



RI TRANSPARENCY REPORT

2014/15

AP2

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	-	n/a							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	✓	Public				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	⚡	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	✓	Public	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	-	n/a		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	⚡	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	-	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	⚡	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	-	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	🔒	n/a	✓						
FI 05	Type of ESG information used in investment decision	🔒	n/a	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	🔒	n/a		✓					
FI 20	Engagement with government issuers	-	n/a		✓					

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments by equity and debt	✓	Public							✓
PR 02	Breakdown of assets by management	✓	Public							✓
PR 03	Largest property types	✓	Public							✓
PR 04	Description of approach to RI	-	n/a	✓					✓	
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 06	Fund placement documents and RI	⚡	n/a	✓			✓		✓	
PR 07	Formal commitments to RI	⚡	n/a				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	-	n/a	✓		✓				
PR 12	ESG issues impact in selection process	-	n/a	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	✓	Public		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 18	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	-	n/a		✓					
PR 20	Proportion of assets engaged with on community issues	-	n/a		✓					
PR 21	ESG issues affected financial/ESG performance	-	n/a	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	-	n/a	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	

AP2

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the category which best represents your primary activity.

- ☐ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☐ Insurance company
- ☐ Foundation or endowment
- ☐ Development finance institution
- ☒ Reserve - sovereign or government controlled fund
- ☐ Other, specify

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Sweden

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☒ 1
- ☐ 2-5
- ☐ 6-10
- ☐ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

64

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes
- ☒ No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		293	907	000	000
Currency	SEK				
Assets in USD		41	962	042	309

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06**Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	43	5
Fixed income – corporate	0	10
Fixed income – government	21	5
Fixed income – other	0	0
Private debt	0	0
Private equity	0	5
Property	7.9	0.1
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0.3

Farmland	1.7	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	1
Other (2), specify	0	0

	'Other (1)' specified
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Alternative risk premiums

- ☐ Publish our asset class mix as broad ranges
- ☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2	Indicate the proportion of your externally managed assets in fund-of-funds.
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	% of externally managed assets
Fund-of-funds	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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AP2's mission is to maximize long term return on the pension assets under its management. Environmental and ethical concerns shall be addressed without compromising the overall goal of high return. AP2 adopts a long-term approach in creating a capital buffer for the Swedish national pension system. AP2 manages assets for anyone who has ever drawn a salary or earned a wage in Sweden. The Fund is tasked with generating a solid return on investment, while implementing a consistent policy of responsible and sustainable investment. AP2 incorporates ESG into the asset management process in order to create value. ESG aspects are most easily integrated into the investment process where the Fund is engaged in the active management of assets and adopts an active risk. AP2's corporate governance policy is intended to clarify how AP2 means to promote good corporate governance and thereby enhance the value of its investments. The Fund's operational activities concerning corporate governance issues derives from the policy. The policy embrace structural and governance issues as well as environmental and ethical concerns. The Fund's work on ESG issues focused partly on individual companies while also striving to address a broader need, promoting a general improvement in the field as a whole. AP2 shall further promote good corporate governance by cooperating with other major shareholders in addressing matters of principle and through active participation in the development of policies, regulations and standards. AP2's involvement in governance issues is based on regulation, convention and international guidelines such as OECD's Guidelines for Multinational Companies and principles for Corporate Governance, the United Nation's Global Compact and the Principles for Responsible Investment, the Swedish companies Act and the Swedish Code of Corporate Governance.

AP2's board determines guidelines and policies pertaining to ESG issues. The CEO has a mandate from the board to manage ESG issues that arise from the Fund's day to day operations. On major issues, the CEO shall consult with the chairman of the board. Should the current guidelines fail to provide adequate guidance in issues of particular significance, such issues shall be presented in full to the board as a whole. The board shall then be informed of any action the Fund has taken in addressing these issues. The day-to-day work is handled by the Fund's Corporate Governance Group, which comprised of individuals from the Fund's management, head of equities and sustainability analyst.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☒ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☐ None of the above

OO 11	Mandatory	Gateway	General
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OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – government
- ☒ Property
- ☒ Farmland
- ☐ None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☒ Fixed income – corporate
- ☐ Fixed income – government
- ☒ Private equity
- ☒ Property
- ☒ Forestry
- ☒ Other (1)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

Listed equity

OO 12	Mandatory	Gateway	General
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OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
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- ☒ Fixed Income - Government

	Direct - Other asset classes with dedicated modules
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- ☒ Property

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers
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- ☒ Listed Equities
- ☒ Fixed Income - Corporate
- ☒ Private Equity
- ☒ Property
- ☒ Forestry
- ☒ Other (1)

Closing module

- ☒ Closing module

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
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- ☒ Yes
☐ No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
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- ☒ Yes
☐ No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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The AP2's mission is to maximize long-term return on the pension assets under its management. Environmental and ethical concerns shall be addressed without compromising the overall goal of a higher return.

A relatively large proportion of the Fund's capital assets are placed in both Swedish and foreign companies, making it a significant investor. The long-term development of these companies is dependent on shareholder commitment and involvement. As a major shareholder, AP2 therefore practices an active role with a view to promoting good corporate governance and enhancing net worth.

AP2's Corporate Governance Policy is available at www.ap2.se

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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- ☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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<http://www.ap2.se/Global/Policies/Corporate%20Governance%20policy.pdf>

- ☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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- ☐ Yes
☒ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04**Mandatory****Core Assessed****General****OA 04.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- ☐ Yes
☒ No

Objectives and strategies

OA 05**Mandatory****Gateway/Core Assessed****General****OA 05.1**

Indicate if your organisation sets objectives for its responsible investment activities.

- ☒ Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
☐ Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
☒ Biannually
☐ Annually
☐ Every two years or less
☐ It is not reviewed
☐ No

Governance and human resources

OA 07**Voluntary****Descriptive****General****OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

AP2 is governed by law. Each year the Ministry of Finance evaluate the AP Funds. The government appoints directors to the board.

The AP2's board of directors determines guidelines and policies pertaining to governance issues, entrusting day-to-day management of these issues to the Fund's CEO. The CEO is backed by an ownership group featuring members of the Fund's executive management, the head of Swedish equities and the sustainability analyst. This group is responsible for the strategic and operational aspects of the Fund's corporate governance activities. The ownership group targets and drafts action plans and monitors progress on an ongoing basis. At every board meeting, a report on the Fund's governance, ethics and environmental activities is submitted to the board of directors.

AP2's operative involvement in ESG issues derives from its corporate governance policy. The policy comprise structural factors, corporate governance, the environment and ethics. The governance policy also defines the Fund's core values, and details the guidelines and initiatives to which the Fund is a signatory, or which it employs in pursuing its sustainability aims. This governance policy is determined annually by the board of directors and is published on the Fund's website at www.ap2.se

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08**Mandatory****Gateway/Core Assessed****General****OA 08.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
Head of Communication and HR
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify
General Counsel
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

☒ Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
☐ Moderate
☐ Advanced

- ☐ Association for Sustainable & Responsible Investment in Asia
☐ Australian Council of Superannuation Investors
☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
☐ Moderate
☐ Advanced
- ☐ CDP Forests
☐ CDP Water
☐ CFA Institute Centre for Financial Market Integrity
☐ Council of Institutional Investors (CII)
☐ Eumedion
☒ Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ Global Investors Governance Network (GIGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
SWESIF

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify
The Ethical Council - A collaboration between the First to Fourth AP Fund

	Your organisation's role in the initiative during the reporting year (see definitions)
--	--

- ☐ Basic
☐ Moderate
☒ Advanced

☒ Other collaborative organisation/initiative, specify

IÄF, an association of Swedish institutional shareholders

	Your organisation's role in the initiative during the reporting year (see definitions)
--	--

- ☐ Basic
☐ Moderate
☒ Advanced

☒ Other collaborative organisation/initiative, specify

Sustainable Value Creation Initiative

	Your organisation's role in the initiative during the reporting year (see definitions)
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- ☐ Basic
☐ Moderate
☒ Advanced

☐ Other collaborative organisation/initiative, specify

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

☒ Yes

OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- ☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
☐ Provided financial support for academic or industry research on responsible investment
☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
☒ Spoke publicly at events and conferences to promote responsible investment
☐ Wrote and published in-house research papers on responsible investment
☒ Encouraged the adoption of the PRI
☐ Other, specify

☐ No

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
-------	-----------	---------------------	-----------

OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
----------------	---

☒ Yes

☒ Yes, individually

☒ Yes, in collaboration with others

OA 12.2	Select the methods you have used.
----------------	-----------------------------------

☒ Endorsed written submissions to governments, regulators or standard-setters developed by others

☒ Drafted your own written submissions to governments, regulators or standard-setters

☒ Participated in face-to-face meetings with government members or officials to discuss policy

☐ Other, specify

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
----------------	--

☒ Yes, publicly available

	provide URL
--	-------------

<http://www.iigcc.org/publications/category/european-climate-and-energy-policy>

	provide URL
--	-------------

<http://www.iigcc.org/files/publication-files/FinancialInstitutionsTakingActionOnClimateChange.pdf>
[eddelanden/20121/remissvar-buffertkapitalutredningen/](http://www.iigcc.org/files/publication-files/FinancialInstitutionsTakingActionOnClimateChange.pdf)

	provide URL
--	-------------

<http://www.ap2.se/sv/press-finansiell-information/nyheter-och-pressmeddelanden/2014/remissvar-buffertkapitalsutredningen/>

☐ No

☐ No

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
--------------	------------------	--------------------	--------------

OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
----------------	--

☐ Yes

☒ No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
---------	---

☒ Yes

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.
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	Area
--	------

☒ Clean technology (including renewable energy)

	Asset class invested
--	----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☒ Fixed income - government
- ☒ Private equity
- ☐ Property
- ☐ Forestry
- ☐ Farmland
- ☐ Other (1)

	Brief description of investment
--	---------------------------------

AP2 invest in Green and Social Bonds and within Private Equity investments are made in cleantech, renewable energy and climate solutions. Part of AP2 listed equities has a sustainability strategy.

☒ Green buildings

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☒ Property
- ☐ Forestry
- ☐ Farmland
- ☐ Other (1)

	Brief description of investment
--	---------------------------------

Many of the properties in AP2's property portfolio are certified according to different environmental standards, for example Green Building and LEEDS.

☒ Sustainable forestry

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☐ Property
- ☒ Forestry
- ☐ Farmland
- ☐ Other (1)

	Brief description of investment
--	---------------------------------

AP2's holdings in forest real-estate shall be managed in compliance with the Programme for the Endorsement of Forest Certification (PEFC) and/or the Forest Management Certification awarded by the Forest Stewardship Council (FSC).

☒ Sustainable agriculture

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☐ Property
- ☐ Forestry
- ☒ Farmland
- ☐ Other (1)

Brief description of investment

AP2 is a signatory to the principles for responsible investment in agriculture and reports annually on progress with the implementation and follow-up of these principles in its Corporate Governance Report. The Farmland Principles have during 2014 been transferred to PRI and have evolved into Guidance for Responsible Investment in Farmland. The managers of the Fund's holdings in agricultural real-estate shall follow up and report in compliance with these principles.

- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☐ Other area, specify

☐ No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Farmland	<p>Sustainability factors are central to the Second AP Fund's investments in farmland. The Fund's strategy is to invest in large-scale agricultural real estate in countries that possess clearly-defined legal structures. This disqualifies many geographical regions for investment.</p> <p>In 2014, the Second AP Fund invests in Australia, Brazil and the USA.</p> <p>The Second AP Fund has elected to invest in agricultural real estate by establishing joint ventures with other investors, a form well suited to the Fund's long-term investment approach. The Second AP Fund has a board representative on the board of TIAA-CREF Global Agriculture (the Fund's major investment in Farmland) which is actively engaged in improving the company's work with sustainability. The Fund's representative is, among other things, a member of the ESG committee. The board has asked the committee to draft a proposal during 2015 for third party audits of its agricultural assets, with regard to implementation of the Principles for Responsible Investment in Farmland.</p> <p>The Second AP Fund maintains an ongoing dialogue with its managers, as well as visiting its agricultural assets several times a year. Every year, with a view to gaining a comprehensive impression of the way managers are applying the Principles in practice, they are required to respond to a questionnaire about how they are implementing the Farmland Principles. A summary of these responses including some key indicators are available in the Second AP Fund's Sustainability and Corporate Governance Report (available at www.ap2.se).</p>

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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☐ Yes

☒ No

AP2

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1

Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

ESG questions are included in the RFP and DD process, included in contracts, monitoring and evaluation of external managers. AP2's annual manager review includes questions on PRI and ESG investing.

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1

Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

☐ Yes

☒ No

SAM 03	Mandatory	Gateway	General
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SAM 03.1

Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Forestry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other (1) [as defined in Organisational Overview module]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

SAM 04

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

SAM 04.1

Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.

Listed equity (LE)

Type of strategy	As % of externally managed listed equity
Passive	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporatefixed income
Passive	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

SAM 05	Mandatory	Gateway	PRI 1,2
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SAM 05.1	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
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	Active investment strategies
--	------------------------------

Active investment strategies	LE	FIC	
Screening	<input type="checkbox"/>	<input type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

SAM 05.2	Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.
-----------------	---

	LE	FIC
We engage directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We require our external managers to engage on our behalf	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.3	Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.
-----------------	---

	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

Selection

SAM 06	Mandatory	Core Assessed	PRI 1-6
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SAM 06.1	Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:
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	General
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	LE	FIC	
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input type="checkbox"/>	<input type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input type="checkbox"/>	<input type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

	ESG incorporation
--	-------------------

	LE	FIC	
Evaluate the quality and coverage of ESG research used by managers	<input type="checkbox"/>	<input type="checkbox"/>	
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Appointment

SAM 07	Voluntary	Additional Assessed	PRI 4
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SAM 07.1

When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed assets:

General

	LE	FIC	
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general RI considerations in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Specific requirements relating to the incorporation of ESG issues into investment decision-making	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to ESG incorporation in investment management agreements, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Reporting

	LE	FIC	
Reporting on the agreed responsible investment activities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to reporting in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Monitoring

SAM 08

Mandatory

Core Assessed

PRI 1

SAM 08.1

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

	LE	FIC	
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted risk or volatility	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other ways you monitor ESG incorporation, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
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SAM 10.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:
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	General
--	----------------

	PE	PR	
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment disclosure, including PRI reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

	Investment selection (pre-investment) of underlying holding
--	--

	PE	PR	
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other pre-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Investment monitoring (post-investment) of underlying holding

	PE	PR	
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other post-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4
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SAM 11.1

When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:

General

	PE	PR	
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other general RI considerations in your agreements, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Investment selection (pre-investment) of underlying holding

	PE	PR	
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to investment selection in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Investment monitoring (post-investment) of underlying holding

	PE	PR	
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to investment monitoring in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Reporting

	PE	PR	
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reporting on the ESG characteristics of the portfolio	<input type="checkbox"/>	<input type="checkbox"/>	
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to reporting in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

If you select any 'Other' option(s), specify

AP2 is positive to the idea that private equity funds should apply the Principles for Responsible Investment (PRI) and the United Nations' Global Compact, a position that is also stated in the contract with the companies. If the private equity companies do not intend to apply these principles, they must justify their position to AP2.

Monitoring

SAM 12

Mandatory

Core Assessed

PRI 1-6

SAM 12.1

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

	PE	PR	
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Investment selection (pre-investment) of underlying holding

	PE	PR	
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input type="checkbox"/>	<input type="checkbox"/>	
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Investment monitoring (post-investment) of underlying holding

	PE	PR	
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Request details of how ESG factors were considered when preparing to exit from investments	<input type="checkbox"/>	<input type="checkbox"/>	
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

If you select any 'Other' option(s), specify

Through GRESB

Other asset classes

SAM 13	Voluntary	Descriptive	PRI 1-6
SAM 13.1	Describe how your organisation, and/or your investment consultants, address responsible investment factors in manager selection, appointment and/or monitoring process for the following asset classes:		

Asset Class	Description
Forestry	ESG issues are included in the due-diligence process. The AP2's holdings in forest real-estate shall be managed in compliance with the Programme for the Endorsement of Forest Certification (PEFC) and/or the Forest Management Certification awarded by the Forest Stewardship Council (FSC). AP2 maintain an ongoing and constructive dialogue concerning their sustainability, with a view to developing such efforts.

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.		
	%		

80

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
SAM 16.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.		
<input checked="" type="radio"/> Yes, we disclose information publicly			
	provide URL		
http://www.ap2.se/Global/Agarrapporter/Corporate%20Governance%20Report%202014_GB.pdf			
SAM 16.2	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.		
<input checked="" type="radio"/> Yes			

SAM 16.3

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- ☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes
 - ☐ Details of the responsible investment activities carried out by managers on your behalf
 - ☐ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
 - ☐ Other, specify
- ☐ No
- ☐ Yes, we disclose information to clients/beneficiaries only
- ☐ We do not proactively disclose information to the public and/or clients/beneficiaries

AP2

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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LEI 01.1	Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.
-----------------	---

Strategies

- ☐ Passive
- ☒ Active – quantitative (quant)

	% of internally managed listed equities
--	---

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

- ☒ Active – fundamental and other active strategies

	% of internally managed listed equities
--	---

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

LEI 02	Voluntary	Descriptive	PRI 1
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LEI 02.1	Provide a brief overview of how you incorporate ESG issues into listed equity investments.
-----------------	--

AP2 is convinced that companies that adopt a longterm responsible approach to the environment, ethics and corporate governance increase their value. In its fundamental company analyses, AP2 focuses on how companies integrate these concerns to generate income and/or reduce costs, as well as to increase the confidence different stakeholders have in their businesses. These analyses are intended to illustrate how well such companies are equipped to grasp the opportunities and face the challenges they will encounter. The Fund's sustainability analyst supply the portfolio management team with detailed analyses of companies and data on various areas of relevance. There is also collaboration on some specific dialogues with companies. The sustainability analyst and the team also work together on specific issues that require more in-depth analysis.

All companies included in the Second AP Fund's portfolio of equities are screened twice yearly, to identify those that contravene international conventions and guidelines. This analysis is conducted by an external consultancy. The results are analysed by the Fund.

Since the autumn of 2013, the Second AP Fund has had an inhouse working committee dedicated to addressing questions relating to fossil energy and climate change. The committee has been engaged in gathering data on market opinion about future growth in the price of energy, society's energy requirement and technological advances, as well as on the various climate policy measures currently being implemented in different parts of the world. This work is intended to provide a basis for the Fund's approach to investments in fossil energy. Fossil energy is a vital commodity in contemporary society and will continue to be so for some considerable time. Conversion to a carbon-efficient society has already started, however, and it is not unlikely that the demand for fossil energy may well decline, in the wake of new regulations, economic controls and/or technological advances. There is a risk that the oil and gas extracted from highcost projects could become unprofitable. The Second AP Fund has identified eight energy companies with a high relative exposure to high-cost projects. The Fund believes such assets could be at serious risk of being stranded, and that this risk not yet is priced in the market. Companies with

significant holdings in coal mines have also been identified as posing a risk, given that coal is the most carbon intensive energy source. For this reason, the Fund decided it will no longer invest in a total of 20 energy companies, 12 of which are involved in coal production.

Increased knowledge of sustainability is essential to its increased integration in fundamental analyses. To meet this need, AP2 arranges sustainability seminars for all employees, three or four times a year, inviting guest speakers to address the participants.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> 100
--	---

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

Screening is primary a strategy to identify companies potential in breach with international conventions and guidelines. The screening results in a list of companies that are targeted for engagement either by AP2 thought the Ethical Council or by our external service provider. The primary reason for integration is to create value.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Screened stock list
- ☐ ESG issue-specific analysis or ratings
- ☐ Other, specify

LEI 04.3

Indicate if you incentivise brokers to provide ESG research.

- ☐ Yes
- ☒ No

LEI 05**Voluntary****Additional Assessed****PRI 1**

LEI 05.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

- ☐ Negative/exclusionary screening
- ☐ Positive/best-in-class screening
- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify

All conventions the Swedish state has signed.

	Description
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The entire portfolio is screened twice a year by an external service provider.

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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The screening criteria are based on the core values of the Swedish state. Information is given to beneficiaries in AP2's sustainability and corporate governance report and in the Ethical Council's annual report.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1

Indicate which processes your organisation uses to ensure that fund criteria are not breached

- ☐ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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LEI 10.1

Describe how you integrate ESG factors into investment decision making processes.

In the fundamental company analyses, AP2 focuses on how companies integrate these concerns to generate income and/or reduce costs, as well as to increase the confidence different stakeholders have in their businesses. These analyses are intended to illustrate how well such companies are equipped to grasp the opportunities and face the challenges they will encounter. The Fund's sustainability analyst supply the portfolio management team with detailed analyses of companies and data on various areas of relevance. There is also collaboration on some specific dialogues with companies. The sustainability analyst and the team also work together on specific issues that require more in-depth analysis. Increased knowledge of sustainability is essential to its increased integration in fundamental analyses. To meet this need, AP2 arranges sustainability seminars for all employees, three or four times a year, inviting guest speakers to address the participants.

Since the autumn of 2013, the Second AP Fund has had an inhouse working committee dedicated to addressing questions relating to fossil energy and climate change. During the year, the group has been engaged in gathering data on market opinion about future growth in the price of energy, society's energy requirement and technological advances, as well as on the various climate policy measures currently being implemented in different parts of the world. This work is intended to provide a basis for the Fund's approach to investments in fossil energy.

LEI 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
----------	---

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 13	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 1
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LEI 13.1	Indicate into which aspects of investment analysis you integrate ESG information.
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- ☒ (Macro) economic analysis
 - ☐ Systematically
 - ☒ Occasionally
- ☒ Industry analysis
 - ☐ Systematically
 - ☒ Occasionally
- ☒ Analysis of company strategy and quality of management
 - ☐ Systematically
 - ☒ Occasionally
- ☐ Idea generation
- ☐ Portfolio construction
- ☐ Fair value/fundamental analysis
- ☐ Other, specify

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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☒ Screening

	Describe any reduction in your starting investment universe or other effects.
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A list of excluded companies are available in the Second AP Fund's Sustainability and Corporate Governance Report (available at www.ap2.se)

☒ Integration of ESG issues

	Select which of these effects followed your ESG integration:
--	--

- ☒ Reduce or prioritise the investment universe
- ☒ Overweight/underweight at sector level
- ☒ Overweight/underweight at stock level
- ☒ Buy/sell decisions
- ☐ Other, specify
- ☐ None of the above

LEI 16	Voluntary	Additional Assessed	PRI 1
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LEI 16.1	Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance.
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- ☐ We measure whether our approach to ESG issues impacts funds' financial performance
- ☐ We measure whether our approach to ESG issues impacts funds' risk or volatility
- ☐ We measure whether our approach to ESG issues impacts funds' ESG performance
- ☒ None of the above

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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☒ We disclose it publicly

	Provide URL
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http://www.ap2.se/Global/Agarrapporter/Corporate%20Governance%20Report%202014_GB.pdf

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation
☐ Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
☒ Between quarterly and annually
☐ Less frequently than annually
☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
☐ We do not proactively disclose it to the public and/or clients/beneficiaries

AP2

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1	Provide a brief overview of your organisation's approach to engagement.
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A considerable portion of AP2's capital is invested in Swedish and foreign equities, making it a significant shareholder. Investors' commitment to/interest in the long-term development of portfolio companies is an important condition for improved value growth. Recognizing this, AP2 works with governance issues to promote good corporate governance and the effective management of ethical and environmental factors.

AP2's governance activities shall focus primarily on companies and areas where it believes it has the best prospects of having an impact and doing the greatest good. In Sweden, AP2 shall primarily engage itself in governance issues in companies where it is one of the largest shareholders and in which it has invested the most capital. Where matters of principle are involved, AP2 may consider it appropriate to adopt an active approach, even if the company in question is only a minor portfolio investment.

In the case of companies outside Sweden, AP2's engagement in ethics and environmental issues shall primarily be conducted via the Ethical Council. AP2 shall exercise governance in foreign companies by utilizing its voting rights in a number of these assets and through follow-up dialogues with some of these companies. In such dialogues, AP2 describes its view of committed governance and in certain cases explains why it cannot support a particular proposal from the company's board of directors.

Collaboration with other investors is important to achieving success in dialogues with companies, but also in promoting progress towards responsible investments. Work on other governance issues in foreign companies shall be conducted in association with selected partners and address matters of particular interest to AP2. AP2 shall further promote good corporate governance by cooperating with other major shareholders in addressing matters of principle and through active participation in the development of policies, regulations and standards.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA 03.2

Describe how you identify and prioritise engagements.

Engagement with Swedish companies are either identified and prioritised in discussions between the head of the Swedish equity and ESG specialists or follow-up from collaborative engagements. Priority is given to engagement where AP2 believe it can make a difference. The process for engagement on environmental and social issues regarding non-Swedish companies is described in the Ethical Council's annual report and at its website www.ethicalcouncil.com. AP2's voting on global equities is the main engagement regarding governance issues. AP2 focus on eleven foreign markets. More information available in AP2's Sustainability and Corporate Governance report, available at www.ap2.se

☐ No

LEA 04	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 04.1

Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
- ☐ Yes, for all engagement activities
 - ☒ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ No

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☐ Yes, in all cases
 - ☒ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

We follow-up actions or activities agreed upon in the dialogue.

- ☐ No

Process for engagements conducted via collaborations**LEA 05****Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- ☒ Yes

LEA 05.2

Describe how you identify and prioritise collaborative engagements.

AP2 give priority to collaborative engagement that reflect ESG areas AP2 focus on (e.g. climate change, transparency and diversity) or engagement that focus on markets that are of interest from an investment perspective (e.g. emerging markets).

Within the AP Funds' Ethical Council an analysis is made in order to identify sectors or areas suitable for engagements. Priority is given to engagements where the Council can produce the most benefit.

- ☐ No

LEA 06**Mandatory****Core Assessed****PRI 2**

LEA 06.1

Indicate if the collaborative engagements in which you are involved have defined objectives.

- ☒ Yes
- ☐ Yes, for all collaborative engagement activities
 - ☒ Yes, for the majority of collaborative engagement activities
 - ☐ Yes, for a minority of collaborative engagement activities
- ☐ No

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
- ☐ Yes, in all cases
 - ☒ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases

LEA 06.3

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

In some proactive engagements initiative within the Ethical Council a benchmarking has been done prior to engagement (as part of the first analysis). A few years after a new benchmarking analysis will be performed. More information about the Ethical Council is available at www.ethicalcouncil.com

- ☐ No

Process for engagements conducted with/on your behalf by service providers**LEA 07****Mandatory****Core Assessed****PRI 2,4****LEA 07.1**

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- ☒ Yes

LEA 07.2

Indicate what role you play in engagements that your service provider conducts on your behalf.

- ☒ Specify the issues for the engagement
- ☒ Specify the objectives for the engagement
- ☒ Select the companies to be engaged with
- ☒ Participate directly in the engagements with your service provider
- ☒ Actively monitor and review the activities of the service provider
- ☐ Other, specify

- ☐ No

LEA 08**Mandatory****Core Assessed****PRI 2,6**

LEA 08.1

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☒ The rationale for engagement
- ☒ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☒ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

General processes for all three groups of engagers

LEA 09**Voluntary****Additional Assessed****PRI 1,2****LEA 09.1**

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10**Mandatory****Gateway/Core Assessed****PRI 2****LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
-----------------	--

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	100
Collaborative engagements	506
Service provider engagements	0

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
-----------------	---

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Service provider engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

LEA 11.3

Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.4

Indicate for which part of your service provider engagements you were highly involved during the reporting year. [Optional]

Type of engagement	% High involvement
Service provider engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

LEA 11.5

Additional information. [Optional]

AP2 major engagement activities is done in collaboration with the other AP Funds in our joint Ethical Council. The Ethical Council works very closely with its service provider. It is therefore difficult to distinguish between collaborative engagement and the engagement done by our service provider. We are therefore reporting this engagement under collaborative engagement. In this way we also avoid double counting.

LEA 12

Voluntary

Additional Assessed

PRI 2

LEA 12.1 Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Service provider engagements	<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

LEA 12.2 Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Corporate Governance only

12

% Overlapping ESG issues

88

100%

Collaborative engagements

% Environmental only

9

% Social only

52

% Corporate Governance only

10

61

	% Overlapping ESG issues
--	--------------------------

29

100%

	Service provider engagements
--	------------------------------

100%

LEA 12.3	Additional information.
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AP2 major engagement activities is done in collaboration with the other AP Funds in our joint Ethical Council. The Ethical Council works very closely with its service provider. It is therefore difficult to distinguish between collaborative engagement and the engagement done by our service provider. We are therefore reporting this engagement under collaborative engagement. In this way we also avoid double counting.

LEA 13	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
----------	--

☐ Yes

☒ No

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
----------	--

☒ We disclose it publicly

	provide URL
--	-------------

http://www.ap2.se/Global/Agarrapporter/Corporate%20Governance%20Report%202014_GB.pdf

	provide URL
--	-------------

<http://etikradet.se/rapporter/>

LEA 15.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEA 15.3

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- ☒ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☒ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 15.4

Indicate how frequently you typically report engagements information.

- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

LEA 16**Voluntary****Descriptive****PRI 2****LEA 16.1**

Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

AP2 has holdings in some 250 Swedish companies. It has decided that it is impractical to attempt to attend and vote at the AGMs of all the companies represented in its portfolio of Swedish equities. In determining which AGMs to attend, the Fund employs the following criteria:

- Companies that are among AP2's 20 largest holdings.
- Companies in which AP2's voting rights exceed one percent of capital.
- Companies in which AP2 is among the ten largest shareholders.
- Companies with controversial issues on the agenda.

AP2 exercised its voting rights at a total of 52 AGMs of Swedish publicly quoted companies during the period 2013/2014. AP2 and other institutional investors have for many years enjoyed a positive and constructive dialogue with Swedish publicly quoted companies, which have included discussions about many of the issues raised at AGMs.

Since 2008, to improve the governance of its foreign investments, and in cooperation with the AP1, AP3 and AP4, AP2 has operated a joint electronic voting platform, based on the AP Funds' governance policies. Most issues are managed automatically via the voting platform, with the exception of matters such as remuneration issues, which are forwarded to the funds for individual assessment. Each fund decides individually as to how it will vote. AP2 exercises its voting rights mainly in companies active on eleven foreign markets: Australia, France, Italy, Japan, Canada, the Netherlands, Switzerland, Spain, Great Britain, Germany and the USA.

The criteria for determining the companies in which AP2 should exercise its voting rights derive mainly from the MSCI global index. There are other criteria too, such as when AP2 is engaged in a dialogue on a specific issue with a company and/or when AP2 has submitted a shareholder proposal for consideration by the AGM.

During the 2013/2014 season, the Second AP Fund exercised its vote at 483 AGMs, via proxy voting. Most issues are managed automatically via a voting platform, with the exception of matters such as remuneration issues, which are forwarded to the fund for individual assessment. AP2 write letters to some 50 of the companies where the Fund vote against the board's proposal, clarifying AP2's views on active governance and the importance of exercising voting rights. In these letters, AP2 also explain why it was unable to support the recommendations of certain boards on specific proposals. In several cases, these letters have resulted in further contact with the companies in question, sometimes by letter but also in the form of teleconferences.

Process			
LEA 17	Mandatory	Descriptive	PRI 2
LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.		
	Approach		
	<input type="radio"/> We use our own research or voting team and make our own voting decisions without the use of service providers.		
	<input checked="" type="radio"/> We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.		
	Based primarily on		
	<input type="radio"/> the service provider voting policy signed off by us		
	<input checked="" type="radio"/> our own voting policy		
	<input type="radio"/> our clients requests or policy		
	<input type="radio"/> other, explain		
	<input type="radio"/> We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.		
	<input type="radio"/> We hire service provider(s) which make voting decisions on our behalf.		
LEA 19	Voluntary	Descriptive	PRI 2

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
-----------------	---

- ☐ Obtain confirmation that votes have been received by the company:
☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
☒ None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
-----------------	---

- ☒ Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.
-----------------	---

Please select one of the following

- ☐ We recall most securities for voting on all ballot items
☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
☐ We empower our securities lending agent to decide when to recall securities for voting purposes
☐ We do not recall our shares for voting purposes
☒ Other (please specify)

AP2 does not lend out Swedish equities and lends no more than 90 percent of its holdings in individual foreign companies.

- ☐ No

LEA 21	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	---

- ☐ Yes, in most cases
☒ Sometimes, in the following cases:
 - ☒ votes in selected markets
 - ☒ votes on certain issues (all markets)
 - ☐ votes for significant shareholdings (all markets)
 - ☐ other, explain☐ No
☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	---

☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

22

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☒ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted
- ☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
-----------------	--

☒ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
-----------------	---

Voting instructions	Breakdown as percentage of votes cast				
For (supporting) management recommendations	<table> <tr> <td></td><td>%</td></tr> <tr> <td>82</td><td></td></tr> </table>		%	82	
	%				
82					
Against (opposing) management recommendations	<table> <tr> <td></td><td>%</td></tr> <tr> <td>18</td><td></td></tr> </table>		%	18	
	%				
18					
Abstentions	<table> <tr> <td></td><td>%</td></tr> <tr> <td>0</td><td></td></tr> </table>		%	0	
	%				
0					

100%

☐ No, we do not track this information

LEA 23.4	Additional information.
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How AP2 voted at Swedish AGMs is described in AP2's Sustainability and Corporate Governance Report, available at www.ap2.se. AP2's global voting record is publically available at www.ap2.se

LEA 24	Voluntary	Descriptive	PRI 2
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LEA 24.1	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.
----------	---

☒ Yes

LEA 24.2	Indicate the number of ESG shareholder resolutions you filed or co-filed.
----------	---

	Total number
--	--------------

1

LEA 24.3	Indicate what percentage of these ESG shareholder resolutions.
----------	--

Went to vote	<div><div></div>%</div> 100
Were withdrawn due to changes at the company and/or negotiations with the company	<div><div></div>%</div> 0
Were withdrawn for other reasons	<div><div></div>%</div> 0

	Total
--	-------

100%

	<20% approval
--	---------------

1

LEA 24.5

Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved.

Over a period of several years, the Second AP Fund has been engaged in a dialogue with Motorola Solutions Inc. via the AP Funds' joint Ethical Council, because of the company's supply of a customized surveillance system to the settlements on the West Bank. These settlements, located on occupied Palestinian territory, are in conflict with international humanitarian rights.

To place additional pressure on the company, the Second, Third and Fourth AP Funds, together with US investors, presented a resolution at Motorola Solutions' AGM that the company should review and improve its policy on human rights. The resolution received support from 6.3 percent of shareholders at the AGM.

☐ No

Communication

LEA 26**Mandatory****Core Assessed****PRI 2,6****LEA 26.1**

Indicate if your organisation proactively discloses information on your voting activities.

☒ We disclose it publicly

provide URL

http://www.ap2.se/Global/Agarrapporter/AP2%20r%c3%b6stning%20Q1-Q2_2014.pdf

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☒ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☒ No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

AP2

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

FI 01	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	PRI 1
-------	---------------------	-----------------------	-----------------	-------

FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – government

Strategies

- ☐ Passive
- ☒ Active – quantitative (quant)

Percentage of internally managed fixed income - government

- ☐ <10%
- ☒ 10-50%
- ☐ >50%

- ☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - government

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

FI 02	Mandatory to Report	Voluntary to Disclose	Peering	General
-------	---------------------	-----------------------	---------	---------

FI 02.1

Provide a breakdown of your internally managed fixed income investments by credit quality.

Credit quality	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

	Fixed Income - Government
--	---------------------------

One example on how AP2 has incorporated ESG issues into fixed income investments is through investing in Green and Social Bonds.

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes

FI 13.2

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☐ <10%
☒ 10-50%
☐ 51-90%
☐ >90%

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

One example on how AP2 has integrate ESG issues into fixed income invesments is through investing in Green and Social Bonds.

☐ No

Communication

FI 18**Mandatory****Core Assessed****PRI 2,6**

FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- ☒ We disclose it publicly

Provide URL

http://www.ap2.se/Global/Agarrapporter/Corporate%20Governance%20Report%202014_GB.pdf

FI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

FI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation
☐ Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
☒ Between quarterly and annually
☐ Less frequently than annually
☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
☐ We do not proactively disclose it to the public and/or clients/beneficiaries

AP2

Reported Information

Public version

Direct - Property

PRI disclaimer

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Overview

PR 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

PR 01.1

Provide a breakdown of your organisation's internally managed property investments by equity and debt.

Property investments instruments

☒ Equity investments

Property investment instruments	Percentage of your internally managed property investments (in terms of AUM)
Equity investments	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10%

PR 01.2

Indicate the level of ownership you typically hold in your property investments.

- ☐ a majority stake (>50%)
☐ a 50% stake
☒ a significant minority stake (between 10-50%)
☐ a limited minority stake (<10%)
☐ a mix of ownership stakes

☐ Debt investments

Total 100%

☐ N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity or debt in property on their behalf

PR 02

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

PR 02.1

Provide a breakdown of your organisation's property assets based on who manages the assets.

Property assets managed by	Breakdown of your property assets (by number)
Managed directly by your organisation	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed via third-party property managers appointed by you	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by other investors or their property managers	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed by tenant(s) with operational control	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> < 10% <input checked="" type="radio"/> 0%
Total	100%

PR 03	Voluntary	Descriptive	General
PR 03.1	Indicate up to three of your largest property types by AUM.		

Types	Main property types (by AUM)
Largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input checked="" type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Second largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Third largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify

PR 03.2

Additional information.

The Second AP Fund's governance principles shall as far as possible also apply to the Fund's holdings in conventional non-listed real estate. The Fund employs a structured process for the analysis, evaluation and follow-up of its non-listed real-estate. As well as sustainability issues, this process also comprises finance, risk and performance analysis. The Second AP Fund shall maintain an ongoing and constructive dialogue with non-listed real-estate companies concerning their sustainability efforts, with a view to developing such efforts.

PR 05

Mandatory

Core Assessed

PRI 1-6

PR 05.1

Indicate if your organisation has a Responsible Property Investment (RPI) policy.

☒ Yes

PR 05.2

Provide a URL if your RPI policy is publicly available. [Optional]

<http://www.ap2.se/Global/Policies/Corporate%20Governance%20policy.pdf>

☐ No

PR 05.3	Additional information. [Optional]
---------	------------------------------------

Property investments are included in AP2's Corporate Governance Policy.

Pre-investment (selection)

PR 08	Mandatory	Gateway	PRI 1
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PR 08.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.
---------	--

☒ Yes

PR 08.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection. [Optional]
---------	--

The Second AP Fund's governance principles shall as far as possible also apply to the Fund's holdings in conventional non-listed real estate. The Fund employs a structured process for the analysis, evaluation and follow-up of its non-listed real-estate. As well as sustainability issues, this process also comprises finance, risk and performance analysis. The Second AP Fund shall maintain an ongoing and constructive dialogue with non-listed real-estate companies concerning their sustainability efforts, with a view to developing such efforts.

☐ No

PR 09	Voluntary	Descriptive	PRI 1,4
-------	-----------	-------------	---------

PR 09.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the property investment selection process.
---------	--

- ☒ Internal staff
 - ☐ Specify role
 - ☐ Specify role
 - ☐ Specify role
- ☐ External resources
- ☐ No use of internal or external advice on ESG issues

PR 10	Mandatory	Core Assessed	PRI 1,3
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PR 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.
---------	---

ESG issues

- ☒ Environmental

	List up to three typical examples of environmental issues
--	---

Energy

Climate

Waste
☒ Social

	List up to three typical examples of social issues
--	--

Health and Safety
 Community
 Labour
☒ Governance

	List up to three typical examples of governance issues
--	--

olicies
 Management Systems
 Reporting

Selection, appointment and monitoring third-party property managers

PR 13	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

PR 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
---------	--

☒ Yes

PR 13.2	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.
---------	---

- ☒ Selection process of property managers incorporated ESG issues
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers
- ☒ Contractual requirements when appointing property managers includes ESG issues
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers
- ☒ Monitoring of property managers covers ESG responsibilities and implementation
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers

☐ No

Post-investment (monitoring and active ownership)

Overview

PR 14	Mandatory	Gateway	PRI 2
-------	-----------	---------	-------

PR 14.1

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

☒ Yes

PR 14.2

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and refurbishments
- ☒ We consider ESG issues in property occupier engagements
- ☒ We consider ESG issues in community engagements related to our properties
- ☐ We consider ESG issues in other post-investment activities, specify

☐ No

Property monitoring and management

PR 15	Mandatory	Core Assessed	PRI 2,3
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PR 15.1

Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- ☒ >90% of property assets
- ☐ 51-90% of property assets
- ☐ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

PR 15.2

Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

☒ Environmental

List up to three example targets per issue

Energy efficiency

Green Building certificates

Green lease agreements

☒ Social

	List up to three example targets per issue
--	--

Urban Development

Attractive employer

Provide pleasant indoor environments and surrounding areas

☒ Governance

	List up to three example targets per issue
--	--

Appropriate policies and management systems

Whistle-blowing

☐ We do not set and/or monitor against targets

PR 16	Voluntary	Descriptive	PRI 2
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PR 16.1	Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks
---------	---

☒ Yes

PR 16.2	List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.
---------	--

☒ Add certification scheme, rating and benchmark 1

Specify	GRESB
Proportion of property assets these apply to	<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)

☐ Add certification scheme, rating and benchmark 2

☐ Add certification scheme, rating and benchmark 3

☐ No

Property developments and refurbishments

PR 17	Mandatory	Core Assessed	PRI 2
-------	-----------	---------------	-------

PR 17.1	Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.
----------------	---

- ☐ >90% of active developments and refurbishments
- ☒ 51-90% of active developments and refurbishments
- ☐ 10-50% of active developments and refurbishments
- ☐ <10% of active developments and refurbishments
- ☐ N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)

PR 17.2	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.
----------------	--

- ☒ Minimum environmental site selection requirements
- ☒ Minimum environmental site development requirements
- ☒ Sustainable construction materials
- ☒ Minimum water efficiency requirements
- ☒ Minimum energy efficiency requirements
- ☐ Energy generation from on-site renewable sources
- ☒ Waste management plans at sites
- ☒ Health and safety management systems at sites
- ☒ Construction contractors comply with sustainability guidelines
- ☐ Other, specify

Occupier engagement

PR 18	Mandatory	Core Assessed	PRI 2
--------------	------------------	----------------------	--------------

PR 18.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
----------------	---

- ☐ >90% of occupiers
- ☐ 51-90% of occupiers
- ☒ 10-50% of occupiers
- ☐ <10% of occupiers

(in terms of number of occupiers)

PR 18.2

Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.

- ☐ Distribute a sustainability guide to occupiers
- ☐ Organise occupier events focused on increasing sustainability awareness
- ☐ Deliver training on energy and water efficiency
- ☐ Deliver training on waste minimisation
- ☒ Provide feedback on energy and water consumption and/or waste generation
- ☒ Provide feedback on waste generation
- ☒ Carry out occupier satisfaction surveys
- ☐ Other, specify

Communication

PR 23**Mandatory****Core Assessed****PRI 6****PR 23.1**

Indicate if your organisation proactively discloses ESG information on your property investments.

- ☒ Disclose publicly

provide URL

http://www.ap2.se/Global/Agarrapporter/Corporate%20Governance%20Report%202014_GB.pdf

provide URL

<http://vasakronan.se/om-vasakronan/vart-ansvar>

PR 23.2

Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- ☒ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- ☐ Other property reporting standards, specify
- ☐ No property specific reporting standards are used

PR 23.3

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☒ Yes

PR 23.4

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

- ☐ ESG information on how you select property investments
- ☐ ESG information on how you monitor and manage property investments
- ☒ Information on your property investments' ESG performance
- ☐ Other, specify

PR 23.5

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc, specify
- ☐ No
- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries

PR 23.9

Additional information. [Optional]

In spring 2014, the Second AP Fund asked its non-listed real-estate companies, as well as its Swedish listed real estate companies, to respond to the GRESB questionnaire. Three of the five non-listed companies responded. Two of fourteen listed companies responded. As a member of GRESB, the Second AP Fund can access companies' answers via a web-based system, allowing the Fund to compare the real-estate companies in which it has interests with various benchmark groups. Three companies are classified as Green stars, confirming that they have policies and management systems in place and are actively engaged in their implementation and in reducing their environmental impact. Two companies are classified as Green starters, meaning that the companies need to develop their commitment to sustainability.

The Fund's major investments in real estate Vasakronan and Norrporten both disclose publicly their sustainability work. Their reports are available at www.vasakronan.se/ and www.norrporten.se/

Vasakronan was the first company in the world to issue green bonds in November 2013. More info regarding Vasakronan Green Bond Framework <http://vasakronan.se/wp-content/uploads/Green-Bond-Framework.pdf>