



Destination Zero

Executive summary

Keeping quiet about climate action is setting us back

Now, more than ever, we must embrace the ethos of continuous improvement. In the midst of the climate crisis, we must work together to create and implement the new blueprints for action across industries, technologies, geographies and ecosystems.

All companies across every sector must pick up the pace, turning net zero ambition into tangible climate action.

Yet the reality is that most of the world's companies are still doing nothing or very little when it comes to climate action. 92% of listed companies across the world do not have a publicly stated net zero commitment – a truly shocking figure.

However, a small but significant group of climate-conscious companies – those with a dedicated sustainability or CSR lead in senior management – are doubling down on climate action.

Our latest Net Zero Report, based on 2023 data collected for us by an independent market research provider, includes some encouraging findings: the overwhelming majority of climate-conscious companies say they have set a net zero target, and report that this target is vital to their commercial success. Customer demand is the leading driver of climate action. Among this group, net zero seems to be standard practice, and is considered business-critical.

Based on these results, one would expect such companies to be proudly communicating their climate action. However, when digging deeper into the findings, we see a critical contradiction that has the potential to severely delay our collective efforts on net zero. The survey shows that a majority of surveyed companies are actively decreasing their climate communications.

Our report offers a rare glimpse into this tension, which sits at the heart of corporate climate action today. It reveals that regulation, industry requirements on reporting on climate goals and heightened scrutiny from various stakeholders are the core reasons for companies keeping quiet about their climate goals and progress.

While it is easy to despair, I am genuinely hopeful. It is clear that corporate climate action is maturing.

More governments are either writing or implementing laws that push companies to report on their overall sustainability work. This means the trends we are seeing could be the proverbial calm before the (regulatory) storm, which will inevitably require all companies to disclose and discuss their impact on the climate and environment.

We know that corporate net zero targets need to be underpinned by credible actions if they are to have their intended impact. This includes setting science-based milestones that drive down direct emissions and support collective resilience, and incentivising investments in future climate innovation, beyond corporate value chains. Without these milestones, targets ring hollow.

Against a backdrop of multi-billion-dollar climate disasters, companies will also need to evaluate and quantify both physical climate risks, such as damage to direct operations from flooding, and the financial impact that more frequent and more severe weather events will have on their supply chains. They may even need to have difficult conversations with investors, as climate timelines do not follow ROI timelines. Climate action must finally be seen as an investment in future resilience and long-term business success – rather than as an operating cost or, worse yet, a nice-to-have.

We are steadily moving towards a 'climate-compliant' world, in which standards are continuously improved and collective climate ambition is deeply rooted. The companies leading this movement will bypass 'greenhushing' to communicate their actions and lessons learned in a credible and nuanced way. These efforts may not be perfect, but they will help drive progress, improve standards, and level the playing field.

Make no mistake, it is the committed corporate climate leaders who will blaze the trail down which the climate laggards will eventually be frog-marched by regulators. Which is why, more than ever, it is time for all companies to meet the moment, to step up and, importantly, speak up, on climate action.

John Davis

Interim CEO, South Pole



A global survey

Now in its fourth year, South Pole's Net Zero Report includes insights from 1,400 global sustainability executives to understand what drives their big climate commitments, what they see as risks, what solutions they are turning to, and how their organisations are progressing on a net zero emissions journey.

While this is only a sample of climate-conscious companies, our team finds it a valuable proxy for climate action at large, to understand where the rest of the market may be heading within the next six to 12 months. We do recognise, however, that this sample tends to include the more climate-conscious actors across sectors globally, and does not represent all companies.

The findings of this report draw on two key datasets:

A global survey of climate-conscious companies

We define a "climate-conscious" company as one where the company representative has a clear mandate to act on climate or sustainability. To qualify, a company must:

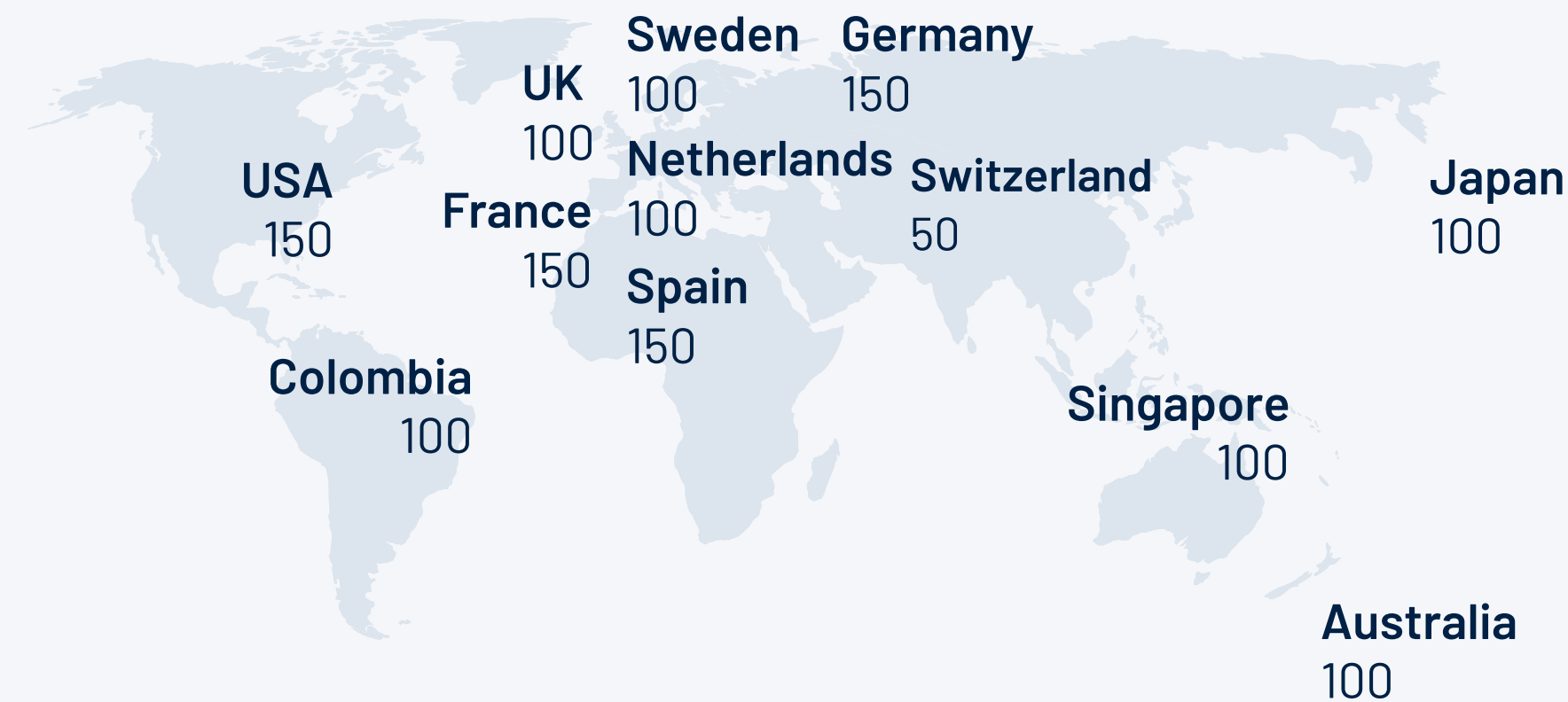
- have a dedicated Head of Sustainability or similar role, at a director level, who has decision-making authority over their company's sustainability strategy and teams.
- have more than **1,000 employees** (bar companies in Singapore).

Who responded?

1,400 from **12 countries** and **14 sectors**.

46%	37%	17%
C-suite or owners	Senior managers	Directors

64%	25%	11%
publicly listed	privately held	publicly traded but unlisted



A global scan of everyday companies

To contextualise our findings and compare them with a broader set of data, our market insights team also analysed South Pole's proprietary database of

77,000 companies

including the Global Fortune 500, major stock indices, and all CDP and GRI reporting companies.

#1 Climate-conscious companies continue to lead climate action

Our survey shows that climate action is alive and thriving among climate-conscious companies, with **83%** of those having set a net zero target.

For surveyed companies, 2025-2030 is the most common net zero target year range - in fact **79%** of companies surveyed have set a net zero target date of 2030 at the latest. Also, **81%** of businesses claim to be on track to meet their net zero targets. We wonder if this is realistic and if they truly understand how difficult it is to meet net zero targets, which include their scope 3 emissions.

What is concerning is the inaction among everyday companies not in the climate-conscious cohort. When analysing South Pole's proprietary database of 77,000 listed companies, **only 8%** have set a net zero target.

So, while the world's leaders are leading, the laggards are well and truly lagging. This does not bode well, given climate action urgently needs a unified, global response.

83%

of climate-conscious companies have set a net zero target, compared to **just 8%** of everyday companies.

76%

report having increased their net zero budgets

81%

say they are on track to meet their target, up from **67%** in 2022

28%

say meeting the goal has been harder than expected

2025 to 2030

is the most common net zero target year range

#2 Greenhush is now the new normal

Corporate greenwashing has always been a challenge, but the pendulum has swung so far that now even the greenest companies are greenhushing.

We find this trend concerning, since action from leaders inspires action by followers.

While environmental claims must be backed by robust data so as not to mislead stakeholders, it is equally important that climate leaders set a good example. Being unwilling to communicate climate action out of fear of attack provides climate laggards with the cover to continue stalling on making meaningful change. In our opinion, the level of scrutiny needs to strike the right balance. Companies taking genuine action should be confident to communicate their successes and their lessons learned. This encourages others to follow their lead.

44%

of surveyed companies say external communication on climate targets has become more difficult in just the past year

58%

are decreasing communications as a result

18%

do not plan to publicise their science-based targets (SBTs) at all

93%

see the communication of their net zero strategy as being key to commercial success



#3 Customer demand is the biggest driver of action

As in 2021 and 2022, customer demand is the leading driver of climate action.

Notably, brand leadership has dropped out of the top three drivers for the first time. It was **#1** in 2020 and **#2** in 2021 and 2022, but is **#4** this year. This may be related to the significant number of companies planning to reduce their external climate communications and engage in greenhushing.

Meanwhile, factors relating to risk and resilience have become the top drivers of climate action. For example, a better understanding of vulnerabilities in their supply chains and building resilience to future climate catastrophes.

46%

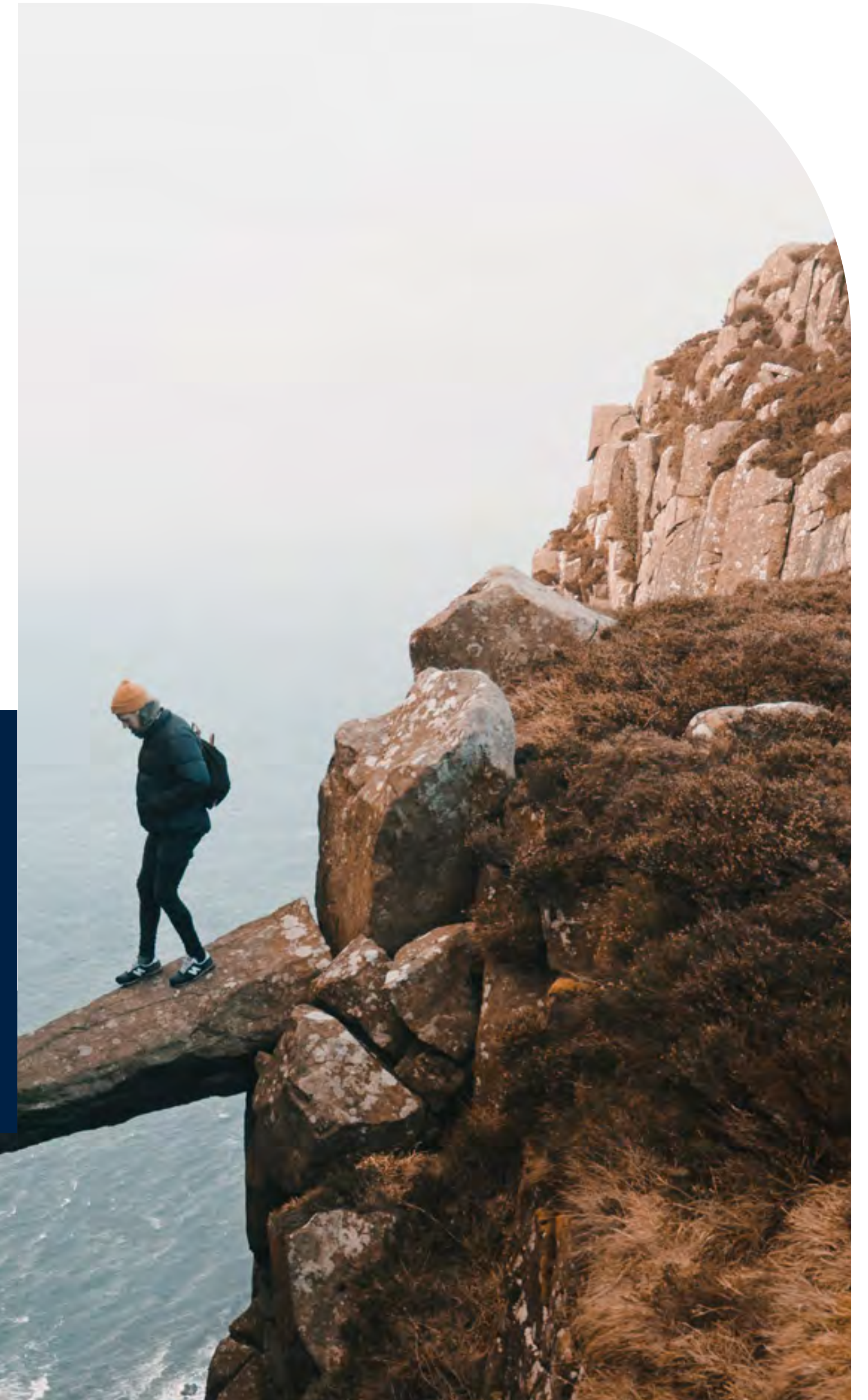
see customer demand for low-carbon products as the main driver of net zero

39%

consider the need for a more detailed oversight of supply chain risk as the main driver of setting and pursuing net zero targets

37%

report pursuing net zero targets to future-proof and build resilience to external shocks





#4 Investors are taking a wait and see approach

Uncertainty, fiduciary duty, and short-termism may be preventing investors from backing corporate strategies and initiatives to reach net zero.

Investor pressure is ranked lowest among the drivers of net zero, yet fear of scrutiny from investors is one of the key reasons that many companies are greenhushing. Investors may have been a driving force in net zero target setting in the past. Today, it's clear investors are adopting a wait and see approach.

51%

of environmental service companies report fear of scrutiny as the reason for greenhushing

57%

of oil and gas companies report fear of scrutiny from investors as the top reason for greenhushing

22%

of climate-conscious companies report investor pressure as a key driver of net zero - the lowest ranked driver in the survey



#5 Everyday companies are lagging behind

In parallel to our net zero survey, our market insights team analysed South Pole's proprietary database of **77,000** companies – including the Global Fortune 500, major stock indices, and all CDP and GRI reporting companies.

We compared the database analysis with the survey results and found that the database paints a dire picture of how serious companies are about reaching net zero emissions. Of the **77,000** companies, just **8%** have set a net zero emissions target – a **75%** drop compared to the climate-conscious companies surveyed.

Just **2.5%** of database companies have committed to achieving net zero by or before 2030. Around one third have set a date between 2031 and 2040, and around two thirds are looking at 2041–2050. While this is a stark contrast to our surveyed companies, where over three quarters of respondents are aiming to hit net zero targets on or before 2030, the later target dates among everyday companies are a more realistic reflection of how long it will take for the majority of businesses to decarbonise complex scope 3 value chain emissions.

8%

of companies in our database of **77,000** have set a net zero target. This is a significant drop from the **83%** of climate-conscious companies who have net zero targets

45%

of these have set or committed to SBTs

66%

have a target date beyond 2040





What does best-in-class net zero look like today?

To achieve real climate impact, companies must focus on science-based steps and transparent progress today, rather than waiting for the perfect moment to act.

Our research suggests that there are still too few companies worldwide setting credible, achievable, and science-based climate targets. The majority of those that have set targets are not communicating them for fear of scrutiny and backlash.

In today's divided age, one of the few things that most of us can agree on is that we must dramatically increase the speed and scale of climate action today to avoid the irreversible effects of climate change tomorrow. We must find effective ways to finance clean technology, fair transitions, and global emission reductions. In all of this, the private sector's role in ramping up climate finance is critical, particularly in light of the slow pace of action by governments.

Steps to achieve true climate impact

Despite global financial and regulatory uncertainty and technical complexity that continues to dominate the climate action landscape, key steps can already be taken to successfully embed a net zero target within an organisation's climate strategy. A clear climate journey – which should align with the requirements of the SBTi – will give the C-suite the direction they need to lead the way and help engage all departments in the delivery of a net zero target.

At the core of this corporate journey is the need to radically reduce emissions across all scopes and fund global climate action beyond direct value chains. The key steps to achieving this are outlined in the graphic on the following page.

Ambitiously decarbonising direct and indirect operations will require a whole host of activities that help shift outdated systems and mindsets. This means making the most of the critical levers and solutions already at a company's disposal in order to decarbonise while proactively planning for the future by financing and adopting new innovations.

While many climate innovations are still being developed, several of these reduction opportunities are accessible and achievable today. Along the journey to decarbonising **90%** of our emissions by 2050, we must use the solutions that are already available and develop the necessary technological solutions to reach that last **10%** – this will take us over the finish line.

Net zero – what will it take?

1. Reductions



A trajectory to reduce emissions across the entire value chain, unique to each sector. This means having a net zero target based on science¹, with interim milestones on how to get there, all consistent with a 1.5°C mitigation pathway.

2. Funding global climate action



Financing projects and solutions to mitigate emissions outside of a corporate value chain.

3. Neutralisation



Once emissions have been reduced to residual levels, companies must eradicate unavoidable residual emissions with carbon removals to achieve net zero.

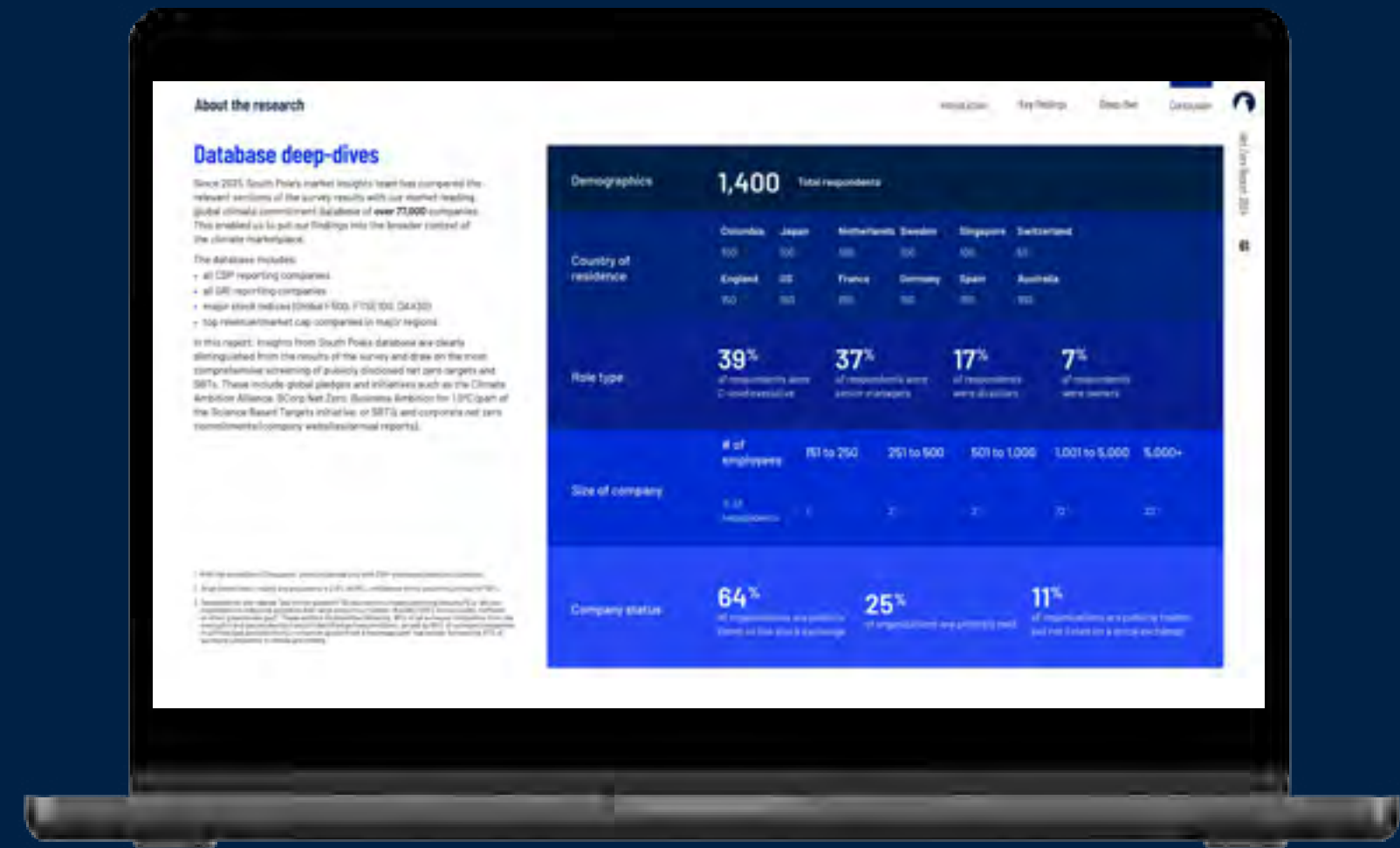
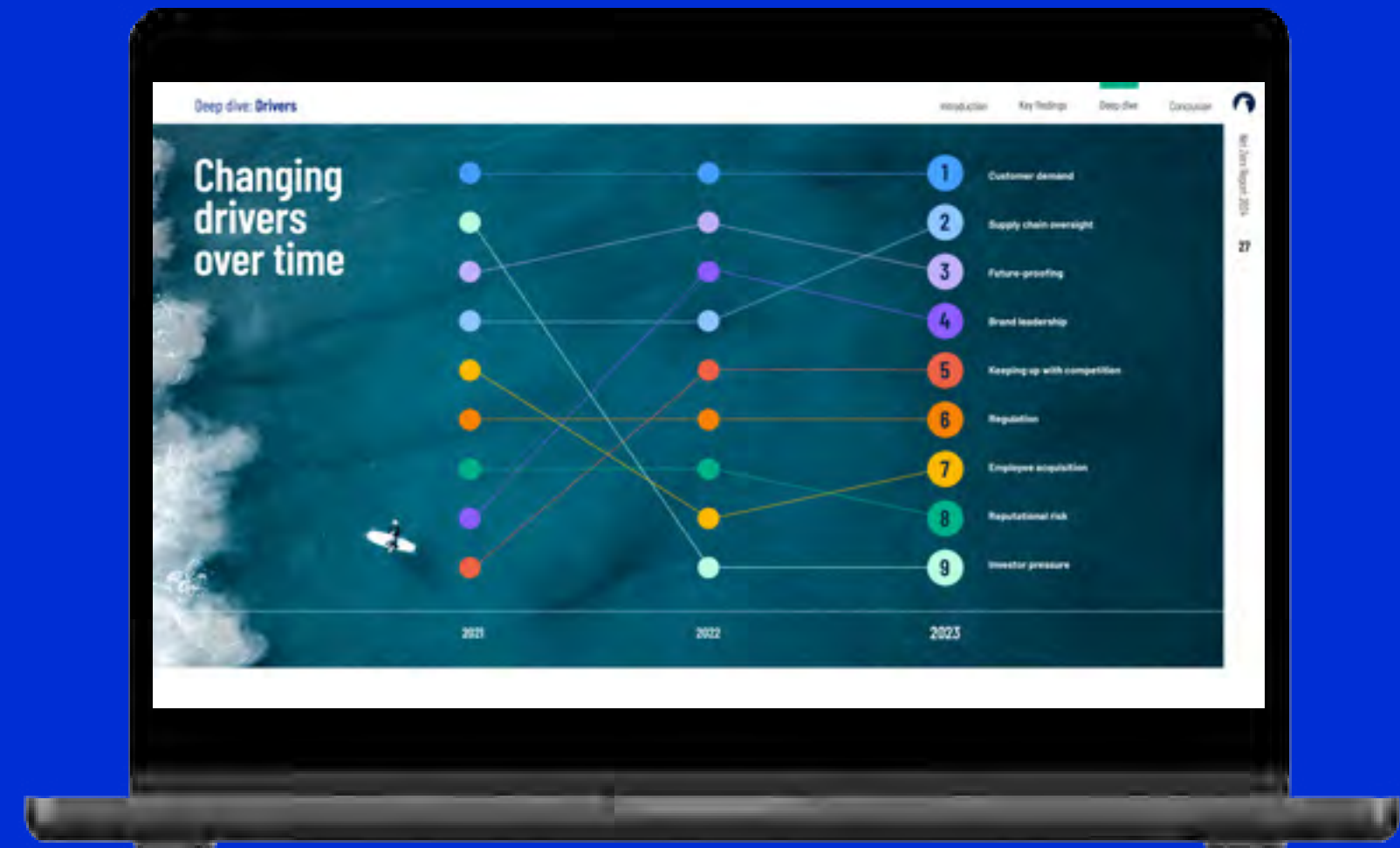
1. The Science Based Targets initiative defines achieving net zero as when emissions have reduced by 90% on average when compared to the base year, with residual emissions being neutralised through removal activities.

Moving ahead with ambition and confidence

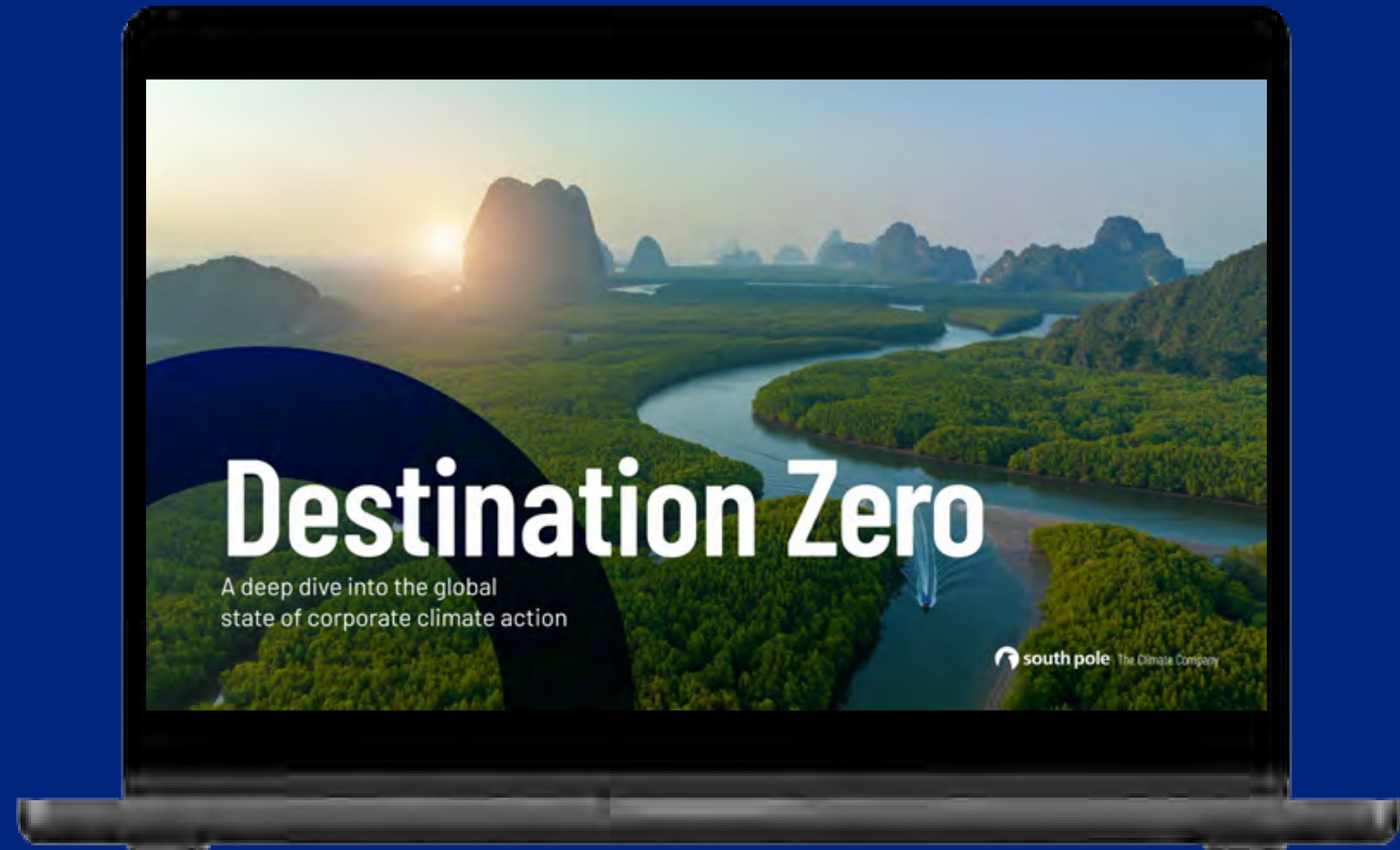
We need more companies to increase the speed and scale of their climate action, and to make net zero emissions desirable and acceptable among customers, investors, partners, the media and legislators alike. This is a tall order. But by working closely with suppliers, among other solutions, companies can help educate their partners and co-create solutions and approaches that prioritise emission reductions.

For leaders to have the ambition, ability and, importantly, the confidence to address the climate crisis, we must hold all sustainability solutions to the highest standards, and strive for continuous improvement. At the same time, we cannot demand instant perfection. Those who are trailblazing new solutions or working on reaching their targets should be applauded and assisted. We must work together to achieve the transformative changes our societies and economies need, and learn and share valuable lessons on the way.





Read the full report



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