



# Dentsu CSR Report 2012

We Aim to Realize a Sustainable Society

# Editorial Policy

## Editorial Policy

This report is intended to provide a faithful account of Dentsu's CSR activities, and every effort has been made to present the material in a manner that is readable and easy to understand. As with previous reports of this nature, overall planning and editing were handled in-house. Staff in each of the relevant departments wrote the original drafts, in which they were asked to review their activities and share the thinking behind each of their programs. It is our hope that this will help readers to better understand the efforts that Dentsu is making towards the realization of a sustainable society.

This report has not been produced merely to disclose information. Rather, we view it as an important tool to help us improve our CSR activities. We look forward to hearing the views and opinions of our readers.

### ■ Reference Guidelines

- GRI (Global Reporting Initiative)  
'Sustainability Reporting Guidelines,  
3rd ed. (G3)'
- UN Global Compact
- ISO 26000

### ■ Period covered by the report

Centered on activities during fiscal 2011 (April 1, 2011 through March 31, 2012), but also describes some activities from preceding or more recent periods.

### ■ Organizations covered

Dentsu Inc.  
(including certain Group companies)

### ■ Publication Date

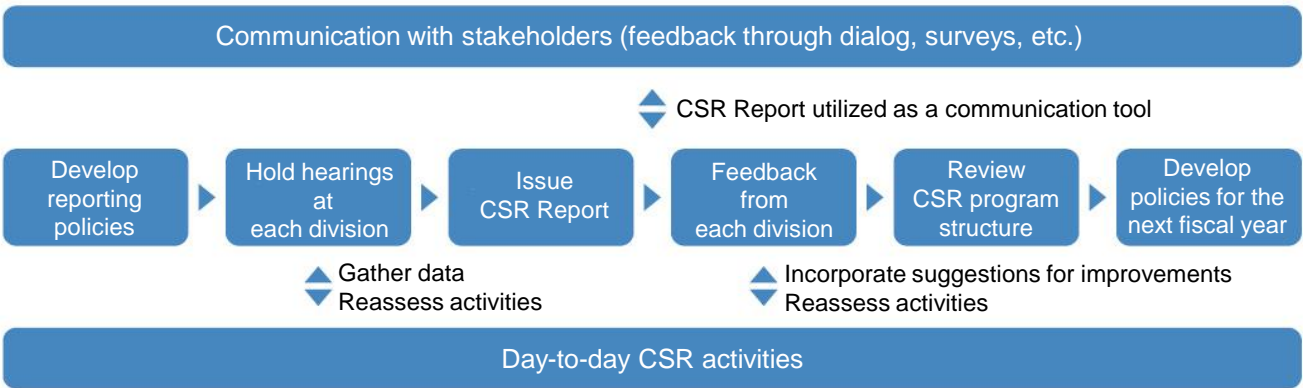
September 2012 (Next edition scheduled for publication in September 2013)

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## PDCA cycle to edit the Dentsu CSR Report



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## Related Publications

### ■ Dentsu CSR Case Studies (February 2012)

In addition to the present report, Dentsu CSR Case Studies is a guidebook (available in PDF format) that has been produced to introduce a few specific Dentsu CSR activities in an easy-to-understand manner.

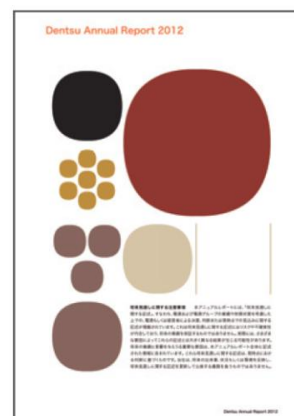
<http://www.dentsu.co.jp/csr/pdf/dentsuCSR.pdf>  
(Japanese only)



### ■ Dentsu Annual Report 2012 (September 2012)

Information disclosure document prepared mainly for the benefit of overseas shareholders, investors and client companies. The Annual Report presents Dentsu's management philosophy, business activities, consolidated financial statements, and other pertinent information.

<http://www.dentsu.com/ir/data/annual.html>





# Top Commitment

**We seek to accurately understand the changes in the world, and to create communal value to realize a sustainable society responding to the changes in the world, identifying and solving issues.**

We are currently experiencing a period of rapid change. The March 2011 Great East Japan Earthquake brought changes in the living environment, as well as in the state of society, economic circumstances, and the media business climate. It seems that everything is changing dramatically.

I believe that the expectations of corporations have also changed. We are being required to accurately understand the issues facing the world and people, and to find ways of resolving them.

For us at Dentsu, it is important that we identify our clients' issues, and offer solutions. That means providing better products, services, and communication for people and the world at large and, by extension, creating new communal value.

## **What every employee ought to do to achieve this**

The Dentsu Group's corporate slogan is 'Good Innovation.' It incorporates our desire to seek new value, accept change, and realize a sustainable society.

Beyond just fulfilling the duties and missions that we have been given, we wish to uncover the latent issues in society, and work to resolve them. Such undertakings, of course, carry heavy responsibilities. We have formulated the Dentsu Group Code of Conduct, and strive to ensure that individual Dentsu employees maintain a strong sense of social responsibility in the course of their day-to-day functioning. The activities of our various 'laboratories' are featured in this report.

We believe these to be examples of the 'Good Innovation.' that reaches beyond our corporate framework, and is the basis of our employees' awareness of issues.

## **We aspire to global standards of CSR**

Dentsu joined the United Nations Global Compact in December 2009 as an expression of support for its 10 principles regarding human rights, labor standards, the environment, and anti-corruption. We have since incorporated these principles into the core activities of our CSR program.



*T. Ishii*  
Tadashi Ishii

President & CEO  
Dentsu Inc.

In November 2010, the International Organization for Standardization (ISO) released ISO 26000, which indicates the social responsibilities that organizations worldwide should follow. Dentsu has adopted these as specific guidelines for its CSR program.

We will continue to place high priority on maintaining a close dialog with all our stakeholders, and are committed to fulfilling our role and responsibilities as a leading company in the sphere of communications. In these endeavors, I look forward to your continued understanding and cooperation.

# Corporate Data / Business Lineup



- **Company Name:**  
Dentsu Inc.
- **Establishment:**  
July 1, 1901
- **Corporate Representative:**  
Tadashi Ishii, President & CEO
- **Head Office:**  
1-8-1, Higashi-shimbashi, Minato-ku,  
Tokyo 105-7001, Japan
- **TEL:**  
+81-3-6216-5111
- **URL:**  
<http://www.dentsu.com/>
- **Capital:**  
¥58,967.1 million  
(# of shares outstanding: 278,184,000)
- **Number of Employees (as of March 31, 2012) :**  
7,494 (Non-consolidated)  
21,649 (Consolidated)

## Top Share in Japan, 5th in Global Ranking

The Dentsu Group continues to hold the top share of the domestic advertising market, which is the second-largest advertising market in the world. According to *Advertising Age*, in calendar 2011 the Dentsu Group again ranked fifth globally in terms of revenue (gross profit).

## Diverse Business Portfolio

The reason for Dentsu's dominance is twofold: the Company has a diverse client portfolio and enjoys solid buying power in all major mass media formats.

Dentsu handles the advertising campaigns of many blue-chip companies, and major global clients have chosen the Company to act as a partner in the Japanese market. Such connections underpin a well-balanced client portfolio.

In addition, Dentsu maintains the top share in all mass media formats in Japan, but in television, which carries the largest volume of advertising, the Company's share far outdistances that of the competition. Furthermore, with its advanced strategies in high-growth media categories such as the Internet, Dentsu is always ahead of the curve in the domestic market.

The Group promotes the establishment of new business domains through strong relationships with content holders in the business of sports, where events such as the Olympic Games—both summer and winter—and the FIFA World Cup™ attract widespread interest, and in the entertainment business, particularly feature films.

## Business Domains and Strengths

The Dentsu Group, with the communications domain at its core, is engaged in a wide range of business activities. From management and operating solutions to the implementation of marketing and communications strategies for advertisers as well as media and content holders, the Group has earned a top-class reputation.

# Corporate Data / Business Lineup

## Business Lineup

'Good Innovation.,' the Dentsu Group's corporate philosophy, encapsulates the Group-wide drive to create new value and lead the way toward transformation, while also emphasizing its commitment to supporting innovation within business enterprises and other organizations. Commensurate with its position as a solutions partner responding to the challenges faced by its clients in such areas as corporate management, business operations and marketing, the Dentsu Group provides a diverse range of services. To meet the changing needs of society, the environment and consumer lifestyles, the Dentsu Group's service sphere is expanding to cover an array of societal issues.

## Strategic Solutions

The Dentsu Group strives to be a solutions partner for its clients, responding to the myriad challenges that business enterprises face in such areas as corporate management, business operations and marketing.

To realize this goal, the Group offers a broad lineup of consulting services and solutions related to corporate strategy building. It also conceives and develops ideas that capture people's imaginations and creates dynamic strategies underpinned by the ingenuity it has long cultivated in the communications sphere. Backed by its proven capabilities in execution, the Group turns strategies into tangible results.

### Principal Service Lineup

- Corporate innovation and consulting
- Brand consulting
- Corporate identity (CI) and visual identity (VI)
- Marketing consulting
- Crisis communications
- Direct marketing solutions

## Communication Design

Consumer contact points are rapidly diversifying, making it more difficult for brand messages to reach the target audience. Consequently, there is an increasing need for ever better communication design—which focuses on creating the optimum environment for people to receive information within the communication process.

To this end, efforts are directed toward accurately identifying consumer preferences and prevailing conditions and to designing communication processes, opportunities and methods. Utilizing not only existing mass media but also various information channels outside the conventional media framework, the Dentsu Group implements media neutral planning. Furthermore, since the Group's sphere of activity covers corporate, business and product development, it is able to deliver solutions to the challenges clients face by leveraging a wide range of communication opportunities.

### Principal Service Lineup

- Integrated communication design
- Cross-media communications planning
- Strategic PR design

## Creative Sphere

'Innovative creativity' is a core element of the Dentsu Group's corporate culture, and the Group is not bound by the limitations inherent in conventional thinking and such dichotomies as 'traditional versus digital.' By adopting a flexible approach to the cross-pollination and combination of ideas, media and human resources, the Group is able to deliver optimum solution proposals.

The Dentsu Group includes some 900 creative staff, each of whom is an innovator. By accessing the unique talents of each of these individuals to generate 900 different potential solutions, the Dentsu Group is able to respond to a myriad communication challenges.

Exemplifying these capabilities, Dentsu's creative staff in Japan have been named 'Creator of the Year'—Japan's premier annual award for advertising creatives—for 21 of the award's 23-year history. On an international basis, over the past 10 years, *The Gunn Report*, which each year tallies the winners of the world's most important print and TV advertising awards, shows Dentsu Inc. consistently among the top five most-awarded agencies.

## Promotions

The essence of promotions is the ability to create mechanisms that will motivate people to act. As products and services become more diverse, it becomes more difficult to stimulate purchasing

# Corporate Data / Business Lineup

behavior based on product strength alone. At the same time, consumers are constantly exposed to a torrent of information, making it difficult for them to make optimum purchasing decisions.

The Dentsu Group possesses the substantial organizational, content and network resources necessary for the planning and execution of a broad array of promotion strategies, and has the technical expertise to increase the effectiveness of these strategies. The Group excels not only in the field of in-store communications but also in such areas as knowledge, tools for the digital sphere, and space-branding disciplines.

## Principal Service Lineup

- In-store/shopper marketing
- Digital promotions
- Space branding

## Digital

In such spheres as the marketing activities of business enterprises and the business operations of media companies, digital technology has become indispensable for solving a variety of issues.

The Dentsu Group utilizes the strengths that it has accumulated to date in integrated campaigns, creative design, strategic planning, building partnerships with media companies and other areas to deliver digital solutions that are exclusive to the Group.

These solutions, in turn, are supported by the Group's extensive network. Led by Dentsu Digital Holdings Inc., the Group is constantly advancing its digital solutions to help clients meet a range of challenges.

## Principal Service Lineup

- Business and technology development
- Interactive media
- Data management and marketing
- Digital campaign production
- Digital authoring (website building, channel development, digital creative ideas)

## Media Content

The Dentsu Group retains significant technology building capabilities essential for efficient media planning and buying, backed up by its many decades of experience as well as the numerous

groundbreaking methods and tools it has developed and utilized. The Group has also created the systems necessary to leverage a wide array of high quality content, including the production of television programs, investments in feature film production and the acquisition of broadcasting rights to major sports events.

The Group possesses the media planning knowhow, methods and tools necessary for solving brand issues, as well as a portfolio of high-quality content, and utilizes such assets, together with its media expertise and execution capabilities, in the development of highly innovative media plans.

## Principal Service Lineup

- Media planning
- Media buying
- Interactive media
- Sports content
- Entertainment content
- New business development with media companies
- Audience insight

## Social Solutions

To realize effective solutions to societal issues requires the active participation and cooperation of government agencies, private-sector organizations, non-profit organizations (NPOs) and ordinary citizens. Management believes that it is essential to work toward solutions that will help to realize a better society based on the acceptance and participation of all stakeholders.

The Dentsu Group identifies social themes through future predictions focusing on changes in society, the environment and consumer lifestyles, and then visualizes complex, interrelated issues. Furthermore, specialist teams provide optimal solutions at the consulting, planning, and execution phases for such projects as business scheme development, communications strategy planning, and the development of programs to encourage social involvement.

## Principal Service Lineup

- Environmental, renewable energy and smart grid initiatives
- Food and agriculture business development
- Consultation and planning related to corporate social responsibility (CSR) and sustainability
- Social Design Engine, emphasizing visualization of social themes

# Financial Highlights

## ■ Consolidated

(Millions of yen)

Years ended March 31	2008	2009	2010	2011	2012
Net sales	2,057,554	1,887,170	1,678,618	1,833,449	1,893,055
Gross profit	345,222	314,474	296,490	317,696	332,807
Selling, general and administrative expenses	289,095	271,290	259,166	266,758	280,829
Operating income	56,126	43,184	37,323	50,937	51,977
Ordinary income	67,993	53,363	44,790	54,166	62,843
Income (loss) before income taxes and minority interests	63,610	(4,972)	40,048	35,379	58,459
Net income (loss)	36,246	(20,453)	31,130	21,635	29,573
Total assets	1,251,912	1,092,543	1,118,236	1,133,300	1,201,894
Equity	567,293	452,568	484,250	492,933	536,290
Net cash provided by operating activities	56,007	42,359	74,989	72,914	26,397
Net cash provided by (used in) investing activities	(18,069)	(22,263)	(9,251)	(1,825)	45,941
Net cash used in financing activities	(30,701)	(27,748)	(31,282)	(29,339)	(27,331)
Cash and cash equivalents at end of period	70,252	57,271	92,854	131,662	175,956
Depreciation and amortization	16,000	18,001	16,165	15,485	14,251
Cash dividend per share (yen) (1)	35	35	27	29.5	31
Dividend payout ratio (2)	26.5	—	21.6	34.0	26.1
Number of employees	17,031	17,921	18,255	19,535	21,649
Number of consolidated subsidiaries	129	126	122	130	144

## ■ Non-consolidated

(Millions of yen)

Years ended March 31	2008	2009	2010	2011	2012
Net sales	1,585,982	1,447,410	1,315,072	1,396,798	1,404,663
Gross profit	216,692	192,716	185,479	193,129	194,636
Operating income	36,281	23,870	26,313	33,799	31,693
Ordinary income	47,341	34,585	33,702	40,312	40,654
Net income (loss)	24,533	(32,771)	27,055	17,471	42,212
Total assets	1,112,758	986,741	1,010,812	1,011,538	1,065,664
Equity	491,819	383,028	406,410	415,206	463,098
Number of shares issued (3)	2,781,840	278,184,000	278,184,000	278,184,000	278,184,000
Number of employees	6,331	6,532	6,724	6,903	7,494

Notes: (1) Based on the number of shares outstanding after the stock split implemented in January 2009.

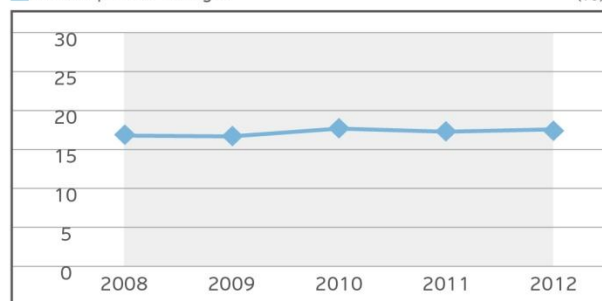
(2) Dividend payout ratio = cash dividend per share ÷ net income per share × 100

(3) The Company implemented a stock split of its common shares at a ratio of 100 shares per share in January 2009.

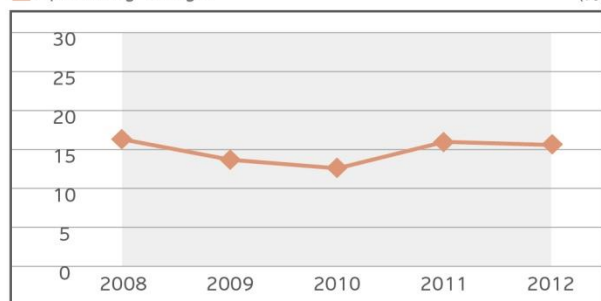


# Financial Highlights

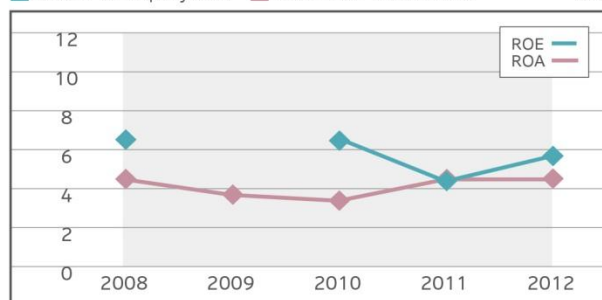
Gross profit margin (%)



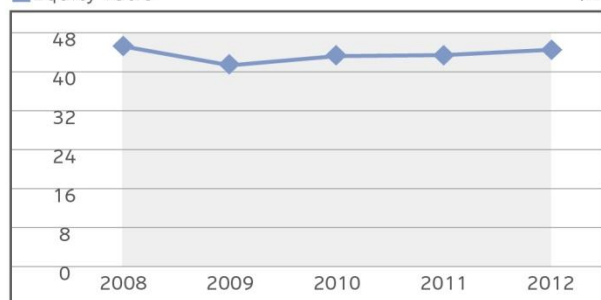
Operating margin (%)



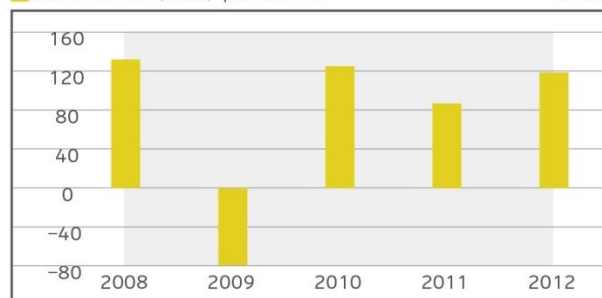
Return on equity(ROE) Return on assets(ROA) (%)



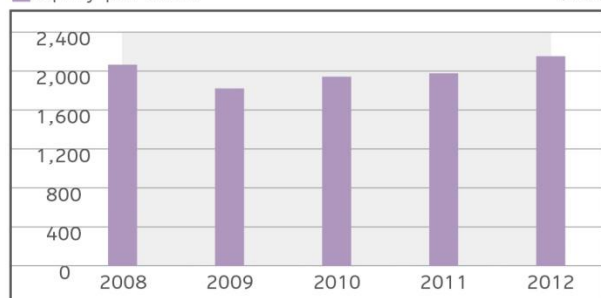
Equity ratio (%)



Net income (loss) per share (Yen)



Equity per share (Yen)



Years ended March 31	2008	2009	2010	2011	2012
Gross profit margin (1)	16.8	16.7	17.7	17.3	17.6
Operating margin (2)	16.3	13.7	12.6	16.0	15.6
Return on equity (3)	6.5	—	6.6	4.4	5.7
Return on assets (4)	4.5	3.7	3.4	4.5	4.5
Equity ratio (5)	45.3	41.4	43.3	43.5	44.6
Net income (loss) per share (Yen) (6)	132.02	(79.61)	125.03	86.84	118.69
Equity per share (Yen) (6)	2,066.02	1,823.23	1,943.55	1,978.43	2,152.46

Notes: (1) Gross profit margin = gross profit ÷ net sales × 100

(2) Operating margin = operating income ÷ gross profit × 100

(3) ROE = net income ÷ average equity based on equity at the beginning and end of the fiscal year × 100

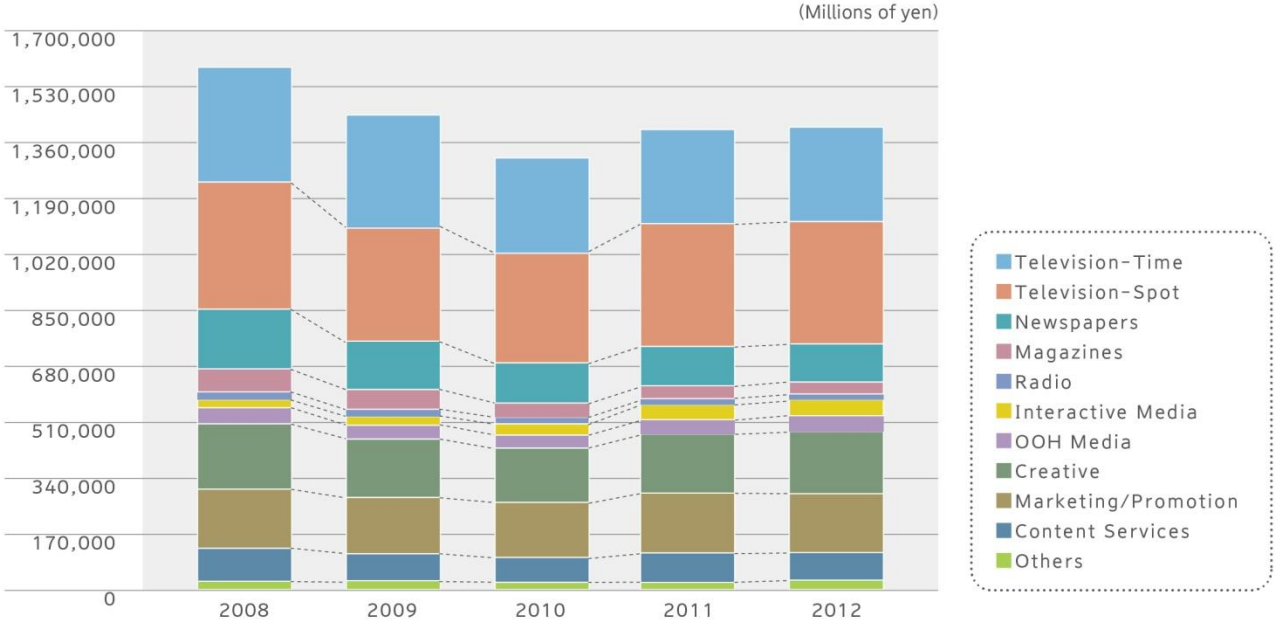
(4) ROA = operating income ÷ average total assets based on total assets at the beginning and end of the fiscal year × 100

(5) Equity ratio = equity ÷ total assets × 100

(6) Based on the number of shares outstanding after the stock split implemented in January 2009

# Financial Highlights

## Net Sales by Business Category (Non-consolidated)



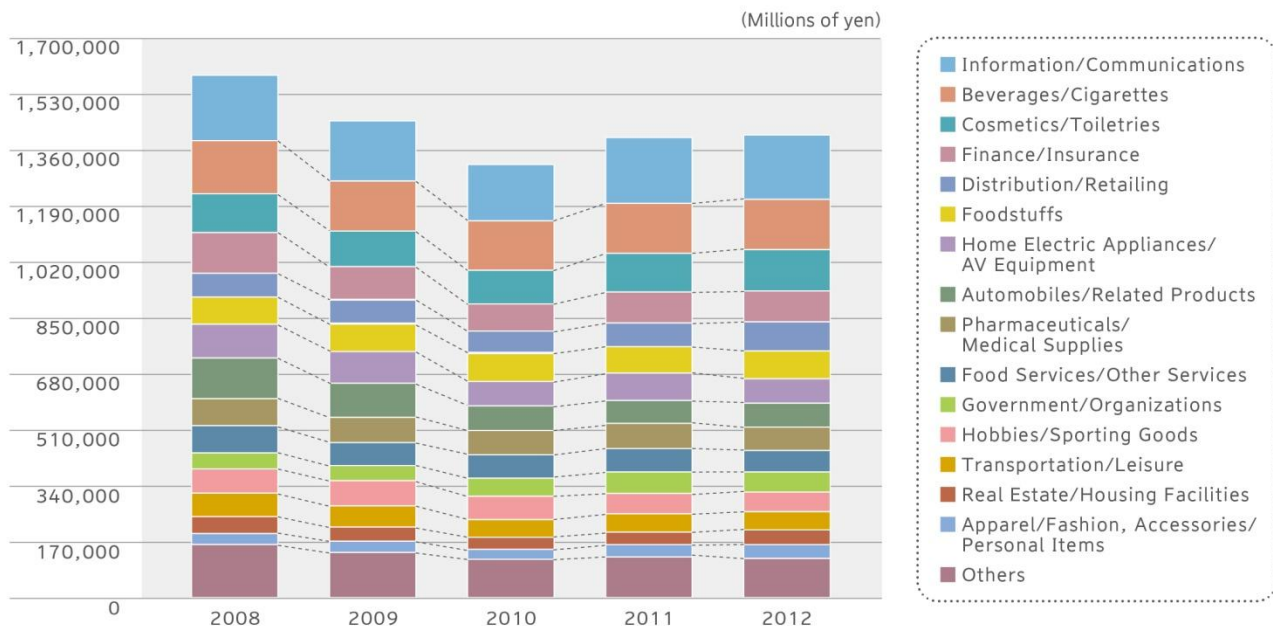
(Millions of yen)

Years ended March 31	2008		2009		2010		2011		2012	
		%		%		%		%		%
Television	734,205	46.3	692,992	47.9	626,274	47.6	658,056	47.1	658,179	46.9
Time	348,098	21.9	343,431	23.7	289,464	22.0	285,668	20.5	286,724	20.4
Spot	386,107	24.3	349,561	24.2	336,810	25.6	372,387	26.7	371,454	26.4
Newspapers	181,545	11.4	146,766	10.1	122,264	9.3	119,643	8.6	115,502	8.2
Magazines	69,914	4.4	60,010	4.1	43,392	3.3	39,159	2.8	36,500	2.6
Radio	23,704	1.5	22,014	1.5	19,434	1.5	18,580	1.3	17,420	1.2
Interactive Media (1)	23,990	1.5	26,220	1.8	34,606	2.6	45,392	3.2	48,984	3.5
OOH Media (2)	48,904	3.1	42,056	2.9	39,233	3.0	43,911	3.1	48,396	3.4
Creative	198,792	12.5	177,438	12.3	164,973	12.5	178,959	12.8	187,981	13.4
Marketing/Promotion	179,051	11.3	170,868	11.8	167,209	12.7	181,381	13.0	179,120	12.8
Content Services (3)	100,578	6.3	82,104	5.7	75,492	5.7	89,721	6.4	83,904	6.0
Others	25,294	1.6	26,938	1.9	22,191	1.7	21,992	1.6	28,672	2.0
Total	1,585,982	100.0	1,447,410	100.0	1,315,072	100.0	1,396,798	100.0	1,404,663	100.0

Notes:(1)Interactive media refers to Internet and mobile-related media.  
(2)OOH media stands for out-of-home media and comprises transportation and outdoor billboard advertising.  
(3)Content services refer to rights sales, planning and production as well as other content-related services in the sports and entertainment fields.

# Financial Highlights

## Net Sales by Industry (Non-consolidated)



(Millions of yen)

Years ended March 31	2008		2009		2010		2011		2012	
		%		%		%		%		%
Information/Communications	198,484	12.5	182,513	12.6	170,831	13.0	199,304	14.3	195,257	13.9
Beverages/Cigarettes	161,473	10.2	151,928	10.5	150,393	11.4	152,195	10.9	152,576	10.9
Cosmetics/Toiletries	117,559	7.4	107,621	7.4	102,302	7.8	117,301	8.4	125,752	9.0
Finance/Insurance	123,373	7.8	99,716	6.9	82,383	6.3	93,961	6.7	93,735	6.7
Distribution/Retailing	72,326	4.6	69,147	4.8	64,209	4.9	71,807	5.1	88,284	6.3
Foodstuffs	82,664	5.2	83,376	5.8	84,564	6.4	80,506	5.8	83,953	6.0
Home Electric Appliances/AV Equipment	102,238	6.4	102,065	7.1	78,268	6.0	83,288	6.0	74,291	5.3
Automobiles/Related Products	123,701	7.8	103,493	7.2	74,822	5.7	69,188	5.0	73,145	5.2
Pharmaceuticals/Medical Supplies	81,961	5.2	76,684	5.3	73,850	5.6	77,062	5.5	70,450	5.0
Food Services/Other Services	82,572	5.2	69,830	4.8	70,631	5.4	70,393	5.0	65,464	4.7
Government/Organizations	49,155	3.1	46,224	3.2	54,884	4.2	65,466	4.7	61,397	4.4
Hobbies/Sporting Goods	73,264	4.6	75,989	5.3	70,678	5.4	61,885	4.4	59,096	4.2
Transportation/Leisure	71,315	4.5	64,428	4.5	54,045	4.1	55,548	4.0	55,911	4.0
Real Estate/Housing Facilities	51,505	3.2	42,974	3.0	36,727	2.8	38,150	2.7	44,446	3.2
Apparel/Fashion, Accessories/Personal Items	33,212	2.1	34,098	2.4	30,422	2.3	37,395	2.7	42,049	3.0
Others	161,172	10.2	137,317	9.5	116,056	8.8	123,342	8.8	118,850	8.5
<b>Total</b>	<b>1,585,982</b>	<b>100.0</b>	<b>1,447,410</b>	<b>100.0</b>	<b>1,315,072</b>	<b>100.0</b>	<b>1,396,798</b>	<b>100.0</b>	<b>1,404,663</b>	<b>100.0</b>

Notes: (1) The above ranking is based on data for the fiscal year ended March 31, 2012.

(2) Dentsu reviews the criteria for each industry category frequently for the purposes of its own accounts.

Accordingly, these categories may differ qualitatively from those used in Advertising Expenditures in Japan for the respective years. Figures for previous years have been recalculated to reflect the current industry breakdown, as of March 31, 2012.

# Dentsu's CSR

## Dentsu Group Code of Conduct

In 2004, as the advance of economic globalization led to increasing concern over such issues as legal compliance, human rights and the environment, Dentsu formulated the Dentsu Group Code of Conduct, which articulated its basic philosophy on CSR.

The Code is a voluntary initiative by the Dentsu Group focusing on practical ways to enable all Dentsu Group managers and employees to fulfill their respective responsibilities to society. The Code of Conduct was revised in January 2010 to reflect recent advances in thinking regarding CSR.

The Code of Conduct provides guidelines for action in such areas as legal compliance, occupational safety and health, protection of human rights, social contribution and environmental protection. Moreover, to enhance stakeholder understanding of the Code of Conduct's intent, Dentsu has also set out 'Ten Promises to Stakeholders.'





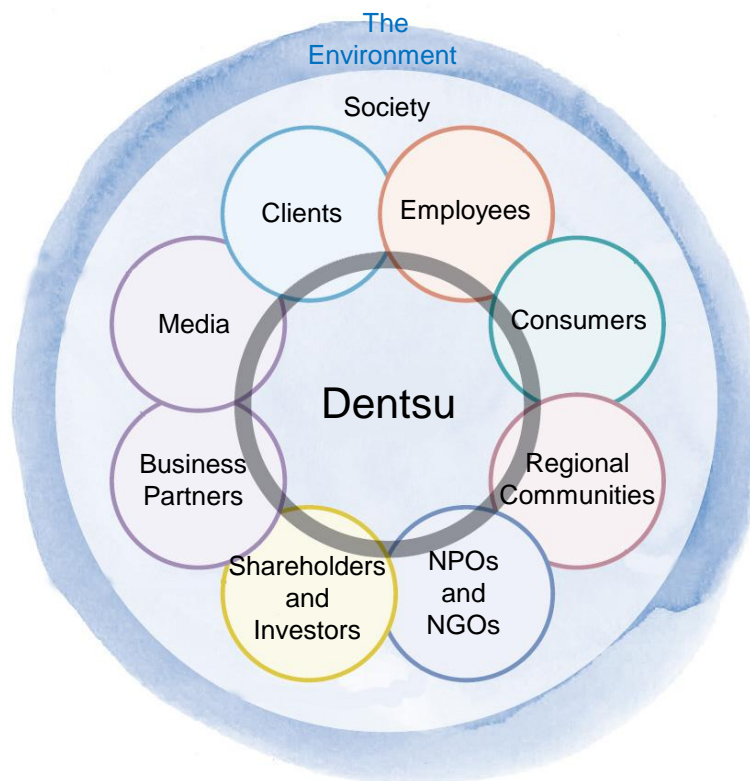
# Dentsu's CSR

## Dentsu's Major Stakeholders

Dentsu pursues CSR activities while maintaining close communication with its stakeholders.

To achieve 'Good Innovation.' and address social issues, Dentsu undertakes a variety of

activities aimed at fulfilling its responsibilities not only to Group employees, consumers, clients, shareholders and investors, but also to society as a whole and the Earth's environment.



### Clients

Dentsu understands client needs and provides high-quality solutions. Through our efforts linked to issues with a strong social aspect, we also contribute to the realization of a sustainable society.

### Media / Business Partners

Dentsu supports proper business activities through fair competition and business dealings. When placing an order, we clarify the decision-making process, with due consideration to not just economic factors, but compliance and environmental issues as well, in an effort to be socially and environmentally conscious.

### Consumers

Dentsu gives appropriate consideration to the safety of consumers, and provides high-quality solutions. We also conduct a wide range of consumer surveys and other analysis in an effort to identify consumer issues.

### NPOs and NGOs

Dentsu, through cooperation with external organizations and persons with social value and expertise, proactively contributes to society, and furthers the realization of a sustainable society.

### Shareholders and Investors

Dentsu, through proper investor relations and its General Meeting of Shareholders, actively pursues communication with shareholders, and provides accurate information disclosure. When disclosing information we take care to ensure that our communications are easy to understand, impartial, and appropriate for the circumstances.

### Regional Communities

Dentsu respects the cultures and customs of the countries and regions in which it operates, works to build mutual understanding and trust, and contributes to development. We also strive to understand and find solutions to social issues through our business activities.

### Employees

Dentsu actively supports human resources and career development for its employees, working to bring out their individuality, abilities, and work motivation. We also strive to create a work environment that fosters the mental and physical health of employees.

# Dentsu's CSR

## Dentsu's 'Ten Promises to Stakeholders'

1. We will observe strict legal compliance and strive to maintain a robust information security management system.
2. We will promote an accurate understanding of human rights and intellectual property rights, and carry on our corporate activities in a conscientious manner.
3. We will strive to disclose information in a manner that is fair, accurate and easy to understand, and we will properly protect the interests of our shareholders.
4. We will conduct our business activities in a fair manner at all times, paying appropriate attention to risk management, and strive to provide our clients with high-quality solutions.
5. We will show respect for the cultures of the countries and regions in which we operate, and will obey all laws and international rules.
6. We will promote and implement programs to protect and improve the Earth's environment.
7. As good corporate citizens, we will be extensively involved in social contribution activities.
8. We will establish appropriate personnel policies and systems that respect the human rights of our employees and their right to privacy.
9. We will strive to create a healthy work environment for employees—for both mind and body.
10. Dentsu Group managers will establish internal systems to ensure understanding of—and adherence to—the Dentsu Group Code of Conduct.

# Dentsu's CSR

## Dentsu's Five Key Areas for CSR Activities

Dentsu, in accordance with the Dentsu Group Code of Conduct, conducts activities aimed at realizing a sustainable society, working together with its stakeholders in the five key areas of

Environmental Measures, Social Contribution Activities, Promoting Human Rights Awareness, Employee Relations, and Corporate Governance and Compliance.

### Environmental Measures

Dentsu received certification as an 'Eco-First Company' from Japan's Environment Ministry in 2008, and conducts activities to conserve and improve the global environment. Dentsu is pursuing a proactive program of environmental initiatives centered on the three core pillars, as a result of which it will: 1) Further environmental communications; 2) Support next-generation communications and employee involvement; and 3) Foster the development of green offices.

### Social Contribution Activities

Dentsu, utilizing the experience and professional skills it has acquired through communications activities, conducts a distinctive social contribution program under the basic principle of 'using the power of communication to benefit society.'

### Promoting Human Rights Awareness

Dentsu believes in enriching communications activities from a human rights perspective. In accordance with this principle and together with human rights awareness training for employees, we actively pursue such activities as soliciting ideas for human rights slogans, creating posters, and conducting joint projects with art institutes.

### Employee Relations

Dentsu holds the fundamental belief that people are our greatest asset. Maximizing our employees' capabilities and putting these into action is essential to realizing a sustainable society. Dentsu provides a comfortable work environment for a diverse range of people, while also paying careful attention to the finer details of health management.

### Corporate Governance and Compliance

Dentsu, in order to gain the trust of stakeholders, has put in place a management structure that is responsive to changes in the business environment and expansion of business fields, as well as management systems that emphasize compliance. We strive to identify issues that are pertinent to the Group, and then to introduce relevant improvements, such as our internal control framework and management structures for information security.

# Dentsu's CSR

## Dentsu's CSR Promotion System

Dentsu has established three main committees under its Board of Executive Officers, which is responsible for all major management decisions.

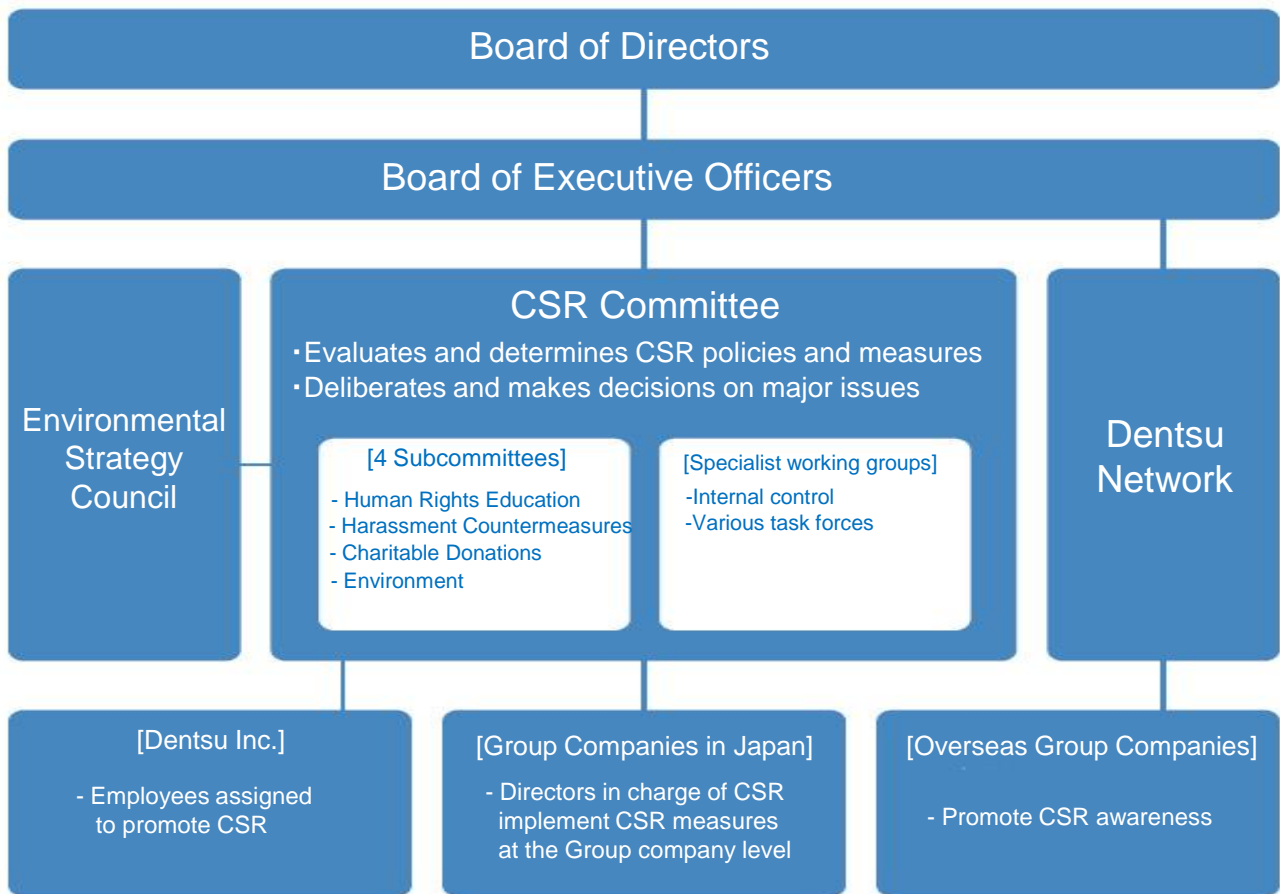
One of these committees, which handles CSR-related matters, comprises six members and is chaired by an executive officer. The committee makes decisions regarding both the Dentsu Group Code of Conduct, which is the Group's guiding CSR principle, and all major CSR-related policies.

Under the CSR Committee, Dentsu has established specialist committees for human rights education, harassment countermeasures, charitable donations, and environment policy. In addition, it has an Internal Control Subcommittee and other working groups that meet for detailed discussions on particular subject areas. We have also designated one employee in each Company department to promote awareness and disseminate information regarding specific CSR measures.

On the key theme of the environment, the CSR Committee works closely with the Environmental Strategy Committee—Dentsu's in-house body tasked with promoting environment-related programs—to promote greater Company-wide awareness concerning the environment.

In addition, each Dentsu Group company in Japan has one board member in charge of CSR. For Dentsu's expanding overseas network and overseas Group companies, we promote CSR activities through the Dentsu Network, the organization through which overseas business operations are managed.

Dentsu aims to ensure that its CSR policies are consistent across the Group, while at the same time ensuring that each Group company remains able to fully express its characteristics.





# Dentsu's CSR

## Dentsu's CSR Purchasing Activities

### *Dentsu Basic Purchasing Policy and Dentsu Purchasing Guidelines*

Dentsu believes its social responsibility includes dealing fairly with its business partners (contractors) and ensuring that ample consideration is given to human rights, legal and regulatory compliance, environmental preservation, and respect for intellectual property rights. The Company applies this yardstick to the production and provision of the goods and services it procures.

Thus, in fiscal 2010, the Company formulated the Dentsu Basic Purchasing Policy and the Dentsu Purchasing Guidelines, in line with the Dentsu Group Code of Conduct. To ensure that these guidelines are observed, in fiscal 2011 we began concluding a Basic Agreement for Outsourcing with our business partners.

### *Establishment of a Partner Hotline*

In November 2011, Dentsu set up and began operating a Partner Hotline, to enable business partners to report any legal violations by Dentsu directors or employees that had come to light in the course of business. No reports were received during fiscal 2011.

Dentsu plans to further develop its CSR program through cooperation with business partners involved in CSR-based purchasing.

### *Dentsu Basic Purchasing Policy*

In line with the Dentsu Group Code of Conduct and desire for fair business dealings with its suppliers, the Company established the Dentsu Basic Purchasing Policy.

1. Fair business dealings  
We conduct fair business dealings.
  - 1) Our business dealings shall comply with laws and regulations.
  - 2) When selecting suppliers, we shall not only take into account economic factors, but also give due consideration to compliance and environmental issues.
2. Cooperation with Dentsu's management system  
When our suppliers collaborate with us, we request understanding of, and cooperation with, Dentsu's management system, including the Dentsu Group Code of Conduct, the Dentsu Purchasing Guidelines and other Dentsu Group rules.

### *Dentsu Purchasing Guidelines*

In line with the Dentsu Basic Purchasing Policy, the Company has established the Dentsu Purchasing Guidelines, and requests that our direct and indirect suppliers adhere to the following.

1. When hiring and dealing with employees, efforts should be made to respect human rights, labor regulations, and diversity, and ensure legal and regulatory compliance.
2. In business dealings with Dentsu and other parties, an effort should be made to ensure legal and regulatory compliance. In particular, we request that dealings with antisocial individuals and organizations be banned.
3. Please make every effort to ensure workplace health and safety, to prevent work-related accidents and injuries.
4. Please make an active effort to address environmental issues.
5. When presenting plans and proposals, we request that intellectual property rights be accorded respect, and that third-party rights and interests not be infringed.
6. We request the establishment of information security management systems that cover organizational, individual, technical and physical aspects of information security, to ensure that confidential information and personal information obtained or learned during the course of business dealings is not disclosed, leaked, or used fraudulently.
7. We request that appropriate operational processes be used to ensure that high-quality products and services are delivered within the predetermined schedule at a market-competitive cost.

# Dentsu's CSR

## Striving for CSR that Conforms with Global Standards

### Promoting CSR Activities Based on Awareness of ISO 26000

In November 2010, the International Organization for Standardization (ISO) released ISO 26000, an International Standard providing social responsibility guidelines that are recommended for adoption by a wide range of organizations worldwide.

By carrying out CSR activities based on an awareness of the seven core themes for social responsibility included in ISO 26000, Dentsu will strive to contribute to sustainable development.

Along with its Group Code of Conduct and 'Ten Promises to Stakeholders,' Dentsu observes and practices the Global Compact principles as guidelines for its CSR activities.



### Participation in the United Nations Global Compact

Dentsu joined the United Nations Global Compact in December 2009.

The compact—a voluntary, principle-based code of conduct for businesses—was first announced by the then-secretary-general of the UN, Kofi Annan. Participating companies are required to follow and promote 10 internationally established principles in the areas of human rights, labor standards, the environment and anti-corruption.

### Principal Measures in Fiscal 2011 vis-à-vis ISO 26000 and the UN Global Compact

Dentsu's principal measures in fiscal 2011 with regard to the seven core themes of ISO 26000, and the 10 principles of the United Nations Global Compact, are summarized below.

Global Compact 10 Principles	ISO 26000 Seven Core Themes	Principal measures in fiscal 2011	Pages
-	Organizational Governance	Proper operation of internal control systems (compliance with Financial Instruments and Exchange Law / Companies Act)	P. 62
		Improve information security management	P. 63
		Implement robust risk management systems capable of coping with large-scale disasters (review risk assessments > develop and implement response plans > monitoring)	P. 62
		Formulate CSR Procurement Basic Policy and Guidelines / Explanation of partnership hotline	P. 16
Human Rights (Principles 1, 2)	Human Rights	[Review of human rights education activities and preparation of annual plan] Internal and external seminars, training programs and various communication programs (human rights slogan competition, human rights poster production, human rights educational events)	P. 49 - 53
Labor (Principles 3 - 6)	Labor Practices	Respect for diversity	P. 57
		Promotion of work-life balance (development of systems to help employees balance child-rearing and work; employee health care systems, etc.)	P. 55
		Employee development (conduct workshops/seminars)	P. 59
		Support for work-related activities initiated by employees (various types of Lab activities)	P. 25 - 31
Environment (Principles 7 - 9)	Environment	[In-house activities related to the environment] Measures to fulfill our Eco-First Commitment, internal and external reviews and audits, implementation of the Dentsu Group Eco Program, and various communication activities (Group Eco Awards, environmental slogan competition, environmental poster production, etc.)	P. 33 - 43
		[Cooperation with public environmental programs] International Year of Forests project, promotion of the eco-point system, Challenge 25 campaign, etc.	P. 41 - 42
Anti-corruption (Principle 10)	Compliance (Fair Operating Practices)	[Promotion of compliance systems at Dentsu and Dentsu Group companies] Foster employee awareness of compliance issues through publication of a <i>Compliance Digest</i> and Compliance website, conduct compliance workshops, introduce and implement the D-EAR internal reporting and proposal system.	P. 62 - 63
-	Consumer Relations (Consumer Issues)	Use the <i>Greenwash Guide</i> to promote advertising designed to help prevent consumers from being deceived	P. 40
		Field surveys and product proposals carried out by Dentsu Labs for various consumer segments; communication planning and proposals (various Lab activities)	P. 25 - 31
-	Social Contribution (Community Involvement and Development)	[CSR activities in Japan] Advertising Elementary School program, 'Keys to Communication' project to help NPOs learn communication basics, etc.	P. 44 - 46
		[CSR activities around the world] Dentsu-China Advertising HR Development Project, UNESCO's World <i>Terakoya</i> movement, participation in the Table for Two program, and others.	P. 46 - 47
		Support for recovery efforts related to the Great East Japan Earthquake and Tsunami	P. 18 - 24

Note: This report references other indices, including the *Global Reporting Initiative Guidelines*, often referred to as the *GRI*, and *OECD Guidelines for Multinational Enterprises* (2011, revised edition).

The background of the slide features two large, overlapping circles filled with a light blue watercolor texture. The circles are positioned horizontally, with their right and left sides overlapping respectively. The watercolor effect is soft and painterly, with varying shades of blue and some white highlights.

# 1. Reports

Measures in Response  
to the Great East Japan Earthquake



## Support for the Tohoku Rokkon (Six-soul) Festival

Approximately 360,000 visitors attended the Tohoku Rokkon (Six-soul) Festival in the city of Sendai in July 2011. The event was a joint celebration of the six representative festivals of the Tohoku region (the Aomori Nebuta Festival, Akita Kantou Festival, Morioka Sansa Odori Festival, Yamagata Hanagasa Festival, Sendai Tanabata Festival, and Fukushima Waraji Festival)

held to help the region come together and move toward reconstruction.

The Dentsu Group provided administrative support for the Tohoku Rokkon Festival, and worked diligently to promote, both domestically and internationally, the cultural assets and tourism resources of the Tohoku region.



Aomori Nebuta Festival



Akita Kantou Festival



Morioka Sansa Odori Festival



Yamagata Hanagasa Festival



Sendai Tanabata Festival



Fukushima Waraji Festival



## Joint Projects with Regional Newspapers

On March 11, 2012, one year after the triple disaster, four newspapers (the Iwate Nippo, Kahoku Shimpō, Fukushima Minpo, and Fukushima Minyu Shimbun) from the three worst-afflicted prefectures issued a special joint supplement.

Dentsu was involved with the project from the planning stage, helping to make possible the supplement (panorama 8-page format) through cooperation with 67 co-sponsors.

Intended to keep the events fresh in the minds of a nationwide, as much as a regional, audience, the feature included reflections about the actual day of the disaster and the current situation.

On the day of publication, cooperation by the nationwide regional newspaper network made it possible for extra copies of the supplement to be distributed to offices, institutions and facilities run by prefectures and cities throughout Japan. A total of two million copies were issued, including the additional ones.

Distribution of the supplement was covered by a wide range of media, including TV news programs, newspapers, online news sites, SNS services and blogs. It created many opportunities for people to think anew about the disaster.



## The YouTube Business Support Channel

In an effort to help support small businesses in the disaster area, in May 2011 Dentsu established the YouTube Business Support Channel in cooperation with Google/YouTube and eight newspapers in the Tohoku region.

For this project, under the slogan 'East Japan Is Open for Business,' reporters from regional newspapers made videos including first-hand reports on shops and services across Tohoku. The videos were released on a special YouTube channel that was advertised on Google's top page and in banner ads, in order to give nationwide promotion to small businesses in the disaster area.

The total number of video plays exceeded three million in the first two months. The project had a degree of success, with sales at featured stores rising an average of 177% on the e-commerce site 47 Club.



## MAGAdonation Recovery Assistance Utilizing a Magazine Platform

In July 2011, Dentsu launched MAGAdonation, a project to support recovery efforts, through its MAGASTORE service, a fee-based distribution platform for digital magazines operated jointly with Yappa Corporation.

Certain magazines available through the service featured selected organizations, NGOs and NPOs involved in recovery efforts. On-page links to the websites of these concerns made direct donations possible.



The MAGAdonation site screen (partial view)



## Cooperation with the Power Saving Program

Japan faced serious power shortages immediately following the 2011 triple disaster, with rolling blackouts implemented in the Kanto and Tohoku regions.

During the summer months when, it was anticipated, there would be further power shortages, not only were large-lot users subject to power restrictions, but also small and mid-sized businesses (small-lot users) and households. Targeting a 15% cut in power consumption, the Japanese government launched a concerted effort to reduce electricity use.

Dentsu, under the 'Power Saving Action' banner, conducted on-site visits to businesses,

held explanatory meetings for small-lot users (the Power Saving Support Project), and launched an energy conservation campaign focusing on households (the Power Saving PR Project).

As a result, 106,000 organizations registered for the Power Saving Action Plan, and the recognition rate of the plan reached 78.6%. Peak power usage declined more than 15% compared with the previous fiscal year.

The low-key effort of visiting small-lot users such as retail stores and offices resulted in additional cooperation with more detailed plans, and helped prevent rolling blackouts.



Display sticker for participating businesses



Explanatory pamphlet used by participating businesses



Campaign Newspaper Ad

## The Recovery Action Campaign

Awareness of the consumption habits of the citizenry became an urgent matter in the wake of the Great East Japan Earthquake.

The government adopted a standard of 'appropriate consumption' for citizens, with the three goals of preventing harmful rumors and hoarding; spreading the message that normal economic activity was needed to support the recovery of the disaster area; and raising awareness among households that more electricity conservation was required during the summer.

Dentsu was contracted to assist with the government's fiscal 2011 priority public service announcement plan, and worked to formulate and implement a public relations strategy that the government could use in its publicity campaign.

In coordination with the government and ministries that approved the outline of the campaign, as well as more than 1,300 related groups and organizations, we built a PR network for the public movement Recovery Action that helped support Japan's recovery efforts.



## Support for the Encouragement through Eating ! Campaign

Japan's food self-sufficiency ratio (on a calorie basis) is currently around 40%, with the nation relying on overseas imports for the remaining 60%.

Thus, if for some reason Japan became unable to import food from abroad, it would have a serious impact on the Japanese people's diet.

Food Action Nippon, established in October 2008, is a movement comprising private companies, organizations and government bodies working together to boost consumption of domestic produce and, thereby, raise the nation's food self-sufficiency ratio.

Dentsu was contracted to administer the program and handle the related Rice Flour Club PR campaign. Consumption of agricultural products and processed foods from Tohoku, and the Kanto region in general, fell sharply following the earthquake and the Fukushima nuclear accident, due to concern about radioactive contamination.

Japan's Ministry of Agriculture, Forestry and Fisheries established the Encouragement through Eating campaign in an effort to support eastern Japan through the consumption of its produce.

While Food Action Nippon and its partner companies responded by holding numerous special events to promote foods from eastern Japan, Dentsu was contracted to provide publicity for the effort, and the Dentsu Group made every effort to boost consumption of the region's produce.





## Kizuna Cranes Project to Support Recovery in Disaster Areas

Dentsu implemented the following recovery support projects, so that the corporate group might support and encourage people in disaster areas.

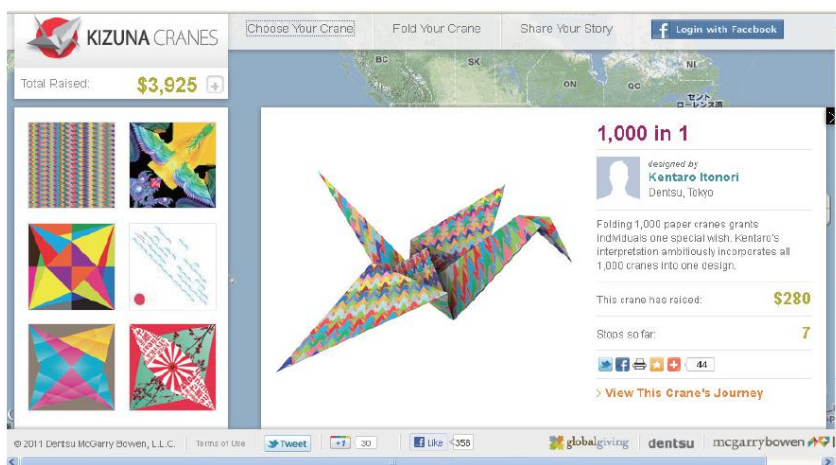
This series of campaigns raised ¥1,373,487 in donations. The money was distributed to disaster areas in northeastern Japan through the Global Giving Foundation.

### Kizuna Cranes Project

US subsidiary Dentsu McGarry Bowen and Dentsu jointly established this donation website in August 2011. Visitors used Facebook to select their favorite design for a folded crane (from among 30 patterns) and make a donation. This was sent to Japan with a personal message. We also encouraged participation in the campaign through posters for Dentsu Group employees in Japan and overseas.

### Send Your Love to Tohoku – Kizuna Cranes

This donation event was held in Shiodome, Tokyo, in December 2011 in cooperation with newspapers from the disaster area. The event included a display of messages and folded cranes sent to the area through the newspapers, as well as live music performances and other events. People who made donations received an original Kizuna Letter Kit.



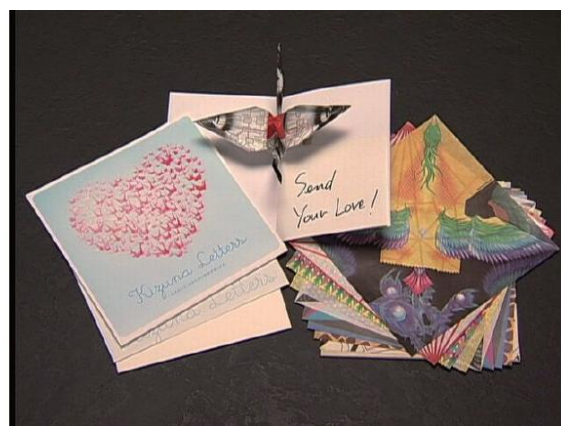
Kizuna Cranes Website



Poster for the project



Scene from the donation event



Kizuna Letter Kit



## 2. Feature Stories

Supporting Communication

## Dentsu Diversity Lab – Far-Reaching Communication

Dentsu **Diversity** LAB

●●● みんなに届くコミュニケーション ●●●

### Bringing a perspective of diversity to society and business

Dentsu believes that differences, such as a handicap, gender, race and sexual orientation should be irrelevant in society, which should be rich in diversity and characterized by mutual respect for individuality.

Dentsu Diversity Lab (DDL) was launched in recognition of the fact that achieving such a goal is important for society and Dentsu's business operations.

#### Principal Activities

##### -Dialog in the Dark at Dentsu

The world of the visually impaired was recreated in a darkened theater to explore both the potential of senses other than sight, and fresh business opportunities.

**DIVERSITY SHOWCASE Project.1**  
**ダイアログ・イン・ザ・ダーク in Dentsu**  
～多様性への理解 あ、その手があったか!～

**Dialog in the Dark**

感じる、聞こえる、見えてくる。

**浅木 健一郎** (脚本家)  
**伊藤 孝** (東京ユニバーサルデザイン協会代表理事)  
**金井 高介** (ダイアログ・イン・ザ・ダーク代表)

**多様な視点が、多様な可能性を生み、  
多様なソリューションに結実する。  
これこそ、最も電通らしいアプローチだ。**

**2011年9月14日(水) 9時45分～12時00分**  
**電通ホール**  
電通スタジアムよりお申し込みください。  
(主催) 電通ダイバーシティラボ  
テレビ&エンタテインメント局  
ストラテジック・プランニング局

**DIDiD**  
BUSINESS × DIVERSITY × ENTERTAINMENT

##### -MEET LGBT

Study group with world leaders who are members of sexual minority communities.



##### -Readability Project

An original universal design font, called *Minna no Moji* (Font for Everyone), developed by Dentsu



## Committee for Raising the Next Generation



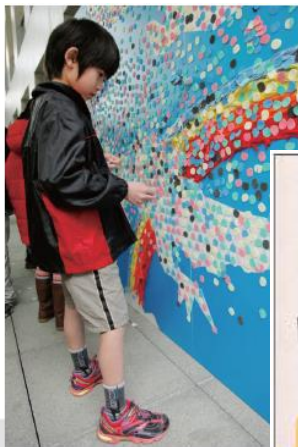
### Considering what adults and companies can do today for the children who are the next generation

- Dentsu formed a planning team to consider what adults and parents could do to support the children who will be the next generation of adults.

The team comprises parents in various specialty departments who are raising young children, and individuals with experience in child-related businesses. (44 participants as of April 2012).

- From a real-life perspective, the committee supports marketing; consulting; various types of planning; and project implementation geared to children, their parents and grandparents, and a child-rearing society in general. It also develops and distributes related materials.

- **Planning and production:**  
Particularly of advertising and promotional materials, events and other projects targeting children and families
- **Targeted research:**  
Focused on parents with young children, elementary school children and preschoolers, as well as fathers and grandfathers who enjoy childrearing
- **Formation of original survey panels:**  
Panels comprising fathers who enjoy childrearing and elementary school children
- **Content development:**  
Newsletters for grandfathers involved in childrearing
- **Coordination:**  
Involving relevant experts, NPOs, organizations and other groups



'Iku-G Shimbun' - Newsletters for grandfathers involved in childrearing

## Mom Lab

### – Grasping the Feelings of Mothers to Create New Businesses



#### When mom is happy, Japan is happy

Mom Lab is a 'work tank' that examines the true feelings of mothers and children, and proposes strategies to resolve problems. It was formed in 2008 to invigorate the next-generation family market by focusing on the perspectives of mothers.

The Mom Lab formulates projections regarding the future involving mothers, children and families; uses genuine insights to solve problems; and creates new businesses. It also works to expand the organic connections of mothers with families and society.

#### Principal Activities

- Product development and proposals,  
advertising and promotional communication.

#### - Targeted research:

Nationwide survey of mothers and fathers on attitudes regarding education and elementary school children today; so-called 'gal-mama' (young mothers with trendy lifestyles) communication with other mothers; the family marketplace; mothers' contact points and network usage; key points of products popular with housewives; consumption patterns during difficult economic periods; newly married housewives; new mothers.

#### - Research monitoring:

Provides survey tools to assess the true feelings of elementary school children; surveys gal-mama.

#### - Content development:

The Mom Lab – New Product Development Center comic



Excerpt from the Mom Lab – New Product Development Center comic



## The Dentsu Youth Issues Research Center

– Institute created to narrow the gap between young people and adults and consider the current state of young people



Young people in Japan today are the generation raised during the years 1991–2010, often referred to as the 'lost two decades.' Their way of thinking and acting is very different from that of previous generations.

The inability to properly understand their feelings leads to a perpetual cycle of antipathy toward young people, while the young feel that adults just don't understand them. Based on this, the center's research has focused on real-life issues facing young people.

### Principal Activities

- Advertising and promotional planning
- Targeted research:  
Surveys of high school students, young men, etc.
- Content development:  
The animation report 'Shinagawa no jidai – minna to synergy'



## Shiodome Innovation Studio

– An innovation test center to challenge the future



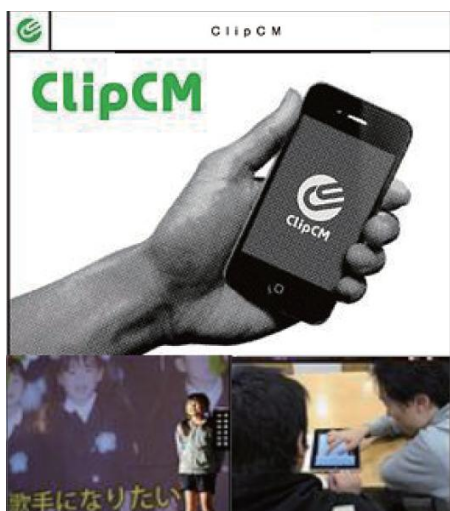
The creative unit Shiodome Innovation Studio includes Dentsu employees, educational institutions, NPOs, corporations, and freelancers. It brings together a wide range of players to create products, services, structures, and platforms beyond the realm of advertising.

The studio is particularly attentive to the issue of children and education, recognizing that building the future means educating and developing people.

### Principal Activities

#### - Clip CM:

An iPhone app to create a four-frame commercial from four pictures. The app has been adopted by elementary schools and education-related NPOs for programs to enhance communication skills among children.



#### - Mobile Phonester:

A phone book application that generates a hundred million characters from mobile phone numbers, sparking communication.

#### - PaPaCo Design Project:

Development of communication tools that father and children can enjoy together. Examples include toys made from wood available as a result of forest thinning in the Yoshino district of Nara Prefecture; and an original approach to dance courses required by the compulsory education syllabus.



#### - Puchi-doné:

An enjoyable way to make a donation by buying the picture book *Sekai wo kaeru Mushi-kun!* A portion of the profit from sales is donated to an NPO.



## Dentsu Digital Senior Lab

– Approach to Active Seniors



### Surveys and study of seniors proficient in using the Internet

The Dentsu Digital Senior Lab is a project to study a broad range of topics centered on the relationship between seniors and their use of the Internet. The definition of a digital senior (the term is a Dentsu registered trademark) is a person over sixty who is adept at using the Internet and other electronic devices, and who leads an active life as a senior. This is a joint industry-university project conducted with Yoshiaki Hashimoto of The University of Tokyo, promoted on the strength of its objectivity and reliability. We are currently conducting research in such areas as the effect that the spread of the Internet is having on the lifestyle of seniors, and related effective approaches to the senior generation.



## ISID Open Innovation Lab

– Education Platform Concept

### Supporting innovation in education

The Open Innovation Lab, set up by Information Services International–Dentsu, Ltd. (ISID), conducted an experimental demonstration in February and March 2012 together with the Oki Learning Center, a public preparatory school in Shimane Prefecture. The demonstration sought to apply an educational platform concept that would use an education-specific social networking service (SNS) to distribute digital educational materials to local high school students, as well as manage studies.

ISID provided the following services with the goal of eliminating the educational disparity that remote islands and mountainous areas experience stemming from a shortage of education-related assets (preparatory schools, teachers, and materials).

- Introduction of an education-specific social networking service
- Digitization of an education-related library
- Building of a personalized learning management system, linked to SNS and digital educational materials.





A watercolor illustration of two green leaves. The leaves are rendered in various shades of green, with visible veins and a soft, painterly texture. One leaf is larger and more prominent, while the other is smaller and partially overlapping it. The background is plain white.

### 3. Environmental Measures



## Dentsu's Environmental Activities

### Structures for Environmental Activities

Dentsu strengthened its arrangement for implementing environment-related measures with the establishment in July 2008 of the Environmental Strategy Council, chaired by the President, to promote environmental strategy as a corporate group. In November of that year, Dentsu submitted its 'Eco-First Commitment' to the Minister of the Environment, and was certified as an 'Eco-First Company.'

A report on the progress of measures taken was submitted to the Environment Minister at the Third Eco-First Follow-Up Conference in February 2010.

In summer 2011, Dentsu presented to Japan's Environment Minister its 'Eco-First Commitment for Energy Conservation during Summer 2011,' a series of measures to reduce by 15% power consumption at its head office building during the July–September period compared to the same period of the previous fiscal year. The pledge was made during the Commitment Conference held at the Ministry of the Environment on May 18. Over this three-month period we reduced power use by over 30%, more than meeting our target.

On March 22, 2012, Dentsu submitted a revised 'Eco-First Commitment' to the Environment Minister during the Follow-Up Briefing Session held at the Ministry of the Environment. We will continue to strive to foster environmental awareness among the public through such measures as actively supporting environment-related communications and further encouraging transition to a 'green' office environment.

In January 2005, we adopted the 'Dentsu Group Eco Program' (ongoing), and in May 2005 acquired ISO 14001 certification. Integrated Group certification that included domestic subsidiaries was acquired in June 2006. Dentsu and 56 Group companies held this certification as of March 31, 2012. Further, recognizing that environmental issues in China have become increasingly serious as a result of that country's rapid economic growth, in March 2010 Beijing Dentsu Advertising Co., Ltd. became the first overseas company in the Dentsu Group to acquire ISO 14001 certification.

### Eco-First Commitment – Energy Conservation during Summer 2011

In recognition of the tight electric power supply and demand situation in the Kanto and Tohoku regions as a result of the Great East Japan Earthquake, as its 'Eco-First Commitment for Energy Conservation during Summer 2011,' Dentsu took steps to reduce power use at its Tokyo head office, and through communication activities supported efforts to conserve electricity at its partner companies and organizations.

<Outline of Dentsu's 'Eco-First Commitment for Energy Conservation during Summer 2011'>

1. Take measures to reduce by 15% peak power use and overall electricity consumption at the Tokyo Head Office Building
2. Encourage employees to reduce power consumption
3. Utilize communication activities to provide support for electricity conservation efforts



Dentsu's Eco-First Commitment  
(for Energy Conservation during Summer 2011)

## Eco-First Commitment (Revised)

Dentsu presented its revised 'Eco-First Commitment' to Japan's Environment Minister Goshi Hosono on March 22, 2012.

Outline of Dentsu's Revised 'Eco-First Commitment'

1. We will actively promote environmental communications, thereby spreading the environmental message to the public.
2. We will support next-generation environmental communications, and the environmental efforts of our employees.
3. We will promote further advancements in 'green' office buildings.



Presentation of the revised 'Eco-First Commitment' in March 2012



Dentsu's Eco-First Commitment (Revised)

## Stakeholder Comments



Masaru Nakagawa  
General Manager, Environmental Management  
Department  
Japan Management Association (JMA)

I have worked frequently with Dentsu since around 2001 on environmental education and joint presentations. When the Company began seriously considering acquiring ISO 14001 certification in fall 2003, I was asked to participate in the exploratory committee as the sole outside expert. Based on the findings of the exploratory committee, Dentsu's management at the time decided to acquire ISO 14001 certification. Our relationship led to my helping build the Eco Program for Dentsu and the Dentsu Group, and we continue to work together today.

The most difficult part of designing the Eco Program was clarifying the impact that Dentsu has on the environment. We spent six months conducting interviews with the sales, creative, and promotion departments. In the course of this inquiry, which was conducted not long after the Company's stock market listing, we also began to consider what Dentsu's investors would think of all the lights burning in the Company's head office late at night.

The nature of economic activities has changed since the March 2011 earthquake, and there is growing interest in the value chain (including the supply chain) of companies. Stakeholders expect large corporations to understand and manage the environment- and CSR-related risks connected to the goods and services they procure. Dentsu is no longer an exception to this trend. The Company has publicized its procurement guidelines, but I believe it needs to go a step further and address the inherent risks. I would like Dentsu to put more emphasis on the value of its own communications chain.

The definition of corporate social responsibility has changed repeatedly since it first came to be applied in Japan in 2003. Currently, the term is taken to mean 'solutions to social issues.' In the EU, CSR is discussed in the context of competitive strategy. Bearing this in mind, I would like Dentsu's CSR reports to take a more proactive approach. The CSR concept is already exemplified in Dentsu's business activities and, as such, its treatment may be thought adequate. However, I believe that, by incorporating and advancing a new corporate value for CSR branding in its own very special way, Dentsu would be well placed to pursue a proactive approach to CSR.

## Global Warming Prevention Measures

### Raising Environmental Awareness

#### *Dentsu Group Eco Prize*

Dentsu established the Dentsu Group Eco Prize in 2009 as one of its programs to improve environmental communications.

By recognizing excellence in the area of environmental activities, the prize is intended to bolster environmental advocacy across the Dentsu Group and enhance the sharing and accumulation of expertise and knowledge. There are two types of prize: Category A for educational and awareness activities within the Group, and Category B for activities that target an external audience.

In 2011, Dentsu received 39 applications in Category A and 60 applications in Category B. The Eco Prize winners were selected following a rigorous review process.

#### *Head Office Eco Tours*

Dentsu conducts eco tours of its Head Office Building. In cooperation with Group companies, the tour participants can view such green facilities as the machine room and garbage room in the Head Office basement, as well as the solar and wind power generation systems and the disaster prevention center on the first floor.

The tours include a look at the meticulous separation of trash conducted in the garbage room; the energy conservation and water recycling systems installed in the machine room; and lectures on the innovative ways in which room temperature is controlled in the building.

Applications for these visits, conducted several times a year, invariably exceed available places, reflecting the keen awareness of environmental issues among employees.

#### *Helping Employees Acquire Eco Test Certification*

Dentsu actively encourages its employees to take the Certification Test for Environmental Specialists (Eco Test), sponsored by the Tokyo Chamber of Commerce and Industry, and has done so since the test was first offered in 2006. The goal is to nurture, with a broad range of environmental knowledge, those employees who will play a leading role in addressing environmental issues.

Employees who acquire the certification are appointed as 'eco officers' to promote Dentsu's environmental activities, and also carry out such roles as inspectors for internal environmental audits and judges for environmental slogans. A total of 530 employees had acquired the certification as of the end of March 2012.



On an Eco Tour of Dentsu's Head Office

## Environment-related Slogans and Posters

Dentsu introduced the Dentsu Group Eco Program as part of its efforts to enhance environmental awareness among employees. To fully utilize its communication resources, in 2005 Dentsu began inviting employees and their families to submit environmental slogans. The winning entries are used in posters designed by Dentsu art directors, thereby helping to raise environmental awareness among employees.

### Environmental Posters (Fiscal 2011) Winning environmental slogans



It was a beautiful place.  
It was a place where no one lived.



How can we envision forests or woods  
if there are no trees?



It's not 'secondhand,' it's 'vintage.'

### New Measures Introduced to Coincide with Environment Month

Dentsu implements a variety of educational programs to coincide with Environment Month, held annually in June since 2009. In fiscal 2011, Dentsu introduced a program to recycle caps from plastic PET bottles (eco caps) that employees brought from home. The caps were made into garbage bags, and sent to earthquake disaster areas.



Eco cap collection boxes were placed in Dentsu's Tokyo, Kansai and Chubu offices. We collected 216 kg of caps, which were recycled into 10,000 garbage bags.



### Participation in the Shiodome Environment Society

The Shiodome Environment Society, an organization of 11 companies located in the Shiodome area of Tokyo, was launched in September 2009 to share information regarding the environment. Two member companies head the society on a rotating basis. The group reports on the environmental efforts of each member, occasionally organizes tours of members' factories, inspects environmental conservation efforts in the Shiodome area, conducts other activities that expand knowledge regarding environmental issues, and provides a forum for lively debate.

Dentsu has played a central role in the administration of the Shiodome Environment Society since its establishment, helping to create opportunities to share a broad range of information regarding the environment.

### Reducing CO<sub>2</sub> Emissions

#### Partnership with Zephyr Corporation for 100% Natural Energy Outdoor Signage

Dentsu and its group company Dentsu Ad-Gear Inc. concluded a business collaboration agreement in January 2012 with Zephyr Corporation—a company involved in wind, solar, and hydro energy business—to develop outdoor signage powered by 100% natural energy from solar panels and small wind turbines.

How to display advertising while being conscious of the need to conserve energy has become an issue in the outdoor signage business. With this situation in mind, the Dentsu Group and Zephyr decided to combine their technical expertise in natural energy and services to develop natural-energy signage that is affected neither by power availability nor lighting times.

Depending on the type of outdoor signage, curbs in power consumption and CO<sub>2</sub> emissions can be expected. If the installation environment does not allow sufficient energy to be generated, the system utilizes a best-mix solution, combining natural and grid energy.



Natural energy outdoor signage system

## Reducing CO<sub>2</sub> Emissions

### Reducing CO<sub>2</sub> Emissions in Office Buildings

The Dentsu Head Office Building in Tokyo's Shiodome district is replete with cutting-edge equipment chosen to fit the concepts 'built to last a century,' 'harmony with the global environment,' and 'energy efficiency.' The building incorporates more than 30 energy efficiency-related systems, best represented by the following.

#### Air-flow Windows

The windows are designed to circulate interior air between two panes of glass and then expel to the outside the heat that has been absorbed by the glass.

#### Cogeneration System

The heat emitted by the generation of electricity is used.

#### Water Recycling System

Recycled wastewater and rainwater are used for purposes other than drinking

#### Green Space Development

Over 13,000 trees and shrubs have been planted around the Head Office Building to reduce temperatures in the surrounding area.

#### Improved Air Conditioning Control System Program

The air conditioning control program was modified to resolve the problem of mixed heating and cooling that occurs near windows and in internal spaces.

#### Insulating Jackets for Cold Water Plate Heat Exchangers

Insulating jackets were placed on the cold water heat exchangers to eliminate heat loss due to the difference in temperature between the exchangers and the machine room.

#### Waste Water Recycling Systems

Water generation systems were installed to recycle waste water from kitchen areas.

#### Wind Turbines and Solar-Power Panels

Dentsu installed wind turbines and solar-power panels at the main entrance of its Head Office Building, using the energy generated for the illumination of building signs during evening hours.

#### LED Lighting

LED lighting has been installed in all work areas of the Head Office Building. During fiscal 2011 Dentsu installed additional LED lighting in certain areas (offices and common areas) of business locations in Kanto and Chubu regions.

In addition, Dentsu invested in around 40 projects (new facilities and renovations) involving specific measures and operational improvements.

### Certified as a Top-Level Facility by the Tokyo Metropolitan Government

Dentsu has been designated a Specified Facility for Global Warming Countermeasures under the Mandatory Greenhouse Gas Reduction and Emissions Trading Program (cap-and-trade program) of the Tokyo Metropolitan Environmental Security Ordinance for the prevention of global warming.

In fiscal 2010, the Dentsu Head Office Building was certified as a Top-Level Facility among the Excellent Specified Facilities for Global Warming Countermeasures, in recognition of the installation of energy-efficient systems.

Dentsu has also published its FY2011 Plan on Measures to Prevent Global Warming, pursuant to the Tokyo Metropolitan Environmental Security Ordinance.

For further details, please refer to the following page on the Dentsu website:

[http://www.dentsu.co.jp/csr/pdf/gw\\_report2011.pdf](http://www.dentsu.co.jp/csr/pdf/gw_report2011.pdf)  
(Japanese only)

## Dentsu's Environmental Performance Trend

### (Calculation of Environmental Performance Data)

< Consolidated >

Floor area is based on the entire floor space occupied by Dentsu Inc. (Tokyo Head Office, Kansai Branch Office, and Chubu Branch Office), a total of 258,838 m<sup>2</sup>.

< Non-consolidated >

#### - CO<sub>2</sub> emissions

For the Tokyo Head Office, the coefficient specified under the Tokyo Metropolitan Ordinance is applied, while for the Kansai Branch Office and Chubu Branch Office, the coefficient specified under the Act on the Rational Use of Energy (Energy Saving Act) is applied.

#### - Waste

The volume of waste generated (in tons) is the sum of general waste and industrial waste. In fiscal 2011, the volume of industrial waste generated (Tokyo Head Office) was approximately 55 tons.

#### - Water resource usage

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.

#### - CO<sub>2</sub> emissions

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 (Forecast)
CO <sub>2</sub> emissions (tons)	26,157	21,242	21,174	19,358	19,552
CO <sub>2</sub> emissions per m <sup>2</sup> of floor space	0.101	0.082	0.082	0.075	0.076

#### - Amount of waste

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 (Forecast)
Amount of waste (kg)	2,229,320	1,873,754	1,871,188	1,851,206	1,814,182
Amount of waste per m <sup>2</sup> of floor space	8.613	7.239	7.229	7.152	7.009

#### - Water consumption

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 (Forecast)
Water consumption (m <sup>3</sup> )	223,061	166,528	165,129	164,468	160,165
Water consumption per m <sup>2</sup> of floor space	0.862	0.643	0.648	0.635	0.619

## Environment-Related Social Communication

### Raising Awareness as an Industry

#### -Environmental Advertising Award Added to Dentsu Advertising Awards

The Dentsu Advertising Awards were established by Dentsu in 1947, in the wake of the Second World War. They were designed to raise the standards, both social and cultural, of the advertising industry. Advertisers submit entries, and winners are chosen by a selection committee of 497 members drawn from among advertisers, media companies, creatives, staff, and cultural figures nationwide.

Dentsu introduced the Environmental Advertising Award as one of the Dentsu Advertising Awards in 2009. The recipient is selected from among the winners of the Advertising Grand Award, Dentsu Advertising Awards, Area Excellence Awards, and Area Outstanding Awards in five categories: newspapers, magazines, posters, radio, and television. In 2011 the award was presented to Panasonic Corporation for its Residential Solar Power System (newspapers category). Dentsu plans to continue raising awareness concerning the environment through awards and the recognition of communications activities focused on the environment and related themes.



Winning ad for the Third Environmental Advertising Award

### Raising Awareness within Dentsu

#### -Creation of Operational Handbooks

Dentsu conducts surveys on such topics as consumer awareness of environment-related communications and green consumption, as well

as research in conjunction with international environmental NPOs and other experts. The results of these studies have been compiled in tools such as the Greenwash Guide and the Green Event Guide, and are used to further internal environment-related awareness.

#### - Greenwash Guide

The term Greenwash is used in reference to the impression some companies give consumers that the organizations' products or policies are environment friendly when they are not, or that they are greener than they actually are. With greater public attention focused on environmental issues, there has been a notable increase in environment-related advertising, some of which includes overblown claims. In response to this situation, Dentsu created the Greenwash Guide as an internal document, designed to enhance employee knowledge, from acquiring a basic understanding of the topic to having the ability to respond to ever-changing social conditions.



#### - Green Event Guide

This operational handbook defines a green event as one that is environment friendly, and describes how to organize such an event (centered on reducing CO<sub>2</sub> emissions) from the planning to the post-event assessment stage. It includes a wealth of specific strategies and advice, so that employees can start straight away with the things they can do.





## Event Sponsorship

### -IAA-Dentsu Global Student Poster Competition

Dentsu is a partner in the IAA-Dentsu Global Student Poster Competition, centered on the theme of sustainable development, and sponsored by the International Advertising Association (IAA) in cooperation with the United Nations. The third competition, in 2011, drew 163 submissions from 12 countries and territories around the world, with awards given for the top three entries, along with regional prizes. The winning entries were displayed at Dentsu offices.



Winning poster in the 3rd IAA-Dentsu Global Student Poster Competition

## Environmental Leadership Program

Dentsu co-sponsors lectures for the Environmental Marketing Seminar, held annually since fiscal 2010 at Sophia University Graduate School, the central institution for the Environment Ministry's Environmental Leadership Program. In fiscal 2011, lectures for students in the field of global environment studies featured how to use media and communications to attract the interest of businesses in environmental issues.

Ten Dentsu employees knowledgeable in the area of environmental business conducted lectures and workshops designed to help students acquire skill in methods of solving environmental issues. The program was met with high acclaim by both the students and the graduate school.

### Principal Lectures

- Introduction to Environment-related Communications
- Trends in Environmental Advertising and Examples of Greenwashing
- Integrated Sustainability and Communications
- CSR Management Strategies and CSR Visions



Dentsu employees give lectures on environment-related business

## Aiding Public Causes

### International Year of the Forests Project

The United Nations designated 2011 as the 'International Year of Forests' in a bid to raise awareness regarding the importance of sustainable management and conservation of the world's forests.

Japan's Forestry Agency established the Japan Council for the International Year of Forests, and conducted various activities intended to link the UN program to ongoing efforts to revitalize forests and forestry-related business, the Forestry Agency's own program for forest maintenance and development, and forest conservation in developing countries.

Dentsu was contracted to help administer the Japan Council for the International Year of Forests and undertook measures to link a wide range of companies and organizations using the theme of 'a walk in the woods.' Through visitor-participation symposiums and events to raise awareness, we helped promote knowledge about Japan's national forests, and called for steps to be taken to more closely involve people in forestry-related matters.



2011・国際森林年

Japanese logo  
for the 2011 International Year of the Forests



Awareness poster designed by Dentsu

### Administering the Japanese Government's Eco-point Program

Dentsu served as an administering company for the Japanese government's Eco-point program for environment-friendly appliances launched in 2009, working in a consortium with four other companies. The consortium handled all aspects of the program, from processing applications from purchasers of green appliances, to distributing funds to product manufacturers when points were exchanged for goods. Some 46 million applications had been received by 2012.

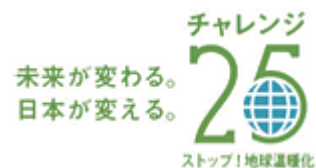
A housing eco-point system was launched in 2010, and Dentsu also led the consortium managing this program. The Company will utilize this experience to further contribute to the environment and society.



### Challenge 25 Campaign

Japan announced at the UN Climate Change Summit in September 2009 that, by 2020, it would reduce greenhouse gas emissions by 25% from 1990 levels. The national movement Challenge 25 Campaign was initiated in January 2010 to achieve this goal.

Dentsu implemented proactive measures to raise awareness of the Challenge 25 Campaign. In addition to CO<sub>2</sub> reductions, in response to the Great East Japan Earthquake we took steps to raise awareness regarding power saving and energy conservation, and conducted communications activities to encourage a concerted effort throughout Japan at the corporate, community, and individual levels.



## Measures to Build a Recycling-oriented Society

### Raising Recycling Rates through Trash Separation

In an effort to raise recycling rates through more careful separation of trash, Dentsu has placed garbage collection centers, called eco counters, on each floor of its office building, and is working to raise awareness by posting rules regarding trash separation and a recycling chart.

Trash generated in the office is placed in bins separately colored for recyclables (recyclable paper, copy-machine paper, newspapers, magazines, etc.), non-recyclables (non-recyclable paper, food and drink containers, food scraps, etc.), and hazardous materials (batteries, box cutter blades, etc.). Detailed rules are posted regarding disposal methods. As a result of these measures, the recycling rate for fiscal 2011 was 85.4%.

### Replacing Paper Bags with Eco Bags

Dentsu included in its Eco-First Commitment an 80% reduction, from fiscal 2007 levels, in the use of paper bags bearing the corporate logo by fiscal 2012. Cloth eco bags were introduced for internal use in 2008 to help achieve this goal. In 2009, a project was launched to create a new version of the eco bags, with improved quality and functionality designed to promote their greater use. The new cloth eco bags were completed in February 2010.

These eco bags are currently in use at Dentsu and its Group companies. In fiscal 2011, the use of paper bags with the corporate logo was down 49% from fiscal 2007 levels (prior to the introduction of cloth eco bags) at the Tokyo Head Office.

In May 2011, Dentsu launched a redesigned eco bag called the 'Dentsu Social Act Bag.' A portion of the proceeds from sales of the bags was donated through the Japanese Red Cross Society to assist victims of the Great East Japan Earthquake.



### Stakeholder Comments



Hiroto Mizukami  
Facility Management Department  
Dentsu Works Inc.

I am a member of Dentsu Works, a Dentsu Group company providing a wide range of facility maintenance operations. Ten years ago, when the Dentsu Head Office Building was completed, I had not imagined that the type of facility management we provide would be fulfilling our social responsibility in terms of the global environment. However, as total energy consumption in Japan has steadily increased, greater attention is being paid to energy conservation in places of business (such as offices), where the increase has been most marked. The topic of energy conservation has now become a significant public issue.

While this has also been driven by regulation, we have made an effort at the Dentsu Head Office Building to implement a range of energy-saving investments, improve operations, and raise awareness among employees. As a result, the Dentsu Head Office Building has been certified a Top-Level Facility among the Excellent Specified Facilities for Global Warming Countermeasures under the Tokyo Metropolitan Government's Mandatory Greenhouse Gas Reduction and Emissions Trading Program (cap-and-trade program).

The assessment of Dentsu's environmental performance is limited to Japan. We have calculated the emissions of greenhouse gases according to regional standards, but the lack of a common standard has been an obstacle to obtaining figures that permit across-the-board comparisons. Commencing in fiscal 2013, we will assess Dentsu's greenhouse gas emissions in Japan based on the calculation standards for the Japanese Voluntary Emissions Trading Scheme (JVETS). The next step in that process will be improvements based on third-party evaluations. This will enhance the reliability of data presented to stakeholders and, ultimately, that of the Dentsu Group itself.



## 4. Social Contribution Activities



## Major Programs

### Activities Taking Advantage of Dentsu Employees' Specialist Skills

Dentsu seeks to leverage the experience and specialist skills our staff have gained through their work in the area of communications to support the activities of individuals and organizations that are creating new value for society.

- 'Advertising Elementary School'
- 'Keys to Communicating'
  - helping NPOs to improve their public relations capacity
- Dentsu-China Advertising HR Development Project

### Joint Initiatives with NPOs and Other Organizations

These programs encourage a wide range of Dentsu employees to cooperate with the activities of NPOs and other organizations to contribute to the improvement of society.

- Supporting UNESCO's World *Terakoya* Movement
- Supporting 'Table for Two' (TFT)

### - 'Advertising Elementary School'

Communication skills development is an important theme in elementary school classrooms. To foster communication skills, the Advertising Elementary School program makes use of the television commercial format, with which children are familiar.

Dentsu, whose specialty is communication, has been developing the program together with Tokyo Gakugei University since 2006. It has created original study materials including videos, teaching guides, and supplementary workbooks. These materials are provided by Dentsu free of charge to help teachers carry out the program.

As of the end of March 2012, some 8,400 children at 89 schools had taken part in this activity, and teacher response has been enthusiastic. Moreover, in addition to elementary schools, an increasing number of junior and senior high schools are also adopting the program.

The Advertising Elementary School program teaches children how to express themselves through the medium of 15-second commercials.

The children learn to think for themselves, consult others, and express themselves. By working together to communicate their ideas, the children learn skills they need to communicate effectively, such as creative thinking, decision-making, how to express ideas, and group problem-solving.

In 2008, the program received the Chairman's Special Award for CSR programs at the second Kids Design Awards. The award cited Dentsu's 'model corporate CSR approach in contributing to improving children's abilities by learning through experience in a way that cannot be provided through normal studies alone.' In 2011, the program received Good Design Award in the CSR design category.

Dentsu's Advertising Elementary School was published in book form in 2011, introducing the special features and processes used in the program's classes, and giving examples of the children's story-boards and presentations in an easy-to-understand manner.



For further details, please refer to the Advertising Elementary School website:

<http://www.dentsu.co.jp/komainu/index.html>  
(Japanese only)

### **- Keys to Communicating: an NPO Public Relations Skills Improvement Project**

Improving public relations skills has become an important issue for non-profit organizations as they attract increasing attention and the expectations placed on them grow year by year. In 2004, Dentsu together with NPOs, established the NPO Public Relations Skills Improvement Committee, and is working to address this issue.

This project emphasizes the importance of communication basics, for example clearly identifying your target audience and determining what you are trying to communicate to them, before developing advertising tool expression modalities. Each year, based on an original text, Dentsu creatives and members of Dentsu's NPO Committee serve as presenters, combining lectures and workshop activities in seminars conducted throughout Japan.

In February 2012, a special edition of the seminar program was held at Dentsu Hall for former participants, on the theme of 'Creating presentation materials to generate empathy.' Participants reflected that 'I was able to see our materials objectively,' and 'It was an opportunity to reevaluate our activities.' Also in February, responding to local requests, a seminar was held in Kesennuma City, Miyagi Prefecture, that had been hard hit by the 2011 earthquake and tsunami.

As of the end of March 2012, the number of seminars presented had reached 69, with a cumulative total of around 3,000 participants.

For further details, please refer to the Keys to Communicating website:

<http://www.jnpoc.ne.jp/?tag=tsutaeru>

(Japanese only)



Workshop on 'Creating presentation materials to generate empathy'



Seminar held in Kesennuma City, Miyagi, Japan

### **-Dentsu-China Advertising HR Development Project**

Since 1996, Dentsu has supported advertising-related education and human resources development activities in conjunction with universities in China. Then in 2011, China's continued rapid economic development resulted in a new goal being set to promote 'joint learning' involving Dentsu and the Chinese advertising industry. The specific support programs currently underway include Dentsu-China Advertising Education Forums, Dentsu Student Advertising Seminars, and the Dentsu Field Study Program.

At the Dentsu-China Advertising Education Forum, held in July 2011 in Suzhou for younger members of Chinese academia engaged in advertising education, Dentsu employees and outside specialists gave presentations covering industry trends, advertising case studies, advertising theory, and other topics.

The Dentsu Student Advertising Seminars, targeting university students majoring in advertising, are intended to foster deeper interest in the advertising industry and to have broader appeal among students. The annual seminars are held at different universities in various regions. In fiscal 2011 they were hosted at more than 20 institutions and attracted around 900 students.

Under the Dentsu Field Study Program, young Chinese educators were hosted at the Dentsu Head Office from January to March 2012. They studied a wide range of subjects, covering basic knowledge and case studies as they relate to both corporate philosophy and business operations, supporting the further academic development of the participants.



Third Dentsu Student Advertising Seminar



First Dentsu Advertising Education Forum

### -Support for UNESCO's World Terakoya Movement

UNESCO's World *Terakoya* Movement, an effort to increase literacy, is sponsored by the National Federation of UNESCO Associations in Japan. Since 2003, Dentsu and three of its Group companies—Dentsu Tec Inc., Information Services International-Dentsu, Ltd. (ISID) and Cyber Communications Inc.—have supported the movement's activities in a number of ways, including helping construct *Terakoya* centers and developing the association's logo. When the movement celebrated its 20th anniversary in 2009, Dentsu created a special anniversary logo and sponsored commemorative events. In cooperation with Dentsu Group companies, each year Dentsu conducts a campaign asking employees to donate spoilt prepaid postcards, which may be exchanged for a refund by Japan Post.

For further details, please refer to the following website:

'National Federation of UNESCO Associations in Japan'  
<http://www.unesco.or.jp/terakoya/>

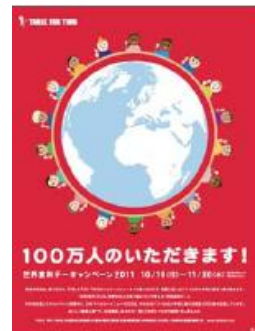


'Donate spoilt prepaid postcards' campaign poster (2011)

### -Supporting the 'Table for Two' Programs

'Table for Two' (TFT) is a movement that originated in Japan to help eliminate both hunger in developing countries in Africa, and obesity and other lifestyle-related diseases in advanced countries. For each purchase of a TFT meal, ¥20 is donated toward a school meal in Africa. In 2009, Dentsu began offering TFT meals at the employee cafeteria in its Tokyo Head Office. Promotional tools created by Dentsu are used in the companies and universities that have introduced the TFT program.

As in the previous year, Dentsu lent its support to the 'One Million ITADAKIMASU' (One Million Meals) campaign in October 2011 (Oct. 16 to Nov. 30), celebrating the United Nations' World Food Day (Oct. 16). Dentsu created the key visual for the campaign and helped with a special program for FM radio entitled 'Listen to Africa.' Also, looking to approach a different potential audience, Dentsu helped develop the Table for Two iPhone app, which is designed to both improve personal health and contribute to the betterment of society (jointly developed by the Table for Two NPO, foo.log, Dentsu, and Dentsu Razorfish).



2011 World Food Day campaign poster



'Table for Two' iPhone app. Winner of the 65th Advertising Dentsu Prize, Second Division

Stakeholder Comments

Professor Masayuki Kobayashi  
Tokyo Gakugei University

Self-esteem—the feeling that one is worthwhile, just as one is—is important in the process of human development, but it can be difficult to develop. I believe that the 'Finding Oneself Commercial,' which is the second unit of the Advertising Elementary School classroom program we jointly developed with Dentsu, is unparalleled in its ability to achieve this in a limited timeframe.

In the context of cooperation between business and academia, we generally see companies simply outsource some aspect of their operations to universities. However, this program was different: it was truly a joint effort, the company putting its expertise to work for education. It represents a win-win relationship, in which the partners learn from each other.

Dentsu incorporates tremendous amounts of imagination, expressiveness, and expertise in the processes that it employs to make television commercials. But since the creators are skilled professionals, it can be hard for the observer to know exactly what and how they are thinking. Moreover a subject has to be presented in an easy-to-understand way if it is to be taught to children. The only way to do this is to analyze the topic in detail and identify the relevant skills required. The advantage for the company is that it thus can make its know-how more accessible to all its employees.

Linking its CSR efforts to programs supporting northeastern Japan was highly effective. It was recognized that, in the earthquake- and tsunami-affected region, government funding alone could not provide timely delivery of the support required for traumatized children. Given the speed with which private companies are able to act, their support has been invaluable. Although there are certain things that only specialists such as I are able to do, I believe it is by working together that we can create new forms of support and assistance.

Stakeholder Comments

Yoshifumi Tajiri  
Secretary General  
Japan NPO Center

Over the course of Japanese history, the idea has become deeply ingrained that efforts for the public good should be left to the government bureaucracy. However, as local and regional issues gradually become more diverse and complex, problems are emerging that cannot be solved through conventional social mechanisms. So NPOs are working to help solve the problems by tapping the abilities of local citizens.

In Japan, there are over 45,000 incorporated NPOs, some 60% of which are small organizations with annual budgets of ¥3 million or less. If local citizens are to continue serving the needs of society, enhancing the abilities of those who manage the NPOs is essential.

The organizations have three main pillars: funding, human resources, and information. The first step that should be taken is the reevaluation of internal and external communications, beginning with the question, 'Who are we?'

While NPOs organized by individuals tend to have a strong sense of mission, many groups with a strong sense of purpose are deficient in the area of communication. Moreover, bearing in mind that the area has no 'right answers,' there are many who believe it a difficult theme to explore. Thus, it is highly significant that Dentsu is making ongoing efforts to use its specialist expertise and skills to assist with human resources development, approaching this difficult subject from the same private-sector perspective that it shares with NPOs.

There can be no doubt that relations between NPOs and society, and between private enterprise and NPOs, will continue to strengthen in the future. Also, as the long process of recovery from the Great East Japan Earthquake continues in the years ahead, capabilities for communication and cooperation on the part of local NPOs will become ever more important. I look forward to further development of the 'Keys to Communicating' program as it works to supporting the activities of NGOs that are serving Japan and the rest of the world.



An illustration of two hands, one slightly above and to the right of the other, both reaching towards the center. The hands are rendered in a soft, watercolor-like style with various shades of orange and peach, giving them a textured, organic appearance. The fingers are slightly spread, and the palms are facing each other, creating a sense of reaching or grasping.

## 5. Promoting Human Rights Awareness

## Human Rights Awareness Inside and Outside Dentsu

Dentsu aspires to enrich its advertising and business communications activities from a human rights perspective. It regularly conducts Group-wide employee training programs designed to provide employees with a sound understanding of human rights that they can then apply to their work.

The programs are run based on job requirements of new employees, those in their seventh year, mid-career hires, and newly appointed managers. In fiscal 2011, training programs were introduced for contract employees.

Dentsu also trains the human rights education managers in each business unit and at Dentsu Group companies. Furthermore, to boost employee awareness, every other week the Company's intranet has a newsletter containing timely human rights-related topics. In fiscal 2011, 24 issues were posted.

Dentsu is also engaged in human rights activities outside the Company. It participates in human rights seminars and other events held by the Japan Advertising Agencies Association (JAAA), and works on human rights education throughout the advertising industry. Besides supporting public human rights education, Dentsu regularly has employees address human rights seminars when so requested by government officials, local government bodies, and other companies.

## Human Rights Slogans and Posters

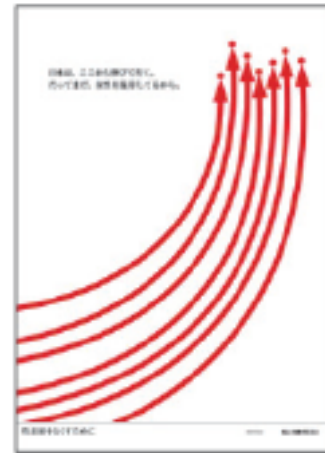
Among its activities to raise human rights awareness is an annual competition. Since 1988, Dentsu has run a program in which Group employees and their families are asked to create and submit human rights-related slogans. These represent the whole gamut, from the humorous and insightful, to pithy, simple statements of complex human rights themes. In fiscal 2011, there were 9,398 entries.

The best slogans are incorporated into posters produced by Dentsu creatives. To date, more than 100 posters have been created combining short, meaningful phrases with apt visuals to address diverse human-rights issues from familiar perspectives.

The posters have a strong impact and attract such positive comments as, 'The poster was easy to understand and spoke right to the heart'; 'I was surprised because the message is intense yet refined'; and 'The power of advertising is

incredible.' Often, local government agencies ask to use the posters for human rights-related events nationwide.

### Dentsu Human Rights Posters Produced in 2011



*Japan will continue to grow... Because the potential of its women remains untapped.*

[Theme]  
Eliminating discrimination

[Underlying message]  
If women play a greater role in society, Japan will grow even more.



*If you're thinking 'I'm okay, it's the people around me...', then you're part of the reason discrimination still exists.*

[Theme]  
Eliminating discrimination against people of *buraku* origin

[Underlying message]  
There are people who, while discriminating, attribute the problem to others. We must resolve to end discrimination.

### Human Rights Art Project: Joint Production of Posters with Art Universities



*If children are the nation's treasures, we should all be involved.*

[Theme]

Promoting children's rights

[Underlying message]

Not just parents, but society as a whole needs to provide loving care for children.



*Things I don't like . . . Things you don't like . . .  
What's important is to recognize them.*

[Theme]

Creating a better workplace

[Underlying message]

The first step in human rights awareness activities is to develop the ability to recognize a problem.

For earlier human rights posters, please visit:

<http://www.dentsu.co.jp/csr/human/poster.html>  
(Japanese only)

The Human Rights Art Project has transformed Dentsu's previous in-house human rights poster production activities into a more open activity involving a broader sphere of society. Students at art universities collaborate in the production of posters by providing designs to accompany the human rights slogans collected and reworked by Dentsu.

To date, some 500 students have worked with Dentsu creatives from the initial idea stage through several review and draft cycles to produce the finished posters. The collaboration began with Joshibi University of Art and Design in 2007, and continues to expand. Musashino Art University joined in 2008, followed by Tokyo University of the Arts in 2009 and Tama Art University in 2010.

The project expanded in 2011, with the additional participation of Kyoto University of Art and Design, the first institution in the Kansai region to join. Then, to attract more attention from the general public and foster greater interaction among participating universities, we opened a Digital Gallery on our website.

To view the Digital Gallery, please visit:  
<http://www.jinkenart.jp/> (Japanese only)

These activities provide an opportunity to foster human rights awareness within the art production process at universities, and to explore issues surrounding the impact that art can have on society. For the students, the project enables them to focus on human rights and use artistic expression to convey their thoughts and feelings from their own perspectives. For Dentsu, it offers staff members the chance to apply the professional communications skills developed in their advertising work to CSR activities in support of human rights—an important social issue. Dentsu intends to develop this initiative further as part of its social communications activities.



Workshop presented by Dentsu staff



### Collaborating Arts Universities

- Joshibi University of Art and Design (2007- )
- Musashino Art University (2008- )
- Tokyo University of the Arts (2009- )
- Tama Art University (2010)
- Kyoto University of Art and Design (2011- )

### Human Rights Posters Produced in 2011





## Stakeholder Comments

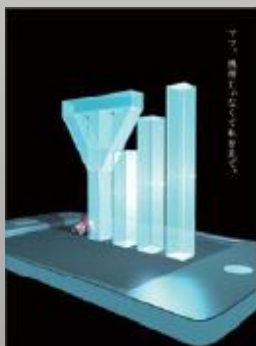


Atsunari Toda  
Musashino Art University

It was a class at the university that got me involved with the Human Rights Art Project. When I was choosing which class to take, I saw that in one particular class, students would get to work on posters with someone from Dentsu. The idea that we would receive instruction while working on something practical appealed to me. You don't usually have the chance to think much about human rights and, although it sounded difficult, I signed up. I hoped to learn, from someone on the front lines of the advertising industry, not only about creating output, but also about developing a theme.

What I remember most clearly is how difficult it was to 'communicate through a single poster.' With a human rights poster, it's more important to communicate the human rights issue to the viewer than for the visual to be attractive. As we were working on posters, each week the person from Dentsu would point out sketches that were not effectively communicating a human rights-related issue, and despite my stubbornness I gradually began to understand what he meant about focusing on what was most important.

Through this activity, I came to think about even 'minor human rights matters' to which I previously hadn't paid much attention. The theme of my particular poster had to do with the rights of children, and I had to really sit down and consider what children might be thinking about in the future, when I might have a child of my own. That really helped me to understand the importance of safeguarding children's rights.



Mr. Toda's poster  
Children's rights:  
'Hey Mom, look at me!'

## Stakeholder Comments



Kaoru Yamamoto  
Kyoto University of Art and Design

I became involved in the human rights art project when a friend and I decided to take advantage of the opportunity to participate, thinking that it might be to our benefit. I was able to work with someone from Dentsu and, although I was a bit nervous, it was a good experience. For me, personally, it was also refreshing to work on a project with a social theme.

Since the theme for my poster was human rights for the elderly, I showed the design to my grandparents, and did what I could to get the perspective of older people. They pointed out aspects that differed completely from what I had considered important, giving me a real sense of the divergence in our values. I greatly enjoyed relating to members of my family in ways that differed from our everyday interactions.

Conscious of the fact that ordinary people would see this poster as well, I took care to avoid making something self-serving and, instead, to create a meaningful illustration. Posters concerning human rights issues tend to be rather severe and solemn, so I decided to contribute an optimistic and positive idea to society. It also pleased me greatly that my family was happy with the finished product.



Ms. Yamamoto's poster  
Rights of the elderly: 'An  
Old Man Training Animals  
for the Circus'





## Promoting a Healthy Work/Life Balance

The Company believes that a fulfilling personal life improves the quality of one's working life and that satisfying work increases one's level of self-fulfillment in life. The object of Dentsu's work/life balance (WLB) program is to generate synergy between the two. Dentsu implements programs to support the mental and physical health of each employee to help them maintain a balance between work and their personal life, and the Company is committed to the creation of friendly workplaces where employees can fulfill their potential.



WLB objet d'art on display in the Company lobby

### Internal Workload Management Systems

The most important factor in creating a work-friendly environment is health management, particularly in relation to the issue of long working hours. Dentsu has established a special in-house Human Relations Management Department which is developing and implementing programs to reduce overtime and to make it easier for employees to take holidays. In addition, a Career Design & Work/Life Balance Section has been set up to assist employees in balancing their working and personal lives, and the experience gained by this section is then applied to the improvement of the Company's working environment. In addition, joint WLB conferences are held with the labor union to discuss current issues affecting employees.

### Action Plan under the Law for Measures to Support the Development of the Next Generation

In September 2007, Dentsu received 'Kurumin' (next generation support) certification from the Japanese government in recognition of the Company's efforts to help employees balance their work and child-rearing duties. The Company continues to encourage employees to take holidays and is strengthening support for employees with children under the auspices of the current Second Dentsu Action Plan. To date, the Company has conducted two WLB campaigns and will continue to nurture the development of a corporate culture that is supportive of the needs of employees.

### Participation in the Ministry of Health, Labour and Welfare's (MHLW) Work/Life Balance Promotion Project

In fiscal years 2008 and 2009, Dentsu participated in the MHLW's Work/Life Balance Promotion Project, and made public its own work/life balance (WLB) programs as part of its efforts to help promote a WLB approach in broader society. A declaration of support for this project by Dentsu's President has provided a great boost for the Company's efforts to promote a better work/life balance for its employees.



## Employees Encouraged to Take Vacation Entitlements

For employees to approach each new task with vigor, apply their strengths to achieve outstanding results and generate new ideas, it is crucial to create an organization in which employees can fully refresh themselves through vacation and non-work activities.

Dentsu provides various vacation and leave systems for employees, who are encouraged to take their full vacation entitlements. In addition to regular annual paid vacation, the Company each year grants employees two consecutive days off that can be used to take vacations of five or more days by combining them with Saturdays, Sundays, national holidays, annual paid vacation and compensatory days off.

To create a workplace environment in which it is easy to take vacations, each quarter a 'vacation planning chart' is posted at all workplaces so that

information on vacation schedules can be shared among employees.

Dentsu employees possess a diverse range of skills and talents. Recognizing this, the Company has created a system whereby 'cultural leave' is granted to employees who are involved in high-level cultural or sports events. For example, this system may be used by exceptionally talented employees competing at major competitions, such as a national ski meet or an international American football match. Employees who qualify receive additional leave under this system.

- Average Number of Vacation Days Taken

	FY 2009	FY 2010	FY 2011
Male	8.7	9.2	9.6
Female	12.3	12.9	13.1
Total	9.6	10.1	10.5
Leave Taken	48.0%	50.5%	52.5%

- Holiday System Summary

	Type of Vacation	Number of Days
Paid	Annual paid vacation days	Three or more years of service: 20 days
		More than one but less than three years of service: 15 days
		Less than one year of service: 11 days
	Special consecutive vacation days	2 days each fiscal year
	Accumulated vacation days	Up to 120 days can be accumulated of unused annual paid vacation days that cannot be carried over. They can be taken under the following circumstances.
		1) Non-work related accidents and sick leave (when taken for 7 or more consecutive days)
		2) Family nursing care leave - After family nursing care leave is taken (up to 15 days per year)
		3) Community service leave (up to 5 days per year)
	Marriage leave	7 consecutive days, including non-work days
	Maternity leave	Within 6 weeks before due date, and 8 weeks after birth
	Paternity leave for birth	In principle, day of birth and the next day
	Mourning leave	1) Death of spouse, parent or child: 7 days
		2) Death of sibling or spouse's parent: 5 days
		3) Death of grandparent or grandchild: 3 days
	Culture leave	Number of days approved
	Disaster leave	Number of days approved
	Relocation leave	1) Appointment to job at different location: up to 7 days
		2) To bring family after transfer: number of days for round trip + 2 days
	Long-service leave	10 days within 2 years after receipt of 20-year service award
Unpaid	Menstrual leave	Necessary number of days (but with a maximum of 2 days paid holidays)
	Family nursing care leave	5 days
	Jury-duty leave	Necessary number of days
	Union leave	Number of days specified by labor-management agreement
	Preschool child nursing care leave	10 days
	Family care leave	10 days
	Maternal care leave	Necessary number of days





## A Workplace Environment that Fully Utilizes Employee Talent

For Dentsu—a company that sells ideas in the field of communications—human resources are recognized as the Group's greatest asset. Hence, Dentsu is introducing a personnel system to enable the creation of a workplace environment in which the diverse potential of its employees can flourish.

### Respecting Diversity

As the scope of Dentsu's businesses in the communications sphere expands, the Company strives to recruit personnel irrespective of nationality, educational background, sex or age, and to create a workplace environment in which they can realize their potential.

Dentsu employs people with disabilities, many of whom work in account services and the creative divisions. While such employees accounted for 1.55% of the Company's workforce as of June 30, 2012, Dentsu will continue striving to exceed the statutory employment rate.

#### - Number of Employees by Age and Gender (Mar. 31, 2012)

	Male	Female	Total
Under 30 yrs	928	664	1,592
30-39	1,838	926	2,764
40-49	1,453	392	1,845
50-59	935	209	1,144
60 and over	126	23	149
Total	5,280	2,214	7,494

Average age	39.8	35.7	38.6
Average length of service(yrs)	14.4	8.9	12.8

#### - Employees Taking Childcare Leave, Reinstatement Ratio

	FY 2009	FY 2010	FY 2011
Male	1	6	7
Female	25	48	54
Total	26	54	61

Reinstatement ratio	96.1%	98.1%	95.1%
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#### - Number of New Graduates Hired

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Male	118	146	134	160	132
Female	64	67	54	65	60
Total	182	213	188	225	192
Female component	35.2%	31.5%	28.7%	28.9%	31.3%

### Work/Life Balance Support System

Dentsu has established childcare leave, modified working hours for employees raising young children, and other systems in compliance with the revised Childcare and Nursing Care Act (the Act on the Welfare of Workers Who Take Care of Children or Other Family Members, Including Child Care and Family Care Leave), and has established a consultation office to support work/life balance.

### Post-retirement Reemployment

Employees who have reached mandatory retirement age but wish to continue working may be reemployed as 'partners,' until they are 65 years old, and use their experience in a supportive role as well as to help train younger staff members.

#### - Post-retirement Employees

	FY 2009	FY 2010	FY 2011
Male	93	106	34
Female	8	14	7
Total	101	120	41

#### - Employee Composition (Mar. 31, 2012)

	Male	Female	Total
Executive officers, others	31	0	31
Management staff	1,434	108	1,542
Non-management staff	3,113	1,056	4,169
Contract employees	294	435	729
Clerical staff	7	514	521
Partners	94	19	113
Part-timers, others	18	12	30
Seconded from other entities	289	70	359
Total	5,280	2,214	7,494

Note 1: Executive officers, others: includes senior corporate advisors, a special advisors, and executive officers

Note 2: Part-timers, others: includes permanent part-timers, non-permanent part-timers, and trainees from overseas



## Confirmation of Employee Safety in Emergency Situations

From the standpoint of our obligation to ensure safety, and based on our business continuity plan (BCP), Dentsu has a rapidly deployable system in place for emergency situations that allows confirmation domestically and overseas of employee survival, degree of injury, and ability to establish contact.

Emergency situations in this context are those that affect Dentsu Group locations in Japan and overseas, including disasters like earthquakes, storm damage, and fires, as well as various other conceivable situations such as air and rail accidents, outbreak of infectious disease, and terrorist incidents.

Our system to confirm employee safety utilizes a departmentally organized contact list together with a dedicated system for the instantaneous company-wide broadcast of confirmed information. Contact points (email addresses and telephone numbers) are registered in this dedicated system in advance, allowing rapid response, and it also collects information from responses about safety status.

Confirmed results are immediately reported to management through the major departments, response desks are established for the continuation of operations, and appropriate activities are commenced with respect to the emergency situation at hand.

## Stakeholder Comments



Miho Aso  
Human Relations Management Dept., Human Resources Division, Dentsu Inc.

I recently heard that, when one of our male employees told his boss that he and his wife were expecting a child, he was asked what he planned to do about parental leave. To me, that shows how the idea of male participation in child-raising has taken root. When I talk to employees who have obtained leave and returned to work, I often hear them say something like, 'The way I look at things and my values have changed; I feel a new sense of synergy with my work. I'm glad I took time off.'

Working in the consultation office to support work/life balance, I conduct individualized explanatory sessions on maternity and childcare leave. For female employees in particular, I provide information about the period immediately surrounding a baby's birth; how working conditions may be adjusted according to the different stages of pregnancy; work arrangements after the employee returns to work; and subsequent career planning.

I took childcare leave when I gave birth to each of my two children, consulting my boss about the timing of starting daycare, and my mission at work. I came back to the workplace before my children reached the age of one year, and took advantage of the programs available to achieve a work/life balance. Now I'm able to give advice on a smooth return to the workplace, and how to juggle a job and family life.



## Promoting employees capabilities

Dentsu focuses on developing work environments in which employees can maintain high morale and motivation, and can enthusiastically tackle their work. To realize this goal, Dentsu has developed a training system that emphasizes the improvement of employee capabilities through a variety of seminars.

### Dentsu's Training System

Dentsu's human resources development and training system can be broadly divided into the following three stages.

1. Human Resources Development for the new employee
  - Training to acquire the basic knowledge necessary for working at Dentsu and to foster solution (problem-solving) capabilities
2. Professional Development
  - Training to foster solution capabilities and expertise so that employees can play central roles in their business units, after their several years at Dentsu
3. Strengthening Managerial Capabilities
  - Training to foster leadership and facilitate the acquisition of managerial knowledge

Based on these training objectives, Dentsu conducts a variety of human resource development programs, including the following:

1. Management knowledge and strategy skills
2. Digital skills
3. Integrated solutions
4. Basic frontline knowledge and skills (IT literacy etc.)
5. Global skills (foreign language ability, different culture learning)

A total of 4,395 employees of Dentsu Inc. attended these training programs during fiscal 2011 and many employees of Dentsu Group attended some training programs.

### Seminars

Dentsu invites top-class professionals from inside and outside the organization to present seminars about their work and perspectives as a means to inspire new ideas among employees. A total of 6,211 employees attended these seminars during fiscal 2011.



Seminars held at Dentsu Hall



New employees attended a training program



## 7. Corporate Governance and Compliance





## Dentsu's Corporate Governance

### Implementation structure

Dentsu's ultimate decision-making body is the General Meeting of Shareholders, which appoints the Board of Directors and the Board of Corporate Auditors. Effectively directed and controlled through its system of corporate governance, the company has in place a system of checks that enable it to reach rapid business-related decisions. Dentsu appoints two of its 11 Directors and three of its five Corporate Auditors from outside the Company.

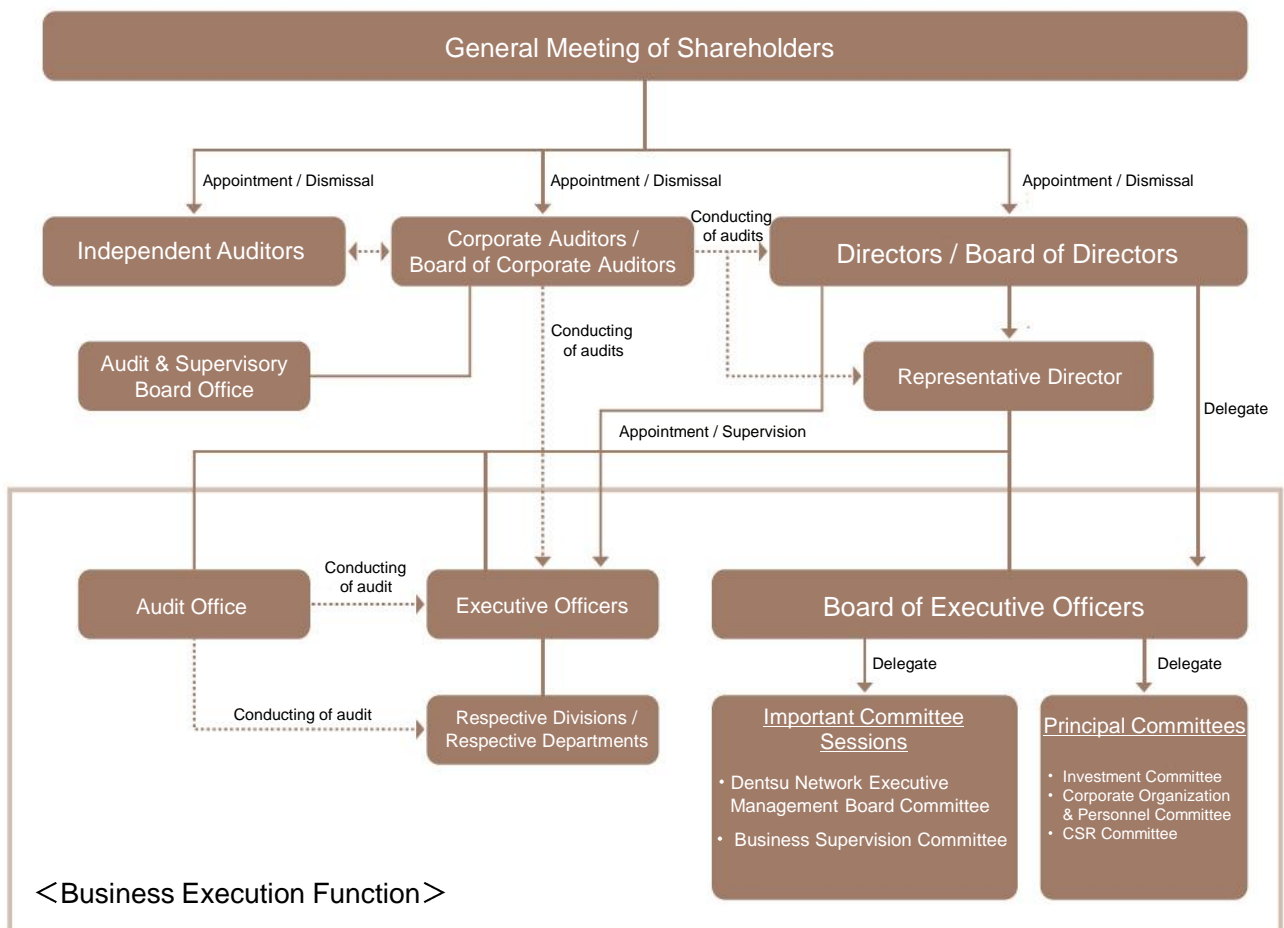
Dentsu has introduced a Director and Executive Officer System to clarify roles and responsibilities, and reinforce the effectiveness of its management and operations systems. The Board of Corporate Auditors in principle meets once a month to determine policy, assign work, and check how the Directors have carried out their duties. Audits are performed with a particular focus on the internal control, compliance, and risk-management structures of the entire Dentsu Group.

The Board of Executive Officers is under the Board of Directors, and serves to deliberate and make decisions on important matters relating to management. In April 2012, the internal organization of the Company was divided into domestic and overseas business operations, with authority and responsibility for the earnings

transferred to each. Consequently, the Dentsu Network Executive Management Board Committee responsible for overseas business, and the Business Supervision Committee responsible for domestic business were established. These two key committees have been authorized by the Board of Executive Officers to discuss and decide important operational matters not subject to Board of Directors resolution, and will further reinforce the domestic and overseas business execution systems.

In addition, there are the key Investment, Corporate Organization & Personnel, and CSR committees, which primarily comprise Directors and Executive Officers. These teams have also been authorized by the Board of Executive Officers to decide technical matters.

For details regarding the relationship of the Company with Outside Directors and Outside Auditors, as well as their activities, please refer to the business report in the following website:  
<http://www.dentsu.co.jp/ir/shares/pdf/ams163report.pdf>  
 (Japanese only)





## Dentsu Group Internal Control Systems

The Company believes that the Dentsu Group Internal Control System encourages compliance among Directors, Executive Officers and employees, while supporting continuous corporate development as Dentsu meets its social responsibilities. The company has established the Dentsu Group Code of Conduct to ensure that operations conform to laws and regulations, and that business is conducted appropriately. The code also forms the basis of the internal control system.

Based on the Dentsu Group Code of Conduct, the Company familiarizes all employees with the relevant business procedures through regulations, manuals, and training. Check items relating to risk management and compliance have been created, and inspections are carried out from various perspectives. These include whether rules are appropriate, business is correctly implemented based on the rules, and whether issues—should they occur—are promptly reported and/or the appropriate measures are taken. In this way, the Company is discovering problems and working on improvements.

In addition, a similar internal control structure is being deployed in Group companies in order to maintain and improve the corporate value of the entire Dentsu Group.

For details regarding Dentsu's internal control policy, please refer to the business report in the following website:  
<http://www.dentsu.co.jp/ir/shares/pdf/ams163report.pdf>  
 (Japanese only)

## Risk Management

On the hypothesis that the Company faces diverse risks, Dentsu has created a structure to prevent the spread of damage and minimize impact in the event a risk is actualized. The CSR Committee has oversight over the structure.

The risks a business faces change according to the prevailing economic and social conditions. Each year, Dentsu reviews its hypothesis, specifies major risks with the potential for serious impact, and implements focused measures to counter these risks.

Major risks are managed by applying a plan-do-check-act (PDCA) cycle. Specific sections of this model for implementing change are responsible for managing risk; deciding on and implementing a response plan for risk mitigation; and putting

together mid-year progress reports, year-end self-evaluations, and guidelines for the next fiscal year. The following are examples of major risk to which Dentsu responded in fiscal 2011.

### -Response to a large-scale disaster

Following the Great East Japan Earthquake, the company's existing manual was reviewed. As a result, Dentsu prepared an *Initial Response Manual* for use in the event of an earthquake, particularly within the first 48 hours. Dentsu is also updating other manuals, responding to new damage hypotheses and requests from the government, and implementing other measures.

### -A suitable response to social media usage

As the users of social media are increasing rapidly, Dentsu is not only clearly differentiating between business and private use of social media, but it is committed to the appropriate use of such media. This fiscal year, for the benefit of all employees the Company prepared and released FAQs concerning the use of social media, together with a DVD giving examples of risky use. In this way, Dentsu is working to prevent information leaks.

## Promoting Compliance

### Basic Implementation System

Dentsu has established special departments to oversee compliance at every part of its organization. In addition, to promote thorough awareness of compliance issues, the Company has formulated work rules and manuals, and conducts a variety of training programs.

Dentsu has set up a compliance homepage on the corporate intranet at its Head Office and regional offices. The Compliance Digest booklet is distributed to all Group companies to facilitate better employee understanding of the importance of compliance issues.



'Compliance Digest' cover

Training is given to new employees and midcareer appointments at Dentsu and the Dentsu Group, and also to employees in their third year at Dentsu. This training is designed to give them full understanding of compliance. In addition, Dentsu has established the D-EAR internal reporting and proposal system for cases in which there has been a violation of the law within the Company. This is to ensure that there is compliance with all legal requirements. In fiscal 2011, the company responded to a total of 27 reports (fiscal 2010: 31 / fiscal 2009: 54) of violations lodged by Dentsu and Dentsu Group employees.

### Information Security Management System

Dentsu has implemented a very strict information security management system to protect important data held by the Dentsu Group, as well as personal and other information received from clients.

The Dentsu Head Office in Tokyo received BS 7799-Part 2: 2002 certification for information management security in March 2003. This was expanded to the entire Company when the Kansai and Chubu offices received the same certification in April 2005. In December 2006, Dentsu went on to implement ISO/IEC 27001:2005 and JIS Q 27001:2006, the latest international standards for information security management systems (ISMS). As of March 2012, the Dentsu Head Office and 56 Dentsu Group companies have this certification.



The Dentsu ISO/IEC 27001:2005 certification mark



The Dentsu Group ISO/IEC 27001:2005 certification mark

### Stakeholder Comments



Koichiro Honda  
CSR Manager  
Lloyd's Register Quality Assurance Limited

Dentsu's management system evolved extremely rapidly from the previous individual-based to the systemized management structure, and can be said to have improved. One of the primary reasons is that key members in the management system were fixed, while implementation of the system—including information security—and its environment took place over a predetermined period.

I see this as showing a corporate approach that considers leadership, and the participation of employees in management and planning, as priority managerial issues that hold the key to improving the management system.

Information and its management is certainly the top priority issue for Dentsu. Thus the Dentsu Group and its subcontractors must work to increase the security of information.

We hope to further improve Dentsu's information security, from more diverse and stricter perspectives. This would include third-party inspections of Dentsu's initiatives to mitigate risk relating to information security, systems that form the foundations of information security, and actual improvements. We thus hope that Dentsu's clients will enjoy greater peace of mind.