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This report provides an overview of the activities and progress made by our company between 2014 and 2023. We focus on crucial topics that are important to our stakeholders and business operations. Our goal is to ensure that our reports are accurate, transparent, and trustworthy. If you would like to know more about our ESG Policy, targets, please visit our website.



MESSAGE FROM THE CEO

Today, there are few people who would oppose the idea of being sustainable towards the natural environment. However, in reality, how many individuals are actively committing to and engaging in sustainable actions on a daily basis?

In practical terms, while there may be general agreement with the idea of sustainability, the results often differ when it comes to the specific actions individuals and companies take in their daily activities. One major factor contributing to this difference is the prevalence of conflict of interest. Pursuing sustainability often requires a trade-off with existing privileges. When we want to start something new, those who have benefited from the existing situation will oppose it. Such conflicts of interest are widespread in society. In most commercial transactions, sellers prioritize profits over the benefit for the buyers by selling at higher prices. This is because one's own interests and the interests of the other party are completely opposed to each other.

As long as conflicts of interest exist, it creates a significant obstacle to transitioning to a sustainable society.

Recognizing this challenge, GPSS adopts a business model strategically designed to minimize conflict of interest, aiming to achieve a sustainable society as a result.

Crucially, expanding GPSS's business and pursuing profits are envisioned as avenues to significantly increase the supply of renewable energy to society. In essence, our interest is aligned with the interest of society. The core of this is joint ventures with the local community.

GPSS identifies the potential for renewable energy in local communities, defining it as the social common capital.

We create joint enterprises not only focused on power generation from five types of renewable energy – solar,

wind, geothermal, small hydropower, and biogas – but also considering the supply of thermal energy and more. It is by sharing mutual interests with the local communities that our business model significantly enhances the probability of success in developing and commercializing local resources. Through enduring relationships based on mutual trust and agreement, GPSS builds joint business with local communities.

In numerous local villages in Japan, sustainability is at risk. That is why, by utilizing the untapped non-depleting local natural resources, GPSS works together with the local communities to meet the needs of those seeking renewable energy. The challenges posed by an aging population and declining workforce weigh heavily on society and the economy, as it places an extra burden on fiscal revenues and securing human resources. In response, we dedicate ourselves to partnering with local communities to support rural villages that are the backbone of our society.

While our current activities are limited to Japan, this is just the initial step of our journey to achieve a sustainable world, seeking to expand our contribution to local communities beyond Japan.

Sustainability is also deeply embedded within our company culture. Drawing on experiences from travelling to over 100 countries and my studies in anthropology, I constantly strive to build a company where employees can experience ultimate contentment from their work. By creating a positive and significant impact through their daily work, our employees can recognize their individual output toward achieving a sustainable society.

Emphasizing the value of diversity, our members consist of people from all different walks of life. Diversity enables each employee to preserve their uniqueness and encourages a mindset of independent thinking. The variety of cultures at GPSS also inspires in-house creativity and innovation. Looking ahead, we envision our diverse workforce to be the leaders where they will be bridging local communities worldwide.

GPSS is dedicated to continuing our efforts, expanding our activities, and reaching more local communities. We are committed to Sustainable Transformation (SX) as a transition period towards a sustainable society.

Group CEO





WHO WE ARE

Our Philosophy:

To conserve the endangered global environment and realize a sustainable world beginning from the local community through utilization of renewable energy resources that are the commons of the region

Our Mission:

To realize a society where each and every one can continue to 'live' by utilizing renewable energy

Fostering self-sustainability in the Village* is crucial to ensure the essential needs of the community are met and that future generations can continue to thrive in the region. This will also have a positive impact on the relationship between urban and rural areas. Additionally, we aim to provide solutions to overseas regions facing similar social issues, in order to become "GLOCAL" - creating a "GLOBAL (world) from a LOCAL (region)". This approach will help us build a sustainable society from the local community.

*Please note that we use the term "Village" when describing a concept known as "Genkai shuraku". This concept refers to villages that are incapable of supporting themselves independently, hence making them non-sustainable.

WHAT WE DO

GPSS protects the future of villages

We believe that we could no longer be able to sustain our lives, as issues like population decline and climate change continues to persist. In particular, Japan heavily relies on foreign imports when it comes to food and energy, which are needed essentials for human life. In addition, the villages that lack the next generation leaders due to the aging population and birthrate decline are already facing a growing sense of crisis in their continued existence.

At GPSS, our main goal is to implement self-sustaining mechanisms into the ecosystems of villages to ensure the continuity of villages. This not only holds significant value for them, but also for the urban cities that heavily rely upon them, particularly in time of crisis. Through our unique business model, we aim to realize a self-sustaining society beginning from the local community.

GPSS's unique business model (GPSS model)

We use the word "Village", when referring to a concept "genkai shuraku", which define villages that are unable to sustain themselves independently, therefore non-sustainable. Our primary focus is on the needs of the local communities in villages, offering them solutions first before seeking any role and responsibility from them. To achieve this, we have a team of "Sustainabilists" - local professionals dedicated to each area - who establish profound connections by thoroughly understanding the distinctive needs of the local communities.

In addition to this, we analyze the environmental characteristics and attributes of each village. The rural areas are abundant in untapped renewable sources like water, wind, and heat. Sustainable harnessing of these resources is pivotal for the local community's path to achieving self-sustainability. Through our energy factory, we deliver comprehensive solutions spanning from conventional sources such as solar, wind, geothermal, small-scale hydropower, and biogas to innovative approaches like grid storage batteries, synthetic fuel conversion, heat supply, and waste heat. We leverage our expertise to seamlessly navigate all project phases, from development, Engineering Procurement and Construction (EPC) to Operations and Maintenance (O&M) and Asset Management (AM). These components, combined with our strengths, position us to offer tailor-fit and cost-effective solutions to local communities.

Another key element of our model is the formation of special-purpose companies (SPC) with local communities, where their voices are not only heard but valued. We jointly own renewable energy assets throughout their life cycle with local communities, going beyond the conventional approach. This strategic partnership ensures that the dividends made from the project are reinvested back into the villages.

GPSS's aiming for GLOCAL

Overall, our business model has the ability to secure the survivability of villages and serve as a cornerstone for initiating the local community to cultivate a self-sustaining ecosystem. Such an ecosystem serves as a foundation, satisfying the essential needs required for both present and future generations to continue their lives in their village. The benefits of ensuring the continuity of these villages can go beyond emphasizing rural-urban interconnectedness. While our company is rooted in Japan, our scalable business model and our proven track record hold the potential to address similar challenges on a global scale. We are aiming for "GLOCAL," employing our "LOCAL" approach and tailoring them into "GLOBAL" local communities to achieve collective self-sustainability.

OUR ESG POLICY AND RELATED KPIs

ESG Policy

Our mission is to increase local sustainability through renewable energy projects which utilize local resources, and to help solve the social issue of a stable supply of renewable energy, hence creating a sustainable society beginning from the local communities.

To fulfil our vision, we need to address individual environmental, social, and governance issues through our day-to-day business activities. In addressing these specific ESG issues, we have formulated our ESG Policy, which sets out the material issues based on the following fundamental understanding:

- Appropriate management of adverse effects of products/services on the environment (air, water, soil, etc.) and ecosystems to achieve sustainable growth in harmony with the natural environment and future generations.
- Environmentally friendly initiatives such as energy conservation and greenhouse gas (GHG) emissions reduction, effective use of resources and reduction of waste, proper management of chemical substances and pollutants, water resource management and water conservation.
- Protection of fundamental human rights of employees, subcontractors, and suppliers while ensuring a healthy, safe, and comfortable working environment.
- Respect for diversity and inclusion and equal opportunities.
- Compliance with laws, regulations, and industry standards relating to the prevention of bribery, strengthening corporate governance, cyber security, and protection of information.
- Strongly encourage stakeholders, particularly subcontractors and suppliers, etc., to respect the same standards.

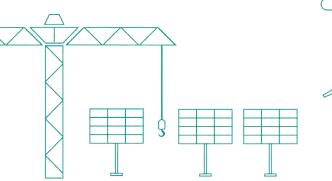
Based on this fundamental understanding, we identify ESG issues that are of high importance to both our stakeholders and our business, and we prioritize these issues in our day-to-day business activities. Our most important stakeholders are "local communities", mainly represented by the community associations and residents who are directly impacted by our operations.

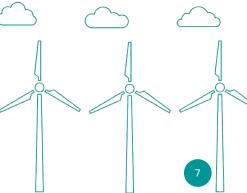
According to the principle of double materiality, considering both (1) the degree of impact our business activities have on our stakeholders and society (importance to stakeholders) and (2) the degree of impact on the sustainability of our business performance and results (importance to GPSS), we have narrowed down to 9 material issues (Materiality) for our Group. To implement this policy and monitor progress, we have established an organization primarily responsible for resolving ESG-related issues and we will continue to work with everyone in the company to realize our vision.

In order to monitor and visualize our progress in line with the ESG Policy, we have a selection of KPIs to accompany each material issue and show which SDGs (Sustainable Development Goals) each KPI relates to.









Materiality Process



Selection of Issues

We created a comprehensive long list of environmental, social and governance issues important and relevant to GPSS Group. In the identification of issues from a long-term perspective, we have used globally recognised ESG benchmarks such as CDP, and global sustainability reporting standards such as SASB, Sustainalytics, UNEP FI, TCFD and GRI. These sustainability standards also helped us assess how we are contributing to the UN SDGs through our business activities.

Prioritization of Issues

After engagement with both internal (employees) and external stakeholders (residents of local communities, etc.), we prioritized our material issues. In accordance with the principle of double materiality, we assess material issues by evaluating from (1) the degree of impact our business activities have on our stakeholders and society (importance to stakeholders) and (2) the degree of impact on the sustainability of our business performance and results (importance to GPSS).

Engagement of Management

We ensure on-going full integration of the ESG policy and each respective material issue in our corporate strategy through seeking the executives' input at all levels. Through punctual information and frequent dialogues, we also establish a thorough in-house understanding and company-wide adoption of the policy..

Monitoring and Reporting

Once the ESG policy is finalized and KPIs are set, we closely observe the set targets through ongoing data monitoring in collaboration with correspondent divisions. The Sustainability Promotion Group routinely reports performance and progress towards the targets set through both internal and public information disclosure. In addition, GPSS will review the selected 9 material issues considering the changes in environment and the demands of society, as necessary.









Material Issues

Formation of joint business with local communities

Consideration for the local natural environment

Initiatives for employees' well-being

Engagement with business partners

Strengthening resilience to climate change and disaster

Greenhouse gas (GHG) emissions reduction

Efficient use of waste

Sustainable forests and agricultural land management

Safe and stable supply of renewable energy

Material Issue 1

Formation of joint business with local communities

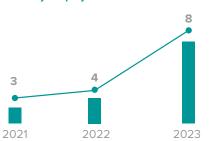
Importance to stakeholders:

Our purpose (raison d'être) is to realize a sustainable society from the local community. Through joint projects with local communities, we utilize untapped local resources for renewable energy projects and use the proceeds to stimulate local communities to become more sustainable. Furthermore, we believe that by building trusting relationships with local communities, and appropriately addressing stakeholder's issues and needs, we can foster a sustainable ecosystem for local communities and residents.

Importance to GPSS:

We engage in joint ventures with a unique business model that aligns with the local communities. By following ethical practices such as avoiding harm to those who are in the local area and matching their needs with potential energy resources, we not only increase the number of projects we can develop but also enhance the likelihood of their successful implementation. By adhering to this approach, we secure the possibility of further expansion of renewable energy.

Number of joint projects with local communities⁽¹⁾





Note: Results are rounded up to the nearest unity. Past results are subject to change depending on the status of the projects.

| | | 3 | |
|--|-------------------|--|--|
| KPIs | 2024 Targets | Related SDGs | |
| Number of joint projects with local communities ⁽¹⁾ | 18 | 7 priming and | |
| Potential Capacity (MW) ⁽¹⁾ | 122.1 | 8 CLEANING COURTS 11 AND CONTRACTOR OF THE PROPERTY OF THE PRO | |
| (1) Excluding PV projects but including agric | voltaics projects | | |

(1) Excluding PV projects but including agrivoltaics projects

Material Issue 2

Consideration for the local natural environment

Importance to stakeholders:

The natural environment is an important shared resource utilized and managed by local communities and residents. We have strict standards concerning the surrounding natural environment and the ecosystem in our development and EPC projects (installation and construction of power generation and other related facilities, etc.) for every project we work on. We always prioritize responsible development and building trust with the local community.

Importance to GPSS:

Preserving and maintaining the natural environment in the region is crucial to us. When issues such as natural disasters and environmental degradation worsen, our development, EPC, O&M (operation and maintenance) and other business activities' cost will rise. In addition, concerns such as decline in post-operation power generation capacity, rising transition costs due to stricter regulations, and increased social protests may rise, which poses obstacles to our growth potential and have a negative impact on the sustainability of our business.

•Number ofinitiatives considered to have a positive impact on the local natural environment (1)

N/A for 2023

•Number of nature-related issues that are considered to have a negative impact on the local natural environment

100% (2023 results)

| KPIs | 2024 Targets | Related SDGs |
|---|--|---|
| Number of initiatives considered to have a positive impact on the local natural environment ⁽¹⁾ | 1 or more per project that began operation in the same year | 15 on 12 december 12 december 12 december 15 december |
| Number of nature-related issues that are considered to have a negative impact on the local natural environment | At least 80% or more issues initiated for projects that began construction in the same year | |

Material Issue 3

Initiatives for employees' well-being

Importance to stakeholders:

Our purpose (raison d'être) is to create a sustainable society. A prerequisite of this purpose is for employees to feel a sense of fulfilment and happiness in their work. Employees who strongly resonate with local sustainability support our unique business model and build long-term trust and connection with local communities and residents. By nurturing many highly motivated and high-potential individuals, we aim to have a positive impact on the local community and society.

Importance to GPSS:

Initiatives to enhance the sense of fulfilment and happiness among employees not only improve the productivity and creativity of each individual, but also strengthen team cohesion. In addition, focusing on "Diversity and Inclusion" activities fosters an environment that fully harnesses the strengths and experiences of individual employees and creates a positive cycle, including the promotion of innovation.

| Percentage o | ff | emal | le em | plo | yees |
|----------------------------------|----|------|-------|-----|------|
|----------------------------------|----|------|-------|-----|------|

26% **26%** (2022 results) (2023 results)

•Percentage of employees' participation and satisfaction score with SustainaTalk

30% **25%** 4.5 out of 5 **4.6 out of 5** (2022 results) **(2023 results)**

Percentage of foreign employees

14% **15%** (2022 results) **(2023 results)**

•Percentage of new employees participating in sustainability training sessions

82% **72%**(2022 results) **(2023 results)**

Note: Rounded up to the nearest unit

| KPIs | 2030 Targets | Related Si |
|---|--|------------|
| Percentage of female employees | 30% | |
| Percentage of foreign employees | 21% | |
| KPIs | 2024 Targets | 5 mes 8 |
| Percentage of employees' participation and satisfaction score with SustainaTalk | 25% score of 4 or above out of 5 | * |
| Percentage of new employees participating in sustainability training sessions (%) | 100% yearly | |

Material Issue 4

Engagement with business partners

Importance to stakeholders:

By collaborating with business partners who are highly aware of ESG issues, we are able to complement each other's knowledge, ideas, and resources, which can increase the effectiveness of our sustainability initiatives. By working with partners who implement best practices and value environmental responsibility, we can promote meaningful change, thus having a positive impact on society.

Importance to GPSS:

Our company has business cooperation with various business partners of technology and products, as well as with local businesses in the region. While, continuously conducting anti-social behaviour and compliance checks on our partners is essential, and we believe that raising awareness about sustainability issues like climate change with our partners will bring us closer to realizing a sustainable society and it can further increase our resilience, leading to positive effects on our reputation and credibility.

•Percentage of Sustainability Declarations signed for new business partners



 Percentage of Sustainability Declarations signed for existing business partners



Note: Rounded up to the nearest unit

| KPI | 2024 Targets | Related SDG |
|---|---|--|
| Percentage of Sustainability Declarations signed | 100% for new business partners 90% for existing business partners | 12 EDWARD RESIDENCE RESIDE |

Material Issue 5

Strengthening resilience to climate change and disaster

Importance to stakeholders:

Climate change and natural disasters can strike regions with significant destructive force, negatively impacting the sustainability of the region. Ensuring resilience is essential to achieve a safe and stable supply of renewable energy. It is also crucial for ensuring that the revenues and other benefits returned to the region as a result of joint projects are sustainable.

Importance to GPSS:

The physical impacts of climate change and natural disasters put our assets (e.g. power plants) at risk, not to mention the long-term negative effects such as: equipment damage, disruption of operations and the viability of infrastructure leading to financial losses. Ensuring resilience can help minimize such loss and damage, as well as maintaining and improving the overall operational condition of our assets, leading to a substantial extension of the overall performance and longevity.

Number of Proposals

Number of Feasibility studies

8

(2023 results)

(2023 results)

| КРІ | 2024 Targets | Related SDGs |
|--|--|--|
| Number of thermal and hydrogen energy storage projects | Proposals: 3 Feasibility study: 1 | 11 EMANUS CONT. 13 CONT. 13 CONT. 13 CONT. 13 CONT. 13 CONT. 14 CONT. 15 CO |

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Material Issue 6

Greenhouse gas (GHG) emission reduction

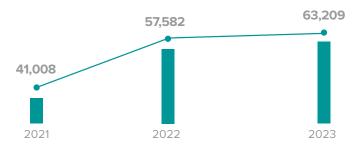
Importance to stakeholders:

GHG emissions contribute to climate change and can cause significant damage not only to local communities, but also to the global environment and humanity. With growing awareness of climate change and ecosystem preservation, there is a growing demand for reducing GHG emissions. We believe that achieving substantial reductions in GHG emissions through our renewable energy business holds significant societal importance.

Importance to GPSS:

Low-carbon energy is an urgent social issue for the realization of a decarbonized society. The increasing societal need for energy that does not emit GHGs aligns with our growth in generating and supplying stable renewable energy from scratch. Considering future changes in environmental regulations and societal demands, we believe that the first step is to recognize and actively reduce the GHG emissions from our daily business activities.

·Annual CO₂ reduction (t-CO₂)



Note: Rounded up to the nearest unit

| КРІ | 2024 Target | Related SDG |
|--------------------------------------|-------------|-------------|
| Annual CO_2 reduction (t- CO_2) | 63,297 | 13 COMMIT |

Material Issue 7

Efficient use of waste

Importance to stakeholders:

The proper management and effective use of waste will help solve the waste issue faced by the local communities. On the other hand, there is a risk that waste from our construction and work sites may have a detrimental impact on the local natural environment and ecosystems. Therefore, it is necessary to carefully reduce and properly manage such waste.

Importance to GPSS:

Effective waste management is essential to continue our operations in a sustainable manner. We not only focus on reducing waste, we also engage in initiatives to effectively utilize waste as a resource to harness its potential as a renewable energy generation, such as biogas power generation and recycling of waste plastics.

| KPIs | 2024 Targets | Related SDGs |
|--|--------------------------------------|--|
| Amount of annual reduction of solar power plant construction site waste (t/kW) | 5% reduction (Compared to FY2023) | |
| Amount of waste reused as biogas fuel (t) | N/A | 7 STANDON 12 CONSTITUTE AN PROPERTY OF THE PRO |
| Amount of energy produced from waste (GWh) | N/A | |

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ABOUT GPSS

Material Issue 8

Sustainable Forests and Agricultural Land Management

Importance to stakeholders:

The proper management of forests and maintenance of agricultural lands protects local industries and contributes to food and energy security and addresses social resilience issues. If forests and agricultural land are maintained, it is possible to reduce the negative impact on the local natural and living environment and further contribute to future food security and ecosystem conservation. Thus, we believe that the presence of forests and agricultural land has the effect of making society sustainable from the local community.

Importance to GPSS:

Maintaining agricultural land through initiatives such as farming solar power and pasture-based cultivation is a symbolic effort in realizing our vision. We also believe that increasing the quality and quantity of wooded and cultivated land will contribute to absorbing carbon from the atmosphere, contributing to our "net zero" environmental goal. Furthermore, monetizing the CO_2 absorption capacity of forest resources as carbon credits serves as preparation for the introduction of carbon taxes and emissions trading.

| KPI | 2030 Target | 2040 Target | 2050 Target | Related SDG |
|------------------------------------|-------------|-------------|-------------|-------------------|
| Forest area owned and managed (ha) | 500 | 2,000 | 5,000 | 15 ⁽¹⁾ |

Material Issue 9

Safe and stable supply of renewable energy

Importance to stakeholders:

Shortage of a safe and stable supply of electricity and renewable energy is a significant societal issue, and we are fulfilling a societal mission by challenging this issue. We also believe promoting local production of energy for local consumption is essential to achieve sustainability, with a focus on starting from the local level.

Importance to GPSS:

We are focused on securing baseload power sources that are less susceptible to fluctuations in external conditions, making effective use of thermal energy, and realising an optimal energy mix that includes the conversion and supply of renewable energy-derived electricity to fuel (hydrogen and methanation). Furthermore, by working towards the development of decentralized energy systems using renewable energy in local communities, we strive to promote and expand renewable energy and achieve sustainable growth aligned with the needs of society.

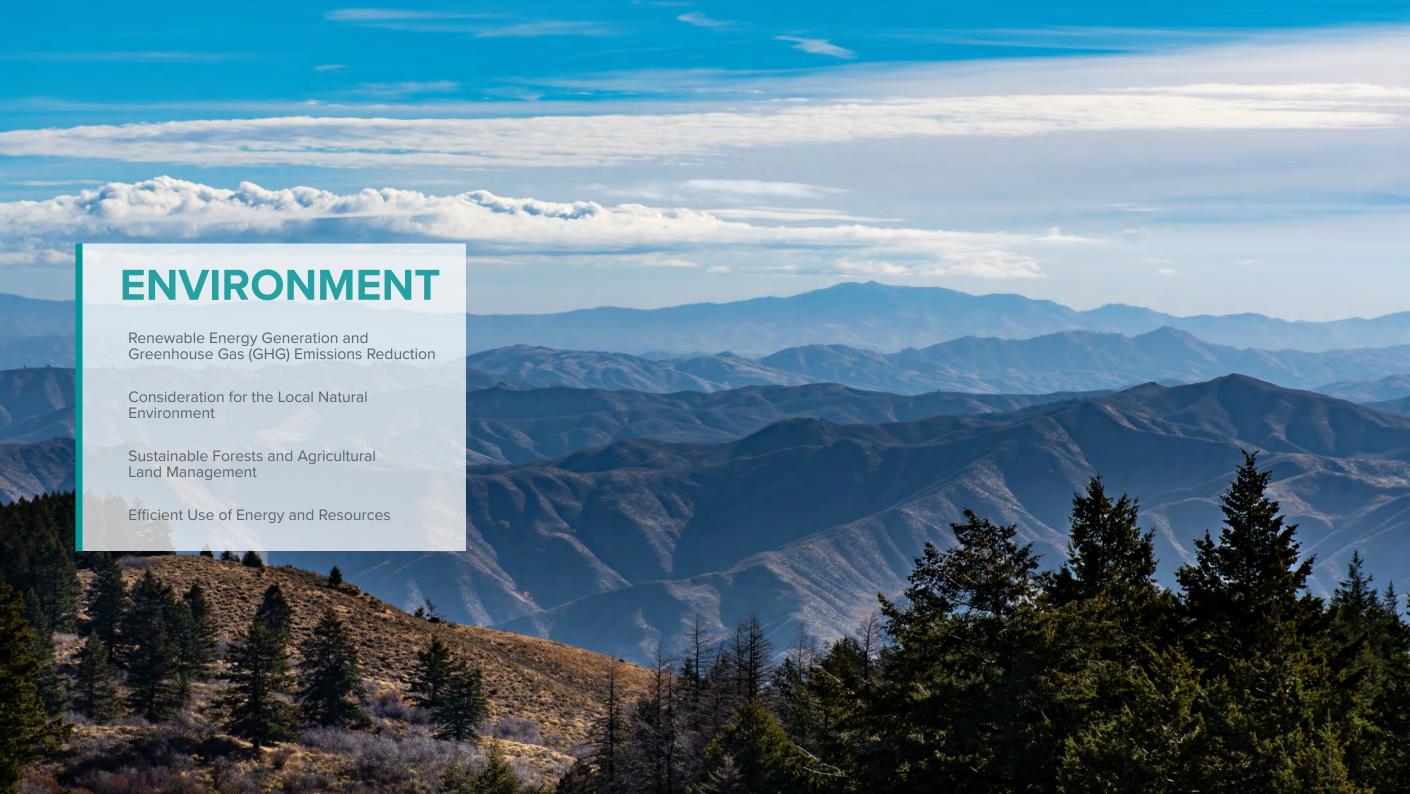
·Estimated total electricity generation by project agreed by stakeholders involved (GWh)



Note: Rounded up to the nearest unit

| КРІ | 2024 Target | Related SDGs |
|---|-------------|--|
| Estimated electricity generation by baseload power projects that gained stakeholder agreement (GWh) | 61.3 | 1 Attended by the control of the con |

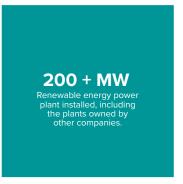
13



RENEWABLE ENERGY GENERATION AND GREENHOUSE GAS (GHG) EMISSIONS REDUCTION

485,000 + MWhGenerated since 2014





As of October 2023

| Energy Indicators | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|--------|--------|--------|--------|---------|---------|
| Total cumulative owned capacity in operation (MW) | 8.9 | 26.5 | 45.5 | 62.1 | 93.1 | 128.7 | 131.7 |
| · Solar (MW) | 8.9 | 26.5 | 44.9 | 61.5 | 92.2 | 127.6 | 130.6 |
| · Geothermal (MW) | _ | 0.1 | 0.6 | 0.6 | 0.9 | 0.9 | 0.9 |
| · Hydropower (MW) | _ | _ | - | _ | _ | 0.2 | 0.2 |
| Annual renewable energy generated (MWh) ⁽¹⁾ | 7,132 | 18,723 | 36,519 | 56,175 | 86,579 | 119,481 | 127,654 |
| Annual CO ₂ emissions avoided (t-CO ₂) ⁽²⁾ | 3,780 | 9,401 | 17,915 | 26,684 | 39,626 | 53,098 | 57,337 |

Rounded up to the nearest unit

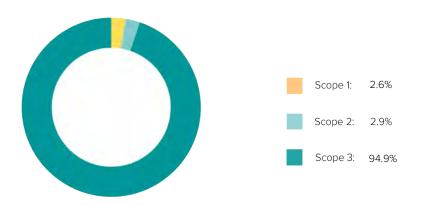
(1)Total of power generated by each power station multiplied by the station's equity share (2)Share of energy generated (kWh) \times National CO $_2$ coefficient (t-CO $_2$ /kWh) published by the Ministry of the Environment

As producers of renewable energy, we are aware of the impact of our own energy use through our business activities. We have calculated our Scope 1, 2 and 3 emissions based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.4)" developed by the Ministry of the Environment and the Ministry of Economy, Trade and Industry Government of Japan. The database of emission factors we have referenced is "Emission intensity unit database for calculating greenhouse gas emissions of organizations through supply chain" from Ministry of Environment. We will continue to measure our emissions with a view to decreasing our CO₂.

| GHG Emissions Indicators | 2020 | 2021 | 2022 | 2023 |
|---|-------|-------|-------|-------|
| Scope 1 GHG emissions (t-CO ₂) | 251 | 286 | 188 | 265 |
| Scope 2 GHG emissions (Location-based) (t-CO ₂) | 152 | 183 | 265 | 260 |
| Scope 3 GHG emissions (t-CO ₂) | 3,581 | 5,398 | 8,958 | 9,672 |

Rounded up to the nearest unit

KERAMIDA Inc. provided limited assurance for GPSS Group's 2022 GHG emissions inventory, covering Scope 1, Scope 2, and Scope 3 (Category 6 Business Travel, Category 7 commuting). Verification was conducted in accordance with ISO 14064-3.



CONSIDERATION FOR THE LOCAL NATURAL ENVIRONMENT

Environmental Impacts and Biodiversity Protection

Our primary activities rely on natural resources, and to reduce our dependence on fossil fuels and enhance Japan's energy self-sufficiency, it is imperative that we prioritize the protection and preservation of our local environment. Through the utilization of renewable energy resources, which are the commons of the community, we can safeguard the endangered global environment while realizing a sustainable society from the local community. GPSS harnesses these "commons" to pave the way for a sustainable world beginning from the local communities.

As a responsible infrastructure operator, we seek to minimize our impact on natural resources and biodiversity as much as possible. GPSS has taken several initiatives throughout the entire value chain from development to EPC (engineering, procurement and construction) and O&M (operation and maintenance). Firstly, we conduct environmental assessments to adhere to the local laws and regulations and when needed we ensure the mitigation of environmental risks associated with projects in development. In addition, we ensure the well-being of the surrounding local communities to minimize risks, as it is crucial to enable a sustainable business process.

To ensure the effective safeguarding of our local environment, commencing from the fiscal year 2023, we systematically monitor the range of initiatives associated with both positive and negative impacts on the natural environment in our projects. Since 2023, for projects that become operational each year, our objective is to identify at least one initiative with a positive influence on the local natural environment. Simultaneously, for projects commencing construction in the same year, our aim is to recognize nature-related concerns with a negative impact on the local natural environment and address 80% or more of such issues. A database is used by our development team to keep track of potential positive and negative impacts of our projects right from the early development stage. Furthermore, issues such as landslides, noise pollution, forest utilization and water environment, all of which are monitored in the database, are then discussed and consulted monthly to minimize the adverse environmental impacts of our projects.

In cases where the power plant construction area is greater than one hectare and considerable landscape changes are planned, various assessments are conducted to ensure minimizing negative effects on the surrounding environment. For bigger power plants (such as wind power and large PV plants), we conduct environmental assessment to analyze the effect on habitats and species to be able to adapt design of the plant when deemed necessary.

| Biodiversity Indicators | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|------|------|------|------|------|
| Removed habitat ratio | 64% | 75% | 68% | 59% | 36% |
| Protected habitat ratio | 31% | 14% | 25% | 27% | 65% |
| Restored habitat ratio | 1% | 0% | 3% | 8% | 1% |

Rounded up to the nearest unit

While we conduct an environmental assessment for wind power projects which is outsourced to an external consultant, we additionally receive a second opinion from a third-party specialist of endangered bird species when the plant is nearby locations where these birds have been recorded to live. We sought advice for several projects currently in development and are planning to adjust our plant design accordingly to minimize negative impact. We are planning to receive advice from a third-party specialist for all our future projects.



SUSTAINABLE FORESTS AND AGRICULTURAL LAND MANAGEMENT

Sustainable forest and agricultural land management is a key factor in addressing local resilience issues, given its ability to reduce the likelihood of natural disasters and enhance carbon sequestration in forests and soil, through proper maintenance. This practice contributes not only to the reduction of CO_2 emissions resulting from deforestation, forest and soil degradation, but also to the preservation of biodiversity and the maintenance of water and soil quality. GPSS aims to enhance the protection of local communities and their livelihoods by fostering resilience against natural disasters through diligent forest and agricultural land maintenance and management.



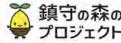
Japan Forest Trust

The company has established the Japan Forest Trust Ltd. with the goal of "protecting the global environment in danger with forest resources, which are the commons of the regions, and realizing a sustainable world from the local communities". The company will own forests directly or indirectly through funds and continue to properly manage the forests. In addition, we will also issue carbon credits, which will create a virtuous circle for the sustainable management of forests.

MORINO PROJECT

MORINO PROJECT is a public interest incorporated foundation that spreads the wisdom of the "Samurai Forest", which is to create rich forests that are composed of diverse types of deep-rooted trees that can protect the regional ecology, biodiversity, and the local community from natural disasters. With the alignment of goals with the "MORINO PROJECT", since 2013, GPSS has been supporting the initiative through partnership.





EFFICIENT USE OF ENERGY AND RESOURCES

We are dedicated to reducing our use of fuels and resources during both the construction and operational phases, as outlined in our designated sustainability-related objectives. We proactively report the generated material waste during the construction period to local authorities and internally monitor our annual waste production.

| Waste and Fuel Indicators | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|-------------------|
| Total solid waste including recycled waste (t) | 156 | 321 | 181 | 13 ⁽¹⁾ |
| Fuel consumed (kL) | 102 | 116 | 75 | 79 |
| Purchased energy (MWh) | 318 | 398 | 597 | 599 |

(1) As of end of March 2023 Rounded up to the nearest unit



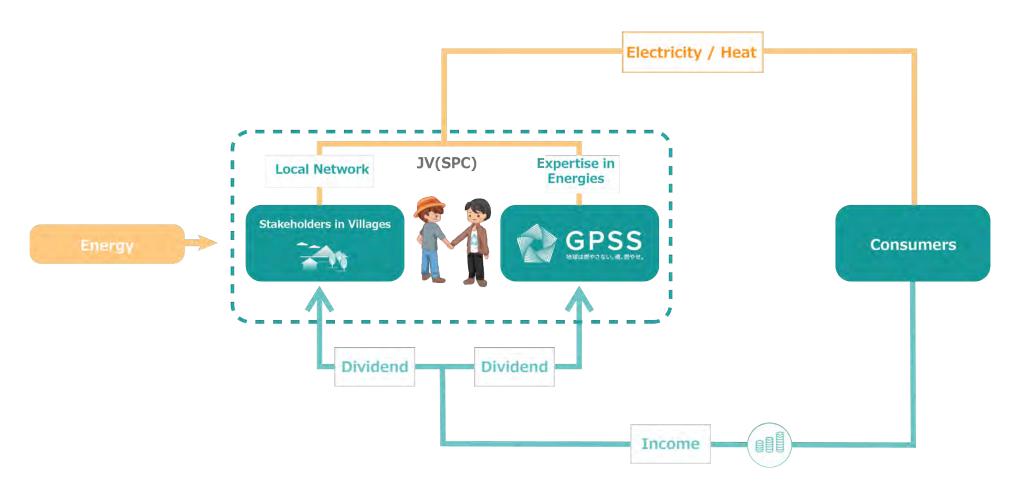




FORMATION OF RENEWABLE ENERGY BUSINESS WITH LOCAL COMMUNITIES

We believe that true sustainability comes from establishing long-term, sustainable relationships with the stakeholders involved in GPSS's renewable energy business in the village. Above all else, we value the harmony with the local community. GPSS's unique business model (GPSS Model) builds long-term, trusting relationships and makes it a joint venture based on contracts to promote the development of energy resources in the region.

Forming an anonymous association in SPC for investment



Each of our power plants are made in conjunction with the local community, and below are five examples of our local community partnerships:



Sustainable Cacao Solar Power Project

Okinawa Prefecture



Genkawa Fukuchihara solar power is located in Okinawa Prefecture and represents Japan's first solar sharing with cacao cultivation project. Also known as "Sustainable Cacao", it is a project realised through joined partnership with Local Landscape company, which cultivates cacao on the fields of Okinawa and manufactures and sells chocolates locally to the residents of the Okinawa prefecture. Solar sharing is the simultaneous operation of agriculture and power generation using solar power installed on farmland. Even though cacao is usually cultivated in the tropics, the "Sustainable Cacao" project utilizes the solar panels as sunshade for growing cacao in the local community while generating renewable energy from the local commons known as the Okinawan sun. The "Sustainable Cacao" power plant commenced operation in August 2020, with a generating capacity of 76 kW and an annual electricity generation of 80,000 kWh. For more details, please visit: https://gpssgroup.jp/okinawakakao/.



Higashi Izu Furusato Wind Farm Project

Shizuoka Prefecture



Since December 2003, the Higashi Izu Town Wind Farm is the symbol of Higashi Izu Town which is known as "Eco Resort Town." The farm was operated by Higashi Izu Town from December 2003, and has been decommissioned due to the aging of its wind turbines. In February 2018, Higashi Izu Town and GPSS Holdings signed a basic agreement on joint verification of project feasibility. The power plant will continue to serve as a symbol of the town and a step toward achieving a sustainable society. The Higashi Izu Wind Farm has a planned generating capacity of 7,480 kW.



Community Power Generation: Matsunoyama Onsen Project

Niigata Prefecture



GPSS' strong partnership with the local residents has provided a significant advantage in facilitating the relationship with another local stakeholder, Tokamachi city. As a result, Matsunoyama Onsen commenced trial operation in April 2021 and official operation from October 2023, with a capacity of 280 kW and an annual electricity generation of 1.24 million kWh. In addition to the power generation business and the maintenance services provided by the GPSS Group, the project also aims to enable effective use of limited underground resources. Thus, the hot water that was used for power generation is subsequently used as hot water for the hot spring spa. For more details, please visit:

https://gpssgroup.jp/matsunoyama-orc-eng/.



Sukawagawa Small Hydro Power Plant

Gunma Prefecture



In the joint partnership project with the "Kami-iwabuchi Water Irrigation Association", GPSS renovated the almost 100 years old power plant which once used to generate electricity. In July 2022, the renovated power plant commenced operation with a generating capacity of 199kW output power and an annual power generation of 984,000 kWh. In addition, the renovation has also shown improvement in the intake weir and waterway, enabling the local community to have clean and easy access to the irrigation water. The project is also contributing to the maintenance and development of regional agriculture through the benefit returned to the local community.



Biogas Ministry of Environment Project



We are undertaking challenges in the development and demonstration of new technologies to create renewable energy that has not been widely utilized before. One of these initiatives involves producing biogas from the excrement of egg-laying chickens and using it as a source of energy for power generation. This effort has been recognized by the Ministry of the Environment, and in October 2022, it was selected as a commissioned project for a period of 2.5 years. We are collaborating with some of Japan's leading poultry farmers, major construction companies, and universities to advance development and demonstration for practical use on a daily basis. In the fall of 2024, a facility capable of producing biogas equivalent to 100 kW of power generation (though actual power generation will not be carried out in this demonstration) is scheduled to go into full operation. We will continue to work hard to deliver "delicious eggs with minimal CO₂ emissions" to your table as soon as possible.

Sunny Lettuce Project • Iwate Prefecture





The "Sunny Lettuce Project" stands as a collaborative endeavor between GPSS and a local young farmer, which focuses on the reutilization of residual waste generated during the combustion of organic materials in the process of biogas power generation.

Employee feedback highlighted the distinct sweetness of the lettuce nurtured by the liquid fertilizer, making it particularly appealing to children and encouraging their consumption of more greens. Furthermore, all profits generated from this sales event were directed towards the local farmer. Situated in Iwate Prefecture, the initiative is planned by GPSS's biogas power generation team.

ENGAGEMENT WITH BUSINESS PARTNERS

Sustainability Declaration

We are dedicated to enhancing our procurement process in alignment with our ESG Policy. Business partners hold a significant position among our stakeholders, and our aim is to collaboratively drive a more sustainable value chain. To ensure accountable procurement and foster sustainable engagement with our business partners, we have integrated sustainability criteria into our selection process since 2022. These sustainability criteria entail a requirement for our partners to uphold global sustainability principles and align with our overarching ESG vision.

Collaborative Technological Development

We place a strong emphasis on forgoing collaborative partnerships with our business partners, leveraging innovative solutions for technological advancements to address environmental and social issues. The collaborative approach empowers us to proactively tackle sustainability challenges collectively and create meaningful progress. Through these collaborative technological advancements and our partnerships, we endeavor to drive innovation and adopt cutting-edge technologies, as the following illustrative examples:



Representatives of both companies signing a joint venture agreement.

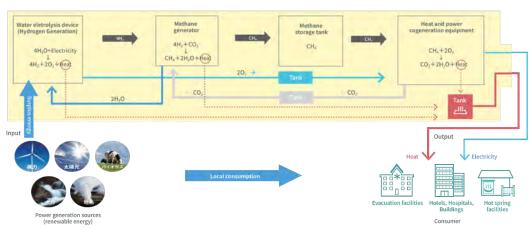
Left: Masaaki Mezaki, President of GPSS Group; Right: Klaus Schirmer, President of CYTOK

Partnership with CYTOK GmbH

In 2023, GPSS Engineering established an exclusive partnership with CYTOK GmbH, a leading German technology company, contributing to GPSS's sustainability commitment by bringing innovative energy solutions to local communities. At the heart of the collaborations lies CYTOK's highly efficient power-to-gas system that utilizes green energy to offer decentralized electricity, direct cooling and heating, which provides a high level of autonomy from the energy market. The inventive process transforms the green hydrogen produced in the first step of production into green methane by capturing and recycling the CO₂ necessary for methanation, making the technology completely emission-free, and in perfect alignment with climate protection goals. Additionally, the conversion into methane seamlessly allows the use of existing gas infrastructure, eliminating costly adaptations for hydrogen, making the technology predestined for rapid deployment.

With GPSS's engineers successfully completing the knowledge transfer through training at CYTOK's German headquarters, GPSS Engineering is currently undertaking the first demonstration project in Japan.

Hydrogen Methanation System



Sanko Binary Powerplant

The Binary Power Plant had already a waste heat recovery unit installed on its waste incinerator. However, even after passing through the first generator, there was still plenty of recoverable thermal energy accessible in the system. To utilize the remaining thermal energy, GPSS installed a PC280 binary generator system that utilizes the heat remaining from the existing generators, maximizing thermal resources and reducing CO_2 emissions. The power plant started operation in March 2020, with an annual power generation of approximately 1.6 million kWh.

INITIATIVES FOR EMPLOYEES' WELL-BEING

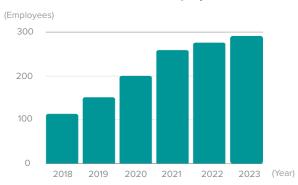
Diversity and Inclusion

At GPSS, we believe it is important for the company to provide a working environment in which each employee can demonstrate their strong performance in line with the GPSS vision and culture. With this in mind, we have made Diversity and Inclusion a part of our business framework. This includes growing the ratio of female employees, and non-native Japanese employees. These endeavor aims not only to enhance the workplace environment as previously stated, but also to yield enhanced financial outcomes.

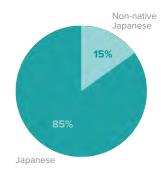
| Employee Indicators | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|
| Total number of employees | 151 | 200 | 259 | 276 | 287 |
| Female employee ratio (%) | 26 | 25 | 27 | 27 | 27 |
| Employees with disabilities | 1 | 1 | 2 | 4 | 3 |
| Non-native Japanese employees ratio (%) | 16 | 19 | 15 | 15 | 15 |

Percentages rounded to the nearest indicated unit. Figures are as of October of each year, including part-timers and interns.

Total Number of Employees



Distribution of Nationalities



We value the significance of diversity, and as an testimant of this, we have employees from 25 distinct nationalities. Our commitment to diversity is evident through our proactive initiatives in recruitment, which include welcoming individuals from diverse backgrounds, nationalities, and various age groups into our workforce.

Tamari Bar

This regular event is inspired by the Japanese term for hangout (a specific place where many friends gather). To encourage meaningful discussions among employees and promote diversity in the workplace culture, we regularly hold "Tamari Bar" for all employees as part of D&I activities.







GPSS Future Day

Starting from 2023, GPSS organizes an annual event known as GPSS Future Day. This event is dedicated to discussing the company's future and serves the purpose of reaffirming GPSS's yearly objectives. The primary goal is to refocus the attention of all employees on the company's vision and boost overall group productivity through improved team communication. Future Day features a variety of activities, including team-building workshops, Q&A sessions with the CEOs, roundtable discussions covering various topics, and interactive questionnaires regarding the group's milestones.







Family Day



Once a year, GPSS holds a special event called "Family Day". During this event, we invite the families, partners and friends of our employees, to see the workplace and experience the company's vibrant culture. Family Day is a great opportunity for everyone to bond and create lasting memories. It is more than just a day at the office; it's a day of shared experience, laughter and building connections.

GPSS Society

We strive to engage with our employees because we value their health, happiness, and creativity. Through the "GPSS Society Activities," we provide a platform for our employees to partake in their preferred group activities within a diverse and inclusive setting. At GPSS, our current range of society activities encompasses a wide spectrum, including Sustainable Handmade Workshops, GPSS Tennis Circle, and Sustainable Football, ensuring there's something for everyone to enjoy.







Sustainability Sessions – "SustainaTalk"





SustainaTalk, an ongoing initiative since 2020, consists of a series of sessions meticulously curated by a dedicated team. These sessions are designed to broaden our employees' understanding of sustainability and related subjects that can further strengthen their professional and personal endeavors. Each session features either external experts or experienced internal employee speakers, facilitating an in-depth exploration of topics on GPSS's business areas, the energy industry, sustainability, etc.

Our SustainaTalk program embraces an online format, allowing GPSS employees from diverse locations and with varying time constraints to participate. Furthermore, recordings are accessible for reference after each session. Additionally, the sessions are conducted bilingually, with real-time interpretation available in both English and Japanese.

In 2023, our SustainaTalk sessions delved into an array of themes, including D&I: Gender Equality, LGBTQ+, Cross-department knowledge exchange, TCFD Recommendations, etc.

SOCIETY

Employee Training

We believe that sustainability is possible through the development of our people. This is why we commit resources to ongoing employee development and training, such as the following programs.

Sustainability Training



For our new employees, we hold SDGs training sessions conducted by our certified SDG facilitator. The training's purpose is to understand the importance and complexity of the Sustainability Development Goals (SDGs) and each individual's role in creating a sustainable society. The training includes an introductory seminar on the SDGs and an in-person, multiplayer, card-based game "2030 SDGs Game". Another sustainability training for new employees is "What is Sustainability with LEGO" workshop, where participants are asked to reflect on sustainability and the renewable energy industry in a creative way.

Sustainabilist Training Camp



The purpose of the camp is to help nurture and develop young individuals who share our purpose of "Realizing sustainable society beginning from the local community." We define a "Sustainabilist" as a local professional who has a strong sense of empathy for the community and is committed to sustainability. The camp provided participants with an opportunity to reflect on themselves and how they can contribute to our vision as "Sustainabilists."

Professional Skills Enhancement

We believe enhancing professional skills is a fundamental aspect of our commitment to employee growth and development. Aligned with this dedication, we ensure that our employees possess the necessary resources for their career advancement. To support this endeavor, we provide financial assistance, such as interest-free loans, enabling them to pursue a wide range of qualifications and certifications.

Language Study

To promote smooth communication in a culturally diverse workplace and to support employee self-development, GPSS also provides a subsidy for the personal use of English and Japanese language study.

Our certificate Holders

GPSS also provides ongoing support for obtaining certifications necessary for business.

| Professional Engineer | |
|--|----|
| Type 1 Chief Electrical Engineering Examination : | |
| Type 2 Chief Electrical Engineering Examination : | |
| Type 3 Chief Electrical Engineering Examination : | 6 |
| Level 1 Electrical Construction Management Engineering : | Ç |
| Level 1 Civil Construction Management Engineer : | 13 |
| Level 1 Construction Management Engineer: | 4 |
| Level 1 Architectural Construction Management Engineer: | 2 |
| Level 1 Landscape Construction Management Engineer: | |
| Level 1 Electrician : | 10 |
| Level 2 Electrician : | 14 |
| First Level Architect: | 2 |
| First Level Boiler Engineer: | |

HEALTH AND SAFETY OF EMPLOYEES

Our commitment to health and safety covers employees, contractors, and communities. We seek to ensure the highest safety standards for our employees. At GPSS, 2 entities are responsible for evaluating, implementing, monitoring and reporting on the Health and Safety of our employees, fieldworkers and contractors: the HSE Group (Health Safety Environment Group) and the Health and Safety Committee.

HSE Group

As part of our efforts to promote health and prevent occupational diseases, we conduct annual health checkups for all employees. In addition, we have implemented "stress checks" and "interviews with industrial physicians" as mental health measures.

At GPSS, where the work environment extends beyond the office, we have established several safety measures with practical responses and emergency preparedness such as: "wild animal prevention measures (carrying bear repellent spray and electronic whistles)," "natural disaster response measures (equipping emergency response equipment and establishing an emergency communication system)," "distress response measures (establishing a system from administrative response to victim response in case of any occurring emergencies)," and "establishment of BCP response procedures."

In addition, even before the Corona epidemic, we had been advocating for a "work environment free of time and space," and the 2020-2022 pandemic has further enhanced the remote work environment at GPSS. While not all employees are able to work fully remotely depending on their job requirements, we are prepared to offer flexible work styles to individuals and teams as long as they fulfill their respective responsibilities. Furthermore, we continue to have ongoing discussions about how to create a flexible work environment that is tailored to each employee's needs and, by extension, to achieve a work-life balance.

Initiatives for safety of onsite employees

The HSE Group conducts regular "health and safety patrols", which are monthly site inspections at our power plant sites where guidance on hazardous areas and dangerous work is provided. During the patrols, initiatives to prevent accidents and occupational injuries before they occur are also being taken. "Engineering Health, Safety and Environment Meetings" are carried out by the Health and Safety Management Group once every two weeks for all site personnel. Some of the themes covered are refurbishment of PV power plants, seasonal national safety campaigns, environmental laws specific to power plant construction, health management specific to winter season and handbooks for hazardous work. The Group also holds mandatory training sessions with new employees where rules and safety measurements are explained, and special training sessions.

Some examples of trainings by the HSE Group include:

- Special training on grinding wheels
- Safety and health training for brush cutter operators
- Special training on the use of full-harness safety belts





Health and Safety Committee

The Health and Safety Committee ensures the management of the health and safety of employees in the office and during business trips. The Committee investigates and deliberates on matters relating to the prevention of occupational accidents and their recurrence, basic measures for preventing hazards and other matters relating to health and safety.

Some of the main activities carried out by the Health and Safety committee this year are lectures by industrial physicians, regular workplace inspections, reporting on employees working long hours and on the occurrence of occupational accidents.

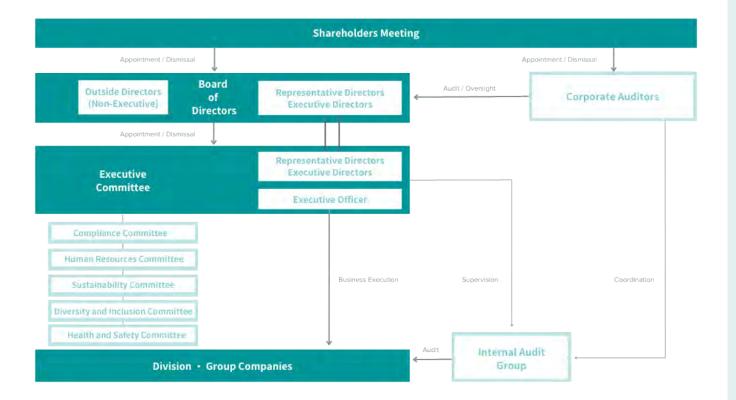
| Occupational accidents | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|
| Number of fatalities | 0 | 0 | 0 | 0 | 0 |
| Work-related injuries with more than one day of absence | 1 | 2 | 1 | 2 | 0 |
| Total number of days of sick leave | 3 | 120 | 3 | 18 | 0 |

Only employees engaged in construction



CORPORATE GOVERNANCE STRUCTURE

GPSS Group conducts a wide range of business through its operating companies. As a holding company, GPSS Holdings Inc. (hereinafter referred to as HD) has established the following governance structure to ensure the appropriateness of group-wide operations and to promote business development.



HD Board of Directors

The HD Board of Directors is responsible for making decisions on important business operations and statutory matters of the GPSS Group, as well as supervising the execution of duties by the directors. Currently, the Board of Directors consists of eight directors, five of whom are outside non-executive directors with deep experience and insight in corporate management and/or the energy sector, and the remaining three are representative directors and an executive director. The Board of Directors meets monthly in principle, and lively opinions are exchanged at each meeting.

HD Corporate Auditor

HD Corporate Auditor is responsible for auditing the execution of duties by directors, as well as for conducting business and accounting audits. Currently, we have an outside auditor who is knowledgeable and experienced in corporate management and finance.

Advisory Board

In addition to many outside directors, GPSS Group has various experts from outside the company to serve as advisors to the Senior Management in order to obtain valuable advice on management and business operations, which we call the Advisory Board.

HD Executive Committee

The HD Board of Directors has established the Executive Committee, which is the highest decision-making body of the GPSS Group at the executive level. The Executive Committee is chaired by the President and CEO of HD.

The Executive Committee has established committees thereunder to ensure effective group governance, including the Compliance Committee, the Human Resources Committee, and the Sustainability Committee (see below).

Co-CEOs

The HD Board of Directors designates the President and CEO of the HD and one representative director or executive director of the major group companies, as "Co-CEOs" of the GPSS Group. The Co-CEOs oversee the day-to-day operations of the GPSS Group companies in accordance with the management policies, rules and regulations, and other important matters established by the HD Executive Committee.

SUSTAINABILITY GOVERNANCE



Sustainability Committee

Responsibility for ESG, sustainability, and thereby climate-related issues lies with the Sustainability Committee. The members of the Sustainability Committee include the Representative Director and CEO of GPSS Group, all members of the HD Executive Committee of GPSS Group including the Chief Sustainability Officer (the supervisor of the Sustainability Promotion Group). At the discretion of the Chairperson, the Committee may, as necessary, invite non-members to attend a meeting and seek their opinions or explanations. The Sustainability Committee has been established under the HD Executive Committee as provided in ESG Policy which was adopted by the HD Board of Directors in order to promote proactive and efficient responses to sustainability issues.

The Sustainability Committee's purpose is to review and manage specific targets and activities regarding sustainability issues throughout the GPSS Group's business activities. The Committee's activities are conducted in accordance with the ESG Policy, including establishing sustainability-related targets and measures, monitoring progress and reporting, and solving issues when progress is unsatisfactory. Specifically, the Sustainability Committee will work on areas such as collaboration with local communities and engagement with suppliers and partners to promote sustainability, response to climate-related risks and opportunities to strengthen resilience.

Sustainability Promotion Office

The Sustainability Promotion Group is taking the role of secretariat of the Sustainability Committee, which is responsible for leading and promoting various activities to facilitate and coordinate all relevant divisions of GPSS Group.

STRENGTHENING RESILIENCE TO CLIMATE CHANGE AND DISASTER

Climate-related Risk Management Process

Our organization has a specific climate-related risk management process overseen by the Board of Directors and implemented by the Sustainability Committee. We review climate-related risks and opportunities each year, considering short, medium, and long-term perspectives across all stages of the value chain, including direct operations, upstream, and downstream.

Our assessment of climate-related risks and opportunities includes both qualitative and quantitative analyses. The Sustainability Promotion Group, which is under the Sustainability Committee, first conducts a qualitative assessment, focusing on the magnitude, which is further broken down into hazard, exposure, and vulnerability, and likelihood of the event. The Sustainability Committee then identifies material risks and opportunities based on the results of the assessment.

For material risks and opportunities, the Sustainability Promotion Group conducts a quantitative assessment using scenario analysis in collaboration with other relevant departments. The results are then reviewed by the Sustainability Committee, which formulates countermeasures to manage climate-related risks and opportunities. For risks and opportunities that could have a significant financial or strategic impact on our business, the mitigation strategy is integrated into our corporate strategy.

We report progress and results at each stage to the Board for approval. Our process is designed to ensure that we identify and manage climate-related risks and opportunities effectively and in line with our commitment to promoting renewable energy and reducing carbon emissions.

Following the guidelines and definitions provided by the Task Force on Climaterelated Financial Disclosures (TCFD) and implementing our climate-related risk management process, we have structured our climate-related risks and opportunities in the table.

| Classification | Risks/Opportunities | Impact on our business | Short | Term* Medium | Long | Probability | Impact Size | Responses and initiatives | | |
|------------------|---|---|-------|-----------------|---|------------------|--|--|--|--|
| Transition Risks | Carbon pricing mechanisms | The introduction of a carbon tax may lead to an increase in component and construction process due to additional CO2 costs, resulting in elevated EPC costs | | | | High | High | Consider supply chain optimization and co- effective technologies of construction | | |
| | Uncertainty in market signals | The widespread adoption of renewable energy and its convergence with international prices lead to a decrease in feed-in tariffs and an increase in curtailment rate, resulting in reduced revenue due to the uncertainty in market signals | | | 4 | Moderate | High | Continue diversifying our projects and consider energy storage options | | |
| | Increased raw material costs | The surge in raw material prices is leading to an increase in the overal EPC costs, affecting the profitability of projects | | | ÷ | Moderate | High | Consider supply chain optimization, recycling and reusing materials | | |
| | Cyclones, huricanes and typhoons | Potential damage to power plant infrastructure | | | | High | Moderate | All-risk insurance for the full residual operating period of each power plant Perform scenario analysis and enhance precision to gain insigths into its impactuture power generation, with the aim optimizing our design | | |
| Physical Risks | Water Shortage | The reduction in power generation from hydro and geothermal power plants, attributed to water shortage, impacting on revenue. The heightened risk of damage to our solar power plants due to fires resulting from prolonged drought. The drought disrupts agriculture, potentially creating obstacles in the renewal process of landuse permits for solar-sharing projects. | | | | Moderate | High | | | |
| | Changing wind patterns | The shifting wind patterns, characterized by changing wind speeds, results in reduced electricity generation from wind power, resulting in reduced revenue | | | | Moderate | High | | | |
| | Seasonal temperature fluctuations | The variability in season temperature fluctuations affects the efficiency and power generation of our power plants | | | | Moderate | Moderate | | | |
| | Development and/or expansion of low emission goods and services | Increased revenues from the development, construction and operation of renewable energy power plants | | | | Formation of rer | newable energy | businesses with local communities | | |
| Opportunities | Ability to diversify business activities | Diversification of resources for electricity revenues from different renewable energy resources | | 7. | | Broad mix from | Broad mix from five types of renewables to provide safe and reliable energ | | | |
| | Development of climate adaptation, development and delivery of solutions to | | | | Deployment of a microgrid system utilizing various energy storage and suppl technologies such as grid storage batteries, synthetic fuel conversion, and heat supply | | | | | |

^{*} Short term: under 2 years; Medium term: 2-10 years; Long term: 10-30 years

EXTERNAL EVALUATION

Voluntarily responded to the CDP's Climate Change Questionnaire



In 2023, GPSS has taken proactive steps to enhance our climate change initiatives. We have actively responded to the Carbon Disclosure Project (CDP), an international not-for-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Since 2022, GPSS responds to the CDP's climate change questionnaire, demonstrating our commitment to refining our climate change response and aligning with the Task Force on Climate-related Financial Disclosures (TCFD) framework for future disclosures.

Learn more at https://www.cdp.net/en/.

Highest 5-Star Rating for Two Consecutive Years



GRESB is an annual benchmark assessment that measures the environmental, social and governance (ESG) aspect of real asset investments. It was founded in 2009, led by a group of major European pension funds that initiated the Principles for Responsible Investment (PRI).

Launched in 2016, the GRESB Infrastructure is the only benchmark in the infrastructure sector that provides ESG assessments on an investable fund-by-fund basis and consists of two types of assessments: Fund Assessment and Asset Assessment.

GPSS has been awarded the highest 5-star rating for two consecutive years, 2020 and 2021, which is a testament to the industry-leading ESG initiatives, and growth of GPSS Holdings and its group companies as a whole. It reflects the company's commitment to responsible investment and sustainability. Please note that GPSS has not applied for a GRESB rating since 2022.

Highest "Green 1 (F)" Rating Awarded to GPSS



GPSS Holdings Inc. has been awarded the highest rank of "Green1 (F)" by the Japan Credit Rating Agency, Ltd. (JCR), via a comprehensive evaluation, for establishing the first Green Finance Framework. The framework outlines the philosophy and procedures for issuing green bonds and borrowing green loans, with funds raised for projects with positive environmental effects.

MEMBERSHIPS



GPSS supports the Task Force on Climate-related Financial Disclosure (TCFD). TCFD aims to encourage companies and stakeholders to assess and disclose the financial impacts of climate change risks and opportunities on their operations. The framework seeks to enhance transparency, understanding, and decision-making regarding climate-related risks in financial markets, ultimately facilitating better capital allocation towards a sustainable and resilient economy.



GPSS is a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. TNFD is an international initiative aiming to shift the global flow of funds to nature-positive investments through disclosure of information related to the natural environment and biodiversity. The TNFD Forum is an organization that shares information related to TNFD and provides support for the development of the framework.

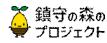


Long-term Infrastructure Investors Association

GPSS joined Long Term Infrastructure Investors Association (LTIIA). Their vision is to facilitate and promote private investment in infrastructure which enables long-term, sustainable development of communities, countries and regions.



GPSS is a member of the Renewable Energy Association for Sustainable Power supply or REASP, a business organization that aims to promote renewable energy as a main power source and to ensure the long-term stable supply of affordable clean power.



The MORINO PROJECT (Public Interest Incorporated Foundation) is modeled after the "Guardian Forest" that saved people's lives during the Great Eastern (Kanto) Japan Earthquake, and the Great Hanshin Earthquake, and prepared a regional green infrastructure to coexist with nature. We are engaged in forest-building activities to protect the community and their livelihoods from disasters. For more information, please visit the MORINO PROJECT website.



GPSS is a premium sponsor of the Japan Sustainable Investment Forum (JSIF). JSIF is actively promoting and developing sustainable investment (SRI and ESG investments, etc.) in Japan market, which has been actively carried out in Europe and the United States.

