japan while maintaining consistency with the Scope 3 standards of the GHG Protocol. They outline accounting methods and basic concepts for the entire supply chain, including Scope 1 to 3 emissions.

(3) Emissions Intensity Units for Calculating an Organization's Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 3.2)

These guidelines provide the emissions intensity units necessary for calculating greenhouse gas emissions generated throughout the supply chain. They outline the requirements for the emissions intensity units to be used in calculations, the structure of the database, and how to use it, with the aim of reducing the workload and improving accuracy of calculations.

2.2 Environmental Management System

Our company has established an environmental management department under the direct control of the president, with one dedicated environmental officer. This officer is responsible for calculating GHG emissions, and the implementation of reduction measures and the formulation of plans are decided upon jointly by the environmental management officer and the president. Each construction department, which is responsible for implementing these policies, is responsible for implementing specific on-site emissions management and environmental considerations.

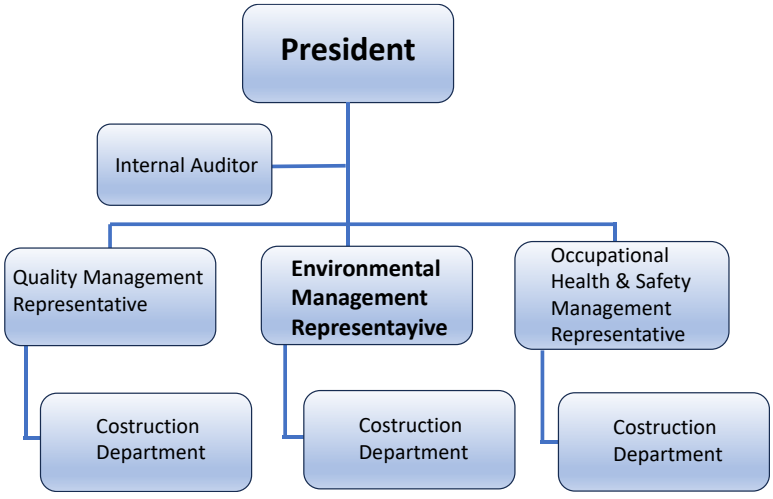

Figure 2.1 Environmental Management Organization

3. Calculation Method for Scope 1 and Scope 2 CO_2 Emission Factors

3.1 Scope 1 (Fuel) Emission Factors

Fuel-related GHG emissions were calculated using:

- Emission Factors for Supply Chain GHG Emissions (Ver.3.2)
- Fuel Emission Factor List (based on the Act on Global Warming Countermeasures)

Target fuels: diesel, gasoline, kerosene, mixed oil, LPG.

Emissions included CO_2, CH_4, and N_2O, converted to CO_2e. Refrigerant-related emissions (HFCs, PFCs) were excluded.

3.2 Calculation Method for Fuel CO_2e Emission Factors

The emission coefficients for various fuels were calculated for each gas type using the formula below, and finally aggregated as equivalent CO2 (t-CO2e).

(1) CO2 emission coefficient (t-CO2/kL)
= Fuel calorific value (GJ/kL) × CO2 emission intensity (t-C/GJ)
× CO2 conversion coefficient (44/12)

(2) CH4 emission coefficient (t-CH4/kL)
= Fuel calorific value (GJ/kL) × CH4 emission intensity (t-CH4/GJ)

(3) N2O emission coefficient (t-N2O/kL)
= Fuel calorific value (GJ/kL) × N2O emission intensity (t-N2O/GJ)

(4) Equivalent CO2 (CO2e) Emission Factor (t-CO2e/kL)
Calculated using the following formula: CO2e
= 1 x CO2 + 25 x CH4 + 298 x N2O

*This report uses greenhouse effect coefficients (CH_4 = 25, N_2O = 298) based on the IPCC Fourth Assessment Report (AR4).

(5) Calculation examples for representative fuels
Emission factors for diesel and gasoline are calculated in Tables 3.1 and 3.2.

Table 3.1 Calculation of CO2 emission factor for diesel

Item	Value	Unit	Source
Calorific value	34.6	GJ/kL	Ministry of the Environment Appendix 1 (Ver.3.2)
Carbon emission intensity (C)	0.0183	t-C/GJ	Ministry of the Environment Appendix 2 (Ver.3.2)
C → CO2 conversion factor	44/12	-	IPCC guidelines(molecular weight ratio)
CO2 emission factor	2.32	t-CO2/kL	Self-calculated
CH4 emission factor	0	t-CH4/kL	Ministry of the Environment Appendix 5 (Ver.3.2)
N2O emission factor	0	t-N2O/kL	Ministry of the Environment Appendix 13 (Ver.3.2)
Equivalent CO2 emission factor (CO2e)	2.32	t-CO2e/kL	CH4 and N2O are zero, so the values are the same

*This calculation was performed using the standard formula established by the Ministry of the Environment and the Greenhouse Gas Protocol.
CO2 emission factor = calorific value × carbon intensity × 44/12
CH4 and N2O emissions are considered to be zero, and the equivalent CO2 is the same as the CO2 emissions.

Table 3.2 Calculation of CO2 emission factor for gasoline

Item	Value	Unit	Source
Calorific value	37.7	GJ/kL	Ministry of the Environment Appendix 1 (Ver.3.2)
Carbon emission intensity (C)	0.0187	t-C/GJ	Ministry of the Environment Appendix 2 (Ver.3.2)
C → CO2 conversion factor	44/12	-	IPCC guidelines(molecular weight ratio)
CO2 emission factor	2.58	t-CO2/kL	Self-calculated
CH4 emission factor	0	t-CH4/kL	Ministry of the Environment Appendix 5 (Ver.3.2)
N2O emission factor	0	t-N2O/kL	Ministry of the Environment Appendix 13 (Ver.3.2)
Equivalent CO2 emission factor (CO2e)	2.58	t-CO2e/kL	CH4 and N2O are zero, so the values are the same

*This calculation was performed using the standard formula established by the Ministry of the Environment and the Greenhouse Gas Protocol.
CO2 emission factor = calorific value × carbon intensity × 44/12
CH4 and N2O emissions are considered to be zero, and the equivalent CO2 is the same as the CO2 emissions.

(6) Specification of Data and Values Used

The final adopted emission factors may vary slightly depending on the database version and publicly available information from fuel suppliers at the time of calculation. The factor values used in this report are listed below.

Table 3.3: List of final adopted emission factors

Fuel Type	Adopted CO2 emission coefficient (t-CO2/kL)	Notes
Light Oil	2.58	Company's own estimate Based on Ver3.2
Gasoline	2.32	Company's own estimate Based on Ver3.2
Kerosene	2.61	Company's own estimate Based on Ver3.2
Mixed Oil	2.78	Company's own estimate Based on Ver3.2

3.3 Scope 2 (Electricity) Emission Factors

Scope 2 emissions were calculated using:

- Emission Factors for Supply Chain GHG Emissions (Ver.3.2)
- FY2023 Emission Factors by Electric Utility (Ministry of the Environment)

We calculated Scope 2 emissions based on the "adjusted emission factor (kg-CO2/kWh)" published by our contracted company, Chubu Electric Power Miraiz Co., Ltd. The values are shown below.

Table 3.4 Emission Factor for Electricity

Electricity supplier	Adjusted emission factor (t-CO2/kWh)	Sources and Notes
Chubu Electric Power Miraiz Co., Ltd.	0.00044	Cited from the "List of Emission Factors by Electric Power Company for FY2023" (Ministry of the Environment). Reference values for all companies were used.

*This calculation complies with the "market-based" calculation method of the GHG Protocol and uses adjusted emission factors published by electric power companies.

4. CO_2 Emissions and Reduction Management Methods

4.1 Management Concept Diagram

Figure 4.1 shows the management concept.

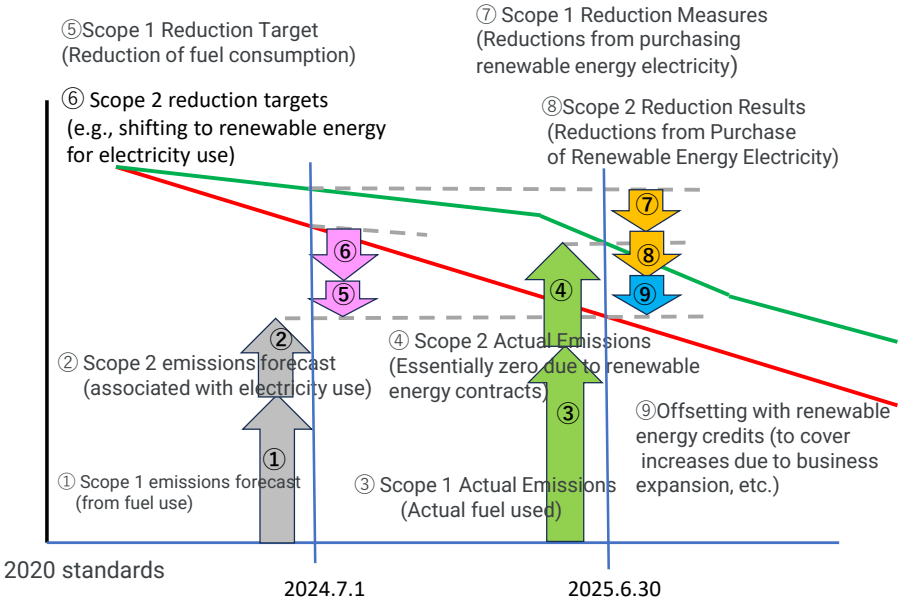

Figure 4.1 Management Concept Diagram

Figure 4.1 illustrates the greenhouse gas (GHG) emissions management concept from July 1, 2024, to June 30, 2025. The horizontal axis represents time, while the vertical axis visualizes the composition of emissions, reduction efforts, actual results, and complementary measures.

This diagram illustrates the projected emissions and reduction targets for Scope 1 (direct emissions from fuel combustion) and Scope 2 (indirect emissions from electricity consumption), assuming a 4.2% annual reduction rate from the base year of 2020. These are represented by gray arrows (① and ②) and pink arrows (⑤ and ⑥), respectively. Actual emissions are shown by green arrows (③ and ④), while the contribution from emission reduction measures is represented by orange arrows (⑦ and ⑧). Furthermore, to ensure overall consistency in the emissions data, J-Credit certificates from renewable energy sources are used, which are indicated by the blue arrow (⑨).

For Scope 1, actual emissions are calculated based on actual fuel use, and the difference from

the reduction target is compensated for by measures such as efficient driving and the conversion of vehicles to electric vehicles. Furthermore, if reductions cannot keep up due to increased workloads, the natural increase can be offset by utilizing J-Credits from renewable energy, ensuring overall target consistency.

In Scope 2, actual emissions are considered zero due to 100% renewable energy contracts. Therefore, the difference between the planned emissions and the purchased electricity consumption is assessed as actual reductions. By displaying planned and actual emissions, reduction actions, and complementary measures (offsets) in an integrated manner, this diagram clearly conveys our overall CO2 emissions management and the transparency of our implementation policy.

4.2 CO_2 Emissions Management Chart

Table 4.1 summarizes our greenhouse gas (GHG) emissions and reduction results, both planned and actual, providing an overview of our company's progress in emissions management. Each item is numbered ① through ⑨ to clearly indicate its relationship to the management concept diagram (Figure 4.1) and ensure consistency between the diagrams.

The upper section of the table shows the planned and actual total emissions, combining Scope 1 and Scope 2, along with a breakdown of Scope 1 (fuel-related) and Scope 2 (electricity-related) results. From fiscal year 2025 onward, if Scope 1 emissions exceed the target despite reduction efforts, we will adopt a system to offset the excess using J-Credits from renewable energy (⑨). The lower section shows our planned and actual emissions reductions for Scope 1 and Scope 2, enabling us to quantitatively assess the effectiveness of our reduction efforts. In particular, for Scope 2 emissions, based on a 100% renewable energy contract that treats the emissions coefficient as zero, we treat actual emissions as effectively zero, and position this amount as equivalent to the actual reduction value (⑧) = the amount of renewable electricity purchased.

Furthermore, Figure 4.2, which illustrates these numerical relationships, visually identifies the difference between the annual emissions composition and the emissions plan, clearly showing the extent to which specific fuel-derived emissions sources affect the reduction target. In this way, Table 4.1 and Figure 4.2 comprehensively present the three elements of emissions plan, actual results, and compensation (credits), and serve as fundamental data supporting the consistency and transparency of our CO2 emissions management system.

Table 4.1 GHG Emissions and Reduction Performance (Plan, Actual, Offsets)

emissions \ Year						2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
						20 June term	21 June term	22 June term	23 June term	24 June term	25 June term	26 June term	27 June term	28 June term	29 June term	30 June term
Scheduled for release	Planned emissions (S1+S2) (t-CO2)					58.81	55.87	52.93	49.99	47.05	44.11	41.19	38.84	36.49	34.14	32.37
	breakdown	① Scope 1 emissions (from fuel use) [t-CO2]				57.21	54.35	51.49	48.63	45.77	42.91	40.05	37.76	35.47	33.18	31.47
		② Scope 2 emissions (associated with electricity use) [t-CO2]				1.60	1.52	1.44	1.36	1.28	1.20	1.14	1.08	1.02	0.96	0.90
Emissions Actual	Actual GHG value (S1+S2) [t-CO2]					58.81	35.01	37.86	40.59	60.12	37.88	–	–	–	–	–
	breakdown	③ Scope 1 actual emissions [t-CO2]				57.21	35.01	37.86	40.59	60.12	37.88	–	–	–	–	–
		Scope1	Diesel oil	Actual GHG emissions (t-CO2)		41.20	24.11	23.85	30.40	47.21	19.54	–	–	–	–	–
				Actual usage (ℓ)		15,969	9,345	9,246	11,784	18,297	7,573					
			Gasoline	Actual GHG emissions (t-CO2)		13.60	9.84	13.40	9.86	12.53	16.69	–	–	–	–	–
				Actual usage (ℓ)		5,862	4,240	5,774	4,251	5,402	7,194					
			Kerosene	Actual GHG emissions (t-CO2)		2.20	0.82	0.30	0.10	0.07	0.63					
			Mixed oil	Actual GHG emissions (t-CO2)		0.21	0.24	0.31	0.22	0.31	1.02					
		Scope2	④ Scope 2 actual emissions (virtually zero) [t-CO2]			1.60	–	–	–	–	–	–	–	–	–	–
			Actual electricity usage value [t-CO2]			1.60	–	–	–	–	–	–	–	–	–	–
			Actual electricity usage [Wh]			4,133	4,923	5,801	5,858	6,644	7,137					
Comparison with the plan (shortfall in reduction is marked as +, excess as -) [t-CO2]						0.00	-20.86	-15.07	-9.40	13.07	-6.23	–	–	–	–	–
⑨ Emissions offset by J-Credits derived from renewable energy electricity [t-CO2]						–	–	–	–	–	–	–	–	–	–	–
Reported value [t-CO2]						39.60	22.59	-15.07	-9.40	13.07	-6.23	–	–	–	–	–

Reported value [t-CO2]+G9:AC23

Reduction target	Reduction target (Scope 1 + Scope 2 total) [t-CO2]				2.94	2.94	2.94	2.94	2.94	2.92	2.35	2.35	2.35	1.77
	breakdown	⑤ Scope 1 reduction target (reduction of fuel consumption) [t-CO2]			2.86	2.86	2.86	2.86	2.86	2.86	2.29	2.29	2.29	1.71
		⑥ Scope 2 reduction target (renewable energy use of fuel, etc.) [t-CO2]			0.08	0.08	0.08	0.08	0.08	0.06	0.06	0.06	0.06	0.06
	S 1	⑦ Scope 1 reduction results [t-CO2]			–	–	–	–	0.40	2.40	1.10	3.50	1.60	3.50
		breakdown	Diesel oil	Efficient operation	–	–	–	–	Quantitative evaluation not possible	Quantitative evaluation not possible	Quantitative evaluation not possible	Quantitative evaluation not possible	Quantitative evaluation not possible	Quantitative evaluation not possible
				Replacement of site vehicle (3-ton dump truck)	–	–	–	–	0.22	0.30	–	–	–	–
				Replacement of site vehicle (W cab)	–	–	–	–	0.15	–	–	–	–	–
				Replacement of backhoe (SK75)	–	–	–	–	–	–	0.30	–	–	–
				Conversion of backhoe (Vio30) to EV	–	–	–	–	–	–	–	–	–	–
				Replacement of backhoe (SK135)	–	–	–	–	–	–	–	–	0.30	–
				Conversion of backhoe (Vio20) to EV	–	–	–	–	–	–	–	–	–	2.20
			Gasoline	Replacement of company car (light vehicle)	–	–	–	–	0.03	–	–	–	–	–
				Conversion of company car (standard car) to EV	–	–	–	–	–	2.10	–	–	–	–
				Conversion of company car (light vehicle) to EV	–	–	–	–	–	–	0.80	–	–	–
				Conversion of company car (light vehicle) to EV	–	–	–	–	–	–	–	1.30	1.30	1.30
		Adjustable amount within planned value [t-CO2] (②-⑥)			1.52	1.44	1.36	1.28	1.20	1.14	1.08	1.02	0.96	0.90
	S 2	⑧ Scope 2 reductions (equivalent to purchased renewable energy electricity [t-C			2.17	2.55	2.58	2.92	3.14	–	–	–	–	–
		breakdown	100% renewable energy electricity procurement		2.17	2.55	2.58	2.92	3.14	–	–	–	–	–

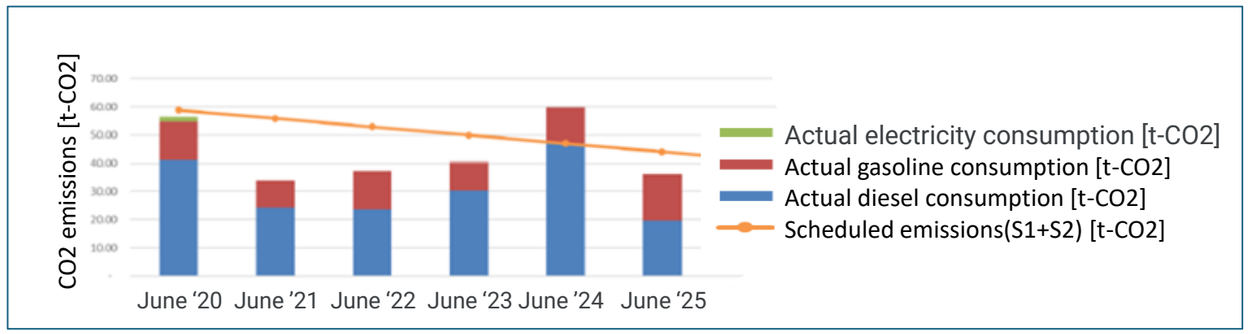

Figure 4.2 CO_2 Emissions by Source vs. Reduction Targets (2020–2030)

4.3 History of CO2 Emission Reductions Leading to SBT Certification

This section describes the history of our CO2 emission reduction efforts leading up to the SBT (Science Based Targets) certification in October 2024, along with the evolution of our emissions performance. The base year is 2020, and we have formulated an action plan with the goal of reducing emissions by 42% (target value: 33.13 t-CO2) by 2030, based on that year's emissions of 57.21 t-CO2 (see Table 4.1 and Figure 4.2).

Below are the main initiatives and their impacts by fiscal year.

- 2018–June 2019
  This fiscal year, we began transitioning to 100% renewable energy contracts and embarked on a full-scale transition to decarbonized management.

- July 2019–June 2020
  We conducted energy conservation training for employees to foster an awareness of cost reduction through energy conservation. At the same time, we gradually switched our heating fuel from kerosene to electricity.

- July 2020–June 2021
  We made significant progress in transitioning from kerosene to electricity, resulting in a significant decrease in kerosene use. Combined with sluggish sales due to the COVID-19 pandemic, we achieved emissions reductions well below our target.

- July 2021–June 2022
  The transition from kerosene to electricity is nearly complete. While sales remained sluggish due to the impact of the COVID-19 pandemic, increased vehicle utilization resulting from strengthened sales activities led to an increase in gasoline consumption. While emissions increased compared to the previous fiscal year, they remained within the planned range.

- July 2022 - June 2023
  The reduction in kerosene use became established, and sales began to recover. As a result, diesel and gasoline usage increased, resulting in an increase in CO2 emissions for the second consecutive fiscal year, but CO2 emissions remained consistent with the reduction target.

- July 2023 - June 2024
  As the COVID-19 pandemic subsided and special demand emerged, the utilization rate of construction machinery and sales vehicles increased, resulting in a decrease in diesel usage.

5. FY2025 CO2 Emissions and Reduction Management Results

5.1 FY2025 CO2 Emissions Management Results

Table 5.1 shows the actual emissions for FY2025. The planned value was 44.11 t-CO2, while the actual value was 37.88 t-CO2, 6.23 t-CO2 below the planned value. The main reason that actual Scope 1 emissions fell short of the planned value was due to a temporary decrease in diesel fuel consumption due to changes in site conditions; this decrease was not the result of intentional reduction measures. Additionally, gasoline consumption increased by approximately 1,800 liters (4.2 t-CO2) compared to the fiscal year ending June 2024 due to an increase in the number of vehicles.

Table 5.1 Actual CO2 emissions in fiscal year 2025 (unit: t-CO2)

emissions \ Year						2020	2025	explanation
						20 June term	25 June term	
Scheduled for release	Planned emissions (S1+S2) (t-CO2)					58.81	44.11	①+②
	breakdown	① Scope 1 emissions (from fuel use) [t-CO2]				57.21	42.91	
		② Scope 2 emissions (associated with electricity use) [t-CO2]				1.60	1.20	
Emissions Actual	Actual GHG value (S1+S2) [t-CO2]					58.81	37.88	③+④
	breakdown	Scope1	③ Scope 1 actual emissions [t-CO2]			57.21	37.88	–
			Diesel oil	Actual GHG emissions (t-CO2)		41.20	19.54	–
				Actual usage (ℓ)		15,969	7,573	
			Gasoline	Actual GHG emissions (t-CO2)		13.60	16.69	–
				Actual usage (ℓ)		5,862	7,194	
			Kerosene	Actual GHG emissions (t-CO2)		2.20	0.63	
			Mixed oil	Actual GHG emissions (t-CO2)		0.21	1.02	
		Scope2	④ Scope 2 actual emissions (virtually zero) [t-CO2]			1.60	–	–
			Actual electricity usage value [t-CO2]			1.60	–	–
			Actual electricity usage [Wh]			4,133	7,137	
Comparison with the plan (shortfall in reduction is marked as +, excess as -) [t-CO2]						0.00	-6.23	–
⑨ Emissions offset by J-Credits derived from renewable energy electricity [t-CO2]						–	–	–
Reported value [t-CO2]						39.60	-6.23	–

5.2 FY2025 CO2 Reduction Measures Results

The results of CO2 reduction measures for fiscal year 2025 consist of vehicle replacement as the primary method for Scope 1 emissions, and the avoidance of emissions through a 100% renewable energy contract for Scope 2 emissions. The breakdown of the reduction targets and the calculation basis are shown below. Table 5.2 below summarizes the reduction achievements for 2025 based on each measure.

Table 5.2 Actual CO2 emissions in fiscal year 2025 (unit: t-CO2)

emissio / Year					2020	2025	explanation
Reduction target	Reduction target (Scope 1 + Scope 2 total) [t-CO2]				2.94	2.94	
	breakdown	⑤ Scope 1 reduction target (reduction of fuel consumption) [t-CO2]			2.86	2.86	
		⑥ Scope 2 reduction target (renewable energy use of fuel, etc.) [t-CO2]			0.08	0.08	
	S1	⑦ Scope 1 reduction results [t-CO2]			–	0.40	
		breakdown	Diesel oil	Efficient operation	–	Quantitative evaluation not possible	
				Replacement of site vehicle (3-ton dump truck)	–	0.22	
				Replacement of site vehicle (W cab)	–	0.15	
				Replacement of backhoe (SK75)	–	–	
				Conversion of backhoe (Vio30) to EV	–	–	
				Replacement of backhoe (SK135)	–	–	
				Conversion of backhoe (Vio20) to EV	–	–	
			Gasoline	Replacement of company car (light vehicle)	–	0.03	
				Conversion of company car (standard car) to EV	–	–	
				Conversion of company car (light vehicle) to EV	–	–	
				Conversion of company car (light vehicle) to EV	–	–	
		Adjustable amount within planned value [t-CO2] (②-⑥)			1.52	1.20	
	S2	⑧ Scope 2 reductions (equivalent to purchased renewable energy electricity [t-CO2])			2.17	3.14	
		breakdown	100% renewable energy electricity procurement		2.17	3.14	

<Scope 1 Emissions Reduction Achievements: Emissions Reduction through Vehicle Replacement (0.40 t-CO2)>

The CO2 emissions reduction achieved under Scope 1 is attributable to the replacement of company vehicles, and the total reduction is calculated at 0.40 t-CO2. The reduction amount was quantitatively evaluated based on the difference in fuel efficiency between the old and new vehicles, the annual mileage, and the CO2 emission factor.

Calculation formula for emissions reduction:
Emissions reduction = [(Annual mileage / Fuel efficiency of old vehicle) –
(Annual mileage / Fuel efficiency of new vehicle)] × CO_2 emission factor (t-CO_2/L)

Note that factors such as improvements in fuel efficiency or changes in usage frequency, which cannot be quantitatively separated as direct measures, are not included in the emissions reduction calculation in this report.

Specific calculations are shown below.

- ✓ 3t dump
  (9,300km ÷ 7.5km/L) - (9,300 km ÷ 8.0km/L) × 0.00258 × (12/12) = 0.22t-CO2

- ✓ W Cab
  (4,200 km ÷ 6.3 km/L) - (4,200 km ÷ 7.6 km/L) x 0.00258 x (6/12) = 0.15 t-CO2

- ✓ Company car (light vehicle)
  (2,700 km ÷ 6.5 km/L) - (2,700 km ÷ 7.6 km/L) × 0.00232 × (12/12) = 0.03 t-CO2

As a result, the Scope 1 reduction was (0.22 + 0.15 + 0.03) t-CO2 = 0.40 t-CO2.

<Scope 2 Emissions Reduction Achievements: Emissions Avoidance through Renewable Energy Contracts (3.14 t-CO2)>

For Scope 2 emissions, since we have a 100% renewable energy contract, the emissions factor for the 7,137 kWh of electricity used is calculated as 0. If a standard emissions factor were applied, 3.14 t-CO_2 emissions would be expected; however, this is considered avoided due to the renewable energy contract.

<Total Annual Emissions Reduction and Progress Towards Target>

Therefore, the total reductions achieved in fiscal 2025 are as follows:

- Scope 1 reductions (vehicle replacement, etc.): 0.40 t-CO2
- Scope 2 reductions (renewable electricity): 3.14 t-CO2
- Total: 3.54 t-CO2

This reduction in emissions exceeds the target of 2.94 t-CO_2 set for this fiscal year, indicating that the reduction plan is progressing smoothly.

6. FY2026 CO2 Emissions and Reduction Management Plan

Table 6.1 shows an overview of the FY2026 emissions and reduction plans. For Scope 1, measures will focus on continuing from the previous year improvements in efficiency, fuel efficiency, and vehicle renewal. Although diesel consumption will be reduced by replacing a 3-ton dump truck, it is expected to increase from last year due to increased workloads. Gasoline consumption is expected to decrease as vehicles are converted to electric vehicles. For Scope 2, renewable energy contracts will be continued to maintain net-zero emissions. If emissions still exceed the planned levels, J-Credits and other measures will be utilized to ensure consistency in emissions.

Table 6.1 CO2 Emissions Management Plan for Fiscal Year 2026

emissions \ Year					FY2025 actual value	FY2026 planned value	remarks
Planned emission amount (S1+S2) [t-CO2]					44.11	41.19	70% compared to 2020 (▲4.2%/year)
	breakdown	Scope1	Scope 1 emissions[t-CO2]		42.91	41.11	–
			Diesel oil	Actual GHG emissions (t-CO2)	19.54	23.74	–
				Actual usage (ℓ)	7,573	9,200	Vehicle renewal (replacement of 3-ton dump trucks, etc.)
			Gasoline	Actual GHG emissions (t-CO2)	16.69	16.69	–
				Actual usage (ℓ)	7,194	7,194	Vehicle renewal (converting light vehicles to EVs, etc.)
			Kerosene	Actual GHG emissions (t-CO2)	0.63	0.63	
			Mixed oil	Actual GHG emissions (t-CO2)	1.02	1.02	
		Scope2	Scope 2 emissions [t-CO2]		–	–	Zero CO2 emission coefficient × Continuing contract'–
			Actual electricity usage value [t-CO2]		–	–	The 100% renewable energy contract is expected to continue in fiscal 2026.
			Actual electricity usage [Wh]		7,137	8,000	Expected increase in usage due to the shift to Evs
Emissions offset by J-Credits derived from renewable energy electricity [t-CO2]					–	–	Target expected to be achieved through reduction efforts

7. Summary

This report summarizes and reports on our GHG emissions management performance for the first year (July 2024–June 2025) since achieving Science-Based Target certification in October 2024, as well as our future reduction policy.

In monitoring Scope 1 and Scope 2 GHG emissions, we adhered to the GHG Protocol and domestic guidelines, clearly indicating emission factors and quantifying the effectiveness of reduction measures. In particular, for Scope 2, we maintain a 100% renewable energy contract, maintaining net-zero emissions.

Scope 1 emissions are easily affected by fluctuations in fuel use based on business volume, making it difficult for short-term reduction effects to be directly reflected in emissions. However, we quantitatively assess the effectiveness of individual measures through fuel consumption management and other measures. We also continue to appropriately investigate the latest trends in decarbonization and research applicable technologies.

Furthermore, emissions results and improvement findings obtained during the reporting period will be used to improve management accuracy in the following fiscal years and serve as the foundation for increasing the effectiveness of the PDCA cycle. Going forward, we will strive to achieve our Science-Based Targets (SBTs) and continue to disclose information transparently, while striking an appropriate balance between actual emissions reduction efforts and the use of credits.