

**Dentsu Japan**

**Working Environment Reform Plan**

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**Creating a New Dentsu**

**July 27, 2017**

# Our Approach to Driving Reform

## Transparent, 2-way

Dedicated glass office

Fully transparent discussion of issues

Reform proposals fielded from employees



# Management-Employee Dialogue

**25,000+** opinions gathered

- Company-wide questionnaires (3, over 6 months)
- Fielding of suggestions from employees
- Sessions with divisional personnel managers (HRM managing director candidates)
- Employee opinion-exchange sessions →
- Employee recommendation/opinion box

Total of 2,125 attendees across 105 sessions

Receive outside opinions in addition to in-house sessions

- Gain insights from outside experts
- Gain insights from the Independent Advisory Committee

# Issues in the Workplace

## Issues

- Death from overwork
- Charged with violation of Labor Standards Act
- Corrective recommendations

## Causes

- Structures that treated extended overtime as the norm
- Irrational and inefficient company processes
- Excessive disciplinary code
- Lack of consideration for employees' wellbeing
- Insufficient planning for employee training and assignments
- Negligible compliance to Labor Standards Act

# Working Environment Reform Plan

Commitment

**0**

Violations of Article 36 : **Zero**  
Harassment: **Zero**  
Overwork: **Zero**

Target

**80**

Achieve full output while  
reducing work time to 80% via  
changes to work environment  
and operations

Challenge

**20**

Dedicate newly released 20% of  
time to improved employee  
wellbeing, self-enrichment & QOL,  
as well as career development

Goal

**100**  
**+ NEW**

Shift to new working style to  
contribute to new path of  
employee and Company growth  
to create a new Dentsu

2 Years of Working Environment Reform

Evolution of Dentsu

# Working Environment Reform Plan

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**+ NEW**

Commitment

**0**

Violations of Article 36 :  
**Zero**

Harassment:  
**Zero**

Overwork:  
**Zero**

Fully comply with laws and regulations thus reducing all three issues to zero to avoid a recurrence of labor issues

Commitment

0

Violations of Article 36 : **Zero**  
Harassment: **Zero**  
Overwork: **Zero**

**Prevent nighttime work**

- Prohibit work between 10 pm and 5 am

**Establishment of HRM managers throughout the Company**

- Implement placement of executive directors in charge of HRM in each division to be responsible for employee time and health management and prevention of harassment

**Imbue awareness & compliance with work regulations**

- Enhance labor regulation training
- Evaluate the understanding of labor regulations

**Revise employee evaluation metrics**

- Introduce “compliance with legal and societal rules” metric to evaluate criteria
- Introduce “work efficiency” metric to evaluate criteria



Commitment

0

**Pay attention to & care for each employee**

- Introduce healthcare program for new employees
- Enhance training programs to prevent excessive disciplinary code
- Introduce a leadership survey system to maintain awareness of subordinates' viewpoints and opinions
- Introduce a time management system that visualizes the current working situation

**Counteract harassment & enhance mental health care**

- Expand and disseminate different methods of reporting and consultation
- Enhance system that regularly reports information about individuals who are sick or on leave

**Advance workplace reforms**

- Establish "Work Style Review Week" every year during MHLW's Death from Overwork Awareness Month (November) for all employees to review their work environment
- Introduce special training program for newly promoted management

Violations of Article 36 : **Zero**  
 Harassment: **Zero**  
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# Working Environment Reform Plan

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Challenge

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Goal

100  
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Achieve full output while reducing employee work time to 80% via reforming work environment and operations

Target

**80**

Reduce total work hrs / person in **FY2019**

**to 80%**

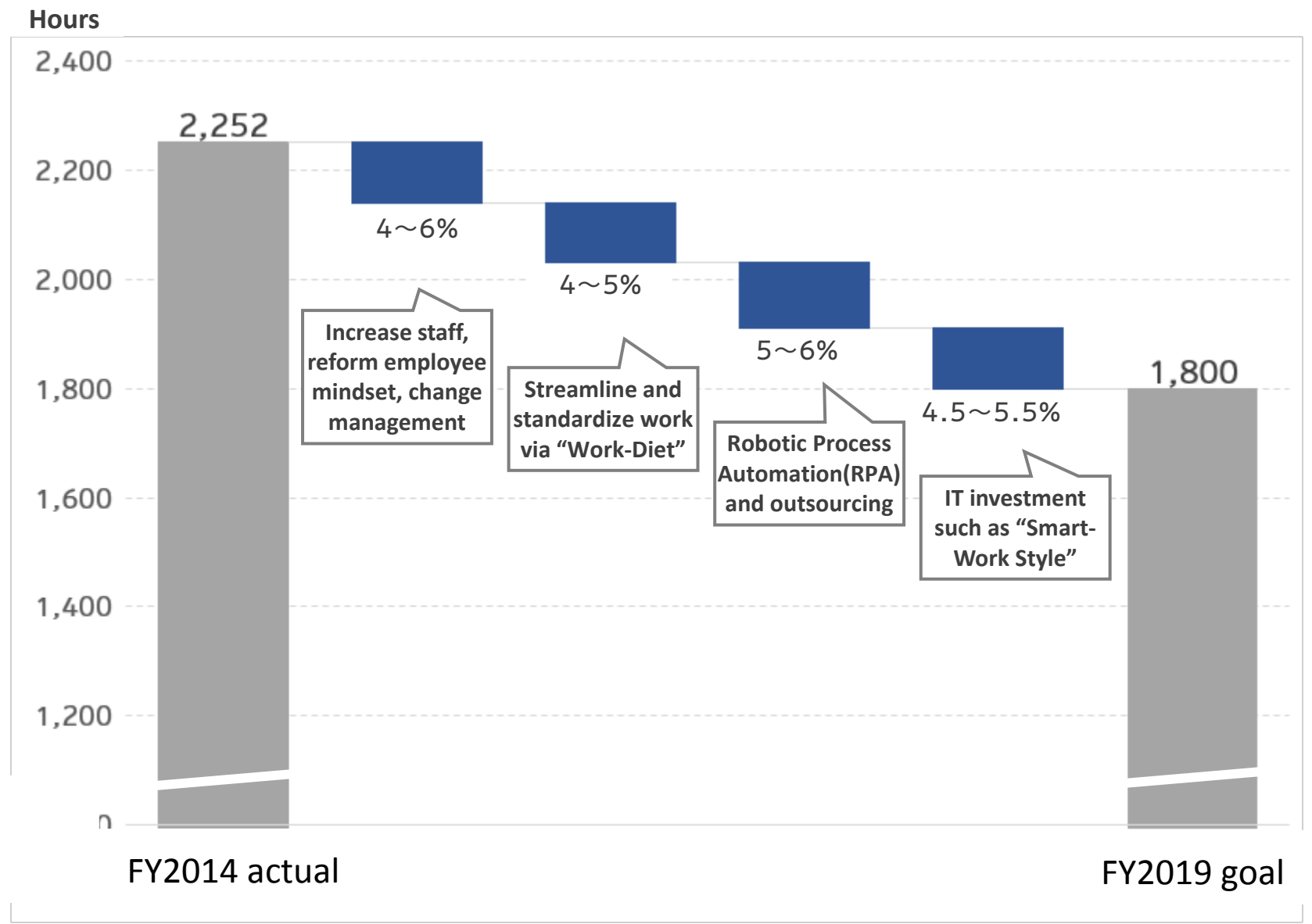
(Compared to FY2014)

	Previous			Goal		
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Total working hrs / person (Annual)	2,252 hours	2,187 hours	2,166 hours	2,100 hours	1,950 hours	1,800 hours

Simulated reduction in total work hrs / person

Target  
**80**

Achieve full output while reducing employee work time to 80% via reforming work environment and operations



Target

80

Achieve full output while reducing employee work time to 80% via reforming work environment and operations



Increase staff

- Immediately increase personnel numbers, to reduce individual workload
  - Recruit full time mid-career employees (now 50)
  - Increase contract employees & temp staff (now 224)
- Increase number of full-time employees
  - 250 employees to be hired in FY2017 (about 1.5 times the previous year)

Target

80

Achieve full output while reducing employee work time to 80% via reforming work environment and operations

### Streamline work

### Optimum allocation of human resources

- Promote “Work-Diet” that reviews and implements visualization of workflows; boost streamlining
  - Complete creation of business list for all 65 departments including Kansai and Chubu. Business inventory scheduled to be completed throughout the entire Company by the end of August
- Realize Robotic Process Automation (RPA)
  - 300 processes by the end of December, 2017
  - Streamline operations for 58,000 hours a month
- Reallocate personnel based on optimal departmental levels
- Introduce a system of “New Talent Management” considering every employees’ career track

Target

80

Achieve full output while reducing employee work time to 80% via reforming work environment and operations

**Reform work conditions through extensive IT investment**

- Enhance “Smart-Work Style”; a teleworking system
- Introduce a satellite-office system
  - Testing operations in 18 locations in Japan will begin from September this year
- Introduce a working-from-home system

**Improve business processes in unison with clients and industry organizations**

- Request cooperation from clients
- Create rules based on industry organization practices

Target

80

Achieve full output while reducing employee work time to 80% via reforming work environment and operations

**Review entire HRM system including recruitment, education & evaluation**

- Review professional duties/grade system so that all employees can remain active regardless of age or employment status
- Establish a system of training and evaluation enabling individual growth in medium to long term
- Boost recruitment of recent graduates and utilize broader methods of recruitment
- Cultivate more supportive environment for female employees
- Examine support measures for management skills, know-how and burden reduction



# Working Environment Reform Plan

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Challenge

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Goal

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Challenge

20

Reinvest the 20% of time newly released to improve employee physical & mental wellbeing and QOL through encouraging individual learning and life-enhancing experiences

Challenge

20

Reinvest the 20% of time newly released to improve employee physical & mental wellbeing and QOL through encouraging individual learning, life-enhancing experiences and career development

**Reform leave-taking programs**

- Increase the number of leave days that can be taken consecutively
- Consider one-month sabbatical leave system
- Consider 4-day work week system
- Consider incentives to promote taking leave

**Bolster employee health management and care**

- Validate a rest interval system to ensure adequate downtime between workdays
- Develop and Implement vitality score system, an original Dentsu data health measure

**Foster employee development**

- Support skills development and pursuit of certifications
- Support family care, child-rearing, and social contribution activities

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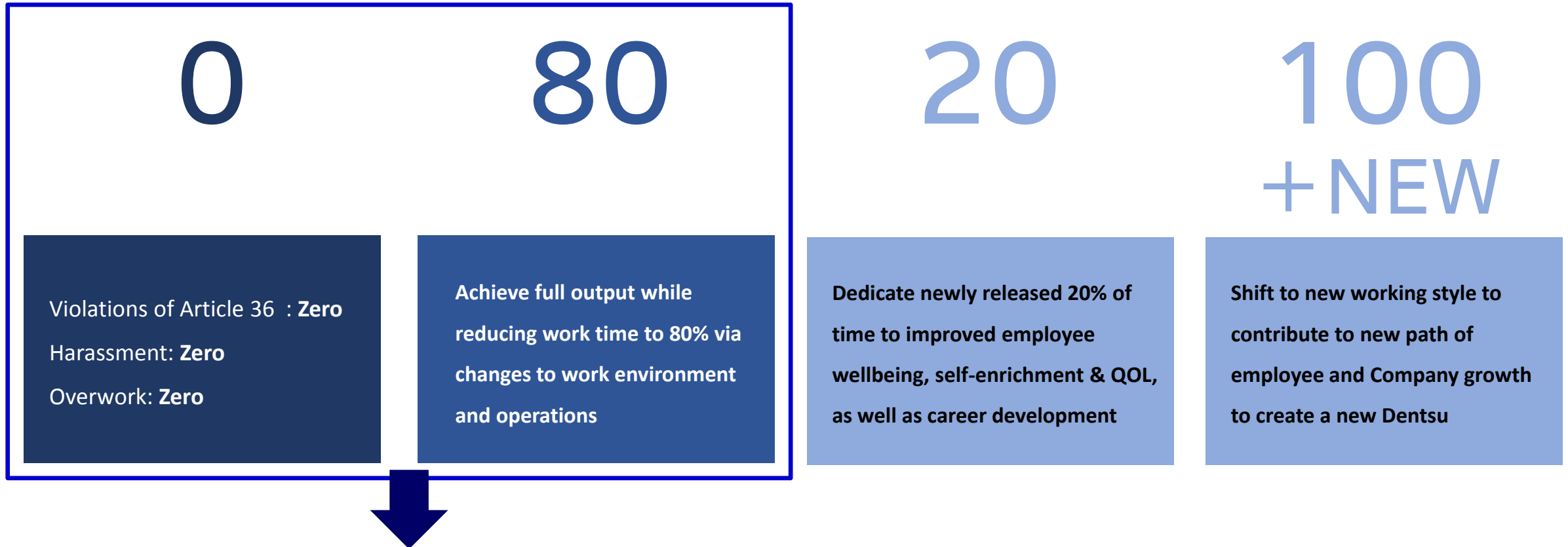
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Shift to new working style to contribute to new path of employee and Company growth to create a new Dentsu

# Progress Monitoring

# Constant Verification of the Reforms Progress and Effectiveness



Although the progress and effectiveness of the reforms need to be verified from a multifaceted perspective, we are currently focusing on "0" and "80" centering on the actual situation and verification.

# The Targets of Fixed Point Observation and Intended Benchmarks (Examples)

0

Violations of Article 36 : **Zero**  
Harassment: **Zero**  
Overwork: **Zero**

The number of employee working over the time stipulated in Article 36 (daily / monthly)

Participation rate of harassment prevention training

Monthly out side permitted working hours per person

Monthly number of days working on personal days per person

80

Achieve full output while reducing work time to 80% via changes to work environment and operations

Total working hours per person

Gross profit per person

Operating profit per person



# The Targets of Fixed Point Observation and Intended Benchmarks (Examples)

20

Dedicate newly released 20% of time to improved employee wellbeing, self-enrichment & QOL, as well as career development

The number of paid holidays taken per person

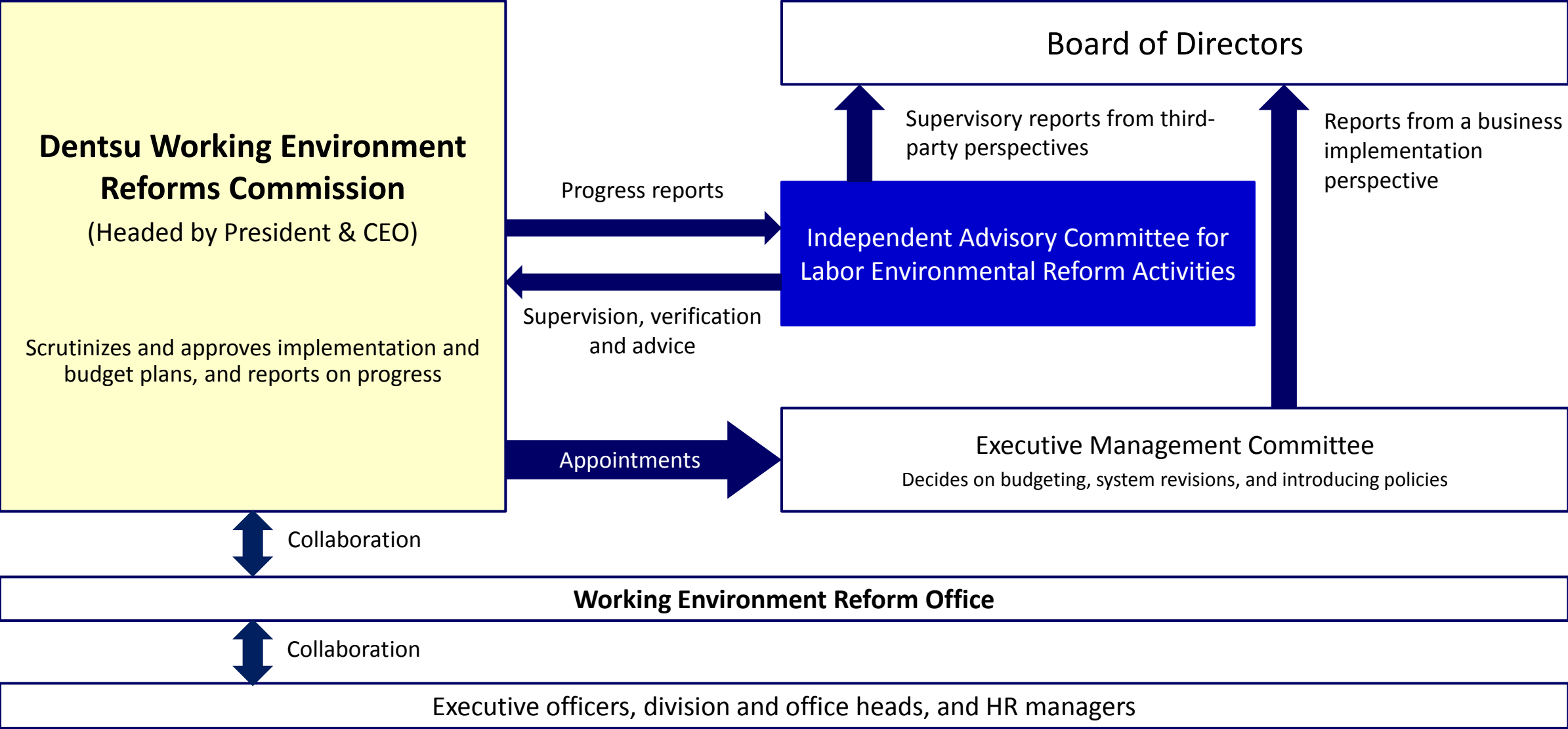
The number of people taking special leave

100  
+ NEW

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The rate of increase in employee-realized happiness/respice/creativity

# Working Environment Reform Implementation and Monitoring Framework



# Working Environment Reforms Process

Overhaul in-house environment and infrastructure

Maintain and expand reforms

2017

2018

2019

Beyond

<p>Commitment</p> <p><b>0</b></p>	<p><b>Commitment to 0</b></p> <ul style="list-style-type: none"> <li>Maintain thorough enforcement of compliance</li> </ul>	<p><b>Completion of environmental /infrastructural overhaul</b></p>	
<p>Target</p> <p><b>80</b></p>	<ul style="list-style-type: none"> <li>Increase staff, improve allocation of human resources</li> <li>Streamline work</li> <li>Improve business processes</li> </ul>	<ul style="list-style-type: none"> <li>Develop and roll out systems</li> </ul>	<p><b>GOAL</b></p> <p><b>100 + NEW</b></p>
<p>Challenge</p> <p><b>20</b></p>	<ul style="list-style-type: none"> <li>Plan employee support measures</li> </ul>	<ul style="list-style-type: none"> <li>Introduce employee support measures</li> </ul>	<p><b>Realization of 80</b></p> <p><b>Reinvestment of 20</b></p>