

Messages from Outside Directors

My Role to Play

As an outside director, I am always conscious of providing an “outside perspective.” I hope to help enhance the Company’s governance, corporate value, and sustainable development by utilizing my diverse experiences in working as a prosecutor, in legal affairs, at the Deposit Insurance Corporation of Japan, as an attorney, and as an outside director of other companies. In particular, I intend to focus on advising and supervising management, taking into account both the “offensive” and “defensive” perspectives of governance.



Noboru Matsuda
Outside Director

Enhancing the Board of Directors’ Effectiveness and Issues We Face

In order to strengthen corporate governance, it is essential to enhance the effectiveness of the Board of Directors. In this regard, I believe we have made gradual progress over the past year or two. First, the Company appointed another outside director, bringing greater diversity to the Board in the appointment of a highly experienced female outside director with a background in administration. The compositions of the Nomination Committee and the Remuneration Committee have also improved, with a majority of outside directors on these committees making them more independent. To make discussions of the Board of Directors more meaningful, the Company has increased opportunities to explain proposals to outside directors ahead of time. Participation in internal events and various training sessions has also increased, and I have seen a notable rise in active exchanges of opinion among external officers. The challenge ahead lies in continuing efforts to address more medium- to long-term issues as agenda items, as well as considering an increase in the number of outside directors to raise diversity still further.

My Hopes for the Company’s Future

Given the Group’s current situation, I strongly hope for the following.

- Prepare for uncertainties in the post-pandemic business environment; above all, concentrate on recruiting and training personnel with the necessary spirit and ability to survive this period of upheaval
- Considering recent improprieties, renew awareness that a company is a public entity that cannot develop in a sound manner unless society recognizes it as trustworthy; make efforts to promote and establish a corporate culture that respects compliance (the other half of governance) and strengthen compliance practices

The Importance of Serving as a Representative of the Capital Market

Based on my experience and expertise, I offer advice aimed at enhancing shareholder value and facilitating effective communication with the capital market. As an outside director, I consider myself a representative of the capital market. As such, I anticipate the market’s questions and opinions and bring them to the Board of Directors. While all stakeholders are important, I believe that emphasizing shareholder value serves as a measure and delivers the most balanced outcomes for all stakeholders.



Nobumichi Hattori
Outside Director

Governance: Assessment and Issues

When I joined the Board of Directors as an outside director in 2015, Board discussions were not exactly spirited. However, as the number of outside directors increased to two, then three, and then to four, I have sensed the Board becoming significantly more active. More outside directors has led to more diverse opinions shared from different perspectives, creating a positive sense of tension. I believe the Company’s governance is improving steadily.

Responding to a Changing Business Environment

The advertising industry is currently experiencing a once-in-a-century period of transformation, as new business models emerge, and the entire Group is being called on to adapt to these changes. Over the past few years, the Company has invested significantly in digitalization and expanding its overseas business. In the digital field, it is crucial to identify winning technology platforms, and the Group has actively pursued investments, including mergers and acquisitions, to ensure their effectiveness going forward. In overseas businesses, investment in kyu, which comprises a portfolio of creative and relatively small-scale business, has already achieved a certain level of scale. Now is the time to realize synergies within kyu and across the entire Group, and to contribute visibly to shareholder value.

I will continue to offer advice from an objective perspective and provide various types of support that will contribute to the growth of the Group and augment shareholder value.

Messages from Outside Directors

Trends in Corporate Governance

In discussions on corporate governance, the focus has traditionally been on external factors such as the proportion of outside directors, diversity, and the governance structure. Going forward, however, we will need to shift our focus to the substance of governance. With the environment surrounding companies and society changing rapidly, I believe outside directors will not just be responsible for oversight; we also will be called upon to contribute to business transformation.



Toru Yamashita
Outside Director

The Role of the Hakuodo DY Group in an Era of Upheaval

I believe the Group's mission in society is to create new value through advertising and marketing support and contribute toward the realization of a better society. To achieve this, the Group must comply with laws and earn society's acceptance. The Group also needs to lead societal change.

We are in an era of unprecedented upheaval, with global society growing increasingly complex, which is exacerbated by growing disparities and fragmentation, as well as accelerated digital transformation spurred by the COVID-19 pandemic, and the emergence of generative AI, which heralds the approach of singularity. In particular, generative AI is poised to significantly impact the creative field that constitutes the core of the advertising industry. Therefore, the Group needs to step up its efforts to transform its business model and place a strong emphasis on fostering truly creative talent.

Expectations for the Next Medium-Term Business Plan and My Role as Outside Director

In this era of transformation, the next medium-term business plan that is currently under development will play a critical role in shaping the Group's future. Making the necessary changes will undoubtedly present numerous challenges. In my role as an outside director, I am committed to serving as a partner who walks alongside the Company and contributes to its sustainable growth. To this end, I will pay careful attention to changes in society, emerging technologies, and other trends. I will strive to absorb necessary knowledge, rather than relying solely on my past experiences and expertise.

Lively Exchanges of Opinion on the Board of Directors

Since taking office in June 2022, I have served for one year under the conviction that I represent a "view from society," and I have felt free to speak out fearlessly from this unique position. The Board of Directors has a positive atmosphere where outside directors and auditors with diverse backgrounds actively share their opinions and exchange ideas. I myself have been expressing my questions and opinions honestly without having to worry about "reading the room," and I believe the responses I have received from the executive side are sincere. I am also often inspired by the opinions of other directors and feel I learn a lot through discussions. I greatly appreciate the Company's enthusiasm for providing knowledge and information, such as giving prior explanations to outside directors and holding seminars on business-related matters.



Ikuko Arimatsu
Outside Director

Promoting DE&I Initiatives

I have developed a particular interest in DE&I, and I am pleased to see that in fiscal 2023, the Company has strengthened its internal structure and actively engaged in current analysis, goal setting, and external communication, resulting in gradual progress. I will continue to focus on this important topic.

On the other hand, the occurrence of improprieties is regrettable, and highlights the need to further enhance compliance awareness and strengthen governance going forward.

Realizing the Society the Group Seeks

One of the Hakuodo DY Group's most notable characteristics is the active participation of employees across the organization on different projects, facilitating an open and creative environment for discussion. I believe this is the source of the Group's value and an important aspect that it should cherish as we strive to realize a society in which *sei-katsu-sha* can flourish and live active lifestyles of their choosing. As an outside director, I will continue to monitor the Group's direction and fulfill my role in the enhancement of corporate value and the Group's contribution to society.