M&C SAATCHI GROUP

ANNUAL

NO MATTER WHO YOU ARE, WE ARE

REPORT

M&C Saatchi Plc
Annual Report and Accounts 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

(Please see pages 134 and 135 for the SECR Report)

In 2022, we made 12 commitments: six related to planet and six related to people. They covered both the way we work operationally and the work we do for our clients. We have since realised that our planet and people commitments are inextricably interlinked. Although we have retained the content of our commitments, we have restructured them to better reflect our shared planet and people goals in a data-driven way, as well as adding one new commitment that we believe is essential to delivering on the spirit of our other commitments.

What has changed:

2022 commitment wording	New commitment wording
• Build climate-literate teams. • Grow the % of revenue from planet-positive campaigns year-on-year. • Review the environmental approach of potential new clients. • Train our teams to champion DE&I and embed "conscious creativity". • Offer people and funding to organisations that have a positive impact. • Collaborate with key partners to create campaigns that support our people and planet ambitions.	• Build climate and DE&I-literate teams. • Drive alignment with our planet and people goals across our supply chains. • Grow the % of overall revenue from planet and people-positive campaigns year-on-year. • Review potential new clients based on their impact on planet and people. • Offer time and funding to organisations that have a positive impact on planet and people.

We have also updated the wording of commitment 3 since last year to the following (see page 68 to learn why):

- Set an internal price on carbon and offset remaining emissions from our own operations by 2025 and across our value chain by 2030.

This year, we are reporting against the revised commitments. Recognising the power of our business to ignite change across a range of different areas, we have mapped our approach against the UN Sustainable Development Goals (SDGs) – the world's blueprint for sustainable development. We are moving towards more integrated reporting globally. We are aware that some parts of our business are further ahead in some commitments than others, and there will always be local legal and practical nuances that mean we will never have a fully standardised approach across the globe to all issues. However, we will continue to drive consistency and improve our approach over time, in particular, improving how we are able to measure and demonstrate progress.

Planet	People
The way we work 1. Set a net-zero target, in line with the SBTi Net-Zero Standard. 2. Reduce our Scope 1, 2 and 3 emissions by 50% by 2030. 3. Set an internal price on carbon and offset remaining emissions from our own operations by 2025 and across our value chain by 2030.	**The way we work** 4. Evolve how we recruit, develop and reward our people to address under-representation. 5. Create an inclusive experience where all can flourish, perform and belong. 6. Inspire and support people from under-represented groups to start careers in the industry.

Planet and people
The work we do 7. Build climate and DE&I-literate teams. 8. Drive alignment with our planet and people goals across our supply chains. 9. Grow the % of overall revenue from planet and people-positive campaigns year-on-year. 10. Review potential new clients based on their impact on planet and people. 11. Offer time and funding to organisations that have a positive impact on planet and people.

COMMITMENT 1: SETTING A NET-ZERO TARGET WITH THE SCIENCE BASED TARGETS INITIATIVE (SBTI)

In December 2022, our near-term science-based target was validated by the Science Based Targets initiative. The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

We have therefore committed to reducing both our absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2019 base year, and absolute Scope 3 GHG emissions from purchased goods and services and business travel by 50% within the same time frame.

We are now working on developing a net-zero target that we aim to have validated by the SBTi within the next 12 months.

COMMITMENT 2: REDUCE OUR SCOPE 1, 2 AND 3 EMISSIONS BY 50% BY 2030 (COMPARED TO 2019 BASELINE)

A note on our emissions: Given that we undertook some disposals during 2023, we have calculated our emissions using the business footprint and headcount as of 30 September 2023, the date which we considered most representative of our business footprint during 2023. We have therefore used full-year data for all entities that were part of our business on that date.

Scope 1 and Scope 2 – Global Data Summary

Environmental KPIs	Units	2019	2020	2021	2022	2023
Energy consumption (MWh)	MWh	4,597	3,378	3,160	3,256	3,212
Natural gas	MWh	667	399	402	525	384
Other fuels	MWh	263	170	220	123	409
Purchased electricity	MWh	3,667	2,809	2,537	2,608	2,419
Of which renewables	%	34%	31%	38%	35%	40%
Greenhouse gas emissions (location-based)	tCO_2e	1,955	1,497	1,286	1,374	1,331
Scope 1	tCO_2e	184	116	125	131	164
Scope 2	tCO_2e	1,771	1,381	1,162	1,243	1,167
Greenhouse gas emissions (market-based)	tCO_2e	1,697	1,339	1,111	1,199	1,106
Scope 1	tCO_2e	184	116	125	131	164
Scope 2	tCO_2e	1,514	1,223	987	1,068	943
Scope 1 and 2 tracking against SBT (% reduction from base year)	%	0%	21%	35%	29%	35%
Total Scope 3 emissions	tCO_2e	33,463	–	–	–	37,356
Scope 3 tracking against SBT (% reduction from base year)	%	0%	–	–	–	12% increase

Scope 1 and 2 Emissions

In 2023 our Scope 1 emissions were 164 tCO_2e, and market-based Scope 2 emissions were 943 tCO_2e. This is in line with our science-based target.

Methodology: The GHG Protocol Corporate Accounting and Reporting Standard was used to calculate our emissions. Consumption data was converted to GHG emissions using 2023 BEIS emissions factors and 2023 IEA emissions factors for non-UK grid electricity. Where primary consumption data could not be retrieved from certain entities, we chose to either input last years' data where applicable or make estimates based on headcount and floorspace data. Emissions reported above are calculated using both the location-based and market-based methods, using an operational control boundary.

In our 2022 Annual Report and Accounts, we reported that our Australia offices would be purchasing renewable energy from 2023 onwards. We have since discovered that this was a misunderstanding based on a misreading of information from their energy supplier. Our Australia office has budgeted for renewable energy for 2024.

In 2024, we expect our emissions to further reduce as a result of consolidation of our offices globally. We are also exploring opportunities to purchase more renewable energy as electricity contracts come up for renewal.

Scope 3 Emissions

2023 is the first time we have measured all our material Scope 3 emissions, since undertaking our 2019 baseline analysis for our science-based target submission with the SBTi, and is a major focus for us going forward. The majority of our Scope 3 emissions are in purchased goods and services (see below), business travel (see below) and commuting and teleworking (1,245 tCO_2e).

The method for calculating our Scope 3 emissions aligned with the GHG Protocol Scope 3 Standard. For category 1: purchased goods and services, a spend-based approach was used. For air travel, Defra emissions factors were used against individual flight data.

Business Travel

Despite implementing a new Business Travel Policy with air travel as a last resort in September 2023, our air travel emissions have increased considerably and we have not met our target for our emissions reductions requirements for 2023. In 2023, our air travel emissions were 4,363.3 tCO_2e. This is partly due to growth in those parts of our business where we have to travel to deliver against client requirements (e.g. Sport & Entertainment and Global & Social Issues). We are undertaking further analysis of why this is, and how we can better address the issue. In the meantime, we will increase our purchase of SAF certificates (Sustainable Aviation Fuel certificates) as part of our offsetting programme under commitment 3 (see below), as well as create an internal price on carbon to help drive behaviour change.

Purchased Goods and Services

This year, we have commenced annual measurement of our purchased goods and services footprint. Our emissions from purchased goods and services (regular spend) are 6,207 tCO_2e and from purchased goods and services (media spend) are 24,295 tCO_2e. Since our baseline analysis for 2019, we have improved our data collection coverage and approach to estimating this category of emissions, so comparisons to previous estimates cannot be made. As you will read on pages 75 and 76, our sustainable supply chain management programme is now underway, and we look forward to publishing the first results of this work in our 2024 report. Accounting for activity-related (versus spend-related) emissions from media spend is an industry-wide issue. The GARM project (Global Alliance for Responsible Media) at the World Federation of Advertisers is due to release industry guidance to help address this issue in 2024, which we hope to adopt.

Associates (franchises and investments under the GHG Protocol)

To ensure that we are able to measure emissions and encourage sustainable behaviours from our associate businesses, we have developed an ESG Policy and Code of Conduct for Licensees and built it into our contracting process for our associate businesses.

COMMITMENT 3: SET AN INTERNAL PRICE ON CARBON AND OFFSET REMAINING EMISSIONS FROM OUR OWN OPERATIONS BY 2025 AND ACROSS OUR VALUE CHAIN BY 2030

Reflecting New Greenwashing Guidance

In light of updated greenwashing guidance from the Advertising Standards Authority related to terms such as "carbon neutral", we have reworded our planet commitment 3 to focus on the actions we are taking to reduce our emissions:

Old wording

- Be carbon neutral across our own operations by 2025 and across our value chain by 2030.

New wording

- Set an internal price on carbon and offset remaining emissions from our own operations by 2025 and across our value chain by 2030.

We are currently working on our strategy to introduce an internal price on carbon to deal with our most material emissions, which we aim to report on in 2024.

Our Approach to Offsetting in 2023

We promised to offset our 2022 Scope 1 and 2 footprint through purchasing Gold Standard verified removals offsets in 2023. Responding to news coverage over the efficacy of offsets, we switched to a portfolio approach for addressing our 2022 emissions. Our 2022 portfolio addresses emissions closer to their source (business travel and renewable energy) and enables greater scrutiny of their impacts. We have based our approach on the cost of purchasing Gold Standard removals offsets (US$52 per tCO_2e and exchange rates of 31 March 2023).

In 2023, our portfolio included:

- Purchasing accredited Scope 3 Sustainable Aviation Fuel (SAF) certificates (which reduce rather than offset the release of GHG emissions on a lifecycle basis).
- Becoming a member of a co-operative that part-owns a solar power project with additional biodiversity benefits for the lifetime of the solar farm.
- Purchasing forest protection offsets with additional biodiversity benefits to match our 2022 footprint.

We have also continued to offset dispatch and ground transport emissions booked through our central travel service through a World Land Trust verified carbon offsetting project that has additional biodiversity benefits. We have selected the World Land Trust based on their in-depth responses to the three key controversial issues raised in the press which appear transparent and outline the measures they have in place to minimise the risk of these issues occurring in their projects. We will continue to scrutinise this area and look forward to more objective global guidance being released in regard to this sector.

Why is SAF Important?

Our Scope 3 emissions associated with flying are a sustainability challenge. While we have commitments to reduce the amount we fly, some air travel associated with our work is unavoidable, and the only available solution for cutting emissions from long-haul travel is through the use of Sustainable Aviation Fuel (SAF) certificates. These are certificates for lower carbon fuels.

The SAF certificates relate to auditable Scope 3 emissions reductions claims. However, SAF currently cannot be used to account for reductions in corporate Scope 3 category 6 emissions, as no clear methodology exists under the Greenhouse Gas Protocol. While the SAF these reductions relate to will not be used in the exact aircraft we fly in, it has displaced the same volume of fossil fuel that an aircraft would normally run on. SAF reduces emissions on a lifecycle basis compared to fossil fuel, using waste or renewable feedstocks.

The SAF that is currently available on the market is a "transition fuel". We look forward to more scalable feedstocks becoming available in the coming years. Our suppliers guarantee that the feedstock does not include palm oil and PFAD, and they provide written evidence that the feedstock is certified against either ISCC or RSB Certification criteria and meets all specifications and requirements set in EU RED II Annex IX.

The SAF certificates we have purchased are equivalent to an estimated 25 metric tonnes CO_2e emissions reductions claims for the reporting year.

At the same time, we are playing a role in the decarbonisation of this hard to abate sector, by sharing our knowledge of the SAF sector with our peers through formal and informal events and conversations.

Solar Farms and Offsetting

We have become a member of a co-operative that part-owns a solar power project at Derril Water for the lifetime of the solar farm. In doing this, we have:

- Ensured any credits associated with the electricity produced by our share are retired separately and not available for purchase on the REGO market (to ensure that they provide a degree of additionality to the grid).
- Chosen a partner that creates additional biodiversity benefits on the solar farm site.

Instead of purchasing carbon removals forest offsets, we switched to forest protection offsets to match our 2022 footprint. Reflecting how we have offset dispatch and ground transport emissions we have selected the World Land Trust based on their in-depth responses to the key controversial issues raised in the press.

COMMITMENT 4: EVOLVE HOW WE RECRUIT, DEVELOP AND REWARD OUR PEOPLE TO ADDRESS UNDER-REPRESENTATION

Addressing under-representation within our overall workforce, and most acutely amongst our leadership positions, is a critical cornerstone of creating a diverse and inclusive culture. It also links to SASB advertising and marketing material issue "Employee engagement, diversity and inclusion". Moving forward we aim to share aggregated data (where measured) on:

- The increase in representation of under-represented groups across the Group.
- The increase in representation of under-represented groups across senior leadership.

Note that in this report (and in the 2022 report) we tend to refer to our locations where we employ most people, but we plan in future to share examples from a wider range of our businesses.

Recruitment

We continued advertising vacancies openly across our UK, Australian and South African businesses, providing colleagues with the opportunity to pursue varied career routes across our different companies.

In the UK, we also continued mandating diverse candidate shortlists for all senior vacancies to help achieve better diversity in our leadership positions in the longer term.

Development

In 2023, we launched our second global mentoring programme. Continuing the success from our pilot, the programme enabled 51 people from across our businesses to be paired with an experienced mentor, usually from another company and country within the Group. This year, we wanted to target female under-represented talent, and now 73% of mentees are female. The scheme does not specifically focus on discussing challenges associated with under-represented talent, however, we have found that many of the participants request support with issues particular to under-represented groups (e.g. female working parents).

In March 2023, we launched our first ever global manager development programme, aimed at equipping managers with the necessary skills to lead in today's context. Sixty-seven percent of the participants are female, supporting our desire to invest in the progression of women into leadership roles and create equal representation. The programme teaches all participants how to lead teams in an inclusive way, further benefitting the overall experience of our teams. We plan to develop the programme's content and make it accessible to all people managers globally.

As a response to our 2023 engagement survey, we delivered two training sessions for people managers globally, on subjects that surfaced as priority areas for improvement, such as giving feedback and empowerment. All people managers were invited to these sessions to develop confidence in empowering their teams and giving both positive and developmental feedback. We will plan to deliver similar sessions on the back of the results of the 2024 engagement survey.

In the UK, we launched the pilot of a revised performance management process, with toolkits and training to support both people managers and employees, to help them feel equipped to have meaningful performance conversations. The four-stage performance cycle, called "Conversations that Count", guides all employees through four important conversations that are essential to their performance, career development and wellbeing. The pilot saw four of our agencies launch the process, with over 40 hours of training delivered to employees. In 2024, we are rolling this out to all staff.

In the UK, we rolled out a series of behavioural and wellbeing focused training, available to all employees. Each month, all employees can access training on developing themselves and building confidence around subjects, including dealing with imposter syndrome, being more self-aware, and learning to communicate better. In 2024, we have 12 more sessions planned to cover more subjects, with the addition of more skills-based training, for example, influencing skills, negotiation, and presentation skills.

In Australia, we launched a manager training programme led by internal leaders. The first module is on recruitment and onboarding aimed at upskilling mid-level managers on removing bias from our hiring process and delivering a best-in-class onboarding experience. The eight-module programme aims to arm our managers with policies and processes that reinforce our expected behaviours and values.

Reward

To help us attract and retain working parents and foster a more inclusive culture, our UK businesses launched new family-friendly policies in July 2023. These policies include:

- Enhanced paid family leave, with reduced eligibility requirements.
- Enhanced shared parental leave package, to allow employees greater choice around how childcare in the first year is organised.
- Support for those embarking on fertility treatment, with an interest-free loan and up to five days' paid leave per fertility cycle each year.

In Australia, we:

- Continued to support both parents of newborns with a gender neutral policy of 12 weeks' paid leave for both primary and secondary carers.

- Launched, and are trialling, a new policy which entitles employees who fully utilise their annual accrued leave to unlock additional days.

In South Africa our businesses support parents with:

- Four months' fully paid parental leave for the primary care giver in the family (gender neutral).
- A new shortened workday during a parent's first month back at work.
- A new programme where returning parents are paired up with another working parent to access support and advice as they find their feet in the first month back at work.

Diversity Data

In mid-2023, we ran our second global employee engagement survey "The Loop", inviting all employees to share their experiences of working in the Group. The survey gives employees in four of our key regions the ability to disclose demographic data relating to their identity. Though it was voluntary, over 80% of those who completed the survey opted to share those details. This provides us with data with which to measure and monitor representation at different levels of seniority over time.

In The Loop survey of June 2023, the UK workforce included 59% under-represented gender identities (including women, non-binary and prefer to self-describe) and 20% of employees from under-represented ethnicities (compared to 23% in the 2023 IPA Agency Census). In January 2023, we also reviewed our UK leadership team data, which consisted of 40% female employees and 16% under-represented ethnicities.

UK Gender Pay Gap

Our UK gender pay gap for 2023 mean average shows a moderate improvement, and the median has worsened slightly. This year, we have made our reporting more inclusive by including under-represented gender identities alongside women, including non-binary and those identifying as women.

Our data snapshot on 5 April 2023 showed:

- A gender pay gap of 26.1% (2022: 26.4%) based on mean pay gap figures which indicate the difference between the average hourly rates of male and under-represented gender identities pay.
- A gender pay gap of 20.0% (2022: 19.5%) based on median pay gap figures which indicate the difference between the midpoints in the range of male and under-represented gender identities hourly pay.
- A 6% increase in the proportion of women and under-represented gender identities in the upper quartile.
- A 5% increase in the proportion of women in the lower-mid quartile.

Our gender pay gap reports are available on our website (www.mcsaatchi.london).

Leadership in Australia

In Australia, we have purposefully restructured the Exco throughout this year, to ensure it is now gender equitable with 50:50 gender representation.

Diversity in South Africa

In South Africa, our workforce profile is in line with government targets, focusing on under-represented groups.

Our performance against those gender and ethnicity targets is as follows:

- Target = 60% female; Actual = 62% female.
- Target = 60% Black; Actual = 70% Black.

Our South African businesses are also Level 1 B-BBEE (Broad-Based Black Economic Empowerment) certified across the group of companies. This is the highest level of attainment.

The success of our DE&I efforts has been evident in M&C Saatchi Abel keeping a B-BBEE Level 1 position for over nine years.

Our Board

There have been a number of changes to our Board since our last report. See pages 99 to 102 for Board details.

COMMITMENT 5: CREATE AN INCLUSIVE EXPERIENCE WHERE ALL CAN FLOURISH, PERFORM AND BELONG

Our employee-led networks (ELNs) have proven to be increasingly influential in the development of our policies and culture and have been set up in our major business locations. Each network runs regular, well-attended events and programmes:

UK

The Heritage Network (representing Black, Asian and minority ethnic communities) delivered:

- A Black History Month exhibition "Black & Bold", in partnership with Harrods Racial, Equality and Diversity network.
- An Eid exhibition at our London head office, exhibiting Muslim artists.

The Family Network (representing parents and carers) delivered:

- The annual family morning during October half-term with over 60 children attending.
- A returners' workshop for primary carers.
- Collaboration with HR on a new parental leave policy which launched in July 2023.

The Proud Network (representing the LGBTQ+ community) championed:

- LGBTQ+ History Month: online talk from Alexis Caught.
- Trans Awareness Week events/panels.
- Awareness and fundraising for World Aids Day.

The Together Network (representing those with mental health and accessibility issues) delivered:

- A partnership with Self-Space providing access to group therapy sessions for colleagues.
- Mental health first aiders, to support the employee group.
- Fitness classes via Third Space.

The Juniors Network (representing those starting out in their careers) ran:

- Multiple social events throughout the year to foster community and support for early-stage creatives.

The Enable Network

In 2023, the UK launched the Enable Network (a new ELN), which aims to increase inclusivity of those with neurodiversity or disability. This network ran its inaugural event – a well-received ADHD Awareness Workshop.

SOUTH AFRICA

We support the holistic health of our people at work through our Thrive mental and physical wellbeing programme. This includes:

- Automatic staff access to Discovery's Healthy Company programme, which helps drive mental, emotional, physical and financial wellness. This includes eight one-on-one sessions (per presenting issue) with psychologists and trained mental health professionals when needed.
- An array of initiatives to support our people's physical wellbeing, including yoga on the roof, run club, football squad and nutritional advice, as well as breathwork sessions to improve mental wellbeing.

AUSTRALIA

Our Australia/New Zealand businesses have an expanding range of ELNs to support and engage their people.

Femme&C was set up to champion women and to create a practical suite of tools to support thought and action in both their personal and professional lives. As well as running events, the ELN has also helped inform a number of leave-related initiatives, including: equal and gender-neutral paid parental leave, adoption and fostering leave, personal and carer's leave, special compassionate leave for miscarriage and stillbirth, and perimenopause/menopause leave.

Queer&Proud (LGBTQIA+ ELN) were heavily involved in Sydney WorldPride. They are now working on activating other key moments in the queer calendar.

Parents @ M&C Saatchi have run a range of initiatives including:

- World Infant, Child and Adolescent Mental Health Chat with Dr Nicole Wheeler, exploring common signs that indicate if children need support and why they might be struggling.
- A Mothers' Day event.
- A parknic/cafenic for parents and their children.
- Sharing tips and information about issues that affect families and parents.

The Wellbeing ELN has been launched to explore a range of wellbeing issues. So far they have introduced:

- Sun-safe skin checks.
- Confidential managing of mental health support sessions for managers.
- Free flu vaccinations.
- Outdoor meetings, including the "Botanical Gardens Loop", which has been added to Google Calendar to book meetings or chats.
- LADS ON TOUR, to support Men's Health Week in a healthy environment.

- Men's mental health speaker sessions, with representatives from RUOK?, and an internal "recovering business email addict".

Australia has also launched a new BIPOC ELN (to represent Black, Indigenous and People of Colour communities) as well as a Climate Action ELN to help inspire better practices and drive meaningful change.

Training

In the UK we organised:

- A mandatory learning programme on inclusive leadership for all UK Chief Executive Officers and some other senior leaders. This included a core learning programme, one-to-one coaching, and most recently a 360-feedback report that focused entirely on inclusive leadership behaviours.
- A partnership with Fearless Futures to pilot conscious inclusion training for employees. As a result of our 2022 pilot, we rolled this out further in 2023, and new joiners and hiring managers across the business completed the training. In 2024, we will continue to train new joiners and open up training opportunities for employees and managers.

In Australia, we continue to ensure that unconscious bias training is mandatory as part of onboarding, as is the induction to our six ELNs.

In order to measure the overall effectiveness of our initiatives to help create an inclusive experience, in 2024 we will be measuring:

- The decrease in the gap between engagement and inclusion amongst under-represented groups and well-represented groups, using data from our employee engagement survey (The Loop).
- The increase in the percentage of SLT who meet or exceed The Loop benchmark for inclusive leadership.

COMMITMENT 6: INSPIRE AND SUPPORT PEOPLE FROM UNDER-REPRESENTED GROUPS TO START CAREERS IN THE INDUSTRY

M&C Saatchi Open House is a free eight-week online training programme open to anyone who wants to learn more about our industry. Its mission is to help remove barriers for anyone starting, shifting or returning to a career who does not have the support, connections or access to do so. Weekly seminars, where speakers from across the Group share their knowledge and experience, are open to all. Participants have the opportunity to apply what they have learnt on a live brief, receive a CPD accredited certificate and apply to be considered for a future role with the Group. Since its launch in 2020, Open House has reached 6,322 people, aged 16–60, in 101 countries, with M&C Saatchi employees from the UK, the US and Australia/New Zealand delivering sessions. Our 2023 Open House programme was the biggest to date. So far, we have made 20 permanent hires, plus four apprenticeships and nine internships.

In the UK, the diversity data for the programme has been outstanding, with 73% female, 40% from ethnic minority backgrounds, 23% from the LGBTQIA+ community, 17% identifying as a person with a disability, 1% identifying as transgender/gender diverse or as someone with a trans history, and 52% with parents who did not attend university.

Open House Australia

Our 2023 Australian Open House programme had around 500 participants registering for weekly sessions. Of the people who completed our voluntary DE&I survey as part of the sign-up, we saw a big increase in diversity in comparison to what we normally experience through our more regular day-to-day recruitment processes.

In summary:

- 27% of our applicants were older than the average industry age of 34 years.
- 2.6% were First Nations people.
- 77% identified as an ethnicity that did not include "Australian".
- 9% identified as having a visible or non-visible disability.
- 21% identified with an under-represented sexual orientation.

At the completion of the course in November, we selected eight interns for the two-month paid internship. They were placed across the different divisions within the Group. Seven of these interns have already been placed into permanent positions. These are people we do not believe we would have found otherwise.

Carbon Academy

In 2022, we ran a Carbon Academy in collaboration with the University of Greenwich, aiming to help address the gender imbalance in creative roles. In 2023, we created an Alumnae group on LinkedIn to collaborate as a creative community of mentors and mentees, sharing opportunities such as the "Art for Change" prize.

University of Greenwich Degree

As a natural evolution of the Carbon Academy collaboration, we co-designed a Creative Advertising and Art Direction BA (Hons) degree which launched in September 2022. The modules we helped develop were:

- Year 2 Ideas Lab 2023, where students come into the agency in three-hour four-weekly rotations to experience life in the industry and are mentored by creatives on a client and D&AD brief. One creative team will be offered a one-month paid summer placement in summer 2024.
- Year 3 Black Book 2024, taught in the studios at Greenwich, with guest appearances by an extended creative team of industry professional contacts.

Following the ongoing success of these initiatives, in 2024, we are introducing new metrics for measuring the related social impact. Going forward, our measures will be:

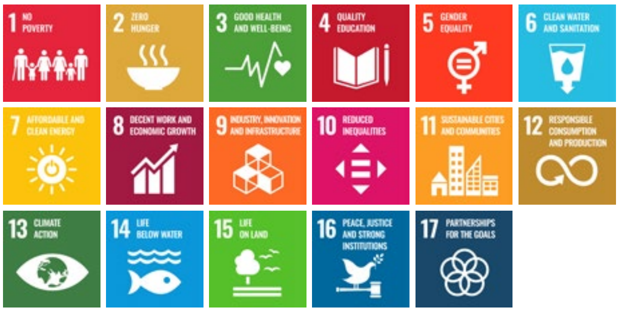
- Increase in number of Open House registrations from under-represented groups.
- Increase in the number of people from under-represented groups finding roles in the industry after the completion of Open House.

Commitments 7–11: Creating the future we want to see through advertising and communications

We want to be part of growing a future we all want to live in, not just for moral and ethical reasons, but also because history tells us that businesses that drop behind the curve will struggle the most to catch up. By far the biggest impact we have as an industry is in the work we do for our clients and the impact of our work in driving sales of the goods and services they produce. However, the industry has not yet developed a set of associated standards for our sector to apply to our work. We are using our voice at the Institute for Practitioners in Advertising and the Advertising Association to advocate for a consistent and meaningful approach to this issue.

In the meantime (see commitment 9 below), we have introduced a requirement for our businesses to measure the percentage of revenue they generate from planet-positive and people-positive campaigns, with associated growth targets. We are measuring this through our finance system. The commitments below are part of our contribution towards creating the future we all want to live in.

COMMITMENT 7: BUILDING CLIMATE AND DE&I-LITERATE TEAMS



Marketing and communications professionals can only step up to meet the demands of the transition to a planet and people-positive future if they have the relevant tools and knowledge. This also links to SASB advertising and marketing material issue "selling practices and product labelling". As a global business, with challenges that vary across countries and regions, we are seeking to do this in a way that is responsible and authentic.

In 2022, we purchased two leading on-demand self-directed learning packages for our teams across the globe: #changethebrief training from Purpose Disruptors and Ad Net Zero Essentials Certificate training. In 2023, we also undertook work with external partners to unearth what conscious creativity means to internal teams globally and help us understand the opportunities and challenges for producing people-positive work for clients, with the initial aim of undertaking standardised training across the business.

However, engagement in standardised training has been mixed across our business. We have started changing our approach to building climate and DE&I-literate teams, with teams encouraged and supported to up-skill in a variety of ways, including:

- Provision of formal training packages on request.
- Group-wide "growth sessions" on key issues such as greenwashing and DE&I.

- Specific "growth sessions" (e.g. greenwashing versus great work) for key teams and locations.
- Specific country-related initiatives (e.g. we have signed up to the Mayor of London's Design Lab programme, which involves designing solutions to help employers tackle under-representation in the city and build more inclusive communities).
- Encouraging our businesses and teams to set sustainability-related KPIs for their people.
- Inviting our people to join our planet-and-people employee-led networks (ELNs) in person and on our internal engagement platform (Huddle).
- Opening up our Global Sustainability Taskforce to a wider group of participants.
- Encouraging sharing of projects and ideas.
- Regular colleague communications related to key things our teams and their clients need to know about sustainability and DE&I.

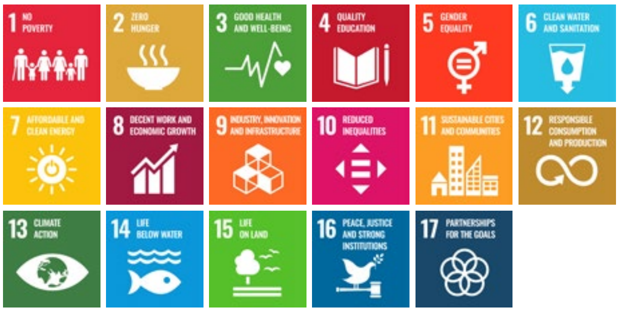
In 2024, we will continue to adapt and refine our approach. We acknowledge it is harder to track engagement with these programmes but hope to improve our understanding of their effects over time. We will be measuring:

- Instances of training delivered (and to whom), on how to deliver our people and planet commitments with confidence.
- Maintain zero substantiated external accusations of greenwashing and diversity-washing.

We also hope to introduce:

- An NPS score for training events, based around confidence in delivering people and planet campaigns.
- A question on The Loop (our employee engagement survey) related to confidence in delivering people and planet work.

COMMITMENT 8: DRIVE ALIGNMENT WITH OUR PLANET AND PEOPLE GOALS ACROSS OUR SUPPLY CHAINS



We know that the majority of our impacts are in our value chain. While we already had good practice in a number of areas of purchasing (e.g. in direct food and service suppliers to our London office), in 2023 we undertook work to start getting our formal sustainable supply chain programme underway. In 2023, we:

- Procured an ESG data management system to help us contact suppliers and request, assess and measure their performance against a range of ESG metrics.
- Tested the data management system by sending out questionnaires to 250 suppliers of different types and sizes, to develop and resolve learnings ahead of rolling out the initiative.
- Finalised a new global Supplier Code of Conduct.
- Built ESG requirements into our RFPs with strategic suppliers.
- Began building ESG requirements as a key pillar of major organisational change programmes.

In 2024, we will:

- Implement new processes to ensure all new suppliers sign our Supplier Code of Conduct.
- Identify our highest-risk suppliers across key metrics (modern slavery risk, environmental impacts, DE&I risk) and develop an action plan to address those risks.
- Identify procurement areas where we can adopt a "sustainability first" approach to suppliers and develop and implement an approved suppliers policy to support this.
- Set targets for specific metrics on a supplier category basis, starting where we have most control and impact. Targets we are considering include: % of large suppliers with their own

science-based targets, % of suppliers that use renewable energy, % of suppliers that audit their own suppliers for modern slavery and health and safety issues, and number of suppliers that are led by under-represented groups.

We are also considering a measure of % of suppliers that have an approach to DE&I that we consider appropriate (exact measure to be defined in 2024).

Our Supplier Code of Conduct covers:

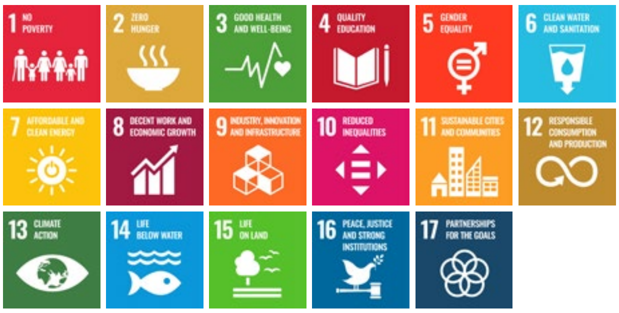
- Environmental impacts, including water, waste, chemicals, biodiversity and GHG emissions, with a clear roadmap for introduction of science-based targets and reporting across all material Scope 1, 2 and 3 emissions (sole traders and micro-businesses are excluded from the roadmap commitment).
- Human rights issues, including modern slavery, forced labour, human trafficking, retention of passports, debt bondage and child labour (this does not include child work) as per international labour standards.
- Supply of conflict minerals.
- A safe working environment for all workers and subcontractors that is free of harassment and includes the right to collective bargaining.
- Minimum wages and working conditions, including fair treatment and freedom from discrimination for all workers and subcontractors.
- Whistleblowing.
- Business ethics and sound governance, including corruption, conflicts of interest and privacy.
- Effective remediation for victims of violations of the code.
- Training of employees to understand and deliver against our code.
- A supplier commitment to use their best efforts to implement these standards within their own supply chains.
- A commitment from us to support suppliers in their efforts to comply with our code.

Some of our clients are beginning to ask us for activity-based data related to our work for them. Impacts in our supply chain are a key part of this. We anticipate this requirement growing over time.

In 2024, we will report against the following key metrics:

- % of supply chain signed up to our Code of Conduct.
- % of supply chain responding to our supplier questionnaire.

COMMITMENT 9: GROW THE % OF OVERALL REVENUE FROM PLANET AND PEOPLE-POSITIVE CAMPAIGNS YEAR-ON-YEAR



We are defining our planet and people-positive campaigns separately. Due to the nature of some of our businesses and the work we do, we have historically produced more people-positive than planet-positive campaigns. We are therefore introducing the following measurement metrics:

- % difference in overall revenue from planet-positive campaigns year-on-year,
- % difference in overall revenue from people-positive campaigns year-on-year.

While we are planning for both planet and people-positive campaigns to form a larger part of our work over time, we are also aiming to elevate the status and number of planet-positive campaigns across our business so they are at parity with our people-positive campaigns.

PLANET-POSITIVE CAMPAIGNS – OUR DEFINITION

A planet-positive campaign is one that furthers the wellbeing of the natural environment while promoting social, economic and environmental sustainability. It furthers at least one of the aims of the environmental Sustainable Development Goals (SDGs numbers 7, 12 and 13). It should avoid unintended consequences that materially affect any of the other SDGs and promote a positive impact on society.

For a campaign to be defined as planet-positive, it must be able to demonstrate a provable reduction of negative impacts versus the market or previous iterations of a product or service or way of usage, for example:

- **Product/service:** Less plastic in packaging, reduced water usage, shift to electric (versus petrol), circular production techniques, lower-impact ingredients (e.g. plant-based food). Note: the enhanced environmental credentials of the product or service do not need to be the focus of the communication.
- **Behaviour:** The campaign promotes behaviours which reduce the environmental impact of how we live (e.g. recycling, frequency of travel, mode of travel, water usage, plant-based eating, use of renewables, etc.).

PEOPLE-POSITIVE CAMPAIGNS – OUR DEFINITION

Does this campaign improve people's lives? A people-positive campaign is one that furthers the wellbeing of individuals and communities, while promoting social, economic, and/or environmental sustainability. These campaigns further at least one of the aims of the Sustainable Development Goals (SDGs) through diversity, equity, and inclusion. It should avoid unintended consequences that materially affect any of the other SDGs and promote a positive impact on society.

What is included:

- Campaigns, activities, and parts of campaign executions that are clearly designed to address a need aligned with at least one SDG, that achieve clear and measurable people-related outcomes. They should have a clear and positive impact on society, such as supporting organisations, non-profits or social impact organisations that align with our own values or promoting inclusive and/or sustainable behaviour amongst citizens and customers.

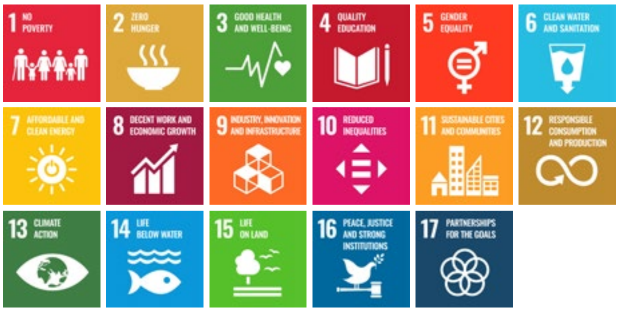
What is definitely not included:

- Rebrands that have no specific campaign activations (unless the client measures engagement uplift as a result).
- Campaigns that have a negative consequence (even if unintended) that affect the delivery of other SDGs (e.g. a campaign that aims to promote economic development and decent jobs (Goal 8) in the oil and gas sector would not be considered people-positive because development of coal plants is not consistent with Goal 7 and Goal 13).
- Campaigns that may be exclusionary or insensitive to the needs of under-represented groups or perpetuates harmful stereotypes.
- Campaigns which primarily have a planet-positive impact (these will be included under planet-positive campaigns).

We acknowledge that our definitions of planet and people-positive campaigns are not scientific and, so far, we only have six months' worth of data. We are therefore using this six-month review opportunity to help us to understand our baseline and also to confirm the accuracy and methodology used by teams when they include the planet or people-positive campaigns tag in their financial reporting. We look forward to reporting a full-year baseline in our 2024 report.

In 2022, we promised to deliver a carbon-neutral campaign in 2023. However, regulatory bodies are increasingly critical of undefined terms such as carbon neutral. While we aim for all our productions to be as low carbon as possible, we no longer feel the "carbon neutral" terminology is appropriate.

COMMITMENT 10: REVIEW POTENTIAL NEW CLIENTS BASED ON THEIR IMPACT ON PLANET AND PEOPLE



In 2022, we developed and launched our three-step check process plus a new client questionnaire for our businesses and teams to use. The aim was firstly to help teams make an informed decision when considering new work with businesses that have high negative environmental impacts, and secondly to help us better understand the role we can play with prospective clients in supporting their approach to reducing their impacts. Our three-step check process included human rights issues such as modern slavery, health and safety and impacts on local communities but did not include other people-related metrics. Some teams have used these tools to help them navigate difficult decisions. However, take-up of the tools has been uneven.

In 2024, we will create a new process that explicitly includes wider people-related metrics alongside an approach to better embed this into our new business processes. In the meantime, we are continuing to support our teams to use the three-step check and new client questionnaire.

In 2022, we also promised to implement a system to understand and measure the environmental impacts of the work we do for our clients. This work is underway but by no means complete. In the second half of 2023, we reviewed the following broad impacts related to our largest clients: their emissions reductions performance, their approach to climate-related target setting and reporting, and DE&I commitments, reporting and diversity statistics. The findings include:

Climate commitments:

- Clients working towards science-based targets: 29% had targets approved by SBTi; 9% had a commitment to set a target made with the SBTi and 18% had science-aligned targets but not verified by the SBTi.
- 47% of clients had no net-zero targets, Scope 1 and 2 targets only, or targets that are reliant on offsetting.

Climate risk exposure (this is our subjective view and is subject to caveats expressed in our TCFD report):

- 25% facing a high degree of physical risk.
- 31% facing elevated transition risk.

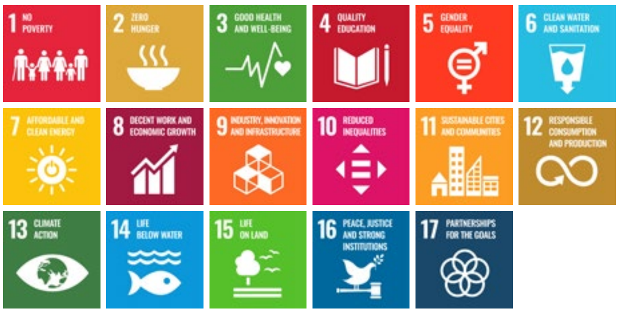
People DE&I commitments:

- 94% have public commitments to DE&I.
- 61% report DE&I progress in a public-facing report, based on a singular demographic, company-wide and leadership-level statistic.
- 42% report DE&I progress in a public-facing report, against multiple demographics.

We understand that some companies will also be undertaking additional DE&I activities and reporting internally.

As well as helping us understand how our planet and people values are demonstrated by our clients, we anticipate that developing our analysis in this area will help with future measurements of advertised emissions as and when an industry-wide approach is agreed.

COMMITMENT 11: OFFER TIME AND FUNDING TO ORGANISATIONS THAT HAVE A POSITIVE IMPACT ON PLANET AND PEOPLE



We offer people's time and funding to a wide range of initiatives globally that have a positive impact on planet and people. Although we have some excellent examples of projects, we do not yet have a streamlined approach to measuring either our inputs into those initiatives or the impacts of those initiatives.

During 2024, we will put in place a system to start to capture data on the following measures, with the intention of increasing our impacts over time:

- Pro bono campaigns, volunteering hours and donations.

- % of organisations and initiatives where we set metrics on impact.
- % of organisations and initiatives where the organisations have set metrics on impact.

In the meantime, here are some examples of initiatives that we have funded and/or offered time to across the globe in 2023.

UK

Mentor Black Business

We have supported Mentor Black Business (MBB) since 2020 and played a pivotal role in enabling its success. MBB exists to help Black-owned businesses in the UK to thrive, giving free access to the best industry know-how and experience and providing tailored advice on crucial business questions like how to develop a digital marketing strategy, optimise a website or get started with online selling. We believe it is the UK's third largest corporate sponsored mentoring programme for small businesses (behind Google and Digital Boost). In 2022, the number of businesses supported grew by 61% to over 1,900 and the team hosted 25 events and collaborated with 17 new partners. In 2023, we saw further developments with 50% of our financial support for MBB directed to support the Black Business Incubator (BBI) project, operated in partnership with Somerset House and sponsored by Morgan Stanley.

BBI aims to help early-stage Black entrepreneurs unlock their full potential and allow their creative enterprises to thrive. The hybrid (in-person and virtual) programme provides participants with monthly expert-led masterclasses, mentorship from industry specialists, free access to a co-working space and a variety of community events. This is based on the belief that entrepreneurial success relies on being part of a supportive and inclusive creative community.

Australia

The Forever Reef Project

In 2023, M&C Saatchi Australia partnered with Dr Dean Miller and the Great Barrier Reef Legacy on the ground-breaking Forever Reef Project at Cairns Aquarium & Reef Research Centre. The project is to build a living biobank to create a backup facility for coral species – a living coral ark. It is currently preserving coral biodiversity by housing living coral specimens, including fragments, tissue samples and genetic material. The project aims to collect all 400 species of coral in the Great Barrier Reef and ultimately all 800 species worldwide. M&C Saatchi Australia has so far donated A$200,000 worth of hours to set up the project's communications platforms and global outreach programme.

Reconciliation Australia

We have also partnered with Reconciliation Australia, to create a reconciliation plan for a more structured approach to building relationships and opportunities with First Nations people. As part of this plan, we are committed to increasing our contribution to First Nations suppliers to support better outcomes for Aboriginal and Torres Strait Islander peoples.

South Africa

The Street Store

In 2014, M&C Saatchi Abel launched the first Street Store in Cape Town – a first of its kind pop-up shop, entirely rent-free and premises-free, where homeless people could experience a dignified, free-of-charge shopping experience. Street Store has since opened in over 210 cities around the world. It is estimated that over a million people globally have benefitted from the not-for-profit initiative, which is entirely open-source and adaptable anywhere in the world. In 2023, we celebrated the 1,000th Street Store, with a store at the Haven Night Shelter in Cape Town and the Salvation Army in Johannesburg.

Our South African group of businesses have a strong focus on giving back to the community, and offering people and funding to organisations that have a positive impact and promote community empowerment. Other initiatives include:

- Giving R10,000 per month to ORT SA Cape Foundation.
- Helping Baphumelele and Bethany House (orphanages in need of great help in our communities).
- M&C Saatchi Razor undertakes regular pro bono work for SADAG (South African Depression & Anxiety Group).
- M&C Saatchi Levergy offers pro bono work for Phile Sonke and JAG foundation.
- M&C Saatchi Abel has created campaigns for NSPCA on the prevention of animal cruelty ("Animals Do What?").

Global

Art For Change Prize

As patrons of The Saatchi Gallery, we once again ran our not-for-profit initiative, the "Art For Change" prize. This year's prize was climate-focused and invited emerging artists from around the world to explore one of the most urgent issues of our time and creatively respond to the theme "Regeneration". The total number of entries increased by 20% from last year, totalling 3,000, from artists based in 130 countries within the Group's key global regions (Americas, Asia, Australia, Europe, Middle East and Africa and the UK), with over 56% of them developing nations from within Latin America, Africa, Asia and Oceania. To ensure sustainability ran through the prize, we purchased Sustainable Aviation Fuel certificates and associated emissions reductions that matched the air travel emissions from flying artwork and the "Art For Change" finalists to London for the exhibition, and worked with suppliers that met our ESG requirements.

Haining Wang from Beijing, China, was announced as the overall winner at a dedicated exhibition unveiling at The Saatchi Gallery, by Chair of Judges, Justine Simons, London's Deputy Mayor for Culture and the Creative Industries. The evening included a panel discussion with some of the leading voices in arts, culture, and sustainability, who discussed the power of global creativity to transform the conversation around the climate emergency. Haining will receive a £10,000 cash prize, as well as having her winning artwork displayed in The Saatchi Gallery alongside five shortlisted artists, who will each receive £2,000. The winning artworks open a conversation to examine this year's theme from different global perspectives, look to create new stories of a liveable future, and empower individuals and entities to act. It is a call to action for meaningful change, recognising that there is no art on a dead planet.

Food & Agricultural Organization of the United Nations (FAO)

A number of our senior people are active as trustees for non-profits and other organisations. For the last seven years, Robert Grace, Co-Founder and Chief Strategy Officer of M&C Saatchi Abel in South Africa, has been a voluntary member of a communicators network co-ordinated by the Rome-based Food & Agricultural Organization of the United Nations (FAO). The network seeks to advance the communication agenda for the adoption of sustainable wood as a scalable and meaningful solution in the fight against climate change, engaging with researchers, scientists and ecologists as well as architects, government stakeholders and other key decision-makers to help achieve more effective outcomes.

This year the network presented a global campaign concept, developed by M&C Saatchi Abel, to raise the awareness of sustainable wood, entitled "Grow the Solution", at the World Forestry Congress in Seoul. The campaign concept was officially noted in the outcomes report from the congress and highlighted as a part of the action points that should be adopted.

TASK FORCE ON CLIMATE-RELATED DISCLOSURES

This is our second report in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), identifying climate change risks to and opportunities for the business.

Reporting in Line with the Recommendations of the TCFD

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Description of the Board's oversight of climate-related risks and opportunities.	During 2023, the Group Sustainability Committee met three times to discuss sustainability risks and opportunities and their solutions. Towards the end of 2023, we streamlined our approach to Board oversight of climate-related risks and opportunities, and in 2024, we will have a new structure. • The ESG Leadership Team has been formed by the Board to oversee the Group's ESG strategy and embed appropriate ESG policies. Alongside the Audit & Risk Committee, it also has responsibility for risk management of climate-related issues. • The ESG Leadership Team meets quarterly and reports directly to the Executive Chair. It consists of the Chief Financial Officer, Chief People and Operations Officer, Group Sustainability Director, Global Head of Engagement and DE&I, and a Regional Chief Executive Officer on quarterly rotation to ensure alignment with business practices and local strategies. • The ESG Leadership Team will report directly to the Board twice a year. • The Group Sustainability Director runs a Global Operations Sustainability Task Force with senior representatives from our major divisions and regions and co-runs the Task Force for Planet and People-Positive Campaigns, which is led and sponsored by a Regional Chief Executive Officer. Task force members work with their leadership teams and employee groups to develop and activate global strategies within their business areas. • The Board monitors and oversees progress against goals and targets for addressing climate issues through two mechanisms: through Chief Financial Officer membership of the ESG Leadership Team and through discussions at the Remuneration Committee on progress against the environmental goals that are included in the bonus metrics for executives. • See pages pages 57 and 58 for how climate-related issues are considered as part of risk management within the Audit & Risk Committee.
Description of management's role in assessing and managing climate-related risks and opportunities.	The Chief People and Operations Officer will have overall management responsibility for assessing and managing climate-related risks and opportunities, supported by the Group Sustainability Director. There are no specifically allocated responsibilities for climate-related risks and opportunities within the broader management of the business, however the Sustainability Leadership Team has been designed to influence decisions in the business. Delivery of sustainability targets is included in remuneration for the Executive Chair and the Chief People and Operations Officer and Chief Financial Officer.

RECOMMENDED DISCLOSURES

Description of the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

OUR DISCLOSURE

PHYSICAL RISKS

As an office-based group of companies, our physical risks are limited to where our people work and live. These general risks are already present in the short term (2024) and will increase in the medium term (2025–2028) and long term (2029–2050) and are likely to continue to amplify over time. At the moment, there are no chronic physical risks to our business locations. However, if global emissions continue to fail to align with a 1.5°C global temperature increase, and/or climate tipping points are passed, these risks will become more regular and acute, and in some areas, chronic risks will become evident (particularly related to sea level rise). The extent to which these risks will amplify through the 2030s and beyond will depend on the degree to which global GHG emissions decline in line with the scientific consensus.

2024

Risk of extreme climate events occurring in individual locations of operation.

2025–2028

Risk of extreme climate events grow and are likely to affect some locations of operation concurrently. Individual extreme climate events continue.

2029–2035

Risk that extreme climate events become chronic in some areas of operation. Individual and concurrent climate events continue.

2035–2050

Climate issues will amplify over time, disrupting businesses and operations. The degree of amplification is likely to depend on the degree to which global emissions reductions align with the scientific consensus.

Physical risks to our locations of operation from climate change can be summarised as follows:

- Risk of flooding, hurricanes and wildfires affecting our leased buildings, infrastructure and data storage.
- Increased costs of cooling buildings during heatwaves.
- Health impacts on our people from extreme weather including heat, rain and increased prevalence of disease.
- Loss of local transportation and other infrastructure due to extreme weather.
- General societal impacts from climate change.
- Stress and wellbeing issues for our people.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE

In 2023, we discussed these risks as part of the financial planning process and the Group Financial Controller is now part of regular calls between the Finance Team and the Group Sustainability Director. We have assessed that they are likely to affect our business financially in the following ways:

- Costs of cooling during heatwaves.
- Service disruption (physical, digital).
- Interruptions to data storage.
- Building repairs.
- Increased cost of talent recruitment and retention (affected communities will have higher living costs).
- Health and wellbeing costs for our people.

The resulting potential impacts on human populations (including our people, local communities and consumers) include:

- Lower productivity.
- Poor mental health.
- Poor physical health.
- Water shortages.
- Reduced access to and increased cost of food.
- Inability of local power grid to cope with demand.
- Melting airport runways, roads and rail infrastructure.
- Wildfires.
- The inability to travel even locally.
- Political instability.
- Migration from affected areas to less affected areas and resulting civil unrest.

The UK's "Health Effects of Climate Change" Report 2023 has outlined a number of health impacts to people that businesses will need to prepare for, ranging from increases in infectious diseases, mental health impacts from climate events such as flooding, up to 10,000 excess deaths per year in the UK due to extreme heat, to food instability (particularly for fresh fruit and vegetables). These impacts will have an increasing knock-on effect both to workforce productivity (and may require businesses to offer more support to employees outside of the office environment) and to the customer base of our clients. Health impacts of climate change are likely to vary by jurisdiction.

Given that we do not have material investments in fixed assets such as properties and given that we are able to deliver most of our clients work remotely across our global footprint, we have not yet attempted to quantify the associated financial impact, because it is not sufficiently material. The mispricing of climate risk throughout the global economy, due to the use of financial scenarios that fail to account for tipping points and second order impacts, create a major transition risk to all economic actors. The WTW's Thinking Ahead Institute "Pay now or pay later?" report estimates that "if climate tipping points, that could magnify the costs of inaction, are considered, we could see a 50–60% downside to existing financial assets in a business-as-usual scenario, where climate risks are not addressed". This would be catastrophic to most businesses, including ours. It goes on to state that "in contrast, taking action to transition to a well-below 2°C world might lead to a loss of 15% of existing assets, which could be partly offset by the positive benefits from new primary investment". Given the nature of our work in global and social issues, we believe we have a reasonable likelihood of being positive beneficiaries of some new primary investment.

At a local level, our offices are leased, not owned, and due to the nature of our business, our biggest asset is our people. In 2022, we mapped climate risk against areas at particular risk from climate change, rather than pinpointing exact office locations.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
	We worked on specific "at-risk" cities and identified: • London,* New York,* Sydney, Melbourne, Cape Town, Dubai,* Abu Dhabi,* Kuala Lumpur,* Shanghai,* Jakarta,* Hong Kong, and Singapore. We undertook specific analysis of climate risks by office location, time horizon and headcount as of September 2023 (chosen as most representative of our headcount throughout 2023). Due to business restructuring, we are expecting these percentages to change slightly in 2024. The percentages below relate to areas that have already experienced the climate impacts being described and for whom climate change increases the likelihood and severity of recurrence. In the short term: • 31% of our employees are in regions at extreme risk of wildfire. • 37% of our employees are in regions at increased risk of hurricanes, typhoons and cyclones. • 44% of our employees are in regions at extreme risk of prolonged extreme heat (including locations such as Dubai and Abu Dhabi which are forecast to become "unliveable" by the second half of this century). • 94% of our employees are in cities with significant areas that are predicted to be below the high-water tide level by 2030. Rising sea levels can result in permanent flooding of low-lying areas, increased frequency, extent and depth of tidal inundation and beaches moving further inland or eroding. Likely local policy responses include increased municipal taxes to improve flood defences and measures to improve the safety of people and property during extreme weather events. We are mitigating these risks in the following ways: • In line with the UK Government's commitment to a net-zero economy through the Climate Change Act 2008 (2050 Target Amendment) Order 2019, we are committed to be net zero by 2050 and furthermore have committed to reducing our own carbon footprint by 50% by 2030. As a UK Government supplier, we have developed our transition plan in line with the UK Government's commitment and have produced an annual carbon reduction plan outlining our actions, which, in line with government requirements, is published on our website. • We are also exploring the concept of advertised emissions and are seeking to increase our revenue from planet-positive campaigns to play our role both in accelerating the low carbon transition and reducing the global emissions that are causing climate change (see pages 76 and 77). • Improving energy efficiency and installing on-site renewables, where possible, to reduce the cost of energy and minimise the risk of supply disruption. • Leasing not buying office space, to minimise financial exposure to damage to buildings as a result of climate change. • Reviewing our data management and security solutions in the light of physical climate risk. • Continuing to use our digital capabilities to collaborate and offer our services remotely. • Increasing cross-business collaboration, which means we are better able to overcome location-specific disruption. • Continuing to understand the needs of our people and invest in employee wellbeing. • Continuing investment in business continuity planning and support for hybrid working to ensure that employees have an alternative working environment.

* Most at risk, even at the most optimistic temperature rise scenarios according to the "Climate Central Coastal Risk Screening Tool – 1.5°C warming scenario".

RECOMMENDED DISCLOSURES	OUR DISCLOSURE

PHYSICAL RISKS TO OUR CLIENT PORTFOLIO

Our business is dependent on the success of our clients' businesses. In 2023, we analysed the physical climate risk exposure of our major clients (over £1m in revenue to us) and their progress in mitigating those risks. Results were mixed, ranging from high exposure that is well-mitigated, through high exposure that could be better mitigated, to clients that have medium exposure to climate risk. Some of our clients (e.g. Telco clients) provide vital climate risk mitigation services to others (see page 78 for more information). The next step is to understand our role in helping our clients mitigate their risks.

Transition risks (short term):

We undertake work for UK Government departments. As part of the bidding process this year, some departments have mandated that suppliers set net-zero targets and report their progress against them annually. In order to be able to bid for this work, we will need to continue demonstrating good progress in this area.

The sustainability and climate-related questions we are being asked by the rest of our client portfolio are becoming increasingly sophisticated. In 2024, we will review client RFPs to ensure we are able to respond and fully demonstrate compliance with their requests.

Advertising agencies are coming under increased scrutiny for their work with fossil fuel clients, with some high-profile campaigns against some larger networks this year. In addition, membership of the "Clean Creatives Group" has nearly doubled to 860 agency members and 2,000 creatives, all of whom have agreed not to work for fossil fuel clients. They continue to roll out their pledge for companies to confirm that in their future requests for proposals and agency reviews, they will ask agencies to avoid work for fossil fuel clients.

Our exposure to fossil fuel clients without a viable transition plan to renewable energy has doubled since 2022 but remains low at ~3% of our client revenue (~£5.5m).

Transition risks (medium to long-term):

The mispricing of climate risk throughout the global economy (see explanation in physical risks section above), due to the use of financial scenarios that fail to account for tipping points and second order impacts, create a major transition risk to all economic actors. Artificially benign results can delay action, because policymakers and business leaders do not adequately capture the risks. We do not believe 50–60% global economic downside risk scenarios are unreasonable given the consistent pattern of corrections over time, such as the increasing downward revisions of "safe" temperature levels towards 1.5˚C.

We therefore support calls for net zero to become part of fiduciary duty, as if we do not mitigate climate change, it will be exceptionally challenging to provide financial returns.

Transition risks to our client portfolio:

Following the French Government's ruling in 2022, which ended the advertising of fossil fuels and banned domestic short-haul flights, we continue to review our exposure to businesses that are at higher risk of similar regulation. In 2023 our percentage of revenue from:

- Fossil fuel companies that do not have credible transition plans to shift to renewables was -3%.
- Automotive companies that do not have a science-based target set with the SBTi was less than 1%.
- Travel and tourism sector companies that are reliant on flying was less than 1%.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
	Other transition risks: • Loss of talent due to employees' preference for working with companies with apparently greener credentials. • There is an increased focus on greenwashing in advertising, particularly in the UK, and increasingly in Europe, with potential financial and reputational impacts. The rules can be complex. We must be particularly careful that the creative elements of our campaigns are not called out under greenwashing codes. • Increased operating costs due to increasing utility prices. We are mitigating these risks in the following ways: • We have had our near-term science-based target verified by the SBTi, and are targeting a 50% reduction in Scope 1, 2 and 3 emissions by 2030 (refer to pages 67 and 68 for more details). • We are increasing the percentage of revenue we generate from planet-positive campaigns (we now have data on revenue from planet-positive campaigns for July–December 2023 and will use this to calculate a baseline in 2024). • Delivering our climate commitments and building sustainability into marketing, talent onboarding and also learning and development. • Asking teams to run a three-step check process scrutinising all new business opportunities for climate risks, and to refer concerns to the central team. • Ongoing training and engagement with our people on how to avoid greenwashing in creative work. • Seeking new "low carbon" clients. • Developing a more thorough understanding of the value of different sectors in our client portfolio (this will help us ensure that our portfolio is diversified against key physical and transition risks). • Reducing operating costs by generating operational efficiencies. **OUR CLIMATE OPPORTUNITIES** The way we work – work spaces, people experience and purchasing: • Energy efficiency initiatives in the buildings we occupy will help reduce our energy usage and cut energy bills, especially with increasing global energy costs. For example, our London head office continues to benefit from energy efficiency improvements made in the HVAC system in 2019, which has a payback period long before the end of the lease. • We have undertaken efficiency measures and are hoping to install rooftop solar panels in one of our South African offices in 2024, which we expect to produce cost savings and increased energy security. • The use of video conferencing has improved employee experience and reduced the amount of time teams spend travelling, e.g. in taxis, at airports, etc. • In the future, we envisage the use of local production teams and studio VFX as an opportunity not only to reduce GHG emissions, but also to help save costs for our clients. • Talent within our industry is increasingly keen to work for employers that take sustainability seriously. Demonstrating our commitment to sustainability means that we can continue to attract and retain the best talent, particularly if we can demonstrate tangible progress. • We are exploring reducing the cost of debt, through the use of a sustainability-linked RCF. The work we do – how we service our clients, develop campaigns and grow our business: • Many of our clients are considering climate issues in their businesses and their communications. Embedding climate considerations in responses to briefs creates opportunities for us to expand our offering to existing clients. • Growing our body of planet-positive work will help us win clients who are looking for agencies that can deliver on sustainability goals and campaigns.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Description of the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	In preparing the Annual Report and Accounts, the Directors have considered that the current impacts of climate change on the Group is manageable under the existing strategy. However, we are concerned with the current rate of progress globally in meeting climate goals. As the WTW's Thinking Ahead Institute "Pay now or pay later?" report states "if climate tipping points, that could magnify the costs of inaction, are considered, we could see a 50–60% downside to existing financial assets in a business-as-usual scenario where climate risks are not addressed". This would be catastrophic to most businesses, including ours. It goes on to state that "in contrast, taking action to transition to a well-below 2°C world might lead to a loss of 15% of existing assets which could be partly offset by the positive benefits from new primary investment". Given the nature of our work in global and social issues, we believe we have a reasonable likelihood of being positive beneficiaries of some new primary investment. Specific financial cost provisions have not yet been allocated to climate-related risks, although this will be considered from the mid-2020s as the climate crisis develops. However, we have made significant financial investment in energy-saving measures around the Group. This reflects our determination to achieve the target of halving Scope 1, 2 and 3 emissions by 2030. Please see pages page 67 and 92 for details of the schemes we are undertaking in our largest offices in the UK, Australia and South Africa. Increasing operating costs due to increasing utility prices are already being incorporated in the Group's financial planning, but we hope to partially offset these through operational efficiencies and energy-saving measures. We are investigating sustainability-linked loans which will reduce the costs of debt servicing, and we hope to be able to incorporate these savings in future financial planning. We consider the potential impact of climate-related risks as strategically significant and include ESG as a metric in bonus calculations. For example, please refer to page 127 for details of the ESG targets for Executive Directors. Under our existing strategy, we have built our team, competencies and technological capabilities. This has involved hiring specialist ESG expertise, and introducing a new Group-wide ESG data platform. Selling climate-related services to clients is an opportunity for us. Please also refer to page 86 for more details about opportunities.
Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We are aware that physical and transition risks associated with climate change are constantly developing. Given the nature of our business, including our limited fixed asset exposure, and our ability to pivot the provision of our services remotely and across our global locations, we have not modelled specific scenarios at this stage. We believe that an orderly transition to a world where temperatures have increased by 1.5°C is unlikely. We therefore anticipate that our strategy will have to evolve accordingly. These strategy evolutions are not anticipated to have a significant impact on our P&L either, because a) the cost of undertaking them will be offset by the resulting ability to remain eligible for client work (e.g. energy efficiency and on-site renewables will help us meet client targets in this area) or b) because they are initiatives we would be undertaking anyway as a business (e.g. enhancing our digital capabilities to improve remote collaboration over time). Specific activities under our existing strategy and potential evolutions are outlined on the next page:

RECOMMENDED DISCLOSURES	OUR DISCLOSURE	
	Existing activity in physical climate risk strategy	**Possible future evolutions to remain resilient**
	Improving energy efficiency and installing on-site renewables where possible to reduce the cost of energy and minimise the risk of supply disruption.	We may need to expand this approach to other utilities, such as water in areas with high likelihood of water shortages (e.g. Cape Town).
	Reviewing our data management and security solutions in the light of physical climate risk.	We envisage stronger engagement on this issue with our suppliers over time where necessary.
	Continuing to use our digital capabilities to collaborate and offer our services remotely.	Over time we may need to enhance these digital capabilities due to changing products and services on the market and increased client and employee expectations.
	Increasing cross-business collaboration, which means we are better able to overcome location-specific disruptions.	We will continue to evolve our strategy to promote cross-business collaboration and identify those areas and businesses in most need.
	Continuing to understand the needs of our people and invest in employee wellbeing.	We will regularly review our approach to employee wellbeing to ensure that it remains fit for purpose.
	Existing activity in climate transition risk strategy	**Possible future evolutions to remain resilient**
	Closure of M&C Saatchi LIFE and realignment to provide more holistic client-facing sustainability support to Group companies.	We are continuing to review our approach to how we provide client-facing services in this area.
	Membership of Ad Net Zero, the primary industry body for addressing the climate impacts of advertising and communications.	Likelihood of more stringent eligibility requirements for membership of Ad Net Zero over time. For example, in 2024 a science-based target (which we already have in place) will be a mandatory requirement for members.
	Training our people on greenwashing issues.	Definitions and approaches to greenwashing are evolving. We will need to ensure that our training is not only up to date and global (to prevent spill-over across regions) but also robust enough to enable Group companies to screen all client work for greenwashing before it goes live. Some work where we are not in control of the outcome (e.g. the use of social media influencers) may require the development of different approaches.
	Delivering our near-term science-based target as validated by the SBTi (halving our Scope 1, 2 and 3 emissions between 2019 and 2030) and developing and validating a net-zero target with the SBTi.	We are preparing for the likelihood of the inclusion of "advertised/serviced emissions" within the scope of the SBTi methodology over time and may have to re-baseline our submissions as a result.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE	
	Continuing to expand the proportion of our offices powered by renewable energy.	There is controversy over the efficacy of Renewable Energy Guarantees of Origin ("REGO") backed certificates in driving the growth of renewable energy. In the future, we may need to allow for increased costs or different approaches in this area.
	Including GRI and TCFD data in our Annual Report.	The ESG reporting landscape is constantly changing. In 2022 we undertook voluntary TCFD reporting. This is now mandatory. We are considering how to incorporate ISSB reporting in future years. We regularly review new requirements and voluntary reporting initiatives to ensure we are aligned to requirements and expectations.
	Reviewing new clients against our three-step checks.	We consider our three-step check process to be an entry-level tool. Over time we expect to develop a more robust methodology and a clearer cost-benefit analysis related to our approach to new clients.
	Using questionnaires with existing clients to spark sustainability conversations.	We anticipate that these questionnaires will evolve over time, particularly in the light of emerging climate risks and opportunities in key sectors/geographies, and also as our clients become better informed in this area.
	Training our people to be climate literate and to understand greenwashing issues.	Our training is not static but continues to evolve with the changing needs of our people and business.
	Seeking new climate-positive clients.	This is an emerging part of our strategy, which will evolve over time as climate solutions develop as well as methodologies for assessing their efficacy and transparency metrics.
	Continuing to explore sustainable aviation fuel as an opportunity for future mitigation of business travel emissions.	We expect the use of sustainable aviation fuel to become an increasingly mainstream approach to reducing GHG emissions from necessary long-haul flights. However, we are aware that supply is expensive and will remain constrained for some years. We hope that early entry into this space will secure some degree of resilience for us but anticipate that the market will move swiftly once it becomes mainstream. Our priority is, of course, to reduce the need to fly altogether.
	Loss of talent due to employee preferences to work with companies with apparently greener credentials.	We anticipate that employee preferences will evolve over time. We aim to monitor the changing landscape closely, to meet and exceed their needs where possible, and apply appropriate cost-benefit analysis to problems which arise.

Risk Management

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Description of the organisation's processes for identifying and assessing climate-related risks.	At a Group level, risks and their relative status in the Group-wide risk register are discussed at Audit & Risk Committee meetings. They do not yet consider regulatory requirements such as limits on emissions, as historically our business has sat beneath emissions thresholds, but do consider other regulatory requirements such as those related to greenwashing. There is currently no specific climate change risk terminology used, and we do not reference existing risk classification frameworks. The Audit & Risk Committee assesses the completeness of the risk register (see page 108 for a description of our audit and risk management process). Individual agencies also maintain their own risk registers and can escalate specific climate-related risks for managing and for potential inclusion in the Group risk register. The Finance Team and Group Sustainability Director are responsible for reviewing and assessing the impact of emerging regulatory requirements in this area and any risks or risk mitigation which these might present.
Description of the organisation's processes for managing climate-related risks.	The Group Sustainability Director assesses and advises the Board and Audit & Risk Committee on the management of any climate-related risks escalated to Group level or at individual agency level through the annual risk review process. Please see page 108 for more details of our overall risk review process. In addition, the ESG Leadership Team forms part of the Group's governance structure and provides a forum to involve the most senior stakeholders in discussions around sustainability and risk. Its members include the Chief Financial Officer and Chief People and Operations Officer as well as the Group Sustainability Director, and papers are shared with the Executive Chair. The Audit & Risk Committee also assesses the adequacy of any climate risk mitigation shown in the current risk register and suggests additional mitigation where necessary to manage climate-related risks. The development and measurement of progress towards achieving organisation-wide targets, client response targets and local targets is a vital climate risk management tool. These processes are managed by the Group Sustainability Director with support from other departments.
Description of how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	We continue to include climate-related risks in the risk identification, assessment, escalation and management processes in the same way as other risks. Physical and transition climate risks are included in the scope of the Audit & Risk Committee. Because we are a people-based business and own no buildings, physical climate-related risks have been assessed as less material and lower priority. The Audit & Risk Committee reviews and monitors the Group's risk management processes and related compliance activities. This includes the management of climate-related risks.

Metrics and Targets

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	There is currently no sector-specific metrics guidance for advertising and marketing companies in the TCFD Annex or under the more recently published IFRS S2. Having reviewed the TCFD Annex metrics for non-financial groups and their applicability to an advertising and communications company that operates out of leasehold properties, we are using the following metrics which we feel are most appropriate to our current evaluation of our climate risks and opportunities: • Scope 1, 2 and 3 GHG emissions. • Business travel emissions per business. • Number of our businesses with high physical climate risks that have appropriate mitigation plans in place. • % of revenue at risk from climate transition. • % of overall revenue from planet-positive campaigns (see pages 76 and 77 for details). • Supply chain metrics (see pages 75 and 76 for details of how we are developing supply chain metrics in 2024). Please refer to page 127 for details of how these metrics are included in remuneration policies.
Disclose Scope 1, 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Refer to page 67 for details of Scope 1, 2 and 3 emissions.
Description of the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**Organisation-wide targets** As part of our net-zero target setting, we have had our 1.5°C near-term target validated by the SBTi. This includes a commitment to reducing our absolute Scope 1, 2 and 3 emissions by 50% in 2030 compared to our 2019 baseline. Our key internal KPIs to measure progress are as follows: • 7% year-on-year reduction in Scope 1 and 2 emissions between 2019–2030. • 7% year-on-year reduction in air travel emissions between 2019–2030. • 7% year-on-year reduction in purchased goods and services emissions between 2019–2030. • Installation/purchase of renewable energy according to our renewable energy pathway. Our near-term target is consistent with the statement we made in last year's Annual Report and Accounts. Given the need for global emissions to be cut quickly and deeply, to limit the global temperature rise to 1.5°C, we have prioritised activities contributing to delivery of our near-term target. There has been a slight delay in finalising our net-zero target for submission to the SBTi. We are aiming to submit to the SBTi in the first half of 2024. We also have targets to: • Grow the percentage of revenue from planet-positive campaigns. • Review the environmental approaches of new clients. Following our pilot, in July we included a marker in our finance system to begin collecting data on revenue from planet and people-positive campaigns, which gives us six months' worth of data. We have therefore not yet set targets for this climate opportunity.

RECOMMENDED DISCLOSURES	OUR DISCLOSURE
	Client response targets Our clients are increasingly asking for information related to our climate performance. We have set a target of: • 100% of client requests for ESG information to be answered accurately and in a timely manner, which we have continued to meet annually. • Continuing to bid for client work as a result of meeting their sustainability performance requirements. This second measure is harder to assess, as clients do not tend to feed back to agencies if they fail to meet sustainability performance requirements across ESG. Instead, we will be undertaking a review of client requests and our ability to meet their expectations in the first quarter of 2024. However, given our science-based target and performance against it to date, we do not believe that our climate-related performance is a barrier to meeting sustainability performance requirements. **Local targets** We source renewable energy for our head office at 36 Golden Square, London. We also undertook a range of energy efficiency upgrades to our hardware between 2019–2021, and we continue to see the benefits of these measures. In last year's TCFD Report, we stated that in January 2023, our Australia business would be moving to a renewable energy tariff. We have since discovered that this was a misunderstanding based on a misreading of information from their energy supplier. Our Australia office has budgeted for renewable energy for 2024. In our South African business, we have now undertaken an energy efficiency project and are exploring installing solar panels on our first property in Johannesburg in 2024. As part of our energy transition plan, which includes KPIs for renewable energy purchasing in locations where this is possible, and renewable energy installation in relevant sites in South Africa, we anticipate further on-site solar in South Africa. Our overall KPI for renewable energy is a 50% reduction in market-based Scope 2 emissions in 2030 compared to 2019.