

## Zero emissions proposal for GPFG is 'very significant'

23 August 2021

An expert group's recommendation for Norway's sovereign wealth fund to target zero emissions by 2050 for its portfolio is potentially of great significance, an OECD economist has said.

A report published by a Norwegian government-appointed expert group recommended that the Norwegian Government Pension Fund Global (GPFG) adopt a goal of zero emissions by 2050 from investee companies. The group is chaired by Martin Skancke, who is also the chair for the Principles of Responsible Investment (PRI).

"We propose that the work on climate risk be anchored in the mandate issued by the ministry of finance for the management of the GPFG, with an overall long-term goal of zero emissions from the companies in which the fund has invested," the group said.

"The fund thus benefits from, and, based on its mandate, should contribute to the achievement of the targets of the Paris Agreement, and that the transition to a zero-emission society takes place in an orderly manner."

Håvard Halland, senior economist at the Organisation for Economic Co-operation and Development (OECD), told Environmental Finance that the recommendation was "very significant" for the fund.

"I think it will be noticed very much, because Norway's sovereign fund is the world's biggest, and the recommendations come from an independent expert panel with very respected members, headed by Martin Skancke," said Halland.

"Sovereign wealth funds have been lagging behind on their commitments on climate alignment," he said. There are no sovereign wealth fund signatories to the UN-convened [Net Zero Asset Owner Alliance](#), he pointed out.

On 3 August, a letter organised by Halland and signed by 34 other climate experts was published calling for the GPFG to sign the [Net Zero Asset Owner Alliance](#). Christiana Figueres, the former executive secretary of the UN Framework Convention on Climate Change (UNFCCC), was among the signatories.

"I think the report's recommendations show that pressures are growing for sovereign funds to commit to net zero, and I definitely think it's going to be noticed in the sovereign fund community," Halland continued.

The GPFG has about \$1.1 trillion of assets, owning 1.4% of the world's listed companies, and is managed by Norges Bank Investment Management (NBIM). It is influential because of the size of its portfolio, and many of its responsible investment policies are emulated by other asset managers.

Last month, NBIM issued a [report rejecting the notion that it should adopt low-carbon indexes as its benchmark](#), arguing that it was not in line with its mandate from the ministry of finance.

Other recommendations proposed by the Norwegian expert group included further development of Norges Bank's ownership activities.

"If active ownership eventually turns out not to be successful, and the assessment is that a company does not have a convincing transition strategy and invests in bad projects rather than paying dividends, the bank can divest from the company," the group said.

The group also recommended regulations for the measurement, management and reporting of climate risk by companies on the bank's portfolio, and stress testing the portfolio against climate risk scenarios in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

**Thomas Cox**

### Sections

Awards  
Events  
Galleries  
Insight  
Jobs  
Market insight  
Roundtables

### Company

About us  
Contact us  
Advertise  
Subscriptions  
Website Terms & Conditions  
Subscription and Event Terms & Conditions  
Privacy policy  
Cookie policy  
Acceptable use policy

### Channels

Carbon  
Debt  
ESG  
ESG Data  
Equity  
Green Bonds  
IMPACT  
Insurance  
Investment  
Natural Capital  
People  
Policy  
Renewables  
Stranded Assets

### Subscriptions

Subscribe to Environmental Finance to benefit from:

- In-depth special reports and analysis
- Commentary and insight from leading industry specialists
- Discounts for Environmental Finance events

© Field Gibson Media Ltd 2021

[Subscribe now](#)

[Environmental Finance RSS feed](#)