

A woman with blonde hair tied back, wearing black-rimmed glasses and a dark floral-patterned sleeveless top, is seated at a table in a bright, modern cafe. She is looking towards a man whose back is to the camera in the foreground. The man is wearing a dark blue jacket. The cafe has large windows, a hanging plant with purple flowers, and several tables with blue and orange accents. The text '07 Governance' is overlaid on a white rectangular box in the center of the image.

07 Governance



CHAIRMAN MESSAGE

Tim Andree
Chairman of the Board

Continued enhancements for good governance to create value for all

Dentsu has made significant progress in the past three years on corporate governance, business performance, clarification of long-term strategy, enhancement in diversity of management and advancing ESG credentials.

I assumed the position of non-executive Chairman of the Board in March 2022 following a 16-year executive career with dentsu. At dentsu, my focus has been to increase our corporate value to shareholders by concurrently enhancing our value to society, clients, employees and other stakeholders to create sustainable benefits for all.

Dentsu has taken a number of steps to deliver on these objectives through our approach to governance. It is our intention to lean into the changes in Japan's Corporate Governance Code and take a leading position consistent with the best global practices.

- Following the appointment of Hiroshi Igarashi as CEO of Dentsu Group Inc. in January 2022, we separated the role of Chairman of the Board from the Group CEO's remit in March.
- We welcomed four new independent outside directors to our Board in 2022 to pursue the most experienced, diverse and international Board in our history. The Board's "skill matrix" is extensive and serves well to provide oversight, guidance, counsel, and direction.
- In November 2022, we announced creation of the new role, Chief Governance Officer, to enhance governance and compliance throughout the Group.
- At the Annual General Meeting of Shareholders in March 2023, six of the ten directors appointed by shareholders were independent, making a majority independent Board for the first time. Also, the shareholders approved the proposal for a shift of our governance structure to the more global practice of

three separate committees: Nominating, Audit and Compensation. These are statutory committees, chaired by independent directors with each committee holding an independent majority membership.

These significant enhancements to governance are indeed timely given the concerns that have been raised from all stakeholders regarding the investigation of Dentsu Group Inc. for alleged violation of the Japanese Antimonopoly Act related to the Tokyo 2020 Olympic and Paralympics test events bidding. The Board acted swiftly to address these concerns surrounding the Group, establishing the Special Committee, chaired by Gan Matsui, Director, Audit Committee Chairman. The investigation into the alleged incident has been fully separated from management. The Investigation and Review Committee, formed by outside experts, investigated the current case, determined the facts and causes, and made recommendations for the future to the Special Committee. The Board takes the situation seriously, sharing the learnings of the investigation transparently, and communicating the countermeasures being implemented (for details, please click [here](#)).

On behalf of our entire Board, I want to assure all stakeholders that the significant changes to governance we have taken at the Board level, executive level, and throughout the Group demonstrate a sincere embrace of best practices in terms of compliance, risk management, transparency, and ethical decision-making. It is an honor to be in this role, and we recognize our clear responsibilities to the shareholders by committing ourselves to be good stewards of your investment. This in turn will make us responsible citizens of the society where we operate, good for our employees, and committed partners of clients.

Messages from outside directors



Challenges for the 2nd year

Overseeing a further reinvention of dentsu's organization, governance, and culture

Andrew House

Independent Outside Director

The first year for the new dentsu Board has focused on areas key to the Group's future success. These have been: shifting the organization to a truly global, integrated player under the One dentsu initiative while also moving toward a different practices of global governance and finally shifting the culture toward that of societal contribution and responsibility. Important initial steps have been taken but it is now critical that the Board hold management accountable for fulfilling the promise. A continuation of the current frank, challenging and constructive dialogue between management and the non-executive directors will be essential. Finally, in light of recent events, compliance will need to be a fundamental element of the new dentsu culture and the outside directors are committed to ensuring this is accomplished.



Thoughts upon taking office

Meeting society's expectations and contributing to dentsu's development by deepening discussions with various stakeholders

Yuka Matsuda

Independent Outside Director

I joined dentsu in March 2023 as a newly appointed director. Since then, the purpose of dentsu, namely, "an invitation to the never before." has become my own. I see great potential in dentsu, as it promotes social development through new ideas and solutions.

Over the past several years, the Group has been engaged in business transformation, structural reform, and governance enhancement, yet Group-wide governance and compliance remain important issues. Thus, I will monitor the Group to ensure it meets the expectations of society at large. I plan to contribute to the Group's sustainable growth, both from the perspective of my area of expertise, as well as through discussions involving directors with other backgrounds, and by listening to stakeholder opinions.



Corporate governance structure

As a corporate group of “B2B2S (Business to Business to Society)” that resolves social issues through client businesses, dentsu will strive to maximize corporate value for all stakeholders, including shareholders, investors, clients, partners, employees, and consumers.

In pursuit of the Group’s Medium-term Management Plan, which was launched in February 2021 and updated in February 2022, and to further strengthen our corporate governance, Dentsu Group Inc. (the Company) transitioned to a company with three committees (nominating, audit, and compensation) after approval for amendments to the Articles of Incorporation at the 174th Ordinary General Meeting of Shareholders, held on March 30, 2023.

The Company promotes swift and decisive management decisions by transferring authority regarding certain matters from the Board of Directors to executive officers. This strengthens the supervisory function provided by the Board of Directors, which is composed of a majority of independent outside directors, and enhances the effectiveness of auditing and internal control, in an attempt to enhance corporate value.

Under this system, the Company realizes effective corporate governance based on the following basic policy in order to fulfill its responsibilities to its stakeholders to ensure sustainable growth, and enhance its corporate value over the medium and long term.

Corporate governance basic policy

The Company’s basic policy is designed to:

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

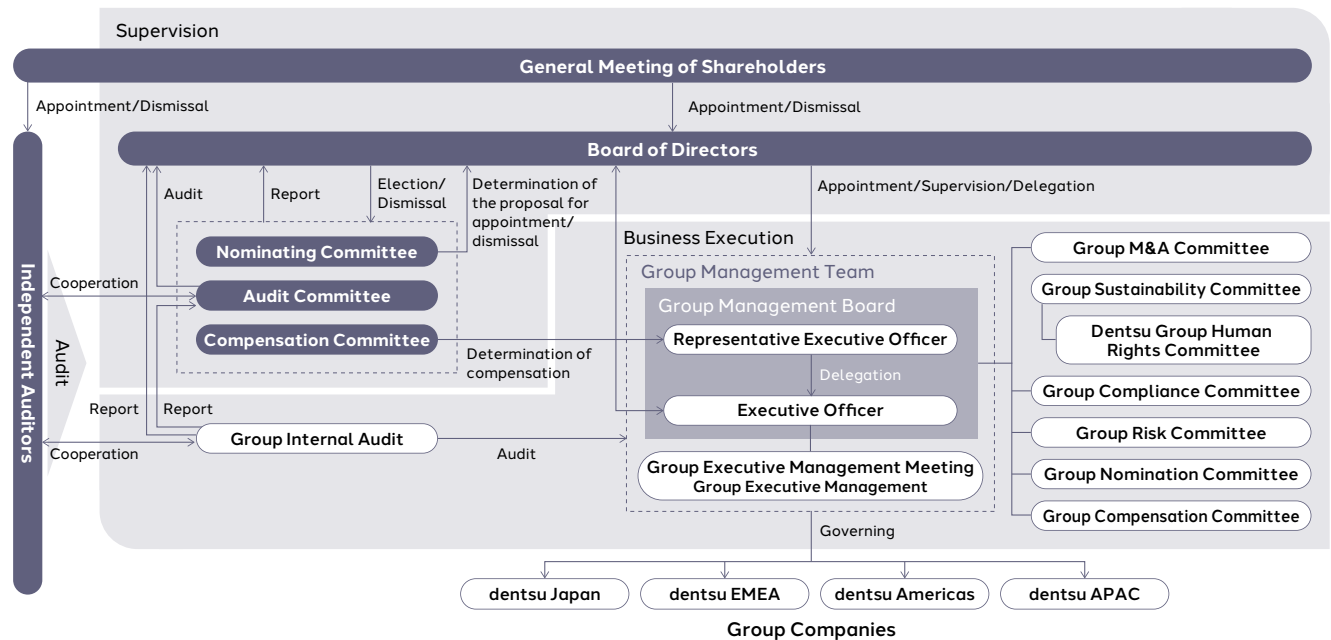
To strengthen the supervisory function of the Board of Directors, and further enhance its transparency, the

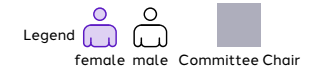
Company is operating with below boards and committees from 2023.

Board of Directors

As well as exercising a supervisory function over business execution, the Board of Directors determines core management matters for the Group, such as the establishment of management strategy, important management issues, and appointment of executive officers. At present, the Board of Directors chaired by a non-executive director is composed of 10 directors, including six independent outside directors. The members are selected based on the consideration of a balance of factors such as experience, insight, abilities, and diversity in terms of

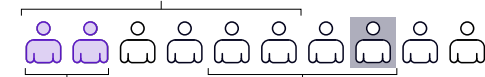
Corporate governance structure





gender, nationality, career, and age.

Independent outside directors: 6 members (60%)



Female directors: 2 members (20%)
Non-Japanese directors: 4 members (40%)

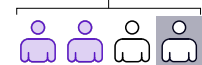
Main agenda items of the Board (met 15 times in 2022)

- Long-term vision, management strategies
- Transition to the One Management Team, changes to organizational design
- Compliance, risk management, internal control
- Business competitiveness and talent management
- ESG and Sustainability
- Geopolitical risks

Audit Committee

The Audit Committee is responsible for auditing the execution of duties by directors and executive officers; producing audit reports; drafting resolutions for submission to general meetings of shareholders regarding the nomination, dismissal, and reappointment of an accounting firm; as well as other duties stipulated by laws and the Company's Articles of Incorporation. The committee is composed of four directors, who are all independent outside directors.

Independent outside directors: 4 members (100%)



Female directors: 2 members (50%)

Main agenda items of the Audit and Supervisory Committee (met 16 times in 2022)

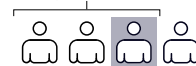
- Status of establishment and implementation of internal control systems
- Assessment of internal audit and Group companies' audit status

- Appropriateness of accounting auditor's audit, adequacy of one's compensation, evaluation, and reappointment

Nominating Committee

The Nominating Committee is responsible for nominating candidates for director and executive positions, as well as deliberating and deciding on succession plans for the representative executive officer. The committee, the majority of which is composed of independent outside directors, is composed of four directors, and has an independent outside director as its chair.

Independent outside directors: 3 members (75%)



Non-Japanese directors: 1 member (25%)

Main agenda items of the Nomination Advisory Committee (met 6 times in 2022)

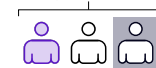
- Role and operating policy of the Nomination Advisory Committee
- Reporting concerning nomination and succession planning policies
- Reporting concerning the Group business execution system for 2023

Compensation Committee

The Compensation Committee is responsible for determining policies for the compensation of directors and executive officers, as well as details of the compensation.

The committee is composed of three directors, who are all independent outside directors.

Independent outside directors: 3 members (100%)



Non-Japanese directors: 2 members (67%)
Female directors: 1 member (33%)

Main agenda items of the Compensation Advisory Committee (met 7 times in 2022)

- Role and operating policy of the Compensation Advisory Committee
- Review of executive evaluation indicators and design of the evaluation process
- Reporting concerning the executive compensation system and compensation levels
- Reporting on proposals for compensation for individual directors and executive officers

Other boards and committees related to the execution of business

Group Management Board

Under the Board of Directors, this has been set up to discuss important matters not addressed by the Board—or to be decided later by the Board—as well as the Group's key management issues. It is composed of Group Management Team members inclusive of executive directors.

Group Executive Management Meeting

Under the Group Management Board, it formulates and implements the Group's management strategies (business, finance, human resource and ESG). It is composed of Group Executive Management members who, as members of the Group Management Team, are responsible for business execution.

Effectiveness of governance

Evaluating the Board's effectiveness

In order to continuously enhance the effectiveness of the Board of Directors, the Company conducts an evaluation by all directors, and a third-party organization analyzes and evaluates it. 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.

Evaluation method for 2022

(i) Surveys (for all directors)

Surveys were conducted prior to interviews

(ii) Third-party interviews

(for all directors and some executive officers)
Interviews were conducted to obtain candid opinions while ensuring anonymity

(iii) Opinion exchange meeting (for all directors)

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

Methodology for evaluating effectiveness in 2022

For the 2022 evaluation, as in 2021, 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.

Key topics in the survey and interviews in 2022

*Items in the survey (8 items, 46 questions)

- 1 Strategic alignment and engagement (management strategy, capital policy, business portfolio review, ESG response, business risk, dialogue with shareholders, etc.) (13 questions)
- 2 Composition and structure of the Board of Directors (succession plan, skill set, etc.) (4 questions)
- 3 Board of Directors' process and practices (board management, organizational design, discussion topics, training, etc.) (9 questions)
- 4 Management supervisory functions (monitoring business activities, risk management, global governance system) (9 questions)
- 5 Board culture and dynamics (3 questions)
- 6 Audit and Supervisory Committee (4 questions)
- 7 Issues from the 2021 effectiveness evaluation (3 questions)
- 8 Other (1 question)

Issues from 2021 and progress for 2022

(i) Promote continuous improvement of the long-term vision and management strategies and the governance system to support them under the new management structure
Effective discussion by the Board of Directors was further enhanced under a system including highly diverse members with new insight. Deep-dive sessions outside of formal Board of Directors meetings which were joined by executive officers were held in August 2022, featuring constructive discussion and consideration regarding the long-term vision and strategies.

(ii) Enhance discussions at the Board of Directors meetings to incorporate shareholder and ESG perspectives (enhance the monitoring of the Medium-term Management Plan)

The Board of Directors is effectively monitoring progress and implementation of the Medium-term Management Plan. At the same time, there is an understanding that further improvement is to be brought by a clear consensus among all directors regarding what kind of "shareholder and ESG perspectives" should be brought in monitoring.

(iii) 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.

Efforts for improvement in the future

As a result of the 2022 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

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

(ii) Establishment of common frameworks for effective monitoring

- Reconfirm specific frameworks for monitoring by the Board of Directors from the perspectives of shareholders and ESG

- Deepen analysis and consideration of the business portfolio and hold effective discussions on financial targets, efficient allocation of management resources, and strengthening global competitiveness

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

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

(iv) Consideration regarding changes to organizational design

Consider changes to organizational design to transition to a company with three committees from the perspectives of facilitating an even more effective supervisory function and making the organization easier for stakeholders to understand

Results of initiatives in 2022 to improve the effectiveness of the Board of Directors

Feb. 2022: Updated the Dentsu Group Medium-term Management Plan, proposed the new management policy “B2B2S,” and further specified the strategies and targets of the Medium-term Management Plan

Mar. 2022: Renewed the structure of the Board of Directors, separating the roles of chairperson of the board (non-executive director) and CEO

Aug. 2022: Held a full day meeting of directors and executive officers concerning the long-term vision and strategies

Sep. 2022: Announced the transition to the new global management structure, “One Management Team” (effective January 1, 2023)

Nov. 2022: Announced the management structure for 2023, “Group Management Team,” which leads the One Management Team (effective January 1, 2023)

Feb. 2023: Discussed key agenda and formulated annual agenda of the Board of Directors at deep-dive sessions outside of formal Board of Directors meetings

Mar. 2023: Transitioned to a company with three committees

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. Specifically, when outside directors are appointed, they are given an explanation of dentsu’s business and organizational structure and are regularly provided with information pertaining to business issues and other related matters after their appointment. For the Group Management Team, occasions for discussion related to identifying and formulating solutions to dentsu issues are facilitated, in addition to continuously providing them with compliance and other necessary training programs.

Executive compensation policy / Strategic shareholdings

Policy for determining the amount of compensation and calculation methods

(1) Basic policy on determining compensation

The Company determines the compensation for directors and executive officers (“officers” in this section) (for executive officers who are members of the Group Management Team, this includes compensation as a member of the Group Management Team) as follows:

- Implement a globally competitive compensation system and compensation levels
- Implement a compensation system based on management performance and results. Ensure a balance between fixed compensation and variable compensation

(2) Compensation system

Compensation of executive officers (including those concurrently serving as directors) is composed of basic annual salary, annual bonus, and performance-based stock compensation. However, the Company may make monetary payments in the amount equivalent to all performance-based stock compensation to executive officers who reside outside of Japan and do not hold securities accounts for managing listed shares in Japan.

The Company provides outside directors and those inside directors not concurrently serving as executive officers only with a basic annual salary as director compensation which is a fixed amount set according to each director’s duties, as set forth in the Company’s Officers Compensation Rules.

Compensation overview

Category	Type	Details
Fixed compensation	Monetary compensation	<ul style="list-style-type: none"> Basic annual salary <ul style="list-style-type: none"> • Regular fixed amount, paid each month • Amount is set as officers compensation Annual bonus <ul style="list-style-type: none"> • Based on numerical values of indicators for each fiscal year
	Stock compensation	<ul style="list-style-type: none"> Performance-based stock compensation <ul style="list-style-type: none"> • The Company’s stock is awarded, through a trust, in amounts reflecting the number of units allocated on a specific date each fiscal year, and adjusted after three years based on the performance indicator targets reached

Compensation levels

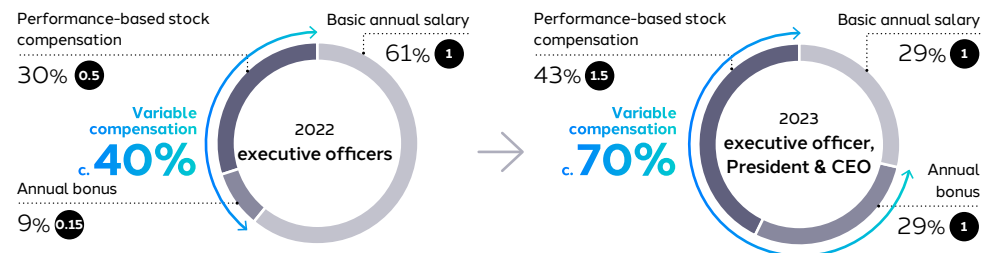
To secure globally talented management personnel, the Company sets compensation levels of basic annual salaries for executive officers according to the size of responsibility and roles, utilizing a specialized external agency and with reference to compensation market survey data, including those from companies with a similar market capitalization in Japan and global advertising companies^{*1}.

*1: WPP plc, Omnicom Group Inc., Publicis Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., and Hakuholdo DY Holdings Inc., etc.

Revision of compensation system

In 2023, the Company transitioned to a global management structure with the Group Management Team and a company with three committees, and announced its aim to accelerate business transformation and achieve more sophisticated management. In this context, executive officers are responsible to be fully conscious of the Company’s social significance and realize high performance and corporate value, over the medium and long term. Therefore, the level and performance indicators are reviewed to strengthen the performance linkage and the incentives for increasing corporate value compared to the prior system.

Compensation overview



Note: The diagram shows the final composition of annual compensation as executive officers, assuming that all targets have been accomplished. Percentages are rounded to the first decimal place.

Increasing performance linkage

With importance on business performance and enhancement of corporate value over the medium and long term, the ratio of basic annual salary to annual bonus to performance-based stock compensation in the case of the President & CEO is set at approximately 1:1:1.5. The ratio set for other executive officers is based on their global management responsibilities.

(3) Performance-based compensation structure

i. Objective of setting indicators

For each type of performance-based compensation, the Company has specified performance indicators and calculation methods to motivate executive officers to promote business transformation and growth strategies, work to maximize corporate value, and fulfill the Group's purpose: "an invitation to the never before."

Performance-based compensation structure

Compensation	Performance Indicator	Details and Objective	
Performance-based stock compensation	Total Shareholder Return (TSR) vs. peer group	Increase the Company's stock price and share profits with shareholders	Maximize corporate value
	Total Shareholder Return (TSR) including dividends vs. Tokyo Stock Exchange Stock Price Index (TOPIX)		
	Consolidated underlying operating income compound annual growth rate (CAGR)	Sustainable profit growth	
Annual bonus	Operating margin, Organic growth rate	Expand business revenues and growth in each fiscal year	"an invitation to the never before."
	Individual performance evaluation	Promote business transformation	
	Non-financial indicators	Implement ESG and sustainability-related initiatives	

Empowerment through individual performance evaluations

Under One dentsu, the diverse Group Management Team is spearheading business transformation. Toward this end, an individual performance evaluation was introduced in 2023 to empower executive officers by setting management issues for each and evaluating the degree to which these are resolved.

The Compensation Committee, meanwhile, discusses goal setting and evaluations with the aim of improving governance.

People-centered transformation

The Company began using non-financial performance indicators for the annual bonus in 2022. While stressing people-centered transformation, the Company sets important quantitative targets: to invest in human capitals; promote DEI; and carry out initiatives to build a sustainable world.

ii. Annual bonus

$$\text{Annual bonus} = \text{Base amount for each executive officer (Range of 100 to 170\% of one's annual salary)} \times \text{Indicator of annual bonus (Range of 0 to 200\%)}$$

The amount paid is determined between 0 to 200% of the base amount set for each executive officer, depending on the performance of the indicator.

2022 targets and results

Performance Indicator	Target	Actuals	Ratio
Consolidated underlying operating profit	189.9 billion yen	203.1 billion yen	90%
Consolidated underlying operating profit of the Japan businesses	104.9 billion yen	105.6 billion yen	
Employee engagement score (points)	DJN ^{*2} 63; Upper limit target 65 DI ^{*2} 70; Upper limit target 72	60 71	
Proportion of female managers (%)	Consolidated 17.0 Upper limit target 17.4	18.1 ^{*3}	10%
CO ₂ emissions (scope 1 + 2) (tCO ₂ e)	Consolidated 29,202 Upper limit target 28,706	16,039 ^{*3}	

*2: DJN: Dentsu Japan Network, DI: Dentsu International

*3: Preliminary unaudited figures disclosed in the Notice of Convocation of the 174th Ordinary General Meeting of Shareholders were used to determine the bonus amount.

Note: Depending on the responsibilities of an officer eligible for a bonus, the underlying operating profit of either the consolidated or Japan business is used as the performance indicator.

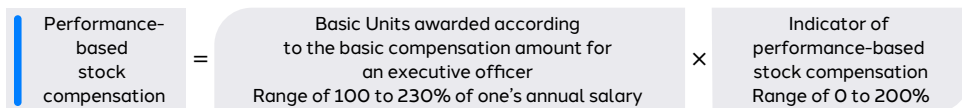
Financial performance indicators revision: Individual performance evaluations introduced

2023 targets

Performance Indicator	Target	Ratio
Operating margin (%)	17.5; Upper limit 20.1	35%
Organic growth rate (%)	4.7; Upper limit 8.0	35%
Individual performance evaluation	Management targets set to each executive officer	20%
Employee engagement score (points)	69; Upper limit 70	
Proportion of female Leaders ^{*4} (%)	32.5; Upper limit 34.2	10%
CO ₂ emissions (scope 1 + 2) (tCO ₂ e)	28,256; Upper limit 25,404	

*4: "Leaders" are directors and executives of the companies across the Group.

iii. Performance based stock compensation (medium- to long-term bonus)



A number of units are granted, in line with the Basic Units set for each executive officer, and then adjusted over a three-year period within a range of 0 to 200%, based on performance indicator target attainment. The Company's stock and equivalent monetary amount (in equal amounts, as a rule) are awarded through a trust in an amount commensurate with the adjusted number of units.

Performance evaluation period: 2022–2024

Performance Indicator	Target	Ratio
Total shareholder return (TSR)	Vs. Tokyo Stock Price Index (TOPIX) including dividends 100%; Upper limit 110%	30%
	Vs. average TSR for peer group 100%; Upper limit 110%	20%
Consolidated underlying operating profit	Compound annual growth rate (CAGR) 7.5%; Upper limit 11.5%	50%

Note: Results for each of the three performance indicators are not given because three fiscal years have not yet passed.

Composition revised for TSR compared with peer group companies, more ambitious upper limit target set

Performance evaluation period: 2023–2025

Performance Indicator	Target	Ratio
Total shareholder return (TSR)	Vs. Tokyo Stock Price Index (TOPIX) including dividends 100%; Upper limit 150%	20%
	Vs. average TSR of 2nd and 3rd highest companies in the peer group Upper limit average of 1st and 2nd companies	30%
Consolidated underlying operating profit	Compound annual growth rate (CAGR) 8.0%; Upper limit 10.5%	50%

Total shareholder return vs. that of peer companies

A peer group of six companies has been selected, comprising WPP plc, Omnicom Group Inc., Publicis Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., Accenture PLC, and Hakuhodo DY Holdings Inc., which are competitors of the Group.

(4) Compensation determination

Supervision enhancement by the Compensation Committee

Following approval at the 174th Ordinary General Meeting of Shareholders in 2023, the Company amended its Articles of Incorporation accordingly and transitioned to a company with three committees. Effective from that time, matters concerning the compensation of officers are being decided by the Company's new Compensation Committee.

Outside directors have been appointed as members and chair of this committee to make its deliberations and decisions more objective, and strengthen its supervision of business execution.

Malus and clawback clauses

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 of some or all of the 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.

Policy on the disposal of strategic shareholdings and actual reductions

The Company's basic policy regarding so-called strategic shareholdings is to validate whether shareholdings are meaningful from perspectives such as whether the benefits of holding the shares are higher than the Company's anticipated cost of capital, and whether the stock ownership contributes to the maintenance and enhancement of the business relationship with the investee company and the promotion of collaboration, and to reduce individual shareholdings where they are not deemed meaningful.

Each year, the Board of Directors examines the purpose and economic rationale for each and every strategic shareholding from a medium- to long-term perspective, and assesses the appropriateness of continuing to hold each stock. In 2022, the Company sold 15 strategic shareholdings with a total value of approximately 23.0 billion yen in accordance with this policy. As of December 31, 2022, the ratio of the amount of strategic shareholdings on the balance sheet to the Company's total equity was 8.8%.

Board members

Tim Andree

Director, Chairman of the Board

March 2002	Senior Vice President, Communications & Marketing, The National Basketball Association
December 2005	CCO (Chief Communication Officer), BASF Corporation
May 2006	CEO, Dentsu America, LLC.
June 2008	Executive Officer, Dentsu Inc.
November 2008	President & CEO, Dentsu Holdings USA, LLC.
June 2013	Director, Executive Vice President, Dentsu Inc.
January 2020	Director, Executive Vice President, Dentsu Group Inc.
September 2020	Executive Chairman, Dentsu International Limited
March 2021	Representative Director, Executive Vice President, Dentsu Group Inc.
March 2022	Director, Chairman of the Board, Dentsu Group Inc. (current)

Hiroshi Igarashi

Director, Representative Executive Officer, President & CEO

April 1984	Joined Dentsu Inc.
April 2013	Managing Director, Account Management Division, Dentsu Inc.
January 2017	Executive Officer, Dentsu Inc.
March 2018	Director, Executive Officer, Dentsu Inc.
January 2020	Representative Director, President and CEO, Dentsu Inc.
January 2022	Director, President and CEO, Dentsu Group Inc. Representative Director, Dentsu Inc.
March 2022	Representative Director, President & CEO, Dentsu Group Inc.
March 2023	Director, Representative Executive Officer, President & CEO, Dentsu Group Inc. (current)

Arinobu Soga

Director, Representative Executive Officer,
Executive Vice President & Chief Governance Officer

April 1988	Joined Dentsu Inc.
June 2015	Managing Director, Finance & Accounting Division, Dentsu Inc.
January 2017	Executive Officer, Managing Director, Corporate Strategy Division, Dentsu Inc.
March 2017	Director, Executive Officer, Dentsu Inc.
January 2022	Director, Executive Vice President & CFO, Dentsu Group Inc.
March 2022	Representative Director, Executive Vice President & CFO, Dentsu Group Inc.
January 2023	Representative Director, Executive Vice President & Chief Governance Officer, Dentsu Group Inc.
March 2023	Director, Representative Executive Officer, Executive Vice President & Chief Governance Officer, Dentsu Group Inc. (current)

Nick Priday

Director, Executive Officer, CFO

August 1996	Audit manager, Ernst & Young
August 2003	Director, Aegis Group plc
September 2009	CFO, Aegis Group plc
April 2013	CFO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited)
January 2018	Executive Officer, Dentsu Inc.
March 2020	Director, Executive Officer, Dentsu Group Inc.
January 2023	Director, Executive Officer, CFO, Dentsu Group Inc. (current)

Gan Matsui

Outside Director

April 1980	Graduated from the Legal Training and Research Institute of Japan, the Supreme Court
October 2007	Prosecutor, Otsu District Public Prosecutors Office
July 2009	Deputy Prosecutor of the Nagoya High Public Prosecutors Office
October 2010	Deputy Prosecutor of Osaka High Public Prosecutors Office
June 2012	Director-General of Criminal Affairs Department of Supreme Public Prosecutors Office
January 2014	Chief Prosecutor, Yokohama District Prosecutors Office
January 2015	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
September 2016	Retired public prosecutor
November 2016	Registered as an attorney at law (Tokyo Bar Association) Yaesu General Law Office (current)
February 2017	Chairman of the Independent Advisory Committee on Labor Environment Reform, Dentsu Inc.
June 2017	Outside Corporate Auditor, Orient Corporation
June 2018	Outside Director, member of the audit and supervisory committee, Globberide, Inc. (current) Outside Corporate Auditor, Totetsu Kogyo Co. (current) Outside Corporate Auditor, Nagase & Co., Ltd. (current)
March 2020	Outside Director who is not a member of the Audit and Supervisory Committee, Dentsu Group Inc.
March 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
June 2022	Outside Director (Audit and Supervisory Committee Member), Orient Corporation (current)
March 2023	Outside Director, Dentsu Group Inc. (current)

Paul Candland

Outside Director

June 1985	Joined Owens Corning Corporation
April 1987	Joined PepsiCO, Inc.
November 1994	President, Okinawa pepsi-Cola, Inc.
April 1998	Representative, Japan Branch, PepsiCo International Ltd.
November 1998	Representative Director and General Manager, The Disney Store Japan, Inc.
April 2002	Managing Director, Walt Disney Television International Japan of The Walt Disney Company (Japan) Ltd.
June 2007	Representative Director, President, The Walt Disney Company (Japan) Ltd.
July 2014	President of The Walt Disney Company, Asia
September 2018	Managing Director, PMC Partners Co., Ltd.
June 2019	Outside Director, YAMAHA CORPORATION (current)
September 2019	CEO, Age of Learning, Inc.
November 2021	CEO, Age of Learning Japan, Inc.
March 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
March 2023	Outside Director, Dentsu Group Inc. (current)

Andrew House

Outside Director

October 1990	Joined Sony Corporation
October 2005	Group executive and chief marketing officer, Sony Corporation
September 2011	Group executive, president and Global CEO, Sony Computer Entertainment
April 2016	EVP, President and global CEO, Sony interactive Entertainment
October 2017	EVP and Chairman, Sony Interactive Entertainment
April 2018	Strategic advisor, Intelity (current)
October 2018	Executive mentor, The Exco Group (current)
June 2019	Outside director, Nissan Motor CO., Ltd. (current)
May 2021	Non-Executive Director, Nordic Entertainment Group AB (currently Viaplay Group AB) (current)
March 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
March 2023	Outside Director, Dentsu Group Inc. (current)

Keiichi Sagawa

Outside Director

April 1988	Joined Recruit Holdings Co., Ltd.
April 2006	Corporate Executive officer in charge of Corporate Strategy Office
June 2011	Board Director and Corporate Executive Officer in charge of Accounting, Finance, Legal Affairs, General Affairs, Investment Management, Corporate Communication and Compliance
April 2013	Board Director and Managing Corporate Executive Officer in charge of Administration
April 2016	Board Director and Senior Managing Corporate Executive Officer in charge of Finance
April 2017	Board Director and Senior Managing Corporate Executive Officer in charge of Finance and Administration
May 2017	Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) and Administration (CRO)
April 2019	Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) Advisor
June 2020	Outside director, GIMIC CO., LTD. (current)
January 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
March 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
March 2023	Outside Director, Dentsu Group Inc. (current)

Mihoko Sogabe

Outside Director

April 1992	Joined Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)
April 2001	Asahi Audit Corporation (currently KPMG AZSA LLC)
May 2005	Registered as a CPA
May 2018	Resigned from KPMG AZSA LLC
June 2018	Outside director, Nikko Asset Management Co., Ltd. Auditor, Japan Kogei Association (current) Representative, Sogabe Certified Public Accountant Office (current)
June 2019	Outside director (Audit and Supervisory Committee member), Nikko Asset Management Co., Ltd. (current)
July 2020	Outside auditor, SoleBrain, Co., Ltd. (current)
April 2021	Outside director (Audit and Supervisory Committee member), Mitsui DM Sugar Holdings Co., Ltd. (current)
March 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
March 2023	Outside Director, Dentsu Group Inc. (current)






Yuka Matsuda

Outside Director






April 1985	Joined Citibank. N.A., Tokyo Branch
October 1991	Joined Chuo Shinko Audit Corporation
October 1992	Joined Coopers & Lybrand International Taxation Office
April 1995	Registered as a CPA
April 1999	Registered as a tax accountant
July 2014	Director, PwC Tax Japan
June 2021	Representative, Matsuda Yuka CPA and Tax Accounting Office (current)
July 2021	Outside Corporate Auditor, DKK Co., Ltd. (current)
June 2022	Outside Corporate Auditor, Mitsubishi Steel Mfg. Co., Ltd. (current)
July 2022	Supervisory Officer, Nochu JAML REIT Investment Corporation (current)
March 2023	Outside Director, Dentsu Group Inc. (current)

Board members skills matrix

● Responsibilities and attributes ○ Skill

	Official position	Business execution	Non-executive	Business management	Finance / Accounting	Audit	Legal / Compliance	Human resources	Global management	Digital business
 Tim Andree	Director, Chairman of the Board		●	○					○	○
 Hiroshi Igarashi	Nominating Director, Representative Executive Officer	●		○					○	○
 Arinobu Soga	Director, Representative Executive Officer	●		○	○	○			○	
 Nick Priday	Director, Executive Officer	●		○	○	○			○	
 Gan Matsui	Independent Outside Audit, Chair Nominating Director		●			○	○	○		

● Responsibilities and attributes ○ Skill

	Official position	Business execution	Non-executive	Business management	Finance / Accounting	Audit	Legal / Compliance	Human resources	Global management	Digital business
 Paul Candland	Independent Outside Nominating Compensation Director		●	○					○	○
 Andrew House	Independent Outside Compensation, Chair Director		●	○		○			○	○
 Keiichi Sagawa	Independent Outside Audit Nominating, Chair Director		●	○	○	○			○	○
 Mihoko Sogabe	Independent Outside Audit Compensation Director		●		○	○				
 Yuka Matsuda	Independent Outside Audit Director		●		○	○	○			

Risk management

Risk management structure

The major risks associated with the execution of the Group’s strategies and business that may affect the decisions of investors are listed on the following page. Under the corporate governance structure presented in the diagram on p. 64, the Group is engaged in various measures to minimize risks—i.e. future uncertainties that may impede the achievement of management targets—as well as taking advantage of these risks as opportunities.

In 2022, the Group Executive Management Meeting (GEMM) regularly conducted Group-wide risk assessments and discussions on responses. In 2023, with the transition to One dentsu, the newly established Group Risk Committee shall cover medium- to long-term strategic risks, while the four Regional Risk Committees shall cover operational risks. The Group Risk Committee is reviewing each committee’s risk registers, and its discussions are reported to the Board of Directors through the Group Management Board (GMB).

Risk management process

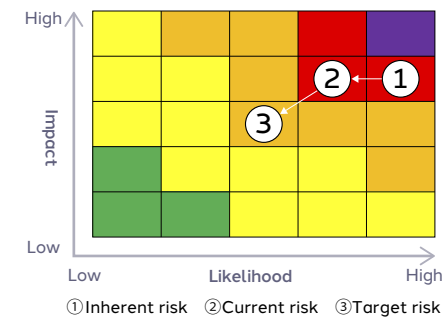
Based on the Enterprise Risk Management (ERM) approach, dentsu aims to minimize the likelihood of identified risks materializing. However, should they occur, the Group minimizes their impact by selecting risk sponsors to whom are delegated the formulation and implementation of risk response plans. The GEMM regularly monitored the risk responses in 2022.

Identification

The Group Risk Committee identifies risks which have the potential to occur within the Group. After considering the need for, and importance of, a management-level response, it seeks approval from the GMB. When risks are identified, the GMB selects risk sponsors to whom they delegate the development of response plans in order to prevent their occurrence or minimize their impact should they arise.

Assessment

The Group Risk Committee collaborates with risk sponsors to assess risks with the viewpoints of inherent risk, current risk based on past response activities, and target risk to be minimized by future activities, and conducts regular assessments of identified risk impact and likelihood visualized in the risk heat map.



Response

Risk sponsors determine the actions, action owners, and due dates required to manage the risk and provide regular reports on their progress. The actions are such they will move the risk to the target risk as defined by the risk sponsor.

Monitoring and reporting

The Group Risk Committee monitors the progress of the actions implemented by the risk sponsors and reports to the GMB. In addition, when significant risk becomes apparent, risk sponsors promptly gather and analyze information on the situation and its causes. They report this to the Group Risk Committee and the GMB, and develop and implement follow-up plans.

Major risks with the potential to affect investor decisions and their countermeasures

<p>(1) Risks associated with cyclical changes in the global economy and social changes for the post-pandemic era</p>	<p>The Group formulated the Medium-term Management Plan designed to transform dentsu's business so that it can promptly respond to changes in the business environment and seize new business opportunities. The plan, targeting business transformation, was updated in February 2022. It supports B2B2S, the management policy focused on sustainable growth that embodies the plan's strategies and goals. In 2023, the Group launched a framework called One dentsu to strengthen Group competitiveness and advance client-centric global operations.</p>
<p>(2) Risks associated with the development of new businesses from the medium - to long-term perspective</p>	<p>One of the core pillars of the Medium-term Management Plan is the execution of growth strategies through enhancements in areas that support clients' business transformation. This is defined as Customer Transformation & Technology. Aiming to increase its net revenue ratio to 50% (32% as of the end of 2022), the Group regularly monitors and reports its progress.</p>
<p>(3) Risks related to securing human resources</p>	<p>Group-wide engagement surveys are conducted to identify challenges. The Group provides programs for talent development, based on the theme of Diversity, Equity & Inclusion, as well as for reskilling, to promote the growth of all employees. To accelerate people-centered transformation and further enhance management capabilities, the Group transitioned to a global management structure by setting up the Group Management Team in January 2023. New succession planning for senior leadership roles is to be introduced, as well as associated training systems.</p>
<p>(4) Risks related to the business transformation</p>	<p>The Group continues to make structural reforms and is monitoring their progress to respond to rapid changes in the business and competitive environments.</p>
<p>(5) Risks associated with the competitive environment and structural changes</p>	<p>i. Expanding competition with other industries</p> <p>Perceiving changes in the industry structure as business opportunities, the Group plans to i) integrate and enhance expertise cultivated in the advertising marketing domain with data and technology, ii) provide clients with integrated solutions utilizing consumer intelligence, and iii) establish competitive advantages through unique client offers.</p>
	<p>ii. Risk of loss of global clients</p> <p>The Group plans to differentiate itself from competitors by providing clients with high added value through consumer insights and integrated solutions.</p>
	<p>iii. Risks associated with structural change in the media environment</p> <p>Viewing structural changes in the media environment as business opportunities, the Group flexibly allocates and invests the Group resources in next-generation media, consistently providing clients with integrated solutions apposite for the latest consumer behavioral principles.</p>
	<p>iv. Risks related to the content business</p> <p>To diversify risks, a large number of content business projects are managed in a portfolio based on acquired share and priority in each market.</p>
<p>(6) Impairment risk of goodwill and intangible assets</p>	<p>In addition to regular impairment testing and ROIC analysis of acquisitions, a Group-wide framework is in place for the reviewing of investment portfolios.</p>
<p>(7) Risks related to information security and cyber security</p>	<p>The Group has established a Group-wide security team to continually assess the status of developing threats and evaluate the effectiveness of risk management and controls in line with the ERM approach.</p>
<p>(8) Sustainability-related risks</p>	<p>The Group promotes climate actions and various measures to achieve its 2030 Social Impact Targets and improve its ESG rating. For details, please see p. 53. In 2023, a Chief Sustainability Officer was appointed for Japan and another for outside of Japan, to oversee the implementation of this strategy.</p>
<p>(9) Risks related to laws and regulations, litigation, etc.</p>	<p>i. Risks related to violations of labor laws and regulations</p> <p>The Group endeavors to establish a work environment that ensures the mental and physical wellbeing of all employees as one of its top management priorities.</p>
	<p>ii. Risks related to personal and other information (data governance)</p> <p>The Group complies with laws and regulations, both in Japan and outside of Japan, including the Act on the Protection of Personal Information and the EU General Data Protection Regulation, and responds promptly to amendments to these laws and regulations.</p>
	<p>iii. Risks related to litigation, etc.</p> <p>By fostering ethical values among employees and creating a healthy corporate culture, the Group prevents incidents that could lead to litigation, and has in place an in-house crisis response system.</p>
<p>(10) Risks related to disasters and accidents, and geopolitical risks</p>	<p>Crisis management and business continuity plans are regularly reviewed by four Regional Risk Committees to address issues related to potential disasters and accidents, and geopolitical risks in each region and market.</p>

For details, please see the "Business and Other Risks" section of the Financial Report 2023. https://www.group.dentsu.com/en/ir/common/pdf/2023_finance.pdf

For "Basic Policy on Internal Control," please see the Dentsu Group website at https://www.group.dentsu.com/en/about-us/governance/internal_control.html

Cyber security

Our security program

Dentsu has developed a security program with an overarching objective to protect our business and people from threats, enable our colleagues to work securely, and provide assurance to clients and dentsu leadership.

Business priority
Security is an integral part of our business processes and recognized as critical to meeting the needs of our internal and external stakeholders.

Significant investment
We take security seriously and commit resources to ensure consistent implementation of industry standard safeguards across our business.

Global consistency
Our team is run by a Group Security Officer who is accountable for Group-wide security with support from a network of regional Chief Information Security Officers.

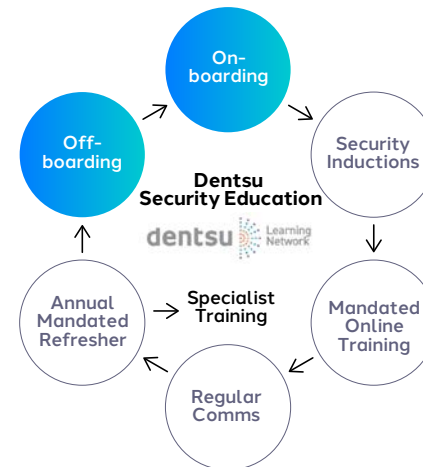
Sound governance
Our management is responsible for effective oversight of security processes, including specific accountabilities, policies and controls.

Independent assurance
Assessments (internal and external) are conducted for corporate governance, client compliance, and risk management purposes.

Employee awareness

Dentsu promotes a comprehensive security awareness and education program through a number of key initiatives:

- Annual mandatory security awareness training
- Targeted training for high-risk roles and functions
- Regular policy-focused communications
- Periodic simulated phishing campaigns



Governance & Risk

Based on the Enterprise Risk Management Approach, dentsu aims to minimize the likelihood of identified security risks from materializing. However, should they occur, the Group minimizes their impact by selecting risk sponsors to whom they delegate the formulation and implementation of risk response plans, with the Dentsu Security Risk Committee regularly monitoring the responses. Furthermore, known security issues arising from second line assurance are also monitored and reported through the same risk management methodology.

Securing our operations

Advanced threat protection

- Anti-malware for email, web and endpoints
- Next-gen endpoint detection and response system
- Actionable intelligence to defend against emerging threats
- Proactive threat hunting across network and devices

Monitoring & Incident response

- Expert 24x7 security monitoring
- Centralized, correlated visibility of activity
- Capability to quickly contain & respond to threats
- Regular testing of incident response processes

Identity & Access management

- Central oversight of user access and joiner/leavers
- Real-time auditing of privileged users and domain
- Multi-factor authentication used for core applications

Infrastructure & Asset protection

- Independent testing of network perimeter
- Detect and fix vulnerabilities before attackers
- Secure internet gateway used by our endpoints

2023 focus areas

- Enhance data-driven articulation of security risk
- Increase controls around the movement of sensitive data
- Train developers to design and build security into products
- Develop dentsu's security talent

Promoting compliance

Compliance management

Dentsu states in its Code of Conduct that “At dentsu we believe we must be a force for good. When we do the right thing as individuals, it becomes who we are as a company. It’s what makes being a force for good possible, and it starts with each and every one of us.” To achieve this, we have established the following compliance management structure which we are continuously strengthening.

Group Compliance Committee

For dentsu, which aims to become a B2B2S company, ethics and compliance are the foundation of all of our activities. We have established the Group Compliance Committee as a committee under the Group Management Board, and have also established compliance committees in our four regions (Japan, APAC, EMEA, and the Americas) as supporting organizations.

The Group Compliance Committee is chaired by the Vice President, Chief Governance Officer. The Committee

determines the Group’s compliance programs and action plans, and monitors their implementation.

Regional Compliance Committees, meanwhile, are chaired by regional CEOs, and are responsible for implementing and monitoring compliance programs and action plans determined by the Group Compliance Committee.

With the above system, we aim to align under a unified vision across the Group and promote compliance management.



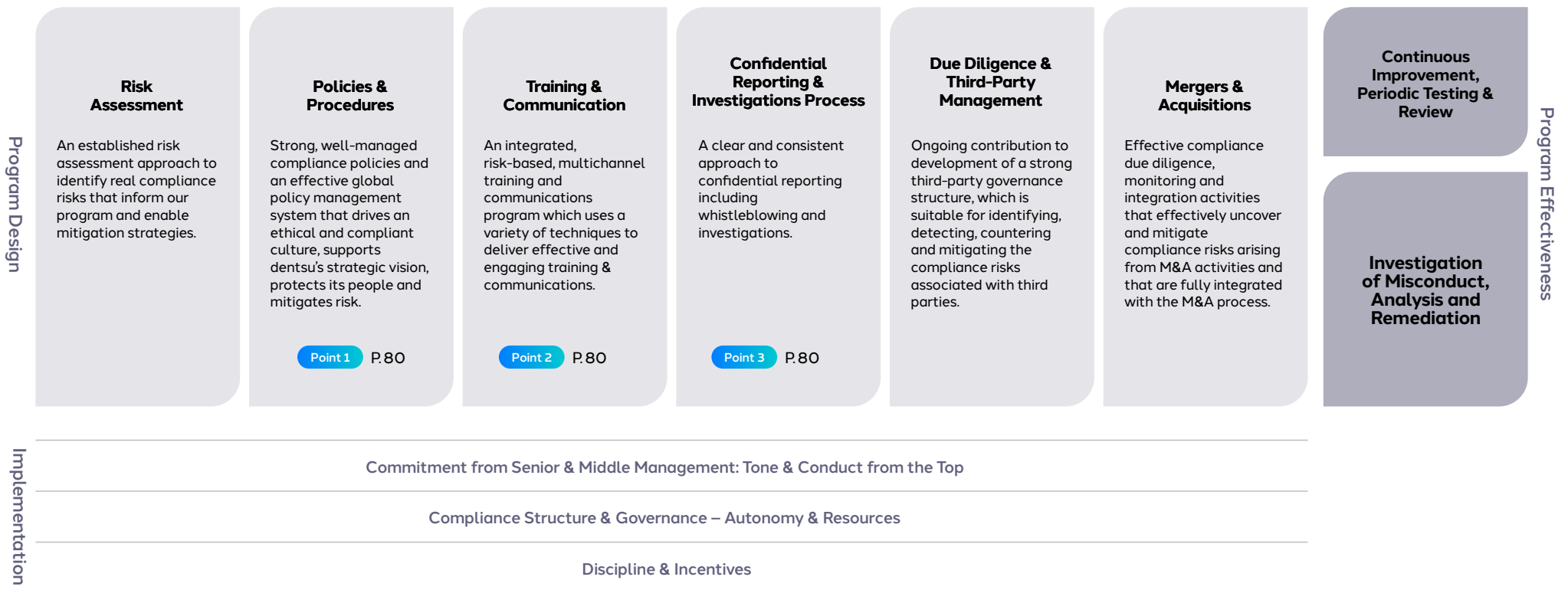
Compliance program

The vision of the Group Compliance Program combines the long-term management strategy of dentsu to establish a reputation as a governance leader together with the aspiration to meet global standards of best practice in ethics and compliance to ensure the Group operates with integrity as a B2B2S company.

Realizing the vision requires the Group to ensure that the Ethics & Compliance program is well designed, applied with commitment, and is operated effectively in practice.

This vision needs the responsibility and commitment of top management to compliance both at Group and regional level, and to proactively promote doing business with integrity.

The following chart illustrates an overall picture of the Group's Ethics & Compliance program, which is designed to meet global standards of best practice and align with the Group's objective to be a leader in governance.



Introduction of three major programs from our Compliance Program

Point 1

Policies & Procedures

Establishment of the Dentsu Group Code of Conduct

The Dentsu Group Code of Conduct establishes a code of behavior that serves as the fundamental philosophy for promoting compliance across the Group. It stipulates the actions to be taken and the principles to be observed as a member of dentsu, including an emphasis on diversity and compliance with laws, regulations, and internal rules.

For the full text of the Dentsu Group Code of Conduct, please refer to our website.

<https://www.group.dentsu.com/en/about-us/governance/codeofconduct.html>

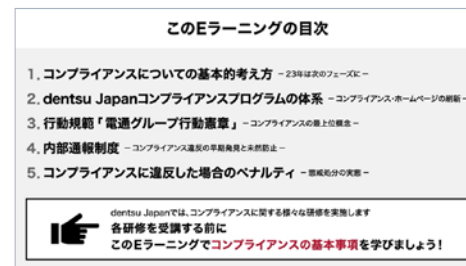
Establishment of Group-wide policies

To realize the principles of the Dentsu Group Code of Conduct, we have established Group-wide policies including the Group Anti-Bribery & Corruption Policy, Group Legal Policy, and Group Global Data Protection Principles. Going forward, we will further introduce Group-wide policies and promote compliance management under a unified vision across the Group.

Point 2

Training & Communication

We conduct a variety of ethics and compliance training programs across the globe such as anti-bribery & corruption training, some of which are mandatory, and we are planning to develop Group-wide training in the future. We also provide employees with a variety of compliance-related information through our intranet for their awareness.



Compliance training in Japan



Compliance training outside of Japan.

Point 3

Confidential Reporting & Investigations Process

As our whistle-blowing hotlines for use by all officers and employees of Group companies, we have “Compliance Line” in Japan and “Speak Up” in other countries. By linking the functions of these hotlines to the early detection and remediation of compliance violations, we are promoting compliance management and the sound growth of the business.

Moving forward, an introduction of a common platform is planned for the Group to unify the management of whistle-blowing cases as well as the establishment of a process for root cause analysis, improvement, and continuous learning to further strengthen our compliance system.



Whistle-blowing hotlines outside of Japan