

Innspill til ekspertgruppen om investeringer i kull og petroleumsselskaper

Hovedspørsmål vi ble bedt om å kommentere på:

1. Hvordan ser aktuelle eksklusjonskriterier ut? Hvor passer de inn i fondets nåværende system med «etiske utelukkelse» og noen mer «finansielle nedsalg»?
2. Hvordan burde et forventningsdokument på klima se ut og hva bør en strategi for eierskapsutøvelse mot kull- og oljeselskaper inneholde?
3. Hvilken strategi anbefaler dere og hva kan en håpe på å oppnå?
4. Er det andre momenter dere mener gruppen bør være oppmerksomme på?

Thank you for the meeting and the possibility to share our thoughts on these issues. We have focussed on question 1,2 and 3 in this paper, and will be happy to outline some of these issues if you find that useful.

1. A. How to phrase new criteria for exclusion of companies that invest in coal

FIVH would like to add this to the criteria §2: (product – based)

d) Gruveselskaper som utelukkende driver med kullgruver.

d) Mining companies which are exclusively investing in coal mines

Dagens tekst:

§ 2. Utelukkelse av selskaper fra fondets investeringsunivers

(1) Fondets midler skal ikke være investert i selskaper som selv eller gjennom enheter de kontrollerer:

a) produserer våpen som ved normal anvendelse bryter med grunnleggende humanitære prinsipper

b) produserer tobakk

c) selger våpen eller militært materiell til stater som er omfattet av ordningen for statsobligasjonsunntak omtalt i mandatet for forvaltningen av SPU § 3-1 annet ledd bokstav c.

FIVH would further like to add the following to criteria under §3: (strategy based exclusion))

-Økende og forlengede investeringer i kullgruver

-Økende og forlengede investeringer i klimafiendtlige kullkraftverk.

-Increased and prolonged investments in coal mines.

-Increased and prolonged investments in climate polluting coal-fired power plants.

«(3) Finansdepartementet kan etter råd fra Etikkrådet utelukke selskaper fra fondets investeringsunivers der det er en uakseptabel risiko for at selskapet medvirker til eller selv er ansvarlig for:

- a) grove eller systematiske krenkelser av menneskerettighetene som for eksempel drap, tortur, frihetsberøvelse, tvangsarbeid, de verste former for barnearbeid
- b) alvorlige krenkelser av individers rettigheter i krig eller konfliktsituasjoner
- c) alvorlig miljøskade
- d) grov korrupsjon
- e) andre særlig grove brudd på grunnleggende etiske normer:»

Our proposal can be framed as an extended paragraph 3.c

Why?

There is with today's given technology no way to burn coal without influencing the climate. There is growing international recognition that a large proportion of the world's fossil fuel reserves cannot be extracted without harming the climate severely, and that coal is the dirtiest of all the fossil fuels.

Coal is also being used in a very inefficient way where most of the energy is being wasted instead of giving much needed energy. And there is also increased attention to how coal power plants negatively affects the population in developing countries.

The exclusion of coal is therefore a long-term necessity, as we can exclude companies who are undermining the long term policy of reducing the climate pollution. Companies who are burning and extracting coal today, but with a business strategy of replacing its coal with more climate-friendly energy, will not be affected by the criteria for exclusion that we suggest. They can still be addressed with strategies for active engagement.

If we in the future develops a way to burn coal without harming the climate, these criteria could be adjusted.

1.b Which system should this fit into?

We suggest these criteria to be handled as part of the ethical guidelines, and not as part of the financial sell-out. The latter can supplement the ethical guidelines, but not replace them.

Why? We need to secure transparency and stability over time if the guidelines and the strategy shall be well funded and make a difference. It will demand that it is being documented thoroughly why it is considered that a given company is violating our ethical criteria, and it will communicate how we apply our strategy.

Still, we are in favor of a supplemental financial sell-out that can be practiced by NBIM. But we would also like to see what the system or strategy for financial sell-down actually looks like. Is it given by the Stortinget, etc? It should not be a supplement for a lack of clearer criteria on climate change. Once in place, this system or strategy must be communicated, and we will welcome more transparency on which companies and on which grounds they have been sold out.

2. **Document on expectations:** We suggest to add at least this point in the existing document “All companies should state that they support the goal of avoiding serious climate change, that is to avoid more than 2 degrees global warming. All fossil fuel companies should develop a clear strategy which shows how their business model fits with IEA’s estimate that 2/3 of the proven reserves of carbon must stay under the ground in order to avoid serious climate change.

Strategy for active engagement: We are glad to learn that NBIM now will reveal their voting before the general assemblies of the companies. But, we have the opinion that more transparency is needed: which companies are NBIM having a dialogue with? On which issues? What have been the outcomes and dialogues that have been closed?

3. **Urgency for a shift in strategy.**

The **main target** for the exclusion and the active engagement strategies must be to change the way the oil fund is investing, in order to secure long-term financial output and a sustainable development. To meet the challenge of sustainable development the main environmental issue is to tackle climate change, as well as securing the economic and social output. At the moment we are broadly invested in the fossil fuel sector, i.e. in a range of companies, that individually are depending on extracting all their reserves of carbon. We cannot allow all these companies to do so, and to continue with business as usual, if we are to avoid dangerous climate change.

That is why we over time must shift the pension fund from fossil fuel investment to green and renewable energy. The longer we wait, the greater is the risk of failing on this important task. We are in favor of finding a robust strategy that will make the Fund’s strategy also financially sustainable in the long run.

That will increase the possibility also for other financial institutions and by that make it easier for the UNFCCC to success in their effort to make a global climate deal that effectively combats climate. If we fail in avoiding serious climate change, that is not only the biggest market failure of our time, but also ethically unacceptable.

Oslo, 25.8.14

With kind regards, Arild Hermstad, secretary general, Framtiden I våre hender

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