

Communication on Progress (COP)

March 31, 2021

Japan Renewable Energy Corporation

The following are reports on the activities that we conducted during the target period from January to December 2020.

1. Executive statement on our continued support for the UNGC

The CEO of JRE wishes to reiterate that the company continues to support the UNGC Principles through its website. This time, the statement is repeated below.

<https://www.jre.co.jp/english/sustainability/statement/>

Around the world, attention has focused on addressing a critical question: how do we stably and economically meet our energy needs in an environmentally sustainable manner? This global concern has been driven in part by international commitments such as the COP21 Paris Agreement and the Sustainable Development Goals (SDGs), both adopted in 2015. Each highlighted the central role of the energy sector in reducing greenhouse gas emissions and transforming the energy mix. In Japan, the need for a safe, stable, and diversified energy mix has been an urgent priority since the Great East Japan Earthquake and the Fukushima nuclear power plant incident in 2011. Moreover, Japan's national commitment to the Paris Agreement is underpinned by an ambitious goal to expand renewable energy introduction to the maximum extent possible.

In light of these global and domestic circumstances, Japan Renewable Energy (JRE) was established with a clear mission and purpose: to change the world with renewable energy for a sustainable tomorrow. Driven by this purpose, we provide solutions to environmental and social issues from a long-term perspective and pave the way for renewable energy's contribution to the sustained growth of society.

In 2016, JRE became the first renewable energy company in Japan to support the United Nations Global Compact (UNGC) and join the Global Compact Network Japan. As a member of this global community, we commit to upholding the 10 UNGC Principles, which cover human rights, labor practices, environment protection, and anti-corruption practices.

In 2019, we conducted our inaugural materiality analysis, which will serve as the basis of our sustainability approach and relevant disclosures. I believe that this will create a strong foundation for JRE in its journey to fulfill its responsibilities and make meaningful contribution to global commitments. We will continue to expand and strengthen our sustainability approach, not only through expanding our renewable energy business, but also by conducting business in a responsible and inclusive manner.

March 31, 2021



Takeuchi Kazuhiro
President and CEO, Representative Director
Japan Renewable Energy Corporation

2. Activities

We commit to providing affordable clean energy (Goal 7) and preventing global warming (Goal 13), two of the individual goals presented in the Sustainable Development Goals (SDGs), through operating our main business.

During the target period, we began operating solar and wind power plants at four new sites. As of December 31, 2020, power plants are in operation at 48 sites in Japan and Taiwan (with an installed capacity of approx. 420,000 kW in total), and additional power plants are under construction at eight sites (with an installed capacity of approx. 410,000 kW in total).

Following our foundation in 2012, we created in-house rules to embody the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. Since then, we have used these rules to prevent the occurrence of problems in relation to safety, the environment, and fair business dealings.

In 2020, we revised these rules to add the prohibition of child labor and forced labor to our original Environment, Health, and Safety (EHS) Policy, thereby enhancing our efforts.

Human Rights

Policy	Implementation status	Assessed? / Achieved?
Ensuring the health and safety of employees	<ul style="list-style-type: none"> ● Having established EHS* Management Rules (Dec. 2015), we conduct our management in accordance with these rules. (*"EHS" stands for "Environment, Health, and Safety.") ● The EHS Committee meets every quarter to check the management status, extract issues, and implement improvement measures by using the PDCA cycle method. 	Yes
Taking into consideration the living environment of residents who live near the power plants	<ul style="list-style-type: none"> ● We have held discussions with local residents and municipalities to gain their agreement since the preliminary survey stage. We operate our business by minimizing the impact that power generation has on the living environment of local residents. 	Yes
Providing safe and healthy working conditions for our employees and other related parties who are engaged in the construction or operation of the power plants	<ul style="list-style-type: none"> ● Since March 2016, we have established the Health and Safety Management Rules, the Disaster Prevention Management Rules, the EHS Construction Management Guidelines, and the Power Plant Management Rules. In compliance with these rules and guidelines, we provide safe and healthy working conditions for our employees and other parties related to our operations. 	Yes (Refer to the information provided below.)

Results:

Health and safety indicators / year	2017	2018	2019	2020
Number of employee-related incidents* ¹ (including lost-time injuries)	0 (0)	1 (0)	3 (1)	2 (0)
Number of construction contractor-related incidents * ¹ (including lost-time injuries)	2 (0)	1 (1)	2 (2)	3 (2)
Number of fatalities	0	0	0	0

*¹ Total number of labor injuries of lost-time accidents (lost for one day or more) and lost occupational accidents caused by labor, and the number of sufferers of commuting injuries

Labor

Policy	Implementation status	Assessed? / Achieved?
Eliminating long work hours	<ul style="list-style-type: none"> ● We have improved our work efficiency by conducting a reorganization and reduced the workload per worker by increasing our staff. In addition, we have reduced the monthly maximum overtime hours from 100 hours to 80 hours since February 2017 by amendment of the labor-management agreement on overtime and working on holidays. Consequently, we have been able to reduce the average annual overtime hours for all employees by 37% in 2018, 30% in 2019, and 23% in 2020 (base year: 2017). 	Yes
Promoting the adoption of a flexible work hours system (introduced in 2014)	<ul style="list-style-type: none"> ● At company and departmental meetings, we are encouraging management-level staff, as a first step, to make proactive use of the system. 	Yes
Promoting the adoption of a compassionate sick leave system and a volunteer leave system and encouraging the taking of annual paid leave	<ul style="list-style-type: none"> ● The practice of taking sick leave, which had been piloted since 2017, was institutionalized in 2018. We are promoting the use of this system and encouraging employees to proactively take annual paid leave. The practice of taking volunteer leave, which had been piloted since 2017, was also institutionalized in 2018. ● Consequently, the rate of paid leave was 62% in 2017 and 2018 and 57% in 2019, marking an increase on the 53% reported in 2016. It decreased to 51% in 2020, most likely because flexible work options, such as working from home, became available. 	Yes
Implementing COVID-19 disease control measures	<ul style="list-style-type: none"> ● We have established Disease Control Guidelines as employee guidelines for behavior during the coronavirus crisis. ● Anti-droplet protective panels have been set up in all meeting rooms, and sanitizer dispensers have been set up at the entrances to and inside all meeting rooms. 	Yes

	<ul style="list-style-type: none"> ● Under Japan's declaration of a state of emergency, the percentage of employees working in our buildings has been kept to 30% or less. 	
Implementing a telework system	<ul style="list-style-type: none"> ● To encourage diverse work styles, we have employed a telework system since 2020. We plan to continue using this system after the COVID-19 pandemic ends. 	Yes

Environment

Policy	Implementation status	Assessed? / Achieved?
Contributing to a reduction in CO ₂ emissions through our business operations	<ul style="list-style-type: none"> ● We have expanded our renewable energy power generation business (by increasing the number of power plants that we operate) and increased our power generation through the stable operation of our power plants to help reduce CO₂ emissions. During the target period, we increased our power generation by approximately 18% and the CO₂ reduction effect by 17% compared with the figures for the same period of the preceding year. 	Yes (Refer to the information provided below this table.)
Minimizing the environmental impact at power plant sites and their surrounding areas	<ul style="list-style-type: none"> ● We operate our business by implementing measures that eliminate or minimize our environmental impact, if any, and achieving environmental protection levels that are higher than those specified under the applicable laws and regulations from the preliminary survey stage. ● We conduct environmental impact assessments in compliance with the applicable laws and regulations and seek the opinions of experts, the relevant authorities, and local residents. We are developing power plants based on the results of these efforts. ● In compliance with the EHS Management Rules and the Environment Management Rules, we are operating our business in consideration of the surrounding environment. 	Yes

	<ul style="list-style-type: none"> ● In compliance with the EHS Construction Management Guidelines, we pay attention to environmental protection during the construction of power plants together with the contractors. 	
Developing and adopting environmental protection technologies	<ul style="list-style-type: none"> ● Having held discussions with the construction companies and equipment manufacturers from the planning stage, we are developing and introducing various environmental protection technologies, such as employing designs that maximize power generation during our development and operation of power plants (e.g., for solar power plants, we have employed a design that uses improved ring main units and a design that involves installing solar panels on a slope to mitigate the impact of land development on the environment). 	Yes

Results:

Climate and energy-related indicators / year	2017	2018	2019	2020
Total capacity in operation (MW) as of December 31	228	295	345	403
Total renewable energy sold (MWh)	241,635	345,091	505,075	598,211
Annual amount of CO2 reduction effect *1 (t-CO2)*1	121,173	165,904	227,984	267,763

*1 Calculated using emission factors for each electric power utility as of December 31 each year, in accordance with the Act on Promotion of Global Warming Countermeasures

Anti-Corruption

Policy	Implementation status	Assessed? / Achieved?
Observing laws, regulations and corporate ethics	<ul style="list-style-type: none"> ● By positioning the "Compliance with laws, regulations and corporate ethics" at the head of the JRE Group's Code of Conduct, we prioritize this policy among our corporate activities. We are enhancing employee awareness of this policy by presenting executive messages and providing in-house training events repeatedly to all of our employees. 	Yes
Conducting fair business dealings	<ul style="list-style-type: none"> ● Our Procurement Control Rules mandate that every transaction and relationship with a trade partner be checked for unfairness. We eliminate the possibility of unfair business dealings by promoting different departments to check on each other. 	Yes
Eliminating business dealings with antisocial forces	<ul style="list-style-type: none"> ● We employ a multilayered checking system that requires the department of the person in charge of a transaction to coordinate with representatives from other departments in checking each transaction for any problems in advance. To avoid any and all business dealings with antisocial forces, the system checks that each contract includes a representation and warranty by the relevant trade partner denying that it is an antisocial force as well as an antisocial forces exclusion clause. 	Yes
Maintaining transparent, fair and impartial relationships with politicians and public officials	<ul style="list-style-type: none"> ● Our in-house rules prohibit any exchange of money or other valuables with politicians or public officials. Political contributions are also prohibited. ● Whenever a member of staff holds talks with a politician, we require that multiple other members of staff attend and keep minutes of the meeting. 	Yes

Establishing an external contact desk	<ul style="list-style-type: none"> ● We have made preparations for the establishment of an external contact desk on our website to allow any of our business partners to report violations or suspected violations of corporate compliance by our staff members or officers. (The external contact desk was launched in January 2021.) 	Yes
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<Company overview>

Name	Japan Renewable Energy Corporation
Location	Roppongi Hills North Tower 10F, 6-2-31 Roppongi, Minato-ku, Tokyo, 106-0032, Japan TEL : +81-3-6455-4900 FAX : +81-3-6455-490
Founded	August 20, 2012
Capital, etc.	40 billion yen
Investors	Goldman Sachs, GIC Private Limited
Number of employees	208 (as of December 31, 2020)
Description of business	Preliminary surveys, planning, design, materials procurement and sales, civil engineering, electrical service, construction, operation, maintenance and inspection work, and electric power sales pertaining to power generation plants (wind, solar, biomass, and other natural energy-based power generation)