

Dialogue Between Outside Directors



Enhancing the Hakuholdo DY Group's Corporate Value

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The Hakuholdo DY Group has entered a pivotal year, marking a new start with significant changes to its executive and organizational structures. In this dialogue, independent outside directors Toru Yamashita and Ikuko Arimatsu share their perspectives on the launch of the new management structure, their assessment of the Board of Directors, and their outlook for the Group's future.

Impressions of the New Management Structure

Yamashita The major difference from the previous structure is that the top positions of the holding company and the core operating company, Hakuholdo, have been separated. This has clarified the division of roles between the holding company and each operating company. The holding company can now focus more deeply on strengthening governance and creating synergies from a medium- to long-term perspective to drive the Group's sustainable growth. Meanwhile, each operating company—led by the further strengthened "new Hakuholdo," formed through the integration with Hakuholdo DY Media Partners—can conduct business operations with greater agility.

As an outside director of the holding company, my role now demands even closer attention to overall Group

strategy, the pursuit of synergies across the organization, and comprehensive oversight and management from a broad, long-range perspective to enhance the Group's corporate value.

Arimatsu The Hakuholdo DY Group is striving to evolve into a creativity platform. The number of Group companies has grown, and our business scope has expanded accordingly. Under the new structure, four new directors have joined, and a clear framework has been established to differentiate management functions between the holding company and the core operating company while reinforcing supervisory capabilities. I believe this enhancement of functions will be instrumental in helping the Group adapt to a rapidly changing environment and achieve sustainable growth and higher corporate value.

For the holding company's Board of Directors to effectively exercise its oversight role across the Group, the

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responsibilities of outside directors have become even more important. Society's expectations regarding Board effectiveness have grown stricter, and for corporate groups to grow and gain acceptance and trust, outside directors must not be mere overseers. We bear a heavy responsibility to jointly uphold corporate social responsibility and sustainable growth. In that context, I believe even greater diversity in expertise and background among Board members will be essential.

Evolving into a Creativity Platform

Arimatsu The Hakuholdo DY Group aims to evolve into a creativity platform built upon six business domains. Throughout that process, what must always remain front of mind is the Group's Global Purpose, which was formulated through cross-organizational discussion. I hope the Group will continue to be an indispensable presence in the world—one that transforms each individual's aspirations into reality through creativity and continuously generates new value.

To achieve that, we must always ask ourselves, "Are our efforts truly for the sake of *sei-katsu-sha*?" and engage with society based on that principle. I intend to continue fulfilling my role as an outside director by maintaining an external perspective.

Yamashita To achieve our evolution into a creativity platform, we must connect and layer the creativity of individuals, consolidating, integrating and sharing it so that it can be strategically and organizationally applied. To do this, every employee must act with an awareness of the Group as a whole, transcending vertical segmentation by client division or company. The Group has long valued individual creativity, cherishing the eclectic over the generic. Yet the greatest challenge now is to evolve from an organization

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that depends on the efforts of individuals to one that competes through collective strength.

In that regard, CREATIVITY ENGINE BLOOM—an integrated marketing platform now under development that harnesses AI—serves as a mechanism to connect people, companies, ideas, and technologies both inside and outside the Group, transcending the boundaries of individuals and the framework of an advertising company to create new value. As an outside director, my role is to provide guidance that helps the Group leverage its inherent strengths and accelerate the spread and entrenchment of business model transformation and organizational culture reform across the entire Group.

Effectiveness of the Board of Directors

Arimatsu Since I joined the Board three years ago, I believe its effectiveness has gradually improved. During Board meetings and prior briefings, directors and Audit & Supervisory Board members regularly make observations



and requests regarding operations, and these have been promptly addressed. It is commendable that even those without management backgrounds can ask candid questions and engage in open discussions.

That said, there is still room for further improvement. Public interest in corporate governance continues to rise, and expectations for Board effectiveness are becoming even higher. We must continue learning from the practices of leading companies and strive for ongoing enhancement. Personally, I make a conscious effort to raise questions or offer comments, even when they might seem unexpected to those deeply familiar with the advertising business, to preserve a culture where anyone feels free to speak openly.

Yamashita The Board's composition has improved as the number of female directors and outside members with diverse expertise and experience has increased. Operationally, the provision of materials and information as well as the quality of prior explanations have steadily improved. As a result, the Board is now more effective.

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At the same time, the corporate operating environment is entering a new phase of rapid change and growing complexity, and societal expectations for governance standards continue to rise. This calls for more fundamental discussions and concrete measures to further strengthen the governance framework.

Drawing on my experience as an outside director at multiple companies, I have introduced best practices from other firms. I also contribute my own background as a business executive with expertise in IT and digital transformation, focusing on offering diverse perspectives in management strategy discussions.

Striving for Stronger Corporate Governance

Yamashita Under the current Medium-Term Business Plan, the Group is working to reinforce and expand its existing marketing business and to develop new domains such as consulting, technology, and content. As a result, the Group is growing larger and more diverse, making it increasingly important to strengthen the holding company's oversight function.

We need to explore ways to achieve a balance between robust governance and swift decision-making.

Arimatsu Across all stakeholder groups, there is now a strong expectation that companies maintain governance at the highest standards. The Board must both ensure effective oversight from a Groupwide perspective and continually update its governance structures, functions, and operating methods to enhance that effectiveness.

The foundation of trust lies in compliance, and the key to compliance is transparency. I believe the most crucial factor in earning and maintaining trust is ongoing exchange in which the Group communicates openly with society about what its aims are and how it operates, while responding sincerely to feedback and observations.

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Looking Toward the Group's Ongoing Evolution

Arimatsu As stated in our sustainability policy, the Hakuholdo DY Group aims to create a society abounding in *sei-katsu-sha's* aspirations and where they can live vibrant lives through human-centered sustainable management.

To truly place people at the center requires creating an environment where every individual, with their unique personality and abilities, is respected and able to thrive. It is vital that we keep in mind whether this is being realized for every person working in the Group, for our partners and affiliates, and for the *sei-katsu-sha* who experience the outcomes of our work.

Yamashita The emergence and rapid evolution of generative AI are transforming the ways we work, make decisions, and express creativity. The Hakuholdo DY Group views this transformation not as a threat but a new opportunity to face the future.

The Group's collective engagement with generative AI marks a significant step toward deepening *sei-katsu-sha* insight for the next generation. AI should not replace human creativity but rather complement and harmonize with human imagination and emotions. I believe our Group's approach of exploring collaboration among generative AI, creativity, and people embodies both social responsibility and a forward-looking vision.

At the same time, the responsible use of AI requires firm ethics, governance, and transparency. As an outside director, I intend to continue supporting and engaging in dialogue not only for our technological innovation but ensuring its sound implementation and upholding social trust.