

New report finds epic failure of credible, capital-allocated corporate transition planning

Nishtha Aggarwal, Financed Emissions Analyst, and Dr Annemarie Jonson, Chief of Staff

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Unless you've been living under a rock for the past 12 months, you'll know it's no longer enough to have a net zero commitment that isn't backed up by credible actions to reduce emissions.

A new report launched today by a new [Climate Integrity](#) group, established to close the gap between emissions reduction pledges and credible action, reveals how comprehensively Australia's top emitting corporates fail this test.

The report analysed 10 companies considered to be the top emitters in their sector: grocery duopolists Coles and Woolworths, telco Telstra, big miners Rio Tinto and South32, airline Qantas, steel producer BlueScope, electricity gentailers Origin and AGL, and waste management company, Cleanaway.

It finds "no company has a fully comprehensive, quantified, capital-allocated and independently verified plan for reducing emissions in line with a scientific pathway" and that "less than half are fully on track to meet their own targets". The assessment concluded that the corporates' net zero pledges "lacked scientific rigour", and that they all "lagged behind global best practice".

The companies' results against the assessment criteria are represented graphically below. Green represents criteria fully met, with red indicating criteria not met and yellow, partially met. Grey is not applicable, or insufficient disclosure to assess.

What stands out is the full green strip at the top (pictured below) indicating all companies have a public net zero pledge, followed by various disjointed strata below highlighting significant variability in the actions companies take to fulfill their pledge.

Notably, not one of the companies listed has met criteria around 'targets to end the use or support of fossil fuels' or given an 'explanation of a full fossil fuel phase out from operations'. All but two fail the criterion "separate targets for material non-CO2 greenhouse gas emissions". Less than half met the criterion "disclosure of contribution to just transition".

Criteria	AGL	Origin	Rio Tinto	Bluescope	South32	Qantas	Woolworths	Coles	Cleanaway	Telstra
1. Net zero pledge										
Public pledge to achieve net zero emissions										
2. Setting net zero targets										
Short-, medium, long-term targets										
Target 50% below 2020 by 2030 and net zero 2050										
Absolute emissions reductions target										
Targets science aligned and verified										
Targets cover all scopes and value chain										
Targets cover all greenhouse gases										
Separate targets for material non-CO2 greenhouse gas emissions										
Targets cover embedded emissions in fossil fuel reserves										
Targets cover land-use emissions										
3. Using voluntary credits										
Voluntary credits not counted toward emissions reductions										
4. Creating a transition plan										
Publicly disclosed net zero transition plan										
Stated to be updated every 5 years										
States concrete actions to be taken to meet targets										
Contribution of actions to targets is quantified										
Disclosure of capex plans aligned with all targets										
Transition governance and linked executive compensation explained										
5. Phasing out fossil fuels and scaling up renewable energy										
Targets to end use/support of fossil fuels										
Target for renewable energy procurement										
Explanation of full phase out of fossil fuels from operations										
<i>If company has operations in coal, oil or gas production:</i>										
Target for 64% reduction in methane by 2023 from 2020										
Targets to end coal production for power generation										
Target to end coal plants by 2030 in OECD and 2040 elsewhere										
Targets to end oil or gas production										
6. Aligning lobbying and advocacy										
Disclosure of trade associations and positive climate advocacy										
Outline of specific policies and regulations needed										
Disclosure of lobbying consistent with net zero targets										
Disclosure of contribution to climate engagement across value chain										
7. & 9. People and nature and investing in just transitions										
If material land-use emissions stated how further loss will be eliminated										
Disclosure of nature risk and dependency in relation to transition										
Disclosure of contribution to Just Transition										
8. Increasing transparency and accountability										
Annual disclosure of ghg data, progress against target & plans										
Disclosure on UNFCCC Global Climate Action Portal										
Disclosure of approach to verification of targets, plan and progress										
Emissions reductions verified										

ASSESSMENT OF NET ZERO PLEDGES OF AUSTRALIAN COMPANIES

There is another nearly full green strip under point 2 pertaining to whether the corporate has ‘targets that cover all greenhouse gas emissions’. Cleanaway alone doesn’t include nitrous oxide in its definition. Since this represents just [0.6% of its FY23 emissions profile](#), at least they’ve got the focus on materiality right.

The report further identifies a fundamental lack of transparency around the basic information that is required to evaluate company pledges, compounded by the absence of the kind of clear and concise presentation of progress made against core elements of a transition plan that would enable comparability and provide clear investment signals.

There is now no shortage of new standards in the global sustainability transition – accounting standards, transition plan expectations, green and transition finance labels, right use of carbon markets, etc. With this proliferation in standards, the principles put forth in [November 2022 by the United Nations High Level Expert Group \(UN HLEG\)](#) will helpfully work as a best practice measure in climate integrity.

The HLEG principles cover an array of considerations from announcing a net zero pledge, setting targets, and using voluntary carbon credits, to creating a transition plan, phasing out of fossil fuels, scaling up renewables, aligning lobbying and advocacy and increasing transparency and accountability. It is therefore high-level enough to be, in some sense, a standard of standards driving integrity across all elements of transition.

As part of [Treasury's draft sustainable finance strategy](#), Australia's corporate regulator is poised to inform the market next year of its key expectations and supervisory priorities relating to the disclosure of transition-related targets, plans and claims, following the finalisation of Australian disclosure standards next year. ASIC will be informed by emerging international standards and practice, and CEF advises that the HLEG principles should be within its remit for consideration.

While national standards and guidance are typically designed to cover minimum requirements, internationally-accepted climate integrity principles are a much higher standard and should be the goal.

Improving corporate integrity in the global energy transition is key to weeding out greenwashing and improving the comparability of information across sectors that investors need to make well-informed capital allocation decisions, as CEF wrote last week in [our response to Treasury's consultation on climate-related financial disclosures](#).

This is the foundational assurance that capital needs to shift to climate solutions.