Havas N.V. (HAVAS.AS)

Climate Transition Analysis

Climate Action 100+ Focus Company

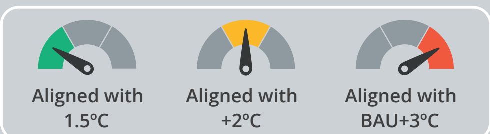
Overall Assessment

Havas is most likely heading towards a 2.0°C pathway by 2030.

Planet Tracker assessed Havas' Climate Transition strategy by analysing its GHG emissions trends from 2018 to 2024 and its alignment with the Paris Agreement. Havas has a goal to reduce its absolute Scope 1 and Scope 2 (GHG) emissions by 71% by 2035 against a 2018 baseline. It also targets reducing emissions linked to business operations by 43% by 2035. These targets were previously validated by the Science Based Targets initiative (SBTi) when Havas was part of Vivendi. With its listing as a separate entity at the end of 2024, Havas is in the process of developing new SBTi-validated targets. This process is expected to take a "substantial" amount of time. As such, we note that Havas' GHG emission goals may well change in the next few years.

The company has good management oversight of delivery on sustainability. However, Havas provides limited discussion of risks from climate change in its reporting. Havas also does not appear to use scenario modelling in its climate risk analysis. This is an area where investors should press the company to provide more detail in the future, including estimates of the potential financial impacts of risks and opportunities.

In summary, we assess Havas as most likely heading towards a 2.0°C pathway by 2030, but note significant uncertainty given its ongoing target development. We look forward to the company publishing new SBTi-approved targets. We call on management to provide more detail on how it will continue to achieve emissions reductions over the medium term and to address its Advertised Emissions.



Climate Alignment

- Havas has a goal to reduce its absolute Scope 1 and Scope 2 (GHG) emissions by 71% by 2035 against a 2018 baseline. It also targets reducing emissions linked to business operations by 43% by 2035. Based on our extrapolation, Havas is on target to deliver these reductions.
- These targets were previously validated by the SBTi when Havas was part of Vivendi. Havas is in the process of developing new SBTi-validated targets following its listing as a separate entity. This process is expected to take a "substantial" amount of time.

Policy and Governance

- Management compensation plans for both annual and long-term pay include qualitative targets for progress on internal priorities. However, it is unclear whether, or to what extent, delivering GHG emission reduction is included. We would like to see quantified GHG reduction targets explicitly included.
- Havas engages with its suppliers on decarbonisation. It has a goal to involve a majority of the Group's suppliers (as measured by aggregate GHG emissions) in a decarbonisation strategy aligned with the Group's commitments by 2026. We would like more detail on how this will work and the expected timeline for reductions.

Risk Analysis

- The company provides limited discussion of risks from climate change in its reporting so far. It is currently undertaking a climate risk analysis, with results likely to be published in 2026.

Strategy Assessment

- Havas continues to progress towards its goal of 100% renewable energy by 2030. This has helped drive down emissions from its own operations. It is in the early stages of engaging with its suppliers and clients to address Scope 3 emissions. Providing more detail on how it will deliver future reductions will be critical as it publishes updated SBTi approved targets.

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Company Overview

Havas N.V. (Havas) is a France-based communications and advertising agency. It listed on the Euronext market in Amsterdam in 2024, having completed a spin out from Vivendi SE. As such, there is limited recent historical financial or sustainability data on the company. In 2024, the company reported revenue of EUR 2,736 million. It operates three business segments: **Havas Creative**, **Havas Media** and **Havas Health** (which focuses on health brand communications and media) – see **Figure 1**. A list of agencies under the Havas umbrella can be found here – Havas Agencies and Global Marketing Firms.

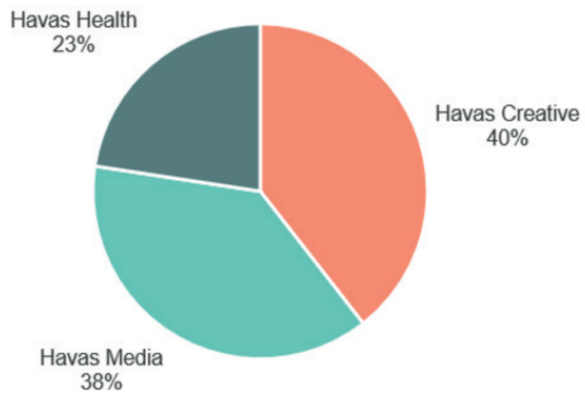

Figure 1: *Revenue – Breakdown by Business Segments (2024). Source: Havas Annual Report 2024.*

Geographically, Havas has established a significant presence in its domestic market of Europe but is also active across the globe – see **Figure 2**.

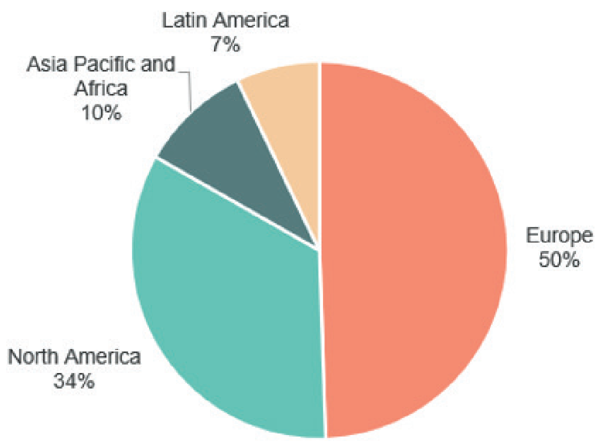

Figure 2: *Breakdown by Geography (2024). Source: Havas Annual Report 2024.*

In summary, Havas' global operations in key developing regions like the Asia-Pacific and developed markets such as Europe and North America suggest that its climate transition risks and opportunities, along with regulatory impacts, are concentrated in these areas.

Climate Alignment

EMISSIONS INVENTORY

Havas reports only a partial Scope 3 footprint. Historical data on emissions is also somewhat limited given its limited history as an independent listed entity.

Based on company data from 2018-2024, total emissions decreased from 57.3 kilotons of CO_2 equivalent ($ktCO_2e$) in 2018 to 37.4 $ktCO_2e$ in 2024 (a 35% decrease). However, the recent trend has been for emissions to rise, with total emissions increasing 8% in 2024, driven by a 13% rise in Scope 3 emissions (see **Figure 3**).

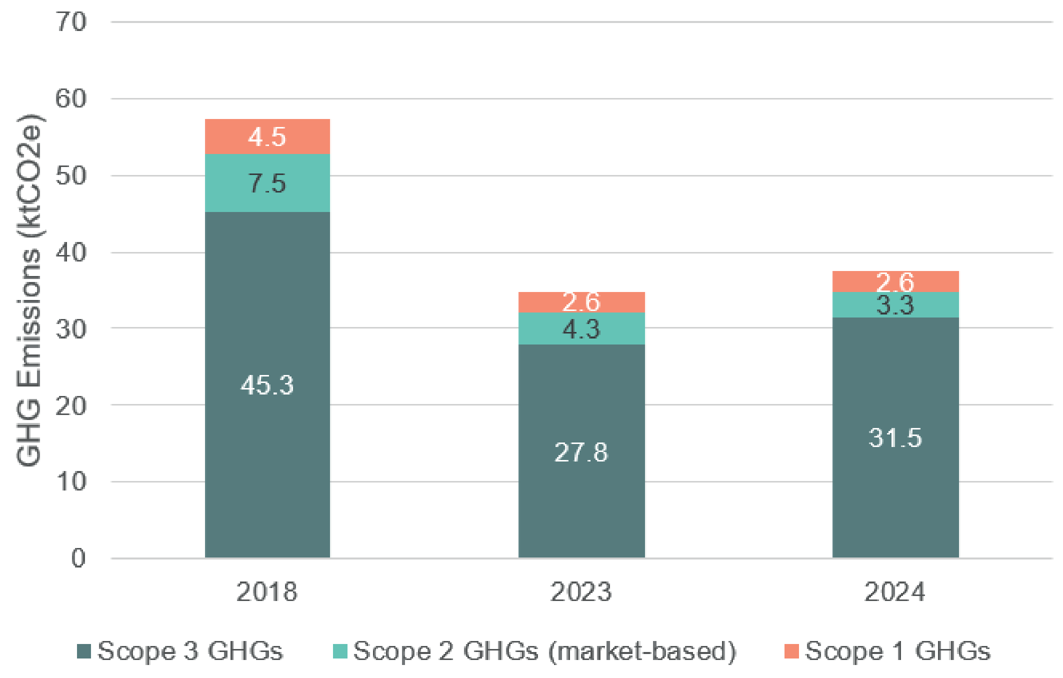

Figure 3: *Havas' Reported Emission History (Source: Havas' CSR Report 2024).*

Within the Scope 3 category, key contributors were:

- **Employee Commuting:** 32% of total emissions.
- **Transport and Distribution:** 31% of total emissions.

For more details see **Figure 4**.

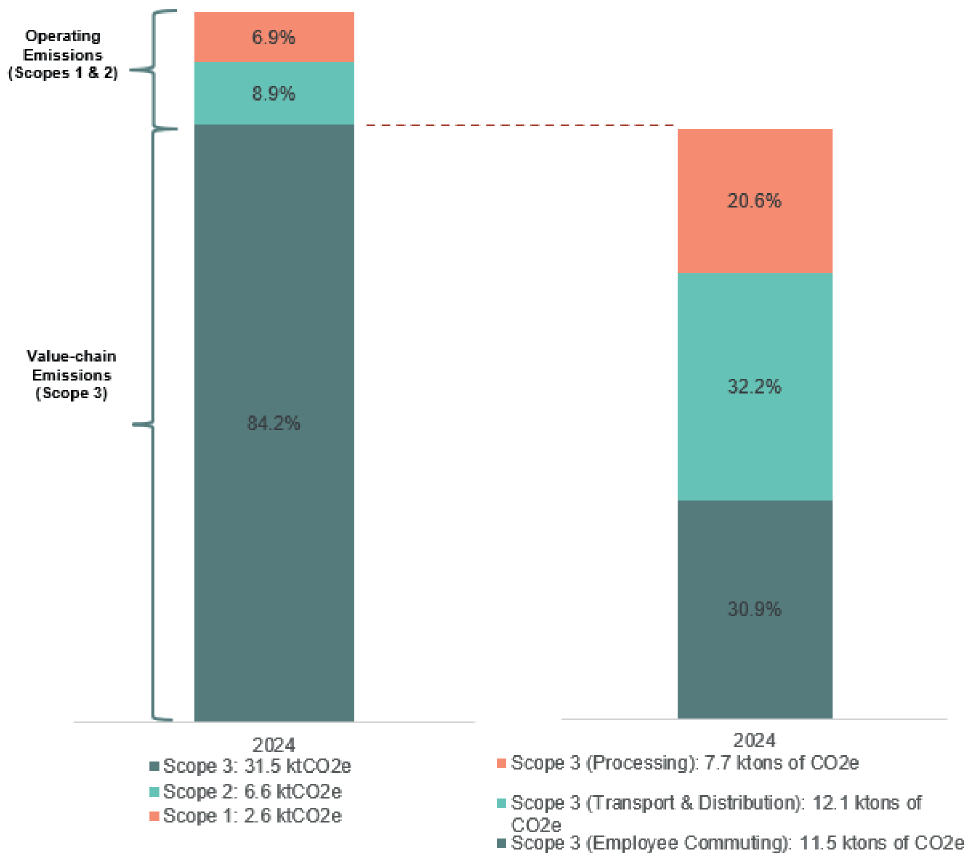

***Figure 4:** Total GHG Footprint (2022) – Percentage Breakdown by Scope. (Source: IPG's CDP Report 2023).*

EMISSIONS TRENDS AND TARGETS

Historical and Expected Emissions

Based on company figures, between 2018 and 2024, Havas' total GHG emissions decreased by 35%. This decline was across all scopes (see **Figure 5**).

	2018	2024	Change
Scope 1 GHGs (ktons of CO_2e)	4.5	2.6	-42%
Scope 2 GHGs (location-based) (ktons of CO_2e)	7.5	3.3	-55%
Scope 3 GHGs (ktons of CO_2e)	45.3	31.5	-30%
Total GHGs (ktons of CO_2e)	**57.3**	**37.4**	**-35%**

Figure 5 : *Historic Scope 1, 2, and Partial Scope 3 CO_2e Evolution (2018-2024).*
Source: Havas CSR Report 2024.

We used a high-level extrapolation model to forecast Havas' emissions up to 2030. This model projects the annual emissions-change rate from the past five years forward, assuming that the company continues its historical mitigation efforts while maintaining an intrinsic annual revenue growth rate in the low single digits.

Based on Havas' recently reported emissions history, Planet Tracker's extrapolation indicates:

- **Scope 1 emissions** are expected to decrease by 68% by 2030 vs 2018.
- **Scope 2 emissions** are projected to decrease by 80% by 2030 vs 2018.
- **Scope 3 emissions** are expected to decrease by 52% by 2030 vs 2018. We note that this projection covers only Havas' reported Scope 3 data; a full Scope 3 footprint would be larger and recent trends in emissions might be significantly different.

This would result in an absolute emissions decrease of 57%, with projected emissions (reaching 24.9 ktCO_2e by 2030, compared to 37.4 ktCO_2e in 2024). In this scenario, operational emissions (Scopes 1 and 2) would account for 12% of the total footprint, while Scope 3 activities would contribute 88%, as presented in **Figure 6**.

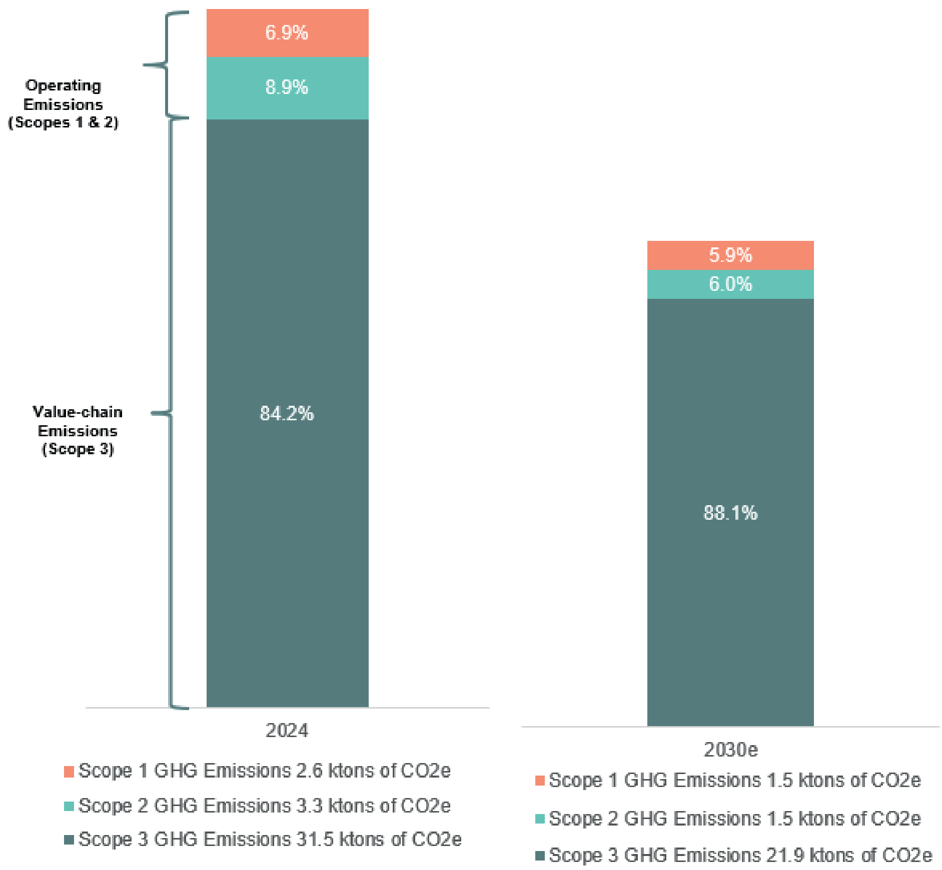

Figure 6: *Expected Scope 1, 2, and Scope 3 CO_2e Evolution (2024 & 2030) – Percentage Breakdown by Scope.*
Source: Havas' CSR Report 2024 and Planet Tracker Calculations.
Note: Only Partial Scope 3 is Included Per Havas' Reporting

Decarbonisation Targets

Havas split from Vivendi in December 2024 and became an independent listed company. Given its relatively short life as an independent entity, it is still developing its decarbonisation targets and pathway. The company has stated it will commit to science-based targets in 2025 and intends to publish more up-to-date data in April 2026.

Despite being in the process of setting SBTi-approved targets, Havas has set out four pillars of its developing decarbonisation strategy, which it states are aligned with the Paris Agreement. These are:

- Reduce Scopes 1 and 2 emissions by 71% by 2035.
- Use 100% renewable energy by 2030.
- Reduce emissions linked to business operations (Scope 3) by 43% by 2035. This covers emissions linked to (i) fuel- and energy-related activities (not included in Scope 1 or 2 GHG emissions); (ii) upstream transportation and distribution; (iii) waste generated in operations; (iv) business travel; and (v) downstream transportation and distribution).
- Involve suppliers in a decarbonisation strategy aligned with the Group's commitments by 2026.

These targets were previously validated by the SBTi when Havas was part of Vivendi. Havas is in the process of developing new SBTi-validated targets. This process is expected to take a "substantial" amount of time. As such, we note that Havas' GHG emission goals may well change in the next few years.

What About Advertised Emissions?

Advertised Emissions are the greenhouse gas emissions that result from the uplift in sales generated by advertising. This can be a material source of emissions. Work by industry network Purpose Disruptors and econometrics firm Magic Numbers in 2021 estimated Advertised Emissions in the UK market alone at 186m tonnes of GHG, equivalent to the emissions of the Netherlands[i].

Asking advertising holding companies to calculate and publish their Advertised Emissions reveals the climate impact of the incremental consumption they have generated on behalf of their clients. The more carbon-intensive their clients are, the higher a holding company's Advertised Emissions will be.

In 2024, Race to Zero[1], a global campaign led by the UN Climate Change High-Level Champions, published a report setting out a six-point framework for how service providers, such as ad agencies, can be a key driver of the transition to net zero[ii]. Many large businesses already require their agencies to be a signatory to the United Nations-backed Race to Zero campaign.

In **Figure 7** we show Havas' customer mix by area of business for 2024. Moving to report on its Advertised Emissions and how it will reduce these over time would be a key step for Havas in aligning with a net zero future.

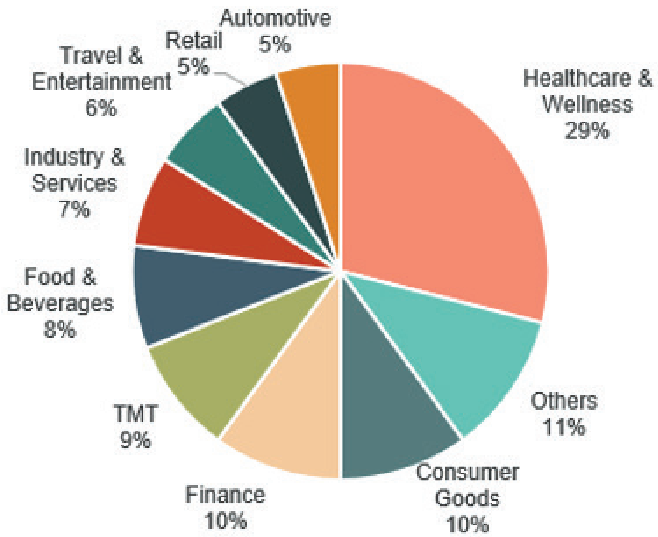

Figure 7: *Havas Net Revenue Split by Industry Vertical 2024 (Source: Havas Annual Report 2024).*

1 Race to Zero is a global campaign to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero-carbon recovery that prevents future threats, creates decent jobs and unlocks inclusive, sustainable growth.

Policy and Governance

ENGAGEMENT AND INFLUENCE

Suppliers' Engagement

Havas notes that collaborating with its suppliers is a key part of decarbonising its operations.

Indirect suppliers are required to follow Havas' Responsible Purchasing Charter and CSR Clause. Strategically important suppliers are invited to undergo an EcoVadis assessment of their sustainability, to ensure it aligns with Havas' requirements.

Havas included 85% of its direct suppliers in its top five countries in its environmental assessment in 2023. By the end of 2024, 66% of suppliers by emissions had set climate reduction targets. In 2025, Havas intends to launch a supplier engagement programme targeting those who have yet to set targets, with a specific focus on small-and medium-sized enterprises.

New suppliers are required to sign Havas' Responsible Purchasing Charter or demonstrate equivalence within their own charters as a precondition for engagement. This includes aligning on environmental sustainability.

Customers' Engagement

Havas offers its Carbon Impact calculator to help clients assess the impacts of their campaigns and minimise the emissions generated.

Havas also states that it works with clients to raise awareness of the role they must play in addressing the issues of their particular sector.

Influence on Policymakers

Havas is a member of industry associations that engage in lobbying.

Havas is also a member of various environmental groups and initiatives. These include:

Ad Net Zero – The Advertising Association promotes the rights, roles and responsibilities of the advertising industry. It includes the Ad Net Zero program, an initiative to move advertising to net-zero.

Enterprises pour l'Environment (EpE) – a group of around 60 large French and International companies committed to the ecological transition.

Some of Havas' agencies also engage in lobbying on behalf of clients. Havas states that it is committed to undertaking lobbying with integrity and transparency.

MANAGEMENT ALIGNMENT

Sustainability Targets Oversight

Havas operates with a board of directors of 11 people (three executive directors, including Havas' CEO, and eight non-executive directors). The Chair of the Board is a non-executive director.

Two sub-committees report to the board: the Corporate Governance; Nominations and Remuneration Committee; and the Audit & Sustainability Committee. The duties of the Audit & Sustainability Committee include oversight of non-financial reporting and oversight of public disclosure on ESG matters.

Management Compensation

The CEO and other executive managers receive performance-linked compensation, including monetary rewards, bonuses as a percentage of salary, and stock options. In 2024, Havas' CEO's annual bonus was split 60:40 between quantitative and qualitative targets. The quantitative targets focused on financial metrics (organic growth, adjusted EBIT margin, adjusted EBIT, and net income per share). The qualitative targets focused on strategic progress on internal priorities.

The long-term incentive scheme focuses on employee retention through restricted stock units and performance stock units tied to continued employment with Havas, financial metrics (adjusted EBIT and net income per share) and non-financial criteria. These non-financial criteria are given a 10% weight in the overall PSU portion of the scheme. Examples of the targets used as non-financial criteria include the rate of employee training on anti-corruption and the level of renewable energy sourcing.

We are disappointed by the very limited influence of sustainability performance in determining management compensation. The long-term incentive scheme's performance-stock element includes some targets that may be linked to sustainability performance, but the exact weight is unclear.

Risk Analysis

FINANCIAL IMPACT

Havas believes that financial risks related to the effects of climate change are "limited"[2]. The company indicates it will continue to assess the risks from climate change over time.

Havas provides limited discussion of risks from climate change in its reporting so far. The company is currently undertaking a climate risk analysis, with details likely to be published in 2026.

Transition Risks

Havas anticipates its major customers potentially seeking to do business with companies acting to address climate change. Clients could move to competitors if Havas is perceived to lack the tools or expertise to address client needs around sustainability and emissions reduction.

Havas notes the importance of its brand reputation and that this could be at risk if it is not seen to be taking climate-related issues seriously enough. It highlights that it could struggle to retain staff if it suffers reputational damage.

Havas notes that it is exposed to regulations and laws relating to corporate social responsibility and GHG emissions. Adherence to future regulation could result in increased compliance costs and take up significant management time.

In the future, Havas could face pressure or direct regulation blocking it from taking on clients from high-emitting sectors. This could affect future revenues.

RISK MANAGEMENT

Risk Management

Havas does not appear to use scenario modelling in its climate risk analysis.

2 Havas Annual Report 2024 page 84.

Strategic Assessment

CAPITAL ALIGNMENT

As a service-focused business, where much of the value lies in intangible assets, Havas' pathway to reducing GHG emissions is more driven by operational expenditure (opex) than capital expenditure (capex) over the medium to long term.

Given Havas only listed as a separate entity in 2024 and is still developing its independent SBTi targets, it provides limited commentary on how it has addressed its GHG footprint so far or its plans for the future.

Havas notes that it continues to progress towards its goal of 100% renewable energy by 2030. This has helped drive down emissions from its own operations.

The company is in the early stages of engaging with its suppliers and clients to address Scope 3 emissions. It aims to involve suppliers in a decarbonisation strategy aligned with its commitments by 2026.

TRANSITION APPRAISAL

Planet Tracker assessed Havas' Climate Transition strategy by analysing its GHG emissions trends from 2018 to 2024 and its alignment with the Paris Agreement. The company has a goal to reduce its absolute Scope 1 and Scope 2 (GHG) emissions by 71% by 2035 against a 2018 baseline. It also targets reducing emissions linked to business operations by 43% by 2035. These targets were previously validated by the SBTi when Havas was part of Vivendi. With its listing as a separate entity, Havas is in the process of developing new SBTi-validated targets. This process is expected to take a "substantial" amount of time. As such, we note that Havas' GHG emission goals may well change in the next few years. This uncertainty on its future targets must be borne in mind when considering Havas' Paris alignment.

Planet Tracker's assessment also reviewed Havas' policies, governance, risk management and capital alignment to evaluate its ability to sustain its historical progress on emission reduction.

Given Havas only listed as a separate entity in 2024, there is limited detail available on how it has reduced its emissions in recent years. Moving towards its goal of 100% renewable energy is one ongoing driver of reduction, while it is in the early stages of engaging with its suppliers and clients to address Scope 3 emissions. It aims to involve suppliers in a decarbonisation strategy aligned with Havas' commitments by 2026.

Notably, Havas does not currently address its Advertised Emissions. This means that even if it delivers on its own emission targets, it could still be considered misaligned with the Paris goals due to its development of advertising for non-aligned businesses.

Havas provides limited discussion of risks from climate change in its reporting. The company does not appear to use scenario modelling in its climate risk analysis. Investors should push the company to provide more detail on this area in the future, including estimates of the potential financial impacts of risks and opportunities.

Including quantitative goals tied to an explicit proportion of compensation on both an annual and long-term basis is an important mechanism to directly align management with delivering on climate targets. We are disappointed to see the very limited influence of sustainability performance in determining management compensation. The long-term incentive scheme performance-stock element includes some targets that may incorporate sustainability-linked performance, but the exact weight is unclear.

In summary, we assess Havas as most likely heading towards a 2.0°C pathway by 2030, but note significant uncertainty given its ongoing target development. We therefore look forward to the company publishing new SBTi-approved targets. We call on management to provide more detail on risks and opportunities associated with climate change, including financial impact estimates. We also hope to see more information on how Havas will continue to deliver emissions reductions over the medium term and to address its Advertised Emissions.

Planet Tracker concludes Havas is likely to align with a 2.0°C pathway by 2030.

i Advertising adds 28% to the annual carbon footprint of every single person in the UK - Magic Numbers

ii The-role-of-professional-service-providers-in-realizing-a-net-zero-future.pdf

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Planet Tracker is a non-profit financial think tank producing analytics and reports to align capital markets with planetary boundaries. We aim to create a significant and irreversible transformation of global financial activities by 2030. By informing, enabling and mobilising the transformative power of capital markets we aim to deliver a financial system that is fully aligned with a net-zero, nature-positive economy. Planet Tracker proactively engages with financial institutions to drive change in their investment strategies. We ensure they know exactly what risk is built into their investments and identify opportunities from funding the systems transformations we advocate.

PLANET TRACKER'S CLIMATE TRANSITION ANALYSIS

As part of its Influencers programme, Planet Tracker is examining the transition plans of the six major Advertising Agencies. Our goal is to provide investors with the key information and analysis they need to be able to hold the companies to account for the quality of their climate transition plans and their execution against those plans. We also encourage investors to use this information to engage effectively with these companies with the aim of driving the sustainable transformation of the advertising industry.

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