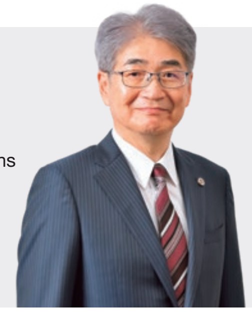
Third-Party Opinion



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The Kinki Branch of the Japan CSR Promotion Association was established with the aim of establishing, disseminating, and promoting corporate social responsibility (CSR). At the company's request, members of the branch have provided opinions on areas such as "environment," "labor," and "corporate governance," mainly since the era of CSR reports. This opinion statement, with the cooperation of the branch's member attorneys (Satoko Toyama, Saeko Kakuishi, and Masaki Tarumi), is based on various guidance documents related to corporate activities, including the Japan Federation of Bar Associations' "Corporate Social Responsibility (CSR) Guidelines," and expresses an independent and fair evaluation and opinion on the company's "Integrated Report 2025" (hereinafter referred to as "this report"). This statement evaluates and expresses opinions on the content of this report.

For the evaluation, after confirming and reviewing the contents of this report, we requested answers to questions and disclosure of materials deemed necessary, conducted interviews with relevant departments based on those, shared the results among the responsible attorneys, exchanged opinions, and compiled this statement.

FY2024 marks the first year of President Yasuhiro Yamanaka's tenure and the first year of the Mid-Term Management Plan Phase 2 "Refining Stage." From that fiscal year to the current year, changes in the order environment, soaring prices of materials and equipment, labor shortages, and the impact of U.S. tariff policies have made it difficult to forecast the medium- to long-term outlook, but it is precisely at such times that dialogue with stakeholders becomes important. The structure of this report has changed from the past three years, but it is said to have been edited with reference to the Ministry of Economy, Trade and Industry's "Value Co-Creation Guidance 2.0," with the aim of helping readers understand the information and enhancing the quality of mutual dialogue. As a result, we believe that the company's "value creation story" can be understood more systematically and that it serves as extremely useful information for dialogue with stakeholders.

Initiatives for Environmental Conservation and Regional Contribution

In the environmental field, "Contributing to archive carbon neutrality" and "Promotion of New Businesses Contributing to a Sustainable Society" are identified as materiality. For these, your company has positioned both importance and impact as high.

First, regarding "Contributing to archive carbon neutrality," from this fiscal year, Scope 3 , especially for the high-emission Category 11, specific figures have been disclosed, and after presenting reduction targets, fixed-point monitoring has begun. It is also clear that specific initiatives are being considered and implemented for each Scope and each Category. However, for this fiscal year, emissions for Scope 1+2 exceeded the previous year due to the expansion of the company's business activities. We understand that measures are being considered to balance business expansion and contribution to achieve carbon neutrality, so we look forward to future results.

Regarding the company's consulting business for ZEB, which is a focus area, the buildings for which consulting was provided have been completed, and it is said that the demonstration phase will begin going forward. Verifying the demonstration results will be beneficial when proposing ZEB planning to clients. We look forward to the company's future activities.

Next, regarding "Promotion of New Businesses Contributing to a Sustainable Society," the number of reused air filters in the air filter regeneration business and the number of contract manufacturing cases for regenerative medicine products are both below target. However, it is understood that it takes a certain amount of time for new businesses to produce results, and especially in the field of regenerative medicine, there is synergy as the company develops the equipment and the client for contract manufacturing is the same, so the company plans to actively pursue activities to avoid results remaining at the same level. We expect proactive efforts to achieve targets in this business.

In the field of environmental and regional contribution, there are not a few companies whose activities remain superficial, focusing only on setting up frameworks and ending with abstract goals. In this regard, as mentioned above, the company is to be commended for setting specific numerical targets and engaging in effective activities. However, some of the KPIs set are currently quite high targets. We hope that the company will continue to be conscious of these targets, conduct regular oversight through the Sustainability Committee, and actively engage in initiatives.

Initiatives for Work-Life Balance and Employee Working Environment

Despite the increasingly severe labor shortage in the construction industry, led by the "2025 Problem" where many members of the baby boomer generation will become late-stage elderly, the company has managed to significantly increase the number of new graduate and career hires in FY2025, undeterred by these societal trends. From FY2024, the company has revised our recruitment system and introduced a new recruiter program, and as a result, further increases in hiring are expected in FY2026. These efforts to strengthen recruitment are highly commendable. On the other hand, increasing the number of hires is meaningless unless the talent is retained. In this regard, by establishing a robust training system, including six-month training programs for new employees and training to help them understand the duties of site managers, the company has been able to improve the retention rate of new hires. Additionally, specific initiatives to create an environment where not only women but also men can take childcare leave (such as creating a post-childcare leave treatment list), and measures to help employees balance work and parenting (such as introducing a childcare short-time work system that greatly exceeds legal requirements), are being implemented or planned, greatly contributing to employees' work-life balance. These initiatives contribute to the retention of hired talent and support employees' career development, and can be expected to have a positive effect on improving the employee engagement score, which is a KPI for the materiality "Creating a rewarding work environment."

Regarding the correction of long working hours, the upper limit regulation on overtime work has been applied to the construction industry since last year, and further advancement of the "SMILE Project" is anticipated. From FY2025, the Technology Headquarters has taken the lead in implementing specific measures, and the Support Department has also been significantly expanded, with enhanced support services. As a result, not only the Technology Headquarters but the entire company has achieved a reduction in overtime work. Currently, the company is also working on internal DX initiatives such as workflow reforms using BIM, and we look forward to further efforts toward achieving the KPI of reducing overtime work per engineer to 340 hours in FY2026.

In terms of compensation, the base salary increase has continued from the previous fiscal year. The base salary increase is sufficient to absorb the impact of recent price hikes and is highly commendable. The company plans to review the wage system in the future, but the base salary increase is expected to improve employee motivation and help attract talented personnel. We look forward to continued proactive consideration of base salary increases.

Initiatives for Corporate Governance and Compliance

In FY2024, the company continues to strengthen corporate governance and compliance as one of our materiality issues, setting KPIs from the perspectives of preventing corruption and bribery, thorough compliance education, and reducing policy-held shares, and are actively working on these initiatives. By setting specific goals, it is evident that these initiatives are being promoted effectively.

The company has also established corporate governance and sustainability promotion systems, and are steadily implementing management and sustainability initiatives in line with these systems, which have been highly rated by outside directors. Without resting on these achievements, in FY2024, the company conducted the effectiveness evaluation of the Board of Directors for the first time using a highly specialized external organization, and are continuously making improvements each year to further evolve our systems, which is commendable. Issues identified in the effectiveness evaluation of the Board of Directors for FY2024 include "thorough reorganization of agenda items and securing discussion time for important topics," and "enhancing and deepening discussions by providing necessary information on management strategies, etc." In addition, at the outside directors' roundtable, recommendations were made regarding the Board of Directors, such as "focusing on strategic discussions" and "clarifying the division of roles." Regarding these issues, the company plans to respond by providing information to outside officers in advance, setting up opportunities for exchanging opinions with management, and further reviewing the agenda and delegation of authority of the Board of Directors. The proactive approach to promptly addressing identified issues is admirable.

We hope that the company will continue to incorporate external insights, including those of outside officers, and maintain and further enhance a highly effective system, taking into account the management environment and stakeholder opinions.

In response to third-party opinions

We would like to express our sincere gratitude to Professor Tanaka, Professor Toyama, Professor Kakuishi, and Professor Tarumi for their valuable opinions.

Encouraged by the many positive evaluations of our new initiatives, we will continue to sincerely heed suggestions regarding ongoing issues and strive to further enhance our efforts in environment, labor, and governance.

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