



GPSS GROUP
SUSTAINABILITY REPORT
2021



GPSS
Ignite your soul, not the Earth.

SUSTAINABLE WORLD WITH SUSTAINABLE ENERGY



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ABOUT GPSS



ABOUT GPSS

1 Message from the Chair of the Board and Head of the Sustainability Committee



We are now in the middle of an energy revolution.

Globally, the transition from fossil fuels to sustainable energy is progressing steadily. After the nuclear accident in Fukushima in 2011, a Feed-in Tariff (FIT) system was introduced in order to promote the spread of renewable energy in Japan. In 2020, the Japanese government set a new ambitious target to reduce greenhouse-gas emissions to net zero by 2050.

Japan's energy self-sufficiency rate is only 12%. In the remaining 88%, Japan depends on imported fossil fuels, but the resources will be exhausted in the future. Fossil fuel prices are not only unstable but also greatly affected by the exchange rate. Based on that Japan's gross debt already exceeds 200% of GDP, sustainable energy is most necessary for Japan. That is why it is urgent we need to shift to almost limitless sustainable energy sources.

Our goal is to move to a fully sustainable society. The company's name, GPSS, symbolizes our desire to create a sustainable society through achieving "grid parity", where renewable energy costs are lower than fossil fuels.

We have another mission. That is to make a happy company. I traveled through over 100 countries around the world, and I realized that there are societies where people are likely to be happy and societies where they are not. In a happy society, individual freedom is maximized, and diverse values are respected. GPSS put emphasis on the value of diversity. By making people to express their individuality, we cultivate a more creative and happier environment.

When employees can express their own individual personalities in pursuit of a sustainable society, it enables them to simultaneously pursue personal well-being and societal good.

Group CEO
Masaaki Mezaki

ABOUT GPSS

2 Who we are

GRID PARITY FOR SUSTAINABLE SOCIETY

/GPSS IS OUR NAME, AND OUR VISION

We strive to produce safe energy. Energy that comes from the renewable resources we have around us, energy that does not rely on imports. This is the sustainable society we envision.

*Grid Parity = an equilibrium in the electricity network

Our primary business consists in the development and investment of sustainable energy. This includes due diligence procedures for investors, and power generation monitoring services for large scale IPP (Independent Power Producer).

We aim to create sustainable energy solutions matched to the local community and environment. Bringing together landowners, local government and community groups who form the backbone of the local areas, we build partnerships to own and operate sustainable energy generation IPP businesses.

Furthermore, at GPSS we specialize in developing a broad mix from five energies (solar, geothermal energy, wind power, hydroelectric power and biogas energy) to realize the goal of delivering a sustainable lifestyle with safe and reliable energy for all.

The whole corporate group including its subsidiaries is committed to more than 80 group-owned power generation plants of development, including the ones in the planning stage.

ABOUT GPSS

3 What we do

We work together with local communities; our aim is to create a bright energy future for everyone by bringing together local resources with our knowledge and expertise. To accomplish this mission, we leverage our resources, keeping Environmental, Social and Governance factors at the core to create new value. We make sure to integrate sustainability into our entire business cycle, from procurement to community development.



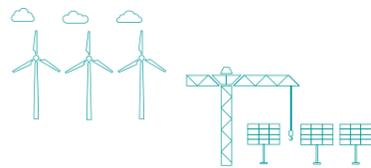
The Sun, wind, water and various other forms of resources that exist on earth



How can we turn these natural resources into energy without damaging the environment?



First, start by planning and collaborating with local communities



Working hand in hand to develop sustainable energy power plants



Helping each and every local community become more sustainable through our business

FOR A SUSTAINABLE SOCIETY

ABOUT GPSS

4 Our Sustainability Policy and Related KPIs

Sustainability Policy

Based on our corporate philosophy, our vision is to achieve a sustainable society through harnessing local resources to create sustainable energy. We believe that in order to fulfil this vision, through our day-to-day business activities, we need to address all environmental, social and governance issues that have a significant impact on our business and stakeholders. We have set out below our specific policy to address these issues. To implement this policy and monitor progress, we have established a Sustainability Committee, and will continue to work with everyone in the company to realize our vision.

KPIs related to our sustainability policy

In order to monitor and visualize our progress in line with the sustainability policy, we have a selection of KPIs to accompany each material issue, and show which SDGs each KPI relates to.

Environment

1. Contribution to the Decarbonization of Society through Sustainable Energy

We contribute to the mitigation of climate change and decarbonization of society by generating sustainable energy. We set specific targets for the reduction of energy generation-related greenhouse gas emissions and work towards their achievement.

Annual CO2 avoided (t-CO2)

2020	2021
23,685	33,665

IMPACT ON SDGs



Environment

2. Consideration for Local Environment

We recognize that the development and operation of sustainable energy plants may have an impact on the surrounding natural environment and ecosystems. We will assess our impact on biodiversity, as well as the environmental impact of our operations in terms of effluence, water intake, emissions and noise, and manage any negative impacts appropriately.

Number of environmental assessments conducted

2020	2021
1	9

IMPACT ON SDGs



Environment

3. Efficient use of Energy and Resources

We are committed to the efficient use of energy (e.g. fuel) and resources (e.g. water and materials) consumed in the development and operation of our powerplants. We try to reduce the amount of waste generated as much as possible by reusing and recycling.

Fuel consumed at construction sites (t-CO2)

2020	2021
105	101

IMPACT ON SDGs



Environment

4. Improving Resilience to Climate Change and Disasters

We work to strengthen our resilience by addressing the physical disaster risks to our power plant facilities, as well as adapting to local characteristics. We also aim to build micro-grids which will create resilience during large-scale power outages caused by disaster and improve energy storage capabilities.

Number of microgrid projects (including those under development)

2020	2021
0	3

IMPACT ON SDGs



Society

5. Contribution to Local Societies through Business Partnerships

We intend to contribute to the revitalization and socioeconomic development of local communities through promotion of business partnerships using local resources. We build relationships with regional stakeholders such as local authorities, business partners, residents and communities to promote active collaboration and cooperation.

Households powered

2020	2021
10,521	14,954

IMPACT ON SDGs



Society

6. Protecting the Health and Safety of Stakeholders

We respect the fundamental human rights of our stakeholders, including our employees, subcontractors and local residents. We place great importance on protecting health and safety and to ensure business is conducted in a safe and comfortable manner.

Lost Time Injury Frequency Rate (LTIFR)

2020	2021
44	10

IMPACT ON SDGs



Society

7. Nurturing Employee Well-Being

We provide training and educational opportunities for our employees to allow them to express their individuality, take initiatives, and create a comfortable working environment that considers work-life balance. Furthermore, we foster a corporate culture of integrity that does not tolerate discriminatory language or actions, harassment of any kind, or other unjustifiable acts.

Employee satisfaction survey response rate (%)

2020	2021
N/A	78

IMPACT ON SDGs



4 Our Sustainability Policy and Related KPIs

Sustainability Policy

Society

8. Cooperating with Suppliers

We aim to establish fair and smooth relationships with business partners and suppliers, to work with local companies where possible, and to procure products in an environmentally and socially sustainable manner.

Number of local contractors (FTE = Full Time Equivalent)

2020	2021
112	51

IMPACT ON SDGs



Governance

9. Responsibility as an Infrastructure Operator

We strive to provide a stable supply of electricity, to evaluate and manage risks to ensure continuous operation and strengthen the resilience of our organization, for example through our comprehensive Business Continuity Plan.

Amount of electricity sold (kWh)

2020	2021
46,260,147	65,752,032

IMPACT ON SDGs



Governance

10. Compliance

We aim to be a fair and trustworthy company, respecting social norms beyond complying with laws and regulations in all business activities. We also work to prevent bribery and aim to conduct all business free from conflicts of interest.

Number of compliance activities planned and implemented

2020	2021
8	15

IMPACT ON SDGs



Governance

11. Information Disclosure and Transparent Communication

We seek to enhance transparency by regularly disclosing the status and performance of our efforts to address sustainability issues. We are determined to take opinions and requests from stakeholders seriously and try to resolve problems through interactive communication.

Website Update Frequency (times/year)

2020	2021
1	3

IMPACT ON SDGs



Governance

12. Personal Information and Data Protection

We manage personal data of our employees, as well as business and technical information obtained from all companies and individuals involved in our business, in accordance with the law, contracts and internal regulations. We also have measures in place to protect against cyber-attacks.

Personal Data Protection Training Attendees (%)*Planned

2020	2021
N/A	N/A

IMPACT ON SDGs



Governance

13. Whistleblower Protection

We prohibit unfair retaliation, against employees who report fraud, possible violations of the law or internal policies and regulations.

Number of harassment training sessions

2020	2021
0	4

IMPACT ON SDGs



Governance

14. Delegation of Authority

We are committed to sound corporate governance by clearly defining our organizational structure, individual responsibilities, and delegating authority in line with that structure.

Number of meetings of the Board of Directors (times/year)

2020	2021
12	12

IMPACT ON SDGs



5 Purpose of this report



This report covers activities and progress from 2014 - 2021. Our reporting approach is to focus on the material issues which are relevant to our business and stakeholders. We strive for optimal accuracy, transparency, and reliability in the way we communicate. Previous years' information such as our Sustainability Policy, our Ambitions and Targets and their impacts on the SDGs are also available online.

Please visit
<https://gpssgroup.jp/sustainability-en>
 and
<https://gpssgroup.jp/esg-policy/>



ENVIRONMENTAL IMPACT AT GPSS

ENVIRONMENTAL IMPACT AT GPSS

6 Environmental Vision

Why it matters to us

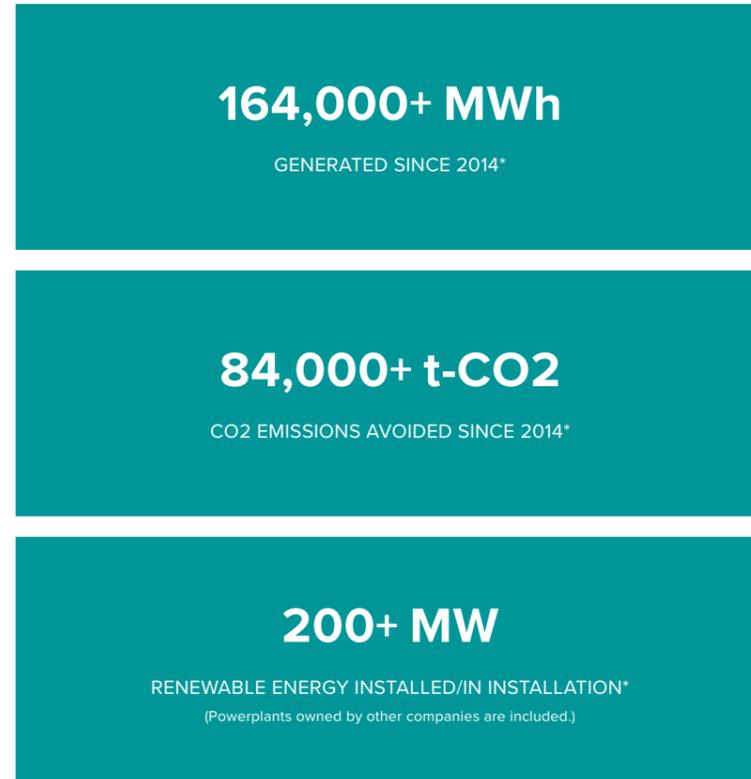
Our core activities depend on natural resources. To continue decreasing reliance on fossil fuels and increase Japan's energy self-sufficiency, we must protect and care for the environment around us.



ENVIRONMENTAL IMPACT AT GPSS

7 Strength in “numbers”

Since 2014, we have cumulatively generated more than 164,000 MWh, equivalent to powering more than 37,300 households. Based on this renewable energy capacity, as of April 2021, we have displaced more than 84,000 t-CO2 emissions since 2014.



*As of April 2021

Energy Indicators	2017	2018	2019	2020	2021*
Total Cumulative Owned Capacity in Operation (kW)	16,000	26,500	47,800	71,000	99,300
- Solar (kW)	16,000	26,400	47,000	70,100	98,100
- Geothermal (kW)	-	45	765	915	1,195
Total Renewable Energy Generated (MWh)	7,600	20,000	43,200	60,600	96,700
CO2 Emissions Avoided (t-CO2) **	3,900 [†]	10,200 [†]	22,100 [†]	28,500 ^{**}	45,400 ^{**}

Table 1_Energy Indicators *Data based on predictions **Electricity produced (kWh) x 0.47kg-CO2/kWh (2021 National CO2 coefficient) [†]Based on 2019 National CO2 coefficient

ENVIRONMENTAL IMPACT AT GPSS

8 Biodiversity Protection

As a responsible infrastructure operator, we pledge to minimize our impact on natural resources and biodiversity as much as possible. GPSS has taken on several initiatives throughout the entire value chain from procurement, construction and operation. Firstly, we conduct biodiversity assessments as part of our strict and thorough environmental assessments in collaboration with local governments to not only adhere to the local laws and regulations but also ensure the mitigation of environmental risks associated with development projects. In addition, we ensure the wellbeing of the surrounding local communities to minimize reputational risks as this is crucial to enable a sustainable business process.

Some examples of environmental assessment include:

- Radioactivity Assessment Noise and Vibration impact
- Local Vegetation and Animal Assessment
- Water Assessment (in nearby lakes and rivers)
- Soil and Ground Assessment
- Landscape Assessment
- Air Pollution Assessment (Wind power plants)
- Local Bird Habitat Impact (Wind power plants)
- Local Fish Habitat Impact (Geothermal power plants)

In cases where the power plant construction area is greater than 1 hectare (ha), a rigorous biodiversity assessment is conducted to make clear how habitats and species will be affected by the construction and power generation process. The following table shows cumulative figures from this assessment:

Biodiversity Indicators	2018*	2019*	2020*
Total cumulative surface of powerplants bigger than 1ha (ha)	15	74	79
Removed Habitat ratio (%)	58	59	60
Protected Habitat ratio (%)	39	32	30
Enhanced or restored Habitat ratio (%)	1	7	7
Wildlife or T&E Species fatalities**	0	0	0

Table 2_Biodiversity Indicators *Fiscal year (starting April) **Threatened & Endangered Species

ENVIRONMENTAL IMPACT AT GPSS

Chinju no mori no Project

Since 2013, GPSS has sponsored and partnered with Chinju-no-mori-no-Project, an initiative that fights natural disasters by planting trees native to the land and creating forests, otherwise known as “guardian forests” that not only act as natural walls to tsunamis and fires but protect animal and human lives along with providing minerals to nearby rivers. Those “guardian forests” are truly indispensable for resilience to climate change related disasters, contribution to biodiversity and the well-being of surrounding ecosystems, which is why GPSS has joined forces and planted approximately 1000 trees since the beginning of the partnership.



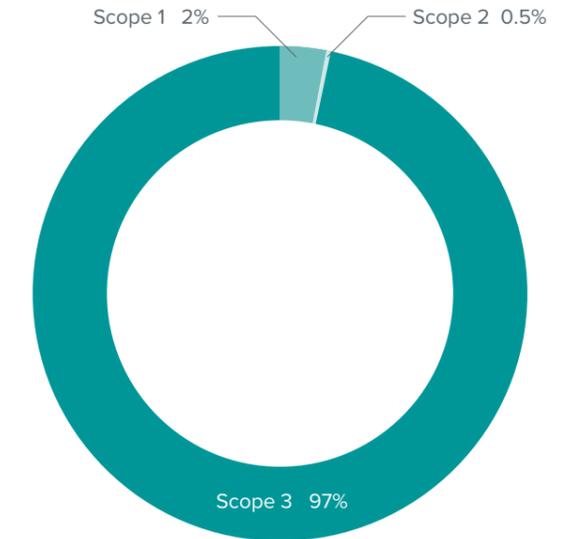
ENVIRONMENT AT GPSS

9 Decarbonization

As producers of renewable energy, we are aware of the impact of our own energy use, throughout the production process. We have calculated our Scope 1, 2 and 3 emissions using the GHG Protocol Calculation Tool, and will continue to measure our emissions with a view to decreasing our CO2 impact.

GHG Emission Indicators	2019*	2020*
Total scope 1 CO2 emissions (t-CO2)	97	101
Total scope 2 CO2 emissions (t-CO2)	8	24
Total scope 3 CO2 emissions (t-CO2)	3,011	4,522

Table 3_GHG Emission Indicators *Fiscal year (starting April)



Graph 4 _CO2 Emissions by % of Scope 1,2 & 3

ENVIRONMENT AT GPSS

10 Effective Use of Energy and Resources

We strive to reduce our use of fuels and materials during construction and operation phases, as stated through our official sustainability targets. We actively report the material waste which is produced during the construction phase to local authorities, and internally monitor our yearly waste output.

Waste and Fuel Indicators	2019*	2020*
Total Solid Waste including Recycled Waste (t)	202	299
Total Solid Waste generated per MW in operation (t/MW)	3.7	3.5
Generated Fuel (t-CO2)	97	101
Purchased Energy (MWh)**	238	359

Table 4_Waste and Fuel Indicators **Power generation and office use *Fiscal year (starting April)

11 BCP House

We are constantly looking for ways to reduce our impact on the environment. As part of our BCP (business continuity plan) in case of disaster in Tokyo, we are working on a project to refit an existing building in Nagano.

The new building will only require 12% of the amount of energy required previously to heat up. Alongside increasing energy efficiency by over 80%, there is the view to power the house fully with off-grid renewable energy. The location of the house is an area where snow accumulates over 2m in the winter, so while it is extremely challenging to go completely off-grid, we are aiming to create an off-the-grid model which will meet the CO2 emissions standards 30 years from now. The refurbishment is modelled on the concept of Passive House, a building standard which is truly energy efficient, comfortable and affordable.

In Japan and elsewhere, humans are increasingly facing disasters and unknown circumstances. As such, we want to work towards creating a new model of self-sufficiency, starting with the energy needed to live and work.

When the building is not being used as an evacuation site, where there will be opportunities for employees to use it as a flexible working location away from the city. The project is currently in the development phase.



SOCIAL IMPACT AT GPSS

SOCIAL IMPACT AT GPSS

12 Community Development

Why it matters to us

We strive to work in harmony with the local community. At GPSS, we believe that true sustainability comes from long-lasting relationships with regional communities, as they represent essential stakeholders in our renewable energy projects.

Each of our power plants are made in conjunction with the local community, and two examples of our partnerships are as follows:

Oshamanbe Green Energy Solar Powerplant Project, Hokkaido Prefecture

Oshamanbe Green Energy Solar Powerplant is a regional revitalization project by GPSS Holdings and the Tokyo University of Science. GPSS joined the local revitalization consortium in the Research and Development section: Power Supply from Renewable Energy (photovoltaic) category. It has a generation capacity of 3MW and is operated by GPSS Engineering in the town of Oshamanbe.

Oshamanbe, a small town of 310.75km² and an estimated population of just over 6,000, is in the Oshima Sub-prefecture of Hokkaido, Japan. It faces the Pacific Ocean and its economy mainly consists of forestry, fishery and dairy. With the community's support and partnership, Oshamanbe Green Energy Plant connected to the grid in mid-January of 2019 and has produced and sold over 3,000 MWh of electricity; powered over 711 households and mitigated 1,600 t-CO₂.

Furthermore, the local facility has been designed to have uninterrupted power supply during emergency times with a capacity of 30kW which can power approximately 3 to 4 households.

For more details, please visit: <http://osyamanbe.jp>



Oshamanbe Solar Powerplant

Tokamachi Matsunoyama Onsen Binary Geothermal Generation Project, Niigata Prefecture

In December 2019, a partnership between Tokamachi City and a hot spring establishment, namely Matsunoyama Onsen was established to create a joint company called The Earth. This alliance has the aim of revitalizing the establishment and its surrounding region through tourism.

capacity by re-injecting the hot water extracted for power generation back into the hot spring to enable effective use of limited underground resources.

The Tokamachi Geothermal Powerplant is set to start operating at the end of 2021.

For more details, please visit: <https://www.city.tokamachi.lg.jp/soshiki/kanryoenergybu/energyseisakuka/1/gyomu/1547700916160.html>



Fuming well in Tokamachi Geothermal Site

SOCIAL IMPACT AT GPSS

13 Stakeholder Relations

To ensure functional communication with stakeholders during the development phase, we hold several explanation sessions to present our projects and explain the impacts that it might have on the local community. At every stage of the project, we seek to respond to local needs as this is at the core of our mission. Each one of our projects is different and meets different needs, therefore reinforcing the importance of constantly adapting our projects. We believe that responding to specific needs are key to sustainable and professional relationships. Furthermore, we value local employment and we hire local contractors wherever possible, in almost all construction projects every year.



Solar Project Explanation Session

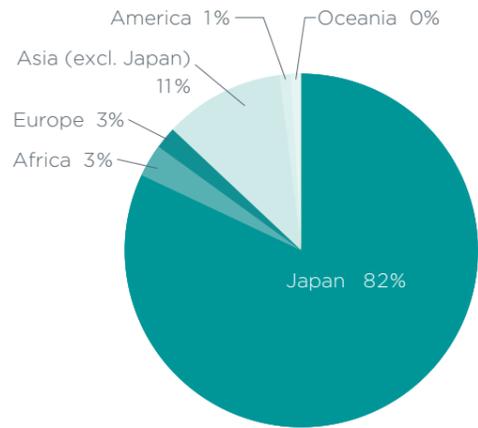
Stakeholder-related Indicators	2018	2019	2020	2021*
Locally employed contractors	120	129	82	51

Table 5_ Stakeholder-related Indicators. *Data as of June

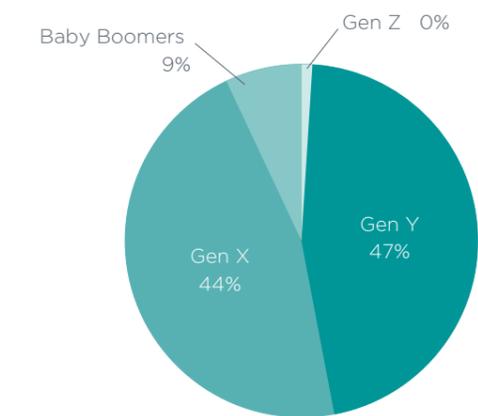
SOCIAL IMPACT AT GPSS

14 Diversity and Inclusion

At GPSS, we value that our employees can express their individuality while adhering to the common GPSS vision and culture. Therefore, diversity and inclusion are not only necessary for positive employee engagement and innovation within the workplace, they are also embedded in our business strategy which ultimately links to improved financial returns.



Graph 5_Distribution of Nationalities

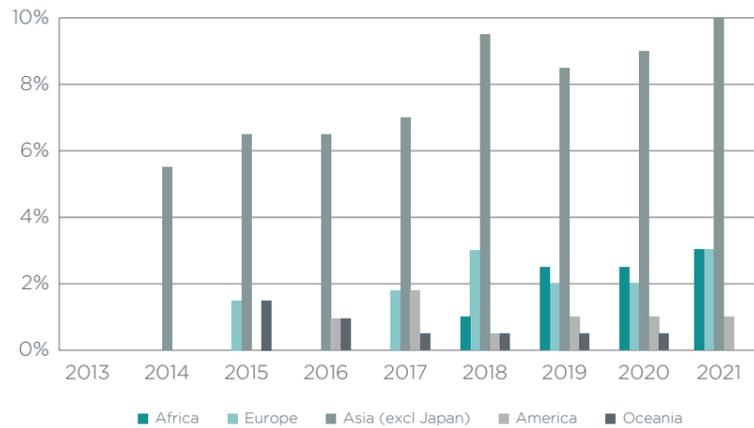


Graph 7_Distribution of generations *Data as of June 2021

Employee-related Indicators	2018	2019	2020	2021*
Total number of employees	141	155	175	210
Female employee ratio (%)	21	23	26	26
Employees with disabilities	1	1	1	1
Employment of foreign (non-Japanese) employees ratio (%)	1	15	18	18

Table 6_Employee related Indicators **Part-timers, interns included *Data as of March 2021

Diversification of the Workforce: Employees by Region of Origin



Graph 6_Diversification of the workforce *Data as of June 2021

We believe that all forms of diversity are important, and as an example of this, the Group currently has employees from 28 different nationalities. We have active diversity initiatives when it comes to recruitment, from hiring people with different backgrounds and nationalities, as well as different age groups.

Baby Boomers : Born between 1946-1965
 Generation X : Born between 1966-1976
 Generation Y : Born between 1977-1994
 Generation Z : Born between 1995-2012

SOCIAL IMPACT AT GPSS

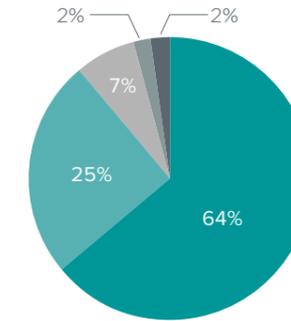
15 Employee Engagement

Employee Satisfaction Survey

This year, we held our annual internal Employee Satisfaction Survey in June 2021. The response rate was 83%, representing a 7% increase from last year. All employees were given the opportunity to take part in the survey.

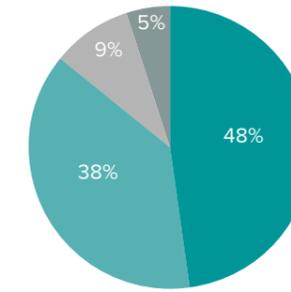
This year's survey also included questions about climate change, sustainability issues and whether gender/ethnicity/race affected their career at GPSS.

As well as presenting the results to upper management and relevant parties, all employees will be informed of the results and actions will be taken to improve employee satisfaction and engagement based on the results of this survey.



Q: I empathize with the company's philosophy, vision and management policy, and want to participate in achieving them.

89% completely or mostly empathize with the company's philosophy, vision and management policy and want to participate in achieving them.



Q: My current job is challenging and worthwhile

Furthermore, 86% of employees completely or mostly feel their job is challenging and worthwhile, and 83% completely or mostly feel they have clear goals they want to achieve.

Graph 8_Employee Satisfaction Results

Sustainability Dialogue Sessions – "Sustaina Talks"

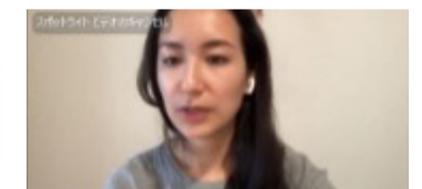
Our vision of a sustainable society is not easy to make one's own, and as such, GPSS strongly values and supports employee engagement with sustainability. Each week, employees have the opportunity to join the "Sustaina-Talks", sessions designed by a committed team to stimulate discussion and learning on selected topics. External guest speakers and internal subject experts contribute to a variety of session formats including panel discussions, lectures, and casual discussions.

Not only is this an opportunity to learn more about topics ranging from hydrogen technology to mental health in the workplace, but employees also have a space where they can exchange opinions, think about sustainability from different perspectives and actively communicate with colleagues beyond their immediate team.

GPSS employees can all participate, regardless of their time-constraints or location due to the online nature of the sessions and the video recordings available after the sessions.



33 Participants
ON AVERAGE PER SESSION



Sustainable Training Programme 2020-2021

As part of our ongoing efforts to deepen the understanding of the company vision, and provide training to employees to help them do so, the Sustainable Training Programme was created. It is a year-long programme with monthly sessions, including external coaches and residential stays for younger employees to further their understanding of sustainability beyond the day-to-day job. Sessions included lego workshops to express what sustainability means to the individual (pictured), trips to company-owned solar and geothermal plants and systems thinking workshops. At the end of the programme, participants will have developed skills and knowledge to understand and communicate sustainability both within their work and beyond the workplace.



Employee Training

We believe that sustainability is possible through the development of our people. This is why we invest in continuous employee development and training.

OUR CERTIFICATE HOLDERS

First-class electric chief engineer's examination	1
Second-class electric chief engineer's examination	3
Third-class electric chief engineer's examination	8
First-class electrical construction management engineer	14
First-class civil engineering construction management engineer	12
First-class piping works construction management engineer	2
First-class building operation and management engineer	2
First-class electrician	13
First-class boiler engineer	1
First-class landscaping construction management engineer	1
First-class architect	1
Professional engineer	2

360° Evaluation System

In order to further strengthen human resource development and internal communication, GPSS has implemented a 360° Evaluation System, starting December 2020. The programme involves periodic assessment and feedback from multiple perspectives, such as supervisors, colleagues and other teams, with the purpose of growing the professional competencies and interpersonal skills of all GPSS employees. The 360° Evaluation System has been well received by the GPSS employees, with 59% of the participants seeing it as an opportunity for self-growth.

ESG Training by CSR Design

Through our yearly consultancy contract with ESG specialists, we organize an annual ESG investment and sustainable finance training designed to ensure that our sustainable vision is well transmitted and integrated among our employees equally, including our dedicated employees in the ESG and Sustainable finance department.



*Data as of June 2021

CSR DESIGN CSR Design Green Investment Advisory Co., Ltd.

SOCIAL IMPACT AT GPSS

16 Health and Safety of Employees

Health and Safety at GPSS covers employees, contractors, and communities. At GPSS, there are 2 entities that are responsible for the assessment, implementation, monitoring and reporting of Health and Safety of employees, fieldworkers and contractors: the Health and Safety Management Office and the Health, Safety and Environment Committee (HSE).

We seek to ensure the highest safety standards for both our employees and our assets. Therefore, we value detailed and organized trainings throughout the year depending on the situation. Firstly, the Health and Safety Management Office sets a Safety theme and slogan every year to ensure that all employees adhere to the common safety mission. Secondly, it is mandatory for every new field worker to attend a training specifically designed for new employees. Thirdly, before any powerplant construction, Safety kick-off meetings are held to ensure that all workers are aware of the specificities of each construction site i.e. review of safety measures in an earthquake prone region, risk mitigation of heatstroke or any other human-related accidents. Finally, there are monthly safety patrols organized in each operating powerplant and annual emergency drills at the headquarters.



Ensure the management of health and safety of construction field workers (employees and contractors) through trainings, monitoring and reporting.

Ensures the management of health and safety of employees in the office and during business trips.

Graph 9_Health and Safety at GPSS

Some examples of other common training include:

- Scaffold Assembly Training
- Harness Training
- Safety Training for Construction Supervisors
- Low Voltage Electricity Training
- Safety Training for O&M Department

Occupational Accidents	2018	2019	2020	2021*
Number of fatalities	0	0	0	0
Lost time injuries**	1	3	0	0
Total number of days of sick leave	10	40	0	1
Lost Time Injury Frequency Rate (LTIFR)***	14.5	43.7	0	9.5

*Data as of May 2021 **Construction workers only ***Lost Time Injury Frequency Rate (LTIFR): The number of lost time injuries occurring in a workplace per million hours worked.



Promoting health at work in 2020 and beyond

Through the initiative of promoting good health habits and preventing occupational illnesses, annual Health Checks are conducted on all employees.

Furthermore, through the recent outbreak of the coronavirus pandemic, GPSS has been efficient in adapting to necessary measures such as the promotion of proper sanitary manners, regular distribution of N95 masks to all

employees and mandatory usage whilst in the office, routine usage of aerosol disinfecting sprays in all working spaces and the implementation of remote work. In addition, there are regular air pollution controls by a third party within the office space to improve air quality and ensure the best environment for employees.

This has also led to the reexamination of the working style and further discussions to create a more flexible work environment for all employees, including the introduction of remote work, flexible work time adapted to each employee and therefore a better work life balance.

Family Responsibility Leave

GPSS provides special leave allowing employees to take care of important people in their lives (regardless of whether they are officially registered as

family or not). This leave is considered paid leave that can be used from the day employees join the company.

11.5 Hrs

Average Monthly Overtime

SOCIAL IMPACT AT GPSS

17 Responsible Procurement

We are committed to improve our procurement process through our "Sustainability Ambitions and Targets" defined by our "Sustainability Policy". Suppliers are part of our stakeholders and need to adhere with our policies to enable a long-term relationship and inspire a more sustainable value chain.



CORPORATE GOVERNANCE AT GPSS

18 Corporate Governance Structure

GPSS Holdings' corporate governance structure is comprised of the following corporate bodies: Executive Board of Directors and an External Auditor. This governance model promotes balance and transparency in the realization of the group's goals and interests.

Executive Board of Directors

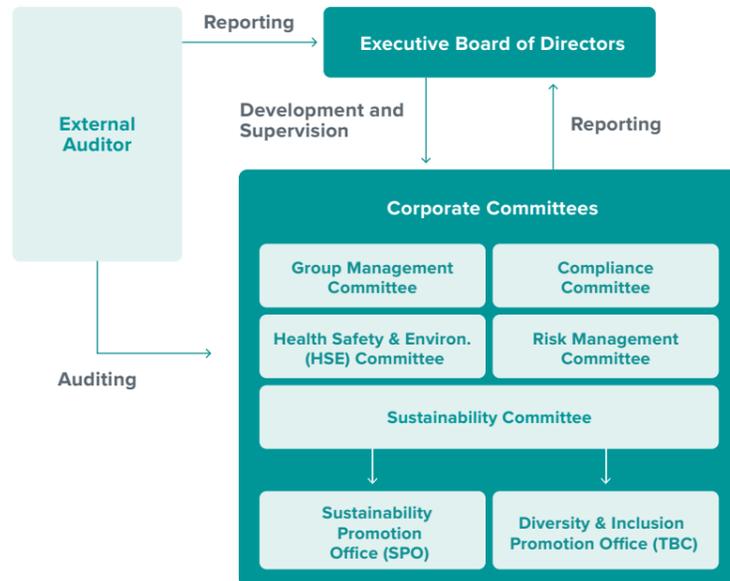
At GPSS Holdings, the Executive Board of Directors is composed of 4 Internal Directors, 5 External Directors and 1 External Auditor. The primary responsibility of the Executive Board of Directors is to define management activities, provide oversight over senior management and tackle matters concerning business execution. The Board meets once every 3 months as the Board of Directors Regulations' stipulate.

The Board regularly convokes general meetings to exercise their decision-making power over shareholder proposals. During general meetings, the shareholders establish the total amount of executive remuneration. The Executive Board of Directors is also supported by specific Committees which enable issues to be monitored more effectively and contribute to the decision-making process.

External Auditor

The External Auditor is appointed from outside the company, rather than being promoted from within the company and his/her primary responsibility is to conduct audits and accounting audits of corporate management to check for improper business execution and ultimately prevent and correct them.

In 2019, Mr. Yasuhiko Matsumoto was appointed as GPSS' External Auditor for a period of 4 years.



External Directors



Hiroshi Nonomiya



Takeshi Kadota



Hikari Imai



Shuhei Miyamoto



Yasuhiro Igarashi

External Auditor



Yasuhiko Matsumoto

19 Sustainability Governance

Sustainability at GPSS Group

Sustainability Committee	The Sustainability Committee's primary purpose is to review, discuss and implement ESG (Environmental, Social and Governance) risks and opportunities in group-wide business activities. The committee is chaired by the CEO who annually reports its plans and objectives to the Executive Board of Directors during the general meeting as stipulated in the Sustainability Promotion Regulation.
Sustainability Promotion Office	The Promotion Office's role is to support the Sustainability Committee and promote sustainability related initiatives through business activities as well as through employee engagement and trainings.
Compliance Committee	The Compliance Committee discusses and provides resolutions for matters concerning potential compliance violations.
Group Management Committee	The Group Management Committee is in charge of potential updates required for Group Management Policies.
Development Committee	The Development Committee supervises the progress of projects undertaken by the Group's development department and ultimately judges the suitability of projects.

20 Process Management: ESG Assessment

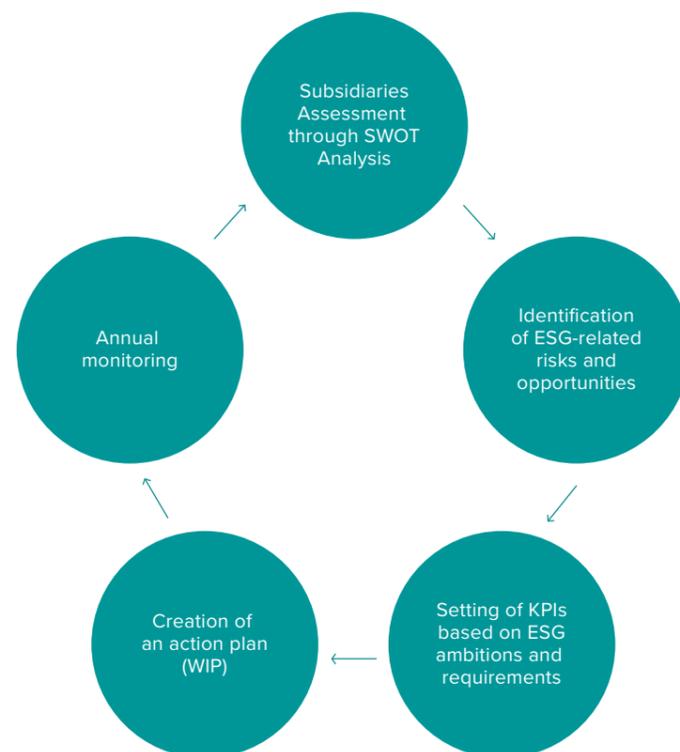
In the quest for sustainability, process management is an important aspect of the longevity of our business, and closely linked to risk management. The group seeks to thoroughly assess the main issues to which it is exposed, at the strategic, operational, and financial levels.

Process Management Organization Structure

Our internal task force has gathered information from all subsidiaries of the group to identify, assess and tackle issues that were found in all operational processes of the company through the implementation of SWOT analysis.

After completing this phase, we have identified ESG-related risks and opportunities and each of the group subsidiaries were asked to set ESG-related KPIs in accordance to their specific requirements.

The next step will be to create an action plan for better ESG integration in overall business plans.



21 Certifications



GPSS, the only company in Japan to be certified 5 stars in 2020 GRESB Infrastructure Assessment

Mission-driven and investor-led, GRESB is the environmental, social and governance (ESG) benchmark for real assets. We work in collaboration with the industry to provide standardized and validated ESG data to the capital markets. The 2020 real estate benchmark covers more than 1,200 property companies, real estate investment trusts (REITs), funds, and developers. Our coverage for infrastructure includes 540 infrastructure funds and assets of which GPSS Holdings is part of. Combined, GRESB represents over USD 5.3 trillion in real asset value. More than 100 institutional investors, with over USD 22 trillion AUM, use GRESB data to monitor their investments, engage with their managers, and make decisions that lead to a more sustainable real asset industry. Learn more at [GRESB.com](https://www.gresb.com)

Highest “Green 1 (F)” Rating Awarded to GPSS



GPSS Holdings Co., Ltd. has been awarded the highest rank of “Green1 (F)” by the Japan Credit Rating Agency, Ltd. (JCR), for establishing the first Green Finance Framework. Specifically based on the JCR Green Finance Evaluation Method, GPSS Holdings’ “Greenness Evaluation (Use of Funds)” is set to “g1 (F)” and its “Management / Operation / Transparency Evaluation” is set to “m1 (F)”.

As a result, the highest rating was awarded via a comprehensive evaluation. This framework is a policy that describes the philosophy and procedures of GPSS Holdings’ Green Finance (issuing green bonds and borrowing green loans based on this framework). Specifically, GPSS Holdings will raise funds through Green Finance, which is stipulated for use in projects that have a positive effect/ improvement on the environment.

An aerial photograph of a river with a large island of reeds. The river is a vibrant blue-green color, winding through a landscape of green and brown vegetation. The island in the center is covered in tall, dry reeds. The surrounding areas are a mix of green grass and brown, dried-out vegetation.

Contact Details

Tokyo

Shibakoen ND Bldg. 6F, 2-5-10 Shiba,
Minato-ku, Tokyo 105-0014, Japan
+81-3-6435-2391

Tohoku

SS Steel Sendaiekimae Bldg. 5-C, 3-6-7 Aoba-ku,
Sendai-shi, Miyagi 980-0021, Japan
+81-22-302-7072

Kyushu

Hakata Kindai Bldg. 9F, 1-1-33 Hakataekihigashi,
Hakata-ku, Fukuoka-shi, Fukuoka 812-0013, Japan
+81-92-409-3409

Sapporo

8-3-6 Kita 35 Jo Nishi, Kita-ku,
Sapporo-shi, Hokkaido 001-0035, Japan
+81-11-374-8712