

Press release: October 20th 2014

Second AP Fund to divest holdings in a number of fossil-fuel based energy companies

The Second AP Fund is reducing its financial risk in fossil-fuel based energy. Consequently, it will no longer have investments in 12 coal and 8 oil-and-gas production companies. This comprises holdings with a total market value of about SEK 840 million.

Following a comprehensive risk analysis of all Second AP Fund holdings in fossil-fuel based energy companies, based on climate impact, the Fund has decided that it will no longer invest in 12 coal and 8 oil-and-gas production companies.

“Our starting point for this analysis has been to determine the financial risks associated with the energy sector. By not investing in a number of companies, we are reducing our exposure to risk constituted by fossil-fuel based energy. This decision will help to protect the Fund’s long-term return on investment,” says Eva Halvarsson, CEO of the Second AP Fund.

The majority of the turnover generated by the coal-production companies identified in the Fund’s analysis derives from the sale of thermal coal. These companies face considerable climate-related financial risk, due to the negative environmental and health impacts of coal, which affect demand. Furthermore, coal-powered electricity production is subject to competition from gas and renewable energy.

In the case of oil-and-gas companies, the Fund has identified a number of companies featuring substantial exposure in high-cost projects, such as oil-extraction from oil sands. The Fund believes these companies face serious climate-related financial risks and that it is highly likely that these projects may either be stranded or unprofitable.

The Fund’s holdings in the 20 companies that have been identified amount to a total market value of about SEK 840 million.

For further details, please contact Eva Halvarsson, CEO of the Second Swedish National Pension Fund, or Ulrika Danielson, head of Corporate Communications, on +46 31-704 29 00.