EXCLUSION OF COMPANIES CONNECTED TO COAL, COAL MINING AND COAL POWER

Background

With the high CO2 emissions associated with the combustion of coal, it is necessary that the world turn to more sustainable energies. Due to health impacts, stricter regulations, demands for increased energy efficiency, decentralization of energy production and increasing competition from newer and cleaner sources of energy make, the future prospects of companies involved in the coal industry are not positive. Storebrand was an early mover. We began coal divestment program in 2013 and excluded all coal mining and power companies that had more than 30 percent in revenue from coal activity, from our portfolios. The companies that remained were companies considered to have a credible plan to reduce their share of revenues from coal and/or increase revenues from renewable energy. We also exclude any company with plans of building new coal fired power plants. The limit has been set to 1000MW of capacity under construction which commits us to excluding companies that move into the construction phase in the future.

To be in line with the recommendations of the latest IPCC report, Storebrand has developed a strategy to divest from coal at a faster rate than it is currently doing. The IPCC has analyzed various pathways, all of which require a near-total reduction in coal use for electricity generation by 2050, with reductions of approximately two-thirds by 2030. The exit strategy which was launched in December 2018, involves a reduction of this threshold by 5 % every second year (25% in 2018, 20 % in 2020 and so on). Under the new criteria, Storebrand will effectively divest from coal investments by 2026. The ambition is also to collaborate with other investors. A gradual transition allows more investors to join the movement and sends a strong message and warning to the coal industry around the world.

In June 2019, Storebrand supplemented the absolute threshold of 20 million tonnes for coal mining and 10,000MW coal power capacity.