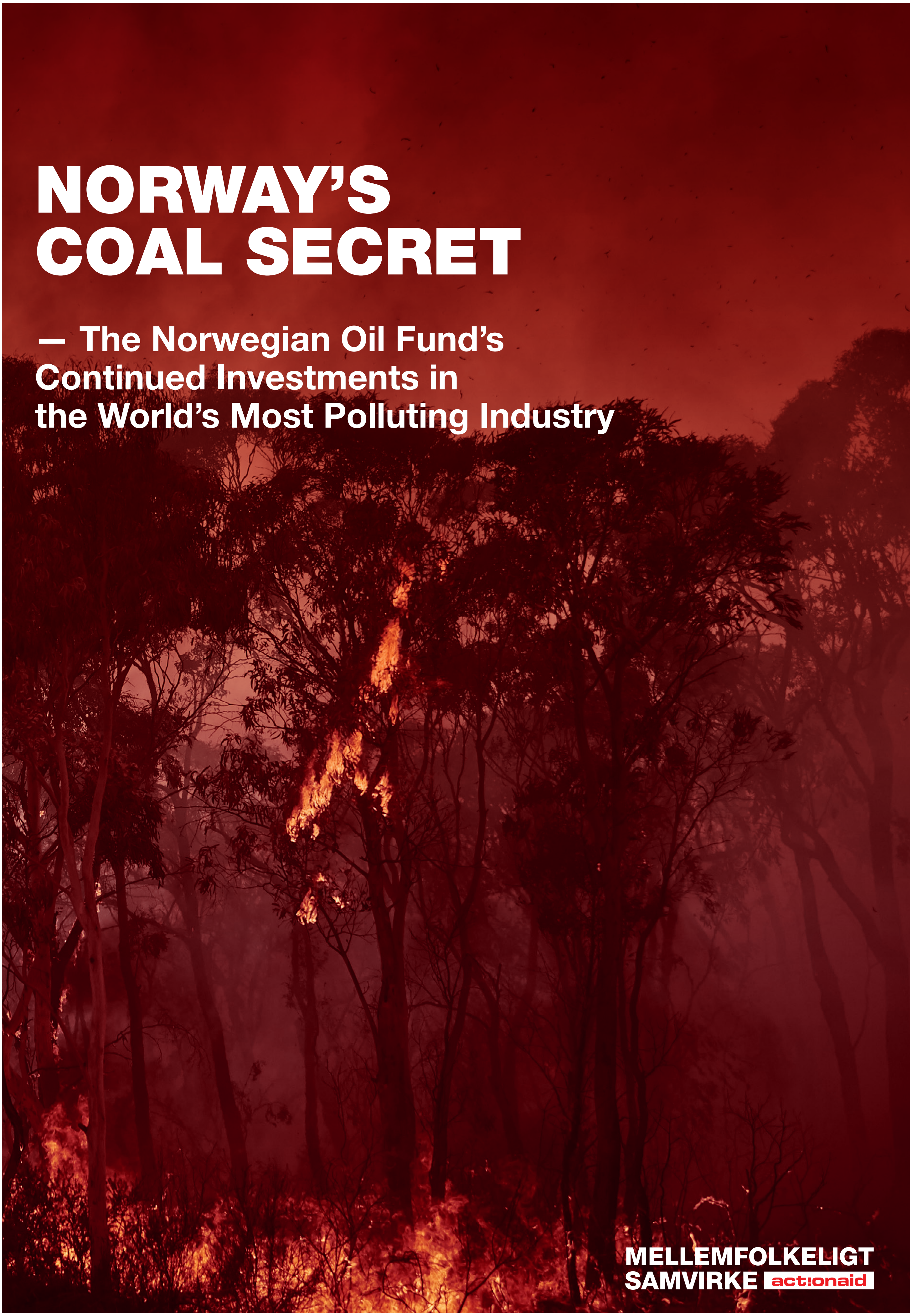
NORWAY'S COAL SECRET

— The Norwegian Oil Fund's Continued Investments in the World's Most Polluting Industry



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Norway's Coal Secret — *The Norwegian Oil Fund's Continued Investments in the World's Most Polluting Industry*

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Cover photo: The climate crisis is driving worsening bushfires in Australia and beyond. © Kiran Ridley / Greenpeace

! EXECUTIVE SUMMARY

Despite the Norwegian Oil Fund's Chief Governance & Compliance Officer stating on 15 April 2023 that the fund has sold out of coal and Norway's repeated promises that the Fund will be an international climate leader, the fund still has tens of billions of Norwegian Kroner (NOK) invested in the industry.[1] This continued exposure also comes in stark contrast to calls for an urgent phase out of coal from the UN Framework Convention on Climate Change (UNFCCC), the UN Environment Program (UNEP) and even the historically conservative International Energy Agency (IEA).

As this report will show, the Norwegian Fund has investments amounting to more than 9,1 billion USD (89,1 billion NOK) across 71 companies operating in the coal industry. 46% of the investments are spread across 29 companies that are planning to expand their coal operations. The coal expansion plans of the companies span at least 13 countries and will lead to the emission of 127.44 million tons of CO_2 every year. That is more than 2.5 times the size of Norway's annual domestic emissions. To put this number into a global context, the Fund is Europe's largest institutional investor in the coal industry and the 18th largest in the world.

Frode Pleym,
Head of Greenpeace Norway:

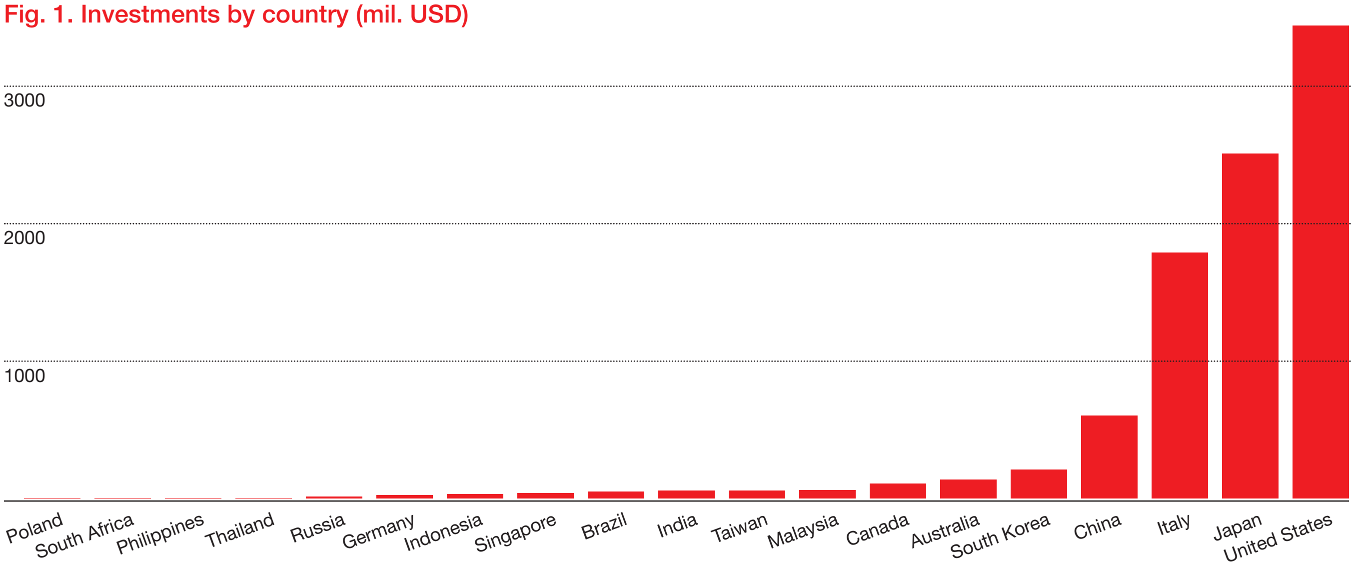
"Barely a month ago, the UNFCCC issued a final warning. If the world is to avoid the worst consequences of the climate crisis and stay below a 1.5 degree temperature increase, we need to act now. It makes no sense that the Oil Fund continues to be one of the largest investors in coal, the biggest climate threat. We expect that Jonas Gahr Støre listens to our recommendations, so that all coal companies are thrown out of the fund."

Almost a quarter of the investments are in coal companies in Japan, the only G7 country which has yet to commit to a phase out of coal. These investments are spread across 13 coal companies, eight of which have expansion plans. Further, these companies are linked to at least 45% of Japan's total coal power capacity.

The Fund is also invested in five companies with links to three controversial coal projects, which have caused protests due to the adverse impacts. These are examples of a dirty industry that are not only leading to unacceptable levels of emissions, but also cause harm to local people and environments.

The time to act is now. If Norway is serious about making its Fund a leading financial institution on climate, it urgently needs to stop its investments in coal. Other financial institutions have implemented coal policies that are far stronger than the Fund's current policy. The Norwegian Parliament needs to change the mandate of the Fund and strengthen its climate policy in order to do its part in fighting climate change.

Fig. 1. Investments by country (mil. USD)



1 INTRODUCTION

Silje Ask Lundberg,
Senior Advisor, Oil Change International:

"This report shows how the Oil Fund's is continuing its dirty coal investments, despite of all of the promises that the Oil Fund is out of coal. If we are to reach the goals set by the Paris Agreement, we need to stop financing new oil, gas and coal. It is insane that Norway is now Europe's biggest institutional coal investor. The Parliament needs to clean this up."

If we are to stave off the worst impacts of the climate crisis, we urgently need a just energy transition away from fossil fuels and towards renewable energy. The Paris Agreement requires all signatory countries to hold global temperatures at "well below 2°C" and pursue efforts to limit the global average temperature increase to 1.5°C above pre-industrial levels.[2] According to the International Panel on Climate Change (IPCC), the transition urgently needs to be accelerated, and the key is to keep fossil fuels in the ground.[3]

Unfortunately, the transition is not happening fast enough. The latest IPCC report highlights that there is a gap between what is needed to achieve the global climate goals and what we are currently doing. At this rate, we are steering toward a 3-degree warming scenario by the end of this century, with a 1.5-degree warming by 2030.[4]

Coal is the single biggest source of CO2 stemming from the energy sector and thus crucial to phase out quickly. However, the reality is that global coal power capacity has continued to rise since the Paris Agreement was adopted in 2015 and more than 500 companies are currently planning new coal projects around the world, aided by their investors.[5] Even the historically conservative International Energy Agency (IEA) has made it clear that there is no room for new fossil fuel developments if we are to stay below 1.5 degrees, and that emissions from existing coal projects are enough to push the world above this limit.[6] This means that all European and OECD countries need to phase out coal by 2030, and that the rest of the world needs to phase it out by 2040.[7]

A crucial step in succeeding with the phase out is to stop the financial flows to the industry, and Norway has ample opportunity to lead this transition through its Oil Fund. With its nearly 14,500 billion NOK in assets (nearly 1.4 trillion USD), The Government Pension Fund Global is one of the world's largest financial institutions and the largest Sovereign Wealth Fund.[8] Due to its enormous size and influence it should, and could, be at the forefront when it comes to fighting climate change, an opinion which is shared by the majority of Norway's population.[9]

Despite the Fund's coal exclusion policy, it still has tens of billions of NOK invested in the industry and is currently Europe's largest institutional investor in coal.[10] The Norwegian Parliament introduced a coal policy for the Fund in 2015 with the aim of pulling the Fund out of the coal industry, which was later strengthened in 2019. Both the Fund itself and the Norwegian Prime Minister has since stated that they want the Fund to be a leading international finance institution on climate.[11] In 2022, the fund announced a new action plan on climate, carving out the route to the funds goal of net zero for all the companies they invest in by 2050. In the plan, the fund specifically mentions "divesting from companies with high and unmitigated climate risks" as one of their tools.[12]

If Norway is serious about making the Oil Fund a leading financial institution on climate, it urgently needs to stop its investments in coal. Other financial institutions have implemented coal policies that are far stronger than the Fund's current policy. The Norwegian Parliament needs to change the mandate of the Fund and strengthen its climate policy in order to do its part in fighting climate change.

2 ABOUT THE OIL FUND

Despite Norway being a small country, its Oil Fund is one of the largest institutional investors in the world, and the world's biggest Sovereign Wealth Fund.[13] The Fund has been built on the country's petroleum revenues, which is why it is commonly referred to as the Oil Fund. It has nearly 14,500 billion NOK under management (around 1.3 trillion USD) as of April 2023.[14] The majority of its assets are invested in global stock and bonds (70%) of more than 9,000 companies around the world. On average it holds 1.5% of all the listed companies in the world. It cannot invest in domestic companies.[15] As such, the Fund is an important part of Norway's social and environmental impact globally.

The ultimate decision-making power when it comes to the direction of the Fund sits with the elected officials in Parliament and government officials in the Ministry of Finance. The Fund is managed by a unit of the Norwegian Central Bank, which receives its mandate from the Ministry of Finance. The mandate contains several sections that are relevant to sustainability, including that its objective to make the highest possible return with moderate risk is dependent on sustainable development.[16]

Despite the Oil Fund's Chief Governance & Compliance Officer stating on 15 April 2023 that the fund has sold out of coal and Norway's repeated promises that the Fund will be an international climate leader, the Fund still has tens of billions of NOK invested in the industry.[17] After years of campaigning by civil society organisations like Framtiden i Våre Hender, Urgewald, WWF and Greenpeace, the Norwegian Parliament introduced a coal policy for the Fund in 2015 with the aim of pulling the Fund out of the coal industry.[18] This policy was strengthened in 2019 (see section 2.1.). Further, the Norwegian Prime Minister Jonas Gahr Støre stated that "our goal is to make it [the Oil Fund] the leading fund in responsible investment and the management of climate risk" during COP26.[19] This ambition of being a global leader is also cemented in the Fund's Climate Action Plan which was launched in September 2022.[20] Still, as this report will show, the Fund has a huge exposure to the coal industry.

Huge efforts remain for Norway if the Fund is to become the climate leader it wants it to be, and the first step should be to significantly strengthen its coal policy. As the annual white paper on the Fund has just been presented by the Government to the parliament, this presents a chance for the parliament to pass a resolution that strengthens the coal policy.

2.1 THE CURRENT COAL POLICY AND ITS LIMITATIONS

The Fund has a coal policy which restricts it from investing in coal mining and power companies of a certain size. The Norwegian Parliament first introduced relative coal exclusion criteria for the Fund in 2015, which was later strengthened in 2019 to include absolute thresholds. The current coal criteria are as follows:

The Fund must exclude or observe companies that:

Relative thresholds	a) earn more than 30% of their revenue from thermal coal,
	b) base more than 30% of its operations on thermal coal,
Absolute thresholds	c) mine more than 20 million tons of coal per year or
	d) produce more than 10 GW of coal-fired energy.

However, as this report will show, the policy is outdated as it still allows investments in a wide range of coal companies, amounting to a total of 9,1 billion USD (89,1 billion NOK). There are three flaws in the policy, which explains why the Fund is still heavily exposed to the coal industry. First, the current relative and absolute thresholds are far too high. Whilst the coal criteria were good at the time that they were implemented, they have not been updated to keep up with frontrunners in the financial

Aerial of Coal Fired Power Plants in Germany © Bernd Lauter / Greenpeace

sector who are also exiting coal and have lowered both their absolute and relative criteria. When it comes to the former, financial institutions like Allianz, Generali or Ostrum are using lower absolute thresholds than the Fund and already exclude companies that produce over 10 million tons of coal per annum or operate over 5 GW of coal-fired capacity. For the latter, it is increasingly common to operate with relative thresholds between 0%-10%, as used by Asia's leading insurance company AIA, the Norwegian pension fund KLP and the bank Storebrand.[21] Storebrand has even critiqued the Fund and asked them to strengthen their criteria.[22]

Second, it does not include a criterion for companies that are involved in the development of new coal mines, power plants and related infrastructure. This allows investments in companies that are developing new coal activities which do not (yet) have a big revenue stream or massive production of coal, but that are planning to expand despite the warning from IEA that there is no room for new coal projects. Since the Fund has no such criteria, this report shows that out of the 71 coal companies the Fund has invested in, 29 have expansion plans. This stands in stark contrast to the more than 75 large financial institutions that exclude coal companies which are developing new coal plants, coal mines or coal infrastructure. Further, 87 large financial institutions have set firm phase out dates by which their portfolios will be free of all coal companies.[23]

Third, the policy only covers mining and power production companies, not companies that provide coal infrastructure. This means that the fund can invest in companies that provide critical infrastructure, which the coal mines and coal power plants need in order to be operational.

Norway needs to update the Fund's coal exclusion criteria to match international best practice (see section 5 for recommendations). If not, it will continue to fall behind at a time when the world needs to accelerate its exit from coal.

3 THE OIL FUND'S EXPOSURE TO COAL

The report is based on data from the Global Coal Exit List (GCEL) 2022, published by Urgewald. The GCEL includes coal companies that are involved in coal power, coal mining and coal services that exceed defined relative, absolute or expansion criteria. For further information about the methodology, please see section 6.

Despite the Fund's coal policy, it still has 9,1 billion USD (89,1 billion NOK) invested in the coal industry. The investments are distributed across 71 companies in 22 countries around the world, with the highest exposure found in companies headquartered in the US and Japan.[24] The coal exposure constitutes nearly 22% of the Fund's total fossil fuel exposure.

The Fund's coal exposure makes it one of the largest institutional investors in the global coal industry. According to a report by Urgewald, the Fund is Europe's largest institutional investor in the coal industry and the 18th largest in the world.[25]

Despite being one of the largest financial investors in the world, the Fund's coal exposure represents a minor share of the Fund's total portfolio. As of 31. December 2022, the total market value of the Fund was 1.2 trillion USD (12429 billion NOK). That means that the Fund's total coal exposure at 9,1 billion USD (89,1 billion NOK), represents 0,69% of the total value of the portfolio. Divesting from these 71 companies would be a relatively small task for the Fund, but it would make a huge impact on the climate.

3.1 THE FUND IS FUELLING COAL EXPANSION PLANS AROUND THE WORLD

46% of the Fund's coal exposure is invested in companies that have coal expansion plans, which comes in stark contrast to statements from UNFCCC, UNEP and IEA saying that we need to keep coal in the ground. The investments amount to 4,12 billion USD (40,3 billion NOK) and are spread across 29 coal companies with expansion plans in either power production, mining or infrastructure. The coal expansion projects are located in 13 countries: China, India, Indonesia, Mozambique, Bangladesh, Japan, Philippines, Poland, Russia, South Korea, Vietnam, Australia and Kazakhstan.

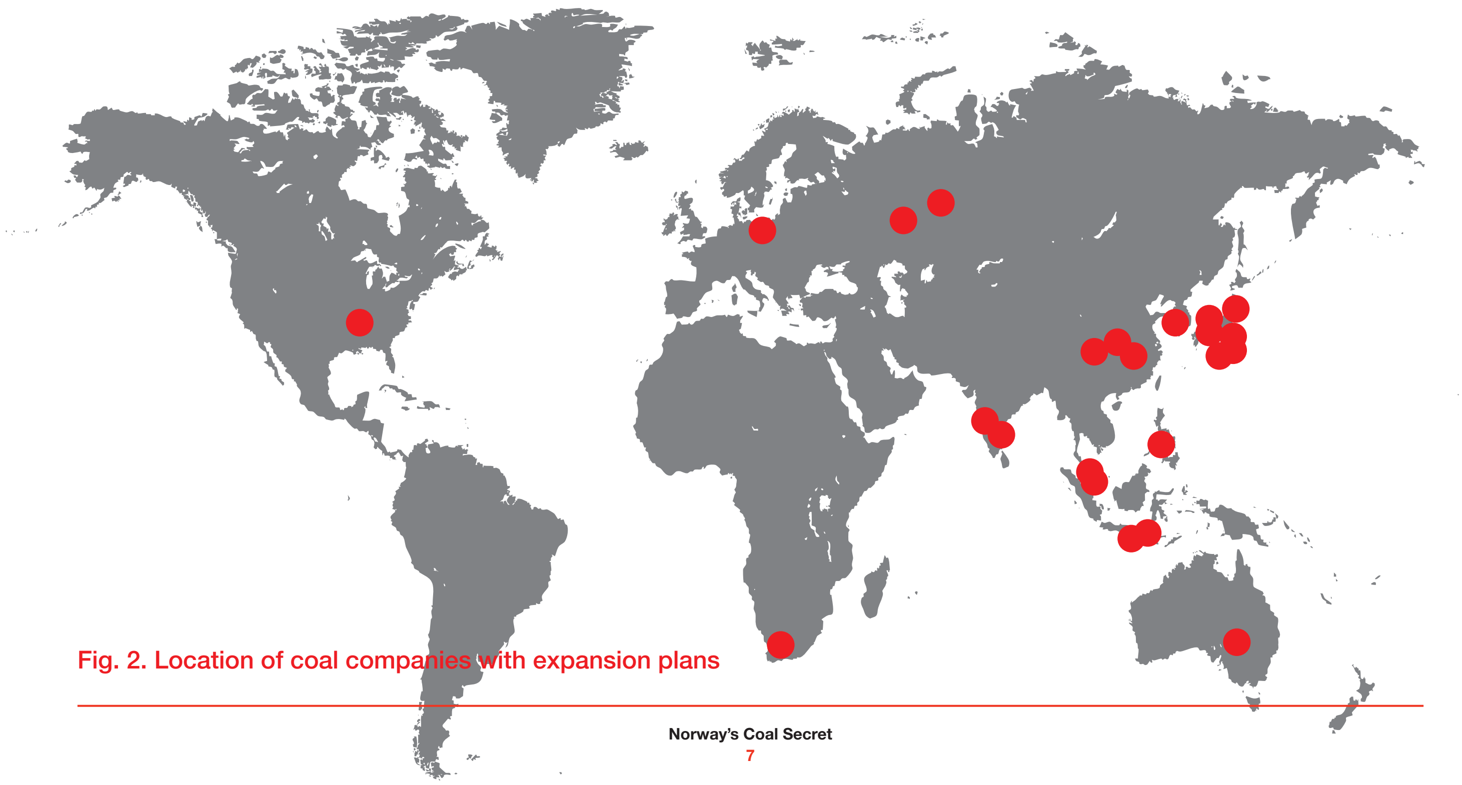


Fig. 2. Location of coal companies with expansion plans

Company	Country of headquarters	Expansion Countries	Investment amount (in million USD)
ITOCHU Corp	Japan	Indonesia	660,72
Power Finance Corp Ltd	India	India	27,31
Sumitomo Corp	Japan	Vietnam, Indonesia	288,44
Kansai Electric Power Co Inc	Japan	Indonesia	64,26
Metro Pacific Investments Corp	Philippines	Philippines	0,14
Mitsui Matsushima Holdings Co Ltd	Japan	Australia	0,00
Power Construction Corp of China Ltd	China	Bangladesh	4,09
Doosan Enerbility Co Ltd	South Korea	South Korea	82,35
Wanhua Chemical Group Co Ltd	China	China	228,36
PT Astra International Tbk	Indonesia	Indonesia, Indonesia	28,44
JSC Inter RAO UES - Electric Power Plants	Russia	Russia	6,22
JG Summit Holdings Inc	Philippines	Philippines	1,28
EN+ Group IPJSC	Russia	Russia, Russia, Kazakhstan	6,53
China Petrochemical Group (Sinopec Group)	China	China, China	170,56
Chubu Electric Power Co Inc	Japan	Japan, Indonesia	55,24
Marubeni Corp	Japan	Indonesia, Japan	307,07
Mitsubishi Corp	Japan	Vietnam	928,71
Tokyo Electric Power Co Inc	Japan	Japan, Indonesia	39,29
YTL Power International Bhd	Malaysia	Indonesia	0,01
Grindrod Ltd	South Africa	Mozambique	0,25
Air Products And Chemicals Inc	USA	Indonesia, China	1.012,90
Grupa Azoty SA	Poland	Poland	0,22
PT PP (Persero) Tbk	Indonesia	Indonesia	2,78
Idemitsu Kosan Co Ltd	Japan	Australia	90,98
Stanmore Resources Ltd	Australia	Australia	0,77
Kobe Steel Ltd	Japan	Japan	5,03
National Aluminium Co Ltd	India	India	9,41
Press Metal Aluminium Holdings Bhd	Malaysia	Indonesia	61,71
Tokyo Century Corp	Japan	Japan	39,30

Fig. 3. Companies with expansion plans

The annual emissions from the coal power expansion projects alone would be more than twice that of Norway's domestic annual emissions. This is not taking into account the existing coal projects that the investees of the Fund are running. If realised, these coal projects would have a combined capacity of 53622 MW.[26] Converted to CO2 they would lead to annual emissions of 127.44 million tons of CO2, which amounts to more than 2,5 times that of Norway's domestic emissions.[27] The emissions arising from these projects will increase the average global temperature and further fuel the ongoing climate crisis.

Indonesian activists protesting the Cirebon Coal Power Plant in Indonesia. The Oil Fund is linked to the expansion of this coal fired power plant (see section 4.2) © Afriadi Hikmal / Greenpeace

3.2 THE FUND IS HEAVILY INVESTED IN JAPANESE COAL GIANTS

Nearly a quarter of the investments are found in Japanese coal companies. The investments amount to just above 2,5 billion USD (23,1 billion NOK) and are spread across 13 companies, eight of which have coal expansion plans. Through these investments the Fund is linked to at least three highly disputed (see section 4.1) and at least 45% of Japan's total coal power capacity.[28]

The investments in Japanese companies are especially problematic due to Japan's failure to commit to phasing out coal. Japan is the only G7 country that has not yet committed to a coal phase out before 2050 and the only G7 country building more coal power plants domestically.[29] Due to the country's heavy reliance on coal, Japan is among the most carbon-intensive economies globally, but it is under strong pressure to urgently change its trajectory. The pressure is not only coming from global and national environmental organizations but also from the other G7 countries.[30] While Japan has made several commitments to get on track, the reality is that the country continues to expand its domestic coal plant fleet and that coal-fired thermal plants account for around a third of the total electricity generated in Japan.[31] This clearly contradicts the IPCC's statement that all European and OECD countries need to phase out coal by 2030, and that the rest of the world needs to phase it out by 2040.

Company	Investment (in million USD)
ITOCHU Corp	660,72
Sumitomo Corp	288,44
Kansai Electric Power Co Inc	64,26
Mitsui Matsushima Holdings Co Ltd	0,00025
Tohoku Electric Power Co Inc	11,54
Kyushu Electric Power Co Inc	16,76
Chubu Electric Power Co Inc	55,24
Marubeni Corp	307,07
Mitsubishi Corp	928,71
Tokyo Electric Power Co Inc	39,29
Idemitsu Kosan Co Ltd	90,98
Kobe Steel Ltd	5,03
Tokyo Century Corp	39,30
Total	**2.507,35**

Fig. 4. Investments in Japanese companies

Sheeps near abandoned salt ponds near a new construction of the Cirebon coal power plant 2. The Oil Fund is linked to the expansion of this coal fired power plant (see section 4.2) © Ulet Ifansasti / Greenpeace

3.3 THE FUND IS INVESTED IN COAL COMPANIES IN CHINA

6,2% of the Fund's coal exposure is invested in Chinese companies. The investments amount to 601 million USD (5,9 billion NOK), and are spread across eight companies, most of them are in coal power or services. Out of the eight companies, four of them have expansion plans. Any exposure to new coal projects is a silent acceptance of China's massive coal expansion which has the potential to put the Paris Agreement at risk.[32] China's overall operating coal-fired capacity accounts for about 51% of the world's total; and so far, the country has not given any date for closing its coal plants.[33]

The good news is that China does not need coal to build its energy system, it can instead use renewable energy sources which it is already a global leader in rolling out. According to New Lawrence Berkeley National Lab research, new coal plants are not necessary for a reliable power system in China.[34] Instead, China can deliver reliable, affordable electricity by accelerating its clean energy transition. It is already adding clean energy projects to the grid as fast as the rest of the world combined.[35]

Company	Investment (in million USD)
CHNENERGY Investment Group Co Ltd	59,04
China Petroleum & Chemical Corporation (Sinopec Corp)	170,56
CITIC Ltd	59,23
Guangdong Investment Ltd	37,78
Power Construction Corp. of China	4,09
Sany Heavy Equipment International Holdings Company Ltd	35,12
Shanghai Electric Group Corp	7,44
Wanhua Chemical Group Co Ltd	228,36
Total	**601,62**

Fig. 5. Investments in Chinese Companies

4 THE COAL INDUSTRY IS RIFE WITH PROBLEMATIC PROJECTS

In addition to coal fuelling the climate crisis, the industry is rife with projects that cause severe and long lasting damage to local people and their lived environments. The burning of coal emits toxic and carcinogenic substances to the air, water and land, which in turn can cause critical health impacts on the workers and surrounding communities, such as cancer and respiratory illnesses that can lead to early deaths.[36]

Below is a selection of highly contested projects that the Fund is connected to via its investments. This includes a power plant in Vietnam, Vũng Áng 2, where Mitshubishi has a share, a power plant in Indonesia, Cirebon 2, which Marubeni, Tokyo Electric Power Company and Chubu Electric Power Company are linked to and Kobe Power Plant in Japan where Kobe Steel is involved. All of these projects are mired in controversy due to their current or potential adverse impacts. Rather than being viewed as isolated examples of coal projects with negative consequences, they should be seen as a few examples of many within the industry that further highlights the need for the Fund to leave coal behind, beyond emissions.

4.1 VŨNG ÁNG 2 POWER PLANT[37]

The Fund is connected to coal expansion in Vietnam through its investment in the largest Japanese trading company, Mitsubishi Corp. The investment totals 928 million USD (9 billion NOK). The company currently operates around 1600 MW of installed coal power capacity and is planning to expand its coal fleet with Vũng Áng 2, a plant with 1200 MW capacity, of which the Mitsubishi Corp's share is 25% (300MW).

Vũng Áng 2 is a hugely controversial project and has been opposed by civil society and investors.[38] Mitsubishi currently holds a 25% share in the Vũng Áng 2 plant, which is part of the Vũng Áng power station complex in Hà Tĩnh province.[39] The first plant, Vung Ang I is already under operation and has caused local communities to protest due to the air pollution from coal trucks that run along the road. The Vũng Áng 2 plant, which is currently under construction, could cause further duress to the local communities. According to the Japanese Ministry of Environment, the emissions from this plant could be at concentrations several to ten or more times higher than what is considered best practice in Japan.[40] The annual CO2 emissions of the plant would amount to 2.85 million tons per year. The resulting pollutants could cause cancer and other illnesses including respiratory diseases, leading to premature deaths.[41] According to the Centre for Research on Energy and Clean Air, the cumulative impacts of the Vũng Áng 2 plant during its planned operational life, could lead to more than 1800 deaths.[42]

Asthma emergency room visits	535 (323 – 746)
Deaths	1,823 (824 – 3,300)
New cases of asthma in children	697 (157 – 1,560)
preterm births	256 (124 – 271)
work absence (sick leave days)	577,327 (491,134 – 662,945)

Note: The 95% confidence intervals are in parentheses.

Fig. 6. Cumulative impacts over Vũng Áng 2's planned operating life[43]

Furthermore, there is a growing criminalisation of environmental defenders who worked on coal issues in Vietnam which the Fund must not ignore. Since June 2021, at least four people who raised concerns over Vietnam's coal dependency have been imprisoned under the disguise of tax evasion charges. Both the UN Human Rights Council and international civil society have raised concerns about the country's unclear tax laws being misused to stifle the voices of environmental advocates

View of the Cirebon power plant from Waruduwur village in Indonesia. The Oil Fund is linked to the expansion of this coal fired power plant (see section 4.2) © Ulet Ifansasti / Greenpeace

by putting them in jail.[44] One of the jailed defenders is the internationally renowned climate expert and Goldman Environmental Prize winner, Nguy Thi Khanh who worked to raise awareness of the negative impacts of the coal industry and accelerate the transition to clean energy.[45] Her arrest reportedly caused Vietnamese civil society to fear being targeted, with some considering closing down their organisations.[46] The Fund's connection to the plant, and thus coal expansion in Vietnam, cannot be seen in isolation from this.

4.2 CIREBON 2 POWER PLANT

The Fund is connected to the Indonesian power station, Cirebon 2. This is through an investment of 307 million USD (3 billion NOK) in the Japanese company Marubeni and through investments in the two parent companies of the joint venture JERA - 55 million USD (539 million NOK) in Chubu Electric Power Company and 39 million USD (384 million NOK) in Tokyo Electric Power Company). Both Marubeni and JERA are co-owners of the highly disputed expansion of the Cirebon coal power station.

Local communities have protested against the power station from day one. The coal power plant currently consists of Unit 1, but Unit 2 has been under construction since 2016. The project has received massive opposition from the public and environmental organizations in various countries, including Japan. Apart from the climate damage Unit 2 would result in, the plant also poses health threats to the surrounding villages. A study by Harvard University found that each large new power plant in Indonesia, like Cirebon 2, is expected to result in the premature deaths of 600 Indonesians annually.[47]

The negative environmental consequences of Unit 1 are reportedly abundant. The people residing at villages near the plant have traditionally relied on livelihoods like small-scale fishing, shellfish harvesting, salt making and farming. These livelihoods are all but gone because of the plant's impacts.[48]

There is also evidence of poor due diligence and transparency. According to BankTrack, there are accounts of local authorities and companies using intimidation to encourage local landowners to sell their land to make room for both Unit 1 and Unit 2.[49] Furthermore, in 2019, during the construction of Unit 2, it was revealed that the main constructor, Hyundai Engineering & Construction, had been giving huge bribes to make local protestors remove a blockade of the construction site that was delaying Hyundai's work.[50] This has resulted in a legal case which is still ongoing.[51]

There have also been legal battles trying to prevent Unit 2 from being built. One lawsuit led to a ruling that the environmental permit for the plant was issued illegally.[52] Later, the project obtained a new environmental permit without any proper consultation with the affected community.

Unit 2 is at this point almost ready to go into production. If it goes ahead, it will emit around 2,3 million tons of CO_2 each year, which is as much as the average annual emissions 216.000 Norwegians.[53] The Cirebon coal plant expansion has a power purchase agreement for the next 25 years.

4.3 KOBE POWER PLANT

The fund is also connected to the Kobe Power Plant expansion project in Japan. This is through an investment of 5 million USD (49 million NOK) in the Japanese coal company Kobe Steel, which is one of Japan's top ten coal companies. The company added two new units with a total capacity of 1300 MW to an existing power station situated right next to a densely populated residential area with several schools and hospitals in Kobe City – a city with around 1,5 million residents.[54]

Despite protests and a lawsuit by local communities, the expansion was finalized in early 2023. Upon the announcement of the expansion, the local communities immediately started protesting against it, but the company still got all its permits and chose to proceed with the project. To try to stop the expansion and shut down the existing coal projects, 31 families filed a lawsuit against the Government of Japan in 2018.[55] However, as Japan does not have a regulatory tool to stop coal plant constructions, the lawsuit was dismissed all the way to the supreme court of Japan. The plaintiffs said their court case is "driven by a strong desire to protect our children's future by preventing air pollution, preventing climate change, and shifting to sustainable energy".[56] Another lawsuit has been filed by citizens against Kobe Steel regarding the expansion project. The civil injunction lawsuit was dismissed by the Kobe District Court, but was appealed on April 1, 2023.[57]

The new units will emit a total of 3,1 million tons of CO_2 every year, equivalent to around 6% of Norway's annual domestic emissions.[58]

Kobe Steel pushed through their expansion in an area which has experienced serious air pollution as a result of industrialization, without heeding the voices of residents asking for environmental protection. The citizens' claim for a civil lawsuit to stop the project was dismissed (by the Kobe District Court), but was appealed on April 1, 2023.

Compared to the world's leading rulings, Japan's judiciary lags far behind in its recognition of the science and international politics of climate change.

Hopefully this appeal will be the moment where the plaintiffs and their lawyers finally manage to convince the courts that coal-fired power plants are polluting facilities that contribute to worsening climate change and are harmful to the health of the local population.[59]

Hajime Yamamoto,
Kiko Network, Research

5 CONCLUSION AND RECOMMENDATIONS

Heffa Schücking, director of the German environmental group Urgewald:

"In 2016, the Oil Fund heard civil society's call and became a leader on coal divestment, but today it lags behind. Since 2016, over 75 large financial institutions banned coal developers from their portfolios and announced firm dates for a complete phase-out of coal investments. The Oil Fund failed to take such measures and is now Europe's largest investor in the coal industry. The Fund must become coal-free before our chance to limit global warming to 1.5°C slips away."

As the globe heats up and the need for a just energy transition becomes more urgent, the Fund continues to pour money into the very industry that we need to exit the soonest – the coal industry. Despite promises of becoming a leading international financial institution on climate and apparent intentions of getting out of coal companies, the Fund has invested in 71 coal companies around the world to the tune of 9,1 billion USD (89,1 billion NOK). This represents nearly 22% of the Fund's total fossil fuel exposure. Its portfolio even includes companies with coal expansion plans despite the many warnings from UNFCCC and IEA that there is no room for new coal projects if we are to stay below 1.5 degree warming and avoid the worst consequences of the climate crisis.

If Norway wants the Fund to be a leading financial institution on climate, a crucial first step is to update its coal policy so that it can finally exit the industry.

We hereby recommend that the Norwegian Parliament update the Fund's coal policy to be in line with international best practice. To do this, the Norwegian Parliament needs to:

A) Tighten its current relative and absolute thresholds:

1. **Relative criteria:** The Fund's relative thresholds on production and revenue should be lowered from 30% to 10%.

2. **Absolute criteria:** The Fund's absolute thresholds on mining capacity (20 Mt of coal per year) should be lowered to 10 Mt and the production capacity should be lowered from 10 GW to 5 GW.

B) Introduce three new criteria:

3. **Exclude companies with coal expansion plans:** The Parliament should introduce a new exclusion criterion for any company planning to develop new coal power, coal mining or coal infrastructure projects. To do so, they should use the Global Coal Exit List's definition of expansion, which includes:
   a. **Power:** Companies planning to develop new coal-fired power capacity of at least 100 MW.
   b. **Mining:** Companies engaged in coal exploration activities; planning to develop new coal mines or extending existing coal mines.
   c. **Services:** Companies involved in the development or expansion of coal transportation assets or other coal-related infrastructure such as coal-to-gas facilities.

4. **Commit to phase out exposure to the entire coal value chain** in the OECD and Europe by 2030 and globally by 2040. That entails tightening the above-mentioned exclusion thresholds in order to eventually exit all companies with coal assets.

5. **Require phase-out plans.** Require all remaining companies with coal assets in the portfolio to adopt a phase-out plan with facility-by-facility closure dates. The closure dates should be in line with the UNFCCC's closure dates; 2030 for European and OECD countries and 2040 for the rest of the world.

6 METHODOLOGY

The report is based on data from the Global Coal Exit List (GCEL) 2022, published by Urgewald. The market values of the investments are reported as of December 31st, 2022.[60] We made two changes to the data due to changes made by NBIM after 31.12.2022. First, we excluded Adani Ports and Special Economic Zone as the Fund divested from them in 2023. Second, we removed Fortum from our report as it has sold its coal subsidiary Uniper SE.

The GCEL includes not only coal miners and coal power producers, but also companies involved in coal exploration, coal processing, coal trading, coal transport & logistics, coal equipment manufacturing, coal-related O&M and EPC services and Coal-to-Liquids as well as Coal-to-Gas production. The GCEL currently provides thermal coal-related data for over 1,000 parent companies and over 1,800 subsidiaries and joint ventures. It, however, does not cover coal used for cement or steel production. he report is based on data from the Global Coal Exit List (GCEL) 2022, published by Urgewald. The market values of the investments are reported as of December 31st, 2022.1 We made two changes to the data due to changes made by NBIM after 31.12.2022. First, we excluded Adani Ports and Special Economic Zone as the Fund divested from them in 2023. Second, we removed Fortum from our report as it has sold its coal subsidiary Uniper SE. The GCEL includes not only coal miners and coal power producers, but also companies involved in coal exploration, coal processing, coal trading, coal transport & logistics, coal equipment manufacturing, coal-related O&M and EPC services and Coal-to-Liquids as well as Coal-to-Gas production. The GCEL currently provides thermal coal-related data for over 1,000 parent companies and over 1,800 subsidiaries and joint ventures. It, however, does not cover coal used for cement or steel production.[61]

APPENDIX
All Coal Investments

Group	Country	Type of financing	Investment value (million USD)
Air Products and Chemicals Inc	United States	Shareholding	945,99
Air Products and Chemicals Inc	United States	Bondholding	66,91
Southern Co	United States	Bondholding	12,77
PT Astra International Tbk	Indonesia	Shareholding	28,44
Aurizon Holdings Ltd	Australia	Shareholding	126,09
Berkshire Hathaway Energy Co	United States	Bondholding	196,52
CenterPoint Energy Inc	United States	Shareholding	84,26
CenterPoint Energy Inc	United States	Bondholding	26,72
CenterPoint Energy Inc	United States	Bondholding	37,72
CHNENERGY Investment Group Co Ltd	China	Shareholding	59,04
China Petroleum & Chemical Corporation (Sinopec Corp)	China	Shareholding	170,56
Chubu Electric Power Co Inc	Japan	Shareholding	55,24
CITIC Ltd	China (Hong Kong)	Shareholding	59,23
CMS Energy Corp	United States	Shareholding	110,76
CMS Energy Corp	United States	Bondholding	20,38
Dominion Energy Inc	United States	Shareholding	320,04
Dominion Energy Inc	United States	Bondholding	281,68
Doosan Enerbility Co Ltd	South Korea	Shareholding	82,35
Duke Energy Corp	United States	Bondholding	17,67
En+ Group MKPAO	Russia	Shareholding	6,53
EnBW Energie Baden Wuerttemberg AG	Germany	Bondholding	22,28
Enel SpA	Italy	Bondholding	31,38
Enel SpA	Italy	Bondholding	437,61
Enel SpA	Italy	Shareholding	1184,51
Enel SpA	Italy	Bondholding	133,00
Formosa Plastics Corp	Taiwan	Shareholding	55,76
Fortis Inc	Canada	Shareholding	99,51
Genesis Energy Ltd	Australia	Shareholding	8,28
Southern Co	United States	Bondholding	29,15
Globaltrans Investment PLC	Russia	Shareholding	0,44
Grindrod Ltd	South Africa	Shareholding	0,25
Grupa Azoty SA	Poland	Shareholding	0,22
Guangdong Investment Ltd	China	Shareholding	37,78
Idemitsu Kosan Co Ltd	Japan	Shareholding	90,98
Indian Railways Privatization	India	Shareholding	2,33
Inter Rao PAO	Russia	Shareholding	6,22
ITOCHU Corporation	Japan	Shareholding	660,72
JG Summit Holdings Inc	Philippines	Shareholding	1,28
Kansai Electric Power Co Inc	Japan	Shareholding	64,26
Kobe Steel Ltd	Japan	Shareholding	5,03
Kyushu Electric Power Co Inc	Japan	Shareholding	16,76

LX International Corp	South Korea	Shareholding	6,02
Marubeni Corporation	Japan	Shareholding	307,07
MDU Resources Group Inc	United States	Shareholding	61,38
Metro Pacific Investments Corp	Philippines	Shareholding	0,14
Berkshire Hathaway Energy Co	United States	Bondholding	51,95
Mitsubishi Corporation	Japan	Shareholding	615,90
Mitsubishi Corporation	Japan	Shareholding	312,81
Mitsui Matsushima Holdings Co Ltd	Japan	Shareholding	0,00
National Aluminium Co Ltd	India	Shareholding	9,41
NorthWestern Corp	United States	Shareholding	35,29
NorthWestern Corp	United States	Bondholding	28,84
OGE Energy Corp	United States	Shareholding	31,30
OGE Energy Corp	United States	Bondholding	27,83
Pinnacle West Capital Corp	United States	Shareholding	102,06
Power Assets Holdings Ltd	South Korea	Shareholding	121,23
Power Construction Corporation of China	China	Shareholding	4,09
Power Finance Corporation Ltd	India	Shareholding	27,31
PT PP (Persero) Tbk	Indonesia	Shareholding	2,78
PPL Corp	United States	Bondholding	42,34
PPL Corp	United States	Shareholding	45,56
Press Metal Aluminium Holdings Bhd	Malaysia	Shareholding	61,71
Power Finance Corporation Ltd	India	Shareholding	16,25
Sany Heavy Equipment Int. Holdings Co Ltd	China	Shareholding	14,66
Sany Heavy Equipment Int. Holdings Co Ltd	China	Shareholding	20,46
Sembcorp Industries Ltd	Singapore	Shareholding	38,23
Shanghai Electric Group Corp	China	Shareholding	7,44
Berkshire Hathaway Energy Co	United States	Bondholding	18,66
Southern Co	United States	Shareholding	417,43
Southern Co	United States	Bondholding	404,31
Stanmore Resources Ltd	Australia	Shareholding	0,77
Sumitomo Corporation	Japan	Shareholding	288,44
Tohoku Electric Power Co Inc	Japan	Shareholding	11,54
Tokyo Century Corp	Japan	Shareholding	39,30
Tokyo Electric Power Co Inc	Japan	Shareholding	39,29
Uniper SE	Germany	Shareholding	0,73
Vistra Corp	United States	Shareholding	22,85
Wanhua Chemical Group Co Ltd	China	Shareholding	228,36
Westshore Terminals Investment Corp	Canada	Shareholding	7,69
YTL Corporation Bhd	Malaysia	Shareholding	0,01
TPI Polene Power Public Co Ltd	Thailand	Shareholding	1,35
EDP Energias do Brasil SA	Brazil	Shareholding	47,44
TPI Polene Power Public Co Ltd	Thailand	Shareholding	0,66
TPI Polene Power Public Co Ltd	Thailand	Shareholding	1,35

! NOTES

1 The data in this report is based on the Fund's portfolio as of 31. December 2022.
On 31 December 2022, 1 NOK = 0.10234 USD
2 United Nations Framework Convention on Climate Change (UNFCCC): The Paris Agreement – What is the Paris Agreement
3 Intergovernmental Panel on Climate Change: 6th Assessment report
4 Intergovernmental Panel on Climate Change: IPCC: Sixth Assesment Report
5 Reclaim Finance (2022): Coal It A Day – Time for US banks to stop banking on coal expansion
6 International Energy Agency (2021): Net Zero by 2050 – A roadmap for the Global Energy Sector
7 United Nations (2023): Corporate Leaders Should Speak Up, Act, End Greenwashing, Says Secretary-General in Remarks for Economist Impact's Sustainability Week
8 Sovereign Wealth Fund Institute: Top 100 Largest Sovereign Wealth Fund Rankings by Total Assets
9 Redefine (2023): THE PROMISE OF SUSTAINABLE INVESTING The case of the Norwegian Oil fund
10 Urgewald (2023): Investing in Climate Chaos
11 Norges Bank Investment Management: The purpose of responsible investment, Gov.no: Statement at the UN Climate Change Conference in Glasgow
12 Norges Bank Investment Management: 2025 Climate action plan
13 Sovereign Wealth Fund Institute: Top 100 Largest Sovereign Wealth Fund Rankings by Total Assets
14 Norges Bank Investments Management
15 Norges Bank Investments Management
16 Norges Bank Investment Management – The purpose of responsible investment
17 E24 (2023): Oljefondet bidrar til 2,4 grader global oppvarming – vil trolig ekskludere selskaper
18 Aftenbladet.no (2020): Oljefondet fortsatt tungt inne i kull: – Helt håpløst
19 Gov.no: Statement at the UN Climate Change Conference in Glasgow
20 Norges Bank Investment Management: 2025 Climate action plan
21 Coal Policy Tool: Analysing the quality of coal policies
22 E24: Stortinget skjerper Oljefondets kullkrav: Storebrand vil gå lenger
23 Coal Policy Tool
24 GCEL groups subsidiaries with their parent companies. When counting parent companies, the total number would be 62 companies. For the purpose of this report, ActionAid has chosen to count the subsidiaries individually.
25 Urgewald (2023): Investing in Climate Chaos
26 Calculation based on Urgewald data from Global Exit List 2022
27 The calculation is based on Norway's 2021 domestic emissions which was 48.9 million tons, see here. Further, please note that this is an average estimate and the actual emissions from coal-fired power plants can vary depending on factors such as the efficiency of the technology being used, the quality of the coal, and the type of power plant.
28 Beyond Coal Japan: Top 10 Coal Power Companies in Japan
29 The Japan Times: G7 environment ministers agree on drastic expansion of wind power, but no coal exit timeline
30 Climate Change News: G7 pushes Japan to speed up clean energy transition at home and abroad
31 Japan Beyond Coal Together (2022): While the world phases out coal, more coal-fired power plants start up in Japan
32 Climate Home News: Chinese coal boom a 'direct threat' to 1.5C goal, analysts warn
33 Bloomberg (2022): China's coal expansion
34 New Lawrence Berkeley National Lab (LBNL) research: Sunsetting coal power in China
35 International Energy Agency (2022): Annual average capacity additions by country and region, 2016-2023
36 Climate Council: Just how bad are the health effects of coal
37 ActionAid Vietnam does not take part in the review. The report and findings are of ActionAid Denmark, and it is not necessarily reflecting the views of ActionAid Vietnam.

38 KIK Network (2021): Five major insurers and asset managers say they are doing engagement with Mitsubishi Corporation

39 Vietnam Investment Review (2021): Mitsubishi sells 15 per cent stake in Vung Ang II thermal power plant

40 Reclaim finance report – Coal it a day, Fossil Free Japan (2021): [Joint Statement] Mitsubishi Corporation should withdraw from EPC for Vietnam's Quang Trach 1 Coal-fired Power Plant

41 Center for Research on Energy and Clean Air (CREA), (March 2021), Air Quality, Health & Toxic Impacts of Proposed Coal Power in Vietnam's Power Development Plan 8

42 This analysis has been provided to ActionAid Denmark by the Centre for Research on Energy and Clean Air and is available upon request.

43 This analysis has been provided to ActionAid Denmark by the Centre for Research on Energy and Clean Air and is available upon request.

44 United Nations Environment Programme (2022): Viet Nam: UN entities concerned by arrest and sentencing of environmental human rights defenders, Human Rights Watch (2022): Joint Letter to Secretary-General António Guterres

45 International Rivers (2023): Press release | International NGOs Call for Release of Prominent Environmental Defender in Vietnam One Year After 5-Year Prison Sentence, Oil Change International (2022): Pressure grows on Vietnam to release environmental defenders jailed on trumped up tax charges

46 Mongabay (2022): Worries and whispers in Vietnam's NGO community after activist's sentencing

47 Banktrack (2023): Cirebon 2 coal power plant

48 Banktrack (2023): Cirebon 2 coal power plant

49 Banktrack (2023): Cirebon 2 coal power plant

50 Dkatadata (2019): Hyundai Akui Suap Bupati Cirebon dalam Proyek PLTU

51 Friends of the Earth Japan (2023): [Request Letter] Commencement of Trial in the Bribery Case of Cirebon Coal-Fired Power Plant Unit 2 in Indonesia

52 Business and Human Rights Ressource Center (2017): Indonesia/Japan/South Korea: Embarrassment for Japanese Government bank as court rules coal plant's permit illegal

53 Aftenposten (2022): Miljøtoppen gjorde alt for å kutte egne utslipp. Hun vil ikke anbefale folk å gjøre det samme.

54 Kobe Climate Case

55 Kobe Climate Case

56 Kobe Climate Case (2023): [Statement] Joint statement by plaintiffs and attorneys on the supreme court's ruling to dismiss administrative claim for injunction against Kobe Coal-fired power stations

57 Kobe Climate Case (2023): [Statement] Joint statement by plaintiffs and attorneys on the supreme court's ruling to dismiss administrative claim for injunction against Kobe Coal-fired power stations

58 Aftenposten (2022): Miljøtoppen gjorde alt for å kutte egne utslipp. Hun vil ikke anbefale folk å gjøre det samme.

59 Quote given to ActionAid Denmark by Kiko Network on 12 April 2023. See Kobe Climate Case (2023) for further information

60 The Global Coal Exit List 2022

61 Please note that Urgewald is currently using a 20% relative threshold. They will update the threshold in late 2023, from 20% to 10%. This report is based on a 20% threshold. The Fund's coal exposure would be higher if an analysis was conducted using a 10% threshold.

Ulighed i verden. Det er problemet. Derfor bringer vi mennesker sammen for at skabe fællesskab og forandring. Sammen med ActionAid kæmper vi i 45 lande for at styrke menneskerettigheder og udrydde fattigdom.

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