

On Our Efforts to Commit to Climate Change

In September 2023, Integrated Design & Engineering Holdings Group (hereinafter referred to as the "ID&E Group") announced its support for the TCFD recommendations as Integrated Design & Engineering Holdings Co., Ltd. (hereinafter referred to as "ID&E"), and is proceeding with information disclosure based on the TCFD recommendations. In addition, the ID&E Group will contribute to solving social issues related to climate change and natural capital/biodiversity conservation through human resource development and technological development.

i. Governance

Aiming to contribute to the environment and society through our business, ID & E Group established the "Sustainability Committee" in September 2021, and the "Sustainability Promotion Council" at ID&E in July 2023 with the aim of promoting sustainability throughout the ID&E Group. The "Sustainability Promotion Council" is chaired by the President of ID&E. It consists of (1) presidents of major consolidated group companies (Nippon Koei Co., Ltd., Nippon Koei Urban Space Co., Ltd., BDP Holdings Limited (hereinafter "BDP"), Nippon Koei Energy Solutions Co., Ltd., and Nippon Koei Business Partners Co., Ltd.); and (2) Director Generals of Nippon Koei Business Partners Co., Ltd., who are responsible for providing management services to the ID&E Group. The Council deliberates and monitors policies, measures and implementation related to group's sustainability promotion.

Important policies are discussed and decided by the Board of Executive Officers and the Board of Directors.

Major group companies have established "Sustainability Promotion Committee" that is chaired by each company's president in principle and works together with ID&E's "Sustainability Promotion Council" to promote sustainability in the respective segment within the ID&E Group.

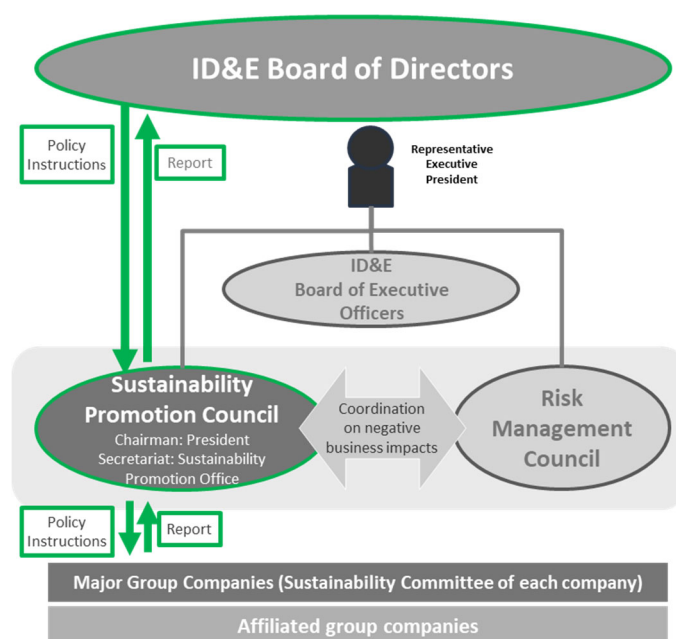


Figure 1 Sustainability related Governance Setup

ii. Strategy

Definition of Scenarios

ID&E Group has selected "SSP1-1.9 (under 1.5°C scenario)" and "SSP5-8.5 (4°C scenario)" in the "United Nations Intergovernmental Panel on Climate Change" (IPCC) as baseline for scenario analysis.

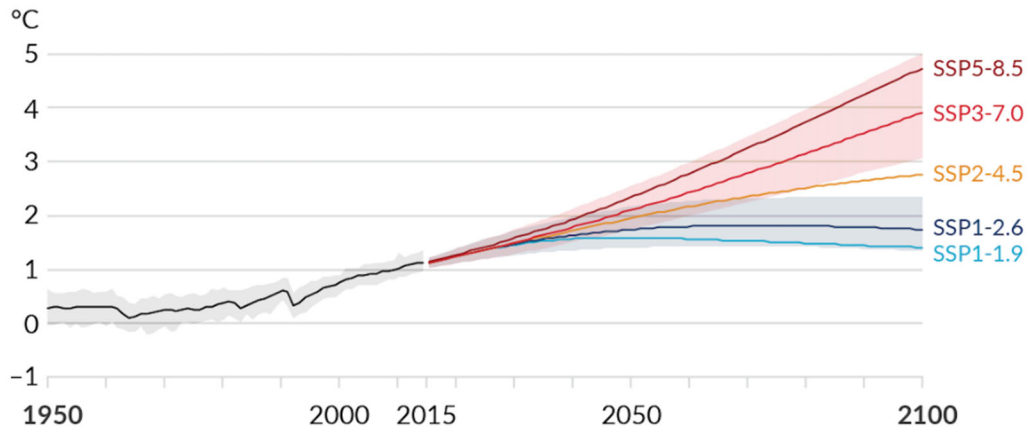


Figure SPM.8 in IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY,USA, pp. 332, doi: 10.1017/9781009157896.001 .]

Figure 2 Changes in Global Average Temperature from 1850 to 1900

Under 1.5°C scenario assumes that decarbonization is promoted to the maximum extent possible, by strengthening environmental policies and regulations, introducing carbon tax, and using renewable energy as a main power source to the aim of achieving carbon neutrality in 2050 under the sustainable development.

On the other hand, 4°C scenario assumes that climate sustainability measures such as reduction of greenhouse gas emissions are not introduced under the fossil fuel-dependent development and the scale and frequency of natural disasters are expected to increase significantly compared to the 1.5°C scenario.

Based on these scenarios, we analyze the medium- to long-term risks and opportunities regarding the climate change factors affecting our business and disclose summarized information on the risks and opportunities as high priority for ID&E Group.

In this scenario analysis (Tables 1 to 3), the coverage is ID&E and the five major consolidated group companies listed below. The sales of these five companies account for approximately 71% of ID&E Holdings' sales (for FY2023¹).

- Nippon Koei Co., Ltd.
- Nippon Koei Urban Space Co., Ltd.
- BDP Holdings Limited
- Nippon Koei Energy Solutions Co., Ltd.
- Nippon Koei Business Partners Co., Ltd.

¹ ID&E Group's fiscal year "FY June 2023 (starting from July 2022 and ending in June 2023)". The other fiscal year indicated in this document refers to ID&E Group's fiscal year.

Table 1 Risks caused by Climate Change and their Countermeasures

Type of risk		Contents of risk	Timeline	Business and financial impact		Countermeasure
				1.5°C	4°C	
Transition risk	policy (as well as) Laws and regulations	· Increase in energy procurement costs such as fuel costs due to inclusion of carbon price	long term	small	-	<ul style="list-style-type: none"> · Promote conversion to renewable energy and in-house production (NKRE100) · Comprehensive promotion of energy conservation measures · Design and construction management with due consideration for carbon footprint · Promoting research and development related to reducing environmental impact
		· Increase in carbon credit procurement costs	long term	small	-	
		· Increase in utility and vehicle costs due to introduction of carbon price	long term	small	-	
		· Increase in operating costs due to introduction of carbon price	long term	small	-	
		· Increase in indirect operational costs due to the enforcement of policies and regulations	long term	small	-	<ul style="list-style-type: none"> · Reduction of vehicle cost increase due to introduction of EV · Streamlining operations by introducing AI
Physical risk	chronic	· Increase in electricity and water usage due to rising temperatures	super long term	small	small	<ul style="list-style-type: none"> · Capital investment that contributes to improving energy efficiency · Introduction of water-saving equipment · Utilizing remote work
		· Failure of employees to access offices and business sites due to abnormal weather	super long term	Medium	Medium	<ul style="list-style-type: none"> · Continuation of work by using satellite offices and remote work · Improvement of BCP · Reducing risks in the event of inability to access the site by including work delays due to abnormal weather in advance planning

- * Timeline: short term (2024), medium term (~2027), long term (~2030), super long term (2030~)
- * Impact on business and finance: Small (~10 million yen), Medium (10 million yen to 100 million yen), Large (100 million yen~)
- * Regarding transition risk, we examined items that would affect our company due to Government policies and market changes of various countries to keep temperature rise below 1.5°C (transition risk in 4°C scenario is not assumed)
- * Regarding physical risks, we examined items that would affect our company due to temperature rise (for physical risks in the 1.5°C scenario and 4°C scenario, we conducted a qualitative assessment of the impact on business in 2030 and 2050, assuming that differences in temperature and impact on business will be seen in 2100)

Table 2 Opportunities arising from Climate Change and their Countermeasures

Type of opportunity	Contents of opportunity	Timeline	Business and financial impact		Countermeasure
			1.5°C	4°C	
Resource efficiency	<ul style="list-style-type: none"> Reducing the burden of energy-related costs by introducing a subsidy system 	Medium term	small	-	<ul style="list-style-type: none"> Reducing the cost of renewable energy facilities/energy-saving facilities through subsidies, etc. associated with GX promotion Enhancing information disclosure in response to disclosure requests required when using subsidies
Products and services	<ul style="list-style-type: none"> Expanding renewable energy investment opportunities 	Medium term	Big	-	<ul style="list-style-type: none"> Promotion and development of hydroelectric power generation business (small hydropower generation/pumped storage power generation business) Promote business development using storage battery-related technology (development and operation of supply and demand adjustment system)
Physical opportunity	<ul style="list-style-type: none"> Expanding support for building regional circular and symbiotic zones that take advantage of local characteristics 	Medium term	Big	-	<ul style="list-style-type: none"> Further promotion of decarbonization support in town development Applying our own know-how and technology in town development to supporting "regional circular and symbiotic spheres" Expansion of smart city related services
	<ul style="list-style-type: none"> Expanding orders for renewable energy-related work 	Medium term	Big	-	<ul style="list-style-type: none"> Understanding demand for renewable energy equipment Strengthen sales structure to capture demand in response to increasing demand for renewable energy equipment Promotion of renewable energy technology development
	<ul style="list-style-type: none"> Increasing demand for infrastructure construction, maintenance and repair for disaster prevention, mitigation, recovery and reconstruction due to natural disasters and sea level rise. 	long term	Big	Big	<ul style="list-style-type: none"> Proactive support for infrastructure development needs related to disaster prevention, mitigation, recovery, and reconstruction overseas Understanding changes in demand due to national resilience policies and building a rapid response system
	<ul style="list-style-type: none"> Increasing order opportunities due to reinforcement of power generation and transmission related facilities 	long term	Big	Big	<ul style="list-style-type: none"> Strengthen sales system to capture demand in response to increased demand for equipment Promoting the introduction of renewable energy in Japan by acquiring cutting-edge information and technology from overseas
Market	<ul style="list-style-type: none"> Increasing need to 	long term	Big	Big	<ul style="list-style-type: none"> Manufacture and development

Type of opportunity	Contents of opportunity	Timeline	Business and financial impact		Countermeasure
			1.5°C	4°C	
	develop new products or services through research & development and innovation				of decarbonized products/services by leveraging new technologies <ul style="list-style-type: none"> Reducing manufacturing costs by utilizing new technology
	<ul style="list-style-type: none"> Improving profitability due to an increase in new environment-related service needs resulting from diversification of consumer behavior and improved customer awareness regarding environmental issues 	long term	Big	Big	<ul style="list-style-type: none"> Understanding environment-related demand Expansion of current GX/sustainability related business Promotion of green infrastructure/renewable energy business and development according to demand Branding using in-house efforts and achievements Keep an eye on trends by participating in the GX League
	<ul style="list-style-type: none"> Increasing customer preference by helping customers reduce their GHG emissions with decarbonization-related services 	long term	Big	Big	<ul style="list-style-type: none"> Promoting investment and development of low-carbon technologies in green infrastructure and policy support Strengthen our ability to make proposals to client companies and local governments that are proactive in responding to climate change

- * Timeline: short term (2024), medium term (~2027), long term (~2030), super long term (2030~)
- * Business and financial impact: determined using the same scale as risk
- * In terms of opportunities, we examined items that will affect our company due to policies and market changes around the world to keep temperature rise below 1.5°C (we do not assume the risks and opportunities of transition to the 4°C scenario).
- * In this section, we will consider items that will affect our company due to rising temperatures.

Going forward, we will continue to consider the impact of climate change related risks and opportunities on our finances as well as the specifics of countermeasures, and work to further expand information disclosure.

Table 3 Financial Impact of Risks and Opportunities arising from Climate Change that can be Quantitatively Evaluated

Type of risk		Contents of risk	Financial impact calculation method	Financial impact amount	
				1.5°C	4°C
Transition risk	Policies (and) laws and regulations	Increase in energy procurement costs such as fuel costs due to inclusion of carbon price	FY2023 Scope 1 (energy source origin) x growth rate x carbon price	0.5 million yen/year ~ 4.3 million yen/year	-
		Increase in utility and vehicle costs due to introduction of carbon price	FY2023 utility costs (electricity) x growth rate x rate of change in electricity prices	9.7 million yen/year	-
Physical risk	chronic	Failure of employees to access offices and business sites due to abnormal weather	Total past maximum damage amount x Growth rate x Probability of occurrence	3.5 million yen/year - 15 million yen/year	7 million yen/year - 30 million yen/year

Type of opportunity		Contents of Opportunity	Financial impact calculation method	Financial impact amount	
				1.5°C	4°C
Products and services		Expand orders for renewable energy-related work	Renewable energy-related sales amount in FY2023 x (parameters as of 2030 - growth rate)	1,500 million yen/year - 2,200 million yen/year	-
		Demand for infrastructure construction, maintenance and repair for disaster prevention, mitigation, recovery and reconstruction is increasing due to natural disasters and sea level rise.	Infrastructure-related sales amount in 2023 x (parameters as of 2030 - growth rate)	8,700 million yen/year	-
		Increase in order opportunities due to reinforcement of power generation and transmission related facilities	Sales amount related to power generation and transmission in 2023 x (parameters as of 2030 - growth rate)	2,100 million yen/year - 5,500 million yen/year	-

* The financial impact amount is the amount that can be assumed as of FY2030 (risk is rising cost, opportunity is increased sales)

* Target organizations: 5 major consolidated group companies that conducted scenario analysis

* Main parameters used: Our long-term business strategy (growth rate), IEA Net Zero Emissions by 2050 Scenario, IPCC RCP2.6 scenario, IPCC RCP8.5 scenario

Countermeasures against Risks

In view of the risk of future increases in carbon prices, ID&E group aims to use 100% renewable energy. ID&E group started a trial project “NKRE100” in July 2023 by supplying electricity from our own hydroelectric power plants to three locations in Japan, including our headquarters. Taking advantage of this opportunity, ID&E will expand the procurement of electricity derived from renewable energy according to regional characteristics, including the deployment of NKRE100 to our group's bases in Japan, and our services such as introduction of renewable energy power generation equipment.

In the future, ID&E group will provide services such as aggregating renewable energy power sources from other companies, supplying locally produced and locally consumed renewable energy power sources, supply and demand management, and power trading.

iii. Risk Management

ID&E group considers the risks (including opportunities) caused by climate change to be an important management issue. The risks related to climate change; natural capital/biodiversity is regarded as important as financial risks. Thus, centered on the Sustainability Promotion Council within the group, collects and analyzes related information and contributes to formulating action policies and plans for IF&E Group.

The Sustainability Promotion Council identifies and evaluates risks in a broad sense, and examines risks that have a negative impact on business activities (possibility of losses due to events that hinder the Group's ability to achieve its business objectives). Risks (risks in a narrow sense) are reported to the Risk Management Council and integrated into the company-wide risk management process based on the Group Risk and Crisis Management Regulations.

Identified and assessed risks are addressed at each group company with support of the Sustainability Promotion Office.

Regarding the management of identified and assessed risks, the Sustainability Promotion Council compiles the response status, which is then discussed by the Executive Officers' Meeting and then by the Board of Directors Meeting.

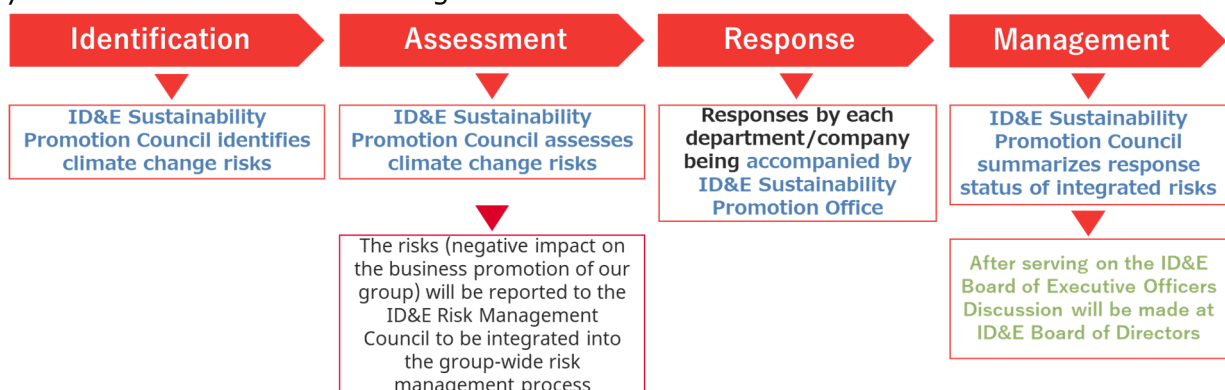


Figure 3 Risk Management Process related to Climate Change

iv. Metrics and targets

In order to monitor greenhouse gas emissions from business activities and evaluate the impact on management, the ID&E Group monitors greenhouse gas emissions from its five major consolidated group companies (Nippon Koei Co., Ltd., Nippon Koei Urban Space Co., Ltd., BDP Holdings Limited, Nippon Koei Energy Solutions Co., Ltd., Nippon Koei Business Partners Co., Ltd.), calculating Scope 1, Scope 2, and Scope 3 CO₂ emissions. We will gradually expand the scope of calculation and work to reduce emissions.

Table 4 ID&E Holdings Major Consolidated Group Companies Greenhouse Gas Emissions

Classification		FY2023 emissions (t-CO ₂)
Scope1		188.3 t-CO ₂
Scope2	market-based emissions s	4,442.0 t-CO ₂
	Location-based emissions a	4,668.0 t-CO ₂
Scope1/2 total	market-based emissions	4,630.3 t-CO ₂
	Location-based emissions	4,856.3 t-CO ₂
Scope3		64,963.0 t-CO ₂
Classification		FY2020 emissions (t-CO ₂)
Scope3 (BDP only)		45,500.0 t-CO ₂

* Scope 3 of BDP Holdings Limited is FY2020 data, all others are FY2023 data. Therefore, Scope 3 emissions in FY2023 are Nippon Koei Co., Ltd., Nippon Koei Urban Space Co., Ltd., Nippon Koei Energy Solutions Co., Ltd. Figures for 4 companies of Nippon Koei Business Partners Co., Ltd.

* Market-based emissions calculate emissions using coefficients for each power company.

* Location-based emissions calculate emissions using factors for each country.

Transition Plan (to a low-carbon economy)

ID&E sets have set reduction targets for Scope 1 and Scope 2 emissions to the same level as SBT (Science-based Targets) by FY2030 for five major consolidated group companies. In the future, we will move forward with SBT certification and commitment to reduction targets, expand the number of offices where renewable energy is introduced, and promote Scope 2 emissions reductions.

Table 5 FY2030 Reduction Target based on Transition Plan

Classification	Base year (FY2023) emissions	Emissions in FY2030	Reduction rate (annual average reduction rate)
Scope1	188.3 t-CO ₂	109.2t-CO ₂	42% (6%)
Scope2	4,442.0 t-CO ₂	2,576.4 t-CO ₂	42% (6%)
Scope1/2 total	4,630.3 t-CO ₂	2,685.6 t-CO ₂	42% (6%)

Going forward, we will work to further information disclosure based on the four core elements required by the TCFD recommendations.

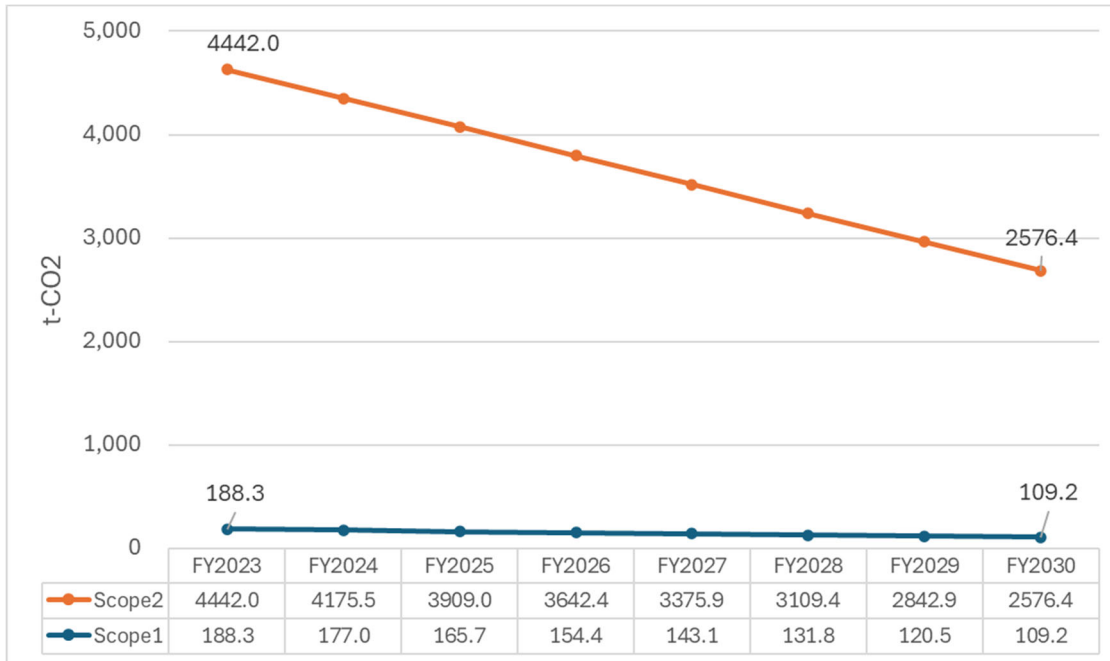


Figure 4 Migration Plan

- * Each line indicates the allowable emissions when achieving the same level of reduction as SBT.
- * In FY2030, a 42.0% reduction in Scope 1+2 is required compared to the base year FY2023, and the annual average reduction rate is 6.0%. Since SBT requires a linear reduction, the diagram of our transition plan also assumes a linear reduction.
- * Regarding Scope 1, we assume the use of electrification and J credit certificates, etc.
- * Regarding Scope 2, it is expected that it will be possible to achieve it by making efforts to expand NKRE100.
- * This time, we are setting reduction targets for Scope 1 + Scope2, so the more reductions in Scope 2, the less reductions in Scope 1, so we recognize that progress in introducing renewable energy is an important factor.