

The Septeni Group's Corporate Governance

Basic Approach

The Company and the company group comprising its subsidiaries (hereinafter called the “Group”) consider that their corporate governance is based on 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, which is the ultimate parent company, is a holding company and its group companies are operating companies. By separating the function of administering its overall business from executing its individual businesses, the Group has been working to facilitate the delegation of authority and strengthen the Company’s function of monitoring the Group’s businesses.

As a result of the functioning of both oversight of the execution of duties by outside directors through deliberation of the Board of Directors, as well as auditing by independent company auditors who are not involved in decisions regarding the execution of duties, the Company is utilizing the current corporate governance system as it believes that it will guarantee further enhanced governance functions and will further increase the effectiveness of corporate governance.

Governance Highlights

(Fiscal year ended September 2019)

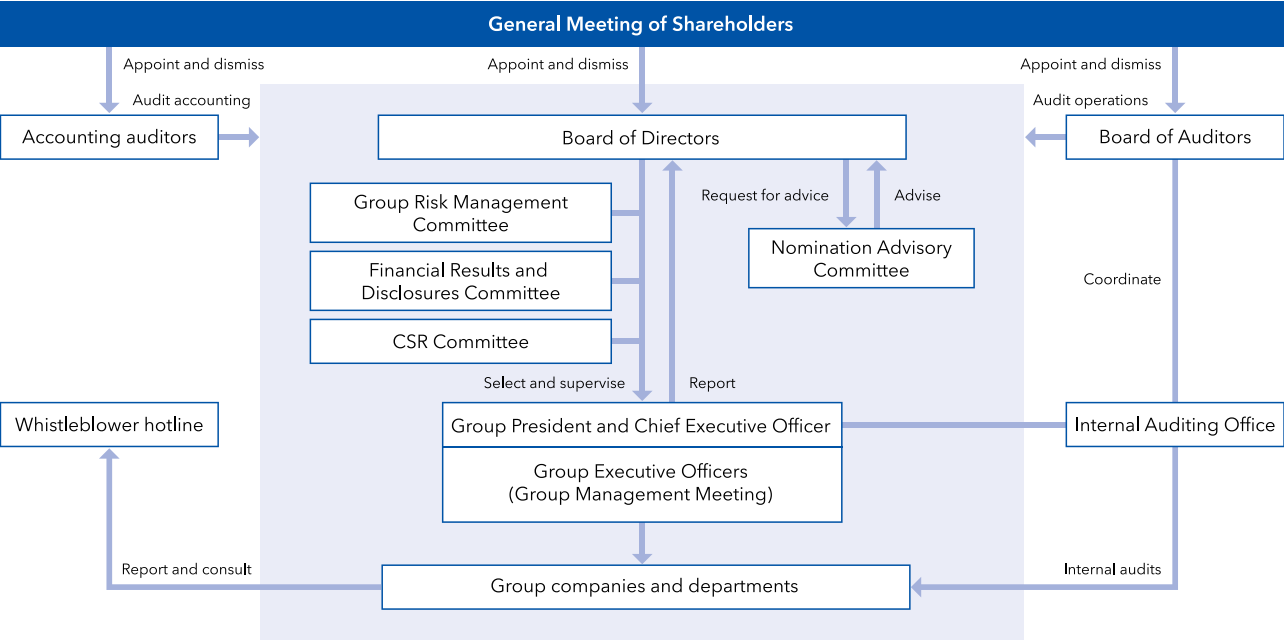
Number of Directors (Outside Directors Included in Total)	Number of Board of Directors’ Meetings Held	Average Attendance Rates at Board of Directors’ Meetings
7 (4)	14	Directors 97% Auditors 100%
Number of Auditors (Outside Auditors Included in Total)	Number of Board of Auditors’ Meetings Held	Average Auditor Attendance Rate at Board of Auditors’ Meetings
4 (2)	14	100%

Note: Above figures include one director who retired during the fiscal year.

Progress of Governance Reforms

	Fiscal Year Ended September 2015	Fiscal Year Ended September 2016	Fiscal Year Ended September 2017	Fiscal Year Ended September 2018	Fiscal Year Ended September 2019
Main Initiatives	Systematization of governance for greater effectiveness		Introduction of performance-linked stock compensation system for officers		
			Introduction of effectiveness evaluation to enhance the functioning of the Board of Directors		
			Establishment of the Financial Results and Disclosures Committee and the CSR Committee		
		Abolition of anti- takeover measures	Separation of execution and monitoring through the introduction of an entrustment-type executive officer system		
		Establishment of Group Risk Management Committee			
Number of Outside Directors	Increased to two (including a female director)		Outside directors become the majority of the Board of Directors		

Corporate Governance System



Board of Directors

- Introduced an entrustment-type executive officer system in January 2017 with a monitoring-oriented model that focuses primarily on monitoring Group Executive Officers.
- Presents the overall direction of basic policies and other management matters, creates an environment that supports appropriate risk-taking by the management team, and takes responsibility for monitoring the business execution of the management team.
- Consists of seven directors, of which four, a majority, are independent outside directors.
- In principle, meetings are held once a month and on extraordinary occasions as required.

Group Management Meeting

- In charge of decision-making on execution of business matters throughout the Company and the Group’s operating companies, and those that involve multiple operating companies.
- The Board of Directors appoints Group Executive Officers in charge of businesses. The Group President and Chief Executive Officer, who is concurrently a representative director, oversees the business execution of Group Executive Officers.
- The Group Management Meeting supports decision-making by the Group President and Chief Executive Officer and discusses important management matters for the Group.
- In principle, meetings are held twice a month and on extraordinary occasions as required.

Board of Auditors

- Conducts audits of directors’ execution of duties based on audit policies, audit plans and other criteria established by the Board of Auditors.

- The Company has adopted a Board of Auditors system consisting of four auditors, two of whom are highly independent outside auditors.

Committees

The Company has established various committees to create a system that enables clarification of authority and responsibility, as well as prompt and appropriate decision-making.

- **Group Risk Management Committee**
Responds promptly and effectively to the increasingly diverse, complex and decentralized risks faced by the Group, and oversees risk management for the entire Group.
- **CSR Committee**
In charge of fulfilling social responsibility through CSR activities.
- **Financial Results and Disclosures Committee**
In charge of reviewing and evaluating financial information and timely disclosure information.
- **Nomination Advisory Committee**
Ensures independence, objectivity and accountability in the deliberation process for matters related to the appointment and dismissal of management team personnel (including Company directors and Group Executive Officers) as a discretionary committee of the Board of Directors.

Executive Sessions

- Attended only by outside directors to ensure an opportunity for exchanging information and sharing understanding based on independent and objective standpoints.
- As other independent external parties, including outside auditors and accounting auditors, may attend the sessions, they also provide an opportunity for cooperation among such parties.
- In principle, meetings are held once every quarter.

Evaluation of the Effectiveness of the Board of Directors

With the aim of enhancing the function of the Board of Directors, the Company analyzes and evaluates the effectiveness of the Board of Directors once a year in principle. A survey for all directors and company auditors was implemented based on advice from third party institutions in the fiscal year ended September 2019. Additionally, interviews with some directors were conducted. As a result, it was confirmed that the Board of Directors is managed appropriately, specific initiatives to improve its effectiveness are promoted voluntarily with a clear sense of purpose, and its effectiveness is ensured.

Meanwhile, we recognized that there is room for improvement in areas such as balanced discussion, decision-making and reporting for further enhancing the quality of discussion in the Board of Directors. The Board of Directors of the Company should advance efforts to further heighten its effectiveness, by implementing measures that lead to resolving these issues.

Officer Compensation Plan

In September 2017, the Group introduced a new compensation plan (a board incentive plan (BIP) trust) to more clearly define the relationship between the remuneration of the Company's

directors (excluding outside directors and non-residents of Japan) and executive officers (excluding non-residents of Japan; collectively, "Directors, etc.") and the Group's business results in the medium-to-long term as well as the Company's shareholder value, while creating a sound incentive to enhance business results and corporate value in the medium-to-long term. As a result, remuneration for directors of the Company consists of monthly compensation and stock compensation, and remuneration for outside directors who are independent from business execution consists of monthly compensation only.

BIP Trust

This is a performance-linked stock compensation plan that aims to establish a clearer relationship between remuneration for Directors, etc. and the value of the Group's stock. The Company's shares are purchased from the market as officer compensation, kept in a trust account and delivered in accordance with the recipient's position and degree of achievement of the performance targets in the Midterm Business Policies.

Director and Auditor Remuneration

Category	Number of Recipients	Officer Remuneration	Remarks
Director	7	¥139,008 thousand	3 outside directors included in above ¥26,400 thousand
Auditor	4	¥46,500 thousand	2 outside auditors included in above ¥14,400 thousand

Notes: 1. For directors, a portion of remuneration for serving concurrently as a director of a subsidiary of the Company is borne by the subsidiary as expenses. The total amount of director remuneration, combining the amount borne by the Company above and the amount borne by subsidiaries, was ¥173,976 thousand.
2. The number of recipients includes one director who retired at the close of the 28th Ordinary General Meeting of Shareholders held on December 19, 2018. One outside director who serves without remuneration is not included in the number of recipients.

Reasons for Appointment of Outside Directors

Name	Reason for Appointment	Attendance at Board of Directors' Meetings (Fiscal year ended September 2019)
Tatsuya Kimura	Mr. Tatsuya Kimura is very familiar with the field of corporate management, and because he has actively provided useful advice on all aspects of the business administration of the Group based on his experience at global companies, extensive knowledge and considerable insight, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	14/14
Etsuko Okajima	Ms. Etsuko Okajima has an abundance of experience and knowledge, and considerable insight of corporate management, and because she has actively provided useful advice on all aspects of the business administration of the Group from an independent and objective position, she is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	14/14
Yusuke Asakura	Mr. Yusuke Asakura has extensive professional experience and results, and considerable insight as an executive at listed Internet companies, as a researcher and as an investor, and because he has actively provided useful advice on all aspects of the business administration of the Group, he is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	14/14
Yoshiki Ishikawa	Mr. Yoshiki Ishikawa has extensive professional experience and results, and considerable insight as both a preventive medicine researcher and as a founder of a company using methods based on behavioral science, and he is deemed capable of providing oversight and advice on the Company's business administration as an outside director.	— (Elected at the December 2019 Ordinary General Meeting of Shareholders)

Messages from Outside Directors

In our rapidly changing market environment, I will leverage my experience with and knowledge of global companies to help improve corporate value.

The Septeni Group has been proactive in setting up a system to establish a higher level of corporate governance in order to improve management effectiveness while ensuring agility and efficiency and maintaining soundness. The Board of Directors has created a system in which the board focuses on monitoring Group Executive Officers, who are responsible for business execution, and decides on matters stipulated by laws and the Articles of Incorporation as well as important corporate affairs in addition to monitoring business execution.

Video, music, e-books and other content are proliferating as smartphones become the main device for accessing the Internet, and social media is being used in a growing range of domains such as payments and purchasing. As an outside director, I intend to leverage my experience with and knowledge of global companies in this rapidly changing market environment to contribute to the sustainable growth of the Septeni Group and the improvement of its corporate value over the medium to long term.

Tatsuya Kimura
Outside Director



I will contribute to strengthening governance through monitoring and advice on execution of duties by the people we appoint and sustainably generating added value.

I believe the strength of the Septeni Group lies in its robust mechanisms for producing entrepreneurs. Under the strong leadership of President Sato, the Group conducts optimal allocation of personnel using its unique human resource development formula and human resource database and employs a system for business incubation at SEPTENI VENTURES Co., Ltd. These mechanisms have led to clear results in rapidly developing fully contributing team members and human resources who can create the Group's next businesses. As a member of the Nomination Advisory Committee, I am concentrating on further strengthening these mechanisms and appointing entrepreneurial talent who will create the future of the Group, with a succession plan in mind. In addition, as an independent officer, I intend to help generate sustainable added value for all stakeholders by strengthening governance through monitoring of and advice on the execution of duties delegated to the people who we have appointed.

Etsuko Okajima
Outside Director



Board of Directors, Auditors and Executive Officers

(As of January 1, 2020)

Directors			Auditors		
					
Representative Director Koki Sato	Representative Director Isamu Ueno	Director Tadahiro Matsuda	Outside Director Yoshiki Ishikawa	Internal Auditor Muneyoshi Nomura	Internal Auditor Nobuo Kojima
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) 2019 Executive Officer, Dentsu Inc. (currently Dentsu Group Inc.) 2020 Member of Dentsu Japan Network Board (current position)	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)	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)	2008 Director, Cancer Scan Co., Ltd. (current position) 2014 Director, Campus for H Inc. (current position) 2019 External Director (Audit & Supervisory Committee Member), Sansan, Inc. (current position) External Director (Audit & Supervisory Committee Member), Gaiax Co., Ltd. (current position) Outside Director of the Company (current position)	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)	1993 Joined Dentsu Inc. (currently Dentsu Group 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 Director Tatsuya Kimura	Outside Director Etsuko Okajima	Outside Director Yusuke Asakura	Outside Auditor Mamoru Furushima	Outside Auditor Takeshi Okuyama	
1989 Joined British Airways Plc 1992 Joined Philip Morris Limited (currently Philip Morris Japan Limited) 1995 Joined Gillette Japan Incorporated (currently The Procter & Gamble Company of Japan Limited) 2001 Associate Professor, Graduate School of Business, Nihon University 2006 Professor, Graduate School of Asia-Pacific Studies, Waseda University Outside Auditor of the Company 2007 Professor, Graduate School of Commerce, Waseda University 2008 Visiting scholar, University of Oxford 2012 Visiting fellow, Columbia University 2014 Outside Director of the Company (current position) 2016 Professor, Waseda Business School (Graduate School of Business and Finance), Waseda University (current position)	1989 Joined Mitsubishi Corporation 2001 Joined McKinsey & Company 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) 2019 External Director, Money Forward, Inc. (current position)	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. 2016 Outside Director, Loco Partners 2017 Visiting Scholar, National Graduate Institute for Policy Studies (current position) Representative Director, Signifiant Inc. (current position) Outside Director of the Company (current position)	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)	2002 Joined the Legal Training and Research Institute of Japan under the Supreme Court of Japan 2003 Registered as a lawyer (Daini Tokyo Bar Association) Joined Mori Hamada & Matsumoto 2011 Partner, Mori Hamada & Matsumoto (current position) 2014 Associate Professor, Waseda Law School 2019 Outside Auditor of the Company (current position)	
Group Executive Officers			Group Executive Officers		
Group President and Chief Executive Officer Koki Sato Group CEO			Group Executive Officers Teruyuki Noguchi In charge of Group legal affairs		
Group Senior Executive Officers Isamu Ueno Group COO, in charge of Group personnel and general affairs			Kei Hatano In charge of Group accounting and financial affairs		
Tadahiro Matsuda In charge of Group corporate planning, public relations, new business			Kana Setoguchi In charge of information systems and business promotion		
			Masayuki Muto Digital Marketing Business (domestic)		
			Daisuke Suefuji Digital Marketing Business (overseas)		
			Yusuke Shimizu Digital Marketing Business (domestic)		
			Yuichi Kono Digital Marketing Business (domestic)		
			Masayuki Takano Digital Marketing Business (domestic)		
			Yusuke Fukuhara Digital Marketing Business (domestic)		
			Takefumi Okada Media Platform Business		

The Septeni Group's CSR

CSR Policy

We believe that helping to resolve social issues through our businesses is a means 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 will continue to carry out CSR activities centered on this approach.

Selection Process for Priority Challenges

From among the many issues facing society, we have established five priority challenges based on a comprehensive determination of what stakeholders expect of the Septeni Group and the importance of the issues to Group businesses. We promote CSR activities in line with these challenges and conduct periodic reviews to update these activities.



Priority Challenges and Initiatives

Priority Challenge	Main Initiatives in the Fiscal Year Ended September 2019	Initiatives Planned for the Fiscal Year Ending September 2020	Contributions to the SDGs
Diversity and Inclusion	Promotion of women's participation Group-wide support for women's careers LGBT initiatives Awareness-raising activities through LGBT & Allies Network¹ Measures against discrimination and harassment Implementation of anti-harassment training for managers	Promotion of women's participation Group-wide support for women's careers LGBT initiatives Awareness-raising activities through LGBT & Allies Network Measures against discrimination and harassment Implementation of anti-harassment training	
Culture and Sports Support	Support for culture Provision of the "RouteM" manga artist development program Support for sport Support for top athletes	Support for culture Provision of the "RouteM" manga artist development program Support for art university students Support for sport Support for top athletes	—
Support the Sound Development of the Internet Advertising Industry	Ad verification initiatives	Response to industry issues	
Industry Development through Utilization of AI	— (Selected as a priority challenge for the fiscal year ending September 2020)	Utilization/application of data in HR technology Utilization/application of data in digital marketing	
Development of High-Quality Human Resources	Movement toward open innovation for the AI-based personnel system Enhancement and increase of research reports	Response to social issues using the AI-based personnel system	

1. LGBT and people with other sexual and gender identifications, as well as people who understand and support them

Diversity and Inclusion

Materiality of Diversity and Inclusion

We promote diversity and inclusion based on the approach that achieving work styles that maximize the abilities of each employee is the source of our competitiveness.

Basic Approach

The Septeni Group provides highly capable and motivated employees with many opportunities to take on challenges, regardless of their sex, age or nationality. We believe that the independent 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 work 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.

Promotion of Women's Participation (Support for the Participation of Diverse Human Resources)

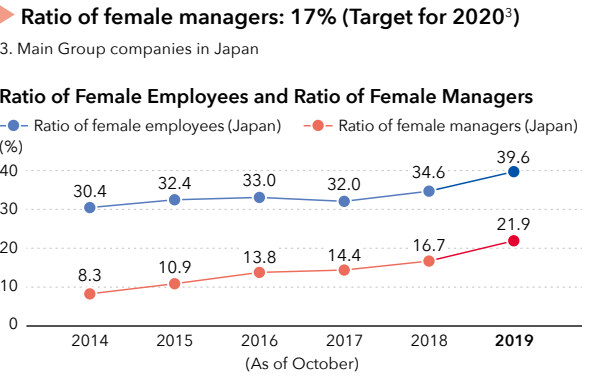
For women, career development can be interrupted by the gender-specific life event of childbirth. We promote initiatives that minimize factors inhibiting women's career development, to create an environment that allows employees to be fairly evaluated regardless of gender, and to encourage the active participation of female employees in that environment.

Introduction of Babysitter Subsidy System²

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.

2. Implemented at main Group companies only

Target for the Promotion of Women's Participation



LGBT Initiatives (Support for the Participation of Diverse Human Resources)

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.

▶ **Receipt of Gold Rating on the PRIDE INDEX**

For the second consecutive year, the Septeni Group has received the Gold Award, or the highest rating on the PRIDE INDEX, which evaluates corporate LGBT initiatives.

Measures against Discrimination and Harassment

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.

▶ **Anti-Harassment Training for Managers**

The Septeni Group invited lecturers from outside the Group to conduct anti-harassment training for full-time officers and managers.

Anti-harassment training for managers

My Story

Mai Masuda, MANGO, Inc.

I am in charge of recruiting at MANGO, Inc. Since 2018, I have been involved with SEPALLY RAINBOW to increase knowledge of LGBT issues so that all candidates can participate in the selection process with peace of mind. After starting the activities, I experienced first-hand the interest the topic generates in society. I was covered by local media in Miyazaki and received feedback not only from my colleagues, but also from people outside the company who saw the article. We will move forward step by step so that diversity is not seen as unusual, but rather taken for granted.

Development of High-Quality Human Resources

Materiality of Development of High-Quality Human Resources

We are promoting initiatives based on the approach that utilizing AI and other technologies in developing human resources will strengthen our competitiveness. We also broadly disclose information, including the results of these initiatives, to help improve productivity throughout society.

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.



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.

► **Alumni Network**
The Septeni Group Alumni Network has been established to make our AI-based personnel system widely available among Group alumni.

Through this network, we will also build business partnerships by sharing information about the Group and our outsourcing and business alliances, and by providing career development services.

My Story Yuta Okusako, SEPTENI HOLDINGS CO., LTD.

In the three years since we started online recruiting, the results have been substantial. The number of applicants from regional universities has quadrupled, and regional university students account for more than 50% of candidates receiving informal job offers. Some participants seemed uneasy about not being able to meet face to face, but the personalized feedback we gave based on the information they provided in the selection process resolved their anxieties, and they appear to consider their participation in the selection worthwhile.

By being more open in providing information and other measures, we will continue to create recruiting venues that are highly meaningful for both students and companies.

Open Innovation of Our AI-Based Personnel System

To help improve the productivity of society in general, we publicly disclose and widely publicize in-house case studies and research results. We are also working to generate further innovation through joint research with external parties and other methods.

Digital HR Project

We are conducting the Digital HR Project, which analyzes human resources using the power of data and technology, centered on our HaKaSe AI engine that analyzes data using our Formula of Development. To help resolve personnel issues, we have made more than 15 HR solutions and over 30 research reports publicly available. They can all be viewed on the project website and used free of charge by registered members.



► The Digital HR Project website presents reports on case studies and research on the application of technologies to HR.

Providing Our Research-Based Tool for a Free Trial

► **HaKaSe mini**
HaKaSe mini, which incorporates some of the functions of HaKaSe, is available to the public through limited-time free trials. It is intended for use by managers as a training tool for their team members. After completion of a member review and training plan in 30 minutes, the tool provides a feedback sheet and a training plan sheet for each member. Many users have tried this Digital HR tool.

Notes: 1. The review uses the 360-degree review used in joint research with Emotion Tech Inc.
2. The training plan employs the FFS (Five Factors & Stress) theory of Human Logic Laboratory, Inc.

The flowchart illustrates the HaKaSe mini process. It starts with a Manager registering member nicknames (5 minutes). Then, the Manager answers questions (20 minutes) while Members answer questions (20 minutes). The Manager then answers questions again (20 minutes). Finally, the Manager notifies all members of the shared URL (5 minutes). A 'Check of Review and Training Plan' step is shown, leading to a 'Print out and provide feedback' step. A legend identifies Manager and Team member icons. A sidebar shows a 'Feedback sheet', 'Training plan', and 'Team orientation'.

Joint Research with Emotion Tech

The Septeni Group and Emotion Tech Inc. are jointly developing a new method for assessing human resource performance that combines Emotion Tech's Net Promoter Score® (NPS®) emotional data analysis technology and employee engagement quantification expertise with the Septeni Group's expertise in quantifying growth. As part of our research activities,

we released a report on our joint research into quantifying active participation and retention using NPS®.

4. Net Promoter Score® (NPS®): A benchmarking metric for loyalty. Net Promoter Score® and NPS® are registered trademarks of Bain & Company, Inc., Frederick Reichheld and Satmetrix Systems, Inc.

Support for Culture and Sport

Materiality of Support for Culture and Sport
We believe that art, culture and sport, which give people great joy and excitement, are indispensable for a vibrant society. To help realize such a society and create the stars of tomorrow, we utilize the power of the Internet to conduct activities to support the active participation of artists and athletes in their fields of endeavor and the promotion of those fields.

Basic Approach

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

Measures to Support Culture

COMICSMART, INC. emphasizes “three-way satisfaction” – pleasure for readers, gratification for writers and success for business – and aims to further develop manga culture through its business.

▶ RouteM, a support program aimed at nurturing manga artists

Under RouteM, a support program by subsidiary COMICSMART, INC. aimed at nurturing in-house manga artists, we assist in disseminating their works, as well as providing financial and production support to enable them to focus on their creative activities with peace of mind and demonstrate their talents across a wider range of domains.

● Assistance in Disseminating Works

Works are published in serial form on the manga app GANMA!, which has reached a cumulative total of more than 13 million downloads.

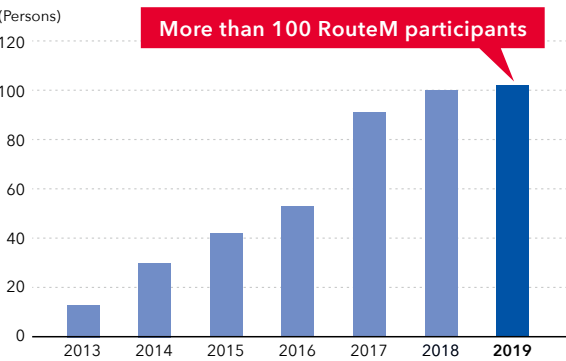
● Financial Support

We provide production support grants ranging from ¥100,000 to ¥500,000 to manga artists according to the respective stage of their careers, so that they can use the time they normally spend on part-time jobs and other work to produce manga instead.
In addition, we are building diverse systems to provide a way for manga artists to be well compensated for their works, including the distribution of advertising revenue generated through GANMA! and content royalties (such as for publication of comic books and film adaptations).

● Production Support

LCD tablet devices are loaned at no charge to manga artists affiliated with the RouteM program. Follow-up is provided on how to use these tablets to support their transition to full digital production.
Through the provision of assistant staff, networking events with other manga artists and other forms of support, the program has created a production environment that helps manga artists to produce works of higher quality.

Number of Artists



My Story Yonemaru, Exclusive RouteM Artist



Yonemaru, creator of the popular GANMA! manga *Taniku Chan* and *Kanata Konata*, which is currently published in serial form, drew manga as a hobby while working at a bookstore after graduating from university and decided to try to become a professional manga artist after receiving a newcomer award. However, two years of rejections of her proposed serials from boys’ manga publishers led the concerned Yonemaru to apply to RouteM at the recommendation of a friend.
“I still remember the GANMA! editor at the planning meeting telling me to draw what I really wanted to,” says Yonemaru. Having drawn many designs and stories in a trendy style on order up until then, she says it was fulfilling to be able to create freely without restrictions, taking on new genres and drawing what she loved.
About a year after the start of serialization, the decision was made to publish the manga in book format. At that time, Yonemaru says she was filled with a sense of accomplishment that lasted for days. When she visited her parents’ home with a copy of the printed book, they congratulated her on her efforts. It turned out that they had already bought dozens of copies!
“My parents had been worried more than anything about me becoming a manga artist. They wanted me to keep working at the bookstore, so I was really relieved when I gained their approval,” she recalled with a smile.

External Recognition

▶ Reset Game Special Live-Action Project

Winner of a Bronze award at Spikes Asia 2019, one of the largest advertising awards in the Asia Pacific region.



▶ Cho-Yo Hana-Yo

Ranked third place in the Web Manga category of the Tsuguni Kuru Manga Awards (Next-generation Manga Awards)



Measures to Support Sports

▶ Recruitment of Fencer Shihomi Fukushima

In April 2018, we recruited top sabre fencer Shihomi Fukushima 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 Fencing 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
- 2019 3rd in the women's sabre category and 3rd in the women's team sabre category of the Asian Fencing Championships
5th in the women's individual sabre category of the All Japan Fencing Championships

Support for the Sound Development of the Internet Advertising Industry

Materiality of Support for the Sound Development of the Internet Advertising Industry

We are working to contribute to the greater soundness and further development of the market by resolving various issues in the Internet advertising industry caused by the sharp increase in Internet users and rapid advances in technology.

Basic Approach

The Septeni Group implements initiatives with a focus on the “Three Promises of the Septeni Group,” a policy for the sound development of the Internet advertising industry.

Policy for the sound development of the Internet advertising industry
Three Promises of the Septeni Group

(1) Respond sincerely

We consider integrity to be the basis of everything we do and we will act with resolve based on right and wrong rather than profit and loss. We will remain conscious about the communication of useful information to society through appropriate means that lead to continual trust in Internet advertising and, with the cooperation of stakeholders, will act to make all of the people involved smile.

(2) Improve quality

We will observe the relevant laws and regulations and the rules agreed upon with the parties involved and aim to establish internal operations that preemptively avoid accidents or wrongdoing while moving toward the enhancement of quality service through ongoing education and improvement.

(3) Challenge the possibilities

We will continue the challenge of using new technologies and techniques to enhance the value of Internet advertisements and improve the satisfaction of stakeholders.

Ad Verification⁵ Initiatives

Septeni engages in ad verification to respond to issues in digital advertising such as advertising fraud due to unauthorized traffic and the display of ads on inappropriate sites.

▶ ACP Partner Certification

We have obtained partner certification under the Agency Certification Program (ACP) operated by Momentum, Inc. as an advertising agency that actively engages in ad verification.



5. Ad verification: A mechanism for preventing inappropriate ad display by measuring damages to advertising value, taking into account ad fraud, brand safety, and viewability.