

# Environment and society

## Working to realize a low-carbon society and make social contributions toward truly sustainable corporate growth



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### Our approach

“Planet,” one of the core themes of our 2030 Sustainability Strategy, encompasses not only the global environment but also society as a whole. Maintaining a healthy planet is a key prerequisite for us to provide value through our business. In addition to reducing the environmental impact of our own activities, we leverage our unique position, from which we can collaborate with many stakeholders, including clients and consumers, to proactively carry out activities that

create future possibilities.

In March 2024, the Dentsu Group Environmental Policy was updated to reflect the updated 2030 Sustainability Strategy. For details, please see our [website](#).

### Climate action

Climate action is one of the material issues included in our 2030 Sustainability Strategy. Climate change has potential financial and societal impacts on dentsu and our stakeholders, including investors, partners, and clients. To achieve the goal of accelerating the transition to a low-carbon and sustainable society, we have set the following KPIs and will promote action plans accordingly from 2024.

- Achieve net-zero greenhouse gas (GHG) emissions by 2040 (Scope 1-3)
- Achieve a 46.2% absolute reduction in GHG emissions by 2030 (Scope 1-3), compared to a 2019 baseline
- Achieve 100% renewable energy\* by 2030
- Enable 1 billion people to make more sustainable choices by 2030

\* Renewable energy in the context of dentsu's sustainability strategy and commitments refers to electricity generated from renewable sources. The definition for renewable electricity has been aligned with RE100.

Our KPI to “Enable 1 billion people to make more sustainable choices by 2030” is linked to sustainable consumption. In working to realize the transition to a

low-carbon society, our greatest opportunity is our ability to help shape consumer attitudes and behaviors. We will advance businesses that contribute towards these goals, including through business transformation and marketing support for clients.

### 2023 performance and future considerations

In 2023, we made progress on initiatives to expand the scope of our GHG reduction targets for our international operations that were validated by the Science Based Targets initiative (SBTi), to include the entire Group. Based on our “Business Ambition for 1.5°C” commitment letter from 2022, we submitted new GHG reduction targets to SBTi in 2024, and these are still under review as of July 2024.

We have also made progress in expanding our use of Salesforce’s Net Zero Cloud platform to manage GHG-related data on a Group-wide basis, aiming to complete this within 2024.

In 2023, through initiatives such as continuing to transition our company car fleets to hybrid and electric vehicles and switching to sourcing 100% renewable energy for the Dentsu Building in Shiodome, Tokyo, our Scope 1 and 2 emissions (market-based) were 46.2% lower than in our baseline year.

However, when also considering Scope 3 emissions, which account for over 95% of our total emissions, our Scope 1-3 emissions increased by 7.8% compared with

## Environment and society

our baseline year. This was mainly driven by an increase in emissions under Scope 3 Category 1 (Purchased Goods and Services). In 2024, we are launching a Group-wide Procurement Management Project to promote

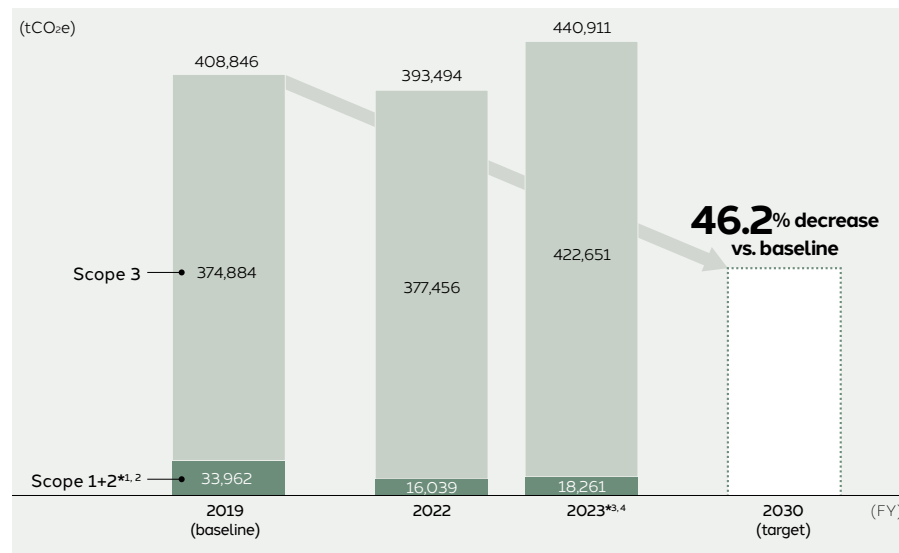
initiatives to obtain high-quality data from our suppliers and reduce emissions in our supply chains.

We increased our global renewable energy ratio from 35.6% in 2022 to 55.3% in 2023, thanks to

initiatives towards our RE100-aligned commitment\* to achieve 100% renewable energy by 2030.

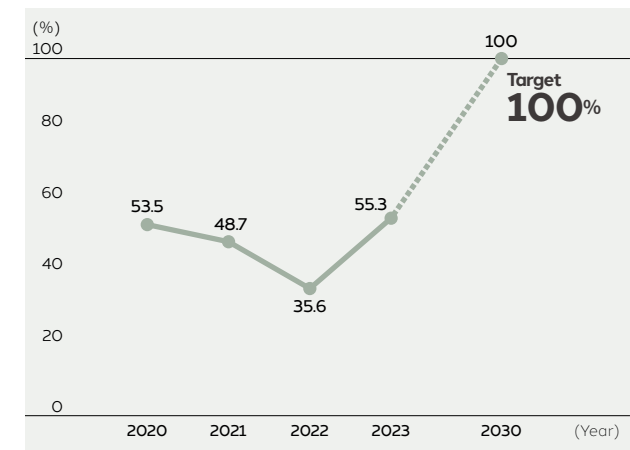
\* RE100 is a global initiative for businesses committed to sourcing 100% renewable electricity, and dentsu is a member of this initiative.

### GHG emissions (consolidated)



- \*1 The 2019 baseline figures are as of December 31, 2023. We submitted new GHG reduction targets to the SBTi in 2024.
- \*2 Each consolidated figure for Scope 1+2+3 emissions for 2023 has received independent limited assurance from KPMG AZSA Sustainability Co., Ltd.
- \*3 Scope 2 emissions are calculated using the market-based method.
- \*4 Emissions from Tag Worldwide Holdings Limited included in footprint from 2023.

### Renewable energy rate (consolidated)



Note: Renewable energy percentages are calculated in line with RE100 criteria. For data on the renewable energy ratio based on the amount of renewable energy sourced, please refer to the [ESG Data Book](#). Renewable energy data is outside the scope of independent assurance.

## Environment and society

### Disclosures based on the TCFD recommendations

Climate action has been identified as a material issue in our sustainability strategy, and we are working to proactively mitigate risks and seize opportunities arising from the transition to a low-carbon economy.

As part of our commitment to Climate Action, we conduct scenario analyses guided by the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. These analyses are crucial in identifying, assessing, and managing the impacts of climate-related risks on our operations and strategy. By examining various potential future climate scenarios, we better understand the uncertainties and risks associated with climate change, including extreme weather events and regulatory changes.

The insights from these analyses are integrated into our governance and decision-making processes, embedding climate-related considerations at every level of our organization.

This year's TCFD report offers a comprehensive overview of our scenario analyses, governance integration, and strategic alignment, reflecting our proactive approach to managing climate-related risks and dedication to a sustainable future. For further details, please see [the Dentsu Group TCFD Report 2024](#).

### Nature-related initiatives

For dentsu to continue creating value for society over

the medium to long term, maintaining a healthy natural environment is essential. Based on the global vision set out in the Kunming-Montreal Biodiversity framework of "living in harmony with nature by 2050," in 2023 we conducted a high-level assessment of our dependencies and impacts on natural capital across our global value chain for key business areas based on the recommendations of the Taskforce for Nature-related Financial Disclosures (TNFD)\*.

Although the results of this high-level assessment found relatively low dependencies and impacts on nature, we identified several areas in our upstream value chain where we could make positive impacts for nature. We also identified opportunities to make an even greater contribution through the development of solutions that support nature positivity by leveraging our industry's characteristics of having contact with diverse client companies and partners to encourage sustainable behaviors, as well as by generating future-oriented ideas for society that go beyond our value chain.

Based on these assessment results, dentsu will contribute towards nature through the following initiatives:

- Including considerations around GHG emissions, nature, and related stakeholders in our procurement policies
- Formulating business guidelines that consider nature and the global environment, and creating ecosystems to realize them
- Reducing water usage and waste in our operations

- Providing programs and opportunities for employees to better understand and appreciate the value of nature
- Developing and offering solutions that help our corporate clients become more nature positive
- Raising awareness through activities that encourage sustainable consumption, including nature positive aspects

\* The TNFD has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report, and act on their nature-related dependencies, impacts, risks, and opportunities. In March 2024, dentsu joined the TNFD Forum, an international group of institutional supporters who share the vision and mission of the TNFD.

### Learning and development

Raising awareness and upskilling our employees on sustainability is a key priority for us.

In 2023, we rolled out new modules on the business case for sustainability and our sustainability strategy on dentsu university, our employee learning platform, which were completed by more than 1,000 employees globally. We supported 100 leaders from across the business to complete an intensive eight-week course from the Cambridge Institute for Sustainability Leadership (CISL) on Sustainable Marketing, Media, and Creative.

In all four regions, local initiatives are growing to increase awareness of our sustainability strategy and grow our people's knowledge in this area through regular townhall meetings and employee engagement opportunities.

## Environment and society

In Japan, we rolled out the Sustainability Leaders program, regularly reaching more than 700 employees monthly with insights about the latest internal and external themes. In Denmark, we piloted our very first Sustainable Marketing Academy, which is open to our employees as well as external parties, including clients, and we have also developed our own education programs in the Netherlands and the UK, currently for employees only. Key training topics include business understanding and strategic insights, greenwashing countermeasures, and carbon reduction.

### Initiatives towards industrial transformation

Our goal of realizing a vibrant society where people enjoy a fulfilling life cannot be achieved through the efforts of a single company alone. As a responsible corporate citizen with operations spanning the globe and a leader in our field, we will accelerate industry collaboration and contribute to solving social issues by creating and participating in a variety of cross-industry initiatives.

#### Initiative 1. Decarbonization Initiative for Marketing

In 2023, dentsu launched the Decarbonization Initiative for Marketing to promote GHG emission reductions in supply chains related to marketing communications in Japan, while ensuring compatibility with global standards and involving all relevant stakeholders. We

signed a memorandum of understanding with AdGreen, a general incorporated association that provides carbon visualization tools in the advertising production field in the UK, and we will also respond to the requests of companies conducting marketing activities globally.

#### Initiative 2. Opening of FACTORY ANZEN STUDIO, photography studios with sustainability in mind

Aiming to decarbonize creative production, Dentsu Creative Cube opened two next-generation photography studios called FACTORY ANZEN STUDIO in 2024. In addition to reducing our environmental impact by sourcing 100% renewable energy\* and recycling waste from filming (targets: 90% recycling rate by 2025 with a longer term ambition to achieve 100%), the studios are also compatible with dentsu's proprietary Carbon Calculator for Movie Production, a tool for calculating and visualizing emissions in creative



One of the two studios uses virtual production. By projecting a background image on an LED panel and combining it with the subject to create a video, we are able to reduce emissions associated with set disposal and location shooting.

production, making it possible to analyze and reduce emissions in production. For details, please see [the studio website](#).

\* The studios source an equivalent of 100% renewable energy, achieving zero carbon emissions from electricity usage. New solar panels are scheduled to be installed on the rooftop in the summer of 2024.

#### Initiative 3. Production and free release of Sustainability Communication Guide 2023

We recognize greenwashing (making it appear as if a company/organization is making more environmental efforts than it is) as a climate-related business risk not only for our company, but also our entire industry, presenting a major challenge. We created the Sustainability Communication Guide 2023 as a reference for employees to keep in mind when carrying out their work, free of charge for companies and other organizations in Japan. For details, please see the [website](#).



#### Strategic collaboration with external stakeholders

We aim to utilize the knowledge gained through collaboration with external stakeholders in our Group's management to improve our response to sustainability issues such as climate change.

## Environment and society

For the tenth consecutive year, dentsu has been selected as a Strategic Partner of the World Economic Forum (WEF), an international organization that works to improve circumstances globally through cooperation between the public and private sectors, and we support the organization's activities.

Furthermore, as a member of the Alliance of CEO Climate Leaders, a community facilitated by WEF, ahead of COP28 (28th Conference of the Parties to the Framework Convention on Climate Change) held in November 2023, our President & Global CEO signed an open letter calling on world leaders to scale their climate ambition.

Since 2021, dentsu has continued to be a member of the World Business Council for Sustainable Development (WBCSD). We were founding members of the Business Commission for Tackling Inequality, which in 2023 released a report, *Tackling Inequality*, highlighting this issue as a systemic risk and laying out a roadmap for private sector action. The report can be accessed via the following [link](#).

In July 2023, we became a Supporting Member of the Japan Climate Leaders' Partnership (JCLP), a coalition of Japanese companies aiming for a sustainable, decarbonized society. As an Associate Member from April 2024, we will help lead the way to a decarbonized society from an industrial perspective.

We also expanded our work with Ad Net Zero, a

global program that supports the advertising industry in addressing the climate crisis, decarbonizing advertising activities, and promoting sustainable products and services. Dentsu is a founding member at the global level and a local member in the US, the UK, New Zealand, and the UAE.

### Contributing to society

For dentsu, as a B2B2S company, society is positioned as key stakeholder, and we aim to contribute to society through each of our corporate activities. We strive to realize a vibrant society where people enjoy a fulfilling life not only through our business, but also through social contribution initiatives, to enable stable business activities and value provision.

#### Initiative 1. One Day for Change

One Day for Change is a global activity as One dentsu that enables our people to unite as a force for good in our communities. In 2023, more than 9,000 employees from 63 countries participated, spending over 34,000 hours engaged in sustainability-related activities. This event succeeded in more than simply raising awareness of sustainability topics. In a survey of 1,000 participants, 95% reported improvements to their well-being, while 86% said that they felt closer to their colleagues and local communities as a result.



#### Initiative 2. Providing skills to the next generation

We are committed to empowering the next generation of responsible, ethical, and digital citizens. We reached more than 12,000 beneficiaries in 2023 through initiatives including our Global Schools program, The Code, and other learning programs worldwide in partnership with universities and high schools. We support young people outside of school programs by providing digital marketing courses free of charge in partnership with major universities, including Howard University in the US, to bring the latest thinking and innovation to more young people. In the UK, we developed and rolled out a new program for The Code in 2023 that teaches sustainability to secondary school students.

## Environment and society

### Initiative 3. Activities towards eradicating malaria

Since 2017, dentsu has been working to eradicate malaria, which is seeing a rapid increase in infections due to an increase in mosquito populations driven by climate change. In 2023, ahead of COP28 in Dubai, we supported Malaria No More UK, a charity working to eradicate malaria globally, with the launch of a new campaign called “Zero Malaria: Change the Story.” We secured more than 582,000 USD in pro-bono media value in 11 markets and reached more than 65 million people.



### Initiative 4. Advertising Elementary School

In 2006, Dentsu Inc. launched the Advertising Elementary School program, jointly developed with Tokyo Gakugei University. This program was conceived by an employee who asked themselves, “What can we contribute to society as an advertising company?” As of March 2023, it has been offered to approximately 450

schools, from elementary schools to universities, for a total of over 61,000 students. This program cultivates basic communication skills, such as the ability to think, judge, express, and solve problems in a group through the creation of commercials, and it has also been published as a book. Please see the [special website](#) for details.



(Available in Japanese only)

### Initiative 5. Communication Tips to help improve PR skills for Nonprofit Organizations (NPOs)

In 2004, Dentsu Inc. and Japan NPO Center, an intermediary support organization for NPOs in Japan, established the NPO Public Relations Skills Improvement Committee. Utilizing the creative power of dentsu and the Japan NPO Center’s network, we developed the Tips for Communicating program and offered it to NPOs across Japan. This initiative, which celebrates its 20th anniversary in 2024, has held over 150 seminars across the country, with a total of over 5,700 participants. For more information, please visit [the Japan NPO Center website](#).