

Company responses to Oxfam's Opportunity for Comment (OTC) for publication on Net Zero Climate Targets: Implications for Land and Food Equity

Eni's response

With regards to your statement on the oil&gas companies strategies' misalignment with the Paris Agreement's goal of keeping global warming below 1.5° C, we acknowledge that the scenario has changed a lot since 2020, which is the publication date of the report used as reference. To date, some majors have announced new commitments and carbon neutrality targets by 2050, inclusive of scope 1+2+3 GHG Emissions and in principle in line with the net-zero by 2050 target described by IPCC Special Report 1.5°C (2018).

A detailed review of the different GHG reduction targets, divided by scope, time horizons and nature (absolute vs. intensity), can be found in the latest report (Absolute Impact 2021) released by Carbon Tracker last May, that ranked Eni first among Oil&Gas Majors in term of ambition and comprehensiveness of GHG emission reduction targets. This is due to the inclusion of targets both in terms of absolute GHG emissions reduction and carbon intensity, covering all activities and energy product sold and including scope 3 emissions.

This recognition is the result of the transformation path undertaken by Eni in the last 7 years. Eni has been among the first companies in the industry to commit to targets aimed at improving the performance related to GHG emissions of the assets it operates. Eni also set specific indicators to track the progress achieved in terms of reduction of GHG emissions into the atmosphere, use and consumption of energy resources from primary sources and production of energy from renewable sources.

In 2020, Eni announced for the first time its target covering scope 1, 2 and 3 emissions, setting both medium and long-term targets, accounted for on an equity basis, to reach a reduction of its absolute emissions by 80% in 2050, considering all the activities and every traded product.

In 2021, Eni further strengthened its commitment and it is now aiming at being carbon neutral by 2050, considering Scope 1, 2 and 3, both in terms of absolute emissions and carbon intensity. Eni's progress towards its carbon neutrality long-term target is monitored through a set of life cycle GHG emissions indicators, whose results are published annually in [Eni annual report](#) and verified by an independent auditor. ([Eni for 2020 - Carbon Neutrality by 2050](#))

In addition to Carbon Tracker's acknowledgment aforementioned, Eni's decarbonization objectives have been recognized by a wide range of important external observers (i.g. TPI, CA100+, CDP) as among those with the widest scope and highest level of ambition in its sector.

Acknowledging the important role of Natural Climate Solutions (NCS) in limiting global warming to 1.5°C, as envisaged by the more ambitious goals of the Paris Agreement, Eni considers as crucial the inclusion of such solutions in its strategy to achieve global carbon neutrality goals in the long term. In order to offset part of its residual direct emissions that are difficult to abate with current technologies (so-called hard-to-abate), Eni has envisaged the possibility of developing REDD+ (Reducing Emissions from Deforestation and Forest Degradation) projects. In addition to the generation of carbon credits and climate and environmental benefits (such as reducing deforestation, increasing forest carbon stocks, and preserving and restoring biodiversity), projects

developed under the REDD+ scheme also ensure significant positive impacts in terms of the social and economic development of local populations. In fact, these projects include economic development alternatives that also allow for the creation of new jobs and economic diversification, as part of the Countries' growth path.

While the targets on forestry offset are correct, the calculations shown in your table appear to be based on the estimated areas needed to generate credits from planting new forests, focusing only on the concept of CO₂ removal and neglecting the impact of avoidance measures, such as REDD+ projects, on which Eni is focusing its strategy.

For this reason, we cannot support these estimations. Indeed, we do not deem it useful to reason in terms of surface areas since the fight against deforestation is not about changing the use of land but just the opposite.

TotalEnergies' Response

Thank you for sharing the extract of your *Net Zero Targets* report with us and for the complementary details you provided.

We would like to complement on some elements that could complement your analysis for Total. As discussed together, we agree on the fact that GHG emissions reduction should be a priority, before deploying carbon sequestration techniques, and Total has taken engagements to reduce its GHG emissions both in carbon intensity and in absolute values in order to achieve our 2050 net zero objective. Please see below these engagements that have been published in Total's [URD 2020](#) and the [Total Climate report](#) :

- 2030 targets for oil & gas operations worldwide (Scopes 1 & 2):
 - Reduce GHG emissions (Scopes 1 & 2) on the Group's operated oil & gas facilities of 46 Mt CO₂ e in 2015 to less than 40 Mt CO₂e by 2025 (a 15% decrease). By 2030, the target is a reduction of at least **40%** of the net emissions compared to 2015 for its operated oil & gas activities
 - Maintain the intensity of CO₂ e emissions from operated facilities for Upstream hydrocarbons activities under **20 kg CO₂e/boe**
- 2030 worldwide targets (Scope 3):
 - Reduce the average carbon intensity of the energy products used by customers worldwide by more than **20%** between 2015 and 2030 (Scopes 1, 2, 3).

We understand that you used 15% carbon intensity reduction for your analysis based on the data published before April 2021. If this modification could be made in your assumption, it will be very much appreciated.

- Achieve a level of worldwide emissions (Scope 3) lower in absolute terms than in 2015
- 2030 Europe target (Scopes 1, 2, 3): Reduce by at least **30%** the indirect GHG emissions related to the use by customers of the energy products sold for end use (Scope 3) in Europe in absolute terms, compared to 2015. This 30% reduction target is extended to all the Scopes 1, 2, 3 emissions in Europe.

These emissions reductions will be done in parallel with the deployment of NBS activities in Total, which will be phased in two periods: **a first period from 2021 to 2030 dedicated to investments and increasing carbon sequestrations capacities without using those carbon capacities for net zero targets purpose** then followed by a second period - 2030 onwards - when these capacities could eventually be used to compensate our scopes 1 and 2 emissions. Total's model is therefore first to avoid and reduce emissions, and then to compensate in order to reach carbon neutrality by 2050. We think this is an important point which could be mentioned in your report concerning Total.

As also discussed, **Total aims to develop NBS projects that create environmental and societal co-benefits (e.g. looking for multiple land credits : carbon but also food, biodiversity, jobs, livelihood ..)** in line with the recent statement : “ *The Group is acting on the principle that, in order to be viable over time, natural carbon sinks must be connected to an agricultural or forestry value chain that is local and sustainable. Regional issues related to carbon sink management can then be comprehensively addressed.*” ([URD 2020](#) published in September 2020 (p.41)).

Several mandatory conditions to ensure sustainable operations for NBS projects were listed in the [Climate Road map in Action](#) Total's presentation (slide 24, February 2021).

Finally, **the Group agreed on businesses models for NBS that would help minimizing the conflicts of uses**: Total prioritizes lands concessions rather than lands purchase for instance, and will also develop other types of carbon removal techniques such as carbon sequestration in agricultural soils that avoids conflicts of uses. Such technique seems to be excluded from your calculations of carbon removal techniques.

Our comments on the figures:

The team agrees with the order of magnitude of 0.1 ha of tropical forest needed to capture one ton of CO₂, even though we think this factor could be improved in specific projects and averages an heterogeneity of possible carbon removal activities in addition to natural regeneration.

Thank you for the details of calculations provided. Even though we are not fully aligned with you on the way to calculate the percentage of emissions reductions from land-based removals (7% for Total), which is then used to estimate the 2050 carbon volumes removed and associated hectares, we still agree on the order of magnitude.

Shell's response

Thank you for giving us the opportunity to review the references to Shell that you are planning to make in your upcoming report.

I would like to flag this section of the text: “By 2050, they state they will reforest 22 million ha of land to sequester 300 million tons of CO₂ per year. Shell's stated goals for 2050, of planting 22 million ha to capture 300 million tons of CO₂, suggests that 13.6 tons of CO₂/ha/year can be sequestered, which is higher/more optimistic than any estimates reviewed above here. Using a more realistic estimator of 10.5 tonsCO₂/ha/year suggests that to capture 300 million tons of CO₂, Shell will need roughly 29 million ha.”

I believe the reference to the 2050 goal and 22m ha of reforestation comes from the Shell Energy Transitions Strategy, but it actually refers to the scale of the challenge and we have used the Shell Scenarios Sketch for the EU to illustrate the point. This is not actually what we plan to do. See page 6 of the report: <https://www.shell.com/promos/energy-and-innovation/shell-energy-transition-strategy/shell-energy-transition-strategy-2021.pdf>

THE SCALE OF THE CHALLENGE

As an illustration, achieving net-zero emissions in the EU in the next 30 years could mean:

Accelerating clean technologies

- Double the generation of electricity, triple its share of final energy
- Shift the electricity mix to 75% renewables, no coal
- Target 10% hydrogen in final energy, including as a fuel for heating, industry and heavy transport
- Triple the use of biofuels, with a shift to advanced forms

Targeting behavioural incentives

- Invest in infrastructure to improve energy efficiency per unit of GDP by almost 45%
- Incentivise green consumer and business choices in support of the green economy
- Progressively raise the government-led carbon price in the EU to more than €200/tonne of CO₂ equivalent in 2050

Removing emissions

- Build at least two major carbon capture and utilisation facilities every month (more than 1 million tonnes each)
- Reforest at least 220,000 square kilometres in the EU (about half the area of Spain) to remove the remaining 300 million tonnes of CO₂ in 2050

Source: Shell Scenarios Sketch: A climate-neutral EU by 2050

Regarding compliance with Science Based Targets, we are implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in our reporting. We are also engaging with others including the investor group Climate Action 100+ and the Science Based Targets initiative as they develop new reporting, accounting and target-setting frameworks for the oil and gas industry. You can read more about this in the same report, pages 29-31.

BP's response

Thank-you for the opportunity to comment on the text in relation to bp's strategy and net zero ambition and the role of offsetting from removal projects.

In February 2020 we launched our ambition to become a net zero company by 2050 or sooner, and to help the world get to net zero supported by ten aims. In [August 2020](#), we outlined our strategy for a decade of delivery towards that ambition. By 2030, bp aims to have delivered significant progress against its first five net zero aims – these aims are summarised in the 2020 Sustainability Report at page 24 and performance against those aims is summarised at page 33.

We do not intend to rely on offsets to meet our own 2030 emission reduction targets or aims, we see offsets potentially helping us to go beyond them if possible.

Our 2020 Sustainability Report highlights our recognition that natural climate solutions are

critical to reaching the Paris goals. However, we will not be relying on offsets to meet our 2030 net zero aims or targets. We do see offsets helping us go beyond those aims, when our businesses use them to meet compliance needs or when we offer them to customers to help them meet their own goals.

We recognise Oxfam's concerns on the use of carbon offsets from removal projects. bp's new purpose is to reimagine energy for people and our planet, Alongside our net zero ambition and aims, we have recently launched [ten new sustainability aims](#) to improve people's lives and care for our planet. One of these aims is to champion nature-based solutions and an objective to scale-up our investments in certified natural climate solutions. We recognise the critical role that forests and the land-use sector play in helping the world achieve net zero and holding warming to well below 2 °C, and bp's own ambition to help the world get to net zero. We also recognise that investments in natural climate solutions need to be informed by science and structured robustly. We'd be interested to engage further with Oxfam as we implement our sustainability aims, particularly around natural climate solutions.

Noted – The report will clear indicate that the BP figure is an estimate. Although BP has not set any target for use of offsets in meeting Scopes 1 and 2 net zero targets to 2030, there is a lack of clarity on how Scope 3 emissions will be met , which could require reducing or offsetting 361 million tons of CO2/year (given that BP will reduce by 30-40% by 2030, which would mean reducing or offsetting 126.4 million tons/year of CO2.i Further, BP has indicated support for nature based solutions as a means to achieving net zero emissions on numerous occasions.¹ In December 2020, BP announced that they gained a majority stake in Finite Carbon, a US-based carbon offset developer focused on forest carbon offsets.ⁱⁱ Given the lack of clear data on use of offsets, we estimate here the impact of BP offsetting 15% of total emissions with land-based removals to get the estimates for tons of CO2 removed by 2030 and 2050 (15% is the median proportion of reductions achieved through offsets of other progressive energy companies).

Other specific comments on Oxfam's draft text:

“While these four companies are among the more progressive companies when it comes to addressing the climate challenge, it is worth noting that none of the climate strategies, plans or pledges made by the oil majors are aligned with the Paris Agreement's goal of keeping warming below 1.5°C. Recent analysis of climate commitments made by the big fossil fuel companies shows that virtually none of them has meaningful plans to phase out new production and exploration or sets absolute emissions reductions targets across Scopes 1, 2 and 3.”

We would like to direct Oxfam to pg. 26 of our Annual Report and Form 20-F 2020 (<https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-2020.pdf>) which outlines our approach to pursuing a strategy that is inconsistent with the Paris goals. Further details on our strategy are available on pg.15 -19, and we outline the targets and aims we have set out to 2025 and 2030 to reduce our Upstream production on pg. 19. We are targeting a reduction from 2.6 mmboe/d in 2019 to ~2 mmboe/d in 2025 and ~1.5 mmboe/d in 2030. Relative to 2019, we expect our hydrocarbon production to be around 40% lower by 2030 reflecting active management and high-grading of the portfolio, including divestment of non-core assets. We have also said we will not undertake exploration activity in new countries. Details of our absolute emission reduction targets across Scopes 1, 2 and 3 are included on pg. 49. Our Aim 1 is to be net zero across our entire operations on an absolute basis by 2050 or sooner. This aim relates to our Scope 1 and Scope 2 GHG emissions. Our Aim 2 is to be net zero on an absolute basis across the carbon in our upstream oil and gas production by 2050 or sooner. This is our Scope 3 aim. Oxfam's analysis on whether fossil fuel companies are Paris aligned is based on the analysis by Oil Change International: Big Oil Reality Check: Assessing Oil and Gas Company Climate Plans. Oil Change International. <http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf>

¹ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/oil-and-gas-climate-initiative-announces-progress-towards-methane-target-and-new-ccus-initiative.html>

* represents estimates based on assumptions and the recent IEA report that clearly indicates that Exploitation and development of new oil and gas fields must stop now for the world to limit warming to 1.5C and stay within safe limit of global heating.

“Estimation of planned emissions reductions through land-based removals (and associated table)”

bp has not made any statement or indeed set any target relating to 15% of emission reductions coming from land-based removals. We are unclear of the source of this figure and it doesn't relate to any bp approved net zero or offsetting strategy.

See above.

“BP has not substantially updated its net zero target from what was released in early 2020. However, they did release more details on their net zero strategy in August 2020. Very little information is provided on their intended use of offsets. They do say in their 2020 sustainability report that they do not intend to rely on offsets to meet Scopes 1 and 2 net zero targets to 2030, and that they will work to be net zero in part of their Scope 3 emissions by 2050 (upstream emissions), which would require reducing or offsetting 361 million tons of CO₂/year (they will reduce by 30-40% by 2030, which would mean reducing or offsetting 126.4 million tons/year of CO₂).³”

On pg. 36 of our 2020 Sustainability Report we state that the emission reductions for our aim 2 (our Scope 3 aim, to be net zero on an absolute basis across the carbon in our upstream oil and gas production) is directly linked with reduction in oil and gas production. We're taking action to achieve this aim through portfolio management, including divestments and decarbonization. As noted above we will not rely on offsets to meet our net zero aims or targets out to 2030.

“In December 2020, BP announced that they gained a majority stake in Finite Carbon, a US-based carbon offset developer focused on forest carbon offsets.⁴ However, it is not clear what proportion of offsets might be used within BP's own accounting.”

bp's acquisition of a majority share investment in Finite carbon is part of a wider business development strategy and our ambition of helping the world get to net zero. Offsets generated by Finite can be sold and traded to other market actors. Here is a link to our press release. As noted above we will not rely on offsets to meet our emissions reduction targets or aims out to 2030.

ⁱ <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-sustainability-report-2020.pdf> p. 36

ⁱⁱ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-acquires-majority-stake-in-largest-us-forest-carbon-offset-developer-finite-carbon.html>

² <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/from-international-oil-company-to-integrated-energy-company-bp-sets-out-strategy-for-decade-of-delivery-towards-net-zero-ambition.html>

³ <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-sustainability-report-2020.pdf> p. 36

⁴ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-acquires-majority-stake-in-largest-us-forest-carbon-offset-developer-finite-carbon.html>