A ground breaking assessment of the corporate public disclosures of the ten largest publicly listed oil and gas companies has found only two are ambitious enough in their planning to align with the emissions pledges made by governments in 2015 as part of the UN Paris Agreement on climate change. Five of ten majors fail to articulate any long-term emission reduction targets at all.

The new research comes from the $9.1 trillion investor-backed Transition Pathway Initiative (TPI) at the London School of Economics' Grantham Research Institute. The TPI paper entitled *'Carbon Performance Assessment in Oil and Gas'* includes an explicit focus on the industry's 'Scope 3' emissions, i.e. the emissions that derive from burning a company's products in electricity generation, industry and transport. These emissions account for the largest share of these companies' lifecycle emissions, often accounting for over 80% of a company's carbon emissions footprint.

The new insights demonstrate some positive progress from the sector, with Shell and Total recently reporting ambitions to reduce not only their operational emissions, but also emissions from their value chains. This brings their ambitions in line with the Nationally Determined Contribution (NDC) pledges made by Governments at the Paris Agreement in 2015 – though still not enough for what scientists say is required to keep global warming below 2°C (nor 1.5°C) by 2050.

Of the other eight companies, five – Chevron, EOG Resources, Exxon Mobil, Occidental and Reliance Petroleum – do not have any quantitative emissions reduction targets. The remaining three – Eni, BP and ConocoPhillips – only have targets covering operational emissions (Scope 1 and 2), which would see their future carbon intensity remain significantly above that required to meet the Paris pledges.

No company has proposed to reduce its carbon intensity sufficiently to be aligned with a Below 2 Degrees benchmark or to achieve net zero emissions by 2050.

Professor Simon Dietz, leading TPI's Research at the Grantham Institute, London School of Economics said: "The most significant finding is the emerging status of companies' future ambitions. It is encouraging to see two major oil and gas companies, Shell and Total, setting out long-term ambitions to reduce carbon emissions intensity in a way that is compatible with the government pledges made at the Paris climate agreement. However, there is a long way to go. None of the ten largest global oil & gas firms currently set a path that would align them with limiting global warming to 2°C or below before 2050. To reduce the carbon footprint of the sector these companies need to set more stretching low carbon targets."

Adam Matthews, Co-Chair of the Transition Pathway Initiative and Director of Ethics & Engagement, at Church of England Pensions Board, said: "Forward looking lifecycle emission targets that take account of all the impact of a company's carbon footprint are essential if we, as investors, are going to have confidence in the strategy of companies we invest in. We want to see evidence of a company's commitment to the transition to a low carbon economy, and this latest research from TPI is not comfortable reading. We welcome Shell and Total's leadership in setting out their ambitions. We note that while they are moving in the right direction, and are ahead of their peers, this study suggests they are not yet ambitious enough to align with a pathway to below 2 degrees of warming by 2050."

"Targets that cover all of a company's emissions, from production to use of their sold products, provide a transparent basis for asset owners to engage with oil and gas companies on their strategies to transition."

Dr Rory Sullivan, one of the papers co-authors and Chief Advisor to TPI said: "In this paper, we have set out a series of expectations that should inform investors and others engaging with these companies. Setting clear targets covering all the company's emissions from the production and use of their products is vital if investors are to meaningfully assess the risk they carry in their portfolios. Judging carbon performance just on emissions from direct operations only tells part of the story. The current emissions intensities of most oil & gas majors are similar, but by shining a light on the companies' future ambitions and looking holistically at the full lifecycle of products, investors can begin to see clear leaders and laggards in the sector."

Emma Howard Boyd, Chair of the Environment Agency and Chair of the Environment Agency Pension Fund Investment Committee, said: "The UK Government has asked the Committee on Climate Change to review whether legally binding carbon targets are compatible with limiting temperature increases to 1.5ºC above pre-industrial levels. The IPCC report shows even if we manage that we still face an exponential rise in physical impacts, like flood, drought, and the spread of disease. Corporate Boards, especially those in the oil and gas sector, need to get ahead of this or they are taking an unrecoverable risk with their companies' future."

Source URL: *https://www.churchofengland.org/media/press-releases/new-research-shows-only-two-large-oil-and-gas-companies-have-long-term-low*