

Sustainability for the MEDIA DO Group

Basic Policy

The MEDIA DO Group's mission is "unleashing a virtuous cycle of literary creation" and its vision is "More Content for More People!" These principles exemplify our commitment to building a social ecosystem founded on co-creation among the creators and publishers who produce written works, the users of these works, the eBook distributors that serve as points of contacts between these two, and the Group, which functions as an intermediary between these parties.

Accordingly, sustainability for the MEDIA DO Group entails a concerted effort by all officers and employees to carry out their business activities based on a sense of responsibility and pride toward the contributions made by the

Group's businesses and services. These contributions support the development of a healthy economy and the cultural advances stimulated by written works. Based on this belief, we seek to address social and environmental issues, such as those identified by the United Nations Sustainable Development Goals, through management practices and strategies founded on our mission and vision. In addition, we view business opportunities and risks through the lens of environmental, social, and governance issues as we pursue increased corporate value by helping to resolve social issues while achieving steady growth.

Priority Activity Themes

Goals	Minimization of adverse impacts of business activities		Expansion of business opportunities through harmonious coexistence with society		Ongoing improvement of corporate value
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Major Tasks	Reduction of environmental impacts	Unleashing of a virtuous cycle of literary creation	Community contribution and regional development (contributions to social enrichment)	Empowerment of diverse human resources	Establishment of sound and highly transparent corporate governance systems
Major Initiatives	<ul style="list-style-type: none"> Improvement of resource/energy efficiency of Group business activities Reduction paper usage and distribution-related energy consumption by expanding the use of the eBook market 	<ul style="list-style-type: none"> Advance of business activities in accord with our corporate philosophy Development and reinforcement of frameworks that can be reliably and confidently used by authors, publishers, and users (readers) Participation in establishment of international standards 	<ul style="list-style-type: none"> Fair use and distribution of written works Support for entrepreneurship to contribute to regional development Creation of employment opportunities outside of major urban centers 	<ul style="list-style-type: none"> Promotion of diversity and development of workplace environments that enable everyone to succeed Diversification of employment schemes and recruitment of talented human resources Introduction of commitment-based evaluation systems 	<ul style="list-style-type: none"> Enhancement of corporate governance through engagement with a range of stakeholders Entrenchment of compliance Improvement of the risk management system
Benefits for MEDIA DO	<ul style="list-style-type: none"> Reduction of the impact on the environment Development of a sustainable infrastructure for the distribution of written works 	<ul style="list-style-type: none"> Capitalization on business opportunities in growing markets Ongoing growth achieved through expansion of the business portfolio Trusting relationships with stakeholders 	<ul style="list-style-type: none"> Harmonic coexistence with local communities Improved brand power Performance contributions from nearshore development 	<ul style="list-style-type: none"> Stronger competitiveness Development of self-driven organizations Improved labor productivity 	<ul style="list-style-type: none"> Greater growth opportunities and reduced business risks A more robust corporate constitution
Value for Stakeholders	<ul style="list-style-type: none"> Reduction of environmental impacts through the utilization of information and communications technology (ICT) Contributions to reduction of society's CO₂ emissions 	<ul style="list-style-type: none"> Growth of the overall publishing market through new distribution platforms Mutual growth of creators and business partners 	<ul style="list-style-type: none"> Contributions to social and cultural development and the enrichment of society Invigoration of local economies 	<ul style="list-style-type: none"> Provision of opportunities for growth and development of skills, and fair evaluation Contribution to the realization of a society that accepts diversity 	<ul style="list-style-type: none"> Enhanced management effectiveness Improved corporate value

Environment

Commitment to Protecting the Environment

Basic Policy

The reduction of environmental impacts is a task of utmost importance. This task is crucial to advancing the MEDIA DO Group's quest to become an entity that is still operating a century from now and to ensuring that we can pass on a sustainable global environment to future generations. The global society is thus increasingly advocating the pursuit of a low-carbon, circular society to limit climate change.

A long-term approach toward activities to reduce environmental impacts is imperative to support sustainable development on a global scale. The MEDIA DO Group is not limiting its efforts to tracking the use of resources and energy in its business activities and taking steps to improve efficiency. We go further, contributing to the reduction of adverse impacts on the environment on an industry-wide scale.

Reduction of Environmental Impacts

Technology-Power Reduction of Distribution Energy Use

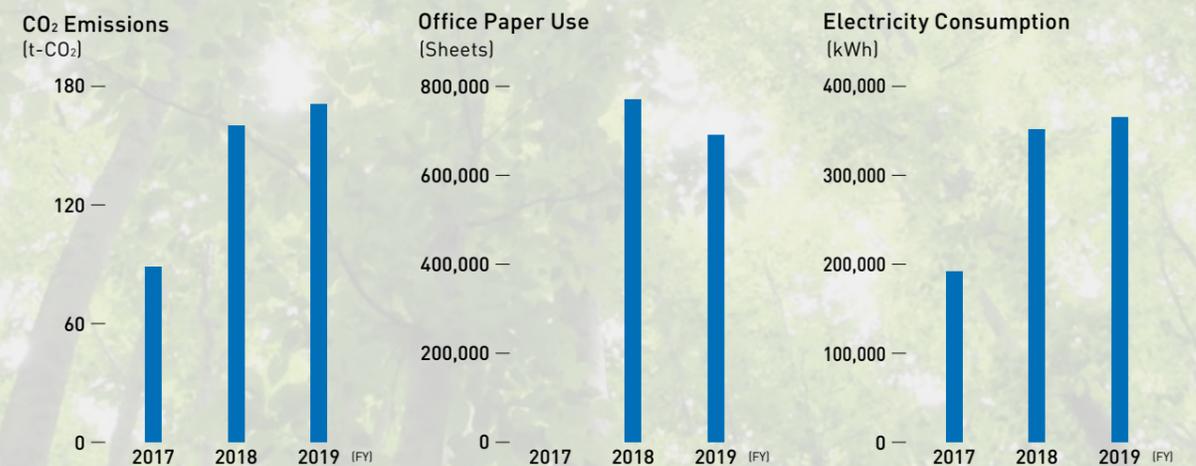
The MEDIA DO Group itself has a relatively low dependency on natural capital, given the characteristics of its business. The publishing industry as a whole, however, impacts the environment through the consumption of paper, the use of energy for distribution, and the return and disposal of written works.

Given this situation, the goal of expanding the eBook distribution market, set forth in the Group's medium-term management plan, has the potential to contribute to reduced distribution energy use for publications and the publishing industry. This

strategy will also benefit the Group through direct contributions to corporate value achieved by increasing the recognition and use of eBooks. We are therefore maximizing our technological prowess to improve the convenience of eBooks and thereby develop and supply a sustainable infrastructure for the distribution of written works.

By contributing to the enrichment of society through efforts to reduce environmental impacts, the MEDIA DO Group will realize its vision of "More Content for More People!"

Environmental Data



Notes:

- Scope: The Company and subsidiaries involved in the utilization of the MEDIA DO head office site.
- Increases in figures after the fiscal year ended February 28, 2019 are the result of the merger with the former Digital Publishing Initiatives Japan Co., Ltd., and the relocation and expansion of the head office site.
- CO₂ emissions volumes were calculated with reference to GHG Emissions Accounting and Reporting Manual Ver. 4.6, which was published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry and is based on the Act on Promotion of Global Warming Countermeasures.

Sustainability for the MEDIA DO Group

Social

Pursuit of Harmony and Mutual Development with Society

Basic Policy

MEDIA DO's name encapsulates the Company's desire to become a medium that unites forms of value that would not have come together otherwise and thereby contribute continually to the evolution and development of society. Moreover, we are committed to creating a system in which written works, which are condensed forms of human wisdom, are distributed to our utmost ability, while ensuring that they are used under fair conditions, and that the profits from these works are appropriately returned to their creators. This is our mission as well as part of our corporate philosophy.

Given this stance, harmonious and mutual development is indispensable to the business growth of the MEDIA DO Group. At the same time, we believe that our business activities and services contribute to healthy economic development as well as to the enrichment of culture and society.

Going forward, everyone at the MEDIA DO Group will continue their concerted efforts to realize business growth through dynamic corporate activities while leveraging the strengths and characteristics of the Group to generate social value.

Unleashing of a Virtuous Cycle of Literary Creation

Development and Reinforcement of Frameworks That Can Be Reliably and Confidently Used by Authors, Publishers, Distributors, and Users (Readers)

As the No. 1 domestic eBook distribution company, MEDIA DO is involved in the development of international standards for eBooks, the fight against piracy websites, research on reader accessibility, and other initiatives to develop frameworks that enable all stakeholders to use eBooks confidently and reliably.

The EPUB* format, developed by the International Digital Publishing Forum (IDPF), is widely used as the international standard for eBooks. As the IDPF has been incorporated into the World Wide Web Consortium (W3C), this organization is now responsible for the maintenance of the EPUB format. To lend further strength to this movement, MEDIA DO established the Advanced Publishing Laboratory, in concert with the Keio Research Institute at SFC, the East Asian arm of W3C, and four major publishers. Through this organization, we are promoting research and education on the expansion of online Japanese character displays, improvement of reader accessibility, and other aspects concerned with the future of publishing. Furthermore, we officially joined W3C in December 2018, ramping up our efforts to provide advice on the development of international eBook standards through means such as having a Group employee appointed as the Asian co-chair of the Publishing Business Group of W3C. We are also seeking to inject a perspective based on non-Western culture into the digitization efforts of the overall publishing industry.

MEDIA DO is charged with the mission of continuously protecting the frameworks that support the ongoing creation of high-quality content and provide users with a safe environment that can be used with confidence to enjoy this content. This mission shapes our dedication to combating piracy websites. In tandem with government regulatory reform, the publishing industry has been engaged in a campaign to have the Authorized Books of Japan (ABJ) certification mark displayed on websites that distribute authorized eBooks. Another step forward was taken in this campaign against piracy with the establishment of ABJ, an organization tasked with advancing anti-piracy measures that go beyond ABJ mark certification. A director of the Company serves as representative director of this organization, and we are also taking other steps to accelerate joint initiatives with the industry.

MEDIA DO is keenly aware of the responsibility that its position in the eBook publishing industry entails, a responsibility that it fulfills with resolute determination. Coordinating with publishers, eBook distributors, Internet providers, telecommunications companies, and other allies, we fight to eradicate piracy websites and develop an environment in which creators can feel at ease in producing high-quality content. In this way, we aim to contribute to the growth of the overall publishing industry.

* An open file format for eBooks

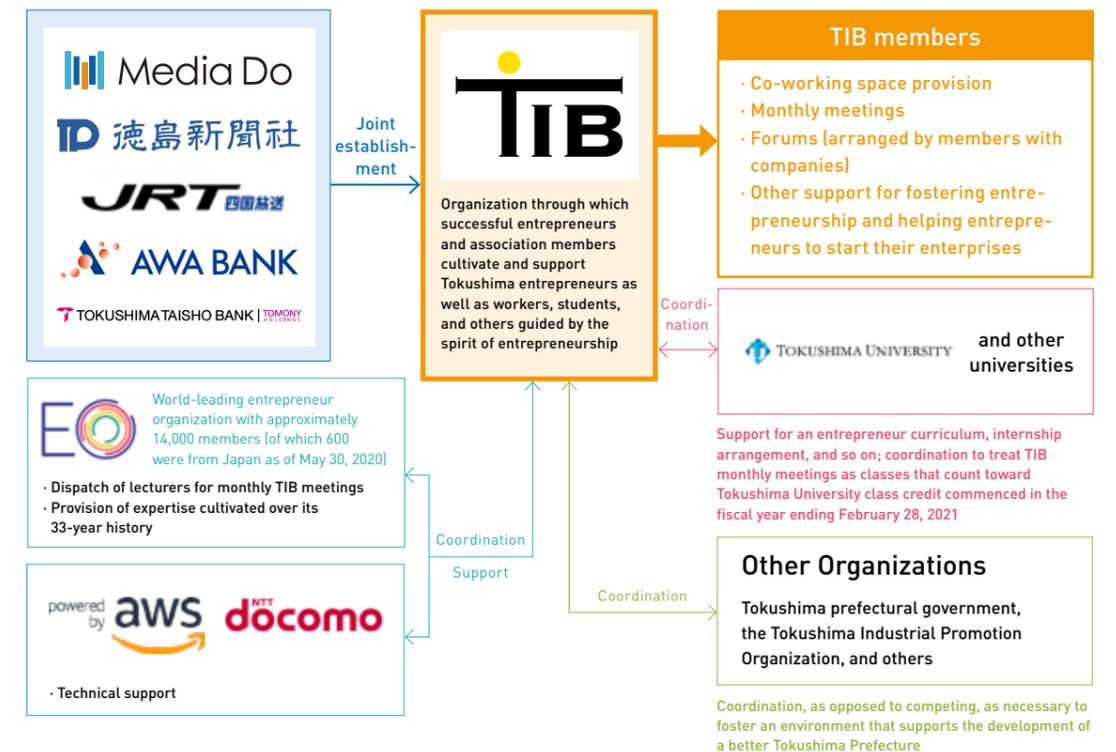
Community Contribution and Regional Development (Contributions to Social Enrichment) Support for Entrepreneurship to Contribute to Regional Development (TIB)

Japan currently faces a number of serious social issues, including the contraction of its workforce and the rapid aging of its population. Recognizing these issues, MEDIA DO is actively promoting regional development to ensure that Japan can hand down an energized society with the potential to grow to future generations. In this endeavor, an issue that needs to be addressed can be seen in the trend toward people and companies gathering in major urban centers as high-quality information is accumulated therein, a situation that results in a reverse trend in regions outside of such urban centers, causing widening information gaps between these areas.

Part of MEDIA DO's efforts to address this issue was the establishment in January 2020 of TOKUSHIMA INNOVATION BASE ASSOCIATION (TIB) in Tokushima Prefecture, where Founder and President Yasushi Fujita was born. Created jointly with local media and financial institutions, TIB is charged with the mission of supporting entrepreneurs. TIB seeks to become a place where people driven by an entrepreneurial spirit can gather to form trusting relationships and provide mutual support. To this end, TIB offers co-working spaces as well as opportunities for learning from entrepreneurs who have already achieved success.

Furthermore, TIB coordinates with universities and government organization with the intent of concentrating information and insight in Tokushima Prefecture and thereby attracting people to the region. TIB also collaborates with the Entrepreneurs' Organization, a global entrepreneur organization that has attracted participation by approximately 14,000 entrepreneurs from across the world and generates annual revenue in excess of ¥100 million.

TIB is actively developing an environment that will enable entrepreneurs to foster their peers and that gives form to the concept on which it was established: encouraging Tokushima entrepreneurs to change Japan from their home region and eventually amaze the world.



Sustainability for the MEDIA DO Group

Social

Human Resource Management

Basic Policies

MEDIA DO's corporate creed states that "all people have limitless potential and can grow with time" and that "MEDIA DO will continue to grow so long as its people grow." As indicated by these statements, we view human resources as indispensable to the ongoing growth of the Company.

Moreover, we seek to fulfill our mission of "unleashing a virtuous cycle of literary creation" and thereby realize our vision of "More Content for More People!"

To achieve this, we need to fully capitalize on the growth and potential of our people. These efforts must be supported by the foundation formed from the business infrastructure, expertise, experience, and corporate culture we have cultivated thus far. Acting in accordance with this basic policy, we will seek to create environments that allow all employees to achieve independence and demonstrate their growth and potential as they take the initiative in tackling new challenges.

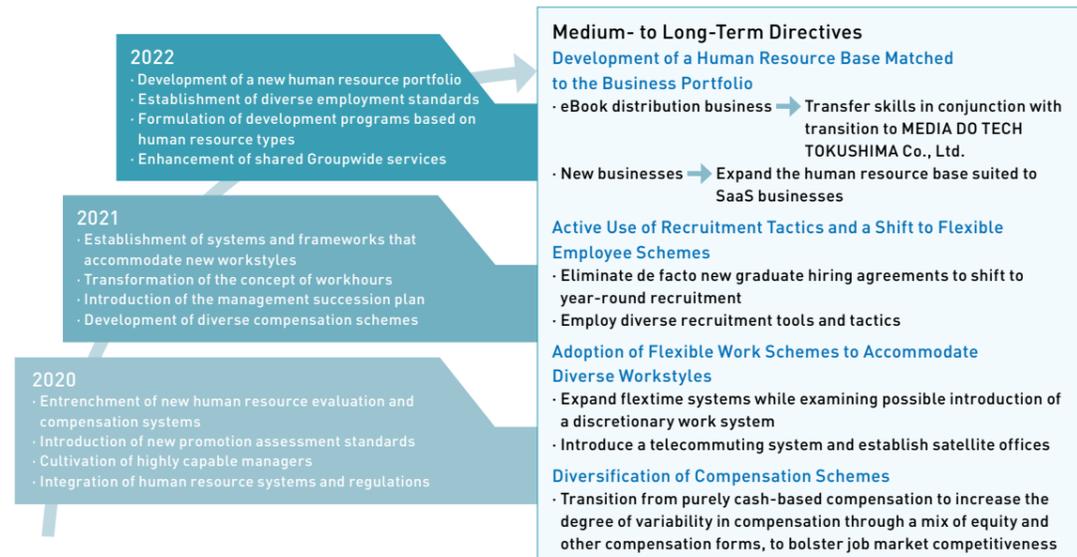
Human Resource Recruitment and Development Strategies

As our business grows, we leave the door open for engineers, sales personnel, back-office staff, and a wide range of other personnel year-round, actively welcoming individuals with specialized skills from a variety of backgrounds. We have continued to recruit new university graduates each year for more than a decade, and such individuals are nurtured so that they can become core members of the Company after joining.

In addition, we have reinvented our human resource evaluation and compensation systems to stimulate the growth of both our business and our people in a manner that exceeds the boundaries between organizations and areas of work responsibility. The new systems define action expectations for

specific positions and ranks and clearly identify the experience, specialized knowledge, and other qualities required for each position and level. This degree of clarity makes readily apparent the direction that each individual should pursue in his or her desired career path and the next step to take. Supervisors set action expectations to guide the growth of subordinates. These action expectations are used in a wide range of situations, such as when assigning work, providing daily instruction, and requesting training program participation. Through such provisions, we are cultivating human resources and developing frameworks that will contribute to the reinforcement of MEDIA DO's operational foundation.

Three-Year Human Resource Strategy Framework



New Values and Human Resource Evaluation and Compensation Systems

Following the March 2019 merger of the former MEDIA DO Co., Ltd., and Digital Publishing Initiatives Japan Co., Ltd., the Company established a set of values to be shared throughout the organization, to clarify the stance and principles we will embrace in our efforts to fulfill our mission and realize our vision. In conjunction with the introduction of these values, new human resource evaluation and compensation systems were introduced with our mission, vision, and values (MVV) at the core of evaluations. These systems were put into effect in the fiscal year ending February 28, 2021.

One of the characteristics subject to evaluation under the new systems is the degree to which an employee acts in accordance with MEDIA DO's 18 Stances, which indicate our stances toward business and were defined together with our values. This approach was taken to create frameworks that enable the growth of both our business and individuals and encourage employee independence, and

that otherwise help us to develop a human resource base that is suited to our business portfolio.



Employee Surveys

MEDIA DO aims to build frank and open corporate cultures and systems, as well as efficient and comfortable workplaces, that appeal to diverse human resources. To facilitate these efforts, we issue regular surveys to employees. Enjoying high response rates of around 90%, followed by swift action taken in response to survey findings, the surveys are generating a virtuous cycle of improvement. The surveys are also being used to improve business

continuity provisions for extreme circumstances such as the global COVID-19 pandemic, specifically to guide the formulation and implementation of measures to allow employees to adopt their ideal workstyles. Through the surveys, we will continue our efforts to flexibly adapt how we utilize our human resources in response to changes in social trends and workstyles.

Employee Mindset Tracking via Frequent Surveys

Survey Name	Employee response rate
Comprehensive Employee Net Promoter Score® survey (January 2020)	92%
Survey on telecommuting-related infrastructure needs (April 2020)	98%
Supplementary survey on telecommuting status and the full-scale telecommuting system rollout (May 2020)	89%

Virtuous cycle of high response rates and swift action

Swift and Extensive COVID-19 Countermeasures

- Quick Introduction of a Telecommuting System**
 - A staggered workhour system was implemented in February 2020, a telecommuting system was introduced in March, and all employees transitioned to telecommuting following the Japanese government's state of emergency declaration in April
- Provision of a Virtual Private Network and Other Mobile Work Infrastructure to All Employees (Full-Time and Dispatch)**
- Establishment of Employee Support Systems**
 - Telecommuting allowance
 - Telecommuting office set-up reimbursement
 - Opening of office spaces of flexible use
 - Support for employee-to-employee communication

Telecommuting rate of more than 98% seen immediately after the Japanese government's state of emergency declaration