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RECLAIM Finance Info

EDITORIAL

Profits of US$36 billion for TotalEnergies, US$43 billion for Shell, US$56 billion for Exxon Mobil... February has been punctuated by the announcements from the major oil and gas groups of their annual results. A growing number of people cannot pay their bills and must choose between heating and eating. But the profits are there for those who have profited from a war-fuelled energy crisis.

The amounts are staggering. The sums paid out to shareholders in the form of dividends and asset buybacks are beyond the pale. TotalEnergies' shareholders will receive no less than US$17.8 billion, an increase of 82% compared to the already significant payout in 2021.

These sums also put into perspective the idea that European oil and gas majors are investing massively in their transformation and the development of renewables. In 2022, TotalEnergies spent US$12 billion on fossil fuels compared to US$4 billion on "integrated gas, renewables and power" (iGRP) including renewables but also gas power plants and liquefied natural gas. In other words, for every $1 that TotalEnergies invests in fossil fuels, it puts less than $0.30 into renewables.

This trend must be reversed as a matter of urgency. According to the International Energy Agency (IEA), we need to increase investment in solutions more than threefold, allocating nine dollars for every dollar invested in fossil fuels. This reversal will not be possible without action from financial players who must make their financial support conditional on an end to the development of new hydrocarbon projects, in favour of renewables.

And once again, the devil is in the detail. In its policy adopted a month ago, the first European bank to be sued for providing finance for oil and gas expansion, BNP Paribas, says it has not financed any new oil projects since 2016 and is aiming to stop all its financing to the oil sector.

Yet this commitment does not cover a significant part of the financial services that the bank provides, including bonds, which the oil and gas majors are very fond of using to obtain finance from investors. But above all, BNP Paribas has no magic wand, and unless it calls on its clients to stop opening new oil projects and start closing down their existing infrastructure, the bank will not be able to apply its policy without running up against a problem that is intrinsic to money: its fungibility. Which means the bank cannot direct financing that is provided to the company as a whole.

To avoid the worst impacts of oil and gas projects, which are already taking their toll on frontline communities, financial actors have no choice but to abandon their profits from fossil fuel expansion and make their support for the biggest polluters conditional on them adopting measures that are essential to support our ecological transformation.

Lucie Pinson
Founder & Director of Reclaim Finance

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Five Goldman environmental prize winners urge to stop supporting Totalenergies

On the eve of the announcement of TotalEnergies' annual results, five winners of Goldman Environmental Prize call on financce to stop supporting the French major.

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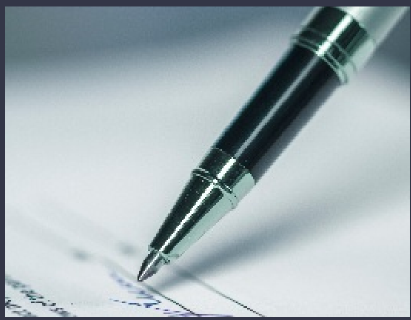

Our recommendations for investors

These recommendations identify key actions that would allow asset managers to contribute to the fight against climate change.

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Answer to ESMA’s consultation on ESG fund names

ESMA is seeking input on its suggested Guidelines on funds’ names with ESG or sustainability-related terms.

New Asset-Owner Alliance Target Setting Protocol: insufficient half measures

The AOA must make clear and robust recommendations on ending support for oil and gas expansion in its upcoming oil and gas position paper.

THE LATEST POLICIES

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UniCredit’s initial sectoral targets: a step forward toward decarbonization

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