

Greenpeace Briefer: Fossil fuel companies owe trillions in reparations for climate damages

Grasso & Heede report quantifies demand to make polluters pay for loss and damage

On Friday, journal OneEarth published a report from Marco Grasso and Richard Heede entitled **Time to pay the piper: Fossil fuel companies' reparations for climate damages**. This report is the first time researchers have quantified the economic costs of the fossil fuel industry's profiteering off of climate destruction.

- The report computed the total loss and damage from climate change, amounting to **USD 99 trillion—70 trillion is attributable to the fossil fuel industry**
- The report proposes a global reparations payment structure operable from 2023-2050, with a payment of **USD 23.2 trillion distributed among the 21 top fossil fuel producers**

Following this report, **Greenpeace demands that fossil fuel companies:**

- Acknowledge their disproportionate role in historical carbon emissions
 - Stop expansion urgently and commit to a just transition into renewable energy
 - Pay reparations for the economic and non-economic loss and damages caused by climate impacts
 - **Greenpeace calls on the government to include polluter reparations as part of any just transition scheme**
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Key takeaways

- **Fossil fuel industry has a financial duty owed to climate victims.** The report offers a global reparations scheme that complements climate finance under UNFCCC, and presents a proposed framework for quantifying and attributing reparations to major carbon fuel producers to inform future efforts to direct payments to harmed parties.
- Reparations are demanded on moral grounds: decades of doubt, denial, and delay from investor-owned fossil fuel companies, continuing business-as-usual/expansion plans affecting demand-side economics for just transition to renewable energy, increasingly deadly and destructive climate impacts disproportionately felt by global south vulnerable countries
- **21 fossil fuel companies identified as the top contributors to climate change** – including Shell, Chevron, ExxonMobil, British Petroleum, and TotalEnergies – are divided according to historical responsibility of their emissions
- Reparations payment structure operable from 2025-2050, a period where just transition should happen
 - Payments also decrease over time to reflect changing business model not reliant on fossil fuel operations
- Based on a 2.7C/3C scenario by 2100, **total computed loss and damage amount is USD 99 trillion, 70 trillion of which attributable to the fossil industry**
- Producers, emitters, and political authorities (enablers) share equal amounts of responsibility, which means **producers should pay USD 23.2 trillion**
- USD 23.2 trillion divided equitably between the 21 top fossil fuel producers to reflect business operations between 1988-2022

- 1988 is the year where clear links between fossil fuels and climate change were first bared in the US Senate
- Reduction in reparations payments is proposed if fossil fuel companies aggressively pursue reparations and just transition before the 2050 “deadline”
- Under this model, for example, **Shell would have to pay USD 16.3 billion average in reparations until 2050** in accordance with decreasing amounts due to just transition
 - Profits dwarf the proposed payment amount; for instance, **Shell earned USD 40 billion for 2022** - this means that even if they pay the full amount of reparations, they will still turn up a profit
- It remains to be seen what reparations look like on the community level, as well as integrating local realities—this is the limitation of the study, and what affected communities like those in the Philippines can provide.

What this means for the Philippines

- Multiple studies and reports have identified the Philippines as one of the countries most at-risk from climate impacts, such as worsening extreme weather events and sea-level rise. The cost of these impacts are greatly affecting our economy. 2021 data from the Department of Finance shows that the Philippines incurred PHP 506.1 billion (around USD 10 billion) in losses and damages from climate-related hazards from 2010-2020; The Philippines Country Climate and Development Report (CCDR) revealed that climate change can reduce the country’s GDP by as much as 13.6 percent by 2040.
- The Commission on Human Rights’ National Inquiry on Climate Change sets a solid legal basis for asserting that climate-destructive business activities by fossil fuel and cement companies contribute to human rights harms. Greenpeace believes that the message is clear: these corporate fossil fuel behemoths cannot continue to transgress human rights and put profit before people and planet.
- The report paints a more concrete picture of the communities’ struggles with climate change, and to what extent the fossil fuel industry is responsible, which they can leverage in the ongoing demand for Carbon Majors to pay reparations. More than providing funding for adaptation and mitigation efforts, these reparations are polluters’ moral obligation to the millions of Filipinos who lost homes, livelihoods, and loved ones to climate change impacts.

Conclusions and Calls

- Expansion means more climate impacts to pay for; arguing for savings falls flat in the face of the moral necessity of reparations.
- *To the fossil fuel industry:*
 - They must accept the reality that their current business model of expansion and extraction is just not possible in a more just world—**they must stop expansion urgently and commit to a just transition into renewable energy**
 - They must **acknowledge its disproportionate role in historical carbon emissions**, and they must **pay reparations** for the economic and non-economic loss and damages caused by climate impacts.
- *To the Philippine Government:* Reparations should be part and parcel of any just transition scheme.

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