Reporting advertising emissions in a ESG report

Starting in 2025, the Corporate Sustainability Reporting Directive (CSRD) will significantly impact companies by requiring them to adhere to more rigorous sustainability reporting standards.

It will have significant implications for advertisers, advertising holding groups, and their service providers.

Some key points to keep in mind:

Scope of companies extended

It will apply to a broader range of companies, including all large companies and listed SMEs

Detailed sustainability reporting

Detailed data on climate change, resource use, social impacts, governance practices

Double materiality

Companies must consider both how their operations impact the environment and society and how sustainability issues affect their financial performance.

Mandatory external assurance

The information disclosed by companies must be audited by an independent third party to ensure accuracy and reliability.

Digital and standardized reporting

Reports must be prepared in a digital, machine-readable format to enhance accessibility and comparability across the EU.

Penalties for Non-Compliance

Failing to comply with the CSRD requirements may face penalties, including fines and reputational damage.

Advertising contributes up to 4% of global greenhouse gas emissions—twice as much as the aviation industry. Reducing this impact is critical, and there are actionable steps you can take. Nexd technology is the only real solution in the market, providing direct way to halve your CO_2 emissions from advertising.

Nexd, in collaboration with Scope3, is here to guide you in accurately reporting the emissions generated by programmatic ads, empowering you to make informed, sustainable decisions.

Where to start?

1. Understand the CSRD and ESRS Requirements
2. Identify Key Issues
3. Prioritize Reporting Areas
4. Engage With Service Providers

How will this affect advertisers, advertising holding groups and their service providers?

Sustainability Reporting: Advertisers and advertising holding groups will need to provide detailed reports on their environmental, social, and governance (ESG) impacts. This includes assessing the carbon footprint of their advertising campaigns, the sustainability of media buys, and the ethical implications of their content (KPMG).

Value Chain Reporting: The companies will also need to report on the sustainability practices of their entire value chain, including media agencies, production companies, and other service providers. This means service providers will need to ensure their practices align with the sustainability goals of the holding groups they work with (Gibson Dunn).

Innovative Campaigns: There will likely be a greater emphasis on innovative, low-impact advertising campaigns. This could involve using more digital and less resource-intensive advertising methods, as well as optimizing media spend to reduce the carbon footprint of advertising efforts (KPMG).

Compliance Costs: Meeting the new reporting requirements will likely involve additional costs for data collection, auditing, and report preparation. However, companies that proactively embrace these changes may gain a competitive advantage by attracting sustainability-focused clients and investors (KPMG).

When working under the Corporate Sustainability Reporting Directive (CSRD), companies must collect specific data from their service providers in the value chain to ensure comprehensive and accurate reporting on sustainability metrics.

Here are key numbers and data points that should be requested from service providers:

Carbon Emissions Data

- **Scope 1, 2, and 3 Emissions:** Service providers should provide their direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, as well as emissions from the entire value chain (Scope 3). For digital advertising, this includes data on the energy consumption of servers, data centers, and the carbon footprint of media production and distribution
- **Emission Reduction Targets:** Providers should disclose any targets they have set for reducing emissions and progress towards these targets.

The CSRD marks a significant shift towards greater transparency and accountability in corporate sustainability practices. Companies will need to prepare for more detailed and scrutinized reporting, with 2025 marking the first year these requirements fully take effect. This directive is expected to drive more sustainable business practices and improve the quality of ESG information available to stakeholders.