



ANNUAL

REVIEW 2021

TABLE OF CONTENTS

Foreword	3
Introduction	5
DEI	6
Our Research	7
Impact Overview	8
Oil, Gas & Mining	10
Power & Utilities	12
Energy Transition	13
Accounting, Audit and Disclosure	14
Asset Retirement Obligations (AROs)	16
CA100+	18
Investor Outreach	19
Stewardship Team	20
Communications	21
Partnerships	25
Looking Ahead to 2022	26
Our Team	32
Our Funders	34



FOREWORD

Walking the talk on Net Zero transition plans

The last year has been a trailblazing one. Not only did Carbon Tracker celebrate its 10-year anniversary since the first Unburnable Carbon report was published in 2011, but moving beyond the COVID-19 pandemic, the world refocused its attention on climate as governments, companies and boards started to grapple with the real meaning of Net Zero and the implications for the decades to come.

The proliferation of distant Net Zero 2050 goals triggered a search for rapid answers to walk the talk with credible Net Zero plans and near-term targets to be held accountable for. The uptick in ESG “noise” reaffirmed the important role for Carbon Tracker to act as independent assessor to help stress-test corporate transition plans, evaluate them through the lens of financial stakeholders and present the best blueprint to accelerate the transition to a clean economy.

2021 also saw narrative shifts from key influencers. The International Energy Agency (IEA) boldly stated that no new fossil fuel supply projects and no further investment in new unabated coal was needed; the IPCC reaffirmed the irrefutable starkness of climate science as we approach ever closer to irreversible tipping points; and the launch of the Glasgow Financial Alliance for Net Zero (GFANZ) under the UN Race to Zero campaign at COP26 provided added momentum for the private sector to sharpen its act. Whether the process will be successful in “keeping 1.5C alive” will be tested next as we roll forward to COP27 as the heart-beat is weak: not least as the process is still failing to provide vulnerable nations with the money to rebuild and respond to the unavoidable impacts of climate change.

Against this backdrop, Carbon Tracker played a strong hand and one the team should be proud of, as shown in the many pages that follow. We brought some new issues and audiences into the spotlight with our work focusing on accounting and decommissioning. We deepened our sector work and continue to expand our company profiles coverage feeding the CA100+ and other engagement efforts. We further sharpened our analytical tools with an expanded corporate research capability – plus we launched the first open-source accessible database of fossil fuels to hold the world accountable. Our role in spotlighting the deficits in both understanding and data remains ever present.

So much expectation has been placed, deservedly, on the role of institutional investors in driving board alignment with Net Zero we have to ask whether CA100+, a project we’re deeply committed to, can reach the targets it has set itself. In the year Engine1 toppled three directors from the board of Exxon, was this a flash in the pan delivered as fossil fuels reached a low point and investor engagement its peak in the public discourse? Or was the flash in the pan merely the height of investor engagement, before a return to a rather more depressing “business as usual” decade?



Whichever outcome transpires, it is right for us to ask ourselves whether we are succeeding. Ten years on since our first Unburnable Carbon report most of the embedded emissions are still listed on exchanges and the numbers are increasing. We are hurtling fast towards interconnected tipping points, where actions to solve one problem may have negative impacts on another, offering energy to the world whilst feeding a growing population, where focus on fixing the climate problem may well have negative impacts on our land, water and related food production.

Here we remain optimistic. By the time you read this annual review, Carbon Tracker will have joined up more formally with our sister programme Planet Tracker to strengthen our combined role in catalysing the necessary shifts to drive capital towards activities that both reduce carbon emissions and protect nature and help address the world's urgent environmental and social crises. We will be working together on cross-cutting programmes where we can be most effective.

As our organisation evolves, we recognise that many problems of dispossession and systemic inequities of race, class, and gender across the global north and south have been central to struggles over access to and control of natural resources.

The political and financial dominance of the fossil fuel economy is a brutal illustration of the sector's power, rooted in a history of colonialism. In our research writing and thinking around fossil fuel finance, we recognise the injustice of the fossil fuel system's economic and political legacy. Going forward we should represent a diverse range of voices in our team recruitment and development and in how we extend and include representative voices through our research networks. Here, we know we can do more, and we are committed to listening, learning and acting.

This is an exciting moment for the group, one we welcome you all to be part of.

Jon, CEO

Mark, Founder & Executive Chair





INTRODUCTION

In 2021 we celebrated our ten-year anniversary. This was a moment to reflect on our successes and look forward. Over the last decade, we have reframed the climate problem as a financial risk, coining and popularising the terms “carbon bubble,” “stranded assets,” and “unburnable carbon”. Our work has moved these concepts from obscurity to the forefront of any discussions about climate change and financial risk management, assisting investors and financial regulators in mobilising action.

We know that investors can force energy companies to make large scale changes quickly. Our challenge is to make sure investors know it is in their self-interests to avoid fossil fuel investments that would take us beyond Paris targets, so they will impose reform onto recalcitrant incumbents.

To help make the global energy transition a reality, we translate energy transition concerns into economic risks that matter to these actors, compelling them to act in a way that ultimately benefits the climate movement. This is achieved by exposing the economic risks of investment plans that expand fossil fuel production. Empowered by this information, investors become less willing to provide capital and more likely to challenge management decision-making. From these changes, investors can send a powerful signal to industry by voting with their dollars and supporting shareholder resolutions, remuneration schemes and director elections.

As we have learned over the last ten years, change may start with investors, but it does not end there. Once climate-related risks become material to investors, they fall within the purview of financial market regulators and standard setters, who are responsible for ensuring transparency and capital markets receive decision-useful information. Since the future is baked into financial statements through forward-looking assumptions, transparency measures will force corporations to price transition risks into their financial statements, to the detriment of companies built around the usage of fossil fuels. We have had success in changing the financial sector’s language and shifting assets away from carbon-intensive projects. Now we are in a unique position to speak to key stakeholders who can accelerate the energy transition.

Because of our efforts, there has been an increase in investor awareness of climate risk as a financial risk, however we know there is much work to do. We understand that the same analytical rigour and financial reasoning that drives our work is valued by a wide range of elected officials, regulators, and NGOs. Even in highly regulated markets, our research assists stakeholders in influencing decision-makers to shift away from fossil fuel technologies on economic grounds.

While keeping investors at the heart of our theory of change, we are creating new allies, shifting behaviours and mindsets to support policy action on climate.

The past decade has built to this moment. We are ready to make the next ten years a time of profound change in the energy sector and the fight against climate change. Are you ready to join us?



DEI

Our diversity, equity and inclusion journey continues to forge ahead and remains an essential part of our organisation strategy and culture.

We are committed to creating a workplace where all people feel welcome, included and respected. In 2021, we bid farewell to several team members, including our former DEI Champion. Our team worked hard to ensure that vacancies were filled following our enhanced hiring and onboarding processes.

Our new DEI champions – a role now jointly shared – together with our DEI Committee launched the first DEI Review in collaboration with the consultancy, Challenge. The review which took place during the second half of the year collected responses from across the team on Carbon Tracker’s workplace culture. The final report included actionable recommendations to elevate Carbon Tracker to the next level in fostering and promoting effective DEI in the organisation. Our DEI Committee and senior management team will actively be implementing the recommendations and work across the teams at every level to continue to make improvements.

We strive to continue improving by learning and proactively listen to others’ perspectives. Whilst conversations may be difficult, they are essential for living our DEI values and creating a culture that everyone feels comfortable to be a part of.

Our DEI plans remain ambitious, and we thank our funders, especially Generation Foundation, for supporting us in our continuing efforts.



We strive to continue improving by learning and proactively listen to others’ perspectives. Whilst conversations may be difficult, they are essential for living our DEI values and creating a culture that everyone feels comfortable to be a part of.



OUR RESEARCH

Analysis

Moving from Why to How?

In 2021, we focused on moving the debate with investors and policy makers to how systems and industries need to be shaped for a secure and affordable timely energy transition, and how policy/regulation and investors can drive market-based financially sustainable solutions. Alongside continuing our core work on Oil, Gas & Mining and Power & Utilities, we began analysing financial statements and audit reports for material climate-related risks; scrutinising industry's unfunded and unsecured asset retirement obligations (AROs); deep-dive company research of transition plans and roadmaps, helping investors understand alignment and plans at specific company level, to actively engage with managements.

Ultimately, our work is aimed to reinforce the inevitability of transition and continue to push and influence investors, regulators and policymakers to act upon the climate change crisis, which is only growing in importance and urgency.

Outreach and Engagement

In line with our "How" approach and to realise full impact, we bolstered, broadened and deepened the activities of the investor outreach teams across US and Europe. Last year also saw us building capacity in the governance and stewardship area, a key piece of the climate change jigsaw. Our highly experienced teams focus on partnership development with investor-organisations, targeted investor outreach and expanding communication channels to investors.






IMPACT OVERVIEW

Prior to Covid-19, we observed the beginning of fundamental changes in how investors consider the impacts of climate change and what they demand of companies. Evidence of impact could be seen in the early pledges that companies made to quell shareholder discontent.

Over the years we have directly influenced the embedding of climate change risk within conventional understanding of financial risk.

We categorize our impact into eight emerging themes that cut across our programmes and research areas. These themes are explored in greater detail in the subsequent sections devoted to those programmes.

A background image showing a group of people in a meeting, with their hands and arms visible as they look at documents and use pens. The image is dimly lit and has a blue tint.

Over the years we have directly influenced the embedding of climate change risk within conventional understanding of financial risk.

IMPACT OVERVIEW



1 Shift in capital

Research leads investors to shift capital from fossil fuel investment (e.g. change in investment patterns, project cancellation, divestment & re-investment).

Carbon Tracker data used in the largest retirement fund divestment
Mayor de Blasio, Comptroller Stringer, and Trustees Announce
Estimated \$4 Billion Divestment from Fossil Fuels. January 2021

8 Forceful Stewardship

Leads fossil fuel companies to consider/draft new policies or modifications to existing policies in their governance model (e.g. change in remuneration practice)

Calpers collaborated with Carbon Tracker's team to persuade a hedge fund that Exxon should elect climate activist to its board of directors.
A third climate activist is expected to be elected to Exxon's board. June 2021

2 Disclosing material assumptions

Original research leads regulators to force companies to disclose material assumptions (e.g. change in climate risk disclosure practice).

BP and Glencore passing shareholder resolutions to encourage the disclosure of how all their future capital expenditure plans might be Paris-compliant. March 2021

3 Active consideration of new policy or changes to existing policy

by governments / companies / policymakers / investors acknowledging economic realities of justifying the wind down of coal, oil and gas.

Swiss Re's new policy for the sector which excludes insurances for most new oil and gas projects. March 2022

4 New allies/common narrative

Direct engagement with investors community leads to forming new allies and pushing for a common narrative on the economic risks of investing in fossils fuels.

Partnership with SSGA on roadshows, joint webinars 2019

7 Enforcing climate-friendly policy and regulatory standards

Engagement with governments/regulators/policymakers leads to enforcing climate-friendly policy and regulatory standards with significant public impact.

US Representatives introduced Orphaned Wells Cleanup and Jobs Act. April 2021

6 Engagement shapes public narrative

on issues with significant public impact (e.g. public commitments to climate action, acknowledgments and endorsements in mainstream media, COP events)

British local government pensions, Sweden's AP2 pension scheme call for governments to toughen climate accounting following Flying Blind report. September 2021

5 Shaping public narratives through research

With mainstream media on issue with significant public impact. (e.g number of citations, 8500+ mentions and references)

2021 ended with 220 events and 1650 mentions

Eight Emerging Themes





OIL, GAS & MINING

Overview

This work focuses on highlighting the transition risks that face investors in oil and gas companies. The last year saw the launch of the first oil and gas country level report, *Beyond Petrostates* (Feb 21), focusing on the 40 petrostates most at risk from the low carbon transition. The report attracted significant media attention including coverage in BBC, AFP, Financial Times, and the Washington Post and was the focus of the team’s engagement at COP26.

Other notable releases from the team included *Absolute Impact 2021* and *Adapt to Survive* (Sept 21), both of which focused on the relative exposure of companies to the energy transition and net zero announcements. In addition, throughout 2021 the team published a series of blogs and flash notes.

The *Beyond Petrostates* report attracted significant media attention including coverage in BBC, AFP, Financial Times, and the Washington Post and was the focus of the team’s engagement at COP26





Impact

In 2021, oil and gas majors including Respol and Shell made step forwards in incorporating and strengthening absolute emissions targets opposed to intensity targets. Many companies announced and enhanced emission goals ahead of COP26. Following our analysis on why the Cambo oil field is not Paris aligned, this project was cancelled by Shell. Shell also updated their remuneration policy in March, a topic that we have covered in previous years, and continue to monitor. Eni announced absolute emissions targets (and a peak to oil production) with announcements that echoed our narrative (“stranded assets”, breakevens) and having previously spoken to us about our reports that cover this territory.

Over the last year we have seen companies use our capital expenditure alignment metrics in their business planning. There is growing recognition of transition risk by the largest investors.

Moreover, Carbon Tracker data was used in the world’s largest retirement fund divestment, which saw New York City’s Mayor de Blasio, Comptroller Stringer, and Trustees announce a \$4 Billion divestment. Our work has aided in catalysing a seismic shift away from fossil fuel investments by institutional investors, hence reducing the pool of available capital.

Additionally, the team was featured widely in the print and broadcast media, including a live appearance on BBC World News. At COP26, the team presented Beyond Petrostates and was invited to join panels with other international experts in the blue zone and fringe events.

Corporate Research

Our Corporate Research team provides analytical tools to support institutional investors in understanding and evaluating the transition plans of companies in high emitting sectors.

This team is in its initial stages and working to catch up to more established research sectors. We hired our first Corporate Research analyst to cover European Oil & Gas majors. They spent their initial time scoping the necessary coverage and designing the content and methodology for future research. The first piece of analysis was published in December 2021 - a flash note on Shell - that analysed the implications of a change in strategy proposed by the US activist investor Third Point. In 2022, we will see dynamic growth and new outputs from the growing team.



POWER & UTILITIES

Overview

Aligning the power generation sector with the Paris Agreement is the main objective of the Power & Utilities team. By defining coal phase out schedules, highlighting the financial risks of building new gas and the opportunities of the low carbon transition, the team informed our target audiences.

In 2021, we released our first major analysis into gas power with our Foot Off the Gas (Feb 21) series, exploring the viability of gas versus a clean energy portfolio in the UK and Italy. This was followed by Put Gas on Standby (Oct 21) which applied our coal methodology to gas power in Europe and North America. Do Not Revive Coal (June 21), the next iteration of our annual coal report, continues to resonate in the sector and be a driving force behind coal phase out.

Other research highlight include End in Sight (April 21), exploring South Korea's coal phase out, and Taking Stock of Coal Risks (Nov 21), a stock markets focussed analyst note nodding back to our original (2011) Unburnable Carbon thesis.

Impact

Following the launch of our gas analysis, Drax announced the cancellation of the largest gas fired power plant project in the UK. The UK Government actively engaged with the team on policy development with potential to explore changes in the capacity market.

In Italy, the team was invited to provide a senate testimony off the back of Foot off the Gas which led to reconsideration of gas policies, renewables and capacity schemes. The report launch webinar initiated new Italian partnerships and amplified our work in the market.

The outputs in 2021 generated significant media attention, including BBC World News, New York Times, Reuters, and The Times. As a sign of our growing influence, team members contributed to high-profile event appearances and panels at COP26.



ENERGY TRANSITION

Overview

In 2021, the Energy Transition team tackled new topics and reached new highs. The Sky's the Limit (April 21), which mapped renewable energy potential globally, was our most viewed and downloaded report to date, capturing headlines around the world.

Further research highlights included Reach for the Sun (July 21), the second report exploring the emerging market leapfrog, and the analyst note, Spiralling Disruption (Aug 21), which unpacked the feedback loops of the energy transition. A co-authored note with Amory Lovins from RMI was released in *Environmental Research Letter*.

Impact

The team's analysis of the energy transition continued to gain traction with our target audiences and beyond. In a post-Covid-19 world, we turned attention to the possibilities unleashed by the energy transition and positive trends in financial markets in the space of renewables.

Our energy transition analysis and thought leadership was amplified by participating and delivering over 60 presentations to audiences across events including COP26, Financial Times, Reuters, The Economist and New York Times. Media coverage included mentions in over 500 articles, in outlets such as BBC World News, Bloomberg BNN, CNBC, and The Independent. President Alok Sharma of COP26 highlighted our analysis in his presentation during a special session for the P4G conference, which was co-hosted by the Korean Ministry of Economy and Finance and the Green Climate Fund.

Cleantech

In 2021 we launched our clean technology (cleantech) desk to expand our capabilities and build out levelized cost scenario analysis on solar, solar storage, onshore and offshore wind, plus storage, alongside our first foray in hydrogen and frontier tech.

Cleantech work will feed into the analysis of the wider research team and will be the cornerstone of upcoming engagement with investors and policymakers. We hope for this research to engage our key audiences, strengthen existing relationships, and launch new collaborations.



ACCOUNTING, AUDIT AND DISCLOSURE

Overview

In 2021, we re-established the Accounting, Audit and Disclosure research team and launched the flagship report Flying Blind (Sept 21). The objective of the research was to ensure climate-related matters, risks, strategies, and (targets) are properly taken into consideration by companies & auditors in financial accounts. The report was featured as an op-ed in the Financial Times and picked up widely in the media including Reuters, Bloomberg, and Pensions & Investments.

As a sign of how respected their work is, the team has also contributed to our partnership with CA100+.

Impact

Following the launch of Flying Blind there have been changes in company accounts and resolutions. The results have been discussed with various investors and investee companies, academics and included in executive trainings. The report influenced investors to file resolutions asking Exxon and Chevron to assess and disclose the impact of the IEA Net Zero 2050 scenario on their financial statements.

Our direct engagement with auditors/investors in Japan led to the Japanese standard-setter confirming requirements for auditors to assess consistency in financial reporting during their audits. Our engagement with the European Securities and Markets Authority (ESMA) contributed to ESMA including consideration of climate-related matters in financial statements in its 2021 enforcement priorities. Lastly, in addition to the engagement with the Securities and Exchange Commission (SEC), our research and engagement following the release of Flying Blind contributed to the SEC publishing the landmark proposal rules that included new notes to the financial statements and would require public companies to disclose their climate risks to investors in their SEC filings. The proposed requirements could help climate-conscious investors more accurately direct their money to businesses that are responding to climate risks, simultaneously strengthening both markets and the nation's climate response.

Climate aligned accounting is increasingly a focal point in the climate space and is being treated as a priority for investors, regulators and standard setters alike in various jurisdictions. The analysis was presented at COP26 at sessions hosted by Carbon Tracker in partnership with Ceres, IIGCC and PRI alongside a session with IFAC and CDSB, gaining much attention whilst strengthening and forging new relationships and pushing for a common dialogue.





ASSET RETIREMENT OBLIGATIONS (AROs)

Overview

The team continued to develop and expand the work on stranded liabilities and asset retirement obligations through Race to the Top (Oct 21) and They Only Fill When They Drill (July 21). In March, we launched the first version of the Asset Retirement Obligation Portal, the first tool of its kind to focus on this topic, the risks and solutions.

In 2021, particular attention was given to Colorado where financial assurance rulemaking was being reviewed by the state. The team has played a pivotal role in providing expertise and a rational basis to support local organisations with data and analysis promoting policies to internalize the oil and gas industry's retirement costs.

Impact

Our analysis has helped shape the public narrative on the cost to retire the oil and gas industry. Our cost estimates are now commonly used without attribution, a sign of influence, and our model has proven through comparison with empirical results to be the most accurate model available for generating bulk cost estimates for plugging onshore wells.

Our work in Colorado has been widely cited and is relied upon by numerous allied organizations, advocates, and journalists, which supported powerful advocacy and reporting that improved public understanding of the key issues and strongly impacted the recent financial assurance rulemaking there. Our work was repeatedly cited in a report by a regional policy think tank, The Bell Policy Centre, which advocated for new policy and regulatory changes in the state.



Following the release of the Race to the Top report, we provided analysis to Bloomberg journalists that culminated in a powerful exposé on Diversified Energy Company Plc in October 2021. Diversified Energy's London-listed shares fell as much as 21% after publication, their largest intraday decline since March 2020, sending a strong message to the investor community about the danger associated with investing in firms encumbered by very large retirement costs.

The ARO team has garnered attention from international media and influential members of the US Congress. Robert Schuerk was invited to provide testimony before the House of Representative's Natural Resources Committee on offshore decommissioning.

The work continues to drive engagement with companies and professionals within the oil and gas industry, and awareness of the risks and opportunities highlighted by our research is growing rapidly.

The Global Registry of Fossil Fuels

In response to the growing recognition of the need to measure and regulate production of oil, gas and coal, Carbon Tracker and Global Energy Monitor, launched a prototype of the first ever Global Registry of Fossil Fuels ("Registry"). The Registry aims to foster transparency on fossil fuel production and make governments more accountable.

The Registry will be the first-ever open-source, independent and accessible database of fossil fuels. It will serve as a concrete policy tool to measure what is being dug out of the ground, the associated emissions, and how those relate to a 1.5°C compatible pathway.

The Registry was presented during a press conference at COP26 in Glasgow, hosted by Danish delegation, and will be formally launched in 2022.





CA100+

Overview

Our work with CA100+ as a data provider continued through our contribution to the investor-led initiatives benchmark indicators in March, in particular with the capital alignment assessment indicator (CAAI), and through the update of our company profiles. This work supported engagement with signatories and collaboration with the secretariat.

Impact

Following CA100+ benchmarks, the SEC's new attitude toward strengthening climate action evolved as part of the Administration's reforms influenced by Carbon Tracker's research.

Furthermore, EY also produced a report in December 2021 detailing their focus on accounting for climate change, using examples of companies which are almost all covered by CAAI.





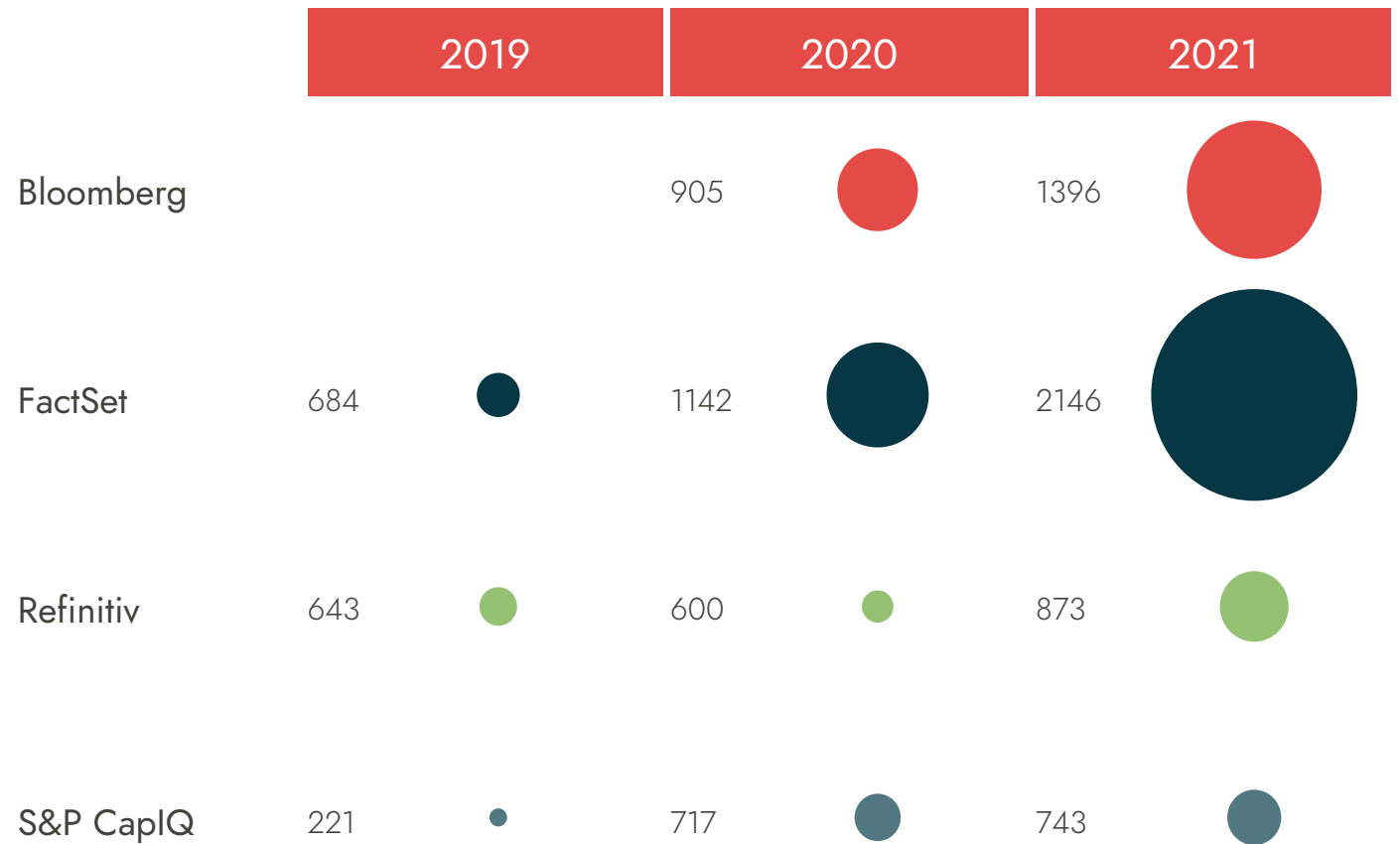
INVESTOR OUTREACH

Overview

The team engage investors with Carbon Tracker’s research and analytics to educate them on how to approach and analyse the impact of the energy transition towards a low carbon economy will have on capital markets, companies and investors. By meeting with the largest institutional investors, the team is shaping investors thinking and approach to climate risk assessment and integration. The team expanded during the year and now have a presence in London and in New York City.

Carbon Tracker’s analysis is available to investors via several investor distribution platforms – Bloomberg, FactSet, Refinitiv, and S&P Capital IQ. The research has enjoyed a steady growth in readership across all the platforms.

Report Downloads on Investor Distribution Platforms





Impact

The team met with the majority of the largest asset owners and investment managers in North America and the UK including BlackRock, Vanguard, State Street, Fidelity, Wellington, Columbia Threadneedle, Natixis, CalPERS, CalSTRS, New York State Common Retirement Fund (NYSCRF), City of London Corporation, New York City Employees Retirement Fund (NYCERS) and many more.

Our work has helped multiple asset owners develop portfolio decarbonization screening frameworks and net zero preparedness analyses. We have introduced more comprehensive climate scenario analyses to help investors increase their scrutiny of transition plans and climate targets announced by oil and gas companies.

The team has participated in multiple investor focused events arranged by leading sell side financial institutions such as Bank of America, Piper Sandler, and Citi. We co-organized investor focused events together with Columbia University, Cambridge University, the CFA Institute and multiple local CFA Societies.

Stewardship Team

This team was constituted in 2021 and focused on building on longer-term objectives and transforming our research and analysis to make it accessible, usable and actionable by governance teams focused on climate-related issues. The team's engagement has focused on investors in North America and Europe, especially those already engaged on climate-related issues, responding to requests and presenting to investors groups such as Ceres. The team provided support particularly around the Flying Blind launch looking at company accounts.

Impact

The team worked with Calpers to successfully persuade a hedge fund investor to elect a climate activist to the Exxon's board of directors. Furthermore, alongside the investor outreach team, they successfully assisted Presbyterian Church (U.S.A.) in securing a meaningful list of demands from Entergy by generating target analysis, drafting shareholder proposals and analysing withdrawal proposals.



COMMUNICATIONS

Framing the problem and winning the debate on solutions in the press

In 2021, our research was covered in over 8,500 media stories worldwide. This is an almost 40 percent increase from 2020. To achieve these results the team focused on publicising the launches of flagship reports like Flying Blind, Absolute Impact, Put gas on Standby and The Sky's the Limit.

To expand our media presence and augment our outreach on reports, we put special emphasis on positioning Carbon Tracker as a thought leader on energy and climate issues for broadcast. The team's efforts led to our analysts being interviewed by major broadcasters including CNBC, the BBC, Sky News, Al Jazeera, and other prominent TV and radio stations.

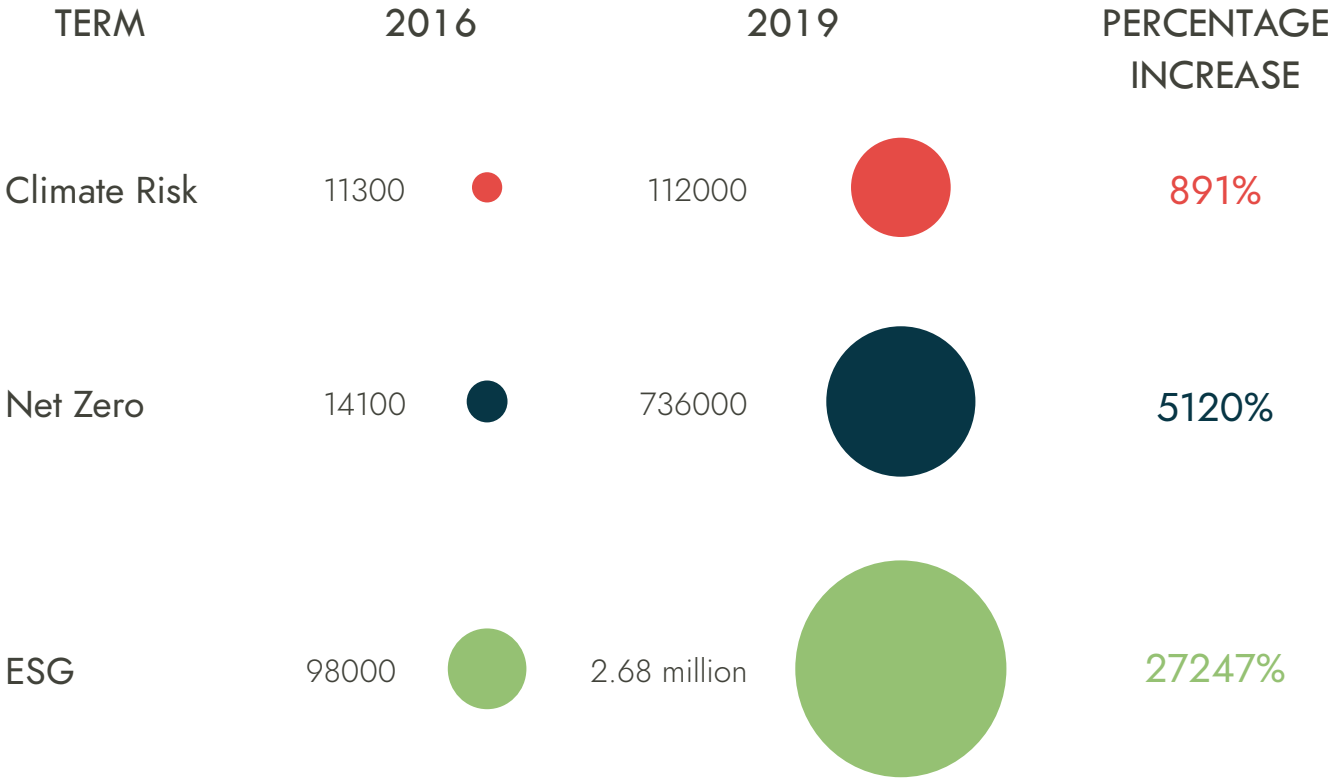
Over the year, we saw growing media coverage worldwide contribute to re-framing the climate problem as a financial risk, fusing asset-level analysis with key concepts such as the "carbon bubble", "climate risk" and "unburnable carbon". By maintaining a strong communications presence, our research became a central part of discussions of financial risk management in climate accounting. This is shown when publications like The Financial Times and The New York Times incorporating elements of our core analysis into their coverage.

Winning the debate in the headlines and acting as an independent voice in the financial space has increased overall exposure to our work. We have used the growth in publicity to drive institutional investors, lawmakers and regulators to our website, which has opened doors to more speaking opportunities for our staff to influence the move to a low-carbon future.





As the line between traditional media and social media continues to overlap, it is not surprising that we see these concepts penetrating social media channels. Mentions of key terms have increased exponentially over the last five years.



This data highlights the uptake of our key concepts over the past several years and the beginning of fundamental changes in how investors consider these issues and the levels of disclosure and meaningful climate action they demand of companies.

In 2021, with the world emerging from the Covid-19 crisis and debate over climate change and energy intensifying, taking our message to a wider audience through social media took on increased importance. Heightened awareness of climate risk saw our Twitter following increase from 38,000 to 43,500 and LinkedIn grew more than 50% from 6000 followers, to over 9,750 followers, we also expanded our presence on media platforms YouTube, and Instagram.



Distribution

Visualising our research in an appealing and simplified manner, while making it accessible to a wider audience, is a key part of our communication approach. Therefore, report publications are regularly accompanied by an infographic that summarises the key findings. These infographics have been successfully received on social media, drawing users to download the full reports from our website, and being integrated by numerous media outlets in the articles online, featuring Carbon tracker's analysis.

In 2021, we introduced interactives in our report publications to enable and encourage exploration and further engagement with our audience. This allowed us to effectively communicate our findings and provide users with a learning tool when reading our research. For COP26, we also created a microsite that collated all our research and events that were relevant to the core themes of the conference.

Our website (<https://carbontracker.org/>), remains the primary platform to freely access our research in reports, analyst notes, flash notes, and blogs, plus our Company Profiles and ARO portal. In 2021, we had 275,000 visitors the website and 650,000-page hits. To amplify our research further, we used our monthly newsletter, highlighting our latest analysis, events and news and reached a total of 8,500 subscribers, an additional 2,000 recipients compared to last year.

Furthermore, when it comes to targeted outreach for specific sector experts, we use our CRM system which includes users who actively engage with us by either downloading our materials from the website or attending our events. Our CRM database has reached a total of 17,900 users, a 23% increase from last year.

Events

The Events Team activity in 2021 continued to steadily grow, making an exponential jump of virtual events by the end of the year. Speaking engagements reached a record high of 220 events and webinars, a 29% increase from the previous year and a 120% increase since 2016, including 29 branded and co-branded events, with the team's bringing analysis and thought leadership in front of our target audiences.

With the return of in-person events in the second half of the year, we celebrated Carbon Tracker's 10th anniversary and reflected on a decade of our carbon bubble and unburnable carbon thesis. Events were held during London Climate Action Week and Climate Week NYC with an array of partners such as Reclaim Finance and RMI.



COP26

COP26 in Glasgow shaped our 2021 event strategy. Pre-COP26 events amplified the thought-leading analysis through a series of webinars that related to themes of the conference. In Glasgow, we held five events across the blue and green zone, with CTI representatives speaking at a further 12 fringe events.

Highlights

Alongside the conference, Carbon Tracker had a strong presence in the media. Responding to announcements Carbon Tracker released numerous press releases including on the UK Treasury announcement, the Cambo oil field and a concluding statement. Team members were featured on BBC World News, ITV News and Sky News.

During COP26, an official UNFCCC press conference was organised for the launch of the Global Registry of Fossil Fuels hosted by the Danish delegation and in collaboration with Global Energy Monitor (GEM). Mark Campanale spoke alongside Rebecca Brynes, project manager of the Registry and was virtually joined by Ted Nace (GEM) and Rob Schuwerk.





PARTNERSHIPS

To reach new audiences, dive deeper into analysis, and enhance impact, Carbon Tracker works with partners across the climate, finance and NGO space, governments and media. These collaborations span the organisation from research to events to inform and bring together experts, market leaders and changemakers to achieve our mission. In 2021, we wish to thank the following partners who worked with us across our activities.



Investors & Investor Networks

CA100+, PRI, IGCC, IIGCC, AIGCC, Ceres, UKSIF, BNP Paribas AM, Impax, MSCI, State Street, CFA Institute & Societies, ACCA



Research & Data Providers

RMI, Rystad, Global Energy Monitor, IRENA, IEEFA, GGON, Vivid Economics, CEEW



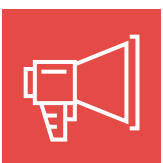
Policymakers

UK BEIS, OECD, FCO, Chatham House, PPCA



NGOs & Civil Society Groups

Shareaction, E3G, Finance Watch, 2dii, Green Finance Platform, Solutions for Our Climate, Sierra Club, Japan Energy Transition Initiative, ECCO, Global Wind Energy Council, Climate Strategies, Stockholm Energy Institute, Reclaim Finance, CDSB, Fossil Fuel Non-Proliferation Treaty, Inevitable Policy Response, Energy Transition Advisors



Media & Events

Financial Times, Reuters, The Economist, Responsible Investor, New York Times, the Global Strategic Communications Council (GSCC), BusinessGreen, Greenhouse PR



LOOKING AHEAD TO 2022

As we enter a crucial year of climate urgency, we are doubling down our efforts towards ensuring a climate-secure world through highlighting the financial risks related to climate changes and the opportunities a transition to a lower carbon economy can provide.

In 2022, we will expand, broaden, and deepen our analytics, insights to reach a wider audience. We will continue to target our key audiences of investors and policymakers, demonstrating that it is in their own self-interest to avoid fossil fuel investments that would take us beyond the goals of the Paris Agreement. Our analysis will highlight the risks of stranded assets and opportunities of greener capital redeployment. This will be enhanced by the development of our own company net zero pathway.

Leveraging partnerships and working collaboratively with peers and funders, along with other stakeholders, will be essential to amplifying our narrative for meaningful outcomes and actions. We will continue to provide the critical infrastructure and expertise in the climate philanthropy space to support innovation and action.

To ensure Carbon Tracker remains an interesting and convivial place to work, we will continue to build and retain a diverse talent pool, driving forward our DEI ambition. In 2022, we will bid farewell to our London Bridge office to accommodate our growing team. As we expand and grow in the UK and US, we are adjusting to new ways of working and collaborating (including hybrid model) – across continents.

Oil, Gas and Mining

In 2022, the team will continue to highlight and quantify transition risk for investors, developing the approach to incorporate transition strategies for these investors. Our work will increasingly focus on 'how' oil and gas companies can respond to the challenges of the energy transition.

We will explore more scenarios and bring in technology developments and policy innovations, revisiting our analysis on Inevitable Policy Response scenario, and expanding the scope of workstream to explore refining.



Power and Utilities

Looking ahead to 2022, the team will pivot the dialogue from stranded assets to pathways and solutions, maintaining our strong focus on gas and its role in the energy transition, and expanding our scope to Asia.

Building on our past successes, research will look at those countries most at risk and highlight the risks of a coal-to-gas rather than coal-to-clean transition.

Corporate Research

In 2022 the Corporate Research team will produce notes specifically aimed to institutional investors that focus on the major European companies, such as Shell and BP.

The coming year will be a time of expansion. The team will begin covering power and utilities companies and start focusing on companies in North America and Asia.

Cleantech

The cleantech desk will drive our research into new frontiers, presenting the financial case for renewables and emerging technologies such as hydrogen. The team will build out the least cost modelling and produce analysis that can be used as a framework for decarbonisation and support investors on their net zero journeys when looking at renewable and clean technologies.

Our research will help investors and policymakers better understand the challenges and opportunities connected with this new development and will be featured at events in 2022.

Automotives

Building an automotives (Autos) research team capacity in-house is the first step towards creating a comprehensive workstream around transportation (over the next couple of years), considering synergies with the two existing core sectors, Oil & Gas and Power & Utilities.

The Autos team will focus on global top down and bottom-up company research, covering global trends that are akin to our core work such as emissions overhang, electrification, cleantech and consistent with Paris-aligned goals of transport decarbonisation. We will further build company research in the same way as we do for our other sectors, with a similar focus on transition plans as being extremely important for the transport sector.

We will also take a thematic approach in parallel (complementing the CA100+ work), exploring the profound changes in the auto sector driven by the energy transition and the implications.



Accounting, Auditing and Disclosure

The team will continue to increase awareness of the capital at risk from financial statement disclosures through improving audit reporting on climate-related and regulator's mandated disclosures. The analysis will also support investors effectively engage with companies on the energy transition.

In 2022, the team will update their flagship Flying Blind report, support the CA100+ Net Zero benchmark launch, focussing on accounting indicators, and broaden engagement with audit firms and market regulators to ensure climate risks are being accounted for.

Asset Retirement Obligations (AROs)

The focus of the team's work will be on extending analyses and developing data systems to enhance our end-user experience of the data through development of the ARO portal. In addition, the team will enhance the analysis to ensure it is decision-useful for financial actors and policymakers.

The scope of the research will expand to cover more climate- and business-critical jurisdictions and sectors, including offshore assets and greater international coverage.

The team will continue to develop and strengthen partnerships to utilise the analysis to provide more detailed and useful information about the net value and implied retirement timing of oil and gas assets under established transition scenarios.

CA100+

In 2022, the CA100+ will announce a set of net zero benchmark indicators. Carbon Tracker will contribute an audit and accounting benchmark and review CA100+ companies in relation to this.

We will continue to support the CA100+ as data providers and engage with signatories on our company profiles and accounting work. Co-convened events and webinars will be used to amplify the work of CA100+ and the contribution of Carbon Tracker.





Investor Outreach and Stewardship

In 2022, the team will look beyond stranded assets and inform the financial markets on the “how” of the energy transition debate. Questioning investors and companies alike, we will move the narrative beyond describing “why” they should care and lay down meaningful paths forward to meet international goals.

By expanding the scope and capability of the stewardship team, we will solidify our role as a trusted adviser to investors and provide technical support to stakeholders to support their objectives on climate. The team plans to focus on investor voting policies, asset owner oversight and selection of asset managers and investment consultants, and proxy advisor analysis and advice to our key audience.

Communications

We will look to build and consolidate our media presence in North America driving the narrative on key issues including Asset Retirement Obligations (ARO) and climate risk disclosures. In Europe and the rest of the world (especially the Middle East and Asia) we will expand on our press presence and reframe the debate where necessary on key issues including petrostates, stranded asset risk and the transition to renewable energy in power and utilities.

The team will continue focusing on increasing our presence in key business-oriented publications including the FT, The Economist, Bloomberg and Reuters, alongside broadcast outlets. In 2022, we hope to have more interviews with Sky News, ITV, CH4, Al Jazeera, BBC, CNBC and Bloomberg. We will seek coverage around not only Carbon Tracker’s research focus but also as commentators on general topics regarding climate change, finance, accounting, and energy policy.

We aim to drive forward our analysis to targeted and engaged audience, through tailored events and social media campaigns. Amplifying Carbon Tracker’s energy transition plan narrative will be central to our activities to ensure that the financial and climate realities of our analysis is realised. We will harness existing partnerships and strike new ones to achieve this, and maintain our presence and involvement at key climate, energy and finance moments.

New year, new feel: the team will look to develop and implement new brand assets, including and updated logo and colour palette, across our platforms, and in this annual report.





Fundraising

Our key goal is to build and maintain a healthy pipeline of sustainable and diverse funding sources for the next 3 years (2021-2023). In order to achieve this aim, we will deploy a strategy based on six implementation areas:

- To move towards maintaining the right balance of unrestricted and restricted funding
- To build multi-year funding base with key funders
- To diversify our funder base
- To build a sustainable reserve base with one to two-year visibility
- To implement more efficient and robust fundraising framework and processes
- To collaborate with funders, establishing a shared goal and vision towards climate mitigation

Monitoring and Evaluation Framework

We see the Monitoring and Evaluation (M&E) framework as a fundamental instrument to ensure the objectives, outcomes and impact we achieve at sector level, are in alignment with the overall Carbon Tracker objectives and the ultimate outcome of where we want to be in 5 to 10 years. This new M&E framework is an integral part of our 3-year business plan, breaking down our Theory of Change at sector and workstream level, helping us with internal assessment, capturing evidence and tracking progress. It also serves as a key reference point for funders to understand the role we play as part of the ecosystem and how our contribution helps create progress in the real world.





Operations

Our race to net zero

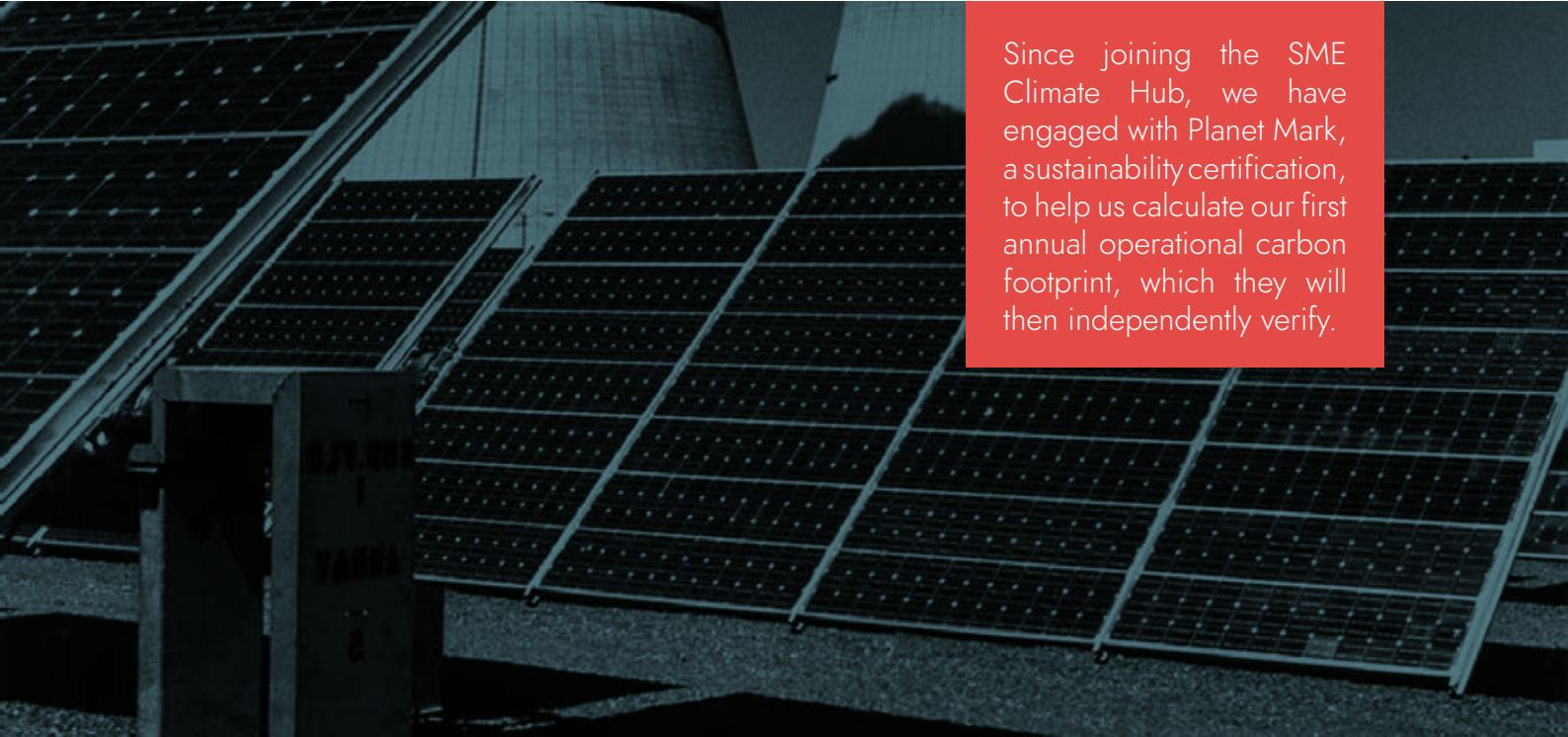
We have always been conscious of our own carbon footprint, and since the beginning we annually offset all our travel miles which make up the bulk of our carbon emissions. In early 2022, we decided to dedicate more time and thought to our own plan for net zero. We committed to the UK Government's SME Climate Hub. This means that we formally recognise climate change poses a threat to the economy, nature and society-at-large, therefore our company commits to act immediately in order to:

- Halve our greenhouse gas emissions before 2030
- Achieve net zero emissions before 2050
- Disclose our progress on a yearly basis

In doing so, we are proud to be recognised by the United Nations Race to Zero campaign, and join governments, businesses, cities, regions, and universities around the world that share the same mission.

Since joining the SME Climate Hub, we have engaged with Planet Mark, a sustainability certification, to help us calculate our first annual operational carbon footprint, which they will then independently verify. Our first aim is to achieve carbon neutral certification, after which we will establish and implement a carbon reduction plan. We will engage with our staff and partners on these activities, including fostering business activities that create social value.

In addition, in 2022, we will be making improvements to our data and CRM systems. We will be testing out our hybrid working model and focussing on ways to nurture our team and create a collaborative and rewarding working environment.

A photograph of solar panels installed on a roof, with a red text box overlaid on the right side.

Since joining the SME Climate Hub, we have engaged with Planet Mark, a sustainability certification, to help us calculate our first annual operational carbon footprint, which they will then independently verify.



OUR TEAM

Senior Management

Mark Campanale – Founder and Executive Chairman
Jon Grayson – Chief Executive Officer
Mirjana Škrba – Chief Operating Officer
Robert Schuwerk – Executive Director, North America
Catharina Hillenbrand von der Neyen – Head of Research
Meena Raju – Head of Development and Programme Management
Mark Fulton – Chair of the Research Council

Board of Directors

Mark Campanale – Founder and Executive Director
Cary Krosinsky – Co-founder and Director
Meg Brown – Non-Executive Director, Director, Impax Asset Management
Emma Hunt – Non-Executive Director, Former Co-Head of EOS, Hermes Investment Management
Tauni Lanier – Non-Executive Director, Former Executive Director of IMPACT2030

Advisory Board

Alice Chapple – Director, Impact Value
Anthony Hobley – Executive Director, Mission Possible Platform
Bevis Longstreth – Former Commissioner of the United States Securities and Exchange Commission
Catherine Howarth – CEO, ShareAction
Helen Wildsmith – Head of Ethical & Responsible Investments, CCLA
James Cameron – Senior Advisor, Pollination, Tulchan and SYSTEMIQ
James Leaton – Research Director, Sustainable Development Investment Asset Owner Platform (SDI AOP)
James Stacey – Partner, ERM
Jemma Green – Previously VP, Sustainable Finance at JP Morgan
Laura Sandys – Chair, European Movement and CEO, Challenging Ideas
Lois Guthrie – CEO, Carbon Disclosure Standards Board
Mark Lewis – Head of Climate Change Research, Andurand Capital Management
Neil Morisetti – Vice Dean (Public Policy), Faculty of Engineering Sciences at University College London
Nick Robins – Professor in Practice for Sustainable Finance, Grantham Research Institute on Climate Change
Stanislas Dupré – Founder & Director, 2° Investing Ventures





OUR FUNDERS

We wish to thank all our supporters and funders in 2021, including the following:



