

dentsu

Dentsu Group Inc.

Climate-related Disclosures 2026

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1. Introduction

1.1 Climate-related financial disclosures

This report presents the climate-related financial disclosures for Dentsu Group Inc. (“dentsu”) for the year ended December 31, 2025.

For the second year, we have prepared our climate-related disclosures while applying the IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB) to the extent applicable. This builds on previous reports that provided Group-wide information disclosures in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

This report has been prepared while referring to IFRS S2. We are currently only disclosing climate-related risks and opportunities as this is the second year of reporting under the ISSB framework, and we are continuing to build our data collection and reporting capabilities. We anticipate enhancing our disclosures over time, in line with evolving internal processes and industry practices. Future disclosures will aim to capture a broader range of sustainability-related risks and opportunities that could reasonably be expected to affect dentsu’s prospects over the short, medium, or long term.

This report has been prepared for the same consolidated reporting entity and reporting period as the Group’s Consolidated Financial Statements and has incorporated climate-related information of the parent company and our global joint ventures and subsidiaries. This report contains forward-looking statements regarding dentsu’s climate-related risks, opportunities, strategies, and targets. These statements are based on current expectations, assumptions, and projections about future events, including climate scenarios, regulatory developments, market conditions, and technological changes. Forward-looking statements involve inherent uncertainties and risks, and actual results may differ materially from those expressed or implied. Factors that could cause actual results to differ include but are not limited to: changes in climate policy or regulation; variations in the pace or direction of climate change; shifts in consumer behavior; technological developments; macroeconomic conditions; and the accuracy of climate models and scenario assumptions. The forward-looking statements in this report speak only as of the date of this document, and dentsu undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.

1.2 Corporate information

Dentsu is an integrated growth and transformation partner to the world’s leading organizations.

Headquartered in Japan, dentsu’s 67,000+ employee base operates in approx. 120 countries and regions – with capabilities spanning Media, Creative, Customer Experience Management (CXM), Digital Transformation & Systems Integration (DX), Business Transformation (BX), Sports & Entertainment, and Gaming. Since its founding in 1901, dentsu has leveraged the power to move people’s hearts as its starting point. Today, under our global brand proposition, [Innovating to Impact](#), we integrate creativity, media, data, and technology to support our clients’ business growth while generating lasting impact for society.

We believe creativity thrives when different perspectives come together, leading to bold, innovative ideas and solutions. By collaborating with a broad range of stakeholders both inside and outside the organization — we create new value that addresses the evolving needs of society.

2. Strategy

2.1 Business strategy

The pace of global change continues to accelerate, with mounting pressures from climate change, nature loss, inequality, and conflict driving widespread disruption. Addressing these challenges requires a fundamental transformation in how we do business and embedding the consideration of environmental risks, opportunities, and resilience into management strategy. At dentsu, we are committed to driving sustainable growth by integrating creativity, technology, and data to help solve complex challenges facing society. We focus on creating medium- to long-term value by investing in human, social, and intellectual capital. We have also set ambitious targets to support our sustainability strategy, which we will continue to evaluate and assess. These are outlined in Section 5 (Metrics and targets).

2.2 Climate-related risk assessment across operations and value chain

We recognize that climate change is likely to affect our business over the short, medium, and long term, with potential effects on clients, suppliers, consumers, and other key stakeholders. In response to the increasing frequency and severity of extreme weather events – such as floods, storms, and heatwaves – we have undertaken a comprehensive assessment to evaluate the vulnerability of our physical assets and the associated implications for employee wellbeing, productivity, and service delivery. We have also identified a range of transition risks and opportunities resulting from the global economy's transition toward a low-carbon future. These arise from evolving regulatory landscapes, changing market dynamics, shifting consumer expectations, and technological advancements – all of which have the potential to affect how we operate and create value.

This year, we refreshed our scenario analysis to ensure we continue to provide a current and forward-looking view of material climate-related risks and opportunities. This included aligning regional and Group perspectives through targeted workshops across relevant markets and strengthening confidence in the analysis by updating and validating key models with the latest business data and assumptions. The updates to specific risk models are outlined in Section 2.3 below. We have also expanded coverage through the quantification of a newly identified Group-level risk: 'Reduced advertising demand due to clients being impacted by extreme weather events.'

Compared to Climate-related Disclosures 2025, two risks – 'Increased energy costs due to long-term temperature changes' and 'Inability to meet demand for sustainability-focused services' – have been assessed as relatively low-risk at present and have been removed from the list of climate-related risks and opportunities that could reasonably be expected to affect our prospects in the short-, medium-, or long-term. A description of 'Increased energy costs due to long-term temperature changes' is included in the list of emerging risks in Section 2.4. Some other risk and opportunity names have also been updated to reflect the refreshed analysis.

Our assessment continues to consider both upstream and downstream value chain impacts, using all reasonable and supportable information available, in a manner that is proportionate to the nature, scale, and complexity of dentsu. It also recognizes the uncertainty surrounding the future of global climate action including divergent pathways, timelines, and levels of ambition across regions and sectors. In line with leading practice, we have conducted scenario analyses to assess the resilience of our business strategy under a range of plausible climate futures. Climate scenarios were selected based on their relevance, plausibility, and usefulness, and included a 1.5°C-aligned pathway (low-carbon emissions scenario), a disorderly transition (medium-carbon emissions scenario), and a scenario with heightened physical risks (high-carbon emissions scenario).¹

¹ Scenario descriptions and temperature assumptions are found on the [NGFS Scenario Portal](#).

	Physical Risks		Transition Risks and Opportunities	
High-carbon Emissions Scenario	IPCC SSP 5-8.5	Follows a high warming trajectory, assuming no additional climate policy and emissions increase substantially throughout the century. Warming expected to be >3.8°C by the end of century.	Current Policies	Assumes that only currently implemented policies are maintained and preserved. End of century global warming is estimated to be 2.5-3°C, leading to high physical climate risks.
Medium-carbon Emissions Scenario	IPCC SSP 2-4.5	Follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Emissions peak around 2050 and then decline due to some mitigation efforts, but not at a pace sufficient to meet the most ambitious climate targets. Warming is expected to be 2.5-3.0°C by end of century.	Delayed Transition	Assumes that global annual emissions do not materially decrease until 2030. Post-2030 new climate policies are implemented, and the level of actions differs across countries and regions based on currently implemented policies. End of century global warming is estimated to be approximately 2°C.
Low-carbon Emissions Scenario	IPCC SSP 1-2.6	Stays below 2°C warming by 2100, aligned to current commitments under the Paris Agreement. Net-zero emissions in the second half of the century.	Net Zero Emissions 2050	Limits end of century global warming to 1.5°C due to stringent climate policies, innovation, and reaching net-zero GHG emissions by 2050.

The scenario analysis considers how climate-related risks and opportunities would impact dentsu's business over the following time horizons:

- **Short term:** 2026 to 2029. This captures near-term operational risks and immediate policy changes.
- **Medium term:** 2030 to 2039. This reflects the period in which most transition impacts – such as evolving market expectations, changing consumer behaviors, technological innovation, carbon pricing, and decarbonization efforts across our supply chain – are likely to intensify.
- **Long term:** 2040 to 2050. This represents systemic shifts in the economy, physical climate risks, and deep decarbonization trajectories that may fundamentally reshape the business environment.

The climate-related risks and opportunities that could reasonably be expected to affect our prospects – specifically our underlying operating profit – over the short, medium, or long term are as follows:

Physical Risks	• Loss of underlying operating profit from extreme weather events affecting employees' ability to work² • Reduced advertising demand due to clients being impacted by extreme weather events
Transition Risks	• Decrease in underlying operating profit due to global economic changes • Reduced underlying operating profit from clients that fail to adapt to low-carbon consumer behavior • Increased compliance costs from carbon taxes and other climate regulations
Transition Opportunities	• Access to new markets, suppliers, and companies emerging during the low-carbon transition • Ability to attract clients through adoption of technologies, including AI, that reduce emissions intensity in services

The table on the following page summarizes the financial impact and risk rating assigned to each climate-related risk under different climate scenarios. Risk ratings are categorized as 'fundamental,' 'major,' 'moderate,' 'minor,' or 'insignificant' based on potential financial impact thresholds, which are defined in the table that follows. It also highlights how these impacts and ratings change over time, specifically as the time horizon shifts from the short term (2026-2029) to the long term (2040-2050). While results are presented at a Group level, the assessment focuses on strategically significant locations and key client segments that represent the majority of revenue, rather than attempting full coverage of

² Relevant to the first physical risk 'extreme weather affecting employees' ability to work' only. Temperature assumptions based on 'Best estimate (°C)' projections from the [Summary for Policymakers \(SPM\)](#), key findings of the Working Group I (WGI) contribution to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) (see *Table SPM.1, page 14*)

all operations and clients, to provide a clearer and more decision-useful view of where material impacts are most likely to arise.

Risk categories:

	Category	Financial Thresholds (Underlying Operating Profit)
	Fundamental	>18.1 billion yen
	Major	9.1-18.1 billion yen
	Moderate	4.5-9.1 billion yen
	Minor	1.8-4.5 billion yen
	Insignificant	<1.8 billion yen

Financial Impact (JPY billion) ³								
Low-carbon Emissions Scenario			Medium-carbon Emissions Scenario			High-carbon Emissions Scenario		
SHORT (2026-2029)	MED (2030-2039)	LONG (2040-2050)	SHORT (2026-2029)	MED (2030-2039)	LONG (2040-2050)	SHORT (2026-2029)	MED (2030-2039)	LONG (2040-2050)

Physical Risks

Loss of underlying operating profit from extreme weather events affecting employees' ability to work	-0.5	-2.7	-5.8	-0.5	-2.7	-6.1	-0.5	-2.7	-6.4
Reduced advertising demand due to clients being impacted by extreme weather events	-0.1	-0.8	-0.9	-0.1	-0.7	-1.2	-0.2	-0.8	-1.9

Transition Risks

Decrease in underlying operating profit due to global economic changes	-4.1	-8.1	-9.3	-4.0	-9.9	-13.6	-4.0	-9.4	-18.6
Reduced underlying operating profit from clients that fail to adapt to low-carbon consumer behavior	-0.6	-3.6	-9.4	-0.7	-3.2	-7.7	-0.7	-2.6	-4.9
Increased compliance costs from carbon taxes and other climate regulations	-1.5	-5.9	-5.7	-1.4	-4.9	-4.0	-0.7	-2.4	-1.0

Transition Opportunities

Access to new markets, suppliers, and companies emerging during the low-carbon transition	0.0	0.1	3.7	0.0	0.0	5.7	0.0	0.0	0.1
Ability to attract clients through adoption of technologies, including AI, that reduce emissions intensity in services	1.0	3.8	3.2	1.1	3.6	2.7	1.1	3.5	2.9

³ Underlying Operating Profit. The financial figures represent the median impact during the time horizon, above the 2025 baseline.

2.3 Effects of identified risks on the Group's business model and concentration of those risks

For each identified climate-related risk and opportunity, we have assessed the potential impacts on our business model and strategic direction. These inputs inform our strategic planning processes to help manage the financial, operational, and reputational implications of climate change. None of these risks had a material impact on dentsu during the current reporting period, and we do not consider there to be a significant risk of material adjustment to the carrying amounts of assets or liabilities in the next annual reporting cycle; however, this assessment is based on current assumptions and available data, including climate model projections and business planning assumptions, and remains subject to change should climate-related conditions or regulatory expectations evolve materially. We recognize that increasing costs associated with climate-related transition factors such as carbon pricing, regulatory compliance, and supplier decarbonization may affect our ability to achieve emission reduction targets, given that a significant proportion of our GHG emissions are from Scope 3 and our suppliers may also face climate impacts.

The section below outlines the risks that have been assessed, their potential effects on our business model, and the mitigation measures (or opportunity levers) currently in place. Where relevant, we have identified specific geographies and operational areas where climate-related risks and opportunities are most concentrated. The time horizons in the category header indicate when the risk or opportunity is projected – based on our scenario analysis – to exceed the threshold from 'insignificant' to 'minor' or above. For physical risks, we assess when this threshold is crossed under a high-carbon emissions scenario, while for transition risks and opportunities this is assessed under a low-carbon emissions scenario.

The analysis refers to the ISSB's Industry-based Guidance on Implementing IFRS S2⁴. The scenario analysis incorporated data and trend insights from reputable third-party sources, including the Network for Greening the Financial System (NGFS), the Intergovernmental Panel on Climate Change (IPCC), the World Bank, and the International Energy Agency (IEA), alongside internal data and industry benchmarks.

Risk 1: Loss of underlying operating profit from extreme weather events affecting employees' ability to work

Category: Physical risk

Time horizon: Medium term under a high-carbon emissions scenario

Over time, physical climate hazards such as heat stress and extreme weather events (floods and cyclones) pose an increasing risk to business continuity, and specifically our employees' ability to deliver services. These impacts may manifest through reduced productivity, displacement from homes, office inaccessibility, or disruption to IT infrastructure. To better understand these risks, we conducted targeted modelling for five key operational hubs in Japan, the UK, India, the US, and Australia (in 2025, our assessment was limited to the UK and India). These were selected based on geographic diversity, climate vulnerability, and regional operational significance. This year, we have also leveraged more granular, location-specific data on how these hazards could impact our sites, rather than using region-level datasets.

To estimate the impact of heat stress, scenario data was used to model productivity losses at each site under varying temperature thresholds. These were then translated into estimated daily losses, which were calculated using historical country-level revenue and office-specific headcount. For flood and cyclone risk assessments, high-resolution third-party data was used to evaluate exposure within close proximity to each dentsu office. This catchment area reflects the zone within which physical hazards are most likely to disrupt operations at the dentsu office, but it is also assumed that hazards will impact employees' (including remote workers) homes, commuting networks, and other critical infrastructure on which day-to-day business activities depend (e.g., cell towers, data centers, or fiber-optic networks). Revenue loss would arise from teams being unable to deliver campaigns, meet client deadlines, or maintain business continuity, potentially leading to delayed or lost contracts and weakened client relationships.

The analysis shows that physical climate risks are 'insignificant' in the short term but increase over time as climate events increase in frequency and severity. In the long term, these risks become 'moderate' under all scenarios. This is primarily driven by rising heat stress in Japan, India, and the US. In the UK, flooding poses the most significant long-term risk.

⁴ In conducting our analysis, we reviewed the ISSB's *Industry-based Guidance on Implementing IFRS S2* and the SASB metrics for the advertising and marketing sector. However, as no IFRS S2 industry guidance currently exists for our sector and the SASB metrics do not specifically address climate-related disclosures, we have not applied any industry-specific recommendations or metrics at this stage.

Risk mitigation: We maintain a dedicated Resilience Team within our Internal Control and Risk function, tasked with strengthening organizational resilience across the Group. This team supports the mitigation of both chronic and acute climate-related hazards, with resilience-related controls embedded in dentsu's Internal Control Framework.

In our operations outside of Japan, our resilience program is governed by our Resilience Policy and operates in alignment with its ISO 22301-certified Business Continuity Management System and 'Best in Resilience' framework. Acute risks to physical locations are identified through risk analyses leveraging trusted third-party data sources, such as National Weather Service data, accessed via a purpose-built risk management tool. Chronic and sub-chronic environmental risks are assessed at a macro level using sources such as the *Bündnis Entwicklung Hilft World Risk Report*, which accounts for physical exposure, population vulnerability, and infrastructure sensitivity.

We respond to materialized risks through a tiered incident management structure that spans from local sites to executive leadership. Each level maintains scenario-specific response plans and receives tailored training aligned to their responsibilities. Business Impact Analyses (BIAs), conducted in line with industry best practice, inform recovery strategies that prioritize critical business functions, and assess potential impacts on people, property, equipment, technology, and suppliers. To build organizational preparedness, dentsu conducts crisis simulations focused on materialized environmental risks, enabling leadership teams to test response procedures and identify continuous improvement opportunities. The Group also maintains, tests, and deploys a two-way emergency communication system to enable rapid and coordinated responses to emerging threats.

Risk 2: Reduced advertising demand due to clients being impacted by extreme weather events

Category: Physical risk

Time horizon: Long term under a high-carbon emissions scenario

Extreme weather events, including heavy precipitation, high temperatures, and wildfires, could directly disrupt our clients' operations, supply chains, and revenue generation. Where this occurs, the clients are likely to reduce, delay, or reprioritize spending on advertising and media services, creating downside risk to dentsu's underlying operating profit. This risk is expected to be most pronounced in sectors that are highly exposed to the impacts of extreme weather, which could undermine business continuity, reduce consumer demand for services, or cause damage to assets. This includes tourism and hospitality, sports and entertainment, food and beverage, logistics, transportation, grocery, energy, and utilities. In our analysis, we applied sector sensitivity factors to estimate how much client revenue is exposed to these impacts and then translated this into reduced advertising spend.

Our model focuses on acute physical climate risks only, using World Bank and NGFS climate indicators to assess the incremental number of precipitation days, high heat-risk days, and days of extreme wildfire temperature. The analysis covers the top 150 clients per key region, representing approximately 90% of advertising spend revenue, across the UK, Australia, Japan, and the US, and assumes clients operate in the same geography as their corresponding dentsu market. For more information on how we have linked a loss of revenue to decreased advertising spend, see Risk 4 below.

The analysis indicates that this risk will grow to 'minor' in the long-term under a high-carbon emissions scenario, with Japan experiencing the greatest effects, followed by the US, due to high overall revenues in dentsu's operational regions. Extreme heat events, specifically increases in the number of hot days, are expected to have the most significant impact on our clients' operations. The nature and severity of these impacts could vary by sector. For example, this could translate to reduced attendance at sporting events, equipment failures, and higher cooling costs in manufacturing, or lower workforce productivity in professional services.

Risk mitigation: Dentsu mitigates this risk through a combination of client diversification, business continuity planning, geographic portfolio management, and ongoing enhancement of climate-related risk monitoring and scenario analysis. Our diversified global client portfolio across sectors, markets, and service lines helps reduce concentration risk associated with acute physical climate impacts in any single industry or geography. We continuously monitor sector-specific exposure to climate-sensitive industries and assess emerging risks through our Enterprise Risk Management (ERM) processes.

To support operational resilience, dentsu maintains business continuity and disaster recovery frameworks across key markets, including measures to address disruption from extreme weather events affecting our people, offices, technology infrastructure, and supply chains. We also continue to strengthen flexible and remote working capabilities to reduce operational disruption during acute climate events.

While, from a commercial perspective, we leverage data, analytics, and scenario planning capabilities to respond dynamically to changing market conditions and consumer behaviors, significant residual risk may remain, particularly in regions with limited adaptive capacity or where climate impacts exceed current projections.

We are further enhancing our climate risk capabilities through ongoing physical risk assessments, integration of climate considerations into strategic planning processes, and continued monitoring of evolving climate scenarios and regional exposure patterns. This enables dentsu to improve resilience planning, identify emerging vulnerabilities, and support informed long-term business decision-making. We expect continued progress in adaptation measures, infrastructure resilience, and emergency response capabilities across key markets and sectors to partially mitigate the severity of physical climate impacts under a high-carbon emissions scenario.

Risk 3: Decrease in underlying operating profit due to global economic changes

Category: Transition risk (Market)

Time horizon: Short term under a low-carbon emissions scenario

Scenario data shows that the physical impacts of climate change – such as extreme weather, sea-level rise, and long-term temperature shifts – are expected to reduce global GDP over time. As global economic conditions weaken due to these climate-driven impacts, advertising and marketing agencies may come under financial pressure. Historically, advertising spend has closely tracked economic cycles, often declining sharply during periods of GDP contraction. For example, during the 2008 financial crisis, global advertising spend fell by over 10%, and it dropped nearly 6% during the COVID-19 pandemic.⁵

To assess how this could affect our business, we modelled the potential revenue impact if global GDP slows and clients reduce their investment in a wide range of advertising and marketing services. Projected changes in GDP due to physical damages from climate change are taken from external projections, under different climate scenarios. Impacts are expected to be greatest in the long term and under less-ambitious climate policy pathways.

In our model, we assume that sensitivity to macroeconomic conditions varies across service categories, with some services more exposed to changes in GDP and client spend than others. For example, more discretionary or campaign-based services such as creative development or sports and entertainment are expected to be more sensitive to economic downturns, while services with a stronger strategic or ongoing component, such as media planning and buying, digital marketing solutions, and business transformation, are typically less affected.

As there are no established studies directly linking climate change to future advertising spend, these assumptions are based on the historical trends outlined above, and internal professional judgment. While advertising spend is highly sensitive to abrupt macroeconomic shocks⁶, these elasticity factors consider the fact that, unlike more abrupt shocks such as the 2008 financial crisis and COVID-19 pandemic, climate-related economic impacts will unfold gradually. As a result, during the period to 2050, businesses will need to communicate their actions and value throughout the transition, reducing the effect of wider GDP impacts slightly.

The analysis indicates that climate-driven economic deterioration could become an increasingly material risk to dentsu's revenues and underlying operating profit over time. While short-term impacts are expected to remain 'minor' and are largely manageable, medium- and long-term impacts range from 'moderate' to a 'fundamental' and could materially reduce client spending on advertising and media services, particularly in markets and service lines with greater exposure to discretionary marketing budgets.

⁵ Financial Times (2020) [Global ad market set for rebound after weathering Covid storm](#)

⁶ Hall, Robert E (2012), The Cyclical Response of Advertising Refutes Countercyclical Profit Margins in Favor of Product-Market Frictions, available at: https://www.nber.org/system/files/working_papers/w18370/w18370.pdf

The largest absolute financial impacts are projected in Japan, the US, and Europe, reflecting dentsu's greater revenue exposure in these markets. The most significant long-term underlying operating profit impacts are projected under a high-carbon emissions scenario, where weaker climate action results in greater chronic physical and macroeconomic damage over time. Under this scenario, the long-term impact is assessed as 'fundamental.'

Risk mitigation: The Group aims to create sustainable business models and future-proofed products in partnership with our clients. This approach enhances our collective resilience to climate-related risks and helps mitigate the potential impact of climate change on GDP and consumer purchasing power. By developing tools that strengthen our clients' ability to adapt to climate-related challenges, we also reinforce our own resilience to these risks.

To stay ahead of emerging trends and opportunities, we continue to invest in research and development. In 2024, dentsu released the *Modern Sustainable Consumer* report, which revealed a significant gap in understanding how consumers perceive, adopt, and engage with sustainable brands and products. The research is designed to help our clients reconnect with their audiences, build trust, and communicate effectively around sustainability to foster long-term brand loyalty.⁷

We publish our *Global Ad Spend Forecast* every six months, offering updated annual and forward-looking projections with detailed insights by media channel and region.⁸ This biannual report helps clients refine their media strategies and investment decisions in a rapidly evolving landscape. We also actively support clients in reducing the carbon footprint of their advertising activities. A recent example includes our collaboration with Vodafone to reduce GHG emissions in their media operations.⁹

Risk 4: Reduced underlying operating profit from clients that fail to adapt to low-carbon consumer behavior

Category: Transition risk (Market)

Time horizon: Medium term under a low-carbon emissions scenario

In the low-carbon transition, companies in high-emitting sectors and/or those failing to adapt to climate-related risks and regulations are more likely to face declining revenues, shrinking customer bases, and limited growth prospects. As consumers, investors, and policymakers increasingly favor sustainable business models, late adopters risk being outperformed and excluded from emerging markets. In this context, our clients' risks will become our own risks, as those who fail to adapt adequately will become less able to spend their budget on our services.

Our modeling assumes that some of the sectors we serve, particularly those with high emissions intensity, present a disproportionate level of climate-related risk. We have updated our analysis this year to focus on sectors that have been flagged as facing high transition risks in external publications from sources such as the TCFD, IEA, IPCC, and World Bank. Our modeling also considers that within each sector, legacy companies that are not yet actively addressing their own climate-related risks will be impacted the most.

To estimate the proportion of companies in each sector that are failing to effectively manage their net-zero transition, we leveraged data published by the Transition Pathways Initiative's corporate management quality assessment.¹⁰ This research explores the management quality of how effectively companies are governing their GHG emissions and the risks and opportunities arising from the low-carbon transition. A weighted average across the different Management Quality scores showed that between 30-41% of companies in high-risk sectors are not adequately governing climate-related risks or GHG emissions, depending on the sector.

We also considered the percentage of consumers (across all sectors) that are both climate conscious and action oriented, as we would not expect all consumers to make their purchasing decisions based on their concern for the climate.

⁷ Dentsu (2024) [The Modern Sustainable Consumer](#)

⁸ Dentsu (2026) [Ad Spend May 2026 - dentsu Global Ad Spend Forecasts May 2026](#)

⁹ Vodafone (2025) [Vodafone reduces its advertising and media carbon footprint by a third](#)

¹⁰ Transition Pathway's Initiative (2025), available at: [Tool - Transition Pathway Initiative](#)

The percentage of consumers that are climate conscious is based on extensive dentsu research and grows over time in line with carbon prices. Carbon pricing serves as a reasonable proxy for climate consciousness among consumers because it reflects the increasing societal and political pressure to account for the environmental impact of goods and services. The percentage of consumers that are action-oriented (i.e., will make purchasing decisions aligned to their values) is based on secondary research and also increases over time, as the effects of climate change become more tangible and climate-conscious consumers become more likely to act on their understanding.

Our analysis shows that, across all scenarios, this risk grows into a 'minor' risk in the medium term. However, under a low-carbon emissions scenario, where consumer behavior change is most significant, this becomes a 'major' risk in the long term. Revenue associated with clients in high-emissions-intensity sectors is concentrated in certain geographies. These geographies are exposed to higher transition risks, particularly in markets where regulatory and stakeholder expectations around climate action are accelerating.

Risk mitigation: We hold regular review meetings with stakeholders involved in advertising and other marketing communications to discuss our vision for the industry's role in the transition to a low-carbon society. Across our global markets, we actively engage with our clients, peers, and industry partners on new initiatives to accelerate this transition. The development and provision of solutions such as the dentsu Media Carbon Calculator, detailed later in this document, also contribute to risk mitigation.

Going forward, dentsu will continue to contribute to the sustainable development of marketing communications to connect consumers and society, and work to resolve societal issues through closer collaboration with our clients.

Risk 5: Increased compliance costs from carbon taxes and other climate regulations

Category: Transition risk (Policy and Legal)

Time horizon: Medium term under a low-carbon emissions scenario

Companies such as dentsu have increased operational expenses from carbon pricing and regulatory compliance in markets with the most advanced and stringent climate policies. This pressure is expected to expand into other key markets in which dentsu operates, such as Australia, Japan, and other parts of Asia, as governments adopt similar measures to meet international climate goals. These developments are likely to drive up both operational and reporting costs across our business.

To assess this risk, we modeled potential carbon tax exposure across our operational (Scope 1 and 2) and upstream value chain (Scope 3) emissions, alongside the projected increase in regulatory compliance costs.

The modeling assumes that GHG emissions will decline in line with the Group's science-based GHG emission reduction targets. We also assume that all taxes paid on upstream emissions will be fully passed on to dentsu from our suppliers, in the form of higher cost of purchased goods and services. Upstream activities accounted for approximately 99% of our total Scope 3 emissions footprint in 2025.

We also assume that regulatory compliance costs will increase broadly in line with carbon prices. These costs include activities such as preparing and submitting external disclosures and publication of related reports, assurance, software/tools, and external advisory support. Carbon pricing is used as a proxy for these costs, as it reflects the overall stringency of climate policy and is often accompanied by increased reporting, auditing, and operational requirements.

This risk is expected to remain 'insignificant' in the short term under all scenarios. However, under a low-carbon emissions scenario, it escalates to 'moderate' risk from the medium term, reflecting the sharp rise in regulation and carbon prices that will be needed to drive rapid decarbonization.

Risk mitigation: To mitigate the financial impact of current and emerging carbon taxes and climate regulations, we are enhancing internal capabilities to anticipate and respond to policy developments. As part of our adaptation strategy, we

are investing in capacity-building across teams, aligning our client offerings with evolving low-carbon regulatory expectations, and engaging with policymakers and industry groups to help shape pragmatic, forward-looking climate policy. These efforts help reduce potential cost burdens and position us as a trusted partner to clients who are also navigating increasingly complex regulatory environments.

We are continuously enhancing our emissions reporting processes to ensure compliance with various regulatory requirements in a cost-efficient manner. This includes developing a robust reporting strategy focused on improving data quality and accuracy, including our Scope 3 activities, to reduce emissions and mitigate potential costs associated with carbon taxes if and where they become applicable. In addition, the Group is moving toward more frequent reporting to support market transparency and help stakeholders better manage and meet emissions targets.

This approach enables real-time monitoring of progress against our targets, supporting our GHG emission reduction efforts and fostering active engagement with business leaders across markets. Looking ahead, we will continue to track emerging regulatory developments across all dentsu markets to ensure ongoing alignment and readiness.

Opportunity 1: Access to new markets, suppliers, and companies that will emerge during the low-carbon transition

Category: Transition opportunity (Market)

Time horizon: Long term under a low-carbon emissions scenario

During the low-carbon transition, many existing clients will adapt by innovating their products, business models, and sustainability strategies, creating new opportunities for marketing, brand repositioning, and customer engagement. At the same time, entirely new brands and sectors will emerge to meet shifting consumer and regulatory demands for low-carbon solutions. This dynamic environment will drive increased demand for dentsu's services across creative, media, and customer experience management, as businesses seek expert support to communicate their transformation and connect with sustainability-conscious audiences.

We have conducted modeling to estimate the size of this opportunity, building on secondary research conducted in 2025 to identify additional sectors that could be positively disrupted during the low-carbon transition. It is assumed that when one of these sectors sees significant, above-average reductions in energy-related emissions, this reflects periods of innovation or the entry of new companies for example, through the rapid adoption of electric vehicles or new companies offering sustainable building materials. In years when emissions reductions in NGFS-defined sectors outpace the global average, we calculate accelerated revenue growth from our clients in these sectors.

The opportunity is expected to materialize in the long term, growing to a 'minor' opportunity under a low-carbon emissions scenario and to a 'moderate' opportunity under the medium-carbon emissions scenario as later, more rapid, transitions present later stage opportunities for business transformation and brand repositioning.

Opportunity levers: Dentsu has several key differentiators that position us at the forefront of emerging markets and sectors. These include our expertise in identifying and capitalizing on new business models, expanding advertising and marketing services into high-growth industries, and driving transformation and sustainable growth for our clients. Our strategic initiatives such as our Business Transformation (BX) practices and our global brand proposition, Innovating to Impact, play a crucial role in this differentiation.

BX focuses on helping clients to reimagine their business models, customer experiences, and operational strategies to stay competitive in a rapidly evolving landscape. These capabilities enable us to unlock new opportunities, shape industry trends, and support our clients in navigating transformational shifts while maintaining a strong commitment to sustainability and growth.

Opportunity 2: Ability to attract clients through adoption of technologies, including AI, that reduce emissions intensity in services

Category: Transition opportunity (Technology)

Time horizon: Medium term under a low-carbon emissions scenario

Our sector is increasingly leveraging technology to reduce the emissions intensity of advertising, marketing, and media services, which is becoming an important differentiator for clients seeking to meet their own net-zero targets. In this year's assessment, we have focused on the potential impact of adopting AI-enabled tools, which we can drive reductions in the emissions intensity of our services by enabling, for example, greater remote collaboration, streamlined media delivery, and optimized creative processes. A reduction in emissions intensity could therefore support revenue growth by strengthening our position as a lower-carbon service provider. We also expect that a growing proportion of clients will be climate-conscious in their procurement decisions (particularly in a low-carbon emissions scenario) and will favor partners whose services are demonstrably less emissions-intensive than those of competitors.

To assess this effect, we compare dentsu's projected emissions intensity with that of the wider industry. Our operational emissions (Scope 1 and 2) are assumed to decline in line with our net-zero targets, while those of the industry are assumed to follow regional decarbonization trends based on NGFS scenarios. The adoption of AI-enabled tools is expected to support reductions in emissions associated with service delivery, particularly across Scope 2 and relevant Scope 3 categories, creating a potential emissions intensity advantage relative to our peers.

The modeling further assumes that AI adoption will accelerate across our business over the next five years, shifting from pilots and proof-of-concept applications, to becoming a more embedded, default way of working across key functions. While peers are also expected to adopt AI, this is assumed to occur at a slower pace. We also assume that the emissions efficiency benefits of AI will improve over time, as models become more advanced and efficient, requiring less energy and compute per task. Early and targeted investment in these capabilities is therefore expected to deliver a compounding advantage, enabling dentsu to reduce emissions intensity more quickly than peers and strengthen its competitive positioning over time.

This opportunity is expected to materialize in the medium term, as AI adoption accelerates and the share of climate-conscious clients increases. The impact is broadly consistent across scenarios, reflecting the combined effects of growing client demand for lower-carbon services and varying industry decarbonization pathways. The highest upside is observed in the medium term under a low-carbon emissions scenario, where early investment in AI and a widening emissions intensity differential translate into stronger client acquisition and retention, and therefore additional revenue.

The model does not explicitly account for potential increases in upstream emissions associated with scaling AI usage, particularly from the energy and resource intensity of third-party data center infrastructure. This potential risk, from both an increased emissions and cost perspective, has been identified as an emerging risk that we discuss qualitatively in Section 2.4. As a result, the net emissions impact may be understated where increased demand for AI-driven computing partially offsets efficiency gains.

Opportunity levers: In 2023, dentsu launched an initiative to promote GHG emission reductions in supply chain associated with marketing communication activities in Japan. The initiative aligns with global standards and engages all relevant stakeholders across the media ecosystem. Working closely with clients and media partners, we are committed to measuring and reducing the GHG emissions associated with media placement.

Accurately calculating emissions from digital advertising remains a complex challenge due to limited data availability and inconsistent methodologies. To address this, since 2019, we have collaborated with DIMPACT, a web-based tool that models GHG emissions associated with serving media content from production to end-user delivery. This partnership forms part of a broader effort to evaluate and reduce the emissions linked to digital advertising on behalf of our clients. In 2021, we became founding members of the AdGreen initiative, which brings together the UK advertising industry to reduce the environmental impact of creative production. AdGreen has developed a carbon calculator that allows companies to assess the emissions footprint of production activities across the advertising value chain.

We have also developed the proprietary dentsu Media Carbon Calculator, which we expanded in 2023 to cover full-service, all-channel media carbon calculations across Europe and North America (not available in Japan). These tools are now being used by global brands to generate actionable insights and accelerate decarbonization.

Looking ahead, we plan to expand measurement capabilities into new markets and integrate carbon calculator outputs into our proprietary CCS planning platform. We remain committed to collaborating with media partners to refine methodologies, improve data quality, and identify scalable opportunities to drive emissions reductions across the industry.

2.4 Emerging risks

We have identified three additional emerging risks that, based on currently available information and our analytical methodologies, are not assessed as material to the Group at this time. While these risks are not expected to have a significant financial impact at present, based on current projections, they are considered credible and may become more relevant as circumstances evolve. Accordingly, we are actively monitoring their development and enhancing our data and analytical capabilities, with a view to incorporating them into future scenario analyses should their potential impact increase or should additional data become available.

- 1. Physical Risk: Supply chain disruption due to extreme weather events.** Suppliers that operate in climate-vulnerable regions are increasingly exposed to hazards such as extreme heat, flooding, storms, and sea level rise. These risks could affect supplier-owned offices, data centers, production sites, and transport infrastructure, potentially disrupting the delivery of essential services, technologies, or content to dentsu. This, in turn, could compromise our ability to meet client expectations and maintain business continuity, leading to reduced operating profit. A qualitative assessment of this risk, leveraging supplier spend data, climate projections, and input from across our business indicates that this risk is likely to materialize in the medium- to long-term, and the financial impact could be significant. While we do not yet have the granular supplier data required to fully incorporate this risk into our scenario analysis, we intend to work directly with key suppliers and local market teams to gather more detailed information on asset locations, climate exposure, and specific market vulnerabilities. This forms part of a broader effort to enhance our financial risk modelling and deepen our understanding of how climate change may affect our supply chain, cost base, and long-term operational resilience. As supply chain disruptions become more frequent and severe, proactively identifying and managing these risks will be essential to safeguarding service delivery and maintaining business continuity.
- 2. Physical Risk: Increased energy costs due to long-term temperature changes.** As global temperatures change, there is a risk that energy demand for heating and cooling across dentsu's global network of offices will increase, resulting in higher operational costs in the regions in which we operate. This risk is particularly significant in locations with ageing infrastructure, where existing systems may be less able to meet growing demand for cooling and overall energy consumption. In addition, evolving regulatory requirements related to energy efficiency and emissions may further increase operating costs over time. Although reduced heating demand in some regions may partially offset these increases, the overall financial impact is expected to remain adverse. As for our analysis in 2024 and 2025 using sample data, it showed 'insignificant' financial impact. To mitigate this risk, dentsu continues to expand its use of renewable energy across its operations. Our global renewable electricity ratio rose from 79.5% in 2024 to 87.4% in 2025, supported by progress toward our 100% renewable energy goal for 2030.
- 3. Transition Risk: Increasing AI-related service costs as third-party providers pass through higher energy and water consumption expenses.** This year, for the first time, we have assessed the potential emissions reductions that could be achieved through the rapid integration of AI capabilities across the business (Opportunity 2 in the table above). AI workloads are highly compute-intensive and rely on data centers that consume significant electricity and water for cooling, making vendor operating costs sensitive to energy prices, water availability, and physical climate risks such as heatwaves and droughts. As cloud and technology providers face increasing regulatory requirements and reputational pressure to manage and disclose these impacts, they might revise their pricing structures. These cost increases are likely to be passed through to dentsu, raising the cost of delivering AI-enabled services (e.g., advanced analytics, programmatic and generative workflows) to clients. This could compress margins and reduce competitiveness where costs cannot be recovered through pricing or offset through efficiency gains. While this impact is not yet quantified in the scenario analysis, this risk is expected to grow in importance as AI adoption scales and climate-related constraints increasingly affect digital supply chains. Key mitigants include strengthening vendor management and contracting to improve cost transparency,

optimizing compute demand, and prioritizing partners and solutions with credible efficiency and decarbonization pathways.

2.5 Building resilience to climate-related risks

Reducing Scope 1 and 2 emissions

We have implemented a series of measures to reduce operational emissions, including:

- Investing in energy efficiency initiatives to reduce overall consumption
- Consolidating our office footprint through rationalization strategies
- Transitioning to hybrid or electric vehicles across our company fleet

At the Group level, our Scope 1 emissions primarily come from company cars, natural gas, and refrigerants. Scope 2 emissions are mainly attributed to electricity use, with heating and steam together accounting for approximately 20% of total Scope 2 emissions.

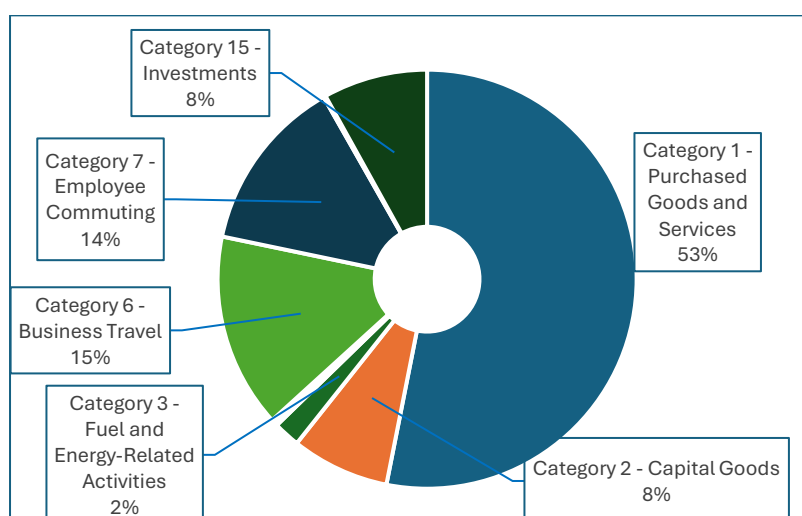
In addition to sourcing Renewable Energy Certificates (RECs) in line with RE100 guidance, we are pursuing long-term solutions such as on-site renewable installations and power purchase agreements (PPAs). In 2024, we installed on-site solar panels at our sites in Ireland and Japan. We are also focused on improving energy efficiency in equipment and building heating systems. Scope 2 emissions in Japan have decreased as a result of introducing virtually renewable electricity menus at multiple sites by 2025.

We have made significant progress towards reducing our Scope 1 & 2 GHG emissions, and we have already exceeded our 2030 target. However, there are many uncertainties that may impact our progress towards our 2040 target, including the ramping up of climate disclosure regulations in some markets with reduced momentum of climate-related regulations and renewable energy commitments in other markets, as well as ongoing discourse around changes to GHG accounting standards. Underlying these strategic actions is the continuous improvement of data accuracy and visibility, including engaging with our value chain partners to analyze and optimize usage.

Tackling Scope 3: Value chain decarbonization

As progress continues toward our operational footprint, we are intensifying our focus on Scope 3 emissions. These account for more than 90% of our total GHG footprint, with the largest contributors being purchased goods and services, business travel, and employee commuting.

Dentsu's Scope 3 emissions (tCO₂e) by category in 2019 (baseline year for science-based targets)



Between 2019 and 2025, we reduced Scope 3 emissions by 43%, largely attributed to a reduction in business travel and supply chain emissions. However, under a business-as-usual scenario, the pace of decarbonization across the value

chain may not be sufficient to meet our 2030 and 2040 targets, particularly in light of expected business growth. We have also identified the following dependencies across our value chain to consider as we action our transition plan:

- **Policy:** Emerging climate regulation and policy, and increased reporting requirements. There is a possibility that shifts in government policy or the pace of climate-related regulation in key markets could affect the consistency and timing of global decarbonization efforts.
- **Quality and innovation:** The emergence of new business models, innovation in low-carbon technologies, and development of advertising services in new sectors. Business activities that have limited alternatives to source renewable energy due to delayed grid decarbonization – e.g., markets without access to renewable energy certificates (RECs).
- **Consumer pressure:** Consumer purchasing decisions increasingly driven by environmental and sustainable considerations, focusing on factors such as product durability and waste reduction.

Looking ahead, we acknowledge that significant uncertainties remain in the policy landscape, market conditions, and technological advancements over the next few years, which may affect the feasibility and effectiveness of long-term emissions reduction strategies.

To address this, we are enhancing our global value chain engagement strategy, focusing on scalable, high-impact interventions; strategic partnerships across regions and markets; and data-led emissions tracking aligned with our science-based GHG emission reduction targets. We performed regional- and market-level analyses of the policy landscape, infrastructure readiness, and emissions inventory to lay the groundwork towards reducing emissions from the forecasted 2030 and 2040 figures towards achieving our science-based targets. Based on these analyses, emissions reductions were weighted by contribution to the inventory and allocated to regions and markets, taking into consideration the climate maturity as well as accountability of regions and markets for their contributions to our Scope 3 inventory.

Another key focus area is Scope 3 Category 15: Investments, which amounts to 8% of dentsu's Scope 3 baseline across our Group-wide operations. While most investee emissions in Japan are calculated using investee-specific emissions, investee emissions in other regions rely on revenue-based methodologies. Leading up to 2030, a critical action for dentsu in this area will be to engage with investee companies to collect actual Scope 1 and 2 emissions data for more accurate reporting. Given that only a small number of investee companies exist outside of Japan, we aim to extend these engagements to include target-setting in line with the latest climate science. In addition, we will assess how weather-related risks—such as extreme storms, flooding, and temperature fluctuations—may impact our business operations, supply chain resilience, and overall profitability. At the same time, we will explore opportunities to incorporate these considerations into our investment decisions, including acquisitions and minority investments, with the aim of enhancing operational resilience, identifying growth areas, and creating long-term value to ensure our climate ambitions are prioritized alongside business growth.

Due to dentsu's near-term target coverage, emissions reduction initiatives are currently focused on purchased goods and services, business travel, and employee commuting. However, decarbonization efforts across other Scope 3 categories are not stagnant. To achieve our 2040 goals, laying the groundwork as early as possible to reduce emissions across all other Scope 3 categories will be crucial.

GHG emission reduction targets and progress in 2025

Our 2025 progress toward our GHG emission reduction targets includes:

Category	2019	2025	% change
Scope 1 (tCO ₂ e)	11,759	3,384	-71%
Scope 2 (market based) (tCO ₂ e)	24,258	7,553	-69%
Scope 2 (location based) (tCO ₂ e)	44,261	29,462	-33%
Scope 3 (tCO ₂ e)	542,029	308,783	-43%
Total* (tCO ₂ e)	578,046	319,720	-45%

*Scope 1, Scope 2 (market based), and Scope 3

Progress towards our science-based targets

The table presents dentsu's 2025 GHG emissions performance relative to its 2019 baseline and highlights progress toward its 2030 and 2040 reduction targets.

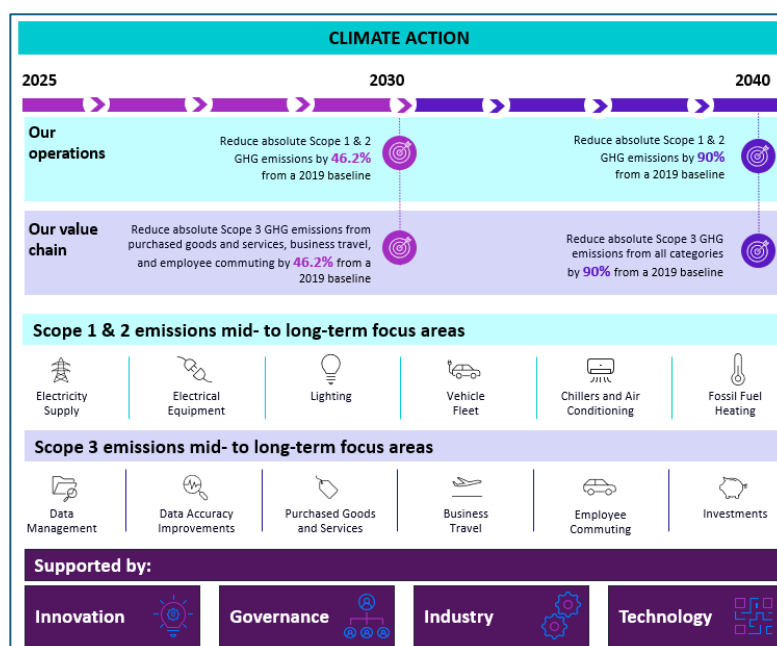
Target scope	Near-term (2030) target	Long-term (2040) target	2025 results
Absolute Scope 1 & 2 GHG emissions vs. a 2019 baseline	-46.2%	-90%	-69.6%
Absolute Scope 3 GHG emissions from purchased goods and services, business travel, and employee commuting vs. a 2019 baseline	-46.2%	-	-42.1%
Absolute Scope 3 GHG emissions vs. a 2019 baseline	-	-90%	-43.0%

Our Net-zero Transition Plan

We use scenario analysis to assess the potential impacts of climate-related risks and opportunities on our operations, strategy, and financial planning. Insights from this analysis have been embedded into our strategic and business planning processes, enabling us to implement targeted measures that mitigate risks and maximize opportunities.

These efforts are fully supported by our comprehensive [Net-zero Transition Plan](#), first published in September 2025, which outlines the strategic actions we are taking to achieve our global climate goals and ensure a sustainable future for dentsu. The plan is aligned with international best practices and was developed in consultation with stakeholders across our business. It will be reviewed regularly to ensure continuous improvement and accountability.

The plan outlines both our achievements to date and the forward-looking actions we will take to support our GHG emission reduction goals, contribute to broader industry transformation, and empower individuals to make more sustainable choices. As a global leader in media and marketing, we recognize the critical role we play in enabling sustainable business practices across the industry. We are focused on leveraging our platform to support clients in their journey towards implementing low-carbon solutions and reducing their environmental impact.



Our strategic objectives are anchored in ambitious Scope 1 & 2 and Scope 3 emissions reduction targets aligned with the Science Based Targets initiative (SBTi). In addition to reducing emissions within our own operations, we collaborate with clients, partners, and consumers to drive value creation across the value chain and support the journey towards a low-carbon economy. We are prioritizing the adoption of renewable energy across our global operations and driving energy efficiency through innovative technologies and strategic partnerships. Our approach centers on:

- Transitioning to 100% renewable electricity
- Reducing emissions from business travel, employee commuting, and supply chain activities
- Embedding emissions reduction initiatives into our broader Net-zero Transition Plan, aligned with our long-term value creation goals

We disclose our performance toward our Net-zero Transition Plan on an annual basis, including progress on emission reduction initiatives and quantitative data, through our annual non-financial disclosures such as the Integrated Report and Non-financial Databook.

Embedding the consideration of climate-related risks, opportunities, and resilience into management strategy

We recognize that climate-related risks pose a material threat to long-term business viability. In response, we are committed to proactively identifying, managing, and mitigating these risks through our Net-zero Transition Plan, enhancing our organizational resilience and safeguarding future corporate value.

Climate-related risk considerations are integrated into our strategic planning, capital allocation, and Enterprise Risk Management (ERM) frameworks. This alignment strengthens our ability to navigate an increasingly dynamic regulatory and market environment, while reinforcing our commitment to responsible, climate-aligned growth. We regularly review and refine our emissions reduction targets to reflect shifts in climate policy, advances in low-carbon technologies, and emerging decarbonization opportunities across our sector. This adaptive, forward-looking approach ensures that our climate strategy remains effective, science-aligned, and relevant to the global journey toward a low-carbon economy.

As part of our Net-zero Transition Plan, we conducted a detailed assessment of the investments needed to mitigate transition risks and seize new opportunities. To evaluate capital needs for reducing operational emissions, we developed Marginal Abatement Cost Curves (MACCs) across 12 priority markets, selected based on their contribution to our GHG inventory and revenue, and assessed the cost-effectiveness of key carbon reduction levers, including:

- Energy efficiency upgrades
- Renewable energy procurement
- Low-carbon technological interventions

The analysis incorporated a range of variables, including implementation timelines, technology costs, and long-term savings potential, providing a robust, data-driven basis for investment planning. For Scope 3 (value chain) emissions, we also estimated annual investment requirements for critical initiatives, including the deployment of digital platforms to enhance supplier data collection and emissions tracking, as well as supplier engagement and capacity-building programs to drive GHG emissions reduction efforts.

Based on the results of these assessments, we will continue to explore ways to incorporate these details into the Group's financial planning processes through 2030. This will enable us to align budget allocations with our climate objectives and support the achievement of our science-based targets.

Internal Carbon Pricing

At present, dentsu has not adopted an internal carbon pricing mechanism. We continue to monitor its potential as a tool to support the integration of climate considerations into financial and strategic processes. According to leading international financial organizations, internal carbon pricing can:

- Help quantify the financial impact of emissions
- Incentivize internal abatement
- Align corporate strategies with long-term climate goals

We will continue to explore its relevance as our transition plan evolves.

Readiness for carbon markets

As carbon markets mature, we are monitoring developments in global standards and guidance – particularly from the SBTi and related bodies. These frameworks are shaping consensus on the appropriate use of offsets, with an emphasis on integrity, transparency, and climate science alignment.

Consistent with the SBTi guidance, companies may neutralize residual, hard-to-abate emissions (up to 10%) only after achieving a 90% reduction in absolute emissions. We remain committed to reducing GHG carbon emissions within our operations and value chain and do not currently offset our annual GHG emissions. However, we recognize that achieving our long-term goals by 2040 will likely require neutralizing residual emissions through credible and verifiable GHG removal projects. We will continue to:

- Monitor regulatory and voluntary market developments.
- Assess the applicability and readiness of carbon offset mechanisms for dentsu.
- Ensure any future participation in voluntary carbon markets meets the highest environmental and social standards.

Capacity to adjust/adapt the Group's strategy and business model to climate change

Our scenario analysis has enabled dentsu to evaluate how key uncertainties could influence our ability to adapt and respond to climate-related risks and opportunities. These include external factors such as shifts in policy, market transformation, and stakeholder expectations, as well as internal dependencies related to our value chain and service delivery models. Understanding these variables is essential to assessing how different climate pathways may affect dentsu's business strategy, operations, and long-term value creation.

The Group has the global capacity to strategically allocate capital in line with our climate ambition, risk management approach, and medium-term management priorities. As part of dentsu's commitment to long-term value creation through our latest Mid-Term Management Plan, our capital allocation remains flexible and responsive to different climate futures, while supporting client transformation and sustainable growth across key markets.

In a low-carbon emissions scenario where global climate action is effective and transition policies accelerate:

- The Group has the capacity to increase investment in sustainable media, marketing, and business transformation services that enable clients to meet their own net-zero goals, in alignment with our role as an Integrated Growth Partner.
- We can further scale innovation initiatives such as those led by our BX practices to develop low-carbon solutions and data-driven tools that support a just and inclusive future.
- Capital can be directed towards accelerating digital infrastructure and media technology platforms that reduce emissions and promote transparency across the advertising value chain.

In a high-carbon emissions scenario where climate impacts intensify and adaptation becomes a priority:

- The Group has the ability to pivot capital to strengthen service resilience, including the development of tools and campaigns that help clients respond to reputational, operational, and consumer-related risks linked to environmental disruption.
- Investment can be focused on markets where climate adaptation services are most urgently needed, balancing risk exposure with opportunities for long-term growth.
- We may moderate capital investment in less viable GHG emissions reduction measures in markets where climate ambition is delayed, reallocating toward enabling solutions that address immediate physical risk and evolving consumer expectations.
- This capital allocation flexibility ensures that dentsu remains resilient across a range of climate outcomes, enabling continued value creation for clients, shareholders, and society through the delivery of insight-led solutions that promote sustainability.

Effect of the Group's current and planned investments in climate-related mitigation, adaptation, and opportunities for climate resilience

A. Mitigation

We aim to achieve 100% renewable energy by 2030, in line with our RE100 commitment and broader GHG emissions reduction goals. In a low-carbon emissions scenario, where global climate action accelerates, we expect to increase investment in renewable electricity procurement, alongside other innovative measures to reduce emissions across our value chain. This includes improving our energy efficiency, investing in low-carbon digital infrastructure, and collaborating with partners to decarbonize media and advertising delivery.

In a high-carbon emissions scenario, where the global transition progresses more slowly, we anticipate that renewable energy markets may develop at a slower pace, and energy costs could become more volatile. In such a case, we may need to prioritize investments in operational resilience—such as strengthening our facilities against extreme weather, enhancing digital systems to ensure business continuity, and diversifying our supplier base. These could result in higher operating costs over time and may limit the pace at which we can invest in transition-related opportunities.

B. Adaptation investments

We are investing in adaptation measures to reduce exposure to physical climate risks and ensure business continuity across our global operations. We conduct climate-related risk assessments across key regions where we operate, considering projected increases in extreme heat, flooding, and other climate-related hazards. These assessments guide the implementation of site-specific adaptation strategies, including upgrading cooling infrastructure, optimizing energy use, and improving building resilience.

Our ISO 22301-certified Business Continuity Management System, governed by our Resilience Policy, covering our operations outside of Japan, provides a structured response to acute climate events. A dedicated Resilience Team within our Internal Control and Risk function monitors physical risks and coordinates crisis response through incident simulations, climate-informed risk mapping, and emergency communication protocols.

We are also strengthening digital resilience through the deployment of early warning systems that enhance our ability to anticipate and respond to climate-related disruptions. These systems help us manage workforce safety and client service continuity in the face of extreme weather. As warming increases, the emphasis on adaptation intensifies. Under high-carbon emissions scenarios, where mitigation options may be less effective or slower to deliver, we expect adaptation spending to rise.

We recognize that effective adaptation is essential not only for our operational resilience, but also for maintaining trust with clients and partners in increasingly climate-affected markets. As we continue to evolve our strategy, we remain focused on balancing short-term adaptation needs with long-term transition goals ensuring we are prepared for a range of plausible futures.

C. Opportunities for climate resilience

We recognize that climate resilience is not only about risk management but also an opportunity to drive strategic growth and innovation. Our ongoing investments in energy efficiency and increasing renewable electricity usage contribute to cost savings and reduce exposure to energy price volatility, strengthening our operational stability.

Protecting our workforce from physical climate impacts, such as heat stress and extreme weather, is central to maintaining productivity and employee wellbeing. By implementing adaptive measures and maintaining robust business continuity plans, we ensure our teams remain engaged and operational even under adverse conditions.

As consumer values shift and regulatory pressures intensify, clients increasingly seek partners who can embed credible climate narratives and solutions into their marketing, advertising, and broader business strategies. Drawing on climate risk models and data analytics, we deepen our insight into our own vulnerabilities, enabling us to better guide clients in developing resilience strategies, conducting scenario assessments, and advancing sustainable business transformation. We see collaboration with our suppliers as a critical component of resilience. Strengthening supply chain visibility and integrating climate-related risk considerations allows us to mitigate disruptions and innovate jointly on solutions that reduce collective climate exposure.

3. Governance

3.1 Management's role in our climate-related approach

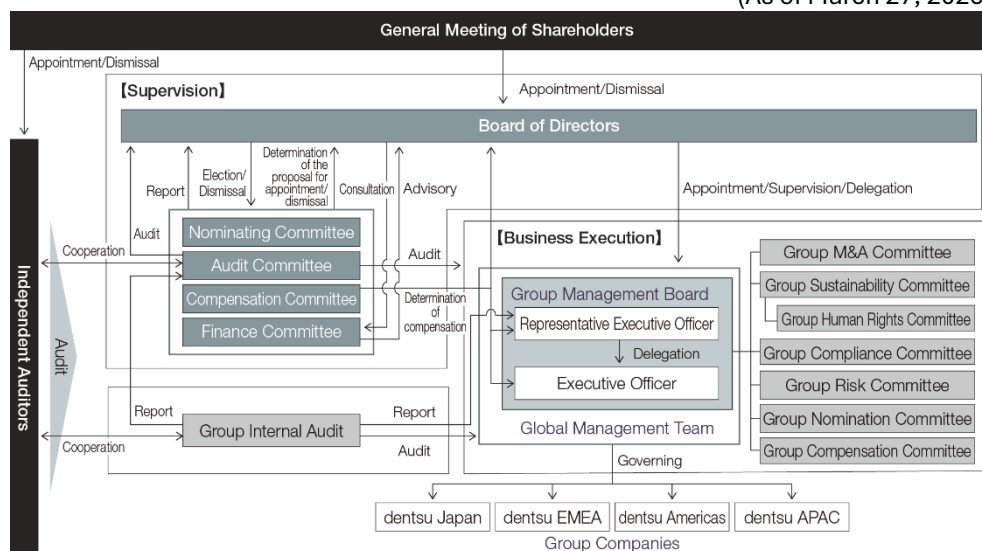
Our ability to manage climate-related risks rests on strong governance structures and board-level processes that integrate climate-related risks and opportunities effectively.

A description of our governance groups and their responsibilities can be found in Table 1 below, which also illustrates our overall corporate governance structure.

Governance Group/Role	Description
Board of Directors	The Board has assigned climate-related responsibilities to our Global CEO, Global CCAO, and Global CSusO.
Representative Executive Officer, President and Global Chief Executive Officer (Global CEO)	The Global CEO is a member of the Board and, as the chief executive of dentsu, is responsible for formulating, approving, and executing strategies for the entire Group, including addressing climate-related issues.
Global Chief Corporate Affairs Officer (Global CCAO)	The Global CCAO is a member of the Board and is responsible for monitoring progress against our climate-related targets and integrating climate-related issues into management.
Global Chief Sustainability Officer (Global CSusO)	The Global CSusO chairs the GSC and is responsible for managing annual budgets for climate mitigation activities, integrating climate-related issues into the strategy, monitoring and managing our environmental performance, and reporting material sustainability and climate-related issues to the GMB.
Group Management Board (GMB)	The GMB is the decision-making body for the Group on the executive side, facing the Board. The GMB meets in conjunction with the Board to resolve budgetary and investment decisions, mid-term management plans, appointments, and regulatory considerations. The GMB consists of representative executive officers and executive officers. The GMB has responsibility for reporting important climate- and sustainability-related matters (including major risks) identified by the GSC to the Board.
Group Risk Committee	The Group Risk Committee seeks to cover short- to medium-term strategic risks as well as any significant risks arising from the four Regional Risk Committees' risk registers. Through an Enterprise Risk Management (ERM) approach, the Group Risk Committee uses a four-step process to ensure that material risks, including climate-related risks, are effectively managed and monitored. This process incorporates oversight from and reporting to the GMB. More information on the risk management process can be found in Section 4 (Risk management).
Group Sustainability Committee (GSC)	The GSC, chaired by the Global CSusO, monitors and evaluates progress towards the KPIs and action plans for our material themes, including any material climate-related risks and opportunities. The committee comprises members with wide-ranging expertise and provides progress updates to the Board twice a year, in principle. In 2025, the GSC updated dentsu's material themes and discussed various sustainability-related topics, including around Environment.

3.2 Corporate governance structure

(As of March 27, 2026)



3.3 Governance of climate strategy and targets

To drive progress toward our GHG reduction targets and reinforce leadership accountability, dentsu has integrated climate-related metrics into executive incentive schemes. The annual incentive for certain executive officers of Dentsu Group Inc. has been partially tied to environmental performance, specifically the absolute reduction of Scope 1 and 2 GHG emissions from a 2019 baseline. These thresholds are reviewed annually to ensure alignment with our long-term ambition to reach net-zero emissions by 2040.

3.4 Climate-related skills and experience

Frequent and deliberate consideration is given to experience, qualifications, background, and skills. The Nomination Policy concerning director nominations and succession planning ensures that the Nomination Committee selects candidates with management-related expertise, experience, and ability while ensuring a good balance between strong representation and fields of expertise.

To ensure they properly perform their roles and carry out their responsibilities, directors are regularly provided with training and opportunities to acquire knowledge essential for performing their duties. When outside directors are appointed, they are provided with information on the Group's businesses and organizational structure, followed by regular opportunities to learn about specific issues and challenges facing the Group's businesses. In recent years, directors participated in training programs covering compliance, geopolitical risks, and sustainability.

The Board of Directors has extensive experience in the oversight of strategy in response to risks and opportunities and more recent experience in understanding climate-related risks and opportunities. Many of the skills outlined in the matrix are critical for the oversight of strategies to respond to climate-related risks and opportunities.

4. Risk management

4.1 Risk management and governance

Our Enterprise Risk Management (ERM) framework is designed to address these identified risks and enhance our overall business resilience. Dentsu's climate-related risk and opportunity analysis identified and assessed the physical and transition risks and opportunities that the Group faces from climate change.

The Group Risk Committee, responsible for overseeing risks that could hinder future management objectives, identifies and assesses significant risks to dentsu using an ERM approach that includes climate-related risks. The Committee meets bi-annually, with the chair reporting key climate-related issues to the Board of Directors through the Group Management Board, aiding the Board of Directors' oversight of climate-related matters. The ERM approach followed by the Group Risk Committee comprises four main stages which are detailed in Table 2 below.

Stage	Description
1. Risk identification	Supported by Risk Committees across various regions, markets, and lines of business, the Group Risk Committee identifies potentially significant risks and records them in a risk register. "Sustainability-related Risks" have been highlighted as risks that could influence investor decisions, with climate-related risks included in this category. The Group Risk Committee appoints risk sponsors for each identified risk. Sponsors are responsible for monitoring each risk, enabling them to confirm that the controls are operating effectively, adjusting controls as required, ensuring response plans were delivered against committed dates and outcomes, and identifying changes to impact and likelihood of the risk as well as escalating, as necessary.
2. Risk assessment	When risks are identified, the Group Risk Committee collaborates with risk sponsors to conduct regular assessments of their impact and likelihood.
3. Risk response	Risk sponsors identify the necessary actions, assign action owners, and set due dates for managing each risk. They also provide regular progress reports.
4. Risk monitoring and reporting	The Group Risk Committee monitors the progress of actions implemented by risk sponsors and reports to the GMB. If a significant risk escalates, risk sponsors gather information on the situation and root causes, report to the Group Risk Committee (and subsequently to the GMB) and develop and implement follow-up plans. Risk Committees across the Group meet bi-annually to ensure the timely capture, tracking, and sharing of risk information.

4.2 Risk and opportunity identification

As part of our ongoing commitment to enhancing management resilience and minimizing the impacts of a changing climate on our business, we previously conducted climate scenario analyses aligned with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). In 2024, we undertook a detailed assessment to identify key climate-related risks and opportunities and evaluated how different climate scenarios could impact our current and future exposure to both physical and transition risks. This provided the foundation for subsequent updates and refinements to our climate scenario analysis.

In 2025, we built on this foundation to ensure our understanding of climate-related risks remains current while referring to the guidance provided for the IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB).¹¹ Our 2026 scenario analysis refreshes and refines the 2025 assessment by updating selected assumptions, methodological inputs, and analytical approaches to reflect improved data availability, enhanced modeling considerations, and the continued evolution of climate-related risks and opportunities. The scope of risks and opportunities assessed has also been refined based on the relative materiality, relevance, and decision-usefulness of the risks and opportunities identified through the 2025 assessment.

We refreshed our review of business operations and climate-related risk drivers, supported by analysis of TCFD- and ISSB-aligned disclosures from industry peers, to confirm whether the risks and opportunities identified in prior assessments remain relevant and comprehensive. This process considered key geographic regions, operational contexts, and value chain exposures, providing a broad view of potential climate-related impacts across the business.

¹¹ [Climate-related Disclosures 2025.pdf](#)

A consolidated list of potential physical and transition risks, along with transition opportunities, were assigned preliminary qualitative impact ratings, assessing potential business disruption or financial loss, and likelihood ratings, based on the probability of occurrence. Transition risks and opportunities were evaluated using categories consistent with established climate disclosure frameworks, including policy and legal, technological, market, and reputational factors, and considered relevant time horizons. The assessment was supported by secondary research and climate data from the Network for Greening the Financial System (NGFS) and involved an analysis of current and future climate conditions, international regulatory developments, market trends, and stakeholder expectations.

To validate the refreshed assessment, we conducted internal workshops with colleagues from key business functions across the UK, Japan, and Australia to understand regional and functional considerations. Feedback from these stakeholders informed the qualitative scoring and helped prioritize the risks and opportunities considered most relevant for further scenario analysis.

4.3 Risk and opportunity assessment

For each priority risk and opportunity, impact pathway visualizations were developed to illustrate how the potential financial impacts would be calculated. These visual tools also captured the key data sources and business assumptions underlying each assessment. Cross-functional teams were engaged through interviews to review the calculation methodologies, validate assumptions, and ensure access to relevant data aligned with current business operations.

Scenario analysis was a key tool in quantifying the potential effects of both transition and physical risks. Physical risks were evaluated using climate scenario modeling tools grounded in the latest science and informed by authoritative sources such as the NGFS, IEA, IPCC, and the UK Climate Change Committee, in combination with primary business data. These tools assessed a wide range of acute and chronic climate hazards across multiple temperature pathways. We selected three IPCC pathways – SSP5-8.5, SSP2-4.5, and SSP1-2.6 – to explore the impacts under both optimistic and pessimistic climate scenarios.

Transition risks were analyzed using scenario data from credible sources including the NGFS, IEA, and World Bank, across three pathways: Net Zero, Delayed Transition, and Current Policies. Where possible, we incorporated primary business data, industry insights, and market research, supplemented by secondary research to address data gaps. In limited cases, professional judgment was applied and validated with internal experts – for example, when estimating the potential impact of slower GDP growth on future advertising spend. We recognize the value of improved data inputs and will continue to explore ways to enhance our analysis through greater access to primary data.

The financial impact of each climate-related risk and opportunity – relative to a 2025 baseline – was modelled annually from 2026 to 2050. These projected impacts were assessed against predefined materiality thresholds, as outlined in the table below. Each item was classified as ‘fundamental’, ‘major’, ‘moderate’, ‘minor’, or ‘insignificant,’ based on the potential scale of impact on our global business. These classifications correspond to minimum underlying operating profit change thresholds expressed in Japanese Yen (¥), ensuring a consistent and objective approach to materiality assessment that is aligned with dentsu’s Enterprise Risk Management (ERM) framework.

Dentsu impact thresholds

Impact				Financial (Underlying Operating Profit)
		5	Fundamental	>18.1 billion yen
		4	Major	9.1-18.1 billion yen
		3	Moderate	4.5-9.1 billion yen
		2	Minor	1.8-4.5 billion yen
		1	Insignificant	<1.8 billion yen

Risk and opportunity prioritization and monitoring

Risks are prioritized and monitored based on dentsu’s Enterprise Risk Management (ERM) framework. To achieve management goals, the Group identifies and evaluates risks the uncertainties and risks we face. By addressing and

monitoring high-priority risks, we implement optimal risk responses which include the avoidance and mitigation of risks that may become obstacles to achieving our business objectives. This allows us to maximize the realization of opportunities, either by overcoming or taking risks.

The Group formulates and implements an annual plan for risk management. We are therefore able to identify strategic risks, major operational risks, and emerging risks, as well as to streamline risk management processes and promote the development of a risk culture.

Based on the ERM approach, the Group identifies and evaluates risks that are of major significance to Group management. Further, to steadily improve its quality, we have established a three-tier plan to promote more effective and efficient risk management. To manage the likelihood of risks materializing and to control their impact should they materialize and reach specified levels, risk sponsors are selected for each risk.

Once the degree of the Group's risk exposure has been ascertained, a response plan and deadline are determined, and progress is reported regularly with the aim of mitigating risks. Overall risk exposure is reviewed annually, while individual risks are reviewed as necessary and appropriate.

To respond to emerging risks, including those related to climate change and other evolving factors, the Group Risk Committee collaborates with Regional Risk Committees, as appropriate, to identify potential risks, assess their strategic and operational implications, and develop appropriate response plans. To strengthen risk awareness and embed a proactive risk culture across the organization, we also provide targeted risk management training for senior leaders and relevant employees.

5. Metrics and targets

5.1 Methodology for the calculation of GHG emissions

Following the transition to a global management structure from 2023, SBTi target recalculation and baseline recalculation clauses were triggered. In the first half of 2024, dentsu conducted a baseline recalculation and revalidation exercise in compliance with SBTi requirements. The methodology outlined in this section reflects the methodology and assumption used for baseline recalculation and target revalidation, which was completed and successfully validated in October 2024.

Scope 1: Direct GHG emissions

Scope 1 emissions include direct GHG emissions from sources owned or controlled by dentsu, such as combustion of natural gas and fuels from vehicles. These emissions are calculated using activity data from utility bills, metered consumption values, and mileage data, applying the latest conversion factors from the IPCC, the UK Government, and Japan's Ministry of the Environment. In the baseline recalculation, emissions from refrigerant leakage in air conditioning systems were collected for emissions calculations, and average leakage values were used for estimation in markets without refrigerant data where air conditioning usage is expected.

Scope 2: Indirect GHG emissions from electricity consumption

Scope 2 emissions arise from purchased electricity and heating. Dentsu calculates these emissions using two methods: location-based, sourcing from the IEA for grid-based emission factors, and market-based, validating our renewable energy claims through renewable electricity certificates in line with RE100, GHG Protocol, and SBTi requirements.

The relevance of Scope 3 categories and calculation methodology is outlined in the table below.

Category	Description	Calculation Methodology
1 Purchased Goods and Services	Purchased goods from general office equipment and purchased services from technology, professional services sector, including software and hardware purchases; legal, audit or consulting fees and research cost or media rating services.	Supplier-specific emissions intensity ratios, derived from disclosed upstream greenhouse gas emissions and revenue data. These were applied where sufficient, recent, and representative data were available, and where the supplier's (or parent's) primary business activities were assessed to be aligned with the goods or services purchased. If supplier-specific emissions were not available, spend-based method was used, using spend extracted from dentsu's finance systems, including spend categories such as IT, professional fees, and advertising expenses. Emission factors were obtained from the US EPA's Environmentally-Extended Input-Output model (USEEIO) and Japan's Ministry of the Environment (MoE) to cover the cradle-to-gate boundary.
2 Capital Goods	Freehold land and building cost, long leasehold & leasehold improvement cost, office furniture and fixtures cost, artwork costs, computer servers & desktops, motor vehicles cost, tangible assets during construction and advertising structures	Spend-based method, using spend extracted from dentsu's systems, including spend categories tagged under 'Software', 'Real Estate' and others. Emission factors were obtained from Japan's MoE to cover the cradle-to-gate boundary.
3 Fuel- and Energy-related Activities	Well-to-Tank (WTT) emissions from energy sources consumed.	Activity data collected for Scope 1 and 2 emissions was used to calculate the WTT emissions. Transmission and Distribution (T&D) emissions for electricity were calculated using the most recent UK Government emission factors for UK sites, Japan's MoE for Japanese offices, and IEA emission factors for all other offices.

4 Upstream Transportation	Postal and courier services collected from entities and Group companies.	Spend-based method, using spend extracted from dentsu's finance systems, including spend on courier and postal services. Emission factors were obtained from USEEIO to cover the cradle-to-gate boundary.
5 Waste Generated in Operations	Commercial waste and general waste from office-based activities. Measured using actual 2024 waste data and usage data for wastewater treatment. Estimates applied to missing sites outside of Japan using a weighted average.	Primary data on recycling, incineration, landfill, and compost volumes and multiplied by UK government emission factors, applied consistently to offices outside of Japan. In our operations in Japan, primary weight data on waste types were collected as required by local regulations. Emission factors were obtained from Japan's MoE.
6 Business Travel	Air travel, rail travel, and ground travel (including personal car use and taxis). Emissions from accommodations calculated but reported optionally.	Spend-based method, using spend extracted from dentsu's finance systems, including expense claims related to air travel, rail travel, taxi travel, and rental cars. Emission factors were obtained from USEEIO and Japan's MoE to cover the cradle-to-gate boundary.
7 Employee Commuting	Emissions from personal cars, local public transport, or taxis from employee commuting between home and workplace.	Employee survey data was used to obtain average commuting distances and modes at the regional and local levels. Respondents reported their preferred travel method, average commuting distance, and number of days worked in the office. Emissions were calculated using the UK Government's emission factors covering a cradle-to-gate boundary. As our Japanese business reimburses all commuting expenses of employees, a spend based methodology was applied, where emission factors were obtained from USEEIO to cover the cradle-to-gate boundary.
13 Downstream Leased Assets	Dentsu includes sub-leased assets in Category 13, specifically including energy consumed by tenants.	An average tCO ₂ e/sqm was calculated using the emissions data calculated from dentsu's active site portfolio. The intensity ratio was then multiplied by the floor area for each subleased asset.
15 Investments	Emissions generated from companies that dentsu has an equity share in and that are reported in financial reports. Emissions are allocated to dentsu proportionally to the % share of equity.	We multiplied the annual turnover/revenue of each company by emission factors developed from USEEIO. These emission factors were based on the typical energy usage of the investee company's sector and location. The total emissions calculated were then apportioned based on dentsu's ownership share in the company. For Japan businesses, Scope 1 & 2 data was used for a majority of investee company calculations. Where this was not possible, US EEIO emission factors were multiplied with annual revenue/turnover.

Exclusions from GHG emissions inventory

Category	Rationale for Exclusion
8 Upstream Leased Assets	Not relevant, as all office sites are included in dentsu's Scope 1 & 2.
9 Downstream Transportation and Distribution	Not relevant, as all transportation in dentsu's vehicles are accounted for in Scope 1 & 2, and third-party transportation is included in Scope 3 Category 4, 6, 7.
10 Processing of Sold Products	Not relevant, as dentsu does not produce any intermediate products.
11 Use of Sold Products	Not relevant, as dentsu does not sell any final products that fall within the minimum boundary of the GHG Protocol where direct use-phase emissions are generated in direct use of sold products over their expected lifetime (i.e., the Scope 1 and Scope 2 emissions of end users that occur from the use of: products that directly consume energy (fuels or electricity) during use; fuels and feedstocks; and GHGs and products that contain or form GHGs that are emitted during use. Use phase emissions in media and advertising may include energy consumption in digital advertising infrastructure (such as ad servers, demand-side platforms, supply-side platforms), end-user devices, and any third-party services utilized for tracking, analytics, and ad delivery are considered indirect use-phase emissions, which are currently optional to report.
12 End-of-life Treatment of Sold Products	Any pass through / "outworks" products (i.e., paper products) outsourced are captured under Category 5 Waste Generated in Operations.
14 Franchises	Not relevant, as dentsu does not operate any businesses on a franchising model.

Forecasting GHG emissions

GHG forecasting exercises were conducted internally, seeking to investigate dentsu's expected emissions trajectory from the present day to 2040 under two scenarios: a Business-As-Usual (BAU) scenario, where no internal GHG emission reduction measures are applied, and an active scenario focusing on GHG emission reduction efforts, which incorporates dentsu's planned initiatives. The objective is to provide high-level projections of dentsu's emissions profile, identify key emissions hotspots, and quantify the gaps that must be addressed to meet near- and long-term targets.

To achieve this, key emissions sources were identified within each emissions category across dentsu's primary markets. These hotspots include Scope 1 and Scope 2 emissions, as well as Scope 3 emissions from Category 1 (Purchased Goods and Services), Category 6 (Business Travel), and Category 7 (Employee Commuting) and forecasts were developed for all 12 key markets assessed. Desktop research was employed to gather information on external variables influencing emissions trajectories. Key external factors, including national climate policies, clean grid targets, and trends in renewable energy adoption, were analyzed to forecast changes in emission factors over time.

Using these insights, an annualized rate of change was applied to external emission factors under the BAU scenario. This assumed no significant intervention from dentsu and instead relied solely on projected changes in external market conditions, such as clean grid and national emissions-reduction efforts. For the active scenario focusing on GHG emission reduction efforts, internal variables were incorporated into the analysis, reflecting dentsu's planned initiatives. These forecasts played a key role in determining the level of effort and ambition needed by dentsu to meet our near- and long-term targets.

5.2 Target setting process and review approach

The Group's GHG emissions and calculation methodologies received limited third-party assurance from independent practitioner KPMG in March 2026. Our climate-related targets were established as KPIs under our material theme of Environment, approved by the Board of Directors, and validated by the SBTi. The Group Sustainability Committee (GSC) regularly assesses the objectives, targets, and other elements of the Dentsu Group Environmental Policy.

5.3 Climate-related targets

1. Reduce absolute Scope 1 & 2 GHG emissions

Metric	Reduce absolute Scope 1 & 2 GHG emissions by 46.2% by 2030 and 90% by 2040 from a 2019 baseline
Objective	Mitigation of Scope 1 and 2 emissions
Scope	Applies to Dentsu Group
Period covered by target	2025-2040
Base year	2019
Milestones and interim targets	46.2% by 2030
Target type (absolute or intensity)	Absolute quantitative target
Progress achieved during the year and status at year end	During the reporting year, absolute Scope 1 and 2 emissions decreased by 1,647 tCO ₂ e (13%) compared to 2024. This is a 70% decrease from the 2019 baseline.

2. Reduce absolute Scope 3 GHG emissions from purchased goods and services, business travel, and employee commuting

Metric	Reduce absolute Scope 3 GHG emissions from purchased goods and services, business travel, and employee commuting by 46.2% by 2030 from a 2019 baseline
Objective	Mitigation of Scope 3 emissions
Scope	Applies to Dentsu Group
Period covered by target	2025-2030
Base year	2019
Milestones and interim targets	46.2% by 2030
Target type (absolute or intensity)	Absolute quantitative target
Progress achieved during the year and status at year end	During the reporting year, absolute Scope 3 emissions from purchased goods and services, business travel, and employee commuting decreased by 54,875 tCO ₂ e (18%) compared to 2024. This is a 42% decrease from the 2019 baseline.

3. Reduce absolute Scope 3 GHG emissions (all categories)

Metric	Reduce absolute Scope 3 GHG emissions by 90% by 2040 from a 2019 baseline
Objective	Mitigation of Scope 3 emissions
Scope	Applies to Dentsu Group
Period covered by target	2025-2040
Base year	2019
Milestones and interim targets	46.2% reduction in emissions from purchased goods and services, business travel, and employee commuting by 2030
Target type (absolute or intensity)	Absolute quantitative target
Progress achieved during the year and status at year end	During the reporting year, total absolute Scope 3 emissions decreased by 80,366 tCO ₂ e (21%) compared to 2024. This is a 43% decrease from the 2019 baseline.

The following applies to all GHG emission reduction targets:

Carbon credits	To achieve net-zero emissions by 2040, we will prioritize emissions reduction activities, only neutralizing the remaining residual emissions (less than 10%) through credible and verifiable GHG removal projects.
Alignment with jurisdictional commitment	Aligned with the decarbonization pathways necessary to meet the jurisdictional climate commitments of the regions in which we operate
Validation	The target and methodology have been validated by the SBTi
Review process	This target is reviewed quarterly by the Group Sustainability Committee and follows the escalation process of the targets as set out in the Governance section
Metrics for monitoring progress	Group-wide emissions reduction to net zero by year end 2040
Revisions	Any revision to the target will be disclosed and explained in the Integrated Report, Securities Report, and future publication of dentsu's climate-related risk disclosures. No revisions have been made to the target in the current period.

Appendix 1: Summary of mitigation actions

Physical Risks

Loss of underlying operating profit from extreme weather events affecting employees' ability to work	• A dedicated Resilience Team manages climate-related hazards and supports business continuity • The Group's Resilience Program is aligned with ISO 22301 and includes scenario-specific response plans and crisis simulations • Acute risks are monitored using third-party data and a custom risk management tool • Emergency communication systems and Business Impact Analyses (BIAs) are in place to ensure rapid response and recovery
Reduced advertising demand due to clients being impacted by extreme weather events	• Client diversification, business continuity planning, geographic portfolio management, and ongoing enhancement of climate-related risk monitoring and scenario analysis • Maintaining business continuity and disaster recovery frameworks across key markets, including measures to address disruption from extreme weather events affecting our people, offices, technology infrastructure, and supply chains • Continuing to strengthen flexible and remote working capabilities to reduce operational disruption during acute climate events • Leveraging data, analytics, and scenario planning capabilities to respond dynamically to changing market conditions and consumer behaviors • Further enhancing our climate risk capabilities through ongoing physical risk assessments, integration of climate considerations into strategic planning processes, and continued monitoring of evolving climate scenarios and regional exposure patterns

Transition Risks

Decrease in underlying operating profit due to global economic changes	• Helping clients build sustainable business models, enhancing mutual resilience • Continuing to invest in research (e.g., Modern Sustainable Consumer report) to guide client engagement • Biannual Global Ad Spend Forecast supports strategic planning • Collaborating with clients to reduce emissions across media operations and reduce advertising-related emissions
Reduced underlying operating profit from clients that fail to adapt to low-carbon consumer behavior	• Regular stakeholder meetings held to align on low-carbon goals and industry transformation • Proprietary tools such as the dentsu Media Carbon Calculator help clients assess and reduce media-related emissions
Increased compliance costs from carbon taxes and climate regulations	• Enhancing internal capabilities to anticipate and respond to evolving climate regulations • Investing Agentforce Net Zero for real-time emissions tracking and compliance monitoring • Contributing to public consultations and staying informed through industry associations to support the development of climate-related policies

Transition Opportunities

Access to new markets, suppliers, and companies that will emerge during the low-carbon transition	• Implemented strategic initiatives to position ourselves at the forefront of emerging markets and sectors. For example: • Leveraging the Business Transformation (BX) practices to help clients reimagine business models, customer experiences, and operational strategies
Ability to attract clients through adoption of technologies, including AI, that reduce emissions intensity in services	• Launched an initiative to promote GHG emission reductions in supply chains associated with marketing communication activities in Japan • Partnering with DIMPACT and AdGreen to model and reduce emissions from digital advertising and creative production • Proprietary tools such as the dentsu Media Carbon Calculator help clients assess and reduce media-related emissions • Plan to expand these tools globally and integrate them into its CCS planning platform for broader impact