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Several of Australia’s largest carbon emitters are failing to report on how they are aligning capital expenditure with climate targets, according to new research that calls for more urgent action by investors to limit global warming to 1.5 degrees.

According to the latest Climate Action 100+ “benchmark” report on 166 companies globally, progress is being made, including 69 per cent having committed to net zero by 2050 or sooner across all or some of their emissions – up 17 per cent on a year ago – and 90 per cent having some level of board oversight of climate change.

Almost 90 per cent are also committing to align their public disclosures with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) or are supportive.

But the report said no company was fully aligned with all of the benchmark’s “indicators”, noting only 17 per cent have medium-term targets aligned with holding global warming to 1.5 degrees and have produced quantified decarbonisation strategies.

No companies met all criteria on capex alignment, due to a “major gap in corporate reporting on how companies are integrating their climate strategies” with capital spending. Just nine out of 166 companies scored on any criteria on this indicator.

“It is alarming that the vast majority of companies have not set medium-term emissions reduction targets aligned with 1.5 degrees or fully aligned their future capital expenditures with the goals of the Paris Agreement, despite the increase in net zero commitments,” Climate Action 100+ said.

“There is a considerable gap between what companies are saying publicly on climate lobbying and doing in practice.”

Climate Action 100+ represents institutional investors, with 700 signatories responsible for $US68 trillion in assets under management, including several Australian major super funds and fund managers.

Its latest research included 14 Australian companies: Adbri, AGL Energy, BHP Billiton, BlueScope Steel, Boral, Incitec Pivot, Oil Search, Orica, Origin Energy, Qantas, Santos, South32, Woodside and Woolworths.

It analyses companies’ decarbonisation target settings and disclosures, auditing and accounting, and climate policy engagement.

Overall, Australian companies performed relatively well, but Woodside and Santos were found to be among the worst performers in Australia and globally, while Boral scored as one of the better performers.

The Intergovernmental Panel on Climate Change recently warned that the window to take meaningful climate action is rapidly closing. There is also growing scrutiny of climate and emissions reporting, with the US Securities Exchange Commission this month publishing draft rules to enhance and standardise the disclosure of climate risks.

These may affect some major Australian companies and require US registered companies to report scope 1 emissions created by their operations, scope 2 emissions created to power their operations, and scope 3 emissions of their customers if “material” to that company’s business.

The Climate Action 100+ report said most companies had targets covering scope 1 and 2 emissions, but “few” were addressing scope 3 emissions and “this should be a priority focus for investor engagements” and management teams.

“Whilst more focus on companies setting long-term greenhouse gas targets is positive, the absence of material scope 3 emissions, often the largest share of a company’s carbon footprint, within these targets means their impact may be limited,” it said.