

CGO message

Building a corporate culture that values putting integrity first to realize effective corporate governance

Arinobu Soga Director, Representative Executive Officer, Executive Vice President, Global Chief Governance Officer, dentsu

Corporate governance is, at its core, a framework for maximizing both the quality and quantity of outputs by leveraging a company's various forms of capital. Over more than 120 years, dentsu has continuously enhanced the quality of our corporate governance, which supports our business across the entire Group, promoting collaboration beyond national and organizational boundaries to drive improvements in corporate value.

In recent years, we have strengthened the oversight functions of the Board of Directors and advanced the evolution of our corporate governance through measures such as transitioning to a board structure with three committees (nominating, audit, and compensation), establishing the Chief Governance Officer position, and establishing the Finance Committee.

In addition, we are advancing initiatives toward the following six topics under our material theme of Integrity: business ethics & compliance, human rights, data privacy, corporate governance, risk management, and cybersecurity.

Toward a corporate culture that prioritizes integrity

In the rapidly changing business environment surrounding our Group, there are increasingly situations where decision-making cannot rely solely on past experience. During this period of transformation, I believe that integrity is the key. We will embed an integrity perspective into all activities and cultivate an environment where individuals feel empowered to correct themselves and speak up when something does not feel right.

Dentsu Group Code of Conduct*

To continue being a corporate group that is a force for good, everyone belonging to dentsu is required to understand and uphold the Dentsu Group Code of Conduct, which places emphasis on integrity.

Positioned as the foundation for realizing our NORTHSTAR (corporate philosophy), the Code of Conduct serves as a behavioral guideline for those within the Group as well as for all stakeholders, including business partners, shareholders, and local communities.

*Dentsu Group Code of Conduct
<https://www.group.dentsu.com/en/about-us/governance/codeofconduct.html>

Governance is ultimately driven by people. Accordingly, when necessary, we will reevaluate the corporate culture and values we have built to date, with the goal of fostering a culture that prioritizes ethics and integrity above all else.

We are committed to fulfilling our responsibilities to all stakeholders and to implementing effective corporate governance that supports sustainable growth and enhances corporate value over the medium to long term.



Our governance-related material theme: Integrity

In pursuit of the goal of “putting integrity first,” building a foundation for value creation is a critical challenge for the Group to earn the trust of all stakeholders.

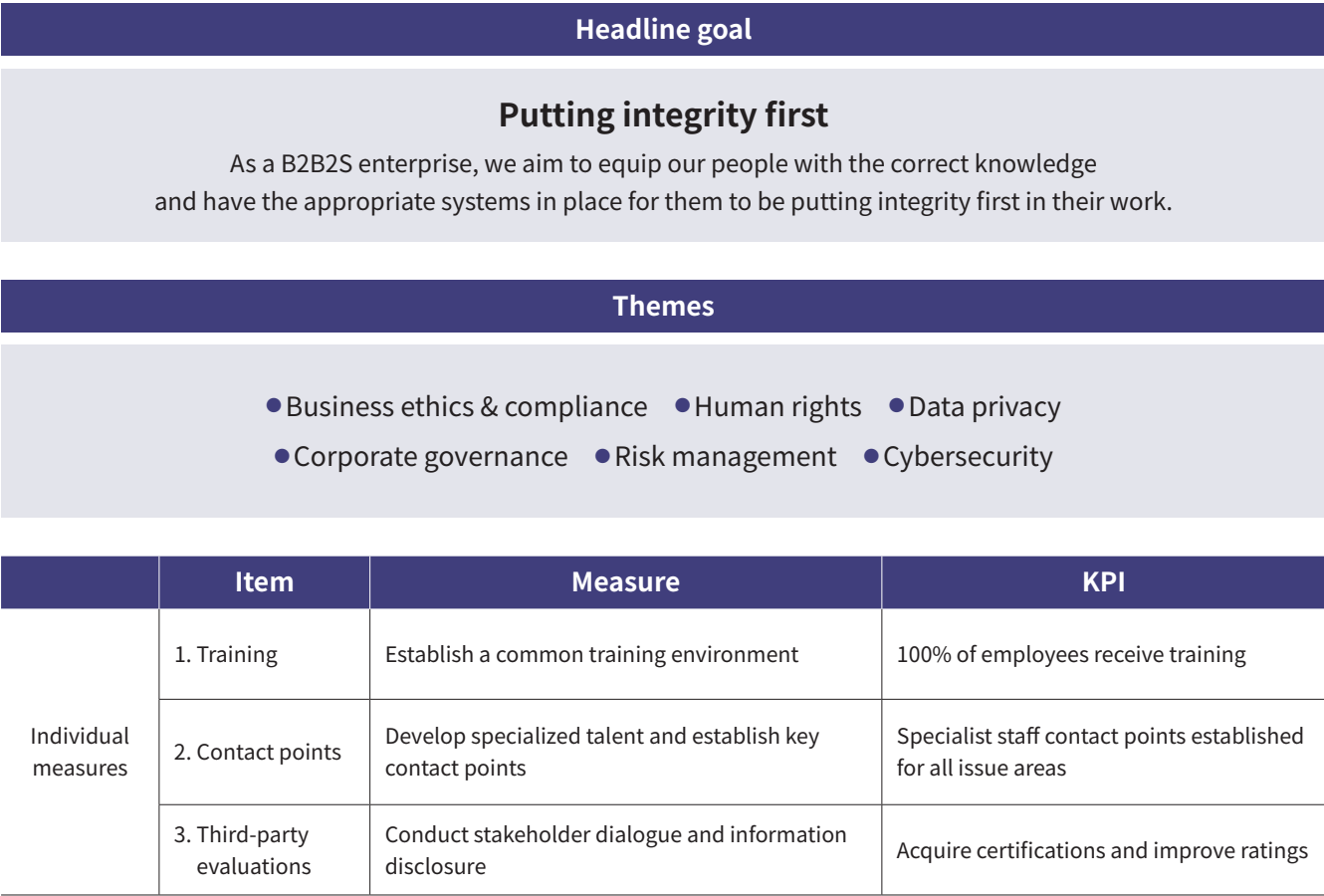
In 2024, we advanced initiatives across six key areas shown in the figure on the right, including the following:

- Enhancing training infrastructure and updating training content
- Ensuring that consultation desks for all topics are operating reliably and staffed with experts for each theme
- Analyzing third-party evaluation results and responding to changes in evaluation criteria

Group-wide progress toward these initiatives is regularly monitored by the Group Sustainability Committee.

This material theme is overseen by Arinobu Soga, Global Chief Governance Officer, and key leaders including Alison Zoellner, Global General Counsel, and Tadashi Nagae, Global Corporate Secretary and Deputy Global General Counsel, are actively involved in driving and supporting these efforts, ensuring a coordinated and ongoing Group-wide approach.

Note: To see how this material theme relates to the 2030 Value Creation Strategy, see [pp. 16–17](#).



Mindset and Behavior Reform at dentsu Japan

Response to the Antimonopoly Act violation and Mindset and Behavior Reform

On February 28, 2023, due to a criminal complaint filed by the Japan Fair Trade Commission against an employee of dentsu’s Japanese subsidiary, Dentsu Group Inc. was subsequently indicted by the Tokyo District Public Prosecutors Office for an alleged violation of the Antimonopoly Act in connection with the Tokyo 2020 Olympic and Paralympic Games. We sincerely apologize to our shareholders and all other stakeholders for the inconvenience and concern this has caused.

With regard to the Games, the Group has acknowledged that it engaged in collusive behavior in the “outsourcing contracts of planning test events, etc.” which constituted a violation of applicable laws*. The Group takes this matter very seriously. As a result, dentsu Japan is engaged in company-wide, compliance-related Mindset and Behavior Reform. This initiative is based on the investigation report and recommendations issued by the Investigation and Review Committee, which is comprised of external experts. The aim is to ensure operational fairness and transparency, and to prevent the recurrence of issues resulting from our organizational culture.

*The Group subsequently filed an appeal with the Tokyo High Court against the judgment delivered by the Tokyo District Court on January 30, 2025. The judgment cited violations extending to both the implementation of test events and main event operations, which differs substantially from the Group’s position. Moving forward, we will continue to assert the legitimacy of our stance and seek a correction of the ruling.

The dentsu Japan Reform Committee

On May 15, 2023, dentsu Japan established the dentsu Japan Reform Committee. Representative Executive Officer, President & Global CEO Hiroshi Igarashi was appointed as Chair, and three

external attorneys were appointed as outside members to provide independent advice and perspectives.

As part of our commitment to fulfilling our responsibilities to all stakeholders, we are advancing Mindset and Behavior Reform across dentsu Japan aimed at transforming our approach to work. As of December 2024, the committee had convened 40 times to review the progress of these reform initiatives and to identify remaining issues that must be addressed to achieve the intended outcomes. Updates on the Mindset and Behavior Reform are regularly reported to the Board of Directors and disclosed on our website.

Members of the dentsu Japan Reform Committee (as of December 2024)

Member		Responsibility
Chair	Hiroshi Igarashi Representative Executive Officer, President & Global CEO, dentsu	Project lead, reporting to the Board of Directors
Vice-chair	Arinobu Soga Representative Executive Officer, Executive Vice President, Global Chief Governance Officer & Global CFO, dentsu	Assisting the Chair, implementation of reforms
Outside Member	Toshihiko Itami, Attorney-at-Law	Advisory
Outside Member	Genta Yoshino, Attorney-at-Law	Advisory
Outside Member	Yasuo Daito, Attorney-at-Law	Advisory
Member	Tadashi Nagae Global Corporate Secretary & Deputy Global General Counsel, dentsu	Implementation of reforms
Leader	Takeshi Sano CEO, dentsu Japan	Drafting the initiatives, reporting progress to the Committee
Leader/ Secretariat Head	Yoshimasa Watahiki COO, dentsu Japan	Drafting the initiatives, reporting progress to the Committee, operation of the Committee

Mindset and Behavior Reform initiatives and progress

We have pursued Mindset and Behavior Reform across all of dentsu Japan through 17 initiatives centered on the following three pillars.

- I. Establish an organizational culture that ensures proper corporate activities (six initiatives)
- II. Strengthen our risk management system and legal and compliance functions (seven initiatives)
- III. Introduce business processes that ensure fair and transparent transactions (four initiatives)

All 17 initiatives, formulated in 2023, were completed in 2024. External committee members have provided positive evaluations of our efforts to date, along with recommendations for future improvements.

In the fourth employee survey conducted in November 2024, we observed improvements in areas such as recognition and understanding of the prioritization of integrity, as well as in establishing a sound organizational culture. However, areas such as understanding the balance between integrity and performance showed limited progress compared to the previous year, indicating that challenges remain. We will continue to address these issues and regularly monitor the progress of our reform efforts.

While the Mindset and Behavior Reform is an initiative of dentsu Japan, certain measures—such as raising awareness of the Dentsu Group Code of Conduct and improving internal reporting processes—are being implemented across the entire Group, including our International business.

Examples of specific initiatives completed by 2024

Development and application of business guidelines

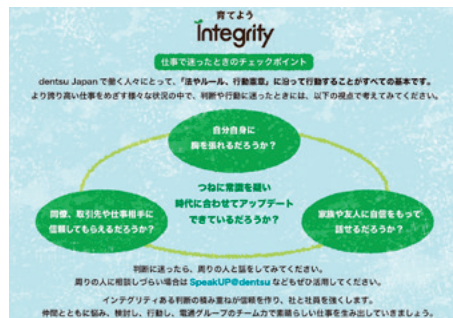
We developed and implemented guidelines that employees are required to follow in areas such as sports businesses, public-sector operations, and the prevention of bid-rigging, ensuring thorough adherence across the organization.

Appointment of compliance officers and managers Systemization and enhancement of compliance

We appointed compliance officers or managers within each organization responsible for business execution at dentsu Japan. In addition, we made it mandatory for all employees to complete training programs on the Antimonopoly Act and the Unfair Competition Prevention Act, actively promoting participation to reinforce compliance awareness.

Promoting dialogue on proper corporate conduct

To support employees when they face uncertainty or concerns related to integrity in their work, we compiled practical approaches and ways of thinking into tools such as the Integrity Checkpoints and the Integrity Hint Book. These resources have been shared with all employees to encourage their active use.



The dentsu Japan Mindset and Behavior Reform Project

To further embed a culture that prioritizes integrity and ensure a high level of compliance, the dentsu Japan Reform Committee transitioned into the dentsu Japan Mindset and Behavior Reform Project with a new structure starting in January 2025.

As in the previous year, three attorneys continue to serve as advisors. The new structure is led by the COO of dentsu Japan, with the Chief Branding/Culture Officer of dentsu Japan as the sub-leader, and the department in charge of supporting dentsu Japan's business sites in dentsu Corporate One Inc. as a promoting member. We will take a hands-on approach to issues on the business front line as we continue to engage in initiatives for the project.

We will provide regular reports on the specific initiatives implemented under the dentsu Japan Mindset and Behavior Reform Project and the progress of our efforts through our website and other channels.

Structure of the dentsu Japan Reform Project

	Member	Responsibility
Leader	Yoshimasa Watahiki COO, dentsu Japan	Drafting the initiatives, reporting progress to the Committee
Sub-leader	Yuko Yoshida Chief Branding/Culture Officer, dentsu Japan	Drafting the initiatives, reporting progress to the Committee, operation of the Committee
Support	Tadashi Nagae Global Corporate Secretary & Deputy Global General Counsel, dentsu	Promotion support
Members	Dentsu Corporate One Inc. Legal Office, Compliance Office, Branding Office, Business/Management Planning Office	Promotion of initiatives, collaboration with the onsite teams
Advisor (external)	Toshihiko Itami, Attorney-at-Law	Monitoring/Advisory
Advisor (external)	Genta Yoshino, Attorney-at-Law	Monitoring/Advisory
Advisor (external)	Yasuo Daito, Attorney-at-Law	Monitoring/Advisory

2025 initiatives of the Mindset and Behavior Reform Project (examples)

- Regular employee surveys to assess reform progress and identify issues, along with organization-specific initiatives based on survey results
- Enhanced training and support for compliance officers, managers, and their assistants appointed in each dentsu Japan organization (including interactive workshops led by managers, officers, and their assistants)
- Integrity awareness initiatives for all dentsu Japan employees (including enhanced communication, updates to support tools, and internal meetings/training sessions)
- Ongoing mandatory training and awareness-raising on laws and regulations for all dentsu Japan employees
- Continued communication and monitoring of the guidelines, internal reporting platform, and other systems established to date



For the latest information, please visit the following website:
Recurrence Prevention Initiatives (mindset and behavior reform) - Dentsu Group Inc.

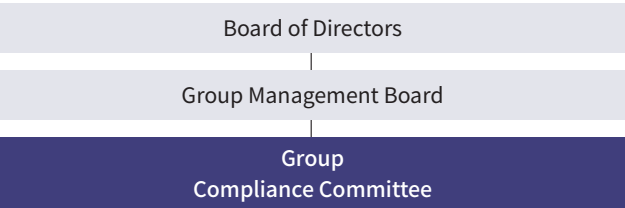
https://www.group.dentsu.com/en/about-us/governance/preventive_measures.html

Compliance

Our approach

The Dentsu Group Code of Conduct states: “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 put this commitment into practice, we have established the Group Compliance Committee under the Group Management Board. The committee plays a central role in advancing compliance-driven management by promoting a unified policy across the entire Group.

Compliance management



Compliance program

The vision of the Group Compliance Program is to meet global standards of best practice in ethics and compliance and establish a reputation as a governance leader. Realizing the vision requires the Group to ensure that the Group Compliance Program is well designed, applied with commitment, and operated effectively in practice.

Equally important is the responsibility and dedication of top leadership at both the Group and regional levels to actively promote ethical and compliant business practices. The following diagram illustrates the overall structure of the Group Compliance Program.

Program design

						Program effectiveness
Risk assessment	Policies & procedures	Training & communication	Confidential reporting & investigations process	Due diligence & third-party management	Mergers & acquisitions	Continuous improvement, periodic testing & review Investigation of misconduct, analysis & remediation
An established risk assessment approach to identify real compliance risks that inform our program and enable mitigation strategies.	Strong, well-managed compliance policies and an effective global policy management system that drives an ethical and compliant culture, supports dentsu's strategic vision, protects its people, and mitigates risk. Point 1 p. 57	An integrated, risk-based, multichannel training and communications program that uses a variety of techniques to deliver effective and engaging training and communications. Point 2 p. 57	A clear and consistent approach to confidential reporting including whistleblowing and investigations. Point 3 p. 57	Ongoing contribution to development of a strong third-party governance structure, which is suitable for identifying, detecting, countering, and mitigating the compliance risks associated with third parties.	Effective compliance due diligence, monitoring, and integration activities that effectively uncover and mitigate compliance risks arising from M&A activities and that are fully integrated with the M&A process.	

Implementation

Commitment from senior & middle management: tone & conduct from the top
Compliance structure & governance—autonomy & resources
Discipline & incentives

Point 1 Policies & procedures

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 maintaining a respectful workplace 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 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 worldwide such as e-learning for the Code of Conduct. We also provide employees with a variety of compliance-related information through our intranet for their awareness.

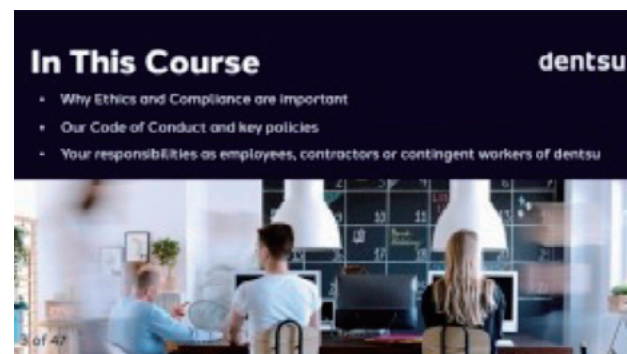
このEラーニングの目次

1. コンプライアンスについての基本的考え方 – 23年は次のフェーズに –
2. dentsu Japanコンプライアンスプログラムの体系 – コンプライアンス・ホームページの刷新 –
3. 行動規範「電通グループ行動憲章」 – コンプライアンスの最上位概念 –
4. 内部通報制度 – コンプライアンス違反の早期発見と未然防止 –
5. コンプライアンスに違反した場合のペナルティ – 懲戒処分の実態 –



dentsu Japanでは、コンプライアンスに関する様々な研修を実施します
各研修を受講する前に
このEラーニングでコンプライアンスの基本事項を学びましょう！

Compliance training in Japan



Compliance training outside of Japan

Point 3 Confidential reporting & investigations process

As our whistleblowing hotline for use by all officers and employees of Group companies, we have Speak Up @ dentsu. We also have the Compliance Line for Japan. 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 our business.



Group-wide whistleblowing hotline

Human rights

Strengthening corporate resilience and building an ethical organization that supports stakeholders across our value chain.

To demonstrate dentsu's corporate value to clients, employees, partners, and society, it is essential to uphold a strong commitment to human rights and comply rigorously with all relevant laws and regulations. These principles are also vital to our sustained success, as they help reduce operational disruptions and mitigate risks that could impair the Group's reputation or valuation.

Governance

The Executive Vice President and Global Chief Governance Officer of Dentsu Group Inc. oversees efforts to ensure compliance with human rights-related regulations, robust risk management, and the assurance of business continuity.

The practical management of human rights impacts is overseen by our Heads of Human Rights, who build the internal networks needed to identify and manage human rights risks and opportunities, collaborating closely with relevant departments.

Human rights are a standing agenda item at the Executive-level Group Sustainability Committee, which meets four times a year. Through this, we ensure that the Group has the necessary systems in place to manage impacts across all regions where we operate. Issues specific to Japan are covered by the Dentsu Group Human Rights Committee and the dentsu Japan Human Rights Education Conference. (For details on specific initiatives, please see [here](#).)

Policies

Policies established by the Group—including our [Code of Conduct](#), [Supplier Code of Conduct](#), and [Human Rights Policy](#)—

clearly define the standards that all employees and suppliers should follow. These policies help minimize risks and protect the Group's reputation. They have been approved by the Group Management Committee with input from external experts and are continuously reviewed to address emerging risks that could impact the Group's business.

Risks and impacts

The Group proactively identifies risks at both the global and market levels. This includes continuous monitoring of social and environmental impacts, as well as challenges related to the safe operation of our business. Risk profiles for each market are assessed biennially, complemented by an annual employee engagement survey. Additionally, we engaged external specialists to conduct a global Human Rights Impact Assessment (HRIA). Insights from these assessments guide the Group's prioritization of response areas.

Risk mitigation measures

We conduct human rights due diligence across our business operations and throughout our supply chains to identify, prevent, and mitigate risks, striving to minimize potential impacts. This approach includes risk assessments, policy development and enforcement, establishment of governance structures, management support, training programs, and internal controls to monitor and track compliance.

The most salient impacts to dentsu and our suppliers include:

- Equality and non-discrimination
- Freedom of thought, opinion, religion, belief, expression, and access to information
- Labor rights and harassment
- Privacy and data security
- Child rights
- Right to a healthy environment

Grievance and remedy

We actively encourage all employees, suppliers, and stakeholders to report and consult on human rights issues through our externally operated, free, anonymous, and confidential portal, [Speak Up @ dentsu](#). For more details, please refer to [p. 57](#).

Thorough investigations are conducted for all reported concerns, and if the issues are confirmed to be factual, appropriate corrective and improvement measures are promptly implemented.

Response to issues arising in 2024

The Group recognizes the recent cases of sexual misconduct in the entertainment and media sectors—now a prominent social issue in Japan—as serious human rights violations that contravene our Human Rights Policy. We also uphold the Dentsu Group Code of Conduct, which promotes mutual respect and responsible, ethical behavior, serving as a guiding framework for all interactions with our stakeholders.

Independent outside director messages

At dentsu, our three statutory committees are vested with significant authority and work in close coordination with the Board of Directors to reinforce supervisory functions. In this feature, we speak with the Chair of the Board and the chairs of each committee about the current progress and future direction of efforts to strengthen Board-centered oversight.

Q1. Please share your views on the commendable initiatives and achievements of the Board of Directors and each committee to date, as well as any areas you believe should be improved going forward.

Gan Matsui

Independent Outside Director, Chair of the Board



Enhancing discussion quality through diverse perspectives and reinforcing supervision from a shareholder perspective

The Board of Directors has drawn on the diverse expertise of its members, as outlined in the skills matrix, to enhance oversight of executive management—particularly in the development of the Mid-Term Management Plan and the evolution of Group governance under the One dentsu framework.

In March 2025, the addition of three new independent outside directors brought greater diversity to the Board. Moving forward, it will be important to create an environment that enables focused discussions on key agenda items, while also increasing opportunities for dialogue among independent outside directors to further elevate the quality of discussions through diverse perspectives. On financial matters, closer collaboration with the Finance Committee will be essential to further strengthen the Board's supervisory function from a shareholder's standpoint.

Keiichi Sagawa

Independent Outside Director, Chair of the Nominating Committee and Finance Committee



Boosting transparency in the nomination process and making recommendations rooted in shareholder value

The Nominating Committee reviewed its processes with a focus on transparency and fairness, including director selection based on the skills matrix and executive appointments centered on discussions solely among independent outside directors. Moving forward, the committee will strengthen monitoring not only of succession planning for the management team, with a focus on the President & Global CEO, but also the status of development-related initiatives. The Finance Committee conducted business-unit evaluations based on ROIC, shared the results at Board meetings, and made recommendations during the formulation of the Mid-Term Management Plan regarding business selection and concentration, with shareholder value as a starting point, as well as introducing KPIs.

Moving forward, we will reinforce monitoring of the Mid-Term Management Plan's execution and proactively offer recommendations that drive the enhancement of corporate value.

Yuka Matsuda

Independent Outside Director, Chair of the Audit Committee



Identifying and monitoring issues in collaboration with management and the independent auditors

As a company with a nominating committee, we have established a system where independent outside directors lead each committee. The Audit Committee maintains close coordination with the Global Chief Governance Officer (CGO), Global Chief Financial Officer (CFO), Global Head of Internal Control & Risk, and Global Head of Internal Audit to gather necessary information, identify issues, and conduct thorough monitoring. Alongside committee discussions, regular information sharing with the independent auditors enables all parties to tackle challenges with a unified perspective, collaboratively strengthening corporate governance.

Given the ever-changing external environment surrounding the Group, we believe it is essential to continuously and flexibly monitor evolving issues and corresponding responses.

Andrew House

Independent Outside Director, Chair of the Compensation Committee



Facilitating constructive discussions to ensure fair compensation and support talent retention

I have endeavored to ensure that the committee is faithful to dentsu's compensation philosophy. I have fostered healthy debate and discussion among members and management, allowing for all voices and points of view to be heard. I have also helped ensure the committee provides neutral oversight and outside perspective on executive compensation in the interests of shareholders. As an example, we have extended the committee's oversight to the full management team. In a difficult operating environment, we have met the challenge of striking a balance between compensation that is properly linked to performance but also functions to retain key talent amid global competition.

In terms of the wider board, I have challenged the potential for over-optimism around target-setting, pressed for full disclosure and debate around all strategic options, and encouraged dentsu to simplify its organization and business focus.

Q2. As an independent outside director, what role do you envision fulfilling going forward?

Gan Matsui

Independent Outside Director, Chair of the Board



Ensuring the Board operates with independence and objectivity while enhancing governance transparency

Since 2017, I have served as Chair of the Independent Advisory Committee on Labor Environment Reform, and since 2020 as an outside director, deepening my understanding of the Group's business, governance, and organizational culture. In March 2025, I became the first independent outside director appointed as Chair of the Board. This appointment reflects the Group's commitment to further strengthening the Board's supervisory functions. Leveraging my judicial experience and expertise, I will ensure the Board is managed with independence and objectivity to enhance the Group's corporate value. Additionally, I will continue to provide appropriate advice to the executive team through the Board.

I also aim to contribute to enhancing governance transparency through effective communication with shareholders and other stakeholders.

Keiichi Sagawa

Independent Outside Director, Chair of the Nominating Committee and Finance Committee



Strengthening monitoring of the Mid-Term Management Plan and management succession

Amid a challenging business environment, fundamentally rebuilding the management foundation outlined in the Mid-Term Management Plan is essential to restoring competitiveness and profitability. Drawing on my experience and knowledge in finance, business transformation, and global management, I will enhance the monitoring of progress through active discussions at the Finance Committee and Board of Directors.

The sustainable growth of dentsu hinges on a succession plan focused on the President & Global CEO and the management team. The Nominating Committee, primarily composed of outside directors, actively leads discussions to develop succession plans and will rigorously monitor their execution going forward.

Through these activities, we aim to contribute to enhancing the corporate value of the Group.

Yuka Matsuda

Independent Outside Director, Chair of the Audit Committee



Advancing global governance and enhancing risk management

Leveraging my extensive experience and expertise in audit, tax, and risk management gained at a global professional firm, I will work to strengthen monitoring of execution to advance the evolution of the Group's global governance in internal control, internal audit, and finance.

Amid the major transformations underway within the Group, it is essential to strengthen risk management effectiveness by adapting to changes in business domains, operational processes, and organizational structures. As Chair of the Audit Committee, I will lead initiatives within the Board and the committee to ensure thorough risk monitoring and offer guidance on risk response in execution, contributing to the further enhancement of the Group's risk management.

Andrew House

Independent Outside Director, Chair of the Compensation Committee



Providing objective external perspectives and supporting decisions that prioritize shareholder interests

The Group is facing many challenges, both in its business environment as well as its structure and culture. Within this context, I view my primary responsibility to be holding management accountable for driving both financial performance and shareholder value while also helping them to navigate these challenges. I will look to interrogate and debate strategies in a robust manner with a view to improving them and providing outside perspective based on experience, and help management return the business to stable, sustainable, profitable growth. At the same time, I look to balance challenging management with advice and counsel. I also look to gain an ever-deeper understanding of the business, technology, and changing operating environment to ensure the company continues to live up to its reputation.

Finally, I am committed to ensuring that management reviews all strategic options, carefully and with full regard to shareholder interests.

Corporate governance

The Group realizes effective corporate governance based on the following basic policy to fulfill its responsibilities to its stakeholders including shareholders, clients, employees, and consumers; to ensure sustainable growth; and enhance its corporate value over the medium to long term.

- (i) To respect shareholders' rights and ensure their equal treatment
- (ii) To consider the interests of stakeholders, including shareholders, and cooperate with them appropriately
- (iii) To appropriately disclose company information and ensure transparency
- (iv) To enhance the effectiveness of the supervisory function over business execution
- (v) To engage in constructive dialogue with shareholders who have an investment policy that conforms to the medium- to long-term interests of shareholders

Point ① Strengthening the supervisory function of the Board of Directors

Our policy is that the number of directors on the Group's Board of Directors is to be 15 or less, and the majority of the members are to be independent outside directors. To ensure transparency in management through diverse perspectives and to further strengthen corporate governance, the Group increased the number of outside directors by three in March 2025. As a result, of the 11 directors currently serving, nine meet the Group's independence criteria for outside directors. Additionally, the Chair of the Board is selected from among the outside directors.

Point ② Bolstering the execution function

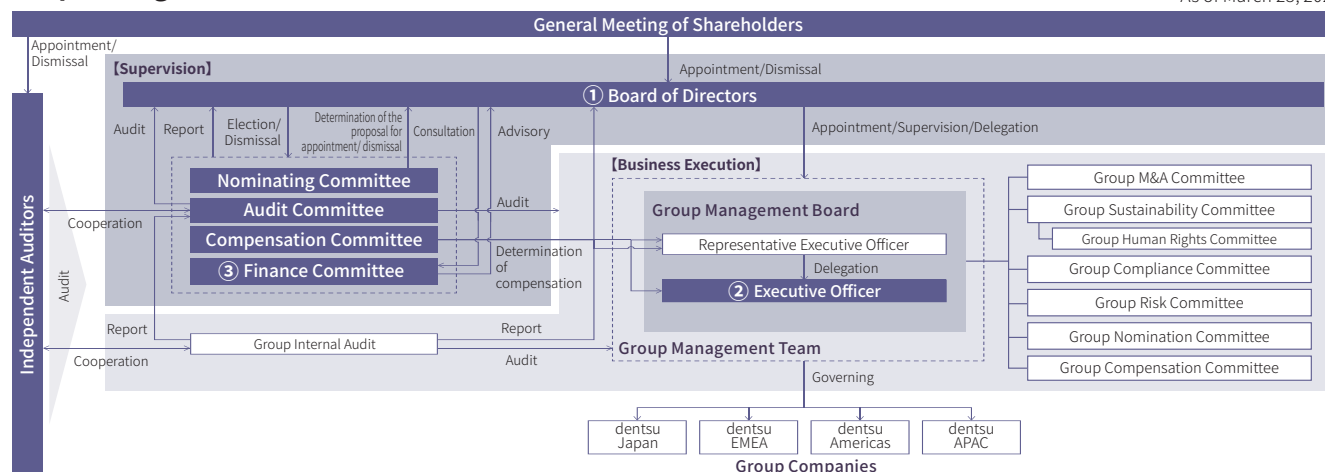
In March 2025, we appointed three new executive officers: the Global Chief Operating Officer, the Chief Executive Officer for the Japan region, and the Global Chief Financial Officer, thereby reinforcing the execution function. By further strengthening both the supervisory and execution functions, the Group aims to maximize corporate value for all stakeholders, including shareholders, clients, partners, and employees, and to more robustly promote the realization of medium- to long-term value creation for society.

Point ③ Enhancing financial discipline to increase corporate value

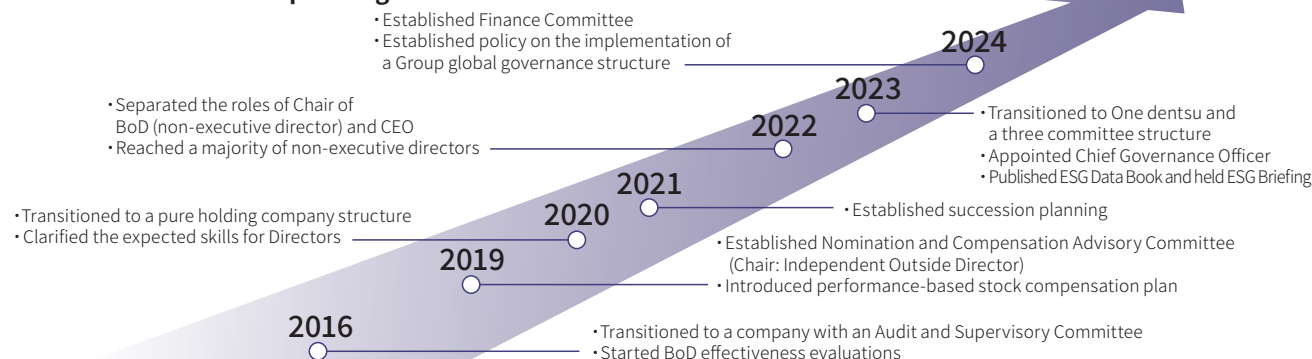
The Group is engaged in reviewing and refining its focus on specific business areas and markets to transform its business portfolio. To complete this transformation and achieve sound business growth, we have established the Finance Committee, composed of three independent outside directors with insight into areas such as finance, accounting, legal, compliance, and global management, as an advisory body reporting to the Board of Directors from the perspective of enhancing shareholder value. The committee supports greater sophistication of financial and investment discipline by examining and considering the financial aspects of business strategy, as well as by monitoring the execution of measures, from the perspective of enhancing shareholder value.

Corporate governance structure

As of March 28, 2025














Evolution of dentsu's corporate governance



For details on the independence standards for outside directors, please refer to our website: <https://www.group.dentsu.com/en/about-us/governance/isod.html>

Board member skills and committees

Name	Official position	2024 Board attendance	Years as director	Business management	Finance/ accounting	Audit	Legal/ compliance/ risk management	Human resources/ labor/personnel and organizational development	Global management	Digital business	Sustainability
 Gan Matsui Outside Independent	Director Chairman of the Board	16/16	5			○	○	○			
 Hiroshi Igarashi* Nominating	Director, Representative Executive Officer President & Global CEO	16/16	7	○			○	○	○	○	○
 Arinobu Soga*	Director, Representative Executive Officer, Executive Vice President Global Chief Governance Officer	16/16	8	○	○	○	○		○		○
 Paul Candland Nominating Compensation Outside Independent	Director	16/16	3	○				○	○	○	
 Andrew House Compensation (Chair) Outside Independent	Director	16/16	3	○					○	○	
 Keiichi Sagawa Nominating (Chair) Audit Outside Independent	Director	16/16	3	○	○	○	○		○	○	
 Mihoko Sogabe Audit Compensation Outside Independent	Director	16/16	3		○	○	○				○
 Yuka Matsuda Audit (Chair) Outside Independent	Director	16/16	2		○	○	○				
 Yoshihiko Kawamura Audit Outside Independent Newly appointed	Director	—	—	○	○	○	○		○		
 Norimitsu Takashima Nominating Audit Outside Independent Newly appointed	Director	—	—		○	○	○	○			
 Naoko Ichikawa Outside Independent Newly appointed	Director	—	—	○					○	○	○

*Executive roles indicated by asterisk

Board member skill set and composition

In establishing the skills matrix, the Nomination Committee engaged in extensive discussions regarding the skills necessary to sustainably enhance the Group's corporate value. While confirming that the existing categories remain important as foundational elements of management, we updated and supplemented them to enable a more comprehensive approach to management challenges.

Specifically, we added "risk management" to the "legal/compliance" category and revised "human resources/labor" to "human resources/labor/personnel and organizational development."

In addition, we introduced a new category, "sustainability," reflecting the recognition that this area is a crucial factor for enhancing the medium- to long-term corporate value of the Group.

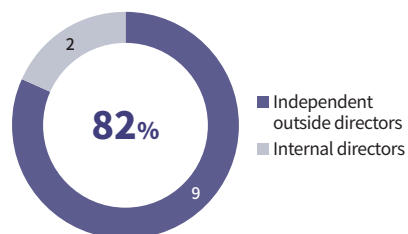
Management structure/Rationale for selecting skills that contribute to enhancing shareholder value

Business management	Amid rapid changes in the environment surrounding the Group, including globalization and digitalization, it is essential to have directors with experience and proven track records in corporate management who can make appropriate management decisions and drive the sustainable growth of dentsu's corporate value.
Finance/accounting	In addition to ensuring accurate financial reporting, directors with solid knowledge and experience in finance and accounting are needed to build a strong financial foundation and implement capital policies that drive growth investments to sustainably enhance corporate value and improve shareholder returns.
Auditing	To ensure sound and sustainable growth, to deliver highly transparent financial reporting that meets the expectations of society, and to establish a robust governance framework, directors with strong expertise and experience in auditing are required.
Legal/compliance/risk management	Risk management based on legal and compliance considerations is a critical foundation for the Group's sustainable growth. To enhance the oversight function of the Board, it is essential to have directors with solid knowledge and experience in the areas of legal affairs and compliance.

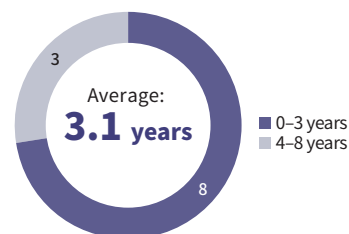
Human resources/labor/personnel and organizational development	Our people are dentsu's greatest asset. To ensure that each of our approximately 68,000 employees can fully realize their potential and contribute to the Group's growth, it is essential to have directors with deep knowledge and experience in human resources, labor, and talent development.
Global management	Given that the Group operates in roughly 120 countries, it is essential to have directors with extensive knowledge and experience in international business practices, as well as in local cultures and business environments worldwide.
Digital business	Fundamental business transformation driven by digital technology is essential to the growth of dentsu's business. To lead this transformation, it is critical to have directors with solid knowledge and experience in the digital business domain.
Sustainability	To fulfill our responsibility of realizing a vibrant and sustainable society where people enjoy a fulfilling life, and to generate ideas for the future to solve challenges facing society through business, it is essential to have directors with knowledge and experience in the field of sustainability.

Board composition

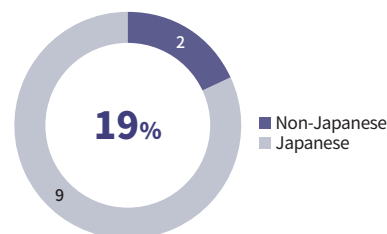
Composition of outside directors



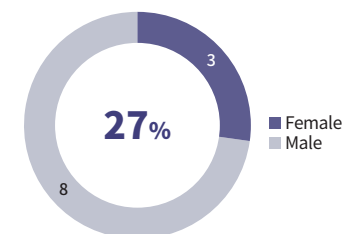
Tenure (overall)



Diversity (nationality)



Diversity (gender)

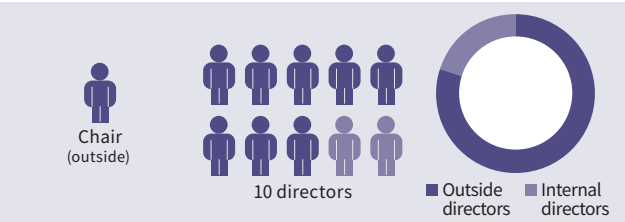


Activities of the Board of Directors

Board of Directors (met 16 times in 2024)

— Composition

The Board consists of 11 directors, nine of whom are independent outside directors, and is chaired by a non-executive director. The independent outside directors include members who have management experience at other companies. When selecting Board members, consideration is given to ensuring a sound balance of experience, expertise, and skills, as well as diversity in terms of gender, nationality, professional background, and age.



— Results of activities

The Company operates with a nominating committee and other committees as a structure, promoting swift and decisive management decisions by delegating authority for business execution from the Board to executive officers. This structure strengthens oversight of business execution by the Board—composed predominantly of independent outside directors—and enhances the effectiveness of internal controls.

In 2024, we prioritized the following key agenda items, conducting thorough discussions among directors, including informal deliberations, to ensure ample debate and continued improvement of corporate governance.

Key agenda items in 2024

- Group global governance structure
- New Mid-Term Management Plan, capital policies, shareholder returns, business competitiveness, and business portfolio
- Listed subsidiaries, internal controls, risk management, and compliance
- Sustainability strategy
- Human capital investment (employees) and culture

Training for directors

To ensure directors can properly fulfill their roles and responsibilities, the Company provides opportunities for acquiring essential knowledge and ongoing learning. Currently, upon appointment, directors (excluding internal directors) undergo training led by internal and external experts covering the Group’s management, business, financial and other strategies, key related matters, and relevant laws and regulations. This

training helps them acquire and update the knowledge necessary for their duties and includes discussions on identifying the Group’s challenges and solutions.

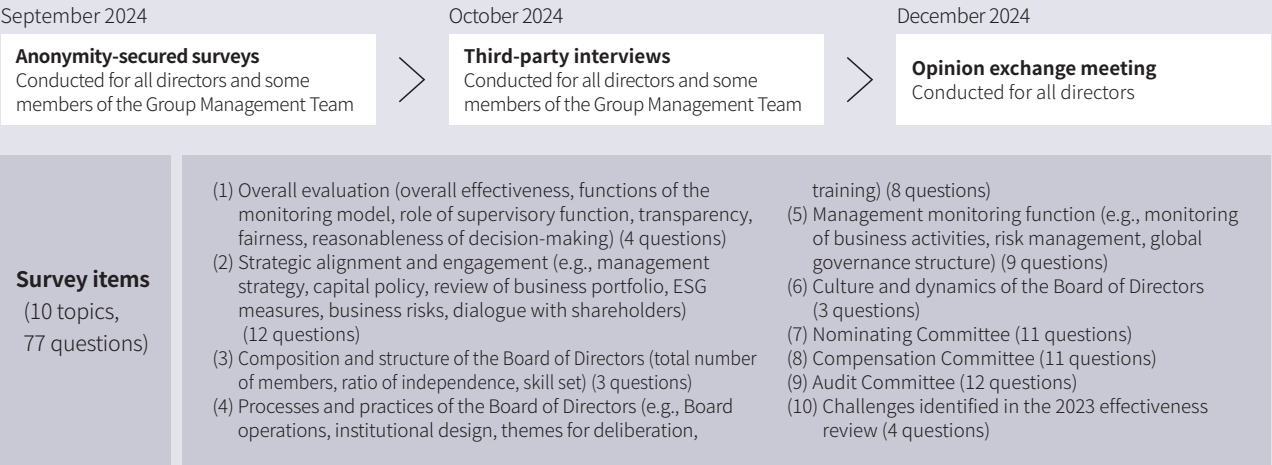
After appointment, directors participate regularly in executive study sessions where they receive the latest information on best practice in relation to various issues around megatrends. In 2024, the training included sustainability (GHG emissions reduction), AI training, and reports from the four Regional CEOs.

Evaluating Board effectiveness

The Company continuously strives to enhance the effectiveness of the Board of Directors by obtaining analysis and evaluation from an independent third-party organization regarding the effectiveness and appropriateness of the Board’s oversight of management. Based on this, the Company conducts an annual

effectiveness evaluation of the Board involving all directors. The Company reviewed the progress on issues identified in the 2023 evaluation, confirmed new issues and future direction based on the 2024 evaluation results, and implemented specific measures to improve the Board’s effectiveness, thereby further strengthening corporate governance.

Evaluation method for 2024



Outline of issues from 2023 and results of the 2024 evaluation

The 2024 evaluation confirmed that the Board of Directors is generally functioning effectively and that the Company is continuously taking steps to enhance the Board’s effectiveness.

These efforts aim to strengthen the corporate governance system and financial and investment discipline to achieve sustainable growth and increase the corporate value of the entire Group over the medium to long term. Furthermore, due to the high level of commitment from each director and the Board’s diligent supervisory efforts, the Board’s understanding and sensitivity to compliance matters and financial conditions have improved, leading to enhancements in the management monitoring function.

In particular, the following points are cited as noteworthy improvements: (1) the contribution of the Audit Committee has strengthened internal control and audit functions; (2) the contribution of the Finance Committee has enhanced understanding of management’s current status from the shareholders’ perspective; and (3) communication regarding oversight of the financial situation and execution by management has improved, alongside fundamental strengthening of finance-related departments.

On the other hand, it is also confirmed that we need to move forward earnestly with strategic discussions to optimize our business portfolio and ensure global competitiveness, as well as to enhance the persuasiveness of our next Mid-Term Management Plan and growth strategy.

Status of 2024 efforts to address issues identified in 2023 and the Company’s evaluation thereof			
Establishment of a Group global governance structure We confirmed that the corporate governance system has been qualitatively strengthened through enhanced communication between the finance department and the Board of Directors, as well as the sincere and diligent contributions of the Audit Committee.	Acceleration of strategic discussions for business portfolio optimization We confirmed that discussions on capital efficiency, including ROIC-WACC, have progressed, and important strategic discussions are actively being held while understanding the current business portfolio from a shareholder perspective.	Enhanced monitoring of execution by the Board of Directors We confirmed that the Board has become more sensitive and improved the accuracy of monitoring on clearly defined issues such as compliance incidents and financial conditions, and that measures to fundamentally strengthen finance-related departments are progressing.	Improved quality of materials suitable for discussion at Board meetings We confirmed that the Board materials have improved to a certain degree, reflecting an awareness of the perspectives required for Board-level discussions, such as the inclusion of executive summaries.

Initiatives for future improvement

To ensure that supervision and execution work in tandem to drive the Group’s sustainable growth and enhance corporate value, the Board of Directors has identified the following priority issues and corresponding policies for addressing them.

By advancing these initiatives, the Company aims to continuously enhance the effectiveness of the Board of Directors and further strengthen its corporate governance.

- (1) Enrichment of deliberation on major agenda items based on medium- to long-term strategy**

 - Continuously streamline agenda items to ensure sufficient time is allocated to important matters
 - Reaffirm the roles and responsibilities of the Board of Directors, reorganize the division of roles between the Board and management, clarify the KGIs/KPIs related to medium- to long-term strategy, and align oversight and execution perspectives on monitoring methods
 - Consider utilizing forums outside the Board, such as meetings of outside directors, as necessary
- (2) Further sophistication of the Group management control system**

 - Provide appropriate advice from the oversight side to support prompt action by the execution side and further strengthen the Board’s monitoring function
 - Continue strengthening the organizational audit functions and consider enhancing the information-gathering framework on the oversight side
- (3) Realization of an effective Global CEO succession plan**

 - Identify CEO candidates based on the ideal profile, taking into account the management environment and key management and organizational challenges, and ensure transparent and fair selection
 - Clarify the development plan for candidates and have the Nominating Committee monitor the progress of their leadership development
 - Share the roadmap and progress with the Board of Directors, and consider leveraging outside directors meetings to provide more detailed updates to non-committee outside directors

Activities of each committee

Nominating Committee (held 11 times in 2024)

— Committee composition



— Results of activities

The Nominating Committee deliberates on the nomination and succession plans of directors and executive officers, and decides on matters related to directors. Matters related to executive officers are deliberated and reported by the Committee before being submitted to the Board of Directors for a decision.

In 2024, the Committee mainly deliberated on the following matters.

- The Nominating Committee's role, operating policy, and main topics of discussion
- Policies concerning director nominations and succession planning
- Policies concerning executive officer nominations and succession planning

1. Nomination policy

- Nominate suitable candidates who can contribute to enhancing the Group's sustainable growth and value over the medium to long term, in view of the Group's operating environment. Enhance the fairness and transparency of the nomination process to enable more robust and high-quality discussions.
- Select candidates with management-related expertise, experience, and ability, while ensuring a good balance between diversity and fields of expertise with the goal of assembling a management team capable of improving the Group's competitiveness and quickly generating innovations.
- Select candidates to become the Company's directors and executive officers in 2025.

2. Succession planning policy

- The Committee shall prepare succession plans for the Company's directors and executive officers.
- The Committee shall consider successor candidates for each position or set of positions, based on priorities and requirements that reflect the Group's operating environment.
- People Discussions shall be held in all relevant workplaces by executive managers to identify promising successor candidates and consider personnel development plans. Information screened through these activities informs the Nominating Committee's deliberations.
- In addition to selecting and training successors from within the Group, depending on the management position, the Committee shall expand the pool of successor candidates by recruiting people from outside the Group.

The succession plan for key positions, including the CEO, is based on three core elements:

(1) criteria, (2) process, and (3) governance.

The overall framework, including each of these elements and how they are interlinked, is reported to and reviewed by the Nominating Committee before implementation.

(1) Criteria: Define the dentsu Leadership Attributes—the behavioral requirements expected of dentsu leaders—as well as the specific skills and experience required for each position.

(2) Process: From the candidate pool identified through People Discussions, select the most promising individuals. Refine the list of final candidates based on external assessments, interviews conducted by the Nominating Committee, and other relevant information.

(3) Governance: Ensure transparency and objectivity of the process through oversight by the Nominating Committee. Appointments to succession positions are subject to nomination by the Committee and subsequent approval by the Board of Directors.

Audit Committee (held 15 times in 2024)— **Committee composition**— **Results of activities**

In accordance with the Companies Act of Japan, the Audit Committee audits the execution of duties performed by directors and executive officers, supervises the activities of the Board of Directors, and, as a basic policy, assists the Board in its supervisory role by monitoring and supervising financial reporting, internal controls, internal audits, and financial audits.

Key audit matters for the Audit Committee are the following.

- Ensuring the reliability of financial reporting through the financial reporting lines and closing processes
- Strengthening compliance systems at the Group level

Compensation Committee (held 8 times in 2024)— **Committee composition**— **Results of activities**

The Committee deliberates and decides on compensation for directors and executive officers. In 2024, the Committee mainly debated the following matters.

- Roles and operational policies of the Compensation Committee (including a review of the scope of matters requiring Committee approval)
- Individual compensation for directors and executive officers
- Revision of performance indicators for incentive compensation (annual incentives and medium- to long-term incentives)
- Establishing targets for performance indicators and evaluation methods
- Establishing individual performance goals for executive officers

— **Basic policy for determining compensation of officers****1. Attract and retain outstanding talent by providing attractive total rewards and environment**

- Competitive pay
- Career growth opportunities

2. Achieve the Group's strategic goals by maximizing the performance of the globally-integrated management team

- Pay for performance
- Challenging goals

3. Strengthen alignment with interests of shareholders and all other stakeholders

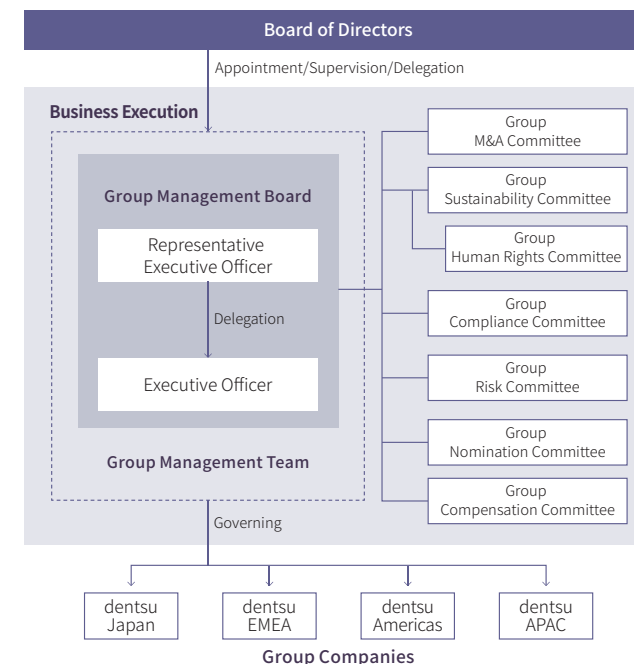
- Creating value for society
- Accountability

Other bodies involved in business execution

The Company appoints a Group Management Team, including executive officers, to directly oversee business operations across four regions: Japan, Americas, EMEA, and APAC. By delegating authority from the Board of Directors to the Group Management Team for most important business execution matters, the Company establishes a swift and effective execution system while strengthening the Board's supervisory function over business execution.

Specifically, under the Board of Directors, a Group

Management Board composed of five executive officers is established to deliberate and decide on important matters of the Company that are not subject to Board resolutions. This includes making decisions regarding significant management issues for the entire Group and conducting preliminary discussions on matters to be resolved by the Board. Additionally, specialized committees have been established to deliberate on specific issues: the Group M&A Committee, Group Sustainability Committee, Group Compliance Committee, Group Risk Committee, Group Nomination Committee, Group Compensation Committee, and Group Human Rights Committee. These bodies work to ensure soundness, transparency, and efficiency in management while promoting the enhancement of corporate value over the medium to long term.



Executive compensation policy for determining the amount of compensation and calculation methods

Basic policy for determining compensation of officers

— Philosophy for compensating officers

As a company with a board committee structure, dentsu has the Compensation Committee whose members and chair are outside directors. The Compensation Committee deliberates and decides on the level and structure of compensation as well as targets for variable compensation for directors and executive officers based on the following compensation philosophy.

Attract and retain outstanding talent by providing attractive total rewards and environment	Competitive pay
	Career growth opportunities
Achieve the Group's strategic goals by maximizing the performance of the globally integrated management team	Pay for performance
	Challenging goals
Strengthen alignment with the interests of shareholders and all other stakeholders	Creating value for society
	Accountability

— Compensation levels

To secure globally talented management personnel, the Group sets compensation levels appropriate for each management role based on amounts paid by industry competitors and companies with similar market caps operating in major markets, including Japan, the US, and the UK.

Category	Type	Details
Fixed compensation	Annual base salary	Regular fixed amount, paid each month
	Annual incentive	Based on numerical values of indicators for each fiscal year
Variable compensation	Monetary compensation	Medium- to long-term incentive (stock price-linked monetary compensation) A specified number of base units are granted on a fixed date each fiscal year. One-third of the units vest annually, starting one year after the grant date, and the corresponding amount—calculated by multiplying the number of vested units by the stock price at that time—is paid in cash.
	Stock compensation	Medium- to long-term incentive (performance share units) The Group's stock is awarded, through a trust, in amounts reflecting the number of units allocated on a specific date each fiscal year and is adjusted after three years based on the performance indicator targets reached.

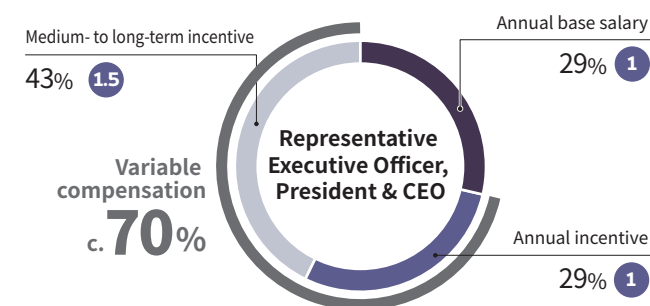
— Compensation system

Compensation for executive officers (including those who concurrently serve as directors) consists of base salary, annual incentives, and medium- to long-term incentives.

For outside directors, only fixed compensation is paid.

To help improve its financial performance and market capitalization over the medium and long terms, the Group has set the medium- to long-term incentive for the President & Global CEO at 1.5 times the amount of the annual base salary and the annual incentive, respectively. The proportions set for other executive officers are based on their global management responsibilities.

Compensation structure for the Representative Executive Officer, President & CEO



Note: The diagram shows the final composition of annual compensation assuming that all targets have been accomplished.

Performance-based compensation structure

— Objective of setting indicators

For each type of performance-based compensation, the Group has specified performance indicators and chair 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
Medium- to long-term incentive	Total Shareholder Return (TSR) including dividends vs. Tokyo Stock Exchange Stock Price Index (TOPIX)	Further enhance alignment with shareholder interests through share price growth and increased profit attributable to shareholders
	ROE	
Annual incentive	Organic growth rate, operating margin	Growth each fiscal year and expansion of business revenue
	Cost indicators	Reexamining underperforming businesses/Restoring profitability recovery through restructuring of the business foundation
	Individual performance evaluation	Promote business transformation
	Sustainability indicators	Progress in sustainability initiatives

Maximize corporate value/Fulfill the Group's purpose: an invitation to the never before.

— Performance targets and compensation breakdown in 2025

Annual and medium- to long-term incentives will vary based on the level of achievement against the target values shown below. Annual incentives range from 0% to 200% (with 100% as the target), and medium- to long-term incentives range from 30% to 170% (with 100% as the target).

Annual incentive

Category	Performance indicator	Target	Upper limit target	Ratio
Financial indicators	Organic growth rate	2.3%	5.8%	30%
	Operating margin	11.8%	13.6%	30%
	Cost indicators	Aligned with the cost reduction plan outlined in the new Mid-Term Management Plan		10%
Individual performance evaluation		Management targets set for each executive officer		20%
Sustainability indicators	Employee engagement score	66	—	10%
	Ratio of female leaders* (excluding the US)	26.9%	—	
	GHG emissions (Scope 1+2, excluding the US)	11,925.4 tCO ₂ e	—	

* Definition of "female leaders"

<https://www.group.dentsu.com/en/sustainability/common/pdf/third-party-assurance.pdf>

Compensation governance

— Malus and clawback clauses

If an executive officer causes significant damage to the Company due to willful misconduct, negligence, or other inappropriate actions, or if there are material errors in financial reporting that would have reduced the amount of compensation paid, the Company may, by resolution of the Compensation Committee, forfeit all or part of the executive's right to receive annual and medium- to long-term incentives (malus), or require the return of all or part of any cash or shares already paid (clawback).

Medium- to long-term incentive (allocations for 2025)

Category	Performance indicator	Target	Upper limit target	Ratio
Stock price indicator	Total Shareholder Return (TSR) including dividends vs. Tokyo Stock Exchange Stock Price Index (TOPIX)	100%	150%	35%
Financial indicators	ROE	Evaluated with reference to the ROE target set as a KPI in the new Mid-Term Management Plan		35%
Stock price-linked monetary compensation		—	—	30%

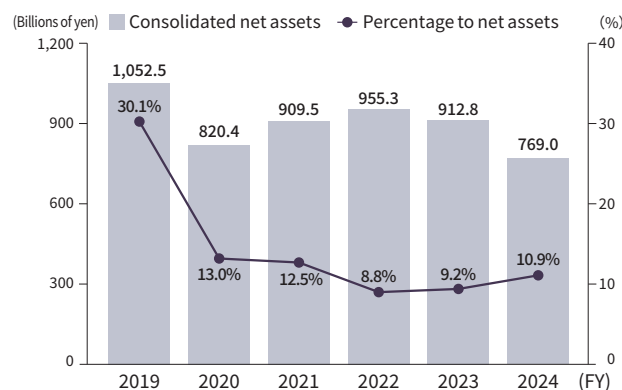
Policy on the disposal of strategic shareholdings and actual reductions

The Group's basic policy regarding strategic shareholdings is to validate whether shareholdings are meaningful from perspectives such as whether the benefits of holding the shares are higher than the Group'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 every strategic shareholding from a medium- to long-term perspective and assesses the appropriateness of continuing to hold each stock.

In 2024, the Group sold 16 strategic shareholdings with a total value of approximately 20.7 billion yen in accordance with this policy.

As of December 31, 2024, the book value of strategic shareholdings accounted for 10.9% of the Group's consolidated net assets. This ratio is expected to be reduced to below 10% by the end of 2025.



For further details regarding dialogues with shareholders and investors, please refer to the Disclosure Policy section of the Company's website.
<https://www.group.dentsu.com/en/ir/stockandratings/constructedialogue.html>

Risk management

Approach

The Group aims to achieve our management objectives by appropriately identifying and assessing risks arising from uncertainty. For high-priority risks, we implement response measures and conduct monitoring to avoid or mitigate risks that could impede the achievement of these objectives. At the same time, we strive to overcome risks—or take calculated risks—to realize and maximize opportunities.

The Group is committed to appropriately identifying strategic risks, key operational risks, and emerging risks. We also work to streamline our risk management processes by formulating an annual risk management plan and ensuring its effective implementation.

Structure

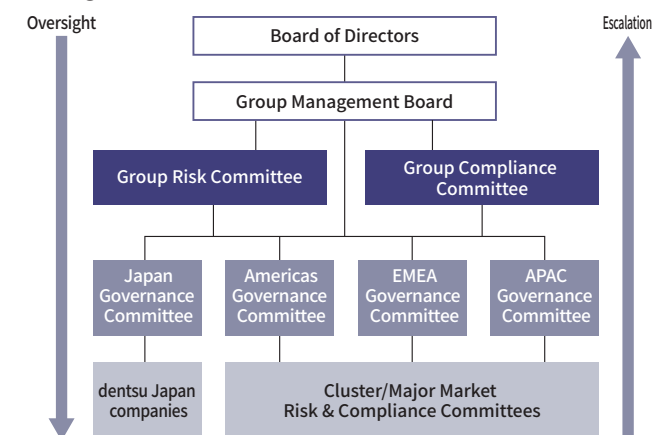
Under the corporate governance structure, dentsu has established the Group Risk Committee, which is responsible for overseeing risk management. This committee primarily manages key risks related to strategy, operations, legal/compliance, finance, and external factors. The committee is chaired by the Representative Executive Officer, Executive Vice President, Global Chief Governance Officer (CGO), and its members include the Representative Executive Officer, President & Global CEO, and the four Regional CEOs overseeing Japan, Americas, EMEA, and APAC. Additionally, the Group Management Team has appointed a Global Head of Internal Control & Risk who oversees risk management and internal controls across the organization, further strengthening the Group's risk management structure.

In April 2025, the Risk & Compliance Committees for each of the four regions were restructured and relaunched as regional Governance Committees under the umbrella of the Group Management Board. Each committee includes dentsu's Global

General Counsel and Global Head of Internal Control & Risk as standing participants, strengthening oversight of regional decision-making and ensuring transparency in discussions.

The activities and responses of the Group Risk Committee and the regional Governance Committees are regularly monitored by the Group Management Board and the Board of Directors.

Management structure



Risk management process

Based on the Enterprise Risk Management (ERM) approach, dentsu identifies and evaluates risks that are of major significance to Group management. To manage the likelihood of risks materializing and control their impact should they materialize and reach certain levels, we create heat maps based on the likelihood of occurrence and the severity of impact, allowing us to understand our risk exposure. While our overall risk exposure is reviewed annually, individual risks are reassessed as necessary and appropriate. Additionally, risk sponsors are appointed for each specific risk, with these sponsors responsible for developing and promoting response plans.

To progressively enhance the quality of risk management, the Group has developed a three-year risk management plan and is working to establish a more effective and efficient risk management process.

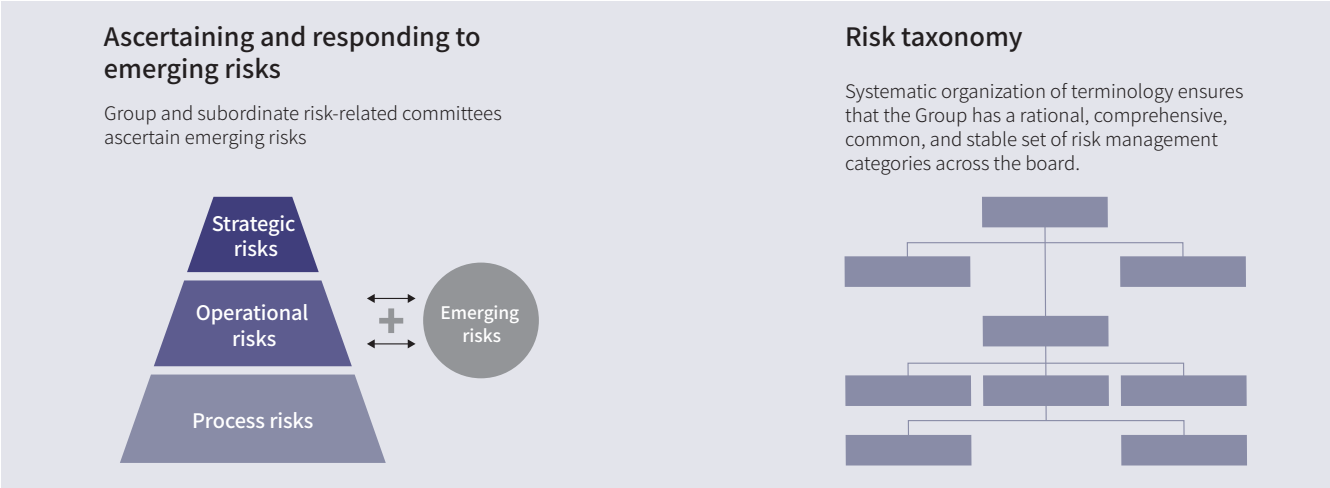
Specific risk management initiatives

As part of the enterprise risk assessment (ERA) conducted in 2024, the Group carried out extensive interviews on risk-related matters with key leaders—including the Global CEO and Global CGO—as well as with regional and major market leaders and outside directors. The insights gained through these interviews were carefully reviewed by the Group Risk Committee and the Group Management Board, leading to an updated list of major risks identified as significant for inclusion in the Group’s risk register*.

To further enhance the comprehensiveness of the Group’s risk coverage, we also undertook the development of a structured risk taxonomy, including the refinement of risk-related terminology. The updated risk register includes risk items that were previously discussed as emerging risks by the Group Risk Committee in 2024.

*For details on major risk items, please refer to the section “Business Risks,” starting on page 28 of the 176th Securities Report. (Available in Japanese only)

Building on the above ERA, the Group has developed two types of risk training programs: one for executive members at both the Group and regional levels, and another for all other employees. This year, risk training will be conducted for all Group employees to deepen understanding of risks across the organization and to further embed a robust and sustainable risk culture.



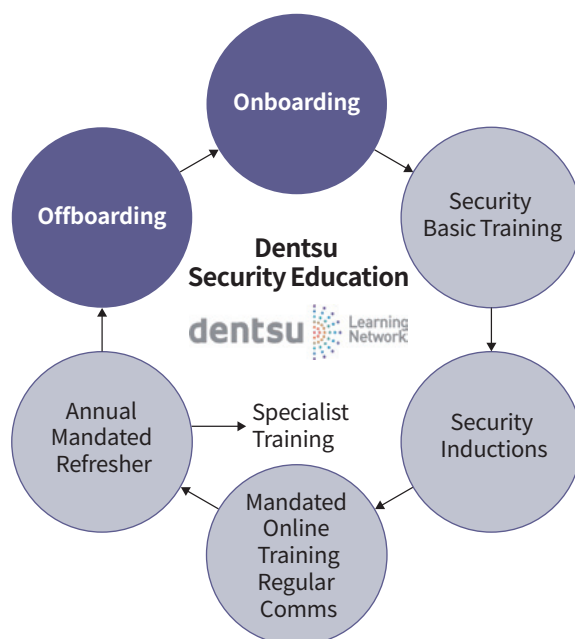
Cybersecurity

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 Group 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

The security team operates under a unified global framework, led by the Group Chief Information Security Officer, who is responsible for the Group's overall security. This officer works in close coordination with the Chief Information Security Officers in each region to provide comprehensive support across the organization.

- 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

The Group promotes a comprehensive security awareness and education program through several key initiatives:

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

Governance and risks

Based on the Enterprise Risk Management (ERM) approach, dentsu aims to minimize the likelihood of identified security risks 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 e-mail, web, and endpoints
 - Next-gen endpoint detection and response (EDR) system
 - Actionable intelligence to defend against emerging threats
 - Proactive threat hunting across network and devices
- Monitoring and incident response
 - Expert 24 × 7 security monitoring
 - Centralized, correlated visibility of activity
 - Capability to quickly contain and respond to threats
 - Regular testing of incident response processes
- Identity and access management
 - Central oversight of user access and joiner/leavers
 - Real-time auditing of privileged users and domains
 - Multi-factor authentication used for core applications
- Infrastructure and asset protection
 - Independent testing of network perimeter
 - Detect and fix vulnerabilities before attackers
 - Secure internet gateway used by our endpoints

2025–2027 focus areas

- Continuously review and improve security structure
- Continuously strengthen data-centric management systems
- Promote security in product development
- Develop dentsu's security personnel

Supply chain management

Basic stance

The Group recognizes supply chain management as a key priority. We are committed to developing and disclosing Group-wide policies related to procurement, establishing the necessary organizational structures and processes, and providing training and education to employees to ensure responsible and effective supply chain practices.

Disclosure of supply chain management policies	<p>The Group has established guidelines for the conduct of business partners within the Dentsu Group Code of Conduct, which all Group members are required to understand and comply with.</p> <p>As a global company committed to contributing to societal development, we have established and published the Dentsu Group Procurement Policy, which outlines our approach, and the Dentsu Group Supplier Code of Conduct, which sets out our expectations for suppliers who do business with us. Guidelines and procedures have also been formulated for each region in accordance with regional business practices and structures, and these are managed by the procurement teams in charge of each region.</p>
Structure	<p>The Global Chief Governance Officer is responsible for Group policies related to procurement and oversees supply chain management. Procurement teams in Japan (dentsu Japan) and overseas, which handle supply chain management, manage various initiatives in accordance with these policies. For high-priority procurement matters, decisions are deliberated and made at key company meetings, including the Group Management Board, with reports provided to the Board of Directors as needed.</p>
Eligible suppliers	<p>The Group works with a wide range of suppliers—including contractors, outsourcing partners, and business affiliates—across areas such as media, production, technology services, goods supply, consulting, and other professional services. We consider not only primary (first-tier) suppliers but also secondary and lower-tier suppliers to be within the scope of our supply chain management.</p>
Dealing with suppliers	<p>Important risks in supply chain management—including environmental, human rights, compliance, information security, anti-corruption, and governance issues—are clearly defined across all countries and industries. Due diligence is conducted at the beginning of supplier relationships, with regular monitoring maintained throughout the contract period.</p> <p>Furthermore, the procurement and sustainability teams collaborate to promote supplier initiatives focused on emission reductions.</p>
Response to supplier inquiries	<p>Regional procurement teams, independent from business divisions, collect information from multiple sources—including reports received through a dedicated hotline for external supplier consultations. They analyze and verify the information and consider and implement necessary responses. Moreover, the Group has established an anonymous reporting channel, Speak Up @ dentsu, which is available to suppliers and other stakeholders.</p>

Details of dentsu Japan initiatives

(1) Establishment of guidelines

To build a sustainable supply chain that contributes to the development of society and stakeholders, dentsu Japan has established and published the dentsu Japan Procurement Guidelines, which require compliance not only from all dentsu Japan companies but also from their suppliers.

(2) Guideline compliance measures

To promote compliance with the dentsu Japan Procurement Guidelines, dentsu Japan regularly engages with the management teams of dentsu Japan companies. This includes monitoring the status of adherence and execution, and providing necessary support as needed.

(3) Monitoring

When individual cases or issues, or the possibility of such issues, are identified with a supplier—based on reports and reviews from business units or information gathered as needed by the dentsu Japan procurement team—internal investigations and interviews are conducted, and a prompt decision is made regarding whether to continue the business relationship.

(4) Escalation

Dentsu Japan works with dentsu Japan companies to share information and address issues. Critical matters are reported to and reviewed by the dentsu Japan Trade Committee, a body established to ensure appropriate management decisions that promote transaction safety and sound profitability. The committee investigates the details of each case and determines whether to continue the business relationship.

(5) Education and training

The dentsu Japan procurement team provides dentsu Japan companies with support and shares practical methods related to procurement, including contract management, information security, and monitoring.

(6) Risk management and due diligence

At the start of a business relationship, risk is managed by ensuring that a master transaction agreement is executed. In addition, investigations and checks tailored to the supplier's industry are conducted to determine whether the transaction should proceed. The template for the master transaction agreement is also reviewed and updated as needed to ensure fair and transparent dealings.

(7) Examples of supply chain optimization and ongoing initiatives

The dentsu Japan procurement team collaborates with dentsu Japan companies to implement various initiatives. Examples include appointing dedicated transaction managers and issuing the Partnership Building Declaration, a message expressing the aim of mutual prosperity with suppliers.

Details of initiatives outside of Japan

(1) Establishment of guidelines

We have established policies on contracts, procurement, and payments for our International operations, and conduct procurement in compliance with local business practices and regulations.

(2) Guideline compliance measures

The Global Procurement Team manages high-spend and criticality central or global contracts with third-party suppliers. Beyond this, procurement is managed by either local procurement teams or other functions such as operations or finance. Procurement activity compliance is managed through the Internal Control Framework.

(3) Monitoring

In addition to monitoring conducted by each region and company, the Global Procurement Team supports supplier due diligence and risk management for global requirements and addresses issue resolution.

The status of procurement-related risk assessments is shared

with relevant members through a dashboard.

(4) Escalation

The Global Procurement Team submits monthly reports detailing key contract activities, negotiation outcomes with quantitative results, and procurement-related risks and opportunities. These reports are presented at major meetings attended by representatives from finance, legal, and technology departments.

(5) Education and training

Members of the Global Procurement Team receive training in data protection, security, and the Dentsu Group Code of Conduct, as well as in commercial negotiation and sustainable procurement, with support provided for acquiring relevant procurement qualifications.

(6) Risk management and due diligence

For new suppliers, due diligence is conducted to obtain agreement to dentsu's Supplier Code of Conduct, verify financial soundness, assess compliance risks, and confirm appropriate information security measures. In collecting information related to supplier sustainability, relevant questions are assigned a certain weighting.

(7) Examples of supply chain optimization and ongoing initiatives

The Global Procurement Team implements supplier segmentation to identify key suppliers and ensure appropriate resources are assigned to manage their activities.

In addition, to ensure proper supply chain management, tools have been introduced to support contract conclusion with suppliers, facilitate thorough supplier due diligence, and assist procurement sourcing.