

## Initiatives aimed at enhancing effectiveness of governance

### Evaluation of the Board's effectiveness

To continuously increase the effectiveness of the Board of Directors, the Company implements an annual survey regarding the effectiveness and appropriateness of corporate supervision by the Board of Directors. Each Director evaluates the effectiveness of the Board of Directors, which, in turn, is analyzed and evaluated by a third-party institution.

The Company confirms the improvements made, aimed at addressing issues identified in the previous fiscal year's survey, as well as new issues and the direction that should be taken. Through analyses and evaluations

undertaken to improve the Board's effectiveness, the Company strives to implement specific measures that make the Board more effective to further strengthen corporate governance.

### Training for Directors and Executive Officers

Directors and Executive Officers are provided with training and ongoing opportunities to acquire the knowledge essential for executing their duties in order to properly fulfill their given roles.

### Specific examples of training

#### Directors and Executive Officers

##### At the time of appointment

- Training on Dentsu Group Inc. management, business and financial strategies, related important matters and laws
- Discussion related to identifying and formulating solutions to Dentsu Group issues

##### After appointment

- Regular study seminars as opportunities to acquire the latest information regarding best practices and megatrend-related issues

#### Outside Directors

##### At the time of appointment

- Explanation of Dentsu Group business, organizational structure

##### After appointment

- Regular provision of information related to business issues

### FY2021 evaluation procedure

As in FY2020, the FY2021 evaluations involved questions, put by an independent third-party institution, that were included on the questionnaire given to all Board members. In light of survey results, interviews were conducted with all Board members. The information gathered was evaluated and examined by a third-party institution, which summarized the findings in a report and explained them to the Board for deliberation at a meeting held in January 2022.

**Effectiveness evaluation** The FY2021 survey covered the following six items; the questionnaire had a total of 34 questions in six categories, as follows.

1. Strategic alignment and engagement (management strategy, capital policy, business portfolio review, ESG responses, business risks, dialogue with shareholders, etc.). (Twelve questions)
2. Board structure and composition (succession plan, skill sets, etc.). (Three questions)
3. Board processes and practices (Board management, deliberation themes, training, etc.). (Eight questions)
4. Management supervisory functions (risk management, global governance system, governance systems of listed subsidiaries). (Seven questions)
5. Board culture and dynamics. (Two questions)
6. Supervisory function (Audit and Supervisory Committee members only). (Two questions)

### Evaluation procedure

#### 1. Questionnaire (all Directors)

Questionnaire answered prior to interview



#### 2. Interview by a third-party (all Directors)

Interviews conducted to obtain candid opinions while ensuring anonymity



#### 3. Exchange of views and opinions (all Directors)

Meetings held to exchange views and opinions among all Directors on the issues identified through the questionnaire and interviews with the presence of a third-party institution

### FY2020 issues and FY2021 progress

Based on matters identified as issues in the FY2020 analysis and evaluation, a medium-term management plan was announced in February 2021. ESG targets were included in the plan, and a Sustainable Business Board was set up that March.

In November of that year, the Company announced changes to its management system aimed at realizing sustainable growth through transformation. Since having received approval of the changes at the Ordinary General Meeting of Shareholders in March 2022, the Board has become more international and diverse, as is appropriate for a global organization.

### Suggestions and actions for improvement

After announcing its medium-term management plan in February 2021, the

Company held discussions to further improve the Board's effectiveness. As a result, three measures were identified. By addressing these, the Company hopes to increase the Board's effectiveness and strengthen corporate governance.

**Measure I.** Improvement of the long-term vision and management strategy that underpin the corporate governance system and supporting structure.

- There will be a timely and appropriate review of our long-term vision and management strategy—based on changes in the environment surrounding the Company, and the implementation of measures to improve corporate value—to allow the flexible revision of the organizational structure and governance system that support our vision and strategy
- Measures II. and III. below will be promoted to encourage discussion of our long-term vision and management strategies

**Measure II.** Inclusion of shareholder and ESG perspectives in Board discussions.

- We will focus on the progress of our medium-term management plan from shareholder and ESG perspectives, while strengthening monitoring by the Board and committees

**Measure III.** Boost Board management (to improve monitoring).

- Make sure there is sufficient opportunity and enough time for the discussion of agenda items related to supervision through closer examination of the above measures
- Enhance meeting materials among other efforts to clarify issues at Board meetings