Strengthening the Board of Directors' oversight to enhance medium- to long-term corporate value

Gan Matsui
Independent Outside Director,
Chairman of the Board

My commitment to bolstering the Board's oversight

As Chairman of the Board, I find it regrettable that dentsu recorded its largest-ever net loss in 2025 and did not pay a dividend per share.

In addition to making swift decisions in response to changes in the business environment, a recovery in the Group's performance will require appropriate oversight of those decisions. With this in mind, I am committed to further strengthening the Board's oversight from the perspective of shareholders and other stakeholders.

Key themes for the Board

In light of the challenging environment facing the Group, the Board focused its discussions in 2025 on three key themes: the evolution of Group governance, the advancement of structural reforms in overseas operations, and the review of capital policy and financial strategy. Working closely with the three statutory committees and the Finance Committee, we identified key issues in advance and sought to enhance the quality of Board discussions by drawing out a range of perspectives on important matters. As a result, while the evolution of Group governance has yielded some positive results, reflected in improved evaluations from both internal and external stakeholders, efforts to implement measures aimed at structural reforms in overseas operations remain a work in progress. Continued discussion of capital policy and financial strategy will also be necessary in response to the changing environment.

Every member of the Board is acutely aware of the various challenges arising from multiple factors associated with the Group's past expansion of its overseas business, and every Board meeting is marked by continued, intensive discussions with a strong sense of urgency. We firmly recognize that effective Board oversight is more important than ever to ensure that management executes key initiatives steadily and with speed, including reviewing underperforming businesses, rebuilding competitive advantage, optimizing costs, simplifying the organizational structure, and strengthening Group governance.

As Chairman of the Board

The Group has undertaken two major reform initiatives across the organization: Working Environment Reform and Mindset and Behavior Reform, which have achieved steady results. Before assuming the role of Chairman of the Board, I oversaw these reforms as Chairperson of the Independent Advisory Committee for Labor Environment Reform Activities and as an outside director, which gave me a firsthand appreciation of the Group's underlying strength. I also have high expectations that the various reforms currently underway will likewise deliver meaningful results.

Since March 2025, when the number of independent outside directors increased, the Board has benefited from more robust discussions that fully leverage the expertise, experience, and insights of directors from increasingly varied professional backgrounds. A wide range of perspectives and opinions are brought forward on important themes, and it is not uncommon for discussions to continue well beyond the scheduled time as directors engage in in-depth deliberation. To ensure productive discussions with a larger Board, it is essential to focus agendas on the most important issues, facilitate discussions in a way that draws out the different viewpoints of individual directors, and operate the Board efficiently.

Going forward, as Chairman of the Board, I will continue to ensure the Board's appropriate operation with independence and objectivity, advance initiatives to enhance its effectiveness, and contribute to strengthening the Board's oversight and enhancing the Group's corporate value.

Corporate governance structure and evolution

(As of March 27, 2026)

Point 1 A Board of Directors with independence and unique perspectives

Dentsu Group Inc. has strengthened the oversight function of its Board of Directors by appointing eight independent outside directors, constituting a majority of the Board's 11 directors, and by selecting an independent outside director to serve as Chairman of the Board. In addition, independent outside directors with management experience and a wide variety of expertise, including accounting/finance, auditing, global management, and legal affairs, actively participate in discussions. Based on sufficient and appropriate information provided by management, they engage in constructive discussions and decision-making on important management issues, risks, capital allocation, and other key matters.

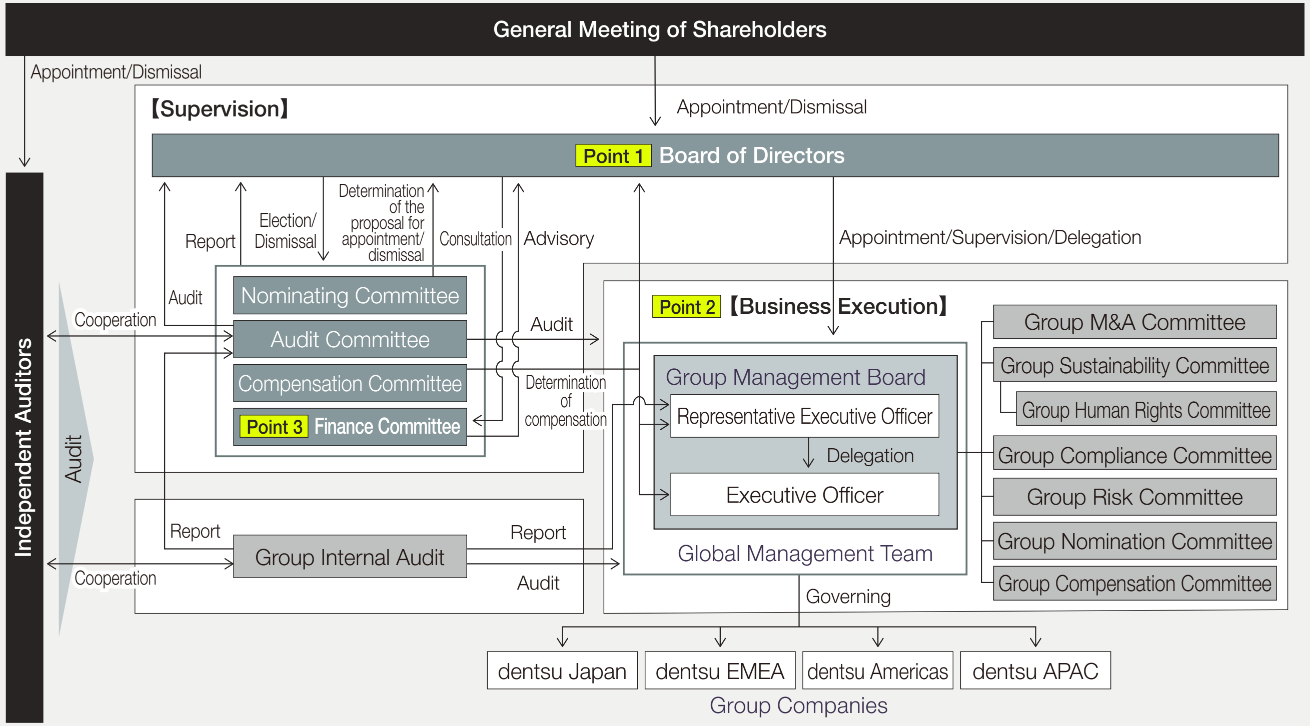
Point 2 Strengthening the global management execution structure

To prioritize stronger execution and accelerate transformation, the Group streamlined certain layers of management and established the new Global Management Team, which includes executive officers and is responsible for driving global management. This structure enables the Global Management Team to directly oversee the Group's four business regions—Japan, Americas, EMEA, and APAC—thereby creating a more agile and effective Group management framework. In 2026, we also established the new position of Global Chief Transformation Officer, appointing Noritaka Omi to the role, to further accelerate transformation across the Group.

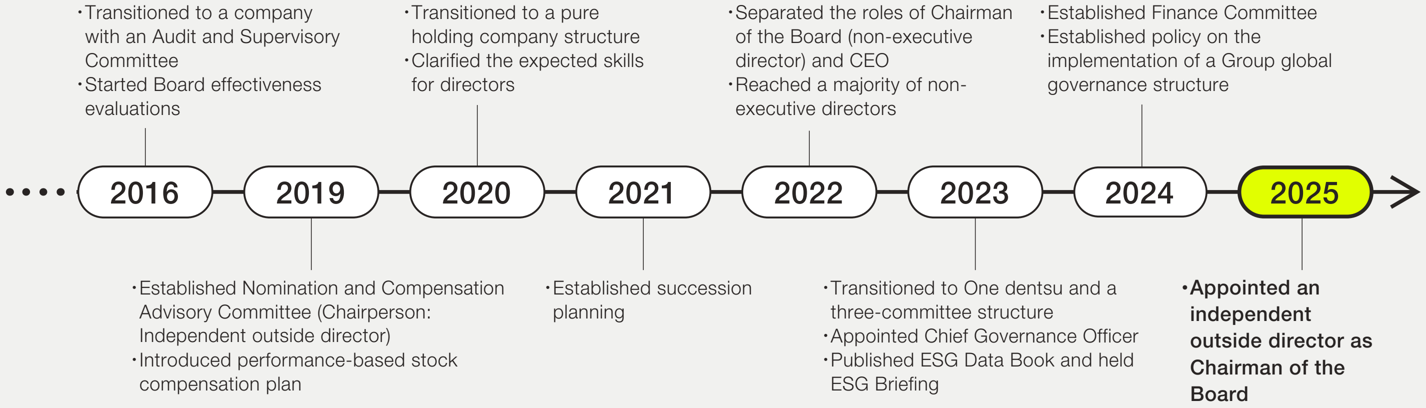
Point 3 Enhancing financial discipline to improve corporate value

The Group is transforming its business portfolio through a review of its priority business domains and markets, while strengthening its financial foundation and improving capital efficiency through greater selectivity and concentration. To support this transformation and achieve sustainable business growth, the Company has established the Finance Committee (see page 52 for details) as an advisory committee to the Board of Directors that provides recommendations based on specialized expertise. Through reviewing financial issues and policies, assessing the appropriateness and progress of various financial initiatives, and examining financial and investment discipline, the Committee supports the enhancement of corporate value from a shareholder perspective.

Corporate governance structure



Evolution of dentsu's corporate governance



Board member skills and composition

To enhance the effectiveness of the Board of Directors, we disclose a skills matrix that outlines the knowledge, experience, and capabilities of our directors. Taking into account changes in the business environment and the direction of medium- to long-term value creation, we continuously review the skills and criteria required of the Board as a whole.

In 2026, in light of the restructuring of our global management structure and the strengthening of governance, we appointed directors with expertise in both business and corporate functions. Through these appointments, we aim to strengthen our management foundation, enhance accountability in business execution, and improve the effectiveness of the Board's supervisory function. We also continue to review the optimal composition of the Board while maintaining a majority of outside directors.

Name *Executive Director	Official position	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			○	○	○			
Takeshi Sano* Nominating	Director, Representative Executive Officer, President & Global CEO, dentsu, CEO, dentsu Japan	○				○	○	○	○
Yoshimasa Watahiki*	Director, Representative Executive Officer, Executive Vice President, Global Chief Corporate Affairs Officer, dentsu	○			○	○		○	
Shigeki Endo*	Director, Executive Officer, Global CFO, dentsu	○	○	○			○		
Paul Candland Compensation (Chair) Outside Independent	Director	○				○	○	○	
Andrew House Compensation Outside Independent	Director	○					○	○	
Keiichi Sagawa Audit Finance Outside Independent	Director	○	○	○	○		○	○	
Yuka Matsuda Audit (Chair) Nominating Outside Independent	Director		○	○	○				
Yoshihiko Kawamura Finance (Chair) Audit Compensation Outside Independent	Director	○	○	○	○		○		
Norimitsu Takashima Nominating (Chair) Audit Outside Independent	Director			○	○	○			
Naoko Ichikawa Nominating Finance Outside Independent	Director	○					○	○	○

Board composition

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

Business management	Amid rapid changes in the environment surrounding the Group, 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 corporate value.
Finance/ accounting	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 and strengthen shareholder returns.
Auditing	To ensure sound and sustainable growth, to deliver highly transparent financial reporting, and to establish a robust governance framework, directors with strong expertise and experience in auditing are required.
Legal/compliance/ risk management	Risk management 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	To ensure that each employee can fully realize their potential and contribute to dentsu'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 approximately 120 countries and territories, it is essential to have directors who have international business experience as well as extensive knowledge and experience regarding foreign cultures and business environments.
Digital business	Fundamental business transformation centered on digital technologies, including AI, 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 support the Group's efforts to create a future that inspires and to oversee initiatives that address environmental and social challenges, it is essential to have directors with knowledge and experience in the field of sustainability.

Reasons for the appointment of the Global CEO

Dentsu is currently at a critical stage in rebuilding its business, including its International operations, and the Nominating Committee gave careful consideration to the selection of the next Global CEO. As part of its ongoing succession planning process, the Committee has continuously reviewed and discussed potential candidates. Taking into account the current business environment and the challenges facing the Group, it selected Takeshi Sano for the role. In making its selection, the Committee placed particular emphasis on the ability to make decisions from a Group-wide perspective across regions under a global management structure. Sano has experience making decisions across multiple regions and business areas, and the Committee concluded that he is well suited to the Company's current circumstances, which require both short-term performance improvement measures and medium- to long-term structural reforms to be pursued in parallel. In addition, the Committee evaluated his track record as dentsu Japan CEO and an executive officer of Dentsu Group Inc., as well as his strong leadership and management capabilities, and appointed him as Global CEO.

Norimitsu Takashima
Independent Outside Director,
Chairperson of the Nominating Committee

Note: For an interview regarding the appointment of the Global CEO with Nominating Committee Chairperson Takashima and Committee Member Ichikawa, please see the following link.
https://www.group.dentsu.com/en/about-us/governance/dialogue.html

Directors

Gan Matsui (Chairman of the Board, Outside Director) Outside Independent

Over the course of a long career as a public prosecutor, Gan Matsui held senior positions including Chief Prosecutor of the Otsu District Public Prosecutors Office, Director of the Criminal Affairs Department of the Supreme Public Prosecutors Office, and Superintending Prosecutor of the Fukuoka High Public Prosecutors Office, overseeing investigations and trials involving major cases, including economic and tax-related offenses. After retiring from the Public Prosecutors Office, he became an attorney and has served as an outside director of Dentsu Group Inc. since 2020. Drawing on his extensive expertise in legal affairs and compliance, he contributes to the strengthening of the Group's governance framework.

- Tenure as director: 6 years
- Board meeting attendance in 2025: 15 of 15
- Shares held: 0

Takeshi Sano (Director, Representative Executive Officer, President & Global CEO, dentsu, CEO, dentsu Japan) Nominating

After joining Dentsu Inc. in 1992, Takeshi Sano has built extensive experience in the account management division and has contributed to business transformation, international expansion, and the strengthening of the Group's competitiveness. In 2024, he was appointed CEO of dentsu Japan, and in 2025 assumed the dual roles of CEO of dentsu Japan and Deputy Global COO, leading the transformation of both the Japan business and Group-wide operations.

- Tenure as director: Newly appointed
- Board meeting attendance in 2025: N/A
- Shares held: 13,721

Yoshimasa Watahiki (Director, Representative Executive Officer, Executive Vice President, Global Chief Corporate Affairs Officer (CCAO), dentsu)

After building extensive experience in the media and business planning fields in Dentsu Inc., Yoshimasa Watahiki served as an Executive Officer of Dentsu Japan Network, a director of several affiliated companies, and COO of dentsu Japan, among other leadership positions. He was appointed Representative Executive Officer and Executive Vice President, as well as Global CCAO of Dentsu Group Inc., in 2026, and is leading efforts to strengthen the Group's management foundation.

- Tenure as director: Newly appointed
- Board meeting attendance in 2025: N/A
- Shares held: 19,211

Shigeki Endo (Director, Executive Officer, Global CFO, dentsu)

After beginning his career at Itochu Corporation, Shigeki Endo held senior finance and accounting positions at several global companies, including General Electric, British American Tobacco, and Accenture. He joined Dentsu Group Inc. in 2024 and was appointed Executive Officer and Global CFO in 2025. Drawing on his extensive financial expertise and global management experience, he is leading efforts to improve profitability and enhance corporate value.

- Tenure as director: Newly appointed
- Board meeting attendance in 2025: N/A
- Shares held: 100

Paul Candland (Outside Director) Compensation (Chair) Outside Independent

Paul Candland has held senior leadership positions at global companies including PepsiCo, The Walt Disney Company Japan, and The Walt Disney Company Asia Pacific, where he helped drive business growth across Asia and in the digital domain. He has served as an Outside Director of Dentsu Group Inc. since 2022 and contributes to strengthening the Group's competitiveness and governance from a global management perspective.

- Tenure as director: 4 years
- Board meeting attendance in 2025: 15 of 15
- Shares held: 0

For detailed biographies, please refer to the materials below.
https://www.group.dentsu.com/en/ir/common/pdf/ams177noticeE.pdf

Andrew House (Outside Director) Compensation Outside Independent

Andrew House has extensive experience in international corporate management and business transformation, having held leadership roles in business operations and marketing within Sony Group and served as Global CEO and Chairman of the Board of Sony Interactive Entertainment. He has served as an Outside Director of Dentsu Group Inc. since 2022 and contributes to strengthening global competitiveness and governance.

- Tenure as director: 4 years
- Board meeting attendance in 2025: 15 of 15
- Shares held: 0

Keiichi Sagawa (Outside Director) Audit Finance Outside Independent

After joining Recruit in 1988, Keiichi Sagawa held a wide range of management roles in areas including finance and accounting, legal affairs, investment management, and compliance. He also served as CFO and CRO from 2017, playing a key role in strengthening the company's management foundation and driving business transformation. He has served as an Outside Director of Dentsu Group Inc. since 2022 and contributes to strengthening the Group's global competitiveness and governance.

- Tenure as director: 4 years
- Board meeting attendance in 2025: 15 of 15
- Shares held: 0

Yuka Matsuda (Outside Director) Audit (Chair) Nominating Outside Independent

After beginning her career at Citibank, Yuka Matsuda built extensive experience in accounting and tax matters at Chuo Shinko Audit Corporation and Chuo Coopers & Lybrand International Tax Office. She was appointed a Board Member of PwC Tax Japan in 2014. Drawing on her expertise as a certified public accountant and licensed tax accountant, she has served as an Outside Director of Dentsu Group Inc. since 2023 and contributes to strengthening the Board's oversight of auditing and financial matters.

- Tenure as director: 3 years
- Board meeting attendance in 2025: 15 of 15
- Shares held: 199

Yoshihiko Kawamura (Outside Director) Finance (Chair) Audit Compensation Outside Independent

After joining Mitsubishi Corporation in 1979, Yoshihiko Kawamura served as Senior Vice President and Senior Assistant to Group CEO of the Business Service Group (in charge of management plans) before holding positions including Representative Executive Officer, Executive Vice President and Executive Officer, and CFO at Hitachi, Ltd. Drawing on his extensive expertise in finance, strategy, digital transformation, and global management, he has served as an Outside Director of Dentsu Group Inc. since 2025 and contributes to business transformation, strengthening competitiveness, and enhancing financial governance.

- Tenure as director: 1 year
- Board meeting attendance in 2025: 11 of 11
- Shares held: 284

Norimitsu Takashima (Outside Director) Nominating (Chair) Audit Outside Independent

After being appointed as a public prosecutor in 1989, Norimitsu Takashima held a number of senior positions, including Deputy Director-General of the Minister's Secretariat of the Ministry of Justice, Director-General of the Human Rights Bureau of the Ministry of Justice, Deputy Director-General of the Immigration Services Agency, Vice-Minister of Justice, and Superintending Prosecutor of the Nagoya High Public Prosecutors Office. Drawing on his extensive experience in the investigation and prosecution of corporate crime and other cases, as well as in legal administration, he has served as an Outside Director of Dentsu Group Inc. since 2025 and contributes to strengthening governance and oversight functions.

- Tenure as director: 1 year
- Board meeting attendance in 2025: 11 of 11
- Shares held: 284

Naoko Ichikawa (Outside Director) Nominating Finance Outside Independent

After joining KORG Inc. in 1981, Naoko Ichikawa built extensive experience at several organizations, including Booz Allen Hamilton Japan, GE Capital Edison Life Insurance, Novartis Pharma, Innovation Network Corporation of Japan (INCJ), and Mitsubishi Chemical Holdings. She has served as an Outside Director of Dentsu Group Inc. since 2025 and contributes to strengthening the Group's competitiveness and driving business transformation by drawing on her expertise in strategic consulting, business development, and marketing.

- Tenure as director: 1 year
- Board meeting attendance in 2025: 11 of 11
- Shares held: 142

Board initiatives

Key initiatives in 2025

In 2025, the Board identified the following as key agenda items. In addition to holding 15 Board meetings, management provided advance briefing sessions for outside directors, and directors were given multiple opportunities for informal discussions. These efforts were aimed at deepening discussions and enhancing the effectiveness of the Board.

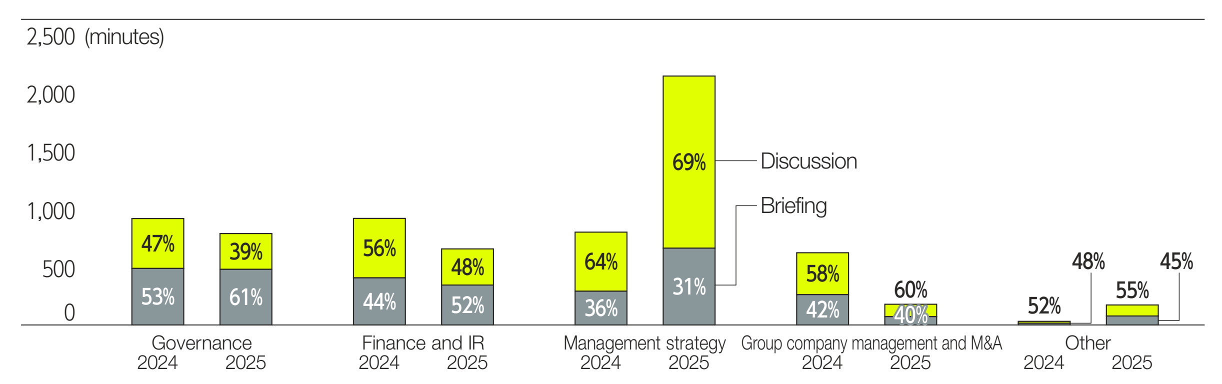
- Mid-Term Management Plan (2025–2027), structural reform of the business outside of Japan, business competitiveness, capital policy, and shareholder return initiatives
- Internal control, risk management, and compliance
- Group global governance structure
- 2030 Value Creation Strategy (sustainability strategy)
- Brand enhancement and communications

In the Mid-Term Management Plan (2025–2027) announced in February 2025, dentsu identified the recovery of its International business as its most significant challenge. Accordingly, the Board devoted considerable attention to management strategy. In particular, outside directors provided extensive comments and recommendations on strategic initiatives for the Group's International business, management framework, and capital and financial strategies, leading to more in-depth discussions. As a result, the optimization of the Group's International business portfolio progressed through greater selectivity and focus, while the Group's management framework was further strengthened.

Key agenda items by category

Category	Key agenda items
Governance	Reports from committees and other bodies; executive appointments and compensation; internal control, risk management, and compliance; sustainability-related reports (including environmental, social, and governance matters)
Finance and IR	Financial results and business performance; financial initiatives; IR activity reports
Business strategy	Mid-Term Management Plan (2025–2027); consideration of business and capital structure reform; various projects
Group company management and M&A	Subsidiary support; M&A and investments
Other	Litigation reports and other matters

2025 briefing and discussion time by category



Training for directors

To ensure that directors appropriately fulfill their roles and responsibilities and that the Board fully exercises its supervisory function, Dentsu Group Inc. provides directors with ongoing training opportunities. Newly appointed outside directors receive onboarding by internal and external experts to deepen their understanding of the Group's management policies, business, finance, governance structure, key management issues, and relevant laws and regulations. Following their appointment, directors also participate in regular executive study sessions aimed at enhancing the effectiveness of the Board, providing opportunities to acquire up-to-date knowledge on various issues arising from megatrends and best practices. In 2025, outside directors participated in onboarding sessions covering Data & Technology. Through these initiatives, we support the enhancement of the Board's supervisory function and the medium- to long-term enhancement of corporate value.

Initiatives to enhance Board effectiveness aimed at growing corporate value

To continuously enhance the effectiveness of the Board of Directors, Dentsu Group Inc. conducts an annual evaluation involving all directors, drawing on an independent third-party analysis and assessment of the effectiveness and appropriateness of the Board's oversight of management. We reviewed the progress made in addressing issues identified in the 2024 review, as well as new issues and future priorities identified through the 2025 review. Based on these reviews, we intend to implement specific measures to enhance Board effectiveness and strive for the continued evolution of our corporate governance framework.

The 2025 survey items are shown on the right.

Achievements in 2025

February 2025
- Formulated the Mid-Term Management Plan (2025-2027)

March 2025
- Appointed an independent outside director as Chairman of the Board
- Selected the Board's key agenda items for 2025 based on issues identified through the 2024 Board effectiveness review

December 2025
- Held a meeting of outside directors

Other initiatives
- Advance briefing sessions for outside directors conducted by management
- Informal discussions among directors

Survey items

	Survey items	No. of questions
1	Overall evaluation (overall effectiveness, functions of the monitoring model, role of supervisory function, transparency, fairness, reasonableness of decision-making)	5
2	Strategic alignment and engagement (e.g., management strategy, capital policy, review of business portfolio, ESG oversight and performance, business risks, dialogue with shareholders)	9
3	Composition and structure of the Board (e.g., total number of members, ratio of independence, skill set)	3
4	Processes and practices of the Board (e.g., Board operations, institutional design, themes for deliberation, training)	6
5	Management monitoring function (e.g., monitoring of business activities, risk management, global governance structure)	6
6	Culture and dynamics of the Board	3
7	Nominating Committee	11
8	Compensation Committee	11
9	Audit Committee	12
10	Issues identified in the 2024 effectiveness review	3

Evaluation method for 2025

October 2025
Anonymous surveys
Conducted for all directors and some members of the Group Management Team

↓

November 2025
Interviews conducted by an independent third-party organization
Conducted for all directors and some members of the Group Management Team

↓

December 2025
Opinion exchange meeting with the participation of an independent third-party organization
Conducted for all directors

Progress in addressing issues identified in 2024 and initiatives for further improvement

The status of initiatives undertaken in 2025 to address issues identified through the 2024 analysis and review, together with an assessment of progress, is shown below.

Evaluation area: Issues identified	Actions taken and assessment	Evaluation	Initiatives for improvement from 2026 onward
(1) Enhanced deliberation on major agenda items based on medium- to long-term strategy	In 2025, rather than focusing on growth strategy at a broad level, the Board concentrated its discussions on high-priority themes, including specific business domains and the Group's management framework.		**(1) Enhancing the effectiveness of the Group management framework and accelerating transformation** ・Strengthen the management of KPIs and the PDCA cycle to enable a more agile response to changes in the business environment.
(2) Further advancement of the Group management framework	While we made steady progress through initiatives such as the establishment of the Regional Governance Committees*, several issues remain to be addressed.		**(2) Reconfirming the role of the oversight function and fostering a shared understanding** ・Reexamine the role of the oversight function over management execution at the Company and establish a shared understanding among Board members.
(3) Effective CEO succession planning	The Nominating Committee has continued to advance discussions on succession planning, including the candidate pool for future Group management leaders.		**(3) Effective CEO succession planning** ・Clarify expectations for Global CEO successors and establish a mechanism through which the Board can provide feedback. ・Monitor, through the Nominating Committee, the development of an effective candidate pool for both normal and contingency situations.

* Regional Governance Committee: A committee established under the Group Management Board to strengthen regional self-governance.

Chairperson messages and Committee activities

Norimitsu Takashima

Independent Outside Director, Chairperson of the Nominating Committee

The Nominating Committee focused on the selection process for directors and executive officers, as well as the Global CEO succession planning. In 2025, a key priority was the selection of a director candidate to serve as the Global CEO.

Going forward, under the new management structure, we will continue to review succession plans on a regular basis while broadening the candidate pool and strengthening candidate development. We will also continue to evaluate candidates from multiple perspectives through direct interviews conducted by Nominating Committee members and the use of external assessments.

In 2026, we will focus on strengthening our medium- to long-term leadership pipeline, with succession planning for directors and other senior leaders as a key priority. By further refining our approach to selection and development, we aim to contribute to the Group's sustainable creation of corporate value.

Yuka Matsuda

Independent Outside Director, Chairperson of the Audit Committee

The Audit Committee works closely with the internal audit function, internal control function, and independent auditor to conduct effective oversight. Except for certain agenda items, the heads of the internal audit and internal control functions, the Global CFO, the independent auditor, and other relevant personnel attend Audit Committee meetings. Audit Committee members, all of whom are independent outside directors, receive reports from these parties and engage in active discussions. Drawing on their expertise and extensive experience, Committee members exchange views with the Representative Executive Officers and other executives from an independent perspective and develop the Committee's audit views and conclusions. The Company has also established a framework to ensure that any significant compliance-related matters, including violations of laws and regulations, are promptly reported to the Audit Committee together with information on their causes, response measures, and potential impact. As part of its role in supporting the Board's oversight of management, the Audit Committee confirms that appropriate internal controls are maintained and that the organizational capabilities needed to develop and execute strategy effectively are in place. Through these efforts, the Committee contributes to the enhancement of corporate value.

Nominating Committee (met 13 times in 2025)

Committee composition ・Chairperson (outside) ・4 members (1 internal, 3 outside)

Activities

The key matters discussed are outlined below.

- **Review and selection of executive officers:** In conjunction with discussions regarding the appointment of directors, the Committee reviewed and selected candidates deemed suitable to serve as executive officers. In addition, outside directors shared their expectations for the new executive management structure with the Global CEO candidate and held direct discussions to exchange views and ensure alignment.
- **Succession planning for executive officers:** Following the establishment of the Global CEO requirements, the Committee reviewed the succession pipeline and assessed potential candidates. Through assessments and interviews with successor candidates, the Committee narrowed the candidate pool, identified each candidate's strengths and areas for further development, and discussed development plans. The Committee also reviewed a watchlist that included individuals with the potential to become future candidates.
- **Succession planning for directors:** The Committee established its policy for outside directors for 2025 and conducted a multifaceted review of the qualities and qualifications expected of future outside directors, taking into account factors such as the skills matrix and diversity.

Audit Committee (met 14 times in 2025)

Committee composition ・Chairperson (outside) ・4 members (0 internal, 4 outside)

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, 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. During the year, the Audit Committee conducted audits in accordance with its standards. In addition, the Committee identified the following as key audit themes and, at Audit Committee meetings, requested reports from the heads of the internal audit and internal control functions, the Global CFO, the independent auditor, and others, and reviewed each matter in detail.

- Oversight of compliance, risk management, fraud prevention, and related matters by management across the Group's four business regions
- Ensuring the reliability of financial reporting through the financial reporting lines and closing processes
- Appropriateness of the independent auditor's audit
- Embedding a culture that places the highest priority on integrity and ensuring thorough compliance

Paul Candland

Independent Outside Director,
Chairperson of the Compensation Committee

The Compensation Committee conducted a candid and fair assessment of performance in light of the challenging business environment and shareholder interests, and determined that incentives should be withheld or reduced for certain individuals.

While the focus in 2025 was on business restructuring and rightsizing, in 2026 the emphasis is on growth under the new management team. The compensation framework has also been designed to strongly incentivize organic growth and cash generation. In addition, the long-term incentive program was revised by replacing the stock price–linked monetary compensation introduced in 2025 with Restricted Stock Units (RSUs), creating a mechanism that enables continued alignment of interests with stakeholders even after vesting.

The Compensation Committee will continue to apply global best practices and monitor progress against the Mid-Term Management Plan.

Compensation Committee (met 10 times in 2025)

Committee composition ・Chairperson (outside) ・3 members (0 internal, 3 outside)

Activities

Key matters discussed are outlined below.

- **Determination of compensation systems for directors, executive officers, and other senior executives:** Taking into account the Mid-Term Management Plan and the business environment, the Committee discussed the compensation systems for directors, executive officers, and Global Executive Management members. With respect to the financial and sustainability indicators used for variable compensation (short-term and long-term incentives), the Committee determined target levels and evaluation methods from the perspective of enhancing corporate value and aligning interests with stakeholders.
- **Setting and evaluation of individual performance targets and determination of individual compensation for executive officers and Global Executive Management members:** The Committee established individual performance targets for executive officers and Global Executive Management members and evaluated performance from both financial and non-financial perspectives. For 2025, the Committee conducted a fair and objective assessment, taking into account the challenging business environment, and determined that short-term incentives for certain individuals should be withheld or reduced.

Finance Committee

To strengthen the financial discipline needed to support business transformation, Dentsu Group Inc. established the Finance Committee (an advisory committee to the Board of Directors), composed of independent outside directors, in March 2024. From a shareholder perspective, the Finance Committee provides a forum for in-depth discussions on financial matters affecting the Group that are often difficult to address fully at the Board of Directors due to time constraints and other considerations. In 2025, its second year of operation, the Committee held focused discussions on the themes outlined below with the Committee's three members and the Global CFO, further strengthening financial discipline (eight meetings, totaling approximately 600 minutes).

- Review of medium-term financial challenges facing the Group and confirmation of related policies
- Review of the appropriateness and progress of various financial initiatives, including financing activities
- Oversight of investment management within dentsu Japan (Japan business) in accordance with the investment discipline established in 2024
- Review of progress on initiatives to strengthen financial soundness, particularly efforts to reduce assets held by the Group

2025 Committee members

The Committee is composed of three independent outside directors with substantial expertise in areas including finance and accounting, legal affairs and compliance, and global management.

Chairperson: Keiichi Sagawa **Members:** Yuka Matsuda, Yoshihiko Kawamura

Note: At the Board of Directors meeting following the General Meeting of Shareholders in March 2026, Yoshihiko Kawamura (Chairperson), Keiichi Sagawa, and Naoko Ichikawa were appointed to the Finance Committee.

Key themes for 2026

To strengthen the financial foundation needed to return to growth and enhance corporate value, the Committee will focus its discussions on the following two themes from a shareholder perspective and, together with the Board of Directors, oversee the execution of finance-related initiatives.

- Financial review of the policies and plans for revising the business portfolio, and monitoring the progress of related initiatives
- Monitoring the progress of initiatives aimed at improving asset efficiency

Executive compensation

Basic policy for determining compensation of officers

Philosophy for compensating officers

As a company with three statutory committees, Dentsu Group Inc. has established the Compensation Committee chaired by and composed of outside directors. Based on the following compensation philosophy, the Committee deliberates and determines the compensation levels and structure for directors and executive officers, as well as the performance targets used for variable compensation.

- Competitive pay
- Pay for performance
- Creating value for society
- Career growth opportunities
- Challenging goals
- Accountability

Compensation levels

To attract and retain highly capable management talent on a global basis, compensation levels are determined according to roles and responsibilities, taking into account business competitors and talent market trends in the Group's key markets (e.g., Japan, the US, and the UK).

Compensation system

Compensation for executive officers (including those who concurrently serve as directors) consists of annual base salary, short-term incentives, and long-term incentives. To help improve its financial performance and market capitalization over the medium to long term, the Group has set the long-term incentive for the President & Global CEO at 1.5 times the amount of the annual base salary and the short-term incentive, respectively. The proportions set for other executive officers are based on their global management responsibilities. Outside directors receive fixed compensation only.

Note: For details on compensation amount and related matters, please refer to page 46 of the Financial Report (FY2024-2025): https://www.group.dentsu.com/en/ir/common/pdf/FY2025_finance.pdf

1	Annual base salary	Fixed monetary compensation paid monthly and determined based on the scope of responsibilities and role assigned to each executive officer.
2	Short-term incentive	Performance-based monetary compensation that varies from 0% to 200% of the target amount based on company performance and the performance evaluation of each executive officer for the relevant fiscal year.
3	Long-term incentive	Equity-based compensation consisting of Performance Share Units (PSUs), which are awarded based on company performance over a three-fiscal-year period, and Restricted Stock Units (RSUs), which are awarded subject to continued service over a specified period.

Performance-based compensation structure

Objective of setting indicators

Performance-based compensation is designed to encourage executive officers to drive the business transformation and growth strategies set out in the Mid-Term Management Plan, while motivating them to maximize corporate value and ultimately realize the Group's Purpose. Appropriate performance indicators and calculation methods are established for each compensation component according to its nature.

Compensation governance

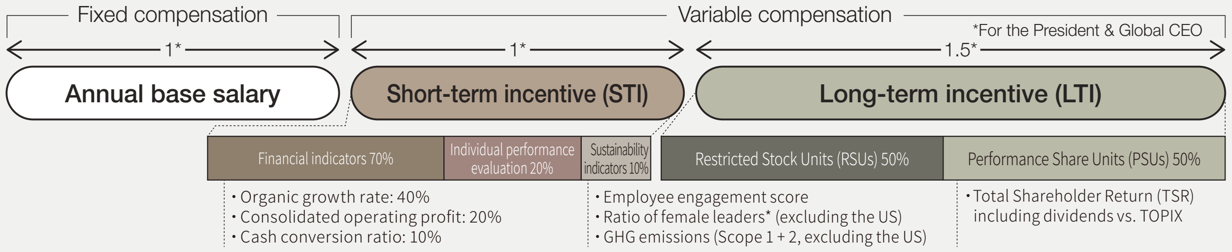
Malus and clawback clauses

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 short-term and long-term incentives (malus), or require the return of all or part of any cash or shares already paid (clawback).

Performance indicators and target levels for 2026 short-term and long-term incentives

Compensation	Category	Ratio	Performance indicator	Target
Short-term incentive	Financial indicators	40%	Organic growth rate	2.0%
		20%	Consolidated operating profit	149.8 billion yen
		10%	Cash conversion ratio	90.5%
	Individual performance evaluation	20%	Management targets set for each executive officer	
	Sustainability indicators	10%	Employee engagement score	67
			Ratio of female leaders (excluding the US)	26.9%
			GHG emissions (Scope 1 + 2, excluding the US)	9,707 tCO_2e
Long-term incentive	RSUs	50%	—	
	PSUs	50%	Total Shareholder Return (TSR) including dividends vs. TOPIX	100%

Overall compensation structure



* Definition of "female leaders">For details, please see this link.