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Major Gap Found Between Australian Firms' Climate Pledges and Investments

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The significant disconnect between Australian companies' public climate commitments and their actual investment decisions, as revealed by recent analysis. This highlights the need for accountability, critiques reliance on government policy, and emphasizes market-driven solutions for genuine progress toward net zero emissions.

A July 2025 report by the Investor Group on Climate Change (IGCC) and Pollution exposed a stark gap between the climate rhetoric of 12 major Australian companies—such as BHP, Qantas, and Woolworths—and their capital allocation. Despite 66% of ASX200 companies pledging net zero emissions, only one of the analyzed firms aligned over half its investments with these goals, per the *Financing Australia's Corporate Climate Transition* report. “There’s a chasm between ambition and action,” said Richard Proudlove, IGCC’s Director of Corporate Engagement, in a *Guardian* interview, noting that vague disclosures obscure whether investments match decarbonization targets. The study, part of the Climate Action 100+ initiative, found three companies scored low on over half of eight investment criteria, like shifting capital from fossil fuels.

This disconnect raises concerns about greenwashing, especially as companies face scrutiny from the Australian Securities and Investments Commission (ASIC) for misleading environmental claims. The report suggests firms lack clear strategies to phase out fossil fuel investments, with only three of eight applicable companies showing strong alignment in reducing such spending. Critics argue the Labour government’s 2035 emissions targets, while ambitious, fail to provide the regulatory clarity needed to guide corporate investment. Zoe Whitton of Pollination told *Business Scoop* that without robust sectoral plans, companies and investors struggle to align capital with net zero goals. This reliance on government signals risks stalling progress, particularly when domestic priorities like energy reliability compete with global climate agendas.

Australian businesses must prioritize transparency and accountability to close this gap. The IGCC’s framework offers practical tools, urging firms

to detail how capital supports decarbonization. With global investors managing \$35 trillion eyeing Australia, clear action—not just pledges—will secure economic opportunities. By focusing on market-driven innovation and reducing dependence on uncertain policies, companies can deliver real climate progress while strengthening their bottom line.