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## **Dentsu to Change Its Governance Structure from a Company with an Audit and Supervisory Board to a Company with an Audit and Supervisory Committee**

*–Newly formulated “Corporate Governance Policy” and “Independence Standards for Outside Directors”–*

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 74,609.81 million yen) today held a meeting of its Board of Directors at which it resolved to change its governance structure from a company with an audit and supervisory board to a company with an audit and supervisory committee. The objectives of this resolution are to improve the soundness and transparency of management, and to expedite the decision-making process. The Company will become a company with an audit and supervisory committee on the closing of the General Meeting of Shareholders in March 2016, where an amendment to the Articles of Incorporation will be resolved.

This change in the Company's corporate governance structure is in response to the implementation of the “Corporate Governance Code” by the Tokyo Stock Exchange on June 1, 2015. In order to enhance its audit and monitoring functions and corporate governance system, the Company decided to have independent outside directors comprise at least one third of the nine members of the board of directors, and to have four of these nine directors (including the three independent outside directors) serve as members of the audit and supervisory committee.

In addition, the Company has newly formulated its “Corporate Governance Policy” and “Independence Standards for Outside Directors” in order to put effective corporate governance into practice for the purpose of fulfilling its responsibilities to its stakeholders (such as its shareholders, clients, employees and local communities), ensuring sustainable growth, and enhancing mid- to long-term corporate value. Outlines of the above-mentioned policy and standards are provided below, and further details are available on the company website: <http://www.dentsu.com/overview/index.html>

### **Outline of the Corporate Governance Policy**

1. The Company shall work on enhancing its corporate governance in accordance with the basic concepts below (Chapter 1).
  - (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 of the board of directors concerning business execution
  - (5) To engage in constructive dialogue with shareholders who have an investment policy that conforms to the mid- to long-term interests of shareholders
2. The Company shall ensure shareholders' rights and equal treatment. The Company shall conduct a general meeting of shareholders under the basic policy that explanations should be thorough and easy to understand for constructive dialogue with shareholders. In capital policy, capital shall be distributed for intrinsic corporate value and growth. Moreover, the Company shall examine the purpose and economic rationale for shares owned by the Company on account of business relationships (Chapter 2).
3. The Company shall cooperate with stakeholders properly. The Company shall ensure that the management and employees fully understand the Dentsu Group Code of Conduct. The Company also deals with sustainability issues and has set up a whistleblowing system (Chapter 3).
4. With the transition to a company with an audit and supervisory committee, the responsibilities of the board of directors will be clarified. The number of directors will be nine and three directors (one third of the total members of the board of directors) will be independent outside directors. The Company will nominate four of these directors (including the three independent outside directors) as members of the audit and supervisory committee. In addition, in order to promote expeditious decision-making and strengthen its monitoring functions, the board of directors will delegate certain authority to the management (i.e., executive officers) as required (Chapter 5).

### **Outline of Independence Standards for Outside Directors**

The Company deems that any directors that fall under any of the following items do not meet the standards for independent outside directors.

- a. Persons who have certain relationships with the Company or its subsidiaries
- b. Persons who hold the position of director or other executive of a corporation and who also perform an executive role in the Company
- c. Principal business partners

- d. Auditors of the Company
- e. Outside experts of the Company
- f. Persons who received donations from the Company
- g. Major shareholders
- h. Persons who have fallen under items b through f in the past
- i. Close relatives

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