

Corporate Social Responsibility

For details on the Dentsu Group Charter of Corporate Conduct and information on the Group's corporate social responsibility (CSR) activities, please visit <http://www.dentsu.com/profile/cs/index.html> and browse through our CSR Report.

For the Dentsu Group, CSR transcends legal compliance, environmental protection, social contribution, workplace safety and hygiene, and the protection of human rights to include community issues that impact all stakeholders.

In October 2004, Dentsu introduced the Dentsu Group Charter of Corporate Conduct, which serves as the standard for corporate conduct within the Group and guides management and staff in putting CSR activities into routine practice. In January 2005, the Company established the CSR Office to promote CSR responses, seeking to foster a solid reputation for corporate reliability, hone a sharper competitive edge and underpin sustainable development that will help to build a better society and energize the economy.

1. Contributing to Society through Communications

The business activities of the Dentsu Group create value through the power of communications. Drawing on accumulated experience and skills honed by the Group, we extend our expertise beyond business borders to forge closer ties with all levels of society.

In October 2003, we established the Corporate Philanthropy Department with a mandate to utilize the power of communications to benefit society through a variety of initiatives. We emphasize activities that support personnel development, foster international cooperation and protect the natural environment.

UNESCO World Terakoya Movement "Kururimpa"

Kururimpa are characters that appear in picture books illustrated by a Dentsu Group creator. They are also used in activities that benefit the World Terakoya

Movement, a project promoted throughout Asia since 1989 by the National Federation of UNESCO Associations in Japan. The movement is designed to provide literacy education and enable communities to be self-supporting.

Kururimpa characters are cleverly designed so that they look completely different when turned upside down. This two-in-one image conveys the idea that there is more than one way to interpret things.

Members of the Dentsu Group jointly organize Kururimpa-based charity exhibitions and children's workshops in Japan and abroad and undertake advertising and fund-raising activities for the World Terakoya Movement. To date, the funds collected have been used to build two terakoya (private and volunteer-run) schools in India.

Dentsu is also involved in a project with the Japan Football Association to distribute soccer balls to children in Asia.

Advertising Media Literacy for Elementary School Students

In today's increasingly sophisticated information-oriented society, children need to be able to make sense out of the information available in different media formats and to convey information through these media on their own.

In March 2007, Dentsu teamed up with Tokyo Gakugei University to launch Advertising Elementary School. This program provides elementary school teachers with materials based on advertising agency insight and promotes the ABCs of media literacy through classes in which children can create their own advertisements. Advertising Elementary School comprises three parts—product commercials, self-exploration commercials and public commercials—and each part is geared to the learning level of lower-grade, middle-grade and higher-grade elementary school students.



Komo-inu, a character used at the Advertising Elementary School

The goal of the program is to develop communication skills, including a knowledge of rules and the vocabulary appropriate to each type of media, while cultivating a deeper understanding of advertising by becoming familiar with the processes, conveying information and having fun.

The potential of Advertising Elementary School as a learning tool was recognized in August 2008 with the Chair's Special Award in the corporate social contribution category at the 2nd Kids Design Awards.

Helping China Develop Advertising Expertise

Dentsu's collaboration with the Ministry of Education in the People's Republic of

China began in 1996 with the Dentsu Japan-China Project. This project, commemorating the Company's 95th anniversary, was implemented to develop advertising professionals in China.

One of the first activities under the Dentsu Japan-China Project banner was the Dentsu Advertising Lectures. This series has been offered at six major universities in Beijing and Shanghai for more than 10 years under the direction of the Chinese Ministry of Education.

In 2005, Dentsu and the Chinese Ministry of Education embarked on an educational exchange program for professors and teaching assistants involved in advertising-related studies. Eligibility is not restricted to the six universities involved in the Dentsu Japan-China Project but includes instructors at universities throughout China. The exchange program brings instructors to the Dentsu head office in Tokyo for specialized seminars and sponsored research opportunities.

In 2006, the Chinese Ministry of Education presented Dentsu with an award acknowledging the Company's decade-long contribution to advertising education in China. Dentsu was the first Japanese company to be honored this way by the ministry.

On the seminar front, events held in Changchun and Shenzhen in August 2007 attracted participation from 450 professors and instructors specializing in advertising courses at 253 universities. A seminar in Nanjing is planned for October 2008.

2. Environmental Protection Activities: Eco Program,

CO₂ Emission Reductions, Environment Strategy Committee

Dentsu has made solid progress in addressing environmental issues through the Dentsu Group Eco Program. The Company's success is substantiated by certification acquired in May 2005 for all domestic branch offices under ISO 14001 environment management system criteria.

This program encompasses Group companies as well, and as of WHEN, integrated ISO 14001 certification had been extended to 52 members of the Group.

In March 2008, the CO₂ Emission Reduction Plan for Dentsu's head office building was given the highest possible rating of AA+ under the Tokyo Metropolitan Government's "Tokyo CO₂ Emission Reduction Program." The Company aims to cut carbon dioxide (CO₂) emissions from the head office by 13% by fiscal 2009, based on the amount generated in fiscal 2004.

A detailed description of our environmental policies is provided on our Web site. To further the Group's overall responses to environmental issues, Dentsu established a committee in July 2008 that focuses on environment-oriented strategies. The Environment Strategy Committee actively seeks to reduce the Group's impact on the environment and also formulates measures to deal with environment-related issues in the communications business.

The first initiative undertaken by the committee was the August 2008 purchase of emission rights for 3,000 tons of CO₂.

3. Communication Starts with Respect for Human Rights

Subscribing to the belief that communication starts with respect for human rights, Dentsu established the Educational Committee on Human Rights in 1987 to promote greater awareness of human rights issues among employees. The Company also set up a department that studies the correlation between advertising expression and human rights. Management wants all employees to view human rights from a suitable perspective, that they gain a deeper understanding of human rights, and that they all incorporate this knowledge in day-to-day business activities.

As part of our in-house initiatives, we collect human rights slogans from employees of the Group and their families and use the best phrases to produce posters. This activity has a 20-year history at Dentsu and was initially intended as a way to raise awareness of human rights within the Group. But in recent years, outside organizations, including local governments, have asked for these posters—dubbed Dentsu Human Rights Posters—for use in human rights awareness campaigns directed at citizens throughout Japan. In 2007, we adopted a collaborative approach to the production of human rights posters, applying visual designs by art students and our own human rights slogans.

Another activity outside the Group is the Company's participation in industrywide campaigns through seminars and other activities sponsored by the Japan Advertising Agencies Association. Dentsu is also involved in local educational programs and gladly accepts requests from the national government, municipalities, corporations and other groups for representatives to speak at seminars.

At Dentsu, we want to contribute to the social topic of human rights from a communications standpoint.

4. Work/Life Balance:

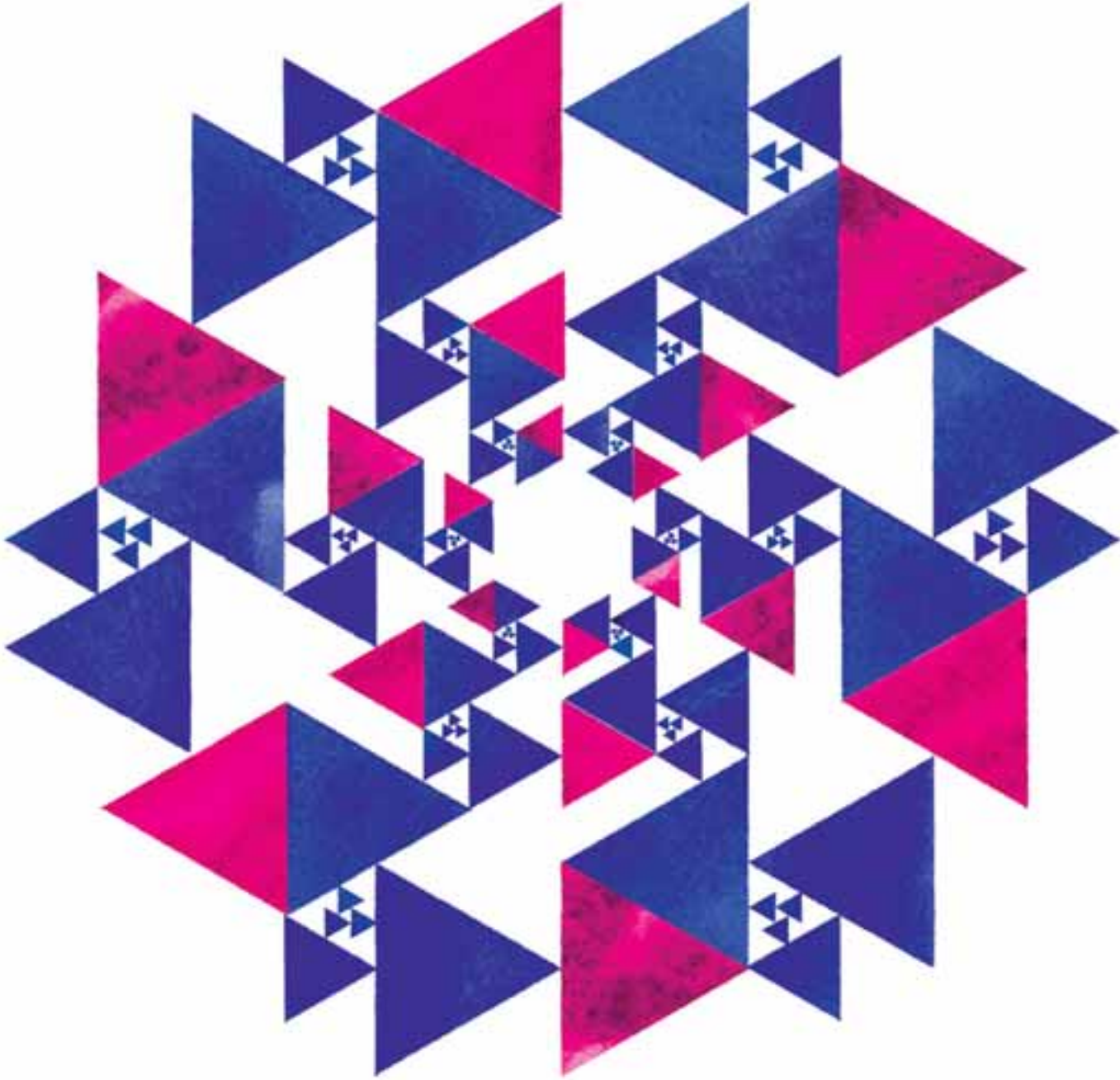
Supporting Employees' Diverse Work Styles

To realize a productive work/life balance for employees, Dentsu established the Career Design & Work/Life Balance Section in the Human Resources Division at the head office in Tokyo. We promote awareness initiatives, based on the idea that synergistic effects derived through work and private life provide the motive force that drives continuous corporate development. That is, a rich and rewarding private life expands the sphere of work opportunities and generates ideas for new value creation, and challenging work makes private life more satisfying.

We also enable employees to pursue alternative work styles through structures that grant time off or leaves of absence for family reasons, such as childbirth, child-rearing, nursing care and care of the elderly, as well as volunteer activities.

In fiscal 2008, Dentsu was selected as one of the 10 model companies named by the Ministry of Health, Labor and Welfare in its Work/Life Balance Promotion Project. We will actively contribute to the realization of a society in which employees can achieve a good balance between work and private life.

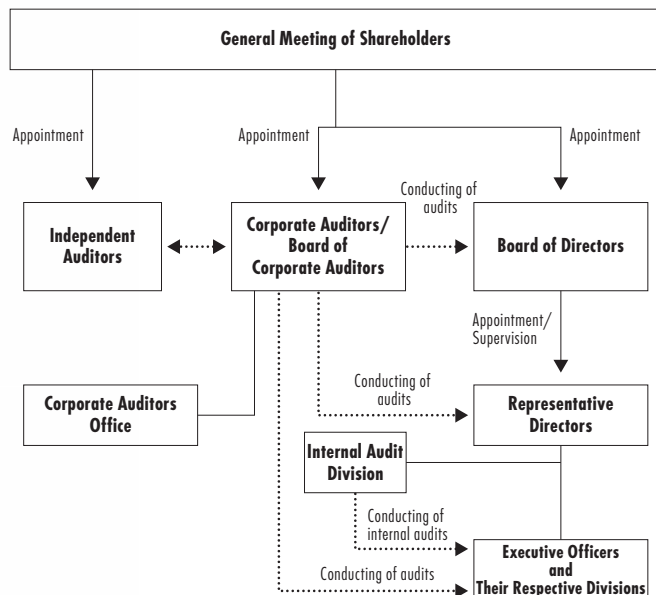
Corporate Governance



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 Board of Corporate Auditors.” Although we have considered the “Company with Committees” structure of corporate governance, which features a high degree of accountability 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. Overview of Corporate Institutions

Dentsu is a “Company with a Board of Corporate Auditors” and has introduced an executive officer system for the execution of business. Dentsu’s Articles of Incorporation specify the term of office for Directors as one year or less and specifies the number of Directors as 20 or fewer. As of June 27, 2008, the number of Directors was 16 (including two outside Directors). Dentsu’s Articles of Incorporation specify the term of office for Corporate Auditors as four years as per laws and regulations and the number of Corporate Auditors as five or fewer. As of June 27, 2008, the number of Corporate Auditors was five (including three outside Auditors). In addition to the Board of Directors, principal decision-making bodies include the Board of Senior Managing Directors and several important committees.

3. Requirement for Resolutions for the Election of Directors

Dentsu’s Articles of Incorporation stipulate that resolutions for the election of Directors shall be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights at the General Meeting of Shareholders. They also stipulate that resolutions for the election of Directors shall not be by cumulative voting.

4. Requirement for Special Resolutions by the General Meeting of Shareholders

Dentsu’s Articles of Incorporation stipulate that special resolutions to be adopted pursuant to Section 2, Article 309, of the Corporate Law shall be approved by two-thirds (2/3) or more of the votes of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights at the General Meeting of Shareholders, except as otherwise provided by these Articles of Incorporation. This provision is intended to allow more efficient progress of the agenda at the General Meetings of Shareholders by mitigating the quorum requirement for special resolutions by the General Meeting of Shareholders.

5. Decision-Making Body for the Acquisition of Our Own Shares

Dentsu’s Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, acquire the Company’s own shares through such method as market trading, pursuant to Section 2, Article 165, of the Corporate Law to ensure an agile and flexible capital policy.

6. Decision-Making Body with Respect to Interim Dividends

Dentsu’s Articles of Incorporation state that the Company may pay interim

dividends from surplus, which is stipulated by Section 5, Article 454, of the Corporate Law, to the shareholders or registered pledgees whose names are listed or recorded on the last register of shareholders as of September 30 of each year and to the odd-lot shareholders whose names are listed or recorded on the last ledger of odd-lot shareholders as of September 30 of each year to ensure the agile and flexible distribution of returns to shareholders.

7. Exemption from Liability

Dentsu's Articles of Incorporation stipulate that the Company may release, by resolution of the Board of Directors of the Company, Directors (including former Directors) and Corporate Auditors (including former Corporate Auditors) from liabilities for damages with regard to the damages stipulated in Section 1, Article 423, of the Corporate Law, up to the limit to be calculated after deducting the minimum liability amount specified by laws and regulations from the amount of liability for reparation, if the case falls under any of the requirements set forth by the applicable laws or regulations, so that they can perform fully their expected roles in the Company.

8. Basic Policy on Creating an Internal Control System

The 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 and to prevent the formation of any relationships outside the accepted code of conduct, we have established the Dentsu Group Charter of Corporate Conduct to define the sphere of common activities. The Corporate Ethics Committee, chaired by the Executive Vice President, is charged with creating, operating and improving the internal control system.

Compliance System for Directors, Executive Officers and Employees

Directors and Executive Officers must perform their duties appropriately, in accordance with the Board of Directors; the Board of Senior Managing Directors; and Executive Officer bylaws, regulations, the Articles of Incorporation and other internal policies. If a Director or an Executive Officer 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 at the meeting of full-time Directors, as well as to the Corporate Auditors.

The departments reporting to the Corporate Ethics Committee create internal policies and manuals and conduct training to improve and enhance the compliance system for employees. The Internal Audit Division, which reports directly to the President, also conducts internal audits.

The Company appropriately operates the D-EAR internal reporting and proposal system to prepare for a possible breach of law and deal with other internal compliance issues.

If Auditors request opinions on or measures to improve the Company's compliance system, Directors and Executive Officers respond without delay and make any necessary improvements.

Systems to Ensure the Execution of Business by Directors and Executive Officers

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 consider 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. Meetings of the Board of Directors, the Board of Senior Managing Directors and other committees are also held as necessary, in addition to regularly scheduled meetings. Items resolved by the Board of Directors, the Board of Senior Managing Directors and the committees are quickly delegated to individual Directors and Managing Directors and transmitted to all employees via the corporate structure, and promptly reflected in the execution of duties. Urgent items are posted on the internal electronic bulletin system for rapid dissemination.

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 documentation management regulations and information management guidelines.

Risk Management System

Every year, Dentsu conducts internal risk surveys to determine those that are significant and creates a structure to minimize these risks and prevent the propagation of damages in the event that such risks become reality. We have established the Risk Management Rules to streamline a Companywide system and departmental risk management system to prevent risks from happening or escalating when a risk actually occurs and have created a plan that outlines specific measures to pre-empt important risks. Under the auspices of the Corporate Ethics Committee, the Internal Control Promotion Project Team as the core risk management department mainly works to self-inspect the risk management status and endeavors to improve the overall risk management systems.

Internal Structure to Support the Corporate Auditors and Their Independent Status

Positioned as the internal structure to support Corporate Auditors, Dentsu's Corporate Auditors Office reports directly to the Board of Corporate Auditors. This maintains its independence from the Company's Directors and Executive Officers.

System of Reporting to Corporate Auditors and Improving Audit Effectiveness

Policies are in place to define items that Directors and Executive Officers must report to Corporate Auditors. Directors, Executive Officers and employees swiftly report to the Corporate Auditors information that impacts the operations or the operating performance of the Company.

In the event that Corporate Auditors request reports other than those indicated above, Directors, Executive Officers and employees are required to provide such reports to the Corporate Auditors without delay.

To enhance audit effectiveness, the Internal Audit Division and the Independent Auditors collaborate with each other to handle any such requests made by the Corporate Auditors.

Internal Control System for the Dentsu Group, including Subsidiaries

Dentsu positions the Dentsu Group Charter of Corporate Conduct as the Groupwide code of conduct for the Dentsu Group including subsidiaries, and the Group subsidiaries resolve to adopt the Dentsu Group Charter as their guidelines for corporate conduct guidelines.

The Company stipulates matters to be improved and operated by its subsidiaries as the members of the Group, whereas the subsidiaries respectively set forth necessary rules based on the above matters determined by the Company and promote the establishment, operation and improvement of their own internal control systems to ensure proper internal and external transactions.

System to Ensure the Appropriateness of Financial Reporting

Under the auspices of the Corporate Ethics Committee, the Internal Control Promotion Project Team plans and creates schemes to make internal controls more effective to ensure appropriate financial reporting. The Company evaluates its financial reporting based on the self-inspection results and internal audits and receives audits by the Independent Auditors.

9. Internal Audits and Audits by Corporate Auditors

In principle, the Board of Corporate Auditors meets monthly to establish audit

policies and allocate responsibilities. Auditors audit the execution of duties by Directors and Executive Officers based on the audit plan. Specifically, these audits emphasize Groupwide internal control, compliance and risk management systems. The Corporate Auditors Office, staffed by five employees, is in place to assist the Corporate Auditors in their duties. Separately, the 20-member Internal Audit Office established under the Internal Audit Division conducts internal audits. The internal audits are conducted for the respective divisions and domestic and overseas subsidiaries and affiliates in accordance with the annual auditing plan. As for mutual collaboration among the Corporate Auditors, the Internal Audit Office and the Independent Auditors, the Board of Corporate Auditors requests that each report their respective specific audit methods and results. The full-time Corporate Auditors otherwise individually exchange information on a regular basis. The Group Corporate Auditors Office, which dispatches Corporate Auditors to the major Group companies, has been established under the Internal Audit Division.

10. Independent Auditors

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. During the fiscal year under review, these duties were performed by the certified public accountants indicated below, and the auditing tasks were conducted by and assisted by the people indicated below.

- Certified public accountants involved in the execution of duties
Representative partners performing duties:
Takashi Nagata, Hitoshi Matsumoto, Tsutomu Hirose, Takashi Sedo
- Personnel assisting with accounting audit
Seven certified public accountants and 11 accounting assistants and other staff

11. Relations with Outside Directors and Outside Auditors

Dentsu has both outside Directors and outside Auditors. As of June 27, 2008, two of the Company's 16 Directors were outside Directors, and three of the five Corporate Auditors were outside Auditors.

The Company's personal, capital or transaction relationships with these five outside Officers are as follows:

- An outside Director, Seizo Wakabayashi, is the Representative Director and President of Jiji Press, Ltd., a major shareholder of the Company. Jiji Press has business transactions with Dentsu.
- An outside Director, Satoshi Ishikawa, is President of Kyodo News and is also Representative Director and President of Kyodo News Co., Ltd. Each of these companies has business transactions with Dentsu.

- An outside Auditor, Yasuchika Negoro, is the Chairman of Nippon Professional Baseball. Nippon Professional Baseball has business transactions with Dentsu.
- An outside Auditor, Atsuko Toyama, is the President of the New National Theatre Foundation. The Foundation has business transactions with Dentsu.
- An outside Auditor, Osamu Abe, is a full-time Corporate Auditor (outside Auditor) of Nippon Express Co., Ltd. Nippon Express has business transactions with Dentsu.

None of these outside Directors or outside Auditors has been affiliated with Dentsu or any of its Group companies.

The Company has liability limitations agreements in place with its outside Directors and outside Auditors, as prescribed by Article 423, Item 1, of the Company Law. These agreements limit the liability for damages of each of these officers to either ¥10 million or the minimum amount specified by law, whichever is greater.

12. Executive Compensation

During the period under review, the executive compensation paid by Dentsu to Directors and Corporate Auditors was as follows.

Compensation for Directors: ¥984 million
(of which ¥11 million goes to outside Directors)

Compensation for Corporate Auditors: ¥120 million
(of which ¥36 million goes to outside Auditors)

At the Ordinary General Meeting of Shareholders held in June 2007, a resolution was passed to abolish retirement payments to Directors and Corporate Auditors. In accordance with this resolution, future compensation is to be determined as follows.

To encourage the link between compensation to Directors and further increases in corporate value and in consideration of their accountability and relation to operating performance, compensation to Directors is to be divided into two components. One component of compensation is monthly, and the other is a bonus tied to operating performance. If operating performance is typical, the performance-linked portion will account for approximately one-third of overall compensation.

The fixed monthly compensation shall be determined within the limits of compensation approved by the General Ordinary Meeting of Shareholders. The index used to determine the portion of compensation that is tied to operating performance will include the degree to which financial targets for consolidated gross profit and consolidated operating income have been reached. Specific amounts are to be determined at the General Ordinary Meeting of Shareholders held after the conclusion of the fiscal year. Compensation to outside Directors,

however, will consist solely of a fixed monthly compensation in exchange for the execution of their duties. The compensation to each Director will be determined by resolution of the Board of Directors.

Compensation to Corporate Auditors will consist solely of a fixed monthly compensation in exchange for the execution of their duties. The gross amount of this monthly compensation will be determined within the limits of compensation approved by the General Ordinary Meeting of Shareholders. Compensation to individual Corporate Auditors will be determined through deliberation of the Corporate Auditors.

13. Compensation to Independent Auditors

During the period under review, the Company's compensation to Independent Auditors was as follows.

Compensation for audit services in accordance with Section 1, Article 2, of the Certified Public Accountants Law: ¥65 million

Compensation for services (advisory operations mainly for the establishment of internal controls regarding financial reporting) other than those indicated above: ¥49 million