

# Sustainability

## Sustainability Management and ESG Risks

The Group's management philosophy, "Creating a 100-Year Company," refers to the sustainable development of a company as an organization that exists for the benefit of society by regarding it as a "public entity." Our mission is to provide our customers with value-added management information so that it can be used to create the future. Our mission is to contribute to society, but in the process of realizing this, we will interact with various stakeholders. Therefore, sustainable development will not be achieved unless each member of the Group acts with due consideration to maintaining a balance between economic activities, environmental conservation, and social fairness.

The Group signed the United Nations Global Compact on August 25, 2020. With this as an opportunity, we will consider and implement measures that can be taken by the Group while conducting risk assessments to realize sustainability.

### Correlation between ESG risks and Avant Group specific risks

	Theme	Risk	Actions	Opportunity
Environmental	Biodiversity Conservation	Little direct relationship with the Group's business activities		<ul style="list-style-type: none"> <li>■ General data visualization</li> <li>■ Brand creation through publication of proprietary media etc.</li> <li>■ Sales etc. of templates for collecting and visualizing non-financial information</li> </ul>
	Water Security			
	Waste and Recycling	Large number of PCs disposed of each year, need to recycle	<ul style="list-style-type: none"> <li>■ Utilize recyclers while ensuring security</li> </ul>	
	Climate Change	Although there is little direct relationship with business activities, the fact that no efforts have been made to reduce CO <sub>2</sub> emissions may be regarded as a problem.	<ul style="list-style-type: none"> <li>Declared our commitment to reducing CO<sub>2</sub> emissions and implemented the following measures</li> <li>■ Since July 2021, by purchasing Green Power Certification carbon offset has been implemented for all electric power used.</li> <li>■ Establishment of a system in which the CRM Committee assesses climate change risks and considers counter-measures and reports to the Board of Directors</li> </ul>	
Social	Human Rights and Local Communities	Our brand could be severely damaged in the event of a serious accident because of normalization or similar behavior that do not respect human rights (for example discrimination).	<ul style="list-style-type: none"> <li>Consider measures based on the basic policy of respect for human rights set forth in the Avant Group Human Rights Policy</li> <li>■ Conduct human rights assessments</li> <li>■ Preparation of harassment prevention manual</li> <li>■ Periodic seminars on corporate philosophy and diversity</li> </ul>	If we are on a par with global leaders, its appeal may lead to an increase in brand value.
	Labor Standards	Our brand could be severely damaged in the event of a serious accident resulting from the normalization or because of an ongoing violation of labor laws and regulations.	<ul style="list-style-type: none"> <li>■ Strict observance of labor laws</li> <li>■ Improving the effectiveness of the hotline</li> <li>■ Review the results of the GPTW survey and prepare an annual action plan</li> </ul>	
	Responsibility to Customers	Our brand could be severely damaged if there is a major problem with the quality of a product or service, or if a serious accident occurs while providing a service. In addition, failure to maintain an attitude of sincerely responding to social contribution and customer needs as stated in our mission may hinder long-term sustainability.	<ul style="list-style-type: none"> <li>■ Strengthening quality management and implementing quality declaration</li> <li>■ Conduct customer satisfaction surveys</li> <li>■ Periodic corporate philosophy training</li> </ul>	There is a possibility of increased brand value if we can raise awareness of our mission to contribute to society, along with the results of that mission.
	Health and Safety	As with labor standards	As with labor standards	As with labor standards

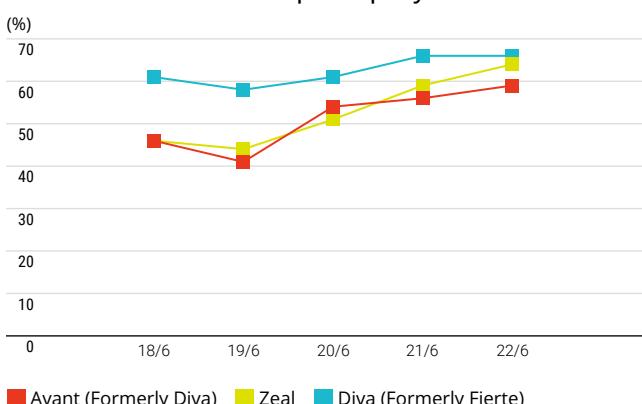
	Theme	Risk	Actions	Opportunity
Governance	Risk Management	Our sustainability could be threatened due to the occurrence of serious risks that are not recognized or understood or for which countermeasures (reduction or transfer) are insufficient.	<ul style="list-style-type: none"> <li>■ Strengthening disclosure of the Group's risk management system</li> <li>■ Improving the effectiveness of the CRM Committee</li> </ul>	Consider products and services that contribute to improving customer governance
	Corporate Governance	There is a possibility that maximization of shareholders' profits is not pursued if appropriate corporate governance is not carried out.	<ul style="list-style-type: none"> <li>■ Strengthening disclosure of the Group's governance system</li> <li>■ Organizational review, including the transition to a company with committees system</li> </ul>	
	Compliance	Our brand could be severely damaged if it becomes clear that a serious violation of laws and regulations has occurred. Due to the nature of our business, insider trading is particularly risky.	<ul style="list-style-type: none"> <li>■ Strengthening the compliance system based on the Group's Code of Conduct</li> <li>■ Implementation and reinforcement of legal training such as insider trading seminars</li> <li>■ Improving the effectiveness of the hotline</li> </ul>	

## Human Resources

### Enhancement of GPTW

Our corporate philosophy is "Creating a 100-year Company". The subtitle, "A company in which all employees are passionate about value creation", demonstrates how creative dialog with various stakeholders by people with sincerity and enthusiasm leads to proposals that contribute ever more to society. Our goal is to realize a positive spiral within the Group, in which our accumulated efforts are appropriately evaluated, and these efforts become the motivation for further improvement. For this reason, each Group company has set a GPTW score of 70% as an important KPI in which all members participate, and a system has been put in place in which some of the management and managers are responsible for progress. The following is an overview of Group companies' efforts to improve their GPTW scores.

### GPTW Score of Each Group Company



■ Avant (Formerly Diva) ■ Zeal ■ Diva (Formerly Fierite)

\* Company name changed due to business restructuring in October 2022.

### What is GPTW?

Great Place to Work® (GPTW) is a professional organization that has been quantifying and analyzing job satisfaction through surveys for over 30 years. GPTW defines a worthwhile company as one where there is trust between management and employees, and where all individual's abilities are maximized. There are excellent values and leadership, and where financial growth can be achieved through innovation. The GPTW questionnaire consists of questions that divide this "trust" into five elements: <Credibility>, <Respect>, <Fairness>, <Pride>, and <Camaraderie>, enabling analysis and countermeasures to be taken by scoring job satisfaction. Each company in the Avant Group uses the GPTW score to identify issues and aims to improve job satisfaction through solutions and improvements.

### **Avant Corporation (trade name changed from Diva Corporation)**

At Avant Corporation, we believe that the key to improving job satisfaction lies in improving the growth opportunities of our members and their trust in their superiors, so we have created an environment in which our members can deepen their relationship of trust with their superiors and enjoy the feeling of growth through measures such as reducing long working hours, leadership training, and one on-one training. In the fiscal year ended June 2022, we provided support to individual departments with low scores in the quarterly internal survey, and as a company-wide measure, we introduced an open job posting system for members seeking growth opportunities beyond their organizational affiliation, a result of which, even in its first year we achieved eight transfers. Aiming for market-competitive remuneration levels, we are also revising the remuneration table for service personnel.

In addition to these measures, in the fiscal year ending June 2023, we introduced company-wide communication measures that reaffirm our identity as a software company and a corporate culture that encourages employees to take on challenges. We also introduced a system that supports the voluntary development of employees' abilities. Through these measures, we aim to achieve sustainable growth of the organization with a sense of growth among members who chose us.

Tomoyuki Tanaka, Head, Business Administration Unit,  
Organization Development Department, Avant Corporation

### **Zeal Corporation**

In November 2022, Zeal was recognized as a "Great Place to Work" in the "Great Place to Work" certification program. "Opportunities for skill development" was cited as the most important point for this. Efforts such as the doubling of the training budget from the fiscal year ended June 2022, the subsidy program for examination fees for more than 200 qualifications, the qualification allowance program, and the creation of a culture that encourages employees to take on challenges to encourage self-improvement were highly evaluated.

At present, with the theme of creating an organization in which the career of Tech & Manage will grow, Zeal has launched a company-wide skill-strengthening training program, which is intended to stimulate communication across departments and enhance capabilities across the company.

We are also working to create an environment in which each member can work in his or her own way. For example, we have expanded the scope of our personnel system and welfare benefits to include "effective spouses, families, and relatives" including same-sex partners and common-law partners.

Matsuri Hasegawa, Division Head, Human Resources Department, Zeal Corporation

### **Diva Corporation (trade name changed from Fierte Corporation)**

Diva was certified as a "Great Place to Work" in May 2022. Being treated fairly, regardless of age or race and being entrusted with a responsible job is cited as a point of job satisfaction.

As each employee has different levels of work satisfaction, in addition to the annual GPTW Survey, we conducted a quarterly questionnaire so that we can take appropriate measures to address each individual and provide appropriate support. In addition, the CEO continued to directly answer questions about the Company. Thus, our efforts to create an environment in which employees can work with a sense of satisfaction were highly evaluated.

As the new Diva, while integrating systems and environment we aim to become an organization that employees are proud to work for Diva by working to create an environment in which employees can grow by cooperating with each other and developing friendly rivalry through communication measures that connect employees across departments, company-wide events that deepen mutual understanding, and an award system that fosters a culture of mutual praise.

Yoko Tomotsuka, Office of the President, Diva Corporation.

# MESSAGE FROM the CHRO



**Eriko Satonaka**

Group CHRO  
General Manager,  
Group Human Resources Division

## Increase organizational mobility and promote the growth of people and organizations

In October 2022, the Avant Group reorganized its Group structure to transform itself into a software-as-a-service (SaaS) business that utilizes and develops software and supports the flow of information that enhances corporate value.

We will realize the growth of people and organizations by carrying out the reorganization necessary for growth beyond the boundaries of operating companies and by reallocating human resources. The Avant Group aims to realize a flexible human assets portfolio that will strengthen the Avant Group by breaking away from the uniform way of thinking through the dynamism of the Group and by dealing with people and ways of thinking that are different from those in the past. We will focus on the following three areas as part of our human resources strategy to support the transformation of our business model.

The first point is the visualization of people, skills, and mindset to realize our vision and materiality. We will accelerate business growth by strengthening the hiring and training measures necessary to achieve our goal.

The second point is the motivation of employees. Maximize performance by possessing sufficient skills and engaging in work with a sense of motivation. The Company has been measuring employee engagement on a regular and continuous basis by using a third-party numerical assessment (GPTW®) as one indicator. By running the PDCA cycle and verifying the appropriateness of actions, the score has steadily improved. We will continue to promote initiatives aimed at creating an environment that is highly transparent and in which the company and individuals can grow together.

The third point is to strengthen the Group's collective capabilities to create Group synergies. We will focus on internal communication and brand strategies to maximize the power of the Group so that all members of the Group aim to achieve goals from the same perspective. In September 2022, a kick-off meeting was held in which all 1,200 members of the Group met, and our new brand was announced. In the medium to long term, we aim to enhance the overall strength of the Avant Group by enhancing its added value.

In addition to the human resources strategies described above, the most important human resources' theme to be discussed at the Board of Directors is the succession plan to train the top human resources who support the Group's business and the next generation leaders who will drive growth. We will deepen discussions at the Board of Directors' meetings and promote visualization of the human resources pipeline to strengthen management.

## Human Rights

As a “public entity”, the Group recognizes that all the business activities of the directors and employees of the Group companies have an impact on human rights. Each and every one of us supports and respects the International Bill of Human Rights and the International Labor Organization’s ILO Declaration on Fundamental Principles and Rights at Work. We have also signed the United Nations Global Compact, which contains universal principles on human rights, labor, the environment, and anti-corruption, and we support and respect its 10 principles. Based on these ideas, the Board of Directors established a Human Rights Policy on July 22, 2020.

### Human Rights Policy

#### 1. Basic Policy on Respect for Human Rights

All human beings are born free and equal in dignity and rights. We must not be complicit directly or indirectly in the violation of human rights. It is prohibited to discriminate on the basis of race, color, sex, sexual orientation, language, religion, creed, political or other opinion, national or social origin, property, family origin or other status or any similar grounds. We will prohibit forced labor and child labor, and respect labor rights such as freedom of association and right to collective bargaining. We recognize the right of everyone to the enjoyment of fair and favorable conditions of work, ensures safe and healthy conditions of work and guarantees fair and just remuneration for work.

#### 2. Efforts to Realize Respect for Human Rights

To respect human rights and realize a sustainable society, we will work to raise awareness of human rights through group intranet and training programs. Through discussions and dialog with all stakeholders involved in the Group's business activities, the Company understands issues related to human rights and their impact and discusses responses. The Group will disclose its efforts to respect human rights and its progress to stakeholders in an appropriate manner.

## Environment

At a meeting of the Board of Directors held on July 22, 2020, the Avant Group established the Avant Group Environmental Policy, which emphasizes mutual understanding with stakeholders and active disclosure of information in to realize a sustainable society. Against this backdrop, Avant expressed its support for the TCFD recommendations in view of the need to further strengthen corporate efforts to resolve various issues related to climate change. In the future, Avant will strengthen corporate activities against climate change and will actively promote information disclosure in line with the disclosure recommendations set forth in the TCFD recommendations. We are committed to the preservation and preservation of the global environment and promote activities to realize a sustainable society.

### Avant Group Environmental Policy

<b>Compliance with Environmental Laws and Regulations</b>	We will comply with environment-related laws and regulations as well as agreements with stakeholders and take appropriate measures.
<b>Awareness of Environmental Policy</b>	We will conduct education and enlightenment activities to raise the environmental awareness of each and every Group employee so that they can carry out their own environmental conservation activities.
<b>Environmental Conservation</b>	We will work closely with administrative agencies, local communities, and related organizations to actively support individual Group employees' efforts to address climate change, promote resource recycling, and conserve biodiversity.
<b>Communication with Stakeholders</b>	Aiming to realize a sustainable society, we will strive for mutual understanding with stakeholders and active disclosure of information.

### Disclosure Based on TCFD

Governance	Led by President, Representative Director and Group CEO Morikawa, the Avant Group's Investor Relations Department and CRM Committee gather information on and discuss responses to climate change and its impacts. The Board of Directors discusses opportunities and risks associated with climate change in regular reports from the CRM Committee and at the Group Management Meeting, formulates future policies, and oversees progress.
Strategy	<b>Transition Risk Response</b> In the fiscal year ended June 2022, the Avant Group spent approximately ¥20 million on purchasing electricity and gas, which is equivalent to 0.13% of net sales. However, as these were the Avant Group's actual expenditures during the COVID-19 pandemic, we believe that around 0.2% would be appropriate if business activities return to normal. If we are forced to purchase alternative energy sources due to stricter regulations on greenhouse gas emissions, we may have a slight impact on our business results due to a rise in electricity and gas rates. In the future, we aim to reduce greenhouse gas emissions (Scope 1-3) by 50% compared to the fiscal year ended June 2017. We will use carbon offsets and other means. In the fiscal year ended June 2022, we allocated an amount equivalent to 0.03% of net sales to offset greenhouse gas emissions, and we plan to continue to accumulate offset limits at a level lower than this. Offset credit is finite, and if many companies adopt the same method, it may not be possible to secure offset credit for the assumed unit price and quantity.
	<b>Physical Risk Response</b> According to the Ministry of the Environment's "Impact Assessment on the Greater Severity of Disasters Caused by Climate Change (Interim Report)" in response to the IPCC Fifth Report, mainly because water vapor from the sea is more likely to be supplied to typhoons due to rising sea surface temperatures, and the amount of water vapor that the atmosphere can store will increase due to rising temperatures, it is highly likely that typhoons will approach Japan with a stronger force and bring more rain to the Kanto and Tohoku regions. For changes in the amount of rainfall and sea level due to global warming, scenarios for a rise of 2 °C or 4 °C have been set, but as with Typhoon No. 15 in 2019, the reality is that these scenarios and the fact that a typhoon with a scale exceeding the assumed risk of occurring once in 50 years passed through the Kanto region and damaged the power transmission system have already occurred. Rather than taking countermeasures in line with these scenarios, the Group has adopted countermeasures that anticipate the occurrence of the largest class of possible disasters. The greatest risk to the Group is that (1) it will be difficult to maintain safe living and working environments for employees in the event of a severe disaster, and (2) the continuity of service provision to customers will be lost. The continuity of the Group's services is an extremely important issue because the services provided by the Group broadly contribute to the formation of important information related to the survival of a company, such as the preparation of customers' financial statements and the generation and disclosure of information that contributes to management decisions. The CRM Committee shall consider an appropriate BCP in response to such risks and report the progress to the Board of Directors.
	<b>Opportunity Response</b> For customers to respond to climate change, we provide customers with an environment in which they can visualize the economic activities that lead to the generation of greenhouse gases within the organization, take measures, and deepen communication with stakeholders. This can be provided as part of our solutions in line with the "Spreading Accountability" promoted by the Company and is also an opportunity for further growth for the Group. At the Group Management Meeting, representatives of each Group company and the Group CEO will discuss and promote such opportunities.

Risk Management	<p><b>Risk Management System</b> The Avant Group's Investor Relations Office and CRM Committee gather information and discuss responses. Important information is reported to the Board of Directors through the CRM Committee and discussed as appropriate.</p> <p><b>Formulation of BCP Assuming The Greatest Risk</b> The CRM Committee will formulate and report to the Board of Directors a BCP to ensure the safety of employees before and after the disaster, support for daily life and work during the reconstruction period, and ensure the continuity of services for customers in the three largest possible disasters (Tokyo Arakawa River Massive Flood, Tokyo Bay Massive Storm Surge, Osaka Bay Massive Storm Surge) that are associated with the intensification of natural disasters such as short-term localized torrential downpours and super typhoons associated with climate change risks.</p>
Quantitative Measurements	<p>As for greenhouse gas emissions by the Core Group Companies, direct emissions from the use of fuel (Scope 1) were 0, and indirect emissions from the use of electricity, steam, and heat (Scope 2) were 516.138t-CO<sub>2</sub> in the fiscal year ended June 2022. On the other hand, indirect emissions (Scope 3) from procurement of raw materials, travel of employees, outsourcing of waste treatment, etc. amounted to 7,446.076t-CO<sub>2</sub> in the fiscal year ended June 2022. In the medium to long term, we aim to reduce excess power consumption by encouraging appropriate working hours and telecommuting, and to reduce total greenhouse gas emissions (Scope 1-3) by 50% compared to the fiscal year ending June 2030 (approximately 5,000t-CO<sub>2</sub>) by the fiscal year ending June 2017 through carbon offsets, under the circumstances in which an increase in emissions associated with business expansion is unavoidable. Since July 1, 2021, we have purchased a green power certification that corresponds to Scope 2 emissions and achieved carbon offset. We are also aiming to reduce emissions with Scope 3 by combining various means.</p>

#### Greenhouse Gas Emissions (t-CO<sub>2</sub>)

	18/6	19/6	20/6	21/6	22/6
Scope 1	0	0	0	0	0
Scope 2	720.098	740.086	697.379	587.290	516.138
Scope 3	5,481.470	6,684.919	7,925.829	6,622.104	7,446.076
Grand total	6,201.569	7,425.004	8,623.208	7,209.395	7,962.214

#### Carbon Offset Initiatives

On July 1, 2021, we purchased the "Green Power Certificate" issued by Japan Natural Energy Co., Ltd. (Head Office: Shinagawa-ku, Tokyo; President and Representative Director: Keiki Kato) for all electric power in the offices of the five Group companies and switched to green power.

The Green Power Certificate System is a system in which the environmental added value of electric power generated by renewable energy (green electric power) is traded in the form of "Green Power Certificate" by certificate issuing business operators who obtain certification from the Japan Quality Assurance Organization. By purchasing a Green Power Certificate, companies can assume that the amount of electricity (kWh) listed in the certificate is generated by renewable energy without having to own power generation facilities. Since it can be regarded as having contributed to the spread of renewable energy equivalent to the electric power described in the Green Power Certificate, it is attracting attention as a mechanism to control carbon dioxide, which causes global warming. The Core Group Companies are working to promote the efficient use of electric power and the spread of power generation using natural energy to prevent global warming.



## Our Group and Society

### The National Museum of Modern Art, Tokyo

The National Museum of Modern Art, Tokyo boasts one of the largest collections in Japan, with more than 13,000 works centered on modern Japanese arts. It is the only museum in Japan where you can see the history of Japanese arts from the Meiji period to the present. As a Gold Partner, the Group supports the National Museum of Modern Art, Tokyo's activities in support of the National Museum of Modern Art, Tokyo, which aims to enrich the lives of each and every citizen through the appreciation of the national collection, various events and programs.



### Mt. Fuji Climbing Race

It has a long history since 1948, and the height difference is about 3,000m which is the largest in Japan. It is a competition that stands as the ultimate trail run, and it is part of the "Grand Slam" to achieve along with a sub-three-hour full marathon and a sub-ten-hour 100 km ultra-marathon, and it attracts many people trying to reach beyond their limit. Aiming to "Create a 100-Year Company," the Group aims to make all its employees passionate, and since many runners participate in the event, we support the event as an official sponsor.



### NIPPON IT Charity Ekiden

While the IT industry is recognized as a vibrant and dynamic industry, it is also a fact that its unique business style has created unemployed people who are socially disadvantaged. The 2010 NIPPON IT Charity Ekiden was organized with the aim of bringing as many unemployed people as possible back into society. The proceeds from this event will be donated to the Future Dream Achievement, a non-profit organization that supports the employment of people suffering from depression and *hikikomori*. It will also be used to support the reconstruction of areas affected by the Great East Japan Earthquake, Kumamoto Earthquake and Tottori Chubu Earthquake. As a Gold Sponsor, the Group supports these activities.

