



Advancing corporate transition planning to enable a fossil free future

Insights into the readiness of energy intensive sectors

Contribution to the First Conference on Transitioning Away from Fossil Fuels

April 2026

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Executive summary

The First [Conference on Transitioning Away from Fossil Fuels \(TAFF\)](#), co-hosted by the Governments of Colombia and the Netherlands, arrives at a decisive moment. The question is no longer if the world must shift away from fossil fuels, but how the companies that control the infrastructure, capital flows and production systems at the heart of our economies are preparing for that shift. This report, drawing on the [World Benchmarking Alliance's \(WBA\) latest assessments](#), delves into 280 of the world's most influential companies across oil & gas, electric utilities, steel and automotive manufacturing sectors to understand where they are and where they are going in terms of their transition plans.

Key findings:

- **Ambition and credibility remain inadequate:** Neither ambition on long-term emission targets nor the credibility to back them up is sufficient, and progress remains uneven across sectors. For example, in oil & gas, fewer than one in ten companies have a valid long-term target covering their most material emissions. Electric utilities and automotive are further ahead, yet large shares of emissions remain outside credible commitments.
- **Capital allocation is where the transition stalls:** Across all four sectors, low-carbon investments fall dramatically short of what 1.5°C pathways require. The four sectors are mutually connected by supply chains meaning gaps are self-reinforcing. For instance, lagging renewable scale-up delays green hydrogen for steel whilst insufficient green steel constrains low-emission automotive manufacturing. Individual leaders demonstrate that more alignment is achievable, but they remain exceptions.
- **Just transition remains underdeveloped:** The gap between decarbonisation ambition and just transition implementation is stark. Companies are far more likely to set emissions targets than to plan for the people affected by the achievement of those targets. Only 4% of companies have set measurable targets for workers, and only 3% for communities.
- **Stronger policy signals drive stronger corporate action:** Sectors with stronger regulatory frameworks show more advanced transition planning, that is, concrete steps such as setting credible near and long-term targets, reallocating capital, phasing down assets and shifting business models in line with decarbonisation pathways. Where policy direction is absent or uneven, corporate strategies risk reinforcing rather than reducing structural dependence on fossil fuels.

These findings point to a central conclusion: achieving a managed and just transition away from fossil fuels requires stronger alignment between public policy and private sector action. To enable this, governments should prioritise:

- Mandatory disclosure and transition planning requirements for large companies, to strengthen transparency and accountability.
- Sector-specific phase-out timelines for energy-intensive sectors, alongside clean energy and investment frameworks, providing the certainty and enabling conditions needed to redirect capital and scale low-carbon investment.



- Integrating just transition frameworks into national decarbonisation plans, ensuring workforce and social impacts are embedded in transition planning.
- Strengthening the interoperability and uptake of standards and independent assessments, enabling the consistent evaluation of corporate transition plans and improving comparability across jurisdictions.

An ambitious outcome in Santa Marta would send an irreversible signal to the world and lay the foundation for COP31, where the relationship between multilateral climate commitments and real economy transformation can be decisively strengthened.



Introduction

The question is no longer whether the world must transition away from fossil fuels, but how. The landmark [Global Stocktake \(GST\) decision at COP28](#) set the direction; COP30 in Belém the urgency. And now, the First TAFF Conference, co-hosted by Colombia and the Netherlands in Santa Marta, marks a new phase of implementation.

The TAFF Conference emerged from the shared recognition by over 80 countries at COP30, on the need to transition away from fossil fuels in a just and equitable manner, through the development of an agreed fossil fuel transition roadmap. Recent geopolitical tensions have further amplified volatility in global energy markets, exposing economies to sudden price spikes and supply disruptions.

Energy companies and those from energy intensive sectors sit at the centre of this transition. They control the infrastructure, capital flows and production systems that will determine whether the shift away from fossil fuels is orderly and managed, or disruptive and unjust. Their strategic decisions of both the past and present, on production volumes, asset retirement, capital allocation and workforce planning, are locking in emissions and economic trajectories for decades to come.

This report draws from the assessment data of 280 of the world's most influential companies in energy-intensive industries to evaluate whether current corporate strategies, investment decisions, and production signals support a just and managed transition away from fossil fuel dependency, and to identify where stronger action and clearer policy signals are needed.

From a compliance exercise to a business strategy

Fossil fuel dependence is not only an emissions issue; it also creates systemic economic and energy security risks, including exposure to asset stranding, revenue volatility, capital misallocation and workforce disruption with wide-ranging social implications. For governments, this translates into fiscal vulnerability and high risk of economic shocks, particularly impacting communities and regions that rely heavily on fossil fuels. For companies, it challenges core assumptions underpinning long term business models, including continued demand, stable revenues and reliable returns on carbon-intensive assets.

The risks are becoming more acute as recent geopolitical tensions have further amplified volatility in global energy markets, exposing economies to sudden price spikes and supply disruptions. Elevated energy prices are generating significant short-term windfall profits for fossil fuel companies, even while households and vulnerable communities face escalating energy poverty and, in some countries, broader social disruption and access to essential services. This imbalance underscores the inequalities embedded within current energy systems and reinforces the urgent need for coordinated strategies to accelerate a transition toward cleaner, more resilient, and more equitable energy systems.

Transition plans must move beyond compliance or signalling exercises. They are practical tools companies should use to manage the economic, social, and financial risks of transitioning away from fossil fuels. When robust, financed, and governed effectively, corporate transition plans can provide clear signals of real economic progress, linking long term climate targets to near term decisions on capital allocation, business model transformation, and workforce impacts. As such, transition plans should be treated as core economic and financial planning tools, potentially linked to every country's effort through the [National Determined Contributions \(NDC\)](#) and play a central role in shaping coordinated global efforts to deliver a managed and just transition.



About this analysis: the companies, the data and the framework

The 280 companies

This report draws on WBA's 2026 assessment of 280 companies across four sectors at the heart of the energy transition: oil & gas (including integrated energy companies and gas distributors), electric utilities, steel, and automotive manufacturing. These are not marginal players. Together, they shape the feasibility of a managed transition away from fossil fuels through their emissions profiles, investment decisions, and employment footprint:

Table 1: Global footprint of the 280 most influential energy and energy-intensive companies assessed. Emissions figures based on company-reported data; global shares are based on IEA and world steel association reference values.^{1,2}

Sector	Companies Assessed	Most material emissions	Emissions share	Employees (millions)
Oil & Gas	100	10.8 (scope 3)	At least 53% of oil and gas combustion	5
Electric Utilities	89	2.3 (scope 1+2)	At least 17% of power generation	3
Steel	57	1.3 (scope 1+2)	At least 32% of steel production	2.3
Automotive	34	3.0 (scope 3 cat. 11)	At least 79% of automakers industry	5
Total	280			15.4

These 280 companies collectively employ over 15.4 million people, equivalent to more than a fifth of the estimated 68 million jobs across these four sectors globally.³ More importantly, they underpin core economic systems: they supply most of the world's energy, produce steel that forms the backbone of infrastructure and industrial development, and enable mobility systems, making them structurally embedded in economic activity and development. Their emissions footprint is equally significant. Together, they directly or indirectly influence for roughly a third of global fuel combustion emissions, a significant share of power generation and steel production, and nearly four-fifths of global automaker emissions can be traced to the technological choices of their products.

The decisions these companies make about production, investment, and employment have direct implications not only for public revenues, fiscal stability, energy security, and the livelihoods of millions of workers and their communities, but for the trajectory of global emissions itself. How these 280 companies manage their transition will, to a significant degree, determine whether the world's climate commitments are met and dependency on fossil fuels is reduced over time.

¹ GCP, CO₂ emissions from oil and gas combustion (2023): 20.5 Gt CO₂. IEA, CO₂ emissions from power generation (2024): approximately 13.8 Gt CO₂. World Steel Association, total global emissions from steel (2024): 4.1 Gt CO₂e. IEA, CO₂ emissions from cars and vans (2023): 3.8 Gt CO₂.

² Employment data is based on company disclosures and may include direct employees as well as contractors or other workers, where reported. Data is unavailable for 37 of the 280 companies. Figures should not be interpreted as the number of workers at risk, as many companies are diversified and operate in renewable energy and other activities.

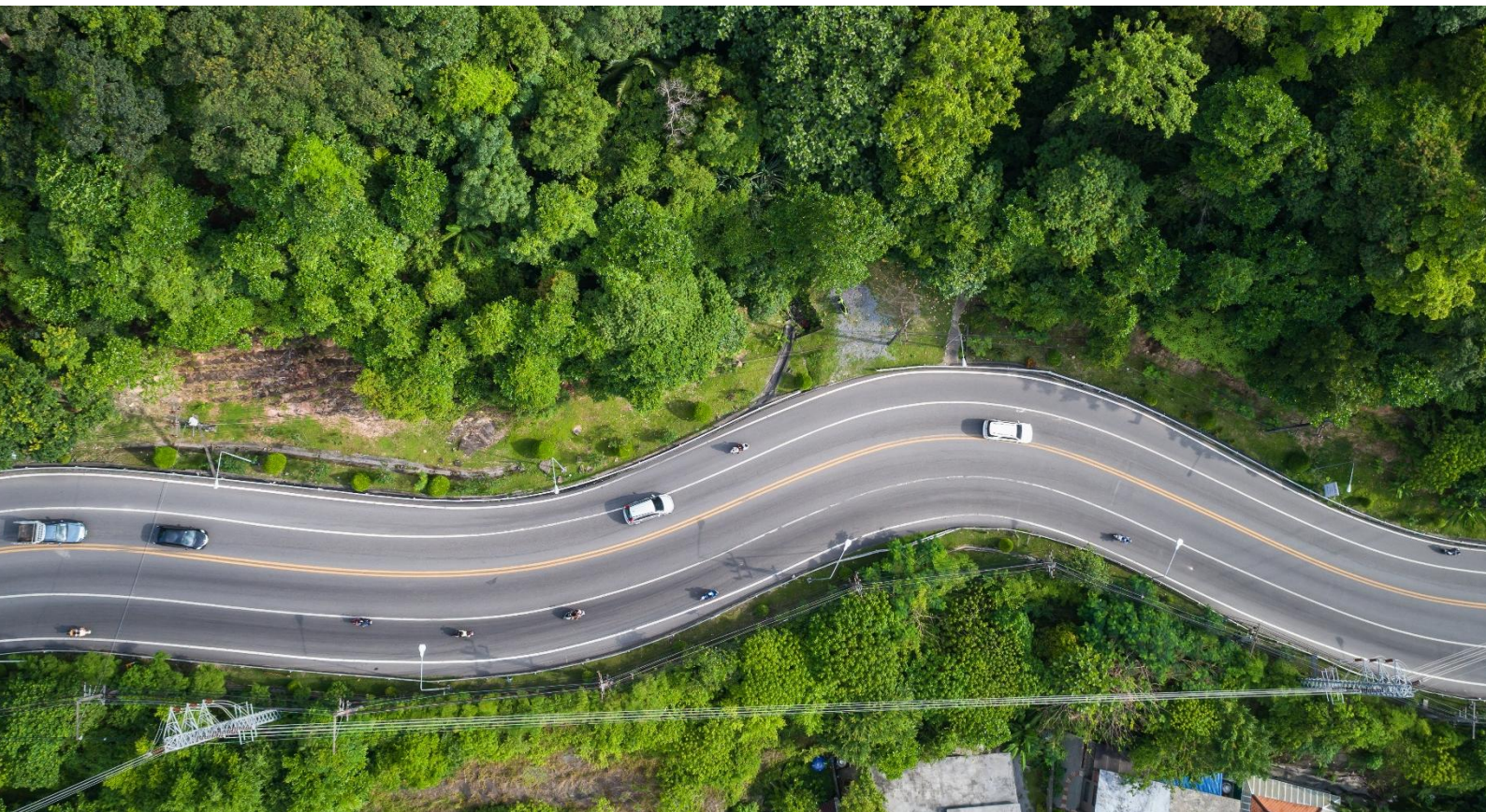
³ Total employment estimates are derived from the IEA World Energy Employment Outlook 2025, OECD Steel Outlook 2025, and World Steel estimates. World Steel figure covers direct employment only, while OECD covers the broader steel sector employment.



The assessment framework

This analysis integrates two assessment methodologies, designed to provide a holistic view of whether companies are managing the energy transition credibly and inclusively.

- [The ACT Core methodology](#) evaluates the credibility and ambition of corporate transition plans across six elements, structured under two dimensions. The first dimension, transition planning credibility, examines whether companies are setting targets aligned with 1.5°C pathways, deploying clear decarbonisation strategies and levers, and embedding climate oversight into their governance structures. The second dimension, contribution to the transition, assesses whether business models and capital allocation are shifting toward low-carbon activities, whether emissions performance is improving and how companies are aligning with sectoral decarbonisation pathways.
- [WBAs Just Transition methodology](#) evaluates whether companies are managing the social impacts of decarbonisation. It examines three areas: whether companies engage in meaningful social dialogue with affected workers and stakeholders; whether they have developed just transition plans with measurable, time-bound targets for workers, communities and business relationships; and whether they are creating decent jobs and investing in reskilling to support workforce transitions.



Pillar 1: Overcoming economic dependence

The first pillar of the TAFF Conference addresses the economic dimensions of fossil fuel dependence, including fiscal vulnerability, public debt, energy security, productive reconversion, and shared responsibilities. From a corporate perspective, these issues translate into a fundamental question: are the world's most influential companies across energy and energy-intensive sectors anticipating the transition, understanding their responsibility, and planning for a declining role of fossil fuels in their strategic planning?

This section examines the evidence. It follows the logic that overcoming economic dependence requires, at a minimum, corporate actors to be transparent about the scale of their fossil fuel exposure, set credible commitments to manage the transition, and ensure that their plans extend beyond emissions targets to encompass the economic and social dimensions of change.

P1.1 Emissions disclosure

Transparency on emissions is a prerequisite for any credible transition plan. Without it, companies, investors and governments cannot make fully informed decisions. Our assessment shows that disclosure share is highest in electric utilities at 78%, while other sectors show more limited transparency, with automotive at 74%, steel at 70%, and oil and gas at 63%.

Table 2: Disclosure shares for the most material emissions, by sector and scope.

Sector	Most material emissions	Companies assessed	Companies disclosing	Disclosure share
Oil & Gas	Scope 3	100	63	63%
Electric Utilities	Scope 1+2	89	69	78%
Steel	Scope 1+2	57	40	70%
Automotive	Scope 3	34	25	74%

Transparency on the emissions that matter most is substantial but still falls well short of universal coverage. Without reporting across the entire sector, large shares of emissions may be concentrated into a reduced number of large companies.

P1.2 Long term targets

Companies that set long-term emissions reduction targets are, implicitly, anticipating that their fossil fuel-based business models will need to change. A company that commits to reducing Scope 3 emissions by 2050 is signalling that it expects the products it sells, whether barrels of oil or internal



combustion vehicles, to generate less revenue in the coming decades. The quality and credibility of these targets therefore provide an important proxy for whether companies are genuinely preparing for economic transformation or merely managing reputational expectations.

We distinguish between three levels of commitment. The first captures any form of long-term target, including net zero or carbon neutrality pledges by 2050. The second assesses the target validity, meaning whether the company provides all necessary information for its target to be independently and quantitatively evaluated for alignment with a 1.5°C pathway. A valid target signals transparency, but it may still fall short of the ambition needed to align with 1.5°C. The third level therefore refers to targets whose ambition is genuinely aligned with a 1.5°C pathway. The gap between these three levels reveals the credibility and robustness of corporate climate ambition.

Company Emission by Target Quality

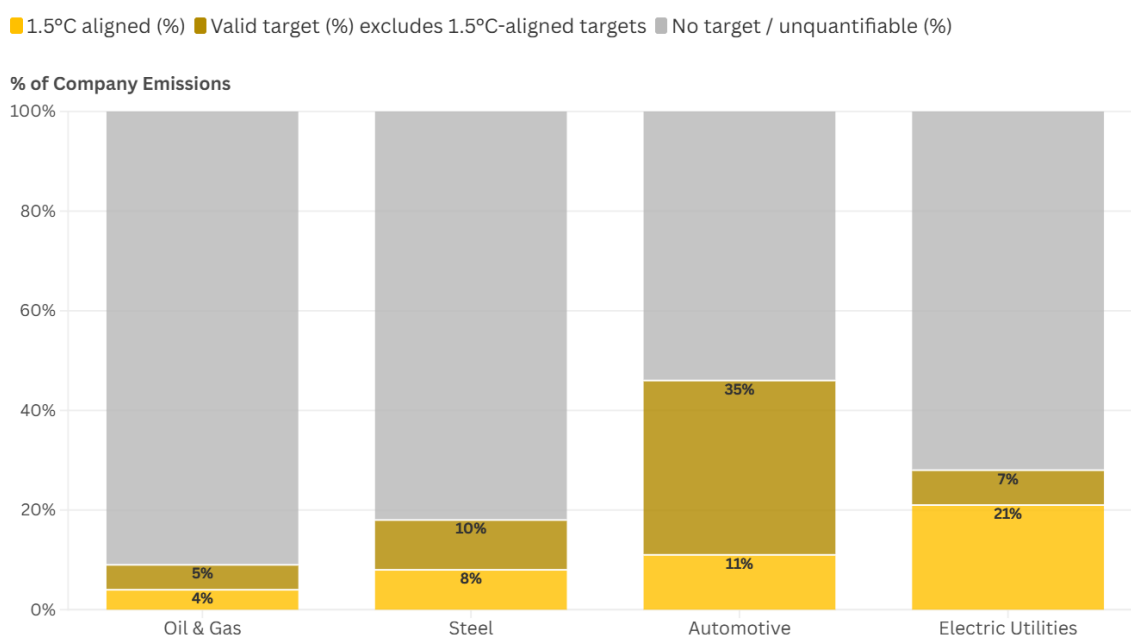


Figure 1: Sectoral view of the share of emission in the company sample covered by a long-term reduction target, a valid target or a 1.5°C aligned target.

The picture that emerges is one of little ambition and even less credibility, particularly in the oil and gas sector. While 22 companies in the sector have set some form of long-term Scope 3 target, only 8 of these are validated, covering only 9% of the sector’s total Scope 3 emissions. This leaves more than 90% of the sector’s most material emissions outside any credible long-term commitment. **Put differently, across the 100 most influential oil and gas companies in the world, fewer than one in ten have Scope 3 emissions covered by a valid target.** This suggests that the majority of oil and gas companies either don’t believe the transition away from fossil fuels will happen any time soon, or they don’t believe there is a viable pathway for the company itself to make the transition

In electric utilities, the picture is notably better. Over 60% of companies have some form of long-term target, and 25 companies hold valid targets covering 28% of the sector’s Scope 1 and 2 emissions. The ambition embedded in these valid targets is significant, as they collectively aim to reduce covered emissions from 663 million tonnes of CO₂e to approximately 54 million by 2050 at the latest, a reduction of more than 90%.



Automotive manufacturers present an intermediate case. Only 8 companies (23.5%) have valid long-term Scope 3 targets, but these cover a substantial 46% of the sector's Scope 3 emissions, reflecting the outsized market share of a handful of large manufacturers committed to electrification pathways. Their collective ambition is set to reduce covered emissions from 1.9 billion tonnes of CO₂e to 0.4 by 2050.

In the steel industry, 10 companies (17.5%) hold valid targets covering 18% of the sector's direct emissions, with the ambition of reducing them from 238 to 82 million tonnes of CO₂e by mid-century. While this represents meaningful progress at the company level, the sector as a whole remains largely uncommitted.

Ambition on long-term emission targets is not yet matched by credibility and remains uneven across sectors. The largest gaps are in the oil & gas sector, where 22 companies disclose some form of long-term targets, but only 8 hold validated commitments, and even those cover less than 10% of the sector's most material emissions. This suggests that, for most oil and gas companies, long-term climate commitments remain aspirational rather than operational. These low levels of credibility reflect the fundamental challenge of transitioning a business model built on fossil fuel production.

P1.3 Low-carbon revenue and green business models

Emissions reduction targets are a necessary signal of intent, but they are not, by themselves, evidence of economic transformation. A company can set an ambitious long-term target while continuing to derive most of its revenue from fossil fuels, investing only minimally in low-carbon activities and making no plans for new business models. We therefore need to examine whether companies are translating emissions reduction commitments into a fundamental shift in economic activity.

We examine this through three lenses:

- share of revenue from low-carbon activities
- investment in green business models for the future
- the extent capital expenditure is being redirected to low-carbon investments

We consider low-carbon activities as those aligned with internationally recognised frameworks, such as the EU Taxonomy, ISSB, SBTi. This indicator provides a direct measure of how far a company's economic model has already shifted away from fossil fuel dependence.

The data in our analysis tells a clear story. In oil and gas, only 17 of 100 companies report any low-carbon revenue at all, and among those that do, the average share is just 5%. This means that even among the small minority of oil and gas companies that disclose, fossil fuel activities still account for approximately 95% of their revenue. This signals there is no real intent or strategy to move away from fossil fuels into clean sources of energy.

The picture varies across sectors. In electric utilities, the 29 companies that report low-carbon revenue show an average share of 31%, with some reaching as high as 91%, demonstrating that a shift in revenue composition is technically and commercially viable. In automotive manufacturing, there is a



divide between legacy companies still focused on the production of combustion vehicles, and those that are fully committed to electric vehicle (EV) production.

High-carbon revenue dependency and commitments to low-carbon business expansion and workforce upskilling

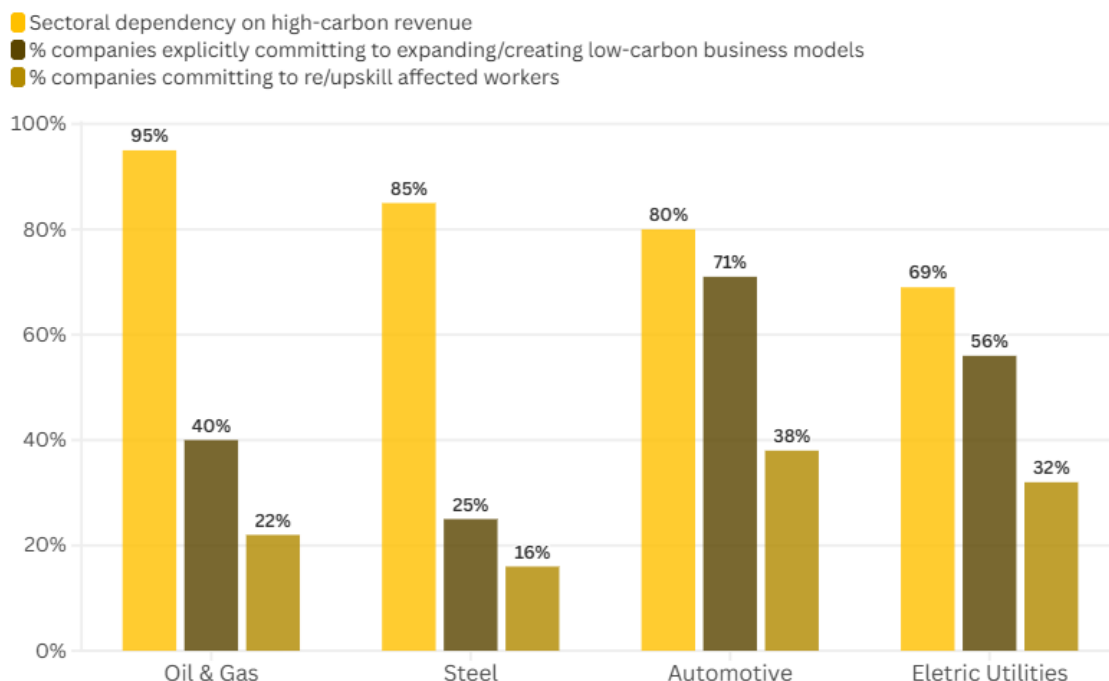


Figure 2: Sectoral dependency on high-carbon revenue and corresponding commitments to expanding low-carbon businesses and upskill workforce for the transition.

Beyond low-carbon revenue, the creation of green business models⁴ signals whether companies are laying the foundations for future economic transformation. In the energy sector (Oil and Gas and Electric Utilities combined), approximately 94 of 189 companies have an explicit commitment to developing low-carbon business models, and 89 of these 94 companies expect to grow these models within the next five years. An additional 35 companies have made vaguer commitments or are still at the feasibility-study stage.

In automotive manufacturing the commitment is stronger: 71% of companies (24 of 34) have explicit commitments to low-carbon business models, and all of them expect growth. This reflects the sector's clearer transition pathway, where electrification is a commercially viable and increasingly competitive alternative to combustion vehicles. Low-carbon business models in this sector are primarily centred on EV production, battery technology development and charging infrastructure.

Steel lags behind, with only 25% of companies (14 of 57) making explicit commitments. Low-carbon business models in the steel industry include producing 'green' steel through electric arc furnaces

⁴ As per the ACT methodology: A green business model is one where inputs, activities and/or outputs are considered to contribute substantially to climate change mitigation. This involves providing low-carbon solutions or products/services with GHG emissions that are substantially lower than the sector or industry average, that at the same time do not hamper the development and deployment of low-carbon alternatives, and lead to a lock-in of assets incompatible with climate change mitigation.



(EAF) powered by renewables or using green hydrogen. EAF using renewable energy are common in the sector but in terms of installed production capacity blast furnaces using fossil fuels still dominate. Steel production using hydrogen is still marginal and has yet to scale. Green hydrogen cost, renewable energy scale-up, and policy support are required to bridge the cost gap to conventional steel.

Progress on emissions targets is not yet translating into a fundamental shift in economic activity. While many companies set emissions reduction targets, far fewer are reporting low-carbon revenue derived from new business models. Where viable alternatives exist and a clear transition pathway is underway, for example in automotive electrification or the shift to renewable power generation, companies are more actively building new economic models. In the oil and gas sector, where alternatives to the core business model are less immediately available, the economic transformation remains at an early stage.

P1.4 The just transition dimension of economic dependence

Overcoming economic dependence on fossil fuels is not only about redirecting capital and building new business models. It also requires managing the consequences for millions of workers and communities whose livelihoods depend on local economies shaped by fossil fuels and fossil fuel-intensive industries. The scale of the challenge is substantial. The 280 companies assessed employ over 15.3 million workers. Under [IEA's net zero scenarios](#), oil and gas employment could decline by approximately 40% by 2035, while power sector jobs are projected to increase by around 60%. These are not distant projections. Even before the transition fully takes shape, workers are already facing retrenchment in parts of the oil and gas sector, as major companies announce job cuts when changing oil prices and revenues put pressure on their business models. By contrast, job growth in the electricity sector is already being driven by expanding investment in solar, nuclear, grids and broader electrification.

Who mentions just transition

Mentioning just transition is not, on its own, evidence of action. But it still matters: it signals whether companies recognise the social dimension of the energy transition as part of their responsibility and reflects alignment with broader global frameworks such as the Paris Agreement and the ILO's just transition guidelines. Overall, 26% of the 280 companies assessed (73 companies) explicitly reference just transition in their reporting, ranging from 9% in steel to 36% in utilities (see Figure 3).

Disclosing workforce impacts

A basic but essential step in managing transition impacts is understanding the scale of workforce disruption. Our redundancy disclosure indicator assesses whether companies disclose quantitative information on the proportion of their workforce made redundant. Across the four sectors, only 23% of companies do so. **This means that for more than three-quarters of the world's most influential energy and energy-intensive companies, there is no public information on the scale of layoffs.** Companies' disclosure of job losses offers an important signal of where economic dependence may be most acute and where spillover effects on local economies and supply chains are most likely to be



felt. Without this transparency, planning for productive reversion and workforce reskilling becomes significantly more challenging, as does public planning for broader economic adjustment and industrial diversification.

Beyond redundancy disclosure, only 15% of companies (41 of 280) base their just transition planning on social dialogue, stakeholder engagement, or a clear assessment of social impacts ranging from 24% in utilities to just 6% in automotive. This points to a critical gap: many companies appear to be talking about just transition, or even beginning to develop related efforts, without being meaningfully connected to those who are, or may be, affected and without anchoring those efforts in a sound assessment of likely impacts.

When we further assess whether these relatively grounded just transition plans are backed by valid targets, as a necessary condition for a credible climate transition plan, only 8% of companies (21) meet both criteria. Looking across sectors, the share falls by more than half in every sector except utilities. Put simply, assessing social impacts without setting valid targets leaves companies on weak footing for just transition planning and risks underestimating the scale of action needed to address those impacts.

Just transition mentions, planning, and valid climate targets by sector

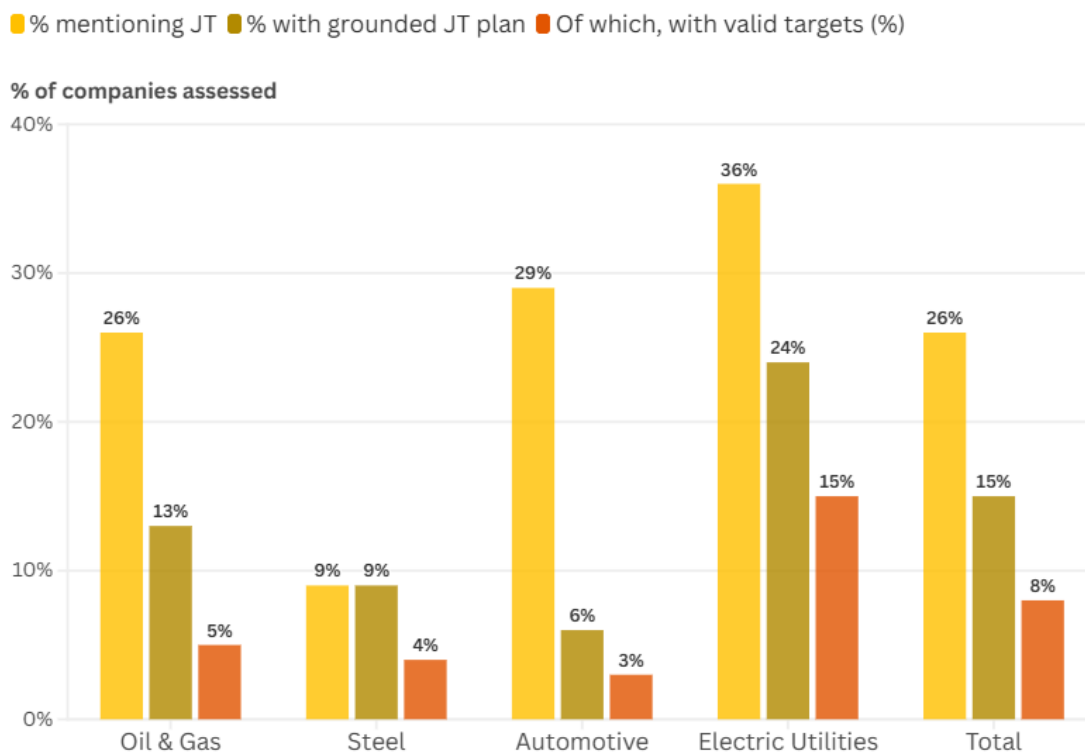


Figure 3: % of companies mention just transition, has just transition planning, and with valid climate targets by sector.

Jobs, skills and targets

Our latest data reveal consistent patterns: 1) commitments weaken as they become more specific and measurable; 2) companies are far more focused on skills than on jobs; and 3) targets are more common for workers than for communities.



On decent jobs, our indicator shows that only 18% of companies (49) commit to creating or supporting access to decent employment as part of the low-carbon transition. The sectoral pattern is clear: utilities lead at 28%, while oil and gas companies lag at 16%, despite facing the steepest projected employment decline. Steel scores even lower, at 7%, despite the substantial job displacement and restructuring expected as the sector transitions.

On reskilling and upskilling for the transition, our indicator shows that 26% of companies (73) commit to supporting workers who are, or may be, affected by the low-carbon transition, with less variation across sectors. Automakers show the strongest focus at 38%, likely reflecting the clearer transition pathway from combustion vehicles to EV manufacturing. Steel again scores the lowest, with only 16% of companies making such a commitment.

Just transition commitments and time-bound measures by sector

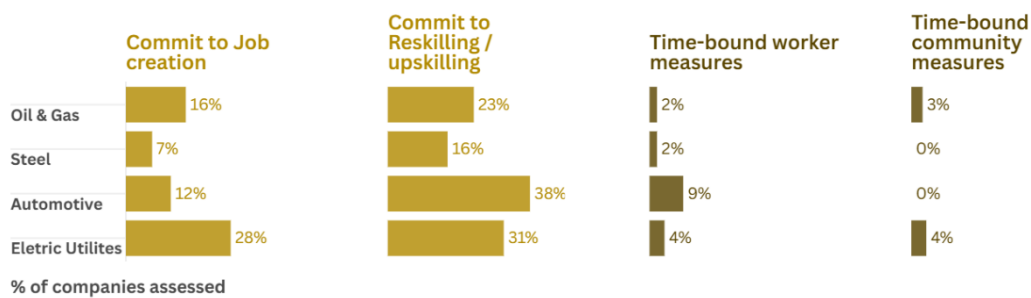


Figure 4: Just Transition commitments and targets, by sector and indicator.

A commitment and a programme alone are not enough. Without time-bound, measurable targets, companies reveal little about the scale or effectiveness of their actions. Only 4% of companies (10 of 280) have set time-bound, measurable indicators to mitigate transition impacts on workers. For affected communities, the figure lays at 3% (7 companies), with zero companies meeting this indicator in steel or automotive. Although targets are only one part of the picture, such low levels indicate that very few companies can be held accountable or meaningfully tracked in relation to their just transition efforts.

The gap between decarbonisation ambition and just transition implementation is stark. Companies are far more likely to set emissions targets than to plan for the people affected by the delivery of those targets. Only 4% have set measurable targets for workers, and only 3% for communities. The evidence suggests that, left to voluntary action alone, the social dimension of the transition is not being adequately addressed.



Pillar 2: Transforming supply and demand

The Conference's second pillar addresses another aspect of the fossil fuel transition, focusing on demand transformation, supply-side action, incentive structures and capital reallocation. Hence, it looks beyond sectors in isolation to the joint effects of investment choices and the signals they send across their value chains. Without a shift in corporate capital and business models, fossil fuel dependence is not reduced, it is reproduced. This section examines whether the investment, production and market signals from the world's most influential companies in energy-intensive sectors are aligned with a managed transition or whether they lock in continued dependence.

P2.1 Capital allocation as the decisive lever

Our assessments evaluate the share of capital expenditure directed towards low-carbon solutions, measured against the investment expectations for the transition towards a 1.5°C aligned economy. The gap between what sectors need to invest and what companies are actually investing reveals the scale of the missing capital to reach the targets set.

Low-carbon investment gaps do not occur in isolation but are structurally linked through technological dependencies. When upstream sectors under-invest, they fail to unlock the decarbonisation pathways that downstream sectors depend on, creating a self-reinforcing cycle of delayed transition.

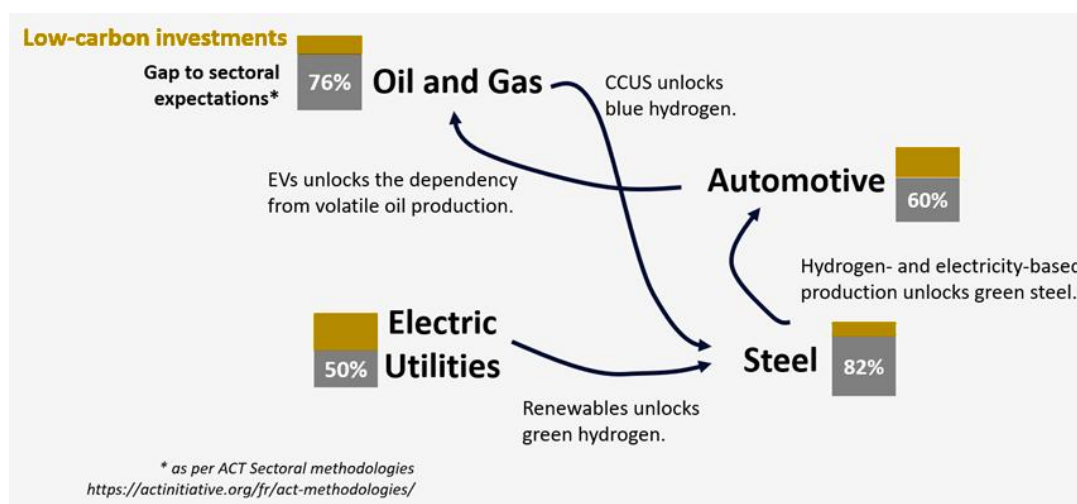


Figure 5: Low-carbon capital expenditure vs. Sectoral expectations for 1.5°C alignment (as per ACT methodologies <https://actinitiative.org/fr/act-methodologies/>), by sector, and the supply chain connections between sectors. Only companies that disclose low-carbon capex are included in the averages.

The data reveal a consistent and substantial investment gap across all four sectors, but the aggregated picture shows that these gaps do not exist in isolation. As shown in Figure 5, the four sectors are linked through supply chains in which decarbonisation in one sector directly shapes the transition pathway of another. For example, renewables investment in Electric Utilities unlocks green hydrogen for Steel; green steel in turn enables lower-emissions automotive manufacturing; and carbon capture (CCUS) in oil and gas unlocks blue hydrogen as a transitional fuel. Each sector's gap (50%, 82%, 60%, 76% respectively) therefore carries consequences beyond its own value chain position.



A closer look at each sector shows that in oil and gas, of the 96 companies assessed against this expectation, only 32 report any low-carbon CapEx at all, and among those that do, the average share is just 19% of total CapEx. The gap of 58 percentage points is the widest of any sector. **Only one company, SK Innovation, surpasses the benchmark, with 88% of CapEx directed to low-carbon investments in 2024.**

This evidence reinforces what we began to see in the Pillar 1 section, which is that most oil and gas companies are not yet structurally preparing for a post fossil fuel business model. Their capital allocation is dangerously reinforcing, rather than reducing, fossil fuel dependence. Forward looking investment plans offer little additional reassurance. Only 12 oil and gas companies report planned low-carbon CapEx for the following year, with an average of 19%, same as current levels. Meaning the change does not appear to be accelerating.

The utilities sector is the closest to where investment levels need to be. The sectoral expectation is 95% of total CapEx, and the 31 companies that report this value show an average of at least 51% dedicated to low-carbon investments. While the gap is still substantial, this represents a fundamental different trajectory from oil and gas. **Three companies, Orsted, EDP, and RWE, have already reached levels of low-carbon CapEx above 93%, demonstrating that near full alignment is technically and commercially achievable within the sector.**

Steel presents the most challenging investment landscape, and the one most exposed to upstream dependencies. Only 14 of 57 companies report low-carbon CapEx, with an average of just 15% against a sectoral expectation of 80%. No company in the sector reaches the expected level, with the highest reported share being 51%. The gap is the largest of any sector, and unlike utilities, there are no front-runners demonstrating near alignment. The steel sector's position reflects the capital intensity and technological complexity of its transition pathway. Shifting from blast furnaces to EAFs powered by renewables, or adopting green hydrogen-based steelmaking, requires substantial upfront investment in new production infrastructure.

Finally, within the automotive manufacturers, 12 of 34 companies report low-carbon CapEx, with an average of 32% against a sectoral expectation of 80%. **Only Suzuki (with 89%) surpasses the threshold.** This is notable because, as shown before, 71% of automakers have explicit commitments to low-carbon business models, yet investment levels are still not sufficient. The gap between stated business models' ambition and actual capital commitment suggests that for many automakers, the electrification transition is being anticipated in strategy documents but is not yet fully reflected in spending decisions.

Capital allocation is where the transition stalls, and where the self-reinforcing logic of interconnected value chains is most exposed. Across all four sectors, investment in low-carbon activities falls dramatically short of what 1.5°C pathways require. The existence of individual leaders, Ørsted, EDP and RWE in utilities, SK Innovation in oil and gas and Suzuki in automotive, demonstrates that alignment is achievable. But these remain exceptions. Should such dependencies go unfunded, the result is not simply a sectoral shortfall; it is a cascading lock-in of carbon-intensive production across multiple industries.



P2.2 Are companies deploying decarbonisation levers?

Capital allocation must ultimately translate into operational change. One indicator in our benchmark assesses whether companies are implementing or not relevant decarbonisation levers, meaning concrete actions and strategies to reduce emissions, as part of their overall approach.

What qualifies as a decarbonisation lever varies significantly by sector, reflecting the distinct technological and structural characteristics of each industry.

- In oil and gas, relevant levers are centred on operational improvements and facility-level changes, including reducing methane emissions and eliminating non-emergency flaring, electrifying facilities with low or zero carbon power, expanding low GHG hydrogen use in refineries, developing carbon capture, utilisation and storage (CCUS) and carbon dioxide removal (CDR) solutions, and ensuring responsible divestment or phase-out of high GHG assets.
- In the electricity sector, levers focus primarily on changing the generation mix, phasing out coal-fired power, expanding renewable energy capacity, reducing reliance on unabated natural gas, supporting power purchase agreements with low-carbon producers, integrating smart grid technologies and empowering energy prosumers such as communities and individuals generating their own renewable power.
- In steel, the most critical levers involve shifting from coal-based blast furnace production to EAF-based routes or direct reduced iron using green hydrogen, alongside increasing scrap recycling, improving process efficiency and deploying CCUS.
- In automotive, levers span across three dimensions: own operations, products and supply chain, encompassing the expansion of zero emission vehicle sales, increased production of advanced drivetrains, improvements in battery technology and the promotion of circular design and green steel procurement.

The results across the four sectors reveal a mixed picture. Automotive companies perform best, with 21 out of 34 implementing substantial decarbonisation levers, a reflection of the sector's relatively clearer pathway toward electrification and the commercial pressure to transition product portfolios. Performance drops sharply in the other sectors: 31 out of 100 oil and gas companies and 28 out of 89 electricity companies meet this indicator, while only 13 out of 57 steel companies do so.

Implementation of concrete decarbonisation actions is inconsistent across sectors, with strong progress in automotive but limited uptake elsewhere. Automotive leads due to clearer transition pathways, whereas more complex, hard-to-abate sectors lag behind despite having defined technological options.

P2.3 Influencing supply and demand across the value chain

Companies do not operate in isolation from their value chain. Their ability to influence the behaviour of clients and suppliers is a critical, and often underestimated lever for transforming both the supply



and demand sides of their operations. In the transition away from fossil fuels, close engagement across the corporate value chain is essential to drive and accelerate change.

This is particularly important in sectors where the most material emissions occur upstream or downstream of the company's own operations. For oil and gas companies, whose Scope 3 emissions dwarf their direct footprint, influencing how clients use their products is essential to demand-side transformation. For steel companies, whose electricity consumption is a major emissions driver, engaging suppliers on clean energy procurement is a key supply-side lever.

Influencing clients to reduce downstream emissions

We assessed whether companies are taking meaningful action to influence their clients to reduce GHG emissions. The results are shown below:

Table 3: Client engagement on downstream emissions reduction, by sector.

Sector	Companies' engagement	% downstream engagement
Oil & Gas	15 of 100	15%
Electric Utilities	35 of 89	40%
Automotive	14 of 34	41%

In the oil and gas sector, only 15% of companies take meaningful action to influence their clients to reduce downstream emissions, even though downstream Scope 3 emissions are, by a very large margin, the sector's most material climate impact. The contrast with other sectors is clear. Automotive manufacturers, whose Scope 3 emissions (from the use of sold vehicles) are similarly dominant, show a much higher engagement rate at 41%. This likely reflects the more visible nature of the vehicle electrification transition, as automakers have a direct commercial interest in steering consumers toward EV. Utilities, while their most material emissions are direct (Scope 1+2), still engage at 40%, supporting clients to pursue clean electricity objectives.

Influencing suppliers to reduce upstream emissions

On the supply-side, it is key to understand whether companies influence their suppliers to reduce upstream emissions. This is particularly relevant in the steel sector, where electricity procurement is a major emissions driver and engaging with electricity suppliers on clean energy is a key decarbonisation lever. In this sector, only 13 of 57 companies (23%) meet this indicator. Given that supplier engagement, particularly on electricity sourcing, is one of the most direct and immediately available levers for steel companies to reduce their emissions, this low rate suggests a significant missed opportunity to transform the sector. For a sector that is already lagging on capital allocation, weak supply chain engagement compounds the challenge.

P2.4 Managing the social tension arising from the supply and demand transformation

Transforming supply and demand is not only a matter of redirecting capital and engaging the value chains. It also requires managing the social consequences of these shifts, for workers within companies, for communities dependent on fossil fuel industries and for consumers who depend on affordable energy.



Stakeholder engagement: who has a voice in the transition?

Meaningful engagement with workers and communities on the social impacts of the transition is essential for addressing the internal and external pressures and uncertainties generated by the supply demand transformation.

Just transition engagement by companies

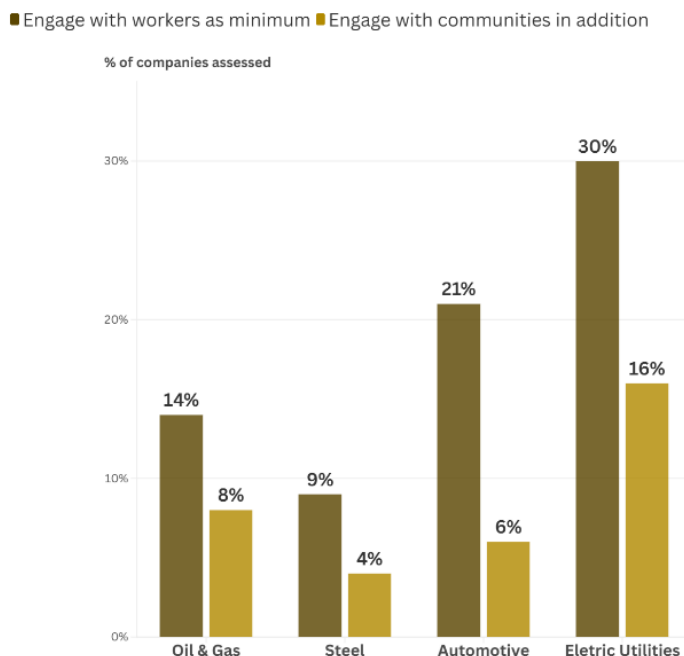


Figure 6: Just Transition engagement by sector and stakeholder group.

Across the four sectors analysed, only 19% of companies (53 out of 280) disclose meaningful engagement with their workforce on just transition. Utilities lead at 28%, while steel lags at 9%. Critically, only 9% of companies (26) engage with affected communities in addition to their own workforce. This suggests that, for most companies, just transition engagement, where it exists at all, falls short even at the workforce level, let alone with affected communities and supply chain actors. It points to an elevated risk of social friction as the transition accelerates.

Energy access and affordability - the missing dimension

The growing debate on energy poverty has drawn increasing attention from different actors engaged in energy transition. For energy companies in particular, the transition raises a critical question of access and affordability. Ensuring that energy remains accessible and affordable throughout the transition, rather than shifting the burden onto consumers, is a fundamental part of managing its social impacts, especially for disadvantaged groups and in economies that remain highly dependent on fossil fuels.

Our assessment finds that only 8 utilities companies and 2 oil and gas companies, out of 189 energy companies assessed, acknowledge energy affordability-related transition issues in their reporting. This low level of recognition is itself a significant concern. A small number of companies, such as Centrica, SSE, Southern Company and Iberdrola have begun to act through subsidised tariffs, flexible payment plans, and efficiency programmes aimed at protecting vulnerable customers from volatility in energy bills.



However, we also observe some energy companies framing energy access as a key just transition issue while pursuing a “dual strategy” of expanding low-carbon power and continuing to grow fossil fuel supply, for example through LNG as the transition fuel to replace coal. These risks blurring the boundary between addressing the social dimensions of transition and legitimising further fossil fuel growth. Just transition should guide how the transition is managed, not to justify delaying it. A low-carbon transition must remain the core objective, particularly where viable clean energy alternatives are already available.

Transition planning has been designed isolated from the people and communities it affects. Only 19% of companies engage meaningfully with their own workforce on just transition. And only 26 companies engage with affected communities in addition to their workforce.



Pillar 3: Advancing international cooperation and climate diplomacy

The Conference's third pillar focuses on closing gaps in implementation, strengthening governance and cooperation, and addressing international legal and financial barriers. It therefore speaks to the broader enabling environment for advancing credible corporate transition plans.

P3.1 What do corporate transition plans reveal about governance gaps?

While the analysis under the first two pillars examined how companies are responding to the transition, the findings are not only a corporate story. They start to reveal structural patterns that demonstrate a clear link between stronger policy signals and more advanced corporate transition planning performance.

This relationship is most clearly reflected in sectoral dynamics. **Electric utilities** are the most advanced sector across nearly every indicator. This reflects the highly regulated nature of the sector, where governments set renewable energy targets, carbon pricing mechanisms and grid investment policies create clear incentives and planning horizons. **Automotive manufacturers** also demonstrate progress, particularly in a commitment to align business models with low-carbon pathways and investing in workforce reskilling. This reflects the clarity of regulatory trajectories of EV mandates and emissions standards in key markets, where the end state of the transition is defined by policies - such as the EU's phase out timeline for internal combustion engines - which enable companies plan accordingly. Both sectors are also directly consumer facing, unlike oil and gas or steel, making them more exposed to public scrutiny, reputational pressure and shifting consumer demand, additional drivers that build on the policy signals.

In contrast, **oil and gas companies** remain the furthest behind in across most indicators. This reflects not only the structural challenge of transitioning away from a legacy product, but also the absence of comparably clear and binding policy signals on phase-out schedules. **Steel companies** face a similar dynamic. While technology, such as green hydrogen and EAF are increasingly well-defined, companies operate in a fiercely competitive market and still lack the industrial policies and co-investment frameworks that would give companies the confidence to redirect capital at the necessary scale.

These findings demonstrate that while the enabling conditions for credible transition planning are increasingly well understood, they remain unevenly implemented and weakly coordinated across sectors and jurisdictions. This creates fragmented signals for companies, slows capital reallocation, and undermines the pace of the transition. Likewise, without transparency on disclosure and transition plans governments lose the ability to understand their own exposure. Addressing these gaps requires not only stronger national policy frameworks, but also more effective international cooperation and governance structures capable of aligning ambition with implementation.

P3.2 Addressing implementation, cooperation and governance gaps

Multilateral frameworks such as the UNFCCC and the Paris Agreement have been critical in setting global norms and direction, particularly on emissions reduction and 1.5°C alignment. They have mobilised broad engagement across governments, business and civil society. However, a key limitation remains: the lack of explicit private sector responsibilities. NDCs rarely set clear expectations for corporate action, despite their success depending on credible, science-based transition plans.



Addressing this gap requires a stronger policy and regulatory landscape for corporate transition planning. Mandatory disclosure frameworks are a critical foundation. At the regional level, the EU's Corporate Sustainability Due Diligence Directive (CSDDD) and Corporate Social Reporting Directive (CSRD) are raising the bar for transparency and accountability, while countries such as Spain and Australia are advancing national disclosure regimes. In parallel, international frameworks, including Task Force on Climate Related Financial Disclosures (TCFD), International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI), are helping to harmonise expectations and improve comparability across jurisdictions.

This landscape is further shaped by evolving legal norms. The advisory opinion of the International Court of Justice affirms States' collective responsibility to address climate change, including obligations to prevent environmental harm and protect human rights. Discussions at the UN General Assembly to operationalise this opinion point toward strengthened due diligence expectations aligned with a 1.5°C pathway and responsive to the interlinked challenges of climate change, inequality and fossil fuel dependence.

Recent progress under the global climate governance processes is translating these principles into more concrete expectations. The [Baku to Belém Roadmap](#) to 1.3T under its item 5(c) highlights that supervisory and regulatory authorities should define clear expectations for private sector transition plans - including assessing their credibility using existing frameworks - and integrate these into supervisory reviews and disclosure requirements. In doing so, it underscores the need for a more integrated approach that aligns climate objectives with macroeconomic, fiscal and financial systems and elevates corporate disclosure and transition planning as core elements of economic governance and financial regulation. Furthermore, the [2025 Sevilla Commitment](#) recognises the importance of sustainable business and financial regulation, as well as the continued development of transition planning for private entities, while acknowledging the diversity of national pathways toward achieving global climate targets.

A key enabler of this ecosystem is independent assessment. Just as NDCs and greenhouse gas inventories track national progress, independent assessments of corporate transition plans are essential to gauge real-economy alignment. Initiatives such as WBA provide governments, investors and civil society with the evidence needed to strengthen accountability and inform decision-making.

Against this backdrop, the TAFF process represents a critical opportunity to close a persistent gap in global climate governance by embedding the private sector from the outset - aligning public and private action and generating the coordinated signals needed to accelerate a just and orderly transition.



Recommendations and the road to COP31

To translate this opportunity into impact, the core recommendation of this report is for the TAFF conference to recognise credible corporate transition plans as a critical tool for translating climate ambition into real economy outcomes.

Governments and regulators should integrate corporate transition plans into climate and economic governance frameworks, including supervisory practices, financial regulation and national financing strategies. As the clearest signal of real economy progress, transition plans must become standardised economic governance and financial tools to guide capital toward low-carbon systems while supporting a just transition.

The TAFF roadmap should establish credible corporate transition planning as a clear and consistent expectation within international cooperation and aligning public policy with private sector action. It should include or reference the following priorities:

- **Advancing mandatory greenhouse gas emissions and transition plan disclosure requirements for large companies.** Without comprehensive disclosure, it is not possible to assess exposure to fossil fuel dependency, track progress or design credible transition pathways
- **Sector-specific phase-out timelines for energy-intensive sectors, alongside strengthened clean energy targets and investment frameworks,** providing the long-term signals and enabling conditions needed to redirect capital, scale low-carbon investment, and accelerate structural transformation of high-emitting industries.
- **Integrating just transition frameworks into national decarbonization plans,** establishing clear requirements for addressing workforce and wider social impacts within transition planning. These plans should be supported by aligned labour, industrial and climate policies that enable reskilling and expand access to alternative economic opportunities.
- **Strengthening the interoperability of standards and independent assessment frameworks,** enabling consistent evaluation of corporate transition plans across jurisdictions. Independent assessment, alongside national reporting under the UNFCCC and the National Determined Contributions (NDCs), is essential to ensure credibility, comparability and real-economy alignment.

The TAFF Conference in Santa Marta arrives at a decisive moment, where the international community will have the opportunity to put in place the architecture to make this transition managed, equitable and credible. The evidence in this report demonstrates that the tools for such a transition already exist and that leading companies are already deploying them.

An ambitious outcome in Santa Marta, one that elevates corporate transition planning from a sidelined, voluntary disclosure to a core pillar of international fossil fuel transition governance, would send an irreversible signal to markets, investors and companies worldwide. It would also lay the foundation for that ambition to be carried directly into COP31, where negotiated text reflecting this momentum could mark a key moment in the relationship between multilateral climate commitments and real economy transformation.

Ultimately, the transition away from fossil fuels will be shaped as much by decisions in corporate boardrooms as by those taken in international negotiations. Ensuring that both are aligned is the defining governance challenge - and opportunity - of this decade.





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