Corporate Governance Report

Last Update: March 30, 2023
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

1. Basic Policy New

The Company has set the Purpose of extending "an invitation to the never before" and eight values based on the Purpose. The Company aims for the maximization of corporate value for all stakeholders such as shareholders, clients, partners, employees, and consumers by positioning itself as a Business to Business to Society (B2B2S) corporate group that resolves social issues through business with clients. In addition, under the global management structure with the Group Management Team inaugurated in January 2023, the company has set a shared vision "To be at the forefront of people-centered transformations that shape society." Under this vision, Dentsu Group recognizes that realizing the Medium-term Management Plan announced in February 2021 and updated in February 2022 will lead to the sustainable growth of Dentsu Group and a medium to long term improvement in its corporate value. Dentsu Group will build the best corporate governance for realizing the plan.

The Company, with the approval of an amendment proposal to the Articles of Incorporation in the 174th Ordinary General Meeting of Shareholders held on March 30, 2023, transitioned to a company with a nominating committee, etc. with the aim of further strengthening its corporate governance. The new corporate governance structure (i) promotes expeditious and bold decision-making by delegating the authority from the Board of Directors to those who execute the business, (ii) strengthens the business-execution supervisory function of the Board of Directors, the majority of which 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 all stakeholders (such as its shareholders, clients, partners, employees and consumers), 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] New
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 2022 is as follows.

The Company:19.0%
Directly invested companies among Dentsu Japan Network Group companies (*1):13.9%
Dentsu International Group companies (*2):37.2%

*1: Dentsu Japan Network Group companies refers to group companies managed by Dentsu Japan Network, which was the Company's virtual company (dissolved as of December 31, 2022).
*2: Dentsu International Group companies refers to group companies managed by Dentsu International Limited.

To achieve an even higher ratio of female employees in managerial positions, Dentsu Group has been promoting initiatives such as elimination of gender bias in hiring, creation of female staff communities, operation of female leadership development programs, and inclusion of female employees in succession planning for senior positions, which are implemented not only as group-wide measures but also as individual initiatives according to the characteristics of each company or multiple companies working in cooperation.

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 (dentsu Japan Group companies after January 2023):25%
Dentsu International Group companies (dentsu Americas, dentsu EMEA and dentsu APAC Group companies after January 2023):50%

We will formulate these medium-term targets under the "One dentsu" structure starting in 2023 in a manner that conforms to various information disclosure guidelines, while taking advantage of both domestic and global perspectives.

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 accounts for 4.8% while the percentage of foreign nationals in managerial positions is 14.3%. In addition, midcareer hires in managerial positions in Dentsu Inc., the Company's key subsidiary company in Japan, account for 17.2% while foreign nationals in managerial positions account for 0.6%.

<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 " People Strategy" (page 34 to 36) in the Group's Integrated Report.
→ https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2022_all.pdf

[Disclosure based on the principles of the Corporate Governance Code] New
This section is based on the Corporate Governance Code revised in June 2021.

Among the principles and supplementary principles described in this section, the principles and supplementary principles updated from the Corporate Governance Report as of April 1, 2023 are as follows.
[Principle 1.4 Cross-Shareholdings]
[Principle 1.7 Related Party Transactions]
[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.(ii) Basic views and guidelines on corporate governance based on each of the principles in this Code]
[Principle 3.1(iii) Policies and procedures in determining the compensation of the senior management and directors]
[Principle 3.1(iv) Policies and procedures in the appointment/dismissal of the senior management and the nomination of director candidates]
[Supplementary Principle 4.1.1 Scope delegated to the management]
[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)]
[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 5.1 Policy for constructive dialogue with shareholders][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]
With respect to transactions with its directors or executive officers (in this clause, hereinafter referred to as "Officers") that conflict with the interests of the Company and competitive transactions as

defined in the Companies Act, the Company shall explain the details of such transactions at a meeting of the Board of Directors and obtain the approval of the Board of Directors. Then, after obtaining the approval, the Company shall continue reporting on the status of the said transactions, and rigorously operate and monitor the transactions.
In addition, even for transactions that do not fall under the above, the Company distributes individual questionnaires to Officers once a year to confirm whether or not there have been any transactions between the Company or its consolidated subsidiaries and Officers or their close relatives, and the Company appropriately discloses transactions with major shareholders and other related parties in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, and the regulations 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 Group Sustainability Committee to work on the issues in question with participation by our top management team. Under the leadership of the Group Sustainability Committee, 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.
There is also a possibility of updating this strategy in the future under the global management structure with the Group Management Team from FY2023.
Dentsu Group has been holding discussions repeatedly on social issues and core themes to be proactively worked on, and since the previous fiscal year, the Group has been promoting the alignment of sustainable business strategies of dentsu Japan, dentsu Americas, dentsu EMEA, and dentsu APAC, sharing and evaluating the latest insights, and rolling out dentsu Sustainable Business Solutions (hereinafter, "dSBS"). The Group is also working at the group level on case studies, production of dSBS playbook, development of training programs for employees for future sustainable business promotion, and formulation of performance indicators. Through coordination between the Group Sustainability Committee and related departments and teams, 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 high value for the Group and society.
(Note) dSBS is the solutions provided for the purpose of realizing both clients' business growth and contribution to society by leveraging the Group's knowhow to address clients' social and environmental issues. The solutions are scheduled for a full-scale launch in the market as "dentsu good – a sustainability accelerator" that realizes business growth through contribution to 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]
With the Purpose of extending "an invitation to the never before" and the values set as "the 8 Ways," the Group will aim for the maximization of corporate value for all stakeholders such as its shareholders, clients, partners, employees, and consumers by positioning itself as a Business to Business to Society (B2B2S) corporate group that resolves social issues through business with clients.
The Group transitioned to a global management structure with the Group Management Team in January 2023. We eliminated the dual business structures of Dentsu Japan Network and Dentsu International to directly control business operations across four regions worldwide (Japan, the Americas, EMEA, and APAC).
With this, the Group has established the shared vision "To be at the forefront of people-centered transformations that shape society." Through repositioning its business domains, where convergence of marketing, technology, and consulting is taking place as "People-centered Transformation," the Group will evolve into a corporation that creates new solutions and generates a positive social impact by using its standout creativity and technology.

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 over the three-year period from FY2022 to FY2024, 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.
In addition, the Dentsu Group will continue to integrate diversified capabilities in the marketing communication domain by leveraging growth and enhancement of the Customer Transformation & Technology (CT&T) domain and provide Integrated Growth Solutions to deliver business growth for our clients.

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 January 2023, we appointed a Chief Governance Officer, Chief Culture Officer, and Chief Sustainability Officer to strengthen ESG management.
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 (DEI).
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 endorses the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and is promoting group-wide disclosure of information in accordance with the recommended disclosure items.

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 long-term sustainable growth for our group by continuing to contribute to the growth of our customers and society as a whole.

For more information on the global management structure of the Group Management Team, please visit our website below.
→ https://www.group.dentsu.com/en/about-us/history/2023.html

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.
2030 Sustainability Strategy
→ https://www.group.dentsu.com/en/sustainability/reports/2022/sustainability/ss2030.html

For more information about Purpose and Value, please visit our website below.
→ https://www.group.dentsu.com/en/brand/

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 based on each of the principles in this Code]]
To realize the Company's aim to create a better society through contribution to growth of all stakeholders such as its customers, partners, employees and 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) 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 compensation for directors and executive officers (hereinafter referred to as "Officers" in this section) (for executive officers who are members of the Group Management Team, includes compensation as a member of the Group Management Team. The same applies hereinafter) under the following basic 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 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 [Compensation for Directors and Executive Officers] below).

3. Procedure for determining compensation
The Company, with the approval of an amendment proposal to the Articles of Incorporation in the 174th Ordinary General Meeting of Shareholders held on March 30, 2023, transitioned to a company with a nominating committee, etc. and policies, including the above-mentioned basic policy, on the decision on the compensation amount for the Company's officers or the calculation method shall be decided by the Compensation Committee.
The compensation of each officer shall be calculated based on the formula set forth in the Officers Compensation Rules and the Officers Stock Benefit Regulations stipulated by the Compensation Committee and shall be determined each fiscal year.

[Principle 3.1.(iv) 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 inside directors who concurrently serve as executive officers):
(1) Ability to make judgments from a company-wide perspective.
(2) Expertise in the business of the Company and the Group.
(3) Excellent ability to make business decisions and execute business operations.
(4) Excellent leadership, determination, foresight, and planning skills
(5) Personality and insight appropriate for an executive officer

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 >
(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

<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 executive officer of the Company
(3) A person who has character and insight suitable for outside directors

2. Nomination procedures

The Company, with the approval of an amendment proposal to the Articles of Incorporation in the 174th Ordinary General Meeting of Shareholders held on March 30, 2023, transitioned to a company with a nominating committee, etc. and director candidates included in a proposal to be submitted to the General Meeting of Shareholders shall be decided in the Nominating Committee.

With respect to the proposal of candidates for directors submitted to the174th Ordinary General Meeting of Shareholders held on March 30, 2023, from the viewpoint of securing objectivity and transparency, the Board of Directors selected the director candidates after consultation on the candidate proposal with the Nominating Committee and considering opinions of the Committee formed through its deliberations.

For the selection procedure of executive officer candidates, from the viewpoint of securing objectivity and transparency, the Board of Directors shall select executive officer candidates after consultation on the candidate proposal with the Nominating Committee and considering opinions of the Committee formed through its deliberations.

In the event that 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 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 appoints the Group Management Team including executive officers to directly control business operations across four regions worldwide (Japan, the Americas, EMEA, and APAC).
The Company aims to build an expeditious and highly effective business execution system as well as strengthen the supervisory function of the Board of Directors concerning business execution, by delegating the authority for the most important business execution from the Board of Directors to the Group Management Team.
Specifically, the Company has established the Group Management Board, composed of Group Management Team members, under the Board of Directors. The Group Management Board deliberates important items of the Company which are not items to be resolved by the Board of Directors, decides critical management matters in the entire Group, and pre-deliberates items to be resolved by the Board of Directors.
Under the Group Management Board, the Company has also established the Group Executive Management Meeting composed of 21 members of the Group's executive management with executive responsibility, among the members of the Group Management Team. The Group Executive Management Meeting decides on the formulation and promotion of the Group's management strategies (business, finance, human capital, and ESG).

[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 is 10 (no more than 15 as the Articles of Incorporation stipulate) and six (6) of them, the majority of the members, are independent outside directors.

[Principle 4.9 Independence standards and qualification for independent directors]
The Company has established Independence Standards for Outside Directors.

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 4.11.1 View on the appropriate balance between knowledge, experience, and skills of the Board as a whole and on diversity and appropriate board size]
As our policy, the number of directors on the Board of Directors of the Company is fifteen (15) or less and independent outside directors constitute the majority. As of the date of submission of this report, the Board of Directors comprises ten (10) directors, of which six (6) are independent outside 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 FY2022
For the FY2022 evaluation, as in FY2021, an independent third-party evaluation organization 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 and some executive officers. The results were evaluated and reviewed by a third-party organization and compiled into a report, and the content was explained by the third-party organization and discussed at the Board of Directors meeting held in January 2023.

(1) Results of initiatives in FY2022 to improve the effectiveness of the Board of Directors
(i) Feb. 2022: Updated the Dentsu Group Mid-Term Management Plan, proposed the new management policy "B-to-B-to-S," and further specified the strategies and targets of the Mid-Term Management Plan

(ii) Mar. 2022: Renewed the structure of the Board of Directors, separating the roles of chairperson of the board (non-executive director) and CEO
(iii) Aug. 2022: Held a full day meeting of directors and executive officers concerning the long-term vision and strategies
(iv) Sep. 2022: Announced the transition to the new global management structure, "One Management Team" (effective January 1, 2023)
(v) Nov. 2022: Announced the management structure for FY2023, "Group Management Team," which leads the One Management Team (effective January 1, 2023)

(2) Evaluation method for FY2022
(i) Surveys (for all directors)
(ii) Surveys were conducted prior to interviews
(iii) Third-party interviews (for all directors and some executive officers)
(iv) Interviews were conducted to obtain candid opinions while ensuring anonymity
(v) Opinion exchange meeting (for all directors)
(vi) Discussions were held with third-party organizations at the Board of Directors meeting to exchange opinions on the issues identified from the surveys and interviews

(3) Key topics in the survey and interviews in FY2022
* Items in the survey (8 items, 46 questions)
(i) Strategic alignment and engagement (management strategy, capital policy, business portfolio review, ESG response, business risk, dialogue with shareholders, etc.) (13 questions)
(ii) Composition and structure of the Board of Directors (succession plan, skill set, etc.) (4 questions)
(iii) Board of Directors' process and practices (board management, organizational design, discussion topics, training, etc.) (9 questions)
(iv) Management supervisory functions (monitoring business activities, risk management, global governance system) (9 questions)
(v) Board culture and dynamics (3 questions)
(vi) Audit and Supervisory Committee (4 questions)
(vii) Issues from the FY2021 effectiveness evaluation (3 questions)
(viii) Other (1 question)

2. Results of Analysis and Summary of Evaluation
(1) Tasks from FY2021 and progress for FY2022
Issues from the FY2021 analysis and evaluation and efforts to address them were as follows.
(i) Promote continuous improvement of the long-term vision and management strategies and the governance system to support them under the new management structure
(ii) Effective discussion by the Board of Directors was further enhanced under a system including highly diverse members with new insight. A full day meeting joined by executive officers was held in August 2022, featuring constructive discussion and consideration regarding the long-term vision and strategies.
(iii) Enhance discussions at the Board of Directors meetings to incorporate shareholder and ESG perspectives (Enhance the monitoring of the Mid-Term Management Plan)
The Board of Directors is effectively monitoring progress and implementation of the Mid-Term Management Plan. At the same time, there is an understanding of the need for opportunities to reach a clear consensus among all directors regarding how to engage in monitoring to incorporate shareholder and ESG perspectives.
(iv) Further evolution of the management of the Board of Directors (to strengthen the monitoring function)
Efforts were made to improve points such as the scrutiny of agenda items, clarification of issues, implementation of advance briefings, provision of materials, and securing time for deliberation.

(2) Efforts for improvement in the future

As a result of this fiscal year's evaluation of the effectiveness of the Board of Directors and repeated discussions aimed at improving its effectiveness, we assessed that the foundations have been established for a highly effective Board of Directors. At the same time, the need to engage in the initiatives in (i) to (iv) below has emerged, to realize an even more effective Board of Directors based on these foundations.

(i) Deliberation on important agenda items and the determination of direction based on the long-term vision and strategies

(ii) Consider specific visions and goals for each important agenda item (business portfolio, human capital investment, ESG/sustainability strategy, etc.) based on the results of consideration of the long-term vision and strategies

(iii) Establishment of common frameworks for effective monitoring
・Reconfirm specific frameworks for monitoring by the Board of Directors from the perspectives of shareholders and ESG
・Organize information on the business portfolio, visualize information on financial targets, the allocation of management resources, competitive strengths, etc. by business and region, and share it within the Board of Directors

(iv) Consideration of the approach to monitoring after the transition to the One Management Team

(v) Redesign monitoring methods for regional risks, issues of execution, etc.

(vi) Consideration regarding changes to organizational design
Consider changes to organizational design to transition to a company with a nominating committee, etc. from the perspectives of facilitating an even more effective supervisory function and making the organization easier for stakeholders to understand

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

The Company shall provide directors with opportunities to acquire knowledge essential to the execution of their duties and to continue their education so that they can adequately fulfill their roles and responsibilities.

As for newly appointed outside directors, the Company shall explain the Company's business, organizational structure, and contents and progress of the medium-term management plan, etc., to them and also provide them with necessary information on business issues, etc., on a regular basis following their appointment.

Currently, when they become directors (excluding outside directors), 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), 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.

Prior to its appointment, the newly appointed independent outside director in March 2023 was briefed on the Group's Purpose, Values, Vision, Mid-Term Management Plan, Business, Organizational Structure, Succession Planning and Employee Engagement.

[Principle 5.1 Policy for constructive dialogue with shareholders]

The Company has established a Disclosure Policy, and through its investor relations activities, the Company discloses a range of information, from management strategies and financial information to non-financial information, to its shareholders and investors in a timely and appropriate manner. By continuously engaging in constructive dialogue with its shareholders and investors, the Company strive to contribute to the enhancement of its corporate value over the medium and long term.

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 for the Year Ended December 31, 2021 we used in the financial results briefing. For more information on the company's performance for the fiscal year ending December 31, 2022 and the progress of its medium-term management plan, please refer to the following release of consolidated financial results for the fiscal year ended December 31, 2022 and the presentation materials for the fiscal year ending December 31, 2022.

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

Release of Consolidated Financial Results for the Year Ended December 31, 2022
→ https://www.group.dentsu.com/en/news/release/000922.html

Financial Results Briefing for the Year Ended December 31, 2022 (Recording)

→ https://www.group.dentsu.com/en/ir/data/slides/audio/2022_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-report2022_all.pdf
“Medium-term Management Plan” (page 12)
“Customer Transformation & Technology” (page14)
“Dentsu Japan Network” (page 17)
“Dentsu International” (page20)

2. Capital Structure

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

[Status of Major Shareholders] New

Name	Number of shares held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	53,609,400	20.20
Kyodo News Association	18,988,800	7.15
Jiji Press Co., Ltd.	16,028,680	6.04
Custody Bank of Japan, Ltd. (Trust Account)	10,408,700	3.92
SMBC Nikko Securities Inc.	8,330,600	3.14
Dentsu Group Employee Shareholding Association	5,314,052	2.00
NORTHERN TRUST CO. (AVFC)RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited., Tokyo Branch)	5,277,400	1.99
Hideo Yoshida Memorial Foundation	4,984,808	1.88
Recruit Holdings Co., Ltd.	4,929,900	1.86
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	4,000,000	1.51

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

Supplementary explanation New

(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 4,748,379 shares in treasury stock. This does not include shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) (1,041,900 shares as of December 2022). These shares were previously held by Trust & Custody Services Bank, Ltd. (Trust Account E), which was a re-trustee of the trust established for the operation of Board Benefit Trust (BBT) program, and were succeeded by Custody Bank of Japan, Ltd. (Trust Account E) due to a re-trustee change.

(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 possession of large volume dated January 20, 2023, to the effect that each party respectively held the following shares as of January 13, 2023. However, the Company was unable to confirm the actual number of shares held as of December 31, 2022, 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.	1,750,000
Mizuho Securities Co., Ltd.	4,134,426
Mizuho Trust & Banking Co., Ltd.	1,041,900
Asset Management One Co., Ltd.	6,900,600

(4) Nomura Securities Co., Ltd. and its former co-owners, Nomura Holdings, Inc., Nomura International PLC and Nomura Asset Management Co., Ltd. submitted a report of change dated January 18, 2023, to the effect that each party respectively held the following shares as of January 13, 2023. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2022, 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.	2,381,499
Nomura Holdings, Inc.	100
Nomura International PLC	961,189
Nomura Asset Management Co., Ltd.	16,735,200

(5) Sumitomo Mitsui Trust & Banking Co., Ltd. submitted a report of change dated January 19, 2023, to the effect that Sumitomo Mitsui Trust & Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. respectively hold the following shares as of January 13, 2023. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2022, 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.	7,321,200
Nikko Asset Management Co., Ltd.	7,757,900

(6) BlackRock Japan K.K. submitted a report of change dated December 15 , 2022, to the effect that BlackRock Japan K.K., BlackRock Investment Management LLC, BlackRock Fund Managers Limited, BlackRock Asset Management (Ireland) Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A. and BlackRock Investment Management (UK) Limited respectively hold the following shares as of November 30, 2022. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2022, 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
BlackRock Japan K.K.	4,985,000
BlackRock Investment Management LLC	277,263
BlackRock Fund Managers Limited	664,579
BlackRock Asset Management (Ireland) Limited	1,244,915
BlackRock Fund Advisors	3,503,700
BlackRock Institutional Trust Company, N.A.	3,029,094
BlackRock Investment Management (UK) Limited	279,879

3. Corporate Attributes

Listed exchange and market segment New	Tokyo Stock Exchange Prime Section
Accounting period	December
Industry	Service
(Consolidated) Number of employees at the end	More than 1,000

of the previous business year	
(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

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

–

5. 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 Prime Section of the Tokyo Stock Exchange; hereinafter referred to as "ISID". The company name is scheduled to change to DENTSU SOKEN INC. on April 1, 2023.) and CARTA HOLDING, Inc. (listed on the Standard 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 a Nominating Committee, etc

[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 New	10 persons

[Outside Directors]

Number of Outside Directors New	6 persons
Number of Outside Directors specified as Independent Directors New	6 persons

Relationship with the Company (1) New

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											
Yuka Matsuda	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) New

Name	Member of the NC	Member of the CC	Member of the AC	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 Director (Audit and Supervisory Committee Member) 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 business relationships with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2022 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 since March 2020, he has actively provided advice and suggestions based on his abundant insight and 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 continue to utilize his experience etc., in ways such as strengthening the supervisory function of the Board of Directors as our outside director. <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 Candla-nd	○	○		○	Mr. Paul Candland concurrently serves as Outside Director of YAMAHA CORPORATION. YAMAHA CORPORATION has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2022 was less than 1% of consolidated net sales of the Company and there is no issue with his independence.	<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. Since March 2022, he has actively provided advice and suggestions from the perspective of global management as an outside director of the Company, especially regarding issues such as business operations based on global economic trends and strengthening competitiveness, and has brought a variety of perspectives to the Company. From these achievements, the Company expects him to continue to utilize his experience etc., in areas such as enhancing the governance of Group management as our outside director. <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 Non-Executive Director of Viaplay Group AB. Nissan Motor Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2022 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. 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. Since March 2022, he has leveraged this experience to actively provide useful advice and suggestions from a variety of perspectives based on examples for global management as an outside director of the Company, especially regarding issues such as Group governance and business operations, and has made a great contribution. From these achievements, the Company expects him to continue to utilize his experience etc., in areas such as enhancing the audit of Group management, further improving governance, and strengthening competitiveness as our outside director. <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. House as an independent director.
Keiichi Sagawa			○	○	Mr. Keiichi Sagawa is outside director of GIMIC CO., LTD. and this	<Reason for appointment as an outside director>

					company has business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of the transactions during fiscal year 2022 was less than 1% of the consolidated net sales of the Company, and there is no issue with his independence.	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. Since March 2022, he has actively provided accurate advice and suggestions as an outside director of the Company, especially regarding issues such as promoting business transformation, strengthening competitiveness globally, and improving management governance. From these achievements, the Company expects him to continue to contribute greatly to improving the management governance, strengthening competitiveness as a global corporation, and ensuring the soundness of the Company, which aims to promote business transformation and achieve global growth, as an outside director. <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.
Mihoko Sogabe		○	○	○	Ms. Mihoko Sogabe concurrently serves as Representative of Sogabe Certified Public Accountant Office, Auditor	<Reason for appointment as an outside director> Ms. Mihoko Sogabe has specialized knowledge and abundant operational experience in the fields

					of Japan Kogei Association, Outside Director (audit and supervisory committee member) of Nikko Asset Management Co., Ltd., Outside Auditor of SoleBrain, Co., Ltd., and 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 during fiscal year 2022 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. Although she worked for KPMG AZSA LLC, the Company's accounting auditor, until May 2018, but during her tenure at KPMG AZSA LLC, she was not involved in any business related to the Company, and there is no issue with her independence.	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. Since March 2022, she has actively provided useful advice and suggestions as an outside director of the Company from her expert insight and abundant practical experience as a CPA, especially regarding issues such as improving the Company's financial governance, promoting internal controls, and strengthening the supervisory function. 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 continue to contribute to enhance and ensure the soundness of financial governance of the Company as our outside director. <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.
Yuka Matsu-da			○	○	Ms. Yuka Matsuda concurrently serves as Representative of the Matsuda Yuka CPA and Tax Accounting Office, as Outside Corporate Auditor of DKK Co., Ltd., as	Ms. Yuka Matsuda has specialized knowledge and abundant operational experience in the fields of finance, accounting, taxation and auditing as a CPA and tax accountant. She also has experience in auditing

					Outside Corporate Auditor of Mitsubishi Steel Mfg. Co., Ltd., and as Supervisory Officer, Nochu JAML REIT Investment Corporation. Mitsubishi Steel Mfg. Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2022 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.	management as outside auditor of several companies. Although she has not been engaged in corporate management other than serving as an Outside Director or Outside Auditor, from these achievements, the Company expects her to contribute to enhance and ensure the soundness of financial governance of the Company, which aims to promote business transformation and achieve global growth, as an outside director. <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. Matsuda as independent director.

[Three statutory-committees]

Constitution and Chair of each Committee New

	Total	Full-Time	Internal Directors	Outside Directors	Chairperson
Nomination Committee	4	1	1	3	Outside Director
Compensation Committee	3	0	0	3	Outside Director
Audit Committee	4	0	0	4	Outside Director

[Executive Officers]

Number of Executive Officers New	3

Status of Additional Duties New

		Additional Duties as Director	Additional

Name	Representative Authority		Nomination Committee Member	Compensation Committee Member	Duties as Employee
Hiroshi Igarashi	○	○	○	×	×
Arinobu Soga	○	○	×	×	×
Nick Priday	×	○	×	×	×

[Auditing Structure]

Appointment of Directors and/or Employees to Support the Audit Committee	Appointed

Matters related to the independence of such Directors and/or Employees from Executive Officers

The Company has established the Audit Committee Office as an organization for fulfilling the role of an administration office for the Audit Committee and aiding operation of the Audit Committee. Dedicated staff members are assigned to the Audit Committee Office, and they report to the Audit Committee. Evaluation and personnel transfers, etc. of these staff members are carried out with approval of the Audit Committee, which ensures independence of Audit Committee Office members from executive officers and the Group Management Team and effectiveness of instructions and orders from Audit Committee members.

Cooperation among Audit Committee, Accounting Auditors, and Internal Audit Departments New

The Audit Committee shall ask the accounting auditors and internal audit departments for reporting on respective audit approaches and results appropriately, exchange information individually in a timely manner, and coordinate with each other. Moreover, the Audit Committee may ask the internal audit departments for reporting on the establishment and operation status of internal control as well.

[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.
The criteria for the independence of outside directors established by the Company are shown in the "Independence Standards for Outside Directors".

[Incentive]

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

Supplementary Explanation Regarding Said Item

Annual bonuses (performance-based compensation) and performance-based stock compensation (medium- to long-term bonus) are applied to directors who concurrently serving as executive officers. For details, please refer to [Compensation for Directors and Executive Officers] below.

Those who granted stock options	None

Supplementary Explanation Regarding Said Item

–

[Compensation for Directors and Executive Officers]

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

Supplementary Explanation Regarding Said Item New

The total amount of compensation for directors who are not Audit and Supervisory Committee members (Including Executive Officer's portion for Directors who concurrently serve as Executive Officers) for the fiscal year ended December 31, 2022, was 508 million yen (including a total of 3 million yen in compensation to outside directors), of which the monthly salary accounted for 279 million yen (including a total of 3 million yen in compensation to outside directors), the phantom stock (medium- to long-term bonus) accounted for 15 million yen, the annual bonus accounted for 48 million yen, and performance-based stock compensation (medium- to long-term bonus) accounted for 165 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 and include amounts yet to be determined.
The total amount of compensation for directors who are Audit and Supervisory Committee members was 117 million yen (including a total of 81 million yen in compensation to outside directors).
The total amount of compensation for Director Timothy Andree was 176 million yen, the total amount of compensation for Director Hiroshi Igarashi was 169 million yen, the total amount of compensation for Director Arinobu Soga was 113 million yen, the total amount of compensation for Director Nick Priday was 684 million yen and the total amount of compensation for former Director Wendy Clark was 1415 million yen and the total amount of compensation for Director Norihiro Kuretani was 114 million yen.
The total amounts shown above include amounts expensed in the year ended December 31, 2022 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 New	Yes

Disclosure of Remuneration Amounts and Their Calculation Method

1. Policy on determining compensation

See above mentioned with respect to Principle 3.1.(iii) (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

Compensation of executive officers (including those concurrently serving as directors) is composed of basic annual salary, annual bonus, and performance-based stock compensation (medium- to long-term bonus). However, the Company may make monetary payments in the amount equivalent to all performance-based stock compensation (medium- to long-term bonus) to executive officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan. Moreover, the Company provides inside directors not concurrently serving as executive officers only with a basic annual salary as director compensation. Compensation for outside directors is composed of basic annual salary.
An outline of the compensation structure and the calculation method for each compensation item is as follows.

(i) Basic annual salary

The basic annual salary consists of a regular (monthly) fixed amount of monetary compensation, paid at a designated time each month. In the case of basic annual salary as directors' compensation, a fixed amount is paid according to each director's duties, as set forth in the Company's Officers Compensation Rules. In the case of basic annual salary as executive officers' compensation, the appropriate amount of compensation for each executive officer is set according to the size of responsibility and roles of respective executive officers, with reference to remuneration survey data for companies with a similar market capitalization in Japan and global advertising companies (WPP plc, Omnicom Group Inc., Publics Groupe S.A., The Interpublic Group of Companies, Inc., Hakuhodo DY Holdings., etc.) published by external research firms.

(ii) Annual bonus
The annual bonus is a performance-based monetary compensation paid to each executive officer in accordance with the Officers Compensation Rules, based on the numerical values of the performance indicators shown below for each fiscal year during which he or she is in office. The standard amount of annual bonus to be paid to each executive officer in the event that the performance indicators shown below have achieved the target for each fiscal year is the amount of the basic annual compensation for that executive officer multiplied by 100% in the case of the president concurrently serving as executive officer (In the case of other executive officers, the percentage is set in the range of 100% to 170% according to the responsibilities of each executive officer in the Company's global management). The standards amount is then used to compute the payment in accordance with the calculation formula stipulated in the Officers Compensation Rules within the variable range from 0% to 200%, based on the numerical value of the indicators shown below. The computed amount is paid at a certain time after the Ordinary General Meeting of Shareholders for the relevant fiscal year.

The indicators and the composition of each indicator for FY2023 are as follows.

Operating margin and organic growth rate are adopted because they are measures of business profitability or business growth excluding the effects of foreign exchange and M&A, and are deemed appropriate as indicators to evaluate operating results for the year, while controlling the achievement rate for the entire company and for each region and business. ESG targets, which are non-financial indicators, are adopted to promote the achievement of strategic goals related to "corporate value" that cannot be measured by financial indicators, in light of the Group's medium-term management plan and current issues surrounding the company. Furthermore, an individual performance evaluation will be introduced from FY2023 in order to clarify each Executive Officer's role in the business structure transition period by setting management issues for each Executive Officer and evaluating the degree to which these issues are resolved, and to make Executive Officers more aware of the need to enhance corporate value. The upper, target, and lower limits of the index for determining the range of fluctuation of 0-200% of the amount paid to each individual will be determined by the Compensation Committee.

Indicators	Composition ratio (Note 1)
Financial Indicator (Note)2: Operating margin	35%
Financial Indicator (Note)2: Organic growth rate	35%
Non-Financial Indicators: ESG Targets (Note)3	10%
Individual performance evaluation: Individual targets (Note)4	20%

(Notes)
1. The percentage represents the composition rate in annual bonus of the amount paid for each indicator if its target is met.
2. For operating margin and organic growth rate as financial indicators, in addition to consolidated figures in the Group, figures for each region or business may be used as financial indicators according to the range of responsibilities of respective executive officers in some cases. However, even in such case, these indicators will be adjusted to be within 70% in total.
3. Three indicators, namely, improvement in employee engagement, increase of the proportion of female managers, and reduction of CO_2 emissions (Scope 1 + 2) are set as non-financial indicators.

4. Targets of the president concurrently serving as executive officer in individual performance evaluation shall be deliberated and determined by the Compensation Committee at the beginning of the fiscal year. Evaluation of the president concurrently serving as executive officer shall be deliberated and determined, following his/her self-evaluation, by the Compensation Committee after the fiscal year ends. Targets and evaluation of other executive officers shall be deliberated and determined by the Compensation Committee following one-on-one interviews between the president concurrently serving as executive officer and each executive officer.

(iii) 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.

Executive officers eligible for performance-based stock compensation (medium- to 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 as consideration for the execution of duties during the relevant fiscal year. In the case of a president concurrently serving as executive officer, the standard number of units is equivalent to 150% 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. In the case of other executive officers, the percentage is set in the range of 100% to 230% according to the responsibilities of each executive officer in the Company's global management.) In addition, by taking the prescribed procedure by a certain date (the "Vesting Date") after the passage of three consecutive fiscal years, the first of which is the consolidated 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 within the variable range from 0% to 200% 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). However, the Company may make monetary payment of the amount equivalent to all performance-based stock compensation (medium- to long-term bonus) to executive officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan in some cases.

The following table shows the indicators and the percentage of each indicator for FY2023.

We have adopted Total Shareholder Return (TSR) because we believe it is an appropriate indicator for aligning our eyes with our shareholders and other stakeholders. We have also adopted the Group's consolidated adjusted operating income compound annual growth rate (CAGR) as a profit indicator to measure the performance of our constant operations, as we believe it is an appropriate measure to evaluate the performance of our business. From FY2023 onward, we will set a higher target, in particular by increasing the percentage of TSR to peer group from the previous 20% to 30%, in order to achieve a higher total shareholder return (TSR) relative to our competitors.

Indicators	Percentage of total (Note)1
Total Shareholder Return (TSR) vs. peer group (Note)2	30%
Total Shareholder Yield (TSR) including dividends vs. Tokyo Stock Exchange Stock Price Index (TOPIX)	20%
Group consolidated adjusted operating income compound annual growth rate (CAGR)	50%

(Note)

1. This is the percentage of the amount that would constitute performance-linked share-based

compensation (medium- to long-term bonus) if all of the figures in each indicator were the target values.

2. Six companies have been selected as the peer group of the Company's competitors: WPP plc, Omnicom Group Inc. Hakuhodo DY Holdings Inc. are selected as the peer group.

The Company has set the Officers Stock Benefit Regulations stipulating that the Company may withdraw some or all of an executive officer's right to receive performance-based stock compensation (malus) or demand the return some or all of stock or cash that has been paid from an executive officer (clawback), by resolution of the Compensation Committee, if the executive officer has caused serious damage to the Company through intent, negligence, inappropriate actions, etc. or where there is an error in financial information with the effect of decreasing the amount payable to the executive officer.

(2) Ratio of fixed compensation to variable compensation
With respect to compensation for executive officers, the ratio of basic annual salary to annual bonus to performance-based stock compensation (medium- to long-term bonus) as an executive officer is set at approximately 1:1:1.5 in the case of President and CEO, and generally 1:1:1 in the case of other Executive Officers (Note) to enhance the linkage with short- and medium-term business performance and corporate and shareholder values. For a president concurrently serving as executive officer, in particular, the Company places importance on business performance and enhancement of corporate value over the medium to long term, therefore, performance-based stock compensation accounts almost 40% of the entire compensation. For other executive officers, the ratio is set according to their responsibilities in the Company's global management, with reference to the compensation configuration of companies operating the business globally.

(Note) The above percentages of base annual salary: annual bonus: performance-linked stock compensation (mid- to long-term bonus) are the composition of the amounts when the numerical values of each indicator of variable compensation are all at the target values. For Executive Officers other than the President and CEO, the payment ratio is set in accordance with their responsibilities in the global management of the Company, and may differ from the above ratios.

(3) Variation range of variable compensation
Annual bonus and performance-based stock compensation (medium- to long-term bonus) provided to executive officers varies in the range from 0% to 200% respectively from the standard amount to be paid when all indicators are met. The upper limits, targets, and lower limits of the indicators to set such variable range shall be determined by the Compensation Committee.

(4) Procedure for determining compensation and Others
Please refer to the previous section (Principle 3-1(iii):
Policies and procedures in determining the compensation of the senior management and directors). Other details on compensation for directors and executive officers are set forth in the Annual Securities Report.

[Support Structure for Outside Directors] New

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 Committee Office was established as the section in charge of aiding Audit Committee members, where dedicated staff engages in all work related to the duties of Audit 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 CEO or former representative executive officer, president and CEO 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 CEO or former representative executive officer, president and CEO 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 CEO or former representative executive officer, president and CEO assumes the position of Senior Advisor (Sodanyaku) and Executive Advisor (Komon) of Dentsu Inc., a wholly owned subsidiary, the expected role and the treatment of such person are deliberated at the dentsu Japan Executive Committee, 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 CEO or former representative executive officer, president and CEO appointed as Senior Advisor (Sodanyaku) and Executive Advisor (Komon) of Dentsu Inc. is one year, and reappointment requires the approval of the dentsu Japan Executive Committee.

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

New

The company has chosen to adopt a company with a nominating committee, etc. as its corporate governance structure.
By clearly separating the supervisory and executive functions, the Company aims to accelerate decision-making, strengthen the supervisory function of the Board of Directors, and further enhance transparency.

<Board of Directors>
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 ten (10) directors (of whom, six (6) are outside directors). The Board of Directors fulfills a supervisory function over business execution and makes decisions on important matters fundamental to the Group's management, including the formulation of the Group's management strategy, important management decisions, and the appointment of executive officers.

In order to fulfill the roles described above 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.

Six (6) 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.

<Nominating Committee>
The Nominating Committee is a committee that establishes criteria for the election of directors and the independence of outside directors, decides on proposals to be submitted to the General Meeting of Shareholders concerning the election and dismissal of directors, and decides on the content of reports in response to inquiries from the Board of Directors concerning the election and dismissal of executive officers and other similar matters. The Nominating Committee consists of four directors, with a majority of the members being independent outside directors, and is chaired by an independent outside director.

<Audit Committee>
The Audit Committee audits the execution of duties by directors and executive officers, prepares audit reports, determines the content of proposals to be submitted to the General Meeting of Shareholders concerning the appointment, dismissal, and non-reappointment of accounting auditors, and performs other duties as stipulated by law and the Articles of Incorporation. The Audit Committee consists of four directors, the majority of whom are independent outside directors, and is chaired by an independent outside director.

<Compensation Committee>
The Compensation Committee is a committee that establishes policies for determining the compensation of directors and executive officers and determines the details of individual compensation of directors and executive officers.
The Compensation Committee consists of three directors, with a majority of the members being independent outside directors, and is chaired by an independent outside director.

<Liability Limitation Agreement>
The Company concludes a liability limitation agreement with its outside directors and directors not concurrently serving as executive officers, 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.

<Indemnity Agreement>
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.

<Directors and Officers Liability Insurance>
The Company has entered into directors and officers liability insurance (D&O insurance) agreement with an insurance company, which insures the Company's directors, executive officers, Group Management Team Members and their heirs, as well as the directors, executive officers and corporate auditors of the Company's 37 domestic subsidiaries and their heirs. Such insurance covers derivative suit, corporate suit and claims from third parties, however, claims for damages arising from acts committed while aware of the violation of laws and regulations will not be compensated. The premiums under such insurance policies are borne in full by the company in which the insured officers and employees perform their duties, respectively, for such officers and employees.

<Business Execution Structure>
The Company has established the Group Management Board, composed of Group Management Team members including executive officers, under the Board of Directors. The Group Management Board deliberates important items of the Company other than items to be resolved by the Board of Directors and critical management matters in the entire Group and pre-deliberates items to be resolved by the Board of Directors.
Under the Group Management Board, the Company has also established the Group Executive Management Meeting composed of 21 members of the Group's executive management with executive responsibility, among the members of the Group Management Team. The Group Executive Management Meeting decides on the formulation and promotion of the Group's management strategies (business, finance, human capital, and ESG).

Please see the Figure 1 for our corporate governance structure.

3. Reason for Choosing the Current Corporate Governance Structure New

The Company's Board of Directors considers that providing a strategic direction for the Company based on its Purpose and Vison is its main role and responsibility and has chosen a company with a Nominating Committee, etc. as a structure to achieve this.
The Board of Directors delegates a large part of its decision-making authority regarding business execution to the Group Management Team members including executive officers and urges expeditious and resolute business judgment thereby. The Board of Directors, in which a majority of directors are independent outside directors, also enhances corporate value by strengthening oversight of overall management, including its management strategy and Medium-term Management Plan, and by improving the effectiveness of auditing and internal controls.

The Company expects outside directors to contribute to the enhancement of corporate governance by invigorating discussions at meetings of the Board of Directors including by raising questions and expressing opinions, and to promote appropriate decision-making by the Board of Directors including by expressing opinions from their respective professional perspectives. In addition, one of their roles is to verify and evaluate the results of management and the performance of the management team in light of the management strategies determined by the Board of Directors, and from the perspective of shareholders' interests, to determine the pros and cons of entrusting management to the management team and to express their opinions.

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 New

	Supplemental Explanation
Sending of convocation notices of	In order to enable its shareholders to secure sufficient time to

general meeting of shareholders at an early timing	consider the proposals of the General Meeting of Shareholders, the Company shall promptly provide reference materials for the meeting electronically on the Company's website, after the Board of Directors resolves to convene the meeting For the 174th Ordinary General Meeting of Shareholders held on March 30, 2023, reference materials for the meeting were provided electronically on the Company's website and the Tokyo Stock Exchange's website on Thursday, March 9, 2023 and were mailed out on Wednesday, March 15, 2023, which is two weeks before the date of the general meeting of shareholders.
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 Executive Officer
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 following the announcement of full-year results and each quarterly results. 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.	Yes
Regular briefings for overseas investors	The Company holds briefings 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 Group implements the following DEI promotion activities. (1) Publication of the Group's first Global DEI report in October 2022 (Japanese version was released in February 2023) (2) Initiatives and received awards overseas are as follows. - Selected as a Founding member company of a new task force, Partnering for Racial Justice in Business, led by the World Economic Forum - Acquisition of the highest score (100 points) in the Corporate Equality Index published by the Human Rights Campaign (human rights organization in the U.S.)

	(3) 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. (4) In Japan, Group companies have been individually conducting activities to promote women's activities, but from 2020, the entire domestic Group companies have been involved in this initiative, and in addition to establishing diversity and inclusion officers at 60 directly invested subsidiaries, we are also implementing the "DEI Promotion Project" with the participation of personnel from each company, ranging from advertising companies to corporate services, to ensure that activities are tailored to the circumstances of each company with widely differing business structures. The staff members are replaced every 6 months, and monthly study groups (seminars) focusing on dialog are held. With respect to promoting female participation (raising proportion of female managers), which is a particularly important issue, the Group carries out knowledge sharing to support the creation of female staff communities across the Group and 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 at each company every year and is providing support for the promotion of active participation of women according to the individual situations. As a result of the above activities, Dentsu Group participated in the following external activities in Japan in FY2022. - “Eruboshi” (certification for companies promoting female participation and advancement in the workplace): Dentsu Digital Inc., Information Services International-Dentsu, Ltd., and The Goal Inc. received three-star “Eruboshi” certification. - Endorsement to Business for Marriage Equality, which promotes equality in marriage in Japan (legislation of same-sex marriage) - Dentsu Group Inc., Dentsu Inc., Dentsu Digital Inc., and Septeni Holdings Co., Ltd. Received the highest rating of Gold in the PRIDE Index, an index to evaluate corporate inclusion initiatives for LGBTQ+ employees and other sexual minorities in the workplace, while Dentsu Hokkaido Inc. and PR Consulting Dentsu Inc. received Silver ratings.

IV Items Pertaining to the Internal Control System

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

As of January 1, 2023, with the aim of contributing to the sustainable growth of Dentsu Group and the enhancement of its corporate value over the medium to long term, the Company transitioned to a global management system to realize accelerated business transformation and further enhanced management. Further, pursuant to the approval made at the 174th Ordinary General Meeting of Shareholders held on March 30, 2023, the Company transitioned from a "company with an audit and supervisory committee" to a "company with three committees" in order to further strengthen its corporate governance. By doing so, the supervisory function and the executive function have been clearly separated, and a system to accelerate decision-making and clarify the accountability thereof and to strengthen the management supervisory function and further enhance the transparency thereof has been established.

In connection with such transition, at the meeting of the Board of Directors held on March 30, 2023, the Company passed a resolution on the establishment of systems set forth in Article 416, paragraph (1), item (i), sub-items (b) and (e) of the Companies Act as its Basic Policy on Internal Control. The details are as follows.

<Basic policy of internal control system>

The Internal Control System at the Group (meaning the Company and its subsidiaries; hereinafter the same) is designed to encourage compliance among the Group's Directors, Executive Officers, Corporate Officers, and employees while it supports continuous corporate development as the Company strives to meet its social responsibilities.

The Group shall aim to maintain and improve the Internal Control System by setting the Dentsu Group Code of Conduct as the common standard of acceptable behavior that must be observed to ensure that the execution of duties by the Company's Directors, Executive Officers and other Group Management Team Members and employees, as well as subsidiaries' Directors, Corporate Officers, and employees ("Group Officers and Employees"), comply with laws, regulations, and the Articles of Incorporation and that business operations are conducted appropriately.

(1) Company will define matters that subsidiaries must establish and operate as members of the Group, starting with the following items, and will ensure the appropriateness of operations throughout the Group through proper support, oversight, and management by the Company as a holding company.

① The Dentsu Group Code of Conduct was drafted as the standard for acceptable corporate behavior and embraces the entire Group, including subsidiaries. Each subsidiary passes a resolution on the adoption of the Code.

② Subsidiaries will define standards pursuant to the Dentsu Group Code of Conduct, and by resolution of a meeting of the Board of Directors, etc., will ensure compliance and risk management as members of the Group.

③ In addition to receiving periodic reports from subsidiaries concerning the business operations, business results, and other significant matters that may have significant effect on the business operation or business results of the Company, subsidiaries will request advance approval of the Company, consult with the Company, or report to the Company.

④ In order to ensure efficient and appropriate decision-making and business execution of the businesses, the Group Management Team is responsible for the management and oversight of four areas through the Group Executive Management Meeting: (i) Japan, (ii) Americas, (iii) Europe, Middle East and Africa, and (iv) Asia Pacific.

⑤ The Company will enforce the establishment and the operation of the system described in the following on the subsidiaries.

(2) Compliance System for Group Officers and Employees

① The Company's Directors, Executive Officers and other Group Management Team Members, and subsidiaries' Directors and Corporate Officers, must perform their duties appropriately, in accordance with rules such as the Board of Directors' Rules, Rules for the Operation of the Important Committees of the Group, Directors' Rules, Executive Officers' Rules, Group Management Team Members' Rules, and Corporate Officers' Rules.

② If a Director, Executive Officer or other Group Management Team Member of the Company, or a Director or Corporate Officer of a subsidiary, discovers a violation of the prevailing laws or comes across any other serious compliance-related issue, it is imperative that he/she reports it without delay to the Board of Directors or the Important Committees of the Group. The Audit Committee of the Company or Statutory Auditors, the Board of Statutory Auditors, the Audit Committee, or the like of each group company must also be immediately advised of the circumstances.

③ In order to foster a corporate culture of compliance and maintain and improve the Group's compliance systems, the Company's Directors, Executive Officers and other Group Management Team Members shall take the initiative in establishing compliance-related rules, and under the supervision of the Company's Group Management Board, the Group Compliance Committee shall monitor, among other things, the status of compliance, the enhancement of compliance measures, and the response to such measures at each group company.

④ As channels available to the Group Officers and Employees, the Company has set up and properly operates an internal reporting both inside and outside the Group that can be accessed directly as well as a proposal system to respond appropriately in the event a law is broken or some other internal compliance issue arises.

⑤ If the Audit Committee of the Company or a Statutory Auditor, the Board of Statutory Auditors, the Audit Committee, or the like of each group company states opinions on the Company's compliance system or requires steps to improve the system, Directors, Executive Officers and other Group Management Team Members, and Directors and Corporate Officers of subsidiaries, must respond without delay and make the recommended improvements.

⑥ The Company has established a department to facilitate the termination of business relationships with organized crime groups and elements thereof—termed "antisocial forces"—when a link is discovered and to resolutely refuse any and all future transactions. This department functions as the liaison between the affected in-house divisions and the relevant authorities to expedite an appropriate course of action.

(3) Systems to Ensure Efficient Execution of Duties by the Company's Executive Officers and other Group Management Team Members, and the Directors and Corporate Officers of subsidiaries

① In order for the Company's Executive Officers and other Group Management Team Members, and the Directors and Corporate Officers of subsidiaries to carry out their duties efficiently, in addition to meetings of the Board of Directors, the Group Management Board, and the Group Executive Management Meeting, meetings of various committees will be held in order to make decisions on important matters pertaining to management policy and strategy appropriately and expeditiously.

② Items resolved at such meetings are transmitted to all employees through the corporate structure for prompt reflection in the execution of duties. Urgent items are posted on the internal electronic bulletin board in the interest of rapid dissemination.

(4) Storage and Management of Information Related to the Execution of Duties by the Company's Executive Officers and other Group Management Team Members, and Directors and Corporate Officers of subsidiaries

Information concerning the execution of duties by the Company's Executive Officers and other Group Management Team Members, and Directors and Corporate Officers of subsidiaries, is stored and managed appropriately, in accordance with the Company's Documentation Management Rules and Information Management Rules etc.

(5) Risk Management System

① The Company's Executive Officers and other Group Management Team Members establish risk management regulations to minimize risks of future uncertainties that may hinder the achievement of the Group's business objectives, and to take advantage of these as opportunities. The Group Risk Committee performs self-checks with regard to the situation of risk management under the Company's Group Management Board, selects material risks to be handled with priority, and implements risk management based on concrete response plans.

② The response policy for material risks in management and other material items concerning risk management are reported to the Board of Directors and the Audit Committee of the Company or Statutory Auditors, the Board of Statutory Auditors, the Audit Committee, and the like of each group company.

(6) Internal Structure to Support the Audit Committee and their Independent Status

The Company maintains an Audit Committee Office, which consists of employees who assist the Audit Committee in their duties. This office reports directly to the Audit Committee, thereby preserving its independence from Executive Officers and other Group Management Team Members and effectiveness of instructions from the Audit Committee.

(7) System for Reporting to the Audit Committee and Improving Audit Effectiveness

① Policies are in place to define issues that Group Officers and Employees (excluding Directors who are members of the Company's Audit Committee; hereinafter the same in this paragraph) are required to report to the Audit Committee, while at the same time, the system ensures that significant matters that have an impact on the Company's business operations or business results are reported by Group Officers and Employees to the Audit Committee in a certain and prompt manner.

② In the event that the Audit Committee requests information other than that indicated above, Group Officers and Employees and its subsidiaries are still required to respond without delay.

③ It will be ensured that parties who report under the condition of the previous items do not receive harmful treatment as a result of reporting.

④ Pursuant to laws and regulations, a policy will be defined to account for expenses, etc., incurred during the course of execution of duties by the Audit Committee Members, and this information will be disseminated to concerned parties.

⑤ To enhance audit effectiveness, a system will be established to audit the Group as a whole by the audit committees of organizations overseeing Japanese and overseas businesses, respectively, together with the Company's Audit Committee; the Company's Audit Committee will receive reports from such audit committees, and ensure collaboration with the Internal Audit Functions and External Auditors.

(8) System to Ensure Appropriateness of Financial Reporting

① The President and Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Governance Officer (CGO) of the Company, under the supervision of the Board of Directors, shall maintain and continuously improve a system that ensures appropriateness in financial reporting by the Group.

② The Company's departments involved in business activities and subsidiaries shall perform self-checks through the course of day-to-day operations to determine if internal controls are functioning properly, and the subsidiaries shall report the results thereof to the Company.

③ The Internal Audit Office shall monitor the Internal Control System from a perspective free of operational bias to assess the effectiveness of internal controls related to financial reporting.

<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 Internal Control System Management Rules, Risk Management Rules, Document Management Rules, and other internal rules, and has held the Group Management Board 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, based on the Dentsu Group Code of Conduct, which are rules of conduct for the Group's executives and employees, the Group is working to ensure that all members thoroughly understand acts they should conduct and rules they should follow as members of the Group primarily through compliance training on the intranet and e-learning. In addition, 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 target companies are conducting their operations in accordance with the relevant rules, and if there are any issues, we request them to make improvements.
(2) In regard to compliance system, under the Group Management Board, the Group has established the Group Compliance Committee, which enhances the Group's compliance measures and monitors the response to such measures. In FY2022, as Group policies, the Group formulated the bribery prevention policy, legal affairs policy, insider trading policy, and global data protection guidelines and is working to ensure that all members thoroughly understand these policies.

(3) With respect to risk management, according to the Risk Management Rules, Enterprise Risk Management (ERM) is implemented at the Group level, such as (i) identification of risks as uncertain factors in the future that inhibit achieving the management target of the Company, (ii) assessment of the risks identified, (iii) identification of material risks that may have a significant impact on the Company, (iv) formulation of action plans for material risks to minimize risks, and (v) reporting on the progress of measures against material risks. Risk management is an agenda for the Group Management Board, and the Group Risk Committee was established as a meeting organization that deliberates and examines important matters such as the basic policy for risk management in the Group, risk register, and action planning with sponsors (officers). The risk action plans are formulated and implemented groupwide under the leadership of risk sponsors and each specialized department.
(4) With respect to a system that ensures the appropriateness of financial reporting, in response to stipulations of the internal control reporting system set forth in Article 24-4-4 of the Financial Instrument and Exchange Act, the Company formulated a "Basic Plan" stipulating subject companies for evaluation, operation process subject for evaluation, and an evaluation system, etc. in May 2022, following discussion with our accounting auditors. According to the said "Basic Plan", business execution departments and each company in the Group subject to evaluation carry out self-inspection of the operation status of the internal control system in daily operation and report the results of the self-inspection 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 officer 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 officer 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 officer 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 officer 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.

Please see the Figure 4 "Timely disclosure system".

Figure 1

Corporate governance structure

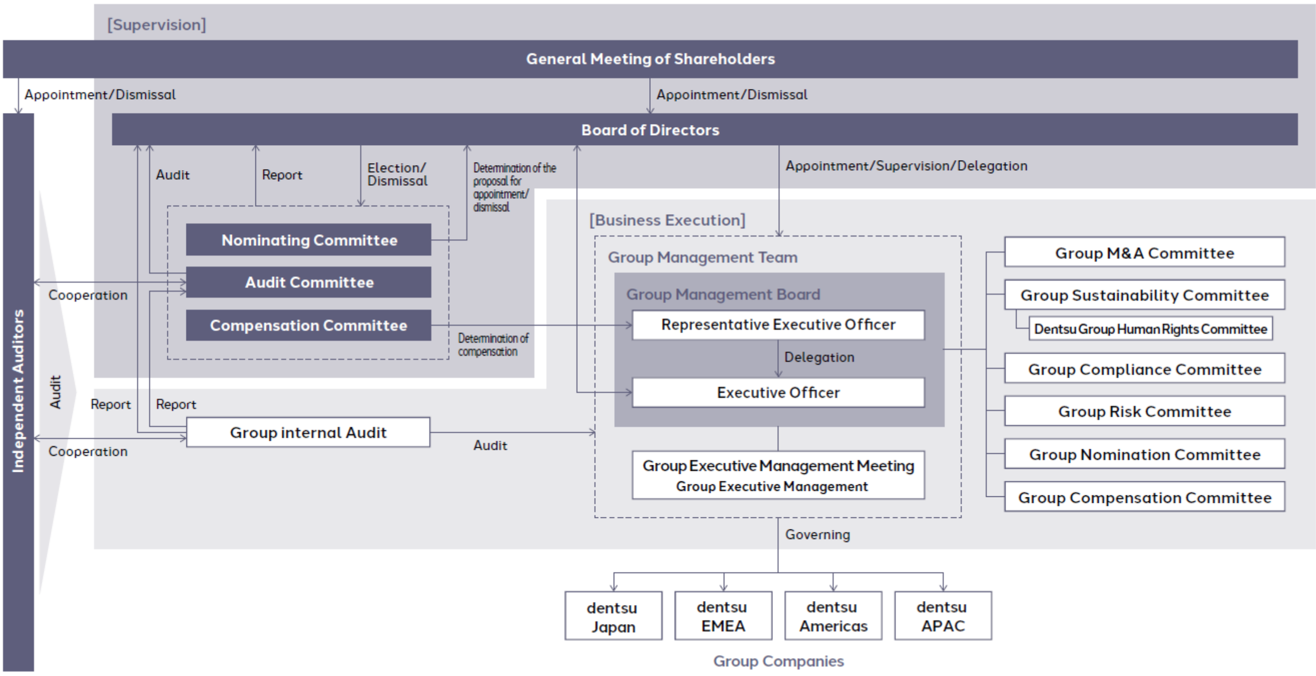


Figure 2

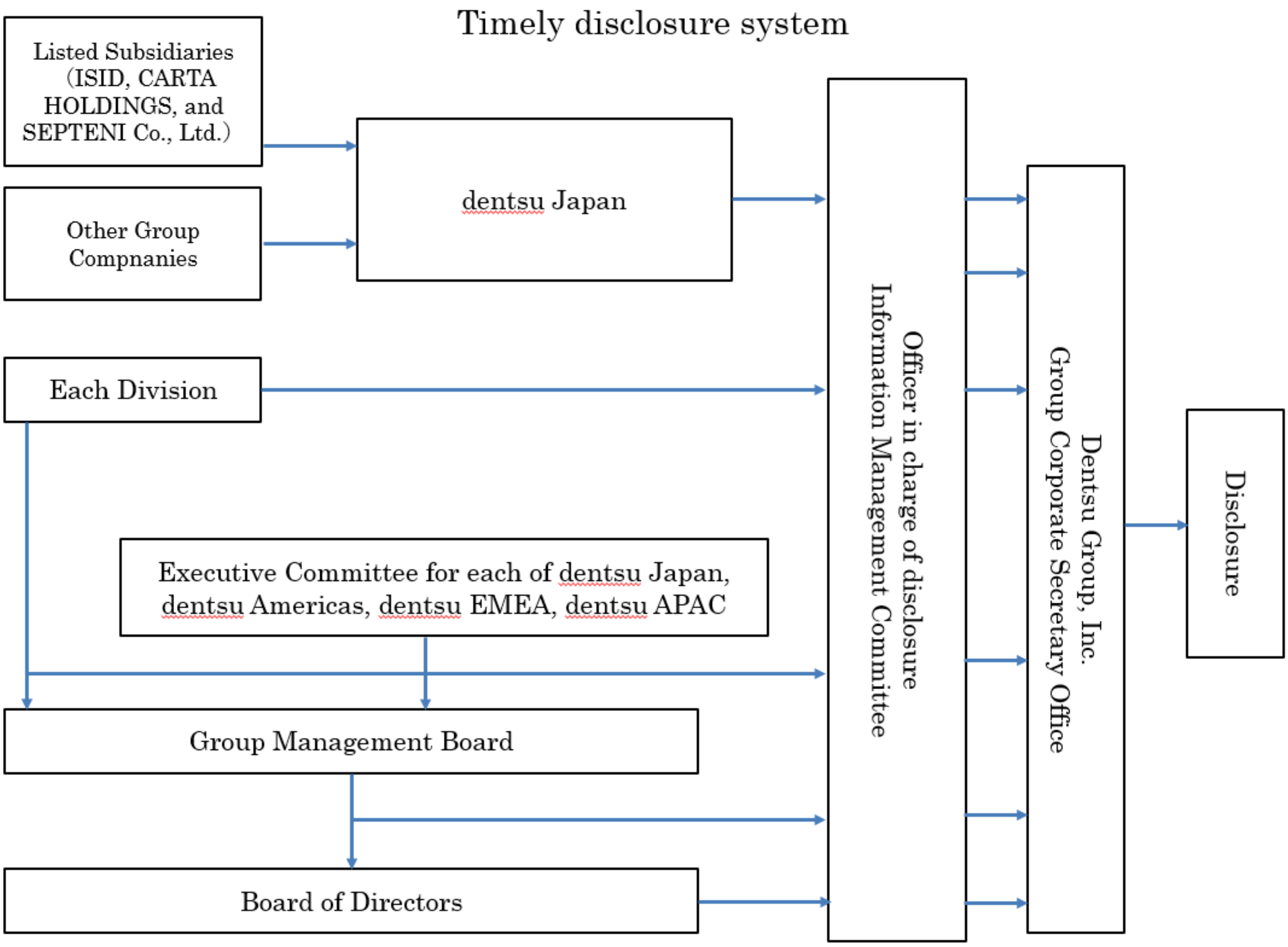
Name	Skills						
	Business Management	Finance /Accounting	Audit	Legal /Compliance	Human Resources	Global Management	Digital Business
Timothy Andree	○					○	○
Hiroshi Igarashi*	○					○	○
Arinobu Soga*	○	○	○			○	
Nick Priday*	○	○	○			○	
Gan Matsui			○	○	○		
Paul Candland	○					○	○
Andrew House	○		○			○	○
Keiichi Sagawa	○	○	○			○	○
Mihoko Sogabe		○	○				
Yuka Matsuda [New Appointment]		○	○	○			

Figure 3

[Reasons for Selection as a Skill Set that will Contribute to the Management Structure and Enhancing Shareholder Value]

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 strengthen the supervisory function of 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 69,000 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


Timely disclosure system
Listed Subsidiaries (ISID, CARTA HOLDINGS, and SEPTENI Co., Ltd.)
Other Group Compnanies
dentsu Japan
Each Division
Executive Committee for each of dentsu Japan, dentsu Americas, dentsu EMEA, dentsu APAC
Group Management Board
Board of Directors
Officer in charge of disclosure
Information Management Committee
Dentsu Group, Inc.
Group Corporate Secretary Office
Disclosure