

Message from the Sustainability Committee

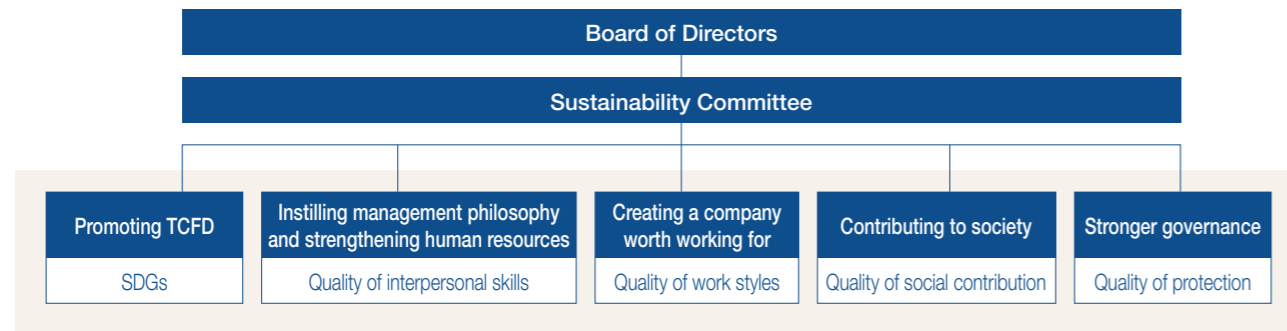
AZN aims to address ESG issues by realizing the strategies outlined in its Third Medium-Term Management Plan, which commenced in 2022. As a comprehensive property consulting company that supports the enduring development of our clients' valuable assets and businesses, we are committed to realizing our 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. Led by the Sustainability Committee, we are committed to company-wide efforts to realize a more sustainable society. The Sustainability

Committee manages and evaluates the progress of targets set by the Board of Directors, while at the same time overseeing and monitoring sustainability policies, strategies, and actions. Its members are made up of the President and Managing Executive Officers of the Company.

The Sustainability Committee has five subcommittees including Promotion of TCFD, Instilling Management Philosophy and Strengthening Human Resources, Creating A Rewarding Workplace, Social Contribution, and Strengthening Governance. It is responsible for proposing and promoting specific activities for improvement, based on various themes and perspectives. 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.

● System for promoting sustainability



A process of identifying materiality

In 2020, the 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.

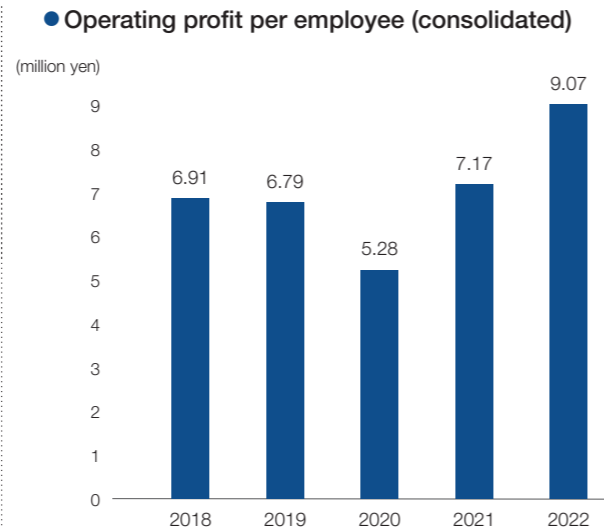


Three areas of materiality and initiatives of the Group

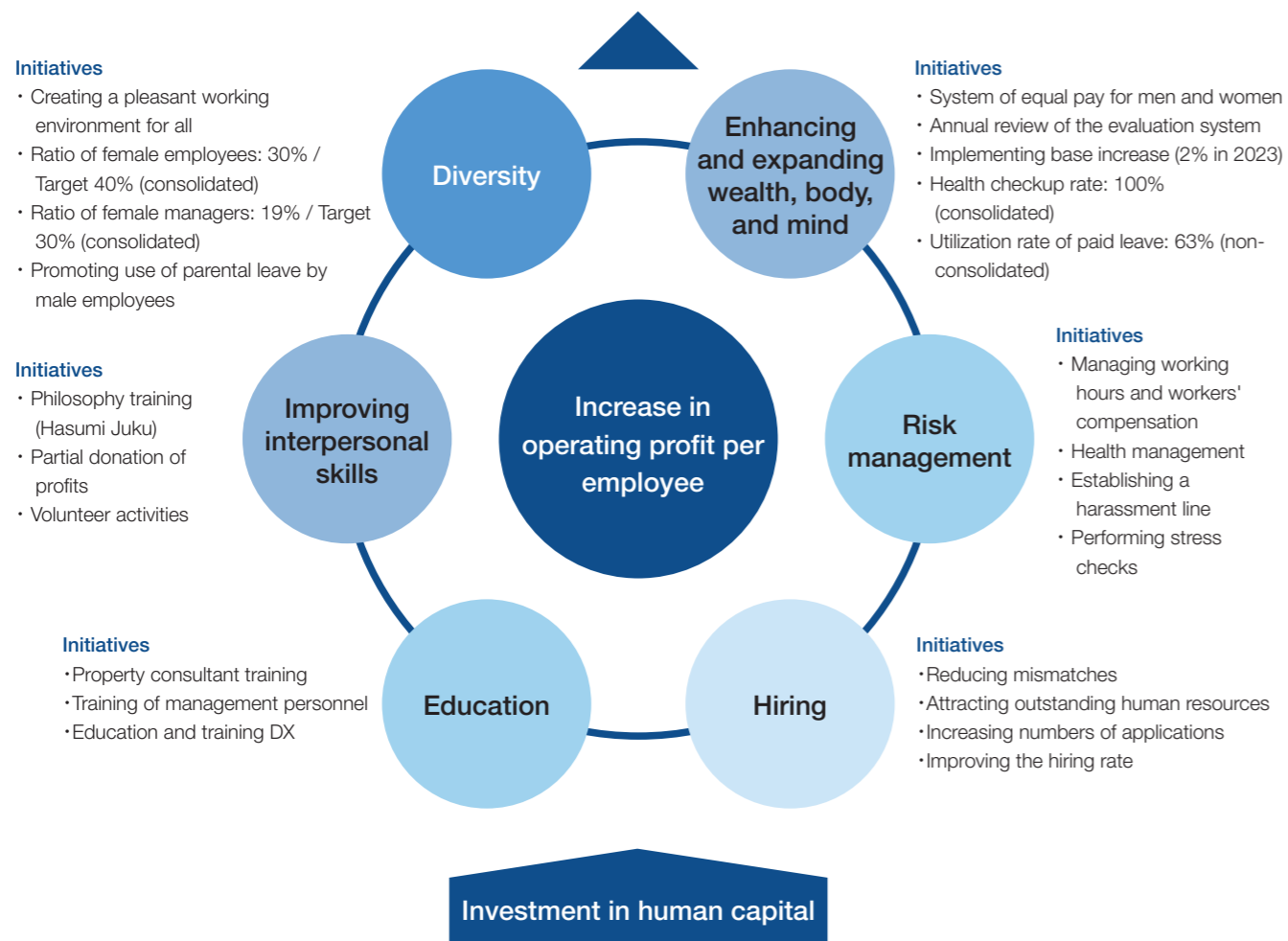
	2022–2023 Initiatives	Relevance to the SDGs
<p>E Environment</p> <p>Realizing a decarbonized, recycling-based society</p>	<p>We recognize that addressing climate change is an important management issue that affects business continuity. In particular, we view CO₂ emissions from real estate-related business activities as a major risk impacting climate change. To this end, we prioritize environmentally friendly initiatives for their ability to contribute to enhancing asset value and resolving social issues.</p> <p>Current initiatives</p> <ul style="list-style-type: none"> Switching to environmentally friendly facilities and clean energy-based electricity for Advantage Club Endorsement and disclosure of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) <p>Future initiatives</p> <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 	
<p>S Social</p> <p>Realizing a society that supports (the success of) diverse talents</p>	<p>In addition to reinforcing employees' own efforts to improve their interpersonal skills through social contribution, the Group is committed to promoting diversity and establishing a pleasant work environment for women and other diverse human resources, which is crucial to accepting the diverse values of customers and resolving property issues.</p> <p>Current initiatives</p> <ul style="list-style-type: none"> Instilling our management philosophy through morning meetings and corporate philosophy training conducted by President Hasumi himself Enhancing consultant training programs such as ART system training and the Consulting Education Center Promoting the use of parental leave Expanding the contract employee system to allow employees to continue working after the mandatory retirement age of 65 Donating a portion of profits to organizations dedicated to eradicating pet euthanasia, promoting subsidized meals for children, etc., and offering support through volunteer activities by employees Strengthening management training through the use of external educational institutions Implementing a health management declaration and 100% health checkup rate <p>Future initiatives</p> <ul style="list-style-type: none"> Expanding support for organizations dedicated to eradicating pet euthanasia, promoting subsidized meals for children, etc. Promoting advancement of women (increasing the percentage of female employees from approximately 30% to 40%, and the percentage of female managers from approximately 19% to 30%) Maintaining the work environment Enhance consultant training by using external educational institutions Training up management personnel Further health management, including promoting opportunities to exercise and offering dietary guidance Implementing volunteer activities for clean-ups in the Minato City area 	
<p>Business activities with emphasis on partnerships</p>	<p>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 customers can live happily and that the value of their assets in local communities continues to increase, we are committed to engaging with local communities.</p> <p>Current initiatives</p> <ul style="list-style-type: none"> Not only contributing to welfare through land utilization for childcare facilities, seniors facilities, hospitals, clinics, and other facilities of high public benefit, but also contributing to the revitalization of local communities through real estate utilization, such as attracting commercial facilities. 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 such as public organizations, financial institutions, and companies on regional development projects 	
<p>G Governance</p> <p>Continuing improvement in governance</p>	<p>The Group recognizes corporate governance as an important management mechanism to make transparent, fair, rapid, and decisive decisions. Director candidates are determined by the Nominating Committee, executive compensation is deliberated upon by the Compensation Council, and the effectiveness of the Board of Directors is evaluated. We have also 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.</p> <p>Current initiatives</p> <ul style="list-style-type: none"> Establishing appropriate managerial structures for the 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 	

Approach to human resources strategy and investment in human capital

In our Group, **human assets (capital)**, from which our consulting services stem, is an extremely important form of management capital. By improving the interpersonal skills of our employees and their capabilities to provide high-quality services, as well as increasing the diversity of our employees, we can respond to the diverse values and requests of our clients and offer further value-added property consulting services. Investing in human capital means investing in our business base and its foundation of sustainable management, which is essential for the Group's ongoing sustainable growth. We monitor operating profit per employee as an overall measure of return on investment in human capital. We seek to improve operating profit per employee by making progress in various measures related to human capital.



Achieving sustainable growth for the Aoyama Zaisan Networks Group



Endorsement of TCFD

The Group has declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The 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 prioritize environmentally friendly initiatives for their ability to contribute to enhancing asset value and resolving social issues, and we aim to meet the needs of both clients and tenants.



Governance

The Group's Board of Directors deliberates and decides on policies and important issues related to the overall issue of addressing climate change.

Strategy

We conduct analysis of risks and opportunities in the value chain in the real estate industry (small-lot real estate products), taking into account business characteristics and the surrounding environment, including political, economic, and social conditions, and we conduct scenario analysis of the impact of each risk on business.

Risk management

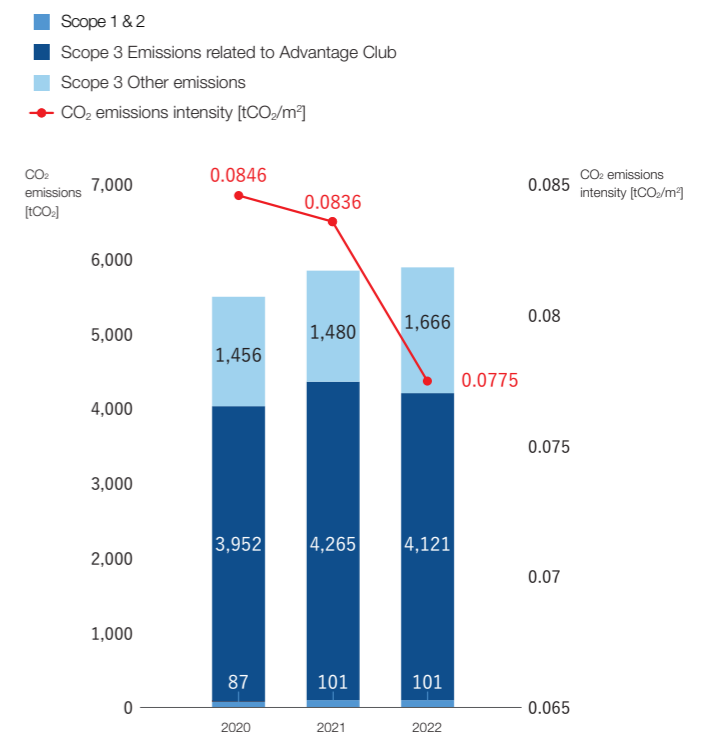
The Sustainability Committee oversees climate change risks and opportunities from a medium- to long-term perspective for the entire Group, and performs supervision and monitoring in cooperation with the Board of Directors, with the results reflected in management strategy.

Indicators and targets

The total CO₂ emissions of our Group have been increasing due to the expansion of our business and increases in the number of employees. However, by introducing energy-saving equipment and changing power contracts to a carbon-free plan, we have been reducing CO₂ emissions per square meter (CO₂ emission intensity).

Our CO₂ emission reduction targets for 2030 and 2050 are currently under consideration. We will continue to address climate change risks by extending and expanding measures to curb emissions through ongoing TCFD disclosures.

● Changes in CO₂ emissions [tCO₂]



● Total CO₂ emissions ratio (2022)

