

# Why Companies are Dropping Net-Zero



# Contents

Introduction	3
Sector-by-Sector Analysis of Companies	
Dropping Net-Zero and SBTi Commitments	6
1. Energy and Utilities	7
2. Automotive	8
3. Consumer Goods	10
4. Technology	11
5. Financial Services	13
6. Retail	15
7. Food	17
8. Airlines	19
Conclusion – What should an ambitious Organisation do?	22

# INTRODUCTION

## A Corporate Exodus

The Science-Based Targets initiative (SBTi) has emerged as the gold standard for corporate climate commitments, providing a framework for companies to align their emissions reduction strategies with the Paris Agreement's 1.5°C pathway. However, a concerning trend has developed over the past two years: hundreds of major corporations, including market leaders across virtually every sector, are quietly withdrawing from or failing to meet their SBTi commitments.

It's important to note that SBTi has defined what 'Net Zero' means for corporate commitments through its frameworks and methodologies. As per standard reporting guidance, when companies announce Net Zero targets, this should be viewed as alignment with SBTi principles and the goal of 1.5°C aligned GHG reductions, even if not formally validated. Therefore, retreats from any Net Zero commitment represent departures from science-based climate frameworks.

This exodus is not limited to companies with marginal resources or minimal brand exposure. Industry giants like BP, Shell, Microsoft, Amazon, JPMorgan Chase, and Walmart, organisations with immense financial resources, global influence, and sophisticated sustainability teams, are stepping back from the very climate frameworks they once championed. When companies of this calibre and capability cannot successfully implement SBTi requirements, it raises fundamental questions about the frameworks themselves.

The data reveal the scale of this challenge. According to the [Funds Europe Carbon Impact Research Report](#), nearly half of asset managers have failed to disclose their SBTi allocations. [Bain's analysis of 1,883 international businesses](#) found that 36 percent were behind on their 2030 emissions reduction targets for Scope 1 and 2, while a staggering 51 percent of companies were behind on their Scope 3 commitments.

These statistics reflect deeper structural challenges rather than mere implementation difficulties. As companies progress beyond initial "low-hanging fruit" emission reductions, they encounter diminishing returns; each additional percentage of reduction becomes exponentially more expensive and technically challenging. Many organisations find themselves at an inflection point where further internal emission reductions would require:

- Technologies that remain commercially unviable or unavailable at scale
- Capital investments that cannot be justified under current market conditions
- Fundamental business model transformations that threaten their core operations
- Supply chain changes that lie beyond their direct control or influence

This report explores this phenomenon sector by sector, identifying the specific challenges that have led market leaders to reconsider their climate commitments. Our analysis reveals consistent patterns across industries: initial progress followed by technical barriers, economic constraints, and implementation challenges that make SBTi's frameworks increasingly difficult to reconcile with operational realities. The findings call for a pragmatic reassessment of corporate climate strategies.

While the urgency of climate action remains undiminished, the pathways to meaningful decarbonisation may require greater flexibility, longer implementation horizons, and complementary approaches like Carbon Neutral strategies that allow companies to maintain momentum while technology and infrastructure catch up to ambition.

This report is not an argument for reduced climate ambition but rather a case for climate realism; recognising that if the world's largest and most capable companies cannot successfully implement current frameworks, we need approaches that balance aspirational targets with practical constraints to ensure sustained progress toward a low-carbon future.

## The Reality of Diminishing Returns in Decarbonisation

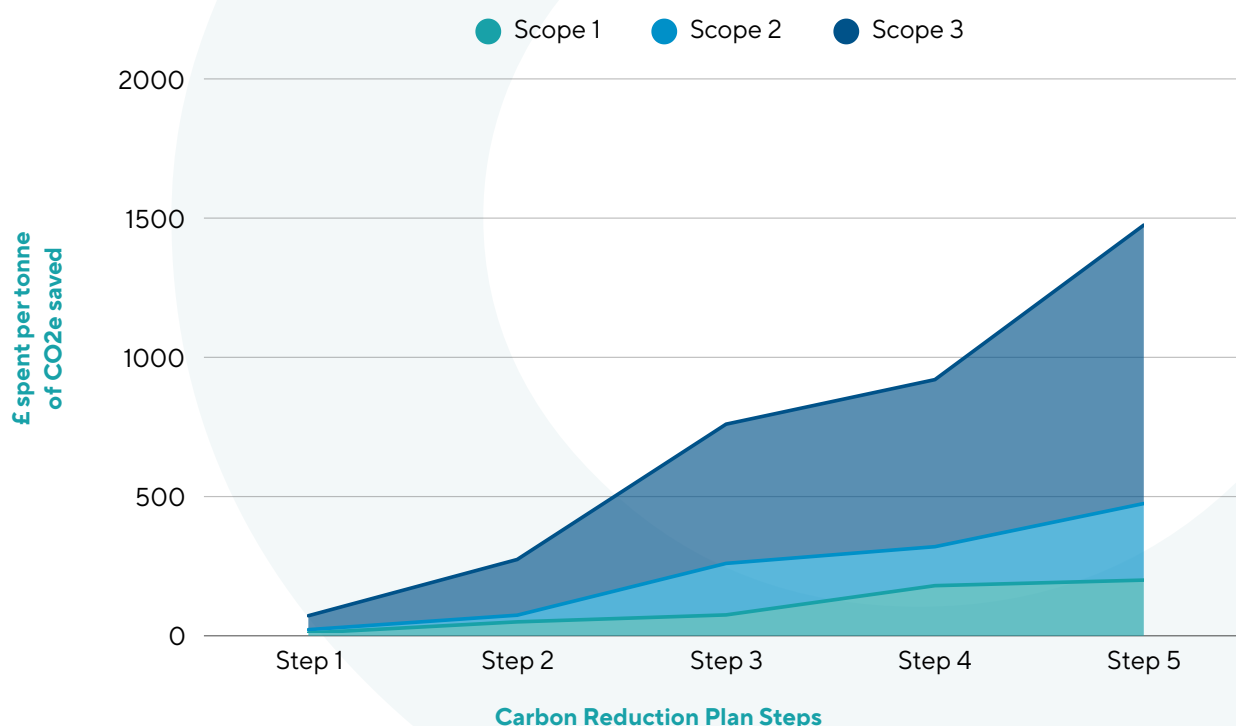
The pattern of companies withdrawing from SBTi commitments points to a fundamental structural challenge in corporate decarbonisation efforts. This issue transcends individual company performance or implementation capabilities, it reflects the economic principle of diminishing returns that applies across virtually all emissions reduction journeys.

Under SBTi guidelines, companies commit to reducing their Scope 1, 2, and 3 emissions by up to 90% by 2050. The initial phases of these reduction pathways often yield substantial progress through relatively straightforward measures:

- Switching to renewable electricity contracts for operations
- Implementing energy efficiency programmes across facilities
- Optimising logistics and transportation networks
- Replacing older equipment with more efficient alternatives
- Working with key suppliers on initial emissions reductions

However, sustainability teams across sectors report a consistent pattern after these initial successes. The emissions reduction curve becomes exponentially more challenging, with each additional percentage of reduction requiring disproportionately greater investment for diminishing returns.

Our analysis of corporate sustainability reports and working with sustainability managers in organisations reveals this pattern. While the first 20% of emissions reductions often cost between £20-100 per tonne CO<sub>2</sub>e, the next 20% could cost £100-200 per tonne, and reductions beyond 40-50% can easily exceed £250-1000 per tonne, if technically feasible at all.





The cost curve steepens dramatically for several reasons:

1. **Technical limitations:** Core industrial processes often require temperatures, pressures, or chemical reactions that have no commercially viable low-carbon alternatives.
2. **Infrastructure dependencies:** Many decarbonisation options require external infrastructure (hydrogen networks, carbon capture, etc.) that simply doesn't exist at necessary scale.
3. **Capital investment cycles:** Heavy industrial equipment and facilities typically have decades-long investment cycles, making rapid transitions financially prohibitive.
4. **Supply chain complexity:** Scope 3 emissions, often representing 70-90% of total footprint, require influencing hundreds or thousands of suppliers across multiple tiers and geographies.

As companies approach these technical and economic barriers, they face an increasingly stark choice: continue pursuing commitments that may be technically impossible or financially detrimental, or reassess their climate strategies.

This explains why even companies with substantial resources, strong sustainability commitments, and sophisticated climate programmes are reconsidering their SBTi participation. It's not necessarily that these companies have abandoned climate action, but rather that they've encountered the physical and economic limits of internal decarbonisation within current technological constraints and market conditions.

## The Carbon Neutral Pathway

Eight Versa is advocating for an emission reduction pathway that allows companies to allocate their limited capital to climate projects that will result in fewer carbon emissions entering the atmosphere without jeopardising their bottom line.

The Carbon Neutral label, previously discredited by Net-Zero purists, should be reconsidered as a smart, pragmatic and impactful emission reduction pathway.

This decade will prove the most important for maintaining momentum in corporate decarbonisation. As companies continue to withdraw from the straitjacket of rules set by SBTi, we will be forced to rethink our approach.

Enabling companies to offset those emissions that have become exponentially difficult to reduce internally is our best chance at maintaining corporate decarbonisation efforts, despite the political headwinds climate action faces.

This whitepaper seeks to outline how and why companies are turning their back on Net-Zero. It will also present 'Carbon Neutral' as a decarbonisation pathway that is fit for the moment.

# Sector-by-Sector Analysis of Companies Dropping Net-Zero and SBTi Commitments



# 1. Energy and Utilities

The energy sector, particularly fossil fuel companies, has seen some of the most high-profile reversals in Net-Zero commitments. Recent spikes in fossil fuel prices, particularly following geopolitical conflicts, are incentivising companies to prioritise short-term profits from existing fossil fuel operations over long-term investments in renewable energy. These concerns about energy security, the high cost of transitioning to renewables, the potential for supply chain disruptions, the lack of established infrastructure to support a fully decarbonised grid and the pressure to maintain affordable energy supplies for consumers are all accelerating net-zero regressions.

## BP

In 2023, BP scaled back its 2030 emissions reduction target, citing the need to continue investing in oil and gas to meet global energy demand, and is now scaling back its target to increase renewable generation by 20-fold by 2030. The company claimed to acknowledge the complexities of balancing its climate goals with energy security, especially as global energy demand is projected to increase by 28% by 2040. The move reflects the broader tension in the energy sector, where companies must navigate the demand for short-term energy reliability while working towards long-term decarbonisation goals.

BP has abandoned its plans to cut output of oil and gas by 40%, reflecting significant realignment away from renewable investments toward prioritising fossil fuel profitability.

## Shell

Shell's decision to backtrack on its Net Zero commitment to reduce Scope 3 emissions by 45% by 2035 has been a significant and controversial move in the context of its climate strategy. Highlighting shareholder pressure, many investors see the transition to low-carbon energy as necessary but recognise that it needs to be done at a pace that balances both climate goals and profitability.

These reversals highlight the tension between short-term profitability and long-term sustainability in the energy sector. A shift to a more proactive and flexible standard is needed to ensure they have the capacity to support economic growth and the process towards net zero.

## Summary

The commitment of oil and gas companies to Net-Zero targets highlights a peculiar contradiction in their business strategy. Fundamentally, the concept of Net-Zero is incompatible with continued fossil fuel extraction. For an oil and gas company to truly achieve Net-Zero, it would need to transition away from its core operations entirely and replace it with a new energy resource.

This creates a paradox: these businesses publicly commit to decarbonisation goals, yet their very existence relies on processes that contribute significantly to carbon emissions. This contradiction underscores the challenge and the underlying reason for their wavering commitments, highlighting that long term climate action in this sector will inevitably require a fundamental reinvention of what it means to be an energy provider.



## 2. Automotive

The automotive industry, which has been under pressure to transition to electric vehicles (EVs), has also seen some companies backtrack, citing challenges like supply chain issues, high costs, and uncertain demand.

### Toyota

Despite being a leader in hybrid technology, Toyota has been criticised for its reluctance to fully commit to an EV-only future, delaying its Net-Zero targets. While Toyota set an initial target to invest [\\$13.5 billion in EV technology by 2030](#), it has scaled back its EV goals, opting instead to prioritise hybrid technologies. Toyota's hesitance to fully embrace all-electric models contrasts with the aggressive EV targets of competitors (often Chinese), and it has faced criticism for not aligning fully with SBTi guidelines. As of 2023, Toyota acknowledged that it would not meet its original goal of producing 15 fully electric models by 2025 due to ongoing challenges in battery supply and evolving market conditions.

### General Motors (GM)

In 2022, GM revised its ambitious plans to become an all-electric carmaker by 2035, a key component of its SBTi-aligned target to reach Net-Zero emissions by 2040. Initially, GM committed to investing [\\$27 billion](#) in electric and autonomous vehicles by 2025. However, global supply chain disruptions, including the semiconductor shortage, delayed the rollout of EV models and production targets. As a result, GM has had to reassess its timelines, potentially [slowing the transition to meet its SBTi-based target](#).

The backtracking observed in the industry highlights the difficulty of aligning business operations with the pace of decarbonisation required when following SBTi regulations. Global EV sales need to increase by an estimated [20 million vehicles per year by 2030](#) to stay on track with the Paris Agreement and meet Net-Zero emissions targets. Issues such as supply chain disruptions, rising costs, and uncertain consumer demand for EVs are complicating the industry's ability to meet short-term emissions reduction targets.

### Ford Motor Company

Ford has encountered significant financial challenges in its transition to electric vehicles (EVs). In 2024, the company's EV division, Ford Model e, reported a loss of \$5.08 billion, with revenues declining by 35% to \$3.9 billion.

Projections for 2025 indicate continued losses ranging from \$5 billion to [\\$5.5 billion](#), attributed to substantial investments in new EV models and battery facilities. In response to these financial pressures, Ford has adjusted its production plans, notably halving the anticipated 2024 output of the F-150 Lightning electric pickup due to lower-than-expected sales.

Additionally, the company has [cancelled](#) the launch of a three-row, seven-seater electric SUV and postponed the release of the 'T3' electric pickup to the second half of 2027, aiming to rework the model with more cost-effective batteries. These strategic shifts underscore the complexities and financial strains associated with Ford's efforts to expand its EV portfolio amid evolving market dynamics.



## Summary

The automotive sector's experience with Net-Zero commitments reveals a fundamental disconnect between environmental aspirations and market realities. Despite billions invested in electrification, companies face diminishing economic returns as they push further into EV production amidst mixed or tepid consumer demand. The industry's challenges from critical mineral supply constraints to insufficient charging infrastructure underscore how technological and commercial barriers inevitably collide with ambitious decarbonisation timelines.

These companies are not merely exercising reluctance but confronting genuine structural impediments: inadequate grid capacity, battery production bottlenecks, and prohibitive production costs that cannot be overcome through willpower alone. The pattern of revised targets and scaled-back commitments across the industry suggests that SBTi frameworks, while valuable for articulating climate ambitions, often fail to accommodate the complex operational and financial constraints of transforming century-old manufacturing systems and consumer preferences within compressed timeframes.



### 3. Consumer Goods

The consumer goods sector, which includes food, beverages, and household products, has seen mixed progress. In a particularly expansive and fluid global supply chain, it is the scope 3 emissions that are proving the hardest to reduce, without offsetting.

While some leading brands are committing to SBTi standards, others are still grappling with challenges of being more sustainable.

#### Unilever

Consumer goods giant Unilever had its SBTi commitment partly dropped after 2022. Unilever does have approved short-term science-based targets, but it was among the companies whose long-term or Net-Zero SBTi pledge was nullified for missing the submission deadline.

Unilever had joined the Business Ambition for 1.5°C campaign and was expected to set a formal Net-Zero-by-2050 target, but it did not finalize that target under SBTi's framework by early 2024.

Like others in its sector, Unilever faces difficulties with Scope 3 emissions (e.g. sourcing raw materials, product use and disposal) and may have required more time to achieve proper alignment with a 1.5°C pathway.

#### Procter and Gamble

P&G had set near-term science-based targets, but it failed to deliver a validated Net-Zero (2050) target within the required timeline, leading SBTi to remove its long-term commitment. Procter and Gamble has cited Scope 3 emissions as one of the most complex aspects of their supply chain to reduce.

SBTi's own survey found that [21% of companies found tackling scope 3](#) to be too large a challenge.

#### Summary

The consumer goods sector's retreat from SBTi Net-Zero commitments illustrates the chasm between corporate climate aspirations and operational realities. For giants like Unilever and Procter & Gamble, the critical challenge lies in addressing Scope 3 emissions which is the vast, complex network of upstream suppliers and downstream product use that typically accounts for over 80% of their carbon footprint. These companies operate through labyrinthine global supply chains spanning thousands of suppliers across dozens of countries, many in regions with limited decarbonisation infrastructure.

The missed deadlines reflect not administrative oversights but fundamental implementation barriers: limited supplier leverage, unfeasible data collection requirements, and prohibitive costs associated with overhauling established procurement systems. Consumer goods firms face the additional challenge of reformulating products without compromising performance or raising prices, a delicate balance when consumers remain very price-sensitive. The sector's experience reveals how frameworks designed in boardrooms often collide with the messy realities of global manufacturing and consumption patterns that cannot be transformed within compressed timelines and an ever evolving supply chain.

## 4. Technology

The tech sector, often seen as a leader in sustainability, has not been immune to setbacks. This will increasingly be proven to be true, as companies grapple with emissions associated with AI and their data centres.

We have seen for the first time that private companies are independently investing in nuclear power. Microsoft, Amazon, Google and Meta are all seeking to procure nuclear energy in order to support their bet on AI.

This marks a paradigm shift; nuclear power has previously been exclusively government backed programmes. This shift towards nuclear power shows that Big Tech firms are aware of the impact that AI's energy intensity will have on their climate goals.

### Microsoft

Microsoft was an early and high-profile supporter of SBTi (even sponsoring COP26 in 2021) and has validated near-term SBTi targets, but it failed to meet [SBTi's deadline for its long-term Net-Zero target](#). Along with nearly 240 other companies, Microsoft's Net-Zero by 2050 commitment was marked as "removed" in early 2024 when it didn't submit a compliant plan in time.

### X (Twitter)

Twitter (now X) joined the SBTi Business Ambition for 1.5°C campaign in 2021 and pledged to set a science-based emissions target for 2030. However, after Elon Musk's takeover in late 2022, the company's climate efforts stalled. There was "no further mention" of Twitter's climate commitment post-acquisition.

### Amazon

Amazon committed to the SBTi's climate framework but was removed from the SBTi roster in 2023 after failing to agree on a [credible emissions reduction pathway](#). The core issue was a disagreement over how to achieve Amazon's Net-Zero goal. SBTi tightened its criteria (e.g. requiring comprehensive Scope 3 supply-chain targets and limiting the use of offsets), and Amazon struggled to meet the new standards. Amazon acknowledged that "changes in the SBTi's requirements" made it ["difficult for us to submit \[our target\] in a meaningful and accurate way"](#).

## Summary

The technology sector's retreat from SBTi commitments reveals the stark contradiction between green marketing and the industry's expanding carbon footprint. Unlike other sectors, tech giants face a uniquely modern challenge, the exponential growth in energy consumption driven by AI development and data centre proliferation. Companies like Microsoft, Amazon, and X (formerly Twitter) have discovered that their aggressive digital expansion strategies fundamentally conflict with emissions reduction targets. The unprecedented shift toward private investment in nuclear power by these same companies acknowledges an uncomfortable truth: renewable energy alone cannot support their ambitious AI and cloud computing roadmaps. Microsoft's failure to meet SBTi's deadline, Amazon's inability to align with increasingly rigorous criteria, and X's abrupt abandonment of climate commitments demonstrate how easily sustainability pledges give way to business imperatives.

This sector, which has aggressively marketed itself as leading the sustainable transition, now faces perhaps the greatest challenge in reconciling its exponentially growing energy requirements with its carbon reduction promises. The technology industry's experience exposes how emissions targets established during periods of moderate growth become untenable when confronted with the energy-intensive reality of next-generation computing a fundamental contradiction that no amount of carbon accounting finesse can resolve.





## 5. Financial Services

The financial sector plays a critical role in funding the transition to a low-carbon economy. Financial institutions have substantial Scope 3 emissions, which include emissions from investments, loans, and insurance portfolios. Unlike operational emissions (Scope 1 & 2), Scope 3 investments are difficult to track, measure, and manage due to the complexity of financial networks, diverse portfolios, and indirect control over client activities.

### Net-Zero Banking Alliance Withdrawal

Between December 2024 and January 2025, several leading U.S. banks, including JPMorgan Chase, Bank of America, Citigroup, Goldman Sachs, Morgan Stanley, and Wells Fargo, withdrew from the Net-Zero Banking Alliance (NZBA). [This industry-led coalition was aimed at aligning banks' lending and investment portfolios with Net-Zero greenhouse gas emissions by 2050.](#)

#### JPMorgan Chase

In 2023, JPMorgan Chase announced it would no longer pursue SBTi-aligned financing activities, withdrawing from the Net-Zero Banking Alliance (NZBA) and citing the need to maintain flexibility in its lending practices.

#### BlackRock

While BlackRock remains committed to sustainability in its external communications, it has faced criticism for not doing enough to divest from fossil fuels, which comprise a substantial component of its profits.

#### Wells Fargo

Wells Fargo set goals to achieve Net-Zero emissions by 2050. Wells Fargo has, in the meantime, dropped its interim 2030 targets on financed emissions, citing “factors that are outside of our control.”

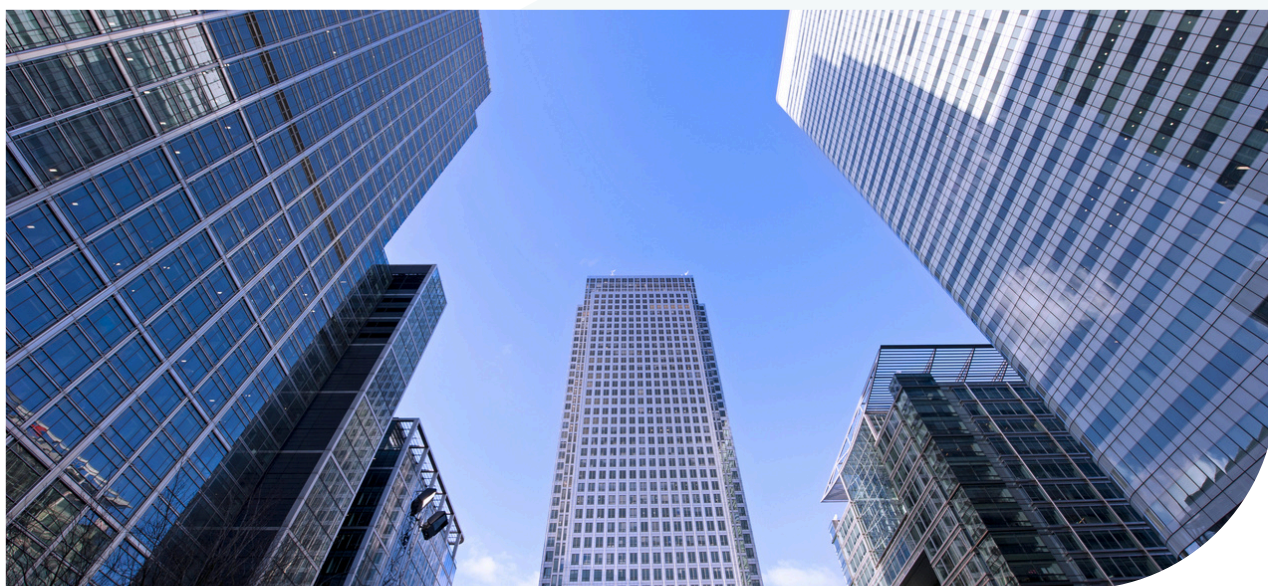
#### HSBC

In February 2025, HSBC delayed its target to achieve Net-Zero emissions across its operations and supply chains from 2030 to 2050, [citing slow progress in the real economy and challenges in influencing the companies it finances.](#)

## Summary

The financial sector's retreat from climate commitments exposes the fundamental incompatibility between traditional financing models and decarbonisation targets. Unlike manufacturers or retailers, banks face the unique challenge of having their primary climate impact embodied in their investment and lending portfolios, emissions over which they exercise influence but not control. The mass withdrawal from the Net-Zero Banking Alliance signals an industry-wide recognition that portfolio decarbonisation timelines conflict with fiduciary responsibilities and profit imperatives.

When Wells Fargo cites "factors outside our control" as justification for abandoning 2030 targets, or when HSBC delays its Net-Zero goal by two decades, they acknowledge a stark reality: meaningful portfolio decarbonisation would require systematically redirecting capital away from their most profitable clients. Financial institutions face an unprecedented challenge; they must simultaneously finance the transition to clean energy while continuing to serve carbon-intensive sectors that remain economically essential and highly profitable. This dilemma is further complicated by shifting regulatory environments, rising interest rates, and shareholder pressure to maintain returns. The sector's experience demonstrates how emissions reduction frameworks designed for direct operational control break down when applied to entities whose primary climate impact comes through capital allocation decisions constrained by market demands and competitive pressures.



## 6. Retail

The retail sector presents a unique set of challenges in the pursuit of climate commitments. Major retailers operate complex global supply networks with thousands of suppliers, extensive transportation logistics, and vast physical infrastructure, all contributing to their carbon footprint.

For these companies, Scope 3 emissions represent the overwhelming majority of their climate impact, yet these are precisely the emissions over which they have the least direct control. While retailers can influence supplier practices through purchasing power, completely transforming international supply chains to meet aggressive decarbonisation timelines has proven exceptionally difficult, especially when consumers remain primarily price-sensitive. Walmart's experience illustrates how even the world's largest retailer, with unparalleled market leverage, faces significant structural barriers to meeting the strict requirements of Net-Zero frameworks.

### Walmart

Retail giant Walmart also saw part of its SBTi commitment terminated. While Walmart has an approved 2030 science-based target, SBTi removed Walmart's long-term Net-Zero pledge after the company missed the submission deadline for a Net-Zero plan.

Walmart's vast global supply chain (Scope 3 emissions) proved to be a major hurdle. The company has been working to quantify and address these supplier and product-use emissions, which it described as a necessary step before finalising a credible Net-Zero strategy. In fact, Walmart stated it is "finalising its Scope 3 emissions analysis to inform future strategy".

Walmart's case reflects the difficulty of setting aggressive long-term climate targets in sectors with complex supply chains, and it highlights why some companies have had to pull back or delay formal Net-Zero commitments.

## Summary

Walmart's experience represents a cautionary tale for the retail industry at large. As the world's largest retailer with \$611 billion in annual revenue and operations in 24 countries, Walmart possesses greater supplier influence and financial resources than virtually any competitor. If Walmart struggles to map and manage its Scope 3 emissions sufficiently to meet SBTi requirements, smaller retailers face even steeper challenges. The fundamental issue lies not in commitment but in implementation, retailers must reconcile incompatible demands: delivering affordable products to cost-conscious consumers while simultaneously transforming global supply networks built on cost efficiency.

The sector's decarbonisation challenge is further complicated by limited consumer willingness to pay premiums for sustainable products and intense competition that punishes price increases. Walmart's measured approach of prioritising emissions measurement and analysis before making commitments it cannot confidently keep may ultimately prove more responsible than making bold pledges disconnected from operational realities. This pattern suggests the retail sector may need to embrace more flexible, incremental approaches to climate action rather than adhering to rigid frameworks that fail to accommodate its unique structural constraints.





## 7. Food

The food industry faces perhaps the most complex decarbonisation challenge of any sector due to its inextricable connection to agricultural systems, land use change, and biogenic emissions. For food producers and processors, greenhouse gas emissions are not merely byproducts of operations but intrinsically linked to biological processes fundamental to food production itself, from methane produced by livestock to nitrous oxide from fertiliser use.

The sector's climate impact extends beyond operational emissions to encompass deforestation, soil degradation, and complex land use changes throughout global supply chains. Major food companies like JBS and Smithfield Foods must contend with emissions that are difficult to measure, challenging to mitigate without reducing output, and subject to significant natural variability. The introduction of SBTi's specialised FLAG (Forest, Land and Agriculture) standard in 2022 created additional, more stringent requirements for these companies, forcing them to address land-use emissions with a level of specificity and commitment few were prepared to deliver.

### JBS

JBS, the world's largest meat processing company, signed up to SBTi's climate initiative but failed to submit its targets within the required timeframe. SBTi consequently dropped JBS from its list of committed companies.

A key barrier for JBS was its Scope 3 emissions, which include massive deforestation and livestock emissions in its supply chain. SBTi introduced new land-sector guidance (the FLAG standard for Forest, Land, and Agriculture) that would require JBS to set additional targets for land-related emissions.

This, combined with JBS' ongoing environmental controversies (e.g. links to Amazon rainforest deforestation), made setting a credible science-based target extremely challenging. Internal hesitation may have also played a role as surveys show some companies feared being unable to meet ambitious targets and facing backlash or litigation.

JBS likely fell into this camp, and the company may have been unwilling to commit to cuts it wasn't confident it could achieve. Thus, JBS missed SBTi's deadline, citing sector-specific challenges and readiness concerns, and was delisted for non-compliance.

## Smithfield Foods

Smithfield Foods – a major pork producer – [was among the companies removed from SBTi's roster for not submitting its targets on time](#). [Smithfield's case exemplifies how evolving methodologies can affect compliance](#). In late 2022, SBTi updated its criteria for companies in forestry, land, and agriculture (FLAG) sectors.

This change meant that Smithfield had to incorporate more complex supply-chain emissions (like feed-crop emissions and manure management) into its target-setting. A Smithfield spokesperson noted that the new SBTi FLAG standard (introduced in September 2022) significantly altered the requirements for their industry.

Facing these stricter rules, [Smithfield struggled to develop an acceptable plan within the 24-month window](#). The company has announced other sustainability goals (such as supply-chain emissions cuts and renewable energy use) indicating it is still pursuing decarbonisation. However, because it did not validate a science-based target by the deadline, reportedly due to the added complexity of the new land-use criteria, SBTi flagged Smithfield as non-compliant and removed its commitment.

## Summary

The withdrawal of major meat producers from SBTi frameworks reveals systemic tensions within the food industry's approach to climate commitments. Unlike most sectors, food companies face the uncomfortable reality that their core products, particularly animal proteins, have inherently high emissions profiles that cannot be eliminated without fundamentally transforming their business models. The introduction of SBTi's FLAG standard created unprecedented requirements for addressing agricultural emissions and land-use changes that proved unworkable within existing business constraints.

For companies like JBS and Smithfield, meeting these standards would require exerting control over vast networks of independent farmers, monitoring and influencing land use across multiple continents, and potentially accepting significant reductions in production volume or profit margins. The sector's retreat from formal SBTi commitments does not necessarily indicate abandonment of climate action but rather recognition that the frameworks designed primarily for industrial emissions poorly accommodate the biological realities of food production. This suggests that effective climate strategies for food companies may require alternative approaches that balance emissions reduction with food security concerns, accommodate the unique challenges of agricultural systems, and provide more flexible pathways for meaningful progress that don't demand potentially unachievable near-term transformations of global food systems.

## 8. Airlines

The aviation industry represents one of the most technically challenging sectors for decarbonisation, facing unique obstacles that make SBTi commitments particularly difficult to fulfil. Airlines operate in a carbon-intensive business model with exceptionally limited alternatives to conventional jet fuel, which accounts for over 99% of the sector's emissions.

Unlike ground transportation, where electrification offers a viable pathway, commercial aviation remains fundamentally dependent on high energy-density liquid fuels for the foreseeable future. The industry faces a complex technical challenge: aircraft have 20-30 year operational lifespans, requiring billions in capital investment, while sustainable aviation fuels (SAF) remain prohibitively expensive and in critically short supply; currently representing less than 0.1% of global jet fuel consumption.

Airlines must also navigate a complex international regulatory environment spanning multiple jurisdictions, each with different climate policies. This combination of long-term capital planning cycles, limited technological alternatives, and international operational requirements creates an environment where aggressive emissions reduction timelines collide with physical and economic realities.

### IAG

IAG – the parent company of British Airways, Iberia, and other airlines – [committed to set science-based climate targets but failed to submit them by the deadline](#). SBTi's list of removals in 2024 included IAG and even its subsidiary Iberia.

The aviation sector's unique challenges help explain IAG's non-compliance. Airlines have substantial emissions and depend on nascent technologies (sustainable aviation fuels, more efficient aircraft, or future electric/hydrogen planes) to decarbonise. For example, 53% of companies missing SBTi deadlines cited "too many technological unknowns in the future."

## Summary

IAG's withdrawal from SBTi frameworks exemplifies the aviation industry's fundamental climate paradox; airlines face perhaps the most difficult technological pathway to decarbonisation while simultaneously experiencing intense pressure to set ambitious targets. Unlike other transportation sectors, commercial aviation has no viable zero-emission technologies ready for deployment at scale. Sustainable aviation fuels, the industry's primary near-term solution, face critical supply constraints, cost between 3-5 times more than conventional fuel, and still produce carbon emissions when burned. Meanwhile, truly transformative technologies like hydrogen or electric aircraft remain decades from commercial viability for long-haul operations.

When IAG and other airlines retreat from formalised SBTi commitments, they acknowledge this technological reality gap, the mismatch between climate ambition timelines and the physical constraints of aerospace engineering, energy storage limitations, and infrastructure requirements. The industry's experience suggests that effective climate frameworks for hard-to-abate sectors like aviation may need to accommodate longer transition periods, emphasise research and development investments, and recognise that intermediate technologies and carbon offsetting will play necessary roles in any realistic decarbonisation pathway. For airlines, realistic climate strategies must balance ambitious goals with acknowledgment of the significant technological breakthroughs still required to transform global aviation.





## CONCLUSION

What should an ambitious  
Organisation do?



## CONCLUSION

# What should an ambitious Organisation do?

For years, companies have declared bold Net-Zero objectives with a confidence that belies the underlying technical and economic constraints. While the concept of rapid, deep decarbonisation is laudable, it has become increasingly evident that many public commitments rely on technologies, supply chains, and market conditions that remain aspirational rather than operational.

The cross-sector evidence presented in this report reveals a consistent pattern: companies committed to climate action are discovering that SBTi frameworks, while scientifically aligned with global climate goals, often fail to accommodate sector-specific constraints and implementation timelines. This misalignment creates a troubling dynamic where public climate commitments become increasingly detached from operational realities, ultimately undermining credibility when targets are missed or abandoned.

A more pragmatic approach is needed, one that maintains climate ambition while acknowledging the complex challenges organisations face. Companies should consider the following principles when developing their climate strategies:

- **Prioritise transparency over aspiration:** Rather than committing to targets that outpace technological readiness, organisations should establish transparent, achievable emissions reduction pathways with regular reassessment intervals. This builds trust with stakeholders while maintaining momentum.
- **Adopt sector-appropriate frameworks:** Different industries face vastly different decarbonisation challenges. Companies should develop climate approaches that reflect their unique constraints while still driving meaningful progress, rather than forcing themselves into standardised frameworks that may not fit their operational reality.
- **Balance internal reductions with external impact:** Companies reaching diminishing returns in their internal decarbonisation efforts should consider whether their climate investment might deliver greater emissions reductions elsewhere. This could include supplier engagement programmes, industry collaborations, or strategic investments in emerging solutions.
- **Pursue multiple complementary approaches:** Carbon neutrality and science-based targets need not be mutually exclusive. A combined approach; pursuing ambitious emissions reductions while using high-quality carbon credits to address harder-to-abate emissions creates a more flexible yet impactful pathway that many leading companies are now adopting. High growth and innovative companies can also pursue Carbon Efficiency, where focus is placed on reducing carbon emissions per unit of output or sales, i.e., doing more with less.
- **Focus on practical innovations:** Rather than waiting for theoretical breakthroughs, companies should identify and implement commercially available solutions that can deliver immediate progress. This includes energy efficiency measures, renewable energy procurement, supplier collaborations, and process optimisation.
- **Collaborate across value chains:** Many emissions reduction opportunities lie beyond company boundaries. Industry partnerships, pre-competitive collaborations, and customer/supplier engagement programmes can unlock solutions that no single company could achieve alone.



- **Maintain agility and adaptability:** The most effective climate strategies embed regular review cycles that allow companies to adjust their approach as technologies mature, regulations evolve, and new opportunities emerge. This prevents companies from becoming locked into increasingly unrealistic commitments.

This pragmatism does not diminish climate ambition; rather, it grounds it in operational reality. By taking a more flexible and multifaceted approach, companies can deliver genuine emissions reductions while maintaining business continuity. Progress is ultimately more important than perfection, companies achieving a 70% reduction while maintaining financial sustainability will have far greater impact than those pursuing 100% reductions but failing financially or abandoning their efforts entirely.

Organisations seeking to demonstrate climate leadership while navigating these complex challenges need to be more dynamic and flexible in their approach to decarbonisation. This can be via balancing unavoidable emissions through high-integrity carbon credit projects or pursuing carbon metrics built around growth and scaling. A balanced and realistic approach recognises that climate impact ultimately cares about global emissions, not corporate boundaries, and meaningful progress today is more valuable than perfect solutions tomorrow.

# Get in Touch

If you'd like to know more about how your organisation can decarbonise in a real and credible way, get in touch at 020 7043 0418 or email us at [info@eightversa.com](mailto:info@eightversa.com) and our friendly experts can support you no matter what stage you are at.

## About Eight Versa

Eight Versa is a multi-disciplinary sustainability consultancy with the expertise to deliver strategy, planning, implementation, and compliance. Eight Versa's multidisciplinary team of consultants, architects, engineers, and ecologists rely upon cross-industry experience and in-depth knowledge to find bespoke solutions for both the corporate and built environment.

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