

Net Zero Means Little without Real Milestones

In 2020, hundreds more companies set a target of “net zero” for greenhouse gas emissions. Many plan to achieve that goal only by 2050, however, and just have vague plans about how to get there. While the target sounds good, the only way to achieve it is to establish concrete milestones and measurements. Despite what might seem like a difficult task, some companies have put real plans in place. More should leverage their insights to make their commitment meaningful and actually accomplish it.

More Companies have targeted Net Zero

Net zero, according to the BBC, refers to balancing out greenhouse gas emissions produced by removing an equivalent amount from the atmosphere. Companies can reduce emissions, plant trees or take other actions to achieve that goal.

A few companies started saying several years ago that they would reach net zero. Now, that trickle has become a torrent.

In September 2020, UN Climate Change said that the number of commitments to reach net zero emissions from local governments and businesses had roughly doubled in less than a year, with the majority aiming for a zero-carbon economy by 2050. Commitments came from 22 regions, 452 cities, 1,101 businesses, 549 universities and 45 large investors.

The Environmental Defense Fund (EDF) similarly said that net zero has become an environmental and business imperative, with companies stepping up as never before and the number of net zero commitments doubling in less than a year.

Detailed Plans are Scarce

While the number of commitments is rising rapidly, target dates are far away and details of plans to achieve net zero are scarce.

In its survey of 120 sustainability leaders from key sectors including industry and consumer goods as well as construction and finance, consulting firm South Pole found that less than half of the organisations that set net zero targets also set milestones to get there.

The International Institute for Sustainable Development (IISD) similarly noted that although the number of net-zero pledges has doubled since late 2019, nuances regarding whether and how net-zero pledges target the direct reduction of emissions, offsetting, and carbon dioxide removal can determine whether pledges contribute to deep decarbonization.

Bloomberg commented that of 42 companies tracked by the UN Principles for Responsible Investment, more than half plan to plant trees, preserve forests or capture CO₂, even as their own businesses continue to warm the atmosphere.

The risk to companies of not having a plan are significant for corporate reputations and for the planet. “Net zero planning doesn’t match the ambition – leaving firms open to accusations of greenwashing,” South Pole said. “Clear, actionable milestones that focus the efforts and monitor progress must be put in place to ensure credibility.” Targets must stand up to scrutiny, as consulting firm Carbon Intelligence put it. Although more companies are joining the race to net zero and targets are becoming more ambitious, “talk is cheap.”

Very importantly, research by EDF and Deloitte Consulting said that despite the encouraging trend of companies committing to net zero, setting goals is not enough to bend the curve on climate pollution. Net zero targets must be followed by detailed transition plans.

Leaders have Detailed Plans and Research is Supporting Change

While many firms have announced a net zero target without details of how to achieve it, some do have plans and others are banding together to collaborate on sharing best practices to move forward.

One of the leaders is Unilever, which has been working on sustainability for nearly a decade. In December, the Unilever board said it would ask shareholders to vote on its climate transition action plan, its emissions reduction targets and plans to achieve them. It

said that achieving the targets will require measures including decarbonising raw materials, completing the transition of its operations to 100 percent renewable energy, eliminating deforestation from its supply chain, innovation and product reformulation.

Apple, which plans to reduce emissions by 75 percent by 2030 while developing carbon removal solutions for the remaining 25 percent, has committed to providing details on its approach with a roadmap for other firms to reduce their impact on climate change.

Perhaps surprisingly, even mass retailer Ikea plans to become “climate positive” by 2030. It has mapped out how to achieve half its materials footprint reduction goals for 2030, according to conservation newsletter Grist, and is working on figuring out the rest.

Some companies have banded together to research and share best practices. The World Business Council on Sustainable Development (WBCSD), for example, was set up to guide large companies towards sustainability and has set targets for member companies that include net zero by 2050 and reversing biodiversity loss. Progress will be monitored through WBCSD’s reporting platform.

Similarly, nine companies that range from Danone and Maersk to Microsoft and Wipro collaborated with EDF to launch Transform to Net to help other firms turn commitments to net zero into actionable plans. A combination of guidance, research and best practices can help them deliver emissions reductions and economic success.

Pushing firms along is Larry Fink, CEO of investment giant Blackrock, who wrote that companies with a well-articulated long-term strategy and a clear plan to address the transition to net zero will distinguish themselves with their stakeholders. His firm is also telling companies to disclose plans for how their business model will be compatible with a net zero economy and how this plan is incorporated into the long-term strategy.

Saving the Planet Requires Real Action

While committing to net zero is a positive first step, it requires action to achieve the goal. Companies now have role models and research to help plan their journey. To achieve success and save the planet, firms need to use those best practices to turn words into reality.