



HakuhodoDY holdings

# Integrated Report 2022



# Contents

## Corporate Vision

- 4 Message from the President
- 11 Philosophy / Policy

## Who We Are

- 13 History
- 14 Expanding the Business Domains
- 15 Group Overview

## Strategy

- 18 Transforming the Services We Provide to Implement Full-Funnel *Sei-katsu-sha* Data-Driven Marketing
- 22 Reinforcing Human Resources and Sustainable Management
- 26 Medium-Term Business Plan
- 30 Interview with the CFO

## Value Creation

- 35 Value Creation Model
- 36 The Sources of Our Competitiveness
- 37 Materiality
- 41 Putting Creativity to Work in Generating New Solutions: Case Studies
- 54 Developing Creative Human Resources

## Sustainability

- 57 Our Sustainability Approach
- 58 Sustainability Initiatives: Case Studies
- 63 Sound and Healthy Workstyles
- 64 Diversity, Equity, and Inclusion
- 65 Human Rights Policy
- 67 Initiatives to Address Climate Change and Other Environmental Issues

## Governance

- 70 Message from the Chairman
- 74 Message from a Newly Appointed Outside Director
- 75 Corporate Governance
- 82 Compliance Initiatives
- 83 Management Structure

## Financial Information

- 85 10-Year Summary of Consolidated Financial Statements
- 86 Billings by Type of Service and by Industry of Clients
- 87 Domestic Advertising Market and Hakuholdo DY Group's Domestic Billings
- 88 Policy on Cross-Shareholdings and Our Fundamental Policy with Regard to Returns to Shareholders
- 89 Stock Information
- 90 Corporate Information
- 91 Group Companies

## Editorial Policy

To realize sustainable growth and continuous improvement in corporate value, the Hakuholdo DY Group believes that both profitable growth and initiatives for resolving social issues through its business activities are extremely important.

Previously, our annual reports have focused primarily on our management strategies, business activities, and financial information. However, since fiscal 2017, believing in the importance of introducing in detail the social and environmental initiatives that help us fulfill our social responsibility as a corporation, we have been creating integrated reports that comprehensively cover the Group's activities related to sustainability and the environmental, social, and governance (ESG) domain.

## Forward-Looking Statements

This integrated report contains forward-looking statements concerning the current business plans, management policies and strategies, goals and projections, and forecasts of future earnings and financial conditions of the Hakuholdo DY Group that are not historical facts but are based on forecasts, expectations, assumptions, plans, and the knowledge and judgment of management based on information available at the time of the report's preparation. Moreover, in order to calculate projections and forecast figures, it is essential to rely to a certain degree on assumptions in addition to confirmed historical facts. Readers should understand that there is no guarantee that such forward-looking statements and assumptions are objectively accurate, and actual results may differ substantially from such forecasts.

# 01

## Corporate Vision



- 4 Message from the President
- 11 Philosophy / Policy

A photograph of Masayuki Mizushima, the Representative Director & President, standing in a modern industrial factory setting. He is wearing a dark blue suit, a white shirt, and a blue tie. The background shows a complex network of metal beams and industrial equipment, with bright lighting creating a high-tech atmosphere.

## Message from the President

### Establishing a Chain of Value Creation and Becoming a Key Player in Solving Social Issues

We aim to become a value creation partner that can contribute to the evolution of companies' marketing activities. We also aim to become a partner to *sei-katsu-sha* that can continue to create new value that contributes to social progress.

**Masayuki Mizushima**

Representative Director & President

## Message from the President

### Our Unchanging Values System and the Continuously Evolving Value We Provide

---

The Hakuholdo DY Group has an unchanging values system that revolves around the seven principles of its corporate philosophy and the two pillars of its Group policy: *Sei-katsu-sha Insight* and *Commitment to Partnership*. Guided by this values system, while also identifying changing times and social trends, we have grown our business as a professional group in the corporate marketing and communication field without being constrained by conventional advertising business frameworks.

While leveraging our unique strength of *creativity*, we aim to achieve sustainable business growth by becoming a *value creation partner* that can contribute to the evolution of companies' marketing. At the same time, as a partner to *sei-katsu-sha*, we aim to continue to create new value that contributes to social progress. By doing so, we will achieve our sustainability goal of "realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing."

### Accelerating the Transformation of Our Business Foundation and the Services We Provide

---

With regard to the five-year Medium-Term Business Plan, which we launched in May 2019, we announced a proposal for revisions to the plan in February 2022 in light of the significant changes in the business environment brought about by the impacts of the COVID-19 pandemic. At the time of the plan's formulation, we expected there would be changes to the way *sei-katsu-sha* interact with information and make purchases due to the evolution of digital technologies. Although these changes have progressed faster than expected, there has been no significant change to the major direction of the plan, which focuses on the digitalized era, a notion that the Group has championed for some time. To that end, while updating our strategies and reviewing our business plans, we will pursue the newly adopted initiatives of: *Transform the services we provide*; *Strengthen cross-organizational functions* to accelerate transformation; and *Strengthen our foundation for sustainable business management*.

In particular, the implementation of our full-funnel *Sei-katsu-sha Data-Driven Marketing*, which serves as the linchpin for transforming the services we provide, is an important growth driver. We aim to establish a structure that allows us to evolve our current *Sei-katsu-sha Data-Driven Marketing* into a full-funnel marketing approach covering

“

We will achieve our sustainability goal by creating new value that contributes to sustainable business growth and social progress.

”

[Details](#) page 11

Philosophy / Policy

[Details](#) page 35

Value Creation Model

[Details](#) pages 26–29

Medium-Term Business Plan

## Message from the President

everything from awareness, interest, consideration, and purchase to customer relationship management. Such a structure will enable us to expand the domains in which we provide marketing services, leading to the creation of new markets and value.

To establish core capabilities to help us accomplish this endeavor, we are steadily reinforcing functions for providing Value-Creating DX (digital transformation), which transforms the marketing activities of our clients by combining vast amounts of data with the latest technologies, while leveraging our strength of creativity.

Additionally, we have been enhancing the functions and expanding the businesses of Group subsidiaries. Specifically, we entered into **marketing execution domains**, including sales proxy services offered through contact centers and personnel dispatch, allowing us to expand the services we provide so that we can offer seamless support for companies' overall marketing activities in accordance with changes in *sei-katsu-sha* and society as a whole.

Hakuhodo started as an advertising space broker over 120 years ago, and the state of the Company has changed with every generation. Through the years, we have transitioned from an advertising agency to an advertising company, and we now function as a marketing company. I believe that going forward we can become **a new creative industry that empowers *sei-katsu-sha***.

As companies strive to evolve their marketing activities, over the medium to long term we aim to build a presence as a provider of **all kinds of solutions that fully leverage creativity**. While we still have much more to do before we achieve this goal, we will first strive to enhance our functions with a view to implementing full-funnel marketing.



## Strengthening Our Organizational Capabilities to Generate Groupwide Synergies

Over the past several years, the Group has been expanding the scale and nature of its business, including through mergers and acquisitions (M&A) aimed at acquiring specialized and innovative companies, for the purpose of enhancing its functions to boost its competitiveness on a Groupwide basis. Additionally, we have been strengthening cross-organizational functions to accelerate the transformation of the services we provide.

Cross-organizational functions serve as a shared foundation vital to generating synergies and building a Group business portfolio from the perspective of overall optimization while promoting collaboration between the diverse and multifaceted operating companies under our corporate umbrella.

Details **pages 18–21**

**Transforming the Services We Provide to Implement Full-Funnel *Sei-katsu-sha* Data-Driven Marketing**

## Message from the President

In particular, **technological functions** are extremely important. As advertising business and companies' marketing become increasingly digitalized, we need to recruit and nurture outstanding engineers and incorporate the latest technologies if we are to enhance our capabilities as a Group overall. In order to accomplish such tasks, we launched **HAKUHODO Technologies Inc.** in April 2022.

HAKUHODO Technologies functions as a core Groupwide platform for transforming us into a more **technology-driven corporate group**. HAKUHODO Technologies launched with just over 200 specialists but we intend to increase this number by roughly 100 during the period of the Medium-Term Business Plan through the recruitment of engineers, thereby steadily reinforcing the company's functions. The most important aim behind establishing HAKUHODO Technologies is to add engineers to our team of employees, which has thus far centered on creators and marketing personnel, so that we can develop and provide new services and solutions for the **Sei-katsu-sha Interface Market** through teams consisting of these three types of professionals.

For our overseas business, in addition to further strengthening the digital domain, we are seeking to transfer and share the expert insight and know-how of the *kyu* network globally with HakuHodo's U.S.-based subsidiary and our Group companies in Asia. By doing so, we will work to enhance our competitiveness and create new businesses.

## Positioning Human Resources as the True Source of Our Creativity

The Group's greatest strength is, without a doubt, **creativity**. No matter how much the advertising business and marketing methods change, there will still be communication between people in order to sell products and services, and ideas are an indispensable element of this communication. Excellent ideas are what make *sei-katsu-sha* choose and use a product or service, and at the core of excellent ideas lies creativity.

One of our strengths is **sei-katsu-sha insight**. No matter what the business field, whether business-to-business (B2B) or business-to-consumer (B2C), and no matter how far digital technologies and artificial intelligence (AI) progress, business partners are ultimately people. To that end, *sei-katsu-sha* insight undoubtedly serves as the foundation for understanding how to inspire people, influence their actions, and build their loyalty to particular products or services.

The source of these strengths and of our value creation is our diverse pool of human resources. Our employees represent a base of **eclectic talents** with diverse backgrounds and personalities. By drawing on their individual creativity and enhancing it through teamwork, these eclectic talents conceive new knowledge and ideas that serve as the source of our value creation.

“

**Our most important strengths are our creativity and *Sei-katsu-sha* Insight. Our diverse pool of human resources serves as the source of our value creation.**

”

**Details** pages 22–25

**Reinforcing Human Resources and Sustainable Management**

**Details** page 36

**The Sources of Our Competitiveness**

## Message from the President

To further refine our *sei-katsu-sha* insight and increase the power of our creativity, our employees must be able to continue to grow in their day-to-day work through constant self-improvement. It is therefore important to consider how we as a company support **the growth of our Group personnel**. Support for growth should target all employees, including employees in their late 40s and older, not just new graduates. At Hakuodo Inc. and Hakuodo DY Media Partners Inc., we commenced reskilling programs in fiscal 2022 that offer employees extensive learning opportunities, including acquiring MBAs or gaining expert knowledge in finance and accounting fields. By enhancing our eclectic talents to a greater extent, we will be able to reinforce **our human capital** and amplify our value creation, thereby realizing growth as a Group. We are therefore actively investing in human resources, including measures that will incur upfront costs in the near term, so that all the Group's human resources can fully leverage their advanced creativity in everything from the digital and technology fields to fields that require global expertise. Through such means, we are further strengthening **our human resource management** from the perspectives of investment, development programs, and the building of an employee-friendly environment.

## Revising Our Materiality to Strengthen Sustainable Management

We believe that establishing an environment for sustainable management from a medium- to long-term perspective is a crucial issue. Therefore, to promote the Group's sustainable management more proactively, in April 2022 we established the Sustainability Office, under which we have begun to undertake concrete initiatives.

Within the environmental, social, and governance (ESG) domain, we have **established and disclosed environmental targets in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)** as part of our efforts to address climate change. We have also started efforts to reinforce our foundation as a corporate group with a focus on 2030, the target year for achieving the Sustainable Development Goals (SDGs), and 2050, the year in which companies and governments alike aim to achieve carbon neutrality.

Moreover, we have **revised our material issues (materiality)**, established relevant numerical targets, and are working to **formulate a human rights policy**. We have also set into motion a task force related to **diversity, equity, and inclusion (DE&I)**. Details of these activities are disclosed in this integrated report.

With regard to our materiality, we have further revised and organized the eight material issues that we adopted in fiscal 2020 as important issues for achieving sustainable growth. Through this process, we have narrowed these eight

“

**We will actively invest in human resources in order to establish environments in which our eclectic talents can leverage their creativity to the greatest extent possible.**

”

**Details** pages 41–53

**Putting Creativity to Work in Generating New Solutions: Case Studies**

**Details** pages 54–55

**Developing Creative Human Resources**

**Details** pages 65–66

**Human Rights Policy**

**Details** pages 67–68

**Initiatives to Address Climate Change and Other Environmental Issues**



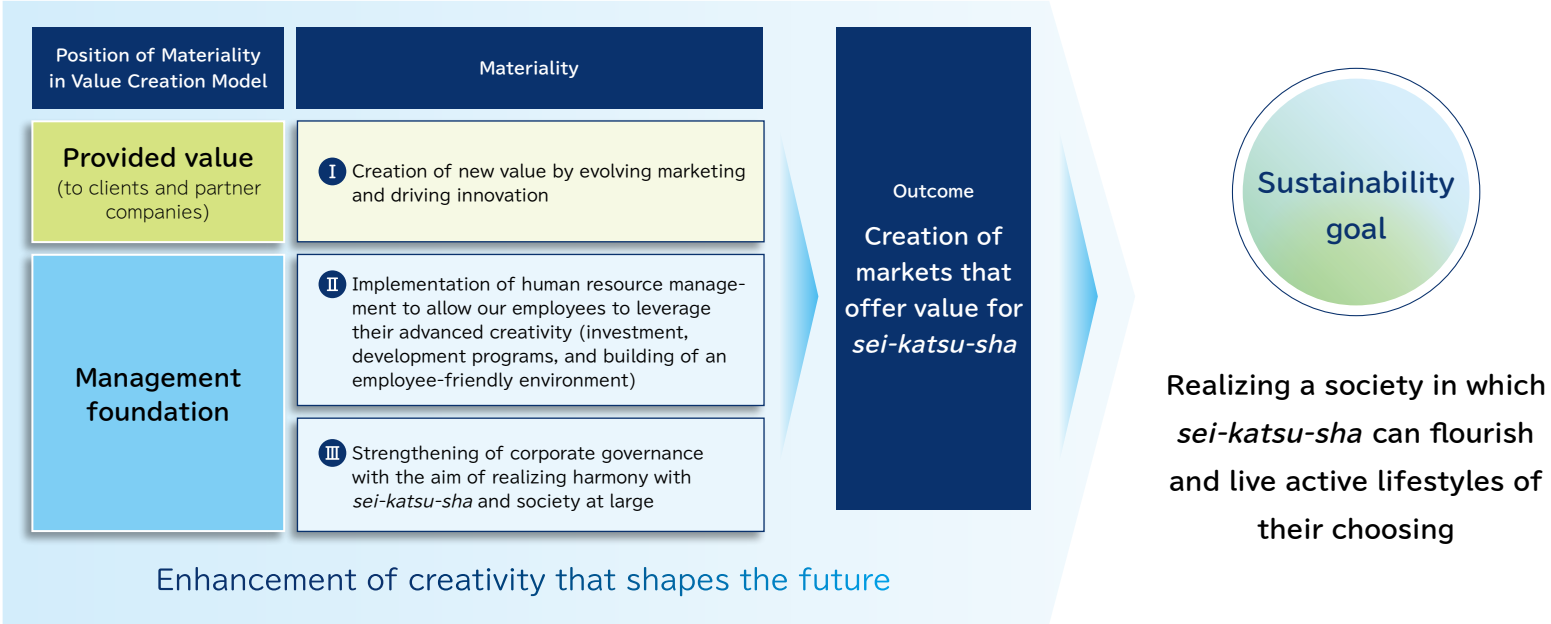
Message from the President

issues down to three important pillars. These pillars are: Creation of new value by evolving marketing and driving innovation; Implementation of human resource management to allow our employees to leverage their advanced creativity; and Strengthening of corporate governance with the aim of realizing harmony with *sei-katsu-sha* and society at large. The first pillar directly relates to the value the Group provides, and the other two pillars underpin the core of our management foundation.

While continuing to cherish our unchanging values system, we will step up initiatives for realizing harmony with *sei-katsu-sha* and society at large, which in turn will help us enhance our sustainability as a corporate group.

Details pages 37-40  
Materiality

Structure of Value Creation and Position of Materiality



## Becoming a Key Player in Solving Social Issues

---

The history of the advertising industry evolved with the emergence of each new media and means of communication between people, starting with the age of paper media such as newspapers and magazines, then radio (audio media) and TV (visual media) and, subsequently, the rapid evolution of digital media that has followed the advent of the internet. Although there has been a sense of uneasiness among people working in the advertising industry each time the form of media changed, the emergence of new media has always been met with the development of new advertising methods and marketing initiatives.

Instability in the business environment is a constant in the advertising industry, and this is why new opportunities come to those who take on the challenge of forging new paths. While social and corporate issues are becoming more complex each day in this rapidly changing world, I believe that the key to overcoming the challenges in such an environment is to see the positive and interesting aspects that result from these changes. One characteristic of the Group's employees is that they have a great flair for finding these positive and interesting aspects. Many of our employees are excited by the prospect of resolving increasingly challenging and complex issues. When employees tackle such issues, they share ideas, formulate new plans, and have fun as they work to find solutions while dealing with setbacks along the way. I believe that this kind of corporate culture is one of the most unique characteristics of the Group.

As we expand in scale, we are establishing a “chain of knowledge,” in which we generate Groupwide synergies by combining a broad range of functions to create new ideas to solve issues brought about by the changing times and then work to turn those ideas into outputs that can be used to deliver solutions. I believe such a “chain of knowledge” represents the ultimate value that we can offer our clients and all of our stakeholders, including our business partners, shareholders, and employees.

Going forward, we will continue to maintain and enhance our corporate culture, which values eclectic talents and teamwork. While doing so, we will strive to remain a company able to demonstrate unrivaled creativity that can shape the future. Furthermore, we aim to secure the trust of society as a key player in the solving of extremely challenging social issues.



*Masayuki Mizushima*

Masayuki Mizushima

Representative Director & President

## Philosophy

---

The following seven principles are the Hakuholdo DY Group corporate philosophy. We believe that by following these principles in all of our business activities we contribute to growth for our stakeholders and society as a whole.

1. Strive continuously to provide our clients with the services they need to add value to their business.
2. Lead advances in media and be instrumental in building media value.
3. Build a dynamic global network to offer services wherever they are required.
4. Create abundance and further society, now and tomorrow, with our unique insight into *sei-katsu-sha*—people who have lives beyond what they consume.
5. Encourage individual personalities to flourish within a teamwork environment, leading to the creation of new values.
6. Become one of the world's preeminent corporate groups, leading advances in marketing and innovation generation by constantly seeking out new challenges in the spirit of independence and solidarity.
7. Work relentlessly to increase corporate value and reward the trust that shareholders place in us.

## Policy

---

Since our founding, we of the Hakuholdo DY Group have adhered to the twin pillars of *Sei-katsu-sha* Insight and Commitment to Partnership.

### ***Sei-katsu-sha* Insight**

*Sei-katsu-sha* insight is the foundation of our thinking and planning. It reminds us that consumers have heartbeats and are more than just shoppers performing an economic function. These unique, autonomous individuals that we refer to as *sei-katsu-sha* live in an increasingly diverse society. We believe that deeper insight into their lives is the source from which new value springs. That is why we make it our business to know *sei-katsu-sha* better than anyone else and to use that knowledge to make media a stronger bridge between advertisers and customers.

### **Commitment to Partnership**

Partnership is the way we do business, the starting point for all business activities. From the standpoint of *sei-katsu-sha*, we pay constant, careful attention to the needs of our clients and of media suppliers. We believe that engaging in dialogue and acting together are the best ways to find the solutions to those needs. As our clients' and media suppliers' partner, our aim is to build strong, long-lasting relationships. By working together over the long term, we are better able to provide durable and coherent solutions to our partners.

We believe that the times ahead will be marked by new innovations in these policies, as we work in partnership with advertisers to create marketing solutions that add value to every business domain in which they are involved. As a partner to media suppliers and content holders, we aim to add value across the whole diverse spectrum that media and content has become. We will continue to offer higher quality services through innovations in our policies of *Sei-katsu-sha* Insight and Commitment to Partnership.

# 02

## Who We Are



- 13** History
- 14** Expanding the Business Domains
- 15** Group Overview

# History

<p><b>1895</b> Hironao Seki establishes Hakuhold as an advertising space broker for educational magazines out of a desire to contribute to youth education through print</p> <p><b>1893</b> Daiko Advertising is established</p> <p><b>1929</b> YOMIKO ADVERTISING is established</p>	<p><b>1981</b> Hakuhodo Institute of Life and Living is established, becoming the first think tank for an advertising company, with the aim of realizing <i>sei-katsu-sha</i> insight</p> <p><b>1981</b> Hakuhodo is reborn as a marketing engineering company</p> <p><b>1991</b> Hakuhodo announces its Grand Design Partner corporate philosophy</p>	<p><b>1996</b> D.A.Consortium (DAC) is established through a joint investment by Hakuhodo, YOMIKO ADVERTISING, and five other companies, with Daiko Advertising joining DAC's network in 1998</p> <p><b>2001</b> Hakuhodo enters into a business partnership with Daiko Advertising and YOMIKO ADVERTISING</p> <p><b>2002</b> Hakuhodo announces its "power-branding" corporate philosophy</p>	<p><b>2003</b> Hakuhodo DY Holdings is established as a joint holding company</p> <p><b>2003</b> Hakuhodo DY Media Partners is established</p> <p><b>2005</b> Listed in the First Section of the Tokyo Stock Exchange</p> <p><b>2006</b> Business and capital alliance formed between Hakuhodo DY Media Partners and IREP</p>	<p><b>2014</b> The strategic operating unit <i>kyu</i> is established</p> <p><b>2006</b> TBWA\HAKUHODO is established</p> <p><b>2009</b> DAC is made into a consolidated subsidiary</p> <p><b>2010</b> IREP makes DAC a consolidated subsidiary</p>	<p><b>2018</b> D.A.Consortium Holdings becomes a wholly owned subsidiary</p> <p><b>2019</b> A corporate venture capital fund* is established</p> <p><b>2021</b> Hakuhodo DY Matrix is established</p> <p><b>2022</b> HAKUHODO Technologies is established SoldOut is made into a consolidated subsidiary</p> <p>* HAKUHODO DY FUTURE DESIGN FUND</p>
---	--	--	---	---	--



## High Evaluations of Our Creatives

The ability to develop advertising creatives that gain the attention of and make an impression on a large number of people and deliver a corporate message is essential. Hakuhodo has won the grand prize twice at the Cannes Lions International Festival of Creativity held in Cannes, France, which is the world's largest advertising festival. Hakuhodo has also won numerous prizes at various advertising events held around the world.

### Sei-katsu-sha Insight = Establishment of Hakuhodo Institute of Life and Living

To be acknowledged as a partner to our clients, we have to know *sei-katsu-sha*, who are the target of our clients, better than anyone else. With the aim of gaining even deeper insight into *sei-katsu-sha*, we established Hakuhodo Institute of Life and Living in 1981 and have since expanded the institute on a global scale.

## Management Integration with the Founding of Hakuhodo DY Holdings

In October 2003, Hakuhodo, the second largest advertising company in Japan; Daiko Advertising, the fifth largest; and YOMIKO ADVERTISING, the sixth largest, integrated their management through the establishment of the joint holding company Hakuhodo DY Holdings. Also, in December of the same year, Hakuhodo DY Media Partners was founded as Japan's first integrated media company.

Under the Medium-Term Business Plan announced in 2009, we began to promote integrated marketing solutions. Meanwhile, under the Medium-Term Business Plan\* launched in 2019, we are working to further evolve our *Sei-katsu-sha* Data-Driven Marketing, which combines the use of *sei-katsu-sha* data and technology with creativity, as a growth strategy in anticipation of the arrival of a completely digitalized era.

\* The revised plan was announced in February 2022.

## Reinforcement of Group Digital Strategies

In order to gain the advantage in the digital marketing domain, D.A.Consortium and IREP established D.A.Consortium Holdings as a joint holding company, which became a wholly owned subsidiary in October 2018. Furthermore, in April 2022 we established HAKUHODO Technologies and also made SoldOut a consolidated subsidiary through a tender offer bid. In anticipation of an era of extreme innovation through the shift to complete digitalization, we are reinforcing our digital strategies to establish a leading position in the broader digital domain.

## Overseas Strategic Operating Unit *kyu*

In 2014, we established the strategic operating unit *kyu* with the aim of forming a collection of creative companies through the M&A of unique and advanced North American and European companies in their specialized fields. The unit now comprises a collection of distinctive and diverse companies that specialize in such areas as innovation consulting, behavioral economic-oriented consulting, and consulting based on people-centered design.

## Expanding the Business Domains

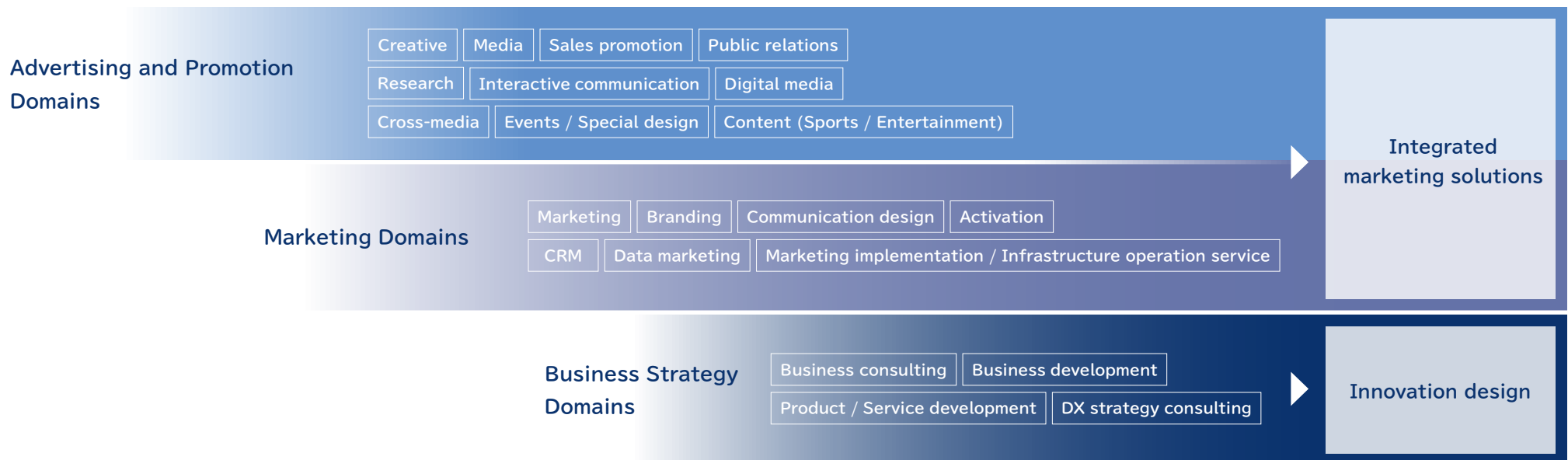
After the Meiji Restoration, the role of an advertising company was to act as a media partner by collecting advertisements for newspapers and magazines, which began to be published one after the other. In the 1950s, advertising companies evolved rapidly in response to the growing media platforms that resulted from the advent of television broadcasts in addition to radio broadcasts. During this time, the Group's core operating company, Hakuholdo, underwent a significant transformation to become a client partner that supports the marketing activities of its clients (advertisers), thereby actively expanding its business domains.

From the 1990s on, the rapid expansion of the internet and other factors ushered in a new era of marketing communication in which *sei-katsu-sha* play the leading role. In 2003, Hakuholdo, Daiko Advertising, and YOMIKO ADVERTISING established Hakuholdo DY Holdings as a joint holding company and integrated their management under the new company. Guided by our Medium-Term Business Plan, which runs through the fiscal year ending March 31, 2024, we aspire to become a value creation partner to our clients by acting as a corporate group that plays a leading role in evolving their marketing activities and generating innovation.

1900s (Period of establishment)

2000s

2022 (Present)



## Group Overview

### HakuhodoDY holdings

#### Pure Holding Company

- Advantages of a holding company structure
- Enhanced Group management fundamentals
- Development of synergies

#### Advertising Companies

Further strengthening frontline functions with a new structure consisting of the Group's three core companies, two next-generation digital agencies, and an agency that specializes in the field of wellness

#### Integrated Media Company

Building strong partnerships with media companies and content holders and strengthening structures for cooperation in the digital media domain

#### Strategic Operating Unit

*kyu* is a collective of creative companies that will collaborate to harness creativity to propel the economy and society forward

#### Advertising Companies

### Integrated Advertising Companies

## • HAKUHODO •

Hakuhodo was founded in 1895. Based on the twin pillars of the Company's unchanging philosophy—*Sei-katsu-sha* Insight and Commitment to Partnership—Hakuhodo has been constantly evolving. With teams of highly creative professionals, we help clients both in Japan and overseas resolve issues in a wide range of areas besides advertising, from management and business approaches to measures for addressing social issues. Going forward, we will continue to leverage the strengths of our creativity to provide new value that contributes to peoples' lifestyles and society at large, as well as to innovations in the structure of our clients' businesses.



We have adopted the philosophy of "respecting companies, customers, and society." Guided by this philosophy, we understand the importance of our customers and place emphasis on the ability to ascertain what constitutes value for our clients' customers. Furthermore, placing the customer first, we are promoting brand activation that works to accumulate customer value and create customer experiences. Going forward, based on customer value that places the customer first, we will form business partnerships with our clients' customers to assist with the brand support that our clients provide within their entire corporate activities.

## YOMIKO

YOMIKO ADVERTISING aspires to become a "Game Change Partner," a partner that ambitiously pursues collaborative change for the sustainable growth of business and society. Our business was founded on the principle of *Rekko Hakon* ("tear down the old and destroy the new"), which has been passed down through the generations. In an era in which only the organizations and services that are deeply connected with *sei-katsu-sha* and successfully create value continue to grow, we will not allow our 600 game changers to be at the mercy of the times. Instead, we will pursue the next step collaboratively as partners that stand united in embracing change by grasping our respective individualities and essences and creating new value.



There has yet to be an integrated advertising company that specializes in the field of wellness, even as we talk of an age of the 100-year life. Hakuhodo DY Matrix is a company that was created to meet this need. At Hakuhodo DY Matrix, we have assembled a group of highly trained specialists from inside and outside the Hakuhodo DY Group, including creators, marketing specialists, technologists, CRM specialists, and other experts, all who have knowledge of healthcare. By drawing on the sophisticated expertise of each individual team member and combining all of our strengths, we will create new solutions for a the age of 100-year life. To that end, we will not only support the marketing support of companies in the healthcare field but also support all kinds of activities that promote people's well-being.

Group Overview

Next-Generation Digital Agencies



IREP is a digital marketing agency founded in 1997. Since the dawn of programmatic advertising, IREP has supported its clients' business growth, principally with listing advertising methods, which has established the company as a leader in the digital marketing business. Since entering into a business and capital alliance with Hakuholdo DY Media Partners in 2006, IREP has continued to expand its business as a member of the Hakuholdo DY Group. Twenty years have passed since the internet became popularized. Over this time, user information behavior has changed dramatically, and digital advertising techniques and methods have diversified and become more sophisticated. As such, we have continuously worked to deliver sophisticated full-funnel solutions built on programmatic advertising and to enhance our presence in the digital advertising market.



SoldOut is a digital marketing agency that was consolidated into the Hakuholdo DY Group in April 2022. Guided by the company's purpose of "supporting the aspirations of those who pursue challenges to realize business growth" and "integrating marketing and digital technologies to create a next-generation society that rewards those who ambitiously pursue challenges," we facilitate the growth of small, medium-sized, and venture companies throughout Japan through digital marketing, software, media production and operation, and digital transformation (DX). As a member of the Hakuholdo DY Group, we will develop an ecosystem to provide digital services that accommodate the growth of our clients, strengthen our ability to address the business-related needs of local, small and medium-sized, and venture companies and engage in the long-tail market in an effort to help expand the Group's digital business.

Integrated Media Company



Hakuholdo DY Media Partners is an integrated media company established by integrating the media arms of the three advertising companies Hakuholdo, Daiko, and YOMIKO. Handling the Hakuholdo DY Group's media business and content business, the company leverages its expertise in planning, production, buying, media traffic, and knowledge in these two business areas and, in the digital domain, its strong links with D.A.Consortium. Collaborating with each advertising company, Hakuholdo DY Media Partners provides optimum marketing solutions for advertisers, media companies, and content holders.



Viewing *sei-katsu-sha* as readers, viewers, and spectators, it creates new media value by turning them into brand customers. In this way, Hakuholdo DY Media Partners considers media in its broadest sense. It is a media content business company that aims to be "The force behind media design."

Strategic Operating Unit

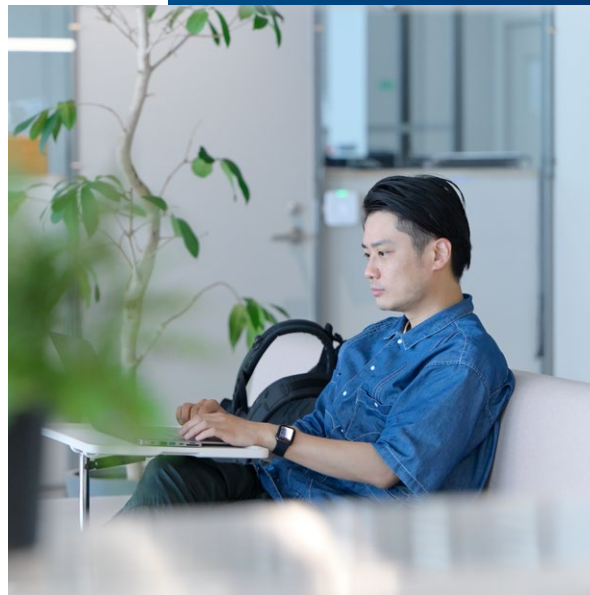
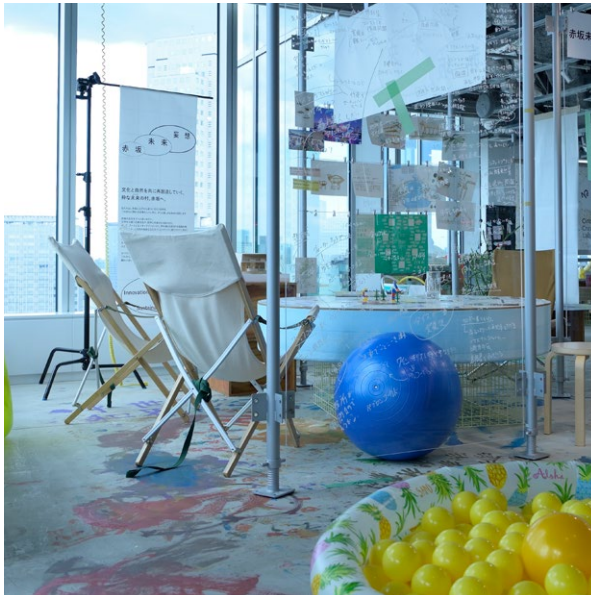


*kyu*, the strategic operating unit of Hakuholdo DY Holdings, was created in 2014 to ensure the continuous enhancement of specialization and innovation in the Hakuholdo DY Group. *kyu* is a collective—one with a strategically curated and deliberately limited number of partner organizations. Each shares a belief that creative collaboration yields new solutions to the world's toughest problems. The *kyu* collective comes together to invent, make, prototype, and design. All partner companies harness their creativity as a force for positive impact for the constituents they have always served—and our firms join together on key issues to propel the greater economy and society forward.



# 03

## Strategy



- 18** Transforming the Services We Provide to Implement Full-Funnel *Sei-katsu-sha* Data-Driven Marketing
- 22** Reinforcing Human Resources and Sustainable Management
- 26** Medium-Term Business Plan
- 30** Interview with the CFO

## Transforming the Services We Provide to Implement Full-Funnel *Sei-katsu-sha* Data-Driven Marketing



Hirotake Yajima

Executive  
Vice President

**By accelerating two types of digital transformation (DX) to expand the *Sei-katsu-sha* Interface Market, we will fundamentally transform the services we provide.**

The progression of the digitalized era has led to the creation and rapid acceleration of a new *Sei-katsu-sha* Interface Market, located on the boundaries between people and things. Through the integration of marketing DX and media DX, we will evolve our *Sei-katsu-sha* Data-Driven Marketing, with which we have thus far led the way, into a full-funnel marketing approach, thereby meeting the ever-changing needs of companies.

### Ascertaining Companies' Changing Marketing Needs Brought about by a Digitalized Society

The COVID-19 pandemic has accelerated the widespread adoption of online services, which in turn has led to increasingly digitalized lifestyles. Within these lifestyles, the relationship between people and things has evolved from a simple contact point to an interface through which information is mutually shared. As a result, we have seen the emergence and rapid expansion of the *Sei-katsu-sha* Interface Market, which is a concept that the Group has long championed.

As the objects, devices, stores, and media that surround *sei-katsu-sha* become connected to networks, the marketing activities of companies have changed dramatically. For example, by integrating data obtained from indirect contact points, such as advertising, with data gained from direct contact points, such as stores and e-commerce sites, and managing and utilizing such data, it is now possible to provide products and services that are optimized for each individual *sei-katsu-sha*. In addition, the frequency of contact with *sei-katsu-sha* through the use of displays found in all types of locations, including on televisions, tablet devices, and smartphones and in cars, electrical appliances, and homes is increasing. With the emergence of various new display-based communication methods, we expect business opportunities for the Group to expand even further.

Transforming the Services We Provide to Implement Full-Funnel *Sei-katsu-sha* Data-Driven Marketing

“The provision of integrated solutions, the utilization of dynamic data, and the implementation of a visualization model are all essential elements in providing services that offer more advanced marketing functions.”

### Realizing More Sophisticated Marketing Communications

To date, the Group’s businesses have been centered on the development of advertising communications. However, as the data related to the overall marketing activities of companies is becoming completely digitalized and integrated with communication data, there is now a growing need to offer services with more sophisticated marketing functions and ensure that these services provide tangible outcomes. To that end, the following three elements are indispensable to the Group.

The first element is integration and the provision of integrated solutions. There is a need for services that combine the effects of communication—the main purpose of

which is to expand brand awareness and improve brand favorability—with the effects of overall marketing activities—which include leading *sei-katsu-sha* to websites, selling products and services, and acquiring new customers—and to offer such services in the form of integrated solutions. Additionally, in terms of TV and digital media, it is necessary to manage these forms of media using the same indicators, and this requires the use of platforms as a foundation.

The second element is the utilization of dynamic data. In addition to the static data that we have accumulated to date through surveys and other measures, the importance of dynamic data such as internet access and browsing history data is increasing. For this reason, while utilizing dynamic data as a foundation, we must evolve our services to better contribute to the marketing activities of our clients.

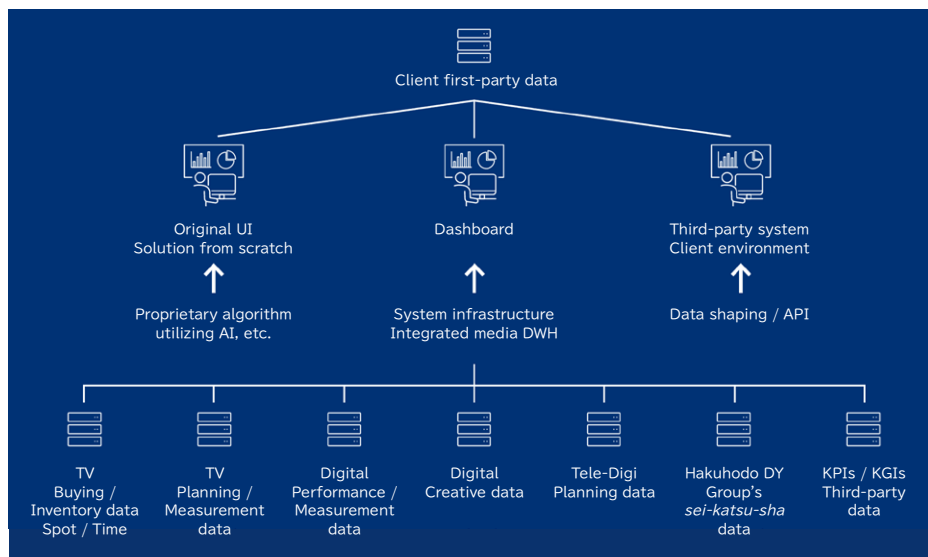
The third element is visualization and the implementation of a visualization model. Programmatic advertising is an advertising model for constantly setting into motion the Plan-Do-Check-Act (PDCA) cycle based on constant connection. To realize this kind of advertising, it is essential to create systems that visualize data and advertising effects. While to date there have been unseen elements in terms of advertising effects, it is imperative that we leverage technologies to transition to a model that visualizes such elements.

### Implementing Two Types of DX to Implement Full-Funnel Marketing

In order to transform the services we provide, we must evolve *Sei-katsu-sha* Data-Driven Marketing, with which we have led the industry, into a comprehensive full-funnel marketing approach covering everything from awareness, interest, consideration, and purchase to repeat purchase and customer relationship management. To that end, we are implementing two types of DX: marketing DX and media DX.

With regard to marketing DX, we are strengthening marketing proposals that leverage not only the data we receive from clients but also the data held by the Group and media companies. At the same time, we are enhancing the speed

Utilization of Integrated Data Foundation



Transforming the Services We Provide to Implement Full-Funnel *Sei-katsu-sha* Data-Driven Marketing

with which we collaborate with platform owners.

For media DX, amid the diversification and decentralization of media and platforms, which constitute the medium for interaction with *sei-katsu-sha*, we are seeking to integrate all forms of advertising media with the data and insights gained through our marketing DX activities while operating such media in a cross-sectional and integrated manner. By doing so, we will transform media into sophisticated client services that guarantee both communication effects and marketing results.

In terms of establishing a solutions development structure for implementing both marketing DX and media DX, we launched the cross-company strategic organization, **HAKUHODO DX\_UNITED**, in April 2021. Under this organization, we are undertaking a range of initiatives and in the first year of its operation we achieved positive results. HAKUHODO DX\_UNITED initially comprised around 700 specialists from Hakuodo Inc., Hakuodo DY Media Partners Inc., and D.A.Consortium Inc., a number that has now expanded to approximately 1,000.

**Developing Cutting-Edge Technology That Enhances Performance and Engagement**

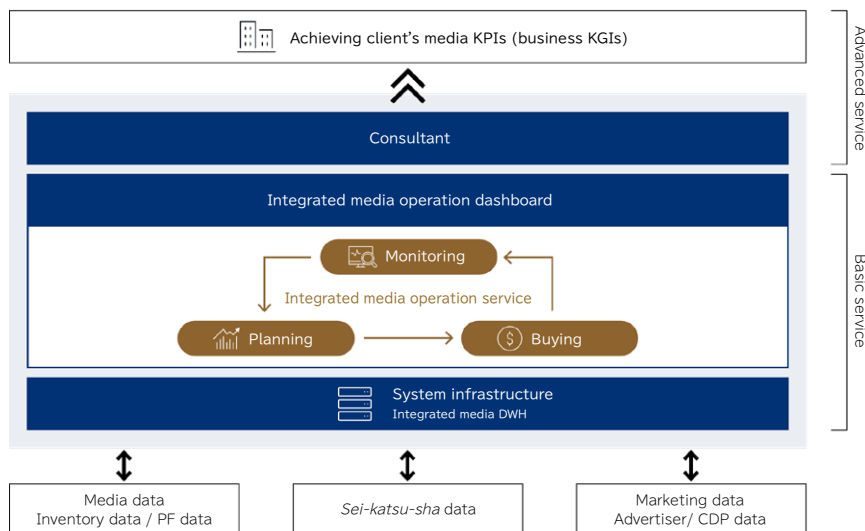
ones as well, and therefore **performance** and **engagement** are two important key performance indicators (KPIs).

To enhance performance, we provide AaaS systems and data warehouses in the advertising layers of marketing, TV and digital, TV, and digital. We have been strengthening initiatives in these domains since 2018, and I can say with confidence that AaaS has become an industry-leading service as a result.

In order to enhance engagement, as well as utilizing AaaS, we have been undertaking work on methods to establish a brand image leveraging new content under the Brand Integration Division, which was launched in 2022.

**Creative capabilities** are crucial to enhancing the impact of engagement. “Creative” has a broad meaning, and one example is creatives that use more effective expressions and designs based on the data collected through the marketing activities of a company and media interaction data. The conventional strength of the Group has been the ability to develop such creatives, and we will further enhance this strength going forward. Another meaning of creative is the capability to leverage technologies to mass-produce advertising materials in a timely and appropriate manner amid the rapid acceleration of the PDCA cycle, which has followed the shift from direct buying advertising to programmatic advertising. At **Creative technology lab beat**, a cross-organizational research and development organization established in January 2022, we are working to develop **artificial intelligence (AI) tools** that can automatically generate creative. In these ways, we are introducing the latest technologies into the creatives know-how that we have cultivated over many years.

**Contribution to Advertisers’ Business Performance through AaaS**



As the core of our activities to implement media DX, we are accelerating the rollout of **Advertising as a Service (AaaS), a next-generation model** for advertising media, which we announced and introduced services for in December 2020. The concept behind AaaS is to evolve our advertising media business from one that simply sells ad space to one that operates various forms of media in a cross-sectional and integrated manner and delivers effects that contribute to the businesses of our clients. The profit model for AaaS emphasizes not just commission-based transactions but fee-based

Transforming the Services We Provide to Implement Full-Funnel  
Sei-katsu-sha Data-Driven Marketing

“

We will drive innovation by drawing on our strengths of creativity, communication design capabilities, and integration capabilities.

”


## Expanding and Evolving Our Full-Funnel Marketing Services

Amid the expansion of e-commerce and electronic transactions, it is important that we strengthen our proposal-making capabilities that leverage data to boost marketing efficiency if we are to expand our full-funnel marketing services. To that end, we will provide optimized services in physical contact points, which include e-commerce deliveries and customer service at physical stores. We will then leverage the data collected through these services to develop new communication initiatives and design new marketing strategies. By doing so, we will be able to set in motion a PDCA cycle across the entire marketing process.

In addition, to reinforce our media business, we will strengthen our approach to small- and medium-sized venture companies across Japan, including in more rural areas. The market for programmatic TV spot advertising, which sets in motion a PDCA cycle in the same manner as digital advertising, has been expanding and is expected to grow from its current scale of ¥10 billion to ¥100 billion by around 2025. In light of this, we will leverage TV AaaS, a TV ad operation service that maximizes advertising results, to spur the development of **small- and medium-sized businesses (SMBs)**. In April 2022, we made **SoldOut, Inc.** a consolidated subsidiary. SoldOut offers community-tailored digital marketing services to regional SMBs and venture companies active primarily in rural regions across Japan. Through SoldOut, we will not only expand our business into local TV stations and newspapers but also pursue various collaborations with Hakuhodo DY Media Partners and other Group companies.

Furthermore, we will expand and evolve our services

domains over the medium to long term in the pursuit of **multiple layers of profit**. With the rapid expansion of marketing communication activities focused on displays, we will expand fee-based transactions, which pursue greater advertising effects while maintaining commission-based transactions as a profit pillar. In addition, we will aim to generate profits by promoting collaborative projects with application service providers (ASP), such as those that provide data analysis tools, and client companies.

## Realizing Further Growth through Our Creativity and Communication Design and Integration Capabilities

Our greatest strength is **our creativity and communication design capabilities**, and I am confident that no company surpasses us in this area. Furthermore, by refining **our data operation and performance abilities**, which are essential in this era, and integrating them with all of our other capabilities, we can further demonstrate our competitiveness. These kinds of **integrated capabilities** will provide us with a significant edge.

In addition to these capabilities, we must constantly be on the leading edge of the digital communication world. We are therefore focusing on the development of new services, such as **the Metaverse** and **Web3**, centered on the **MIRAI Business Division** and the **Marketing Technology Center (MTC)**. In this way, we will spur innovation while constantly providing *sei-katsu-sha* with **attractive experience-based value**.

Through these endeavors, we will strive to become one of the world's preeminent corporate groups, leading advances in marketing and innovation generation, which we adopted as part of our Group philosophy.

## Reinforcing Human Resources and Sustainable Management



**Akihiko Ebana**

Director  
Senior Executive  
Corporate Officer

### Strengthening the Group's Human Capital to Achieve Sustainable Growth and Development

We aim to enhance the Group's value and realize our sustainability goal. To that end, we are investing in technologies to transform marketing activities and drive innovation. We are also investing in human resources, who serve as the source of our creativity.

### Implementing *Sei-katsu-sha* Data-Driven Marketing under a Full-Funnel Approach

Under its Medium-Term Business Plan, which runs through the fiscal year ending March 31, 2024, the Hakuodo DY Group has adopted the following Core Medium-Term Strategy: "With *Sei-katsu-sha* Insight as our cornerstone, the Hakuodo DY Group will combine its creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating innovation in a completely digitalized era. In this way, we will continue to impact and provide value to *sei-katsu-sha* and society as a whole."

Over many years, we have closely observed and researched *sei-katsu-sha* and have accumulated a vast amount of data while doing so. As an advertising company, we have conventionally been asked to give shape to ideas that make advertisements more interesting and enjoyable. In recent years, our ideas have become more refined not only through our past experience and sensibilities but also through the full utilization of *sei-katsu-sha* data that we collect in real time. By doing so, we have been able to implement and realize specific initiatives that meet social needs and bring joy to people's lives. Put simply, the method that has made such accomplishments is full-funnel *Sei-katsu-sha* Data-Driven Marketing.

Now that we are able to acquire vast amounts of data, implementing *Sei-katsu-sha* Data-Driven Marketing not just in the marketing communication domain, which centers on brand recognition, but also under a full-funnel approach will be crucial to meeting the needs of our clients. We find ourselves in an era when simply placing advertisements is not necessarily enough to sell a product. Under these circumstances, it is



**We will detect portents of change to predict the future and fully leverage the data and technologies we possess. By doing so, we will evolve corporate marketing activities and drive innovation.**



important that we consider not just advertising but also the kinds of information that will resonate with *sei-katsu-sha* and the kind of locations where *sei-katsu-sha* will interact with such information, such as in stores or on e-commerce sites. To that end, we need to implement a comprehensive approach that covers everything from cultivating *sei-katsu-sha* awareness, interest, and consideration to customer relationship management.

**Supporting Corporate Marketing Activities through a Diverse Business Portfolio**

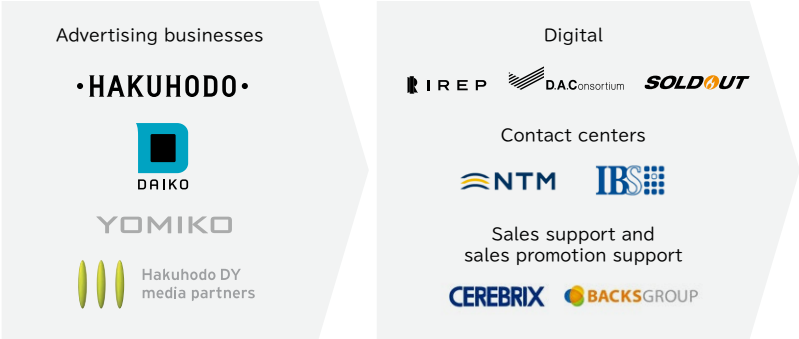
Hakuhodo DY Holdings was founded in 2003 as a joint holding company comprising the three advertising companies Hakuhodo Inc., Daiko Advertising Inc., and YOMIKO ADVERTISING INC. Since its founding, the Company has strengthened its operations in digital domains by making D.A.Consortium Inc. and IREP Co., Ltd. consolidated subsidiaries and has expanded its overseas businesses centered on the strategic operating unit *kyu*. Now, the Hakuhodo DY Group’s domestic and overseas business portfolio spans the

core domain of marketing communications and domains such as media, consulting, brand agencies, digital agencies, and technology. With this diverse business portfolio and range of divisions, we have grown to a level where we can provide solutions that cover corporate activities in their entirety, including offering solutions to not only our clients’ advertising divisions but also their sales, consulting, and product development divisions. As a result, billings from media, which used to account for over 90% of our

total billings, now comprise just over half, with billings from all other business domains comprising the other half. In this way, we have transformed from an advertising company to a group of marketing companies.

In addition, the ability to drive innovation is a new form of value we provide. We are now in an era when companies will quickly fail if they do not strive to create new value, and if we do not understand what *sei-katsu-sha* and society as a whole desire, then we will be unable to spur innovation. To that end, it is now more important than ever to observe how people think and act and to use data to make predictions about the new generation. Our extensive volume of data does not yield value in its raw state. Rather, it is what we can glean from the data that provides us with a significant competitive advantage. We will therefore leverage the creative know-how that we have accumulated through the creation of advertising that resonates with *sei-katsu-sha* and society to detect portents of change and predict the future. Fully leveraging the data and technologies we possess, we will evolve our clients’ marketing activities and drive innovation.

**Expansion of Our Marketing Services**



**Engaging in the Recruitment and Development of Diverse Personnel and Establishing Employee-Friendly Environments**

A framework for leveraging creativity to drive innovation is the “co-creation model.” This model involves the origination of new wisdom and ideals by bringing together eclectic talents. Interactions between personnel from domains other than advertising, personnel with unique value systems, and personnel who embody diversity, equity, and inclusion (DE&I) are what gives rise to excellent ideas and help us enhance the value we offer.

Reinforcing Human Resources and Sustainable Management

We have adopted strengthening human capital as an important theme of our Medium-Term Business Plan and are implementing further investment in human resources. We are also placing emphasis on establishing work environments in which our employees can demonstrate their creativity to the greatest extent possible. As part of these efforts, we are developing workstyles responsive to the needs of diverse personnel, including the introduction of flexible work hours, and effective utilization of teleworking. We are also encouraging our employees to make use of childcare leave and other holiday systems. Through such environments, our employees will be free to pursue the challenges that interest them while exchanging ideas with each other. In turn, this will help us implement even better corporate activities and give us the power to create an even better society.

**Becoming a Group That Devises Even More Advanced, State-of-the-Art Innovations**

A pioneering and innovative corporate culture has taken root in the Group. Our employees are constantly considering new ideas in various domains, asking “Wouldn’t it be more interesting if we tried this?” and “Wouldn’t this be better if it could meet these needs?” As technologies evolve and our business domains expand, we gain even more opportunities to take on new challenges. I therefore believe we can become a corporate group that devises even more advanced, state-of-the-art innovations.

Technology is essential for maximizing the strengths of this corporate culture. We are in an era where feelings and sensibilities alone are no longer enough to achieve innovation. With that being said, we cannot create even better things for *sei-katsu-sha* using only technologies and data.

What is important in this era is to combine creativity and technologies to turn ideas that are truly useful to *sei-katsu-sha* into products and services. Accordingly, we need to step up initiatives to do exactly that.

For example, IDEO LP, a design and innovation firm under the umbrella of the strategic operating unit *kyu*, has a human-centered design thinking approach and corporate philosophy. By leveraging technology to an even greater degree, IDEO is striving to generate new ideas that can be turned into new business.


Domestically, we established HAKUHODO Technologies Inc. in April 2022 to develop technology and serve as a shared core platform for the Group. HAKUHODO Technologies launched with just over 200 specialists, streamlining resources from within the Group, and we are now striving to recruit and develop 100 additional engineers from external sources. Through the true integration of creativity and technology, HAKUHODO Technologies will become an organization fundamental to the acceleration of innovation in our marketing business.

Additionally, at the *MIRAI* Business Division, an organization jointly operated by HakuHodo and HakuHodo DY Media Partners that specializes in new business creation that extends beyond the advertising business, we aim to establish Group-owned large-scale businesses in collaboration with a wide range of external partners. Through new business creation that leverages our ultimate creative strength, *sei-katsu-sha* insight, we will take on the challenge of creating new lifestyles and shaping the future of society.

At the UNIVERSITY of CREATIVITY (UoC), a learning platform that researches, develops, and experiments with creativity as a technology for shaping the future, we are gathering knowledge and wisdom from around the world. The

“  
**What is important is to combine creativity and technologies to turn ideas that are truly useful to *sei-katsu-sha* into products and services. Accordingly, we will step up initiatives to do exactly that.**  
 ”

**Taking On Challenges in New Domains**

<p>Design thinking and technology</p> <p><b>IDEO</b></p>	<p>Marketing and technology</p> <p> HAKUHODO Technologies</p>
<p>New business and creativity</p> <p><b>ミライの事業室</b>  <small>(MIRAI Business Division)</small></p>	<p>Research into, development of, and social experimentation with creativity</p> <p><b>UNIVERSITY of CREATIVITY</b></p>



“

**In order for us to help improve society, it is essential that we ourselves evolve into a sustainable corporate group.**

”



UoC serves as a place for generating new ideas and pursuing the infinite knowledge and wisdom that the world has to offer through internal and external collaboration.

### Advancing Initiatives Focused on Achieving Our Sustainability Goal

One major initiative under the Medium-Term Business Plan is to strengthen our foundation for sustainable business management. In order for us to help improve society, it is essential that we ourselves evolve into a sustainable corporate group.

In April 2022, we launched the Hakuholdo DY Group Sustainability Committee and established the Sustainability Office. Through this division, we will, in line with our business strategies, respond as a Company to stakeholder engagement and carbon neutrality, as well as undertake various initiatives related to management matters such as supply chain management, human rights, and diversity.

In fiscal 2022, we established and disclosed environmental targets in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also determined new greenhouse gas (GHG) reduction targets to serve as an indicator of progress in reducing our total GHG emissions. Specifically, we aim to achieve a 50% reduction in CO<sub>2</sub> emissions (scope 1 and scope 2) by fiscal 2030, compared with fiscal 2019, and to become carbon neutral by fiscal 2050. To reach these targets, we are taking appropriate action to further reduce our environmental impact, including introducing renewable energy in our offices. In this manner, we will strive to realize a carbon-neutral society.

Also in fiscal 2022, we established new indicators for monitoring progress in tandem with the revisions to our material issues (materiality). Guided by a new structure and policy, we will push forward with efforts to accomplish our sustainability goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. Our newly established materiality will be incorporated into the next Medium-Term Business Plan.

### Considering Ways to Invigorate Our Organization and Ourselves

Our sustainability goal is essentially about enabling all people to live better lives and feel comfortable wherever they may be, and this is precisely why *sei-katsu-sha* insight is so important to achieving this goal.

To realize this sustainability goal, the first step is to ensure that all Group employees are living active and fulfilling lifestyles in whatever life stage they are at. This will enable our employees to have a positive impact on those around them and on society as a whole within their work and daily lives. There are already several examples of our leadership in bringing new value to society and impacting it positively through collaboration with other companies and organizations. The following section of this report introduces some of these examples.

I firmly believe that continuing to foster sustainable management and enhance sustainability awareness among our employees will lead to an even better society. We will therefore continue to pursue sustainability initiatives unique to the Group.

## Medium-Term Business Plan (Fiscal 2019–Fiscal 2023\*)

\* Revised period in light of the COVID-19 pandemic: Fiscal 2021–fiscal 2023

### Review of the Medium-Term Business Plan

In May 2019, the Hakuholdo DY Group announced its Medium-Term Business Plan, which runs through to the end of fiscal 2023, and the Group has proceeded with a range of initiatives accordingly. However, the drastic changes to our business environment stemming from the impact of the COVID-19 pandemic forced us to withdraw our numerical targets, as a result of which, in February 2022, we announced our revised Medium-Term Business Plan covering the three-year period from fiscal 2021.

### Numerical Targets

The Group has positioned the three years spanning fiscal 2021 to fiscal 2023 as a period in which it will accelerate the transformation of its services and business foundation and build a solid platform for achieving significant growth over the medium to long term.

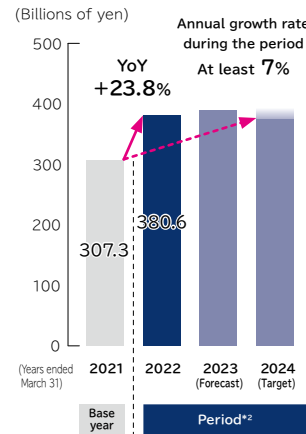
Annual growth rate of gross profit after adjustments and before amortization of goodwill:	<b>At least 7%</b>
Annual growth rate of operating income after adjustments:	<b>At least 7%</b>
Operating income before amortization of goodwill:	<b>At least ¥65.0 billion</b>

**Important Indicators**

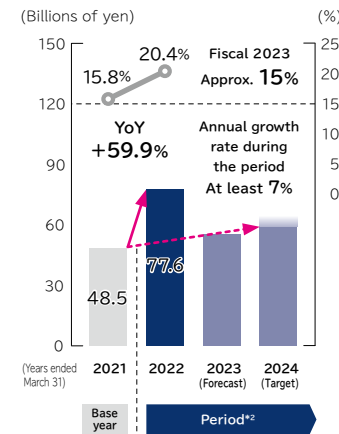
Operating margin after adjustments and before amortization of goodwill:	<b>Approx. 15%</b>
ROE before amortization of goodwill:	<b>At least 10%</b>

### Overview of Progress in Fiscal 2021

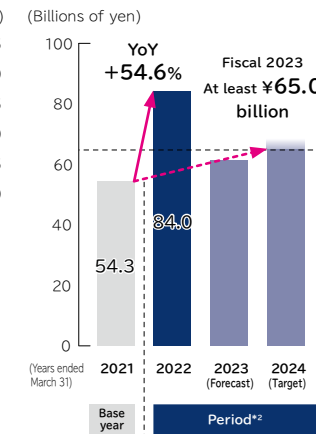
#### Gross Profit after Adjustments\*1



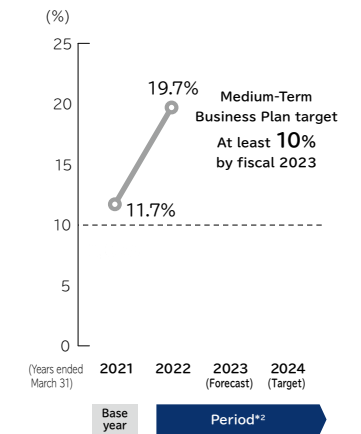
#### Operating Income / Operating Margin after Adjustments and before Amortization of Goodwill



#### Operating Income before Amortization of Goodwill



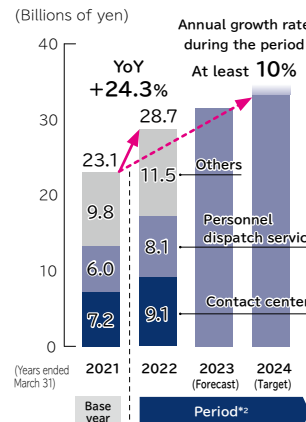
#### ROE before Amortization of Goodwill



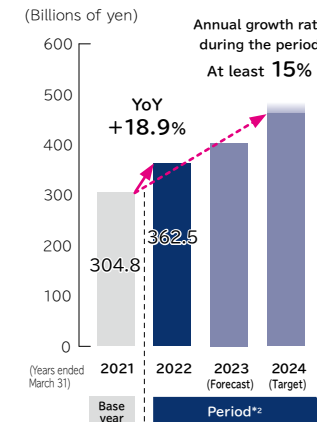
Note: Bar graph/Left: Operating income after adjustments and before amortization of goodwill  
Line graph/Right: Operating margin after adjustments and before amortization of goodwill

### Target Levels for Core Domains

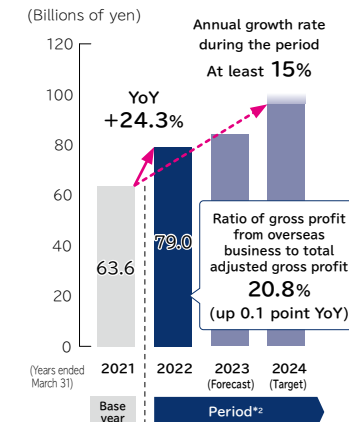
#### Gross Profit in Marketing Execution Domains\*3



#### Billings in the Internet Domain\*4



#### Gross Profit in Overseas Business Domains



- \*1 After adjustments: Excluding investment projects
- \*2 Period covered under the Medium-Term Business Plan
- \*3 Covers domestic operations and excludes pandemic-related BPO business
- \*4 Covers domestic operations on a consolidated basis

## Awareness of the Business Environment and Core Medium-Term Strategy

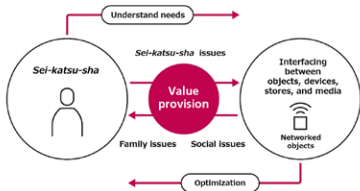
### Awareness of the Business Environment

The COVID-19 pandemic has spurred the pace of digitalization in all aspects of our lifestyles as well as drastic changes in the Group's business environment from every angle.



#### Radical Changes in the Business Environment Arising from the Shift to Digitalization

We have seen online services rapidly become mainstream and lifestyles drastically evolve to become constantly connected. There has also been a sudden emergence of new services and markets that transcend industrial borders, and this is gradually redefining the frameworks of industries. We are living in a world in which the connection of things to the internet has become a reality. As a result, the relationships between things and *sei-katsu-sha* have evolved into interfaces for the mutual exchange of information, rather than simply points of contact.

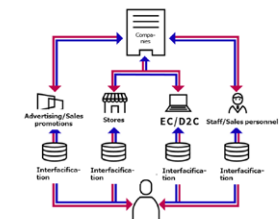


#### Expansion of the *Sei-Katsu-Sha* Interface Market

In the *Sei-katsu-sha* Interface Market, the objects, devices, stores, and media that surround *sei-katsu-sha* have formed a network of digitalized interfaces. By leveraging this network, companies are now able to provide the best possible services to each *sei-katsu-sha*.

#### Expansion from Indirect Touchpoints to Direct Touchpoints

As the *Sei-katsu-sha* Interface Market expands, the marketing needs of companies will also evolve. In addition to advertising and other indirect touchpoints, direct touchpoints, including stores and e-commerce websites, will become essential to establishing and maintaining connections between companies and *sei-katsu-sha* in the years ahead. We believe this will create a need for managing this connection overall in an integrated manner through the use of data.



### Core Medium-Term Strategy

With *Sei-katsu-sha* Insight as our cornerstone, the Hakuodo DY Group will combine its creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating innovation in a completely digitalized era.

In this way, we will continue to impact and provide value to *sei-katsu-sha* and society as a whole.

In response to our rapidly changing business environment, we will continue to proceed with our Core Medium-Term Strategy while pursuing the following four initiatives and revamp the Group as a whole. We have positioned the three years spanning fiscal 2021 to fiscal 2023 as a period in which we will accelerate the transformation of our services and business foundation to ensure that we take the lead in resolving the marketing- and innovation-related issues of clients and realize the sustainable growth of both the Group and its clients.

- 1 Transform the services we provide:  
Implementation of full-funnel *Sei-katsu-sha* Data-Driven Marketing
- 2 Strengthen cross-organizational functions to accelerate transformation
- 3 Continuously pursue transformation based on existing strategies
- 4 Strengthen our foundation for sustainable business management

## Four Initiatives to Update the Entire Group

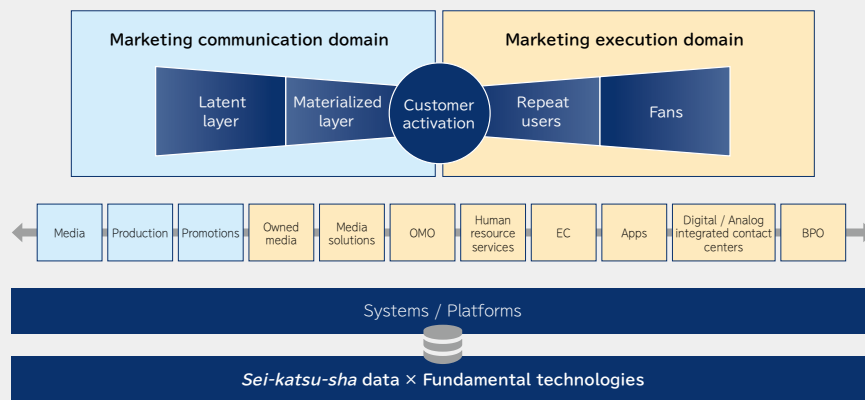
### 1 Transform the services we provide: Implementation of full-funnel *Sei-katsu-sha* Data-Driven Marketing

Behind the rapidly advancing shift to a digitalized era, there has been a growing need for data-driven full-funnel marketing, which entails a comprehensive approach that covers everything from awareness, interest, and consideration to customer relationship management. To evolve our *Sei-katsu-sha* Data-Driven Marketing into an approach that can be implemented across each stage of the funnel, we will pursue three strategic initiatives.

#### Expand Marketing Execution Domains

As the *Sei-katsu-sha* Interface Market continues to increase in scale, it is imperative that we expand our functions in marketing execution domains. Going forward, we will continue to strengthen our marketing execution domains and thereby enhance our full-funnel marketing capabilities. We will also facilitate the implementation of marketing activities by going beyond the confines of marketing, such as by developing functions in domains that become necessary with the increase in online services and expanding our efforts to resolve social issues.

To assess our progress with this initiative, we have established an annual gross profit growth rate of at least 10% in marketing execution domains as a target for our revised Medium-Term Business Plan.



OMO: Online merges with offline EC: E-commerce BPO: Business process outsourcing

#### Transform Our Media Business

Through the promotion of Advertising as a Service (AaaS), we will focus on transforming our media business from one that simply involves the sale of ad space to one that involves the provision of services for maximizing the effects of advertising and maintain and expand our existing media business by enhancing the added value of media. Furthermore, we will establish an ecosystem within the Group to provide digital services that cater to the growth of clients. An annual growth rate of at least 15% for billings in the internet domain has been established as a target for our Medium-Term Business Plan.

##### Transition from Providing Ad Space to Providing Ad Effects

- Crossing TV and digital advertising
- Maintain and expand existing business

**AaaS**<sup>TM</sup>  
Advertising as a Service

##### Expansion of Digital Businesses

- Establish service structure that caters to client growth
- Win regional/SMB and long tail marketing business



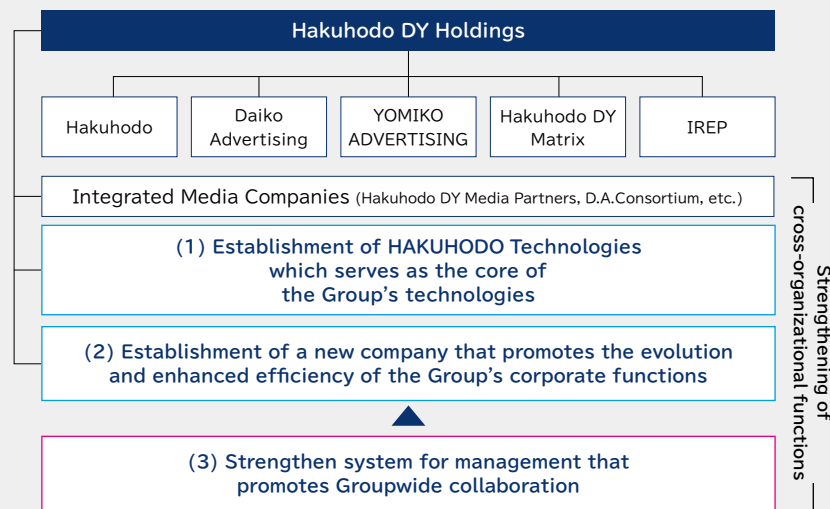
Promote *Sei-katsu-sha* insight based digital transformation

#### Promote *Sei-katsu-sha* Insight-Based Digital Transformation

Through its digital transformation operations, the Group aims to transform companies' marketing activities and in essence their businesses, based on its insights into *sei-katsu-sha*.

## 2 Strengthen Cross-Organizational Functions to Accelerate Transformation

To accelerate our transformation and bolster the competitiveness of the Group overall, we will strengthen our three cross-organizational functions as indicated in the chart below in addition to continuously enhancing our existing media functions. We will also promote a management approach that places even greater emphasis on Groupwide optimization.



The use of technology is crucial to strengthening our competitiveness in the coming era. In order to evolve into a more technology-driven corporate entity, we established HAKUHODO Technologies Inc., a new technology company that will form the core of our Groupwide infrastructure. We will actively invest in this new company and promote innovation in the marketing business by uniting the creativity and technology of the Hakuholdings DY Group.

## 3 Continuously Pursue Transformation Based on Existing Strategies

We will continue to pursue transformation based on our existing strategies by strengthening our response capabilities for borderless activities, which entails continuing to expand our overseas business based on the following three elements: global shift of our clients, specialization and innovation, and full-funnel *Sei-katsu-sha* Data-Driven Marketing. In terms of accelerating innovation through external collaborations, we will continue to enhance our collaborative foundation while pursuing the development of new businesses that provide new value to *sei-katsu-sha*.

### Accelerate Innovation through External Collaborations



## 4 Strengthen Our Foundation for Sustainable Business Management

The most essential element underpinning the sustainable growth of the Group is its people. For that reason, we believe that actively investing in our human resources is of paramount importance to becoming an attractive company that continues to grow significantly over the medium to long term. In the near term, we will proceed with an array of initiatives as indicated below, including those that incur costs in advance, with the aim of establishing an environment where each employee can leverage their creativity to the greatest extent possible.



## Interview with the CFO

**We will execute investments for future growth while building a financial foundation that supports such investments, thereby enhancing the Group's corporate value.**

**Masanori Nishioka**

Representative  
Director & Senior Executive  
Corporate Officer  
CFO



### Q

**Please tell us your basic approach to investment.**

At the Hakuodo DY Group, we view investments as strategic expenses for strengthening our business foundation, including the expansion of human resources well-versed in digital and other technologies. We also view investments such as mergers and acquisitions (M&A) as actions that directly impact the balance sheets.

Strategic expenses are geared toward realizing organic growth over the medium to long term. In a sense, they function as the seeds, fertile soil, and water needed for growing our business.

With the rapid progression of digitalization, it is crucial that we secure personnel who can implement digital marketing activities. It is also imperative that we increase the number of personnel well-versed in technologies to establish a foundation for future growth. Being able to respond to technologies such as artificial intelligence (AI) and extended reality (XR) is key. Furthermore, as we work to transform our business structure, we must reform our workstyles and establish a sustainable operating structure. The expenses we are currently investing serve as the cornerstone for steadily implementing such initiatives.

However, these kinds of investments take a certain amount of time to produce results. As we are currently in the

phase of foundation building, our expenditure on investments is greater than usual. We therefore expect that our profit growth will be much more gradual than it has been in the past.

We will need to continue investment even after the conclusion of the current Medium-Term Business Plan. Once we have achieved a certain level of progress with establishing our business foundation, however, our basic approach will be to keep selling, general and administrative expenses within the range of gross profit growth and strive to steadily improve our operating margin.

In addition, to accelerate the speed of growth, we must incorporate external functions and capabilities through such methods as M&A and capital alliances.

With regard to global business domains, in particular, gross profit from our overseas businesses accounts for over 20% of our total consolidated gross profit. Accordingly, we need to execute M&A in order to further enhance these businesses.

Moreover, domestically, we are considering M&A as an option for further enhancing our product lineups in digital, marketing execution, and other domains. We also recognize capital alliances as an effective means for bolstering our technological capabilities.

I would like our investors to understand that we do not view M&A simply as a tool for expanding the scale of our business. Rather, the purpose of executing M&A is to augment our strengths in the areas in which we are lacking, enhance our product lineups, and enhance operating efficiency through the generation of synergies.

Interview with the CFO

Q

**You stated that, as a general rule, you aim to keep expenses within the range of gross profit growth. Could you please tell us your thoughts on investment discipline, including for capital expenditures and M&A?**

Obviously, we aim for a return and profit that is commensurate with the amount we invest. As a basic policy, we aim for a return that exceeds the cost of capital.

We recognize that the Group's current cost of capital stands at around 7%, and we determine hurdle rates for investment at major operating companies keeping this figure in mind.

Also, in terms of investment limits, we believe that we should be able to cover investment and shareholder return amounts through cash flows generated by our operating activities.

Timing is also an important element of investment, so we will not necessarily reject an investment if the amount exceeds cash flows generated by operating activities in the near term provided the investment meets certain criteria. In such instances, we will make use of funds procured from external sources and then aim to balance out the repayment of the investment amount over the medium to long term.

In other words, we will always strive to maintain a balance of net cash over the medium to long term.

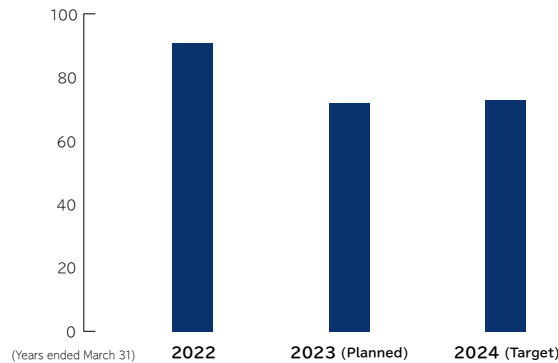
Q

**Under the Medium-Term Business Plan, you are actively promoting investment in order to reinforce your business foundation. Aside from expenses that directly impact profits, to what degree are you planning to execute investment?**

To explain our investment plans over the period of the Medium-Term Business Plan, which runs through fiscal 2023, if we consider our results for investments in fiscal 2021 and the outline for investments in fiscal 2022, and in the event that we achieve our targets for fiscal 2023 (the final year of

**Outline of EBITDA from Fiscal 2021 to Fiscal 2023**

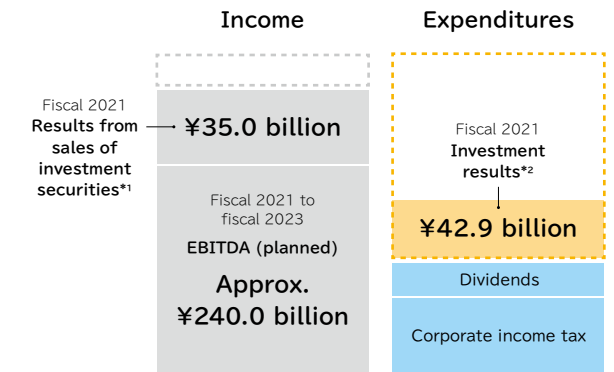
(Billions of yen)



Notes: 1. EBITDA is calculated by adding depreciation expenses to operating income before amortization of goodwill.  
2. Figures for fiscal 2022 and fiscal 2023 are rough estimates based on certain assumptions. Accordingly, the accuracy of these figures cannot be guaranteed.

the Medium-Term Business Plan), total earnings before interest, taxes, depreciation, and amortization (EBITDA) will come to approximately ¥240.0 billion. Furthermore, if we assume over the same period that the total payment of corporate income tax and dividend payments trend at the same level as in fiscal 2021, we should have around ¥100.0 billion remaining at the end of the plan. This amount serves as the basis of our estimations of the investment limit that I mentioned earlier. If we factor into this limit the sales of investment securities conducted in fiscal 2021, the future sale of Group-owned assets, and the balance of net cash at the time we revised our Medium-Term Management Plan,

**Outline of Expenditures from Fiscal 2021 to Fiscal 2023**



Note: Figures for EBITDA, dividends, and corporate income tax are rough estimates based on certain assumptions. Accordingly, the accuracy of these figures cannot be guaranteed.  
\*1 Income from sales of investment securities on the consolidated statements of cash flows for fiscal 2021  
\*2 Total of payments to acquire investment securities, payments for investments in capital, payments from purchase of investments in subsidiaries and capital resulting in change in scope of consolidation, and proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, payments from purchase of investments in subsidiaries and capital, payments from purchase of investments in subsidiaries not resulting in change in scope of consolidation (cash flows from investing activities), and other items on the consolidated statements of cash flows for fiscal 2021

Interview with the CFO

I believe that we will be able to make investments at amounts that exceed the limit while still maintaining a sound financial position.

Meanwhile, in fiscal 2021, we invested approximately ¥10.0 billion in acquiring tangible and intangible assets. As we are aggressively investing in technologies and rethinking our office layouts, we will most likely invest greater amounts in acquiring such assets in the remaining two years of the plan.

Also, we acquired SoldOut, Inc. via a takeover bid (TOB) in fiscal 2021, and we will continue to actively enhance our functions through M&A and capital alliances going forward. However, as other parties are involved, I am unable to clarify exactly how much we will invest in such initiatives at this time.

In conclusion, however, I am able to say that we plan to invest over ¥100.0 billion in building our business foundation over the three-year period of the plan and that we have enough financial capacity to do so.



Q

**You mentioned that you will maintain a balance of net cash even after investing over ¥100.0 billion throughout the three-year period of the plan. How do you view the Group's current financial position?**

Looking at our business cycle, we would like to maintain a balance of cash and cash equivalents totaling around one month's worth of billings. On average, we record billings of at least ¥100.0 billion a month, so we intend to raise funds with an awareness of that level.

At the fiscal 2021 year-end, cash and time deposits stood at ¥183.9 billion, and interest-bearing debt was ¥126.4 billion, resulting in net cash of ¥57.5 billion.

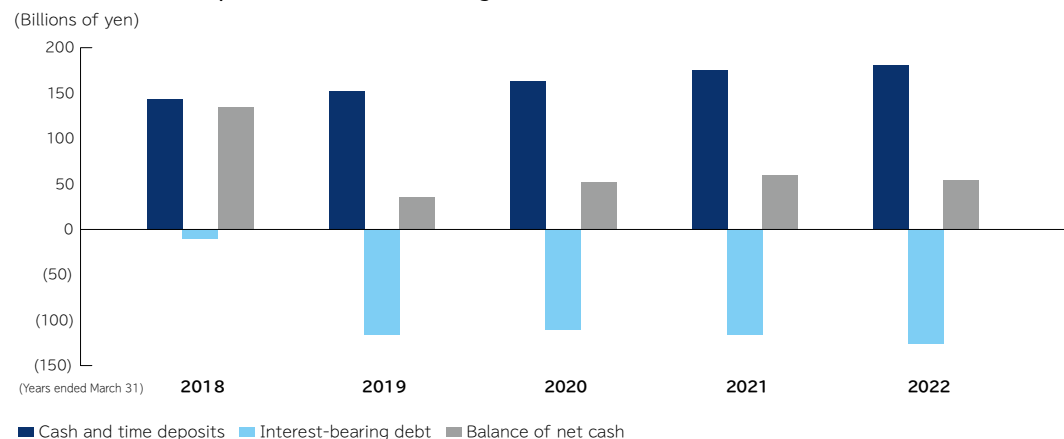
Interest-bearing debt of ¥100.0 billion remains from when we turned D.A.Consortium Inc. (DAC) into a wholly owned subsidiary in 2018. In terms of fundraising, we will make

relevant decisions while considering our cash level as well as our investment plans. The financial market is undergoing significant changes, and we understand that we must diversify our fundraising activities as a result.

At the end of fiscal 2020, which was directly before we revised our Medium-Term Business Plan, our balance of net cash amounted to ¥62.8 billion. As I mentioned previously, we expect expenditures to balance out during the period of the Medium-Term Business Plan, even with our strategic expenses and investment in M&A and other areas. To that end, we believe we can maintain financial soundness even if there are slight deviations to our investment plans or the timing of income and expenditures.

In September 2022, we received an A+ credit rating from Rating and Investment Information, Inc. (R&I), demonstrating that rating institutions also believe that the Group is in a stable financial position.

**Cash and Time Deposits, Interest-Bearing Debt, and Balance of Net Cash as of the Past Five Fiscal Year-Ends**





Interview with the CFO

Q

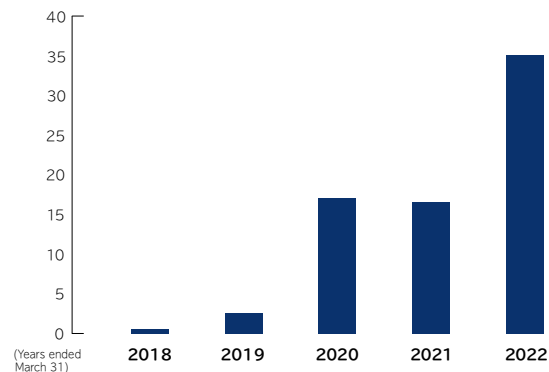
**Capital markets have suggested that the Group has too many cross-shareholdings.**

That is correct; the issue has been brought to our attention. At the end of fiscal 2021, investment securities came to ¥136.6 billion. Not all of this amount constitutes cross-shareholdings, as it includes shares held in affiliates. However, the total of “special investment shares” disclosed in our fiscal 2021 annual report was ¥80.2 billion. I believe that the reason some investors have this perception is because this amount represents 22% of our equity.

Every year, we review the purpose and economic impact of our cross-shareholdings and gradually sell off those shares that we have no logical reason to retain. We understand that we are in an era in which there are strong demands for companies to reduce their cross-shareholdings,

**Results of Sales of Investment Securities over the Past Five Fiscal Years**

(Billions of yen)



Note: Income from sales of investment securities on the consolidated statements of cash flows

and we therefore intend to sell off our cross-shareholdings in a manner that does not inconvenience the investee companies, thereby enhancing our capital efficiency.

Actually, over the past five years, we have sold off a total of ¥71.7 billion in investment securities, with ¥68.6 billion of this amount constituting sales of investment securities conducted over the past three years. I ask that our investors understand our approach to addressing this matter.

Q

**Please tell us your approach to shareholder returns.**

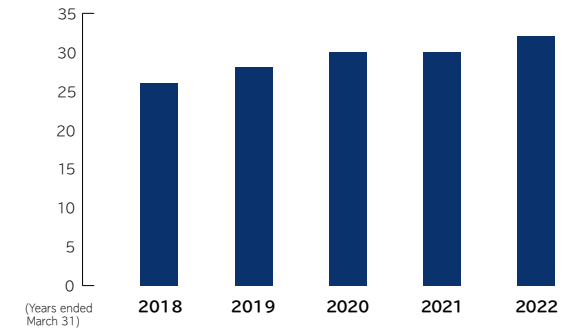
Our basic policy is to provide stable dividend payments based on our desire to offer long-term economic benefits to our shareholders. Even with the temporary decline in profits amid the COVID-19 pandemic, we have continued to maintain and increase our dividend levels. Although we forecast a decline in net income in fiscal 2022, we intend to leave our dividend levels unchanged. We are also constantly examining buyback of our shares as a means to provide additional returns and enhance capital efficiency.

I talked about how we aim to maintain a balance of net cash as an indicator of financial soundness, but I also feel that, in cases where we believe we have more than a sufficient amount of funds, we need to keep open the option of providing additional shareholder returns, even while taking various risks into consideration. We will examine whether or not we have sufficient funds to do so by, for example, observing the ratio of net cash to equity capital.

That said, we will also seek to flexibly acquire our shares in accordance with changes in the operating environment. We will decide on whether to buy back shares not by looking at the level of cash and time deposits we are maintaining but rather based on a comprehensive consideration of factors such as our financial position, business performance, demand for funding, and trends in our share price.

**Results of Annual Dividends over the Past Five Fiscal Years**

(Yen per share)



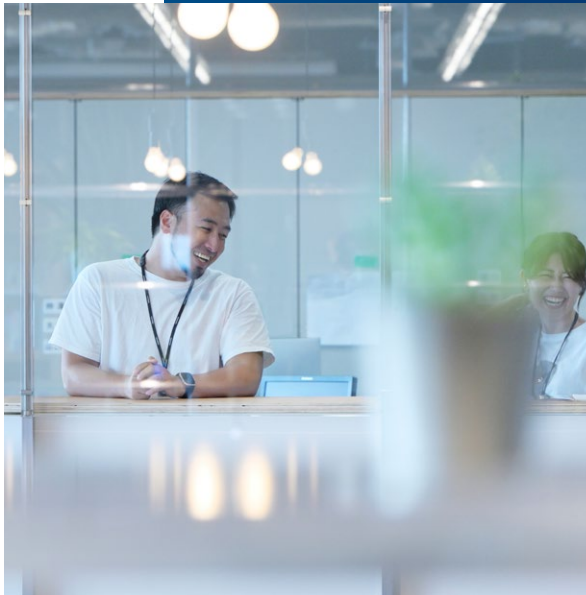
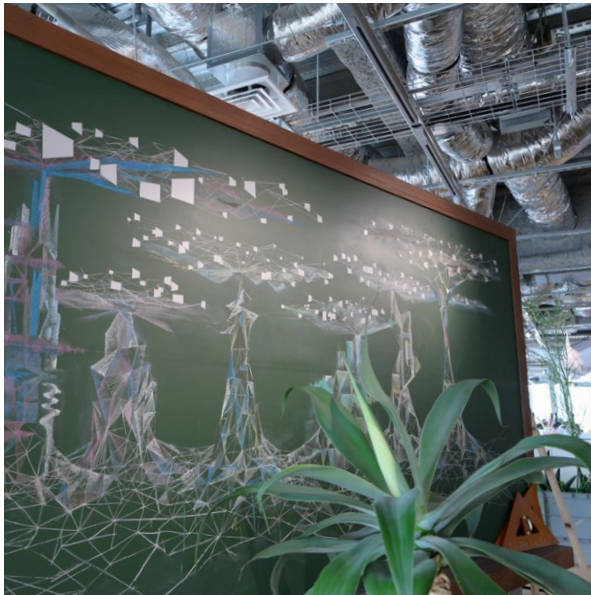
Q

**In closing, from your position as CFO, is there anything you would like to convey to the readers?**

Investments for future growth are indispensable. To that end, I believe my role as CFO is to help the Group build a financial foundation that underpins the cycle from investment to growth and ensure that this effort leads to the enhancement of corporate value. I ask for the continued support and encouragement of all of stakeholders as we strive toward this goal.

# 04

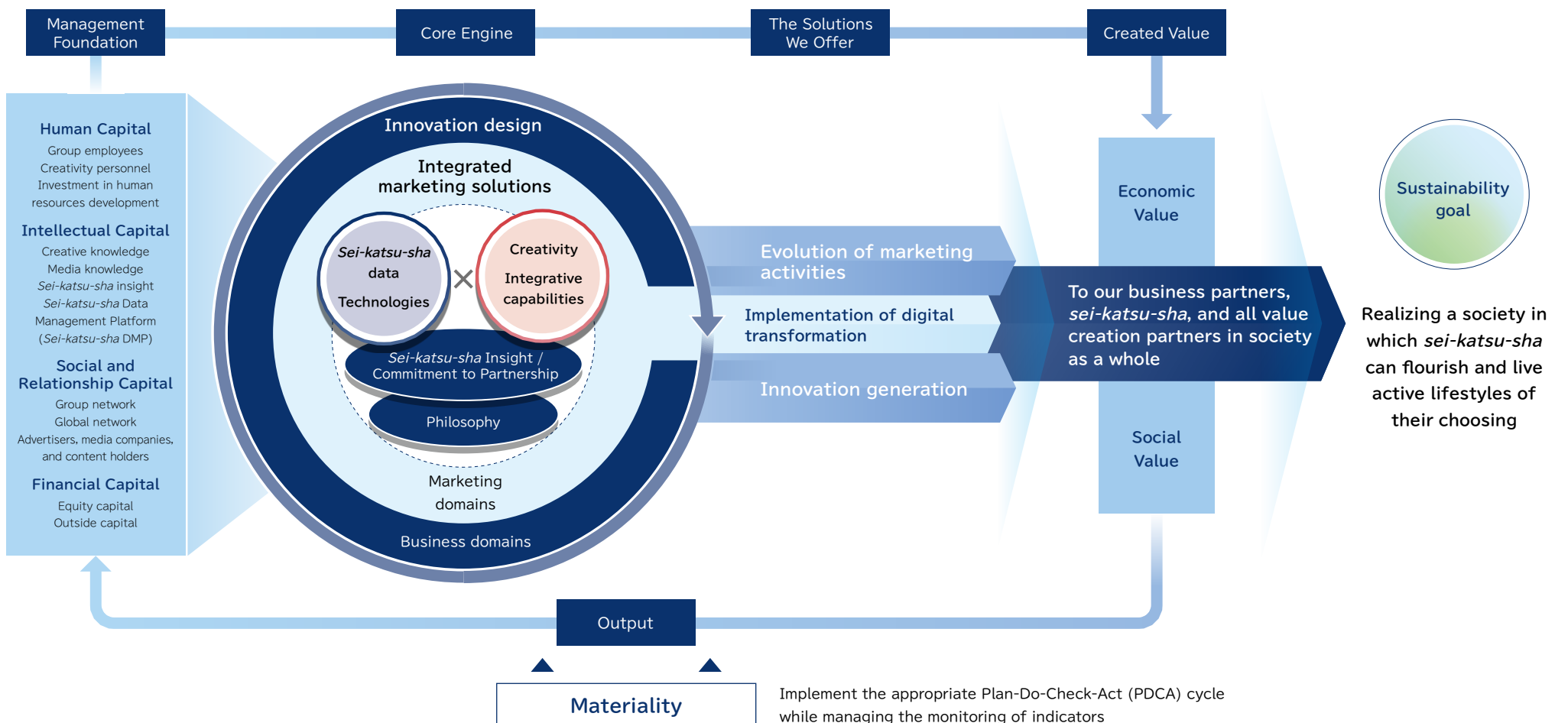
## Value Creation



- 35** Value Creation Model
- 36** The Sources of Our Competitiveness
- 37** Materiality
- 41** Putting Creativity to Work in Generating New Solutions: Case Studies
- 54** Developing Creative Human Resources

# Value Creation Model

The Hakuholdo DY Group adheres to *Sei-katsu-sha* Insight and Commitment to Partnership as its policies and places these two policies at the center of its business development. Ascertaining the essence of the era and society itself, we will continue to create new value that contributes to the development of society as a partner to *sei-katsu-sha* while at the same time realizing sustainable business growth as a partner that leads dynamic innovation in the marketing activities and businesses of our clients.



## The Sources of Our Competitiveness

The sources of the Hakuholdo DY Group's competitiveness are our foundation for leveraging *sei-katsu-sha* data and technologies, our creativity that gives shape to the future, and our integrative capabilities that bring together a diverse range of personalities and functions. Another source is our ability to collaborate with all kinds of stakeholders such as *sei-katsu-sha*, companies, and media outlets and to work together with these partners as a team. All of these sources also represent strengths that can truly be leveraged in a digitalized society.

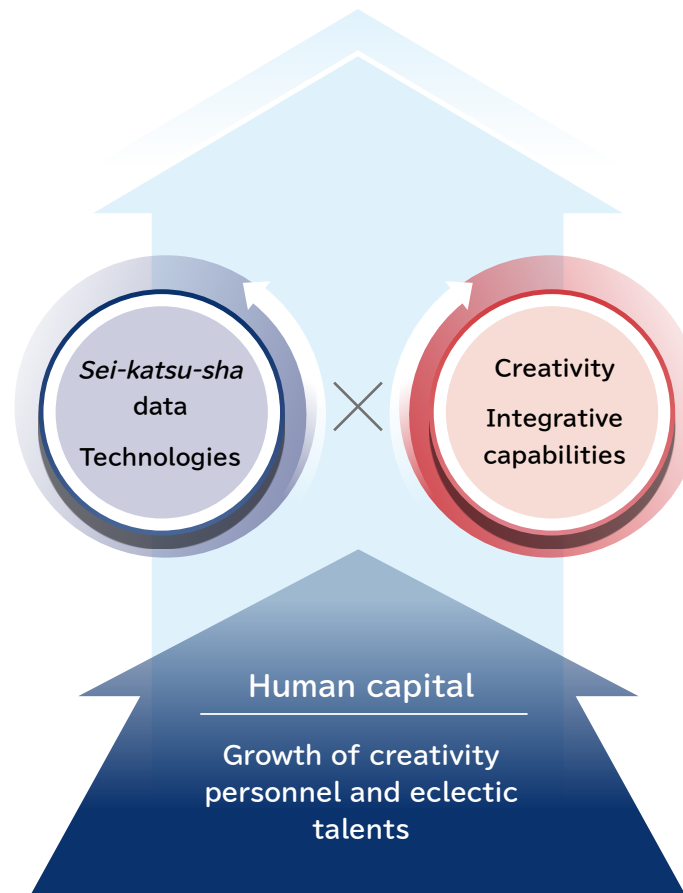
### ► Further Evolution of *Sei-katsu-sha* Data-Driven Marketing Response Capabilities

By fully leveraging our integrated data foundation based on one of the largest volumes of *sei-katsu-sha* data in Japan, we implement and manage marketing strategies and media initiatives in a highly organic manner. We also provide high-quality marketing support and resolve the issues facing our clients while taking on the challenge of securing new clients. These efforts center on our integrated marketing solutions package, which guarantees results through a full-funnel approach, and helps us acquire clients.

### ► *Sei-katsu-sha* Insight

The Hakuholdo Institute of Life and Living (HILL) was established in 1981 with the aim of realizing *sei-katsu-sha* insight. HILL is a research institute that studies people in their entirety in order to implement and advance *sei-katsu-sha* insight, which considers future lifestyles. Since then, we have launched numerous think tanks, specialist organizations, and projects within the Group. Through their various research and development (R&D) activities, we continue to provide deep insight into the ever-diversifying *sei-katsu-sha* by promptly understanding signs of change in them.

These strengths are realized through our creative human resources, which represent the Group's most important asset. The growth of our human resources is directly connected to the growth of the Group itself. Our human resources leverage their creativity in a variety of settings, from building marketing strategies to spurring innovation, working to design the future and leave an impact on society. In these ways, our human resources help us contribute to the creation of a *sei-katsu-sha*-oriented society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing.



### ► Creativity That Gives Shape to the Future

Creativity born from thorough *sei-katsu-sha* insight moves the hearts of *sei-katsu-sha*. It also represents the key to providing experience-based value to *sei-katsu-sha* and encouraging their purchasing behavior. We are a corporate group with creativity, and that is precisely why we believe we can create new stories and design innovative businesses in a digitalized era. By constantly updating our creativity and harnessing it as a strength for our team, we inspire and realize new lifestyles and social landscapes.

### ► Integrative Capabilities That Bring Together and Move Varied Personalities and Functions

Our employees take the initiative to create large teams that comprise members from both inside and outside the Company to promote creative thinking. By doing so, we create and realize new ideas and concepts. To create markets with value that lead to the happiness of *sei-katsu-sha* and society, we leverage creativity to address various social themes, forming connections between a broad range of stakeholders, including *sei-katsu-sha*, companies, and media outlets, as we work to develop new lifestyles, businesses, and services.

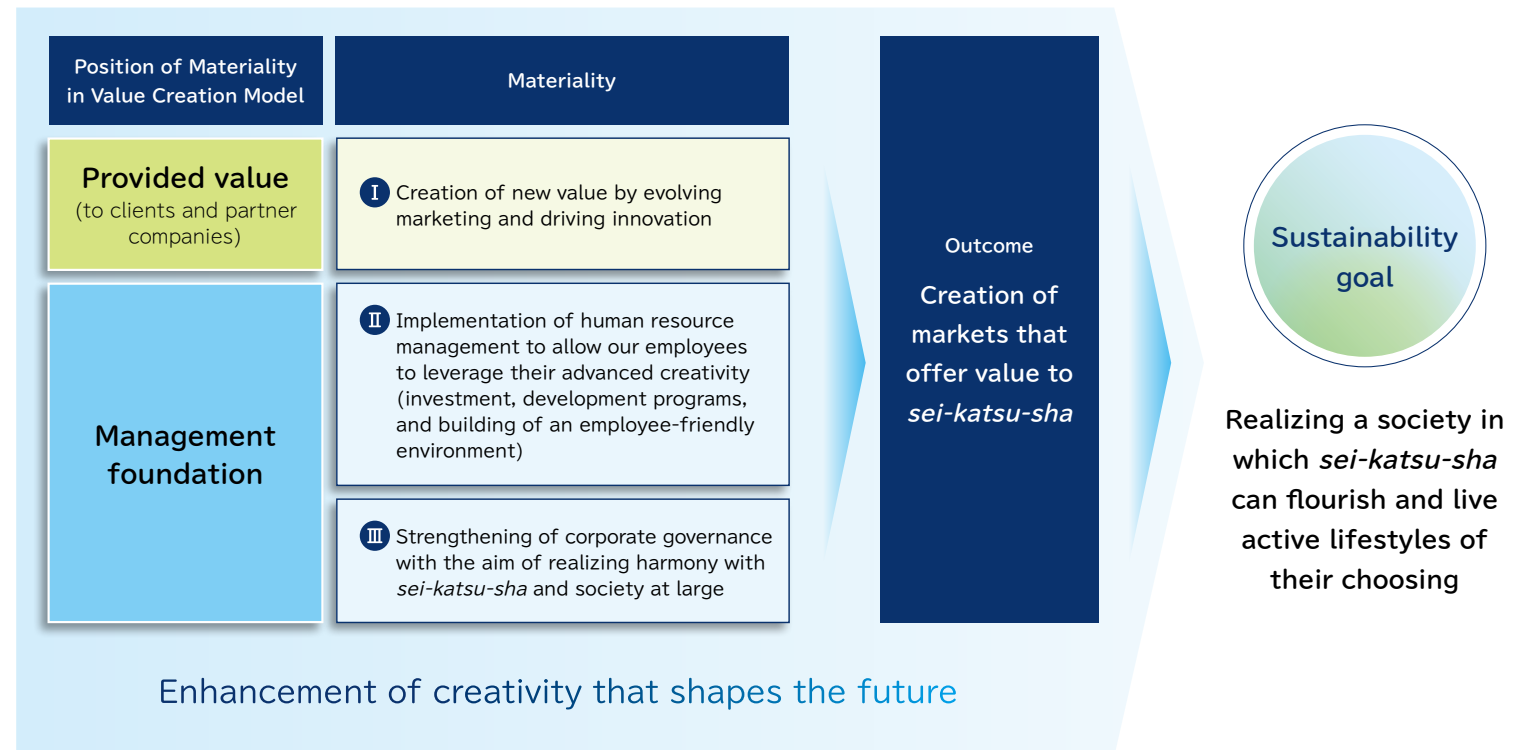
## Materiality (Revised in Fiscal 2022)

With a view to realizing its sustainability goal, the Hakuholdo DY Group has identified material issues (materiality) as important management issues for realizing the sustainable growth of the Group and of society as a whole. In fiscal 2022, the Group revised and restructured the management of its materiality in light of circumstances in the current business environment, including the ongoing COVID-19 pandemic. At the same time, the Group determined indicators to monitor its progress in managing these revised material issues.

### Structure of Value Creation and Position of Materiality

**Important Points of the Revisions**

1. Based on our existing materiality, we have reorganized the structure of our value creation story so that our stakeholders can understand it more easily.
2. Of our existing material issues, we redefined “enhancement of creativity that shapes the future” as the essence of our value creation activities. In addition, we redefined “creation of markets that offer value to *sei-katsu-sha*” as the outcome of our sustainability goal.
3. We narrowed the scope of our materiality from eight issues to three issues that we believe we must tackle in order to provide the value and build the management foundations for achieving sustainable growth.



Materiality

Revised Materiality

Materiality	Overview	Initiatives	Indicators to Monitor Progress	Target Values	Results in Fiscal 2021	Scope of Data Aggregation
<p><b>I</b> Creation of new value by evolving marketing and driving innovation</p>	<p>By combining our creativity and integration capabilities, which center on our <i>Sei-katsu-sha</i> Insight, and our ability to utilize data and technologies, we will lead the way with efforts to evolve corporate marketing and drive innovation in the digitalized era. In this way, we will continue to impact and provide value to <i>sei-katsu-sha</i> and society as a whole.</p> <p>To ensure that we can implement full-funnel <i>Sei-katsu-sha</i> Data-Driven Marketing, which is the key to enhancing our value provision and realizing even greater profits, we will promote value-creating digital transformation (DX)—marketing DX and media DX—and strengthen our functions in execution domains.</p> <p>Furthermore, by striving to accelerate innovation through external collaborations and expand our overseas businesses, we will transform the Group's business model and further enhance our corporate value. We will also ensure the secure utilization of personal information and other data within the digital advertising market and our business activities, thereby strengthening our management of various rights.</p>	<ul style="list-style-type: none"> <li>• Implement full-funnel <i>Sei-katsu-sha</i> Data-Driven Marketing (promote value-creating DX, expand marketing execution domains, and utilize <i>sei-katsu-sha</i> data)</li> <li>• Accelerate innovation through external collaborations</li> <li>• Expand overseas businesses</li> </ul>	Revenue growth rate for marketing execution domains	Annual growth rate of 10% or more*	YoY+24.3%	HDY Holdings
			Billings growth rate for online domains	Annual growth rate of 15% or more*	YoY+18.9%	HDY Holdings
			Revenue growth rate for overseas businesses	Annual growth rate of 15% or more*	YoY+24.3%	HDY Holdings
			Examine disclosure of important indicators and targets related to technologically-savvy human resources and innovation			
<p><b>II</b> Implementation of human resource management to allow our employees to leverage their advanced creativity (investment, development programs, and building of an employee-friendly environment)</p>	<p>Human resources are the most important element underpinning the Group's sustainable management and growth over the medium to long term. Through the strengths of our human resources, who can leverage creativity that shapes the future, we aim to create markets that offer value to <i>sei-katsu-sha</i> while achieving solid business results.</p> <p>We will seek to cultivate eclectic talents who demonstrate creativity in an integrated manner and can realize tremendous specialization and innovation in a wide range of domains, from idea development to social implementation, business creation, media evolution, DX, and global expansion. To that extent, we will further promote diversity, equity, and inclusion (DE&amp;I), valuing differences not only in terms of gender, nationality, and race but also value systems and attitudes.</p> <p>Additionally, we will build frameworks for realizing collaboration that goes beyond the boundaries between businesses within the Group. As we strive to promote health and productivity management and reform workstyles, we will also create frameworks for encouraging collaboration even within a teleworking-centered environment. While doing so, we will establish environments that foster a strong sense of personal growth among Group employees.</p>	<ul style="list-style-type: none"> <li>• Cultivate personnel who can realize outstanding specialization and innovation</li> <li>• Promote health and productivity management (healthy and sound workstyles)</li> <li>• Promote DE&amp;I</li> </ul>	Amount of investment in human resource acquisition and development	Aim to disclose targets from fiscal 2023 onward	¥2,320 million	H, D, Y, I, MP, DAC
			Total hours spent in interviews to develop capabilities		15,983 hours	H, D, Y, I, MP
			Percentage of employees receiving health examinations		99.8%	H, D, Y, I, MP, DAC
			Percentage of employees maintaining/improving their health		76.4%	H, MP
			Ratio of female officers		9.6%	H, D, Y, I, MP, DAC
			Percentage of women returning to work after maternity leave		95.7%	H, D, Y, I, MP, DAC
			Percentage of employees in employee survey who respond that they feel they have grown over the past year		Hakuhodo 71.6% Hakuhodo DY 69.0%	H, MP

\* Annual average growth rate through to fiscal 2023, with fiscal 2020 as the base year

H: Hakuhodo Inc. D: Daiko Advertising Inc. Y: YOMIKO ADVERTISING INC. I: IREP Co., Ltd. MP: Hakuhodo DY Media Partners Inc. DAC: D.A.Consortium Inc.

## Materiality

Materiality	Overview	Initiatives	Indicators to Monitor Progress	Target Values	Results in Fiscal 2021	Scope of Data Aggregation
<b>III</b> Strengthening of corporate governance with the aim of realizing harmony with <i>sei-katsu-sha</i> and society at large	We will focus our efforts on strengthening corporate governance in order to establish an environment that promotes independence and cooperation among operating companies under our corporate umbrella and to implement Groupwide governance. To continue to earn the trust of <i>sei-katsu-sha</i> and society as a whole, we will ensure that all Group employees maintain a high awareness of compliance and strive to secure integrity in our marketing activities. Our philosophy on sustainability is to create and spread new happiness among <i>sei-katsu-sha</i> and society by finding solutions to the constantly changing challenges they face and by generating new value. Guided by this philosophy, we will work to realize harmony with <i>sei-katsu-sha</i> and society at large, including through our response to social and environmental issues, such as climate change and respect for human rights.	<ul style="list-style-type: none"> <li>Promote respect for human rights</li> <li>Adhere to a high level of compliance and ethics and pursue integrity in our marketing activities</li> <li>Respond to social and environmental issues, including climate change</li> </ul>	Examine the disclosure of important indicators and targets related to human rights and compliance			
			CO <sub>2</sub> emissions: Scope 1 and Scope 2	Fiscal 2030: 50% reduction Fiscal 2050: Carbon neutrality	14.3% reduction	H, D, Y, MP, HAKUHODO PRODUCT'S
			CO <sub>2</sub> emissions: Scope 3 (compared with fiscal 2019)	Fiscal 2030: 30% reduction	36.2% reduction	H, D, Y, MP, HAKUHODO PRODUCT'S
			Targets for renewable energy introduction	Fiscal 2030: 60% Fiscal 2050: 100%	0%	H, D, Y, MP, HAKUHODO PRODUCT'S
			Targets for energy conservation	30% reduction	13.4% reduction	H, D, Y, MP, HAKUHODO PRODUCT'S
			Targets for waste reduction	Maintain average reduction rate of 50% or more	36.0% reduction	H's Tokyo head office
			Recycling ratio	85% or more	84.6%	H's Tokyo head office

Note: Target values for items pertaining to climate change are all compared with fiscal 2019 figures.  
 H: Hakuhold Inc. D: Daiko Advertising Inc. Y: YOMIKO ADVERTISING INC. I: IREP Co., Ltd. MP: Hakuhold DY Media Partners Inc. DAC: D.A.Consortium Inc.

Materiality

### Background to Materiality Revisions and Management Policy

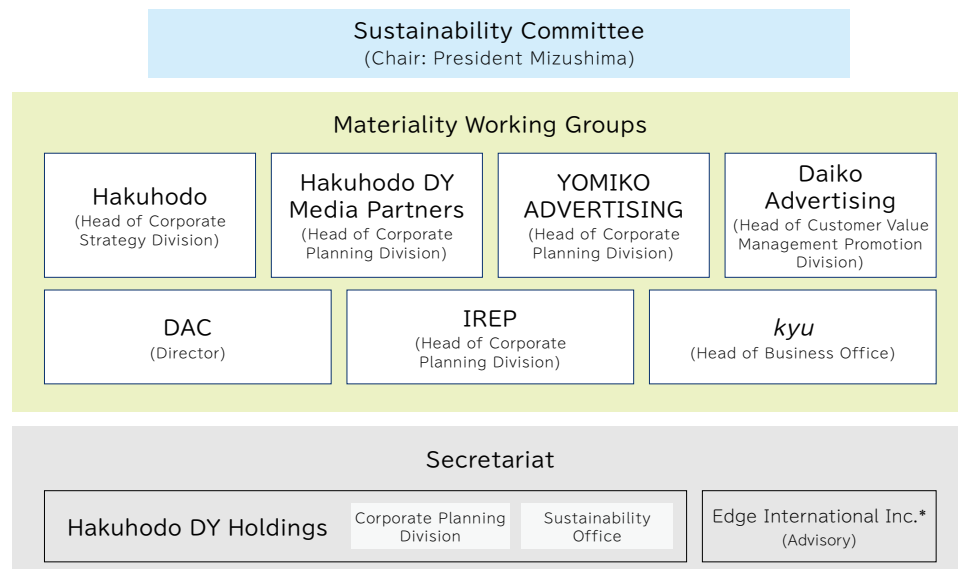
#### Aim of Revisions

We reorganized our materiality based on the notion that materiality comprises important issues for realizing sustainable growth. At the same time, we updated our materiality in light of the current business environment. We also established new indicators for monitoring progress in order to further entrench our materiality internally and to strengthen our overall monitoring activities.

#### Materiality Management Policy

We will set into motion an appropriate PDCA cycle while maintaining a management structure that enables us to revise and update our materiality in accordance with changes in the business environment. Going forward, we will strive to incorporate our new materiality into our medium- to long-term strategies and medium-term business plans.

#### Materiality Promotion Structure



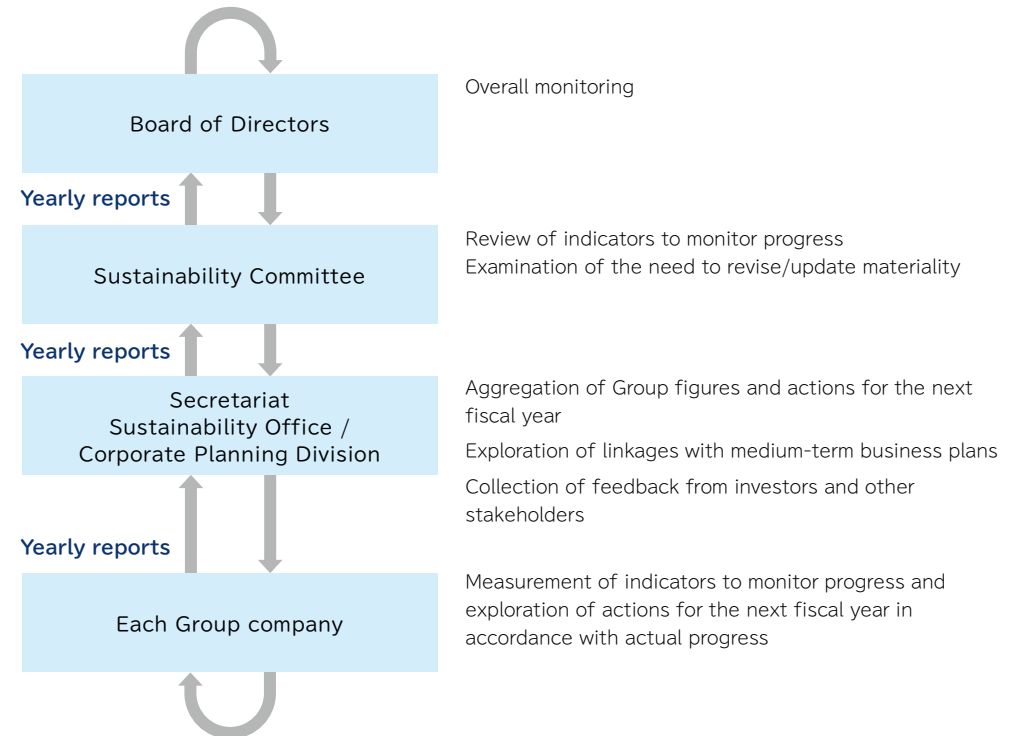
\* Consolidated Group company that engages in consulting in the integrated reporting, investor relations (IR), and environmental, social, and governance (ESG) domains.

### Materiality Revision Process and PDCA Cycle Structure

#### Key Processes Related to Revisions

- Holding of training seminars on sustainability
- Implementation of presentations by working group participants
- Discussion and formulation of materiality revisions
- Discussion and formulation of indicators to monitor progress
- Discussion and formulation of management policy and PDCA cycle structure
- Approval by the Sustainability Committee

#### Materiality PDCA Cycle Structure





*Special feature*

## Putting Creativity to Work in Generating New Solutions

Creative human resources are the Hakuodo DY Group's greatest asset and the source of its competitiveness. In this section, we introduce some of the advanced solutions our exceptionally creative Group employees have produced.

- 42 **Developing a Co-Creation Model for Local Transportation to Address the Social Issue of Regional Mobility—Noccal**
- 44 **A Platform That Promotes a Carbon-Free Society—Earth hacks**
- 46 **Doing What We Can to Achieve a Gender-Equal Society—Sawai Gender Action**
- 48 **A Drama That Promotes Living Locally—*Shimane ga Drama ni Naru Nante!***
- 50 **Live Commerce Service Aimed at Regional Development and New Business-to-Consumer Revenue for Broadcasters—Craftalk**
- 52 **Toward Widespread Use of PCR Testing throughout the United States—Project Kiosk**



## Putting Creativity to Work in Generating New Solutions: Case Studies

### Developing a Co-Creation Model for Local Transportation to Address the Social Issue of Regional Mobility—Noccal

# • HAKUHODO •



Members of the HakuHodo MaaS project

(From left) Hatakeyama, Horiuchi

In Japan's rural areas, simply getting around is becoming more difficult for some local residents, as public transportation systems decline and more elderly people give up their driver's licenses. To address this situation, HakuHodo is working with various stakeholders to develop new public transportation services. We are promoting a project to implement the concept of *sei-katsu-sha*-oriented Mobility as a Service (MaaS), which is designed to work in partnership with local residents and become part of the social fabric.

[Details](#) [WEB Article about Noccal Asahimachi \(Japanese only\)](#)

**Hatakeyama** Noccal Asahimachi (Noccal) is a MaaS project that HakuHodo developed in collaboration with the town of Asahi, Toyama Prefecture, and partner company Suzuki Motor Corporation. We launched a pilot project in August 2020 and from October 2021 Noccal has served as the town's official public transportation system.

By utilizing private vehicles to provide transportation for shopping and other errands, Noccal aims to increase opportunities for getting around and to reinvigorate the community. With this system, drivers preregister the times when they plan to depart. The people hoping to ride along also choose the times when they would like to travel. Dedicated locations are set as "stops" where drivers can pick up passengers at the agreed-upon times.

The impetus for this project came from personal experience. I was wondering how my mother, who was living alone in a rural area, could get around after giving up her driver's license. Recognizing that this situation spoke to a larger social issue, I decided to do what I could to resolve it.

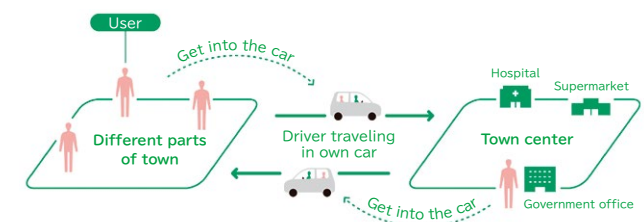
In Asahi, Toyama Prefecture, 44% of the population is elderly. As older people give up their driver's licenses, more and more residents require public transportation services. Railway stations, community buses, and taxis provide a range of public transportation options, but sustaining these modes of transportation presents various issues. By adding Noccal into this mix, we aim to provide a sustainable solution to mobility issues across the region.

In the town of Asahi, it seems some residents already used to make a point of picking up and dropping off people

from the community when they were traveling somewhere. However, people were sometimes hesitant to ask for a ride because they felt that returning the favor would be difficult. Some felt that formalizing Noccal as a service would work better, as they thought it would make it easier to take advantage of a service they were paying for. Meanwhile, some drivers wanted to contribute to the local community but were not sure how to do so. The Noccal arrangement provided everyone with a simple way to participate.

The name Noccal has become popular too—locals lovingly refer to it as "Noccal-san." We heard a story about a woman in her 90s who was able to go out for the first time in several years thanks to Noccal. Her caregiver suggested she try the service, saying that Noccal would make it easy for her to go out.

Noccal, a ride sharing service using private vehicles that HakuHodo utilized its *sei-katsu-sha* insight to develop and successfully introduce into society, serves as a model example of how we can help address the social issues people face. This *sei-katsu-sha*-oriented MaaS, which demonstrates our creativity as an advertising company, enabled us to collaborate with industry and leverage our expertise to design a



## Putting Creativity to Work in Generating New Solutions: Case Studies



sustainable business that benefits society. In fiscal 2022, the Ministry of Land, Infrastructure, Transport and Tourism adopted this framework to expand the Noccal service through its Regional Transportation

Co-Creation Model Demonstration Project. As part of this project, we are building a service model to restructure local transportation, which is an issue common to municipalities across the country.

In addition, the efforts of Asahi, Toyama Prefecture were recognized beyond their impact on mobility issues, as a means for addressing social issues across an entire region. Noccal was selected as one of six model projects that realize the Japanese government's Vision for a Digital Garden City Nation, receiving a Type 3 promotional subsidy from this initiative. Hakuodo, meanwhile, launched a project to solve social issues and lead to a *sei-katsu-sha*-driven society, and we have begun to develop and co-create services, solutions, and systems in a wide range of areas including transportation, education, economic vigor, and health.

**Horiuchi** Noccal is like a business that creates an operating system for society. Bringing the Noccal framework into alignment with public transportation is a worthwhile initiative in itself, but some local residents think that it is something that the government should be doing. In addition to resolving the issue of mobility, our goal is to come up with ideas for resolving issues for the town as a whole. For example, Noccal makes residents more mobile, which can invigorate communication within the town and help people feel happier.



The key to Noccal's service design was to ensure that the people and businesses in the town were kept informed throughout the planning process. It has become almost the norm for regional transportation systems to operate at a loss. Against this backdrop, the basic idea for this project was to design a system that makes full use of the region's existing assets, without Hakuodo (as an outsider) bringing in more costly solutions. The stand-out feature of this project is its creativity, centering on the idea that a car-oriented society is an asset in Japan's rural areas. This project flips the relationship from what is standard practice in rural areas (drivers using private cars for personal journeys) to one of using private cars as public transportation—the community-friendly practice of people picking up and dropping off their neighbors.

Noccal was highlighted as the first instance in Japan of Private Paid Passenger Transport in Cooperation with Operators (a new system established by the Ministry of Land, Infrastructure, Transportation and Tourism), with the Asahi town office taking the lead in developing “public transportation operated by a municipality.” *Kokuto Jidosha Shokai*, a transportation company in Asahi, has taken the lead in managing drivers and operating a reservation system. The result is a system of public transportation of, by, and for the community that involves collaboration among local drivers, the local government, and a local company.

Being “co-created public transportation”—the service is provided by the local government, managed by a local company, and operated by local drivers—Noccal has an easy appeal among local residents. Noccal gave local residents an opportunity to rethink their own public transportation. By working alongside local taxi and bus operators, we are aiming to solve mobility issues throughout the region; we also want to go beyond mobility to help revitalize the entire town.

### Developing a Co-Creation Model for Local Transportation to Address the Social Issue of Regional Mobility—Noccal (Hakuodo)

The Noccal system was designed by the Hakuodo Group, and is designed to be easy to use by its main beneficiaries, the elderly. Recognizing that sitting at our desks and theorizing would not help us understand the situation, we went out to places in Asahi where elderly residents gather, such as residents' associations, local hospitals, and supermarkets. We also made several visits to *Kokuto Jidosha Shokai*, which manages reservations for Noccal. Each visit to the region to hear local residents' opinions led us to the next iteration of revisions. Initially, we were thinking mainly of a digital reservation and payment system but many elderly people in Asahi do not have smartphones so we mainly opted to use existing, analog systems. For example, the service shares existing bus timetables and bus stops. Telephone reservations are handled by Kokuto Taxi's dispatch center. Fares are paid in the same manner as existing public transportation, using the familiar paper bus tickets. On the other hand, as Noccal is a private public transportation service operated by ordinary drivers—which is very different from existing transportation—we have developed an app for drivers to ensure safe and secure operation. For digitally savvy users, we also offer a LINE reservation system. Meanwhile, the design of the back-end portion (the reservation and driver management system used by town halls and operators) is completely digital, facilitating the use of a PDCA cycle for operation data. We see this as an example of the digital transformation of a public transportation system that truly marries analog and digital technologies.



## A Platform That Promotes a Carbon-Free Society— Earth hacks

# • HAKUHODO •



Members of the Earth hacks program  
 (From left)  
 Ito (Hakuhodo Kettle),  
 Shimizu (SIGNING),  
 Sekine (MIRAI Business Division, Hakuhodo),  
 Yamamoto (MIRAI Business Division, Hakuhodo)

Earth hacks, a co-creation platform that promotes a carbon-free society through the actions of individual *sei-katsu-sha*, is a joint project by Hakuhodo’s MIRAI Business Division, which aims to develop new businesses beyond the advertising business, Hakuhodo Kettle, SIGNING, and Mitsui & Co. Japan has set the goal of reducing greenhouse gas emissions by 46% (compared to fiscal 2013 levels) by fiscal 2030. This level of reduction will require households to slash emissions by 66%, which makes it increasingly important for *sei-katsu-sha* to adopt decarbonization-oriented behaviors.

Earth hacks is a co-creation platform that provides information on lifestyles and ethical products that people can incorporate into their lives. The platform goes beyond members of Generation Z and others who are already interested in decarbonization to include people who are not yet familiar with the movement. The platform aims to facilitate the development of decarbonization-related products, services, and businesses based on *sei-katsu-sha* input.

The platform’s important characteristic is its unique approach of adding value to products by comparing their CO<sub>2</sub>e\* emissions to those of conventional products and highlighting disparities between them. The initiative is not corporate-driven and provides a way for *sei-katsu-sha* to contribute to decarbonization while having fun at the same time.

January 2022 marked the launch of media sites introducing partner companies’ decarbonization-related products and services, with Earth hacks’ Instagram account and

website showcasing products that use reduced-CO<sub>2</sub>e materials, transportation methods, and manufacturing processes. The platform allows users to see at a glance the reduction achieved in comparison to products made with conventional materials and methods.

In addition, in July 2022 we began offering a new service using The 2030 Calculator. Doconomy, a Swedish impact tech company, produced this tool for visualizing CO<sub>2</sub>e emissions. We have been using this tool to calculate “Decarbo Scores” from CO<sub>2</sub>e reduction percentages for companies and other organizations.

\* CO<sub>2</sub>e is the calculated equivalent volume of CO<sub>2</sub>.

Before After

「染め替えて」古着をもっと楽しもう!

この製品1つあたりの製造過程におけるCO<sub>2</sub>削減量 **1.4 kgCO<sub>2</sub>e**

新品のシャツを新しく購入した場合のCO <sub>2</sub> e	3.1 kgCO <sub>2</sub> e
今持っているシャツを染め直した場合のCO <sub>2</sub> e	1.75 kgCO <sub>2</sub> e

**デカボスコア 44% off**

Decarbo Score

## 🌀 Earth hacks

[Details](#) [WEB Earth hacks](#) [Instagram Earth hacks](#)

## Putting Creativity to Work in Generating New Solutions: Case Studies

The “Decarbo Score” (short for decarbonization score) takes a different approach than the usual practice of displaying environmental values as absolute figures (such as “CO<sub>2</sub> emissions of X kg”). Rather, to encourage decarbonization efforts in daily life, Decarbo Score uses the “X% off” format that *sei-katsu-sha* are used to seeing in connection with prices on sale items or food calories. This approach clarifies differences from conventional products and makes it easier for *sei-katsu-sha* to choose products with higher environmental value. The Decarbo Score was developed as an indicator to help *sei-katsu-sha* take their first steps toward decarbonization.

We aim to contribute shaping future society by building a social movement in which environmental value becomes a criterion that *sei-katsu-sha* use to select products and services.

This program combines the Hakuodo Group’s *sei-katsu-sha* perspective and creativity with Mitsui & Co.’s decarbonization solutions and networks in Japan and overseas to disseminate information and develop content that will engage *sei-katsu-sha*. We aim to grow the program into a decarbonization initiative that will have an impact on society. The project will be jointly promoted by Hakuodo’s *MIRAI* Business Division (which focuses on new business development), Hakuodo Kettle (which has a dedicated team to help companies become a part of the circular economy), and SIGNING (a social business studio that provides companies with solutions to address social issues and achieve new growth).



## A Platform That Promotes a Carbon-Free Society—Earth hacks (Hakuodo)



**Shimizu** Society as a whole is rapidly turning its focus toward sustainability, and I am constantly thinking about what advertising companies can do to help. Advertising companies, having relationships with many other companies, need to conceptualize a new vision of society and the mechanisms that need to be implemented to achieve this vision. The idea for Earth hacks was conceived and implemented in response to the shift toward decarbonization. By creating momentum for change among *sei-katsu-sha*, we will contribute toward the decarbonization of Japanese society overall.

**Sekine** Right now, Japan is behind the curve in terms of decarbonization, so it is essential to proactively adopt advanced solutions from overseas. That said, achieving a carbon-free society relies on *sei-katsu-sha* making it a personal challenge and taking forward-looking action. Earth hacks addresses this situation by working to maximize the combined strengths of a trading company and an advertising company. The project takes up the challenge of creating a carbon-free society in partnership with *sei-katsu-sha*.



**Yamamoto** Earth hacks seeks to take Hakuodo beyond the bounds of an “advertising agency.” The project aims to elevate Hakuodo to a “co-creation partner” that works with companies to turn Japan into a carbon-free society. We have already received a solid response from companies, the government, media, and *sei-katsu-sha* and we feel that we have taken the first major step forward. Based on *Sei-katsu-sha* Insight infused into the Hakuodo DNA, we aim to create a large movement among Hakuodo’s more than 3,000 clients and create the carbon-free society *sei-katsu-sha* truly need.

**Ito** What should be done to bring environmental issues into sharper focus around the world? Should they be featured in the news more often? Or should companies be more proactive? Both approaches are important, but the most important thing is for *sei-katsu-sha* to act voluntarily. Through Earth hacks, which presents choices rather than providing one-sided answers or taking a coercive approach, we will take on the challenge of encouraging as many *sei-katsu-sha* as possible to take the initiative and make decarbonization a reality for Japanese society as a whole.





## Doing What We Can to Achieve a Gender-Equal Society— Sawai Gender Action



Daiko Advertising Sawai Gender Action members  
 (Back, from left) Shibuya, Okumura, Nakamuta, Tanaka  
 (Front, from left) Fushie, Ueno, Matsuda

We live in an age in which companies' *raison d'être* is being questioned. In addition to contributing to society through their corporate activities, companies are increasingly communicating about social issues and working to address them.

Sawai Gender Action is a project that allowed us to work alongside Sawai Pharmaceutical to explore a new type of communication. Sawai Pharmaceutical, which has a powerful sense of being a company with a public mission, is strongly committed to sustainability initiatives in line with its philosophy of "always putting patients first." We thought that by making people aware of this commitment, we could enhance the company's intrinsic value and gain the approval of diverse stakeholders.

We focused on the company's origins. Sawai Pharmaceutical actually began as a small pharmacy run by a woman named Noyo Sawai. A century ago, it was more common for farmers' daughters to get married and become part of their husband's family than to go on to higher education. But Noyo moved to Tokyo and devoted herself to her studies. She became a female pharmacist, which was rare at that time, and opened Sawai Pharmacy. Noyo's creed to "provide the sick with the medicines they need, when they need them," was the starting point for Sawai Pharmaceutical's philosophy of "always putting patients first."

As our team read about the company's history, rather than seeming like an episode from a story about the past, it felt like one that still held relevance today. Sawai Pharmaceutical was created because Noyo followed her own

path and refused to be limited by gender. We figured that if each person could shine in his or her own way, more new things would be built. With that message in mind, we decided to take action.

Sawai Gender Action launched on March 8, 2022, on International Women's Day. We ran a full-page ad in the *Nikkei* newspaper describing the Noyo episode and its message of gender equality. Furthermore, we were specific about going beyond existing advertising in order to communicate actions that could contribute to society. After considering the problem deeply, the team tried the new idea of implementing a donation ad program. Donation ads are video advertising solutions that connect *sei-katsu-sha*, advertisers, and recipient organizations. Advertisers donate to specific organizations in response to video ad views by *sei-katsu-sha*. To make a donation, *sei-katsu-sha* simply watch an advertisement about Sawai

Gender Action and select a non-profit organization that is working toward gender equality. This system allows people to share the message of gender equality and participate in actions related to the Sustainable Development Goals (SDGs) without bearing any costs themselves.



**Details** [WEB Sawai Gender Action website](#)  
 (Japanese only)

**Details** [WEB Sawai Gender Action YouTube channel](#)  
 (Japanese only)

## Putting Creativity to Work in Generating New Solutions: Case Studies

Although we faced some difficulties in coordinating the donation ad, as this was the first time the idea had been implemented in Asia, the people at Hakuhodo DY Media Partners and the Daiko team worked together and attracted total donations of ¥5.57 million. In addition to driving communication, this new initiative led to corporate social contributions.

The Sawai Gender Action website, which launched simultaneously, allows visitors to read a company history that describes Noyo and is designed to foster empathy with Sawai Pharmaceutical's corporate story. Rather than being a time-limited campaign site, the website serves as a venue for sharing information about the company's activities.

After the launch, our client at Sawai Pharmaceutical commented that they had been receiving positive feedback, both internally and from outside the company. When we heard that Sawai had launched an internal project to create a company where women could feel more comfortable in the workplace, we sensed that action was rippling outward into wider society. We hope to keep the lines of communication open, including reporting on the progress of our efforts.

Companies can create value for their customers not just by disseminating messages, but also by taking action. This project underscored the importance of the cycle of declaring and implementing actions, expanding the circle of influence of those actions internally and externally through communication, and then moving onto the next action, and also of working with companies as partners in this cycle. Going forward, our team will continue to create better work with the aim of realizing the happiness of corporations, clients, and society as a whole.

## Doing What We Can to Achieve a Gender-Equal Society—Sawai Gender Action (Daiko Advertising)



**Okumura** In our everyday work, we tend to view the role of digital in advertising from the perspective of numbers and efficiency, but I think our donation ad effort went beyond this framework. I think it expanded our view on the possibilities of combining advertising and digital perspectives. I am glad we were able to cultivate a new form of communication between companies and society, and I would like to thank Sawai Pharmaceutical for being willing to take up this new challenge with us.

**Nakamuta**

In addition to contributing to society through our business, with this project I learned that we could use a company's unique founding story as a lens for looking at the company, its customers, and society. I was able to experience the joy of creating something together with the whole team from a place where outputs were indeterminate. I had the feeling that we could apply an advertising company's creativity more broadly in a variety of areas.



**Ueno** One woman's belief, passed down across nearly 100 years, now plays a major role in an area essential for society: pharmaceuticals. On March 8, looking back at the past highlights how many more choices modern-day women have. From this baseline, I worked on this project in the hope that it would inspire courage.

**Tanaka**

We introduced the idea of a donation ad at a digital study session with Sawai Pharmaceutical, and that is how this action got started. We are truly grateful to our account service team who keenly pitched the donation ad as an idea that could gain the understanding of our client. I joined the advertising industry thinking it would be a good and enjoyable opportunity for learning new information. In fact, I have had the chance to take part in work that drives action on social issues. This has been a deeply moving experience and one that brought me back full circle to my starting premise.



## A Drama That Promotes Living Locally—*Shimane ga Drama ni Naru Nante!*

YOMIKO



YOMIKO ADVERTISING's  
*Shimane ga Drama ni Naru Nante!* team  
(From left) Sumida, Yoshino, Nukatsuka, Tanaka

*Shimane ga Drama ni Naru Nante!*

is an adolescent mini-drama series in which three high school boys born and raised in Shimane meet Kyoko Higashi, a transfer student who has no hometown, prompting the boys to re-experience their hometown of Shimane in a new light. YOMIKO ADVERTISING planned and produced the program in collaboration with partner companies, a local TV station, and a local newspaper publisher. This project takes the novel approach of using local media companies and a drama series to improve the image of a region and encourage young people to rediscover its attractiveness. The series had a high viewer rating, reaching 19.1% at its peak in the Sanin region.

Of Japan's prefectures, Shimane has the second-smallest population. In addition to the same declining birthrate and aging population being experienced by Japan as a whole, Shimane Prefecture faces an outflux of young people. Many leave Shimane Prefecture to attend university or start working, and once they leave, they find it difficult to return.

The challenge was to raise the low level of esteem in which Shimane residents held their home prefecture. The next goal was to make middle and high school students in particular aware of the benefits of living in Shimane Prefecture and eventually returning to it, so that they would actively consider living there.



- (1) The series depicts characters with different feelings about their career paths and hometowns. These differences are designed to foster emotional engagement with a range of junior and senior high school students.
- (2) The heroine is a transfer student from Tokyo. Because of her parents' job transfers, she has no hometown. The series is designed to prompt viewers to notice Shimane's charms as seen from an urban perspective.
- (3) The series incorporates a number of *shimane*, or motifs that only Shimane insiders will understand. It references a number of movies and song titles incorporating well-known local motifs, such as *You're More Beautiful Than Barapan* (a local bread confection), *Kisuki Right Now* (about a local brand of milk), and *The Monster of Iwami Kagura* (a song and dance ritual). As a result, the series dramatizes the ordinary life of the local community and makes everyday life in Shimane seem heroic.
- (4) Each episode is only five minutes long, making the series accessible and easy to watch and understand.

To increase local residents' esteem for their community, the main characters in the series highlight features of everyday life that many prefectural residents take for granted, turning them into the focus of entertainment.

To cultivate esteem for the prefecture among Shimane residents, particularly junior and high school students, we kept in mind the four points outlined above as we planned and developed the series.

To create a buzz, we sought to maximize the ability of the local media companies to communicate and use the power of digital media to reach young people. As a result, the show's recognition rate among high school students in the prefecture exceeded 85%.



## Putting Creativity to Work in Generating New Solutions: Case Studies

This media strategy was designed while keeping the following four points in mind.

#### Generate excitement before the drama begins

We focused the messaging on Shimane residents through the *Sanin Chuo Shimpō* (a newspaper read by more than 70% of the prefecture's residents), TSK (a TV station that broadcasts dramas), and social media platforms Twitter, TikTok, and Instagram.

#### Provide reminders on the morning the drama airs

*Sanin Chuo Shimpō* used each episode's *shimaneta* as a hook to encourage people to watch the drama.

#### Create an easy viewing environment

Episodes were available on "golden time" TV (19:00 to 22:00) and on the internet, making content immediately accessible for junior and senior high school students.

#### Run review ads the day after the drama airs

We placed advertorials promoting the attractions of Shimane in the *Sanin Chuo Shimpō* the morning after each episode aired. This approach provided a space where viewers could reflect on the drama's content and easily understand Shimane's positive features.

In a survey of high school students in Shimane Prefecture, more than half of respondents who watched the drama (54.7%) said it made them fall in love with Shimane. Their responses suggested that the drama helped them discover local attractions and encouraged them to settle in the area.

We received plenty of feedback on the drama, much of which reflected our target messages, such as that the landscapes that feel ordinary to residents are not necessarily the norm for others, and that it is nice to have a place you can go home to.

Due to the positive response in 2021, a sequel is in the works for 2022. We hope this drama will help many people to see Shimane with new eyes.

### A Drama That Promotes Living Locally—*Shimane ga Drama ni Naru Nante!* (YOMIKO ADVERTISING)



**Sumida** This was a two-year challenge from the Shimane prefectural government. In the previous round of proposals, we competed against *Sanin Chuo Shimpō* and San-in Chuo Television Broadcasting, and all three of us were eliminated from the competition. This time, we banded together and were determined that our unusual tag-team consortium would win. Although it took some time to define our individual roles, this division of labor was clearly a major factor in helping us win the pitch. This initiative reaffirmed that ties with local media are extremely important.

**Nukatsuka**

The goal of the project was to make the local residents think of Shimane as their irreplaceable home. This felt different from my usual work responsibilities, which center on getting people to like a corporate brand. The opportunity to work together with the local people throughout the entire project was a valuable experience.



**Yoshino** The client and the production team were in alignment on the project's aims. As a result, the drama evolved as valuable content in itself rather than just being a publicity-oriented piece. The series maintained high viewer ratings for all episodes. We formed a strong local consortium, bringing together drama production capabilities and eliciting cooperation from newspapers, high schools, and other organizations throughout the prefecture to make this project a success.

**Tanaka**

This was an interesting project with a different character from regular advertising promotions. The promotional concepts gained a personality over time, transforming themselves more coherently into story lines.



**Higo** This was a valuable experience for me because I rarely think about my hometown's attractiveness other than from the perspective of tourist attractions and amenities. People from the prefecture were very motivated to participate in the project, which brought home to me once again the positives of Shimane.

**Koike**

As soon as the decision was made to create this Shimane drama, we got to work introducing digital devices, such as a call for extras and a Shimane drama test. The project was exciting from start to finish. I think the prefectural government's decisiveness was key to our ability to make the drama a reality.



Putting Creativity to Work in Generating New Solutions: Case Studies

## Live Commerce Service Aimed at Regional Development and New Business-to-Consumer Revenue for Broadcasters—**Crafttalk**



**Hakuhodo DY Media Partners  
Crafttalk team members**  
(From left) Yahara, Kamachi, Ito

### Overview of Crafttalk

<b>Broadcast area</b>	21 broadcast areas
<b>Broadcaster</b>	22 broadcasters (one broadcaster per area, except in Toyama, which has two: BBT and KNB) RNB (Ehime), NKT (Tottori, Shimane), RAB (Aomori), YBS (Yamanashi), KTK (Ishikawa), CTV (Aichi, Gifu, Mie), KBC (Fukuoka), HBC (Hokkaido), TSS (Hiroshima), YTS (Yamagata), FTV (Fukushima), TSB (Nagano), BBT (Toyama), KNB (Toyama), FBC (Fukui), KSB (Okayama, Kagawa), RKC (Kochi), NCC (Nagasaki), STS (Saga), TOS (Oita), KKB (Kagoshima), QAB (Okinawa)
<b>Distribution period</b>	Distributed weekly since mid-May 2022
<b>Distribution platform</b>	HandsUP (Distribution of live commerce tools and distributed content consulting services provided by 17LIVE Inc.)

The e-commerce market continues to expand rapidly as digitalization drives consumer purchasing behavior online. The pursuit of convenience has led to the development of communication and logistics systems that reduce physical constraints. At the same time, product variety has become more diverse, making it difficult to differentiate products based on their characteristics and functional value. In the e-commerce market, the ability to create content that communicates the value of products in a more attractive way, and the method of communicating this value in a way that fosters understanding, are key factors for influencing how *sei-katsu-sha* feel about them.

In the TV advertising market, the rise of Over The Top (OTT) and other internet services has intensified competition for people’s free time, and broadcasters are having to find new ways to generate revenue in the digital age.

Crafttalk, a new service from Hakuhodo DY Media Partners, uses the local networking capabilities of broadcasters to select local products and applies their expertise in broadcast content production to create content that conveys the products’ full appeal. The service leverages the power of TV broadcast slots and digital media, including smartphone apps. It also provides a mechanism for shopping while communicating directly with local producers and sellers through a platform that delivers live e-commerce content and distributes archived content.

We ask producers and sellers to explain their commitment to their products, highlighting emotional values that go

beyond the functional, and we promote products from each region using interactive communication with viewers. By encouraging customers to purchase products introduced in the video while they are watching it, we aim to create an emotion-based service that appeals to the sentiments of *sei-katsu-sha* by fostering a sense of familiarity and security.

By introducing products that only local broadcasters know about, especially to people outside their prefectures, we seek to provide new encounters digitally at a time when opportunities for in-person shopping experiences, such as direct contact with producers and sellers, are dwindling.

Crafttalk gives broadcasters that have built strong relationships with local residents through community-based video production and event-related activities a new way to help revitalize their local economies. In addition, we believe interactive digital distribution and platform utilization will



Crafttalk website

Putting Creativity to Work in Generating New Solutions: Case Studies

increase business-to-consumer (B2C) earnings opportunities for broadcasters. Crafttalk provides a solid framework for supporting broadcasters in their future business directions.

Hakuhodo DY Media Partners serves as a hub for providing a wide range of services through a cross-affiliate network of broadcasters, with the aim of building a federation\* that enables broadcasters to help each other generate sales from other areas.

In addition, by analyzing viewer data, we seek out optimal solutions for producers, sellers, and broadcasters by determining the most effective delivery times, program content, products, advertisements, and performers.

\* As of May 2022, the federation encompassed 21 of Japan's 32 broadcast areas. We plan to steadily expand this area by welcoming the participation of multiple broadcasters, regardless of affiliation.



Video distribution (archive)

Live Commerce Service Aimed at Regional Development and New Business-to-Consumer Revenue for Broadcasters—**Crafttalk** (Hakuhodo DY Media Partners)



**Kamachi** The impetus for launching this initiative was that, since 2020, both broadcasters and Hakuhodo DY Media Partners have been severely affected by the COVID-19 pandemic, which has significantly affected the TV advertising business. Through a series of internal meetings, we came up with the idea of using live commerce to convey the commitment of local producers, while leveraging broadcasters' regional networks and high-quality content production capabilities. Our goal is to turn Crafttalk into a successful Japanese example of live commerce. Going forward, we hope to build a system that allows overseas customers to purchase products. In addition, we aim to expand into other businesses with the aim of turning Crafttalk into a platform.

**Ito** Crafttalk's main focus is to communicate sentimental value, which is difficult to convey with traditional major e-commerce services. By collaborating with broadcasters, we aim to provide an e-commerce service that harnesses this sentiment-based component at an unprecedented level. Through Crafttalk, we hope to provide a "win-win-win" service that will help to revitalize local communities and generate new earnings for broadcasters and the Hakuhodo Group. To achieve this, the service will highlight good products made by regional craftspeople that are not yet known throughout Japan.



**Yahara** Some broadcasters have their own e-commerce sites and focus on the mail-order business, but most of their customers are within their own broadcast areas. I think this aspect is what makes Crafttalk unique; broadcasters of different affiliations work together to target *sei-katsu-sha* nationwide. In addition, broadcasters cooperate in making announcements, including of their own broadcast slots and in-house productions, station apps, and social media. I believe that this initiative is truly novel. Broadcasters face numerous hurdles in starting up B2C businesses. With the Hakuhodo Group serving as a hub for proposing improvement measures, we intend to develop various businesses with broadcasters that extend beyond traditional lines of affiliation.

Putting Creativity to Work in Generating New Solutions: Case Studies

## Toward Widespread Use of PCR Testing throughout the United States— Project Kiosk



**Gehl Project Kiosk members**  
 (Top row, from left)  
 Blaine Merker, Sofie Kvist, Simon Sochas  
 (Bottom row, from left)  
 Adriana Akers, Rebecca Cook

Before there were vaccines and boosters to protect people from COVID-19, widespread testing was the key to safely reopening schools, workplaces, and public spaces. Today, with the rapid paced technical innovation that made Pfizer and Moderna into household names and at-home PCR tests seem almost pedestrian, the COVID-19 pandemic feels like a slightly more manageable global crisis than it did in its infancy. However, in its early days, uncertainty, obstacles, and experimentation were the only constants.

At the start of the pandemic, demand for testing continually exceeded the supply. And even when available, the populations most in need of access to rapid testing had the greatest barriers to getting tested—a fact that is particularly unjust given that marginalized groups are statistically more likely to contract the virus. Another early challenge was that with many people staying home instead of commuting to city centers, where testing could be efficiently deployed, it proved harder to get mass testing to large numbers of people.

Curative, a COVID-19 testing startup that is now known for scaling testing and vaccinations during the pandemic,

was one of the early pioneers in the field: inventing a non-invasive oral swab PCR test for COVID-19. With one supply-related challenge solved, the next was fast approaching: Curative had no way of scaling their solution across cities in the United States to meet the rising demand. To solve this challenge, Curative engaged Gehl to develop a test collection system that used neighborhoods as infrastructure to get testing to those who needed it most.

Kicking off the project in July 2020, the Gehl team quickly realized that this problem required a solution at two scales: (1) a human-centered design for the testing experience, and (2) a deployment strategy that could operate at the national scale. To execute, the team needed to strike a balance between efficiency and quality design to



Consulting local residents

### Overview of Gehl Architects Holding

Company	Gehl Architects Holding ApS
Office locations	Copenhagen (headquarters), New York, San Francisco
Established	2000
Participation in <i>kyu</i>	2022
Employees	86 (as of March 31, 2022)

Business details	Proposal of urban development strategies and plans; design of common spaces; design of master plans for spatial development; consensus building and project progression among local, governmental, and other stakeholders related to urban development; post-operational surveys of infrastructure; mobility strategies, planning, and development
------------------	--

Putting Creativity to Work in Generating New Solutions: Case Studies

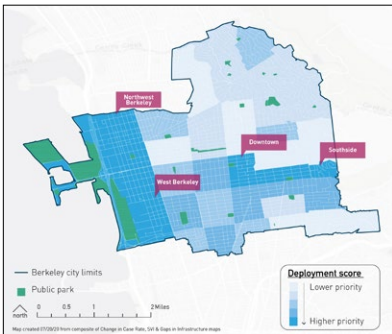
Toward Widespread Use of PCR Testing throughout the United States— Project Kiosk (*kyu*)



Building a prototype



Steps to simplified PCR testing



Implementation priority score (Berkeley, California)

deliver an effective solution and do so against the ticking clock of the global pandemic.

In just a few short weeks, the Gehl team developed a prototype and deployment strategy—and Project Kiosk was born. The Gehl design team developed prototypes for the Kiosk, a self-contained unit, approximately 50 square feet, fitted with proper mobile testing equipment to enable an efficient, self-contained, safe, and accessible process. Simultaneously, the Gehl strategy team developed a data-driven tool to help Curative and their implementation partners strategically identify new test sites and deploy testing kiosks where they were needed most. Together, the kiosk and data-driven siting approach helped Curative fill gaps in the existing testing system, and provided a more evenly and equitably distributed testing network nationwide.

During the design conception and development phase, Gehl worked with information designers to dramatically simplify the testing steps and process, enabling people of all ages, abilities and backgrounds a better, more streamlined healthcare experience. Using a geographic information system (GIS) model, Gehl put possible test siting factors to work using a multi-criteria decision framework that identifies areas of cities with a high epidemiological need and the

greatest potential to reach underserved groups. The team designed the modeling tool to be flexible and adaptable based on local input. The pairing of kiosk design and placement with Gehl’s human-centered, data-driven approach, helped Curative fill the gaps in the existing testing system, enabling more evenly and equitably distributed testing networks in more than 30 cities nationwide.

Gehl responded to an emergency need with an innovative place-based solution to a service delivery challenge that we now see can be applied to a wide range of industries and sectors including healthcare, government, and retail. Today, the Curative kiosks, and their subsequent dopelganger counterparts can be found providing tests and vaccines across the country.

Since the collaboration in 2020, Curative has expanded Gehl’s role in their portfolio of healthcare offerings. Alongside the support of fellow *kyu* member companies BEworks, IDEO, and SYPartners, Gehl has collaborated with Curative on the conceiving and development of their place-based healthcare system, launched in Austin, Texas in 2022. Gehl is proud to have not only contributed to the broader fight against COVID-19 but also to have played a role in advancing health equity nationwide.



Blaine Merker

Director, Partner, and Head of Climate Action at Gehl

COVID-19 testing is not just an epidemiological issue. It is an urban design issue. You have to know how streets and public spaces and cities work to get testing to people. With this understanding, Gehl was able to innovate a place-based solution to a service delivery problem that we now see being widely applied to make equitable and widespread testing available where people are.

## Developing Creative Human Resources

### Providing a range of opportunities to each employee, with the goal of realizing the growth of both the Group and its employees

The Group has adopted “Encourage individual personalities to flourish within a teamwork environment, leading to the creation of new values” as part of its Group philosophy. With the aim of developing the ability to promptly recognize social changes, leverage creativity, and create and spur change independently, each of our employees has taken on challenges in new domains, guided by a strong desire for realizing personal growth.



## Creative human resources

Our most important asset and the source of our competitiveness

Developing Creative Human Resources

### ▶ A Variety of Training Programs

All of the Group's training includes elements that hone creativity. Since creativity is something refined through the daily cycle of learning, thinking, and implementation through work, training serves as the launchpad for that cycle. Moreover, a majority of the training uses original content, with Group employees serving as instructors. One of the features of this system, therefore, is that it allows trainees to come into contact with the various forms of creativity possessed by those employees.

To ensure our growth is sustainable rather than temporary, individual employee growth plans are shared by each of our employees and the Company, and it is crucial that we establish a means for employees to achieve their medium- to long-term career plans. We have also introduced programs that provide employees with various opportunities to maximize their growth and become familiar with the DNA and way of the Group, in addition to improving their skills.

Total number of employees to have served as lecturers:

**1,403**

Applies to Hakuodo, Daiko Advertising, YOMIKO ADVERTISING, IREP, and Hakuodo DY Media Partners (Fiscal 2021)

### ▶ Seminars to Help Employees Share Cutting-Edge Technologies and Knowledge

The domains in which we make proposals to our business partners are expanding to include business reform and innovation. Viewing this period of change in which technologies are advancing on a daily basis as a business opportunity, we are expanding training programs and seminars for enhancing the creativity that will invent the future and encourage our employees to take on challenges in new domains.

Seminars held for sharing cutting-edge technologies and knowledge:

Held **141** times with a total of **20,401** participants

Applies to Group employees who attended seminars held by Hakuodo and Daiko Advertising, YOMIKO ADVERTISING, and Hakuodo DY Media Partners in fiscal 2021

### ▶ Innovation

We have implemented two Groupwide programs to develop human resources who can generate innovation.

The Emergent Management Program was started in 2007 with the aim of developing the coming generation of management human resources required in times of rapid change. The program will help participants become managers that actively work toward change and bring about innovation in the organization. This particular program focuses on the value profit chain and innovation theory, and consists of a two-year curriculum that includes training camps. It is aimed at executives and division heads of Group companies (or employees in corresponding positions).

The Growth Action Program (GAP) is a form of training for developing human resources who can break through existing conditions with their own skills, who have the ability to bring about innovation, and who can generate change. The program began in May 2020. Through GAP, employees primarily in their 30s learn various skills over the program's half-year curriculum.

Participants in the Emergent Management Program

**535** participants  
(Total as of fiscal 2021)

Total number of participants in GAP

**63**

(Total as of fiscal 2021)

### ▶ Opportunities for Growth That Transcends Daily Work

Employees contribute to addressing the issues and achieving the goals set out in the SDGs through their day-to-day work and through self-initiated social actions as individual *sei-katsu-sha*.

Number of social action activities in fiscal 2021

**525**

Total number of participants in social action activities

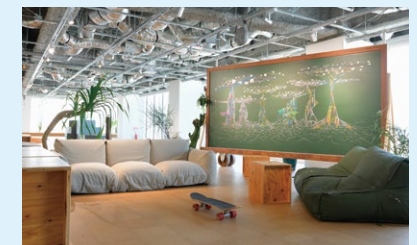
**103**

Applies to Hakuodo DY Group

## UNIVERSITY of CREATIVITY (Hakuodo)

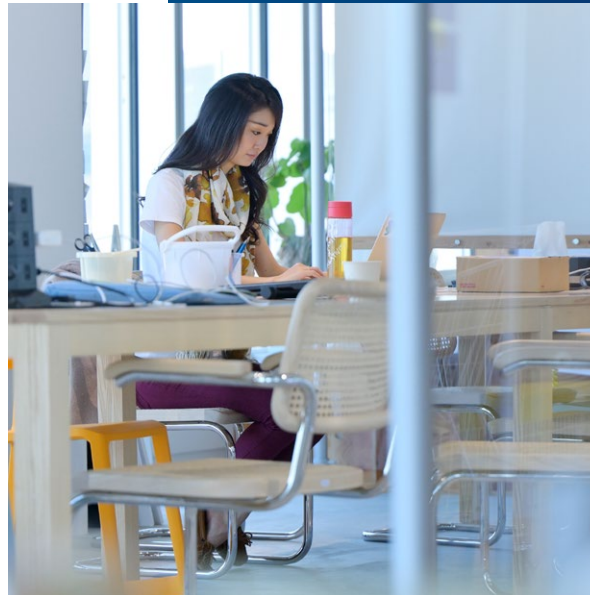
In 2020, Hakuodo established UNIVERSITY of CREATIVITY (UoC), an organization dedicated to researching and developing creativity as a technology for creating the future and conducting social experiments. The UoC has redefined creativity as humankind's greatest untapped capital and aims to become a "port of creativity" to map out more empowered futures for the next generation.

This institution is currently advancing projects for researching the creativity that arises through co-creation with artificial intelligence (AI) as well as globally sustainable creativity that incorporates the sensibilities of individuals of differing ages, industries, and specialties. In fiscal 2021, the UoC held online events based on regional revitalization, carbon neutrality (decarbonization), and other themes. The event, which attracted a total of 23,117 viewers, featured 154 speakers, 30 of whom were Hakuodo DY Group employees.



# 05

## Sustainability



- 57** Our Sustainability Approach
- 58** Sustainability Initiatives: Case Studies
- 63** Sound and Healthy Workstyles
- 64** Diversity, Equity, and Inclusion
- 65** Human Rights Policy
- 67** Initiatives to Address Climate Change and Other Environmental Issues



## Our Sustainability Approach

We view our customers as *sei-katsu-sha*, and we believe that the purpose of markets should be to serve *sei-katsu-sha*. To that end, our goal is to work together with our business partners to bring happiness to *sei-katsu-sha*. *Sei-katsu-sha* wish for a safe society in which they have peace of mind and can express themselves freely. *Sei-katsu-sha* also wish for a sustainable society. The ideal value creation of the Hakuholdo DY Group lies in our goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. We will realize this goal by drawing on our strength of creativity, with which we can design new lifestyles and a new society altogether. We believe the role that society truly demands the Group to fulfill is to create a brighter future by leveraging our foundations of creativity, marketing and innovation, and data and technologies.

### Sustainability Goal

Realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing

make contributions through its business activities so that it can help realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. We believe that creative human resources are the source of new value creation for *sei-katsu-sha* and society and are the Group's most valuable asset. As *sei-katsu-sha* become increasingly concerned about social issues, in addition to contributing to solving the various issues highlighted by the Sustainable Development Goals (SDGs) and working to achieve the SDGs through our core business, our employees participate voluntarily in social action as *sei-katsu-sha* themselves. The experience and knowledge that employees gain through taking on the challenge of finding solutions to social issues, as well as the networks they establish in doing so, help support their personal growth. This in turn leads to growth for the Company as a whole.

### Sustainability Implementation Structure

#### Sustainability Committee

We have established the Hakuholdo DY Group Sustainability Committee within Hakuholdo DY Holdings. The committee is made up of Hakuholdo DY Holdings directors and is chaired by the Company's president. As a Groupwide committee that operates under Hakuholdo DY Holdings, which includes the Hakuholdo Group, Daiko Advertising Group, YOMIKO ADVERTISING Group, Hakuholdo DY Media Partners Group, and their consolidated subsidiaries and affiliates, the Hakuholdo DY Group Sustainability Committee studies and sets forth basic policies, themes, and specific measures related to Sustainability appropriate for the Group.

#### Sustainability Office

In April 2022, we established Sustainability Office at Hakuholdo DY Holdings, under which we are pursuing efforts toward sustainability as an important Group management issue. Together with the Sustainability Committee's secretariat, the Sustainability Office is responsible for managing Groupwide sustainability themes and policy formulation and measuring and overseeing indicators to monitor progress, in addition to public relations (PR) and liaison functions connected to these themes and policies.

# Sustainability Initiatives



The Hakuodo DY Group is collaborating with international institutions, academia, corporations, national and municipal government agencies, NPOs, NGOs, and various other stakeholders in its quest to promote understanding and encourage society's swift embrace of the United Nations Sustainable Development Goals (SDGs). Looking to the future beyond 2030, we continue a proactive drive to integrate the SDGs into society to help realize a world in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing.

## Initiatives for Integrating the SDGs into Society

### Hakuodo SDGs Project

Hakuodo

Hakuodo provides management consulting, business development support, and marketing support services from an SDGs perspective. These services aim to help clients grow their businesses while creating both economic and social value. We are also advancing wide-ranging co-creation activities with companies and media companies that make use of various SDGs action platforms.



### Consulting: Innovation Co-Creation

We are advancing management consulting, internal awareness raising, and innovation co-creation activities that incorporate an SDGs perspective into corporate management.



We offer SDGs-related services to clients across a broad range of industries, including the automotive, food and beverage, house construction, general trading, energy, cosmetics, toiletries, apparel, and media industries.

### Business Development: Collaboration with Clients and Media Companies

We are promoting collaborative business development on a variety of themes, including the joint development of products and services aimed at building a sustainable society and resolving diversity and environmental issues.

# Sustainability Initiatives: Case Studies

## Japan

### Sustainability Initiatives That Start from the Employee Cafeteria Offering Product Development Services Using the Domestic Biomass Material RiceResin®

HAKUHODO PRODUCT'S

HAKUHODO PRODUCT'S INC. has commenced the provision of product development services using RiceResin, a domestic biomass material developed by Biomass Resin HOLDINGS Co., Ltd., which is engaged in a business alliance with Niigata Hakuhodo Inc. RiceResin® is created by turning rice that is not fit for consumption into plastic resin using unique technologies. As the first step of this service-providing initiative, HAKUHODO PRODUCT'S has introduced straws\* made from RiceResin at 5615 café & deli, a cafeteria for Hakuhodo DY Group employees at the company's head office in Toyosu, Tokyo.

HAKUHODO PRODUCT'S Premium Business Headquarters, which provides planning, development, design, manufacturing, and quality assurance services on a one-stop basis for a broad range of products related to advertising campaigns and promotions, has put together an SDGs project team comprising members with expertise in various fields. Through this team, HAKUHODO PRODUCT'S is promoting efforts to realize the SDGs from the perspective of craftsmanship, including product development using RiceResin.

\* Made of 20% rice, these straws emit 20% less CO<sub>2</sub> emissions when incinerated, thereby helping to achieve carbon neutrality.



### Sustainability Initiatives on the Sales Promotion Front Lines

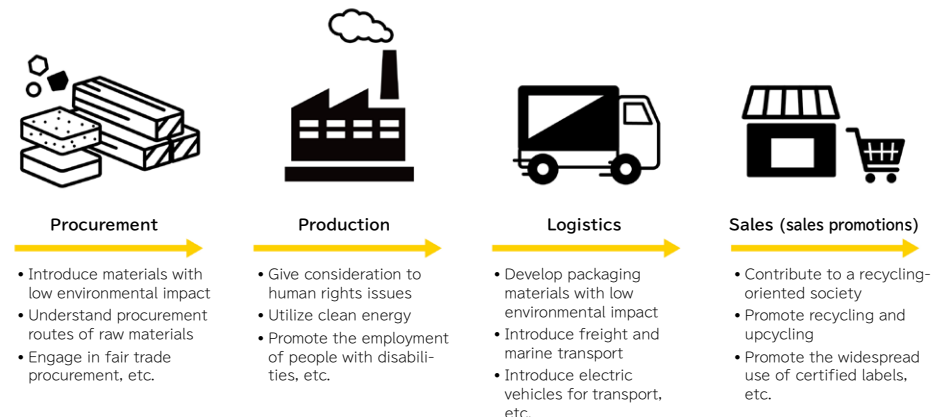
#### Developing the Sustainability Supply Chain Guide Book

HAKUHODO PRODUCT'S

In light of the changes in the social environment, HAKUHODO PRODUCT'S has created the Sustainability Supply Chain Guidebook to provide clients and *sei-katsu-sha* with information on SDG-related initiatives being implemented on the front lines of sales promotions.

This guidebook offers techniques for helping corporations put the SDGs into action. It also provides appropriate solutions for the processes of procurement, production, distribution, and sales and sales promotions.

One of HAKUHODO PRODUCT'S major strengths is that its employees have thorough knowledge of the front lines of craftsmanship and can design highly appropriate procurement standards based on global standards. Through the efforts of these employees, HAKUHODO PRODUCT'S provides solutions to a wide range of issues, from solutions that can be implemented in the near term to ones that will have major impacts over the medium to long term.



## Japan

### Promoting Regional Revitalization in Collaboration with Clients

#### AD“VAN”TURE

TBWA\HAKUHODO

In collaboration with its clients, TBWA\HAKUHODO Inc. has started a project to resolve issues facing local governments and local business operators across Japan. As the first step of this project, the Company piloted AD“VAN”TURE together with Nissan Motor Corporation and Takahagi City, Ibaraki Prefecture. This pilot project aimed to encourage people to take part in outdoor activities and sightseeing using vehicles with overnight accommodations, thereby creating new settings for vehicle use.

Drawing on its abundance of nature, Takahagi City is striving to promote itself as a city where people can enjoy outdoor activities in the beauty of nature under the slogan “Takahagi—the city for the great outdoors.” Meanwhile, Nissan Motor’s Nissan Caravan is being used by an even greater number of customers not just as a commercial vehicle but also as a private one, due to the increased demand for outdoor activities as a result of the COVID-19 pandemic. Given these circumstances, TBWA\HAKUHODO believed that new sightseeing experiences could be created that resolve local tourism-related issues if the activity of staying overnight in vehicles, which is garnering attention as a new lifestyle and form of accommodation, could be used for sightseeing as well. Based on this belief, the company made efforts to revitalize the tourism industry in collaboration with local governments and tourism associations.



### P&G Academy for Women Entrepreneurs Jointly Held by P&G and WEConnect International

#### Participating in the P&G Academy for Women Entrepreneurs

TBWA\HAKUHODO

From February 1 to March 8, 2022, TBWA\HAKUHODO participated online in the P&G Academy for Women Entrepreneurs (P&G Academy) jointly held by Procter and Gamble Japan (P&G Japan) and WEConnect International for business leaders of women-owned companies.

Companies participating in the P&G Academy deal with various issues such as entering into new business areas, developing human resources, demonstrating management vision, maintaining work-life balance, and responding to changes in the business environment. To address these issues, the program offers a curriculum that shares the know-how of P&G Japan, TBWA\HAKUHODO, and WEConnect International with a wider audience for the first time.

Seventeen women entrepreneurs took part in the first P&G Academy in 2020. The second meeting of the P&G Academy in 2022 welcomed 21 women entrepreneurs of all ages from across Japan, representing all sizes of company and a wide range of industries, including manufacturing, transportation, construction, health, and career support.



## Japan

### Helping Ensure the Success of SDG-Related Projects by Corporations SDGs ACTION GUIDE TBWA\HAKUHODO

TBWA\HAKUHODO created a free SDGs ACTION GUIDE, which offers advice to companies for dealing with issues related to promoting SDG-related activities to ensure that their projects go smoothly. Although a large number of companies are interested in the SDGs and have launched various SDG-related projects, promoting these projects is often difficult, and many companies say that they often run into setbacks and are unable to maintain such projects on an ongoing basis. To address this issue, TBWA\HAKUHODO developed the SDGs ACTION GUIDE, which sets out a framework for ensuring the success of SDG-related projects by corporations. The guide summarizes tips to help projects move forward without setbacks, including how to set goals, generate ideas, and publicize projects in order to increase participant numbers from both inside and outside a company.

Leveraging its long-cultivated know-how on idea development and methodologies for ascertaining trends, TBWA\HAKUHODO will contribute to an even better society by helping ensure the success of SDG-related projects by corporations. The SDGs ACTION GUIDE has been used in the internal projects of up-and-coming apparel brand companies and housing equipment manufacturers.



## Overseas

### Contributing to the Reduction of Thousands of Tons of Plastic Developing Zero-Plastic Paper Packaging IDEO

The fashion industry exploded over the past two decades. Garment production has doubled since 2000, and plastics use has multiplied along with it. H&M, one of the largest apparel manufacturers in the world, wanted to grow more sustainably. One of its goals is to eliminate plastic from its packaging. Together, we have developed a new paper packaging system that is cutting thousands of tons of plastic from H&M's operations, helping the company and its customers meet their sustainability goals.

H&M chief executive Helena Helmersson set ambitious sustainability goals when she stepped into her role. She wanted to reduce the fashion giant's impact on the environment and enable meaningful growth. However, change is tough for any company, let alone one with eight brands operating across 74 markets. Together, IDEO and the H&M Group created new plastic-free packaging, rallying around a more sustainable packaging solution that is easily customizable.

By applying a design-led approach that went far beyond hiring a sustainability consultant, the H&M Group managed to reduce its use of plastic. However, it did not stop there. A small team called Design Studio took what it learned and grew into an established strategic capability that pioneers new ways of working within the organization, tackling complex challenges in circularity, inclusion, supply chain, and customer experience. Sustainability is not a passing trend for H&M. It is moving fashion forward.



Overseas

**Co-Creating Complete Guidelines for Redesigning the Future of Fashion**  
**Circular Design for Fashion**

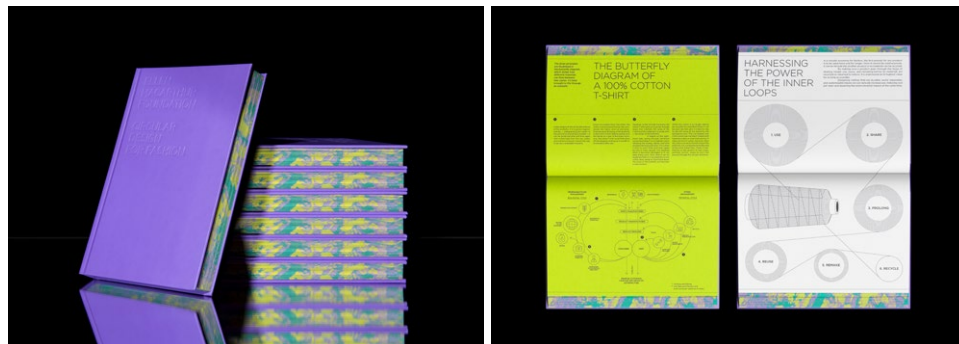
Sid Lee

Textile mills generate one-fifth of the world’s industrial water pollution. Dedicated to their goal of creating a circular economy, the Ellen MacArthur Foundation commissioned Sid Lee to co-create the ultimate guide to redesign the future of fashion. The Circular Design for Fashion book shows designers how to apply the three principles of circular design: eliminate waste, circulate products, and regenerate nature.

Circular inside-out, the book was made using a planet-positive printing process run on 100% renewable energy and generating zero-waste. Every part of the production was taken into account to achieve carbon neutrality, from the page format to maximize paper use to the waterless and alcohol-free offset press.

Each section was designed to reflect a unique fashion collection, using an electric and colorful iconography. Graphic elements were inspired by sewing stitches, patterns and symbols linked to the world of couture. The CMYK colors were reinterpreted by switching them to Pantone inks to match the Foundation’s brand palette while giving the printed object a surprising and distinctive finish.

As a result of collaborating with more than 80 design practitioners, including big brands, independent labels, fashion designers, fabricants, and resale specialists from all around the world, the project was able to reach and inspire a vast community.



**An International Certification System Given to Companies That Provide a High Level of Public Benefit**

**Acquisition of B Corp Certification**

ATÖLYE SYLVAIN

ATÖLYE became a certified B Corporation in 2021. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

Since ATÖLYE is a community-powered creative services organization that provides services to both clients and creative professionals globally, it also strives to be purpose-driven in its work. Furthermore, as a part of the *kyu* collective that aims to be a source of creativity propelling the economy and society forward, ATÖLYE also hope to create as much positive impact as possible in all its undertakings.

SYLVAIN, an innovation and brand design consultancy based in NYC, which recently joined *kyu*, has also received B Corp Certification in 2018.



## Sound and Healthy Workstyles



The Hakuholdo DY Group strives to create an environment where all of its employees can make full use of their skills and are empowered to express their individuality and contribute in the workplace. Our employees remain mindful of maintaining their well-being and developing their abilities as professionals and carry out their work with consideration for the health and lives of their team members. The Group puts the health of employees, their families, and business partners first, and is undertaking various initiatives toward workstyle reform with a view to invigorating the economy and society as a whole.

### Karada CHANTO! Project

The Hakuholdo DY Group launched the *Karada CHANTO!* project to enhance the health literacy of its employees. Through this program, we are promoting various measures to improve employee health, including holding seminars and events and communicating health-related information on a regular basis.



### Checkup Championship Behavior Change Program (Hakuholdo DY Group)

The Checkup Championship is a health and productivity support program developed through industry-government-academia collaboration. The contest provides an entertaining way to promote better overall health among our employees. Based on the data from employees' annual health examinations, awards are presented to employees who maintained or improved their health compared with the previous year. This initiative has been introduced at the

Hakuholdo DY Group and has helped contribute to an enhanced awareness of health improvement among employees. For example, of the 1,087 participants in the program in fiscal 2021, 76.4% either maintained or improved their health. Furthermore, with the aim of promoting better health through employee interaction, we are trialling the Checkup Championship, in which the employees of different Group companies compete with each other. By having employees of different Group companies compete for the highest percentage of people who have maintained or improved their health, this competition seeks to improve the overall health of Group employees in a fun and entertaining way.

Number of participants	<b>1,087</b>	Rate of health maintenance/ improvement	<b>76.4%</b>
------------------------	--------------	--	--------------

(Fiscal 2021)

### TOPICS

#### ▶ Initiatives to Support Health at Our Partner Companies

With the aim of providing entertainment to employees and nurturing their ambitions even under a teleworking environment, Ajinomoto Co., Inc., a partner company of the Hakuholdo DY Group, also introduced the Health Examination Contest in 2020 as part of its efforts to improve employee health.

#### ▶ Disclosure of the Health White Paper

We have disclosed the Health White Paper in an effort to strengthen support for employees after their health examinations. The Health White Paper provides explanations of our Health Cluster Analysis, which categorizes data on the health conditions, awareness, and workstyles of employees into multiple types and analyzes it accordingly with the aim of encouraging optimal health improvement behavior, as well as of the Years of Change report, which is based on the results of employee health examinations over the past five years. We have disclosed this white paper in an effort to encourage employees to reflect on their day-to-day lifestyles and improve their behavior going forward.



## Diversity, Equity, and Inclusion



Our sustainability goal is to realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. In an era in which diversity is finally being valued, it is important to be able to imagine the lifestyles of people with completely different value systems from your own. For that reason, we are establishing work environments in which diverse employees can play an active role and where each of them can leverage their creativity to the greatest extent possible.

### Promoting Women's Advancement

As part of our efforts to further women's advancement, we are promoting human resource development policies and adjusting work environments to ensure that female employees can build and continue their careers with us.

Ratio of female new graduate employees	<b>45.0%</b>	Ratio of female officers	<b>9.6%</b>
Ratio of female mid-career hires	<b>44.2%</b>	Percentage of female employees returning to work after maternity leave	<b>95.7%</b>

(Fiscal 2021)  
 Note: These figures apply to Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, IREP, Hakuholdo DY Media Partners, and D.A.Consortium

### TOPIC

In March 2022, Daiko Advertising Inc. received a three-star rating as an outstanding company in terms of women's advancement under the Eruboshi certification system of the Ministry of Health, Labour and Welfare of Japan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace. In 2017, with the aim of becoming a company where women can design workstyles that work best for themselves, Daiko Advertising launched COCO Project, an initiative chaired by the company president. Reflecting on the results of the ongoing activities it has pursued since the launch of COCO Project, Daiko Advertising will continue to support diverse workstyles and will discuss and explore the implementation of new initiatives to empower women.



### Career-Level New Hires

With a view to creating marketing and innovation value, Hakuholdo Inc. and Hakuholdo DY Media Partners Inc. have recently been strengthening efforts to attract career-level new hires. Since 2021, Hakuholdo DY Media Partners has been working with D.A.Consortium Inc. to recruit digitally-savvy personnel and bolster recruitment of recent college graduates with work experience in an effort to realize further growth in digital domains.

After recruiting career-level new hires,\* we strive to enhance their skills levels through various education programs as part of the onboarding process. We also help them to build a sense of community with their colleagues. In these ways, we have put frameworks in place for helping career-level new hires assimilate into our organizational culture.

\* The company refers to mid-career hires as "career-level new hires."

Ratio of career-level new hires	<b>31.9%</b>	Ratio of career-level new hires in management positions	<b>40.5%</b>
---------------------------------	--------------	---	--------------

(Fiscal 2021)  
 Note: These figures apply to Hakuholdo



Diversity, Equity, and Inclusion

### Supporting the Growth of Employees

We find ourselves in an era in which it is extremely difficult to predict future social and economic environments. In order to realize better business performance and achieve continued success in such an era, we believe the most important thing is to focus on the diverse growth potential that is inherent in all our employees and strive to enhance employee performance by investing in their independent growth. Hakuholdo and Hakuholdo DY Media Partners have therefore introduced talent management systems (personnel systems) under which these companies assign employees with duties that help facilitate their growth and implement career building programs and other initiatives to enhance employees' strengths. Through these systems, Hakuholdo and Hakuholdo DY Media Partners are striving to cultivate a diverse pool of personnel who can succeed in this period of dramatic change. Additionally, in fiscal 2022 these companies have commenced reskilling programs and have been working to provide employees with growth opportunities tailored to their individual needs.

Total interview hours for career counseling	Hakuholdo	<b>5,736</b> hours	Participants in the Emergent Management Program and GAP	Emergent Management Program	<b>42</b> (535 in total)
	Hakuholdo DY Media Partners	<b>1,264.5</b> hours		GAP	<b>38</b> (63 in total)

(Fiscal 2021)

### Promotion of Employment of People with Disabilities

Hakuholdo DY I.O Inc. is a special-purpose subsidiary of the Group that was established in December 1989 with 14 employees. As of April 2022, the company had grown into a shared services company for the entire Group with 160 employees (87 with disabilities and 73 without disabilities). The company's main operations include handling data entry, printing, and account book management, and these operations are carried out through collaboration between people with and without disabilities. In December 2017, Hakuholdo DY I.O was recognized as a "company that supports the active role of persons with disabilities" by the Japan Association of Employers of Persons with Severe Disabilities, which is a commissioned project of the Ministry of Health, Labour and Welfare of Japan. Going forward, Hakuholdo DY I.O will continue to provide quality services to the Group by leveraging its team capabilities, which combine the strengths of its diverse group of employees. At the same time, the company will continue to create new value that is unique to Hakuholdo DY I.O.

Employment rate of persons with disabilities at the Hakuholdo DY Group	<b>2.54%</b>
--	--------------

(As of April 1, 2022)

## Human Rights Policy



### Human Rights Policy

#### The Hakuholdo DY Group's Human Rights Policy

**"Realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing"**

At the Hakuholdo DY Group, we aim to achieve our sustainability goal of "realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing" through our creative human resources, who serve as our greatest asset.

Respect for human rights is the foundation upon which the Hakuholdo DY Group is built, and we promote respect for human rights as the root of ethical, sustainable business. In order to fulfill our responsibility to respect human rights more thoroughly, we have formulated a Human Rights Policy for the Group based on the "Protect, Respect and Remedy" framework outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs).

### Scope of the Human Rights Policy

The Hakuholdo DY Group's Human Rights Policy (hereinafter referred to as "the Policy") applies to all officers, employees, etc. (including all corporate officers, regular employees, contract staff, and temporary staff) working at the Hakuholdo DY Group (i.e., Hakuholdo DY Holdings Inc., hereinafter referred to as "the Company," and its consolidated subsidiaries). We also expect all of our business partners to act in accordance with the Policy.

## Human Rights Policy

### Our Commitment to Respecting Human Rights

The Hakuodo DY Group will respond with sincerity to the various impacts on human rights that may arise in relation to its business activities. We aim to realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing.

We have also made the following commitments in order to further promote the Group's diversity, equity, and inclusion (DE&I) initiatives.

We will seek to respect human rights in all of our business activities in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), based on our understanding of the human rights specified by the International Bill of Human Rights (an international standard for human rights); the basic principles relating to human rights outlined in the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work, as well as in the UN Global Compact; and UNICEF's Children's Rights and Business Principles.

We will comply with the domestic laws and regulations in each country or region where we conduct business activities, and in cases where these laws or regulations conflict with internationally recognized norms, we will seek to find ways to respect internationally recognized norms while still taking each country's laws and regulations into account. We will not discriminate against people or infringe upon human rights on the basis of race, ethnicity, nationality, birthplace, language, religion, gender, age, political views, wealth, gender self-identification, sexual orientation, disability, background, etc. We will prohibit human trafficking, forced labor, and child labor. We will respect employees' basic human rights in relation to freedom of association and collective bargaining rights as recognized by law, and we will ensure that employees have appropriate working hours, wages, etc. in conformity with the laws of each country or region in which we conduct business activities, thereby providing a healthy working environment for employees.

In the event that when we cause adverse human rights impacts through our business activities, we will address them appropriately to remedy the situation and avoid contributing to adverse human rights impacts. We will also seek to prevent or mitigate any adverse human rights impacts within the Group's value chain.

In addition, we will be on our guard for any incidents that could affect the human rights of *sei-katsu-sha*, such as incidents related to freedom of expression, harassment, or invasion of privacy. We will proactively implement measures aimed at eliminating the infringement of human rights through our business activities, and we will seek to encourage and spread awareness of activities that contribute to the safeguarding of human rights. We will implement periodic evaluations on the contents of the abovementioned measures and activities. Furthermore, we will identify any salient human rights issues that are likely to emerge in the future due to changes in society or business activities and give priority to addressing these issues.

### Governance and Internal Structure

The Company's Board of Directors has a responsibility to implement ongoing monitoring of all activities stipulated by the Policy in regard to respect for human rights. While fulfilling the monitoring function concerning measures to address particularly salient human rights issues, the board will also devise appropriate measures to prevent any direct or indirect involvement in human rights infringements. The Sustainability Office, as the unit responsible for sustainability matters, will work under the guidance of the director responsible for overseeing sustainability to spread awareness of the Policy and promote all initiatives related to respect for human rights.

### Human Rights Due Diligence

By implementing human rights due diligence to ensure that our responsibility to respect human rights is properly fulfilled in accordance with the UNGPs, the Hakuodo DY Group will seek to take accountability for the impact of the Group's business activities in relation to human rights.

Furthermore, based on the results of human rights due diligence, we will seek to focus on measures addressing salient human rights issues. In addition to ensuring effective coordination between the internal control departments of each Group company, including both existing businesses and operating companies that may become part of the Group through mergers and acquisitions (M&A) activity, we will also collate, assess, and consider response strategies for adverse human rights impacts that could arise through our business activities as part of our risk management measures.

### Remedy Mechanism (Response Contact)

The Hakuodo DY Group has established Whistleblowing and Consultation Points of Contact for all corporate officers and employees. Whistleblowing and Consultation regarding human rights issues are handled with the utmost anonymity and confidentiality, and we respond in good faith so that any party who has had their human rights infringed upon can have the situation remedied. Furthermore, in order to evaluate adverse human rights impacts in any Group company and consider response measures, we will implement periodic examination of the number of reports received by our Whistleblowing and Consultation Points of Contact regarding human rights, as well as trends in these reports. Further, we will discuss response measures in relation to situations where there is a possibility of serious human rights infringements and report on them to the Group Compliance Committee.

### Dialogue with Stakeholders and Disclosure

The Hakuodo DY Group implements appropriate responses to human rights impacts through dialogue with related stakeholders. In addition, information related to the progress of activities regarding respect for human rights and the results achieved, including initiatives specified in the Policy, is disclosed on our corporate website as part of our efforts to adopt a more proactive stance.

### Spreading Awareness of the Policy and Education

In order to enhance the effectiveness of the Policy as implemented in our business activities, the Hakuodo DY Group will work to disseminate the Policy to all corporate officers and employees, ensuring that they are thoroughly familiar with the Policy, while also implementing education and training to enhance understanding of human rights. We will also further strengthen our existing training programs related to various types of harassment, along with our training on representational risk in advertising.

### Revision and Adjustment

The Policy has been approved by the Company's Board of Directors. It will be adjusted and improved on a regular basis going forward in order to further strengthen initiatives related to respect for human rights.



Representative Director & President

## Initiatives to Address Climate Change and Other Environmental Issues



In its business activities, the Hakuodo DY Group will comply with environment-related laws, regulations, and industry standards, and we will voluntarily work to reduce our environmental impacts. In addition, we will leverage each employee's creativity, ability to take action, and capacity to make things happen as we aim to support the realization and development of a sustainable society through our business and other activities with our business partners.

### The Hakuodo DY Group's Response to Climate Change

The Hakuodo DY Group endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For scenario analysis, we have established the Environmental Management Subcommittee (the "Subcommittee") under the Sustainability Committee (the "Committee"), which is chaired by the Representative Director & President, and the Hakuodo DY Group Environmental Manager. The relevant divisions of the Company and Group companies participated in the Subcommittee to identify key risks and opportunities posed by climate change and to conduct quantitative financial assessments for the first time in fiscal 2022. We are promoting relevant information disclosure on a Groupwide basis in accordance with the recommended disclosure items determined by the Subcommittee.

### Hakuodo DY Group Environmental Policy and Environmental Management System

#### 1. Hakuodo DY Group Environmental Policy

The Hakuodo DY Group's action guidelines include not only reducing the environmental burden at the office level but also supporting the implementation of environmental contribution activities that

leverage collaborations with stakeholders and the creativity of individual employees. We advance environmental initiatives in accordance with our Basic Policy.

[Details](#) [WEB](#) **Environmental Policy and Management System, ISO 14001**

#### 2. Hakuodo DY Group Environmental Management System

The Hakuodo DY Group Sustainability Committee considers basic policies, themes, and specific measures related to the environment. Under the Committee, we have appointed the Hakuodo DY Group Environmental Manager, who is responsible for environmental activities on a Groupwide basis. In addition, we have established an Environmental Management Subcommittee as a subordinate organization to regularly evaluate climate-related issues and draw up measures once a quarter.

The Board of Directors receives reports from the Sustainability Committee on the evaluation and status of climate-related issues and environmental target management, and makes overall decisions on the formulation of management strategies and other important matters, taking into account climate-related issues.

[Details](#) [WEB](#) **Addressing Climate Change and the TCFD**

#### 3. Status of Acquisition of ISO 14001

In accordance with the Hakuodo DY Group Environmental Policy, certain units are implementing environmental management in conformity with the international environmental standard ISO 14001. Currently, ISO 14001 certification has been acquired by Hakuodo Inc. and Group companies OZMA Inc. and HAKUHODO I-STUDIO Inc.

### Strategy: Scenario Analysis

The scope of the scenario analysis covers the entire value chain from research and development (R&D) to procurement, production, and service provision, with a focus on Japan, the Hakuodo DY Group's principal area of operation. To consider long-term assumptions for 2030 and beyond, analysis was conducted against two scenarios: a 1.5°C scenario, which assumed an average global temperature at the end of this century of no more than 1.5°C warmer than that prior to the Industrial Revolution (in some instances a 2.0°C scenario was also analyzed), and a 4°C scenario, which assumed a rise in average global temperature of around 4°C.

These analyses and response measures were approved and implemented following discussions with the Sustainability Committee Chair and the Environmental Manager, who received a report from the Environmental Management Subcommittee. We will continue to conduct scenario analysis on an ongoing basis to enhance its quality and quantity and further integrate it into our management strategies to enhance our resilience in dealing with an uncertain future.

[Details](#) [WEB](#) **Addressing Climate Change and the TCFD**

Initiatives to Address Climate Change and Other Environmental Issues

### Risk Management

In fiscal 2020, the Group identified and assessed its material issues (materiality), which are important issues for achieving sustainable growth for both society and the Group with a view to realizing the SDGs. The Group Compliance Committee will manage progress and review materiality risks, including climate-related issues, on a case-by-case basis to establish an appropriate risk management system.

[Details](#) [WEB](#) Addressing Climate Change and the TCFD

### Indicators and Targets

To achieve carbon neutrality by fiscal 2050, the Hakuholdo DY Group has set an interim target of a 50% reduction in Scope 1 and Scope 2 emissions by fiscal 2030 compared with fiscal 2019 and a 30% reduction in Scope 3 emissions.

To achieve this goal, we will not only conduct conventional energy conservation activities but also aim to introduce renewable energy-derived electricity to account for 60% of our total electricity consumption by fiscal 2030 and 100% by fiscal 2050. We will also set targets and formulate measures in the four main areas of renewable energy introduction, energy conservation (paperless offices), waste reduction, and recycling.

[Details](#) [WEB](#) Addressing Climate Change and the TCFD

Item	Target	Base year (Fiscal 2019)	Result for fiscal 2021	Progress in fiscal 2021
Scope 1 and Scope 2 CO <sub>2</sub> emissions* <sup>1</sup>	Reduction of 50% by fiscal 2030 (compared with fiscal 2019), carbon neutral by fiscal 2050	11,174 tons	9,570 tons	14.3% reduction
Scope 3 CO <sub>2</sub> emissions* <sup>1</sup>	Reduction of 30% by fiscal 2030 (compared with fiscal 2019)	30,063 tons	19,166 tons	36.2% reduction
Introduction of renewable energy* <sup>1</sup>	60% by fiscal 2030, 100% by fiscal 2050	0%	0%	0%
Energy conservation* <sup>1</sup>	Reduction of 30% (compared with fiscal 2019)	5,372 kl	4,652 kl	13.4% reduction
Waste reduction* <sup>2</sup>	Maintain an average reduction of 50% or more (compared with fiscal 2019)	486 tons	311 tons	36.0% reduction
Recycling rate* <sup>3</sup>	Recycling rate of 85% or higher	82.2%	84.6%	84.6%

\*<sup>1</sup> Total values for Hakuholdo, Daiko Advertising, YOMIKO ADVERTISING, Hakuholdo DY Media Partners, and HAKUHODO PRODUCT'S  
 \*<sup>2</sup> Waste volume and waste reduction targets for Hakuholdo head office in Tokyo  
 \*<sup>3</sup> Recycling rate at Hakuholdo head office in Tokyo

### Third-Party Guarantee

A third-party guarantee has been received from Deloitte Tohmatsu Sustainability Co., Ltd., for the CO<sub>2</sub> emissions report containing data on Scope 1 and Scope 2 emissions from fiscal 2019, and is available on the Company's corporate website.

[Details](#) [WEB](#) CO<sub>2</sub> emissions report (including third-party guarantee) (Japanese only)

### External Evaluations

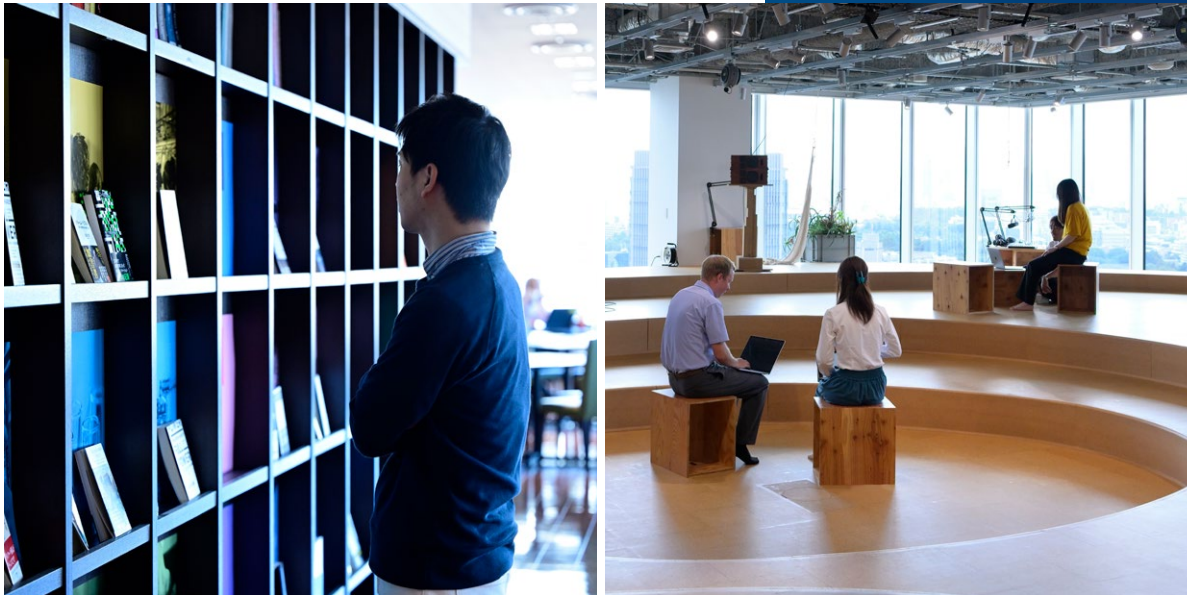
We have been responding to the CDP Climate Change Questionnaire, an environmental survey administered by CDP,\*<sup>1</sup> every year since 2017. In fiscal 2021, we received a score of B. Furthermore, we have been selected as a constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index\*<sup>2</sup> for the fourth consecutive year. We have also been selected as a constituent of the FTSE Blossom Japan Sector Relative Index.\*<sup>2</sup> Moving forward, we will continue to provide appropriate information disclosure, including through our annual participation in a sustainability survey by EcoVadis.\*<sup>3</sup>

\*<sup>1</sup> CDP: A not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts  
 \*<sup>2</sup> FTSE4Good Index Series: A series of international ethical investment stock market indices covering environmental, social, and governance (ESG) performance that was developed by FTSE Russell, a member of the London Stock Exchange Group  
 FTSE Blossom Japan Index: One of four indices adopted by Japan's Government Pension Investment Fund (GPIF) that measure the ESG practices of leading Japanese companies  
 FTSE Blossom Japan Sector Relative Index: An index designed to measure the performance of Japanese companies that demonstrate strong ESG practices relative to their sector peers  
 \*<sup>3</sup> EcoVadis: A research institute that provides platforms for examining policies, initiatives, and results related to corporate sustainability



# 06

## Governance



- 70** Message from the Chairman
- 74** Message from a Newly Appointed Outside Director
- 75** Corporate Governance
- 82** Compliance Initiatives
- 83** Management Structure

## Message from the Chairman



**We will strive to enhance corporate value by expanding the “chain of promises” through management decision-making with greater objectivity and based on more diverse value systems.**

**Hirokazu  
Toda**

Director &  
Chairman

### The Goals of the Hakuodo DY Group

Value creation is the true essence of a company.

The fundamental functions of a company are said to be marketing and innovation. For the Hakuodo DY Group, our purpose is to help our clients with their marketing and innovation-related activities. Customer acquisition is the true essence of marketing, and market creation is the true essence of innovation.

Marketing and innovation work together to complement one another. To create markets, you need to first acquire

customers. And to acquire customers, you need to first push the limits and create new markets.

The Group has adopted *Sei-katsu-sha* Insight as one of its policies. Under this policy we view customers as *sei-katsu-sha*. There is also the notion of considering customers as consumers, and although this way of thinking is likely more common, we at the Hakuodo DY Group do not view our customers simply as consumers.

Rather than viewing people simply as the targets of consumption, or consumers, we view them as *sei-katsu-sha*

who can design their own lifestyles on their own accord. By doing so, we have come to know *sei-katsu-sha* better than anyone else. Using this knowledge, we come up with new ideas and express creativity in the best way possible. We refer to this approach as *Sei-katsu-sha* Insight, and it is an extremely valuable policy to the Group.

The other policy we value is Commitment to Partnership. This policy allows us to take on the issues of our clients from the standpoint of *sei-katsu-sha* and offer clients comprehensive solutions to these challenges, thereby creating long-term partnerships with them.

Viewing customers as *sei-katsu-sha*, our goal with these policies is to work together with our business partners to bring happiness to *sei-katsu-sha*.

*Sei-katsu-sha* wish for a society with safety and peace of mind. *Sei-katsu-sha* also wish for a society in which they can express themselves. Additionally, *sei-katsu-sha* wish for a sustainable society.

I mentioned previously that value creation is the true essence of a company. In the case of the Group, our value creation lies in our goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. We will realize this goal together with our business partners by drawing on creativity in the best possible way.

Next, let me talk about our stakeholders, who represent our partners in delivering the value we create.

As I stated before, *sei-katsu-sha* (and in a greater sense, society) and our clients are our most important partners in providing value. But these are not our only stakeholders. Business partners such as media companies, content holders, and producers are also important stakeholders.

Furthermore, our employees represent another extremely valuable stakeholder. As such, we adopt the policy of recognizing our people as our assets. We maintain this policy



**Corporate governance plays an important role in steadily fulfilling the “chain of promises” between stakeholders, our holding company, and operating companies.**

”

because we work in a service industry that centers on mental work. The minds of our employees are what allows us to produce ideas. For this reason, we place importance on employee satisfaction and are making particular efforts to respect individuality, develop personal creativity, and enhance our teamwork capabilities. These efforts ultimately help us improve our level of customer satisfaction.

Also, our most important stakeholders are our shareholders and other investors. Leveraging their investments, we aim to consistently enhance corporate value. Going forward, we will continue to make concerted efforts to meet the expectations of our shareholders and other investors.

### The Structure of the Hakuholdo DY Group

The Hakuholdo DY Group adopts a holding company structure.

To put it simply, a holding company is a company that designs (plans) companies, a company that designs a corporate group. I believe this role is extremely important for maximizing our value creation.

Now, let me explain how we work to design the Group. The first way we accomplish this is by drafting and promoting Group strategies aimed at future growth. To

achieve such strategies we must execute investments.

Our operating companies are primarily responsible for formulating strategies that help us prevail over the competition today. Accordingly, they focus their attention on clients and media companies and promote strategies to enhance competitiveness.

The next role the holding company plays in designing the Group is in providing support to the operating companies in order for them to maximize their value creation.

The support entails several aspects. For example, we share business plans with the operating companies and provide them with financial support. We also help them integrate their information systems and take on a portion of their back-office work.

The third role we play is in determining how we will pursue the above efforts in order to enhance corporate value and then explaining our approach to our shareholders and other stakeholders to receive a high evaluation from them.

As a publicly traded company, Hakuholdo DY Holdings designs the Group’s value creation and works to fulfill its promise to stakeholders, starting with the capital markets, by delivering to them the value that the Group creates.

### The Hakuholdo DY Group’s Corporate Governance

The Hakuholdo DY Group operates based on the management model of “independence and solidarity,” which is part of its philosophy.

“Independence” refers to two ideas, which are that each operating company should (1) realize growth by leveraging its uniqueness as a strength, and (2) fulfill its promise (business plans) to the holding company as a result of doing so. Based on this independence, the holding company makes a promise to the capital markets and other stakeholders that

the Group will achieve its ambitions. This promise refers to qualitative aspects, such as achieving our goals, and quantitative aspects, such as accomplishing our business plans (figures). In this way, the Group operates based on a “chain of promises.”

“Solidarity” involves realizing sophisticated collaboration between operating companies by having them combine their respective strengths and, through this collaboration, offer new value to *sei-katsu-sha*, clients, and media companies.

Through this spirit of independence and solidarity, we are able to create a cohesive Groupwide structure that brings together the strengths of each operating company to create even greater value, thereby accelerating growth.

Corporate governance plays an important role in steadily fulfilling this “chain of promises” between stakeholders, our holding company, and operating companies.

The Board of Directors of Hakuholdo DY Holdings serves as the core of the Hakuholdo DY Group’s corporate governance.

The Board of Directors discusses Group growth strategies and creates medium-term business plans. It also deliberates on the budget and formulates plans for each fiscal year. We announce these medium-term business plans and yearly plans as our promise to the capital markets and other stakeholders. The operating companies establish their own medium-term business plans and yearly plans, which serve as their promise to the holding company.

The Board of Directors needs to discuss the feasibility of sustainable growth from a long-term perspective. Meanwhile, the Board must also create short- and medium-term business plans. This is because no matter how valuable a long-term goal or target may be, that goal or target cannot be attained if we do not succeed with efforts in the short and medium term.

Message from the Chairman

### Composition of the Board of Directors

The Board of Directors of Hakuholdings DY Holdings comprises three different types of members: directors who belong to the holding company, directors who also serve as presidents of the operating companies, and outside directors.

Currently, the Board of Directors of Hakuholdings DY Holdings is made up of ten members, four of whom are outside directors.

Comprising 40% of the Board of Directors, the Company's outside directors also serve as directors of the Group's core operating companies. Such a composition allows us to steadily enact the "chain of promises" between the holding company and the operating companies on behalf of our shareholders and other stakeholders. This is because we cannot fulfill our promises to stakeholders if we are unable to execute strategies.

In addition, we place the following expectations on our independent outside directors. The famous Japanese scholar Hokoku Yamada once said, "Those who govern well stay outside of matters and observe their essence instead of succumbing to them." To ensure that the Company is growing in the right fashion, a view of the Company from the outside is crucial. We ask that our outside directors adopt this outside view (meaning the view of the stakeholders) as they monitor the company's business execution in an objective manner. We also ask that the outside directors draw on their expertise, which is usually in areas where our internal expertise is not sufficient, to provide their opinions and advice.

Our four outside directors possess an abundance of experience in law, corporate management, investment banking, and government administration, respectively. With their guidance, I believe the Board of Directors holds open discussions, switching between a broad, overlooking perspective and one that is focused on specifics.

### Board of Directors (As of June 30, 2022)



**Details** pages 75-81

Please refer to "Corporate Governance" for more details.

### Director Nomination and Remuneration

Under the Board of Directors, we have established the Nomination Committee and the Remuneration Committee as discretionary bodies.

Each committee is composed of four outside directors and three directors, including representative directors, and both have an outside director serving as the chair.

The role of the Nomination Committee is to create personnel plans for directors and corporate officers and establish important regulations related to nomination. The proposals of the Nomination Committee are reported to the Board of Directors, where they are subsequently deliberated and decided upon.

The most important nomination is naturally that of the company president, and the Nomination Committee handles the creation of succession plans for the president.

Within these plans, the committee first determines the requirements for leadership. The committee defines leadership as "the ability to maximize organizational capabilities to realize sustainable growth and enhance corporate value." To evaluate this ability, the committee considers a candidate's courage, wisdom, and compassion as well as their level of contribution to the company's corporate culture. Courage

“Assessing circumstances personally with an outside view is crucial to ensuring that a company grows in an appropriate fashion.”

means the ability to lead in an effective manner, wisdom involves analytical capabilities, and compassion relates to charismatic behavior.

The level of contribution to corporate culture refers to the ability to further develop the ideas, culture, and actions encapsulated by the policies *Sei-katsu-sha* Insight, Commitment to Partnership, and the belief that our people are our assets in a positive manner.

Furthermore, for officers who have the potential to be candidates for president, the committee works to change and expand their areas of responsibility so that they can gain experience in a broad range of fields.

Taking the above into account, the current president then selects multiple candidates for the role of president based on the Nomination Committee's requirements for leadership. When selecting these candidates, the president does not rule out the possibility of choosing a candidate from an external organization.

The president then explains the reasons for choosing each individual candidate, including their track record and evaluation, to the members (outside directors) of the Nomination Committee. The committee members (outside directors) are also given the opportunity to meet individually with each candidate before holding deliberations in an effort to draw on the outside view (view of the stakeholders) of




Message from the Chairman

these members. Training seminars and other events are used as the location for holding these meetings.

For the final stage of the nomination process, the president conducts a comprehensive evaluation on the next potential president based on the business environment surrounding the Group and in consideration of the Nomination Committee’s requirements for leadership. Through this evaluation, the president narrows down the candidates to one person. The Nomination Committee then holds deliberations on this candidate and makes its final proposal. The president submits this final proposal to the Board of Directors and, after that, the final decision on the Company’s next president is made.

The role of the Remuneration Committee is to create plans for director and corporate officer compensation systems and amounts and to establish important regulations related to compensation. The proposals of the Remuneration Committee are reported to the Board of Directors, where they are subsequently decided upon.

**Nomination Committee and Remuneration Committee (As of October 31, 2022)**

Nomination Committee 7 directors	Internal directors	
	Independent outside directors	
Remuneration Committee 7 directors	Internal directors	
	Independent outside directors	

[Details](#) pages 75–81

Please refer to “Corporate Governance” for more details.

Our basic policy for director compensation involves providing directors with a shared sense of value with the shareholders and other stakeholders, thereby incentivizing them to enhance corporate value over the medium to long term. In addition, this policy gives consideration to establishing compensation levels that are appropriate for the roles and responsibilities of the directors and that can secure and maintain superior talent.

Compensation for directors is composed of an annual compensation, annual bonuses (short-term incentive), and stock-based compensation (medium- to long-term incentive). The percentage of the annual bonus and stock-based compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation of each director in the case of standard business performance.

We understand that director compensation plays an extremely pivotal role in ensuring that the Company’s directors take the responsibility as leaders to act on the “chain of promises” between stakeholders, our holding company, and our operating companies.

**Vision for Corporate Governance Going Forward**

The impact of the COVID-19 pandemic has brought about significant changes in the external environment. Crisis accelerates the speed of change. As a result, changes that would normally take five to 10 years to occur will likely happen over the period of only a few years. *Sei-katsu-sha*, companies, and society itself all change.

Under such circumstances, the importance of being able to flexibly respond to change will certainly increase.

To that end, we need to consider our purpose in creating value for stakeholders, what kind of value that is, and how to best offer it.

Therefore, I believe that we must further enhance the function of the Board of Directors, which serves as the core of our corporate governance. This will involve broadening our horizons and understanding the necessary time frames as we work to develop our story for sustainable growth.

In June 2022, we made changes to certain parts of the Board of Directors’ structure. Welcoming to the Board Ikuko Arimatsu, the Company’s first female director, we increased the number of outside directors from three to four. In addition to increasing the ratio of Board members with an outside view at the holding company, this move has helped us promote diversity. Engaging in decision-making with greater objectivity and based on more diverse value systems helps us put our “chain of promises” into action and ultimately leads to the enhancement of our corporate value.

To achieve our sustainability goal of realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing, which I talked about earlier, it is imperative that we draw on the best possible creativity. Such creativity is not born out of a homogenous environment but rather is fostered organically through the interactions and shared inspiration of people with diverse values. In other words, diversity is not something we promote simply because of social demands but rather because it represents the lifeblood of our creativity and value creation. We therefore must promote diversity in all facets of the Company if we wish to achieve our mission.

Going forward, we will continue to incorporate diverse value systems, including at the Board of Directors, from a broad range of perspectives as we strive to continue to be a Company that can provide value to all of our stakeholders.

## Message from a Newly Appointed Outside Director



**I will serve as the “eyes of society” to help the Hakuodo DY Group enhance its corporate value, focusing on the Group’s strategic direction.**

**Ikuko  
Arimatsu**

Newly appointed  
Outside Director

### Playing a Useful Role in Society— My Mission as a Professional

As a civil servant, I have spent many years working in education, lifelong learning, the arts, and culture. Throughout my professional life, my personal mission has been to play a useful role in society, and in the civil service I worked with private companies to support the arts and culture. At that time, trailblazing companies interested in the arts and culture engaged with the sector as part of their corporate social responsibility (CSR) initiatives. Now, however, corporations are beginning to step up their sustainability

initiatives and place emphasis on contributing to society and winning public trust. Thus, my personal mission is highly compatible with the duties of an outside director today.

### Fulfilling My Role as an Outside Director

The Board of Directors of the Company has the crucial duty of determining the strategic direction for the entire Group. As an outside director, my role is to focus on the Group’s strategic aims and offer my opinions from a standpoint that reflects the “eyes of society” rather than the standpoint of company

officers in charge of business. Compared with my extensive experience in the public sector, some aspects of a private corporation’s logic and circumstances are unfamiliar to me, as the main purpose of a company is to pursue profit. I intend, however, to draw on this unfamiliarity as a unique characteristic to encourage new perspectives among the other Board members.

In the civil service, I was involved in promoting gender equality for many years, and I can use this experience to help foster diversity and eliminate the gender gap. The Group adopts *Sei-katsu-sha* Insight as one of its major policies yet, despite the fact that women comprise at least half of all *sei-katsu-sha*, I was the first woman to be appointed as a director. Furthermore, the percentage of women working in managerial roles is still relatively low. The Group needs to build a framework that allows all employees, regardless of gender, to achieve their potential and enjoy working for many years. Through such a framework, the Group will become a more attractive place to work and will be able to generate significant social value. Of course, diversity is not simply a matter of the ratio of women to men. Having worked in promoting gender equality and as the only woman on the Board, I intend to offer my frank opinions from a fresh perspective for the Group.

### My Expectations for the Group’s Sustainability Goal

Corporate value is enhanced not only through the pursuit of profit but also through gaining the trust of society by resolving social issues. The Group has established “realizing a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing” as its sustainability goal, and is engaged in various activities and initiatives toward this goal. The Group has now developed an extensive lineup of businesses that stretch beyond advertising. Moreover, as the Hakuodo DY Group now collaborates with diverse partners and industries, it has greater power to tackle social issues without being constrained by conventional frameworks.

In order to align the strategic direction of the Group with its sustainability goal, I will offer my honest opinions not only as part of the “eyes of society” but also as a *sei-katsu-sha* myself.

# Corporate Governance

## Basic Policy

In order to achieve sustainable growth and the continual increase of its corporate value, the Group strives to contribute to the creation of an abundant future for *sei-katsu-sha*, the growth of the economy, and the development of society as one of the world's preeminent corporate groups that leads advances in marketing and innovation generation through the power of creativity. By doing so, the Group fulfills the trust and expectations of its various stakeholders.

For that purpose, the Company recognizes that one of its key management issues is

enhancing the management and administration of the Group as a whole so that it realizes an environment that promotes independence and cooperation among the diverse operating companies under it and the cooperation of each company produces value greater than the sum of the parts. We will therefore endeavor to improve the Group's management and administration and to strengthen and enhance the corporate governance of the Group.

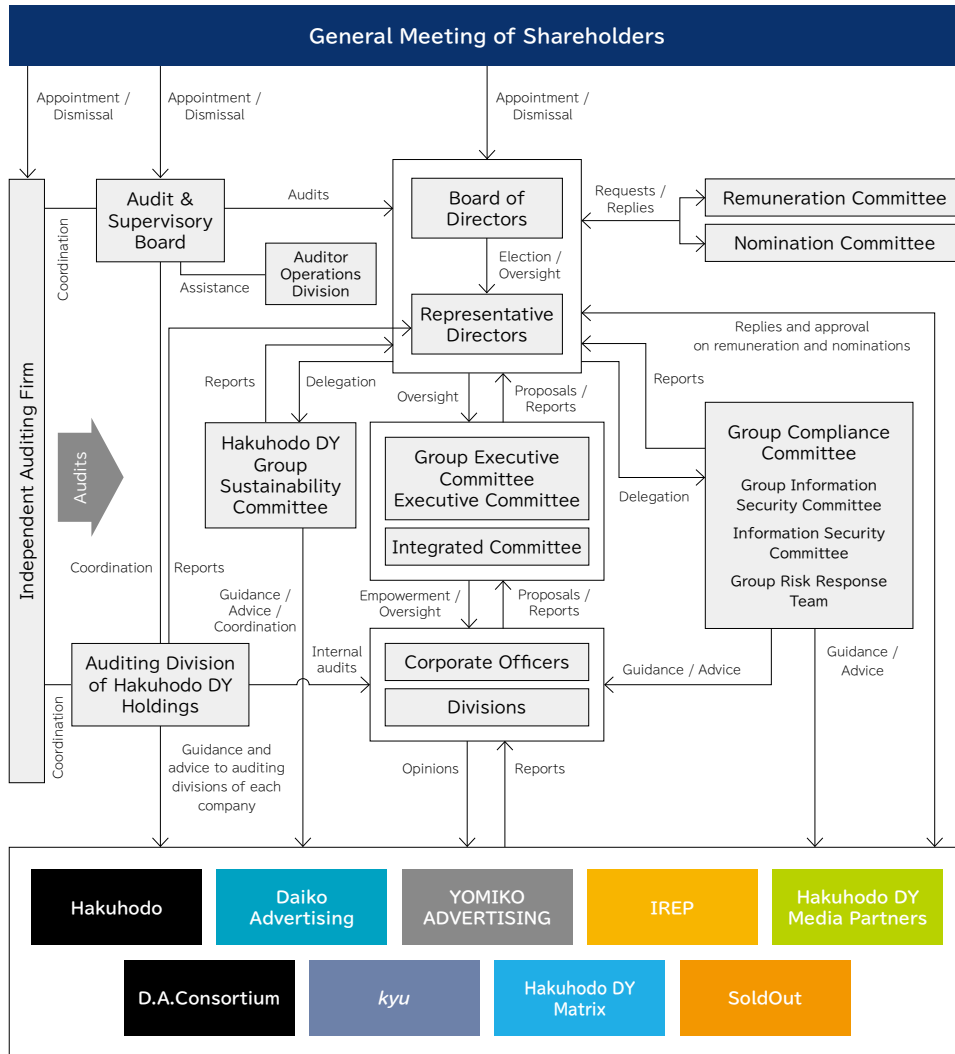
## Evolution of Corporate Governance System

	Fiscal 2003	Fiscal 2004	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Separation of oversight and execution functions and reinforcement of monitoring and oversight functions		<ul style="list-style-type: none"> <li>Began holding liaison meetings for standing Audit &amp; Supervisory Board members for the Company and those from core operating companies*</li> </ul>			<ul style="list-style-type: none"> <li>Introduced corporate officer system</li> </ul>		<ul style="list-style-type: none"> <li>Appointed two independent outside directors</li> <li>Began concluding liability limiting agreements with outside directors and outside Audit &amp; Supervisory Board members</li> <li>Formulated structure and regulations for reports to corporate auditors</li> <li>Established regulations on systems to assist Audit &amp; Supervisory Board members</li> </ul>	<ul style="list-style-type: none"> <li>Started holding meetings of independent outside directors and independent outside Audit &amp; Supervisory Board members</li> </ul>	<ul style="list-style-type: none"> <li>Increased the number of independent outside directors to three</li> </ul>	<ul style="list-style-type: none"> <li>Began conducting evaluations of the effectiveness of the Board of Directors</li> </ul>		<ul style="list-style-type: none"> <li>Raised ratio of independent outside directors on the Board of Directors to one-third</li> </ul>	<ul style="list-style-type: none"> <li>Appointed a female outside director</li> </ul>
Nomination and remuneration		<ul style="list-style-type: none"> <li>Established the Compensation and Nomination Council</li> </ul>				<ul style="list-style-type: none"> <li>Abolished retirement benefits for Audit &amp; Supervisory Board members</li> </ul>	<ul style="list-style-type: none"> <li>Established the Remuneration and Nomination Committee (chaired by an independent outside director)</li> </ul>	<ul style="list-style-type: none"> <li>Revised director and corporate officer compensation systems (increased portion of performance-linked compensation and introduced stock-type compensation)</li> <li>Established officer evaluation and succession plans</li> </ul>	<ul style="list-style-type: none"> <li>Reorganized the Remuneration and Nomination Committee to form the Nomination Committee and the Remuneration Committee</li> </ul>		<ul style="list-style-type: none"> <li>Raised the ratio of independent outside directors on the Nomination Committee and the Remuneration Committee to 60%</li> </ul>		
Reinforcement of compliance		<ul style="list-style-type: none"> <li>Established the Group Compliance Committee</li> </ul>									<ul style="list-style-type: none"> <li>Appointed chief compliance officers</li> </ul>		
Other			<ul style="list-style-type: none"> <li>Conducted stock split</li> </ul>			<ul style="list-style-type: none"> <li>Began monitoring cross-shareholdings</li> </ul>		<ul style="list-style-type: none"> <li>Revised Operating Company Management Regulations (standards for raising items to the Board of Directors)</li> </ul>					

\* Hakuodo, Daiko Advertising, YOMIKO ADVERTISING, and Hakuodo DY Media Partners (scope later expanded to form Group Standing Audit & Supervisory Board Member Liaison Meeting)

### Corporate Governance Framework of the Hakuhold DY Group

As of June 29, 2022



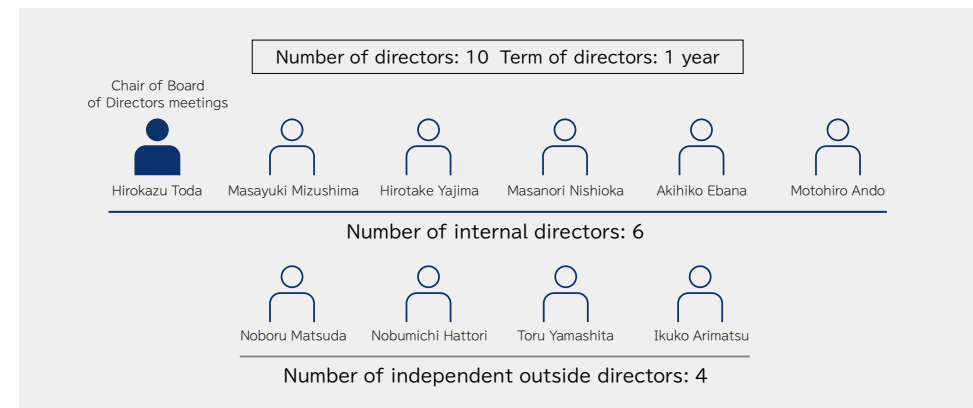
### Board of Directors

The Company's Board of Directors, which consists of 10 directors, four of whom are outside directors, meets regularly (once a month, in principle) and whenever necessary. At these meetings, the Board of Directors makes decisions on important management-related matters, receives reports pertaining to the business performance of the Company and core operating companies, and audits the performance of duties of directors and corporate officers.

### Director Nomination Policies

The Company aims to bring about positive change in the world and realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. To accomplish these goals, we create new value for *sei-katsu-sha* by harnessing the creativity of employees and the collective strength of teams in which individuals assert their creativity and respect that of others to further their mutual growth. This emphasis has led the Hakuhold DY Group to become an organization boasting a level of diverse creative minds that is unprecedented on a global scale.

We take a similar approach toward the Board of Directors. With due consideration paid to the overall balance of insight, experience, and skills of directors, we seek to nominate internal directors that are highly knowledgeable about the Group's operations along with multiple outside directors with extensive experience and wide-ranging insight. By assembling a unique and creative team on the Board of Directors, we look to ensure that the Board is able to contribute effectively to higher corporate value for the entire Group.



## Corporate Governance

**Director and Audit & Supervisory Board Member Skills Matrix**

The backgrounds and areas of expertise of the Company's directors and Audit & Supervisory Board members are indicated by ○ in the following chart.

Name	Position	Management	Finance	Human Resources	Corporate Governance	CSR	Digital	Global	Creation and Cultivation of Corporate Culture
		• Management of operating companies	• Finance • Accounting	• Human resources development • Diversity, equity, and inclusion	• Legal • Compliance	• Sustainability • SDGs	• Technology • Data / Systems	• International business	• <i>Sei-katsu-sha</i> Insight • Commitment to Partnership • Our people are our assets*
Directors	Hirokazu Toda	Director & Chairman	○			○		○	○
	Masayuki Mizushima	Representative Director & President	○			○		○	○
	Hirotake Yajima	Director & Executive Vice President	○			○	○	○	○
	Masanori Nishioka	Representative Director & Senior Executive Corporate Officer		○	○	○	○		○
	Akihiko Ebana	Director & Senior Executive Corporate Officer	○				○	○	○
	Motohiro Ando	Director & Senior Corporate Officer					○		○
	Noboru Matsuda	Outside Director				○	○		○
	Nobumichi Hattori	Outside Director		○		○		○	○
	Toru Yamashita	Outside Director	○		○	○	○	○	○
Ikuko Arimatsu	Outside Director			○	○	○		○	
Auditors	Osamu Nishimura	Full-time Audit & Supervisory Board Member		○	○				○
	Tomoyuki Imaizumi	Full-time Audit & Supervisory Board Member		○	○				○
	Katsuyuki Yamaguchi	Outside Audit & Supervisory Board Member				○		○	○
	Kazuhiko Tomoda	Outside Audit & Supervisory Board Member		○		○			○
	Shin Kikuchi	Outside Audit & Supervisory Board Member				○		○	○

Note: This chart does not reflect all of the skills of the Company's directors and Audit & Supervisory Board members.

\* Under this policy, we regard our employees as extremely valuable stakeholders. The minds of our employees are what allow us to produce ideas. For this reason, we place importance on employee satisfaction and are making particular efforts to respect individuality, develop personal creativity, and enhance our teamwork capabilities. These efforts ultimately help us improve our level of customer satisfaction.

## Corporate Governance

**Attendance at Board of Directors Meetings (Fiscal 2021)**

Position	Name	Attendance
Director & Chairman	Hirokazu Toda	20/20 (100.0%)
Representative Director & President	Masayuki Mizushima	20/20 (100.0%)
Director & Executive Vice President	Hirotake Yajima	20/20 (100.0%)
Representative Director & Senior Executive Corporate Officer	Masanori Nishioka	20/20 (100.0%)
Director & Senior Executive Corporate Officer	Akihiko Ebana	20/20 (100.0%)
Director & Senior Corporate Officer	Motohiro Ando	Appointed in June 2022
Outside Director	Noboru Matsuda	20/20 (100.0%)
Outside Director	Nobumichi Hattori	20/20 (100.0%)
Outside Director	Toru Yamashita	19/20 (95.0%)
Outside Director	Ikuko Arimatsu	Appointed in June 2022

**Evaluation of Effectiveness of Board of Directors**

In order to analyze and evaluate the effectiveness of the Company's Board of Directors during fiscal 2021, a survey about its performance was distributed to all directors and Audit & Supervisory Board members in February 2022. Outside consultants compiled the responses to the survey from an objective standpoint. The Board of Directors then used these results to analyze and evaluate its effectiveness.

**Survey Themes**

- |  |  |
|--|--|
| ① The role and function of the Board of Directors    | ⑤ Communication with management                |
| ② The composition and size of the Board of Directors | ⑥ Relationship with shareholders and investors |
| ③ The operation of the Board of Directors            | ⑦ Summary and free-text items                  |
| ④ Liaison with audit functions                       |  |

**Evaluation**

It was confirmed that the composition, operation, and discussion content of the Board of Directors is mostly appropriate; that the Board of Directors engages in necessary and sufficient discussions, such as by sharing a vision for what the Board of Directors should be as the board of a holding company; that it engages in appropriate monitoring; and that the Board as a whole, including outside directors, has a diverse range of skills, expertise, and backgrounds. Based on these factors, it was determined that the frameworks are in place to ensure appropriate decision-making through vigorous discussion and that these frameworks represent a strength.

**Areas Requiring Improvement Identified in Fiscal 2021: Evaluation and Improvement Measures**

Based on the results of the fiscal 2021 evaluation survey and analysis, two areas requiring improvement (indicated in the table below) were identified. The Company plans to implement improvement measures in these areas.

Major Areas Requiring Improvement	Major Improvement Measures
Provide opportunities to promote understanding of the Group among outside directors and outside Audit & Supervisory Board members	Explored the possibility of providing and took measures to provide outside directors and outside Audit & Supervisory Board members with opportunities to visit the Group's operating companies and observe and participate in internal measures in order to deepen their understanding of the Group's businesses and issues
Invigorate discussions at the Board of Directors meetings and enhance the quality of discussions in relation to medium- and long-term issues	Facilitated briefings to explain the key points to be raised by speakers to ensure sufficient time for discussions on agenda items and medium- to long-term issues. Enhanced opportunities for discussions and reports on medium- to long-term issues with the support of relevant departments. Continued to strive to ensure that materials are provided as far in advance of meetings as possible.

In addition, the Company recognizes that taking advantage of the Nomination Committee to ensure adequate discussions on succession plans and ensuring a more diverse Board of Directors are issues that must be addressed over the medium term to further enhance the effectiveness of the Board of Directors.

Moreover, in the fiscal 2020 evaluation, ensuring diversity on the Board of Directors was cited as an issue that must continue to be addressed going forward. In reflection of this finding, the Company appointed a female outside director at the General Meeting of Shareholders held in June 2022.

**(Reference) Areas Requiring Improvement Identified in Fiscal 2020 Evaluation and Improvement Measures**

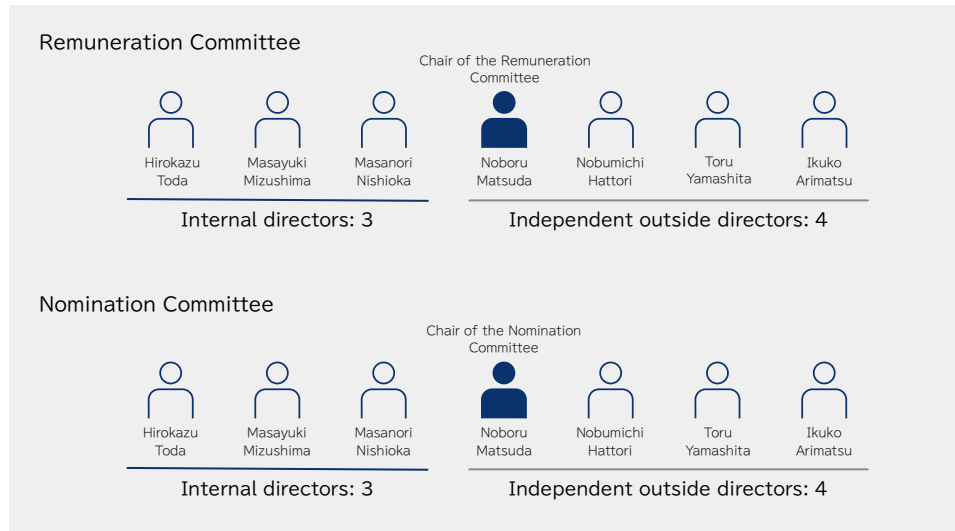
Based on the results of the fiscal 2020 evaluation survey and analysis, three areas requiring improvement (indicated in the table below) were identified. Improvements were generally achieved, as was reflected in higher evaluations in the fiscal 2021 survey. Nevertheless, initiatives to improve these areas will be continued in pursuit of increased effectiveness going forward as responses were received citing a need to further improve in these areas.

Major Areas Requiring Improvement	Major Improvement Measures
Reports to the Board of Directors regarding future compliance provisions in internal control system	Appropriately timed reports to the Board of Directors regarding processes and concrete measures
Ongoing provision of feedback to the Board of Directors regarding discussions by the Nomination Committee and the Remuneration Committee	Continuation of measures for sharing information on committee processes and discussion details from fiscal 2020 and promotion of further understanding
Sharing of information with outside directors and outside Audit & Supervisory Board members	Increased information provision through forums for pre-meeting explanation of proposals and agenda items and through meetings between outside directors and outside Audit & Supervisory Board members

The Board of Directors will continue to pursue ongoing improvements to its effectiveness based on the evaluation results.

### Remuneration Committee and Nomination Committee

The Company has established the Remuneration Committee and the Nomination Committee as advisory bodies to the Board of Directors and ensures the transparency and reasonableness of the process for determining the appointment, dismissal, and compensation of the Company's directors and corporate officers through the deliberation and resolution of such matters at the Board of Directors' meetings.



Note: Compositions of the Remuneration Committee and the Nomination Committee are as of October 31, 2022.

### Activities of the Remuneration Committee

Activities by the Remuneration Committee as part of the process of deciding director remuneration for fiscal 2021 included the following.

Number of meetings	4	
Major discussion topics	<ul style="list-style-type: none"> <li>Annual director compensation and total remuneration levels</li> <li>Annual compensation amounts for individual directors in fiscal 2021</li> </ul>	<ul style="list-style-type: none"> <li>Total annual bonuses for fiscal 2021</li> <li>Annual bonus amounts for individual directors for fiscal 2021</li> </ul>

### Activities of the Nomination Committee

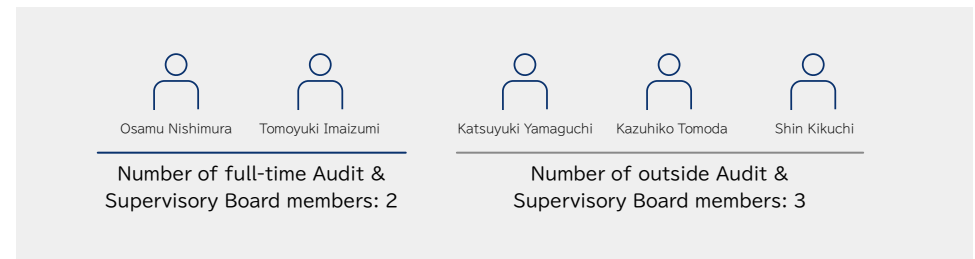
Activities by the Nomination Committee as part of the process of nominating directors in fiscal 2021 included the following.

Number of meetings	3
Major discussion topics	<ul style="list-style-type: none"> <li>Appointment, dismissal, and areas of responsibility for director and Audit &amp; Supervisory member candidates and corporate officers for fiscal 2022</li> <li>Formulation of a skills matrix</li> </ul>

The Board of Directors receives reports from the outside director who chairs the Remuneration and Nomination committees regarding the discussions that took place at meetings of the Remuneration Committee and the Nomination Committee during the respective fiscal year.

### Audit & Supervisory Board

The Audit & Supervisory Board, which consists of five members, three of whom are outside Audit & Supervisory Board members, meets once a month, in principle, and whenever necessary. The Audit & Supervisory Board members audit the performance of director duties from the perspective of a holding company of the Group by attending the Board of Directors' and other important meetings, exchanging opinions with directors and key personnel, and receiving reports on the status of performance of core operating companies.



## Activities of the Audit & Supervisory Board (Fiscal 2021)

The Audit & Supervisory Board meets once a month, in principle, and additional meetings are arranged as necessary. In fiscal 2021, the Audit & Supervisory Board met 22 times, the average meeting duration was 63 minutes, and the number of items raised with the Board was 73. The attendance of individual Audit & Supervisory Board members at meetings is detailed below.

Position	Name	Attendance	Position	Name	Attendance
Full-time Audit & Supervisory Board member	Osamu Nishimura	22/22 (100.0%)	Outside Audit & Supervisory Board member	Katsuyuki Yamaguchi	22/22 (100.0%)
Full-time Audit & Supervisory Board member	Tomoyuki Imaizumi	Appointed in June 2022	Outside Audit & Supervisory Board member	Kazuhiko Tomoda	22/22 (100.0%)
			Outside Audit & Supervisory Board member	Shin Kikuchi	Appointed in June 2022

## Meetings of Outside Directors and Outside Audit & Supervisory Board Members

Regular meetings of independent outside directors and outside Audit & Supervisory Board members are held to allow these officers to exchange information and build shared understanding based on their independent and objective standpoints. Standing Audit & Supervisory Board members also attend these meetings as observers. The most recent meeting was held on June 9, 2022.

## Executive Compensation

### Compensation System Basic Policy

- Rooted in the Group corporate philosophy
- Shared sense of value with our shareholders, incentivizing increases in corporate value over the medium to long term
- Compensation levels appropriate for the roles and responsibilities of the directors of the Company and that secure and maintain superior human resources
- Transparency and reasonableness ensured in the compensation decision process

### ■ Compensation Items

Director compensation is composed of three items: annual compensation, annual bonuses, and stock-type compensation. In reflection of their roles and their need to maintain independence, however, compensation for outside directors consists solely of annual compensation.

The percentage of the annual bonus and stock-type compensation, for which the amounts and values change according to business performance, is set at 40% of the total compensation for each director in the case of standard business performance.

### ① Annual Compensation

Annual compensation is decided based on the expected results, actual results, and other factors for the position and duties of each director.

### ② Annual Bonus (Short-Term Incentive)

The annual bonus provides a strong incentive to achieve business results in a given fiscal year and is decided comprehensively in consideration of the Group's profit level in each fiscal year, the achievement of management benchmarks, and the results of the individual directors in the individual year.

### ③ Stock-Type Compensation (Medium- to Long-Term Incentive)

Stock-type compensation is a form of compensation in which restricted stock is provided each year to directors to incentivize the increase of corporate value over the medium to long term and provide a shared sense of value with shareholders.

### ■ Annual Bonus Calculation Method

Annual bonuses are calculated by multiplying a standard value set for each director (one-twelfth of annual compensation) by a bonus coefficient and then adjusting this amount by the performance of a given director in the respective fiscal year.

Consolidated pre-depreciation and amortization operating income is the primary indicator used for determining annual bonuses. Other indicators considered include ordinary income and income before income taxes as displayed on the consolidated statements of income.

Bonus coefficients are adjusted within the range of 0% to 200%, with 100% representing the accomplishment of targets.

In assessing the performance of individual directors, the degree of accomplishment of individual targets set at the beginning of the fiscal year is evaluated qualitatively.

### ■ Stock-Type Compensation (Restricted Stock) Allocation Method

Directors are allocated monetary remuneration receivables in an amount set on an individual basis and they then conclude restricted stock allocation contracts with the Company. Directors use these receivables to make in-kind contributions to the Company, after which they receive allocations of restricted stock.

The restricted stock allocation contracts impose a 30-year period for transfer restrictions on the allocated shares. These transfer restrictions, however, can be canceled if a director's term expires or they resign from their position for another reason deemed appropriate during the transfer restriction period.



## Corporate Governance

Should a director resign from their position for reasons not deemed appropriate by the Board of Directors during the transfer restriction period, the Company shall claim the allocated shares of restricted stock with no compensation provided.

### ■ Policies for Determining Compensation

The Compensation Committee has been established as an advisory body to the Board of Directors. The majority of the members of this committee are independent outside directors, and an independent outside director serves as the chairperson.

Levels of annual compensation, annual bonuses, and stock-type compensation paid to directors are decided by the president based on authority delegated by the Board of Directors. Authority for deciding director compensation amounts has been delegated to the president by the Board of Directors to ensure the transparency and rationality of compensation. This authority, however, is conditional upon the Compensation Committee's review of the president's compensation proposal.

### Policies for Determining Compensation of Audit & Supervisory Board Members

The compensation of Audit & Supervisory Board members is composed solely of annual compensation pursuant to the Internal Rules on Audit & Supervisory Board Member Compensation and is determined through consultation among the Audit & Supervisory Board members.

### General Meeting of Shareholders' Resolutions Regarding Officer Compensation (Fiscal 2021)

The following resolutions have been made by the General Meeting of Shareholders regarding the compensation of directors and Audit & Supervisory Board members.

Applicable officers	Resolution	Resolution date	Number of applicable officers at resolution date
Directors	Upper limit of ¥800 million for annual compensation and annual bonuses	June 29, 2017	14 (including 2 outside directors)
Directors (excluding outside directors)	Upper limit of ¥200 million for stock-type compensation (monetary remuneration receivables paid in relation to restricted stock compensation)	June 29, 2017	12 (excluding outside directors)
Audit & Supervisory Board members	Upper limit of ¥100 million for compensation	June 29, 2022	5 (including 3 outside directors)

### Total Amount of Compensation by Class of Executives, Total Amount of Compensation by Type of Compensation, and Number of Executives Receiving Executive Compensation

Classification	Total value of remuneration (Millions of yen)	Total compensation by type					
		Annual compensation		Annual bonuses		Stock-type compensation	
		Number (People)	Total (Millions of yen)	Number (People)	Total (Millions of yen)	Number (People)	Total (Millions of yen)
Directors (excluding outside directors)	492	6	235	6	202	6	54
Outside directors	39	3	39	—	—	—	—
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	45	2	45	—	—	—	—
Outside Audit & Supervisory Board members	32	3	32	—	—	—	—
<b>Total</b>	<b>609</b>	<b>14</b>	<b>353</b>	<b>6</b>	<b>202</b>	<b>6</b>	<b>54</b>

### Corporate Governance Guidelines

These guidelines set out the views of Hakuholdo DY Holdings Inc., the holding company of the Hakuholdo DY Group, regarding our corporate governance as well as an overview thereof. The contents of these guidelines have been determined by a resolution of the Company's Board of Directors and will be examined and updated by the Board once a year.

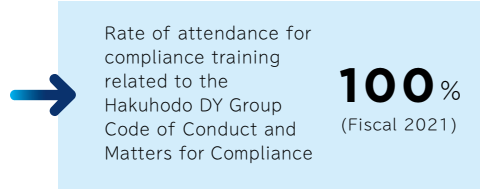
[Details](#) **WEB** Corporate Governance Guidelines

## Compliance Initiatives

As a responsible corporate citizen, the Hakuodo DY Group complies with laws and regulations and also recognizes the importance of earnest compliance with the expectations and demands of society.

### Hakuodo DY Group Code of Conduct and Matters for Compliance

In accordance with the Hakuodo DY Group Code of Conduct and Matters for Compliance, which applies to all Hakuodo DY Group officers and employees, all Group companies and employees must fulfill the basic responsibilities required of them.



### Group Code of Conduct

In order for us to exert our creativity and remain trusted as partners of *sei-katsu-sha*, companies, and the media, we who work for the Hakuodo DY Group will conduct ourselves in a fair manner according to the highest ethical standards, strongly committed to compliance and conscious of our clear duty to abide by the following principles:

<b>1. We will provide high-quality services</b>	We will provide integrated marketing solutions of the highest quality while properly managing the confidential information and rights of our business partners.
<b>2. We will constantly seek to maintain trust in us</b>	We will abide by all laws and regulations, and sincerely do our best to live up to society's expectations and requests of us as members of society.
<b>3. We will give full play to our own abilities and respect those of others</b>	Recognizing that people are our greatest asset, we will always be bold in facing new challenges, and never forget our responsibilities and pride.
<b>4. We will be transparent and fair in all we do</b>	We will release all necessary information proactively and in a timely manner, and conduct ourselves in a fair manner, complying with all laws and regulations.

### Compliance Promotion System

#### Chief Compliance Officers

Hakuodo DY Group companies appoint chief compliance officers to serve as the highest-ranking officers responsible for enhancing compliance awareness.

### Compliance Committee

The Group Compliance Committee, whose members include the presidents of Hakuodo DY Group advertising and integrated media companies, is responsible for Groupwide compliance guidance and awareness. This committee is tasked with fostering a compliance-oriented mindset among Group officers and employees, making policies related to important compliance and corporate ethics matters, and establishing compliance systems. It also manages the progress of compliance activities at Group companies and provides advice, instructions, and guidance.

### Information Security System

The Group Information Security Committee and the Information Security Committee have been established under the Group Compliance Committee to prevent losses of social trust or substantial damage to corporate value due to failures of information management. The Information Security Committee implements and pursues improvements with regard to the Company's information management system, which conforms to the requirements of the ISO/IEC 27001:2013 and JIS Q 27001:2014 certification standards.

### Risk Management

The Company established the Crisis Management Regulations to prevent losses of social trust or significant damage to corporate value as a result of inappropriate responses to major risk events. Based on these regulations, we have clarified the risk response system and the risk events it addresses, strengthening our ability to respond quickly and appropriately when risk events occur.

### Employee Awareness Raising

In order to prevent misconduct and maintain high moral standards, we constantly communicate the importance of compliance to Group employees, raising awareness and understanding of compliance through online resources and the distribution of guidebooks.

### Whistleblowing and Consultation Points of Contact

The Hakuodo DY Group has established the Whistleblowing and Consultation Points of Contact as a framework for the appropriate processing of reports and consultations from officers and employees regarding potential legal violations by organizations or individuals with the goal of quickly identifying and remedying misconduct.

# Management Structure

(As of June 30, 2022)

## Directors



Director & Chairman  
**Hirokazu Toda**  
Director & Chairman,  
Hakuhodo Inc.



Representative Director & President  
**Masayuki Mizushima**  
Representative Director,  
President & CEO,  
Hakuhodo Inc.



Director & Executive Vice President  
**Hirotake Yajima**  
Representative Director, President & CEO,  
Hakuhodo DY Media Partners Inc.




Representative Director & Senior Executive Corporate Officer  
**Masanori Nishioka**



Director & Senior Executive Corporate Officer  
**Akihiko Ebana**



Director & Senior Corporate Officer  
**Motohiro Ando**




Outside Director  
**Noboru Matsuda**



Outside Director  
**Nobumichi Hattori**



Outside Director  
**Toru Yamashita**



Outside Director  
**Ikuko Arimatsu**

## Auditors

Full-time Audit & Supervisory Board Member  
**Osamu Nishimura**

Full-time Audit & Supervisory Board Member  
**Tomoyuki Imaizumi**

Outside Audit & Supervisory Board Member  
**Katsuyuki Yamaguchi**

Outside Audit & Supervisory Board Member  
**Kazuhiko Tomoda**

Outside Audit & Supervisory Board Member  
**Shin Kikuchi**

## Corporate Officers

Chairman  
**Hirokazu Toda**

President  
**Masayuki Mizushima**

Executive Vice President  
**Hirotake Yajima**  
Chief Officer, Digital Business Unit

Senior Executive Corporate Officers  
**Masanori Nishioka**  
CFO  
Chief Officer,  
Management Unit

**Akihiko Ebana**  
Chief Officer,  
Group Strategy Unit

**Michael Birkin**  
CEO, kyu

**Nobuaki Kondo**

Senior Corporate Officers  
**Naoto Akagi**  
Vice Chief Officer,  
Group Strategy Unit

**Motohiro Ando**  
Chief Officer, Technology Unit

**Hidetaka Tada**  
Vice Chief Officer,  
Management Unit

Corporate Officers  
**Akihiko Tokuhisa**  
Vice Chief Officer,  
Group Strategy Unit

**Takeshi Tokugawa**  
Vice Chief Officer,  
Management Unit

**Masato Aoki**  
Vice Chief Officer,  
Technology Unit

**Hiroshi Ochiai**  
**Hideyuki Kikuchi**

**Yuzo Tanaka**

**Hirotoshi Kosaka**

**Osamu Yonetani**

**Osamu Aranami**

# 07

## Financial Information



- 85** 10-Year Summary of Consolidated Financial Statements
- 86** Billings by Type of Service and by Industry of Clients
- 87** Domestic Advertising Market and Hakuholdo DY Group's Domestic Billings
- 88** Policy on Cross-Shareholdings and Our Fundamental Policy with Regard to Returns to Shareholders
- 89** Stock Information
- 90** Corporate Information
- 91** Group Companies

## 10-Year Summary of Consolidated Financial Statements

Years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	(Millions of yen) 2022
Billings <sup>1</sup>	¥1,045,431	¥1,095,909	¥1,131,064	¥1,214,996	¥1,254,979	¥1,334,638	¥1,444,524	¥1,466,249	¥1,297,947	¥1,518,921
Revenue <sup>1</sup>	—	—	—	—	—	673,692	773,519	802,617	714,560	895,080
Gross profit	175,964	190,150	205,867	232,398	248,476	272,410	324,809	332,499	313,217	387,093
Selling, general and administrative expenses	149,645	156,233	169,045	187,503	201,379	220,147	259,523	277,367	268,184	315,450
Operating income	26,319	33,916	36,821	44,895	47,097	52,263	65,285	55,131	45,033	71,642
Income before income taxes	24,948	37,039	38,924	46,152	44,795	50,703	85,758	74,871	53,669	94,708
Profit attributable to owners of parent	12,894	18,721	19,879	28,493	25,825	29,861	47,235	44,893	26,479	55,179
Operating income before amortization of goodwill <sup>2</sup>	27,078	34,900	38,494	47,185	50,217	55,878	72,171	64,170	54,365	84,029
Total assets	¥ 528,535	¥ 583,970	¥ 633,904	¥ 677,572	¥ 720,556	¥ 796,216	¥ 902,002	¥ 859,887	¥ 941,103	¥1,053,016
Net assets	234,352	254,510	282,729	293,899	325,569	367,169	316,421	316,147	362,139	387,414
<b>Cash flows</b>										
Net cash provided by (used in) operating activities	¥ 17,763	¥ 31,846	¥ 33,314	¥ 29,698	¥ 16,288	¥ 32,372	¥ 53,522	¥ 27,366	¥ 36,212	¥ 20,852
Net cash provided by (used in) investing activities	(5,642)	(7,605)	(7,563)	(20,686)	(4,280)	(20,499)	(22,815)	3,372	(9,831)	(11,292)
Net cash used in financing activities	(3,617)	(1,362)	(12,484)	(5,290)	(7,803)	(14,401)	(21,974)	(19,434)	(12,767)	(8,698)
End-of-term balance of cash and cash equivalents	101,546	125,875	140,133	143,298	146,688	143,850	152,154	163,299	176,042	180,697
<b>Per share data (yen)<sup>3</sup></b>										
Basic net income	¥ 33.96	¥ 49.31	¥ 53.22	¥ 76.46	¥ 69.30	¥ 80.10	¥ 126.64	¥ 120.30	¥ 70.92	¥ 147.70
Diluted net income	33.95	49.27	53.16	76.33	69.30	79.92	126.39	120.29	70.91	147.68
Cash dividends	8.00	12.00	15.00	18.00	24.00	26.00	28.00	30.00	30.00	32.00
Dividend payout ratio (%)	23.6	24.3	28.1	23.5	34.6	32.5	22.1	24.9	42.3	21.7
Net assets	¥ 583.73	¥ 629.66	¥ 707.30	¥ 732.83	¥ 817.34	¥ 920.01	¥ 756.73	¥ 774.84	¥ 884.69	¥ 957.72
<b>Ratios (%)</b>										
Revenue to gross billings margin	16.8	17.4	18.2	19.1	19.8	20.4	22.5	22.7	24.1	25.5
Operating margin before amortization of goodwill <sup>4</sup>	15.4	18.4	18.7	20.3	20.2	20.5	22.2	19.3	17.4	21.7
Operating margin <sup>5</sup>	15.0	17.8	17.9	19.3	19.0	19.2	20.1	16.6	14.4	18.5
Return on equity (ROE)	6.0	8.1	7.9	10.6	8.9	9.2	15.1	15.7	8.5	16.0
Shareholders' equity ratio	41.9	40.9	41.6	40.3	42.3	43.1	31.3	33.6	35.1	34.0
<b>Key data excluding investment<sup>6</sup></b>										
Billings	—	—	—	—	—	—	1,430,154	1,458,618	1,291,822	1,512,146
Revenue	—	—	—	—	—	—	773,519	802,617	714,560	888,305
Gross profit	—	—	—	—	—	—	310,754	325,313	307,350	380,624
Operating income	—	—	—	—	—	—	51,400	47,945	39,233	65,247
Operating income before amortization of goodwill <sup>2</sup>	—	—	—	—	—	—	58,287	56,984	48,565	77,634
Gross margin	—	—	—	—	—	—	21.7	22.3	23.8	25.2
Operating margin before amortization of goodwill <sup>4</sup>	—	—	—	—	—	—	18.8	17.5	15.8	20.4
Operating margin <sup>5</sup>	—	—	—	—	—	—	16.5	14.7	12.8	17.1

1. The Group has adopted the Accounting Standard for Revenue Recognition from the fiscal year ended March 31, 2022. While this change has not been reflected in the billings figures on the consolidated statements of income from the fiscal year ended March 31, 2022, they have been reflected above and in this integrated report as a reference to aid readers' understanding. Moreover, while all revenue figures for the fiscal year ended March 31, 2018 and thereafter have been retroactively adjusted in accordance with the change in accounting standard, those for years prior to the fiscal year ended March 31, 2018 have not been reflected.

2. Amortization of goodwill and other intangible assets refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions. Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets.

3. On October 1, 2013, the Company's common stock was split 10-for-1. To enable evaluation of past trends and comparisons, figures in this integrated report, including results in periods prior to the stock split, are based on the number of shares of common stock after the stock split. As a result, corresponding revisions have been made to dividends per share for the first half of fiscal 2013 and earlier periods, and to all other per share data for fiscal 2012 and earlier periods.

4. Operating margin before amortization of goodwill = Operating income before amortization of goodwill ÷ Gross profit

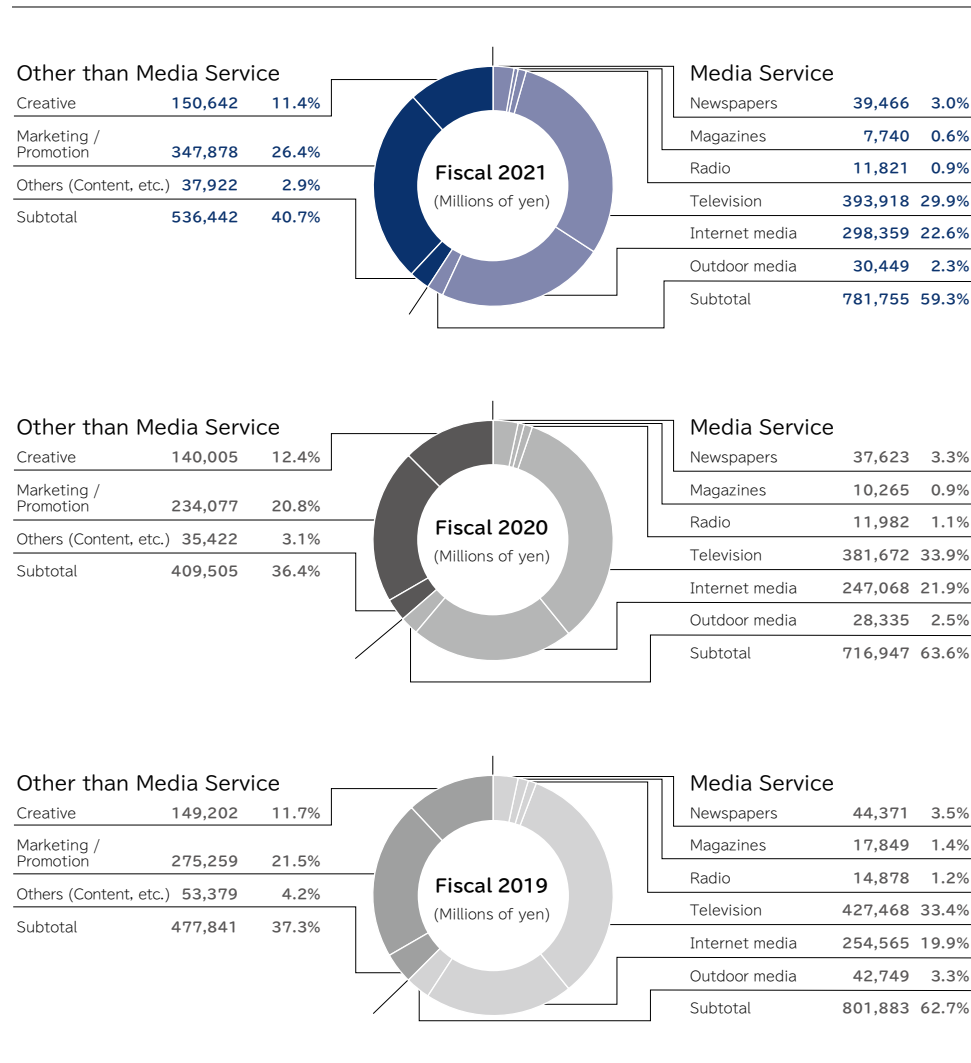
5. Operating margin = Operating income ÷ Gross profit

6. Figures for the fiscal year ended March 31, 2019 and thereafter exclude those for investment projects and, as a result, figures for the years prior to and including the fiscal year ended March 31, 2018 have not been disclosed.

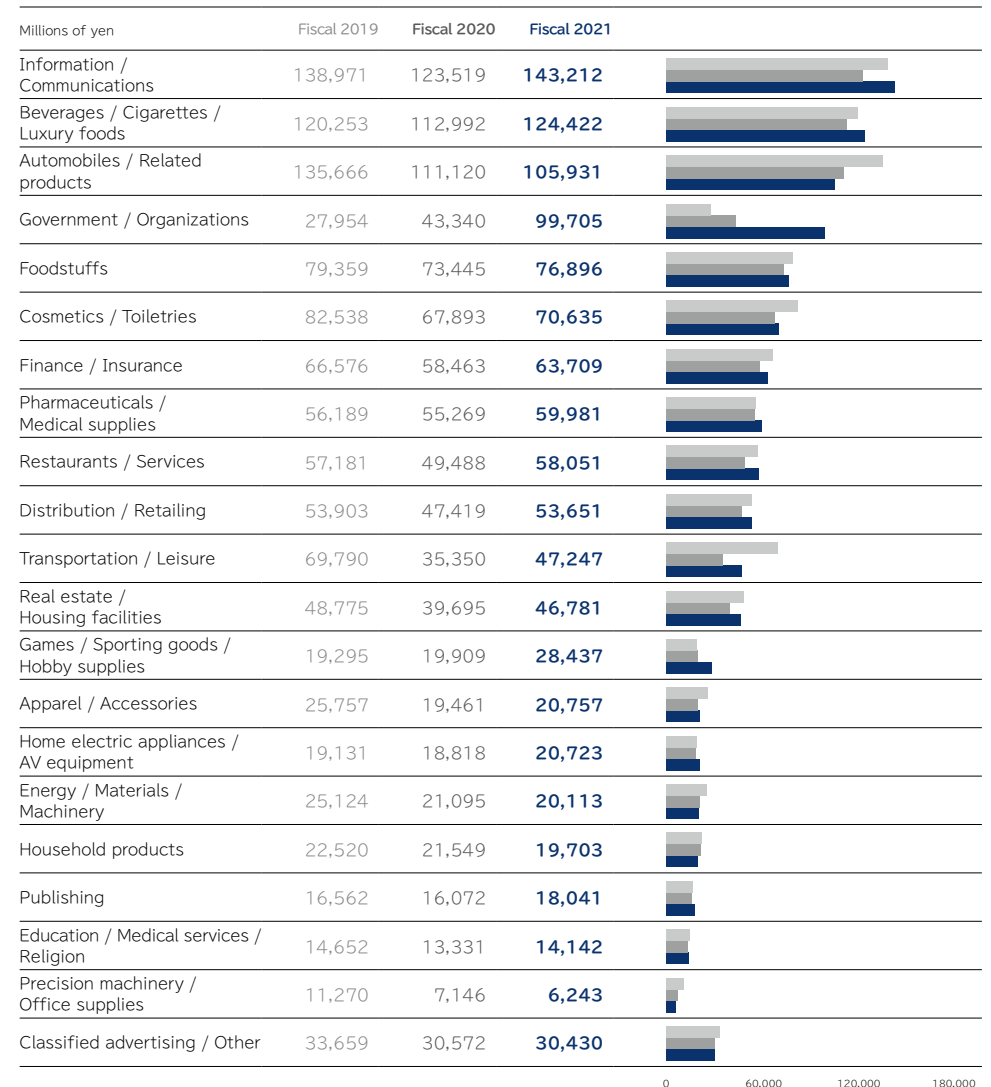
Note: Figures from fiscal 2015 to fiscal 2018 have been retroactively adjusted to reflect the change in accounting method pertaining to the Accounting Standard for Revenue Recognition implemented at certain subsidiaries during fiscal 2019. However, figures as of and for fiscal 2014 and earlier remain unchanged.

## Billings by Type of Service and by Industry of Clients

### Billings by Type of Service / Composition Ratio



### Billings by Industry of Clients



Note: Billings by industry of clients and by type of service both refer to domestic billings.

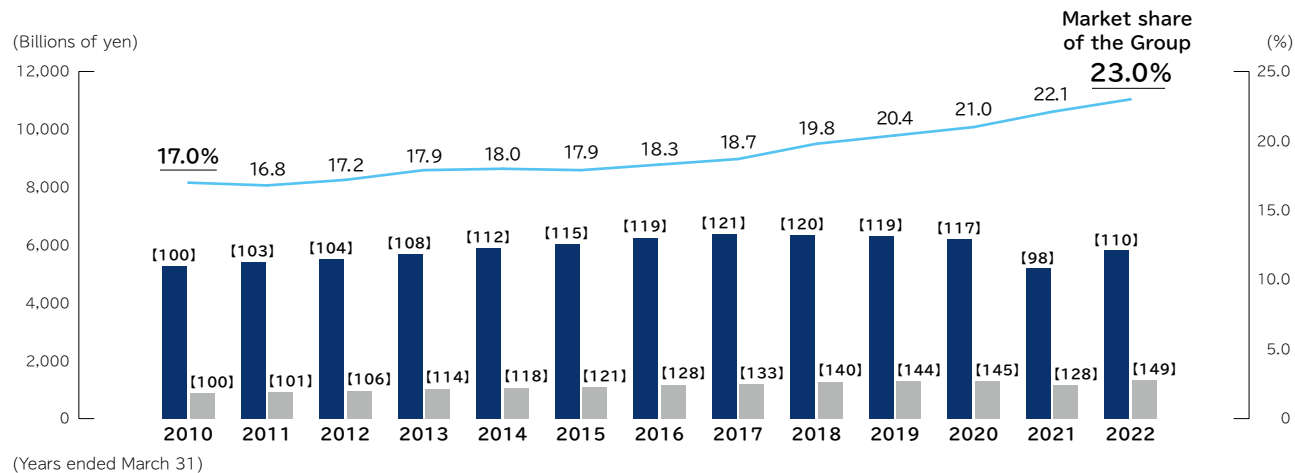
## Domestic Advertising Market and Hakuodo DY Group's Domestic Billings

The domestic advertising market leveled off after bottoming out in fiscal 2009 due to the effects of the 2008 global financial crisis. Meanwhile, in fiscal 2020 the market suffered a substantial setback as a result of the COVID-19 pandemic. The market, however, is believed to have made a dramatic resurgence in fiscal 2021 due to a rebound from lackluster results in the previous year and other factors. In particular, internet media, our only media service that improved its results in fiscal 2020 over its results for the previous year, continued on an upward trend in fiscal 2021, outperforming the previous year by over 20%. This improvement reflects the rapid acceleration of our change in structure, such as the digitalization of our marketing activities.

In light of this market landscape, the Group has been engaging in marketing activities that hinge on the use of *sei-katsu-sha* data and technology ahead of its industry peers. In addition, we actively proposed our Advertising as a Service (AaaS) concept, a next-generation model for the advertising media business, and took measures to increase the added value of media such as through the integration of television and digital technologies. We are also enhancing the services we offer through our full-funnel approach by expanding our capabilities beyond advertising to the provision of support for the implementation of marketing activities.

As a result, our domestic billings for fiscal 2021 were 1.49 times those of fiscal 2009, and our estimated market share expanded steadily from 17.0% in fiscal 2009 to 23.0% in fiscal 2021.

### The Group's Domestic Billings Relative to the Domestic Advertising Market



Notes: 1. Data for the domestic advertising market is taken from the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry). For certain discontinuities in the numerical results published in the survey arising from changes in the survey pool, adjusted numerical results based on growth rate data are used.  
 2. To quantify the annual change in the size of the domestic advertising market and our domestic billings over time, each year's figure was calculated as an index value (of 100) benchmarked to fiscal 2009.  
 3. The Group's market share has been calculated using the following formula: HDY's billings (domestic) ÷ domestic advertising market. HDY's billings for the fiscal year ended March 31, 2019 and thereafter exclude the impact of investment projects.

(Left) ■ Domestic advertising market ■ HDY: Billings (domestic) (Right) — Market share  
 Figures enclosed in brackets were calculated as an index value (of 100) benchmarked to fiscal 2009.

## Policy on Cross-Shareholdings and Our Fundamental Policy with Regard to Returns to Shareholders

### Policy on Cross-Shareholdings

The Group holds shares in business partners for the purpose of maintaining and strengthening business relationships.

When acquiring such shares, the Group comprehensively considers such matters as the profits to be gained by the Group through maintaining and strengthening the business relationship and the amount of the investment before judging whether or not to invest. In addition, for each individual issue of business partner shares that we hold, the Group will regularly consider the value of continuing to hold such shares, bearing in mind the cost of capital of the Group; if that value is judged lacking, we will reduce our holdings of those issues of shares, taking into account any matters regarding transactions or business to be considered, the influence of such a sale on the market, and other such factors. If the value is affirmed, however, we will continue holding such shares.

The Company and the core operating companies will consider the value of retaining the business partner shares that are held and report thereon to the Company's Board of Directors. The core operating companies make such reports to their boards of directors beforehand. At its meeting in January 2022, the Company's Board of Directors considered the value of retaining the business partner shares held by the Group, and the Group is proceeding with the sale of issues of shares for which the value was judged lacking.

Sufficiently respecting the management policies, strategies, and the like of the corporations in which we have invested, the Company will exercise voting rights accompanying cross-shareholdings after thoroughly considering the details of each proposal and comprehensively judging whether to vote for or against the proposal, based on whether the proposal details coincide with the value and goal of the Company's investment, whether the proposal details would damage corporate value, and other such factors.

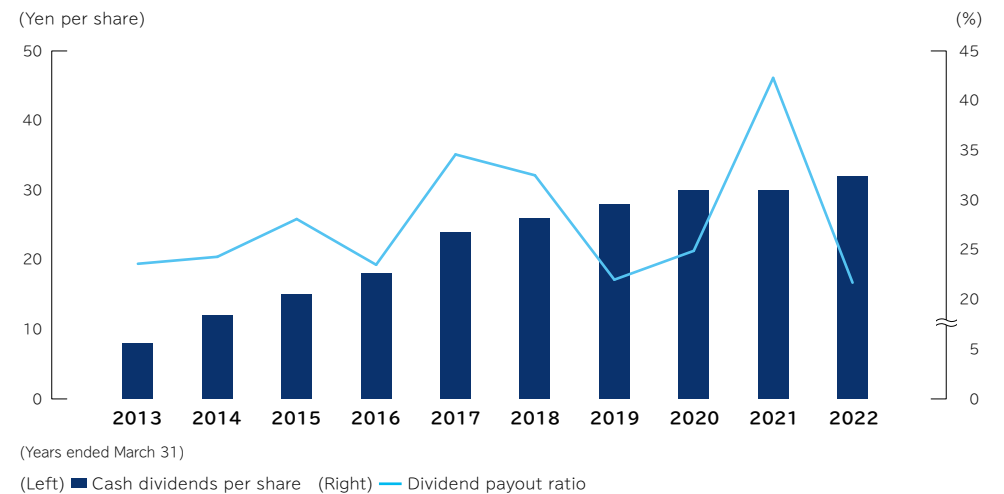
The Company will not engage in any act hindering the sale or the like of the Company's shares by cross-shareholders (i.e., shareholders who hold the Company's shares as cross-shareholdings) or in any transaction with cross-shareholders that may harm the interests of the Company or the common interests of its shareholders.

### Our Fundamental Policy with Regard to Returns to Shareholders

Our fundamental policy is to consistently pay a stable dividend. In determining the dividend amount, we comprehensively take into account capital supply and demand, earnings from business operations, and the maintenance of sufficient internal reserves to strengthen our competitiveness as a company. Barring unforeseen circumstances in our business performance, our policy is to pay a minimum dividend of ¥5.0 per share.

Our policy with regard to stock repurchases is to consider repurchasing stock when appropriate, and to repurchase stock as necessary, as a means of providing returns to shareholders and increasing capital efficiency, and as a way of flexibly implementing capital policy in response to changes in the operating environment.

### Cash Dividends per Share





## Stock Information

As of March 31, 2022

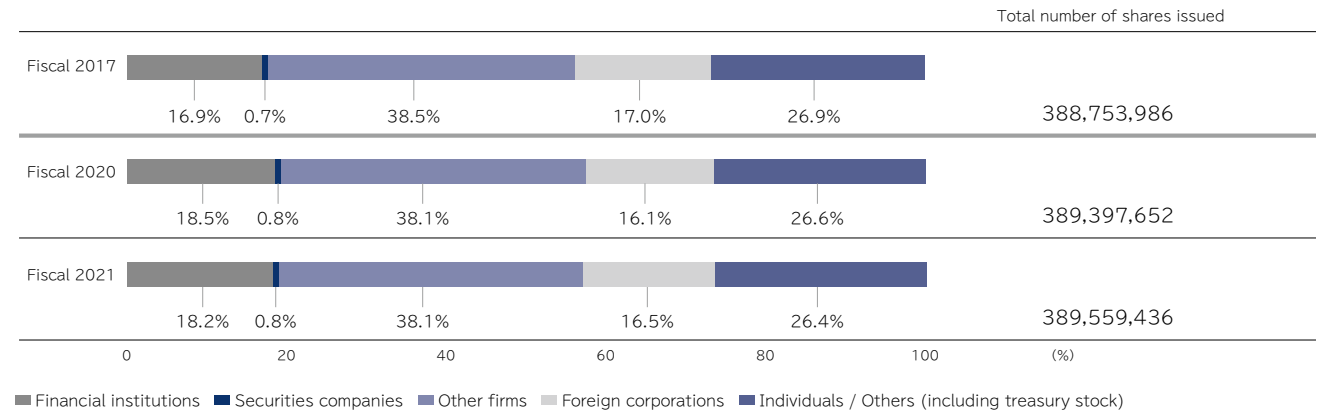
### Major Shareholders

	Number of shares held	Percentage of shares held (%)
1 The Hakuhold Foundation	71,005,350	19.00
2 The Master Trust Bank of Japan, Ltd. (Trust Account)	38,965,000	10.42
3 General Incorporated Association Hakusei-kai	18,619,700	4.98
4 Custody Bank of Japan, Ltd. (Trust Account)	11,392,900	3.04
5 The Asahi Shimbun Company	11,223,490	3.00
6 General Incorporated Association Furutanite	11,000,000	2.94
7 Nippon Television Network Corporation	8,620,000	2.30
8 Hakuhold DY Holdings Employees' Shareholdings Association	7,966,117	2.13
9 The Dai-ichi Life Insurance Company, Limited	6,930,500	1.85
10 The Yomiuri Shimbun Tokyo Headquarters	6,872,400	1.83

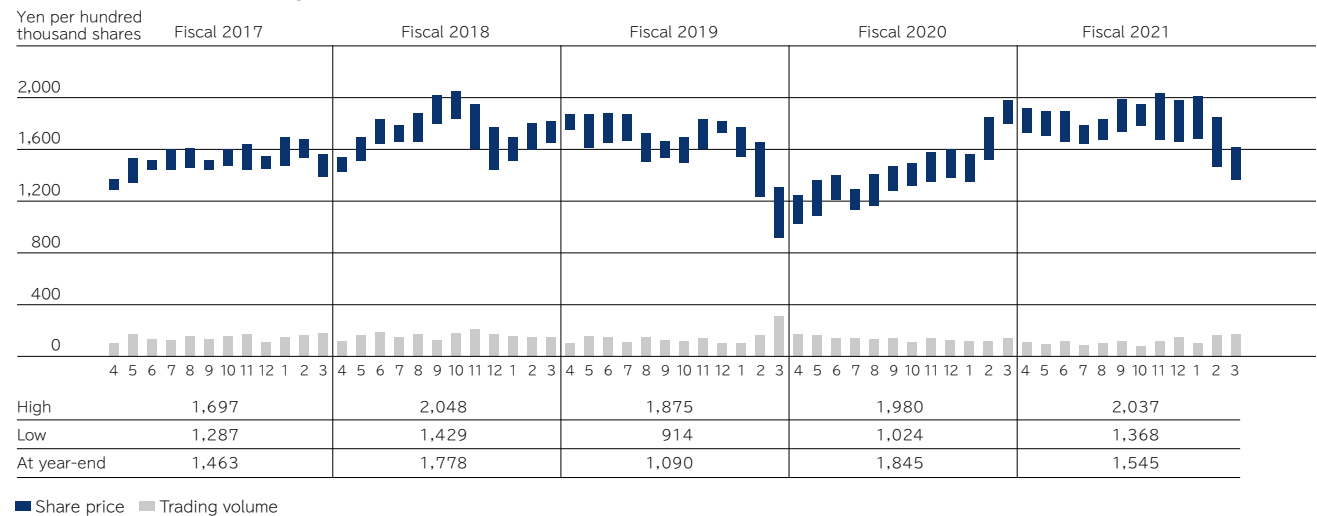
Notes: 1. The list of major shareholders shown above excludes 15,905,408 shares of treasury stock held by the Company.  
2. Treasury stock has been excluded from the calculation of the percentage of shares held.

Total number of shares authorized	1,500,000,000
Total number of shares issued	389,559,436
Total number of shareholders	7,347

### Shareholder Distribution



### Share Price and Trading Volume



## Corporate Information

As of June 30, 2022

### Hakuhodo DY Holdings Inc.

Date of Establishment: October 1, 2003

Capital: ¥10,790 million

Head Office: 5-3-1 Akasaka, Minato-ku, Tokyo  
107-6320

URL : <https://www.hakuhodody-holdings.co.jp/english>

#### Contact

Hakuhodo DY Holdings Inc.

Investor Relations Division

Phone: +81-(0)3-6441-9033

Fax: +81-(0)3-6441-9065

Email: [HC.IR@hakuhodody-holdings.co.jp](mailto:HC.IR@hakuhodody-holdings.co.jp)

### Hakuhodo

Company Name	Hakuhodo Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6322
Founded	October 1895
Incorporated	February 1924
President & CEO	Masayuki Mizushima
Employees (Consolidated)	26,840
URL	<a href="https://www.hakuhodo-global.com">https://www.hakuhodo-global.com</a>

### Daiko Advertising

Company Name	Daiko Advertising Inc.
Tokyo Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-8658
Osaka Head Office	2-2-7 Nakanoshima, Kita-ku, Osaka 530-8263
Founded	1893
Incorporated	February 1944
President & CEO	Hiroshi Ochiai
Employees (Consolidated)	1,588
URL	<a href="https://www.daiko.co.jp/en">https://www.daiko.co.jp/en</a>

### YOMIKO

Company Name	YOMIKO ADVERTISING INC.
Head Office	5-2-20 Akasaka, Minato-ku, Tokyo 107-6105
Founded	June 1929
Incorporated	July 1946
President & CEO	Hideyuki Kikuchi
Employees (Consolidated)	798
URL	<a href="https://www.yomiko.co.jp/en">https://www.yomiko.co.jp/en</a>

### Hakuhodo DY Matrix

Company Name	Hakuhodo DY Matrix Inc.
Head Office	2-14-5 Shiba, Minato-ku, Tokyo 105-8658
Incorporated	April 2021
President & CEO	Nobuaki Kondo
Employees	173
URL	<a href="https://hdy-matrix.co.jp">https://hdy-matrix.co.jp</a>

### IREP

Company Name	IREP Co., Ltd.
Head Office	Yebisu Garden Place Tower 21F, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6021
Founded	November 1997
President	Hiroto Kosaka
Employees (Consolidated)	1,043
URL	<a href="https://www.irep.co.jp/global">https://www.irep.co.jp/global</a>

### SoldOut

Company Name	SoldOut,Inc.
Head Office	Koraku Mori Building 19F, 1-4-14 Koraku, Bunkyo-ku, Tokyo 112-0004
Founded	December 2009
President	Osamu Aranami
Employees (Consolidated)	444
URL	<a href="https://www.sold-out.co.jp">https://www.sold-out.co.jp</a>

### Hakuhodo DY Media Partners

Company Name	Hakuhodo DY Media Partners Inc.
Head Office	5-3-1 Akasaka, Minato-ku, Tokyo 107-6321
Incorporated	December 2003
President & CEO	Hirotake Yajima
Employees (Consolidated)	6,089
URL	<a href="https://www.hakuhodody-media.co.jp/english">https://www.hakuhodody-media.co.jp/english</a>

### D.A.Consortium

Company Name	D.A.Consortium Inc.
Head Office	Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo 150-6033
Founded	December 1996
President, CEO & COO (Chief Compliance Officer)	Yuzo Tanaka
Employees (Non-consolidated)	1,714
URL	<a href="https://www.dac.co.jp">https://www.dac.co.jp</a>

### HAKUHODO Technologies

Company Name	HAKUHODO Technologies Inc.
Head Office	Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo 107-6320
Founded	April 2022
President	Osamu Yonetani
Employees (Consolidated)	260 (As of April 2022)
URL	<a href="https://www.hakuhodo-technologies.co.jp">https://www.hakuhodo-technologies.co.jp</a>

### kyu

Company Name	kyu Investment Incorporated
Head Office	395 Hudson Street, 8th Floor New York, NY 10014
Founded	May 2014
CEO	Michael Birkin
Employees (Consolidated)	2,242
URL	<a href="https://kyu.com">https://kyu.com</a>

## Group Companies

As of June 30, 2022

### Hakuhodo Group

Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo Inc.	Tokyo, Japan
TBWA\HAKUHODO Inc.	Tokyo, Japan
QUANTUM Inc.	Tokyo, Japan
Hokkaido Hakuhodo Inc.	Sapporo, Japan
Tohoku Hakuhodo Inc.	Sendai, Japan
Niigata Hakuhodo Inc.	Niigata, Japan
Hokuriku Hakuhodo Inc.	Kanazawa, Japan
Shizuoka Hakuhodo Inc.	Shizuoka, Japan
ChugokuShikoku Hakuhodo Inc.	Hiroshima, Japan
Kyushu Hakuhodo Inc.	Fukuoka, Japan
HAKUHODO Gravity Inc.	Tokyo, Japan
HAKUHODO MEDICAL Inc.	Tokyo, Japan
chuo-ad shinsha, Inc.	Tokyo, Japan
HAKUHODO PRODUCT'S INC.	Tokyo, Japan
Hakuhodo Creative Vox, Inc.	Tokyo, Japan
Hakuhodo Consulting Inc.	Tokyo, Japan
HAKUHODO DESIGN Inc.	Tokyo, Japan
HAKUHODO Kettle Inc.	Tokyo, Japan

Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo Casting & Entertainment Inc.	Tokyo, Japan
PEAK	Tokyo, Japan
spicebox, inc.	Tokyo, Japan
HAPPY HOURS HAKUHODO INC.	Tokyo, Japan
HAKUHODO PLANNING HOUSE Inc.	Tokyo, Japan
D. BRAIN Co., Ltd.	Tokyo, Japan
Ozma Inc.	Tokyo, Japan
Backs Group Inc.	Tokyo, Japan
SIX INC.	Tokyo, Japan
Spontena LLC	Tokyo, Japan
Edge International, Inc.	Tokyo, Japan
HAKUHODO CONNECT Inc.	Tokyo, Japan
wondertrunk & co. inc.	Tokyo, Japan
Hakuhodo Marketing Systems Inc.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
HAKUHODO USA Inc.	New York, U.S.A.
Hakuhodo Deutschland GmbH	Frankfurt, Germany
Southpaw Communications Ltd.	Tunbridge Wells, U.K.
Ashton Consulting Ltd.	St Albans, U.K.

Company name	Location
Consolidated subsidiaries (overseas)	
Hakuhodo Rus LLC	Moscow, Russia
Shanghai Hakuhodo Advertising Co., Ltd.	Shanghai, China
Hakuhodo Institute of Life and Living Shanghai Co., Ltd.	Shanghai, China
GIMC-Berners-Hakuhodo Advertising Co., Ltd.	Guangzhou, China
GIMC-HAKUHODO CO., LTD.	Guangzhou, China
Guangdong GIMC Delphys Hakuhodo Advertising Co., Ltd.	Guangzhou, China
Beijing · Hakuhodo Advertising Co., Ltd.	Beijing, China
Hakuhodo C. Co., Ltd.	Wuhan, China
Hakuhodo Hong Kong Ltd.	Hong Kong, China
HAKUHODO ACTIVE Inc.	Taipei, Taiwan
HAKUHODO SEESAW Inc.	Taipei, Taiwan
TAIWAN HAKUHODO Inc.	Taipei, Taiwan
Growww Media Co., Ltd.	Taipei, Taiwan
Hakuhodo Zeta Inc.	Taipei, Taiwan
Hakuhodo Cheil Inc.	Seoul, South Korea
PT Hardana Widya Mahir (Hybrid:H)	Jakarta, Indonesia
PT Hita Wistara Mahir (H:Three)	Jakarta, Indonesia
PT Hadya Wirya Mahir (H:DigitalIndonesia)	Jakarta, Indonesia
IdeasXMachina Advertising, Inc.	Pasig, Philippines

Group Companies

**Hakuhodo Group**

Company name	Location
<b>Consolidated subsidiaries (overseas)</b>	
Hakuhodo Beginnings Communications Inc.	Pasig, Philippines
Hakuhodo & Saigon Advertising Co., Ltd.	Ho Chi Minh City, Vietnam
Square Communications Joint Stock Company	Ho Chi Minh City, Vietnam
Hakuhodo Digital Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam
Hakuhodo Integrated Communications Group Pte. Ltd.	Singapore
Hakuhodo (Singapore) Pte. Ltd.	Singapore
Hakuhodo Malaysia Sdn. Bhd.	Shah Alam, Malaysia
Hakuhodo (Bangkok) Co., Ltd.	Bangkok, Thailand
Socius Co., Ltd.	Bangkok, Thailand
HILL ASIA Co., Ltd.	Bangkok, Thailand
SPA-Hakuhodo Advertising Co., Ltd.	Bangkok, Thailand
Spicy Hakuhodo Co., Ltd.	Bangkok, Thailand
Hakuhodo First Co., Ltd.	Bangkok, Thailand
Hakuhodo O2 Co., Ltd.	Bangkok, Thailand
Winter Agency Co., Ltd.	Bangkok, Thailand
Media Intelligence Co., Ltd.	Bangkok, Thailand
Hakuhodo International Thailand Co., Ltd.	Bangkok, Thailand
Hakuhodo.Sync Private Limited	New Delhi, India

Company name	Location
<b>Consolidated subsidiaries (overseas)</b>	
Hakuhodo.Lync Private Limited	New Delhi, India
AdGlobal360 India Pvt. Ltd.	New Delhi, India
<b>Equity-method affiliates (domestic)</b>	
ADSTAFF-HAKUHODO, INC.	Okinawa, Japan
iichi K.K.	Kanagawa, Japan
H.M. Marketing Research, Inc.	Tokyo, Japan
INCUDATA Corp.	Tokyo, Japan
<b>Equity-method affiliates (overseas)</b>	
TBWA\G1 S.A.S.	Paris, France
People'n Rich-H Sdn. Bhd.	Kuala Lumpur, Malaysia

**Daiko Group**

Company name	Location
<b>Consolidated subsidiaries (domestic)</b>	
Daiko Advertising Inc.	Osaka, Japan
DAIKO WEDO creative & development inc.	Osaka, Japan
Daiko Kyushu Advertising Inc.	Fukuoka, Japan
Ad Daiko Nagoya Inc.	Nagoya, Japan
Daiko Hokuriku Advertising Inc.	Toyama, Japan

Company name	Location
<b>Consolidated subsidiaries (domestic)</b>	
DAIKO NISHINIHON ADVERTISING INC.	Hiroshima, Japan
D-Create Inc.	Tokyo, Japan
IBSystem Co., Ltd.	Nagano, Japan
Kokyaku Jikan INC.	Osaka, Japan
Sawada Design Office Inc.	Osaka, Japan
Engaging Firm INC.	Tokyo, Japan
Japan LGBT Research Institute, Inc.	Tokyo, Japan
The Chosen One.inc	Tokyo, Japan
Daiko Mediac Inc.	Osaka, Japan
<b>Consolidated subsidiaries (overseas)</b>	
Daiko (China) Advertising Co., Ltd.	Shanghai, China
Caravana Inc.	Shanghai, China
DAIKO COMMUNICATIONS TAIWAN CO., LTD.	Taipei, Taiwan
DAIKO VIETNAM CO., LTD.	Ho Chi Minh City, Vietnam
DAIKO MEKONG COMMUNICATIONS CO., LTD.	Ho Chi Minh City, Vietnam
DAIKO FROM HERE ON COMMUNICATIONS PVT. LTD.	New Delhi, India
AD PLANET DAIKO PTE. LTD.	Singapore
PT. AD PLANET DAIKO INDONESIA	Jakarta, Indonesia

Group Companies

**YOMIKO Group**

Company name	Location
Consolidated subsidiaries (domestic)	
YOMIKO ADVERTISING INC.	Tokyo, Japan
YOMIKO CROSS COM INC.	Tokyo, Japan
SHOPPER INSIGHT INC.	Tokyo, Japan
YOMIKO CASTING & ENTERTAINMENT INC.	Tokyo, Japan
Environmental Planning Laboratory Inc.	Tokyo, Japan
Business Design Node Inc.	Tokyo, Japan
YOMIKO Digital Shift Co., Ltd.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
YOMIKO (Shanghai) Advertising Co., Ltd.	Shanghai, China
TAIWAN YOMIKO INC.	Taipei, Taiwan
FLP YOMIKO Malaysia Sdn. Bhd.	Petaling Jaya, Malaysia
Equity-method affiliates (domestic)	
SANNOWA Co., Ltd.	Aomori, Japan
Equity-method affiliates (overseas)	
FLP YOMIKO Singapore Pte. Ltd.	Singapore

**Hakuhodo DY Matrix**

Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo DY Matrix Inc.	Tokyo, Japan

**IREP Group**

Company name	Location
Consolidated subsidiaries (domestic)	
IREP Co., Ltd.	Tokyo, Japan
Localio Co., Ltd.	Tokyo, Japan
SYNX Inc.	Tokyo, Japan
NEWSY Co., Ltd.	Tokyo, Japan
CARRAC Co., Ltd.	Tokyo, Japan
Turbine Interactive Co., Ltd.	Tokyo, Japan
sharecoto co., ltd.	Tokyo, Japan
negocia Co., Ltd.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
Irep Inc.	California, U.S.A.
IREP BEIJING Co., Ltd.	Beijing, China
PT DIGITAL MARKETING INDONESIA	Jakarta, Indonesia
DIGITAL MARKETING VIET NAM CORPORATION	Ho Chi Minh City, Vietnam

**SoldOut Group**

Company name	Location
Consolidated subsidiaries (domestic)	
SoldOut,Inc.	Tokyo, Japan
SO Technologies, Inc.	Tokyo, Japan
and digital,Inc	Tokyo, Japan
Media Engine Inc.	Tokyo, Japan

**Hakuhodo DY Media Partners Group**

Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo DY Media Partners Inc.	Tokyo, Japan
HAKUHODO DY Sports Marketing Inc.	Tokyo, Japan
Hakuhodo DY music & pictures Inc.	Tokyo, Japan
Hakuhodo DY Outdoor Inc.	Tokyo, Japan
Data Stadium Inc.	Tokyo, Japan
STORIES LLC	Tokyo, Japan
SP EXPERT'S Inc.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
STORIES INTERNATIONAL, INC.	California, U.S.A.

**Group Companies**
**Hakuhodo DY Media Partners Group**

Company name	Location
Equity-method affiliates (domestic)	
SUPER NETWORK, INC.	Tokyo, Japan
Advertisement EDI Center, Inc.	Tokyo, Japan
Asahi Advertising Inc.	Tokyo, Japan
Stepdays Co., Ltd.	Tokyo, Japan
ONESTORY Inc.	Tokyo, Japan
ALL BLUE, Inc.	Tokyo, Japan

**D.A.Consortium Group**

Company name	Location
Consolidated subsidiaries (domestic)	
D.A.Consortium Inc.	Tokyo, Japan
UNITED, Inc.	Tokyo, Japan
HAKUHODO I-STUDIO Inc.	Tokyo, Japan
Platform One Inc.	Tokyo, Japan
ADPRO inc.	Tokyo, Japan
Torchlight Inc.	Tokyo, Japan
D.Table Inc.	Tokyo, Japan
Consolidated subsidiaries (overseas)	
D.A.Consortium Beijing Co., Ltd.	Beijing, China
D.A.CONSORTIUM TAIWAN INC.	Taipei, Taiwan
eMFORCE Inc.	Seoul, South Korea

Company name	Location
Consolidated subsidiaries (overseas)	
DAC Data Technology Vietnam JOINT STOCK COMPANY	Hanoi, Vietnam
DAC ASIA PTE. LTD.	Singapore
Equity-method affiliates (overseas)	
Innity Corporation Berhad	Petaling Jaya, Malaysia

**HAKUHODO Technologies**

Company name	Location
Consolidated subsidiaries (domestic)	
HAKUHODO Technologies Inc.	Tokyo, Japan

**kyu Group**

Company name	Location
Consolidated subsidiaries (overseas)	
kyu Investment Incorporated	New York, U.S.A
IDEO LP	California, U.S.A.
Sid Lee Inc.	Quebec, Canada
Kepler Group LLC	New York, U.S.A
SYPartners LLC	New York, U.S.A
Godfrey Dadich Partners LLC	California, U.S.A.
BEworks Inc.	Ontario, Canada
ATÖLYE YARATICI PROJE GELİŞTİRME EĞİTİM DANIŞMANLIK TASARIM HİZMETLERİ VE TİCARET ANONİM ŞİRKETLERİ	Istanbul, Turkey

Company name	Location
Consolidated subsidiaries (overseas)	
Red Peak Group LLC	New York, U.S.A
Rich Talent Group LLC	California, U.S.A.
Equity-method affiliates (overseas)	
Public Digital Holdings Limited	London, U.K.
C2 International Inc.	Quebec, Canada
Gehl Architects Holdings ApS	Copenhagen, Denmark

**Others**

Company name	Location
Consolidated subsidiaries (domestic)	
Hakuhodo DY total support Inc.	Tokyo, Japan
Hakuhodo DY Capco Inc.	Tokyo, Japan
Hakuhodo DY I.O Inc.	Tokyo, Japan
Hakuhodo DY Ventures Co., Ltd.	Tokyo, Japan
AD plus VENTURE Co., Ltd.	Tokyo, Japan
Data EX Platform Co., Ltd.	Tokyo, Japan
STARIDER Ltd.	Tokyo, Japan
SIGNING Ltd.	Tokyo, Japan
Equity-method affiliates (domestic)	
M-CUBE, INC.	Tokyo, Japan
Switch Media Lab, Inc.	Tokyo, Japan
Adways Inc.	Tokyo, Japan

# Hakuhodo DY holdings

## Contact

---

Hakuhodo DY Holdings Inc.

Investor Relations Division

Phone: +81-(0)3-6441-9033

Fax: +81-(0)3-6441-9065

Email: [HC.IR@hakuhodody-holdings.co.jp](mailto:HC.IR@hakuhodody-holdings.co.jp)