

The Septeni Group's CSR

CSR Policy

We believe that helping to resolve social issues through our businesses is the way of fulfilling our responsibilities to society and stakeholders that best reflects the Septeni Group. Through this approach to CSR, we aim to realize a sustainable society as well as the Septeni Group's mission of "Inspiring the world with entrepreneurship." We continue to carry out activities centered on this approach.

From among the many issues facing society, we have established six priority challenges based on comprehensive judgements concerning what stakeholders expect of the Septeni Group and the importance of the issues to Group businesses, and are promoting CSR activities in line with these challenges.

Priority Challenges and Initiatives

Priority Challenge	CSR Targets	Main Initiatives in the Fiscal Year Ended September 2018	Initiatives Planned for the Fiscal Year Ending September 2019
Promotion of Diversity (Promotion of Women's Participation)	Promotion of women's participation	• Group-wide support for women's careers	• Group-wide support for women's careers
Promotion of Diversity (Measures against Discrimination and Harassment)	Improvement of the soundness of the workplace environment	• Application of welfare benefits to same-sex partners • Implementation of anti-discrimination and harassment training	• Support for the LGBT community • Introduction of anti-discrimination and anti-harassment training
Development of High-Quality Human Resources	Studying the development of high-quality human resources	• Lectures at workshops held externally • External and internal publication of research reports • Expansion of the scope of use of the human resource development engine	• Movement toward open innovation for the AI-based personnel system • Enhancement and increase of research reports
Workstyle Reform	Promotion of workstyle reform	• Development of remote work environment	• Improvement of labor productivity
Support for the Sound Development of the Internet Advertising Industry	Support for the sound development of the Internet advertising industry	• Promotion of measures to reinforce the spread of the "Three Promises by Septeni Group," a policy for the sound development of the Internet advertising industry	• Raising of Group awareness about themes of strong social interest in Internet advertising • Promotion of measures to reinforce the spread of the "Three Promises by Septeni Group," a policy for the sound development of the Internet advertising industry
Support for Culture and Sport	Support for culture and sport	• Launch of the "RouteM" manga artist development program • Support for top athletes	• Launch of the "RouteM" manga artist development program • Support for top athletes

The Septeni Group's CSR Policy and Priority Challenges
<https://www.septeni-holdings.co.jp/en/csr/policy/>

Learn about the Septeni Group through Its People!


Eri Aoki

Manager, Recruitment Planning Department, SEPTENI HOLDINGS CO., LTD.

Joined the Company in 2009 after graduating from university. As a member of the Personnel and General Affairs Department, she was responsible for the recruitment of university graduates in Japan and overseas. Having returned to work after taking maternity and childcare leave, she is currently a manager.

The Septeni Group has established several subcommittees for its CSR activities. I am a member of the Subcommittee for the Promotion of Women's Participation, where we provide support for work-life balance and create an environment with a focus on the career issues faced by women. For female empowerment, one of the United Nations' SDGs, we are implementing measures that take advantage of the strengths of the Septeni Group's organizational culture and human resource development system that uses technology, as well as activities aimed at promoting the active participation of women, and ultimately the development of society.

As stated in "Diversity," one of the guidelines of our code of conduct, the Septeni Way, the Septeni Group has an environment that encourages employees to make full use of their individuality to take on challenges autonomously. I will contribute to the realization of working styles and careers tailored to human resources that differ by gender, nationality and age, as well as by characteristics such as values and lifestyles.



Promotion of Diversity (Promotion of Women's Participation)

Basic Approach

The Septeni Group provides highly capable and motivated employees with many opportunities to take on challenges, regardless of their age, gender or nationality. We believe that the autonomous and valuable work of employees from various backgrounds contributes to business results, leading in turn to the sustainable growth of the Group. Based on this belief, we promote and support diverse working styles, as stated in "Diversity," one of the guidelines of our code of conduct, the Septeni Way.

Diversity (From the Septeni Way)	Using diversity as a competitive edge We respect all human rights and mutually recognize diversity. We work to realize working styles in which individuals can exhibit and apply their respective strengths.
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On the other hand, the career development of women could be interrupted due to life events such as childbirth and childcare. We are promoting relevant initiatives to minimize the factors that could inhibit their career development, create an environment that allows employees to be fairly evaluated regardless of gender, and encourage the active participation of female employees in that environment.

Main Measures

▶ Implementation of Capacity Building Program for Female Employees

We implement a program that teaches problem-solving skills and leadership, as well as a training program in analysis of management issues and the formulation and implementation of remedial measures.

▶ Introduction of Babysitter Subsidy System¹

We have introduced a system that helps employees balance work and childcare by subsidizing 70% of babysitting costs for employees who utilize the babysitting service contracted by the Company.

1. Implemented at main Group companies only

Target for the Promotion of Women's Participation

▶ Ratio of female managers: 17% (Target for 2020²)

2. Main Group companies in Japan

Ratio of Female Employees and Ratio of Female Managers

● Overall (Japan) ● Managers (Japan)

(%)

40
30
20
10
0

2014 2015 2016 2017 2018

(As of October)

Overall (Japan)	30.4%	32.4%	33.0%	32.0%	34.6%
Managers (Japan)	8.3%	10.9%	13.8%	14.4%	16.7%

Promotion of Diversity (Measures against Discrimination and Harassment)

Basic Approach

The Septeni Group continuously promotes activities that create an environment that prevents the occurrence of discrimination and harassment based on gender, age, nationality, race, ethnicity, religion, philosophy, beliefs, social status, disability, sexual orientation or gender identity, thus encouraging individuals to fully exercise their strengths.

Main Measures

▶ SEPALLY RAINBOW Network


SEPALLY RAINBOW is a Group-wide LGBT & Allies Network formed to create workplaces where all employees are motivated to work, regardless of whether or not they are LGBT, by deepening understanding of the LGBT community and increasing the number of allies. The network conducts training and exchange sessions with LGBT employees.

▶ Start of the Application of Welfare Benefits to Same-Sex Partners

In January 2018, we revised the definition of spouse in our internal regulations. By submitting the appropriate documentation, employees with same-sex partners can take advantages of the applicable welfare benefit programs.

▶ LGBT Training

We periodically invite outside instructors to conduct training and engage in internal awareness-raising activities on an ongoing basis. Education using e-learning is also carried out to give employees opportunities to acquire basic knowledge relevant to the topic.



LGBT training session

Development of High-Quality Human Resources

Basic Approach

The Septeni Group was founded in 1990, but it began shifting the focus of its business to the Internet in 2000, when the Internet was still in its infancy. The Group has continued to grow in tandem with the Internet industry, confronting various organizational issues along the way.

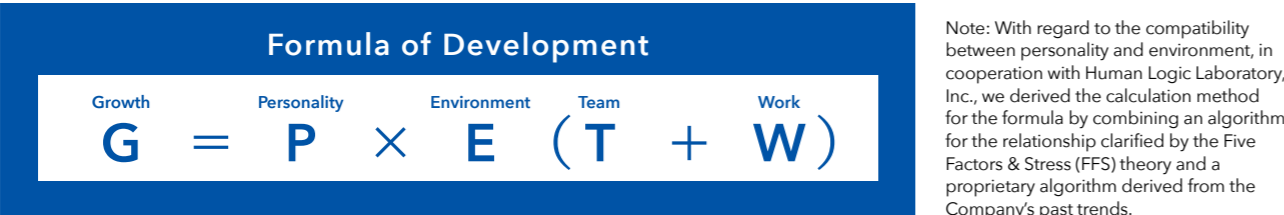
At the Human Capital Lab, which was established in 2016, we use AI (i.e. machine learning) and other means to integrate and analyze the extensive volume of human resource data that we have continued to amass in the process of growing the Company. Based on this, we conduct ongoing research to shed light on the structure of human resource development in growth industries from a scientific perspective and widely share the results.

By taking a scientific perspective and using actual data to communicate the organizational issues that the Company experienced in the process of growing, we hope to provide some clues to other corporations on how to solve their issues, particularly corporations facing issues specific to organizational growth.



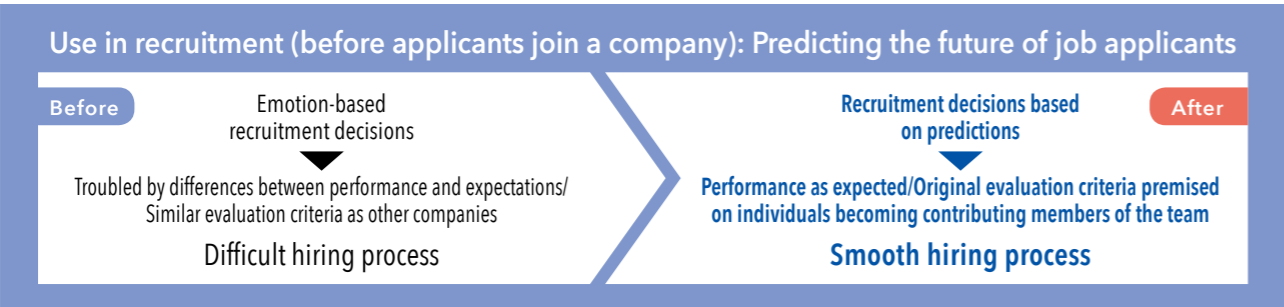
Basic Concept of Human Resource Development

Human resource development in the Septeni Group is based on the “Formula of Development” concept. This concept expresses the principle by which the interaction between an individual's innate personality and the surrounding environment has an impact on his/her growth. The workplace environment (E) is defined as team (T) and work (W) in this formula; the stronger the compatibility between T and W with the individual's personality (P), the higher the potential for significant growth (G).

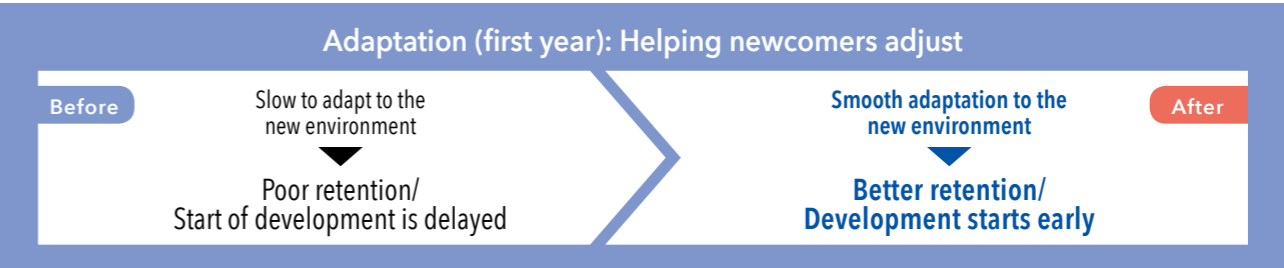


Research Themes

The Human Capital Lab is engaged in research activities in the four broad fields of recruitment, adaptation, development and alumni networks. Research is conducted using actual data collected over the course of the Company's growth from when there were only a few dozen people to the current scale of over 1,000 employees. The aim is to provide numerically grounded solutions for human resource development.

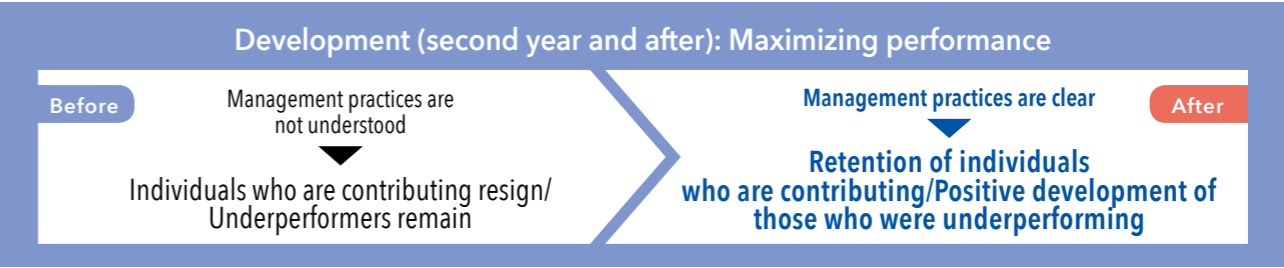


In recruitment, we are continuing research to come up with numerical predictions of the potential of applicants to become contributing members of and stay with the Company, based on the more than 100 items of information per person collected during the selection process. The aim is to uncover, amid cost constraints, individuals who will contribute to the growth of the Company. Through this research, we are working to complete our own set of evaluation criteria as well as a structure for determining whether specific individuals can play an active role in the Company.

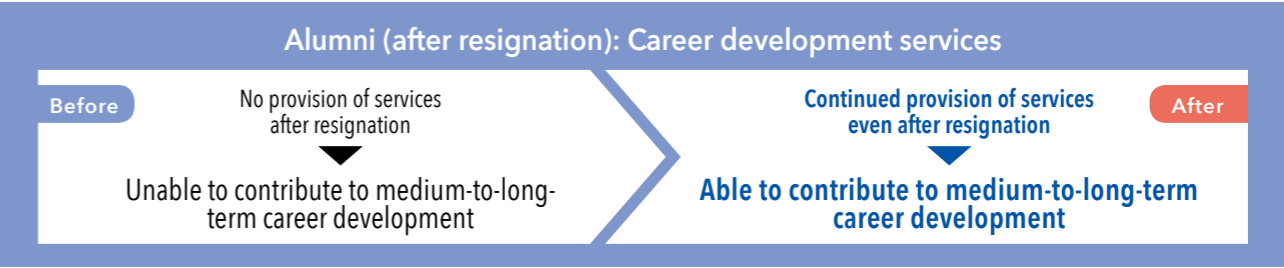


We recognize that the development of individuals begins once they have adapted to the work environment. We assume that this adaptation takes approximately one year for those with little work experience, although the period required varies from person to person.

To ensure that newly hired employees adapt smoothly to the environment, we research how to provide environments that fit their personalities (compatibility-based assignment), provide guidance on how to behave at the workplaces they have been assigned to (adaptation plans), and measure and adjust their actual adaptation levels (evaluation of adaptation).



In order to maximize individual performance, we research human resource development management based on past human resource data to provide an environment that best fits each individual and his/her stage of development. As a result, we retain individuals who are contributing while achieving the development of those who did not initially grow as expected.



Our AI-based personnel system, which was originally designed for in-house use, quantifies compatibility and optimizes the success of our employees. We now provide this system widely to employees who have left our company (alumni) as a career development service beyond the boundaries of the Septeni Group.

Services and Initiatives Based on Research

▶ **Online Recruiting**

By utilizing predictions of post-employment success, which is one of the outcomes of our research, and our online interview system, we have successfully created a complete Internet-based recruiting system, from job application submission to early informal job offer, for students from regions outside Japan's major urban centers.

By reducing the burden of transportation and accommodation costs, as well as travel time, incurred by such students in their job-hunting activities, this system has enabled us to secure human resources from a larger pool of candidates.

▶ **Self-Analysis Tool**

Based on technology for quantifying the compatibility between personality and environment, and for optimizing participation in the workplace, we have gained an objective understanding of personality and aptitude, and created a self-analysis tool that identifies the points of appeal of job-seekers. We have made this tool available to all students.

By having students utilize this tool, we hope to provide each of them with the opportunity to choose a more suitable career.

Selection is concluded at home
Reduce the burden of expense and time

Acquisition of outstanding human resources from all over Japan
Number of job applications from students from regions outside Japan's major urban centers: Doubled
Number of job offers accepted: Quadrupled

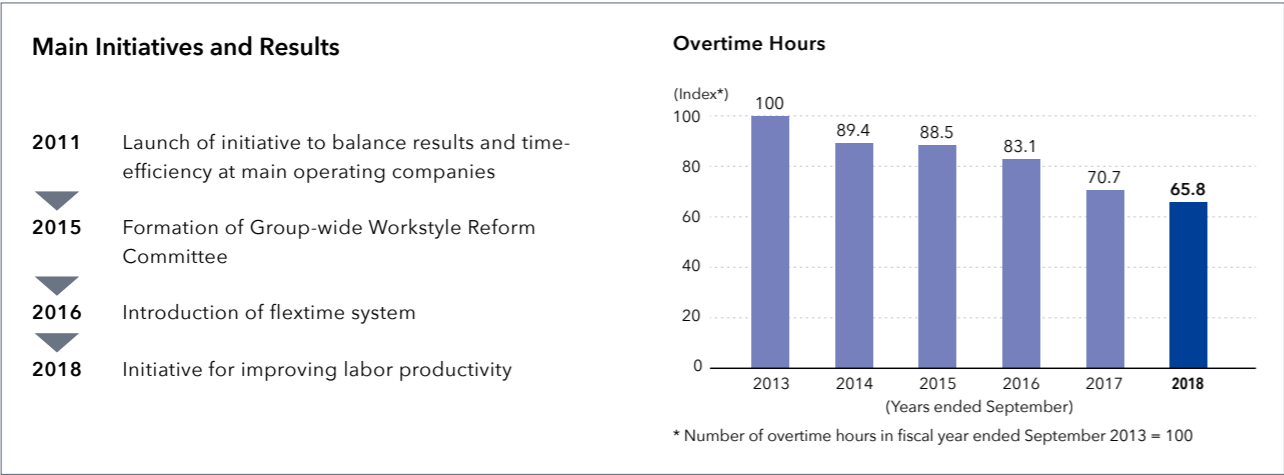
1 Diagnosis of individual characteristics
2 Results of diagnosis
3 Advice

Workstyle Reform

Basic Approach

The Septeni Group envisions creating a situation in which all employees work actively and autonomously on valuable tasks, regardless of time or place. In order to promote new working styles aimed at improving work-life balance, we launched an initiative in 2011 with the slogan "Balancing results and time-efficiency." We have incorporated this slogan into the work evaluation process at our main operating companies, setting new question categories to ascertain whether management is providing members with appropriate guidance on work-life balance, and whether regular employees are carrying out their tasks appropriately with an awareness of it.

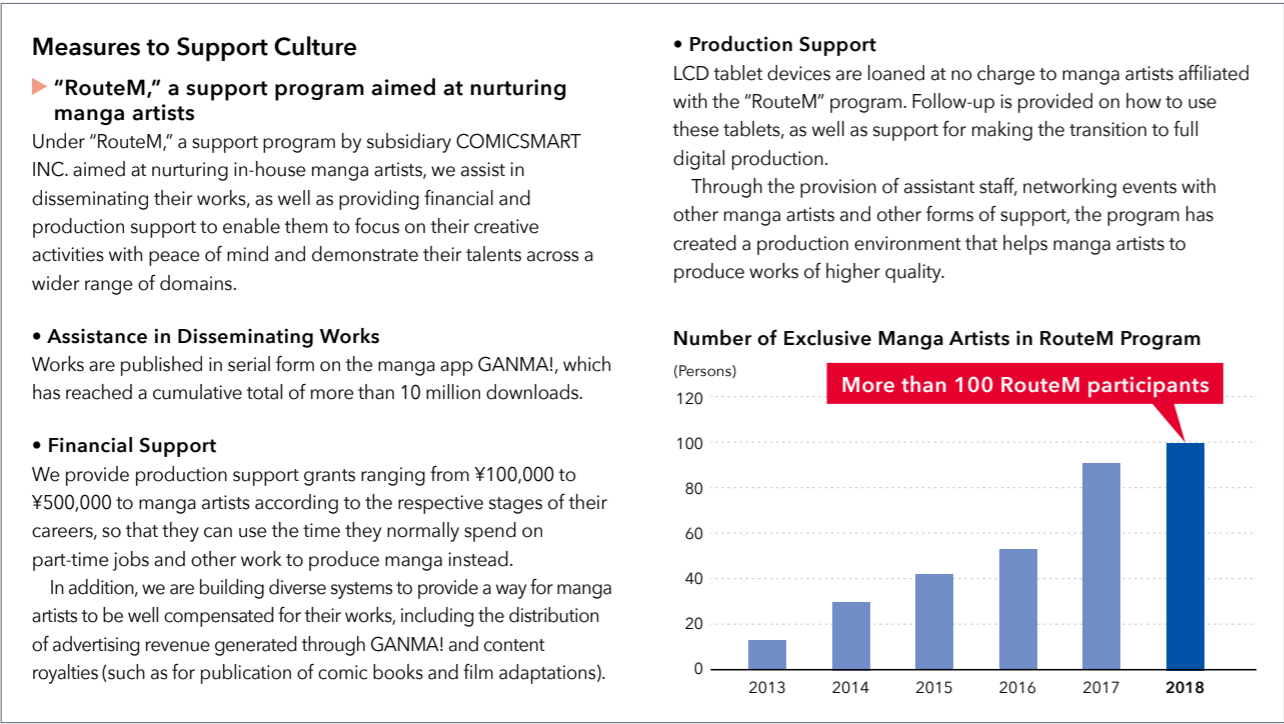
Aiming to further improve motivation and productivity, we subsequently formed the Workstyle Reform Committee as a Group-wide project headed by the President. Led by members selected from respective Group companies, the committee has been engaged in initiatives such as designing and introducing relevant systems and activities to raise awareness.



Support for Culture and Sports

Basic Approach

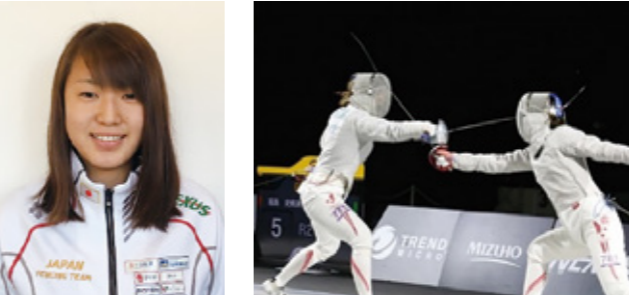
The Septeni Group supports the activities of a wide range of people, including athletes and artists.



Measures to Support Sports

▶ Recruitment of Fencer Shihomi Fukushima

In April 2018, we recruited top sabre fencer Shihomi Fukushima (23 years old) as a new graduate employee and are supporting her activities as an athlete.



- **Major achievements**
- 2015** Winner in the women's individual sabre category of the All Japan Intercollegiate Fencing Championships
- 2016** Winner in the sabre team category of the Asian U-23 Championships
Winner in the women's individual sabre category of the All Japan Fencing Championships
15th in the women's individual category of the Mexican Sabre Grand Prix
- 2017** 7th in the women's sabre individual category of the World Fencing Championships
4th in the women's team sabre category of the World Fencing Championships
Champion in the women's team sabre category of the Summer Universiade
- 2018** 20th in the FIE World Ranking
3rd in the women's team sabre category in the Asian Games

Activities Unrelated to Priority Challenges

Environmental Activities

Aiming to realize a sustainable society, the Septeni Group actively reduces its environmental burden and utilizes resources effectively to mitigate the impact of its business activities on the environment.

Environmental Policy

1. Reduction of the use of printing paper
2. Proactive green procurement
3. Implementation of resource-saving and energy-saving measures, and promotion of recycling

Sponsorship of TOUR de TOHOKU

The Septeni Group has sponsored TOUR de TOHOKU since the event began. Organized by Kahoku Shimpo Publishing Co. and Yahoo Japan Corporation, TOUR de TOHOKU was inaugurated to support reconstruction in the aftermath of the Great East Japan Earthquake, and to ensure that this disaster is never forgotten.



External Commendations

HR Technology Awards

These awards recognize outstanding initiatives in Japan in the field of HR technology and personnel big data (analytics). We received the Excellence Award in the Learning Division in the first year of the awards, the Excellence Award in the Management Systems Division in the second, and the Prize for Innovation in the third.



Japan HR Challenge Awards

These awards recognize corporations that are actively engaged in outstanding new initiatives in the field of human resources. We received the Prize for Encouragement in 2015 and 2017, and the Prize for Innovation in 2018.



Ikuboss Awards

These awards recognize employees in management positions who support subordinates in balancing childcare and work. We received the Grand Prix in 2014 and the Prize for Encouragement in 2016.



Tokyo Metropolitan Government Social Participation of Women Awards

These awards recognize corporations, organizations and individuals for their efforts to promote the active participation of women in society. We received the Award of Excellence in 2016.



PRIDE INDEX

We received the Bronze Award in 2017 and the Gold Award in 2018 in the evaluation index for workplace initiatives for sexual and gender minorities such as the LGBT community.



The Septeni Group’s Corporate Governance

Basic Approach

The Company and the corporate group comprising the Company and its subsidiaries (hereinafter called the “Group”) understand that effective corporate governance is based on constant improvements and the implementation thereof to ensure that: actions are taken pursuant to the Group’s corporate philosophy and code of conduct; decisions are made in a transparent, fair and efficient manner; laws and regulations are strictly observed; and corporate performance is monitored appropriately.

Outline of Our Corporate Governance Structure

The Group is managed under a holding company structure in which the Company, as the ultimate parent company, is a holding company and its subsidiaries are operating companies. By separating the function of managing overall business operations from the function of executing individual businesses, the Group has been working to facilitate the delegation of authority to its operating subsidiaries and strengthen the monitoring of the Group’s businesses by the Company.

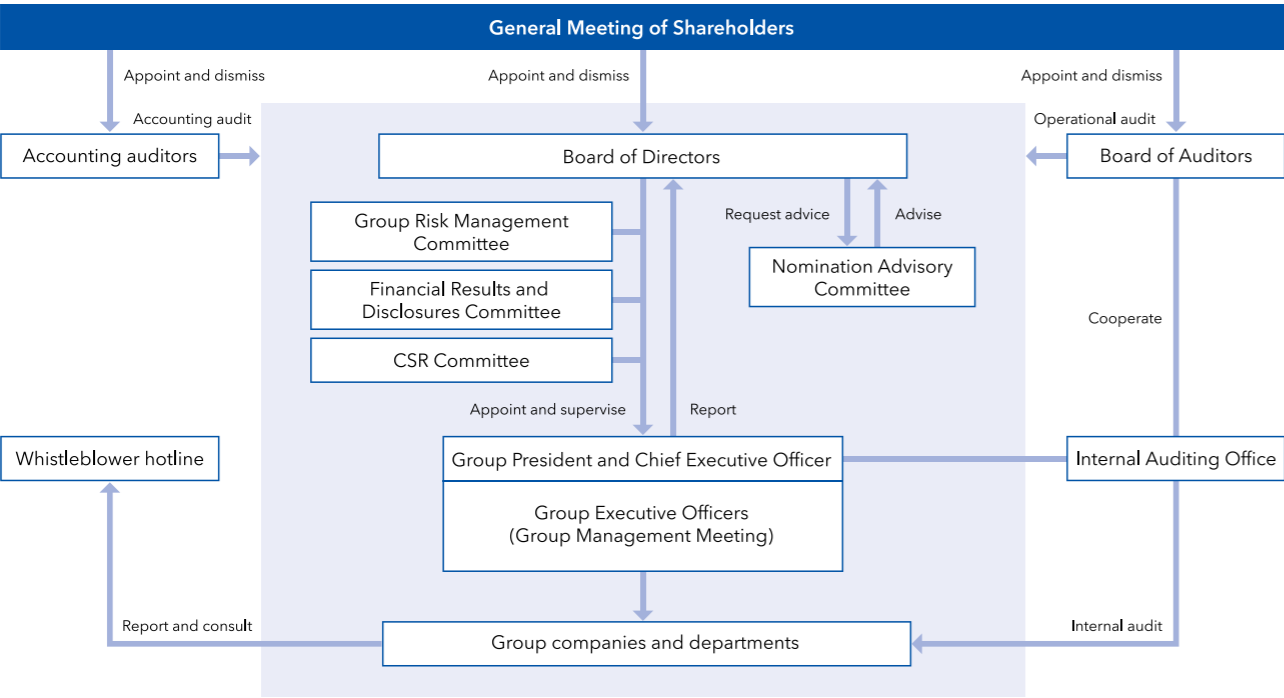
It is the Company’s policy that at least half of the Board of Directors be composed of outside directors with independent standpoints. By having outside directors with a high level of management experience and expertise participate in deliberations at Board of Directors’ meetings, the Company has established a system that enables the board to effectively and efficiently make decisions on basic management policies and to monitor board members’ execution of their duties. Furthermore, half of the Board of Auditors is composed of outside auditors with independent standpoints. Through mutual cooperation between the auditors, who possess specialized knowledge on financial affairs and legal affairs, and the accounting auditors, who conduct external audits, the Company has established an effective and efficient audit system.

Having outside directors monitor directors’ execution of their duties through deliberations at Board of Directors’ meetings, and independent auditors who are not involved in decisions related to the execution of those duties conduct audits in this way, enhances governance functions and makes corporate governance more efficient. Based on this belief, the Company has adopted the current corporate governance system.

Board of Directors

Given the Company’s policy that highly independent outside directors comprise a majority of the Board of Directors, the board is currently composed of seven members including four outside directors. The board makes decisions on matters stipulated by law and the Company’s Articles of Incorporation as well as on the execution of important business, and monitors the execution of business. Furthermore, as a part of its efforts to strengthen the corporate governance system, the Company introduced an entrustment-type executive officers system in January 2017. By delegating authority to executive officers (hereinafter called “Group Executive Officers”) within a legally accepted scope for decision-making and execution of business, the Company is building a system in which the Board of Directors focuses primarily on monitoring the Group Executive Officers, who carry out business execution (a monitoring-oriented model).

Corporate Governance System



Group Executive Officers

Group Executive Officers are responsible for execution of the Company’s business, the business of Group operating companies, and business that spans multiple operating companies. The Board of Directors of the Company appoints Group Executive Officers who will be in charge of business. At the same time, the Group President and Chief Executive Officer, who serves concurrently as a representative director of the Company, supervises the execution of business by Group Executive Officers.

Matters that should be resolved at Board of Directors’ meetings, matters for which authority is to be delegated to Group Executive Officers and matters that should be reported to the Board of Directors by Group Executive Officers are set forth clearly in the regulations of the Board of Directors. In addition, we have established the Group Management Meeting as a decision-making system for business execution. The Group Management Meeting supports the decision-making of the Group President and Chief Executive Officer, who is ultimately responsible for Group management, and discusses important matters concerning Group management.

Various Committees

The Company has established a Group Risk Management Committee to supervise the management of risks for the Group, a CSR Committee that is responsible for fulfilling the Group’s social responsibilities through CSR activities, and a Financial Results and Disclosures Committee that reviews and evaluates financial results information and timely disclosure information. In this way, the Company is building a system that enables the clarification of authority and responsibilities, as well as prompt and timely decision-making.

To ensure transparency, objectivity and accountability in deliberation of matters such as the appointment and dismissal of Company directors and Group Executive Officers, the Company has established the Nomination Advisory Committee, a delegated committee under the Board of Directors comprising a majority of outside directors.

Executive Sessions

Meetings of outside directors only are held, in principle, once every quarter, providing an opportunity for outside directors to exchange information and share understanding based on independent and objective standpoints. As other independent external parties, including outside auditors and accounting auditors, may attend these meetings, they also provide an opportunity for cooperation among such parties.

Board of Auditors

The Company has adopted a Board of Auditors system. The Board of Auditors is currently composed of four members, including two highly independent outside auditors. Auditors conduct audits of the directors’ execution of their duties, based on audit policies and plans prepared by the Board of Auditors.

Learn about the Septeni Group through Its People!

Yusuke Asakura

Outside Director
SEPTENI HOLDINGS CO., LTD.
Main concurrent position: Visiting Scholar, National Graduate Institute for Policy Studies

Trends surrounding digital marketing, such as the penetration of smartphones, the popularization of streaming video, and the emergence of overseas media in Japan, are evolving at a dizzying rate, while the market continues to expand. Given this rapidly changing business environment, I am convinced of the need for management that takes the lead in initiating changes rather than shrinking away from self-transformation. I feel that the Septeni Group, which has grown by continuing to take on challenges in new markets since its founding, has the ability to grow further while enjoying the changes taking place right before our eyes.

As a member of the Board of Directors, I will continue to put my best efforts into ensuring that SEPTENI HOLDINGS is able to meet the expectations of its stakeholders by continuing to take on challenges with the appropriate risk appetite in order to further enhance corporate value.



Board of Directors, Auditors and Executive Officers

(As of January 1, 2019)

Directors



Representative Director
Koki Sato

1997 Joined the Company
2001 Director and General Manager of Internet Operations
2003 CMO
2004 COO
2007 Senior Managing Director
2009 Representative Director and President (current position)
2017 Group President and Chief Executive Officer (current position)



Representative Director
Isamu Ueno

1998 Joined the Company
2004 Director and Manager of Personnel and Administration
2005 Managing Director
2009 Senior Managing Director
2017 Group Senior Executive Officer (current position)
2018 Representative Director (current position)



Director
Tadahiro Matsuda

1998 Joined the Company
2004 Head of Osaka Branch
2005 General Manager of Media Director
2009 Representative Director, SEPTENI CROSSGATE CO., LTD.
2017 Group Executive Officer
2018 Director of the Company (current position)
2019 Group Senior Executive Officer (current position)



Outside Director
Tatsuya Kimura

2001 Assistant Professor, Graduate School of Business, Nihon University
2003 Assistant Professor, Graduate School of Asia-Pacific Studies, Waseda University
2006 Professor, Graduate School of Asia-Pacific Studies, Waseda University
Outside Auditor of the Company
2007 Professor, Graduate School of Commerce, Waseda University
2014 Outside Director of the Company (current position)
2016 Professor, Waseda Business School (Graduate School of Business and Finance), Waseda University (current position)



Outside Director
Etsuko Okajima

1989 Joined Mitsubishi Corporation
2001 Joined McKinsey & Company Incorporated Japan
2002 Joined Globis Management Bank, Inc.
2005 President, Globis Management Bank, Inc.
2007 CEO, ProNova Inc. (current position)
2014 Outside Director, Astellas Pharma Inc. External Director, MARUI GROUP Co., Ltd. (current position)
2015 Outside Director of the Company (current position)
2016 Outside Director, Link and Motivation Inc. (current position)
2018 Outside Director, Euglena Co., Ltd. (current position)



Outside Director
Seiji Yasubuchi

1979 Joined Mitsubishi Corporation
1999 Joined Ripplewood Japan, Inc. Executive Director, Ripplewood Japan, Inc.
2001 Joined UBS Securities Japan Co., Ltd. Executive Director in charge of transport and privatization of public organization, UBS Securities Japan Co., Ltd.
2005 Managing Director in charge of transport and privatization of public organization, UBS Securities Japan Co., Ltd.
2006 Joined GE Commercial Finance Asia Executive Vice President in charge of business development, GE Commercial Finance Asia
2007 President and CEO, GE Commercial Finance Japan
2009 President and CEO, GE Capital
2010 Representative Director, GE Japan Corp. President and CEO, GE Capital
2016 Representative Director, President and CEO, SMFL Capital Co., Ltd.
2017 Joined Visa Worldwide Japan Co., Ltd. President and Representative Director, Visa Worldwide Japan Co., Ltd. (current position)
Outside Director of the Company (current position)

Auditors



Outside Director
Yusuke Asakura

2007 Joined McKinsey & Company
2010 Joined Naked Technology Inc. Representative Director, President and CEO, Naked Technology Inc.
2011 Joined mixi Inc.
2013 Representative Director, President and CEO, mixi Inc.
2014 Visiting Scholar, Stanford University
2015 Outside Director, Raksul, Inc. (current position)
2016 Outside Director, Loco Partners
2017 Visiting Scholar, National Graduate Institute for Policy Studies (current position)
Outside Director of the Company (current position)



Internal Auditor
Muneyoshi Nomura

1998 Joined the Company
1999 Director and General Manager of Management
2000 Managing Director and General Manager of Management
2002 Senior Managing Director, CFO and General Manager of Management
2004 Representative Director, President and CFO
2009 Vice-chairman of the Board
2015 Internal Auditor (current position)



Internal Auditor
Nobuo Kojima

1993 Joined Dentsu Inc.
2013 General Manager of Operations Management Department of TV & Entertainment Division, Dentsu Inc.
2014 General Manager of Network 3 Department of Radio & TV Division, Dentsu Inc.
2017 Deputy Managing Director of Digital Platform Center and General Manager of Operations Promotion Office, Dentsu Inc.
2018 Seconded to Dentsu Digital Inc. Executive Officer and Head of Account Planning Unit, Dentsu Digital Inc.
Internal Auditor of the Company (current position)



Outside Auditor
Katsuhisa Yanagi

1963 Joined Saitama Bank, Ltd. (now Resona Bank, Limited)
1998 Director, Asahi Card Co., Ltd. (currently Resona Card Co., Ltd.)
2000 Internal Auditor, Asahi Card Co., Ltd. (now Resona Card Co., Ltd.)
2002 Auditor of the Company
2005 Internal Auditor
2015 Outside Auditor (current position)



Outside Auditor
Mamoru Furushima

1993 Joined Chuo Audit Corporation
1997 Registered as a certified public accountant
2000 Joined Fuji Accounting Office
2003 Joined PwC Advisory Co., Ltd.
2007 Joined the Legal Training and Research Institute of Japan under the Supreme Court of Japan
2008 Registered as a member of the Tokyo Bar Association
2009 Joined Okuno & Partners
2015 Representative of Furushima Law & Accounting Office (current position)
Outside Director (Audit and Supervisory Committee Member) of Nippon Chemical Industrial Co., Ltd. (current position)
Outside Auditor of the Company (current position)

Group Executive Officers

Group President and Chief Executive Officer
Koki Sato
Group CEO

Group Senior Executive Officers

Isamu Ueno
Group COO, in charge of Group personnel and general affairs

Tadahiro Matsuda
In charge of Group corporate planning, public relations, new business

Group Executive Officers

Teruyuki Noguchi
In charge of Group legal affairs

Kei Hatano
In charge of Group accounting and financial affairs

Kana Setoguchi
In charge of information systems and business promotion

Masayuki Muto
Internet Marketing Business (domestic)

Daisuke Suefuji
Internet Marketing Business (overseas)

Yusuke Shimizu
Internet Marketing Business (domestic)

Yuichi Kono
Internet Marketing Business (domestic)

Masayuki Takano
Internet Marketing Business (domestic)

Yusuke Fukuhara
Internet Marketing Business (domestic)

Takefumi Okada
Media Content Business