

Advisory Blog

Timely insights on the issues that matter most to investors and their clients

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[An unwanted record: 415 and rising](#)

By: John Miller | April 20, 2021

Washington - January 2021 set a new, unenviable climate change record, as the monthly average global concentration of carbon dioxide (CO₂) — a potent greenhouse gas (GHG) — crossed 415 parts per million (ppm).¹ Concentration levels of CO₂ are higher today than at any recorded point in the past 800,000 years.² To bend this GHG concentration arch back toward safe levels, real structural change in how emissions-intensive segments of the economy operate are needed now. Namely, the production and consumption of fossil fuels must decline.

As an investor, Calvert remains an active advocate for this structural change. Through our proprietary ESG research process, we seek to understand how corporates are positioned to perform — from both risk and opportunity perspectives — in a decarbonized economy. Similarly, in both our research and engagement processes, we push management teams to align corporate decarbonization targets and political spending into alignment with those real structural changes that are required.

With global economies set to begin the post-COVID-19 recovery process in 2021, we find ourselves at an interesting inflection point — business as usual or a correction in course? Again, as an investor, Calvert is ready to act. Specifically, the corporate actions we are looking for in 2021 include:

- Specific and accelerated decarbonization timelines — long-dated 2050 or back-loaded commitments are no longer acceptable; targets must be dated 2030 or 2040 with real short-term reductions in absolute emissions.
- Full GHG footprint consideration — a focus on direct emissions (Scope 1 and 2) is no longer acceptable; use of product and supply chain (Scope 3) commitments are necessary to fully evaluate risk.
- Considerations for equity and inclusion — zero-emissions vehicles and technology can no longer be confined to the affluent; environmental justice must be recognized, with commitments to directly benefit historically marginalized populations.

Bottom line: The bottom line in 2021 is, sadly enough, much the same as it was in 2020, 2019, 2018 and long before. We must act now on climate risk or expect to pay more later.

1. National Oceanic and Atmospheric Administration, Global Monitoring Laboratory, Trends in Atmospheric Carbon Dioxide.

2. Rebecca Lindsey, "Climate Change: Atmospheric Carbon Dioxide," ClimateWatch, August 14, 2020.



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