Corporate Governance Report

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Dentsu Group Inc.
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The status of Dentsu Group Inc.'s corporate governance is as follows.

I. Basic Policy for Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

Basic Policy

Under the new Vision and Value of "an invitation to the never before." formulated in October 2020 as the desired direction which Dentsu Group aims for in the long term, and the eight principles of conduct based on the Vision and Value, Dentsu Group Inc. (hereinafter referred to as the "Company") recognizes that realizing the "Medium-term Management Plan" announced in February 2021 and updated in February 2022 leads to the sustainable growth of Dentsu Group and a medium to long term improvement in its corporate value. In addition, under the refreshed executive team from January 2022, as a new management policy, the Company aims for the maximization of corporate value for all stakeholders such as shareholders, clients, partners, and employees by positioning itself as a B2B2S (Business to Business to Society) corporate group and generating social value over the medium to long term. Dentsu Group will build the best corporate governance for realizing the plan.

The Company has adopted a corporate governance structure that is defined as a company with an audit and supervisory committee, which (i) promotes expeditious decision-making by delegating certain authority from the Board of Directors to executive officers, (ii) strengthens the supervisory function over business execution made by the Board of Directors, where at least one-third of the directors are independent outside directors and (iii) enhances effectiveness of auditing and internal control, in order to enhance corporate value.

Under such system, the Company will put effective corporate governance into practice based on the following basic policy in order to fulfill its responsibilities to its stakeholders (such as its shareholders, clients, employees and local communities), and to ensure sustainable growth and enhance medium to long term corporate value.

(1) To respect shareholders' rights and ensure their equal treatment
(2) To consider the interests of stakeholders, and cooperate with them appropriately
(3) To appropriately disclose company information and ensure transparency
(4) To enhance the effectiveness of the supervisory function of the Board of Directors concerning business execution
(5) To engage in constructive dialogue with shareholders who have an investment policy that conforms to the medium to long term interests of shareholders

For the Company's response policy to the Corporate Governance Code, please also refer to the Company's Corporate Governance Policy.

Corporate Governance Policy
→ https://www.group.dentsu.com/en/about-us/governance/cgp.html

[Reasons for not implementing principles of the Corporate Governance Code]

This section is based on the Corporate Governance Code revised in June 2021.

[Supplementary Principle 2.4.1 Ensuring diversity, including active participation of women]
<Policy of ensuring diversity>

Dentsu Group, employing over 140 different nationalities across the world, respects diversity and believes that it is one of our strengths. It is the Group's policy to foster an inclusive culture where everyone is empowered to bring their authentic self to work and to provide equal opportunities for everyone, irrespective gender, nationality, age, sexual orientation, disability or length of service, regardless of whether or not the individual is a midcareer hire. In accordance with this policy, it is also our policy to promote talented and diverse personnel to managerial positions. As the Group operates globally and appoints a diverse range of human resources, including mid-career hires and foreign nationals, to management positions in accordance with the above policy, we have not set a "voluntary and measurable goals" for appointing mid-career hires and foreign nationals to management positions, but we are reviewing how we can encourage diversity, particularly in the Company as a holding company, and intend to develop policies and the goals in the future, if appropriate.

<Status of ensuring diversity and voluntary and measurable goals>

(1) Female employees

The ratio of female employees in managerial positions in Dentsu Group as of end of December 2021 is as follows.

The Company:22.0%
Directly invested companies among Dentsu Japan Network Group companies (*1):11.6%
Dentsu International Group companies (*2):34.0%

*1: Dentsu Japan Network Group companies refers to group companies managed by Dentsu Japan Network, which is the Company’s virtual company.
*2: Dentsu International Group companies refers to group companies managed by Dentsu International Limited.

Dentsu Group has set targets for the ratios of female employees in managerial positions by 2030 in the Medium-term Management Plan formulated in February 2021 and updated in February 2022 as follows.

The Company:30%
Directly invested companies among Dentsu Japan Network Group companies:25%
Dentsu International Group companies:50%

To achieve the above targets, Dentsu Group has been promoting activities such as the elimination of gender bias in hiring, operation of a female leadership development program, and ensuring female employees are included in succession planning for senior positions.

In regards to the Dentsu Group’s other initiatives for the promotion of active participation of women, please refer to “Other” in “3. Status of Efforts Pertaining to Respecting the Position of Stakeholders” under “III Implementation Status of Measures Related to Shareholders and Other Stakeholders”

(2) Midcareer hires and foreign nationals

As of the end of December 2021, the midcareer hires in managerial positions within the Company (Dentsu Group Inc.) accounts for 2.4% while the percentage of foreign nationals in managerial positions is 12.2%. In addition, midcareer hires in managerial positions in Dentsu Inc., the Company’s key subsidiary company in Japan, account for 16% while foreign nationals in managerial positions account for 0.1%.

<Policies for human resource development and internal environment development to ensure diversity, and status of implementation>

The Dentsu Group considers employees as the source of value creation and believes that fostering a culture in which employees with diverse capabilities can create teams that transcend organizational and geographical constraints will significantly enhance our growth strategy. Therefore, in order to respect the diversity of employees and support their continuous growth, Dentsu Group provides employees with extensive training programs including opportunities for career development across Dentsu Group and a next generation leadership development program and conducts flexible staff allocation across Dentsu Group. In addition, Dentsu Group has been working on the creation of a workplace where each individual can thrive even under drastically changing environments mainly by promoting workstyle reforms and investment in mental health and wellness support for employees. Through these measures, Dentsu Group will ensure the growth of our employees and secure human resources which are the foundation of sustainable business. Moreover, in FY2021, it launched an employee engagement survey in the entire Dentsu Group with the aim of identifying challenges in the organization and making improvements while listening to our employees.

For details, please refer to the "Dentsu Group's people strategy" (page 23) in the Group's Integrated Report.
→ https://www.group.dentsu.com/en/sustainability/reports/2021/pdf/integrated-report2021_all.pdf

[Disclosure based on the principles of the Corporate Governance Code]

This section is based on the Corporate Governance Code revised in June 2021. This section also describes the current status for each principle in the Code for the Prime Market to be applied from April 4, 2022.

Among the principles and supplementary principles described in this section, the principles and supplementary principles updated from the Corporate Governance Report as of December 24, 2022 are as follows.
[Principle 1.4 Cross-Shareholdings]
[Principle 2.3 Sustainability issues, including social and environmental matters]
[Principle 2-6 Fulfilling functions as an asset owner of corporate pension]
[Principle 3.1.(i) Company Objectives (e.g., business principles), business strategies and business plans]
[Principle 3.1(iii) Board policies and procedures in determining the compensation of the senior management and directors]
[Principle 3.1(iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of director candidates]
[Supplementary Principle 4.10.1 Use of optional system]
[Supplementary Principle 4.11.1 View on the appropriate balance between knowledge, experience, and skills of the Board as a whole and on diversity and appropriate board size]
[Supplementary Principle 4.11.3 Analysis and evaluation of the Board's effectiveness as a whole and disclosure of the summary of the results]
[Supplementary Principle 4.14.2 Training policy of Directors of the Board]
[Principle 5.2 Establishing and Disclosing business strategy and business plan]

[Principle 1.4 Cross-Shareholdings]

With regard to so-called cross-shareholdings, the Company will examine the significance of holding such shares from the standpoint of whether the benefit of holding such shares exceed the Company's estimated cost of capital in relation to the acquisition price, and whether the holding of the shares contributes to maintaining and strengthening business relationships with investees and promoting joint businesses, and if such shares are deemed to have little significance, the Company will basically reduce the number of shares to be held. Based on this basic policy, the Board of Directors shall annually examine the appropriateness of holding all shares held by the Company for policy purposes, economic rationality, etc., from a medium to long-term perspective for each individual stock, and verify the appropriateness of holding such stocks, and disclose the details of such examination in the Corporate Governance Report, etc.

Under the above basic policy, the Company sold shares of eleven (11) companies (total amount sold: 20.6 billion yen) in the previous year.

In addition, the Company has already sold shares of four (4) companies this year. Moreover, the Company's Board of Directors resolved to sell shares of thee (3) companies this year, which have not yet been sold yet and the Company will proceed with their sale, as necessary.

With respect to the exercise of voting rights for cross-shareholdings, in order to ensure appropriate exercise, the Company shall make a comprehensive judgment on each agenda item from the perspective of improving the medium- to long-term corporate value of the company issuing the relevant shares and increasing the medium- to long-term economic benefits of the Company and its group companies. In regard to major cross- shareholdings, the status of the exercise of voting rights shall be reported to the Board of Directors. In particular, the Company shall carefully examine and decide whether to approve or disapprove the below proposals and other proposals that may damage the corporate value and shareholder value of the Company and its subsidiaries and affiliates, regardless of whether they are proposed by the issuing company or its shareholders.

(1) Appointment of directors and corporate auditor who are responsible for the occurrence of serious violations of laws and regulations as well as of misconduct
(2) Introduction of takeover defense measures

(3) Mergers and other organizational restructuring
(4) Transfer of important assets

Regarding the voting rights which the Company has exercised at general meetings of shareholders of the companies in which the Company has cross-shareholdings in FY2021, the Company exercised its voting rights in favor of all proposals, as none of them threatened to damage the corporate value and shareholder value of the said companies.

In the event that a shareholder who holds shares of the Company as cross-shareholdings (hereinafter referred to as a "Cross-Shareholder") expresses an intention to sell or otherwise dispose of such shares, the Company shall not engage in any act to hinder such sale or otherwise dispose of such shares, such as suggesting a reduction in the transaction. In addition, the Company shall fully examine the economic rationality of the transaction with the Cross-Shareholder and shall not conduct any transaction that would be detrimental to the common interests of the Company or its shareholders.

[Principle 1.7 Related Party Transactions]

Directors who enter into business competition transactions or conflict of interest transactions stipulated in the Companies Act with the Company shall explain the transactions to the Board of Directors and obtain approval from the same. Such directors shall report the status of such transactions thereafter. The Board of Directors shall strictly implement the rules and appropriately monitor the relevant transactions.

In addition, even if the transaction does not fall under the above, the Company distributes a questionnaire to each director once a year to ascertain whether there is any transaction between the Company and any directors of the Company or consolidated subsidiaries or their close relatives. Other related party transactions, including those with major shareholders, shall be properly disclosed in accordance with applicable laws and regulations, such as the Companies Act or the Financial Instruments and Exchange Act, and applicable rules of the Tokyo Stock Exchange.

[Principle 2.3 Sustainability issues, including social and environmental matters]

Dentsu Group recognizes sustainability issues including social and environmental matters as one of the core themes in management, and Dentsu Group has established a Sustainable Business Board to work on the issues in question with participation by our top management team. Under the leadership of the Sustainable Business Board, the Group will dedicate itself to integrating sustainability at the heart of its growth strategy, culture, and operations with the mission of delivering shared value for the Group and society.

Specifically, Dentsu Group will implement the "2030 Sustainability Strategy" with a focus on three core ambitions: Sustainable World, Fair and Open Society, and Digital for Good. These ambitions represent areas where the Dentsu Group is uniquely positioned to add value, based on its culture, capabilities, and global ecosystem of clients and partners.

In the previous fiscal year, Dentsu Group repeated discussions on social issues and core themes to be proactively worked on and proceeded with plans for consistency of the sustainable business strategy in the Dentsu Japan Network and Dentsu International, sharing and evaluation of latest insights, and rollout of dentsu Sustainable Business Solution (hereinafter, "dSBS"). Moreover, the Group is also working on a case example study at the group level, production of a dSBS playbook, development of training programs for employees, and formulation of performance indicators for future sustainable business promotion. Under the leadership of the Sustainable Business Board, the Group will continue to dedicate itself to integrating sustainability at the heart of its growth strategy, culture, and operations with the mission of delivering shared value for the Group and society.

(Note) dSBS is a solution provided for the purpose of realizing both clients' business growth and contribution to the growth of society by leveraging the Group's knowledge in response to clients' social and environmental issues. The solution is scheduled for a full-scale launch in the market sometime in April or later this year as "dentsu good – a sustainability accelerator" that realizes business growth through contributing to the growth of society.

[Principle 2-6 Fulfilling functions as an asset owner of corporate pension]

Many of the Company's employees (excluding its contract employees and temporary staff) are seconded from other companies, and the Company applies the corporate pension systems of their respective companies for these employees. In April 2015, Dentsu Inc., which many employees are seconded from and which is the Company's main operating subsidiary, transitioned to a defined contribution pension plan. In Dentsu Inc., since the management of corporate pension contributions affects the stable asset formation of employees, the relevant corporate pension organization staffed by personnel who have acquired the qualifications of a corporate pension manager, etc. conducts appropriate administrative work such as monitoring the investment institution while regularly receiving appropriate advice from outside experts.

The Company also introduced a defined contribution pension plan for its directly hired employees in January 2022, established a corporate pension organization similar to that of the above-mentioned Dentsu Inc., and outsources administrative work to one of our group companies which conducts administrative work.

[Principle 3.1.(i) Company Objectives (e.g., business principles), business strategies and business plans]

In February 2021, the Dentsu Group formulated a “Medium-term Management Plan” targeting the four years from FY2021 to FY2024 as the basic policy for realizing medium- to long-term growth. Upon moving onto the phase of business transformation and sustainable growth, following a review of the results and business environment, the Dentsu Group updated the plan in February 2022.

In the updated plan, the Dentsu Group specified strategies and targets further in four key areas, namely, Transformation & Growth, Operation & Margin, Capital Allocation & Shareholder Returns, and Social Impact & ESG.

In particular, for capital allocation, on the premise of enhancing returns to shareholders, the Group plans to conduct approximately 70-billion-yen capital investment in operations, capabilities and service development and to secure 250 billion yen to 300 billion yen as a resource for M&As focusing on strategic areas.

For Transformation & Growth, which is one of the four key areas, the Group will proactively continue to invest in human capital and intellectual properties including new technologies and product innovation as well as conduct M&A’s mainly in Customer Transformation & Technology (CT&T) which is set as a focus area. The Dentsu Group will continue to integrate diversified capabilities in the marketing communication area leveraging growth and enhancement of the Customer Transformation & Technology (CT&T) area including enhancement through M&As.

In addition, the Dentsu Group announced “B2B2S” as a new management policy under a refreshed executive team from January 2022 and positions itself as a B2B2S (Business to Business to Society (B-to-B-to-S)) corporate group. By providing a solution named “dentsu good– a sustainability accelerator” for social good through collaborations with clients and partners as well as Integrated Growth Solutions to deliver business growth for our clients, the Group will resolve issues faced by society with clients through working together. Through these business activities, the Group will generate social value over the medium to long term and maximize corporate value for all stakeholders such as shareholders, clients, partners, and employees.

Furthermore, in the Social Impact & ESG area, the Group formulated a 2030 Sustainability Strategy under its social purpose of “To go beyond the here and now to create truly sustainable value for the lasting good of everyone” in January 2021. To execute the strategy, the Dentsu Group identified a sustainable world, fair and open society, and digital for good as material issues (materiality). In particular, in order to promote a diverse and inclusive workforce, which is set as a priority item, Dentsu International has already assigned Chief Equity Officers in each region, and Dentsu Japan Network has also appointed a Chief Diversity Officer. Continuously, the Dentsu Group will focus on achieving the targets in the environmental and social criteria set in the 2030 Sustainability Strategy as well as provide support to clients and society in the sustainability area including diversity, equity, and inclusion (DE&I).

The Dentsu Group collects and analyzes the necessary data on the impact of climate change-related risks and earning opportunities on our business activities and profits, and works on preparation for information disclosure according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Under the Vision and Value consisting of the tagline “an invitation to the never before.” and “the 8 Ways” action guidelines, the Group will build a culture of co-creation by promoting and accelerating collaboration for value creation with companies and individuals within the Group around the world as well as with external partners, and deeply instill a corporate culture that links diversity to competitiveness. At the same time, based on this corporate culture, the Company will aim to complete the Medium-term Management Plan while flexibly responding to any changes, and achieve sustainable growth for our group by continuing to contribute to the growth of our customers and society as a whole.

For our Medium-term Management Plan, please refer to the following releases.

Medium-term Management Plan updated in February 2022:
→ https://www.group.dentsu.com/en/news/release/000653.html

Medium-term Management Plan announced in February 2021:
→ https://www.group.dentsu.com/en/news/release/000387.html

For more information on our sustainability efforts, please see our Integrated Report below.

Dentsu Sustainable Business Solutions:
→ https://www.group.dentsu.com/en/sustainability/reports/2021/management_plan/dSBS.html

For Vision and Value "an invitation to the never before.", please refer to the Company's website.
→ https://www.brand.dentsu.com/en/

For investment in human capital, please refer to the descriptions in <Policies for human resource development and internal environment development to ensure diversity, and status of implementation> of [Supplementary Principle 2.4.1 Ensuring diversity, including active participation of women] as well.

[Principle 3.1.(ii) Basic views and guidelines on corporate governance]

To realize the Company's aim to create a better society through contribution to growth of its customers, partners, employees and all consumers, pursuing the best corporate governance is important. The Company shall ensure sustainable growth and enhance medium- to long-term corporate value through transparent and fair decision-making, effective use of management resources, and expeditious and resolute decision-making.

For the above purposes, the Company shall work on enhancing corporate governance in accordance with the basic concepts below.

(1) To respect shareholders' rights and ensure their equal treatment
(2) To consider the interests of stakeholders, and cooperate with them appropriately
(3) To appropriately disclose company information and ensure transparency
(4) To enhance the effectiveness of the supervisory function of the Board of Directors concerning business execution
(5) To engage in constructive dialogue with shareholders who have an investment policy that conforms to the medium- to long-term interests of shareholders

[Principle 3.1.(iii) Board policies and procedures in determining the compensation of the senior management and directors]

1. Policy on determining compensation

In order to clarify the linkage between executive compensation and the Company's business performance and corporate value, and to promote the sharing of interests with shareholders and other stakeholders, the Company determines executive compensation under the following policy. This also aims to raise awareness among Executive Officers to contribute to the sustainable growth of the Group and the enhancement of corporate value over the medium to long term.

(1) Implement a globally competitive compensation system and compensation levels l
(2) The compensation system shall reflect management performance and results. Ensure an appropriate balance between fixed compensation and variable compensation.

With regard to the compensation, the Company establishes appropriate system and level in each fiscal year in accordance with objective and transparent procedures by comprehensively taking into account corporate value, enterprise size, and compensation levels and so on by referring to compensation market research data from external specialist organizations.

2. Outline of the compensation system

The compensation system for executive officers shall be established with the aim of clarifying the linkage between compensation, business performance, and corporate value, and raising the awareness of our executive officers who contribute to the sustainable growth of the Group and the enhancement of corporate value over the medium- to long-term. To embody this policy, we have introduced a new performance-based stock compensation system for executive officers (including executive officer who concurrently serves as a director) from FY2019.

The Company's executive compensation system consists of three basic compensation items: Basic Annual Salary, Annual Bonus, and Performance-based Stock Compensation (medium- to long-term bonus). (For details, see II. Status of Decision-making, Execution, and Supervision of Management and Other Corporate Governance Structures 1. Items Pertaining to Organizational Composition, Organization Operation, etc. [Incentive] and [Directors' Compensation] below).

3. Procedure for determining compensation

The compensation of each director shall be calculated based on the formula set forth in the Executive Compensation Rules and the Officers' Stock Incentive Regulations approved by the Board of Directors and shall be determined in each fiscal year in accordance with the following procedures.

To ensure objectivity and transparency, the amount of compensation paid to directors who are not Audit and Supervisory Committee members (including those who are concurrently serving as executive officers) is determined within the scope of the above compensation frame determined at the general meeting of shareholders after consulting with the Compensation Committee on compensation plan and considering the opinions expressed by the Committee to the Board of Directors and disclosing each compensation to the Board of Directors based on their opinions.

The amount of compensation paid to directors who are Audit and Supervisory Committee members shall be determined through consultation among them within the scope of the above-mentioned compensation frame resolved at the general meeting of shareholders.

From the viewpoint of ensuring objectivity and transparency, the Board of directors shall determine a compensation plan of executive officers (limited to those not concurrently serving as directors) after consultation on such plan with the Compensation Advisory Committee and considering the opinions expressed by the Committee upon deliberation to the Board of Directors and disclosing each compensation to the Board of Directors based on their opinions.

[Principle 3.1.(iv) Board policies and procedures in the appointment and dismissal of the senior management and the nomination of director candidates]

1. Nomination Policy

The Company has established the following policies with regard to the appointment of executive officers (including internal directors who are not members of the Audit and Supervisory Committee but concurrently serve as executive officers):

(1) Appropriately nominate persons who contribute to sustainable growth and medium- to long-term enhancement of corporate value of our group
(2) To have a balance between diversity and expertise from candidates with knowledge, experience, and skills related to management and organize a management team to quickly reflect the innovations of our group.

In addition, candidates for each director are appointed based on the following criteria stipulated in the Rules of the Board of Directors.

<Criteria for selecting internal director candidates who are not Audit and Supervisory Committee members>

(1) A person who is able to make determinations from a company-wide viewpoint
(2) A person who has expertise with respect to this Company's business
(3) A person who has remarkable business judgment and ability in business execution
(4) A person who has remarkable leadership, foresight and decision and planning ability
(5) A person who has character and insight suitable for internal directors who are not Audit and Supervisory Committee members

<Criteria for selecting internal director candidates who are Audit and Supervisory Committee members>

(1) A person who has the ability to legally and managerially understand the duties of internal directors who are Audit and Supervisory Committee members
(2) A person who is able to make determinations from a company-wide viewpoint
(3) A person who has remarkable problem-solving and leadership abilities
(4) A person who fulfills other requirements deemed necessary as internal directors who are Audit and Supervisory Committee members

<Criteria for selecting outside director candidates>

(1) A person who has extensive experience in management or who is a professional in legal, accounting, finance and other such fields
(2) A person who can be independent of the representative director of the Company
(3) A person who has character and insight suitable for outside directors

2. Nomination procedures

With regard to nomination of each director, director candidates shall be nominated by the Board of Directors through the procedures stated below in accordance with the standards stipulated in the rules of directors approved by the Board of Directors.

In nominating directors who are not members of the Audit and Supervisory Committee, from the viewpoint of securing objectivity and transparency, the Board of Directors shall determine director candidates after consultation on the candidate plan with the Nomination Committee and considering opinions of the Committee formed through its deliberations.

In nominating directors who are members of the Audit and Supervisory Committee, the Board of Directors shall submit its candidate plan to the Nomination Committee and consider opinions of the committee formed through its deliberation. After receiving approval from the Audit and Supervisory Committee, candidates shall be decided upon by the Board of Directors.

Regarding the proposals for the appointment of each director, the reasons for the nomination of each director candidate shall be described in the reference material regarding the relevant appointment proposal(s) of the general meeting of shareholders.

With respect to directors who are not members of the Audit and Supervisory Committee and an internal director who is member of the Audit and Supervisory Committee elected at the General Meeting of Shareholders held in March 30, 2022, the Board of Directors consulted the Nomination Advisory Committee on the proposed candidates for directors, and determined based on the opinions of the Committee (with the further consent of the Audit and Supervisory Committee for an internal director who is member of the Audit Committee).

With respect to outside directors who are members of the Audit and Supervisory Committee who were elected at the General Meeting of Shareholders held on March 30, 2022, the Board of Directors reported the proposed candidates for outside directors to the Nomination Advisory Committee and, after obtaining the consent of the Audit and Supervisory Committee, the Board of Directors decided on such candidates.

In appointing executive officers, from the viewpoint of ensuring objectivity and transparency, the Board of Directors shall submit its candidate plan to the Nomination Committee and consider opinions of the committee formed through its deliberation. Considering such opinions, the Board of Directors shall appoint executive officers.

In the event that a director or an executive officer is deemed as not to be fulfilling their duties adequately, from the viewpoint of ensuring objectivity and transparency, the Board of Directors shall submit its dismissal plan to the Nomination Committee and consider opinions of the Committee formed through its deliberation. Based on such opinions, the Board of Directors shall carry out its dismissal procedures.

[Principle 3.1.(v) Explanations by the Board of Directors with respect to the individual appointments, dismissal and nominations of the senior management and the candidates for directors]

The reasons for the nomination of each director candidate shall be described in the reference material regarding the relevant appointment proposal(s) of the general meeting of shareholders to which the proposal to nominate the director is submitted, and the Company shall appropriately disclose the reasons for appointment and dismissal of senior management required by laws and regulations.

[Supplementary Principle 4.1.1 Scope delegated to the management]

The Company is a company with an audit and supervisory committee and transfers authority for important business execution in part from the Board of Directors to the executive officers to establish an expeditious and effective business execution system. At the same time, the Company is working to enhance the Board of Directors' supervisory function of directors over business execution.

Positioned under the Board of Directors is the "Group Executive Management Committee" consisting of representative directors and executive officers, including executive directors, which makes decisions on important business matters outside of those exclusively resolved by the Board of Directors, matters concerning the entire Dentsu Group consisting of the Company and its subsidiaries (hereinafter referred to as "Dentsu Group") and deliberates on matters to be decided by the Board of Directors.

Moreover, the Company established the Dentsu Japan Network Board (at Dentsu Japan Network, an internal company) to deliberate on important matters of Japan business and the Dentsu International Board to deliberate on important matters of the international business, thereby dividing the business execution system into Japan business sector and the international business sector, and each has responsibility for profit and authority delegated.

[Principle 4.8 Effective use of independent directors (policy for efforts when it is deemed necessary to appoint at least one-third of directors as independent directors)]

The number of directors will be 13 (no more than 15 as the Articles of Incorporation stipulate) and 5 (at least one third of the total members of the board of directors) directors will be independent outside directors.

[Principle 4.9 Independence standards and qualification for independent directors]

The Company revised Independence Standards for Outside Directors at Dentsu Group Inc. in January 2021.

Please refer to the Company's website. "Independence Standards for Outside Directors"

→ https://www.group.dentsu.com/en/about-us/governance/isod.html

[Supplementary Principle 4.10.1 Use of optional system]

The Company has established the Nomination Advisory Committee and Compensation Advisory Committee as an optional advisory body to further enhance the corporate governance structure and strengthen the independence, objectivity, and accountability of the Board of Director's functions in determining the nomination and compensations of the directors and executive officers. In order to ensure the independence of composition, each committee consists of three or more directors or outside experts appointed by the Board of Directors. The majority of the committee members are independent outside directors and the committee chairman is appointed by a resolution of the Board of Directors from among the members who are independent outside directors, thereby ensuring the independence. The Nomination Committee is responsible for the nomination and succession planning of directors and executive officers, from the perspective of diversity including gender, skills and other factors, and the Compensation Committee is responsible for deliberating matters concerning the determination of individual compensation of individual directors who are not a member of Audit and Supervisory Committee and executive officers. Each committee shall report to the Board of Directors.

[Supplementary Principle 4.11.1 View on the appropriate balance between knowledge, experience, and skills of the Board as a whole and on diversity and appropriate board size]

The Company's Articles of Incorporation stipulate the number of directors to be no more than 15, and at the date of submission of this report,, thirteen (13) directors (of which five (5) are independent outside directors) comprise the Board of Directors.

With regard to the members who make up the Board of Directors, the Company gives consideration to the balance of experience, knowledge, and abilities, as well as diversity, including in terms of gender, internationality, professional experience, and age, and includes persons with management experience at other companies as independent outside directors. The Company has identified the skills that the board should have as a whole to allow the Company to achieve the Medium-term Management Plan formulated in February 2021 and updated in February 2022. These skills are management, finance/accounting, auditing, legal affairs/compliance, human resource management, global management, and digital business, and the Company has described experience, insight, ability, and other significant elements of each director candidate of the Company in the reference material for the relevant appointment proposal(s) of the general meeting of shareholders.

See Figure 2 at the end of this report for a skills matrix representing the key skills currently possessed by each director and Figure 3 for the reasons for the selection of each skill.

[Supplementary Principle 4.11.2 Concurrent posts of directors as officers at other listed companies]

Directors may concurrently serve as directors, corporate auditors or officers of other listed companies only to the reasonable extent that they are able to devote their necessary time and effort to appropriately fulfill their roles and responsibilities as officers of the Company and after following necessary procedures and obtaining approval by the Board of Directors. Important concurrent posts of directors will be disclosed in the reference material of the relevant general meeting of shareholders and a business report under applicable laws and regulations.

[Supplementary Principle 4.11.3 Analysis and evaluation of the Board's effectiveness as a whole and disclosure of the summary of the results]

In order to continuously enhance the effectiveness of the Board of Directors, the Company conducts an evaluation of the effectiveness and appropriateness of management supervision by the Board of Directors by all directors, and a third-party organization analyzes and evaluates the effectiveness of the Board of Directors. The Company confirms the status of improvement of issues identified in the previous year's evaluation, as well as new issues and directions to be taken in the future, and implements specific measures to improve the effectiveness of the Board of Directors to further strengthen corporate governance.

１．Methodology for Evaluating Effectiveness in FY2021

For the FY2021 evaluation, as in FY2020, an independent third-party evaluation company prepared survey items and distributed and collected surveys for all directors. In addition, based on the results of the surveys, interviews were conducted with all directors.

The results were evaluated and reviewed by a third-party organization and compiled into a report, and the content was explained by the evaluation company and discussed at the Board of Directors meeting held in January 2022.

(1) Results of initiatives in FY2021 to improve the effectiveness of the Board of Directors

Feb. 2021: The Mid-Term Management Plan: "Sustainable Growth through Transformation" was formulated.

Mar. 2021: Added Total Stock Return (TSR) as an index for performance-based stock compensation. Developed a succession plan (Succession Plan). Increased the number of independent outside directors to five. Established a Sustainable Business Board.

Nov. 2021: Announced renewal of management structure to achieve sustainable growth from transformation

(2) Evaluation method for FY2021

① Surveys (For all directors)
Surveys conducted prior to interviews

② Third-party interviews (For all directors)
Interviews conducted to obtain candid opinions while ensuring anonymity

③ Opinion exchange meeting (For all directors)
Discussions were held with third-party organizations to exchange opinions on the issues identified from the surveys and interviews

(3) Key topics in the survey and interviews in FY2021 * Items in the survey (6 items, 34 questions)

① Strategic Alignment and Engagement (12 questions) (Management strategy, capital policy, business portfolio review, ESG response, business risk, dialogue with shareholders, etc.)

② Composition and structure of the board of directors (succession plan, skill set, etc.) (3 questions)
③ Board of Directors' process and practices (board management, discussion topics, training, etc.) (8 questions)
④ Management Supervisory Functions (Risk Management, Global Governance System, Governance System of Listed Subsidiaries) (7 questions)
⑤ Board culture and dynamics (2 questions)
⑥ Supervisory function (for Audit Committee members only) (2 questions)

2. Results of Analysis and Summary of Evaluation
(1) Tasks and progress for FY2020

Based on the issues identified in the analysis and evaluation of fiscal year 2020, we announced a medium-term management plan in February 2021, which included ESG targets and established a Sustainability Business Board in March 2021. Furthermore, in November 2021, we announced the renewal of our management structure to achieve sustainable growth from the transformation, and subject to approval by our shareholders at the Ordinary General Meeting of Shareholders to be held in March 2022, the Board of Directors will be even more international and diverse, to be more appropriate for a company that operates globally.

(2) Future issues and initiatives for improvement

After the announcement of the Medium-Term Management Plan in February 2021, the Company has been discussing ways to further improve the effectiveness of the Board of Directors, and as a result, the following new issues ① through ③ have emerged. By improving these issues, we will further improve the effectiveness of the Board of Directors and strengthen our corporate governance.

① Promote continuous improvement of the long-term vision and management strategies and the governance system to support them under the new management structure.
- Review our long-term vision and management strategies in a timely and appropriate manner in line with changes in our business environment and the implementation of various measures to enhance our corporate value and flexibly review the appropriate organizational structure and governance system to support the achievement of these goals.
- Promote measures ② and ③ below to enhance discussions on the long-term vision and management strategies under the new management structure.

② Enhance discussions at the Board of Directors meetings to incorporate shareholder and ESG perspectives.
- Strengthen monitoring of the progress of the medium-term management plan by the Board of Directors and various committees, with emphasis on shareholder and ESG perspectives.

③ Further evolution of the management of the Board of Directors (to strengthen the monitoring function)
- With further scrutiny of agenda items, to ensure that opportunities for discussion and discussion time are focused on agenda items related to supervision.
- Enhancement of materials such as clarification of issues to be discussed at the board meetings

[Supplementary Principle 4.14.2 Training policy of Directors of the Board]

Directors and executive officers shall be given opportunities for gaining indispensable knowledge for their offices and for continuous training so that they may perform their roles and responsibilities appropriately.

Currently, when they become directors (excluding outside directors) or executive officers, the Company provides them with lectures conducted by inside and outside experts with respect to the Company's strategies of management, business, finance, and other applicable fields and important matters and laws and regulations related thereto, and enables them to acquire and update the knowledge required for their offices. They are also given opportunities through discussion to find issues to be addressed by the Dentsu Group and solutions thereto. Moreover, after becoming directors (excluding outside directors) or executive officers, they are given opportunities to attend study seminars on a regular basis to gain the latest information as to the best practices for various megatrend issues.

When new outside directors assume their offices, they are provided with an explanation of the business, organization structure, and other related matters of the Company, and after assuming their offices, the necessary information related to issues to be addressed by the Company shall be provided to them periodically.
The contents of lectures and other training matters will be reviewed, as necessary.

The Company implemented the following initiatives for independent outside directors who were elected in March 2022 before they took office.

- Orientation session for the Dentsu Group's Vision and Value, Medium-term Management Plan, business details, organizational structure, succession plan, employee engagement, etc.
- Workshop by new Board of Directors to discuss how the Board of Directors should be and relationship between independent outside directors and the management team
- Holding a Shadow Board by new Board of Directors members to discuss annual agenda of the Board of Directors and business challenges of the Group

[Principle 5.1 Policy for constructive dialogue with shareholders]

The Company is working on enhancing its medium- to long-term corporate value by disclosing various information, such as management strategy, financial information, and non-financial information to shareholders and investors in a timely and proper manner and continuously engaging in constructive dialogue with shareholders and investors through IR activities.

More specifically, mainly the CEO, CFO, and officers in charge of IR and disclosure carry out various activities, such as regular meetings with analysts and institutional investors, roadshows both within and outside of Japan to visit investors individually, individual meetings using telephone and video conference system, and sufficient information disclosure on the Company's website. The Company has established the Group IR Office as a special section so that such activities may effectively function, and it closely cooperates with the Group Strategy Office, Group FR/FP&A Office, Group Corporate Secretary Office, and other relevant sections. The Company has established Group IR Office in Tokyo and London to enable a structure for communicating with securities analysts, investors, and shareholders in Japan and abroad.

Opinions and requests obtained through IR and other activities are periodically reported to the Group Executive Management Committee or the Board of Directors and utilized in the discussions for enhancement of corporate value.

The Company has established the information control committee to appropriately control insider information and provides a "quiet period" during which the Company must withhold information with respect to financial results.

The Company also conducts a survey of its beneficial shareholders periodically and aims to grasp the share ownership structure.

For details, please refer to "Disclosure Policy" (established in September 2018) on the Company's website.

→ https://www.group.dentsu.com/en/ir/stockandratings/constructivedialogue.html

[Principle 5.2 Establishing and Disclosing business strategy and business plan]

In February 2021, Dentsu Group formulated and announced the "Medium-term Management Plan" spanning over four years from FY2021 to FY2024 as the basic policy to realize medium- to long-term growth. In the plan, the Company sets targets for revenue growth and profit growth, and the Company will work on improving the profitability of existing business and the collection of investment in growth investment projects. In addition, the Company will analyze the progress of the plans and targets formulated each year and make flexible revisions, including plans for the allocation of management resources, such as new business investment, capital investment, and investment in human resource development, and decisions on relevance of maintaining/continuing each business in the Group, as necessary. The soundness, fairness, and efficiency of the execution status are verified and supervised by the Board of Directors. The Company will explain the above matters in an easy-to-understand manner at its financial results briefings and general shareholders' meetings based on the Corporate Governance Code revised in June 2021.

The Group released an updated Medium-term Management Plan in February 2022 with specific strategies and targets based on review of the progress of the execution status, results, and business environment of the plan from February 2021.

For updated targets for revenue growth and profit growth and policies for the allocation of management resources such as capital investment, M&A investment, and shareholders return, please refer to the following updated Medium-term Management Plan and the materials we used in the financial results briefing.

Release of updated Medium-term Management Plan in February 2022

→ https://www.group.dentsu.com/en/news/release/000653.html

FY 2021 Earnings Call (Recorded Video)
→ https://www.group.dentsu.com/en/ir/data/slides/audio/2021_04.html

For the review status of the business portfolio of the Dentsu Group, please refer to the following descriptions in the Integrated Report.
→ https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2021_all.pdf
"1. Transformation & Growth" (p.19)
Dentsu Japan Network. "Our transformation" (p.29)
"Our transformed and simplified business" (p.33)

Capital Structure

Ratio of Shares Held by Foreigners	More than 20%, below 30%

[Status of Major Shareholders]

Name	Number of shares held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	48,558,400	17.72%
Kyodo News Association	18,988,800	6.93%
Jiji Press Co., Ltd.	16,028,680	5.85%
Custody Bank of Japan, Ltd. (Trust Account)	14,147,200	5.16%
SMBC Nikko Securities Inc.	7,208,300	2.63%
Dentsu Group Employee Shareholding Association	5,647,184	2.06%
Hideo Yoshida Memorial Foundation	4,984,808	1.82%
Recruit Holdings Co., Ltd.	4,929,900	1.80%
THE BANK OF NEW YORK MELLON(INTERNATIONAL) LIMITED 131800 (Standing proxy: Mizuho Corporate Bank, Ltd.)	4,330,400	1.58%
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	4,000,000	1.46%

Presence or absence of controlling shareholder (excluding parent company)	—
Existence of parent company	None

Supplementary explanation
(1) The number of shares held by trust banks includes the number of shares for trust business.

(2) In addition to the above, the Company holds 14,393,421 shares in treasury stock.

(3) Mizuho Bank, Ltd. and its co-owners, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd., and Asset Management One Co., Ltd. submitted a report of change dated January 21, 2022, to the effect that each party respectively held the following shares as of January 14, 2022. However, the Company was unable to confirm the actual number of shares held as of December 31, 2021, and it has not taken into account the situation of the above large shareholders. The contents of the report are as follows.

Name	Number of shares held
Mizuho Bank, Ltd.	3,500,000
Mizuho Securities Co., Ltd.	4,192,900
Mizuho Trust & Banking Co., Ltd.	380,000
Asset Management One Co., Ltd.	7,932,900

(4) Nomura Securities Co., Ltd. and its former co-owners, Nomura Holdings, Inc. and Nomura Asset Management Co., Ltd. submitted a report of change dated January 20, 2021, to the effect that each party respectively held the following shares as of January 14, 2021. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2021, it has not taken into account the situation of the above large shareholders. The contents of the report are as follows.

Name	Number of shares held
Nomura Securities Co., Ltd.	3,195,131
Nomura Holdings, Inc.	100
Nomura Asset Management Co., Ltd.	20,474,800

(5) Sumitomo Mitsui Trust & Banking Co., Ltd. submitted a report of change dated January 7, 2022, to the effect that Sumitomo Mitsui Trust & Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. respectively hold the following shares as of December 31, 2021. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2021, it has not taken into consideration the above conditions of large shareholders. The contents of this report are as follows.

Name	Number of shares held
Sumitomo Mitsui Trust & Asset Management Co., Ltd.	7,313,300
Nikko Asset Management Co., Ltd.	8,055,800

(6) Mitsubishi UFJ Financial Group, Inc. submitted a report of change dated August 16, 2021, to the effect that Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co, Ltd. respectively hold the following shares as of August 9, 2021. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2021, it has not taken into account the situation of the above large shareholders. The contents of this report are as follows.

Name	Number of shares held
Mitsubishi UFJ Trust and Banking Corporation	8,029,000
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	4,370,000
Mitsubishi UFJ Morgan Stanley Securities Co, Ltd.	770,316

2. Corporate Attributes

Listed exchange and market segment	Tokyo Stock Exchange First Section
Accounting period	December
Industry	Service

(Consolidated) Number of employees at the end of the previous business year	More than 1,000
(Consolidated) volume of sales at the end of the previous business year	More than 1 trillion yen
Number of companies (consolidated) at the end of the previous business year	More than 300 companies

3. Policy on the Protection of Minority Shareholders in Transactions, etc., with the Controlling Shareholder

–

4. Other Special Circumstances that May Have Significant Impact on Corporate Governance

In order to establish a structure that can provide integrated solutions to the diverse challenges faced by its customers on a global basis, the Company has formed a corporate group consisting of companies that conduct business in areas and regions in which it should complement and companies that possess advanced expertise through mergers and acquisitions, capital alliance, and other means.

To enhance the effectiveness of group management, it is the Company's basic policy to hold all shares issued by subsidiaries directly or indirectly. However, some of its subsidiaries have increased their competitiveness by securing independence and maintaining their listing in light of the special characteristics of their business domains, their unique corporate culture, and the recruitment of human resources.

The Company has three such listed subsidiaries: Information Services International-Dentsu, Ltd. (listed on the First Section of the Tokyo Stock Exchange; hereinafter referred to as "ISID") and CARTA HOLDING, Inc. (listed on the First Section of the Tokyo Stock Exchange; hereinafter referred to as "CARTA") and SEPTENI HOLDINGS CO., LTD. (listed on JASDAQ of the Tokyo Stock Exchange, hereinafter "SEPTENI").

ISID is a subsidiary whose main business is the construction and maintenance of information systems, sales of various business software, and consultation services. The Company believes that maintaining ISID's competitiveness and acquiring highly specialized human resources through independent management will lead to improvement in values offered to the customers of our consolidated group companies.

CARTA is a subsidiary engaged in the partner sales business and the ad platform business for digital advertising, as well as the consumer business, including the operation of owned media and e-commerce sites. CARTA's independent management has enabled it to quickly respond to a rapidly changing business environment, maintain its unique corporate culture, and achieve the acquisition of highly specialized human resources. The Company believes that this has helped to improve the values offered to the customers of our consolidated group companies.

SEPTENI, which is the Company's subsidiary, focuses on the fast growth digital marketing business. SEPTENI boasts a wide client base as well as development capabilities in the data solutions field and manga content in the media platform business. It has established a strong competitive position through expansion of its client portfolio combined with expertise in the recruitment and training of digital experts, utilizing data-driven AI-type personnel systems. Its independent management structure allows swift mobility in response to the ever-changing business environment and acquisition of highly professional talented human resources including responses to the new business areas, for which the Group was not equipped with sufficient insights in the past. The Company believes that this has helped to improve the added values offered to the customers of our consolidated group companies.

In order to ensure the appropriate execution of business and the overall optimization of the corporate group, the Company or Dentsu Inc. has dispatched directors and corporate auditors to these subsidiaries. As a general rule, the Company respects the judgment of the management of these subsidiaries, and strives to ensure that the interests of the shareholders and other stakeholders of these subsidiaries are not unduly impaired.

II Status of Decision-making, Execution, and Supervision of Management and Other Corporate Governance Structures

1. Items Pertaining to Organizational Composition, Organizational Operation, etc.

Organizational format	Company with an Audit and Supervisory Committee

[Board of Directors]

Number of Directors in the Articles of Incorporation	15 persons
Term of office of Directors in the Articles of Incorporation	One year
Chairman of the Board of Directors	non-executive director
Number of Directors	13 persons
Status of the appointment of Outside Directors	Appointed
Number of Outside Directors	5 persons
Number of Outside Directors specified as Independent Directors	5 persons

Relationship with the Company (1)

Name	Attribute	Relationship with the Company										
		a	b	c	d	e	f	g	h	i	j	k
Gan Matsui	Lawyer											
Paul Candland	From another company											
Andrew House	From another company								○			
Keiichi Sagawa	From another company											
Mihoko Sogabe	Certified Public Accountant											

※Categories for relationship with the company

※ "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

※ "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Executive or Non-Executive Director of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof 13

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which the Outside Directors are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Relationship with the Company (2)

Name	Member of the Audit and Supervisory Committee	Independent Director	Supplementary Explanation Regarding a Compliant Item	Reason for Appointment
Gan Matsui	○	○	Mr. Gan Matsui is an attorney at Yaesu Sogo Law Office, and concurrently serves as Outside Corporate Auditor of Orient Corporation, Outside Corporate Auditor of Nagase & Co., Ltd., Outside Corporate Auditor of Totetsu Kogyo Co. and Outside Director who is a member of the Audit and Supervisory Committee of Globeride, Inc. Nagase & Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities or office mentioned above for which he belongs or concurrently serves.	<Reason for appointment as an outside director> Mr. Gan Matsui served as a prosecutor for many years at significant positions and was involved in the investigation and trial of a lot of serious cases, mainly in the field of economic and tax. He knows significance of crisis management; and has got abundant knowledge and insight for coping with an emergency case and crisis management. Furthermore, he is serving as chairpersons of so-called third-party investigation committees on compliance or crisis management for several firms and governmental bodies. He also assumes office of outside directors or corporate auditors for some companies. He was in the position of the chairman of the Independent Advisory Committee on Labor Environment Reform at Dentsu Inc. from February 2017, and actively expressed opinions and proposals. Being Outside Director of the Company who is not a member of Audit and Supervisory Committee since March 2020, he made significant contributions especially to compliance and governance of the Company. Although he has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects him to utilize his experience etc., in management audit as our outside director who is a member of Audit and Supervisory Committee.<Reason for Designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3) - 2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. Matsui as an independent

				director.
Paul Candland	○	○	Mr. Paul Candland concurrently serves as Outside Director of YAMAHA CORPORATION, and CEO of Age of Learning, Inc. and CEO of Age of Learning Japan, Inc. YAMAHA CORPORATION has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities mentioned above for which he belongs or concurrently serves.	<Reason for appointment as an outside director> Mr. Paul Candland has been involved in the management of the Asian and Japanese subsidiaries of a global entertainment company for many years, and has abundant experience as a global manager and achievements and extensive insight in the digital business field and business development. His experience is expected to bring a variety of perspectives to the Company. From these achievements, the Company expects him to utilize his experience etc., for auditing and supervising our business execution as an outside director who is a member of Audit and Supervisory Committee. <Reason for Designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3) - 2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. Candland as an independent director.
Andrew House	○	○	Mr. Andrew House concurrently serves as Strategic Advisor of Intelity, Executive Mentor of The Exco Group, Outside Director of Nissan Motor Co., Ltd. and Outside Director of Nordic Entertainment Group. Nissan Motor Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, and The Exco Group has a business relationship with the Company, but the amount of	<Reason for appointment as an outside director> Mr. Andrew House possesses international management experience. He has abundant experience and achievement as a manager and extensive insight, including promotion of business transformation and strengthening of corporate governance, gained in key posts at global corporations. His experience is expected to bring a variety of perspectives to the Company. From these achievements, the Company expects him to utilize his experience etc., in Group management audit, etc. and further improvement as our outside director who is a member of Audit and Supervisory Committee. <Reason for designation as an independent director>

			transactions of each company during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities mentioned above for which he belongs or concurrently serves.	By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3) - 2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. House as an independent director.
Keiichi Sagawa	○	○	Mr. Keiichi Sagawa is entrusted with advisory duties by the Company under a contract with a term from April 2021 to March 31, 2022. The Company paid Mr. Keiichi Sagawa monthly remuneration based on the service contract, but the total amount of his remuneration was below the threshold of a "significant amount" (an amount more than 13 million yen annually)set forth in the Independence Standards for Outside Directors of Dentsu Group Inc., which does not constitute a significant amount of remuneration, and there is no issue with his independence. He is outside director of GIMIC CO., LTD. and this company has business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of the	<Reason for appointment as an outside director> Mr. Keiichi Sagawa possesses abundant operational experience regarding business transformation and expansion of global business and digital business in the finance and administration departments of a holding company. He has also been engaged in corporate management for many years as a director and has enhanced corporate value and has expertise and a wealth of experience as a corporate manager. From these achievements, the Company expects him to contribute to improving the management governance and ensuring the soundness of the Company, which aims to promote business transformation and achieve global growth, as an outside director who is a member of Audit and Supervisory Committee. <Reason for designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3)-2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. Sagawa as independent director.

			transactions during fiscal year 2021 was less than 1% of the consolidated net sales of the Company, and there is no issue with his independence.	
Mihoko Sogabe	○	○	Ms. Mihoko Sogabe concurrently serves as Representative of Sogabe Certified Public Accountant Office, Auditor of Japan Kogei Association, Outside Director (audit and supervisory committee member) of Nikko Asset Management Co., Ltd., Outside Auditor of SoleBrain, Co., Ltd., Outside Director (audit and supervisory committee member) of Mitsui DM Sugar Holdings Co., Ltd. Nikko Asset Management Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions of this company during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with her independence. Furthermore, there are no vested interests with other entities or office mentioned above for which she belongs or concurrently serves.	<Reason for appointment as an outside director> Ms. Mihoko Sogabe has specialized knowledge and abundant operational experience in the fields of finance, accounting and auditing as a CPA. She also has abundant experience in the audit and supervision of business execution, promoting diversity and strengthening governance from an investor's perspective as Outside Director and Outside Auditor of several companies. Although she has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects her to contribute to enhance and ensure the soundness of financial governance of the Company as an outside director who is a member of Audit and Supervisory Committee. <Reason for designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3)-2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Ms. Sogabe as independent director.

[Audit and Supervisory Committee]

	All Members (Persons)	Full-time Member (Persons)	Internal Directors (Persons)	Outside Directors (Persons)	Chairperson
Audit and Supervisory Committee	6	1	1	5	In-house Director

Existence of Directors and employees to aid the duties of the Audit and Supervisory Committee	Yes

Directors and employees' independence from executive directors

As a structure to perform assistant work by such director and employees for the Audit and Supervisory Committee, such as secretariat work of the Audit and Supervisory Committee related to items pertaining to the independence of executive directors, the Company has established the Audit and Supervisory Committee Office. The Company assigns dedicated staff to this organization as a structure to receive instructions and orders from the Audit and Supervisory Committee to perform evaluations, personnel transfers, etc., with approval from the Audit and Supervisory Committee. This ensures independence from business executive departments and effectiveness of instructions from the Audit and Supervisory Committee.

Status of Cooperation between Audit and Supervisory Committee, Independent Auditors, and Internal Auditing Section

The Audit and Supervisory Committee requests reporting from the Company's independent auditors and the internal audit section as necessary with respect to the process and results of their respective audits, and ensure communications among the relevant parties through exchanging necessary information, as necessary. They may also request reporting from the internal audit section concerning the status of establishment and operation of internal control.

[Voluntary Committees]

Voluntary committees corresponding to a nomination committee or remuneration committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	Total number of Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nomination Advisory Committee	4	0	1	3	0	0	Outside Director
Committee Corresponding to Remuneration Committee	Compensation Advisory Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The Company has established two committees, namely the Nomination Advisory Committee and the Compensation Advisory Committee, as advisory organizations to the Board of Directors. The Nomination Advisory Committee advises the Board of Directors on the nomination, appointment and dismissal of directors and executive officers, and the Compensation Advisory Committee advises the Board of Directors on compensation for directors and executive officers. The overview and activities of these committees are as follows.

1. Nomination Advisory Committee (met 7 times in FY2021)

(Establishment) Established as an advisory organization to the Board of Directors on April 1, 2020 by reorganizing the Nomination and Compensation Advisory Committee, which had been established in July 2019.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to nomination and succession planning concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened seven (7) times during the fiscal year ended December 31, 2021. Main agenda deliberated during the fiscal year were as follows.

- Deliberation and reporting concerning nomination policy and succession planning policy
- Deliberation and reporting concerning succession planning
- Deliberation and reporting concerning candidates for the positions of Executive Officer

2. Compensation Advisory Committee (met 7 times in FY2021)

(Establishment) Established as an advisory organization to the Board of Directors on April 1, 2020 by reorganizing the Nomination and Compensation Advisory Committee, which had been established in July 2019.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to compensation concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened seven (7) times during the fiscal year ended December 31, 2021. Main agenda deliberated during the fiscal year were as follows.

- Deliberation and reporting concerning the amendment of the performance-based stock compensation plan
- Implementation of a management compensation survey by a third-party agency
- Deliberation and reporting concerning individual compensation for Directors and Executive Officers

[Independent Directors]

Number of Independent Directors	5 persons

Other Items Pertaining to Independent Directors

All outside directors who fulfill the requirements of independent directors are designated as independent directors.

[Incentive]

Status of Measures Related to Incentives for Directors	Introduction of a performance-based remuneration system

Supplementary Explanation Regarding Said Item

Based on approval at the 170th Ordinary General Meeting of Shareholders held in March 2019, the Company introduced a performance-based stock compensation system as a medium- to long-term bonus. As a result, annual bonuses (performance-based compensation) and performance-based stock compensation (medium- to long-term bonus) are applied to internal directors who are not Audit and Supervisory Committee members but are also executive officers. For details, please refer to [Directors' Compensation] below.

Those who granted stock options	None

Supplementary Explanation Regarding Said Item －

[Directors' Compensation]

Status of Disclosure (of Individual Director's Compensation)	Individually disclosed in part

Supplementary Explanation Regarding Said Item

The total amount of compensation for directors who are not Audit and Supervisory Committee members for the fiscal year ended December 31, 2021, was 757 million yen (including a total of 15 million yen in compensation to outside directors), of which the monthly salary accounted for 303 million yen (including a total of 15 million yen in compensation to outside directors), the annual bonus accounted for 124 million yen and the phantom stock (medium- to long-term bonus) accounted for 15 million yen, and performance-based stock compensation (medium- to long-term bonus) accounted for 315 million yen. The respective amount of phantom stock (medium- to long-term bonus) mentioned above and the performance-based stock compensation (medium- to long-term bonus) represents the amount recorded as expenses in the relevant period

The total amount of compensation for directors who are Audit and Supervisory Committee members was 96 million yen (including a total of 60 million yen in compensation to outside directors).

The total consolidated compensation to former Representative Director Toshihiro Yamamoto was 225 million yen, the total amount of compensation for former Representative Director Shun Sakurai was 168 million yen, the total amount of compensation for Director Timothy Andree was 1,112 million yen, the total amount of compensation for Director Hiroshi Igarashi was 172 million yen, the total amount of compensation for Director Arinobu Soga was 116 million yen, the total amount of compensation for Director Nick Priday was 1060 million yen and the total amount of compensation for Director Wendy Clark was 1676 million yen.

The total amounts shown above include amounts expensed in the year ended December 31, 2021 with respect to unvested medium- and long-term bonuses (phantom stock, performance-based cash compensation, performance-based stock compensation, etc.) that are payable by the Company and its major consolidated subsidiaries.

Details are as described in the securities report.

Policy on deciding remuneration amounts and their calculation method	Yes

Disclosure of Remuneration Amounts and Their Calculation Method

1. Policy on determining compensation

See above mentioned with respect to Principle 3.1.(iii) (Board policies and procedures in determining the compensation of the senior management and directors).

2. Amount of compensation or the method for calculating that amount

(1) Compensation structure

An outline of compensation structure and the calculation method for each compensation item is as follows.

(i) Basic annual salary

The basic annual salary is a fixed monthly monetary compensation and is paid at a fixed time each month. As for the basic annual salary for directors, the fixed amount stipulated in the Officers Compensation Rules is paid in accordance with the nature of the duties of directors, and as for the basis annual salary for executive officers, the appropriate amount of compensation for each officer is set in accordance with the position of each officer, taking into account the Company's corporate value, company size, and compensation level, referring to the compensation market survey data from an external specialist organization for each fiscal year.

(ii) Annual bonus

The annual bonus is a performance-based monetary compensation paid to executive officers in accordance with the Officers Compensation Rules based on the numerical values of the following indices for each fiscal year during which the officer is in office.

The base amount of the annual bonus to be paid to each executive officer in the event that the numerical value of the following indicator for each fiscal year achieves that target value (see (5) below. The same shall apply hereinafter). shall be the amount of the basic annual salary as compensation for executive officers multiplied by 15%, and within the range of fluctuation described in (3) below, the amount calculated in accordance with the calculation formula stipulated in the Officers Compensation Rules based on the numerical value of the following indicator shall be paid at a certain time after the Ordinary General Meeting of Shareholders for the relevant fiscal year.

Prior to fiscal 2021, the Group's consolidated operating income (based on International Financial Reporting Standards (IFRS), the same shall apply hereinafter) had been used as an indicator for calculating the annual bonus.

From fiscal 2021 and onward, the Company will adopt, as an indicator for calculating the annual bonus, the consolidated adjusted operating income of the Group or the consolidated adjusted operating income of the Company's Japan business (both of which are based on International Financial Reporting Standards (IFRS), the same shall apply hereinafter), depending on the responsibilities of the officers to whom the bonus is paid. The Company has decided to adopt such indicators since it is a profit indicator that measures the performance of the Company's business on a regular basis, and the Company believes that it is more appropriate as an indicator for evaluating the business results for one year.

From FY2022 onward, in view of the Dentsu Group Mid-Term Management Plan and the challenges that surround companies at present, the Company has decided to establish strategic targets concerning corporate value, which cannot be measured using financial indicators, as non-financial indicators for each fiscal year, as additional performance indicators to supplement the indicators described above in the calculation of annual bonuses. The proportional weight given to the evaluation of non-financial indicators shall be no more than 10% of the total standard value of the annual bonus (15% of the total compensation if the targets are achieved).

(iii) Phantom stock (medium- to long-term bonus)

Phantom stock (medium- to long-term bonus) is granted as compensation for Executive Officers, concurrently serving as Executive Officers, who reside outside Japan and do not hold securities accounts for managing listed shares in Japan, in place of the basic annual salary, annual bonus and performance-linked stock compensation (medium- to long-term bonus) as compensation for Executive Officers. Executive Officers who are also Directors eligible for the phantom stock (medium- to long-term bonus) shall receive, on a certain date during their term of office, a number of units of the base amount calculated in accordance with the duties they are in charge of divided by the average share price of the Company's common stock on that date. On a certain date after the passage of three consecutive fiscal years with the fiscal year in question as the first fiscal year, the officer will be entitled to receive a cash payment from the Company in an amount equal to the average share price of the Company's common stock on that date multiplied by the number of units granted above.

(iv) Performance-based stock compensation (medium- to long-term bonuses)

Performance-based stock compensation (medium- to long-term bonus) is paid to each Executive Officer in accordance with the Officers Compensation Rules and the Officers Stock Benefit Regulations, based on the numerical values of the performance indicators shown below for each of the three consecutive fiscal years from the fiscal year in which he or she is in office.

Officers eligible for performance-based stock compensation (medium- and long-term bonus) receive, on a certain date during each fiscal year during which they are in office (the “Unit Grant Date”), a standard number of units (equivalent to 50% of basic annual compensation received as an Executive Officer in the relevant fiscal year, divided by the average closing value of the Company’s shares during the month of January in the relevant fiscal year) as consideration for the execution of duties during the relevant fiscal year. In addition, by taking the prescribed procedures by a certain date (the “Vesting Date”) after the passage of three consecutive fiscal years, the first of which is the fiscal year in which the Unit Grant Date falls (the “Performance Evaluation Period”), the grantee may acquire the right to receive delivery of the Company’s shares, etc. from a trust established based on the performance-based stock compensation plan (hereafter the “Trust”) on the Vesting Date. In doing so, the standard number of units granted to each Executive Officer in the said first fiscal year will be adjusted based on the values of the indicators described below, in accordance with the formula stipulated in the Officers Stock Benefit Regulations (hereinafter, the number of units after adjustment are referred to as the “Vested Units”). Thereafter, the relevant Executive Officer may receive delivery of the Company’s shares, etc. from the Trust, in accordance with the number of Vested Units (in principle, the number of the Company’s common shares calculated corresponding to half of the Vested Units and an amount of cash equivalent to the market value of the number of the Company’s common shares calculated corresponding to the remaining half of the Vested Units as of the Vesting Date).

Prior to FY2020, the simple average of the Group’s consolidated organic revenue growth rate over three fiscal years had been used as an indicator for calculating performance-based stock compensation (medium- to long-term bonus). This indicator was selected because it was deemed an appropriate indicator to assess the sustainable growth of the Group and the enhancement of corporate value over the medium to long term.

From FY2021 onward, the Company adopted a combination of total shareholder return (TSR) and the consolidated underlying operating profit of the Dentsu Group as indicators for calculating performance-based stock compensation (medium- to long-term bonus). The Company decided to adopt these indicators because it believes that it is appropriate to use total shareholder return (TSR) as an indicator that aligns officers’ perspectives with those of with shareholders and other stakeholders, and that it is appropriate to use the Group’s consolidated underlying operating profit, which is a profit indicator that measures the performance of the Group's businesses on a constant basis, as an indicator for evaluating operating results.

(2) Ratio of fixed compensation to variable compensation

The ratio of fixed compensation (basic annual salary paid as compensation for Executive Officers) to variable compensation (excluding phantom stock (medium- to long-term bonus)) is approximately 60%:40% when the target is achieved for each performance indicator for variable compensation. Only phantom stock (medium- to long-term bonus), which is variable compensation, is paid to Directors who concurrently serve as Executive Officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan, and fixed compensation (basic annual salary received in the capacity of Executive Offices) is not paid.

(3) Variation range of variable compensation

Variable compensation (excluding phantom stock (medium- to long-term bonus)) varies between 0% and 150% of fixed compensation (basic annual salary paid as compensation for Executive Officers). By setting the upper limit of the amount of variable compensation at an amount that exceeds the amount of fixed compensation, and by increasing the proportion of compensation paid in stocks to promote the sharing of interests with shareholders and other stakeholders, the Company intends to strengthen the motivation of officers to realize the sustainable growth of the Group and the medium- to long-term enhancement of corporate value. From FY2022 onward, the Company has determined to raise the upper limit of the amount of annual bonus from 50% to 100% of fixed compensation (basic annual salary paid as compensation for Executive Officers). Accordingly, for FY2022 onward, variable compensation (excluding phantom stock (medium- to long-term bonus)) will vary between 0% and 200% of fixed compensation (basic annual salary paid as compensation for Executive Officers).

The upper and lower limits of the indices to determine such fluctuation range will be determined by the Board of Directors after consultation with the Compensation Advisory Committee.

For the range of fluctuation in variable compensation (excluding phantom stock (mid- to long-term bonus)) for fiscal 2022 and beyond, please refer to Figure 4 at the end of this report.

(4) Applicable compensation items

The officers' compensation items applicable to each type of officers are as follows.

① Inside directors who are not Audit and Supervisory Committee members (except for those under ② below):
Basic annual salary : yes (※1),
Annual bonus: yes(※2),
Phantom stock (medium- to long-term bonus): no,
Performance-based stock compensation (medium- to long-term bonuses): yes(※2)

② Inside directors who are not Audit and Supervisory Committee members (limited to those who concurrently serve as Executive Officers who reside outside Japan and do not hold securities accounts for manage)
Basic annual salary: yes (※3),
Annual Bonus: no,
Phantom stock (medium- to long-term bonus): yes,
Performance-based stock compensation (medium- to long-term bonuses):no

③ Outside directors who are not Audit and Supervisory Committee members
Basic annual salary: yes,
Annual bonus: no,
Phantom stock (medium- to long-term bonus):no,
Performance-based compensation (medium- to long-term bonuses): no

④ Internal directors who are Audit and Supervisory Committee members:
Basic annual salary: yes,

Annual bonus: no,
Phantom stock (medium- to long-term bonus):no,
Performance-based compensation (medium- to long-term bonuses): no

⑤ Outside directors who are Audit and Supervisory Committee members
Basic annual salary: yes,
Annual bonus: no,
Phantom stock (medium- to long-term bonus):no,
Performance-based compensation (medium- to long-term bonuses): no

※1 Basic annual salary paid as compensation for Executive Officers is limited to those who concurrently serve as Executive Officers.
※2 Among internal Directors who are not Audit and Supervisory Committee Members, limited to those who concurrently serve as Executive Officers.
※3 Basic annual salary paid is limited to compensation as Director.

(5) Indicator targets

The performance indicator targets used to determine variable compensation (excluding phantom stock (medium- to long-term bonus) shall be set by the Board of Directors after consultation with the Compensation Advisory Committee, based on the macro- and micro-economic environment and the Company's business environment.

As indicators for annual bonuses in fiscal 2021, the targets for the Group's consolidated underlying operating profit and the consolidated underlying operating profit of Company's domestic businesses are 125.2 billion yen and 64.0 billion yen, respectively, and the actual figures are 179.0 billion yen and 95.3 billion yen, respectively.

Prior to fiscal 2020, the target simple average of the Group's consolidated organic revenue growth rate over three fiscal years, used as an indicator for performance-based stock compensation (medium- to long-term bonus), was 3%. In contrast, the actual value of this indicator for performance-based stock compensation (medium- to long-term bonuses) for fiscal 2019 was 0.33%. As three fiscal years have not yet passed for the performance-based stock compensation (medium- to long-term bonus) for fiscal 2020, there are no actual figures for this indicator. The Group's consolidated organic revenue growth rate for fiscal 2020 and fiscal 2021 was -11.1% and 13.1%, respectively.

From fiscal 2021 onward, the indicator targets for performance-based stock compensation (medium- to long-term bonus) are as follows. As three fiscal years have not yet passed, there are no actual values for such indicators. The actual values of each indicator for fiscal 2021 are listed for reference.

<table>
<tr><th>Indicator</th><th>Target</th><th>Composition (※1)</th></tr>
<tr><td rowspan="2">Total Shareholder Return (TSR)</td><td>VS. Tokyo Stock Price Index (TOPIX) *including dividends
Base target 100% Upper limit 110%</td><td>30%</td></tr>
<tr><td>VS. Average total shareholder return (TSR) for peer group (※2)
Base target 100% Upper limit 110%</td><td>20%</td></tr>
<tr><td>Consolidated underlying operating profit of the Dentsu Group</td><td>Compound annual growth rate (CAGR)
Base target 8.25% Upper limit 14.5%</td><td>50%</td></tr>
</table>

※1 These are the proportions of the amounts that would compose performance-based stock compensation (medium- to long-term bonus) if the values of all indicators meet the base targets.
※2 A peer group of six companies has been selected, comprising WPP plc, Omnicom Group Inc., Publics Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., Accenture PLC, and Hakuhodo DY Holdings Inc., which are competitors of the Dentsu Group.

The actual values of each indicator for fiscal 2021 are listed for reference.

Indicator	Target	Actual figure (FY2021)
Total Shareholder Return (TSR)	VS. Tokyo Stock Price Index (TOPIX) *including dividends Base target 100% Upper limit 110%	109.1%
	VS. Average total shareholder return (TSR) for peer group (Note 2) Base target 100% Upper limit 110%	76.9%
Consolidated underlying operating profit of the Dentsu Group	Compound annual growth rate (CAGR) Base target 8.25% Upper limit 14.5%	44.4%

(6) Maximum amount of payment
The maximum amount of compensation paid to the Company's directors and executive officers is as follows.

(i) Monetary compensation (basic annual salary, annual bonus, phantom stock (medium-to long-term bonus))
The upper limit of the total amount of financial compensation for Directors who are not Audit and Supervisory Committee Members (including compensation received in the capacity of an Executive Officer, for Directors who concurrently serve as Executive Officers) was resolved to be 1.2 billion yen per year (including an annual amount of 18 million yen for outside directors) by the 167th Ordinary General Meeting of Shareholders (March 30, 2016). There are five Directors who are not Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

The upper limit of the total amount of financial compensation for Directors who are Audit and Supervisory Committee Members was resolved to be 150 million yen per year at the 167th Ordinary General Meeting of Shareholders (March 30, 2016). There are four Directors who are Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

(ii) Stock compensation (performance-based stock compensation (medium- to long-term bonus))
With regard to stock compensation for internal Directors who are not Audit and Supervisory Committee Members (limited to those who concurrently serve as Executive Officers; the same applies hereinafter in this item), it was resolved by the 170th Ordinary General Meeting of Shareholders (March 28, 2019) that the maximum amount of cash to be contributed by the Company each fiscal year to fund the acquisition of shares of the Company's common stock to be acquired through the Trust established under the performance-based stock compensation plan shall be 900 million yen, and the maximum number of shares of common stock to be delivered to internal Directors who are not Audit and Supervisory Committee members each fiscal year shall be 360,000 shares. There are seven Directors who are not Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

(7) Procedure for determining compensation
Please refer to the previous section (Principle 3-1(iii): Policies and procedures for the Board to determine the compensation for the management and board members).

[Support Structure for Outside Directors]

The secretariat of the Board of Directors briefs outside directors on the agenda, etc., after providing documents beforehand when meetings of the Board of Directors are held. Additionally, the Audit and Supervisory Committee Office was established as the section in charge of aiding Audit and Supervisory Committee members, where dedicated staff engages in all work related to the duties of Audit and Supervisory Committee members in order to support them.
In addition, when either of the Nomination Committee and the Compensation Committee is held, the secretariat of the respective committee briefs the outside directors in advance on the contents of the agenda items and other matters.

[Status of those who retired from representative directors, etc.]

Names of Advisors, etc. who retired representative directors, etc.

Name	Title	Activity	Full time or not Remuneration, etc.	Date of retirement from CEO	Term
Tateo Mataki	Dentsu Inc. Senior Advisor (Sodan yaku)	Industry group or economic organizations, etc.	Full time No compensation	June 28, 2007	One year
Tatsuyoshi Takashima	Dentsu Inc. Senior Advisor (Sodan yaku)	Industry group or economic organizations, etc.	Full time No compensation	March 31, 2011	One year
Tadashi Ishii	Dentsu Inc. Senior Advisor (Sodan yaku)	Advising for the executives of the Company, etc.	Full time Receives compensation	January 22, 2017	One year

The total number of Corporate Advisors, etc., who retired from representative directors' positions	3 persons

Other Items

(1) When a former representative director, president and chief executive officer is appointed as a Senior Advisor (Sodanyaku) and Executive Advisor (Komon) to the Company, the Board of Directors deliberates on the roles expected of the person and the treatment thereof.
(2) A former representative director, president and chief executive officer is appointed as Senior Advisor (Sodanyaku) and Executive Advisor (Komon) for one year and the appointment must be approved by the Board of Directors for reappointment.
(3) When a former representative director, president and chief executive officer assumes the position of Senior Advisor (Sodanyaku) and Executive Advisor (Komon) of Dentsu Inc., a wholly owned subsidiary, the Company deliberates on the roles expected of the person by the Board of Directors and the treatment thereof at the Dentsu Japan Network Board, which is entrusted with the governance of domestic Group companies by the Board of Directors.
(4) The term of office of a former representative director, president and chief executive officer appointed as Senior Advisor (Sodanyaku) and Executive Advisor (Komon) of Dentsu Inc. is one year, and reappointment requires the approval of the Dentsu Japan Network Board.

2. Items pertaining to business execution, audit & supervision, nomination, compensation determination, and other functions (overview of the current corporate governance structure)

The Company is a company with an Audit and Supervisory Committee and partially transfers the authority to execute important businesses from the Board of Directors to executive officers to create an expeditious and highly effective business execution system. At the same time, the Company is strengthening the Board of Directors' supervision function over business execution.

The Company's Articles of Incorporation stipulates the number of its directors at a maximum of 15. At the date of this report, the Board of Directors comprises thirteen (13) directors (of whom, five are outside directors), including six(6) directors who also serve as Audit and Supervisory Committee members (of whom, five(5) are outside directors). In selecting the members of the Board of Directors, consideration is given to the balance among the members in terms of their experience, insights, and skills, and to diversity in terms of gender, nationality, work experience, age and other elements.
Five(5) outside directors (who are all independent officers who meet the criteria for independence stipulated by the Company for its outside directors) provide advice in the Board of Directors as needed based on their extensive experience in their respective area of expertise and help upgrade the Company's management strategy and raise its business efficiency. In addition, they fulfil the supervision function over business execution by the Company's management team from a viewpoint of general shareholders independent from the management team.

The Company concludes a liability limitation agreement with its outside directors and non-executive directors, setting the maximum amount of their liability at either 10 million yen or the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act, whichever is greater.

The Company has entered into an indemnity agreement with each of directors, which provides that the Company will indemnify the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Paragraph 1, Item 2 of the same Article to the extent provided for by laws and regulations. In order to ensure that the indemnification agreement does not impair the appropriateness of the execution of duties by the officer, it is stipulated that indemnification is not applicable in cases where directors perform their duties with malicious intent or gross negligence or when the company holds directors liable for their actions.

The Company has entered into directors and officers liability insurance (D&O insurance) agreement with an insurance company, and all of the candidates for this election proposal except for Ms. Yuko Takahashi are insured under such insurance. Each candidate elected as proposed, including Ms. Yuko Takahashi, will be insured under the same terms of this insurance agreement. The scope of insured persons is directors, executive officers and corporate auditors of the Company and its 36 subsidiaries in Japan, and their heirs. Such insurance covers derivative suit, corporate suit and claims from third parties, but does not cover claims resulting from willful misconduct or gross negligence of directors, executive officers and so forth. The insurance premium is paid in full by the company in which the relevant officer performs his/her duties.

Positioned under the Board of Directors is the Group Executive Management Committee consisting of representative directors and executive officers, including executive directors. The Committee deliberates on important matters excluding matters to be resolved by the Board of Directors and important business matters for the entire Group and has prior deliberations on matters to be decided by the Board of Directors.

In addition, the Company has established the Dentsu Japan Network Board (within the Dentsu Japan Network, an in-house company), which deliberates on important matters related to the domestic business of our group companies, and the Dentsu International Board, which deliberates on important matters related to the overseas business of our group companies. Through these two bodies, we divide our business execution system into the domestic business division and overseas business division and delegate revenue responsibility and authorities to each of these divisions.

For the nomination of director candidate who are not Audit and Supervisory Committee members, the Board of Directors submits a candidate plan to the Nomination Committee to ensure objectivity and transparency of the nomination process and determines the candidates based on the opinions expressed by the Nomination Committee following their discussions on the candidate plan submitted by the Board of Directors.

For the nomination of director candidates who serve as Audit and Supervisory Committee members, the Board of Directors submits a candidate plan to the Nomination Committee and, after obtaining the approval from the Audit and Supervisory Committee, determines the candidates based on the opinions expressed by the Nomination Committee following their discussions on the candidate plan submitted by the Board of Directors.

For the selection of executive officers, from the viewpoint of ensuring objectivity and transparency, the Board of Directors submits a candidate plan to the Nomination Committee and determines the candidates based on the opinions expressed by the Nomination Committee following their discussions on the candidate plan submitted by the Board of Directors.

With respect to the amount of compensation for directors who are not Audit and Supervisory Committee members (including the compensation for their role concurrently as executive officers), from the viewpoint of ensuring objectivity and transparency, the Board of Directors submits a compensation proposal to the Compensation Committee, and discloses and determines the amount of compensation to individual directors at a Board of Directors meeting, within the amount of compensation approved at the general meeting of shareholders, based on the opinions expressed by the Compensation Committee following their discussions on the compensation proposal submitted by the Board of Directors. The amount of compensation for directors who serve as Audit and Supervisory Committee members is determined through deliberations among directors serving as Audit and Supervisory Committee members within the limit of compensation approved at the general meeting of shareholders.

With respect to the amount of compensation for executive officers (limited to those who do not concurrently serve as a director), from the viewpoint of ensuring objectivity and transparency, the Board of Directors submits a compensation proposal to the Compensation Committee, and discloses and determines the amount of compensation to individual executive officers at a Board of Directors meeting based on the opinions expressed by the Compensation Committee following their discussions on the compensation proposal submitted by the Board of Directors.

3. Reason for Choosing the Current Corporate Governance Structure

The Company's Board of Directors considers that providing a strategic direction for the Company based on its corporate philosophy is its main role and responsibility and selects a company with Audit and Supervisory Committee structure as a structure to achieve this. The Board of Directors delegates a large part of its decision-making authority regarding business execution to the management (including the representative director, President and CEO) and urges expeditious and resolute business judgment thereby. The Board of Directors also enhances corporate value by appropriately fulfilling its monitoring function toward overall management, including its management strategy and Medium-term Management Plan.

III Implementation Status of Measures Related to Shareholders and Other Stakeholders

1. Efforts to vitalize the General Meeting of Shareholders and ensure the smooth exercise of voting rights

	Supplemental Explanation
Sending of convocation notices of general meeting of shareholders at an early timing	Convocation notices are basically scheduled to be mailed out at least three weeks before the date of the General Meeting of Shareholders. However, for the 173rd Ordinary General Meeting of Shareholders held on March 30, 2022, convocation notices were mailed out on Tuesday, March 15, 2022, which is two weeks before the date of the general meeting of shareholders. The Company also posted a convocation notice on its website on Tuesday, March 8, 2021 before mailing them out.
Exercise of voting rights by an electromagnetic method	Considering shareholder convenience in exercising their voting rights, the Company introduced an online voting platform from the 156th Ordinary General Meeting of Shareholders (June 29, 2005). Furthermore, shareholders were given the options of exercising their voting rights through the internet from their smart phone or through an online voting platform provided by ICJ, Inc. from the 159th Ordinary General Meeting of Shareholders (June 27, 2008).
Participation in an electronic voting platform and other efforts to improve the voting environment for institutional investors	The Company uses an electronic voting platform provided by ICJ, Inc.
Provision of convocation notice (summary) in English	The Company began preparing an English version of convocation notice from the 166th Ordinary General Meeting of Shareholders (June 26, 2015) to improve constructive dialogues with shareholders and to respond to the growing ratio of overseas institutional investors. The English version of convocation notice is disclosed on the Company's website before the convocation notices are mailed out.
Other	The Company provides easy-to-understand explanations at the general meeting of shareholders by providing visual presentations of its business report and other information.

2. Status of IR Activities

	Supplemental Explanation	Explanation by the Representative Director
Preparation and publication of Disclosure Policy	The Company has established a Disclosure Policy to disclose information to shareholders, investors, securities analysts, and other concerned parties in a timely, accurate, and fair manner in accordance with relevant laws and regulations such as the Financial Instruments and Exchange Act and the regulations of the stock exchanges where our shares are listed. For more information, please visit our website. Disclosure Policy https://www.group.dentsu.com/en/ir/stockandratings/constructivedialogue.html	
Regular briefings for analysts and institutional investors	The Company holds briefings on financial results twice a year following the preparation of full-year results and second quarter results.	Yes

	The Company also holds roadshows every year and visits individual investors in Japan. If it is impossible to provide face-to-face briefings or to pay individual visits under extenuating circumstances, we maintain the opportunities for and the frequency of dialogues using telephone and online video conference systems.	
Regular briefings for overseas investors	The Company holds online video conferences to report on full-year results and each quarterly result. The Company also holds roadshows every year and visits individual investors overseas. If it is impossible to pay individual visits under extenuating circumstances, we maintain the opportunities for and the frequency of dialogues using online video conference systems.	
Posting of IR data on website	The Company posts on its website the materials we use in financial result briefings for analysts and institutional investors, highlights of our business results, other disclosure materials, and Integrated Reports that include non-financial information.	
Establishment of a section (persons in charge of) related to IR	Group IR Office	

3. Status of Efforts Pertaining to Respecting the Position of Stakeholders

	Supplemental Explanation
Internal rules and other instruments requiring respect for stakeholders' positions	The Company Group considers that, in addition to compliance, occupational health and safety, human rights protection, social contribution, and environmental preservation activities, we need to voluntarily work on solving social issues with all our stakeholders in mind to fulfill our responsibility to society. To fulfill our social responsibility, we have established the Dentsu Group Code of Conduct (posted on the Company's website) which articulates what all Dentsu Group managers and employees must voluntarily undertake to fulfill their respective responsibilities to society. All Dentsu Group companies have expressed their commitment to complying with the Code.
Implementation of environmental protection, CSR, and other activities	The Company introduces its activities on its website.
Establishment of policies, etc., pertaining to the provision of information to stakeholders	The Company are honest and accurate in our record-keeping, financial and non-financial reporting, and our financial and non-financial disclosures are timely and transparent. (Quoted from the Dentsu Group Code of Conduct)
Others	The Dentsu Group implements the following measures for the promotion of active participation of women. (1) Overseas, from 2021, the Group is implementing the "Inspiring Inclusion" training program centered around understanding its gender balance, setting ambitious goals, and putting in place clear paths to promotion for female talent. (2) In Japan, the group companies individually conduct activities for the promotion of active participation of women. In 2020, the Group launched initiatives across group companies in Japan, and staff in charge of diversity and inclusion were assigned in 60 directly invested subsidiary companies. In addition, the Group created a community for the promotion of active participation of women so activities can be conducted according to the situation of each company in a wide variety of business domains from advertising to corporate service businesses. Furthermore, the Group hosts seminars for group companies featuring outside specialists and carries out knowledge sharing to support the creation of a female staff community across the Group and to create a business environment that encourages active participation of women. Moreover, the Group is promoting the introduction of the Positive Action List for implementation and support of the PDCA cycle every year and is providing support for the promotion of active participation of women according to the situation in individual companies. As a result of the above activities, Information Services International-Dentsu, Ltd. and The Goal Inc. received three-star "Eruboshi" certification in FY2021.

IV Items Pertaining to the Internal Control System

1. Basic policy on internal control system and their development status

<Basic policy of internal control system>

The internal control system has been designed to encourage compliance among directors, executive officers and employees, while it supports the Group to pursue both its social responsibilities and continuous growth.

The Dentsu Group Inc. and the subsidiaries (hereinafter the "Group") uphold "the Dentsu Group Code of Conduct" as a common code of conduct to be observed by the directors, executive officers and employees of Dentsu Group to ensure all the execution of their duties complies with the laws and regulations, and the Article of Incorporation and that business is conducted properly. The Dentsu Group is committed to maintaining and improving its internal control systems.

(1) Systems to Ensure the Appropriateness of Operations in the Group

The Company, as a holding company, shall ensure the appropriateness of the operations of the Group as a corporate group through proper support, management and supervision of its subsidiaries, including the matters listed in the following items, and by stipulating the matters that its subsidiaries should formulate and operate as members of the Group.

(i) The Company shall formulate "the Dentsu Group Code of Conduct" for the Group, which each subsidiary shall resolve to adopt.

(ii) The Company shall ensure compliance and risk management as a Group by having its subsidiaries establish appropriate rules based on the "Dentsu Group Code of Conduct" or resolve to adopt at meetings of the Board of Directors.

(iii) The Company shall regularly request reports from its subsidiaries on their operations, business performance and other important matters, and shall ensure that its subsidiaries seek the prior approval of the Company or report to the Company on certain matters that may have a material impact on the Company's operations or business performance.

(iv) In order to ensure efficient and appropriate decision-making and execution of business operations, Dentsu Japan Network, an in-house company of the Company, shall manage and supervise domestic operations, while Dentsu International Limited shall oversee overseas operations.

(v) The Company shall have its subsidiaries establish and operate other systems as set out in the following paragraphs or similar systems.

(2) Compliance System of Directors, Executive Officers and Employees

(i) The directors and executive officers of the Group shall execute their duties appropriately in accordance with rules such as the Board of Directors' Rules, Rules for the Operation of the Important Committees, Directors' Rules, and Executive Officers' Rules.

(ii) The directors and executive officers of the Group shall report to the Board of Directors or other important meetings without delay in case any matters regarding compliance such as violation of laws and regulations have been identified as well as the Audit and Supervisory Committee of the Company and the Audit Committee or Corporate Auditor of each subsidiary.

(iii) The responsible department shall develop rules and guidelines and provide training programs in order to maintain and improve the compliance system for the employees.

(iv) The Group shall establish internal consultation services for legal violations and other compliance issues, as well as internal and external whistle-blowing services, which shall be operated properly.

(v) In case that the Audit and Supervisory Committee of the Company or the Audit Committee or Corporate Auditor of each subsidiary raises opinions or request for improvement regarding the Group's compliance system, the directors and executive officers of the Group shall respond without delay to make improvement.

(vi) The Company shall set up a responsible department to cut off relations and resolutely refuse any relationship with the antisocial forces. In case there is any request from these forces, the Company shall cooperate with internal divisions and external experts to handle the matters.

(3) Systems to Ensure Efficient Execution of Duties by Directors and Executive Officers

(i) Decisions on management policy and strategy and other important matters shall be made appropriately and expeditiously through the Board of Directors and the Executive Management Committee as well as relevant committees for the effective execution of duties by the directors and executive officers of the Group.

(ii) The decisions made at the meetings mentioned above shall be communicated though the corporate structure. Urgent matters shall be communicated to all the employees on a timely basis through electric bulletin board for prompt reflection in the execution of duties.

(4) Storage and Management of Information Related to the Execution of Duties by Directors and Executive Officers

Information concerning the execution of duties by directors and executive officers of the Group shall be stored and managed appropriately, in accordance with the internal rules such as the Documentation Management Rules and Information Management Rules, etc.

(5) Risk Management System

(i) The Risk Management Rules shall be put in place in order to prevent occurrence of the risks and to maintain and improve the system to mitigate damages in the event of a risk. Further, we ensure that the risk management status shall be self-checked under the supervision of the Group Executive Management Committee and the most significant risks that should be addressed on a priority basis are identified and handled based on the risk management plan.

(ii) A policy to manage significant risks and other important matters regarding risk management shall be reported to the Board of Directors and the Audit and Supervisory Committee of the Company and the Audit Committee and Corporate Auditor of each subsidiary.

(6) Organization to Support the Audit and Supervisory Committee and its Independence

The Secretariat Office of the Audit and Supervisory Committee shall be established which supports the duties by the Audit and Supervisory Committee, of which independence from the directors (excluding directors who are the members of the Audit and Supervisory Committee) and the executive officers is secured to ensure the effectiveness of the directions made by the Audit and Supervisory Committee.

(7) Reporting Structure to the Audit and Supervisory Committee and improvement of the effectiveness of the Audit

(i) The rules shall be set out regarding the items required to be reported to the Audit and Supervisory Committee by the directors of the Group (excluding directors who are the members of the Audit and Supervisory Committee) , executive officers and employees (hereinafter referred to as "officers and employees"), and at the same time, the Company ensures that matters which may have impact on our business operation or performance are reported or communicated to the Audit and Supervisory Committee on a timely basis by the directors, officers and employees of the Group.

(ii) Other matters shall also be reported without delay when required by the Audit and Supervisory Committee by the directors, executive officers and employees of the Group.

(iii) It shall be ensured that those who have reported the matters described above would not be treated unfairly.

(iv) A policy shall be set out regarding the treatment of the expense that arises from the execution of duties of the members of the Audit and Supervisory Committee in accordance with the laws and regulations, which then shall be communicated to related parties.

(v) Cooperation with the Internal Audit Office and the external auditor shall be ensured in order to improve the effectiveness of the audit.

(8) System to Ensure the Appropriateness of Financial Reporting

(i) The CEO and the CFO of the Company shall maintain and continuously improve the system that ensures the appropriateness of financial reporting of the Group under the supervision of the Board of Directors.

(ii) Subsidiaries and departments involved in business activities shall perform self-checks through daily operations to ensure that the internal controls that have been established and developed are properly implemented.

(iii) The Group Internal Audit Office shall assess the effectiveness of the internal control over financial reporting through monitoring of the internal control which is conducted independently from the business operations.

<The status of the internal control system>

In line with the above basic policy on internal control resolved by the Board of Directors, the Company has established risk management rules, document management rules, and other internal rules, and has held the Group Executive Management Committee and other committees, and the department in charge of internal control is taking the lead in developing and operating the internal control system. The following is a summary of the status of operation.

(1) In order to ensure the appropriateness of the Group's operations, we have identified in advance the target companies, established rules to be observed as a corporate group, and require each company to comply with the rules. At the end of each fiscal year, we check whether the domestic and overseas companies are conducting their operations in accordance with the relevant rules, and if there are any issues, we request them to make improvements.
(2) Risk management is carried out in accordance with the "Risk Management Rules" through the following processes: (i) identification of risks at future uncertainties that may hinder the achievement of the Company's management objectives, (ii) evaluation of the identified risks, (iii) prevention of the materialization of identified risks and establishment of a response plan to minimize the impact if they materialize,, and (iv) regular monitoring of response status.

(3) With regard to the system to ensure the appropriateness of financial reporting, in May 2021, in response to the "Internal Control Reporting System" stipulated in Article 24-4-4 of the Financial Instruments and Exchange Act, we formulated the "Basic Plan" which stipulates the companies to be evaluated, the business processes to be evaluated, and the evaluation system, etc., after consultation with the accounting auditor. In accordance with the Basic Plan, the Company's business execution departments and each of the subject companies conduct self-assessments of the operation status of the internal control system in their daily operations, and the subject companies report the results to the Company.

2. Basic Policy on the Rejection of Antisocial Forces and Status of its Development

The Company has established a dedicated section to facilitate the termination of business relationships with antisocial forces and organizations and to resolutely refuse any demands made by them. This section fulfills its role by liaising with relevant entities within and outside the Company. Furthermore, following the nationwide enforcement of ordinances on the exclusion of antisocial forces in October 2011, we revised various internal rules, established a framework to terminate business relationships with antisocial forces, and resolved to strengthen the screening procedures of antisocial forces.

V Other

1. Introduction of anti-takeover measures

Introduction of anti-takeover measures	None

2. Other Items Pertaining to the Corporate Governance Structure, etc.

An overview of the Company’s internal structures for the timely disclosure of its corporate information are as described below.

(1) On our timely disclosure system

The Company has established a Disclosure Policy and discloses information in a timely, accurate, and fair manner according to relevant laws and regulations such as the Financial Instruments and Exchange Act of Japan, rules established by the stock exchanges on which our shares are listed, and other relevant instruments.

Material facts, etc. concerning the Company and its subsidiaries are centrally managed by the Information Management Committee based on the Rules for the Timely Disclosure of Information and Insider Trading and the Rules of the Information Management Committee. The director in charge of disclosure (person in charge of information handling) serves as the chairperson of the Information Management Committee, and the Group Corporate Secretary Office serves as its secretariat. The Information Management Committee obtains information within the Company based on the duty of notification of material facts, etc., described below and determines the level of information management and the period of management for each piece of information as necessary. With respect to information that the Information Management Committee considers may fall under the scope of material facts, the Information Management Committee Secretariat identifies the Officers and Employees who have received such information and, if necessary, requests the relevant Officers and Employees to submit a written confirmation note on the receipt of information and the prohibition of equity trading in order to ensure rigorous information management and to prevent insider trading until the disclosure of such information.

(2) Timely disclosure system

a. Comprehension of material facts, etc.

The rules mentioned above stipulate the duty to notify material facts, etc. as shown below.

(i) Facts Determined

If the head of any office handles any work that is likely to become a material fact, etc. of the Company, he/she must immediately report its details to the director in charge of disclosure, head of the Group Corporate Communication Office, or the Information Management Committee Secretariat.

(ii) Facts Occurred

If any material fact, etc. other than in (i) above occurs, the head of the responsible section must check such a fact and report its details to the director in charge of disclosure, the head of the Group Corporate Communication Office, or the Information Management Committee Secretariat.

Additionally, the Group Corporate Communication Office endeavors to obtain information on material facts, etc. through information exchange with relevant sections such as the Group Strategy Office, the Group Corporate Secretary Office (Information Management Committee Secretariat), and the Group FR/FP&A Office.

b. Disclosure of material facts, etc.

The Group Corporate Communication Office is the section in charge of information disclosure and announcements to news organizations.

The contents and timing of announcements are determined by consultations among the sections in charge of the information to be disclosed and the Group Corporate Communication Office. With respect to material facts, etc., however, the director in charge of disclosure makes final decisions.

Announcements are made by the Group Corporate Communication Office to news organizations based on the prescribed rules such as TD-NET. In addition, documents released to news organizations are posted on the Company’s website promptly after the release to the media.

Figure 1

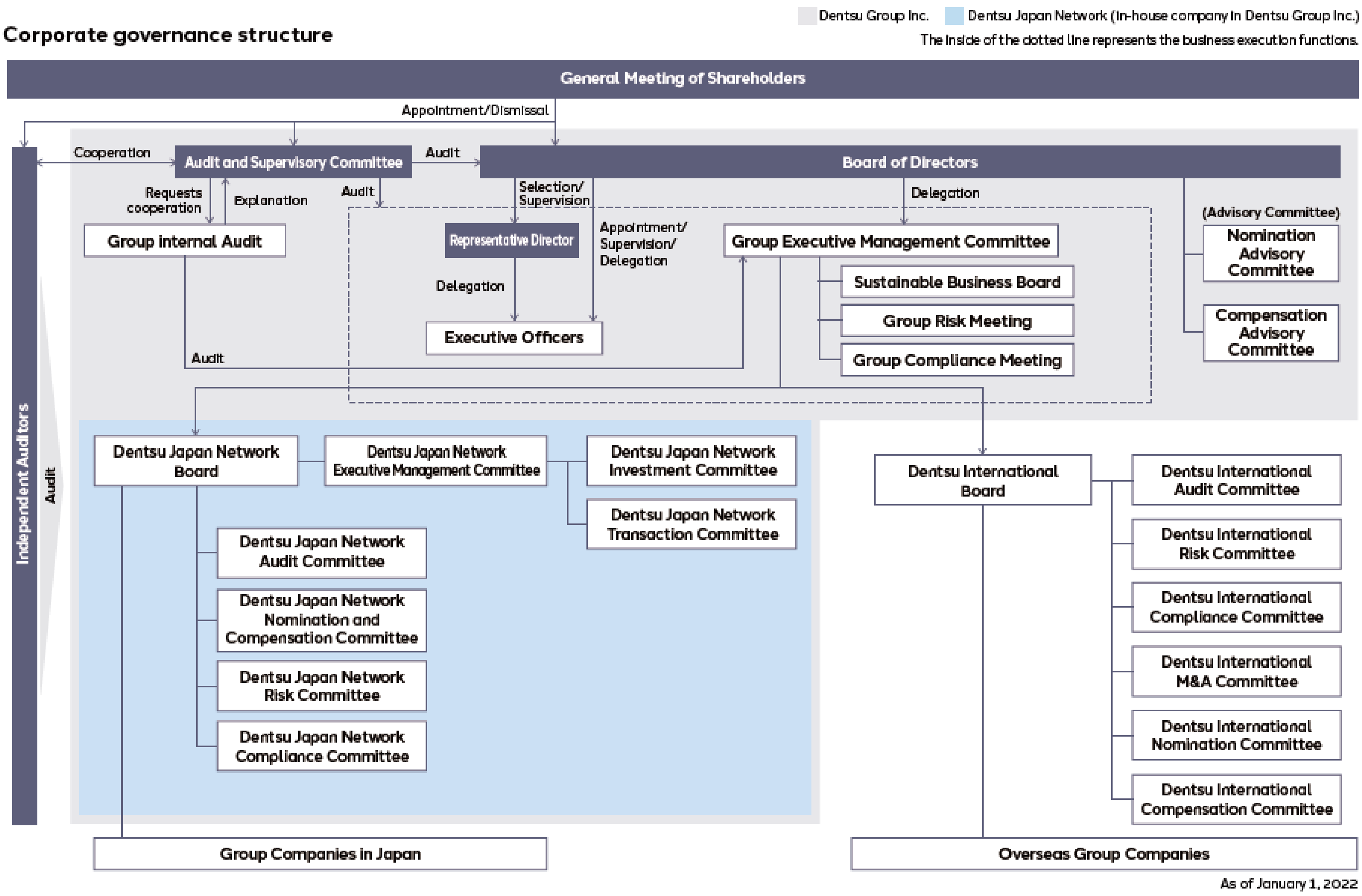

Corporate governance structure
Dentsu Group Inc.
Dentsu Japan Network (in-house company in Dentsu Group Inc.)
The inside of the dotted line represents the business execution functions.
General Meeting of Shareholders
Appointment/Dismissal
Cooperation
Audit and Supervisory Committee
Audit
Board of Directors
Requests cooperation
Explanation
Audit
Selection/ Supervision
Delegation
(Advisory Committee)
Group Internal Audit
Representative Director
Appointment/ Supervision/ Delegation
Group Executive Management Committee
Nomination Advisory Committee
Sustainable Business Board
Delegation
Executive Officers
Group Risk Meeting
Compensation Advisory Committee
Audit
Group Compliance Meeting
Independent Auditors
Audit
Dentsu Japan Network Board
Dentsu Japan Network Executive Management Committee
Dentsu Japan Network Investment Committee
Dentsu Japan Network Transaction Committee
Dentsu Japan Network Audit Committee
Dentsu Japan Network Nomination and Compensation Committee
Dentsu Japan Network Risk Committee
Dentsu Japan Network Compliance Committee
Dentsu International Board
Dentsu International Audit Committee
Dentsu International Risk Committee
Dentsu International Compliance Committee
Dentsu International M&A Committee
Dentsu International Nomination Committee
Dentsu International Compensation Committee
Group Companies in Japan
Overseas Group Companies
As of January 1, 2022

Figure 2

＜Director’s Skills＞

Role	Name	Skills						
		Business Management	Finance /Accounting	Audit	Legal /Compliance	Human Resources	Global Management	Digital Business
Non-Executive Chairman of the Board	Timothy Andree	○					○	
Representative Director	Hiroshi Igarashi	○					○	○
Representative Director	Arinobu Soga	○	○	○			○	
Director	Nick Priday	○	○	○			○	
Director	Wendy Clark	○					○	○
Director	Norihiro Kuretani	○					○	○
Director	Yuko Takahashi		○	○				
Director, Audit and Supervisory Committee Member	Izumi Okoshi			○	○	○		
Director, Audit and Supervisory Committee Member	Gan Matsui			○	○	○		
Director, Audit and Supervisory Committee Member	Paul Candland	○					○	○
Director, Audit and Supervisory Committee Member	Andrew House	○		○			○	○
Director, Audit and Supervisory Committee Member	Keiichi Sagawa	○	○				○	○
Director, Audit and Supervisory Committee Member	Mihoko Sogabe		○	○				

Figure 3

＜Reasons for Selection as a Skill Set＞

Business Management

- Directors with experience and achievements in business management are necessary to exercise appropriate “business judgement” amid dramatic changes in the Company’s environment, including the rapid advance of globalization and digitalization, and further the sustainable growth of the Company’s corporate value.

Finance /Accounting

- Directors with strong knowledge and experience in the finance and accounting fields are necessary not only to ensure accurate financial reporting but also to build a solid financial base, and to realize capital policy to promote growth investment to sustainably enhance corporate value and achieve stronger shareholder returns.

Audit

- Directors with strong knowledge and experience in the audit field are necessary to ensure sound and sustainable growth, and to achieve highly transparent financial reporting and establish governance systems to fulfill social trust.

Legal/Compliance

- Risk management based on laws and compliance is the foundation for the Company’s continued growth. Directors with strong knowledge and experience in the legal and compliance fields are necessary to enhance the effectiveness of the execution of duties by the Board of Directors.

Human Resources

- The Company’s greatest resource is people. Directors with strong knowledge and experience in the human resources, labor and personnel development fields are necessary to enable the Group’s 64,000 employees to make maximum use of their abilities to contribute to the Company’s development.

Global Management

- For the Company, with businesses spread over more than 145 countries, Directors are necessary who have actual business experience overseas and abundant knowledge and experience in domains such as overseas lifestyles, cultures and business environments.

Digital Business

- Radical business transformation centered on digital technology is vital for the Company’s business growth. Directors with strong knowledge and experience in the digital business domain are necessary.

Figure 4

(Range of variable compensation (excluding phantom stock (medium- to long-term bonus) from FY2022 onward)

(If the indicators for variable compensation achieve the targets) (Note 1)

Basic annual salary paid as compensation for Executive Officers	Annual bonus	Performance-based stock compensation(Medium- to long-term bonus)		
100%	15%	50%		
			Fixed compensation:	60%
			Variable compensation:	40%

(If the indicators for performance-based stock compensation fall short of the lower limits (or the targets in the case of TSR, which has no lower limits), and indicators for annual bonus fall short of the targets but exceed the lower limits) (Note 2)

Basic annual salary paid as compensation for Executive Officers	Annual bonus		
100%	6.75% - 15%		
		Fixed compensation:	87%- 94%
		Variable compensation:	6% - 13%

(If the indicators for performance-based stock compensation fall short of the lower limits (or the targets in the case of TSR, which has no lower limits), and indicators for annual bonus also fall short of the lower limits) (Note 3)

Basic annual salary paid as compensation for Executive Officers		
100%		
	Fixed compensation:	100%
	Variable compensation:	0%

(If the indicators for variable compensation exceed the upper limits) (Note 4)

Basic annual salary paid as compensation for Executive Officers	Annual bonus	Performance-based stock compensation (Medium- to long-term bonus)		
100%	100%	100%		
			Fixed compensation:	33%
			Variable compensation:	67%

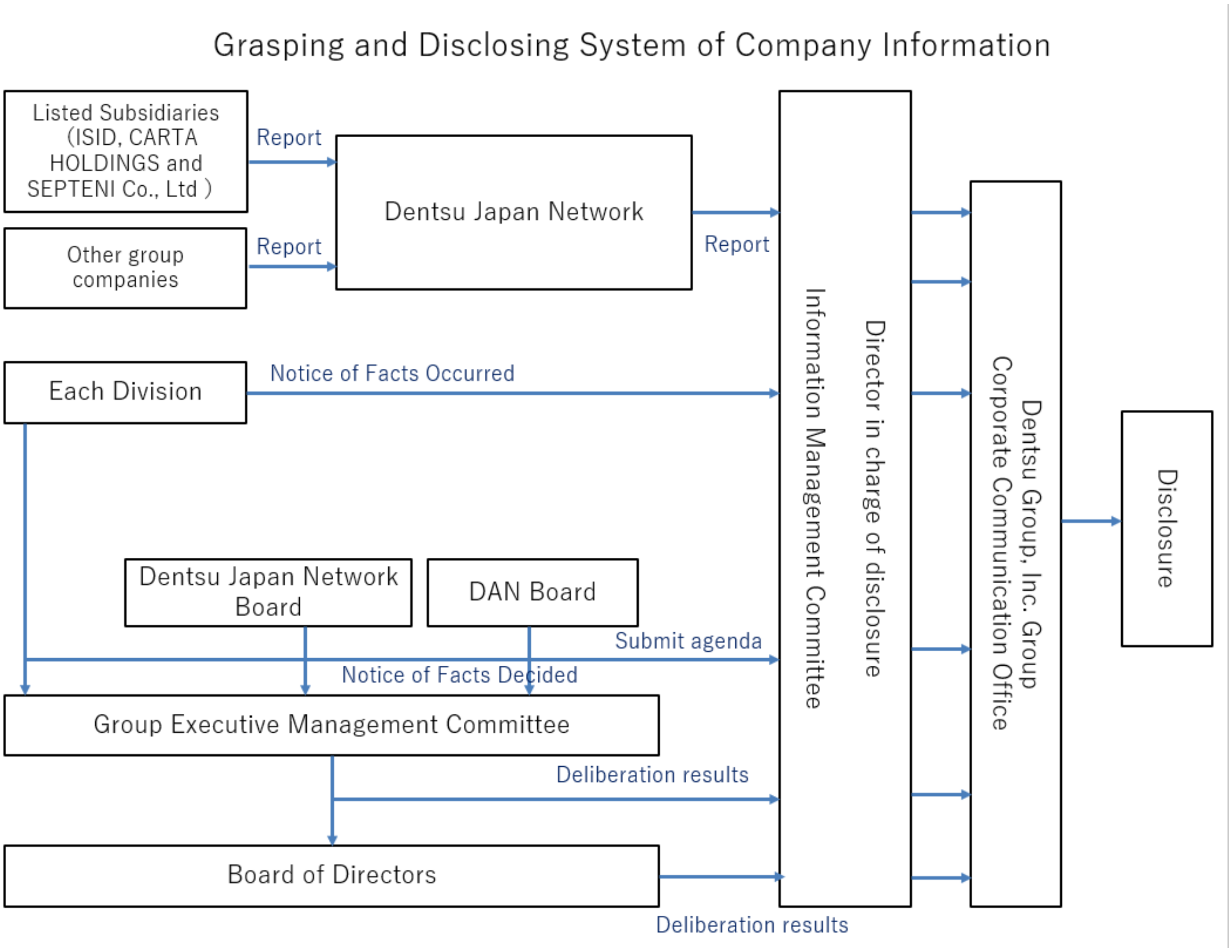
Notes: 1. In this case, in FY2021 as well, the annual bonus would be equivalent to 15% of basic annual salary paid as compensation for Executive Officers, and performance-based stock compensation (medium- to long-term bonus) would be equivalent to 50% of basic annual salary paid as compensation for Executive Officers.

2. In this case, in FY2021, the annual bonus and performance-based stock compensation (medium- to long-term bonus) would not be paid.

3. In this case, in FY2021 as well, the annual bonus and performance-based stock compensation (medium- to long-term bonus) would not be paid.

4. In this case, in FY2021, the annual bonus would be equivalent to 50% of basic annual salary paid as compensation for Executive Officers, and performance-based stock compensation (medium- to long-term bonus) would be equivalent to 100% of basic annual salary paid as compensation for Executive Officers.

Figure 5



Grasping and Disclosing System of Company Information
Listed Subsidiaries (ISID, CARTA HOLDINGS and SEPTENI Co., Ltd)
Report
Dentsu Japan Network
Other group companies
Report
Report
Each Division
Notice of Facts Occurred
Dentsu Japan Network Board
DAN Board
Submit agenda
Notice of Facts Decided
Group Executive Management Committee
Deliberation results
Board of Directors
Deliberation results
Information Management Committee
Director in charge of disclosure
Dentsu Group, Inc. Group Corporate Communication Office
Disclosure