



The state and context of
the UK and global
energy transitions:

Companies and capital

Westminster Energy Forum

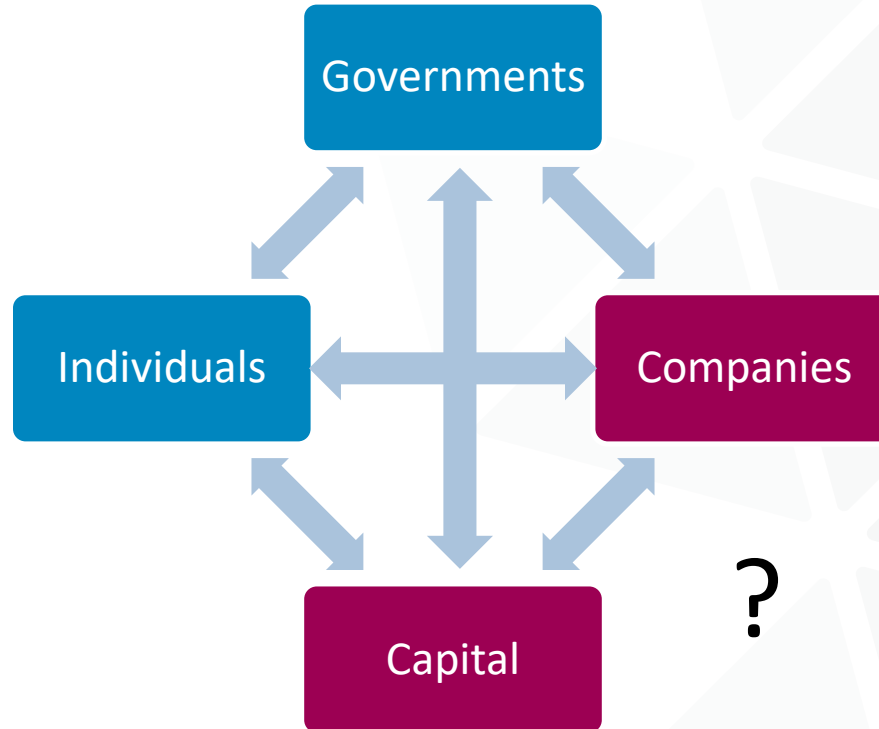
Oliver Rix

25 January 2022



Introduction

Everyone need to be driving hard in the same direction simultaneously to deliver Net Zero



Corporates

Alignment approach developed by Baringa and a part of the BlackRock Climate Change Scenario Model

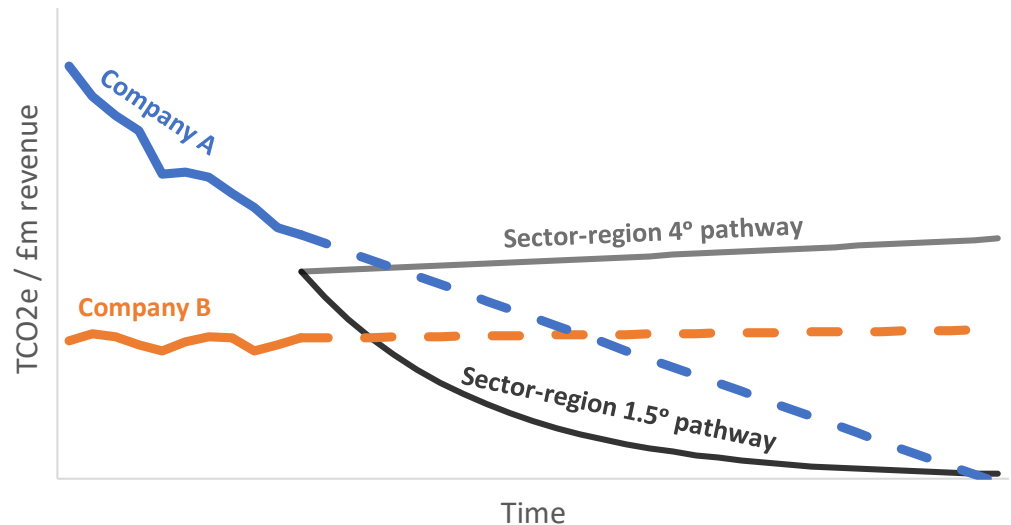
Objectives

- ▲ Differentiate between companies in high-emitting sectors and regions
- ▲ Provide a view based on empirical data
- ▲ Focus on the trajectory, not the current state

Approach

- ▲ Project a company's emissions based upon extrapolation of historic emissions (trajectory of projected emissions can be used where known)
- ▲ Compare a company's projected emissions with the 4° and 1.5° transition pathways for their sector and region
- ▲ In this example, Company A is 1.5°-aligned whereas Company B is 3.2°-aligned

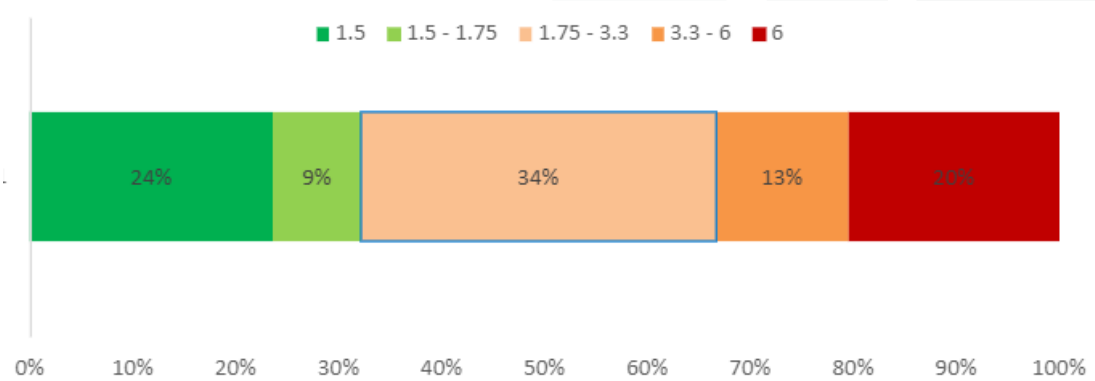
Schematic for two companies in the same sector and region



Corporates

Metrics suggest between a quarter and a third of large firms are aligned with a Net Zero pathway

Temperature Alignment distribution – Year 2030 (based on historic emissions trajectory) – 2437 companies



Baringa/BlackRock

Net Zero commitments

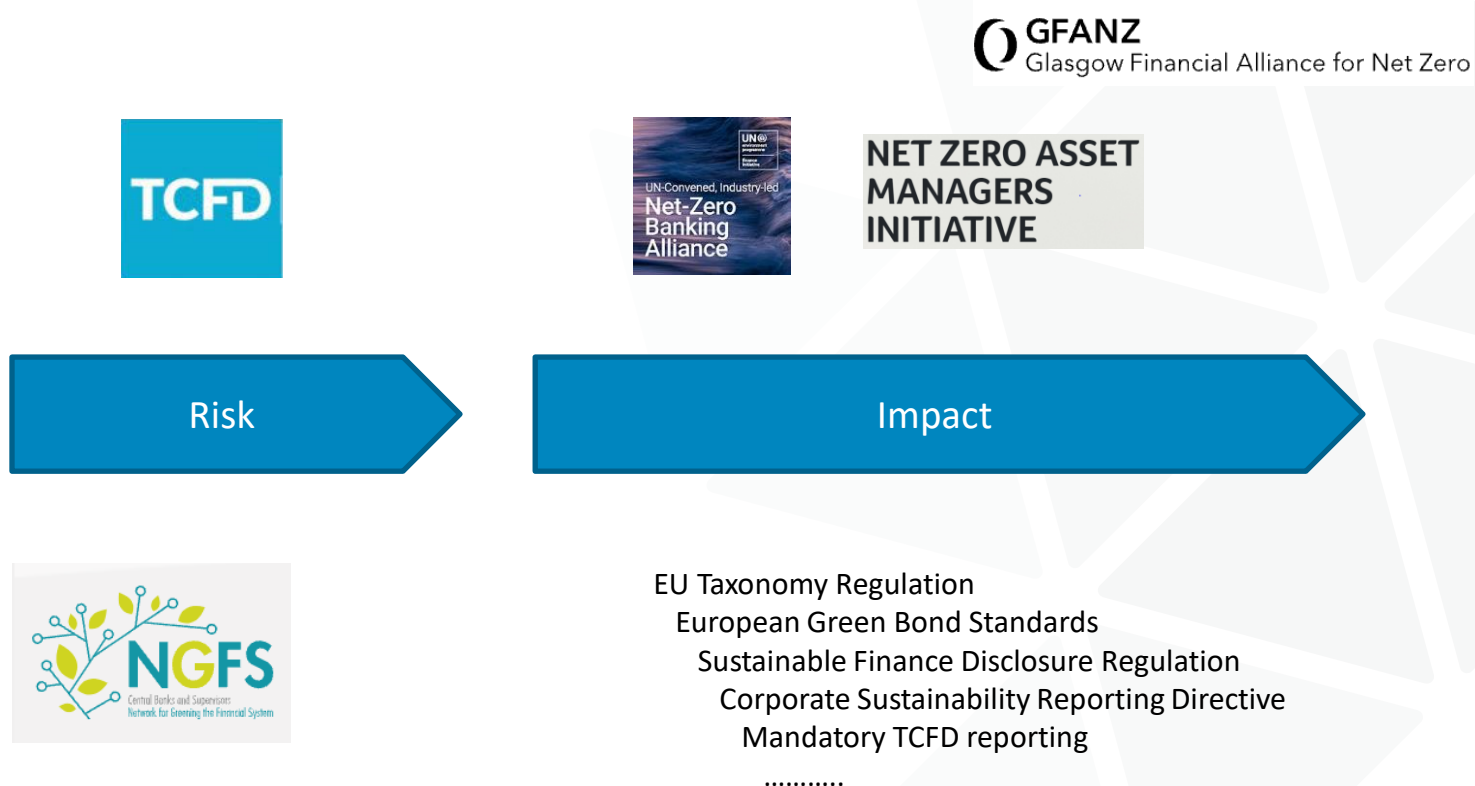
Net Zero Tracker

<https://zerotracker.net/>

683 / 2000

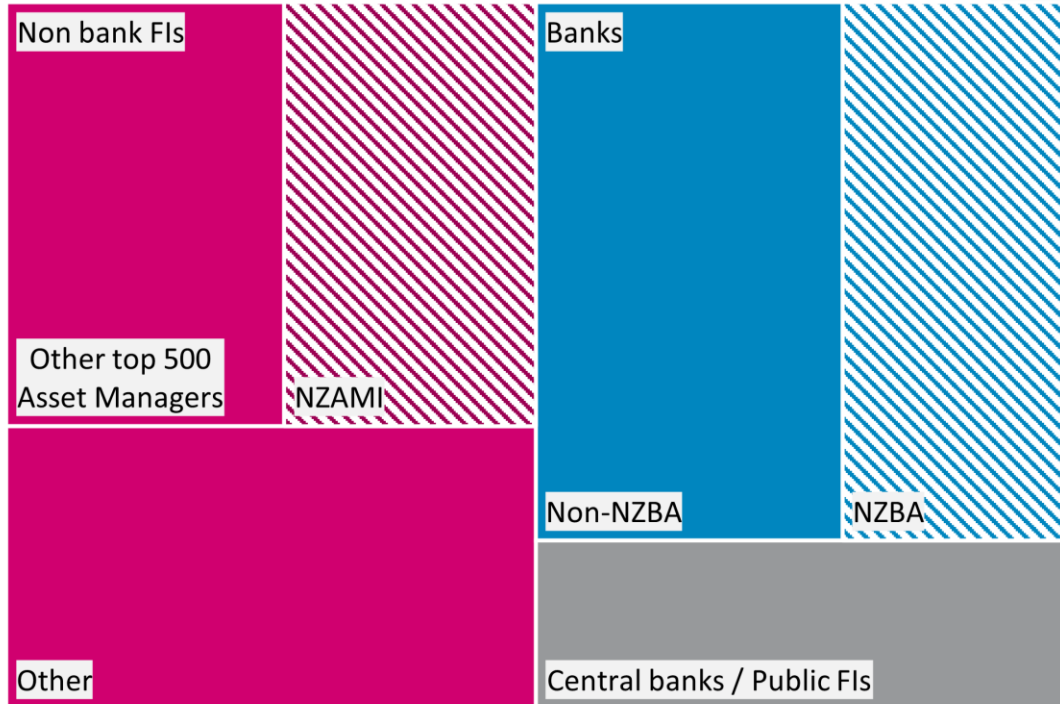
Capital

Gathering momentum around commitments and alignment of financial institutions



Capital

Around 30% of the world's \$404 trillion of financial assets managed or controlled by entities with a Net Zero commitment...



<https://www.netzeroassetmanagers.org/>

<https://www.unepfi.org/net-zero-banking/>

<https://www.fsb.org/wp-content/uploads/P161220.pdf>

Capital

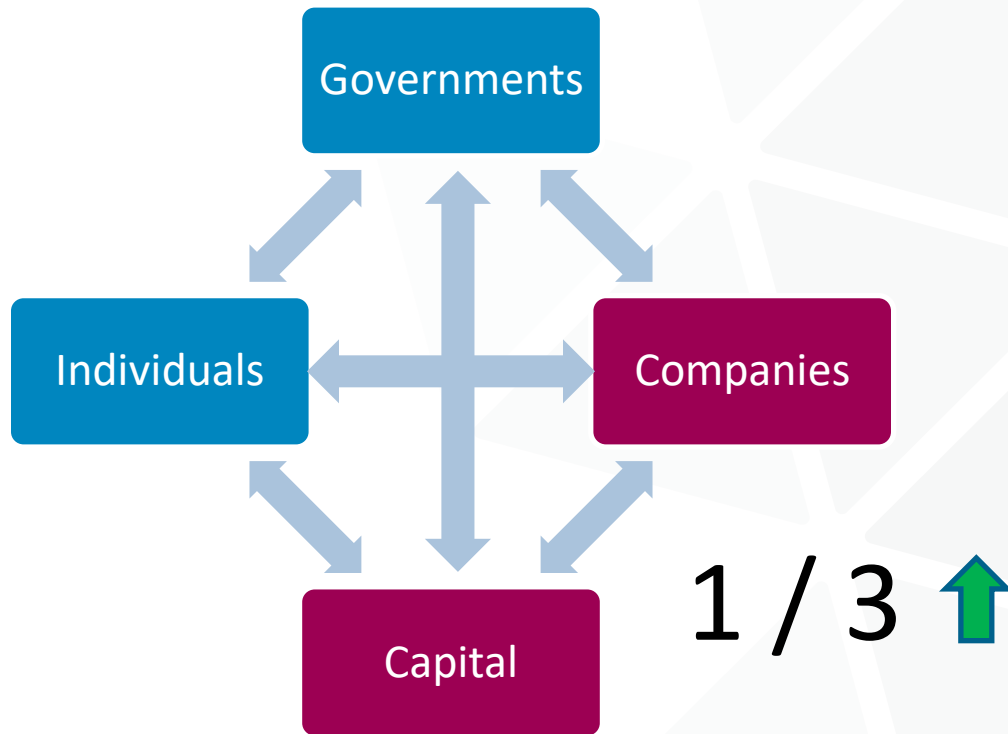
Entities with commitments are mostly early in the journey to full coverage and clear actions



	Scope 1	Scope 1 and 2	Scope 1, 2 and partial scope 3	Scope 1, 2 and 3							
		Level of Progress	Oil and Gas	Mining	Manufacturing	Power and Utilities	Agriculture	Transport	Commercial Real Estate	Residential Real Estate	Other
Barclays		Targets	✓		2022: Cement and metals	✓					
ING		Targets	✓		✓ - Cement and Steel	✓		✓ - Autos, Aviation and Shipping	✓	✓	
NatWest		Scenario analysis; targets to be defined	✓		✓ - Autos		✓			✓	
Morgan Stanley		Targets	✓		✓ - Autos	✓					
JP Morgan		Targets	✓		✓ - Autos	✓					
Standard Chartered		Targets	✓	✓ - Excl. thermal coal (absolute reduction)	✓ - Steel	✓					
Goldman Sachs		Targets	✓			✓					

Baringa analysis

Conclusion



Questions

oliver.rix@baringa.com

This document: (a) is proprietary to Baringa Partners LLP (“Baringa”) and should not be re-used for commercial purposes without Baringa's consent; (b) shall not form part of any contract nor constitute acceptance or an offer capable of acceptance; (c) excludes all conditions and warranties whether express or implied by statute, law or otherwise; (d) places no responsibility or liability on Baringa or its group companies for any inaccuracy, incompleteness or error herein; and (e) the reliance upon its' content shall be at user's own risk and responsibility. If any of these terms is invalid or unenforceable, the continuation in full force and effect of the remainder will not be prejudiced. Copyright © Baringa Partners LLP 2022. All rights reserved.

www.baringa.com | enquiries@baringa.com | [@baringa](https://twitter.com/baringa)

Copyright © Baringa Partners LLP 2022. All rights reserved. This document is subject to contract and contains confidential and proprietary information.

Baringa Confidential