

Corporate Social Responsibility

Dentsu's commitment to corporate social responsibility (CSR) extends beyond legal compliance, workplace safety and hygiene, protection of human rights, social contribution and environmental protection. We believe CSR also means undertaking independent initiatives to create value in ways that reflect economic, environmental and social needs, addressing the interests of all stakeholders. Informed by our employees' insights into society, we aim to stimulate the economy, contribute to sustainable development and improve the world we live in, while honing our competitive edge and enhancing our reputation for trustworthiness.

In October 2004, we drew up the Dentsu Group Charter of Corporate Conduct* as a standard for the entire Dentsu Group. Furthermore, in January 2005 we established the CSR Activities Office to spearhead Groupwide CSR initiatives.

*For details of the Dentsu Group Charter of Corporate Conduct, refer to <http://www.dentsu.com/profile/csr/index.html>

Social Contribution through Communications

An important Dentsu Group mission is to deploy its strength in communications to foster closer ties with society in general. In today's increasingly interconnected world, we believe it is vital to act in the best interests of society, even in areas outside our domains of business.

Consistent with this policy, in October 2003 we established the Corporate Philanthropy Department with the objective of better utilizing our communications skills to benefit society. At present, we are concentrating on three projects.

UNESCO's World Terakoya Movement

The National Federation of UNESCO Associations in Japan is currently engaged in the World Terakoya Movement, centering on Asia. The Dentsu Group helps with the communication, educational and fund-raising aspects of the campaign, which is aimed at providing learning opportunities to the more than 900 million children who cannot attend school and adults who are illiterate. We also initiated the UNESCO World Terakoya Movement "Kururimpa" project, designed to help more people obtain an education, and we hold regular charity exhibitions and workshops in Japan and overseas to promote the Kururimpa message. ("Kururimpa" refers to characters designed by a Dentsu creator that change completely when turned upside down. They are used to convey the message that there are many ways to look at things.)

In March 2005, the National Federation of UNESCO Associations in Japan used funds raised through this project to establish two *terakoya* (privately and

voluntarily run schools) in the Gokak district in the Indian state of Karnataka.

In 2005, we also began cooperating with the Japan Football Association.

Under the slogan "Everyone Plays, Everyone Learns," soccer balls are donated to children throughout Asia, and these activities continue to expand throughout the region.



Presenting soccer balls in Cambodia

Mt. Fuji Environmental Protection Support Project

Every year, Dentsu employees climb Mt. Fuji as part of their training activities. Today, the area around the base of Mt. Fuji is beset by serious environmental problems.

To help solve these problems, since 2003 we have been training Dentsu Group employee volunteers to serve as "Eco-Tour Instructors for Mt. Fuji" to lead eco-tours on the mountain and teach children about the wonders of nature and the true spirit behind environmental protection. To foster the development of eco-tourism experts among young university students, in April 2005 we initiated the Applied Training Course for Environmental Restoration of Mt. Fuji in cooperation with The Hirayama Ikuo Volunteer Center at Waseda University.

NPO Communication Support Project

In this project, Dentsu lends its professional communications support to nonprofit organizations (NPOs) engaged in a variety of volunteer activities. In one initiative, we compiled *Keys to Communicating*, an easy-to-understand handbook with helpful tips for NPO staff. Throughout Japan, Dentsu organizes seminars with NPO support centers to help NPO staff hone their communications skills.

Taking the Initiative on Environmental Issues

Dentsu Eco Program and ISO 14001

Environmental initiatives have become an intrinsic component of the Dentsu Group's CSR commitment. In May 2005, the Dentsu Eco Program culminated in the international ISO 14001 environmental management system certification of all Dentsu's domestic branch offices. To further demonstrate our commitment to environmental issues, in autumn of 2005 we extended the Eco Program's sphere of application to include all Group companies, and as of June 2006 all 49 of

Corporate Governance

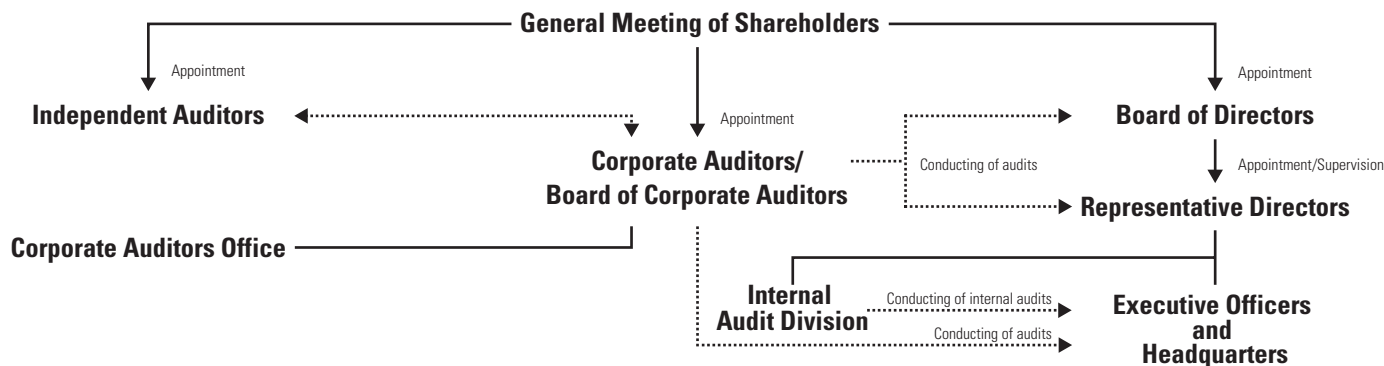
1. Basic Policy on Corporate Governance

The Dentsu Group places a high priority on compliance and building a management system that responds swiftly to changes in the business environment.

Dentsu is a “Company with Corporate Auditors.” Although we have considered the “Company with Committees” structure of corporate governance, which features a high degree of

explanation to shareholders and other investors, we have not opted for such a structure at this stage. We believe Dentsu’s current corporate governance system is sufficient to ensure prompt decision-making and effective internal controls.

The chart below outlines the Company’s corporate governance system.



2. Internal Control System

The Company’s internal control system exists to encourage voluntary control by Directors, Executive Officers and employees. The system is designed to ensure that the Company meets its social responsibilities as “A Partner in Creating Value.”

To ensure that Directors, Executive Officers and employees comply with all laws, regulations and the Articles of Incorporation during the course of their duties, we have established the Dentsu Group Charter of Corporate Conduct to define the sphere of common activities. The Corporate Ethics Committee is charged with creating, operating and improving the internal control system.

discovers a violation, or in the event of any other serious compliance-related occurrence, this information will be reported without delay to the Board of Directors or the meeting of full-time Directors, as well as to the Corporate Auditors.

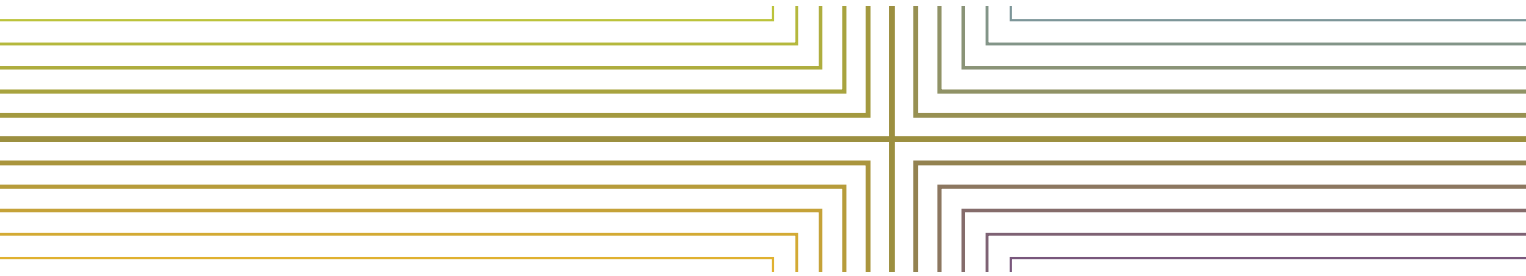
The Board of Directors meets on a monthly basis so that Directors can perform their business tasks efficiently. In addition, a meeting of full-time Directors is held twice a month to deliberate important matters of management policy or strategy, followed by decision-making on actionable tasks. Separately, various committees whose membership is primarily Directors and Executive Officers convene to resolve or deliberate matters within the scope of authority that has been vested in them.

System of Compliance for Directors and Executive Officers

Directors and Executive Officers perform their duties appropriately, in accordance with laws, regulations, the Articles of Incorporation and other internal policies. If a Director or an Executive Officer

Information Management and Storage System for Directors and Executive Officers

Information concerning the execution of business duties by Directors and Executive Officers is stored and managed appropriately, in accordance with the Company’s internal policies.



Risk Management System

The Company conducts internal investigations with regard to risk, seeking to prevent risks. At the same time, Companywide response systems and risk management operating systems within each department and division are established as part of the Company's risk preparedness plan.

Employee Compliance System

Under the Corporate Ethics Committee, the Company creates internal policies and manuals and conducts training. In the event of a breach of law or other internal compliance issue, the D-EAR internal reporting and proposal system is used for internal reporting.

Organizations to Support the Duties of Corporate Auditors and Their Independence

Employees in the Corporate Auditors Office assist Corporate Auditors in performing their duties. This office is under the direct control of the Board of Corporate Auditors and maintains strict independence from the Directors and Executive Officers.

System of Reporting to Corporate Auditors and Improving Audit Effectiveness

Policies are in place to define items that must be reported to Corporate Auditors. Important information that impacts the operations or the operating performance of the Company is reported swiftly to Corporate Auditors.

Internal Control System for the Dentsu Group, including Subsidiaries

Based on the Dentsu Group Charter of Corporate Conduct, Group companies establish their own policies. The Company also creates, operates and improves its internal control systems to ensure proper internal and external transactions in all Group companies.

3. Internal Audits and Audits by Corporate Auditors

Based on its audit plan, the Board of Corporate Auditors audits the execution of duties by directors. Specifically, these audits

emphasize Groupwide internal control, compliance and risk management systems. A Corporate Auditors Office is in place to assist Corporate Auditors in their duties.

Separately, an Internal Audit Division exists to conduct internal audits. In accordance with an annual audit plan, this division conducts internal audits of each division within the Company, as well as of affiliated companies in Japan and overseas. Dentsu has also established a Group Companies Auditors Office, which dispatches Corporate Auditors to major Group companies.

4. Independent Auditor

Dentsu has an audit contract with Deloitte Touche Tohmatsu, an audit corporation that performs auditing services for the Dentsu Group. No special-interest relationships exist between Dentsu and either the audit corporation or the personnel who conduct business on behalf of the audit corporation.

5. Outside Directors and Outside Corporate Auditors

For better transparency and fairness of management, the Company appoints outside members to the Board of Directors and Board of Corporate Auditors. As of June 29, 2006, two of the 16 members of the Board of Directors and three of the five members of the Board of Corporate Auditors were outside members.

6. Executive Compensation

During the period under review, the executive compensation paid by Dentsu to directors and corporate auditors totaled ¥630 million. (Of this amount, payments to outside directors and outside corporate auditors totaled ¥45 million.)

7. Compensation to Independent Auditors

During the period under review, the Company's compensation to independent auditors was as follows.

Compensation in accordance with Section 1, Article 2, of the Certified Public Accountants Law:	¥48 million
Compensation other than that indicated above:	¥54 million