

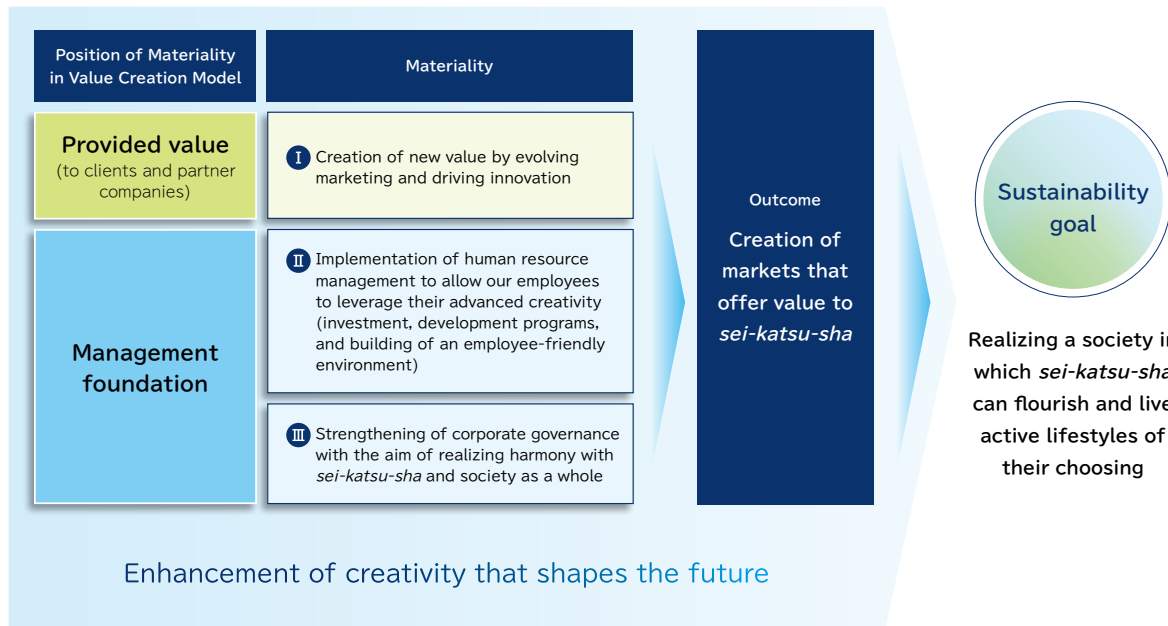
Materiality (Revised in Fiscal 2022)

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 and is implementing and monitoring its progress on initiatives to resolve these material issues.

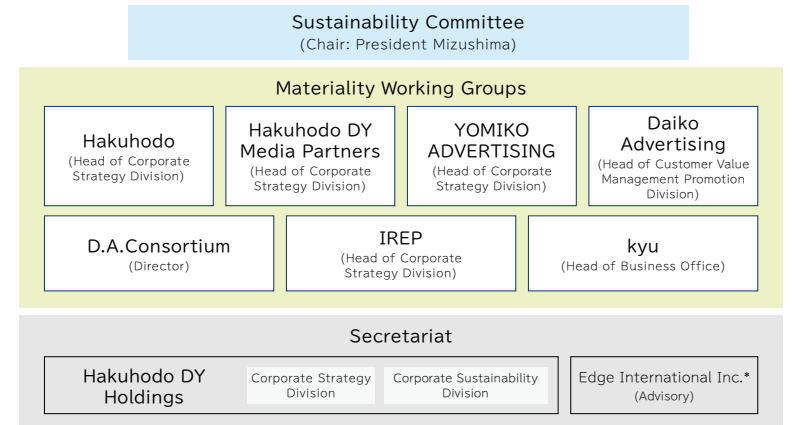
Materiality Management Policy

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.

Structure of Value Creation and Position of Materiality

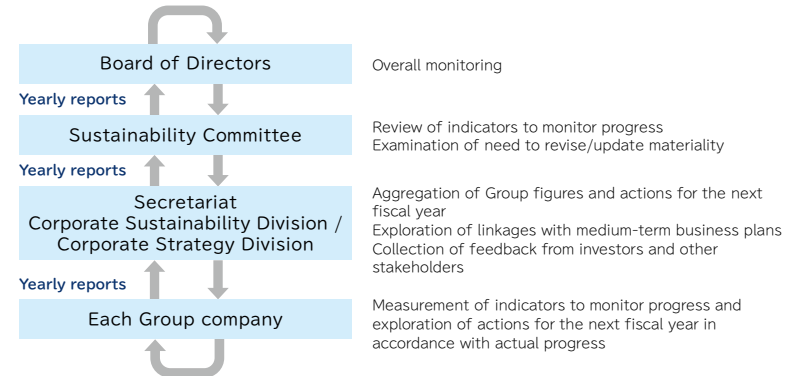


Materiality Implementation Structure



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

Materiality PDCA Cycle Structure



Materiality

Materiality

Materiality	Overview	Initiatives	Indicators to Monitor Progress	Results in Fiscal 2022	Target Values	Scope of Data Aggregation
<p>I Creation of new value by evolving marketing and driving innovation</p>	<p>With <i>Sei-katsu-sha</i> Insight as our cornerstone, we will combine our creativity, integrative capabilities, and data and technology utilization skills to play a leading role in evolving companies' marketing activities and generating 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 the marketing execution domain.</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"> • Implement full-funnel <i>Sei-katsu-sha</i> Data-Driven Marketing (promote value-creating DX, expand marketing execution domain, and utilize <i>sei-katsu-sha</i> data) • Accelerate innovation through external collaborations • Expand overseas businesses 	Gross profit growth rate in the marketing execution domain	Annual growth rate +9.6%*1	Annual growth rate of 10% or more*2	HDY Holdings
			Billings growth rate in the internet domain	Annual growth rate +15.2%*1	Annual growth rate of 15% or more*2	HDY Holdings
			Gross profit growth rate in the overseas business domain	Annual growth rate +26.6%*1	Annual growth rate of 15% or more*2	HDY Holdings
			Examining disclosure of monitoring indicators and numerical targets related to technologically-savvy human resources and innovation			
<p>II 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&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"> • Cultivate personnel who can realize outstanding specialization and innovation • Promote health and productivity management (healthy and sound workstyles) • Implement DE&I 	Amount of investment in human resource acquisition and development	¥2,160 million	—	H, D, Y, I, MP, DAC, SO
			Total interview hours for managing employee targets and developing capabilities	16,045 hours	—	H, D, Y, I, MP, DAC, SO
			Percentage of employees receiving health examinations	98.5%	—	H, D, Y, I, MP, DAC, SO
			Percentage of employees maintaining/improving their health	74.4%	—	H, MP
			Ratio of female employees in management positions	11.5%	Fiscal 2030 target 30%	H, D, Y, I, MP, DAC, SO
			Percentage of women returning to work after maternity leave	96.2%	—	H, D, Y, I, MP, DAC, SO
			Percentage of employees who felt they have grown from the previous year	72.0%	—	H, MP

*1 Annual growth rate with fiscal 2020 as the base year

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

Materiality

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<p>III Strengthening of corporate governance with the aim of realizing harmony with <i>sei-katsu-sha</i> and society as a whole</p>	<p>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.</p> <p>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 facing <i>sei-katsu-sha</i> and society and providing them with new value. Guided by this philosophy, we will work to realize harmony with <i>sei-katsu-sha</i> and society as a whole, including through our response to social and environmental issues, such as climate change and respect for human rights.</p>	<ul style="list-style-type: none"> Promote respect for human rights Adhere to a high level of compliance and ethics and pursue integrity in our marketing activities Respond to social and environmental issues, including climate change 	Examining disclosure of monitoring indicators and numerical targets regarding respect for human rights, based on the report on human rights due diligence activities			
			CO ₂ emissions: Scope 1 and Scope 2	37.7% reduction	Fiscal 2030: 50% reduction Fiscal 2050: Carbon neutrality	H, D, Y, MP, HAKUHODO PRODUCT'S
			CO ₂ emissions: Scope 3	41.0% reduction	Fiscal 2030: 30% reduction	H, D, Y, MP, HAKUHODO PRODUCT'S
			Targets for renewable energy introduction	1.8%	Fiscal 2030: 60% Fiscal 2050: 100%	H, D, Y, MP, HAKUHODO PRODUCT'S
			Targets for energy conservation	46.8% reduction	30% reduction	H, D, Y, MP, HAKUHODO PRODUCT'S
			Targets for waste reduction	53.1% reduction	Maintain average reduction rate of 50% or more	H's Tokyo head office
			Recycling ratio	79.0%	85% or more	H's Tokyo head office

H: Hakuodo Inc. D: Daiko Advertising Inc. Y: YOMIKO ADVERTISING INC. MP: Hakuodo DY Media Partners Inc.

Note: Target values for items pertaining to climate change are all compared with fiscal 2019 figures.