Accelerating global companies toward net zero by 2050

New research shows progress and key steps necessary to speed efforts

accenture

Sustainability commitments are getting stronger globally

Amid the economic, political and environmental disruption of 2022, more companies than ever before have publicly committed to reaching net zero carbon emissions by around 2050.

But this heightened ambition isn't yet matched by the necessary action..

To date, **only 34%** of the Accenture Global 2000 companies (G2000)* have publicly stated net zero targets —a slight improvement on last year.

However, unless they accelerate progress, **93%** of companies with net zero commitments will miss their targets.

To speed up efforts, companies should become carbon intelligent. This means integrating emissions data and insights into core business decision-making, allowing companies to prioritize, execute and scale decarbonization in this decade.

These key Accenture research findings come at a critical moment—as 2023 marks the halfway point toward achieving the UN Sustainable Development Goals by 2030. It's also the year in which global updates on national decarbonization progress towards targets under the Paris Agreement/United Nations Framework Convention on Climate Change process will be published.

Our findings are based on an expanded analysis of the Accenture G2000, building on last year's Europe-based Reaching Net Zero by 2050 report.

Our 2022 research looks at three things:

1. The number of major companies with net zero targets and other decarbonization measures in place
2. How many companies are on track to reach net zero
3. Strategies to accelerate decarbonization

*Our sample was based on the Accenture Global 2000 (or G2000): an Accenture developed list of the top 2,000 public and private companies in the world by revenue. For more information, see About the Research (p. 34).

Key findings from our global net zero research

01

Net zero targets are proliferating.
More than a third of the world's largest companies now have a net zero target in place--up 7 percentage points since December 2021.

02

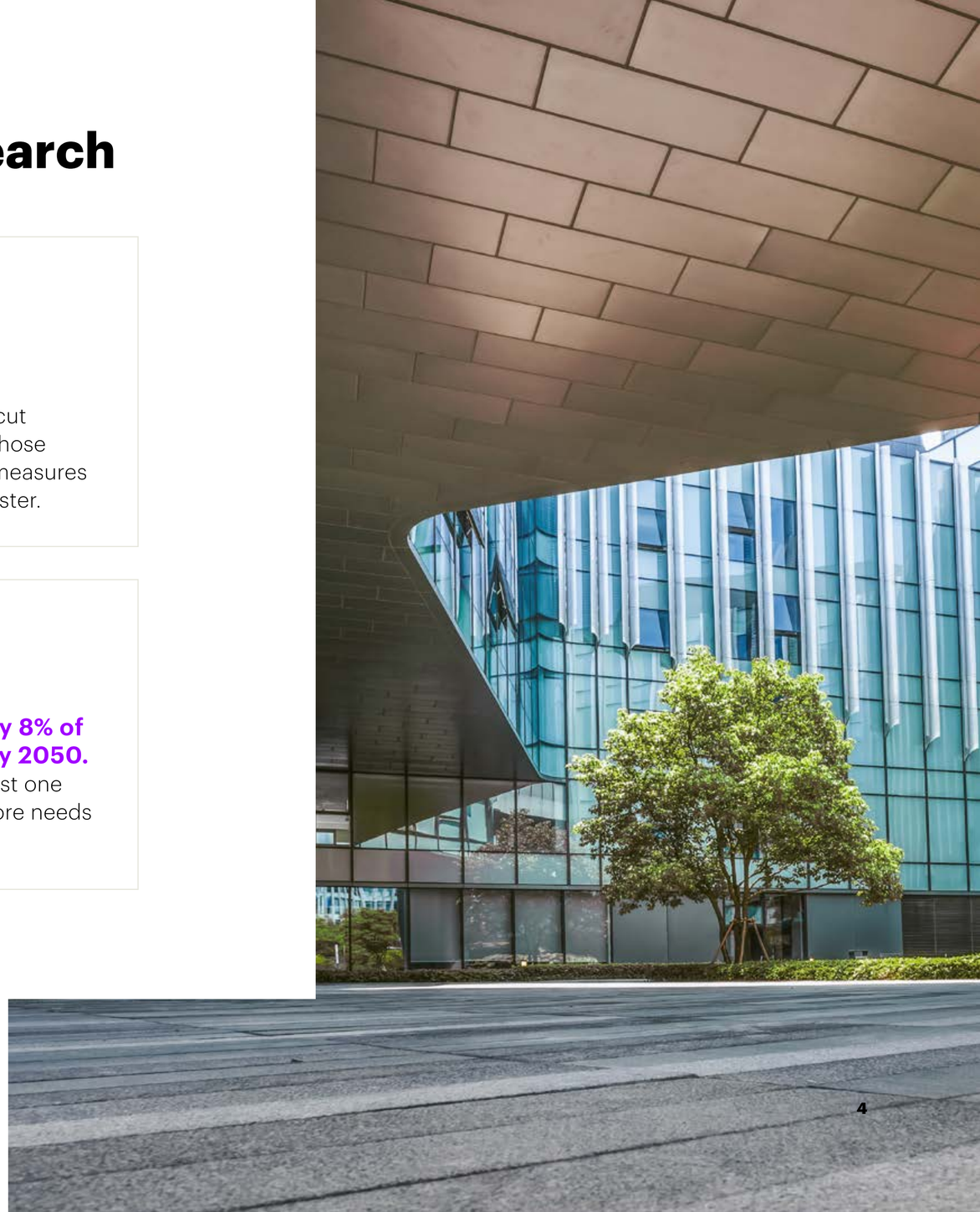
Setting targets works.
The companies with net zero targets cut emissions more than those without. Those with more sophisticated targets and measures in place are cutting emissions even faster.

03

The Ukraine war has galvanized action--not dampened ambition.
Investment expectations, commitments and spending around sustainability are all up on last year.

04

However, on current trends, only 8% of companies will reach net zero by 2050.
Even in an accelerated scenario, almost one quarter would not get there. Much more needs to be done.



Executive summary

Net zero momentum is building. The UN Climate Change Conference in Glasgow (COP26) held in November 2021 was a catalyst; now more than 90% of the global economy is covered by national net zero commitments.

Regional and industry differences remain, but advances have been made everywhere. And a greater proportion of companies committed to net zero are setting more sophisticated targets. They are spurring short-term action, planning the shift to renewables, and developing other clearly visible climate mitigation and adaptation strategies.

But the context has also changed considerably in the past year. The war in Ukraine and the macroeconomic fallout from the pandemic have made the task of decarbonization harder.

On the positive side, this seems to have focused minds. The proportion of companies planning to increase investments in sustainability has risen; total renewable energy spending grew by 11% year-on-year in the first half of 2022 alone.

> Nonetheless, our findings indicate that 93% of the G2000 companies with net zero commitments will miss their net zero targets based on current trends. Already in this decade, the pace of emissions reduction needs to accelerate significantly.

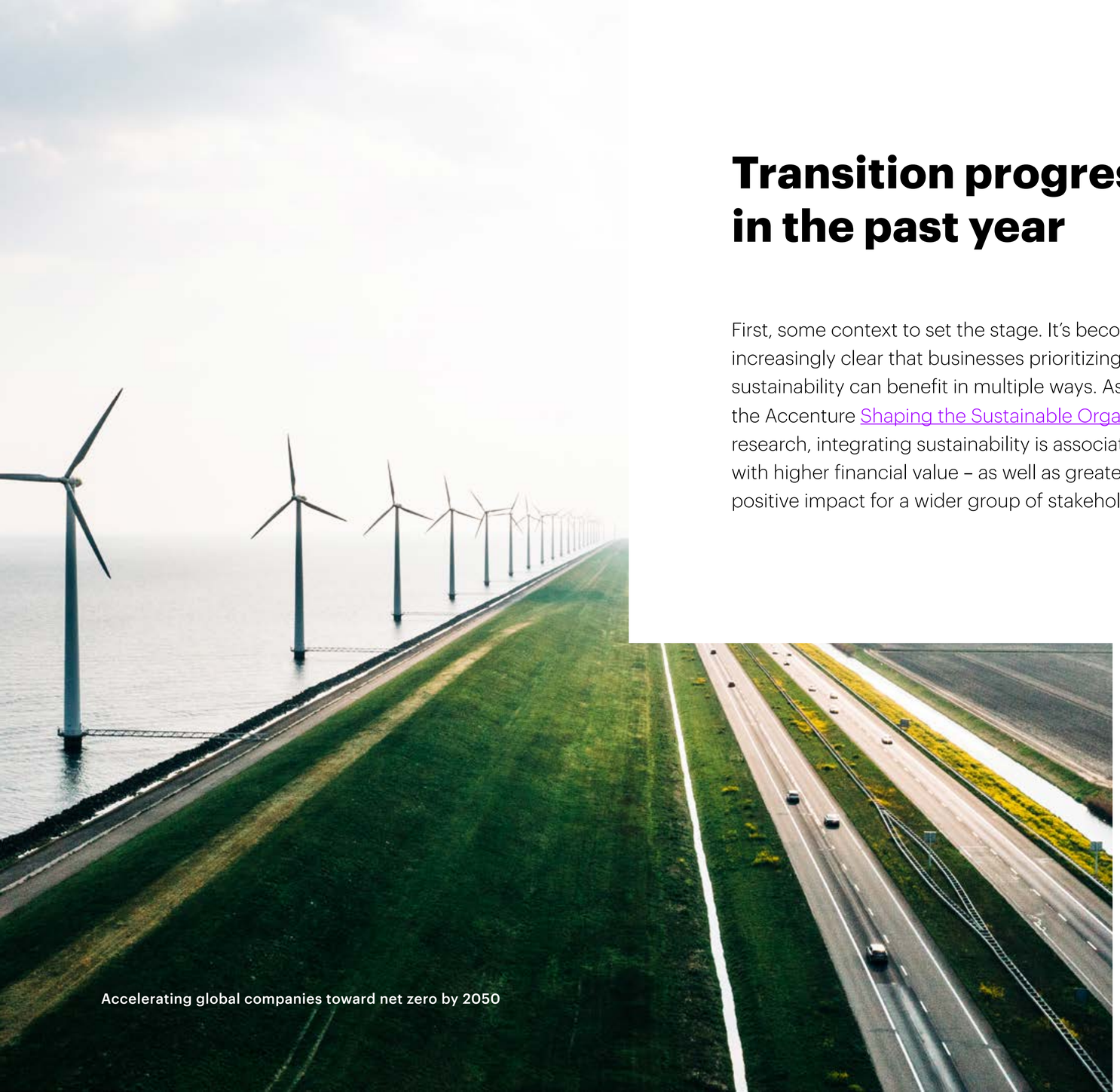
Setting targets remains a vital pursuit. Companies with net zero targets are reducing emissions faster than those without. And those with more sophisticated targets are cutting emissions even faster.

How can global companies in every sector accelerate? By deploying decarbonization levers across operations and throughout the supply chain, such as increasing energy and materials efficiency, using renewable energy sources, electrifying fleets and logistics, building in incentives (such as carbon pricing schemes) to reduce demand, greening technology and developing low or even zero carbon products and services.

Most importantly, it's imperative they develop carbon intelligence capabilities. Our findings show that leading companies treat their carbon, energy and emissions data with the same importance as financial and operational business information. They integrate it into everyday decision-making, and track and act on it accordingly.

Industries will have unique challenges to solve on their paths to decarbonization – whether through value chain collaborations, business model innovations, use of existing technologies, or bold technology bets.

But the general path forward is clear: Building a foundation of carbon intelligence capabilities across information, insights and impact will make it possible to address these challenges and make progress toward net zero faster.



Transition progress in the past year

First, some context to set the stage. It's becoming increasingly clear that businesses prioritizing sustainability can benefit in multiple ways. As shown in the Accenture Shaping the Sustainable Organization research, integrating sustainability is associated with higher financial value – as well as greater positive impact for a wider group of stakeholders.

Since decarbonization is the most pressing dimension of environmental sustainability, urgent action to achieve net zero is critical. Both because it protects long-term business value and because it is the right thing to do.

- **Working toward net zero, for example, through energy efficiency, demand reduction and the transition to renewables, can insulate the economy from fossil fuel price shocks.**
- **Energy price spikes have implications for inequality, too. Citizens within lower income deciles typically spend a much greater share of their income on energy. And internationally, poorer countries tend to be both more dependent on fossil fuels, and more exposed to immediate climate risks such as from extreme weather events.**

The range of policy and regulatory announcements since COP26 are encouraging

The Glasgow conference sought pledges to help keep warming below 1.5 degrees Celsius, and the current set of national commitments are promising. A total of 153 countries put forward new 2030 emissions targets, which, to be realized, would need involvement and action by the private sector.[1]

The formation of the Glasgow Financial Alliance for Net Zero (GFANZ) demonstrated that the private sector is getting serious about channeling capital towards the achievement of net zero.

Meanwhile, regulators are increasing the pressure. In June 2022, the European Union announced provisional new disclosure standards for companies.[2] The UK has also mandated that as of April 2022, Britain's largest firms must disclose climate-related financial information.[3]

And the recently passed US Inflation Reduction Act allocates $369 billion to reducing greenhouse gas emissions and investing in renewable energy sources.[4]

Policy changes come against the backdrop of further scientific warning. The Intergovernmental Panel on Climate Change (IPCC) underlines the scale of the challenge: emissions must peak in fewer than 600 working days (i.e., by 2025) if the world is to stay on track to limit warming to 1.5 °C.[5]

Transition momentum is building

91%

The proportion of global GDP (PPP) covered by national net zero commitments[a]

23%

Proportion of global greenhouse gas (GHG) emissions now covered by carbon pricing schemes[b]

$130 trillion

Private capital committed by the financial sector to achieve net zero targets[c]

410%

Increase in Task Force on Climate-related Financial Disclosures (TCFD) supporters between 2018 and 2021.[d]

Notes: [a] Net Zero Tracker (as of October 2022); [b] World Bank Carbon Pricing Dashboard (as of October 2022); [c] GFANZ; [d] TCFD Status Report 2021 – "supporters" refers to organizations that have pledged their support for the TCFD recommendations.

The macroeconomic and geopolitical environment make net zero harder to achieve

Despite these signs of progress, a host of crises—including the war in Ukraine and the fallout from the pandemic—have potentially made net zero harder to achieve. Problems of inflation, supply chain bottlenecks and talent shortages all contribute to a more challenging environment for investment and action.

Inflation: A sharp rise in consumer demand following the lifting of pandemic restrictions and the war in Ukraine have had a global impact on the price of energy, food and other materials. Businesses with exposure to material input and energy prices are being squeezed, diminishing their capacity to invest. Rising interest rates, aimed at curbing inflation, may also deter spending by raising the cost of capital.

Supply chains: The pandemic disrupted logistics networks. Lockdowns, port congestion and a lack of container ships created delays, product and part shortages, and rising transport costs. This hurt production in numerous industries–notably automotive manufacturing–and may, in turn, slow down capital projects and investments necessary for decarbonization.

Talent: Worker shortages are high across advanced economies. Many people have left the labor force, particularly older workers and those from disadvantaged groups. Others have shifted preferences (aka the "great resignation"). The effect is both tighter labor markets and sectoral imbalances, leaving some industries unable to attract the skills they need.

60%
of CXOs expect price increases to reduce consumer spending power, contributing to a decline in consumer and business confidence.[6]

12-24 months
Time that European supply chain disruptions could take to ease in a scenario where the Ukraine war lasts into 2023 and the West imposes further sanctions on Russia.[7]

+41%
The rise in job vacancies in the US – August 2022 vs August 2019.[8] The International Monetary Fund notes that labor market tightness afflicts many advanced economies.[9]

In the midst of this difficult environment, net zero remains firmly on the corporate agenda

As the adage goes, difficulty can breed determination.

Our findings show that current instability — driven primarily by the war in Ukraine, and the ensuing macroeconomic turbulence and energy price fluctuations — has not deterred the focus on sustainability. In fact, executives say they will increase investment in sustainability with trends in clean energy spending and science-based target setting largely supporting these claims.

84%

of companies still said in June that they plan to increase investments in sustainability initiatives by the end of the 2022.[10]

This proportion has risen since last year, when 80% of executives said they would raise sustainability investment by the end of 2021.

39%

of all Science-Based Target initiative (SBTi) commitments and targets set since 2015, were set in the months after the war in Ukraine began, up to the start of October.[11]

As of October, a record number of companies (237) had committed and set science-based targets in both June and September 2022.

$226 bn

the amount of new worldwide renewable energy investment in the first six months of 2022.[12]

It's a +11% year-on-year rise and the highest ever recorded for a first half year, showing that demand for clean energy remains strong.

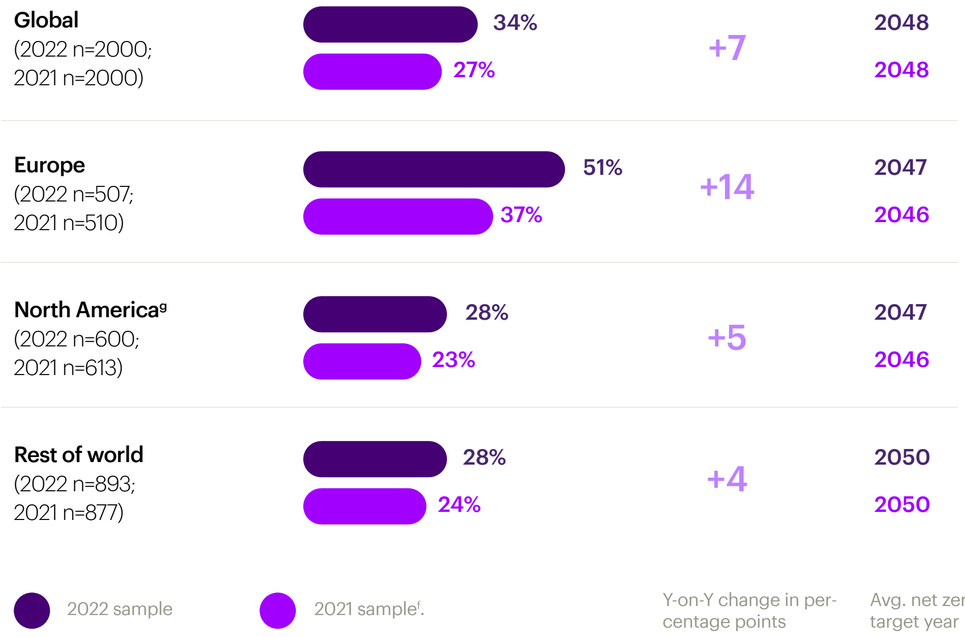
Net zero targets are increasing everywhere

The numbers tell the story: the proportion of major, global companies that have committed to net zero has risen since December 2021.

Accenture G2000 companies in every region appear to be setting clear and publicly visible net zero targets. The overall sample saw a 7-percentage point increase. This amounts to a roughly 25% jump in relative terms – with more than half of European companies in our sample now committing to net zero.

Although globally the average target year remains the same as before (2048), in North America and Europe the expanded number of targets has pushed the average target year back one year – in both cases to 2047.

G2000 companies with net zero targets
Proportion of companies with net zero targets, %[e]

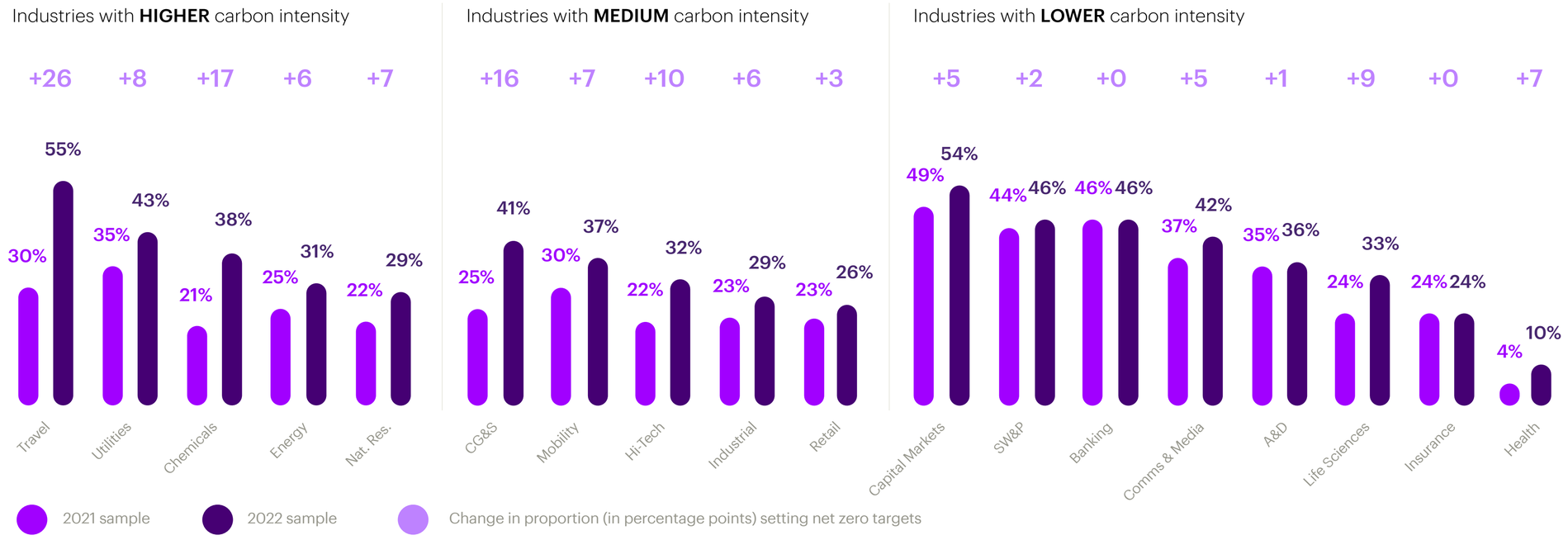


Notes: [e]We consider a net zero target to be one in which a company aims to reduce carbon emissions to net zero in Scopes 1, 2, and 3. [f]The G2000 list changes every year by up to 10%, so the samples between the years comprise a slightly different set of companies. [g]Includes: USA. Canada, and Bermuda

Industries are making progress

Almost all industries have seen the proportion of companies setting net zero targets rise over the past year.
And more carbon-intensive industries have seen these proportions grow the most.

G2000 companies with net zero targets by industry
Proportion of companies with net zero targets, %



Notes: Carbon intensity is measured as Scope 1 and 2 emissions as a proportion of revenues (tCO2e/US$ mn revenues) using S&P Trucost data for companies in the G2000 sample. For each industry we take an average of the emissions intensity from G2000 companies in that industry. For the categories here, Lower = less than 50 tCO2e/US$ mn revenues, Medium = 50-500 tCO2e/US$ mn revenues, and Higher = greater than 500 tCO2e/US$ mn revenues. Industry abbreviations: Nat. Res. = Natural Resources, Mobility = Automotive + Public Transport, SW&P = Software & Platforms, A&D = Aerospace & Defense. Change percentages may appear to differ by one percentage point from 2022 minus 2021 figures due to rounding.

But as important as setting the destination: the route you take

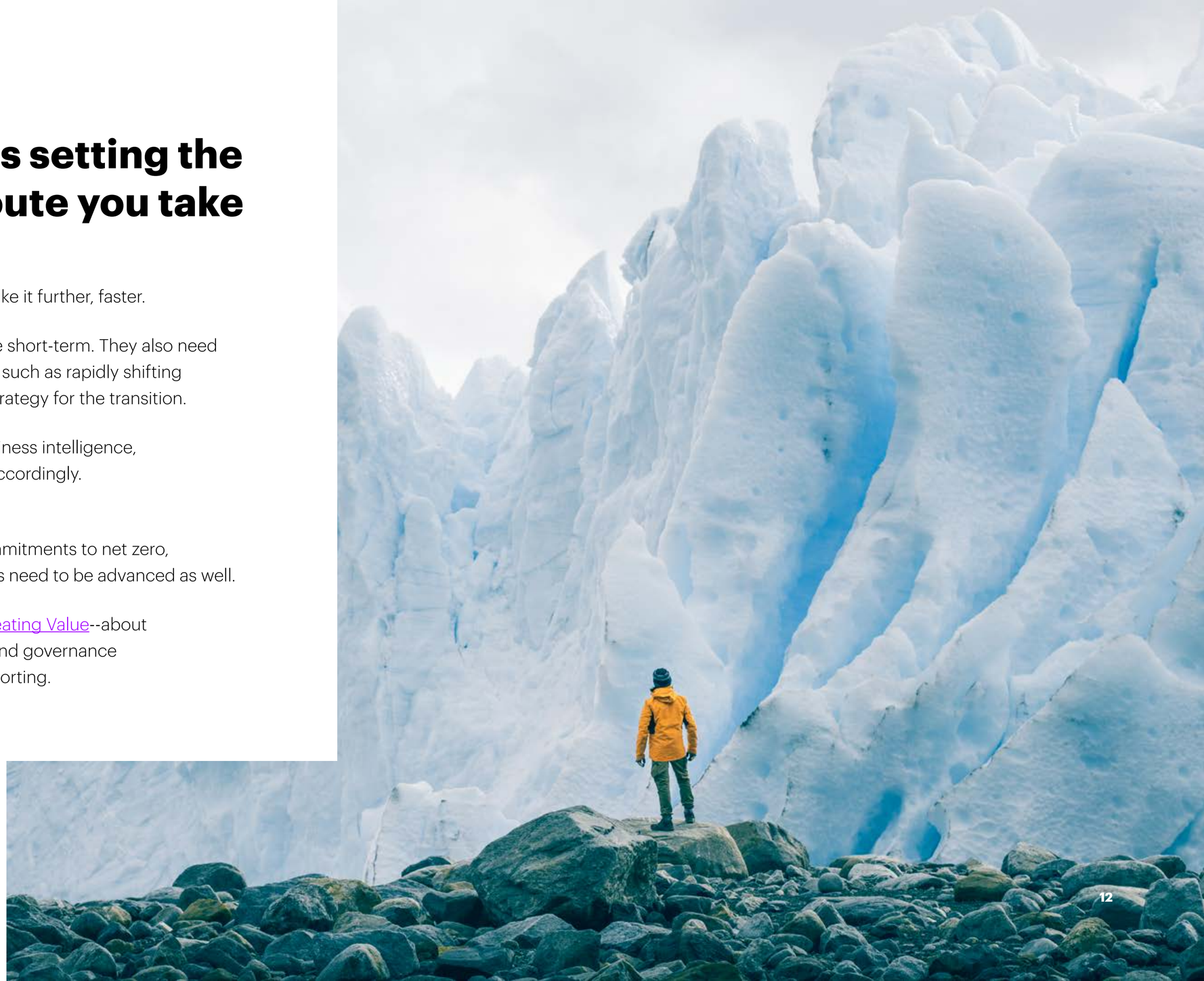
Now it's time to gather this momentum and take it further, faster.

Companies need to be motivated to act in the short-term. They also need to focus on practical decarbonization levers – such as rapidly shifting away from fossil fuels – and develop a clear strategy for the transition.

In short, carbon needs to become part of business intelligence, and integrated into strategy and operations accordingly. A single final target will not achieve this aim.

Our findings indicate that alongside their commitments to net zero, company commitments in more specific areas need to be advanced as well.

Read our report--Measuring Sustainability, Creating Value--about how companies make environmental, social and governance (ESG) measurement a key part of financial reporting.



What is needed?

01

Net zero targets

Companies need a north star. Without net zero targets that cover scopes 1, 2 and 3 in place, reaching net zero is unlikely to be prioritised by the business.[h]

02

Intermediate targets

Companies need to make progress in the short-term. Long-term targets alone are unlikely to spur immediate action, especially with 2050 deadlines. Intermediate targets for this decade are necessary to ensure that progress is being made and to drive action in the short-term.

03

Lever-specific targets like renewable energy targets

Companies need to incentivize investments in renewable energy innovation and deployment.

04

A clear and integrated transition strategy

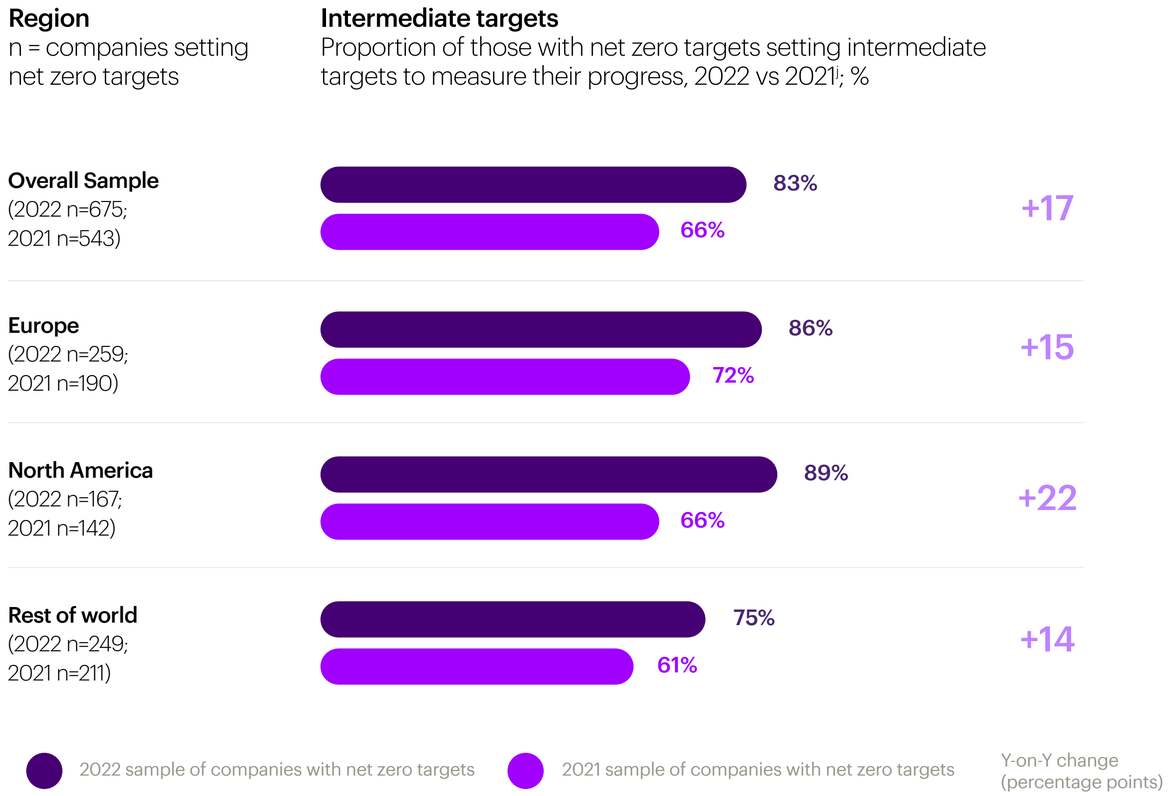
Companies need a clear plan and framework for their transition. While no two companies face the same challenges or starting points, clarity around climate strategy and governance, and integration or alignment with the broader corporate strategy are key. Alignment to the TCFD framework is a great way to start.[i]

Notes: [h]Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain; [i]Task Force on Climate-related Financial Disclosures

More sophisticated measures, like setting intermediate targets, are proliferating

The good news is that we see progress across these areas.

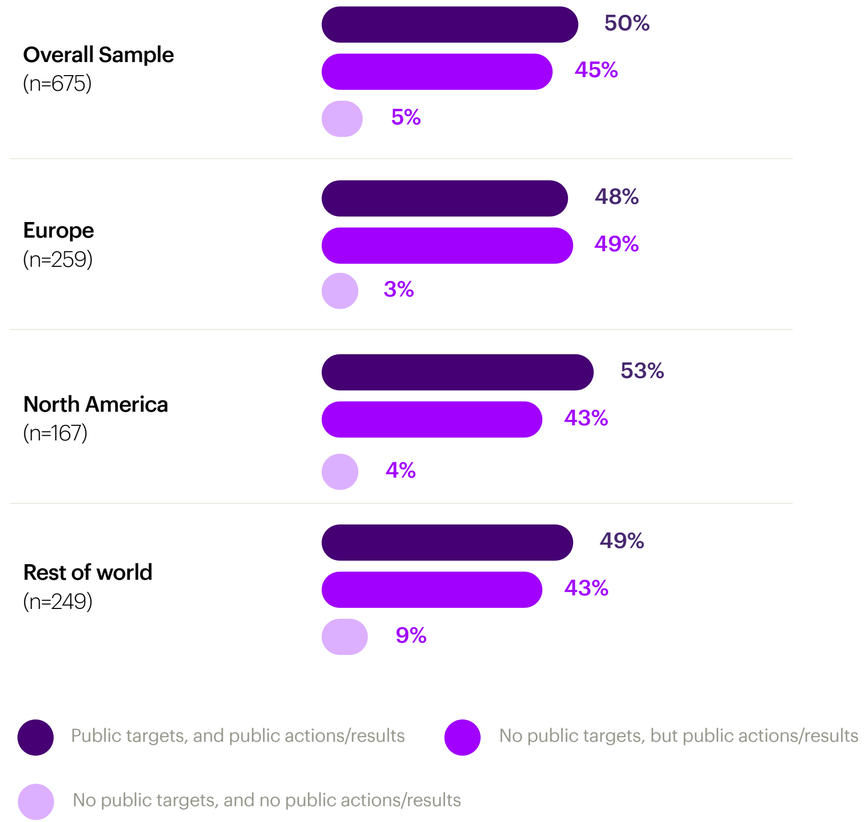
Rather than merely setting blunt timelines for decades in the future, companies that are committed to net zero are holding themselves to account with additional intermediate targets that spur short-term action.



Notes: [i]Question: "Has the company set intermediate emission reduction targets as a strategy to reach the ultimate net zero target?"
Change percentages may appear to differ by one percentage point from 2022 minus 2021 figures due to rounding.

As well as renewable energy targets

Companies are also devising additional targets around the multiple decarbonization levers needed to get there – by focusing on the shift away from fossil energy use, for example.



Notes: [k]Question: "Do companies provide evidence for the presence of renewable energy targets?"
Percentages may not total 100% due to rounding.

And a clear and integrated transition strategy

In every region, companies with net zero targets are readily adopting the Taskforce on Climate-Related Financial Disclosures (TCFD) framework. This is a strong proxy for evidence of clear governance and strategy around the transition. Those that set net zero targets tend to also have implementation plans that can be shared externally.

Region n = companies setting net zero targets (2022)	**Clear transition strategy** Proportion of companies reporting against the TCFD framework[1] %
Overall Sample (n=675)	81%
Europe (n=259)	81%
North America (n=167)	82%
Rest of world (n=249)	81%

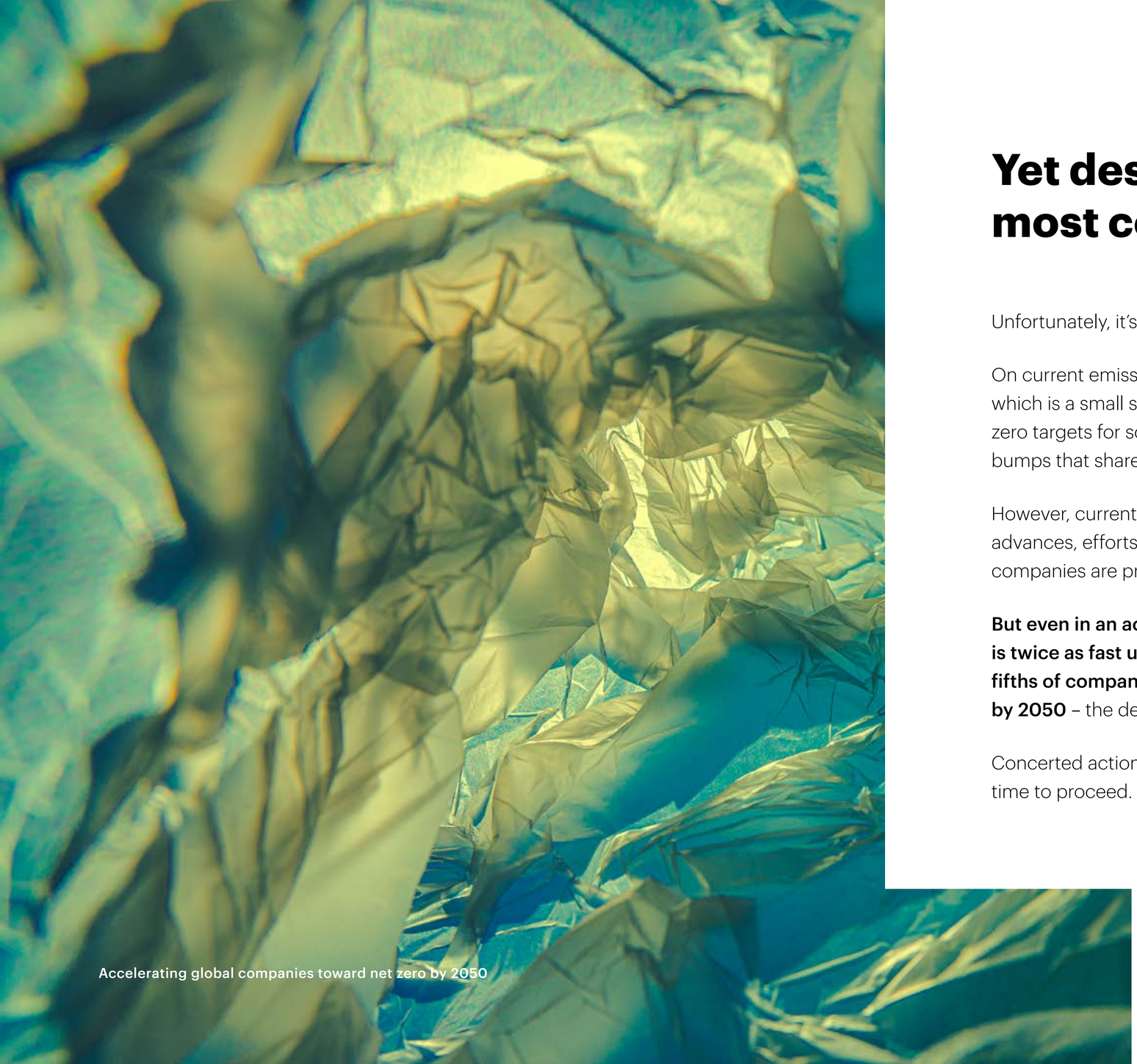
2022 sample of companies with net zero targets

Notes: [1]Question: "Does the company report against the TCFD?"

The Task Force on Climate-related Financial Disclosures

The TCFD published its recommendations in 2017. It provides a framework for companies to disclose better, standardized information related to climate-related risks and opportunities and the wider net zero transition.

The TCFD aims to ensure that investors and other stakeholders can see – and make judgements on – a company's governance and strategy around the transition, as well as its approach to risk and opportunity management and the metrics it uses. Aligning with the TCFD framework helps businesses initiate and execute on this journey.



Yet despite growth in ambitions, most companies remain off track

Unfortunately, it's far from a rosy picture overall.

On current emissions reduction trends, only 7% of Accenture G2000 companies, which is a small subset of global businesses, are on track to achieve their own net zero targets for scope 1 & 2 (operations) and pushing the targets forward to 2050 bumps that share only slightly to 8%.

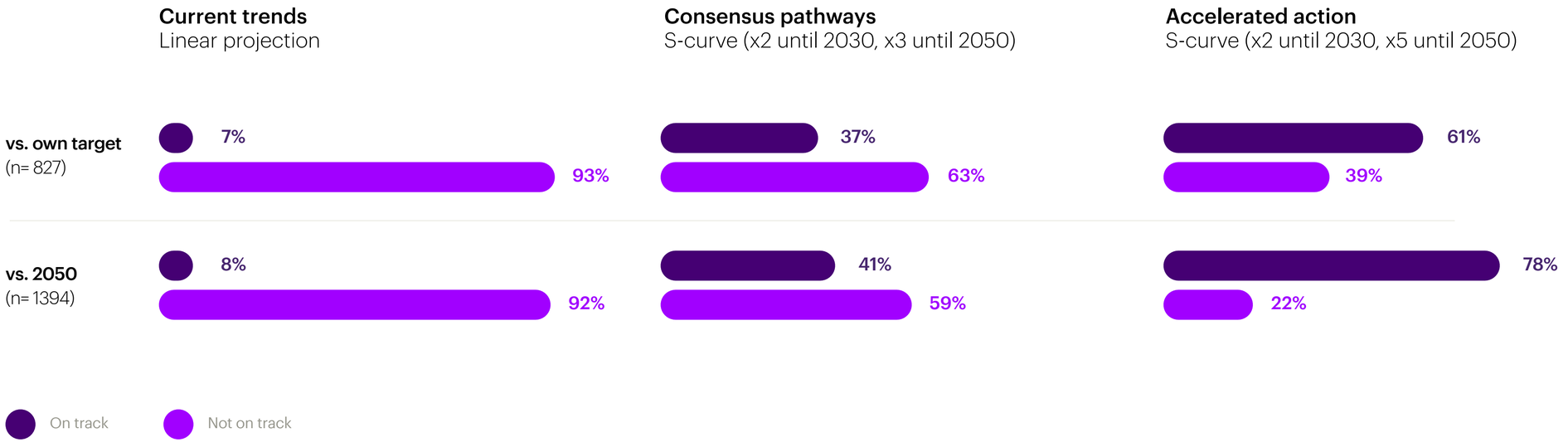
However, current emission reduction trends are likely to speed up as technology advances, efforts intensify and external pressures increase. A greater share of companies are projected to reach net zero in a consensus pathway.*

But even in an accelerated scenario – where the pace of emissions reduction is twice as fast until 2030 and then up to five times as fast until 2050 – two fifths of companies will miss their own targets. And 22% will fail to hit net zero by 2050 – the deadline deemed necessary to avert catastrophic climate change.

Concerted action is needed by companies in every industry—and now is the right time to proceed.

Notes: * See methodology (p36)

Proportion of companies projected to reach net zero operational emissions[m]



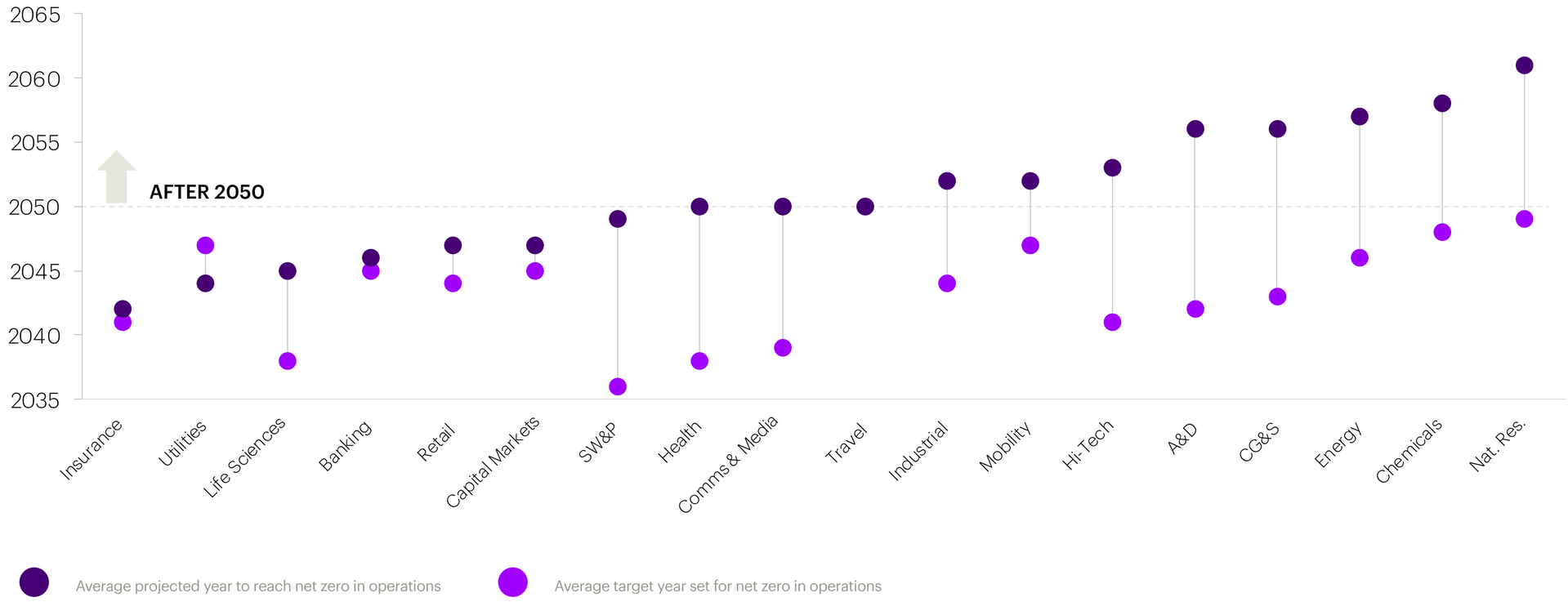
Notes: [m]Analysis based on sample of G2000 companies with at least 5 years of reported emissions data in the period 2011-2020. The projections cover scope 1 & 2 emissions, excluding scope 3 to avoid double counting. For more detail on the scenarios and modelling assumptions, please refer to About the Research at the end. We considered that a company achieved the target once they reduced by at least 95% of the absolute emissions in 2020. Consensus emissions reduction pathways, such as the ones developed by the Transition Pathway Initiative, set sector-specific emissions reduction trajectories that reflect consensus expert knowledge about the best available technology for reducing emissions and industry-specific challenges. The Accelerated Action scenario reflects the pace of emissions reduction of mitigation pathways compatible with 1.5°C, as developed by the IPCC.

Many industries are not on track to meet net zero by 2050 and need to accelerate

Even on a consensus pathway, in which projected emissions reduction speeds double over the next decade, many industries will still fail to meet net zero by 2050.

Net zero by industry

Emissions scope 1 & 2; consensus pathway scenario for average company projected year of achievement

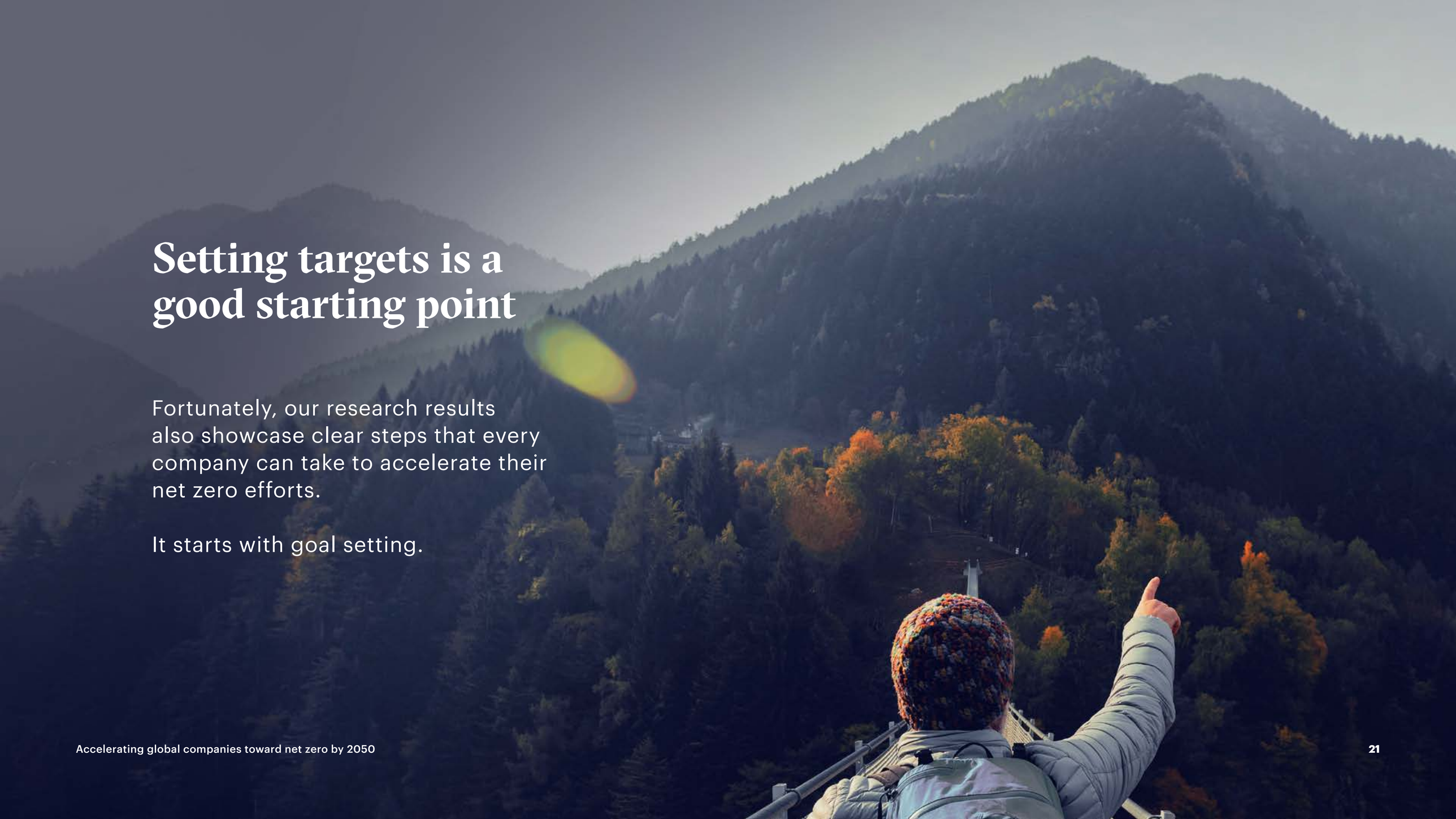


Notes: Modelling assesses the progress of companies in reducing operational emissions (scope 1 & 2) only. This is because companies are most able to control these emissions – and to avoid double counting emissions. Target year is based on the average target set by companies in the sample. Average projected year is based on the average of company trajectories.

Setting targets is a good starting point

Fortunately, our research results also showcase clear steps that every company can take to accelerate their net zero efforts.

It starts with goal setting.



On average, companies that have set full net zero targets managed to cut operational emissions by 18% between 2011 and 2020.

Targets have a disciplining effect. Segmenting companies by the presence of emissions targets shows that net zero targets tend to work at getting companies to focus on cutting emissions.

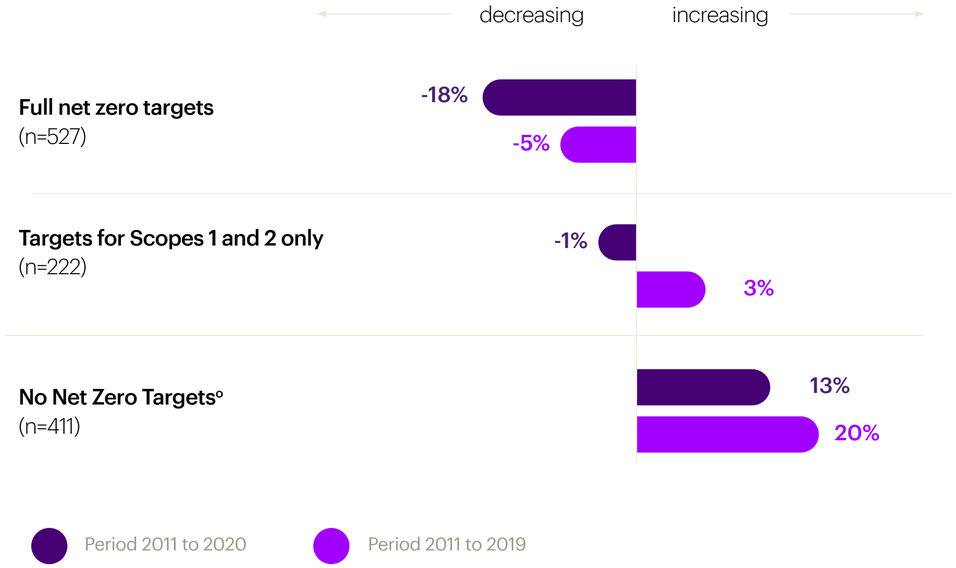
The pandemic had an overall dampening effect on emissions though. Those with Scope 1 and 2 targets also saw on average a decrease in their emissions over this period, but to a much lesser degree.

To eliminate the pandemic effect, we also tested emissions reduction to 2019. The only group to have cut emissions in this period were those with net zero targets.

Companies with net zero targets have cut emissions substantially since 2011

Relative change in average company absolute Scope 1+2 emissions
Grouped by target status, %

G2000 companies with emissions data that have...[n]

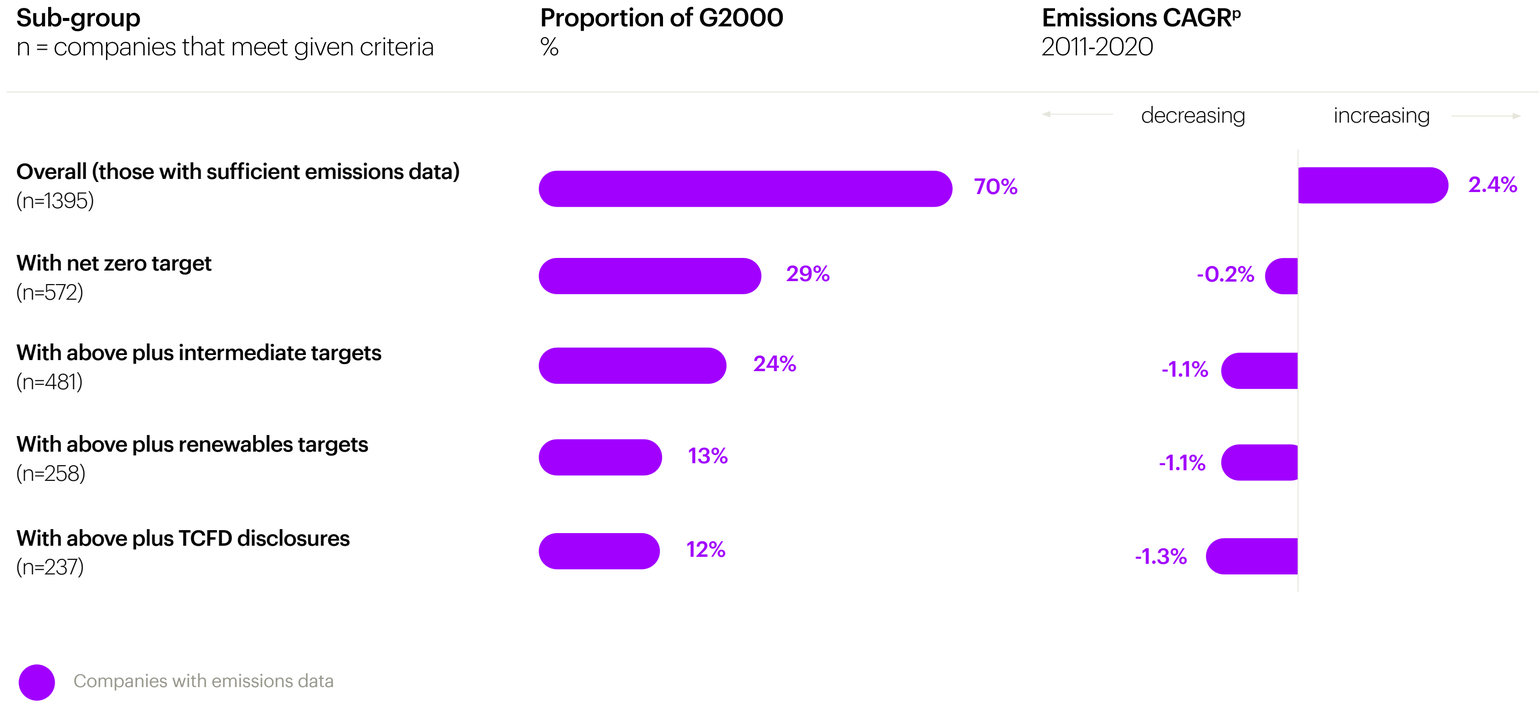


Notes: [n] Companies without emissions data in both 2011 and 2020 are not included in the samples here.
[o] This group either had no reduction targets whatsoever, or had some emissions targets but not related to any form of carbon neutrality across any scope.

Companies with multiple targets are cutting emissions faster

What's more, companies that have built up a bigger suite of programs have been cutting emissions faster than their peers.

By going much further than setting distant net zero targets, firms that develop and deploy comprehensive decarbonization strategies and carbon intelligence capabilities are seeing the benefit.



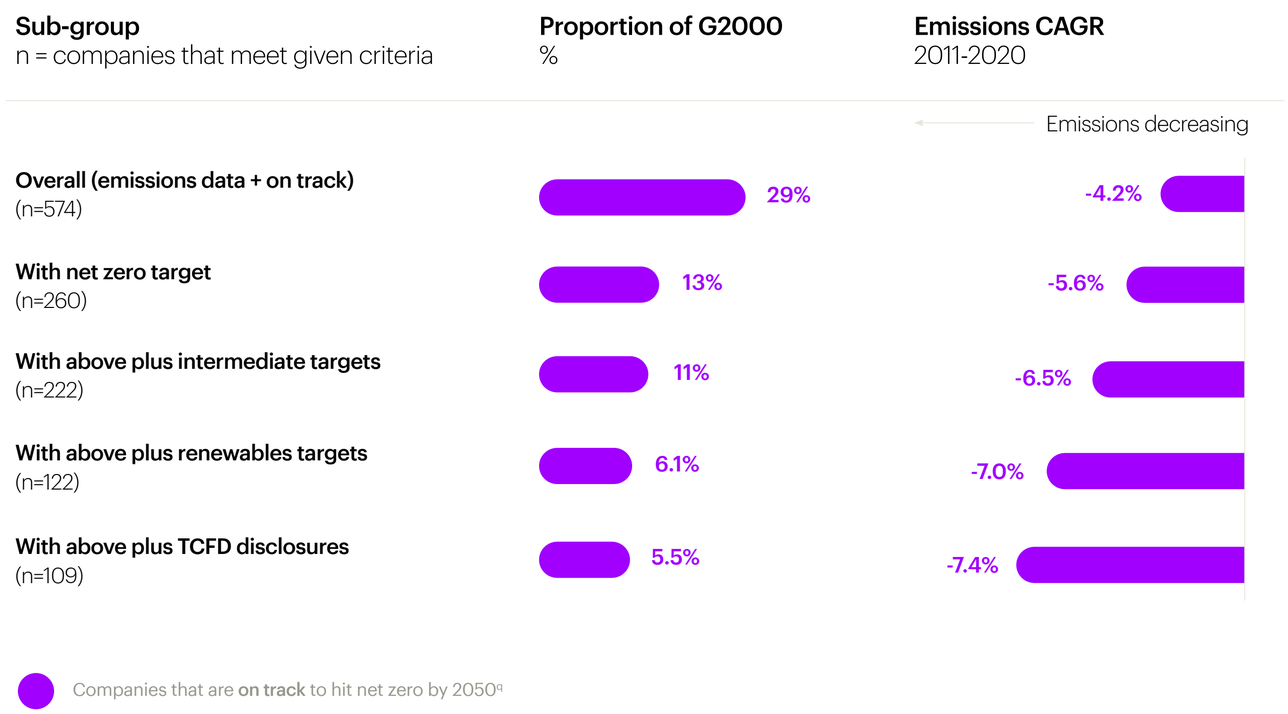
Notes: [p] CAGRs are calculated using averages with outliers omitted; in a small number of instances, companies do not have data for 2011, so we use the CAGR based on their earliest year of reporting after this, provided they have at least five years of emissions data in the CAGR period. See About the Research for details on the modelling sample.

Lessons from the leading set

Zooming in on companies that are on track to hit net zero by 2050 on a consensus pathway, we see this pattern of speedier decarbonization even more clearly.

Companies that deploy multiple strategies to manage their decarbonization progress have been shown to be more successful at cutting emissions.

In all, 109 leading companies – 5.5% of our G2000 sample – display best practices in a range of areas and have cut their own emissions rapidly.



Notes: [q] Consensus Pathway 2050 goal; CAGRs are calculated using averages with outliers omitted; in a small number of instances, companies do not have data for 2011, so we use the CAGR based on their earliest period of reporting after this. See About the Research for details on the modelling sample.

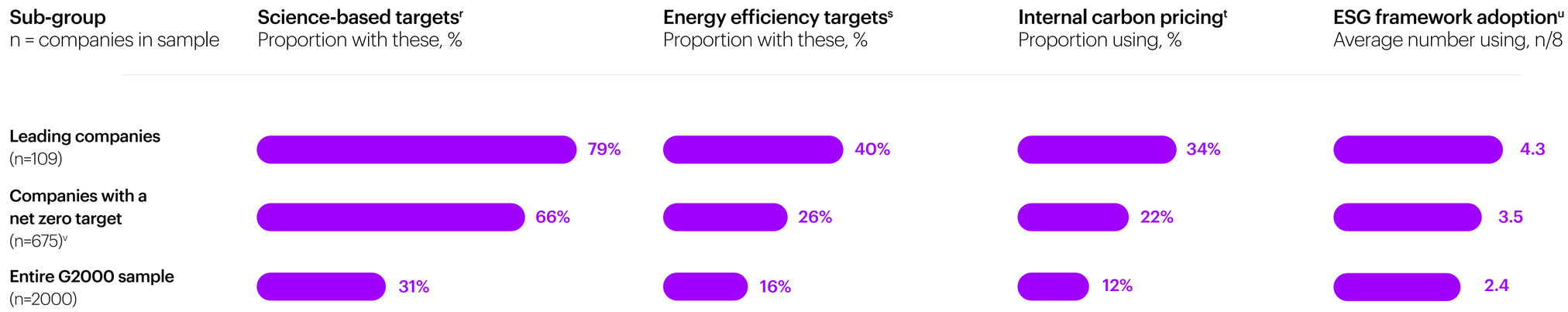
Developing building blocks of carbon intelligence

Looking more closely at these leaders, we observe they are more likely to treat their carbon, energy, and emissions data as true business information.

They not only track it; they act on it.

These leading companies are more likely to ensure their targets are science-based. They build in methods to reduce energy use and emissions. And they implement more complex mechanisms including, but not limited to, internal carbon pricing.

In addition, they are more likely to adopt and report against prominent ESG frameworks, which demand clarity around climate strategy and governance.



Notes: [r] Does the company mention that its targets are science-based?; [s] Do companies provide evidence for the presence of energy efficiency / energy consumption reduction targets?; [t] Do companies provide evidence for the presence of internal carbon pricing? [u] Does the company report against these standards? (Yes/No): CDP, GRI, TCFD, CDRB, VRF's Integrated Reporting Framework, SASB, WEF's Stakeholder Capitalism Metrics, UNGC; [v] Full set, not just those with emissions data.

Examples of leading company decarbonization initiatives

Naturgy

With the goal of achieving zero emissions across all scopes by 2050, Naturgy´s strategy for decarbonization includes achieving a 56% clean energy mix by 2025, leading to the closure of all its coal-powered stations in 2020, and a 33% increase in installed capacity through wind, water and solar power investment in 2021.[13]

Siemens

Siemens aims to achieve a 50% emission reduction in operations by 2030. Its plans are validated by SBTi and aligned to TCFD guidelines. In 2021, its scopes 1 and 2 emissions decreased by 36% compared with 2019. It achieved this by acquiring 78% of its energy from renewable sources, electrifying 8% of its company fleet, migrating to carbon-neutral buildings, and using an internal CO2 price to incentivise decarbonization initiatives.[14]

CVS Health

CVS recognizes that reduced air quality leads to more respiratory and cardiovascular disease. As part of it Healthy 2030 commitments and SBTI-validated goal to reduce environmental impact by at least 50% by 2030, CVS is investing in more energy-efficient locations. CVS achieved a 33,500 MWh energy reduction in 2021 implementing a range of initiatives including transitioning 740 CVS locations and using energy management systems to optimize lighting, heating, and cooling systems.[15]

HP

HP set the SBTi-validated goal of reducing 90% of its absolute emission reduction across all scopes, with interim 2030 targets. By engaging with suppliers through training, and promoting reporting and science-based target setting, GHG emissions intensity were reduced by 4% in 2020, relative to 2015. HP estimated a reduction of 81,000 tons of CO2 from suppliers in 2021.[16]

Suntory

The Japanese company implemented energy-saving measures in its plants, improving heat recovery in industrial processes, installing photovoltaic panels, and switching to natural fuels with fewer GHG emissions per unit. In line with its goal to reduce 50% of direct operation emissions by 2030, Suntory reduced its scope 1 and 2 emissions by 13.5%, compared with 2019 levels.[17]

Mahindra & Mahindra

The Indian automotive company has in place a carbon neutral goal by 2040, validated by SBTi, as well as the target to achieve 100% renewable energy by 2030. In 2021, the company increased its renewable energy consumption by 19%, and enhanced energy efficiency in its sites, achieving an 11% reduction in scopes 1 and 2 emissions compared with the year before.[18]

Accenture's view of carbon intelligence

Focus is on equipping/embedding these in the organization and across the organizational operating model (people, process, technology)

Carbon intelligence is a **set of capabilities** that enables organizations to control, improve and drive value-creation and impact, by embedding carbon, and broader ESG, business intelligence into decision making within the core business and across the value chain.

Moving from carbon and ESG as an after-the-fact reporting exercise, to driving value by leveraging advanced digital technologies for carbon-informed decision making across core processes, with higher granularity, higher frequency, better integrated and more trusted and auditable data

Further value from unlocking opportunities with carbon and ESG intelligence up and down the value chain, from suppliers to customers

Carbon intelligence capabilities to develop

To pick up the pace to net zero, companies will need to rewire to become carbon intelligent. This means developing and deploying carbon intelligence capabilities across the business in three categories:

Information

by diagnosing, assessing and setting the decarbonization strategy, and then monitoring and measurement of carbon performance

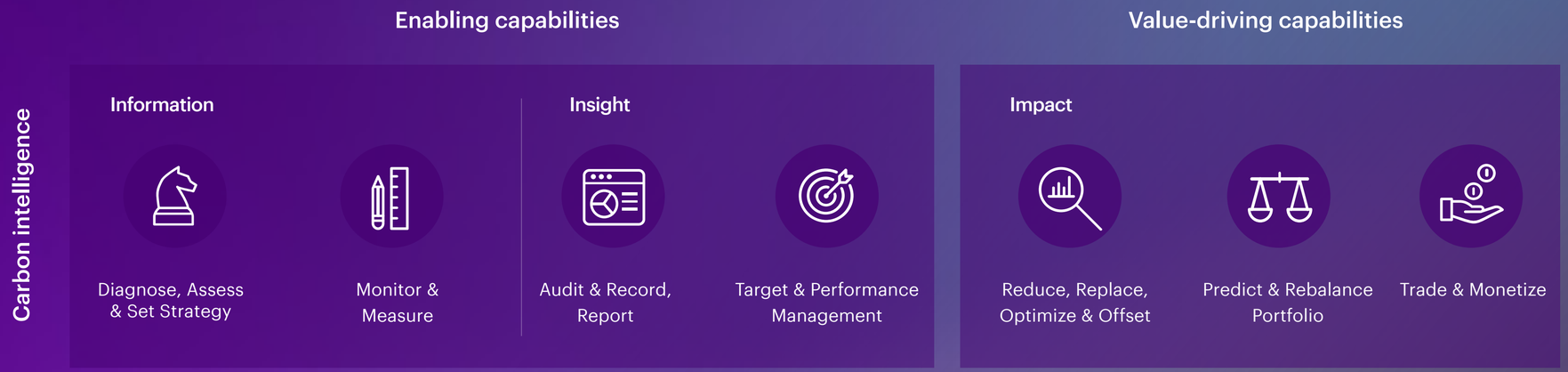
Insight

to audit, record and report emissions, as well as to set targets and performance manage their delivery

Impact

unlocked from this insight—whether it is about reducing, replacing, optimizing or offsetting emissions; predicting or rebalancing the portfolio; or trading and monetizing new products and services

These categories span seven enabling and value-driving capabilities as shown below.



Actions to take now

Regardless of the starting point, your company's efforts are essential to helping the world achieve net zero by 2050. It takes determination and action across the spectrum.

Companies just getting started:

Set targets, create milestones and start measuring progress

Gather, interpret and act on your carbon and energy data. If your company doesn't have a clearly defined net zero target, set one. Then, make sure there are milestones to get there, in the form of publicly announced intermediate targets. With the pathway set, build in more sophisticated metrics – around energy use, for example – and create capabilities for measurement and a plan for action.

Those already on the journey:

Prioritize investments and harness efficiencies across the enterprise

With granular data about energy and emissions adequately integrated with operational and financial data, you can identify and prioritize the investments that have immediate value and carbon payoffs. Evaluate assets and operations for areas where efficiencies can be achieved. These lead to both avoided emissions and saved energy – especially useful when energy prices are high. Such measures can often be as mundane as fixing the lighting in your buildings or measuring electricity performance with greater granularity. But it could also involve rethinking processes or pivoting to self-generate renewable electricity.

Those who are advanced:

Place bolder bets. Innovate, invest and collaborate across sectors and value chains

In some industries, the technologies and broader solutions to get to net zero lie in the future through innovation. Identify, build and scale them. This will involve extensive collaboration – across sectors and value chains. For some industries, key solutions will be developed elsewhere. Work out what solutions will be needed, and find partners to develop them. Similarly, legacy solutions that look cheap today may become stranded assets. Identify where new investments can be made now that will give your company an edge in the future.

It’s time to lead decarbonization efforts in this decade

At the halfway point towards achieving the UN Sustainable Development Goals, it’s urgent for global companies in every industry to accelerate toward net zero. While progress on target-setting made in the past year is promising, more work needs to be done.

Strategies to accelerate decarbonization are available now.

How will you guide your enterprise to become carbon intelligent?

Contact Accenture to learn more.

Accenture committed to being net zero by 2025

As shared in our online, interactive Accenture 360° Value Experience, we define 360° Value as delivering the financial business case and unique value a client may be seeking, along with striving to partner with our clients to achieve greater progress across these vital dimensions: Client, Talent, Inclusion & Diversity, Experience, Sustainability and Financial.

> For the category of Sustainability, we are committed to helping our clients achieve their sustainability goals and to operating Accenture to reach ours.

This includes addressing environmental issues through our own commitment to achieve net zero emissions by 2025 and by helping our clients and suppliers make and meet their commitments.

UN Global Compact Business Ambition for 1.5° Pledge--Accenture is one of 1,100 companies pledging to do our part to keep global warming below 1.5˚ Celsius.

Science-based target--By 2025 we will reduce our absolute greenhouse gas (GHG) emissions by 11%, our Scope 1 and 2 GHG emissions by 65%, and Scope 1, 2 and 3 emissions per unit of revenue intensity by 40%, against our 2016 baseline. As of August 31, 2021, our progress included total emissions decreased by 65%, Scope 1 and 2 emissions were reduced by 72% and emissions per unit of revenue reduced by 76%.

Renewable electricity--We plan to meet our office energy needs with 100% renewable electricity by 2023.

Engaging our suppliers--We will require 90% of our key suppliers* to disclose their environmental targets and actions being taken to reduce emissions by 2025. (*Key suppliers are defined as vendors that represent a significant portion of our 2019 Scope 3 emissions.)

Nature-based carbon removal--In September 2021, we announced our investments in nature-based carbon removal projects. Our projects will broadly align with our geographic footprint, and will reforest land, rebuild biodiversity, make agriculture more sustainable, help create green jobs and allow natural ecosystems to rebound and thrive—all while removing CO2 from the atmosphere. Over the next 20 years, this program is expected to physically remove more than 13 million metric tons of carbon from the atmosphere.

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About the research

This analysis takes stock of global corporate net zero targets. It shows how many of the world's largest companies have announced net zero targets, in which year these companies aim to achieve net zero, and how they are positioned to meet these targets considering their track record of reducing GHG emissions in the past decade.

Our sample was based on the Accenture Global 2000 (or "G2000"): an Accenture-developed list of the Top 2000 public and private companies in the world by revenue.

We first collected data about the net zero targets based on the G2000 list working with TheSmartCube. We found 675 that had announced a net zero target covering scope 1, 2 and 3 emissions. We grouped these companies by region (Europe, North America, and Rest of world and by industry.

Secondly, we analyzed the emissions from 2011 to 2020 of companies in our sample. We focused on the absolute scope 1 & 2 emissions (excluding scope 3 to avoid double counting) and calculated the compound annual growth rate (CAGR) of emissions over the 10-year interval, adjusting for missing data and excluding effects of structural changes to the business (e.g., divestments and acquisitions). We eliminated from the sample companies that did not report on emissions for a minimum of 5 years during the 2011-2020 period. This resulted in a dataset of 1394 companies (the sample that we used to model progress against a 2050 net zero goal). In total there were 827 companies that had both at least a scope 1 & 2 net zero target and had reported at least 5 years during the last decade (the sample that we used to model progress against companies' own net zero target years).

Thirdly, we built projections of potential emissions reduction pathways for each company in our dataset and estimated in which future 5-year time interval the company is likely to reach net zero. We chose the projections to take the shape of an "S-curve", in line with existing expert scenarios for emissions reduction by industry.

We then aggregated the company-level projections to industry and region level to assess the time period over which companies in the industry and region are likely to achieve net zero.

Finally, we compared the net zero target years with the time interval resulting from the emissions pathway analysis and evaluated commonalities and differences across industries and regions. We also ran this analysis against a target year of 2050.

We have conducted a similar analysis in December 2021. For this wave, we have compared results to the last wave. Also, we have conducted additional contextual analyses making use of Accenture surveys and the SBTi database.

Region and Industry classification

We grouped the companies by region and industry, based on the Accenture G2000 company list (original sample, before exclusion criteria)

Region	Industry name	Number of companies
Europe (N=507) Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Kazakhstan, Luxembourg, Netherlands, Norway, Poland, Portugal, Russian Fed., Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom	Aerospace & Defense (A&D)	22
	Banking	152
	Capital Markets	52
	Consumer Goods and Services (CG&S)	155
	Chemicals	79
	Comms & Media	77
	Energy	121
	Health	59
	Hi-Tech	115
North America (N=600) United States, Canada, Bermuda	Industrial (Equipment, Freight & Logistics)	370
	Insurance	150
	Life Sciences	60
	Mobility	70
	Natural Resources	154
	Retail	197
	Software & Platforms (SW&P)	28
	Travel	29
Rest of world (N= 893) Algeria, Argentina, Australia, Azerbaijan, Brazil, Chile, China, Colombia, Ecuador, Hong Kong, India, Indonesia, Japan, Kuwait, Malaysia, Mexico, New Zealand, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan, Thailand, United Arab Emirates, Vietnam	Utilities	110

Methodology

We built projections of potential emissions reduction pathways for each company in our data set, and estimated in which future five year time interval the company is likely to reach zero emissions. We chose the projections to take the shape of an “S-curve”, in line with existing expert scenarios for emissions reduction by industry.

As a first step, we determined a company’s starting point for the projection. This was informed by its absolute emissions in 2020 and its negative Compound Annual Growth Rate (CAGR) from 2011 to 2020.

- Companies that have already achieved fast emissions reduction in the past decade were placed further ahead on the S-curve to see a deceleration in their emissions reduction rate over time, as the remaining options for emissions reduction become harder to realize. For these companies, the projection used the historical CAGR of the company.
- Companies that had achieved little or no emissions reduction in the past decade were placed further back on the S-curve, meaning that in the projection they first catch up with the typical emissions reduction rate that industry peers had achieved in the past, and then gradually accelerate the pace of emissions reduction. For these companies, we create the projection using the median CAGR of the companies in the same industry that had reduced emissions between 2011-2020.

Secondly, we created the S-shape of the curve by using a matrix of multipliers for each period (displayed on the next page), which define the speed of emissions reduction over time. These multipliers varied by scenario. The Consensus Pathways scenario reflects the emissions reduction trajectories of the Transition Pathway Initiative, which in turn reflect consensus expert knowledge about the best available technology for reducing emissions and industry-specific challenges. The Accelerated Action scenario reflects the pace of emissions reduction of mitigation pathways compatible with 1.5°C, as developed by the Intergovernmental Panel on Climate Change (IPCC).

As the projections are based on reduction rates and therefore approach zero asymptotically, we considered that a company achieved the target once they reduced by at least 95% of the absolute emissions in 2020.

CAGR Multipliers Matrix

Consensus Pathways Scenario

Company CAGR	Starting CAGR used for projection	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049
< -12.5%	Company CAGR	1.8	2.1	1.2	1	1	1
-12.5% to -7.5%	Company CAGR	1.8	1.8	2.1	1.2	1	1
-7.5% to -5%	Company CAGR	1	2.1	3.2	3.2	3.3	3
-5% to -2.5%	Company CAGR	1	2.1	3.2	3.2	3.3	3
-2.5% to 0%	Industry median	1	2.1	3.2	3.2	3.3	3
0% to 2.5%	Industry median	0	1.8	3	3.5	3.5	3.3
2.5% to 5%	Industry median	-0.2	1	2.1	3.2	3.5	3.5
>5%	Industry median	-0.5	0	1.8	2.1	3.2	3.5

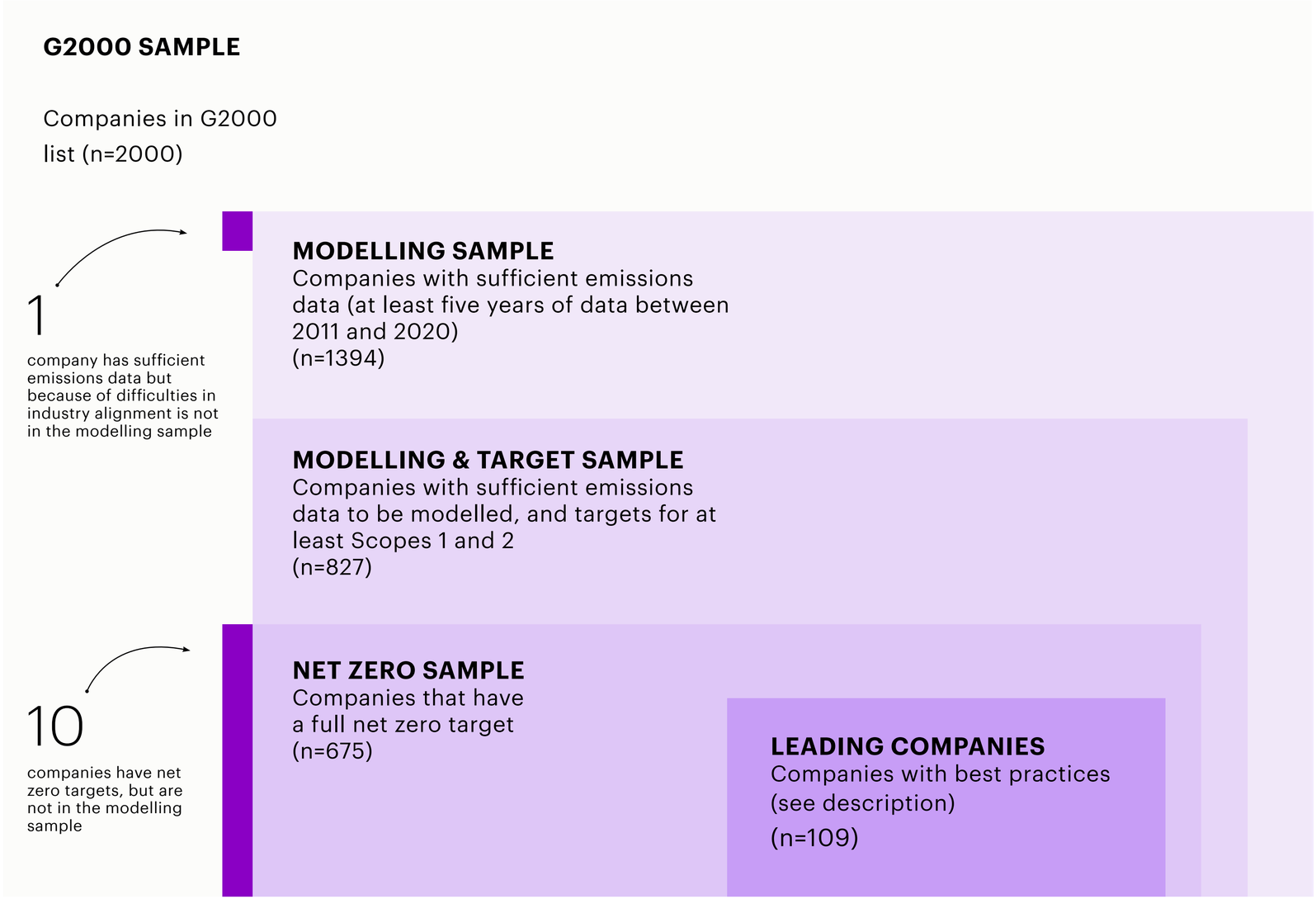
Accelerated Action Scenario

Company CAGR	Starting CAGR used for projection	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049
< -12.5%	Company CAGR	1.8	2.1	1.2	1	1	1
-12.5% to -7.5%	Company CAGR	1.8	2.1	2.1	1.2	1	1
-7.5% to -5%	Company CAGR	1.8	2.1	3.2	3.2	3.3	3
-5% to -2.5%	Company CAGR	1.8	2.1	3.2	4	5	5
-2.5% to 0%	Industry median	1.8	2.1	3.2	4	5	5
0% to 2.5%	Industry median	1	2.1	3.2	4	5	5
2.5% to 5%	Industry median	1	2.1	3.2	4	5	5
>5%	Industry median	1	2.1	3.2	4	5	5

Note: We have not included a separate matrix for the Current Trends Scenario, as this scenario reflects the projection of the Starting CAGR and thus consists of having the same CAGR across all periods.

Sample:

Different – but overlapping – samples are used in the analysis, depending on the area of enquiry. Our universe of companies is the G2000, but as we do not have all the data for each company, sub-sets are used where necessary.



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About Accenture

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Accenture Research creates thought leadership about the most pressing business issues organizations face. Combining innovative research techniques, such as data science-led analysis, with a deep understanding of industry and technology, our team of 300 researchers in 20 countries publish hundreds of reports, articles and points of view every year. Our thought-provoking research developed with world leading organizations helps our clients embrace change, create value, and deliver on the power of technology and human ingenuity.