From Reporting to Reduction: How Businesses Are Taking Action on Climate Change

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From wildfires raging in Canada to devastating flooding in large portions of the Northeast, the severity of natural disasters isn't just inching up year over year; they're shattering records at a rapid clip.

New legislation is emerging in response, with the Securities and Exchange Commission (SEC) proposing rules around mandatory emissions reporting for companies and California legislatures passed an act that would require companies with over one billion dollars in annual revenue to report their emissions. Here is what this kind of legislation means for those of us in Ad Land.

A closer look at emissions and how they vary

Carbon emissions from a company are broken down into scopes. Scope 1 is the direct output of pollutants by a company—think vehicle exhaust. Scope 2 is the pollution made by the energy a company buys like electricity to power the office. Scope 3 is all the other pollution linked to a company's activities, but not directly created by them, like emissions from vendors. Both the SEC and California Legislature are targeting all

three scopes of emissions.

Adland isn’t exempt from the legislation that’s coming down the pike, nor should we be. Studies from the U.K. found that the industry produces the same annual emissions as 47 coal-fired power plants, yet half (51%) of digital advertising businesses aren’t measuring their carbon emissions. This translates to an extra 28% of the annual carbon footprint for each person in the U.K.

What this means in advertising terms

Fortunately, initiatives like Ad Net Zero are forging paths to decarbonize the sector, starting with emissions reporting. And, this week, the 4A’s announced a partnership with London-based climate success platform 51toCarbonZero (51-0) to help our member agencies establish their carbon footprint.

Wondering what type of activities would go into your agency’s emission report? Here are a few examples:

Travel (Scope 1)

The globetrotting that makes our jobs so exciting is also a primary contributor to our huge emissions bill—whether it’s traveling to shoots, client meetings or industry events.

Productions (Scope 2)

Once the crew has arrived at the production, emissions continue to add up via electricity usage for lights and cameras, as well as heating and cooling for the building.

Digital Ads (Scope 3)

In post-production, ads require extensive computational power to create and display. Online advertising, in particular, leads to increased energy use from substantial data processing and transmission as well as powering the servers that host

advertisements.

There is still a lot of ambiguity as to how all these new reporting requirements will ultimately be interpreted by courts when the inevitable legal challenges arise, how any gaps in Greenhouse Gas (GHG) protocol guidance might be bridged, as well as outstanding questions around the scope of coverage (in the U.S. at least). But one thing is becoming clear: it’s increasingly likely that your company will be doing business in some jurisdiction, now or in the future, where these new reporting requirements are in place.

In the midst of all these new emissions reporting laws, it’s worth keeping one very clear North Star in mind: all the emissions reporting in the world is completely meaningless if companies don’t act on the data to start reducing emissions. Reporting is not the end goal—reduction is. Think of reporting as table stakes to play, and reduction as winning. And then get started.

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