

Sustainability Report 2022



| Message from the President |



Keiji Nishie Chairman and Representative Director VECTOR INC.

Making People Happy by Delivering Excellent Products, Services and Solutions to the World

The VECTOR Group has been providing diverse value to society since its inception, guided by its vision of "Making People Happy by Delivering Excellent Products, Services and Solutions to the World." From our founding onward, we have expanded our business based on the concept of being a "Fast Company" that leverages cutting-edge communication methods to spread the word about the outstanding products and services of our clients with speed and efficiency. We have a customer base of over 60,000 companies, are based in 18 locations including overseas, and have roughly 1,300 employees across the Group.

Through these extensive business operations, we engage with a wide range of stakeholders, including client companies, partners, shareholders, and employees, while having a significant involvement in the lives of people and society. In light of this, we believe that we have an important social responsibility.

In recent times, the business environment has undergone dramatic change due to the COVID-19 pandemic and digitalization, while the severity of climate change and environmental issues is also intensifying. Against this backdrop, we are working to contribute to sustainability from the perspective of the Sustainable Development Goals (SDGs) and fulfill our corporate social responsibilities.

By constantly taking on new challenges and continuing to discover value and ways of contributing that only the VECTOR Group can provide, we will strive to be a sustainable business.

| Management Philosophy |



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Vector Group









| Approach and Philosophy |



Saori Kiryu
Sustainability Committee Chairperson
Executive Vice President of VECTOR INC.
and President of Platinum Inc.

SDGs/ESG Philosophy

The VECTOR Group strives to raise awareness of the importance of the SDGs and ESG and create happiness for all stakeholders by spreading its initiatives, and those of many other companies, throughout the world.

To realize our Group Vision of "making people happy by delivering excellent products, services and solutions to the world," we have based our sustainability policy on the philosophy of "spreading SDGs and ESG initiatives throughout the world to create happiness for all stakeholders."

Due to the impact of COVID-19, what was "normal" in our lives has changed, leading to discontinuity. To adapt to this environment, we must accelerate the development of our business, staying a step ahead of change with an eye on the future.

As our main form of business is PR, we believe that we can contribute to the SDGs and ESG in Japan through supporting and communicating to the world not only about our own SDGs and ESG initiatives, but also those of our customers—the client companies of the VECTOR Group. To achieve this, human resources are essential. By changing the way we work to adapt to the times and by having diverse range of employees, we can provide services for the modern age and solve social issues.



| Materiality (Priority Issues) |

Themes	Initiatives	SDGs Targets
SDGs/ESG PR Consulting	 Contribute to society by striving to enhance value of our clients through the PR Business and by providing SDGs/ESG consulting. In addition, aim to provide SDGs/ESG consulting to 500 companies and ESG scoring services to 300 companies by 2025 in order to raise awareness of the importance of SDGs and ESG and create happiness for all stakeholders by spreading the initiatives of the VECTOR Group, and those of many other companies, throughout the world. 	17 PARTINERSHIPS FOR THE GOALS
Creation of innovation by supporting venture companies	 Create innovation by supporting venture companies that are actively engaging in SDGs/ESG initiatives. Encourage the resolution of social issues and contribution to society. 	8 DECENT WORK AND ECONOMIC GROWTH 17 PARTHERSHIPS FOR THE GOALS
Development of human resources so that they can become progressive and creative	 Conduct the VECTOR Group's unique professional training program for the purpose of developing PR professionals and creating a flexible system for career progression. Support career development through ongoing training and develop human resources, enabling them to become progressive and creative. Create a framework for developing entrepreneurs by conducting education on ventures and supporting people in starting businesses. 	3 GOOD HEALTH AND WELL-BEING
Promotion of D&I	 Listen to all voices and foster a culture of belonging and trust where everyone has a place to be themselves. Link this culture to the promotion of diversity, inclusion, and belonging. Promote women's empowerment, the expansion of activity overseas, and the appointment of employees with diverse backgrounds. 	5 GENDER 10 REDUCED HEQUALITIES
Formation of an equal society	 Together with our investee company Syogaisha Koyo Bank, raise awareness about the advancement of employment for people with disabilities. Aim to realize sustainable growth as a group and a society that gives equal opportunity. 	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED 17 PARTNERSHIPS FOR THE GOALS 18 DECENT WORK AND LECONOMIC PROPERTY FOR THE GOALS
Contribution to the environment	Contribute to realizing a sustainable society by making disclosures on and commitments to climate change risks, rolling out business that reduces environmental impact, and changing the awareness of employees.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE SO IN LAND 15 LIFE ON LAND 16 ON LAND



| Materiality Identification Process / Philosophy Chart |

Materiality Identification Process

Selection of material issue candidates Step For the selection, use the SDG indicators, which are goals that represent important social issues and the theme of global sustainability. **Evaluation of business relevance** Step Evaluate the selected material issue candidates according to 2 their level of relevance to the business activities of the VECTOR Group. Classification of material issues Step Evaluate the candidates in regard to their business relevance 3 and formulate material issues for the VECTOR Group. **Determine important themes** Step Establish six important themes for the VECTOR Group. Incorporate feedback from stakeholders and carry out regular reviews.

Materiality Philosophy Chart





| Sustainability Promotion Framework |

Sustainability Committee Overview

Goals

- · Improve synergy and efficiency between different departments and unify them under shared goals.
- · Strengthen corporate governance.

Roles

- Formulate basic sustainability policy, develop operational structure, set up and deliberate targets.
- · Conduct research and information gathering, and report them during executive meetings and board meetings.

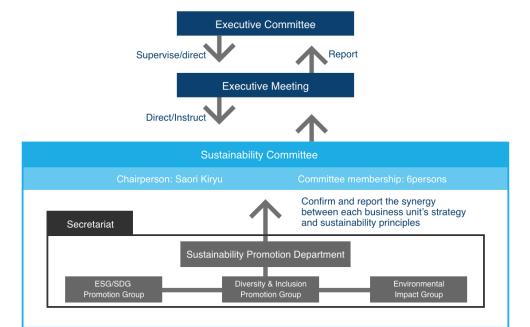
Organization

- · Appoint Saori Kiryu as chairperson for sustainability committee.
- · Organize memberships suitable for the responsibility of managing sustainable management.

Organization	Members	
Chairperson	Vector Inc. Executive Director and Platinum Inc. President Saori Kiryu	
Committee Members	- Executives : Yosuke Goto - IR : Shinsule Yoshida - Legal : Yoshitaka Yamada - Planning : Shinsule Yoshida - ESG : Jun Okita	
Observers	- External Director - Auditor	
Secretariat	- Sustainability Promotion Department - ESG/SDG Promotion Group/POC : Jun Okita - Diversity & Inclusion Group/POC : Yuko Nishie, Nahoko Shimizu - Environmental Impact Group/POC : Yuko Hirabayashi	

Sustainability Committee Organizational Structure

Established the Sustainability Committee for the realization of a sustainable society



Sustainability Report 2022 **Vector Group**



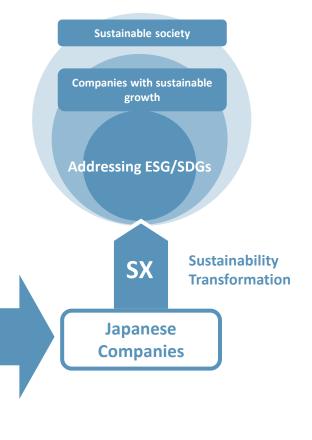
| ESG Business Overview |

The VECTOR Group has launched its ESG Business based on an industry-academia collaboration with Kyushu University. In this business, we are promoting to society an ESG scoring service, which brings innovation to corporate valuation, and sustainable management that combines PR and IR for enhancing corporate value.

Research / Analysis 九州大学

vector 💢







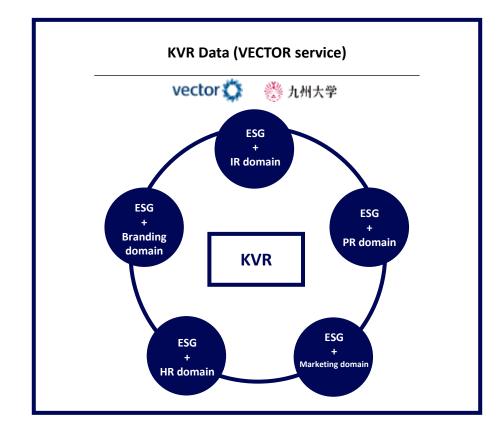
Expanding business across multiple domains as an industry-academia collaboration project



Jun Okita
ESG Business Division, Group Public Relations Office,
VECTOR INC.
Director of News Technology, Inc.

The VECTOR Group's ESG Business collaborates with Professor of Kyushu University, Shunsuke Managi, who is engaging in leading research and specific activities in the domain of ESG investment. The business is centered on an industry-academia collaboration project for developing services connected to ESG investment.

Linking various types of data related to areas such as climate change, workstyles, and employment, the project aims to develop business across multiple domains, including the domain of marketing for ESG scoring; the domain of sales for the selling of ESG scoring data; the domain of content production, which focuses on integrated report production and event/conference management; and the domain of finance, which provides indicators based on ESG scoring and indexes to institutional investors.





ESG service

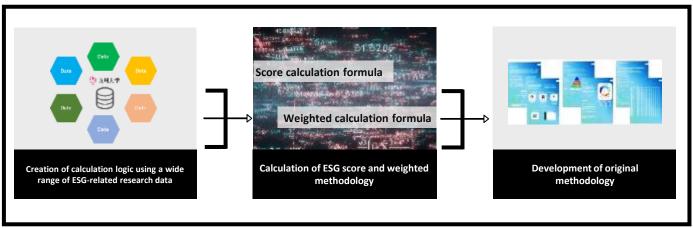
Development of an ESG scoring service harnessing Japanese language processing capabilities through a collaboration with Kyushu University

The idea for the ESG Business was born in February 2020 when the VECTOR Group was contacted by a student attending a seminar for working adults conducted by Professor Shunsuke Managi of Kyushu University. Proceeding in VECTOR's ultra-efficient fashion, an industry-academia collaboration agreement was entered in March of the same year and the launch was announced the following month, in April.

Central to the business was the development of a comprehensive platform for ESG scoring with advanced Japanese language processing capabilities. The proof of concept (PoC) has since been completed, and provision of the scoring service is now underway.

While ESG scoring tools with AI that analyzes data in English are frequently used, we believe that our ESG scoring platform, which combines the capabilities of the VECTOR Group and Kyushu University, can spread awareness and understanding of the ESG investment initiatives of Japanese companies and be utilized to improve communication that enhances corporate value.







Professor Shunsuke Managi



Professor Shunsuke Managi

Distinguished Professor of the Graduate School of Engineering of the Faculty of Engineering,
Director of the Urban Institute, Kyushu University
Head of the Subcommittee on Sustainable Investment, Science
Council of Japan

Shunsuke Managi is a Professor of the School of Engineering of Kyushu University, with teaching experience at South Carolina State University and Tohoku University. He serves as Assistant to the President of Kyushu University as the person in charge of SDGs and is a Research Institute of Economy Trade & Industry (RIETI) Faculty Fellow. He was awarded the Japan Society for the Promotion of Science Prize and is also a member of the Science Council of Japan (the 25th term). He has also served as a director for the UN Environment Programme's Inclusive Wealth Report 2018, a lead author for the UN Intergovernmental Panel on Climate Change (IPCC), a coordinating lead author for the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), Vice-chair for the OECD Joint Working Party on Trade and Environment, and Co-chair of the World Congress of Environmental and Resource Economists.





"The Future of ESG/SDGs" Discussion Forum

On February 10, 2021, we held a forum titled "The Future of ESG/SDGs," inviting leaders of different industries who are pioneers in ESG management. In the forum, we discussed from various perspectives what Japanese companies should aim for if their goal is management that considers social and environmental sustainability, which is essential for our future. Via an online meeting platform, many people participated in the forum, including those from departments responsible for ESG/SDGs, PR/IR, and branding. Going forward, the VECTOR Group will position ESG and SDGs as a new growth area and will accelerate the development of related business.





"The Future of ESG/SDGs" Discussion Forum











Initiatives Based on Materiality

| Materiality |

Vector Group



SDGs/ESG PR Consulting	Creation of innovation by supporting venture companies	Development of human resources so that they can become progressive and creative
Promotion of D&I	Formation of an equal society	Contribution to the environment



Japan NoHarm Association PR Project





VECTOR has declared that we will work to raise awareness of the importance of ESG and the SDGs, contribute to environmental improvement, and engage in activities that are linked to our materiality. We provide PR assistance to many companies that offer services supporting the promotion of the SDGs.

One organization we manage PR for is the Japan NoHarm Association, which offers services that help to solve the challenges medium and small enterprises face when working to achieve the SDGs, such as those concerning initiatives, content selection, internal dissemination, and PR. The name of the association is based on the idea of causing no negative impact ("no harm") and ensuring no one is hurt ("leaving no one behind"). We hypothesized that if this idea is taken as the main PR theme, it may make it hard for the public to understand the activities that the association is engaged in. We conducted a media audit and examined this hypothesis. This led to the adoption of NoHarm's SDGs consulting business as the main theme of the PR roadmap, which is an area where it has been focusing efforts.

On February 1, 2021, "Sustainability Growth Checkup" (noharm®) was launched following extensive brainstorming with NoHarm, which covered all aspects of the service, from its concept, to its naming, and launch. Medium and small businesses must strictly examine costs in regard to services such as SDGs certification. By pursuing a solution that could be easily implemented by these businesses and a presentation method and PR context capable of expressing the simplicity and convenience of the service, we also gained high praise from NoHarm for our effective PR work. For PR in the SDGs certification and consulting industry, business networking support is vital. Through our introduction, NoHarm became certified as a partner in the "ONE SHIP" business partner program by SoftBank Corp. We have also supported NoHarm in entering partnerships with major corporations, including TSUMURA & CO and the specialist *okonomiyaki* (Japanese savory pancake) restaurant operator BOTEJYU Group. Through fully leveraging our broad PR expertise and providing support for building our client's reputation, we are engaging in PR activity that communicates the ideas and strengths of our clients..



Kai Corporation

PR project for the world's first* "Paper Razor™" based on the concept of the SDGs.





Kai Corporation, a comprehensive cutlery company, is promoting sustainable management and producing products that are environmentally friendly to contribute to the world's future. We ran PR for the company's online event, "KAI Edge Museum—Cutting into the Future" and the Paper Razor, a next generation product based on the theme of "environment and future."

Inspired by the momentum in society for realizing a more eco-friendly world and the SDGs, the Paper Razor was designed to contribute to these aspirations. Based on the concept of eliminating plastic and achieving the SDGs, the Paper Razor reduces environmental impact by cutting plastic usage by 98% compared to conventional razors.

Run as a PR event, "KAI Edge Museum—Cutting into the Future," was joined by two celebrities who supported KAI Corporation's SDGs initiatives. In the event, we supported a talk session on discovering the future potential of blades through products designed from new perspectives that differed with KAI's previous designs, and we also assisted in the announcement of the Paper Razor.

A test launch was decided for the Paper Razor, and we supported the product's PR activity. As a result, in March 2021, the product was featured in six television media, two radio media, 19 newspaper media, over 240 online media in both Japan and overseas, and articles in magazines. Amid the rapidly rising interest in ESG and the SDGs, we feel that our role is to not simply promote products as "world firsts," but is to effectively communicate to the media the development stories of products and the underlying ideas and concepts of our clients. To achieve this, we work together with our clients, searching for ways of communicating more accurately and creating the right context every day. We will continue to support our clients as a PR business while ensuring not to encourage the promotion of the SDGs in a superficial way, which is an issue that has become increasingly highlighted in recent times.



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Residence Tokyo CO., LTD.

CEN DIVERSITY HOTEL & CAFE PR Project













We have conducted PR for CEN DIVERSITY HOTEL & CAFE. The building is operated by Residence Tokyo CO., LTD., a real estate company promoting diversity and inclusion with a top-class share in the monthly apartment rental market in Tokyo.

Residence Tokyo engages in business that focuses on diversity and actively accepts foreign tenants at its apartments, which are fully equipped with furniture, electrical appliances, and unlimited Wi-Fi. To assist foreigners who have difficulties with the Japanese language, multilingual staff are always available at the company's headquarters, ready to respond to requests and inquires. CEN DIVERSITY HOTEL & CAFE was created from this idea that aligns with the SDGs.

In July 2019, we ran a PR event at CEN DIVERSITY HOTEL & CAFE, holding a reception party and a media presentation that included a talk show participated in by experts on the topic of LGBT, which was the design concept of the hotel, and Chief Executive Officer of Residence Tokyo, Koji Nozaka. Mainly online, the hotel was featured in roughly 60 articles with the coverage generating advertising value worth approximately ¥40 million.

When conducting LGBT-related PR like described here, our measures are often formulated originating from the thoughts of the client, and we pay careful attention to ensure the communication content does not conflict with the feelings of the parties concerned. Furthermore, if the initiative itself results in misunderstandings in society, it may lead to damaging the client company's image. As a PR business, it is therefore essential that we formulate our communication strategy after thoroughly collecting information and properly examining the facts.



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| ESG service |

Unicharm Corporation

Unicharm "Tiny Lives Support Project"







We ran PR for the Tiny Lives Support Project, an initiative by Unicharm Corporation, which holds "safeguarding the well-being of our planet" as one of its key principles. The Tiny Lives Support Project aims to increase awareness of the fact that approximately one in 10 people are born as low-birth-weight babies (under 2,500 grams), and support the under-weight newborns cared for in neonatal intensive care units (NICUs), the family members who spend time by their side, and the healthcare professionals who strive to support their development.

To spread understanding of the babies cared for in NICUs, and the caregivers, we produced and released a documentary video for Unicharm in 2016, working closely with one particular family. Following a strong reception for the documentary from many women in the child-rearing generation, work on the initiative commenced.

In 2018, Unicharm launched the Tiny Lives Support Project to help create the ideal development environment for infants in NICUs and enable people to support their growth. We created a donation function on the website that promotes the project, making it possible to donate to hospitals and maternity clinics in different regions with NICUs via the Japan DC Research Association. Understanding and support for Unicharm's initiative was received from many people, particularly women in the child-rearing generation.

Since there was a strong social aspect to the project, it was vital to be mindful of balancing third-party objectivity with corporate communication, as well as to have a conviction that the project's philosophy and activities could gain the support of society. This project underscored that more so than delivering short-term results, the ability to work thoroughly over a longer period of time is an important requirement for our PR project members.



ESG service

Vitabrid Japan Inc.

Direct marketing business operator Vitabrid Japan Inc. promotes the achievement of the SDGs through both its core business and through giving back to and supporting each domain it operates in.

Vitabrid Japan Inc. is a direct marketing business operator and subsidiary of VECTOR INC. that promotes the importance of ESG and the SDGs and has linked contributing to the environment to its materiality.

Vitabrid Japan believes it is of key importance to help society through business that continues to provide products and services created from technology and commitment to expand the "possibilities for tomorrow." In addition, the company has established a cycle to ensure that proceeds from production and consumption can be returned to the intended place. For example, the company manufactures products that are derived from the marine environment, customers who purchase those products enjoy the riches of the sea, and those proceeds can in turn be used in the conservation and beautification of the marine environment. In a similar way, part of the proceeds from Vitabrid Japan's products targeting children in their growth period are being used to support the operation of children's cafeterias and educational activities.

The company also continues to focus efforts on environmental activities such as reducing packaging in the production and delivery of products, and the adoption of eco bottles. Vitabrid Japan makes other various efforts to support areas that it cannot work with directly, such as by donating funds to the Japanese Red Cross Society, including for infectious disease countermeasures, and by providing essential items to healthcare professionals and issuing SDGs private placement bonds.





SDGs/ESG PR Consulting	Creation of innovation by supporting venture companies	Development of human resources so that they can become progressive and creative
Promotion of D&I	Formation of an equal society	Contribution to the environment



VECTOR Group Basic Policy on Human Rights

| VECTOR Group Basic Policy on Human Rights |

The VECTOR Group will work to establish a corporate culture that respects people, ensuring that all officers and employees respect each other's diversity, personality, and individuality and never discriminate or tolerate discrimination based on race, religion, nationality, age, gender, gender identity, sexual orientation, disability, or other characteristics, and that do not tolerate harassment that harms the dignity of individuals. In addition, we do not permit any and all forms of child labor and forced labor.

The Group works to promote the respect of human rights and has formulated this policy in accordance with the United Nations Guiding Principles on Business and Human Rights as a guideline to enable us to fulfill this duty.

1. Scope of application

This policy applies to all officers and employees of VECTOR INC. and its subsidiaries.

2. Respect for and compliance with standards, laws and regulations

We will respect international standards on human rights, such as the United Nations International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We will comply with the laws and regulations of the countries and regions where the Group conducts its business activities. Where the laws and regulations of such countries or regions differ with international standards on human rights, we will adhere to the higher standard, and where they conflict with international standards, we will pursue ways to ensure that the international standards are respected.

3. Duty to respect human rights

In our business activities, we will fulfill our duty to respect human rights by not violating the human rights of others and by addressing negative impacts on human rights should they arise.

Through identifying, preventing, and mitigating negative impacts on human rights, we will work to take appropriate remedies and corrective measures in the event that it becomes clear that there are negative impacts on human rights or actions that are encouraging such negative impacts.

We will continue to provide educational and training opportunities regarding various human rights issues both in Japan and overseas to ensure that this policy is understood by officers and employees and becomes well established within the Group. In addition, we will regularly disclose information and engage in dialogue and discussion regarding our efforts to respect human rights with relevant stakeholders.



Supporting flexible work styles for women

Main Systems of the VECTOR Group |

Systems for flexible work arrangements

- Variable working hours
- Discretionary work
- Flextime
- · Short-time system for permanent employees

— Granting of planned annual paid leave —

- Summer leave
- Special leave
- Menstrual leave

Occupational Safety and Health

- Regular medical checkups
- Pre-employment medical checkups

— Family care leave —

- Child care leave system
 - Maternity leave for before and after childbirth
 - Leave for maternity healthcare
 - Reduced working hours for child rearing
 - Sick child care leave
- Nursing care leave system
 - Reduced working hours for nursing care
 - Nursing care leave

Rules of employment for temporary employees Rules of employment for part-time employees

Congratulatory and condolence payments

- · Special payments for marriage and childbirth
- Condolence payment (work and non-work related)
- Injury or illness payment / disaster support payment

Harassment prevention —

- Power harassment
- · Sexual harassment
- Harassment regarding pregnancy, childbirth, or child care leave
- Discrimination regarding nationality, race, ethnicity, social status, religion, ideology, sexual orientation, gender identity, disability, etc.
- Stress check

Manual for overseas assignment Rules for overseas assignment

Telework guidelines
Jury duty leave



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The VECTOR way of working

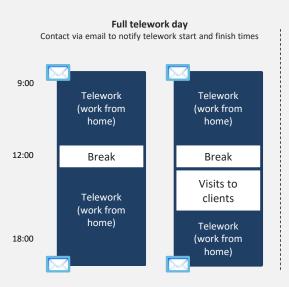
The VECTOR Group entrusts its employees with considerable responsibility and allows them to make their own decisions. It aspires to foster outstanding business people by encouraging employees to grow through creating an environment where each of them can fully demonstrate their potential.

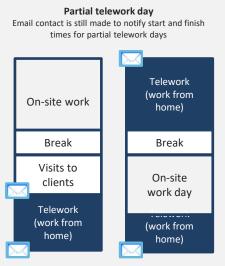
We have also commenced work-style reforms. In addition to the introduction of various leave systems, we are striving to create an environment that enables diverse work styles by developing a framework for working from home, full flextime, discretionary work, and other styles of work.

Reduction in the movement of people through online work

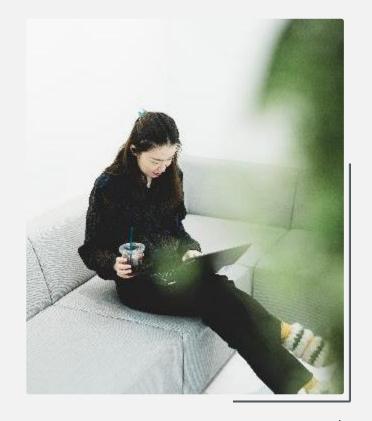
Through utilizing telework and conducting business negotiations and meetings online due to the spread of COVID-19, we have drastically reduced the physical movement among our employees. This has enabled us to cut costs related to the movement and improve the efficiency of our business together with reducing our total CO_2 emissions.

| Communication of start and finish times for telework |

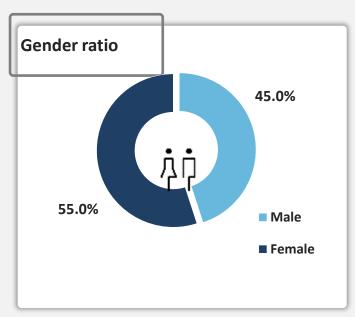


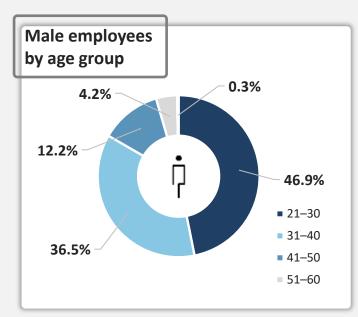


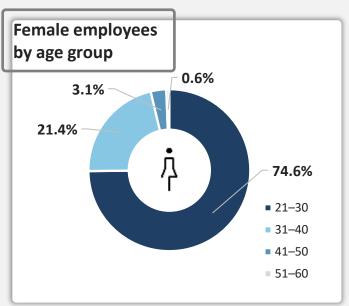


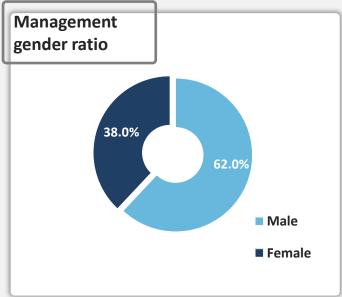


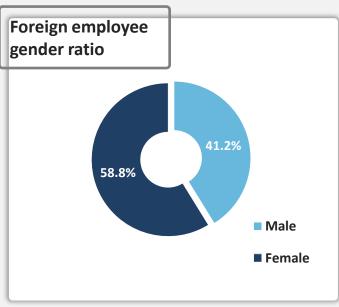


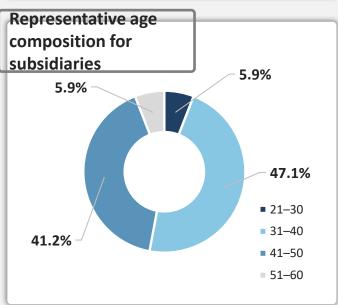














SDGs/ESG PR Consulting	Creation of innovation by supporting venture companies	Development of human resources so that they can become progressive and creative
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Creation of innovation by supporting venture companies

| Support for venture companies that create innovation |

We are supporting business innovation by drawing on our experience gained from assisting our clients' diverse forms of marketing.

In addition, we are investing in venture companies that are actively engaging in SDGs/ESG initiatives.



Contribution to innovation

Investment in venture companies



SDGs/ESG PR Consulting	Creation of innovation by supporting venture companies	Development of human resources so that they can become progressive and creative
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Formation of an equal society

| Promoting the advancement of employment for people with disabilities with the Syogaisha Koyo Bank |

Together with our investee company Shogaisha Koyo Bank, we are promoting the advancement of employment for people with disabilities, aiming to realize sustainable growth as a group and a society that gives equal opportunity.

Partnership with Syogaisha Koyo Bank Donations to people with disabilities / Promoting the advancement of their employment











Donee: Syogaisha Koyo Bank

While there are currently 9.65 million people in Japan who have a disability, only 570,000 (approx. 5%) of them were employed as of 2020. Although the mandatory employment rate for people with disabilities was raised to 2.3% in March 2021, and companies with 43 or more employees are required to employ at least one person with a disability, currently around half of those in Japan have failed to achieve this. At the Shogaisha Koyo Bank, permanently stationed expert career coaches provide health management follow-ups and offer consulting to assist businesses in developing frameworks for the employment of people with disabilities. Companies that lack these frameworks can begin by employing just one person with disabilities. Going forward, we will contribute to the promotion of employment for people with disabilities with the aim of being a company that can transform the world through taking an inclusive approach to work.



SDGs/ESG PR Consulting	Creation of innovation by supporting venture companies	Development of human resources so that they can become progressive and creative
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Human Resource Development

Human resource development program for fostering the business mind—

The VECTOR Group conducts a human resource development program centered on the Group's core PR Business.

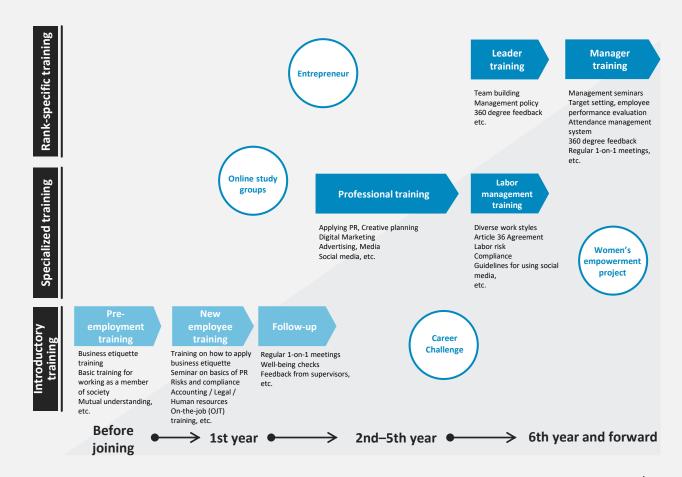
New Employee Training is program that runs for about a month and a half for new graduate employees. In this program we conduct the common trainings which enable employees to learn the basic knowledge and etiquette required of businesspeople as well as seminars on the PR Business and on-the-job (OJT) trainings.

Professional Training is an internal program for fostering PR professionals. It involves seminars based on the theme of best practices in each of the VECTOR Group companies. Content of the seminars relates directly to the work of employees, and they are generally conducted by senior employees.

Entrepreneur Training is a study session where employees with a strong business mindset can freely discuss ideas for new businesses with the President. This has so far led to the creation of many new businesses through utilizing the assets of the VECTOR Group.

In addition to these forms of training, we also conduct Management Training for employees who have been promoted to management positions and training related to labor and compliance as necessary.

| VECTOR Human Resource Development |





Percentage of employees with disabilities | As of June 1, 2020

2.6%

Time spent conducting interviews

589.75 hours

Employees returning after resignation

No. of people	Period	
1	March 1, 2018–February 28, 2019	
2	March 1, 2019–February 29, 2020	
7	March 1, 2020–January 1, 2021	

Career Challenge System

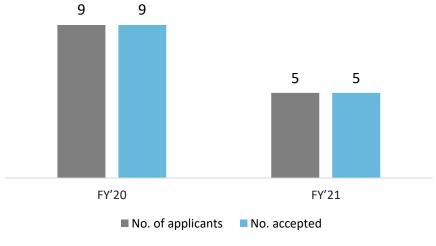
Outline

The career challenge system provides opportunities for employees to transfer to a department of their choice.

Background

The system enables employees to work toward clearly defined goals and further develop by creating opportunities for them to make their own choices.

As types of projects and their degree of difficulty differ across departments, we believe that it can be necessary for employees to change departments in order to take on more challenging roles. We have therefore established the career challenge system to enable employees to apply to transfer departments, so that they can challenge themselves and have a sense of purpose.





SDGs/ESG PR Consulting	Creation of innovation by supporting venture companies	Development of human resources so that they can become progressive and creative
Promotion of D&I	Formation of an equal society	Contribution to the environment



Response to Climate Change

The VECTOR Group is working to reduce greenhouse gases (GHGs) and eliminate waste through its business activities. We will continue to strive to lower the emissions and the environmental impact generated from our main offices in Japan and overseas, and we will make efforts to enhance business efficiency while reducing total CO₂ emissions.

Reducing environmental impact by engaging in cooperative purchase and eliminating paper

Our Head Office in Tokyo and subsidiaries jointly purchase stationary items to ensure the effective utilization of resources and the separation of waste. In addition, we are eliminating the use of paper by using projectors and monitors as the standard way of sharing materials and data at our various types of internal meetings. Furthermore, opportunities to carry out meetings and presentations with clients online have increased due to the COVID-19 pandemic, allowing us to expand paperless work throughout the business. (Use of paper reduced by 55% in FY2021 compared to FY2020.)







Response to Climate Change

The VECTOR Group is working to reduce greenhouse gases (GHGs) and eliminate waste through its business activities. We will continue to strive to lower the emissions and the environmental impact generated from our main offices in Japan and overseas, and we will make efforts to enhance business efficiency while reducing total CO₂ emissions.

Launch of "Virtual Presentations" and "Brand News"—Corporate PR solutions that deliver a new standard and allow client companies to maximize the benefit of their presentation opportunities

Since July 2021, we have conducted Virtual Presentations, a solution that utilizes computer graphics (CG) to effectively present a brand's philosophy, and Brand News, which allows companies to deliver news themselves on the day of their presentations.

Recently, the holding of press conferences and PR events online has become a firmly established practice in the communication industry, and this trend is expected to continue even in the post-COVID era. Virtual Presentation and Brand News fully harness the advantages of being online solutions. By recording in a green screen studio and utilizing approximately 100 types of CG venue designs, we are able to create presentations in the virtual space.





Internal GHG emissions (Scope 1 and 2)

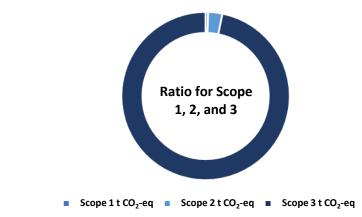
Category			Result
		Unit	FY '21
	Total	t CO ₂ -eq	207.49
GHG emissions (Scope 1and 2)	Scope 1	t CO ₂ -eq	31.218
, ,	Scope 2	t CO ₂ -eq	176.272

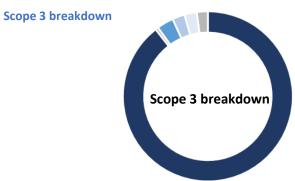
Emissions in the entire supply chain (Scope 3)

			Result
Category	Unit		FY '21
	Total	t CO ₂ -eq	6,226.712
	Upstream total	t CO ₂ -eq	6,094.510
	1. Raw materials	t CO ₂ -eq	5,705.92
	2. Capital goods	t CO ₂ -eq	0.000
	3. Electricity/heat	t CO ₂ -eq	34.918
	4. Transportation/delivery (upstream)	t CO ₂ -eq	0.000
	5. Waste disposal	t CO ₂ -eq	0.000
	6. Business trips	t CO ₂ -eq	202.586
GHG emissions	7. Employee commuting	t CO ₂ -eq	151.082
(Scope 3)	8. Leased assets	t CO ₂ -eq	0.000
	Downstream total	t CO ₂ -eq	132.202
	9. Transportation/delivery (downstream)	t CO ₂ -eq	0.000
	10. Processing of sold goods	t CO ₂ -eq	0.000
	11. Use of sold goods	t CO ₂ -eq	0.000
	12. Disposal of sold goods	s t CO ₂ -eq	0.000
	13. Leasing (downstream)	t CO ₂ -eq	0.000
	14. Franchises	t CO ₂ -eq	0.000
	15. Investments (11 companies)	t CO ₂ -eq	132.202

Note: FY2022 figures are currently being aggregated.

Comparison of Scope 1, 2, and 3 GHG emissions









GHG emissions reduction target (WB2°C)

The VECTOR GROUP has adopted the Well Below 2° C (WB 2° C) target to reduce its GHG emissions by 30% between the base year of 2021 and 2030. To achieve the emissions targets outlined below, for the 10-year period that commenced in 2021, we are working to reduce Scope 1 and 2 emissions by 62.25 t CO₂ (6.22 t/year) and reduce Scope 3 emissions by 1,868.01 t CO₂ (186.8 t/year).

Note: The base year is 2020.

WB2°C Target

30% reduction in GHG emissions

2030 Emissions Targets

Scope 1, 2 145.25 t CO₂

Scope3 4,358.70 t CO₂

GHG reduction measures (WB2°C)



The VECTOR Group is implementing the following initiatives to reduce Scope 1 and 2 emissions by 62.25 t CO₂ by 2030.

We will reduce direct emissions (Scope 1) by switching our current company car fleet from gasoline cars to EVs. In addition, indirect emissions (Scope 2) associated with the use of electricity will be reduced by increasing the percentage of electricity we use from renewable energy. We will also offset ${\rm CO}_2$ emissions by purchasing non-fossil fuel energy certificates and renewable energy credits. By implementing and continuing these initiatives, we aim to achieve carbon neutrality.



The VECTOR Group is implementing the following initiatives to reduce Scope 3 emissions by 1,868 t CO_2 by 2030.

We will reduce emissions through streamlining work processes that the Group has outsourced by performing some of them in-house in the future. By supporting SDGs/ESG initiatives through PR to boost awareness, we will also encourage decarbonization and the reduction of emissions, working to reduce emissions throughout the entire supply chain.

By implementing these initiatives, the VECTOR Group will strive to reduce its GHG emissions by 30%.



2°C scenario analysis

The VECTOR Group examines, evaluates, and analyzes climate change-related risks and opportunities at meetings of the Sustainability Committee.

The current 2°C scenario analysis has been divided into risks in society (transition risk and physical risk) and business opportunities in case of a 2° C rise in the earth's temperature.

■ Table of assumed risks and opportunities

Risks		Indicator	
Policy/legal risk		CO ₂ emission regulations	
Transition	Technology risk	Requirement for new facilities/equipment renewals	
risk	Market risk	Cost increase/demand decrease	
	Reputation risk	Poor reputation for products/service	
	Acute risk	Financial impact from natural disasters	
Physical risk	Physical risk Chronic risk	Financial impact from global warming	
	Cilibilit risk	Financial impact from rising sea levels	

Opportunities		Indicator	
	Resource efficiency	Increased efficiency in transportation/distribution/buildings	
	Energy sources	Increase in low-carbon energy sources	
Business opportunities	Products/services	Development of new products/services	
	Market	Emerging of new markets	
	Resilience	Energy saving and alternate resource	

Risks

Transition risk

It is assumed that a range of technological innovations and lifestyle changes will arise with the tightening of GHG emission regulations. While price rises for raw materials and electricity are expected to have a negative effect in the short and medium term, it is forecast that risk can be mitigated for both of these in the long term by addressing change.

Physical risk

It is assumed that the negative effects of physical risks from climate change can be controlled to a certain extent through the tightening of regulations and technological and lifestyle changes. Due to this, significant risk is not expected over the short, medium, and long term.

Opportunities

Business opportunities

It is expected that facility and distribution efficiency improvements, the switch to low-carbon energy, and the use of new technologies will further develop. While benefits are expected in the medium term for a wide range of industries due to increased value of assets as a result of reduced costs for low-carbon energy and increased efficiency in transportation, distribution, and buildings, these benefits from increased opportunities are projected to gradually decrease in the long term.

Based on the above scenario analysis, we will examine measures to address identified risks in future meetings of the Sustainability Committee.



Response to Climate Change

Endorsement of the TCFD recommendations

In July 2021, VECTOR INC. announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD has been established by the Financial Stability Board (FSB) to provide guidelines for the reporting of business and financial information that takes into account the impacts of climate change.

Currently, there are 2,400 companies and organizations throughout the world and 475 in Japan that have endorsed the TCFD recommendations.



Joining the TCFD Consortium

Following the announcement of its endorsement of the TCFD recommendations, in August 2021, VECTOR INC. joined the TCFD Consortium, which was established to allow companies and financial institutions in Japan who have endorsed the recommendations to engage in discussion together. As of August 26, 2021, 398 companies and organizations across Japan have joined the TCFD Consortium.



https://www.fsb-tcfd.org/supporters/ https://tcfd-consortium.jp/member_list









Corporate Governance

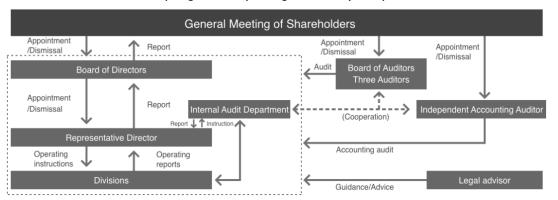
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Basic Philosophy on Corporate Governance

VECTOR INC. believes that increasing the efficiency and soundness of management and building a fair and highly transparent management system are essential for achieving stable growth and development. In particular, strengthening corporate governance is regarded as a critical management issue for the Company, as we handle new information on the products and services of client companies. These efforts are reviewed as required to boost the effectiveness of governance.

The Board of Directors implements checks and balances to ensure fair decision-making by having five highly independent external directors and two external auditors take part in meetings and actively share information. The VECTOR Group has also adopted a corporate auditor system in which each auditor audits the legality of business execution by the directors. In addition, the Group convenes meetings of the Compliance Risk Committee comprised of the heads of subsidiaries and core business units. This committee evaluates and manages risk such as compliance risk, operational risk and financial risk, responds as required, and disseminates risk-related information in an effort to bolster the Group's corporate governance.

| Diagram of corporate governance system |



Status of Management Control System

Directors

Chairman of the Board of Directors	President
Number of directors	9
Appointment of external directors	5

Auditors

Establishment of Board of Auditors	Yes
Number of auditors	3



Corporate Governance

Corporate Governance System

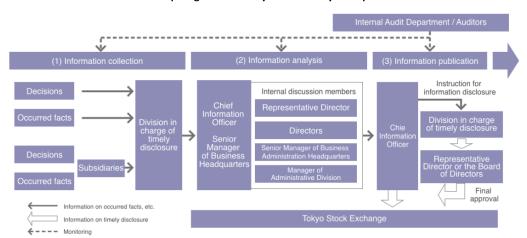
VECTOR INC. operates as a company with a Board of Directors and a Board of Auditors. The Board of Directors makes decisions regarding important matters concerning the management of the business and oversees the execution of business by directors. Chairman and Representative Director Keiji Nishie serves as the chairperson, and it is comprised of nine members (four internal directors, five external directors).

The Board of Auditors is independent from the Board of Directors, and it is responsible for monitoring its business execution. Full-time Auditor Kazutora Mori serves as the chairperson, and it is comprised of three members (one internal auditor, two external auditors).

The auditors attend all meetings of the Board of Directors and make their monitoring functions for directors effective by engaging in lively opinion exchange.

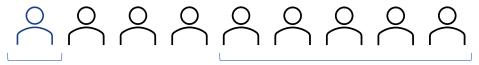
In addition, full-time auditors carry out audits throughout the entire Group, monitoring the approval of important internal proposals. The Internal Audit Department has also been established under the direct control of the Representative Director in order to strengthen the supervision of management.

| Diagram of timely disclosure system |



Board of Directors

The Board of Directors consists of four full-time directors and five external directors. Regular Board meetings are held once per month and ad hoc meetings are also held as necessary to ensure supervision of business execution.



One female director (11.1%)

Five external directors (55.6%)

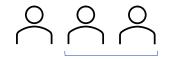
Board of Directors Attendance Status (FY2022)

Title	Name	Attendance rate
Chairman and Representative Director	Keiji Nishie	20/20 (100%)
Executive Vice President	Hajime Hasegawa	20/20 (100%)
Executive Vice President	Saori Kiryu	20/20 (100%)
Director and CFO	Yosuke Goto	20/20 (100%)

Title	Name	Attendance rate
External Director	Takashi Nishiki	20/20 (100%)
External Director	Kota Matsuda	20/20 (100%)
External Director	Ryuichi Tomimura	20/20 (100%)
External Director	Michimasa Naka	20/20 (100%)
External Director	Yasunobu Nose	19/20 (95%)
Full-time Auditor	Kazutora Mori	20/20 (100%)
External Auditor	Koonsun Hyun	20/20 (100%)
External Auditor	Satoshi	20/20 (100%)

Auditors and the Board of Auditors

The auditors attend important meetings, including meetings of the Board of Directors, for the purpose of increasing the effectiveness of corporate governance.



Two external auditors (66.7%)



Evaluation of the Effectiveness of the Board of Directors

In March 2022, the Board of Directors carried out an evaluation survey participated in by the 12 members across the Board of Directors and the Board of Auditors.

Survey answers were provided directly to an external organization, allowing anonymity to be preserved. Analysis, discussion, and evaluation were then undertaken based on a report of the collected results at the regular meeting of the Board of Directors in April 2022.

Survey details

Evaluation target: Meetings of the Board of Directors held between March 2021 and February 2022.

Participants: All members of the Board of Directors and the Board of Auditors (12 in total)

Survey period: March 2022

Outline:

Evaluation items

- Composition of the Board of Directors
- Operation of the Board of Directors
- Discussion by the Board of Directors
- Training
- The member's own activities

Evaluation method

• The survey contained a five-stage self-evaluation for each question. It included sections where participants could freely enter information regarding points they deemed to be necessary to further increase the effectiveness of the Board of Directors. Analysis, discussion, and evaluation were then undertaken at a meeting of the Board of Directors.

Results of analysis and evaluation

Based on the results of analysis, discussion, and evaluation by the Board of Directors, it was found that there was improvement in the prior provision of documents required for deliberation, which was identified as an issue in March 2021, and that the Board of Directors was functioning effectively overall. However, for each of the evaluation areas, issues that need to be addressed were identified as below.

- 1. Training: Provision of training opportunities requested by employees
- 2. The member's own activities: Exchange of information among external directors

Future initiatives based on the evaluation results

In addition to continuing to evaluate and analyze the effectiveness of the Board of Directors, the Company will work to maintain and enhance the Board's effectiveness through discussing identified issues at Board meetings as necessary and continuing to carry out improvements.



Corproate Ethics and Risk Management

Corporate Ethics

VECTOR INC. and its Group companies value the human rights of all people involved in their business activities, such as directors, employees, (including part-time and temporary employees) and those engaged in the operations of their subcontractors. We strive to create an environment where employees can work as themselves, without being subject to any discrimination or harassment in their employment and treatment, on the basis of attributes such as race, religion, gender, age, sexual orientation, gender identity, gender expression, disability, and nationality.

Furthermore, we provide an appropriate standard of wages, complying with minimum wage and other such laws, regulations, and labor standards in the countries and regions where we conduct businesses activities. In consideration of workers' rights, we maintain harmonious industrial relations by selecting employee representatives in a fair and appropriate manner.

The Company has established a framework that enables directors and employees to consult with and report to Compliance Risk Committee members in the event that they notice actions which may violate compliance, or behavior which they feel constitutes harassment. In addition, we regularly conduct moral training and other trainings in an effort to ensure that compliance is upheld in all business activities.

Risk Management

VECTOR INC. has established the "VECTOR Group Compliance Policy" as the basic standard and put in place a "Compliance Risk Committee" and "Rules on Responding to Incidents and Scandals" for each of its Group companies, forming a system that allows the Group to detect potential risks at an early stage and take swift and appropriate measures in regard to incidents and scandals.

In accordance with the Auditing Rules of the Corporate Auditors and Internal Auditing Rules, the entire VECTOR Group is subject to audits by corporate auditors and internal audits, and the status of the Group's risk management is audited and its effectiveness is evaluated.

The objective of the Compliance Risk Committee is to develop and manage a framework that enables the Group to prevent, detect at an early stage, and appropriately respond to risks, as well as to ensure accountability both outside and within the Group, and implement measures to prevent past or similar incidents from occurring again.



Basic Approach for the Management of Subsidiaries

To support its lasting development, the Group is working to clarify management responsibilities and ensure management transparency, efficiency, and soundness. With an increase in the number of our Group companies both in Japan and overseas, we are continuing to grow while rapidly expanding our business domains and new areas of service.

In light of this, the Group is developing an effective management system to respond to the expanding business scale. In addition to ensuring business execution complies with laws and internal regulations, it carries out internal audits regularly, working to conduct operations appropriately and protect its assets. Furthermore, the Group endeavors to enhance management efficiency in order to improve the effectiveness of these efforts.

- The Group has established the "VECTOR Group Compliance Policy" as the basic standard and put in place "Compliance Risk Management Rules" and "Rules on Responding to Incidents and Scandals" for its subsidiaries. The Compliance Risk Committee is also building a system that allows the Group to detect potential risks an early stage and take swift and appropriate measures in regard to incidents and scandals.
- In principle, directors and auditors shall be dispatched to each subsidiary, and by supervising and auditing the execution of duties, they shall provide guidance and support for the development of a framework that ensures subsidiaries comply with laws and conduct operations appropriately.
- The Internal Audit Department shall periodically conduct internal audits of subsidiaries and provide necessary guidance and support to ensure the soundness of each company.

| Subsidiaries |

PR and Advertising Business



Press Release Distribution Business
 Video Release Distribution Business





Direct Marketing Business





HR Business



Media Business



Fund Business





Establishment of the COVID-19 Countermeasures Office

The VECTOR Group established a COVID-19 Countermeasures Office to respond to the state of emergency declared by the Japanese Government in April 2020 due to the growing infection of COVID-19. The office has continued its activities to prevent the spread of infection after the declaration of emergency was lifted.

Basic Policies

In addition to implementing effective measures to respond to the pandemic systematically and at an early stage, the VECTOR Group has established three basic policies to support the stable continuation of priority business operations.

01 Ensuring Safety

The protection of the lives of employees and their families, as well as the lives of partners, customers, and members of the surrounding society is the Group's highest priority.

02 Preventing the Spread of Infection

The Group will establish measures to prevent infection, secure epidemic prevention materials, and from both a company-wide perspective and a perspective of social responsibility, will strive to prevent infection from reaching our partners.

03 Continuation of Business

While complying with laws, regulations, and government directives, the Group will establish systems, such as telework required for continuous operations.

Measures for the prevention of infection and business continuity

Response as individual employees

Limit travel to areas with many people (shopping districts, tourist sites, etc.) as much as possible.

Thoroughly practice wearing face masks, hand washing, sanitizing with alcohol, etc.

Frequently ventilate

Measures as a company

Promotion of telework

Lower the risk of infection from going outside

Note: The necessity of traveling to the office for work is judged by each company and department after the employee consults with their supervisors.

Partial revision to the telework guidelines

- 1. The condition stipulating that telework is only available to employees with at least one year of continuous service has been removed.
- 2. If an employee wishes to do telework three or more days per week, the request will be decided by leaders at each Group company and those in charge of each business.
- 3. The previous approval application process is no longer required, and employees can acquire approval directly from their supervisors via email.

Recommending online meetings

The conducting of meetings online has been recommended, whether they are held internally or externally.







Corporate Overview		
Company name	VECTOR INC.	
Established	March 30, 1993	
Head Office	Akasaka Garden City 18th Floor, 4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan	
Capital	¥2,880 million (as of February 28, 2022)	
Business Activities	PR consulting and agency Branding activities Investor relations support Celebrity casting Risk management Market research Event planning and operation Social media communication Marketing	
Employees	Consolidated: 1,303 (as of February 28, 2022)	
Professional membership	Public Relations Society of Japan	

Major Shareholders

As of February 28, 2022

Name	Number of shares held	Shareholding ratio (excluding treasury shares) (%)
Keiji Nishie	18,780,600	39.39
The Master Trust Bank of Japan, Ltd. (Trust account)	3,811,400	7.99
Custody Bank of Japan, Ltd. (Trust account)	3,408,900	7.15
Saori Kiryu	927,600	1.95
Hajime Hasegawa	623,300	1.31
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: MUFG Bank, Ltd.)	562,500	1.18
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDECSECURITIES/UCITS ASSETS (Standing Proxy: HSBC Tokyo Custody Branch)	545,500	1.14
STATE STREET BANK AND TRUST COMPANY 505019 (Standing Proxy: HSBC Tokyo Custody Branch)	428,000	0.90
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	338,800	0.71
Shigeru Yamasawa	333,600	0.70





PR and Advertising Business

ANTIL Inc.

Publicity/PR consulting and agency

Platinum Inc.

Publicity/PR consulting and agency

INITIAL Inc.

Publicity/PR consulting and agency

SIGNAL Inc.

Web PR, social media marketing service

VECKS INC.

Planning and production of television programs, television commercials, various promotional videos, online videos,

Starbank, Inc.

Influencer marketing, celebrity casting

IR Robotics, Inc.

IR communication

PacRim Marketing Group

Publicity/PR consulting and agency

Brand Control, Inc.

Online brand risk management

Public Affairs Japan Inc.

Strategic communication support for the public sector (government agencies, local governments, etc.)

Event Tech, Inc.

Promotion-related business such as PR events

News Technology, Inc.

Digital advertising, native advertising, adverting network service

Vector Group International Limited

Publicity and marketing support service in Hong Kong and general management of the Group's overseas business

Shanghai Weiku Gonggong Guanxi Zixun (Shanghai) Co., Ltd.

Publicity/PR consulting and agency in China

Vector Group Ltd.

Publicity/PR consulting and agency in Thailand

VECTOR GROUP COMPANY LIMITED

Publicity/PR consulting and agency in Vietnam

PacRim Marketing Group, Inc.

Publicity/PR consulting and agency in Hawaii

PRTech, LLC

Website and information network system planning, development, and consulting

Vectorcom Inc.

Publicity/PR consulting and agency in South Korea

Vector Marketing PR Malaysia SDN.BHD

Publicity/PR consulting and agency in Malaysia

Press Release Distribution Business

PR TIMES. Inc.

Operation of a press release website and press release distribution service

Direct Marketing Business

Vitabrid Japan Inc.

Direct marketing for health and beauty related products

Direct Tech, Inc.

PR and digital advertising agency specialized in D2C business for customers' in-house products or the products of their business partners

Vector Direct Tech China Inc.

China-based PR and digital advertising agency specialized in D2C business for customers' in-house products or the products of their business partners

Video Release Distribution Business

NewsTV Inc.

Video production and distribution service

Media Business

Smartmedia, Inc.

Online media operations

HR Business

ASHITA-TEAM Co., Ltd.

Employee performance evaluation system consulting service and cloud system sales

ASHITA-TEAM Co., Ltd. (Taiwan)

Employee performance evaluation system consulting service and cloud system sales in Taiwan

Tomorrow's Team Singapore Pte.Ltd.

Employee performance evaluation system consulting service and cloud system sales in Singapore

Shanghai ASHITA-TEAM (Shanghai) Human Resources Management Co., Ltd.

Employee performance evaluation system consulting service and cloud system sales in China

Tomorrow's Team Hong Kong Limited

Employee performance evaluation system consulting service and cloud system sales in Hong Kong

Fund Business

100Capital Inc.

Investment Business

100Capital No.1 Investment Limited Partnership

Investment Business

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