

February 28, 2023

## **Notice Regarding the Indictment of the Company and an Employee of Its Domestic Subsidiary**

### **Response by the Group, Including the Establishment of an Investigation and Review Committee of Outside Experts**

Dentsu Group Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Hiroshi Igarashi; Head Office: Tokyo; Capital: 74,609.81 million yen; hereinafter referred to as “the Company”) announced that today, an employee of its domestic subsidiary (who was a Dentsu Inc. employee in 2018) had a criminal complaint filed against him by the Japan Fair Trade Commission and was indicted by the Tokyo District Public Prosecutors Office for an alleged violation of the Antimonopoly Act in connection to the bidding for the test events of the Tokyo 2020 Olympic and Paralympic Games. The Company, which was called Dentsu Inc. at the time in 2018<sup>\*1</sup>, was indicted as a legal entity under the Dual Criminal Liability Provision<sup>\*2</sup>.

The Company takes this situation seriously and offers its sincere apologies to its business partners, shareholders, and all other relevant parties for any inconvenience or concern this may cause.

Considering these circumstances, the Special Committee under the Company’s Board of Directors, the Company, and Dentsu Inc. have taken the following measures to strengthen the legal compliance system and clarify their commitment to operate in accordance with the highest standards going forward.

#### **1. Establishment of Investigation and Review Committee of Outside Experts:**

In line with the purpose of the announcement made in the February 14, 2023 news release, a Special Committee established on the same day by the Board of Directors (Chairperson: Timothy Andree), consisting of three independent outside directors of the Company (Director, Audit and Supervisory Committee Member and Special Committee Chairperson: Gan Matsui), has formally established the "Investigation and Review Committee of Outside Experts on the Current Case Related to the Tokyo 2020 Olympic and Paralympic Games" consisting of three outside experts (*see below for an outline*). The Investigation and Review Committee will conduct an investigation into the current case, determine the causes, and make recommendations for the future to the Special Committee. The period during which the Investigation and Review Committee will exist, as well as the date by which recommendations will be made, are currently undecided.

## 2. Disciplinary Action against the Persons Involved:

The Company takes its responsibility for this matter seriously and has requested that the two Group Executive Management members currently in charge of the Japan region return their compensation. The two individuals have expressed their willingness to accept the request.

Dentsu Inc. (President & CEO: Norihiro Kuretani) also takes its responsibility for this matter seriously and has requested that the three officers in charge of the Tokyo 2020 Olympic and Paralympic Games business at the time in 2018 return their compensation.

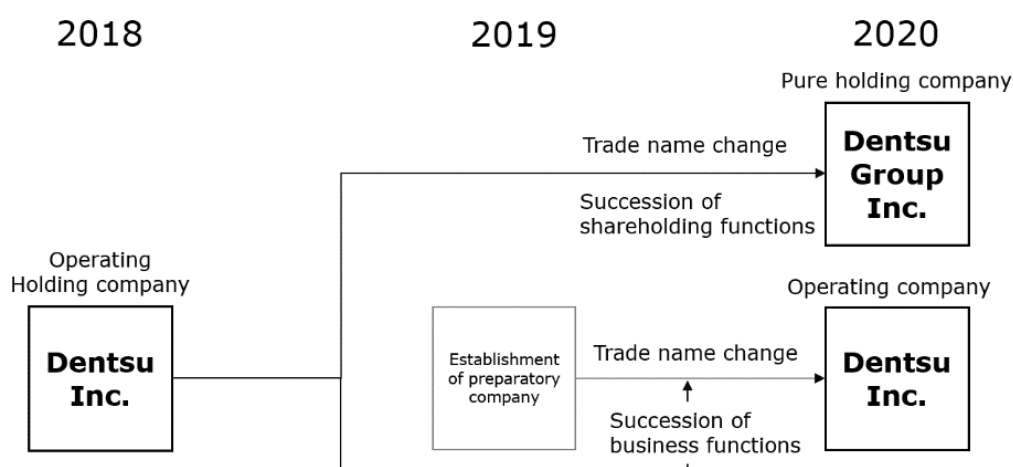
*(The details of the return of compensation are listed below.)*

In addition to the above, strict action will be taken based on the results of the upcoming investigation by the Investigation and Review Committee of Outside Experts and trial.

Furthermore, additional improvements to governance and operations will be instituted at the Company's domestic subsidiaries in Japan based on the report and recommendations of the Investigation and Review Committee of Outside Experts to the Special Committee.

If any material events occur in the future regarding this matter that require explanation, including those that fall under the duty of timely disclosure, the Company will disclose.

\*1 The company called Dentsu Inc. as of 2018 changed its trade name to Dentsu Group Inc. on Jan. 1, 2020, succeeding only the shareholding functions of Dentsu Inc. On the same date, the preparatory company established in 2019 succeeded Dentsu Inc.'s businesses and changed its trade name to Dentsu Inc.



\*2 According to Article 95 of the Antimonopoly Act, if an employee of a corporation has committed a violation, not only the employee, but the corporation itself may also be subject to the prescribed fines.

## **Outline of the Investigation and Review Committee of Outside Experts**

Name: Investigation and Review Committee by Outside Experts on the Current Case Related to the Tokyo 2020 Olympic and Paralympic Games

Members:

Mr. Masayuki Ikegami (former Supreme Court Justice), Chairperson

Mr. Kenji Kawai (Attorney at law, former Chief Justice of the Sendai High Court), Member

Mr. Toshihiko Itami (Attorney at law, former Superintending Prosecutor of the Osaka High Public Prosecutors' Office), Member

Role: To make recommendations to the Special Committee established by the Board of Directors of the Company regarding the investigation of the facts and causes of the recent case related to the Tokyo 2020 Olympic and Paralympic Games and measures to prevent recurrence.

Date of establishment: February 28, 2023

\*Please refer to the following Feb 14, 2023 news release for the outline of the Special Committee:

<https://www.group.dentsu.com/en/news/release/000924.html>

## **Details of Request for Return of Compensation**

Group Executive Management members overseeing dentsu's Japan region

· dentsu Japan CEO and Dentsu Inc. Representative Director, President & CEO:

To return 30% of six months' worth of compensation for fiscal year 2023

· dentsu Japan COO and Dentsu Inc. Director (Part-time):

To return 20% of six months' worth of compensation for fiscal year 2023

Officers in charge of Dentsu Inc. in 2018

· Three Executive Officers in charge of the Tokyo 2020 Olympic Games and Paralympic Games business:

To be requested to return 50% of six months' worth of compensation for fiscal year 2018

\*Of the five above officers, aside from the two who have already resigned and are not part of dentsu (Dentsu Group Inc. and its group companies), three have already expressed their willingness to accept the return.

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## For additional inquiries:

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