



Who We Are

The Dentsu Group is a marketing communications enterprise. Its business involves determining the essence of a client's issues and designs, before proposing and implementing an integrated communications plan that realizes true solutions.

Our corporate philosophy, "Good Innovation," encapsulates the Group's drive to create new value and lead the way to transformation, emphasizing our commitment to support the innovations of companies and organizations.

As a solutions partner responding to the challenges faced by its clients, the Group provides a diverse range of services. With the communications domain at its core, it is engaged in a wide range of business activities, from corporate management and operating solutions to the implementation of marketing and communications strategies. Moreover, to meet the changing needs of society, the environment, and consumer lifestyles, the Group's service sphere is expanding to cover an array of solutions that address societal issues.

To this end, we are rolling out operations in a growing number of countries and regions. With the acquisition of Aegis in March 2013 and establishment of Dentsu Aegis Network (DAN), the Group has become a truly global network, with around 56,000 professionals in more than 140 countries (as of the end of December 2016). The Group offers the best integrated solutions for clients, not only in Japan, but also in the global market.

Editorial Policy

- This integrated report explains the Dentsu Group's operating performance for the year under review and introduces the Group's strategies and initiatives to create value over the medium to long term. Information related to efforts to enhance sustainability is also arranged within an ESG framework, taking increased disclosure requirements into account.
- Target audience
All stakeholders including shareholders and investors

Reference guidelines

IIRC (International Integrated Reporting Council)
The International Integrated Reporting Framework

GRI (Global Reporting Initiative)
Sustainability Reporting Guidelines, Version 4 (G4)

Period covered by the report

Centered on activities during fiscal 2016 (January 1, 2016 through December 31, 2016), but also describes some activities from preceding or more recent periods.

Organizations covered

Dentsu Inc. and Dentsu Group companies

Publication date

December 2017
(Next edition scheduled for publication in June 2018)

Contact info

CSR Department, Legal Division, Dentsu Inc.
Email: dentsucsr@dentsu.co.jp

Investor Relations Department, Executive Office,
Dentsu Inc.
Email: irmail@dentsu.co.jp

Forward-looking Statements

This integrated report contains statements that constitute "forward-looking statements" regarding the intent, belief or current expectations of Dentsu Inc. or its management with respect to the results of operations and financial condition of Dentsu or the 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 disclaims any obligation to update or publicly announce any revisions to these forward-looking statements to reflect future events, conditions or circumstances.



What's in this Report

001 About Dentsu

[Who We Are](#)

[What's in this Report](#)

[Top Message](#)

[Responses to Labor Issues In Japan](#)

[Responses to Inappropriate Business Practices In Domestic Digital Advertising Services](#)

[Overview of the Dentsu Group](#)

[How We Create and Share Value](#)

018 Strategy

[Our Strategy](#)

[Consolidated Operating Highlights \(IFRS\)](#)

[Performance 2016](#)

[Japan Business](#)

[International Business](#)

[Network Brands](#)

044 ESG

[Governance](#)

[Message from the Chairperson of CSR Committee](#)

[Dentsu Group CSR](#)

[Social Report](#)

[Environmental Report](#)

[Data Summary](#)

082 Financial Report

[Management's Discussion and Analysis of Financial Position and Operating Results](#)

[Consolidated Financial Statements](#)

152 Corporate Data

[Subsidiaries and Affiliates](#)

[History](#)

[Board Members/Management](#)

[Information for Shareholders](#)

[Share Information](#)

[Third-party Evaluation and Share Price Changes](#)



Top Message



Making a Fresh Start

Toshihiro Yamamoto

Representative Director
President & CEO

The Company Environment

2016 has been an important year for the Dentsu Group, where we have strengthened both our business and client offer in a fast-changing market.

The Group continued to make progress against its digital and data ambitions and achieved good new business momentum in challenging market conditions. We have a strong leadership team, a progressive talent agenda and we continue to invest for long-term growth. As a result, Dentsu Group is in a good position to deliver increased value for our clients.

We continued to make improvements to our working practises following the labour management issues in Japan. In November 2016, we launched the Dentsu Working Environment Reforms Commission. The Commission has been carrying out major reforms to improve our work environment and discourage long working hours.

The independent advisory committee, established in February 2017, will conduct ongoing monitoring of these reforms to ensure their progress and effectiveness. In addition, we are appointing outside directors to the Board directors as part of our Group corporate governance.

As Chief Executive Officer, I take these reforms very seriously and aim to complete all associated structural changes by the end of 2018.



Business Changing to Reflect Society

We believe that the Group's business must also continue to evolve to keep pace with the changing business environment. Technological innovation, centred around digital technology, continues to accelerate. Client companies and business partners are responding to the changes by looking to new ways of doing business. This change provides an opportunity for Dentsu Group to ensure its clients' benefit from its market-leading products, services and capabilities to help navigate the complexity of the digital economy.

Against this backdrop, in the international business, we have made the M1™ platform, by Merkle Group Inc. (Merkle) —acquired by Dentsu Aegis Network (DAN) in 2016—the global data platform for all of DAN. Over 20 client companies of DAN have started testing M1™'s capabilities, and in 2018 we plan to link data through M1™ for all media planning and activation in the US. We will strengthen our global competitive network through our leadership in digital technology and media content.

In addition, in Japan, we will respond to the rapid changes in consumer behaviour by showcasing new ways of engaging consumers. In September 2017, we set up People Driven Marketing™ using our wealth of online and offline consumer behaviour data. This is an integrated marketing framework that visualizes targets, using some of the best and largest domestic audience data. It allows a comprehensive management of all stages - from awareness to purchase,

to repurchase - through funnel-analysis modelling (which narrows down potential target customers). The Dentsu Group is working to further strengthen its systems and develop our digital solution capabilities, including marketing intelligence.

Group Beating Stakeholder Expectations

Companies are increasingly expected to carry out their social mission and increase corporate value through the lens of environmental, social and governance (ESG) issues. In the area of governance, a particularly important aspect of ESG, we switched to being a company with an Audit and Supervisory Committee in 2016, and are working to strengthen the auditing functions of executive officers, while enabling swift decision-making and agile business execution. We are also engaging proactively in the Sustainable Development Goals (SDGs) formulated by the United Nations, which aim to address some of the most pressing societal challenges by 2030.

The Dentsu Group will continue working to create corporate and shareholder value and I look forward to building on this momentum going forward.