ENERGY

The energy industry is enduring massive disruption, with the pandemic and the war in Ukraine triggering spikes in energy prices and threatening the security of supply. This disruption presents a unique opportunity for CEOs to accelerate their adoption of low-carbon fuels, invest in innovations to decarbonize, and expand energy access and equity.

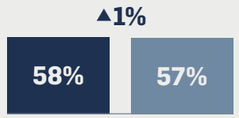
"Ten years ago I'm not sure how many CEOs would have said sustainability is something they would discuss with their board at every meeting, or even something they would focus on with their employees. Now, it's an essential part of doing business."

Lorenzo Simonelli,
Chairman & CEO of Baker Hughes

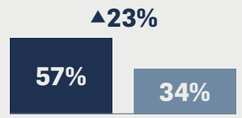
THE MOST PRESSING CHALLENGES

ENERGY CROSS INDUSTRY

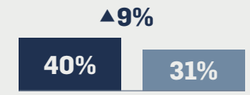
1 INFLATION & PRICE VOLATILITY



2 CLIMATE CHANGE



3 TRADE REGULATION



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR ENERGY CEOS

75% of CEOs are upskilling or reskilling their workforce for the future labor market

73% of CEOs are digitizing business processes

71% of CEOs are investing in renewable energy sources to reduce their dependency on fossil fuels

Mounting pressure from geopolitical conflicts, as well as regulatory changes and consumer pressure to address climate change concerns, are accelerating the energy sector's sustainability transition and decarbonization efforts. The volatile supply of fossil fuels is prompting the industry to reimagine a cleaner, more secure energy system for the future. To tackle the challenge of decarbonizing energy production, companies are embracing renewables, exploring cleaner production methods, and investigating carbon-capture methods. Taking action towards decarbonization in the energy industry in particular addresses both the demand and supply side of the net-zero equation. As part of the transformation, a top priority for CEOs is to ensure that they promote a just transition, not only for employees – which companies are prioritizing reskilling for clean energy jobs – but also for the wider society by striving to avoid new forms of inequity or infrastructure poverty.

WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR INDUSTRIAL CEOS

69% of CEOs are lowering GHG emissions

49% of CEOs are enhancing diversity and inclusion

49% of CEOs are investing in skills development

Energy sector CEOs are also looking at transformative ways to diversify their fuel sources, aiming to build a diversified, distributed energy system. In terms of diversification, CEOs are especially embracing low-carbon fuel sources like clean hydrogen fuels, and biofuels (including sustainable aviation fuel). To further decarbonize the industry, the energy sector is exploring innovative avenues like carbon capture and storage (CCS) to produce and distribute energy as cleanly as possible. The removal of carbon from the energy system with CCS and industrial efficiency technologies provides significant potential in terms of emissions reduction and economic value. These innovations are redefining the energy industry, setting the stage for a more diverse, multi-fuel system.

TRANSFORMATIVE INNOVATIONS