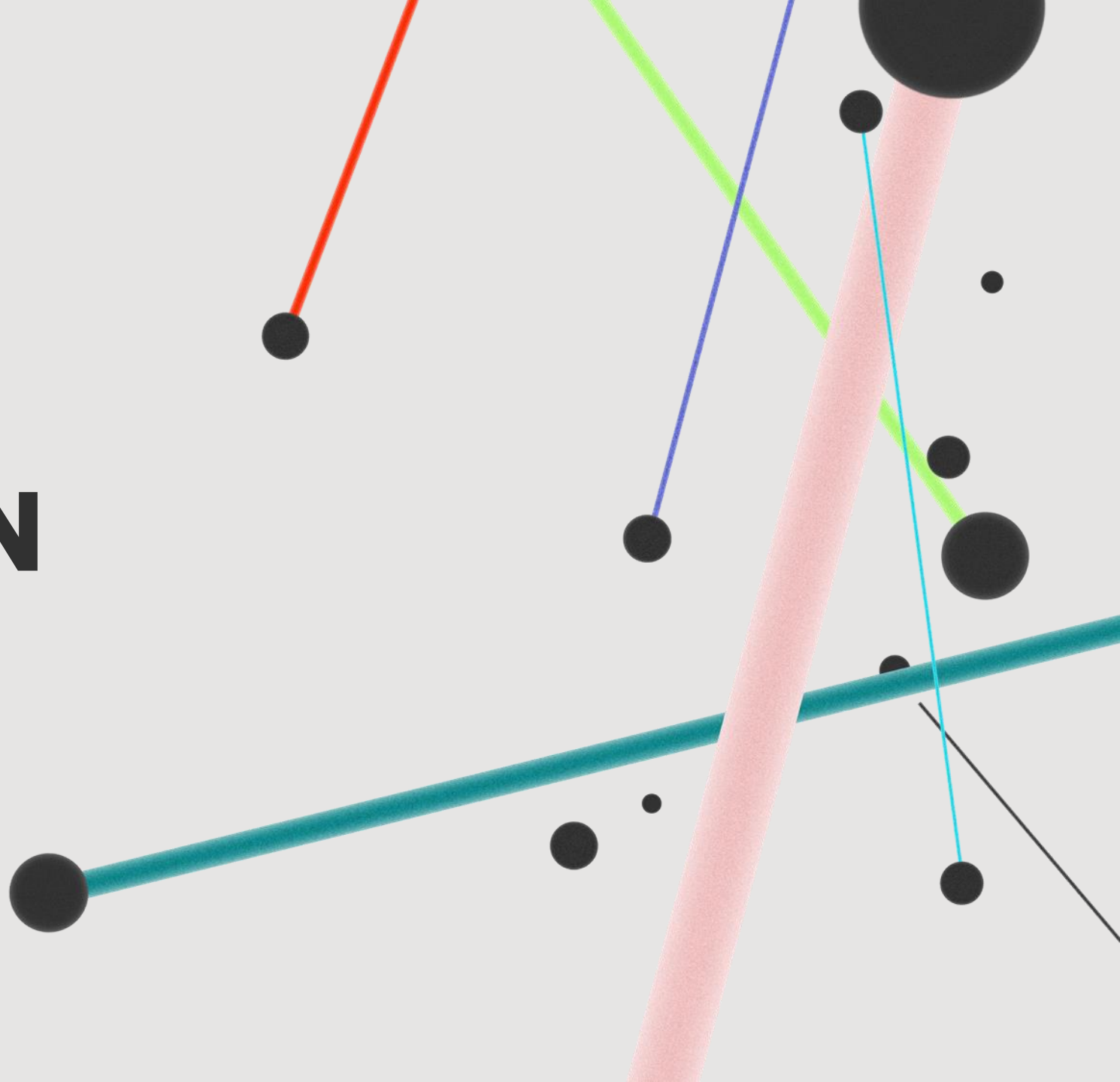
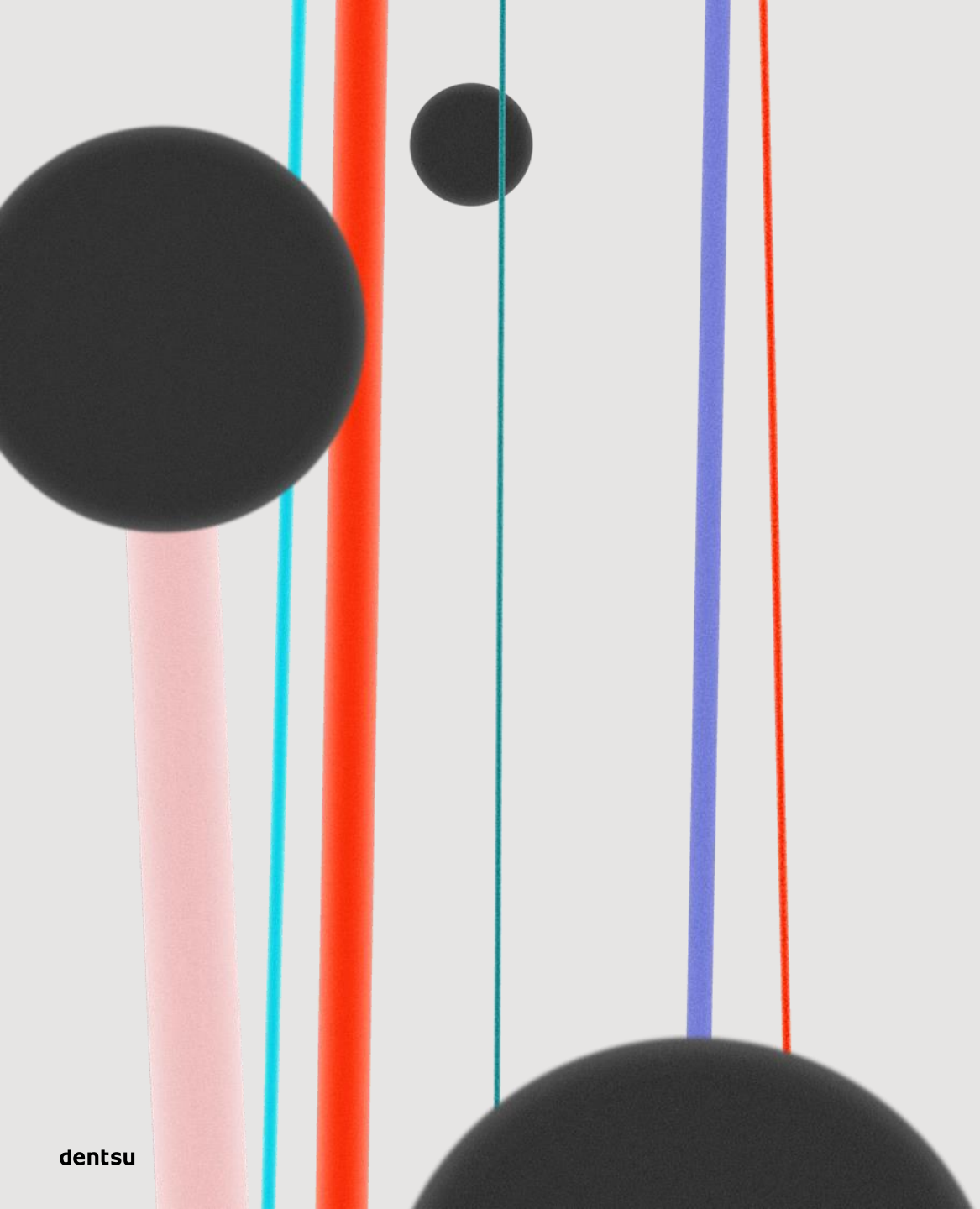
NET-ZERO TRANSITION PLAN

SEPTEMBER 2025

INNOVATING TO IMPACT

dentsu





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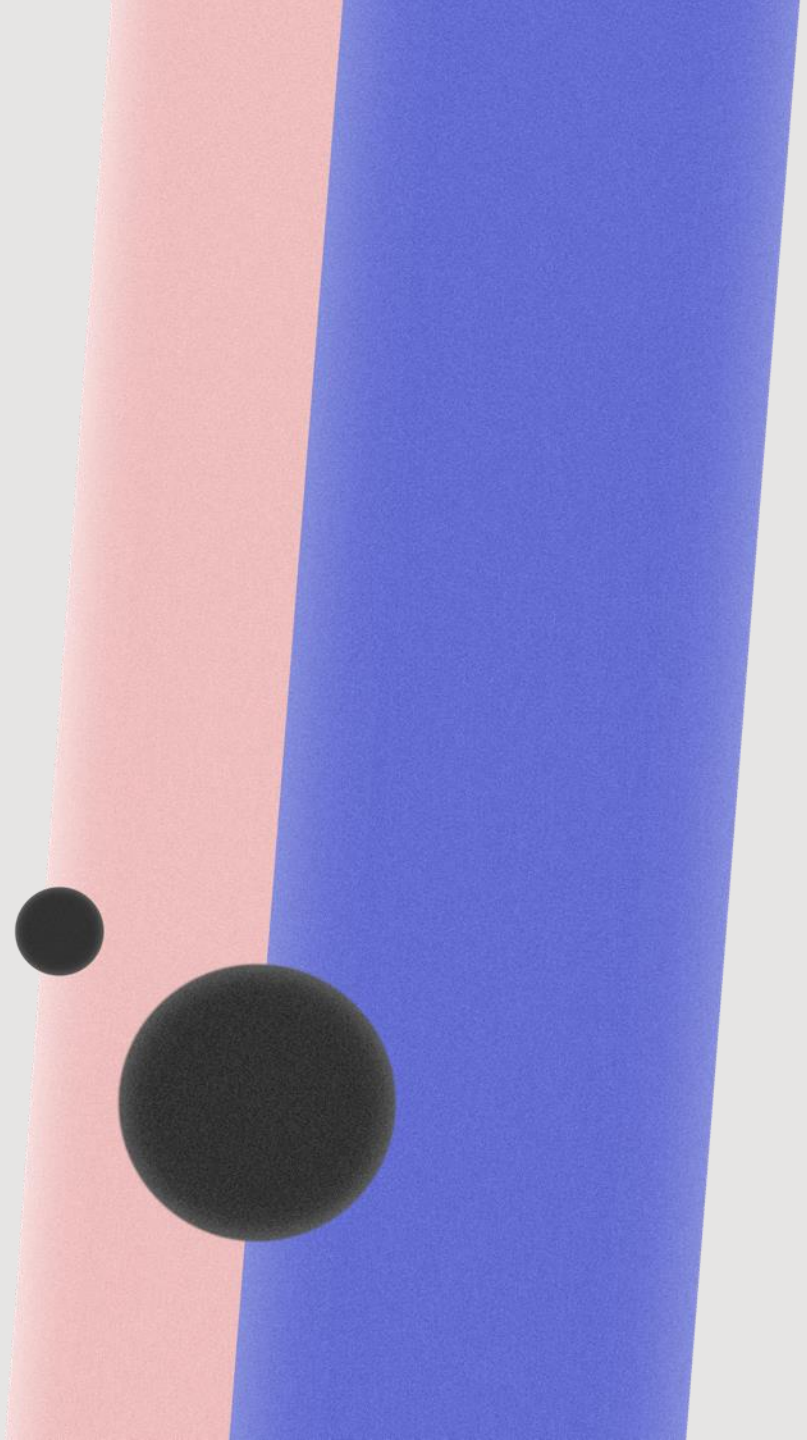
INTRODUCTION



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INTRODUCTION

Foreword

Hiroshi Igarashi

Director, Representative Executive Officer,
President & Global CEO, dentsu

At dentsu, our vision is to be at the forefront of people-centered transformations that shape society. By leveraging what makes us uniquely dentsu, namely the creativity and execution abilities of our global talent, we can achieve our vision towards a vibrant society where people enjoy a fulfilling life.

The pace of change in our external operating environment continues to accelerate, and we as a global society face significant social, political, and ecological challenges that will require collaboration and innovation at an unprecedented scale.

We are committed to addressing these complex challenges through our Integrated Growth Solutions, which bring together dentsu's unique capabilities to drive innovation and create positive change for businesses, clients, and people's lives. Furthermore, as a Business-to-Business-to-Society (B2B2S) company, we will continue to work towards resolving social issues together with clients and achieving sustainable growth for all.

I am confident this focus on pursuing both financial and non-financial performance together with collaboration with our clients and partners will help us generate value and realize a better society.

Yuko Kitakaze

Global Chief Sustainability Officer, dentsu

Our 2030 Value Creation Strategy is all about generating ideas for the future to solve challenges facing society through business.

Rising environmental pressures driven by long-term shifts in weather patterns and global temperatures represent one of the most significant challenges we face as a global society, and accordingly, we have identified "Environment" as a material theme under our value creation strategy.

In 2024, we updated our near- and long-term greenhouse gas (GHG) emissions reduction targets and confirmed that they are aligned with the latest climate science. But of course, setting targets is only the beginning.

This Net-zero Transition Plan, shaped through extensive stakeholder engagement, sets the foundation for emissions reductions at scale, while ensuring that we effectively manage environmental risks and remain fully compliant with all applicable laws, regulations, and disclosure requirements.

Furthermore, by leveraging our insights into humanity that we have cultivated over our 124-year history to help shape people's attitudes and behaviors, we believe business can also contribute to promoting sustainable outcomes for society as a whole.

INTRODUCTION

Dentsu’s strategic ambitions

We aim to drive sustainable growth by integrating creativity, technology, and data to address complex societal challenges. Our vision to be at the forefront of people-centered transformations that shape society—helping to transform mindsets and behaviors through purposeful engagement.

As part of this broader ambition, we are embedding environmental responsibility into our business model—not as a standalone initiative, but as a lever for operational resilience, innovation, and long-term performance.

A core focus of our environmental commitments is managing environmental risks and continuing to comply with environmental and other applicable laws and legal reporting and disclosure obligations. We also recognize that environmental impacts are closely tied to business continuity, brand equity, and stakeholder trust. That is why we are focused on reducing emissions across our operations and value chain, prioritizing areas with the greatest impact.

To deliver on this, we are rethinking how we consume energy and accelerating the shift to renewable electricity across our global footprint, as well as collaborating with suppliers, partners, and clients to drive more responsible practices throughout the media and marketing ecosystem. By adopting advanced technologies and more efficient processes, we are not only mitigating environmental and regulatory risks but also reducing operational costs and unlocking new growth opportunities.

Our approach is rooted in transparency, accountability, and evidence-based decision-making. We regularly measure our progress using recognized industry frameworks and tools, allowing us to adapt our actions to meet the evolving expectations of society and the markets we serve.

Through these efforts, we aim to drive innovation, reduce exposure to risk, and create long-term business value.

Organizational readiness

As a global leader in marketing, advertising, and digital communications, we are uniquely positioned to lead impactful change. Our extensive reach enables us to influence attitudes and behaviors at scale, empowering sustainable consumption and supporting our clients’ transition toward a more sustainable future.

Our unique corporate philosophy, NORTHSTAR, makes dentsu what it is.

PURPOSE

an invitation to the never before.

Through connecting diverse talents within and beyond our organization, we exist to create new solutions and new beginnings for the sustainable development of our clients and society.

WHY

For lasting good

We exist to create truly sustainable value for the organizations we work with and in the lives of millions.

WHAT

The power of the never before

Our ideas create new solutions and new beginnings for an ever-changing business environment.

HOW

Open teaming

Anyone from anywhere in the dentsu world and beyond can get together in a team, there are no boundaries.

INTRODUCTION

Setting the scene for change

As we transition toward a more sustainable society, dentsu recognizes the need to redefine prosperity and help shape people's values and behaviors. Our Value Creation Model illustrates how we generate value to support this transformation.

Our people, who have been at the heart of dentsu for over 120 years, are the driving force behind our creativity, which is powered by deep consumer insight and intelligence.

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.

Our vision is to be at the forefront of people-centered transformations that shape society. We deliver innovative, client-focused solutions in a fast-changing world, guided by our B2B2S (Business-to-Business-to-Society) management policy: resolving social issues together with clients, and achieving sustainable growth for all.

Our Value Creation Model is explored in more detail on page 7.

Catalyzing change for a resilient future

Maintaining a healthy planet is a key prerequisite for us to provide value through our business. For this reason, we are committed to reducing the environmental impact of our activities through proactive and targeted GHG emission reduction initiatives.

To facilitate and guide the change needed to meet our targets, we have prepared a transition plan while referring to international guidelines and frameworks including the recommendations set out by the Transition Plan Taskforce (TPT) Disclosure Framework*.

This plan sets out our current progress and our planned actions to accelerate our own sustainable transformation.

The plan has been formed by engaging with stakeholders across our business, and we will review our progress regularly.

*https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/disclosure-framework-oct-2023.pdf

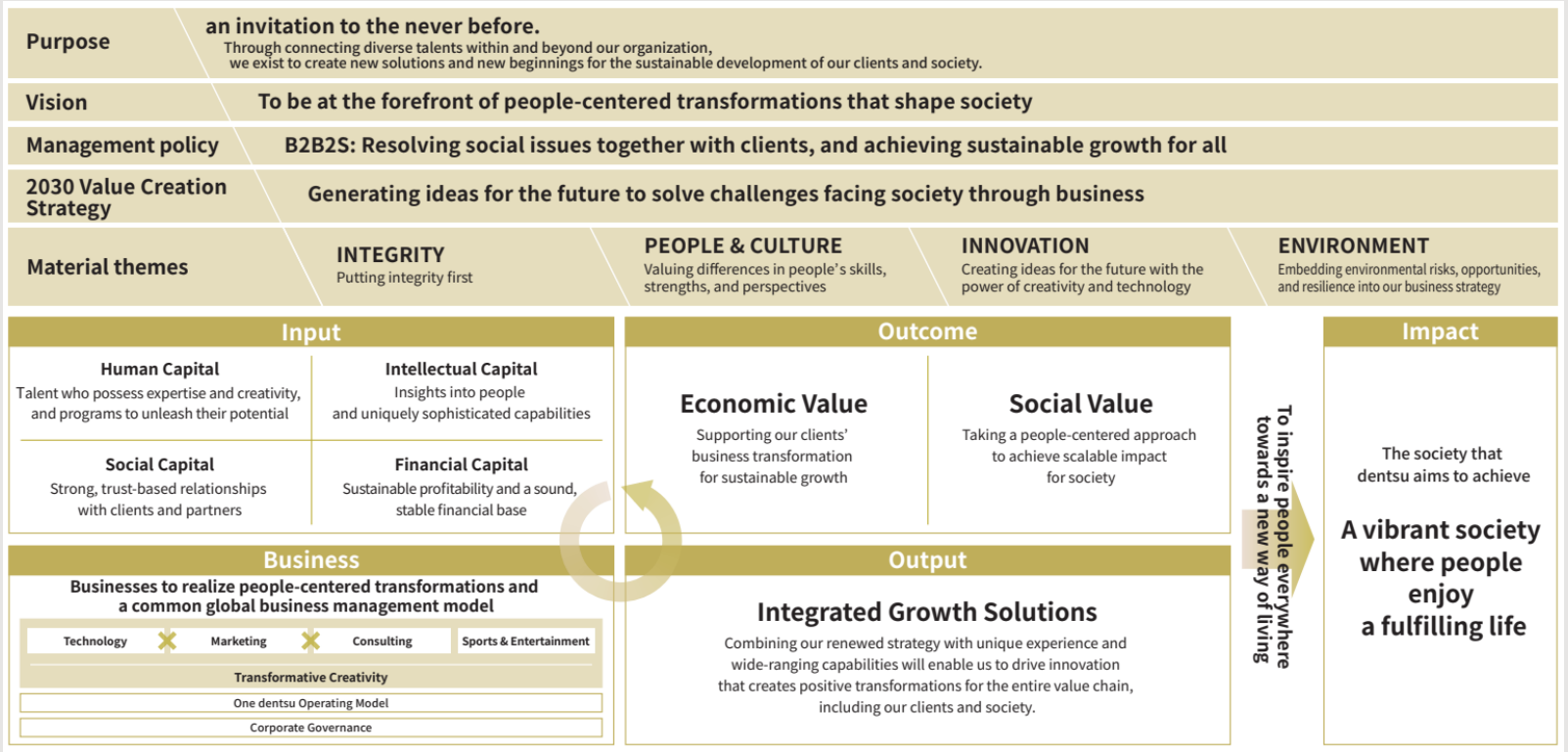
INTRODUCTION

Dentsu's Value Creation Model

The energy powering the Group's value creation is our talent. This is the essence of dentsu, consistent throughout our 124 years of business. We believe in the unlimited possibilities that arise when people connect with each other.

Our 2030 Value Creation Strategy was established to implement B2B2S in the spirit of our purpose and vision. The initiatives taken toward our four material themes, which are critical for the sustainable improvement of dentsu's corporate value, serve as the foundation of our value creation.

Our capital inputs are the source of our value creation process. This process supports the growth of our people through their work, building a wealth of human capital, intellectual capital, and social capital. By augmenting these three forms of capital with financial capital, we create economic and social value and continue to enhance our corporate value as a B2B2S company.



We pride ourselves on Transformative Creativity. We unleash our talent at the convergence of Marketing, Technology, and Consulting, as well as Sports & Entertainment, bringing forth novel ideas and solutions that lead to real innovation to solve the challenges facing our clients and society. The One dentsu Operating Model connects dentsu with our clients through a single, consistent point of service, ensuring rapid response to their needs as well as operational efficiency. This management model is supported by a robust governance system, creating a platform for the promotion of our business activities.

INTRODUCTION

Generating ideas for the future to solve challenges facing society through business

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 the embedding of environmental risks, opportunities, and resilience into our business strategy.

At dentsu, we are committed to driving sustainable growth by integrating creativity, technology, and data to help solve complex societal issues.

Our 2030 Value Creation Strategy is focused on creating medium- to long-term value by investing in human, social, and intellectual capital, with the goal of generating ideas for the future to solve challenges facing society through business.

We have set ambitious targets to support this strategy, which we will continue to evaluate and assess. Our targets towards our material theme of Environment are outlined on page 16.

Purpose	**an invitation to the never before.** Through connecting diverse talents within and beyond our organization, we exist to create new solutions and new beginnings for the sustainable development of our clients and society.			
Vision	**To be at the forefront of people-centered transformations that shape society**			
Management policy	**B2B2S: Resolving social issues together with clients, and achieving sustainable growth for all**			
2030 Value Creation Strategy	**Generating ideas for the future to solve challenges facing society through business**			
Material themes	**INTEGRITY** Putting integrity first	**PEOPLE & CULTURE** Valuing differences in people's skills, strengths, and perspectives	**INNOVATION** Creating ideas for the future with the power of creativity and technology	**ENVIRONMENT** Embedding environmental risks, opportunities, and resilience into our business strategy

ENVIRONMENT

Embedding environmental risks, opportunities, and resilience into our business strategy

→ Reducing management risk

→ Mid- to long-term value creation

→ **Supported by our Net-zero Transition Plan**

INTRODUCTION

Accelerating our own sustainable transformation

Our transition plan takes a strategic and rounded approach to drive impact across our operations and our value chain, ultimately accelerating our own sustainable transformation. We are focused on driving meaningful, measurable impact—both within our business and in partnership with suppliers, clients, and communities.

At the heart of our approach is a deep commitment to emissions reduction and climate resilience:

- We are actively transforming our energy use, evolving how we work, and collaborating across sectors to reduce environmental impact.
- This journey is underpinned by science-led action and guided by globally recognized frameworks.
- We are focused on reducing emissions at source—prioritizing operational efficiency, responsible procurement, and low-carbon innovation—before addressing any remaining emissions through credible, high-integrity solutions.

Our ambition is to not only meet expectations, but to lead with accountability and transparency—accelerating the shift that benefits people, planet, and business alike.

Driving change across the value chain

While we have made significant strides in reducing our value chain emissions, we recognize there is more to be done. This complements ongoing industry-wide efforts to make advertising more sustainable by reducing emissions across creative production and media placement.

Internally, we are fostering awareness and building the capacity of our teams to lead the shift toward environmentally-responsible advertising and more conscious audience engagement through employee training programs. More information related to training can be found on page 33.

Additionally, our Business Transformation (BX) services, such as dentsu good and Sustainability to Impact in dentsu Japan, are designed to support our clients with embedding sustainability into their operations and campaigns, offering bespoke solutions to meet their unique needs. These solutions are available at the option of clients and are not offered in every market.

Case study: Pioneering innovation towards net zero

In 2024, Dentsu Taiwan achieved a major sustainability milestone by becoming the first in the global advertising industry to receive ISO 14067 Product Carbon Footprint Verification from BSI for media carbon footprint calculation—specifically for video ad placements on major international digital platforms.

In collaboration with the Graduate Institute of Environmental Engineering at National Taiwan University, we developed a rigorous carbon footprint calculation methodology tailored to the complexities of digital media. This will enable accurate carbon reporting, an essential component for driving low-carbon decisions across the media value chain.

By embedding verified carbon data into our advertising services, we are not only enhancing transparency, but also helping clients, partners, and agencies make more sustainable media choices.

INTRODUCTION

Dependencies

We have identified the following dependencies across our value chain to consider as we action our transition plan:

Dependency area	Description of dependency
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).
Customer expectations	Consumer purchasing decisions increasingly driven by environmental and sustainable considerations, focusing on factors such as product durability and waste reduction.

Our impact on nature and society

Our material theme of Environment covers nature-related factors. In 2023, dentsu conducted a high-level assessment of our dependencies and impacts on natural capital for key business areas across our value chain based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). Although the results of this 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 confirmed the potential to make an even greater contribution by providing solutions that support biodiversity conservation.

Based on these findings, dentsu will contribute to 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 contribute to the preservation and conservation of biodiversity
- Conducting awareness-raising activities on the environment, including biodiversity
- Conducting awareness-raising activities on sustainable consumption, including nature positivity

INTRODUCTION

Understanding the impact of material climate-related issues

In 2025, we conducted a climate-related scenario analysis material risks and opportunities covering our Group-wide operations. This enabled us to understand and review the related impacts on our strategy and business operations, as well as the financial implications on our revenue and operational and capital expenditures.

The first phase of our analysis focused on engaging with dentsu stakeholders to identify and shortlist the most relevant risks and opportunities. The second stage focused on assessing how the shortlisted risks and opportunities might unfold for dentsu under different time horizons and climate scenarios as well as the financial quantification of identified risks and opportunities. Five thematic drivers were identified related to IFRS S2 standard, which is also aligned with the TCFD categories, each key to the strategic resilience of the business: Policy and Legal, Market, Reputation, Acute and Chronic Physical risks.

We then identified the ways that climate change could impact each driver, to design a series of risk and opportunity assessments for exploration within our scenario analysis. We chose to use explorative scenarios to understand how dentsu's brands and strategies might fare under varying commercial and operating environments, from now up until 2050. The time horizons (Table 1) and scenarios (Table 2) used in our analysis are shown to the right.

Read more in dentsu's [Climate-related Disclosures 2025]

Tables 1 & 2

Time horizons used	
Short term	**2025 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.

Physical risks			**Transition risks and opportunities**		
High-carbon emissions scenario	IPCC SSP5-8.5	Follows a 'business as usual' trajectory, assuming no additional climate policy and seeing CO_2 emissions triple by 2100. Warming expected to be > 3.8°C by the end of century	High-carbon emissions scenario	Current Policies (CP)	Assumes that only currently implemented policies are maintained and preserved. End of century global warming is estimated to be +3°C, leading to high physical climate risks
Low-carbon emissions scenario	IPCC SSP1-2.6	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	Medium-carbon emissions scenario	Delayed Transition	Assumes that global annual emissions do not 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 below 2°C.
			Low-carbon emissions scenario	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.

INTRODUCTION

Summary of risks and opportunities

Dentsu is exposed to transition risks and opportunities across all time horizons and scenarios. Over the near term, however, overall exposure to both risks and opportunities is limited. From our climate-related scenario analysis, we identified our most substantive risks, but also our greatest opportunities, emerge in the Net Zero Emissions 2050 and Delayed Transition scenarios. The results can be seen in Tables 3 & 4 to the right.

For physical risk, increased energy costs due to long-term temperature changes and revenue loss from extreme weather affecting employees' ability to work have the highest risk profile. For transition risk, decreased revenue due to global economic changes and increased regulation and disclosure, failure to clients to adapt to changes in consumer behavior, and costs of carbon taxes and other climate regulation have the have the highest risk profile.

Read more in dentsu's [Climate-related Disclosures 2025]

Tables 3 & 4

Financial Impact (JPY billion)[1]

Physical Risk	SSSP 2.6				SSSP 8.5		
	SHORT (2025-2029)	MED (2030-2039)	LONG (2040-2050)		SHORT (2025-2029)	MED (2030-2039)	LONG (2040-2050)
Increased energy costs due to long-term temperature changes	-0.01	-0.02	-0.03		-0.01	-0.03	-0.06
Revenue loss from extreme weather affecting employees' ability to work	-0.25	-0.91	-1.61		-0.37	-1.36	-2.98

Financial Impact (JPY billion)[1]

Transition Risks & Opportunities	Net Zero (1.5°C)			Delayed Transition (2.0°C)			Current Policies (3.0°C)		
	SHORT (2025-2029)	MED (2030-2039)	LONG (2040-2050)	SHORT (2025-2029)	MED (2030-2039)	LONG (2040-2050)	SHORT (2025-2029)	MED (2030-2039)	LONG (2040-2050)
Risks									
Decreased revenue due to global economic changes	-1.6	-4.9	-5.7	-1.5	-6.5	-9.2	-1.5	-6.1	-13.6
Inability to meet demand for sustainability-focused services	-0.2	-0.5	-0.7	-0.2	-0.5	-0.6	-0.2	-0.4	-0.5
Clients fail to adapt to changes in consumer behavior	-0.7	-2.6	-6	-0.6	-2.2	-5.1	-0.5	-1.7	-3.5
Cost of carbon taxes and other climate regulation	-2.9	-5.2	-4.9	-2.2	-3.9	-4.4	-1.7	-2.4	-2.4
Opportunities									
Access to new markets during the low-carbon transition	0.1	0.1	3.3	0	0	5.2	0	0	0
Adoption of technologies that reduce emissions intensity in services	0	9.3	0	0	4.3	0	0	3.1	3.2

[1] Underlying Operating Profit. The financial figures represent the median impact during the time horizon, above the 2024 baseline.

INTRODUCTION

Planned response to material climate-related issues

The identification of our material climate-related risks and opportunities has helped us to further inform our business model and strategic considerations. For example, we aim to enable consumers to embrace low-carbon lifestyles and support brands to develop strategies and campaigns to meet the needs of a more conscientious consumer.

In addition, the analysis has helped us to identify priority areas to be addressed within our transition plan. These areas have been grouped under five headings and are depicted in Table 5 to the right.

Some of the physical impacts of climate change will also be mitigated by actions within our transition plan, such as installing or upgrading heating, ventilation, and cooling systems within our offices, where possible. These improvements are designed to enhance energy efficiency and reduce the indirect energy demand associated with maintaining comfortable office environments. By addressing both the immediate physical risks, such as temperature extremes, and the longer-term energy requirements, we are further aligning our transition plan with broader climate resilience strategies, ensuring that our facilities are not only more sustainable but also better equipped to adapt to future climate impacts.

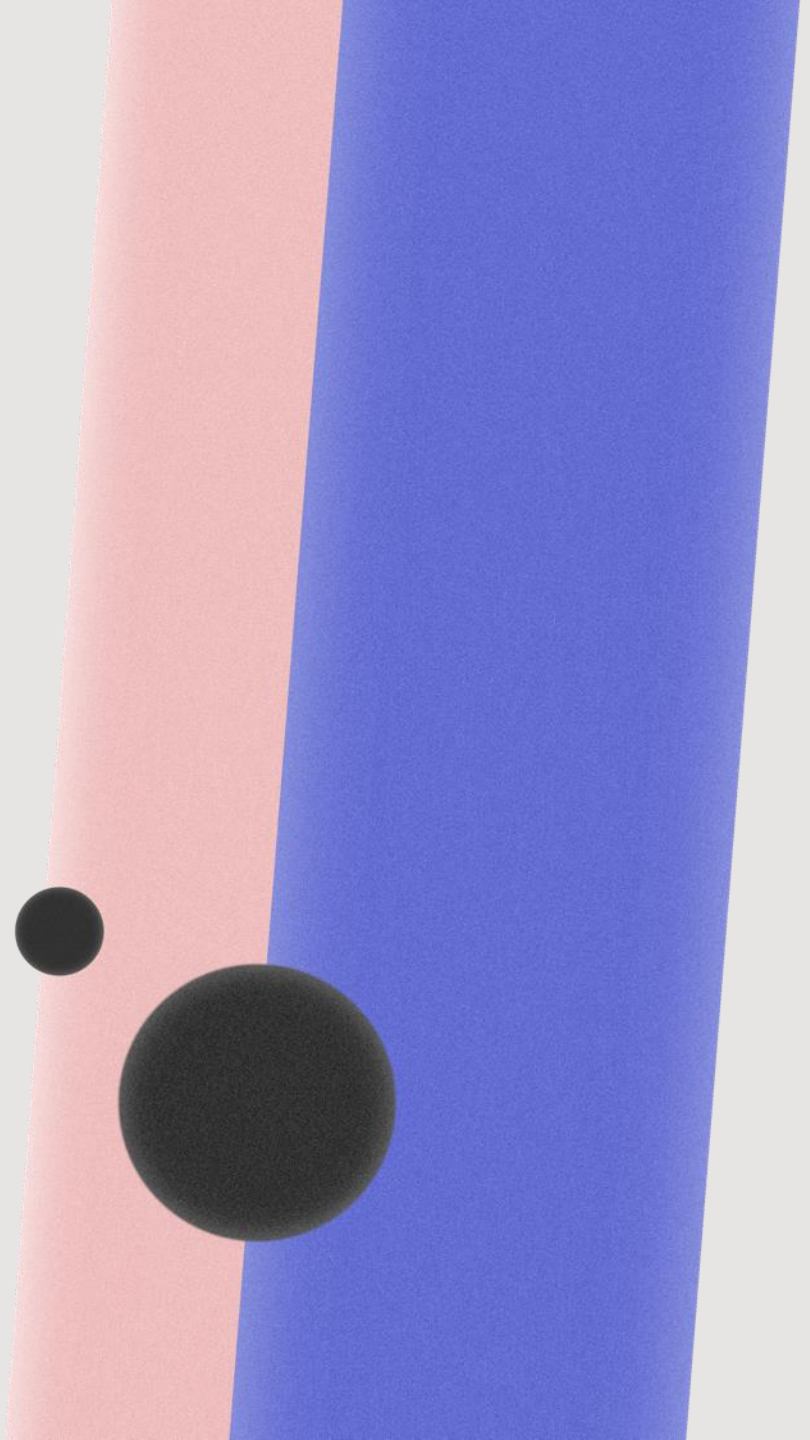
Read more in dentsu's Climate-related Disclosures 2025

Table 5

Physical risks	Summary of mitigation actions
Increased energy costs due to long-term temperature changes	We are enhancing sustainability across our real estate portfolio by working with landlords, implementing energy efficiency measures, and securing certifications such as ISO 14001, ISO 50001, and BREEAM in key locations. Environmental considerations are embedded in our operational and supply chain risk management.
Revenue loss from extreme weather affecting employees' ability to work	Our dedicated Resilience Team manages climate-related hazards and supports business continuity through a Resilience Program aligned with ISO 22301. The program includes scenario-specific response plans, crisis simulations, and Business Impact Analyses (BIAs) to ensure rapid response and recovery.
Transition risks	
Decreased revenue due to global economic changes	Our B2B2S management policy helps clients build sustainable models that enhance mutual resilience. We invest in research, such as the Modern Sustainable Consumer report, and collaborate with clients to decarbonize media operations and reduce emissions associated with the production of advertising.
Cost of carbon taxes and other climate regulation	Enhancing internal capabilities to anticipate and respond to evolving climate regulations by investing in Salesforce Net Zero Cloud for emissions tracking and compliance monitoring, while engaging with policymakers and industry groups to help shape effective climate policy.
Transition opportunities	
Access to new markets and companies	We have implemented strategic initiatives to position ourselves at the forefront of emerging markets and sectors, leveraging Business Transformation (BX) practices to help clients reimagine business models, customer experiences, and operations.

SECTION 02

PLAN OVERVIEW



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PLAN OVERVIEW

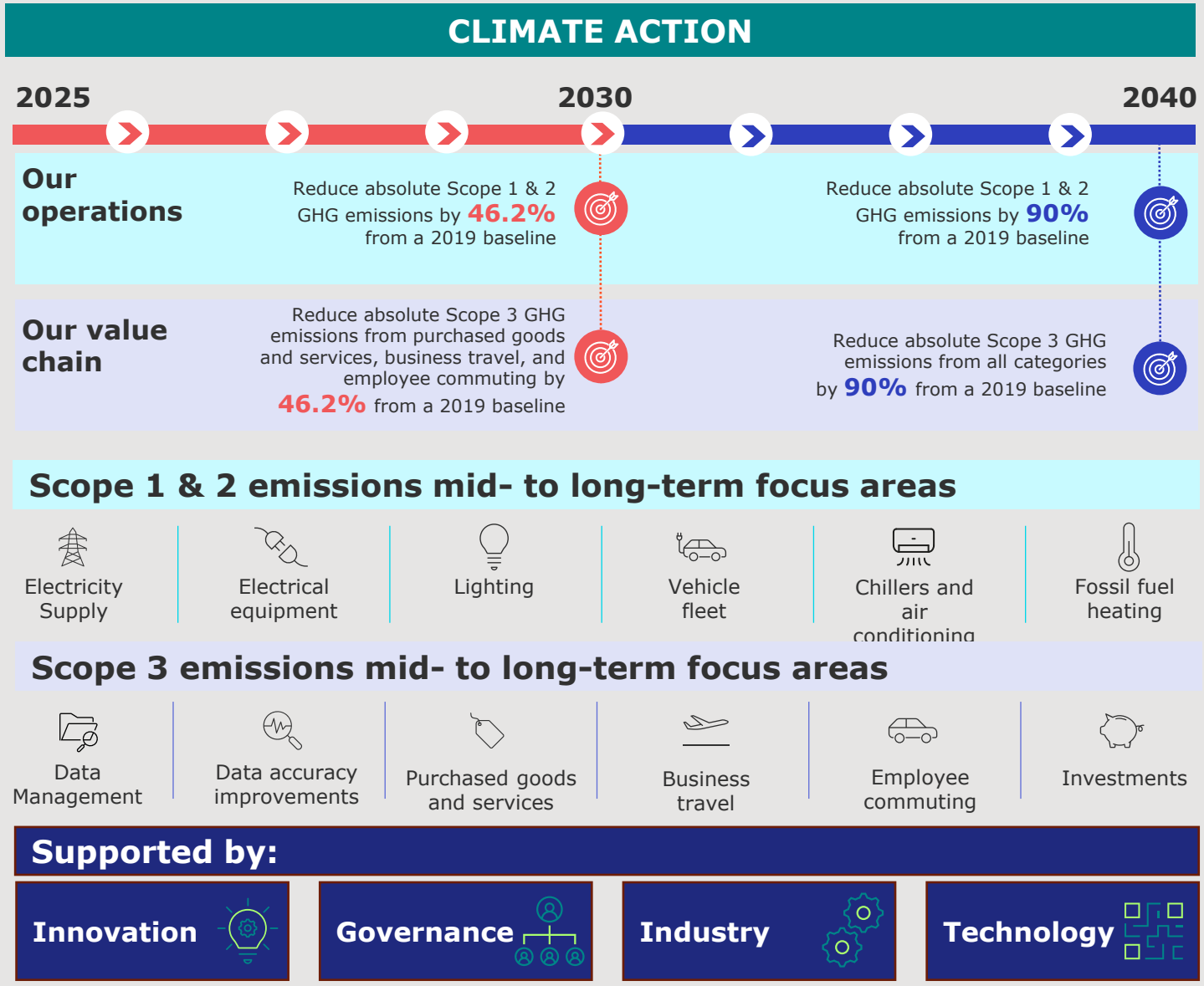
Visualizing our transition plan

In line with our 2030 Value Creation Strategy, our approach toward the material theme of Environment focuses on three core outcomes: reducing environmental risk, strengthening enterprise resilience, and driving long-term value creation. These outcomes are driven by innovation, strong governance, industry collaboration, and the effective use of technology.

We are committed to meeting our science-based GHG emissions reduction targets through the implementation of key initiatives identified in this plan. These include operational efficiencies, supplier engagement, and embedding environmental criteria across business decision-making.

These actions not only support our net-zero pathway but also enhance our ability to respond to regulatory, market, and reputational risks associated with environmental impacts.

This is visually summarized in the graphic to the right.



PLAN OVERVIEW

Our GHG emissions reduction targets and performance

Dentsu has committed to achieving net-zero greenhouse gas (GHG) emissions across the value chain by 2040.

To achieve net zero by 2040, we will prioritize emissions reduction activities before neutralizing the remaining emissions (<10%) through credible and verifiable GHG removal projects.

Our near- and long-term science-based GHG emissions reduction targets have been validated by the Science Based Targets initiative (SBTi) as conforming with the SBTi Corporate Net Zero Standard.

A key aspect of dentsu's approach to sustainability is the management of environmental risks. We will continue to comply with environmental and other applicable laws and legal reporting and disclosure obligations.

Our science-based net-zero targets for climate:

	Scope 1 & 2	Scope 3
Near-term (2030)	Reduce absolute Scope 1 & 2 GHG emissions by **46.2%** by 2030 from a 2019 baseline*	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*
Long-term (2040)	Reduce absolute Scope 1 & 2 GHG emissions by **90%** by 2040 from a 2019 baseline*	Reduce absolute Scope 3 GHG emissions by **90%** by 2040 from a 2019 baseline*

***The target boundary includes land-related emissions and removals from bioenergy feedstocks.

To ensure compliance with international best practice, we align our internal measurement and reporting processes with the guidelines set forth by the World Resources Institute (WRI) by using the GHG Protocol Corporate Accounting and Reporting Standard (revised version).

Our near-term Scope 3 GHG emissions reduction target for 2030 focuses on our top three emission categories. This scope surpasses the SBTi requirement of two thirds of total Scope 3 emissions.

Our GHG emissions:

Category	2019	2024	% change
Scope 1 (tCO_2e)	11,759	3,001	-74%
Scope 2 (market based) (tCO_2e)	24,258	9,583	-60%
Scope 3 Category 1, 6, and 7 (tCO_2e)	438,429	308,795	-30%
Scope 3 total (tCO_2e)	542,029	389,149	-28%
Total (tCO_2e)	**578,046**	**401,733**	**-31%**

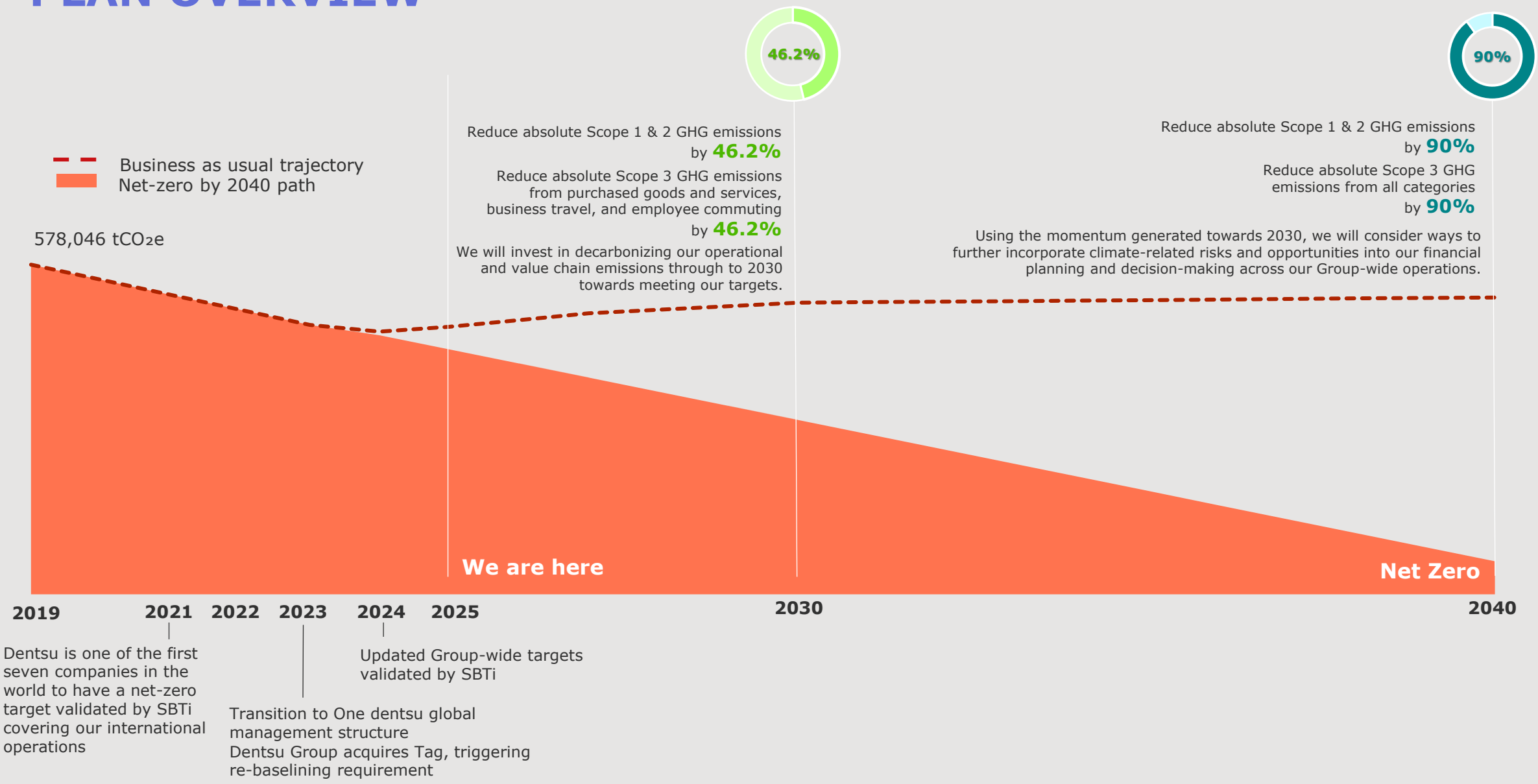
Achieving 100% renewable energy

As part of our 2030 Value Creation Strategy, dentsu is committed to achieve 100% renewable energy by 2030.

Renewable energy in the context of dentsu's value creation strategy and commitments refers to electricity generated from renewable sources. This definition has been aligned with RE100, the global corporate renewable energy initiative of which dentsu is a member.

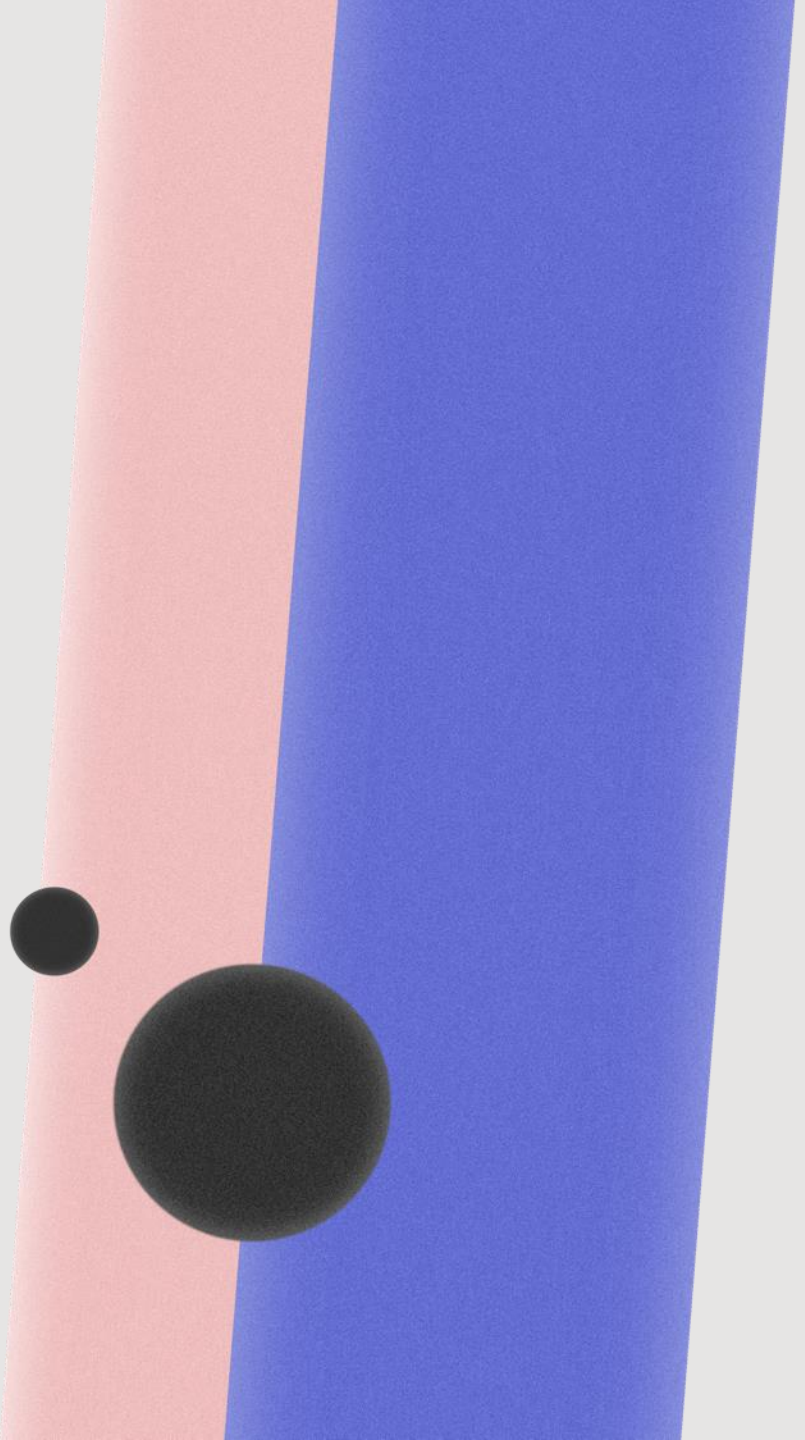
In 2024, our Group-wide renewable energy rate was **79.5%**.

PLAN OVERVIEW



SECTION 03

NET-ZERO TRANSITION



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NET-ZERO TRANSITION: Accelerating our own sustainable transformation

Our operational emissions profile (Scope 1 & 2)

We have made progress in line with our Scope 1 & 2 GHG emissions reduction targets for 2030. However, increased efforts will be required to meet our 2040 targets.

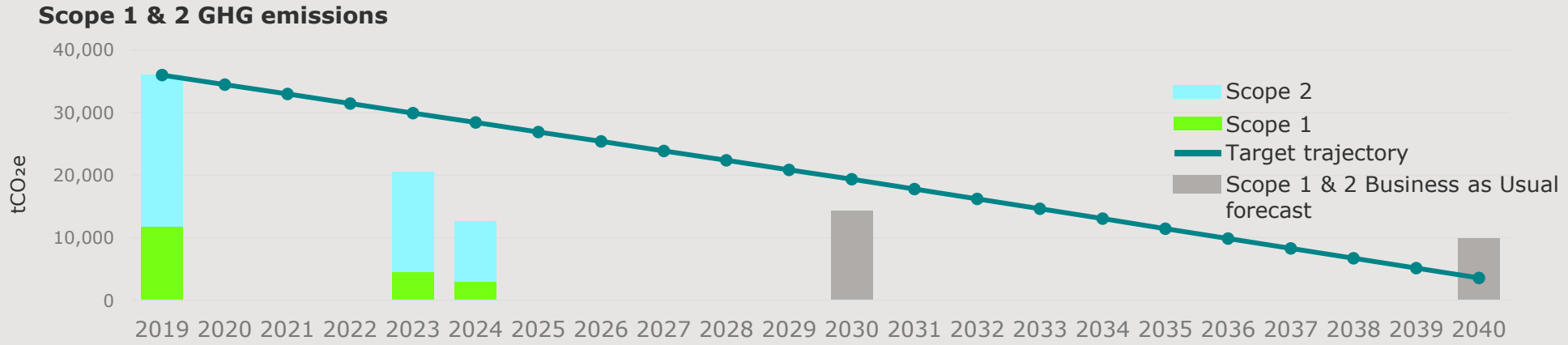
At the Group level, our Scope 1 emissions are primarily from company cars, natural gas, and refrigerants, while our Scope 2 emissions are predominately from electricity, with heating and steam making up around 20% of Scope 2 emissions collectively.

Amid ongoing debates around GHG accounting standard updates over the credibility of renewable energy certificates (RECs) and their inclusion towards meeting reduction targets under the GHG Protocol's Scope 2 Guidance, dentsu maintains that the RECs we source are in line with RE100 requirements, and we are exploring longer-term alternative renewables sourcing, such as on-site renewables and power purchase agreements (PPAs). We are also seeking to mitigate Scope 1 & 2 emissions further via equipment and office heating efficiency improvements.

Tackling operational emissions and managing long-term energy security

As most of our operational emissions stem from electricity use, we are prioritizing the reduction of building-related emissions via efficiency measures. While noting the constraints of being tenants in many of our office buildings, our primary focus is to drive renewable energy procurement and work to introduce green lease clauses to enable landlord engagement.

To manage long-term energy security and mitigate exposure to pricing volatility and business risk, we align our electricity procurement strategy with the GHG Protocol's market-based approach. RE100 provides a useful framework for guiding procurement decisions across diverse energy markets. Currently, most of our lower-carbon electricity is sourced through Energy Attribute Certificates (EACs). In more mature markets with stable demand, we may explore PPAs, where the credibility and additionality of the energy source can support long-term cost stability. In less mature markets, we aim to use green tariffs where available, while continually assessing opportunities to secure more reliable, locally-sourced energy solutions that meet both operational and environmental priorities.



NET-ZERO TRANSITION: Accelerating our own sustainable transformation

Scope 1 & 2 strategic reduction efforts

We have made significant progress towards reducing our Scope 1 & 2 emissions and are well on track to meet our 2030 targets at the current pace of emissions reduction. 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 backsliding of climate-related regulations and renewable energy commitments in other markets, as well as ongoing discourse around changes to GHG accounting standards. To mitigate the impact of the external environment, the table to the right outlines dentsu's Scope 1 & 2 action levers to continue driving progress towards our near- and long-term targets.

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.

Status key: Complete | In progress | Under consideration

Hotspot	Strategic action	Description	Status	Time frame
Company cars	Fleet electrification	Optimizing fleet efficiency and transitioning to lower-emission vehicles, where feasible.	In progress	By the early 2030s
Renewable energy	Sourcing 100% renewable energy by 2030 in line with RE100	Procuring electricity from renewable sources across dentsu. In the dentsu Headquarters Building in Tokyo, we now source 100% renewable energy. Across key regions, we are steadily increasing our renewable energy procurement in alignment with internationally recognized renewable energy commitments.	In progress	By 2030
Natural gas & electricity	Energy efficiency upgrades	Installing more energy-efficient lighting in buildings and implementing energy optimization at sites, including elevator shutdowns during times of low building occupancy.	In progress	From 2025
Natural Gas	Green roof	Reseed green roof at one of our UK sites to increase the building's thermal performance, including indoor temperature regulation.	Complete	N/A
Refrigerants	HVAC replacement	Engagement with landlords when replacing HVAC systems at the end-of-life with higher efficiency equipment and use of lower-carbon refrigerants.	Under consideration	By 2030
Enablers	Green lease policy	Work with landlords and/or property brokers to integrate green lease clause language for agreements, which may include environmental performance data sharing and energy efficiency upgrades.	Under consideration	2025-2027

NET-ZERO TRANSITION: Accelerating our own sustainable transformation

Case study

To further reduce our carbon emissions and drive progress towards to our renewable energy target, we are developing long-term renewable energy strategies.

In 2024, working with our landlord and local providers, we installed solar panels on the rooftop of our office in Dublin, Ireland.

In 2025, Dentsu Creative Pictures Inc. finished the installation of on-site renewables at Factory Anzen Studio in Japan, taking another step towards promoting sustainability in creative production.

We continue to assess our real estate portfolio and market conditions to identify future opportunities for renewable energy generation that will not only help us to reduce our carbon emissions but will also drive action towards a more sustainable future.

Factory Anzen Studio in Yokohama, Japan

On-site renewables at Factory Anzen Studio

NET-ZERO TRANSITION: Driving change in our value chain

Our value chain emissions profile (Scope 3)

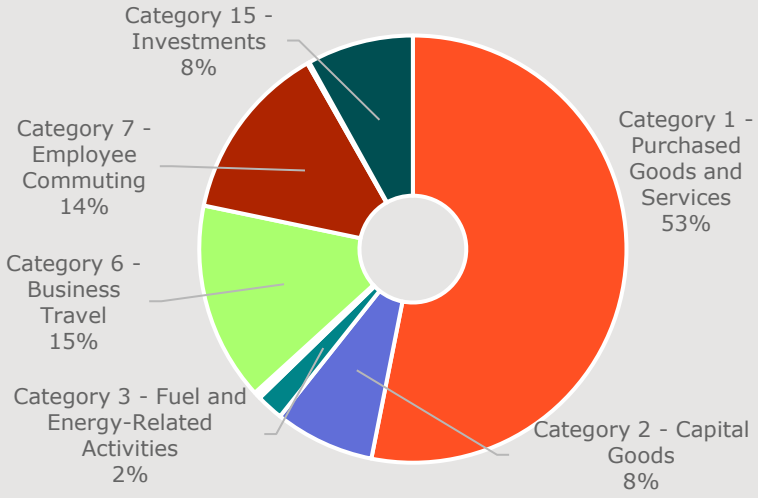
Our analysis shows that Scope 3 accounts for over 90% of our total emissions. As shown in the diagram, the largest emissions sources include purchased goods and services, business travel—particularly air travel—and employee commuting. Between 2019 and 2024, our total Scope 3 emissions reduced by roughly 28%, largely attributable to emission reductions in those categories.

In a business-as-usual scenario, without active mitigation efforts, we are forecasted to overshoot our 2030 and 2040 Scope 3 targets, due to both business growth as well as the rate of value chain emission reductions being insufficient. Consequently, addressing and reducing Scope 3 emissions becomes more important.

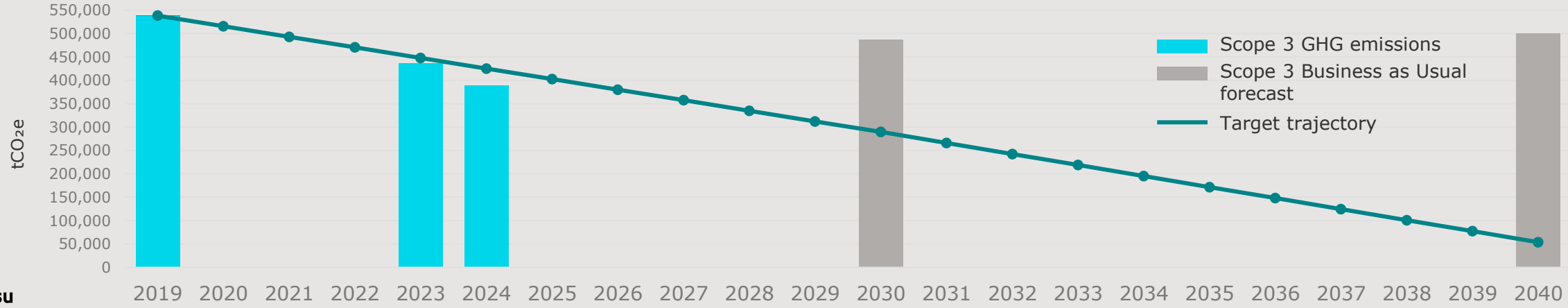
By addressing our largest emissions sources, which arise in different regions and markets, we are meeting our ambition to support global efforts towards a resilient and profitable growth pathway.

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.

Our 2019 baseline Scope 3 emissions (tCO_2e) by category



Scope 3 GHG emissions

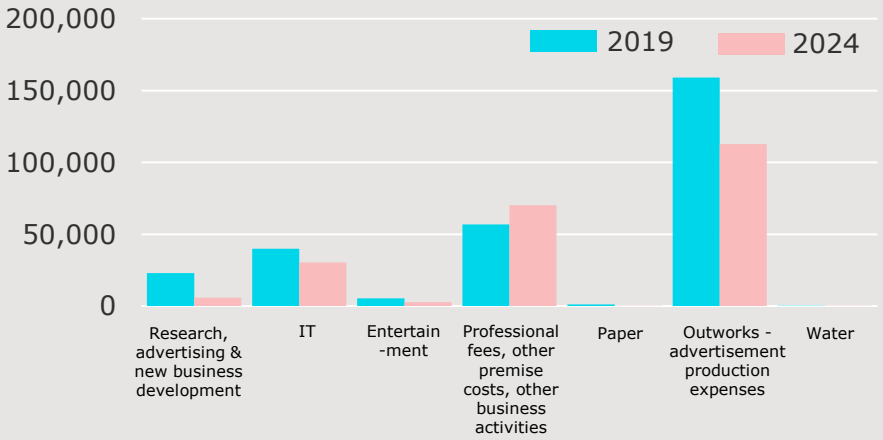


NET-ZERO TRANSITION: Driving change in our value chain

Scope 3 action levers: Purchased Goods and Services

Outworks – advertisement production was the largest contributor to Scope 3 Category 1 (Purchased Goods and Services) emissions in 2019 and 2024.

Purchased Goods and Services emissions (tCO_2e)



Category 1 is the largest source of dentsu's Scope 3 emissions by a significant margin, contributing to over half of the Scope 3 emissions in our 2019 baseline. Within this category, emissions hotspots with the greatest potential for reduction include outworks as well as IT and professional services. Between 2019 and 2024, dentsu reduced Scope 3 Category 1 emissions by roughly 22%.

Underpinning the ability to drive and monitor the decarbonization of our supply chains is the collection of supplier-specific emissions data as well as the prioritization of lower-carbon suppliers. To address this, dentsu reviewed the existing UK and Global Functions indirect procurement processes and embedded methods to consider sustainability performance as a factor in supplier assessment, while simultaneously engaging with suppliers to obtain accurate GHG emissions calculations and support target setting. We are also evaluating potential mechanisms that could be used to embed environmental performance metrics into supplier evaluations, such as internal carbon pricing.

Status key: Complete | In progress | Under consideration

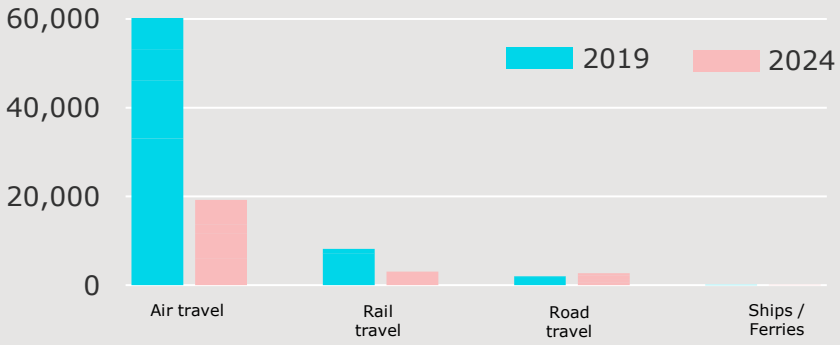
Strategic action	Description	Status	Time frame
Supplier data collection	Request climate-related information from platforms such as CDP for key suppliers, prioritized based on their business impact. This allows dentsu to collect data from suppliers efficiently and at scale.	In progress	From 2024
Pilot supplier engagement program	Identify and prioritize UK and Global Functions indirect suppliers by impact and climate maturity, conduct training sessions for suppliers to support provision of carbon data, and develop a supplier engagement framework for upskilling our UK supply chain. We will obtain supplier-specific data to increase data accuracy of emissions calculations as well as a framework for supplier engagement that could be scaled across the Group.	In progress	2024-2025
Procurement processes and policies	Review Group and market-specific procurement policies and processes to explore methods of reflecting carbon performance into supplier selection and retention, which would enable dentsu to more accurately monitor supply chain decarbonization progress while also rewarding lower-carbon suppliers.	Under consideration	From 2025
Supplier engagement program	Conduct supplier prioritization and engagement across dentsu operations, including engagement on GHG reporting and target setting. Dentsu will obtain supplier-specific data to increase data accuracy of emissions calculations and track progress in supply chain emission reductions.	Under consideration	From 2025

NET-ZERO TRANSITION: Driving change in our value chain

Scope 3 action levers: Business Travel

Air travel was the largest contributor to Scope 3 Category 6 (Business Travel) emissions in 2019 and 2024.

Business Travel emissions (tCO_2e)



Approximately 15% of dentsu's Scope 3 emissions are attributed to Category 6 in our baseline.

Despite significant reductions of approximately 50% due to factors including the flexible nature of our work following the COVID-19 pandemic, air travel remains the largest emissions source. This is consistent with many other service-based and client-facing global companies.

Nevertheless, we recognize the need to innovate ours, as well as the industry's approach to reducing air travel emissions while maintaining the high-quality of business delivery our clients expect.

To achieve this, we are exploring flexible internal meeting arrangements, maximizing the use of our global networks, and evaluating other internal measures detailed below.

Status key: Complete | In progress | Under consideration

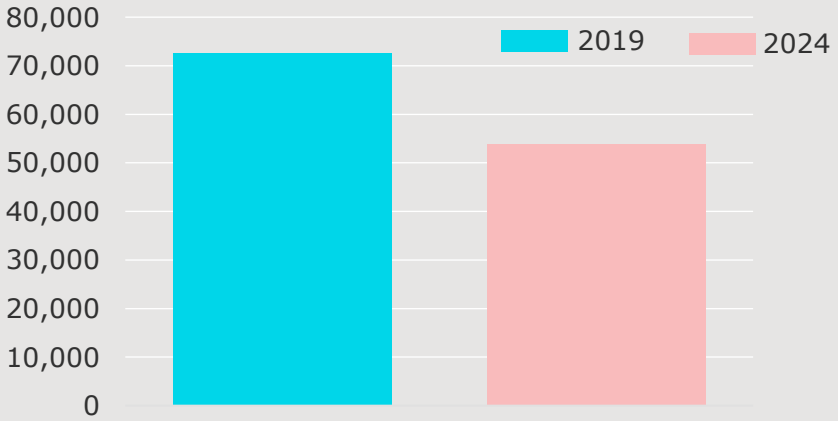
Strategic action	Description	Status	Time frame
Update business travel policies	Update dentsu's business travel policy for our International business (outside Japan) to support emissions reductions, exploring options including integrating carbon emissions as a factor in travel approvals, regional and market-level carbon allowances, and limiting short-haul flights below a distance threshold if there is an alternative lower-carbon route.		2025-2030
Business travel vendor data collection	Integrate business travel vendor-specific emissions data into dentsu's inventory to increase accuracy of emissions data and decarbonization progress, such as in the UK, the EU and Japan, where emissions data of rail infrastructure companies are readily available. This may include prioritization of business travel vendors for engagement.		2025-2027
Air travel vendor engagement	Engage with air travel vendors that are committed to using sustainable aviation fuel (SAF) blends and other low-carbon initiatives.		2028-2030
Industry collaboration	Collaborate with other industry partners at the regional and market-level to engage local transport operators to demonstrate increased demand for lower carbon alternatives.		2025-2027

NET-ZERO TRANSITION: Driving change in our value chain

Scope 3 action levers: Employee Commuting

Personal car emissions contributed the most to Scope 3 Category 7 (Employee Commuting) emissions between 2019 and 2024.

Employee Commuting emissions (tCO_2e)



Approximately 14% of dentsu's Scope 3 emissions were attributed to Category 7 in our 2019 baseline. In 2024, we made progress by launching an employee commuting survey covering multiple regions and markets. The largest source of employee commuting stems from personal car commuting. As a result of changes in commuting patterns and improved data accuracy, Scope 3 Category 7 (Employee Commuting) emissions have reduced by roughly 26% between 2019 and 2024.

In a similar approach to addressing business travel emissions, a key priority for dentsu is to increase data accuracy in order to effectively identify emissions hotspots across commuting modes and geographies as well as to implement and monitor emissions reductions initiatives.

Status key: Complete | In progress | Under consideration

Strategic Action	Description	Status	Time frame
Conduct employee commute survey	Dentsu conducted an employee commute survey to obtain market-specific commuting patterns from employees. This will be the foundation for developing emissions reduction strategies.		From 2024
Data collection	Where available, such as in markets with higher climate maturity, dentsu may explore the efforts required to integrate public transportation providers' emissions data into employee commuting figures.		2025-2027

NET-ZERO TRANSITION: Driving change in our value chain

Case studies

Toward net zero: Integrating supplier sustainability

In 2024, our Global Functions and UK central indirect spend procurement teams implemented a set of sustainability-related questions as part of the onboarding process for new suppliers.

These questions included whether suppliers:

- measure and report GHG emissions
- have an environmental management system in place
- report to CDP
- have science-based targets and/or RE100-aligned targets

This was implemented for Global Functions and UK central indirect spend markets only because, for these teams, procurement is managed centrally and utilizes the Coupa platform. This also covered our global technology spend, which is our largest spend area.

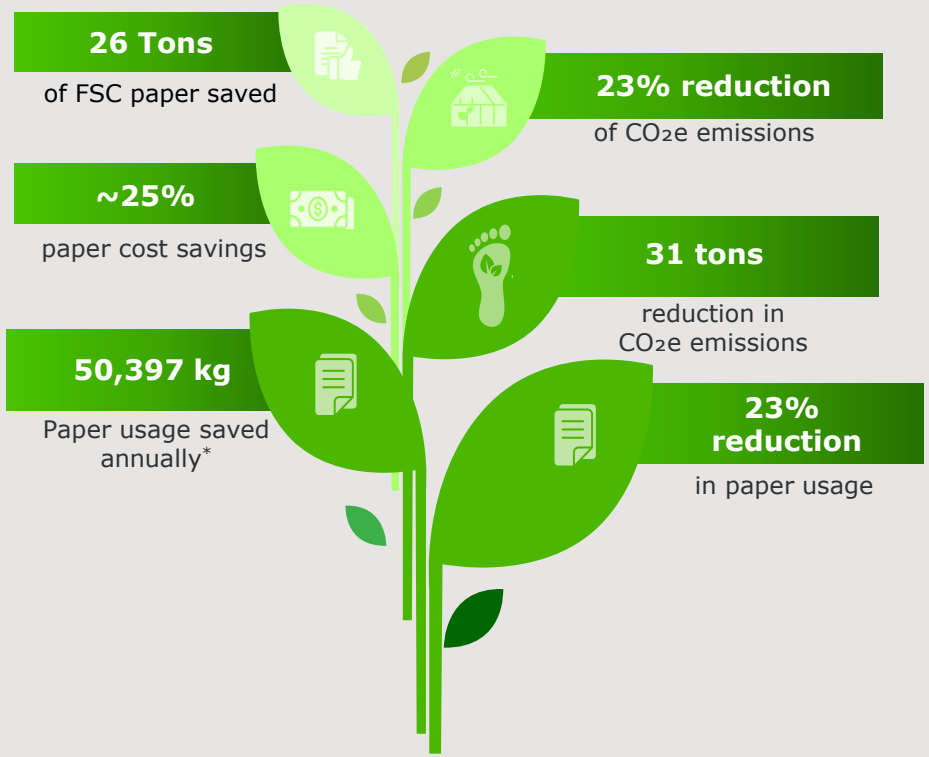
To enhance our understanding of the supply chain and identify opportunities for emissions reduction—driving cost efficiencies, mitigating risks, and creating long-term business value—we joined the CDP Supply Chain program for the first time in 2024. Accessing valuable primary data on supplier emissions will further support dentsu in achieving our net-zero goals by 2040.

Sustainable cost reduction through paper substrate optimization

At Tag, we are always looking for ways to help our partners achieve both operational efficiency and meaningful sustainability impact. In our work with a global pharmaceutical company, we identified a strategic opportunity to reduce costs and environmental footprint by optimizing the paper substrate used in their printed inserts.

We recommended transitioning from a heavier 35# paper to a lighter, 100% recyclable, FSC-certified 27# paper. These improvements lowered production expenses but also delivered measurable environmental benefits.

This project is a great example of how we add value beyond production by acting as a proactive, sustainability-minded partner who brings forward practical, cost-saving solutions that align with our clients' broader goals.



*Savings achieved by switching paper substrates

NET-ZERO TRANSITION: Supplementary environmental factors

Addressing other value chain emissions

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, efforts to reduce emissions across other 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.

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 explore opportunities to embed climate performance considerations into investment decisions, including acquisitions and minority investments, to ensure our climate ambitions are prioritized alongside business growth.

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.

Helping clients to reduce emissions associated with their media spend

Understanding the impact of media and the role the industry plays in GHG emissions is critical in a systemic approach to tackling climate change. Calculating the GHG emissions from advertising presents a complex challenge, with rapidly changing science and technology constantly moving the dial in the way we activate media and attempt to quantify its impact.

Dentsu has been leading that way since 2019 when we collaborated with DIMPACT; a web-based tool that calculates GHG emissions associated with serving digital media content. In 2021, we created a dentsu digital media carbon calculator for our clients, and in 2023, expanded into full-service all channel media carbon calculation in Europe, the US, and Canada (currently not available in Japan).

Today, our calculators are aligned with industry best practice and in use by global brands, generating insights to accelerate emissions reduction.

By working with our media and technology partners, we are building an accurate picture of the emissions associated with the placement of different media types and the role the planning process can play in making the best possible choices.

Verifiable data enables our clients to assess the carbon impact of their own media strategies with dentsu and select lower-carbon alternatives. This work also provides transparent data for reporting and decision-making for our clients, supporting them on their journey to net zero and best-in-class environmental disclosure.

Case Study

Effective Attention

Building on our work on media carbon calculators, in 2023 dentsu UK&I rolled out a new tool called Effective Attention, which enables real-time measurement and optimization toward inventory that will maximize campaign effectiveness.

Effective Attention is being augmented with dentsu's proprietary media carbon calculator data. This new dashboard feature will help brands better understand the relationship between 'carbon' and 'effect' when considering the true cost of delivering effective attention, adding an extra signal to help them track and measure against any carbon budget they may have.

This will better enable teams and clients to discuss the 'effect to carbon' ratio of digital campaigns. This new integration of carbon measurement is the latest advancement in the program.

NET-ZERO TRANSITION: Supplementary environmental factors

Navigating complexity: Enhancing emissions data integrity

Addressing the inherent complexity and uncertainty of emissions calculations is critical to unlocking the potential for meaningful emissions reduction across our value chain, delivering both cost savings and long-term business value.

Limited data visibility and reliance on less accurate methods, such as spend-based calculations and secondary data sources, constrain our ability to capture regional and industry-specific nuances. These limitations impede precise tracking of progress and the development of targeted decarbonization strategies.

At dentsu, we are committed to overcoming these challenges by driving robust data improvements that form the foundation of credible and actionable climate solutions.

We are accelerating efforts to enhance the accuracy and integrity of emissions data through focused initiatives:

- Enhancing internal data collection systems, including expanding the use of Salesforce's Net Zero Cloud platform to streamline, automate, and standardize reporting, alongside collecting distance-based data for business travel and employee commuting.
- Engaging with our value chain partners to gather more precise, activity-specific emissions data. We are conducting this by collecting data through CDP's Supplier Questionnaire as well as piloting a Supplier Engagement Program in our UK operations to prioritize suppliers for engagement on GHG data and target setting.
- Continuously improve our calculation methodology, documenting all data accuracy and methodology improvements.

By embedding these improvements into our operations and partnerships, dentsu is strengthening the integrity of our emissions data and driving informed, impactful climate action.

These efforts help to ensure that our transition plan not only meets best practices but also accelerates progress toward our near- and long-term GHG emissions reduction targets.

Case Study

Supplier engagement pilot on GHG emissions reduction in the UK

To improve the accuracy of Scope 3 emissions data, dentsu launched a Supplier Engagement Program in the UK. Focusing on key suppliers within its value chain, the program uses CDP's Supplier Questionnaire to collect activity-specific emissions data and encourages suppliers to set science-based targets.

Through workshops and consultations, dentsu will be supporting suppliers in adopting best practices for GHG accounting and emissions reduction. This initiative reduces reliance on secondary data and spend-based methodologies, enabling more precise reporting and identifying high-impact suppliers for targeted emissions reduction efforts.

NET-ZERO TRANSITION: Supplementary environmental factors

Financial planning

Potential financial impact of climate-related risks

As part of our climate-related risks and opportunities assessment illustrated on pp. 11-13, the severity of identified risks is evaluated against dentsu's internal impact thresholds, where one of the key parameters is potential impact of risks to operating profit. A quantitative assessment has also been conducted to identify the potential impacts on capital expenditure (CapEx), operating expenditure (OpEx), and revenue.

For instance, identified transition risks may result in increased investment and cost of compliance to climate reporting regulations, while physical risks could lead to higher direct and indirect operating costs due to extreme weather events affecting dentsu's operations and supply chains. Conversely, climate-related opportunities, such as tapping into emerging markets in line with a global transition to a low-carbon economy could also present increased revenue streams.

As a result, through this framework, dentsu can benchmark and prioritize the financial implications of climate risks prior to mitigation and address these risks and opportunities accordingly.

Investments into dentsu's low-carbon transition

As part of our Net-zero Transition Plan, we conducted a detailed assessment of the investments needed to mitigate transition risks and seize now 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. These MACCs were generated at the global, regional, and market levels and assessed the cost-effectiveness of key carbon reduction levers, including energy efficiency upgrades, renewable energy procurement, and 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.

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

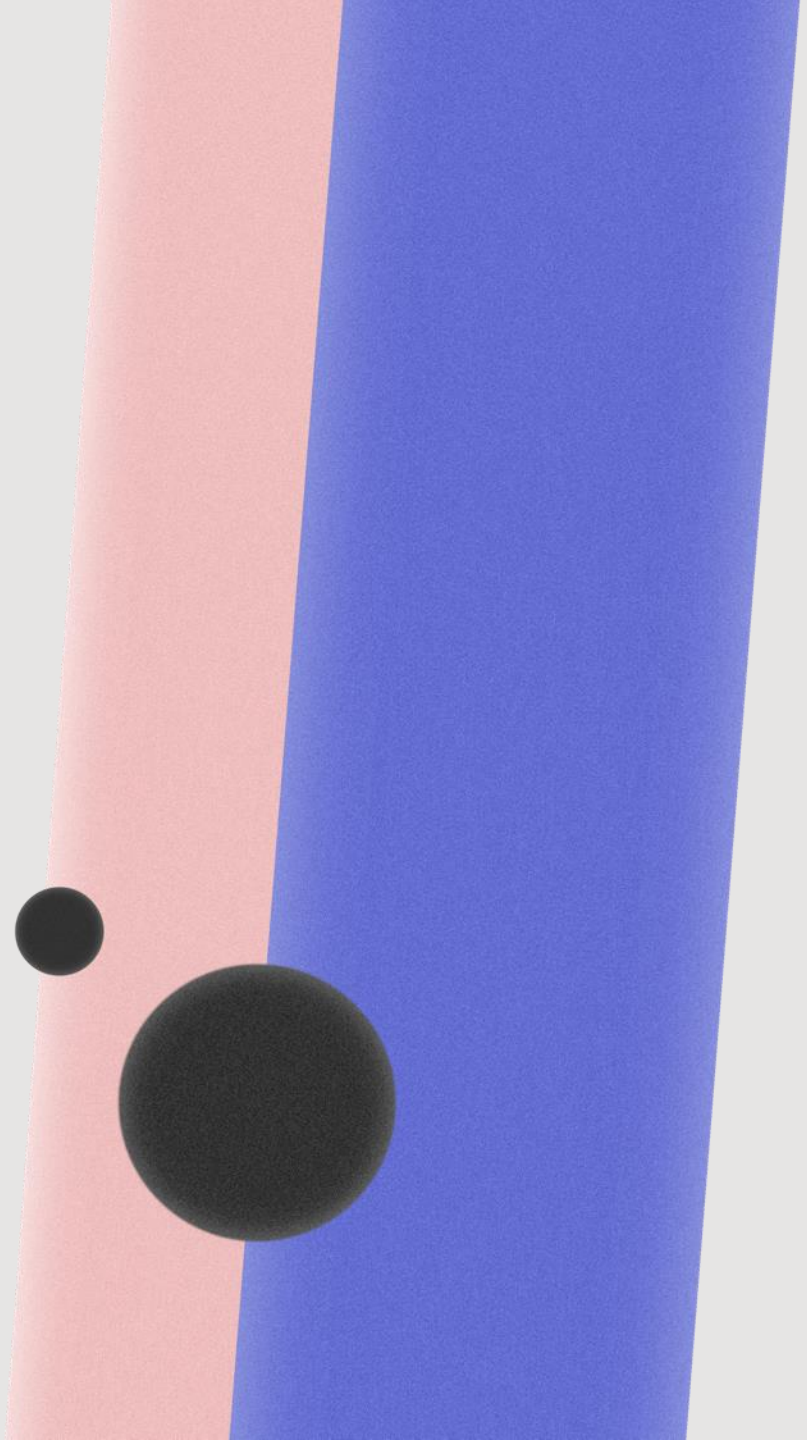
As carbon markets mature, we are monitoring developments in global standards and guidance – particularly from the SBTi and related bodies. These frameworks are shaping consensus on the appropriate use of offsets, with an emphasis on integrity, transparency, and climate science alignment.

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.

SECTION 04

GOVERNANCE



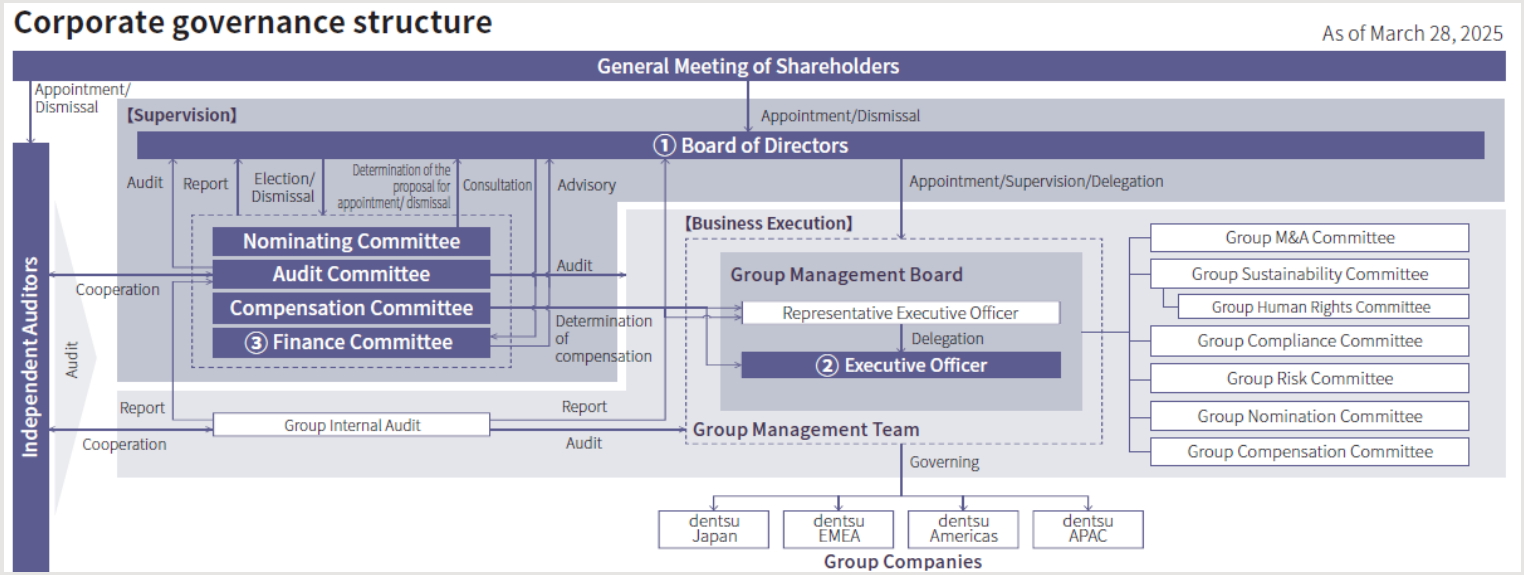
GOVERNANCE

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 bonus 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.

Under our previous Mid-Term Management Plan, which ran through 2024, 10% of the annual incentive for directors and Executive Officers of Dentsu Group Inc. was linked to sustainability indicators. In 2024, this included a target to reduce absolute Scope 1 and 2 emissions by 21% compared to 2019 levels.

The integration of climate performance into annual incentive reflects the alignment of our incentive structures with our 2030 Value Creation Strategy and our commitment to long-term value creation through GHG emissions reduction activities.



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 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 skills matrix are critical for the oversight of strategies to respond to climate-related risks and opportunities.

GOVERNANCE

Embedding environmental considerations into Group-wide policies and raising awareness

At dentsu, our environmental commitments are rooted in our purpose—an invitation to the never before.

These commitments have been incorporated into various Group-wide policies, which are shared with our employees and other stakeholders as well as included in training programs and other engagement activities to raise awareness.

The Dentsu Group Environmental Policy outlines our efforts to mitigate the environmental impact that climate change poses, such as physical risks to assets and supply chains, and transition risks from regulatory changes to our business operations. These are underpinned by our strong commitment to compliance with environmental laws and regulations in our operations worldwide. By doing so, the Environmental Policy directly supports dentsu's overarching business purpose of creating new solutions and sustainable growth for our clients and society.

Maintaining a robust environmental policy enhances dentsu's ability to withstand and adapt to climate-related disruptions, ensuring operational continuity, as well as to respond to changes in our regulatory environment and stakeholder expectations.

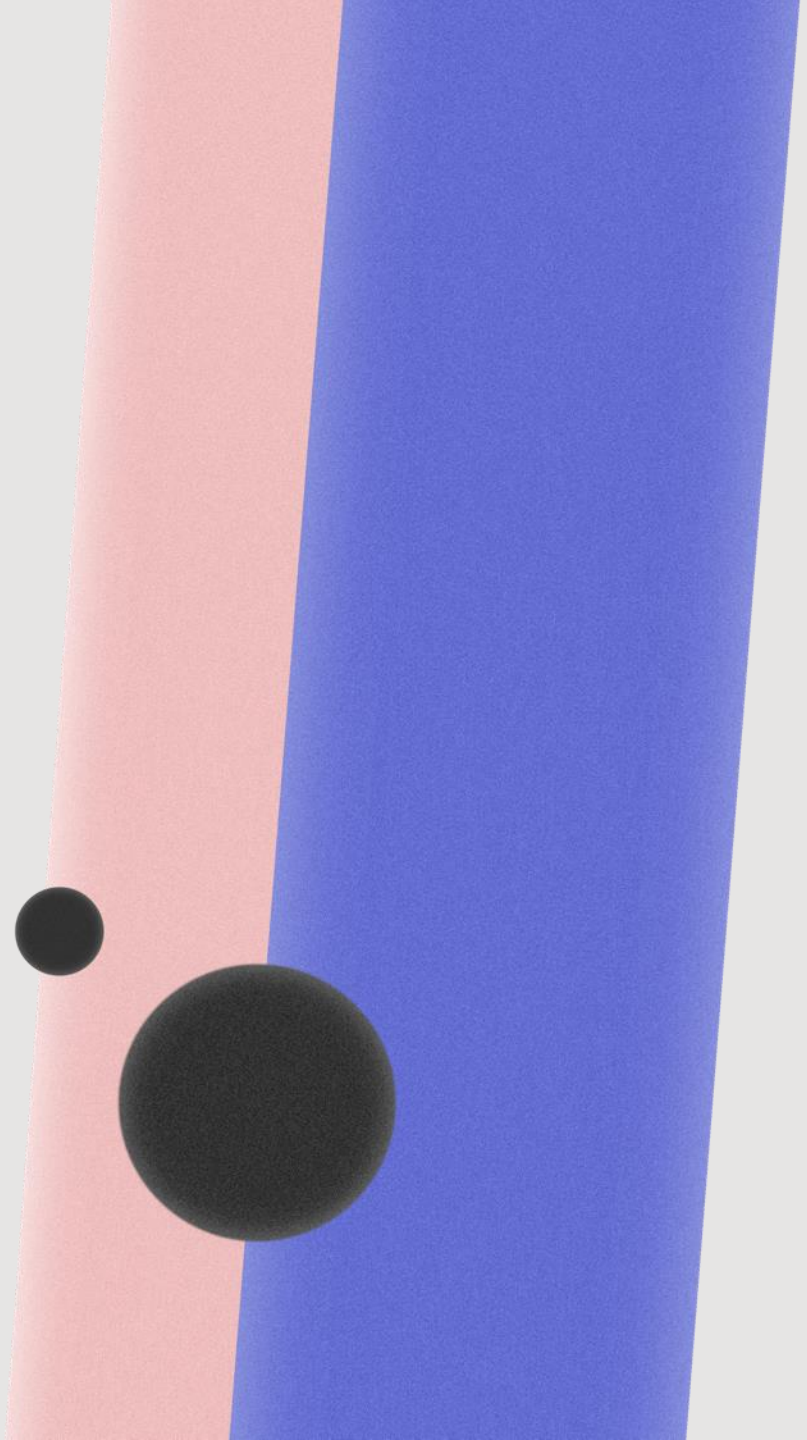
The Dentsu Group Code of Conduct includes commitments to evaluate the impact of our business activities on the environment and endeavor to reduce harm to the environment resulting from our activities. We also identify and manage our environmental impacts to drive efficiencies and long-term compliance with applicable environmental laws and regulations. Dentsu conducts compulsory training on the Code of Conduct through an annual e-learning program on a Group-wide basis.

To enhance the understanding of our 2030 Value Creation Strategy internally and translate it into business opportunities, we provide a variety of training programs tailored to the specific characteristics of our business. Since 2023, more than 2,500 employees globally have completed courses on dentsu's value creation strategy and related business cases through our employee learning platform, dentsu university. In Japan, the Sustainability Leaders program is held monthly for all employees to share updates on the value creation strategy, related topics, and new business initiatives. On average, about 500 employees participate in each online session.

To support the implementation of our transition plan, we provide supplementary training to specific functions related to improving their sustainability impact. For example, our facilities teams in our International business receive targeted training related to local context, guidance on stakeholder engagement to drive and implement Scope 1 & 2 reductions.

SECTION 05

IMPACT TO SOCIETY



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IMPACT TO SOCIETY

Shaping a sustainable future

As a global leader in marketing and communications, dentsu acknowledges the profound influence we have in shaping culture, habits, and consumer behaviors.

Our clients are at varying stages of their sustainability journeys, and consumer demand for sustainable products in many markets remains nascent. Economic pressures further complicate this, as consumers often resist paying premiums for sustainable goods.

Dentsu is uniquely positioned to influence demand-side mitigation. Leveraging advertising to promote sustainable consumption can encourage sustainable diets, reduce food waste, and help shift transportation habits, all of which can meaningfully contribute to global emissions reductions while driving business value at the same time.

Through partnerships, innovation, and education, dentsu aims to empower clients and consumers alike to embrace sustainable choices. As we move forward, we will continue to challenge ourselves, our industry, and our clients to push boundaries, ensuring that our influence serves as a force for good.

Advocacy and collaboration

To better inform how we respond to various issues, we participate in organizations and initiatives that align with our Group's strategies and principles, leveraging insights gained through collaboration with stakeholders into Group management.

Advocating for climate action through the Japan Climate Leaders' Partnership (JCLP)

Since 2023, dentsu is an associate member of JCLP, a Japan-based corporate group addressing GHG emission reduction from a business perspective. In 2024, JCLP launched a campaign to encourage Japan to set reduction targets aimed at limiting global average temperature increases within 1.5°C above pre-industrial levels. A team led by creatives from Dentsu Inc. was responsible for designing the campaign scheme.

For details on other organizations and initiatives in which dentsu participates, please refer to the Non-financial Databook.

Stakeholder engagement

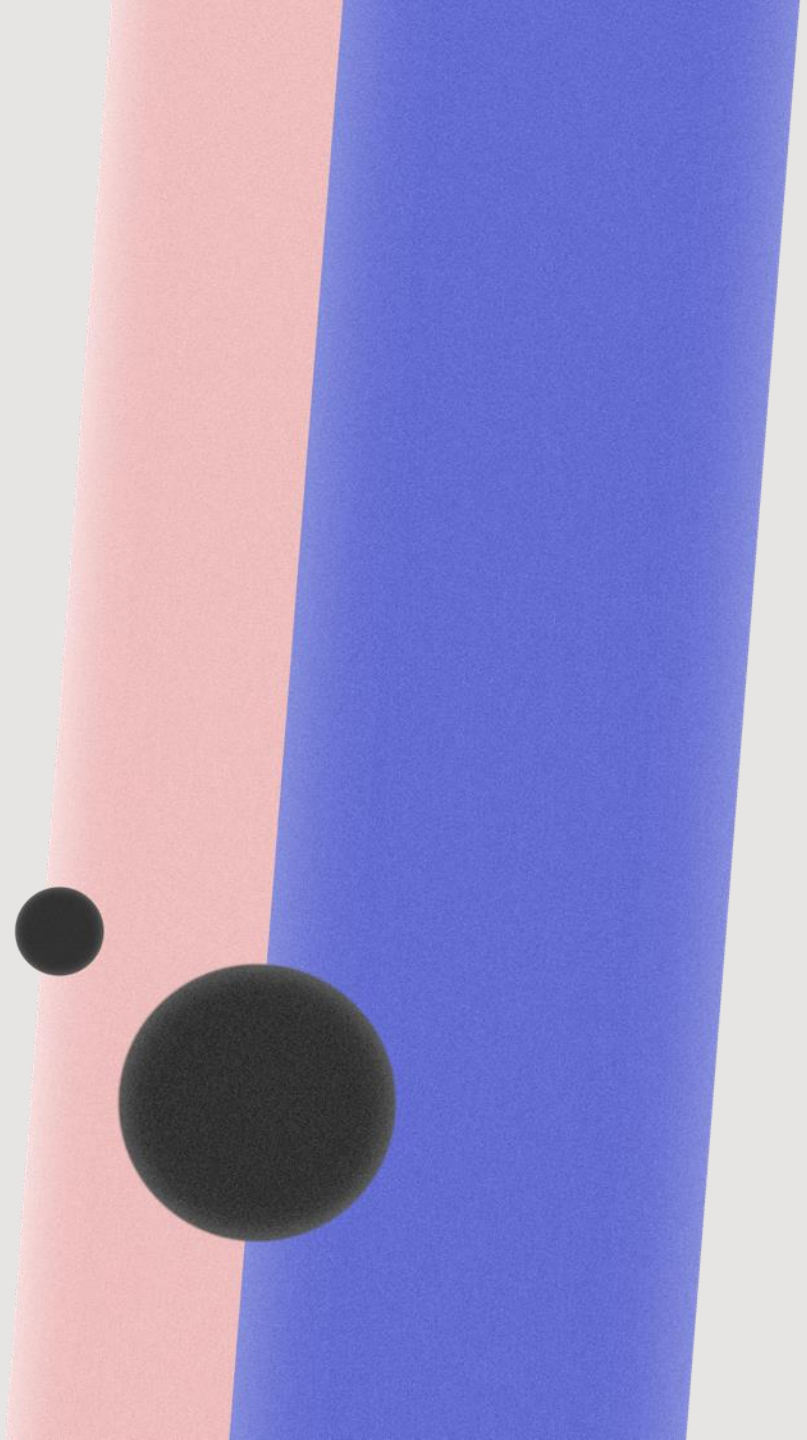
Stakeholder engagement is a core component of dentsu's strategic approach, ensuring that the expectations and needs for all stakeholders are considered in decision-making process. We facilitate positive interaction between stakeholders through several initiatives that drive sustainable impact across our Group-wide operations.

On the **client** side, dentsu has conducted a 'Marketing a better future' study in collaboration with Kantar's Sustainable Transformation Practice to examine the role of APAC marketers in advancing corporate sustainability and the SDGs. The study found that the organizational intention-action gap is as significant a challenge as the consumer intention-action gap in achieving global sustainability goals.

Investors and shareholders play a vital role in ensuring business continuity. In 2023, we engaged with them during the update process of what is now our 2030 Value Creation Strategy, incorporating their feedback. This engagement has built understanding and support for our sustainability initiatives among our shareholders.

SECTION 06

METHODOLOGIES



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METHODOLOGIES

Policy environment & external analysis

The policy landscape analysis was developed through a desk-based research approach and seeks to provide an understanding of the baseline emissions profile, regional policy environments and anticipated changes, risks and opportunities for achieving net-zero and near-term targets across 12 key markets. Primary data sources included national policy documents, international frameworks and agreements, and secondary literature were also reviewed. The research spanned a range of markets across dentsu's global operations.

For each market, the research focused on key dimensions such as the overall emissions profile, regulatory environment, availability of clean power and transport infrastructure, and broader societal factors that may influence the rate of progress. Comparative analysis across markets within regions highlighted different strengths that could be leveraged in providing critical insights into the risks and opportunities presented by each market.

The research was used to inform assumptions and inputs on business-as-usual emissions forecasts which determined the level of emissions reductions needed, taking into consideration business growth and external environments. Additionally, this landscape analysis enabled the leveraging of different market contexts to increase ambition in certain decarbonization levers, which are outlined in Section 3.

Assumptions

The analysis operates under several key assumptions and inherent limitations that shape its findings. It assumes that the policy documents and data reviewed reflect accurate, current, and intended governmental directions, with limited short-term deviation anticipated. Market insights, particularly for regions governed by collective frameworks such as the European Union, are generalized, recognizing that individual market variations may exist. Additionally, the prioritization of Scope 3 emissions categories assumes their continued relevance to dentsu's GHG emissions reduction strategy based on our operational model. However, the study faces limitations stemming from the dynamic nature of policy environments, where significant shifts may occur beyond the research period, potentially affecting its conclusions. Data availability also varies, with developing regions sometimes lacking comprehensive or recent emissions and policy insights. Furthermore, the focus on key markets excludes smaller markets within dentsu's portfolio, and external factors such as technological advances or consumer behavior changes are beyond the scope of this analysis.

GHG accounting methodology

Our GHG accounting approach is designed to ensure accuracy, transparency, and alignment with international best practice and science-based target requirements. Our methodology follows the GHG Protocol Corporate Accounting and Reporting Standard, providing a consistent framework for measuring, managing, and reporting emissions across our operations and value chain

It sets out the assumptions, organizational and operational boundaries, and calculation methods applied in line with the GHG Protocol.

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 (MoE). In the re-baselining exercise, emissions from refrigerant leakage in air conditioning systems are 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 attribute certificates (EAC) in line with GHG Protocol and SBTi requirements.

METHODOLOGIES

Scope 3: Value chain emissions

The relevance of Scope 3 categories and calculation methodology is outlined in the following two tables.

Category	Description	Calculation methodology
1 Purchased Goods and Services	Purchased goods from general office equipment and purchased services from professional services sector, including software and hardware purchases; legal, audit, or consulting fees, and research cost or media rating services.	Spend-based method, using spend extracted from dentsu's finance systems, including spend categories such as IT, professional fees, advertising expenses. Emission factors were obtained from US Environmentally-Extended Input-Output (USEEIO) 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 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 spend data for wastewater treatment. Estimates used for missing International sites 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 operating in Japan, primary weight data on waste types were collected as required by local regulations. Emission factors were obtained from Japan's MoE.

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Category	Description	Calculation methodology
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_2e/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 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 the Japan businesses, Scope 1 & 2 data was used for a majority of investee company calculations. Where this was not possible, USEEIO emission factors were multiplied with annual revenue/turnover.

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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.

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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.