

**AD NET ZERO** 

**ALL FOR NONE**

**WELCOME TO ACTION 1  
GETTING YOUR OWN  
HOUSE IN ORDER**

Ad Net Zero now requests supporters set public science-based targets, then calculate and report progress publicly on an annual basis.



# CONTENTS

Slides 3-5: Key definitions

## Section 1: Target Setting

- 6: What is the ask for science-based targets?
- 7: When and why should targets be set?
- 8: The business case
- 9: How should targets be set?
- 10: Resources

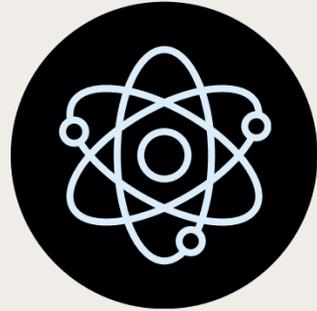
## Section 2: Reporting

- 11: What should you be reporting?
- 12: Why should you be reporting?
- 13: Key environmental legislation
- 14: How should you be reporting?



# KEY DEFINITIONS

## Corporate Level



### Science-based targets

We use the definition on the [Science Based Targets Initiative \(SBTi\)\\*](#) website: 'Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to below 1.5°C above pre-industrial levels...' The science says that emissions need to be, on average, halved/reduced by 50% by ~2030 (near-term) and reduced by 90% by 2050 at the latest (net-zero).



### Carbon Neutral

Carbon neutrality means having a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks. Removing carbon dioxide from the atmosphere and then storing it is known as carbon sequestration. (European Parliament, 2023).

Ad Net Zero refrains from endorsing 'Carbon Neutral' status at the corporate level due to its lack of alignment with a temperature cap or carbon budget and shortcomings in emissions coverage, reductions, and forward-looking ambition. However, there are increasing standards for carbon neutrality, notably [ISO 14068](#) and offsetting emissions with quality projects is still an important part of an overall carbon reduction strategy, and many companies find taking on increased costs to offset is an accelerant in their journey.



### Net Zero

Science-based net-zero at the individual entity level means cutting GHG emissions across all three scopes by a minimum of 90% from a base year (current year or a past year). Any remaining emissions at the net-zero target date are to be physically and permanently removed through high quality credible removals (up to a maximum of 10% of the base year level).

The "net zero" terminology was introduced in the Paris Agreement in 2015.

\*SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi is a globally recognised target validation organization. Over 4,800 business leaders are taking ambitious climate action with SBTi, following a specific process to set science-based targets, cut their company's greenhouse gas emissions and future-proof their businesses.



# KEY DEFINITIONS

## What does reaching science-based targets mean?

Long-term science-based targets are your net-zero targets (a 90%+ reduction in emissions), with a latest date of 2050. Near-term targets must include a reduction of minimum 50% by 2030 (or 5-10 years from a base year).

## What is included in science-based targets?

95% coverage of scopes 1 and 2 and 90% coverage of scope 3 emissions should be included in the baseline and targets.

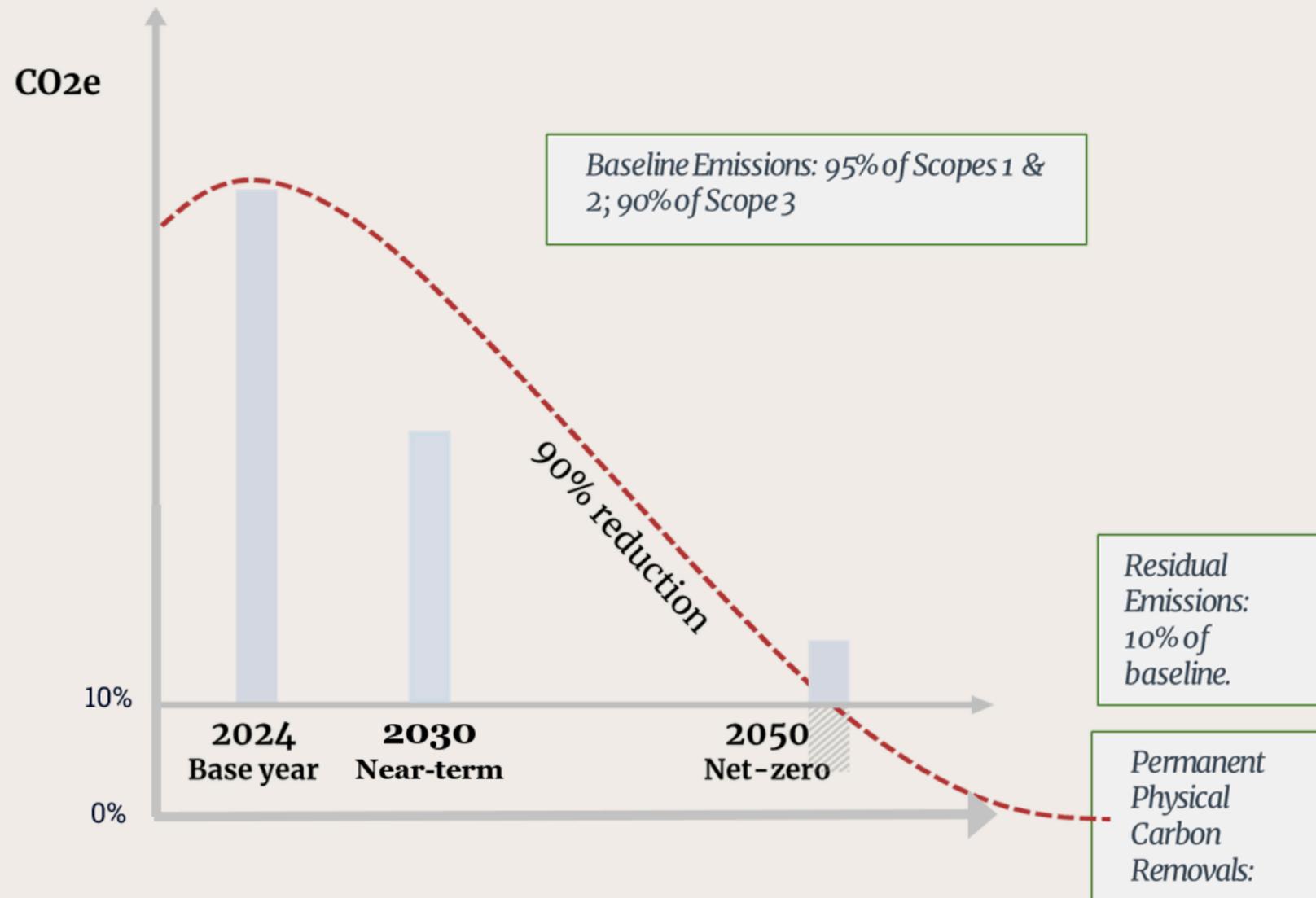
## What is the minimum ambition for long-term SBTs?

Long-term scopes 1, 2 and 3 targets must be aligned to the 1.5C cap. The reduction must be a minimum of 90% of base year emissions.

## What type of residual carbon removals are recognised?

An equivalent quantity as the net-zero date residual emissions (up to 10% of base year levels) can be physically and permanently removed through carbon sequestration projects, to occur by the net-zero date and each year thereafter.

Note: If resources allow, it's recommended to compensate for your emissions, through the process known as offsetting--focusing on carbon removal projects, whilst on your reduction journey, rather than at the end. Please ensure any offsetting partnerships and projects are credible and aligned to a net zero future."



Credit: Green Element (Ad Net Zero near-term emphasis added)

**For world temperatures to remain within 1.5C of pre-industrial levels, we must radically reduce carbon emissions.**



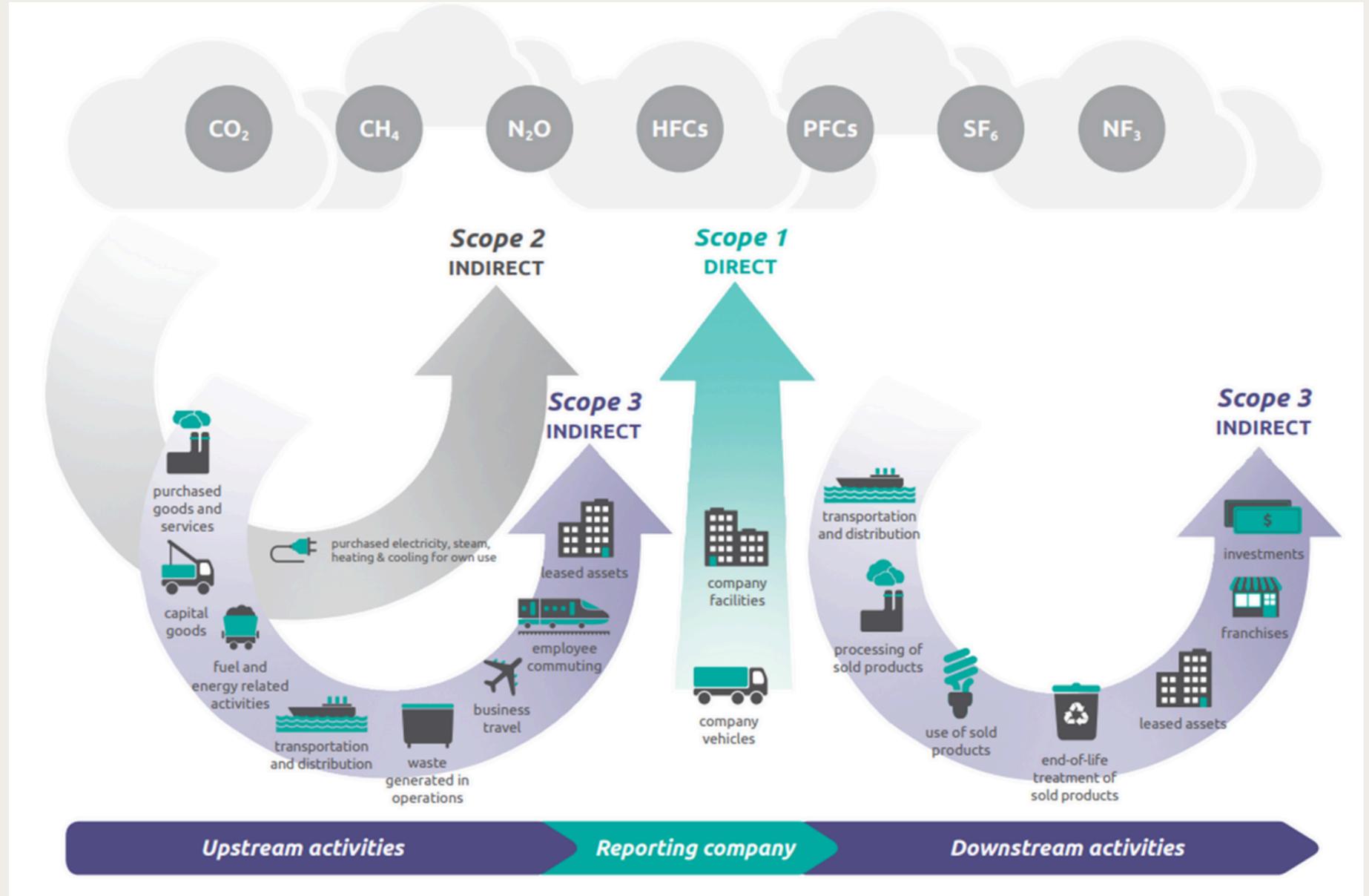
# KEY DEFINITIONS: SCOPES 1-3

Greenhouse gases are those which have a global warming potential (GWP).

Carbon emissions are measured in tonnes of greenhouse gas emissions (GHGs), using the unit CO<sub>2</sub>e (Carbon Dioxide Equivalent).

This is because the main three GHGs are not only carbon dioxide, but also methane and nitrous oxide.

CO<sub>2</sub>e expresses the carbon footprint as a single number with the same global warming potential as the sum of all the different greenhouse gases measured.





# SECTION 1: TARGET SETTING

## What is Ad Net Zero asking?



Ad Net Zero asks that all supporters make a public commitment - within 12 months of joining the programme - to achieving net zero; setting science-based emissions reduction targets - which should include a 50% near-term (within 5-10 years) reduction target and A) a net zero by 2050 target, or B) ensure a credible trajectory to net zero by 2050 if a net zero target is not yet solidified within 12 months.



**Target Coverage:** The emissions inventory for your near term emissions target should include at least 95% scope 1 and 2 coverage, and minimum 67% scope 3 emissions coverage. Your emissions inventory for your net zero target should include 95% scope 1 and 2 coverage, and minimum 90% scope 3 emissions coverage.



**Target Ambition:** Your net zero target should include at least 90% reduction of your scope 1, 2 and 3 emission, as outlined by the SBTi. Please see the next slide for the SBTi's full breakdown of coverage and reduction figures. As a reminder, media emissions are an important part of scope 3 emissions, and can be one of the largest categories for some businesses.



This target must be made public, for example via your website or in your ESG (Environmental, Social and Governance) report. We also expect third-party verification of targets, reduction plan and progress. More information in section 2.



Targets may be set at the highest corporate level (holding or parent company); however, if a subsidiary has more granular targets and reporting, that is welcomed for additional transparency and accountability.



# SECTION 1: TARGET SETTING

		Scope 1 and 2			Scope 3				
Near-term science-based targets	Target boundary	95% coverage of scopes 1 & 2			If scope 3 >40% of total emissions: boundary to cover minimum 67% of scope 3				
	Target year	5-10 years from date of submission (except maritime)			5 - 10 years from date of submission				
	Method eligibility and minimum ambition	Method	Absolute reduction	Sector-specific intensity convergence	Renewable electricity (scope 2 only)	Cross-sector absolute reduction	Sector-specific intensity convergence	Supplier or customer engagement	Scope 3 physical and economic intensity reduction
		Eligibility and min. ambition	<ul style="list-style-type: none"> <li>Minimum of 4.2% linear annual reduction (LAR) dependant on base year.</li> <li>Exception: FLAG pathway is 3.03% LAR</li> </ul>	<ul style="list-style-type: none"> <li>Depends on sector and company inputs</li> </ul>	<ul style="list-style-type: none"> <li>80% RE by 2025</li> <li>100% RE by 2030</li> </ul>	<ul style="list-style-type: none"> <li>2.5% LAR</li> </ul>	<ul style="list-style-type: none"> <li>Depends on sector and company inputs (SDA)</li> </ul>	<ul style="list-style-type: none"> <li>e.g. 80% of suppliers by emissions by 2025</li> </ul>	<ul style="list-style-type: none"> <li>7% year-on-year (both options)</li> </ul>
Long-term and net-zero science-based targets	Target boundary	95% coverage of scopes 1 & 2			90% coverage of scope 3				
	Target year	2050 or sooner (2040 for the power sector and maritime)			2050 or sooner				
	Method eligibility and minimum ambition	Method	Absolute reduction	Sector-specific intensity convergence	Renewable electricity (scope 2 only)	Cross-sector absolute reduction	Sector-specific intensity convergence	Supplier or customer engagement	Scope 3 physical and economic intensity reduction
		Eligibility and minimum ambition	<ul style="list-style-type: none"> <li>90% reduction (cross-sector pathway)</li> <li>72% reduction for FLAG</li> <li>Other sector pathways vary</li> </ul>	<ul style="list-style-type: none"> <li>Sector /commodity pathways vary</li> </ul>	<ul style="list-style-type: none"> <li>100% RE</li> </ul>	<ul style="list-style-type: none"> <li>90% reduction (cross-sector pathway)</li> <li>72% reduction for FLAG</li> <li>Other sector pathways vary</li> </ul>	<ul style="list-style-type: none"> <li>Sector/ commodity pathways vary</li> </ul>	<ul style="list-style-type: none"> <li>Methods are not eligible for long-term SBTs</li> </ul>	<ul style="list-style-type: none"> <li>97% reduction (both options)</li> </ul>

Not eligible
15°C ambition
Well below 2°C ambition



# TARGET SETTING

## When and Why?

For existing supporters this public science based reduction target must be in place by June 2024. For new supporters, this needs to be in place within 12 months of joining the Ad Net Zero programme.

By setting science-based targets and declaring these publicly you will be demonstrating your commitment to transparency and engagement with environmental improvement and playing your part in Ad Net Zero's mission to decarbonise advertising. Aligning with the latest climate science ensures the industry can play a positive role in ensuring we operate within a 1.5-degree boundary.

“

Companies up and down the advertising supply chain must use their influence to accelerate the removal of emissions and the promotion of the net zero economy. The urgency of this cannot be overstated. Joining in with our action plan can help businesses do that.

”

- Sebastian Munden, Board Chair, Ad Net Zero



# TARGET SETTING

## The Business Case

You will also be creating a business advantage for your company, proactively aligning with what advertisers want to see from their partners, as their scope 3 emissions include all agencies and partners throughout their value & supply chain.

Most brand and agency briefs / RFIs now include specific questions about sustainability, including science-based targets.

The recent Ad Net Zero Guide to Sustainable Media shows the priority for reducing emissions is to find a sustainability-assured partner.

65% of the annual revenue of the world's largest 2000 companies now covered by a net zero target.\*

“ Today, investors representing literally tens of trillions of dollars support climate-related disclosures because they recognize that climate risks can pose significant financial risks to companies, and investors need reliable information about climate risks to make informed investment decisions.

- Gary Gensler, SEC Chair, 2022

”



# TARGET SETTING

## How?

Before setting your company's science-based target, you need to "get your own house in order". The first step is to calculate your GHG emissions inventory.

After completing your emissions inventory, you can then establish a baseline year for emissions data, and set your near-term and/or net-zero targets. Following this, you should make your science-based target public to demonstrate your commitment. This can be done in different ways, for example via your website, SBTi, SME Climate Hub, Climate Pledge, Race to Zero, or alternative.

Measurement: Conduct an enterprise level (scopes 1, 2, 3) GHG emissions inventory following internationally recognized standards such as ISO 14064-1 Standard and the GHG Protocol.



Accuracy: Ad Net Zero strongly suggests supporters have their GHG emissions inventory verified through a recognised 3rd party, i.e., a sustainability consultant.



Validation: Ad Net Zero recommends setting and validating your science-based near term and/or net zero targets with SBTi (or alternative third-party accreditation).



# TARGET SETTING

## Resources

We understand that some, especially larger, companies have dedicated sustainability teams and are fully capable of doing this internally. However, for SME's (under 250 employees) or those less confident with emissions data, there are many resources and options available to you.

Use the SBTi or the SBTi SME-version process, often seen as the "gold standard" of net-zero and/or near-term target validation. You may need to work with a sustainability consultant to guide you through this, particularly if you are a non-SME going through the more rigorous SBTi process.

Sustainability consultants are helpful for those in a novice situation as they guide through the process, options, and tools, and can help with data collection.

Work with a carbon accountancy programme/tool such as the Green Element Compare Your Footprint tool (available free of charge for UK, Ireland and UAE Ad Net Zero supporters; other tools available from consultants in the US). These tools can guide you through the process of measurement for your GHG emissions inventory.

Ensure that your GHG emissions inventory follows the ISO 14064-1 standard and GHG Protocol. It's also recommended to have your inventory audited by a third party, who is under ISO 14065, for maximum transparency and credibility. Going through these processes will help ensure you are ready to submit to SBTi or another target validation organisation.



SBTi is a globally recognized target validation organization and leads in science-based target criteria.



This commits pledgers to the goals of the Paris Agreement ten years early, with a 2040 net zero commitment.



This empowers small to medium sized companies to set a 2030, 2040, or 2050 net zero commitment.



This is a not-for-profit charity that runs the global disclosure system for investors, companies and locales to manage their environmental impacts.



# SECTION 2: REPORTING

## What?



We expect Ad Net Zero supporters to report on scopes 1, 2, and 3\*. SBTi's guidance around what to include for scope 3 can be found [here](#).



You must report against progress annually, and publish it on a publically available platform. Recommendations from the SBTi about where to include this includes annual reports, sustainability reports, the company's website, and/or CDP's annual questionnaire.



The only exception when it comes to reporting is for SMEs (i.e., less than 250 employees), who have the option to share their reports directly with Ad Net Zero instead of publicly reporting.



For existing supporters (as of June 2023), this reporting must be in place by June 2024. For newer supporters, this needs to be in place within 12 months of joining the programme.

These Ad Net Zero reporting guidelines remain under regular review, ensuring they remain in line with industry-wide regulation and reporting.



# SECTION 2: REPORTING

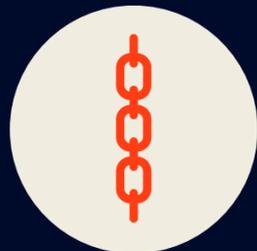
## Why?



By reporting we can understand the broader scope of our emissions - how we compare to other businesses, what examples of best practices we are demonstrating or can learn from. This helps to educate and force positive action, moving towards a collective goal, rather than stagnation.



Environmental considerations and reporting against emissions is becoming increasingly prevalent in legislation, both in the UK and globally.



The requirement for scope 3 measurement in this legislation will lead to even more requests from large organisations for data from their supply chains, and thus will indirectly affect SMEs as well.



# SECTION 2: REPORTING

## Key Legislation

Based on the sustainability and climate-related reporting standards issued by the IFRS Foundation's International Sustainability Standards Board, the UK government unveiled plans to create UK Sustainability Disclosure Standards (SDS), for companies to use to report on sustainability and climate related risks.

In the US, the Securities & Exchange Commission (SEC) previously proposed that would require emissions disclosures on scopes 1 and 2, and while it has been paused due to pushback and litigation, the state of California has passed two bills that would require reporting on scopes 1 and 2 beginning in 2026, with scope 3 in 2027 (impacting any business with \$1 billion or more in revenue, including outside of California). New York and Illinois have planned to introduce similar bills.

The Corporate Sustainability Reporting Directive (CSRD) entered into force in January 2023, strengthening the rules concerning reporting social and environmental information in the EU, affecting a larger number of EU businesses including listed SMEs. This is underpinned by the 2020 EU Taxonomy, a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 for the EU.



Sustainability Disclosure Standards

ISSB and IFRS



SEC Climate Disclosure Rule

California disclosure bills SB253 and SB261

California carbon offsets AB 1305



CSRD Timeline

EU Green Claims Directive



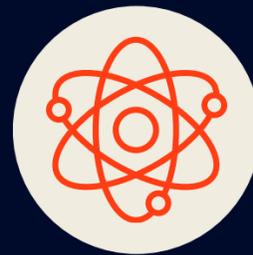
# SECTION 2: REPORTING

## How?

Create a comprehensive annual report that details:



A public science-based net zero goal of 2050 or sooner (in line with Paris Agreement).



Which frameworks or pledges, if any, you have committed to (SBTi, SME Climate Hub, Race to Zero, The Climate Pledge).



Interim “near-term” reduction targets set for 2030 or another near-term date, if net zero is not feasible by that time.



Engagement with the Ad Net Zero 5-point action plan.



Your understanding of and plan to address scopes 1, 2 and 3.



Current emissions and energy usage.

**AD NET ZERO** 

ALL FOR NONE

**THANK YOU**

For all enquiries please contact  
[londonoffice@adnetzero.com](mailto:londonoffice@adnetzero.com)