

Exclusion policy: a proactive approach we have already begun!



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To combat climate change and meet the goals of the 2015 Paris Agreement, OFI AM has embarked on a plan to exclude the sectors of thermal coal by 2030, and non-conventional oil & gas by 2050.

Combatting global warming is more than ever an absolute necessity. 2020 was one of the warmest years ever recorded. It is clearly time for all of us – individuals, governments and investors – to rally together to do what is necessary to safeguard our planet and its inhabitants. With this in mind, the Paris Agreement's roadmap is equal to the challenge facing humanity – i.e., keeping global warming under the 2°C barrier between now and 2100, with a first milestone in 2050 targeting neutrality in greenhouse gases.

EXCLUDING THERMAL COAL

Without waiting for this faraway deadline, **OFI AM has taken on a proactive policy of reducing and ultimately phasing out its investments in the fossil fuels** of thermal coal and non-conventional oil & gas. This is not nothing. According to many experts, halting financing of thermal coal (coalmining and coal-fired power generation) is one of the main prerequisites for controlling global warming. There's a good reason for that: thermal coal is the main source of greenhouse gases, ahead of oil & gas, and accounts for 45% of global CO2 emissions!

With this in mind, **OFI AM has pledged to completely exclude thermal coal from its investments by 2030** – in all countries and in all asset classes. This consists in excluding any company that fails to comply with the criteria laid down in OFI AM's investment policy covering activities tied to coalmining and coal-fired power generation. Companies that generate at least 30% of their revenues from thermal coal activities will be excluded, along with companies whose coal-fired power generation exceeds 30%. In these two cases, the threshold will fall to 20% as early as 2021. Ultimately, all thermal coal financing will stop no later than in 2030.

OIL INVESTMENTS WILL BE CUT OFF BY 2050

This ambitious and pragmatic step will also apply to non-conventional oil & gas.

OFI AM has decided to gradually reduce its investments in non-conventional oil & gas production companies, with a goal of **phasing out all oil investments by 2050!** OFI AM has already begun a plan to gradually reduce its investments in companies operating in the non-conventional oil & gas sectors, beginning with the most environmentally controversial techniques. This exclusion policy will unfold in three stages: 1/ a complete exit in 2030 from shale oil & gas and oil sands; 2/ a total exit from companies investing in Arctic wells or in deep offshore by 2040; and 3/ a full exit from the rest of the oil sector in 2050.

This fossil fuel exclusion and phaseout policy must be very gradual to keep from destabilising our economies, which are still (excessively?) dependent on such energy sources. Indeed, the financial sector's mobilisation in combatting global warming cannot be at the expense of economic growth and, hence, the well-being of people in general. ■

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