

Major companies largely fail net zero climate pledge test

3 years ago



The headline climate pledges of 25 of the world's largest companies in reality only commit to reduce their emissions by 40% on average, not 100% as suggested by their "net zero" and "carbon neutral" claims, according to a new analysis.

These are the findings of the [Corporate Climate Responsibility Monitor](#) released today, conducted by NewClimate Institute in collaboration with [Carbon Market Watch](#). It evaluates 25 major companies – operating across different sectors and geographies – to determine the transparency and integrity of their headline climate pledges.

Companies' headline climate pledges require detailed evaluation and in the majority of cases cannot be taken at face value, the report finds. Only one company's net zero pledge was evaluated as having "reasonable integrity"; three with "moderate", ten with "low" and the remaining 12 were rated as having "very low" integrity.

"We set out to uncover as many replicable good practices as possible, but we were frankly surprised and disappointed at the overall integrity of the companies' claims" said Thomas Day of NewClimate Institute, lead author of the study. "As pressure on companies to act on climate change rises, their ambitious-sounding headline claims all too often lack real substance, which can mislead both consumers and the regulators that are core to guiding their strategic direction. Even companies that are doing relatively well exaggerate their actions."

For the minority of the evaluated 25 companies, their headline pledges serve as a useful long-term vision, and are substantiated by specific short term emission reduction targets. While none of the pledges have a

high degree of integrity overall, Maersk came out on top, with reasonable integrity, followed by Apple, Sony and Vodafone with moderate integrity.

However, the majority of the companies with net zero or carbon neutrality pledges fail to put forward ambitious targets. Many company pledges are undermined by contentious plans to reduce emissions elsewhere, hidden critical information and accounting tricks. Overall, the analysis finds the headline pledges of Amazon, Deutsche Telekom, Enel, GlaxoSmithKline, Google, Hitachi, IKEA, Vale, Volkswagen and Walmart have low integrity and those of Accenture, BMW Group, Carrefour, CVS Health, Deutsche Post DHL, E.ON SE, JBS, Nestlé, Novartis, Saint-Gobain and Unilever have very low integrity.

The 13 companies that have backed their net zero headline pledges with explicit emission reduction commitments commit, on average, to reduce their full value chain emissions from 2019 by only 40%. The other 12 have no specific emissions reduction commitments for their net zero target year.

The headline pledges of just three of the 25 companies – Maersk, Vodafone and Deutsche Telekom – clearly commit to deep decarbonisation of over 90% of their full value chain emissions. At least five of the companies would effectively only reduce their emissions by less than 15%, often by excluding downstream or upstream emissions in their value chain.

The exclusion of emission sources or market segments is a common issue that reduces the meaning of targets. Eight companies exclude upstream or downstream emissions in their value chain, which usually account for over 90% of the emissions under their control. E.ON may exclude market segments that account for more than 40% of its energy sales; Carrefour appears to exclude locations that account for over 80% of Carrefour branded stores.

Offsetting approaches are also undermining integrity. 24 of 25 companies will likely rely on offsetting credits, of varying quality. At least two thirds of the companies rely on removals from forests and other biological activities, which can easily be reversed by, for example, a forest fire. Nestlé and Unilever distance themselves from the practice of offsetting at the level of the parent company, but allow and encourage their individual brands to pursue offsetting to sell carbon-neutral labelled products.

Some apparently ambitious targets may lead to very little short-term action. It may be possible for CVS Health to achieve their 2030 emission reduction target with limited additional action, since the target is compared to a base year with extraordinarily high emissions. GlaxoSmithKline may delay the implementation of key emission reduction measures until 2028/2029, ahead of its 2030 target.

“Misleading advertisements by companies have real impacts on consumers and policymakers. We’re fooled into believing that these companies are taking sufficient action, when the reality is far from it.” said Gilles Dufrasne from Carbon Market Watch. “Without more regulation, this will continue. We need governments and regulatory bodies to step up and put an end to this greenwashing trend.”

Promising examples of climate leadership were also identified. Google is developing innovative tools to procure high quality renewable energy in real-time; this is being picked up by other companies. Maersk and Deutsche Post are making major investments in decarbonisation technologies for transport and logistics. There is still ample potential for companies to replicate and scale up these emerging best practices.

“Companies must face the reality of a changing planet. What seemed acceptable a decade ago is no

longer enough,” said Dufrasne. “Setting vague targets will get us nowhere without real action, and can be worse than doing nothing if it misleads the public. Countries have shown that we need a fresh start when adopting the Paris Agreement, and companies need to reflect this in their own actions.”

The Corporate Climate Responsibility Monitor will be an annual publication.

Photo credit: Shutterstock