

an invitation  
to the  
never before.

Integrated report  
2023  
dentsu

## “Mindset and Behavior Reform” for recurrence prevention promoted by the dentsu Japan Reform Committee

**Background:** On February 28, 2023, an employee of dentsu’s Japanese subsidiary had a criminal complaint filed against him by the Japan Fair Trade Commission and was indicted by the Tokyo District Public Prosecutors Office for an alleged violation of the Antimonopoly Act in connection to the bidding for the test events of the Tokyo 2020 Olympic and Paralympic Games. Dentsu Group Inc. (hereinafter referred to as “the Company”), which was called Dentsu Inc. at the time in 2018, was indicted as a legal entity under the Dual Criminal Liability Provision.

**Board Response:** In response, on February 14, 2023, the Company's Board of Directors established a Special Committee staffed by three independent outside directors. On February 28, an Investigation and Review Committee consisting of three outside experts was established under the Special Committee. The Investigation and Review Committee conducted an investigation into the case in order to determine the causes and make recommendations for the future. On June 9, the Board of Directors received the investigation report by the Investigation and Review Committee via the Special Committee.

As a result, the Company established the "dentsu Japan Reform Committee," being chaired by President & CEO Hiroshi Igarashi, with the aim of "fulfilling our responsibility to all stakeholders by renewing the way we approach our work." The Company takes the content and recommendations of the investigation report received seriously and decides to continuously improve the effectiveness of the Group’s efforts to prevent recurrence of issues stemming from deficiencies or lack of fairness and transparency in the organizational culture, legal and compliance matters, and business.

### Content and summary of recommendations of the investigation report by the Investigation and Review Committee

#### Three Problematic factors related to this case

- (1) Organizational culture with an excessive “client first” emphasis
- (2) Inadequate awareness of compliance risks
- (3) Significant lack of consideration for fairness and transparency of procedures

#### Summary of recommendations

- Reform compliance awareness based on strong management commitment
- Strengthening risk management system
- Strengthening Legal and Compliance Functions Based on the Needs of the Times
- Revision of the personnel system with an awareness of incentives

### dentsu Japan Reform Committee (as of July 21, 2023)

The dentsu Japan Reform Committee consists of members whose role is to monitor, and leaders whose role is to promote measures.

Mr. Itami, a member of the Investigation and Review Committee, has also been appointed to the dentsu Japan Reform Committee to ensure the effectiveness and consistency of the reform.

Chair: Representative Executive Officer, President & CEO, Dentsu Group Inc., Hiroshi Igarashi

Vice-chair: Representative Executive Officer, Executive Vice President & Chief Governance Officer, Dentsu Group Inc., Arinobu Soga

Member(Lawyer): Toshihiko Itami, Genta Yoshino, Yasuo Daito

Member: Head of Corporate Secretary & Deputy General Counsel, Dentsu Group Inc., Tadashi Nagae

Leader: dentsu Japan CEO, Norihiro Kuretani

Leader: dentsu Japan COO, Yoshimasa Watahiki

## “Mindset and Behavior Reform” for recurrence prevention promoted by the dentsu Japan Reform Committee

The dentsu Japan Reform Committee is taking the lead in implementing “Mindset and Behavior Reform” for recurrence prevention to raise awareness of our social responsibilities and improve transparency, as well as clarify the rules and processes to be complied with. We have established the following three pillars to respond to the content and recommendations from the Investigation and Review Committee and will go on to define our corporate vision while promoting specific policies to realize it.

The first is to establish an organizational culture that ensures proper corporate activities. We will aim to establish an organizational culture where integrity is prioritized, share attitudes to learn from failure and create an organizational culture under the lead of the management team. Specifically, we will ensure familiarity with the Dentsu Group Code of Conduct, further commitment and implementation of corporate culture reform by the dentsu Japan Chief Culture Officer, promote dialogue between management and employees to discuss proper corporate activities, take strict disciplinary measures against those involved in this case and further optimize and revise the personnel system, etc.

The second is to strengthen our risk management system and legal/compliance functions. Our goals are to manage whistleblowing systems appropriately, establish mechanisms to detect signs of violations, systematize various trainings ensuring their completion by all management and employees. Employees will be required to understand and have career experience in corporate function roles to be promoted to management positions. Specific measures will include the improvement of the whistleblowing process, and implementation of whistleblowing platforms expansion of the legal and compliance departments, enhancement of monitoring function via internal audits and appointment of a compliance manager (tentative name) in each department responsible for business execution, etc.

The third is the introduction of business processes that ensure fair and transparent transactions. Our objectives are to clarify processes to minimize various risks while fulfilling social responsibilities in the execution of each business operation and monitor business performance by a team of experts. To this end, we will field external expert advisors, develop and operation of business guidelines such as public business guidelines, sports business guidelines, guidelines for the prevention of fraudulent bidding, etc., establish and operate rules for secondment when there is a conflict of interest and appoint dedicated personnel for transaction management such as procurement/purchasing, etc.

We are proceeding with recurrence prevention measures based on the above three pillars of the “Mindset and Behavior Reform” and will report on our progress and achievements to stakeholders as appropriate.

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## Editorial policy

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- The “dentsu Integrated Report 2023” introduces the aims and objectives of the new “One dentsu” framework launched in 2023, and reports on the business strategy, people strategy and sustainability initiatives based on this framework. It also reports on various initiatives to realize the “people-centered transformation” set out in dentsu’s vision.
- Target audience  
All stakeholders including shareholders and investors, clients, partners, consumers and employees.

## Reference guidelines

- International Integrated Reporting Council (IIRC)  
The International Integrated Reporting Framework
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry
- Sustainability Reporting Standards, Global Reporting Initiative (GRI)  
-For the GRI content index, please refer to the link below.  
<https://www.group.dentsu.com/en/sustainability/common/pdf/GRI2023.pdf>

## Period covered by the report

Centered on activities during FY2022 (January 1, 2022 through December 31, 2022), but also refers to preceding and more recent activities.

## Organizations covered

Dentsu Group Inc. and dentsu companies

## Publication date

August 2023  
(Next edition scheduled for publication in August 2024)

## Contact info

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Dentsu Group Inc.  
[https://contact.group.dentsu.com/m/en\\_ir](https://contact.group.dentsu.com/m/en_ir)

## Website introduction

### Dentsu corporate website

The website introduces activities conducted by Dentsu Group Inc. and dentsu companies worldwide.



<https://www.group.dentsu.com/en/>

### Dentsu IR website

Provides the latest IR information, including IR news and earnings materials.



<https://www.group.dentsu.com/en/ir>

## Forward-looking statements

This integrated report contains statements that constitute forward-looking statements regarding the intent, belief or current expectations of Dentsu Group Inc. or its management with respect to the results of operations and the financial condition of the Group. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this integrated report identifies important factors that could cause such differences. These forward-looking statements speak only as of the date hereof. Dentsu Group Inc. disclaims any obligation to update or publicly announce any revisions to these forward-looking statements to reflect future events, conditions, or circumstances.

**Vision**

To be at the forefront of people-centered transformations that shape society

**Capabilities** → p. 30

Our solutions are centered in the convergence of marketing, technology and consulting

**FY2022 Highlights**

Net revenue <b>1.1 trillion yen</b>	Organic growth rate <b>4.1%*</b>	Underlying operating profit <b>203.1 billion yen</b>
Operating margin <b>18.4%*</b>	Underlying dividend payout ratio <b>32.0%</b>	Underlying ROE <b>15.1%</b> * Ex Russia

**Customer Transformation & Technology (CT&T)**

We are well positioned in the fast-growth area of the market

CT&T reached **32.3%** of Group net revenue FY2022 and grew **+17.5%** YoY (cc)

**What is CT&T:**

High-growth business domain including the services related to marketing technology, customer experience management, commerce, system integration, and transformation & growth strategy.

**CT&T expansion through organic growth and acquisitions**



**Materiality** → p. 15

- Business ethics & Compliance and Data security
- Human capital development
- Innovation leadership
- Climate action
- DEI

**Scale**

Founded in Japan, now operating globally  
**c. 145 markets**

Total Group employees (as of July, 2023)  
**c. 72,000 talents**

**Sustainability** → p. 49

**2030 Social Impact Targets**

- Sustainable world
- Fair and open society
- Digital for good

**Establishment of Group Sustainability Committee**

→ p. 51

**Independent and diverse board**

→ p. 62

Medium-term Management Plan → p. 21

**Transformation & Growth**

Organic growth vs. FY2021 through FY2024 CAGR  
**4-5%**

Customer Transformation & Technology to reach  
**50%** of Group net revenue over time

**Operations & Margin**

**17.0-18.0%** operating margin through FY2023;

reaching **18.0%** in FY2024

**Capital allocation & Shareholder returns**

Capex investment in operations, capabilities and services;  
**c. 70 billion yen** to FY2024

Disciplined M&A with  
**250-300 billion yen** fund with focus on CT&T

Upper limit of 1.5x Net debt / Underlying EBITDA year end (non-IFRS 16 basis); indicative medium-term range of

**1.0 to 1.5x**

Progressive dividend, reaching **35%** payout ratio of underlying basic EPS by FY2024

**Social impact & ESG**

**46%** absolute reduction in CO<sub>2</sub> by FY2030;

**100%** renewable energy by FY2030 (in markets where available)

Improvement in employee engagement score  
Diverse, equal & inclusive workforce;

Female leaders to reach **45%** by 2030

Chapter 1

# Value creation of dentsu



## 01 Corporate philosophy



# 01

## — PURPOSE —

### **an invitation to the never before.**

Through connecting diverse talents within and beyond our organization, we exist to create new solutions and new beginnings for the sustainable development of our clients and society.

#### WHY:

### **For lasting good**

We exist to create truly sustainable value —  
for the organizations we work with and in the lives of millions.

#### WHAT:

### **The power of the never before**

Our ideas create new solutions and new beginnings  
for an ever-changing business environment.

#### HOW:

### **Open teaming**

Anyone from anywhere in the dentsu world and beyond  
can get together in a team, there are no boundaries.



**1**  
**WE DREAM  
LOUD**

**2**  
**WE INSPIRE  
CHANGE**

**3**  
**WE TEAM  
WITHOUT LIMITS**

**4**  
**WE ALL  
LEAD**

— VALUES —  
**THE 8 WAYS TO  
THE NEVER  
BEFORE**

**5**  
**WE MAKE  
IT REAL**

**6**  
**WE CLIMB  
HIGH**

**7**  
**WE CHOOSE  
EXCITEMENT**

**8**  
**WE ARE A FORCE  
FOR GOOD**



## 02 Our journey

Realizing a vibrant society where people enjoy a fulfilling life  
through people-centered transformations

# CEO MESSAGE



**Hiroshi Igarashi**

Representative Executive Officer,  
President & CEO, Dentsu Group Inc.

## Introduction

On February 28, 2023, a dentsu employee in Japan was indicted on suspicion of having violated the nation's Antimonopoly Act by rigging bids for contracts to plan and run test events at the Tokyo 2020 Olympic and Paralympic Games. In addition, Dentsu Group Inc. was indicted in accordance with the Dual Criminal Liability Provision of the same Act.

We offer our sincere apologies to our shareholders and all other stakeholders for any inconvenience or concern this may have caused.

As the person responsible for the entire Group, the matter is receiving my fullest attention. We have taken on board the proposals for reform received from the Investigation and Review Committee, consisting of three outside experts, and are reviewing the way the Group approaches business, with a focus on Japan. Henceforth, we will strive to restore confidence in our company for our stakeholders by enacting reforms, and by enhancing compliance and governance in order to prevent the possibility of any future recurrence of the event in question.

## Advancing corporate governance further to restore stakeholder trust and enhance corporate value

In recent years, the Group has been revising its business practices and making every effort to create an ideal form of corporate governance under the Board of Directors.

Prior to becoming President & CEO, I had envisioned measures to bolster Group governance, and the steps I considered prudent were not only encapsulated in the medium-term plan but also implemented significantly ahead of schedule.

The first of the three measures I had foreseen as necessary started to take shape in 2022, when Tim Andree and I were appointed, respectively, Chairman of the Board and President & CEO. This made possible the separation of the management oversight and execution functions, separating the role of Chairman and CEO for the first time.

The second was increasing the number of independent outside directors with diverse business experience in Japan and overseas, which led to the restructuring of the Board of Directors.

The third measure, enacted this year, was our transition to a company with three committees: a Nominating Committee, an Audit Committee, and a Compensation Committee. Concurrently, the number of independent outside directors was increased to a majority of Board membership.

The most critical issue facing the Group is the need to strengthen internal controls, which lie at the core of corporate governance. To faithfully reflect the international compliance standards required of the Group throughout our organization, we created the positions of Chief Governance Officer and Chief Culture Officer, and appointed a General

Counsel based in the US. A Group Compliance Committee was established and meets twice yearly to determine and monitor basic compliance, with the aim of managing the risks associated with ethics and compliance under the responsibility of executives.

These deep-seated changes to governance we have been making at the Board level, executive level and throughout the Group since 2016 demonstrate the stringent attitude toward compliance now present throughout the organization.

## **B2B2S: Resolving social issues together with clients, and achieving sustainable growth**

In 2022, we achieved the highest net revenue since our listing on the Tokyo Stock Exchange. I consider this the result of our clients' continued investment in growth aimed at forming deeper bonds with consumers.

In addition, cost structure reforms realized through streamlining the Group-wide organization led to the highest underlying operating profit since our listing.

The operating margin (18.4%\*, 20bps higher year-on-year, and 40bps above guidance), basic underlying profit per share (approximately 24% higher year-on-year), and dividend per share (155.25 yen) each posted all-time highs since our listing. Further, with the approximately 40 billion yen returned to shareholders through a share buyback, 2022 represented the highest shareholder returns on record for the Group.

Our clear strategy in pursuit of revenue in the high-growth area of our industry is on track. The profile of business in Customer Transformation & Technology grew 17.5% year-on-year (constant currency basis) in 2022 with a net revenue ratio of 32%, up from 15% in 2016, positioning us well to capture future structural growth in the sector. The expansion of Dentsu Global Services—the global network of diverse talent with expertise in digital solutions—bolstered the underpinnings of this strategy.

For dentsu to continue contributing to client growth and realize its own sustainable growth, we need to focus on resolving social issues, which will require closer collaboration with our clients as well as implementing the B2B2S (Business to Business to Society) management policy we laid forth in 2022.

Together with the Group's aforementioned advances in corporate governance, including internal control enhancements, these steps will help us fulfill our purpose, namely, an invitation to the never before.

\* Ex Russia



## People-centered transformations

I believe dentsu should help solve the problems and issues at hand, while striving to realize a society in which people can truly experience the joys and pleasures of living. In such a future, people would be more in tune with a wide range of values.

To realize such a future together with our clients, we must confront the ever more complex social issues including climate change, biodiversity loss and rising inequality, and as a result, through the convergence of the three domains of marketing, technology and consulting, create a new market that answers client needs for transformation.

For example, in the consulting domain, related to business strategy and product development, this means harnessing technologies to create new customer experiences, culminating in marketing that delivers true value to society, and resulting in a market that integrates all three domains.

With its extensive portfolio of capabilities, the Group already wields a competitive edge in helping clients achieve transformation and business growth. To stay ahead, in step with market growth, we will need to focus on people-centered transformations that, at their core, unite our capability backed by the investment in advanced technology, including AI, and the transformative creativity of dentsu's talent.

Under this concept, dentsu aims “to be at the forefront of people-centered transformations that shape society.” This vision is based on three underlying factors:

- The need for society, as a collective system of people, to evolve in both mindset and behavior
- A wellspring of talent both within and outside dentsu, to create and realize innovation
- A persistent drive, through dentsu's 120-year history, for consumer insight and know-how

## Unleash the power of our people

We believe unlimited possibilities can result from connecting people with one another. To connect people, and therefore promote people-centered transformations, focusing on talent not just within, but also outside the Group, is essential.

To aid this, we will further inculcate Diversity, Equity & Inclusion (DEI) throughout our organization, thus enabling broad-ranging talent to play active roles and firmly establish a fair corporate culture.

The Group Sustainability Committee, set up to strengthen sustainability management, is a body focused on materiality and sustainability strategy, a topic highly relevant to DEI. One of the targets, to be reflected in executive compensation, is for women to represent 45% of the leaders in our Group by 2030 as part of our Medium-term Management Plan.

At the same time, alongside DEI, we intend to focus on expansion, retention, and motivation of our talent to promote people-centered transformations. To that end, in 2023, Chief HR Officer was newly appointed to improve and accelerate the

**Dentsu vision**  
**TO BE AT THE FOREFRONT  
OF PEOPLE-CENTERED  
TRANSFORMATIONS THAT  
SHAPE SOCIETY**

Group-wide global people strategy, and will invest more aggressively than ever in human resources that can breathe our corporate philosophy and underpin our growth.

## One dentsu: global management under one vision

One dentsu is a framework we launched this year, and is aimed at strengthening Group competitiveness and advancing client-centric global operations. It also represents the next step along the road to simplification, a Group agenda in the running since 2020.

One dentsu is designed to improve management transparency within the Group, identify key areas and markets based on medium- to long-term strategies, and enable the swift and bold allocation of management resources.

One such effort is Clients & Solutions, a global organization tasked with friction-free provision of dentsu resources to clients.

In promoting One dentsu, we have launched the Group Management Team. This team's diverse members, each with an assigned role, exchange opinions across organizational boundaries to help us to evolve into a truly global company.

The Group Management Team aims to also integrate the Group's diverse capabilities to deliver topline growth for clients, and raise dentsu's corporate value on a continual basis. The creation of a new global management structure follows dentsu's announced intention to integrate Dentsu International and Dentsu Japan Network into a single dentsu organization with one vision from January 1, 2023, and will strengthen the voice of the client in all strategy discussions.

## Conclusion

I envision dentsu at the forefront of people-centered transformations, after having assumed an unshakable position in a market where the domains of marketing, technology and consulting are fully converged.

But, to achieve this, we increasingly must focus on solving the problems at hand, while vigorously promoting our growth strategy, as well as internal controls and business transformation.

As a true partner supporting clients, we look to a future in which society, companies, and consumers can advance together to realize a vibrant society where people enjoy a fulfilling life.



# 02

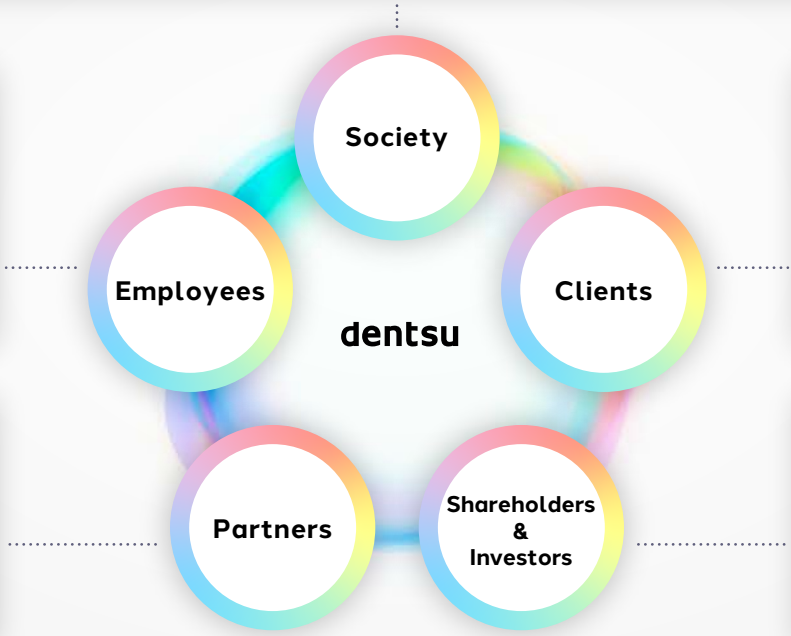
## Dentsu's stakeholders

“To be at the forefront of people-centered transformations,” dentsu is collaborating with a wide range of stakeholders to achieve a future in which society, companies, and consumers can all thrive together.

Our mission is to continue creating value for society and consumers. We work with government agencies, municipalities, local communities and NPOs/NGOs to solve social issues through our business. We also create a positive impact on society through social activities, including focusing on the development of future generations.

With their range of talents and skills, our people around the world are the source of our creativity, which is essential if the Group is to realize its purpose. The Group provides the necessary environments and opportunities to enable our people and the Group to grow together by realizing the potential of each individual.

We ensure fair, impartial, and ethical business practices as set forth in the Dentsu Group Code of Conduct. We also address industry-wide issues by collaborating with business partners, and build sustainable supply chains that contribute to clients and society as a whole.



We contribute to clients' business growth as their true partner, through the optimal combination of transformative creativity, consumer knowledge and expertise in the application of Customer Transformation & Technology. Further, by collaborating with clients, we help resolve social issues and create value for society over the medium to long term.

Achieving sustainable growth, enhancing corporate value as well as the creating of value for all our shareholders over the medium to long term while pursuing sound financial position and fair disclosures.

# Materiality

## Materiality formulation

The Group has significantly revised how it addresses materiality—new material issues as they emerge—in order to realize “an invitation to the never before.” This became our purpose in a bid to maximize corporate value for stakeholders. We view materiality as a key element for dentsu to achieve sustainable growth and value creation in order to evolve into a B2B2S company under a new management structure.

### Group materiality

#### Business ethics & Compliance and Data security

- Business ethics & Compliance
- Risk and crisis management
- Data privacy and cyber security
- Corporate governance

#### Human capital development

- Human capital development
- Developing future generations
- Focus on well-being and enhancement of how we work

#### Innovation leadership

- Co-creation and global collaboration
- Technology and creativity for a sustainable society
- Contributing to local communities and society
- Leading innovation with new ideas
- Customer engagement and loyalty
- New value for new markets

#### Climate action

- Sustainable supply chain management
- Driving sustainable consumption through advertising and business activities
- Getting to net zero, including decarbonizing media

#### DEI

- Diversity, Equity & Inclusion
- Responsible media
- Respect for human rights

## Materiality formulation process

### Step 1: Identification of issues

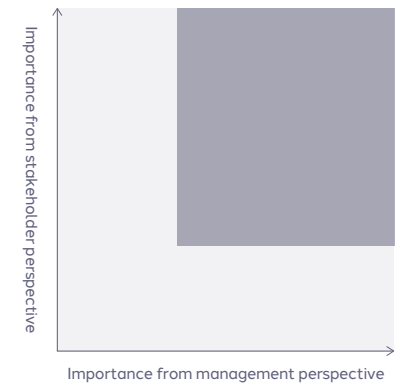
Major issues have been identified in the Group’s current and future-oriented strategies and business models, Board of Directors and sustainability-related meeting materials, and dentsu’s purpose. The issues were narrowed down to 36 after analyses had been carried out of the following matters in dentsu’s business domain:

1. Reports and frameworks published by rating agencies and specialized organizations such as NGOs and NPOs
2. Media reports on sustainability
3. Highly relevant social issues using AI

### Step 2: Ranking and grouping of issues

For issues identified in Step 1, questionnaires were issued to, and interviews were conducted with, Group management and stakeholders. In addition, a quantitative assessment was performed. The results of the assessments were mapped based on the two axes of “importance from management perspective” and “importance from stakeholder perspective.” 19 key issues were identified as a result.

The issues were further categorized into 5 major themes, and a materiality draft was created.



### Step 3: Management approval

The materiality draft was discussed at the Group Sustainability Committee, the Group Executive Management Meeting, and the Group’s Board of Directors, where the draft’s issues critical for dentsu were confirmed and the draft approved. Starting this year, we plan to implement initiatives to address materiality, as well as to conduct periodic revisions of materiality in response to changes in social conditions, management policies, and stakeholder expectations.

## Value Creation Model

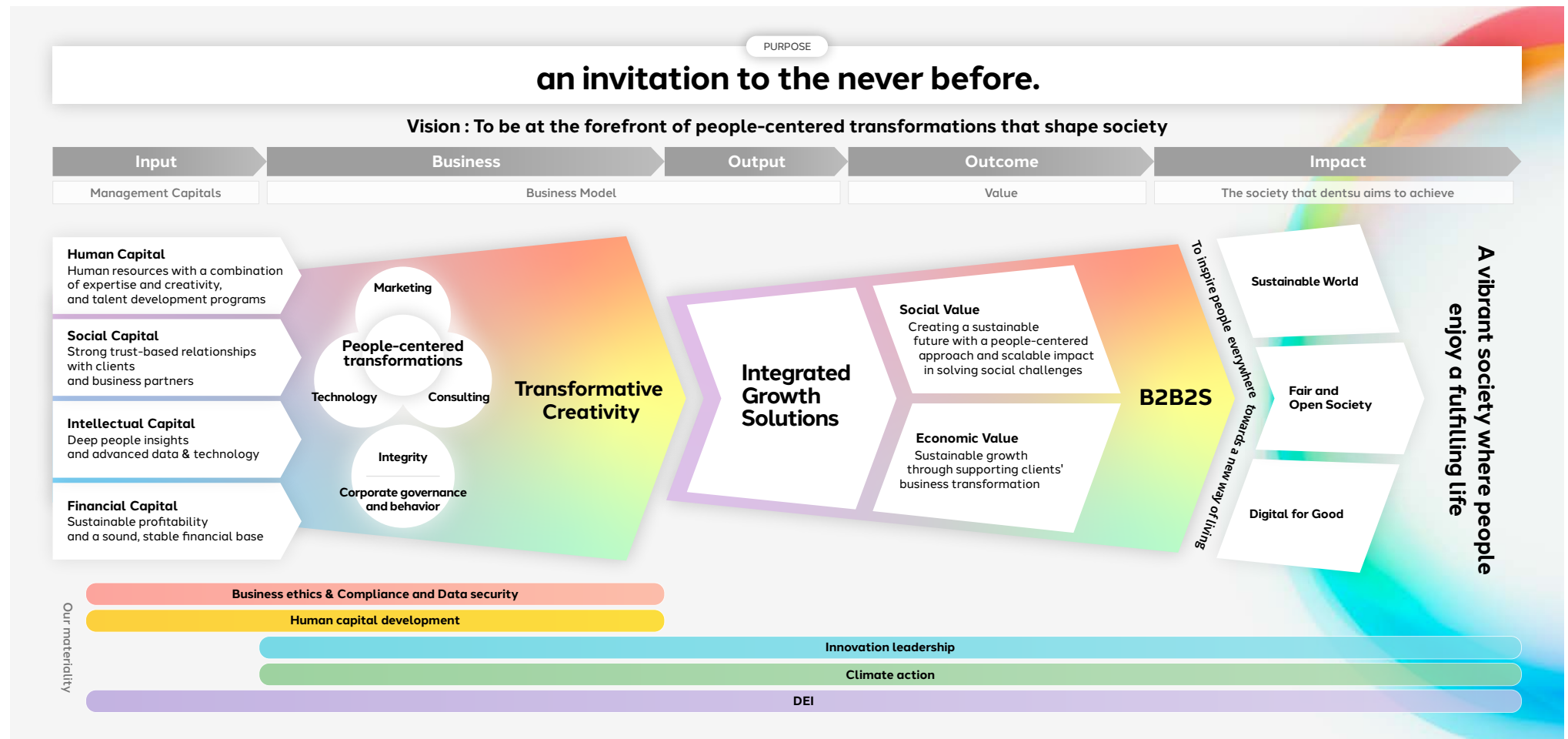
The dentsu Value Creation Model has been formulated to reflect changes in how the Group addresses new material issues as they emerge. The model represents the Group's approach to sustainability.

With our purpose and vision forming the cornerstone of

the Group business activities, our distinctive management resources are the foundation on which our value is created. Meanwhile, our business model is linked to business strategies and Integrated Growth Solutions that leverage the strengths of transformative creativity.

As a B2B2S company that creates economic and social value, we will contribute to the realization of a

vibrant society where people enjoy a fulfilling life. As a group we look to achieve sustainable growth by utilizing management capital for even further value creation that will be enhanced by the growth of dentsu talent and our connection to society.



# Diversity, Equity & Inclusion (DEI)

## People-centered transformation as a source of competitiveness

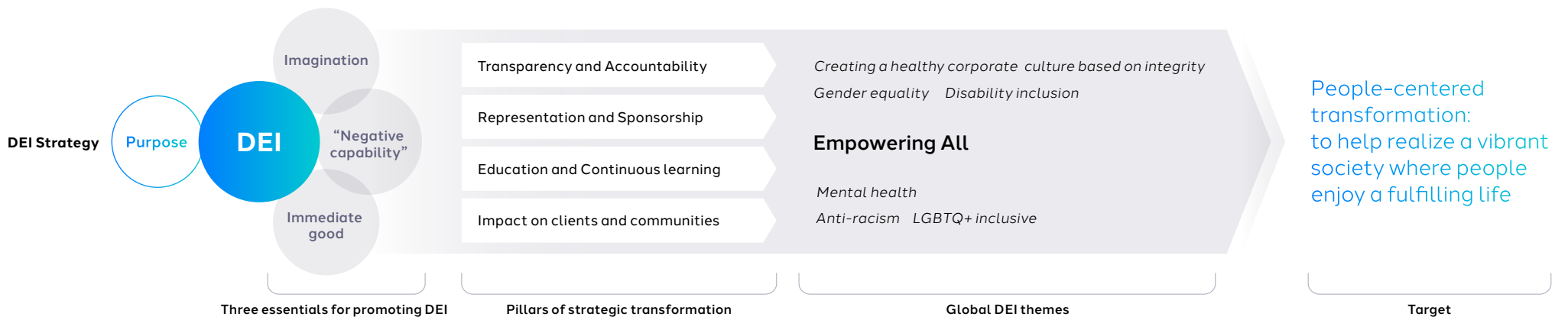
Dentsu’s purpose, “an invitation to the never before.”, cannot be realized without DEI. For us, diversity means not only recognizing the diversity of people, but also creating an environment that nurtures people who can help bring about transformation.

Equity means providing fair opportunities that take into account differences in individual circumstances. Inclusion means bringing together the different strengths of each individual, thus empowering all.

The source of dentsu’s competitiveness lies in the company’s ability to bring together people with diverse perspectives and see that no one has an unfair advantage, so that all can play an active role. This is made clear in the Group’s Code of Conduct, with DEI recognized as the foundation on which our value creation is built.

**Dentsu Group Code of Conduct** Mutual respect (excerpt)

Dentsu is an anti-racist and anti-biased organization. Through our commitment to Diversity, Equity and Inclusion, we pledge to seek out diverse perspectives, celebrate differences, and build an inclusive culture where everyone is empowered to bring their authentic self to work. We are committed to long-term sustainable change in society and within our business to ensure a culture of fairness, equity and equality for all.



**Imagination**

This makes us able to embrace differences between others and ourselves, and imagine the world others inhabit. Understanding these differences will help us become more receptive to diverse perspectives.

**“Negative capability”\***

Facing challenges, and not jumping to conclusions when problems arise. It is important to avoid giving hasty responses to questions that have no right answers, confront adversity together, and learn from others.

\*“Negative capability”: Words used by John Keats, a 19th century poet

**Immediate good**

This refers to the ability to face immediate challenges, and take the necessary actions to resolve them. Resolving immediate issues, one at a time, will lead to social good.

**Transparency and accountability**

We make ourselves transparent by holding ourselves to account for our actions. Understanding the importance of KPIs allows us to measure and drive progress, while building an inclusive culture.

**Representation and sponsorship**

We invest in current and future talent. We create a fair workplace for all by attracting a diverse talent and creating an inclusive work environment.

**Education and continuous learning**

We commit to creating a corporate culture of continuous learning in which all employees—not just the leaders—develop skills through education and learning, and take action for the benefit of others.

**Impact on clients and communities**

Through our creativity, we are a force for good and growth. We promote inclusive collaboration with our clients, industry, the community, and society at large.

People-centered transformation: to help realize a vibrant society where people enjoy a fulfilling life

## B2B2S and higher corporate value

CGO MESSAGE



**Arinobu Soga**

Representative Executive Officer,  
Executive Vice President &  
Chief Governance Officer,  
Dentsu Group Inc.

## Start of One dentsu

As a company with over 120 years of history, ensuring we recognize the structural shifts within our industry and society is in our DNA. We are focusing on meeting our clients' future needs. We have been clear on our view that the future of our industry is greater convergence of marketing, technology and consulting. We have positioned ourselves for this since 2020 with the comprehensive review, the simplification agenda and more recently, in 2023, with the One dentsu philosophy. Under this framework, the entire Group will work as one to accelerate business transformation and operational efficiency.

This structure will also be used to promote business and the governance that supports it, facilitating collaboration that transcends organizational and national borders, in order to enhance the Group's tangible and intangible value.

## Significance of the Chief Governance Officer role

We live in a time where corporate social responsibility is increasingly being placed under the spotlight. Although the Group has striven to improve its corporate governance over recent years, we felt a renewed push to address the matter was needed, and to designate a person to spearhead related efforts. Thus, the post of Chief Governance Officer (CGO) was created, coinciding with the announcement of One dentsu.

My remit, as CGO, has several facets, including internal control, compliance, risk management and sustainability. Given the importance of these topics for our stakeholders, I am aware of the weight of responsibility that comes with this position.

My aim as CGO is to improve Group corporate governance and earn the trust of our stakeholders. I believe it is important that our stakeholders see improvements in governance, and that the results are faithfully

communicated for them to judge. This year, as part of our information disclosure, and in addition to the Integrated Report, we began publishing an ESG data book.

## Better governance, allied with business growth

The Group's business is to provide integrated solutions that contribute to client development. In addition, through our B2B2S management policy, we have integrated a series of processes into our newly established Value Creation Model, and seek to use business to resolve social issues together with clients.

Business and governance are two sides of the same coin to realize this Value Creation Model, which highlights the need for high quality governance. For this reason, the incident related to the Tokyo 2020 Olympic and Paralympic Games gave the impression that despite its important role in society, the Group suffered from inadequate governance. On behalf of the Group, I hereby offer my sincere apologies for all the concern caused by this incident.

To investigate the events surrounding this incident, in February this year the Group set up a Special Committee staffed by the outside directors. The Special Committee established the Investigation and Review Committee, which comprises three outside experts. This Committee subsequently formulated recommendations to ensure the events involved cannot ever take place again. Based on the advice received, Group executives are taking all possible measures to improve governance.

## Effective corporate governance

In consideration of its status as a publicly traded company with global operations engaged in B2B2S, the Group will ensure that the scope of its corporate governance is appropriate.

As of the end of March this year, the Board comprises a majority of independent outside directors with differing skills, backgrounds, genders, and nationalities. In this way we intend to enhance the efficacy of the Board, and ensure it can properly supervise the execution of its duties.

As an additional measure, we have decided to separate the supervisory and executive functions within the Group. To strengthen supervision, we have adopted a board committee structure that includes a Nominating Committee, an Audit Committee, and a Compensation Committee.

Further, we will expand the authority to delegate execution and increase transparency, while accelerating the promotion of business. The following delineates the execution-side structure and initiatives involved.

The highest decision-making body on the execution side is the Group Management Board, responsible for internal control, formulating and monitoring plans in accordance with our basic policies, as well as devising regulations and other internal infrastructure to improve corporate behavior.

The Group Compliance Committee, comprising Group and regional CEOs, is responsible for plan formulation, execution and monitoring, and leads efforts to inculcate awareness of business ethics and compliance among employees.

The Group Risk Committee, led by senior management, is responsible for medium- to long-term strategic risks identification and countermeasure planning. Regional Risk Committees were formed to promote the division of roles, primarily managing operational risks.

The Group Sustainability Committee, comprising a diverse group of experts, is responsible for discussing the achievement of Group KPIs associated with sustainability and ESG.

## The fundamental corporate value of our DEI and integrity

Earlier this year, we identified materiality issues critical to achieving dentsu's purpose and sustainable growth. One aspect of such is the critical role played by Diversity, Equity & Inclusion (DEI).

I believe society at large should be inclusive, that it should not exclude based on personal background. In a similar vein, as microcosms of society, companies also need to be inclusive. Since diversity adds a new layer of creation and quality to solutions, with equity supporting diversity and inclusion, DEI sits at the core of the Group as a fundamental corporate value.

To create an environment in which employees—our most important asset—can fully demonstrate their ability and feel motivated, we are recruiting, training, and assigning our talent.

There are a growing number of situations in which experience alone cannot guarantee adequate decision making, given the current instability in the business climate. So, what one might ask, is the one guiding principle employees must adhere to during these tumultuous times?

I believe the answer to this is integrity, as stated in the Dentsu Group Code of Conduct. Integrity means to possess robust moral principles. In sum, we must maintain an environment in which we continually question whether our actions are proper and, if not, then we must correct them, as well as insist others do likewise.

Better governance is something we can all help realize as individuals. With this in mind, I intend to improve the culture and customs by which the Group is directed and controlled. I will focus on realizing a future in which the Group comprises a diverse range of employees who value integrity, and who will participate to the fullest extent of their capabilities.

## Medium-term Management Plan

### Structural reforms and updated targets

The Medium-term Management Plan, running from 2021 through 2024, has KPI's and targets against four pillars:

- Transformation & Growth
- Operations & Margin
- Capital allocation & Shareholder returns
- Social impact & ESG

The Group has undergone a number of structural reforms over the past two years, with the goal of achieving sustainable growth. This has allowed us to upgrade the 2024 target organic growth rate from a CAGR of 3–4% to 4–5%.

In 2022, the Group reported organic growth of 4.1%, in line with the medium-term guidance. The Group's growth driver, Customer Transformation & Technology (CT&T), grew 17.5% year-on-year (constant currency basis). Strong organic growth combined with four acquisitions in 2022 led CT&T to account for 32.3% of Group net revenue, moving toward the Group target of reaching 50% of revenues from CT&T over time. The capital allocation plan announced in February 2022 created an investment fund for acquisitions to expand the

Group's capabilities in CT&T with funding of between 250 billion and 300 billion yen by 2024.

Our operating margin—an indicator of profitability—reached 18.2% in 2022, exceeding our upgraded medium-term target of 17.0–18.0%. The operating margin was supported by the continued organizational simplification, functional efficiencies and reduction of the Group's property footprint.

We repurchased approximately 40 billion yen worth and retired over 18 million units of our stock, thereby boosting shareholder returns and earnings per share (EPS). In 2022, based on our target dividend payout ratio of 32%, we paid a dividend of 155.25 yen per share, the highest amount since our listing. The medium-term plan targets a dividend payout ratio of 35% by 2024.

Further, in terms of social impact and ESG investing, we reduced CO<sub>2</sub> (Scope 1+2) by 52.8% from 2019 and maintained our 2021 employee engagement score of 68 points. As the Group continues to promote Diversity, Equity & Inclusion in the workplace, we have adopted the goal of having female leaders account for 45% of the Group by 2030.

Focus remains on delivering growth for our clients by providing Integrated Growth Solutions at the convergence of marketing, technology and consulting to maximize corporate value for all of our stakeholders.

### Medium-term Management Plan: KPI's and updated targets



#### Transformation & Growth

Organic growth vs. FY2021 through FY2024 CAGR 4–5%.

Customer Transformation & Technology to reach 50% of Group net revenue over time.



#### Operations & Margin

Operating margin of 17.0–18.0% through FY2023, to reach 18.0% in FY2024.



#### Capital allocation & Shareholder returns

Progressive dividend, reaching 35% payout ratio of underlying basic EPS by FY2024.

Upper limit of 1.5x Net debt/ Underlying EBITDA at year end (non-IFRS 16 basis); indicative medium-term range of 1.0 to 1.5x.



#### Social impact & ESG

46% absolute reduction in CO<sub>2</sub> by FY2030, 100% renewable energy by FY2030 (in markets where available).

Improvement in employee engagement score.

Diverse, equal and inclusive workforce; female leaders to reach 45% by FY2030\*.

\* "Leaders" are defined as directors and executives of the companies across the Group, and the 45% target is set with a 5% flexibility to support diverse perceptions surrounding gender identity and incorporate regionality.



A photograph of two young men sitting at a table in a modern, brightly lit indoor space, possibly a cafe or office lounge. The man on the left is wearing a white t-shirt and is smiling broadly while looking towards the man on the right. The man on the right is wearing a dark blue button-down shirt and a grey baseball cap, and is also smiling. They appear to be in conversation. In the background, there is a large window looking out onto a modern, multi-story building with many windows. The overall atmosphere is bright and positive.

## 03 Our strengths

# 03

## Dentsu's DNA

### Creating the never before to help shape society

Founded by Hoshio Mitsunaga in 1901, advertising sales and telecommunications were launched as a set, served as a core business model to disseminate high-quality news articles in rural areas and raise general awareness among the Japanese populace.

Later, the company was forced by government policy to let go of its telecommunications business, and relaunched as a company dedicated to advertising. However, the relationship with media companies and the desire to serve society were passed down through generations of employees, resulting in the distinctive Group business model that is now in place.



Hoshio Mitsunaga  
founder

### Diversified business model with the spread of new media

The fourth president, Hideo Yoshida, built the foundation for the development and improvement of the advertising industry as well as the then-new broadcasting media.

Commercial radio and then television broadcasting had been launched in 1925 and 1953, one after the other, and quickly they became popular in households. A new lifestyle, in which broadcast content could be enjoyed in everyday life, spread throughout Japan.

Dentsu also developed with the spread of the new media, becoming involved in a range of business: world expos, sports, entertainment, and theme parks. Its efforts to contribute to the development of a richer society became part of the dentsu's DNA.



Hideo Yoshida  
fourth president

#### Post-disaster recovery

To symbolize recovery from disasters, dentsu produced two major events. The first is Kobe Luminarie, an annual winter light-up held in memory of the victims of the Great Hanshin-Awaji Earthquake of 1995. The second is Tohoku Rokkonsai, a festival showcasing all in one place the six biggest summer festivals from the Tohoku prefectures. These were ravaged by the Great East Japan Earthquake of 2011. Both events are designed to provide repose for earthquake victims and encouragement for the survivors.

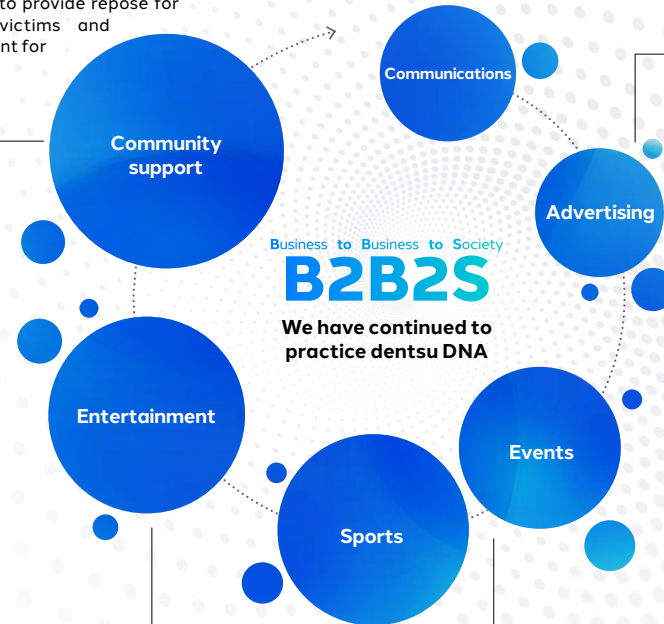


The Ad Museum Tokyo

#### Innovative technologies

In 1926, dentsu became one of the first companies to establish an Aviation Department to accelerate communication, creating a system for moving photos and other items from news coverage sites.

Then in 1928, technology to transmit photos electronically was developed in Germany. Dentsu soon purchased photo transmission equipment ahead of other companies in Japan, placing it in a leading position in the Japanese communications industry.



#### Developing the industry

To enhance the status of advertising, in 1952, dentsu launched the forerunner of the Japan Audit Bureau of Circulations: the ABC Council. This organization promoted the publication of newspaper circulations.

To promote commercial broadcasting, dentsu established the Dentsu Advertising Award. The idea was to raise the level of popular creative arts through advertising.

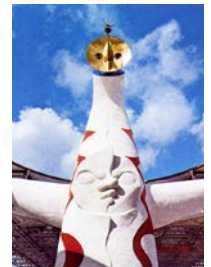


#### Expanding communications

Since the 1980s, dentsu has developed content facilitating expansion into such new fields as theme parks, showroom and commercial facility. It has thus contributed to the new culture of consumer leisure, while providing clients with new points of contact with consumers.

#### Adding new content

Leveraging know-how accumulated during preparations for, and implementation of, management of the Japan World Exposition Osaka 1970, we were able to connect content, companies and consumers to expand our corporate client services. These were in the areas including entertainment, sports, events, and PR.



## One dentsu

In January 2023, the Group launched One dentsu. It simplifies the Group structure, allowing dentsu to improve management transparency, identify key areas and allocate management resources in a swift and bold manner while driving operational excellence across functions. The global leadership team will ensure further integration of the Group’s diverse capabilities to deliver top-line growth for our clients while allowing dentsu to realize sustainable growth in corporate value.



- Shared purpose and vision
- Accelerated business transformation
- Faster decision making
- Enhanced management

### Aim of One dentsu

#### To share and include, Group wide, our purpose and vision

We believe in the power of people and appreciate the potential for creation when diverse talent is seamlessly connected by shared aspirations. Under One dentsu, all 72,000 talented individuals will share dentsu’s corporate culture, sharing one purpose and vision.

Moreover, we have a corporate culture that supports, respects, and encourages proactive efforts and ideas. Leveraging this culture, we will strengthen competitiveness through global collaboration to achieve business growth and sustainably enhance corporate value.

### Structural transformation

#### Business unit reorganization

The creation of a new global management structure follows dentsu’s announced intention to integrate Dentsu International and Dentsu Japan Network into a single dentsu organization around the world from January 1, 2023. The goal is to clarify the Group’s overall strategy, accelerate decision-making, advance regional strategies, and improve business efficiency. The Group therefore moves to a regional structure: dentsu Japan, dentsu Americas, dentsu EMEA, and dentsu APAC.

With a view to advancing regional strategies, authority will be delegated to regional CEOs reflecting the

business environment and the company’s market position in each region.

### Launch of “Clients & Solutions”

A new team of Clients & Solutions has launched under One dentsu with the aim of scaling our client relationships. The potential from One dentsu allows the Group to unleash true connectivity and collaboration across our entire organization. Clients & Solutions will help support development of an enhanced focus on connected client relationships to ensure we are best orchestrating our capabilities for our clients, such as vertical expertise, business transformation consulting and innovation.

Through Clients & Solutions, we can continue to deliver clients seamless access to the best of dentsu, scaling deep, long-term client partnerships, and also through our distinguished “eigyo” client relationship model nurtured in Japan and now rolled out to approximately 100 of our leaders across the globe.

There will also be some investment in enterprise architecture to enable One dentsu, which will put us at the forefront of people-centered transformations that shape society.

Ultimately, we work together with our clients to help them predict and plan for what’s next and transform our clients’ business through a shared purpose.

### Group Management Team

Under One dentsu, the Group has the most diverse and integrated leadership team in its history, to drive the Group forward from FY2023. The Group Management Team, led by the Group’s President & CEO Hiroshi Igarashi, directly oversees the four regions globally, and its members have roles and responsibilities as defined by their titles. Group Executive Management, the core of the team, is comprised of the CEOs of the four regions and other key businesses and functions, and forms the Group Executive Management Meeting, the executive decision-making body.

*We have formed a global Group Management Team to further contribute to our clients’ business growth and the realization of a better society by strengthening our Integrated Growth Solutions, and to enhance our corporate value. Under this team, we will realize the potential of our 72,000-strong, worldwide employee base, bringing together their unique strengths within the countries and regions in which dentsu operates. This will allow us to achieve global business growth and improve profitability through synergies and increased efficiency. Through this renewal of our management structure, we will increase the certainty of long-term, sustainable growth beyond that date. At the same time, we will contribute to the betterment of our clients, partners, employees, consumers, and society as a whole.*

— President & CEO, Hiroshi Igarashi

## People-centered leadership team

The Group Executive Management Meeting deliberates and determines the drafting and promotion of management strategies. Diversity in terms of expertise, gender, nationality, and other factors help accelerate people-centered transformation.

### Group Executive Management



**Hiroshi Igarashi**  
President & CEO,  
Dentsu Group Inc.



**Arinobu Soga**  
Executive Vice President &  
Chief Governance Officer,  
Dentsu Group Inc.



**Haruhiko Hirate**  
Executive Vice President &  
Chief Corporate Affairs Officer,  
Dentsu Group Inc.



**Nick Priday**  
Chief Financial Officer,  
Dentsu Group Inc.



**Soichi Takahashi**  
Chief Strategy Officer &  
Chief Integration Officer,  
Dentsu Group Inc.



**Miho Tanimoto**  
Chief HR Officer,  
Dentsu Group Inc.



**Jean Lin**  
Chief Culture Officer,  
Dentsu Group Inc.



**Jeremy Miller**  
Chief Communications Officer,  
Dentsu Group Inc.



**Dominic Shine**  
Chief Information Officer,  
Dentsu Group Inc.



**Alison Zoellner**  
General Counsel,  
Dentsu Group Inc.



**Masaya Nakamura**  
Chief Integrated Solutions Officer,  
dentsu



**Takeshi Sano**  
CEO,  
Business Transformation,  
dentsu



**Norihiro Kuretani**  
CEO, dentsu Japan



**Giulio Malegori**  
CEO, dentsu EMEA



**Rob Gilby**  
CEO, dentsu APAC



**Michael Komasiniski**  
CEO, dentsu Americas & CEO, CXM,  
International markets, dentsu



**Peter Huijboom**  
CEO, Media,  
International markets,  
dentsu



**Yoshimasa Watahiki**  
Chief Operating Officer,  
dentsu Japan



**Nnenna Ilomechina**  
Chief Operating Officer,  
International markets,  
dentsu

Chapter 2

# Strategy and business operations

A group of people are gathered around a table in a meeting. A man with a beard and long hair, wearing a blue shirt, is pointing at a document on the table with a green pen. He is looking towards a woman in a yellow top who is seen from the back. Other people are visible in the background, including a woman with long brown hair and a person in a light blue top in the foreground. The setting appears to be a modern office or meeting room.

## 04 Business strategy

**Michael Komasinski**

CEO, dentsu Americas &  
CEO, CXM, International markets, dentsu

## Driving growth and good through purpose, performance and product innovation

As I reflect on the past year, I am immensely proud of the progress that we've made. Though the past year was fraught with uncertainty for business and society everywhere, we also witnessed what can be achieved at speed and scale when we team without limits.

Our story can be told in data and accolades, but the dentsu that you see today is the result of a 120-year journey of heritage and innovation. A journey defined by our ability to attract the best talent, a reputation for creating

meaningful innovation and delivering lasting societal impact.

Last year, we marked the next exciting milestone in dentsu's journey of heritage and innovation: evolving to a B2B2S (Business to Business to Society) company to deliver on a new vision, "To be at the forefront of people-centered transformations that shape society."

With every opportunity to reimagine our business, we ask ourselves, "How can we create new and meaningful value for our people and our clients?"

## Pioneering an industry first: global Clients & Solutions

In 2022 we designed a global client-centric organization that brings together seasoned client leaders, strategists and solutions specialists worldwide to deliver new value for our clients and society. A first for our industry, this organization signals what we believe to be the future of agency-client relationships—one that matches capability with delivery to drive both growth and good.

In 2023, we will set this new model into motion and activate diverse capabilities across dentsu to deliver a seamless, renewed client experience.

As we set out to architect this new organization, we took three key principles to heart:

### 1. Create frictionless access to capabilities

We believe clients want fewer agencies solving much bigger problems. This has been the resonant principle in every decision that we have made over the past three years. How can we become simpler, more connected, and more integrated? Restructuring as four regions, from consolidating 160 agency brands to six brands outside Japan, transforming into dentsu — every transformation has increased our agility to bring new value to our clients.

When we see more than 85% of our top global clients working cross-capability with us, it is reassurance that our clients are feeling the ease and expertise of our transformation. That's a real point of pride for us.

### 2. Global challenges require global solutions

As CMOs enter 2023, the current environment demands a relentless focus on customer value, purposeful evolution of the marketing function and

continual optimization of brand value<sup>1</sup>. Our annual survey of CMOs also signals a strong desire among clients to pursue new markets and new product development ventures<sup>2</sup>.

Our unique combination of best-in-class strategy, ambidextrous global talent, competitive data and identity capabilities has made dentsu an agency partner of choice. In 2023, we'll complement these strengths with strategic investments in our integrated solutions portfolio to help clients design what's next. As innovation, customer experience and digital

commerce increasingly become enterprise priorities, we want to be the partner that clients lean on to predict and plan for disruptive future opportunities.

### 3. Global, diverse talent delivers competitive edge

Our people are the backbone of our business. Our global clients and solutions organization offers our people the opportunity to gain more exposure and mobility throughout the organization. We're proud to empower our people to specialize in their areas of expertise, while becoming ambidextrous across new and emerging areas of marketing. For our clients, our global client-centric team means seamless access to the best talent, and diversity of thought and skillset.

I am immensely proud of what we've accomplished to date and confident that we will emerge stronger and more competitive because of our relentless client focus. Thank you to our people, our board and our shareholders for supporting dentsu throughout our journey and as we forge a new path to growth and good in the year ahead.

Sources: 1. The Gartner 2023 CMO Leadership Vision 2 Dentsu CMO Navigator 2022

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How can we create  
new and meaningful  
value for our people  
and our clients?  
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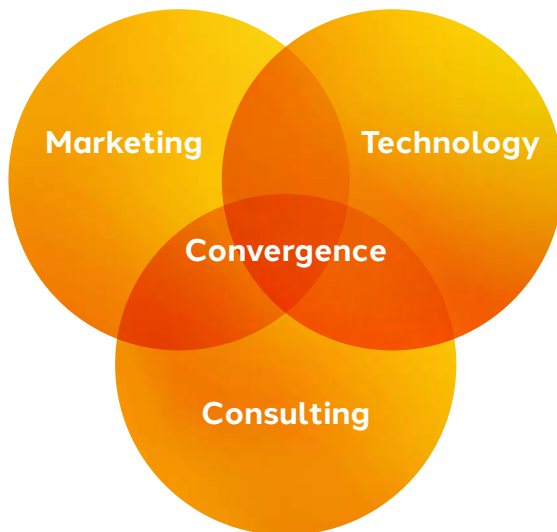
# 04

## Enhancing and integrating capabilities

### Integrated Growth Solutions

#### Transformation to meet client needs

The future of brand loyalty and competitive advantage is the customer experience. Today's most successful brands are built by providing superior customer experiences that are hyper-personalized, informed by data, and powered by technology. The knowledge and insights derived from



that data inform powerfully targeted and personal moments in time between the consumer and the brand. These moments, orchestrated across multiple touchpoints, come together to form experiences, which, over time, create the loyalty and advocacy that build lasting relationships.

At dentsu, our view is that the future of our industry is an ever-greater convergence of marketing, technology and consulting. We began positioning ourselves for this in 2020 with the comprehensive review, the simplification agenda and more recently with the One dentsu philosophy.

In this new market, the Group provides our clients with its Integrated Growth Solutions, which contribute to their business growth. As the move to digitalization accelerates, it results in the integration of capabilities in marketing communications—in which the Group has long provided services—and the high-growth areas of consulting and technology (Customer Transformation & Technology). It is against this background that we, as one of the few global innovators and provider of Integrated Growth Solutions, are slowly solidifying our position as a partner to our clients.

#### Marketing communications

Dentsu continues to support the engagement of clients and consumers through brand design and media planning. This is based on consumer knowledge, insight and analysis gleaned over our 120-year history.

Meanwhile, the source of our competitive strength is the creativity of the Group's people, and its cooperative relationships with partners in the areas of media, technology, and content.

As digitalization progresses even within our media business, we are using data to pursue online-offline integration. Examples include the integration of KPIs for TV viewer ratings; internet advertising through the use of AI; and ad delivery that takes into account privacy protection by using data clean rooms operated jointly with platformers.

In addition, to make the customer experience more exciting and moving, we are promoting content-focused creative services, such as collaboration with content and branding in the metaverse.

#### Customer Transformation & Technology

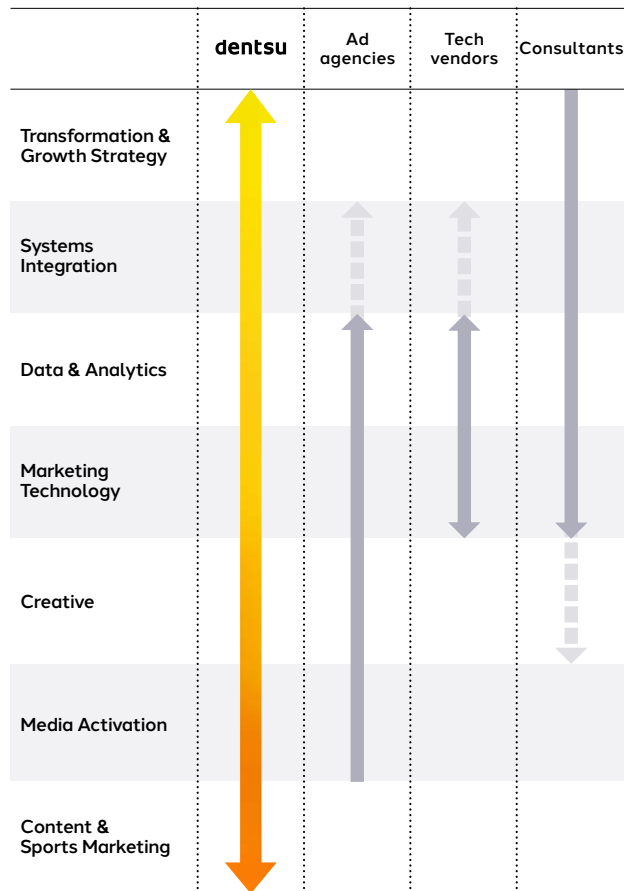
Customer Transformation & Technology is the reimagining and design of a company's foundation through its data management, digital experience, technology platforms and organizational infrastructure to one that empowers consumer-centered transformations. The process produces an ongoing, real time understanding among our clients of consumer needs, situations, and motivations, while at the same time engendering appropriate responses. This manifests as innovative and highly personalized customer experiences.

In addition to developing our own data solutions, the Group provides clients with integrated services, from consulting to implementation and operation. This is particularly so in the areas of commerce and cloud service utilization, which we facilitate through global partnerships with Salesforce, Adobe, and other companies.

Through strong organic growth and strategic M&A activity, net revenue for our Customer Transformation & Technology has grown 17.5% year-on-year (constant

currency basis) in FY2022, accounting for 32.3% of the Group's overall net revenue.

**Our diverse capabilities**



**Launch of Clients & Solutions**

In 2023, Clients & Solutions, a new enterprise was launched. The goal is to accelerate delivery of integrated services to our global clients as well as to the major clients within each of the four regions.

**Client vertical**

This category relates to integrated services and products requested by clients in specific sectors, such as healthcare, finance and automotive. In the future, we plan to develop vertical integrated solutions for other sectors as well.

**dentsu gaming**

This group of solutions integrates expertise in the area of gaming, including e-sports, the use of XR technology, gamification, and in-game advertising.

**Merkury**

Merkury manages first-party data owned by clients in the field of Customer Transformation & Technology and will be expanded for use in media and creative services.

**Dentsu Good — a Sustainability Accelerator —**

This undertaking is led by a global team of specialists. It has been designed to achieve business growth for our clients, enable them to make social contributions, and meet new demands for business-based solutions to social issues. (→ p. 33).

**Transformative creativity and dentsu corporate culture**

The wellspring of the Group's competitive edge and differentiation is the creativity that, utilizing data and technology to achieve innovation, transcends the boundaries of advertising.

Lying behind this are both the Group's desire to expand the definition of creativity to make a positive impact on people and society, as well as its corporate culture cultivated over a 120-year history.

The Group has received more than 1,000 awards globally and regionally in 2022. This reflects the diverse specialties of the Group's talent, all of whom are encouraged to demonstrate their creativity.

Also deeply rooted in our organizations is the notion that the quality of creativity is enhanced as a result of ongoing interpersonal stimulation, which is only possible when a range of talent is involved. Thus, it is now not uncommon for media specialists, video production professionals, and data scientists to collaborate across departmental boundaries to create new value.

As a result, the Group's services are beginning to contribute to areas such as the development of business and services that brings our clients' in-house works to the next level.

Under the purpose of "an invitation to the never before.", we are taking steps designed both to help spread a corporate culture that respects creativity, and to ensure that this creativity is acquired by new joiners to the Group. Our internal awards, showcasing and in praise of creative work, speak to this.

## Dentsu Global Services

### Global network of capability centers

Established in 2022, Dentsu Global Services is the network of talent hubs comprising more than 10,000 highly specialized people in the fields of technology and data. The experts are located in different markets, including India, Japan, and Bulgaria.

Through this network, the Group’s technology, marketing, and consulting capabilities are combined to provide high-quality, stable, and cost-competitive services to client companies worldwide.

As a result, the Group’s Creative, Media, and CT&T service lines are providing world-class services to more than 2,500 clients.

### Attracting talent

Our commitment to people-centered transformation is important if the network is to continue creating value for clients.

During 2022, we expanded our team of service providers throughout the year. This allowed us to amass highly specialized talent in areas of business where Salesforce, Adobe, cloud, performance management, and automation technologies are applied.

Our team currently includes recipients of the 40 under 40 Data Scientist award and the Women Leaders in Tech award, as well as one of the world’s relatively few Salesforce Certified Technical Architects, all of whom add to our strength.

### Investment in our people

We have introduced recruitment programs enabling us to attract a diverse workforce. One example is our Career 2.0 program, which focuses on providing women a second career opportunity after they have taken a break.

We want newly hired talent to be proactive early on, and their acquisition of cutting-edge skills to be ongoing. For this reason, we focus on competency-building and career development programs. Our Amazon Web Services (AWS) practical skills program produced 300 AWS-certified individuals in three months in 2022.

Further, we developed a comprehensive Early Careers program for recent graduates. This ensures high performance on the job, and provides global mobility opportunities for those seeking greater work experience. Our focus on increasing staff engagement is underpinned by best-in-class employee benefits.

### Locations of Dentsu Global Services



“Networked talent to drive transformation, innovation & operational excellence.”

— Ashish Khanna, Global CEO, Dentsu Global Services



### Digitalization, expansion, and collaboration

This year, we will further strengthen the following.

#### Operations

We will continue to modernize by building an operations control center that provides a single, data-driven overview of client services, employee status, and business health.

#### Team networks

We will invest in processes and technologies to help us scale large global groups of highly skilled talent.

#### Collaboration

We will facilitate cooperation among Group teams to build client-centric solutions powered by technology.

## Dentsu Good – a Sustainability Accelerator –

### Growth through Good – positive change is our purpose

Dentsu Good is a Group-wide solution, providing solutions that help clients achieve both business growth and social value creation.

Our mission with Dentsu Good is to work with our clients to reach their sustainability goals with ideas and innovation. This aligns with our goals at dentsu that differentiate us: to create culture, change society and invent the future.

Igniting change with our clients along with our internal commitment is the best way to create sustainable business solutions for the future and drive a virtuous cycle of “Growth through Good.” This is the first dentsu solution that brings the full collective power of our best practices, tools and methodology across the entire Group from the design phase.

This accelerator connects our dentsu capabilities

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Dentsu Good –a Sustainability Accelerator – empowers clients to aim and execute for disruptive opportunities and create new paths to growth in the sustainable society.

”

with clients to deliver fresh business perspectives through a sustainability lens.

### Background

In recent years, momentum has been growing among clients to attain growth through good, i.e., by resolving social issues.

In addition, the degree to which a company addresses social issues and sustainability has become important to consumers, especially those in the younger generations. It is this aspect and our ambition to become a B2B2S company, in particular, that has led to the setting up of Dentsu Good.

### Specific initiatives

At present, we provide this service to clients in Japan, the US, Canada, Taiwan, and Denmark, and have plans to branch out to other locations in the future. Our plan includes designing training and other programs aimed at augmenting capabilities that will enable dentsu talent to provide sustainability-related solutions. Dentsu’s proprietary global solution, “Canopy | a collaborative program for sustainable business transformation,” (p. 38) is one of the examples.

The Group has set up the Sustainable Marketing Academy, developed by dentsu in Denmark, to provide a training program for companies and brands. The curriculum comprises six to 10 modules that provide a whole gamut of information on sustainability and marketing practices, from market conditions, to customer awareness, to legal regulations.

#### Ecosystems

##### Provide social solutions

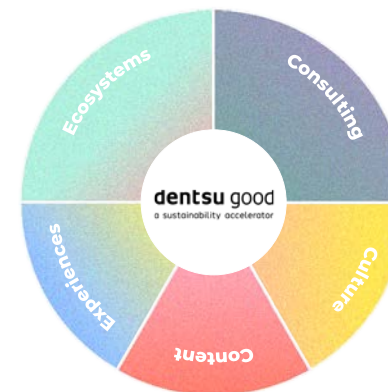
Sustainable ecosystem design for social and environmental issues, led by dentsu and solved via co-creation.

#### Experiences

We apply our expertise in commerce, design and innovation to increase inclusion, improve lives, and accelerate sustainable behaviors.

#### Content

We work with brands to create content to shape a kinder conversation. We collaborate with partners to build a new media ecosystem that is both inclusive and sustainable.



#### Consulting

##### Provide client solutions

Peer-based, expert-driven consultation to help solve sustainability challenges faced by brands and industry leaders.

#### Culture

We drive lasting cultural transformation and help brands better understand, represent, and connect with the diverse communities they serve.

SPECIAL FEATURE

# Transformative Creativity

A conversation with Yasuharu Sasaki,  
Chief Creative Officer, dentsu Japan, on the concept  
of grasping the challenges facing the world,  
transformative creativity  
that moves hearts and drives action  
positioning dentsu as a B2B2S company

**Yasuharu Sasaki**

Chief Creative Officer,  
dentsu Japan

## SPECIAL FEATURE

**Transformative Creativity****Q Dentsu advocates transformative creativity. What does that concept embody?**

Transformative creativity is creativity that motivates people, nurtures brands, and impacts society. This kind of creativity is based on the dissemination of technologies to unleash people potential. Transformative creativity creates not just advertisements, but also experiences that move people, as well as new products and services that drive growth for brands and society.

While this will enable us to present new benefits, value and perspectives, the crucial element here is people-centered thinking. As the use of technology spreads, products and services will become increasingly commoditized—therefore, creating distinctive brand experiences will create differentiation for our clients in the marketplace.

Together, as dentsu and our clients look to solve increasingly complex social challenges, it will be necessary to use creativity to bring about people-centered transformation, leveraging human potential and driving positive change for society.

**Q As the social challenges facing the Group's clients grow and become more complex, how will dentsu's transformative creativity lead to the achievement of B2B2S?**

Beyond conventional marketing communications, transformative creativity requires ideas that drive growth of brands and people. The goals involved will lead to worldwide changes, such as steps being taken to solve environmental problems and the achieving of a society where a comfortable standard of living is available to all.

In other words, we will connect people, brands, and society and create growth for all. By transforming creativity as we now know it, people—as members of their respective societies—will change the world.

Put another way, transformative creativity is the cleanest source of energy that would keep people and the world moving. Prime examples might include our solution called “Canopy” (p. 38), which considers corporate value from the ground up and leads to generating future value; or the “Unfiltered History Tour” (p. 39) which has given younger generations in the UK a chance to discuss their own history, consider action and have an impact on society.

**Q What kind of activities are you working on to practice transformative creativity and improve the quality of service to your clients?**

As we speak, we are expanding and deepening our client relationships, not only in the areas of

marketing communications, but in other areas as well. Transformative creativity allows dentsu and our clients to go forward as partners. A project often begins with a team of dentsu specialists consulting clients' senior management teams. After that, we generate ideas in collaboration with the project's stakeholders, while planning and designing the overall brand experience and customer journey. At this juncture, we call on our capabilities to shape entirely new experiences.

Fortunately, dentsu has amassed a range of experts. They include technologists with top AI and extended reality (XR) skills, talent with a gift for copy and design creation, storytelling, and future strategy planning; and producers who bring extraordinarily challenging projects to life. They join forces with creative directors who have a knack for overall design and direction, and the resulting team pursues transformative creativity.

Our people's strengths lie in our visionary power and exceptional curiosity, which drives great leaps of evolution, and the ability to bring things to life, which enables us to manifest the never before. They have an extraordinary ability to transcend boundaries and venture into fields beyond their own areas of expertise.

Not satisfied delivering merely what a client requests, they endeavor to step into unexplored territory and find solutions to needs a client may not even realize they have. I believe this gives us an edge in creating new client value through the integration of our services.

**Q Please tell us about the prospects for transformative creativity.**

The world is finally moving into the era of AI. The benefits of data are now available for all, so solutions backed by data are no longer enough to differentiate. Compelling emotional ideas and astounding new solutions that only humans are capable of providing will be needed. To this end, we intend to invest in building forums where dentsu's talent can unleash their creativity.

Through our creativity, culture will grow, society will change, and our talent can create new, unknown value for our clients.



# Uniquely dentsu

One thing that makes dentsu unique is the strength of our culture. Our purpose of “an invitation to the never before.” is the manifesto of dentsu’s unique DNAs. ‘Never before’ represents our passion and capability for constant innovation. ‘invitation’ is our belief that everyone is welcome. Dentsu invites clients, talent and partners to the table to co-create sustainable futures that make the world and businesses better.

We care about our clients’ business, put society at the core, and strive to be the change we want to be.

## Nurturing our culture

With a clear Northstar, culture needs to be nurtured across the organization and celebrates the differences where people are located. We want everyone at dentsu to feel the relevance and what matters to them.

Embedding our values, dentsu’s 8 ways in our company is one example. To integrate our values into all aspects of the business, we piloted a program in the Americas called Appreci8tion. This is a digital peer-to-peer recognition platform that enables our people to appreciate colleagues through the lens of dentsu’s 8 ways. The power of praise reinforces our culture and celebrates who we are.



## An inclusive environment for innovation

To support our clients’ business demands and enable fresh ideas and diverse talent to thrive, we created a bespoke business unit “dentsuZ” in China that recruits the best Gen-Z talent in the marketplace and empowers them to proactively help clients define creative marketing

solutions targeted at the Gen-Z population. This approach unleashes the innovative firepower of young “dentsu jin (dentsu people)” and creates strong cultural signals that people with the best ideas lead, regardless of their experience and seniority.



## For lasting good

We are committed to building a company with purpose, ethics, and impact.

While a multifaceted approach continues to evolve with industry changes, legislation, and client needs, we are focusing on celebrating the stories behind our best work and best people — both for the business outcomes, and the process on how they got there.

In 2023, we launched the northstar awards for dentsu. Through these awards, we will shine a spotlight on our work that pushes the boundaries and recognizes our people who lift the organization



forward, live our values and deliver our intent for lasting good. Each year the awards will support what we do as a company, strengthen our culture, and connect to our business and people strategy.

Together, we have “an invitation to the never before.”



Jean Lin Chief Culture Officer, Dentsu Group Inc.

# CASE STUDY

CASE | Japan

## SUMADORI-BAR SHIBUYA: Non-drinkers highlighted

Non-drinkers (those who can not or choose not to drink alcoholic beverages) in Japan are estimated to number 50 million. Our research shows there is a broad spectrum, from those who enjoy alcoholic beverages to those who do not. Since the matter is not a question of merely yes or no to alcoholic consumption, we set out to create a smart drinking community that pursues a diversity of drinking styles, individually tailored.



### Understanding non-drinkers, introducing Smart Drinking Co., Ltd.

We thoroughly researched the opinions of various non-drinkers such as students, working adults, and influencers, all of whom do not—or cannot—drink. By assigning actual non-drinkers to the team, we became aware of many opinions that, until then, had not been apparent. Moreover, we gained a better understanding of alcoholic beverages from the perspective of non-drinkers.

### Not only drinkers are having fun! Bar applies new insight

We opened the SUMADORI-BAR in Center Gai Street in Shibuya, a city that promotes diversity and is the mecca for the dissemination of Gen-Z culture. The bar, where the focus is on non-drinkers, creates a place where the patrons are drinking buddies, whether or not they drink alcohol.

The premises offer a number of pioneering features, including engaging visuals, a sampler tray for customers to compare drinks with 0%, 0.5%, and 3.0% alcohol by volume (ABV), a beverage map for non-drinkers to sample various flavors, and alcoholic beverages of 5% ABV or higher featured in one section of the menu. The use of mobile ordering allows the bar to collect data on non-alcoholic preferences for use in marketing.



### Helping solve drink-related problems through cooperation

We are collaborating with local governments, NPOs, and universities in tackling issues associated with alcohol consumption and supplying information on smart drinking and diversity in drinking styles in the Shibuya area. With social and economic media taking note of the diversity and inclusivity manifest by both drinkers of alcoholic beverages and non-drinkers, a new market is taking root.



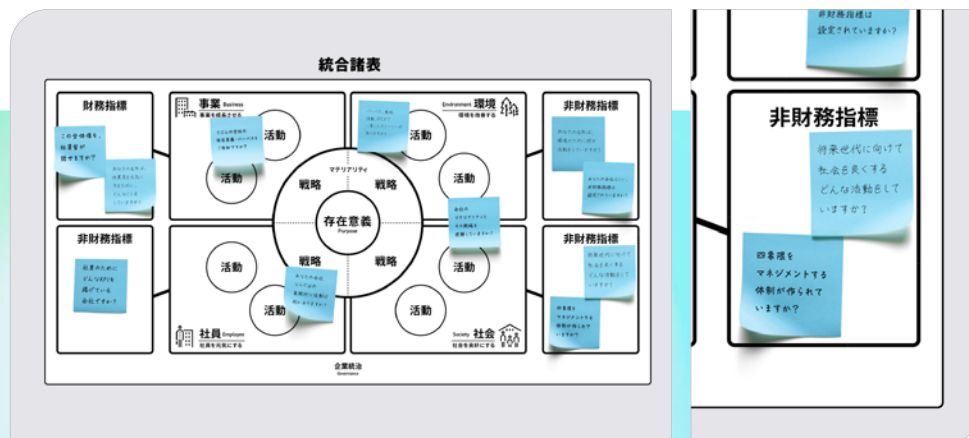
# CASE STUDY

CASE N  
Japan

## Canopy: Value beyond financial performance

“Canopy | a collaborative program for sustainable business transformation (Canopy)” constitutes a new blueprint for business management. The program enables teams to visualize the kind of corporate value that cannot be gleaned from financial statements alone.

The format allows the purpose, strategies, activities, and KPIs across a comprehensive map of stakeholder groups, including employees, environment, and society.



Canopy is available to all clients and prospects. Once engaged with our team, we provide a lens to drive a shift in thinking that unlocks the potential of organizational purpose. This is achieved through creative discussions with management, in-house workshops, and ideation sessions with subject matter experts across dentsu.

Twenty-five\* companies are currently taking part in the Nikkei Inc.-organized Well-being Initiative that has adopted the format.

\*as of August, 2023



CASE M  
the US

## More Than That with Gia Peppers: Created, distributed by minority-owned partners

Urban One, and dentsu have succeeded, together with General Motors, Procter & Gamble, Kroger, and Mastercard, in launching a first-of-its-kind program exclusively produced and distributed by minority-owned partners to address the inequities in the advertising supply chain.



The program is a radio show and podcast featuring the host, Gia Peppers, along with prominent guests in each episode. As numerous minority-owned partners cooperate in production and distribution, they can achieve racial and cultural equity as 90% of dollars are invested directly into the Black community. It has created a window of opportunity for dentsu and its clients to reach Black American listeners with informative and engaging programming that drives sustainable impact.

The show has won numerous international awards, including Microsoft Advertising's Marketing with Purpose top global award; and Adweek's Podcast of the Year, in the Best in Diversity and Inclusion Podcast category for 2022. The show's third season started earlier in 2023.

# CASE STUDY

CASE 4 India

## The Unfiltered History Tour: British Museum tour with Augmented Reality

The Unfiltered History Tour uses augmented reality (AR) to showcase some of the items displayed at the British Museum. When visitors use their smartphones to scan the museum's disputed artifacts, a filter is activated by the geolocation of the visitors, who can hear the histories of the "stolen" cultural treasures related by native experts in the relevant communities.



In a YouGov poll conducted weeks after the tour was launched, 59% of Britons said they believed the Parthenon Marbles belong in Greece. This was in sharp contrast to previously expressed responses. In 2022, Dentsu Creative India became the most successful entry in the history of the Cannes Lions International Festival of Creativity, and the most awarded work of the festival.

CASE 5 the UK

## The Co-operative Bank: The Bank you can hold to account

The Co-operative Bank, the only UK bank with a customer-led Ethical Policy have not financed, or provided banking services to companies involved in fossil fuel production or extraction for more than 25 years.



Dentsu Creative created an advertising campaign that showcases the brand's ethical philosophy and credentials. Broadcast on TV, online video platforms, digital, social and OOH, the campaign raises awareness of their ethical credentials, inviting consumers to consider where their bank invests their money and presenting The Co-operative Bank as the ethical alternative.

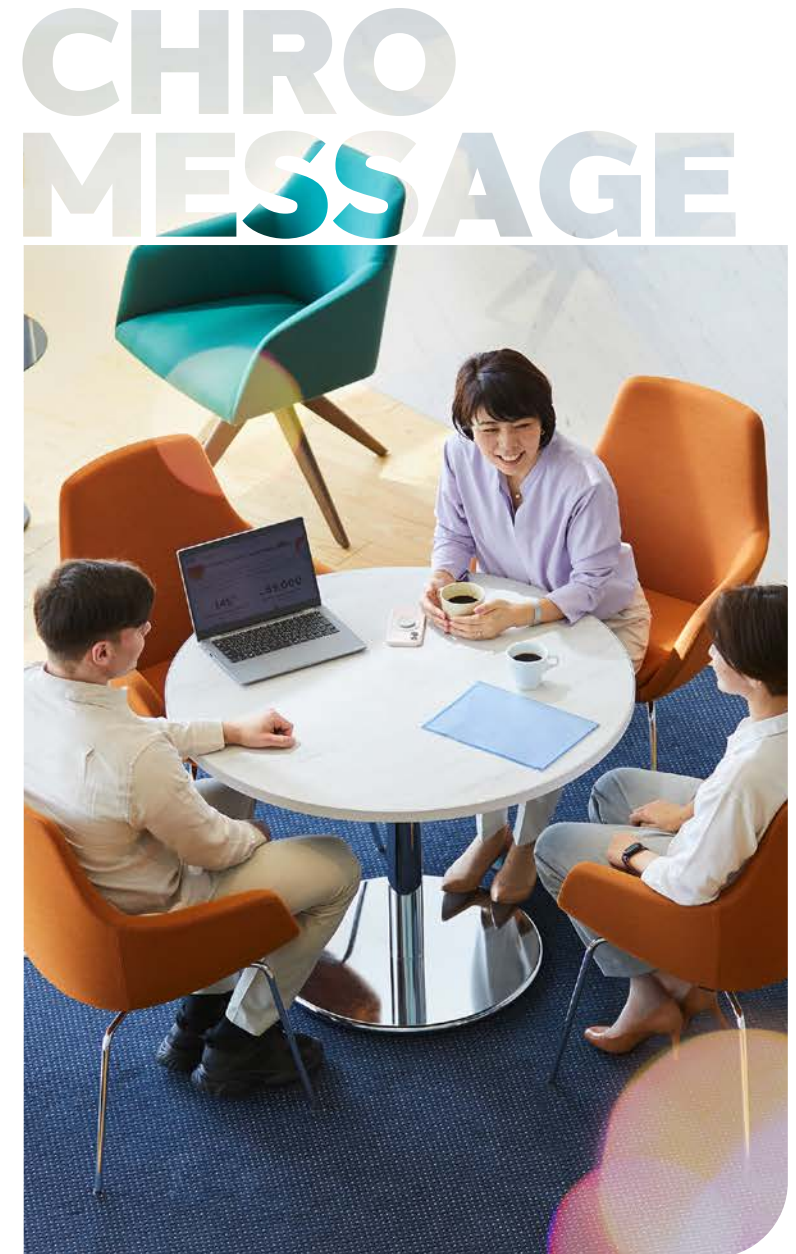
A woman with glasses and a white tank top is smiling and leaning on a green tufted sofa in a modern office lounge. The background features a wall with a large green leaf pattern and a ceiling with exposed light bulbs and recessed lighting. The text "05 People strategy" is overlaid in a white box.

## 05 People strategy

**We believe in the brilliance  
of our people and  
to unleash their potential**

**Miho Tanimoto**

Chief HR Officer  
Dentsu Group Inc.



## We focus on people growth

## We will proactively provide opportunities for people development

### People are inspired by one's desire to contribute and grow through work

Having spent over 20 years working for multi-national companies, I developed my career in a culture of empowerment where I learned to take ownership of my own career path. As a result, I was fortunate to find my passion for people and HR, and experience exciting and meaningful challenges. I gained a sense of growth and fulfilment in my career, while being trusted and nurtured by exceptional leaders. Working with colleagues from many different countries has shown me the wealth of incredible talent and wisdom that exists around the world. I've also experienced the joy of achieving better results through openly exchanging ideas with a diverse group of people, when working toward ambitious common goals.

When people find ways to utilize their own skills and contribute, and are empowered to demonstrate those skills, they flourish and can unlock their full potential. I've come to a belief that every employee is wanting to make an impact through their skills, and the company and HR system can have so much influence to empower and unleash it.

Since taking on my role, I've had the pleasure to meet and listen to a wide range of employees. Our people are proud to be part of dentsu. The aspiration to enrich society is in our people's DNA. We have a culture where our people's ideas are supported, respected, and encouraged. Our spirit is rooted in the desire to outperform clients' expectations, to gather ideas across the company to provide the best integrated solutions. However, there is always room for improvement in the way we work together and deliver solutions. For example, how can we better support the growth of clients in global markets? The time is now to call on the organizational strength of dentsu as a whole, to connect the power of our global diversity to business enhancement.

### Continuing evolution by learning from diversity

Over the past decades, global businesses have been acutely aware of the speed of environmental change and have been challenged to adapt. The pace of change is accelerating, and we are now on the brink of the long-awaited era of AI. At this global turning point, we need more than ever to build capabilities and optimize our people under the newly launched global framework, "One dentsu."

To continue winning amid increasingly complex client demands and accelerating change through digital technology, it is essential to constantly embrace newness, humbly learn, and evolve. Digital expertise is particularly important as we place technology at the core of our solutions, and globalization requires diversified solutions. It is therefore essential to generate new ideas and innovation, by bringing together expertise, embracing diverse perspectives and fostering creativity. To shape the future in such an environment, I strongly believe that it is crucial for our Group to become a learning organization. Being agile and flexible in response to changing times, and continuously learning from various perspectives—this is what a forward-looking and evolving company looks like and what dentsu strives to be. In order to create new value for clients and society, it is essential that we continue to evolve ourselves. We believe that only through this constant evolution can we maximize corporate value for all of our stakeholders.

### Connecting people through purpose

To ensure that our HR practices reflect these aspirations, we, as an HR function, will actively partner with business to help our people grow.

First and foremost, we are working to define the leadership and culture that will underpin everything we do today and in the future. Company culture is not a slogan, it is shaped by the actions of the company and behaviors of people. We will then translate these into ‘Leadership Attributes,’ including principles such as “creating change and driving transformation,” “embracing and adapting to change with flexibility,” “leveraging the power of diversity,” and “proactively providing people development opportunities.”

We will also find ways to embed these attributes in the people development system and reward and recognize the behaviors of individuals as a critical part of their performance. I believe that the Group should highly value employees who demonstrate these behaviors and contribute autonomously and proactively to dentsu’s growth. It can also be effective to incorporate HR frameworks such as job-based HR systems and job posting systems. However, these are only tools. What is really needed to accelerate individual talent development is for the leaders to embody the Leadership Attributes themselves, to engage in active dialogue about talent development, and to commit to developing the future generation and foster diverse capabilities.

Thinking about ways to bring out the best in people is in nature a very positive thing. The purpose of dentsu, “an invitation to the never before,” means “to continue to offer propositions never before made to society.” Needless to say, it is our people who make this “never before” happen. Dentsu’s most valuable capital is the brilliance of our people. I look forward to continuing to learn from our talent, as we aim to create an exciting workplace that can unleash the potential of our people.

# 05

## People strategy to “unleash the power of our people”

### Unified in purpose, our global HR team stands as one

Dentsu has made a new start as One dentsu, a new framework to accelerate business transformation. With a “people-centered” organization as our aim, our human resources (HR) team will enhance employee capabilities through collaboration beyond organizational and geographic silos.

In January 2023, Miho Tanimoto was appointed the chief human resources officer (CHRO). HR will also become one global team and under this new structure, we will develop talent and an organization that partners with the business to bring our strategy to life.

### Our very first Group-wide HR mission

In January 2023, HR members from all regions met in London to define the Group’s HR mission in order to create a global approach to HR.

At the start of the meeting, Miho asked, “Now that we have made a new start as One dentsu, what is the purpose of HR and where must we focus our efforts to become a team that helps realize dentsu’s vision of people-centered transformation?” This quickly prompted two further questions: What kind of mission excites us? And does that excite our colleagues and clients?

Among the various opinions that emerged, a common theme was believing in, and unleashing, the power of our people. With this theme as a starting point, HR members from each region, together with business leaders, exchanged opinions that were incorporated into creating the mission HR wants to realize.

Discussions resulted in this mission statement: Coming together to unleash the power of our people. It expresses our desire to align business and HR strategies, connect all countries as a single team, and work together to create value for our clients. Supporting our vision, “To be at the forefront of people-centered transformations that shape society,” an HR strategy was formulated comprising three pillars: People Growth, Winning as One Team, and HR Partnership Excellence.



Global HR members gather in London.



### People Growth

#### Redesigning our talent process, focusing on growth and equity

We believe people are inspired by one’s desire to make an impact and grow through work. For the Group to attract great talent willing to take on challenges and truly commit, it is important to provide them with an environment and opportunities where everyone can proactively take on challenges that stretch their abilities, regardless of their background.

Based on this premise, we will embrace flexible work styles and evaluate results with equity, so that a diverse group of people can bring their best self to work. In other words, we believe in the importance of leveraging diverse talent and unlocking their abilities, as well as encouraging the leadership team to believe in and uphold this principle.

In short, we will create mechanisms that enable talent to choose their own dentsu career, while getting a fair chance to grow.

### People-centric leaders to drive employee growth

The key to an organization where people thrive is the role played by its leaders. As we promote One dentsu, we are reviewing the leadership standards required for the Group to remain globally successful given the fast-changing environment.

With the March 2023 transition to a company with three committees (nominating, audit, and compensation) to enhance governance, HR related Committees were revamped. We have been discussing what good looks like for dentsu leaders who will be accountable for realizing the Group's vision.

We will run global leader talent reviews that we call People Discussions to discuss how best to support our top talent. Through dialogues, among top management and division leaders, focused on the planning and implementation of talent development, we will create a robust process to drive people growth across the organization.

### Talent development for current and future business growth

Talent identified through People Discussions will have dynamic job experiences in global and diverse environments.

We have launched a program in markets throughout the Group to nurture next-generation leaders based on business needs. An example is the "eigyo" program, set up as a framework for the global expansion of client solutions, which are among Japan's strengths. Other efforts include a partnership with a top business school, in which leaders from various divisions conduct lectures to share their experiences, as well as a program dedicated to

developing female leaders.

Further, we promote skills development and reskilling among a wide range of employees to achieve the targeted Group growth. Our goal is growth in a new "transformation" market created through the convergence of marketing, technology, and consulting. To do so, it is critical to possess skills in a variety of areas, including insights into people, marketing, digital technologies, creativity, and business development.

Examples of training for these capabilities are the dentsu university and RUUUN online learning platforms. Employees have access to tens of thousands of courses that meet every need and level of learning, from data and marketing to liberal arts that foster creativity.

Through these initiatives, the Group is strengthening its talent in Customer Transformation & Technology with new and expanded skill sets both in and outside of Japan.

### More career options facilitate long-term careers

Career Framework, a standardized framework which enables employees to create their own career path, has been introduced outside of Japan since 2019, and will be introduced Group-wide starting from Japanese top management this year. With standardized global job architecture and levelling, it will be easier for employees to envision global careers and the required expertise, enhancing their motivation to grow. Furthermore, it allows us to invest in employees more effectively, with more accurate HR data.

### Winning as One Team Creating a winning organization

For the Group to create a positive impact on society and to grow as a true partner supporting clients, it is important to create a winning organization. This can be done by leveraging our diverse workforce around the world, deepening mutual understanding and creating a culture through the power of diversity.

### Diverse talent building on transformative creativity

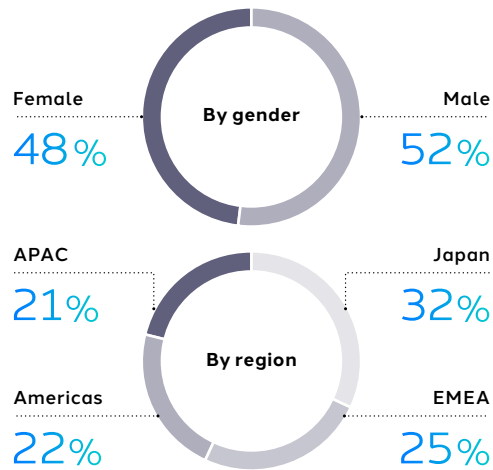
To achieve development that reflects our vision for People Growth, DEI is indispensable. As a global Group, we will stress diversity in terms of gender and nationality as a starting point.

To this end, we have adopted the goal of having female leaders account for 45% of the Group by 2030. This goal has been set as an indicator for determining executive compensation.

At the same time, we are developing an environment in which talent can play an active role regardless of nationality. We are developing opportunities for talent exchanges within the Group, as well as a global policy facilitating smoother talent movement. Increasing the global mobility should provide more opportunities for new collaboration and career choices.



**Employee ratio (as of December, 2022)**



Note: Exclusive of 129 Dentsu Group Inc. employees.

**Encourage everyone to bring their best self to work**

We are also working to promote inclusion and well-being, so that employees with a variety of attributes, viewpoints, and values can bring their best self to work. In addition to the ongoing support of flexible work styles, we have launched measures to promote disability employment in Japan, provide two to four days of special paid leave per year, and support in the acquisition of certification for mental health first aid providers.

In Japan, we specifically focus on improving employee health through the combined efforts of several divisions and employee medical advisors. Dentsu Inc. continues to maintain a 100% regular health checkup rate and provides employees with health training, inclusive of mental health. Our efforts to reform work environments are ongoing, and in 2022 the average of employees'

annual working hours was 1,958 hours.

Furthermore we are engaged in Group-wide activities to increase employee engagement which is one of the indicators used to determine executive compensation. Each year, we conduct a survey on employee satisfaction and solicit recommendations to calculate an engagement score. With this, we identify challenges in each division and take steps to improve scores.

Recent survey results have included many requests for communication with the leadership team. We now are providing opportunities for this, one example being the 2022 Dentsu Global Leadership Meeting, attended by some 1,200 people across the Group, where the CEO directly shared the One dentsu message.

**HR Partnership Excellence  
HR as the best partner for business**

Amid the focus on people-centered transformation, HR has a vital opportunity to partner with the business. Enhancing HR's proficiency is essential to support Group strategy and decision-making.

We aim to establish a cohesive global framework that integrates the Centers of Excellence (COEs)—specialized teams for talent, compensation, etc., with HR business partners working closely with the business. Our commitment extends to continuous investments in HR data and technologies.

**Enhancing employee experience through service excellence**

Beyond optimizing processes and automating high-load tasks, we leverage shared services. We evaluate operational processes and systems, mindful of regional variations, aiming for total optimization, global

integration, and standardization.

In Japan, in collaboration with the IT team, we've initiated the pilot deployment of Workday, a widely-used, cloud-based HR and finance enterprise application. We also aim to implement other tools reflecting global best practices.

Concurrently, cutting-edge technologies are employed in Japan. Group companies SEPTENI HOLDINGS and Dentsu Corporate One earned accolades at the 7th HR Technology Awards in 2022, recognizing superior HR tech and data analytics initiatives. Both were praised for their talent evaluation systems and creating an infrastructure analyzing people based on individual capabilities and workstyles.

**Data-driven investment for people and business growth**

Given our Group business thrives on human potential, vigorous and impactful investment in talent is paramount.

To enhance investments, accessible talent data must be readily available. In Japan, we are developing reliable and transparent talent data collection methods. Globally, we've instituted a 'People Dashboard,' a business intelligence tool enabling HR teams to monitor and report on HR KPIs including employee composition, turnover, gender balance, and engagement, by region, market, and service line.

We've initiated shared Group efforts concerning human capital data. Currently, we are seeking optimal methods for data calculation, operational efficiency, and the disclosure of acquired data.

Addressing matters like optimal HR investment and productivity enhancement, we are evaluating the ROI for human capital. Guided by ISO 30414—the

established standard for human capital ROI calculation—our Group is developing an ROI method focusing on people growth. Our goal is to maintain consistent investment in talent, continuing their development over the medium and long term.

**HR evolution to be a strategic partner**

To augment HR capability, we are reorganizing the COEs and systematizing our business partner role in Japan. Concurrently, to fortify global talent at our Head Office under One dentsu, we’re attracting external expertise, cultivating internal talent, and promoting job transfers.

Additionally, we will collaborate with other corporate functions while pursuing better ways to support business.

Topics

**Launch of the new next-generation office “Shiodome PORT”:  
advocating a new working style combining onsite and offsite resources**

Dentsu Digital, seeking to maximize its output and achieve its objectives in the shortest possible time, continues its challenge of promoting new work styles.

One of Dentsu Digital’s initiatives is to allow all employees to work remotely, in the belief that expanding workplace options will enhance performance. Meanwhile, as remote working gained ground, the company decided to reopen its office under the concept of “The real world makes us stronger.” Shiodome PORT, the new office launched in February 2022, aims to be a place for new value creation through unique real-world experiences such as “stimulating the five senses,” “conveying heat” and “feeling momentum.”

The office has a “Team Home” for sharing rules of thumb and high context information with members of the same department, a “Hack Room” for teams to work together on short, intensive tasks, and a “Share Lounge” to encourage random encounters and conversations across the organization.

Shiodome PORT received the Minister of Economy, Trade and Industry Award at the 35th Nikkei New Office Award Ceremony. This award is for offices that demonstrate creativity and ingenuity, with the aim of promoting and spreading the creation of comfortable and functional offices. The Minister of Economy, Trade and Industry Award was presented only to Shiodome PORT out of a total of 131 entries.



## Human rights awareness & due diligence

### Dentsu Group Human Rights Policy

Established in 2018 as a Group-wide policy and based on the United Nations Guiding Principles on Business and Human Rights and other related regulations that global companies must comply with. It includes the three chapters as below:

Our Respect for Human Rights

Basic Labor Policy and Labor Rights

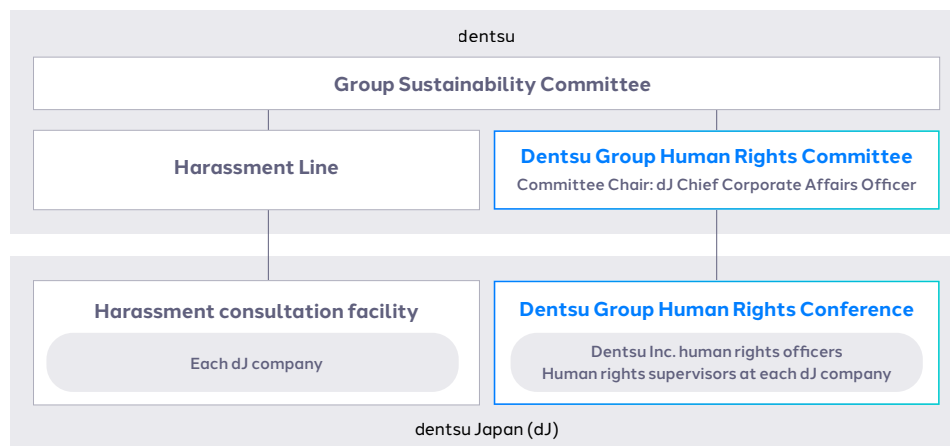
Our Commitment to Upholding and Protecting Human Rights

### Promoting human rights awareness

The Dentsu Group Human Rights Policy was established to clarify our efforts to respect human rights Group-wide.

Dentsu Japan (dJ) created the Dentsu Group Human Rights Committee comprising the management level, and the Dentsu Group Human Rights Conference attended by members in charge of human rights from each dJ company, which allow us to build a structure for sharing human rights-related awareness planning, achievements, and other issues. A similar structure will be considered Group-wide from 2023 onward.

### Human rights awareness promotion structure (2023)



### Human rights themes in the supply chain

Dentsu is creating a human rights due diligence (human rights DD) program to promote respect for human rights including supply chains. In Japan, individuals from 16 dJ companies attended a workshop in collaboration with the third-party organization CRT Japan in January 2023, where four important human rights themes were identified. These themes are to be at the heart of Group-wide human rights DD initiatives.



Workshop

### Themes identified (Set for dJ in 2023)

#### Labor environment of contractors

Inclusive of international contractors, secondary and tertiary contractors involved in the supply chain are to be monitored to ensure that operations are performed according to both the Dentsu Group Human Rights Policy and Dentsu Procurement Guidelines. Particular attention will be paid to outsourcing to international and sole contractors in areas such as creative and digital.

#### Labor environment within dentsu

To ensure appropriate management, all employees should be aware of relevant working hours and wages as stipulated in the Dentsu Group Human Rights Policy.

Specific issues raised through consultations will be recognized as in need of particular improvement and will lead to policy and structure revisions.

#### Responsible communication

In addition to focusing on existing Group awareness-raising activities and training concerning language used in advertising, social trends need to be ascertained and reflected in consultations. The consultation service will also be strengthened.

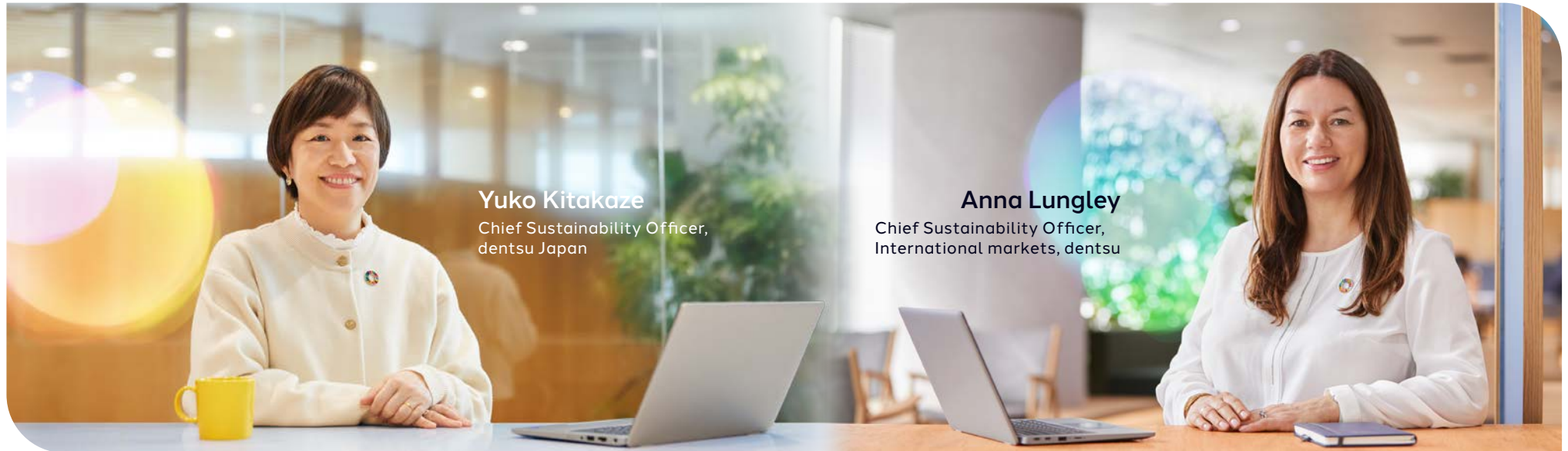
#### Protection of personal data

Continued strict management to reflect the Group Information Security Policy which was updated in 2022. Information security initiatives are applied throughout the supply chain, including secondary and tertiary contractors.

A modern office interior with large windows, green plants, and people working at computers. The scene is bright and airy, with natural light streaming in from the windows. In the foreground, there are several large green plants, some in hanging pots. In the middle ground, a man is sitting at a desk with multiple computer monitors, smiling. To his left, a woman is also smiling. The background shows more office space and large windows overlooking a green landscape. The overall atmosphere is professional and sustainable.

## 06 Sustainability

# CSO MESSAGE



**Yuko Kitakaze**

Chief Sustainability Officer,  
dentsu Japan

**Anna Lungley**

Chief Sustainability Officer,  
International markets, dentsu

## We create a sustainable future

We aim to inject positivity into the world, and we look to a sustainable future, brought about through people-centered transformations co-created by human creativity and technology.

Value added in such ways is founded in Diversity, Equity & Inclusion, and through these we bring about diverse perspectives, equal opportunity and empowerment, which create our competitive edge. One of our key priorities, going forward, is to grow a sound corporate culture that shines with integrity.

We will also contribute to the promotion of sustainable consumption by leveraging our long-cultivated insights on “people.” Most people know that humanity will not survive without the global environment, but they are not ready to change their consumption behavior. Life, the cliché goes, is too short, and our very presence in the here and now should be considered a gift. A gift that, in order to be passed down to future generations, requires us to adopt an altruistic mode of thinking—to detach ourselves from the lavishes of *me* and *now* and imagine a future for others.

In our daily operations too, if we could take on more work not for ourselves but for the benefit of others, this is something people can relate to and support—this is sustainable. To that end, we will form in-house and external teams, united by the same ethos, and work as one toward a vibrant society where people enjoy a fulfilling life.

## Reimagining the role of marketing to place people at the heart of the net zero transition

In 2021, we launched the 2030 Sustainability Strategy for dentsu, recognizing the role we play in society and our ability to influence human and societal behavior. In the context of the polycrisis, including growing awareness of the role of human environmental damage, geopolitical unrest and rising inequality, this responsibility has never been more apparent.

Our priority focus areas—climate action, sustainable consumption, diversity and inclusion, data privacy and security—continue to resonate. We can help our clients to navigate disruption and build a more sustainable and inclusive society, designed around people. To do that we need to prioritize our talent, and this is reflected in the increased importance of human capital development to our stakeholders.

Dentsu has placed this opportunity and our sustainability strategy at the heart of our Value Creation Model. In 2022, we were proud to see our 72,000 creatives and innovators rise to this challenge, driving positive social impact across the world. Together we hope to realize our vision of creating people-centered transformation that shapes society.



## Progress of sustainability

### Integrating business growth and sustainability

Dentsu's evolution to become a B2B2S (Business to Business to Society) company requires the integration of sustainability with business growth. Dentsu is promoting initiatives to achieve the action plans and targets of the 2030 Social Impact Targets and the Medium-term Management Plan by ensuring the commitment of management and strong governance.

#### Sustainable Business Board (from August 2021 to December 2022)

In August 2021, dentsu established a new eight-member Sustainable Business Board. It met four times a year and monitored progress against the goals set out in our 2030 Sustainability Strategy to assess material risks and opportunities, as well as to ensure that social and environmental considerations are integrated into all aspects of our decision-making.

#### Sustainable Business Board's main agenda items in 2022

- Review of 2030 Sustainability Strategy Map and KPI progress assessment
- Analysis of One Day for Change initiatives
- Review of action plan and case study for Dentsu Good — a Sustainability Accelerator —
- Group Donation Program launch
- Sports and sustainability
- Support of Business for Marriage Equality (BME)
- Summation of World Business Council for Sustainable Development (WBCSD) recommendations
- Priority items for 2023

### Group Sustainability Committee set up to boost sustainability strategy

(from January 2023)

With the Group's transition to a global management structure led by the Group Management Team in January 2023, we established a Group Sustainability Committee directly under the Group Management Board. Arinobu Soga, Representative Executive Officer, Executive Vice President & Chief Governance Officer, Dentsu Group Inc., is the committee chair (details of our governance structure are on p. 64).

The committee comprises 12 members with diverse expertise and regional backgrounds, and meets four times a year to monitor from various perspectives the progress against our goals to promote our sustainability strategy. Since 2022, ESG performance indicators have been included in the Group's executive compensation structure.

#### Group Sustainability Committee's main agenda items in 2023

- Updating of the Group's materiality and Value Creation Model
- Methodology to assess net zero progress and acceleration of efforts
- Review of new gender-related goals
- Human rights education programs and human rights due diligence initiatives under a one-management framework
- Status of evaluations by third-party bodies; steps for improvement

### Members of the Group Sustainability Committee



**Arinobu Soga**

Chair

EVP & Chief Governance Officer,  
Dentsu Group Inc.



**Yuko Kitakaze**

Chief Sustainability Officer,  
dentsu Japan



**Anna Lungley**

Chief Sustainability Officer,  
International markets,  
dentsu



**Yoshiaki Ishihara**

Chief of Staff,  
Dentsu Group Inc.



**Jeff Greenspoon**

President, Global Solutions  
Executive Director,  
Clients & Solutions Unit,  
Dentsu Group Inc.



**Kate Stewart**

Executive Director,  
IR office, Dentsu Group Inc.



**Miho Tanimoto**

Chief HR Officer,  
Dentsu Group Inc.



**Hitoshi Hamaguchi**

Executive Director,  
Clients & Solutions Unit,  
Dentsu Group Inc.



**Keiichi Higuchi**

Executive Officer,  
Dentsu Inc. / dentsu Japan



**Jeremy Miller**

Chief Communications Officer,  
Dentsu Group Inc.



**Jean Lin**

Chief Culture Officer,  
Dentsu Group Inc.



**Fiona Lloyd**

Global Client & Brand President,  
Carat

## Sustainable world

### Climate change

Climate change is the defining challenge of our generation. At dentsu we are committed to ambitious climate action and are proud to be one of the first companies in the world to have a net zero target approved by the Science Based Targets initiative (SBTi).

In 2022, we made strong progress in our decarbonization efforts, reducing our Scope 1 and 2 emissions by 52.8% against our 2019 baseline, and by 33.5% compared to 2021. In 2022, our market-based Scope 1 and 2 emissions were 16,039 tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e), compared to 24,104 tCO<sub>2</sub>e in 2021 and 26,955 tCO<sub>2</sub>e in 2020. This far exceeds the 12.6% reduction target we had planned to meet in 2022.

These reductions can be largely attributed to our ongoing commitment to power our operations outside of Japan with 100% renewable electricity, including continued efforts to switch to local renewable tariffs and to procure in-country renewable electricity certificates where it is possible to do so. Today, 37.7% of dentsu's operations is powered by renewable electricity and we are committed to achieve 100% by 2030. Our continued focus on real estate rationalization in response to changing working patterns post COVID-19 also helped to reduce energy consumption in 2022. This included the sale and partial leaseback of the headquarters building in Tokyo which enabled us to significantly reduce our operational emissions in Japan.

### Greenhouse gas emissions (tCO<sub>2</sub>e; market-based)

	2030 target (consolidated)	2019 (baseline)			2022			2022 (vs. baseline)
		Japan <sup>1</sup>	Inter-national <sup>2</sup>	Consolidated	Japan <sup>1</sup>	Inter-national <sup>2</sup>	Consolidated	Consolidated
Scope 1+2	46% decrease vs. baseline	24,546	9,416	<b>33,962</b>	11,592	4,447	<b>16,039</b>	-52.8%
Scope 3	46% decrease vs. baseline	66,152	308,732	<b>374,884</b>	49,972	327,485	<b>377,456</b>	+0.7%
Scope 1+2+3	46% decrease vs. baseline	90,698	318,148	<b>408,846</b>	61,564	331,932	<b>393,495</b>	-3.8%

\*1: Japan uses a financial control approach. For owned buildings, all equity usage is recorded, including tenant usage. Dentsu will agree a consistent organizational boundary approach during 2023, as part of the integration program.

\*2: International refers to Americas, EMEA and APAC (ex. Japan)

\*3: The numbers are noted according to the RE100 definition.

\*4: For markets accounting for 5.5% of International's electricity use markets, factors beyond the business' control have prevented adherence to RE100's guidelines to source renewables within the countries' borders. For these countries, we have purchased renewable electricity certificates from adjacent countries, which is supported by RE100.

In September 2022, we went further, compensating for our remaining emissions in the business excluding Japan by investing in nature-based solutions, including forest conservation initiatives in Zimbabwe and local renewable energy projects in India and Brazil. In doing so, we were proud to be independently verified as carbon neutral in the business, excluding Japan.

Our Scope 3 emissions remained broadly flat, with a decrease in purchased goods and services offset by an increase in business travel. With more meetings taking place face-to-face, we have seen an increase in Scope 3 emissions associated with business travel and employee commuting compared to 2021. However, business travel emissions are down 55% vs. the 2019 baseline. To improve data accuracy of our reporting we successfully implemented Salesforce Net Zero Cloud across our international markets, a data-monitoring system to give us real-time data on our carbon footprint, further increasing transparency and informing our decarbonization plans.

We continue to advocate for ambitious climate action. In October, our CEO Hiroshi Igarashi signed the 'Business Ambition for 1.5°C' commitment letter, committing dentsu to expand the SBTi approved net zero target to be Groupwide, including business in Japan. In October, Igarashi joined the World Business Council for Sustainable Development (WBCSD) Council Meeting in Tokyo, demonstrating dentsu's commitment to sustainable development, demonstrating dentsu's groupwide commitment. Igarashi also signed an

### Renewable electricity consumption (kWh)

2030 target (consolidated)	Region	2022		
		Renewable electricity consumption <sup>3,4</sup>	Total electricity consumption	% of total electricity consumption that is renewable
100%	Japan <sup>1</sup>	210,441	52,333,195	0.4%
	International <sup>2</sup>	29,481,346	31,328,158	100%



open letter to world leaders at COP27 alongside 100 of the world’s most influential CEOs, all members of the World Economic Forum’s Alliance of CEO Climate Leaders. The letter calls for governments and businesses to take specific actions to move toward a path that limits global warming to 1.5°C, including setting science-based targets, collaborating within and across sectors, and contributing to the development of internationally harmonized reporting standards. Ahead of the UN Biodiversity Conference in December 2022, we joined over 330 companies to call for mandatory assessment and disclosure on nature to be included in the COP15 biodiversity framework.

In recognition of our impact in driving consumption and the opportunity we have to influence the way that people think, feel and act, we reached more than 59 million people with campaigns that promote sustainable behaviors, including combating food waste and incorporating circular design principles. This integral part of our Social Impact Target was reinforced in April 2022, with the publication of the IPCC report, which included, for the first time, a chapter on demand-side mitigation. The report cited the opportunity to reduce global carbon emissions by up to 70% by creating consumer demand for climate-friendly products and services, including electric vehicles and plant-based food. To build capacity and engage our people with this challenge, we were proud to hold our first global One Day for Change in



May 2022, bringing our people back together post COVID-19 and inviting all employees to unite in a common goal of zero waste. Over 6,400 dentsu employees joined the event, clearing and repurposing 32 tons of waste and materials and embedding understanding of sustainable behaviors. Our employee volunteering rate for the event increased from 7% in 2021 to 20% in 2022, and One Day for Change sparked a passion for volunteering among dentsu people, with 99% of participants saying they would like to volunteer again.



**Disclosure based on the TCFD recommendations**

We recognize the importance of effectively managing climate-related risks and opportunities and have embedded climate change into our existing governance processes and decision making. Performance is disclosed annually via the dentsu Integrated Report and our annual CDP Climate Change questionnaire submission. We will continue to explore ways to build and improve our climate risk related disclosures, looking for ways to drive wider strategic business value, as well as meeting any new regulatory requirements that emerge.

The following statement, which is consistent with the TCFD Recommendations and Recommended Disclosures, details the key risks and opportunities arising from climate change, the potential impact on our business and the actions we are taking to respond.

Risk/Opportunity		Business Impact	Exposure (by Time Horizon)*			Resilience Measures
			Short	Med	Long	
Transition Risk/ Opportunity	Policy and legal	<b>Destabilizing regulations</b> New regulations associated with the transition to a low-carbon economy may destabilize client business models, increasing costs and/or requiring consumer behavior change. There is a clear opportunity for dentsu to help clients and society adapt.	Med	High	High	Dentsu recognizes that corporate sustainability and sustainable consumption need to become organizing principles behind marketing. We are exploring ways to operationalize this and believe we are well-positioned for more robust regulation.
		<b>Greenwashing regulations</b> Advertising and marketing claims are central to accusations of greenwashing, creating risk if we fail to protect clients from emerging greenwashing regulations or seize the opportunity to build greenwashing-proof services.	Low	Med	Med	We believe we are well-positioned for greater oversight of 'unsubstantiated sustainability claims' given our record of marketing clients' climate credentials honestly and effectively. We seek earlier, more strategic engagement with clients to produce more credible messaging and to influence product design, and have partnerships with the Cambridge Institute for Sustainability Leadership (CISL) to strengthen these skills.
		<b>Disclosure requirements</b> Climate-related disclosure requirements may increase. For the advertising sector, this could increase emphasis on 'advertised emissions.'	Low	Med	Med	We are investing in our ESG reporting capabilities and expanding the scope of our climate risk disclosures. We approach climate risk assessment and reporting as a strategic and dynamic exercise. In addition, we are developing a Nature Strategy. Our intent is to build a client base of companies with sustainable products and business models, and to support clients with their low-carbon transition. By doing so, we will develop resilience to increased scrutiny of advertised emissions. We will help clients understand advertised emissions; help consumers to embrace less carbon-intensive lifestyles; and support brands to develop strategies and campaigns that target a more climate-conscious consumer.
		<b>Carbon pricing</b> The introduction of carbon taxes in markets where we have a significant presence could impact our clients. Until our emissions reach zero, we also have some direct exposure.	Low	Low	Low	By implementing carbon reduction programs across our operations, we will be less exposed to carbon prices. We recognize that carbon pricing could have a significant impact on high-emitting clients. Our ambition to build a client base with sustainable products and business models will mitigate against this risk.
		<b>A changing energy landscape / energy costs</b> The pace, scale and cost of energy transition will not only impact energy bills but will determine whether society meets its climate targets.	Low	Low	Low	Dentsu is investing in energy-saving processes and behavior change through environmental accreditation such as ISO14001 and programs enacted by our Social Impact Champions network, made up of employees within individual markets who work to drive change. By working toward procuring 100% of our electricity from renewable sources, we mitigate against the risk of energy from high-carbon sources becoming more expensive over time, while simultaneously sending demand signals to policymakers and the wider electricity market. We remain exposed to price volatility in renewable energy and renewable energy certificates (e.g., EACs/RECs).
	Market	<b>Global GDP change / economic disruption</b> If climate change drives reductions in GDP, the corresponding reduction in purchasing power would impact the advertising and marketing budgets of our clients.	Low	Low	Med	Our B2B2S strategy aims to build sustainable business models and future-proofed products together with our clients. This will help dentsu build resilience against the possibility that GDP is negatively impacted. The potential social and economic disruption from crossing 2°C could be devastating. We will contribute to the decarbonization of the economy by delivering our net zero strategy and encouraging clients and suppliers to follow suit.

\* Short-term: 0 – 1 years, Medium-term: >1 – 3 years, Long-term: >3 – 15 years  
The magnitude of impact (Low/Medium/High) describes the extent to which the impact might affect our business.

Risk/Opportunity		Business Impact	Exposure (by Time Horizon)*			Resilience Measures
			Short	Med	Long	
Transition Risk/ Opportunity	Market	<b>Changing consumer behavior/consumption patterns</b> Environmental concerns are becoming central to consumers' purchasing decisions, posing risks to laggard clients and opportunities for leaders and disruptive innovators, as well as for new marketing strategies.	Med	High	High	We recognize the role we play in driving consumption and are embedding sustainable behavior into our strategy and planning process. Our internal guidelines educate client-facing staff on changing dynamics regarding climate and sustainability-related issues in the markets in which we operate. This enhances our ability to support clients in an economy with changing consumption patterns.
		<b>Sector exposure</b> Our exposure to fossil fuel intensive sectors means revenue could be at risk in the event of a rapid decarbonization of infrastructure and disrupted supply chains.	Low	Med	High	Our internal guidelines and thought leadership educate client-facing staff on the changing dynamics of the markets in which we operate regarding climate and sustainability-related issues. We will support clients' decarbonization, while targeting increased exposure to companies with sustainable products and business models.
		<b>Emerging sectors</b> There is an opportunity to win new business and grow revenue by working with companies that thrive as society decarbonizes and adapts to climate change.	Low	Med	High	We will monitor the development of new industries and business models and proactively target those with significant long-term economic growth potential.
	Reputation	<b>Contentious clients</b> Dentsu may face declining revenues and/or reputational risk if we serve clients that fail to transition or become controversial or are disrupted by new entrants.	Low	Med	High	Our policy on working with potentially contentious industries requires decisions to be made by our executive leadership team in each market. By creating sustainable products and business models with clients, we minimize the risk.
		<b>Reputational damage</b> Dentsu's own climate performance and reputation is increasingly a matter of revenue protection. Our ability to attract and retain clients, business partners, employees and other stakeholders will depend on maintaining a reputation as a climate leader.	Med	High	High	Dentsu has set an ambitious strategy to achieve net zero emissions by 2040 and is expanding its existing Science Based Target to include Japan. We have implemented carbon reduction programs across our operations and supply chain, and publicly disclose year-on-year performance against targets. To accelerate the decarbonization of media planning and distribution we have built a bespoke and verifiable calculator to quantify emissions. And we continue to innovate to bring low carbon solutions to our clients.
Physical Risk	Acute	<b>Increased severity and frequency of extreme weather events</b> The physical risks of climate change— especially extreme weather—could pose significant financial, operational, and social costs for dentsu's clients, our own operations and supply chain. For example, heatwaves or flooding could impact employees' ability to travel to dentsu offices, be productive and deliver services to clients.	Low	Med	Med	We have undertaken a high-level risk assessment to understand the potential physical climate risks to our key sites. This informs our Resilience Management System and development of local resilience policies. We also partner with Everbridge, which provides targeted real-time alerts to monitor and assess threats to our people, property, technology, or suppliers. Online connectivity is critical to delivery of client services, so the resilience of our cloud-service providers is a priority. We ensure this through strong personal relationships with cloud-service providers, allowing us to switch between data servers in the event of localized disruptions. We provide laptops to all employees globally to enable them to work from any location with internet access.
	Chronic	<b>Earlier and/or more severe climate</b> Earlier and/or more severe than projected climate impacts could potentially bring about (or contribute significantly to) major economic disruption.	Low	Med	High	By delivering our net zero emissions strategy, encouraging clients and suppliers to follow suit, and actively promoting new consumption patterns, we contribute to efforts to try to ensure warming is limited to 1.5°C.

\* Short-term: 0 – 1 years, Medium-term: >1 – 3 years, Long-term: >3 – 15 years  
 The magnitude of impact (Low/Medium/High) describes the extent to which the impact might affect our business.

## Fair and open society

Diversity, equity & inclusion remains a Board-level priority for dentsu. We continue to champion a society free from inequalities and discrimination. In 2022, we achieved 13.8% female representation in our senior management team in Japan. In other markets 37% of our leaders are now female, with 43% female representation in leadership in the Americas. Recognizing the importance of progressing representation beyond gender, in the US, we achieved 31% BIPOC representation among our employees in 2022, outperforming our goal of 30% BIPOC representation by 2025.

At the World Economic Forum annual meeting in Davos in January 2023, we joined the call with the Valuable 500 for inclusive reporting to drive the accountability and action needed to build a more inclusive workforce and society. In 2022, we were delighted to be listed again in the Human Rights Campaign Foundation Corporate Equality Index. In the UK, we were again recognized as a Top 100 Employer for Stonewall a LGBT+ inclusion efforts, and for the fourth consecutive we were listed as a top family-friendly employer by Working Families. In North America, we also won AdWeek's Best in Diversity, Equity and Inclusion Podcast for 'More Than That with Gia Peppers.' (p. 38)

We understand the opportunity we have to scale our impact through our client and partner ecosystem. Our goal is to reach one billion people with campaigns that challenge perceptions and stereotypes by 2030, and in 2022 we made great progress, reaching over 511 million people. In June 2022 at the Cannes Lions Festival, we were proud to win three Grand Prix awards for 'The Unfiltered History Tour' (p. 39) from Dentsu Creative in India and VICE World News, an interactive tour of the British Museum telling the story of ten looted artifacts currently on display at the museum. At the same time, we continued our work to address the underlying issues exacerbating inequality including health and wellbeing, an issue which remains in the global spotlight.

We continued our support for the Zero Malaria campaign with Malaria No More. The campaign has reached almost one billion people to date and put malaria back on the

political agenda. At the Commonwealth Heads of Government Meeting in Rwanda in June 2022, we renewed our commitment to this important cause with a pledge to contribute an additional 5 million USD in media resources and pro bono marketing support. We were proud that this work to drive policy change across the continent has been recognized by The Global Media Awards and The Drum Awards, with dentsu proud to take home the Grand Prix at both ceremonies. In Japan, dentsu received the Good Design Award for Haptic Field, a sports viewing device developed by dentsu for the visually impaired. The system was designed to work with Blind Soccer® but can be applied to additional sports and has been well received in the J1 League (Japan Professional Football League) matches.

We continue to work together to support the people in the dentsu Ukraine affiliate who are living with the realities of war every day. The crisis team in our Central Eastern Europe cluster has been relentless in its efforts to ensure humanitarian aid reaches Ukraine and continues to run the 4U Hub for refugees. In 2022, we supported the Dentsu Refugee Alliance, donated our creative and design skills to launch the Nadiya App for Ukrainian orphans, and created the award-winning Be Brave Like Ukraine campaign. We have identified remote working opportunities across the business for dentsu employees who continue to work from Ukraine. Today, there are 63 Ukrainians working closely with teams across the UK, Germany, Poland, Hungary, Czech Republic, and the US. We have helped 28 Ukrainians to relocate to new countries and find permanent employment opportunities with dentsu.

## Digital for good

As a business driven by data and technology, we have a vital role to play in protecting human rights in a digital world. From misinformation about COVID-19 through to elections, ‘healthy’ use of digital and technology is the lifeblood of democracy, citizenship and of course, consumer activity. At dentsu, we are committed to working exclusively with partners whose data and AI ethics and practices meet our own standards, and we continue to collaborate across industry with organizations such as the Global Alliance for Responsible Media, the Conscious Advertising Network and the Responsible Media Forum, to make the digital world a safer place for users. Ahead of COP27 in November 2022, we supported an open letter led by the Conscious Advertising Network, asking that COP delegates adopt common definitions for climate disinformation and misinformation, and then work to prevent it. We recognize that we can’t fight the climate emergency without tackling this. The letter was signed by 550 groups and individuals, including diplomats of the 2015 Paris Agreement and a former UN Climate Chief.

We also believe that everyone, especially youth from disadvantaged communities, should be given the skills to be active and informed digital citizens, and continue to invest in community partnerships including The Code\*. In 2022, The Code launched in five new

markets—Croatia, South Africa, New Zealand, Taiwan and Sri Lanka—bringing our total footprint to 17 countries since 2017. We were also delighted to offer early career opportunities to The Code alumni. In the UK, The Code alumni have formed the VIZ: Very Important Gen-Z group, advising dentsu on how to improve the Gen-Z workplace experience and providing valuable focus groups for our clients on engaging with the

Gen-Z demographic.

In addition to The Code, we partnered with local schools, universities and NGOs in over seven countries to help students from underrepresented communities develop digital literacy and skills and gain exposure to our industry. In the US, we partner with Howard University, a truly comprehensive, predominantly black university, to contribute to the development of leading-edge database technology and consumer marketing curricula. In Canada, we educated young people aged 16 to 20 about data analytics and marketing as part of the Leadership by Design ‘Summer Up’ education programming. We are proud to collaborate with educational platforms too, such as Digital University in Poland, an organization that provides conferences, training, workshops and lectures to educate people on digital technologies.

Our Polish team filmed an episodic series called DigiWorld, targeting young people aged 13 to 16 to equip them with the knowledge and tools to navigate a complex and changing digital world. The series launched online and through schools in 2022, with each episode themed around an important digital issue, including stress, fake news, and artificial intelligence. In 2023 the project will be embedded into school lessons to deepen the understanding of these topics among students. We recognize the value in helping young people apply learnings outside of the classroom, which is why we partnered with Girls Who Code on their 2022 Summer Immersion Program. With a shared commitment to close the gender pay gap in tech, we ran coding sessions for 50 girls from around the world, giving them access to real-world experience and the opportunity to learn from the inspiring women in tech at dentsu. These initiatives meant that in 2022, we supported 5,800 young people to become empowered digital citizens, bringing our total reach to over 35,000 since 2017, toward our 2030 target of 100,000.



\*<http://www.thecode-dentsu.com>

## Sustainability initiatives

The global scale of the media industry is not to be underestimated. How we produce and disseminate our campaigns and work with our clients, partners and suppliers has an impact, and will play a critical role in the journey to net zero for the industry. At dentsu we aim to collaborate with our clients and partners so that we can go further, faster together.

### Media Carbon Calculator Decarbonizing media since 2019



Today’s carbon calculators use spend-based methodologies. In line with the Greenhouse Gas (GHG) Protocol, to approximate the emissions associated with media. We used this approach at dentsu to establish a baseline for our media emissions in 2019. While effective for reporting emissions, spend-based methodologies have limitations, including the inability to identify emissions hotspots. With radical decarbonization as our goal, we realized early in our journey that this approach was limited. In 2021 we collaborated with Axionable, a specialist in sustainable and responsible artificial intelligence consulting, to develop and test country-specific calculations that cover a full range of media. These tools are now available for clients to calculate the end-to-end emissions associated with TV, digital, cinema, print and display media in countries including Denmark, France and the UK, and will launch in Canada and the US in 2023. In the same year, we will integrate carbon data into our planning systems and attention economy tools, enabling our clients to optimize media plans for both attention and carbon.



### Metaverse Production New methods to reduce the impact of making videos



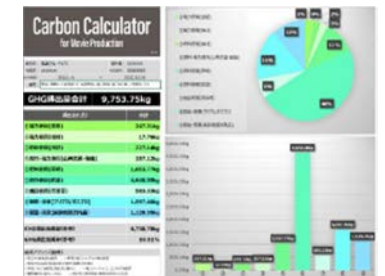
In Japan, Metaverse Production and the dentsu-Japan-wide project group “dentsu carbon neutral solutions” will work together to reduce video production-related greenhouse gas emissions, a hitherto uncharted area of Japan’s video production industry.

Metaverse Production is a project team comprising dentsu, Tohokushinsha Film Corporation, Hibino, and Omnibus Japan. The project group offers services to help clients achieve carbon neutrality. As a first step, the collaborators developed a film production carbon calculator.

When numerical values have been entered into inventories that cover each of the production phases—planning, production prepping and shooting, post-production, and finalization—the calculator shows the amount of GHG emitted in the production of video content.

Steps to reduce the carbon footprint at each phase of production are also suggested by our calculator. For example, it indicates the effectiveness of such Metaverse Production goals as breaking away from mass-consumption production and the achieving of efficiency through technology.

Starting this year, we aim to represent the industry standard in Japan for the shift to virtual production.



The reduction of CO<sub>2</sub> emissions is not the only area in which we can make an impact on society, and below we introduce two further initiatives to help achieve a sustainable society.

### Inclusive event guidelines Enjoyment for all

Dentsu has teamed up with UD Japan, a specialist in research, analysis, and solutions designed to develop organizational frameworks that promote Diversity, Equity, & Inclusion (DEI). Together, we have formulated a set of guidelines for the production of events that no one left behind.

The guidelines provide insights designed for the planning and running of international and large-scale events, such as those in which dentsu has been involved to date, to ensure that a diverse range of people are welcomed to participate — people are to be chosen regardless of nationality, age, gender, or disability.

The guidelines, which incorporate the principles of universal design (UD), enable us to anticipate all kinds of potential obstacles based on participants’ experiences, and then systematically organize and compile corresponding solutions.

In the months and years ahead, dentsu will follow the guidelines to expand the number of universally enjoyable events in which it is involved. In addition, by making the guidelines open to the public, we will be helping achieve an inclusive society by promoting UD-compatible events, as well as providing consultation and implementation support for businesses’ DEI initiatives.



### FLEX KITCHEN

#### Smart plant-based products spiced up with laughs

Kraft Heinz in the UK wanted to promote its new plant-based product range to a younger audience. Dentsu partnered with 4Studios to create Flex Kitchen, a five-part digital comedy cooking series. Each episode takes a comedian and sets them up for a cooking challenge using ingredients from the new plant-based product range.

The series presented a clear message: Kraft Heinz can reduce meat consumption without compromising on taste or enjoyment. The campaign’s popularity among younger audiences demonstrates the power of delivering an important message on sustainable consumption through a light, comedic approach. Flex Kitchen was the most watched piece of branded content on Channel 4 in the UK in 2022, delivering 23 million views. Viewers loved the series, with 69% saying they enjoyed the content and want to see more of this type of activity from brands. We saw consumers’ perceptions and behavior change with a 91% of those surveyed agreed that ‘Heinz were making it easy to eat more plant-based meals’ and 74% more likely to buy Heinz products as a result of the campaign.



A woman with glasses and a floral top is sitting at a table in a cafe, talking to a man whose back is to the camera. The scene is brightly lit with natural light from a window. There are plants and tables in the background.

## 07 Governance





# CHAIRMAN MESSAGE

**Tim Andree**  
Chairman of the Board

## Continued enhancements for good governance to create value for all

Dentsu has made significant progress in the past three years on corporate governance, business performance, clarification of long-term strategy, enhancement in diversity of management and advancing ESG credentials.

I assumed the position of non-executive Chairman of the Board in March 2022 following a 16-year executive career with dentsu. At dentsu, my focus has been to increase our corporate value to shareholders by concurrently enhancing our value to society, clients, employees and other stakeholders to create sustainable benefits for all.

Dentsu has taken a number of steps to deliver on these objectives through our approach to governance. It is our intention to lean into the changes in Japan's Corporate Governance Code and take a leading position consistent with the best global practices.

- Following the appointment of Hiroshi Igarashi as CEO of Dentsu Group Inc. in January 2022, we separated the role of Chairman of the Board from the Group CEO's remit in March.
- We welcomed four new independent outside directors to our Board in 2022 to pursue the most experienced, diverse and international Board in our history. The Board's "skill matrix" is extensive and serves well to provide oversight, guidance, counsel, and direction.
- In November 2022, we announced creation of the new role, Chief Governance Officer, to enhance governance and compliance throughout the Group.
- At the Annual General Meeting of Shareholders in March 2023, six of the ten directors appointed by shareholders were independent, making a majority independent Board for the first time. Also, the shareholders approved the proposal for a shift of our governance structure to the more global practice of

three separate committees: Nominating, Audit and Compensation. These are statutory committees, chaired by independent directors with each committee holding an independent majority membership.

These significant enhancements to governance are indeed timely given the concerns that have been raised from all stakeholders regarding the investigation of Dentsu Group Inc. for alleged violation of the Japanese Antimonopoly Act related to the Tokyo 2020 Olympic and Paralympics test events bidding. The Board acted swiftly to address these concerns surrounding the Group, establishing the Special Committee, chaired by Gan Matsui, Director, Audit Committee Chairman. The investigation into the alleged incident has been fully separated from management. The Investigation and Review Committee, formed by outside experts, investigated the current case, determined the facts and causes, and made recommendations for the future to the Special Committee. The Board takes the situation seriously, sharing the learnings of the investigation transparently, and communicating the countermeasures being implemented (for details, please click [here](#)).

On behalf of our entire Board, I want to assure all stakeholders that the significant changes to governance we have taken at the Board level, executive level, and throughout the Group demonstrate a sincere embrace of best practices in terms of compliance, risk management, transparency, and ethical decision-making. It is an honor to be in this role, and we recognize our clear responsibilities to the shareholders by committing ourselves to be good stewards of your investment. This in turn will make us responsible citizens of the society where we operate, good for our employees, and committed partners of clients.

## Messages from outside directors



### Challenges for the 2nd year

Overseeing a further reinvention of dentsu's organization, governance, and culture

**Andrew House**

Independent Outside Director

The first year for the new dentsu Board has focused on areas key to the Group's future success. These have been: shifting the organization to a truly global, integrated player under the One dentsu initiative while also moving toward a different practices of global governance and finally shifting the culture toward that of societal contribution and responsibility. Important initial steps have been taken but it is now critical that the Board hold management accountable for fulfilling the promise. A continuation of the current frank, challenging and constructive dialogue between management and the non-executive directors will be essential. Finally, in light of recent events, compliance will need to be a fundamental element of the new dentsu culture and the outside directors are committed to ensuring this is accomplished.



### Thoughts upon taking office

Meeting society's expectations and contributing to dentsu's development by deepening discussions with various stakeholders

**Yuka Matsuda**

Independent Outside Director

I joined dentsu in March 2023 as a newly appointed director. Since then, the purpose of dentsu, namely, "an invitation to the never before." has become my own. I see great potential in dentsu, as it promotes social development through new ideas and solutions.

Over the past several years, the Group has been engaged in business transformation, structural reform, and governance enhancement, yet Group-wide governance and compliance remain important issues. Thus, I will monitor the Group to ensure it meets the expectations of society at large. I plan to contribute to the Group's sustainable growth, both from the perspective of my area of expertise, as well as through discussions involving directors with other backgrounds, and by listening to stakeholder opinions.



## Corporate governance structure

As a corporate group of “B2B2S (Business to Business to Society)” that resolves social issues through client businesses, dentsu will strive to maximize corporate value for all stakeholders, including shareholders, investors, clients, partners, employees, and consumers.

In pursuit of the Group’s Medium-term Management Plan, which was launched in February 2021 and updated in February 2022, and to further strengthen our corporate governance, Dentsu Group Inc. (the Company) transitioned to a company with three committees (nominating, audit, and compensation) after approval for amendments to the Articles of Incorporation at the 174th Ordinary General Meeting of Shareholders, held on March 30, 2023.

The Company promotes swift and decisive management decisions by transferring authority regarding certain matters from the Board of Directors to executive officers. This strengthens the supervisory function provided by the Board of Directors, which is composed of a majority of independent outside directors, and enhances the effectiveness of auditing and internal control, in an attempt to enhance corporate value.

Under this system, the Company realizes effective corporate governance based on the following basic policy in order to fulfill its responsibilities to its stakeholders to ensure sustainable growth, and enhance its corporate value over the medium and long term.

### Corporate governance basic policy

The Company’s basic policy is designed to:

- (1) Respect shareholders’ rights and ensure their equal treatment
- (2) Consider the interests of stakeholders, and cooperate with them appropriately
- (3) Appropriately disclose company information and ensure transparency
- (4) Enhance the effectiveness of the supervisory function of the Board of Directors concerning business execution
- (5) Engage in constructive dialogue with shareholders who have an investment policy that conforms to the medium- to long-term interests of shareholders

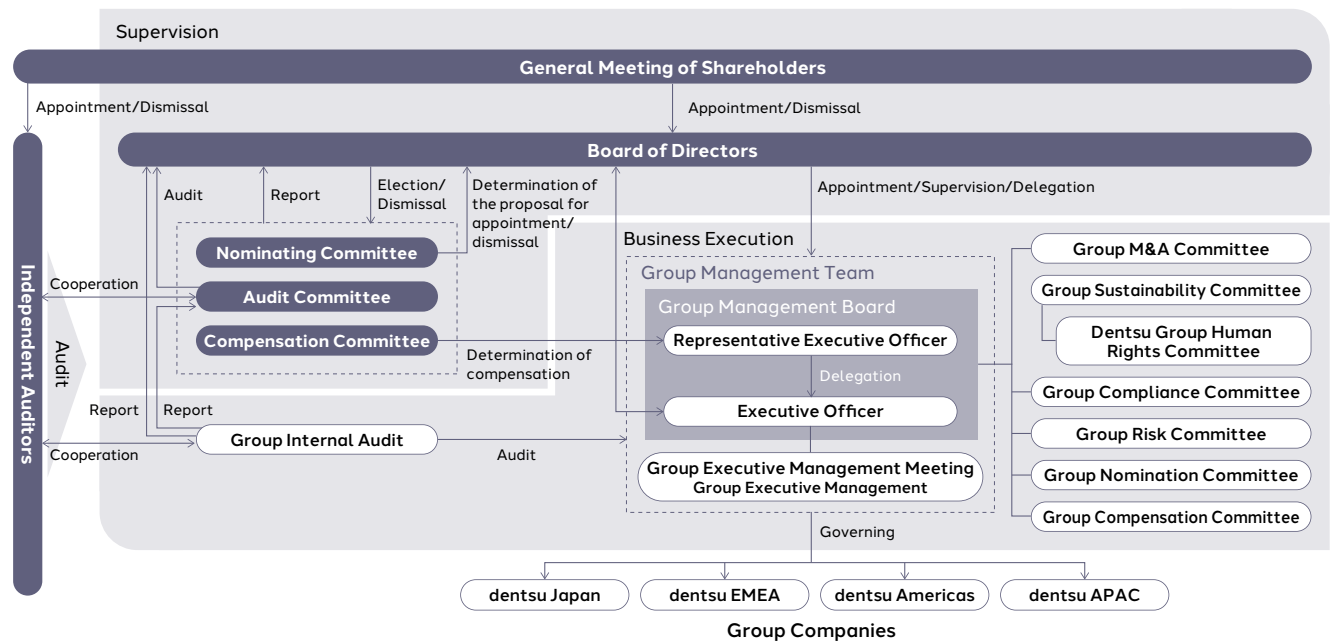
To strengthen the supervisory function of the Board of Directors, and further enhance its transparency, the

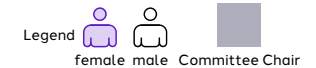
Company is operating with below boards and committees from 2023.

### Board of Directors

As well as exercising a supervisory function over business execution, the Board of Directors determines core management matters for the Group, such as the establishment of management strategy, important management issues, and appointment of executive officers. At present, the Board of Directors chaired by a non-executive director is composed of 10 directors, including six independent outside directors. The members are selected based on the consideration of a balance of factors such as experience, insight, abilities, and diversity in terms of

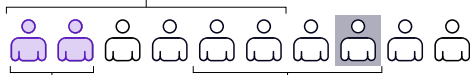
### Corporate governance structure





gender, nationality, career, and age.

Independent outside directors: 6 members (60%)



Female directors: 2 members (20%)  
Non-Japanese directors: 4 members (40%)

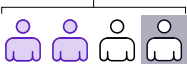
**Main agenda items of the Board (met 15 times in 2022)**

- Long-term vision, management strategies
- Transition to the One Management Team, changes to organizational design
- Compliance, risk management, internal control
- Business competitiveness and talent management
- ESG and Sustainability
- Geopolitical risks

**Audit Committee**

The Audit Committee is responsible for auditing the execution of duties by directors and executive officers; producing audit reports; drafting resolutions for submission to general meetings of shareholders regarding the nomination, dismissal, and reappointment of an accounting firm; as well as other duties stipulated by laws and the Company's Articles of Incorporation. The committee is composed of four directors, who are all independent outside directors.

Independent outside directors: 4 members (100%)



Female directors: 2 members (50%)

**Main agenda items of the Audit and Supervisory Committee (met 16 times in 2022)**

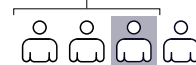
- Status of establishment and implementation of internal control systems
- Assessment of internal audit and Group companies' audit status

- Appropriateness of accounting auditor's audit, adequacy of one's compensation, evaluation, and reappointment

**Nominating Committee**

The Nominating Committee is responsible for nominating candidates for director and executive positions, as well as deliberating and deciding on succession plans for the representative executive officer. The committee, the majority of which is composed of independent outside directors, is composed of four directors, and has an independent outside director as its chair.

Independent outside directors: 3 members (75%)



Non-Japanese directors: 1 member (25%)

**Main agenda items of the Nomination Advisory Committee (met 6 times in 2022)**

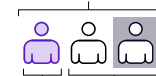
- Role and operating policy of the Nomination Advisory Committee
- Reporting concerning nomination and succession planning policies
- Reporting concerning the Group business execution system for 2023

**Compensation Committee**

The Compensation Committee is responsible for determining policies for the compensation of directors and executive officers, as well as details of the compensation.

The committee is composed of three directors, who are all independent outside directors.

Independent outside directors: 3 members (100%)



Non-Japanese directors: 2 members (67%)  
Female directors: 1 member (33%)

**Main agenda items of the Compensation Advisory Committee (met 7 times in 2022)**

- Role and operating policy of the Compensation Advisory Committee
- Review of executive evaluation indicators and design of the evaluation process
- Reporting concerning the executive compensation system and compensation levels
- Reporting on proposals for compensation for individual directors and executive officers

**Other boards and committees related to the execution of business**

**Group Management Board**

Under the Board of Directors, this has been set up to discuss important matters not addressed by the Board—or to be decided later by the Board—as well as the Group's key management issues. It is composed of Group Management Team members inclusive of executive directors.

**Group Executive Management Meeting**

Under the Group Management Board, it formulates and implements the Group's management strategies (business, finance, human resource and ESG). It is composed of Group Executive Management members who, as members of the Group Management Team, are responsible for business execution.

## Effectiveness of governance

### Evaluating the Board's effectiveness

In order to continuously enhance the effectiveness of the Board of Directors, the Company conducts an evaluation by all directors, and a third-party organization analyzes and evaluates it. The Company confirms the status of improvement of issues identified in the previous year's evaluation, as well as new issues and directions to be taken in the future, and implements specific measures to improve the effectiveness of the Board of Directors to further strengthen corporate governance.

#### Evaluation method for 2022

##### (i) Surveys (for all directors)

Surveys were conducted prior to interviews

##### (ii) Third-party interviews

(for all directors and some executive officers)  
Interviews were conducted to obtain candid opinions while ensuring anonymity

##### (iii) Opinion exchange meeting (for all directors)

Discussions were held with third-party organizations at the Board of Directors meeting to exchange opinions on the issues identified from the surveys and interviews

### Methodology for evaluating effectiveness in 2022

For the 2022 evaluation, as in 2021, an independent third-party evaluation organization prepared survey items and distributed and collected surveys for all directors. In addition, based on the results of the surveys, interviews were conducted with all directors and some executive officers. The results were evaluated and reviewed by a third-party organization and compiled into a report, and the content was explained by the third-party organization and discussed at the Board of Directors meeting held in January 2023.

#### Key topics in the survey and interviews in 2022

##### \*Items in the survey (8 items, 46 questions)

- 1 Strategic alignment and engagement (management strategy, capital policy, business portfolio review, ESG response, business risk, dialogue with shareholders, etc.) (13 questions)
- 2 Composition and structure of the Board of Directors (succession plan, skill set, etc.) (4 questions)
- 3 Board of Directors' process and practices (board management, organizational design, discussion topics, training, etc.) (9 questions)
- 4 Management supervisory functions (monitoring business activities, risk management, global governance system) (9 questions)
- 5 Board culture and dynamics (3 questions)
- 6 Audit and Supervisory Committee (4 questions)
- 7 Issues from the 2021 effectiveness evaluation (3 questions)
- 8 Other (1 question)

#### Issues from 2021 and progress for 2022

(i) Promote continuous improvement of the long-term vision and management strategies and the governance system to support them under the new management structure  
Effective discussion by the Board of Directors was further enhanced under a system including highly diverse members with new insight. Deep-dive sessions outside of formal Board of Directors meetings which were joined by executive officers were held in August 2022, featuring constructive discussion and consideration regarding the long-term vision and strategies.

(ii) Enhance discussions at the Board of Directors meetings to incorporate shareholder and ESG perspectives (enhance the monitoring of the Medium-term Management Plan)

The Board of Directors is effectively monitoring progress and implementation of the Medium-term Management Plan. At the same time, there is an understanding that further improvement is to be brought by a clear consensus among all directors regarding what kind of "shareholder and ESG perspectives" should be brought in monitoring.

(iii) Further evolution of the management of the Board of

Directors (to strengthen the monitoring function)

Efforts were made to improve points such as the scrutiny of agenda items, clarification of issues, implementation of advance briefings, provision of materials, and securing time for deliberation.

### Efforts for improvement in the future

As a result of the 2022 evaluation of the effectiveness of the Board of Directors and repeated discussions aimed at improving its effectiveness, we assessed that the foundations have been established for a highly effective Board of Directors. At the same time, the need to engage in the initiatives in (i) to (iv) below has emerged, to realize an even more effective Board of Directors based on these foundations.

(i) Deliberation on important agenda items and the determination of direction based on the long-term vision and strategies

Consider specific visions and goals for each important agenda item (business portfolio, human capital investment, ESG/sustainability strategy, etc.) based on the results of consideration of the long-term vision and strategies

(ii) Establishment of common frameworks for effective monitoring

- Reconfirm specific frameworks for monitoring by the Board of Directors from the perspectives of shareholders and ESG

- Deepen analysis and consideration of the business portfolio and hold effective discussions on financial targets, efficient allocation of management resources, and strengthening global competitiveness

(iii) Consideration of the approach to monitoring after the transition to the One Management Team

Redesign monitoring methods for regional risks, issues of execution, etc.

(iv) Consideration regarding changes to organizational design

Consider changes to organizational design to transition to a company with three committees from the perspectives of facilitating an even more effective supervisory function and making the organization easier for stakeholders to understand

### Results of initiatives in 2022 to improve the effectiveness of the Board of Directors

Feb. 2022: Updated the Dentsu Group Medium-term Management Plan, proposed the new management policy “B2B2S,” and further specified the strategies and targets of the Medium-term Management Plan

Mar. 2022: Renewed the structure of the Board of Directors, separating the roles of chairperson of the board (non-executive director) and CEO

Aug. 2022: Held a full day meeting of directors and executive officers concerning the long-term vision and strategies

Sep. 2022: Announced the transition to the new global management structure, “One Management Team” (effective January 1, 2023)

Nov. 2022: Announced the management structure for 2023, “Group Management Team,” which leads the One Management Team (effective January 1, 2023)

Feb. 2023: Discussed key agenda and formulated annual agenda of the Board of Directors at deep-dive sessions outside of formal Board of Directors meetings

Mar. 2023: Transitioned to a company with three committees

### Training for directors and executive officers

Directors and executive officers are provided with training and ongoing opportunities to acquire the knowledge essential for executing their duties in order to properly fulfill their given roles. Specifically, when outside directors are appointed, they are given an explanation of dentsu’s business and organizational structure and are regularly provided with information pertaining to business issues and other related matters after their appointment. For the Group Management Team, occasions for discussion related to identifying and formulating solutions to dentsu issues are facilitated, in addition to continuously providing them with compliance and other necessary training programs.

## Executive compensation policy / Strategic shareholdings

### Policy for determining the amount of compensation and calculation methods

#### (1) Basic policy on determining compensation

The Company determines the compensation for directors and executive officers (“officers” in this section) (for executive officers who are members of the Group Management Team, this includes compensation as a member of the Group Management Team) as follows:

- Implement a globally competitive compensation system and compensation levels
- Implement a compensation system based on management performance and results. Ensure a balance between fixed compensation and variable compensation

#### (2) Compensation system

Compensation of executive officers (including those concurrently serving as directors) is composed of basic annual salary, annual bonus, and performance-based stock compensation. However, the Company may make monetary payments in the amount equivalent to all performance-based stock compensation to executive officers who reside outside of Japan and do not hold securities accounts for managing listed shares in Japan.

The Company provides outside directors and those inside directors not concurrently serving as executive officers only with a basic annual salary as director compensation which is a fixed amount set according to each director’s duties, as set forth in the Company’s Officers Compensation Rules.

#### Compensation overview

Category	Type	Details
Fixed compensation	Monetary compensation	<ul style="list-style-type: none"> <li>Basic annual salary                             <ul style="list-style-type: none"> <li>• Regular fixed amount, paid each month</li> <li>• Amount is set as officers compensation</li> </ul> </li> <li>Annual bonus                             <ul style="list-style-type: none"> <li>• Based on numerical values of indicators for each fiscal year</li> </ul> </li> </ul>
	Stock compensation	<ul style="list-style-type: none"> <li>Performance-based stock compensation                             <ul style="list-style-type: none"> <li>• The Company’s stock is awarded, through a trust, in amounts reflecting the number of units allocated on a specific date each fiscal year, and adjusted after three years based on the performance indicator targets reached</li> </ul> </li> </ul>

#### Compensation levels

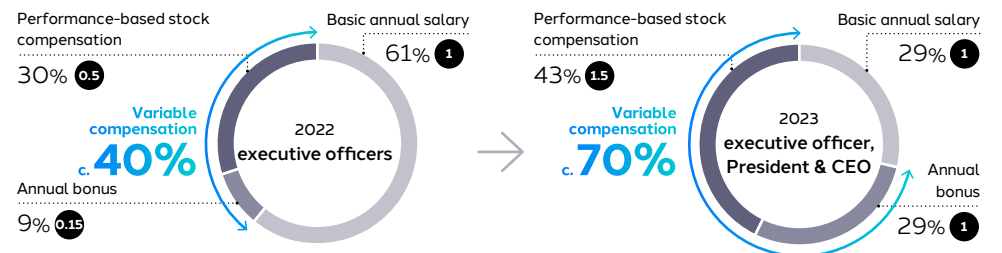
To secure globally talented management personnel, the Company sets compensation levels of basic annual salaries for executive officers according to the size of responsibility and roles, utilizing a specialized external agency and with reference to compensation market survey data, including those from companies with a similar market capitalization in Japan and global advertising companies<sup>\*1</sup>.

<sup>\*1</sup>: WPP plc, Omnicom Group Inc., Publicis Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., and Hakuholdo DY Holdings Inc., etc.

#### Revision of compensation system

In 2023, the Company transitioned to a global management structure with the Group Management Team and a company with three committees, and announced its aim to accelerate business transformation and achieve more sophisticated management. In this context, executive officers are responsible to be fully conscious of the Company’s social significance and realize high performance and corporate value, over the medium and long term. Therefore, the level and performance indicators are reviewed to strengthen the performance linkage and the incentives for increasing corporate value compared to the prior system.

#### Compensation overview



Note: The diagram shows the final composition of annual compensation as executive officers, assuming that all targets have been accomplished. Percentages are rounded to the first decimal place.

#### Increasing performance linkage

With importance on business performance and enhancement of corporate value over the medium and long term, the ratio of basic annual salary to annual bonus to performance-based stock compensation in the case of the President & CEO is set at approximately 1:1:1.5. The ratio set for other executive officers is based on their global management responsibilities.

### (3) Performance-based compensation structure

#### i. Objective of setting indicators

For each type of performance-based compensation, the Company has specified performance indicators and calculation methods to motivate executive officers to promote business transformation and growth strategies, work to maximize corporate value, and fulfill the Group's purpose: "an invitation to the never before."

#### Performance-based compensation structure

Compensation	Performance Indicator	Details and Objective	
Performance-based stock compensation	Total Shareholder Return (TSR) vs. peer group	Increase the Company's stock price and share profits with shareholders	Maximize corporate value
	Total Shareholder Return (TSR) including dividends vs. Tokyo Stock Exchange Stock Price Index (TOPIX)		
	Consolidated underlying operating income compound annual growth rate (CAGR)	Sustainable profit growth	
Annual bonus	Operating margin, Organic growth rate	Expand business revenues and growth in each fiscal year	"an invitation to the never before."
	Individual performance evaluation	Promote business transformation	
	Non-financial indicators	Implement ESG and sustainability-related initiatives	

#### Empowerment through individual performance evaluations

Under One dentsu, the diverse Group Management Team is spearheading business transformation. Toward this end, an individual performance evaluation was introduced in 2023 to empower executive officers by setting management issues for each and evaluating the degree to which these are resolved.

The Compensation Committee, meanwhile, discusses goal setting and evaluations with the aim of improving governance.

#### People-centered transformation

The Company began using non-financial performance indicators for the annual bonus in 2022. While stressing people-centered transformation, the Company sets important quantitative targets: to invest in human capitals; promote DEI; and carry out initiatives to build a sustainable world.

#### ii. Annual bonus

$$\text{Annual bonus} = \text{Base amount for each executive officer (Range of 100 to 170\% of one's annual salary)} \times \text{Indicator of annual bonus (Range of 0 to 200\%)}$$

The amount paid is determined between 0 to 200% of the base amount set for each executive officer, depending on the performance of the indicator.

#### 2022 targets and results

Performance Indicator	Target	Actuals	Ratio
Consolidated underlying operating profit	189.9 billion yen	203.1 billion yen	90%
Consolidated underlying operating profit of the Japan businesses	104.9 billion yen	105.6 billion yen	
Employee engagement score (points)	DJN <sup>*2</sup> 63; Upper limit target 65 DI <sup>*2</sup> 70; Upper limit target 72	60 71	
Proportion of female managers (%)	Consolidated 17.0 Upper limit target 17.4	18.1 <sup>*3</sup>	10%
CO <sub>2</sub> emissions (scope 1 + 2) (tCO <sub>2</sub> e)	Consolidated 29,202 Upper limit target 28,706	16,039 <sup>*3</sup>	

\*2: DJN: Dentsu Japan Network, DI: Dentsu International

\*3: Preliminary unaudited figures disclosed in the Notice of Convocation of the 174th Ordinary General Meeting of Shareholders were used to determine the bonus amount.

Note: Depending on the responsibilities of an officer eligible for a bonus, the underlying operating profit of either the consolidated or Japan business is used as the performance indicator.

#### Financial performance indicators revision: Individual performance evaluations introduced

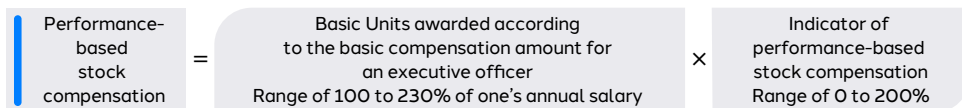
#### 2023 targets

Performance Indicator	Target	Ratio
Operating margin (%)	17.5; Upper limit 20.1	35%
Organic growth rate (%)	4.7; Upper limit 8.0	35%
Individual performance evaluation	Management targets set to each executive officer	20%
Employee engagement score (points)	69; Upper limit 70	
Proportion of female Leaders <sup>*4</sup> (%)	32.5; Upper limit 34.2	10%
CO <sub>2</sub> emissions (scope 1 + 2) (tCO <sub>2</sub> e)	28,256; Upper limit 25,404	

\*4: "Leaders" are directors and executives of the companies across the Group.



iii. Performance based stock compensation (medium- to long-term bonus)



A number of units are granted, in line with the Basic Units set for each executive officer, and then adjusted over a three-year period within a range of 0 to 200%, based on performance indicator target attainment. The Company's stock and equivalent monetary amount (in equal amounts, as a rule) are awarded through a trust in an amount commensurate with the adjusted number of units.

Performance evaluation period: 2022–2024

Performance Indicator	Target	Ratio
Total shareholder return (TSR)	Vs. Tokyo Stock Price Index (TOPIX) including dividends 100%; Upper limit 110%	30%
	Vs. average TSR for peer group 100%; Upper limit 110%	20%
Consolidated underlying operating profit	Compound annual growth rate (CAGR) 7.5%; Upper limit 11.5%	50%

Note: Results for each of the three performance indicators are not given because three fiscal years have not yet passed.

Composition revised for TSR compared with peer group companies, more ambitious upper limit target set

Performance evaluation period: 2023–2025

Performance Indicator	Target	Ratio
Total shareholder return (TSR)	Vs. Tokyo Stock Price Index (TOPIX) including dividends 100%; Upper limit 150%	20%
	Vs. average TSR of 2nd and 3rd highest companies in the peer group Upper limit average of 1st and 2nd companies	30%
Consolidated underlying operating profit	Compound annual growth rate (CAGR) 8.0%; Upper limit 10.5%	50%

Total shareholder return vs. that of peer companies

A peer group of six companies has been selected, comprising WPP plc, Omnicom Group Inc., Publicis Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., Accenture PLC, and Hakuhodo DY Holdings Inc., which are competitors of the Group.

(4) Compensation determination

Supervision enhancement by the Compensation Committee

Following approval at the 174th Ordinary General Meeting of Shareholders in 2023, the Company amended its Articles of Incorporation accordingly and transitioned to a company with three committees. Effective from that time, matters concerning the compensation of officers are being decided by the Company's new Compensation Committee.

Outside directors have been appointed as members and chair of this committee to make its deliberations and decisions more objective, and strengthen its supervision of business execution.

Malus and clawback clauses

The Company has set the Officers Stock Benefit Regulations stipulating that the Company may withdraw some or all of an executive officer's right to receive performance-based stock compensation (malus) or demand the return of some or all of the stock or cash that has been paid from an executive officer (clawback), by resolution of the Compensation Committee, if the executive officer has caused serious damage to the Company through intent, negligence, inappropriate actions, etc., or where there is an error in financial information with the effect of decreasing the amount payable to the executive officer.

Policy on the disposal of strategic shareholdings and actual reductions

The Company's basic policy regarding so-called strategic shareholdings is to validate whether shareholdings are meaningful from perspectives such as whether the benefits of holding the shares are higher than the Company's anticipated cost of capital, and whether the stock ownership contributes to the maintenance and enhancement of the business relationship with the investee company and the promotion of collaboration, and to reduce individual shareholdings where they are not deemed meaningful.

Each year, the Board of Directors examines the purpose and economic rationale for each and every strategic shareholding from a medium- to long-term perspective, and assesses the appropriateness of continuing to hold each stock. In 2022, the Company sold 15 strategic shareholdings with a total value of approximately 23.0 billion yen in accordance with this policy. As of December 31, 2022, the ratio of the amount of strategic shareholdings on the balance sheet to the Company's total equity was 8.8%.

## Board members

### Tim Andree

Director, Chairman of the Board

March 2002	Senior Vice President, Communications & Marketing, The National Basketball Association
December 2005	CCO (Chief Communication Officer), BASF Corporation
May 2006	CEO, Dentsu America, LLC.
June 2008	Executive Officer, Dentsu Inc.
November 2008	President & CEO, Dentsu Holdings USA, LLC.
June 2013	Director, Executive Vice President, Dentsu Inc.
January 2020	Director, Executive Vice President, Dentsu Group Inc.
September 2020	Executive Chairman, Dentsu International Limited
March 2021	Representative Director, Executive Vice President, Dentsu Group Inc.
March 2022	Director, Chairman of the Board, Dentsu Group Inc. (current)

### Hiroshi Igarashi

Director, Representative Executive Officer, President & CEO

April 1984	Joined Dentsu Inc.
April 2013	Managing Director, Account Management Division, Dentsu Inc.
January 2017	Executive Officer, Dentsu Inc.
March 2018	Director, Executive Officer, Dentsu Inc.
January 2020	Representative Director, President and CEO, Dentsu Inc.
January 2022	Director, President and CEO, Dentsu Group Inc. Representative Director, Dentsu Inc.
March 2022	Representative Director, President & CEO, Dentsu Group Inc.
March 2023	Director, Representative Executive Officer, President & CEO, Dentsu Group Inc. (current)

### Arinobu Soga

Director, Representative Executive Officer, Executive Vice President & Chief Governance Officer

April 1988	Joined Dentsu Inc.
June 2015	Managing Director, Finance & Accounting Division, Dentsu Inc.
January 2017	Executive Officer, Managing Director, Corporate Strategy Division, Dentsu Inc.
March 2017	Director, Executive Officer, Dentsu Inc.
January 2022	Director, Executive Vice President & CFO, Dentsu Group Inc.
March 2022	Representative Director, Executive Vice President & CFO, Dentsu Group Inc.
January 2023	Representative Director, Executive Vice President & Chief Governance Officer, Dentsu Group Inc.
March 2023	Director, Representative Executive Officer, Executive Vice President & Chief Governance Officer, Dentsu Group Inc. (current)

### Nick Priday

Director, Executive Officer, CFO

August 1996	Audit manager, Ernst & Young
August 2003	Director, Aegis Group plc
September 2009	CFO, Aegis Group plc
April 2013	CFO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited)
January 2018	Executive Officer, Dentsu Inc.
March 2020	Director, Executive Officer, Dentsu Group Inc.
January 2023	Director, Executive Officer, CFO, Dentsu Group Inc. (current)

### Gan Matsui

Outside Director

April 1980	Graduated from the Legal Training and Research Institute of Japan, the Supreme Court
October 2007	Prosecutor, Otsu District Public Prosecutors Office
July 2009	Deputy Prosecutor of the Nagoya High Public Prosecutors Office
October 2010	Deputy Prosecutor of Osaka High Public Prosecutors Office
June 2012	Director-General of Criminal Affairs Department of Supreme Public Prosecutors Office
January 2014	Chief Prosecutor, Yokohama District Prosecutors Office
January 2015	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
September 2016	Retired public prosecutor
November 2016	Registered as an attorney at law (Tokyo Bar Association) Yaesu General Law Office (current)
February 2017	Chairman of the Independent Advisory Committee on Labor Environment Reform, Dentsu Inc.
June 2017	Outside Corporate Auditor, Orient Corporation
June 2018	Outside Director, member of the audit and supervisory committee, Globberide, Inc. (current) Outside Corporate Auditor, Totetsu Kogyo Co. (current) Outside Corporate Auditor, Nagase & Co., Ltd. (current)
March 2020	Outside Director who is not a member of the Audit and Supervisory Committee, Dentsu Group Inc.
March 2022	Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.
June 2022	Outside Director (Audit and Supervisory Committee Member), Orient Corporation (current)
March 2023	Outside Director, Dentsu Group Inc. (current)

**Paul Candland**

Outside Director

June 1985 Joined Owens Corning Corporation  
 April 1987 Joined PepsiCO, Inc.  
 November 1994 President, Okinawa pepsi-Cola, Inc.  
 April 1998 Representative, Japan Branch, PepsiCo International Ltd.  
 November 1998 Representative Director and General Manager, The Disney Store Japan, Inc.  
 April 2002 Managing Director, Walt Disney Television International Japan of The Walt Disney Company (Japan) Ltd.  
 June 2007 Representative Director, President, The Walt Disney Company (Japan) Ltd.  
 July 2014 President of The Walt Disney Company, Asia  
 September 2018 Managing Director, PMC Partners Co., Ltd.  
 June 2019 Outside Director, YAMAHA CORPORATION (current)  
 September 2019 CEO, Age of Learning, Inc.  
 November 2021 CEO, Age of Learning Japan, Inc.  
 March 2022 Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.  
 March 2023 Outside Director, Dentsu Group Inc. (current)

**Andrew House**

Outside Director

October 1990 Joined Sony Corporation  
 October 2005 Group executive and chief marketing officer, Sony Corporation  
 September 2011 Group executive, president and Global CEO, Sony Computer Entertainment  
 April 2016 EVP, President and global CEO, Sony interactive Entertainment  
 October 2017 EVP and Chairman, Sony Interactive Entertainment  
 April 2018 Strategic advisor, Intelity (current)  
 October 2018 Executive mentor, The Exco Group (current)  
 June 2019 Outside director, Nissan Motor CO., Ltd. (current)  
 May 2021 Non-Executive Director, Nordic Entertainment Group AB (currently Viaplay Group AB) (current)  
 March 2022 Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.  
 March 2023 Outside Director, Dentsu Group Inc. (current)

**Keiichi Sagawa**

Outside Director

April 1988 Joined Recruit Holdings Co., Ltd.  
 April 2006 Corporate Executive officer in charge of Corporate Strategy Office  
 June 2011 Board Director and Corporate Executive Officer in charge of Accounting, Finance, Legal Affairs, General Affairs, Investment Management, Corporate Communication and Compliance  
 April 2013 Board Director and Managing Corporate Executive Officer in charge of Administration  
 April 2016 Board Director and Senior Managing Corporate Executive Officer in charge of Finance  
 April 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Finance and Administration  
 May 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) and Administration (CRO)  
 April 2019 Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) Advisor  
 June 2020 Outside director, GIMIC CO., LTD. (current)  
 January 2022 Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.  
 March 2022 Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.  
 March 2023 Outside Director, Dentsu Group Inc. (current)

**Mihoko Sogabe**

Outside Director

April 1992 Joined Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)  
 April 2001 Asahi Audit Corporation (currently KPMG AZSA LLC)  
 May 2005 Registered as a CPA  
 May 2018 Resigned from KPMG AZSA LLC  
 June 2018 Outside director, Nikko Asset Management Co., Ltd. Auditor, Japan Kogei Association (current) Representative, Sogabe Certified Public Accountant Office (current)  
 June 2019 Outside director (Audit and Supervisory Committee member), Nikko Asset Management Co., Ltd. (current)  
 July 2020 Outside auditor, SoleBrain, Co., Ltd. (current)  
 April 2021 Outside director (Audit and Supervisory Committee member), Mitsui DM Sugar Holdings Co., Ltd. (current)  
 March 2022 Outside Director (member of the Audit and Supervisory Committee), Dentsu Group Inc.  
 March 2023 Outside Director, Dentsu Group Inc. (current)






**Yuka Matsuda**

Outside Director






April 1985 Joined Citibank. N.A., Tokyo Branch  
 October 1991 Joined Chuo Shinko Audit Corporation  
 October 1992 Joined Coopers & Lybrand International Taxation Office  
 April 1995 Registered as a CPA  
 April 1999 Registered as a tax accountant  
 July 2014 Director, PwC Tax Japan  
 June 2021 Representative, Matsuda Yuka CPA and Tax Accounting Office (current)  
 July 2021 Outside Corporate Auditor, DKK Co., Ltd. (current)  
 June 2022 Outside Corporate Auditor, Mitsubishi Steel Mfg. Co., Ltd. (current)  
 July 2022 Supervisory Officer, Nochu JAML REIT Investment Corporation (current)  
 March 2023 Outside Director, Dentsu Group Inc. (current)

## Board members skills matrix

● Responsibilities and attributes ○ Skill

	Official position	Business execution	Non-executive	Business management	Finance / Accounting	Audit	Legal / Compliance	Human resources	Global management	Digital business
 <b>Tim Andree</b>	Director, Chairman of the Board		●	○					○	○
 <b>Hiroshi Igarashi</b>	<span style="background-color: #8e44ad; color: white; padding: 2px;">Nominating</span> Director, Representative Executive Officer	●		○					○	○
 <b>Arinobu Soga</b>	Director, Representative Executive Officer	●		○	○	○			○	
 <b>Nick Priday</b>	Director, Executive Officer	●		○	○	○			○	
 <b>Gan Matsui</b>	<span style="background-color: #27ae60; color: white; padding: 2px;">Independent Outside</span> <span style="background-color: #8e44ad; color: white; padding: 2px;">Audit, Chair</span> <span style="background-color: #8e44ad; color: white; padding: 2px;">Nominating</span> Director		●			○	○	○		

● Responsibilities and attributes ○ Skill

	Official position	Business execution	Non-executive	Business management	Finance / Accounting	Audit	Legal / Compliance	Human resources	Global management	Digital business
 <b>Paul Candland</b>	Independent Outside Nominating Compensation Director		●	○					○	○
 <b>Andrew House</b>	Independent Outside Compensation, Chair Director		●	○		○			○	○
 <b>Keiichi Sagawa</b>	Independent Outside Audit Nominating, Chair Director		●	○	○	○			○	○
 <b>Mihoko Sogabe</b>	Independent Outside Audit Compensation Director		●		○	○				
 <b>Yuka Matsuda</b>	Independent Outside Audit Director		●		○	○	○			

## Risk management

### Risk management structure

The major risks associated with the execution of the Group’s strategies and business that may affect the decisions of investors are listed on the following page. Under the corporate governance structure presented in the diagram on p. 64, the Group is engaged in various measures to minimize risks—i.e. future uncertainties that may impede the achievement of management targets—as well as taking advantage of these risks as opportunities.

In 2022, the Group Executive Management Meeting (GEMM) regularly conducted Group-wide risk assessments and discussions on responses. In 2023, with the transition to One dentsu, the newly established Group Risk Committee shall cover medium- to long-term strategic risks, while the four Regional Risk Committees shall cover operational risks. The Group Risk Committee is reviewing each committee’s risk registers, and its discussions are reported to the Board of Directors through the Group Management Board (GMB).

### Risk management process

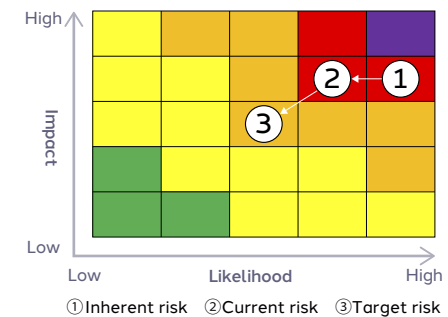
Based on the Enterprise Risk Management (ERM) approach, dentsu aims to minimize the likelihood of identified risks materializing. However, should they occur, the Group minimizes their impact by selecting risk sponsors to whom are delegated the formulation and implementation of risk response plans. The GEMM regularly monitored the risk responses in 2022.

#### Identification

The Group Risk Committee identifies risks which have the potential to occur within the Group. After considering the need for, and importance of, a management-level response, it seeks approval from the GMB. When risks are identified, the GMB selects risk sponsors to whom they delegate the development of response plans in order to prevent their occurrence or minimize their impact should they arise.

#### Assessment

The Group Risk Committee collaborates with risk sponsors to assess risks with the viewpoints of inherent risk, current risk based on past response activities, and target risk to be minimized by future activities, and conducts regular assessments of identified risk impact and likelihood visualized in the risk heat map.



#### Response

Risk sponsors determine the actions, action owners, and due dates required to manage the risk and provide regular reports on their progress. The actions are such they will move the risk to the target risk as defined by the risk sponsor.

#### Monitoring and reporting

The Group Risk Committee monitors the progress of the actions implemented by the risk sponsors and reports to the GMB. In addition, when significant risk becomes apparent, risk sponsors promptly gather and analyze information on the situation and its causes. They report this to the Group Risk Committee and the GMB, and develop and implement follow-up plans.

**Major risks with the potential to affect investor decisions and their countermeasures**

<p>(1) Risks associated with cyclical changes in the global economy and social changes for the post-pandemic era</p>	<p>The Group formulated the Medium-term Management Plan designed to transform dentsu's business so that it can promptly respond to changes in the business environment and seize new business opportunities. The plan, targeting business transformation, was updated in February 2022. It supports B2B2S, the management policy focused on sustainable growth that embodies the plan's strategies and goals. In 2023, the Group launched a framework called One dentsu to strengthen Group competitiveness and advance client-centric global operations.</p>
<p>(2) Risks associated with the development of new businesses from the medium - to long-term perspective</p>	<p>One of the core pillars of the Medium-term Management Plan is the execution of growth strategies through enhancements in areas that support clients' business transformation. This is defined as Customer Transformation &amp; Technology. Aiming to increase its net revenue ratio to 50% (32% as of the end of 2022), the Group regularly monitors and reports its progress.</p>
<p>(3) Risks related to securing human resources</p>	<p>Group-wide engagement surveys are conducted to identify challenges. The Group provides programs for talent development, based on the theme of Diversity, Equity &amp; Inclusion, as well as for reskilling, to promote the growth of all employees. To accelerate people-centered transformation and further enhance management capabilities, the Group transitioned to a global management structure by setting up the Group Management Team in January 2023. New succession planning for senior leadership roles is to be introduced, as well as associated training systems.</p>
<p>(4) Risks related to the business transformation</p>	<p>The Group continues to make structural reforms and is monitoring their progress to respond to rapid changes in the business and competitive environments.</p>
<p>(5) Risks associated with the competitive environment and structural changes</p>	<p>i. Expanding competition with other industries</p> <p>Perceiving changes in the industry structure as business opportunities, the Group plans to i) integrate and enhance expertise cultivated in the advertising marketing domain with data and technology, ii) provide clients with integrated solutions utilizing consumer intelligence, and iii) establish competitive advantages through unique client offers.</p>
	<p>ii. Risk of loss of global clients</p> <p>The Group plans to differentiate itself from competitors by providing clients with high added value through consumer insights and integrated solutions.</p>
	<p>iii. Risks associated with structural change in the media environment</p> <p>Viewing structural changes in the media environment as business opportunities, the Group flexibly allocates and invests the Group resources in next-generation media, consistently providing clients with integrated solutions apposite for the latest consumer behavioral principles.</p>
	<p>iv. Risks related to the content business</p> <p>To diversify risks, a large number of content business projects are managed in a portfolio based on acquired share and priority in each market.</p>
<p>(6) Impairment risk of goodwill and intangible assets</p>	<p>In addition to regular impairment testing and ROIC analysis of acquisitions, a Group-wide framework is in place for the reviewing of investment portfolios.</p>
<p>(7) Risks related to information security and cyber security</p>	<p>The Group has established a Group-wide security team to continually assess the status of developing threats and evaluate the effectiveness of risk management and controls in line with the ERM approach.</p>
<p>(8) Sustainability-related risks</p>	<p>The Group promotes climate actions and various measures to achieve its 2030 Social Impact Targets and improve its ESG rating. For details, please see p. 53. In 2023, a Chief Sustainability Officer was appointed for Japan and another for outside of Japan, to oversee the implementation of this strategy.</p>
<p>(9) Risks related to laws and regulations, litigation, etc.</p>	<p>i. Risks related to violations of labor laws and regulations</p> <p>The Group endeavors to establish a work environment that ensures the mental and physical wellbeing of all employees as one of its top management priorities.</p>
	<p>ii. Risks related to personal and other information (data governance)</p> <p>The Group complies with laws and regulations, both in Japan and outside of Japan, including the Act on the Protection of Personal Information and the EU General Data Protection Regulation, and responds promptly to amendments to these laws and regulations.</p>
	<p>iii. Risks related to litigation, etc.</p> <p>By fostering ethical values among employees and creating a healthy corporate culture, the Group prevents incidents that could lead to litigation, and has in place an in-house crisis response system.</p>
<p>(10) Risks related to disasters and accidents, and geopolitical risks</p>	<p>Crisis management and business continuity plans are regularly reviewed by four Regional Risk Committees to address issues related to potential disasters and accidents, and geopolitical risks in each region and market.</p>

For details, please see the "Business and Other Risks" section of the Financial Report 2023. [https://www.group.dentsu.com/en/ir/common/pdf/2023\\_finance.pdf](https://www.group.dentsu.com/en/ir/common/pdf/2023_finance.pdf)

For "Basic Policy on Internal Control," please see the Dentsu Group website at [https://www.group.dentsu.com/en/about-us/governance/internal\\_control.html](https://www.group.dentsu.com/en/about-us/governance/internal_control.html)

## Cyber security

### Our security program

Dentsu has developed a security program with an overarching objective to protect our business and people from threats, enable our colleagues to work securely, and provide assurance to clients and dentsu leadership.

**Business priority**  
Security is an integral part of our business processes and recognized as critical to meeting the needs of our internal and external stakeholders.

**Significant investment**  
We take security seriously and commit resources to ensure consistent implementation of industry standard safeguards across our business.

**Global consistency**  
Our team is run by a Group Security Officer who is accountable for Group-wide security with support from a network of regional Chief Information Security Officers.

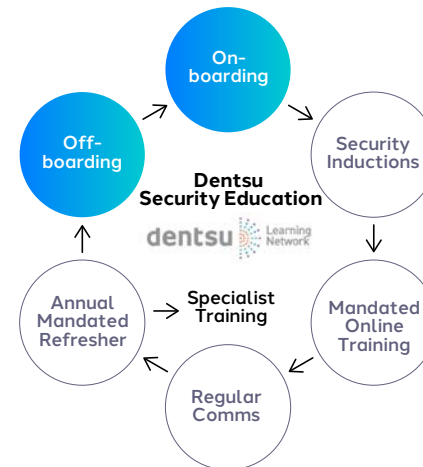
**Sound governance**  
Our management is responsible for effective oversight of security processes, including specific accountabilities, policies and controls.

**Independent assurance**  
Assessments (internal and external) are conducted for corporate governance, client compliance, and risk management purposes.

### Employee awareness

Dentsu promotes a comprehensive security awareness and education program through a number of key initiatives:

- Annual mandatory security awareness training
- Targeted training for high-risk roles and functions
- Regular policy-focused communications
- Periodic simulated phishing campaigns



### Governance & Risk

Based on the Enterprise Risk Management Approach, dentsu aims to minimize the likelihood of identified security risks from materializing. However, should they occur, the Group minimizes their impact by selecting risk sponsors to whom they delegate the formulation and implementation of risk response plans, with the Dentsu Security Risk Committee regularly monitoring the responses. Furthermore, known security issues arising from second line assurance are also monitored and reported through the same risk management methodology.

### Securing our operations

#### Advanced threat protection

- Anti-malware for email, web and endpoints
- Next-gen endpoint detection and response system
- Actionable intelligence to defend against emerging threats
- Proactive threat hunting across network and devices

#### Monitoring & Incident response

- Expert 24x7 security monitoring
- Centralized, correlated visibility of activity
- Capability to quickly contain & respond to threats
- Regular testing of incident response processes

#### Identity & Access management

- Central oversight of user access and joiner/leavers
- Real-time auditing of privileged users and domain
- Multi-factor authentication used for core applications

#### Infrastructure & Asset protection

- Independent testing of network perimeter
- Detect and fix vulnerabilities before attackers
- Secure internet gateway used by our endpoints

### 2023 focus areas

- Enhance data-driven articulation of security risk
- Increase controls around the movement of sensitive data
- Train developers to design and build security into products
- Develop dentsu's security talent



## Promoting compliance

### Compliance management

Dentsu states in its Code of Conduct that “At dentsu we believe we must be a force for good. When we do the right thing as individuals, it becomes who we are as a company. It’s what makes being a force for good possible, and it starts with each and every one of us.” To achieve this, we have established the following compliance management structure which we are continuously strengthening.

### Group Compliance Committee

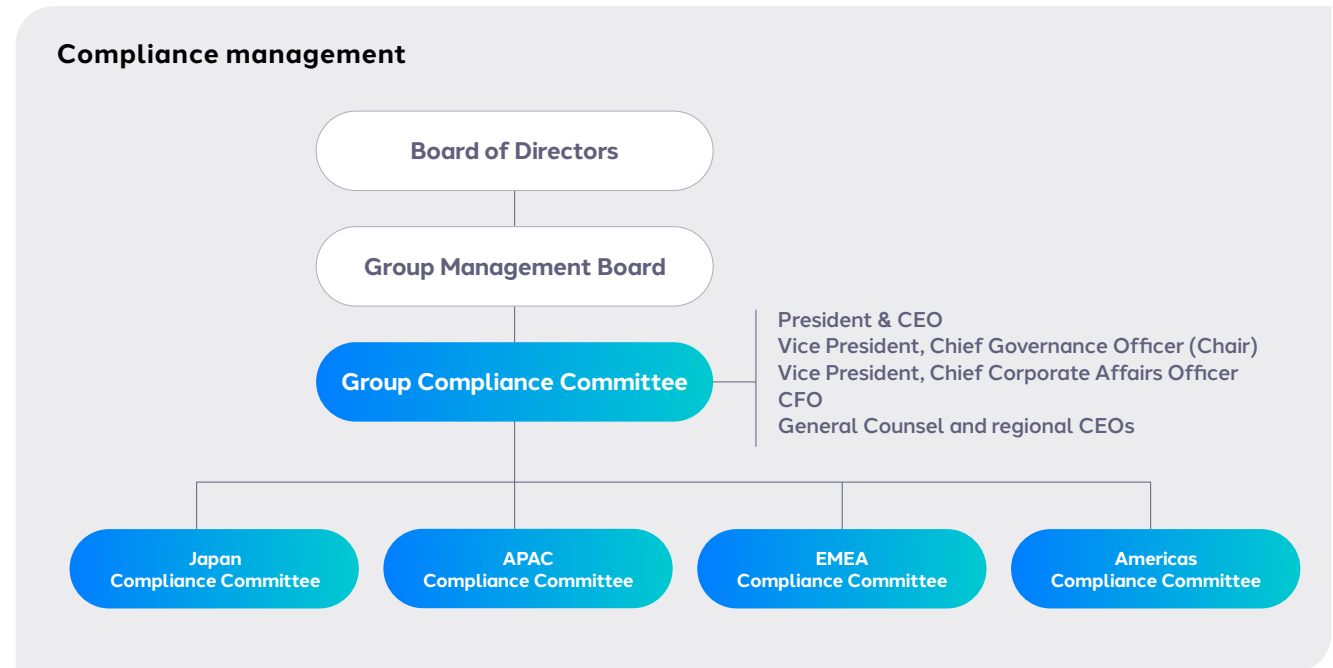
For dentsu, which aims to become a B2B2S company, ethics and compliance are the foundation of all of our activities. We have established the Group Compliance Committee as a committee under the Group Management Board, and have also established compliance committees in our four regions (Japan, APAC, EMEA, and the Americas) as supporting organizations.

The Group Compliance Committee is chaired by the Vice President, Chief Governance Officer. The Committee

determines the Group’s compliance programs and action plans, and monitors their implementation.

Regional Compliance Committees, meanwhile, are chaired by regional CEOs, and are responsible for implementing and monitoring compliance programs and action plans determined by the Group Compliance Committee.

With the above system, we aim to align under a unified vision across the Group and promote compliance management.



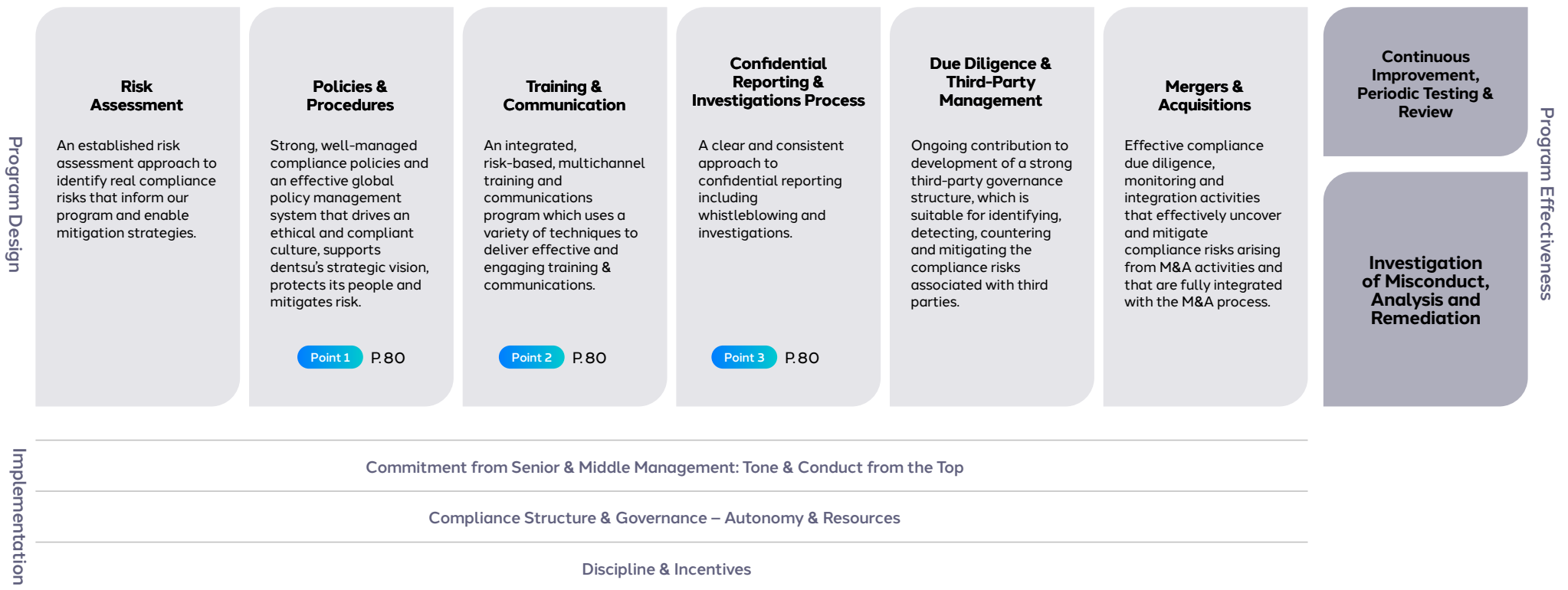
### Compliance program

The vision of the Group Compliance Program combines the long-term management strategy of dentsu to establish a reputation as a governance leader together with the aspiration to meet global standards of best practice in ethics and compliance to ensure the Group operates with integrity as a B2B2S company.

Realizing the vision requires the Group to ensure that the Ethics & Compliance program is well designed, applied with commitment, and is operated effectively in practice.

This vision needs the responsibility and commitment of top management to compliance both at Group and regional level, and to proactively promote doing business with integrity.

The following chart illustrates an overall picture of the Group's Ethics & Compliance program, which is designed to meet global standards of best practice and align with the Group's objective to be a leader in governance.



Introduction of three major programs from our Compliance Program

Point 1

**Policies & Procedures**

**Establishment of the Dentsu Group Code of Conduct**

The Dentsu Group Code of Conduct establishes a code of behavior that serves as the fundamental philosophy for promoting compliance across the Group. It stipulates the actions to be taken and the principles to be observed as a member of dentsu, including an emphasis on diversity and compliance with laws, regulations, and internal rules.

For the full text of the Dentsu Group Code of Conduct, please refer to our website.

<https://www.group.dentsu.com/en/about-us/governance/codeofconduct.html>

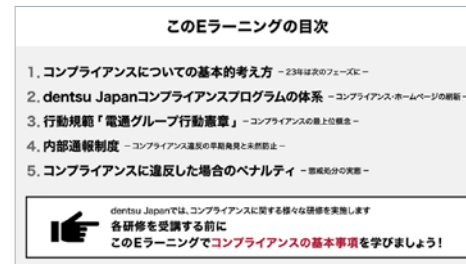
**Establishment of Group-wide policies**

To realize the principles of the Dentsu Group Code of Conduct, we have established Group-wide policies including the Group Anti-Bribery & Corruption Policy, Group Legal Policy, and Group Global Data Protection Principles. Going forward, we will further introduce Group-wide policies and promote compliance management under a unified vision across the Group.

Point 2

**Training & Communication**

We conduct a variety of ethics and compliance training programs across the globe such as anti-bribery & corruption training, some of which are mandatory, and we are planning to develop Group-wide training in the future. We also provide employees with a variety of compliance-related information through our intranet for their awareness.



Compliance training in Japan



Compliance training outside of Japan.

Point 3

**Confidential Reporting & Investigations Process**

As our whistle-blowing hotlines for use by all officers and employees of Group companies, we have “Compliance Line” in Japan and “Speak Up” in other countries. By linking the functions of these hotlines to the early detection and remediation of compliance violations, we are promoting compliance management and the sound growth of the business.

Moving forward, an introduction of a common platform is planned for the Group to unify the management of whistle-blowing cases as well as the establishment of a process for root cause analysis, improvement, and continuous learning to further strengthen our compliance system.



Whistle-blowing hotlines outside of Japan

## 08 Finance



**Another record performance  
in FY2022; financial strength  
built through transformation**

**Nick Priday**  
Chief Financial Officer,  
Dentsu Group Inc.

**CFO MESSAGE**



I was delighted to assume the role of CFO for Dentsu Group Inc. in January 2023 after joining dentsu in 2013 following the acquisition of Aegis, where I held the role of CFO for over three years.

In the ten years I have spent at dentsu, it is clear that continual innovation combined with long-term strategic thinking is at the heart of the company, reflecting our Japanese heritage. In dentsu's 120-year history, we have continually adapted to ensure we are meeting our clients' needs. This ability to transform, particularly as the pace of societal change increases, has been crucial in helping our Group shift revenue into the structural growth areas of our industry, diversifying our revenue into faster growth services and capabilities.

### Transforming our revenue through growing exposure to Customer Transformation & Technology

In 2016, the purchase of Merkle brought diversification of revenue into dentsu through Merkle's data and analytics services. This formed the basis for dentsu's Customer Transformation & Technology division.

In 2016, dentsu had 15% of net revenue generated by Customer Transformation & Technology. Through organic growth and acquisition, in 2022 this area reached 32% of net revenue which grew 17.5% year-on-year on a constant currency basis. We continue to see progress toward our target of 50% over time.

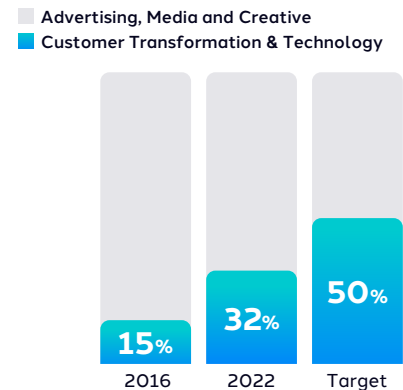
The mix shift in our business reduces the cyclical nature of our revenue while also delivering deeper client relationships through involvement in our clients' data and technology. While we continue to expect growth in our Media and Creative service lines, it is the structural growth in Customer Transformation & Technology, with fast growth areas such as commerce and customer experience all underpinned by technology platform implementation and activation that will drive the growth for our business.

It is this diversification that delivered a record year for dentsu in 2022 for net revenue, underlying operating profit and underlying EPS (two consecutive year record high for net revenue and underlying operating profit).

### Record year for net revenue

In 2022, our organic growth rate was 4.1%, driven by the structural growth of the Customer Transformation & Technology business and continued strength in our media business. The digital solution business maintained momentum throughout the year, supporting our clients' ever-growing needs for digital transformation.

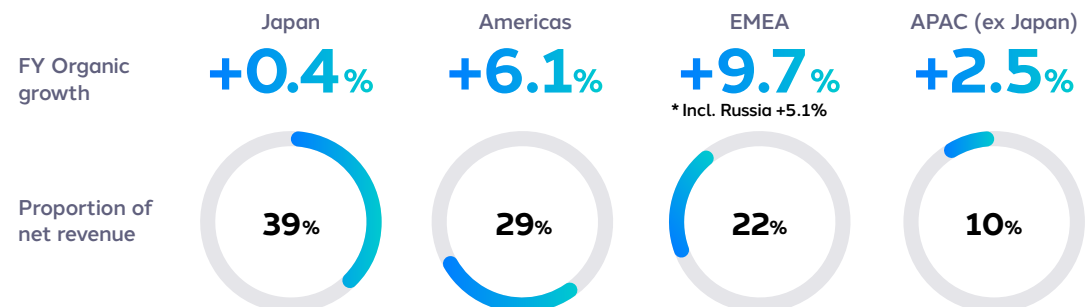
### We have transformed our revenue mix by growing exposure to Customer Transformation & Technology



### FY2022 financial highlights



### FY2022 highlights: Regional performance



As the Group has continued to expand its geographical footprint, we see 61% of our net revenue is generated outside of Japan. Our Americas business has doubled its net revenue since 2016, now generating 29% of Group net revenue with EMEA contributing 22% and APAC (excluding Japan) contributing 10%.

We reported a solid performance across all four regions. Japan delivered 0.4% organic growth despite facing strong one-off comparables from the prior year. Dentsu Japan retained its position as the largest player by billings in digital advertising due to the contribution from SEPTENI HOLDINGS, which became a consolidated subsidiary. The Group benefited from the contribution from Ignition Point from Q2 FY2022 onward and from ISID and Dentsu Digital whose organic growth rates were 16.9% and 7.3% respectively.

The 6.1% organic growth in the Americas is due to upsides in Canada and the US with high single-digit growth. Canada's performance was boosted by incremental scopes from existing clients and new logo wins in the Media and Creative service lines. The acquisition of Extentia further bolsters Merkle's existing Salesforce capabilities, adding scale, a focus on enterprise mobility, cloud engineering, and user experience.

Excluding Russia, EMEA reported the highest 2022 organic growth among all four regions at 9.7% for the full year. In FY2022, Customer Transformation & Technology delivered almost 15% organic growth with momentum across the region focusing on retention, expansion of existing client new work, and new logo acquisition.

In APAC (excluding Japan), FY2022 organic growth was 2.5% and in Q4 FY2022 it was 2.1%. India delivered growth of over 20% in FY2022 due to increased client spend and new client wins, capitalizing on the economic recovery of the market after the lifting of COVID-19 restrictions and accelerated GDP growth in the market. South-East Asia markets also performed well, led by strong, double-digit growth in Singapore which benefited from increased client demand across all services. Vietnam and Indonesia also performed well. Despite economic headwinds, the Australia and New Zealand business delivered revenue growth in FY2022 of 5.0%. This was supported by the strength of the media business and growth in New Zealand. Customer Transformation & Technology capabilities were boosted

through the acquisition of Aware Services, a Salesforce consultancy, which was announced in December 2022.

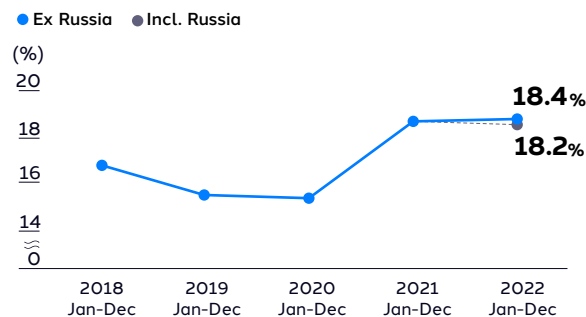
In 2023 we announced the acquisition of Tag, the third largest acquisition in our Group's history. Tag connects the CT&T and Creative domains, expanding the Group's data utilization and dynamic creative production capabilities. We consider Tag as the "last mile" to deliver services to our clients – ensuring we have a full range of capabilities across all of our services. The dynamic creative production means we can deliver personalized messages to the right person at the right time. The acquisition will ultimately ensure we can be more competitive in integrated pitches and better service our global clients.

### Organizational simplification and functional efficiencies continue to drive underlying operating profit

In 2020, the Group announced a comprehensive review of the business, which focused on organization simplification, reducing operating costs and improving the efficiency of the balance sheet to ultimately improve shareholder returns.

In 2022, we continued to see the benefit from our simplification and de-duplication. The streamlining of our go-to-market brands resulted in de-duplication across the Group. Along with property footprint rationalization and functional efficiencies we saw our margin reach 18.4%—a 320bps increase to our 2019 operating margin.

#### 2018: 2022 Group operating margin



Underlying operating profit rose 13.5% year-on-year, leading to an increase in underlying net profit of 19.1% year-on-year, both of which were record highs. While FX was supportive for revenue translation, on a constant currency basis underlying operating profit increased by 5.2%.

The impact of automation, simplification and de-duplication over the past two years continues to yield results.

We will continue to drive quality and efficiency across the business—one example is the planned expansion of our “Dentsu Global Services,” our global network of digital capability centers.

We welcomed a new senior executive to this global services network last year, who will drive an automation-first mindset to transform our processes and drive more value for our clients across the globe.

We also look to continue to lower the cost-to-serve of our corporate functions. Within the finance team we have a number of initiatives to reduce our operating expenses, such as legal entity rationalization. The finance cost-to-serve (cost as % of revenue) has decreased by 40bps year-on-year, supported by increased centralization and standardization through the use of centers of excellence, offshoring and increased automation.

The margin over-delivery in 2022 gives the Group a strong platform from which to invest in 2023 to drive topline growth for the Group.

### Investing in our client solutions platform in 2023

In 2023, we have guided to a margin of 17.5%—within the margin guidance we outlined in our medium-term plan of between 17% and 18%. To enhance the competitiveness of value delivery to our clients, we will invest in the development of unique new solutions.

- We will develop a client solutions platform, “Clients & Solutions,” to allow our clients to access the best of dentsu
- Investment in enterprise architecture to connect the entire Group

The investments we are making in 2023 will help support development of an enhanced focus on connected client relationships to ensure we are best orchestrating our capabilities for our clients, such as vertical expertise, business transformation consulting and innovation.

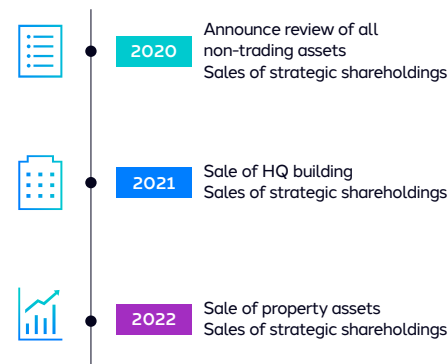
Leveraging the client solutions platform, we must deliver what our clients are looking for: fewer providers solving bigger problems. As dentsu we are well placed to deliver that, and through client P&Ls we can remove internal barriers to cross-sell and encourage greater integrated solutions to grow our clients’ businesses.

Through this, we can continue to deliver clients seamless access to the best of dentsu, scaling deep, long-term client partnerships, and also through our distinguished “eigyo” client relationship model nurtured in Japan and rolled out to approximately 100 of our leaders across the globe.

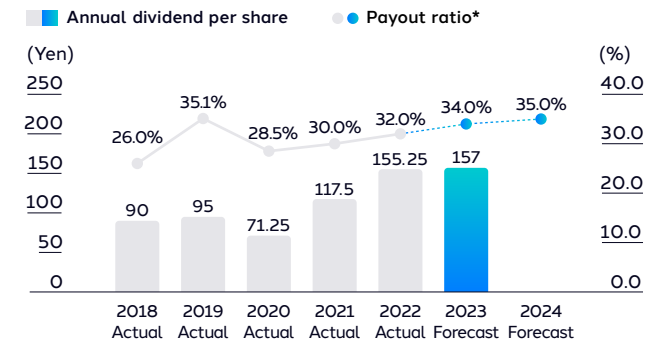
The related cost for these initiatives is considered within the underlying operating profit, leading to our margin guidance of 17.5% for FY2023. However, in FY2024, we are expecting the operating margin to reach 18.0% through the transformations as our Medium-term Management Plan indicated.

We remain confident in the long-term margin outlook for the Group. Further property rationalization and greater use of our “Dentsu Global Services” will improve the efficiency of our Group and reduce costs from daily operations.

### Our timeline to improving balance sheet efficiency



### Shareholder returns: 2022 annual dividend 155.25 yen per share



\* Payout ratio: Calculated based on underlying basic EPS



### Record shareholder returns

The efforts to improve the efficiency of our balance sheet in recent years have yielded results. The review of all non-trading assets, announced as part of our comprehensive review, has seen the sale of our HQ building in Tokyo as well as other property assets and a reduction in our strategic shareholdings. These actions have strengthened our balance sheet, providing the capacity to invest in our business.

In 2022, we ended the year with almost 55 billion yen in net cash flow from operations, despite the additional tax burden due to asset sales in the prior year. We also continued with the sale of our securities held, resulting in an additional 18 billion yen net inflow for the year.

This allowed for a record share buyback completed in 2022 and a record dividend payment showing our commitment to improving shareholder returns as a result of the more shareholder-friendly policies we have introduced in recent years.

Our progressive dividend policy with a plan of payout ratio at 32% for 2023, combined with a record underlying EPS, saw our dividend increase 32% year-on-year. In line with our medium-term plan, we have confirmed our dividend payout ratio will be 34% for 2023, taking us closer to our 2024 target of 35%.

At the end of 2022, our net debt / underlying EBITDA was negative, with net cash of -0.33x EBITDA, below our medium-term target of 1.0 to 1.5x leverage, providing flexibility and capacity to invest for growth.

### Capital Allocation Policy prioritizes investment for growth

The restructuring of our balance sheet over the past two years has generated a strong financial position from which we can invest for growth. Our priority use of capital remains to invest for growth, ensuring our services and capabilities remain cutting edge, supporting our clients' needs.

From the beginning of 2022, we announced seven businesses, welcoming 5,000 new colleagues into the Group. This focused expansion of our capabilities through acquisitions shifts our revenue mix into the faster growth areas of our industry.

These acquisitions span Japan, Australia, the UK, Ireland, Spain and



India—but all are supported by our expanding “Dentsu Global Services.” Our acquisitions bring a mix of consulting expertise, cloud engineering knowledge, and customer experience capabilities.

All of these initiatives allow us to expand our offer beyond advertising to deliver growth-driving solutions for our clients as well as continued value creation for our shareholders.

### 2023 outlook

Our organic growth guidance is for 1-2% in 2023 and our operating margin guidance is 17.5%. This reflects the transformations we accomplished and the investments we are making in 2023 to support One dentsu and our Clients & Solutions platform.

Despite the projected fall in underlying EPS year-on-year, due to the investments we will make to support future competitiveness, we plan to increase the dividend to 157 yen per share by increasing the payout ratio to 34% in 2023.

### Driving value through our position at the convergence of marketing, technology and consulting

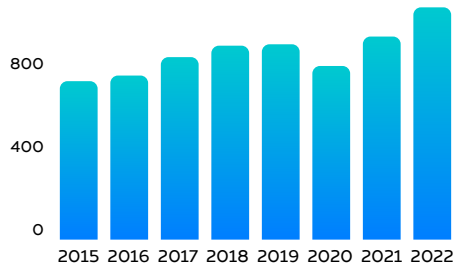
The Group remains well positioned to benefit from the continued convergence of marketing, technology and consulting as our services expand with the long-term outlook for client spend on digital experiences and customer focused transformation remaining robust. This distinct market position will drive value for our shareholders, clients, our people and other stakeholders.

I look forward to meeting with many of our shareholders and investors in the coming months and sharing our vision for the future of the Group.

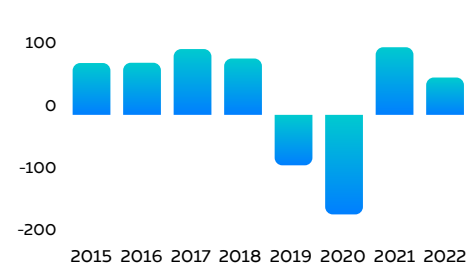
# 08

## Financial highlights

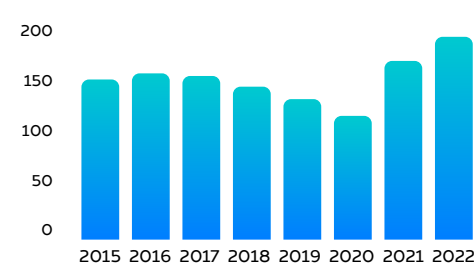
**Net revenue**  
(Billions of yen)  
1,200



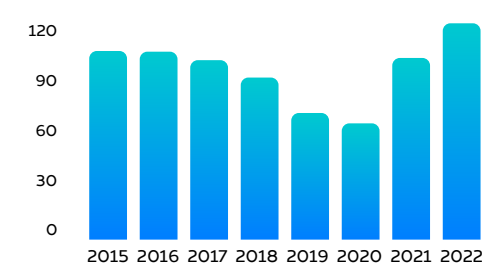
**Profit (loss) for the year attributable to owners of the parent**  
(Billions of yen)  
200



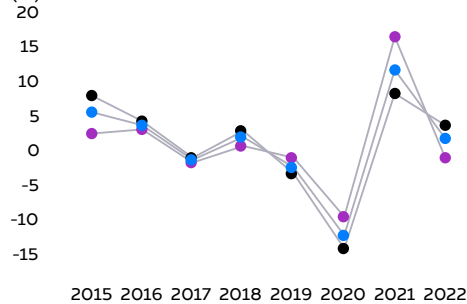
**Underlying operating profit<sup>\*1</sup>**  
(Billions of yen)  
250



**Underlying net profit (attributable to owners of the parent)<sup>\*2</sup>**  
(Billions of yen)  
150

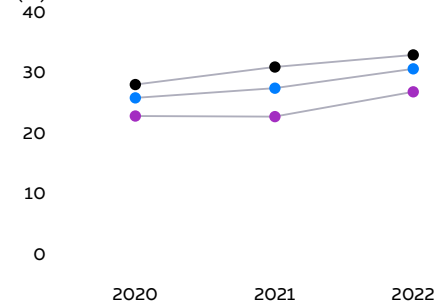


**Organic growth rate<sup>\*3</sup>**  
(%)  
20

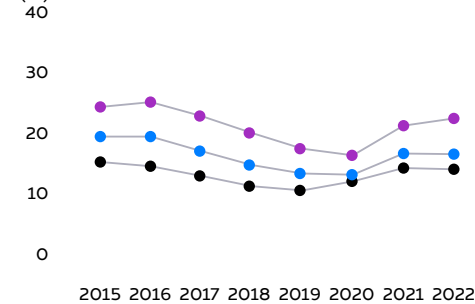


● Consolidated ● Japan ● International<sup>\*4</sup>

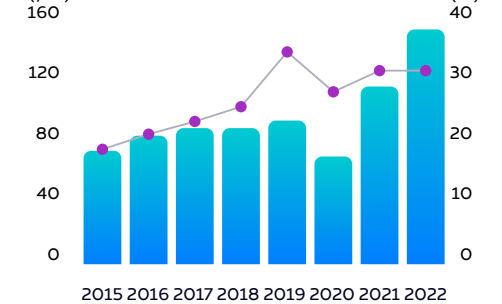
**CT&T<sup>\*5</sup> ratio**  
(%)  
40



**Operating margin<sup>\*6</sup>**  
(%)  
40



**Cash dividend per share / Underlying dividend payout ratio<sup>\*7</sup>**  
(yen) (y-axis left)  
(%) (y-axis right)



■ Cash dividend per share (yen) ● Underlying dividend payout ratio

<sup>\*1</sup>: KPI to measure recurring business performance which is calculated as operating profit added with M&A related items and one-off items  
M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, share-based compensation expense issued following the acquisition of 100% ownership of a subsidiary  
One-off items: items such as business transformation cost, impairment loss and gain/loss on sales of non-current assets  
<sup>\*2</sup>: Underlying net profit (attributable to owners of the parent): KPI to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, revaluation of earnout liabilities/M&A related put-option liabilities, gain/loss on sales of shares of associates, tax-related and NCI profit-related and other one-off items

<sup>\*3</sup>: Organic growth rate represents the constant currency year-on-year growth after adjusting for the effect of business acquired or disposed of since the beginning of the previous year  
<sup>\*4</sup>: International refers to Americas, EMEA and APAC (ex Japan)  
<sup>\*5</sup>: CT&T = Customer Transformation & Technology: new business domain including the services related to marketing technology, customer experience management, commerce, system integration, and transformation & growth strategy  
<sup>\*6</sup>: Operating margin = Underlying operating profit ÷ Net revenue x 100  
<sup>\*7</sup>: Underlying dividend payout ratio = Cash dividend per share ÷ Basic underlying profit per share x 100

Consolidated

(Millions of yen)

	2015 <sup>*1</sup>	2016	2017	2018	2019	2020	2021	2022
<b>Profit and loss statement</b>								
Turnover	4,990,854	4,924,933	5,187,300	5,357,278	5,146,802	4,498,216	5,256,492	<b>5,819,519</b>
Revenue	818,566	838,359	928,841	1,018,512	1,047,881	939,243	1,085,592	<b>1,243,883</b>
Net revenue	761,996	789,043	877,622	932,680	939,385	835,042	976,577	<b>1,117,002</b>
Operating profit (loss)	128,212	137,681	137,392	111,638	(3,358)	(140,625)	241,841	<b>117,617</b>
Profit (loss) before tax	126,739	132,918	149,662	148,751	(42,769)	(141,133)	208,833	<b>100,908</b>
Profit (loss) for the year attributable to owners of the parent	83,090	83,501	105,478	90,316	(80,893)	(159,596)	108,389	<b>59,847</b>
Underlying EBITDA <sup>*2</sup>	—	—	—	—	—	145,335	195,006	<b>217,515</b>
Underlying operating profit	160,438	166,565	163,946	153,229	140,751	123,979	179,028	<b>203,189</b>
Underlying net profit (attributable to owners of the parent)	113,388	112,972	107,874	97,419	76,120	69,890	109,203	<b>130,037</b>
<b>Balance sheet</b>								
Total assets	3,066,075	3,155,230	3,562,857	3,638,488	3,795,729	3,380,412	3,720,536	<b>3,741,427</b>
Total equity attributable to owners of the parent	1,068,216	932,742	1,093,211	1,047,619	974,977	756,870	845,034	<b>880,267</b>
<b>Cash flow</b>								
Net cash flow from operating activities	—	143,585	141,557	133,049	79,957	88,313	139,715	<b>80,896</b>
Net cash flow from investing activities	—	(156,161)	(85,531)	(61,382)	(76,051)	137,013	262,226	<b>(24,346)</b>
Net cash flow from financing activities	—	2,539	1,226	57,522	(7,803)	(96,622)	(232,189)	<b>(188,192)</b>
Cash and cash equivalents at end of period	—	242,410	305,760	416,668	414,055	530,692	723,541	<b>603,740</b>
Number of employees	47,324	55,843	60,064	62,608	66,400	64,533	64,832	<b>69,066</b>
Number of consolidated subsidiaries	760	844	911	976	1,004	1,007	907	<b>881</b>

\*1: 2015 is reported on a pro forma basis.

\*2: Underlying operating profit before underlying depreciation and amortization (excluding depreciation adjustments under IFRS 16).

Note: The Group has adopted IFRS 15 "Revenue from Contracts with Customers" from the fiscal year ended December 31, 2018, and IFRS 16 "Leases" from the fiscal year ended December 31, 2019. The figures for prior years are not restated and based on the former standards.

Note: The Group previously recognized intangible assets for configuration or customization costs in cloud computing contracts in accordance with IAS 38 "Intangible Assets". However, from the current fiscal year, based on the discussions that led to the agenda decision of the IFRS Interpretations Committee issued in April 2021, the Company has changed to a method of recognizing the cost of configuration or customization services as an expense when they are received. However, in this book, figures for prior years are presented before the change in accounting policy. Therefore the figures of the fiscal year ended December 31, 2020 differ from the figures in the Summary of Financial Results for the Fiscal Year Ended December 31, 2021 where the presentation was retrospectively restated.

	2015 <sup>*1</sup>	2016	2017	2018	2019	2020	2021	2022
								(%)
Organic growth rate	7.0	5.1	0.1	3.4	(1.0)	(11.1)	13.1	<b>3.2</b>
Japan	3.9	4.5	(0.3)	2.1	0.4	(8.4)	17.9	<b>0.4</b>
International	9.4	5.7	0.4	4.3	(1.9)	(13.0)	9.7	<b>5.1</b>
CT&T ratio	—	—	—	—	—	27.5	29.1	<b>32.3</b>
Japan	—	—	—	—	—	24.5	24.4	<b>28.5</b>
International	—	—	—	—	—	29.7	32.6	<b>34.6</b>
Operating margin	21.1	21.1	18.7	16.4	15.0	14.8	18.3	<b>18.2</b>
Japan	26.0	26.8	24.5	21.7	19.1	18.0	22.9	<b>24.1</b>
International	16.9	16.2	14.6	12.9	12.2	13.7	15.9	<b>15.7</b>
Return on equity (ROE) <sup>*2</sup>	7.7	8.3	10.4	8.4	(8.0)	(18.4)	13.7	<b>6.9</b>
Underlying ROE <sup>*3</sup>	10.6	11.3	10.6	9.1	7.5	8.1	13.8	<b>15.1</b>
Return on assets (ROA) <sup>*4</sup>	—	4.3	4.5	4.1	(1.2)	(3.9)	5.9	<b>2.7</b>
Ratio of equity attributable to owners of the parent (Equity ratio) <sup>*5</sup>	34.8	29.6	30.7	28.8	25.7	22.4	22.7	<b>23.5</b>
Basic earnings per share (yen)	289.95	292.85	373.11	320.39	(287.92)	(571.19)	388.79	<b>223.33</b>
Basic underlying profit per share (yen)	395.67	396.20	381.58	345.59	270.94	250.14	391.71	<b>485.26</b>
Cash dividend per share (yen)	75.00	85.00	90.00	90.00	95.00	71.25	117.50	<b>155.25</b>
Dividend payout ratio <sup>*6</sup>	25.9	29.0	24.1	28.1	—	—	30.2	<b>69.5</b>
Underlying dividend payout ratio	19.0	21.5	23.6	26.0	35.1	28.5	30.0	<b>32.0</b>

\*1: 2015 is reported on a pro forma basis.

\*2: ROE (IFRS) = Profit for the year attributable to owners of the parent ÷ Average equity attributable to owners of the parent based on equity at the beginning and end of the fiscal year x 100

\*Fiscal year-end before alignment across the Group means March

\*3: Underlying ROE = Underlying net profit (attributable to owners of the parent) ÷ Average equity attributable to owners of the parent based on equity at the beginning and end of the fiscal year x 100

\*Fiscal year-end before alignment across the Group means March

\*4: ROA (IFRS) = Profit before tax ÷ Average total assets based on total assets at the beginning and end of the fiscal year x 100

\*5: Ratio of equity attributable to owners of the parent = Equity attributable to owners of the parent ÷ Total assets

\*6: Dividend payout ratio = Cash dividend per share ÷ Basic earnings per share x 100

## ESG data summary / Third-party assurance

### Environmental performance data

(tCO<sub>2</sub>e)

	2019	2020	2021	2022
Scope 1	4,888	3,540	3,195	<b>3,267</b>
Japan	344	355	310	<b>348</b>
International	4,544	3,185	2,885	<b>2,919</b>
Scope 2	29,074	23,415	20,908	<b>12,771</b>
Japan	24,202	20,872	19,343	<b>11,244</b>
International	4,872	2,543	1,565	<b>1,527</b>
Scope 1 + 2	33,962	26,955	24,104	<b>16,039</b>
Japan	24,546	21,227	19,653	<b>11,592</b>
International	9,416	5,728	4,450	<b>4,447</b>
Scope 3	374,884	55,374	360,324	<b>377,456</b>
Category 1	265,960	25,615	316,082	<b>294,923</b>
Japan	28,773	25,202	24,284	<b>32,398</b>
International	237,187	413	291,798	<b>262,525</b>
Category 3	8,813	5,481	10,779	<b>8,254</b>
Japan	6,500	5,481	5,155	<b>2,759</b>
International	2,313	N/A	5,624	<b>5,494</b>
Category 4	288	1,856	3,558	<b>4,264</b>
Japan	0	1,856	2,978	<b>3,416</b>
International	288	N/A	580	<b>848</b>
Category 5	1,246	1,098	1,207	<b>904</b>
Japan	424	596	931	<b>611</b>
International	822	502	276	<b>293</b>
Category 6	79,417	16,370	9,909	<b>35,899</b>
Japan	25,406	4,973	3,055	<b>8,893</b>
International	54,011	11,397	6,854	<b>27,006</b>
Category 7	13,660	4,954	14,668	<b>27,848</b>
Japan	5,049	4,954	2,350	<b>1,893</b>
International	8,611	N/A	12,318	<b>25,955</b>

	2019	2020	2021	2022
Category 13	3,469	N/A	331	<b>309</b>
International	3,469	N/A	331	<b>309</b>
Category 15	2,031	N/A	3,790	<b>5,055</b>
International	2,031	N/A	3,790	<b>5,055</b>
CO <sub>2</sub> emissions (Scope 1 + 2 + 3)	408,846	82,329	384,428	<b>393,495</b>

### Total electricity consumption, amount of renewable energy use, and renewable energy usage rate<sup>1</sup>

2022	Total electricity consumption (kWh)	Amount of renewable energy use (kWh)	Renewable energy usage rate
Group (total)	83,661,353	29,691,787 <sup>*2*</sup>	37.7%

\*1: Calculation based on GHG protocol

\*2: The number is noted according to the RE100 definition.

\*3: For markets accounting for 5.5% of International's electricity use markets, factors beyond the business' control have prevented adherence to RE100's guidelines to source renewables within the countries' borders. For these countries, we have purchased renewable electricity certificates from adjacent countries, which is supported by RE100.

#### Scope and Method of Calculation

- Excluding some Dentsu Group companies
  - Calculation based on GHG protocol
  - Regarding Scope 1 and 2 emissions, for owned buildings, all equity usage is recorded, including tenant usage
  - Within CO<sub>2</sub> emissions, Scope 3 is calculated for all categories (1–15), and values for applicable item categories 1, 3, 4, 5, 6, 7, 13 and 15 are listed. (Items that do not apply are not listed)
- From FY2021, the calculation range was expanded (category 1, 3, 4, 13 and 15), accordingly, figures from 2019 (both Japan and International), the base year of the Medium-term Management Plan, and 2020 figures (JAPAN) were revised retroactively (LRQA verification is not complete for JAPAN's 2019 and 2020 retroactive calculations)

## Dentsu Group Inc.

### Governance data

	2019	2020	2021	2022
Directors	12	12	13	<b>13</b>
Outside Directors (independent Outside Directors)	4(4)	5(4)	5(5)	<b>5(5)</b>
Ratio of independent Outside Directors (%)	33.3	33.3	38.5	<b>38.4</b>
Female Directors	2	2	3	<b>4</b>
Ratio of female Directors (%)	16.7	16.7	23.1	<b>30.8</b>
Board of Director meeting attendance rate (%)	96.9	95.6*	99.1	<b>100.0</b>
Attendance rate of independent Outside Directors at Board of Director meetings (%)	93.8	100.0	98.8	<b>100.0</b>

\* Attendance rate was 97.8% excluding times when Tim Andree was absent due to illness.

### Societal data

#### Number of employees

	2019/12	2020/12	2021/12	2022/12
Total	66,400	64,533	64,832	<b>69,066</b>

#### Employees

As of December 2022

	Total	Male	Female	Female ratio (%)
Employees	69,066	35,758	33,308	48.2
Dentsu Group Inc.	129	91	38	29.5
Japan	22,018	14,072	7,946	36.1
International	46,919	21,595	25,324	54.0

#### Managers

As of December 2022

	Total	Male	Female	Not declared	No Data	Female ratio (%)
Managers	4,443	3,634	804	1	4	18.1
Dentsu Group Inc.	32	25	7			21.9
Japan	3,595	3,100	495			13.8
International	816	509	302	1	4	37.2

Note: From 2022/12, the treatment of seconded employees in the calculation has been changed to "including seconded employees and excluding seconded employees"

Note: In Japan, management positions are counted; in International, Officer class is counted.

Note: For International, the female ratio is calculated excluding the four No Data members.

### Proportion of employees by age bracket (%)

As of December 2022

	International	Japan
Under 30	38.4	21.7
30–39	37.7	30.8
40–49	16.6	27.9
50–59	6.1	15.9
Over 60	1.2	3.8

### Global engagement survey

#### Engagement score (point)\*

	2021	2022
Engagement score	68	<b>68</b>
Employee satisfaction	68	<b>68</b>
Recommend	67	<b>68</b>

\* The scores of employee satisfaction and the recommend are the average scores of the respondents (five-step grades between 0-100). The engagement score is the average of the employee satisfaction and the recommend.

### Community activities

As of December 2022

	Total	Japan	International
Donations (yen)	422,511,657	202,954,980	219,556,677*
Participants in volunteer activities	9,592	259	9,333
Hours spent participating in volunteer activities	69,785	8,458	61,327

\* Exchange rate: £1= ¥161.9

### Employment rate of people with disabilities (%)\*

	June 2019	June 2020	June 2021	June 2022	June 2023
Total	2.35	2.38	2.71	3.13	<b>3.11</b>

\* Total of four companies under the special subsidiary system (Dentsu Group Inc., Dentsu Solari Inc., Dentsu Inc., and Dentsu Corporate One Inc.), until 2019, three companies combined (Dentsu Inc., Dentsu Solari Inc., and Dentsu Works Inc.)

## International

Average number of consecutive years served	As of December 2022
Total	3.7

Ratio of employees by years of service (%)	As of December 2022
Less than one year	31.1
One to three years	30.9
Three to five years	13.5
Five or more years	24.6

Average age of employees	As of December 2022
Total	34.1

### Internal reporting: number of “Speak Up” incident reports (cases)

	2019	2020	2021	2022
Total	35	43	38	100

## Japan

### New graduates hired\*

	December 2022
Total	460
Male	252
Female	208
Female ratio (%)	45

\* From 2022, new graduates hired between January and December are counted.

### Usage rate of vacation days (%)

Total	61.7
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### Total hours worked per year

	2021	2022
Total	2,000	1,958

### Number of employees utilizing childcare leave, number of eligible employees, usage rate

	Number of users	Number of eligible employees	Usage rate (%)
Male	261	407	64.1

### Internal reporting: Compliance Line reports (cases)\*

	2019	2020	2021	2022
Total	17	10	6	12

\* Main report content topics include internal harassment, improper treatment, fraud in business operations and misgivings about Company systems.

### Number of internally reported complaints (cases)\*

	2019	2020	2021	2022
Total	194	106	136	101

\* In 2021, previous fiscal year figures were recounted.

Third-party assurance



**LRQA Independent Assurance Statement**

Relating to GHG and Social Data of Dentsu Group within Dentsu Group Integrated Report 2023 for the Calendar Year 2022

This Assurance Statement has been prepared for DENTSU GROUP Inc. in accordance with our contract.

**Terms of Engagement**

LRQA was commissioned by Dentsu Group Inc. ("the Company") to provide independent assurance on its greenhouse gas ("GHG") emissions data and social data within its Dentsu Group Integrated Report 2023 ("the report") for the calendar year 2022, that is, from 1 January to 31 December 2022, against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064-3:2019 for GHG emissions data.

Our assurance engagement covered the operations and activities of the Company and its consolidated subsidiaries in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected datasets;
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:

**GHG emissions data**<sup>1</sup>

- Scope 1 GHG emissions (tonnes CO<sub>2</sub>e)
- Scope 2 GHG emissions (Market-based and Location-based) (tonnes CO<sub>2</sub>e)
- Scope 3 GHG emissions (Category 1-15) (tonnes CO<sub>2</sub>e)

**Social data**

- The rate of women in leadership (%)<sup>2</sup>
- The amount of donation (Japanese kYen)
- The number of volunteers
- The total hours of attendance of the volunteers (hours)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

**LRQA's Opinion**

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable environmental and social data which is disclosed in the report and as summarised in Table 1 and 2 below.

The opinion expressed is formed on the basis of a limited level of assurance<sup>3</sup> and at the materiality of the professional judgement of the verifier.

<sup>1</sup> GHG quantification is subject to inherent uncertainty.

<sup>2</sup> The rate of women in leadership covers Dentsu Group Inc. and its direct-investment company in Japan, as well as its consolidated overseas subsidiaries.

<sup>3</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



**LRQA's Approach**

LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical GHG emissions / Social data and records for the calendar year 2022<sup>2</sup>;
- Teleconferencing with key peoples in Dentsu International Ltd. in London to assess whether the data management systems have been effectively implemented; and
- Visiting Information Services International-Dentsu, Ltd., Dentsu tempo Inc. and Head Office of Dentsu Group Inc. to investigate whether the data management systems have been effectively implemented.

**Observations**

The Company should further demonstrate the completeness, accuracy and reliability of its future environmental and social data reporting. Regarding Scope 3 GHG emissions, this is particular to establish robust internal data control systems at consolidated subsidiary levels.

**LRQA's Standards, Competence and Independence**

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 17 June 2023

Kazuyori Yukinaka  
LRQA Lead Verifier  
On behalf of LRQA Limited  
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN  
LRQA reference: YKA4005213



**Table 1. Summary of Dentsu Group's GHG Emissions 2022**

Scope	Tonnes CO <sub>2</sub> e
Scope 1 GHG emissions	3,267
Scope 2 GHG emissions (Market-based)	12,771
Scope 2 GHG emissions (Location-based)	24,525
Scope 3 GHG emissions (Categories 1-15)	377,456
1. Purchased goods & services	294,923
2. Capital Goods	N/A
3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	8,254
4. Upstream Transportation and Distribution	4,264
5. Waste generated in operations	904
6. Business travel	35,899
7. Employee commuting	27,848
8. Upstream leased assets	N/A
9. Downstream Transportation and Distribution	N/A
10. Processing of Sold Products	N/A
11. Use of Sold Products	N/A
12. End-of-Life Treatment of Sold Products	N/A
13. Downstream Leased Assets	309
14. Franchises	N/A
15. Investments	5,055

**Table 2. Summary of Dentsu Group's Social data 2022**

Scope	
The rate of women in leadership	18.1 %
The amount of donation	422,512 kYen
The number of volunteers	9,592 Person
The total hours of attendance of the volunteers	69,785 Hours

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The rate of women in leadership, the amount of donations, the number of participants in volunteer activities, the hours spent participating in volunteer activities, and CO<sub>2</sub> emissions (greenhouse gas emissions) from Dentsu Group are verified, and certification is provided (left), by Lloyd's Register Quality Assurance Ltd (LRQA).



## Subsidiaries and Affiliates

As of December 31, 2022, the Dentsu Group includes 881 consolidated subsidiaries and 91 affiliated companies accounted for by the equity method.

### Consolidated subsidiaries

#### Dentsu Inc.<sup>\*1</sup>

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### Dentsu East Japan Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### Dentsu West Japan Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### Dentsu Kyushu Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### Dentsu Runway Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### Dentsu Digital Inc.<sup>\*1,3</sup>

Geographic Area: Japan  
Equity Held by Dentsu: 100.0% (25.0%)

#### Dentsu Live Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### Dentsu Promotion Plus Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

#### CARTA HOLDINGS, INC.<sup>\*2</sup>

Geographic Area: Japan  
Equity Held by Dentsu: 53.4%

#### SEPTENI HOLDINGS CO., LTD.<sup>\*1,2</sup>

Geographic Area: Japan  
Equity Held by Dentsu: 52.0%

#### Information Services

##### International-Dentsu, Ltd.<sup>\*1,2,3</sup>

Geographic Area: Japan  
Equity Held by Dentsu: 61.8% (0.0%)

##### Dentsu Corporate One Inc.<sup>\*1</sup>

Geographic Area: Japan  
Equity Held by Dentsu: 100.0%

##### Dentsu International Limited<sup>\*1</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0%

##### Dentsu International Holdings Limited<sup>\*1,3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

##### Portman Square US Holdings Ltd.<sup>\*1,3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

##### Dentsu International Group

##### Participations Limited<sup>\*1,3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

##### Dentsu International Triton Limited<sup>\*3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

##### Dentsu International GPS Holdings

##### Limited<sup>\*1,3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

##### Dentsu International Finance Ltd.<sup>\*3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu International Regents Place Finance Limited<sup>\*3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu International Treasury Limited<sup>\*3</sup>

Geographic Area: United Kingdom  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu Aegis Network Central Europe Holding GmbH<sup>\*3</sup>

Geographic Area: Germany  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu Aegis Network Central Europe GmbH<sup>\*3</sup>

Geographic Area: Germany  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu France SAS<sup>\*1,3</sup>

Geographic Area: France  
Equity Held by Dentsu: 100.0% (100.0%)

#### Aegis France SAS<sup>\*1,3</sup>

Geographic Area: France  
Equity Held by Dentsu: 100.0% (100.0%)

#### Aegis International Holding Company

##### B.V.<sup>\*1,3</sup>

Geographic Area: Netherlands  
Equity Held by Dentsu: 100.0% (100.0%)

#### Group Carat (Nederland) B.V.<sup>\*1,3</sup>

Geographic Area: Netherlands  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu Media, S.L.<sup>\*1,3</sup>

Geographic Area: Spain  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu McGarry Bowen, LLC<sup>\*1,3</sup>

Geographic Area: USA  
Equity Held by Dentsu: 100.0% (100.0%)

#### The 360i Network, LLC<sup>\*1,3</sup>

Geographic Area: USA  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu US, Inc.<sup>\*1,3</sup>

Geographic Area: USA  
Equity Held by Dentsu: 100.0% (100.0%)

#### Merkle Group Inc.<sup>\*3</sup>

Geographic Area: USA  
Equity Held by Dentsu: 100.0% (100.0%)

#### Isobar US, LLC<sup>\*1,3</sup>

Geographic Area: USA  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu International Americas, LLC<sup>\*1,3</sup>

Geographic Area: USA  
Equity Held by Dentsu: 100.0% (100.0%)

#### Agenciatick - Midia Interativa S.A.<sup>\*1,3</sup>

Geographic Area: Brazil  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu (Shanghai) Investment Co., Ltd.<sup>\*1,3</sup>

Geographic Area: China  
Equity Held by Dentsu: 100.0% (100.0%)

#### Beijing Dentsu Advertising Co., Ltd.

Geographic Area: China  
Equity Held by Dentsu: 100.0%

#### Dentsu Asia Pacific Holdings Pte. Ltd.<sup>\*1,3</sup>

Geographic Area: Singapore  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu Aegis Network India Private Limited<sup>\*1,3</sup>

Geographic Area: India  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu Australia Holdings Pty Ltd.<sup>\*1,3</sup>

Geographic Area: Australia  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu International Australia Pty Ltd.<sup>\*1,3</sup>

Geographic Area: Australia  
Equity Held by Dentsu: 100.0% (100.0%)

#### Dentsu Corporate Services Ltd.<sup>\*1,3</sup>

Geographic Area: Australia  
Equity Held by Dentsu: 100.0% (100.0%)

\_\_\_\_\_ and 839 other companies

### Affiliated companies accounted for by the equity method

#### Video Research Ltd.

Geographic Area: Japan  
Equity Held by Dentsu: 34.2%

#### D2C Inc.

Geographic Area: Japan  
Equity Held by Dentsu: 46.0%

\_\_\_\_\_ and 89 additional companies

\*1: Specified subsidiary

\*2: Company that submits an annual securities report

\*3: In Equity held by Dentsu, the figure in parentheses indicates the ratio of equity held indirectly.

## Information for shareholders (As of December 31, 2022)

Dentsu Group Inc.

### Corporate Headquarters

1-8-1, Higashi-shimbashi, Minato-ku,  
Tokyo 105-7050, Japan  
Phone: +81-3-6217-6600

### Contact Info

**Investor Relations Department,**  
Group IR Office,  
1-8-1, Higashi-shimbashi, Minato-ku,  
Tokyo 105-7050, Japan  
[https://contact.group.dentsu.com/m/en\\_ir](https://contact.group.dentsu.com/m/en_ir)

### Stock Exchange Listing

Tokyo Stock Exchange, Prime Market  
Securities code: 4324

### Capital

¥ 74,609.81 million

### Total Number of Shares Issued

270,165,354

### General Meeting of Shareholders

The Ordinary General Meeting of Shareholders  
is held in Tokyo in March each year.

### Transfer Agent

The Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo  
100-8212, Japan

### Internet Address

<https://www.group.dentsu.com/en/>

## Share information (As of December 31, 2022)

### Breakdown of shareholders by type

	Number of shareholders	Number of shares held	Percentage of total number of shares issued
Japanese financial institutions	40	75,504,200	27.95
Japanese securities firms	36	13,536,611	5.01
Other Japanese corporations	582	74,838,855	27.70
Japanese individuals and others (Including treasury stock)	34,815	41,658,513	15.42
Foreign institutions and individuals	723	64,627,175	23.92
Total	36,196	270,165,354	100.00

### Major shareholders (top 10)

	Major shareholders	Number of shares held	Percentage of total number of shares issued
1	The Master Trust Bank of Japan, Ltd. (Trust accounts)	53,609,400	20.20
2	Kyodo News	18,988,800	7.15
3	Jiji Press, Ltd.	16,028,680	6.04
4	Custody Bank of Japan, Ltd. (Trust accounts)	10,408,700	3.92
5	SMBCNikko Securities Inc.	8,330,600	3.14
6	Group Employees' Stockholding Association	5,314,052	2.00
7	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,277,400	1.99
8	Yoshida Hideo Memorial Foundation	4,984,808	1.88
9	Recruit Holdings Co., Ltd.	4,929,900	1.86
10	Tokyo Broadcasting System Television, Inc.	4,000,000	1.51

Notes:

- The number of shares held by each trust bank includes shares related to trust services.
- The Company holds 4,748,379 treasury shares but is excluded from the major shareholders listed above.
- The Percentage of Total Shares Issued is calculated excluding treasury shares.