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Dentsu Updates Progress with Working Environment Reforms

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo) today announced updated measures in eight broad categories that it has deployed throughout Dentsu in Japan to lead to a positive workplace environment. The Working Environment Reforms Commission established on November 1 is playing a key role in that process. The announced initiatives are as follows.

1. Reinforce regulatory knowledge and insights

- (1) Train executives and all employees in Japan in labor laws and regulations.
- (2) Reduce actual working hours by reducing overtime work to the maximum agreed with employees under Article 36 of the Labor Standards Act and ensuring strict compliance with these requirements.
- (3) Conducting regular assessments to confirm progress.

2. Equalize workloads and reassign personnel within Dentsu Inc.

- (1) Reassign 650 employees in January 2017.
- (2) Urgently hire 60 mid-career people as full-time employees.
- (3) Appoint human resources management heads in all divisions.
- (4) Audit operations and identify those suitable for outsourcing.
- (5) Organize a committee for the revision of operations in which we have collaborated with subsidiaries and vendors.

3. Maintain and increase employee motivation

- (1) Fully compensate for a reduction in overtime pay in 2017 through bonus payments.

4. Bolster employee health management and care

- (1) Have mental health professionals on-site all times at the in-house health management center to counsel employees as needed.
- (2) Establishment of the Family Line to offer mental and physical health advice to employees with family assistance.

(3) For new employees who are still learning operations, bolster work and career path consultations and mental health checkup program.

5. Offer more diverse working style alternatives

(1) Expand number of business units offering flextime. Flextime workers are prohibited from working 10:00 p.m. and 5:00 a.m.

(2) To activate communication among employees we will renovate work spaces.

(3) Swiftly deploy an infrastructure to enhance work mobility.

(4) In 2017, partially institute work-at-home program for employees who need to care for their children or other family members.

6. Improve and reinforce labor management (asterisks indicate measures implemented in October 2016).

(1) In principle, maintain the prohibition on employees remaining on the premises for personal reasons. *

(2) Check on individual employees whose overtime work has neared the maximum agreed under Article 36 of the Labor Standards Act for several consecutive months.

(3) Maintain the policy of switching off all office lights, in principle, from 10:00 p.m. through 5:00 a.m. and prohibit employees from working overtime at home. *

(4) Continue to reject applications for overtime work under the special provisions of Article 36 of the Labor Standards Act for new employees who are learning and reduce work load to within legal requirements.

(5) All employees must take five days off in both the first and second halves of the business year.

7. Overhaul the manager evaluation system

(1) Deploy 360-degree evaluations for line managers.

(2) Reduce management evaluations to once annually to emphasize focus on mid-term contributions.

(3) Reflect personnel and labor management skills as well as results contributions in evaluations.

(4) Roll out aptitude screenings for line managers.

8. Help employees to pursue self-development

(1) Establish medium-term growth and career development objectives for evaluations of non-managerial personnel.

(2) Help eliminate work and personnel mismatches by deploying an in-house free agent recruiting program.

(3) Set up program offering certain period of unpaid sabbatical leave for every five years of service to help employees broaden their knowledge and experience.

(4) We will help employees improve their capabilities by providing up to 50,000 yen per person annually to supplement the cost of education and training courses.

Dentsu Inc. in Japan will augment the above initiatives by continuing to explore measures to optimize workloads, revise its organizational approach and systems, and redefine the corporate culture.

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