

Just 10 financial actors found to hold the key to climate change

July 21 2022



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A new report has identified the 10 financial actors with the most influence on the fossil fuel economy and outlines the decisive role they can play in helping de-carbonize our future.

The study found that the top 10 most influential actors, including investment advisors, governments, and sovereign wealth funds from around the world, own 49.5 percent of potential emissions from the world's largest energy firms.

"This shows us that both investors and governments can be at the forefront of change if citizens and clients urge them to de-carbonize," said Truzaar Dordi, lead researcher from the University of Waterloo. "A concentrated number of investors with the potential to influence the trajectory of the fossil fuel industry is either a problem, or an opportunity, depending on how you see things."

To arrive at their list, the researchers used a novel scoring mechanism blending the financial actor's fossil fuel holdings and investment in the world's 200 largest fossil fuel firms.

"If they're serious, [capital markets](#) can enable a low-carbon transition within the top coal, oil and gas reserve owners in the world," said Dordi. "Recent pledges to reduce carbon exposure in investment portfolios and engagement with the fossil fuel industry indicate we may already be moving in that direction."

The paper outlines specific ways these 10 governments and private investment advisors can make changes that will have a transformative impact in the fight against [climate change](#). Some recommendations include public disclosure of a scheduled phase-out of fossil [fuel](#) financing, an assessment of a portfolio's exposure to climate risk in a 2°C world, and an alignment of [investment](#) portfolios with a 1.5°C scenario.

"Individually, reducing the demand for fossil fuels by driving and flying less and turning off the air-conditioner are great. We should keep doing that. But we also need to reduce our production of [fossil fuels](#), which

these 10 actors can lead. Without them, we simply won't have what it takes to meet our emissions targets and avoid catastrophe."

The study, authored by University of Waterloo's Dordi and Olaf Weber, along with researchers Sebastian Gehricke of the University of Otago in New Zealand and Alain Naef of Banque de France, was recently published in the journal *Environmental Innovation and Societal Transitions*.

More information: Truzaar Dordi et al, Ten financial actors can accelerate a transition away from fossil fuels, *Environmental Innovation and Societal Transitions* (2022). [DOI: 10.1016/j.eist.2022.05.006](https://doi.org/10.1016/j.eist.2022.05.006)

Provided by University of Waterloo

Citation: Just 10 financial actors found to hold the key to climate change (2022, July 21)
retrieved 20 April 2024 from <https://phys.org/news/2022-07-financial-actors-key-climate.html>

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