

Climate Action 100+ issues its first-ever net zero company benchmark of the world's largest corporate emitters

- **Benchmark defines key indicators of success for business alignment with a net zero emissions future and goals of the Paris Agreement**
- **Detailed assessments show companies are increasingly making ambitious climate commitments, but now need to deliver**
- **Benchmark sets clear engagement priorities for \$54 trillion investor-led initiative to drive faster corporate climate action**

MARCH 22, 2021: Climate Action 100+, the world's largest investor engagement initiative on climate change, has released its first-ever benchmark evaluating the corporate ambition and action of the world's largest greenhouse gas emitters and other companies with significant opportunity to drive the net zero transition. The [Climate Action 100+ Net-Zero Company Benchmark](#) offers the first detailed, comparative assessments of individual focus company performance against the initiative's three high-level commitment goals: reducing greenhouse gas emissions, improving governance, and strengthening climate-related financial disclosures.

The Benchmark defines key indicators of success for business alignment with a net zero emissions future and the goal of the Paris Agreement to limit global temperature rise to 1.5-degrees Celsius. While there is growing global momentum around companies making ambitious climate commitments, the Benchmark assessments show that companies still have a long way to go in delivering on these promises. No focus company assessed performed at a high-level across all of the nine key indicators and metrics that were used to evaluate each company. Further, the assessments show that no company has fully disclosed how it will achieve its goals to become a net zero enterprise by 2050 or sooner. This includes establishing short and medium-related targets to deliver ambitious emissions reductions within the next decade.

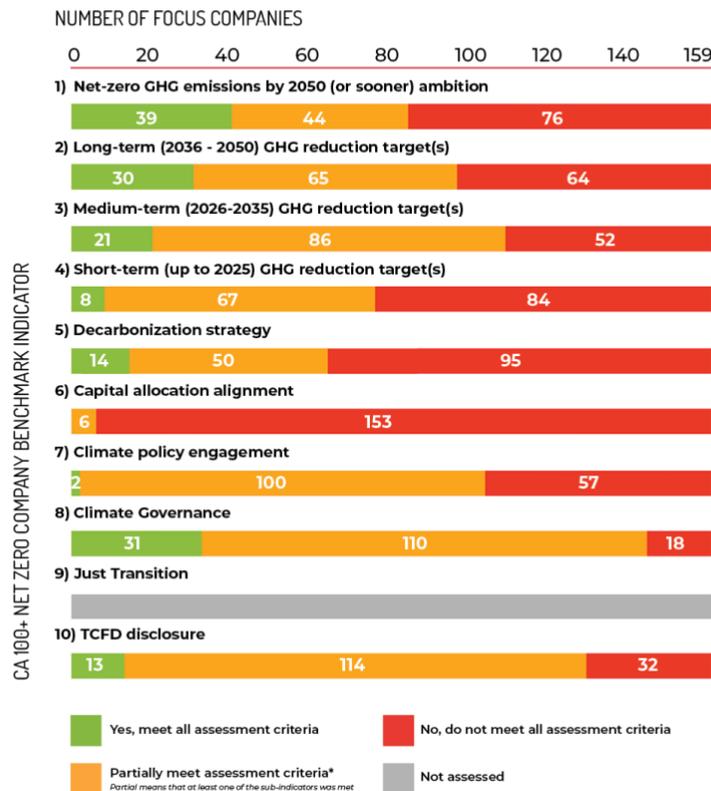
While some companies in a range of sectors are ahead of their peers in making progress towards some of the disclosure and decarbonisation strategy indicators, all companies have more work ahead. Specifically, the company assessments reveal that:

- **Alignment of value chain GHG (Scope 3) emissions often remains a blind spot.**
 - Overall, 83 of the focus companies (52 % of the total) assessed have announced an ambition to achieve net-zero by 2050 or sooner. However, roughly half of these commitments (44) do not cover the full scope of the companies' most material emissions.
- **Long-term ambitions need to be backed by clearer strategies and robust short- and medium-term targets.**
 - There is a critically important need for corporates to establish more robust short- and medium-term targets to achieve their ambitions;

- While 107 companies have set medium-term targets (2026-2035), only 21 meet all assessment criteria; 75 companies have set short-term targets (up to 2025), but only eight meet all assessment criteria.
- **Future investments need to be more clearly aligned with the net zero transition.**
 - Only six companies explicitly commit to aligning their future capital expenditures with their long-term emissions reduction target(s), and none of these companies has committed to aligning future capital expenditure with the goal of limiting temperature rise to 1.5 degrees Celsius.
- **Corporate boards and executive management teams need to improve climate change governance.**
 - 139 focus companies assessed (87%) have board-level oversight of climate change, but only a third of companies tie executive remuneration directly to the company's emission reduction targets.
- **Ambitious 1.5-degree pathways are often missing from climate scenario planning.**
 - Almost three quarters (72% of the total) of companies assessed commit to align their disclosures with the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and/or support the recommendations. However, only 10% use climate-scenario planning that includes the 1.5-degrees Celsius scenario and encompasses the entire company.



CLIMATE ACTION 100+ NET ZERO COMPANY ASSESSMENTS



The Benchmark does not specifically score or rank companies, nor does it use overall numeric or alphabetic ratings.

Leading climate research and data organisations, including Transition Pathway Initiative (TPI), Carbon Tracker Initiative (CTI), 2° Investing Initiative (2DII) and InfluenceMap (IM) have been central to the overall development of the new Benchmark and the indicators used to assess focus company alignment with the initiative's goals. TPI conducted the company disclosure research and analysis, supported by its research and data partners the Grantham Research Institute on Climate Change and the Environment at the London School of Economics (LSE) and FTSE Russell. The Benchmark was undertaken through the leadership and support of the Climate Action 100+ Steering Committee, and the collaboration of investor signatories and experts from AIGCC, Ceres, IIGCC, IGCC, and PRI.

The Benchmark provides the \$54 trillion investor-led initiative that seeks greater climate ambition and action from corporate boards and executives with a groundbreaking tool, and a mechanism for tracking corporate progress. It has been designed to add further depth to investor expectations of corporate progress, and inform and improve investor engagement strategies to drive faster climate action. Where relevant, company engagements include shareholder activity during upcoming annual general meetings and beyond.

Additionally, the Benchmark aims to define the key elements of a robust 'net-zero aligned' business strategy. The relatively low performing companies reflect the fact that most of the world's largest companies are still in the early stages of the shift to a net zero economy. In bringing much needed clarity to what a 'net-zero aligned' business strategy entails, the Benchmark helps to set the baseline against which future delivery can be assessed.

Over the coming months, Climate Action 100+ will build on the company assessments released today by publishing sector by sector analyses. The Benchmark will continue to evolve as a key measure of corporate progress on climate action and net zero alignment, and will be updated and revised with the latest available data, and stakeholder input and feedback. The next iteration of the Benchmark will be published in 2022.

Members of the Climate Action 100+ global Steering Committee explain:

Rebecca Mikula-Wight, Asia Investor Group on Climate Change (AIGCC), Executive Director and Climate Action 100+ Steering Committee member, said:

"The growth of Climate Action 100+ in Asia has been remarkable and is symbolic of the strong willingness of investors across the region to work constructively with companies to help them reduce emissions and accelerate the transition to net zero. While the Net Zero Company Benchmark results show some good progress across Asian markets, we expect that greater progress can be made this year as companies respond to the increasingly strong climate policy signals from national governments in the region."

Andrew Gray, Director, ESG and Stewardship at AustralianSuper and Climate Action 100+ Steering Committee member, said:

"As the first cohesive investor-led framework for the world's top carbon emitters, this is an ambitious initiative that will enable climate change engagement to go to the next level. The ability to measure through benchmarking means investors can set a base to track the progress of

companies in relation to their management of climate change investment risks and opportunities. It creates much needed clarity for both investors and companies in climate change engagement, which will enable better management of the investment risks and opportunities from climate change.”

Anne Simpson, Managing Investment Director, Board Governance & Sustainability, CalPERS and Climate Action 100+ Steering Committee member, said: “The Climate Action 100+ Net Zero Company Benchmark moves us from “why” to “how” companies make the net zero transition. It sets out the indicators that matter to investors, including CapEx, board governance and climate reporting. We cannot manage what we cannot measure. The Benchmark gives us the tool needed for engagement and to inform our proxy voting. The first assessments show the scale of ambition, where we are and where we need to get to, with measures along the way. We’re in the foothills of a long climb. This is tough, but necessary.”

Mindy Lubber, Ceres CEO and President and Climate Action 100+ Steering Committee member, said: “The Climate Action 100+ Net Zero Company Benchmark shows there is an urgent need for greater corporate action and higher ambition in accelerating the net zero economy and ensuring a safe and viable future. Investors, companies and all stakeholders now have a clear marker of progress that can drive transformational change at the necessary speed and scale. Right now, the world's largest corporate emitters have an opportunity to act quickly to distinguish themselves from their peers, and move forward with plans to become net zero businesses.”

Laetitia Tankwe, Advisor to Ircantec President, Groupe Caisse des Dépôts, and current chair of the Climate Action 100+ Steering Committee, said: “The Net Zero Company Benchmark is proving the adage: What gets measured gets managed. We have seen corporate commitments to address climate risk accelerate after announcing we would publish company scores on a wide range of indicators. We are eager to build on this momentum leading up to the critical work to be done in Glasgow at COP 26. I want to thank all of the data providers and particularly the Transition Pathway Initiative for their efforts in working to a tight deadline to collect and analyse formidable sets of data. There are gaps in the information that is available to us—gaps we will seek to close as the benchmark evolves—however together we have built a tool that will help investors differentiate climate leaders from laggards.”

Stephanie Pfeifer, CEO, Institutional Investors Group on Climate Change and Climate Action 100+ Steering Committee member, said: “The Net Zero Company Benchmark is exacting but this is what’s required. Investors involved in the initiative expect the world’s largest carbon emitting companies to demonstrate a genuine commitment to rapidly transforming their business model if they are to maintain shareholder support. This requires robust and ambitious short, medium and long-term targets, with net zero 2050 as the North Star. Whilst ambitious targets are critical, they are not enough on their own and be underpinned by credible strategies to achieve them.”

Emma Herd, Investor Group on Climate Change (IGCC) Chief Executive Officer and Climate Action 100+ Steering Committee member, said: “The results of the first Net Zero Company Benchmark show several of Australia’s largest companies still need to move beyond glossy sustainability brochures and establish hard strategies and

commit capital to cutting emissions and transitioning to net zero. In many areas Australian companies are not matching their international competitors in the race to net zero emissions, creating material risks for our national competitiveness and investors' returns. In a carbon constrained world, companies that are not demonstrating a concrete transition to net zero emissions will increasingly lose value against those who are making the transition."

Stephanie Maier, Global Head of Sustainable and Impact Investment, GAM

Investments and Climate Action 100+ Steering Committee member, said: "The results of the Net Zero Company Benchmark shows that many companies have set out a clear ambition to deliver on net zero targets, which is encouraging. Investors now have a responsibility to engage with firms to help them deliver and meet the expectations of policymakers and society at large".

Fiona Reynolds, CEO of the Principles for Responsible Investment (PRI) and

Climate Action 100+ Steering Committee member, said: "Just as the climate crisis is a global problem, investor action to compel companies to meaningfully address this crisis must also be global. Ambition from companies is essential, but commitment to deliver on net zero targets is critical. The Climate Action 100+ Net-Zero Company Benchmark provides the market with a consistent, comparable way to quantify action across sectors and regions. In doing so, it provides the world's largest emitters with a common and consistent goal to aim for – and investors with metrics to assess companies' performance."

Seiji Kawazoe, Senior Stewardship Officer at Sumitomo Mitsui Trust Asset

Management and Climate Action 100+ Steering Committee member, said: "The release of the Climate Action 100+ Net Zero Company Benchmark results will provide further assistance for investors in their ongoing collaboration with Asian companies, based on global criteria, to help guide them to a Paris-aligned transition pathway and meet the emerging policy objectives of many regional governments. Climate Action 100+ is also making available a specific investor guide to further support Asian company engagement through the initiative."

Research and data organisations involved in the development of the Benchmark provided comments:

Adam Matthews, Chair, Transition Pathway Initiative and Chief Responsible Investment Officer (CRIO), Church of England Pensions Board said:

"If you consider where companies were before Climate Action 100+ started, this study clearly shows the impact of coordinated corporate engagement. As we enter the Transition Decade – the decade during which the key decision on the transition will be taken by companies and investors – this benchmark provides a sharp focus on the distance to be travelled before we can be confident the response to engagement matches the challenge of the Paris Climate Agreement. This benchmark captures where we are at the beginning of the Transition Decade and it shows the distance we still need to travel."

Waqas Samad, CEO, FTSE Russell, said: "Transitioning to a net zero economy and achieving the goals of the Paris Agreement poses a significant challenge, requiring companies to take urgent and substantive action. Ahead of COP 26 in the UK later this year, the Climate Action 100+ assessments launched today provide both investors and companies with a transparent and consistent approach to help track corporate ambition

and progress towards Net Zero. FTSE Russell is delighted to have partnered with Climate Action 100+, TPI and the investors they represent in developing and carrying out these assessments.”

Rob Schuwerk, Executive Director, Carbon Tracker North America, said: "Are companies truly planning for a low carbon future? A key indicator of this whether the forward-looking assumptions in their financial statements suggest they are. You cannot plan for a wind down of fossil fuel use whilst assuming oil, gas and coal commodity prices will remain unaffected. Similarly, going 'net zero', as will be examined in Climate Action 100+'s Net Zero Benchmark, means shutting emissions producing assets. These will have to be reflected in accelerated retirement schedules."

Edward Collins, Director, Lobbying and Corporate Influence, InfluenceMap, said: "Following our work with investors over the last five years, InfluenceMap recognizes the power of the collaborative approach to corporate engagement and believes the Climate Action 100+ process has huge potential to drive reform on lobbying governance through global corporations. Our research shows that the target companies have a long way to go to align their climate lobbying activities with the Paris Agreement, and only a fraction are providing meaningful disclosures on the subject. There is still a huge amount to do on this critical issue."

Maarten Vleeschhouwer, Head of PACTA, 2 Degrees Investing Initiative, said: "The Climate Action 100+ Net Zero Company Benchmark is a wakeup call to investors and companies worldwide, showing that far more specific, concrete, and ambitious action plans are needed in order to make the promise of a net-zero future a reality. We're proud to have contributed to this benchmark by providing insights on the company alignment assessments in the power and automotive sectors. As our analysis and the Benchmark shows, the vast majority of companies in these carbon-critical sectors are still not aligned with the Paris Agreement goals, underscoring the need for these firms to improve their climate action and transparency efforts."

Editor's Note:

Main landing page: <https://www.climateaction100.org/progress/net-zero-company-benchmark/>

Company assessments: <https://www.climateaction100.org/whos-involved/companies/>

On behalf of Climate Action 100+, Transition Pathway Initiative (TPI), assessed 159 focus companies assessed across nine key indicators. The indicators assessed companies on an objective, consistent basis, and were designed to be applicable to different regional markets and to a wide range of sectors, and are as follows:

1. Net-zero greenhouse gas (GHG) emissions by 2050 (or sooner) ambition
2. Long-term (2036-2050) GHG reduction target(s)
3. Medium-term (2026-2035) GHG reduction target(s)
4. Short-term (up to 2025) GHG reduction target(s)
5. Decarbonisation strategy
6. Capital allocation alignment

7. Climate policy engagement (includes InfluenceMap's detailed corporate climate lobbying analysis)
8. Climate Governance
9. Task Force for Climate-related Financial Disclosure (TCFD) recommendations

Carbon Tracker Initiative (CTI) and 2° Investing Initiative (2DII) analysed companies' capital expenditures (CapEx) and technology mix to provide additional insights on decarbonisation investments. Both organisations used independent methodologies and asset-level inventory data sources which vary depending on the sector. These additional insights were included in the assessments for companies in the oil and gas, electric power, and automotive sectors.

The company assessments were based on the public disclosures provided by companies. Companies were informed about the indicators in [September 2020](#), and were provided with the results of their draft assessments in mid-December 2020. Companies were able to provide additional/supplementary information by January 22, 2021, and TPI updated its assessments based on this information. Any actions taken or information provided after this date will be considered in future iterations of the Benchmark.

Eight of the initiative's 167 focus companies (Grupo Argos SA, Grupo México, Incitec Pivot, Oil Search, Orica, Petróleos Mexicanos – PEMEX, Saudi Arabian Oil Company (Aramco), and UltraTech Cement Ltd) were not assessed in this Benchmark given they were added to the Climate Action 100+ focus list in November 2020. However, they will be included in future iterations of the Benchmark.

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About Climate Action 100+

[Climate Action 100+](#) is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. More than 575 investors with \$54 trillion in assets collectively under management are engaging 167 focus companies to improve governance, curb emissions, and strengthen climate-related financial disclosures. The companies include 'systemically important emitters', accounting for 80 percent of annual global industrial emissions, alongside other companies with significant opportunity to drive the clean energy transition. Launched in 2017, Climate Action 100+ is coordinated by five investor networks: Asia Investor Group on Climate Change ([AIGCC](#)); Ceres ([Ceres](#)); Investor Group on Climate Change ([IGCC](#)); Institutional Investors Group on Climate Change ([IIGCC](#)) and Principles for Responsible Investment ([PRI](#)). These organisations, along with five investor representatives from AustralianSuper, California Public Employees' Retirement System (CalPERS), Gam Investments, Ircantec, and Sumitomo Mitsui Trust Asset Management form the global Steering Committee for the initiative. Follow us on Twitter: [@ActOnClimate100](#).