Publicis (PUB.FR)
Climate Transition Analysis

Climate Action 100+ Focus Company

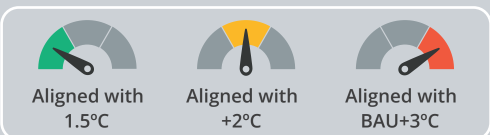
Overall Assessment

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

Planet Tracker assessed Publicis' climate transition strategy across emissions, policy and engagement, governance, risk management, and capital allocation. Publicis has Science Based Targets initiative (SBTi)-validated targets to reduce its Scope 1, 2 and 3 emissions by 50% by 2030 and by 90% by 2040.

The company has made significant progress on addressing its Scope 1 and 2 emissions, aided by increasing use of renewable energy. However, Scope 3 emissions progress has reversed post-pandemic, driven by business growth. Publicis has outlined plans to address its growing Scope 3 footprint, including reducing impacts from business travel and prioritising suppliers who are committed to the Paris Agreement. We see these as practical, albeit potentially difficult areas to address, but note the company itself acknowledges that decarbonisation will rely on "disruptive technological and operational innovations still unknown on the market".

In summary, we assess Publicis as most likely heading towards a 2.0°C pathway by 2030. While it has successfully reduced Scope 1 and 2 emissions, Scope 3 is proving less tractable as the business grows. We call on the company to provide more detail on how it will change its Scope 3 emissions trajectory over the medium term.



Climate Alignment

- Publicis has Science Based Targets to reduce its Scope 1, 2 and 3 emissions by 50% by 2030 and by 90% by 2040.
- Although historical trends extrapolated forward indicate strong progress on reducing Scope 1 and 2 emissions, Scope 3 emissions have risen, driven by business growth. Absent significant change in the Scope 3 trajectory, this suggests alignment with a 2.0°C warming scenario.

Policy and Governance

- Publicis has robust corporate social responsibility policies in place. It engages with its supply chain by favouring suppliers who are committed to sustainable practices. More detail on future initiatives in these areas would be welcome given the importance of Scope 3 emissions.
- Publicis' annual variable remuneration structure aligns executive pay with its climate goals by including a target focused on renewable energy use. Targets linked to climate were recently removed from the long-term variable pay scheme structure.

Risk Analysis

Publicis uses climate scenario modelling in its risk management processes. It looks at both risks and opportunities from climate change and how they will impact its direct operations, suppliers, customers and stakeholders. However, it does not provide detail of the potential financial impacts.

Strategy Assessment

- In its climate-related policies and engagement, the company has disclosed specific strategies, next steps, and key enablers to reduce Scope 3 emissions, but it lacks financial details of the costs of these initiatives.
- Publicis also acknowledges the need for "disruptive technological and operational innovations still unknown on the market" if it is to fully deliver on its GHG emission reduction goals over the longer-term.

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Company Overview

Publicis Groupe (Publicis) is a France-based global communications group, with over 108,000 employees across 100 countries. Over the past five years (2020-2024), the company has reported an average annual revenue of EUR 12 billion.

Publicis reports only one central revenue figure, but operates via what it terms four "Solutions Hubs"; **Publicis Communications**; **Publicis Media**; **Publicis Sapient**; and **Publicis Health**. A list of agencies under the Publicis umbrella can be found here – Publicis Agencies and Global Marketing Firms.

Geographically, Publicis is active across the globe, with its biggest markets being North America and Europe – see **Figure 2.**

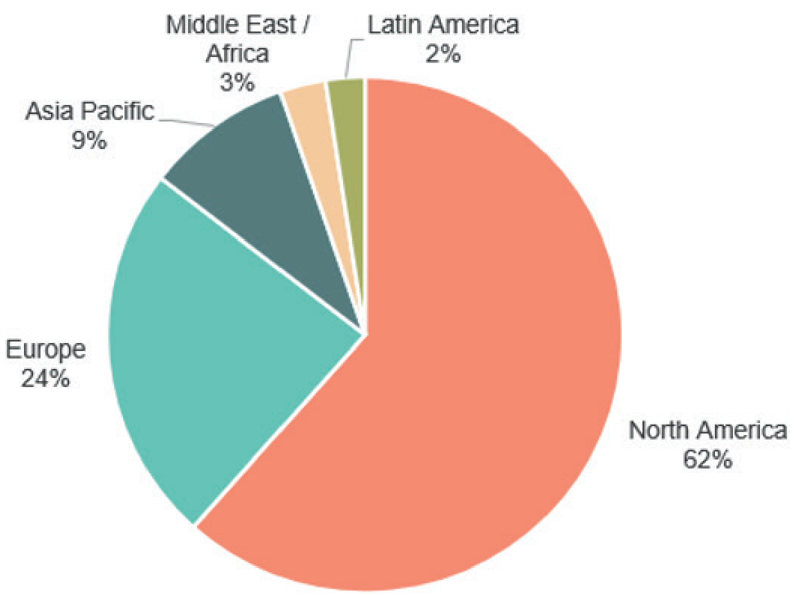

Figure 1: *Breakdown by Geography (5Y Avg.). Source: Publicis Universal Registration Documents 2020-2024.*

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

Climate Alignment

EMISSIONS INVENTORY

Publicis reports its GHG emission footprint as part of the sustainability reporting in its annual Universal Registration Document.

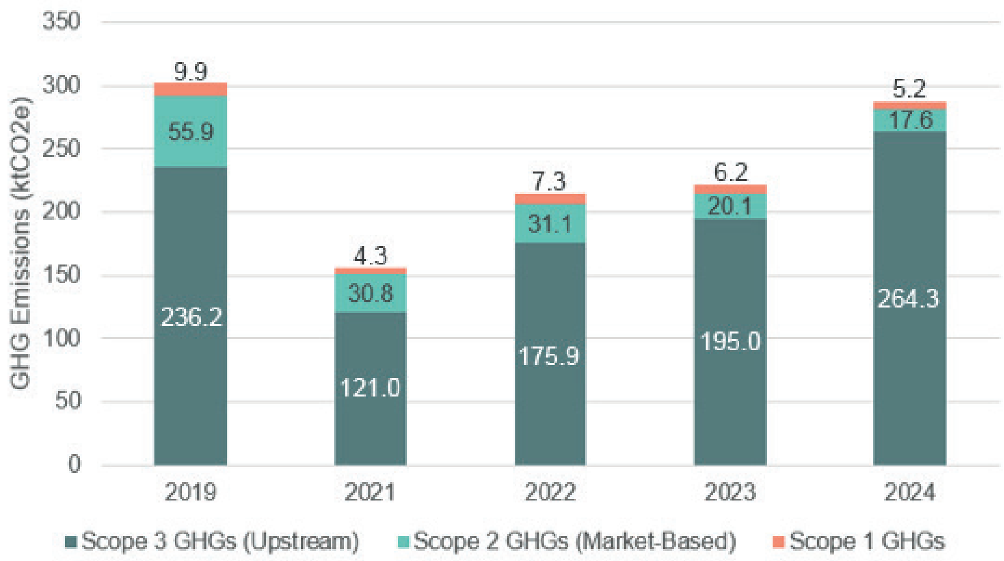

Figure 2: *Publicis Reported Emission History (Source: Publicis Universal Registration Documents 2020-2024).*

	2019 (ktons of CO_2e)	2024 (ktons of CO_2e)	CAGR % (2019-2024)	Absolute Change % (2019-2024)
Scope 1 GHG emissions	9.9	5.2	-12%	-47%
Scope 2 GHG emissions (market-based)	55.9	17.6	-21%	-69%
Scope 3	236.2	264.3	-2%	12%
Scope 1, 2 and 3 GHG emissions	**302.0**	**287.1**	**-1%**	**-5%**

Figure 3: *Publicis Summary Emission Change (Source: Publicis Universal Registration Documents 2020-2024).*

Within the Scope 3 category, key contributors were:

- **Purchased Goods and Services** (upstream): 38.8% of total emissions.
- **Transportation** (upstream): consisting of Employee Commuting and Business Travel, accounting for 38.6% of total Scope 3 emissions.

For more details see **Figure 4**.

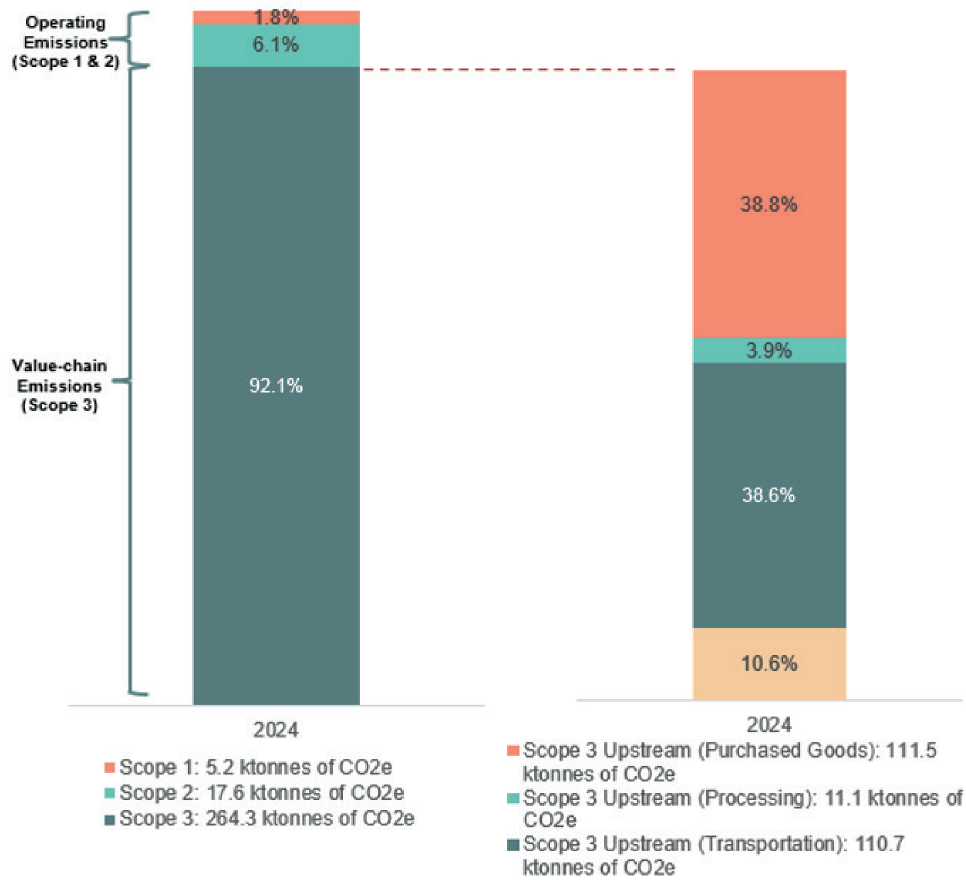

Figure 4: *Total GHG Footprint (2024) - Percentage Breakdown by Scope. (Publicis Universal Registration Document 2024).*

EMISSIONS TRENDS AND TARGETS

Historical and Expected Emissions

Based on the reported emission figures, between 2019 and 2024, Publicis' total GHG emissions fell by 5%. This fall was characterised by declining emissions for Scopes 1 and 2, but a 12% rise for Scope 3 (**Figure 5**). The company notes the challenge of reducing emissions while also delivering business growth.

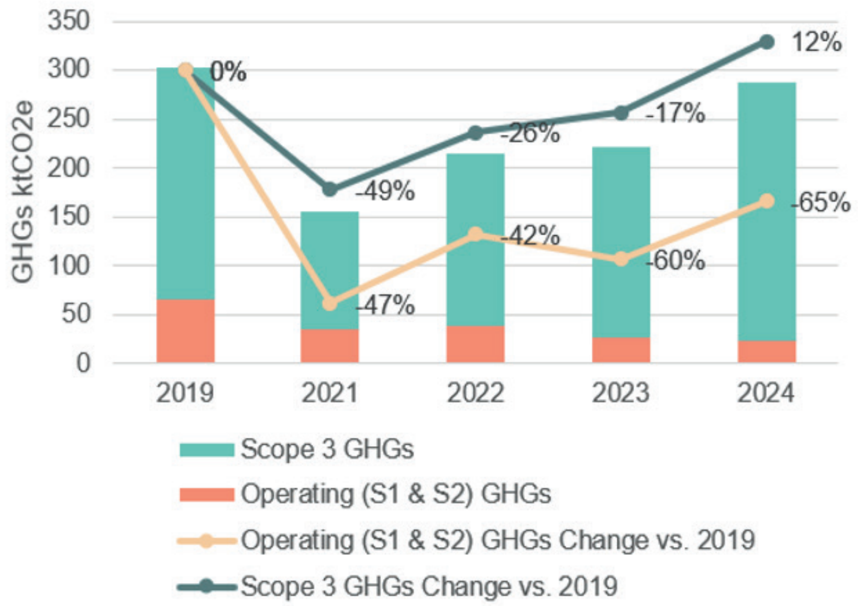

Figure 5: *Historic Scope 1, 2, and 3 CO_2e Evolution (2019-2024).*
Source: Publicis Universal Registration Documents 2019-2024).

A high-level extrapolation model was employed to forecast Publicis' emissions up to 2030 and 2040. This model projects the annual emissions change rate from the past five years forward, assuming the company continues its historical mitigation efforts while maintaining an intrinsic annual revenue growth rate in the low single digits.

Based on the reported emissions history, according to Planet Tracker's extrapolation:

- **Scope 1 emissions** are expected to decrease by 74% by 2030 and 92% by 2040 vs 2019.
- **Scope 2 emissions (location-based)** are projected to decrease by 93% by 2030 and 99% by 2040 vs 2019.
- **Scope 3 emissions** are expected to increase by 28% by 2030 and 60% by 2040 vs 2019.

This would result in an absolute emissions increase of 2% by 2030 and 26% by 2040 vs 2019, with projected emissions (reaching 308.7 ktCO_2e by 2030 and 379.5 ktCO_2e by 2040 compared to 287.1 ktCO_2e in 2024). In this scenario, in 2030 operational emissions (Scopes 1 and 2) would account for 2% of the total footprint, while upstream Scope 3 activities would contribute 98%, as presented in **Figure 6**.

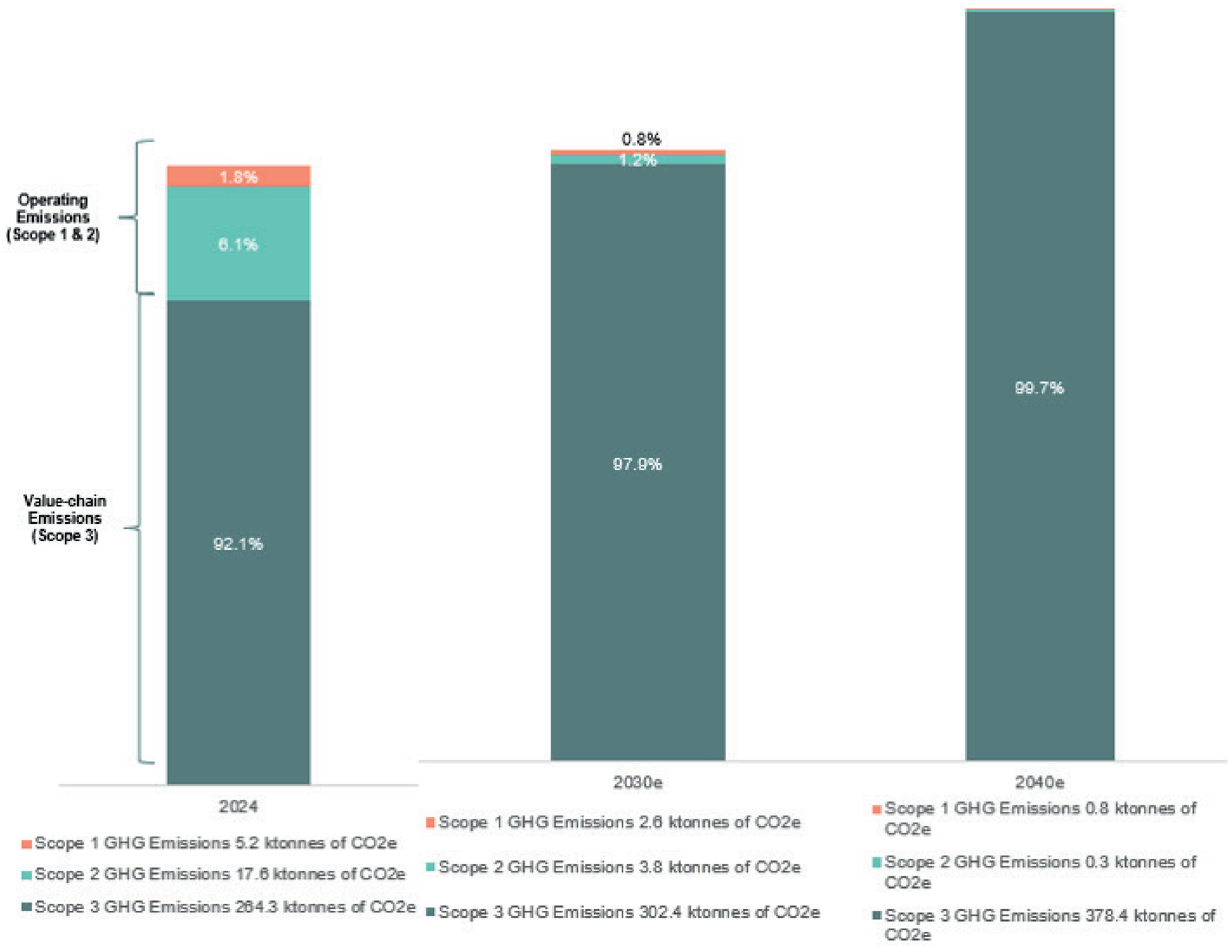

Figure 6: *Expected Scope 1, 2, and Scope 3 CO_2e Evolution (2030e & 2040e) – Percentage Breakdown by Scope. Source: Publicis Universal Registration Document 2024 and Planet Tracker Calculations.*

Decarbonisation Targets

Publicis achieved its climate targets for 2020 and 2030 as of 2019, which were to deliver 20% renewable energy usage, 20% emission reduction, and a 20% increase in energy efficiency.

Having achieved these targets in 2019, Publicis announced new SBTi-validated targets to reduce its Scope 1, 2 and 3 emissions by 50% by 2030 and by 90% by 2040, with the base year being 2019.

Alongside its carbon reduction targets, Publicis also aims to reach 100% renewable energy use by 2030.

Publicis acknowledges the challenge of marrying business growth and emission reduction, particularly in its supply chain. It has set out an intended pathway to achieve its targeted reductions in overall emissions (**Figure 7**). The 2019 total emission figure shown in this graphic differs slightly from the total emission that can be calculated based on Publicis 2019 emissions by Scope in the same document.

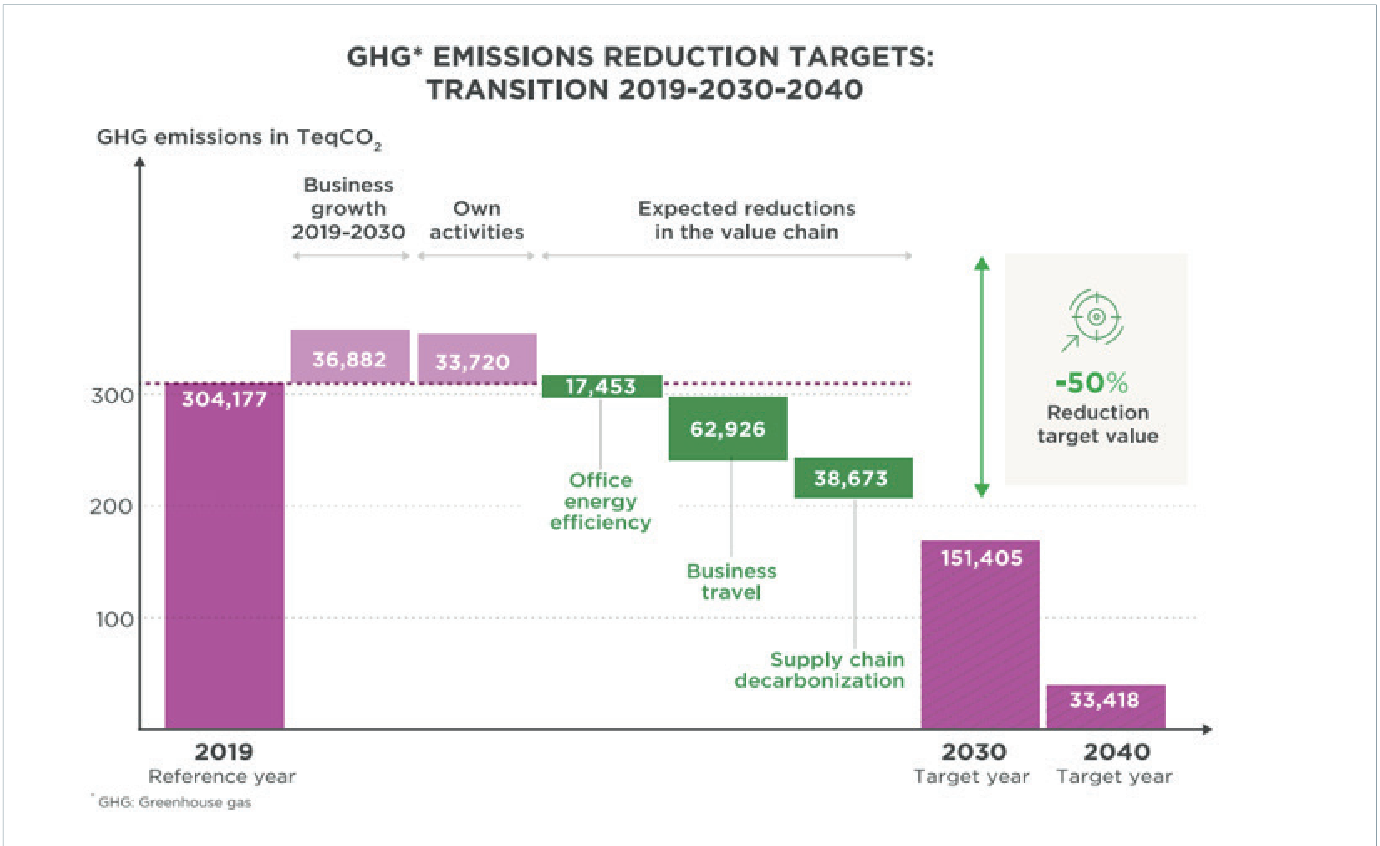

***Figure 7:** Publicis Has Set Out an Intended Pathway for Its Emissions.*
(Source: Publicis Universal Registration Document 2024).

Key drivers of the intended pathway to 2030 are a switch to 100% renewable energy in their own operations (-33,720 TeqCO_2) and then significant reduction in Scope 3 value chain emissions including increased office energy efficiency (-17,453 TeqCO_2), a reduction in business travel emissions (-62,926 TeqCO_2) and further supply chain decarbonisation (-38,673 TeqCO_2) (**Figure 8**).

/ Decarbonizations targets and levers

	Description	Reference year 2019	Target 2030	Target 2040
GHG emissions ($TeqCO_2$)	Business growth	304,177	36,882	
Energy consumed	Switching to 100% renewable energy		(33,720)	(60,696)
Strengthening the energy efficiency of offices	Switching to 100% renewable energy, with the energy efficiency actions undertaken in the various offices		(17,453)	(30,965)
Reduce business travel	1. Reduction of business air travel, with a strengthening of the internal policy and rules justifying this type of travel 2. Implementation of preference criteria for airlines committed to reducing their emissions		(62,926)	(113,267)
Decarbonizations of the supply chain	1. Reducing emissions related to the purchase of goods and services by prioritizing suppliers who are committed to the climate transition and have public GHG emissions reduction targets validated by third parties 2. Launch of the ESG assessment program for suppliers, "Enhanced ESG Program," in 2023		(38,673)	(68,831)

Figure 8: *Publicis' Intended Drivers of Decarbonisation to 2030 and 2040.*
(Source: Publicis Universal Registration Document 2024).

The Groupe acknowledges in its 2024 Universal Registration Document that decarbonisation will rely on "disruptive technological and operational innovations still unknown on the market".

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 as to how service providers, like 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.

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.

In **Figure 9** we show Publicis' customer mix by area of business for 2024.

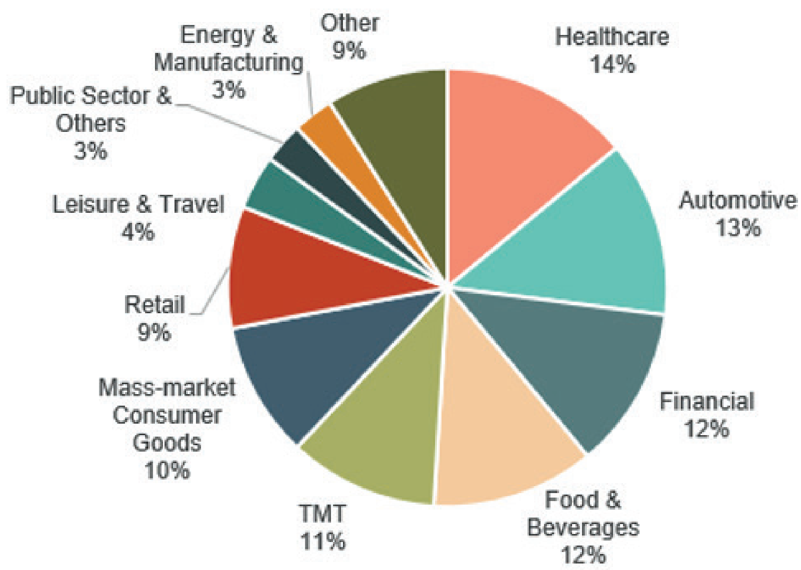

Figure 9: *Publicis Client Mix 2024 (Source: Publicis Universal Registration Document 2024).*

This client split would seem to suggest Publicis has only relatively small exposure to high emitting sectors such as Oil & Gas. However, in our 2023 report, From Adversity to Advantage, we argued that the focus on client companies should go beyond the Oil & Gas sector to include avoiding campaigns that promote products with negative environmental impacts across all sectors.

Policy and Governance

ENGAGEMENT AND INFLUENCE

Suppliers' Engagement

Publicis looks to work with suppliers who are committed to making a climate transition and have public emission reduction targets. Publicis asks large suppliers to align with 17 CSR commitments based on its CSR for Business Guidelines.

Strategic suppliers are assessed by an independent third party in terms of CSR. For smaller suppliers, Publicis uses a self-assessment platform for its CSR and environmental assessment (Publicis Groupe Providers' Platform for a Self-Assessment for a Sustainable Supply chain). Using this system, the supplier can share their environmental data and detail their reduction targets.

Customers' Engagement

Publicis engages with clients to help them on their own decarbonisation journeys. A.L.I.C.E. (Advertising Limiting Impacts & Carbon Emissions) is a proprietary tool developed by Publicis to allow clients to assess the carbon footprint of their projects.

Influence on Policymakers

Publicis is a member of advertising industry trade associations, which engage in lobbying. Publicis' lobbying teams operate in compliance with the law and the Groupe's rules. Trade associations it is a member of include:

- **Advertising Association:** The Advertising Association promotes the rights, roles and responsibilities of the Advertising Industry.

- **Ad Net Zero:** Ad Net Zero is an industry initiative to move advertising towards net zero.

MANAGEMENT ALIGNMENT

Sustainability Targets Oversight

Publicis’ board of directors has 14 members, of which six are independent directors. The Chairman and CEO is a member of the board of directors. Four specialised committees report to the Board of Directors; Audit and Financial Risks; Nominating; Compensation; and the Strategic, Environmental and Social Committee. The Strategic Environmental and Social committee brings together the previous Strategy and Risk Committee and the ESG Committee.

The Strategic Environmental and Social Committee has seven members, of which four are independent directors. Its role includes scrutinising Publicis’ environmental and social strategies and commitments. This includes oversight of progress on the SBTi objectives and the climate action plan.

Corporate management is led by an Executive Committee of five members and a Management Committee (which includes members of the Executive Committee) of 21 members. The Executive Committee’s role is to support the Chairman and CEO in establishing strategy. It is made up of experienced operational leaders within the Groupe. The Management Committee oversees management of the Groupe and execution of strategy. The Chief Impact Officer is a member of the Management Committee and responsible for CSR strategy and sustainability reporting to the Management Committee and the Board of Directors. The Groupe CSR function reports to the Chief Impact Officer.

Management Compensation

The Chairman and CEO of Publicis receives a mix of fixed compensation, an annual bonus and a long-term incentive plan. The target split is 17% fixed compensation, 33% annual variable pay, and 50% long-term variable pay.

The annual variable pay is weighted 80% to financial targets (40% organic revenue growth, 40% operating margin) and 20% to non-financial targets; 10% “impact and equity” and 10% “fight against climate change”. The climate change target is focused on the transition to 100% renewable energy, with a checkpoint of 75% achievement in 2025.

The long-term variable portion is based entirely on financial performance (50% organic growth, 50% operating margin) versus a peer group of companies. The company notes that CSR-related targets have been removed from the long-term scheme in light of recent political and legal changes in the United States.

Risk Analysis

FINANCIAL IMPACT

As part of its risk analysis, Publicis has included scenario-based climate risk analysis using the IPCC scenarios, RCP 2.6 (1.5°) and RCP 8.5 (+4°). This included examining the risk to its operations of various climate-associated hazards – e.g. drought or extreme temperatures. The analysis included looking at what funds the Groupe has available for adaptation to climate change and what technology is available or in development to help protect infrastructure and staff.

Publicis considers short-term as less than one year, medium-term as one to five years and long-term as beyond five years when conducting its risk analysis. The company is developing plans across timescales to strengthen the resilience of its business in the face of greater climate threat.

The Groupe has introduced an internal carbon price of EUR 50 per TeqCO_2 to allow teams to assess the financial impacts of their carbon emissions and consider changes to strategy.

Opportunities

Publicis sees opportunities in offering low-impact services and innovation to its clients. Publicis estimates that 98% of its top 100 clients have defined a SBTi trajectory. It sees an opportunity in continuing to support clients in their transformation and the transition to more sustainable products and services. For instance, A.L.I.C.E. (Advertising Limiting Impacts & Carbon Emissions) is a proprietary tool developed by Publicis to allow clients to assess the carbon footprint of their projects; Publicis' Razorfish digital agency in France developed a tool to allow clients to develop an "eco-score" of their websites. The aim is to optimise the user experience while reducing energy consumption.

Publicis sees opportunities in providing services for new innovative products and markets that address climate change or promote the circular economy.

Transition Risks

Publicis notes that regulation could evolve and see certain categories of products prohibited, or their advertising prohibited. To address this, Publicis' Legal Department has oversight of teams that monitor developments in international and national regulations. The Chief Impact Officer regularly updates the Audit and Financial Risks Committee and the Strategic, Environmental and Social Committee on upcoming regulatory changes related to sustainability reporting. They also report on the status of Publicis' ongoing sustainability projects.

Carbon taxes could impact clients or the Groupe directly depending on how they are adopted. The goal of becoming net zero is seen as a key mitigation effort to reduce exposure to carbon taxes.

Publicis' performance could also be put at risk if it loses clients because they do not believe it is addressing sustainability appropriately. The Groupe has a relatively concentrated client base, with the top 10 clients representing 22% of Groupe revenue. This means that a few major clients ceasing to do business with Publicis or significantly reducing their advertising spend could have a material impact on the Groupe's performance. Publicis seeks to address this risk by being a leader in innovation for clients, working with them to meet their evolving needs and demonstrating a leadership position in the industry in its attitude to sustainability challenges.

Talent churn is an ongoing risk to a creative industry such as advertising. A perceived failure to take sustainability seriously could increase this ongoing risk. Publicis acknowledges this risk and that a failure to attract or retain talented staff could impact its success in the future. Publicis addresses this risk by promoting a strong internal culture and via its commitments on GHG emission reduction and other key sustainability focus areas. It also offers physical and mental health support for employees affected by climate issues.

Physical Risks

Publicis has identified a number of physical risks from climate change. These include, risks to employees, who may see physical impacts on their place of residence, and infrastructure risks, such as offices being damaged or rendered unusable, for instance by flooding or wildfires. Data centres could be rendered inoperable compromising service continuity by overheating or lack of water for cooling.

The Groupe has put in place mitigation measures to address these physical risks. Its LionAlert tool contacts employees if there is an emergency (which can include weather-related emergencies such as flooding or storms) to ensure they are safe.

It has invested to ensure it can offer remote working capability to employees who are unable to access offices, helping ensure continuity of service.

Strategic Assessment

CAPITAL ALIGNMENT

Publicis aims to reduce its Scope 1, 2 and 3 emissions by 50% by 2030, and by 90% by 2040. These targets have been validated by the SBTi, with the base year being 2019.

Progress has been strong so far on Scope 1 and 2, with emissions falling 38% and 64% respectively versus the 2019 baseline. Publicis utilises carbon offsetting as a "last resort" to address irreducible Scope 1 and 2 emissions. It has also used them towards offsetting business travel emissions (Scope 3) in recent years. In 2024, the Groupe cancelled 85,045 tonnes of CO_2 equivalent via offsets and thus achieved carbon neutrality for Scopes 1 and 2 and business travel.

The Groupe has set out several key levers to drive further decarbonisation of its own operations and supply chain over the medium-term.

Reduction of transportation – the Groupe intends to incentivise a reduction in air travel. Instead, staff will be encouraged to use teleconferencing or travel by train where possible. Smart scheduling of travel will also help minimise the number of trips needed when air travel is unavoidable. Publicis notes the challenge in delivering on this goal given its ongoing business growth.

Reduce energy consumption and switch to 100% direct-source renewable energy - the Groupe has a target of moving to 100% renewable energy from direct sources in its own operations by 2030. It achieved 65% renewable energy from direct sources in 2024.

Reduction in consumption of resources, i.e. paper, water, plastics - the Groupe has a goal of eliminating single-use plastics from all agencies.

Reduce waste volume - electronic waste is targeted for recycling, while other non-hazardous waste management is also a focus.

Reduce impact of campaigns and projects - the Groupe's proprietary assessment platform called A.L.I.C.E. (Advertising Limiting Impacts & Carbon Emissions), makes it possible to measure and find less impactful options when working with clients.

New products/services – Publicis aims to support clients in their own energy and environmental transitions.

Reduce impacts of purchased goods – Publicis looks to work with suppliers committed to the Paris target of limiting warming to 1.5°C. It asks suppliers to align with 17 CSR commitments (link). Groupe or strategic suppliers are required to be assessed by an independent third party in terms of their CSR performance. For other suppliers, Publicis offers a self-assessment platform, P.A.S.S. (Publicis Groupe Providers' Platform for a self-Assessment for a Sustainable Supply chain). P.A.S.S. allows the supplier to voluntarily share its environmental data and emission reduction targets.

Staff training – Publicis aims to align all staff with its sustainability goals. This includes providing education and training alongside tools to allow them to assess the impacts of their own projects.

TRANSITION APPRAISAL

Planet Tracker assessed Publicis' Climate Transition strategy by analysing its GHG emissions trends from 2019 to 2022 and its alignment with the Paris Agreement. Publicis has ambitious decarbonisation targets of a 50% reduction in Scopes 1, 2 and 3 by 2030 and a 90% reduction by 2040.

Planet Tracker's assessment also reviewed Publicis' Policies, Governance, Risk Management and Capital Alignment to evaluate its ability to sustain its historical progress on emissions reduction. The company has made significant progress on addressing its Scope 1 and 2 emissions, aided by the increasing use of renewable energy. Scope 3 emissions progress has reversed post-pandemic, impacted by business growth. Our modelling underlines that addressing this challenge will be critical for Publicis' decarbonisation ambitions.

Publicis has suggested how it will address its growing Scope 3 footprint, including reducing impacts from business travel and prioritising suppliers who are committed to the Paris Agreement. We see these as practical, albeit potentially difficult areas to address, but note the company itself acknowledges that decarbonisation will rely on "disruptive technological and operational innovations still unknown on the market".

Publicis' Climate Risk Assessment and Management strategy reflects a commitment to managing key risks and leveraging opportunities. The company acknowledges both risks and opportunities related to climate change and has a well-defined reporting structure internally for addressing these issues. We note that management incentive structures include a climate-change-related target in annual variable pay, but not in long-term variable pay (a sustainability element was removed from long-term variable pay in 2025). Making sustainability goals tied to an explicit proportion of compensation on both an annual and long-term basis would more directly align management with delivering on climate targets.

In conclusion, Publicis demonstrates a good awareness of the risks and opportunities of climate change. It is undertaking credible initiatives to decarbonise and oversight structures are supportive. However, the current trajectory of emissions is not aligned with delivering on its targets for either 2030 or 2040. Without a dramatic change in its Scope 3 trajectory, we find Publicis is more likely to align with a 2.0°C pathway.

Planet Tracker concludes Publicis 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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