

## Sustainability Management and ESG Risks

The Group's management philosophy of "Creating a 100-Year Company," which highlights our aim to contribute to society by providing our customers with value-added management information that can be used to shape the future, while its mission is to "Spreading Accountability" to contribute to society by providing management information. Each and every employee of the Group will give due consideration to maintaining a balance between economic activities, environmental conservation, and social fairness, and will strive to achieve both sustainable enhancement of corporate value and resolution of social issues.

The Group signed the United Nations Global Compact on August 25, 2020. This provided us with an opportunity to promote sustainability initiatives while conducting risk assessments to achieve sustainability.

	Theme	Risk	Examples of possible measures	Opportunity
Governance	Risk management	Our sustainability may be threatened due to the occurrence of serious risks that are not recognized or understood, or for which countermeasures (mitigation or transfer) are insufficient.	<ul style="list-style-type: none"> <li>Strengthen disclosure of the Group's risk management system</li> <li>Improve effectiveness of Risk Management Committee</li> </ul>	Consider products and services that help customers improve governance
	Corporate governance	There is a possibility that maximization of shareholder profits is not pursued if appropriate corporate governance is not carried out.	<ul style="list-style-type: none"> <li>Strengthen disclosure of the Group's governance system</li> <li>Organizational review, including transition to a company with a nominating committee, etc.</li> </ul>	
	Compliance	Our brand may 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 a particular risk.	<ul style="list-style-type: none"> <li>Strengthening the compliance system based on our Group's Code of Conduct</li> <li>Implement and enhance insider training and other legal training</li> <li>Improving the effectiveness of the hotline</li> </ul>	

## Correlation between ESG Risks and Avant Group Specific Risks

	Theme	Risk	Examples of possible measures	Opportunity
Environment	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 on-demand media publications, etc.</li> <li>Sales of templates for collecting and visualizing non-financial information</li> </ul>
	Water security			
	Waste and recycling	Large number of PCs are disposed of each year and need to be recycled	<ul style="list-style-type: none"> <li>Utilize recyclers while ensuring security</li> </ul>	
	Climate change	Little direct relationship with business activities, but the fact that no efforts are being made to reduce CO <sub>2</sub> emissions may be regarded as problematic.	<ul style="list-style-type: none"> <li>Declaration of commitment to reduce our CO<sub>2</sub> emissions and implementation of the following measures</li> <li>Since 2021, by purchasing Green Power Certification, carbon offsets have been implemented for all electric power consumption</li> <li>Establishment of a system in which the CRM Committee assesses climate change risks, considers countermeasures, and reports to the Board of Directors</li> </ul>	
Community	Human rights and local communities	Our brand could be severely damaged in the event of a serious accident as a result of normalization or similar behavior that does not respect human rights (e.g., discrimination).	<ul style="list-style-type: none"> <li>Consider responses in accordance with 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, training/diversity</li> </ul>	If the company is at the level of an international blue chip company, its appeal could 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 ongoing violations of labor laws and regulations.	<ul style="list-style-type: none"> <li>Ensure compliance with 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 may be severely damaged if there is a major problem with the quality of a product or service, or if a serious accident while providing a service. In addition, long-term sustainability may be hindered if the company does not continue to contribute to society and maintain a sincere commitment to customer needs.	<ul style="list-style-type: none"> <li>Strengthen quality control management and implement quality declarations</li> <li>Conduct customer satisfaction surveys</li> <li>Periodic corporate philosophy training</li> </ul>	The brand value could be increased by promoting the results of "Spreading Accountability" as part of the mission.
	Health & safety	As with labor standards	As with labor standards	As with labor standards

## Human Rights

Avant Group recognizes that all business activities of the directors and employees of the Group and group companies have an impact on human rights. Each and every one of us supports and respects the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work of the International Labor Organization. We have also signed the United Nations Global Compact, which outlines 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, gender, sexual orientation, language, religion, creed, political or other opinion, national or social origin, property, family origin, or other status or similar grounds. We will prohibit forced labor and child labor, and respect labor rights such as freedom of association and the right to collective bargaining. We recognize the right of everyone to the enjoyment of fair and favorable working conditions, ensure safe and healthy conditions at work, and guarantee fair and just compensation 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 training and other means. Through discussions and dialogue with all stakeholders involved in the Group's business activities, the Company understands issues related to human rights and their impact, and discusses how to respond. The Group will disclose its efforts to respect human rights and its progress to stakeholders in an appropriate and timely manner.

**Environment**

“Avant Group Environmental Policy,” which emphasizes mutual understanding with stakeholders and active disclosure of information in order to realize a sustainable society. Against this backdrop, and Avant expressed its support for the TCFD recommendations in light of the need to further strengthen corporate efforts to resolve issues related to climate change. In future, Avant will continue to strengthen corporate activities to address climate change and will actively promote information disclosure in line with the disclosure recommendations set forth in the TCFD recommendations. We will strengthen our corporate activities with regard to climate change and actively promote information disclosure in line with the disclosure recommendations set forth in the TCFD recommendations. We are committed to maintaining and preserving the global environment and promoting activities to realize a sustainable society.

**Avant Group Environmental Policy**

<b>Compliance with environmental laws and regulations</b>	We will comply with environmental-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 awareness-raising 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 activities</b>	We will work closely with government agencies, local communities, and related organizations to actively support individual Group employees' efforts to address climate change, promote resource recycling, and biodiversity conservation activities by each and every Group employee.
<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**

<b>Governance</b>	Led by President and Group CEO Morikawa, the Avant Group's Investor Relations Department and CRM Committee will gather information on climate change, its impact, and will discuss how responses. The Board of Directors discusses opportunities and risks associated with climate change in regular reports to the CRM Committee and at the Group Management Meeting, and formulates future policies and oversees progress.
<b>Strategy</b>	<p><b>Transition Risks Response</b></p> <p>In the fiscal year ended June 30, 2023, the Avant Group spent approximately ¥24 million, which is equivalent to 0.11% of sales. If we are forced to purchase alternative energy sources due to stricter regulations on greenhouse gas emissions, our business performance may be slightly affected from rises in unit prices for electricity and gas. Going forward, we aim to reduce Scope 2 greenhouse gas emissions by 50% compared to the fiscal year ended June 30, 2018. We will use carbon offsets and other means. Offset credits are finite, and if a large number of companies adopt similar methods, it may not be possible to secure offset credits for the assumed unit price and quantity.</p>

<b>Strategy</b>	<p><b>Physical Risk Response</b></p> <p>According to the Ministry of the Environment's "Impact Assessment of Intensifying Disasters Caused by Climate Change (Interim Report)" in response to the IPCC Fifth Report, typhoons are likely to approach Japan with greater intensity than at present, and bring more rain to the Kanto and Tohoku regions 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. Scenarios have been established for changes in the amount of rainfall and sea levels associated with global warming for rises of 2°C and 4°C. However, as with events such as Typhoon No. 15 in 2019, which passed through the Kanto region and damaged the power transmission system on a scale that exceeded these scenarios and the once-in-50-year risk, the reality is that these scenarios have already occurred. Rather than adopting countermeasures in line with these scenarios, the Group has adopted countermeasures that anticipate the occurrence of the largest class of possible disasters.</p> <p>We believe that the greatest risks to our group are (1) it will be difficult to maintain a safe living and working environment for employees in the event of a catastrophic disaster and (2) the continuity of service provision to customers will be lost. In particular, the continuity of our 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 progress to the Board of Directors.</p>
	<p><b>Opportunity Response</b></p> <p>For customers to respond to climate change, visualizing economic activities that lead to the generation of greenhouse gases within an organization, taking countermeasures, and providing customers with an environment that deepens communication with stakeholders are possible as part of solutions in line with the "Spreading Accountability" that we are promoting, and represent an opportunity for further growth for our Group. It is also an opportunity for further growth for the Group. These opportunities will be discussed and promoted by the Group CEO and representatives of each Group company at the Group Management Committee.</p>
<b>Risk Management</b>	<p><b>Risk Management System</b></p> <p>The Avant Group's Investor Relations Department and CRM Committee gather information and discuss responses. Important information is reported to the Board of Directors through the CRM Committee for discussion as appropriate.</p>
	<p><b>Formulation of BCP Assuming the Greatest Risk</b></p> <p>The CRM Committee will formulate and report to the Board of Directors a BCP to ensure the safety of employees before and after a disaster, support their 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, and Osaka Bay Massive Storm Surge) that are associated with the intensification of natural disasters such as short-term localized torrential downpours and huge typhoons associated with climate change risks.</p>

Quantitative Measurement and Targets

As for greenhouse gas emissions by the Core Group Companies, direct emissions from the use of fuel (Scope 1) were zero, and indirect emissions from the use of electricity, steam, and heat (Scope 2) were 359 t-CO<sub>2</sub> in the fiscal year ended June 30, 2023. On the other hand, indirect emissions generated by procurement of raw materials, employee business trips, and outsourced waste disposal (Scope 3) were 11,119 t-CO<sub>2</sub> in the fiscal year ended June 30, 2023. However, we aim to reduce Scope 2 emissions by 50% by the fiscal year ending June 30, 2030 compared to the fiscal year ended June 30, 2018 through carbon offsets, in addition to curbing excessive electricity consumption by encouraging appropriate working hours and telecommuting and to reduce total greenhouse gas emissions by 50% by the fiscal year ending June 30, 2030 compared to the fiscal year ended June 30, 2018. We have been purchasing green power certificates corresponding to our Scope2 emissions since July 1, 2021, and achieved carbon offset.

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

	19/6	20/6	21/6	22/6	23/6
Scope 1	0	0	0	0	0
Scope 2	741	650	543	556	359
Scope 3	8,238	9,351	8,195	9,743	11,119
Total	8,980	10,001	8,738	10,299	11,478

\* Due to changes in emission calculations from the fiscal year ended June 30, 2018 to the fiscal year ended June 30, 2022 as a result of optimization of the scope of calculation, emissions have changed compared to figures shown in previous integrated reports.

**Carbon Offset Initiatives**

On July 1, 2021, we purchased the “Green Power Certificate” issued by Japan Natural Energy Company, Limited (Head Office: Shinagawa-ku, Tokyo; President: 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 whereby the environmental added value of electric power generated by renewable energy (green electric power) is traded in the form of “Green Power Certificates” by certificate issuing business operators who obtain certification from the Japan Quality Assurance Organization (JQA). By purchasing a Green Power Certificate, companies can assume that the amount of electricity (kWh) listed in the Certificate was generated from renewable energy sources without having to own power generation facilities. Since it can be regarded as a contribution to the spread of renewable energy equivalent to the electricity listed on the Green Power Certificate, it is attracting attention as a mechanism to curb carbon dioxide emissions, which cause global warming. The Group is working to promote the efficient use of electric power and the penetration 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 of Japanese modern art in Japan, with over 13,000 works. It is the only museum in Japan where visitors can see the history of Japanese art from the Meiji period to the present day. As a Gold Partner since 2017, 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 Trail Run**

The event has a long history dating back to 1948, and the height difference is approximately 3,000 meters, which is the largest in Japan. This event is regarded as the most prestigious trail running, and is part of the “Grand Slam” to achieve along with a sub-three hour full marathon and a sub-ten hour 100km ultramarathon, and it attracts many people trying to reach beyond their limits. Our group has been supporting the event as an official sponsor since 2013, as we aim for the “Creation of a 100-year Company” and many runners participate in the event.



**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 workers who are socially disadvantaged. The 2010 NIPPON IT Charity Ekiden was organized with the aim of bringing as many underemployed people as possible back into society. The proceeds from this event are donated to Future Dream Achievement (FDA), a non-profit organization that provides employment support for people suffering from depression and societal withdrawal. The funds will also be used to support reconstruction efforts in areas affected by the Great East Japan Earthquake and Kumamoto Earthquake. As a Gold Sponsor, the Group has supported this activity since 2011.

