Exclusion policy: a proactive approach we have already begun!

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.
The figures mentioned herein cover past years. The investments mentioned herein are one way to capture financial market returns in exchange for a certain amount of risk. Invested capital and performances are not guaranteed and there exists a risk of loss of capital. Source of indices cited: www.bloomberg.com.

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