

FUTURE PROOF 2020

Our 5 year sustainability plan

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ABOUT US

WE ARE DENTSU AEGIS NETWORK

We are the world's leading advertising, media and communications network.

We help our clients communicate and build relationships with consumers around their products and brands. From identifying who those consumers are to how they make their purchasing decisions, we make the best use of today's media mix to bring to life the right communication strategy and deliver the best results for our clients.

We offer the following services:

- Branding solutions
- Media planning & buying
- Integrated, cross media solutions
- Marketing & creative solutions
- Content marketing
- Entertainment marketing
- Sports marketing

- Event marketing
- Sales promotion
- Online & direct marketing
- Out-of-home media
- Marketing consulting
- Public relations

We do this through our seven network brands: Carat, Dentsu, Dentsu Media, iProspect, isobar, mcgarrybowen, Posterscope and Vizeum. These are supported by our multi-market specialist brands, including Amnet, Amplifi, Data2decisions, 360i, Mitchell Communications Group and psLIVE.

We are part of Dentsu Inc., which is headquartered in Tokyo, Japan and listed on the Tokyo Stock Exchange.

For more information please visit
www.dentsuaegisnetwork.com

OUR ROLE IN THE WORLD

What is the role of advertising, media and communication agencies like Dentsu Aegis Network in this world? What impacts do we have beyond our day-to-day operations? There are complex questions to which no right or wrong answers exist – only ever more complete responses and approaches that take into account the shifting expectations of all our internal and external stakeholders.

If you'd have asked us 5 years ago what our role in the world was, we would have answered "Dentsu Aegis Network has economic, social and environmental impacts beyond our core business". That doesn't really answer the question, but it does acknowledge that we have impacts on the world

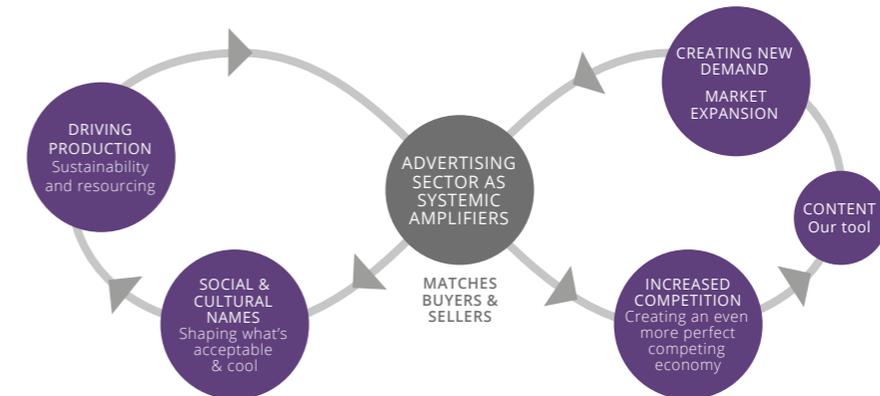
beyond a narrow interpretation of our business. A lot has happened since then and we would probably answer the questions differently now.

The world around us has changed. Movements like net positive, the environmental P&L and purpose-driven profit have changed how business is perceived and run; what role business has to play in society. Companies are under increasing scrutiny and can be, due to social and digital media, undone in mere weeks or days.

INSIGHT BOX 1: RECLAIMING AGENCY

Ella Saltmarsh and Jonathan Wise write in their report "Reclaiming Agency" (2015) that "the advertising industry can be thought of as a powerful systemic amplifier, helping to reproduce and intensify the cultural frameworks that exist." In other words, they argue that the main impact of our industry is not the environmental and social footprint of additional products and services sold,

but the "brainprint" of our content on consumers driving acceptable and "cool" behaviour. The industry matches sellers and buyers and in that process creates a re-enforcing loop that increases competition and creates more demand in our economy. Equally, it shapes and reflects social and cultural norms and drives sustainability and resourcing for products.



The perception of our industry has changed as well. As expectations increase, new ideas on the role of media, communications and marketing have developed such as the research "Reclaiming Agency" (see insight box 1) or the

MediaCSRForum's work on content modes (see insight box 2 overleaf). Our industry is now credited with a much more central role in our economy and society.

OUR ROLE IN THE WORLD

We as a business have changed too. Not only in size following the acquisition by Dentsu Inc. but also in what we do and what services we offer, which now include rapidly growing creative and content divisions. The robust foundation that Future Proof built between 2010 and 2015 has also increased internal and external expectations of what we should and should not be doing.

Right now we'd say our role in the world is to better understand consumer demand and use our services and our content to drive it in a more sustainable direction. We feel that as a systematic amplifier we could, through content that reflects and envisages more sustainable ways of living, drive more demand for sustainable products and a more sustainable lifestyle amongst consumers. Our new 5 year CSR strategy reflects this role and what we will do to use it towards a more positive end.

INSIGHT BOX 2: CONTENT MODES

In its report "Mirrors or Movers? Framing the debate about the impacts of media content" (2013) the MediaCSRForum brought together the latest thinking on what exactly "brainprint" is. The debate focused on content and the role it plays in society – does it

mirror (reflect) or does it move (change) society? The report defines 6 modes that all forms of content, from advertising to editorial, can display and asks all of us to consider how we can influence what content is produced.

QUESTIONING

Challenging existing practices and structures in society, highlighting adverse effects and bringing to light hidden information which leads to subsequent changes in policy or behaviour.



SILENCING

Ignoring or restricting voices on certain topics, events or groups, knowingly or not with the effect of creating a particular representation of society which differs from the reality...



CAMPAIGNING

Deliberately taking a partisan stance on an issue, topic or product with the explicit aim of selling, changing behaviour or raising money.



AMPLIFYING

...or conversely, giving disproportionate voice to or coverage of certain topics, events or groups, again creating a particular representation of society which differs from the reality.



INSPIRING

Stimulating action via changed perspectives, alternative futures or by highlighting different ways of behaving.



NORMALISING

Introducing or legitimising forms of behaviour that may or otherwise be unknown or marginal.



OUR IMPACTS

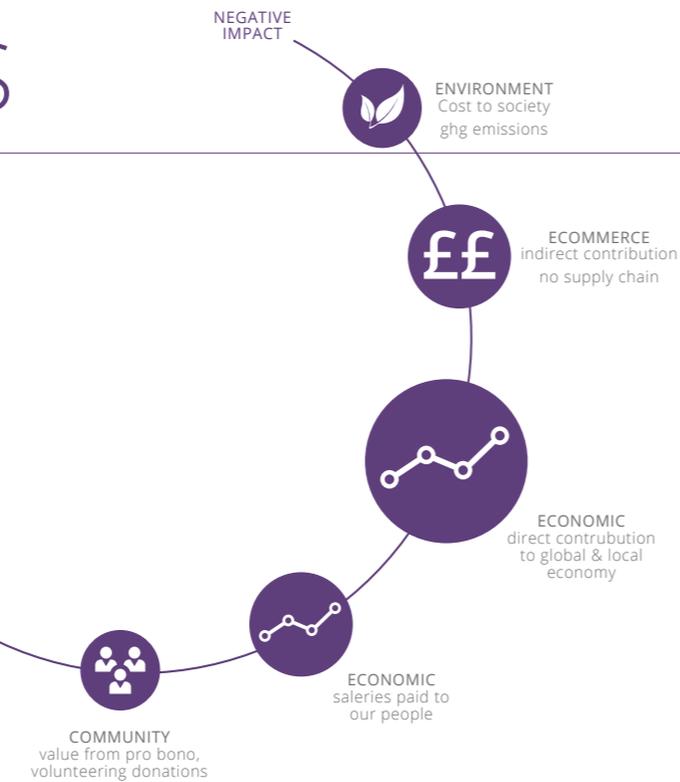
Our business generates value for our clients, our people, our shareholder and wider society. We aim to maximise this positive value and minimise negative impacts. Sustainability at Dentsu Aegis Network is concerned with maximising our positive and long-term contribution to society and the environment. Whilst we have never quantified these impacts, we can indicate their relative size to each other as well as indicate whether the impact is positive or negative.

Economic

- Large: direct contribution to the global and local economy for our services
- Medium: salaries and benefits paid to our people
- Medium: indirect contribution to the local economy via supply chain

Community

- Small: Value to society from pro bono work, volunteering and donations



Environment

- Small: cost to society from greenhouse gas emissions

THE WORLD WE NOW LIVE IN

THE SUSTAINABILITY-CONSCIOUS CONSUMER

The mutually reinforcing trends of convergence and globalisation are driving the emergence of the sustainability-conscious consumer. The world is increasingly interconnected and interdependent as the result of an globalised economy, cultural exchange, and widely penetrating digital technologies.

Within this convergent and globalising world, the sustainability-conscious consumer has emerged. Whether it's the newly affluent middle classes in Latin America, Africa and Asia or millennials in the developed world, these consumers have higher expectations of companies, their services and their products.

This emerging segment of consumers has the potential to transform our economy through increasing demands for more and more

sustainable products and services. At the same time, immediate risks are present in the form of resource scarcity, global warming and societal inequality, creating the need to adaptive and innovative operations.

Linked to responsible marketing and sustainable consumption (page 26)

THE DIGITAL ECONOMY

The advent of digital technology has transformed the way companies operate in today's economy – from how they produce, to what they offer, to how they reach their consumers. The growth of digital and social media has transformed how companies and brands engage with their consumers, but it has also given consumers a more driving role in what they want to consume and how.

THE WORLD WE NOW LIVE IN

Together with the trends of convergence and globalisation, this has created a perfect storm in which digital technologies have unlocked perfect information on both the consumers' and companies' side. This has led to a potential situation of perfect competition to arise in the global economy, in which supply and demand can find each other easily. This will present new and different challenges to companies on how to operate in the digital economy.

Linked to responsible marketing and sustainable consumption (page 26)

TRANSPARENCY & TRUST

The advent of social media and digital communication technology has transformed how we engage with business and brands. It is no longer possible for businesses to hide in the shadows, and the key words that should form part of brands' communication strategy are now trust and transparency. Consumers expect companies to behave and will hold them to account if they fail to meet socially accepted standards.

As consumers are increasingly consuming content via digital means, on-demand, on all platforms at the same time, they have become sensitive to privacy and data issues around advertising. There is a trust relationship in place here that is easily disturbed and it falls to our industry to work within this delicate ecosystem to give consumers the compelling content they want in a way that doesn't violate their trust.

Linked to sustainable operations (page 32)

SUSTAINABLE VALUE CHAINS

Businesses have responded to the changing context in which they operate, embedding sustainability considerations into their production to tackle resource shortages and to reflect changing consumer expectations of business conduct, including a wider societal purpose over and above profit.

Companies are now actively addressing the sustainability of their up- and downstream supply chain, setting higher standards' for partners and suppliers. This means that our industry is being targeted from and a supply chain point of view to tackle sustainability more seriously.

But the question that remains is that whilst companies have embedded sustainability in their supply chains, have they done the same for their brands? We think we will see additional activity and growth in this area.

Linked to sustainable supply chains (page 29)

ATTRACTING AND RETAINING PEOPLE

The advertising, media and communications industry has a relatively high proportion of millennials and Generation Y people working in it. Our colleagues, and our future colleagues, are part of the emerging sustainability-focussed citizen segment. They have a different approach to how work and life interact but would expect employers to reflect their own values.

Building a culture around strong values, with purpose and passion, is now essential for any employer in our industry. Taking sustainability seriously is a big part of that – not only in terms of what potential colleagues are looking for, but also in terms of making vision and values come alive, role modelling the right behaviour through action on CSR.

Linked to sustainable communities (page 34)

THE BUSINESS CASE

CREATING THE BEST PLACE TO WORK

There is fierce competition for talent in many of the countries we work in. But without the best talent in our industry we cannot deliver on our vision of innovating the way brands are built.

Sustainability can make Dentsu Aegis Network the best place to work in our industry. It makes a positive contribution to our employer brand and employee value proposition and can help attract talent. In addition, sustainability creates opportunities to enhance our culture through bringing alive the values of our organisation. Embedding sustainability as part of our people's learning and development helps our people grow and flourish in their careers in way that cannot be learnt from a text book. All the above contributes to reducing our turnover and drive employee engagement in our business.

MINIMISE RISK AND COST

In a world of increasing resource shortages and insecurity, embedding sustainability in our operations can minimise the costs of running our business. This doesn't only apply to behaviour change around energy consumption, but also for instance around our waste, our paper consumption and our business travel. It will also minimise our compliance costs as more and more countries such as the United Kingdom, Australia, South Africa and India are passing taxes and laws around environmental and community activities. It will minimise our risks and enhance our business continuity and resilience planning.

DELIVERING OUR VISION

Sustainability makes a positive contribution to our vision of innovating the way brands are built. In order to deliver our vision, sustainability can create a culture with values and behaviours that drive our operating model come. It can also enhance internal collaboration and innovation, creating the conditions for our vision to be executed. Our strong sense of purpose and goal of making a wider societal impact will yield deeper insight from our direct interaction with consumers.

ENHANCING OUR CORPORATE REPUTATION

Our corporate reputation rests on our track record of success, our momentum, and the promise of innovating the way brands are built. This means standing out in a crowded market place of other holding companies and a constant stream of start-ups. Just like companies and brands are now using sustainability to differentiate themselves, we can also use Future Proof 2020 to enhance our reputation. It can position Dentsu Aegis Network as leader in thought and action.

INNOVATING THE WAY BRANDS ARE BUILT

Sustainability can make a positive contribution to driving our vision of innovating the way brands are built.

MAKING THE OPERATING MODEL COME ALIVE

Through our unique “one P&L” approach in every country, we can deliver the most seamless and integrated advertising, media and communications solutions to our clients. Together with our brands, platforms, liquid talent and our shared corporate resources this is our unique operating model. We have to create the values, culture and behaviour that facilitate this operating model.

SPARKING INNOVATION

We are known as an entrepreneurial company with a history of firsts. As we grow bigger it becomes both more important and more difficult to encourage innovation – even though it is a crucial

component of our vision. Sustainability can provide opportunities to try out new advertising methods, new ways of gathering consumer insights or road test experimental media channels. It gives us an opportunity to develop new and improve existing processes and structures internally including new technologies in the work place.

ENHANCING COLLABORATION

A crucial element that the operating model depends on is a sense of trust and collaboration between our people. On top of that, being collaborative is a value in Dentsu Aegis Network. Sustainability can provide an opportunity to enhance collaboration through creating internal networks that go across brands, countries, and capabilities.

YIELD DEEPER INSIGHT

Sustainability's wide scope and range of activities with all stakeholders will help us create deeper insights about consumers, in particular on the what, how, where and when of demand, including changing consumer and societal attitudes around products, services and lifestyles. This will yield deeper consumer insight that sets us apart in the market.

PROMOTING GROWTH

We believe that the sustainability initiatives will enhance our client intimacy, help us gain additional clients and deliver new revenues as a result of our thought leadership.

BECOMING DIFFERENT & BETTER

We can only deliver our vision of innovating the way brands are built if we have the right culture and values to guide our behaviour. Sustainability can make us different and better in a way that delivers the right culture and values.

CREATING COMPELLING CONTENT

More and more content is playing a key role in most successful advertising, media and communication campaigns. Compelling and shareable content could be developed from the sustainability activities of brands, but looking at consumers' needs and wishes we could also develop content that tackles a really felt need or concern.

OUR STAKEHOLDERS

To develop Future Proof 2020 we consulted with just over 700 internal and external stakeholders. This included the commissioning of an external benchmarking and research report by Corporate Citizenship, a campaign “We’re All Ears” to get input from our internal and external partners, and extensive work with the Board and all senior management in Dentsu Aegis Network.

OUR PEOPLE

Global Check-in, our employee opinion survey, consistently indicates that sustainability is a key driver for engagement and commitment. Engaging our people hugely drives our performance and growth so Future Proof 2020 will not only meet our people’s expectations but also make a contribution to their personal and the company’s growth.

CLIENTS

Meeting and exceeding our clients’ expectations is key to our success. Our clients expect us to meet international and local requirements around sustainability but also make a positive contribution, as they are doing in their companies. We see sustainability clauses in contracts and compliance but we also see it as a way to create more valuable relationships between consumers, brands and products.

SHAREHOLDERS

As part of Dentsu Inc. we have only have 1 shareholder, but indirectly we have shareholders all around the world. Within this context sustainability is important to remain a stock of choice for shareholders. Whether it is as part of sustainability investment funds or through positive screening, sustainability is seen as a proxy for adaptive and forward-looking management.

SUPPLIERS

As we are growing rapidly, we have an ever-increasing upstream supply chain that has large environmental and community impacts. We have a real opportunity to make a positive contribution through driving our purchasing decisions in a more sustainable direction as well as delivering a more diversified and resilient supply chain.

MEDIA PARTNERS

Alongside our upstream supply chain we also have strategic relationships with all the major media companies in the world. The majority of our environmental impacts, for instance, fall under this downstream supply chain of media channels and platforms. We want to engage with our media partners to work together to reduce the impact of our industry and together influence demand for a more sustainable future.

THE COMMUNITIES WE WORK IN

We have a very direct impact on the communities we work and live in, and we cannot ignore our responsibility here. They provide us the people that work with us, educate and school them, delivering skills and values that we rely on. We also rely on the stability of local communities, building a healthy civil society together.

CONSUMERS

Whilst Dentsu Aegis Network is not directly known or exposed to consumers, these stakeholders are the recipients of our work. Consumers are key to our success and they expect us, as a global organisation, to take our responsibility seriously. This means we should be open and transparent and not damage the trust between brands, agencies and clients.

RISKS & OPPORTUNITIES

Sustainability creates a wide range of risks and opportunities for Dentsu Aegis Network. For Future Proof 2020 we engaged with a wide range of internal and stakeholders to map out the risks and opportunities associated with sustainability.

As part of the development of Future Proof 2020 we reviewed the entire range of risks and opportunities identified in the stakeholder consultation process. Here we outline their significance for Dentsu Aegis Network. This overview was produced in consultation with the CSR Steering Group and is part of our multi-disciplinary risk process which reviews the sustainability risks and opportunities regularly. The matrix is determined by two elements:

- An external assessment by our stakeholders
- An internal assessment by our champions, teams and senior management

EXTERNAL ASSESSMENT	DIVERSITY	SUPPLIER STANDARDS SUPPLIER ACTIONS PRIVACY & DATA MARKETING COMPLIANCE	PRO BONO CLIMATE CHANGE SUSTAINABLE CONSUMPTION CONTENT
	WASTE & RECYCLING TRAINING & DEVELOPMENT WELL-BEING	BUSINESS TRAVEL ENV UPSTREAM ENV DOWNSTREAM BANNED INDUSTRIES	CHARITABLE DONATIONS VOLUNTEERING ENERGY CONSUMPTION
	BUSINESS OFFICES ANTI- CORRUPTION	ACQUISITION SENSITIVE COUNTRIES AFFILIATES & PARTNERS	
			INTERNAL ASSESSMENT

OUR 2020 VISION FOR CSR

As a global advertising, media and communications network, we work at the intersection of global production and consumption patterns. Our role in the world is to better understand consumer demand and use our services and our content to drive it in a more sustainable direction. We have an incredibly opportunity but also a responsibility to play a systemic role in creating a more sustainable world through leading in thought and in action.

Our vision for Future Proof 2020 is to use our services (skills, knowledge and experience) and the content we produce to unlock the power of media.



INSIGHT BOX 3: THE UN SUSTAINABLE DEVELOPMENT GOALS
 One of the main outcomes of the United Nations Conference on Sustainable Development Rio+20 Conference (2012) was the agreement to develop a set of Sustainable Development Goals (SDGs), which will build upon and replace the Millennium Development Goals. The SDGs are a set of 17 targets relating to future international development agreed at the Transforming Our World summit in New York in September 2015. The main aim is to focus on the world we want by 2030.

OUR 2020 TARGETS

We have set 4 ambitious targets until the end of 2020, on which we will report progress and performance annually via our Future Proof Report and other channels.

These targets are high-level and global, and include all our wholly-owned operations around the world. Progress towards them is measured by a range of performance indicators that are formulated as part of the Future Proof 2020 strategy.

All the below targets have detailed year-by-year and sub-goals that take into account the continued growth of the company. These goals also exist on a country-by-country basis to steer the activities of each individual operating company. These targets are not set at a brand-level.

- 1 Sustainable consumption – 50 social enterprises incubated to promote sustainable consumption
- 2 Sustainable supply chain – 25% decrease in volume and expenditure on supply chain per person
- 3 Sustainable operations – reduce our carbon footprint per person by a further 40%
- 4 Sustainable communities – enable 500 charities to communicate better

OUR DELIVERY MODEL

How are we going to deliver on these ambitious targets? Here we set out our delivery model – the approach, methods and ways we will deploy to implement Future Proof 2020.

SUSTAINABILITY GOVERNANCE

Our global network encompasses 275+ offices in 63 countries. We operate in a decentralised way with relative autonomy afforded to each operating company. Sustainability is a whole business concern, with both internal and external stakeholders, that demands both structural and behaviour change. As such we need to have a robust governance structure that gives a clear direction of travel, framework of action, and measurement and reporting to implement Future Proof 2020.

Board

The Dentsu Aegis Network Board set the Future Proof 2020 strategy and asked the CSR Steering Group to oversee its implementation by the CSR Team. The Board receives regular reports on its progress and performance. The Board also sets the Code of Conduct and the principal Operational Procedures that govern the internal controls of the Network, two of which are related to sustainability.

CSR Steering Group

The CSR Steering Group is the committee with delegated Board authority on all matters relating to sustainability. It is chaired by the CEO of EMEA and Americas, Nigel Morris, who is the Board member responsible for sustainability.

He champions matters around sustainability at the Board level and together with the CSR Steering Group oversees the implementation of Future Proof 2020. He also presents the regular CSR Board Report at each Board meeting. The CSR Steering Group consists of key functional, brand and operating company representatives. The CSR Steering Group meets six times a year and once a year in a strategy day.

CSR Team

The CSR team, headed by the Global CSR Manager, is responsible for the day-to-day implementation of Future Proof 2020, its management, measurement and reporting, and communicating internally and externally about progress and performance. The CSR team is responsible for driving the strategy through the functional champions, country leads as well as the CSR champions in the Network.

Functional Leads

To reflect the ambitions of Future Proof 2020 to drive sustainability further into the functional departments of the Network, we will appoint functional leaders between now and 2020 that have a 50% role description related to sustainability. It is their responsibility to liaise between the central CSR team and the global vertical functions such as Technology, Human Resources, Finance, Legal, Internal Audit, Communications, Mergers & Acquisitions, Procurement and Facilities. Together they will form the CSR Functional Board and they have a dotted line to the Global CSR Manager.

OUR DELIVERY MODEL

Country Leads

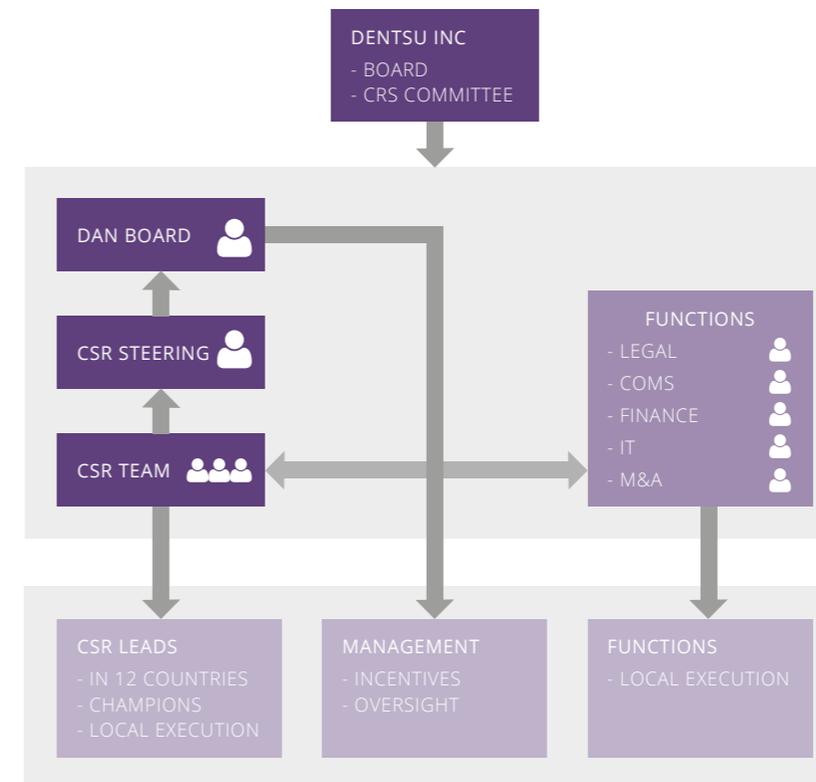
To reflect the rapid growth of the Network, we will appoint country leads between now and 2020 that have a 50% role description related to sustainability. These appointments will be based in our 12 largest countries, where the size of our Network now exceeds the capacity of CSR champions to deploy activities consistent with the ambitions of Future Proof 2020. Together they will form the CSR Country Board and they have a dotted line to the Global CSR Manager.

CSR Champions

We already have a fully-fledged champion network across Dentsu Aegis Network that is committed to making Future Proof 2020 a success. These champions will multiply in number as we grow our organisation and will assist in the implementation of Future Proof 2020 locally. They continue to report to local management.

Operating Company Management

Through our Personal Best and CEO scorecard we have incentivised senior management at a country level to deliver Future Proof 2020. The budget process focuses on delivering investment in the right sustainability priorities and through our internal audit process we focus on the compliance with our code of conduct and sustainability principles and policies.



RESPONSIBLE MARKETING & SUSTAINABLE CONSUMPTION

THE RISK

Fundamentally changing advertising practices are causing public concern around issues such as data, privacy, content and vulnerable audiences. As one of the largest advertising, media and communication groups in the world, we are exposed to the risks surrounding the rapid deployment of new digital technologies in our industry. We cannot hide behind our clients and other agencies in today's transparent supply chain.

Expectations of what role our industry plays in the wider economy and society are changing. We operate on the intersection of global production and consumption patterns. Marketing is a powerful tool that can change people's views and behaviour for better and for worse. This brings important responsibilities and creates risks if we do not tackle this area in a meaningful way to reflect our industry and main influences.

THE OPPORTUNITY

The opportunity in the area of responsible marketing is to lead the industry on meeting the highest ethical and compliance standards on a range of issues from anti-bribery to data protection. Taking steps to develop guiding principles, educating our people and bringing the best practice to life will give us a lead in the market and future proof our business for the increasing scrutiny in the transparent supply chain.

In addition, we can expand our capabilities, knowledge and reputation by taking a lead in tackling the issues of sustainable consumption. It showcases us as a leader in the industry and develops new areas of content and expertise. It brings a positive contribution of advertising, media and communications to the forefront.

OUR APPROACH

We set our responsible marketing and sustainable consumption target, strategy and policy at a global, all-company level, focusing on the following target areas:

- Developing a set of principles and guidelines around responsible marketing that apply to our services.
- Working with social enterprises and other new organisations that want to tackle sustainable consumption from either a producer or consumer point of view.
- Linking into Goal 12 of the Sustainable Development Goals: enabling sustainable production and consumption patterns.

OUR PROGRESS SO FAR

This issue has not been previously addressed by us so no progress has been made in the period of 2010 – 2015.

OUR METRIC(S)

We use a range of metrics to measure our progress and performance in this area. The most important for us is how many social enterprises we have been able to help, and how many internal external stakeholders have been exposed to this work.

OUR FOOTPRINT/BASELINE

We currently do not have a baseline for our work on responsible marketing and sustainability consumption.

RESPONSIBLE MARKETING & SUSTAINABLE CONSUMPTION

OUR TARGET

- Incubate 50 social enterprises around sustainable consumption

KEY PERFORMANCE INDICATORS

- Launch a responsible marketing code of conduct that outlines our key principles
- Train 100% of client-facing people on responsible marketing principles
- Link our people and clients to the incubated social enterprises to stimulate innovation
- Reach 1,000,000 people with a global sustainable consumption campaign
- Educate 100,000 young people on sustainable consumption

FUTURE CHALLENGES

The issues that are part of our work around responsible marketing and sustainable consumption are frequently shifting. As a result it remains difficult to quantify this area and build appropriate key performance indicators.

This area is also most subject to societal and industry changes and there is no guarantee there will not be new issues and challenges that appear around consumption in the future.

SUPPLY CHAIN

THE RISK

As a business-to-business organisation, we have an extensive and large upstream and downstream supply chain, which opens up to risks around resilience and legal compliance. We are also dependent on the stability of our supply chain to continue to deliver our services and we can be financially or reputationally disadvantaged by failures in our supply chain. This is also the result of an expectation of more transparency in the way we run our business from our people, clients and the wider public.

Compared with 2010, we are experiencing increasing expectations from our clients and other stakeholders to develop an approach to reduce our supply chain impacts, either via reducing its volume or making supply chain purchasing more sustainable. Supply chain management is increasingly included in tenders and contracts and we need to be able to meet these requirements.

THE OPPORTUNITY

Taking an active approach towards managing our supply chain volumes and impacts can help us protect our business and reputation in the light of increasing transparency in and people's expectations of the supply chain. We also have an opportunity to reduce costs by improving oversight and understanding of our supply base.

We can positively influence the behaviour of companies our supply chain, improving sustainability standards in our value chain. This will deliver sustainability benefits to us and our partners, and will future proof us against further environmental and social instability.

OUR APPROACH

We work with a large number of small- and medium-sized suppliers, which reflects the devolved nature of our business and our procurement approach to date. We will have to

SUPPLY CHAIN

develop an approach that balances global and local procurement approaches, and delivers both positive financial and environmental outcomes. Our first step will be to map out our supply chain, develop key standards we want suppliers to adhere to, and assess compliance.

We set our supply chain target, strategy and policy at a global, all-company level, focusing on the following target areas:

- We want to work with companies that share our values and commitment to sustainability.
- We want to ensure we reduce volumes, spend as well as environmental impacts through a commitment to diversifying our supply chain.
- We will focus on tier-1 suppliers where we have a direct control relationship.
- We will have to develop a separate approach for our media owner partners.

OUR PROGRESS SO FAR

This issue has not been previously addressed by us so no progress has been made in the period of 2010 – 2015.

OUR METRIC(S)

We use a range of metrics to measure the volume and impacts of our supply chain. The most important metrics for us are the average supply chain expenditure per person and the average supply chain GHG emissions per person.

OUR FOOTPRINT/BASELINE

We currently do not have a baseline for our supply chain volumes and impacts.

OUR TARGET

By the end of 2020 reduce the supply chain volume and impacts per person by 25%.

KEY PERFORMANCE INDICATORS

- 100% of paper supply FSC certified
- Ensure a 25% increase of purchases are from minority owned suppliers
- Ensure a 25% increase of purchases are from locally based suppliers (<50 miles)
- Achieve 100% compliance with our Supply Chain Charter principles
- Complete 5 pilot innovation labs on supply chain with media owners

FUTURE CHALLENGES

We have a relatively devolved and autonomous approach to procurement and this may hamper our ability to achieve change in our supply chain. In addition, our rapid expansion may offset any gains made in the supply chain area.

We also foresee a future in which pressure to expand supply chain work to tier 2 suppliers will become large enough for us to act on. As we do not have a direct control relationship we may struggle to make any gains in this area.

ENVIRONMENT

THE RISK

No business or individual has been left untouched by climate change. Growing resource scarcity and unpredictable weather occurrences create the need to prevent further climate change. As a multinational organisation we are increasingly exposed to climate change risks, generated by our own operations as well as our wider supply chain.

THE OPPORTUNITY

Reducing our carbon footprint helps reduce costs and increase business resilience, particularly in a time of increasing regulation and taxation around greenhouse gas emissions. It is also an opportunity to work with our people, clients and media partners to tackle climate change inside and outside our operations.

OUR APPROACH

International scientific consensus has set the maximum of acceptable average temperature rise due to greenhouse gas emissions at 2C. In order for

Dentsu Aegis Network to meet this internally agreed target, we have calculated that we need to reduce our carbon footprint per person by an additional 40% - a minimum of 8% reduction every year.

We set our environmental target, strategy and policy at a global, all-company level, covering the following emission sources:

- Scope 1: natural gas, other fossil fuel energy sources, and owned cars
- Scope 2: conventional and renewable electricity
- Scope 3: paper consumption, emissions from business travel by leased cars, taxis, flights and trains

Not included: waste and recycling, commuting and upstream and downstream supply chain emissions. This is as a result of our materiality assessment (see page 18).

Analysis of the make-up of our current carbon footprint makes clear that even if we move to 100% renewable energy for our operations we will not achieve our GHG emissions target. As such, action on paper and business travel is required, particularly as the majority of our operations are in leased offices over which we do not always have energy management control.

OUR PROGRESS SO FAR

Between 2010 and 2015 we have reduced our carbon footprint per person by 20%.

OUR METRIC(S)

We use a range of metrics to measure our environmental performance but the most important is greenhouse gas (GHG) emissions associated with our operations expressed per person in metric tonnes of CO₂e.

OUR FOOTPRINT/BASELINE

Our baseline is set on the 2014 carbon footprint per person: 2.28 tonnes of CO₂e. This baseline is based on a company with the size of 24,000 people.

OUR TARGET

By the end of 2020 reduce the carbon footprint of our operations by 40% per average person.

KEY PERFORMANCE INDICATORS

- Reduce our greenhouse gas emissions by 10%/FTE year-on-year
- Reduce our energy (gas & electricity) consumption by 40%/FTE
- Ensure 80% of our electricity consumptions is from renewable sources in the 12 main markets
- Reduce business travel emissions by 25%/FTE
- Reduce our paper consumption by 25%/FTE
- Establish first scope 3 upstream and downstream GHG emissions footprint

FUTURE CHALLENGES

Further insight is needed into our scope 3 GHG emissions footprint, whether from data centres or from advertising campaigns. We anticipate that in the future this will play a more prominent role in companies' sustainability strategies and is one of the reasons why we are launching a Supply Chain target (see page 31) as part of Future Proof 2020.

COMMUNITY

THE RISK

In a rapidly globalising and converging world, people increasingly value the local. Global trends have a significant impact on local communities, whether it about socio-economic inequality or the changing cultural norms. The tension and unrest in local communities that result from these trends can have a profound impact on social cohesion and economic stability. Both are needed for Dentsu Aegis Network (and our clients and media partners) to operate effectively and add value locally.

THE OPPORTUNITY

Investing in the communications capacity of locally operating charities, community organisations and NGOs will make a positive contribution to social cohesion and economic stability, particularly in areas where, due to global trends, these are under threat. Community investment will also help secure our talent pipeline, with the right skills and knowledge to work in our company, and bring to the fore the key issues and concerns of citizens that our industry can help address.

OUR APPROACH

Around 95% of all charities are small- to medium-sized and they tackle the majority of locally-felt social needs. We believe that these organisations are best place to respond to these local needs and are also most adaptive to changes, whether due to wider socio-economic conditions or disasters. Therefore, we continue with our focus on supporting SME and grassroots organisations in our countries and beyond, and delivering targeted communications support.

We set our community target, strategy and policy at a global, all-company level, focusing on the following target areas:

- Small- and medium-sized, locally operating charities, community organisations and NGOs
- A focus on young beneficiaries to help them build knowledge and skills for their future career

We do not have a global charity partnership as part of Future Proof 2020.

OUR PROGRESS SO FAR

In the period 2010 – 2015 we supported a cumulative total of 1,203 small- and medium-sized charities in the communities where it operates. With the support of, on average, 13,472 volunteers, Dentsu Aegis Network has invested a cumulative £45.8m in the third sector since 2010. This equates to a total number of 393,403 hours donated by volunteers, based on an average volunteering rate of 69%. The Company achieved long-term impacts during this period; the main impacts on the charities helped was an increased communications capacity, for volunteers it was a positive change in behaviour/attitude and for the business it was stronger pride and commitment to the employer.

OUR METRIC(S)

We use a range of metrics to measure our community inputs, outputs and impacts, following the LBG methodology. The most important metric for us is the monetary equivalent of all financial, in-kind and pro bono contributions from our company and our people.

OUR FOOTPRINT/BASELINE

Our baseline for the period 2010 – 2015 is an average 312 charities per annum.

OUR TARGETS

Help 500 charities & organisations improve their communications capability on an annual basis

KEY PERFORMANCE INDICATORS

- Engage 75% of our people in volunteering activities
- Donate \$1m a year in unrestricted core costs to local charitable organisations
- Support young beneficiaries develop the knowledge & skills they need for the future
- Include 90% of our people around several global action days
- Enhance our people's engagement by +10%

FUTURE CHALLENGES

The main challenges in community investment that we foresee is what role to give social enterprises and other for-profit organisations that tackle social and community issues in a different way from traditional charities.

We also foresee a future in which it becomes much more required for businesses to tackle societal issues in a way that is more aligned to their business model and makes it more difficult for community investment to be quantified.

WHERE TO LOOK FOR UPDATES

INTERNAL UPDATES

- Find us on NEON
- Siren newsletter
- Future Proof newsletter
- Local and brand newsletters

EXTERNAL UPDATES

- Follow us on Twitter
- Link us on Facebook
- Follow us on LinkedIn
- Visit www.danfutureproof.com
- Siren newsletter
- Future Proof Report

HOW WE WORK WITH DENTSU INC.

We work closely with our colleagues at Dentsu Inc. in addressing our sustainability risks and opportunities. Whilst we are an independently-run and –managed Network, we share sustainability targets and have made the same commitments. The implementation and the four focus areas for Dentsu Aegis Network are unique to us and reflect the nature of our business. The graph opposite shows how Future Proof 2020 links into the CSR approach at Dentsu Inc.

	NEW FOCUSING CATEGORIES	COMMON GOLF FOR DENTSU INC. & DAN
ADVANCED	ENVIRONMENT	REDUCE OUR GHG EMISSIONS PER FTE
	SUPPLY CHAIN	DEVELOP A MANAGEMENT STRUCTURE FROM A CSR VIEWPOINT OF IMPORTANT SUPPLIERS AND INCREASE NUMBER OF SUSTAINABLE SUPPLIERS
	RESPONSIBILITY ADVERTISING & MARKETING	PROMOTE RESPONSIBLE ADVERTISING AND MARKETING AND MITIGATE ADVERSE EFFECTS ON CONSUMERS
	COMMUNITY	ENHANCE EMPLOYEE'S ENGAGEMENT WITH COMMUNITY INVESTMENT
CSR MANAGEMENT PLATFORM BASED ON THE DENTSU GROUP CODE OF CONDUCT		
	<ul style="list-style-type: none"> ✓ EXPECTATIONS FROM STAKEHOLDER ✓ HUMAN RIGHTS 	<ul style="list-style-type: none"> ✓ RESPONDING TO STAKEHOLDER EXPECTATIONS IN TERMS OF ESG ✓ OBTAIN SIGNIFICANT ESG RATINGS GLOBALLY ✓ (DECLARE A COMMON GROUP HUMAN RIGHTS POLICY & IDENTIFY HUMAN RIGHTS RISKS AT WHOLE BUSINESS)
	<ul style="list-style-type: none"> ✓ WORK LIFE BALANCE ✓ DIVERSITY ✓ TRAINING ✓ TALENT ATTRACTION & RETENTION 	<ul style="list-style-type: none"> ✓ SCORE UP FOR ANNUAL EMPLOYEE SATISFACTION SURVEY ON EACH EMPLOYEES ISSUES

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BACK COVER