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ClimateWorks report shows what net zero best practice means for business and reveals examples of Australian companies getting it right

Two Australian ASX-listed companies have set net zero emissions targets fully aligned with global science and there is evidence of growing climate leadership in most corporate sectors. This is according to a new report that reviews Australian corporate climate commitments against the 1.5 degree temperature goal of the Paris Agreement.

‘We’re seeing huge momentum in companies adopting climate commitments including net zero targets in Australia. But there is so much variety in the kinds of climate commitments being announced,’ says Wei Sue, System Lead at ClimateWorks Australia, which released the report today.

‘To be credible they need to be consistent with and set in line with 1.5 degrees – which is fast becoming the global standard.

‘There are consistent principles emerging globally that demonstrate what 1.5 degrees alignment looks like – and this is what Australian businesses should look to,’ said Ms Sue.

ClimateWorks has established best practice principles for net zero targets based on climate science which reflect growing global expectations, and has applied these to a sample of 30 of Australia's largest companies.

‘The 30 companies assessed in the report include those with among the highest emissions profiles and most prominent climate targets,’ she said. ‘We found examples of strong performance, but action is not occurring at the scale and pace required to meet international expectations.’

Business net zero commitments that are fully aligned need to incorporate all of these four principles: a commitment to net zero emissions by or before 2050; medium-term targets that are appropriate and ambitious; tangible actions to support achieving these; and commitments that cover all emissions, such as value chain, customer and financed emissions – not just operational.

The report found property giant Dexus and mining company Fortescue had climate commitments fully aligned with 1.5 degrees, as they met all four principles. Most companies reviewed, including Lendlease, Australia Post, ENGIE, Wesfarmers, BlueScope, Stockland, Coles, Woolworths, EnergyAustralia and six superfunds were found to have commitments in line with at least two principles. The current commitments from GFG Alliance were aligned to one of the four best practice principles.
'When we started tracking company net zero commitments two years ago, we found many companies were not considering or addressing climate change. This has changed,' said Ms Sue.

The Corporate climate action for 1.5 degrees: Best practice for Australian company net zero commitments report draws on two years of analysis and assessments of Australian company net zero commitments. This was through the ClimateWorks Net Zero Momentum Tracker series, which spans resources, property, energy and transport companies, banks and superfunds. The 158 companies assessed represent two-thirds of Australia’s national emissions and two-thirds of the ASX200.

'It’s time for all Australian companies to have a good net zero plan. Internationally, leading companies are ensuring their plans are consistent with global science, which is what will happen here too,’ says ClimateWorks CEO Anna Skarbek.

'Investors, regulators, staff and shareholders want to be confident that company climate ambition is set at the appropriate level for their sector and the science, and that it’s embedded in strategy and operations.'

Ms Skarbek said companies were generally underestimating the pace of change and potential for solutions to reach zero or net zero emissions soon. 'There is more work to do, such as ensuring commitments include 1.5 degrees-aligned interim targets and cover scope 3 emissions from their supply chain.

'It’s why we’ve highlighted these principles. They represent global best practice and are designed to help companies be better informed about what it takes to be climate-aligned,' Ms Skarbek said.

The Corporate climate action for 1.5 degrees report outlines other areas where Australian company commitments are lagging international norms.


Media enquiries:
Kulja Coulston | + 61 405 767 256 | kulja.coulston@climateworksaustralia.org