

INSIGHTS FOR A COMPLETE GAME PLAN

INSIGHT// Norway's Sovereign Wealth Fund Forces Firms to Go Green

On September 20, 2022, Norway's \$1.2 trillion wealth fund – the largest sovereign fund in the world and one of the world's largest investors – announced that it would require companies it invests in to reach net-zero emissions by 2050. As represented in the chart, this announcement could impact most global public companies, as Norway's fund touches over 9,300 companies across all sectors, with 5,400 of those investments with a market value over \$10 million.

Under the new plan, the fund will prioritize conversations with the 174 companies that are the largest emitters of greenhouse gases (GHG) and account for over 70% of its holdings. The fund believes this "active shareholder" approach will affect the most change and then trickle down to impact smaller holdings as well. All companies the fund invests in will need to have a plan to cut emissions to net zero by 2050. As of now, only 10% of the companies in the fund's portfolio had a credible plan, representing 38% of the fund's value.

While Norway's sovereign fund owns only ~1.3% of the global stock market, their announcement represents a growing trend as institutional investors are increasingly using their investment capital to pressure companies to cut greenhouse gas emissions and reduce the role they play in global warming. As large investors' – such as the Norway Sovereign Fund, [CalSTRS](#), [Blockrock](#), and more - call for greater climate-related corporate accountability, regulators such as the US Securities & Exchange Commission (SEC) have begun proposing rules that would require detailed climate-related reporting and net zero transition plans.

SOURCE: REUTERS, HARVARD LAW & CHARTR

Norway's Fund: • Equity Investments > \$10m | Total Value ~\$1 Trillion*

