

Climate Action 100+ Net Zero Company Benchmark 2.0 2023 Results

October 2023



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Executive Summary



Context

This report outlines the key findings from the fourth round of Climate Action 100+ Net Zero Company Benchmark assessments, released in October 2023.

This year's Benchmark results come after four of the hottest months ever recorded globally and a series of unprecedented extreme weather events across the globe.

At the same time, the assessments follow the release of the International Energy Agency (IEA) updated Net Zero Roadmap, showing that – although the path is narrowing – keeping global temperature rise to 1.5°C remains within reach. This is especially important given that every additional degree of warming will be more costly than the previous. The case for ambitious corporate action to address climate change has never been more urgent.

Focus companies have been assessed against an updated Benchmark 2.0 framework this year, launched as the initiative moved into its next strategic phase. The framework draws on distinct analytical methodologies and datasets from public and self-disclosed data from companies.



Key findings

Disclosure Framework

Overall, this year's results show steady improvements in key areas of corporate net-zero transition disclosures, although much faster progress is needed. Key findings include:

More companies than ever are setting out the actions they will take to decarbonise, but most fail to quantify how these will contribute to their emissions reduction targets:

59% of focus companies now disclose the actions they are taking to reduce their GHG emissions, a significant increase of 7% points compared to last year. However, only 21% quantify the proportion of their targeted emissions reductions that will be addressed through these actions.

Most focus companies now set long- and medium-term GHG reduction targets, but these lack ambition and are not always underpinned by commitments to short-term action: While the majority of companies now set out long- and medium-term GHG reduction targets, only 30% and 13% of these are aligned with a 1.5°C trajectory, respectively. Only half commit to reduce their emissions in the next three years.


A significant proportion of focus companies discloses the role climate solutions play in their business models:

42% of companies assessed set out the revenue or production they already generate from climate solutions (i.e., technologies and products that will enable the economy to decarbonise), in many cases matching this by disclosures on capital allocated to climate solutions.

Companies are not reducing their emissions

intensity rapidly enough: 63% of the 111 companies assessed against the new Sub-indicator 11.1 have decreased their emissions intensity in the past three years. Of these, only 39 (56%) have reduced their emissions intensity in accordance with what is necessary to limit global warming to 1.5°C.

No focus company scores on the updated just transition indicator, pointing to the need for urgent action in this area: A mere 10% of companies assessed have set out just transition plans, with only 5 companies developing these in consultation with key stakeholders. Credible just transition plans are vital for mitigating the significant risks of an unmanaged transition to net zero.



Companies continue to make progress on aspects of GHG reduction target setting, climate governance and decarbonisation strategy disclosures. This year's results show that:

77%

of focus companies now **commit to net zero** across at least Scope 1 and 2 emissions (up from 75% in October 2022)

87%

disclose **medium-term GHG reduction targets** (up from 81% in October 2022)

93%

have **Board committee oversight** of climate change risks and opportunities (up from 91% in October 2022)

59%

disclose the **decarbonisation actions** they are taking to meet their GHG reduction goals (up from 52% in October 2022)

However, no company is fully aligned with the new Benchmark 2.0 Disclosure Framework, with no company meeting all the criteria for the updated just transition and climate policy engagement indicators. Results show that only:

2%

have already phased out or commit to **phasing out CapEx in unabated carbon-intensive assets**

3%

have **just transition plans developed in consultation with key stakeholders**

5%

of companies' Boards have sufficient **capabilities/competencies** to assess and manage climate-related risks and opportunities

3%

disclose sufficient detail on how they are planning to employ **offsets and negative emissions technologies** to meet their GHG reduction targets

Key findings

Alignment Assessments

Climate Accounting and Audit Assessment (Carbon Tracker)

While there is still no focus company that meets all the criteria for the Climate Accounting and Audit Assessment, there has been some incremental progress on this indicator: Carbon Tracker finds that 7% of assessed companies show a real improvement in their climate accounting and audit disclosures compared to last year.

Climate Policy Engagement Alignment (InfluenceMap)

Most companies' climate policy engagement activities do not currently align with the Paris Agreement goals, though partial alignment is increasing: Only 4% of companies assessed align their climate policy engagement activities with the Paris Agreement, although 66% are now partially aligned.

Capital Allocation Alignment Assessments (Carbon Tracker)

Utilities are making some progress on phasing out coal in alignment with Paris Agreement goals, with 23% having announced a phase-out of their coal assets in accordance with the IEA's Net Zero Emissions by 2050 Scenario (a 1.5°C trajectory). CapEx plans of **oil and gas** companies continue to be misaligned with the Paris Agreement goals.

Capital Allocation Alignment Assessments (Rocky Mountain Institute)

Focus companies in the **steel sector** are making some progress on aligning their emissions intensity with the IEA's Net Zero Emissions by 2050 Scenario (1.5°C), while **airlines and cement** companies lag far behind Paris-aligned targets. While nearly all **utility** companies assessed are still misaligned with the IEA's 1.5°C pathway at the aggregate level, companies in the **automotive** sector are making progress on alignment by ramping up electric vehicle production and moving away from internal combustion engines.

What's next?

The Net Zero Company Benchmark will continue to inform investor engagement throughout Phase 2 of Climate Action 100+, running until 2030, which will seek to inspire a **move from words to action**.

Throughout the initiative's next phase, Climate Action 100+ investors, aiming to mitigate financial risk and preserve long term value for their clients and beneficiaries, will be increasing ambition to ensure that focus companies develop and **implement robust net-zero transition plans** aligning with the goals of the Paris Agreement.

In 2024, the Net Zero Company Benchmark framework is not expected to see further significant enhancements to ensure continuity and enable year-on-year comparisons.

The next set of company assessments, including companies added to the focus list in Phase 2, will be released in September/October 2024.



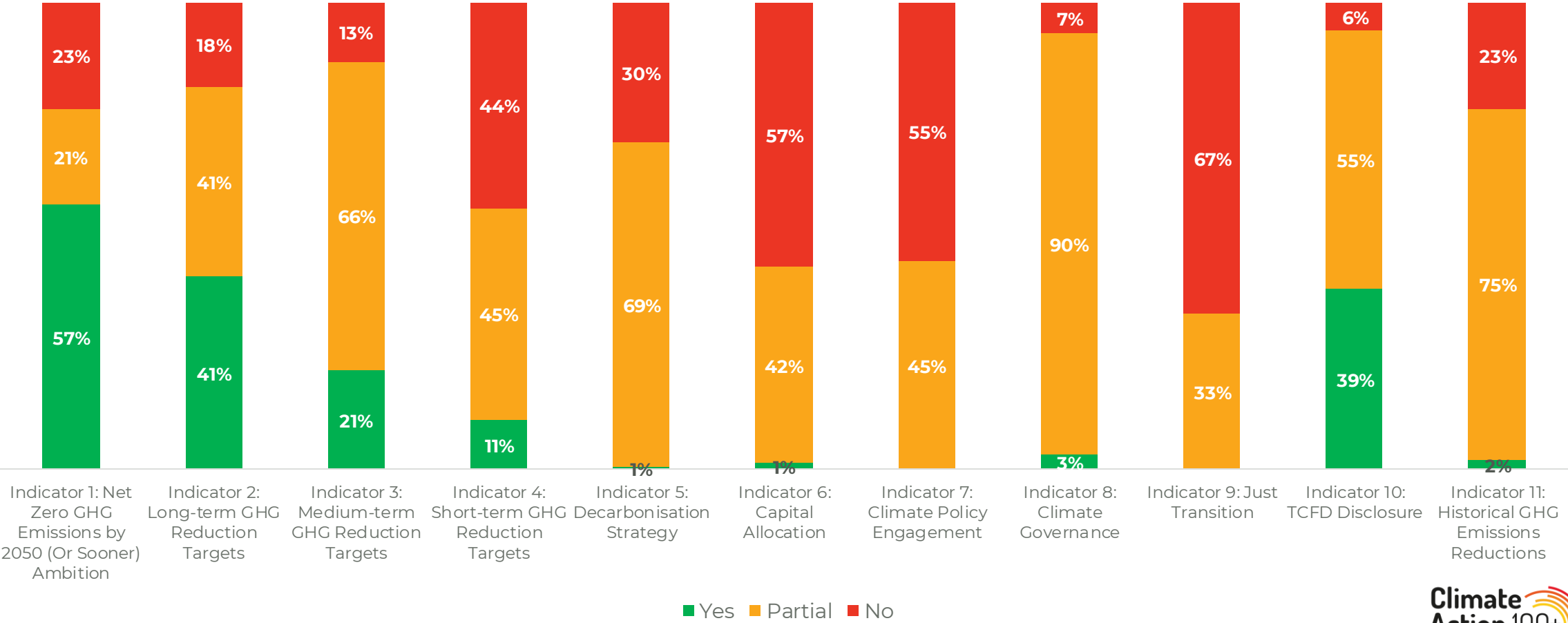
Disclosure Framework

Summary and indicator by indicator results



2023 Results by Indicator

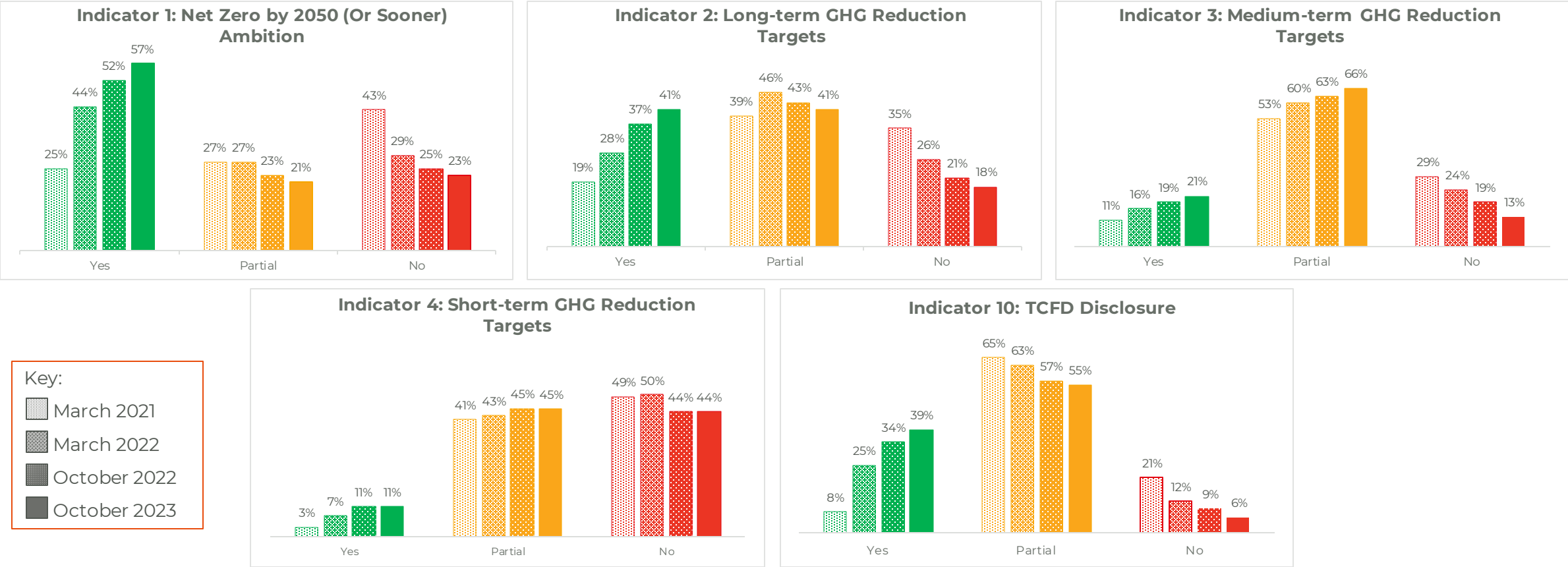
Despite continuous improvement on long and medium-term GHG reduction target setting and TCFD disclosures, significant progress is still needed on short-term target setting, capital allocation, climate policy engagement, just transition and GHG emissions reductions.



*Due to rounding of percentages in the data analysis, the total for Indicator 1 does not equal a hundred percent.

Year-on-year progress

Given the amendments made to the Disclosure Framework in 2023, year-on-year results can only be compared for the five Disclosure Indicators below:



The graphs on this page compare year-on-year progress made by the sample of 150 companies assessed in 2023. 9 or 6% of these were not assessed in March 2021. The 2021 'Not Assessed' scores (i.e., the 6% of companies scoring 'Not Assessed' in 2021) are not included in the graphs above. Due to rounding of percentages in the data analysis, some of the totals per assessment period do not add up to a hundred percent.

Please also note that the scoring criteria for Metric 10.2.b has been updated this year, but Disclosure Indicator 10 remains sufficiently consistent with previous iterations to enable year-on-year comparison.

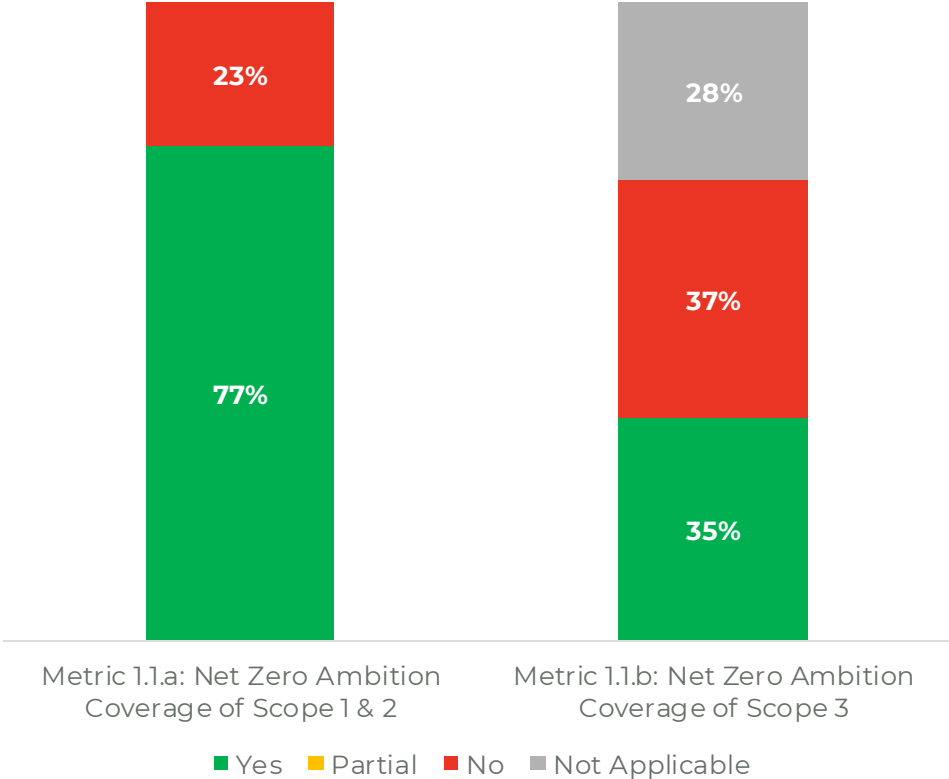
Disclosure Indicator 1:

Net Zero GHG Emissions by 2050
(Or Sooner) Ambition

More focus companies than ever now commit to reaching net zero by 2050 or sooner: 77% of companies assessed have now stated a net zero ambition that covers at least 95% of their Scope 1 and 2 GHG emissions, up from 75% in October 2022 (Metric 1.1.a).

However, corporate net zero ambitions need to further expand to Scope 3 emissions: Currently, only 35% of focus companies' net zero ambitions cover the most relevant Scope 3 GHG emissions for their sectors (Metric 1.1.b).

Indicator 1 Breakdown: **Net Zero Ambition Coverage**



Disclosure Indicator 2:

Long-term (2036-2050) GHG Reduction Targets

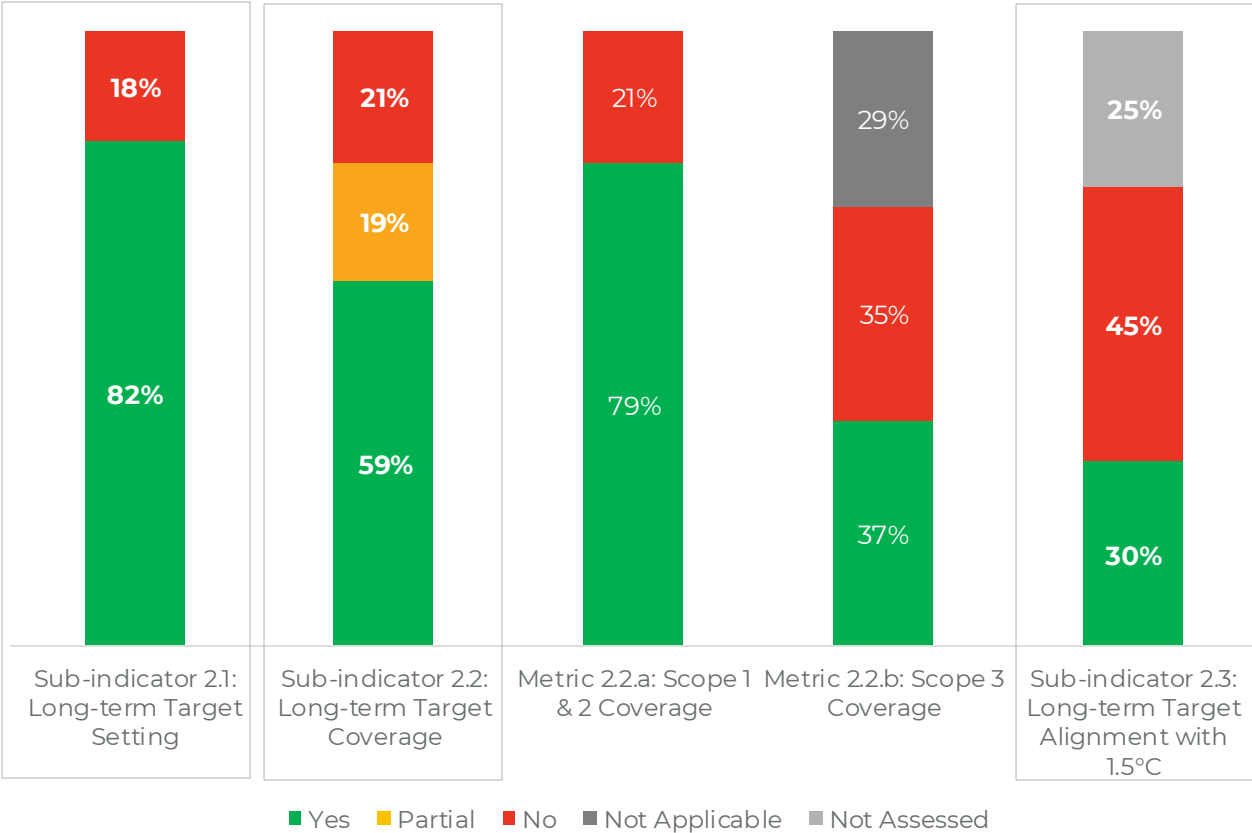
Although most focus companies now set long-term GHG reduction targets, these do not always cover their entire emissions footprint: While 82% of focus companies have set a long-term target covering the period from 2036-2050, just 59% have set targets covering all material scopes of emissions (Sub-indicator 2.2).

The oil and gas sector, in particular, is currently lagging on Scope 3 target setting, with only 11 out of 34 assessed companies in this sector setting targets including the emissions associated with combustion of their products.

Despite incremental progress, most long-term targets are not yet sufficiently ambitious: 40% of the 112 focus companies that have been assessed on 1.5°C alignment now have long-term GHG reduction targets that align with a 1.5°C pathway for their sector, up from 34% last year.

*All 112 companies assessed against Sub-indicators 2.3, 3.3 and 4.3 of the Disclosure Framework in 2023, apart from two in the paper sector, have been assessed against the TPI Centre's 1.5 Degree Scenarios, which are broadly consistent with the IEA's Net Zero Emissions by 2050 Scenario. The two paper companies are assessed against the TPI Centre's Below 2 Degrees Scenario. See [here](#) for more information.

Indicator 2 Breakdown: **Long-term Target Coverage & Alignment with 1.5°C**



*Due to rounding of percentages in the data analysis, the totals for Sub-indicator 2.2 and Metric 2.2.b do not equal a hundred percent.

Disclosure Indicator 3:

Medium-term (2027-2035)

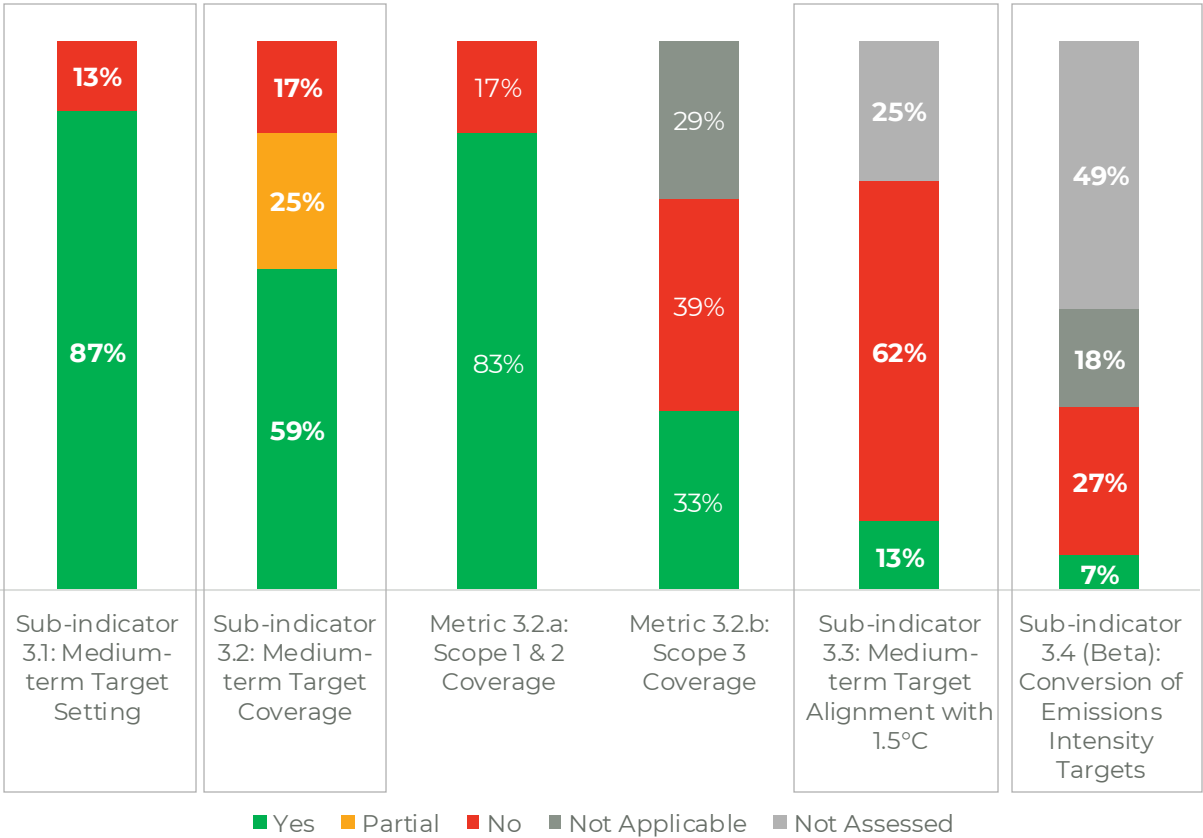
GHG Reduction Target(s)

Companies continue to make improvements on medium-term target setting, but further progress is needed on Scope 3: 87% of focus companies have now set medium-term targets (Sub-indicator 3.1). However, only 46% of the 107 companies for whom Scope 3 is applicable in the Disclosure Framework have established ambitious medium-term targets that also cover all material Scope 3 categories. This represents 33% of all companies (Metric 3.2.b).

Despite steady progress, most medium-term targets still lack ambition: 17% of the 112 companies assessed against Sub-indicator 3.3 have medium-term GHG reduction targets that align with a 1.5°C pathway, up from 12% in October 2022. This represents 13% of all companies assessed (Sub-indicator 3.3).

Electric utility, mining and cement companies are leading the way on 1.5°C aligned targets: 15 of the 19 companies with 1.5°C aligned medium-term targets come from three sectors: electric utilities (8 companies), diversified mining (4 companies), and cement (3 companies).

Indicator 3 Breakdown: **Medium-term Target Coverage & Alignment with 1.5°C**



*Due to rounding of percentages in the data analysis, the totals for Sub-indicator 3.2, Metric 3.2.b and Sub-indicator 3.4 do not equal a hundred percent.

Disclosure Indicator 4:

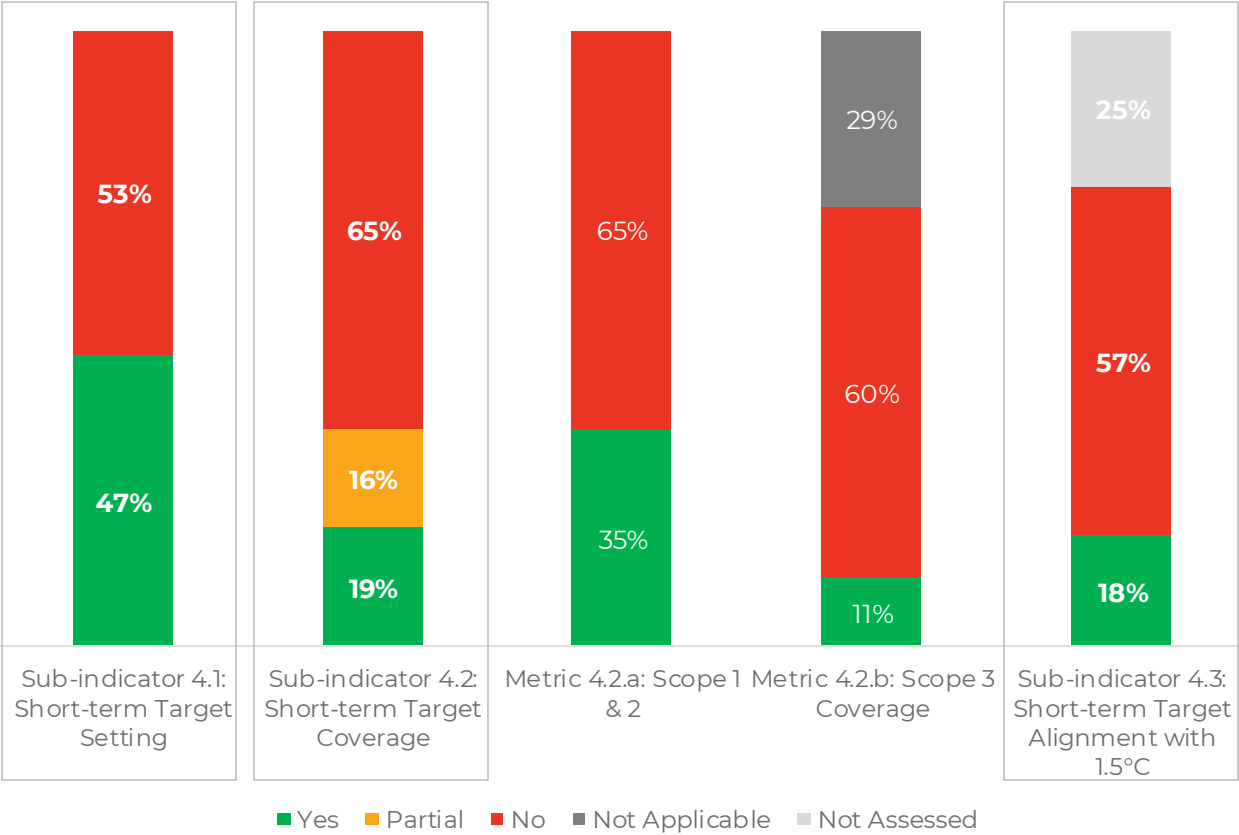
Short-term (up to 2026) GHG Reduction Target(s)

A lack of credible short-term targets continues to be a key gap in corporate net zero transition strategies:

While approximately half – 47% – of focus companies have now set a short-term GHG target (Sub-indicator 4.1), only 16% of companies for whom Scope 3 is applicable in the Disclosure Framework have short-term targets that also cover at least the most relevant Scope 3 categories for their sectors (Metric 4.2.b).

Most corporate short-term targets fail to align with a 1.5°C trajectory: 24% of companies assessed on target alignment currently have short-term targets aligned with the 1.5°C goal of the Paris Agreement, up from 22% in October 2022. This represents 18% of all companies assessed (Sub-indicator 4.3). Overall, there has been limited progress on this crucial Indicator since October 2022.

Indicator 4 Breakdown: **Short-term Target Coverage & Alignment with 1.5°C**



Disclosure Indicator 5: Decarbonisation Strategy

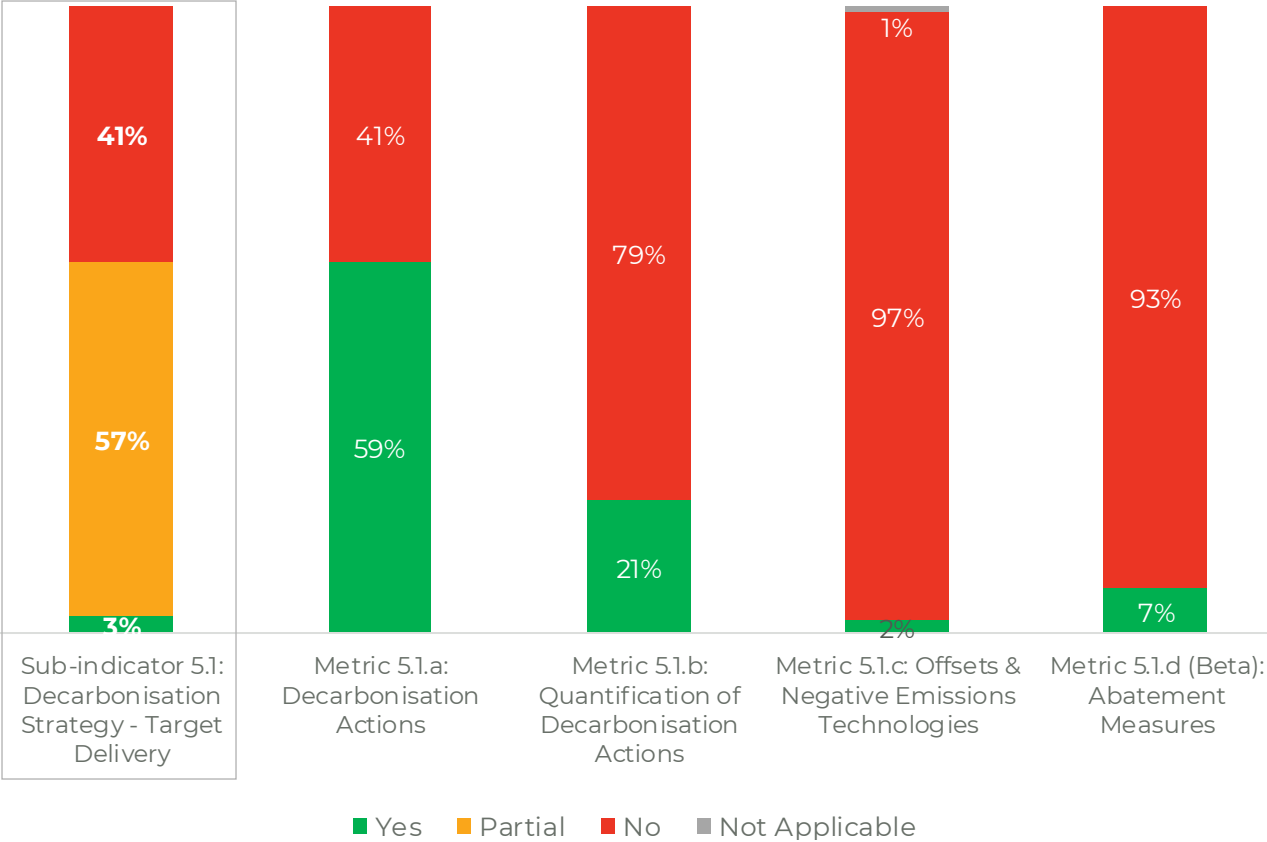
As of 2023, Disclosure Indicator 5 features two new metrics on offsets, negative emissions technologies and abatement measures, as well as a new Sub-indicator focused on climate solutions. Key findings include:

Companies are disclosing more detail about their decarbonisation strategies: 59% of focus companies now identify the actions they are taking to meet their GHG reduction targets, a significant increase from 52% in October 2022 (Metric 5.1.a).

However, most do not quantify how specific decarbonisation actions will enable them to meet their climate goals: Only 21% of companies have disclosed quantifiable information on the individual decarbonisation levers contributing to their GHG reduction targets, as compared to 19% in October 2022 (Metric 5.1.b).

Disclosures on offsets and negative emissions technologies are lacking: Only 4 focus companies disclose sufficient details on how they are using offsets and negative emissions technologies (NETs) to meet their GHG reduction goals. Out of these, 1 company states that it will not use offsets/NETs to meet its reduction targets, receiving a ‘Not Applicable’ score (Metric 5.1.c).

Sub-indicator 5.1 Breakdown: **Target Delivery**



*Due to rounding of percentages in the data analysis, the total for Sub-indicator 5.1 does not equal a hundred percent.

Disclosure Indicator 5:

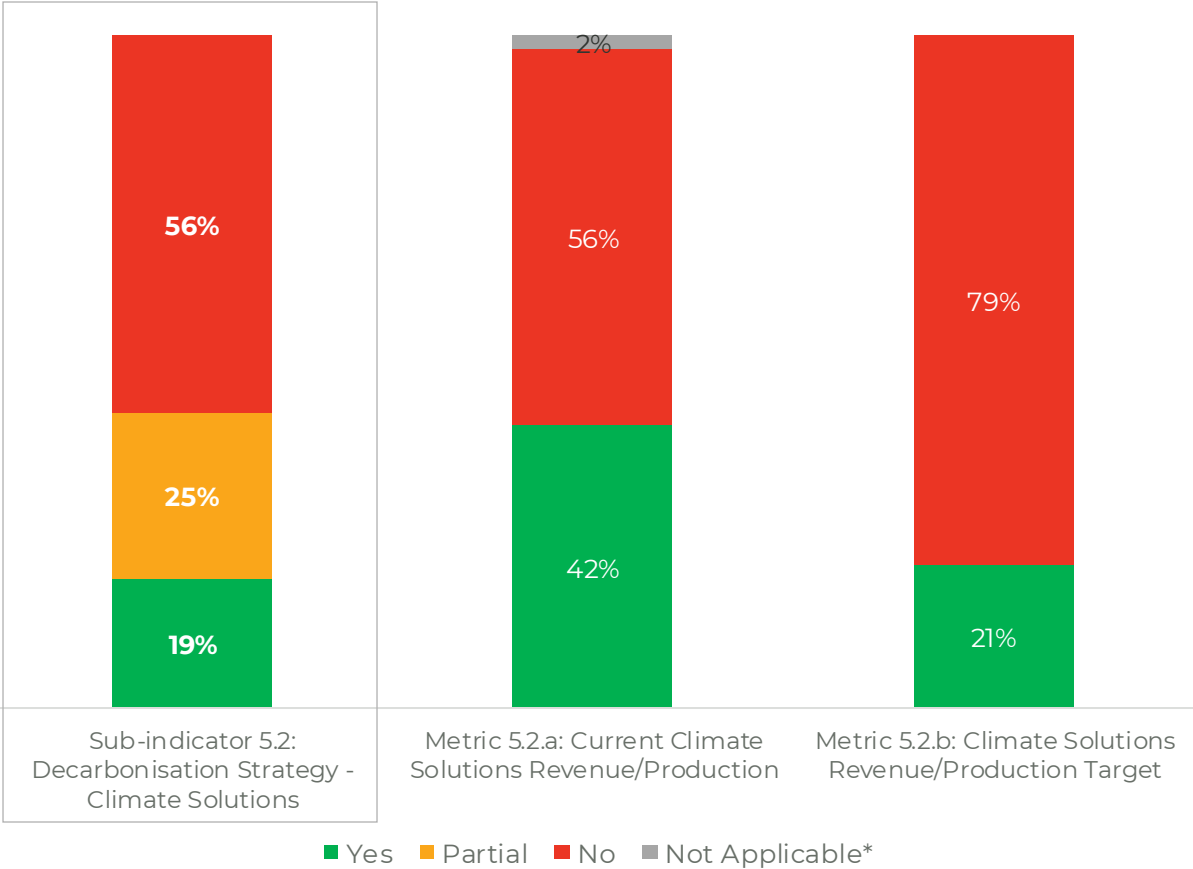
Decarbonisation Strategy

Sub-indicator 5.2 has been updated in 2023 to incorporate the role of climate solutions (i.e., technologies and products that will enable the economy to decarbonise) in corporate decarbonisation strategies. Key findings:

A significant number of companies disclose the role of climate solutions in their business models: 42% of companies assessed disclose the revenue or production they already generate from climate solutions and disclose their share in overall sales (Metric 5.2.a).

Further transparency is needed on how focus companies will shift to climate solutions in the future: Only 21% of focus companies currently set a target to increase revenue or production from climate solutions in their overall sales (Metric 5.2.b). Clearer climate solutions targets would allow investors to better understand the credibility of corporate transition plans.

Sub-indicator 5.2 Breakdown: **Climate Solutions**



*Please note that Sub-indicator 5.2 does not assess the proportion of a company's revenue from or production of climate solutions. It evaluates whether companies disclose this information publicly.

*2% of companies explicitly state that they do not produce or derive revenue from climate solutions, receiving a 'Not Applicable' score (Metric 5.2.a).

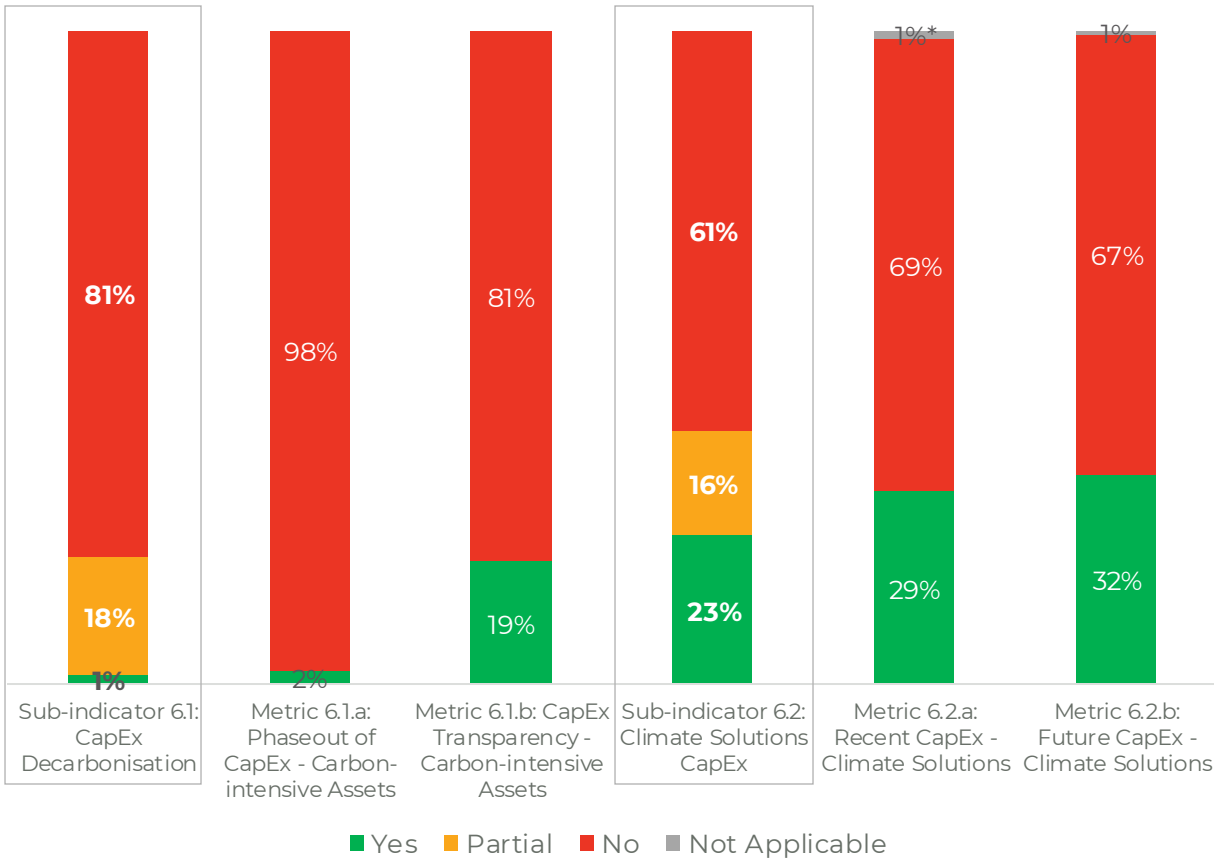
Disclosure Indicator 6: Capital Allocation

This year, Disclosure Indicator 6 includes new metrics on the phase-out of CapEx in carbon-intensive assets and company investments in climate solutions. These provide an insight into whether companies’ decarbonisation strategies are underpinned by financial planning. Key findings:

Commitments to phase out investments in unabated carbon-intensive assets are lacking: Only 3 companies currently commit to phasing out CapEx in unabated carbon-intensive assets by a specified year (Metric 6.1.a).

Companies committing to climate solutions are backing this by CapEx disclosures: 29% of focus companies disclose how much they invested in climate solutions in the past year (Metric 6.2.a), and 32% specify how much capital they plan to allocate to climate solutions in the future (Metric 6.2.b). This allows investors to understand how they are re-orienting CapEx towards the decarbonisation of their businesses.

Sub-indicator 6 Breakdown: **CapEx Decarbonisation**



*One company explicitly states that is not currently nor planning to generate revenues from climate solutions, receiving a 'Not Applicable' score against Metrics 6.2.a and 6.2.b. Due to rounding of percentages in the data analysis, the total for 6.2.a does not equal a hundred percent.

Disclosure Indicator 7: Climate Policy Engagement

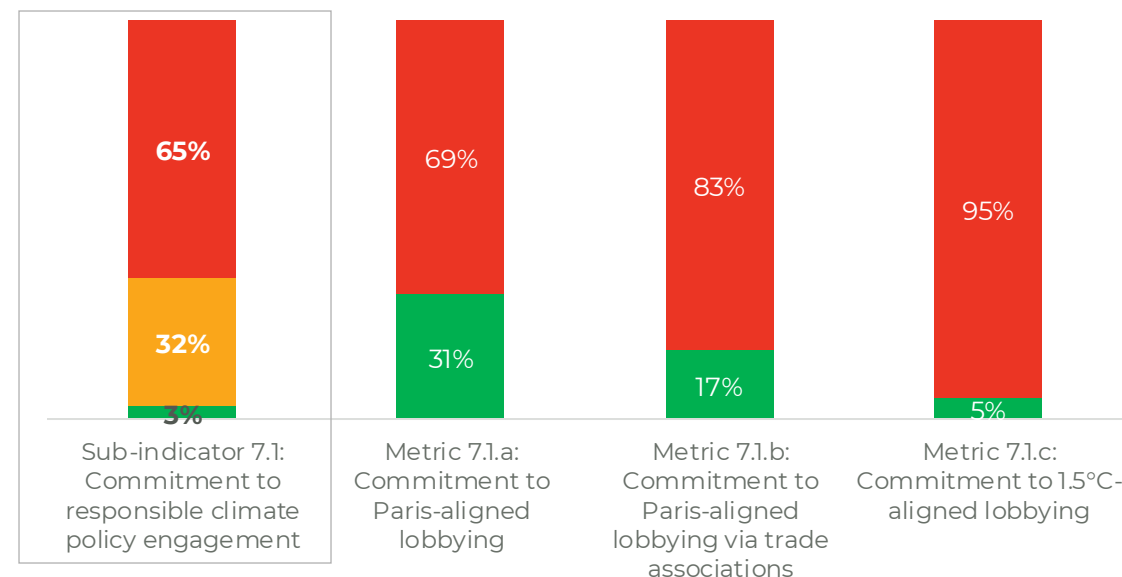
As of 2023, Disclosure Indicator 7 includes new and updated metrics covering corporate commitments to 1.5°C-aligned lobbying and disclosures on corporate climate policy engagement reviews. Key findings:

More companies are committing to conduct their lobbying activities in line with Paris Agreement goals: Approximately a third of focus companies have now set out this commitment, an increase of 7% points from October 2022 (Metric 7.1.a). Only 5% of companies also specifically commit to the 1.5°C Paris Agreement goal (Metric 7.1.c, new this year).

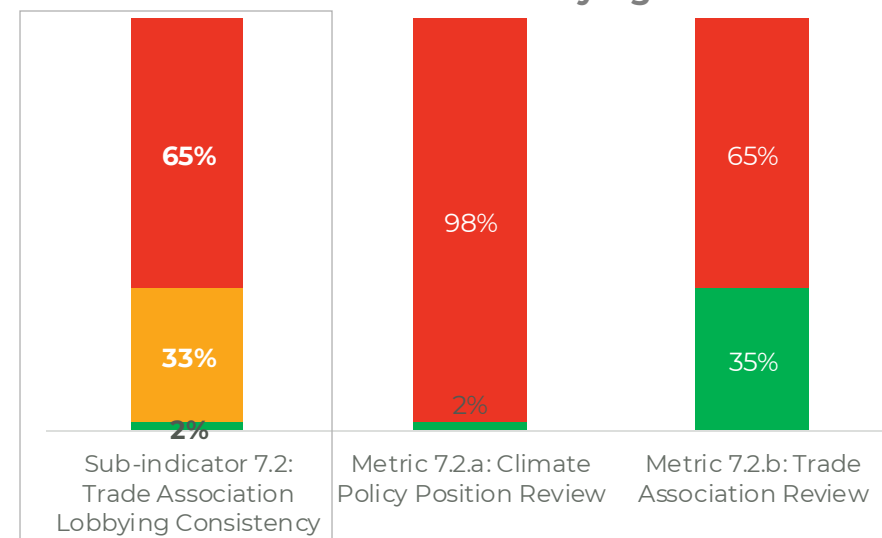
More robust reviews of climate lobbying alignment with the Paris Agreement are needed: 35% of focus companies now publish a review of their trade associations' climate positions and alignment with the Paris Agreement (Metric 7.2.b), an increase of 11% points compared to October 2022. However, only 3 companies currently review the alignment of their climate policy positions with the Paris Agreement and disclose how they advocated for them through their climate policy engagement activities (Metric 7.2.a).*

*See the InfluenceMap Climate Policy Engagement Alignment Assessment results for further details on the quality and accuracy of corporate climate policy engagement reviews.

Sub-indicator 7.1 Breakdown: **Commitment to Paris-aligned lobbying**



Sub-indicator 7.2 Breakdown: **Review of Direct and Trade Associations' Lobbying**



■ Yes ■ Partial ■ No

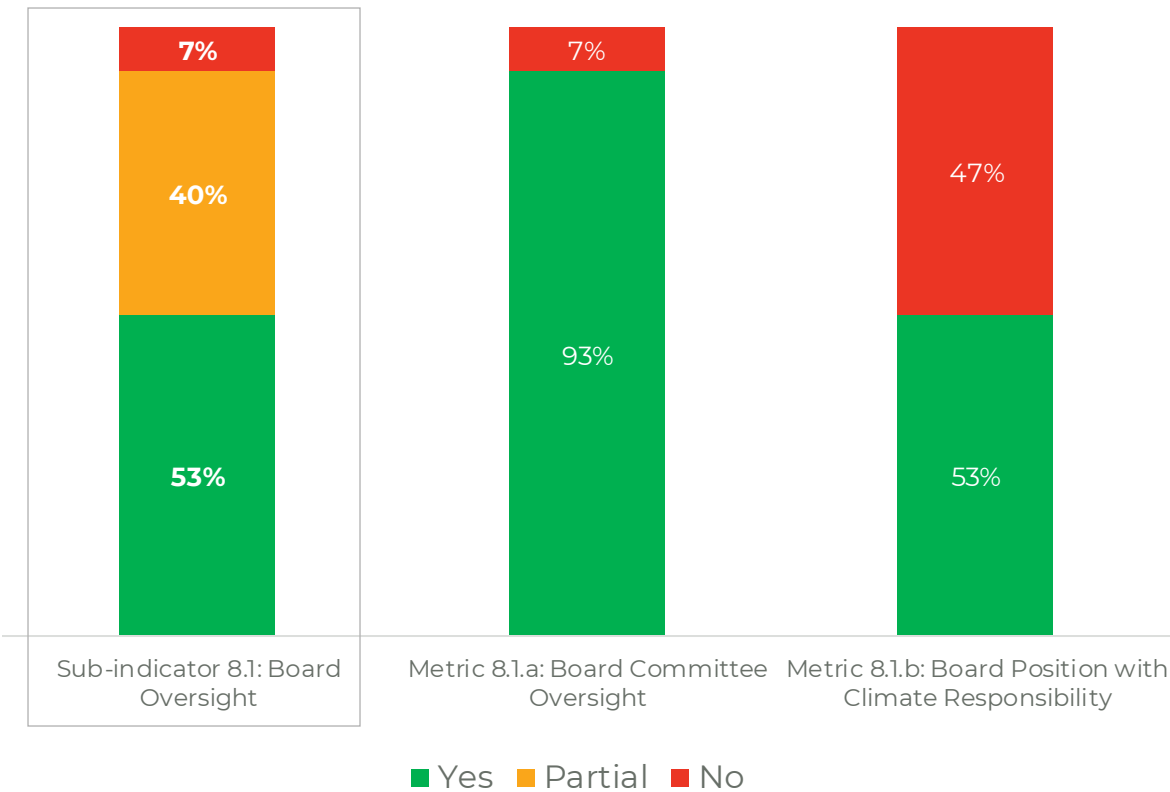
Disclosure Indicator 8:

Climate Governance

Disclosure Indicator 8 has seen an important update in 2023: this year, all focus companies have been assessed against Sub-indicator 8.3, which evaluates Board climate competencies. This year's results for Indicator 8 show that:

Most companies now have Board committee oversight of the management of climate change risks: 93% of companies assessed have a Board-level committee responsible for climate change (Metric 8.1.a). However, only just over half of companies have explicitly named someone at Board level with climate change responsibility (Metric 8.1.b).

Sub-indicator 8.1 Breakdown: **Board Oversight**



Disclosure Indicator 8:

Climate Governance

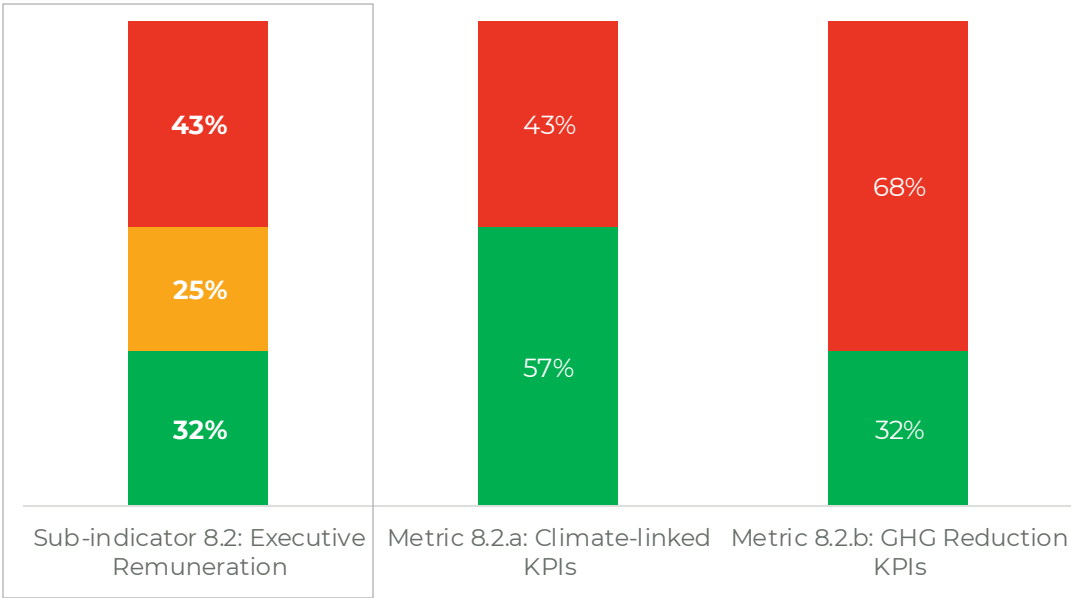
Most companies fail to tie their executive remuneration plans to their GHG reduction targets:

While over half (57%) of companies' executive remuneration arrangements incorporate climate change performance as a Key Performance Indicator (KPI) determining performance-linked compensation (Metric 8.2.a), only approximately a third tie their executives' remuneration arrangements to progress on the company's GHG reduction targets (Metric 8.2.b).

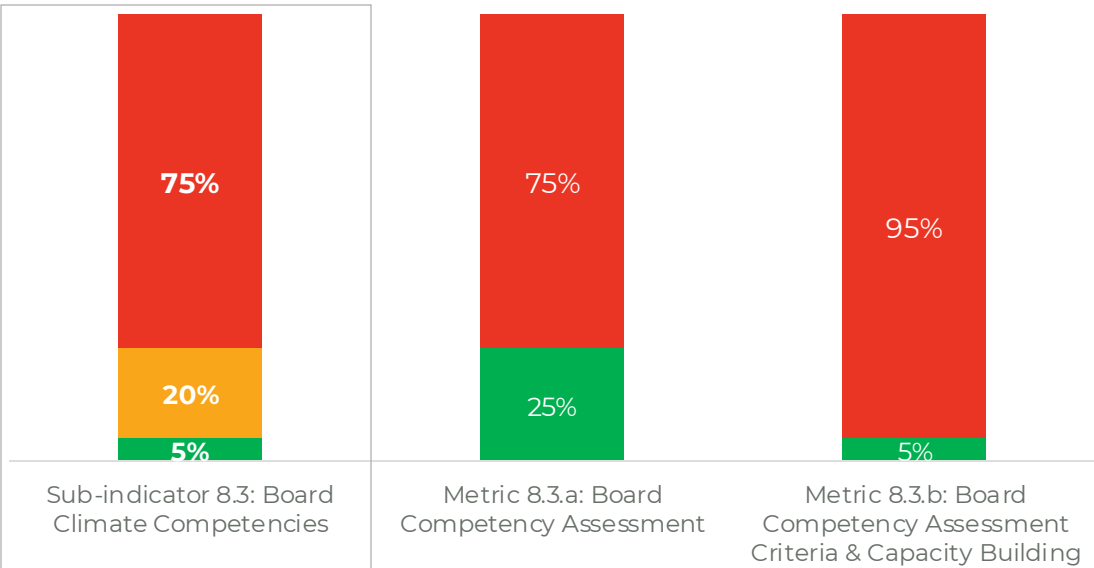
Most companies' Boards do not have sufficient capabilities/competencies to assess and manage climate risks and opportunities:

While 25% of companies assess their Boards' competencies with respect to managing climate risks and opportunities (Metric 8.3.a), only 5% provide details on the criteria they use to assess their Boards' climate competencies, and disclose the measures they are taking to enhance these competencies (Metric 8.3.b).

Sub-indicator 8.2 Breakdown: **Executive Remuneration**



Sub-indicator 8.3 Breakdown: **Board Climate Competencies**



Disclosure Indicator 9: Just Transition

After being piloted last year, Disclosure Indicator 9 has undergone a substantial redesign and moved out of Beta form in 2023. Key findings:

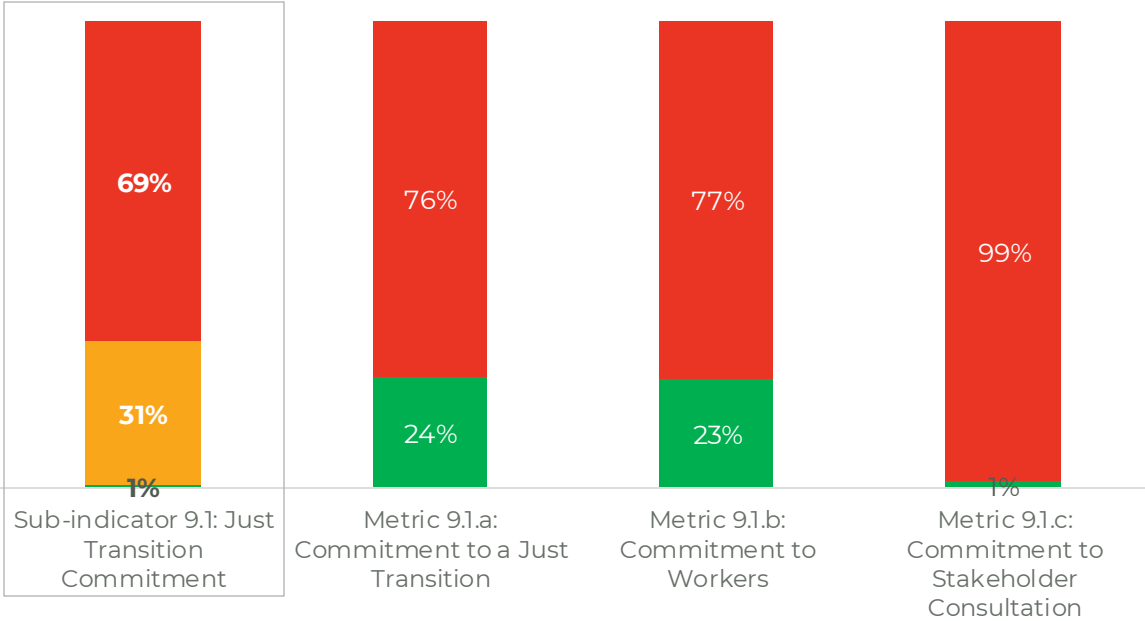
Corporate commitments to Just Transition lack ambition: Only 24% of companies assessed commit to transitioning in accordance with defined Just Transition principles (Metric 9.1.a). Just 23% commit to retaining, retraining, redeploying and/or compensating workers affected by their decarbonisation efforts (Metric 9.1.b), and only 2 companies have committed to developing decarbonisation projects in consultation with – and seeking the consent of – affected communities (Metric 9.1.c).

Further progress is needed on just transition planning: Only 10% of companies currently disclose a just transition plan (Metric 9.2.a), with only 2 focus companies supporting their plans with quantifiable KPIs (Metric 9.2.c).

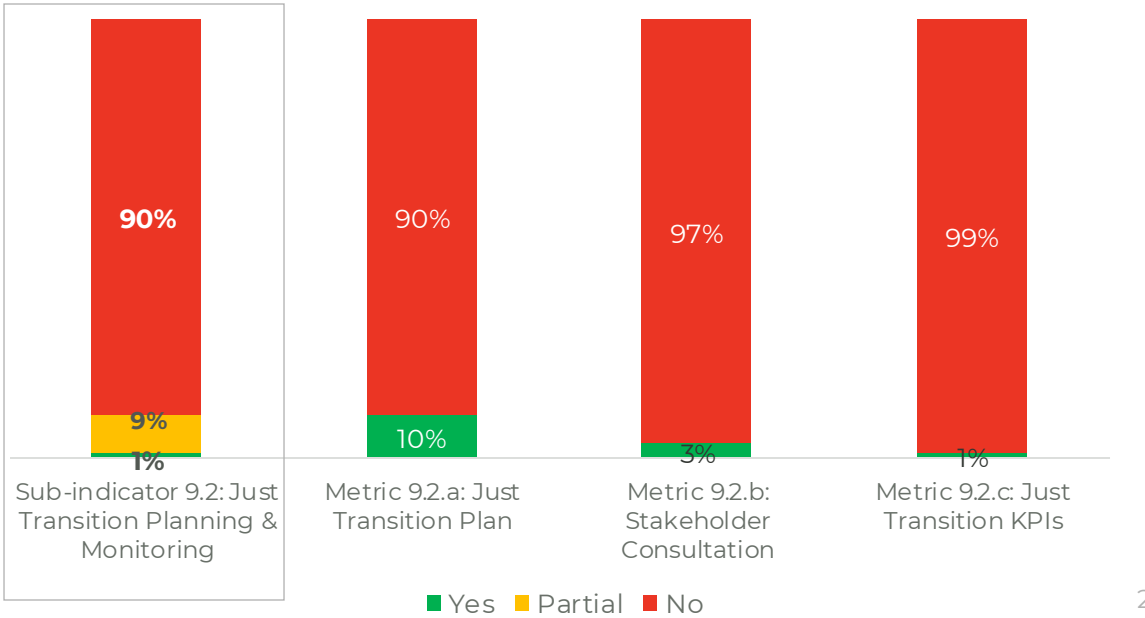
Most corporate Just Transition plans are not backed by credible stakeholder consultation: Only 5 focus companies (3%) have developed their Just Transition plans in consultation with key stakeholders (Metric 9.2.b).

*Due to rounding of percentages in the data analysis, the total for Sub-indicator 9.1 does not equal a hundred percent.

Sub-indicator 9.1 Breakdown: **Commitment to a Just Transition**



Sub-indicator 9.2 Breakdown: **Just Transition Planning & Monitoring**



Disclosure Indicator 10:

TCFD Disclosure

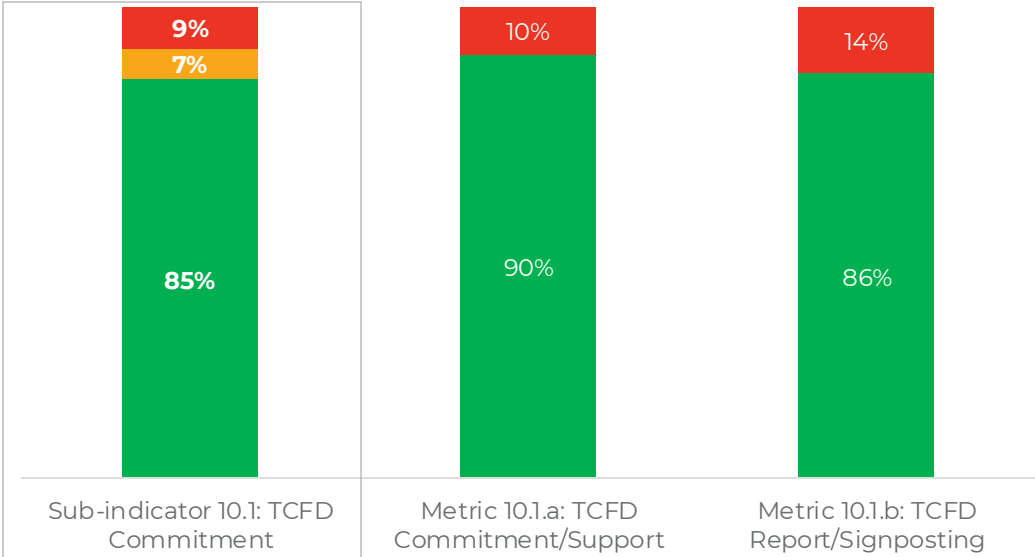
In 2023, Disclosure Indicator 10 has seen a minor update to the scoring for Metric 10.2.b: in previous years, companies were able to score on this Metric using either a 1.5°C or Below 2°C scenario, whereas this year, they were only able to score using a 1.5°C scenario. Overall, key findings for this Indicator include:

Companies are continuing to improve their climate-related disclosures: In 2023, 39% of focus companies met all the criteria for this indicator, an increase from 34% in October 2022. This is driven by strong performance with regards to TCFD commitment (Metric 10.1.a) and TCFD-aligned disclosures (Metric 10.1.b).

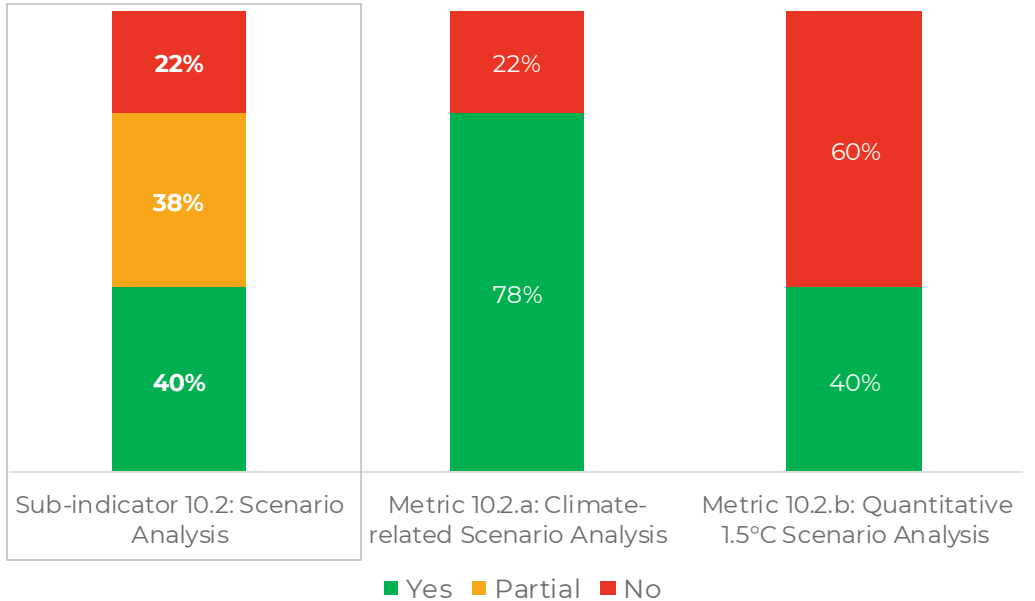
Detailed, quantitative 1.5°C scenario analyses are still lacking: While it is encouraging that 78% of focus companies now conduct climate scenario planning to test their strategic and operational resilience, only 40% currently conduct detailed, quantitative scenario analyses using a 1.5°C pathway.

*Due to rounding of percentages in the data analysis, the total for Sub-indicator 10.1 does not equal a hundred percent.

Sub-indicator 10.1 Breakdown: **TCFD Commitment**



Sub-indicator 10.2 Breakdown: **Climate Scenario Analysis**



Disclosure Indicator 11:

Historical GHG Emissions Reductions

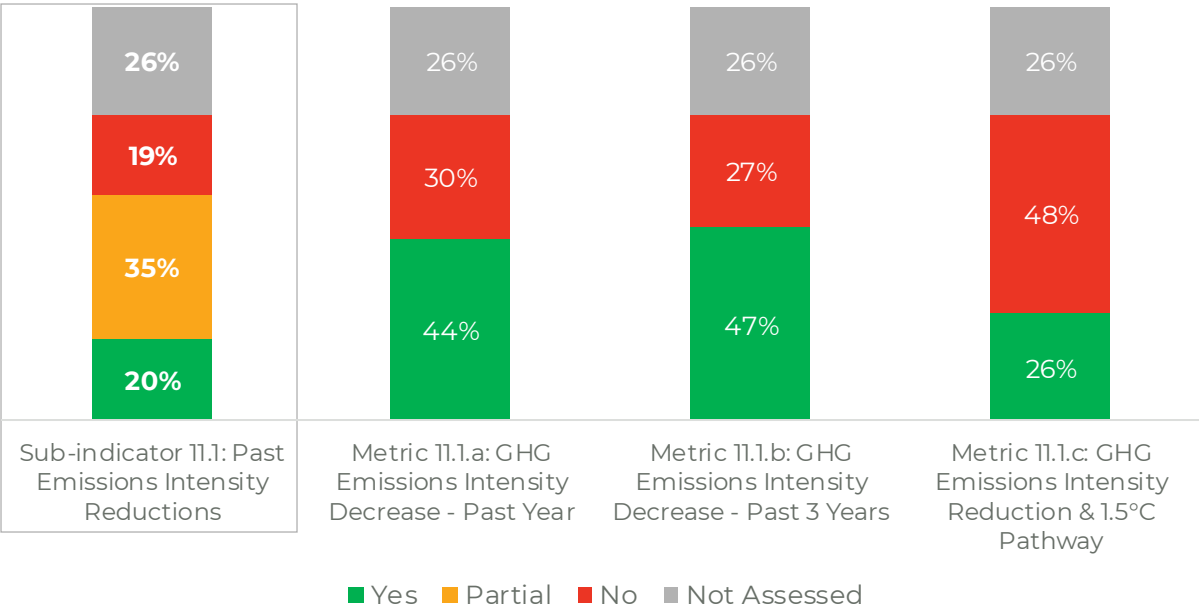
New this year, Disclosure Indicator 11 assesses focus companies' past emissions intensity reductions and their key drivers. Key findings:

While many companies are reducing their emissions intensity, this trend needs to accelerate: Out of the 111 companies assessed against the new Sub-indicator 11.1, 63% have decreased their emissions intensity in the past 3 years. This represents 47% of all companies (Metric 11.1.b).

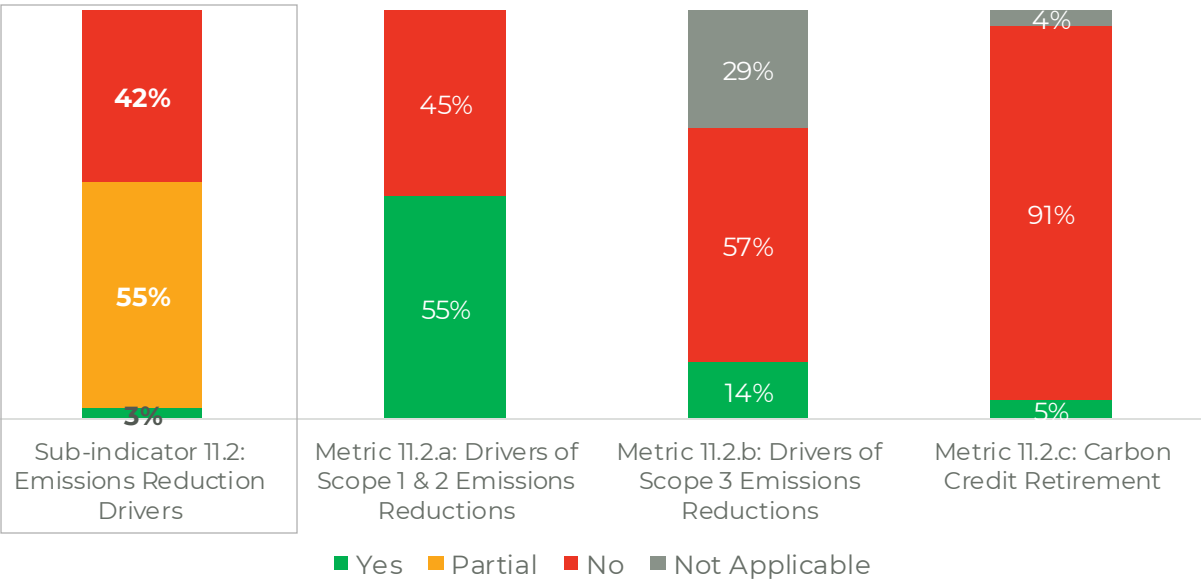
Most companies are not reducing their emissions intensity rapidly enough: Of the companies that decreased their emissions intensity over the past three years, only 56% reduced their emissions intensity at a rate fast enough to match that required by the TPI Centre's 1.5°C pathways for their sectors. This represents 26% of all companies (Metric 11.1.c).

Disclosures of Scope 3 emissions reduction drivers and carbon credit retirements are lacking: While 55% of companies have disclosed the main drivers of Scope 1 and 2 emissions reductions (Metric 11.2.a), only 20% for whom Scope 3 is applicable in the Disclosure Framework have quantified the actions driving Scope 3 emissions changes (Metric 11.2.b) and 9% have disclosed sufficient detail on carbon credits retired in the past year. Of these, 4% explicitly stated that they did not retire any carbon credits in the past year (Metric 11.2.c).

Sub-indicator 11.1 Breakdown: **Past Emissions Intensity Reductions**



Sub-indicator 11.1 Breakdown: **Key Drivers of Emissions Reductions**



Alignment Assessments

Summary of 2023
results



Carbon Tracker Initiative

Climate Accounting and Audit

As of 2023, the Climate Accounting and Audit Assessment features an updated scoring system, with companies receiving a traffic light rather than a binary yes/score at Metric level.

This year's key findings include:

While there is still no focus company that meets all the criteria for the Climate Accounting and Audit Assessment, there has been some incremental progress: 37% of assessed companies now partially meet the criteria, with 7% of assessed companies showing real* improvement in their overall scores. European-based companies, in particular, continue to lead in the provision of disclosures.

*Due to the metric scoring system changes for the Climate Accounting and Audit Assessment, year-on-year progress is differentiated between companies and/or their auditors making real progress in their disclosures and those with improvements in scores due to changes in the scoring system.

Additional evidence of consideration of material climate-related matters is required in auditor reports: 82% of auditors do not currently provide evidence that they have incorporated material climate-related risks into their audits of focus companies. Only 2% of auditors have improved their disclosures in this area this year compared to October 2022.

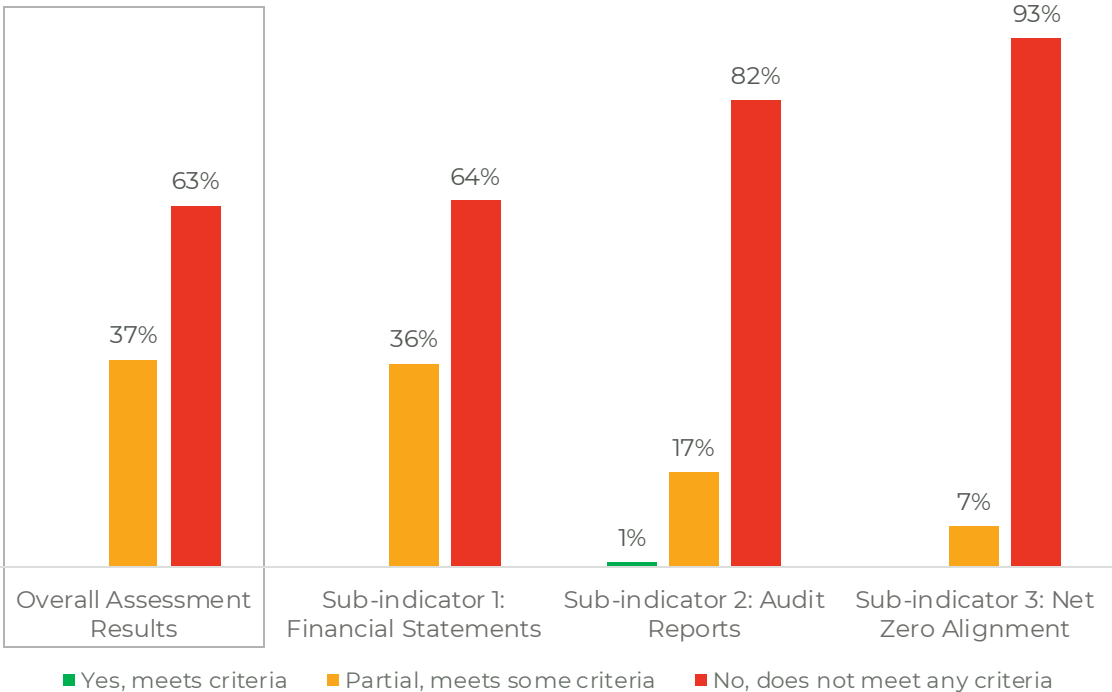
Much faster progress is needed on the alignment of financial statements with the Paris Agreement: Despite an increase in overall disclosures, there has been little progress on the integration of Paris-aligned assumptions into accounts, with only 2% of companies and auditors improving their scores in this area. A significant majority of companies and their auditors (93%) still fail to provide, and assess, respectively, Paris-aligned sensitivities.

Climate Accounting and Audit Assessment

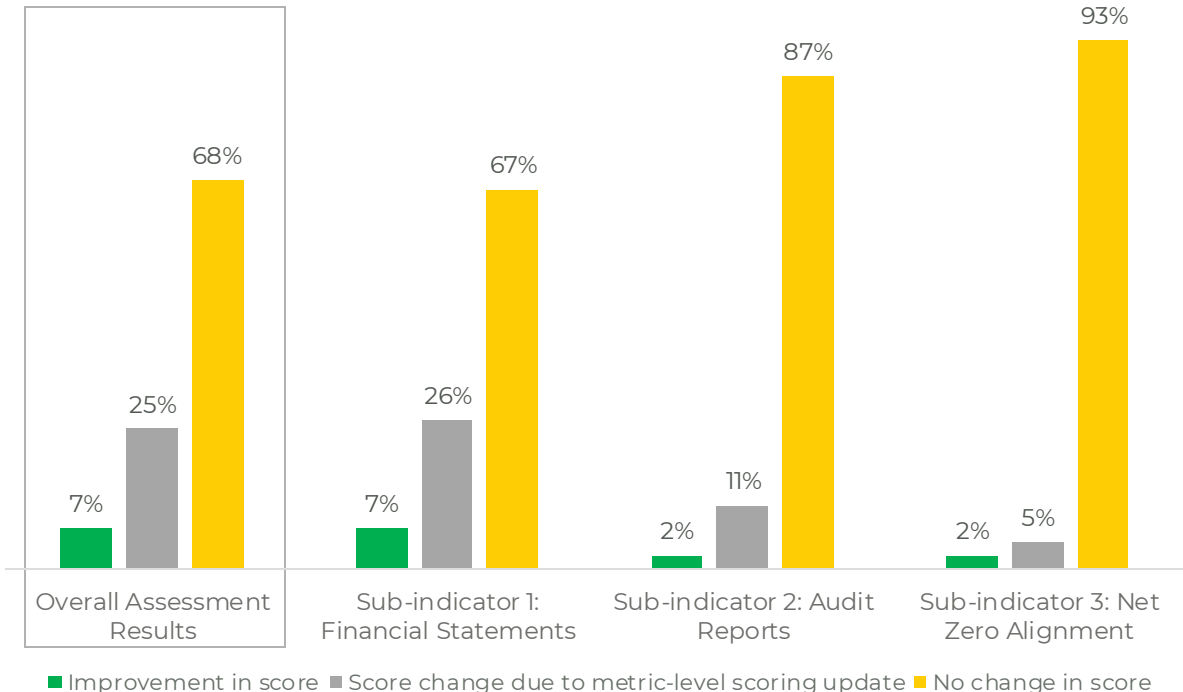
2023 results

7% of companies and/or their auditors have seen real* improvements against the Climate Accounting and Audit Assessment as compared to October 2022, with most of these being driven by progress on the incorporation of material climate-related matters in **financial statements** (Sub-indicator 1).

Climate Accounting & Audit Assessment Score Breakdown



Year-on-year Progress/ Score Change Breakdown



*Due to the metric scoring system changes for the Climate Accounting and Audit Assessment, year-on-year progress is differentiated between companies and/or their auditors making real progress in their disclosures and those with improvements in scores due to changes in the scoring system.

**Please note that the graphs on this slide cover a sample of 126 companies that had been assessed against the 2023 Climate Accounting and Audit Assessment at the time of publication. Assessments for further 14 companies will be provided at a later date.

InfluenceMap

Climate Policy Engagement Alignment

In 2023, InfluenceMap's Climate Policy Engagement Alignment Assessments include a new aggregate scoring system evaluating companies' real-world climate lobbying performance and two new indicators assessing the accuracy and quality of climate policy engagement corporate disclosures and review processes. Results show that:

Very few companies currently align their climate policy engagement activities with the Paris Agreement goals, though partial alignment is increasing: There has been no improvement on companies *fully* aligning their engagement with Paris Agreement goals, though there has been a gradual increase in companies *partially* aligning their engagement activities. The move to partial alignment has been particularly noticeable in companies' indirect climate policy engagement via industry associations.

Corporate disclosures on climate lobbying do not reflect their real-world climate policy engagement activities:

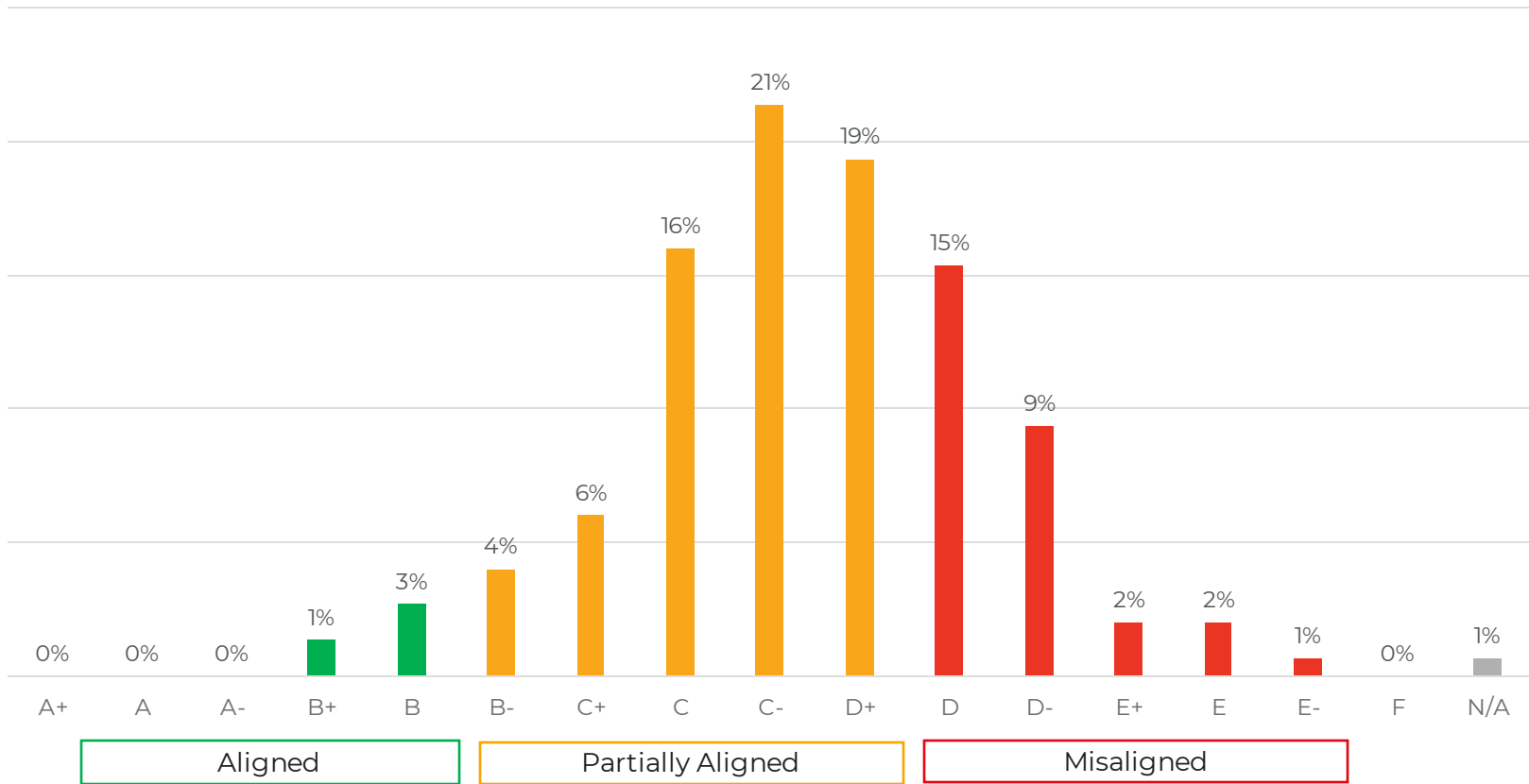
Only 16% of companies provide accurate disclosures of their direct lobbying activities, while 30% provide partially accurate disclosures of their direct lobbying activities. This trend is even more pronounced on the indirect lobbying side, with 79% of companies failing to disclose an accurate account of their lobbying via industry associations.

Most companies are not reviewing if their climate policy engagement activities align with the Paris Agreement:

Most companies (59%) do not publish corporate climate policy engagement reviews at all and none of the 61 companies that do publish lobbying reviews provide enough details to fully meet the criteria of InfluenceMap's Indicator 3.

InfluenceMap Indicator 1: Real-World Climate Policy Engagement

InfluenceMap’s Indicator 1 evaluates the extent to which a company’s direct and indirect engagement supports climate policies necessary to deliver the Paris Agreement goals. In 2023, companies received an overall Performance Band score on a **scale from A+ to F** against this Indicator, mapping to the Benchmark traffic light scoring system:



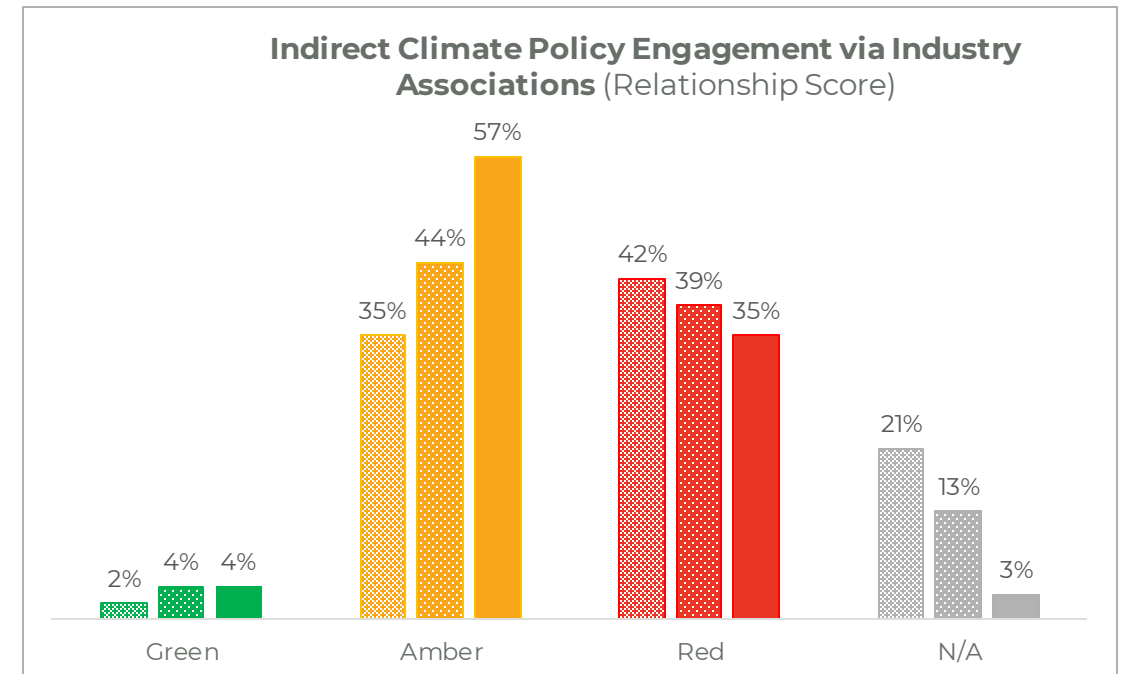
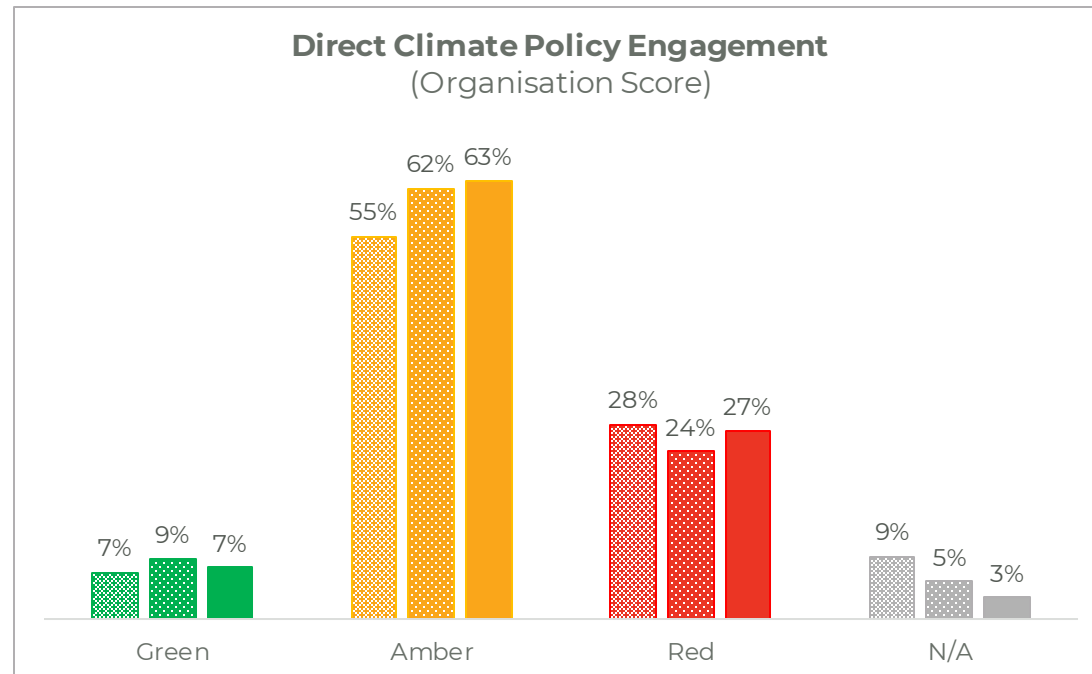
Year-on-year trends

Climate Policy Engagement Alignment

Key:

- March 2022
- October 2022
- October 2023

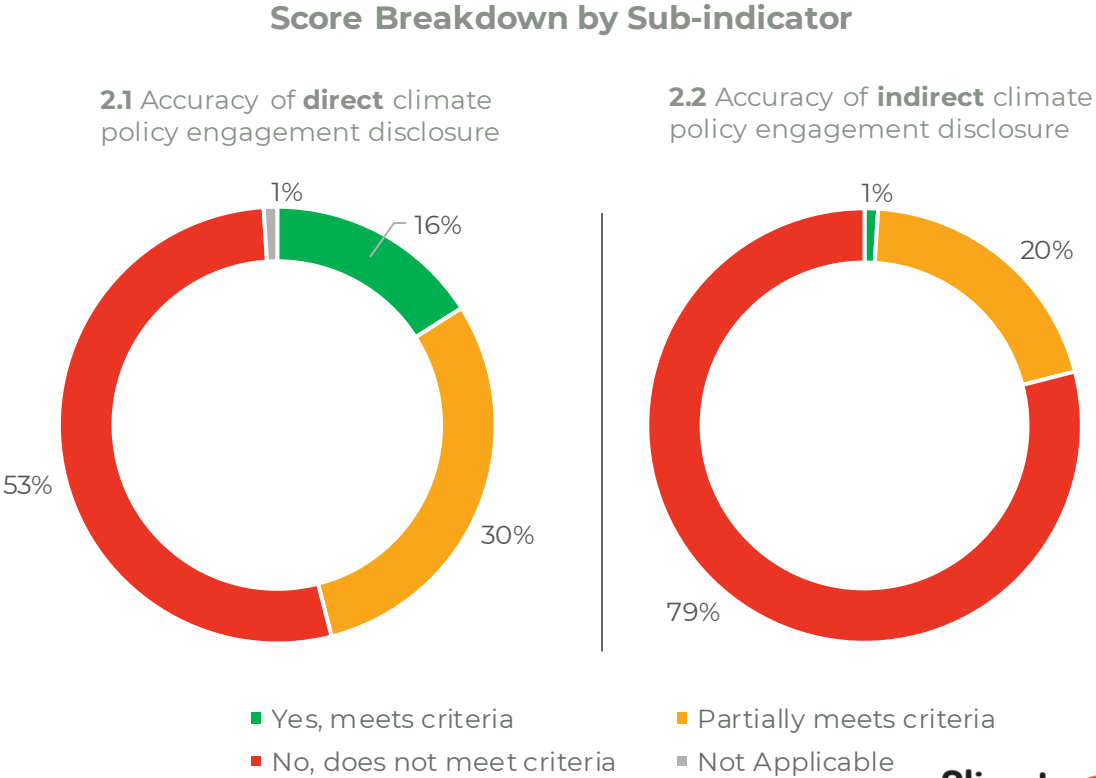
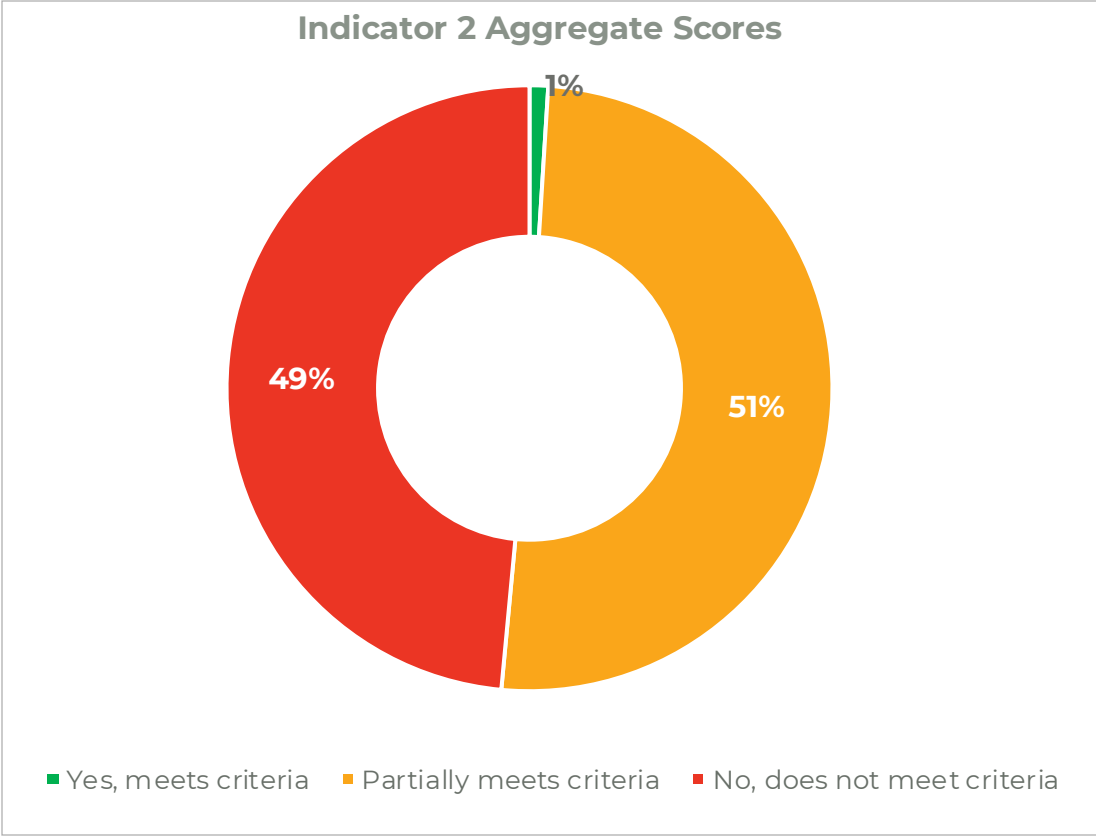
Focus companies' direct climate policy engagement on Paris Agreement goals (Organisation Score) and indirect – via industry associations – climate policy engagement activities (Relationship Score) have been assessed by InfluenceMap since March 2022:



InfluenceMap Indicator 2:

Accuracy of Climate Policy Engagement Disclosure

Indicator 2 evaluates whether a company has published an accurate account of its direct and indirect climate policy engagement activities, as compared with InfluenceMap’s database. While scores against this indicator are low, companies disclose more accurate accounts of their **direct** climate policy engagement activities as compared to their **indirect** (via industry associations) climate lobbying.

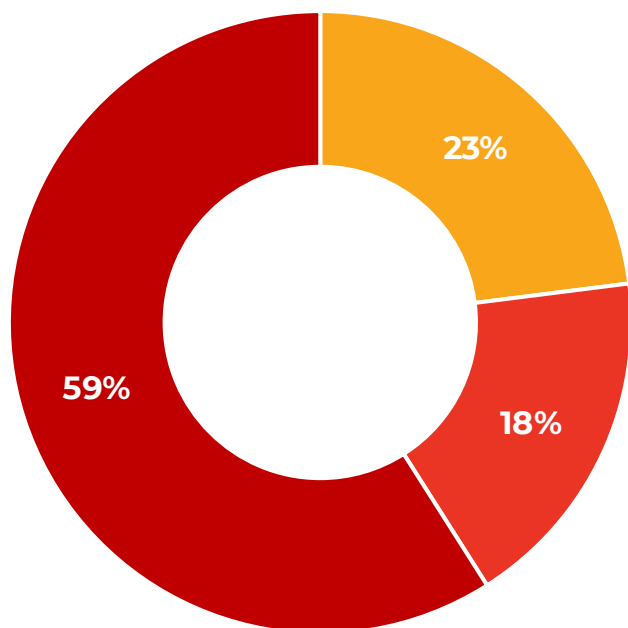


*Due to rounding of percentages in the data analysis, the total for Indicator 2 does not equal a hundred percent.

InfluenceMap Indicator 3:

Corporate Climate Policy Engagement Review

InfluenceMap's Indicator 3 assesses whether a company has robust, high-quality review processes to identify, report on and address specific cases of misalignment between its climate policy engagement activities and the Paris Agreement. This is a key expectation of the Global Standard on Responsible Climate Lobbying, and a first step for companies to take to ensure their activities support the policies needed for the global transition to net zero.



- Partially meets criteria
- No, does not meet criteria (poor-quality review)
- No, does not meet criteria (no review published)

Key findings:

- **Over half** of focus companies (**59%**) **do not currently publish** a corporate climate lobbying review.
- Out of the 61 companies that publish reviews, 27 or 44% **produce poor-quality reviews** and 34 or 56% publish reviews that only partially meet the criteria of this indicator.
- **No focus company** currently has a sufficiently robust, high-quality climate policy engagement review.

Sector-specific Alignment Assessments

Electric Utilities

Carbon Tracker Initiative

Capital Allocation Alignment

The Carbon Tracker Initiative (CTI) assess 31 focus companies in the electric utility sector for the alignment of their coal and gas retirement, and of their coal and gas production plans with the Paris Agreement.

This year's results show the following key trends:

Utilities are making progress on phasing out unabated coal plants in alignment with Paris Agreement goals: 23% of utilities assessed have announced or already phased out their unabated coal assets in accordance with the IEA's Net Zero Emissions by 2050 Scenario (NZE), i.e., a 1.5°C trajectory. This is driven by European utilities in particular. In addition, just under a third (29%) of utilities assessed have announced a full retirement of their coal fleet, but too late to align with a 1.5°C pathway. Just under half (45%) have only announced a partial retirement which is not consistent with NZE.

More progress is needed on phasing out natural gas:

Only 3% of utilities assessed have announced a full phase-out of unabated gas units by 2050 that is consistent with the IEA's NZE. 45% have only committed to partially retiring their gas assets, failing to align with NZE, while nearly half (45%) have not committed to retiring any of their unabated gas assets.

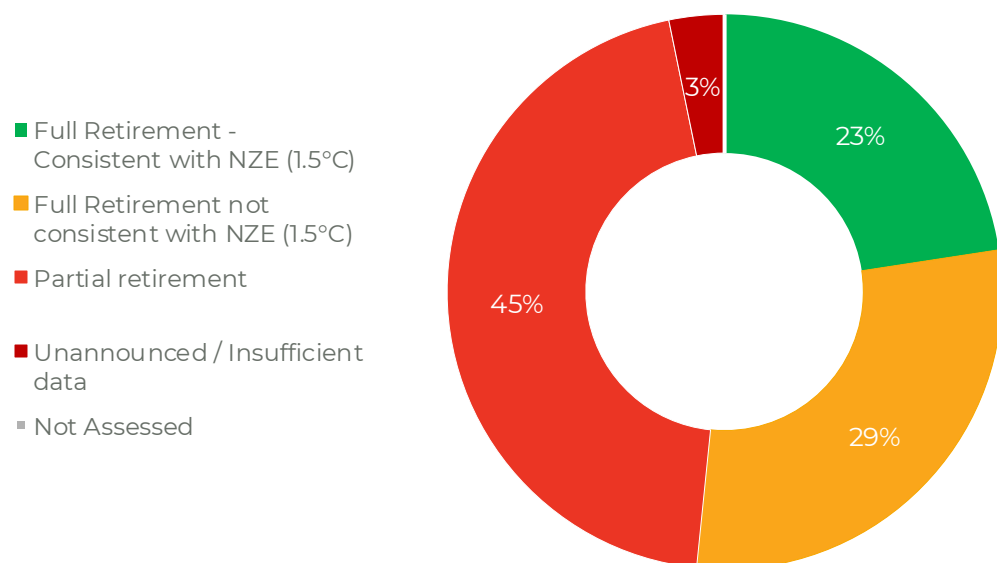
Utility companies' operating and planned coal and gas capacity remains misaligned with the Paris Agreement goals: Only 23% of utilities assessed have now aligned their operating and planned **coal** capacity with NZE, while the vast majority – 71% – remain misaligned. The operating and planned **gas** capacity of nearly all utilities assessed – 90% – is currently inconsistent with NZE.

Carbon Tracker Initiative

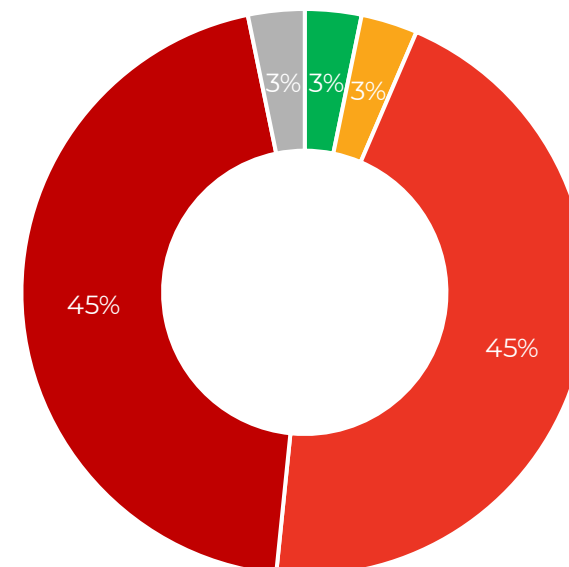
Capital Allocation Alignment Assessments for Utilities: Unabated Fossil Fuel Phaseout

CTI's Indicators 1 and 2 for utilities evaluate if companies have announced or completed a full phase-out of unabated coal units by 2040 – and a full phase-out of unabated gas units by 2050 that is consistent with CTI's interpretation of the IEA's Net Zero Emissions by 2050 Scenario (NZE). While **23%** of utilities now commit to phasing out their unabated **coal** units in accordance with NZE, only **3%** commit to phasing out their unabated **natural gas** units in line with NZE.

Indicator 1: Unabated Coal Phase-out Alignment With a 1.5°C Pathway



Indicator 2: Unabated Gas Phase-out Alignment With a 1.5°C Pathway

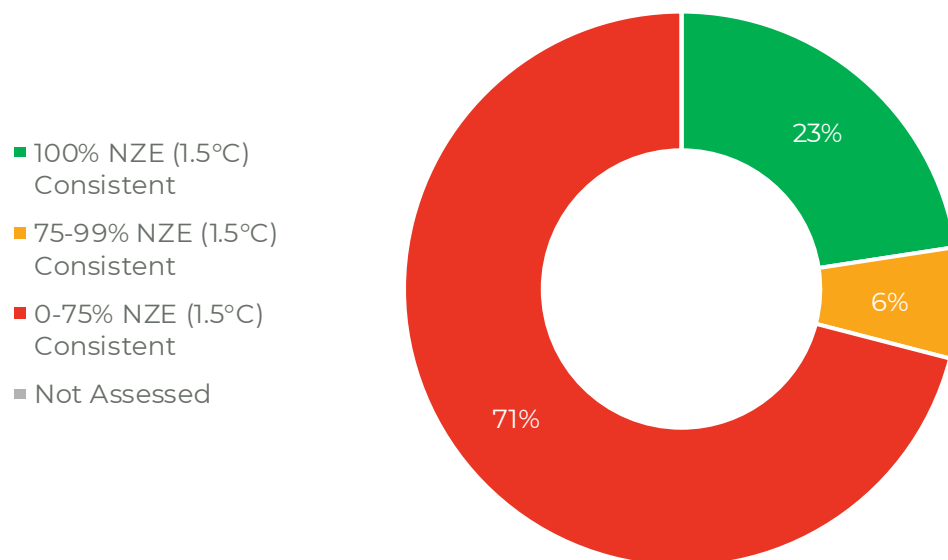


Carbon Tracker Initiative

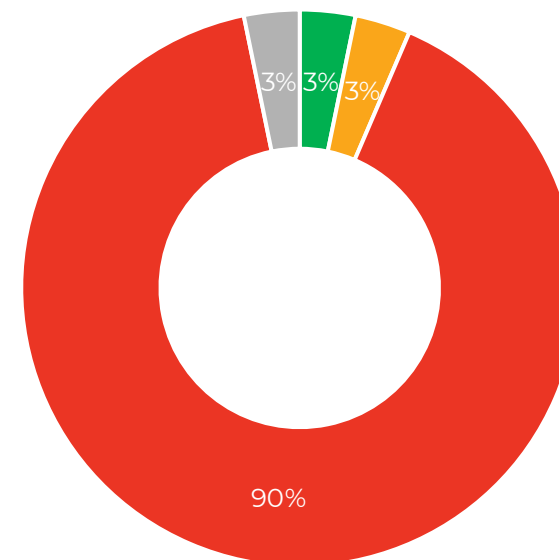
Capital Allocation Alignment Assessments for Utilities: 1.5°C Alignment

CTI's Indicators 3 and 4 for utilities evaluate if companies' operating and planned coal and natural gas capacity aligns with a 1.5°C pathway (the IEA's NZE). Just under a quarter of utilities assessed (**23%**) have now aligned their **operating and planned coal capacity** with a 1.5°C pathway, though the vast majority – **71%** – are still misaligned. **90%** of utilities assessed are currently not consistent with a 1.5°C pathway with respect to their gas capacity.

Indicator 3: Coal Capacity Alignment With a 1.5°C Pathway



Indicator 4: Gas Capacity Alignment With a 1.5°C Pathway



*Due to rounding of percentages in the data analysis, the total for Indicator 4 does not equal a hundred percent.

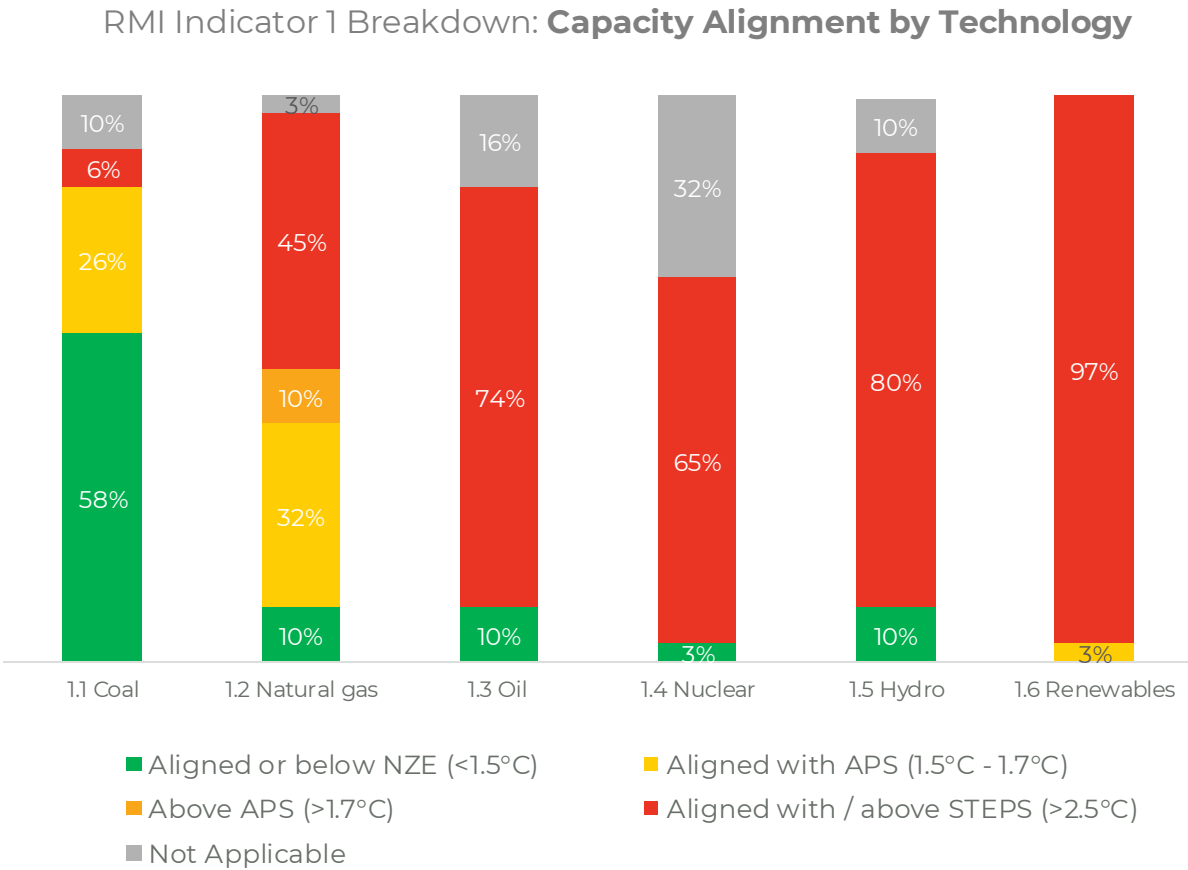
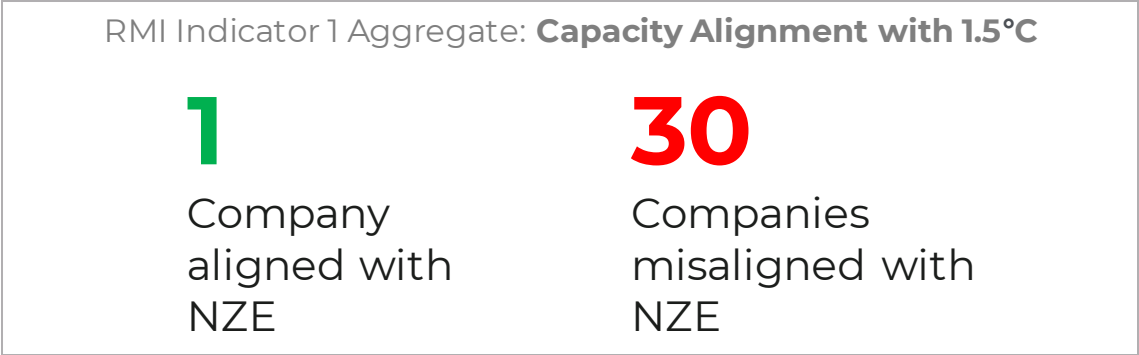
RMI

Capital Allocation Alignment

The Rocky Mountain Institute (RMI) assess 31 focus companies in the electric utility sector for their alignment with the IEA’s Net Zero Emissions by 2050 Scenario (NZE) at an aggregate and technology level. Key 2023 findings:

Nearly all electric utility focus companies are misaligned with 1.5°C at the aggregate level: 97% of utility companies assessed are misaligned with the IEA’s NZE (i.e., 1.5°C pathway), RMI finds. Only 1 company has been assessed as compatible with NZE, due to its plans to phase out all its coal power in the next five years.

Utility companies have accelerated planned reductions in coal power capacity, but further progress is needed on other technologies: While the coal capacity plans of 58% of utility companies are aligned with NZE, only 10% of utilities are NZE-aligned with respect to natural gas, oil and hydro power. The trend for renewables is particularly concerning, with no utility companies being aligned with NZE and the majority on a pathway consistent with global warming of above 2.5°C, equivalent to the IEA’s Stated Policy Scenario (STEPS).



RMI

Capital Allocation Alignment

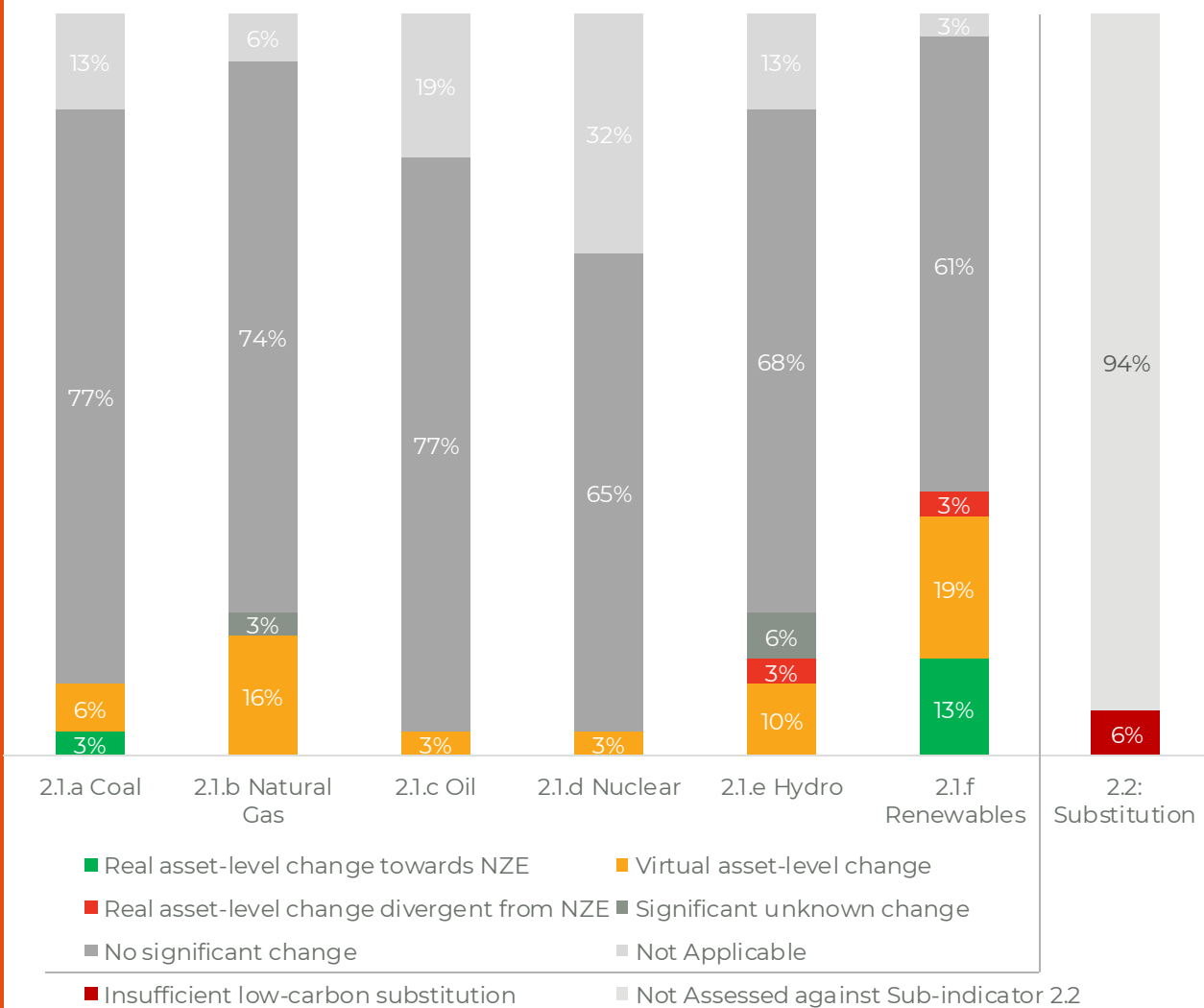
As of 2023, RMI assessments include a new indicator measuring whether utility companies are making a significant shift in their asset base from high to low-carbon technologies, and whether these changes are ‘real’ (i.e., fossil fuel plant closures or renewables buildout) or ‘virtual’ (i.e., asset sales or acquisitions). Key 2023 findings:

Companies are not decarbonising their electricity generation in a way that would reduce emissions in the real economy:

Most asset-level changes observed by RMI were ‘virtual’, i.e., associated with asset sales or acquisitions, rather than ‘real’ (i.e., closures or buildout). Out of the 10 utilities seeing an increase in their low-carbon capacity, only 4 (13%) saw a *significant real* buildout of renewable capacity. Real asset decarbonisation will have to accelerate if global warming is to be limited to 1.5°C.

Companies are not substituting their high-carbon capacity with renewables: Out of the 2 companies that registered a significant reduction in unabated coal or gas capacity, neither sufficiently substituted their high carbon electricity generation with low-carbon electricity generation over the last two years (Sub-indicator 2.2).

RMI Indicator 2 Breakdown: **Asset-level Decarbonisation**



Sector-specific Alignment Assessments

Automotive Sector

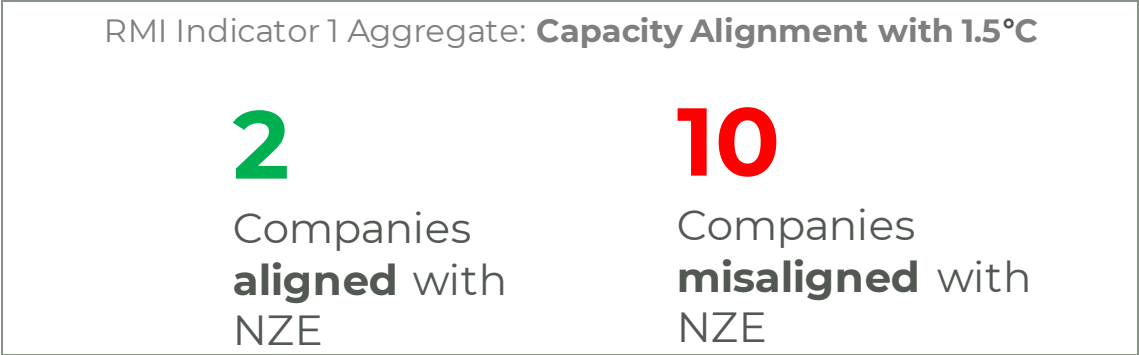
RMI

Capital Allocation Alignment

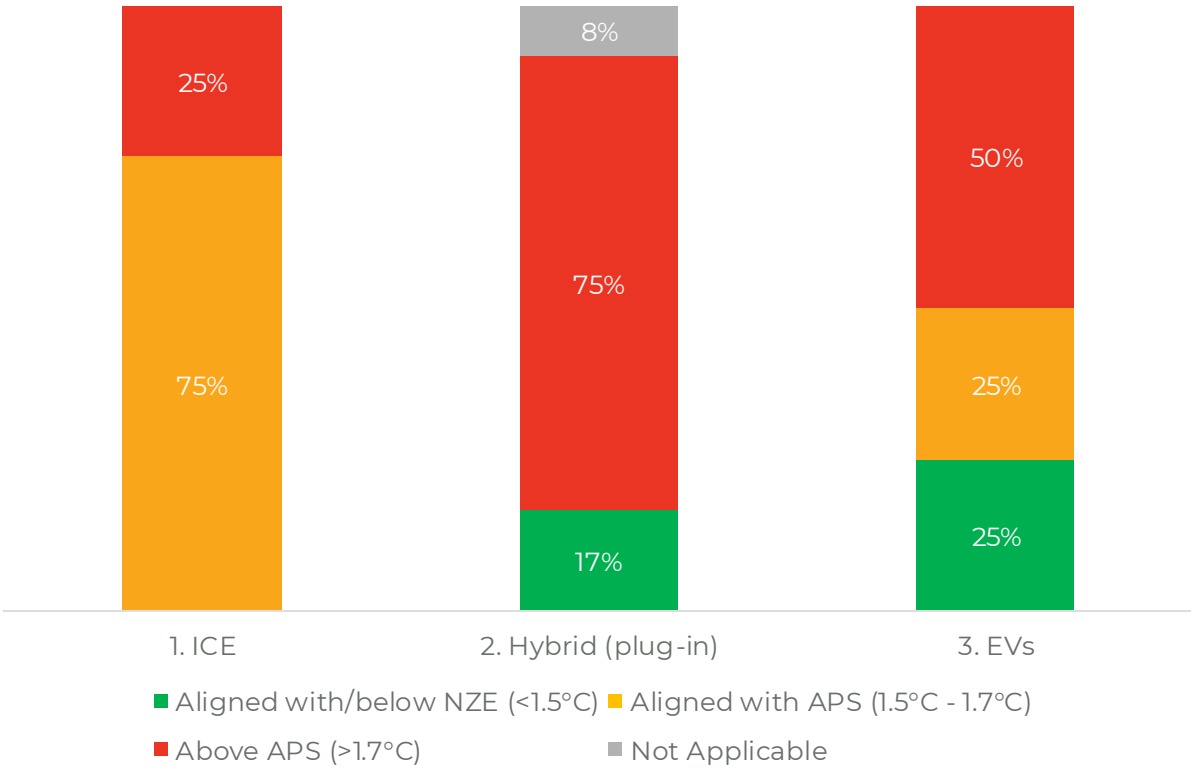
RMI assess 12 focus companies in the automotive sector for their alignment with the IEA’s Net Zero Emissions by 2050 Scenario (NZE) at an aggregate and technology level. Key 2023 findings:

There has been incremental progress on electric vehicle production and 1.5°C alignment: 2 automotive focus companies now align with NZE at an aggregate level, up from none last year. This has been driven by their 5-year plans to increase electric vehicle (EV) production. Overall, 50% of auto companies now align with a Paris Agreement compatible scenario in their EV production. While progress needs to accelerate, this is an encouraging trend.

Most automotive focus companies plan to align with the Paris Agreement in their use of internal combustion engine (ICE) technology: Although no automotive company currently plans to reduce its ICE production significantly enough to align with a 1.5°C trajectory, the majority (75%) are planning to reduce production in line with the IEA’s Announced Pledges Scenario (1.5-1.7°C).



RMI Indicator 1 Breakdown: **Capacity Alignment by Technology**



Sector-specific Alignment Assessments

Airline, Cement & Steel Sectors

RMI

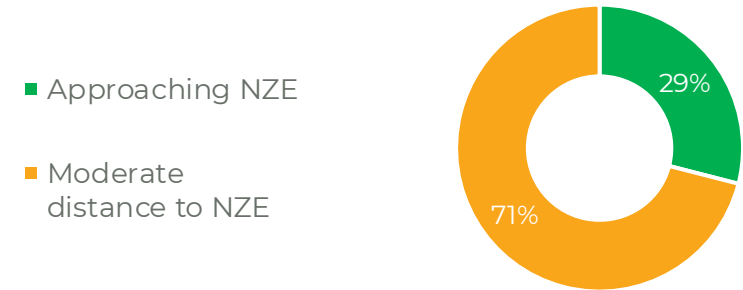
Capital Allocation Alignment

RMI evaluate the distance between airline, cement and steel focus companies' emissions intensity and the IEA 2030 scenario targets for a Paris Agreement-aligned trajectory. Key 2023 findings:

Steel companies are making progress on aligning their emissions intensity with a 1.5°C pathway, with 29% of companies in this sector approaching, and 71% being a moderate distance away from the IEA's Net Zero Emissions by 2050 Scenario (NZE) 2030 targets.

Cement and airline focus companies are a significant distance away from Paris-aligned emissions intensity targets: Currently, *all* focus companies in these two sectors are a significant distance away from either the 1.5°C (NZE) or the Beyond 2 Degrees Scenario (B2DS) 2030 targets, respectively, and are not yet on a trajectory aligned with Paris Agreement goals.

Steel



Cement



Airlines



Sector-specific Alignment Assessments

Oil & Gas Sector

Carbon Tracker Initiative

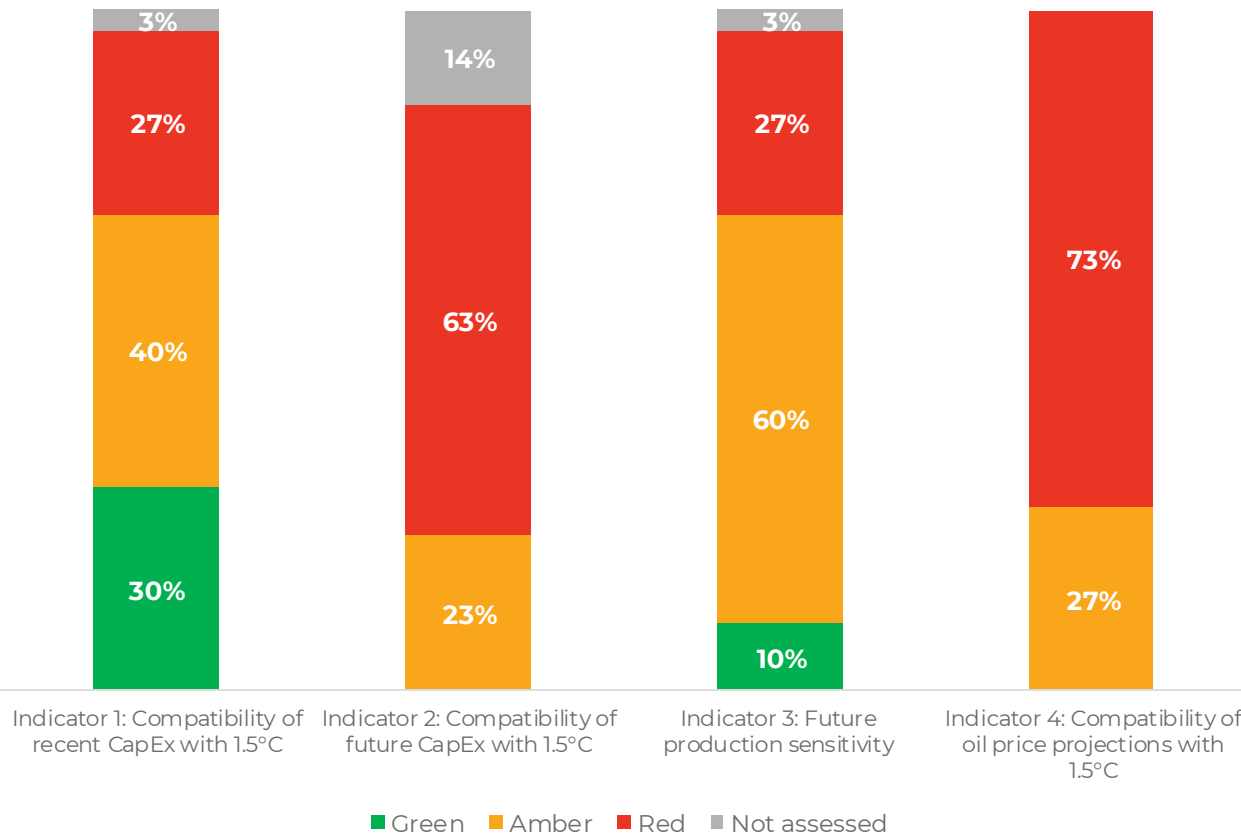
Capital Allocation Alignment

CTI evaluate the Paris Agreement alignment of CapEx plans of 30 focus companies with upstream oil and gas operations. Key 2023 findings:

CapEx plans of oil and gas focus companies are not aligned with the Paris Agreement goals: The results from CTI's Indicator 2 for upstream oil and gas show that, across this industry, future capital is not aligned with the IEA Net Zero Emissions by 2050 pathway (1.5°C). In addition, CTI's assessments show that the majority of potential new investments in this sector are also incompatible with the IEA's Announced Pledges Scenario.

Oil and gas companies' production outlooks are not on track: Future production tells a similar story to future CapEx, with very few companies' production outlooks being compatible with a 1.5°C pathway.

CTI Assessment Breakdown by Indicator: **CapEx Alignment**



Annex



Net Zero Company Benchmark Overview

The Climate Action 100+ Net Zero Company Benchmark (henceforth the 'Benchmark') evaluates the performance of some of the world's largest corporate greenhouse gas emitters with respect to their net zero transition, and the initiative's three high-level goals: emissions reduction, climate governance, and climate-related disclosure.

The Benchmark is not a disclosure mechanism or database itself, but rather an assessment tool, drawing on distinct analytical methodologies and datasets from public and self-disclosed data from companies.

Updated in its ambition for Phase 2 of the initiative, the Benchmark is categorised into two types of assessments:

- **Disclosure Framework Indicators**, assessed by the Transition Pathway Initiative Centre and FTSE Russell, an LSEG business, which evaluate the adequacy of corporate disclosure.
- **Alignment Assessments**, assessed by the Carbon Tracker Initiative, InfluenceMap and RMI, which evaluate the alignment of company actions with the Paris Agreement goals.

Net Zero Company Benchmark Structure

Disclosure Framework

Assessed by:

- | |
|--|
| 1. Net Zero GHG Emissions By 2050 (Or Sooner) Ambition |
| 2. Long-term (2036-2050) GHG Reduction Target(s) |
| 3. Medium-term (2027-2035) GHG Reduction Target(s) |
| 4. Short-term (up to 2026) GHG Reduction Target(s) |
| 5. Decarbonisation Strategy |
| 6. Capital Allocation |
| 7. Climate Policy Engagement |
| 8. Climate Governance |
| 9. Just Transition |
| 10. TCFD Disclosure |
| 11. Historical GHG Emissions Reductions [Beta] |

Transition Pathway Initiative Centre (TPI Centre) & FTSE Russell, an LSEG business

Alignment Assessments

Assessed by:

Capital Allocation Alignment (for airline, automotive, cement, steel and utility sectors)	RMI
Capital Allocation Alignment (for utility & oil and gas sectors)	CTI
Climate Policy Engagement Alignment	InfluenceMap

Climate Accounting And Audit Assessment (covering both disclosure and alignment)

CTI

Benchmark framework components



Indicators:

Specific area the company is being assessed on

Sub-indicators:

Component of an indicator that divides it into specific areas of interest

Metrics:

The unit or standard of measurement

Overview of assessed companies

In 2023, **150** out of a total of 170 Climate Action 100+ focus companies have been assessed against the Benchmark **Disclosure Framework**, assessed by TPI Centre and FTSE Russell, and **Climate Policy Engagement** Alignment Assessments, assessed by InfluenceMap.

This excludes companies that were added to the Climate Action 100+ focus list as part of the initiative's Phase 2 launch in June 2023, as well as Exelon Corporation and Constellation, which became separate entities in February 2022 and will be assessed from 2024 onwards. Russian focus companies, with whom Climate Action 100+ investor signatories paused active engagement until further notice, have also not been assessed this year.

In addition, **Climate Accounting and Audit Assessments**, provided by CTI, exclude electric utilities subject to rate-of-return regulation. Please see CTI's [methodology](#) for further information about this.

Finally, the **sector-specific Capital Allocation Alignment Assessments**, provided by RMI and CTI, only apply to focus companies in the airlines, cement, electric utility, upstream oil and gas, and steel sectors. Some companies have multiple business lines and may be assessed against two sector-specific alignment assessments.

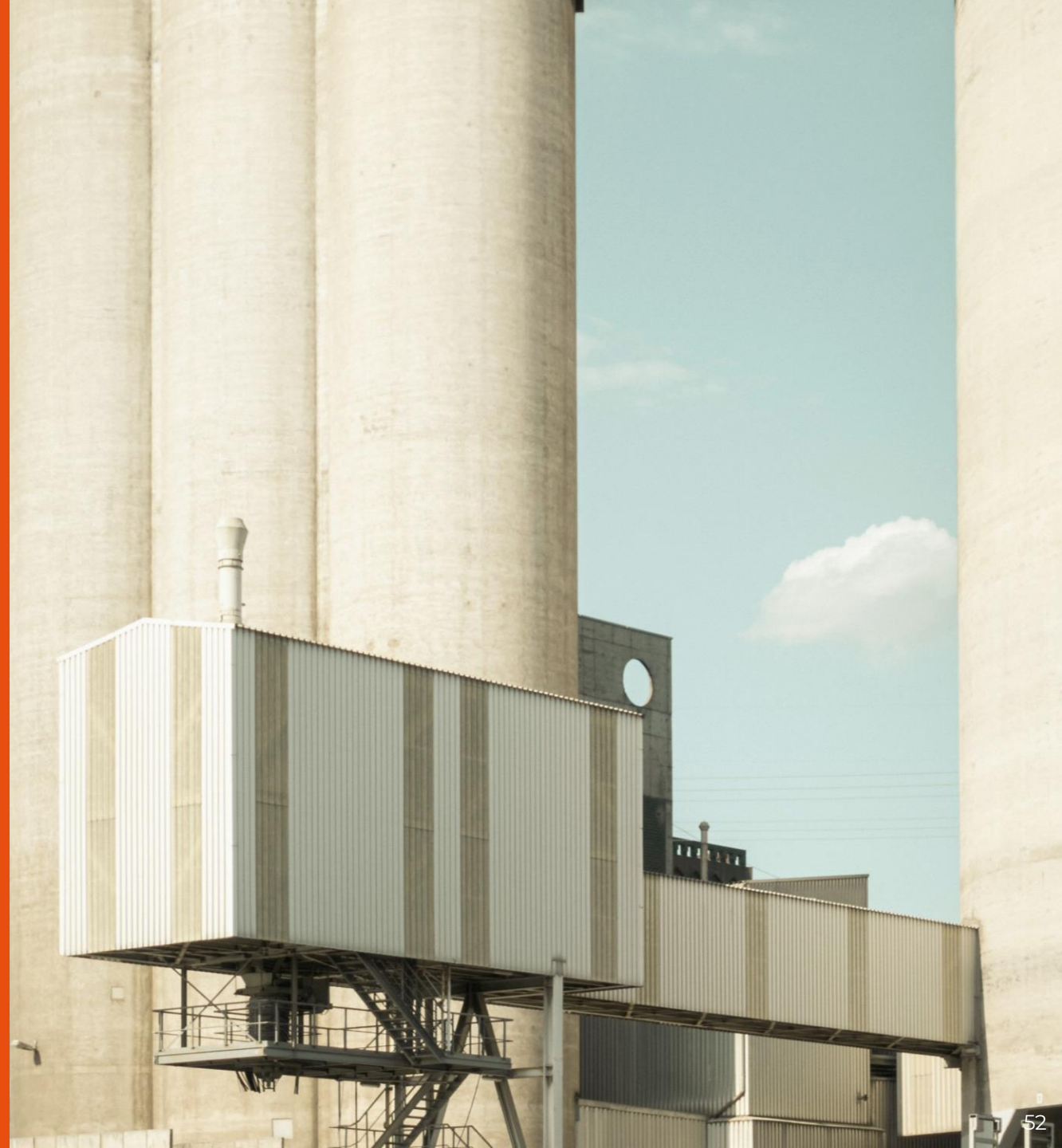
The full list of companies assessed can be found [here](#).

Breakdown by sector

Out of the total universe of 150 companies assessed in 2023:

- **34** are in the **oil and gas** sector
- **28** in the **electric utility** sector
- **12** are in the **automotive** sector
- **12** are in the **other industrials** sector
- **11** are in the **cement** sector
- **10** are in the **diversified mining** sector
- **9** are in the **consumer goods & services** sector
- **7** are in the **steel** sector
- **7** are in the **chemicals** sector
- **5** are in the **airline** sector

The assessments also covered 7 companies in the **other transportation** sector, 3 companies in the **coal mining** sector, 2 companies in the **paper** sector, 2 in the **oil and gas distribution** sector and 1 company in the **shipping** sector.



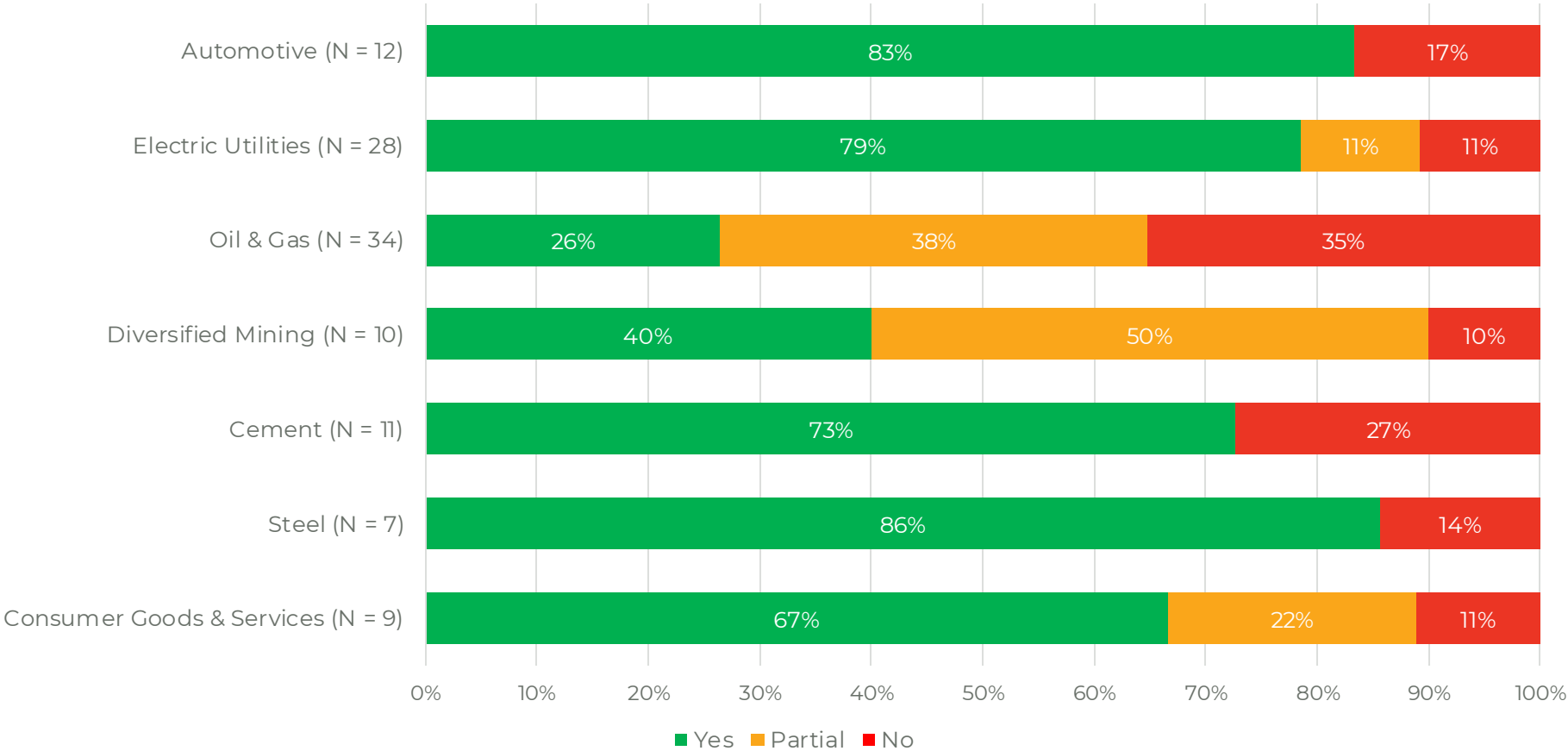
Disclosure Framework

2023 Sector Analysis

Disclosure Indicator 1:

Net Zero GHG Emissions By 2050 (Or Sooner) Ambition

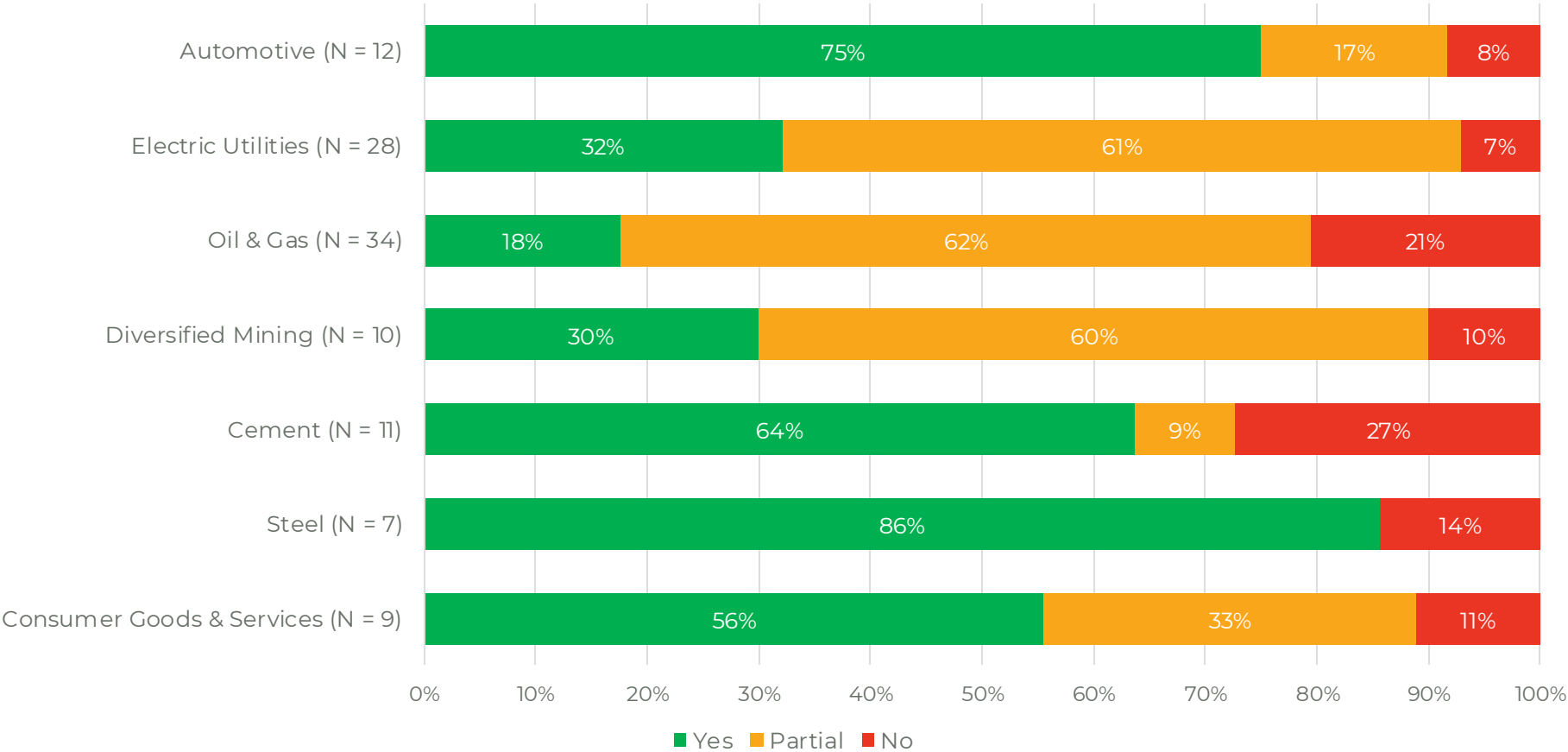
The graph below provides the 2023 Disclosure Indicator 1 score breakdowns for seven sectors:



Disclosure Indicator 2:

Long-term (2036-2050) GHG Reduction Target(s)

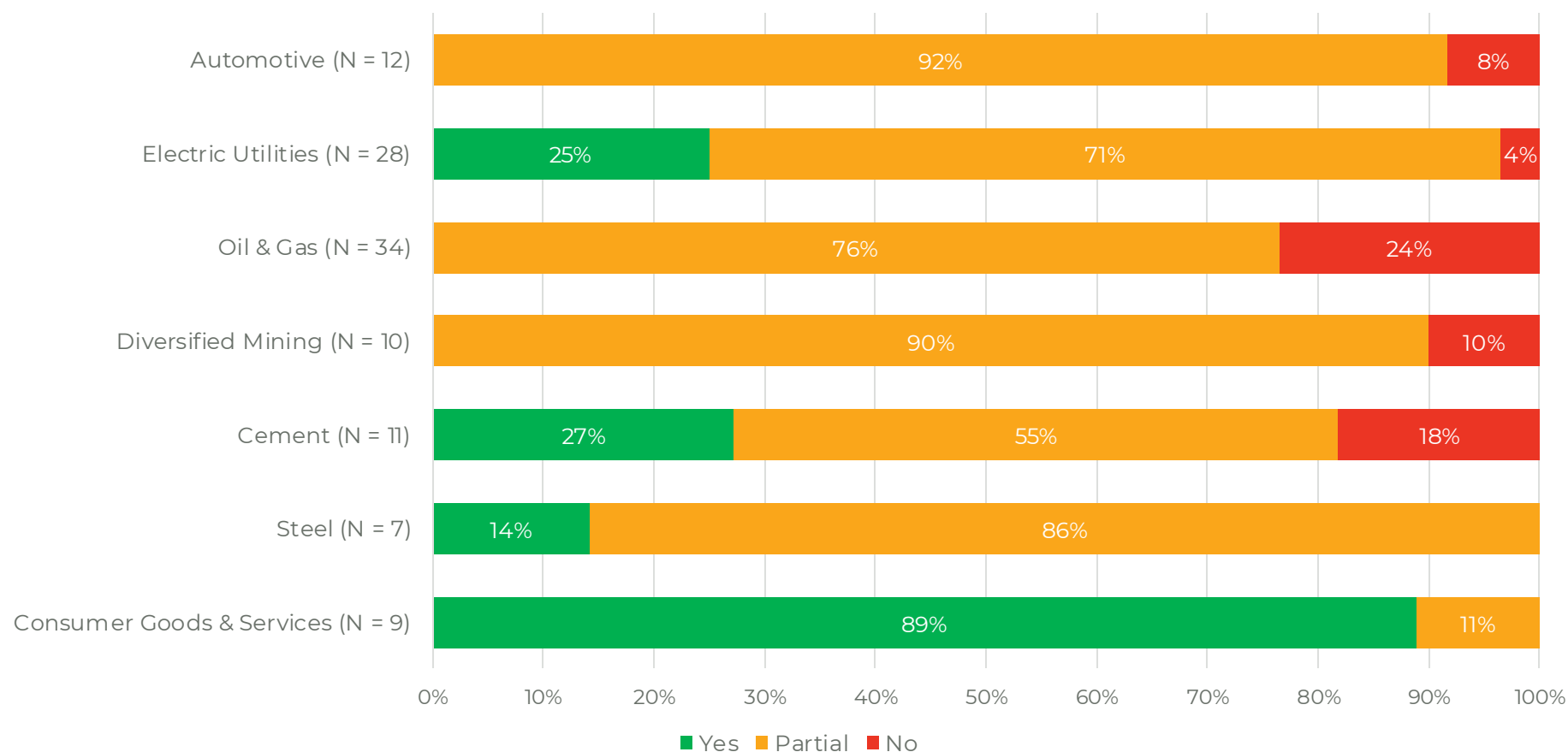
The graph below provides the 2023 Disclosure Indicator 2 score breakdowns for seven sectors:



Disclosure Indicator 3:

Medium-term (2027-2035) GHG Reduction Target(s)

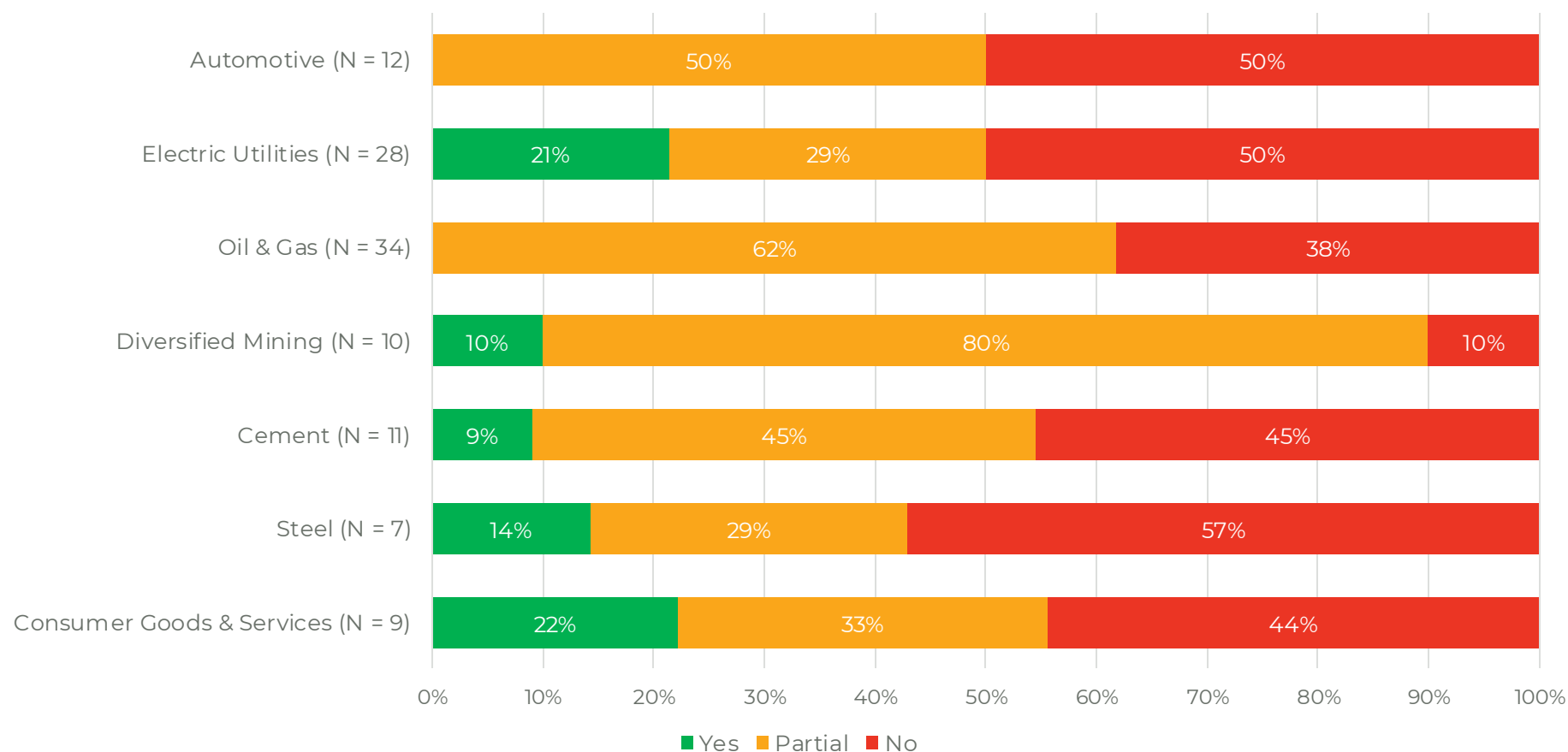
The graph below provides the 2023 Disclosure Indicator 3 score breakdowns for seven sectors:



Disclosure Indicator 4:

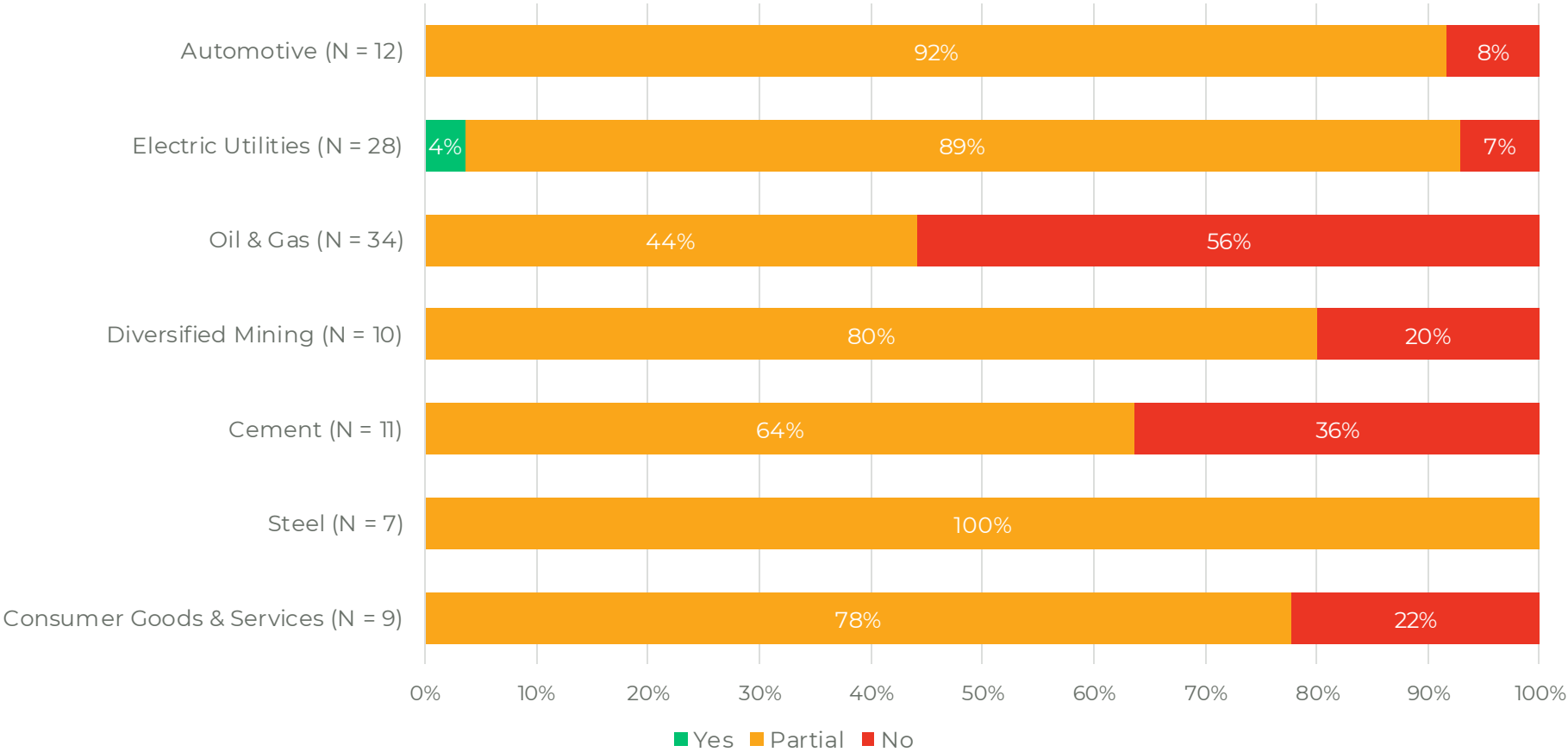
Short-term (up to 2026) GHG Reduction Target(s)

The graph below provides the 2023 Disclosure Indicator 4 score breakdowns for seven sectors:



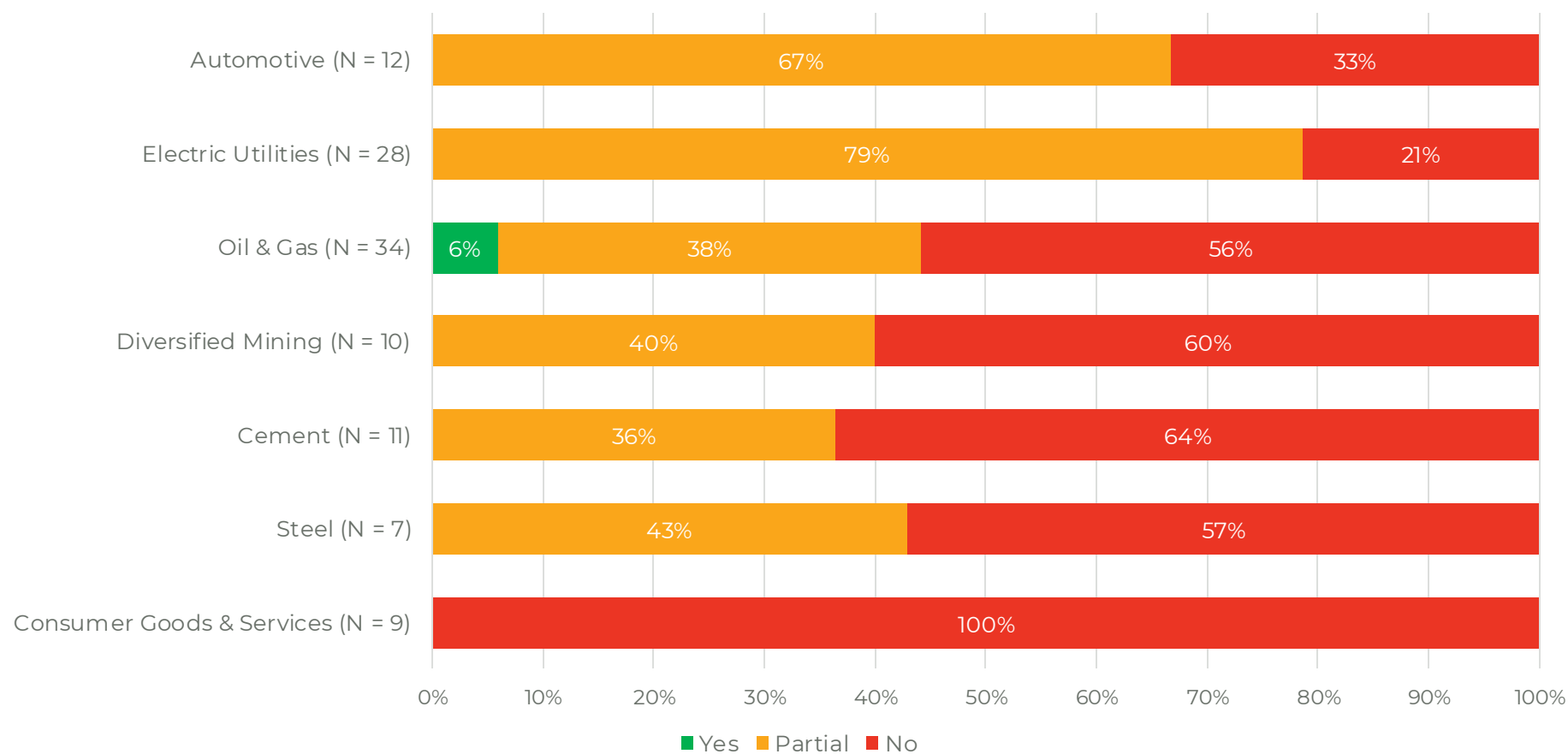
Disclosure Indicator 5: Decarbonisation Strategy

The graph below provides the 2023 Disclosure Indicator 5 score breakdowns for seven sectors:



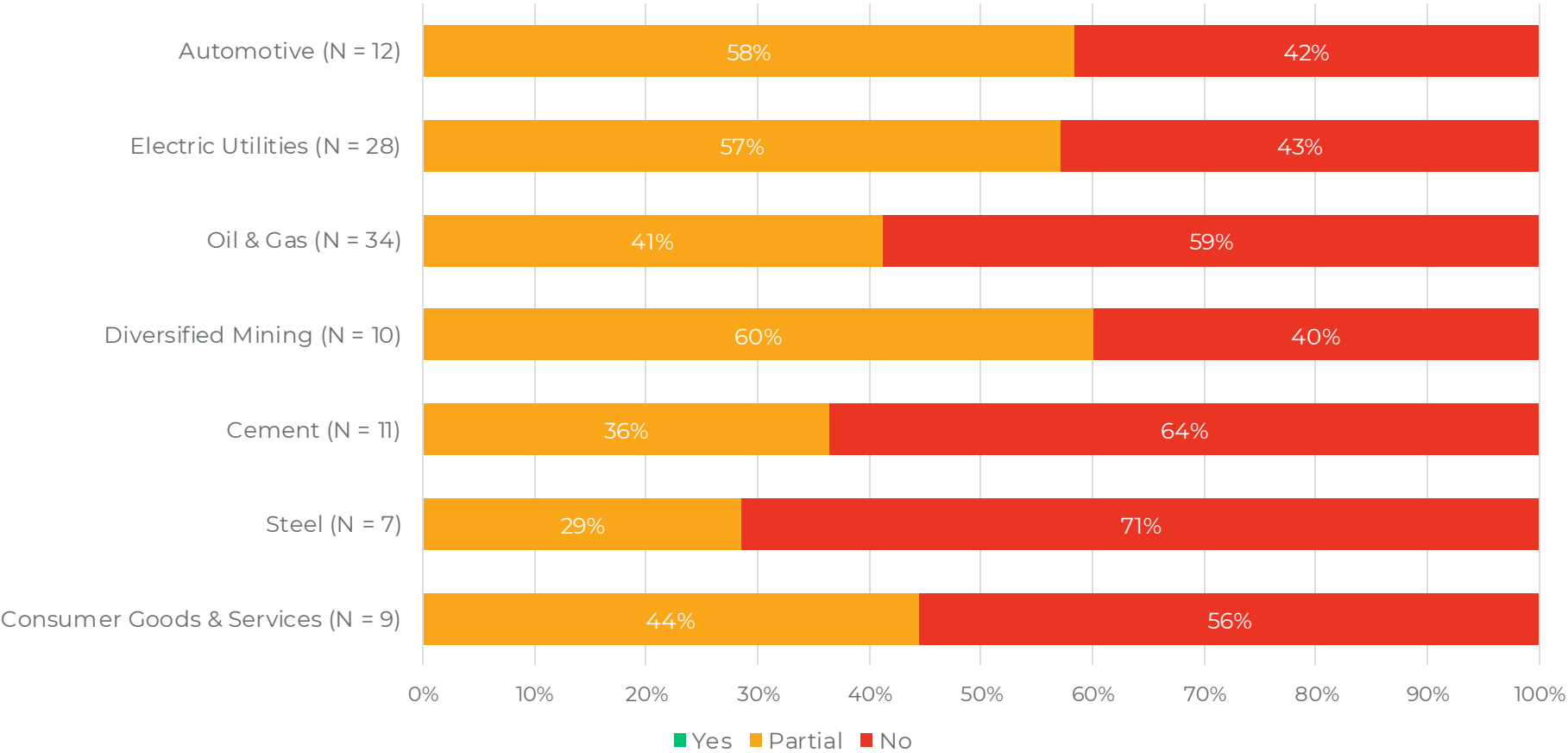
Disclosure Indicator 6: Capital Allocation

The graph below provides the 2023 Disclosure Indicator 6 score breakdowns for seven sectors:



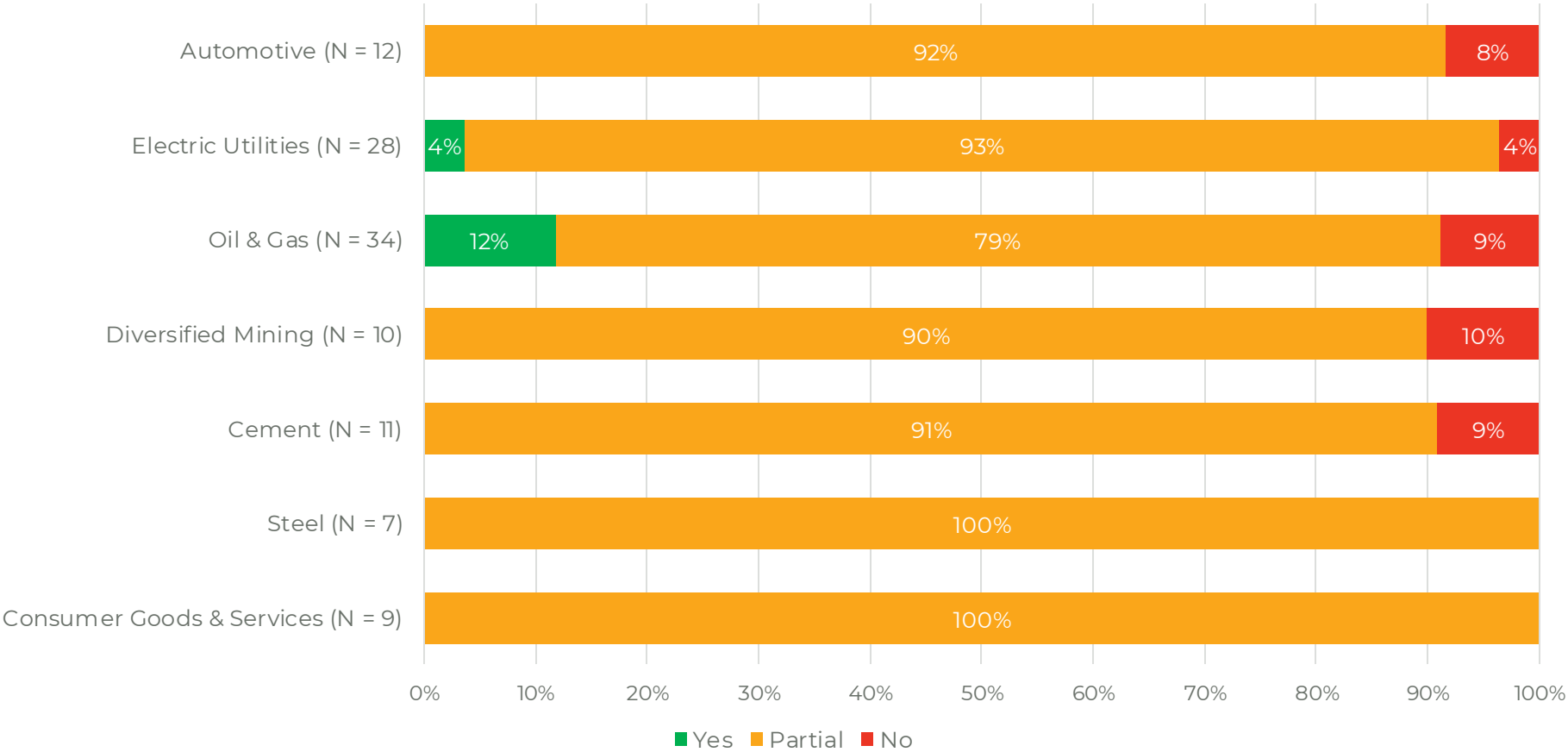
Disclosure Indicator 7: Climate Policy Engagement

The graph below provides the 2023 Disclosure Indicator 7 score breakdowns for seven sectors:



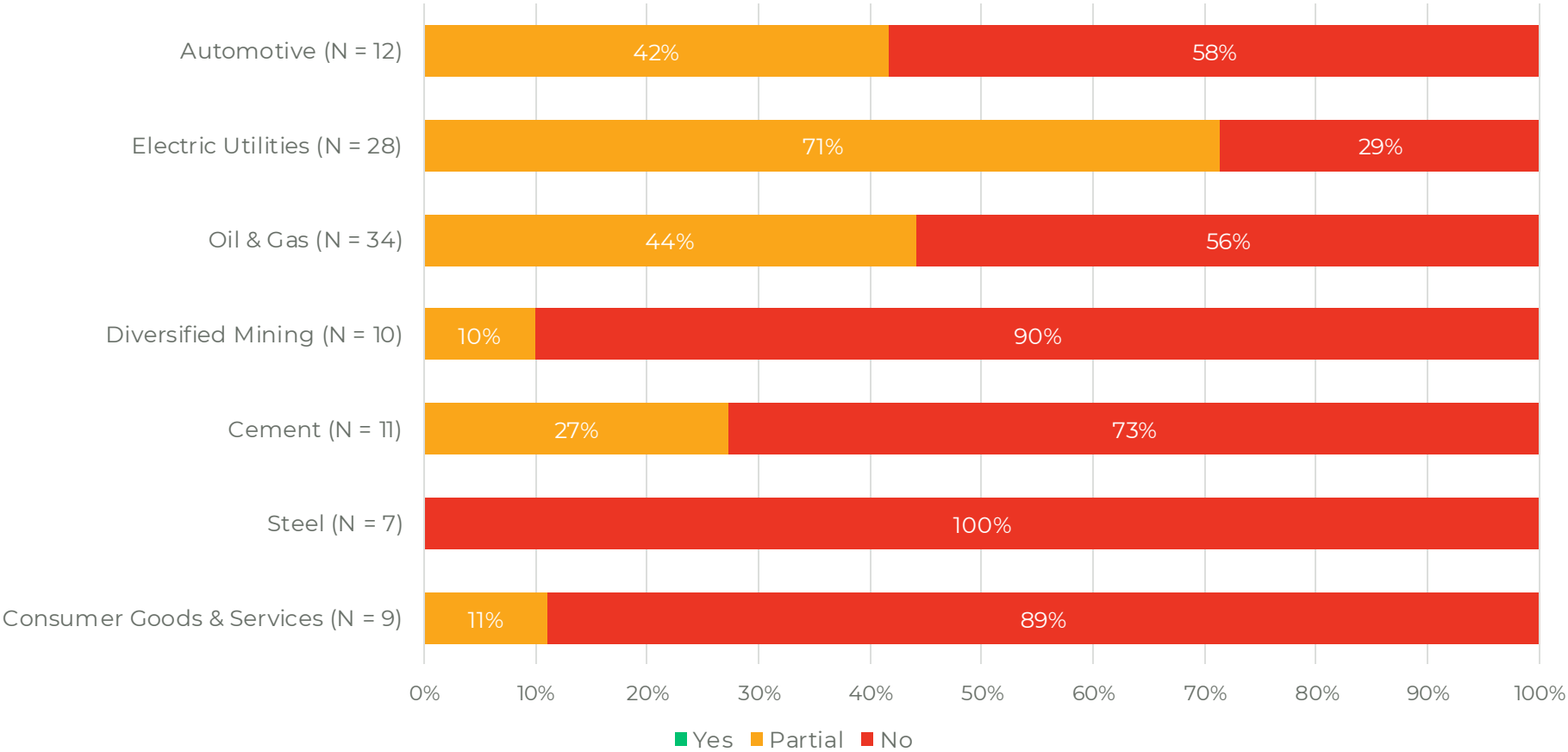
Disclosure Indicator 8: Climate Governance

The graph below provides the 2023 Disclosure Indicator 8 score breakdowns for seven sectors:



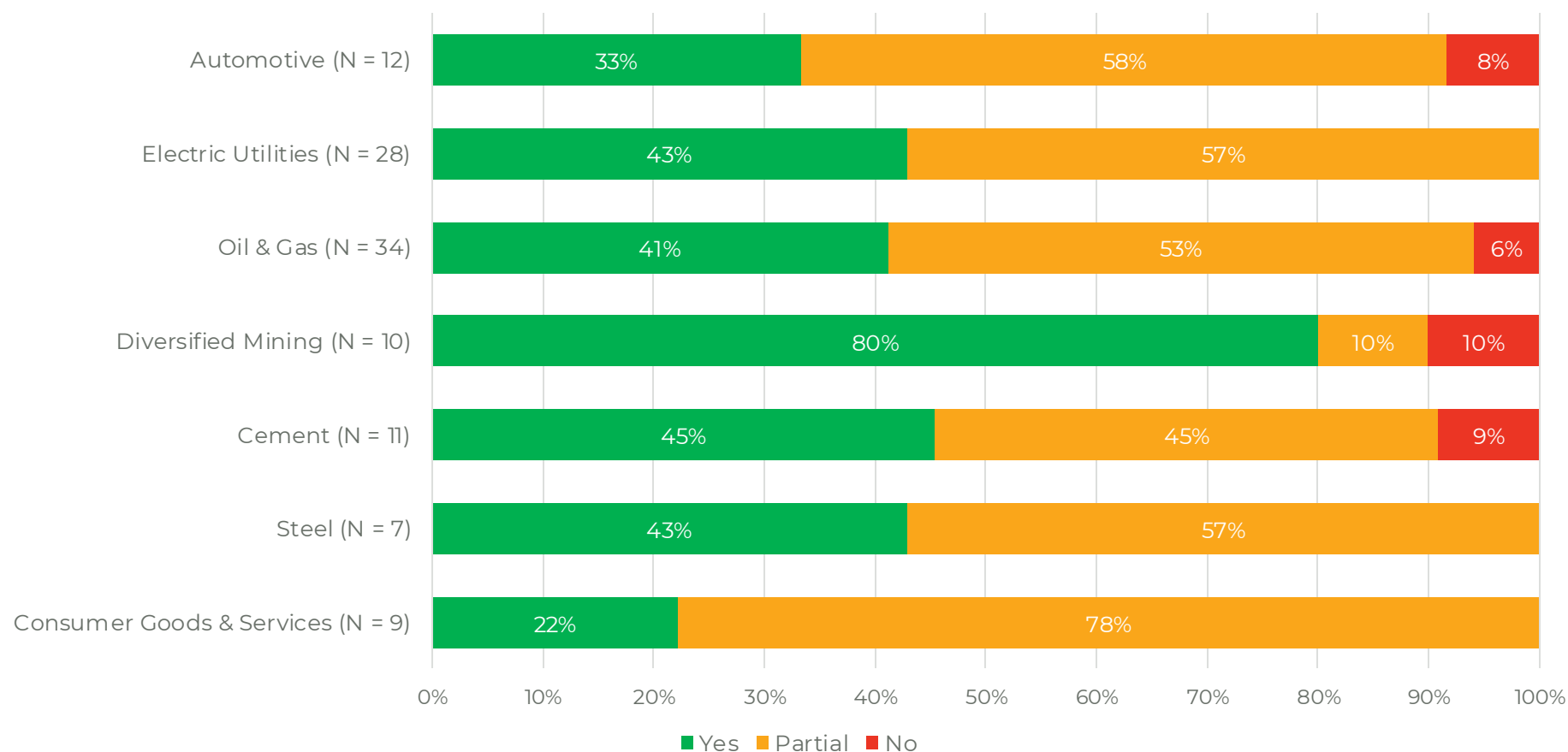
Disclosure Indicator 9: Just Transition

The graph below provides the 2023 Disclosure Indicator 9 score breakdowns for seven sectors:



Disclosure Indicator 10: TCFD Disclosure

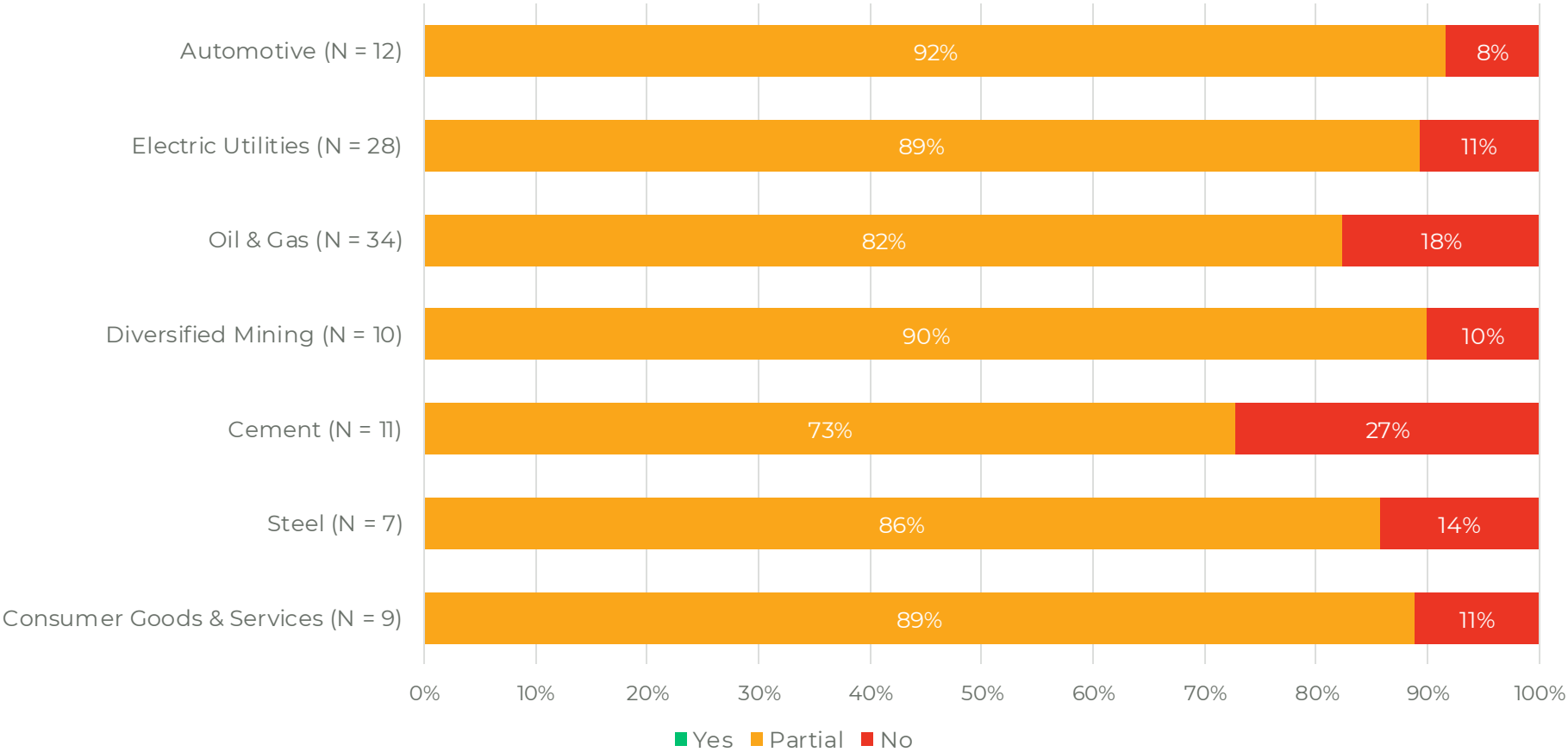
The graph below provides the 2023 Disclosure Indicator 10 score breakdowns for seven sectors:



Disclosure Indicator 11:

Historical GHG Emissions Reductions

The graph below provides the 2023 Disclosure Indicator 11 score breakdowns for seven sectors:



Please note that the use of Net Zero Company Benchmark data is governed by the **data usage terms and conditions** available [here](#).

For more information about the data collection and company review and redress process, please see [here](#).

For any questions about the Net Zero Company Benchmark, please contact benchmark@climateaction100.org