

Briefing · December 2023

# UAE COP28: Assessment of the Oil and Gas Decarbonization Charter

## Key points:

- 50 oil and gas companies signed up to the Oil and Gas Decarbonization Charter at COP28 in Dubai, including 29 nationally owned companies.
- Under the initiative, the oil and gas companies pledged to reduce their greenhouse gas emissions. The deal is voluntary and broadly repeats previous pledges made in 2021.
- The agreement sets targets for reducing carbon dioxide and methane emissions, but does not affect oil and gas production or emissions from consumption.
- Notable new net zero operational emissions targets include: Bapco, KazMunaiGas, Pertamina, National Oil Company of Libya, Socar, Sonangol & YPF.
- Major investor-owned oil companies notably absent from the Charter include Chevron, ConocoPhillips and Suncor.
- Major nationally owned oil companies notably absent from the Charter include Kuwait Petroleum Corporation, QatarEnergy, Iraq's State Oil Marketing Company, China's Sinopec, CNOOC and PetroChina and the National Iranian Oil Company.

## Voluntary pledges repeated

At COP28, the United Arab Emirates government and company executives launched the Oil and Gas Decarbonization Charter (OGDC), which aims to reduce the greenhouse gas pollution of 50 major oil and gas companies. Twelve of these companies are also members of the Oil and Gas Climate Initiative (OGCI) [launched nearly a decade ago](#). The new alliance is similar in approach to the OGCI (see Table 1). Companies set their own emissions reductions plans and meeting targets is voluntary. There is no penalty for not meeting self-imposed goals, for example on the [continuation of gas flaring](#).<sup>1</sup>

### Production and Scope 3 emissions

The Decarbonization Charter, as well as previous voluntary initiatives, are [not aligned with the Paris Agreement](#) goal of limiting warming to 1.5°C. Under the agreements, companies have not set targets to reduce Scope 3 emissions, [which make up 80-95% of emissions](#)

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<sup>1</sup> Gas flaring is the process of burning the natural gas which comes out of the ground during oil drilling.

[from the oil and gas industry](#).<sup>2</sup> Pledges on reducing carbon intensity and methane flaring could be achieved while these firms continue levels of oil and gas production that are incompatible with climate goals. In its updated net zero scenario released in September 2023, the International Energy Agency (IEA) said “[no new long-lead time upstream oil and gas fields are needed](#)” to achieve net zero by 2050.

**Table. 1: Comparison of old and new voluntary commitments to decarbonise**

	Oil and Gas Decarbonization Charter (2023)	Oil and Gas Climate Initiative (2021)
Operational emissions (Scope 1 and 2)	Net zero by or before 2050	Net zero (no date)
Methane	Near zero methane by 2030	“Reducing upstream methane emissions intensity to well below 0.20% by 2025”
Gas flaring	No routine flaring by 2030	“Bringing routine flaring to zero by 2030”

Source: OGDC press release, [OGCI strategy](#), 2021.

## How the charter falls short

The OGDC made several pledges related to reducing emissions and investing in energy systems. However, these fall short of what is needed to reach the Paris Agreement goals of limiting global warming to well below 2°C and pursuing efforts to limit global temperature increase to 1.5°C.

### Pledge 1: Reducing emissions

Charter signatories claim to support the Paris Agreement goals and the goal of reaching net zero by 2050.

- These goals set no short term targets, despite the IEA showing that Scope 1 and 2 emissions from oil and gas [need to be reduced by 60% by 2030](#) to remain on track for global net zero emissions by 2050.
- The companies do not commit to cutting back oil and gas activities under the agreement. A report from United Nations experts [recommends that oil and gas companies end production](#), expansion of reserves and exploration for new fields in order to reach net zero emissions. It concluded that “non-state actors cannot claim to be net-zero while continuing to build or invest in new fossil fuel supply”.
- For their goals to be meaningful, and not just pay lip service to the Paris Agreement, charter signatories must also align their lobbying efforts and leave [associations that are opposed](#) to Paris-aligned climate policies.

<sup>2</sup> Scope 1 emissions are direct emissions from sources owned or controlled by a company, Scope 2 are indirect emissions from the energy it uses, and Scope 3 includes emissions the company is indirectly responsible for in its value chain, including from the use of the products it sells.

## Pledge 2: Investment in energy systems

OGDC members pledged to invest in the energy system of the future.

- Without any quantifiable targets, this promise is too vague to be meaningful and needs to be accompanied by a phase-out date for oil and gas production.
- A new IEA report finds that the industry allocated just 2.5% of its capital expenditure to clean energy 2022 and that this [will need to rise to 50% by 2030](#) in order to align with the Paris Agreement.

## Pledge 3: Methane and flaring

Members pledged to achieve near zero methane emissions by 2030.

- Intensity targets do not guarantee overall reductions in emissions if production volumes are increasing. Instead, targets should be set for absolute methane emissions reductions, in line with the [75% reduction by 2030](#) called for in the IEA Net Zero scenario.<sup>3</sup>
- Previous initiatives, such as the Zero Routine Flaring Initiative launched by the World Bank in 2015, failed to reduce flaring. While flaring intensity has improved as a result of decoupling from oil production, total volumes of gas flaring have [not materially declined since 2010](#). The industry's own efforts have also not led to sufficient reduction in flaring.

## Agency of oil and gas industry

Ahead of COP28, several governments called for a phase out of fossil fuels, and this is a crucial issue at the summit taking place in Dubai. Companies often seek to get ahead of the regulatory curve. By proactively announcing the speed at which it will decarbonise, the oil and gas industry seeks to reinforce its own agency to tackle climate change. For an industry with billions in sunk investments in oil and gas wells, pipelines and refineries, this is preferable to rules imposed by governments, which it will have less control over.

- The High Ambition Coalition – including ministers from the Marshall Islands, Tuvalu, Austria, Kenya, Spain, the Netherlands and Ethiopia – recently called for a plan, to be reflected in a negotiated decision at COP28, to accelerate renewable energy and “[phase-out fossil fuel production and use](#)”.
- A number of countries, including Denmark and France, have made commitments to end oil and gas production as members of the [Beyond Oil and Gas Initiative](#).

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<sup>3</sup> The IEA's net zero scenario provides a pathway for the global energy sector to achieve net zero carbon dioxide emissions by 2050.

**Table. 2: OGDC goals compared to signatory company pledges**

Company commitments listed for the most significant OGDC signatory companies.

Oil and Gas Decarbonization Charter (2023)	Companies' existing commitments
<b>Emissions:</b> Net zero operational emissions by or before 2050	Net zero by: 2040 (Oxy) 2045 (Adnoc) 2050 or sooner (Aramco., Petrobras, Petronas, BP, Shell, Eni., Ecopetrol, Equinor, Repsol, PTTEP, TotalEnergies, Woodside)
<b>Methane:</b> Near zero methane by 2030	“zero methane from our operated oil and gas assets by 2030” (Adnoc) “keep methane emissions intensity below 0.2%” (Shell) “drive a 50% reduction in methane intensity” (BP) “70-80% reduction in corporate-wide methane intensity compared to 2016 levels” (ExxonMobil) “55% reduction in the methane intensity in the segment upstream by 2025” (Petrobras) “reduce 45% of its methane emissions by 2025” (Ecopetrol)
<b>Gas flaring:</b> No routine flaring by 2030	Zero routine flaring by: 2025 (BP, Shell) 2030 (Aramco, ExxonMobil, Oxy, Eni, Petrobras, Petronas., Ecopetrol, Equinor, Repsol, SOCAR, TotalEnergies, NNPC, Woodside)

Source: GDCA press release, company websites: [BP](#), [Shell](#), [Eni](#), [ExxonMobil](#), [Aramco](#), [ADNOC](#), [Bahrain Petroleum Company \(Bapco\)](#), [Petrobras](#), [Petronas](#), [Pertamina](#), [Occidental](#), [Ecopetrol](#), [Equinor](#), [Repsol](#), [SOCAR](#), [TotalEnergies](#), [NNPC](#), [PTTEP](#), [Woodside](#). Accessed December 2023.

**Table. 3: Selected companies with significant new net zero operational emissions targets**

Company	Companies' previous net zero target
Bapco	2060
KazMunayGas	None
National Oil Company of Libya	None
Pertamina	2060
Sonangol	None
YPF	None

**Full list of signatories to the Oil and Gas Decarbonization Charter from COP28 press release**

**Nationally-owned oil companies:** ADNOC, Bapco Energies, Ecopetrol, EGAS, Equinor, GOGC, INPEX Corporation, KazMunaiGas, Mari Petroleum, Namcor, National Oil Company of Libya, Nilepet, NNPC, OGDC, OMV, ONGC, Pakistan Petroleum Limited (PPL), Pertamina, Petoro, Petrobras, Petroleum Development Oman, Petronas, PTTEP, Saudi Aramco, SNOG, SOCAR, Sonangol, Uzbekneftegaz, ZhenHua Oil, YPF.

**International (privately-owned) oil companies:** Azule Energy, BP, Cepsa, COSMO Energy, Crescent Petroleum, Dolphin Energy Limited, Energean Oil & Gas, Eni, EQT Corporation, Exxonmobil, ITOCHU, LUKOIL, Mitsui & Co, Oando, Occidental Petroleum, Puma Energy (Trafigura), Repsol, Shell, TotalEnergies, Woodside Energy Group.