

Sustainability A Equativ: A Look Back and Ahead

2024



Sustainability is one of the <u>top three challenges</u> facing our industry. Ranked above privacy concerns and considered to be as important as cookieless targeting and measurement, the question of how to deliver a sustainable campaign while being as responsible as possible will shape the industry for the coming years.

Currently, digital technologies contribute <u>4% of</u> <u>greenhouse gas emissions (GHG)</u>, and research conducted by <u>The Shift Project</u> revealed their energy consumption experienced a yearly increase of 9%.

To advance our industry toward sustainable practices, collaboration is crucial. We must measure the amount of CO2e produced and its impact, establish consistent standards for practical actions, and provide essential tools and solutions to decrease the carbon emissions generated by digital ads. Ongoing education and a steadfast commitment to sustainability will also be vital to encourage industry participation and drive meaningful action.

Every aspect of ad tech operations - from purchasing impressions to data processing - demands energy. And, most of the time, energy emits carbon emissions. That's why the industry must have a baseline understanding of its current environmental impact in order to design meaningful goals to progress toward sustainability. At Equativ, we are focused on providing top-notch buying and monetization solutions for both advertisers and publishers. But we are equally focused on continuing to make things better for the industry as a whole.



Our Approach to Sustainability

When it comes to sustainability, we're not going at it alone. We know we are stronger when we team up. It's together with our advertisers, publishers, partners, employees, and each of us as consumers that we are making our shared vision a reality and staying true to our commitment to be as responsible as we can.

This past year we identified key areas where we could apply energy efficiency measures and focused on how to apply emission-reducing solutions across the industry.

Without losing sight of our mission to provide our customers with the best buying monetization solutions, we are building sustainable solutions for measuring the carbon footprint of programmatic campaigns and have deployed concrete and effective solutions to decrease the carbon impact of campaign delivery.

The development and adoption of innovative sustainable technologies, practices, and policy adjustments is a long journey but a project that we are committed to. In fact, as part of our 2024 strategic initiative, we have committed to seamlessly integrating carbon-reduced digital campaigns into our operations to achieve our environmental objectives.

In this report, we take a look at some of the key sustainability initiatives we focused on in 2023 and share our vision for the continued steps we plan to take in 2024.

At Equativ, we act individually and together to try and make a difference, to contribute to a more sustainable future, a more caring work environment, and a fairer industry.



Equativ's Sustainability Initiatives

Developing sustainable practices requires focusing on the four key actions below:

1. Measuring

Carbon footprint measurement provides a baseline understanding of the current environmental impact of a company. Measurement helps in identifying which areas have the most significant impact on sustainability and enables realistic and achievable reduction goal setting. For instance, if we find that a substantial portion of the carbon footprint comes from infrastructure we know we have to prioritize our efforts to reduce emissions in that area.

Measurement is the foundation upon which effective sustainability strategies are built. It allows for informed decision-making, helps prioritize actions, and provides a basis for accountability and improvement. Without accurate measurement, it's challenging to make meaningful progress toward sustainability goals.

2. Reducing

Once the measurement part is achieved, identifying areas where resource management can be increased is key: optimizing processes and reducing waste. Ad tech companies still have a lot to do to identify where we can apply energy efficiency measures and how to apply emission-reducing solutions and offers without compromising their activity.

3. Compensating

Carbon offsetting can be a useful tool in the broader effort to combat climate change, but it should be used judiciously and as part of a comprehensive sustainability strategy that prioritizes emission reduction at the source. Because the activity in the ad tech industry generates a lot of carbon emissions that are difficult or impossible to eliminate entirely, carbon compensation may be inevitable for the industry.

4. Reporting

Transparency and accountability are crucial in sustainable practices. Reporting ensures that stakeholders are informed about an organization's environmental performance and efforts toward sustainability.

By integrating these four components into their operations an organization can develop an effective approach to sustainable practices. Here at Equativ, we have already begun the process internally, partnering with <u>Greenly</u> to evaluate our carbon footprint for the past two years.

CO2 Calculation Methodology

Since September 2022, we have offered buyers a comprehensive solution for measuring and mitigating CO2e emissions from digital campaigns with a high level of granularity. Our calculator utilizes a transparent calculation methodology based on the open-source framework and guidelines established by the Syndicat des Régies Internet (SRI) and the Interactive Advertising Bureau (IAB). This methodology was first introduced in October 2021 and then updated in May 2023 to feature updates and improvements to serve as a standard for sustainability.

This adjustable tool enables the measurement of carbon impact, accompanied by recommendations to reduce CO2 emissions using the most relevant levers based on buyers' key performance indicators.

> We're committed to educating ourselves and our customers, partners, and prospects as we work to reduce and monitor our CO2 emissions.



Measurement Scope

The impact of a digital campaign is measured in two parts:

- The allocation of advertising space through which various data exchange algorithms and a bidding system designate ad space to a request.
- The delivery of advertising once the allocation has been made – including the use of the device type to view the ad.



Device Hierarchy

The methodology considers the equipment's operating time relative to its entire service life, resulting in a device's CO2e emissions ranking: smartphone < TV < tablet < PC. Actual exposure time is a crucial factor, requiring data collection at the control room level, where a three-second average is utilized if the realistic value is unspecified.

Data Modeling And Emissions Factors

The methodology is aligned with the Product Category Rules (PCRs) published by ADEME. PCRs are the product's category-specific requirements for conducting life cycle assessments.

Active Path Modeling

Allocation considers "active paths" during the auction, using active path modeling to calculate the servers involved in the process. This approach assesses energy consumption during the campaign, providing a more realistic reflection and better alignment with approaches like Scope3.





Our Checklist For More Sustainable Campaigns

Choose sustainable partners

Prioritize trusted publishers with valid traffic and anti-fraud policies, like those featuring updated ads.txt, sellers.json, or SupplyChain Object, to promote transparency and responsibility in the programmatic market.

Focus on the most sustainable device: the laptop

Despite their smaller size, smartphones emit more CO2 due to the technology involved. Our methodology considers the entire lifespan of devices, and the frequency of smartphone replacements contributes significantly to their higher emissions. Targeting laptops is a more sustainable choice.

Display first. Native second. Video third.

The selected format plays a pivotal role in campaign emissions, with Display (banner or square) being the most environmentally friendly, followed by Native. While Video is impactful, it contributes to higher CO2 emissions.

Video Format: 15 seconds is enough

Minimize CO2 emissions in video ads by keeping them under 30 seconds, ideally 15 seconds. Choose 'skippable' options for a better user experience and improved completion rates



Creation size and weight: the lighter, the better

Shrink your ad size to minimize the carbon footprint. Smaller, quality creatives load faster, consume less, and reduce CO2 emissions, enhancing overall campaign performance.

Keep it simple: measure impressions by clicks only

Simplify KPIs, focus on key metrics, and skip third-party tracking to effortlessly reduce your campaign's CO2 emissions. Trust your partner and enable tracking on the SSP side for optimized user experience and reduced internet consumption.

Favor off-peak times and local delivery

Time and place matter in ad campaigns for CO2 emissions. Opt for off-peak hours, like nights and weekends, to minimize impact. Geo-targeting only the necessary country helps further reduce emissions.

Be SPO compliant and partner with direct publishers

Optimize your supply chain and reduce your carbon footprint by limiting the number of SSPs you work with. A shorter supply path means fewer intermediaries, servers, and data exchanges. Concentrating on a few SSPs results in fewer auctions and higher-quality ads, contributing to emission reduction.

Preferred deals and programmatic guaranteed for a better deal

Choose Preferred or Programmatic Guaranteed over Open Auction to streamline your advertising chain, reducing actors and bid requests, thus minimizing emissions before displaying the ad.

Targeting: don't do more, do better

Prioritize sustainability by using capping in campaigns to avoid over-delivering to unresponsive audiences. Try to implement new cookieless alternatives such as Data Clean Rooms, Alternative IDs, Contextual Targeting, Seller Defined Audience, or Performance Targeting.

Looking for more actionable sustainability recommendations? Download our Guide to Sustainable Advertising Campaigns



Equativ and Greenbids: Optimizing the Carbon Footprint of Campaigns

Greenbids, a leader in sustainable advertising Al optimization, uses cutting-edge technology to enhance advertising effectiveness while minimizing resource consumption to ultimately reduce the carbon footprint of campaigns. Addressing the holistic needs of the programmatic ecosystem, Greenbids is at the forefront of creating a greener and more sustainable digital advertising landscape.

Our partnership with Greenbids marks a significant move towards enhancing media effectiveness and reducing the carbon footprint of programmatic ad trading. By granting access to granular data from our SSP, we empower Greenbids to create smart bidding models, resulting in streamlined and sustainable media buying. Greenbids' solution combined with our extensive supply path optimization abilities will enhance mutual deal value by prioritizing the most efficient routes. Media buyers can ensure spend is allocated to relevant inventory that aligns with unique country, device, and audience parameters, limiting energy use by making fewer hops and curbing wastage. Direct access to high-value demand will also limit carbon emissions and result in higher overall yield for publishers.

This partnership allows us to provide our clients the opportunity to gain a distinctive competitive edge and fuel greater revenue by layering sustainable practices into their ad operations. In wider terms, it also illustrates that environmental and profitability goals don't have to be in conflict — they can be seamlessly combined and achieved. In addition to underscoring our ongoing commitment to ethical progress, we believe this collaboration has vast potential to transform the industry at large.

Early trials have demonstrated a 40% reduction in gCO2PM*

(*grams of CO2 equivalent per thousand impressions)

Equativ and Havas: Decreasing Ad Emissions and Increasing Ad Performance

We worked with Havas and Havas City Nantes on a display campaign using granular emissions calculation to ensure minimal environmental impact. **Having achieved a 25% total reduction in carbon dioxide equivalent (CO2e), the campaign is a promising step forward in enabling effective, long-term decarbonization of the supply chain.**

Thanks to this internalized carbon calculator we can provide comprehensive insight into impression-level CO2e including the total number of CO2 emissions in comparison to the market average and the carbon CPM, i.e., the number of kilograms of CO2 emitted per 1,000 impressions.

The Havas and Havas City Nantes campaign demonstrated a commendable **click-through rate of 0.11% and an impressive viewability rate of 71%.** The <u>results of this digital campaign</u> speak volumes about the success and impact of more sustainable campaigns.





— Campaigning For A Cause: The Eden Reforestation Project

Since 2020, we have collaborated with Eden Reforestation Projects, a non-profit organization focused on supporting the restoration of healthy forests. As part of their mission, they collaborate with communities around the world to employ local villagers to engage in large-scale landscape restoration. The organization strives to generate employment opportunities, safeguard ecosystems, and contribute to climate change mitigation.

<u>As part of our collaboration</u>, we committed to planting 1 tree for every 30K campaign impressions on managed campaigns. By campaigning through Equativ, buyers support worldwide reforestation while offsetting their carbon emissions.

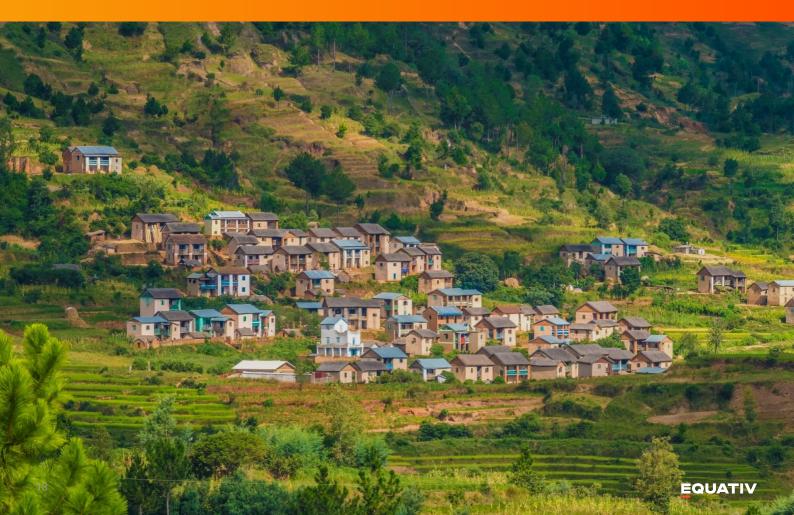
42+ hectares

Under management

850+ individuals

Employed locally

~860k trees Planted by Equativ





Giving Back With Givsly: A Season Without Swag

For the second year in a row, we were a participating sponsor in <u>Givsly's Season Without Swag</u> <u>initiative</u>. The US-based program gives agency partners an option to eliminate swag and unwanted holiday gifts by distributing donation bins in their offices. Those items are then distributed to charities across the country.

In addition, the Givsly platform allows us to offer our clients the option to opt out of receiving a material gift and elect to have a donation made to a charitable organization - such as Plastic Oceans International - on their behalf. As only 21% of swag is typically kept, we want to do our part to avoid swag ending up in a landfill.

Together Season Without Swag partners contributed over \$436,000 in donations to nonprofit organizations last year.





A Look Ahead

There are two ways to envision sustainability for 2024. Either sustainability will become more than a fleeting marketing trend and transform into a lasting commitment, or, if we adopt a slightly less optimistic perspective, the absence of significant financial incentives will sustain the status quo, preventing a substantial shift of investment toward sustainable products.

At Equativ we are choosing optimism and acknowledge that the market recognizes the urgency needed to address the industry's carbon emissions issue.

Even though the current landscape may lack sufficient incentives and cohesive efforts to bring advertisers, agencies, and publishers together, we can observe progress is being made in the right direction.

Sustainability was undeniably a central industry theme in 2023, with numerous discussions centered around reducing the carbon footprint of digital campaigns. Now is the time to translate those discussions into action and encourage individuals to actively reshape their perceptions, acknowledging that sustainable media equates to increased revenue. Ultimately, this shift will involve the buy-side reallocating budgets toward publishers, SSPs, DSPs, and other ad tech partners actively engaged in lowering emissions.

At Equativ, we are committed to doing our best by offering our partners sustainable solutions and providing the tools to decrease the carbon footprint of our digital campaigns. That's why we are working to design the very first full-stack platform featuring a natively integrated sustainable solution enabling carbon impact measurement and reduction at every step of the campaign delivery. The objective is to make it simple to drive efficient and sustainable ad buying using innovative low-carbon delivery features.



Thank You!

About Equativ

Equativ is a leading independent adtech platform built to serve the interests of both advertisers and publishers. Equativ provides brand and privacy-safe solutions that empower its clients to achieve maximum impact while respecting the rights of consumers, and combines client expertise and engineering excellence to serve the interests of both the supply-side and demand-side with equal professionalism and technical sophistication.

Headquartered in Paris and New York, Equativ operates globally with a team of more than 550 in 20 offices. Equativ offers the market its own independent ad server, SSP, buyer tools, and media services to fulfill the promise of advertising technology. Learn more at <u>Equativ.com</u>.

