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Executive Summary

In the last few years, the phrase 'net zero' has gone from being a somewhat obscure scientific concept to centre stage in discourse on halting climate change. Pledges to reach net zero emissions are everywhere – in governments' economic development plans, corporate strategies, investors' portfolio targets and the manifestos of regional governments and city councils. Net zero forms a major theme of this year's pivotal UN climate summit in Glasgow.

Keeping global warming to 1.5 degrees Celsius, the goal of the Paris Agreement, entails reaching net zero carbon dioxide emissions globally by 2050.¹ So the existence of net zero targets covering around two-thirds of the global economy represents a remarkable advance in climate ambition since the Paris summit of 2015.² Setting long-term goals aligned with science can be an important driver of action; but without immediate action, long-term goals will remain forever out of reach.

Robust net zero pledges, then, can play a central role in guiding the ongoing emissions reductions needed to deliver the Paris goals. There are examples of this in action: the EU outlined its 2050 net zero target in late 2019 and early 2020,³ then in December 2020 upgraded its 2030 target to be in line with the longer-term goal.⁴ This in turn is due to lead to new policy measures to get the bloc on track to both.⁵ In June 2019 the UK government signed its 2050 net zero commitment into law: in December 2020 it upgraded its 2030 target to align,⁶ and followed up by banning the sale of new petrol and diesel cars by 2030 as one measure among the many needed to get on track.⁷ Robust net zero plans, with interim targets, commensurate policies and a governance mechanism, are not only essential for reducing emissions but can also create sustainable employment and prosperity via the unequivocal signals they send to businesses and investors.⁸

In the run-up to this year's UN climate summit, the spotlight is shining on what governments are pledging or intending to pledge in their Nationally Determined Contributions (NDCs), which generally set targets to 2030.⁹ Many nations with mid-century net zero pledges currently have NDCs that do not match up in ambition.

An increasingly bright spotlight is also shining on corporate pledges, with investors, civil society and other observers scrutinising them for details that can show whether a company is serious about

1 <https://eciu.net/analysis/briefings/net-zero/net-zero-why-1-5c>

2 <https://unfccc.int/news/update-from-climate-champions-on-occasion-of-climate-ambition-summit>

3 https://ec.europa.eu/clima/policies/strategies/2050_en

4 <https://www.bbc.com/news/world-europe-55273004>

5 <https://www.europarl.europa.eu/legislative-train/theme-a-european-green-deal/package-fit-for-55>

6 <https://www.gov.uk/government/publications/the-uks-nationally-determined-contribution-communication-to-the-unfccc>

7 <https://www.gov.uk/government/news/government-takes-historic-step-towards-net-zero-with-end-of-sale-of-new-petrol-and-diesel-cars-by-2030>

8 <https://joebiden.com/climate-plan/>

9 Governments were due under the Paris Agreement to submit NDCs before the end of 2020, but the Covid pandemic has effectively moved the timeline back for many. Governments were also invited to submit Long-Term Strategies at the same time.