



Global Compact
Network Australia



Global Compact Network Australia

15 Lygon St, Carlton

VIC 3053

Email: secretariat@unglobalcompact.org.au

19 March 2021

RET and Energy Section

Clean Energy Regulator

GPO Box 621

CANBERRA ACT 2601

Email: CER-RETandEnergySection@cleanenergyregulator.gov.au

On behalf of the Global Compact Network Australia and WWF-Australia, we have the pleasure in attaching our submission to the Clean Energy Regulator's consultation for the Corporate Emissions Reduction Transparency Report.

The Global Compact Network Australia (**GCNA**) is the Australian, business-led network of the United Nations (**UN**) Global Compact that brings together participants to the UN Global Compact, including more than 30 ASX 100 companies and other major corporates, non-profits, and universities to advance the private sector's contribution to sustainable development. We encourage business to respond to local, regional, and global challenges that will emerge as we transition to a net zero carbon economy. To accelerate progress, we work with companies to embed climate-sensitive targets into core business strategies to support the delivery of more resilient business practices that aligns with a net zero future by mid-century.

WWF-Australia is part of the WWF International Network, the world's largest independent conservation organisation. WWF's global mission is to 'stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature'. WWF-Australia has approximately one million financial and non-financial supporters. We work with companies that recognise the benefits of acting on climate change and are prepared to take the steps needed to cut emissions throughout their value chain.

The Science Based Targets initiative (**SBTi**) drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The SBTi is a partnership between CDP, the UN Global Compact, World Resources Institute (**WRI**) and **WWF**. Over the past two years in Australia the GCNA and WWF-Australia have worked collaboratively to promote the uptake of Science Based Targets by major Australian companies, such as Australia Post, Brambles, Downer Group, Transurban, and Woolworths.

We note that this submission is written with due consideration for the UN Global Compact's [Ten Principles](#) and the [Sustainable Development Goals](#) (SDG), which Australia adopted in 2016. This submission does not necessarily reflect the views of all GCNA members.

Should you require further information please do not hesitate to contact either Corinne Schoch on corinne.schoch@unglobalcompact.org.au | Mobile: +61 (0) 446 914 937 or Monica Richter on mrichter@wwf.org.au | Mobile: 0488 001 273

Yours sincerely,

Corinne Schoch
Head of Programmes
Global Compact Network Australia

Monica Richter
Senior Manager Low Carbon Futures & Project
Director, Business Renewables Centre Australia
WWF-Australia



Global Compact Network Australia and WWF-Australia: JOINT SUBMISSION TO THE CLEAN ENERGY REGULATOR



Global Compact
Network Australia

Corinne Schoch, Head of Programmes
March 2021

A: 15 Lygon St, Carlton, VIC, 3053
O: +61 (0) 491 234 061
M: +61 (0) 466 914 937
corinne.schoch@unglobalcompact.org.au
unglobalcompact.org.au



Monica Richter, Senior Manager Low Carbon
Futures & Project Director, Business
Renewables Centre Australia

A: 1/1 Smail Street, Ultimo, NSW 2007

M: +61 (0) 488 001 273
mrichter@wwf.org.au
wwf.org.au

1. Key Points Summary

- Climate change is an increasingly urgent threat to Australia. The likely consequences of unmitigated climate change present serious risks to our environment, socioeconomic productivity, health and security.
- Through the [2015 Paris Agreement](#), governments globally committed to curbing global temperature rise to well-below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit warming to 1.5 degrees Celsius. In 2018, the Intergovernmental Panel on Climate Change (**IPCC**) warned that global warming must not exceed 1.5 degrees Celsius to avoid the catastrophic impacts of climate change. To achieve this, greenhouse gas (**GHG**) emissions must halve by 2030 – and drop to net zero by 2050.
- The Science Based Target initiative (**SBTi**) was established in 2015 to help the private sector drive ambitious climate action and enable companies to set GHG reduction targets aligned with what the climate science has recommended to avoid the worst impacts of climate change.
- Despite the economic and social strain felt by business as a result of the COVID-19 pandemic, leading Australian corporates and small-to-medium enterprises (**SMEs**) have continued to make net zero commitments and set targets through initiatives such as the [SBTi](#) and the [Business for 1.5°C Campaign](#). Recent notable targets and commitments include those from Australia Post, Brambles, Bunnings, Downer Group, Telstra, Transurban and Woolworths.
- Target-setting companies have successfully reduced their emissions by 25% since the launch of the SBTi, a difference of 302 million tonnes of CO₂ equivalent, the same as the annual emissions from 78 coal-fired power plants.
- In the next five years, almost one quarter of global emissions from energy and industry could be covered by SBTi companies.
- The typical SBTi company has reduced its Scope 1 and 2 emissions at a linear annual rate of 6.4% during its time with approved targets. Furthermore, our sample of the top 50 emitters with approved science-based targets highlights that, on average, these companies reduced annual Scope 1 and 2 emissions at a linear rate of 6.6% between 2015 and 2019.¹
- Tracking progress on emissions reductions is vital. Recommendations for reporting include disclosure through CDP, annual reports, sustainability reports and companies' websites. Encouragingly, most companies (87%) that have had science-based targets for over a year have publicly reported progress against these goals in some form.
- To meet our mid-century deadline, there is a need for further standardisation and comparability in the publicly available data, as half of the companies reporting progress did so in ways that were incomparable and/or lacked information or contextual data. Standardised and robust reporting of progress is essential to allow stakeholders and investors to hold companies accountable and ensure targets result in the emissions reductions they have committed to.
- Companies will need to continue their efforts to improve reporting. To catalyse and support these efforts towards greater transparency, the SBTi will publish measurement, reporting and verification (**MRV**) guidance for companies in the initiative in the coming year.
- We also encourage all initiatives that aim to support businesses achieve net zero to work more closely together to ensure greater levels of transparency and provide a more consolidated approach across these various and often disparate systems.
- We know that governments and business must act together. Business action paired with robust and clear policies and targets result in positively reinforcing 'ambition loops'² that will accelerate the full decarbonisation of every system of the economy. Widespread and ambitious science-based target setting gives governments the clarity and confidence to take bolder action.

¹ The Science Based Target Initiative. Accessed [here](#).

² An ambition loop is a positive feedback loop between the private sector and governments that accelerates progress toward the objectives of the Paris Agreement and Sustainable Development Goals.



2. The United Nations Global Compact

As a special initiative of the UN Secretary-General, the UN Global Compact is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 12,000 companies and 3,000 non-business signatories based in over 160 countries, and 69 Local Networks, it is the largest corporate sustainability initiative in the world.

Locally, the Global Compact Network Australia (**GCNA**) brings together signatories to the UN Global Compact, including more than 30 ASX 100 companies and other major corporates, SMEs, non-profits and universities, to advance the private sector's contribution to sustainable development through the universal framework provided by the UN-mandated Sustainable Development Goals (**SDGs**) and the Ten Principles on human rights, labour, environment and anti-corruption. We lead, enable, and connect business and stakeholders to create a sustainable future by supporting businesses to act responsibly and helping them find opportunities to drive positive business outcomes. The GCNA's ambition is to accelerate and scale the global collective impact of businesses by upholding these Ten Principles and delivering the SDGs through accountable companies and ecosystems that enable change.

[Principle 8](#) of the UN Global Compact is one of the three environment principles and requires that businesses undertake initiatives to promote greater environmental responsibility. As such, a focus for the UN Global Compact's programming is to 'lead and shape' the business community's progress against [Sustainable Development Goal 13](#) (Climate Action) which specifically calls for governments to take urgent action to combat climate change and its impacts. Moreover, the Paris Agreement, which was adopted in 2015, aims to strengthen the global response to the threat of climate change by keeping global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels. The agreement also aims to strengthen the ability of countries to deal with the impacts of climate change, through appropriate financial flows, a new technology framework and an enhanced capacity building framework. Further, as we near the COP26, UN Secretary General, Antonio Guterres, has also reiterated the need for governments to step up their ambitions and not let the pandemic halt important preparatory work necessary to deliver on the goals of the Paris Agreement.

Through our activities, delivered under our workstreams of Business & Human Rights, Anti-Bribery & Corruption, Environment & Climate Change and Sustainable Development, the GCNA builds the practical capacity of Australian businesses to understand and implement responsible business practices and contribute to sustainable development both within Australia and wherever they have footprints. Our Environment workstream, including our work on the SBTi and Just Transition, are key areas of the GCNA's work. Through our Environment workstream, we work alongside our global colleagues to assist business future proof their growth by setting Paris-aligned science-based targets and supporting activities and strategies that meet the outcomes under SDG 13.

3. WWF-Australia

WWF-Australia is part of the WWF International Network, the world's largest independent conservation organisation. WWF's global mission is to 'stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature'. WWF-Australia has approximately one million financial and non-financial supporters. We work with companies that recognise the benefits of acting on climate change and are prepared to take the steps needed to cut emissions throughout their value chain.

Our world is changing faster than anyone predicted. Already, freshwater supplies are shrinking, agricultural yields are dropping, our forests are burning, and rising oceans are more acidic—all, in part,



due to a warming climate. As our natural world changes around us, so does our way of life. Coastal home values drop as insurance premiums rise; drought reduces feed for American farmers' cattle and water for their crops; more pollen and dust in the air aggravates asthma and allergies in kids and adults alike.

At WWF, we believe we can fight [this consequential threat](#) and build a safer, healthier and more resilient future for people and nature. We must rethink the way we produce and consume energy, food, and water, protect the world's forests, and help people prepare for a changing world.

Achieving this future will require action by everyone, and we are already well on our way. People are using their collective voices to demand change. Businesses are making investments in clean energy, already creating local jobs and stronger economies. Communities are redesigning their roads, buildings, airports, and railroads to make them climate resilient. And nations around the world are committed to delivering on a landmark global plan to curb climate change, known as the [Paris Agreement](#). For decades, WWF has engaged with millions of citizens, leading businesses, and government leaders to prepare for inevitable change and reduce the emissions that drive climate change.

4. Background

The latest climate science sends a clear warning that we must dramatically curb temperature rise to avoid the catastrophic impacts of climate change.

Science-based targets show companies how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change.

Through the Paris Agreement, world governments committed to limiting global temperature rise to well-below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit warming to 1.5 degrees Celsius. In 2018, the Intergovernmental Panel on Climate Change (IPCC) warned that global warming must not exceed 1.5 degrees Celsius above pre-industrial temperatures to avoid the catastrophic impacts of climate change. To achieve this, GHG emissions must halve by 2030 – and drop to net zero by 2050.

Business has a vital role to play in driving down GHG emissions and building the resilient, zero-emissions economy we urgently need. This action must be grounded in science.

5. Key Discussion Points

5.1 The Science-Based Target initiative

The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling companies to set greenhouse gas emissions reduction targets aligned with what climate science shows is required to prevent catastrophic climate change.

Founded in 2015, WWF, the UN Global Compact, World Resources Institute (WRI) and CDP work in partnership to promote and develop the SBTi which aims to work with businesses to assist them with setting a GHG emissions reduction target aligned with the level of decarbonisation required to keep global temperature increase to well below 2 degrees Celsius and as close to 1.5 degrees Celsius compared to pre-industrial temperatures, as described in the [Assessment Report](#) of the IPCC.

Globally there are over 1200 companies acting and although the number of companies setting and committing to a science-based target in Australia was initially slow, interest across corporate Australia has grown rapidly over the last two years. Increasing consumer, regulator and investor pressure coupled with a growing recognition of the physical and transition risks posed by climate change continue

to drive corporate Australia's interest in the SBTi. We expect to see science-based target setting become increasingly mainstreamed as businesses globally and in Australia continue to plan for and transition to a net zero future.

The Science Based Targets initiative (SBTi) aims to:

- Define and promote best practice in emissions reductions and net zero targets in line with climate science.
- Provide technical assistance and expert resources to companies who set science-based targets in line with the latest climate science.
- Bring together a team of experts to provide companies with independent assessment and validation of targets.
- Work closely with the Business Ambition for 1.5°C campaign - an urgent call to action from a global coalition of UN agencies, business and industry leaders, and mobilise companies to set net zero science-based targets in line with a 1.5 degrees Celsius future.

The SBTi in Australia brings together companies and other organisations that have already committed to, or are interested in, exploring how to set science-based targets. In 2019, the GCNA entered into a partnership agreement with WWF-Australia to help drive action across the private sector in Australia. The GCNA and WWF-Australia collaborate to deliver a series of awareness raising and capacity building activities that aim to support the businesses to set or commit to setting a science-based target through the SBTi.

The partnership between GCNA and WWF-Australia seeks to support the following key objectives:

- The GCNA and WWF-Australia develop and disseminate relevant science-based target materials via the suite of agreed upon activities to enhance the visibility and credibility of the SBTi.
- Australian businesses are supported to understand and navigate the evolving SBTi landscape and align their business strategies and operations with recognised and emerging good practices.
- The number of Australian businesses setting or committing to set ambitious science-based targets through the SBTi continues to grow, contributing to reduced corporate GHG emissions.

Our vision is for science-based target setting to become the 'new normal', helping to create a thriving economy in harmony with the natural world and one that sits comfortably within our planetary boundaries. We need a race to the top, led by pioneering companies that empower peers, suppliers, and customers to follow suit, and spur governments to take bolder action.

5.2 Companies helping to deliver on The Paris Agreement commitments

In 2015, world governments adopted the momentous Paris Agreement at the 21st Conference of the Parties to the UN Framework Convention on Climate Change (COP21). Together they made a commitment to avoid the worst impacts of climate change by limiting global temperature rise to well below 2 degrees Celsius, with efforts to limit warming to 1.5 degrees Celsius.

In the same year, the SBTi was founded to mobilise the private sector to set emissions reduction targets in line with climate science and play their part in accelerating this era-defining global effort. Six years on there has been a surge in corporate climate ambition, with SBTi companies leading the way. Despite the challenges posed by COVID-19, adoption of science-based targets continued to accelerate in 2020. We are now approaching a critical mass of companies setting science-based targets in many sectors and geographies. Furthermore, companies with science-based targets have delivered emissions reductions in the real economy at scale: we now have evidence that companies' science-based ambition is backed up by real emissions reductions.



As the number of companies joining the SBTi has increased, so has ambition. As of October 2020, more than 40% of companies with approved targets had set them in line with the goal of limiting warming to no more than 1.5 degrees Celsius above pre-industrial levels, with many of those companies aiming to reduce emissions even faster.

Through the SBTi's Business Ambition for 1.5°C campaign, hundreds of companies have also committed to achieving net zero emissions by 2050. In recognition that this long-term vision is only credible if supported by steep emissions reductions in the shorter term, these companies are committing to set science-based targets across their whole value chain (Scope 3). As national governments consider strengthening their climate pledges ahead of the next big UN climate change meeting, COP26 in Glasgow in November 2021, a significant portion of the private sector has already aligned its ambition and is working towards reductions consistent with the most ambitious goal of the Paris Agreement.

5.3 Approaching a Critical Mass

With over 1,600 companies from 60 countries committed to the SBTi, the initiative is becoming a global movement. Progress has been particularly strong in developed economies. In 16 countries in the Organisation for Economic Co-operation and Development (OECD), at least 20% of companies that have a high impact on global emissions are now part of SBTi. This is a critical mass, which could trigger a domino effect in the adoption of science-based targets in those markets. In 2020, this 20% threshold was also reached in six new sectors, including the high-emitting and hard-to-abate cement and concrete sectors. Finally, and perhaps most impressively, SBTi companies now make up nearly 20% of total global market capitalisation.³ Yet, there is room for growth. The SBTi still only covers a minority of private sector emissions and uptake is uneven. There is huge potential to scale up ambition and improve progress, particularly in non-OECD countries and high-emitting sectors such as construction, automobile manufacturers and financial institutions.

Target-setting companies have successfully reduced their emissions by 25% since 2015, a difference of 302 million tonnes of CO₂ equivalent, the same as the annual emissions from 78 coal-fired power plants.⁴ And recent research from the SBTi suggests that the planned emissions savings of companies with science-based targets are also set to generate US\$25.9 billion of new investment into climate mitigation initiatives in the next decade.⁵

In business terms, a 1.5 degrees Celsius world is one that is more economically stable, in which supply chains are less susceptible to flood and extreme weather risks; workforces are less exposed to extreme heat, water scarcity and food shortages; and company operations are less at risk from dramatic changes to water supplies.

The SBTi enables companies to set targets in line with the Paris Agreement, with 1.5 degrees Celsius representing the highest level of ambition. Currently only targets relating to emissions coming from companies' direct operations (i.e., Scope 1 and 2 emissions) receive a temperature classification. There is now a clear trend of companies setting the most ambitious, 1.5°C-aligned targets.

5.4 SBTi provides Transparency, Accountability and Disclosure

A System Wide Change

³ From Ambition to Impact Report (2020). Report accessed [here](#).

⁴ Ibid.

⁵ Ibid.

Science-based targets are catalysing system-wide change, including large-scale investment in mitigation activities and a greening of global supply chains. The planned emissions reductions of companies with approved science-based targets will channel up to US\$25.9 billion of new investment into mitigation activities over the next decade.⁶

SBTi companies are also taking responsibility for emissions in their value chain, thereby influencing their suppliers and customers. SBTi analysis has shown that setting value chain targets (also known as Scope 3 targets) is now standard practice; 94% of companies with targets approved by the SBTi have included Scope 3 emissions.⁷

As we move into this critical decade, tracking progress on emissions reductions is vital. Recommendations for reporting include disclosure through CDP, annual reports, sustainability reports and companies' websites. Encouragingly, most companies (87%) that have had science-based targets for over a year have publicly reported progress against these goals in some form. However, it is clear there is a need for further standardisation and comparability in the publicly available data, as half of the companies reporting progress did so in ways that were incomparable or lacked information or contextual data. Standardised and robust reporting of progress is essential to allow stakeholders to hold companies accountable and ensure targets result in the emissions reductions they commit to.

The Need for Transparency and Reporting

Companies should continue their efforts to improve reporting. To catalyse and support these efforts towards greater transparency, the SBTi will publish measurement, reporting and verification (MRV) guidance for companies in the initiative in the coming year.

Six years on from the launch of the SBTi, we can start to look at overall emissions trends. For the first time, the Initiative has analysed the emissions reductions from 338 companies with approved science-based targets. We find that these companies are dramatically reducing their emissions – at rates contrasting starkly with emission trends in the wider global economy.⁸

The typical SBTi company has reduced its Scope 1 and 2 emissions at a linear annual rate of 6.4% during its time with approved targets. Furthermore, our sample of the top 50 emitters with approved science-based targets highlights that, on average, these companies reduced annual Scope 1 and 2 emissions at a linear rate of 6.6% between 2015 and 2019.⁹

Between 2015-2019, while global emissions have increased by an average of 0.85% per year for energy and industrial processes, the typical SBTi company has reduced its emissions by 6.4% per year since setting its target.¹⁰

Progress reporting is integral to the credibility of companies' science-based targets. It provides a complete picture of overall emissions reductions, as well as information on where companies are failing to meet their goals.

As we move into this critical decade for climate action, tracking progress on emissions reductions is vital. Recommendations for reporting include disclosure through CDP, annual reports, sustainability reports and companies' websites. Encouragingly, many companies (87%) that have had science-based targets for over a year have publicly reported progress against these goals in some form. Nearly half

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ The Science Based Target Initiative. Accessed [here](#).

¹⁰ The Science Based Target Initiative News Report/Update. Accessed [here](#).

(45%) did so fully, and 43% reported progress in some form on fewer than all targets or did so in ways that were incomparable and/or lacked information or contextual data. The remaining 13% of companies reported no publicly available information on target progress. Standardised and robust reporting of progress is essential to allow stakeholders to hold companies accountable and ensure targets result in the stated emissions reductions.¹¹

5.5 Implications: SBTi and the Corporate Emissions Reduction Transparency (CERT) report are complementary

The proposed voluntary annual reporting, that includes a corporation disclosing its Net Zero commitments, tracking towards achieving its goals, as well as its renewable target commitments will go some way to demonstrate that the private sector can deliver on the ambitious Paris Agreement aligned goals towards net zero. Just as National Greenhouse and Energy Reporting (NGER) reporting has been useful and sets a global benchmark for companies to report on their Scopes 1 and 2 emissions, we see this as equally necessary in tracking company commitments towards Net Zero.

Having one place where companies are reporting their emissions is also highly valuable so there is a greater level of transparency and an ability to compare sectors and companies and their individual progress.

It is likely that as Science Based Targets are adopted by more major corporations across Australia, thus becoming more mainstream, that companies will have plans for aligning their businesses to Scopes 1 and 2 emissions targets to net zero as well as their value chain or Scope 3 emissions. Adding in Scope 3 emissions into the Scope of CERT will most likely need to be considered in the coming years. It might also be worth considering expanding the breadth of companies captured by CERT as more companies and more sectors commit to net zero.

As companies seek to align with the Paris Agreement, they are also making commitments towards being net zero by 2050. While this represents an unparalleled opportunity to drive corporate climate action, it also creates the pressing need for a common understanding and definitions of “net zero,” as existing targets vary widely in boundaries, definitions, timeframes, and mitigation strategies used. To avoid confusion and inconsistent claims that potentially undermine the credibility and impact of corporate net zero targets, a science-based framework is needed to translate the growing momentum behind net zero targets into consistent action and taxonomy.

To address this need, the SBTi is undertaking an inclusive, stakeholder-informed process to develop the Net-Zero Standard. The Standard will include a set of criteria for Net Zero targets, allowing companies to have their net zero targets validated by the SBTi, as well as user friendly guidance for net zero target-setting. The [draft guidelines](#) and criteria for a global standard have been out for consultation over the last few months with a view to releasing the Standard in Q4 at the end of this year. In order to harmonise global definitions of net zero, we recommend that the CERT reporting align with the Net Zero Standard being developed.¹² Given the importance of this harmonisation process, we would be happy to provide a separate briefing on the Net Zero standard at an appropriate time.

5.6 Reaching down the value chain

For most sectors, the largest sources of a company’s emissions lie upstream and/or downstream of their core operations – namely Scope 3 or supply chain emissions. Data from CDP has shown that the emissions in a company’s supply chain are on average 5.5 times higher than its operational emissions.¹³ It is vital that companies take responsibility for addressing these value chain emissions if

¹¹ From Ambition to Impact Report (2020). Report accessed [here](#).

¹² <https://sciencebasedtargets.org/net-zero>

¹³ CDP Global Supply Chain Report (2019). Accessed [here](#).

we are to achieve the kind of system-wide change needed to meet global climate goals. Companies managing emissions in their value chain are also less susceptible to unforeseen disruption and the risks of a changing climate.

Our analysis shows that Scope 3 target setting is now standard practice: 94% of companies with approved science-based targets have set Scope 3 targets in line with climate science.¹⁴ We are also seeing a cascading effect of science-based target setting as companies seek to reduce their supply chain impacts, with 69 companies setting supplier engagement targets requiring their suppliers to set their own science-based targets.

5.7 The SBTi is becoming a recognised standard

For science-based targets to create system-wide change, they need to be institutionalised in key spheres of the global economy. This is already happening. The SBTi is gaining high-profile recognition beyond the private sector. For example, the UK Government requires potential sponsors of COP26, which it will host in Glasgow in November 2021, to have ‘strong climate credentials’ evidenced by science-based targets. Meanwhile, Japan’s government set an official target of having 100 national companies with approved science-based targets by 2020. At the time of writing, 81 Japanese companies had set targets, making Japan the country with the second highest number of approved targets after the USA.

Across the global financial markets, we are seeing a movement towards science-based targets being embedded into sustainability-linked bonds. In 2020, Chanel, which had its 1.5°C-aligned science-based targets approved earlier that year, issued a €600m transaction for bonds linked to the company’s progress against these targets.¹⁵

The UN Secretary General has endorsed a science-based target setting approach. In July 2020 he said: “Many companies are showing us that it is indeed possible and profitable to adopt sustainable, emission-reducing plans even during difficult times like this. I warmly welcome the ambitious, science-based actions we are seeing from leading companies who are demonstrating to policy-makers that green growth remains the best growth strategy”.¹⁶

Science-based targets are also increasingly being used as a benchmark in the financial space. In October 2020, a group of 137 global financial institutions, holding nearly US\$20 trillion in assets, called on companies to set 1.5°C-aligned science-based targets and achieve net zero emissions by 2050 at the latest.¹⁷ The [Net Zero Asset Managers initiative](#) is a similar investor-led initiative with a call for science-based target-setting at its heart.

Last year demonstrated that companies around the world, far from pressing pause, continued to step up and respond to the challenges of climate change, despite the widespread disruption caused by COVID-19. SBTi companies are setting a standard in leadership and ambition that all companies must now follow. Companies setting science-based targets are delivering largescale and measurable emissions reductions that far outstrip those in the wider global economy.

Companies in the SBTi have reduced their emissions by 25% over the last five years. This is particularly impressive when compared to an overall global trend of increasing emissions from energy and industrial processes. Yet, the total number of global companies in the SBTi is still a minority. There is huge

¹⁴ From Ambition to Impact Report (2020). Report accessed [here](#).

¹⁵ Bloomberg News Report. Chanel Designs a Fabulously Fashionable Bond. (2020) Accessed [here](#).

¹⁶ WRI Release: Over 150 global corporations urge world leaders for Net Zero recovery from COVID-19. Accessed [here](#).

¹⁷ CDP News Update. Investors urge companies producing 25% of global emissions to set science-based targets. (2020). Accessed [here](#).

potential to scale up ambition and improve progress, particularly in non-OECD countries and high-emitting sectors. We need every company in every sector to join the SBTi, aim for the highest level of ambition and align to a science-based understanding of net zero. We need standardised and robust reporting of progress across the board to ensure that targets result in emissions reductions at the pace and scale required.

At a global level, there are promising signs of leadership. China's target to achieve net zero emissions by 2060, the US administration's plan to reach net zero by 2050 and Japan's institutionalisation of science-based targets are all examples of bold, national climate action. Meanwhile, the European Union has committed to become the first climate neutral continent by 2050 and reduce its emissions to at least 55% below 1990 levels by 2030. Yet, to fully decarbonise our global economy and build a truly sustainable and resilient future, regions, businesses, and governments must work together. Our systems need to speak to one another and we need to promote full transparency across all reporting frameworks. Companies from all sectors and regions as well as governments have a vital role to play as we push for stronger levels of accountability. Using the SBTi's new framework for the finance sector and upcoming guidance for getting to net zero for the aviation, shipping and oil and gas sectors, we can unlock the system-wide change needed to build a net zero, climate-safe future that works for people and the planet.

6. Conclusion

The GCNA is a trusted voice for business in Australia. As a leading commentator on responsible business practices and issues spanning the environment, human rights, labour rights and bribery and corruption, the GCNA is well-equipped to support Australian businesses with decarbonising before mid-century.

The work of the GCNA and WWF-Australia supports business to understand and respond to both the risks and opportunities posed by climate change using the universal framework provided by the Paris Agreement, the SDGs, and the UN Global Compact's Ten Principles.

Our SBTi awareness raising and capacity building activities over the last two years have nurtured peer-to-peer learning and enabled Australian companies to become far more exposed to the guidance, frameworks and strategies that are being developed globally. It is this guidance and increasing knowledge base that is enabling companies to set Paris aligned targets across a diverse set of sectors.

Our combined experience in convening multi-stakeholder forums for business and community leaders to discuss priorities and concerns that come with coordinated efforts to address global challenges such as climate change is extensive. And, whilst over 40 per cent of Australia's largest companies have insufficient climate change plans,¹⁸ with only one-fifth of the nation's biggest firms disclosing science-based targets aligned with goals under the Paris agreement, our analysis has shown that this is shifting.

The work being undertaken by the Clean Energy Regulator to establish an annual Corporate Emissions Reduction Transparency report that oversees emissions pledges by corporation is thus welcomed and complements the work that is being carried out under the SBTi. Both initiatives are voluntary, but as we are seeing, the financial and regulatory environments are such that companies that do not set these ambitious targets will become laggards as we race towards net zero. We also encourage the incorporation of value chain emissions in this reporting to match the growing trend of companies to include their Scope 1, 2 and 3 moving forward.

¹⁸ Chambers, G. (10 March 2021) Business told to lift its game or else, The Australian.

To fully decarbonise our global economy and build a truly resilient and sustainable future, we will need to work together to ensure a more standardised and robust reporting set of mechanisms across all initiatives, whether they be government or privately led. This more streamlined approach across initiatives will support businesses and ensure that targets result in emissions reductions at the pace and scale required to meet the 2050 deadline.

Thank you again for giving us the opportunity to provide a submission to Clean Energy Regulator on the Corporate Emissions Reduction Transparency report consultation paper and the Corporate Emissions Reduction Transparency report draft guidelines.

Contacts

Corinne Schoch
Global Compact Network Australia
Head of Programmes
secretariat@unglobalcompact.org.au

Monica Richter
WWF-Australia
Senior Manager Low Carbon Futures & Project Director, Business Renewables Centre Australia
mrichter@wwf.org.au