EDITO

Reducing greenhouse gas emissions by 50% by 2030 to shield ourselves from the worst effects of global warming is becoming increasingly challenging as the years go by.

While some proponents of the “it’s already too late” argument advocate a slowdown in climate action - demonstrating a complete disregard for scientific data, which instead emphasizes the need to fight against every tenth of a degree of additional warming - others turn to a different tactic in an attempt to preserve "business as usual" and protect the interests of fossil fuel-powered companies: carbon offsetting.

Carbon credits allow a company to account for carbon emissions reduction efforts to meet their climate targets without exerting any effort. Instead of making the changes needed for decarbonize their activities, companies can purchase the required volume of emissions from a third party that is supposed in turn to capture or prevent them. Carbon credits thus become a transfer of responsibility and a form of the right to pollute.

Aside from the numerous scandals - including frequent cases of human rights abuses and evidence that emission capture levels are rarely as high as claimed - carbon credits also discourage efforts to reduce emissions. And even more so when they are cheap and made more easily accessible.

In this context, using carbon credits to compensate financial actors participating in the closure of coal plants under the “Coal Transition Accelerator” launched at COP28 by France would be counterproductive, as it would discourage decarbonization efforts in other sectors of the economy.

It is only through a holistic approach, encompassing the entire economy and seeking emission reductions in all sectors, that it will be possible to limit warming to 1.5°C. This will not be achieved through market economy gimmicks but rather by adopting sector-specific policies based on scientific measures.

In other words, it is not possible to cheat when it comes to the imperative of slashing greenhouse gas emissions. Financial institutions must focus on reducing their emissions rather than attempting to conceal them with accounting tricks.

When the science warns that any new fossil fuel project is incompatible with a 1.5°C trajectory, including the construction of new blast furnaces fuelled by metallurgical coal, then financial actors must demand that their clients in the energy and steel sectors halt the development of these projects.

Yes, it is useful to continue the dialogue and to encourage companies to adopt more precise emission reduction targets. However, it is the measures they intend to implement now that determine their credibility. This is something for investors to bear in mind as shareholder meetings get underway. Reclaim Finance is urging them to vote for climate action now.

Lucie Pinson,
Director of Reclaim Finance
AGMs 2024: Time to oppose oil and gas expansion through votes

In the run-up to the 2024 Annual General Meetings, Reclaim Finance is calling on investors to radically change their approach when dealing with the oil and gas industry.

The banks financing dirty steel

The world's major banks provided US$429 billion to the 100 biggest steel producers between 2016 and June 2023, which highlights the key role that banks can play in decarbonizing the sector.

The ECB gives fossil fuel developers top billing

The European Central Bank continues to support companies developing new coal, oil and gas projects via its collateral policy, according to a new report by Reclaim Finance and Urgewald.

MONTHLY SELECTION

ArcelorMittal's AGM: Shareholders must vote against coal-based steel

ArcelorMittal's shareholders have to escalate their climate-related engagement and to oppose the development of coal-related activities in their voting decisions.

SBTi urged not to give-in to corporate pressure to allow offsets

The Board of the SBTi has issued a “clarification” after an announcement on carbon offsetting, which appeared to breach the body’s own decision-making procedures.

Liquified gas lock-in: the role of private equity in Europe

On March 21, Europe’s largest proposed liquefied natural gas (LNG) import terminal – the Stade LNG onshore terminal – received its final investment decision.

Coal retirement rates are not up to speed
The “Boom and Bust Coal” report published by Global Energy Monitor showed that the growth in global operating coal capacity reached an eight-year high in 2023.

**Assessment of oil & gas companies' strategy.**

Reclaim Finance analyzed the climate strategies of the top European and US listed oil and gas companies, as well as the largest national oil companies.

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