

Our Sustainability

Introducing the Board of Directors

Director



Masazumi Hasumi

President

August 1983 Joined Aoyama Audit Corporation
 November 1991 Joined Yamada & Partners Accounting Office
 December 1996 President of Proggest Co., Ltd. (company name changed to Proggest Holdings, Ltd. in July 2005)
 July 2005 President of Proggest Co., Ltd. (current: Aoyama Zaisan Investments Co., Ltd.)
 September 2008 Director of the Company
 October 2008 President
 August 2016 Business Succession Navigator Corporation (currently Next Navi), President
 June 2017 PT Aoyama Zaisan Networks Indonesia, Director (current position)
 March 2018 Chairman of Nihon Shisan Soken Co., Ltd. (current position)
 October 2020 Aoyama Financial Service Co., Ltd. Representative Director
 January 2021 Aoyama Family Office Service Co., Ltd. President (current position)



Masayuki Yagi

Director, Managing Executive Officer

April 1990 Joined Murakami Corporation
 September 1991 Joined the Company
 March 2006 Director, Executive Officer, and Manager of First Business Department
 January 2011 Executive Officer of the Company Manager of Individual Asset Consulting Department
 March 2013 Director, Executive Officer, and General Manager of Business Division
 March 2014 Director, Managing Executive Officer of the Company Director, Executive Officer, and General Manager of Business Division
 January 2021 Director, Managing Executive Officer of the Company General Manager of Business Division and General Manager of Real Estate Division II
 June 2021 Business Succession Navigator Corporation (currently Next Navi), Director
 January 2022 Director, Managing Executive Officer, and General Manager of Administration Division of the Company (current position)
 March 2022 Director of Aoyama Estate Co., Ltd. (current position)
 March 2022 Director of Aoyama Zaisan Investments Co., Ltd. (current position)



Takeshi Matsuura

Director, Managing Executive Officer

April 1991 Joined Daiwa House Industry Co., Ltd.
 May 1995 Joined Nissho Iwai Real Estate Corp. (current: Sojitz Corporation)
 October 2000 Joined the Company
 January 2005 Executive Officer, Manager of Real-estate Department
 January 2006 Funai Estate Co., Ltd. (currently Aoyama Estate Co., Ltd.) President
 March 2007 Director, Executive Officer, and Manager of Business Division 6
 January 2011 Executive Officer, Manager of Real-estate Department
 March 2014 Director, Executive Officer, and General Manager of Real Estate Division of the Company
 March 2016 Director, Managing Executive Officer of the Company General Manager of Real Estate Division
 June 2017 Director of Shinsei Aoyama Partners Co., Ltd. (current position)
 January 2021 Director, Managing Executive Officer of the Company General Manager of Real Estate Division I
 January 2022 Director, Managing Executive Officer of the Company General Manager of Real Estate Division (current position)



Hideo Matsuda

Director, Executive Officer

April 1984 Joined Sato Sumio Zeirishi Jimusho (current: Meinan Keiei Tax Corporation)
 December 2014 Representative Director of Meinan Zaisan Consultants Co., Ltd.
 January 2018 Joined the Company Executive Officer of the Company General Manager of General Information Network Division
 March 2018 Director, Executive Officer General Manager of General Information Network Division
 October 2020 Aoyama Financial Service Co., Ltd. Director (current position)
 January 2021 Aoyama Zaisan Networks Kyushu Co., Ltd. Director
 January 2022 Director, Executive Officer General Manager of General Information Network Division (current position)



Michihiro Nagasaka

Director

April 1985 Joined Wakabayashi Law Office
 March 1992 Joined Nihon M&A Center Inc.
 December 2010 Manager of Business Promotion Department
 March 2014 Outside Director of the Company
 April 2015 Manager of Sales Support Department, General Planning Division of Nihon M&A Center Inc.
 July 2021 Business Succession Navigator Corporation (currently Next Navi), Director (current position)
 March 2022 Director of the Company (current position)



Haruo Shimada

Director Outside Independent

April 1975 Associate professor of Faculty of Economics, Keio University
 April 1982 Professor of Faculty of Economics, Keio University
 March 1986 Visiting professor of Massachusetts Institute of Technology
 June 2000 Research Center for Advanced Science and Technology, the University of Tokyo Visiting Professor
 March 2007 Outside Director of the Company (current position)
 April 2007 President of Chiba University of Commerce
 May 2015 Outside Director of Okaya & Co., Ltd. (current position)
 January 2016 President of Shimada Sogo Kenkyujo (current position)
 April 2017 Chairperson of the Board of Trustees of Tokyo Metropolitan Public University Corporation
 February 2021 Outside Director of Tech I.S. Co., Ltd. (current position)



Takaomi Ogawa

Director, Managing Executive Officer

September 1992 Joined Takano Yasuo Zeirishi Jimusho (current: Zeimu Sogo Tax Corporation)
 August 2003 Director of Funai Zaisan Consultants Keiyo Co., Ltd. (currently Nihon Shisan Soken Co., Ltd.)
 December 2009 President of Funai Zaisan Consultants Keiyo Co., Ltd. (currently Nihon Shisan Soken Co., Ltd.)
 October 2013 Executive Officer, General Manager of NSS Division of the Company
 March 2016 Director, Executive Officer, General Manager of NSS Division
 June 2017 President of Nihon Shisan Soken Co., Ltd. (former: Nihon Shisan Soken Consultant Inc.) (current position)
 April 2020 Representative Director of Nitto Fudosan Co., Ltd. (current position)
 January 2022 Director, Managing Executive Officer of the Company Consulting Business Supervisor and General Manager of NSS Division (current position)
 March 2022 Director of Aoyama Financial Service Co., Ltd. (current position)



Shintaro Hashiba

Director, Managing Executive Officer

April 1987 Joined The Kyowa Bank, Ltd. (current: Resona Bank, Limited)
 October 2003 General Manager of Shin-Yurigaoka Branch
 October 2004 General Manager of Tokyo Central Marketing Division 1
 July 2008 General Manager of Shin-Toshin Marketing Division 3
 May 2014 Director of J-COM Co., Ltd. (current: LIKE, Inc.) Deputy General Manager of Sales Division and General Manager of Business Development Division
 August 2014 Director of J-COM Holdings Co., Ltd. (current: LIKE, Inc.)
 November 2015 Joined the Company, General Manager of Management Planning Office
 August 2017 Executive Officer, General Manager of Administration Division
 March 2020 Director, Executive Officer, General Manager of Administration Division
 July 2020 Director, Executive Officer, General Manager of Management Planning Division
 January 2022 Director, Managing Executive Officer of the Company General Manager of Corporate Planning Division (current position)
 March 2022 Aoyama Financial Service Co., Ltd. President (current position)
 March 2022 Director of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)



Shinji Shimane

Director, Executive Officer

October 1995 Joined Ota Showa Audit Corporation (current: Ernst & Young ShinNihon LLC)
 October 2000 Joined Avaya Japan Ltd.
 September 2001 Joined Proggest Co., Ltd. (currently Aoyama Zaisan Investments Co., Ltd.)
 August 2006 Director (concurrent)
 January 2016 Representative Director of Shinsei Aoyama Partners Co., Ltd. (current position)
 March 2016 Director, Executive Officer Business succession consulting General Manager of Business Division
 January 2021 Director, Executive Officer General Manager of Consulting Business Division 4
 January 2022 Director, Executive Officer, and General Manager of Business Succession Fund Services (current position)
 March 2022 Aoyama Zaisan Investments Co., Ltd. Representative Director (current position)



Keiji Watanabe

Director Outside Independent

July 1987 Aoyama Audit Corporation (current: PricewaterhouseCoopers Aarata LLC), Representative Partner
 April 1996 Joined Tohmatsu & Co. (current: Deloitte Touche Tohmatsu LLC) Representative Partner
 June 2000 Outside Director of Ichiyoshi Securities Co., Ltd.
 July 2003 Deloitte Touche Tohmatsu Global Middle Markets Leader
 June 2008 Outside Director of ASAH KOGYOSHA CO., LTD. (current position)
 June 2010 Outside Director of SBI Holdings, Inc.
 March 2011 Outside Director of the Company (current position)
 June 2017 Outside Director of SBI Insurance Group Co., Ltd. (current position)
 June 2017 Outside Audit & Supervisory Board Member of Hokuetsu Kishu Paper Co., Ltd. (current: Hokuetsu Corporation) (current position)
 June 2018 Outside Director of UKAI Co., Ltd.

Audit & Supervisory Board Member

Hiroyuki Fujita

Audit & Supervisory Board Member Outside Independent

April 1989 Joined The Mitsui Bank, Limited (current: Sumitomo Mitsui Banking Corporation)
 August 1995 Joined Yamazaki Certified Tax Accountant Office
 October 2000 Joined Tohmatsu & Co. (current: Deloitte Touche Tohmatsu LLC)
 April 2004 Registered as a CPA
 March 2018 Appointed as outside Audit & Supervisory Board Member of the Company (current position)
 March 2018 Audit & Supervisory Board Member of Nihon Shisan Soken Co., Ltd. (current position)

March 2018 Business Succession Navigator Corporation (currently Next Navi), Audit & Supervisory Board Member (current position)
 December 2019 Audit & Supervisory Board Member of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)
 April 2020 Audit & Supervisory Board Member of Nitto Fudosan Co., Ltd. (current position)
 October 2020 Audit & Supervisory Board Member of Aoyama Financial Service Co., Ltd. (current position)
 January 2021 Aoyama Family Office Service Co., Ltd. Audit & Supervisory Board Member (current position)
 June 2022 Nihon Digital Investment Co., Ltd. Audit & Supervisory Board Member (current position)

Hisao Nakatsuka

Audit & Supervisory Board Member Outside Independent

April 1970 Joined The Tokai Bank, Limited (current: MUFG Bank, Ltd.)
 April 1994 General Manager of Fujisawa Branch
 January 1996 General Manager of Chofu Branch
 January 1999 General Manager of Takenotsuka Branch
 November 2001 Joined the Company
 March 2002 Director, General Manager of Consulting Department
 August 2002 Director, General Manager of Administrative Department

March 2005 Funai Estate Co., Ltd. (former: Aoyama Estate Co., Ltd.) Audit & Supervisory Board Member
 April 2006 Managing Director of the Company
 September 2008 Audit & Supervisory Board Member of Proggest Co., Ltd.
 October 2010 Director of Aoyama Estate Co., Ltd.
 October 2013 Audit & Supervisory Board Member of Nihon Shisan Soken Co., Ltd.
 March 2014 Director of Nihon Shisan Soken Co., Ltd.
 March 2015 Advisor of the Company
 March 2016 Audit & Supervisory Board Member (current position)

Hiroaki Rokugawa

Audit & Supervisory Board Outside Independent

April 1997 Registered as Attorney (Dai-Ichi Tokyo Bar Association)
 April 1997 Joined Hori & Partners
 June 2002 Joined Barack Ferrazzano Kirschbaum & Nagelberg LLP (Chicago)
 March 2007 Joined Tokyo Aoyama, Aoki, Koma Baker & McKenzie Law Office
 April 2007 Lecturer of Advanced Institute of Industrial Technology (current position)
 June 2008 Representative Attorney of Ogasawara Konno & Rokugawa

March 2009 Outside Audit & Supervisory Board Member of the Company (current position)
 April 2013 Professor of Graduate School of Law, Tokai University
 December 2016 Tsunagu Group Holdings, Inc. Outside Director (current position)
 September 2017 Outside Auditor of OKWAVE Inc. (current position)
 September 2020 Outside Director and Audit & Supervisory Board Member of Abalance Corporation (current position)
 April 2021 Outside Auditor of Yumeshin Holdings Co., Ltd. (current position)
 April 2022 Representative Attorney of Tokyo Uchisaiwaicho Law Firm (current position)
 June 2022 Outside Director of Meiji Machine Co., Ltd. (current position)

Our Sustainability

Corporate Governance

Basic concept of corporate governance

Based on our corporate policy of always making proposals from the client's standpoint with a fair and neutral attitude, AZN firmly believes it is essential to establish corporate governance to ensure compliance-oriented management and to practice this policy. The Company's Board of Directors and Audit & Supervisory Board acknowledge that the corporate governance framework should primarily perform the following functions.

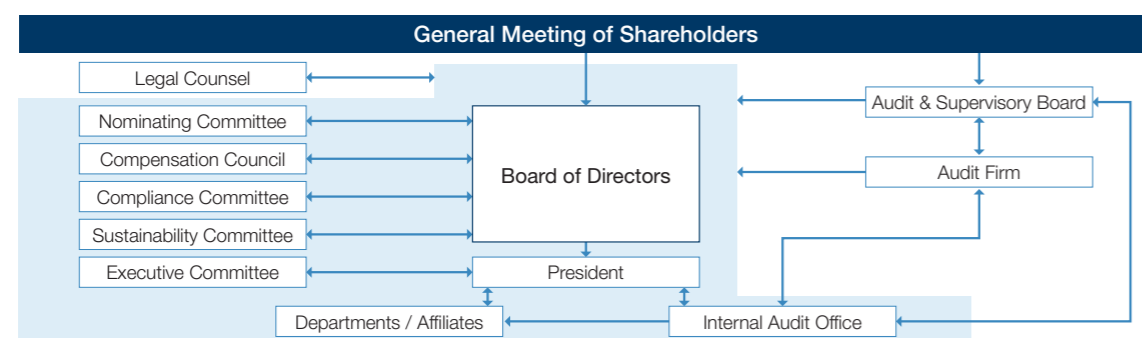
- To protect and encourage the exercise of shareholders' rights.
- To ensure equal treatment of all shareholders.
- To make timely and accurate disclosure regarding all the important matters related to the company, including its financial conditions, operating results, shareholder composition, and governance.
- To ensure the strategic orientation of the company, effective supervision of management executives, and clear accountability.

Corporate Governance System

The Company ensures the effectiveness of audits of Directors' performance of their duties by maintaining the independence of its Auditors and Audit & Supervisory Board Members from the Board of Directors, and by collaborating with auditing firms and its in-house audit-

ing department. Moreover, to strengthen the supervisory function of the Board of Directors, the Company has established the Compensation Council and the Nominating Committee, at least two of whose members must be Outside Directors.

(1) Board of Directors	The Board of Directors deliberates and makes decisions on important matters concerning the Company's management, and oversees the Company's business and general management. Each of the two Outside Auditors has an advanced level of expertise, and they provide reliable management oversight from their professional perspectives.
(2) Executive Officers	In light of the segregation of management and implementation, AZN has instituted an Executive Officer system. Executive Officers execute the operations of the divisions or departments under their control, in accordance with organizational regulations and rules on the segregation of duties set forth by the Board of Directors.
(3) Executive Committee	The Executive Committee, consisting of the President, full-time Directors, and Executive Officers, meets on a weekly basis to verify management policies and discuss management strategies and business execution for the purpose of sharing problem awareness and having smooth communication among all members.
(4) Compensation Council	Remuneration for directors, within the total scope of remuneration approved by the General Meeting of Shareholders, is determined by the Compensation Council, which is composed of Directors selected by resolution of the Board of Directors. The Compensation Council is composed of three or more Directors, at least two of whom must be outside Directors as a rule for the purpose of raising the transparency and objectivity of the review process.
(5) Nominating Committee	The Nominating Committee, a voluntary advisory body to the Board of Directors, deliberates on the selection and dismissal of senior management and Directors and recommends candidates to the Board of Directors, which are decided by the Board of Directors. Also, the Nominating Committee is composed of three or more Directors, at least two of whom must be outside Directors as a rule for the purpose of raising the transparency and objectivity of the review process.
(6) Compliance Committee	The Compliance Committee, consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys), has been established in conjunction with the Board of Directors as a forum for deliberation on risk management and legal compliance by the Company.
(7) Sustainability Committee	The Sustainability Committee, consisting of the President and full-time Directors, was established to build a foundation for sustainable growth, to oversee and monitor sustainability policies, strategies, and measures, and to manage and evaluate the progress of objectives resolved by the Board of Directors.



Compensation for officers

AZN's Board of Directors has adopted a policy for determining the details of compensation for individual Directors.

Compensation for individual Directors for the fiscal year in question is determined by the Compensation Council, which is composed of 3 or more Directors (at least 2 of

whom must be Outside Directors) selected by the resolution of the Board of Directors to increase the transparency and objectivity of the review process. Its methods of determining the details of compensation and the compensation so determined shall be consistent with the decision-making policy resolved by the Board of Directors.

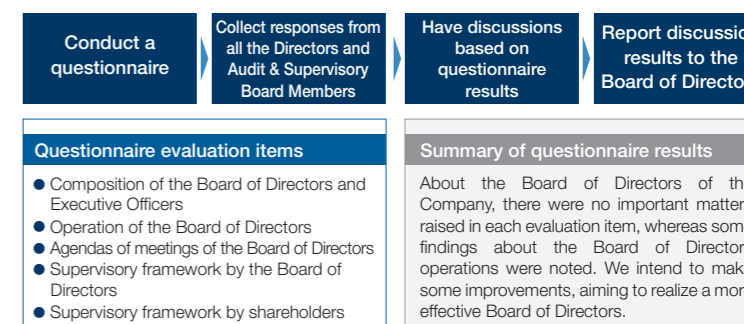
Compensation for officers

Category of officer	Total amount of compensation (thousand yen)	Total amount per type of compensation (thousand yen)				Of the following, non-monetary compensation, etc.	Number of eligible officers (persons)
		Basic compensation	Performance-linked		Other		
			Bonus	Restricted stock compensation			
Director (except outside Director)	211,394	90,372	76,941	32,974	11,106	44,081	7
Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members)	5,300	4,800	500	—	—	—	1
Outside Officer	47,580	40,380	7,200	—	—	—	5

Evaluation of the effectiveness of Board of Directors

AZN strives constantly to improve the effectiveness of its Board of Directors. AZN undertakes an annual questionnaire survey of all Directors and Audit & Supervisory Board Members regarding the effectiveness of the Board of Directors, using the evaluation points listed at right. The results are then discussed and reported to the Board of Directors.

See right for a summary of last fiscal year's survey results.



Risk management

Based on its Crisis Management Regulations, AZN defines external crises, internal crises, disasters, and other crises as described at the right, and defines how to respond to crises when they occur. In the event of a crisis that seriously threatens corporate operations, a **task force** is immediately formed and company-wide action is taken to resolve the problem.

1 External risks	<ol style="list-style-type: none"> 1 Information leak 2 Problems involved in business operations (including customer consulting services) 3 Civil violent incidents, contact/problems with anti-social forces 4 Criminal acts by employees (fraud etc.) 5 Other risks/incidents associated with AZN's credit
2 Internal risks	<ol style="list-style-type: none"> 1 Traffic accidents by employees (property/personal damage) 2 Internal troubles (sexual harassment etc.) 3 Mishaps of employees and their families, other work accidents 4 Other cases constituting a crime by employees
3 Disasters etc.	<ol style="list-style-type: none"> 1 Extraordinary disasters including natural disasters

Information security management

For the purpose of continually maintaining and strengthening our information security management structure including personal information management, we have obtained the International Organization for Standardization (ISO) 27001 international accreditation and information

security management system certification. We have developed and maintain systems based on this standard, and continue to further strengthen our systems for managing confidential information.

Compliance initiatives

For the purpose of practicing fair and bona fide management in compliance with laws, a Compliance Committee consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and outside legal counsels (attorneys) has been established. The Compliance Committee performs the following operations:

- 1 To recognize potential risk of losing trust from the securities market and clients in business operations, and prepare countermeasures (draft)
- 2 To review if there is any compliance issue with specified joint real estate venture operations, and give approval of their execution
- 3 To review and report preventive measures against serious compliance violations
- 4 To examine/check suspicious compliance activities (potential compliance violations)

Our Sustainability

Message from Outside Directors

Establishing a Japanese-style property consulting service: the significance of Aoyama Zaisan Networks and expectations for the future

Two outside directors, responsible for supporting the governance of Aoyama Zaisan Networks, have given us an overview of the situation in Japan and abroad, sharing their views on issues for the growth of AZN Group. The following is a summary of the key points for the further growth of AZN, as highlighted by the dialogue between these two experts in economics and management.

Expanding consulting revenue is fundamental to corporate growth

Improving property consulting capabilities through the use of technology

As a consulting firm, we believe that securing excellent human resources and improving our property consulting capabilities are our lifelines. Analog consultant training systems are sure to result in slow growth and limited increases of productivity. We must constantly strive to improve our property consulting capabilities and quality by utilizing the latest technologies (DX, AI, Big Data, etc.).

To this end, it is essential that we further upgrade the **ART system**, which systematizes AZN Group's hard-won expertise, and that our consultants utilize the system consistently. Development of the **ART system** to utilize Big Data and AI as well as accumulating and analyzing client data is an urgent task. In order to develop consulting tools that utilize next-generation technologies to solve complex social issues and to constantly diversify our property con-



Outside Director
Haruo Shimada

sulting capabilities, it will also be necessary to train up an R&D division in the future.

Promoting the advancement of women

In today's industrial society, diversity of human resources is becoming more and more important, and it has been proven that this leads to corporate innovation in terms of both quality and quantity, which in turn leads directly to corporate development and increased productivity. At AZN, we believe that diversity is also necessary to revitalize the organization and increase productivity. In order to provide consulting services that fully meet the needs of our clients, it is important to secure excellent human resources and ensure women take on active roles. Expanding our count of female directors and female consultants is essential for AZN Group's growth. We hope to achieve this as soon as possible. The Sustainability Committee engages in committed discussions on developing a work environment in which women can work in an ongoing fashion, and through the Board of Directors, AZN supports the steady implementation of specific activities for women.

We believe that creating a rewarding work environment in which a diverse workforce can maximize its abilities, as well as a consultant training system, will enable us to increase revenues from our property consulting services for mid-sized corporate owners nationwide and asset owners in the Tokyo metropolitan area, who represent the main focus of our Group.

Developing consulting in non-property fields

Business succession has become a social issue due to the aging out of managers and the lack of successors, but we believe that a "Japanese-style family business" for ultra-wealthy and long-lived companies has great potential to contribute to the growth of Japanese companies. Japanese family businesses have a long tradition of family management, and they tend to cherish family unity, family

precepts, and philosophy. We believe that it is not possible to provide consulting services for family businesses in Japan without understanding Japan's unique approach to family relationships and business, and that even if adopted, overseas examples of family business would simply not be successful.

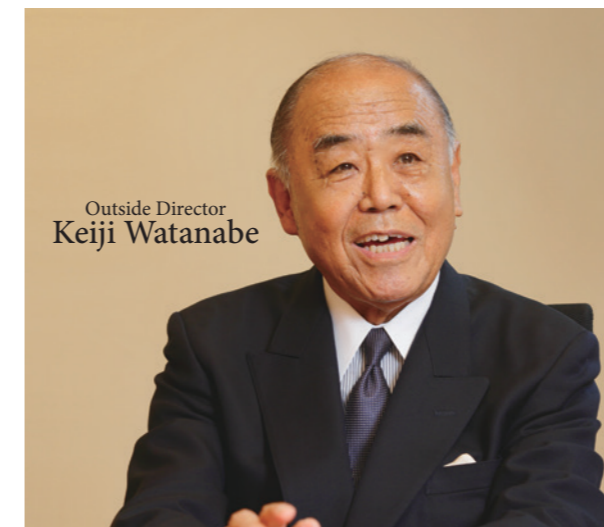
We have over 30 years of experience in consulting with clients on their property and business succession matters, and have a thorough understanding of family business in Japan. We have also worked hard to promote the establishment of the Aoyama Family Office Service in 2021 by appointing family business experts to the Board of Directors. AZN believes that our comprehensive property consulting services in both property and non-property fields demonstrate the uniqueness and diversity of our Group.

We continue to build consulting expertise in non-property fields as well, which we believe will lead to stronger contact with the ultra-wealthy through the provision of family business services, and beyond that, to property consulting.

Growth of real estate solutions

We observe significant growth potential for consulting services that leverage our strengths in real estate solutions, such as the **Advantage Club**, AZN Group's mainstay consulting product, provision of income-producing real estate properties, and effective real estate use consulting. Demand for AZN's ability to expertly identify properties and seamlessly handle purchases, holding, management, and sale of income-producing real estate is expected to continue to grow, and the demands of our Group's clients will continue to expand.

We also engage in a wide range of initiatives to contribute to the Sustainable Development Goals (SDGs), including the long-term preservation and effective utilization of our clients' assets. In this context, Japan has strong needs for regional development through the utilization of idle land, and our Group has a proven track record of



Outside Director
Keiji Watanabe

public-private partnerships in this domain through application of the Act on Specified Joint Real Estate Ventures. With respect to decarbonization initiatives, we believe that growing social demands can be met using solar power generation and other technologies, and by continuously providing environmentally friendly real estate, which will lead to long-term preservation of assets and stable revenue for our clients. We believe that by developing initiatives for decarbonization for **Advantage Club** properties, which have been significantly expanded since the previous fiscal year, we can both meet client demands and contribute to society.

Flow of expanding operational demands

In Japan, the Kishida administration's **New Capitalism** plan for action has formulated the Doubling Asset-Based Income Plan, which is expected to reinforce the trend away from savings and toward investment. Although Japan lags behind the rest of the world in asset management, AZN plays a role in expanding investment opportunities for Japanese asset owners and corporate owners, and undertakes comprehensive management of assets.

In addition to real estate solutions, which are AZN Group's forte, Aoyama Financial Service was established in 2020 to provide client-focused financial instrument consulting services, and AZN has put in place a system for providing investment management services. In addition, the revision of the Financial Instruments and Exchange Act in 2020 made it possible to issue digital securities. Our Group has plans to provide a service to enable the purchase of income-producing real estate properties in small amounts, 24 hours per day, 365 days per year, through a STO (Security Token Offering) initiative that utilizes blockchain technology. We expect this to create new investment opportunities for our clients, thereby increasing revenue prospects for our Group.

Although the Japanese economy has lagged behind global economic development for the last 30 years or more, Japan's aging population represents a significant stock of tangible and intangible assets. The cornerstone of AZN Group's growth strategy for the future will be to pursue contact with the wealthy in our aging society and maximize asset value from a global perspective, while adopting best practices from around the world, with a view to utilizing the assets of wealthy individuals around the world.

AZN is seeking to achieve further growth by offering this diverse range of services, and by fully embracing **interpersonal skills** as the foundation for property consulting, as well as driving forward with technology through the use of DX and AI. We anticipate ample growth, moving toward our long-term vision of becoming Japan's No. 1 comprehensive property consulting firm supported by clients who know, "When it comes to property, it's Aoyama Zaisan Networks."

Our Sustainability

Sustainability management

Instituting the Sustainability Committee

As we aim to be the best partner for our clients, not only in this generation but also of the next generation and the following generations, under our slogan of **100-year property consulting**, we believe that succession, operation, and management to sustain and improve significant assets is an essential aspect not only for our clients but also for our group's corporate activities.

For this reason, in February 2022, in line with the Third Medium-Term Management Plan, AZN Group instituted the new Sustainability Committee in conjunction with the Board of Directors with the aim of further improving corporate quality as a sustainable company based on Environmental, social, governance (ESG)/sustainable development goals (SDGs) approaches.

The Sustainability Committee seeks to construct a foundation for sustainable growth by managing and evaluating the progress of targets set by the Board of Directors, while at the same time overseeing and monitoring sustainability policies, strategies, and actions. Members consist of Representative Directors and full-time Directors, with the President serving as Chair of the Management Committee and myself, a Director, Managing Executive and General Manager of the Administration Division, serving as Executive Director of the Committee.

The Sustainability Committee is responsible for proposing and promoting specific activities for improvement, based on various themes and perspectives including Promotion of TCFD, Instilling Management Philosophy and Strengthening Human Resources, Changing Work Styles, Social Contribution, and Strengthening Governance. Each subcommittee discusses certain issues and seeks to implement solutions. TCFD handles climate change response, etc. Instilling Management Philosophy and Strengthening Human



Masayuki Yagi
Executive Director, Sustainability Committee
Director, Managing Executive Officer
General Manager of Administration Division

Resources handles management philosophy, education systems, recruitment strategy, etc. Changing Work Styles handles company-wide efficiency of meetings, opportunities for women to play more active roles, health management, etc. Social Contribution handles social contribution activities, etc. Strengthening Governance handles redevelopment of internal regulations, information security, etc.

The members of each subcommittee are selected by the Executive Director from among personnel at related departments. Each subcommittee sets goals and plans for achieving these goals, and undertakes activities through a process of repeated discussion and verification.

● Objectives & operations

Objectives	<ul style="list-style-type: none"> In line with the Third Medium-Term Management Plan, AZN instituted the new Sustainability Committee in conjunction with the Board of Directors with the aim of further improving corporate quality as a sustainable company based on ESG/SDGs approaches. Under this Committee, subcommittees have been established to promote specific improvements on common themes for improving corporate quality across the entire company.
Operations	Committee Director: President
	Executive Director: Director, Managing Executive Officer, and General Manager of Administration Division
	Committee Members: Director, Managing Executive Officer, and General Manager of Real Estate Division; Director, Managing Executive Officer, Consulting Business Supervisor and General Manager of NSS Business Division; Director, Managing Executive Officer, and General Manager of Business Division

● Subcommittee activities divided into 5 segments

Promoting TCFD	Instilling Management Philosophy and Strengthening Human Resources	Changing Work Styles	Contributing to society	Stronger governance
[SDGs]	[Quality of interpersonal skills]	[Quality of work styles]	[Quality of social contribution]	[Quality of protection]

A process of identifying materiality

We make every effort to solve our clients' asset-related problems, based on our management objectives of contributing to the happiness of our clients through the succession, operation and management of property, and ensuring both the physical and mental well-being of those members who work with us.

On the other hand, environmental and social risks have continued to escalate in recent years—as well as financial issues, we should conduct our business while incorporating non-financial issues in light of ESG in management

strategies and prioritizing harmony with stakeholders, so that we can maintain sustainable growth.

For this reason, in FY2020 AZN Group identified as high-priority issues both project-related materialities such as **reducing the environmental impact of buildings**, and business infrastructure-related materialities such as **human resource development** and **corporate governance**. In identifying materialities, we identify social issues likely to exert significant impact on our company and on society, based on the steps shown in the diagram below.



● ESG / SDGs initiatives

E Environment	S Society	G Governance
<ul style="list-style-type: none"> Reduction of environmental load of buildings Transition to decarbonized society Climate change actions and GHG reduction Response to climate change Water security management Waste reduction 	<ul style="list-style-type: none"> Human resource development Human rights in labor environment and human rights due diligence Diversity promotion Engagement with local community 	<ul style="list-style-type: none"> Corporate Governance Anti-corruption policies & practices

< Relevance of SDGs to Group business >

SUSTAINABLE DEVELOPMENT GOALS

Our Sustainability

Sustainability management

Materiality Policies & Initiatives

AZN aims to address ESG issues by realizing the strategies outlined in its Third Medium-Term Management Plan, which starts in 2022. As a comprehensive property consulting company that supports the enduring development of our clients' valuable assets and businesses, we are committed to realizing our management objective of "Contributing to the happiness of our clients through the succession, operation, and management of property" by providing environmentally friendly products and services

to resolve property-related concerns, as well as our efforts to reduce environmental impact in response to climate change.

As an advocate of **100-year property consulting**, AZN needs to build on the foundation of human resource development, the source of our consulting services, to ensure its own sustainable growth. In 2022, we have also established a Sustainability Committee and committed to company-wide efforts to realize a more sustainable society.

E Realizing a decarbonized, recycling-based society

AZN Group is engaged in business activities utilizing energies from land and other natural resources, and we recognize that addressing climate change is an important management challenge with a considerable impact on our business continuity. We also believe that CO₂ emissions associated with our real estate operations and other business activities have a significant impact on climate change, and thus we consider these a major risk. To this end, we prioritize environmentally friendly initiatives for their ability to contribute to enhancing asset value and resolving social issues, and we will work to meet the needs of both clients and tenants. The Sustainability Committee will continue to study the current circumstances, utilizing

the TCFD framework on climate change to improve information disclosure and transparency in order to achieve a more sustainable society.

Current initiatives	<ul style="list-style-type: none"> Switching to environmentally friendly facilities and clean energy-based electricity for Advantage Club
Future initiatives	<ul style="list-style-type: none"> Promoting water conservation and waste reduction in conjunction with Advantage Club tenants Promoting the use of environmentally friendly materials, paints, equipment, etc. by incorporating ESG perspectives into our analysis of current situations and recommendations for land use and construction support Promoting buildings and urban development that are considerate of water environment conservation Reducing waste and greenhouse gas emissions

S Realization of society that supports (the success of) diverse talents

AZN Group considers **human resources** among its most valuable management capital, and believes that improving the interpersonal skills and diversity of its employees are key themes in order to contribute to clients and to society. In addition to initiatives to improve interpersonal skills within the company, we will strengthen initiatives that will help improve interpersonal skills through our employ-

ees' own social contribution activities. Employee diversity is also a crucial aspect of appreciating the diverse values of our clients and solving the property issues that exist in modern society. To promote diversity, we will continue to create a pleasant working environment for women and other diverse human resources. We believe that by respecting the individuality and autonomy of our employees

Case 1 Supporting the establishment and operation of foundations

Establishing a foundation is one way that assets can be used to contribute to society. However, without specialists in building managerial systems and in operating and managing assets, sustainable management can be difficult.

At Aoyama Zaisan Networks, by utilizing our expertise in the operation and management of property and business succession, as well as our internal and external networks, we support our clients in passing on their assets and philosophy to the next generation through foundations.

For example, we supported the establishment and operation of a foundation providing scholarships to students from orphanages in order to realize a client's desire to support children not afforded educational opportunities for economic reasons.

We have also introduced an operations and management system that provides guidance and checks to ensure that students are able to use their scholarship funds appropriately, and we conduct thorough follow-ups together with our client after establishment. Creating opportunities for higher education enables children to dream and hope for the future.

AZN has also been involved in establishing and operating other foundations for various purposes, including supporting human resource development in the fashion industry, laying the foundation for enjoyment of classical music, and conducting educational science experiments in the field. We intend to continue helping to connect the hearts and minds of our clients by utilizing our group's hard-won expertise.

and constantly providing opportunities for self-improvement and personal growth, we can grow into a company

Current initiatives	<ul style="list-style-type: none"> Instilling our management philosophy through corporate philosophy training and morning meetings conducted by President Hasumi himself Enhancing consultant training programs such as ART system training and the Consulting Education Center Encouraging the use of parental leave Expanding the contract employee system to allow employees to continue working after the mandatory retirement age of 65 Giving donations and other support to medical associations and institutions
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capable of evolving with social change and our clients' needs, and thus contributing to our clients and to society.

Future initiatives	<ul style="list-style-type: none"> Expanding donations to organizations dedicated to eradicating pet euthanasia, promoting subsidized children's cafeterias, etc., and offering support through volunteer activities undertaken by our employees Promoting advancement of women (increasing the percentage of female employees from approximately 30% to 40%, and the percentage of female managers from approximately 18% to 30%) Maintaining the work environment Enhance consultant training by using external educational institutions Training up management personnel
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S Business activities with emphasis on partnerships

As a comprehensive property consulting firm, AZN Group recognizes our engagement with local communities is one of the important agenda in terms of resolving social challenges and protecting property. With our mission, "To remain your best partner in 100 years," we strive to contribute to our clients' happiness through the succession, operation, and management of property. We regard local communities as a foundation for the life of all people including our clients, their families, and the companies and employees they value, as well as a foundation for social and economic activities and for leading happy lives. To

ensure that our clients can live happily and that the value of their assets in local communities continues to increase, we are committed to engaging with local communities.

Current initiatives	<ul style="list-style-type: none"> Contributing to welfare through land utilization and construction support for childcare facilities and seniors facilities, as well as attracting hospitals, clinics, and other facilities of high public benefit Creating mechanisms to give back to society by supporting the establishment of foundations Contributing to urban development and regional job creation by collaborating with partners (public organizations, financial institutions, and companies) on regional development projects
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G Continuing improvement in governance

Recognizing corporate governance as an important management mechanism to make transparent/fair and speedy/decisive decisions, AZN Group is actively committed to it. In line with this policy, activities are undertaken appropriately, including the Nominating Committee's determination of director candidates, the Compensation Council's deliberations on executive compensation, and evaluation of the effectiveness of the Board of Directors. For the purpose of practicing fair and bona fide management in compliance with laws, we have established the Compliance Committee

consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys) as a structure to further compliance with laws and corporate ethics.

Current initiatives	<ul style="list-style-type: none"> Establishing appropriate managerial structures for AZN Group by instituting a Nominating Committee and Compensation Council to determine director candidates, as well as succession planning, etc. Operating the Compliance Committee and a fair and transparent Compensation Council to advance legal compliance
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Case 2 Achieving construction of a senior citizen's facility through subsidies

Beyond making effective use of their property, many of our clients want to actively contribute to society as representatives of their communities. In one such case, this desire was realized by becoming the owner of a senior citizens' facility for which the local municipality had publicly sought applications.

Just as Aoyama Zaisan Networks was seeking effective applications for use of our client's land, an open call for business operators to run a senior citizens' facility was announced. Although the application deadline was only about a month away, these open calls are held on a regular basis. In order to help realize the clients desire to contribute to the local community, AZN had been considering ways to make effective use of the land, including the possibility of such public offerings.

After performing a detailed business income and expense simulation, we recommended a complex combining a small-scale multifunctional facility with a group home for elderly persons with dementia. After the applications were reviewed and public bidding was conducted, our group's proposal was selected. The review process was more difficult because this was a subsidized project, but the fact that our proposal cleared the review was evidence that the proposal, including its sustainability, had been highly evaluated, which reassured the client. We also provided support for selecting business operators and signing contracts to ensure that the project would be sustainable.