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NEWS | February 11, 2022

Danish pension scheme AkademikerPension to sell fossil bonds

The divestment of fossil fuel corporate bonds, worth \$300m, is due for completion by the end of this year.



The sale of fossil fuel corporate bonds is expected to help the Danish fund to significantly reduce the CO₂ footprint of its portfolio. Credit: AkademikerPension.



Danish pension scheme AkademikerPension is [planning](#) to sell corporate bonds, worth over \$300m, from oil and gas companies, to shift its business towards a low-emissions economy.

The decision to sell fossil fuel corporate bonds comes as the pension fund looks to invest in even more climate-friendly companies.

AkademikerPension started exiting its equity holdings of companies involved in upstream oil, gas, coal, and tar sands in 2018. This included major companies such as ExxonMobil, and Equinor.

The fund used to maintain the bond holdings due to concerns that selling would affect its returns, but the pension scheme's new analysis indicated that this notion did not fit the current scenario, given that markets are becoming more concerned about climate risks.

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AkademikerPension chief investment officer Anders Schelde said: “We can see a tendency for fossil bonds, like fossil shares, to now be priced with an eye to fossil risks, and for that reason, many investors do not want to invest in them. This can provide a return headwind for these bonds for several years to come.

“As a long-term investor, we have for some time seen a clear return risk on the fossil shares. This has not been the case with fossil bonds, as with bonds, you are significantly more sure of getting your money back.

“At the same time, fossil bonds take up a lot of space in our portfolio which, until now, has challenged our risk diversification through a divestiture, but we have now found a solution to this.”

As per the analysis, the fossil bonds can be divested without affecting the fund’s returns or risk diversification in the portfolio, Schelde said.

Planned to be completed by 31 December 2022, the sale of fossil fuel corporate bonds is expected to significantly reduce the CO₂ footprint of the Danish pension fund’s portfolio.

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AkademikerPension holds bonds of **Petroleos Mexicanos**, **Ecopetrol**, Qatar Energy, and Gazprom, among others, according to [Reuters](#).

Earlier this month, the New York Pension Fund announced that it would be selling its shares and bonds that it holds in [21 different oil and gas companies](#).

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