

# Energy Sector Finally Moving Out Of First Gear On Climate ; First Three Oil & Gas Firms Align With 1.5°C Pathway

*Energy sector is improving its climate performance, but too slowly, concludes research from \$39 trillion-backed Transition Pathway Initiative (TPI)*

LONDON, UNITED KINGDOM, November 24, 2021 /EINPresswire.com/ -- ENERGY SECTOR "FINALLY MOVING OUT OF FIRST GEAR" ON CLIMATE AS FIRST THREE OIL & GAS FIRMS ALIGN WITH 1.5°C PATHWAY

- Only one in ten companies aligned with a path to 1.5°C in 2050, according to TPI assessment of 140 of largest energy companies' 'Carbon Performance'.
- Majority (57%) fail to align with any of TPI's temperature benchmarks
- 84% of energy companies now align with a 'Below 2°C' path and for first time three oil & gas firms align with the 1.5°C.

Today's energy sector report is the first to feature TPI's 1.5°C benchmark which assesses corporate targets against the IEA's pathway to keep to 1.5°C of warming.

TPI assessed 140 of the largest energy companies (76 electric utilities, 58 oil & gas, 6 diversified miners involved in coal mining) on 'Carbon Performance' finding 10% were aligned with a pathway to keeping global warming to 1.5°C. A further 24% were aligned with a 'Below 2°C' pathway.

However, 66% of firms were not aligned with the Paris Agreement. (Of these 53% were not aligned with any TPI climate benchmark, 9% aligned only with 'National Pledges' (national commitments that still take global warming over 2°C), 4% did not disclose climate data. TPI's 'Carbon Performance' analyses each company's current levels of emissions and emission reduction plans to 2030 and 2050.

A total of 14 firms aligned with 1.5°C including three oil and gas firms – Occidental Petroleum, TotalEnergies and Eni. They have set emissions reduction targets which are ambitious enough to reach net zero by 2050 and align with TPI's 1.5°C benchmark. However, 83% of assessed oil & gas companies are unaligned with any TPI benchmarks. Full results for sector in graphic.

Figure: Alignment of O&G producers in 2050, scaled by market - [See anchor text link attached](#)

Adam Matthews, Chair of Transition Pathway Initiative (and Chief Responsible Investment Officer at Church of England Pensions Board) said:

“The transition is underway within the energy sector and some companies, as shown by this latest TPI research, are moving out of first gear and accelerating their transition plans. Concerningly, for investors there remains significant distance between net zero rhetoric and net zero reality in the case of most fossil fuel majors.”.

Eva Cairns, Head of Climate Change Strategy at abrdn:

“It’s fantastic to see this critical piece of research on transition strategies and alignment in energy-related sectors, a hugely valuable resource for asset managers. And a sobering read given that the TPI management score only nudged up slightly from 2.7 to 2.8 compared to last year and only 10% of companies are 1.5C aligned – lots of work still to be done.

Catherine Ogden, Sustainability and Responsible Investing Manager:

“We welcome the new TPI report and the aggregated approach to the energy sector demonstrating the interdependencies required to transition the economy to net zero. We particularly welcome the expansion of the assessment to shine a spotlight on the critical role of large bond issuers. The report clearly highlights the need for continued engagement to drive alignment across the sector.”

Nikolaus Hastreiter, TPI researcher at LSE’s Grantham Research Institute for Climate Change and the Environment said:

“While the pace of transition efforts in energy supply sectors has increased, it has not yet reached the level which is necessary to prevent the worst consequences of climate change.

“One third of the assessed electricity utilities have published encouraging net zero targets, even though particular attention must be paid to their timelines. To keep global warming to 1.5 degrees, the sector must reach net zero already by 2040 on a global level. The sector plays a crucial role as a first mover in the zero-carbon transition, given that the decarbonization plans of other sectors anticipate the use of carbon neutral electricity in the future.”

About TPI

TPI is a global initiative led by asset owners and supported by asset managers. Aimed at investors and free to use, it assesses companies’ progress on the transition to a low-carbon economy, supporting efforts to address climate change. It is supported globally by 113 investors managing over \$39 trillion of assets. All TPI data is published via an open-access online tool.

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