November, 2023 Issue #1

Edito

Shining a light on the hidden world of policy analysis!

Welcome to our new newsletter that will decode the policies adopted by financial players to restrict how they support the most polluting sectors of the economy, starting with the energy sector.

In the 2023 World Energy Outlook, the International Energy Agency (IEA) identifies three complementary approaches to keep the door to 1.5°C open: a reduction in fossil fuel production, the massive deployment of renewables and a rapid increase in energy efficiency measures. While the adoption of energy policies is essential to shift the trillions, we find that often the devil is in the detail. Join us as we dive into the analysis of these policies to enable you to understand to what extent financial institutions contribute, or not, to the fight against climate change. Starting now.

This year's harvest is looking meager. While up to 131 and 91 of the 300 world's biggest financial institutions have respectively adopted a coal or oil and gas policy so far, there has been a slowdown in the adoption of new and even more robust policies. This autumn sadly confirms the trend, with only KBC updating its coal policy and Société Générale, following banks such as HSBC and ING, finally announcing it will stop financing new oil and gas fields and directly associated midstream infrastructure (pipelines and LNG export terminals). While we have reason to get excited by this commitment coming from the 8th biggest financier of the top 30 LNG import and export companies since 2016 this could not be enough to rule out support to all new LNG terminals and you can expect to hear from us about that soon.

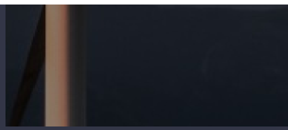
And if you thought financial institutions might be keener to commit to financing sustainable power supplies, you will be disappointed. The new Sustainable Power Policy Tracker, launched in October by 13 NGOs, including Reclaim Finance, reveals that only 8 banks have a target for financing sustainable power supplies and that none have excluded "false solutions" from their definition of "sustainable". Find out more below.

Lucie Pinson, Director at Reclaim Finance

New policies & updates

+1 Update:
- KBC

+1 Update:
- Société Générale



Focus on sustainable power

According to the IEA in its “Net Zero Emission by 2050” scenario, annual investments in “clean” energy must drastically increase to reach USD 4.2 trillion by 2030, most of it for “low-emissions” power, energy efficiency and end-uses transformation. But beyond getting the numbers right, banks should look at how power is generated when they define their targets. To be clear, there is no such thing as “clean” power, all energy sources have an impact. A rapid and just energy transition requires a more selective definition of sustainable power.

Are renewable or decarbonized energies always sustainable?

Technologies such as wind and solar, that are mature and rapid to deploy with low negative impacts, should be prioritized. Other sources, such as hydropower, can have a low impact on climate, ecosystems and human rights if they are guided by adequate environmental and social principles.

What is truly sustainable?

Technologies such as wind and solar, that are mature and rapid to deploy with low negative impacts, should be prioritized. Other sources, such as hydropower, can have a low impact on climate, ecosystems and human rights if they are guided by adequate environmental and social principles.

Are banks up to the challenge?

Because the subject is so important and so consequential, what banks include in their transition financing targets is one of the four criteria of the Sustainable Power Policy Tracker. To date, none of the 60 banks assessed has correctly defined its sustainable power scope. It’s a two-sided battle: convincing the banks to adopt or raise their targets for financing sustainable power, without forgetting the power grid, and publishing their definition of sustainable power, limited to genuine sustainable solutions.

Find out more

Latest news

Société Générale announces leading climate policy on gas

After several years at the back of the pack, Société Générale has announced a leading climate policy on oil & gas. **Read more**

GOGEL 2023: more hydrocarbons, less chances of 1.5°C

German NGO Urgewald, along with 50 other NGOs including Reclaim Finance, published a third version of the GOGEL, the first comprehensive database on the oil and gas industry. **Read more**

Resources

Coal POLICY TRACKER

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Oil & Gas POLICY TRACKER

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Sustainable Power POLICY TRACKER

Discover

Take action!
Find out more about our recommendations for banks to adopt a robust power policy.

Reclaim Finance

You can contact us at research@reclaimfinance.org