



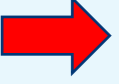





Item		Summary of Risks and Opportunities		Countermeasure	Impact	
<2°C scenario	Policy and Law	Introduction of carbon pricing	Project costs will increase with the introduction of carbon taxes and other carbon pricing.	Risk	<ul style="list-style-type: none"> Promote our own energy conservation and decarbonization initiatives. In the future, we will work with suppliers to reduce greenhouse gas emissions. 	 Risks are present, but can be handled.
		Strengthen regulations and policies related to CO2 emissions	Climate change measures have become a requirement for municipalities to bid, and progress toward a decarbonized society will affect order opportunities.	Opportunities Risk	<ul style="list-style-type: none"> Implementing CCUS in municipal solid waste treatment plants and other initiatives aimed at decarbonization and the realization of Regional Circular and Ecological Sphere. Steady reduction of greenhouse gas emissions from our business activities. 	 By responding to risk, business opportunities expand.
		Changing energy mix	The government's energy mix policy and the growing preference for renewable energy will further increase demand for biomass power generation and high-efficiency waste incineration power generation, which are our main products.	Opportunities	<ul style="list-style-type: none"> Expansion of the quality and quantity of internal resources to meet increasing demand. Continuous enhancement of R&D/engineering capabilities through the use of digital technology. 	 Business opportunities expand.
		Review of FIT/FIP and other renewable energy introduction support programs	Demand for biomass power plants will decrease as incentives to introduce renewable energy for biomass power generation are reduced due to the revision of biomass fuel standards.	Risk	<ul style="list-style-type: none"> Maintain and expand market presence in small- and medium-sized biomass power generation, where the impact of fuel regulations is relatively limited. Capture demand that is not dependent on FIT/FIP, such as fuel conversion of industrial boilers. 	 Risks are present, but can be handled.
	market	Changes in society and customer needs	Further strengthening of 3R (Reuse, Reduce, Recycle) initiatives will reduce the amount of waste to be incinerated, thereby reducing the demand for waste incineration plants.	Risk	<ul style="list-style-type: none"> Strengthening of treatment methods that do not depend on incineration, such as biogas recovery plants and material recycling, based on market trends (although demand for incineration facilities will not decline sharply by 2030). Reinforcement of recurring revenue model businesses such as maintenance, operation and management, O&M, etc. 	 Risks are present, but can be handled.
			Increasing needs for strengthening ties with local industries (agricultural facilities, industrial parks, etc.) through the supply of steam, hot water, electricity, etc., and as a disaster prevention center.	Opportunities	<ul style="list-style-type: none"> Provide optimal solutions that accurately grasp diversifying customer needs and changes in the business environment. Establish new business schemes and strategic partnerships. 	 Business opportunities expand.
	technology	Diffusion of decarbonization, renewable energy, and energy-saving technologies	Demand for solutions to achieve carbon neutrality (hydrogen power generation, ammonia power generation, CCUS, etc.) will increase.	Opportunities Risk	<ul style="list-style-type: none"> Development of decarbonization-related technologies such as CO2 management technology and carbon-free technology. Realization of technologies necessary for decarbonization and realization of Regional Circular and Ecological Sphere, such as implementation of CCUS in municipal solid waste treatment plants. 	 By responding to risk, business opportunities expand.
	4°C scenario	Physical Risk (Chronic)	Increase of average temperature	Decrease in work efficiency of employees, workers, etc. due to heat stroke, etc.	Risk	<ul style="list-style-type: none"> Reduce outdoor work time and improve efficiency through the use of digital technology, drone technology, etc.
Physical Risk (Acute)		Intensification of extreme weather	Frequent and severe torrential rains and typhoons will cause delays in material procurement and construction, which will affect project costs, including the impact on the construction period.	Risk	<ul style="list-style-type: none"> Promote standardization and sharing of parts and equipment. Maintaining an appropriate stock of parts, materials and equipment (utilization of Supply Lab). Strengthen BCP measures, including risk hedging through insurance and contracts. 	 Risks are present, but can be handled.