CORPORATE CLIMATE RESPONSIBILITY

You heard it right. Usually we hear Corporate Social Responsibility, Corporate Environment Responsibility and Business Responsibility.

One of the most crucial aspects of CORPORATE RESPONSIBILITY in the era of climate change is the commitment to carbon neutrality. Corporate Climate Responsibility targets should include:

- Carbon capture, utilisation & storage,
- Carbon dioxide removals,
- Transitional fuels,
- Bioenergy,
- Circular economy programs,
- Oceans cleanup,
- Nature based solutions (NBS) and many more.

Many companies are putting themselves at the forefront of climate action and corporate climate pledge setting. By February 2024, over 10,000 companies had joined the UNFCCC's Race to Net Zero campaign. They are scrambling to adopt new approaches and narratives to demonstrate their climate leadership. However, the rapid acceleration of corporate climate pledge setting, combined with the fragmentation of approaches and the general lack of regulation or oversight, makes it challenging to distinguish real climate leadership from GREENWASHING.

Their improvement with regards to climate action, however, have been slow. Most companies continue to fall short of the emission reductions required to limit global warming to below 1.5°C. Many companies continue to rely on false solutions such as Carbon Capture, Utilisation and Storage (CCUS) standalone Renewable Energy Certificates (RECs), bioenergy and carbon dioxide removals as an alternative to emission reductions.

In this era of climate change, corporate responsibility is not merely an option; it is an absolute necessity. Sustainable business practices are the key to addressing the environmental challenges we face while ensuring long-term profitability. Companies must acknowledge their role in mitigating climate change, take meaningful actions, and transparently communicate their progress. By doing so, businesses can contribute to a healthier planet and secure their sustainable future in an increasingly environmentally conscious world. Embracing sustainable practices is not only good for the environment but also for the bottom line, the workforce, and the reputation of businesses in the modern world.

The recent Corporate Climate Responsibility Monitor (CCRM), April 2024 released by the New Climate Institute points out this issue by analyzing several multinational companies' climate pledges and the extent to which these are actually effective in leading corporate climate responsibility or simply well thought out marketing campaigns. This report has also focused on the integrity and transparency of the interconnection between pledges and actions.

The CCRM assessed climate targets put forth by 51 of the world's largest companies, which had a collective revenue of $6.1 trillion in 2022 and GHG emissions of 8.8 gigatonnes of CO2 equivalent which is 16 % of global GHG emissions in 2022.

The CCRM considered four stages of GHG emission reduction and disclosure and align with current international targets and efforts to achieve effective decarbonization:

1. Tracking and disclosure of emissions: A strong climate strategy is necessarily transparent, as this is the only way to understand what the GHG emission footprint is and where it is heading. Good practice includes annual disclosures and a breakdown of different emissions.

2. Setting emission reduction targets: Both climate pledges and actions should be targeted towards specific objectives and commit to achieving decarbonization in a clear way, avoiding misleading consumers, shareholders and regulators. Good practices include setting specific reduction targets independent from offsetting practices.

3. Reducing own emissions: Implement deep emission reduction and decarbonization measures and disclose details of such measures in order to support others replicating the latter or identifying new and better solutions. Good practices include the sourcing of renewable energies.

4. Taking responsibility for unabated & residual emissions through climate contributions and offsetting: Climate leadership is characterized not only for ambitious emission reduction targets and actions, but also for taking responsibility for unabated emissions. Good practices include providing financial support to decarbonization initiatives outside the company's value chain without claiming those results as one's own emissions.

Based on their 2030 targets, the 51 companies together are set to reduce emissions by only 30 %, compared to 2019 levels. Moreover, only 7 companies have targets poised to reduce their emissions more than 50 % by 2030.
Details of the report: https://newclimate.org/resources/publications/corporate-climate-responsibility-monitor-2024

Key insights of 2024 Report:

- The collective ambition of companies' 2030 and net-zero climate targets has gradually improved over the last two years. However, most companies continue to fall short of the economy-wide emission reductions required to limit global warming to below 1.5°C.
- Proposals for introducing flexibility mechanisms for scope 3 emission reduction targets are gaining momentum, although this would entail backsliding on already insufficient commitments, in many cases nullifying companies' current targets.
- The Science Based Targets initiative (SBTi), as the largest and most influential validator of corporate targets and independent assessments, plays a critical role in validating corporate climate pledges. A comparison between the ratings of SBTi and other assessors indicates a significant degree of leniency in the current validation practices and points to multiple areas for improvements.
- Mixed progress towards critical sector transitions calls into question the credibility of companies' apparent ambition
- Many companies continue to rely on false solutions such as Carbon Capture, Utilisation and Storage (CCUS) standalone Renewable Energy Certificates (RECs), bioenergy and carbon dioxide removals as an alternative to emission reductions.
- Companies appear to be moving away from misleading carbon neutrality claims.
- The integrity of the current corporate accountability system is impaired by inherent tensions deriving from a lack of institutional separation and direct corporate influence. We need to evolve from voluntary initiatives to formal accountability.

It is still rather difficult to distinguish between genuine climate leadership and greenwashing. Instead of taking the urgent action required to prevent the climate crisis escalating and violating the human rights of billions of people, many large companies seek to mislead consumers, shareholders, and taxpayers with greenwashing and empty pledges. “These invariably comprise vague plans to marginally reduce emissions, a reliance on unproven technologies, or dubious carbon accounting or offsetting schemes. Meanwhile, many fossil fuel companies continue to expand their operations, doing business as usual.

The Corporate Climate Responsibility Monitor (CCRM) 2024 released by non-profit New Climate Institute on April 9, 2024, assessed climate targets put forth by 51 of the world’s largest companies. These 51 companies had a collective revenue of $6.1 trillion in 2022 and self-reported greenhouse gases (GHG) emissions of 8.8 gigatonnes of CO2 equivalent in the same year — roughly equal to the total annual GHG emissions of India, Russia, and Brazil combined. That is 16 per cent of global GHG emissions in 2022.

Climate targets of Corporates include carbon capture, utilisation and storage, transitional fuels, bioenergy and carbon dioxide removals. Their improvement with regards to climate action, however, have been slow. Based on their 2030 targets, the 51 companies together are set to reduce emissions by only 30 per cent, compared to 2019 levels. Moreover, only 7 companies have targets poised to reduce their emissions more than 50 per cent by 2030.