

Dentsu Group
Integrated Report
2022

OUR NORTHSTAR

an invitation to the never before.

This is a place where people come together without barriers, where trust and respect reign, a place where teams form effortlessly around the needs of each new task.

This is where hearts and minds are open, where diversity is the greatest resource and innovation can come from anyone, anywhere.

This is where data, technology and creativity meet in endless possibilities
— and those powers are used for the good of everyone.

This is where change is embraced as the life force of business, helping it adapt and thrive,
even in the most challenging times.

Here you'll find the optimists, the entrepreneurs, the first movers
— all our many people welcoming the world as one.

This is dentsu.

an invitation to the never before.

dentsu

WHY:

For lasting good

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

We reach for the never before because we prize the enduring over the short term. For us, thinking beyond the here and now is how we become trusted partners, not just to our clients, but to each other and the world around us too. We see one ecosystem of company, clients and society, living and growing together. As leaders in data, technology and creativity, we can do work that's woven into the lives of millions. We have the opportunity, the privilege and the responsibility to use our powers for the lasting good of everyone.

WHAT:

The power of the never before

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

In challenging times, we invite clients to embrace the necessity of change and find radical new ways to win, keep and grow their best customers. Data-driven, ideas-led and technology-empowered, dentsu is uniquely equipped to help businesses leap from what's now to what's next. This is a company of entrepreneurs, optimists and doers. We have the vision, the daring and the practical intelligence to unlock new possibilities for growth when others are fearful of decline.

HOW:

Open teaming

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

To be first movers in an ever-transforming world, our hearts, minds and doors must be wide open—to the power of diversity, to ideas from anyone, anywhere. And by creating the Teaming Platform, we've made openness the organizing principle of our company. Open teaming means erasing borders, bringing down administrative barriers and reaching out beyond dentsu to connect with other bright-minded organizations. Open teaming is talent perfectly shaped around the opportunities we see for our clients and partners.

BENEFITS

TO OUR CLIENTS

Never-before possibilities

In challenging times, we can say, ‘come stand with us’—versus fear, versus sameness, versus worn-out business models. We bring together business acumen, human insights, ideas and technology like no other company can. Let’s be collaborative entrepreneurs. Let’s work together to transform your brand and the way customers experience it. Let’s use the power of change to unlock the new possibilities and build the sustainable growth you need.

TO OUR PEOPLE

Never-before opportunities

Bringing all kinds of different people together to lead clients to unexplored territory is the adventure to which all dentsu is invited. Everyone is welcome to take on new challenges and become part of teams that have no borders or barriers. Anyone can show leadership. Anyone can help. Anyone can influence the outcome.

TO OUR PARTNERS

Never-before connectedness

We know beyond our company there are endless possibilities waiting for a spark of connection. If it can help us get to the never before, we will reach out to any bright-minded organization or individual, anywhere in the world. We will create new value and new businesses with the unstoppable power of diversity.

TO SOCIETY

Never-before commitment

We’re not just here for our clients, we’re here to ignite meaningful experiences for people across the world. We have a deep understanding of human nature and our own place in a constantly evolving society. As we bring growth to businesses and brands, we will do so in ways that are closer to the needs of society and add value to life as we go.

1 WE DREAM LOUD

We rise to the ever-evolving needs of our clients and partners by dreaming big and loud. We take businesses to unexplored territory and everyone of us is invited to join. Thinking small is for other people. Let's celebrate audacity.

2 WE INSPIRE CHANGE

Change is our path through the impossible. Change is where the magic happens. Change knows the present is already the past. Change never gets old. Change is the adventure we love. Let's be fearless about change.

3 WE TEAM WITHOUT LIMITS

All our diverse and talented people around the world are able to come together in any formation. All our doors are open to innovation from anyone, anywhere. We're building the new by connecting the different. Let's unleash the 'power of us.'

4 WE ALL LEAD

We believe that leadership is what we do together. It flows through all of us. Anyone in dentsu can lead us towards the never before. Anyone can help us. Anyone can influence the outcome. Let's lead together, be strong together – and show the world.

THE 8 WAYS TO THE NEVER BEFORE

5 WE MAKE IT REAL

We're more than idealists, we're entrepreneurs. We turn strategic vision into measurable plans, executed beautifully. What we dream, we build. It's not genius until it's real. Let's make it happen.

6 WE CLIMB HIGH

What we do isn't always easy. But even when a task seems impossible, we meet it with grace and optimism. We step towards difficulties and turn problems into progress. We're here to find solutions. Let's welcome challenges.

7 WE CHOOSE EXCITEMENT

On every project we look for ways to go further, to make our work more interesting and rewarding. In choosing our way, we take the exciting path, because in tough times and good, it's excitement that propels business forward. Let's love the work we do.

8 WE ARE A FORCE FOR GOOD

We work with honesty, integrity and responsibility. We are endlessly curious about ways to add value to people's lives. When we do the right thing as individuals, it becomes who we are as a company. Let's use our powers for the good of everyone.

Contents

01	OUR NORTHSTAR	07	Messages	11	Strategy
04	Contents	07	CEO Message Hiroshi Igarashi Representative Director, President & CEO	12	Medium-term Management Plan
05	Editorial Policy	10	Value creation model of Dentsu Group “Business to Business to Society (B2B2S)”	14	Customer Transformation & Technology
06	Dentsu Group at a glance			17	Dentsu Japan Network
				20	Dentsu International
				24	Case Study
26	Sustainability	38	Corporate Governance	56	Financial and Corporate Data
27	CCAO Message Haruhiko Hirate Executive Vice President & CCAO	39	Message from Chairman	57	CFO Message Arinobu Soga Representative Director, Executive Vice President & CFO
28	2030 Sustainability Strategy	40	Messages from new Outside Directors	61	Financial Data Summary
31	Sustainable Business Board	42	Corporate Governance Structure	63	ESG Data Summary
32	Climate Action	46	Board Members	67	Subsidiaries and Affiliates Information for shareholders / Share information
34	People Strategy	48	Initiatives aimed at enhancing effectiveness of governance		
37	Diversity, Equity & Inclusion	49	Executive Compensation Policy / Strategic Shareholdings		
		52	Risk Management		
		54	Promoting Compliance		

Editorial Policy

Editorial policy

- The “Dentsu Group Integrated Report 2022” introduces the renewed management policy “B2B2S” under the new group CEO, Hiroshi Igarashi, which is aimed at maximizing the corporate value for all of the stakeholders. The report also addresses the progress of “Medium-term Management Plan: Sustainable Growth through Transformation” and ongoing activities including the capability and talent developments.
- Target audience
All stakeholders including shareholders and investors.

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)

Period covered by the report

Centered on activities during FY2021 (January 1, 2021 through December 31, 2021), but also refers to preceding and more recent activities.

Organizations covered

Dentsu Group Inc. and Dentsu Group companies

Publication date

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Contact info

Group IR Office

Dentsu Group Inc.

https://contact.group.dentsu.com/m/en_ir

Website introduction



Dentsu Group corporate website

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

In addition to company information, the website introduces activities conducted by Group companies worldwide.



Dentsu Group IR website

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

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

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 Dentsu 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.

Dentsu Group at a glance

Our purpose

Dentsu Group exists to realize a better society by contributing to the growth of our clients, partners, people, and all consumers.

Integrated Growth Solutions → p. 16

Integrating our diverse capabilities across the Group. Delivering topline growth for our clients, beyond marketing.

FY2021 Highlights → p. 61

Net revenue **976.5 billion yen** Organic growth rate **13.1%**

Underlying operating profit **179.0 billion yen** Operating margin **18.3%**

Underlying dividend payout ratio **30.0%** Underlying ROE **13.8%**

Markets

Founded in Japan, now operating globally **c. 145 countries and regions**

Total Group employees **c. 65,000 talents**

Fast-growth area → p. 14

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

Customer Transformation & Technology (CT&T)

Group consolidated net revenue generated from CT&T in FY2021 **29.1%**

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.

Six positive impacts from CT&T:

- Expanding our capabilities
- Structural growth area
- Complements existing services
- Recurring revenue
- Relationships beyond the CMO
- Lowers cost structure by nearshoring and offshoring

Sustainability → p. 28

Our 2030 Sustainability Strategy

Sustainable world



Fair and open society



Digital for good



Establishment of Sustainable Business Board → p. 31

Independent and diverse board to deliver sustainable growth → p. 39

Medium-term Management Plan → p. 12

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 priorities & Shareholder returns

Capex investment in operations, capabilities & 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 CO₂ by FY2030;

100% renewable energy by FY2030 (In markets where available)

Diverse, equal & inclusive workforce; female managers to reach **30%** by FY2030 (Dentsu Japan Network 25%; Dentsu International 50%)

CEO Message



**Maximizing dentsu Corporate Value—
Collaborating with clients to resolve
social issues and evolve into a Business
to Business to Society (B2B2S) entity
generating medium- to long-term value**

Hiroshi Igarashi

Representative Director,
President & CEO, Dentsu Group Inc.

The evolution into a B2B2S entity

This fiscal year, I assumed the role of President and CEO of Dentsu Group Inc. I have worked face to face with our clients, typically within the Eigyo (account management division), over the past 38 years since joining dentsu in 1984.

In retrospect, I believe our clients consistently envisioned the need to add value for future generations. Rendering proposals that tackle core client issues while maintaining that same perspective often led me to experience both obstacles and friction, but I will never forget the sense of accomplishment whenever those proposed solutions were realized, motivating both society and consumers.

I find that anticipating the social issues transcending our clients' challenges, comprehensively confronting them, and finally proposing and implementing solutions yields the greatest pleasure in our work. That process lies precisely at the heart of "an invitation to the never before," as we discover unique social value for clients and make that value a reality for a future yet unknown. We are driven by the principle of delivering outcomes for our clients and the wider society. In other words, our activities integrate issues concerning Society, transcending the existing B2B into "Business to Business to Society," or B2B2S. This is what defines our Dentsu Group management policy.

A recent example is "Chefbot," a first of its kind recipe bot which uses AI to tackle food loss by

allowing families to make the most out of the ingredients they already have through recipe suggestions. Dentsu jointly developed this product with one of our clients—a major American retailer. Meanwhile, in Japan’s Kitakyushu City, Dentsu collaborated with local firms and local government to achieve collective impact by executing a proof-of-concept for a regional food circulation system, applying it to the country’s first soccer stadium. The system involves composting food waste and paper cups made with biodegradable resin, growing vegetables locally using the compost, and serving food made from the produce in the stadium. In addition, starting this year, we are developing “Dentsu Good—a sustainability accelerator” as a solution service across DI and DJN. This new initiative is positioned as a business accelerator that realizes business growth through contributions to society.

Marketing addresses community design

Results of a proprietary survey show that 83% of Gen-Z respondents feel that enterprises should address social issues, questioning the meaning of corporate existence within society. Increased movement toward a sustainable society symbolized by the United Nations’ Sustainable Development Goals (SDGs) has brought us to a time in which companies capable of providing a purpose for society must take a leadership role. With consumers looking more closely

at brands, the corporate focus must become the ability to define a purpose that will lead toward a better future.

Dentsu Group’s role is to evolve conventional marketing into creativity-based community design as a way to ensure permeation of this purpose among individuals. “Community” in this case does not refer to the people surrounding us within our regional society, but rather to the ties which link people through a shared purpose, including corporate entities, local governments, and consumers. Individuals with shared purpose are the driving force moving us toward a better future. The imagination to redefine captivating purpose and the ability to conceptualize based on reality—those are the creativities that form the cornerstone of community design. As Dentsu Group, we have a unique opportunity to influence human and societal behavior.

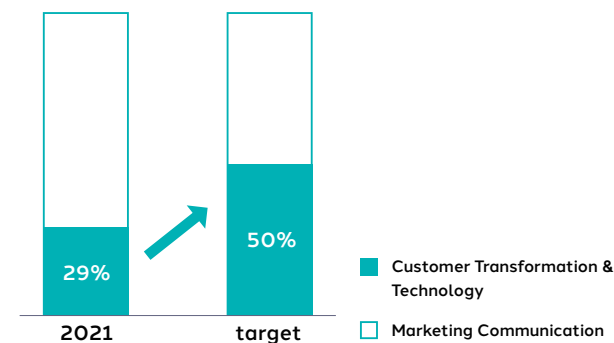
Future-driven capability

Consumers are now connected to their devices 24/7, including those linked to the Internet of Things (IoT). Creating optimal data- and technology-driven consumer experiences is essential to implementing community design. The capability derived from data and technology, a recent and vital necessity, which we call “Customer Transformation & Technology” (p. 14), is a major investment area in our 2024 Medium-term Management Plan. This is the area in which we can achieve faster growth with less revenue cyclicity,

and the one bearing the most hidden potential over the next few years.

Dentsu Group’s capabilities are expanding, diversifying and surpassing the boundaries of traditional advertising and marketing communication. We are resolving weightier, larger-scale issues for clients; however, we believe the organic integration of multiple solutions, rather than addressing single solutions, is essential. We refer to this service infrastructure as “Integrated Growth Solutions” (p. 16), a concept which has differentiated us from our competitors.

Customer Transformation & Technology ratio over net revenue



People at Dentsu Group

Our talent, tackling issues for society and clients, now spans 145 countries and regions, with approximately 65,000 people all wishing to exercise their creativity to produce new value for society. It is my ambition that we will continue to attract top-tier talent.

An array of like-minded individuals cannot amass the creativity required to resolve complex social issues or produce a community. The vision of “an invitation to the never before.” is realized through the self-directed contributions of unique individuals, acting freely yet responsibly, each with an area of expertise to offer.

That was my own experience, as I joined colleagues from diverse backgrounds in pursuing work with a shared aspiration, affording me a sense of growth and reward. As I mentioned earlier, considering heightened social demands on corporations, awareness of one’s own social contributions through work helps boost human resource engagement within Dentsu Group. Attracting talented people with aspirations requires Dentsu Group to continue being an entity which produces social value by creating a community of client enterprises and consumers, and to create an environment affording talent a sense of growth and opportunity to maximize demonstration of their value.

Business transformation toward sustainable growth

In FY2021, we recorded record net revenue, record operating profit, and underlying and statutory operating profit while accomplishing substantial structural reform through organizational simplification and the sale of non-trading assets as outlined in our Medium-term Management Plan. We are now poised to enter the business transformation phase aimed at sustainable growth, committing investment resources of 250-300 billion yen toward our primary goal: acquisition of capabilities in the Customer Transformation & Technology field.

Dentsu Group’s own management must be focused on sustainable growth as a B2B2S entity confronting social issues. The Sustainable Business Board launched in 2021 (p. 31) is designed to create initiatives yielding a sustainable Dentsu Group with an integrated business growth strategy. Grounded in Dentsu Group’s “2030 Sustainability Strategy,” the Board addresses social issues including climate change and Diversity, Equity & Inclusion (DE&I) while concomitantly developing solutions to societal challenges facing client enterprises. Dentsu Japan Network has also joined forces with the Group’s communication experts and network resources to develop the “Sustainability Communication Guide,” a free publication outlining points to keep in mind when relating sustainable goals with clients and other stakeholders.



To ensure efficacy of the 2030 Sustainability Strategy through governance, management compensation now reflects non-financial factors such as the employee engagement score, achievement of CO₂ reduction targets, and the female management ratio. We have also established the new positions of Chief Diversity Officer within Dentsu Japan Network, and of Chief Equity Officer within each region of Dentsu International, creating a system to advance both DE&I and employee engagement (p. 37).

The new governance changes launched in March 2022 will strengthen the supervisory function of the board of directors by increasing the ratio of female and independent directors and delegating management supervision and execution to different individuals. The addition of four new independent external directors well versed in global corporate management, digital, and finance/accounting/auditing has already invigorated ongoing discussion of business transformation.

It is my mission to ensure that our people collaborate, maximizing Dentsu Group corporate value for our shareholders, clients, partner firms, and employees, as well as for consumers and all of our stakeholders throughout society.

Value creation model of Dentsu Group “Business to Business to Society (B2B2S)”

Dentsu Group’s Value Creation Model is rooted in contribution to society through solving client’s business challenges.

In order to solve increasingly complex social challenges, it is important to form a community that connects people and organizations that resonate with a single purpose.

Dentsu Group aims to serve as a community member by leveraging its capabilities originating from digital and data technologies, named “Customer Transformation & Technology,” and its traditional

strength of Marketing Communication, to provide Integrated Growth Solutions to clients, which organically integrates a breadth of solutions.

Inside Dentsu Group, there are talents with diverse backgrounds and expertise spanning data, technology and innovation.

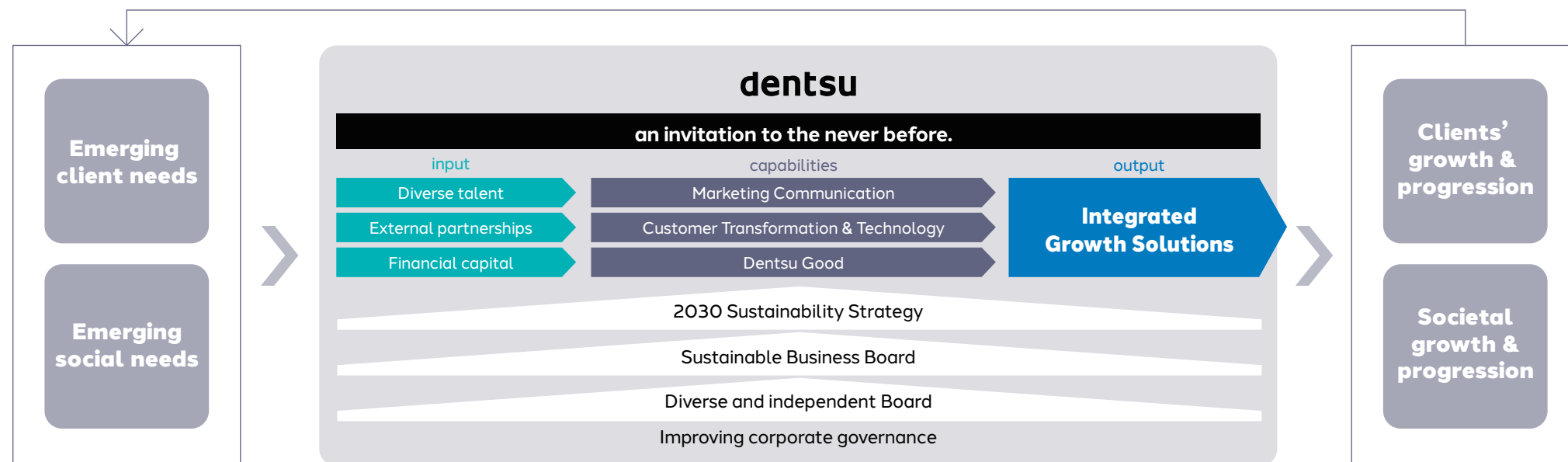
Individual employees autonomously collaborate within Dentsu Group and with external partners in order to create Integrated Growth Solutions for our clients.

Talent is the largest asset of Dentsu Group. Through new hiring and acquisitions, we actively seek to acquire

new talents, while constantly investing in providing a broad range of skill development programs and realizing a working environment that enables employees to demonstrate their abilities and ambitions.

Underpinning this series of value-creating processes are our Northstar (“an invitation to the never before.”), corporate governance that respects stakeholders’ interests, and the 2030 Sustainability Strategy and Sustainable Business Board (SBB) that provide long-term perspectives.

Business to Business to Society (B2B2S)



Strategy

➤	Medium-term Management Plan	p. 12
➤	Customer Transformation & Technology	p. 14
➤	Dentsu Japan Network	p. 17
➤	Dentsu International	p. 20
➤	Case Study	p. 24

Medium-term Management Plan

Sustainable Growth through Transformation

In 2020 the impact of the pandemic was felt across the globe. Rapid social changes occurred, including the digitalization of society and an increased focus on the role of corporates and individuals within society.

Within this context, the Group recognized the need to accelerate our own transformation and launched a comprehensive review of the business to simplify and streamline the business, reduce operating costs through de-duplication, enhance the efficiency of our balance sheet and maximize shareholder value. The comprehensive review laid the foundation for the launch of the Group's Medium-term Management Plan, announced in February 2021 and named "Sustainable Growth through Transformation."

In order to achieve transformation and continuously enhance corporate value, the decision was made to focus efforts on the following four pillars, setting KPIs and targets for each.

1. Transformation & Growth
2. Operations & Margin
3. Capital allocation & Shareholder returns
4. Social impact & ESG

The plan provides stakeholders with a four-year roadmap for the Group's growth and profitability, and recognizes the role the Group has to play within a sustainable society.

Action Plan

The challenges facing all of the Group's clients are becoming increasingly complex, as corporates seek to enhance the value of their business. Dentsu Group expand its capabilities, with the provision of solutions that are "beyond advertising."

The digitalization of society increased the need for corporates to invest to build connections with consumers through technology, prompting the need for digital transformation: the area we call Customer Transformation & Technology (p. 14). This is the fastest growth area of our business, where we see greatest potential for the Group in the coming years. As digital adoption accelerates, this fits precisely with our competitive advantage as one of the very few integrated global innovators who can integrate Marketing Communication + Customer Transformation & Technology.

By growing our revenue in Customer Transformation & Technology we expand the available market opportunity beyond the Chief Marketing Officer, engaging with CEOs, CTOs, CIOs, and COOs—the entire C-suite—all of whom are responsible for owning and maximizing the total customer experience.

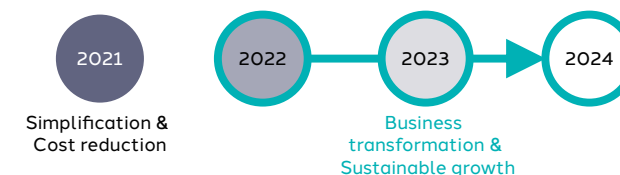
The Group has achieved growth by providing clients with Integrated Growth Solutions (p. 16) that combine Customer Transformation & Technology with our deep knowledge in Marketing Communication. Integrating our diverse capabilities across the Group will deliver top-line growth for our clients, beyond marketing.

By providing clients with high-quality solutions by means of an extremely efficient framework, we can facilitate nearshore and offshore utilization, provide employees with secure remote work environments, optimize the size of offices, and re-wire our organization to promote vigorous collaboration among teams across the Group.

Having disposed of many of our non-trading assets by the end of FY2021, we aim to increase our ROE by optimizing the asset portfolio and using the inflows generated from the sale of assets to invest in the business for growth.

Second year of Sustainable Growth through Transformation

In FY2021, the plan's first year, we successfully increased profitability by simplifying our structure and reducing operating costs. This resulted in Dentsu Group reporting record net revenue and record underlying and statutory operating profit. In light of these achievements, in FY2022 we plan to transition to a phase in which we accelerate business transformation and sustainable growth, and have revised FY2024 targets accordingly.



Regarding the organic growth rate, we have upgraded the compound annual growth rate from between 3% and 4% to between 4% and 5% through 2024. Since the Group achieved the 17.0% underlying operating margin target for FY2024 ahead of schedule and in the first year of the plan, the new target is to manage business in the 17.0–18.0% range until FY2023, and reaching an underlying operating margin of 18.0% in FY2024.

New targets were also added to Social Impact & ESG criteria. To enhance employee Diversity, Equity & Inclusion, we will further heighten effectiveness with the addition of a specific target for the ratio of female leaders, aiming for a Group-wide ratio of 30% by 2030 (Dentsu Japan Network 25%; Dentsu International 50%). For additional details, please see the following chart, Medium-term Management Plan: KPIs and renewed targets.

Capital allocation stresses growth, boosts long-term value

Our approach to capital allocation until FY2024 was announced in February 2022.

Over the next three years, we plan to make 70.0 billion yen worth of capital investments in areas including operations, capabilities, technology infrastructure, and offshore.

As for growth investments through M&A, we have announced an investment fund of up to 250.0–300.0 billion yen. The intention is to focus on the high growth

of the Customer Transformation & Technology area.

In executing share buybacks to provide shareholder returns, having provided 30.0 billion yen in FY2021, we decided to provide a maximum of an additional 40.0 billion yen for buybacks in FY2022.

We aim to maximize corporate value for all stakeholders through the above capital allocation

plans. Attaining sustainable growth is an important goal for the Group, and is not limited to the period leading up to FY2024. The essence of our Medium-term Management Plan is to look ahead and cultivate a corporate culture perpetually engaged in transformation and value creation.

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



17.0–18.0% operating margin through FY2023.
Reaching 18.0% in FY2024.

Capital allocation & Shareholder returns



Progressive dividend, reaching 35% payout ratio of underlying basic EPS by 2024.
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.

Social impact & ESG



46% absolute reduction in CO₂ by FY2030, 100% renewable by 2030 (in markets where available).
Improvement in employee engagement score.
Diverse, equal & inclusive workforce; female managers to reach 30% by FY2030 (DJN 25%; DI 50%).

Customer Transformation & Technology

The future of brand loyalty and competitive advantage is the customer experience

Customer Transformation & Technology

In the post-pandemic world, much has changed for our clients and how they interact and reach their customer base: the consumer. Brands must reach consumers across numerous touchpoints with a consistent and compelling story in a seamless way that encourages frictionless commerce: The Customer Experience.

As we look ahead to the next five and even ten years, we see three major macro trends that support our strategy and provide context for our business direction.

- Consumer lifestyle redefined post COVID-19 with brands redefining their connection to consumers with technology and digital transformation.
- Consumers' increasing need for data privacy driving corporates to build D2C (direct-to-consumers) relationships through the use of technology, data and analytics.
- Stronger demand from consumers for corporations to focus on social good.

The digitization of society and advances in data technology have enabled companies to capture deep consumer insights, in real time. This expansion of data, across the entire customer journey, from consideration

to purchase has allowed Dentsu Group to expand its capabilities: beyond ad and marketing communication.

The customer experience is now on every CEO's agenda—and this has been heightened post COVID-19. Our services and solutions now reach beyond our traditional client, the Chief Marketing Officer—they reach the entire C-Suite.

As a marketing partner, Dentsu Group's priority has always been to support the topline growth of our clients and our differentiated position as a hybrid- agency / consultancy allows us to deliver that growth whilst working deeper within our clients' organizations in data and technology. This creates the opportunity for our clients to become experience-led which drives higher brand awareness, higher customer retention, higher customer satisfaction rates and faster revenue growth.

We differ from the traditional consulting firms because we have deeper marketing skills with which to drive performance and value for our clients—we know consumers—our clients' customers.

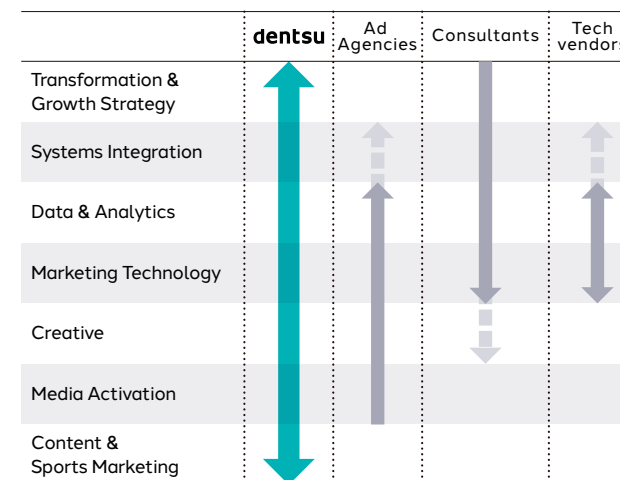
And we are differentiated versus our agency competitors because we have deeper technology and data implementation skills at much greater scale, putting us in a unique position.

Our ability to integrate our diverse capabilities is

what creates our true differentiation—and our ability to deliver these solutions seamlessly to our clients.

As digital adoption accelerates, this fits precisely with our competitive advantage as one of the very few integrated global innovators who can integrate Marketing Communication + Customer Transformation & Technology.

Dentsu Group's Customer Transformation & Technology business empowers the world's leading brands to transform their data, technology, and organizational capabilities to deliver differentiated



COMPANIES THAT ARE EXPERIENCE-LED HAVE...

1.6x

Higher Brand Awareness

1.7x

Customer Retention

1.6x

Customer Satisfaction Rates

1.4x

Faster Revenue Growth

Source: PR Newswire, Forbes.com, Adobe, Gartner

“We connect and create intelligent experiences that empower individuals, build brands and transform businesses.”

customer experiences. This requires orchestration of the full customer experience, starting with the product itself and continuing across the entire customer life cycle, from awareness to consideration to purchase to service and loyalty.

Customer Transformation & Technology is a structural growth area of our industry, forecast to continue to grow high single-digit to double-digit in the coming years as brands address how to make experiences more personal, make advertising more addressable and build loyal customers over time.

In FY2021, Customer Transformation & Technology reached 29.1% of Dentsu Group's revenue, with a stated target to increase this ratio of net revenue to 50% over time.

The growth in Customer Transformation & Technology will be driven by organic growth and

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 a customer centered strategy. It builds the sustained agility to follow and meet customer demand, context, and motivation with innovative personalized experiences.

through acquisitions with the 250 to 300-billion-yen investment fund announced in February 2022. Acquisitions will focus on high growth scaled opportunities. The acquisition of LiveArea in 2021 demonstrates the strategy in action. LiveArea is a commerce consulting business that designs and

implements commerce platforms and offer ongoing managed services. It is growing 30% organically, has global offshore delivery capabilities in India and Bulgaria and allows us to build our relationships with our key technology partners.

Corporates require a partner that not only fully

Our industry leading assets including Merkle, ISiD and Dentsu Digital have generated a CAGR of 20.8% over the past 3 years (constant currency basis)



- 25 years of experience in people-based marketing creating data-driven and technology-enabled solutions delivering customer experiences that drive business growth



- IT Solutions, supporting clients' digital transformation with capabilities spanning technology & creative
- Strength in fintech, smart enterprises and logistics innovations



- Developing integrated solutions combining consulting, development, implementation and operational and executional support with commerce, and advanced creative

understands the technology that powers modern customer experiences, but the ability to implement, integrate, and optimize those technologies to deliver experiences that are seamless and satisfying for customers.

Our scaled relationships with our technology partners bring us competitive advantage.

Growing revenue in Customer Transformation & Technology not only exposes Dentsu Group to fast growth areas of the industry, it also brings a number of additional benefits, transforming our client offer, our revenue profile and our cost structure.

• **Expanding our capabilities**

Delivering bigger solutions for our clients

• **Structural growth area**

Growing exposure to faster growth, less cyclical revenue streams

• **Complements existing services**

Platform for enhancing media & creative offerings

• **Recurring revenue**

Recurring revenue through ongoing managed services

• **Relationships beyond the CMO**

Growing our available revenue opportunity within existing clients

• **Lowering cost structure**

Higher proportion of staff in nearshore & offshore locations

We are preferred partners with the world's leading technologies*

3,000+

Salesforce certifications
#1 Global agency partner



1,100+

Adobe certifications
#1 partner with the most Global
Adobe Product Specializations



1,000+

Google Marketing Platform/Google
Analytics certified specialists



*data as of July 2022

Integrated Growth Solutions (IGS)

Our strategy of Integrated Growth Solutions remains the centerpoint of our vision. As we integrate our diverse capabilities across the Group, we will deliver topline growth for our clients, beyond marketing communication.

We have the ability to offer solutions across a wide range of capabilities: from transforming our clients' businesses through brand building, delivering experience-led transformation powered by creativity, driving technology transformation at major corporations and construct end-to-end experiences, driving customer loyalty and transactions.

Dentsu Group's capabilities have expanded from executional work to strategic projects offering greater value to our clients. This reflects our vision of where the future growth in the industry lies: data, technology integrated with creativity and innovation to deliver topline growth for our clients.

Further evolution of Dentsu Group's solutions

Over its more than 120 years of history, Dentsu Group's capabilities and solutions have continued to expand, adapting to and leading the changes seen across society.

As data has become our common language, the impact of integrating the services of our diverse specialized teams becomes even more meaningful, allowing us to create ever bigger solutions for our clients to support their topline growth.

Dentsu Japan Network



Supporting sustainable growth and resolving social issues

Norihiro Kuretani

Director, Dentsu Group Inc.
President & CEO, Dentsu Japan Network
Representative Director, President & CEO,
Dentsu Inc.

Dentsu Japan Network (DJN), through its extensive network of over 20,000 employees and 160 subsidiary and affiliated companies, delivered 43% of Dentsu Group's net revenue and half of its underlying operating profit in FY2021.

Our target

Reflecting the objective of Dentsu Group's Business to Business to Society (B2B2S) policy adopted this year, DJN aims to become an Integrated Growth Partner to our clients, while simultaneously engaging in the sustainable growth of society.

In these uncertain times it can prove challenging to provide society and businesses with the solutions desired based simply on a two-dimensional view of the issues they face. Currently, we believe, there is a disconnect between consumers, corporations and society. Our job, simply put, is to reunite them.

DJN's business transformation

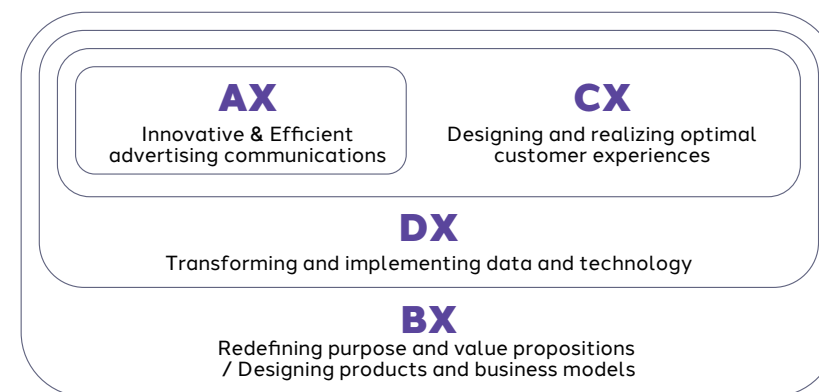
From designing customer experience (CX) which consists of advertising communications innovation (AX), to business design (BX), and data & technology platforming (DX), DJN integrates the breadths of capabilities, A-DX, to offer solutions to our clients as an Integrated Growth Partner.

Based on this framework, BX, CX and DX are the categories within the structural

growth area of Customer Transformation & Technology (CT&T).

To acquire and scale our capabilities we are growing organically, while at the same time, forming alliances with partners with specialized expertise. Over this journey, we have welcomed companies such as Septeni Holdings, CARTA HOLDINGS, Data Artist and Ignition Point to build together the foundation of an Integrated Growth Partner.

DJN's solutions



CT&T talent ratio to top 40% by FY2024

Maintaining talents is the key to growth for DJN. Given the existing robust talent base in our advertising business, we plan to raise the ratio of DJN employees engaged in CT&T-related business from the current 30% to over 40% in FY2024.

To achieve this, amid intensifying competition to acquire employees, we aim to recruit more new graduates and experienced individuals across all DJN companies, as well as offering skill development programs to our employees. DJN is creating attractive opportunities through the expansion of its capabilities for talents who are highly motivated to grow together with our business and contribute to society. DJN also boasts a staff turnover rate below the industry average and is attracting increasing numbers of employees from the major consultancies.

DJN: it's growing

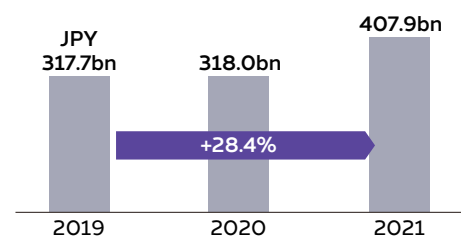
By securing the foundations to become an Integrated Growth Partner, the capabilities and integrated solutions needed by our clients are now in place. We have the skills and are ready. Our ambition is soaring, as is our resolve to maintain this momentum.

The advertising business, including digital advertising, has now rebounded past pre-pandemic levels. In addition to our leading market share position in traditional media, we have bolstered our digital capabilities through the consolidation of Septeni Holdings in FY2022. We expect our market share in digital advertising to overtake the other players in the field, making us number one in Japan in terms of market share and growth rate.

CT&T net revenue has jumped. It grew 29.1% over the FY2019 figure and accounts for over 20% of FY2021 DJN net revenue, thanks to highly synchronized creativity, consumer intelligence, and project management capabilities delivered by DJN companies. Behind the scenes, ISID and Dentsu Digital's advanced skills and talents in system integration deserve equal credit.

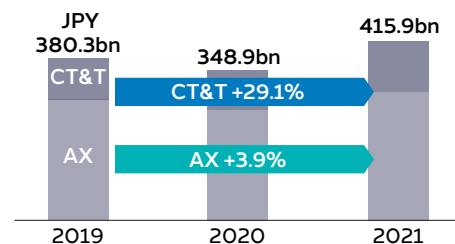
At the same time, we are accelerating the provision of advanced solutions through joint development with platformers and tech companies from outside of the Group. Data Clean Rooms, which facilitate both advertising placements that fulfill consumers' interests while protecting their personal information is a good example.

Digital ad net sales growth rate (DJN incl. Septeni)*



*Simple sum

DJN revenue by AX and CT&T

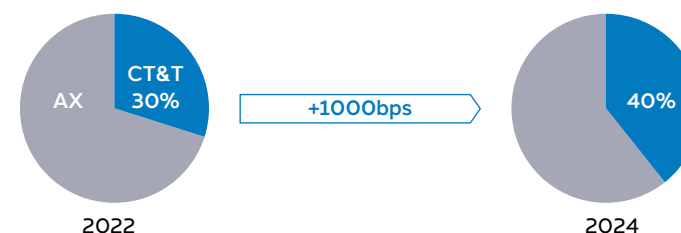


Accelerated growth through enhanced corporate infrastructure

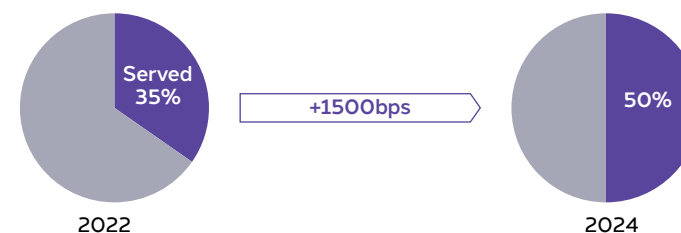
DENTSU CORPORATE ONE was established in January 2022 to provide shared corporate function services among all DJN companies. As a result, great strides have been made to improve the sophistication and efficiency of functions such as HR, finance, legal affairs, and auditing. These services were accessible for 35% of DJN employees in 2022, which we plan to ramp up to 50% or better by 2024.

It is just the beginning of our business transformation to become an Integrated Growth Partner. We will progress further to contribute to the sustainable growth of our clients and society.

Employee proportion by AX and CT&T



Proportion of DJN employees served by Dentsu Corporate One



World-class talents to achieve high marketing ROI**AX and CX
Planning****Shuji Yamaguchi**Executive Officer, Dentsu Japan Network
Senior Executive Officer, Dentsu Inc.

Amid fundamental changes in the handling of personal data, DJN acted to ensure continued improvement in ROI for our clients. In 2016 we teamed up with IT companies to develop data clean rooms, or DCRs, enabling access to anonymized customer data, then assisted our clients in overcoming challenges such as backcasting based on purchasing data, acquiring new customers, and transitioning to marketing based on customer lifetime value. Demand for our services was apparent, as 458 such projects were completed in FY2021 alone. But we didn't stop there. Moving society means moving data, and now we're opening up new fields, forging new businesses and assisting with structural reform—all through DCRs.

To satisfy these as well as emerging needs, DJN nurtures highly specialized and dedicated human resources, on hand to deliver high-level marketing and business growth for our clients.

Creativity and technology improving Customer Experience (CX)**CX
Execution****Kumiko Nakatsu**Executive Officer, Dentsu Japan Network
Senior Executive Vice President, Dentsu Digital Inc.

The ways in which corporations and people interact, together with their customer experience (CX), are constantly evolving, dissolving the boundaries between on- and offline. For its part, DJN, with a rich heritage in fusing creative ideation with cutting-edge technology, is ideally placed to generate new experiences for customers.

We are also more tuned in to the underlying data, so can orchestrate focused, engaging experiences that yield quality data—crucial to continually refining the experience. Creating these cycles of feedback sits at the very heart of CX planning and is a true passion for DJN.

Realizing and applying CX takes dedicated teams of creatives, technologists, and data experts to constantly push at the bounds of what's possible, reflecting DJN's commitment to bringing companies closer to their customers to maximize marketing ROI.

Business creation and corporate transformation**BX and DX
Consulting****Takeshi Sano**Executive Officer, Dentsu Japan Network
Senior Executive Officer, Dentsu Inc.

Our services offer broad-ranging support, from strategy to execution. Through digging deep into consumer data and insights, we can reveal the true strengths of client companies. Leveraging our capabilities in digital, from business model designs aimed at sustainable profits, to customer experience (CX) designs and the marketing platform transformation that follows, we can help businesses transform or create new ones.

We stay close by our clients too, providing unfailing support throughout their transformation, and help define their vision and mission.

In the process, we focus on optimal project design tuned in to our clients' issues to lay the management foundations, ensuring products and services continue functioning at their best for consumers. This requires pooling the imagination, implementation, and networking strengths of the entire spectrum of DJN companies. In this way, we facilitate the giant leaps companies want to make, as well as their sustainable growth.

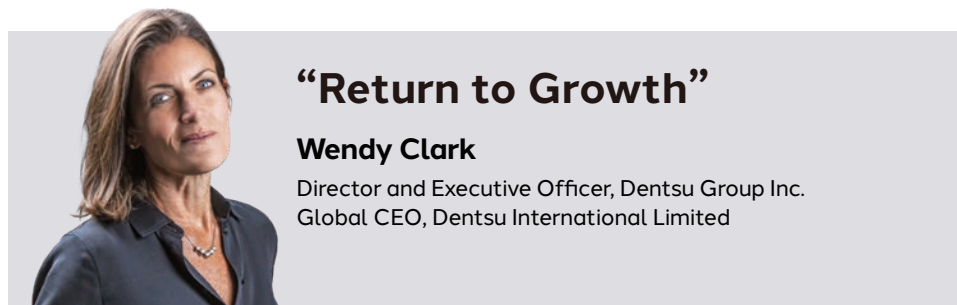
Integration of marketing, product development and business administration to achieve digital transformation (DX)**DX
Delivery****Hirohisa Iwamoto**Executive Officer, Dentsu Japan Network
Managing Executive Officer, Information Services International-Dentsu, Ltd. (ISID)

Behind branding that expresses value, businesses provide goods and services that embody value.

DJN is well-known for its branding capability, and as part of DJN, Information Services International-Dentsu (ISID) is a powerhouse in the domain of value provision with strengths to support the business operations of clients in the manufacturing and financial sectors as well as other sectors. Together as one group, we can help generate high added value, transform corporate business models, and achieve growth for our clients. By extension, we can help develop digital transformation that leads to social transformation.

As part of these efforts, through a strategic collaboration between Dentsu, ISID and Fujitsu, we now help clients transform their value chain while also resolving environmental and social issues. At the same time, the focus is on sustainable business growth and carbon neutrality.

Dentsu International



Transformation to drive growth

FY2021 saw Dentsu International return to growth across all regions and service lines. Our organic growth of 9.7% shows a recovery across the business and that our bold vision of being the most integrated agency network in the world has resonated with our clients as they continue to invest in customer experiences informed by data and analytics.

We expect continued solid growth in our Media and Creative service lines, while the structural growth in Customer Transformation & Technology will transform our business allowing us to deliver a truly differentiated offer to our clients as a hybrid agency / consultancy. Our strengths in first-party data, combined with identity resolution, data management, marketing technology, data sciences, loyalty, CRM, personalization, and media and creative services, have differentiated us in the evolving competitive landscape. We have our sights set on becoming the market leader enabling and activating the total customer experience as we look to grow Customer Transformation & Technology to 50% of our Group net revenue over time.

Exceeding margin targets 12 months early

FY2021 saw Dentsu International not only return to growth, but profitable growth. We delivered a 33.8% increase in underlying operating profit year-on-year, reaching

operating margin levels not seen since FY2016. We had committed to reaching a 15% operating margin by FY2022; in FY2021 we not only delivered this one year early—but beat our target by 90 bps.

The past two years have seen us radically simplify our business to keep pace with the needs and expectations of our clients and realign our cost base across the business. We have achieved 58% of the brand optimization target with 88% planned to be achieved by year end FY2022. We have reduced the number of legal entities within the business—reducing complexity and we have significantly reduced our property footprint to reflect our new hybrid ways of working.

Longer term, there is still margin opportunity as we continue to invest in near and offshore programs—lowering the cost to serve our clients, investing in technology to drive efficiency across the business and increase the use of shared services and globally aligned systems and platforms.

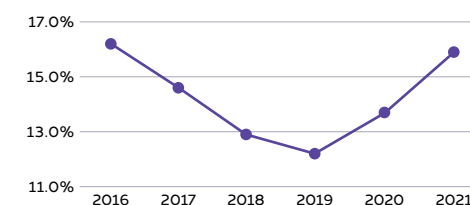
Investing for future growth

We continue to focus our M&A firepower on Customer Transformation & Technology, focusing on the fast-growth areas such as commerce and digital transformation where we see the structural growth in our industry.

Acquisitions will also enhance our market-leading capabilities with our key technology alliance partners including Salesforce, Adobe and Google—and this will further cement our position as their leading agency partner, extending our lead over our agency competitors.

In the third quarter of FY2021, we welcomed LiveArea and their 600 people to join our lead agency in Customer Transformation & Technology, Merkle. LiveArea bolsters Merkle’s global experience and commerce capabilities and furthers Merkle’s position as a go-to experience partner for businesses around the world.

Dentsu International: operating margin 2016–2021



Investing in talent

As the impacts of the COVID-19 pandemic continued in 2021 this highlighted the need for us to find new ways to engage our people and reinforce our culture of inclusion and support for diversity when we couldn't be together. In 2021 we saw record levels of employee engagement, reflecting our remarkable ability to adapt at pace.

We also continued to tackle issues around Diversity, Equity & Inclusion, gaining recognition in early 2022 by both Stonewall and the Human Rights Campaign Foundation for our commitment to the inclusion of LGBTQ+ people in the workplace. We were also the first in our sector to set a gender equity target—by 2030, women will make up 50% of Dentsu International management team.

One of my priorities as Global CEO of Dentsu International has been to be the workplace of choice for the best talent to ensure we attract and retain the best people. In 2021, we made a record investment in the design and delivery of a number of individual development and coaching programs for our highest potential talent throughout the network.

We also welcomed four new leaders to our Executive team: Michael Komarsinski as CEO of Merkle and the CXM service line, Fred Levron to lead and transform our Creative offer, Nnenna Ilomechina as Global Chief Operating Officer, bringing over 20 years of market-leading digital and transformation experience and leadership, and Alison Zoellner as our Global General Counsel. These appointments further strengthen our Executive Leadership Team.

2030 Sustainability Strategy in Dentsu International

One year after the launch of our strategy in 2021, Dentsu International took the bold decision to reset our net-zero target, including a new decarbonization target of 90% reduction by 2040, becoming one of the first companies in the world to have our net-zero target approved by the Science Based Targets initiative (SBTi).

I had the incredible privilege of attending COP26. At the conference, I was able to share dentsu's belief that the task of meeting our climate goals depends on driving

different consumer behavior and creating green markets. And we believe that, as one of the largest media and advertising companies in the world, we are in the right place to do that.

That's why I am particularly excited about the work we have been doing with clients to help them transition to a bold new approach. For example, we worked with IKEA to build a bespoke online tool enabling customers to sell their used furniture back to IKEA—a powerful example of how to make meaningful choices accessible to consumers.

Dentsu International's sustainability initiatives and recognitions



Looking ahead

In FY2021, we returned to growth, transformed our business, reduced our cost base, and delivered margin improvement. This is testament to the hard work and commitment of all our people. In 2022 we look forward to unlocking even more value within Dentsu International and the Group, leveraging our competitive positioning, our strong product offering and the 45,000 talented individuals within the organization.

The greatest opportunity for brands today is the transformation of customer experience. This reflects our vision of where the future growth in the industry lies: data, technology integrated with creativity and innovation to deliver topline growth for our clients.

**Peter Huijboom**

Global CEO,
Media and Global Clients,
Dentsu International

Media Service Line**Unlocking the power of media for the biggest brands on the planet**

Dentsu International's Media Service Line provides clients with integrated media planning and investment services, delivered through award-winning global agencies Carat, iProspect and dentsu X. We bring together the power of brand building, content, and storytelling, with the precision of performance, data, and technology.

The digital universe is the place where we experience brands, make decisions about brands and purchase their products. As our global agencies continue to innovate and help our clients navigate this complex and ever-expanding channel, we've also got our sights set on the future. This was why, in 2021, we published a collaborative global research study "The Rise of Sustainable Media" in which we explored consumer attitudes to, and the industry's responsibility toward, low- and no-carbon advertising in a bid to address climate change.

2021 was the year that saw Carat yet again placed as a leader in Forrester Wave; dentsu X as RECMA's World's Fastest Growing Media Agency for the third year in a row; and the year iProspect integrated Vizeum to become the industry's newest full service global media agency. New business wins included Kering, LinkedIn, Ferrero and Manulife.

In 2022, our accelerated growth will be realized through continued development of new and existing relationships driven by our outcome-obsessed global agencies. Our advantage will be maintained via a suite of highly competitive products, services and platforms that meet the growing and ever-changing needs of our clients—from identity to insights and from addressability to attention. And, we will continue to embed social impact not just into our own proposition, but into our clients' brand propositions too—promoting a responsible media ecosystem and helping clients move toward net zero through media.

**Fred Levron**

Global Chief Creative Officer,
Dentsu International

Creative Service Line**Radical Collaboration, Radical Simplicity**

In 2021, our Creative Service Line demonstrated the power of radical collaboration, and radical simplicity. We simplified our brand portfolio, and extended our client relationships.

We hit new creative highs; 2021 was our most awarded year ever in the US. We were Spikes' Network of the Year, Dentsu Creative's work in 2021 brought us 2022 Agency of the Year at Cannes Lions with three Grand Prix awards and we were awarded one of Fast Company's best places to work for Innovators.

We invested in products and platforms such as Content Symphony, our intelligent production platform (Adobe's system of record) and Dentsu on Demand, our next generation teaming platform to connect our talent, scale & personalize our ideas.

Most importantly, we invested in exceptional talent and in creating a diverse and inclusive workforce, able to create work that truly reflects the modern world.

The power of Modern Creativity

We continue to push ourselves to innovate faster, simplify further and excel creatively, leading to the creation of a single global creative network: Dentsu Creative.

We have a new vision for creativity at dentsu: from vertical to horizontal creativity, driving better and more innovative outcomes across all of our service lines.

Modern Creativity creates culture, it changes behavior and changes society—it invents the future. Together with our core brand capabilities, these skills combined enable us to break new ground in creating entertainment platforms and intellectual properties, virtual influencers and gaming properties, and live commerce experiences.

In Dentsu Creative, we are building a network for today and tomorrow, transforming brands, businesses and society for good.



Michael Komasinski

Global CEO, Merkle/CXM
and President Merkle/CXM
Americas at Dentsu
International

Customer Experience Management (CXM) Service Line

Consumer needs and expectations of today are virtually unrecognizable to those of a decade ago. Vast market shifts, an acceleration of brands' and consumers' digital fluency, the proliferation of data and platforms, the ever-tightening privacy landscape, and changing societal values have all taken marketing on an accelerated journey of transformation in recent years.

Today's most successful brands are built by providing superior customer experiences (CX) 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 customer 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.

As a customer experience management (CXM) company, Merkle not only encourages brands to embrace customer centricity, we help them transform their organizations into builders of long-lasting, value-driven customer relationships. Merkle is the CXM service line's and Dentsu International's largest brand, and is poised to surpass 2 billion USD in revenue in 2023.

The value we provide to clients is underpinned by our deep heritage in data, analytics, and technology. Our differentiation lies in fostering customer experience transformation through a broad set of end-to-end solutions. We start with CX transformation and technology consulting. We follow through on the resulting program strategy with world-class capabilities that span media services, digital experience, commerce, CRM, loyalty, cloud solutions, data management, data solutions, and data science (artificial intelligence (AI) and machine learning (ML)). Adding strength to our value proposition are our alliances with partners, such as Google, Adobe, Salesforce, AWS, and others. Through these relationships, we are tapping into the growth of

enterprise experience technology and cloud services to develop full-funnel experience platforms for the brands we serve.

Merkle's equation for success is: data transformation + digital transformation = customer experience transformation. Our integrated go-to market strategy is centered around three broad categories:

- **Data Transformation:** the privacy-safe acquisition, management, analysis, and activation of valuable data that informs customer experiences in real time. It starts with a 360 view of customers from first-party data reconciled across marketing, sales, commerce, and service.
- **Digital Transformation:** the modernized system that allows the business to organize around the customer and adapt to changing market conditions and customer needs. It enables the delivery of personally and contextually relevant moments that form experiences and foster relationships.
- **Customer Experience Consulting:** strategic advisory services that set the vision for CX transformation. We partner with brands to create a market-focused CX framework and meet the organizational and technology requirements to deliver on it.

In a recent study conducted by Merkle, 65% of consumers surveyed said they want the brands they do business with to communicate with them in highly personalized, familiar, more seamless ways. Yet only 14% feel like brands are doing a good job at that. This gap exposes an enormous opportunity for brands who invest in CXM initiatives over the next 5-10 years.

The CXM Service Line will continue to develop new capabilities designed to help brands seize this opportunity. We are the market leader for technology-enabled customer journeys. CEOs and members of the broader C-suite will be engaged as they pursue meaningful business outcomes that create revenue, cost savings, competitive differentiation, and shareholder value.

Case Study

CASE 1

Driving dentsu integration on 7-Eleven

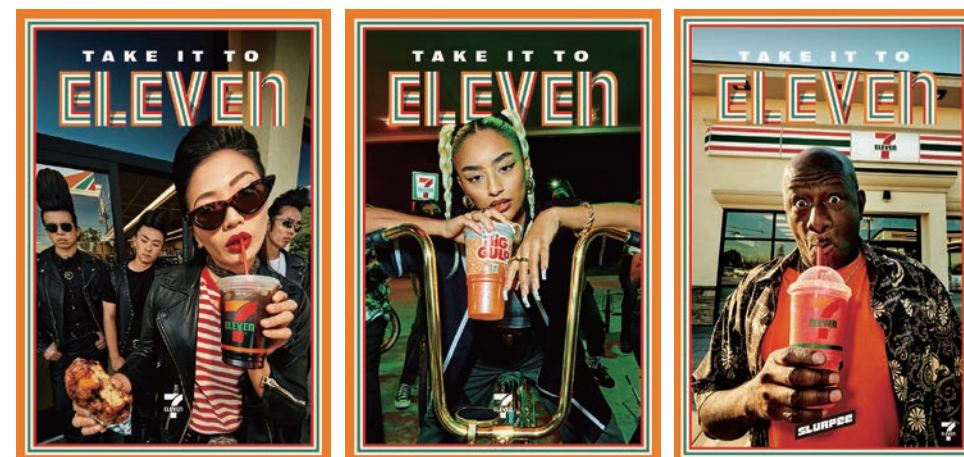
Over the last two years, 7-Eleven has become one of dentsu's most integrated clients, with all service lines engaged in both the US and Japan.

7-Eleven Japan is a long-standing client of dentsu in Japan, going back several decades. In 2018, this connection helped 360i pick up a digital project for 7-Eleven in the US, which is the original and still by far the biggest market for 7-Eleven globally. But from this initial start working on a small digital and performance media assignment, our relationship with 7-Eleven has quickly grown.

In early 2020, when COVID disrupted the retail landscape, we brought 7-Eleven US some proactive thoughts for how they could respond. That social strategy and creative—all of which laddered back to building up their brand—helped us win the responsibilities as the full creative and media agency of record without a pitch.

To turn around sales declines and grow the brand, we identified a new, younger target audience who was not shopping at 7-Eleven yet: Gen Z. To reach this new audience, we developed 7-Eleven's first big, integrated brand campaign for the US market in over a decade: Take It to Eleven. The campaign launched in the second quarter of 2021, in paid and owned channels including in store, and has continued into 2022.

Our dentsu analytics team built new models to prove the campaign's ROI, which showed that it was driving remarkable increases in store traffic, sales, and brand equity for 7-Eleven. The new campaign has even made the 7-Eleven brand a force in



popular culture again.

Most recently, Merkle and dentsu X media have teamed up to help 7-Eleven launch a retail media network, which is currently in pilot tests with several vendors. And the US and Japanese teams are in regular discussion about how to drive more global integration, and to expand the relationship with 7-Eleven into other global markets.

It has been a story of client partnership, creativity, integration, and growth... and we're not done yet. 7-Eleven and dentsu are truly taking it to Eleven.

CASE 2

Tokyo Game Show 2021 metaverse experience

A need has developed for new experiences that can be shared between brands and their consumers. The digital acceleration prompted by COVID-19 boosted the popularity of virtual events, driving the rapid expansion of the XR* market.

At the Tokyo Game Show 2021 Online, one of the largest gaming festivals in the world, the Dentsu Group designed the event's infrastructure. This included the IT system architecture and Virtual Reality (VR) spaces. Our Group-wide experience in event management allowed us to design an event experience befitting the Tokyo Game Show and its over 200,000 attendees.

By incorporating cutting-edge data technologies with our strengths in user-focused creativity, we provided our clients and partners with new experiences for their customers, including 3D advertising and VR commerce.

* All real-and-virtual immersive environments including VR (Virtual Reality), AR (Augmented Reality) and MR (Mixed Reality).



CASE 3

Space satellite images reduce food waste, regulating supply and demand

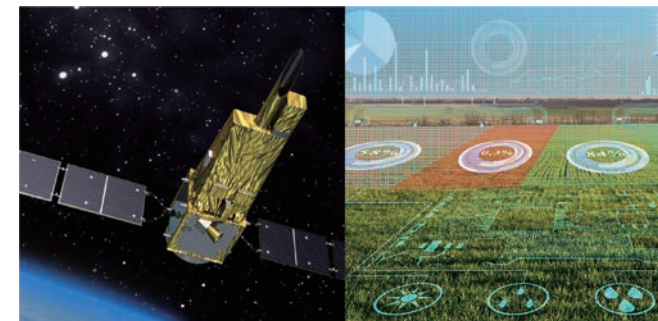
In order to reduce food wastage, Dentsu Group is working with the Japan Aerospace Exploration Agency (JAXA) to use space satellite images to improve supply forecast accuracy of farm products by observing and analyzing their stage of growth.

Improved accuracy of supply ensures the quantity of distribution—and therefore prices as well—of seasonal vegetables are more predictable. This creates impact on the marketing behaviors of players in the value chain.

Dentsu Group can then ensure that television advertisements are placed for seasonal products in conjunction with the forecasted supply.

The coordination between supply and demand reduces food waste. The imagery-related system has been developed through collaboration between, a number of companies within the Dentsu Group, including Dentsu Inc., Dentsu Kyushu, Information Services International-Dentsu (ISID) and Data Artist.

The coordination of supply and demand requires the processing of huge amounts of data—and Dentsu has adopted a new technology, RICH FLOW, that uses AI and quantum computing to rearrange television advertisement spots among advertisers, based on predicted product supply.



Sustainability

◇ CCAO Message Haruhiko Hirate Executive Vice President & CCAO	p. 27
◇ 2030 Sustainability Strategy	p. 28
◇ Sustainable Business Board	p. 31
◇ Climate Action	p. 32
◇ People Strategy	p. 34
◇ Diversity, Equity & Inclusion	p. 37

CCAO Message



Management that respects and nurtures our talents

Haruhiko Hirate

Executive Vice President & CCAO
Dentsu Group Inc.

My name is Haruhiko Hirate. I was appointed executive vice president and chief corporate affairs officer in January 2022. For 42 years I worked mostly in the healthcare industry, engaged in trading, marketing, corporate strategy, and other endeavors, work which also saw me posted overseas for several years.

Over the past 25 years I have served in various managerial positions, during which time I have witnessed the trials and tribulations that occur within the offices of executive management, as well as the joys of success and development of talents. It is against this background that I will be focusing my efforts on reforming the Dentsu Group Head Office functions, in preparation for the future.

I feel that my life's mission is to help cultivate next-generation managers, while also trying to encourage Japan's somewhat conservative companies to assume a more global outlook. Fairness is what I believe is important in business and I have always embraced this philosophy while designing corporate

operations with a hands-on approach.

The traditional Japanese system of in-house personnel rotation has become, I believe, an obstacle to professional development. This is because—certainly in our case—demands for specialization and diversity of talent have grown. Going forward, I hope we can attract employees from all backgrounds—driving true inclusivity. I envision those at dentsu to develop ever further and become more passionate about their work, as the Group regards our talent as the true capital of our business.

Looking back over the past decade or so, companies used to discuss how they could contribute socially in management meetings, before presenting their ideas to shareholders. Now, the reverse is true: society is demanding companies operate with the aim of realizing a sustainable society.

All enterprises must therefore respond to these demands and live up to their responsibilities. Dentsu Group has long been aware of its role behind the scenes

too; however, we now plan to ramp-up our indirect and direct efforts in order to better contribute to society.

I therefore expect the whole Dentsu Group, a company of Japanese birth, to serve as a world-class model. Being the largest advertising agency in Asia and based in Japan, we need to be mindful of our identity as well as champion the ideal of B2B2S. The Group, moreover, should take pride in its standing and act with resolve to provide trusted client support and social contributions on the global stage.

Since joining in January, many times I have heard “Talent is our key asset and our key differentiator,” echoed throughout the building. Thus, we should not forget that how we develop talent now will likely become even more challenging in a world that is forever changing.

For this reason, I will set out to leverage my experience and know-how to nurture the talents of the next generation. When reflecting on my personal and professional life, I will have no regrets if it is said of me that, “Hirate was a manager who made great strides in turning employees into talents.”

I have high confidence that my presence here will both support the success of the Group and drive forward the social contributions society expects of us. For me, dentsu represents the ultimate stage of my professional career, throughout which I have steered many corporate reforms. Although already a great company, I have every intention of realizing the reforms needed for dentsu to scale even greater heights.

2030 Sustainability Strategy

In 2021, we launched our 2030 Sustainability Strategy, created through deep engagement with our stakeholders and an understanding of our material issues as a company and an industry. Our priority focus areas—climate action, sustainable consumption, diversity and inclusion, responsible media and trust—continue to resonate.

Sustainable world

We made strong progress in our decarbonization efforts during 2021, reducing our Scope 1 and 2 emissions by 29.0% against our FY2019 baseline, and by 10.6% compared to FY2020. In FY2021, our market-based Scope 1 and 2 emissions were 24,103 tons of CO₂ equivalent (tCO₂e), compared to 26,955 tCO₂e in FY2020 and 33,962 tCO₂e in FY2019. The reduction was in part due to remote working, but these reductions can be largely attributed to our ongoing commitment to power our operations with 100% renewable electricity, including continued efforts to switch to local renewable tariffs and to procure in-country renewable electricity certificates. Our international operations continue to be powered by 100% renewable electricity, maintaining RE100 status.

Our Scope 3 emissions against our FY2019 baseline associated with business travel reduced by 87.5%. We also reduced water by 85.1%, waste by 3.1% and paper by 67.5%.

In November 2021, COP26 delegates reminded the world that the window to meet the Paris Agreement goals is closing. The conference was the first time that

climate pledges made under the 2015 Paris Agreement were revisited, and resulted in nearly 200 countries supporting the Glasgow Climate Pact, agreeing to cut emissions to prevent going beyond 1.5°C.

Dentsu Group has responded by increasing our level of ambition, setting a deep decarbonization target by 2040 for the international business, which became one of the first companies in the world to have a net-zero target approved. This external validation by The Science Based Target initiative (SBTi) under their new Net-Zero Standard creates transparency around our commitment and plans.

In the lead-up to COP26 and throughout the conference, we advocated for change across business

and society. With the Dentsu International Global CEO Wendy Clark in attendance, we supported direct calls to action and deepened our engagement with leading stakeholders and industry efforts like the World Economic Forum and the We Mean Business Coalition. As members of the World Business Council For Sustainable Development (WBCSD), we were also proud to sign the WBCSD Business Manifesto for Climate Recovery. The Manifesto sets out 12 action priorities framed around reducing, removing and reporting emissions, and highlights the importance of public-private collaboration in driving climate action. We were one of 108 members to sign the Manifesto, which inspired the world's most sustainable and

2030 Sustainability Strategy



ambitious businesses to use their collective voice to accelerate the global climate recovery.

We continue to promote sustainable consumption and production, recognizing the unique opportunity we have to influence human and societal behaviors. To coincide with the COP26 Youth Summit we launched our first global “Rise Up” challenge, calling for young people all over the world to create campaigns, in collaboration with our clients, to combat food waste, a significant contributor to greenhouse gas emissions.

This integral part of our 2030 Sustainability Strategy was reinforced in April 2022 with the publication of the Intergovernmental Panel on Climate Change (IPCC) report, which included for the first time a chapter on demand-side mitigation citing the opportunity to reduce global carbon emissions by 40–70% by creating consumer demand for climate-friendly products and services, including electric vehicles and plant-based food. We expect this aspect of our strategy to become increasingly important in the future.

In 2022, we will implement Salesforce Net Zero Cloud, a data-monitoring system that will give us real-time data on our carbon footprint, further increasing transparency and informing our decarbonization plans.

Fair and open society

The pandemic continued to impact people all over the world throughout 2021. New variants, different lockdowns and varied recovery plans resulted in uneven

recoveries for both countries and different communities within them. This exacerbated pre-existing inequalities, particularly for women and ethnic minorities. Throughout the year, we continued to find ways to address inclusion and empowerment within dentsu and beyond.

We have made significant efforts to embed a greater understanding of diversity and cultural fluency across the business. The success of our efforts was reflected in our improved employee engagement scores and progress toward our goals. We achieved 12.8% female representation in our senior management team in Japan, and 34.0% in our international business. Signing up to both the United Nation’s (UN’s) Women’s Empowerment Principles and UN Global Compact Target Gender Equality has further strengthened our support for gender equality. Recognizing the importance of progressing representation beyond gender, in the US and Canada we set a new goal to achieve 30% BIPOC by FY2025.

In Japan, to commemorate the tenth-year anniversary of our web medium “cococolour” that addresses social issues related to Diversity, Equity & Inclusion (DE&I), the team is expanding its field. In 2022, the team has so far introduced an online event “DJN DE&I WEEK” for the people from inside and outside of Dentsu Japan Network (DJN) to exchange their knowledge and experiences, as well as “cococolor journey,” a workshop-style DE&I solution for our clients.

We are proud to achieve a perfect score of 100 in the Human Rights Campaign Foundation 2022

Corporate Equality Index. DE&I remains a board-level priority for the Group.

We continue to align our work to the UN Sustainable Development Goals (SDGs), promoting equality with a central focus on SDG 5: Gender Equality and SDG 10: Reduced Inequalities. Our goal is to reach one billion people with campaigns that challenge perceptions and stereotypes by 2030, and in 2021 we made great progress, reaching over 200 million people. Our work focused on issues including violence against women, women’s empowerment and equality for all

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

regardless of sex, gender, disability and race.

We are honored to have won accolades for our campaigns, further raising awareness of these important issues, including a Cannes Lions Silver for Roadside Markets, a Mastercard campaign that promotes equal access to market for small vendors across Romania. In Latin America, our creative agency Isobar Argentina took home the Grand Prix and two gold medals for Best Creative Campaign and Best Campaign for Social Good at ECHO Latam for Hits Que Duelen, a campaign with FENA, an Argentinian NPO addressing sexist and misogynistic language in music. Campaign Asia recognized our gender violence campaign for RainLily, a non-government organization in Hong Kong, naming it one of the top five applause-worthy ads across Asia Pacific in 2021.

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. As COVID-19 continued into its second year, dentsu teams around the world partnered to deploy their skills and tools to ensure vaccine equity and access for all, reaching 370 million people through campaigns in the fight against COVID. We were also proud to continue our pro bono support of non-profit Malaria No More, with the successful launch of “Draw The Line” against malaria, reaching over 440 million people across 52 African countries in the first six months alone. The campaign has since won multiple awards, claiming both the Grand Prix and Social Good accolades at the World Media Awards 2021. In 2022 we

are continuing our support, driving awareness and advocacy in the run up to the Commonwealth Heads of Government meeting in Rwanda. Our work to empower people to call for improved healthcare and prevention of infectious disease has collectively reached over 800 million people, far surpassing our initial goal of 250 million people.

Digital for good

Since global lockdowns began, more people are living their lives online. At the same time, the internet is enabling increased levels of misinformation while the privacy and digital wellbeing of users remain under threat. We continue to collaborate across industry with organizations such as the Global Alliance for Responsible Media to make the digital world a safer place for users. We also believe that everyone, especially youth from disadvantaged communities, should be given the skills to be active and informed digital citizens.

Our ambition is to use our global reach and expertise to support 100,000 young people to become empowered digital citizens by FY2030. We will deliver this through our global flagship school program, The Code, in collaboration with a network of education providers, and university partnerships.

We continue to make good progress toward our target, despite disruptions caused by COVID-19 and school closures. In 2021, we reached over 12,000 young people across our global network. Of these, over 6,300 young people were supported through The Code, and

approximately 6,000 through other local education initiatives, such as Merkle’s partnership with Howard University in the United States.

In recognition of the need for online support during continued lockdowns and educational disruption, and with the support of UK delivery partner MyKindaFuture, we expanded access to our The Code curriculum on the remote learning Connectr platform to all young people globally. In addition to the core ten modules, we launched three new Code digital modules on ethics, social media and food waste, developed by dentsu subject matter experts volunteering their time and expertise.

Sustainable Business Board

Our governance “Sustainable Business Board”

Our ability to consistently drive progress on our strategy relies on having strong governance structures and engaged leadership in place. Our Sustainable Business Board, chaired by Wendy Clark, a Director at Dentsu Group Inc. and Global CEO of Dentsu International, meets four times a year. The Board monitors progress against our strategy and 2030

goals, to assess material risks and opportunities and to ensure social and environmental considerations are integrated into all aspects of our decision making.

We have also strengthened our commitment by linking 500 million GBP of untapped revolving credit to ESG performance, including carbon-reduction targets on Scope 1 and 2 emissions and flight emissions. We also included a target to achieve gender

parity at all levels of our business. From FY2022, progress on our ESG performance will be directly tied to our executive incentive scheme. This has created visibility and sponsorship across the network, and importantly created a mutual understanding around our sustainability journey, the business case for gender equality and the critical need to transition to an inclusive, net-zero economy.



Wendy Clark

Director & Executive Officer,
Dentsu Group Inc.
Global CEO, Dentsu
International Limited



Norihiro Kuretani

Director & Executive Officer,
Dentsu Group Inc.
President & CEO, Dentsu
Japan Network
Representative Director,
President & CEO, Dentsu Inc.



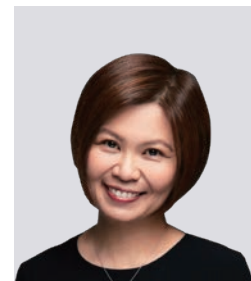
Anna Lungley

Chief Sustainability Officer,
Dentsu International Limited



Hiroshi Igarashi

Representative Director,
President & CEO, Dentsu
Group Inc.



Jean Lin

Executive Officer, Dentsu
Group Inc.



Haruhiko Hirate

Executive Vice President &
CCAO, Dentsu Group Inc.



Kuniko Obinata

Fellow, Collective Impact,
Dentsu Group Inc.
Deputy Executive Producer,
Dentsu Institute

Climate Action

Basic thoughts on climate change

Dentsu Group believes climate change will impact business growth over the short, medium, and long term and, thus, will significantly impact clients, suppliers, consumers, and other stakeholders. For this reason, we are committed to helping reduce CO₂ emissions and to encouraging the efficient use of energy throughout the value chain to realize long-term Group business growth. We also support the G20-related Task Force on Climate-related Financial Disclosures, and promote Group-wide information disclosure in line with its recommendations.

Governance

The Board of Directors delegates decision-making on sustainability-related agendas, through the Group Executive Management Committee, to the Sustainable Business Board. This board—whose members chosen also from directors including the Group CEO, the CEOs of Dentsu Japan Network (DJN) and Dentsu International (DI)—formulates Group-wide sustainability-related strategies and plans, while monitoring the attainment of targets.

The chairman (a director) reports important matters to the Board of Directors via the Group Executive Management Committee, which contributes to Board

oversight of climate change-related issues.

Further, to curb adverse impacts on the environment by FY2030, Dentsu Group Inc., DJN, and DI have each set up executive compensation systems that set targets as key performance indicators to clarify executive responsibilities.

Strategy

To ensure that business growth is sustainable, the Group believes that the transition to a low-carbon society should be accelerated by taking action to reduce Group-wide CO₂ emissions. At the same time, the Group should recognize that climate change will impact its strategies and financial planning.

For us to better understand the degree of resilience we have in the face of climate change, we conducted scenario analyses to see how revenue might be affected by various climate-related macroeconomic factors.

Referenced scenarios

To conduct scenario analyses for the Group, it was

necessary to consider macroeconomic data from each country in which the Group has a presence. To do so, we used climate-change-related scenarios developed by the Network for Greening the Financial System—a network of 114 central banks and financial supervisors set up in Paris in 2017—and other risk scenarios, such as Hot House World (+ 3°C), Orderly (+ 2°C), and Disorderly (+ 1.5°C).

Since we plan to transition to a net-zero economy, we also referred to the International Energy Agency Net-Zero Emissions scenario (+ 1.5°C) to cover physical risks and transition risks from short-, medium- and long-term perspectives.

Indices and targets

Dentsu Group has set the target to reduce absolute carbon emissions by 46% by FY2030 (Scope 1+2+3). In FY2021, we recorded a 6%* reduction to 384,427 tons compared with the FY2019 figure. Our emissions data is guaranteed by a third party (see page 64, ESG Data Summary).

Target Year	Target	Base Year	Base Year Emissions	Target Scope
FY2030	CO ₂ emissions cut 46% (Scope 1 + 2 + 3)	FY2019	408,846 tons	Group-wide

* FY2019 emission was recalculated to align with the extension of the coverage in Scope 3 (LRQA uncertified).

Risk exposure and countermeasures based on scenario analysis results

Classification	Risks and Opportunities		Impact	Exposure	Countermeasures
Transition scenarios	Risks	Policies and legislation	Increased costs associated with the introduction of carbon taxes, emissions trading, other levies on CO ₂ emitted as a result of business activities	Medium	<ul style="list-style-type: none"> •Mitigate future business risks by achieving Medium-term Management Plan targets (CO₂ emissions to be cut 46% from FY2019 level; 100% renewable energy to be used by FY2030) •Cut costs by promoting decarbonization in the entire value chain. Collaboration should include clients, partners, and suppliers
		Energy mix changes	Some nations may enact energy policies that change the energy mix, raising the cost of procuring electricity, other energy sources	Medium	<ul style="list-style-type: none"> •In overseas businesses, commit to net-zero emissions by FY2030; in Japan, use renewable energy •Collect, share, apply information on energy policies of other nations •Improve education, training of Group staff about climate change, sustainability
		Markets and reputation	Loss of key accounts due to failure to meet clients' expected level of climate change countermeasures	Small	<ul style="list-style-type: none"> •Mitigate future business risks by achieving Medium-term Management Plan targets (CO₂ emissions to be cut 46% from FY2019 level; 100% renewable energy to be used by FY2030)
		High-risk sector responses	Increased potential to cut marketing communication costs resulting from rising costs following introduction of new regulations and business model compliance efforts in climate-sensitive sectors, such as the energy, automotive, food and beverage industries	Small-large	<ul style="list-style-type: none"> •Support existing client transition to low-carbon society by providing solutions and initiatives focused on diversifying client portfolios •Improve education, training of Group staff about climate change, sustainability
	Opportunities	Transition to low-carbon societies	Greater availability of solutions as markets shift to a net-zero economy	Large	<ul style="list-style-type: none"> •Provide clients with solutions integrating responses to climate change and the resolution of other social issues with business growth strategies. Maximize growth opportunities through business support that integrates client sustainability strategies into products, services, and communications
		Investments in new industries	Creation of business opportunities resulting from new industrial growth following investment in CO ₂ removal technologies	Medium	<ul style="list-style-type: none"> •Monitor trends in new industries, find ways to propose solutions
Physical scenarios	Risks	Increased severity and frequency of extreme weather	Increasingly extreme weather, frequent natural disasters may impact Group offices and other buildings	Medium	<ul style="list-style-type: none"> •Draw up regional resilience policies and BCPs; use resilience management system to get Group-wide support for business continuity •Use the Group's risk monitoring platform to monitor and evaluate domestic and international incidents, events that may threaten employees, property, technologies, suppliers •Develop cloud-based technology infrastructure to allow data servers to be switched, to maintain stable networks even when there are regional failures
	Opportunities	Changes in consumer preferences	New businesses, solutions to meet expectations for environment-friendly products and services	Medium	<ul style="list-style-type: none"> •Provide clients with solutions integrating responses to climate change and the resolution of other social issues with business growth strategies. Maximize growth opportunities through business support that integrates client sustainability strategies into products, services, and communications

Note: Sustainability-related risks, including climate change, are integrated into Group risk management processes, an overview of which is provided on page 52.

People Strategy

Dentsu Group aims to maximize the potential of its diverse talents, the foundation of its corporate value.

Our People Policy

We believe the growth of the individual drives the growth of the organization. The company's role is therefore to maximize the potential of our talent and invest in our people. Dentsu Group believes each individual has autonomy, which combined with a passion for collaboration, creates a basis for learning, development and growth for all of our people.

Dentsu Group is a place where 65,000 individuals come together to be the best they can be. We value and nurture talent within the Group and those who join us, to drive success in everything we do.

Our initiatives

Providing opportunities where all employees can thrive is a group-wide initiative, rather than one limited to the HR department. We believe it is important to foster a corporate culture that aims high, radically collaborates and promotes personal growth rooted in the spirit of our 8 WAYS to the Never Before: ways that we believe are closer to the needs of society and add value to life. This cannot be achieved in the short term; it is the culmination of daily employee experiences that fosters organizational culture. Accordingly, our goal is to incorporate "experiences that expand one's possibilities" in all of our activities.

This includes efforts to attract brilliant new talent to our family, to engage with employees to work with good motivation, and to support individuals and teams

to grow.

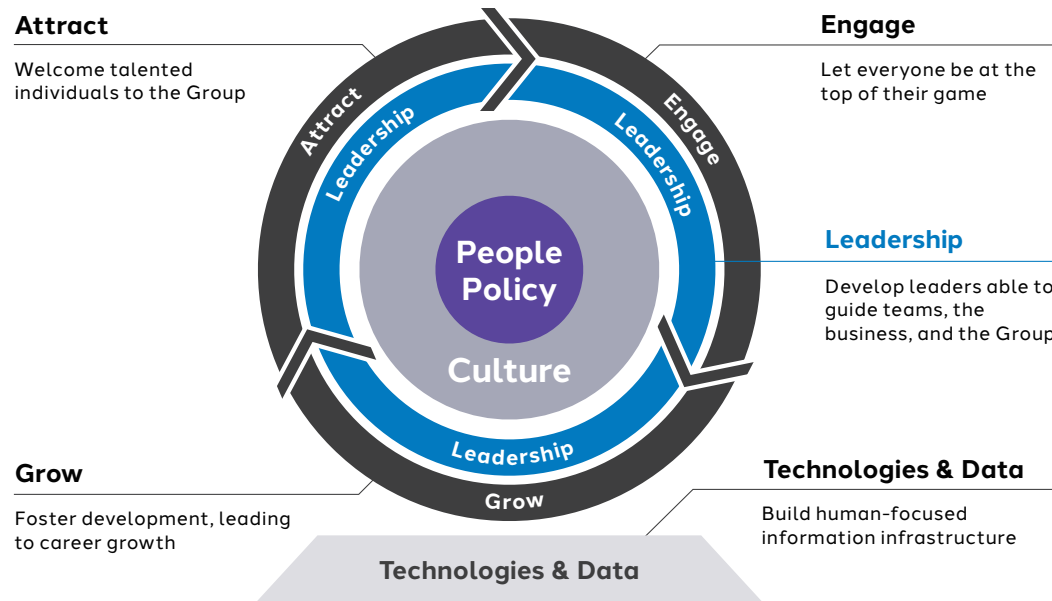
It is also important to promote and develop the capabilities of outstanding leaders, who will be the drivers of corporate culture in all areas. We will foster development to ensure we upgrade the skills and capabilities of our leaders including programs like: change leadership, inspiring inclusion and inspiring leadership focused on communications and storytelling. We continue to invest in technology platforms that allow us to see the talent we have across the entire Group, so we can best serve our clients.

Our leaders are our influencers and the drivers of our culture and how we work—investing will drive a virtuous circle to attract even more talent to the Group.

Attract

Competition for talents is intensifying in all industries and markets. In order to transform the business and pivot towards new growth areas, we must attract talent with new and different skills.

The Group engages in a wide range of specific activities to respond to differing business needs and HR



trends in each market. Our efforts focus on enhancing talent acquisition teams and recruiters, introducing cutting-edge technology and acquiring professionals in the area of Customer Transformation & Technology.

As it is also important to eliminate gender bias and create fair and equitable opportunities, we provide recruiters with appropriate training and we have publicly stated targets to have a more balanced leadership team at the most senior levels of the Group. We want to attract diverse talent, skills and bring richness of perspectives into our business.

In order to expand the pools of talent from which we recruit we have initiated a number of programs. The Code, our digital educational curriculum for schools, is an enabler on bringing in early careers talent across the Dentsu International (DI). The Code opens the doors of our industry to students from diverse backgrounds, through immersive workshops, work experience opportunities and apprenticeships, etc.

Engage

In order for all of our employees to demonstrate true potential and play an active role, it is essential that the appropriate environment be created and the necessary support provided. But, before all else, comes the wellbeing of our employees.

We focus on what matters to employees; specific areas like mental health have been an important focus. We have introduced additional wellness days across the Group, encouraging open and honest conversations to reduce the stigma around mental health—and we are continually looking at ways we can better support the needs of our people including introducing the

training of mental health aiders (in some markets).

We encourage everyone to be their best self and aim to create an inclusive culture, and an open and safe environment. In the area of Diversity, Equity & Inclusion (DE&I), we are also engaged in efforts to make diversity the Group's strength. For example, in the Path of Tabei Leadership Program, women from different countries and companies partner to target growth together. Dentsu Japan Network (DJN) held a DE&I Week with a wide range of programs that varied from business, government policies, to technologies in an effort to raise awareness within the Group.

We listen to our employees on a regular basis across the Group. This includes through employee engagement surveying with DI and DJN taking part. It provides a good opportunity to understand where we are doing well and where we need to improve across the business. In 2021, DI reached a record high employee engagement score despite many of our people working remotely.

Voluntary collaboration such as the study of best practices is already taking place among Group companies.

Grow

We fervently hope to continue being a group where people grow. To this end, we are engaged on a Group-wide basis in three areas of support: learning, growth through work, and career development.

First, with regard to learning, we provide a total of over 10,000 training resources to the Group through our online learning platform. Dentsu university, established in DI, has contributed to this enormous amount of programs. DI has introduced a learning allowance, providing access to a range of learning to

Global engagement survey (point)*

Engagement score

68

How happy are you working at our company?

I would recommend our company as a great place to work.

Employee satisfaction 68

Recommend 67

* The employee satisfaction and the recommend scores 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.



suit everyone and we encourage everyone to learn by doing, through collaboration and integrated projects. DJN, meanwhile, is focusing its efforts on the practice of Integrated Growth Solutions by linking Group company solutions and knowledge, a combination it calls “Re-capability.”

Second, learning through daily work plays an important role in personal growth. To this end, we encourage dialogues throughout the year, starting with goal-setting, one-on-one meetings with managers, reviewing progress and encouraging feedback throughout the year to enable career conversations.

Finally, with regard to career development, we aim to go beyond individual companies and create growth opportunities for the Group overall.

There are more than 65,000 jobs worldwide

throughout the Group, which means more than 65,000 potential career paths. To this virtually limitless possibility, we are developing a Career Framework in order to create a future in which all employees have a fair and transparent opportunity regardless of nationality, gender, age, or other attributes.

We of course support not only the mechanism, but also internal mobility to open the door for a wide range of roles. We plan to reinstate talent exchanges between DJN and DI that have been temporarily suspended due to COVID-19.

Leadership

The involvement of our leaders in all aspects of Attract, Engage, and Grow is extremely important. This is because they, as people leaders, will lead the overall

Group to grow through nurturing talents.

Based on this concept, the spirit of THE 8 WAYS is incorporated into leadership expectations and reflected in leader assessments and development programs. Through the succession planning for Group management, we develop top leaders who embody a desirable culture and bring stability to Group management.

In terms of compensation, the Group revised its system to support leader commitment. By incorporating non-financial indicators such as engagement scores, female manager ratios and CO₂ emissions as assessment criteria for executive compensation, we aim to prompt leaders who will drive a culture that contributes to our people and the society.

Technologies & Data

In a business like Dentsu Group, where our people are everything, accurate talent information is vital for strategic management decisions. Further, in order for each employee to achieve desirable growth through work, it is important to provide opportunities that meet each individual’s needs. In other words, it is essential to accumulate and utilize (through analysis and service provision) data on talents for both management and employees.

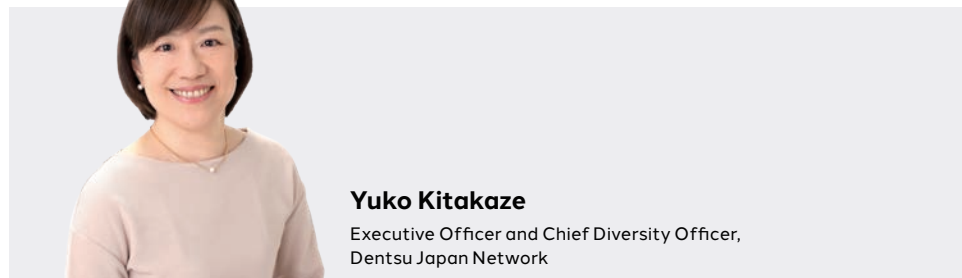
We are shifting to global platforms that will allow the Group and its leaders and managers to have a consistent, accurate view of the talent available across the organization to ensure we can support career planning.

Starting with the visualization of talent information and operational efficiency across the Group, we plan to develop career support tools for more than 65,000 employees.



Diversity, Equity & Inclusion

Dentsu Japan Network



The strength of Dentsu Group is the ability of its diverse employees to pitch different perspectives and shape ideas. In order to maximize this strength, the Diversity, Equity & Inclusion (DE&I) team mission is to create a foundation on which everyone can truly demonstrate their potential.

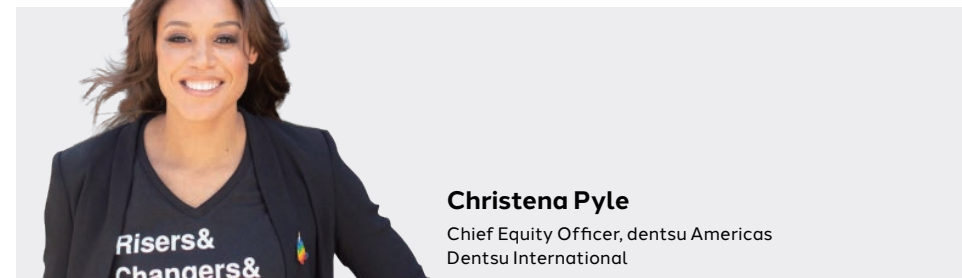
Why is the ratio of female managers low? Why isn't the rate of men taking childcare leave 100%? What is the "quality" of employment of people with disabilities? We will strive to put into effect concrete actions by thoroughly thinking them through one by one. For example, we hold a monthly DE&I seminar at Dentsu Japan Network and hold group discussions after listening to the opinions of the parties. In addition, we will implement our own uniquely developed training on unconscious bias and a program to elevate women into managerial positions.

As a passionate force in promoting DE&I, I value the following three points:

- 1) Imagination: The ability to know the difference between others and oneself and to imagine the other person's living world
- 2) Consideration: The ability not to rush to conclusions and withstand concerns
- 3) Good in front of us: The ability to confront one's present challenges and accepting the required steps to achieve Social Good

I believe that by all of us acquiring these three strengths and engaging in DE&I, we will eventually be able to contribute to the transformation of society.

Dentsu International



At dentsu, DE&I does not just live in a department; it's threaded through our teams, and our business.

Dentsu International has Chief Equity Officers in each of three regions to drive true progress within regional nuances. DE&I is a priority and a strategy for how we approach solving our clients' toughest business challenges. We build culturally fluent leaders who are ready to lead complex and diverse teams.

We invest in economic empowerment and the sustainability of minority-owned media. We are relentless about representation and building our workforce to reflect society, and we hold our leaders accountable in that mission.

We are committed to being a force for good in the world. We take both a top-down and grassroots approach to our diversity, equity, and inclusion efforts so that DE&I permeates every aspect of our business.

We've made meaningful progress starting with our regional leadership to promote transparency and accountability, drive client impact, and create better business outcomes. We believe that sustainable DE&I requires widening our understanding of inclusion and embedding the practice of inclusive mindsets and behaviors into our daily ways of working.

Corporate Governance

◇	Message from Chairman	p. 39
◇	Messages from new Outside Directors	p. 40
◇	Corporate Governance Structure	p. 42
◇	Board Members	p. 46
◇	Initiatives aimed at enhancing effectiveness of governance	p. 48
◇	Executive Compensation Policy / Strategic Shareholdings	p. 49
◇	Risk Management	p. 52
◇	Promoting Compliance	p. 54

Message from Chairman

Independent and diverse board to deliver sustainable growth

At Dentsu Group, our purpose is to increase our corporate value to society, clients, employees, and our shareholders to create sustainable benefits for all. In order to achieve this, we pursue continuous improvement to deliver good governance with speedy decision-making, responsible allocation of resources and transparent oversight of the business. This year, Dentsu Group took further steps to deliver on these objectives.

With the appointment of Hiroshi Igarashi as the new Group CEO, my responsibility as Chairman of the Board was separated from the Group CEO's remit. In doing so this will further the independence of the Board of Directors which needs to remain neutral, supportive, and focused on the long-term view of the company so that management can focus on running the operations and executing the business strategy. I am honored to have been selected as the first non-Executive Chairman of the Board. Having been an executive at dentsu for 16 years, I have a unique advantage coming in with deep knowledge of the current state of the business to support management continuity as the new executive team is formed under Igarashi-san while also becoming a non-executive director independent from executional or management responsibility.

In addition, I am pleased to welcome four new

independent outside directors to our board. Over the last decade, Dentsu Group has become a truly global company and we need both a management team and board that reflect the diversity of our growing business. The board we have formed is the most experienced, diverse, and international board in our history. Our new outside directors have executive and board experience from other global groups and bring immense global experience in digital, finance, accounting and audit sectors. In this ever-changing landscape, it is critical for all board members to be knowledgeable about the business, its environment and the competition, and each new director brings different, complementary capabilities that uniquely position them to provide counsel to Dentsu Group's board.

With new management now in place, we have a strong, talented team that is committed to leveraging the unique strengths of dentsu that have been developed over many decades, but also to pivoting the business in necessary ways as we experience continuous

change. Our business has recovered and grown in 2021 and I am confident in management's ability to achieve our Medium-term Management Plan which was announced in February 2021, and in the new board's ability to guide and support the business toward sustainable growth that benefits all of our stakeholders.



Tim Andree

Director, Chairman of the Board, Dentsu Group Inc.

Messages from new Outside Directors

Paul Candland

Independent Outside Director,
Audit and Supervisory Committee Member



Innovation rests on global collaboration

I am a new member of Dentsu Group Inc. board, having been appointed in March of this year. It's an honor to join the board of an organization that has been a key growth partner for Japanese businesses for 121 years, and one that has grown to be a truly global network of world-class talent.

Over the past two years, the COVID-19 pandemic has fundamentally changed the way that people live and work around the world. With change comes opportunity, and Dentsu is adapting by positioning

itself to be a more holistic and integrated solution for its partners' businesses. Driving innovation through collaboration of a diverse and aligned global team of professionals will be the key to success.

Andrew House

Independent Outside Director,
Audit and Supervisory Committee Member



Personal experience, talent development result in good governance, sustainable growth

Dentsu Group is an organization of talented people and great potential, and I am honored to join its board as an independent outside director. In addition to the more recent issues posed by geopolitical change and the recovery from a global pandemic, the Group must also confront pressures on its business model and fundamental shifts in its operating environment. It also understands the need to modernize its governance structure to meet these demands and support sustainable growth. These are pressing

challenges that call for urgency and diligence. I look to drawing on my experience of executing business transformations, of fostering creative talent, and raising standards of governance as the board and management look to drive increased shareholder value and societal contribution.

Keiichi Sagawa

Independent Outside
Director,
Audit and Supervisory
Committee Member

**Diverse perspectives bring growth**

We have been moving steadily forward with structural reforms since 2021 to respond quickly in the face of uncertainty and increasing competition, but our focus now needs to shift to ensuring sustainable growth. The questions thus are whether we can evolve into an entity that contributes to client growth beyond marketing and resolve the societal issues.

The next few years will be an important turning point for the Group. Even in the fast changing environment, the Group strategy is ambitious, looks to

the future and will lead to the Group's evolution, and I give full support to it.

At the same time, while taking into consideration stakeholder expectations, I will monitor both our efforts to ensure they advance steadily and whether our endeavors have been revised appropriately, in an agile and flexible manner. I hope to contribute to the growth of the Dentsu Group by providing diverse perspectives based on my experience.

Mihoko Sogabe

Independent Outside
Director,
Audit and Supervisory
Committee Member

**Board discussions seek sustainable growth**

After having promoted structural reforms for several years, the Dentsu Group this fiscal year has entered a phase in which we are focusing our business reforms on sustainable growth. To this end, Board discussions are primarily focusing on finding the ideal form of Group governance.

Among our discussions are those regarding risk. I believe we must support senior management in taking risks, and oversee the monitoring of those risks to ensure they are managed appropriately.

In cooperation with other outside directors, we will work with senior management to deepen Board of Director discussions from a variety of perspectives and contribute to building a foundation for the Group's sustainable growth.

Corporate Governance Structure

Corporate governance structure

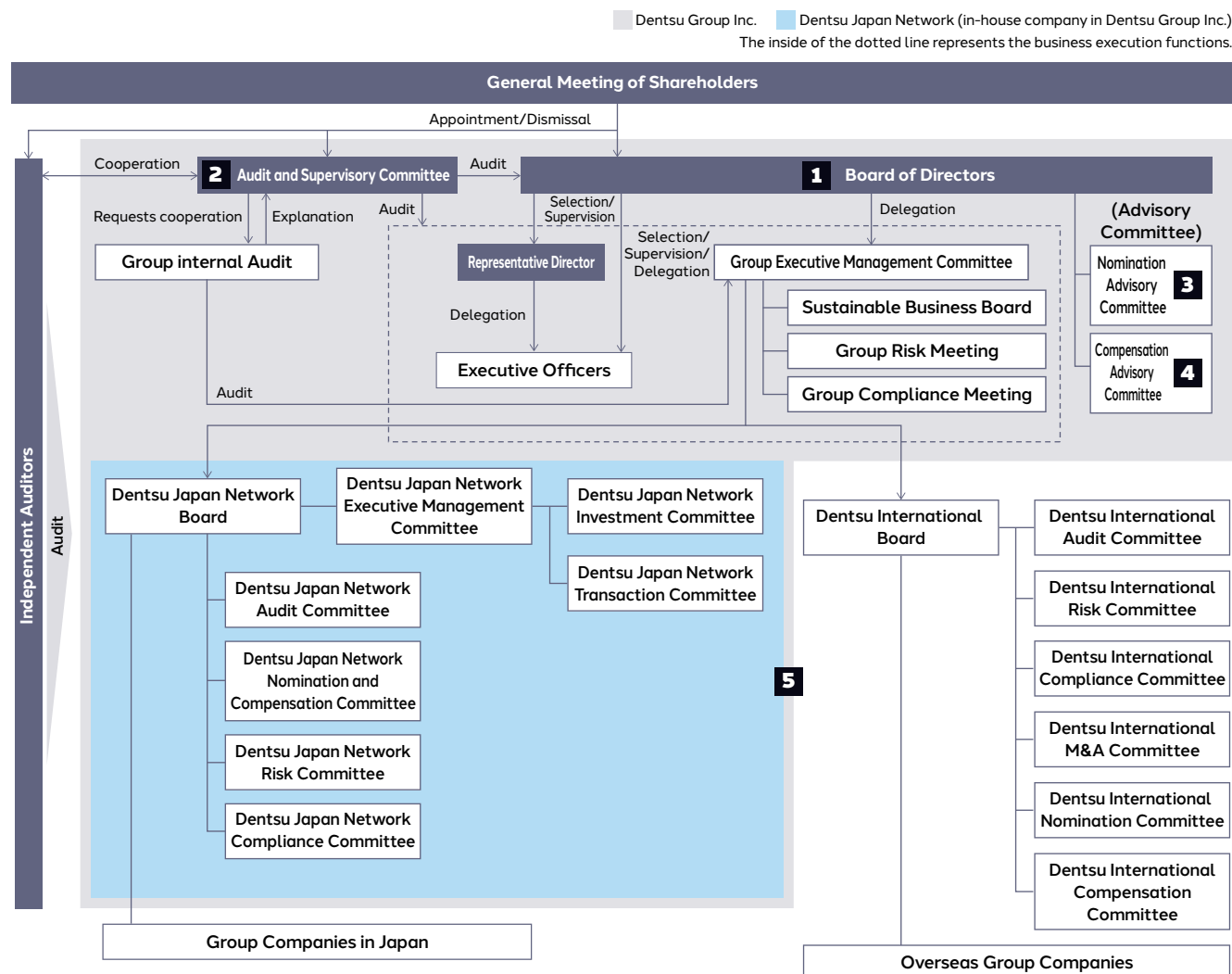
Dentsu Group Inc. (the Company) has adopted a corporate governance structure defined as a Company with an Audit and Supervisory Committee that promotes swift and decisive management decisions by transferring authority regarding certain matters from the Board of Directors to Executive Officers. This strengthens the supervisory function provided by the Board of Directors, which includes at least one-third independent Outside Directors overall and enhances the effectiveness of auditing and internal control, in an attempt to enhance corporate value.

Under this system, the Company will realize effective corporate governance based on the following basic policy in order to fulfill its responsibilities to its stakeholders—including shareholders, clients, employees, partner companies and local communities—ensure sustainable growth, and enhance its corporate value over the medium to 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.



As of January 1, 2022

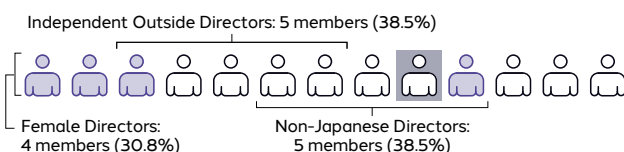
1. Board of Directors

The Company has adopted a form of governance with an Audit and Supervisory Committee, and has transferred authority for important business execution in part from the Board of Directors to Executive Officers in order to realize an expeditious and effective business execution system. 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 is composed of 13 Directors from both within and outside the Company, including five independent Outside Directors, all of whom have advanced knowledge and expertise.

Main agenda items of the Board (which met 16 times in FY2021)

- Medium-term Management Plan
- Comprehensive review of business operations and Company capital policy
- Dentsu Group Code of Conduct; corporate governance policy revisions
- Compliance program; risk management system revisions
- Acceptability of strategically held shares

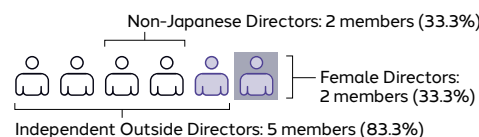


2. Audit and Supervisory Committee

The Audit and Supervisory Committee is a body composed of all Directors who are Audit and Supervisory Committee members. Working in coordination with the internal control division and the accounting auditor, it engages in audit and supervision of the Executive Officers and Directors who are not Audit and Supervisory Committee members, from the perspectives of compliance and adequacy. The Company presently has six Directors who are Audit and Supervisory Committee members, of which one is from within the Company, and five are independent Outside Directors (of which two have extensive finance and accounting knowledge).

Main agenda items of the Audit and Supervisory Committee (which met 11 times in FY2021)

- Audit plan formulation
- Status of establishment and implementation of internal control systems
- Assessment of Group companies' audit status
- Agreement on compensation, evaluation and reappointment of accounting auditors
- Judgement of appropriateness of accounting auditor's audit
- Opinions on the appointment and compensation of Directors

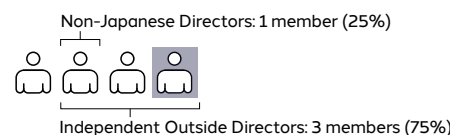


3. Nomination Advisory Committee

The Nomination Advisory Committee was established in April 2020 to advise the Board of Directors. It was formed by reorganizing the Nomination and Compensation Advisory Committee established in July 2019. The majority of the committee members are Outside Directors, and it is chaired by an independent Outside Director. In response to inquiries received from the Board of Directors, the committee deliberates and reports on matters relating to nomination and succession planning concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

The main topics discussed by the Nomination Advisory Committee (which met seven times in FY2021)

- Nomination policy
- Succession planning
- Candidates for Director and Executive Officer positions



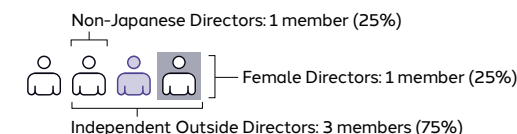
4. Compensation Advisory Committee

The Compensation Advisory Committee was established in April 2020 to advise the Board of Directors. It was formed by

reorganizing the Nomination and Compensation Advisory Committee established in July 2019. The majority of the committee members are Outside Directors, and it is chaired by an independent Outside Director. In response to inquiries received from the Board of Directors, the committee deliberates and reports on matters relating to compensation concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

Main topics discussed by the Compensation Advisory Committee (which met seven times in FY2021)

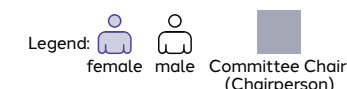
- Reports on deliberations regarding compensation levels and composition
- Reports on deliberations regarding compensation rule revisions
- Individual compensation for Directors and Executive Officers



5. Other Meeting Bodies for Business Execution




The Company's Executive Management Committee was established under the Board of Directors and comprises Representative Directors and Directors in charge of business execution, including Executive Officers. This committee deliberates matters important to the Company, other than those resolved by the Board. It also resolves matters important to overall Group management, and engages in the preliminary deliberation of matters to be resolved by the Board.

The Dentsu Japan Network Board was set up (under Dentsu Japan Network, an in-house company) to deliberate important matters pertaining to Group member organizations engaged in business in Japan, while the Dentsu International Board was put in place to deliberate important matters pertaining to the Group's international business. The business execution system is thus divided into the Japan business and the international business, with each being delegated responsibility for profit and authority in its respective region.









Director 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
 Timothy Andree	Non-Executive Chairman of the Board		●	○					○	
 Hiroshi Igarashi	<small>Nomination</small> Representative Director	●		○					○	○
 Arinobu Soga	<small>Compensation</small> Representative Director	●		○	○	○			○	
 Nick Priday	Director	●		○	○	○			○	
 Wendy Clark	Director	●		○					○	○
 Norihiko Kurekawa	Director	●		○					○	○
 Yuko Takahashi	Director		●		○	○				

● Responsibilities and attributes ○ Skill

	Official position	Business execution	Non-executive	Business Management	Finance /Accounting	Audit	Legal /Compliance	Human Resources	Global Management	Digital Business
	Izumi Okoshi Director, Audit and Supervisory Committee Member		●			○	○	○		
	<div>Outside Independent Nomination</div> Gan Matsui Director, Audit and Supervisory Committee Member		●			○	○	○		
	<div>Outside Independent Nomination</div> Paul Candland Director, Audit and Supervisory Committee Member		●	○					○	○
	<div>Outside Independent Compensation</div> Andrew House Director, Audit and Supervisory Committee Member		●	○		○			○	○
	<div>Outside Independent Nomination Compensation</div> Keiichi Sagawa Director, Audit and Supervisory Committee Member		●	○	○				○	○
	<div>Outside Independent Compensation</div> Mihoko Sogabe Director, Audit and Supervisory Committee Member		●		○	○				

Board Members

Tim Andree

Non-executive 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.
April 2012	Senior Vice President, Dentsu Inc.
April 2013	Executive Vice President, Dentsu Inc.
June 2013	Director, Executive Vice President, Dentsu Inc.
January 2018	Director, Executive Officer, 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.
January 2022	Representative Director, Dentsu Group Inc.
March 2022	Director, Chairman of the board (current)

Hiroshi Igarashi

Representative Director

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.
January 2022	Representative Director, Dentsu Inc.
March 2022	Representative Director, President and CEO, Dentsu Group Inc. (current)

Arinobu Soga

Representative Director

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, Dentsu Group Inc.
March 2022	Representative Director, Executive Vice President & CFO, Dentsu Group Inc. (current)

Nick Friday

Director

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. (current)
October 2020	Director, CFO, Dentsu International Limited (current)

Wendy Clark

Director

February 2001	SVP/Director, GSD&M
January 2004	SVP, AT&T
January 2008	SVP, The Coca Cola Company
January 2014	President (Sparkling Brands & Strategic Marketing), The Coca Cola Company
January 2016	CEO, DDB Worldwide North America
February 2018	CEO, DDB Worldwide
September 2020	Global CEO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited)
September 2020	Executive Officer, Dentsu Group Inc.
March 2021	Director, Executive Officer, Dentsu Group Inc. (current)

Norihiro Kuretani

Director

April 1988	Joined Dentsu Inc.
July 2016	Director, Digital Platform Center, Dentsu Inc.
January 2017	Executive Officer, Dentsu Inc.
	Representative Director, CEO, Dentsu Digital Inc.
January 2020	Director, Executive Vice President, Dentsu Inc.
January 2022	Director, President and CEO, Dentsu Inc.
March 2022	Representative Director, President and CEO, Dentsu Inc. (current)
March 2022	Director, Executive Officer, Dentsu Group Inc. (current)

Yuko Takahashi

Director

October 1992	Joined Century Audit Corporation (currently KPMG AZSA LLC)
February 2001	Joined Dentsu Inc.
January 2017	General Manager, Finance and Accounting Division, Dentsu Inc.
January 2020	Executive Officer, Dentsu Inc.
July 2021	Registered as a CPA
January 2022	Executive Advisor, Dentsu Group, Inc.
March 2022	Director, Dentsu Group Inc. (current)

Izumi Okoshi

Director, member of Audit and Supervisory Committee

October 1989	Joined Social Engineering Research Institute, Inc.
May 1995	Joined Warner Lambert
January 1998	Joined Dentsu Inc.
April 2014	Senior Specialist, Business Creation Division, Dentsu Inc.
July 2016	ECD, Business Creation Center, Dentsu Inc.
October 2017	EBD, Business D&A Division, Dentsu Inc.
January 2018	EBD, Dentsu Innovation Initiative, Dentsu Inc.
May 2019	EPD, Data Technology Center, Dentsu Inc.
March 2020	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Gan Matsui

Director, member of Audit and Supervisory Committee

April 1980	Graduated from the Legal Training and Research Institute of Japan, the Supreme Court Prosecutor, Otsu District Public Prosecutors Office
October 2007	Deputy Prosecutor of the Nagoya High Public Prosecutors Office
July 2009	Deputy Prosecutor of Osaka High Public Prosecutors Office
October 2010	Chief Prosecutor General Chairperson of the Supreme Financial Securities Expert Committee
June 2012	Chief Prosecutor, Yokohama District Prosecutors Office
January 2014	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
January 2015	Retired public prosecutor
September 2016	Registered as an attorney at law (Tokyo Bar Association)
November 2016	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 (current)
June 2018	Outside Director, member of the audit and supervisory committee, Globeride, Inc. (current)
June 2018	Outside Corporate Auditor, Totetsu Kogyo Co. (current)
June 2018	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	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Paul Candland

Director, member of Audit and Supervisory Committee

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. (current)
November 2021	CEO, Age of Learning Japan, Inc. (current)
March 2022	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Andrew House

Director, member of Audit and Supervisory Committee

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	Outside director, Nordic Entertainment Group (current)
March 2022	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Keiichi Sagawa

Director, member of Audit and Supervisory Committee

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)
June 2020	Advisor
January 2022	Outside director, GIMIC CO., LTD. (current)
March 2022	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Mihoko Sogabe

Director, member of Audit and Supervisory Committee

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	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Initiatives aimed at enhancing effectiveness of governance

Evaluation of the Board's effectiveness

To continuously increase the effectiveness of the Board of Directors, the Company implements an annual survey regarding the effectiveness and appropriateness of corporate supervision by the Board of Directors. Each Director evaluates the effectiveness of the Board of Directors, which, in turn, is analyzed and evaluated by a third-party institution.

The Company confirms the improvements made, aimed at addressing issues identified in the previous fiscal year's survey, as well as new issues and the direction that should be taken. Through analyses and evaluations

undertaken to improve the Board's effectiveness, the Company strives to implement specific measures that make the Board more effective to further strengthen corporate governance.

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.

Specific examples of training

Directors and Executive Officers

At the time of appointment

- Training on Dentsu Group Inc. management, business and financial strategies, related important matters and laws
- Discussion related to identifying and formulating solutions to Dentsu Group issues

After appointment

- Regular study seminars as opportunities to acquire the latest information regarding best practices and megatrend-related issues

Outside Directors

At the time of appointment

- Explanation of Dentsu Group business, organizational structure

After appointment

- Regular provision of information related to business issues

FY2021 evaluation procedure

As in FY2020, the FY2021 evaluations involved questions, put by an independent third-party institution, that were included on the questionnaire given to all Board members. In light of survey results, interviews were conducted with all Board members. The information gathered was evaluated and examined by a third-party institution, which summarized the findings in a report and explained them to the Board for deliberation at a meeting held in January 2022.

Effectiveness evaluation The FY2021 survey covered the following six items; the questionnaire had a total of 34 questions in six categories, as follows.

1. Strategic alignment and engagement (management strategy, capital policy, business portfolio review, ESG responses, business risks, dialogue with shareholders, etc.). (Twelve questions)
2. Board structure and composition (succession plan, skill sets, etc.). (Three questions)
3. Board processes and practices (Board management, deliberation themes, training, etc.). (Eight questions)
4. Management supervisory functions (risk management, global governance system, governance systems of listed subsidiaries). (Seven questions)
5. Board culture and dynamics. (Two questions)
6. Supervisory function (Audit and Supervisory Committee members only). (Two questions)

Evaluation procedure

1. Questionnaire (all Directors)

Questionnaire answered prior to interview



2. Interview by a third-party (all Directors)

Interviews conducted to obtain candid opinions while ensuring anonymity



3. Exchange of views and opinions (all Directors)

Interviews conducted to obtain candid opinions while ensuring anonymity

FY2020 issues and FY2021 progress

Based on matters identified as issues in the FY2020 analysis and evaluation, a medium-term management plan was announced in February 2021. ESG targets were included in the plan, and a Sustainable Business Board was set up that March.

In November of that year, the Company announced changes to its management system aimed at realizing sustainable growth through transformation. Since having received approval of the changes at the Ordinary General Meeting of Shareholders in March 2022, the Board has become more international and diverse, as is appropriate for a global organization.

Suggestions and actions for improvement

After announcing its medium-term management plan in February 2021, the

Company held discussions to further improve the Board's effectiveness. As a result, three measures were identified. By addressing these, the Company hopes to increase the Board's effectiveness and strengthen corporate governance.

Measure I. Improvement of the long-term vision and management strategy that underpin the corporate governance system and supporting structure.

- There will be a timely and appropriate review of our long-term vision and management strategy—based on changes in the environment surrounding the Company, and the implementation of measures to improve corporate value—to allow the flexible revision of the organizational structure and governance system that support our vision and strategy
- Measures II. and III. below will be promoted to encourage discussion of our long-term vision and management strategies

Measure II. Inclusion of shareholder and ESG perspectives in Board discussions.

- We will focus on the progress of our medium-term management plan from shareholder and ESG perspectives, while strengthening monitoring by the Board and committees

Measure III. Boost Board management (to improve monitoring).

- Make sure there is sufficient opportunity and enough time for the discussion of agenda items related to supervision through closer examination of the above measures
- Enhance meeting materials among other efforts to clarify issues at Board meetings

Executive Compensation Policy / Strategic Shareholdings

Executive compensation

(1) Compensation policy

In order to clarify the linkage between the Executive compensation and the Company's business performance and corporate value, and to promote the sharing of interests with shareholders and other stakeholders, the Company determines Executive compensation under the following policy. It also aims to raise the awareness of the Executive Officers to the need to contribute to the sustainable growth of the Group and the enhancement of corporate value over the medium to long term.

The compensation system shall:

- Have a globally competitive structure and level
- Be based on management results, with an appropriate balance of fixed and variable compensation (monetary: annual bonus; performance-based: stock compensation as medium- to long-term bonus)

(2) Types of compensation

Fixed compensation		Variable compensation	
Monetary compensation		Stock compensation	
a. Basic annual salary	b. Phantom stock (Medium- to long-term bonus)	c. Annual bonus	d. Performance-linked stock compensation (Medium- to long-term bonus)

Calculation Method

a. Basic annual salary

Basic annual compensation consists of a regular (monthly) fixed amount to monetary compensation, paid at a designated time each month. In the case of basic annual salary as Director's compensation, a fixed

amount is paid according to each Director's duties, as set forth in the Company's Officers Compensation Rules. In the case of basic annual salary as Executive Officer's compensation, the appropriate amount of compensation for each Executive Officers is set in accordance with his or her position, taking into account the Company's corporate value, company size, and compensation level, with reference to the compensation market survey data from an external specialist organization for each fiscal year.

b. Phantom stock (medium- to long-term bonus)

Phantom stock (medium- to long-term bonus) is granted as compensation for Executive Officers, concurrently serving as Executive Officers, who reside outside Japan and do not hold securities accounts for managing listed shares in Japan, in place of the basic annual salary, annual bonus and performance-linked stock compensation (medium- to long-term bonus) as compensation for Executive Officers.

Executive Officers who are also Directors eligible for the phantom stock (medium- to long-term bonus) shall receive, on a certain date during their term of office, a number of units of the base amount calculated in accordance with the duties they are in charge of dividend by the average share price of the Company's common stock on that date. On a certain date after the passage of three consecutive fiscal years with the fiscal year in question as the first fiscal year, the officer will be entitled to receive a cash payment from the Company in an amount equal to the average share price of the Company's common stock on that date multiplied by the number of units granted above.

c. Annual bonus

The annual bonus is a performance-based monetary compensation paid to each Executive Officer in accordance with the Officers Compensation Rules, based on the numerical values of the performance indicators shown below for each fiscal year during which he or she is in office. The standard amount of annual bonus to be paid to each Executive Officer in the event that the performance indicators shown below have achieved the target for each fiscal year is the amount of the basic annual compensation for that Executive Officers multiplied by 15%. The standard amount is then used to compute the payment in accordance with the calculation formula stipulated in the Officers Compensation Rules within the range described in "Range of variable compensation effective from FY2022" below, based on the numerical value of the indicators shown below. The computed amount is paid at a certain time after the Ordinary General Meeting of Shareholders for the relevant fiscal year.

From FY2021 onward, the Company has adopted, as the main performance indicators for calculating annual bonuses, the consolidated underlying operation profit of the Group or the consolidated underlying operating profit of the Company's Japan business (both of which are based on International Financial Reporting Standards (IFRS), the same applies hereinafter), depending on the responsibilities of the officers to whom the bonus is paid.

From FY2022 onward, in view of the Medium-term Management Plan and the challenges that surround companies at present, the Company has decided to establish three strategic targets concerning corporate value, which cannot be measured using financial

indicators, as non-financial indicators for each fiscal year, as additional performance indicators to supplement the indicators described above in the calculation of annual bonuses.

The three additional non-financial key performance indicators (KPIs) are the Company's employee engagement score, percentage of female managers, and CO₂ emissions (Scope 1, 2, and 3). In calculations of the annual bonus, results for these three non-financial KPIs account for up to 10% of the total amount (15% of the total compensation if the targets are achieved).

Non-financial key performance indicators

		2021 result	2022 target	weight
Employee engagement score (point)	Dentsu Japan Network	63	63 or higher	10%
			65 or higher	10%
	Dentsu International	70	70 or higher	10%
Percentage of female managers (%)	Dentsu Group	16.2	17.0 or higher	20%
			17.4 or higher	20%
CO ₂ emissions (Scope 1, 2, and 3) (t-CO ₂)	Dentsu Group	30,361	29,202	20%
			28,706	20%

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

Performance-based stock compensation (medium- to long-term bonus) is paid to each Executive Officer in accordance with the Officers Compensation Rules and the Officers Stock Benefit Regulations, based on the numerical values of the performance indicators shown below for each of the three consecutive fiscal years from the fiscal year in which he or she is in office.

Officers eligible for performance-based stock compensation (medium- and long-term bonus) receive,

on a certain date during each fiscal year during which they are in office (the "Unit Grant Date"), a standard number of units (equivalent to 50% of basic annual compensation received as an Executive Officer in the relevant fiscal year, dividend by the average closing value of the Company's shares during the month of January in the relevant fiscal year) as consideration for the execution of duties during the relevant fiscal year. In addition, by taking the prescribed procedures by a certain date (the "Vesting Date") after the passage of three consecutive fiscal years, the first of which is the fiscal year in which the Unit Grant Date falls (the "Performance Evaluation Period"), the grantee may acquire the right to receive delivery of the Company's shares, etc. from a trust established based on the performance-based stock compensation plan (the "Trust") on the Vesting Date. In doing so, the standard number of units granted to each Executive Officer in the said first fiscal year will be adjusted based on the values of the indicators described below, in accordance with the formula stipulated in the Officers Stock Benefit Regulations (hereinafter, the number of units after adjustment are referred to as the "Vested Units"). Thereafter, the relevant Executive Officer may receive delivery of the Company's shares, etc. from the Trust, in accordance with the number of Vested Units (in principle, the number of the Company's common shares calculated corresponding to half of the Vested Units and amount of cash equivalent to the market value of the number of the Company's common shares calculated corresponding to the remaining half of the Vested Units as of the Vesting Date).

Prior to FY2020, the simple average of the Group's consolidated organic revenue growth rate over three

fiscal years had been used as an indicator for calculating performance-based stock compensation (medium- to long-term bonus).

From FY2021 onward, the Company adopted a combination of total shareholder return (TSR) and the consolidated underlying operating profit of Dentsu Group as indicators for calculating performance-based stock compensation (medium- to long-term bonus).

Range of variable compensation effective from FY2022

Fixed compensation: ■ Basic annual salary
Variable compensation: ■ Annual bonus and ■ Performance-based stock compensation

If the indicators for variable compensation achieve the targets:¹



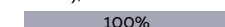
Fixed compensation: 60% Variable compensation: 40%

If the indicators for performance-based stock compensation fall short of the lower limits (or the targets in the case of TSR, which has no lower limits), and indicators for annual bonus fall short of the targets but exceed the lower limits:²



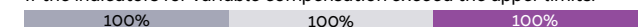
Fixed compensation: 87%–94% Variable compensation: 6%–13%

If the indicators for performance-based stock compensation fall short of the lower limits (or the targets in the case of TSR, which has no lower limits), and indicators for annual bonus also fall short of the lower limits:³



Fixed compensation: 100% Variable compensation: 0%

If the indicators for variable compensation exceed the upper limits:⁴



Fixed compensation: 33% Variable compensation: 67%

Notes:

- In this case, in FY2021 as well, the annual bonus would be equivalent to 15% of basic annual salary paid as compensation for Executive Officers, and performance (medium- to long-term bonus) would be equivalent to 50% of basic annual salary paid as compensation for Executive Officers.
- In this case, in FY2021, the annual bonus and performance-based stock compensation (medium- to long-term bonus) would not be paid.
- In this case, in FY2021 as well, the annual bonus and performance-based stock compensation (medium- to long-term bonus) would not be paid.
- In this case, in FY2021, the annual bonus would be equivalent to 50% of basic annual salary paid as compensation for Executive Officers, and performance-based stock compensation (medium- to long-term bonus) would be equivalent to 100% of basic annual salary paid as compensation for Executive Officers.

Officers eligible for each component of compensation

	Fixed compensation		Variable compensation	
	Monetary compensation			Stock compensation
	Basic annual salary	Phantom stock	Annual bonus	Performance-linked stock compensation
a. Internal Director who is not an Audit and Supervisory Committee Member ¹	✓ ³	×	✓ ⁴	✓ ⁴
b. Internal Director who is not an Audit and Supervisory Committee Member ²	✓ ⁵	✓	×	×
c. Outside Director who is not an Audit and Supervisory Committee Member	✓	×	×	×
d. Internal Director who is an Audit and Supervisory Committee Member	✓	×	×	×
e. Outside Director who is an Audit and Supervisory Committee Member	✓	×	×	×

Notes:

1. Applies to executives besides those falling under category b.
2. Limited to those who concurrently serve as Executive Officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan.
3. Basic annual salary paid as compensation for Executive Officer is limited to those who concurrently serve as Executive Officers.
4. Among internal Directors who are not Audit and Supervisory Committee Members, limited to those who concurrently serve as Executive Officers.
5. Basic annual salary paid is limited to compensation as Director.

Indicator targets

The performance target indicators used for performance-based stock compensation (medium- to long-term) effective from FY2021, and actual figures for each performance indicator in FY2021 are shown below.

Performance indicator	Target	Composition ¹	Actual figure (FY2021)
Total shareholder return (TSR)	Tokyo Stock Price Index (TOPIX) including dividends Base target: 100% Upper limit: 110%	30%	109.1%
	Average total shareholder return (TSR) for peer group ² Base target: 100% Upper limit: 110%	20%	76.9%
Consolidated underlying operating profit of Dentsu Group	Compound annual growth rate (CAGR) Base target: 8.25% Upper limit: 14.5%	50%	44.4%

Notes:

1. These are the proportions of the amounts that would compose performance-based stock compensation (medium- to long-term bonus) if the values of all indicators meet the base targets.
2. 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 Hakuhold DY Holdings Inc., which are competitors of Dentsu Group.

(3) Upper limit of total compensation

i. Monetary compensation (basic salary, annual bonus, and phantom stock)

The upper limit of the total amount of financial compensation for Directors who are not Audit and Supervisory Committee Members (including compensation received in the capacity of an Executive Officer, for Directors who concurrently serve as Executive Officers) was resolved to be 1.2 billion yen per year (including an annual amount of 18 million yen for outside directors) at the 167th Ordinary General Meeting of Shareholders (March 30, 2016). There are five Directors who are not Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

The upper limit of the total amount of financial compensation for Directors who are Audit and Supervisory Committee Members was resolved to be 150 million yen per year at the 167th Ordinary General Meeting of Shareholders (March 30, 2016). There are four Directors who are Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

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

With regard to stock compensation for internal Directors who are not Audit and Supervisory Committee Members (limited to those who concurrently serve as Executive Officers), it was resolved at the 170th Ordinary General Meeting of Shareholders (March 28, 2019) that the maximum amount of cash to be contributed by the Company each fiscal year to fund the acquisition of shares of the Company's common

stock to be acquired through the Trust shall be 900 million yen, and the maximum number of shares of common stock to be delivered to internal Directors who are not Audit and Supervisory Committee members each fiscal year shall be 360,000 shares. There are seven Directors who are not Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

Policy on the Disposal of Strategic Shareholdings and Actual Reductions

In order to enhance medium- to long-term corporate value by maintaining and strengthening business relationships with its business partners, the Company, apart from pure investment, sometimes holds shares in listed companies that are the Company's business partners.

The Company's basic policy is to aim to reduce individual shareholdings, through sale or other means, where they are not deemed meaningful from perspectives such as whether the dividends, related profits and other benefits are higher than the Company's anticipated cost of capital, and whether the stock ownership contributes to the maintenance enhancement of the business relationship with the investee company and the promotion of collaboration. Accordingly, 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 FY2021, the Company sold 11 strategic shareholdings with a total value of approximately 21.0 billion yen in accordance with this basic policy.

Risk Management

Structure

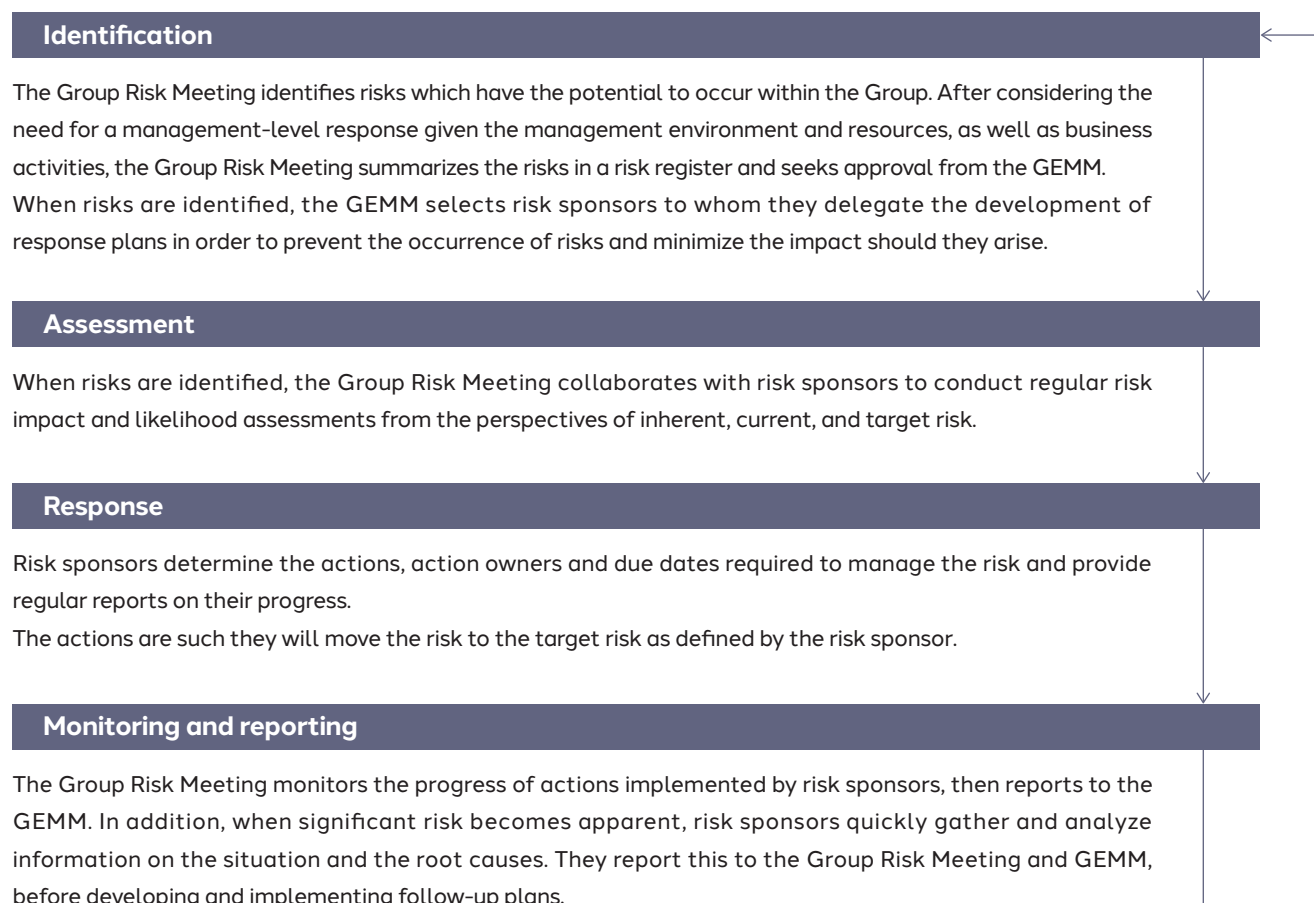
The major risks associated with the execution of Group strategies, business, and other activities that may affect the decisions of investors are listed on the following page. Under the corporate governance structure presented in the diagram on page 42, Dentsu Group is engaged in a variety of measures to minimize risks—i.e. future uncertainties with the potential to hinder the achievement of management goals—as well as taking advantage of these risks as opportunities.

In FY2021, the Internal Control and Risk Committee met three times, and it was decided that, starting in July 2021, Group-level risk management would be undertaken by the Group Executive Management Meeting (GEMM), which assesses risks and conducts regular discussions from a Group-wide perspective.

Following that decision, the Group Risk Meeting was established as a subcommittee of the GEMM. Risk Committees exist within Dentsu Japan Network (DJN) and throughout Dentsu International (DI) to manage risks. In FY2021, the DJN Risk Committee met five times and the DI Risk Committee met four times.

Risk management process

Based on the Enterprise Risk Management approach, Dentsu Group aims to minimize the likelihood of identified 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 GEMM regularly monitoring the responses.



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

(1) Risks associated with cyclical changes in the global economy and social changes accelerated by the impact of COVID-19	The Group formulated the Medium-term Management Plan designed to transform Dentsu Group 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, a new management policy focused on sustainable growth that embodies the plan's strategies and goals.
(2) Risks associated with the development of new businesses from the medium- to long-term perspectives	One of the core pillars of the Medium-term Management Plan mentioned above is the execution of growth strategies through enhancements in areas that support clients' business transformation. This is defined as Customer Transformation & Technology (CT&T). The Group has a stated aim of reaching 50% of Revenue Less Cost of Sales from CT&T, the progress of which is regularly monitored and reported.
(3) Risks related to securing human resources	A Group-wide engagement survey is conducted to identify challenges in the organization and make improvement while listening to our employees. A range of training programs offered, aiming at Diversity, Equity & Inclusion, and skill development programs for all employees. Succession planning for senior leadership roles is also in place, ensuring transparency and equity.
(4) Risk related to the business transformation	Continuously monitoring the implementation of structural reforms of DJN and DI to respond to rapid changes in the business and competitive environments.
(5) Risks associated with the competitive environment and structural changes in the existing advertising industry	
(i) Risk of price competition with advertising and media competitors	The Group attempts to differentiate itself from competitors by providing high added value consisting of consumer insights and integrated solutions, while maintaining strong relationships with clients to avoid excessive price competition.
(ii) Risk of loss of global clients	Same as above
(iii) Risks associated with structural changes in the media environment	Viewing structural changes in the media environment as business opportunities, the Group flexibly allocates and invests Group resources in next-generation media, consistently providing client companies with marketing solutions apposite for the latest consumer behavioral principles.
(iv) Expanded competition with companies in other industries	Viewing changes in the industry structure as business opportunities, the Group plans to integrate and enhance expertise cultivated in the advertising marketing with data and technology, combined with analytics to enter new markets and provide clients with integrated growth solutions.
(6) Risks related to the content business	Many content business projects are managed as portfolios to diversify content business risks.
(7) Impairment risk of goodwill and intangible assets related to Dentsu International	In addition to the regular impairment tests, reviewed past overseas investment in 2021 and clarified the framework to review going forward.
(8) Risks related to information security and cyber security	The Group established a dedicated cyber security department at DJN and DI to ensure safety and responses to new threats.
(9) Sustainability-related risks	The 2030 Sustainability Strategy was formulated to create truly sustainable value for all in the future, and to promote measures to achieve the plan's environmental and social index targets.
(10) Risks related to laws and regulations, litigation, etc.	
(i) Risks related to violations of labor laws and regulations	The Group works on establishing a work environment that ensures the mental and physical wellbeing of all employees as one of its top management priorities.
(ii) Risk related to personal and other information	The Group complies with laws and regulations, both in Japan and abroad, 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.
(11) Risks related to unforeseen incidents, disasters, accidents, etc.	The Group regularly reviews crisis management and business continuity plans for DJN and DI to address risks related to unforeseen incidents, disasters, accidents, etc. that are expected in each region and market.

For details, please see "Business and Other Risks" of the Financial Report 2022.
https://www.group.dentsu.com/en/ir/common/pdf/2022_finance.pdf

For "Basic Policy on Internal Control," please check our website.
https://www.group.dentsu.com/en/about-us/governance/internal_control.html

Promoting Compliance

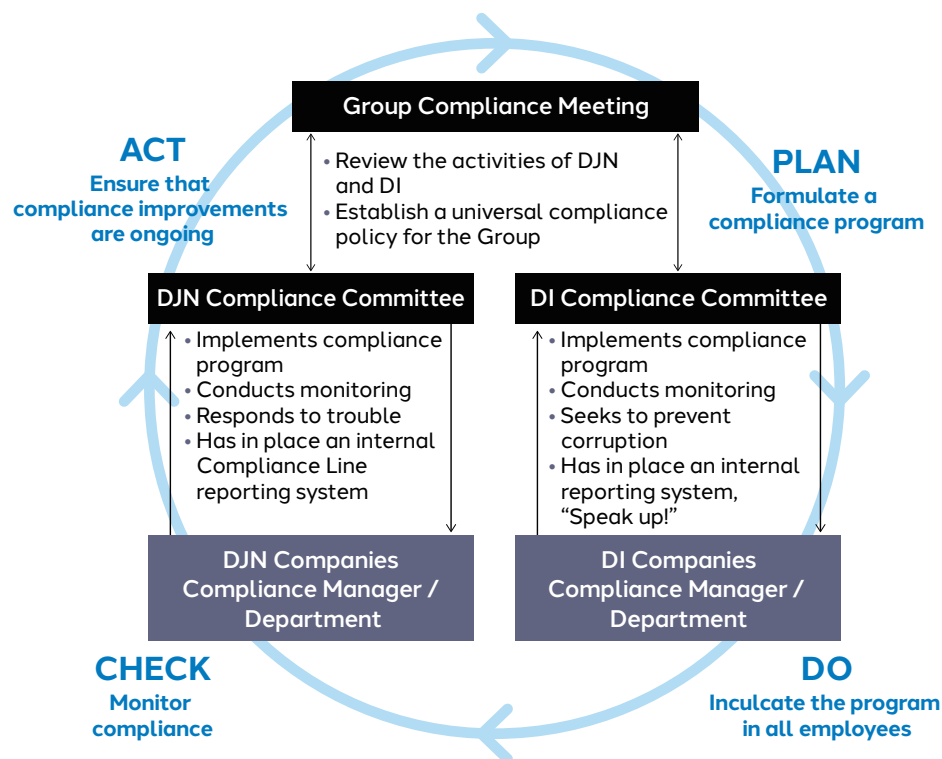
Compliance promotion system

Dentsu Group Inc. formulated the “Dentsu Group Code of Conduct” as a guideline for corporate activities. Compliance is an important pillar of the Group’s Code of Conduct, according to which it formulates rules, produces manuals, conducts training, and carries out other efforts to ensure Directors, Executive Officers and employees are able to carry out their duties appropriately.

The Compliance Committee of Dentsu Japan Network (DJN) was established to promote business in Japan, while the Compliance Committee of Dentsu International (DI) was established to promote overseas business.

In yet a further step, the Company set up the Group Compliance Meeting to supervise the aforementioned committees and make decisions on compliance matters from a global perspective.

Against this background, we are working to maintain and improve compliance through implementation of the plan-do-check-act cycle.



DJN compliance promotion

Compliance programs

Compliance related to the execution of operations involves a variety of measures, including compliance with important laws and regulations related to the advertising business.

Employees receive booklets covering all laws and regulations related to advertising activities, the implementation of information security, human rights, harassment, accounting procedures, and other measures. This is done to make sure of compliance with laws, regulations, and Company rules in all operations, and that reporting and consultation systems are set up should problems arise. Further, employees are given the chance to undertake independent online study.

Monitoring

DJN has put in place a structure for regular reports on the status of compliance at DJN companies. The reports are shared at DJN Compliance Committee meetings.

In terms of internal monitoring, we observe the status of compliance with laws and regulations to appropriately reflect DJN plans for internal monitoring.

Response to trouble

In the event a DJN company officer or employee becomes aware of compliance issues or has any concerns, regulations stipulate that the matter/s must be quickly and accurately reported to a supervisor.

The supervisor immediately reports this to their compliance manager, who contacts the DJN Compliance Committee Secretariat.

Having received a detailed report on the matter from the Secretariat, the DJN Compliance Committee provides guidance regarding investigation of the matter, while not obstructing any DJN company from conducting voluntary inquiries.

Once compliance issues are identified, the relevant DJN company promptly takes corrective action.

“Compliance Line” internal reporting system

DJN set up the Compliance Line reporting system to rapidly identify and resolve compliance violations, as well as to promote compliance by management and sound corporate development.

The Compliance Line operates according to Compliance Line Operational Guidelines and is available for use by all employees.

DI compliance promotion

Compliance programs

Dentsu International (DI) provides detailed and summarized versions of compliance regulations, as well as translations in several languages. It thereby makes sure all officers and employees are familiar with the rules and are able to comply with the requirements.

In addition, management strives to enhance employee awareness by regularly disseminating compliance-related messages to employees, and systematically providing training. Employees are encouraged to gain a deeper understanding and awareness of compliance-related matters.

Monitoring

Through measures including ascertaining attendance at training sessions and collecting answers to compliance questions from Executives each year, DI regularly monitors the penetration of compliance programs, in a bid to realize continuous improvement.

Preventing corruption

DI has in place measures to hinder corruption by providing relevant regulations and training programs.

The Company has a system in place that requires prior reporting and approval before a gift exceeding a specified amount may be accepted. By aggregating report content and approval details in a dedicated department, the system serves to monitor and contain issues.

“Speak Up!” internal reporting system

DI set up the “Speak Up!” internal reporting program that can be used by all DI company officers and employees. In addition to an in-house point of contact, employees may report violations to an independent outside specialist.

The system requires that an employee’s workplace and name be held in strict confidence, with the system designed to function effectively through the imposition of internal regulations ensuring no one is treated unfavorably after using this system.

Dentsu Group Code of Conduct (excerpt)

At Dentsu Group 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. That’s why we expect everyone who works for, or on behalf of, Dentsu Group to understand and live by our Code of Conduct.

The Code of Conduct applies to everyone within the Group. It defines the way we act as part of the Group community and the core principles we are all committed to upholding. It sets out what we can expect of each other, and how we are expected to behave toward our stakeholders including clients and other business partners, shareholders, and our communities.

Please visit our website to read the full text.

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

Manuals tap into creativity

Many compliance-related manuals are complicated and difficult to understand. For employees to gain a good grasp of compliance-related activities, the Group has drawn on creative staff to produce engaging manuals.



Financial and Corporate Data

◇	CFO Message Arinobu Soga Representative Director, Executive Vice President & CFO	p. 57
◇	Financial Data Summary	p. 61
◇	ESG Data Summary	p. 63
◇	Subsidiaries and Affiliates Information for shareholders / Share information	p. 67

CFO Message



**Record performance in FY2021;
FY2022 sees continued focus on
sustainable growth and
maximization of corporate value
through capital allocation and
transformation.**

Arinobu Soga

Representative Director,
Executive Vice President & CFO,
Dentsu Group Inc.

Comprehensive review

While FY2020 saw the Group begin its journey of transformation when much of the groundwork was laid, FY2021 was the year when many of our plans came to fruition.

In August 2020 we recognized the need for Dentsu Group to accelerate its transformation and launched a comprehensive review of the business.

Throughout 2021 our people, our clients and our shareholders all felt the benefit of our transformation. With a simpler structure our people found less friction within their working environment, clients were able to navigate our services more easily and our shareholders saw improved returns as we restructured our balance sheet.

Return to growth

In FY2021, Dentsu Group reported record-high net revenue, record underlying and statutory operating profit and a record dividend payment of 117.5 yen per share. This performance is testament to the return to growth in our industry, the cyclical recovery in advertising as well as the continued investment clients are making in our structural growth area, Customer Transformation & Technology. Our FY2021 net revenue was above that reported in FY2019 demonstrating we are delivering services to our clients that are supporting growth within their own businesses.

Dentsu Japan Network

In FY2021, 43% of our net revenue was generated

within Japan, which reported organic growth of 17.9%, exceeding expectations following a recovery across all advertising mediums, with particular strength in television and digital solutions. Client spend increased as consumer confidence returned to the Japanese economy as COVID-19 related restrictions continued to be lifted. We announced the consolidation of Septeni Holdings—which firmly cements dentsu as the number one player in digital advertising in Japan.

Our fastest growth area continued to be in Customer Transformation & Technology led by Dentsu Digital, which reported organic growth of over 30%, giving confidence our digital solutions are well-placed to meet clients' needs. We continue to make progress as we shift our business toward the fast-growth Customer Transformation & Technology area with the ratio of net revenue in Japan reaching 24.4% in FY2021.

Dentsu International

Dentsu International, 57% of our Group net revenue, reported organic growth of 9.7% in FY2021. The Americas region contributes 25% of our Group net revenue and is the largest region outside of Japan. The 10.6% organic growth was led by the US market and Canada. In EMEA, which accounts for 22% of Group net revenue, organic growth was 11.1% in FY2021 with five of the largest European markets reporting double digit organic growth. In APAC, which represents 10% of Group net revenue, organic growth was 4.7% for FY2021. FY2021 growth was predominantly driven by strong performances in Singapore, Indonesia, and

Australia. This strong growth was partly offset by some weakness in China and India.

Customer Transformation & Technology at Dentsu International reached 32.6% in FY2021 as clients continue to embrace data and digital transformation solutions to meet their customers' expectations.

The broad-based recovery at Dentsu International was supported by the increased focus on integration of our services to deliver bigger solutions for our clients. This approach is benefitting a number of our major markets as clients increasingly require solutions across a range of capabilities.

Margins

In FY2021, Dentsu Group reported a record operating profit and underlying operating profit with 340 bps of margin improvement resulting in a 44.4% operating profit increase year-on-year driven by the cost savings we had promised to deliver through de-duplication across the business.

Japan delivered a margin of 22.9% (+490 bps year-on-year) with an increase in underlying operating

profit of +52.0% year-on-year. At Dentsu International, underlying operating profit was +33.8% year-on-year (+28.4% on a constant-currency basis); with an underlying operating margin of 15.9% (+220 bps year-on-year, +230 bps on a constant-currency basis).

Margins were also improved by a reduction in property costs in many markets. COVID has prompted new ways of working, with more flexible working patterns for our people allowing us to reduce our property costs in high-cost, city central locations.

Balance sheet restructuring and shareholder returns

In FY2021 we made some major changes to our balance sheet. To improve capital efficiency, we announced in FY2021 our plan to sell and lease back our headquarters building in Tokyo, as well as announcing two further property sales in Japan and the sale of 21-billion-yen strategic share holdings. The funds generated from the transactions allow for investment for growth and improving returns to shareholders. Along with the recovery in business

Dentsu Group FY2021 highlights

Net revenue

977 billion yen

Dentsu Japan Network	416 billion yen
Dentsu International	561 billion yen

Organic growth

+13.5%

Dentsu Japan Network	+17.9%
Dentsu International	+9.7%

Operating margin

18.3%

Dentsu Japan Network	22.9%
Dentsu International	15.9%

Capital allocation framework prioritizes growth & long-term value accretion

1 Capex investment: 70 billion yen est. to FY2024

- Investment in operations, capabilities & services
- Investment in technology platforms to support organic growth, and nearshore & offshore capabilities to improve operations

2 Investment in M&A: 250 to 300 billion yen est. to FY2024

- Value accretive acquisitions to complement existing businesses
- Investment in fast-growth areas, prioritizing Customer Transformation & Technology to reach 50% of net revenue over time
- Capability and geographic infill

3 Shareholder returns:

- Progressive dividend, reaching 35% payout ratio of underlying basic EPS by FY2024
- 2022 Buyback announced: Up to 40 billion yen
- Additional shareholder returns assessed in light of our medium-term plans: prioritizing growth and investment in the business

Healthy and flexible balance sheet

- 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
- Continued sale of non-trading assets

performance in FY2021 we ended the year in a net cash position, allowing the Group to focus on investing for growth going forward.

Following the 30-billion-yen buyback announced in February 2021, we were pleased to announce a further buyback of a maximum of 40 billion yen for FY2022. Improving our returns and creating long-term sustainable value for our shareholders remain key focus points for me and other senior leaders.

We maintain our progressive dividend policy of reaching a 35% payout ratio by FY2024, the final year of our Medium-term Management Plan. In line with this, we expect the payout ratio for FY2022 to be 32% with the dividend guided to a record-high 130 yen per share.

Strategic capital allocation for future growth

Looking ahead, I am pleased to share our updated capital allocation framework for the next three years,

which prioritizes growth and long-term value accretion.

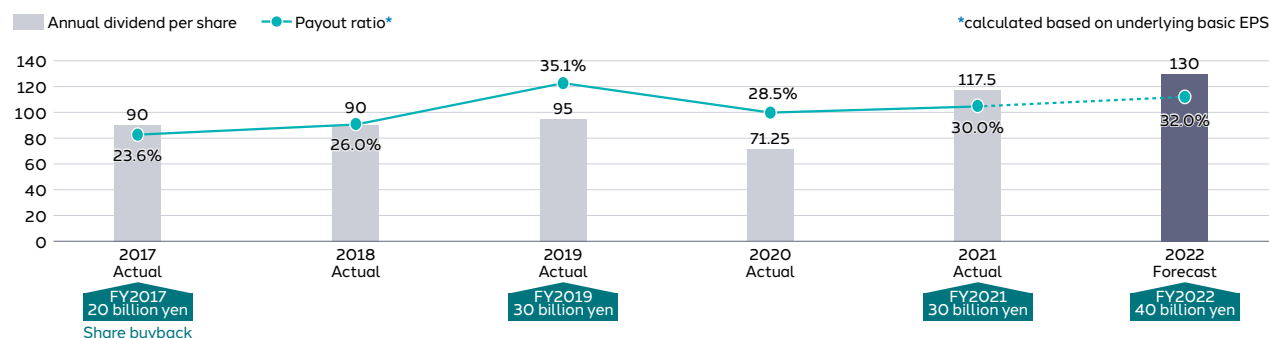
Our capex investment over the coming three years will total approximately 70 billion yen—in line with previous years.

The acquisition fund to invest for growth is 250 to 300 billion yen over three years to be spent across Japan and the International business. We will focus our spend on the fast-growth areas of Customer Transformation & Technology, growing our exposure to the structural growth areas of our industry, such as Commerce & Experience. We aim to reach 50% of Group net revenue generated by Customer Transformation & Technology over time and this will be driven by organic growth and acquisitions.

Disciplined M&A

Our acquisition strategy will focus on fewer, larger deals than we have done previously. This is the advantage of being the first mover in the data and

Shareholder return: dividend and share buyback



analytics space through our acquisition of Merkle in 2016—we got the scale early, so we can afford to be selective with bolt-on deals.

The acquisition portfolio built over the past five years has delivered strong returns with ROIC in excess of the Group's cost of capital. This reflects the robust process and procedures we have in our M&A committee and post-merger integration process.

Acquisitions have also transformed our operations. Through Septeni Holdings in Japan, UGAM, Paragon and Sokrati, we have nearshore and offshore delivery centers which help support our margin as the cost to deliver services reduces.

Growing exposure to Customer Transformation & Technology also benefits the business through an expanded offer; more recurring revenue and providing less cyclicity within the business.

In 2021, we completed one acquisition, LiveArea. LiveArea is headquartered in and serves clients in the United States, with a presence in EMEA and significant global offshore delivery capabilities in India and Bulgaria, with over 50% of their revenue recurring through ongoing managed services. LiveArea bolsters our global experience and commerce capabilities and furthers our position as a go-to experience partner for businesses around the world. Following this acquisition, dentsu is now the largest Salesforce Commerce Cloud agency partner demonstrating our hybrid agency / consultant positioning.

We also announced the consolidation of Septeni Holdings as we increased our stake to 52%. This

announcement will further strengthen the digital marketing business within Dentsu Japan Network, bringing expertise and scale in the fast-growth digital media market. Dentsu Japan Network will become the largest and most advanced digital marketing partner for clients in Japan.

Our investments will be supported by a healthy and flexible balance sheet; the net debt / underlying EBITDA operating in an indicative medium-term range of 1.0 to 1.5x.

Investment in our People

The greatest asset that supports the business is our people. In order to achieve the business transformation and sustainable growth that we aim for, we will focus more than ever on talent development and new hiring of highly skilled specialists. We will strive to strengthen our growth potential by promoting this initiative.

In order to enhance our competitiveness in the talent market, we intend to accelerate investments aimed at rebuilding the Group's brand and improving employee engagement.

Outlook for FY2022: improved for sector

We enter FY2022 with optimism, backed by the strong growth of digital advertising and Customer Transformation & Technology, and the guidance of 4 to 5% organic growth. This optimism leads to the upgrading of our medium-term targets to 4 to 5% organic growth rate from 3 to 4%, and the operating margin from 17.0% to 18.0%.

Fulfilling the role of CFO to maximize corporate value

As we made progress with the structural reforms, we have shifted our focus to investments for growth.

In FY2021, Dentsu Group met with over 450 of our shareholders and potential investors globally, and we will continue this effort to improve the management of our business as we have entered the second year of the Medium-term Management Plan.

The business environment is constantly changing, and the speed of change continues to increase. As Group CFO, I plan to pursue financial soundness while properly allocating resources to acquisitions and our people that underline future growth.

Dentsu Group will realize the business transformation and sustainable growth to maximize corporate value for all of our stakeholders.

Financial Data Summary

Consolidated financial data

	2015 ¹	2016	2017	2018	2019	2020	(Millions of yen) 2021
Profit and loss statement							
Turnover	4,990,854	4,924,933	5,187,300	5,357,278	5,146,802	4,498,216	5,256,492
Revenue	818,566	838,359	928,841	1,018,512	1,047,881	939,243	1,085,592
Net revenue	761,996	789,043	877,622	932,680	939,385	835,042	976,577
Operating profit (loss)	128,212	137,681	137,392	111,638	(3,358)	(140,625)	241,841
Profit (loss) before tax	126,739	132,918	149,662	148,751	(42,769)	(141,133)	208,833
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
Underlying EBITDA ²	—	—	—	—	—	145,335	195,006
Underlying operating profit ³	160,438	166,565	163,946	153,229	140,751	123,979	179,028
Underlying net profit ⁴	113,388	112,972	107,874	97,419	76,120	69,890	109,203
Balance sheet							
Total assets	3,066,075	3,155,230	3,562,857	3,638,488	3,795,729	3,380,412	3,720,536
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
Cash flow							
Net cash flow from operating activities	—	143,585	141,557	133,049	79,957	88,313	139,715
Net cash flow from investing activities	—	(156,161)	(85,531)	(61,382)	(76,051)	137,013	262,226
Net cash flow from financing activities	—	2,539	1,226	57,522	(7,803)	(96,622)	(232,189)
Cash and cash equivalents at end of period	—	242,410	305,760	416,668	414,055	530,692	723,541
Number of employees	47,324	55,843	60,064	62,608	66,400	64,533	64,832
Number of consolidated subsidiaries	760	844	911	976	1,004	1,007	907

1. 2015 is reported on a pro forma basis.

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

3. Underlying Operating Profit: KPI calculated by eliminating M&A related items and one-off items from operating profit, and is used by management for the purpose of measuring constant business performance.

M&A related items: amortization of intangible assets incurred in acquisitions, acquisition costs, share-based compensation expenses attributable to the acquiree, share-based compensation expense issued following the acquisition of 100% ownership of a subsidiary

One-off items: items such as restructuring costs, impairment loss and gain/loss on sales of non-current assets

4. 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.

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 has traditionally recognized configuration or customization costs in cloud computing contracts as intangible assets by applying IAS 38 "Intangible Assets." However, based on the discussions that led to the agenda decision by the IFRS Interpretations Committee announced in April 2021, the method has been changed so as to recognize the costs of receiving configuration or customization services as expenses. However, in this report, figures prior to the fiscal year ended December 31, 2020 are presented as before the change in accounting policy. Thus, figures from the fiscal year ended December 31, 2020 differ from figures in the Summary of Financial Results for the Fiscal Year Ended December 31, 2021 where the presentation was retrospectively restated.

Consolidated financial data

	2015 ¹	2016	2017	2018	2019	2020	2021
Organic growth rate ²	7.0	5.1	0.1	3.4	(1.0)	(11.1)	13.1
Dentsu Japan Network	3.9	4.5	(0.3)	2.1	0.4	(8.4)	17.9
Dentsu International	9.4	5.7	0.4	4.3	(1.9)	(13.0)	9.7
CT&T ³ ratio	—	—	—	—	—	27.5	29.1
Dentsu Japan Network	—	—	—	—	—	24.5	24.4
Dentsu International	—	—	—	—	—	29.7	32.6
Operating margin ⁴	21.1	21.1	18.7	16.4	15.0	14.8	18.3
Dentsu Japan Network	26.0	26.8	24.5	21.7	19.1	18.0	22.9
Dentsu International	16.9	16.2	14.6	12.9	12.2	13.7	15.9
Underlying ROE ⁵	10.6	11.3	10.6	9.1	7.5	8.1	13.8
Return on assets (ROA) ⁶	—	4.3	4.5	4.1	(1.2)	(3.9)	5.9
Ratio of equity attributable to owners of the parent (equity ratio) ⁷	34.8	29.6	30.7	28.8	25.7	22.4	22.7
Basic earnings per share (yen)	289.95	292.85	373.11	320.39	(287.92)	(571.19)	388.79
Basic underlying profit per share (yen)	395.67	396.20	381.58	345.59	270.94	250.14	391.71
Cash dividend per share (yen)	75.00	85.00	90.00	90.00	95.00	71.25	117.50
Dividend payout ratio ⁸	25.9	29.0	24.1	28.1	—	—	30.2
Underlying dividend payout ratio ⁹	19.0	21.5	23.6	26.0	35.1	28.5	30.0

1. 2015 is reported on a pro forma basis.

2. 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.

3. CT&T (Customer Transformation & Technology): high growth business domain including the services related to marketing technology, customer experience management, commerce, system integration, and transformation & growth strategy.

4. Operating margin = Underlying operating profit ÷ Net revenue x 100

5. 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)

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

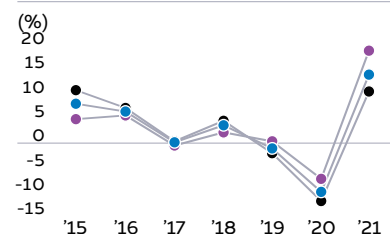
7. Ratio of equity attributable to owners of the parent = Equity attributable to owners of the parent ÷ Total assets

8. Dividend payout ratio = Cash dividend per share ÷ Basic earnings per share x 100

9. Underlying dividend payout ratio = Cash dividend per share ÷ Basic underlying profit per share x 100

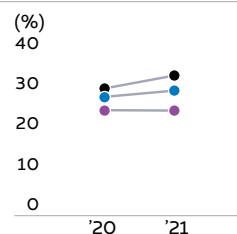
Organic growth rate

—●— Consolidated —●— Dentsu Japan Network —●— Dentsu International



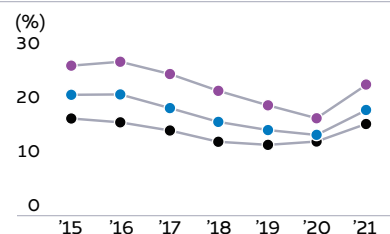
CT&T ratio

—●— Consolidated —●— Dentsu Japan Network —●— Dentsu International



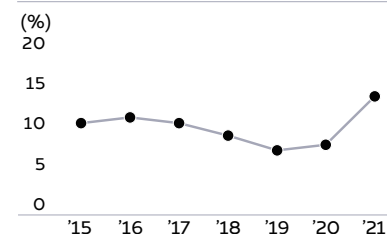
Operating margin

—●— Consolidated —●— Dentsu Japan Network —●— Dentsu International



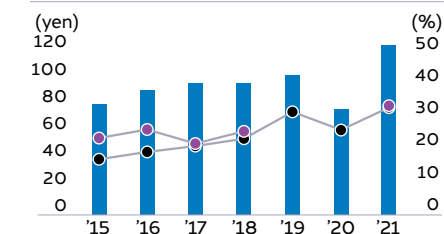
Underlying ROE

—●— ROE



Cash dividend per share / Dividend payout ratio / Underlying dividend payout ratio

—■— Cash dividend per share —●— Dividend payout ratio —●— Underlying dividend payout ratio



ESG Data Summary

Dentsu Group Inc.

Governance data

	2016	2017	2018	2019	2020	2021
Directors	12	12	12	12	12	13
Outside Directors (independent Outside Directors)	3(3)	4(4)	4(4)	4(4)	5(4)	5(5)
Ratio of independent Outside Directors (%)	25.0	33.3	33.3	33.3	33.3	38.5
Female Directors	1	2	2	2	2	3
Ratio of female Directors (%)	8.3	16.7	16.7	16.7	16.7	23.1
Board of Director meeting attendance rate (%)	95.4	96.9	98.0	96.9	95.6*	99.1
Attendance rate of independent Outside Directors at Board of Director meetings (%)	96.1	96.3	98.5	93.8	100.0	98.8

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

Consolidated data

Social data

Number of employees

	December 2017	December 2018	December 2019	December 2020	December 2021
Total	60,064	62,608	66,400	64,533	64,832

Employees and Managers

As of December 2021

	Total	Male	Female	Female Component(%)
Employees	64,832	33,815	31,017	47.8
Dentsu Group Inc.	195	147	48	24.6
Dentsu Japan Network	19,867	12,822	7,045	35.5
Dentsu International	44,770	20,846	23,924	53.4
Managers	4,939	4,126	807	16.3
Dentsu Group Inc.	42	33	9	21.4
Dentsu Japan Network	4,098	3,572	526	12.8
Dentsu International	799	521	272	34.0

Note: Dentsu International (DI) managerial position totals and female ratio calculations include six people who did not disclose their gender.

Community activities

As of December 2021

	Total	Dentsu Japan Network	Dentsu International
Donations (yen)	1,822,728,018	1,267,443,980	555,284,038*
Participants in volunteer activities	3,624	542	3,082
Hours spent participating in volunteer activities	32,704	11,608	21,096

* Exchange rate: £1= ¥ 151.1

Environmental performance data

	2018	2019	2020	2021
Scope 1	4,981	4,888	3,540	3,195
Dentsu Japan Network	426	344	355	310
Dentsu International	4,555	4,544	3,185	2,885
Scope 2	39,130	29,074	23,415	20,908
Dentsu Japan Network	26,513	24,202	20,872	19,343
Dentsu International	12,617	4,872	2,543	1,565
Scope 1 + 2	44,111	33,962	26,955	24,103
Dentsu Japan Network	26,939	24,546	21,227	19,653
Dentsu International	17,172	9,416	5,728	4,450
Scope 3	69,680	374,884	55,374	360,324
Category 1	2,087	265,960	25,615	316,082
Dentsu Japan Network	1,311	28,773	25,202	24,284
Dentsu International	776	237,187	413	291,798
Category 3	N/A	8,813	5,481	10,779
Dentsu Japan Network	N/A	6,500	5,481	5,155
Dentsu International	N/A	2,313	N/A	5,624
Category 4	N/A	288	1,856	3,558
Dentsu Japan Network	N/A	0	1,856	2,978
Dentsu International	N/A	288	N/A	580
Category 5	1,627	1,246	1,098	1,207
Dentsu Japan Network	152	424	596	931
Dentsu International	1,475	822	502	276
Category 6	62,253	79,417	16,370	9,909
Dentsu Japan Network	11,631	25,406	4,973	3,055
Dentsu International	50,622	54,011	11,397	6,854
Category 7	3,713	13,660	4,954	14,668
Dentsu Japan Network	3,713	5,049	4,954	2,350
Dentsu International	N/A	8,611	N/A	12,318
Category 13	N/A	3,469	N/A	331
Dentsu International	N/A	3,469	N/A	331
Category 15	N/A	2,031	N/A	3,790
Dentsu International	N/A	2,031	N/A	3,790
CO ₂ emissions (Scope 1 + 2 + 3)	113,791	408,846	82,329	384,427

	2018	2019	2020	2021
Amount of waste (kg)	7,884,635	6,456,545	5,270,342	4,469,072
Dentsu Japan Network*	3,747,229	3,246,545	2,706,342	2,893,072
Dentsu International	4,137,406	3,210,000	2,564,000	1,576,000
Waste recycling rate (Dentsu Inc. only)	88.1	85.7	86.2	89.6
Water consumption (m ³)	806,030	776,321	497,525	367,482
Dentsu Japan Network	273,394	315,808	213,321	164,712
Dentsu International	532,636	460,513	284,204	202,770

* The figures for Dentsu Japan Network (DJN) include its own buildings (Ginza Building, Fukuoka Building, Kousan 1 Building, Kousan 3 Building, and Sapporo Building).

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 CO₂ 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 DJN and DI), the base year of the Medium-term Management Plan, and 2020 figures (DJN) were revised retroactively (LRQA verification is not complete for DJN's 2019 and 2020 retroactive calculations)
- The volume of waste generated (in kg) is the sum of general waste and industrial waste (including waste oil, waste plastic)
- The volume of water resources used is the sum of municipal water and gray water at the Tokyo Head Office, and the municipal water used at the Kansai Branch Office and Chubu Branch Office

Third-party assurance



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 CO₂ emissions (greenhouse gas emissions) from Dentsu Group are verified, and certification is provided (left), by Lloyd's Register Quality Assurance Ltd (LRQA).

Total electricity consumption, amount of renewable energy use, and renewable energy usage rate*

	Total electricity consumption (kWh)	Amount of renewable energy use (kWh)	Renewable energy usage rate
2021			
Dentsu Group (total)	71,751,938	35,868,409	50.0%

* Calculation based on GHG protocol

Dentsu Inc.

Personnel data

Number of employees

	December 2017	December 2018	December 2019	December 2020	December 2021
Total	6,927	6,921	7,071	6,907	6,578

New graduates hired

	April 2018	April 2019	April 2020	April 2021	April 2022
Total	145	141	122	115	97
Male	84	73	66	63	52
Female	61	68	56	52	45
Female component (%)	42.1	48.2	45.9	45.2	46.4

Career recruitment

(by job position, full-year, permanent employee assignment)

	2017	2018	2019	2020	2021
Total	99	95	68	24	44
Male	76	74	50	18	25
Female	23	21	18	6	19
Female component (%)	23.2	22.1	26.5	25.0	43.2

Employee composition¹

As of December 2021				
	Male	Female	Total	Ratio (%)
Executive Officers, others ²	32	2	34	0.5
Managers	1,445	166	1,611	24.5
Non-managers	2,169	1,066	3,235	49.2
Contract employees	263	336	599	9.1
Clerical staff	0	468	468	7.1
Partners / senior staff	253	61	314	4.8
Part-timers, others ³	25	25	50	0.8
Seconded from other entities	165	102	267	4.1
Total	4,352	2,226	6,578	100.0

1. Employees on temporary assignments are excluded.

2. Includes Senior Corporate Advisors, Special Advisors, and Executive Officers (excluding Directors and Corporate Auditors).

3. Indicates permanent part-timers, nonpermanent part-timers, and employees of overseas branches.

Average age of employees*

Total	41.5
Male	43.5
Female	37.5

* Full-time employees only

Average number of consecutive years served*

Total	14.5
Male	17.0
Female	9.6

* Full-time employees only

Work-life balance

Average number of paid vacation days taken

	Average days used	Paid holidays	Usage rate (%)
Male	12.4	20	62.0
Female	13.4	20	67.0
Total	12.7	20	63.5

Number of employees utilizing childcare leave, usage rate, ratio of employees who return to work

	Number of users	Number of eligible employees	Usage rate (%)	Ratio of employees who return to work (%)
Male	155	217	71.4	100
Female	50	50	100.0	100

Total hours worked per year*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	2,251	2,265	2,252	2,187	2,166	2,032	1,952	1,903	1,838	2,023

* In accordance with working time management changes, since FY2017, the figures for actual time worked have been adopted to calculate total time worked. Management staff are included in these figures.

Talent development

Investment per employee (yen)

Investment	96,748
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Number of employees by age bracket*

Age	Number of people	Ratio (%)
Under 30	1,006	15.3
30-39	2,071	31.5
40-49	1,818	27.6
50-59	1,338	20.3
Over 60	345	5.2
Total	6,578	100.0

* Includes staff from other companies assigned to Dentsu Inc.; excludes staff from Dentsu Inc. dispatched to other companies.

Time for training per employee (hour)

Time for training	33.0
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Leveraging diverse human resources

Employment rate of people with disabilities (%)*

	June 2018	June 2019	June 2020	June 2021	June 2022
Total	2.14	2.35	2.38	2.73	3.13

* 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.)

Number of post-retirement rehires

	2017	2018	2019	2020	2021
Total	51	58	67	96	101
Male	41	53	55	79	80
Female	10	5	12	17	21

Global engagement survey

Engagement score (point)*

Engagement score	68
Employee satisfaction	68
Recommend	67

* The employee satisfaction and the recommend scores 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.

Dentsu Japan Network

New graduates hired

	April 2022
Total	446
Male	238
Female	208
Female component (%)	46.6

Usage rate of vacation days (%)

Total	50.4
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Total hours worked per year

	2021
Total	2,000

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

	Number of users	Number of eligible employees	Usage rate (%)
Male	205	465	44.1

Internal reporting: Compliance Line reports (cases)*

	2017	2018	2019	2020	2021
Total	9	24	17	10	6

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

Number of internal reported complaints (cases)*

	2017	2018	2019	2020	2021
Total	146	183	194	106	136

* In 2021, previous fiscal year figures were recounted.

Dentsu International

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

	2017	2018	2019	2020	2021
Total	12	44	35	43	38

Average age of employees

	As of December 2021
Total	33.1

Average number of consecutive years served

	As of December 2021
Total	3.5

Employees by age (%)

	As of December 2021
Under 30 years of age	38.9
30–39 years of age	37.7
40–49 years of age	16.3
50–59 years of age	6.0
Over 60 years of age	1.1

Ratio of employees by years of service (%)

	As of December 2021
Less than one year	37.1
One to three years	22.7
Three to five years	14.7
Five or more years	25.5

Subsidiaries and Affiliates

As of December 31, 2021, the Dentsu Group includes 907 consolidated subsidiaries and 92 affiliated companies accounted for by the equity method.

Consolidated subsidiaries

Dentsu Inc.¹

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Promoting advertising development, customer experience design, marketing infrastructure and overall business transformation, providing comprehensive solutions that contribute to the sustainable growth of customers and society

Dentsu East Japan Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Advertising in the Kanto and Tohoku regions as well as Shizuoka and Niigata prefectures

Dentsu West Japan Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Advertising in the Chugoku region and Shikoku as well as Hyogo, Ishikawa, Fukui and Toyama prefectures

Dentsu Kyushu Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Advertising in Kyushu

Dentsu Runway Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Advertising providing comprehensive solutions centered on media communications

Dentsu Meitetsu Communications Inc.²

Geographic Area: Japan
Equity Held by Dentsu: 50.0%
Description of Business: Total advertising services, specializing in promotion and out-of-home media

Dentsu Digital Inc.³

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Company specializing in the provision of consulting, development, implementation, operation, execution and support services in all the fields of digital marketing

Dentsu Live Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Creating valuable real life experience through development of design, production, management, and overall direction of events & spaces

Dentsu Tec Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Total planning, production and operation for all promotion domains

Dentsu Direct Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: In the area of direct marketing, providing optimal strategies and solutions for everything from attracting to managing customers both on and offline

Carta Holdings, Inc.³

Geographic Area: Japan
Equity Held by Dentsu: 52.4%
Description of Business: Group management strategy policy formulation and general corporate operations

Information Services

International-Dentsu, Ltd.^{1,3,4}

Geographic Area: Japan
Equity Held by Dentsu: 61.8% (0.0%)
Description of Business: Information systems building; software sales, and support for various business areas

Dentsu Works Inc.

Geographic Area: Japan
Equity Held by Dentsu: 100.0%
Description of Business: Facility management (real estate, building management, office relocation and design), HR solutions, insurance

Dentsu International Limited.¹

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0%
Description of Business: Headquarters of the Dentsu Group's global business, which oversees operations outside of Japan

Dentsu International Holdings Ltd.^{1,4}

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Portman Square US Holdings Ltd.^{1,4}

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Group Participations Ltd.^{1,4}

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Triton Ltd.⁴

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International GPS Holdings Ltd.^{1,4}

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Finance Ltd.⁴

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Regents Place Finance Limited^{1,4}

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Treasury Limited⁴

Geographic Area: United Kingdom
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu Aegis Network Central Europe Holding GmbH⁴

Geographic Area: Germany
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu Aegis Network Central Europe GmbH⁴

Geographic Area: Germany
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu France SAS^{1,4}

Geographic Area: France
Equity Held by Dentsu: 100.0% (100.0%)

Aegis International Holding Company BV^{1,4}

Geographic Area: Netherlands
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu Media, S.L.^{1,4}

Geographic Area: Spain
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu McGarry Bowen, LLC^{1,4}

Geographic Area: USA
Equity Held by Dentsu: 100.0% (100.0%)

360i LLC^{1,4}

Geographic Area: USA
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu US, Inc.^{1,4}

Geographic Area: USA
Equity Held by Dentsu: 100.0% (100.0%)

Merkle Group Inc.⁴

Geographic Area: USA
Equity Held by Dentsu: 100.0% (100.0%)

ISOBAR, INC.^{1,4}

Geographic Area: USA
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Americas LLC^{1,4}

Geographic Area: USA
Equity Held by Dentsu: 100.0% (100.0%)

Agenciatic - Midia Interativa S.A.⁴

Geographic Area: Brazil
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu (Shanghai) Investment Co., Ltd.^{1,4}
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.^{1,4}

Geographic Area: Singapore
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu Australia Holdings Pty Ltd.^{1,4}

Geographic Area: Australia
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu International Australia Pty. Ltd.^{1,4}

Geographic Area: Australia
Equity Held by Dentsu: 100.0% (100.0%)

Dentsu Corporate Services Ltd.^{1,4}

Geographic Area: Australia
Equity Held by Dentsu: 100.0% (100.0%)

and 867 other companies

1. Specified subsidiary

2. Although Dentsu's ownership is 50% or less, the company is considered a subsidiary because Dentsu exerts effective control.

3. Company that submits an annual securities report

4. In Equity held by Dentsu, the figure in parentheses indicates the ratio of equity held indirectly.

Affiliated companies accounted for by the equity method

Video Research Ltd.

Geographic Area: Japan
Equity Held by Dentsu: 34.2%
Description of Business: TV audience rating surveys,
radio audience rating surveys,
and other research

D2C Inc.

Geographic Area: Japan
Equity Held by Dentsu: 46.0%
Description of Business: Specializes in digital
advertising and marketing for NTT Docomo and other
advertising products

Septeni Holdings Co., Ltd.*

Geographic Area: Japan
Equity Held by Dentsu: 21.0%
Description of Business: Integrated Group company
management through shareholdings and other means
and 89 additional companies

* Companies that submit an annual securities report;
additional shares acquired on January 4, 2022. Dentsu
holds 52.0% of voting rights, making these companies
consolidated subsidiaries.

Information for shareholders (As of December 31, 2021)

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

Stock Exchange Listing

Tokyo Stock Exchange, First Section
Securities code: 4324

Capital

¥ 74,609.81 million

Total Number of Shares Issued

288,410,000

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, 2021)

Breakdown of shareholders by type

	Number of shareholders	Number of shares held	Percentage of total number of shares issued
Japanese financial institutions	46	82,982,400	28.77
Japanese securities firms	36	12,603,821	4.37
Other Japanese corporations	598	75,029,415	26.01
Japanese individuals and others (Including treasury stock)	36,401	52,632,306	18.25
Foreign institutions and individuals	678	65,162,058	22.59
Total	37,759	288,410,000	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)	48,558,400	17.72
2	Kyodo News	18,988,800	6.93
3	Jiji Press, Ltd.	16,028,680	5.85
4	Custody Bank of Japan, Ltd. (Trust accounts)	14,147,200	5.16
5	SMBCNikko Securities Inc.	7,208,300	2.63
6	Group Employees' Stockholding Association	5,647,184	2.06
7	Yoshida Hideo Memorial Foundation	4,984,808	1.82
8	Recruit Holdings Co., Ltd.	4,929,900	1.80
9	THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	4,330,400	1.58
10	Tokyo Broadcasting System Television, Inc.	4,000,000	1.46

Notes:

1. The number of shares held by each trust bank includes shares related to trust services.
2. The Company holds 14,393,421 treasury shares but is excluded from the major shareholders listed above.
3. The Percentage of Total Shares Issued is calculated excluding treasury shares.

