GUEST VIEWPOINT

When net zero targets fail, fix the system, not the frameworks

Frédéric Ducoulombier

Frédéric Ducoulombier, programme director at EDHEC Climate Institute, argues that value-chain complexity and Scope 3 uncertainty have become convenient alibis.

Since the beginning of this decade, segments of political, industrial and corporate leadership have grown more vocal in contesting decarbonisation targets at regional, sectoral and corporate levels, questioning their feasibility, affordability and legitimacy.

While early pushback was organised by fossil-fuel interests and amplified by aligned political actors, the opposition has moved into mainstream political and business debate. Narratives around growth, competitiveness, industrial sovereignty and energy security are invoked to justify delay or dilution of ambitions.

At the firm level, value-chain decarbonisation challenges and Scope 3 data issues are cited to explain delivery delays, target resets or the rescoping of ambition, leading commentators to question whether corporate targets still matter.

This deserves scrutiny.

A few high-profile cases fuelled headlines about companies stepping back from the Science Based Targets initiative (SBTi), the standard-setter for near-term and net-zero targets. Whether withdrawing targets, disengaging from validation, or leaving technical advisory groups, justifications converged: limited value-chain leverage plus SBTi expectations clashing with strategies tethered to fossil fuel expansion.

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Separately, 239 companies committed to setting net-zero targets as part of SBTi 1.5°C campaign missed submission deadlines.

These included household names across consumer goods and retail, food and beverage, software, and transport. With Scope 3 cited as the main hurdle to setting net-zero targets, missed deadlines were reported as backtracking in the face of value-chain decarbonisation challenges and data issues.

Yet more than 10,000 companies now have SBTi-validated targets, including a quarter with net-zero commitments, despite data limitations, technological uncertainty, policy risk, and liability risk crossfire (fossil-aligned subpoenas and hearings on one side, greenwashing enforcement and litigation testing target credibility on the other).

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Two clarifications are necessary.

First, SBTi certifies 1.5°C pathway alignment; it does not assess transition strategy feasibility under prevailing or anticipated regulatory, technological or market conditions.

Second, Scope 3 limitations were known even before the 2011 release of the value-chain standard. Emissions accounting always relied on estimates; multiple counting reflects shared responsibility. Data characteristics do not invalidate ambitions but demand careful steering tool selection. Reflecting feedback, SBTi proposes procurement/revenue metrics to orient decarbonisation toward material, actionable sources.

What this rising pushback thus reveals is not a flaw in alignment or accounting frameworks, but exposure to structural constraints; over the past decade, climate governance has prioritised corporate disclosure and voluntary alignment over system-wide transformation.

For companies heavily dependent on emissions-intensive activities or value chains, ambition increasingly collides with systemic

realities: low-carbon production options may be unavailable, immature, or uneconomic under prevailing incentives and market conditions; in agriculture, materials, transport and heavy industry, absolute emissions have not fallen, let alone at the pace implied by 1.5°C-aligned pathways; and most jurisdictions have yet to deliver the regulatory, fiscal and budgetary signals required for transition.

Accenture finds just 13% of the 2,000 largest companies by revenue are on track for net zero by 2050.

This does not absolve firms of responsibility. Companies should push toward the decarbonisation frontier that structural constraints allow. Where firms have direct control, proven and cost-effective levers exist: energy efficiency and electrification cut operational emissions; waste

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reduction lowers upstream impacts. Beyond operations, product redesign has been found to drive value-chain decarbonisation, particularly when it targets use-phase and end-of-life emissions, while strengthening customer value and pricing power.

Upstream decarbonisation has proven more challenging. Embedding alignment criteria into procurement is a step toward incentivising supplier action. Greater horizontal and value-chain information exchange and coordination can help scale low-emissions technologies and unlock mitigation opportunities across all emissions scopes.

But voluntary action cannot substitute for systemic change. Expanding the decarbonisation frontier requires policy instruments capable of reshaping the energy system, productive infrastructure and patterns of demand on which value chains depend.

Investors integrating corporate transition into portfolio management should look beyond headlines and assess target credibility against past performance, transition plans and capital allocation grounded in evidence-based, sector-specific mitigation options. Fiduciary duties also require long-term investors to help strengthen the transition-enabling architecture, through policy engagement, and by supporting the research, development and deployment of transition technologies.

Alignment frameworks are stress tests. When they reveal structural fragilities, the task is system reform, not obfuscation or disengagement.