Corporate Governance Report

Last Update: March 29, 2024
Dentsu Group Inc.
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https://www.group.dentsu.com/en/

The status of Dentsu Group Inc.'s corporate governance is as follows.

Ⅰ. Basic Policy for Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic Policy Updated

The Group has set the Purpose of extending "an invitation to the never before", WHY/WHAT/HOW and eight values called "the 8 ways" as its Corporate Philosophy (NORTHSTAR), and as a foundation to realize the NORTHSTAR, the Group established the "Dentsu Group Code of Conduct" that defines the way everyone who works for, or on behalf of, the Group should act. According to the NORTHSTAR, the Group will work on the maximization of corporate value for all stakeholders such as shareholders, clients, partners, employees, and consumers by positioning itself as a Business to Business to Society (B2B2S) corporate group that resolves social issues through business with clients.
The Group has established a shared vision "To be at the forefront of people-centered transformations that shape society." In a market where marketing, technology, and consulting converge, the Group have redefined our business domain, as "People-centered Transformation" and will evolve into a corporation that creates new solutions and generate positive social impact by using its standout creativity and technology.

To realize the above, pursuing the best corporate governance is important. The Company shall ensure sustainable growth and enhance the medium- to long-term corporate value through transparent and fair decision-making, effective use of management resources and expeditious and resolute decision-making.

For the above purposes, the Company shall work on enhancing the corporate governance in accordance with the basic concepts below.

(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

For the Company's response policy to the Corporate Governance Code, please also refer to the Company's Corporate Governance Policy.

Corporate Governance Policy
https://www.group.dentsu.com/en/about-us/governance/cgp.html

[Reasons for not implementing principles of the Corporate Governance Code] Updated

This section is based on the Corporate Governance Code revised in June 2021.

[Supplementary Principle 2.4.1 Ensuring diversity, including active participation of women]

<Policy of ensuring diversity>
Dentsu Group, employing over 140 different nationalities across the world, respects diversity and believes that it is one of our strengths. Our policy is to foster an inclusive corporate culture and provide equal opportunities to everyone, regardless of gender, nationality, age, sexual orientation, disability, length of service, or mid-career status, so that everyone can work to their fullest potential. In accordance with this policy, it is also our policy to promote talented and diverse personnel to managerial positions. As one of the initiatives to embody these policies, we have defined and incorporated our requirements for leadership in the Group into the evaluation indicators for executives. This approach makes it possible to embody the actions expected of leaders in the Group as one of the evaluation items and enables employees to be evaluated and given opportunities for promotion based on actions instead of attributes.
As the Group operates globally and appoints a diverse range of human resources, including mid-career hires and foreign nationals, to management positions in accordance with the above policy, we have not set "voluntary and measurable goals" for appointing mid-career hires and foreign nationals to management positions. On the other hand, we position the Dentsu Group Inc., which is a holding company, as a global headquarters, and at the Group in particular, we are working to create an environment that enhances our competitiveness through the collaboration of more diverse talent primarily by transferring personnel from overseas divisions.

<Status of ensuring diversity and voluntary and measurable goals>

(1) Female employees
The ratio of female leaders in managerial positions in the Group as of end of December 2023 is as follows.

Japan(*2)：11.1%
Americas：45.0%
EMEA：36.2%
APAC：34.3%

*1：Female leaders are defined as executive class in Japan and officer class overseas.
*2: Calculated based on information on human resources of the Company and its directly invested companies in Japan.

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

The Dentsu group has set and is promoting the goal of increasing the ratio of female leaders to 45% globally by 2030.

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

In regards to the Dentsu Group's other initiatives for the promotion of active participation of women, please refer to "Other" in "3. Status of Efforts Pertaining to Respecting the Position of Stakeholders" under "Ⅲ Implementation Status of Measures Related to Shareholders and Other Stakeholders"

(2) Midcareer hires and foreign nationals
As of the end of December 31, 2023, the midcareer hires in managerial positions in dentsu Japan was 50.1% while the percentage of foreign nationals in managerial positions was 2.1%. These are calculated based on human resource information of the Company and its directly invested companies.

<Policies for human resource development and internal environment development to ensure diversity, and status of implementation>
The Dentsu Group considers employees as the source of value creation and believes that fostering a culture in which employees with diverse capabilities can create teams that transcend organizational and geographical constraints will significantly enhance our growth strategy. Therefore, in order to respect the diversity of employees and support their continuous growth, Dentsu Group provides employees with extensive training programs including opportunities for career development across Dentsu Group and a next generation leadership development program and conducts flexible staff allocation across Dentsu Group. In addition, Dentsu Group has been working on the creation of a workplace where each individual can thrive even under drastically changing environments mainly by promoting workstyle reforms and investment in mental health and wellness support for employees. Through these measures, Dentsu Group will ensure the growth of our employees and secure human resources which are the foundation of sustainable business. Moreover, in FY2021, it launched an employee engagement survey in the entire Dentsu Group with the aim of identifying challenges in the organization and making improvements while listening to our employees.

For details, please refer to the "People Strategy" (page 41 to 47) in the Dentsu Group's Integrated Report.
https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2023_all.pdf

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

Among the principles and supplementary principles described in this section, the principles and supplementary principles updated from the Corporate Governance Report as of March 30, 2023 are as follows.
[Principle 1-4 Cross-Shareholdings]
[Principle 3-1(i) Company Objectives (e.g., business principles), business strategies and business plans]
[Principle 3-1(ii) Basic views and guidelines on corporate governance based on each of the principles in this Code]
[Principle 3-1(iii) Policies and procedures in determining the compensation of the senior management and directors]
[Principle 3-1(iv) Policies and procedures in the appointment/dismissal of the senior management and the nomination of director candidates]

[Supplementary Principle 3-1-3 Sustainability initiatives and investment in human capital and intellectual property, etc.]
[Supplementary Principle 4-1-1 Scope delegated to the management]
[Principle 4-8 Effective use of independent directors (policy for efforts when it is deemed necessary to appoint at least one-third of directors as independent directors)]
[Supplementary Principle 4-11-1 View on the appropriate balance between knowledge, experience, and skills of the Board as a whole and on diversity and appropriate board size]
[Supplementary Principle 4-11-3 Analysis and evaluation of the Board's effectiveness as a whole and disclosure of the summary of the results]
[Principle 5-1 Policy for constructive dialogue with shareholders]
[Principle 5-2 Establishing and Disclosing business strategy and business plan]

[Principle 1-4 Cross-Shareholdings]
With regard to so-called cross-shareholdings, the Company will examine the significance of holding such shares from the standpoint of whether the benefit of holding such shares exceed the Company's estimated cost of capital in relation to the acquisition price, and whether the holding of the shares contributes to maintaining and strengthening business relationships with investees and promoting joint businesses, and if such shares are deemed to have little significance, the Company will basically reduce the number of shares to be held. Based on this basic policy, the Board of Directors shall annually examine the appropriateness of holding all shares held by the Company for policy purposes, economic rationality, etc., from a medium to long-term perspective for each individual stock, and verify the appropriateness of holding such stocks, and disclose the details of such examination in the Corporate Governance Report, etc.
Last year, the Company sold 17 issues (total sale amount: 13 billion yen) under the above basic policy. As of this year, we have already sold 5 stocks.

With respect to the exercise of voting rights for cross-shareholdings, in order to ensure appropriate exercise, the Company shall make a comprehensive judgment on each agenda item from the perspective of improving the medium- to long-term corporate value of the company issuing the relevant shares and increasing the medium- to long-term economic benefits of the Company and its group companies. In regard to major cross- shareholdings, the status of the exercise of voting rights shall be reported to the Board of Directors. In particular, the Company shall carefully examine and decide whether to approve or disapprove the below proposals and other proposals that may damage the corporate value and shareholder value of the Company and its subsidiaries and affiliates, regardless of whether they are proposed by the issuing company or its shareholders.

(1) Appointment of directors and corporate auditor who are responsible for the occurrence of serious violations of laws and regulations as well as of misconduct
(2) Introduction of takeover defense measures
(3) Mergers and other organizational restructuring
(4) Transfer of important assets

Regarding the voting rights which the Company has exercised at general meetings of shareholders of the companies in which the Company has cross-shareholdings in FY2021, the Company exercised its voting rights in favor of all proposals, as none of them threatened to damage the corporate value and shareholder value of the said companies.

In the event that a shareholder who holds shares of the Company as cross-shareholdings (hereinafter referred to as a "Cross-Shareholder") expresses an intention to sell or otherwise dispose of such shares, the Company shall not engage in any act to hinder such sale or otherwise dispose of such shares, such as suggesting a reduction in the transaction. In addition, the Company shall fully examine the economic rationality of the transaction with the Cross-Shareholder and shall not conduct any transaction that would be detrimental to the common interests of the Company or its shareholders.

[Principle 1-7 Related Party Transactions]
With respect to transactions with its directors or executive officers (in this clause, hereinafter referred to as "Officers") that conflict with the interests of the Company and competitive transactions as defined in the Companies Act, the Company shall explain the details of such transactions at a meeting of the Board of Directors and obtain the approval of the Board of Directors. Then, after obtaining the approval, the Company shall continue reporting on the status of the said transactions, and rigorously operate and monitor the transactions.
In addition, even for transactions that do not fall under the above, the Company distributes individual questionnaires to Officers once a year to confirm whether or not there have been any transactions between the Company or its consolidated subsidiaries and Officers or their close relatives, and the Company appropriately discloses transactions with major shareholders and other related parties in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, and the regulations of the Tokyo Stock Exchange.

[Principle 2-6 Fulfilling functions as an asset owner of corporate pension]
Many of the Company's employees (excluding its contract employees and temporary staff) are seconded from other companies, and the Company applies the corporate pension systems of their respective companies for these employees. In April 2015, Dentsu Inc., which many employees are seconded from and which is the Company's main operating subsidiary, transitioned to a defined contribution pension plan. In Dentsu Inc., since the management of corporate pension contributions affects the stable asset formation of employees, the relevant corporate pension organization staffed by personnel who have acquired the qualifications of a corporate pension manager, etc. conducts appropriate administrative work such as monitoring the investment institution while regularly receiving appropriate advice from outside experts.
The Company also introduced a defined contribution pension plan for its directly hired employees in January 2022, established a corporate pension organization similar to that of the above-mentioned Dentsu Inc., and outsources administrative work to one of our group companies which conducts administrative work.

[Principle 3-1(i) Company Objectives (e.g., business principles), business strategies and business plans]
The Group has set the Purpose of extending "an invitation to the never before", WHY/WHAT/HOW and eight values called "the 8 ways" as its Corporate Philosophy (NORTHSTAR), and as a foundation to realize the NORTHSTAR, the Group established the "Dentsu Group Code of Conduct" that defines the way everyone who works for, or on behalf of, the Group should act. According to the NORTHSTAR, the Group will work on the maximization of corporate value for all stakeholders such as shareholders, clients, partners, employees, and consumers by positioning itself as a Business to Business to Society (B2B2S) corporate group that resolves social issues through business with clients.

The Group shifted to a globally integrated leadership structure with "One Management Team" in January 2023 and directly controls business operations across four regions worldwide (Japan, Americas, EMEA, and APAC).
Under this new structure, the Group has established a shared vision "To be at the forefront of people-centered transformations that shape society." The Group will reposition its business domains, where the convergence of marketing, technology, and consulting is taking place, as

“People-centered Transformation” and evolve into a corporation that will create new solutions and generate a positive social impact by using its standout creativity and technology. In addition, from January 2024, the Group introduced the One dentsu Operating Model, which is a common global business management model. We will promote the provision of Integrated Growth Solutions, which integrates the diverse capabilities of our group to achieve top-line growth for our clients.

In February 2021, the Group formulated the Medium-term Management Plan, running from 2021 through 2024 as a basic policy to realize growth in the medium- to long-term. In the transition from structural reform to a phase of business transformation and sustainable growth, the Group updated the plan in February 2022 after reviewing the results and the business environment. The updated plan focuses on the following four pillars: “Transformation and Growth,” “Operation and Margin,” “Capital Allocation Priorities & Shareholder Returns,” and “Social Impact and ESG” and features further upgraded strategies and goals. The current Medium-term Management Plan concludes in FY2024. As announced in February 2024, it will be difficult to achieve some of the commitments regarding organic growth rate and operating margin under the current Medium-term Management Plan, although we made steady progress for commitments related to Capital Allocation Priorities & Shareholder Returns and Social Impact and ESG. Consequently, in order to achieve more solid organic growth by identifying and addressing the factors that contributed to the assumption that some commitments are difficult to achieve, the Group has organized the actions it will take in FY2024 into three tasks: “internal investment to realize Integrated Growth Solutions,” “business portfolio review and enhancing financial discipline,” and “restructuring of governance and internal controls.”
First, we will improve profits and cash flow through organic growth and cost structure reforms. At the same time, we will strengthen our investment discipline and shift the investment balance from acquisitions to internal investments. In addition to this, we will optimize our balance sheet and improve capital efficiency through the review of our business portfolio and investment. Through these strategies and actions, we will enhance long-term shareholder value.

In January 2023, the Group transitioned to a global management structure with a "One Management Team" to directly oversee and manage its four business regions (Japan, Americas, EMEA and APAC) around the world.

The Group will build a culture of co-creation by promoting and accelerating collaboration for value creation with companies and individuals within the Group around the world as well as with external partners, and deeply instill a corporate culture that links diversity to competitiveness. At the same time, based on this corporate culture, the Company will aim to complete the Medium-term Management Plan while flexibly responding to any changes, and achieve long-term sustainable growth for our group by continuing to contribute to the growth of our customers and society as a whole.

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

For our Medium-term Management Plan, please refer to the following releases.

Partially updated mid-term management plan in February 2024:
https://www.group.dentsu.com/en/news/release/pdf-cms/2024005-0214en.pdf

Medium-term Management Plan updated in February 2022:
https://www.group.dentsu.com/en/news/release/000653.html

Medium-term Management Plan announced in February 2021:
https://www.group.dentsu.com/en/news/release/000387.html

For information on the status of the review of the Group's business portfolio, please see the following description of the Integrated Report.
https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2023_all.pdf

"Medium-term Management Plan" (p21)
"Pioneering on industry first: global Clients & Solutions" (p29)
"Integrated Growth Solutions" (p30)

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

[Principle 3-1(ii) Basic views and guidelines on corporate governance based on each of the principles in this Code]]
To realize the Company's aim to create a better society through contribution to growth of all stakeholders such as its customers, partners, employees and consumers, pursuing the best corporate governance is important. The Company shall ensure sustainable growth and enhance medium- to long-term corporate value through transparent and fair decision-making, effective use of management resources, and expeditious and resolute decision-making.
For the above purposes, the Company shall work on enhancing corporate governance in accordance with the basic concepts below.
(1) To respect shareholders' rights and ensure their equal treatment
(2) To consider the interests of stakeholders, and cooperate with them appropriately
(3) To appropriately disclose company information and ensure transparency
(4) To enhance the effectiveness of the supervisory function over business execution
(5) To engage in constructive dialogue with shareholders who have an investment policy that conforms to the medium- to long-term interests of shareholders

[Principle 3-1(iii) Policies and procedures in determining the compensation of the senior management and directors]
In accordance with the provisions of the Companies Act regarding companies with a nominating committee, etc., the Compensation Committee of the Company has established a policy for determining the amount of compensation for each individual director and executive officer or the method of calculation of such amount. For details, please refer to "II. Status of Decision-making, Execution, and Supervision of Management and Other Corporate Governance Structures " "1. Items Pertaining to Organizational Composition, Organizational Operation, etc." "Incentives" and " Compensation for Directors and Executive Officers.

[Principle 3-1(iv) Policies and procedures in the appointment and dismissal of the senior management and the nomination of director candidates]
1. Nomination Policy
The Company has established the following policies with regard to the appointment of executive officers (including inside directors who concurrently serve as executive officers):
(1) Ability to make judgments from a company-wide perspective.
(2) Expertise in the business of the Company and the Group.

(3) Excellent ability to make business decisions and execute business operations.
(4) Excellent leadership, determination, foresight, and planning skills
(5) Personality and insight appropriate for an executive officer

In addition, candidates for each director are appointed based on the following criteria stipulated in the Rules of the Board of Directors.

<Criteria for selecting internal director candidates >
(1) A person who is able to make determinations from a company-wide viewpoint
(2) A person who has expertise with respect to this Company's business
(3) A person who has remarkable business judgment and ability in business execution
(4) A person who has remarkable leadership, foresight and decision and planning ability
(5) A person who has character and insight suitable for internal directors

<Criteria for selecting outside director candidates>
(1) A person who has extensive experience in management or who is a professional in legal, accounting, finance and other such fields
(2) A person who can be independent of the representative executive officer of the Company
(3) A person who has character and insight suitable for outside directors

2. Nomination procedures
As a company with a Nominating Committee, the Nominating Committee determines the candidates for directors to be submitted to the General Meeting of Shareholders.

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

In the event that an executive officer is deemed as not to be fulfilling their duties adequately, from the viewpoint of ensuring objectivity and transparency, the Board of Directors shall submit its dismissal plan to the Nomination Committee and consider opinions of the Committee formed through its deliberation. Based on such opinions, the Board of Directors shall carry out its dismissal procedures.

[Principle 3-1(v) The Rationale for the appointments and dismissals of senior management and nominations of nominations of director candidates.]
The reasons for the nomination of each director candidate shall be described in the reference material regarding the relevant appointment proposal(s) of the general meeting of shareholders to which the proposal to nominate the director is submitted, and the Company shall appropriately disclose the reasons for appointment and dismissal of senior management required by laws and regulations.

[Supplementary Principle 3-1-3 Sustainability initiatives and investment in human capital and intellectual property, etc.]
The Group considers sustainability to be a core management theme and a prerequisite for realizing the Group's Purpose: an invitation to the never before.
In conjunction with the shift to a global management structure, the Group established its new Materiality and updated the 2030 Sustainability Strategy accordingly. Progress towards this strategy is monitored and evaluated by the Group Sustainability Committee, which is directly under the Group Management Board.
The Group has appointed a Global Chief Sustainability Officer and is promoting this

sustainability strategy as one dentsu.

Sustainability is to value being sustainable in the medium- to long-term instead of solely pursuing short-term profits and aiming for optimization as a whole from the perspective of the supply chain, industry, society, and furthermore, a world beyond one's own profits. The Group shares this new value with multi-stakeholders and aims to build new relationships.

In 2023, with the Group's transition to a new management structure (One dentsu) followed by setting of the Group Vision and expansion of the business model, the Group formulated new materiality comprised of the following five material issues for the Group's sustainable growth and continuous value provision amidst the diverse changes in the external environment: Business ethics & Compliance and Data security, Diversity, Equity & Inclusion (DEI), Human capital development, Climate action, and Innovation leadership. In the materiality formulation process, analysis was carried out primarily for the Group's current and future-oriented strategies and business models, risk items in group management managed by the Group Risk Committee, and furthermore, Board of Directors and sustainability-related meeting materials.

The 2030 Sustainability Strategy, which was updated according to above new materiality, sets as a goal the realization of sustainability of the Group and society by creating innovative solutions for difficult social challenges under the Group's Purpose, Vision, and management policy.

*For more information on the 2030 Sustainability Strategy, please visit our website.
https://www.group.dentsu.com/en/philosophy/sustainability-strategy-2030.html

*For more information on the materiality formulation process, please see the Integrated Report 2023 (p. 15).
https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2023_all.pdf

Group Sustainability Committee

The Dentsu Group established a Sustainable Business Board in August 2021. The Board met four times a year to monitor the progress against our goals specified in the 2030 Sustainability Strategy. With the Group's transition to a global management structure led by the Group Management Team in January 2023, we established a Group Sustainability Committee directly under the Group Management Board.
The committee comprises 12 members with diverse expertise and regional backgrounds, and meets four times a year to monitor and evaluate the progress of the 2030 Sustainability Strategy from various perspectives.

For details on the members of the Group Sustainability Committee for FY2023, please refer to the Integrated Report 2023 (p. 52).
https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2023_all.pdf

Climate Action

Climate action is a material issue with a variety of impacts, including financial, on Group, its shareholders, investors, partners, and clients and is included in materiality set forth in the "2030 Sustainability Strategy".
In order to understand the potential impact on the Group's business as much as possible, the

Group carried out scenario analysis based on analysis of climate change risk by the Network for Greening the Financial System (NGFS) and identified 14 transition risks and physical risks. Since these risks are also opportunities for the Group to support clients and social adaptation, the Group uses the strategy which is formulated in consideration of both risk and opportunities.

For details, please refer to the TCFD Report.
https://www.group.dentsu.com/en/sustainability/common/pdf/TCFDreport2023.pdf

The Group has set and is working for the achievement of more ambitious goals that were formulated in consideration of the aim of the Paris Agreement, which is keeping a global temperature rise well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase even further to 1.5 degrees Celsius.

(1) Net zero GHG (greenhouse gas) emissions by 2040

The Group has set a target to achieve net zero GHG emissions by 2040 across the GHG Protocol Scope 1, 2, and 3, and to reduce GHG emissions by 46% by 2030 across the Scope 1, 2 and 3 from a 2019 base year.

For our net zero target, Dentsu International Limited, which monitored overseas business of the Group at that time, has already received approval from the Science Based Targets initiative (SBTi) in October 2021. We have committed to SBTi to expand the net zero target to be Groupwide, including business in Japan within FY2024.

(2) 100% Renewable Energy

As a member of RE100, which is a global corporate renewable energy initiative to bring together companies that are committed to 100% renewable power for their power use, we commit to power our operations with 100% renewable electricity by 2030.

At Dentsu Building in Shiodome, Tokyo, 100% of the power has been sourced by renewable energy since December 2023. More initiatives to achieve the target are being carried out.

2. Respect for Human Rights

The Group works on protecting human rights based on the UN Guiding Principles on Business and Human Rights. Our policy for human rights is stipulated in the Dentsu Group Human Rights Policy.

For details of the Dentsu Group Human Rights Policy, please refer to the website.
https://www.japan.dentsu.com/en/esg/human_rights_policy.html

The Group's initiatives for human rights are under the management of the global chief governance officer, and the members in charge of human rights affairs are responsible for daily operation.

The Group Sustainability Committee always includes human rights in its agenda while issues unique to Japan are handled by the Dentsu Group Human Rights Committee.

In FY2024, the Group plans to carry out an impact assessment on human rights as a whole.

Key issues as of FY2023 are published in the Integrated Report 2023 (page 48).
https://www.group.dentsu.com/en/sustainability/common/pdf/integrated-report2023_all.pdf

The Group plans to carry out an impact assessment on human rights as a whole. Key issues as of FY2023 are as follows:

(1) Labor environment of contractors
(2) Labor environment within the Group
(3) Responsible communication (appropriateness of advertising expression)
(4) Protection of personal data

3. Human Capital Investment

Human capital is the greatest asset of the Dentsu Group, and the Group aims to boost the capabilities of the organization and each individual by creating an environment where diverse human resources will connect and learn together, combining their expertise. Since January 2023, the Group has built a global human resource leadership framework under the newly-appointed chief human resources officer (CHRO) to achieve this aim. Specifically, under its human resources mission statement "coming together to unleash the power of our people," the Group established a human resources strategy built on three pillars, 1) People Growth, 2) Winning as One Team, and 3) HR Partnership Excellence, and is pursuing a range of activities.

(1) People Growth

We believe that our approach to leadership is the key to accelerating personal and organizational growth, and we position it at the center of our strategy. The influence of a leader's behavior can drastically alter the performance of an organization. For this reason, it is vital for us to identify and develop the leadership needed to drive dentsu's vision, and we have so far engaged in the following activities to achieve this. First, we have defined the dentsu Leadership Attributes, our requirements for leadership, which we promote as the guidelines for the future selection, evaluation, and development of human resources. We are also engaging in what we call People Discussions within each division based on the Attributes, while progressively visualizing key human resources investments and discussing human resources development policies Group-wide. By carrying out these activities on an annual cycle, we aim to renew the human resources pool regularly each year and build systems for appropriate investment and succession planning.

To maximize the potential of the human resources we have visualized, we provide challenging work experiences that stretch the abilities of our personnel in diverse global environments and training programs that broaden their skills and horizons. These include, for example, next-generation leader training programs featuring a partnership with a top business school while also pursuing dentsu's unique qualities, as well as programs for the global expansion of client solutions, which are among the strengths of our Japan business.

We also promote skills enhancement and reskilling for a broad range of employees to achieve the Group's growth goals. We have established online learning platforms that meet every need and level of learning, from data and marketing to the liberal arts that foster creativity. Through these initiatives, the Group is strengthening its talent in Customer Transformation & Technology (CT&T), with new and expanded skill sets both in and outside of Japan. Consequently, more employees are engaged in the CT&T domain than the previous year.

At the same time, we aim to give our employees more career options to facilitate long-term careers. To lay the foundation, we have been introducing Career Framework, a framework with a standardized global job architecture and levelling, and rolling it out Group-wide, starting from Japanese top management in 2023. This foundation will enable our employees to clearly envision their potential careers within the Group and facilitate career enhancement across different regions and Group companies, enhancing their motivation to grow.

(2) Winning as One Team

The strength of the Dentsu Group lies in its ability to multiply the diverse and unique power of individuals. We believe that this is the source of our distinctive creativity. To maximize this strength, we aim for collaboration between a global network of human resources, all striving towards the same goal: in other words, we aim to be One Team. We are focused on activities related to culture and Diversity, Equity & Inclusion (DEI), which will provide the groundwork for this. We see "integrity" as the basis of all our efforts, and we aim to nurture a culture of freedom and responsibility based on integrity.

As our first step to diversity, we focus primarily on our diversity in terms of factors such as gender and nationality as a global company. We have set a quantitative target of 45% female leaders ratio globally by 2030, and we have incorporated this target into the KPIs for executive compensation to enhance the management team's commitment to achieving it. At the same time, we are developing an environment in which talent can play an active role regardless of nationality. We are developing opportunities for talent exchanges within the Group, as well as a global policy facilitating smoother talent movement. From 2024, DEI has been placed under the control of the human resources initiatives. This will enable us to build systems for promoting DEI in close coordination with other human resources initiatives.

Engagement is also a key element in the creation of a corporate culture where employees can work together with a positive attitude. Each year, we survey employee satisfaction and degree of recommendation to calculate engagement scores and share issues on a companywide and division-wide level. So far, these surveys have indicated room for improving communication with management and the clarity of management messages, and we have accordingly established numerous opportunities for communication and interaction. Meanwhile, recent engagement surveys have indicated a relatively high level of integrity and compliance awareness among individuals. We regard this as a positive opportunity, and we will strive to further raise awareness and acknowledgement.

We are also engaged in ongoing efforts to reform the work environment, creating environments where employees can play a full and active part. In addition to the ongoing support of flexible work styles, we have launched multi-faceted measures including providing two to four days of special paid leave per year in each region and support in the acquisition of certification for mental health first aid providers.

(3) HR Partnership Excellence

When implementing our human resources strategy to promote "People-centered Transformation," we require our people to build the best possible partnerships with the business. To this end, we aim to enhance the expertise and productivity of our people to support management strategy and decision-making both as individuals and as an organization. Specifically, we are boosting our organizational capabilities through the establishment of a global structure integrating HR business partners (HRBPs), who work closely with management and businesses, and Centers of Excellence (COEs), composed of specialized teams for talent management, compensation design, etc. We continue to invest in HR data and HR systems that support these activities. Most recently, we have especially focused on improving data precision and establishing Group-wide data items. These initiatives enable us to integrate the information previously scattered between various regions and companies, and we are progressively establishing a platform that will contribute to Group-wide strategic decision-making.

We are also engaged in initiatives to boost the capabilities of the HRBPs who directly support our businesses. Most recently, we have revised the deployment of HRBPs in line with our new business operating model, aiming to achieve a structure that enables them to respond more closely to business needs. Meanwhile, we are also trialing the introduction of the HRBP function in Japan, and we will work to strengthen support for the Japan region, the largest base in the Group.

Our efforts to improve the efficiency of everyday business duties are also continuing. We are progressing with the optimization and automation of processes for labor-intensive operational duties and the utilization of shared services in regions where they are highly cost-efficient. We intend to revise processes and systems for operations that would benefit from overall optimization, aiming for global integration and standardization while also taking regional differences into account as we work to further enhance productivity.

Investment in Intellectual Property

To promote business transformation and growth, we will continue to invest aggressively in intellectual property, including new technologies and product innovations.

[Supplementary Principle 4-1-1 Scope delegated to the management]

The Company appoints the Group Management Team including executive officers to directly control business operations across four regions worldwide (Japan, the Americas, EMEA, and APAC).

The Company aims to build an expeditious and highly effective business execution system as well as strengthen the supervisory function of the Board of Directors concerning business execution, by delegating the authority for the most important business execution from the Board of Directors to the Group Management Team.

Specifically, the Group Management Board, consisting of the Group Management Team, is established under the Board of Directors to deliberate and decide on important matters of the Company other than those resolved by the Board of Directors, to make resolutions on important management matters for the entire Group, and to deliberate in advance on matters to be resolved by the Board of Directors.

[Principle 4-8 Effective use of independent directors (policy for efforts when it is deemed necessary to appoint at least one-third of directors as independent directors)]

The number of directors is 9 (no more than 15 as the Articles of Incorporation stipulate) and six (6) of them, the majority of the members, are independent outside directors.

[Principle 4-9 Independence standards and qualification for independent directors]

The Company has established Independence Standards for Outside Directors.

Please refer to the Company's website. "Independence Standards for Outside Directors"
https://www.group.dentsu.com/en/about-us/governance/isod.html

[Supplementary Principle 4-11-1 View on the appropriate balance between knowledge, experience, and skills of the Board as a whole and on diversity and appropriate board size]

As our policy, the number of directors on the Board of Directors of the Company is fifteen (15) or less and independent outside directors constitute the majority. As of the date of submission of this report, the Board of Directors comprises nice (9) directors, of which six (6) are independent outside directors. With regard to the members who make up the Board of Directors, the Company gives consideration to the balance of experience, knowledge, and abilities, as well as diversity, including in terms of gender, internationality, professional experience, and age, and includes persons with management experience at other companies as independent outside directors.

The Company has identified the skills that the board should have as a whole to allow the Company to achieve the Medium-term Management Plan formulated in February 2021 and updated in February 2022. These skills are management, finance/accounting, auditing, legal affairs/compliance, human resource management, global management, and digital business, and the Company has described experience, insight, ability, and other significant elements of each director candidate of the Company in the reference material for the relevant appointment proposal(s) of the general meeting of shareholders.

See Figure 2 at the end of this report for a skills matrix representing the key skills currently possessed by each director and Figure 3 for the reasons for the selection of each skill.

[Supplementary Principle 4-11-2 Concurrent posts of directors as officers at other listed companies]
Directors may concurrently serve as directors, corporate auditors or officers of other listed companies only to the reasonable extent that they are able to devote their necessary time and effort to appropriately fulfill their roles and responsibilities as officers of the Company and after following necessary procedures and obtaining approval by the Board of Directors. Important concurrent posts of directors will be disclosed in the reference material of the relevant general meeting of shareholders and a business report under applicable laws and regulations.

[Supplementary Principle 4-11-3 Analysis and evaluation of the Board's effectiveness as a whole and disclosure of the summary of the results]
In order to continuously enhance the effectiveness of the Board of Directors, the Company conducts an annual evaluation of the effectiveness of the Board of Directors by all directors, based on an analysis and assessment of the effectiveness and appropriateness of management oversight by the Board of Directors by an independent third party. The Company is working to further strengthen corporate governance by confirming the status of improvement of issues identified in the FY2022 evaluation, as well as new issues and directions to be taken in the future, and by implementing specific measures to improve the effectiveness of the Board of Directors.

１. Methodology for Evaluating Effectiveness in FY2023
For the FY2023 evaluation, as in FY2022, an independent third-party evaluation organization prepared survey items and distributed and collected surveys for all directors and some Group Management Team Members. In addition, based on the results of the surveys, interviews were conducted with all directors and some Group Management Team members.
The results were collected and reviewed by a third-party organization and compiled into a report, and the content was explained by the third-party organization and discussed at the Board of Directors meeting held in January 2024.

(1) Results of initiatives in FY2023 to improve the effectiveness of the Board of Directors
・ January 2023 : Appointed the Chief Governance Officer
・ February 2023 : Held an informal board meetings to discuss the board's key agenda and annual agenda
・ March 2023 : Transitioned to a company with a nominating committee, etc.
・ July to September 2023 : Discussions were held on Mindset and Behavior Reform, medium-term management plan, long-term business portfolio, human capital investment, and introduction of an operating model.

- September 2023 : Held a Board of Directors meeting at the New York office. Meetings with directors and global leadership.
- November 2023 : Announcement of new management structure for FY 2024 and introduction of "One dentsu Operating Model," a common global business management model (effective January 1, 2024)

(2) Evaluation method for FY2023

(i) Surveys (for all directors and some Group Management Team members)
An anonymity-secured survey was conducted prior to interviews

(ii) Third-party interviews (for all directors and some Group Management Team members)
Interviews were conducted to obtain candid opinions while ensuring anonymity

(iii) Opinion exchange meeting (for all directors)
Discussions were held with third-party organizations at the Board of Directors meeting to exchange opinions on the issues identified from the surveys and interviews

(3) Main question topics in FY2023 questionnaire and interviews

* Items in the survey (11 items, 76 questions)

(i) Overall evaluation (effectiveness as a whole, functioning of the monitoring model after the change in institutional design, transparency, fairness, and rationality of decision making) (3 questions)

(ii) Strategic alignment and engagement (management strategy, capital policy, business portfolio review, ESG response, business risk, dialogue with shareholders, etc.) (12 questions)

(iii) Composition and structure of the Board of Directors (total number of directors, independence ratio, succession plan, skill set, etc.) (5 questions)

(iv) Board processes and practices (board operations, institutional design, deliberation topics, training, etc.) (8 questions)

(v) Management oversight functions (monitoring business activities, risk management, global governance structure) (10 questions)

(vi) Culture and dynamics of the board of directors (2 questions)

(vii) Nominating Committee (10 questions)

(viii) Compensation Committee (10 questions)

(ix) Audit Committee (11 questions)

(x) Issues from the FY2022 effectiveness assessment (4 questions)

(xi) Other (1 question)

2. Results of Analysis and Summary of Evaluation

In response to the Tokyo 2020 Olympic and Paralympic Games incident that occurred in FY2022 and the financial issue in the DACH region, we recognize with a sense of urgency that strengthening internal controls and transparent disclosure are essential to restore stakeholder confidence and enhance corporate value. In order to continuously strengthen the corporate governance structure of the dentsu Group and to achieve sustainable growth and increase corporate value, we will disclose below the results of the evaluation for FY 2023, the issues based on the results of the evaluation, and the policy for addressing those issues.

(1) Summary of FY2023 evaluation results, issues from FY2022 and progress in FY2023

The evaluation for FY2023 confirmed the sincere efforts of the Board of Directors to upgrade its corporate governance structure in order to regain the trust of stakeholders. Among other things, the evaluation confirmed the high regard for the open and active discussions at the Board meetings, the time and emotional commitment of each Board member, and the leadership of the Chairman in fostering a forward-looking culture. On the other hand, it was also confirmed

that, in light of the high number of risk incidents and the inability to halt the deterioration of business performance, it will be necessary to take measures to get to the root causes of the problems and to reconsider the monitoring of execution.
The status of efforts to address issues (i) through (iv) below, which were identified in the analysis and evaluation for FY2022, and the Company's recognition of this status are as follows.

(i) Deliberation on important agenda items and the determination of direction based on the long-term vision and strategies
While confirming the progress of the medium-term management plan, it was confirmed that the executive side presents specific considerations regarding the long-term vision and strategy to the Board of Directors and careful and active discussions are held at the Board of Directors' meetings.
(ii) Establishment of common frameworks for effective monitoring
It was confirmed that while under the new board structure, efforts are being made to align the point of view of supervisory and executive sides of the board, the appropriate sharing of management information with the Board and the establishment of a method for monitoring execution by the Board of Directors remain issues that require ongoing efforts.
(iii) Consideration of the approach to monitoring after the transition to the One Management Team
It was confirmed that although the formalities related to the One dentsu Management model are in place, PDCA management to strengthen the operations is important in order to ensure its substantive aspects.
(iv) Consideration regarding changes to organizational design
It was confirmed that although the change in the organizational design (from a company with an audit and supervisory committee to a company with a nominating committee, etc.) and the transition of the management structure went smoothly, it is necessary to keep in mind that transition is not a goal, and efforts should be made to strengthen the substantive aspects of operations, including internal controls and internal audits.

(2) Initiatives for future improvement
Based on the evaluation described in (1) above, the issues to be prioritized by the Board of Directors and our policy for addressing each issue are as follows, in order to achieve the operation of One dentsu with both supervision and execution, and to lead the entire Group to sustainable growth and increase in corporate value while solving the issues at hand.

(i) Establishment of a Group Global Governance Structure
Our Policy for Initiatives: In order to promote the appropriate operation of One dentsu and the establishment of a structure, secure global human resources to support the global headquarters functions, strengthen internal controls, and effectively promote the Mindset and Behavior Reform.
(ii) Accelerate strategic discussions on business portfolio optimization
Our Policy for Initiatives: In order to promote strategic divestiture and portfolio optimization of businesses, the Board of Directors will discuss the progress of past M&A and business restructuring.
(iii) Strengthening monitoring of execution by the Board of Directors
Our Policy for Initiatives: Align the perception of supervisory and executive sides on the roadmap and milestones for addressing execution issues, clarification of , KPIs to be monitored, and the content and methods of reporting at board meetings.
(iv) Improve quality of materials suitable for discussion at board meetings
Our Policy for Initiatives: Examine ways to prepare and present materials suitable for discussion from a supervisory perspective at the board meetings.

By promoting the above efforts, we will continue to enhance the effectiveness of our Board of Directors, and further strengthen our corporate governance.

[Supplementary Principle 4-14-2 Training policy of Directors of the Board]
The Company shall provide directors with opportunities to acquire knowledge essential to the execution of their duties and to continue their education so that they can adequately fulfill their roles and responsibilities.
As for newly appointed outside directors, the Company shall explain the Group's business, organizational structure, and contents and progress of the medium-term management plan, etc., to them and also provide them with necessary information on business issues, etc., on a regular basis following their appointment.

Currently, when they become directors (excluding outside directors), the Company provides them with lectures conducted by inside and outside experts with respect to the Group's strategies of management, business, finance, and other applicable fields and important matters and laws and regulations related thereto, and enables them to acquire and update the knowledge required for their offices. They are also given opportunities through discussion to find issues to be addressed by the Dentsu Group and solutions thereto. Moreover, after becoming directors (excluding outside directors), they are given opportunities to attend study seminars on a regular basis to gain the latest information as to the best practices for various megatrend issues.

[Principle 5-1 Policy for constructive dialogue with shareholders]
The Company has established a Disclosure Policy, and through IR activities, the Company strives to disclose a wide range of information, from management strategies and financial information to non-financial information, to shareholders, investors, and others in a timely and appropriate manner, and to engage in ongoing constructive dialogue with them, thereby contributing to the enhancement of our corporate value over the medium to long term.
More specifically, mainly the Global CEO, Global CFO, and officers in charge of IR and disclosure carry out various activities, such as regular meetings with securities analysts and institutional investors, participating in conferences hosted by securities firms in Japan and overseas, conducting roadshows both within and outside of Japan to visit investors individually, holding individual meetings using telephone and video conference system, and conducting sufficient information disclosure on the Company's website. To ensure the effective functioning of these activities, the Group IR Office has been established as a specialized department and works closely with related departments such as the Group Corporate Planning Office, the Group FR/FP&A Office (accounting function), and the Group Corporate Secretary Office. the Company has also established two Group IR offices, one in Tokyo and the other in London, to facilitate dialogue with securities analysts, investors, and shareholders in Japan and overseas.

Opinions and requests obtained through direct dialogue with shareholders and investors by the management team and investor relations activities. are periodically reported to the Board of Directors and management team and are utilized in efforts to improve corporate management and corporate value. To properly manage insider information, the Company has established the Information Management Committee and a "quiet period" during which we refrain from dialogue regarding financial results information. In addition, we conduct periodic shareholder identification survey in an effort to understand shareholder ownership structure.

For details, please refer to "Disclosure Policy" (established in September 2018) on the Company's website.
https://www.group.dentsu.com/en/ir/stockandratings/constructivedialogue.html

Please refer to the Company's website for information on the status of dialogue with

shareholders and investors.
https://www.group.dentsu.com/en/ir/stockandratings/dialogue.html

[Principle 5-2 Establishing and Disclosing business strategy and business plan]
In February 2021, Dentsu Group formulated and announced the "Medium-term Management Plan" spanning over four years from FY2021 to FY2024 as the basic policy to realize medium- to long-term growth. In the plan, the Company sets targets for revenue growth and profit growth, and the Company will work on improving the profitability of existing business and the collection of investment in growth investment projects. In addition, the Company will analyze the progress of the plans and targets formulated each year and make flexible revisions, including plans for the allocation of management resources, such as new business investment, capital investment, and investment in human resource development, and decisions on relevance of maintaining/continuing each business in the Group, as necessary. The soundness, fairness, and efficiency of the execution status are verified and supervised by the Board of Directors. The Company will explain the above matters in an easy-to-understand manner at its financial results briefings and general shareholders' meetings based on the Corporate Governance Code revised in June 2021.
The Group released an updated Medium-term Management Plan in February 2022 with specific strategies and targets based on review of the progress of the execution status, results, and business environment of the plan from February 2021.
For updated targets for revenue growth and profit growth and policies for the allocation of management resources such as capital investment, M&A investment, and shareholders return, please refer to the following updated Medium-term Management Plan and the materials for the Year Ended December 31, 2021 we used in the financial results briefing. For more information on the company's performance for the fiscal year ending December 31, 2023 and the progress and revision of its medium-term management plan, please refer to the following release of consolidated financial results for the fiscal year ended December 31, 2023 and the presentation materials for the fiscal year ending December 31, 2023. A new medium-term management plan will be announced later this year.

Partially updated mid-term management plan in February 2024:
https://www.group.dentsu.com/en/news/release/pdf-cms/2024005-0214en.pdf

Medium-term Management Plan updated in February 2022:
https://www.group.dentsu.com/en/news/release/000653.html

Medium-term Management Plan announced in February 2021:
https://www.group.dentsu.com/en/sustainability/reports/2021/keywords/index.html#plan

Financial Results Briefing for the Year Ended December 31, 2023 (Recording)
https://www.group.dentsu.com/en/ir/data/slides/audio/2023_04.html

Release of Consolidated Financial Results for the Year Ended December 31, 2023
https://www.group.dentsu.com/en/news/release/pdf-cms/2024005-0214en.pdf

[Action on Cost of Capital-Conscious Management and Other Requests (Under Consideration)]
[English Disclosure Available]
In order to achieve sustainable growth and increase corporate value over the medium to long term, the Board of Directors is discussing measures to realize management that is conscious of the cost of capital and stock price. Specific initiatives and plans will be disclosed in a new medium-term management plan to be released later this year.

2. Capital Structure

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

[Status of Major Shareholders] Updated

Name	Number of shares held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,937,500	18.06
Kyodo News Association	18,988,800	7.16
Jiji Press Co., Ltd.	16,028,680	6.04
Custody Bank of Japan, Ltd. (Trust Account)	15,290,860	5.76
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	11,228,000	4.23
Dentsu Group Employee Shareholding Association	5,247,882	1.98
Hideo Yoshida Memorial Foundation	4,984,808	1.88
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,969,860	1.87
Recruit Holdings Co., Ltd.	4,929,900	1.86
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	4,124,978	1.55
Total	133,731,268	50.40

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

Supplementary explanation Updated

(1) The number of shares held by trust banks includes the number of shares for trust business.

(2) In addition to the above, the Company holds 4,801,599 shares in treasury stock. This does not include shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) (940,300 shares as of December 2023). These shares were previously held by Trust & Custody Services Bank, Ltd. (Trust Account E), which was a re-trustee of the trust established for the operation of Board Benefit Trust (BBT) program, and were succeeded by Custody Bank of Japan, Ltd. (Trust Account E) due to a re-trustee change.

(3) Silchester International Investors LLP submitted a change report dated November 21, 2023, stating that it holds the following shares as of November 20, 2023. However, the Company was unable to confirm the actual number of shares held as of December 31, 2023, and it has not taken into account in the above large shareholders. The contents of the report are as follows.

Name	Number of shares held
Silchester International Investors LLP	22,239,000

(4) Nomura Securities Co., Ltd. and its co-owner, Nomura Asset Management Co., Ltd. submitted a change report dated December 6, 2023, , stating that they each owned the following shares as of November 30, 2023. However, as the Company was unable to confirm the actual number of shares held as of December 31, 2023, they are not taken into account in the above status of major shareholders. The contents of the report are as follows.

Name	Number of shares held
Nomura Securities Co., Ltd.	439,821
Nomura Asset Management Co., Ltd.	15,548,400

(5) Sumitomo Mitsui Trust Bank, Limited submitted a change report on December 21, 2023, stating that Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd each held the following shares as of December 15, 2023. However, the Company is unable to confirm the number of shares actually held by these companies as of December 31, 2023, and therefore these companies are not considered in the above status of major shareholders. The details of this report are as follows.

Name	Number of shares held
Sumitomo Mitsui Trust & Asset Management Co., Ltd.	6,203,100
Nikko Asset Management Co., Ltd.	7,739,700

3. Corporate Attributes

Listed exchange and market segment	Tokyo Stock Exchange Prime Section
Accounting period	December
Industry	Service
(Consolidated) Number of employees at the end of the previous business year	More than 1,000
(Consolidated) volume of sales at the end of the previous business year	More than 1 trillion yen
Number of companies (consolidated) at the end of the previous business year	More than 300 companies

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

—

5. Other Special Circumstances that May Have Significant Impact on Corporate Governance Updated

In order to quickly establish a structure that enable us to provide integrated solutions to our clients' diverse challenges on a global basis, the Company has formed a corporate group consisting of companies that operates in fields and regions that are complementary to our group, as well as companies which advanced expertise, through M&A and capital alliances and other means.
To enhance the effectiveness of group management, it is the Company's basic policy to hold all shares issued by subsidiaries directly or indirectly. However, some of its subsidiaries have increased their competitiveness by securing independence and maintaining their listing in light

of the special characteristics of their business domains, their unique corporate culture, and the recruitment of human resources.
The Company has three such listed subsidiaries: DENTSU SOKEN INC. (listed on the Prime Section of the Tokyo Stock Exchange; hereinafter referred to as " DENTSU SOKEN". As of January 1, 2024, the company name was changed from Information Services International-Dentsu, Ltd. to DENTSU SOKEN INC.) and CARTA HOLDING, Inc. (listed on the Standard Section of the Tokyo Stock Exchange; hereinafter referred to as "CARTA") and SEPTENI HOLDINGS CO., LTD. (listed on JASDAQ of the Tokyo Stock Exchange, hereinafter "SEPTENI").

DENTSU SOKEN is a subsidiary whose main business is the construction and maintenance of information systems, sales of various business software, and consultation services. The Company believes that maintaining ISID's competitiveness and acquiring highly specialized human resources through independent management will lead to improvement in values offered to the customers of our consolidated group companies.
CARTA is a subsidiary engaged in the digital marketing business where the company offers digital marketing support to clients and advertising companies and assistance for digital transformation (DX) in media and internet related service businesses including the operation of owned media and e-commerce sites. CARTA's independent management has enabled it to quickly respond to a rapidly changing business environment, maintain its unique corporate culture, and achieve the acquisition of highly specialized human resources. The Company believes that this has helped to improve the values offered to the customers of our consolidated group companies.
In the digital marketing business, SEPTENI has a large client channel and advertising management capabilities in the rapidly growing digital managed advertising market, full-funnel integrated marketing capabilities that also integrate the branding domain, and development capabilities in the data solutions domain. In addition, the subsidiary has expertise in the recruitment and training of digital human resources through the use of a data-driven AI-type human resource system as a foundation for supporting business growth. Its independent management structure allows swift mobility in response to the ever-changing business environment and acquisition of highly professional talented human resources including responses to the new business areas, for which the Group was not equipped with sufficient insights in the past. The Company believes that this has helped to improve the added values offered to the customers of our consolidated group companies.

In order to ensure the appropriate execution of business and the overall optimization of the corporate group, the Company or Dentsu Corporate One Inc. has dispatched directors and corporate auditors to these subsidiaries. As a general rule, the Company respects the judgment of the management of these subsidiaries, and strives to ensure that the interests of the shareholders and other stakeholders of these subsidiaries are not unduly impaired.

Ⅱ Status of Decision-making, Execution, and Supervision of Management and Other Corporate Governance Structures

1. Items Pertaining to Organizational Composition, Organizational Operation, etc.

Organizational format	Company with a Nominating Committee, etc.

[Board of Directors]

Number of Directors in the Articles of Incorporation	15 persons
Term of office of Directors in the Articles of Incorporation	One year
Chairman of the Board of Directors	Other director
Number of Directors Updated	9 persons

[Outside Directors]

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

Relationship with the Company (1)

Name	Attribute	Relationship with the Company										
		a	b	c	d	e	f	g	h	i	j	k
Gan Matsui	Lawyer											
Paul Candland	From another company											
Andrew House	From another company											
Keiichi Sagawa	From another company											
Mihoko Sogabe	Certified Public Accountant											
Yuka Matsuda	Certified Public Accountant											

※Categories for relationship with the company
"○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past
"●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Executive or Non-Executive Director of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof 13
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to

any of d, e, or f) (the Director himself/herself only)
i. Executive of a company, between which the Outside Directors are mutually appointed (the Director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
k. Others

Relationship with the Company (2) Updated

Name	Member of the NC	Member of the CC	Member of the AC	Independent Director	Supplementary Explanation Regarding a Compliant Item	Reason for Appointment
Gan Matsui	○		○	○	Mr. Gan Matsui is an attorney at Yaesu Sogo Law Office, and concurrently serves as Outside Director (Audit and Supervisory Committee Member) of Orient Corporation, Outside Corporate Auditor of Nagase & Co., Ltd., Outside Corporate Auditor of Totetsu Kogyo Co. and Outside Director who is a member of the Audit and Supervisory Committee of Globeride, Inc. Nagase & Co., Ltd. has business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2023 was less than 1% of consolidated net revenue of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities or office mentioned above for which he belongs or concurrently serves.	<Reason for appointment as an outside director> Mr. Gan Matsui has many years of experience as a prosecutor and has directed the investigation and trial of many serious cases, mainly in the field of economic and tax. Based on this experience and knowledge, he has chaired so-called third-party investigation committees on compliance and crisis management for several firms and governmental bodies. He also assumes office of outside directors or corporate auditors for some companies. Being the chairman of the Independent Advisory Committee on Labor Environment Reform at Dentsu Inc. since February 2017, and Outside Director of the Company since March 2020, he has made significant contributions, especially in strengthening compliance and governance of the Company. Although he has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects him to continue to utilize his experience etc., in strengthening the supervisory function of the Board of Directors as our outside director.

						<Reason for Designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3) - 2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. Matsui as an independent director.
Paul Cand-land	○	○		○	Mr. Paul Candland concurrently serves as Outside Director of YAMAHA CORPORATION. YAMAHA CORPORATION has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2023 was less than 1% of consolidated net revenue of the Company and there is no issue with his independence.	<Reason for appointment as an outside director> Mr. Paul Candland has been involved in the management of the Asian and Japanese subsidiaries of a global entertainment company for many years, and has abundant experience as a global manager and achievements and extensive insight in the digital business field and business development. Since March 2022, he has actively provided advice and suggestions from the perspective of global management as an outside director of the Company, especially regarding issues such as business operations based on global economic trends and strengthening competitiveness, and has brought a variety of perspectives to the Company. From these achievements, the Company expects him to continue to utilize his experience etc., in areas such as enhancing the governance of Group management as our outside director. <Reason for Designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning

						Listed Company Compliance, etc. III. 5. (3) - 2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. Candland as an independent director.
Andrew House		○		○	Mr. Andrew House concurrently serves as Strategic Advisor of Intelity, Executive Mentor of The Exco Group, Outside Director of Nissan Motor Co., Ltd. and Non-Executive Director of Viaplay Group AB. Nissan Motor Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2023 was less than 1% of consolidated net revenue of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities mentioned above for which he belongs or concurrently serves.	<Reason for appointment as an outside director> Mr. Andrew House possesses international management experience. He has abundant experience and achievement as a manager and extensive insight, including promotion of business transformation and strengthening of corporate governance, gained in key roles at global corporations. Since March 2022, he has leveraged this experience to actively provide useful advice and suggestions from a variety of perspectives based on examples for global management as an outside director of the Company, especially regarding issues such as Group governance and business operations, and has made a great contribution. From these achievements, the Company expects him to continue to utilize his experience etc., in areas such as enhancing the governance of Group management and strengthening competitiveness in the global environment as our outside director. <Reason for designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3) - 2) and the Company's independence standards for

						outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. House as an independent director.
Keiichi Sagawa	○		○	○	Mr. Keiichi Sagawa concurrently serves as Outside Director of GIMIC CO., LTD. and this company has business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of the transactions during fiscal year 2023 was less than 1% of the consolidated net revenue of the Company, and there is no issue with his independence.	<Reason for appointment as an outside director> Mr. Keiichi Sagawa possesses abundant operational experience regarding business transformation and expansion of global business and digital business in the finance and administration departments of a holding company. He has also been engaged in corporate management for many years as a director and has enhanced corporate value and has expertise and a wealth of experience as a corporate manager. Since March 2022, he has actively provided accurate advice and suggestions as an outside director of the Company, especially regarding issues such as promoting business transformation, strengthening competitiveness globally, and improving management governance. From these achievements, the Company expects him to continue to contribute greatly to improving the management governance, strengthening competitiveness, and ensuring the soundness of the Company, which aims to promote business transformation and achieve growth as a global company, as an outside director. <Reason for designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3)-2) and the Company's independence standards for

						outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Mr. Sagawa as independent director.
Mihoko Sogabe		○	○	○	Ms. Mihoko Sogabe concurrently serves as Representative of Sogabe Certified Public Accountant Office, Auditor of Japan Kogei Association, Outside Director (audit and supervisory committee member) of Nikko Asset Management Co., Ltd., Outside Auditor of SoleBrain, Co., Ltd., and Outside Director (audit and supervisory committee member) of Mitsui DM Sugar Holdings Co., Ltd. Nikko Asset Management Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2023 was less than 1% of consolidated net revenue of the Company and there is no issue with her independence.	<Reason for appointment as an outside director> Ms. Mihoko Sogabe has specialized knowledge and abundant operational experience in the fields of finance, accounting and auditing as a CPA. She also has profound insight of the supervision of business execution, promoting diversity and strengthening governance from an investor's perspective as Outside Director and Outside Auditor of several companies. Since March 2022, she has actively provided useful suggestions and advice as an outside director of the Company from her expert insight and abundant practical experience, especially regarding issues such as improving the Company's financial governance, promoting internal controls, and strengthening the supervisory function. Although she has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects her to continue to contribute to enhancing and ensuring the soundness of financial governance of the Company as our outside director. <Reason for designation as an independent director> By the independence standards established by the Tokyo Stock Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3)-2) and the Company's

						independence standards for outside directors established based on these guidelines, there is no reason to deny independence,nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Ms. Sogabe as independent director.
Yuka Matsu-da			○	○	Ms. Yuka Matsuda concurrently serves as Representative of the Matsuda Yuka CPA and Tax Accounting Office, as Outside Corporate Auditor of DKK Co., Ltd., as Outside Corporate Auditor of Mitsubishi Steel Mfg. Co., Ltd., and as Supervisory Officer of Nochu JAML REIT Investment Corporation. Mitsubishi Steel Mfg. Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2023 was less than 1% of consolidated net revenue of the Company and there is no issue with her independence.	<Reason for designation as an independent director> Ms. Yuka Matsuda has specialized knowledge and abundant operational experience in the fields of finance, accounting, taxation and auditing as a CPA and tax accountant. She also has experience in management as Director of a tax accounting firm, and experience in auditing management as outside auditor of several companies. Since March 2023, she has actively provided useful suggestions and advice as an outside director of the Company from her expert insight and abundant practical experience, especially regarding issues such as improving the Company's financial governance, promoting internal controls, and strengthening the supervisory function. Although she has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects her to continue to contribute to enhancing and ensuring the soundness of financial governance of the Company, which aims to promote business transformation and achieve global growth, as an outside director. By the independence standards established by the Tokyo Stock

						Exchange (Guidelines concerning Listed Company Compliance, etc. III. 5. (3)-2) and the Company's independence standards for outside directors established based on these guidelines, there is no reason to deny independence, nor is there any particular reason to believe that there is a risk of a conflict of interest with general shareholders. Therefore, the Company designates Ms. Matsuda as independent director.

[Three statutory committees]

Constitution and Chair of each Committee

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

[Executive Officers]

Number of Executive Officers Updated	2

Status of Additional Duties Updated

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensati-n Committee Member	
Hiroshi Igarashi	○	○	○	×	×
Arinobu Soga	○	○	×	×	×

[Auditing Structure]

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

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

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

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

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

[Independent Directors]

Number of Independent Directors	6 persons

Other Items Pertaining to Independent Directors

All outside directors who fulfill the requirements of independent directors are designated as independent directors.
The criteria for the independence of outside directors established by the Company are shown in the “Independence Standards for Outside Directors”.

[Incentive]

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

Supplementary Explanation Regarding Said Item

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

Those who granted stock options	None

Supplementary Explanation Regarding Said Item

–

[Compensation for Directors and Executive Officers]

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

Supplementary Explanation Regarding Said Item Updated

The amount of directors' compensation for the fiscal year ending December 31, 20232 is as follows.

<Before the transition to a company with a nominating committee (from January 2023 to March 2023)>
The total amount of compensation for Directors who are not members of the Audit & Supervisory Committee (including the portion for Group Management Team members for Directors who concurrently serve as Group Management Team members) was 125 million yen, consisting of 83 million yen in fixed compensation (cash), 38 million yen in annual bonuses (cash), and 2 million yen in performance-based stock compensation (mid- to long-term bonus) of ¥2 million. The full amount of annual bonus and performance-based stock compensation through the current fiscal year is shown below under "After Transition to a Company with a Nominating Committee (from April 2023 to December 2023)".
However, with respect to Mr. Norihiro Kuretani, who retired as a Director who was not a member of the Audit and Supervisory Committee at the conclusion of the Ordinary General Meeting of Shareholders held on March 30, 2023, the total amount of following (i) and (ii) are included in the annual bonus written above: (i) one-fourth (1/4) of the amount recorded as an expense with respect to the annual bonus for the fiscal year under review (as a percentage of the term of office to the term of the fiscal year, during which he served concurrently as a director who was not a member of the Audit and Supervisory Committee) and (ii) the amount of the annual bonus for fiscal 2022 that was actually paid to him during the fiscal year, less the amount recorded as an expense in fiscal 2022 with respect to such annual bonus. One-fourth of the amount recorded as an expense in the current fiscal year with respect to performance-based stock compensation granted in the current fiscal year (This amount includes the amount related to the money that would be paid out in proportion to half of the number of units vested.) is included in the amount of performance-based stock awards above. The total amount of compensation for Directors (excluding Outside Directors) who are Audit and Supervisory Committee Members was 9 million yen, and the total amount of compensation for Outside Directors who are Audit and Supervisory Committee Members was 22 million yen.

< After Transition to a Company with a Nominating Committee (from April 2023 to December 2023)">
Total compensation for directors (excluding outside directors) was 44 million yen, and total compensation for outside directors was 95 million yen. The total amount of compensation for Executive Officers was 207 million yen, consisting of 117 million yen in fixed compensation (cash), 52 million yen in annual bonuses (cash), and 37 million yen in performance-based stock compensation (mid- to long-term bonuses). Annual bonuses are the sum of (1) the amount recorded as an expense in the fiscal year with respect to annual bonuses for the fiscal year and (2) the difference between the amount of annual bonuses for fiscal 2022 actually paid during the current fiscal year less the amount recorded as an expense in fiscal 2022 with respect to such annual bonuses, and for performance-based stock compensation, the amount is recorded as an expense for the fiscal year with respect to performance-based stock compensation granted during the fiscal year (this amount includes the amount related to money to be paid out in proportion to half of the number of units vested) .
The total amount of consolidated compensation paid to directors Hiroshi Igarashi, Arinobu Soga, and Nick Priday was 164 million yen, 128 million yen, and 338 million yen, respectively.
The total amounts shown above include the amounts recorded as expenses in the Company as described above with respect to annual bonuses and performance-based stock compensation paid by the Company, and for director Nick Priday, the above includes the amount expensed by the Company during the year with respect to annual bonuses, performance-based cash compensation and performance-based stock compensation received from the Company's major consolidated subsidiary.

Details are as described in the securities report.

Policy on deciding remuneration amounts and their calculation method Updated	Yes

Disclosure of Remuneration Amounts and Their Calculation Method

In accordance with the provisions of the Companies Act regarding companies with a nominating committee, etc., the Compensation Committee has established a policy to determine the amount of compensation for each individual director and executive officer or the method of calculation of such amount.

1. Basic policy on determining compensation
In a business domain where marketing, technology and consulting are increasingly converging, we aim to evolve into a company that embodies "an invitation to the never before." and creates social impact by generating innovative ideas and solutions through outstanding creativity and technology.
To empower the executives who drive our success, our executive compensation is designed based on the following objectives and principles. We will continuously review and update our programs as our business transforms so that they reflect who we are and where we are going.

(1) Attract and retain outstanding talent by providing attractive total rewards and environment
  (i) Competitive pay
  (ii) Career growth opportunities

(2) Achieve the Group's strategic goals by maximizing the performance of the globally integrated management team
  (iii) Pay for performance
  (iv) Challenging goals

(3) Strengthen alignment with interests of shareholders and all other stakeholders
  (v) Creating value for society
  (vi) Accountability

2. Amount of compensation or the method for calculating that amount
(1) Compensation Levels
To secure outstanding talent for management on a global basis, the Company sets compensation levels based on roles, with reference to the levels of compensation among its business competitors and talent competitors with similar market capitalization, in the main regions where it operates (Japan, the United States, the United Kingdom, etc.). The Company uses compensation survey data supplied by an external consulting firm to confirm market compensation levels.

(2) Composition of compensation
Remuneration for Directors shall consist only of fixed remuneration as Directors. Remuneration for Executive Officers consists of a base annual salary as fixed remuneration, and annual bonuses and performance-based stock compensation (medium- to long-term bonuses) as variable compensation.
In addition to the above compensation, the Representative Executive Officers are paid a fixed compensation for the Representative Executive Officers. For Executive Officers residing outside Japan who do not hold securities accounts that manage domestically listed shares, all performance-based stock-based compensation (mid- to long-term bonus) may be paid in an

equivalent amount in cash.

With an emphasis on improving medium- and long-term business performance and corporate value, the Company sets the ratio of "base annual salary as compensation for Executive Officer: annual bonus (base amount): performance-based stock compensation (base amount)" to "1:1:1.5" as a guide for the composition of compensation for the President and Executive Officer. For other Executive Officers, the payment ratio shall be commensurate with their responsibility for the global management of the Company. Annual bonus and performance-based stock compensation will fluctuate in the ratio of 0-200% (target: 100%) and 30-170% (target: 100%), respectively, from the base amount that would be paid if each indicator were both at the target value.

(3) Compensation and calculation method

(i) Fixed compensation

The base annual salary as compensation for directors and executive officers and the compensation for the representative executive officer are regular fixed-amount monetary compensation (monthly) and are paid at a fixed time each month. With respect to the compensation for directors, a fixed amount determined in accordance with the duties of the directors is paid. In addition, an external consulting firm is used to determine the base annual compensation for Executive Officers, which is appropriate for the size of the responsibility and role assigned to each Executive Officer, with reference to the compensation levels of business competitors and human resource competitors with similar market capitalization in the major regions where the Company operates (Japan, the U.S., the U.K., etc.). The compensation for the Representative Executive Officers is based on a single flat rate.

(ii) Annual Bonus

The annual bonus is performance-based monetary compensation paid to Executive Officers based on the Company's performance and each Executive Officer's individual performance in each fiscal year. The amount of bonus paid is determined using a formula, with the standard amount calculated as a certain percentage of the base annual salary paid as compensation for executive officer, based on the figures for the financial metrics, as well as their respective weights as shown below, varying within a range from 0% to 200%. The computed amount is paid at a certain time after the Ordinary General Meeting of Shareholders for the relevant fiscal year.

The indicators and the weight of each indicator for FY2024 are as follows.

Financial Indicators (organic growth rate and operating margin) measure business profitability and indicate business growth, while eliminating the effect of exchange rate fluctuations and M&A activities. The Group believes that they are appropriate metrics for evaluating the business results for one year while managing achievement rates for each region and business as well as on a Group-wide basis. ESG metrics promote the achievement of strategic targets related to corporate value that cannot be measured using financial metrics, based on the Group Medium-term Management Plan and issues in the current corporate environment. Furthermore, individual performance evaluation clarifies individual roles in this period of business structure transition and makes the Executive Officers strongly aware of the importance of enhancing corporate value by designating the management issues for each Executive Officer and evaluating the degree to which these issues are resolved. The individual performance evaluation also evaluates the level of embodiment of the leadership (dentsu Leadership Attributes), which promotes growth of both individual Executive Officers and the organization. The upper limits, targets, and lower limits of metrics used to determine the range of individual compensation paid, within 0% to 200%, are decided by the Compensation Committee. If the Compensation Committee determines that there is a violation of compliance or integrity, the Committee may reduce the payout rate of annual bonus according to the level of responsibility of each Executive Officer.

Metrics	Weight (Note) 1
Financial metrics: Organic growth rate	50%
Financial metric : Operating margin	20%
ESG metrics (Note) 2	10%
Individual performance evaluation (Note) 3	20%

(Notes)
1. This represents the relative composition in the annual bonus amount if all the performance targets of each metric are met.
2. The ESG metrics are set: improvement of employee engagement, increase of ratio of female leaders, and CO_2 emissions (Scope 1+2).
3. Individual goals of the President & CEO in the individual performance evaluation are discussed and determined by the Compensation Committee at the start of the fiscal year. In addition, evaluation of the President & CEO is discussed and determined by the Compensation Committee following self-evaluation by the President & CEO. Goals and evaluations of other Executive Officers are discussed and determined following the meetings between the President & CEO and each Executive Officer.

(iii) Performance-based stock compensation (medium- to long-term bonuses)
Performance-based stock compensation (medium- to long-term bonus) is paid to each executive officer in accordance with the Officers Compensation Rules and the Officers Stock Benefit Regulations, based on the numerical values of the performance indicators shown below for each of the three consecutive fiscal years from the fiscal year in which he or she is in office.
Executive officers eligible for performance-based stock compensation (medium- to long-term bonus) receive, on a certain date during each fiscal year during which they are in office (the "Unit Grant Date"), a standard number of units as consideration for the execution of duties during the relevant fiscal year. In the case of a president concurrently serving as executive officer, the standard number of units is equivalent to 150% of basic annual compensation received as an executive officer in the relevant fiscal year, divided by the average closing value of the Company's shares during the month of January in the relevant fiscal year. In the case of other executive officers, the percentage is set in the range of 100% to 230% according to the responsibilities of each executive officer in the Company's global management.) In addition, by taking the prescribed procedure by a certain date (the "Vesting Date") after the passage of three consecutive fiscal years, the first of which is the consolidated fiscal year in which the Unit Grant Date falls (the "Performance Evaluation Period"), the grantee may acquire the right to receive delivery of the Company's shares, etc. from a trust established based on the performance-based stock compensation plan (hereafter the "Trust") on the Vesting Date. In doing so, the standard number of units granted to each executive officer in the said first fiscal year will be adjusted within the variable range from 0% to 200% based on the values of the indicators described below, in accordance with the formula stipulated in the Officers Stock Benefit Regulations (hereinafter, the number of units after adjustment are referred to as the "Vested Units"). Thereafter, the relevant executive officer may receive delivery of the Company's shares, etc. from the Trust, in accordance with the number of Vested Units (in principle, the number of the Company's common shares calculated corresponding to half of the Vested Units and an amount of cash equivalent to the market value of the number of the Company's common shares calculated corresponding to the remaining half of the Vested Units as of the Vesting Date). However, the Company may make monetary payment of the amount equivalent to all performance-based stock compensation

(medium- to long-term bonus) to executive officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan in some cases.
The following table shows the indicators and the percentage of each indicator for FY2024.
We have adopted Total Shareholder Return (TSR) because we believe it is an appropriate indicator for aligning our eyes with our shareholders and other stakeholders. We have also adopted the Group's consolidated adjusted operating income compound annual growth rate (CAGR) as a profit indicator to measure the performance of our constant operations, as we believe it is an appropriate measure to evaluate the performance of our business. From FY2023 onward, we will set a higher target, in particular by increasing the percentage of TSR to peer group from the previous 20% to 30%, in order to achieve a higher total shareholder return (TSR) relative to our competitors.

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

(Note)
1. This is the percentage of the amount that would constitute performance-linked share-based compensation (medium- to long-term bonus) if all of the figures in each indicator were the target values.
2. Six companies have been selected as competitors of the Group: Accenture plc, The Interpublic Group of Companies, Inc., Omnicom Group Inc., Publicis Groupe S.A., WPP plc and Hakuhodo DY Holdings Inc.

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

6. Procedure for determining compensation and others

In accordance with the provisions of the Companies Act regarding companies with a nominating committee, etc., the Compensation Committee has established a policy for determining the amount of compensation for each individual director and executive officer or the method for calculating such amount.
The Compensation Committee also deliberates and determines the level of compensation for Directors and Executive Officers, the composition of their compensation, and the setting of targets for variable compensation.
Other details of the compensation for Directors and Executive Officers are described in the Annual Securities Report.

[Support Structure for Outside Directors]

The secretariat of the Board of Directors provides the outside directors with materials and explanations of the agenda prior to the Board of Directors meetings. Additionally, the Audit Committee Office was established as the section in charge of aiding Audit Committee members, where dedicated staff engages in all work related to the duties of Audit Committee members in order to support them.

In addition, when either of the Nomination Committee and the Compensation Committee is held, the secretariat of the respective committee briefs the outside directors in advance on the contents of the agenda items and other matters.

[Status of those who retired from representative directors, etc.]

Names of Advisors, etc. who retired representative directors, etc.

Name	Title	Activity	Full time or not Remuneration, etc.	Date of retirement from CEO	Term
Tateo Mataki	Dentsu Inc. Senior Advisor (Sodan yaku)	Industry group or economic organizations, etc.	Full time No compensation	June 28, 2007	One year
Tatsuyoshi Takashima	Dentsu Inc. Senior Advisor (Sodan yaku)	Industry group or economic organizations, etc.	Full time No compensation	March 31, 2011	One year
Tadashi Ishii	Dentsu Inc. Senior Advisor (Sodan yaku)	Advising for the executives of the Company, etc.	Full time Receives compensation	January 22, 2017	One year

The total number of Corporate Advisors, etc., who retired from representative directors' positions	3 persons

Other Items Updated

(1) When a former representative director, president and CEO or former representative executive officer, president and CEO is appointed as a Senior Advisor (Sodanyaku) and Executive Advisor (Komon) to the Company, the Board of Directors deliberates on the roles expected of the person and the treatment thereof.
(2) A former representative director, president and CEO or former representative executive officer, president and CEO is appointed as Senior Advisor (Sodanyaku) and Executive Advisor (Komon) for one year and the appointment must be approved by the Board of Directors for reappointment.
(3) When a former representative director, president and CEO or former representative executive officer, president and CEO assumes the position of Senior Advisor (Sodanyaku) and Executive Advisor (Komon) of Dentsu Inc., a wholly owned subsidiary, the expected role and the treatment of such person are deliberated at the dentsu Japan Nomination and Compensation Committee, which is entrusted with the governance of domestic Group companies by the Board of Directors.
(4) The term of office of the advisors and counselors of Dentsu Inc. who are former President and Representative Director or former President and Representative Executive Officer shall be one year, and upon reappointment, the Board of Directors of Dentsu Inc. shall consult the dentsu Japan Nomination and Compensation Committee regarding the proposed candidates, and the Committee's report shall be considered and approved.

2. Items pertaining to business execution, audit & supervision, nomination, compensation

determination, and other functions (overview of the current corporate governance structure) Updated

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

<Board of Directors>
The Company's Articles of Incorporation stipulates the number of its directors at a maximum of 15. At the date of this report, the Board of Directors comprises ten (10) directors (of whom, six (6) are outside directors). The Board of Directors fulfills a supervisory function over business execution and makes decisions on important matters fundamental to the Group's management, including the formulation of the Group's management strategy, important management decisions, and the appointment of executive officers.

In order to fulfill the roles described above in selecting the members of the Board of Directors, consideration is given to the balance among the members in terms of their experience, insights, and skills, and to diversity in terms of gender, nationality, work experience, age and other elements.

Six (6) outside directors (who are all independent officers who meet the criteria for independence stipulated by the Company for its outside directors) provide advice in the Board of Directors as needed based on their extensive experience in their respective area of expertise and help upgrade the Company's management strategy and raise its business efficiency. In addition, they fulfil the supervision function over business execution by the Company's management team from a viewpoint of general shareholders independent from the management team.

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

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

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

independent outside directors, and is chaired by an independent outside director.

<Liability Limitation Agreement>
The Company concludes a liability limitation agreement with its outside directors and directors not concurrently serving as executive officers, setting the maximum amount of their liability at either 10 million yen or the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act, whichever is greater.

<Indemnity Agreement>
The Company has entered into an indemnity agreement with each of directors, which provides that the Company will indemnify the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Paragraph 1, Item 2 of the same Article to the extent provided for by laws and regulations. In order to ensure that the indemnification agreement does not impair the appropriateness of the execution of duties by the officer, it is stipulated that indemnification is not applicable in cases where directors perform their duties with malicious intent or gross negligence or when the company holds directors liable for their actions.

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

<Business Execution Structure>
The Company has established the Group Management Board, composed of Group Management Team members including executive officers, under the Board of Directors. The Group Management Board deliberates important items of the Company other than items to be resolved by the Board of Directors and critical management matters in the entire Group and pre-deliberates items to be resolved by the Board of Directors.

In addition, issues that require specialized consideration will be decided by the various committees (Group M&A Committee, Group Sustainability Committee, Group Human Rights Committee, Group Compliance Committee, Group Risk Committee, Group Nomination Committee, and Group Compensation Committee), and then submit them to the Group Management Board for discussion or report in accordance with its rules. Efficient decision-making is carried out by setting items that can be resolved exclusively by each meeting body and items that need to be referred to a higher-level meeting body.

3. Reason for Choosing the Current Corporate Governance Structure

The Company's Board of Directors considers that providing a strategic direction for the Company based on its Purpose and Vison is its main role and responsibility and has chosen a company with a Nominating Committee, etc. as a structure to achieve this.
The Board of Directors delegates a large part of its decision-making authority regarding business execution to the Group Management Team members including executive officers and urges

expeditious and resolute business judgment thereby. The Board of Directors, in which a majority of directors are independent outside directors, also enhances corporate value by strengthening oversight of overall management, including its management strategy and Medium-term Management Plan, and by improving the effectiveness of auditing and internal controls.

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

Ⅲ Implementation Status of Measures Related to Shareholders and Other Stakeholders

1. Efforts to vitalize the General Meeting of Shareholders and ensure the smooth exercise of voting rights Updated

	Supplemental Explanation
Sending of convocation notices of general meeting of shareholders at an early timing	In order to enable its shareholders to secure sufficient time to consider the proposals of the General Meeting of Shareholders, the Company shall promptly provide reference materials for the meeting electronically on the Company's website, after the Board of Directors resolves to convene the meeting. For the 175th Ordinary General Meeting of Shareholders held on March 28, 2024, reference materials for the meeting were provided electronically on the Company's website and the Tokyo Stock Exchange's website on Thursday, March 7, 2024 and were mailed out on Wednesday, March 13, 2024, which is two weeks before the date of the general meeting of shareholders.
Exercise of voting rights by an electromagnetic method	Considering shareholder convenience in exercising their voting rights, the Company introduced an online voting platform from the 156th Ordinary General Meeting of Shareholders (June 29, 2005). Furthermore, shareholders were given the options of exercising their voting rights through the internet from their smart phone or through an online voting platform provided by ICJ, Inc. from the 159th Ordinary General Meeting of Shareholders (June 27, 2008).
Participation in an electronic voting platform and other efforts to improve the voting environment for institutional investors	The Company uses an electronic voting platform provided by ICJ, Inc.
Provision of convocation notice (summary) in English	The Company began preparing an English version of convocation notice from the 166th Ordinary General Meeting of Shareholders (June 26, 2015) to improve constructive dialogues with shareholders and to respond to the growing ratio of overseas institutional investors. The English version of convocation notice is disclosed on the

	Company's website before the convocation notices are mailed out.
Other	The Company provides easy-to-understand explanations at the general meeting of shareholders by providing visual presentations of its business report and other information.

2. Status of IR Activities Updated

	Supplemental Explanation	Explanation by the Representative Executive Officer
Preparation and publication of Disclosure Policy	The Company has established a Disclosure Policy to disclose information to shareholders, investors, securities analysts, and other concerned parties in a timely, accurate, and fair manner in accordance with relevant laws and regulations such as the Financial Instruments and Exchange Act and the regulations of the stock exchanges where our shares are listed. For more information, please visit our website. Disclosure Policy https://www.group.dentsu.com/en/ir/stockandratings/constructivedialogue.html	
Regular briefings for analysts and institutional investors	The Company holds briefings on financial results following the announcement of full-year results and each quarterly results. Every year, the Company attends a conference sponsored by a brokerage firm. The Company also holds roadshows every year and visits individual investors in Japan. If it is impossible to provide face-to-face briefings or to pay individual visits under extenuating circumstances, we maintain the opportunities for and the frequency of dialogues using telephone and online video conference systems.	Yes
Regular briefings for overseas investors	The Company holds briefings on full-year results and each quarterly results with simultaneous interpretation in English. Each year, the Company attends a conference sponsored by a brokerage firm abroad. The Company also holds roadshows every year and visits individual investors overseas. If it is impossible to pay individual visits under extenuating circumstances, we maintain the opportunities for and the frequency of dialogues using online video conference systems.	
Posting of IR data on website	The Company posts on its website the materials we use in financial result briefings for securities analysts and institutional investors, highlights of our business results, other disclosure materials, and Integrated Reports and ESG Data book, etc. that include non-financial information.	

Establishment of a section (persons in charge of) related to IR	Group IR Office	

3. Status of Efforts Pertaining to Respecting the Position of Stakeholders Updated

	Supplemental Explanation
Internal rules and other instruments requiring respect for stakeholders' positions	The Group has positioned to establish an organizational culture that places the highest priority on integrity, as well as corporate governance, respect for human rights, improvement of the working environment, environmental conservation, fair business practices, resolution of consumer issues, and contribution to community development as priority areas, and has considered the fulfillment of its social responsibility as a voluntary effort to resolve social issues and realize a sustainable society with all stakeholders in mind. To fulfill our social responsibility, we have established the "Dentsu Group Code of Conduct" (posted on the Company's website) which articulates what all Dentsu Group managers and employees must voluntarily undertake to fulfill their respective responsibilities to society. All Dentsu Group companies have expressed their commitment to complying with the Code.
Implementation of environmental protection, CSR, and other activities	The Company introduces its activities on its website.
Establishment of policies, etc., pertaining to the provision of information to stakeholders	The Company are honest and accurate in our record-keeping, financial and non-financial reporting, and our financial and non-financial disclosures are timely and transparent. (Quoted from the "Dentsu Group Code of Conduct")
Others	The Group implements the following DEI promotion activities. (1) In December 2023, the Group published its second Global DEI report. (2) Starting in 2021, the Group are developing an educational program called "Inspiring Inclusion," which focuses on three main areas: understanding gender balance, setting ambitious goals, and establishing clear career paths to promote women's advancement. (3) From 2020, domestic group companies have conducted initiatives, specifically implementing the followings as representative examples. ・"DEI Board": A forum consisting solely of those who have the authority to change the HR system at each Group company to share the DEI challenges they are facing and the solutions of each company. ・"DEI Park (formerly DEI Seminar)": A mechanism to accelerate the promotion of DEI within the company by designating a person in charge of the program from each Group company in Japan every half year. The program consists of three categories: "learning," "dialogue," and "experience," and 22,000 employees are involved in DEI. ・To promote women's active engagement (to increase in the ratio of women in management positions), we have been promoting activities to create a women's community across the Group and knowledge sharing to create a business environment,

	as well as the introduction of a "Positive Action List" to implement and support the annual PDCA cycle at each company, the Group provides support tailored to individual situations. As one of the results of the above activities, the dentsu Group (Japan) participates in the following external standards. ・"Eruboshi Certification"(three stars, the highest rank)：The Goal, Dentsu Creative Force, Dentsu Digital, Dentsu Soken, Dentsu East Japan, DENTSU AD-GEAR, CARTA, Dentsu PR Consulting, Dentsu Kyushu, Dentsu Casting and Entertainment ・"Kurumin"： Dentsu Promotion Plus ・"Platinum Kurumin"： Dentsu Creative Force, Dentsu Soken *All as of December 2023 (4) Promoting LGBTQ+ Understanding ・The Dentsu Group has already expressed its support for "Business for Marriage Equality", and Group companies in Japan have entered the "PRIDE Index" to promote the ease of working in the workplace, and are also actively implementing measures based on the published index and promoting understanding. In the 2023 PRIDE Index, six companies - Dentsu Group Inc., Dentsu Inc., Dentsu Digital Inc., CARTA HOLDINGS Inc., SEPTENI Group Inc. and Dentsu PR Consulting Inc. received "Gold" awards, and Dentsu Hokkaido Inc. received "Silver". In addition, the Dentsu Group Inc. received for the first time the "Rainbow" certification, which recognizes companies that promote collective impact-type initiatives. ・Since 2012, we have conducted the "LGBTQ+ Survey" four times to understand the current situation and discover issues surrounding LGBTQ+ in order to create a society where everyone can live comfortably regardless of gender identity or sexual orientation. In October 2023, the fifth survey was conducted, and based on the results of this survey, a digital book, "Things I've Always Wanted to Ask You" was published which triggers dialogue in the daily lives of the concerned and non-participating groups.

IV Items Pertaining to the Internal Control System

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

As of January 1, 2023, with the aim of contributing to the sustainable growth of Dentsu Group and the enhancement of its corporate value over the medium to long term, the Company transitioned to a global management system to realize accelerated business transformation and further enhanced management. Further, pursuant to the approval made at the 174th Ordinary General Meeting of Shareholders held on March 30, 2023, the Company transitioned from a "company with an audit and supervisory committee" to a "company with three committees" in order to further strengthen its corporate governance. By doing so, the supervisory function and the executive function have been clearly separated, and a system to accelerate decision-making and clarify the accountability thereof and to strengthen the management supervisory function and further enhance the transparency thereof has been established.
In connection with such transition, at the meeting of the Board of Directors held on March 30, 2023, the Company passed a resolution on the establishment of systems set forth in Article 416, paragraph (1), item (i), sub-items (b) and (e) of the Companies Act as its Basic Policy on Internal Control. The details are as follows.

<Basic policy of internal control system>
The Internal Control System at the Group (meaning the Company and its subsidiaries; hereinafter the same) is designed to encourage compliance among the Group's Directors, Executive Officers, Corporate Officers, and employees while it supports continuous corporate development as the Company strives to meet its social responsibilities.
The Group shall aim to maintain and improve the Internal Control System by setting the "Dentsu Group Code of Conduct" as the common standard of acceptable behavior that must be observed to ensure that the execution of duties by the Company's Directors, Executive Officers and other Group Management Team Members and employees, as well as subsidiaries' Directors, Corporate Officers, and employees ("Group Officers and Employees"), comply with laws, regulations, and the Articles of Incorporation and that business operations are conducted appropriately.

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

(i) The "Dentsu Group Code of Conduct" was drafted as the standard for acceptable corporate behavior and embraces the entire Group, including subsidiaries. Each subsidiary passes a resolution on the adoption of the Code.
(ii) Subsidiaries will define standards pursuant to the "Dentsu Group Code of Conduct", and by resolution of a meeting of the Board of Directors, etc., will ensure compliance and risk management as members of the Group.
(iii) In addition to receiving periodic reports from subsidiaries concerning the business operations, business results, and other significant matters that may have significant effect on the business operation or business results of the Company, subsidiaries will request advance approval of the Company, consult with the Company, or report to the Company.
(iv) In order to ensure efficient and appropriate decision-making and business execution of the businesses, the Group Management Team is responsible for the management and oversight of four areas through the Group Executive Management Meeting: (i) Japan, (ii) Americas, (iii) Europe, Middle East and Africa, and (iv) Asia Pacific.
(v) The Company will enforce the establishment and the operation of the system described in the following on the subsidiaries.

(2) Compliance System for Group Officers and Employees

(i) The Company's Directors, Executive Officers and other Group Management Team Members, and subsidiaries' Directors and Corporate Officers, must perform their duties appropriately, in accordance with rules such as the Board of Directors' Rules, Rules for the Operation of the Important Committees of the Group, Directors' Rules, Executive Officers' Rules, Group Management Team Members' Rules, and Corporate Officers' Rules.
(ii) If a Director, Executive Officer or other Group Management Team Member of the Company, or a Director or Corporate Officer of a subsidiary, discovers a violation of the prevailing laws or comes across any other serious compliance-related issue, it is imperative that he/she reports it without delay to the Board of Directors or the Important Committees of the Group. The Audit Committee of the Company or Statutory Auditors, the Board of Statutory Auditors, the Audit Committee, or the like of each group company must also be immediately advised of the circumstances.
(iii) In order to foster a corporate culture of compliance and maintain and improve the Group's compliance systems, the Company's Directors, Executive Officers and other Group Management Team Members shall take the initiative in establishing compliance-related rules, and under the supervision of the Company's Group Management Board, the Group Compliance Committee shall monitor, among other things, the status of compliance, the enhancement of compliance measures, and the response to such measures at each group company.
(iv) As channels available to the Group Officers and Employees, the Company has set up and properly operates an internal reporting both inside and outside the Group that can be accessed directly as well as a proposal system to respond appropriately in the event a law is broken or some other internal compliance issue arises.
(v) If the Audit Committee of the Company or a Statutory Auditor, the Board of Statutory Auditors, the Audit Committee, or the like of each group company states opinions on the Company's compliance system or requires steps to improve the system, Directors, Executive Officers and other Group Management Team Members, and Directors and Corporate Officers of subsidiaries, must respond without delay and make the recommended improvements.
(vi) The Company has established a department to facilitate the termination of business relationships with organized crime groups and elements thereof—termed "antisocial forces"—when a link is discovered and to resolutely refuse any and all future transactions. This department functions as the liaison between the affected in-house divisions and the relevant authorities to expedite an appropriate course of action.

(3) Systems to Ensure Efficient Execution of Duties by the Company's Executive Officers and other Group Management Team Members, and the Directors and Corporate Officers of subsidiaries
(i) In order for the Company's Executive Officers and other Group Management Team Members, and the Directors and Corporate Officers of subsidiaries to carry out their duties efficiently, in addition to meetings of the Board of Directors, the Group Management Board, and the Group Executive Management Meeting, meetings of various committees will be held in order to make decisions on important matters pertaining to management policy and strategy appropriately and expeditiously.
(ii) Items resolved at such meetings are transmitted to all employees through the corporate structure for prompt reflection in the execution of duties. Urgent items are posted on the internal electronic bulletin board in the interest of rapid dissemination.

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

stored and managed appropriately, in accordance with the Company's Documentation Management Rules and Information Management Rules etc.

(5) Risk Management System

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

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

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

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

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

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

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

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

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

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

(8) System to Ensure Appropriateness of Financial Reporting

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

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

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

<The Status of the Internal Control System>

In adherence to the Basic Policy on Internal Control stated in 1. above which has been resolved by the Board of Directors, the Company is promoting the development and operation of an Internal Control System upon establishing Internal Control System Management Rules, Risk Management Policy, Document Management Rules, and other internal rules and regulations, holding meetings of the Internal Control and Risk Committee and other committees, and with the department in charge of internal control serving as the core. The summary of operational status is as follows:

(1) To provide that the Group's operations are appropriate, the Company is working to make it known through intranet and e-learning compliance training in accordance with revised the "Dentsu Group Code of Conduct", as a code of conduct for Group employees. The Company identifies applicable companies in advance, sets the rules to be followed as a corporate group, and requests each company to comply with them. At the end of a fiscal year, the Company checks whether applicable companies in Japan and overseas are performing operations in accordance with the aforementioned rules and calls for improvement if there are any issues.

(2) With regard to the internal control system for Group Officers and Employees, the Group Management Board, which is the supreme executive decision-making body, is responsible for establishing and monitoring the operation of plans in line with the Basic Policy on the Internal Control System and promotes the improvement of corporate behavior. The new position of CGO, in charge of internal controls, compliance, risk management, and sustainability, was established in 2023. The CGO is engaged in strengthening corporate governance and improving disclosure.

(3) With regard to the compliance system, the Company has established the Group Compliance Committee under the Group Management Board mainly to approve the Group's basic policy on compliance, approve and monitor the implementation of the compliance program and action plan, direct the implementation of the compliance program and action plan in each region, as well as approve improvement plans based on the results of monitoring and monitor the implementation status of the plans.

In FY2023, the Company carried out a compliance risk assessment based on the Dentsu Group Ethics and Compliance Program, which was established with the aim of achieving the Company's commitment to help realize a better society. In addition, it established the Dentsu Group Personal Data Protection and Privacy Policy as well as the Dentsu Group Internal Reporting Policy as new Group-wide policies related to legal affairs and compliance. Accordingly, Speak Up@dentsu, which had already been established in the Americas, EMEA, and APAC, was also adopted by dentsu Japan (where it was established in addition to the existing compliance line) as a Group-wide internal reporting platform.

On May 15, 2023, in light of the incident related to the Tokyo 2020 Olympic and Paralympic Games, the Company established the dentsu Japan Reform Committee, chaired by Hiroshi Igarashi, the Company's Representative Executive Officer, President & Global CEO, with the aim of fulfilling its responsibility to all stakeholders by reforming its approach to work. The committee has since played a central role in promoting Group-wide initiatives under a recurrence prevention policy based on the Mindset and Behavior Reform.

In response to the recommendations of the "Report on Inappropriate Coordination, etc., on Tokyo 2020 Olympic and Paralympic Games" from the Investigation and Review Committee regarding to the Tokyo 2020 Olympic and Paralympic Games incident (Chair: Attorney, Masayuki Ikegami, former Supreme Court Justice), received on June 9, the Group implemented the Mindset and Behavior Reform promoted by the dentsu Japan Reform Committee in order to continuously improve the effectiveness of the Group's efforts to prevent recurrence of issues stemming from problems of fairness and transparency in the organizational culture, legal and compliance matters, and business processes.

To raise awareness of social responsibilities and improve transparency, as well as clarify the rules and processes that must be followed, the committee set forth three pillars of countermeasures: 1) the establishment of an organizational culture that ensures proper corporate activities, 2) strengthening of the risk management system and legal/compliance functions, and 3) introduction of business processes that ensure fair and transparent transactions. Based on these pillars, the Group is undertaking new measures such as ensuring familiarity with the "Dentsu Group Code of Conduct" and pledges to comply with it, the appointment of compliance managers in each organization responsible for business execution, training and education mainly on compliance with the Antimonopoly Act, preventing bribery and corruption, and transactions involving conflicts of interest, the development and dissemination of guidelines for public business, sports business and other businesses.

(4) With regard to risk management, the Group Risk Committee was established in 2023. The Committee is engaged in enhancing and controlling the Group-wide risk management function. Through the Group Risk Committee, the Company operates the following items as "enterprise risk management (ERM)" at the Group level, and they have been on the agenda of the Group Executive Management Meeting; 1) identifying risks that impede the Company's efforts to achieve its management targets, 2) evaluating identified risks, 3) specifying "material risk," which may have a significant impact on the Company, 4) formulating a plan to minimize such "material risk," and 5) reporting progress in dealing with such "material risk." In addition to 1) to 5) above, important matters such as the Group's basic policy on risk management, risk registers, risk sponsors (executives, etc.), risk response plans, and the status of risk management in the Americas, EMEA, APAC, and Japan, are deliberated by the risk committees in each region before being discussed by the Group Risk Committee and submitted as agenda items or reported to meetings of the Group Management Board. Formulation and implementation of plans to deal with risks are led by risk sponsors and each specialized department on a companywide level.

(5) Regarding structures to ensure the appropriateness of financial reporting, in May 2023, in response to the "Internal Control Reporting System" stipulated in Article 24-4-4 of the Financial Instruments and Exchange Act, the Company formulated the "Basic Plan" which provides the companies and business processes applicable for evaluation and the evaluation system, etc., upon discussion with the Accounting Auditor. Following the Basic Plan, the departments executing the business applicable for evaluation and applicable group companies confirm that internal control is implemented appropriately and functioning effectively in daily operations and such companies make reports on such confirmation to the Company.

2. Basic Policy on the Rejection of Antisocial Forces and Status of its Development

The Company has established a dedicated section to facilitate the termination of business relationships with antisocial forces and organizations and to resolutely refuse any demands made by them. This section fulfills its role by liaising with relevant entities within and outside the Company. Furthermore, following the nationwide enforcement of ordinances on the exclusion of antisocial forces in October 2011, we revised various internal rules, established a framework to terminate business relationships with antisocial forces, and resolved to strengthen the screening procedures of antisocial forces.

V Other

1. Introduction of anti-takeover measures

Introduction of anti-takeover measures	None

2. Other Items Pertaining to the Corporate Governance Structure, etc.

An overview of the Company's internal structures for the timely disclosure of its corporate information are as described below.

(1) On our timely disclosure system

The Company has established a Disclosure Policy and discloses information in a timely, accurate, and fair manner according to relevant laws and regulations such as the Financial Instruments and Exchange Act of Japan, rules established by the stock exchanges on which our shares are listed, and other relevant instruments.

Material facts, etc. concerning the Company and its subsidiaries are centrally managed by the Information Management Committee based on the Rules for the Timely Disclosure of Information and Insider Trading and the Rules of the Information Management Committee. The officer in charge of disclosure (person in charge of information handling) serves as the chairperson of the Information Management Committee, and the Group Corporate Secretary Office serves as its secretariat. The Information Management Committee obtains information within the Company based on the duty of notification of material facts, etc., described below and determines the level of information management and the period of management for each piece of information as necessary. With respect to information that the Information Management Committee considers may fall under the scope of material facts, the Information Management Committee Secretariat identifies the Officers and Employees who have received such information and, if necessary, requests the relevant Officers and Employees to submit a written confirmation note on the receipt of information and the prohibition of equity trading in order to ensure rigorous information management and to prevent insider trading until the disclosure of such information.

(2) Timely disclosure system

a. Comprehension of material facts, etc.

The rules mentioned above stipulate the duty to notify material facts, etc. as shown below.

(i) Facts Determined

If the head of any office handles any work that is likely to become a material fact, etc. of the Company, he/she must immediately report its details to the officer in charge of disclosure, head of the Group Corporate Communication Office, or the Information Management Committee Secretariat.

(ii) Facts Occurred

If any material fact, etc. other than in (i) above occurs, the head of the responsible section must check such a fact and report its details to the officer in charge of disclosure, the head of the Group Corporate Communication Office, or the Information Management Committee Secretariat.

Additionally, the Group Corporate Communication Office endeavors to obtain information on material facts, etc. through information exchange with relevant sections such as the Group Strategy Office, the Group Corporate Secretary Office (Information Management Committee Secretariat), and the Group FR/FP&A Office.

b. Disclosure of material facts, etc.

The Group Corporate Communication Office is the section in charge of information disclosure

and announcements to news organizations.
The contents and timing of announcements are determined by consultations among the sections in charge of the information to be disclosed and the Group Corporate Communication Office. With respect to material facts, etc., however, the officer in charge of disclosure makes final decisions.
Announcements are made by the Group Corporate Communication Office to news organizations based on the prescribed rules such as TD-NET. In addition, documents released to news organizations are posted on the Company's website promptly after the release to the media.

Please see the Figure 4 "Timely disclosure system".

Figure 1　Corporate Governance Structure

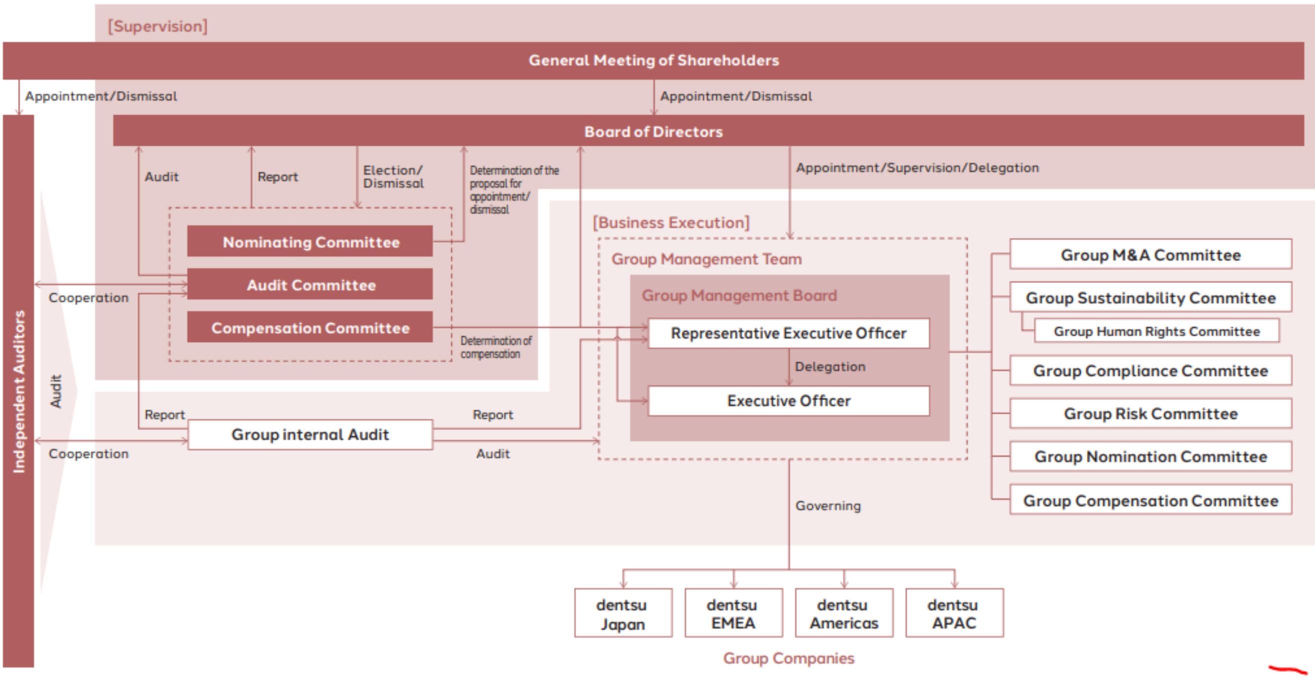

Figure 2　Directors Skills

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

Figure 3 Reasons for selection as a skill set that will contribute to the management structure and enhancing shareholder value

Business Management	Directors with experience and achievements in business management are necessary to exercise appropriate "business judgement" amid dramatic changes in the Group's environment, including the rapid advance of globalization and digitalization, and further the sustainable growth of the Group's corporate value.
Finance /Accounting	Directors with strong knowledge and experience in the finance and accounting fields are necessary not only to ensure accurate financial reporting but also to build a solid financial base, and to realize capital policy to promote growth investment to sustainably enhance corporate value and achieve stronger shareholder returns.
Audit	Directors with strong knowledge and experience in the audit field are necessary to ensure sound and sustainable growth, and to achieve highly transparent financial reporting and establish governance systems to fulfill social trust.
Legal/Compliance	Risk management based on laws and compliance is the foundation for the Group's continued growth. Directors with strong knowledge and experience in the legal and compliance fields are necessary to strengthen the supervisory function of the Board of Directors.
Human Resources	The Group's greatest resource is people. Directors with strong knowledge and experience in the human resources, labor and personnel development fields are necessary to enable the Group's 71,000 employees to make maximum use of their abilities to contribute to the Company's development.
Global Management	For the Group, with businesses spread over more than 145 countries and regions, Directors are necessary who have actual business experience overseas and abundant knowledge and experience in domains such as overseas lifestyles, cultures and business environments.
Digital Business	Radical business transformation centered on digital technology is vital for the Group's business growth. Directors with strong knowledge and experience in the digital business domain are necessary.

Figure 4 Timely disclosure system