

# Global Climate Action 2023

## Ambition of Cities, Regions, and Companies

Executive summary

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## ACKNOWLEDGEMENTS

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### **About Camda**

Camda is a community of data and analytical experts, dedicated to providing credible climate action information from regions, cities, businesses, investors and civil society. It was initiated in 2017 by a call from Patricia Espinosa, Executive Secretary UN Climate Change, and Christiana Figueres, former Executive Secretary UN Climate Change, for a collaborative network of professionals and organizations to assess and communicate the impact of climate action and to record and track ambition and progress made by these actors in the context of the Paris Agreement. The organizations authoring this report are all part of the Camda Climate Action Tracking Initiative.

## Executive Summary

Subnational government and private sector actors are critical agents to mobilize needed climate action. The recent UN Framework Convention on Climate Change's (UNFCCC) First Global Stocktake synthesis report emphasizes the need for “accountable and transparent actions by non-Party stakeholders” to “strengthen efforts for systems transformations”. These “whole of society” approaches are coming under greater scrutiny, as national and international policymakers strengthen efforts to develop more rigorous standards to reduce greenwashing and hold the increasing number of private businesses and subnational governments pledging more ambitious climate actions. In response to the resounding call for “ambition and action” at the 2023 Climate Ambition Summit convened in New York, we map subnational and business climate actions over the last five years.

For the fifth edition of *Global Climate Action of Cities, Regions and Companies*, we examine the state of subnational and private sector climate pledges and their ambition in helping to achieve global emissions reductions in line with the 1.5 degrees C temperature goal. While the UN's Global Climate Action Portal features more than 32,000 actors “engaging in climate action” as of September 2023, we narrow our focus to a subset of cities, regions and companies that have pledged quantifiable emission reduction targets, including net-zero and carbon neutrality goals, between 2018 and 2022. Overall, this report analyzes 3,008 cities, 175 regions and 2,843 companies from the G20 countries, including Argentina, Australia, Brazil, Canada, China, the European Union (EU), India, Indonesia, South Korea, Japan, Mexico, Russia, Saudi Arabia, South Africa, Türkiye, the United Kingdom, and the United States.

### Target-setting landscape for cities and regions

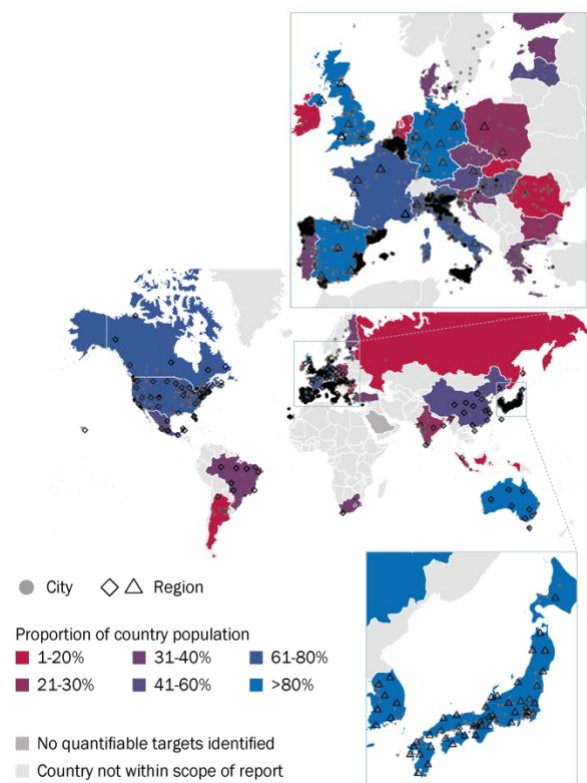


Figure ES1: Proportion of country population covered by subnational targets.

- As of March 2023, 3,008 cities and 175 subnational states and regions made quantifiable emissions people or 26.5 percent of the global population. Three-quarters of these subnational governments come from the EU. In Australia, the United Kingdom and Japan, more than 99 percent of the national population is covered by city and regional climate targets. In some countries, cities and regions took the lead in setting net-zero targets before their respective national governments, demonstrating their ability to catalyze more ambitious climate action (Figure ES1).
- Encouragingly, the number of cities and regions with quantifiable emission reduction targets has increased in 2023 compared to 2022, although some of this growth is due to enhanced data collection methods. North American countries, including Canada, the United States, and Mexico, have all seen notable increases in cities and regions recording targets.

- Most of the pledged emission reduction targets aim for the medium-term, between seven and 16 years from when cities disclose them. The most common target year is 2030, which indicates cities and regions are aligning their target time frames with countries' nationally determined contributions. Short-term targets, indicating target years within six years of a disclosure year, are the least commonly pledged goal, with less than five percent of all targets aimed for near-term action.
- A growing number of cities and regions have pledged net zero and carbon neutrality. 572 cities and regions are aiming for 100 percent emission reductions, carbon neutrality or net zero, with one-third aimed at before 2050 and the majority for 2050 or later. Over 35% of the net-zero targets are from Europe, with 26% from North America and another 26% from East Asia and the Pacific (Figure ES2). Among cities and regions with net-zero targets, only about half have reported quantifiable interim targets – a key indicator to a net-zero target's credibility and robustness. A higher proportion of cities and regions in North America and East Asia and the Pacific (with the majority from Japan) have interim percentage reduction targets, while actors in South Asia, Sub-Saharan Africa, and Latin American and the Caribbean have more standalone net-zero targets without interim targets.

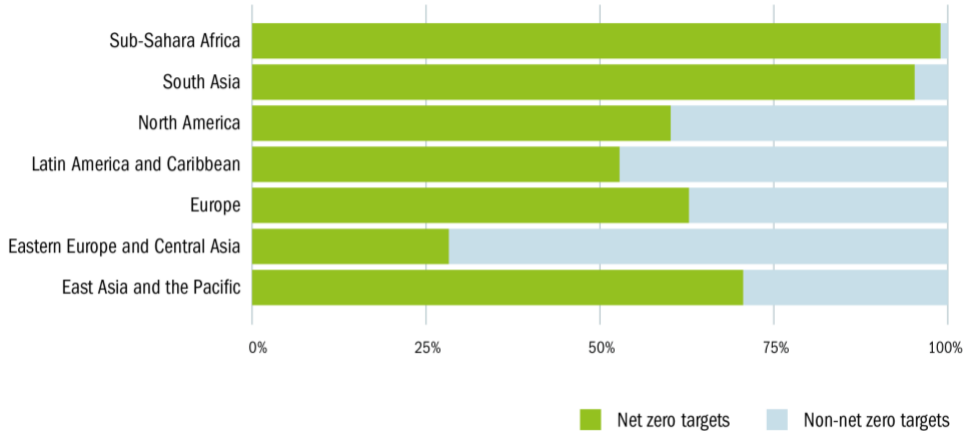


Figure ES2: Percentage of targets that are net-zero or carbon neutrality targets, compared to total city and region targets.

**Target-setting landscape for companies**

- Companies have disclosed their absolute emissions reduction targets to CDP in the period 2018 to 2022 and have committed in this period to an increasing number of targets representing higher coverage of greenhouse gas (GHG) emissions. This trend also holds for net-zero targets since 2021. The increasing trend in the number of targets is also visible in most sectors, for which manufacturing and services include the highest number of targets. Only the power generation sector shows a stabilizing trend in the number of targets since 2019.
- Companies representing at least USD 15.4-27.4 trillion set between 1,667 and 4,909 quantifiable absolute emissions reduction targets reported to CDP. Most of these targets span all company branches. The number of corporate targets has increased over this period for most countries (Figure ES3), where the EU Member States have the most country branch targets. Companies dominantly have mid-term targets between 6 and 15 years from the disclosure year. Although long-term targets are the minority, the number is increasing.

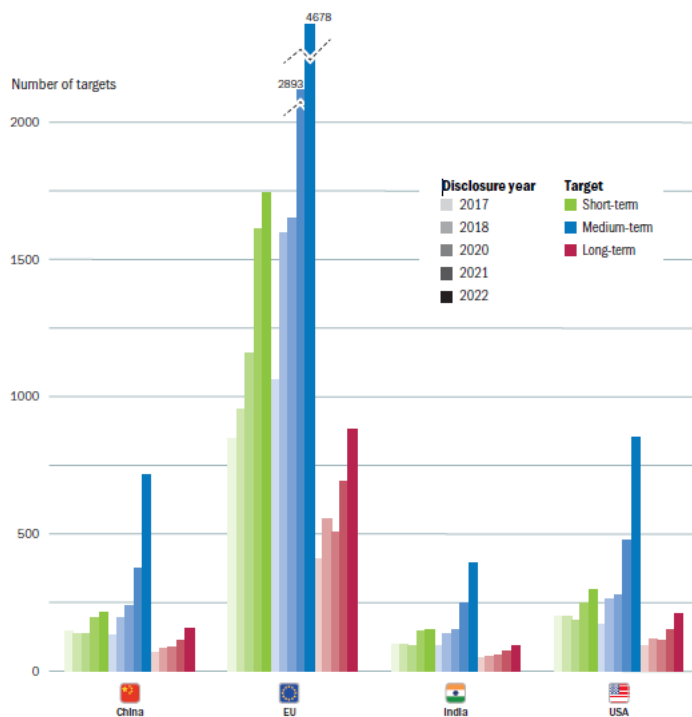


Figure ES3: Number of corporate targets for China, EU, India, and the United States in the period covering disclosure years 2018 to 2022.

- Looking specifically at scope 1 and 2 targets that represent emissions from own operations (scope 1) and electricity and heat use (scope 2), the same increasing trend between 2018 and 2022 is visible. Scope 1+2 targets represent 2.3 GtCO<sub>2</sub>e in 2018 and 5.3 GtCO<sub>2</sub>e in 2022, not accounting for overlap between scope 1 and 2. These targets cover both scope 1 and 2 in 65% of the cases, while either scope 1 or 2, or also including scope 3 in the other cases. The increasing trend for scope 3 targets represents around 2.8 in 2018 and 21.4 GtCO<sub>2</sub>e in 2022. Nevertheless, there may be overlap among these value chain emissions, but the extent of this overlap remains uncertain due to the difficulty of estimating this.
- Since 2021 net-zero targets reported to CDP show a significant increase between 2021 and 2022. The average net-zero target year from 2021 to 2022 changed from 2044 to 2041 and decreased for all sectors but one (fossil fuels). In particular, the service sector is aiming for an earlier average net-zero year (2040/2037), while the fossil fuels sector is the furthest from reaching this level (2043/2046) (see Figure ES4). We have not assessed whether the net-zero targets include CO<sub>2</sub> only or all GHG emissions. However, this is important as CO<sub>2</sub> emissions on a well below 2 degrees C or 1.5 degrees C pathway need to become net-zero around 10–15 years earlier compared to all GHG emissions.

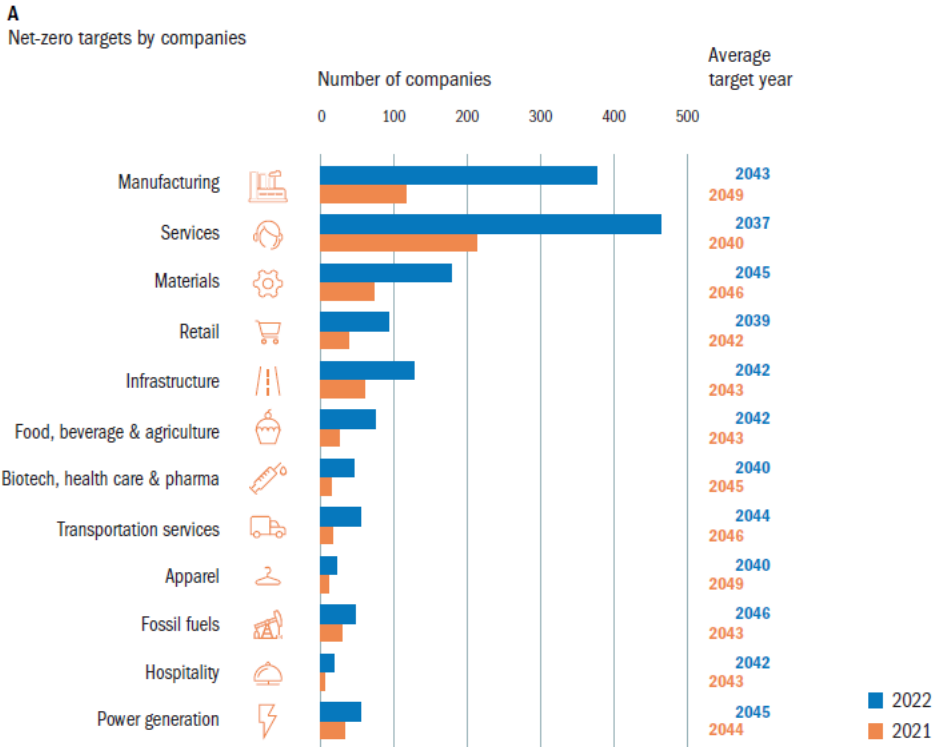
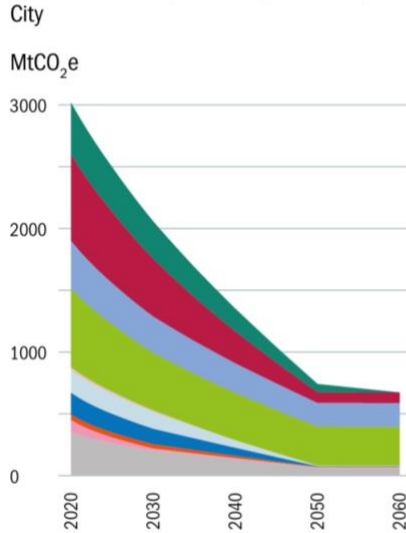


Figure ES4: Number of companies with net-zero targets per sector

### Ambition of cities and regions

- Ambition of subnational governments appears to be lagging, as ambition pathways show that subnationals have been increasing the ambition of their efforts over time, but not at a pace required for 1.5 degrees Celsius, which requires halving of global emissions by 2030 and net-zero by 2050.
- Cities and regions in G20 countries, representing about 27% of global CO<sub>2</sub> emissions as of 2022, together aim to reduce approximately 9 Gt CO<sub>2</sub> emissions by 2060. United States, China, and Japan have pledged the most emission reductions at both the city and regional level (Figure ES4), however, their regional emission ambitions only account for about 40%, 30%, and 20% of their national GHG emissions, respectively. Subnational actors in EU countries developed more mid-term targets to rapidly reduce their CO<sub>2</sub> emissions, however, lag in long-term targets for decarbonization, based on our conservative assumption of constant emissions beyond target years.

### Ambition Pathway 2023 – per country



### Region

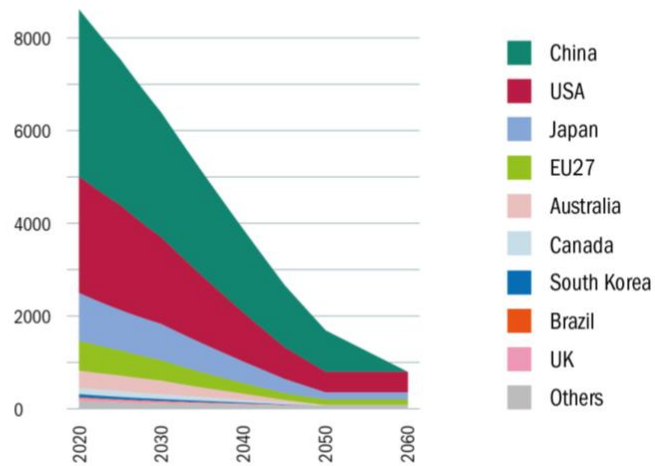


Figure ES4: Climate ambition pathway of subnational actors, shaded by country/region (Note: Others denotes other G20 countries, including Argentina, India, Indonesia, Mexico, Russia, South Africa, Russia, Saudi Arabia, Türkiye; targets included do not necessarily consider all greenhouse gas emissions, nor do we include the potential of additional reductions via offsets).

- Since 2020, cities and regions in the 10 highest-emitting countries (countries that the data are consistently collected included in previous reports, from 2017 to 2022 data disclosure years) have been making progress in the ambition of their emission reduction targets, increasing both the level and the rate at which their emissions would be reduced in the next decades. With increasing net-zero targets and the addition of more participating cities and regions, the world could likely see the emissions gap further bridged between current national government policies and the 1.5 degrees C goal (UNEP, 2022).

### Ambition of companies

The trend of rising ambition becomes evident when examining the combined ambition pathways of companies. More companies set targets, and average ambition increases. However, of the companies that have reported quantifiable absolute emissions reduction targets to CDP, only 25% have disclosed targets beyond 2030. For this reason, the combined company pathways do not reach net-zero by 2050.

- The ambition pathways that were constructed for all companies that committed to scope 1+2 absolute emissions reduction targets, two clear trends are visible: 1) 2020 emissions increase each disclosure year, and 2) the 2030 and 2050 emissions projections decrease (Figure ES6). The first can be attributed to more companies setting targets, companies increasing ambition or companies decreasing their base year emissions. The first two are commendable, while the third raises questions. Currently, no insights exist on which explanation dominates. Nonetheless, decreasing 2030 and 2050 emissions gives a positive sign, showing emissions reductions between 2020 and 2030 increasing from 16% to 33%.

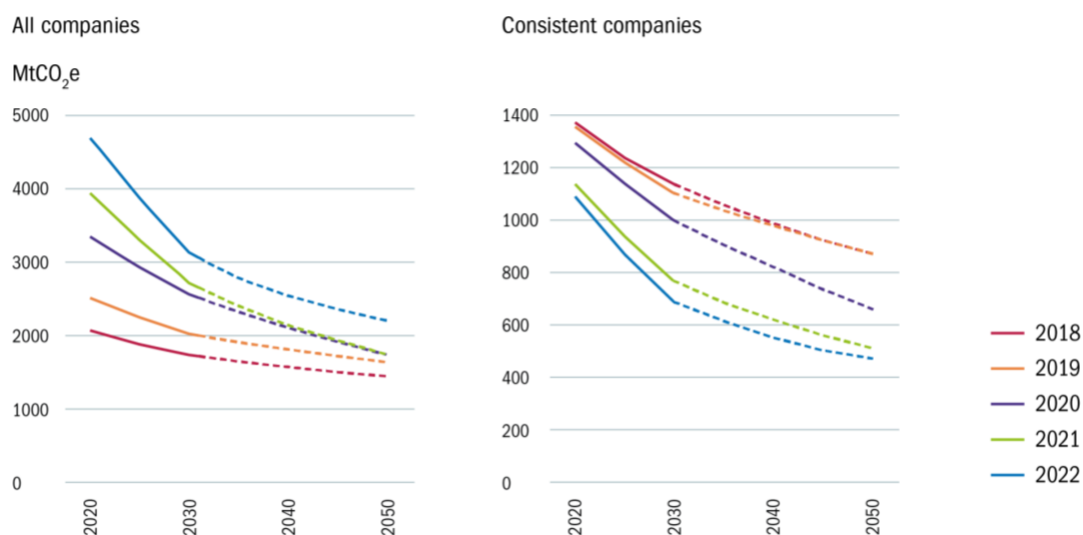


Figure ES6: Ambition pathways for all companies having disclosed scope 1+2 targets and emissions to CDP in the disclosure year 2018 to 2022, and for the 405 companies that have consistently reported targets and emissions in this period. (Note: as with subnationals, we do not consider the additional potential reductions of offsets in these scenarios).

- The emissions reductions for the 405 companies that have consistently reported targets and emissions throughout the disclosure years are higher than for all companies, showing an increase in reductions between 2020 and 2030 from 17% in the disclosure year 2018 to 37% in 2022.
- However, the emissions by 2050 are projected at a level still far above zero because many companies have not set targets beyond 2030, and those companies that have, did not always set net-zero targets.
- A slightly different trend is visible for the for scope 1+2 targets and emissions of the two high-energy use sectors 'chemical and petrochemical' and 'iron and steel'. In particular, early ambition, as demonstrated in the first two disclosure years, led to minimal reductions. However, this deficit has been offset by progress in the last two disclosure years, resulting in a targeted reduction of 26% between 2020 and 2030 in the 'chemical and petrochemical' sector (38-138 companies in 2018-2022 period), and 16% in the 'iron and steel' sector (5-18 companies in 2018-2022 period).