

April 2021. The think tank [InfluenceMap](#) has, on behalf of WWF Norway, measured the alignment of the Norwegian Government Pension Fund Global (GPF)G’s equity portfolio, and its benchmark, with the goals of the Paris Agreement. The sovereign wealth fund is the world’s largest with over \$1.3 trillion in assets.

THE METHODOLOGY

InfluenceMap developed [FinanceMap](#), an online platform which assess the Paris-alignment of over 70,000 funds managed by over 1,000 asset managers, based on the market-leading “[Paris Agreement Capital Transition Assessment \(PACTA\)](#)” tool.

FinanceMap uses the IEA Beyond 2 Degrees Scenario (B2DS) which describes the mix of production/technologies required to meet global demand while adhering to an emissions pathway that maintains a 50% chance of keeping the global average temperature to 1.75°C¹. The sectors included in the analysis are: Automotive, Coal Production, Oil & Gas Production, and Power. For example, for the O&G sector, the scenario sets out how much oil and gas can be produced each year between now and 2050 to be on track to meet the target.

The second step in the methodology is to look at companies’ production plans over the next five years (forward-looking production data) based on company reporting and other available datasets. Each company’s production plans are then compared to the IEA scenario production roadmap, resulting in an alignment score which can be positive or negative. This data is then used to construct a theoretical target portfolio whose exposure to different sectors and technologies is aligned with the scenario. Based on the companies it holds, a portfolio’s total exposure to each technology is compared to the exposure of the target B2DS portfolio. The deviation between the target and the portfolio is calculated for each technology. For instance, the portfolio may hold 10% less renewable energy capacity than the target prescribes. The final overall portfolio score represents a weighted average of all sector-level alignments. The details of the methodology are available on [FinanceMap’s website](#).

THE RESULTS FOR THE GPF

The [GPF’s equity portfolio](#) consists of over 9,000 companies. To provide a comparison with the benchmark, the analysis includes the Vanguard FTSE Global All Cap Index.

The GPF has holdings in 162 companies with primary operations in one of the four sectors and 730 companies with at least some production activity in these sectors. These latter are typically diversified companies which have operations across different sectors, some of which belong to the four sectors analyzed, and are thus included. The two categories represent, respectively, 6.6% and 36.7% of the total market value of the equity portfolio.

The overall result shows that both portfolios have a misalignment of -15% compared to the target portfolio.

Fund	Portfolio Paris Alignment	Exposure to Companies with Primary Operations in PACTA Sectors	Exposure to Companies with Any Operations in PACTA Sectors
NBIM Government Pension Fund Global	-15.4%	6.6%	36.7%
Vanguard FTSE global all cap ETF	-15.3%	7.0%	36.6%

¹ Even if this scenario is not in line with the 1.5°C goal, this is currently the most ambitious scenarios available.

The following tables show the alignment score per sector and the portfolio exposure:

Paris Alignment per Sector NBIM		
PACTA Sector	Sector Paris Alignment	Exposure to Companies with Primary Operations in Sector
Automotive	-37%	1.99%
Coal	-51%	0.00%
Oil & Gas	-16%	2.29%
Power	-7%	2.29%
Paris Alignment per Sector FTSE		
PACTA Sector	Sector Paris Alignment	Exposure to Companies with Primary Operations in Sector
Automotive	-39%	1.65%
Coal	-59%	0.08%
Oil & Gas	-7%	1.98%
Power	-17%	2.70%

Finally, the following table shows the alignment score per sector and per each specific technology:

Paris Alignment per Technology NBIM		
PACTA Sector	Technology	Technology Paris Alignment
Automotive	Electric	-50%
	Hybrid	-57%
	ICE	-35%
Coal	Coal	-51%
Oil & Gas	Gas	1%
	Oil	-24%
Power	Coal Capacity	-4%
	Gas Capacity	-1%
	Hydro Capacity	-9%
	Nuclear Capacity	-30%
	Oil Capacity	-2%
	Renewables Capacity	-7%

These results indicate that, for example, Oil and Gas producers have five-year production plans for gas in line with the B2DS, while planned oil production is 24% higher than what is prescribed to stay on track with the B2DS.