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RECLAIM Finance Info

EDITO

Thirty of the world's largest banks have adopted 243 decarbonization targets since 2021. But not one of these targets guarantees an actual reduction in greenhouse gas emissions in the real world. They do not transform the banks' activities or those of the industries they finance through a ricochet effect. Some are automatically disqualified because of major design flaws.

Behind the methodological debates on target setting lies a far more fundamental conflict: what approach should we adopt to transform our economy and limit global warming to a maximum of 1.5°C, in order to avoid the worst human, environmental and financial consequences of climate disruption?

In recent years, the adoption of decarbonization targets - for financial portfolios as a whole or for the highest-emitting sectors - has supplanted the adoption of sector-specific policies by banks, insurers and investors as the main lever for climate action.

However, as the analysis recently published by Reclaim Finance demonstrates, the apparent sophistication of targets is no guarantee of effectiveness. For example, many banks, such as Barclays and Banque Populaire Caisse d'Épargne, report that they have reduced their financed emissions from the oil and gas sector by over 40% in recent years, while continuing to provide dozens of financial incentives to new oil and gas field developers over the same period.

In the face of the climate emergency, Reclaim Finance therefore calls on the financial sector to return to common-sense measures, based on respect for the red lines drawn by climate science and on analysis of the allocation of corporate capital expenditure. While some targets must be abandoned, others can be maintained, provided they are corrected to remedy the flaws and errors that weaken them. But under no circumstances should this replace the adoption of sectoral measures, as part of a transition plan aligned with a 1.5°C trajectory, based on real emissions reductions, and not on the use of carbon credits.

In this respect, ING's announcement of new measures to reduce its support for the oil and gas sector is welcome news. The bank is committed to no longer directly financing new liquefied natural gas terminals, demonstrating that it is not limiting itself to decarbonization targets. Cruelly lacking, however, is a commitment to no longer finance companies that continue to invest in the development of new fossil fuel projects, at a time when the need for investment in the transition is colossal.

Sitting on the fence, French banks BNP Paribas and Crédit Agricole have both announced that they will refrain from participating in the issuance of conventional bonds for oil and gas producers, but are slow to incorporate this new practice into their sectoral policies. Yet it is precisely this measure that allows them to be singled out as leading by NGOs while, conversely, banks such as Société Générale and Citi, which have continued to help TotalEnergies raise financing over several decades, are strongly criticized.

Lucie Pinson,
Director of Reclaim Finance

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Banks and investors' risky longterm finance for TotalEnergies

Reclaim Finance reveals how banks and investors are providing increasingly long-term support for the company allowing it to continue its fossil fuel expansion strategy for decades.

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An article reveals information about an alleged massacre of civilians, reported to have been committed near TotalEnergies' premises in mid 2021.

TotalEnergies: Shareholders sacrifice the climate with 2024 votes

Despite the obstinacy of TotalEnergies' management in pursuing a fossil fuel expansion strategy, most of its shareholders voted in favour of the company's climate plan.

2024, year of procrastination: The ECB needs to accelerate on climate

Central bankers must act within their power to limit the impact of climate change and ensure a speedy transition.

Debunking 10 steel decarbonization myths

This briefing dispels the common myths that financial institutions hold about steel decarbonization and the role of metallurgical coal.

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Financing the transition to sustainable energy is an enormous challenge that involves the combined efforts of both private money and government policy.

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