

SDGs & Establishing Key Themes



◆ Basic Approach to Sustainability (Environmental, Social, and Governance [ESG] Policies)

The role of the COMSYS Group is to fundamentally support sustainable, safe, secure, and rich community lifestyles through the construction of telecommunications infrastructures and social infrastructures, and the continuation of business in an appropriate form ties into social contributions. Because of the highly public nature of this business, we bear a great social responsibility, and we are aware that continuous activities aimed at increasing corporate value are essential to the continuation of our business.

Governance (G) that ensures appropriate business operations is particularly important to the COMSYS Group. In keeping with the transition to a company with an Audit and Supervisory Committee, we designated five outside directors to make up one-third of our 15-member Board of Directors. By incorporating this "outside perspective," we guarantee appropriate and adequate management, while at the same time focusing efforts on internal auditing activities to guarantee appropriate work activities and compliance to prevent corruption in this highly public business. We also conduct employee training designed to educate employees and increase awareness of these issues.

The COMSYS brand is closely related to society (S), and as Japan faces an unprecedented decrease in the birthrate and increase in the senior population, securing human resources has become a critical issue in the continuation and expansion of business for the COMSYS Group, which sees people as its greatest management resource. We are actively promoting diversity and undertaking workstyle innovations to draw in and secure more diverse, outstanding individuals. In addition to conducting recruiting activities and in-house training to increase female new graduate hires and female managers,

volunteers identify and resolve issues aimed at establishing an ideal work environment for women and for all other members of the COMSYS Group's increasingly diverse team. At the same time, we have reviewed the re-employment system so that seniors can remain active in the Group, and we are recruiting labor with various nationalities.

In the construction industry, preventing work-related injuries and ensuring quality are top priority issues in terms of maintaining business activities. The COMSYS Group makes concerted efforts to eliminate work-related accidents through a variety of measures, including safety training; the adoption of safety equipment; exchanges of information with partner companies; and safety patrols on multiple levels, by the workplace representatives, safety management staff, and managers. Our quality improvement activities include thorough checks based on laws and in-house regulations, and management of work processes using smartphones and tablet terminals.

Increasingly severe natural disasters continue to threaten sustainable community life. The COMSYS Group is actively involved in disaster countermeasures and disaster recovery construction, and entered the renewable energy business to contribute to preventing global warming. Even within the company, we invest efforts into measures targeting environmental (E) issues, including the purchase of low pollution vehicles and "green electricity." In addition, to help build safer and more secure cities, we undertake earthquake-proofing construction and upgrades to aging facilities as part of disaster measures, and we combine the Group's resources in the recovery of telecommunications facilities in regions affected by earthquakes and typhoons.

◆ Establishing Key Themes

Management Philosophy	Activities aimed at continuously increasing corporate value
We will build a company that customers continue to choose through the construction of diverse infrastructure that carries our era forward.	<ul style="list-style-type: none"> ● Securing quality ● Preventing work-related accidents ● Securing diverse, outstanding manpower <p>Promoting Safety and Quality</p> <p>Cultivating Human Resources</p>
We will contribute to our country and local communities by building social infrastructure that supports affluent lifestyles.	<ul style="list-style-type: none"> ● Large-scale natural disaster countermeasures ● Preventing global warming <p>Helping to Build a Sustainable Society</p>
We will continue with unrelenting reform in our aim to further increase corporate value.	<ul style="list-style-type: none"> ● Building governance structures ● Increasing awareness of compliance <p>Pursuing More Efficient and Sincere Corporate Activities</p>

◆ The COMSYS Group's Four Key Themes and Activities

The COMSYS Group's Four Key Themes	Main Activities during FY2020	Main Improvement Items and Results	Issues and Areas Requiring Improvements in FY2021
Pursuing More Efficient and Sincere Corporate Activities	<ul style="list-style-type: none"> ● Promoted consolidation (e.g., reorganized operational structures, began system integration, secured joint project orders) 	<ul style="list-style-type: none"> ● Nationwide centralization of sales and back office functions ● Test operations of mobile operation systems ● Group collaborations in the Rakuten Mobile business 	<ul style="list-style-type: none"> ● Continue to promote consolidation
Cultivating Human Resources	<ul style="list-style-type: none"> ● Implemented diverse workstyles (introduced satellite offices, promoted teleworking) ● Started up a Diversity Promotion Project Team (Nippon COMSYS) 	<ul style="list-style-type: none"> ● Increase the ratio of female recruiting at new graduate level (18.8%; +0.1 percentage point year on year) ● Increase the ratio of female managers (2.1%; +0.5 percentage point year on year) 	<ul style="list-style-type: none"> ● Study new workstyles to adapt to the "new normal" ● Expand hiring of females and persons with disabilities ● Foster female managerial candidates ● Consider appointing female officers
Promoting Safety and Quality	<ul style="list-style-type: none"> ● Activities aimed at preventing accidents involving workers, equipment, and vehicles ● Conducted workplace management trials using wearable terminals 	<ul style="list-style-type: none"> ● Reduce accidents involving workers (4; down 27 year on year) ● Reduce accidents involving equipment and human-initiated failures (13; down 9 year on year) ● Reduce accidents involving vehicles (46; down 54 year on year) ● Reduce incidents involving information (including loss and theft) (3; down 2 year on year) 	<ul style="list-style-type: none"> ● Conduct activities aimed at preventing accidents ● Build Group-wide safety management structures ● Continue to study the introduction of ICT in the front lines
Helping to Build a Sustainable Society	<ul style="list-style-type: none"> ● Assisted in recovery efforts following 2020 Kyushu floods ● Introduced and promoted renewable energy ● Increased attention to environmental issues 	<ul style="list-style-type: none"> ● Assist in recovery activities (total of 7,100 employees participated over two months) ● Expand the Renewable Energy business (new orders: +31% year on year) ● Reduce CO₂ emissions (Nippon COMSYS) (down 9.2 percentage points year on year) ● Reduce industrial waste (Nippon COMSYS) (down 6.2 percentage points year on year) 	<ul style="list-style-type: none"> ● Expand the "post-solar" business

Response to Climate-related Risks and Opportunities

◆ Endorsement of the TCFD

In November 2021, the COMSYS Group formally endorsed recommendations on climate-related financial disclosures, the final report by the Task Force on Climate-related Financial Disclosures (TCFD)*, released in June 2017. Following the TCFD recommendations, the Group will disclose appropriate information on the risks and opportunities that climate change poses to the Group's business.

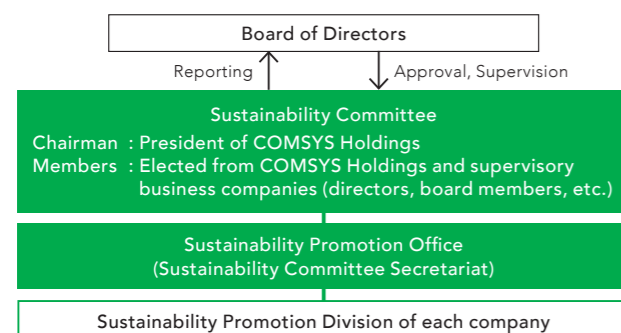


* Task Force established by the Financial Stability Board (FSB) in 2015 at the request of the G20. The final report recommends that companies disclose information on four core elements of their organizational operations (governance, strategy, risk management, and indicators and targets) in order to properly assess and grade corporate risks and opportunities related to climate change.

◆ Governance

Under its management philosophy, the Group has identified four key themes, of which it regards climate change as important to address. In addition, in order to contribute to the SDGs and enhance sustainable corporate value, the Group has set up a management system to promote sustainability. The Group established the Sustainability Committee, chaired by the president of COMSYS Holdings Corporation, as the body responsible for formulating strategies and resolving issues related to sustainability, including climate change, within the Group.

The committee meets as needed to review issues and determine the direction of initiatives. Important themes related to management are decided after deliberations at management meetings and Board of Directors meetings. In fiscal 2021, the committee set a greenhouse gas reduction target for fiscal 2030 as a contribution to the realization of a carbon-free society, and in May 2022 it announced the target. Going forward, the committee will consider and formulate specific reduction measures, such as KPIs, to strengthen its system for monitoring progress to further promote efforts to address climate change issues.



◆ Risk Management

The Risk Management Committee, chaired by the president and composed of the directors and presidents of supervisory business companies, meets as needed to identify business risks throughout the Group and address them according to the level of their impact. Each company in the Group also holds appropriate meetings to address risks accordingly.

With regard to climate-related risks and opportunities, the Sustainability Committee takes the lead in monitoring changes in the internal and external environments associated with climate change and identifying climate change risks and opportunities that may affect the Group's business. Identified risks and opportunities are assessed and analyzed based on the level of impact on our company and other factors to determine which ones have a high impact. We will report important matters to the Board of Directors moving forward.

◆ Strategy

The Group analyzed potential risks and opportunities related to climate change, referring to the below 2°C (1.5°C) and 4°C scenarios.

As a result, the Group determined that the impacts of possible future events due to the transition to a carbon-free society (policy and legal, markets, and reputation) and the physical (acute and chronic) impacts of climate change would be readily apparent. In relation to its business, the Group has identified growing demand for renewable energy projects as well as the need of undergrounding utility poles and the renovation and seismic retrofitting of social infrastructure as prospective opportunities.

The Group will consider responses to these risks and opportunities and their incorporation into its business strategy.

Scenarios

The following scenarios were developed to identify and assess climate-related risks and opportunities.

Threshold Scenarios	Major Reference Scenarios
Below 2°C (incl. 1.5°C) Scenario: Scenario for transition to a carbon-free society (Transition Scenario)	<ul style="list-style-type: none"> SDS in the IEA's World Energy Outlook 2018
4°C scenario: Scenario in which physical impacts become apparent	<ul style="list-style-type: none"> IPCC Fifth Assessment Report RCP2.6, RCP8.5 IPCC Special Report on Global Warming of 1.5°C

Potential Risks and Opportunities

Classification		Probability of Occurrence	Timeline	Risks and Opportunities	
Risks	Transition	Regulation and legal	Less than 2°C > 4°C	Medium to long term	<ul style="list-style-type: none"> Increased procurement costs of materials and fuels associated with carbon pricing
		Regulation and legal	Less than 2°C > 4°C	Short to medium to long term	<ul style="list-style-type: none"> Increased electricity costs due to conversion to electricity derived from renewable energy sources
		Markets, reputation	Less than 2°C > 4°C	Short to medium to long term	<ul style="list-style-type: none"> Customer defection and damage to corporate image if customers deem environmental initiatives are inadequate
	Physical	Acute	Less than 2°C < 4°C	Short to medium to long term	<ul style="list-style-type: none"> Damage to telecommunications facilities and base stations caused by natural disasters and increased restoration costs Damage to aging social infrastructure, including water, sewage, and gas facilities and increased repair costs
		Acute	Less than 2°C < 4°C	Short to medium to long term	<ul style="list-style-type: none"> Discontinuation of products and services due to value chain disruption
		Chronic	Less than 2°C < 4°C	Long term	<ul style="list-style-type: none"> Decreased productivity due to increased number of telecommunications equipment construction engineers suffering from health hazards such as heat stroke, and avoidance of scorching hot hours
Opportunities	Products and services, energy sources	Less than 2°C > 4°C	Short to medium to long term	<ul style="list-style-type: none"> Growing demand for renewable energy projects such as solar and wind power 	
	Markets, resilience	Less than 2°C < 4°C	Short to medium to long term	<ul style="list-style-type: none"> Rising need for undergrounding utility poles as a disaster prevention measure in response to frequent and increasingly severe natural disasters 	
	Markets	Less than 2°C < 4°C	Medium to long term	<ul style="list-style-type: none"> Growing demand for disaster prevention and mitigation construction for telecommunications facilities and base stations due to frequent and increasingly severe natural disasters Rising demand for repair and seismic retrofitting of social infrastructure due to rising demand related to national resilience 	

◆ Metrics and Targets

In May 2022, the Group set greenhouse gas reduction targets for fiscal 2030 and fiscal 2050.

These are based on Science-based Targets (SBTs)*, and we will promote efforts to achieve them.

* Based on the Near-term SBT approach

Scope	Description	Reduction Targets
Scope 1	Direct greenhouse gas emissions by the business entity itself	<ul style="list-style-type: none"> 42% reduction from FY2020 level by FY2030 Carbon neutral by FY2050
Scope 2	Indirect emissions from the use of electricity, heat, and steam supplied by other companies	<ul style="list-style-type: none"> 25% reduction from FY2020 level by FY2030
Scope 3	Indirect emissions by supply chain (emissions from other companies related to the supplier's business activities)	

Greenhouse Gas Emissions in FY2020

Scope, Category	Scope and Method of Calculation	Emissions in FY2020 (t-CO ₂)
Scope 1 (direct emissions)	—	88,178
Scope 2 (indirect emissions)	—	15,626
Scope 3 (total value chain)	—	1,746,812
Category 1 (purchased goods and services)	Calculated from the emissions per unit of value of each company's publicly disclosed values for major suppliers, and the weighted average is applied to the other suppliers.	293,231
Category 2 (capital goods)	Calculated from capital investment	43,720
Category 3 (fuel-and energy-related activities)	Calculated from annual consumption by energy type	4,550
Category 4 (transportation and distribution (upstream))	(Delivery is not subject to calculation because it is included in Category 1)	—
Category 5 (waste from operations)	Calculated from the volume of waste by type	8,654
Category 6 (business travel)	Calculated from the number of consolidated employees	2,219
Category 7 (employee commuting)	Calculated from the number of consolidated employees	4,034
Category 8 (leased assets (upstream))	(Emissions from leased buildings, etc., are calculated in Scopes 1 and 2)	—
Category 9 (transportation and distribution (downstream))	(Not subject to calculation)	—
Category 10 (processing of sold products)	(Not subject to calculation)	—
Category 11 (use of sold products)	For the telecommunications business, the figures are calculated from the publicly disclosed values of major customers in Scope 2. For the non-telecommunications sector, sales volume is multiplied by the assumed intensity of use and the number of years of use.	1,390,000
Category 12 (disposal of sold products)	(Not subject to calculation)	—
Category 13 (leased assets (downstream))	Calculated from the gross floor area of the apartment buildings	404
Category 14 (franchises)	(Not subject to calculation)	—
Category 15 (investments)	(Not subject to calculation)	—
Total GHG emissions		1,850,616