

## Corporate Governance Guidelines

The Board of Directors (the “Board”) of SEPTENI HOLDINGS CO., LTD. (the “Company”) has adopted these Corporate Governance Guidelines (the “Guidelines”) as a form of governance framework for the Septeni Group (the “Group”). The Group’s governance system is structured to ensure that actions are based on the Group's Corporate Philosophy and decisions are made in a transparent, fair, and efficient manner, and that appropriate supervision (monitoring) of both legal compliance and corporate performance are carried out.

### 1 Corporate Philosophy

#### 1.1 Corporate Philosophy

The Group has the following messages as its corporate philosophy.

- **Mission** To inspire the world with entrepreneurship
- **Vision** To be a place where people are empowered to create a new era  
To open the door to a “nameraka” future with creativity and technology  
To make a complex world bright and simple through the power of digital  
\*open: The Group aims to make the door bigger so that people can move forward smoothly into the future it pursues.  
\*\*“nameraka”: The Group defines “nameraka” as a harmonious state without friction and barriers.
- **Creed** Hinerankai  
“Hinerankai,” a Kansai dialect, means “Think outside the box.”
- **Value** Resilient, Caring, Exciting

#### 1.2 Evaluation of Corporate Philosophy

The Board periodically (once a year) evaluates whether the Corporate Philosophy has permeated the frontline of the Group’s business activities and contributed to the enhancement of corporate value.

### 2 Code of Conduct

#### 2.1 Code of Conduct

The Group acts on the basis of governance based on the Corporate Philosophy, and in conjunction with the following.

“Dentsu Group Code of Conduct”

<https://www.group.dentsu.com/en/about-us/governance/codeofconduct.html>

#### 2.2 Evaluation of Code of Conduct

The Board periodically (once a year) evaluates whether the Code of Conduct has permeated and practiced on the front lines of the Group's business activities.

### **3 Medium-term Business Policies and Capital Efficiency Indicators**

#### **3.1 Medium-term Business Policies**

The Group formulates Medium-term Business Policies based on a rolling method that is reviewed on a single-year basis. The Company also actively considers setting targets linked to non-financial information in its Medium-term Business Policies.

#### **3.2 Capital Efficiency Indicators**

The Group does not introduce ROE indicators as indicators of capital efficiency. Its target is to achieve the budget plans for revenue and Non-GAAP operating profit in its Medium-term Business Policies.

### **4 Capital Policy and Shareholder Return Policy**

#### **4.1 Principle of Capital Policy**

The fundamental principle of the Group's capital policy is to maintain an optimal capital structure that ensures financial soundness and flexibility while improving capital efficiency in order to achieve sustained increases in corporate value and thereby increase shareholder returns.

#### **4.2 Principle of Shareholder Return Policy**

The Board, in principle, pays dividends of surplus with a target dividend payout ratio of around 25% to profit attributable to owners of parent in consideration of its consolidated earnings performance, the strengthening of the financial position, the Group's business strategy going forward and other factors. In addition, by setting a minimum annual dividend per share, the Board considers the continuity and stability of dividends, while maintaining a focus on appropriate profit distribution in line with business growth. Furthermore, the Board will flexibly implement share repurchase.

### **5 Dialogue with Shareholders and Operation of General Meeting of Shareholders**

#### **5.1 Record Date of Voting Rights and Date of Ordinary General Meeting of Shareholders**

In order to enhance constructive dialogue with shareholders and provide accurate information at the Ordinary General Meeting of Shareholders, the Company sets the record date of voting rights as December 31 of each year, and the Ordinary General Meeting of Shareholders will be held on the avoidance of the peak date of March.

#### **5.2 Appropriate Provision of Information to General Meeting of Shareholders**

In order to help shareholders make appropriate decisions at the General Meeting of Shareholders, the Company devises and enhances the description of the convocation notice for the General Meeting of Shareholders (e.g., coloring, enlargement, charting, English translation).

### **5.3 Date of Delivery of Convocation Notice for General Meeting of Shareholders**

The Company ensures a minimum of 20 days or more between the date of the General Meeting of Shareholders and the date of delivery of the convocation notice in order to enhance constructive dialogue with shareholders at the General Meeting of Shareholders and to ensure a period of consideration by shareholders.

### **5.4 Prior Publication of Convocation Notice of General Meeting of Shareholders**

In order to enhance constructive dialogue with shareholders at the General Meeting of Shareholders and to ensure a period of consideration by shareholders, the Company announces it in advance on TDnet and its website prior to the delivery of the convocation notice. (Target: 30 days prior to the General Meeting of Shareholders)

### **5.5 Electronic Voting by Shareholders**

Based on the ratio of institutional investors and foreign investors, the Company introduces the exercise of voting rights by electronic means and participates in the electronic voting platform (ICJ).

### **5.6 Exercise of Voting Rights by Institutional Investors etc. at General Meeting of Shareholders**

The Company consults and considers with trust banks, etc. if institutional investors, etc. holding its shares in the name of trust banks, etc. wish to exercise their voting rights on behalf of trust banks, etc. at the General Meeting of Shareholders.

### **5.7 Policy for Dialogues with Shareholders**

The Company responds to constructive dialogue with shareholders outside of the General Meeting of Shareholders as follows.

- (1) With regard to applications for dialogue from shareholders, the Company will decide whether or not it is necessary to respond individually and specifically, based on the main matters of interest in the interview and the number of shares held.
- (2) In principle, the CEO Office is the contact point for dialogue with shareholders, and the Group President and Chief Executive Officer, and other management engage in interviews depending on specific circumstances of each case. In addition, when shareholders apply for a dialogue with the Company's outside directors and corporate auditors, the Company does its utmost to create a place for interviews, depending on specific circumstances of each case.

### **5.8 Appropriate Information Disclosure**

The Company appropriately discloses financial information related to the Group's financial position and results of operations, as well as management strategies and issues, non-financial information related to its initiatives for sustainability, including risks, governance, environment, and CSR, in accordance with laws and regulations. The Company also proactively provides information through appropriate methods, including the utilization of integrated reports and the enhancement of descriptions on its corporate website.

## **5.9 Maintaining Independence and Autonomy**

As a listed company, the Company maintains its independence and autonomy (including independence and autonomy with respect to management, business, business relationships, and brand) with its parent company, Dentsu Group Inc. In addition, Dentsu Group Inc. and group companies other than Dentsu Group Inc. will not acquire additional shares of the Company, without obtaining the Company's prior written approval, except to the extent that it maintains a 52.01% voting interest in the shares held by Dentsu Group Inc.

## **6 Response to Large-scale Purchases**

### **6.1 Takeover Defenses**

The Board does not introduce so-called "takeover defenses" that are introduced before a takeover by a person that is not favorable to management is initiated.

### **6.2 Measures to Be Taken When Persons Intends to Conduct Large-Scale Purchases**

The Board endeavors to proactively collect information and disclose information (the Board's perspective) in a timely manner and takes appropriate measures within the permissible scope of the relevant laws and regulations and the Company's Articles of Incorporation from the viewpoint of securing the corporate value of the Group and the common interests of its shareholders when a person who intends to engage in a large-scale purchase appears.

## **7 Policy on Cross-shareholdings and Criteria for Exercising Voting Rights**

### **7.1 Policy for Ownership of Listed Shares, etc.**

The Group has the following policy and ensures the economic rationality of holding listed shares, etc.

- (1) Cross-shareholdings as a mere stable shareholder is not done from the viewpoint of corporate governance.
- (2) The ownership of shares is limited to cases in which it is judged that it will contribute to the maintenance and improvement of the Group's corporate value, such as cases in which there are merits in the execution of business, while also taking into account returns such as dividends.
- (3) Shares held are periodically examined, and shares judged to have little significance for holding are sold.
- (4) The Company fulfills its stewardship responsibilities as a responsible investor through engagement for investments in which the Group has a high percentage of voting rights.

### **7.2 Criteria for Exercising Voting Rights of Held Shares**

The Group has the following policy and ensures economic rationality for the exercise of voting rights of listed shares, etc.

- (1) The Company exercises voting rights on all proposals in principle, in order to properly exercise its rights as a shareholder.

- (2) In exercising voting rights, the Company appropriately decides whether or not to approve each proposal based on the perspective of enhancing the Group's corporate value in addition to the perspective of enhancing the medium to long term corporate value of investee companies.
- (3) The Company conducts constructive dialogue with investee companies when necessary, such as confirming the purpose of proposals.

## **8 Approach to the Board of Directors**

### **8.1 Responsibilities of the Board of Directors**

Based on its responsibilities to shareholders, the Board assumes the following responsibilities in order to promote the Group's sustainable growth and the enhancement of corporate value over the medium to long term, and to improve profitability, capital efficiency, etc.

- (1) To show the major direction of basic management policy, etc.
- (2) To develop an environment that supports appropriate risk-taking by management
- (3) To Conduct highly effective supervision (monitoring) of management's business execution from an independent and objective standpoint

### **8.2 Roles of Outside Directors**

The Board appoints multiple outside directors who are highly independent and have high levels of experience and insight into management. Through deliberations, the Board establishes a system that enables it to make decisions on basic management policies and oversee business execution effectively and efficiently.

### **8.3 Monitoring Board**

By delegating the authority for decision-making and execution of business operation to executive officers (the "Group Executive Officers") to the extent permitted by relevant laws and regulations, the Board is oriented toward the board type referred to as the so-called monitoring model, which focuses primarily on supervision (monitoring) of the Group Executive Officers.

### **8.4 Group Management Meeting**

The Board has the Group Management Meeting in addition to the Board of Directors as the committee body that makes basic decisions on the Group. The Group Management Meeting, with the participation of all Group Executive Officers, supports the decision-making of the Group President and Chief Executive Officer, who is the Chief Executive Officer of the Group, deliberates and decides on important management matters for the Group within the scope delegated by the Board, and shares information on business execution.

### **8.5 Holding of the Board of Directors and Group Management Meeting**

The Board of Directors is held once a month, the Group Management Meeting is held twice a month, and extraordinary meetings are held as necessary.

Directors and Group Executive Officers are expected to prepare for and attend their respective meetings and take the necessary time for them to appropriately execute their duties as directors and Group Executive Officers.

## **8.6 Matters to be Resolved at the Board of Directors**

Regarding matters to be resolved at the Board of Directors and matters to be delegated authority to the Group Executive Officers or the Group Management Meeting, the Board formulates Appendix Table 1 “Criteria for Resolution and Delegation of the Board of Directors and Executive Officers” of the Regulations of the Board of Directors to clarify authority and responsibility.

## **8.7 Matters to be Reported to the Board of Directors**

In order to make the supervision (monitoring) of business execution by the Board effective, with regard to matters reported to the Board, the Board formulates Appendix Table 2 “Criteria for Reportable Matters” in the Regulations of the Board of Directors and clarify the reporting obligations of the Group Executive Officers in charge.

The Board requires periodic reports (at least once every three months) on matters for which authority has been delegated to the Group Executive Officers in charge.

## **8.8 Representative Director**

The Group’s Representative Director shall be a director who is not the Company’s outside director, and a director appointed by Dentsu Group Inc., the Company’s parent company.

## **9 Independent Outside Director**

### **9.1 Independence**

Outside directors must meet the “Standards for the Independence of Outside Officers” stipulated by the Board. (the “Independent Outside Directors”)

### **9.2 Number of Outside Directors**

As the Company’s policy, the Board consists of at least a majority of Independent Outside Directors.

### **9.3 Regular Meetings of Independent Outside Directors, etc.**

The Board sets regular meetings (executive sessions) consisting solely of independent outside directors once a month in principle, to ensure that there is a forum for exchanging information and sharing awareness regarding the management of the Group, the activities of the Board, and succession plans for management. This meeting also allows for the participation of independent outside persons such as outside auditors and external accounting auditors, and also be used as a forum for cooperation between independent outside persons.

## **9.4 Provision of Information**

Independent Outside Directors are continuously provided through the Secretariat of the Board with information on the Company's management environment, corporate philosophy, risk information, etc. necessary to fulfill their roles and responsibilities, and are also able to seek the advice of outside experts at the Company's expenses as necessary.

## **9.5 Restrictions on Concurrent Positions**

There are no restrictions on concurrent positions of other listed companies of independent outside directors.

## **10 Management Remuneration**

### **10.1 Unified Remuneration System to Support Appropriate Risk-taking**

Through the remuneration system, the Board, in principle, establishes a unified remuneration system (the "group management remuneration") so that appropriate risk-taking and entrepreneurship can be demonstrated by the Group's key management, such as directors and Group Executive Officers, etc.

### **10.2 Clarification of Remuneration Decision Policy**

The Board formulates the "Group Management Remuneration Decision Policy" as a policy for determining the group management remuneration. The Group Management Remuneration Decision Policy appropriately establishes the proportion of compensation linked to medium to long term performance, as well as the proportion of cash compensation to share-based compensation, as well as short-term incentives linked to performance each fiscal year.

### **10.3 Ensuring Fairness of Procedures for Determining Remuneration**

In determining the specific amount of remuneration, the decision is made with reference to the opinions of independent outside directors based on the Group Management Remuneration Decision Policy.

### **10.4 Timing of Revision of Remuneration**

The timing of revisions to the Group management remuneration is revised from the month following the close of the annual General Meeting of Shareholders.

## **11 Nomination, Selection and Retirement of Directors and Executive Officers**

### **11.1 Criteria for Nominating and Selecting Candidates**

The Board sets the "Policy on the Selection of Senior Management and Nomination of Director Candidates" from the viewpoint of ensuring the transparency and fairness of the criteria for nominating and selecting candidates for the Group's Directors and Group Executive Officers (the "candidates for Directors, etc."). In addition, in order to ensure diversity in the Board, the Board promotes the appointment of diverse human resources, including female candidates.

## **11.2 Officer Nomination Rights of Parent Company**

Dentsu Group Inc., the Company's parent company, may request the Company to propose proposals to nominate one director and one corporate auditor (part-time corporate auditor) to the Company's directors and corporate auditors, respectively. The Company nominates candidates from Dentsu Group Inc. at the General Meeting of Shareholders and submit agendas for the election of directors and auditors.

## **11.3 Clarification of the Process of Nominating and Selecting Candidates**

From the viewpoint of ensuring transparency and fairness in the process of selecting and nominating the candidates for Directors, etc., the Board establishes the "Procedures Concerning Selection and Nomination of the Company's Group Officers."

## **11.4 Involvement of the Nomination and Remuneration Advisory Committee**

The Board has the Nomination and Remuneration Advisory Committee as a voluntary committee under the Board for the purpose of strengthening the independence, objectivity, and accountability in the selection and nomination of candidates for Directors, etc. The Nomination and Remuneration Advisory Committee is composed of the Group President and Chief Executive Officer and all Independent Outside Directors. The Committee provides advice (proposals, recommendations, and drafting of agendas) regarding the selection, nomination, and dismissal of candidates for Directors, etc. independently or in response to consultations by the Board or the Group President and Chief Executive Officer.

## **11.5 Retirement Age of Directors and Executive Officers**

The Company's directors (excluding independent outside directors and non-executive directors) and Group Executive Officers are not reappointed when they are over 60 years old.

## **12 Management Successor Development Plan (Succession Plan)**

### **12.1 Establishment of Management Successor Development Plan**

The Board clarifies the method of evaluation as a successor of the Group, formulate a development plan for the formation of a population of successors, conduct broad-ranging research and recruiting activities for successors from within and outside of the Group, and implement measures for the formation of a population, and conduct annual evaluations of such development plans.

### **12.2 Involvement of the Nomination and Remuneration Advisory Committee**

The Nomination and Remuneration Advisory Committee evaluates the performance of the Group's senior management (particularly the Chief Executive Officer) and provides advice (proposals, recommendations, and drafting of agendas) regarding the succession plans of the Chief Executive Officer established by the Board independently or in response to consultations by the Board or the Group President and Chief Executive Officer.



## **13 Orientation and Ongoing Training for Directors and Corporate Auditors**

### **13.1 Policy on Orientation upon Assuming Office**

The Board distributes basic materials on the Group's corporate philosophy, business, financial, and organizational matters to the Independent Outside Directors and Outside Auditors at the orientation upon assuming office.

### **13.2 Policy for Continuous Training**

The Board sets the following policies and conduct ongoing training so that directors and corporate auditors can fully understand their roles and responsibilities after their appointment.

- (1) The Company provides information to directors and corporate auditors from time to time with the aim of deepening their understanding of the Group's management philosophy, business activities, financial activities, organization, etc.
- (2) Once a year, directors and corporate auditors attend camps to deepen the sharing and understanding of the Group's management philosophy, corporate management, business activities, organization, etc.
- (3) With regard to important, specialized, urgent matters and other necessary matters, such as revisions to laws, taxation systems, etc. directly linked to corporate management, knowledge of current affairs of high social concern, and the economic, legal, and social conditions of the Group companies overseas, the Company provides its directors and corporate auditors with opportunities for third-party training at the expense of the Company.

### **13.3 Planning and Operation of Orientation and Continuous Training**

Orientation upon assuming office and continuous training are planned and operated by the Board secretariat.

## **14 Effectiveness Evaluation of the Board of Directors**

### **14.1 Effectiveness Evaluation of the Board of Directors**

In order to periodically evaluate whether the entire Board is functioning appropriately, the Board conducts a self-evaluation once a year in principle. In the process of self-evaluation, outside third-party organizations may be involved or advised.

### **14.2 Disclosure of Effectiveness Evaluation**

For disclosure regarding the effectiveness evaluation of the Board, the Company discloses the methodology and summary of the evaluation results.

## **15 Internal Control System and Internal Audits**

### **15.1 Fundamental Policy on Internal Control System**

Recognizing the importance of establishing and operating an internal control system at the Group level in order to ensure the effectiveness and efficiency of each of the Group's operations, the reliability of financial reporting, the compliance system (legal compliance), and the risk management system, the Board formulates a "Basic Policy on Establishing Internal Control System" and ensure its proper operation.

### **15.2 Role of Internal Audits**

The Board has the Internal Auditing Office, which provides an assurance service (audit and assurance functions) and consulting service (advisory and guidance functions) from an objective standpoint in order to review and evaluate the status of the management system for effectively achieving management targets, the expansion of business scale, and the status of decentralized management based on delegation of authority. The Board places emphasis on supervision (monitoring) of the appropriate development of the system and whether their operation is effectively conducted.

### **15.3 Independence of Internal Audits**

In order for internal audits to effectively achieve their objectives, the Board creates an environment in which internal audits can be carried out in an objective, free and unbiased manner without any restrictions imposed by others. The Internal Auditing Office reports directly to the Group President and Chief Executive Officer, and at the same time, establish a system to ensure that reports are made to the Board.

## **16 Risk Management**

### **16.1 Group Risk Management Committee**

The Board has established the Group Risk Management Committee to manage risks for the entire Group in order to respond quickly and effectively to the diversification, complexity and decentralization of risks faced by the Group. The Board places emphasis on supervision (monitoring) of the appropriate establishment of these systems and whether their operations are being effectively implemented.

### **16.2 Internal Reporting System (Hotline)**

The Board has established a Group Internal Reporting System, in which external attorneys are the direct contact point for reporting or consultation, in order to promptly detect and respond to improprieties by officers and employees of the Group. The Board will place emphasis on supervision (monitoring) whether these systems are properly established and implemented effectively.

## **17 Related Party Transactions**

### **17.1 Investigation, Approval, and Disclosure of Related Party Transactions**

The Board sets appropriate procedures so that directors, corporate auditors and other related parties do not use their positions to conduct transactions that harm the common interests of the Company and its shareholders. For related-party transactions by directors and corporate auditors, the Company prepares a written confirmation of the investigation into the existence of such transactions once a year. In the event of material facts, the Company reports to the Board and, with respect to transactions with directors by the

Company, obtains the approval of the Board in accordance with the laws and regulations as well as the Board of Directors Regulations. In addition, transactions between related parties are disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, and the rules and regulations established by the Tokyo Stock Exchange.

## **17.2 Transactions with Controlling Shareholders (Parent Company)**

With respect to transactions with the parent company, Dentsu Group Inc., the Company determines the management support fee by contract in consideration of the nature of operations, and the interest rate for fund transactions is determined by reference to market interest rates in the same manner as for general transactions. Through these and other measures, the Company will ensure that its business operations are sufficiently independent from its parent company.

### Additional Clauses

1. The revision or abolition of these guidelines is based on the resolution of the Board of Directors.
2. The Group Executive Officer in charge of legal affairs can change minor corrections such as errors or omissions.

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